

**REPUBLIC OF SOMALILAND
MINISTRY OF ENERGY & MINERALS**

**SOMALILAND MINING ACT:
ACT: NO XXX/2018**

Final Draft

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PREAMBLE

RECOGNISING that all mineral resources are public property which significantly contribute to the economic development of the country, the state shall ensure the conservation and development of the resources for the benefit of the people:

ACKNOWLEDGING the significant role of private investment in the capital formation, technology acquisition and marketing of minerals;

RESPECTING that exploration and exploitation of mineral resources should be carried out in accordance with sound principles of resource conservation to develop national expertise in the mining industry;

To achieve these ends, it is essential to promulgate a new law on mining operations;

THEREFORE, in accordance with articles 38 and 70 of the Somaliland Constitution 2001, it is hereby enacted as follows:

SCOPE OF THIS ACT

- (I) This Act shall apply to the Minerals specified in the First Schedule
- (II) The minister may from time to time by notice in the official gazette amend the First Schedule
- (III) This Act shall apply to the territory of Somaliland comprising surface of the ground or in the soil or sub-soil, rivers, water courses, territorial waters and continental shelf of the Republic of Somaliland including the exclusive economic zone.
- (IV) This Act shall apply to minerals and not petroleum and hydrocarbon gases

The purposes of this Act are;

- 1) To ensure the conservation and development of the resources for the benefit of the people.
- 2) To ensure mining of mineral resources be carried out in accordance with appropriate technology and sound principles of resource conservation and develop national expertise in the mining industry.
- 3) To promote mining and exploration, in a socially, economically, and ecologically sustainable manner.
- 4) To govern the structure of mining authorities and their responsibilities, the entitlement to mining and the oversight of safety in and around the mines.
- 5) To provide an integrated framework for the effective regulation of authorizations for exploration and mining operations.

CHAPTER ONE

PRELIMINARY

Interpretation;

In this Act, unless the context otherwise requires—

Article 1: **Short Title**

This Act may be cited as the Mining Act, Act No: xxx/2018

Article 2: **Definitions**

“**Application**” includes—

(a) an application for the grant, renewal, transfer, assignment or surrender of a mineral right; or
“**Arm’s-length value**” means the purchase price under an immediate sale transaction in an open market where the purchase price for the sale—

(a) is not influenced by any special relationship or other arrangement between the parties to the transaction, other than the immediate sale itself; and

(b) is not affected by any non-commercial or other considerations; and specifically excludes any barter, swap, exchange, or transfer price arrangements or any restricted transaction that is associated with special financial, commercial or other considerations;

“**Annual Fee**” means the annual charge payable by the holder of a mineral right under this act;

“**Art Stone**” means any stone such as marble, extracted for its natural beauty for use in ornaments and polishing, etc., but not in building or construction.

“**Artisanal Mining**” means traditional and customary mining operations using traditional or customary ways and means;

“**Artisanal mining permit area**” means an area that is subject to an artisanal mining permit;

“**Artisanal Mining permit**” means an artisanal mining permit granted under chapter eleven

“**Artisanal mining operations**” means mining operations that do not exceed a depth of ten meters;

“**Authorized Activities**” means Exploration, Mining or any related activities carried out pursuant to a Licence or Permit.

“**banker**” includes a manager, cashier or any other officer acting in that capacity of a company engaged in the business of banking within Somaliland and in compliance with the provisions of the relevant banking law in Somaliland.

“**block**” means a rectangular shape of land for exploration or mining of size two by four kilometres

“**board**” means the board of the national mining corporation established in this Act

“**Commercial Discovery**” means a discovery of Minerals which could potentially be economically produced.

“**Community**” means —

- (a) a group of people living around an exploration and mining operations area; or
- (b) a group of people who may be displaced from land intended for exploration and mining operations;

“Community Development Agreement” means an agreement entered into between a Mining Licence holder and a community;

“Construction Materials” include all materials that are mined for use in the construction of buildings, roads, dams and similar works such as rock, stone, gravel, sand, clay, and limestone for the production of lime, but does not include industrial minerals

“Company” has the meaning assigned to it under the law governing registration of companies

“Corporation” means the National Mining Corporation established in chapter three;

“Country” means the Republic of Somaliland.

“Court” means the courts of the Republic of Somaliland.

“Day” means a calendar day;

“Diamond” includes a rough and uncut diamond;

“Director of Geological Survey” means the Director of Geological Survey appointed under this Act

“Director of Mines” mean the Director of Mines appointed under this Act

“Deposit” means any natural concentration of Minerals found within the earth’s crust.

“Environmental management program” means a plan meeting all requirements of this Act

“Environmental Protection and Rehabilitation Program” means a program for the protection and rehabilitation of the environment based on mining industry best practice and approved by the Minister.

“environmental impact assessment licence” means an environmental impact assessment licence granted under the relevant Somaliland Environmental laws

“excavation” means a trench, pit, shaft, dredging, brine pumping or other work which is related to operations under a mineral right;

“Exploration (to Explore)” means the search for Minerals and Deposits by any geological, geochemical, geophysical or related methods including trenching, drilling and sampling.

“Exploration Licence” means a licence to carry out Exploration granted pursuant to this Act.

“Explosives” mean all forms of blasting material to be used in connection with Exploration, Mining or related activities.

“Financial difficulty” in respect of a company or other body corporate, means that the company or body corporate—

- (a) is in liquidation;
- (b) is the subject of a subsisting court order for its winding up or dissolution; or
- (c) has made a composition or arrangement with its creditors which remains in effect;

“First-come, first-served” means the policy, of considering and approving applications based on the order of receiving the applications;

“Gemstone” means any form of mineral, which is commonly cut and polished for use in jewellery with the exception of diamonds which shall be considered as Minerals.

“Geologist” means a person who is qualified to practise as a geologist by a recognised and accredited institution in Somaliland or other jurisdictions.

“Geology” means the scientific and research aspects of the solid earth and its processes;

“Geological report” means a report made by a geologist;

“Government” means the Government of the Republic of Somaliland

“Gross value” means the arm's-length value of minerals or mineral products at the point of sale within Somaliland, without any discounts, commissions or deductions;

“Groundwater” has the meaning assigned to it under the relevant law governing water.

“Holder” means

a) a person or company to whom a Permit or Licence has been granted pursuant to the Somaliland Mining Act 2018.

b) the person to whom a mineral right is transferred or assigned

“Hydrocarbons” mean all-natural organic substances composed of carbon and hydrogen, including crude oil and natural gas and all other mineral substances, products, by-products and derivatives found in conjunction with the same excluding coal.

“Inspector of mines” means a public officer who has been appointed in accordance with this Act

“large scale operation” means a exploration or mining operation that is a large-scale operation in accordance with this Act;

“Licence Area” means a portion of the geographic area of the Country which is subject to a Licence granted pursuant to this Act.

“Licence” means Reconnaissance Licence, Exploration Licence, Retention Licence, or Small-scale Mining Licence.

“Liquidator” has the meaning assigned to it under the relevant law governing company registration.

“Machinery” means any device operated other than by muscular force exerted by the operator;

“maritime zones” has the meaning assigned to it under the Somaliland Maritime laws

“member” means a member of the Board appointed under this Act

“Minister” means the Minister responsible for mining and minerals;

“Ministry” means the Ministry responsible for mining and minerals

“Mine” —

(a) when used as a noun, includes an excavation or system of excavations made for the purpose of, or in connection with, the extraction of minerals or mineral products, and includes an open-cast pit and any area where a mineral is won by dredging brine pumping, evaporation or other means; and

(b) when used as a verb, means the carrying out of a mining operation and includes tailing;

“Mining Act” means the Somaliland Mining Act enacted by the Parliament of The Republic of Somaliland.

“Mineral Agreement” means mineral investment agreements entered into between the government and mining companies where investments exceed two hundred million US Dollars.

“Mining area” means an area or areas of land that are covered by a mining licence

“Mining bond” means an obligatory payment or cash deposit that may be required of a mineral right holder as guarantee for the due implementation of an approved mining programme;

“Mining Licence” means a Licence granted pursuant to this Act

“Mines support” means —

- (a) contract mining services which include top soil and waste removal, drilling and blasting, excavating and haulage of ore to plant on turnkey basis;
- (b) assay laboratory services;
- (c) drilling and blasting services;
- (d) mineral exploration services for a holder of a mineral right;
- (e) contract mining services for small scale and artisanal mining, which include mining and processing of ore reclamation re-vegetation and management of mining operations;
- (f) any other services specifically and exclusively related to mining, which the Minister considers necessary for the effective and sustainable development of the mining industry;

“mineral dealer” means any entity or person licenced to carry out mineral dealings;

“Mineral dealings” means—

- (a) buying minerals;
- (b) selling minerals;
- (c) bartering minerals;
- (d) depositing or receiving minerals as a pledge or security; or
- (e) cutting, polishing, processing, refining and treating minerals;

“mineral dealer's permit” means a permit issued in accordance with this act

“mineral deposit” means a mass of naturally occurring minerals of economic value;

“mine waste and tailings” means the residue of mining operations that includes gravel, sand, slime, or other substances that are discarded in the course of mining operations;

“mineral” means a geological substance whether in solid, liquid or gaseous form occurring naturally in or on the earth, in or under water, in mine waste or tailing and includes the minerals specified in the First Schedule but does not include petroleum, hydrocarbon gases or groundwater;

“mineral product” for the purposes of royalty a product of mining operations, the product of extraction in mining operations of a metal or a precious mineral from a mineral and the product of beneficiation in mining operations of a mineral, but excluding waste and tailings;

“mineral production sharing” means an agreement whereby the government shares in the production of the contractor, whether in kind or in value, as owner of the minerals.

“mineral right” means —

- a) a retention licence
- b) a mining licence
- c) an exploration licence
- d) a small-scale mining licence
- e) an artisanal mining permit
- f) a quarry permit

“Mining permit” means a permit granted in accordance with this Act

“Mining licence” means a licence relating to large-scale operations which authorises the holder to carry out mining operations;

“Mining operations” means an operation carried out in connection with a mine—

- (a) to win a mineral from where it occurs;
- (b) to extract metal or precious mineral from a mineral so won, or to beneficiate a mineral so won; or

“Parliament” means Parliament of the Republic of Somaliland.

“Permit area” means the area covered by an artisanal mining permit;

“Precious minerals” means the minerals specified in Part B of the First Schedule;

“Precious stones” means the minerals specified in Part C of the First Schedule;

“Programme for mining operations” in respect of a mining licence means—

- (a) a programme of an intended mining operation prepared by the holder of the licence and approved by the Director of Mines on the grant or renewal of the licence; or
- (b) where the programme is amended pursuant to this Act, means the programme as so amended;

“Quarry” —

- a) when used as a noun, a place, typically a large, deep pit, from which construction materials are or have been extracted.
- b) when used as a verb, means the carrying out of a quarrying operation

“Quarry Permit” means a permit to Quarry granted under this Act

“Radioactive mineral” means a mineral that contains by weight at least one-twentieth of one per cent (0.05 %) of uranium or thorium or any combination thereof, including, but not limited to monazite sand and other ores containing thorium, carnotite, and pitchblende;

“Reconnaissance area” means an area that is subject to a reconnaissance licence;

“Reconnaissance licence” means a licence granted under chapter six of this Act;

“Reconnaissance” means the operations and works to carry out the non-intrusive search for mineral resources by geophysical surveys, geochemical surveys, photo-geological surveys or other remote sensing techniques and surface geology in connection therewith, but excludes drilling and excavations;

“Register” means the register of mineral rights established under this Act;

“Regulations” mean the regulations made under this Act.

“Rehabilitation and Mine Closure Plan” means a plan for the decommissioning of the mine and restoration of the post-mined landscape to the intended post-mining land use.

“Republic” means the Republic of Somaliland.

“Retention Area” means the area or areas of land covered by a retention licence;

“Retention Licence” means a Licence granted pursuant to chapter eight of this act.

“Right of Passageway” means any required right of way necessary to access a Licence or Permit to carry out Authorized Activities.

“Small-scale Mining Licence Area” means an area that is subject to a small-scale mining licence;

“Small-scale Mining Licence” means a small-scale mining licence granted by the Ministry under this Act

“Small-scale Mining” means the intentional winning of minerals in mechanized operations not exceeding twenty meters in depth or involving the sinking of shafts, driving of adits, or other various underground openings;

“Small-scale operation” means a mining operation as described in chapter ten of this Act

“Special Mineral Concessions” means contracts between the government and exploration and/or mining licence holders for investments that do not qualify to be Mineral Agreements by virtue of their worth.

“Strategic minerals” means minerals declared to be strategic minerals under this Act;

“Surrender” means the giving up of all or a portion of a mineral right;

“Termination” means the lapse of a mineral right by expiry of time, surrender or cancellation; and where the surrender or cancellation is in respect of part only of the area covered by the mineral right, then the mineral right shall be deemed to have been surrendered or cancelled in respect of that surrendered or cancelled area.

“Unwrought precious metal” means precious metal in any form whatsoever, which is not manufactured or made up into an article of industry or of the arts, and includes amalgam, slimes, slags, precious metal concentrates, pots, battery chips, sweepings from reduction works and scrapings and by-products of unrefined precious metal and precious metal which has been smelted into the form of bullion but does not include ore *in situ*; and

“USD” means United States Dollars

“Water resource” has the meaning assigned to it under the Somaliland Water laws

CHAPTER TWO

GUIDING PRINCIPLES

The Minister and any person administering this Act shall be guided by the values and principles enshrined in the Somaliland Constitution (2001).

Article 3: **Ownership and Control of Minerals**

- 1) Every mineral in its natural state in, under or upon land in Somaliland, rivers, streams, water-courses, the exclusive economic zone and an area covered by the territorial sea or continental shelf is the property of the Republic of Somaliland and is vested in the Government of Somaliland for and on behalf of the people of Somaliland.

Article 4: **Prohibition of Exploration for Minerals without Authority**

- 1) No person or company shall, on or in any land in the Republic of Somaliland to which this Act applies explore for minerals or carry out mining operations without a Permit or Licence issued pursuant to this Act.
- 2) All lands in which minerals have been found in commercial quantities shall, from the commencement of this Act, be acquired by the Somaliland Government in accordance with the provisions of this Act.
- 3) The property in mineral resources shall pass from the Government to the person or company by whom the mineral Licence are lawfully granted, upon their recovery in accordance with this Act.
- 4) The Somaliland government's control over minerals vested in it shall be exercised in accordance with the provisions of this Act.
- 5) For the purpose of this Act, the land shall be deemed to be divided in accordance with the co-ordinates represented in the official geological maps of Somaliland held at the Ministry at a scale of 1: 50,000—
- 6) For purposes of this Act—
 - a) a geometric section that is wholly within Somaliland constitutes a block; and
 - b) where only part of a geometric section is within Somaliland, that part constitutes a block.
- 7) Despite the provisions of subsections of this act, fractions of blocks as may be prescribed shall be acceptable in the case of permits granted for small-scale and artisanal mining operations.
- 8) Saving for custom
 - (a) Nothing in this Act shall prevent any person from taking, subject to such conditions as may be prescribed from time to time by the Minister, soil, clay iron, salt or soda from any land, except land within the area of a mineral right, from which it has been the

custom of the member of the community to which that person belongs to take the same.

