

**EXTRA ORDINARY GAZETTE**

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**SECRETARIAT INDUSTRIES, COMMERCE, LABOUR, SERICULTURE &  
MINERAL DEVELOPMENT**

**AZAD GOVERNMENT OF THE STATE OF JAMMU AND KASHMIR**

Muzaffarabad.

April 6,

2002.

**Notification:**

- 1). No. SL&C, MD/1531-53 in exercise of the powers conferred by Section-2 of the "Regulations of Mines & Oil Fields and Minerals Development Federal control Act, 1948" the Government of Azad Jammu & Kashmir is pleased to notify the Azad Kashmir Mining Concession Rule 2002 as annexed to this notification.
- 2). The Azad Jammu & Kashmir Mining Concession Rules, 1977 are hereby replaced.

Sd/- (Section Officer)

Industries & Mineral Development

## **PART-1 PRELIMINARY**

### **1. SHORT TITLE AND COMMENCEMENT:-**

- 1) These Rules may be called the Azad Jammu and Kashmir Mining Concession Rules, 2002.
- 2) They shall come into force at once.

### **2. DEFINITIONS:-**

In these Rules and in every mineral title or mineral permit issued under these Rules, unless there is anything repugnant to the subject or context.

- a) "Authorized Officer", means a person designated under the rule 5(4) for the purpose of that provision or for these rules generally;
- b) "Company" means-
  - (i) A company as defined in the Companies Ordinance, 1984(XLVII OF 1984);
  - (ii) A body corporate incorporated by or under any law for the time being in force in AJ&K; or
  - (iii) A body corporate incorporated by or under the law of a country outside AJ&K or Pakistan relating to the incorporation of companies;
- c) "conditions" include terms, limitations and stipulations;
- cc) "Conditions" means AJ&K interim constitution Act, 1974;
- d) "Department" means the department of Mineral Development as referred in rule 5(1)
- e) "Drilling" means the perforation of earth's surface other than by pitting, trenching or sinking a shaft, whether the hole is vertical, inclined or horizontal, and includes all operations for preventing the collapse of the sides of the hole or for preventing the hole from becoming filled with extraneous matter, including water;
- f) "Exploration" means to search for minerals and includes the determination of their extent and economic value;
- g) "Exploration Area" means the area of land, including its lateral limits to which an exploration license relates;
- h) "Exploration license" by that name issued under Rule 28;
- i) "Exploration Operations" means any operations carried on in connection with exploration including any accessing extraction or incidental winning of any mineral for the purpose of mineralogical examination, assaying test work or marketability surveys;
- j) "Exploration permit" means a permit by that name issued under Rule 74;
- JJ) "Function; includes powers and duties;
- k) "Good Reconnaissance Practices; " Good Exploration Practices; or "Good Mining Practices which are generally accepted internationally by persons involved in reconnaissance operations, exploration operations, as the case may be, as good, safe and necessary in carrying out such operations;
- l) "Government" means the Azad Government of state of Jammu and Kashmir
- m) "Group" means mineral declared in Schedule 3 to constitute a named group of mineral;
- n) "In Default" means in breach of any provision of these permit;
- o) "Land" includes land beneath water and the sub soil land;
- p) "Lateral limits" means vertical times in relation to an area of land subject to a mineral title or a mining permit, passing through the sides by which that area is bounded;
- q) "Licensing Authority" means the Department of Mineral Development;
- r) "Mine" means;
  - i) When used as a noun any surface or underground excavation where any operation for the purpose of searching for or obtaining mineral has been or is being carried on, and includes all works, machinery, tramway, ropeway and siding, whether above or below ground in or

- adjacent or belonging to or appurtenant to a mine but does not include the manufacturing or processing plant; and
- ii) When used as verb, means to carry on mining operations;
  - s) “Mineral” means all surface and sub-surface natural deposits of ores and metal and other metallic and non-metallic substances, but does not include
    - (i) Radioactive minerals necessary for the generation of nuclear energy except Beryl;
    - (ii) Mineral oil; and
    - (iii) Natural gas.
  - t) “Mineral Agreement” means an agreement such as is referred to in Rule 9;
  - u) “Mineral Authority” means the Mineral Investment Facilitation Authority established pursuant to Rule 3(1)
  - v) “Mineral Deposit Retention License” means a license by that name issued under Rule 39;
  - vv) “Mineral operation” means exploration or mining operations or both;
  - vvv) “Mineral Permit” means an exploration of a mining permit as referred to in part IV;
  - w) “Mineral Title” means a reconnaissance license, an exploration license, a mineral deposit retention license or a mining lease;
  - x) “Mining Area” means an area of land, including its lateral limits” to which a mining lease relates.
  - y) “Mining Lease” means a lease issued under Rule 50;
  - z) “Mining Operations” means any operation carried out in connection with the development of a mine, or the production of minerals from the mine, or both;
    - (a) “Mining Permit” means a permit issued under Rule 80,
    - (b) “Minister” means the Minister of mineral Development;
    - (c) “Reconnaissance Area” means the area of land, including its lateral limits, which license relates;
    - (d) “Reconnaissance License” means a license by that name issued under Rule 20;
    - (e) “Reconnaissance License” means any operation carried on in a general search for any mineral by means of aerial sensing techniques, including geophysical surveys, photo geological mapping or imagery carried on from the air, and reconnaissance shall be construed accordingly;
    - (f) “Retention Area” means the area of land, including its lateral limits, to which a mineral deposit retention license relates;
    - (g) “Small Scale Mining” means the meaning given in Rule 69 B.

## **PART 11 ADMINISTRATION**

### **3) MINERAL INVESTMENT FACILITATION AUTHORITY:-**

- 1) The government shall, by notification in the official Gazette established an Authority to be known as the Mineral Investment Facilitation Authority, consisting of:-
  - a) Prime Minister of AJ and K-Chairman Mineral Development AJK and K.
  - b) The Minister, who shall be Vice-Chairperson; and
  - c) The Chief Secretary-member
  - d) Additional Chief Secretary Development-member.
  - e) The Secretary Industries Commerce and Mineral Development-member
  - f) The secretary of the Finance Department-member
  - g) The secretary of the Forest Department-member
  - h) Member Board of Revenue-member
  - i) Director Mines and Mineral Development Department-member / secretary;
  - j) A representative of the Environmental Protection Agency, of AJ and K Chambers of Commerce), nominated by the Prime Minister from the business community-member
- 2) The members of the mineral Authority, other than ex-officio members, shall hold office for a term of (three years) and shall be eligible for re-appointment.
- 3) The Mineral Authority shall determine its own rules of procedure.

- 4) The Mineral Authority shall hold meetings as and when necessary but shall hold not less than two meetings in a year.
- 5) The Mineral Authority may constitute committees of its members and entrust to any such committee such tasks and functions for the purpose of these Rules as it may deem fit.
- 6) The recommendations of a committee so constituted shall be submitted to the Mineral Authority for approval.
- 7) The Mineral Authority, or a committee so constituted, may invite any technical expert or representative of any government or non-governmental organization or other person possessing relevant specialized knowledge of any subject to assist in its deliberations or functions.

**4. FUNCTIONS OF MINERAL INVESTMENT FACILITATION AUTHORITY:-**

(1) The mineral Authority shall.

- a) Monitor the implementation of the mineral policy of the Government;
- b) Review the carrying out by the Department of its function;
- c) Review the implementation of these Rules and the institutional arrangements thereon;
- d) Promote the establishment in AJ and K and Pakistan of secondary and tertiary processing facilities;
- e) Approval mineral portfolios with a view to attracting private investment; and
- f) Carry out such other functions as the chairman (Prime Minister of AJ and K) may, in writing, assign to it.

(2) Where it considers it necessary to desirable to do so, the Government may request the Federal Government in respect of any matter for which the federal Government has executive authority under the constitution-

- a) To assist in the negotiation of, and become a party, to a mineral agreement,
- b) To enter into discussions with the Department with respect to any identified matter relating to mineral operations or the performance of the Department's functions; or
- c) To enter into discussion with any other department or agency of Government with respect to any matter relating to the performance and functions of that department or agency, affecting mineral operations.

(3) The Mineral Authority may issue, in writing to the Department, directions no in consistent with these Rules of a general nature, with respect to the carrying out by Department of its functions and the Department shall comply with any such directions.

(4) The Mineral Authority may require the Department to enter into discussions with the Federal Government where pursuant to a request made under sub-Rule (2) (b), the Federal Government has agreed to enter into discussions with the Department, shall comply with any such requirements.

(5) The Mineral Authority may act as conciliator in any dispute between the Department and the holder of mineral title if requested in writing by the holder to do so, subject to such conditions as the Authority may determine and agree with the parties, and for the purpose of doing so, the Authority may constitute a committee under Rule 3 (6) to act on its behalf.

**5): DEPARTMENT OF MINERAL DEVELOPMENT:-**

- 1) There shall be established a Department known as department of Mineral Development:
- 2) There shall be a Secretary to the Department of Mineral Development who shall be the administrative head of the Department;
- 3) Anything authorized or required by or under these Rules to be done by the Department of the licensing authority may be done by an officer, appointed to exercise or perform functions in the Department who is designated either generally or specially in that behalf by the Government ; and
- 4) The Government may by notification in the Official Gazette appoint any officer to be an authorized officer for the purposes of these Rules or any of these Rules to the extent it deems necessary.

**6): CONFIDENTIALITY:-**

- 1) Information disclosed under these Rules to an officer employed in the Department shall not be disclosed to any person who is not such an officer or employee of the Department without the prior written approval of the person who provided the information, except to the extent that-
  - a) disclosure is authorized or required by law;
  - b) disclosure is required by order of a competent court, or for the purpose of any arbitration or litigation involving the Government.
  - c) the person providing the information authorized its disclosure at the time of providing the information.;
  - d) disclosure is necessary to compile and publish official statistical information concerning the geology and mineral resources of AJ and K;
  - e) The disclosure made to the Mineral Authority;
  - f) disclosure is for the purposes of the implementation of these Rules or a mineral agreement, the formation of mineral policy or giving advice to the department or agencies of Government for the purpose of any discussion or dealing with the Federal Government.
  - g) disclosure is effected with the prior permission in which in the opinion of the Minister of a general nature and may be disclosed in the public interest; or
  - h) disclosure is in accordance with a relevant mineral agreement or a mineral title.
- 2) An officer employed in or by the Department who uses for the purpose of personal gain, any information disclosed under these Rules that comes to him in the course or by reason of that employment is guilty of an offence and shall be punished with a fine of Rs. 5,000;
- 3) The holder of a mineral title shall not disclose information acquired by the holder as such provided in sub-Rule (3) of Rule 69-A and in accordance with the mineral title;
- 4) Where a mineral title ceases to have effect in relation to an area of land and the holder of the title does not acquire a further title over the area the Government shall have the right to disclose any information which it has received from the holder in respect of that area;

**7). IMMUNITY OF OFFICERS ETC.**

No liability shall attach to an officer employed in or by the Department a member of the Mineral Authority or an authorized officer in respect or the exercise of performance or purported exercise or performance in good faith of any function under these Rules;

### **PART-III MINERAL TITLES**

#### **Division 1.-General**

**8). TYPES OF MINERAL TITLES:-**

The following mineral titles may, subject to these rules be issued for the purpose of this part, namely:-

- a) Reconnaissance License;
- b) Exploration license;
- c) Mineral deposit retention license; and
- d) Mining lease,

**9). MINERAL AGREEMENTS:-**

(1) The Government may on the request of a person proposing to carry on mineral operations enter into an agreement related to a mineral title, not inconsistent with these rules or any other law, with that person if the Government is satisfied that substantial investment of more than three hundred million rupees is likely to be made in mineral operations and that the carrying on of the undertaking in question is desirable in the interest of the development of the mineral resources of AJK and K.

(2) The Federal Government may. At the request of the Government be a party to negotiation of a mineral agreement.

(3) A mineral agreement may in particular make provision with respect to all or any of the following matters:-

- (a) The grant renewal cancellation or transfer of a mineral title;
- (b) Minimum exploration operation or be carried on and related expenditure to be incurred for the purpose of those operations;
- (c) The formation of joint ventures;
- (d) The basis on which the fair market value of any mineral or group of minerals may from time to time, be determine on arms-length basis.
- (e) The payment of enhanced royalty in specified circumstances;
- (f) The payment of additional profits tax in specified circumstances;
- (g) The establishment of secondary and tertiary processing facilities in Azad Jammu and Kashmir;
- (h) The circumstances in which and the conditions on which rights of pre-emption of minerals may be exercised by the Government;
- (i) Guarantees to ensure the due and proper performance of the obligation of the holder of the mineral title;
- (j) Financial and insurance arrangements;
- (k) The settlement of any dispute which may arise in the interpretation or application of any of the provision of a mineral agreement by a sole expert or through international arbitration;

- (l) Co-ordination of exploration or mining operation to be carried on by the person concerned under an exploration license or an exploration license or mining lease in neighboring exploration area or mining area; or
- (m) Other matters relating to mineral operations as the Government may from time to time determine or as the parties to the agreement may consider necessary.
- 4) Where the Federal Government is a party to a mineral agreement, the agreement may contain provision with respect to any matter for which the Federal Government has executive authority under the Constitution.
- 5) Any provision contained in a mineral agreement which is inconsistent with any provision of these Rules or any other law shall, to the extent of the inconsistency, be of no force or effect.
- 6) Nothing contained in mineral agreement shall be construed as to absolve any party any party thereto from complying with any requirement laid down by law or from applying for, and obtaining, any permit License, approval, permission or other document required by law.
- 7) For the purpose of determining under sub-rule (1) whether substantial foreign investment is likely be made in any particular ease, the Government shall have regard to:-
  - a) The likely scale fine capital investment to be made;
  - b) The expenditure and work program proposed by the applicant;
  - c) In the event of a commercial discovery-
    - (i) The likely scale of operation; and
    - (ii) The likely infrastructure to be required;
    - (iii)
  - d) The mineral or group of minerals to which the mining title, if granted would relate and the potential for export of that mineral or group;
  - e) The techniques to be used for the recovery of that mineral or group of minerals;
  - f) The technical and financial capabilities of the applicant for a mineral title; and
  - g) Other factors relevant to making that determination.

**10). APPLICATIONS UNDER THIS PART:-**

- 1). An application under this part.
  - a) Shall, except where otherwise provided, be made to the Licensing authority.
  - b) Shall be in a form approved by the licensing authority;
  - c) Shall be accomplished by the fee specified in column one of Schedule I, in respect of the application in question; and
  - d) May be withdrawn by the applicant after giving to the licensing authority notice in writing to effect that the application is being withdrawn.
- 2). Subject to these Rules, where more than one applications are made in respect of the same area of land, the applications shall be dealt with in the order in which they are received by the licensing authority.
- 3). Subject to these Rules, the Licensing Authority may grant, on such conditions as may be determined in writing by the authority, or refuse, an application under this part.

**1). POWER OF LICENSING AUTHORITY IN RESPECT OF APPLICATIONS:-**

- (1) The licensing authority may at any time after the receipt of an application under these rules require the applicant by notice in writing:-

- a) To furnish the licensing authority within such reasonable period as may be specified in the notice with:-
    - (i) Such information as may be described in the notice to enable to determine who has, in the case of an applicant that is a company, the controlling interest in the affairs of the company; or
    - (ii) Such other information as may be described in the notice as the authority may deem necessary for purposes of considering the application;
  - b) To publish particulars of the application in relation to:-
    - (i) The full name of the applicant;
    - (ii) The area, the kind of mineral title, and the mineral or group of minerals to which the application relates,
 

in such manner as may be specified in the notice;
    - (iii) To give such particulars of the application to the person or persons identified, in the manner specified in the notice:
- (2) In order to enable the licensing authority to consider any application, under this part the authority may-
- (a) cause such investigations or negotiations to be made or under taken as the authority may in its discretion deem necessary; or
  - (b) require the applicant, by notice in writing, given to the applicant, to furnish the authority, within such period as may be specified in the notice, with such proposal, by way of alternative to or in addition to proposals set out in the application.
- (3) in considering any application under this part and the conditions subject to which the application may be granted, the licensing authority shall take into account the need to conserve and protect the natural resources in, on or under the land to which the application relates and in on or under adjoining or neighboring land.
- (4) where the licensing authority is prepared to grant an application under this part subject to certain conditions, the authority shall give notice to the applicant accordingly, stating in the notice those conditions and the conditions referred to in Rule 13.
- (5) the applicant may, within the period of [one month] after notice is given to him in pursuant to sub-Rule (4), or within such further period as the licensing authority may, on good cause shown, allow in writing agree in writing to accept the conditions or such other conditions as may be agreed by the Licensing Authority and the applicant.

**12). OFFENCES IN RELATION TO APPLICATION:-**

If an applicant fails:-

- a) To comply with the requirements to a notice such as is referred to in Rule 11 (1) or (2) (b); or
  - b) To agree as contemplated in rule 11 (5), within the period specified in the notice, or such further period as may be allowed by the licensing authority;
- The application in question shall lapse on the expiration of the given period.

**13). GENERAL CONDITIONS OF MINERAL TITLE:-**

- 1) In addition to any conditions contained in the title or a mineral agreement, it shall be a condition of mineral title that the holder of the mineral title shall-
  - a) Before submission of application to the licensing authority, demarcated the area applied for in the following method.
  - aa) At every angle or corner of each boundary line, on as near thereto, as is practicable, he shall fix pegs of substantial material, standing not less two feet above the surface of the ground, and being not less than 3 inches square or 3 inches in diameter.



