

THE TURKISH MINING LAW NUMBERED 3213

(AMENDMENTS BROUGHT BY LAW NUMBERED 5177 ARE ENTERED TO THE TEXT)

Purpose:

Article 1 – This Law establishes the principles and procedures with regard to exploring, operating, enjoying rightful ownership and renunciation of mines.

Minerals:

Article 2 – All kinds of substances, except for petroleum, natural gas, geothermal and water sources that are naturally found on earth and in springs and that have economical and commercial value are considered to be minerals under this law.

Minerals shall be licensed in accordance with the groups listed below.

1 st Group minerals

- a) Sand and gravel that are used in constructions and road constructions and that are found naturally in nature.
- b) Brick-roofing tile clay, Cement clay, Marl, Puzzolantic rocks and rocks that are used in cement and ceramic industries and not included in the other groups.

2 nd Group minerals

Marble, Decorative stones, Travertine, Limestone, Dolomite, Calcite, Granite, Cyanide, Andesite, Basalt and similar stones.

3 rd Group minerals

Slats in the form of solution and obtained from sea, lake and spring water, Carbon Dioxide (CO₂) gas (except for geothermal, natural gas and areas that have petroleum).

4 th Group minerals

- a) Kaolin, Dickite, Nacrite, Halloysite, Endellit, Anauxite, Bentonite, Montmorillonite, Baydilite, Nontronite, Saponite, Hectorite, Illite, Vermiculite, Allofanoid, Imalogite, Chlorite, Sepiolite, Palygorskite (Attapulgit), Loglinit and clays that are a mixture of those, Refractory clays, Gypsum, Anhydrite, Alaunite (Alum), Halite, Sodium, Potassium, Lithium, Calcium, Magnesium, Chlorine, Nitrate, Iodine, Fluor, Bromine and other salts, Boron salts (Colemanite, Ulexite, Boracite, Tincal, Pandermite or other boron minerals containing minimum 10% B₂O₃), Stroncium salts (Celestite, Stronthianite), Barite, Vollastonite, Talc, Steatite, Pyrophyllit, Diatomite, Olivine, Dunite, Sillimanite, Andalusite, Dumortierite, Disthene

(Cyanide), Phosphate, Apatite, Asbestos (Amiantus), Magnesite, Huntite, Natural Sodium carbonate minerals (Trona, Nacolite, Dawsonite), Zeolite, Pumice, Pecheisenstein, Perlite, Obsidian, Grafito, Sulfur, Fluorite, Kryolith, Grindstone, Corundum, Diasporite, Quartz, Quartzite and, Quartzite and Quartz sand that contain minimum 80% SiO₂ in its composition, Feldspar (Feldspar and Feldspathoid group of minerals), Mica (Biotite, Muskovit, Sericite, Lepidolite, Flogopite), Nephelined Syenite, Chalcedony (Silex , Çört).

b) Peat, Lignite, Bituminous Coal, Anthracite, Asphaltite, Bituminous Schist, Bituminous Shale, Radioactive Minerals (Uranium, Thorium, Radium).

c) Gold, Silver, Platinum, Copper, Lead, Zinc, Iron, Pyrite, Manganese, Chromium, Mercury, Seaborgium, Tinsel, Vanadium, Arsenic, Molybdenum, Tungsten (Wolframite, Scheelite), Cobalt, Nickel, Cadmium, Bismuth, Titanium (Ilmenite, Rutile), Aluminum (Bauxite, Gypsite, Böhmite), rare earth elements (Cerium Group, Yttrium Group) and rare earth minerals (Bastnaesite, Monazite, Xenotime, Serit, Oxsenite, Samarskite, Fergusonite), Cesium, Rubidium, Beryllium, Indium, Gallium, Thallium, Zirconium, Hafnium, Germanium, Niobium, Tantalum, Selenium, Tellurium, Rhenium.

5 th Group minerals

Diamond, Sapphire, Ruby, Beryllium, Emerald, Morganite, Aquamarine, Heliodor, Alexandrite, Agate, Onyx, Sardonix, Jasp-agate, Carnotite, Heliotrope, Bloodstone, Krisopras, Opal (Irize Opal, Fire Opal, Black Opal, Wood Opal), Quartz crystals (Amethyst, Citrine, Rock Crystal (Mountain Crystal), Misty Quartz, Tiger's Eye, Avanturine, Venus Stone, Rose Quartz), Tourmaline (Rubellite, Vardelite, Indigolite), Topaz, Moonstone, Turquoise, Spodumene, Amber, Lazurite (Lapis Lazuli), Jet, Diopside, Amozonite, Meerschaum, Labradorite, Epidote (Zoisite, Tanzanite), Spinel, Jadeite, Jade or Jad, Rhodonite, Rodochrosite, Granat Minerals (Spessartite, Grosullar Hessonite, Dermontoite, Uvarovite, Pyrope, Almandine), Diaspore Crystals, Kemerrerrite.

Principals and procedures with regard to the characteristics of the minerals included in these groups and the determination of the group of a mineral that is not included in this Article shall be governed by the regulation of the Ministry.

Licenses granted in accordance with this Law cannot be utilized for other purposes.

Definitions:

Article 3 – The terms used in the Law are defined below:

Ministry: Ministry of Energy and Natural Resources.

General Directorate: General Directorate of Mining Department of Ministry of Energy and Natural Resources.

Right of Precedence: The precedence right granted to the first applicant of mining rights.

License Law: Rights and obligations of license holders connected with the licenses.

Discovery: Discovery of mineral existence during any license term as defined in its regulation.

Exploration License: Authorization certificate given in order to enable mineral exploration activities within a certain area.

Operation License: Authorization certificate given for the purpose of performing operational activities.

Permit for Operating: Permit for putting a mine into operation.

Certificate: Certificate given by the Ministry within the frame of procedures and principles set forth by the regulation regarding exploration and operation of 5 th Group minerals.

Declaration: A written document submitted to public offices by the persons concerned in order to determine or explain a situation.

Mine Registry: Registry where all the information regarding mining activities are recorded.

Covery: Ore produced for the requirements of the operation and whose operation under existing economic and technical conditions is not possible.

Prospecting: Collecting the initial information that would set the grounds for mineral exploration activities.

Proven Reserve: Definite quantities of producible ore whose dimensions and grade are measured.

Economic Ore: Ore that can be assessed as profitable under prevailing technical and economic circumstances.

Expropriation: Expropriation decision taken for the mining activities on the lands under private proprietorship within the license area during the operation license.

Supervision: Inspection of the operations with regard to their implementation of operation techniques and security regulations.

Supervisor: Mining engineer responsible and authorized to supervise technical and security aspects of the operations.

Reduction: Reduction of the licensed areas in accordance with this Law.

Termination: Automatic termination of rights without any requirement for notification.

Activity Report: An introductory text prepared by the technical supervisor in accordance with the regulation regarding mining activities.

Technical Document: A technical document such as production map, geological, geophysical and hydro-geological study, map, cross sections report prepared by the concerned engineer and other technical personnel pertaining to the mineral exploration and operational activities and other issues specified in the

Law.

Sales Information Form: A document that indicates financial status such as annual production quantity, sales quantity, total income and accrued rights of the State, to be prepared in the format as set forth in the regulation.

Activity Information Form: A document indicating the information on production, sales, stock and other similar information in connection with the annual operation activity, the format and content of which will be set forth by a regulation.

Exploration Activity Report: The document to be submitted to the General Directorate with regard to the exploration activities conducted at the licensed areas.

Production Map: A scaled map of declaration nature that indicates the areas, quantity and method of production of the operations.

Project: A report of declaration nature that organizes the works to be done in order to ensure products and ore to meet the existing and potential demand by using a technology whose certain inputs are chosen for the purpose of utilizing the underground sources.

Weighing Slip: A weighing slip that indicates the weight of the ore at the ore transportation.

Dispatch Slip: A document of declaration nature that contains the information of the bills of consignment as stipulated in subparagraph (A) of the first paragraph of Article 240 of the Tax Procedure Law numbered 213, which is amended by Law numbered 2365.

Specialized State Departments: General Directorate of Mining Activities, Mineral Research and Exploration General Directorate, General Directorate of Coal Mining Institution of Turkey, General Directorate of Bituminous Coal Institution of Turkey, General Directorate of Eti Mining Institution, General Directorate of Electric Works Institution, General Directorate of State Water Works, institutions affiliated to Ministry of Industry and Commerce, Ministry of Agriculture and Rural Affairs, Ministry of Environment and Forestry, and State departments that are specialized on subjects related to mining activities such as Highway Administration and General Directorate of Iron and Steel Institution of Turkey.

Mining Rights: Permissions granted for the exploration, discovering and operating of the mines and financial opportunities granted to those that assist in the discovery of mineral reserves.