(b) The Minister may, by notice in the Gazette, prescribe materials of customary usage.

9) Right of pre-emption

(a) The State has a right of pre-emption of all strategic minerals raised, won or obtained within the territory of Somaliland before they are sold.

(b) The Minister may make Regulations to provide for the exploration, mining, processing and export of strategic minerals and strategic mineral deposits.

10) Discovery of minerals

(a) A person who discovers any minerals, for which there is no apparent holder of a mineral right or on any area of land which is not held by that person under a mineral right that confers rights on the holder to conduct exploration or mining operations for minerals, shall report the discovery to the Minister.

(b) The Minister shall, immediately upon receipt of a report under subsection (a) issue to the person an acknowledgement in writing of the receipt of the report.

(c) Subject to sub-section (a), a person who reports the discovery of any mineral shall be granted the first right of refusal to apply for a mineral right over the area of discovery.

Article 5: Types of Mineral Licence

The following Mineral Titles may be granted under this Act:

- 1) **Reconnaissance Licence**, that grants the non-exclusive right in the Licence Area to do Reconnaissance for Mineral Resources as provided for in Chapter (6) of this Act;
- 2) **Exploration Licence**, that grants the exclusive right in the Licence Area to search for Mineral Resources as provided for in Chapter (7) of this Act;
- 3) **Retention Licence** as provided for in Chapter (8) of this Act;
- 4) **Mining Licence**, that grants the exclusive right to do Mining Operations to obtain Mineral Resources in the Licence Area as provided for in Chapter (9) of this Act;
- 5) **Small-Scale Mining Licence** that grants the exclusive right to do Small-Scale Mining Operations to obtain Mineral Resources in the Licence Area as provided for in Chapter (10) of this Act, and
- 6) **Artisanal Mining Permit** as provided for in Chapter (11) of this Act.

Article 6: Restriction on Mineral Licences in Excluded and Restricted Areas

- 1) The Minister shall not grant a mineral licence which authorises exploration or mining operations on:
 - a) any land specified by the Minister, by notice in the Gazette, to be land upon which such operations are excluded or restricted; or
 - b) an area of which is subject to an existing permit or licence.

Article 7: Restriction on Mineral Licences on Private Land

- 1) Mineral licences shall not be granted under this Act with respect to private land without the express consent of the registered owner, and such consent shall not be unreasonably withheld.
- 2) For the purpose of subsection (1), consent shall be deemed to be given for the purposes of this Act where the owner of private land has entered into:
 - a) a legally binding arrangement with the applicant for the exploration and mining rights or with the Government, which allows the conduct of exploration or mining operations; or
 - b) an agreement with the applicant for the exploration and mining rights concerning the payment of adequate compensation.
- 3) Where consent is granted prior to any change in land ownership, such consent shall continue to be valid for as long as the exploration and mining rights subsists.

Article 8: Restriction on Mineral Licences on Community Land

- 1) Mineral licences shall not be granted under this Act or any other written law over community land without the consent of the authority obligated by the law relating to administration and management of community land to administer community land.
- 2) For the purpose of subsection (1), consent shall be deemed to be given for the purposes of this Act where the registered owners of community land have entered into:
 - c) a legally binding arrangement with the applicant for the exploration and mining rights or with the Government, which allows the conduct of exploration or mining operations; or
 - d) an agreement with the applicant for the exploration and mining rights concerning the payment of adequate compensation.
- 4) Subject to the law relating to community land, where consent is granted prior to any change in land ownership, such consent shall be valid for as long as the exploration and mining rights subsists.
- 5) The Minister may, by notice in the Gazette, make regulations for the grant of exploration and mining rights over community land.

Article 9: Consent

- 1) The person responsible for a State organ, agency, or authority or a person referred to under articles 8, 9 or 10 shall give written consent or notice of refusal to the applicant within twenty-one days.

Article 10: Employment and Training of Somaliland Citizens

- 1) To ensure skills transfer to and capacity building for the citizens, the holder of a mineral licence shall submit to the Minister a detailed programme for the recruitment and training of citizens of The Republic of Somaliland and the Minister shall gazette this information and post it on the official website of the Ministry.
- 2) The submission and approval of the programme under subsection (1) of this article shall be a condition for the grant of mineral licence.
- 3) The Minister shall make regulations to provide for the replacement of expatriates, the number of years such expatriates shall serve and provide for the collaboration and linkage with universities and research institutions to train citizens.
- 4) The Minister shall issue policy guidelines making further provision to give effect to this section.

Article 11: Preference in Employment

- 1) The holder of a mineral licence shall give preference in employment to members of the community and citizens of Somaliland.
- 2) In the case of a large-scale operation, the holder of a mineral licence shall:
 - a) Conduct training programmes for the benefit of employees;
 - b) Undertake capacity building for the employees;
 - c) Only engage non-citizen technical experts in accordance with such local standards for registration as may be prescribed in the relevant labour laws;
 - d) Work towards replacing technical non-citizen employees with Somaliland citizens, within such reasonable period as may be prescribed by the Minister
 - e) Provide a linkage with the universities for purposes of research and environmental management;
 - f) Where applicable and necessary facilitate and carry out socially responsible investment for the local communities; and

- g) Implement a community development agreement as may be prescribed in Regulations.

Article 12: Preference for Local Products

- 1) The holder of a mineral right shall, in the conduct of exploration, mining, processing, refining and treatment operations, transport or any other dealings in minerals give preference to the maximum extent possible to:
 - a) Materials and products made in Somaliland
 - b) Services offered by members of the community and Somaliland citizens; and
 - c) Companies or businesses owned by Somaliland citizens.

Article 13: Government Participation

- 1) Where a mineral licence is for a large-scale mining operation, the State shall acquire ten percent free carried interest in the share capital of the right in respect of which financial contribution shall not be paid by the State.
- 2) The provisions of sub-section (1) shall apply to large-scale mining operations and to mining operations relating to strategic minerals.
- 3) Subsection (1) shall not preclude the State from any other or further participation in mining and operations which shall be agreed with the holder at arm's length.
- 4) The Minister shall make regulations to provide for state participation in mining or exploration operations between the Government and the holder of a mineral licence.

CHAPTER THREE

ADMINISTRATION

Article 14: Powers and Duties of the Minister

- 1) Subject to the provision of this Act, the Minister shall:
 - a) ensure the orderly and sustainable development of Somaliland's mineral resources;
 - b) develop a well-planned and coherent programme of exploitation of mineral resources taking into account economic development, ecological and environmental factors;
 - c) establish the procedure for monitoring developments in the solid minerals sector and encourage the private sector investment in mineral resources development;
 - d) ensure that in the exploitation of the mineral resources, an equitable balance is maintained between foreign and indigenous interests;

- e) create an enabling environment for private investors, both foreign and domestic, by providing adequate infrastructure for mining activities, and identify areas where Government intervention is desirable in achieving policy goals and proper perspective in mineral resources development;
- f) accelerate the development of technical and professional manpower required in the mineral sector;
- g) establish environmental procedures and requirements applicable to mining operations;
- h) maintain liaison between mining investors and Government and collaborate with other Ministries and Agencies of the Government whose functions relate to the objectives of this Act;
- i) prescribe measures for the general welfare and safety of workers engaged in mineral resources operations;
- j) develop a geo-scientific databank and collate detailed data concerning the identity and quantity of Somaliland's mineral resources;
- k) assist the private sector in identifying specific mining projects;
- l) initiate, organize and participate in promotional activities in mineral resources development such as exhibitions, conferences, seminars and workshops geared towards the stimulation of investment in mineral resources;
- m) provide and disseminate up-to-date information on incentives in mineral resources available to investors under this Act;
- n) register and keep records of all enterprises and companies established and pursuing activities in mineral resources and allied projects;
- o) cause to be created such departments and agencies as are necessary for the effective administration of this Act;
- p) introduce investment-friendly local contents measures for mining projects;
- q) facilitate the development of indigenous technical and professional manpower required in the mineral resources sector;
- r) co-operate on behalf of the Government with other Governments and international agencies in respect of matters relating to Somaliland's mineral resources;
- s) do such other things as are reasonably necessary or expedient for the performance of its functions under this Act;
- t) prepare and develop comprehensive policies on energy, mineral and petroleum resources in Somaliland and make reports and recommendations for their implementation.

Article 15: Authority to Make Regulations

- 1) The Minister shall, subject to the provisions of this Act, have power to make Regulations, Directives, Guidelines and Forms, including: Applications, Renewal, Amendment, Transfer, Surrender forms, in respect of any matter required for the purpose of implementing and giving full effect to the provisions of this Act.

Article 16: **Reserved and Excluded Areas of Mining**

- 1) The Government of Somaliland may designate any area or mineral as reserved or excluded for particular mining operations and exclude any area from mining operations particularly as regards sites of historical, cultural or religious interest and public buildings, infrastructure and other installations.
- 2) The Minister may, with the approval of the Council of Ministers, declare any area to be closed to Exploration or Mining for environmental, religious or cultural reasons.
- 3) In the event that any land wholly or partially within the area of any Licence is required for public purposes, the Minister, with approval of the Council of Ministers, shall give notice thereof and pay reasonable compensation to the Holder. If reasonable compensation cannot be agreed upon it shall be determined by the Court.

Article 17: **Restriction on Grant of Mineral Rights**

- 1) Mineral rights shall not be granted to-
 - a) an individual who-
 - i. is under the age of eighteen years;
 - ii. is an undercharged bankrupt, having been adjudged or, otherwise declared bankrupt under any written law, or enters into any agreement or scheme of composition with his creditors, or takes advantage of any law for the benefit of debtors;
 - b) a body corporate-
 - i. which is in liquidation other than a liquidation which forms part of a scheme for the reconstruction or amalgamation of the holder;
 - ii. in respect of which an order has been made by a court of competent jurisdiction for the winding up or dissolution of the body corporate;
 - iii. which has made a composition or arrangement with its creditors
- 2) Mineral rights shall not be granted to an individual who, or to any partnership or body corporate or to any one of the partners, shareholders of the partnership or body corporate which is in default in another mineral rights or in an expired or cancelled mineral rights.
- 3) No member of the Government or civil service, nor any other person or company associated with the administration of the Mining Act shall directly or indirectly, by himself or herself or with any other person, agent or company, acquire or hold any right or interest to any Licence. Any Licence purporting to confer such right or interest on any such person or company shall be null and void.
- 4) No person or company shall acquire by transfer or through an agent any Licence which they are otherwise barred from obtaining under this Mining Act.

- 5) The Ministry may refuse to issue a Licence to an individual or company who held any Licence which has been revoked or has been convicted of an offence under the Mining Act or any applicable law.
- 6) Every Holder of a Licence when not in the Republic of Somaliland shall appoint an agent resident in the Country at all times to represent the Holder in all matters relating to any Licences, Authorized Activities or obligations imposed by the Mining Act.
- 7) Every Holder of a Reconnaissance Licence, Exploration Licence, Retention Licence, Mining Licence or Small-scale Mining Licence shall maintain an office in the Country to which communications may be sent during the term of the Licence.

Article 18: Strategic Minerals

- 1) The Minister shall advise and seek the approval of the Cabinet to declare certain minerals or mineral deposits to be strategic minerals or strategic mineral deposits.
- 2) All radioactive minerals are strategic minerals.
- 3) The Minister may prescribe the manner for dealing with the discovery, exploration, mining, processing and export of strategic minerals and strategic mineral deposits.

Article 19: Register of Mineral Rights

- 1) There shall be established and maintained an up-to-date mining registry system, including a register of mineral rights.
- 2) The register of mineral rights shall be a public document and may be inspected pursuant to this act and in such a manner as may be prescribed by the Minister.

Article 20: Requirement to enter information in register

- 1) The register established under article (19) of this act shall contain details of each application, grant, assignment, transfer, notice, surrender, suspension and cancellation of a mineral right.
- 2) The Minister may prescribe such other records and instruments that may be entered into the register.
- 3) The register shall be a public document and may be accessed by an interested person upon the payment of a prescribed fee.

Article 21: Power to Correct Register

- 1) An authorized officer shall, where
 - a) an error is made in the register; or
 - b) a matter is incorrectly entered or recorded in the register,Notify the person affected by the error and promptly rectify the error by correcting the error in the register.

Article 22: Evidentiary Certificates

- 1) An authorized officer may, upon being satisfied that the original of any document or instrument evidencing any mineral right under this Act has been lost, destroyed or rendered illegible, at the request of the holder of such document or instrument and on payment of the prescribed fee;
 - a) prepare, endorse, certify and issue to the holder a copy of the original; and
 - b) enter details of the copy in the register.

Article 23: Replacement of Originals

- 1) An authorized officer may, on receipt of payment of the prescribed fee, issue an evidentiary certificate based on the register, and which may be produced in any administrative or legal proceedings as evidence of the following:
 - a) The grant, transfer, assignment, suspension, revocation or termination of a mineral right in accordance with the provisions of this Act.
 - b) That a specified land parcel was the subject of mineral right on a date specified in the certificate.
 - c) That a mineral specified in the certificate was the subject of a mineral right.
 - d) That a person named in the certificate is or was the holder of a mineral right.
 - e) That a condition specified in the certificate is or was a condition of a mineral right.
 - f) That a certificate of surrender was issued with respect to any particular land on a date specified in a certificate.

Article 24: Prohibition against the Disclosure of Information

- 1) No information furnished, or information in a report submitted, pursuant to this Act, by the holder of a mineral right shall, for so long as that mineral right or another mineral right granted to the holder has effect over the land to which the information relates, be disclosed, except with the consent of the holder of the mineral right.
- 2) Nothing in subsection (1) shall operate to prevent the disclosure of information where the disclosure is made;
 - a) for, or in connection with, the administration of this Act;
 - b) for the purpose of any legal proceedings;
 - c) for the purpose of any investigation or inquiry conducted under this Act;
 - d) to any person being a consultant to the Government or public officer who is authorized to receive such information; or
 - e) For, or in connection with, the preparation by or on behalf of the Government of statistics in respect of exploration or mining

Article 25: Establishment of the National Mining Corporation

- 1) The National Mining Corporation, which shall be the investment arm of the national government in respect of minerals, shall be established within five years of enactment of this Act.
- 2) The corporation shall be a body corporate with perpetual succession, and a common seal and shall, in its corporate name, be capable of:
 - a) suing and being sued;
 - b) taking, purchasing and disposing of movable and immovable property;
 - c) borrowing money with the approval of the National Treasury in accordance with the relevant law;
 - d) entering into contracts; and
 - e) doing such other things as may be necessary for the proper discharge of its functions under this Act, which may be lawfully done or performed by a body corporate.
- 3) The initial capital for the Corporation shall be monies appropriated by Parliament for that purpose.