- b) Security deposit: No mineral title except reconnaissance license shall take effect unless the security deposits equivalent to the annual rent have been deposited.
  - bb) Refund of security deposit: if a mineral title is granted to a person who has made a deposit under sub-Rule (13) (1) (b), the amount of the deposit, after making such deductions or compensations for surface damage as may be necessary, penalty or otherwise as the licensing adjusted towards the rent and royalties or deposits to obtain any such lease, as aforesaid, the amount will be returned to him on his satisfying the licensing authority.
  - c) Separate Fee: The annual rent shall be payable for each mineral separately, even if the area under mineral title for different mineral is the same.
  - d) Checking of boundary demarcation: the holder of a mineral title shall, within sixty days of the issuance of a license or lease, cause the area granted to him under such license or lease to be accurately demarcated on ground according to the survey data submit a certificate on the prescribed form signed by surveyor of having carried out the said boundary demarcation himself, to the best of his ability and accordance with the relevant survey data.
- dd) On receipt of certificate referred to in sub-Rule (13)(1)(b), the licensing authority as soon as practicable, may cause the boundary demarcation done by mine surveyor to be physically checked by a competent official, which official shall after obtaining permission in from the demarcation survey of the mine surveyor, if necessary, if the licensing authority, after giving reasonable opportunity to the mine surveyor to explain his side is satisfied that mine surveyor in question has committed a gross negligence, deliberately or otherwise, in the discharge of his work, it shall proceed to take action under the penalty rules.
- ddd) The holder of a mineral title shall deposit a sum of Rs.5,000/- for meeting in expenses of the check survey referred to in sub-Rule (13) (1) (dd), in the head of account notified by the licensing authority from time to time. In case holder of the mineral title requests the required to pay sum Rs. 10,000/- as demarcation fee.
- e) Penalty for unauthorized workings or obstruction: if any holder of the mineral title starts mining of any mineral outside the area granted to him or in an area of which he has not obtained a prospecting license or a mining lease in accordance with these Rules or illegally obstructs free access of license or the lessee or the licensed or leased area or directly or indirectly tries to interfere with the prospecting or operations by holder of the mineral title, he shall be punishable with imprisonment for a term which may extend to six months or with fine which may extend to Rs.10,000/- or with both. These offences shall be cognizable under the criminal procedure code.
  - ee) Besides the punishment and fine as mentioned in Sub-Rule (e) above, the Total value of the mineral extracted unauthorized shall also be liable to be recovered from such person. The Total value of unauthorized excavated or mined mineral shall be estimated by the licensing authority.
  - f) Exercise any right granted to the holder by or under these rules reasonably and in such manner that the rights and interests of the occupier of any land to which the title relates are not adversely affected except to the extent that the occupier is compensated;
  - g) In the employment of employees. Give preference to citizens of Azad Jammu & Kashmir and who posses appropriate qualifications, skill and experience for the purpose of the operations to be carried on under the mineral title;
  - gg) carry out training programmes in order to encourage and promote the development of citizens of Azad Jammu and Kashmir employed by the holder of the mineral title;
  - ggg) with due regard to the need to ensure technical and economic efficiency, make use of products or equipment, manufactured or produced, and services available, within AJ&K and Pakistan.
  - h) Co-operate with other persons involved in the mining industry to enable citizens of Azad Jammu and Kashmir to develop skills and technology to render services in the interest of the industry in AJ&K.

- i) Take measures to prevent damage to the environment, and where some adverse impact on the environment is unavoidable, take measure to minimize such impact;
  - ii) make good, any damage caused to the environment in so far as possible, during the course of exploration or far as possible, during the course of exploration or mining operations and on the cessation of such operations due to expiry, or cancellation of the mineral title or otherwise;
  - j) In the case of a company, give to the licensing Authority notice of any change in its name, registered addressed, directors or share capital, within thirty days as from the date of the change; or
  - jj) in the case of a natural person, give to the Licensing Authority any change of his address within thirty dasy of the change.
- 2) a) It shall be a condition of every mineral title that before the grant of mineral title sixty days notice in writing shall be given by the Licensing Authority, to the District / Divisional Forest officer and District revenue officer to issue no objection certificate. Provided that No. Objection Certificate is not received from the Departments concerned within the above mentioned period, it will be assumed that the departments concurred have No. Objection, to the grant of minerals titles,
- b) In case there is difference of opinion between Licensing Authority and Revenue / Forests departments, over the issuance of no objection certificates and the Licensing Authority has sufficient reasons to believe that, in interest of Govt. to grant the mineral title, in that area the licensing authority will refer such cases to the Chief Secretary, whose decision therefore shall be final.
- 3) A mineral title may provide for the pre-emption of minerals by the Government such circumstances as are specified in the title, subject to the payment of the fair market price determine on the basis so specified.
- 4) It shall be condition of a mineral title that the holder of the title shall make such contributions for the benefit of the local population, to the (Government) to be used for such purpose, as may be provided for in the title or the mineral agreement.

A mineral title may take provision with respect to any of the matters referred to in Rule (9) (3), other than paragraph (f).

**14). RESTRICTION ON EXERCISE OF RIGHTS BY HOLDER OF MINERAL TITLE:-**

- 1) The holder of a mineral title shall not carry on exploration or mining operations at or upon any point within a distance of fifty yards from the boundary of the exploration area or, as the case may be, the mining area, except with the previous permission in writing of the licensing authority and in accordance with the conditions, if any that it may impose.
- 2) The holder of a mineral title shall not carry on exploration or mining operations at or upon any point within a distance of (one hundred yards) from any railway line, reservoir, canal or other public works, or buildings, except with the previous permission in writing of the licensing authority.
- 3) The holder of a mineral title shall not erect any building or carry on any surface operations upon any public pleasure ground, burning or burying ground, or place held sacred by any class of persons, or any house or village site, or public road or on any other place, which the licensing authority may exclude from such operations.
- 4) The holder of a mineral title shall no, without the written permission of the appropriate authority:-
  - a) Cut or injure any tree on occupied land or in an unreserved forest;
  - b) Disturb the surface of any road;
  - c) Enter on any public pleasure ground, ground or burial ground, or place the sacred by any class of persons; or
  - d) Interface with any right of way tank or cultivated agricultural and.

5) All surface operations conducted under the authority of these Rules within a reserved or protected forest shall be subject to such conditions as the Forest Department may, by general or special order, from time to time, prescribe; in the event of any disagreement between the Forest Department and the holder of a mineral title the matter shall be referred to the Chief Secretary of AJ&K, whose decision shall be final.

6) Before occupying any land for surface operations or clearing any land, the holder of a mineral title shall give to the licensing Authority one month's previous notice in writing specifying by name or other sufficient designation and quantity the land proposed to be occupied and the purpose for which the same is required.

7) The licensing authority shall at any time within one month from the receipt of a notice given pursuant to sub-Rule (1) state the objections, if any on grounds public interest to the proposed site, and the holder of the mineral title in question shall not proceed with any of the operations mentioned in sub-Rule (1) until the objections are removed.

8) The holder of a mineral title shall make to pay such reasonable compensation as may be assessed by lawful authority in accordance with the law in force on the subject applying to the lands over which the title has been granted, for all damage, injury or disturbance which may be done by the holder in exercise of the powers granted by the title, and the holder shall indemnify the Government against all claims which may be made by third party in respect of any such damage, injury or disturbance.

9) Any person who contravenes or fails to comply with the provisions of sub-Rules (1), (2), (3), (4), (5), (6), (7) or (8) shall be guilty of any offence and shall be punishable with Rs. 5,000/- only.

#### **15) DIRECTIONS TO HOLDER OF MINERAL TITLE:-**

(1) The licensing authority may with due regard to good reconnaissance, exploration or mining practices, by notice in writing given to the holder of a mineral title, give direction to the holder in relation:-

(a) The carrying out of reconnaissance operations, exploration operations and mining operations, including any works connected therewith;

(b) the conservation of any natural resources, including mineral resources, and the prevention of the waste of such resources;

(c) the protection and preservation of the surface of mines or works and of buildings, roads, railways and other structures and enclosures on or above the surface of land, and the conditions under which may such buildings roads, railways, structures and enclosures may be undermined;

(d) the construction, erection, maintenance operation, use or removal of structures, equipment and other goods used in connection and with the exploration for, or the mining or conveyance of minerals;

(e) the protection of the environment including the prevention and combating of pollution of the air or land which arises or may arise in the course of the operations involved in exploration or mining of any mineral or after such operations have ceased;

(f) the making safe of undermined ground and of dangerous slums, tailings, dams, water dumps, ash dumps shafts, holes, trenches or excavation of whatever nature made in the course of exploration or mining operations;

(g) the safety, welfare and health of persons employed in or in connection with reconnaissance operations, exploration and mining operations and the conveyance of minerals;

(h) the taking, preservation and furnishing to the licensing authority of cores, cutting or samples of mineral from mines or excavations;

(i) the submission to the licensing authority of reports, returns and other information;

(j) The taking of logs or directional surveys or the making of other investigations; and

(k) the creation of safety zones in relation to structures erected on land to which the mineral titles relates.

2) The licensing authority may, if the holder of a minerals title fails to comply, within such period as may be specified in a notice given under sub-Rule (1), or such further period as the authority may on good cause shown allow in writing, with any direction given under Sub-Rule (1) to the satisfaction of the authority, cause such steps to be taken as may be necessary to comply with the direction, and may recover from the holder the costs incurred in connection with the taking of any such steps, as a debt due to the Government.

3) Any holder of a mineral title who contravenes or fails to comply with a notice given to him under sub-Rule (1) is guilty of an offence and shall be punishable with fine Rs. 10,000/- only.

## **Division 2-RECONNAISSANCE LICENSE (RL)**

### **16). RIGHTS OF HOLDER OF RECONNAISSANCE LICENSE:-**

(1) Subject to these Rules and the conditions of the license, reconnaissance license shall confer on the holder of the license;

a) The non-exclusive right, or sub-Rule (3) applies, the exclusive right, to carry on reconnaissance operation in relation to the reconnaissance area in question in respect of any mineral or group of minerals to which the license relates; and

b) The right subject to sub-Rule (2), to carry on such other operations, including the erection or construction of ancillary works, in the reconnaissance area as reasonable be necessary for, or in connection with any reconnaissance operations of the kind of referred to in paragraph (a)

(2) The holder of a reconnaissance license shall not erect or construct any of the ancillary works such as referred to in sub-Rule (1) (b) without the prior consent in writing of the licensing authority give, on application made in that behalf to the authority by the holder, either unconditionally or subject to such conditions as the authority may impose.

(3) Subject to Sub-Rule (4), the licensing authority may, on application by-

a) a person applying for a reconnaissance license, grant to the applicant a reconnaissance license; or

b) the holder of a reconnaissance license, cause an endorsement to be made on the reconnaissance license; by virtue of which an exclusive right is conferred on the applicant or the holder to exercise the rights referred to in sub-Rule (1) (a), if the licensing authority is on reasonable grounds satisfied that the extent of the reconnaissance operations to be carried out and the expenditure to be incurred in or in relation to the reconnaissance area justify the grant of such an exclusive right.

(4) An exclusive right such as is referred to in sub-Rule (3) shall not be granted in respect of any area of land;

a) to which any other mineral title giving an exclusive right to carry on reconnaissance, exploration or mining operations relate; or

b) to which a mining permit relates, to carry on reconnaissance, exploration or, as the case may be mining operations for the same mineral or group of minerals as those to which the exclusive right would, it granted relates.

(5) Subject to sub-Rule (3), a reconnaissance license shall not confer on the holder an exclusive right to carry on reconnaissance operations as provided sub-Rule (1) (a).

### **17) DURATION OF RECONNAISSANCE LICENSE:-**

- 1) Subject to these Rules, a reconnaissance license shall be valid for such period. Not exceeding twelve months, as may be specified in the license.
- 2) Notwithstanding sub-Rule (1), but subject to the other provision of these Rules, where an application is made by the holder of reconnaissance license for the grant of an exploration-
  - a) in relation to an area of land in or which constitute the reconnaissance; and
  - b) in respect of a mineral or group of minerals in relation to which the holder of the license has the exclusive right under Rule 16 (3) to carry on reconnaissance operations; the reconnaissance license shall not expire in relations to that area of land and mineral or group of minerals while the application is being considered until the license applied for is issued, or the application is referred or withdrawn or has been lapsed, whichever first occurs.

**18) APPLICATION FOR RECONNAISSANCE LICENSE:-**

- (1) An application for the grant of a reconnaissance license:-
  - a) shall give in respect of each person making the application;
    - i. in the case of an individual, the full name and nationality  
date of birth and postal residential address of the person; or
    - ii. in the case of a company, its name and particulars of its incorporation and registration, the full name, addresses and nationalities of directors and officers and , if the company has a share capital, the full names, addresses and nationalities of any person who is the beneficial owner of more than five percent of the issued share capital;
  - b) shall be make in respect of an area of land which is not less than 5sq.km. and not more than 10sq. km. In case of area more than 10sq.km., a separate R/L shall have to be applied for;
  - c) shall identify the mineral or group minerals in respect of which a license is sought;
  - d) shall be accompanied by a detailed topographical and geological description of the boundaries of the area of land which the application relates, and a plan drawn to an appropriate (Rs. 150,000) scale or such area showing:-
    - i. its location with reference to (magisterial districts); and
    - ii. the extent of the area and the boundaries by reference to identifiable physical features and co-ordinate reference points;
  - e) shall contain particulars of:-
    - i. the programme of reconnaissance operations proposed to be carried on, the estimated expenditure in respect thereof and the period within which operations will be carried on; and
    - ii. in the case of an application for an exclusive right such as is referred to in Rule 16 (3), the reason for application;
  - f) shall furnish such particulars as may be necessary to determine the applicant's technical and financial resources or, where applicable, those of any person contractually engaged to provide such resources, and copies of relevant contractual agreements;
  - g) shall furnish:-
    - i. particulars of all other mineral titles held or mines operated in AJ&K and Pakistan by the applicant, whether alone or jointly preceding the date of the application ; or
    - ii. where no such titles or mines are or were held or operated, in reconnaissance, exploration by the applicant in reconnaissance, exploration or mining operations outside AJ7K.
  - h) shall state the period, not exceeding twelve months, for which the license is required
    - i. shall be accompanied by such documents as the licensing authority may require in relation to any matter referred to in this Rule; and
    - ii. may contain any other matter which in the opinion of the applicant is relevant to the application.

**19) RESTRICTIONS ON GRANT OF APPLICATION FOR RECONNAISSANCE LICE:-**

The licensing authority shall not grant an application for a reconnaissance:-

- a) unless the licensing authority is satisfied that applicant is a fit and proper person to hold the license;
- b) if the applicant is, at the time of the application; in default [unless the licensing Authority is of opinion that special circumstances exist which justify the grant of the application notwithstanding the default];
- c) unless the licensing authority is, on reasonable grounds, satisfied:-
  - i. with the programme of reconnaissance operations to be carried on the expenditure to be expended on reconnaissance operations; and
  - ii. that the applicant has the technical and financial resources to carry on those reconnaissance operations and make that expenditure; or
- d) in respect of an area of land in relation to mineral or group of minerals in respect of which an exclusive right has under Rule 16(3), been conferred on any other holder of a reconnaissance license.

**20) ISSUANCE OF RECONNAISSANCE LICENSE:-**

- 1) Subject to sub-Rule (4) and (5) of Rule 11, the licensing authority shall, upon the granting of an application for a reconnaissance license, issue to the applicant a reconnaissance license on such conditions as may be agreed as provided in those Sub-Rules.
- 2) Subject to sub-Rule (1), a reconnaissance license shall-
  - a) state the full names and address of the holder of the license;
  - b) state of the date on which and the period for which the license is issued pursuant to Sub-Rule 17(a);
  - c) state the extent of the area granted subject to sub-Rule 18(1) (b);
  - d) contain a description and plan, prepared by a qualified surveyor of the reconnaissance area, as provided in Sub-Rule 18(1) (d) containing geometrical or numerical depictions, or any combination therefore, in words or symbols of the area;
  - e) state the conditions, other than those referred to in Rule 13, subject to which the license is issued;
  - f) state the mineral or group of minerals in respect of which the license is issued;
  - g) set out the approved program of reconnaissance operations and related expenditures; and
  - h) contain such other particulars as the licensing authority, either generally or in any particular case, may determine.

**21) WORK PROGRAM OF RECONNAISSANCE OPERATIONS:-**

- 1) Where the holder of a reconnaissance license is, by virtue of the conditions of the license, required to carry out or to make within a particular period, in accordance with a work program, certain minimum reconnaissance operations and expenditure, he shall furnish the licensing authority, on such date or dates as may be specified in the license, or as may be determined by the licensing authority and made known by notice in writing given to the holder, with particulars of such reconnaissance operations carried out and the expenditure expended.
- 2) The licensing authority may, on applications made it by the holder of a reconnaissance license and for case shown by notice in writing given to the holder, amend any work program or expenditure referred to in sub-Rule (1) in accordance with proposals contained in the application or to such extent as the licensing authority may deem expedient.
- 3) The holder of a reconnaissance license who fails to comply with the requirements of a work program referred to in sub-Rule (1) shall, subject to the provisions of rule 65, be liable to pay in the Provincial Fund such penalty as may be provided for in the conditions of the reconnaissance license in question in the event of such a failure.

**22) RECORDS ETC. TO BE KEPT BY HOLDER OF RECONNAISSANCE LICENSE:-**

- (1) The holder of a reconnaissance license:-

(a) shall keep at an address in AJ&K proper record in such form as may be determined in writing by the licensing authority in relation to:

i. The location and nature of all geological, gemological, photo-geological studies, imaging and geophysical and other surveys carried on by the holder in the course of the reconnaissance the area to which the reconnaissance license relates and the results, interpretations and assessments of such studies and surveys:

ii. The person employed by the holder for purpose of the reconnaissance operations including the name, addresses, nationalities and date of birth of such person;

iii. The expenditure incurred by the holder in the course of the reconnaissance operations; and

iv. Such other information as may be determine by the licensing authority and specified by notice in writing given to the holder, and shall retain certain records for a period of not less than three years as from the date of expiry of the license.

a) shall prepare or cause to be prepared and maintained at all times, plans and maps in respect of the reconnaissance areas;

b) shall prepare in respect of the period of the currency of the reconnaissance license a statement of income and expenditure derived or incurred in connection with the reconnaissance operations in the reconnaissance area and such other financial statements as the licensing authority may require in such from as the authority may determine.

c) shall submit, within sixty days after the end of the currency of the reconnaissance license in respect of the whole reconnaissance area, or together with an application for an exploration license in respect of the whole or any portion of the reconnaissance area, to the Licensing Authority;

i) in such form as may be determined in writing by the Licensing Authority a report in duplicate or in the case where an application is made for an exploration license in respect of a portion of the reconnaissance area, separate reports in duplicate in respect of such portion and the remainder of the reconnaissance area, setting out in relation to such period;

aa) an evaluation of the prospectus of the discovery of any mineral or group of minerals in the reconnaissance area;

bb) all information, including photographs, tabulations, tapes and discs, in the record referred to in paragraph (a) and the plans and maps referred to in paragraph (b); and

cc) the statement of income and expenditure and financial statements referred to in paragraph (c)

(2) In the event of the cancellation or surrender of a reconnaissance license under rule 57 or Rule 58, or expiration of the license, the person who was the holder of such license immediately before the cancellation, surrender or expiration shall on a date not later than thirty days after the date of the cancellation, surrender or expiration, deliver to the licensing authority-

a) all records kept in terms of the provisions of sub-Rule (1)(a);

b) all maps and plans referred to in sub-Rule (1) (b);

c) all reports, photographs, tabulations, tapes and discs prepared by or on behalf of such person in course of the reconnaissance operations; and

d) such other books, documents, records and reports as the licensing authority may require by notice in writing given to such person; or copies of such records, maps, plans, reports photographs tabulations, tape discs, books and documents, unless an exploration license is issued to such person in relation to the area to which such reconnaissance license relates with effect from the date following on the date of the cancellation, surrender or expiration or such later date as the licensing authority may, on good case shown, allow,

(3) Any person referred to in sub-Rule (1) or (2) who contravenes or fails to comply with the provisions of that sub-Rule is guilty of an offence and shall be punishable with Rs. 5,000/- only.