Guarantee Deposit: Temporary payment deposited in the form of cash funds, indefinite letter of guarantee obtained from a bank or private finance establishment, State bonds and funds in order to secure mining activities to be in compliance with provisions of law and the technique.

State Rights: The share of the State in the proceeds obtained from mineral extraction.

Critical Ore Stocks: Ore stocks in required economic size in order for the economy to endure the periods of crisis.

Force Majeure: Flood, fire, earthquake, firedamp explosion, collapse, landslide and similar events.

Unforeseen Events: Unexpected changes in grade, geology, marketing, transporting and infrastructure conditions as well as not being able to acquire the required permissions of the other entities in accordance with the legislation.

Sovereignty and disposition of the State:

Article 4 – Minerals are under the sovereignty and disposition of the State, they are not under the proprietorship of the landowners of the land where they exist.

Unity of the rights, their assignment and succession:

Article 5 – None of the rights related to first application (precedence), exploration license, discovery and operation license established over the minerals can be divided into shares. Each one of them shall be dealt as an entirety.

Mining licenses and discovery rights can be assigned.

The fact shall be registered at the mine registry. Assignment transaction shall be complete upon its annotation at the mine registry.

Rights and obligations over mines can be passed on by way of inheritance. These rights and obligations shall be transferred to one of the inheritors or to a third party that meet the qualifications set forth in Article 6, by a power of attorney that contains the power of attorneys of all the inheritors. In the event inheritors cannot reach to an agreement, upon the application of one of the inheritors, the court will adjudge to allocate this right to the most competent of the inheritors or if this is not also possible, to sell the license. The court shall settle this matter by the application of simple trial procedure. In the event a court case is not filed, licenses whose assignment transactions are not completed within 6 months shall be abolished. The method of assignment and succession transactions shall be set forth in the regulation.

Assignment and succession of the rights over the mines shall not delay the application of the provisions stipulated in this Law and in the regulation.

Mining right:

Article 6 – Mining rights shall be granted to the Turkish citizens that are qualified to enjoy civil rights, companies that are legal entities established in accordance with the laws of Turkish Republic and whose statute prescribes that mining is included in their field of activity, public economic enterprises that are authorized on this matter and their entities, affiliates and associates and other public institutes, establishments and administrations.

Mining licenses shall be issued specifically to the name of the real person or the legal entity.

Civil servants, other public officials, personnel employed in the headquarters or country organizations of the

General Directorate on a daily wages or contract basis cannot acquire exploration and operation licenses.

In the event persons that hold exploration or operation rights in mining become civil servants, they are obliged to transfer those rights within 6 months from the date of their employment in civil service.

In the event inheritors that are subject to the prohibition set forth in the third paragraph inherit a mining license by means of succession, they shall be subject to the provision set forth in the fourth paragraph of article 5, unless the status that gives rise to the prohibition changes.

Permissions for mining activities:

Article 7- The principles with regard to the performance of environmental impact assessment of mining activities, including the issues on non-sanitary establishments falling within the locations of forests, preservation forests, forestation zones, land hunting areas, private protection zones, national parks, natural parks, natural monuments, nature protection zones, agriculture, field and culturally protected zones, water catchments, coastal areas and coastlines, territorial waters, tourism regions, areas and centers as well as the cultural and tourism preservation and development zones, forbidden military zones and construction planning zones and neighboring areas shall be established by a regulation of Council of Ministers by obtaining the opinion of the related ministries.

In the event it is understood in the inspections and supervisions conducted by the related ministries in accordance with the legislation that the activities at the licensed fields are not in conformity with this regulation, the transactions to be executed in line with the legislation shall be notified to the General Directorate. Mining activities that are detected to be detrimental to the health of environment and persons shall be suspended until required preventions are activated.

The Ministry of Environment and Forestry shall conclude the transactions of environmental impact assessment. The related ministries, other public entities and institutes shall conclude the transactions pertaining to other permissions during the process of environmental impact assessment latest within three months. Financial obligations required by the regulations of the Ministry and other ministries shall be borne by the license holder.

Mining activities at locations within construction planning zones shall be conducted by obtaining permission from the related local authorities. Mining fields that fall into the construction planning zones after the acquirement of the license will not be subject to this provision.

Mining activities at the locations that are reserved for public service or public interest and within a distance of 60 meters distance to such facilities shall be subject to the permission of the Ministry. Mining activities at the locations within a distance of 60 meters to the buildings and within a distance of 20 meters to privately owned lands shall be subject to the permission of the proprietors. The Ministry if necessary, in consideration of the size of the mining activity, security measures and the structure of the land may increase these distances. Distances shall be measured horizontally.

Mine exploration activities are not subject to any other permission except those set forth in this Law. Operational activities shall be subject to the regulation to be issued by the Ministry in accordance with this

Law.

In the events that mine operating activity and the public investments such as State and city roads, airports, seaports and dams obstruct each other, mining operation activities cannot be performed due to the applications of public entities and institutions, and alternative areas cannot be found for public and private investment, decisions regarding mining activities and the investment shall be given by a council to be established under the chairmanship of Undersecretary of the Prime Ministry.

Establishment, operating procedures, method of taking decisions and other issues of the council shall be stipulated by a regulation to be issued by the Ministry.

The party in favor of whom the decision is taken shall indemnify investment expenses of the mine operator whose activities are restricted by a decision of the council due to public investments.

Permissions granted for the mining activities and/or for the plantations related to these activities shall be valid during the validity of the license law.

In the event it is detected that there are activities in breach of the provisions of this Article, guarantee deposit of the license shall be accounted, as revenue and the activity shall be suspended. In the event this Article is breached three times within five years, the entire sum of the guarantee deposit shall be accounted, as revenue and the license shall be abolished.

Cases in which mining licenses cannot be granted:

Article 8 – (has been abolished by Law numbered 5177.)

Mining incentive measures:

Article 9- Mining activities shall be benefited from incentives determined by the Council of Ministers.

Those that create additional added value by processing the minerals they have produced at their plants that are within the country shall not be required to pay the 50% of the State rights for the quantity of the minerals used for production at these plants.

1 st Group minerals, cover stone and any kinds of construction raw materials used in constructions such as rough construction work, dam, pond, seaport and road will not be benefited from the incentives set forth above.

Means of Declaration:

Article 10 – During the continuation of the mining activities in accordance with the provisions of this Law, written declarations made on technical and financial matters and reports prepared by the authorized persons are deemed to be correct.

Technical personnel can only make declarations on their subjects of specialization and they are liable for their declarations. License holders are liable for all the declarations except for the ones pertaining to

technical matters.

Incomplete and erroneous declarations shall be corrected within two months following the notice given to the persons of responsibility upon the detection of the administration. In the event the required corrections are not made within this period, the guarantee deposit shall be accounted as revenue.

Technical personnel that prevent the execution of the provisions of this Law and cause unjust acquirement of rights by making untrue or misleading declarations shall be warned and their declarations in accordance with Mining Law shall be deemed invalid for a period of one year. Execution of deprivation of rights will continue at each reoccurrence of the action. The execution of the warning and deprivation of rights shall be notified to the related association of profession that the technical personnel is a member of.

The guarantee deposit of license holders that prevent the execution of the provisions of this Law and cause unjust acquirement of rights by making untrue or misleading declarations shall be accounted as revenue and the amount of guarantee deposit shall be doubled. In the event this paragraph is breached for a second time, the previous penalty shall be applied by multiplication. In the event the provisions of the Article are breached three times within five years, the guarantee deposit shall be accounted, as revenue and the license shall be abolished.

Untrue and misleading declarations are defined in the regulation. The provisions of this Article will not be applied to cases that do not fall into the actions defined.

Rights that are obtained in the form described in this article will be revoked.

Supervision of the activities:

Article 11 - The Ministry of Energy and Natural Resources conducts an investigation report, with the cooperation of the other related Specialized State Departments in order to inspect the technical and financial matters on site, for the purpose of controlling and supervising the execution of all the mining activities pertaining to mining rights and obligations.

As a result of the inspection conducted in accordance with the first paragraph, the provisions of Article 10 shall apply to those that are detected to have made untrue and/or misleading declarations.

Qualifications of the inspectors, means of inspection and the preparation of the reports as well as other issues shall be stipulated in the regulations.

Production and dispatch:

Article 12.- It is obligatory to dispatch the produced mines by a dispatch slip.

Issues pertaining to using of dispatch slip and the inspection thereof, taking into consideration dispatching by conveyor and pipe line, distance of mine and plant, status of the transfer route, transporting of the ore in the form of tuvanan, concentrated, semi-finished product and finished products, and the products obtained from using integration plants and enrichment plants of the precious minerals such as gold, silver, platinum are

determined by regulations.