Article 26: Functions of the National Mining Corporation

- 1) The functions of the Corporation shall be to:
 - a) engage in mineral exploration and mining; and any other related activities;
 - b) invest on behalf of the national government in the mineral sector;
 - c) acquire by agreement or hold interests in any undertaking, enterprise or project associated with the exploration and mining;
 - d) acquire shares or interest in any firm, company or other body of persons, whether corporate or unincorporated which is engaged in the mining, exploration, refining, grading, producing, cutting, processing, buying, selling or marketing of minerals; and
 - e) carry on its business, operations and activities whether as a principal agent, contractor or otherwise, and either alone or in conjunction with any other persons, firms or bodies corporate.

Article 27: Board of the National Mining Corporation

- 1) The corporation shall be managed by a Board comprising of:

- a) a chairman, appointed by the President;
 - b) the Director responsible for mining and minerals or a senior representative;
 - c) the Director General responsible for the National Treasury/Finance or a senior representative;
 - d) the Director General responsible for trade or a senior representative; and
 - e) three other persons, not being employees of the corporation from such groups as academia, civil society, professional associations and the business sector with no current direct business involvement in mining
- 2) The Minister shall make Regulations to prescribe the criteria for the appointment of the members under paragraphs (a) and (e).
 - 3) An appointment under subsection (1) (a) and (e) shall be by name and by notice in the official Gazette.
 - 4) The term of office for members under subsection (1) (a) and (e) shall be for a period of three years and may be renewed for one further final term.
 - 5) A person ceases to be a member, if he or she:
 - a) resigns, by giving written notice to the Minister;
 - b) is absent from three consecutive meetings of the Board without the permission of the chairperson;
 - c) is convicted of an offence and sentenced to imprisonment for a term not exceeding six months;
 - d) is adjudged bankrupt
 - e) is incapacitated from performing his duties as a member of the Board, by prolonged physical or mental illness.
 - 6) A representative member referred to under subsection (1) (b) (c) and (d) shall, when attending a meeting, be deemed for all purposes to be a member of the Board.

Article 28: Chief Executive Officer of the National Mining Corporation

- 1) There shall be a chief executive officer of the Corporation who shall be competitively recruited by the Corporation.
- 2) The chief executive officer shall be:

- a) the accounting officer for the Corporation;
 - b) the secretary to the Board; and
 - c) responsible for the day to day administration and management of the affairs of the Corporation.
- 3) A person shall be qualified for appointment as the chief executive officer, if that person:
- a) holds a relevant degree from a university recognised in Somaliland;
 - b) has at least seven years management experience in a public or private institution;
 - c) has not been convicted of an offence and is not serving a term of imprisonment.
- 4) The chief executive officer shall be appointed for a term of three years, which may be renewed for one further term.
- 5) The chief executive officer may be removed from office in accordance with the terms and conditions set out in the contract and for violation of any written law or violation of the terms and conditions of the contract.

Article 29: National Mining Corporation Regulations

- 1) The Minister shall make Regulations generally for purpose of the operationalization of the Corporation.

CHAPTER FOUR

MINERAL AGREEMENT

Article 30: Mineral Agreement

- 1) The Minister, in consultation with the ministry responsible for finance, taxation and fiscal issues, may enter into a mineral agreement with the holder of a mining or exploration licence where the proposed investment exceeds two hundred million United States dollars.
- 2) A mineral agreement shall include terms and conditions relating to:
 - a) the minimum exploration or mining operations to be carried out and the time table determined for purposes of such operations;
 - b) the minimum expenditure in respect of the exploration or mining operations;
 - c) the manner in which exploration or mining operations shall be carried out;

- d) the environmental obligations and liabilities, subject to the requirement of the Somaliland Environment laws;
 - e) the procedure for settlement of disputes as provided for in this Act;
 - f) the processing, whether wholly or partly in Somaliland, of any mineral or group of minerals found, obtained or mined by the holder of a mineral right in the course of mining operations;
 - g) the basis on which the market value of any mineral or group of minerals in question may from time to time be determined;
 - h) insurance arrangements
 - i) resolution of disputes through an international arbitration or a sole expert; and
 - j) community development plans
 - k) the payment of royalties, taxes, excise and other fiscal impositions; and
 - l) financial arrangements
- 3) Nothing contained in a mineral agreement shall be construed as to absolve any party to such agreement from a requirement prescribed by law.
 - 4) A mineral agreement shall be prepared in accordance with a standard format as may be prescribed in Regulations.
 - 5) All mineral agreements shall be submitted to the House of Representatives for ratification.

Article 31: Publication of Mineral Agreements

- 1) Subject to the Constitution and any other written law, all mineral agreements entered into in accordance with this Act shall be public and be made accessible to the public.
- 2) The Minister shall ensure access to information under this Act, including ensuring that mineral agreements and the status thereof is available in the official website of the Ministry responsible for mining and minerals.

Article 32: Requirements for Conclusion and Execution of Mineral Agreements

- 1) The Minister shall have regard to the Constitution prior to executing any mineral agreements, or other agreement relating to the exploitation of any natural resources.
- 2) Any mineral agreement shall be submitted to Cabinet for concurrence and Parliament for ratification before execution by the Minister.

Article 33: Consistency with Legislation

- 1) A term or condition contained in a mineral agreement which is inconsistent with any provision of this Act or the Constitution shall, to the extent of the inconsistency, be void and of no legal effect.

CHAPTER FIVE

SPECIAL MINERAL CONCESSIONS

Article 34: Special Mineral Concessions (SMC)

- 1) The Minister may enter into a special mineral concessions contract with the holder of an exploration or mining licence where:
 - a) the proposed investment is less than ten million United States dollars without Cabinet approval.
 - b) the proposed investment is above ten million United States dollars but less than two hundred million United States dollars with Cabinet approval.
 - c) the Minister shall prescribe in Regulations the minimum threshold of investment required to qualify for a Special Mineral Concessions Contract.
- 2) A special mineral concession shall include terms and conditions relating to:
 - a) the minimum exploration or mining operations to be carried out and the timetable determined for purposes of such operations;
 - b) the minimum expenditure in respect of the exploration or mining operations;
 - c) the manner in which exploration or mining operations shall be carried out;
 - d) the environmental obligations and liabilities, subject to the requirement of the Somaliland Environment laws;
 - e) the procedure for settlement of disputes as provided for in this Act;
 - f) the processing, whether wholly or partly in Somaliland, of any mineral or group of minerals found, obtained or mined by the holder of a mineral right in the course of mining operations;
 - g) the basis on which the market value of any mineral or group of minerals in question may from time to time be determined;
 - h) insurance arrangements
 - i) resolution of disputes through negotiation, consultation, mediation and Somaliland court processes

- j) community development plans
 - k) the payment of royalties, taxes, excise and other fiscal impositions; and
 - l) financial arrangements
- 3) Nothing contained in a special mineral concession shall be construed as to absolve any party to such contract from a requirement prescribed by law.
- 4) A special mineral concession shall be prepared in accordance with a standard format as may be prescribed in Regulations.

Article 35: Publication of Special Mineral Concessions

- 1) Subject to the Constitution and any other written law, all special mineral concessions entered into in accordance with this Act shall be public and be made accessible to the public.
- 2) The Minister shall ensure access to information under this Act, including ensuring that special mineral concessions and the status thereof is available in the official website of the Ministry.

Article 36: Consistency with Legislation

- 1) A term or condition contained in a special mineral concession which is inconsistent with any provision of this Act or the Constitution shall, to the extent of the inconsistency, be void and of no legal effect.
- 2) A term or condition forming part of a special mineral concession shall not absolve any party to it from complying with provisions of this Act or any other written law.

CHAPTER SIX

RECONNAISSANCE LICENCE

Article 37: Reconnaissance

- 1) Reconnaissance means the operations and works to carry out the non-intrusive search for mineral resources by geophysical surveys, geochemical surveys, photo-geological surveys or other remote sensing techniques and surface geology in connection therewith but excludes drilling and excavations.

Article 38: Person Qualified to Hold Reconnaissance Licence

- 1) A Reconnaissance Licence Title Holder may be any person or body corporate, national or foreign, with legal capacity, who is able to carry out the operations required by such licence and who is not disqualified under this Act, or who has not been convicted of any other offence under this Act.

Article 39: **Application for Reconnaissance Licence**

- 1) An application for the grant of a Reconnaissance Licence shall be submitted to the Minister in the prescribed form and accompanied by the prescribed fee.
- 2) An application for the grant of a Reconnaissance licence shall
 - a) if the applicant is an individual person, contain his full name and nationality, addresses, and attach his recent passport size photograph; or
 - b) if the applicant is a company, contain the registered name and place of incorporation of the company, its certificate of incorporation and certified copy of its memorandum and articles of association, the names and nationalities of its directors and the name of every shareholder who is the beneficial owner of 10% or more of the issued share capital;
 - c) contain the applicant's profile and history of Reconnaissance and Exploration operations in Somaliland and elsewhere;
 - d) identify the name and qualifications of the person responsible for supervising the Reconnaissance Programme;
 - e) be accompanied by a plan of the proposed Reconnaissance Area over which the licence is sought, drawn in such a manner and showing such particulars as prescribed;
 - f) be accompanied by a statement giving particulars of the technical and financial resources available to the applicant,
 - g) be accompanied by a proposed Reconnaissance Programme setting the work intended over the term of the licence, with details of the equipment expected to be used in connection with it and the names and particulars of the persons to be responsible for the conduct thereof;
 - h) provide details of any significant adverse effects that the carrying out of the Reconnaissance Programme will likely have on the Environment and on any monument or relic in the proposed Reconnaissance Area, measures to be taken to mitigate such effects and an estimate of the cost of combating such effects;
 - i) provide a description of how, on an on-going basis, the Minister and communities will be informed and consulted about those Reconnaissance operations,
 - j) be accompanied by a written programme specifying particulars of the applicant's plans to employ or contract Somaliland citizens as employees or contractors;
 - k) address any matter as may be prescribed; and
 - l) may set out any other matter that the applicant wishes the Minister to consider
- 3) Every application for a Reconnaissance licence made pursuant to sub-article (2), shall be registered immediately in the register maintained for such applications under this Act.
- 4) Each application registered under sub-article (3) of this article shall be assigned a number and the date on which it was received shall be indicated on an official receipt handed to the applicant or his authorized agent or sent to the applicant by registered mail.

Article 40: Grant of Reconnaissance Licence

- 1) The Minister may, upon receipt of the application in the prescribed form that satisfies the qualification requirements in this act, grant a Reconnaissance Licence in such manner and form as may be prescribed.
- 2) The Minister shall grant a Reconnaissance Licence if
 - a) the applicant has, or has secured access to, adequate financial resources, technical competence and experience to carry out effective Reconnaissance operations;
 - b) the proposed program of the Reconnaissance operations is adequate and makes proper provision for environmental protection;
 - c) the proposed Reconnaissance Area is not the same as, nor does it overlap an existing Reconnaissance Area, Exploration Area, Retention Area, Mining Area or Minerals Licence Area in respect of the same Mineral or associated Mineral; and
 - d) The applicant is not in default.

Article 41: Notice of Decision on Application for Reconnaissance Operations

- 1) The Minister shall, within four weeks from the date on which an application, for the grant of a Reconnaissance licence was registered and considered, notify the applicant that the application has been granted or rejected provided that where the application has been rejected under, the Minister, in notifying the applicant gives reasons to that effect.
- 2) The applicant shall, within four weeks of the date of notification under sub-article (1) of this article, give notice to the Minister of his willingness to accept the proposed licence and pay the fees stipulated in the notification.
- 3) Where, within the time specified under sub-article (2) of this article, the applicant fails to inform the Minister of his acceptance of the propose licence, the application shall be treated as having been withdrawn.
- 4) The Minister shall, within four weeks from the notice given by the applicant, grant the application and cause the licence to be issued to the applicant.
- 5) Notice of the grant of a Reconnaissance Licence will be published by the Minister in an official newspaper.

Article 42: Reconnaissance Licence Duration and Renewal

- 1) The duration of a Reconnaissance Licence shall be valid for up to two years.
- 2) A holder of a reconnaissance licence may, not later than three months before the expiration of the initial term of the licence, apply to the Minister for an extension of the term of the reconnaissance licence in respect of all or part of the reconnaissance area.
- 3) Where an application for extension of the term of a reconnaissance licence is made under this article and the applicant has materially complied with the obligations imposed by this Act with respect to,

- a) The holding of the licence, and
 - b) The activities to be conducted under the licence, the Minister shall extend the term of the licence.
- 4) A reconnaissance licence may be extended for a further one term only.

Article 43: Reconnaissance Licence not Transferable

- 1) A Reconnaissance Licence shall not be transferable.

Article 44: Reconnaissance Licence Area

- 1) The area of land in respect of which any one Reconnaissance Licence may be granted shall not exceed 1,000 square kilometres nor be less than 8 square kilometres and such Reconnaissance Area shall be in such manner as may be prescribed in Regulation.

Article 45: Area not Subject to Reconnaissance Licence

- 1) Any area closed to Mining Operations as stated in Applicable Law, and any area which is the subject of an Exploration Licence, Small-Scale Mining Licence, Mining Licence, Retention Licence, or Artisanal Mining Permit, that is within the boundaries of the Reconnaissance Area, shall be deemed not part of the Reconnaissance Area regardless of whether such closure, Licence, Permit or authorization was granted or issued prior to or after the issuance of the Reconnaissance Licence.

Article 46: Rights Conferred by Reconnaissance Licence

- 1) Subject to this Act, a Reconnaissance Licence, confers on the Licence Title Holder the right within the Reconnaissance Area to:
 - a. obtain access and to enter the area to carry out Reconnaissance;
 - b. fly over the area to carry out Reconnaissance, in compliance with Applicable Law;
 - c. implement a Reconnaissance Programme approved in such manner as may be prescribed;
 - d. take and remove specimens and samples not exceeding such limit as is reasonably required for Reconnaissance with the prior written permission of the Minister and to analyse said specimens and samples;
 - e. erect camps and temporary buildings, including installations in any water forming part of the area, provided that the erection of any camp or building under this Subsection shall not be construed as conferring any right, title or interest in the land; and
 - f. remove any camps, temporary buildings or installations the Title Holder erected

Article 47: Obligations of the Reconnaissance Licence Holder

- 1) In addition to any conditions as may be prescribed, every Reconnaissance Licence Title Holder shall:

- a) within the Reconnaissance Area carry out Reconnaissance according to an approved Reconnaissance Programme;
 - b) commence field Reconnaissance in accordance with the approved reconnaissance program;
 - c) submit to the Minister geological samples, information and such periodical reports as may be prescribed;
 - d) not engage in drilling, trenching, excavation or other subsurface techniques;
 - e) inform and consult, on an on-going basis, with the Minister and communities about those Reconnaissance operations;
 - f) maintain and restore from any damage resulting from Reconnaissance the land that is subject to the Licence to a safe state in compliance with Environmental Law and standards
- 2) Annual expenditure requirements are US\$300 per square kilometre

Article 48: Reconnaissance does not constitute a Land Use

- 1) Reconnaissance activity authorized by a Reconnaissance Licence shall not constitute a land use for the purposes, objectives, rents, fees and other requirements of the current Land laws.

