

Libyan Law No. 2 of 1971 Mines and Quarries

- After reviewing the Constitutional Declaration issued on 2 October 1389. Approved December 11, 1969 AD.
- And the Minerals Act No. 9 of 1953.
- And on the oil law No. 25 of 1955, as amended.
- The National Industries Development Act No. 51 of 1956. Amended by the Act on 11 Jumada II 1381 AH. Approved November 10, 1961 AD.
- Law of 20 Muharram 1381 AH. Approved July 3, 1961. Expropriation of property for public benefit, as amended.
- Law No. 5 of 1965. On industrial organization, as amended.
- Law No. 25 of 1970. Establishment of the Centre for Industrial Research.
- Law No. 26 of 1970. The establishment of the Libyan manufacturing.
- Law No. 79 of 1970. The reorganization of industry and mineral wealth
- Based on the presentation of the Minister of Industry and Mineral Resources and the approval of the opinion of the Council of Ministers.

Have issued the following law:

Part I General Provisions

Article (1)

For the purpose of applying this law, the words and expressions contains meaning assigned to them as follows:

Minister: Minister of Industry and Mineral Resources.

Ministry: The Ministry of Industry and Mineral Resources.

Public Administration: Public Administration for Organization and industrial control.

Metal materials: metals, chemical elements, precious stones, rocks, layers and mineral deposits that exist on the surface and in the inner earth, as well as natural gas, mineral water emerging from underground, raw fuel other than oil and gas hydrocarbons are subject to the provisions of the laws governing them.

Mines: places that contain metal materials.

Stone materials: Building materials and decorative paving stones and such as determined by the Minister.

Quarries: Places that have stone materials.

Poll: Getting to test the areas where it licenses to search for minerals or investment contracts for stone materials.

Guidance: Notification by the public administration about the presence of mineral substances, in quantities that allows investing in it in an area that is not qualified for this purpose, as well as not being owned by anyone according to this act.

Disclosure of mineral materials: Choosing the Earth's surface or its interior, by all means. Particularly geological and Geophysical, leading to the identification of minerals by their physical, magnetic chemical or other characteristics, or by making test pits or boring holes to ascertain the existence or the possibility of existence of any mineral ores.

Find all metal materials: this includes an extended examination of the surface and the inner earth by all geological, geophysical, or mining methods enabling the determination of the extent to which the ore covers, or its quantity, of the most appropriate means of its extraction and refining, and of the degree of its suitability in local and foreign markets.

Investment: every act that aims for mineral or stone materials exploitation in its natural state or after treatment, including the extraction, moving, storing or dawning of these materials from their places.

Protection license: The license that is issued for an area right next to the area, which is required by the investment contract.

Article (2)

Whatever is there in the mines and quarries of mineral substances in the Libyan Arab Republic is considered as the state funds, including territorial waters as well as stone materials except construction materials (limestone and sand) that are found in quarries that prove their ownership to others.

No one is allowed to reveal or look for minerals or stone, abstract or obtain, or invest without a license or contract issued in the accordance with the provisions of this law.

Article (3)

The Ministry is entrusted with the regulation of the investment in mines and quarries as well as the control of exploitation of mines and quarries, with all matters relating thereto, such as manufacturing and refining, transport or storage, in accordance with provisions of this law. It may undertake exploration, reconnaissance, prospecting for minerals and exploitation of mines and quarries

and all matters relating thereto, either by itself or through third parties in accordance with the conditions stipulated with this law as well as taking into account the competence of the Industrial Research Center, as well as taking into account the terms of reference given to the Foundation for the manufacture of the Libyan General in this regard.

Article (4)

It is not allowed to carry out exploration, reconnaissance, prospection or exploitation work for minerals in the Libyan Arab Republic including State territorial waters, whoever the proprietor may be, except by virtue of a license given in accordance with the conditions and in the manner stipulated in this law.

The public administration will manage records, which will restrict applications by the people concerned to get licenses for research or investment contracts, by managing the dates of issuance.

The Executive Regulation will manage working with the data that these records contain.

Article (5)

The priority of getting the consent for granting a license that is referred to in Article 4 goes to applicants according to the date and hour of receipt and taking into account the other terms and conditions set forth in this law.

The owner of that surface has the right of priority over other applicants regardless of the dates of their applications in terms of getting the license or contract in this case, and that is by virtue without bidding exception of cases of conduct.

And priority is also given to Libyans before foreigners in this situation. Libyans also get priority in the case of having an equal offer as others in bids conditions.