In the event it is detected by the civil authorities that minerals are dispatched by the license owner without a dispatch slip, administrative fine for the amount of three times the ex-mine sales price of that mineral shall be applied.

As a result of the supervision and inspection, the license holders that are detected not to have declared their production and dispatch shall have to pay, in addition to the State rights to be paid, an administrative fine amounting to ten times the amount of State rights calculated over the undeclared quantity.

In the event it is detected that production activities are performed without license or operation permission, civil authorities shall confiscate the produced minerals. Those people shall be subject to an administrative fine for an amount of five times the ex-mine sales price of the entire minerals produced under the content of this paragraph and either confiscated or the confiscation of which was not possible. Excavation and/or dispatch of minerals in such a manner will be deemed as an action against State property. Those that commit this action shall be notified to the judicial authorities for taking legal action. The civil authorities shall sell confiscated minerals and the proceeds of which shall be transferred to the local administration.

The provisions of this Article shall not be applied for construction raw materials produced and dispatched without a commercial purpose and for the personal compulsory needs of the villagers and by obtaining the written permission of the village headman. Fees and State rights will not be collected over those.

Fees, guarantee deposit, fines and other sanctions:

Article 13.- It is obligatory to pay fees and guarantee deposit to acquire the licenses. Guarantee deposit for license is 0,3% of the annual license fee calculated per hectare depending on the license stage and license term. Council of Ministers is entitled to increase or decrease this rate by 50%. Guarantee deposit amount cannot be less than the annual license fees determined by the Ministry of Finance each year according to the license stage and license term.

License holder has to complete the deducted amounts of the guarantee deposit that are accounted as revenue within three months. In the amount they are not paid up within this period another three month period will be granted. In the event guarantee deposit is not paid up within this period as well, activities will be suspended. In the event guarantee deposit is not completed within the following six months, the license will be abolished.

The guarantee deposits that are accounted as revenue and that need to be completed in accordance with this Law will be calculated over the current guarantee deposits.

Guarantee deposits that are not paid on time will be doubled up at each time.

Guarantee deposits will be deposited to the guarantee deposit account opened up in bank determined by the Ministry in order to be transferred to the accounting division safekeeping account. Guarantee deposits accounted as revenue in accordance with this Law will be accounted as special revenue in the government budget and as special appropriation in the Ministry budget.

Guarantee deposits of 1 st Group subparagraph (a) minerals and the guarantee deposits thereof that are accounted as revenue will be deposited to the account of provincial local administration.

Administrative fines imposed by the Ministry, accrued State rights and license fees shall be notified to the related Department of revenues to be pursued and collected in accordance with the provisions of the Law Regarding the Collection Procedure of Public Receivables numbered 6183.

State rights and local administration's share:

Article 14 .- State right to be accrued over produced minerals will be 4% of the ex-mine sales amount for the 1 st Group and 5 th Group minerals and for any kinds of construction materials used in constructions such as cover stone, rough construction work, dam, pond, seaport and road. This rate will be 2% in other groups of minerals. Ex-mine sales price declared by the license the Ministry will inspect holder and incomplete declarations will be corrected. State right will be collected by plus 30% over the mining activities conducted at fields that are in the proprietorship of the Treasury or under the sovereignty and disposition of the State.

In the event these fields fall in State forests the permission granted by the Ministry of Environment and Forestry does not exceed five hectares, the excess of State right collected will be transferred to the related account of General Directorate of Forests. No other compensation will be collected except for compensation for forestation. When the field is handed over after being rehabilitated, upon request, permission will be granted under the same terms and conditions as applied for the handed over.

In the event permission granted at a single time for a license field exceeds five hectares, other compensations will be collected for the exceeding part, except for fund compensations in accordance with the provisions of forestry legislation. Additional 30% State rights provisioned in the first paragraph will not be collected from the mining activities in these fields.

In the event the license is extended, the field permitted by the Ministry of Environment and Forestry within the same license field does not exceed five hectares, State rights forestation compensation, if it exceeds five hectares, compensation for the area in excess of five hectares in accordance with provisions of forestry legislation except for fund compensation will be collected.

In the event ex-mine sales price is not established due to utilization of the produced minerals within the plants of the license holder, the declaration of the license holder shall prevail. However, this amount cannot be less than the precedents.

The State rights paid by the license holder shall be accounted as follows: 50% to the local administration of the city of the license as the share of local administration, 30% to the account of the Treasury, 20% as special revenue in the government budget and special appropriation to the Ministry budget.

Council of Ministers can apply maximum 25% discount in the State right rates in consideration of the type of mineral, the region of production and similar criteria.

The license holder will deposit state rights and local administration's share until the end of business day on the last day of June each year.

Ministry shall grant permission to the related public entities and institutions for the production of building and construction raw materials to be used in the construction of the projects such as roads, bridges, dams, ponds and seaports by the public entities and institutions. In the event there are licensed fields within the fields of production, the production required by the public entity will be made in a manner not to hinder the mining activities and not to cause loss of resource. State rights will not be collected over the productions made under these permissions and the permissions cannot exceed the term of the project.

State rights not accrued in due time shall be subject to interest to be applied from the last day of the month of the accrual should be made until the date of actual accrual to be calculated over the rate of fine for default to be calculated in accordance with Article 51 of Law numbered 6183.

Discovery Right:

Article 15.- The license owner shall be deemed to be the discoverer of the mines declared as proven reserve in the technical reports prepared during the term of exploration and/or operation licenses. Discovery certificate will be given to the license holder requesting this right.

In the event the mines that are subject to discovery are operated by another persons that the discoverer, the discoverer rights accrued over the produced minerals on this field will be paid to the right holder by the persons making productions at this field until the end of June each year.

Discovery right is 1% of the annual ex-mine sales price.

Initial application and licensing:

Article 16. - 2 nd Group, 3 rd Group and 4 th Group minerals can be explored by exploration license and 5 th Group minerals can be explored by exploration certificate. For the 1 st Group minerals, operation license will be granted right away. Applications should be made by request fee. Right of priority shall prevail in applications.

Operation licenses will be granted for the fields of 1 st Group subparagraph (a) minerals by calling by provincial local administrations by means of tender. Areas subject to tender will be determined by obtaining the consenting opinion of the General Directorate. Tender price for these minerals will be deposited to the account of provincial local administrations. Areas that are under private proprietorship cannot be subjected to tenders. In the event the proprietorship holder applies for license over his own land, fees will not be charged. The fields of 1 st Group subparagraph (a) mine licenses cannot exceed 10 hectares.

Sand and gravel in seas will be deemed as 1 st Group subparagraph (a) minerals regardless of SiO₂ ratio.

The principles and procedures regarding the putting out to tender, licensing, operating, inspecting of the operations of 1 st Group subparagraph (a) minerals will be stipulated in regulations to be issued by the Ministry.

The application shall be made to the General Administration directly for operation license for 1 st Group subparagraph (b) minerals not to exceed 50 hectares, for exploration license not exceeding, 100 hectares for 2 nd Group minerals, 500 hectares for 3 rd Group minerals, 2000 hectares for 4 th Group minerals,

exploration certificate for 5 th Group minerals not to exceed 1000 hectares.

Licenses can be combined upon application of the right holders by paying application fee. The total area composed after the combining cannot exceed the area limits specified in this Article. However, at the stage of operation license, if the proven mineral reserve establishes an entirety with the neighboring licensed fields, these area limitations will not be applied. Guarantee deposit shall be updated at the transaction of combining. Fee and guarantee deposit shall not be charged in license reduction transactions.

Application shall be made to the provincial local administrations for areas that are limited by determined points based on the coordinates of 1/25.000 scaled topographical and for 1 st Group subparagraph (a) minerals, and to the General Directorate for other group of minerals either directly or by e-mail. The available portion of the requested area shall be notified to the applicant on the date of application and the license shall be granted if the fee and guarantee deposit is paid within fifteen days. In the event fee and guarantee deposit is not paid, these fields will become available to applications without having to execute any other transaction.

After the evaluation of applications, if the fields over which rights are granted emerge in the form of separate fields, separate licenses can be issued for each of these fields upon the request of the applicant. The fields whose licenses are not taken will become available to applications without having to execute any other transaction.

Licenses shall become effective on the date they are registered at the registry.

A license granted for one of the groups will not entitle rights for minerals in the other groups. However, for the production of minerals that are subject of the license, other group of minerals extracted as a result of inevitable consequence of the operational activity can be utilized by obtaining the permission of the General Directorate. In the event the minerals that are subject of the license cannot be operated economically within the period specified in the term plan of the operation project, an administrative fine for an amount of twice the sales price of the other group of minerals produced shall be applied and the permission granted for the production of these minerals shall be abolished.