Article 49: Annual Reports and Accounts

- 1) On or before 60 days after each anniversary date of the grant of a Reconnaissance Licence, the Holder shall submit to the Minister a technical report detailing all Authorized Activities carried out during the year and the results thereof, and a financial report relating thereto, which shall include the number of persons employed, the total payroll and the total operating and capital expenditures incurred.

CHAPTER SEVEN

EXPLORATION LICENCE

Article 50: Exploration

1. Exploration means the search for Minerals and Deposits by any geological, geochemical, geophysical or related methods including trenching, drilling and sampling.

Article 51: Application for Exploration Licence

- 1) An application for an Exploration Licence shall be made to the Minister and shall be in the prescribed form and accompanied by the prescribed fee.
- 2) An application for the grant of an Exploration Licence shall give in respect of the person or, if there is more than one person, of each person making the application:
 - a) in the case of an individual, his full name and nationality; or

- b) in the case of a body corporate, its name and place of incorporation, the names and nationality of its directors or equivalent officers, and, if the body corporate has a share capital, the name of any person who is the beneficial owner of more than five per cent of the issued share capital;
 - c) shall be accompanied by a plan of the area over which the licence is sought, drawn in such manner and showing such particulars as the Minister may require;
 - d) shall identify the minerals in respect of which the licence is sought;
 - e) shall be accompanied by a statement giving particulars of the financial and technical resources available to the applicant for the licence;
 - f) shall give or be accompanied by a statement giving particulars of the program of Exploration operations proposed to be carried out in the area of land over which the licence is sought, an estimate of the cost of carrying out the program and of the period required for completion of the program, and an estimate of any significant effect which the carrying out of the program would be likely to have on the environment or on any monument or relic in the area over which the licence is sought; and
 - g) may set out any other matter which the applicant wishes the Minister to consider
- 3) Every application for an Exploration Licence made pursuant to sub-article 2 of this article, shall be registered immediately in the register maintained for such applications under this Act.
- 4) Each application registered under sub-article (3) of this article, shall be assigned a number and the date on which it was received and shall be indicated on an official receipt handed to the applicant or his authorized agent or sent to the applicant by registered mail.

Article 52: Grant of Exploration Licence

- 1) The Minister may, upon receipt of the application in the prescribed form that satisfies the qualification requirements in this Act grant an Exploration Licence in such manner and form as may be prescribed.
- 2) The Minister shall grant an Exploration Licence, if
 - a) the applicant has, or has secured access to, adequate financial resources, technical competence and experience to carry out effective Exploration operations;
 - b) the proposed program of Exploration operations is adequate and makes proper provision for environmental protection;
 - c) the proposed Exploration Area is not the same as, nor does it overlap an existing Exploration Area, Retention Area, Mining Area in respect of the same Mineral or associated Mineral; and
 - d) the applicant is not in default

Article 53: Notice of Decision on Application for Exploration Operations

- 1) The Minister shall, within four weeks from the date on which an application for the grant of an Exploration licence was registered and considered, notify the applicant that the application has been granted or rejected.
- 2) The applicant shall, within four weeks of the date of notification under sub-article (1) of this article give written notice to the Minister of his willingness to accept the proposed licence and pay the fees stipulated in the notification.
- 3) Where, within the time specified under sub-article (2) of this article, the applicant fails to inform the Minister of his acceptance of the proposed licence, the application shall be treated as having been withdrawn.
- 4) The Minister shall, within four weeks from the notice given by the applicant, grant the application and cause the licence to be issued to the applicant.
- 5) Notice of the grant of an Exploration Licence will be published by the Minister in an official newspaper.

Article 54: Duration and Renewal of an Exploration Licence

- 1) The duration of an Exploration Licence is for three years from the date of issuance and it may be renewed for two further periods of two years each, provided that:
 - a) The size of the Exploration Licence shall be reduced by 25% with each renewal, and
 - b) The titleholder has complied with their minimum work obligation commitments.

Article 55: Exploration Licence Area

- 1) Exploration Licences must be rectangular in shape, boundaries must be north/south and east/west in orientation, and they cannot exceed 200 square kilometres in size.

Article 56: Rights Conferred by Exploration Licence

- 1) Subject to this Act, an Exploration Licence, while in effect, shall confer upon the Title Holder within the Exploration Area the rights to
 - a) conduct Exploration Operations on an exclusive basis for the concerned Mineral and to carry out the operations and work necessary to the achievement of this objective;
 - b) obtain access and to enter upon the land with their agents and workmen;
 - c) employ on the land any number of persons for the purpose of such exploration;
 - d) inform, on an on-going basis, the Minister and communities about those Exploration Operations;
 - e) take, remove and export specimens and samples not exceeding such limit as is reasonably required for Exploration Operations purposes with prior written permission of the Minister;

- f) conduct bulk sampling and trial processing of Mineral Resources not exceeding such limit as is reasonably required for determining Mining potential with prior written permission of the Minister;
- g) occupy the land and erect temporary installations, camps, or structures necessary for the carrying out of Exploration Operations in consultation with local authorities
- h) sink shafts or drill holes or wells and dig holes and trenches
- i) construct temporary access roads, subject to Applicable Law;

Article 57: Obligations of an Exploration Licence Holder

- 1) Every holder of an Exploration Licence shall:
 - a) conduct exploration activities in a safe, friendly, skilful, efficient and professional manner in accordance with the Regulations;
 - b) conduct exploration activities in an environmentally and socially responsible manner;
 - c) carry out Exploration Operations within the Exploration Licence area in accordance with its approved Exploration Programme;
 - d) commence Exploration Operations in the Exploration Area within 60 calendar days from the date the Exploration Licence is issued;
 - e) without any unreasonable delay, notify the Minister of the discovery of any mineral deposit of potential commercial value including mineral deposits for which the holder of the licence was not authorized to prospect;
 - f) maintain and restore, the land to a safe state from any disturbance resulting from
 - g) maintain and restore land and the Environment that is the subject of the licence, from any damage resulting from Exploration Operations, including but not limited to:
 - i. filling up any shafts, wells, holes or trenches made by the Title Holder; and
 - ii. restoring the land subject to the right to a safe and secure Environment and in compliance with Environmental Law and regulations;
 - h) not abstract, divert or discharge water or effluent from any watercourse except in compliance with a Water Use Permit and Regulations;
 - i) not explore in any forest reserve except with the approval of the Minister and in consultation with other relevant authorities and subject to such conditions as may be specified in the Regulations;
 - j) allow geological surveys and mapping by Government agencies and scientific surveys by educational institutions as provided for in this Act, if such activities will not interfere with exploration operations;
 - k) submit information and such periodical reports as may be prescribed in the Regulations; and
 - l) Pay all applicable fees, annual rental and water usage charges.

Article 58: Right to Convert Mineral Right

- 1) Subject to the provisions of this Act, the holder of an Exploration Licence has an exclusive right to apply for, and to be granted a Mining Licence in respect of any part or parts of the exploration area if,
 - a) The Holder has complied with the obligations of the Exploration Licence under this Act, and
 - b) Fulfils all the requirements for a Mining Licence

Article 59: Application, Annual, Renewal and Administration Fees

- 1) Application, annual, renewal and transfer fees shall be prescribed by the Minister in gazette notice. Annual fees are payable in arrears and if the Exploration Licence is surrendered or terminated before the end of the full year the fee will be pro-rated.
- 2) Annual expenditure requirements are US\$500 per square kilometre for the initial term, US\$1,000 per square kilometre after the first renewal, and US\$3,000 per square kilometre after the second renewal.
- 3) Exploration licence holders shall be allowed to add a 10% allowance for administration and overhead to exploration expenditures. Exploration expenditures which exceed annual minimum requirements can be applied to subsequent years.

Article 60: Annual Reports and Accounts

- 1) On or before 60 days after each anniversary from the date of the grant of an Exploration Licence, the Holder shall submit to the Minister a technical report detailing all Authorized Activities carried out during the year and the results thereof, and a financial report relating thereto which shall include the number of persons employed, the total payroll and the total operating and capital expenditures incurred.

CHAPTER EIGHT

RETENTION LICENCE

Article 61: Application for Retention Licence

- 1) An application for a retention licence shall be made to the Minister and shall be in the prescribed form and accompanied by the prescribed fee.
- 2) The holder of an exploration licence may apply to the Minister for the grant of a retention licence on the grounds that:
 - a) he has identified a mineral deposit within the Exploration area which is potentially of commercial significance; and
 - b) the mineral deposit cannot be developed immediately by reason of technical constraints, adverse market conditions or other economic factors which are, or may be, of a temporary character.

- 3) An application for a retention licence shall be accompanied by studies and assessments by appropriate independent experts on:
 - a) the extent, prospects for recovery, and the commercial significance of the mineral deposit, and the relevant market conditions, trends, technical and economic factors;
 - b) the impact of mining operations for the recovery of the mineral deposit on the environment and the manner of eliminating or minimizing any adverse effects; and
 - c) such other information as the Minister may reasonably require as to the proposals of the applicant for the retention and development of the deposit.
- 4) Every application for a retention licence made pursuant to sub-article 2) of this article, shall be registered immediately in the register maintained for such applications under this Act.
- 5) Each application registered under sub-article (4) of this article, shall be assigned a number and the date on which it was received and shall be indicated on an official receipt handed to the applicant or his authorized agent or sent to the applicant by registered mail.

Article 62: Grant of Retention Licence

- 1) If the Minister is satisfied that the commercial development of the concerned Mineral Resource is presently not feasible but may become so within two years, the Minister may issue a Retention Licence to the Exploration Title Holder over such part of the Exploration Area that the Minister reasonably believes will be necessary to mine such Mineral Resource.
- 2) Within two months after receiving a complete application from an Exploration Title Holder, the Minister shall either issue the concerned Retention Licence or provide the Exploration Title Holder with a written explanation why he or she has decided not to issue the Retention Licence.

Article 63: Rights and Obligations

- 1) The Retention Licence shall, during its validity period, entitle the Title Holder to apply for a Mining Licence for the concerned Mineral Resource within the Licence Area.
- 2) The Minister may condition the issuance of a Retention Licence on the acceptance by the Retention Title Holder of obligations to:
 - a) Continue certain specified Exploration Operations,
 - b) Actively preserve one or more Mineral Resources, and
 - c) Undertake certain specified measures for the protection of the Environment.
- 3) Such conditions as per article 63, sub-section 2, or others shall be specified in Regulations.

Article 64: Duration and Renewal of the Retention Licence

- 1) A retention licence may be granted for a period not exceeding two years and on such conditions for the preservation of the mineral deposit and the protection of the environment as the Minister may determine and cause to be specified in the licence or in Regulations.
- 2) Where the commercial development is not presently possible, a retention licence may, on the application of the holder, be renewed for a single period of two years.

- 3) Prior to the renewal of a retention licence, the Minister may seek an independent evaluation from a competent firm of the prospects of the commercial exploitation of the mineral deposit as may reasonably be required. The cost arising from such an evaluation shall be borne by the Holder.

Article 65: Retention Licence Term Review

- 1) Any Retention Licence that has a term of more than one year shall be subject to annual reviews by the Minister. During such an annual review, the Title Holder shall provide the Minister with updated versions of the studies and assessments as required under the original Licence.
- 2) If, during such a review, the Minister reasonably determines that relevant market conditions and/or other economic factors have changed such that the reasons for the Retention Licence are no longer present, the Minister may cancel the Retention Licence on ninety days written notice to the Title Holder.

CHAPTER NINE

MINING LICENCE

Article 66: Mining

- 1) Mining means to undertake all acts necessary to develop and extract Minerals, Construction Materials, Gemstones or Art stones from a deposit for treatment, processing or sale pursuant to a Licence or Permit.

Article 67: Qualification for Mining Licence

- 1) Mining Licence shall be granted only to a company, duly incorporated or registered as a company under the Company Law, and duly permitted their business establishment in Somaliland, which has the technical competence and financial ability to fulfil the Licence obligations.
- 2) The Government is entitled to a 10 percent free carried (non-contributing and non-diluting) interest in companies to which a Mining Licence is issued.
- 3) Companies holding a Mineral Agreement or Special Mineral Concession contract may apply to the Minister for a waiver or reduction of the 10 percent free carried interest obligation.
- 4) The Minister upon consideration of the circumstances of such applications under subsection (3) above, may grant the request for waiver or reduction.
- 5) The conditions under which the Minister can grant such reductions or waivers shall be prescribed in Regulations.
- 6) The Holder of a valid Exploration Licence or Retention Licence has the exclusive right to apply for the grant of a Mining Licence at any time.

Article 68: Application for Mining Licence

- 1) An application for a mining licence for minerals shall be made to the Minister in the prescribed form and shall be accompanied by the prescribed fee.
- 2) Every application under this section shall:
 - a) contain the registered name and place of incorporation of the company, its certificate of incorporation and certified copy of its memorandum and articles of association, the names and nationalities of its directors or equivalent officers, and the name of every shareholder who is the beneficial owner of 10% or more of the issued share capital;
 - b) contain the applicant's profile and history of Mining Operations in Somaliland and elsewhere;
 - c) identify the name and qualifications of the person who will be the Mine Manager responsible for supervising the Mining Operations;
 - d) describe the area, not exceeding the maximum area prescribed over which a mining licence is sought, and shall be accompanied by a draft plan in sufficient detail to enable the Minister to identify the area;
 - e) describe the mineral deposits in the proposed area and the quantity of minerals to be produced for sale annually;
 - f) include a feasibility study which should set out details of any significant adverse effects that the carrying out of the program of Mining Operations would likely have on the environment and measures to be taken to mitigate such effects and an estimate of the cost of combating such effects;
 - g) shall give or be accompanied by a statement giving particulars of the program of proposed mining operations including a statement of:
 - i. the estimated date by which the applicant intends to work for profit;
 - ii. the estimated capacity of production and scale of operations;
 - iii. the estimated overall recovery of ore and mineral products;
 - iv. the nature of the products;
 - v. proposals for the prevention of pollution, the treatment of wastes, the safeguarding of natural resources, the progressive reclamation and rehabilitation of land disturbed by mining and for the minimization of the effects of mining on surface water and ground water and on adjoining or neighbouring lands;
 - vi. the residual effects on the environment of the mining operations and proposals for their minimization;
 - vii. any particular risks (whether to health or otherwise) involved in mining the mineral, and proposals for their control or elimination;

- h) be accompanied by a written document specifying particulars of the applicant's plans to employ or contract and train Somaliland citizens in accordance with the Employment and Labour laws;
 - i) include a statement giving particulars of financial and technical resources available to the applicant;
 - j) submit a procurement plan of goods and services available in Somaliland.
 - k) provide a description of how, on an on-going basis, local government, traditional authorities and communities will be informed and consulted about Mining Operations within or near their jurisdiction;
 - l) include such further information as the Minister may require for disposing of the application.
- 3) Every application for a Mining Licence made pursuant to sub-article (2) of this article, shall be registered immediately in the register maintained for such applications under this Act.
- 4) Each application registered under sub-article (3) of this article, shall be assigned a number and the date on which it was received and shall be indicated on an official receipt handed to the applicant or his authorized agent or sent to the applicant by registered mail.

