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GOVERNMENT G A Z E T T E
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**GOVERNMENT OF N.-W.F.P.,
INDUSTRIES, COMMERCE, MINERAL DEVELOPMENT, LABOUR
AND
TECHNICAL EDUCATION DEPARTMENT.**

NOTIFICATION

Peshawar, dated the 7th April, 2005

No. **SOIV/M/3-143/03(Rules)/1807**. -In exercise of the powers conferred by section 2 of the Regulation of Mines and Oil-fields and Mineral Development (Government Control) Act, 1948 (XXIV of 1948), and in supersession of the North- West Frontier Province (Minor Minerals) Mining Concession Rules, 1971, and the North-West Frontier Province Mining Concession Rules, 1976, the Government of the North-West Frontier Province is pleased to make the following rules, namely:

**THE NORTH-WEST FRONTIER PROVINCE MINING CONCESSION
RULES, 2005.**

**PART-I
PRELIMINARY**

(1). **Short title and commencement.**---(1) These rules may be called the North-West Frontier Province Mining Concession Rules, 2005.

(2) They shall come into force at once.

2. Definitions.---In these rules unless the context otherwise requires,-

- (i) “Appellate Authority” means Secretary to Government of the North-West Frontier Province, Industries, Commerce, Mineral Development, Labour and Technical Education Department;
- (ii) “assignee” means a person, a firm or a Company to whom a mining lease is assigned, transferred or mortgaged or to whom an exploration license is transferred subject to evaluation and proving of a mineral resources/deposits, but no transfer of an exploration license shall be permissible before completion of two years of the issuance of the license;
- (iii) “authorized officer” means an officer designated by the Licensing Authority to be an authorized officer; provided that if more than one officers are designated as such, the jurisdiction of each such officer shall also be defined;
- (iv) “Collector” means a Collector appointed under the West Pakistan Land Revenue Act, 1967 (W.P. Act No. XVII of 1967), or any other law for the time being in force;
- (v) “Company” means a Company as defined in the Companies Ordinance, 1984 (Ordinance No. XLVII of 1984), or a body incorporated in Pakistan under any law for the time being in force;
- (vi) “dead rent” means the rent of the leased area to be charged under these rules at the recovered rates specified by Government from time to time;
- (vii) “Department” means the Industries, Commerce, Mineral

Development, Labour & Technical Education Department,
Government of the North-West Frontier Province.

- (viii) “Directorate” means the Directorate General of Mines and Minerals, North-West Frontier Province;
- (ix) “Director General” means the Director General, Mines and Minerals, North-West Frontier Province;
- (x) “Director Licensing” means the Director Licensing, Directorate General Mines and Minerals NWFP;
- (xi) “drilling” means the perforation of the earth’s surface for collection of core samples otherwise 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;
- (xii) “exploration” means search for minerals, and includes the determination of its extent and economic value and evaluation;
- (xiii) “exploration area” means the area of land, including its lateral limits, to which an exploration license relates;
- (xiv) “exploration license” means a license for exploration issued under these rules;
- (xv) “exploration operation” means any operation carried out in connection with exploration including access to the licensed areas, geological mapping and the collection of surface/subsurface mineral sample for the purpose of mineralogical examination, assaying, and the test work but such work shall not include commercial mineral extraction or marketing;
- (xvi) “financing institution” means an institution recognized as such by the State Bank of Pakistan for the purpose of advancing credit/loan facilities.
- (xvii) “Government” means the Government of the North-West Frontier Province;
- (xviii) “Governor” means the Governor of the North-West Frontier Province;
- (xix) “group of minerals” means group of minerals described in Schedule-3.
- (xx) “land” includes surface bearing any mineral, land beneath water and the subsoil of land;
- (xxi) “large scale mining undertaking” means a project of mining involving an investment/capital of more than three hundred million rupees;
- (xxii) “lateral limits” in relation to an area of land pertaining to a mining lease or a prospecting license means the vertical lines towards the

earth passing through the sides by which that area is bounded;

- (xxiii) “lease” means a mining lease granted under these rules;
- (xxiv) “lessee” means a person, a firm or a Company to whom a mining lease is granted under these rules and includes its successors-in-interest;
- (xxv) “license” means a prospecting license, a reconnaissance license, an exploration license or, as the case may be, a mineral deposit retention license granted under these rules;
- (xxvi) “Licensee” means a person, a firm or a company to whom a license under these rules is granted;
- (xxvii) “Licensing Authority” means,-
 - (a) in relation to major minerals, the Director General, Mines and Minerals, North-West Frontier Province;
 - (b) in relation to minor minerals, the Director Licensing, Directorate General Mines and Minerals NWFP;
- (xxviii) “MIFA” means Mineral Investment Facilitation Authority as laid down in the National Mineral Policy, 1995, and as notified by Government vide Notification No. AEA/IND/4-30/2001, dated 29.08.2004 and modified from time to time;
- (xxix) “mineral” means all surface and sub-surface natural deposits of ores and metals and other metallic and non-metallic substances including naturally occurring aqueous solutions containing more than one per cent mineral salt but does not include-
 - (i) nuclear substances;
 - (ii) mineral oil; and
 - (iii) natural gas;
- (xxx) “mine” means any surface or underground excavation where any operation for the purpose of searching for or obtaining a mineral has been or is being carried on, and includes all works, machinery, tramway, ropeway and siding, whether above or below ground, on or adjacent or belonging to or appurtenant to a mine but does not include the manufacturing or processing plant;
- (xxxi) “mineral deposit retention license” means a mineral deposit retention license granted under these rules;
- (xxxii) “mineral operation” means geological and geochemical exploration operations or mining operations or both;
- (xxxiii) “mines committee” means a committee constituted by Government under these rules to perform such functions as may be assigned to it;
- (xxxiv) “mining area” means an area of land, including its lateral extractions within the mining lease limits;
- (xxxv) “mining operation” means any operation carried out in connection with the development of a mine, or the production of minerals from the mine, or both;

- (xxxvi) “minor minerals” means ordinary sand, gravel, bajri and may include any other minor mineral as may be declared as such by Government;
- (xxxvii) “pit’s mouth” means a place above or adjacent to a mine where the mineral is collected, stored or taken charge of immediately after it has been mined;
- (xxxviii) “prospecting license” means a license granted under rule 117;
- (xxxix) “Province” means the Province of the North-West Frontier Province;
- (xl) “reconnaissance operation” means any operation carried on for a general search of any mineral by means of aerial photographs and remote sensing techniques through satellite imageries and air borne geophysical surveys, for geological mapping and other reconnaissance stage exploration techniques;
- (xli) “retention area” means the area of land, including its lateral limits, to which a mineral deposit retention license relates;
- (xlii) “Schedule” means a Schedule appended to these rules; and
- (xlili) “small scale mining undertaking” means a project of mining involving a capital of less than three hundred million rupees.

3. Delegation of Powers.---The licensing authority may by instrument in writing delegate all or any of its powers, to any officer in the Directorate.

4. Confidentiality.---Any information under these rules shall not be disclosed by an official employed by the Department/Directorate to any other person, who is not an employee of the Department, without the prior approval of the competent authority, except to the extent that the-

- (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 Government;
 - (c) disclosure is necessary to compile and publish official statistical information concerning geology and mineral resources of the province;
 - (d) disclosure is for the purpose of the implementation of these rules or a mineral agreement, the formation of mineral policy or of giving advice to other departments or agencies of Government or for the purpose of any discussion or dealing with Federal Government;
 - (e) disclosure is affected with the prior permission in writing of Government granted in respect of any matter which, in the opinion of Government, is of a general nature and may be disclosed in the public interest; or
 - (f) 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 falling within the purview of these rules that comes to him in the course of, or by reason of, that employee, shall be guilty of an offence and be punishable under the law for the time being in force.
- (3) The holder of a mineral title shall not disclose information acquired by him as such, except as provided under these rules or in his mineral title.

PART-II
LARGE SCALE MINING
GENERAL

5. Types of mineral titles.---The following mineral titles may, subject to these rules, be issued, for the purposes of large-scale mining, namely:

- (a) reconnaissance license;
- (b) exploration license;
- (c) mineral deposit retention license; or
- (d) mining lease.

6. Mineral agreements.---(1) Government may, at the request of a person proposing to carry on mineral operations, enter into an agreement, relating to a mineral title, not inconsistent with these rules or any other law, which that person, if Government is satisfied that substantial investment is likely to be made in mineral operations and that the carrying on the undertaking in question is desirable in the interest of the development of the mineral resources.

- (2) A mineral agreement may, in particular, make provisions 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 to be carried on and related expenditures to be incurred for the purposes of those operations;
 - (c) the formation of joint venture;
 - (d) the basis on which the fair market value of any mineral or group of minerals may, from time to time, be determined on an 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;
 - (h) the circumstances in which, and the conditions on which, rights of pre-emption of minerals may be exercised by 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) settlement of any dispute which may arise in the interpretation or application of any provision of a mineral agreement by a sole expert;
 - (l) co-ordination of exploration or mining operation to be carried on by the person concerned under an exploration license or a mining lease with any such operation carried on by the holder of an exploration license or a mining lease in any neighboring exploration area or mining area; and
 - (m) other matters relating to mineral operations as Government may determine or as the parties to the agreement may consider necessary.
- (3) Nothing contained in a mineral agreement shall be construed as absolving any party thereto from complying with any requirement laid down by law for applying and obtaining any mineral title, license, approval, permission or other document required by any law for the time being in force.
- (4) For the purpose of determining whether substantial foreign investment is likely to be made in any particular case Government shall have regard to:
 - (a) the likely scale of the capital investment to be made;
 - (b) the expenditure and work programme proposed by the applicant;
 - (c) the likely scale of operation and required infrastructure in the event of a commercial discovery;
 - (d) the mineral or group of minerals to which the mining title, if granted, would relate and the potential export of that mineral or group of minerals;
 - (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) any other relevant factor.

7. Applications.---(1) An application under these rules shall, except otherwise provided,-

- (a) be made to the Licensing Authority;
 - (b) be in a form approved by the Licensing Authority; and
 - (c) be accompanied by the fee prescribed by Government from time to time and for the time being specified in column-3 of Schedule-I in respect of application in question.
- (2) An application may be withdrawn by the applicant by a written request addressed to the Licensing Authority.
- (3) Where more than one application 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.
- (4) Subject to these rules, the Licensing Authority may accede to, on such conditions as may be determined in writing by it, or refuse to accede to any such application. In case of refusal, the reason therefor shall be communicated to the applicant.

8. Power of Licensing Authority in respect of applications.---(1) The Licensing Authority shall within sixty days 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 such information as may be described in the notice; provided that if the applicant is a Company, the information shall be furnished by the person who has controlling interest in the affairs of the Company; or
 - (b) to provide particulars of the application in relation to-
 - (i) the full names of the applicant; and
 - (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;
 - (c) to give such particulars of the application to the person or persons identified, in such manner as may be specified in the notice.
- (2) In order to enable the Licensing Authority to consider any application the Licensing Authority may-
- (a) cause such investigations or negotiations to be made or undertaken as it may, in its discretion, deem necessary; or
 - (b) require the applicant, by notice in writing, to furnish to the Licensing Authority, within such period as may be specified in the notice, with such proposals, by way of alternative or in addition to the proposals set out in the application.
- (3) In considering any application and the conditions under these rules 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 including adjoining or neighboring land.

- (4) Where the Licensing Authority is prepared to grant an application subject to certain conditions, the Licensing Authority shall give notice to the applicant accordingly, stating in the notice those conditions and the conditions referred to in rule 10.
- (5) The applicant may, within the period of one month after notice is given to him pursuant to sub-rule (4) or within such further period as the Licensing Authority may, on good cause shown, accept in writing the conditions stated in the notice and such other conditions as may be agreed to between the Licensing Authority and the applicant.

9. Discrepancies in relation to applications.---If an applicant fails-

- (a) to comply with the requirements of a notice referred to in subrule (1) or clause (b) of sub-rule (2) of rule 8; or
- (b) to agree as contemplated in sub-rule (5) of rule 8, 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 expiry of the given period.

10. General conditions of mineral titles.---(1) In addition to any condition contained in the title or a mineral agreement, it shall be a condition of a mineral title that the holder thereof shall-

- (a) 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 the land to which the title relates are not adversely affected except to the extent that the occupier is compensated;
- (b) give preference to citizens of Pakistan for employment of persons, who possess appropriate qualifications, expertise and experience for the purposes of the operations to be carried on under the mineral title;
- (c) carry out training programmes in order to encourage and promote the development of citizens of Pakistan employed by the holder of the mineral title;
- (d) ensure technical and economic efficiency and make use of the products or equipments locally manufactured or produced, and the services locally available;
- (e) co-operate with the persons involved in the mining industry to enable citizens of Pakistan to develop skills and technology and to render services in the interest of that industry;
- (f) take measures to prevent damage to the environment, and where some adverse impact on the environment is unavoidable, take measures to minimize such impact;
- (g) make good any damage caused to the environment, as 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;
- (h) give to the Licensing Authority, if the holder is a Company, notice of any change in its name, registered address, directors or share capital, within thirty days as from the date of the change; or
- (i) give to the Licensing Authority any change of his address, if it is a case of an individual, within thirty days of the change.

(2) It shall be a condition of every mineral title that before the commencement of exploration operations within a reserved or protected forest, thirty days notice in writing shall be given to the Forest Officer concerned of the intention to commence the operations, and that the operations shall be conducted subject to any condition regarding the use of land which may, for the time being, be provided by a notification in the official Gazette.

(3) A mineral title may provide for the pre-emption of minerals by Government in such circumstances as are specified in the title, subject to the payment of the fair market price determined on the basis so specified.

(4) It shall be a condition of a mineral title that the holder of the title shall make such contributions to Government as may be provided for in the title or the mineral agreement. The contributions so made shall be utilized for the benefits of the local population in such manner as may be prescribed.

(5) A mineral title may make provision with respect to any of the matters referred to in sub-rule (2) of rule 6, other than clause (f) thereof.

11. 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 meters 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 meters 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 play ground, cremation or graveyard, 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 not, without the written permission of the competent authority,-

- (a) cut or injure any tree on occupied land;
- (b) disturb the surface of any road;
- (c) enter upon any public play ground, cremation or graveyard, or place held sacred by any class of persons; or
- (d) interfere with any right of way, well, tank or cultivated agricultural land.

(5) All surface operations conducted under these rules within a reserved or protected forest shall be subject to such conditions as may, for the time being, be imposed by the Environment Department by a general or special order. In the event of any disagreement between the Environment Department and the holder of a mineral title the matter shall be referred to the MIFA (Mineral Investment Facilitation Authority) 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 prior 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 holder of a mineral title shall make and pay such reasonable compensation as may be assessed by a 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 Licensing Authority against all claims which may be made by third party in respect of any such damage, injury or disturbance.

(8) Any person who contravenes or fails to comply with the provisions of this rule shall be guilty of an offence and be liable to pay compensation as determined by the Licensing Authority, in addition to fine as determined by Government which shall not be less than ten thousand rupees or more than one hundred thousand rupees.

12. 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 directions to the holder in relation to-

- (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, road, railways and other structures and enclosures on or above the surface of land, and the conditions under which such building, road, railway, structure and enclosures on or above the surface of land, and the conditions under which such building, road, railway, structure and enclosure may be undermined;
- (d) the construction, erection, maintenance operation, use or removal of structures, equipment and other goods used in connection 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;
- (f) the making safe of undermined ground and of dangerous slimes, tailings, dams, waste 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 operations and mining operations and the conveyance of mineral;
- (h) the taking, preservation and furnishing to the Licensing Authority of cores, cutting or samples of minerals 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 title relates.

- (2) The Licensing Authority may, if the holder of a mineral 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 Licensing Authority may, on good cause shown, allow in writing, with any direction given under sub-rule (1), 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 Government.
- (3) Any holder of a mineral title who contravenes or fails to comply with a notice given to him under sub-rule (1) shall be guilty of an offence and be punishable with a fine which shall not be less than twenty thousand rupees or more than two hundred thousand rupees, in addition to rectification of the default within period given by the Licensing Authority, failing which the mineral title may be withdrawn.