Licenses for the same group will not be granted in an overlapping form. Procedures and principles regarding the overlapping granting of separate groups of licenses shall be stipulated by regulations, provided that the acquired rights shall be reserved.

Exploration Activity:

Article 17. – The term of the exploration license and certificate is three years. This term can be extended for the 4 th Group minerals for two years if the application is made with the exploration activity reports.

License holder is obliged to submit exploration activity report until the end of the second year. For the 4 th Group licenses that apply for extension, a second exploration activity report should be submitted at the end of the third year along with the application. In the event exploration activity reports are not submitted in due time, guarantee deposit shall be accounted as revenue.

Geology, mining, and geophysics engineer(s) depending on the nature of the activity shall prepare

exploration activity reports.

Exploration licenses that do not apply for operation licenses at the end of the exploration license term will be abolished and the guarantee deposit shall be returned to the license holder.

General Directorate can grant permission for production and sale of minerals up to 10% of the proven reserve to license holders that apply during the exploration period with exploration activity report for executing technological study, development, pilot studies and market research. Article 10 shall be applied to those that make productions and sales in breach of this paragraph.

In the event production is made during the exploration term, sales information form should be submitted within the period specified in Article 29.

Borders of exploration:

Article 18 – Holder of the exploration license can conduct prospecting studies at neighboring license fields in order to perform the technical requirements of the exploration activities in a manner not damaging the area or operations. (Second sentence has been abolished by Law numbered 5177).

Pre-operation license:

Article 19 – (has been abolished by Law numbered 5177.)

Pre-operation activity:

Article 20 - (has been abolished by Law numbered 5177.)

Extraction of the ore during the exploration and pre-operation periods:

Article 21 - (has been abolished by Law numbered 5177.)

Opening of the fields to new explorations:

Article 22 - (has been abolished by Law numbered 5177.)

Annulment of the pre-operation license:

Article 23 - (has been abolished by Law numbered 5177.)

Operation license and operating of the mine:

Article 24. – Operation license right shall be acquired by applying until the end of the exploration license term with the exploration activity report including the reserve information of the detected minerals, operation project prepared by at least one mining engineer that includes ensuring the compatibility of the operation area with the environment after the activity and the documentation showing that the application fee is paid.

Deficiencies in the projects shall be completed within three months from the date of declaration. Guarantee deposit amounts of those that have not completed the deficiencies within the given period will be doubled and the period will be extended for another three months. The applications of those that have not completed their deficiencies at the end this period will not be accepted and their guarantee deposits will be accounted as revenue.

The license term of 1st Group paragraph (a) minerals is minimum five years. Operation license term of the other group of minerals will be determined according to their projects, provided that this term shall not be shorter than ten years. In the event application for extension is made with a new project before the expiry of the term, the license term can be extended. Total term of the license cannot exceed sixty years. Council of Ministers is authorized to extend the periods after sixty years.

Areas with exploration license will be granted operation license over the proven, probable and possible reserve area detected during the exploration period, and operation permit shall be granted to the proven reserve area. Other sections of the exploration license shall be deducted. Possible reserve fields should be turned into proven and probable reserve within five years in 5 th Group license fields and within three years in other groups of license fields. The fields that cannot be turned into proven and probable reserve shall also be deducted.

In 3 rd Group minerals, the flow of the required water amount and gas for the minerals that are anticipated to be produced in the project shall prevail. Minerals of this group shall be licensed in a manner not to destabilize the natural balance of the reservoir, feeding zones and basin and not to exceed the capacity thereof and including the operation plants.

Production of 5 th Group minerals shall be made by operation certificate. The right of operation certificate shall arise if applied with exploration activity report including the works done until the end of the term of the exploration certificate and the document showing that the application fee is paid.

The term of operation certificate is five years and it can be extended.

Production of 5 th Group minerals shall be made by collection from the surface of the earth. In the event it is required to conduct activities such as wedging and galleries for the operation of these minerals, it is obligatory to obtain the permission of the General Directorate by preparing an operation project by at least one mining engineer.

Other group operation license cannot be granted in fields where the proven reserve is detected in a manner to hinder operating of mines. However, in the event the same person makes license applications for different groups or if the applicants document that they have reached a mutual agreement, this condition shall not be applied.

In the event a dispute arises between the license holders due to collision of license activities at the same area for the same or different groups or if the license holders cannot reach a mutual agreement, the Ministry shall conduct inspection on the projects and/or at the site. In the event it is determined as a result of the inspection that it is possible to perform separate activities at this area, the Ministry shall determine the principles of the activities. In the event this is not possible, permission shall be granted to the activity having precedence

right.

It is obligatory to apply for the required permissions under Article 7 of the Law within three months from the date of license. Otherwise, the guarantee deposit shall be accounted as revenue. The operation permit shall be granted upon the acquirement of these permissions. The license holder has to start operating the mine within one year from the date this permit is granted. For the licensed fields that have not started operation within this period, State right shall be collected over 10% of the production quantity specified in the project per blank year. However, this provision shall not be applied to licenses of boron salts operated by public entities and bituminous coal at Ereğli Coal basin.

Licenses that do not make production for longer than three years within five-year period, for reasons other than force majeure or unforeseen events shall be abolished and their guarantee deposits shall be accounted as revenue.

The terms specified in this Article shall not be applied to bituminous coal at Ereğli Coal basin and to boron salts, thorium and uranium minerals listed in the Law Regulating the Operating of Boron Salts, Trona and Asphaltite Minerals and Nuclear Energy Raw Materials and Handing Over of Some of the Lignite and Iron Fields numbered 2840.

Term of operation license:

Article 25 - (has been abolished by Law numbered 5177.)

Operation permit:

Article 26 - (has been abolished by Law numbered 5177.)

Non-assignment of operation permit:

Article 27 – Operation permit cannot be assigned. Operation license can be assigned as a whole and in accordance with the principles to be prescribed under regulations.

Starting the operation of the mines:

Article 28 - (has been abolished by Law numbered 5177.)

Operation activity:

Article 29. – Operation activities shall be performed in accordance with its project and the related provisions of the Law.

It is obligatory to obtain the consent of the General Directorate prior to effectuating the operation projects and amendments thereof. Otherwise, the activities shall be suspended.

In the event dangerous circumstances are detected with regard to the operation, the license holder shall be granted a six-month period to remedy these circumstances, this period cannot be extended except for cases of

force majeure. In the event activities do not become in conformity of the project or the dangerous circumstances are not remedied at the end of this period, the guarantee deposit shall be accounted as revenue and the activities of the operation shall be suspended.

The license holder is obliged to submit every year until the end of April the technical documents, the sales information form, the activity information form regarding the operation activities of the pervious year, and the information regarding exploration if exploration activities were performed at the operation area to the General Directorate. In the event the obligation is not fulfilled the guarantee deposit shall be accounted as revenue. The activity shall be suspended until the obligation is fulfilled.

License folder for 1 st Group subparagraph (a) minerals is obliged to submit every year until the end of April the sales information form and activities information form regarding the operation activities of the previous year to the provincial local administrations. In the event the obligation is not fulfilled the guarantee deposit shall be accounted as revenue to the account of the provincial local administrations. The activity shall be suspended until the obligation is fulfilled.

Tender:

Article 30.- The fields that were abolished, abandoned or reduced for any reason will become available to explorations by putting them out to tender. Announcements of tender shall be published in the Official Gazette.

In the event there aren't any applications during the period of announcement, the area shall become available to exploration without having to execute any other transaction.

Licenses shall not be granted for the fields that are among the license fields and whose distance of farthest two points is less than 50 meters. These fields shall be put out to tender to the adjacent license holders.

In the event a new mineral is discovered at license fields with collided operation at license fields whose licenses were granted in accordance with the provisions of abolished Mining Law numbered 6309 and whose license law continues in accordance with this Law, mining right at the collided area shall be licensed by putting out to tender to those license holders.

Proceeds of the tender of areas shall be accounted as special revenue in the government budget and as special appropriation in the Ministry budget.

Technical supervision:

Article 31.- Production of minerals shall be made under the supervision of a mining engineer. The size of operation that requires permanent employment of mining engineer and employment procedures and principles shall be determined by regulations to be issued by the Ministry.

Mining engineer employed at the operation shall also perform the duties and responsibilities undertaken by engineers or technical staff that are commissioned for industrial safety as specified in Article 82 of Labor Law numbered 4857.

In the event production is made prior to employment or supervision of the mining engineer, guarantee deposit shall be accounted as revenue and the activity shall be suspended. Activity shall be permitted upon ensuring the employment/supervision of the mining engineer and the renewal of the guarantee deposit.

Nullification of the license and the measures to be taken:

Article 32.- The license holder may apply for withdrawal by taking the required security measures at the field and by submitting to the General Directorate the production map showing the latest status of the field and the mine geology map.