Article 69: Grant of Mining Licence

- 1) Subject to the provisions of this Act, the Minister, upon receipt of a valid application from and, after being satisfied that all qualification and other requirements under this Act have been complied with, shall grant and issue to the applicant a Mining Licence for the purposes required.

Article 70: Notice of Decision on Application for Mining Licence

- 1) The Minister shall, within four weeks from the date on which an application for the grant of a Mining licence was registered and considered, notify the applicant that the application has been granted or rejected.
- 2) The applicant shall, within four weeks of the date of notification under sub-article (1) of this article give written notice to the Minister of his willingness to accept the proposed licence and pay the fees stipulated in the notification.
- 3) Where, within the time specified under sub-article (2) of this article, the applicant fails to inform the Minister of his acceptance of the propose licence, the application shall be treated as having been withdrawn.
- 4) The Minister shall, within four weeks from the notice given by the applicant, grant the application and cause the licence to be issued to the applicant.
- 5) Notice of the grant of a Mining Licence will be published by the Minister in an official newspaper.

Article 71: Duration and Renewal of Mining Licence

- 1) The initial duration of a Mining Licence is five years and may be renewed for further periods as necessary based on the economic life of the Mine and the Mineral Resources.
- 2) Applicants shall submit the prescribed form in duplicate, a technical report detailing the status of the Mining Operation and the appropriate fee as prescribed in gazette notice by the Minister at least three months before the expiration of the Mining Licence.
- 3) Within 60 days of receipt of the renewal application the extension will be granted, or the Minister will inform the applicant of the shortcomings in their application which must be rectified within 60 days and the application resubmitted.
- 4) The term of a mining licence commences on and includes the date of the grant of the licence, as stated in the licence.

Article 72: Mining Licence Area

- 1) The mining area or proposed mining area shall be a minimum of six blocks.

Article 73: Rights of Holder of Mining Licence

- 1) A mining licence confers on the holder the exclusive right, subject to this Act, to carry out mining operations in the mining area for the stated minerals, and for that purpose the holder and their agents may, in particular:
 - a. enter the mining area and take all reasonable measures on or under the surface for the purpose of facilitating and undertaking mining operations;
 - b. erect the necessary equipment, plant and buildings for the purposes of mining, transporting, dressing or treating the mineral recovered in the course of mining operations;
 - c. subject to payment of royalties in accordance with this Act and the Regulations, dispose of any mineral product recovered;
 - d. stack or dump any mineral or waste product in a manner provided for in the applicable Regulations,
 - e. employ and train citizens of Somaliland in accordance with the Employment and Labour laws.

Article 74: Obligations of Holders of Mining Licence

- 1) Subject to the provisions of this Act, the holder of a mining licence shall:
 - a. develop and mine the mineral deposits covered by the licence in accordance with the approved program of mining operations and the environmental laws
 - b. commence mine development within one hundred and eighty calendar days of the registration of the licence;
 - c. demarcate and keep demarcated the mining licence area in such a manner as may be prescribed;

- d. maintain the safety standards of the Licence area and Mining Operations in accordance with all labour and occupational health and safety laws and comply with such other health and safety requirements that may be prescribed by regulations;
 - e. comply with all requirements for assessments and maintain plans and programs for the protection of the environment and to manage pollution under this Act or as provided by applicable law;
 - f. keep and maintain in Somaliland an address which shall be registered with the Ministry and to which all communications and notices may be addressed;
 - g. notify the Minister as soon as the holder commences work for profit in the mining licence area;
- 2) The holder of a mining licence shall:
- a) hold complete and accurate technical records of its operations in the mining licence area in such form as the Minister may approve;
 - b) hold copies of all maps, geological reports, including interpretations, mineral analysis, aerial photographs, core logs, analyses, tests and all other data obtained and compiled by the holder in respect of the mining licence area;
 - c) hold accurate and systematic financial records of its operations in the mining licence area and such other books of account and financial records as the Minister may require; and if such holder is engaged in any activity not connected with its operation under the mining licence, the holder shall maintain separate books of account of its operations under such licence;
 - d) permit an authorized officer at any time to inspect the books and records maintained in pursuance of paragraph (c) and shall deliver to the Minister, without charge copies of any part of such books and records as the Minister may require;
 - e) furnish the Minister with a copy of every annual financial report within ninety calendar days of the end of each financial year showing the profit or loss for the year and the state of financial affairs of the holder at the end of each financial year; and
 - f) Submit all reports as prescribed.

Article 75: Cessation of Production from Mine

- 1) The holder of a mining licence shall give notice to the Minister:
- a) twelve months in advance, if he/she proposes to cease production from a mine in the mining area concerned;
 - b) six months in advance, if he/she proposes to suspend production from any such mine;
or
 - c) three months in advance, if he proposes to curtail production from any such mine, and
 - d) the reason for the cessation, suspension or curtailment

- 2) Where, for any reason beyond his/her control, the holder of a mining licence ceases, suspends or curtails production from a mine in the mining area concerned he/she shall, within fourteen days after the cessation, suspension or curtailment, give notice thereof to the Minister.

Article 76: Power of Minister on Cessation

- 1) Where, pursuant to article (75) above, notice is given to the Minister, or if he/she otherwise becomes aware, of any cessation, suspension or curtailment of production from a mine, the Minister shall cause the matter concerned to be investigated and thereafter:
 - a) give his/her approval, conditionally or unconditionally, to the cessation, suspension or curtailment by notice to the holder of the mining licence; or
 - b) direct the holder of the mining licence by notice given to the holder to resume full production, or production at such level as is specified in the notice, by such date as is so specified, and the holder shall do so.

Article 77: Annual Reports and Accounts

- 1) On or before the 60th day following the end of each calendar quarter, the Holder of a Mining Licence shall submit to the Minister
 - a) a technical report detailing all Authorized Activities carried out during the quarter and the results thereof,
 - b) a financial report relating thereto which shall include the number of persons employed, the total payroll and the total operating and capital expenditures incurred, and
 - c) Financial statements prepared according to International Financial Reporting Standards.

CHAPTER TEN

SMALL-SCALE MINING LICENCE

Article 78: Small Scale Mining

- 1) Small scale mining means the intentional winning of minerals in mechanized operations not exceeding twenty meters in depth or involving the sinking of shafts, driving of adits, or other various underground openings.

Article 79: Eligibility for Small-scale Mining Licence

- 1) Any person who wishes to carry out small-scale mining operations shall apply for a small-scale mining licence.
- 2) A small-scale mining licence shall be granted to an individual or company that is duly incorporated or registered in Somaliland with the technical competence and financial ability to fulfil the Licence obligations.

Article 80: Application for Small-Scale Mining Licence

- 1) An application for the grant of a Small-Scale Mining Licence shall be submitted to the Minister in the prescribed form and manner, and shall
 - a) If the applicant is an individual person, contain his full name, nationality, addresses, and attach his recent passport size photograph, or;
 - b) if the applicant is a company, contain the registered name and place of registration of the company, its certificate of registration and certified copy of its memorandum and articles of association, the names and nationalities of its directors or equivalent officers, and the name of every shareholder who is the beneficial owner of 5% or more of the issued share capital;
 - c) contain the applicant's profile and history of Exploration Operations and Mining Operations in Somaliland and elsewhere;
 - d) identify the name and qualifications of the person who will be the Mine Manager responsible for supervising Mining Operations;
 - e) identify the minerals in respect of which the licence is sought
 - f) be accompanied by a plan of the proposed Small-Scale Mining Licence Area over which the Licence is sought,
 - g) be accompanied by a written document specifying particulars of the technical and financial resources available to the applicant,
 - h) be accompanied by a business plan and containing such information as may be prescribed;
 - i) provide details of any significant adverse effects that carrying out of the programme of Small-Scale Mining Operations might have on the Environment and on any monument or relic in the proposed Exploration Area, including measures to be taken to mitigate such effects and an estimate of the cost of combating such effects;
 - j) provide a description of how, on an on-going basis, the Minister and communities will be informed and consulted about Mining Operations;
 - k) address any matter as may be prescribed; and
 - l) may set out any other matter that the applicant wishes the Minister to consider;
- 2) Every application for a Small-scale Licence made pursuant to sub-article (1) of this article, shall be registered immediately in the register maintained for such applications under this Act.
- 3) Each application registered under sub-article (2) of this article, shall be assigned a number and the date on which it was received and shall be indicated on an official receipt handed to the applicant or his/her authorized agent or sent to the applicant by registered mail.

Article 81: Grant of Small-scale Mining Licence

- 1) The Minister, upon receipt of an application under article (80) above of this Act that satisfies all qualification and other requirements of this Act, shall grant a Small-Scale

Mining Licence in accordance with such processes and in such manner and form as may be prescribed by the Minister.

- 2) The Minister shall cause the applicant for a small-scale mining licence to be notified in writing of his decision on the application, and if the application is refused, the Minister shall give reasons for such refusal.

Article 82: Small-scale Mining Licence Area

- 1) The small-scale mining area or proposed mining area is less than six contiguous blocks.
- 2) A Small-scale Mining Licence is required for Mining Operations that produce less than 1,000,000 tons per annum of Construction Materials: or,
- 3) 100,000 tons per annum of ore containing Minerals, Art Stones or Gemstones.
- 4) Larger Mining Operations or any Mining Operation that uses hazardous chemicals or produce tailings requires a Mining Licence.

Article 83: Duration and Renewal of Small-scale Mining Licence

- 1) A Small-scale Mining Licence is valid for a period of up to 5 years and can be renewed provided the Holder is in compliance with the conditions of this act.

Article 84: Transfer of Licence

- 1) A Small-scale Mining Licence can be transferred, mortgaged or pledged.

Article 85: Rights of Holders of Small-scale Mining Licence

- 1) Subject to the provisions of this Act, the holder of a small-scale-mining licence shall have the exclusive right to carry out exploration and mining operations in the licenced area and may in the exercise of his/her rights enter upon any land to which his/her small-scale mining licence relates together with his/her servants and agents and may:
 - a. take reasonable measures on or under the surface of his/her small-scale mining licence area to mine and process the minerals to which the licence relates;
 - b. erect the necessary equipment, plant, machinery and buildings for the purpose of mining, transporting, dressing, treating, smelting and refining the minerals or mineral products recovered by the holder during mining operations;
 - c. dispose of any mineral products recovered;
 - d. stack or dump any mineral or waste product in a manner approved by the Minister in consultation with the health and environmental authorities;

Article 86: Obligations of the Holder of Small-Scale Mining Licence

- 1) In addition to any terms and conditions as may be prescribed by regulation, every Small-Scale Mining Licence is granted subject to the terms and conditions that the Title Holder shall;

- a) commence Mine Development or processing plant development, where the Mining Licence Area is for Mineral processing operations in accordance with the approved program;
 - b) within the limits of its competence and resources, carry out in good faith, in the licenced area, exploration or mining operations;
 - c) maintain continuous commercial production, as may be prescribed, after Mineral Product extraction has commenced;
 - d) cause to be kept true and sufficient books of account of the Mining Operations and other business carried out in the Licence Area, and to produce such books upon request by the duly Authorized Officers;
 - e) submit geological and Mineral Product samples, information and such periodical reports, as may be prescribed;
 - f) maintain the safety standards of the Licence area and Mining Operations in accordance with all Applicable Law concerning health and safety and comply with such other health and safety requirements that may be prescribed by regulations;
 - g) comply with all requirements for assessments, plans or programs for the protection of the Environment and to manage pollution under this Act and any Applicable Law;
 - h) comply with its approved Rehabilitation and Mine Closure Plan, and update it as may be prescribed;
 - i) not mine Radioactive Minerals without a written authorization granted by the Minister;
 - j) maintain, update and submit a plan of Mining Operations, as may be prescribed;
 - k) allow scientific surveys by educational institutions and government agencies provided that such activities shall not unduly interfere with Mining Operations;
 - l) allow the construction and use on the Licence Area, such waterways, canals, pipelines, sewers, drains, wires, transmission lines, public roads, and public utilities as shall not in the opinion of the Minister interfere with Mining Operations;
 - m) mark and maintain the boundaries of the Licence Area as prescribed; and
 - n) submit all reports as prescribed
- 2) Holders of a Small Mining Licence are required to meet acceptable public standards of work safety, and protection and rehabilitation of the environment as determined by the Minister. Failure to meet such standards will result in the Holder of a Small Mining Licence being denied a renewal or being subject to such fines as the Minister or Court may impose.

CHAPTER ELEVEN

ARTISANAL MINING PERMIT

Article 87: Artisanal Mining

1. Artisanal mining means traditional and customary mining operations using traditional or customary ways and means.

2. A mining operation or a proposed mining operation may also be classified as an artisanal mining operation for the purposes of this Act where:
 - a) the mining operations do not employ specialised exploration, mechanised mining technologies, chemicals including mercury and cyanide or explosives; or
 - b) the proposed mining operations do not involve an investment or expenditure which exceed such amount as may be prescribed by the Minister.
- 3) Artisanal mining operations means mining operations that do not exceed a depth of ten meters

Article 88: Eligibility for Artisanal Mining Permit

- 1) Any person who wishes to carry out artisanal mining operations shall apply for an artisanal mining permit.
- 2) **An artisanal permit shall be granted to:**
 - a) an individual who is a citizen of Somaliland;
 - b) a body corporate that is incorporated or registered in Somaliland having one hundred percent of its shares held by citizens of Somaliland

Article 89: Application for Artisanal Mining Permit

- 1) An application for the grant of an artisanal mining permit shall be made to the Minister in the prescribed form.
- 2) An application for the grant of an artisanal mining permit shall:
 - a) be accompanied by a statement giving particulars of the capital and experience available to the applicant to conduct exploration and mining operations of the mineral efficiently and effectively;
 - b) be accompanied by a plan of the area over which the licence is sought drawn in such manner as the Minister may require;
 - c) identify the minerals in respect of which the licence is sought
 - d) set out any other matter which the applicant wishes the Minister to consider

Article 90: Grant of Artisanal Mining Permit

- 1) The Minister, upon receipt of an application under that satisfies all qualification and other requirements of this Act, shall grant an Artisanal Mining Permit in accordance with such processes and in such manner and form as may be prescribed by the Minister.
- 2) The Minister shall cause the applicant for an Artisanal mining Permit to be notified in writing of his decision on the application, and if the application is refused, the Minister shall give reasons for such refusal.