PART-III
RECONNAISSANCE LICENSE

13. Application for reconnaissance license.---(1) An application for the grant of a reconnaissance license shall:

- (a) give in respect of the person or, if there be more than one person, of each person making the application,-
 - (i) in case of individual application, the full names and nationality, date of birth and postal and residential address of such person or all such persons, as the case may be; or
 - (ii) in an application made by a Company, its name and particulars of its incorporation and registration, the full names, address and nationalities of the directors and offices and, if the Company has a share capital, the full names, address and nationalities of any person who is the beneficial owner of more than five per centum of the issued share capital;
- (b) be made in respect of an area of land which is upto five thousand square kilometer, except where special exemption is granted by Government for the mega project;
- (c) identify the mineral or group of minerals in respect of which a license is sought;
- (d) be accompanied by a detailed topographical and geological description of the boundaries of the area of land to which the application relates, and a plan drawn to,-
 - (i) its location with reference to the coordinates of the bench mark on topographic sheets; and
 - (ii) the extent of the area and the boundaries by reference to identifiable physical features and co-ordinate reference points;
- (e) 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 the operations shall be carried on; and
 - (ii) in the case of an application for an exclusive right such as is referred to in sub-rule (3) of rule 15, the reason for the application;
- (f) 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) furnish,-
 - (i) particulars of all other mineral titles held or mines operated in the Province by the applicant, whether alone or jointly, currently or during ten years immediately preceding the date of the application; or
 - (ii) where no such titles or mines are or were held or operated, particulars of any current involvement by the applicant in reconnaissance, exploration or mining operations in and outside the Province;

- (h) state the period, not exceeding twelve months, for which the license is required; and
 - (i) be accompanied by such documents as the Licensing Authority may require in relation to any matter referred to in this rule.
- (2) An application for the grant of a reconnaissance license may contain any other matter which in the opinion of the applicant is relevant to the application.

14. 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 the provisions of sub-rule (1), but subject to the other provisions of these rules, where an application is made by the holder of a reconnaissance license for the grant of an exploration license,-
 - (a) in relation to an area of land which constitutes the reconnaissance area; 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 sub-rule
- (3) of rule 15 to carry on reconnaissance operations, the reconnaissance license shall not expire in relation to that area of land and mineral or group of minerals while the application is considered until the license applied for is issued, or the application is refused or withdrawn, whichever first occurs.

15. Rights of holder of reconnaissance license.---(1) Subject to these rules and the conditions of the license, a reconnaissance license shall confer on the holder of the license,-

- (a) non-exclusive right, or where 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 may be reasonably necessary for, or in connection with, any reconnaissance operation of the kind referred to in clause (a).
- (2) The holder of a reconnaissance license shall not erect or construct any of the ancillary works such as are referred to in clause (b) of sub-rule (1) without the prior consent in writing of the Licensing Authority. For this purpose the holder of the said license shall make an application to the Licensing Authority, who may accede to it either conditionally or subject to such conditions as may be imposed.
 - (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, make an endorsement 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 clause (a) of sub-rule (1), 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 relation to the reconnaissance area justify the grant of such 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 relates; or
 - (b) to which a prospecting license 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, if granted, relate.

16. Restrictions on grant of application for reconnaissance license.---The Licensing Authority shall not grant an application for a reconnaissance license,-

- (a) unless the Licensing Authority is satisfied that the applicant is a fit and proper person to hold the license subject to these rules;
- (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, on reasonable grounds, is satisfied,-
 - (i) with the programme of reconnaissance operations to be carried on and the expenditure to be incurred on reconnaissance operations; and
 - (ii) that the applicant has the technical and financial resources to carry on those reconnaissance operations and to make that expenditure; or
- (d) in respect of an area of land in relation to a mineral or group of minerals in respect of which an exclusive right has, under subrule (3) of rule 15, been conferred on any other holder of a reconnaissance license.

17. Issue of reconnaissance license.---(1) Subject to these rules where the Licensing Authority has no objection to the grant of reconnaissance license, it shall issue to the applicant reconnaissance license on such conditions as mentioned in the license.

- (2) A reconnaissance license shall,-
- (a) state the full names and address of the holder of the license;
 - (b) state the date on which and the period for which the license is issued;
 - (c) state the extent of the area granted subject to clause (b) of subrule (1) of rule 13;
 - (d) contain a description and plan, prepared by a qualified surveyor of the reconnaissance area, as provided in clause (d) of sub-rule (1) of rule 13 containing geometrical or numerical depictions, or any

combination thereof, in words or symbols of the area;

- (e) state the conditions, other than those referred to in rule 10, 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 programme 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.

18. Work programme 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 programme, 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 made.

- (2) The Licensing Authority may, on application made to it by the holder of a reconnaissance license by notice in writing to the holder, amend any work programme or expenditure referred to in sub-rule (1) in accordance with the 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 programme referred to in sub-rule (1) shall, subject to the provisions of rule 73, be liable to pay under the Provincial Mineral Head of Account such fine which shall not be less than five thousand rupees and not more than fifty thousand rupees.

19. Records, etc. to be kept by the holder of reconnaissance license.---(1) The holder of a reconnaissance license shall-

- (a) keep at an address in the Province a 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, geochemical, photo-geological studies, imaging and geophysical and other surveys carried on by the holder in the course of the reconnaissance operations in the reconnaissance area to which the reconnaissance license relates, and the results, compilation, interpretations and assessments of such studies and surveys;
 - (ii) the persons employed by holder for purposes of the reconnaissance operations including the names, addresses, nationalities and ages of such persons;
 - (iii) the expenditures incurred by the holder in the course of the reconnaissance operations; 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 for a period of not less than three years from the date of expiry of the license;

- (b) prepare or cause to be prepared and maintained at all times, plans and maps in respect of the reconnaissance area;
- (c) 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 in such form as the Licensing Authority may require or determine; and
- (d) submit, within sixty days after the end of the currency of the reconnaissance license in respect of the whole of the 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 provided for in the condition of reconnaissance license, 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;
 - (ii) an evaluation of the prospects of the discovery of any mineral or group of minerals in the reconnaissance area;
 - (iii) all information, including photographs, tabulations, tapes and discs, in the records referred to in clause (a) and the plans and maps referred to in clause (b); and
 - (iv) the statement of income and expenditure and financial statements referred to in clause (c);

(2) In the event of the cancellation or surrender of a reconnaissance license under rule 56 or rule 57 respectively, or expiry of the license, the person who was the holder of such license immediately before the cancellation, surrender or expiry shall, on a date not later than thirty days after the date of the cancellation, surrender or expiry, deliver to the Licensing Authority,-

- (a) all records kept in terms of the provisions of clause (a) of subrule (1);
- (b) all maps and plans referred to in clause (b) of sub-rule (1);
- (c) all reports, photographs, tabulations, tapes and discs prepared by or on behalf of such person in the 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, tapes, 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 the date of the cancellation, surrender or expiry or such later date as the Licensing Authority may, on good cause shown, allow.

(3) Any person who contravenes or fails to comply with the provisions of sub-rule (1) and (2) shall be guilty of an offence and be punishable with a fine which shall not be less than five thousand rupees and not more than fifty thousand rupees, in addition to the rectification of the default within the time given by the Licensing Authority, failing which the mineral title may be withdrawn.

PART-IV
EXPLORATION LICENSE

20. Rights of holder of exploration license.---(1) Subject to these rules and the conditions of the license, an exploration license shall confer upon the holder,-

- (a) an 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) the right to enter and occupy the land which comprises the exploration area for the purpose of carrying out exploration operations, subject to the rights of surface holder;
- (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 law for the time being in force;

(2) With the permission in writing of the Licensing Authority previously obtained generally or in every particular case, the holder of an exploration license shall also have the right,-

- (a) to remove from the exploration area a mineral or group of minerals or 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 Province or subject to such other permission as may be required under any law, outside Pakistan; and
- (b) to sell or otherwise dispose of limited amounts of any such mineral or group of minerals or of material excavated during exploration operations, subject to sub-rule (3), 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 clause (a) of sub-rule (1).

(3) The provisions of sub-rule (2) of rule 11 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.

21. Duration of exploration license.---(1) Subject to these rules, an exploration license shall be valid for such period, not exceeding three years, as may be specified in the license and subject to clause (b) of sub-rule (2) of rule 26, be renewable for such further period, not exceeding two terms of three years each, from the date of expiry 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 expired if an application for its renewal had not been made, or, on the date on which the application for the renewal is granted, whichever is later.

(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, 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 the application is made by the holder of the exploration license for the grant of mineral deposit retention license or a mining lease in relation to an area of land which constitutes the exploration area, and in respect of a mineral or group of mineral 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, whichever is earlier, or if the application is granted, until the mineral deposit retention license or, as the case may be the mining lease, applied for is issued.

22. Effect of issue of mining lease or mineral deposit retention license on

exploration area.---(1) Where a mining lease is issued to the holder of an exploration license in respect of an area of land which constituted the exploration area and in respect of a mineral or group of minerals to which the exploration license related, the exploration license shall cease to have effect in relation to that area of land from the date on which the mining lease is issued.

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

23. Application for exploration license.---(1) An application for an exploration license shall,-

- (a) in the case of an individual, give such information as is referred to in sub-clause (i) of clause (a) of sub-rule (1) of rule 13;
- (b) in the case of a Company, give such information as is referred to in sub-clause (ii) of clause (a) of sub-rule (1) of rule 13;
- (c) be accompanied by a plan such as is referred to in clause (d) of sub-rule (1) of rule 13
- (d) 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 and identify any mineral or group of minerals in respect of which the license is sought,
- (e) contain particulars of-
 - (i) the programme of exploration operations proposed to be carried on, the estimated expenditure in respect thereof and the period within which the operations shall be carried on,
 - (ii) the anticipated effect which the proposed exploration operations may have on environment and measures to be taken to prevent or minimize any adverse effects thereon,
- (f) furnish particulars such as are referred to in clause (f) of subrule (1) of rule 13;
- (g) state the period, not exceeding three years, for which the license is required;
- (h) be accompanied by such documents as the Licensing Authority may require in relation to any matter referred to in this rule; and 20
- (i) be made in respect of an area of land not exceeding five hundred square

kilometers.

(2) The application may contain any other matter which, in the opinion of the applicant, is relevant to the application.

24. 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 relates to an area of land which constitutes the reconnaissance area or is in respect of any mineral or group of minerals in relation to which the holder of the reconnaissance license has, under sub-rule (3) of rule 15, the exclusive right to carry on reconnaissance operations in that area of land, the Licencing Authority shall grant the exploration license; or

(b) is made by any other persons, the Licensing Authority, subject to rule 23, may grant or refuse to grant the exploration license;

(2) The Licensing Authority shall not grant 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 constitutes a mining area for large scale mining;

(b) any mineral deposit retention license is held by any 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 to grant any area to the applicant 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 mineral deposit retention license has no objection to such grant; or

(c) any reconnaissance license or exploration license conferring an exclusive right to carry on reconnaissance operations or 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 the holder thereof has no objection to such grant.

(3) The Licencing Authority shall not grant an exploration license to any person in relation to a mineral within an area which already stood granted, under a small scale mining undertaking.

(4) An application for an exploration license shall not be granted to an applicant,-

(a) 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; and

(b) unless the Licensing Authority is, on reasonable grounds, satisfied-

(i) with the proposed programme of exploration operations to be carried on and the proposed expenditure to be incurred on exploration operations; and

(ii) that the person concerned has the technical and financial resources to carry on the exploration operations.

(5) An application for an exploration license shall not be granted in respect of an area of land exceeding five hundred square kilometers.

25. Issue of exploration license.---The provisions of rule 17 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.

26. Application for renewal of exploration license.---(1) Subject to this rule, the provisions of rules 23 and 24 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 shall-
- (a) 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 allow,
 - (b) 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 per cent of the exploration area on the date of the issue of the exploration license; or
 - (ii) in the case of an application for a second renewal, in respect of an area of land greater in extent than fifty per cent of the exploration area immediately prior to the date of the application for the second renewal, or such other proportion of the exploration as the Licensing Authority may, for good technical or other reason, grant; or
 - (iii) in the case of a second renewal unless it is 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 were not reasonably completed during the first renewal;
 - (c) be accompanied by a report in duplicate containing the particulars contemplated in clause (d) of sub-rule (1) of rule 30 prepared in respect of the period immediately preceding the period of the currency of the exploration license;
 - (d) describe and identify the part of the exploration area to be retained and the part to be relinquished;
 - (e) be accompanied by the proposed work programme and expenditures for the period of the renewal; and
 - (f) give the reason, supported by documentary proof, for requesting the renewal in case of a second renewal.
- (3) The application shall not be made for more than two occasions.
- (4) Subject to the provisions of sub-rules (5) and (6), the Licensing Authority shall not grant an application for the renewal of an exploration license,-
- (a) if the minimum exploration operations 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.

(5) The Licensing Authority shall not refuse under clause (a) of sub-rule (4) to grant the application in question if the proposals in respect of exploration operations and expenditures are in accordance with the terms and conditions of a mineral title or mineral agreement relating to proposals of that kind in respect of the exploration license in question.

(6) The Licensing Authority shall not refuse under clause (b) of sub-rule (4) to grant the application in question, unless the Licensing Authority has informed the holder of the license in writing about the details of the default made by him and has required him to rectify that default on or before a date specified in the notice and the holder has failed to rectify that default or has failed to make representations which, in the opinion of the Licensing Authority, removes the ground for the intended refusal.

(7) The Licensing Authority shall not grant an application for a second renewal of an exploration license unless the application has shown that the renewal sought is necessary for the completion of feasibility studies which could not have been reasonably completed during the first renewal.

27. Application for amendment of exploration license.---(1) Subject to subrule (2), the holder of an exploration license may apply for the amendment of the license,-

- (a) by extension or reduction, or both, of the exploration area to which the license relates; or
- (b) by the addition of any mineral or group of minerals, discovered in the exploration area, to which the license does not relate, subject to the condition that the Licensing Authority may grant or refuse such applications for reasons to be recorded in writing.

(2) The provisions of rules 23 and 24 shall apply mutatis mutandis in relation to an application referred to in sub-rule (1) as these apply in relation to an application for the grant of an exploration license.

(3) If an application under sub-rule (1) is granted by the Licensing Authority, it shall amend the exploration license concerned accordingly.

28. Obligations 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 persons employed for purposes of those operations in the exploration area and to protect the environment;
- (c) maintain in good condition and repair all structures, equipments and

other goods in the exploration area and used in connection with the exploration operations;

- (d) remove from the exploration area all structures, equipments and other goods not used or not intended to be used in connection with the exploration operations;
- (e) take reasonable steps to warn persons who may, from time to time, be in the vicinity of any such structures, equipments or other goods of the possible hazards resulting therefrom;
- (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 a deposit of any mineral or group of minerals including radioactive minerals necessary for the generation 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 provisions of sub-rule (1) shall be guilty of an offence and be punishable with a fine which shall not be less than twenty thousand rupees or more than two hundred thousand rupees, in addition to the rectification of the default within the time given by the Licensing Authority failing which the mineral title may be withdrawn.

29. Work programme of exploration operations.---The provisions of rule 18 shall apply mutatis mutandis in relation to the holder of an exploration license, as they apply in relation to the holder of a reconnaissance 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.

30. Records, etc. to be kept by holder of exploration license.---The holder of an exploration license shall-

- (a) keep at an address in the Province a proper record in such form 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 undertaken 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 the 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-clauses (i) and (ii);
 - (iv) the persons employed by the holder for the purpose of such

exploration operations, including the names, address, 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 mineral or group of minerals was sold or otherwise disposed of;
 - (vi) the expenditures incurred by the holder in the course of such exploration operations; and
 - (vii) such other information as may be determined in writing by the Licensing Authority and specified by notice in writing given to such holder;
- (b) prepare or cause to be prepared and maintained at all times plans and maps in respect of the exploration area;
- (c) 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 in such form as the Licensing Authority may require or determine;
- (d) submit within thirty days after the 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 it a return or returns containing in relation to such quarter-
- (i) a summary of the particulars and information contained in the records referred to in clauses (a) and (c) as may be required, and in such form as may be indicated 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 exploration operations carried on by the holder; and
- (e) submit, within sixty days after the end of the currency of such exploration license and of each period during which such exploration license has been renewed in respect of the whole of the exploration area, or together with an application for the renewal of such exploration licenses or an application for a mineral deposit retention license or mining lease in respect of the whole or any portion of the 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 area 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 of and the full name and address of any person to whom such mineral or group of minerals has been sold or otherwise disposed of;

- (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 56 or rule 57 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, on 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 clause (a) of subrule (1);
- (b) all maps and plans referred to in clause (b) of sub-rule (1);
- (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 or copies of such records, maps, plans, reports, photographs, tabulations, tapes, discs, books and documents, unless a mineral deposit retention license or a mining lease is issued to such person 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 or such later date as the Licensing Authority may, on good cause shown, allow.

(3) Any person referred to in sub-rule (1) or sub-rule (2) who contravenes or fails to comply with the provisions of that sub-rule shall be guilty of an offence and be punishable with a fine which shall not be less than ten thousand rupees or more than one hundred and fifty thousand rupees, in addition to the rectification of the default within the time given by the Licensing Authority failing which the mineral title may be withdrawn.