Article (6)

It is not allowed to reserve or detain the machines and means of transport, traction and other instruments designed to invest in mines and quarries, as long as this allocation exists, with the exception of the detentions signed by the Ministers and other government agencies to fulfill their rights.

Article (7)

It is not allowed for aliens to apply for a license or contract only if they have been elected domicile in the Libyan Arab Republic. And they must be keep this

place as a domicile permanently within business documents and registration papers in which they have license in or a contract.

Article (8)

The grant of a license is given by research and investment contracts with return of royalty or rent, or both, and the Executive Regulations shall determine the amount and timing of each performance and the conditions of exemption from it, and taking into account as determined by the law of other provisions in this regard.

Article (9)

The Ministry gets cash deposit to ensure the implementation of conditions of licenses or contracts, in particular, to meet the amounts owed for the Government of peer royalty or lease or those which are imposed by licenses or contracts from other obligations.

The Executive Regulation explains the insurance, discount amounts, conditions and complementation, and how to recover it.

Article (10)

Those who work in the land of others, by implementing the license or contract issued in accordance with the provisions of this law to refrain from any action that would damage the surface of the land or to deprive the owner from the benefit of using the land he owns, that person should be committed to compensate the owner of the land for the damage or deprivation of use as conditions and compensation is either an agreement or spend the ruling of the court that land is located within its competence.

Article (11)

1- The Ministry is entrusted with defining the land required for temporary work through the license or contract and the lead licensee or the investor to the owner of the land who should pay rent for the use of the land during the implementation of these actions. The rent is supposed to be twice the reward. And if the owner declined offering the land for leasing, the Minister shall issue a decree seizing upon the path of the direct implementation, showing the decision boundaries regarding the land, the names of owners, weak wage, and the duration of seizure. And the ones who are concerned should be informed of the decision and should be given a period of not less than fifteen days from the date of receipt to evacuate the land. They may appeal this decision in front of Regular Courts that the property is located, and follow to file the appeal according to the procedures set forth in Article

14 of the law on the expropriation of real estate for the benefit of the public referred to.

- 2- The Ministry – in the case of investment contracts – should determine what is necessary in a land where there is mine and quarry for investment purposes within the duration of the contract, in which case the investor shall purchase double the price of the same land, if the land owner rejected this offer to sell expropriated for the benefit of the investor in accordance with the procedures set by the law of expropriation of property for public purposes referred to in exchange for compensation to the owner role of the investor be double the eight example.

Article (12)

The Council of Ministers in cases of emergencies arising from war or sign carrying – or for internal reasons related to the economics of the country or its security, grab – when appropriate – the mine or quarry and all related facilities, or the acquisition of some or all of their products, or request the investor to increase production to maximum energy production if possible.

It is not seized until after the call the investor or his representative to attend to the Ministry by registered letter with acknowledgement of receipt and access, and hear his words.

In the case of the requisition of the mine or quarry, the Council of Ministers issues a decree determining the party that holds the investment, and conditions of this investment, the appropriation for a fair compensation.

Article (13)

The Council of Ministers decides to end the requisition right at the demise of the reasons that necessitated, for the investor to resume work after the end of the seizure, if requested within three months from the date of notification of the decision of the Board by registered letter with acknowledgement of the arrival, otherwise he forfeits the right to resume work, and is a contract terminated from the date of seizure.

The resumption of work shall be in the same conditions stipulated in the contract of previous investment, with the condition of compensating this demise by a certain amount of money.

Article (14)

- 1- The exploration license or the investment contract shall be automatically terminated in these cases:
 - a) Upon the death of the license or investor if a natural person.
 - b) Dissolving the legal person of the license or investor.
 - c) In the licensee or investor announced bankruptcy.

- d) If the licensee or the investor waived the license without a written approval by the Ministry.
- 2- It is allowed to cancel the contract by the party who issued the license, in cases where it has this right in accordance with the provisions of this law or the terms of the license or contract.

Article (15)

The Licensee or the investor may request assignment to the Ministry or to others of the license or investment contract before the end of the period specified in the license or contract for the reasons expressed by the Ministry in this case, and that is only after written approval from the Ministry as well as the approval of both the assignee and third parties and stakeholders with specifying the date of entry into force by the Ministry, and settle the rights and obligations of the assignee.

Article (16)

The one who's licensed for research or the investor should send statements to the General Department every six months from their records, as well as sending all data about the staff and workers. Also they should send out the information about raw materials, transferals, inventions and the results of their analysis, and the selling prices, and other materials that are required for work, as well as any other data that the Public Administration believes they should have, to ensure the conduct of serious research and investment according to the industrial activity. Presenting these data shall be in accordance with forms prescribed by the executive regulations issued by the public administration or for each individual case and that as determined by the Minister.