### **23) RIGHT OF HOLDER OF EXPLORATION LICENSE:-**

1. Subject to these Rules and conditions of the license, an exploration shall confer on the holder of the license-
  - a) the exclusive right to carry on exploration operation in the area in question in respect of any mineral or group of minerals to which the license relates;
  - b) subject to the rights of surface holder, the rights to enter and occupy the land which comprises the exploration area for the purpose of carry out exploration area for the purpose of carrying out exploration operations;
  - c) the right to take and divert water on or flowing through such land and use it for any purpose necessary for exploration operations subject to and in accordance with the provisions of the relevant legislation relating to water.
  - d) With the permission in writing of the licensing authority previously obtained generally or in every particular case the right.
    - i. To remove from the exploration area any such mineral or group of minerals r sample thereof, for the purpose of testing, assaying or pilot plant studies, from any place where it was found or incidentally won in the course of such exploration operations to any other place whether within or outside the AJ&K or subject to such other permission as may be required under other relevant law, outside AJ&K or Pakistan; and
    - ii. To sell or otherwise dispose of limited amounts of any mineral or group of minerals or of material excavated during exploration operations; and
  - e) Subject to sub-Rule (2) to do all other things, including the erection or construction of ancillary works in the exploration area, as may be reasonably necessary for, or in connection with, any exploration operations of the kind referred to in paragraph (a),
2. The provisions of Rule 16(2) shall apply mutatis mutandis in relation to the holder of an exploration license wishing to erect or construct accessory works under sub-Rule (1) as they apply in relation to the holder of a reconnaissance license wishing to do so under Rule 16.

**24) DURATION OF EXPLORATION LICENSE:-**

1. Subject to these Rules, an exploration license shall be valid.
  - a. For such period, not exceeding three years, as may be specified in the license and;
  - b. Subject to Rule 29 (2) (e), for such further period, not exceeding three years, as may be determined by the licensing authority in relation to any renewal of the license as from the date on which the license would have expire if an application for its renewal had not been made, or, on the date on which the application for renewal is granted, whichever date is the later date.
2. notwithstanding the provisions of sub-Rule (1) but subject to the other provisions of these Rules-
  - a. An exploration license shall not expire during any period when an application for renewal of the license is being considered until the application is refused or withdrawn or lapses, whichever first occurs, or if the application is granted, until such time as license is renewed in consequence of the application; or
  - b. Where the application is made by the holder of the exploration license for the grant of a mineral deposit retention license or a mining lease in relation to an area of land in or which constitutes the exploration area, and in respect of mineral or group of minerals to which the exploration license relates, the exploration license shall not expire in relation to that area of land and that mineral or group of minerals until the application is refused or withdrawn or lapses, whichever first occurs, or if the application is granted, until the mineral deposit retention license or as the case may be mining lease, applied for is issued.

**25) EFFECT OF ISSUE OF MINING LEASE (ML) OR MINERAL DEPOSIT RETENTION LICENSE (MDRL) ON EXPLORATION AREA**



1) Where a mining lease is issued to the holder of an exploration license in respect of an area of land in, or which constituted, the exploration area and in respect of a mineral or group of minerals to which the exploration license related-

a. That the exploration license shall cease to have effect in relation to that area of land as from the date on which the mining lease is issued.

b. Any other exploration license held by another person shall so cease to have effect in relation to that area of land unless the licensing authority deems it desirable in the interests of the development of the mineral resources of AJ&K that the license should not so cease to have effect and, with the agreement of the applicant for the mining lease, so orders in writing on such conditions as the licensing authority may determine.

2) Where a mineral deposit retention license is issued to the holder of an exploration license in respect of an area of land in, or which constituted, the exploration area in respect of a mineral or group of minerals to which the exploration license related-

a. That exploration license shall cease to have effect in relation to that area of land on the date on which the mineral deposit retention license is issued; and

b. Any other exploration license held by another person so cease to have effect in relation to that area of land only if the licensing authority deems it desirable in the interested of the development of the mineral resources of AJ&K that it should ceases to have effect and so orders in writing.

#### **26) APPLICATION FOR EXPLORATION LICENSE:**

1) An application for an exploration license-

a. Shall, in the case of an individual, give such information as is referred to in Rule (18)1 a (i)

b. Shall, in the case of a company / corporate body, give such information as is referred to in to in Rule 18(1)a(ii);

c. Shall be furnish a comprehensive geological description of the area of land over which the license is sought identify the potential for, or the nature of mineralization contained therein, ore grade, quality, industrial studies, and identify any mineral or group of minerals in respect of which the license is sought;

d. Shall contain particulars of:-

i. The program of exploration operations proposed to be carried on, the estimated expenditure in respect thereof and the period within which the operations will be carried on.

ii. The anticipated effect which the proposed exploration operations may have on the environment and measures to be taken to prevent or minimize any adverse thereon;

e. Shall furnish particulars such as are referred to in Rules 18(1)(f).

f. Shall state the period, not exceeding three years, for which the license is required;

g. Shall be accompanied by such documents as the licensing authority may require in relation to any matter referred to in this Rule;

h. May contain any other matter which in the opinion of the applicant is relevant to the application ; and

i. Shall be made in respect of an area of land not exceeding 10square kilometers as contained in Rule- 8(1) (b)

#### **27) EXERCISE OF POWER TO GRANT OR REFUSE APPLICATION FOR EXPLORATION LICENSE**

- 1) Subject to these Rules, where an application for an exploration license:-
  - a. is made by the holder of a reconnaissance license and the application-
    - i. Relates to an area of land in or which constitutes the reconnaissance area; and
    - ii. Is in respect of any mineral or group of minerals in relation to which the holder of the reconnaissance license has, under Rule 16(3), the exclusive right to carry on reconnaissance operations that area of land, the licensing authority shall grant the application; or
  - b. is made by any other person, the licensing authority may grant or refuse the application.
- 2) The licensing authority shall not grant an application for an exploration license to any person in relation to any area of land in respect of any mineral or group of minerals if, at the time the application is made-
  - a. The area of land is in or constitutes a mining area or an area of land subject to mining permit;
  - b. Any mineral deposit retention license is held by any other person in relation to the area of land, unless the licensing authority deems it desirable in the interests of the development of the mineral resources of AJ&K to grant the application and, if the mineral deposit retention license is in respect of the mineral or group of minerals to which the application relates, the holder of minerals deposit retention license agrees to the application being granted; or
  - c. Any reconnaissance license or exploration license conferring an exclusive right to carry on reconnaissance operations or as the case may be, exploration operations in the area of land in respect of the mineral or group of minerals to which the application relates, is held by any other person unless-
    - i. That other person agrees to the application being granted; and
    - ii. The licensing authority deems it desirable in the interest of the development of the mineral resources of AJ&K to grant the application-
- 3) An application for an exploration license shall not be granted an applicant.
  - a. If the applicant is, at the time of the application, in default unless the licensing authority is of opinion that the default is not substantial and that special circumstances exist which justify the grant of the application notwithstanding the default; and
  - b. Unless licensing authority is on reasonable ground satisfied-
    - i. With the proposed programme of exploration operations to be carried on and the proposed expenditure to be expended on exploration operations; and
    - ii. That the person concerned had the technical and financial resources to carry on the exploration question.
- 4) An application for an exploration license shall not be granted in respect of an area of land exceeding 10 square kilometers as contained in Rule-18(1) (b).

**28) ISSUE OF EXPLORATION LICENSE-**

The provisions of Rule 20 shall apply mutatis mutandis in relation to the issue of an exploration license as they apply in relation to the issue of a reconnaissance license.

**29) APPLICATION FOR RENEWAL OF EXPLORATION LICENSE-**

1) Subject to this rule, the provisions of rules 26 and 27 shall apply mutatis mutandis in relation to an application for the renewal of an exploration license as they apply in relation to an application for the grant of an exploration license-

2) An application for the renewal of an exploration license-

a. Shall be made not later than (ninety) days before the expiry date of the license or such later date, but not later than such expiry date, as the Licensing Authority may, on good cause shown allow;

b. Shall not be made-

i. In the case of an application for a first renewal of the license, in respect of an area of land greater in extent than fifty percent of the exploration area at the date of issue of the exploration license;

ii. In the case of an application for a second renewal, in respect of an area of land greater in extent fifty percent of the exploration area immediately prior to the date of the application for the second renewal, or such other proportion of the exploration area as the licensing authority may for good technical or other reason, grant or

iii. In the case of a second renewal unless it can be shown by the holder of the exploration license that a further renewal is necessary for the completion of a full feasibility study of the discovered deposits and that the proposed activities could not have been reasonably completed during the first renewal;

c. Shall be accompanied by report in duplicate containing the particulars contemplated in Rule 33 (1) (d) prepared in respect of the immediately preceding period of the currency of the exploration license:

cc. shall describe and identify the part of the exploration area to be retained and the part to be relinquished;

d. Shall be accompanied by the proposed work programme and expenditures for the period of renewal;

e. May be made on not more than two occasions; and

f. In the case of a second renewal, shall give the reason, supported by documentary proof, for requesting the renewal.

3) Subject to the provisions of sub-Rule (4) and (5), the licensing authority shall not grant an application for the renewal of an exploration license-

a) If the minimum exploration and expenditures proposed to be carried out or expended in the renewal period in respect of the area of land to which the application relates, is not satisfactory; or

b) If the applicant is, at the time of the application, in default unless the licensing authority is of the opinion that the default is not substantial and that special circumstances exist which justify the grant of the application notwithstanding the default.

4) The licensing authority shall not refuse under sub-Rule (3) (a) to grant the application in question if the proposal in respect of explorations operations and expenditures are in accordance with the terms and conditions of a mineral title of mineral agreement relating to proposals of that kind in respect of the exploration license in question.

5) The licensing authority shall not refuse under sub-Rule (3) (b) to grant the application in question, unless the Licensing Authority has, by notice in writing given to the holder of the license, inform the holder of its intention to refuse the application-

a) Setting out particulars of the alleged default; and

b) Requiring the holder to make representations to the licensing authority in relation to the alleged default or to remedy that default on or before a date specified in the notice and the holder has failed to remedy that default or made representations which, in the opinion of the licensing authority remove the ground for the intended refusal.

6) the licensing authority shall not grant an application for a second renewal of an exploration license unless the applicant has shown the renewal sought is necessary for the completion of feasibility studies and could not have been reasonably completed during the first renewal.

**30) OBLIGATION OF HOLDER OF EXPLORATION LICENSE-**

- 1) It shall be a condition of an exploration license that the holder of the license shall-
  - a) Commence operations within three months of the issue of the license, and carry on exploration operations in the exploration area in accordance with good exploration practices;
  - b) Take all reasonable steps necessary to secure the safety, welfare and health of person employed for purposes of those operations in the exploration area and to protect the environment.
  - c) Maintain in good condition and repair all structure, equipment and other goods in the exploration area and used in connection with the exploration operations;
  - d) Remove from the exploration area all structure, equipment and other goods not used or intended to be used in connection with the exploration operations;
  - e) Take reasonable steps to warn person who may from time to time be in the vicinity of any such structures, equipment or other goods of the possible hazards resulting there from;
  - f) Give to the licensing authority notice of the discovery of a deposit of any mineral or group of minerals to which the holder's license relates within ten days after the holder determines that the deposit is of potential commercial interest.
  - g) Give to the licensing Authority notice of the discovery of any mineral or group of minerals (including radioactive minerals necessary for the generations of nuclear energy, mineral oil and natural gas), other than a mineral or group of minerals to which his license relates, within (ten) days after making the discovery.
- 2) Any holder of an exploration license who contravenes or fails to comply with the provision of sub-Rule (1) is guilty of an offence and shall be punishable with a fine of Rs. 5,000/- only.

**32) WORK PROGRAM OF EXPLORATION OPERATIONS:**

The provisions of Rule 21, shall apply mutatis mutandis in relation to the holder of an exploration license, as they apply in to the holder a reconnaissance operations license, and for that purpose any reference in that Rule to "reconnaissance license" or "reconnaissance operations" shall be deemed to be a reference to exploration license or, as the case may be, "exploration operations".

**33) RECORDS, ETC, TO BE KEPT, ETC BY HOLDER OF EXPLORATION LICENSE:**

- 1) The holder of an exploration license-
  - a) Shall keep at an address in AJ&K, A proper record in such forms as may be determined in writing by the licensing authority in relation to:-
    - i. The location and results of all photo geological studies, imaging, geological mapping, geochemical sampling, geophysical surveying, drilling, pitting and trenching, sampling and bulk sampling and other activities under taken by the holder in the course of the exploration operations carried on by the holder, in or in connection with, the exploration area to which exploration license relates;
    - ii. The results of all analytical, metallurgical and mineralogical work incidental to such exploration operations;
    - iii. The interpretation and assessment of the studies, surveys and work referred to in sub paragraphs (i) and (ii);
    - iv. The persons employed by the holder for purposes of such exploration operations, including the names, addresses, nationality and ages of such persons.
    - v. The nature, mass or volume and value of any mineral or group of minerals sold or otherwise disposed of and the full name and address of any person to whom such minerals or group of minerals was sold or otherwise disposed of;
    - vi. The expenditures incurred by the holder in the course of the such exploration operations; and
    - vii. Such other information as may be determined in writing by the licensing authority and specified by notice in writing to such holder;

- b) Shall prepare or cause to be prepared and maintained at all times plans and maps in respect of the exploration area;
- bb) Shall prepare in respect of the period of the currency of the exploration license a statement of income and expenditure derived or incurred in connection with the explorations in the exploration area and such other financial statement as the licensing authority may require in such form as the licensing authority may determine.
- c) shall submit within 30 days after end of each quarter during the currency of such exploration license to the licensing authority in such form as may be determined in writing by the authority a return or returns containing in relations to such quarter-
- i. A summary of the particulars and information contained in the records referred to in paragraphs (1) and (bb) as may be required by the licensing authority and indicated in such form or requested by the authority by notice in writing given to the holder; and
  - ii. Such other particulars as the licensing authority may require in relation to the exploration operations carried on by the holders; and
- d) shall submit, within 60 days after the end of currency of such exploration license and of each period during which such exploration license has been renewed in respect of the whole of the area, or together with an application for the renewal of such exploration license or any application for a mineral deposit retention license or mining lease in respect of the whole or any portion of exploration area, to the licensing authority, in such form as may be determined in writing by the licensing authority, a report in duplicate or, in the case where an application is made for a mineral deposit retention license or mining lease in respect of a portion of the exploration area, separate reports in duplicate in respect of such portion and the remainder of such exploration area in relation to such period-
- i. An estimate of the mineral reserved in the exploration area properly illustrated by way of plans and maps according to an appropriate scale;
  - ii. The nature, mass or volume and value of any mineral or group of minerals sold or otherwise disposed off and the full name and address of any persons to whom such mineral or group of minerals has been sold or otherwise disposed off;
  - iii. An evaluation of the prospects of the discovery of any mineral or group of minerals in the exploration area; and
  - iv. Such other particulars as the licensing authority may require in relation to the exploration operations carried on by such holder;
- 2) In the event of the cancellation or surrender of an exploration license under Rule 57 or Rule 58 or the expiration of an exploration license, the person who was the holder of such license immediately before such cancellation or surrender or expiration shall, or a date not later than one month after the date of such cancellation, surrender or expiration deliver, to the licensing authority-
- a) All records kept in terms of the provisions of sub-Rule (1) (a)
  - b) All maps and plans referred to in sub-Rule (1) (b)
  - c) All reports, photographs, tabulations, tapes and discs prepared by or on behalf of such person in the course of such exploration operation; and
  - d) Such other books, documents, records and reports as the licensing authority may require by notice in writing address and delivered to such person, or copies of such records, maps, plans, reports, photographs, tabulations, tape discs, books, and document, unless a mineral deposit retention license or a mining lease is issued to such persons in relation to the area to which such exploration license related, with effect from the date following the date of such cancellation, surrender or expiration of such later date as the licensing authority may on good cause shown, allow
- 3) Any person referred to in sub-Rule (1) to (2) who contravenes or fails to comply the provisions of that sub-Rule is guilty of an offence and shall be punishable with a fine of Rs. 5,000/-

#### **Division 4- MINERAL DEPOSIT RETENTION LICENSE (MDRL)**

##### **34) RIGHTS OF HOLDER OF MINERAL DEPOSIT RETENTION LICENSE-**

- 1) Subject to these Rules and conditions of the license, a mineral deposit retention license shall authorize the holder of license.
  - a) To retain in retention area in question for future mining operations;
  - b) To carry out programme of operations such as is referred in Rule 43;
  - c) With the permission of the licensing authority previously obtained whether generally or in every particular case:-
    - i. To remove from the retention area any mineral or group of minerals or sample thereof, for the purposes of testing, assaying or pilot plant studies, from any place where it was found or incidentally worn in the course of carrying out such program of operations to any other place whether within or outside AJ&K or, subject to such other permission as may be required under other relevant law, outside Pakistan or AJ&K; and
    - ii. To sell or otherwise dispose of limited amounts of any mineral or group of minerals or material excavated during operations so carried out; and
  - d) Subject to sub-Rule (2), to do all other things, including the carrying out of investigations and operations, and the erection or construction of ancillary works, in the retention area, as may be reasonably necessary for, or in connection with, any operation as contemplated in paragraph (b).
- 2) The provision of Rule 16 (2) shall apply mutatis mutandis in relation to the holder of a mineral deposit retention license wishing to erect or construct accessory work, works under sub-Rule (1) as they apply in relation to the holder of a reconnaissance license wishing to do so under Rule 16.

##### **35) PERSONS WHO MAY APPLY FOR MINERAL DEPOSIT RETENTION LICENSE-**

No person shall apply for the grant of mineral deposit retention license unless the person is the holder of an exploration license in relation to the area of land and the mineral or group of minerals to which the application relates and-

- a) A potentially economic discovery of mineral deposit has been made in the exploration area.
- b) The applicant has completed a full feasibility study to determine whether the mineral discovered can be developed and produced on a profitable basis;
- c) The applicant wishes to retain the exploration area a part thereof for future development of the mineral deposit discovered as development could not then be reasonably undertaken on a profitable basis for good economic or technical reasons; and
- d) Exploration operations and relevant studies have been undertaken to the maximum extent feasible in the circumstances.