PART-V
MINERAL DEPOSIT RETENTION LICENSE

31. Application for mineral deposit retention license.---(1) An application for a mineral deposit retention license shall,-

(a) in case of an individual, give such information as is referred to in sub-clause (i) of clause (a) of sub-rule (1) of rule 13;

(b) in case of a company, give such information as is referred to in sub-clause (ii) of clause (a) of sub-rule (1) of rule 13;

(c) be accompanied by a description and plan such as is referred to in clause (d) of sub-rule (1) of rule 13 of the area of land, not greater than the exploration area concerned, over which the license is sought;

(d) identify the mineral or group 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) 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 therefor;

(ii) the state of the environment in the area to which the application relates, the likely adverse impact of the operations to be carried on may have on the environment and the measures to be taken to prevent or mitigate such impact;

(f) furnish particulars such as are referred to in clause (f) of subrule (1) of rule 13;

(g) furnish particulars of the exploration license held by the applicant;

(h) 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 a forecast of the circumstances in which, and the earliest date on which, the mineral or group of minerals discovered might be so mined;

(i) state the period for which the license is required; and (j) be accompanied by relevant data, studies, analysis, documents and such other information as the Licensing Authority may require in relation to the application.

(2) An application for a mineral deposit retention license may contain any other matter which in the opinion of the applicant is relevant.

(3) An application for a mineral deposit retention license shall be made not later than one hundred and eighty 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 allow.

32. Pre-requisite for grant of mineral deposit retention license.---No person shall apply for the grant of a mineral deposit retention license, unless-

(a) he 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;

(b) a potentially economic discovery of mineral deposit has been made in the exploration area;

(c) the applicant has completed a full feasibility study to determine whether the mineral discovered can be developed and produced on a profitable basis;

(d) the applicant wishes to retain the exploration area or 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

(e) exploration operations and relevant studies have been undertaken to the maximum extent feasible in the circumstances.

33. 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 two years, as may be specified in the license; and

(b) for such further period, not exceeding one year, as may be determined by the Licensing Authority at the time of the granting of any application for the renewal of the license.

(2) Notwithstanding the provisions of sub-rule (1), but subject to the other provisions of these rules,-

(a) a mineral deposit retention license shall not expire during the period an application for renewal of the license is being considered, until the renewal is refused or the application is withdrawn, whichever is earlier, 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 a mining lease in relation to an area of land which constitutes the retention area, and in respect of any mineral or group of minerals to which the license relates, the license shall not expire in relation to that area of land and that mineral or groups of minerals until the application is not acceded to or withdrawn, 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 a 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) the 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; and

(b) any other mineral deposit retention license for the same mineral shall 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.

34. Rights of holder of mineral deposit retention license.---(1) Subject to these rules and the conditions of the license, a mineral deposit retention license shall authorize the holder of the license-

(a) to retain the retention area in question for further mining operations subject to the provisions of rule 33;

(b) to carry out a programme of operations such as is referred to in rule 41;

(c) to remove, with the permission of the Licensing Authority previously obtained whether generally or in every particular case, 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 won in the course of carrying out such programme of operations to any other place whether within or outside the Province or, subject to any law for the time being in force, outside Pakistan;

(d) to sell or otherwise dispose of, with the permission of the Licensing Authority previously obtained whether generally or in every particular case, limited amounts of any mineral or group of minerals or material excavated during operations so carried out; and

(e) to do, subject to sub-rule (2), 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 clause (b).

(2) The provisions of sub-rule (2) of rule 15 shall apply mutatis mutandis in relation to the holder of a mineral deposit retention 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 15.

35. Exercise of 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, under rule 32, is not entitled to apply for such license,-

(a) in respect of an area, other than the area located outside the boundaries of the area granted under the exploration license, or falls otherwise in the area reserved for mineral deposits retention license;

(b) in relation to any mineral or group of minerals, unless the Licensing Authority, on reasonable grounds, is 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 and can probably be mined on the expiration of the period contemplated in rule 33;

(ii) that no further work can be usefully carried on in the exploration area which may have the effect of negating the reasons so given;

(iii) that it is desirable, having regard to the future utilization of the mineral resources of the Province, to grant such license; and

(c) 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 the applicant has given a notice in writing, not later than

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, for such mineral deposit retention license;

(ii) the Licensing Authority has afforded the holder referred to in clause (i) a reasonable opportunity to make representation in relation to such application;

(iii) the Licensing Authority, with due regard to any representation made in terms of clause (ii), deems it desirable to grant such license having regard to the future utilization of the mineral resources of the Province; or

(iv) 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 the Licensing Authority deems it desirable, having regard to the future utilization of the mineral resources of the Province to grant such license;

(v) the Licensing Authority, on reasonable grounds, is satisfied that the programme of operations referred to in clause (b) of sub-rule (1) of rule 31 and any other investigations and operations referred to in clause (d) of sub-rule (1) 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

(vi) the holder of the mineral deposit retention license has consented to the application for the grant of the mineral deposit retention license.

(2) The Licensing Authority shall not refuse to grant an application for a mineral deposit retention license on any ground contemplated in clause (b) of subrule (1), 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 rectify any matter relating to such grounds specified in such notice, and such holder has failed to rectify such matter or to make representations; and

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

36. Issue of mineral deposit retention license.---The provisions of rule 17 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.

37. Conditions.---It shall be a condition of every mineral deposit retention license that the Director General may disclose information with respect to the retention area to a person if the Director General is satisfied that such a disclosure of information would be in the interest of development of that mineral deposit.

38. Application for renewal of mineral deposit retention license.---(1) Subject to sub-rule (2), the provisions of rules 34 and 35 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 expires or such later date, but not later than such expiry date, as the Licensing Authority may, on good cause shown, allow.

(3) Subject to the provision of sub-rule (4), the Licensing Authority shall ordinarily exceed the request of the applicant for the renewal of the mineral deposit retention license, unless the applicant has, by notice, been informed that he is a defaulter; provided that if the Licensing Authority is of the opinion that the default is not substantial and that special circumstances exist which justify the grant, it may renew the license.

(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, informed the holder of the license of its intention to refuse the application,-

(a) setting out particulars of the alleged default; and

(b) requiring the holder to make representation to the Licensing Authority in relation to the alleged default or to rectify that default on or before a date specified in the notice, and the holder has failed to rectify that default or make representation, which, in the opinion of the Licensing Authority, is a ground for the intended refusal.

39. 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 reduction of the retention area to which the license relates; or

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

(2) The provisions of rules 36 and 37 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 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.

40. Obligations of holder of mineral deposit retention license.---The provisions of sub-rule (1) of rule 28 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 the holder of an exploration license shall be deemed to be a reference to the holder of a mineral deposit retention license.

41. Work programme 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.

42. Direction to apply for mining lease.---(1) The Licensing Authority, if it wishes to proceed with the development of the mineral deposit, shall, before doing so, afford the holder of the mineral deposit retention license an opportunity to apply for a mining lease.

(2) The Licensing Authority shall, by notice in writing given to the holder of the

mineral deposit retention license, direct the holder to apply, within such reasonable period as is specified in the notice, for a mining lease over the land which constitutes the retention area, in respect of the mineral or group of minerals to which the mineral deposits retention license is applied.

(3) Where, in a case referred to in sub-rule (2), the holder of a mineral deposit retention license, before the expiration of the period so specified under subrule (2), fails to apply for the mining lease as directed, the Licensing Authority may cancel the mineral deposit retention license on the expiration of that period.

(4) Where a mineral deposit retention license is deemed to have been cancelled, the Licensing Authority may by a notice in writing invite other person to apply under these rules, within the period specified in the notice, for a mining lease subject to his giving sound proposals for the development of mining area acceptable to the Licensing Authority.

43. Records, etc, to be kept by holder of mineral deposit retention license.---

(1) The holder of mineral deposit retention license shall,-

(a) keep at an address in the Province 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 erection or construction of ancillary works, in such retention area as may be reasonably necessary, carried on by the holder for, or in connection with future mining operations contemplated in rule 31;

(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 undertaken by the holder in the course of the 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 of land assessment of the studies, surveys and works referred to in sub-clauses (ii) and (iii);

(v) the persons employed by the holder for purposes of such investigations and operations, including the name, address, nationality and age of each 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) prepare or cause to be prepared and maintained at all times plans and maps in respect of the retention area;

(c) submit within sixty 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 Authority, 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 in such retention area,

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

(iii) such other particulars as the Licensing Authority may require in relation to the operation carried on by such holder; and

(d) submit to the Licensing Authority such other reports, records and other information as the Licensing Authority may, from time to time, require in connection with the carrying on of investigations and operations in the retention area in question.

(2) In the event of the cancellation of a mineral deposit retention license under rule 56 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 one hundred and eighty days after the date of the cancellation or surrender or expiry, deliver to the Licensing Authority-

(a) all records kept in terms of the provisions of clause (a) of subrule (1); and

(b) such other books, documents, records and reports as the Licensing Authority may require by notice in writing, 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 mineral deposits retention license relates with effect from the date following the date of such cancellation, surrender or expiry or such later date as the Licensing Authority may, on good cause shown, allow.

(3) Any person referred to in sub-rules (1) and (2) who contravenes or fails to comply with the provisions of that sub-rule shall be guilty of an offence and be punishable with a fine which shall not be less than twenty thousand rupees or more than two hundred thousand rupees, in addition to the rectification of the default within the time given by the Licensing Authority failing which the mineral title may be with-drawn.

PART-VI MINING LEASE

44. Application for mining lease.---(1) An application for the grant of a mining lease may be made only by a body corporate formed by or under a law for the time being in force in Pakistan.

(2) An application for the grant of a mining lease shall-

(a) give such information as is required by these rules or as the Licensing Authority may require;

(b) be accompanied by a description and plan such as is required by these rules or as the Licensing Authority may require;

(c) be made in respect of an area of land not exceeding two hundred and fifty square kilometers;

(d) furnish particulars such as are required by these rules or as the Licensing Authority may require;

(e) be accompanied by a technological report on mining and treatment possibilities and the intention of the applicant in relation thereto;

(f) be accompanied by the relevant feasibility studies, detailed plans for development and operation of the mine and the 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) be accompanied by an environmental impact assessment in terms of the Environmental Protection Act, 1997, 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 programme 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) present proposals for the prevention of pollution, the treatment and disposal of wastes, the safeguarding, reclamation and rehabilitation of land disturbed by mining operations, 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) identify any particular risks (whether to health or otherwise) involved in mining the mineral or group of minerals which it is proposed to mine, and proposals for their control or elimination;

(j) 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) be accompanied by a statement giving particulars of expected infrastructure requirements;

(l) state the period for which the lease is required; and (m) be accompanied by such other documents and information as the Licensing Authority may require in relation to the application.

(3) An application for the grant of a mining lease may contain any other matter which in the opinion of the applicant is relevant to the application.

45. Duration of mining lease.---(1) Subject to these rules, a mining lease shall be valid-

(a) for such period, not exceeding thirty years or the period representing the life of the mine based on exploration / evaluation of a mineral deposit and the development work plan, as determined by the Licensing Authority, whichever is lesser, as may be specified in the lease; and

(b) for such period, subject to sub-rule (2), 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 an application for its renewal had not been made or on the date on which the application for renewal is granted, whichever is later.

(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 the lesser period as from the date on which the application for renewal is received by the Licensing authority.

(3) Notwithstanding the provisions 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 shall not expire during the period the application is being considered, unless the application is refused or withdrawn, whichever is the lesser period as from the date on which the application for renewal is received by the Licensing Authority.

46. Exercise of power to grant or refuse application for mining lease:- (1) Subject to these rules, where an application for the grant of a 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 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 to which such exploration license or mineral deposit retention license relates, the Licensing Authority shall 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 or refuse to grant 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; or

(b) any mining concession for small scale mining 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 or the mining lease, unless,-

(i) that other person agrees to the application being granted; and
(ii) the Licensing Authority, deems desirable in the interest of the development of the mineral resource to grant the application, by getting a consensus from the holder.

(4) 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, the period specified in an invitation, given under sub-rule (4) of rule 42 to a person, other than the applicant, to apply for such a mining lease, has not expired.

(5) Notwithstanding the provisions of sub-rule (1), but subject to the provisions of this sub-rule, 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 ensure the efficient, beneficial and timely use of the mineral resources in question;

(iii) the applicant in question has the technical and financial ability and experience to carry out effective mining operations; and

(iv) the Director General is satisfied in respect of environmental effect of the project and any condition or limitation prescribed by the Pakistan Environmental Protection Act, 1997, and rules and Regulations, if any, made thereunder; or

(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; 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 the opinion that the mineral or the group of minerals is present in the area of land in potentially commercial quantities.

(6) 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 clause (a) of sub-rule (5), unless the Licensing Authority has, by notice in writing given to the applicant, communicated 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; and

(b) in terms of clause (b) of sub-rule (5), unless the Licensing Authority has, by notice in writing given to the applicant, communicated 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 rectify the default on or before a date specified in the notice; and the applicant has failed to rectify the default or has failed to make such representation as in the opinion of the authority is the ground for the intended refusal.

(7) 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, informed the applicant accordingly and afforded the applicant a reasonable opportunity to modify the proposals concerned.

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47. 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;

(b) the right to enter and occupy the land which comprises the mining area for the purpose of carrying on mining operations and exploration operations referred to in clause (a);

(c) the right to carry on exploration operation in the mining area in conjunction with mining operations such as are referred to in clause (a) above in relation to any such mineral or group of minerals;

(d) the right to remove from the mining area any mineral or group of minerals, from any place where it was found or mined in the course of mining operations such as are referred in clause (a) or found or incidentally won in the course of exploration operations referred in clause (b), to any other place within or outside the Province or, subject to such other permission as may be required under any relevant law, to any place outside Pakistan;

(e) 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 laws;

(f) 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 requirements of Pakistan; and

(g) 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, removal, selling or disposal contemplated in clauses (a), (b), (c), or (e).

(2) The provision of sub-rule (2) of rule 15 shall apply mutatis mutandis to the holder of 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 15.

48. Issue of mining lease.---The provisions of rule 17 shall apply mutatis mutandis in relation to the issue of mining leases as they apply in relation to the issue of a reconnaissance license.

49. Application for renewal of mining lease.---(1) Subject to sub-rule (2), the provisions of rules 46 and 47 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 expires, 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), upon an application duly made for the renewal of a mining lease, the lease may be renewed as provided in sub-rule (2) of rule 46 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 mineral resource has depleted.

50. Application for amendment of mining lease.---(1) Subject to sub-rule (2), the holder of a mining lease may apply for 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 46 and 47 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 application under sub-rule (1) is granted by the Licensing Authority, it shall amend the mining lease accordingly.

51. Obligations of holder of mining lease.---(1) Subject to sub-rule (2), the provisions of sub-rule (1) of rule 28 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 grant of the lease and shall carry on those operations in accordance with the approved plan for development and operation of the mine.

52. Notice of cessation of mining operations.---(1) The holder of a mining lease shall, 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 a date not later than-

(i) thirty days in the case of such intended cessation of mining operations; or
(ii) seven days in the case of such intended reduction of production; or such other period as the Licensing Authority may, on good cause shown, allow for such intended cessation or intended reduction.

(2) If, for any reason beyond the control at any time, the holder of a mining lease temporarily ceases mining operations, or reduces the normal rate of production, he shall notify the Licensing Authority of such temporary cessation or reduction along with reasons therefor as soon as possible after such cessation or reduction.

53. Action by Licensing Authority.---On receipt of a notice referred to in rule 52, or if the Licensing Authority has otherwise reason to believe that the holder of any mining lease has ceased mining operation, 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, as the Licensing Authority may determine, to the cessation or reduction; or (b) refuse its approval on reasonable grounds and give such directions to the holder as the authority deems appropriate.

54. Unit development.---(1) The Licensing Authority may,- (a) in the interest of the effective recovery of minerals from neighbouring or contiguous mining areas; or (b) to secure the rational development and ultimate recovery of any mineral from neighbouring or contiguous mining areas, allow the holders of the mining leases in respect of those areas to coordinate their operations or develop their deposit as one unit based on the feasibility report.

(2) The Licensing Authority shall after the receipt of an application from the holders of mining leases in this behalf, direct in writing the holders of the mining leases to enter into an agreement within a period specified in the direction for or in relation to the coordination of their operation or the development of their deposit as a unit.

(3) The provisions of rule 46, 47, 50, 51 and 52 shall apply mutatis mutandis to the unit area as they apply to a mining lease.

(4) The liability of the coordinated or joint development as a unit shall be joint and several as provided in rule 74.

