

## **NOTICE**

The Ministry of Mines has prepared the draft rules named “The Mineral (Auction) Rules, 2015” for the provisions relating to auction of the mineral concessions as provided for under the Mines and Minerals (Development and Regulation) Amendment Act, 2015.

The draft rules are appended below for inviting comments/suggestions from the general public, Governments of States / Union Territories, Mining Industry, Stake Holders, Industry Associations, and other persons and entities concerned. The last date for receipt of the comments/suggestions is **23<sup>rd</sup> April, 2015**.

The comments/suggestions may be sent by e-mail to the following ID: [mmdr2014@gov.in](mailto:mmdr2014@gov.in)

It may kindly be ensured that the comments are sent on MS-Office Word file.

Alternatively, comments/suggestions may also be sent by post to the following address:

Shri Rokhum Lalremruata  
Director  
Ministry of Mines  
Room No 302, D Wing  
Shastri Bhawan  
Dr Rajendra Prasad Road  
New Delhi -110 001

The envelope may kindly be super scribed on the top with:  
**“Comments/suggestions on The Mineral (Auction) Rules, 2015”.**

Ministry of Mines, Government of India

# The Mineral (Auction) Rules, 2015

Draft for consultation purposes only

## THE MINERAL (AUCTION) RULES, 2015

### Contents

<b>PREAMBLE</b> .....	3
<b>CHAPTER I : PRELIMINARY</b> .....	3
<b>1. Short title and commencement</b> .....	3
<b>2. Definitions</b> .....	3
<b>3. Interpretation</b> .....	5
<b>4. Applicability</b> .....	5
<b>5. Broad scheme regarding grant of concession</b> .....	5
<b>CHAPTER II : GRANT OF MINING LEASE UNDER SECTION 10B(3) or SECTION 11(2)</b> ..	6
<b>6. Prerequisites for auction of Mining Lease</b> .....	6
<b>7. Auction</b> .....	6
7.1. <i>Eligibility</i> .....	6
7.2. <i>Electronic Auction</i> .....	7
7.3. <i>Bidding parameters</i> .....	8
7.4. <i>Bidding Process</i> .....	8
<b>8. Grant of Mining Lease</b> .....	11
8.9. <b>Upfront Payment</b> .....	13
8.10. <b>Performance Security</b> .....	13
8.11. <b>Payment for cost of report</b> .....	14
8.12. <b>Payments under Mining Lease</b> .....	14
8.13. <b>Payment of Interest</b> .....	14
<b>CHAPTER III : GRANT OF COMPOSITE LICENSE UNDER SECTION 11(3) or SECTION 10B(2)</b> .....	15
<b>9. Prerequisites for auction of Composite License</b> .....	15
<b>10. Auction</b> .....	15
<b>11. Grant of Composite License</b> .....	16
<b>12. Performance Security</b> .....	18
<b>13. Payment for cost of report</b> .....	19
<b>14. No Evidence of Mineral Contents</b> .....	19
<b>CHAPTER IV : GRANT OF PROSPECTING LICENSE / MINING LEASE UNDER SECTION 10A</b> .....	19
<b>15. Grant of Prospecting License under Section 10A(2)(b)</b> .....	19
<b>16. Grant of Mining Lease to a holder of Prospecting License, under Section 10A(2)(b)</b> ..	20
<b>17. Grant of Mining Lease under Section 10A(2)(c)</b> .....	20
<b>18. Geological Exploration of a Permit Area and auction</b> .....	20
<b>CHAPTER V : GRANT OF NON-EXCLUSIVE RECONNAISSANCE PERMIT UNDER SECTION 10C</b> .....	20

<b>19. Grant of Non-Exclusive Reconnaissance Permit</b> .....	20
<b>20. Findings of a non-exclusive reconnaissance permit</b> .....	21
<b>CHAPTER VI : MISCELLANEOUS</b> .....	22
<b>21. Power to rectify apparent mistakes</b> .....	22
<b>22. Special provisions relating to atomic minerals</b> .....	22
<b>23. Exploration Obligation</b> .....	23
<b>SCHEDULES</b> .....	24
<b>Schedule I : Terms and conditions regarding eligibility</b> .....	25
<b>Schedule II : List of Specified End Use</b> .....	27
<b>Schedule III : Format of Performance Security</b> .....	28
<b>Schedule IV : Format of Mining Lease Application</b> .....	32
<b>Schedule V : Format of online NERP Application</b> .....	39
<b>Schedule VI : Terms and conditions with respect to NERP</b> .....	41

## **PREAMBLE**

In exercise of the powers conferred by section 13 of the Mines and Minerals (Regulation and Development) Act, 1957, the Central Government hereby makes the following rules, namely:-

### **CHAPTER I: PRELIMINARY**

#### **1. Short title and commencement**

- 1.1. These rules may be called the Mineral (Auction) Rules, 2015.
- 1.2. These Rules shall come into force on the date of their publication in the Official Gazette.

#### **2. Definitions**

In these rules, unless the context otherwise requires, -

- 2.1. “**Act**” means the Mines and Minerals (Development and Regulation) Act, 1957.
- 2.2. “**Affiliate**” with respect to any person shall mean, any other person which, directly or indirectly: (1) controls such person; or (2) is controlled by such person; or (3) is controlled by the same person who, directly or indirectly, controls such person; or (4) is a subsidiary or an associate company of such person. In case of a person being an individual, the expression Affiliate shall include his relatives (as defined in the Companies Act, 2013).