Holders of licenses that have been nullified for any reason are also obliged to take the required security measures and to submit to the General Directorate the technical documents showing the latest status of the field.

License holder is obliged to take the measures prescribed above latest within six months and to ensure the compatibility of the operation area with the environment in line with the operation project.

License holders that do not take the measures prescribed above in due time, except for force majeure reasons will be granted an additional three-month period. In the event the required measures are not taken in this additional period as well, the Office of Governor will take these measures. Expenses incurred by the Office of Governor shall be compensated from the license guarantee deposit. In the event the guarantee deposit will not be adequate, the expenses shall be collected in accordance with Law numbered 6183.

Transfer of plants:

Article 33 – In the event the exploration and operation licenses become invalid due to reasons of termination, expiry or withdrawal, the wells, galleries and the reinforcement facilities constructed for their protection shall be transferred to the State without having to pay indemnification to the license holder.

Plants, vehicles, equipment and material not included in the content of the first paragraph belong to the license holder.

Mining fund:

Article 34 -(Abolished: 21/2/2001- article 4629/1)

Inspection and supervision expenses:

Article 35.- Expenses incurred due to inspection and supervision of mining activities, will be covered from the amounts accounted as special revenue in the government budget and as special appropriation in the Ministry budget in accordance with Temporary Article 1 of Law Regarding the Liquidation of Certain Funds numbered 4629.

Personnel commissioned for the inspection and supervision of mining activities shall be entitled to a daily fee of twice the amount of their daily wages earned in accordance with the Allowance Law numbered 6245.

Payments made in accordance with this Article shall not be subject to any tax or deduction, except for stamp tax.

Storage of covery, mass of residue and slag:

Article 36.- During the activities of mining and subsequent stages; covery, enrichment residue mass and slag that contain ore, mineral or an economic value and that cannot be evaluated technically and economically under the prevailing conditions shall be stored separately in the form as they come out of their latest process, provided that they do not cause inconvenience with regard to environmental pollution. Quantity, physical characteristics, the analysis reports of the samples taken duly and heaping places of these masses of residue and covery will be shown in the activity reports, plans and maps.

In the event the operating license is terminated for any reason, the license holder shall be granted a period of six months except for force majeure events specified in this Law for transferring the minerals, covery, residue mass and slag produced at the site. The office of governor will sell minerals that are not dispatched within this period and that have an economic value by putting out to tender. The proceeds of the sale shall be transferred to the local administrations. Provisions of Article 32 shall be applied to minerals that do not have economic value.

Guarantee deposits of those that are in breach of first paragraph shall be accounted as revenue.

Temporary suspension due to force majeure events:

Article 37. – General Directorate may decide for a temporary suspension of activities at operation license files due to occurrence of force majeure or unforeseen events upon application of the license holder. The application date of the license holder shall be deemed to be the commencement date of temporary suspension.

The license holder is obliged to resume activity within three months following the cease of the event that caused temporary suspension.

Guarantee deposit of those that are in breach of the second paragraph shall be accounted as revenue and they shall be notified to resume activity within latest six months. In the event activities are not resumed within this granted period, State rights shall be collected over 10% of the production quantity declared in the operation project.

The term limitations specified in this Article shall not be applied to bituminous coal at Eregli Coal Basin and to boron salts, thorium and uranium minerals listed in the Law numbered 2840.

Organization and particulars of the mine registry:

Article 38 – Mine registry containing all the technical and financial issues regarding mining rights and activities shall be kept by the General Directorate as specified in the regulation.

Assignment, transfer, attachment, pledge and mortgage or termination status of the mines shall be registered

at this registry.

Mine registry is open to public. Persons concerned may request to view the registry entries at the presence of one of the mine registry officers. It cannot be claimed that the entries in the mine registry were not known.

Rights acquired over mines will not be effective unless registered.

Pledge of ores:

Article 39 – Ores extracted from the mines can be pledged, without taking into possession, in favor of the persons stated in the written application made by the holders of exploration and operation licenses to the General Directorate. This will be registered at the mine registry.

Sales of these ores during the period of pledge are subject to the written consent of the pledge taker.

The manner of keeping the registry with regard to pledge and other transactions shall be determined in the regulation.

Attachments and precautionary measures:

Article 40 - No separate attachment can be placed nor precautionary measures can be taken on the wells, pits, and galleries and machines, buildings, any transport vehicle used above or under ground that are required in the operating of the mine, equipment and plants that are required for increasing the value of the minerals such as for extraction, dressing and smelting of minerals and the material required for the operation of the mine for one year.

However, attachment can be placed and precautionary measures can be taken on the entire of the plants, vehicles, equipment and materials specified in the first paragraph that are an integral part of the operation right or on the ores extracted and the residues and slag of these ores. Pledge rights of third parties are reserved.

Sale of an entire mine by way of execution shall be subject to the procedure prescribed in Article 43.

Attachments and precautionary measures cannot interfere with the activities of the mine:

Article 41 – In the event attachments or precautionary measures are established over the entire mine or over the ores, residue mass or slag or it is attempted to sell them by way of execution, neither the creditor nor the enforcement office can suspend the activity of the mine or interfere with this activity.

Mortgage and its content:

Article 42 – Mortgage can be established on the mine on one or more degrees and levels for the debts of the mine operation license holder in connection with the mine or for securing its future debts for this purpose.

In the event there is a change in the area of the mortgaged operation license, the existing mortgage shall be

effective under the same conditions on the latest license granted without having to perform any transaction.

The entire plants, vehicles, equipment and materials prescribed in the first paragraph of Article 40 that constitute an integral part of the operation license fall within the content of the mortgage.

Mortgage to be established cannot exceed the term of license.

Mortgage creditor may request to register an annotation at the land registry within the scope of general provisions in order to prevent the dispositions of the operation license holder over the real properties registered at the land registry that form an integral part of mining pre-operation license and operation license.

In the event the right of mine operating ends, the effect of the mortgage shall be over the plants, vehicles, equipment and materials that are not included in the content of the provision stipulated in the first paragraph of Article 33.

Mine mortgage will be nullified by the annulment of the registration at the mine registry.

Converting mortgage into money:

Article 43 – The creditor may have the mortgaged mine operation license sold under general provisions for the collection of the credit at the expiry date of the mortgage or when the credit becomes due.

The applicant that wishes to acquire the mine operation license should have the legally required qualifications in order to acquire this right. Applicant shall prove that he has the required qualifications by a document obtained from the Ministry. Enforcement office shall effectuate the sale to one of those applicants that have submitted this document.

The result of the sales shall be notified to the Ministry by the enforcement office. This fact shall be annotated at the registry ledger of the mine and the mortgage registry shall be cancelled. Thus the transaction of assignment shall be matured.

Personal liability:

Article 44 – Operation license holder shall be personally liable for the credit secured by mine mortgage.

In the event of assignment of a mine operation license restricted by mortgage to third parties, the indebtedness status of the debtor that has assigned this right will not change and the mortgage that secures the credit will remain as is.

However, in the event the person that takes over the mine operation license personally acknowledges and undertakes the credit secured by mortgage and the creditor does not notify in writing within one year from the date this issue is notified by the Ministry to the creditor that it wishes to reserve its rights against the former debtor, the former debtor that has assigned the operation license shall be out of his debt.

References to the Civil Code:

Article 45 – Provisions of Turkish Civil Code on mortgage shall also be applied to the mine mortgages.

Rights of easement and usufruct expropriation:

Article 46 – The miner may request establishment of easement and/or usufruct rights over the real estate subject to private proprietorship of the exploration field during the mineral exploration period by applying to the Ministry, provided that it shall be exclusive to the purpose of utilization and for certain periods of time.

The allowance in return of easement and/or usufruct rights shall be determined by the experts to be appointed in accordance with the Expropriation Law.

(Amended: 15/6/2001- article 4683/4) At the end of the exploration period, the duration of the established easement and/or usufruct rights can be extended not to exceed the duration of the operation upon the request of the operation or a new application made for easement and/or usufruct rights.

In the event the field is damaged during the activities, license holder is obliged to pay the indemnification determined by the judicial authorities to the owner of the land and to leave the field in utilizable condition.

The real estate subject to private proprietorship that is required for the activities of the operation at the stage of operation license will be expropriated in the event parties cannot reach an agreement and upon the request of operation license holder and Ministry's decision on public interest.

Expropriation transactions shall be executed in accordance with the provisions of Expropriation Law numbered 2942. The operation license holder shall pay related expenses and expropriation fee.

Expropriated real estate shall be registered at the land registry in the name of the Treasury and shall be allocated to the license holder to be used in mining activities during the validity of the license law.