55. Records etc. to be kept by the holder of mining lease.---(1) The holder of a mining lease shall-

(a) keep at an address in the Province a proper record in such form as may be determined in writing by the Licensing Authority in relation to-

(i) any mining operations referred to in clause (a) of subrule (1) of rule 47, regarding-

(a) the nature, appraisal and results of all mining operations carried on, or in connection with, the mining area to which such mining lease relates;

(b) 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;

(c) the nature, mass or volume and value of any mineral or group of minerals so won or mined, sold or otherwise disposed of and the full names and addresses of persons to whom such mineral or group of minerals was sold or otherwise disposed of;

(d) the nature and mass or volume of any waste removed from such mining area and the manner in which it was disposed of;

(e) the persons employed by the holder for purposes of such mining operations, including the names, addresses, nationalities and ages of such persons;

(f) expenditures incurred by the holder in the course of such mining operations; and

(g) such other information as 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 clause (b) of sub-rule (1) of rule 47, regarding-

(a) the nature, 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 undertaken 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;

(c) the interpretation and assessment of the studies, surveys and works referred to in sub-clauses (ii)(a) and (ii)(b);

(d) the nature and mass or volume of any mineral or group of minerals found or incidentally won in the course of such exploration operations;

(e) the persons employed by the holder for purposes of such exploration operations, including the names, addresses, nationalities and ages of such persons;

(f) the expenditures incurred by such holder in the course of such exploration operations;

(g) such other information as may be determined by the Licensing Authority and specified by notice in writing given to the holder; and

(b) prepare or cause to be prepared and maintained at all times plans and maps in respect of the mining area;

(c) 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 area and such other financial statements as the Licensing Authority may require in such form as it may determine;

(d) submit within fifteen days after the end of each month and thirty days after the end of each quarter to the Licensing Authority, returns in relation to such month or quarter containing,-

(i) summary of the particulars and information contained in the records referred to in clause (a) and sub-clause (ii)(b) as may be required by the Licensing Authority and indicated in such form or required 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 operations and exploration operations carried on by the holder in such

mining area;

(e) submit, within sixty days after 31st 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 relation to such year,-

(i) a summary of the particulars and information contained in the records referred to in sub-clause (i) of clause (a) as may be required by the Licensing Authority and indicated in such form or required 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 sub-clause (ii)(a) and the plans and maps referred to in clause (b);

(iii) the statement of income and expenditure and financial statements referred to in clause (c);

(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 operation and exploration operation during the succeeding year, together with a forecast of delineated mineral reserves; and

(vi) such other reports, records and information as the Licensing Authority may require in relation to the mining operations and exploration operations carried on by the holder in such mining area.

(2) In the event of the cancellation or surrender of a mining lease under these rules or the expiration of mining lease, the person who was the holder of such a lease immediately before such cancellation, or surrender or expiration shall, on a date not later than one hundred and eighty 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 of clause (b) of subrule (1);
- (b) all maps and plans referred to in clause (b) of sub-rule (1);
- (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 person, or copies of such records, maps, plans, reports, photographs, tabulations, tapes, discs, books and documents.

(3) Any person referred to in sub-rule (1) or (2), who contravenes or fails to comply with the provisions of any such sub-rule, shall be guilty of an offence and be punishable with a fine which shall not be less than ten thousand rupees or more than one hundred and fifty thousand rupees, in addition to the rectification of the default within the time given by the Licensing Authority failing which the mineral title may be withdrawn.

PART-VII
CANCELLATION AND SURRENDER
OF MINERAL TITLES

56. Cancellation of mineral titles.---(1) Subject to this rule and rule 64, where the holder of a mineral title,-

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

(b) uses that land for any purposes other than the purpose for which the title was granted;

(c) fails to comply with any requirement of these rules with which the holder is bound to comply;

(d) fails to comply with a condition of the title;

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

(g) fails to pay any amount payable by him under these rules within one month after the amount becomes due, the Licensing Authority may, on that ground, by notice in writing, cancel the title.

(2) The Licensing Authority shall not, under sub-rule (1), cancel a title on 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 Licensing Authority by the holder of the title pursuant to clause (b).

(3) The Licensing Authority shall not, under sub-rule (1), cancel a title on the ground referred to in clause (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 mark-up arising pursuant to sub-rule (2) of rule 67.

(4) The Licensing Authority may, by notice in writing served on the holder of a mineral deposit retention license, cancel the license if the holder fails to make application for a mining lease in accordance with a notice given to him under sub-rule (1) of rule 42.

(5) The Licensing Authority may, by notice in writing, cancel the title,-

(a) if the holder (being an individual),-

(i) is adjudged bankrupt; or
(ii) enters into any agreement or scheme of composition with creditors or takes advantage of any law for the benefit of debtors; and

(b) if the holder is a Company, an order is made or a resolution is passed for winding up the affairs of the Company, unless the winding up is for the purpose of amalgamation or reconstruction and the Licensing Authority has been given notice thereof.

(6) Where an application has been made under rule 60 for the transmission of a mineral title or of rights or interests to or in a mineral title consequent upon the death of an individual who is the holder of the title, the Licensing Authority shall not cancel the title.

(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 of an event entitling the Licensing Authority to so cancel the mineral title, unless it is satisfied that any other person or persons holding the mineral title 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 shall cease, and the cancellation shall not affect any liability incurred before the cancellation and any legal proceeding that might have commenced against the former holder of the title shall continue against him.

57. Surrender of mineral titles.---(1) The holder of a mineral title who wishes to surrender all or a part of the land 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) shall-

(a) state the date on which the applicant wishes the surrender to have effect;

(b) identify the land to be surrendered by a description and the inclusion of a map identifying that part, if only a part of the land subject to the title is to be surrendered;

(c) give particulars of reconnaissance, or mining operations, as the case may be, carried on in respect of the land to be surrendered; and

(d) be supported by such records and reports in relation to operations as the Licensing Authority may reasonably require.

(3) Subject to sub-rule (4), on an application made under sub-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 surrender-

(a) to an applicant who is in default;

(b) to an applicant who fails to comply with any reasonable requirement of the Licensing Authority for the purposes of clause (d) of sub-rule (2), or

(c) if it is not satisfied that the applicant will surrender the area on which reconnaissance, exploration or mining operations have been conducted in a safe and good condition.

58. Effect of certificate of surrender.---(1) Where, pursuant to sub-rule (3), a certificate of surrender is issued, the Licensing Authority shall-

(a) cause the title to be amended accordingly, if only a part of the land subject to a mineral title is surrendered; and

(b) cause the mining title to be cancelled, in any other case; and, in either case, the Licensing Authority, shall give notice in writing to the applicant for the surrender amendment, or as the case may be, the cancellation of the title.

(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.

(3) The surrender of any land shall not affect any liability incurred before the date on which the surrender has taken effect in respect of the land, and legal proceedings that might have commenced against the holder shall continue against him.

PART-VIII
REGISTRATION AND TRANSFER OF MINERAL TITLES

59. Titles Register.---(1) The Licensing Authority shall cause a record to be made in a 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.

60. Approval of transfer etc. of mineral title: (1) The Licensing Authority may approve a transfer of, or a cession or assignment of rights of interest to or in, a mineral title, or the joining of a person as a joint holder of a mineral title or of rights or interests to or in a mineral title, and, unless it is so approved by the Licensing Authority, it shall have no effect.

(2) Where an application is made to the Licensing Authority for any approval, the Licensing Authority may, subject to sub-rules (3) and (4), give its approval, subject to such conditions as it deems 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 of the dealings such as are referred to in sub-rule (4) with a reconnaissance license, or, subject to sub-rule (4), to any dealing with an exploration license during the first two years of its term.

(4) An application under this rule shall give, in respect of the person to whom the license is to be transferred, ceded or assigned or who is to be joined, the information required in clause (a) of sub-rule (1) of rule 13 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 (4) to furnish to it such information as it may reasonably require enabling it to dispose of the application and the applicant shall comply with the requirement.

61. Inspection of Titles Register.---(1) On an application made, a copy of any entry in the Titles Register may be obtained on payment of appropriate fee as notified by Government.

(2) On an application made, the Title Register shall be open for inspection by the applicant and the applicant may take copies of any license or entry in the Register.

62. Titles Register may be rectified.---Where the Licensing Authority is satisfied that a mistake has been made in, or that some matter has been incorrectly entered in, or omitted from, the Titles Register, it shall rectify the Register by recording reasons thereof.

63. 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 an extract from an entry in the Title Register, shall be guilty of an offence and be

punishable with a fine which shall not be less than five thousand rupees or more than one hundred thousand rupees, in addition to the rectification of the default within the time given by the Licensing Authority failing which the mineral title shall be with-drawn.

PART-IX FINANCIAL

64. Royalties payable on minerals.---(1) Subject to these rules, the holder of— (a) a mining lease 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 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 Government, in respect of any such mineral or group of minerals disposed of by the holder, royalty as determined under rule 65.

(2) For the purposes of sub-rule (1), any mineral or group of minerals shall be deemed to have been 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 clause (a) prior to appropriation; or

(c) exported from the Province without having been dealt with as provided in clause (a) or (b) prior to export.

65. Rate of royalties.---(1) Subject to these rules, royalty shall be charged, in respect of any mineral referred to in clause (a) or (b) of sub-rule (1) of rule 64, 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 notified by Government from time to time; and

(b) in case of-

(i) precious stones group as so specified; or

(ii) precious metals group and semi-precious stones group as so specified; or

(iii) base metals group as so specified; or

(iv) rare metals as so specified; and

(v) any other mineral, on the fair market value of the mineral or group of minerals as provided in this rule.

(2) For the purposes of sub-rule (I), 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 or mineral title or 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 clause (a) and there is no such criteria as provided in clause (b), the amount determined by the Licensing Authority, at the date of the disposal, which would, in the opinion of the Licensing Authority, be paid on international markets or, as the case may be, domestic markets for such minerals in a sale at arm's length by a willing

seller to a willing buyer.

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

(a) the contract price is the sole consideration for the sale; and

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

(4) For the purposes of this rule, the fair market value, in respect of any mineral or 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.

66. Enhanced royalty.---Where pursuant to rule 6, a mineral agreement makes provision 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 64, the enhanced rate of royalty shall be determined and 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 65.

67. Payment of royalty.---(1) Royalty in respect of any mineral or group of minerals won, mined or found as provided in rule 64 and disposed of shall be payable not later than thirty 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), mark-up calculated at the rate of one per centum 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 detail as the Licensing Authority may determine, a return showing the amount of royalty to be paid in respect of any mineral or group of minerals disposed of in the month.

68. Deferment of royalty.---The Licensing Authority, on the advice of the Department, on application made in writing by the holder of a mining lease, may by notice in writing to the holder, defer payment of such royalty or mark-up for such period and on such conditions as may be determined by Government and specified in the notice, or may refuse to so defer the royalty or mark-up payable.

69. Powers of Government in case of failure to pay royalty.---If the holder of mineral title referred to in rule 5 fails to pay any royalty payable by him in accordance with rule 67 or, if applicable, on or before such date to which the payment of the royalty has been deferred under rule 68, the Licensing Authority 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 lease or, in the case of the holder of prospecting license, from the place where the mineral or group of minerals is found, won or mined; or

(b) any dealing in connection with any mineral or group of minerals found, won or mined from any such area, land or place, until such time as the royalty has been

paid, or the payment has been deferred under rule 68.

70. Contravention of rule 69.---Any person who contravenes or fails to comply with a notice given to him under rule 69 shall be guilty of an offence and be punishable with a fine which shall not be less than three hundred thousand rupees or more than six hundred thousand rupees, besides rectification of default. If there is no rectification the case may be treated for cancellation.

71. Proof of amounts payable under these rules.---In any proceedings to recover in a competent court any amount payable under these rules, a certificate purporting to be a certificate under the hand of the Licencing Authority certifying that the amount of money specified in such certificate is payable under these rules by any holder such as is referred to in rule 64 named in such certificate shall be received in evidence as prima facie proof of the facts stated in the certificate.

72. Rent and renewals.---(1) Annual rent in respect of a mineral title shall be paid in respect of the category of mineral title in accordance with the provisions contained in sub-rule (2), read with Schedule 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 the same date of each year.

(3) Where, any person has failed to pay any amount of annual rent, markup calculated at the rate of one per centum 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 mineral title shall be paid in accordance with column 3 of Schedule 1.

PART-X
MISCELLANEOUS PROVISIONS

73. Force majeure.---(1) Any failure on the part of the holder of a mineral title to fulfil any of the conditions of the license, or to meet any requirement of these rules, shall not be treated as a breach of the holder's mineral title 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.

(2) Where the holder of a mineral title fails to fulfil any of the conditions of the mineral title as a result of the occurrences of any circumstances of a kind referred to 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 conditions as determined by the Licensing Authority, the period for which the mineral title in question has been issued, may be extended by such reasonable period as may be determined by the Licensing Authority.

(4) The Licensing Authority may refuse any application referred to in sub-rule (3) if the holder of the mineral title could, by taking reasonable steps which were available to the holder, have exercised the rights concerned during that period.

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

74. Joint liability.---Where a mineral title is held by more than one holder, the liability of any holder 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 breach.

75. Competitive bids.---The Licensing Authority may 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 is referred to in sub-rule (3) of rule 13;

(b) an exploration license, a mining lease or a mineral deposit retention license or a prospecting license or a mining lease for mineral under small scale mining, and may, in accordance with these rules, issue the appropriate mineral title to the successful bidder.

76. Performance guarantees.---A person shall, at the time of the grant of a mineral title, other than a reconnaissance license, deposit with the Licensing Authority security for compliance with the holder's obligations under these rules and the title.

77. Arbitration.---(1) Subject to sub-rules (2) and (3), any dispute arising between the holder of a mineral title and Licensing Authority or 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 Mineral Investment Facilitation Authority

or such other body or tribunal as the parties may agree, 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 the 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 the mineral title or a relevant mineral agreement, to be resolved by a sole expert; or

(b) where the dispute concerns the commission, by the holder of the mineral title, of a criminal offence.

78. Rights over data.---(1) Government shall have the exclusive right to all data including geological, geophysical, geochemical, petrochemical, engineering, pit logs, maps, magnetic tapes, cores and production 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 of arbitration or litigation.

79. Compliance with other laws.---Nothing in these rules shall be construed as authorizing the holder of a mineral title or a prospecting license to do any thing –

(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 regulating the doing of that thing, and for that purpose obtaining any prospecting license, mineral title, approval, permission or other document required under any such law.

80. Retention of fees.---Where any application under these rules is refused, the application fee, which was paid at the time of the application, shall not be refunded and shall be retained to meet administrative costs.

81. Notice of applications made and titles issued, etc.---(1) The Licensing Authority shall, not later than seven days after the date on which an application for mineral title is received by it, by posting a notice, make it known for general information that the application has been made which shall also contain the following information:-

(i) the name of the applicant;

(ii) the nature of the title and the area of land and the mineral or group of minerals

to which the application relates;

(iii) the data 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 is issued, the Licensing Authority shall cause notice of that fact to be published in the Official Gazette stating in the notice-

(a) the name of the holder of the title;

(b) the nature of the title 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 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 the Official Gazette stating in the notice such particulars as the Licensing Authority deems necessary to identify the title and, where applicable, the land surrendered.

82. Order in which applications to be considered.---(1) All applications made under these rules and received by the Licensing Authority shall be considered by the Licensing Authority in the order in which they are received.

(2) For the purposes of sub-rule (1), applications so received on the same date and time shall be deemed to have been received and priority shall be determined by the Licensing Authority on the basis of earlier receipts.

83. Removal and sale of property, etc concerning mining title.---(1) Where a mineral title has been cancelled or surrendered, or has expired, or if any area of and has ceased for any reason to be part of the area of the land pertaining to title, the Licensing Authority may, by notice in writing given to the person who is or was holder of the title, direct him to do all or any of the following, namely:

(a) to demolish any building, structure or other things created or constructed by the person in that area and to remove all debris and any other object brought into that area, except that the owner of the lands wants to retain any such buildings, structures or other things on such conditions as may be mutually agreed upon between such owner and person;

(b) to take all steps as may be necessary to rectify to the satisfaction of the Licensing Authority any damage caused 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 clause (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 the property from the area that was, but is no longer, subject, to the title;

(c) dispose of, in such manner as it thinks fit, all or any of the property referred to in clause (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 clause (b) which belongs, or which it believes to belong, to that person.

(3) Government may deduct from the proceeds of a sale of property under sub-rule (2) that belongs, or that the Licensing Authority believes to belong, to a particular person, concerning recovery of any dues of a mining title.

(a) all or any part of any costs and expenses incurred by the Licensing Authority under sub-rule (2) in relation to that property;

(b) all or any part of costs and expenses incurred by the Licensing Authority under sub-rule (2) in relation to the doing of anything required by a direction under sub-rule (2) to be done by the person;

(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 Government; and

(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 are a debt due by that person to 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 Government.

84. Weighing of minerals.---The holder of an exploration license or a mineral deposit retention license, or a mining lease shall provide in the exploration area, retention area or lease area 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 rule 20.

85. 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 operations, or to minerals won, mined, found or sold or otherwise disposed of, or the value thereof, it may, by notice in writing served on that person, require that person-

(a) to furnish the Licensing Authority in writing with that information or data, giving particulars, within the period and in the manner specified in the notice;

(b) to appear before a person identified in the notice at such time and place as is specified in the notice and to answer questions relating to those operations, the minerals won, mined, sold or otherwise disposed of, or the information or data as the case may be; or

(c) to furnish a person identified in the notice, at such time and place as is 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 shall not 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 proceeding for an offence against this rule.