##### **36) DURATION OF MINERAL DEPOSIT RETENTION LICENSE-**

- 1) Subject to these Rules, a mineral deposit retention license shall be valid:-
  - a) For such period, not exceeding three years, as may be specified in the license;
  - b) For such further period, not exceeding three years, as may be determined by licensing authority at the time of the granting of any application for the renewal of the license.
- 2) Notwithstanding the provision of sub-Rule (1) but subject to the other provisions of these Rules.
  - a) A mineral deposit retention license shall not expire during any period when an application for renewal of license is being considered, until the application is refused or withdrawn or lapses, whichever first occurs or if the application is granted, until such time as the license is renewed in consequence of the application, or
  - b) Where an application is made by the holder of a mineral deposit retention license for the grant of mining lease in relation to area, and in respect of any mineral or group of mineral to which the license relates, the

license shall not expire in relation to that area of land and that mineral or group of minerals until the application is refused to or withdrawn or lapses whichever first occurs, or if the application is granted, until such time as the mining lease applied for is issued.

3) Where a mining lease is issued to the holder of mineral deposit retention license in respect of an area of land which forms part of the retention area and in respect of any mineral or group of minerals to which the mineral deposit retention license relates:-

a) That mineral deposit retention license shall cease to have effect in relation to the area of land as from the date of the issue of the mining lease;

b) Any other mineral deposit retention license for the same mineral shall so cease to have effect unless the licensing authority has, with the concurrence of the holder to whom the mining lease is issued, determined otherwise on such conditions as may be specified in writing by the licensing authority.

**37) APPLICATION FOR MINERAL DEPOSIT RETENTION LICENSE-**

1) An application for a mineral deposit retention license-

a) Shall in the case of an individual, give such information as is referred to in Rule 18(1) (a) (i);

b) Shall in the case of a company, give such information as is referred to in Rule 18(1)(a)(i);

c) Shall be accompanied by description and plan such as is referred to in Rule 18 (1) (d) of the area of land, not greater than the exploration area concerned, over which the license is sought;

d) Shall identify the mineral or groups of minerals to which the application relates and furnish full details of the proven, estimated or inferred mineral reserves contained therein, and of the mining conditions pertaining thereto;

e) Shall contain particulars of;

i. The proposals for the carrying out of work in the exploration area and expenditures during the period of the retention license in respect of which the application is made and if no further work in or in relation to the exploration area could be usefully carried out the reasons therefore;

ii. The state of the environment of the area to which the application relates, the likely adverse impact the operation to be carried on may have on the Environment and the measures to be taken to prevent or mitigate such impact.

f) Shall furnish particulars such as referred to in Rule 18 (1) (f);

g) Shall furnish particulars of the exploration license by the applicant;

h) Shall-

i. Give reasons in support of the claim that the mineral deposit discovered in the area of land to which the application relates could not then be mined on a profitable basis; and

ii. Give forecast of the circumstances in which the earliest date on which, the mineral or group of minerals discovered might be so mined;

i) Shall state the period for which the license is required;

j) Shall be accompanied by relevant data, studies, analyses, documents and such other information as the licensing authority may require in relation to the application; and

k) May contain any other matter which in the opinion of the applicant is relevant to the application.

2) An application for a mineral deposit retention license shall be made not later than one hundred and eight days before the expiry of the exploration license or any renewal thereof, or such later date, but not later than such expiry date, as the licensing authority may, may, on good cause shown, allow.

**38) EXERCISE FO POWER TO GRANT OR REFUSE APPLICATION FOR MINERAL DEPOSIT RETENTION LICENSE-**

1) The licensing authority shall not grant an application for a mineral deposit retention license to a person who is, under Rule 35, entitled to apply for such license:-

a) In respect of an area larger than an area which in the opinion of the licensing authority would be required, having regard to the minerals or groups of minerals discovered in the area to which the application relates, to carry on the proposed future mining operations;

b) If the applicant is at the time of the application in default, unless the licensing authority is of the opinion that the default is not substantial and that special circumstances exist which justify the grant of the application notwithstanding the default;

c) In relation to any mineral, or group of mineral unless the licensing authority is on reasonable grounds satisfied-

i. That the deposit of the mineral or group of minerals in the area to which the application relates cannot, for the reasons set out in the application, be mined on a profitable basis at the time can probably be mined on the expiration, of the period contemplated in Rule 36;

ii. That no further work can be usefully carried on in the exploration area which would have the effect of negating the reasons so given; and

iii. That it is desirable, having regard to the future utilization of the mineral resources of AJ&K to grant such license;

d) In relation to the area of land to which such application relates in respect of any mineral or group of minerals, if at the time of such application-

i. Such area of land forms part of any exploration area in relation to any mineral or group of minerals, other than the mineral or group of minerals to which the application relates, unless:-

aa) The applicant has given a notice in writing, not later than on the date on which such application is made, to the holder of the exploration license in respect of that exploration area, of his application or intended application, as the case may be or such mineral deposit retention license;

bb) The licensing authority has afforded the holder referred to in paragraph (aa) a reasonable opportunity to make representation in relation to such applications; and

cc) The licensing authority, with due regard to any representations made in terms of paragraph (bb), deems it desirable to grant such license having regard to the future utilization of the mineral resources of AJ&K, or

ii. Such area of land forms part of any retention area in relation to any mineral or group of minerals, other than the mineral or group of minerals to which the application relates, unless (aa) the licensing authority deems it desirable, having regards to the future utilization of the mineral resources of AJ&K to grant such license;

bb) The licensing authority is on reasonable grounds satisfied that the programme of operations referred to in paragraph (1) (b) of Rule 34 and any other investigation and operations referred to in paragraph (1) 9d) of that Rule to be carried on by virtue of such license, if issued, will not detrimentally affect the rights of any holder of the mineral deposit retention license in respect of any such area; and

cc) Holder of the mineral deposit retention license has consented to the application for the grant of the mineral deposit retention application for the grant license being granted.



2) The licensing authority shall not refuse to grant an application for a mineral deposit retention license of any ground contemplated in sub-Rule (1) (b), unless the licensing authority-

a) Has by notice in writing informed such holder of its intention to refuse such application-

- i. Setting out particulars of the grounds for that intention; and
- ii. Requiring such holder to make representation to the licensing authority in relation to such grounds or to remedy relating to such grounds specified in such notice, and such holder has failed to remedy such matter or to make representations; and

b) Has taken into consideration any representation made by such person.

**39) ISSUE OF MINERAL DEPOSIT RETENTION LICENSE-**

The provisions of rule 20 shall apply mutatis mutandis in relation to the issue of a mineral deposit retention license as they apply in relation to the issue of a reconnaissance license.

**39-A CONDITIONS-**

It shall be a condition of every mineral deposit retention license that the Department may disclose information with respect to the retention area to a person if the Department is satisfied that the person bona fide seeks the information for the purpose of investigating the possibility of carrying on mining operations in the retention area.

**40) APPLICATION FOR RENEWAL OF MINERAL DEPOSIT RETENTION LICENSE-**

1) Subject to sub-Rule (2), the provisions of Rules 37 and 38 shall apply mutatis mutandis in relation to an application for the renewal of a mineral deposit retention license as they apply in relation to an application for the grant of a mineral deposit retention license.

2) An application for the renewal of a mineral deposit retention license shall be made not later than ninety days before the date on which the license expire if not renewed or such later date, but not later than such expiry date, as the licensing authority, on good cause shown, allow.

3) Subject to the provisions of sub-Rule (4), the licensing authority shall refuse an application for the renewal of a mineral deposit retention license if the applicant is, at the time of the application, in default unless the licensing authority is of the opinion that the default is not substantial and that special circumstances exist which justify the grant of the application notwithstanding the default.

4) The licensing authority shall not refuse, under sub-Rule (3), to grant the application in question, unless the authority has, by notice in writing given to the holder of the license, informed the holder of the license of its intention to refuse the applications-

a) Setting out particulars of the alleged default; and

b) Requiring the holder to make representations to the authority in relation to the alleged default or to remedy that default on or before a date specified in the notice; and the holder has failed to remedy that default or make representations, which, in the opinion of the authority, to move the ground for the intended refusal.

**41) APPLICATION FOR AMENDMENT OF MINERAL DEPOSIT RETENTION LICENSE-**

1) Subject to sub-Rule (2), the holder of a mineral deposit retention license may apply for the amendment of the license.

a) By the reduction of the retention area to which the license relates; or

b) By the addition of any mineral or group of minerals discovered in the retention area, to which the license does not relate.

2) The provision of Rules 37 and 38 shall apply mutatis mutandis in relation to an application under sub-Rule (1) as they apply in relation to an application for the grant of mineral deposit retention license.

3) If an application under sub-Rule (1) is granted by the licensing authority, it shall amend the mineral deposit retention license accordingly.

**42) OBLIGATIONS OF HOLDERS OF MINERALS DEPOSIT RETENTION LICENSE-**

The provisions of Rule 31 (1) shall apply mutatis mutandis in relation to a mineral deposit retention license as they apply in relation to an exploration license, and for that purpose, the reference to “holder of an exploration license” shall be deemed to be a reference to “the holder of a mineral deposit retention license”.

**43) WORK PROGRAM UNDER MINERAL DEPOSIT RETENTION LICENSE-**

The holder of a mineral deposit retention license shall carry out any programme of operations, including evaluation, from time to time, of the mineral deposit concerned, as may be specified in the license or directed to be performed by the licensing authority, as a condition of any renewal of the license.

**44) DIRECTION TO APPLY FOR MINING LEASE-**

1) Where-

A) During the term of a mineral deposit retention license-

a) Proposals are made to the licensing authority, in writing, by a person other than the holder of the license, to mine in the retention area, under a mining lease granted to the person, the mineral or group of minerals to which the mineral deposit retention license relates; and

b) The licensing authority is satisfied that the proposals-

i. Would be link to ensure the efficient, beneficial and timely use of that mineral or group of minerals; and

ii. Are made in good faith by a person who has the technical and financial ability and experience to carry out the proposal and is otherwise qualified to hold a mining lease; or

B) During the term of a mineral deposit retention license, the licensing authority has a good reason to believe-

i. That mineral or group of mineral to which the mineral deposit retention license relates may be mined, sold or otherwise disposed of on a profitable basis; or

ii. That further work may indicate the existence of any such mineral or group of minerals which may be mined, sold or otherwise disposed of on a profitable basis.

The licensing authority, if it wished to proceed with the development of the deposit, shall, before doing so, afford the holder of the mineral deposit retention license, in accordance with sub-Rule (2), an opportunity to apply for a mining lease.

2) In the circumstances referred to in sub-Rule (1), the licensing authority shall, by notice in writing, given to the holder of the mineral deposit retention license-

(a) In the case referred to in sub-Rule (1) (a)-

i. Inform the holder that it has received proposals of the kind referred to in that sub-Rule giving the name of the person making the proposals; and

ii. Direct the holder to apply, within such reasonable period as is specified in notice, for mining lease over land, in or which constitute the retention area, in respect of the mineral or group of minerals to which the mineral deposit retention license applies or;

(b) In the case referred to in sub-Rule (1) (b) direct the holder-

- i. To apply for a mining lease within such reasonable period as may be specified in the notice, to carry on mining operation in respect or the mineral group of minerals;
- ii. To carry on such further explorations operations as may be specified in the notice in relation the retention area within such reasonable period as may be specified in the notice; or
- iii. To surrender, if the holder so wishes, the retention area in accordance with these Rules.

3) Where, in the case referred to in sub-Rule (1) (A), before the expiration of the period so specified, the holder of the mineral deposit retention license-

(a) Fails to apply for the mining lease as directed; or

(b) Notifies the licensing authority in writing that no sub application will be made, the mineral deposit retention license shall be deemed to have been cancelled on the expiration of the period or, as the case may be, when the licensing authority is so notified, and Rule 57 (8) shall have effect accordingly.

4) Where, as provided in sub-Rule (3), a mineral deposit retention license is deemed to have been cancelled, the licensing authority shall by notice in writing given to the person who made the proposals referred to in sub-Rule (1)-

(a) Inform the person accordingly; and

(b) Invite the person to apply under these Rules, within the period specified in the notice, for a mining lease to give effect to those proposals.

5) Any holder of mineral deposit retention license who contravene or fails to comply with a direction given to the holder under sub-Rule (b) as guilty of an offence and shall be punishable with fine of Rs.3000/- which may extend up to Rs. 5000/-

**45) RECORDS, ETC TO BE KEPT ETC BY THE HOLDER OF MINERAL DEPOSIT RETENTION LICENSE-**

1) The holder of mineral deposit retention license-

(a) Shall keep at an address in AJ&K, a proper record in such form as may be determined in writing by the licensing authority in relation to-

i. The investigations and operations, including the creation or construction of ancillary works, in such retention areas as may be reasonably necessary, carried on by the holder for, or in connection with, future mining operations contemplated in Rule 34;

ii. The location and results of all photo geological studies, imaging, geological mapping, geochemical sampling, geophysical surveying, drilling, pitting and trenching, sampling and bulk sampling and all other activities under taken by the holder in the course of exploration operations carried on by the holder, or in connection with the retention area to which the mineral deposit retention license relates-

iii. The results of all analytical, metallurgical and mineralogical work incidental to such exploration operations;

iv. The interpretation and assessment of the studies surveys and works referred to in sub-paragraphs (i) and (iii).

v. The persons employed by the holder for purpose of such investigations and operations, including the names, address, nationality and ages of such persons;

vi. The expenditures incurred by the holder in the course of such exploration operations and

vii. Such other information as may be determined by the licensing authority and specified by notice in writing addressed and delivered to such holder.

- (b) Shall prepare or cause to be prepared and maintained at all times plans and maps in respect of the retention area;
- (c) Shall submit within 60 days after the end of the currency of such mineral deposit retention license in respect of the whole of the retention area, or together with an application for the renewal of such mineral deposit retention license or an application for a mining lease in respect of the whole or any portion of the retention area, to the licensing authority in such form as may be determined in writing by the licensing author, a report in duplicate or, in the case where an application is made for a mining lease in respect of a portion of the retention area, separate reports in duplicate in respect of such portion and the remainder of such retention area, setting out in relation to such period-
- i. An evaluation of the prospects of future mining operations which retention area
  - ii. All information, including photographs, tabulation, tapes and discs, in the records referred to in paragraph (a) and the maps referred to in paragraph (b).
  - iii. Such other particulars as the licensing authority may require in relation to the operation carried on by such holder;
- (d) Shall submit to the licensing authority such other reports, records and other information as the authority may from time to time required in connection with the carrying on the investigations and operations in the retention area in question.
- 2) In the event of the cancellation of mineral deposit retention license under Rule 57 or the surrender or expiry of a mineral deposit retention license the person who was the holder of such license immediately before the cancellation, surrender or expiration shall, on a date not later than 180 days after the date of the cancellation or surrender or expiry, deliver to the licensing authority-
- a) All records kept in terms of the provision of sub-Rule (1) (a); and
  - b) Such other books, documents records and reports as the licensing authority may require by notice in writing given to such person or copies of such records, books documents and reports, unless a mining license is issued to such person in relation to the area to which such minerals deposits retention lease relate with effect from the date following on the date of such cancellation surrender or expiry of such later date as the licensing authority may, on good cause shown, allow.
- 3) Any person referred to in sub-Rule (1) or (2) who contravenes or fails to comply with the provisions of that sub-Rule is guilty of an offence and shall punishable with a fine of Rs. 5,000/-

#### **DIVISION 5-MINING LEASE (ML)**

#### **46) RIGHTS OF HOLDER OF MINING LEASE-**

- 1) Subject to these Rules and the conditions of the lease, a mining lease shall confer on the holder of the lease:-
- a) The exclusive right to carry on mining operations in the mining area in question in respect of any mineral or group of minerals to which the lease relates;
  - aa) The right to enter and to work on the land which compress the mining area for the purpose of carrying on mining operations and explorations referred to in paragraphs (a) and (b);

- b) The right to carry in the mining area, in conjunction with mining operations such as are referred to in paragraph (a), exploration operations in relations to any such mineral or group of minerals;
  - c) The right to remove from the mining area any mineral or group of minerals, from the mining area any place where it was found or mined in the course of mining operations such as are referred in paragraph (a) or found in incidentally won in the course of exploration operations such as are referred to in paragraphs (b) to any other place within or outside AJ&K or, subject to such other permission as may be required under any relevant law, to any place outside Pakistan.
  - d) The right to take and divert water on or flowing through such land and use it for any purpose necessary for mining operations subject to and in accordance with the provisions of the relevant legislation relating to water;
  - e) The right to sell or otherwise dispose of any such mineral or group of minerals subject to any condition of the mining lease or mineral agreement relating to the satisfaction of the internal requirement of Pakistan; and
  - f) The right, subject to sub-Rule (2) to do all other things and carry on such other operations including the erection or construction of ancillary works: as may be reasonably necessary for, or in connection with, the mining or exploration operations removals, selling or disposal contemplated in paragraphs (a), (b), (c) or (e).
- 2) The provision of Rule 16 (2) shall apply mutatis mutandis in relation to the holder of a mining lease who wishes to erect or construct ancillary works under sub-Rule (1) as they apply in relation to the holder of a reconnaissance license wishing to do so under Rule 16.

**47) DURATION OF MINING LEASE-**

- 1) Subject to these Rules, mining lease shall be valid;
- a) For such period, not exceeding thirty years of the period representing the life of the mine, (as determined by the licensing authority), whichever is lesser, as may be specified in the license; and
  - b) Subject to sub-Rule (92), for such period as may be determined by the licensing authority in relation to any renewal of the lease, as from the date on which the lease would have expired if any application for its renewal had not been made or on the date on which the application for renewal is granted, whichever is later date.
- 2) A mining lease may be renewed for a period not exceeding ten years, or for the period representing the estimated life of the mine by the licensing authority, as determined on the basis of available data, whichever is lesser period as from the date on which the application for renewal is received by the licensing authority.
- 3) Notwithstanding the provision of sub-Rule (1), but subject to the other provisions of these Rules, where an application is made for the renewal of a mining lease, the lease, the lease shall not expire will the application is being considered unless the application is refused or withdrawn or lapses, whichever first occurs, or if the application is granted, until such time as the lease is renewed in consequence of the application.