Article (17)

- 1- The Ministry shall have all the maps and data that the licensee or the investor has, and that is by the end of the license or contract duration or cancellation, or even abandonment, or by ending the license or the contract with not granting the right of ownership according to the provisions of this law.
- 2- The licensee or the investor has to remove all personal property located in the place in a maximum period of six months from the date of expiry of the license or contract.
- 3- For fixed installations, it may be removed only after obtaining written approval from the ministry, if the licensee or investor did not remove these fixed installations after six months, those facilities go to the ministry without any charge in return, and the Ministry may decide to keep the facilities mentioned in this case is the licensee or investor value due removal.
- 4- The past provisions in the last two paragraphs do not apply, only if the land was owned by the state, but if the land is owned by, or devolved to the investor purchase or expropriation in accordance with Article (11), then

these provisions do not apply except under one condition of continuing to invest in the mine or quarry.

Part II Special Provisions for Mining

Chapter I License in the detection

Article (18)

The exploration license shall be issued by virtue of an order from the Minister after consulting with the Public Administration and it would be valid for six months, and it is also renewable for another period of six months. In order to get the renewable period of time, the licensee must prove taking serious steps towards disclosure.

Article (19)

The number of prospecting licenses granted to each natural or legal person, shall not exceed five licenses.

The area that is covered by the license shall not be more than One Thousand Square Kilometers.

The licensee has the authority to expose in that area and search for the materials included in the license.

Article (20)

Whoever discovers any raw material, shall alert the Ministry with a notification and receipt of delivery.

The Public Administration has to register in their records a right for this person regarding the discovery; therefore this person has the priority of granting the license taking into consideration as well the conditions for the license. This license shall be applied within three months of the discovery, or else this right of getting priority will not be granted.

Chapter II License in Research

Article (21)

The license in research is given by the Minister for one year after taking the Public Administration opinion on the matter, under one condition, which is, taking serious steps in terms of searching in a time that does not exceed the given period mentioned in the license, which is renewable for another four years. This renewable

license is valid under the terms and conditions set in accordance to this law, as well as the followed executive regulations.

Article (22)

In order to grant the license in research, the applicant has to have the financial capability to practice work on that area, as well as some expertise in the mining and quarries field.

Article (23)

The number of prospecting licenses granted to any person shall not exceed five licenses, and the area shall not exceed One Thousand Square Kilometers. The licensee has the right to practice research on this area.

The Minister has the right after consulting with the Public Administration, to increase the number of licenses or amend decisions regarding the area, as indicated in Article (19)

Article (24)

- 1- The following shall be put up for public auction for prospecting for minerals:
 - a) Areas in respect of which the right of the prospecting licensee is forfeited after having carried out therein works that increased their value.
 - b) Areas in respect of which the right of the investment contract is forfeited.
 - c) Areas in respect of which it has not been possible to determine priority in accordance with Article (5), and in this case, the auction shall be restricted to the applicants concerned.
 - d) Areas in respect of which the disclosure acts that are done by the Ministry or other individuals who have rights to search in that area.
- 2- Such areas shall be entered in special registers that are set for this purpose for reviewing every time needed.
- 3- The public auction shall be made according to the rules outlined in Article (31) of this law.

Article (25)

The holder of a prospecting license shall, during the validity of his license; be entitled to search for only materials and substances mentioned in his license, unless there was a third substance mixed with the mentioned material that is included in the license that cannot be excluded. In this case, this holder is allowed to take another new license to include the new mixed material or substance, under the condition of applying for this license within fifteen days starting from the day of discovery of that material, until getting the approval from the Public Administration, the holder of the license is not allowed to continue searching in that area without the final approval. In the case of not receiving a response by the Public

Administration within fifteen days, of the date of application, regarding the new substance, this should be considered as an approval to the new license.

Article (26)

Based on the holder of the license and the Public Administration suggestion, the Minister is allowed to amend conditions regarding the license and the area, and that is for technical purposes that are later on discovered by the holder of the license.

The Minister is also allowed to issue searching licenses for other than the holder of the license within the same area, if the purpose was for searching for other materials not included in the first license for the first holder. And this area can be a place for working licenses as referred to in Article (47) of this law, under the condition of not causing any damage in this targeted area.

Article (27)

The Holder of the search license shall submit a detailed report regarding the work done by the editors of four pages in Arabic, within three weeks before the expiration date of the license. This report shall be followed with:

- a) A map, which is appropriately accepted by the public administration.
- b) Samples of materials and substances that have scientific or economic values. Each sample has to be attached with a tag explaining the scientific name of the substance as well as the location according to the map that is indicated in clause (a).