(3) Where data are furnished, pursuant to the requirement under clause (c) of sub-rule (1), 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 in a notice under sub-rule (1) to the extent to which he is capable of doing so;

(b) in compliance with a requirement referred to in clause (a) of sub-rule (1), knowingly or recklessly furnishes information that is false or misleading in a material particular; or

(c) when appearing before any person under a requirement referred to in clause (b) of sub-rule (1) or furnishing any data to any person under a requirement referred to in clause (c) of sub-rule (1), knowingly or recklessly makes a statement or furnishes any data which are false or misleading in a material particular, shall be guilty of an offence and be punishable with a fine which shall not be less than five thousand rupees and not more than fifty thousand rupees, in addition to rectification of the default within the time given by the Licensing Authority failing which the mineral title may be withdrawn.

(5) In this rule, "data" includes books, documents, interpretations, tapes, diagrams, profiles and charts, photographs, lines or negatives and includes data recorded or stored by means of a tape recorder, computer or other device and any material subsequently derived from data so recorded.

86. Liability for pollution.---(1) Where in the course of reconnaissance, exploration or mining operations carried on under a mineral title, 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 or damaged, or any plant or animal life, whether in water or on, in or under land, is endangered or destroyed, or any damage or loss is caused to any person, including Government, by such spilling, pollution or damage, the holder of the mineral title or prospecting license 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 rectify the spilling, pollution, loss or damage.

(2) If the holder of mineral title or prospecting license referred to in subrule (1) fails to comply with the provisions of clause (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 rectify the spilling, pollution, damage or loss and the Licensing Authority may, if the holder fails to comply with the order to the satisfaction of Licensing Authority within the period specified in the notice or such further period as the Licensing Authority may, on good cause shown, allow in writing, cause such steps to be taken as may be necessary to rectify the spilling, pollution, damage or loss and recover the costs incurred thereby from such holder.

87. 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 been 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 clause (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; or

(d) in the case of a Company-

(i) if delivered to the public office 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 office 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 clause (b) or subclause (iii) of clause (d) of that sub-rule, shall, unless the contrary is proved, be deemed to have 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 was addressed.

88. Powers of authorized officer.---(1) For the purpose of these rules, an authorized officer, at all reasonable times,-

(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 clause (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 substances from a mine or any area where any of the operations referred to

in clause (a) is being carried on;

(d) may inspect, take extracts from, and make copies of, any data, as defined in sub-rule (5) of rule 85, relating to any of the operations referred to in clause (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 clause (a), issue in writing directions to, and impose restrictions on, the holder or any person so employed;

(f) may, for reason to be recorded in writing, order-

(i) the cessation of operations on or in, and the withdrawal of all persons from, any structure or building that is being used in connection with any of the operations referred to in clause (a); or

(ii) the discontinuance of the use of any machinery or equipment, which he considers unsafe, unless and until such action as is necessary for safety and specified in the order is taken and completed; or

(g) may make such examinations and inquiries as are necessary to ensure that the provisions of these rules, and any directions issued, conditions 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 any other thing in respect of which the power is about to be exercised, an authorized officer shall show identification to that person and to any person to whom he is about to give an order or a 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 Licensing Authority which shall, as soon as practicable, hear and dispose of the appeal. (4) On an appeal under sub-rule (3), the Licensing Authority may rescind or affirm the decision, direction or order appealed against or may make a fresh decision, direction or order and that decision, direction or order shall be final.

(4) On an appeal under sub-rule (3), the Licensing Authority may rescind or affirm the decision, direction or order appealed against or may make a fresh decision, direction or order 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 any person whom the authorized officer believes has special knowledge of any matter being inspected, tested or examined.

(6) A person who is a titleholder in relation to any matter referred in subrule (1), shall provide an authorized officer all reasonable facilities and assistance including the provision of necessary means of transport, for the effective exercise of the authorized officer's powers under this rule.

(7) Any person who-

(a) without reasonable excuse obstructs, molests or hinders an authorized officer in carrying out his functions under this rule; or

(b) knowingly or recklessly makes a statement or produces document that is false

or misleading in a material particular to an authorized officer carrying out his functions under this rule, shall be guilty of an offence and punishable with a fine which shall not be less than five thousand rupees or more than fifty thousand rupees, in addition to the rectification of the default within the time given by the Licensing Authority failing which the mineral title may be withdrawn.

89. Further powers of authorized officers.---If a person who was the holder of a mineral title, such as referred to in sub-rule (2) of rule 19, fails to comply with the requirement of that sub-rule, an authorized officer may-

(a) at all reasonable times, enter upon any premises whatsoever and search for the records, maps and plans, reports, photographs, tabulations, tapes, discs, books and documents referred to in clauses (a) to (d) of that sub-rule; and

(b) seize any such records, maps and plans, reports, photographs, tabulations, tapes, discs, books and documents which were not delivered to the Licensing Authority as required by the aforesaid sub-rules.

90. Offences.---(1) Any person who carries on reconnaissance, exploration or mining operations in the Province, except under and in accordance with a mineral title or prospecting license shall be guilty of an offence and will be punishable with a penalty as notified by Government from time to time, in addition to the rectification of the default within the time given by the Licensing Authority, failing which the mineral title shall be withdrawn.

(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 application or any notice, report, return or statement issued or given under any provision of these rules or the conditions of any title, or prospecting license, any document, information or particulars which are false or misleading knowing them to be false or misleading;

(c) fraudulently and with the intent to mislead any other person to believe that a 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 ore any substance which may increase the value or nature of the ore, shall be guilty of an offence and will be punishable with a fine which shall not be less than fifty thousand rupees and more than three hundred thousand rupees, and shall rectify the default within the time given by Licensing Authority failing which the mineral title shall be withdrawn.

91. 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 title or prospecting license was issued, renewed or transferred to a person so specified;

(b) any interest in such title or license has been granted, ceded or assigned to a person so specified;

(c) any person has been joined as a joint holder of a title or license so specified;
(d) any condition so specified is or was a condition of title or license; or

(e) a person mentioned in the certificate is or was the holder of a title;

(f) title or license 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, certified by an authorized officer to be a true and correct extract of such an entry shall, unless the contrary is proved, be taken as conclusive proof of the entry.

92. 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 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 to Government.

93. Appeal.---(1) If a person is aggrieved by an order of the Licensing Authority passed under these rules, he may, within thirty days of the communication of the impugned order and payment of such fee as may, from time to time, be specified, by Government, prefer an appeal to Government.

(2) The decision of Government on such appeal shall be final.

(3) Government, while hearing the appeal under sub-rule (1) may, if it so considers necessary in the interest of justice, grant a stay order; provided that no such order shall be passed in respect of Government dues unless the appellant deposits twenty-five per cent of the disputed amount with the Licensing Authority.

(4) If the appeal in which a stay order has been granted is finally rejected and the Appellate Authority is of the view that the appeal was preferred on frivolous grounds or the stay order was obtained by deceit or fraud on the part of the appellant, it may while deciding the appeal, impose a penalty upto five per cent of the disputed amount.

(5) The amount deposited under sub-rule (3) shall first be adjusted towards the penalty imposed under sub-rule (4). The remaining amount, if any, may be adjusted towards the recovery of Government dues.

PART-XI
SMALL SCALE MINING
GENERAL

94. Manner in which application may be made.---(1) An application for a license or a lease for a small scale mining shall be in the form set out by the Licensing Authority.

- (2) The application shall be handed over alongwith the requisite documents to the officer authorised in this behalf, by the Licensing Authority.
- (3) The application, if complete in all respects, shall forthwith be allotted a registration number.
- (4) The incomplete application shall be returned alongwith the objections duly signed by the authorized officer.

95. Documents to be annexed.---(1) An application for a license or a lease made under rule 94 shall be accompanied by:-

- (a) the original copy of the Treasury Challan pertaining to the deposit of such application fee as is notified by Government from time to time;
- (b) in the case of a partnership firm, an authenticated copy of the partnership deed duly registered with the Registrar of Firms concerned;
- (c) in the case of a limited company, a verified copy of each of the Memorandum and Articles of Association and Certificate of Incorporation;
- (d) fifteen copies of the map duly signed by the applicant, showing the boundaries of the area in respect of which the license or lease is applied for. The map shall be prepared from the Survey of Pakistan Maps of Scale 1: 50,000 or nearest scale available. It will be sufficient compliance of this sub-rule if only one copy of the map or sketch plan showing area and grid lines is attached with the application and such fee for preparing fifteen copies of the plan, as is notified by Government from time to time, is paid in advance; and
- (e) evidence of financial status of the applicant in the manner as may be prescribed by the Licensing Authority from time to time

(2) An applicant shall also furnish such other information as may be required by the Licensing Authority. If the requisite information is not furnished within two months, the application shall be liable to be rejected.

(3) The information contained in the application or furnished to the Licensing Authority in pursuance of an application made in accordance with these rules, other than that incorporated in the register referred to in rule 99 shall be treated as confidential by the Licensing Authority.

96. Acknowledgement of application.---The officer receiving the application under these rules shall record thereon the date and time of its receipt and shall

deliver to the applicant an acknowledgement stating the date and time of receipt.

97. Reciprocity.---A license or a lease shall not be granted to, or held by, any person who is or becomes controlled directly or indirectly by a national of, or by a Company incorporated in, any country the laws and customs of which do not permit subjects of Pakistan or companies incorporated in Pakistan to acquire, hold and operate mining concessions on conditions which, in the opinion of Government, are reasonably comparable with conditions upon which such rights are granted to nationals of that country in Pakistan.

98. Application by an alien or a company incorporated outside Pakistan:-

In the case of an application for a license or lease by an alien or a company incorporated outside Pakistan or in the case of an application by a licensee or a lessee for the Government's consent to the assignment of a license or a lease to an alien or a company incorporated outside Pakistan, such license or lease shall only be granted or assigned to a company incorporated in Pakistan for the purpose of receiving and working any such license or lease.

99. Register of application.---(1) The Licensing Authority shall maintain a register of applications for licenses and leases containing the following columns:-

- (a) Serial No.
- (b) Date and time of the receipt of application.
- (c) Particulars of the applicant.
- (d) Mineral for which a license or a lease is required.
- (e) Period for which a license or a lease is required.
- (f) Full particulars of the area applied for.
- (g) Application fee paid.
- (h) Final orders regarding disposal of the application.
- (i) Remarks, if any.

(2) The register maintained under sub-rule (1) and the Master Plan showing the area in respect of which a lease or a license has been applied for or granted shall be open to public for inspection on payment of such fee as is notified by Government from time to time.

Explanation.---Master Plan would mean such Survey of Pakistan Map on which the areas applied for and the areas granted under licenses and leases are marked by the Licensing Authority for record.

100. Separate application to be made for each area and each mineral.---A separate application shall be made in respect of each area and for each mineral.

101. Grant of more than one license or lease to the same person.---More than one license or lease may be granted to the same person.

102. Availability of area and mineral.--- On receipt of the application, the Licensing Authority shall, before granting any mining concession, ascertain that the area applied for does not overlap with an area already covered by a license or a lease;

103. Priority.--- more applications than one for the grant of license or a lease in respect of the same mineral or area, unless the Licensing Authority decides otherwise on valid grounds,

104. Refusal to grant license or lease.---If, in the opinion of the Licensing Authority, it is not expedient to grant license or a lease, it shall refuse the application, recording reason of refusal.

105. Lapse of right to license or lease.---If a Licensee or a lessee fails to submit the accepted copy of the plan of the granted area, demarcation certificate and prospecting/development scheme in the manner as prescribed under these rules, within the time period fixed in the allotment letter, the Licensing Authority, after providing an opportunity to explain the delay, may terminate the mining concession if any granted:

Provided that the Licensing Authority may condone the delay in submission of the said documents imposing a fine at the rate of one thousand rupees for each month or a part thereof.

106. Terms and conditions of licenses and leases.---A license and a lease shall stand granted on the issuance of Allotment Letter by the Licencing Authority and may include such clauses relating to ancillary matters as the Licensing Authority may deem fit to insert.

107. Assignment.--- A lessee shall not transfer any right or interest in the license or the lease, nor part with the possession of the area or any part thereof, without prior approval in writing of the Licensing Authority:

Provided that a lessee shall not divide the leased area between the partner or the partners, as the case may be, without prior approval of Licensing Authority.

108. Method of making application for assignment.---(1) an application for assignment under these rules shall be submitted at least year before the expiry of the lease in the Form set out by the Licensing Authority and shall be accompanied by such fee as is notified by Government from time to time.

(2) The applicant shall furnish in the application all such particulars in respect of the proposed assignee as are required in case of an application for a lease under these rules and shall annex the requisite documents.

(3) The application shall be presented in person and signed both by the assignor and assignee in the presence of the Licensing Authority or the officer authorised in this behalf.

109. Security deposit.---(1) Every applicant shall, before a license or a lease is granted or assigned to him, deposit a security in respect of such license or lease at the rate and in the form notified by Government.

(2) Subject to the provision of these rules, if a license is converted into a lease, the security deposited under sub-rule (1) shall be adjusted towards security for the lease.

110. Right of surrender.---A licensee or a lessee desirous of surrendering the area under license or lease, in whole or in part, shall give at least one month's prior notice in writing to the Licensing Authority:

Provided that where the lease has been mortgaged or charged in favour of a

financing institution, the licensee or the lessee shall not be entitled to surrender the lease in whole or in part, except with prior approval in writing of the Licensing Authority:

Provided further that in the case of partial surrender, the area to be retained shall not be less than the economic limit fixed by the Licensing Authority and the shape of the area shall be subject to provisions of rule 113:

Provided further that on the partial surrender of the area, the licensee or the lessee, as the case may be shall become entitled to proportionate reduction in annual fee or dead rent but the annual fee or the dead rent that has already become due from or paid by the licensee or the lessee shall not be refunded.

111. Publication.---As soon as may be after the grant, renewal, assignment, surrender, determination, or lapse of any license or lease under these rules, the Licensing Authority shall publish notice of such grant, assignment, surrender, determination, or lapse stating the name of the licensee, the lessee or the assignee and a brief description of the area concerned.

112. Refund of security deposit.---If the Licensing Authority is satisfied that the provisions of these rules have been duly complied with, on the expiry, surrender, lapse or determination of a license or a lease, the amount of the security deposit may be refunded to the licensee or the lessee, as the case may be after making deduction towards rents, royalties, penalties or any other amount outstanding against him under these rules.

113. Shape of area.---Each area in respect of which a license or a lease is granted shall, as far as practicable, be in a compact shape and shall be limited by wellmarked/permanent physical boundaries to be bounded by straight lines:

Provided that where a gap of one hundred meters or less exists between the licensed or leased area it shall not be granted to the applicant.

114. Release of lands included by inadvertence.---In the event of the inclusion, by inadvertence, of the area under a license or a lease in respect of which it may subsequently transpire that the rights for the same mineral have already been granted to another individual, firm or Company or part of the area has been included through typographical or clerical mistake, the licensee or the lessee shall immediately release to the Licensing Authority any such land or area when required to do so by the Licensing Authority without any claim or compensation:

Provided that the investment made on the development of the granted mineral at that area, including infrastructure, if any, shall be fairly assessed by the Licencing Authority and paid to the licensee or lessee by the person to whom the area is subsequently granted

115. Grant of other minerals over the already granted area for a mineral.---

(1) The Licensing Authority may grant one mineral over one area to a person. However, in case of discovery of another mineral over the same area, the right of acceptance or refusal for the grant of second mineral would be offered to the licensee within a specified period

(2) In case of no response or refusal of the licensee or lessee for the grant of second mineral located apart separately, the Licensing Authority may delete any viable portion of the area containing the other mineral for grant to the other person, or grant a mineral title over the same area for the other mineral or mines in favour in any other person.

(3) In case two different minerals are inter-bedded or closely located, the Licensing Authority shall direct the licensee or lessee to get the grant of second mineral for systematic mining operation and utilization of mineral resource, within three (3) months failing which the main lease/license may be cancelled.

(4) The second applicant shall deposit application fee as prescribed by Government, for grant of the applied mineral.

116. Mode of payments.---(1) All amounts payable under these rules, unless otherwise prescribed by the Licensing Authority, shall be deposited into Government Treasury or into any bank authorized by Government for the purpose, under the Head of Account specified by the Licensing Authority from time to time.

(2) The receipt or the challan shall, in original, be submitted to the Licensing Authority.

PART-XII
PROSPECTING LICENSES

117. Grant of prospecting license.---The Licensing Authority may in accordance with these rules grant a prospecting license for a mineral over the area specified therein provided the applicant is considered fit.

118. Area.---Except as otherwise determined by Government, a prospecting license shall not be granted in respect of any area of more than five square kilometers.