**48) APPLICATION FOR MINING LEASE-**

- 1) An application for the grant of a mining lease may be made by individual, firm or by a body corporate formed by or under a law for the time being in force in AJ&K.
- 2) An application for the grant of mining lease.
- a) Shall give such information as is referred to in Rule 18 (1)(a)(ii);
  - b) Shall be accompanied by a description and plan such as is referred to in Rule 18 (1) (d);
  - c) Shall be made in respect of an area of land not exceeding 10 square kilometers;
  - d) Shall furnish particulars such as are referred to in Rule 18 (1) (f);
  - e) Shall be accompanied by a technological report on mining and treatment possibilities and the intention of the application in relation thereto;
  - f) Shall be accompanied by the relevant feasibility studies, detailed plans for development and operations of the mine and programme of proposed mining operations, including a forecast of-

- i. The date by which the applicant intends to work for profit;
- ii. The capacity of production and scale of operations;
- iii. The anticipated overall recovery of ore and mineral products; and
- iv. The nature of the products;
- g) Shall be accompanied by an environmental impact assessment in terms of the Environmental Protection act and shall identify the extent of any adverse effect which the plan for development and operation of the mine and the carrying out of the program of proposed mining operations would be likely to have on the environment and on any monument or relic in the area over which the lease is required, and proposals for eliminating or controlling that effect;
- h) Shall present proposals for the prevention of pollution, the treatment and disposal of wastes, the safeguarding, reclamation and rehabilitation of land disturbed by mining operation, the protection of rivers and other sources of water and for monitoring and managing of any adverse effect of mining operations on the environment;
- i) Shall identify any particular risk (whether to health or otherwise) involved in mining the mineral or group of minerals which is proposed to mine, and proposals for their control or elimination.
- j) Shall give or be accompanied by a statement giving a detailed forecast of capital investment, operating costs and revenues and the anticipated type and source and extent of financing;
- k) Shall be accompanied by a statement giving particulars of expected infrastructure requirements;
- l) Shall state the period for which the lease is required; and
- m) Shall be accompanied by such other documents and information as the licensing authority may require in relation to the application and
- n) May contain any other matter which in the opinion of the applicant is relevant to the application.

**49) EXERCISE OF POWER TO GRANT OR REFUSE APPLICATION FOR MINING LEASE-**

- 1) Subject to these Rules, where an application for the grant of mining lease is made by the holder of an exploration license or a mineral deposit retention license, and the application;
  - a) Relates to an area of land in, or which constitutes, the exploration area or, as the case may be the retention area; and
  - b) Is in respect of any mineral or group of minerals-
    - i. To which such exploration license relates;
    - ii. To which such mineral deposit retention license relates;

The licensing authority shall accept/grant the application.
- 2) Subject to these rules, where an application is made for the grant of a mining lease by any person other than a person such as is referred to in sub-Rule (1), the licensing authority may grant/ accept or refuse the application.
- 3) The licensing authority shall not grant an application for a mining lease in relation to any area of land in respect of any mineral or group of minerals if, at the time the application is made-
  - a) Any exploration license conferring an exclusive right to carry on exploration operations in that area of land in respect of that mineral or group of minerals;
  - b) Any mining permit in relation to that area of land in respect of that mineral or group of minerals; or
  - c) Any mineral deposit retention license in relation to that area of land and in respect of that mineral or group of minerals, is held by any person other than the applicant for the mining lease, unless-
    - i. That other person agrees to the application being granted; and
    - ii. The licensing authority deems it desirable in the interest of the development of the mineral resources to grant the application.

3a) The licensing authority shall not grant an application for a mining lease in relation to any area of land in respect of mineral or group of minerals if at the time the application is made, the period specified in an invitation, given under Rule 44 (4) to a person, other than the applicant, to apply for such mining lease, has not expired.

4) Notwithstanding the provision of sub-Rule (1), but subject to the provision of sub-Rule (5), an application for the grant of a mining lease shall not be granted-

a) Unless-

- i. The feasibility study shows that the mine can be profitably developed and operated;
- ii. The proposed plans for development and operation of the mine and the programme of the mining operations of the applicant in question will ensure the efficient, beneficial and timely use of the mineral resources in question; and
- iii. The applicant in question has the technical and financial ability and experience to carry out effective mining operations;

b) If the applicant in question is, at the time of the application, in default unless the licensing authority is of the opinion that the default is not substantial and that special circumstances exist which justify the grant of the application notwithstanding the default; or

c) In the case of an application made in relation to any area of land and in respect of any mineral or group of minerals, to a person who does not hold an exploration license or a mineral deposit retention license in relation to that area of land or in respect of that mineral or group of minerals, unless the licensing authority is of opinion that the mineral or the group of minerals is present in the area of land in potentially commercial quantities.

5) The licensing authority shall not, in the case of an application for a mining lease by the holder of a mineral title referred to in sub-Rule (1), refuse to grant the application.

a) In terms of sub-Rule (4) (a), unless the licensing authority has, by notice in writing given to the applicant, informed the applicant concerned, of its intention to so refuse the application and has-

- i. Informed the applicant of the reasons for its intention;
- ii. Afforded the applicant an opportunity to make, within such reasonable period as may be specified in the notice, representations in relation to all matters relating to its intention and, if the applicant so desires, to make proposals in relation to any such matters; and
- iii. Taken into consideration any such representation;

b) In terms of sub-Rule (4) (b), unless the licensing authority has, by notice in writing given to the applicant, informed the applicant concerned of its intention to so refuse the application-

- i. Setting out particulars of the alleged default, and
- ii. Requiring the applicant to make representation to the licensing authority in relation to the alleged default or to remedy the default on or before a date specified in the notice, and the applicant has failed to remedy the default or made such representation as in the opinion of the authority remove the ground for the intended refusal.

6) The licensing authority shall not refuse an application for a mining lease on the ground that any proposal in the application is inadequate or unsatisfactory unless the licensing authority has, by notice in writing given to the applicant, informed the applicant accordingly and afforded the applicant a reasonable opportunity to modify the proposals concerned.

#### **50) ISSUE OF MINING LEASE-**

The provisions of Rule 20 shall apply mutatis mutandis in relation to the issue of a mining lease as they apply in relation to the issue of reconnaissance license.

#### **51) APPLICATION FOR RENEWAL OF MINING LEASE-**

1) Subject to sub-Rule (2), the provisions of Rules 48 and 49 shall apply mutatis mutandis in relation to an application for the renewal of a mining lease as they apply in relation to an application for the grant of a mining lease.

2) An application for the renewal of mining lease shall be made not later than (six months) before the date on which the lease will expire, if not renewed or such later date, but not later than such expiry date, as the licensing authority may, on good cause shown, allow.

3) Subject to sub-Rule (4), on an application duly made for the renewal of a mining lease, the lease may be renewed as provided in Rule 47 (2) with or without a variation of the conditions of the lease.

4) The licensing authority shall not grant an application for the renewal of a mining lease if minerals in workable quantities do not remain to be mined.

**52) APPLICATION FOR AMENDMENT OF MINING LEASE-**

1) Subject to sub-Rule (2), the holder of a mining lease may apply the amendment of the lease-

(a) By the extension or reduction, or both, of the mining area to which the lease relates; or

(b) By the addition of any mineral or group of minerals, discovered in the mining area, to which the lease does not relate.

2) The provisions of Rule 48 and 49 shall apply mutatis mutandis in relation to an application, under sub-Rule (1) as they apply in relation to an application for the grant of a mining lease.

3) If an applicant under sub-Rule (1) is granted by the licensing authority, it shall amend the mining lease accordingly.

**53) OBLIGATIONS FOR HOLDER OF MINING LEASE-**

1) Subject to sub-Rule (2), the provisions of Rule 31 (1), shall apply mutatis mutandis in relation to a mining lease as they apply in relation to an exploration license, and for that purpose, the reference to “the holder of an exploration license” shall be deemed to be a reference to “the holder of a mining lease”

2) It shall be a condition of the mining lease that the holder shall commence mining operations within six months of the issue of the lease and shall carry on those operations in accordance with the approved plans for development and operation of the mine.

**54) NOTICE OF CESSATION OF MINING OPERATIONS-**

The holder of mining lease shall:-

(a) Where he intends to temporarily cease mining operations, or to reduce the normal rate of production, give notice in writing of that intention to the licensing authority on the date not later than-

i. In the case of such intended cessation of mining operations, thirty days; or

ii. In the case of such an intended reduction of production, seven days, or such other period as the licensing authority may, on good cause shown, allow before such intended cessation or intended reduction;

(b) If, for any reason beyond the control of the holder at any time temporarily ceases mining operations, or reduces the normal rate of production, notify the licensing authority of such temporary cessation or reduction as soon as possible after such cessation or reduction.

And provide reasons for such intention of cessation or reduction, as the case may be, and such particulars as the licensing authority may require in connection with the location, nature and extent of such mining operations.



**55) ACTION BY LICENSING AUTHORITY-**

On receipt of a notice referred to in Rule 54, or if the licensing authority has otherwise reason to believe that the holder of any mining lease has ceased, whether permanently or temporarily, or reduced mining operations, the licensing authority may cause the matter to be investigated and -

- a) Give its approval on such conditions (if any), as the authority may determine, to the cessation or reduction; or
- b) Refuse its approval and give such directions to the holder as the authority deems appropriate.

**55.a) UNITED DEVELOPMENT-**

1) This Rule applies where the licensing authority determines-

- a) In the interest of the effective recovery of minerals from neighboring or contiguous mining area; or
- b) In the national interest in order to secure the rational development and ultimate recovery of any mineral from neighboring or contiguous mining area; or

That it is desirable that the holders of the mining lease in respect of those areas should co-ordinate their operations or develop their deposits as a unit.

2) Subject to sub-Rule (3), where this Rule applies, the licensing authority may, in writing, direct the holders of the mining lease concerned to enter into an agreement, within the period specified in the direction, for or in relation to the coordination of their operations or the development of their deposits, giving in the notice the grounds for the direction, and to lodge the agreement with the licensing authority forthwith for approval.

3) Before giving any direction under sub-Rule (2) the licensing authority shall each holder of a mining lease concerned a reasonable opportunity to make representation to the licensing authority in writing with regard to the proposed direction.

4) Where-

- a) An agreement is not lodged as required by sub-Rule (2); or
- b) An agreement so lodged is not satisfactory to the licensing authority.

The licensing authority may cause to be prepared, in accordance with good mining practices, a plan and afford each holder of mining leases concerned a reasonable opportunity to make presentations to the licensing authority in writing with regard to plan.

5) The holder of each mining lease concerned shall perform and observe the conditions of:-

- a) A plan which is satisfactory to the licensing authority; or
- b) A plan, with or without modifications as a result of any representation made pursuant to sub-Rule (4), prepared under sub-Rule (4).

**56) RECORDS ETC. TO BE KEPT ETC. BY THE HOLDER OF MINING LEASE-**

1) The holder of a mining lease-

- a) Shall keep at an address in AJ&K a proper record in such form as may be determined in writing by licensing authority in relation to-
  - i. Any mining operations referred to in Rule 46 (1) (a).

- aa) The nature, appraisal and result of all mining operations carried on in, or in connection with, the mining area to which such mining lease relates;
- bb) The nature and mass or volume of any mineral or group of minerals won or mined in such mining area and treated or stockpiled in such mining area or elsewhere;
- cc) The nature, mass or volume and value of any mineral or group of mineral so won or mined, sold or otherwise disposed of and the full names and addresses of any persons to whom such mineral or group of minerals was sold or otherwise disposed of;
- dd) The nature and mass or volume of any waste removed from such mining area and the manner in which it was disposed of;
- ee) The persons employed by the holder for purpose of such mining operations, including the names, addresses, nationality and ages of such person;
- ff) The expenditures incurred by the holder in the course of such mining operations; and;
- gg) Such other information has may be determined by the licensing authority and specified by notice in writing, addressed and delivered to such holder;
- ii. Any exploration operation referred to in Rule 46 (1) (b):-
  - a) The nature, location and results of all photo geological studies, imaging, geological mapping, geo-chemical sampling, geophysical surveying, drilling, pitting and trenching, sampling and bulk sampling and all other activities under taken by such holder in the course of such exploration operations.
  - b) The results of all analytical, metallurgical and mineralogical work incidental to such exploration operations;
  - cc) The interpretation and assessment of the studies, surveys and works referred to in (aa) and (bb);
  - dd) The nature and mass or volume, of any mineral or group of minerals found or incidentally won in the course of such exploration operations;
  - ee) The persons employed by the holder for purposes of such exploration operations including the names, addresses, nationalities and ages of such persons;
  - ff) The expenditures incurred by such holder in the course of such exploration operations; and
  - gg) Such other information as may be determined by the licensing authority and specified by notice in writing given to the holder;
- b) Shall prepare or cause to be prepared and maintained at all time plans and maps in respect of the mining area;
- bb) Shall prepare in respect of each quarter of the mining lease, a statement of income and expenditure derived or incurred in connection with mining operations in the mining lease areas such other financial statements as the licensing authority may require in such form as the authority may determine;

c) Submit within (15 days after the end of each month) (30 days after the end of each quarter) to the licensing authority, in such form as may be determined in writing by the licensing authority a return or returns in relations to such (month) (quarter).

i. Such summary of the particulars and information contained in the records referred in paragraph (a) and (bb) as may be required by the licensing authority and indicated in such form or requested by the licensing authority by notice in writing given to the holder, and

ii. Such other particulars as the licensing authority may require in relation to the mining operation and exploration operations carried on by the holder in such mining area;

d) Shall submit, within 60 days after 31<sup>st</sup> December of each year, to the licensing authority, in such form as may be determined in writing by the licensing authority, returns or reports in duplicate containing in relating to such year-

i. A summary of the particulars and information contained in the records referred to in paragraph (a) (i) as may be required by the licensing authority and indicated in such form or requested by the licensing authority by notice in writing given to the holder;

ii. All information, including photographs, tabulations, tapes and discs, in the records referred to in paragraph (a) (ii) and the plans and maps referred to in paragraph (b);

iii. The statement of income and expenditure and financial statements referred to in paragraph (bb);

iv. An estimate of the remaining mineral reserves in such mining area properly illustrated by way of plans and maps according to an appropriate scale;

v. Particulars of any proposed mining operations and exploration operations during the succeeding year, together with a forecast of the source of such mining operations in terms of delineated mineral reserves; and

vi. Such other reports, records and information as the licensing authority may require in retention to the mining operation and exploration operation carried on by the holder in such mining area.

2) In the event of the cancellation or surrender of mining lease under Rules 57 or Rules 58 or the expiration of mining lease, the person who was the holder of such lease immediately before such cancellation, or surrender or expiration shall, on a date not later than 180 days after the date of such cancellation or surrender or expiration, deliver to the licensing authority-

a) All records kept in terms of the provisions sub-Rule (1) (a);

b) All maps and plans referred to in sub-Rule (1) (b);

c) All reports, photographs, tabulations, tapes and discs prepared by or on behalf of such person in the course of such exploration operations; and

d) Such other books, documents, records and reports as the licensing authority may require by notice in writing given to such persons, or copies such records, maps plans, reports, photographs, tabulations tapes, discs, books and documents.

3) Any person referred in sub-Rule (1) or (2) who contravenes or fail to comply with the provisions of any such sub-Rule is guilty of an offence and shall be punishable with.....

## **DIVISION 6- CANCELLATION AND SURRENDER OF MINERAL TITLE**

### **57) CANCELLATION OF MINERAL TITLES**

1) Subject to this Rule and Rule 65, where holder of a mineral title-

a) Fails to use in good faith land subject to the title for the purpose for which title was granted;

b) Uses that land for any purpose other than the purpose for which the title was granted;

c) Fails to comply with requirement of these rules with which holder is bound to comply;

d) Fails to comply with requirement of these rules with which holder is bound to comply;

e) Fails to comply with a direction lawfully given under these Rules or with condition on which any certificate of surrender is issued or on which exemption or consent is given under these Rules; or

- f) Fails to pay any amount payable by him under Rules within one month after the amount becomes due,  
The licensing authority may, on that ground, by notice writing served on the holder of the title, cancel the title;
- 2) The licensing authority shall not, under sub-Rule (1), cancel a title a ground referred to in that sub-Rule unless-
- a) It has, by notice in writing served on the holder of the title, given not less than thirty days notice of its intention to so cancel the title on that ground;
- b) It has, in the notice specified a date before which holder of the title may, in writing, submit any matter which he wishes the licensing authority to consider; and
- c) The licensing authority has taken into account-
- i. Any action taken by the holder of the title to remove that ground or to prevent the recurrence of similar grounds; and
- ii. Any matter submitted to the authority by the holder of the title pursuant to paragraph (b).
- 3) the licensing authority shall not, under sub-Rule (1), cancel on the ground referred to in paragraph (f), if, before the date specified in the notice referred to in sub-Rule (2), the holder of the title pays the amount of money concerned together with any penalty arising pursuant to Rules 95 (2).
- 4) The licensing authority may, by notice in writing served on the holder of mineral deposit retention license, cancel the license if the holder fails to make application for mining lease in accordance with a notice given to him under Rule 44 (1) (i).
- 5) The licensing authority may, by notice in writing served on the holder of a mineral title, cancel the title-
- a) If the holder (being an individual) is -
- i. Adjudged bankrupt; or
- ii. Enters into any agreement or scheme of composition with creditors or take advantage of any law for the benefits of debtors;
- b) If, in the case of holder that is company, an order is made or resolution is passed for winding up the affairs of the company, unless the winding up is for the purpose of amalgamation or reconstruction and licensing authority has been given notice thereof; or
- c) If the mineral title was obtained by fraud or misrepresentation.
- 6) Where an application has been made under rule 61 for transmission of a mineral title or of rights of interests to or in a mineral title consequent on the death of an individual who is the holder of the title, the licensing authority shall not cancel title unless the authority has refused to grant the application.
- 7) Where two or more persons are holding a mineral title the licensing authority shall not, under sub-Rule (5), cancel the title on the occurrence, in relation to one or some only of the persons constituting the holder, or an event entitling the licensing authority to so cancel the mineral title, unless the authority is satisfied that any other person or persons constituting the holder are unwilling, or would be unable, to carry out the duties and obligations of the holder of the mineral title.
- 8) On the cancellation of a mineral title the rights of the holder of the title thereunder ceased, and the cancellation does not affect any liability incurred before the cancellation and any legal proceedings that might have been commenced or continued against the former holder of the title may be commenced or continued against him.