In the event it is determined by the Ministry that the expropriated real estate is no longer required for the mine operation activities, it shall be notified to the license holder and the former proprietor of the real estate that the expropriated land shall be returned to the former proprietor with the condition of payment of the market value to be determined in accordance with the principles and procedures prescribed in the Expropriation Law. In the event the former proprietor will not apply to take over the real estate within six months the real estate shall remain at the Treasury.

Annotations of the land registry shall be annulled upon the application of the Ministry without the requirement of a court decision.

Mining activities performed at locations under the private proprietorship of the Treasury or under the sovereignty and disposition of the State rental or mesne profits shall not be collected after the enforcement date of this Law.

Expropriation provisions shall not be applied to 1 st Group minerals and to cover stone and any kinds of construction raw materials used in constructions such as rough construction work, dam, pond, seaport and road.

Rights concerning the services of Mineral Research and Exploration General Directorate:

Article 47.- Mineral Research and Exploration General Directorate can perform exploration activities pertaining to a project conducted by the Institute at all fields where mining activities can be performed without having to obtain any license or permit. Mineral Research and Exploration cannot claim for any rights over the same group of minerals it has discovered as a result of exploration activities performed at fields licensed to third parties. The General Directorate in accordance with provisions of Article 30 shall put out other group of minerals within these fields for which exploration license is obtained to tender at the expiry of the license term. Exploration activities within the borders of operation permission shall be conducted by obtaining the permission of the license holder.

Mineral Research and Exploration General Directorate shall submit to the General Directorate and to the license holder upon his request the information and documentation it has obtained as a result of the research conducted at the licensed fields in the format of a report.

Mineral Research and Exploration General Directorate shall be entitled to discovery rights in accordance with Article 15 for the minerals it has discovered by acquiring exploration license in accordance with the provisions of this Law. Those licenses transferred to the General Directorate until the end of the exploration license term shall be put out to tender in accordance with the provisions of Article 30.

The personnel commissioned by the Mineral Research and Exploration General Directorate to conduct research and exploration activities outside their location of office shall be entitled to a daily wage in accordance with the provisions of Allowance Law for an amount of twice the daily allowance determined by the Budget Law without associating it with Article 50 of Allowance Law. Personnel commissioned in this manner shall not be entitled to a separate payment in accordance with Article 50 of Allowance Law. Half of the mentioned payment shall be covered by the proceeds obtained from the paid works of the Institute.

Establishment, fields of authority and responsibilities of technical bureaus on oath:

Article 48 - (Annulled by the decision of Court of Constitution dated: 24/12/1986 with Principal No: 1985/20, Decision No: 1986/30)

Article 49 – Provisions of Law numbered 2840 are reserved. Exploration and operating of boron minerals discovered before the effective date of this Law and those that will be discovered thereafter are subject to the provisions of Law numbered 2840.

Procedures and principles regarding the export of those shall be determined by the Council of Ministers.

Article 50 – Exploration and operation of thorium and uranium minerals after the effective date of this Law will be subject to the provisions of this Law.

Produced ore shall be sold to the State or to entities determined by the Council of Ministers.

Abolished Provisions:

Article 51 – Mining Law numbered 6309 and the additions and amendments thereof are abolished.

Mining Department:

Article 52 - Within six months following the effective date of this Law, the Mining Department shall be staffed with adequate number of personnel to meet the technical and administrative requirements by the Ministry of Energy and Natural Resources.

Additional Article 1.- The Law Regarding the Mines at Eregli Coal Basin to be Operated by the State numbered 3867 and the mining activities at the Eregli Coal Basin determined to be operated by the State are subject to the provisions of this Law.

The term of the license is not subject to the term limitations brought by this Law.

Bituminous Coal Institute of Turkey is authorized to operate and to have operated by reserving its rights the bituminous coal at Eregli Coal Basin, the borders of which is determined by the decision of the Council of Ministers.

Activities performed by public with regard to bituminous coal at Eregli Coal Basin will not be subject to the provisions set forth in Article 7 of this Law and the foreclosing and financial provisions of this Law. They are exempt from guarantee deposit and State rights. However, local administration share shall be collected from bituminous coal, and State right and local administration share shall be collected from the activities conducted with regard to other minerals.

Rights granted to mine operating by the Law On Acquisition of Real Property at the Bituminous Coal Basin numbered 3303 are also valid for the bituminous coal mining at Eregli Coal Basin.

Areas that become available due to reduction of incentive area of Eregli Coal Basin by the decision of Council of Ministers shall be put out to tender in accordance with Article 30 of this Law by determination of the coordinates by the General Directorate.

Additional Article 2. - The Ministry may assign the authorities of the General Directorate as defined in this Law to the offices of governors as it deems appropriate.

Additional Article 3.- The Under-secretariat of Foreign Trade Ministry of Environment and Forestry and the Ministry shall determine the procedures and principles regarding the import of coal and petrokok mutually. Extra allowance up to 2% of the price subject to the customs fee can be collected from the export of minerals and petrokok by the decision of the council of Ministers.

Additional Article 4.- Administration shall notify the court cases filed against the Administration due to acts and actions pertaining to the application of Mining Law to the license holders. License holders may participate in the court cases along with the Administration.

Additional Article 5.- The positions listed in the schedule (1) of this Law shall be abolished and extracted from the related section of the table numbered (III) of the schedule of Decree Law numbered 190 regarding "Mineral Research and Exploration General Directorate", and the positions listed in the schedule (2) of this

Law have been established to be employed at the Mining Activities General Directorate and added to the related section of the table numbered (I) of the schedule of Decree Law numbered 190 regarding "Ministry of Energy and Natural Resources".

Provisional Article 1 –All the licenses that have become invalid at the stages of GMD (General mine file), AR (Exploration license), IT (Initial investigation), PRT (Project investigation), IR (Operation license), II (Operation incentive) before the effective date of this Law shall be cancelled from the sections of map and shall automatically become available to explorations regardless of their borders.

This provision shall also be applied to licenses of discovered minerals that are from the time of the Ottoman Empire.

The applications shall start from the day announced in accordance with Temporary Article 5 and the applications made during the first week shall all be deemed made at the same day. The lists of fields that become available to exploration as approved by the Ministry shall be hanged at the related offices one month prior to the application acceptance date to be kept open to all the miners.

In the event there are more than one application for the same area at the same time, (Amended phrase: 21/2/2001 – article 4629/6) the person that commits to pay the highest price in the form of auction will be entitled to acquire the license. These prices shall be accounted as special revenue in the budget.

Discovery right of the fields that have operating license and operating incentive are reserved.

Provisional Article 2 – All the licenses at the stages of GMD, AR, IT, PRT, IR, II that are valid at the enforcement date of this Law shall continue to be valid in accordance with the provisions of this Law, but being reserved only for the minerals they were granted for in accordance with Mining Law numbered 6309.

The applications at the GMD stage will be abolished in the event they do not pay the guarantee deposits required by law pertaining to the area they have acquired rights for by applying to the related offices within 5 months following the publication of this Law.

Licenses at the stages of AR, IT, PRT whose expiry term of license is less than eight months are obliged to apply for pre-operation or operation licenses by depositing the required guarantee deposits and fees within eight months following the effective date of the Law and submitting the exploration activity reports, pre-operation project or operation project as defined in the regulation.

Those license holders may reduce the license area once only by applying to the related offices and become included in the operation borders.

In the event there are other minerals at the field discovered by the license owner and determined and declared by the activity reports and there are not any valid rights granted at that field for those minerals, the right to be covered under the content of pre-operation or operation license for those minerals as well by submitting a project shall arise.

The holders of valid operation licenses and operation incentives are obliged to amend their projects within eight months in accordance with the provisions set forth in this Law. In addition, they are obliged to prepare

their activity reports and balance sheet as set forth in the regulation and pay the State rights, discovery rights if any, guarantee deposit and fees in accordance with the provisions of this Law. However, double payments shall be deducted from the debt.

Licenses that do not make restoration in due time and do not perform its obligations shall be abolished.

Provisions of Article 10 shall be applied to those that have made misleading, deficient and incorrect declarations.

The fields pertaining to licenses abolished in accordance with this Article shall automatically become available to explorations, provided that there are not any other licenses.

In the event there are other fields within that license area that are licensed to various persons and the license holders cannot reach an agreement, the person that makes the highest donation shall be entitled to have the portion of that mineral remaining in his own license included in the content of the license. The proposal shall be made simultaneously by the license holders at the related office in the form of auction.

Provisional Article 3 – Advance payments of expenses deposited by the license holders for application of requests in accordance with Mining Law numbered 6309 shall be transferred to the budget as of the effective date of this Law.