119. Register of license.---The Licensing Authority shall maintain a register of license granted by it, specifying--

- (a) number of the prospecting license;
- (b) mineral for which the license is granted;
- (c) name and address of the licensee;
- (d) particulars of the licensee whether individual, firm or company;
- (e) date of grant of the license;
- (f) total area
- (g) situation and boundaries of the area;
- (h) amount of security deposit;
- (i) particulars of disposal or refund of security deposit;
- (j) dates of renewals;
- (k) date of conversion of license into lease; and
- (l) remarks, if any,

120. Period of license.---The license shall, in the first instance, be valid for a period of two years.

121. Licensee's right under a license.---A license shall, subject to these rules and conditions contained in the license, confer on the licensee the rights given in the allotment letter.

122. Renewal.---Subject to the licensee having carried out the working obligations under rule 124, the Licensing Authority may grant renewal of the license for a period of twelve months at any one time to enable the licensee to complete the prospecting work as laid down in the approved prospecting scheme:

Provided that the total period of the license including the initial period shall not exceed five years:

Provided further that the licensee shall apply in writing to the Licensing Authority for renewal at least one month before the license expires. The Licensing Authority may, however, condone the delay in the submission of the application, subject to fine, as fixed by Government.

Explanation:- The period of a license shall be reckoned from the initial date of grant of the license, irrespective of any assignment made during the currency of the license.

123. Right of a licensee for renewal of his prospecting license, on applying for mining lease.---The licensee having applied for the grant of a lease over the area specified in the license before the expiry of the license shall have the right to renewal of the license

124. Working obligations.---(1) The licensee shall, in respect of the areas covered

by each license, prepare and submit, within two months of the grant of the license, a scheme of prospecting for the approval of the Licensing Authority and shall not commence the operations unless the scheme has been approved.

(2) The scheme shall inter alia include (i) location of the area; (ii) nature of a mineral prospect; (iii) methods of prospecting including machinery and equipment to be used; (iv) phasing of prospecting operations; (v) technical personnel to be employed; (vi) details of roads, residential accommodation for staff and labourers; and (vii) phase-wise estimated expenditure on the scheme.

(3) The scheme shall be accompanied by necessary geological summary reports and maps, plans.

(4) The Licensing Authority shall communicate the approval of the scheme to the licensee within two months of its receipt.

(5) If, in the opinion of the Licensing Authority, the licensee fails to fulfill the working obligations as required by the scheme, the licensee shall forfeit the right to renewal of the license or the grant of lease over any part of the area covered by the license.

125. Annual fee.---(1) The licensee shall pay such annual fee as is notified by Government from time to time for the area covered by the license. The fee shall be enhanced by twenty-five per cent over the last fee paid each time the license is renewed. The fee shall also be payable for the period of renewal granted under rule 123, as a single renewal or term, as the case may be.

(2) The fee shall be payable for each mineral separately even if the area under license for different minerals is the same.

126. To plug boreholes, etc.---Save in the case of area over which the license has been granted, the licensee on or before the determination of the license, shall, within one month after the determination of the license or the date of abandonment of the under-taking, whichever may occur earlier, securely plug all mines and fill up or fence any holes or excavations that he may have made in the area to such extent as the Licensing Authority may require and shall, to the like extent restore the surface of the land and all building thereon which he may have damaged in the course of prospecting;

127. Right of the licensee to a mining lease.---Subject to the provisions of these rules, the licensee shall have a right to a lease:

Provided that he has carried on geological prospecting to the satisfaction of the Licensing Authority, proved mineral reserves and has been paying all Government dues regularly and has paid such compensation, if any, as is provided in these rules:

Provided further that the licensee shall apply in the prescribed form along with documents as laid down under rule 95, for the grant of a lease at least one month before the expiry of the License. The Licensing Authority may, condone the delay upto a maximum period of two months in the submission of such an application after imposing a fine at the rate of thousand rupees for each month or a part thereof.

128. Disclosing the information acquired by the licensee during the course of his operations.---If so required by the Licensing Authority, the licensee shall, before the security is returned to him under rule 112, disclose to the Licensing Authority all information acquired in the course of the operations carried on under the license regarding the mineral(s) contained therein, and geological formation of

the mineral resource not taken or granted under a mining lease.

PART-XIII MINING LEASE

129. Grant of mining lease.---The Licensing Authority may grant a mining lease in accordance with these rules, for a mineral over the area specified therein provided the applicant is considered fit.

130. Area.---Except where special exemption is granted by Government, no lease shall be granted in respect of an area of more than five square kilo meters.

131. Register of mining leases.---The Licensing Authority shall maintain a register of leases granted by it, specifying-

- (a) number of the mining lease;
- (b) mineral for which lease is granted;
- (c) name and address of the lessee;
- (d) particulars of lessee, whether individual, firm or Company;
- (e) date of grant of lease;
- (f) period for which granted;
- (g) total area
- (h) situation and boundaries of the land;
- (i) amount of security deposit;
- (j) particulars of development/ exploitation scheme.
- (k) dates of renewals with periods.
- (l) date of assignment of the lease;
- (m) particulars of the assignee; and
- (n) remarks,

Provided that the Licensing Authority may renew the lease for the whole area or only a part thereof.

132. Lessee's right under a lease.---A lease shall subject to these rules and the conditions contained in the lease, confer on the lessee the rights as envisaged in these rules.

133. Submission of development and exploitation scheme.---(1) An applicant for grant of a lease or its renewal shall also submit, alongwith the application, a development/exploitation scheme for the approval of the Licensing Authority. The scheme shall be prepared and authenticated by a qualified mining engineer and exploration economic geologist.

(2) The development scheme shall, inter alia, include-

- (i) a detailed account of the work done during the prospecting period, geological description and evaluation of the major deposits alongwith a detailed geological survey report and plan of the area on a scale preferably 1:50,000 or as prescribed by the Licensing Authority from time to time, in case the applicant already holds a license for the area for which he makes an application for a lease;
- (ii) a detailed plan of the area on a scale of 1:50,000 or as prescribed by the Licensing Authority from time to time showing its location, outcrop, topography, existing / proposed mines and other infrastructure/provisions.
- (iii) location and geological description of the major deposits prepared and compiled by exploration economic geologist.
- (iv) proved and probable reserves;
- (v) planned minimum rate of production;
- (vi) method of mining, including machinery and equipment to be used;
- (vii) technical personnel to be employed at various stages of development/exploitation;
- (viii) details of the roads and other surface as well as underground construction such as stores and lamps rooms, workshops, benefaction

and mineral dressing plants, office and residential accommodation and facilities for staff and labour to be provided; (ix) time schedule for all the work involved; and (x) estimated phased expenditure on the scheme with detailed break up of costs.

(3) The applicant shall furnish plans or proposals to illustrate, justify and amplify the development/exploitation scheme.

134. Approval of development/exploitation scheme.---(1) The Licensing Authority may subject to such modifications as may be required approve the development/exploitation scheme, within a period of three months from the date of submission of the scheme. The development scheme shall be implemented through a phase-wise programme of development/exploitation approved by the Licensing Authority.

(2) If the development scheme is rejected, the Licensing Authority shall communicate to the applicant the reasons for such rejection. The applicant shall within months of the receipt of such communication, submit a revised scheme to the Licensing Authority, failing which the right of the applicant for the grant of the lease shall lapse.

135. Keeping development/exploitation schemes at mines.---The lessee shall at all times keep a copy of the approved development scheme and latest working plans at the site.

136. Commencement of operations.---(1) Unless the Licensing Authority, for sufficient reasons otherwise directs, the lessee shall commence operations from the date of the communication of the approval of the development/ exploitation scheme to him.

(2) The lessee shall carry out operations in a skilful and workmanlike manner and in accordance with approved development scheme.

Explanation:-It shall amount to non-fulfillment and breach of working obligations, if the lessee, without sufficient cause, fails to produce enough minerals so as to earn royalty at least equal to the dead rent within one year of the commencement of the operations.

137. Period of lease.---(1) The initial term of a lease shall be upto thirty years.

(2) If a lessee has carried out all the working obligations under these rules and implemented the development/exploitation scheme to the satisfaction of the Licensing Authority and if he has paid all the dues on account of rents, royalty, penalties, damages and surface rent as required under these rules, the Licensing Authority may grant further renewal of the lease for a period upto thirty years at a time, on the terms and conditions as prescribed in these rules:

Provided that the lessee shall apply to the Licensing Authority in writing, in the prescribed form for renewal for not more than two years and not less than one year before the expiry of the term already granted to him:

Provided further that the Licensing Authority may condone the delay in submission of the application in appropriate cases, upto a period of six months after imposing a fine at the rate of thousand rupees for each month or a part thereof.

Provided further that the lessee having applied for the grant of renewal of the lease under these rules shall have a right to work in the area till the request has

been refused.

Provided further that the Licensing Authority may renew the lease for the whole area or only a part thereof, if so applied by the lessee. In case of renewal over part of the area, the balance area may be leased out to any other person.

138. Failure to act according to the development/exploitation scheme.---If at any time but not less than six months after the grant of the lease, or its renewal it is found that the lessee is not working in accordance with the approved development scheme, the Licensing Authority may impose a fine of five thousand rupees and shall direct the lessee in writing to rectify the violations within six months:

Provided that if the lessee fails to rectify the violations without cogent reasons within the time limit fixed by the Licensing Authority, the lease may be cancelled.

139. Half yearly dead rent.---The lessee shall pay a fixed half yearly dead rent in advance on the first day of January and the first day of July each year and a proportionate advance dead rent for the broken period, if any, at the commencement or termination of the lease, at such rate as is notified by Government from time to time:

Provided that the lessee shall pay either royalty or the dead rent, whichever is higher.

PART-XIV
MISCELLANEOUS

140. Royalty.---(1) A licensee or a lessee shall, on the first day of the month of January and July each year, pay royalty at such rate and in such manner as prescribed by Government from time to time on all minerals produced and carried away.

(2) In case of non payment of rent and royalty dues within the grace period of two months, a penalty at the rate of one per cent of the outstanding dues for the delay of every month or part thereof shall be charged from the date the payment became due.

141. Compensation.---A licensee or a lessee shall pay such compensation as may be assessed in accordance with the law for the time being in force for all damage, injury or disturbance which may be done by him in exercise of the powers granted by the license or the lease and shall indemnify the Licensing Authority against all claims which may be made by third parties in respect of any such damage, injury or disturbance.

142. Land Compensation.---(1) A licensee or lessee shall pay, for all Government land which it may use or occupy superficially for the purposes of the operations conducted under the license or the lease, a land compensation and water rates at the rate assessable under the revenue or any other law or rules in the district in which the land is situated:

Provided that if no such rent is assessable under the existing law, the rent and the water charges shall be paid at the rate fixed by the Licensing Authority

(2) If the land belongs to a private person, a lessee or a licensee shall pay compensation to the owner of the land for the area actually used or occupied superficially land and in such manner as may be mutually agreed upon between the lessee and the land owner and in case of disagreement between them, at such rate and in such manner as may be determined by the Licensing Authority

(3) While determining the rates of land compensation, the Licensing Authority shall pay due regard to the nature of the area, location, and land value.

(4) In case of violation of the decision of the Licensing Authority by licensee, Lessee or land owner(s), action shall be taken under rule, 173.

(5) The private agreement for land compensation executed between the licensee or lessee and the land owner(s) shall be registered in the concerned court of Law.

(6) Payment of land compensation to the land owner (s) shall be made through concerned revenue authority.

(7) Notwithstanding the provision of rule 174, the Licensing Authority may, in case of persistent interference and creating obstruction/abstraction in the exploration, prospecting, or mining operations of a licensee or lessee by the land owner(s) in any manner after settlement or fixation of land compensation by the Licensing Authority, under sub rule (2) the Licensing Authority may on the request of the licensee or lessee proceed to acquire the land under the Land Acquisition Act, 1894 (Act No. 1 of 1894), required for the said operations or any other ancillary matter:

(i) If in the opinion of the Licensing Authority, it is necessary to acquire land to

provide access to the licensed or leased area or if such a request is made by a licensee or lessee, the Licensing Authority may proceed to acquire the requisite land under the Land Acquisition Act, 1894 (Act No. 1 of 1894); provided that before proceeding under this rule, the Licensing Authority shall give the parties reasonable opportunity of being heard. (ii) The cost of land acquired under clause (i) shall be borne by the licensee or lessee.

143. Not to cut or injure any tree.---A licensee or a lessee shall not cut or injure any tree on Government land or on reserved forests without the prior permission in writing of the Licensing Authority or of such officer or officers as the Government may authorize in this behalf.

144. Operation in the reserved and protected forests.---(1) Every application for the grant of prospecting license or a mining lease in a reserved or protected forest shall be referred to a Technical Committee constituted by Government, having members one each from Directorate General of Mines & Minerals and Environment Department. The decision of the Technical Committee on the application shall be final. In case of any disagreement between the members of the Technical Committee, the matter shall be referred to the Secretary to Government of the North-West Frontier Province Industries, Commerce, Mineral Development, Labour and Technical Education Department, for appropriate decision.

(2) All surface and sub-surface exploration prospecting and mining operations within a reserved or protected forest shall be subject to such terms and conditions as may be prescribed by the Committee and approved by the Licencing Authority.

(3) All operations conducted under these rules within a reserved or protected forest shall be subject to such conditions as Government may, from time to time, by a general or a special order, prescribe.

(4) It shall be a condition of every license or lease granted under these rules that before the commencement of prospecting or mining operations within a reserved or protected forest, thirty days notice shall be given to the Forest Officer concerned of the intention to commence operations.

(5) The operations shall be conducted subject to such precautions regarding prevention of fire and conservation of forest as the licensee or the lessee may from time to time, be required by the Licensing Authority.

145. Limits of boundaries.---The boundaries of the area covered by a license or a lease shall run vertically down-wards below the surface towards the centre of the earth.

146. Demarcation of area.---(1) A licensee or a lessee shall, within sixty days of the issue of the license or a lease, cause the granted area to be demarcated on ground according to the survey data and submit a certificate on the prescribed form signed by a Registered Surveyor of having carried out the said boundary demarcation.

(2) On receipt of the certificate referred in sub-rule (1), the Licensing Authority may cause boundary demarcation to be checked and corrected on payment of fee to be notified by Government.

(3) A licensee or a lessee may get his area demarcated officially, after paying such fee as may be notified by the Licensing Authority from time to time.

(4) A licensee or a lessee shall not commence prospecting or mining operations

unless he has submitted the demarcation certificate to the Licensing Authority and it has been approved.

(5) A boundary dispute in respect of the licensed or leased area, shall be referred to the Licensing Authority whose decision shall be final.

147. Boundary marks.---The licensee or the lessee shall, at his own expense, erect and at all times maintain boundary marks and pillars standing not less than one meter above the surface of the ground and being not less than one meter square in diameter at the base at every angle or corner of boundary lines to be fixed according to the demarcation under rule 146.

148. Not to construct buildings upon any public place, etc.---A licensee or a lessee shall not erect any building or carry on any surface operation upon any public recreation grounds, grave-yards, or place held sacred by any class of persons or any house, village site, or public road or any other place which Government or the Licensing Authority may specify in this behalf.

149. Not to work within one hundred meters from any railway line, etc.---A licensee or a lessee shall not carry on or permit to be carried on any prospecting or mining operations at or upto any point within a distance of one hundred meters from any railway line, reservoir, canal, power line, gas pipeline or other public works, or building or place of archaeological importance except with the previous permission of the concerned authority and in accordance with such conditions as may be imposed. The same distance demarcation shall apply for underground operations.

150. Distance from boundaries.---No prospecting or mining operations shall, except with the prior consent in writing of the Licensing Authority, be carried on by the licensee or the lessee in or under the licensed or leased area at or to any point within a distance of fifty meters from the boundaries of the area.

151. Weighing machine.---A licensee or a lessee shall provide at or near the mine or quarry a properly constructed and correct weighing machine or other suitable means for determining the weight or quantity of the mineral produced.

152. Keeping of record.---(1) A licensee or a lessee shall, at all times, keep in the form prescribed by the Licensing Authority, complete record at the mine premises showing the quantity of the minerals obtained and dispatched from the mines on the authenticated register issued by it or its authorized representative. The licensee or the lessee shall also maintain the record showing the number of mines and person employed therein and complete plans of the mines. The minerals excavated from any licensed or leased area shall be dispatched from the area on the prescribed dispatch slips duly authenticated by the Licensing Authority or its authorized representative:

Provided that dispatch slips shall clearly indicate the date, license/lease No., name of buyer, vehicle No., quantity of mineral and its destination:

Provided further that any vehicle/carrier carrying mineral without prescribed dispatch slip duly authenticated by the Licensing Authority or its authorized representative shall be considered as unauthorisedly excavated mineral and shall be dealt with accordingly.