**58) SURRENDER OF MINERAL TITLE-**

- 1) The holder of mineral who wishes to surrender all or a part of the subject to the mineral title shall apply to the licensing authority for a certificate of surrender, in respect of the land, not less than three months before the date on which he wishes the surrender to have effect.
- 2) An application under sub-Rule (1)-
  - a) Shall state the date on which the applicant wishes the surrender to have effect;
  - b) Shall, if part of the land subject to the title is to be surrendered, identify the land to be surrendered by a description and the inclusion of a map identifying that part;
  - c) Shall give particulars of reconnaissance exploration or mining operations, as the case may be carried on in respect of the land to be surrendered; and
  - d) Shall be supported by such records and reports in relation to those operations as the licensing authority may reasonably require.
- 3) Subject to sub-Rule (4), on application made under Rule (1) the licensing authority shall issue a certificate of surrender, either unconditionally or subject to such conditions as are specified in the certificate in respect of the land to which the application relates.
- 4) The licensing authority shall not issue a certificate of surrender0
  - a) To an applicant who is in default;
  - b) To an applicant who fails to comply with reasonable requirement of the licensing authority for the purpose of sub-Rule (2)(d); or
  - c) If the authority is not satisfied that the applicant will leave land to be surrendered and on which reconnaissance, exploration or mining practices.

**59) EFFECT OF CERTIFICATE OF SURRENDER-**

- 1) Where, pursuant to Rule 58(3) a certificate of surrender issued, the licensing authority-
  - a) Shall, if part only of the land subject to a mineral title is surrendered, cause the title to be amended accordingly; or
  - b) Shall, in any other case, cause the mining title to be cancelled,

And, in either case, the authority shall give notice in writing to the applicant for the certificate of surrender of the amendment, or as the case may be the cancellation, and of the issue of the certificate of surrender.

- 2) Land in respect of which a certificate of surrender is issued shall be treated as having been surrendered with effect from the date on which notice of the surrender is given, pursuant sub-Rule (1), to the applicant for the certificate.
- 3) The surrender of any land shall not affect any liability incurred before the date on which the surrender has effect in respect of the land, and legal proceedings that might have been commenced or continued against the holder or, as the case may be, the former holder may be commenced or continue against him.

**Division 7-REGISTRATION AND TRANSFER OF MINERAL TITLE-**

**60) TITLE REGISTER-**

- 1) The licensing authority shall cause a record to be made in Titles Register, kept for the purpose of every mineral title issued and of any dealings with, or affecting a mineral title.
- 2) When a mineral title is issued the licensing authority shall cause the name of the person to whom the mineral title is issued to be recorded in the Title Register as the holder of the mineral title.

**61) APPROVAL OF TRANSFER ETC. OF MINERAL TITLE-**

1) Unless.

a) The licensing authority approves a transfer of, or a cession or assignment of interest to or in, a mineral title; and

b) The transfer, cession or assignment is to a person, or the person joined is a person, capable under these Rules of holder the mineral title,

The purported transfer, cession assignment or joining shall have no effect.

2) Where an application is made to the licensing authority for any approval for any approval such is referred to in sub-Rule (1) (a) the licensing authority may, subject to sub-Rule (3) and (4), give its approval subject to such conditions as is deem necessary in the circumstances to impose but the licensing authority shall not unreasonably withhold its consent,

3) The licensing authority shall not give its approval to any dealings such as are referred to in sub-Rule (1) with a reconnaissance license subject to sub-Rule (4), to any dealings with an exploration license during the first two years of its term unless the authority considers that there are special reasons for giving such approval.

4) An application under this Rule shall give in respect of the person to whom the licensor is to be transferred, ceded or assigned or who is to be joined, the information required in Rule18(1) (a) in respect of an applicant and all other relevant information.

5) The licensing authority may require any person making an application for any approval such as is referred to in sub-Rule (1) to furnish to it such information as it may reasonably require to enable it to dispose of the application and the applicant shall comply with the requirement.

**62) INSPECTION OF TITLES REGISTER ETC.-**

1) ON APPLICATION MADE, A COPY OF ANY ENTRY IN THE Titles Register may be obtained on payment of the appropriate fee set out in column 2 of schedule.1.

2) On application made, the Titles Register shall be open for inspection by the applicant and the applicant may take copies of any license or entry in the Register, on payment of the appropriate fee set out in column 2 of schedule1.

**63) TITLES REGISTER MAY BE RECTIFIED-**

Where the licensing authority is satisfied that there has been a mistake made in, or that some matter has been incorrectly entered in, or omitted from , the Titles Register, it shall rectify the Register by correcting that mistake or incorrect entry.

**64) OFFENCES IN RELATION TO REGISTRATION IN TITLES REGISTER-**

A person who willfully-

a) Makes, or causes to be made or concurs in making a false entry in the Titles Register; or

b) Produces or tenders in evidence a document falsely purporting to be a copy of any extract from an entry in the Title Register;

Is guilty of an offence and shall be punishable with a cash fine of Rs./-

**DIVISION 8-MISCELLANEOUS PROVISIONS**

**65) FORCE MAJEURE**

1) Any failure on the part of the holder of a mineral title to fulfill any of the conditions of the license, or meet any requirement of these rule, shall not be treated as a breach of the holder's mineral title or these Rules in so far as the failure arises from an act of war, hostility insurrection, or an act of God, or from any other cause specified in the conditions of the mineral title as constituting force majeure for the purposes of this Rule.

2) Where the holder of a mineral title fails to fulfill any of the conditions of the mineral title as a result of occurrence of any circumstances of a kind referred to in or specified as provided in sub-Rule(1), the holder shall forthwith give notice to the licensing authority, giving particulars of the failure and its cause.

3) The licensing authority may on application made to it by the holder of a mineral title referred to in sub-Rule (2) who has been prevented from exercising any right under the mineral title for any period in the circumstances contemplated in sub-Rule (1), extend by notice in writing, on such conditions as may be determined by the licensing authority, the period as may be determined by the authority.

4) The licensing authority may refuse any application referred to in sub-Rule (3) if the holder of the mineral title in question would, by taking any reasonable steps which were available on the holder, have exercised the rights concerned during that period.

5) The provisions of this Rule shall not be constructed as absolving any holder of a mineral title from complying with any obligation under the mineral title or these Rules to pay any royalties, annual charges, rent or fees.

**66) JOINT LIABILITY**

Where a mineral title is held by more than one holder, the liability of the holders under these Rules and the title, in respect of any breach thereof, shall be joint and several, but without prejudice to any right of contribution which a particular holder may have against any other holder in respect of any liability incurred by the particular holder in respect of the breach.

**67) COMPETITIVE BIDS**

The licensing authority may, when required by the Government to do so, invite competitive bids for the issue of an exploration license or a mining lease in respect of any area of land which is not subject to;

- a) A reconnaissance license which gives the holder an exclusive right such as in referred to in Rule 16 (3);
- b) An exploration license, a mining lease or a mineral deposit retention license or a mining permit; or
- c) An application for any such license, lease or permit; and may, in accordance with these rules, issue the appropriate mineral title to the successful bidder.

**68) PERFORMANCE GUARANTEES-**

1) A person shall, at the time of grant of a mineral title, other than the reconnaissance license, lodge with the licensing authority security for compliance with the holder's obligations under these Rules and the title.

2) A security under sub-Rule (1) shall be by way of banking guarantee, parent company guarantee or otherwise as approved by the licensing authority.

**69) ARBITRATION-**

1) Subject to sub-Rules (2) and (3) any dispute arising between the holder of a mineral title and [the Government] out of or in connection with a mineral title shall, if it cannot be settled amicably within a reasonable period, be submitted to the International Center for the Settlement of Investment Disputes or such other body tribunal as the parties may agrees, for arbitration or settlement.

2) Sub-Rule (1) shall not apply where the holder of a mineral title is a citizen of Pakistan, or a company formed by or under a law for the time being in force in Pakistan whose entire share capital is beneficially owned by citizens of Pakistan

3) Sub-Rule (1) shall not apply in relation to a dispute concerning any matter.

a) Where any such dispute is, under mineral title or a relevant mineral agreement, to be resolved by a sole expert; or

b) If the dispute concerns the alleged commission by the holder of the mineral title of a criminal offence.

**69.A) RIGHTS OVER DATA-**

1) The Government shall have the exclusive right to all data including geological, geophysical, petro physical, engineering, pit logs, maps, magnetic tapes, cores and production data, data, as well as all interpretative and derivative data including reports, studies, analyses, interpretations. Bulk sampling results, assaying results, evaluations and other information in respect of exploration or mining operations, subject to sub-Rule (2).

2) The holder of a mineral title shall have the right to make use of the data referred to in sub-Rule (1), free of cost, for the purpose of exploration or mining operations and to retain copies or samples of material or information constituting the data subject to sub-Rule (3).

3) Data permitted to be used or retained as provided in sub-Rule (2), which is not in the public domain, shall not be disclosed to any person without the prior consent of the licensing authority except as may be necessary for the purpose, of or in connection with, exploration and mining operations, or as required by law, or for the purpose for arbitration or litigation.

**69.B) SMALL SCALE MINING-**

For the purpose of these Rules, "Small Scale Mining" means mining determined by the licensing authority to be small scale mining by reason of-

a) The likely scale of capital investment being less than Rs.05million.

b) The expenditure an work programme proposed by the applicant discussed;

c) The nature of the techniques to be used in mineral operations;

d) The likely scale of the operations and infrastructure to be required;

e) The mineral or group of minerals to be mined; and other factors relevant (size of the deposit, grade, processing unit etc.) to making the determination.

**70) PERSONS WHO MAY HOLD MINERAL PERMITS-**

A person shall not hold a mineral permit unless the person-

a) Is a citizen of AJ&K or Pakistan; or

b) Is a company formed by or under a law for the time being in force in AJ&K or Pakistan whose articles of association contain a provision providing-

i. That only citizen of AJ&K or Pakistan may own share in the company;

ii. That only another company whose articles of association contain such a provisions may own shares in the company; or

iii. That only a citizen of AJ&K or Pakistan and a company referred to in sub-paragraph (ii) may own shares in the company.



**71) APPLICATION FOR MINERAL PERMITS-**

An application for the grant of a mineral permit-

- a) Shall be made to the licensing authority; and
- b) Shall be in a form approved by the licensing authority;
- c) Shall be accompanied by the amount specified in column 2 of schedule 1 in respect of the application in question; and
- d) May be withdrawn by the applicant giving the licensing authority notice in writing to the effect that the application is withdrawn.

Rule 12 shall apply mutatis mutandis in relation to an application for mineral permit as it applies in relation to an application for a mineral title.

**Division 2-Exploration Permit**

**72) RIGHTS OF HOLDER OF EXPLORATION PERMIT-**

- 1) Subject to sub-Rules (2) and (3), the holder of an exploration permit shall be entitled-
  - a) To carry on exploration operations on any land for any mineral or group of minerals;
  - b) With the permission of the licensing authority, to sell or dispose of any mineral or group of minerals found or incidentally won in the cause of carrying on exploration operations; and
  - c) To do all such other acts and things as are necessary for, or reasonably incidental to, the carrying on of exploration operations.
- 2) The holder of an exploration permit shall not exercise any rights conferred by sub-Rule (1)
  - a) In respect of any mineral or group of minerals on land forming part of reconnaissance area in relation to which an exclusive right such as is referred to in Rule 16(3) has been conferred upon any person in respect of that mineral or group of minerals;
  - b) On land in an exploration area, a mining area, retention area or in an area subject to a mining permit; or
  - c) On land in relation to which an application for an exploration license, a mineral deposit retention license, a mining lease or a mining permit is pending.
- 2) The provisions of Rule 14 shall apply mutatis mutandis in relation to an exploration permit as they apply in relation to mineral title;
  - a) Conducting a mineral analysis;
  - b) Conducting tests on a mineral; or
  - c) Determining the value of mineral, the holder of an exploration permit shall not remove any mineral from the land where it was found in course of carrying on operations such as are referred to in sub-Rule (1) without the written permission of the licensing authority and shall, when so removing any mineral, comply with such conditions as the license authority may specify, in that permission.

**73) APPLICATION FOR EXPLORATION PERMIT-**

An application for the grant of an exploration permit-

- a) Shall contain-
  - i. In the case of an individual, the full names, nationality, date of birth and the postal and residential address of the person;
  - ii. In the case of a company. The name of the company, particulars of its incorporation and registration, address and principal place of business of the company in AJ&K or Pakistan and the names, addresses and nationalities of the directors and shareholders of the company;

- b) Shall be accompanied by such documents as the licensing authority may require in relation to any matter referred to in this Rule; and
- c) Shall be made in respect of an area of land which does not exceed .05 square kilometers;
- d) May contain any other matter which in the opinion of the applicant is relevant to the application.

**74) DISPOSAL OF APPLICATIONS FOR EXPLORATION PERMITS-**

1) On application made for the grant of an exploration permit, the licensing authority may, subject to these Rules, grant the application on such conditions as the authority may determine, or reject the application.

2) The licensing authority shall not grant an application under sub-Rule (1) unless-

- a) The applicant is a person such as is referred to in Rule 70; and
- b) The licensing authority is satisfied that the applicant is a fit and proper person to carry on exploration operations.

3) Where the licensing authority grants an application under sub-Rule (1) and the applicant accept the conditions on which the application is granted the licensing authority shall issue the exploration permit which shall-

- a) Contain the full name and address of the holder of the permit;
- b) State the date on which it is issued;
- c) State the conditions on which it is issued;
- d) Contain a description and plan of the area in respect of which the application is granted;
- e) Identify the mineral in respect of which the permit is granted; and
- f) Contain such other matter as the licensing authority may either generally, or in any particular case, determine.

**75) DURATION OF EXPLORATION PERMIT-**

Subject of these Rules, an exploration permit shall be valid for the period of 01-year from and including the date on which it is issued.

**76) EXPLORATION PERMIT MAY NOT BE TRANSFERRED ETC.**

An exploration permit shall not be transferred or renewed, and the holder of an exploration permit shall not grant, cede or assign any interest in or right to any such permit to any other person, and no person shall be joined as the joint holder of any such permit.

**77) RECORDS ETC. TO BE KEPT ETC. BY HOLDER OF EXPLORATION PERMIT.**

1) The holder of a exploration permit-

a) Shall keep at an address in AJ&K a proper record in such form as may be determined in writing by the licensing authority, in relation to-

- i. The nature and mass or volume of any mineral or group of minerals found or incidentally won in the course of carrying on exploration operations;
- ii. The nature and mass or volume and value of any mineral or group of minerals sold or otherwise disposed of and the full name and addresses of any person to whom the mineral or group of mineral has been sold or otherwise disposed of;
- iii. [copies of] all maps, geological reports, including interpretations, mineral analysis, photographs, ore logs, analysis and tests and all other data obtained by the holder in respect of land subject to the permit; and
- iv. Such other information as may be determined by the licensing authority and specified by notice in writing given to the holder;

And shall retain such records and copies for a period of not less than [three years as from the expiry of the permit]; and

b) Shall, upon the request of the licensing authority (for an authorized officer,) produce the record referred to in paragraph (a), or copies thereof, to the authority (or office) for inspection.

2) Any person referred to in sub-Rule (1) who contravenes or fails to comply with the provision of that sub-Rule is guilty of an offences and shall be punishable with a cash fine of Rs.2,500/-

### **DIVISION 3-MINING PERMIT**

#### **78) RIGHTS OF HOLDER OF MINING PERMIT-**

1) The provisions of Rule 46 shall apply mutatis mutandis in relation to a mining permit as they apply in relation to a mining lease and , for that purpose, any reference in that Rule to the “mining area” shall be deemed to a reference to the “area of land subject to the mining permit”

2) The provisions of Rule 14 shall apply mutatis mutandis in relation to be a mining permit as the apply in relation to a mineral title;

#### **79) APPLICATION FOR MINING PERMIT-**

1) An application for the grant of a mining permit-

a) Shall, in the case of an application by an individual, contain particulars such as those referred to in Rule 73 (a)(i);

b) Shall, in the case of an application by a company, contain particulars such as those referred to in Rule 73 (a)(ii);

c) Shall contain particulars of;

i. Any mineral title of mineral permit held by the applicant alone or jointly with any other person and;

ii. Any exploration and mining exploration carried on by the applicant alone or jointly with any other person outside AJ&K.

On the date of the application and during a period of [five years] immediately preceding that date;

d) Shall state the period [not exceeding then years] for which permit is required and the mineral or group of minerals to which the applicant relates;

e) Shall describe the area not exceeding 05sq.km. over which the permit is sought and contain a sketch plan in sufficient details to enable the area to be identified;

f) Shall contain particulars of.

i. The condition of, and any existing damage to the environment in the area to which the application relates; and

ii. The manner in which it is intended to prevent pollution, to deal with any waste, to safeguard the mineral resources, to reclaim and rehabilitate land disturbed by way of the exploration and mining operation and to minimize the effect of those operations on land adjoining the land subject to the permit;

g) Shall describe the mineral deposits in the area of land over which the permit is sought;

h) Shall contain particulars of the programme of mining operations. The estimated expenditure in respect thereof, the period within which the operations will be carried on and the expenditure made.

i) May contain any other matter, which in the opinion of the applicant is relevant to application.

**80) DISPOSAL OF APPLICATIONS FOR MINING PERMITS-**

- 1) On application made for the grant of a mining permit, the licensing authority may, subject to these Rules, grant the application on such conditions as the authority may determine, or reject the application.
- 2) The licensing authority shall not grant an application under sub-Rule (1).
  - a) If the applicant has been required under Rule 81 to apply for a mining lease;
  - b) Unless the applicant is a person such as is referred to in Rule 70;
  - c) In respect of any mineral or group of minerals on land forming part of a reconnaissance area in relation to which an exclusive right such as is referred to in sub-Rule 6 (3) has been conferred on any person in respect of that mineral or group of minerals;
  - d) In respect of any land in an exploration area, a mining area, a retention area of an area subject to a mining permit;
  - e) In respect of any land in relation to which a [prior] application for an exploration license, a mineral deposit retention license, a mining lease or a mining permit is pending, unless any such prior application is rejected, withdrawn or lapse.
  - f) If the licensing authority has reasonable grounds to believe that deposits or minerals or group of minerals in respect of which the application is made have not been discovered in potentially commercial quantities within the area of land in respect of which the permit is sought;
  - g) If the licensing authority has reasonable grounds to believe that the applicant does not intend to carry on in good faith, within the limits of his competence and resources, mining operations in that area of land or;
  - h) If the applicant is, at the time of the application, in default unless the licensing authority is of opinion that special circumstances exist which justify the grant of the application notwithstanding the default.
- 3) Where the licensing authority grants an application under sub-Rule (1) and the applicant accepts on which the application is granted the licensing authority shall issue the mining permit which shall-
  - a) Contain the full names and address of the holder of the permit;
  - b) State the date on which and the period for which it is issued;
  - c) Contain a description and plan of the area to which the permit relates giving sufficient detail to enable the area to be clearly identified;
  - d) State the conditions subject to which the permit is issued;
  - e) State the mineral or group of minerals in respect of which the permit is issued.
  - f) Contain such other particulars as the licensing authority may, either generally or in the particular case, determine; and
  - g) Contain a statement of the programme of the mining operations to be carried out and expenditure to be made by the holder of the permit; and period within which the operations will be carried out and expenditure made.