Provisional Article 4 - (Abolished: 12/6/1987 – article 3382/2)

Provisional Article 5 – For a period of 6 months from the publication date of this Law no applications for mine exploration license will be taken.

Provisional Article 6 – Mining rights and applications shall be made to the related office in Ankara until the offices of governors are equipped with the required documentation and equipment in a manner adequate to perform the transactions pursuant to this Law.

Provisional Article 7 – The covery evaluation period of 18 months determined in the temporary article of Law numbered 2840 with regard to all kinds of rights over ore, residue masses, slag stocks and covery extracted by the former license holders at the fields of boron salts has been amended as end of December 1986 and their rights are recreated. Transport, State rights to be paid and the declarations regarding those mentioned materials would be subject to the provisions of this Law.

Provisional Article 8 - (Addition: 12/6/1987 – article 3382/3) Those that have adjusted their licenses acquired in accordance with Regulation on Quarries to the content of the Mining Law from the publication date of Mining Law numbered 3213 to the effective date of this Law may remain in the content of Mining Law due to acquired rights. Those that want to exit from the content of the Law numbered 3213 have to apply for being extracted from the Mine Registry by the Ministry of Energy and Natural Resources. Rights that have been extracted from the registry will be subject to the provisions of Regulation on Quarries.

For licenses that are acquired in accordance with Regulation on Quarries and have not applied for adjustment to be included in the content of Mining Law numbered 3213, provincial local administrations are authorized to execute any and all kinds of extension and licensing transactions in accordance with Regulation on

Quarries from the date of 15/6/1985.

Provisional Article 9-(Addition: 15/6/2001- article 4683/5) Salt operation rights entrusted to General Directorate of State Monopoly shall be adjusted in the name of General Directorate of State Monopoly. Salt operation permits granted or applied for extension until the effective date of this Law in accordance with the Law On Salts numbered 3078 and the related Statute shall be adjusted in the name of the right holders. Applications for operation permit shall be adjusted in the name of the applicant. The right holders mentioned in the above paragraph shall be entitled to acquire operation license by applying to the related Office and by paying the fees and guarantee deposits and submitting operation project within three months following the effective date of the Regulation regarding the application of this Law. Annual fees paid in accordance with Law on Salts shall be set off with the mine annual fees after the adjustment in order to prevent double payment. Rights that have not applied for adjustment in due time will be abolished and put out to tender in accordance with provisions of Article 30. Principles and procedures pertaining to execution of adjustments shall be determined by regulations.

Provisional Article 10-(Addition: 15/6/2001-article 4683/5) In the event there are mine or lake water licenses for the fields where the adjustment of rock salt shall be made, adjustment shall be made over the mentioned license with the condition to be valid only for the salt operation right.

Provisional Article 11-(Addition: 15/6/2001-article 4683/5) A regulation will be issued within six months from the date of publication of this Law in order to specify the procedures and principles pertaining to the application of this Law.

Provisional Article 12- Office of General Directorate shall announce the commencement date of the applications made by e-mail.

Effective Date:

Article 53 - This Law shall become effective at the date of its publication.

Enforcement:

Article 54 - The provisions of this Law shall be enforced by the Council of Ministers.

LAW NUMBERED 5177

ARTICLE 26.- First paragraph of Article 7 of Law on Protection of Cultural and Natural Heritage dated 21.7.1983 and numbered 2863 has been amended as follows.

Determination of the immovable cultural and natural heritage and natural sit areas that requires to be protected shall be made under the co-ordination of the Ministry of Culture and Tourism by obtaining the opinion of the related entities and institutes whose activities will be affected.

ARTICLE 27.- The following subparagraphs have been added to amended Article 53 of Law on Protection of Culture Cultural and Natural Heritage.

(10) General Manager or Deputy of General Manager of Mining Works,

(11) General Manager or Deputy General Manager of Nature Preserve and National Parks.

ARTICLE 28.- The following paragraphs have been added to Article 10 of Environment Law dated 9.8.1983 and numbered 2872.

Activities regarding exploration of petroleum, geothermal springs and minerals are not included in the content of environmental impact assessment.

Issues regarding the operating of the mines shall be subject to Article 7 of Mining Law.

ARTICLE 29.- First paragraph of Article 3 of Law on National Parks dated 9.8.1983 and numbered 2873 has been amended as follows.

Areas determined to be of national park nature shall be declared as national parks by the decision of the Council of Ministers upon the proposal of Ministry of Environment and Forestry and by obtaining the affirmative opinion of the Ministry of National Defense, and the opinion of Ministry of Energy and Natural Resources, Ministry of Culture and Tourism and other ministries.

ARTICLE 30.- The following paragraph has been added to Article 13 of Law on Mobilization for National Forestation and Erosion Control dated 23.7.1995 and numbered 4122.

Mineral exploration and operation activities at the locations permitted by this Law will be conducted in accordance with Article 16 of Law on Forests provided that the license holder shall compensate the expenses incurred for these fields.

ARTICLE 31.- Subparagraph (e) of Article 15 of Law on Mobilization for National Forestation and Erosion Control has been amended as follows.

e) In the event petroleum and mining activities are currently being performed at the fields allocated in accordance with this provision of Law, these fields will be subject to non-forest area statute until the expiry of the term of permit of this activity or until the end of the extended period if the term of the license is extended.

ARTICLE 32.- First paragraph of Article 20 of the Law Regarding the Establishment and Duties of Istanbul Water and Sewer Institute General Directorate dated 20.11.1981 and numbered 2560 has been amended as follows.

Required measures and regulations for the substances that are dangerous to be let to link up with the sewer system and for the protection of drinking water basins shall be determined by a regulation to be issued by the General Directorate and by obtaining the appropriate opinion of the Ministry of Environment and Forestry in accordance with the provisions of Environment Law numbered 2872.

ARTICLE 33.- Subparagraph (b) of reiterated Article 97 of the Law on Municipality Revenues dated

26.5.1981 and numbered 2464 has been amended as follows.

b) In addition to the shares stipulated in Article 14 of the Mining Law numbered 3213, municipality share will be reserved for an amount of 0,2% of the annual sales amount for the mine operations operating within the municipality borders or at the neighboring areas.

This share will be paid to the related municipality by the license holder at the time of the payment of the State right to the Treasury.

ARTICLE 34.- First paragraph of article 16 of Forestry Law dated 31.8.1956 and numbered 6831 has been amended as follows and the following paragraph has been added to the end of the same article.

Exploration and operation of minerals within the borders of State forests shall be performed regardless of the license group and in accordance with the conditions set forth in Article 7 of Mining Law. The duration for consent obtained for fields within forest borders shall continue until the end of the operation license term including the extensions thereof. In addition, plants, roads, energy, water, communication and infrastructure facilities required for mining activities shall be permitted upon payment of the charges, except for fund charges, in accordance with the legislation on forestry.

In the event it is desired to conduct mining activities and any locations, roads, buildings and plants connected with the activities at the forests belonging to public establishments having a legal personality or at private forests, Ministry of Environment and Forestry may grant the permission. In such a case, the parties in accordance with the general provisions shall determine issues such as utilization charges, utilization term, transfer of the constructed buildings and plants.

ARTICLE 35.- The following paragraph has been added to amended Article 19 of the Expropriation Law dated 4.11.1983 and numbered 2942.

In the expropriation of the locations that are registered in the name of someone else, ownerless and/or not acquired by its possessor, the minimum material price of the buildings and the price for trees determined in accordance with article 11 shall be paid to the possessor.

ARTICLE 36.- Amended subparagraph (b) of re-arranged article 13 of Decree Law Regarding the Organization and Duties of Ministry of Finance dated 13.12.1983 and numbered 178 has been amended as follows.

b) to execute the transactions of sale, leasing and exchange of the immovable properties and establishing limited real rights over them under the private proprietorship of the Treasury, leasing of the locations that are under the sovereignty and disposition of the State and granting right of use for such location whenever deemed necessary,

ARTICLE 37.- The following phrases used in the Mining Law have been amended as follows: "of the related office" used in the third paragraph of Article 6 changed to "of the General Directorate", the phrase "the related office" used in the first paragraph of Article 38 to "General Directorate" and the phrase "to the related office" used in the first paragraph of Article 39 to "to the General Directorate".

ARTICLE 38.- a) Regulation on Quarries dated 6.6.1901,

b) Law Regarding That The Provincial Local Administrations Have the Authority to Direct the Transactions and Collect the Proceeds Concerning the Quarries dated 15.2.1956 and numbered 6664,

c) Article 8, second sentence of article 18 articles, 19, 20, 21, 22, 23, 25, 26 and 28 of Mining Law,

d) following phrases used in the Mining Law: “notification” phrase and “pre-operation license” phrase used in the first paragraph of Article 5; “pre-operation” phrase used in the third paragraph of Article 6, in the first paragraph of Article 33 and in the first paragraph of Article 39; “pre-operation and” phrase used in first, second, third and fifth paragraphs of Article 42 and in first and second paragraphs of Article 43; “pre-operation or” phrase used in first, second and third paragraphs of Article 44;

have been abolished.