Article 91: Size of Artisanal Mining Permit Area

- 1) The maximum operational area of a single Artisanal Mining Permit shall be prescribed in Regulation.

- 2) A single Artisanal Mining Permit shall be valid for an area within a single district.
- 3) Every artisanal mining Permit area shall be demarcated by an authorized officer in such manner as may be prescribed or as the authorized officer may, in the circumstances consider appropriate.

Article 92: Duration and Renewal of Artisanal Mining Permit

- 1) Artisanal Mining Permit shall be valid for a period of one year and may be renewed annually provided that the Holder is in compliance with the conditions and requirements of the licence under this act.

Article 93: Transfer of Artisanal Mining Permit

- 1) Artisanal Mining Permit can be transferable by using the prescribed application form.

Article 94: Rights and Duties of Holders of Artisanal Mining Permit

- 1) Subject to the provisions of this Act or any other law and any condition of an artisanal mining Permit, the holder of an artisanal Permit shall have the exclusive right to carry out exploration and mining operations in the permitted area.
- 2) The holder of an artisanal mining Permit may, in the exercise of the right conferred under subsection (1), enter the permitted area and remove minerals from the area and dispose of the mineral in respect of which the Permit was issued.
- 3) The holder of an artisanal mining Permit shall:
 - a) within the limits of its competence and resources, carry out in good faith, in the permitted area, exploration or mining operations;
 - b) furnish the Minister with such information relating to its exploration or mining operations as the Minister may require or as may be prescribed;
 - c) carry out promptly any directives relating to its exploration or mining operations which may be given to the holder by the Minister for the purposes of ensuring safety or good mining practices;
 - d) employ in the area in respect of which the Permit is issued not more than 10 labourers or tributers per artisanal mining Permit;
 - e) sell the minerals obtained in the artisanal mining Permit area as prescribed
 - f) carry out rehabilitation and reclamation of mined out areas;
 - g) keep accurate records of winnings from the artisanal mining Permit area and such records shall be produced for inspection on demand by the Minister or a duly authorized officer; and
 - h) submit such reports as may be prescribed.
- 4) Artisanal Miners are required to meet acceptable public standards of work safety, health and protection and rehabilitation of the environment as determined by the Minister. Failure to meet such standards will result in the Holder of an Artisanal Mining Permit being denied a renewal

or being subject to such fines as the Minister or Court may impose according to this Act and other relevant laws.

CHAPTER TWELVE

DEALINGS IN MINERALS

Article 95: Authorization to Deal in Minerals

1. A person shall not engage in mineral dealings, either as principal or agent, except with and in accordance with a mineral dealer's licence.
2. Notwithstanding subsection (1), the holder of a mineral right may deal in minerals lawfully acquired in accordance with the terms and conditions of this Act.

Article 96: Application for Mineral Dealer's Licence

1. An application for a mineral dealer's licence shall be made to the Minister in the prescribed form and shall be accompanied by the prescribed fee.
2. An application made under subsection (1) shall be accompanied by evidence sufficient to show that the applicant is in possession of, or commands, either sufficient knowledge, experience, or working capital to ensure that the applicant can carry out the business that would be licensed under this Act.

Article 97: Term of Mineral Dealer's Licence

1. A mineral dealer's licence shall expire on the thirty first day of December of the year in which it is issued.
2. A mineral dealer may apply for renewal of a mineral dealer's licence to the Minister in the prescribed form and upon payment of the prescribed fee.

Article 98: Obligations under Mineral Dealer's Licence

1. The holder of a mineral dealer's licence shall not:
 - a) deal in minerals otherwise than in accordance with the conditions set out in the licence;
 - b) engage in mineral dealings with a person who has not acquired the minerals lawfully or is otherwise not lawfully entitled to deal in the minerals.

Article 99: Record-keeping Obligations of Holder of Mineral Dealer's Licence

1. The holder of a mineral dealer's licence shall keep a register of the mineral dealings in the prescribed form.
2. The holder of a mineral dealer's licence shall record in the register the following information in respect of each transaction:
 - a) the nature and weight of the minerals purchased or sold;
 - b) the price paid or received for the minerals;
 - c) the date of the purchase or sale; and

- d) the name and address of the vendor or the purchaser or consignee
- 3. The holder of a mineral dealer's licence shall submit to the Minister a true copy of the register in duplicate for the preceding three months, together with a statutory declaration of the correctness thereof, in the months of January, April, July and October of every year.

Article 100: Mineral Dealers Licence

- 1. A mineral dealer's Licence shall be issued, to citizens of Somaliland or in the case of a body corporate, where 100% percent of the shareholding is held by citizens of Somaliland.
- 2. A mineral dealer's Licence shall be issued by the Minister upon application and payment of the requisite fees.
- 3. A mineral dealer's Licence shall expire on the thirty first day of December of the year in which it is issued.
- 4. The holder of a mineral dealer's Licence shall not export minerals but shall have the right to buy and sell locally unless he/she also holds a valid Mineral Export Permit.

Article 101: Importation and exportation of minerals

- 1) A person shall not import or export any mineral, ore or mineral product without a Permit issued by the Minister
- 2) A person intending to export or import any mineral, ore or mineral product shall apply for a Permit to the Minister in a prescribed manner and form upon payment of the prescribed fee.
- 3) The Minister shall consider the following in evaluating an application under this section:
 - a) for a mineral import Permit:
 - i. certificate of origin issued by the national authority responsible for mining in the country of origin;
 - ii. a mineral analysis and valuation certificate issued by the national authority responsible for mining in the country of origin;
 - b) for a mineral export Permit:
 - i. a mineral analysis and valuation certificate issued by the Minister;
 - ii. a verification report of the payment of the mineral royalty;
 - iii. the production returns made in respect of the mineral, ore and mineral products by the holder; and
 - iv. the mining right or mineral processing licence which is the source of the mineral, ore or mineral product;
 - v. for non-license holders, including tourists, a temporary mineral export permit shall be issued. The conditions for the temporary mineral export permit shall be prescribed in Regulations.

Article 102: Duration of mineral export or import Permit

- 1) A mineral export or mineral import Permit:
 - a) shall be valid for a period of one month; and

- b) is limited to the quantities specified on the Permit.

CHAPTER THIRTEEN

INQUIRY PROCEDURES ON SITE ACCIDENTS

Article 103: Safety Duties of the Mining Licence Holder

- 1) The Holder of a Permit or Licence shall take all due and proper precautions for the safety of all persons contracted or employed by the Holder including:
 - a) proper precautions to prevent any persons being injured by any blasting operations, the operation of any plant, equipment or machinery, or other works or apparatus, and
 - b) shall provide suitable fencing, guards and warning notices where such dangers exist or are likely to arise.
- 2) The Holder of a Permit or Licence shall take all due and proper precautions for the protection of the environment.

Article 104: Power to Investigate

- 1) The Minister shall have the right to inspect any Authorized Activities at any time and if the Minister determines that they are being carried out in a manner that is detrimental to the health, welfare or safety of any person, or the environment, notice shall be given in writing to the Holder or his agent. Such notice shall contain particulars of the matter considered to be dangerous or defective and it shall be remedied forthwith or within such time as may be specified. The Minister may order work to be suspended until the danger is removed to its satisfaction.
- 2) If the Holder objects to or disputes such notice, he/she shall immediately state his objection in writing to the Minister who shall decide on the objection within five business days. In such case the Holder shall immediately cease the activities which gave rise to the notice until such time as the Minister reaches a decision on the objection. If, in the opinion of the Minister, there is no immediate danger, work may proceed during the time the matter is being determined, under such restriction and upon such conditions as it may consider necessary and may specify in writing.

Article 105: Accidents to be reported

- 1) Where an accident occurs in any activity in connection with that Title Holder's Mineral Title involving loss of life or serious injury to a person, a Title Holder shall report the accident as soon as possible and shall disclose the full particulars of the accident
 - a) to the nearest Police Station; or
 - b) to the Minister

Article 106: Set Up Panel to Inquire into Accident

- 1) Where it appears to the Minister or any other officer authorized in that behalf that there is reason to believe that the accident was due to
 - a) failure to comply with a provision of this Act, or of regulations made under it; or
 - b) neglect or dangerous practice, and
- 2) the Minister is satisfied that the accident might have been prevented if proper precautions were taken and observed in the Reconnaissance, Exploration Operations, Mining Operations or Processing Operations, the Minister may as soon as convenient set up a panel of inquiry consisting of not more than five members to inquire into the cause of the accident.

Article 107: Powers of Panel Inquiry

- 1) The panel of inquiry set up pursuant to article (106) above shall establish whether
 - a) the Title Holder or an agent of the Title Holder was guilty of negligence or took all reasonable and proper precautions to prevent the accident;
 - b) the person killed or injured worked in the Mine or in connection with Reconnaissance, Exploration Operations, Mining Operations or Processing Operations at the time of the accident; or
 - c) the accident resulting in the death or injury is attributable to the serious misconduct of the person killed or injured or of any other person working with the person killed or injured.

Article 108: Calling of Witnesses

- 1) A panel of inquiry set up under article (106) of this Act may, for the purpose of its investigations, summon any person as a witness, call for the production of books and documents and examine any witness and party concerned under oath.
- 2) The summons shall be in such form as the panel may decide and shall be served by a police officer.
- 3) Unless otherwise ordered, the expenses of a witness called by the panel of inquiry on its own motion shall be deemed to be costs of the panel and may be paid by the Ministry.
- 4) A person summoned as a witness by a panel of inquiry shall not be excused from answering any question relating to an offence in connection with the accident on the grounds that the answer to the question may incriminate him or her or on grounds of privilege.

Article 109: Penalty for Refusal or Neglect to Attend of Witness

- 1) Where a person is summoned under article (108) of this Act to attend before a panel of inquiry or to produce books or documents before the panel and refuses or neglects to do so or refuses to answer any question put to him or her by or with the concurrence of the panel, such person commits an offence.

Article 110: Fault leading to Serious Injury or Death

- 1) Where a panel of inquiry has determined that
 - a) a Title Holder or an agent of a Title Holder is guilty of negligence or failed to take reasonable and proper precautions to prevent an accident involving loss of life or serious injury to a person, the Title Holder commits an offence; or
 - b) if the accident involving loss of life or serious injury to a person was attributable to the wilful misconduct of a person working in common with the person killed or injured, such person commits an offence.
- 2) The findings of the panel shall be submitted to the minister and the appropriate Court which shall determine the final decision, quantity or terms of any fines, penalties or sanctions according to the applicable law.
- 3) An offence under this Act and the Regulations made under it shall be tried by the regional Court.

Article 111: Interpretation of this Chapter

- 1) In this chapter "serious injury" means
 - a) A fractured skull, pelvis, arm, thigh, spine, forearm or leg;
 - b) A dislocated shoulder;
 - c) The amputation of an arm, a hand, one finger or more to the same hand, a leg or foot;
 - d) The loss of sight in one eye;
 - e) The loss of hearing; and
 - f) Any other serious bodily injury, including internal haemorrhage or burns or asphyxia, if the injury is likely to endanger life, cause permanent incapacity or substantially impair efficiency.

CHAPTER FOURTEEN

SURRENDER, CANCELLATION AND SUSPENSION OF MINERAL RIGHTS

Article 112: Surrender

- 1) The holder of a Reconnaissance Licence, Exploration Licence, Small-scale Mining Licence, Retention licence, Artisanal Permit or a Mining Licence who wishes to surrender all or part of the land subject to the licence shall apply to the minister for a certificate of surrender, in respect of the land, not less than three months before the date on which he/she wishes the surrender to have effect.
- 2) An application under subsection (1):
 - a) shall state the date on which the applicant wishes the surrender to have effect;
 - b) shall, if only part of the land subject to the licence is to be surrendered, identify the land to be surrendered by the inclusion of a plan thereof;

- c) shall give particulars of reconnaissance, exploration or mining operations carried out in respect of the land to be surrendered; and
 - d) shall provide a reliable plan in a form and substance acceptable to the minister, of the area to be relinquished; and
 - e) shall submit detailed technical reports containing all information, results, interpretation and data relating to the surrendered area from the commencement of the mineral Licence;
- 3) Subject to subsections (4) and (5), on application duly made under subsection (1) the minister 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 minister 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 Ministry for the purposes of subsection (2) (d); or
 - c) if the minister is not satisfied that the applicant will leave land to be surrendered and on which reconnaissance, exploration or mining operations have been carried out in a condition which is safe, and which accords with good mining practice.
- 5) No surrender of any area covered by a mineral right shall be effective until the minister has issued a certificate of surrender in respect of that area upon payment of the prescribed fee by the holder.
- 6) A surrender of an area covered by a mineral right shall be without prejudice to any liabilities or obligations incurred by the holder in relation to the area surrendered prior to the date of surrender.

Article 113: Effect of Certificate of Surrender

- 1) On the issue of a certificate of surrender the minister shall:
- a) if the surrender is in relation to the whole area covered by a mineral licence, cancel such licence; or
 - b) if the surrender is in relation to only part of the area covered by a mineral licence, amend the licence accordingly.
 - c) the minister shall give notice to the applicant for the certificate of surrender of the amendment or, as the case may be, the cancellation, and of the issue of the certificate of surrender
- 2) Land in respect of which a certificate of surrender is issued shall be treated as having been surrendered with effect from the date on which notice of the surrender is given pursuant to this article

Article 114: **Suspension or Cancellation of Mineral Licence**

- 1) Subject to this Act and any condition thereto, where the holder of a reconnaissance, exploration, retention, small-scale mining license, mining licence or artisanal Permit:
 - a) fails to use in good faith the land subject to the licence for the purpose for which the licence was granted;
 - b) uses that land for any purpose other than the purpose for which the licence was granted;
 - c) fails to comply with any requirement of this Act with which he is bound to comply;
 - d) fails to comply with a condition of the licence;
 - e) fails to comply with a direction lawfully given under this Act or with a condition on which any certificate of surrender is issued or on which any exemption or consent is given under this Act;
 - f) fails to comply with the conditions, relating to the exercise of his rights under his licence, which are contained in a relevant agreement; or
 - g) fails to pay any amount payable by him under this Act within one month after the amount becomes due,
 - h) fails to meet any prescribed minimum annual programme of work or work expenditure requirement;
 - i) grossly violates health and safety regulations or causes environmental harm;
 - j) employs or makes use of child labourers;
 - k) fails to submit reports required by this Act;
 - l) contravenes any of the provisions of this Act or the conditions of his/her mineral right or the provisions of any other enactment relating to mines and minerals;
 - m) dies and his/her heir or successor in title is not qualified under this Act to hold the mineral right, unless an application is received from the heir or successor within ninety days of the death to transfer the right to a third party who is so qualified and accepts all duties under the right;
 - n) becomes an un-discharged bankrupt or becomes of unsound mind;
 - o) makes any statement to the minister in connection with his/her mineral right which he/she knows or ought to have known to be false;
 - p) fails to substantially comply with the terms of a community development agreement when required by this Act to do so;

The minister may, on that ground, by notice in writing served on the holder of the licence, suspend or cancel the licence.
- 2) On cancellation of mineral licences under this section the rights of the holder shall cease but without prejudice to any liabilities or obligation incurred in relation thereto prior to the date of cancellation.
- 3) The minister shall, before suspending or cancelling any mineral right give notice to the holder in such a manner as shall be prescribed and shall, in such a notice require the holder to remedy in not less than thirty calendar days any breach of the conditions of his/her mineral right.