**81) REQUIREMENT TO APPLY FOR MINING LEASE-**

- 1) Where a person applies for a mining permit the Licensing Authority may, subject to this Rule, require the applicant to apply for a mining lease instead of a mining permit if the authority determines that the application is not respect of shall scale mining.
- 2) The licensing authority shall not required an application for a mining permit to apply for a mining lease unless the licensing authority has-
  - a) Give notice in writing to the applicant of the authority's intention stating the reason therefore;
  - b) Afforded the applicant an opportunity within such reasonable period as is stated in the notice to make representations with regard to that intention; and
  - c) Has taken into account any representations so made.

3) Subject to Rule 80 (2) (a) an application for a mining permit shall not incur any liability under these Rules if the fails to comply with a requirement under sub-Rule (1).

**82) DURATION OF MINING PERMIT-**

Subject to these Rules, a mining permit shall be valid;

- a) For the period not exceeding five years specified in the permit; and
- b) For such further periods [not exceeding ten years] for which it is renewed, commencing on each occasion on the date on which the permit would have expired, if an application for its renewal had not been made or on the date on which the application for such renewal is granted, whichever is the later date;
- c) Notwithstanding the provisions of the sub-Rule (1) but subject to the other provisions of these Rules, where an application is made by the holder of a mining permit for the renewal of the permit in relation to an area of land in or which constitutes the area subject to the permit and in respect of the mineral or group of minerals to which the permit relates, the permit shall not expire in relation to that area of land and the mineral or group of minerals while the application is being considered until the application is refused or withdrawn or has lapsed, whichever first occurs, or if the application is granted, until such time as the permit is renewed in consequences of the application.

**83) APPLICATION FOR RENEWAL OF MINING PERMIT-**

1) Subject to sub-Rule (2), the provisions of Rules 79 and 80 shall apply mutatis mutandis in relation to an application for the renewal of a mining permit as they apply in relation to an application for the grant of a mining permit.

2) An application for the renewal of mining permit shall be made not later than [twelve months] before the date on which the permit will expire if not renewed or such later date but not later than such expiry date. Date as the licensing authority may, on good cause shown, allow.

**84) DIRECTION TO HOLDER OF MINING PERMIT-**

The provision of Rule 15 shall apply mutatis mutandis in relation to a mining permit as they apply in relation to a mineral title.

**85) GENERAL CONDITIONS OF MINING PERMIT-**

The provisions of Rule 13 shall apply mutatis mutandis in relation a mining permit as they apply in relation on a mineral title.

**86) CANCELLATION OF MINING PERMIT-**

The provisions of Rule 57, other than sub-Rule (4), shall apply mutatis mutandis in relation to the cancellation of a mining permit as they apply in relation to the cancellation of a mineral title.

**87) SURRENDER OF MINING PERMIT-**

The provisions of Rule 58 and 59, shall apply mutatis mutandis in relation to the surrender of a mining permit as they apply in relation to the surrender of a mineral title.

**88) APPROVAL OF TRANSFER ETC. OF MINING PERMIT-**

The provisions of Rule 61 shall apply mutatis mutandis in relation to the transfer of, or the cession or assignment of rights or interest to or in a mineral permit, or the joining of a person as the joint holder of a mining permit as they apply for those purpose in relation to a mineral title.

**89) RECORDS ETC. TO BE KEPT ETC. BY HOLDER OF MINING PERMIT-**

The holder of a mining permit-

- a) Shall keep at an address in AJ&K or Pakistan complete and accurate records of the holder's operations in the area of land subject to the permit, in such form as may be determined in writing by licensing authority, in relation to-
- i. The nature and mass or volume of any mineral or group of minerals found or incidentally won in the course of carrying on operations in the area of land subject to the permit;
  - ii. The nature and mass or volume and value of any mineral or group of minerals sold or otherwise disposed of and the full names and address of any person to whom the mineral or group of minerals has been sold or otherwise disposed of;
  - iii. Copies of all maps, geological reports, including interpretations, mineral analysis, serial photographs, ore logs, analysis and test and all other data obtained by the holder in respect of the area of land subject to the permits;
  - iv. The expenditures incurred by the holder in the course of such operation in the area of land subject to permit.
  - v. Accurate and systematic financial records of the holder's operations in the area of land subject to the permit and such other books of account and financial records as the licensing authority may in writing require; and
  - vi. Such other information as may be determined by the licensing authority and specified by notice in writing given to the holder; and
- b) Submit to the licensing authority such reports, records and other information as the licensing authority may, from time to time, in writing require concerning the conduct of operations in the area of land subject to the permit.

2) In the event of expiry, surrender or cancellation of a mining permit the person who was the holder of such permit immediately before the expiry, surrender or cancellation shall, on a date not later than thirty days after the date of expiry, surrender or cancellation deliver to the licensing authority all items kept by the holder pursuant to sub-Rule (1) (a).

3) Any person referred to sub-Rule (1) [and(2)] who contravenes or fails to comply with the provision of that Rule is guilty of an offence and shall be punishable with a cash of Rs. 10,000/-

**DIVISION 4-RECORDS IN RESPECT OF MINERAL PERMIT**

**90) PERMIT REGISTER**

- 1) The licensing authority shall cause a record to be made in permits Register, kept for the purpose, of every mineral permit issued and of any dealings with, or effecting a mineral permit.
- 2) When a mineral permit is issued the licensing authority shall cause the name of the person or person to whom the mineral permit is issued to be recorded in the permits Register as the holder of the mineral permit.
- 3) The provision of Rule 62 shall apply mutatis mutandis in relation to the inspection of the permits Register as they apply in relation to the inspection of the Titles Register.
- 4) The provision of Rule 63 shall apply mutatis mutandis in relation to the rectification of the permits Register as they apply in relation to the rectification of the Titles Register.

**91) OFFENCES IN RELATION TO REGISTRATION IN PERMIT REGISTER-**

A person who willfully-

- a) Makes, or cause to be made or concurs in making a false entry in the permits Register;

b) Produces or tenders in evidence a document falsely purporting to be a copy of an extract from an entry in the permits Register;

Is guilty of an offence and shall be punishable with []

### **Part v-FINANCIAL**

#### **92) ROYALTIES PAYABLE ON MINERALS-**

1) Subject to this part, the holder of-

a) A mining lease or a mining permit who has won or mined any mineral or group of minerals in the course of any exploration or mining operations carried on by the holder; or

b) An exploration license, an exploration permit or a mineral deposit retention license who has found or incidentally won any mineral or group of minerals in the course of any exploration operations carried on by the holder;

Shall be liable to pay to the Government, in respect of any such mineral or group of minerals disposed of by the holder, royalty determined in accordance with this part.

2) For the purposes of this part any mineral or group of minerals is disposed of if it is-

a) Sold, donated or bartered;

b) Appropriated to treatment or other processing without having been dealt with as provided in paragraph (a) prior to appropriation; or

c) Exported from AJ&K without having been dealt with as provided in paragraph (a) or (b) prior to export.

#### **93) RATE OF ROYALTIES-**

1) Subject to this part, royalty shall be charged, in respect of any mineral referred to in sub-Rule (1) (a) or (b) of Rule 92 which is disposed of, on the following basis-

a) In the case of coal, and the construction and industrial minerals group as specified in schedule 3, at such rates as may be prescribed by the Government from time to time;

b) In case of the precious stones group as so specified, ten percent (10%)

c) In case of the precious metals group and semi precious stone group as so specified, three percent (3%)

d) In case of base metal group as so specified, two percent (2%)

e) In the case of the rare metals as so specified five percent (5%); and

f) In the case of any other mineral one percent or as may be determined by the license authority;

On the fair market value of the mineral or group of minerals as provided in this Rule.

2) For the purpose of sub-Rule (1), the fair market value of a mineral or group of minerals is-

a) Where the mineral or group of minerals is disposed of in a sale at arm's length, the sale price;

b) Where the mineral or group of minerals is not so disposed of, the value established, in relation to the kind of disposal concerned by reference to criteria for the determination of that value, in the mineral agreement, mineral title or the mineral permit under which or pursuant to which the mineral or group of minerals was won or mined; or

c) Where the mineral or group of minerals is not disposed of as provided in paragraph (a) and there are no such criteria as provided in paragraph (b), the amount, determined by the licensing authority, at the date of the disposal which would in the opinion of licensing authority, be paid on international markets or, as the case may be, domestic markets for such mineral or group of minerals in a sale at arm's length by willing seller to a willing buyer.

3) For the purpose of sub-Rule (2), a sale is a sale at arm's length if, but only if, the following conditions are satisfied with respect of the contract of sale, that is to say-

a) The contract price is the sole consideration for the sale;

b) The terms of the sale are not affected by any commercial relationship [other than that created by contract of sale] between the seller or any other person associated with the seller and the buyer or any person associated with the seller and the buyer; and

c) Neither the seller nor any person associated with the holder of the mineral title has, directly or indirectly, any interest in the subsequent disposal of the mineral or group of minerals or any product derived there from.

4) For the purpose of this Rule, the fair market value, in respect of any mineral group of minerals which has been disposed of shall, be determined by reference to the first point at which it was disposed of, without allowing for any deductions from the gross amount so determined.

**94) ENHANCED ROYALTY-**

Where pursuant to Rule 10, a mineral agreement makes provisions for the payment of royalty, by the holder of mineral title, at an enhanced rate or rates in respect of any mineral or group of minerals won, mined or found as provided in Rule 92, the enhanced rate of royalty shall be determined any payable in accordance with the terms of the agreement, provided that the rate of royalty payable at any time shall not be less than the rate notified pursuant to Rule 93.

**95) PAYMENT OF ROYALTY-**

1) Royalty in respect of any mineral or group of minerals won as described in the exploration scheme, mined or found as provided in Rule 92 and disposed of shall be payable not later than [90 days] after the end of the calendar month in which the mineral or group of minerals is disposed of.

2) Where any person has failed to pay any amount of royalty as required by sub-Rule (1), interest calculated at the rate of [one percent per day] on the amount or any part thereof from time to time remaining unpaid, shall be payable from the due date of payment until all outstanding amount is paid.

3) The holder of a mineral title shall submit, in respect of each month and in such form and details as the licensing authority may determine, a return shown the amount of royalty to be paid in respect of any mineral or group of minerals disposed of in the month.

**96) REDUCTION OR DEFERMENT OF ROYALTY-**

1) Subject to sub-Rule (2), the Government, on the advice of the Department and with the concurrence of the Department of Finance, on application made in writing by the holder of a mining lease, may, by notice in writing to the holder-

a) Reduce the rate of royalty or interest payable in terms of this Part; or

b) Defer payment of any such royalty or interest;



For such period and on such conditions as may be determined by the Government and are specified in the notice, or may refuse to so reduce or defer the royalty or interest payable.

2) The licensing authority / Government shall reduce or defer the royalty or interest payable in accordance with sub-Rule (1) only when the holder of the mining lease has demonstrated to the satisfaction of department and the Department of Finance that, in the absence of the reduction or deferral, the mining operations would, for economic reasons, otherwise permanently cease or be suspended for an indefinite period.

**97) POWERS OF [MINISTER] IN CASE OF FAILURE TO PAY ROYALTY-**

If the holder of a mineral title or a mineral permit referred to in Rule 92 fails to pay any royalty payable by him in accordance with Rule 95 or, if applicable, on or before such date to which the payment of the royalty has been deferred under Rule 96, the {Minister} may, by notice in writing given to the holder, prohibit.

- a) The removal of any mineral or group of minerals from the exploration area, mining area, retention area, the land subject to the mining permit, the place where the mineral or group of minerals is found, won or mined;
- b) Any dealings in connection with any mineral or group of minerals found won any such area, land or place,

Until such time as the royalty has been paid, or the payment has been reduced, waived r deferred under Rule 96.

**98) CONTRAVENTION OF RULE97-**

Any person who contravenes or fails to comply with a notice given to the person under Rule 97 is guilty of an offence and shall be punishable with a cash fine of Rs.1,000/-

**99) PROOF OF AMOUNTS PAYABLE UNDER THIS PART-**

In any proceedings to recover in a competent court any amount payable under this part, a certificate purporting to be a certificate under the hand of the {Minister} certifying that the amount of money specified in such certificate is payable under this part by any holder such as is referred to in Rule 92 named in such certificate shall be received in evidence as prima facie proof of the facts in the certificate.

**100) RENTALS AND RENEWALS-**

- 1) Annual rent in respect of a mineral title shall be paid in respect of the category of mineral title concerned in accordance with Schedule 2 and sub-Rule (2).
- 2) Payment of the annual rental pursuant to sub-Rule (1) in respect of a mineral title shall be made within thirty days after the date of the issue of the mineral title and thereafter shall be made on each anniversary of that date.
- 3) Where any person has failed to pay any amount of annual rental as required by this Rule, interest calculated at the rate of [one percent per day] on the amount or any part thereof, from time to time remaining unpaid, shall be payable from the due date of payment until all outstanding amount is paid.
- 4) A renewal fee in respect of the renewal of a mineral title shall be paid in respect of the title concerned in accordance with column 3 of Schedule 1.

**PART VE-Miscellaneous**

**101) COMPLIANCE WITH OTHER LAWS-**

Nothing in these Rules shall be constructed as authorizing the holder of a mineral title or a mineral permit to do anything-

- a) Which the holder is prohibited from doing under any law for the time being in force; or
- b) Otherwise than in accordance with any such law regulation the doing or that thing for that purpose obtaining any permit license, approval, permission or other document required under any such law.

**102) RETENTION OF FEES-**

Where any application under these Rules is refused, the application fee which was paid at the time of the application shall be retained to defer administrative costs.

**103) NOTICE OF APPLICATIONS MADE AND TITLES AND PERMITS ISSUED, ETC.-**

1) The licensing authority shall give notice of any application for a mineral title or a mining permit received by it by posting a notice, not later than [seven days] after the date on which the application was received in which:-

- a) It is made known for general information that the application has been made; and
- b) Is stated-
  - i. The name of the applicant;
  - ii. The nature of the title or permit and the area of land and the mineral or group of minerals to which the application relates;
  - iii. The date on which the application was received and
  - iv. Such other particulars as the licensing authority may determine;

And shall keep the notice so posted until such date as the application has been finally disposed of.

2) Where a mineral title or a mineral permit is issued, the licensing authority shall cause notice of that fact to be published in Official Gazette stating in the notice.

- a) The name of the holder of the title or permit;
- b) The nature of the title or permit and the area of land and the mineral or group of minerals to which the title relates; and
- c) Such other particulars as the licensing authority may determine.

3) Where a mineral title or a mineral permit is renewed, transferred, surrendered or cancelled, or any land subject to a title or prospecting license is surrendered, the licensing authority shall cause notice of that fact to be published in Official Gazette stating in the notice such particulars as the licensing authority deems necessary to identify the title or permit and where applicable, the land surrendered.

**104) ORDER IN WHICH APPLICATIONS TO BE CONSIDERED-**

1) All application made under these Rules and received by licensing authority shall be considered by the licensing in the order in which they are received.

2) For the purposes of sub-Rule (1) applications so received on the same date shall be deemed to have been received simultaneously.

**105) REMOVAL AND SALE OF PROPERTY ETC.-**

1) Where a mineral title or a mineral permit has been cancelled or surrendered, or has expired, or if any area of land has ceased for any reason to be part of the area of land subject to the title or permit, the licensing authority may, by notice in writing given to the person who is or was holder of the title or permit, direct him to do all or any of the following, namely-

- a) To demolish any building, structure or other thing erected or constructed by the person in that area and to remove from it all debris and any other object brought into that area [except in so far as any owner of land in that area retains any such buildings, structures or other things on such condition as may be mutually agreed upon between such occupier and person];
  - b) To take all steps as may be necessary to remedy to the satisfaction of the licensing authority any damage cause by any exploration or mining operations carried on by such person to the surface of, and the environment in, that area of land; or
  - c) To take such other steps as may be specified in the notice as the licensing authority deems necessary or expedient to give effect to any direction such as is referred to in paragraph (a);
- 2) Where a direction under sub-Rule (1) has not been complied with the licensing authority may:-
- a) Do or cause to be done all or any of the things required by the direction to be done;
  - b) Remove or cause to be removed, in such manner as it thinks fit, all or any of t property from the area that was but is no longer, subject to the title or permit;
  - c) Dispose of, in such manner as it thinks fit, all or any of the property referred to in paragraphs (b); and
  - d) If it has served a copy of the notice by which the direction was given on a person whom the licensing authority believed to be an owner of the property or part of the property sell or cause to be sold [by public auction, or otherwise as the authority thinks fit], all or any of the property referred to in paragraph (b) that belongs, or that it believes to belong, to that person.
- 3) The Minister may deduct from the proceeds of a sale of property under sub-Rule (2) that belongs, ro that the licensing authority believes to belong, to a particular person.
- a) All or any part of any costs and expenses incurred by the licensing authority under that sub-Rule in relation to that property;
  - b) All or any part of any costs and expenses incurred by the licensing authority under that sub-Rule in relation to the doing of anything required by a direction under sub-Rule (1) to be done by the person; and
  - c) All or any part of any fees or amounts due and payable under these Rules by the person.
- 4) The costs and expenses incurred by the licensing authority under this Rule-
- a) If incurred in relation to the removal, disposal or sale of property, are a debt due by the owner of the property to the Government;
  - b) If incurred in relation to the doing of anything required by a direction under sub-Rule (1) to be done by a person who is or was a holder of a mineral title or a mineral permit, are a debt due by that person to the Government, and to the extent to which they are not recovered under sub-Rule (3) are recoverable in a court of competent jurisdiction as a debt due to the Government.
- 5) Any person referred to in sub-Rule (1) who contravenes or fails to comply with a direction given to him under that sub-Rule is guilty of an offence and shall be punishable with [ ].

#### **106) WEIGHING OF MINERALS-**

The holder of an exploration license, a mineral deposit retention license, mining lease or a mining permit shall provide in the exploration area, retention area, mining area or, as the case may be, they are subject to the mining permit, a properly constructed and correct weighing machine or other suitable means for determining the weight of any mineral or group of minerals won or mined in the exercise of the rights such as are referred to in Rules 23, 34, 46 or as the case may be, 78.

#### **107) POWER OF LICENSING AUTHORITY TO OBTAIN INFORMATION-**

1) Where the licensing authority has reason to believe that a person is capable of furnishing information or data relating to reconnaissance exploration or mining operation, or minerals won, mined found or sold or

otherwise disposed of, or the value thereof, it may notice in writing served on that person, require that person.