PROVISIONAL ARTICLE 1.– After the effective date of this Law, applications for operation licenses of 1 st Group subparagraph (a) minerals shall not be taken for a period of three months. This period will be nine months for applications for operation licenses of 1 st Group subparagraph (b) minerals and for exploration licenses of 2 nd Group, 3 rd Group and 4 th Group minerals and for certificates of 5 th Group minerals. The permissions for to the raw materials to be used in the construction of the projects such as roads, bridges, dams, ponds and seaports by the public entities and institutions set forth in the ninth paragraph of Article 14 of Mining Law as amended by this Law shall not be subject to this limitation. At the end of these periods, applications made during the first week shall be deemed to be made at the same time and the precedence ranking shall be determined by drawing of lots. Application fee with the same amount as operation license fee shall be collected from the application made during the first week.

The following rights granted prior to the effective date of this Law;

a) Marble exploration licenses shall be extended for a year. In mineral exploration licenses, this period shall be extended to five years upon request.

b) Pre-operation licenses shall remain valid during their term. During this period, provisions of exploration license law shall be applied.

c) For the fields whose exploration license term has expired and that have applied for pre-operation license, exploration license shall be granted for a period of one year for marble licenses and for a period of two years for mineral licenses upon payment of the fees and guarantee deposits within three months. Rights that have paid the fees and guarantee deposits within due time, but have not made the application shall be abolished.

d) Transactions of the fields with an application of operation license shall be executed in accordance with the provisions of law in effect at the time of the date of application.

e) Dolomite operation permit areas shall be inspected by the Mining Works General Directorate and 2 nd Group license shall be granted for the determined fields of proven and probable reserve.

Tender transactions of the areas that are announced to be put out to tender until the effective date of this Law

shall be subject to the provisions of regulation in effect at the date of the announcement. Licenses acquired through these tenders are not subject to area limitations set forth in Article 16 of Mining Law as amended by this Law.

Licenses granted prior to the effective date of this Law are not subject to area limitations set forth in Article 16 of Mining Law as amended by this Law.

Upon the application of the license holder within six months following the effective date of regulation regarding the application of Mining Law to be issued in accordance with this Law, and for once only, the license area can be attached to maximum four separate licenses in a manner not to cause loss of reserve, if separate operation is economically possible and determined to be appropriate by the Mining Works General Directorate.

The reserve (proven + probable) of the boron salt license fields shall be determined by the related public entities within five years following the effective date of this Law and the same group licenses shall not be granted over these fields. These licenses are not subject to area limitations set forth in Article 16 of Mining Law as amended by this Law.

Areas that are ceded or reduced by the public entities commissioned to operate boron salt licenses after the exploration activities performed at their sites shall be registered at the registry and shall be put out to tender in areas not exceeding 2000 hectares in accordance with the relation articles of Mining Law. The usage of rights in connection with the boron salt reserves to be discovered later on at these areas will belong to the related public entity.

License holders should determine the reserve areas (proven + probable) at the areas subject to operation licenses granted prior to the effective date of this Law and notify thereof to the Mining Works General Directorate within three years from the effective date for the marble license areas and within five years for the mineral license areas. The areas not determined as proven and probable reserve areas at the end of these periods will be reduced.

Operation licenses granted prior to the effective date of this Law shall not be entitled to rights with regard to minerals that are included in the content by this Law. Exploration and pre-operation licenses shall be entitled to rights with regard to minerals that are included in the content by this Law, provided that the existing license is reduced to area of the requested license group, that there isn't any other license for the same group at the requested area and that the activities of the other group license areas that have precedence right for the same area shall not be prevented. The licenses of 1 st Group subparagraph (a) minerals that are entitled to rights in this manner shall be given by the General Directorate.

Procedures and principles pertaining to the execution of transactions under this Law with regard to the areas that are licensed or that have license application shall be determined by regulations.

PROVISIONAL ARTICLE 2.– For the minerals that are included in the content of Mining Law by this Law, the adjustment of the existing licenses granted in accordance with Regulation on Quarries shall be made .

Licenses that have applied for extension in due time in accordance with Regulation on Quarries and the new applications for acquiring licenses made at the time of effective date of this Law shall be concluded by the

provincial local administrations in accordance with the Regulation on Quarries in effect at the time of the applications and those that are found appropriate shall be licensed.

Offices of governors should notify to the Mining Works General Directorate within three months from the effective date of this Law the licenses for quarries within the borders of the city along with the information regarding the right holder, border coordinates, type, duration, area of license, status of proprietorship and other related information.

License holders are obliged to apply for adjustment to the Mining Law within six months following the effective date of this Law by depositing their fees and guarantee deposits; the applications shall be made to the provincial local administrations for the 1 st Group subparagraph (a) minerals along with the coordinates of the activity area, and to the Mining Works General Directorate for the other groups of minerals along with the operation project.

In the event there is a difference between the activity coordinates and license coordinates of the quarry licenses, adjustment shall be made by obtaining the opinion of the offices of governors.

In adjustment to this Law, quarry license holders that on any one of the cement factories, lime factory or asphalt production plant may apply for one time only for expanding their existing quarry adjustment areas maximum up to 50 hectares. In the event there isn't any mineral or marble license over the area requested for expansion, the expansion shall be made by Mining Works General Directorate for an area as deemed appropriate and not to exceed fifty hectares.

License not adjusted in due time will be abolished.

PROVISIONAL ARTICLE 3.– Transportation allowances paid by the license holders until the effective date of this Law shall be accounted as special revenue in the government budget and as special appropriation in the budget of Ministry of Energy and Natural Resources .

PROVISIONAL ARTICLE 4.- Until a new legal regulation is made with regard to the geothermal springs and mineral waters, it is obligatory to obtain the appropriate opinion of the Mining Works General Directorate before granting activity permission for those springs. The Mineral Research and Exploration General Directorate shall review applications. Permissions shall not be granted to activities that are not found appropriate.

At the locations of geothermal springs and mineral waters, the lands required for the establishment of plants to be used in operating and evaluation of these sources will be allocated for this purpose regardless of manner and nature of utilization, provided that the measures shall be taken not to damage the surrounding lands.

It is obligatory to determine the source protection zones at the areas of geothermal springs and mineral waters. Mineral Research and Exploration General Directorate shall inspect and supervise the appropriateness of the measures foreseen for these areas .

In the event it is determined as a result of the inspections made by Mineral Research and Exploration General Directorate that the activities are not conducted in accordance with the science and techniques ,

protection of the source and the environment and the measures foreseen for the protection zones, the measures to be taken shall be determined by Mineral Research and Exploration General Directorate . Persons, entities and institutions concerned are obliged to conduct these measures. Otherwise, activities shall not be permitted.

The discovery rights acquired by Mineral Research and Exploration General Directorate are reserved. In addition, Mineral Research and Exploration General Directorate shall be registered as the discoverer of the areas whose existence of source is discovered through the research studies it has conducted within the frame of investment programs or of the fluid it has obtained by drilling.

PROVISIONAL ARTICLE 5.- Operation incentive periods granted to drinking water, mineral water, spas and thermals in accordance with the provisions of abolished Regulation on Minerals dated 26.3.1322 or Law Regarding the Exploration and Operation of Minerals dated 17.6.1942 and numbered 4268 can be extended by Mining Works General Directorate up to twenty years depending on the nature of the project upon the application for extension by the incentive holder within six months following the effective date of this Law by submitting extension project. 1% of the annual turnover shall be collected as State right. In addition, 10% of the first year's turnover shall be collected as State right in order to be set-off for dividend shares of previous years.

PROVISIONAL ARTICLE 6.- In the event applications were made for acquirement of salt operation permit prior to the effective date of Law on Amendments to be Brought to Mining Law and Abolishment of Law on Salts dated 26.06.2001 and numbered 4683, the tenders regarding the salts that were effected but not approved by the Board of Directors of the Monopoly of State shall be deemed to be approved.

PROVISIONAL ARTICLE 7.- Iron licenses listed in the attachment of Law dated 10.6.1983 and numbered 2840 shall be privatized by the Department of Privatization Administration in accordance with the Law dated 24.11.1994 and numbered 4046.

PROVISIONAL ARTICLE 8.- All the regulations pertaining to the application of this Law will be issued within eight months following the effective date of the Law.

Effective Date:

ARTICLE 39 - This Law shall become effective at the date of its publication.

Enforcement:

ARTICLE 40 - The provisions of this Law shall be enforced by the Council of Ministers.