Article (28)

The holder of the license is entitled during his period of license to the right of holding the investing contract for the same space granted in the license for searching, in accordance to the terms and conditions of this law, as well as considering the termination of the license itself.

If the investment contract was issued for the applicant for part of the area, which is included in the license, the rest of the area will still be valid for the holder of the license, as far as the license is not exceeding a period of four years with the renewal.

The holder of the license has the right, with the Ministry's permission, to use the raw materials that came out from the searching process, under the condition of applying for an investment contract according to this law and the executive regulations attached with it.

Chapter III

Investment Contract

Article (29)

To issue an investment contract in a certain space, some acts are required in advance in terms of searching for this specific substance, whether through the Ministry or through the license for search. It is also required to have enough amounts of this substance for the purpose of investment.

The investment contract is issued by a decision of the Council of Ministers upon a submission of the Minister in accordance to the conditions established in this law.

Article (30)

This is an exception of the provisions stated in the previous article, the Council of Ministers may issue investment contract without any research in advance for areas where metals and materials are identified in sufficient quantities to allow this investment.

The Ministry is required to explain what areas are specifically for this purpose, and they shall announce it in the Official Gazette during the month of January of each year, as well as making this document accessible at any time.

These areas are valid for investment through public auction, which takes place in accordance with the provisions of the following article.

Article (31)

The Minister shall issue the decision to form a Committee to establish rules and procedures for the public auction to invest in the areas referred to in the previous article. And that is based on setting a minimum wage for granting the right to investment.

The Minister may decide to forego the payment of such premium and make the full or reduced rent or royalty as a bidding minimum in the auction if it finds that there are good reasons justifying the reduction of the auction-bidding minimum.

The Committee shall examine all the offers submitted in the auction and make their recommendations thereon.

Article (32)

The investment contract is issued for the duration specified by the applicant as long as it does not exceed thirty years.

And the Council of Ministers may decide to renew the contract with the following conditions:

- a) The investor has committed to all obligations imposed on him.
- b) The investor has to inform the Minister, in writing, if there is a desire to renew the contract before at least six months of the expiration date of the contract.
- c) The renewal shall be according to what the applicant specified in the application as long as it does not exceed fifteen years.

It is possible to have an agreement between the Ministry and the investor to renew the contract under the conditions agreed upon according to this law.

In all cases applicable, the laws and regulations shall be in force at the time of the renewal of the contract.

Article (33)

The investor may not extract any ores or other mineral substances that are not raw or metal materials, which are not included in the contract, unless such materials are mixed with the licensed materials, and it cannot be extracted without the other ore. In this case, the investor shall notify the Department within 60 days from the date he finds out about that material. And the investor shall wait until the approval of the General Administration.

Article (34)

It is possible, with the decision of the Council of Ministers to cancel the contract, if the investor did not invest seriously for three consecutive years, from the date of signature of the contract, or if the Minister suspended the investment for one year without a written permission.

Article (35)

- 1- The holder of the investment right, in accordance to this law, is allowed to request a permission or more for protection, as far as this protection is including only the area allowed in the license, which has to be not owned by any other person, as well as the shape of this area must be in a form of square or rectangle.
- 2- The Protection license shall be as required by the applicant as long as it does not exceed the investment period.
- 3- The Minister shall issue the protection license, and the holder of this license shall pay an annual rent for the space protected with tenth of the amount for the investment rental.

- 4- The protection license entitles the holder to the right of research, as well as gives the holder the right to get an investment contract in the same area protected under the conditions established in this law.

The holder of the license has the right to use the outcomes of the research from raw materials and ores, with permission from the Ministry, under the condition of applying for an investment contract in accordance to the provisions of this law as well as the regulations attached with it.

Part III Quarries

Article (36)

The investment contract regarding quarry is issued for a period not exceeding five years by decision of the Minister, if it exceeded this period of time but not more than fifteen years, a decision shall be issued by the Council of Ministers.

The Contract may be renewed for a further term not exceeding a total of thirty years, under the conditions laid down in articles 32 and 39 of this Act.

Article (37)

A Royalty shall be paid in respect of quarry materials by the end of every six months, in accordance to the provisions established in the executive regulations.

The Royalty can be forgiven for every natural or legal person who applies for a license in order to extract materials for the purpose of building mosques, charities, hospitals, shelters, and schools or to fill ponds and marches.