- a) To furnish the licensing authority in writing with that information data, giving particulars, within the period and in the manner specified in the notice;
- b) To attend before a person identified in the notice, at such time and place as is so specified, with such data as may be in his custody or power relating to those operations, to minerals won, mined, sold otherwise disposed of, to that information or data; or
- c) To furnish a person identified in the notice, at such time and place as is so specified, with such data as may be in his custody or power relating to those operations or to minerals won, mined or sold or otherwise disposed of, or the value thereof.

2) A person is not to be excused from furnishing information or data, or answering a question when required to do so under this Rule, on the ground that the information or data so furnished, or the answer to the question, might tend to incriminate him or make him liable to a penalty, but the information or data so furnished or his answer to the question shall not be admissible in evidence against him in any proceedings other than proceedings for an offence against this Rule.

3) Where data are furnished, pursuant to a requirement under sub-Rule (1) (c), the person to whom the data are furnished may make copies of or take extracts from the data.

4) Any person who-

- a) Refuses or fails to comply with the requirement of a notice under sub-Rule (4) to the extent to which he is capable of doing so.
- b) In purported compliance with a requirement referred to in sub-Rule (1) (a) or recklessly furnishes information that is misleading in a material particular; or
- c) When attending before any person under a requirement referred to in sub-Rule (1) (b) or furnishing any data to any person under a requirement referred to in sub-Rule (1)(c), knowingly or recklessly makes a statement that is, or furnishes any data that are, false or misleading in a material particular.

Is guilty of an offence and shall be punishable with a cash fine of Rs. 10,000/-

5) In this section "data" includes books, documents, interpretation, tapes, diagrams, profiles and charts, photographs, line or negatives and include data recorded or stored by means of any tape recorder, computer or other device and any material subsequently derived from data so recorded.

#### **108) LIABILITY FOR POLLUTION-**

1) Where in the course of reconnaissance, exploration or mining operations carried on under a mineral title or a mineral permit, any mineral is spilled on land, or in any water on or under the surface of any land, or any land or any such water is otherwise polluted for damage, or any plant or animal life, whether in water or on, or under land, is endangered or destroyed, or any damage or loss is caused to any person, including the [Government], by such spilling, pollution or damage, the holder of the mineral title or mineral permit shall forthwith-

- a) Report such spilling, pollution, loss or damage to the licensing authority, and
- b) Take at his own cost all such steps as may be necessary in accordance with good reconnaissance, exploration or mining practices or otherwise as may be necessary to remedy the spilling, pollution, loss or damage.

2) If the holder of mineral title or mineral permit referred to in sub-Rule (1) fails to comply with the provisions of paragraph (b) of that sub-Rule within such period as the licensing authority may deem in the circumstances to be reasonable the licensing authority may order the holder, by notice in writing given to him, to take, within such period as may be specified in such notice, such steps as may be specified in order to remedy

the pilling, pollution, damage or loss, and the licensing authority may, if the holder fails to comply with the order to the satisfaction of the licensing author within the period specified in the notice or such further period as the licensing authority my, on good cause shown allow in writing, case such steps to be taken as may be necessary to remedy the spilling, pollution, damage or loss and recover in a competent court the costs incurred there by from such holder.

**109) SERVICE OF DOCUMENTS-**

1) Any document, notice or other communication required or authorized under these Rules to be given to or served on any person by the licensing authority or any other person shall be deemed to have given or served.

- a) If given to or served on such person personally;
- b) If dispatched by registered or any other kind of post addressed to such person at his last known address which may be any such place or office as is referred to in paragraph (c) or the person's last known post office box number or private bag number or that of the person's employer;
- c) If left with some adult person apparently residing at or occupying or employed at the person's last known abode or office or place of business;
- d) In the case of a company-
  - i. If delivered to the public officer of the company;
  - ii. If left with some adult person apparently residing at or occupying or employed at its registered address;
  - iii. If dispatched by registered post addressed to the company or its public officer at its or the officer's last known address; or
  - iv. If transmitted by means of a facsimile transmission to the person concerned at the registered office of the company.

2) Any document, notice or other communication referred to in sub-Rule (1) which has been given or served in the manner contemplated in paragraph (b) or (d)(iii) of that sub-Rule, shall, unless the contrary is proved, be deemed to has been received by the person to whom it was addressed at the time when it would, in the ordinary course of post, have arrived at the place to which it would, in the ordinary course of post, have arrived at the place to which it was addressed.

**110) POWERS OF AUTHORIZED OFFICERS-**

1) For the purpose of these Rules, the licensing authority through an authorized officer, at all reasonable time.

- a) May enter any area, structure, vehicle, vessel, aircraft or building that, in his opinion, has been is being or is to be used in connection with reconnaissance, prospecting or mining operations;
- b) May inspect and test any machinery or equipment that, in his opinion, has been is being or is to be used in connection with any of the operations referred to in paragraph (a);
- c) May take or remove for the purpose of analysis or testing, or for use in evidence in connection with an offence against these Rules, samples of minerals or other substance from a mine or any area where any of the operations referred to in paragraph (a) are being carried on;
- d) May inspect, take extracts from, and make copies of, any data as defined in Rule (107) (5) relating to any of the operations referred to in paragraph (a);
- e) May, with respect to the health and safety of persons employed by a holder of a mineral title or prospecting license in connection with any of the operations referred to in paragraph (a) issue in writing directions to, and impose restrictions on, the holder or any person so employed;
- f) May in writing order-
  - i. The cessation of operations on or in, and the withdrawal of all persons from, any structure of building that is being used in connection with any of the operations referred to in paragraph (a); or
  - ii. The discontinuance of the use of any machinery or equipment, which consider unsafe, unless and until such action as is necessary for safety and in the order is taken and completed; or

g) May take such examinations and inquiries as are necessary to ensure that the provision of these Rules, and any directions issued, condition imposed or orders made under these Rules, are being complied with;

2) Before exercising any of his powers under sub-Rule (1), if there is any person who is or appears to be in charge of the area structure, vehicle, vessel, aircraft, building, machinery, equipment or matter or thing in respect of which the power is about to be exercised, an authorized officer shall show identification to that person to whom he is about to give an order or direction.

3) Any person who is aggrieved by a decision, direction or order of an authorized officer made under this Rule may appeal in writing to the [Minister] [Mineral Authority] [Who] shall, as soon as practicable hear and dispose of the appeal, but the bringing of the appeal will not effect the operation of the decision, direction or order appealed from pending disposition of the appeal.

4) On an appeal under sub-Rule (3), the [Minister][Mineral Authority] may rescind or affirm the decision, direction or order appealed from or may make a new decision, direction or order in substitution therefore and that decision, direction or order shall be final.

5) In exercising his powers under sub-Rule (1) an authorized officer may be accompanied by a person whom the authorized officer believes has special or expert knowledge of any matter being inspected tested or examined.

6) A person who is an occupier or person in charge of any building structure or place, or the person in charge of any vehicle, vessel aircraft, machinery or equipment referred to in sub-Rule (1), shall provide an authorized officer with all reasonable facilities and assistance (including the provision of necessary means of transport) for effective exercise of the authorized officer powers under this Rule.

7) Any person who-

a) Without reasonable excuse obstructs, molests or hinders an authorized officer, carrying out his functions under this Rule; or

b) Knowingly or recklessly makes a statement or produces document that is false or misleading in material particular to an authorized officer carrying out his function under Rule, is guilty of an offence and shall be punishable with [ ].

#### **111) FURTHER POWERS OF AUTHORIZED OFFICER-**

1) If a person who was the holder of mineral title such as is referred to in sub-rule (2) of Rules 22, 33, 45 or 56, fails to comply with the requirement of that sub-Rule authorized officer may-

a) At all reasonable time, enter upon any premises whatsoever and search for the records maps and plans reports, photographs, tabulation, tape discs, books and documents referred to in paragraph (a) of that sub-Ruler; and

b) Seize any such records, maps and plans, reports, photographs, tabulations, tapes, discs, books and documents.

2) The provisions of Rules 110 (5), (6) and (7) shall apply mutatis mutandis in relation to an authorized officer and the carrying out of his functions under this Rule as they so apply under Rule 110.

#### **112) OFFENCES-**

1) Any person who carries on reconnaissance, exploration or mining operations in Azad Jammu & Kashmir except under and in accordance with a mineral title or mineral permit shall be guilty of an offence and punishable with [ ].

2) Any person who;

- a) Makes or causes to be made in connection with any application under these Rules any statement knowing it to be false or misleading;
- b) Submits or causes to be submitted in connection with any such applications or any notice, report, return of statement issued or given under an provision of these rules or the conditions of any title or permit any document, information or particulars which is false or misleading Knowing it to be false or misleading;
- c) Fraudulently and with the intent to mislead any other person to believe that mineral or group of minerals exists at any place, places or deposits or causes to be so placed or deposited any mineral or group of minerals in or at any such place; or
- d) Fraudulently and with intent to deceive mingles or causes to be mingled with any sample of or any substances which may increase the value or nature of the ore,

Is guilty of an offence and punishable with [    ].

**113) EVIDENCE-**

- 1) The production in any criminal or civil proceedings in any court of law of any certificate purporting to have been signed by an authorized officer certifying whether or not on a date specified in the certificate that
  - a) Mineral permit or mineral title was issued, renewed or transferred to a person so specified;
  - b) Any interest in such a permit or title has been granted, ceded or assigned to a person so specified;
  - c) Any person has been joined as a joint holder of a permit or title so specified;
  - d) Any condition so specified is or was condition of a permit or title;
  - e) A person mentioned in the certificate is or was the holder of a permit or title;
  - f) A permit or title has been issued in respect of an area of land so specified,

Shall unless the contrary is proved, be received in evidence as conclusive proof of the fact so certified.

- 2) The production in any civil or criminal proceedings in any court of an extract of an entry in the Title Register kept pursuant to Rule 60 or the Permit Register kept pursuant to Rule 90, certified by an authorized officer to be a true and correct extract of such an entry shall, unless the contrary is proved, be received in evidence as conclusive proof of the entry.

**114) FORFEITURE ORDER-**

Where a person is convicted of an offence under these Rules, the court before which he is convicted may, in addition to any penalty imposed or other forfeiture ordered, order that any mineral or group of minerals won or mined in the course of the commission of the offence be forfeited to the government or, in the event of any such mineral or group of minerals having been sold or otherwise disposed of that an amount equal to the proceeds of the sale or the market value of the mineral or group of minerals as determined by the court be paid by such person for the benefit of the Government.

**PART VII**

**REPEALS AND SAVINGS**

**115) REPEALS-**

The following laws are hereby repealed:-

The Azad Jammu and Kashmir Mining Concession Rules, 1977.

**116) SAVINGS-**

Any license or lease granted, renewed or saved under any law for the time being in force and existing immediately before the coming into force of these Rules shall be deemed to have been granted, renewed or saved for the subsisting period in accordance with the provisions of these Rules as if these Rules were in force at the time such license or lease was granted, renewed or saved and shall be treated accordingly.

SCHEDULE-1

**APPLICATION FEES**

Sr.#	Category	Application Fee (Rupees)
1.	Reconnaissance License not exceeding (10sq. kms) Up to 5sq. kms ->5sq. kms up to 10sq. kms	05,000/-  10,000/-
2.	Exploration License -First Renewal -Second Renewal -Amendment	10,000/- Nil Nil 05,000/-
3.	Mineral Deposit Retention License -Renewal -Amendment	30,000/- 30,000/- 30,000/- 05,000/-
4.	Mining Lease -Renewal -Amendment	25,000/- 10,000/- 05,000/-
5.	Exploration Permit	02,000/-
6.	Mining Permit	05,000/-
7.	Application Under Rule 61	05,000/-
8.	Application Under Rule 62	02,000/-

SCHEDULE-2

**RENTALS**

Sr. No	Category	Rent	Square (Km.) (Rupees.)	Period (Years)
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1.	Reconnaissance License (R.L.)	10,000/-	10	1 Year
2.	Exploration License (E.L.) -First Renewal  -Second Renewal Renewal	07,500/- 10,000/- 10,000/- 12,000/- 15,000/- 15,000/-	10	Year 1-3 Year -4 Year -5 Year -6 Year -7 Year -8 Year -9
3.	Mineral Deposit Retention License (MDRL) -Renewal	25,000/-  30,000/-	--  --	  Year 4-5
4.	Mining Lease (M.L.)	25,000/-	--	Year 1-3
5.	Exploration Permit/ Mining Permit	30,000/-	--	Year 31-40

#### **Annual fee/ Dead rent**

- For coal Rs. 10 per acre annum subject to minimum of Rs. 1000/-
- For precious & semi precious stones and metals Rs. 12 per acre per annum subject to minimum of Rs. 1000/- Exceeding 640 acres Rs. 18 per acre per annum.
- For other minerals Rs. 4/- per acre per annum subject to minimum of Rs. 1000/-
- Security (refundable) will be deposited by the lease / license / Exploration permit / Mining permit holders equivalent to the amount of annual rent.

#### SCHEDULE – 3

#### **GROUPS OF MINERALS**

##### **A. CONSTRUCTION AND INDUSTRIAL MINERALS GROUP-**

Alunite, andalusite-sillimanite-kyanite, anhydrite, apatite, asbestos, barite, beryl, boron, minerals, calcium, carbonate, celestite, clay (including bentonite and Fuller's Earth (Palygorsite and attapulgite), ball clay, halloysite, hectorite, kaolin, refractory clay), corundum, diatomite, dolomite, espomite, feldspar minerals, garnet (for industrial purposes), graphite, gypsum, heavy mineral, limestone and marble, magnesite, mica nepheline syenite, nitrate, olivine, perlite, phosphate, fossil guano, quartz (for Emeralds OI purpose), picture-stone, potash, pyrite, pyrophyllite, salt, sepiolite, silica, sand, soapstone, soda-ash and other sodium compounds, stromatolite, sulphur and pyrite, talc, vermiculite, wollastonite.

##### **B. PRECIOUS STONES GROUP-**

Diamonds, Emeralds, Rubies and Sapphires.

**C. PRECIOUS METALS GROUP-**

Gold, silver, platinum, palladium, osmium, rhodium, iridium and ruthenium.

**D. SEMI-PRECIOUS STONES GROUP-**

[Amozoneite, aventurine, beryl as a source of beryllium metal or as an industrial mineral), chrysobryl, chrysocolla, cordierite, diopside, dumortierite, garnet, milarite, quartz (including amethyst, citrine, rock crystal, rose and strawberry quartz, agate, carnelian, chalcedony, chrysoprase, jasper, moss agate, hyalite, opa, pietersite and tiger's eye), sodalite, topaz, tourmaline and turquoise.]

**E. BASE METALS GROUP-**

Aluminum, antimony, arsenic, beryllium, bismuth, cadmium, caesium, chromium, cobalt, copper, gallium, germanium, hafnium, iron, lead, manganese, mercury, molybdenum, nickel, niobium, radium, "Rare Earth" or lanthanides, including the actinides, scandium and yttrium, rhenium, rubidium, selenium, tantalum, tellurium, thallium, tin, tungsten, vanadium, zinc or zinc conium, but does not include any such minerals if such mineral is incidentally included in a mineral falling in any other group of minerals.

**F. RARE METAL GROUPS-**

SCHEDULE NO.4

**SECRETARY INDUSTRIES, COMMERCE, SERICULTURE  
AND MINERAL DEVELOPMENT  
AZAD GOVERNMENT OF THE STATE OF JAMMU AND KASHMIR  
MUZAFFARABAD**

Date: May

05,2002

**NOTIFICATION:**

No. S. 18c,2112-34 In exercise of powers conferred on him by section 2 of the Regulation of Mines and Oil fields and Mineral Development (Federal Control) Act, 1948 (XXIV of 1948), the President of Azad Jammu and Kashmir is pleased to notify the following royalty under rule 92 of the Mining Concession Rules 2202, as follows:

S. No.	Name of Mineral	Revised Rate Royalties per metric ton
1.	Aragonite Marble	Rs. 20/-
2.	Asbestos	Rs.20/-
3.	Argillaceous Clay	Rs. 150/-
4.	Antimony	Rs. 40/-
5.	Barytes	Rs. 10/-
6.	Bauxite	Rs. 8/-

7.	Bentonite	Rs. 15/-
8.	Baryl	Rs. 60/-
9.	Coal	Rs. 25/-
10.	Celestite	Rs. 7/-
11.	Chromite	Rs. 14/-
12.	China Clay	Rs. 10/-
13.	Chalk	Rs. 5/-
14.	Corundum (Abbrasive)	Rs. 40/-
15.	Copper ore	Rs. 20/-
16.	Dolomite	Rs. 6/-
17.	Feldspar	Rs. 15/-
18.	Fire clay	Rs. 5/-
19.	Fullers earth	Rs. 5/-
20.	Fluorites	Rs. 12/-
21.	Gypsum	Rs. 5/-
22.	Garnet (Abbrasive)	Rs. 100/-
23.	Graphite	Rs. 25/-
24.	Gold / Silver	Rs. 3/-
25.	Gravel	Rs. 5/-
26.	Granite	Rs. 20/-
27.	Iron ore	Rs. 99/-
28.	Lake Salt / Rock salt	Rs. 10/-
29.	Limestone	Rs. 10/-
30.	Lead ore	Rs. 10/-
31.	Marble	Rs. 20/-
32.	Millstone	Rs. 8/-
33.	Manganese	Rs. 12/-
34.	Mica	Rs. 300/-
35.	Mangesite	Rs. 15/-
36.	Nickel ore	Rs. 12/-
37.	Nephy-Line synite	Rs. 15/-
38.	Orpimnet	Rs. 100/-
39.	Ochers	Rs. 4/-
40.	Ordinary Sand	Rs. 5/-
41.	Ordinary Stone	Rs. 5/-
42.	Pyrite	Rs. 5/-
43.	Precious Stone	Rs. 10% Ad valorem on grass sales Value under National Mineral policy
44.	Phosphate Rock	????????????????
45.	Quartzite	Rs. 30/-
46.	Quartz	Rs. 6/-
47.	Soap Stone	Rs. 10% of sale prices
48.	Sulpher Ore	Rs. 15/-
49.	Serpentine	Rs. 6/-
50.	Slate	Rs. 10/-
51.	Sand Stone	Rs. 10/-
52.	Shale	Rs. 5/-
53.	Silica Sand	Rs. 10/-
54.	Semi precious stone	Rs. 5/- Rs. 5% Ad valorem on grass sales value under National Mineral Policy
55.	Tungstone ore	Rs. 12/-
56.	Zinc ore	Rs. 12/-

**Section Officer**  
Industries, Commerce, Labor, Sericulture  
And Mineral Development

Muzaffarabad