(2) A licensee or a lessee shall allow the officer so authorized by the Licensing Authority in that behalf to examine such record and plans, to take extract, or if necessary, collect record for scrutiny on giving a receipt therefore:

(3) If a licensee or a lessee fails to produce the record at the mine premises at the time of inspection, he shall render himself liable to a fine of five thousand rupees to be imposed by the Licensing Authority:

Provided that the Licensing Authority, before imposing penalty, shall afford the licensee or the lessee an opportunity of being heard.

153. Submission of production returns.--- A licensee or a lessee shall send monthly returns of production and dispatch of mineral to the Licensing Authority in the prescribed form on or before the 15th day of each succeeding month. In case there is no production of mineral in any month, a 'NIL' report shall be submitted with reasons thereof.

154. Submission of periodical returns.---A licensee or a lessee shall be required to abide by all instructions issued by the Licensing Authority from time to time regarding the maintenance of record of production and system of dispatch of mineral from the licensed or leased area, and-

(i) submit at the end of every year balance sheet account audited by a qualified and registered Auditor and such other information and periodical returns as may from time to time be required by the Licensing Authority;

(ii) submit statistical data, geological reports, including geological and geochemical interpretation, mineral analysis, photographs, ore logs, tests and such information as may be required by the Licensing Authority or a statistical organization in such form as may be prescribed; and

(iii) meet any target of production fixed by the Licensing Authority based on the off-take of mineral.

155. Inspection.---A licensee or a lessee shall provide the Licensing Authority, or an officer authorized by the Licensing Authority in this behalf, all reasonable facilities to enter upon the mine premises including underground workings for purposes of inspection of mines and shall also make available all records at the mines and else-where for carrying out survey, measurement, examination and matters, ancillary or incidental to the matters set out in these rules.

156. Strengthening and supporting mines.---A licensee or a lessee shall strengthen and support to the satisfaction of the Licensing Authority, whole or any part of the mine when, in its opinion such strengthening or support is needed for the conservation of the mineral and safety of personnel or any railway, reservoir, canal or any other public work or any building, affected by such operations.

157. Power to assess and claim compensation for damage to mineral property.---(1) In the event of any damage caused to the mineral property due to un-scientific working, lack of supervision, negligence or any other omission or commission on the part of a licensee or a lessee, the Licensing Authority shall assess by reasonable means the extent of the damage and the compensation shall be payable thereof by the licensee or the lessee:

Provided that before so doing, the Licensing Authority shall afford the licensee or the lessee a fair opportunity of being heard and to explain his position.

(2) The decision of the Licensing Authority under this rule shall be final.

(3) The licensee or the lessee shall be liable to pay the compensation so assessed in the same manner as arrears of rents and royalties are payable.

158. Non-conservational mining activities.---(1) If, on inspection or otherwise, the Licensing Authority has reasons to believe that a licensee or a lessee is working in a manner contrary to the conservation of mineral property, the Licensing Authority may require the licensee or the lessee in writing to remove the defects or amend the method of mining or prospecting after counseling with the licensee or lessee within a period to be determined by the Licensing Authority subject to the condition that the period shall not exceed four months in any case.

(2) If the licensee or the lessee fails to comply with the instructions within the specified period, the Licensing Authority shall suspend the work of the extraction of mineral in whole or in any part of the area demised under license or lease till such time the defects are removed to the satisfaction of the Licensing Authority.

(3) If the defects are not removed or the method of mining is not amended as agreed after counseling the Licensing Authority within four months from the date of the stoppage of work, the license or the lease may be cancelled.

(4) If prior approval of the Licensing Authority is not obtained, a licensee or a lessee shall not depillar or abandon mines unless depillaring is the part of the approved scheme.

159. Under-reporting of mineral production.---(1) If, as a result of inspection of the mines or areas demised under the license or the lease or otherwise it is discovered on available evidence that the licensee or the lessee has under-reported mineral production, the Licensing Authority shall charge royalty upto ten times the notified rate, on the quantity of mineral under reported by the licensee or the lessee, forfeit the security deposit and may also cancel the license or lease on the merits of the case:

Provided that no action under this rule shall be taken without giving the licensee or the lessee an opportunity of being heard.

(2) An entry in the record of the licensee or lessee shall be made regarding under reporting and shall be exhibited at the time of the renewal of the license or the lease.

160. Employment of technical personnel.---A licensee or a lessee shall employ such technical personnel as is reasonably required by the Licensing Authority, under the laws, rules, regulations regarding mines safety for the time being in force.

161. Training.---A licensee or a lessee shall, when asked to do so by the Licensing Authority, arrange and provide facilities for training to students of any Mining Engineering Institution or to any other person associated with profession of Engineering, Geology or other related sciences.

162. Access to other licensee or lessee both on surface and underground.---A licensee or a lessee shall allow existing and future license or lease holders of any area which is comprised in or adjoins or is reached by the land held by the licensee or the lessee all reasonable facilities of surface or underground access thereto, on the terms and conditions as may be determined by the Licensing Authority.

163. Discovery of other minerals.---A licensee or a lessee shall, without delay,

report to the Licensing Authority the discovery on or within any of the lands or mines demised under the license or the lease of any mineral not specified in the license or the lease, but he shall not, unless a fresh license or lease in respect of the mineral so discovered is granted to him under these rules, have any right to that mineral.

164. Pre-emption.---Government shall at all times have the right of pre-emption of the minerals lying upon the land in respect of which a license or a lease has been granted, or elsewhere under the control of the licensee or the lessee:

Provided that a fair market price for all minerals taken in pre-emption shall be paid to the licensee or the lessee.

165. Meeting the internal requirements of Pakistan.---Government shall have the right to require a licensee or a lessee-

(a) to meet the internal requirements of Pakistan to the satisfaction of Government before exporting any mineral or its products to other countries;

(b) to associate Pakistan capital subject to any law for the time being in force of all classes of capital and debentures issued by him; and

(c) to employ nationals of Pakistan in his organization in all grades and in all branches including technical and administrative personnel and to arrange for the training in Pakistan or abroad of the nationals of Pakistan to fill up these appointments. The number of Pakistan nationals to be employed or trained will be determined by Government in consultation with the licensee or the lessee.

166. To ascertain and verify the value of precious stones, etc.---The Licensing Authority may from time to time ascertain and verify in such manner as it may deem fit, the value of all precious stones and other minerals, ore and metals dressed or extracted by a licensee or a lessee for the purpose of ascertaining the royalty payable under these rules.

167. Change in the constitution of the licensee or lessee.---A licensee or a lessee may issue any fresh capital or make any change in its constitution which shall be intimated in writing within thirty days to the Licensing Authority, which may finally confirm it:

Provided that if more than fifty per cent transfer of capital/share is involved, the case shall be dealt with in accordance with rule 107 of these rules.

168. Exclusion of lands for public purposes.---If an area or a portion thereof held under a license or a lease is required at any time for any public purpose, the licensee or the lessee shall forthwith release to the Licensing Authority such area and to such extent as is required by Government under such terms and conditions as may be determined by the Licensing Authority:

Provided that the licensee or lessee shall be paid the compensation of the investment made in the said area or part thereof to be assessed by an umpire appointed by the Licensing Authority:

Provided further that where any area excluded as above becomes subsequently available for the purpose of grant under license or lease, the previous licensee or the lessee shall have prior right over such area if his original license or lease subsists.

169. Report of accident, etc.---A licensee or a lessee shall report immediately to the Licensing Authority any incident of fire, explosion, inundation or roof-fall causing damage to mineral property or loss of human life. The Licensing Authority may direct an enquiry to assess the loss caused to mineral property and reasons thereof. In case, it is proved to the satisfaction of the Licensing Authority that the accident had taken place due to the negligence of the licensee or the lessee, appropriate action against the defaulter shall be taken under these rules or any law for the time being in force.

170. Sub-letting.---(1) No licensee or lessee shall sublet the mine for the purpose of extraction of the mineral to any third person,

(2) The license or the lease shall be cancelled by the Licensing Authority, if the provision of sub-rule (1) is violated:

Provided that before proceeding under sub-rule (1), the licensee or the lessee shall be given an opportunity of being heard.

Explanation:---Sub-letting includes such act on the part of a licensee or a lessee whereby the liberties, powers, privileges and obligations under the license or lease, as the case may be, are transferred to a third party in respect of the area demised under the license or lease.

171. Taking possession of works, etc. in time of war or national emergency.---

(1) In the event of a state of war or national emergency, Government may take control of works, plant and premises under the license or the lease.

(2) In such an event, the licensee, or the lessee shall conform to and obey all directions issued by the Licensing Authority or Government in this behalf.

(3) A fair compensation as determined by the Licensing Authority through an independent umpire shall be paid to the licensee or the lessee.

172. Licensee or lessee ceasing to be national of Pakistan.---(1) If a licensee or a lessee ceases to be a national of Pakistan or if a Company ceases to be incorporated in Pakistan, it shall within a period of one month inform the Licensing Authority and apply to it, for consent to assignment of the rights granted by the license or the lease under these rules.

(2) In the event of the licensee or the lessee failing to obtain such consent, the Licensing Authority may without prejudice to any obligation or liability imposed by, or incurred under these rules, revoke the license or the lease.

173. Unauthorised mining.---(1) If any person starts prospecting or mining any mineral outside the area granted to him under a license or a lease or in any area for which he has not obtained a license or a lease or if any person obstructs free access of a licensee or a lessee to the licensed or leased area or directly or indirectly tries to interfere with the prospecting or mining operations by a licensee or a lessee, he shall be punishable by a court of competent jurisdiction, with imprisonment for a term not less than three (3) months, which may extend to three years and/or with a minimum fine of Rs.1,00,000/- which may extend Rs.10,00,000/- or with both

(2) The Licensing Authority shall appoint a technical committee to assess the losses incurred due to obstruction, hindrance, or closure of the prospecting exploration or mining operations caused by any person(s) and proceed to recover the assessed losses from such person(s), which in default shall be recovered as arrears of land revenue.

(3) In the event of any unauthorized mining obstruction, hindrance or interference in the prospecting, exploration or mining operations, the administration of the locality, on request of the Licensing Authority, shall take all necessary steps to stop the illegal acts to ensure smooth operations of the licensee or lessee.

(4) Notwithstanding anything contained in sub-rule (1), the Licensing Authority shall have the power to stop unauthorized work in such manner as it may deem fit and recover in addition to the penalty, the pit-mouth value of the mineral so excavated from the person responsible for such un-authorized work.

(5) The offences under sub-rule (1) of this rule are cognizable and shall be dealt with accordingly.

174. Registration of Surveyors.---(1) The Licensing Authority shall register and maintain a list of suitably qualified Mine Surveyors who, in its opinion, are competent to carry out boundary demarcation, survey both underground and aboveground and to prepare plans as are required under these rules on the rates of fee fixed by the Licensing Authority from time to time:

Provided that the Licensing Authority may register such Mine Surveyors initially for a period of five years on payment of such fee as may be prescribed by it. The membership may be renewed in the manner prescribed.

(2) A boundary demarcation certificate required under rule 146 shall be accepted by the Licensing Authority only if the demarcation has been carried out by a registered Mine Surveyor and the prescribed certificate is signed by him.

(3) If at any time the Licensing Authority has reasons to believe that the registered Surveyor has committed gross negligence or misconduct in the discharge of his duty under these rules, it may impose a fine of ten thousand rupees and may also, subject to notice, cancel the registration of the Surveyor:

Provided that before such cancellation, the Mine Surveyor shall be given an opportunity to explain his position and shall be heard in person, if he so desires.

(4) A Surveyor referred to in sub-rule (1) shall have such qualifications, as may, from time to time, be determined by the Licensing Authority by a Notification in the Official Gazette.

(5) A Mine Surveyor who wishes to be registered under this rule shall make application to the Licensing Authority.

175. Persistent violation of rules and conditions.---If a licensee or a lessee persists in violating any of the terms and conditions of the license or the lease or the provisions of these rules, and fails to rectify the violation within such period as may be fixed by the Licensing Authority, the license or the lease may, subject to notice, be cancelled.

176. Power of distress.---If any dues payable under a license or a lease are not paid within six months next after the due date, the Licensing Authority may, subject to notice, determine the license or lease and take possession of the premises comprised therein.

177. Delivery of mines, etc. in good condition.---On the expiry, surrender or determination of a license or a lease, the licensee or the lessee, as the case may be, shall deliver to the Licensing Authority the demised premises and all mines, if

any, in a proper and workable state save in respect of any working as to which the Licensing Authority may have earlier sanctioned abandonment in which case he shall securely plug any bores and fill up or fence any holes or excavations that he may have made in the land to such extent as the Licensing Authority may require. The lessee or the licensee shall also to like extent restore the surface of the land and buildings and other structures not belonging to him which he may have damaged in the course of prospecting or mining.

178. Force majeure.---Failure on the part of a licensee or a lessee to fulfil any of the terms and conditions of these rules shall not entitle the Licensing Authority or Government to make any claim against the licensee or the lessee or such failure be deemed a breach of the condition of the license or the lease in so far as it arises from force majeure.

Explanation.---In this rule, the expression 'Force Majeure' means the act of God, war, insurrection, riot, civil commotion, tide, storm, tidal wave, flood, lightning, explosion, fire, earthquake and any other happening which the licensee or the lessee could not reasonably control.

179. Black listing.---(1) A person, a firm or a Company may be black listed by the Licensing Authority on account of serious and repeated violations of these rules.

(2) The license or lease held by such person, firm or Company shall stand terminated and such person, firm, or Company shall be debarred from obtaining any mining concessions.

(3) In case such person or any partner of such firm or a Director of such Company forms a new firm or becomes a Director of another Company it shall render such other firm or Company ineligible to receive a mining concession.

180. Establishment of check posts.---(1) The Licensing Authority may, for the purpose of verification or collection of royalty on minerals dispatched from the licensed or leased areas, establish check posts at suitable places, authorize any official to check the mineral in transit and take such other measures with regard to recovery of royalty as it may deem fit.

(2) Notwithstanding the provision of rule 140 the Licensing Authority may order the collection of royalty on minerals dispatched from the licensed or leased area or areas, as the case may be, through sealed tenders or open auction on the terms and conditions determined by it.

181. Forfeiture of plants etc.---If any machinery, building structure, mineral or other property belonging to the licensee or the lessee is not removed by him from the licensed or leased area within six months after the date of expiry or determination of the license or the lease, the Licensing Authority may enter upon the said land, take possession of all the machinery, building structures, mineral or any other property belonging to the licensee or the lessee and may dispose it off in any manner as it may deem fit.

182. Unit development and beneficiation of the minerals.---The Licensing Authority may, on sufficient technical economic grounds require the licensee or the lessee to-

(a) associate his uneconomic holding under a license or a lease with the holding of no other licensee or lessee, as the case may be, for the purpose of joint exploitation on the terms and conditions to be mutually agreed by the licensees or the lessees or in case of disagreement as the Licensing Authority may determine after consultation with the parties concerned; and

(b) grade, beneficiate, refine or concentrate the mineral to a marketable standard.

183. Appeal.---(1) If a person is aggrieved by an order of the Licensing Authority passed under these rules, he/ may; within thirty days of the communication of the impugned order, prefer an appeal to Government.

(2) The decision of Government on such appeal shall be final.

184. Outstanding dues payable even after expiry of a license or lease.---On the surrender, expiry or determination of a license or a lease, the licensee or the lessee, as the case may be, shall be responsible for payment of all outstanding dues and other charges which, in the event of non-payment, shall be recoverable as arrears of land revenue.

185. Auction of area with proved mineral reserves.---In case of cancellation of license or lease in respect of an area containing proved mineral reserves the Licensing Authority may lease out the area by inviting sealed tenders on such term and conditions as may be prescribed by it:

Provided that if an area does not fetch a reasonable bid in consecutive tenders or auctions, the area may be deleted from the list of tender or auction.

Explanation:- The entire area covered by a previous license or a lease shall be treated as proved, in case the ex-licensee or lessee had reported production of the mineral through mining or proved the area through drilling of borehole or boreholes, as the case may be.

186. Membership of an association.---The Licensing Authority may require a licensee or a lessee to become a member of an association recognized by it as representing the interests of the Private Sector of Mining Industry as a whole.

187. Constitution of Board.---Government may, by a notification, constitute a Board comprising official and non-official members and assign the functions and duties regarding the development of mining areas, provisions of infrastructure facilities and other ancillary matters connected therewith.

PART-XV
MINOR MINERALS

188. Mining of minor minerals.---There shall be no mining of minor minerals except under a lease granted in accordance with these rules. Notwithstanding anything contained in these rules a lease for minor mineral shall be granted and governed by rules relating to minor minerals under these rules.

189. Period of lease.---The period of a lease shall not exceed three years.

190. Mode of grant.---A lease shall be granted on “as is, where is basis” through open auction conducted by an Auction Committee constituted under the rules 192. The area granted under a mining lease shall not be altered or changed in any case.

191. Constitution of an Auction Committee.---(1) Government may, by notification, constitute an Auction Committee in each District, to conduct auction of leases for minor minerals, which shall consist of such member as Government may notify from time to time.