Article 115: Delivery of Documents on Termination of Mineral Rights

- 1) Upon termination of any mineral right, the holder thereof shall deliver to the minister:
 - a. all records which the holder is obliged under this Act to maintain including full and detailed reports as prescribed containing all information, results, interpretation, data and other related information pertaining to the exploration and mining of minerals under the mineral right;
 - b. all plans or maps of the area subject to the mineral right prepared by the holder or at his/her instructions; and
 - c. except for the holder of an artisanal mining permit, a final report which shall be a summary of previous annual reports plus a detailed report on containing all information, results, interpretation and data relating to all activities carried out in the final period of the licence since the previous annual report.
- 2) Where the former holder of a mineral right fails to deliver any document required to be delivered under sub-article (1), the minister shall call upon such former holder to comply with sub-article (1).

CHAPTER FIFTEEN

ROYALTIES, FEES RENTALS AND OTHER CHARGES

Article 116: Royalties

- 1) Subject to this Act, the holder of a mineral right shall pay to the Government royalty in respect of any mineral obtained pursuant to the mineral right.
- 2) The Minister shall specify the percentages of the royalties payable for the various minerals in regulations, gazette notice or in a schedule to the Act.
- 3) The Minister may require the holder of a mineral right to make returns relating to any royalties paid in such manner and within a period as may be prescribed.
- 4) Any mineral samples including core samples, removed for the purposes of testing, shall not be subject to royalty unless they exceed maximum value stipulated in regulations.
- 5) The royalties payable under sub-section (1) shall be distributed as follows:
 - a) Seventy percent to the Central Government;
 - b) Fifteen percent to the Regional Administration; and
 - c) Ten percent to the District Administration where the mining operations occur.
 - d) Five percent to the Community where the mining operations occur.

Article 117: Exemption from Payment of Royalties

- 1) The Minister may exempt from liability with respect to royalty samples of minerals acquired for the purpose of assay, analysis or other examination or testing.

Article 118: Annual Charge in Respect of Mineral Rights

- 1) The holder of a mineral right shall pay to the Government an annual charge of such amount as prescribed in Regulations by the Minister.

Article 119: Prohibition on Disposal of Minerals

- 1) If the holder of a mineral right fails to pay any royalty on or before the due date or any extension allowed by the minister, the minister may order, by notice served on the holder of the mineral right, prohibit the disposal of any mineral in the possession of such holder until all outstanding royalty has been paid or until an arrangement has been made, acceptable to the Minister for the payment of the royalty, and the holder shall comply with the notice.
- 2) Any holder of a mineral right who contravenes or fails to comply with the provisions of an order given under subsection (1) and any person who, knowing of such an order and contrary to it receives any mineral from the holder or from the area that is subject to the mineral right, commits an offence and shall be liable according to the concerned provisions of the penal code.

CHAPTER SIXTEEN

HEALTH, SAFETY AND PROTECTION OF THE ENVIRONMENT

Article 120: Occupational Health and Safety

- 1) A provision of this Act and a right or entitlement conferred under a mineral licence shall not operate to exempt a person from compliance with the provisions of laws relating to Occupational Health and Safety concerning the safety of workers and mine operations.
- 2) In addition to provisions in subsection (1), the Minister shall make Regulations for safety and health of persons employed in mines, and the carrying out of exploration or mining operations in a safe, proper, sanitary and effectual manner.

Article 121: Protection of Natural Resources to be taken into Account

- 1) In deciding whether or not to grant a mineral right, the Minister shall take into account the need to conserve the natural resources in or on the land, over which the mineral right is sought, or in or on neighbouring land.
- 2) The Minister shall require an environmental impact assessment licence as a condition for granting Mining licences.

Article 122: General Duty to Protect Environment and Minimize Pollution

- 1) The Title Holder of a Mineral Title shall, in accordance with the current Act and in accordance with good Mining industry practice, conduct his or her operations in such manner as to preserve in as far as is possible the natural Environment, minimize and control

waste or undue loss of or damage to natural and biological resources, to prevent and where unavoidable, promptly treat pollution and contamination of the Environment and shall take no steps which may unnecessarily or unreasonably restrict or limit further development of the natural resources of the Licence Area or adjacent areas.

Article 123: Environmental Impact Assessment

- 1) In accordance with good international mining industry standards, the applicant for a Mining or Exploration Licence, or, for a Mineral Agreement or Special Mineral Concession Contract or any renewal of the above shall prepare and submit a comprehensive Environmental and Social Impact Assessment as part of the business plan as required under this law.
- 2) In addition to any requirements set out in the Environment Protection Laws, an environmental impact assessment prepared by above mentioned applicants shall be based on environmental baseline assessment work, and shall contain the types of information and analysis reflecting international mining best practice which shall include:
 - a) a detailed description of the environment backed up with applicable measurements (air quality, water quality, etc.) to present a detailed documentation of the licence area environment prior to any mining operations;
 - b) a detailed description of the project including all phases of development, operations, reclamation and closure.
- 3) Any mining licence applicant or mining licence holder required by this or any other law to submit an environmental impact assessment shall:
 - a) undertake to consult the public, introduce the project to the public, verify possible impacts of the project from stakeholders' perspectives and submit an updated environmental management programme for approval whenever required by any law, and whenever it proposes to make a change in its mining operations that would cause a need for a material change in such plan.
- 4) A copy of any environmental impact assessment and environmental management program submitted by a mining licence applicant or a mining licence holder shall be considered non-confidential,

Article 124: Annual Environmental Report

- 1) Any mining licence-holder who is required to prepare an environmental management program shall in each calendar year after the first year in which commercial production first occurs submit in triplicate to the Minister an "Environmental Management Program Report" covering each of the items listed in paragraph (b) of sub-article (2) of Article (123) of this chapter indicating their current status.
- 2) An Environmental Management Program Report shall be sufficiently detailed so that the Minister can determine whether the environmental management program is succeeding

Article 125: Rehabilitation and Mine Closure Plan

- 1) Whenever practicable, a Mining Licence Title Holder shall have the duty to rehabilitate and restore the land disturbed, excavated, explored, developed, mined or covered with tailings arising from its operations to a natural-like state or to such safe state as may otherwise be approved pursuant to a Rehabilitation and Mine Closure Plan.
- 2) The Minister shall require A Mining Licence Holder to provide, within such time as prescribed, financial assurance (surety bond or cash deposit) for the performance against any obligations deriving from an environmental impact assessment and management plan.
- 3) The amount of financial assurance required under sub-article (2) will be determined by the environmental impact assessment and management plan and may be varied from time-to-time to take into consideration the changing costs of performance of any condition.
- 4) When any Mining Licence is renewed, no Mining Operations shall proceed on the Mining Licence Area following the expiry date of the original Licence term until after an amended Rehabilitation and Mine Closure Plan has been approved.
- 5) When the Mining Licence Area of any Mining Licence is enlarged, no Mining Operations shall proceed on the area that is added to the existing Mining Licence Area until after an amended Rehabilitation and Mine Closure Plan has been approved

Article 126: On-going Rehabilitation

- 1) Without prejudice to the generality of Article (125) above, during operations of any Mine, excavation, waste dump or pond, the Title Holder of a Mineral Title shall take such measures as are required from time to time to maintain and restore the top soil of affected areas and otherwise to restore the land substantially to the condition in which it was prior to the commencement of operations.

Article 127: Direction to Comply with for Protection of the Environment

- 1) Where a mineral right over any land is wholly or partly determined or cancelled, or expires, the Minister may, by notice served on the person who is or was the last holder of the mineral right, direct him to take such steps within such time as may be specified in the notice, to give effect, in relation to the land which is no longer subject to the mineral right, to any conditions included in the mineral right.
- 2) Any person to whom a direction is given under subsection (1) who, without reasonable excuse, fails or neglects to comply with the direction commits an offence and is liable on conviction:
 - a) in the case of an individual, to a fine not less than three thousand dollars, or its equivalent in Somaliland Shillings, or to imprisonment for a term of two years, or to both; or
 - b) In the case of a body corporate to a fine not less than thirty thousand dollars or its equivalent in Somaliland Shillings.

- 3) If a person to whom a direction is given under subsection (1) does not comply with the direction, the Minister may cause to be taken any steps specified in the notice containing the direction.
- 4) Costs and expenses incurred pursuant to subsection (3) in taking any steps referred to in that subsection are a debt due to the Somaliland Republic and are recoverable in a court of competent jurisdiction.
- 5) In any proceedings instituted for the recovery from a person to whom a direction was given under subsection (1) of a debt due by that person to the Somaliland Republic under subsection (4), a certificate of the Ministry that a specified amount is the amount of the debt due shall be admissible as evidence of that fact; but without prejudice to the right to adduce evidence in rebuttal.
- 6) A debt due by any person to the Republic under subsection (4) is recoverable notwithstanding that person is convicted of an offence under subsection (2).
- 7) Where two or more persons constitute, or constituted, the holder of a mineral right, those persons are jointly and severally liable for the payment of any costs and expenses which may be recovered under this section from the person who is or was the last holder of the mineral right, but without prejudice to any right to contribution existing between them.

Article 128: Establishment of the Environmental Protection and Rehabilitation Fund

- 1) The Minister shall establish an Environmental Protection and Rehabilitation Fund for the purpose of guaranteeing the environmental obligations of holders of mineral titles as provided under this Act.
- 2) The Minister shall appoint a reputable institution customarily engaged in business as trustees or fund managers to the Environmental Protection and Rehabilitation Fund.
- 3) The trustees appointed pursuant to subsection (2) of this section shall operate the fund in accordance with the Environmental Protection and Rehabilitation Program approved by the Minister
- 4) Every holder of a mineral title shall commence contributions to the Environmental Protection and Rehabilitation Fund in accordance with the amounts specified in the approved Environmental Protection and Rehabilitation Program not later than one year from such approval.
- 5) The trustee shall keep proper records in respect of the operation of the Fund and shall cause to be prepared by an independent firm of chartered accountants appointed by the Minister an audited statement of accounts in respect of each financial year.
- 6) The trustee shall, not later than three months after the end of each financial year, cause a copy of the audited statement of account referred to in subsection (5) of this section to be sent to the Minister.
- 7) The Environmental Protection and Rehabilitation Fund and any sum accruing therefrom shall be applied only for the implementation of the Environmental Protection and

Rehabilitation Program to which they relate in accordance with the timetable of payments established in the Environmental Protection and Rehabilitation Programme.

- 8) The holder of a mining licence shall implement and meet all obligations described in the Environmental Protection and Rehabilitation Program during the term of the Mining Licence.

CHAPTER SEVENTEEN

OFFENCES, PENALTIES AND PROCEDURES

Article 129: Appointment of Inspectors of Mines

- 1) The Minister may designate duly qualified public officers, to be inspectors of mines as may be specified in a gazette notice.
- 2) Mine inspectors shall monitor compliance and take enforcement action and perform such other functions as may be required under this Act or specified in the notice of appointment.

Article 130: Powers of Search and Inspection

- 1) The mine inspectors designated by the Minister may without prejudice to all other written laws, at all reasonable times:
 - a) enter, inspect and examine land on which exploration, or mining operations are being conducted or land which is the subject of a mineral right;
 - b) enter into an area, structure, vehicle, vessel, aircraft or building that, in the opinion of the Minister or the mining inspector has been or is being used for or in connection with exploration or mining operations;
 - c) carry out periodic inspections of premises within the jurisdictional limits which have been or are being used for or in connection with exploration or mining operations;
 - d) enter, inspect and examine any premises where mineral dealings are being conducted;
 - e) require the production of, inspect, examine, and take copies of licences, permits, registers, records of any kind and other documents relating to this Act and the carrying out of operations authorized by a mineral right, or other licence or permit granted under this Act;
 - f) take samples of any article and substances to which this Act relates and submit such samples for testing and analysis in such a manner as may be prescribed;
 - g) seize any article, vessel, motor vehicle, plant, equipment, substance or any other thing which the inspector reasonably believes has been used in the commission of an offence under this Act or regulations made there under;
 - h) upon giving the holder three months' written notice, install any equipment on any land, premises, vessel or motor vehicle for the purposes of monitoring compliance with the provisions of this Act, or regulations made there under;

- i) enter into any premises to ascertain best mining and mineral processing practices including safety and health concerns;
 - j) enter into any premises to examine and enquire into the condition and ventilation of any mine or any building used in or connected with exploration, mining or mineral processing operations and all matters relating to safety, welfare and the health of persons employed in any such mine or building, including the inspection of the accident and incidents register;
 - k) require such changes, as may be necessary in regard to the safety of the operation and protection of employees, to be implemented within a specified time, failing which the licence-holder will be considered in breach;
 - l) order the temporary cessation of operations where he/she considers that the mining or processing activities are so hazardous as to constitute a serious and imminent danger to life;
 - m) enter into any premises used in or connected with exploration, mining or mineral processing operations to examine the circumstances surrounding any accidents or incidents affecting the health of employees including the subsequent actions taken by the licence holder; and
 - n) with an arrest warrant and the assistance of a police officer, arrest any person whom he reasonably believes has committed an offence under this Act.
- 2) In exercising the powers under sub-Article (1), the inspector of mines shall carry the identification issued under this Act.

Article 131: Power to Intercept and Detain Minerals Sent by Post or Courier

- 1) A police officer who has reasonable cause to believe that an article containing any mineral is being conveyed by post or courier in connection with the commission of an offence under this Act or Regulations made thereunder or an offence has been committed, may stop or cause the article to be stopped at any point in Somaliland either during transit or otherwise.
- 2) The police officer shall open the article in the presence of the person in possession at the point of detention, and if such person or such agent attends, in the presence of such person or such agent, and shall, after examination, either release the article for transmission or require the same to be detained pending an order of a court of competent jurisdiction.

Article 132: Powers of Arrest

- 1) An authorized police officer may arrest, without warrant, any person whom he has reasonable grounds to believe has committed an offence under this Act, and shall take the person before a court within the period specified in the Constitution and the Criminal Procedure Act

Article 133: Court Orders to Cease Operations

- 1) The Minister may request The Attorney General or the public to apply to the court for orders compelling a person or company to immediately stop activities and operations for,

or connected with, the search for, exploration, or mining of a mineral or mineral deposit in Somaliland where he/she reasonably believes that such operations are being carried out in contravention of the provisions of this Act.

Article 134: Powers to Prosecute

- 1) The Attorney General or one of his/her deputies or a police officer designated by the Attorney General may institute proceedings before the competent court in respect of any contravention of any provision of this Act or for any offence committed under this Act.