Article (38)

The investor pays rent annually, which is estimated a commission established by the Minister, taking into consideration the economic conditions and all other concerns for each socket, especially regarding the space, location and the type of materials extracted from there. The committee is in force for the duration of the contract.

If the applicant for investment did not pay the rent, which the committee has raised, then the investment shall be available for public auction according to the rent specified by the committee.

Article (39)

The committee, which is referred to in the previous article, has the right, in the case of renewal, to increase or decrease the rent according to the requirements of the economic conditions.

The committee also has the right to reconsider the assessment of the rent during the term of the contract upon the Ministry's as well as the contractor's request, as far as serious reasons are provided.

Article (40)

An investor in quarry, during the contract term and after its termination of a period not less than six months, may replace the quarry with another one in accordance with the conditions laid in the investment contract as long as the Ministry has justification for this replacement, also with the condition of paying any royalties on materials that were extracted from the quarry before moving to the new one. This replacement is not allowed to be made more than once for the duration of the contract and renewal.

The rent of the new quarry shall be fixed in the manner outlined in Article 38, and in case this rent exceeds the old one, the lessee may be bound to settle the difference within the period fixed by the Department or forfeit his right to the replacement. If, on the other hand, the new rent is lower than the old one, he shall have no right to claim the difference.

Article (41)

The Council of Ministries may cancel the investment contract, if the work in the quarry stops for a duration of 90 days without a written permission issued by the Ministry in advance upon the investor's request, with an explanation for the reasons of this stop.

Article (42)

If the investor did not transfer the quantities of materials he extracted from the quarry until the end of the contract's duration, the ownership of the remaining materials goes to the Ministry without any charge, unless the investor submits a request within fifteen days from the date of the contract's expiration to remain in charge of the materials and the right of transference according to the Ministry's decision regarding the dates as well as make a payment that equals double the royalty that is set for those quantities.

Article (43)

The owner of the land where the building materials are, has the right to extract these materials for his private use, and in this case he is exempt from rent and royalty.

The owner of the land shall not extract these materials or other materials for the purpose of investment unless he gets a license for investment in accordance to the

terms and conditions established in this law, and in this case the owner is exempt from rent and required to pay the royalty.

Part IV Penalties

Article (44)

Everyone extracts or intends to extract any material from mines and quarries without a license or investment contract in accordance to the conditions set by this law shall be punished by a penalty of theft.

Also will be confiscated of machinery and tools used in the process of extraction.

Article (45)

Without prejudice to any harsher penalty prescribed by law, anyone who contravenes the provisions of this law shall be punished with a fine of not less than ten pounds and not more that two hundred pounds.

The public administration has the right to remove the dissenting reasons administratively at the offender's expense if they consider that there's damage cannot be remedied.

Article (46)

The Ministry's officials who have been assigned by a decision of the Minister of being judicial officers to prove what happens in response of violating the provisions of this law, they are also allowed to review documents and accounts, as well as request data regarding the activity of the holder of the license without any previous notice.

Part VI Final temporary provisions

Article (47)

The Ministry gives licenses, for the purposes of investing in mines and quarries to the construction of public roads, railway lines, wiring electrical and pneumatic lines and phones, or pipelines, or creates airports and etc., and that is after getting an approval of the competent authorities.

And what is necessary for such land in terms expropriation of property for public benefit, shall be applied according to the provisions of the law on expropriation of property for public benefit referred to.

The holder of the license or the investor must compensate the landowner. And the ownership of the land will transfer by the end of the license or contract duration to the State, and it will be considered as public funds.

Article (48)

Royalties, leases and other expenses shall be paid for the Treasury in accordance with the provisions of this law through administrative detention.

Article (49)

The Ministry develops models for search, research and protection licenses as well as investment contracts, which will be decided by the Council of Ministers.

Article (50)

It is allowed by a decision from the Minister to exclude research done by the industrial research center, or some of the conditions referred to in this Act.

The Minister also might exclude investments, which are made by the Libyan Institutions for Public Industry.

Article (51)

The Executive Regulation for this Act is issued by a decision of the Council of Ministers upon the Minister's submission. And until this regulation is issued, the previous regulations and resolutions shall be valid until the issuance of the new one.

Article (52)

Minerals Act No. (9) of 1953 shall be cancelled. Also any contradicting provisions shall be cancelled.

The Executive Regulations regarding this act shall be valid, until they are replaced or cancelled, as well as the licenses and contracts given according to this law shall be valid until the end of duration for each.

Article (53)

The Minister of Commerce and Industry shall issue the orders necessary for the execution of this law. This law shall come into force after three months of its publication in the Official Gazette.

Issued: 6 January 1971