(2) An officer in BS-17 or above of the Directorate General, Mines and Minerals, North-West Frontier Province, shall act as Secretary of the Auction Committee, hereinafter called “Secretary”.

(3) Three members including the Chairman or his authorized representative shall constitute the quorum of the Committee, which shall consist of the following:

- (i) District Coordination Officer (Chairman)
- (ii) District Officer (Revenue & Estate) (Member)
- (iii) Assistant Director Mines & Minerals (Secretary-cum-Member)

192. Schedule of auction.---The Secretary shall, for the purpose of general information, cause to be prepared and maintained a schedule, alongwith necessary plans based on Survey of Pakistan maps of the area in a district where minor minerals are situated and shall also cause a tentative programme for auction formulated and maintained in his office.

193. Shape and size of the area.---Each area in respect of which a lease is granted shall, as far as practicable, be in a compact shape and shall be identified by well marked permanent physical boundaries or by straight lines. No lease shall be granted in respect of an area exceeding two hundred acres in the form of one unit.

194. Minor Minerals.---The minor minerals to be granted under these rules will include bajri, ordinary sand and gravel.

195. Public notice of auction.---For general information of the public, the Licencing Authority shall, through public notice, advertised in newspapers at least fifteen days prior to the date of auction:

- (i) the location of the area in respect of which the lease is proposed to be granted;
- (ii) the details of the auction programme specifying the date, time and place where the auction is to take place; and
- (iii) the terms and conditions of the auction.

196. Registration of applicant.---(1) A person desirous of taking part in an auction shall submit, by hand, an application complete in all respects, to the Secretary or to an officer authorised by him in this behalf in the form appended to

these rules at least one day prior to the auction.

(2) Every application under sub-rule (1) shall be accompanied by-

- (i) the application fee, as determined by Government from time to time;
- (ii) earnest money as determined by Government; and
- (iii) a copy of-
 - (a) the National Identity Card of the applicant;
 - (b) income tax registration certificate;
 - (c) the duly registered partnership deed where the applicant is partnership firm; and
 - (d) the Articles and Memorandum of Association along with evidence of paid up capital, if the applicant is a Company.

(3) If an application is not submitted in accordance with the provisions of sub-rules (1) and (2), it shall be rejected and the applicant shall not be eligible to take part in the auction.

197. Acknowledgement of applications.---The officer receiving the applications shall record thereon the date and time of its receipt and deliver to the applicant a registration slip stating the date and time of the auction.

198. Powers to accept or reject a bid.---The Licensing Authority shall have the discretion to accept or reject the highest bid received in an auction for reasons to be recorded in writing.

199. Refund of earnest money.---The earnest money deposited under rule 197 may be refunded after the auction, except to highest bidder whose earnest money shall be refunded only after acceptance or rejection of the bid by the Licensing Authority:

Provided that the earnest money deposited by the highest bidder shall be forfeited if he fails to deposit one-fourth of the bid money at the fall of hammer.

200. Payment of bid money.---The highest bidder shall deposit one-fourth of the balance of the bid money in the manner and within the time prescribed by Government, failing which the earnest money shall stand forfeited and the next highest bid may be treated as the highest bid, subject to the condition that the next highest bid is not less than ten per cent of the highest bid.

201. Security deposit.---(1) On approval of the bid, the highest bidder shall deposit twenty-five per cent of the bid money as security within a period of fifteen days from the date of issue of the letter of approval in the manner specified by the Licensing Authority.

(2) If the highest bidder fails to deposit the security amount within the time limit given under sub-rule (1), the bid money and the earnest money already deposited by him shall be forfeited.

(3) On the expiry or termination of the lease, as the case may be, the security deposit shall be refunded to the lessee after making such deductions on account of outstanding dues, compensation for surface damage, penalty or otherwise as the Licensing Authority may order.

202. Grant of lease.---(1) After the security deposit is made the Secretary shall issue an allotment letter whereupon the lease shall stand granted to the highest bidder.

(2) The allotment letter shall state the terms and conditions of the lease.

203. Payment of installments.---(1) The lessee shall pay the instalments, if any, of the bid money in advance on the dates stated in the allotment letter and submit the original Treasury Challan to the Licensing Authority.

(2) In case the lessee fails to pay any installment by the due date, the Licensing Authority, subject to one-month notice, may cancel the lease and through its agent take the possession of the area.

204. Surface rent.---(1) A lessee shall pay, for all Government land which he may use or occupy superficially for the purpose of the operations conducted under the lease, a surface rent at the rate assessable under the revenue law or rules applicable in the district in which the land is situated:

Provided that if no such rent is assessable under the existing law, the rent may be fixed by the Licensing Authority.

(2) If the land belongs to a private person, a lessee shall pay surface rent to the owner of the land actually used or occupied superficially at such rate and in such manner as may be mutually agreed upon between the lessee and the land owner and in case of disagreement between them, at such rate and in such manner as may be determined by the Licensing Authority whose decision shall be final.

(3) Violation of this rule shall be punishable as provided in rule 173.

205. Acquisition of land.---If, in the opinion of the Licensing Authority, it is necessary to acquire land to provide access to the leased area, it may acquire it under the Land Acquisition Act, 1894 (Act No. 1 of 1894).

206. Compensation.---A lessee shall pay such compensation as may be assessed by the authority concerned in accordance with any law for the time being in force for such loss, which may be caused as a result of the operations carried on by him under the lease and shall indemnify the Licensing Authority or any officer working on its behalf against all claims which may be made by third parties in respect of any such damage, injury or disturbance and in case of dispute the matter shall be referred to the Licensing Authority, whose decision shall be final:

Provided that before proceeding under this rule, the Licensing Authority shall give the parties reasonable opportunity of being heard.

207. Operation in the reserved and protected forests.---(1) All operations conducted under these rules within a reserved or protected forest shall be subject to such conditions as the Licensing Authority may by a general or a special order, prescribe.

(2) It shall be a condition of every lease granted under these rules that before the commencement of mining operations within a reserved or protected forest, a notice shall be given to the Forest Officer concerned of the intention to commence operations.

208. Demarcation of area.---(1) The lessee at his own expense shall, within fifteen days of issue of allotment letter, cause the granted area demarcated on ground according to the survey data and erect and maintain at all times correct/permanent boundary marks and pillars standing not less than one meter above the surface of the ground and being not less than half meter square or in diameter at the base at every angle or corner of boundary line. In case, the lessee

fails to erect or maintain the boundary pillar, the Licensing Authority or its authorized agent may impose penalty at such rate as prescribed by Government.

(2) The Licensing Authority may demarcate the area officially on payment of such fee by the lessee as prescribed by Government.

(3) Any boundary dispute, in respect of the leased area, shall be referred to the Licensing Authority, whose decision shall be final.

209. No work within one hundred meters from any railway line, etc.---A lessee shall not carry on or permit to be carried on any mining operation at or upto any point within a distance of hundred meters from any Railway line, water reservoir, power line, gas pipeline or other public works, or building or place of archaeological importance except with the prior permission, in writing, of the Authority concerned and in accordance with such conditions as it may impose.

210. Inspection.---A lessee shall provide the Licensing Authority or an officer authorized by it in this behalf, all reasonable facilities to enter upon the leased area for purpose of inspection, survey, measurement or inquiry about any matter relating to the lease and shall make available all records pertaining thereto for examination.

211. Access to other lessees.---(1) A lessee shall allow lease holders of any area adjoining or accessible through the land held by the lessee all reasonable facilities of access thereto on the terms and conditions as may be determined by the Licensing Authority.

(2) Failure on the part of the lessee to comply with the terms and conditions determined by the Licensing Authority under sub-rule (1) shall render him liable to a fine which shall not be less than five thousand rupees and not more than fifty thousand rupees.

212. Change in the constitution of the lessee.---A lessee shall not make any change in its constitution without prior consent in writing of the Licensing Authority.

213. Exclusion of lands for public purposes.---If an area or a portion thereof held under a lease is required at any time by Government for any public purpose, the Licensing Authority shall have the powers to withdraw such area without notice and the bid money shall be reduced proportionately.

214. Unauthorized mining.---(1) If any person carries out mining of minor minerals outside the area granted to him under a lease or in any area for which he has not obtained a lease or obstructs free access of a lessee to the leased area or directly or indirectly tries to interfere with mining operation by a lessee, action shall be taken against the defaulted person as provided in rule 173.

(2) Notwithstanding sub-rule (1), the Licensing Authority shall have the power to stop unauthorized work in such manner as it may deem fit and recover upto three times the sale price of minor mineral so excavated from the person responsible for such unauthorized work:

Provided that before proceeding, the person shall be given a reasonable opportunity of being heard.

215. Right of surrender.---A lessee may surrender the mining lease at any time after four months from the date of its grant by giving either two months prior

notice in writing to the Licensing Authority or pay proportionate bid money in lieu thereof:

Provided that in case of partial surrender of the lease area, the lessee shall not be entitled to any reduction in the bid money.

216. Assignment.---A lessee shall neither transfer any right or interest under the lease, nor part with the possession of the area or any part thereof, without prior permission, in writing, of the Licensing Authority.

217. Method of making application for assignment.---(1) An application for assignment shall be submitted at least six months before the expiry of lease and shall be accompanied by the fee as prescribed by Government.

(2) The application shall be presented in person and shall be signed by both the assignee and the assignor before the Licensing Authority or an officer authorized by it in this behalf.

(3) The security deposited by the assignor shall be refunded after receiving fresh security deposit from the assignee on approval of the assignment by the Licensing Authority.

218. Refund of proportionate bid money.---In case a lessee fails to assume possession of the area or work therein due to circumstances beyond his control and informs within a period of fifteen days from the date he first faced the hindrance in this respect and proves it to the satisfaction of the Licensing Authority, it may refund the proportionate bid money to the lessee:

Provided that no relief under this rule shall be admissible due to rains or floods in the rivers, streams or of dangerous quarry operations.

219. Removal of buildings, structures etc. on expiry of lease.---(1) On expiry or termination of a lease, the lessee shall hand over the possession of the area to the Licensing Authority or its authorized representative clear of all buildings, structures, machinery, excavated minerals and other things.

(2) In case such buildings, structures, machinery, minerals or other things are not removed within one month from the date of expiry or termination of lease, it shall vest in the Licensing Authority without any right of the lessee for compensation and the Licensing Authority may dispose them off in such manner as it may deem fit.

220. Violation of rules or lease agreement.---(1) Except as otherwise provided in these rules, in case of violation or breach of any rule or any term or condition of the grant of lease, the Licensing Authority shall give a notice to the lessee providing him with an opportunity to rectify the breach within the time specified in the notice.

(2) If the lessee fails to rectify such violation or breach within the specified time, the Licensing Authority may terminate the lease and forfeit the bid money already paid by the lessee.

221. Erection of buildings, etc.---No body other than a lessee shall erect any building, structure, machinery or plant within a distance of one hundred meters from the boundary of the leased area except with the prior permission, in writing, of the Licensing Authority.

222. Service of letters and notices.---Any letter or notice issued to the lessee or to any person at his postal address by registered post shall, for purpose of these rules, be considered sufficient service.

223. Safe working.---(1) If, on inspection or otherwise, the Licensing Authority is of the opinion that a lessee is working in a manner contrary to the conservation of mineral property or safety of workers or other people, the Licensing Authority may require the lessee, in writing , to remove the defects or amend the workings within a period, not exceeding two months, as is determined by the Licensing Authority.

(2) If the lessee fails to comply with the instructions within the specified period, the Licensing Authority shall have the power to stop the work of extraction of minerals in whole or in any part of the area demised under the lease till such time that the defects are removed to the satisfaction of the Licensing Authority and the lessee shall not be entitled to any relief whatsoever on this account.

(3) If the defects are not removed or the method of extraction is not amended to the satisfaction of the Licensing Authority within two months from the date of stoppage of work, the lease shall be cancelled and the bid money already paid shall be forfeited.

224. Re-auction of leased area.---A leased area may be re-auctioned within three months before its expiry but if the auction or the grant of lease is delayed due to certain reasons, the Licensing Authority may extend the period of previous lease upto the date of next grant on payment of proportionate bid money in advance for the extended period:

Provided that any extension beyond a period of three months but not exceeding six months on this account shall be subject to the approval of Director General:

Provided further that extension beyond a total period of six months but not exceeding one year shall be subject to the approval of Government.

225. Issuance of despatch slips.---(1) The lessee shall not dispatch any mineral from the leased out area without issuing a dispatch slip duly signed by him or his authorized representative in the form specified by the Licensing Authority.

(2) If a lessee fails to issue proper dispatch slips, the Licensing Authority or an officer authorized by it in this behalf may impose penalty as may be specified by Government.

(3) If a lessee commits repeated violations of this rule, the Licensing Authority may terminate the lease and forfeit the instalment or bid money already paid.

226. Mode of payment.---All amounts payable under these rules shall be deposited into a Government Treasury or into any Bank authorized by Government for the purpose under the Head of Account specified by Government.

227. Taking over possession of area.---(1) On expiry or earlier termination of a lease, the possession of the area shall be assumed by the Licensing Authority or its authorized representative and entry in this respect shall be made in the record of the Licensing Authority.

(2) Possession of the area shall be considered as validly assumed if entry to this effect is available in the record of the Secretary or the Licensing Authority and an

intimation has been sent to the concerned revenue officer of the district.

228. Outstanding dues payable even after expiry of a lease.---(1) The lessee shall be responsible for payment of all outstanding dues and other charges even after the surrender, expiry or termination of the lease.

(2) In the event of non-payment of dues by the lessee or any other person under these rules, the same shall be recovered as arrears of land revenue.

229. Black listing.---(1) A person may be black listed by the Licensing Authority on account of serious or repeated violations of these rules.

(2) The lease held by such person shall stand terminated and he shall be debarred from taking part in all future auctions.

230. Appeal.---(1) If a person is aggrieved by an order of the Licensing Authority passed under this chapter, he may, within thirty days of the communication of the impugned order prefer an appeal to the Director General.

**Government of N.-W.F.P.,
Industries, Commerce, Mineral Development,
Labour and Technical Education Department.**

SCHEDULES

SCHEDULE 1

APPLICATION FEE

(APPLICABLE TO LARGE SCALE MINING)

No. Category Application

Fee (Rs)

Renewal Fee (Rs)

1. 2. 3. 4.

1 Reconnaissance License 15,000 Not Renewable

2 Exploration License 25,000

- First Renewal 50,000

- Second Renewal 50,000

- Amendment 25,000

3 Mineral Deposit 100,000

Retention License

- Renewal 15,000

- Amendment 25,000

4 Mining lease 100,000

- Renewal - 100,000

- Amendment 50,000 -

SCHEDULE 2

(APPLICABLE TO LARGE SCALE MINING)

No. Category Rent Period (Year)

_____ Rs. Per Sq. Km

1 Reconnaissance License 100/- 1 year

2 Exploration License 250 1-3

750 4

- First Renewal 1,000 5

1,250 6

- Second Renewal 2,000 7

3 Mineral Deposit 3,000 2 + 1

Retention License

4 Mining Lease 3,000 30 + 10

SCHEDULE 3

(APPLICABLE TO LARGE SCALE MINING)

GROUPS OF MINERALS

A. CONSTRUCTION AND INDUSTRIAL MINERALS GROUP

Alunite, andalusite-sillimanite-kyanite, anhydrite, aplite, 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, epsomite, feldspar, emeralds, garnet (for industrial purposes), graphite, gypsum, heavy mineral sands, iodine minerals leucoxene, emerald minerals, limestone and marble, magnesite, mica nepheline syenite, nitrate, olivine, perlite, phosphate, fossil guano, quartz (for "emeralds" 1 purposes), picture-stone, potash, pumice, pyrophyllite, salt, sepiolite, silica sand, soapstone, soda-ash and other sodium compounds, strotianite, sulphur and pyrite, talc, vermiculite, wollastonite and any other mineral as declared by the Government.

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

Amozone, aventurine, beryl (including aquamarine, heliodor and morganite, but excluding beryl as a source of beryllium metal or as an industrial mineral), chrysoberyl, chrysocolla, cordierite, diopside, dumortierite, garnet, malachite, quartz (including amethyst, citrine, rock crystal, rose and strawberry quartz, agate, carnelian, chalcedony, chrysoprase, jasper, moss agate, hyalite, opal, 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, indium, iron, lead, manganese, mercury, molybdenum, nickel, rhenium, radium, "Rare Earths" or lanthanides, including the actinides, scandium and yttrium, rhenium, rubidium, selenium, tantalum, tellurium, thallium, tin, tungsten, vanadium, zinc or zinc, but does not include any such minerals if such mineral is incidentally in group of minerals.

NOTE:-

The Government may include or exclude any mineral or group of minerals in the above said groups through Notification as deemed appropriate.

Secretary to Government of N.W.F.P

**Industries, Commerce, Mineral Development,
Labour and Technical Education Department.**

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