Article 135: Offences Relating to Unauthorized Operations

- 1) A person who engages in activities and operations for, or connected with, the dealing, disposition, search for, exploration, or mining, processing, refining export or import of a mineral or mineral deposit whether they are processed or unprocessed in Somaliland without a valid licence or permit granted under this Act commits an offence and is liable on conviction to:
 - a) Imprisonment for a term not exceeding two years;
 - b) Or a fine not exceeding five thousand Dollars (5000 USD)
- 2) The Court may on the conviction of the person for the offence under sub-section (1) or if it is satisfied that an offence was committed notwithstanding that no person has been convicted of the offence, order that minerals obtained in the commission of the offence be forfeited to the national government and be disposed of as the Court may direct.

Article 136: Offences Relating to Unauthorized Possession of Minerals

- 1) A person who is found in the possession of a mineral, contrary to the provisions of this Act or any other written law, commits an offence and liable on conviction to
 - a) Imprisonment for a term not exceeding six months; or
 - b) A fine not more than five hundred dollars (500 USD);

Article 137: Offences relating to mineral rights holders

- 1) A person who obstructs or hinders the holder of a mineral right, or an agent or employee of the holder, from doing an act which is authorized under this Act or under the terms of the mineral right commits an offence and liable on conviction to:
 - a. Imprisonment for a term not exceeding one year; or
 - b. A fine of not more than five Hundred (500 USD)

Article 138: Offences relating to monitoring and inspection

- 1) A person who:
 - a. hinders or obstructs the Minister or an authorized public officer in the exercise of their duties under this Act or regulations made thereunder;
 - b. fails to comply with a lawful order or requirement made by the Minister or an authorized public officer in accordance with this Act or regulations made thereunder;
 - c. blocks the Minister or an authorized public officer entry upon any land, premises, vehicle or aircraft that they are empowered to enter under this Act or regulations made thereunder;
 - d. impersonates the Minister or an authorized public officer; or denies the Minister or an authorized public officer access to records or documents kept pursuant to this Act or regulations made thereunder;commits an offence.
- 2) A person who commits an offence under this section is liable on conviction to:
 - a. imprisonment for a term not exceeding one year or;
 - b. a fine of not less than five hundred USD;

Article 139: Offences relating to records and statements

- 1) a person or company who:
 - a. Fails to keep records required to be kept under this Act;
 - b. Fraudulently alters any records required to be kept under this Act; or
 - c. Makes false or misleading statements in any application, report, notice, records or disclosure of mineral value and statements that are required to be made under this Act,commits an offence.
- 2) A person who commits an offence under this section is liable on conviction to:
 - a. imprisonment for a term not less than three years or;
 - b. a fine of not less two thousand dollars (2000 USD);

Article 140: Offences relating to conditions of licence and permits

- 1) A person or company who:
 - a. contravenes a provision of this Act or regulations prescribed thereunder concerning the exercise of rights or obligations under a mineral right or the exercise of rights or obligations under any other licence or permit obtained under this Act;
 - b. contravenes a condition of a mineral right; or
 - c. contravenes a condition of mineral dealer's licence, an export licence or an import licence,

commits an offence
- 2) A person who commits an offence under this section is liable on conviction to
 - a) imprisonment for a term not exceeding three years, or
 - b) to a fine of not less than two thousand dollars (2000 USD),

Article 141: Offences relating to salting

- 1) A person or a company who:
 - a) places or deposits material in a place with the intention of misleading another person as to the mineral endowment or potential of that place; or
 - b) manipulates a mineral sample to enhance its value or in any way changes the nature of the sample with the intention of deceiving or defrauding another person, commits an offence and is liable on conviction to imprisonment for a term not exceeding twelve months, or to a fine of not exceeding five hundred dollars (500 USD),

Article 142: Offences relating to malicious placing of minerals on premises

1. A person who maliciously places a mineral in the possession, or in the premises, of another person with intent that the other person shall be convicted of an offence under a provision of this Act or under any regulations prescribed under this Act commits an offence and is liable on conviction to imprisonment for a term not exceeding twenty-four months, or to a fine of not less than five hundred dollars (500 USD).

Article 143: Offences relating to the unlawful disposal, export, or import of minerals

1. A person who disposes of, transports, exports or imports a mineral, otherwise than in accordance with this Act or the conditions of a licence obtained under this Act, commits an offence and is liable on conviction to imprisonment for a term not exceeding two years, or

to a fine commensurate to the value of the mineral but not less than five thousand USD, or to both such imprisonment and fine.

Article 144: Offences relating to the unlawful disclosure of information

- 1) A person who discloses confidential information otherwise than in accordance with this Act, commits an offence and shall be liable on conviction to imprisonment for a term not exceeding twelve months, or to a fine of not more than five hundred dollars (500 USD);

Article 145: Offences by bodies corporate, partnerships, principals and employees

- 1) Where an offence is committed by a body corporate, the body corporate and every director or officer thereof, who had knowledge of the commission of the offence and who did not exercise due diligence to ensure compliance with this Act, commits an offence and is liable on conviction to be penalized accordingly.
- 2) A person is personally liable for an offence whether committed by him on his own account or as an agent or employee of another person.
- 3) An employer or principal maybe held liable for an offence committed by an employee or agent against this Act, unless the employer or principal proves that the offence was committed against his express or standing directions.

Article 146: Attempts and abetment

- 1) A person who attempts to commit or aids and abets the commission of an offence under this Act or any regulations made thereunder commits that offence and is liable, upon conviction, to the punishment in respect of the attempted crime reduced by one third to one half.

Article 147: Burden of proof

- 1) Whenever it is necessary to ascertain whether a person is the holder of a mineral right, or the holder of a licence granted under this Act, or is otherwise authorized to engage in mineral dealings, the burden of proof shall lie on the person who alleges that he or she is the holder of the licence or permit.

Article 148: Court orders relating to revocation of licence and permits

- 1) Where any offence, specified under this Act or by regulations made under this Act, is committed by the holder of a mineral right, or the holder of any other licence or permit given under this Act, the Court may, in addition to any other order, further order that the mineral right, licence or permit be revoked.

CHAPTER EIGHTEEN

MISCELLANEOUS PROVISIONS

Article 149: **Government participation**

- 1) The Republic of Somaliland will retain a 10 percent carried (non-diluting and non-contributory) interest in all Mining Permits and Licences and shall not be required to contribute any capital.
- 2) The rate of taxation on corporate profits from Mining Operations is 30 percent calculated according to International Financial Reporting Standards (“IFRS”).
 - a) the Minister shall have the option to replace corporate profit taxation in lieu of production sharing mechanism
 - a) Mining operations shall be granted the benefit of accelerated depreciation whereby the cost of capital equipment may be deducted from taxable income on a straight-line basis over four years.
 - b) Financial losses may be carried forward for a maximum period of ten years and deducted from taxable income.
 - c) All contributions to any reclamation bonding requirements shall be deductible for tax purposes at the time they are made.
 - d) Holders of a Mining Licence are granted fiscal stability whereby any subsequent changes to the Mining Act will not be applicable to Mining Licences granted prior to such change with the exception of changes to provisions relating to charges, royalties, fees and levies.

Article 150: **Mineral Production Sharing**

- 1) The Government may enter into a mineral production sharing contract with a company holding any of the following:
 - a) Exploration Licence,
 - b) Small-scale Mining Licence,
 - c) Mining Licence,
 - d) Mineral Agreement,
 - e) Special Mineral Concession
- 2) The standard specification and conditions of a mineral production sharing contract shall be prescribed in a Regulation by the Minister.

Article 151: **Exemption from customs duty and other benefits**

- 1) Materials, supplies, services and equipment used for Exploration purposes are exempt from any import/export duties or value added taxes. Materials, supplies and equipment imported with respect to Mining Operations are subject to a five per cent import duty but are not subject to a Value Added Tax.

- 2) The export of Minerals, Gemstones, Art stones and Construction Materials are free of all duties and taxes.
- 3) A Value Added Tax of five per cent will be applied to operating costs with respect to Mining Operations.
- 4) Expatriate employees engaged in Authorized Activities in the Republic and not subject to any personal tax.
- 5) The transfer of beneficial ownership in a Licence or Permit for cash or other consideration which values the Licence or Permit at more than of US\$ 1 million is subject to a 20 percent capital gains tax payable to the Republic of Somaliland. The Government reserves the right to look through any transaction in the Republic, or offshore, to determine if a change in beneficial ownership has occurred. Exploration, development, operating and construction expenditures in Somaliland are deductible against the capital gains tax but then may no longer be used as a deduction against income.
- 6) The transfer of beneficial ownership in a Licence or Permit as a result of joint venture expenditures made on the Licence or Permit is subject to the capital gains tax.
- 7) Companies may hold the proceeds from the sale of Minerals, Gemstones, Art stones and Construction Materials produced in Somaliland in offshore bank accounts,

Article 152: Settlement of Disputes

- 1) The Minister may, in accordance with procedures to be laid down by regulations, examine and decide disputes between licences, as well as between a licensee and a third party concerning rights arising from licences. The Minister shall have the power to determine and enforce compensation to be paid by one party to the other.
- 2) A decision of the Minister made pursuant to sub article 1 of this Article may be appealed to the court of competent jurisdiction; within 60 days in accordance with the provision of the applicable laws in Somaliland.
- 3) The Minister shall have the power to administer oaths in any proceeding before it.
- 4) Any dispute, controversy or claim between the government and the licensee arising out of, or relating to the agreement or the interpretation, breach or termination thereof shall, to the extent possible, be resolved through negotiations and mediation.
- 5) In the event that agreement cannot be reached through negotiations and mediation, the case shall be settled by the competent courts of Somaliland.

Article 153: Transfer of Mineral Licences

- 1) The rights arising from mineral licences other than Reconnaissance Licence and Exploration Licence under this Act can wholly and partially be transferred, assigned, pledged or mortgaged subject to the approval of the transfer by the Minister and registration of the transfer.
- 2) The licence holder shall make an application for approval of the transfer of the licence to the Minister in the prescribed form in duplicate and payment of the applicable fee.

- 3) The Minister shall approve within thirty days from official receipt of the application under sub-article (2) of this article if the transferee is a qualified applicant under this Act.
- 4) In the application for a transfer of a mining licence, the holder shall provide to the Minister such details of the assignment or transfer as may be required together with any other information that the Minister may require.
- 5) The transferor of a mineral licence shall remain liable for the performance of any obligations arising out of acts or contracts made in respect of the Mineral licence Area, including environmental obligations, incurred prior to the date of the transfer as well as for any claims for damages or injuries by bona fide third parties.
- 6) No mineral licences or rights therein may be assigned or transferred to a person to whom that mineral licence could not have been granted under this Act.

Article 154: Radioactive Minerals

- 1) Where a radioactive mineral is discovered in the course of exercising a right under this Act or under another enactment, the holder of the mineral right or another person shall immediately notify the Minister of the discovery.
- 2) Where a radioactive mineral is discovered on land other than land which is subject to a mining right, the owner of the land shall immediately notify the Minister of that discovery.
- 3) The holder of a mineral right shall within the first week of each month furnish the Minister with a true report in writing of the exploration and mining operations conducted by the holder in the immediately preceding month with respect to radioactive minerals.

Article 155: Quarry Permit

- 1) A Quarry Permit is required to conduct quarrying operations.
- 2) Applications for a Quarry Permit shall be in a form prescribed by the Minister in Regulations.
- 3) The rights conferred to and obligations upon Quarry Permit holders shall be prescribed by the Minister in Regulations.

FIRST SCHEDULE
[CLASSIFICATION OF MINERALS]

A. CONSTRUCTION AND INDUSTRIAL MINERALS

1. Alunite
2. Andalusite-Sillimanite Kyanite
3. Anhydrite
4. Aplite
5. Asbestos
6. Barite
7. Ball clay
8. Beryl, (excluding beryl as a source of beryllium metal or as a semi-precious stone)
9. Boron minerals
10. Calcium carbonate
11. Celestite
12. Corundum
13. Diatomite
14. Dolomite
15. Epsomite
16. Feldspar
17. Fluorite
18. Garnet for industrial purposes
19. Graphite
20. Gypsum
21. Hectorine
22. Halloysite
23. Heavy mineral sands
24. Fossil guano
25. Iodine minerals
26. Kaolin(refractory clay)
27. Leucoxene
28. Lithium minerals

29. Limestone and marble
30. Magnesite
31. Mica
32. Nepheline
33. Nitrate
34. Olivine
35. Perlite
36. Phosphate
37. Picture-stone
38. Potash
39. Pumice
40. Pyrophyllite
41. Quartz for industrial purposes
42. Salt
43. Sepiolite
44. Silica sand
45. Soda-ash and other sodium compounds
46. Strotianite
47. Sulphur and Pyrite
48. Syenite
49. Talc
50. Vermiculite

B. PRECIOUS STONES

1. Diamonds
2. Emeralds
3. Rubies
4. Sapphires
5. Green garnet or Tsavorite

C. PRECIOUS METAL GROUP

1. Gold
2. Osmium
3. Palladium
4. Platinum
5. Iridium
6. Silver
7. Rhodium
8. Ruthenium

D. SEMI-PRECIOUS STONES GROUP

1. Agatha
2. Amazonite
3. Amber
4. Amethyst
5. Aquamarine
6. Aventurine
7. Beryl, (including aquamarine, heliodor and morganite, but excluding beryl as a source of beryllium metal or as industrial mineral).
8. Chrysoberyl
9. Chrysocolla
10. Chrysolite
11. Cordierite
12. Diopase
13. Dumortierite
14. Gamete except green garnet
15. Jade
16. Milarite
17. Opal
18. Quartz (including amethyst, citrine, rock crystal, rose and strawberry quartz, agate, carneline, chelcedony, chrysoprase, jasper, moss agate, hyalite, pietersite and tiger's eye)
19. Sodalite
20. Topaz

21. Tourmaline
22. Turquoise

E. BASE AND RARE METALS GROUP

1. Antimony
2. Arsenic
3. Beryllium
4. Bauxite
5. Bismuth
6. Cadmium
7. Caesium
8. Chromium
9. Cobalt
10. Copper
11. Gallium
12. Germanium
13. Hafnium
14. Indium
15. Iron
16. Lead
17. Magnesium
18. Manganese
19. Mercury
20. Molybdenum
21. Nickel
22. Niobium
23. Rhodium
24. Radium
25. "Rare Earths" or lanthanides, including the actinides, scandium and yttrium
26. Rhenium
27. Rubidium

28. Selenium
29. Tantalum
30. Thallium
31. Tin
32. Titanium
33. Tungsten
34. Vanadium
35. Zinc or zirconium but does not include any such mineral if such mineral is incidentally included in a mineral falling in any other group of minerals.

F. FUEL MINERAL GROUP

1. NON-NUCLEAR: coal
2. NUCLEAR: source material containing Uranium and thorium.

G. GASEOUS MINERALS

1. Carbon Dioxide
2. Helium
3. Coal seam gas
4. Water