In such context: (a) “associate company”, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company; (b) control shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner; (c) “significant influence” means control of at least twenty per cent of total share capital, or of business decisions under an agreement; and (d) “person” shall include any individual, company or association or body of individuals, whether incorporated or not.

- 2.3. “**Composite License**” shall have the meaning ascribed in Rule 5.2.
- 2.4. “**Evidence of Mineral Contents**” shall have the applicable meaning ascribed in Mineral (Evidence of Mineral Contents) Rules 2015.

- 2.5. “**Final Offer**” shall have the meaning ascribed in Rule 7.4.5(B)(a).
- 2.6. “**Geological Exploration**” means exploration in accordance with the Mineral (Evidence of Mineral Contents) Rules 2015.
- 2.7. “**IBM**” means the Indian Bureau of Mines.
- 2.8. “**Inadequate Evidence of Mineral Contents**” shall have the applicable meaning ascribed in Minerals (Evidence of Mineral Contents) Rules 2015.
- 2.9. “**Initial Offer**” shall have the meaning ascribed in Rule 7.4.5(A)(a)(ii).
- 2.10. “**Mineral Concession**” means a Reconnaissance Permit, including a NERP, Prospecting License, Composite License, or a Mining Lease, as the case may be.
- 2.11. “**Mine Development and Production Agreement**” means an agreement in the format as specified by the Central Government.
- 2.12. “**NERP**” means a non-exclusive reconnaissance permit granted pursuant to Section 10C of the Act.
- 2.13. “**NERP Application**” shall have the meaning ascribed in Rule 19.3.
- 2.14. “**Preferred Bidder**” shall have the meaning ascribed in Rule 7.4.5(B)(c).
- 2.15. “**Performance Security**” means a performance security, which shall be in the form of a bank guarantee in the same format as provided in Schedule III (*Format of Performance Security*).
- 2.16. “**Permit Area**” means area with respect to which: (a) in terms of Section 10A(2)(b) of the Act, a Reconnaissance Permit or Prospecting License has been issued before January 12, 2015; or (b) where in terms of Section 10A(2)(c) of the Act, the Central Government has communicated previous approval as required under Section 5(1) of the Act, or if a letter has been issued by a State Government to grant a Mining Lease, before January 12, 2015, as the case may be.
- 2.17. “**PL Holder**” shall have the meaning ascribed in Rule 16.1.
- 2.18. “**RP Holder**” shall have the meaning ascribed in Rule 15.1.
- 2.19. “**Qualified Bidders**” shall have the meaning ascribed in Rule 7.4.5(A)(d).
- 2.20. “**Reserve Price**” shall have the meaning ascribed in Rule 7.4.4.
- 2.21. “**Rules**” means these Mineral (Auction) Rules, 2015.
- 2.22. “**Schedule**” means a schedule appended to these rules.

- 2.23. “**Section**” means a section of the Act.
- 2.24. “**Successful Bidder**” shall have the meaning ascribed in Rule 8.3
- 2.25. “**Technically Qualified Bidders**” shall have the meaning ascribed in Rule 7.4.5(A)(b).
- 2.26. “**Tender Document**” means the tender document issued by a State Government for conduct of auction pursuant to these Rules.
- 2.27. “**Upfront Payment**” shall have the meaning ascribed in Rule 8.9.1.
- 2.28. “**Value of Resources**” shall have the meaning ascribed in Rule 8.9.1.

### **3. Interpretation**

- 3.1. Words and expressions used herein but not defined and defined in the Act shall have the meaning respectively assigned to them in the Act.
- 3.2. In the same format means a form as near thereto as circumstances of each case may require

### **4. Applicability**

These Rules shall apply to all minerals, except minerals notified as minor minerals in terms of section 3 (e) and minerals listed in Part A and Part B of the First Schedule to the Act.

### **5. Broad scheme regarding grant of concession**

- 5.1. A Mining Lease with respect to an area where Evidence of Mineral Contents is established shall be granted in the manner specified in CHAPTER II (*Grant of Mining Lease under Section 10B(3) or Section 11(2)*) pursuant to Section 10B(3) of the Act with respect to any notified minerals or pursuant to Section 11(2) of the Act with respect to any minerals other than notified minerals.
- 5.2. A composite license being a prospecting license-cum-mining lease (the “**Composite License**”) with respect to an area where there is Inadequate Evidence of Mineral Contents shall be granted in the manner specified in CHAPTER III (*Grant of Composite License under Section 11(3) or Section 10B(2)*), pursuant to Section 10B(2) of the Act with respect to any notified minerals or pursuant to Section 11(3) of the Act with respect to any minerals other than notified minerals.
- 5.3. Where before January 12, 2015 being the date of commencement of the Mines and Minerals (Development and Regulation) Amendment Act, 2015 and in respect of any land for any mineral: (i) a Reconnaissance Permit has been granted, then the permit holder shall be entitled to receive a

Prospecting License followed by Mining Lease: or (ii) a Prospecting License has been granted, then the licensee shall be entitled to receive a Mining Lease, in each case pursuant to Section 10A(2) of the Act, in the manner specified in CHAPTER IV (*Grant of prospecting license/mining lease under Section 10A*).

## CHAPTER II: GRANT OF MINING LEASE UNDER SECTION 10B(3) or SECTION 11(2)

### 6. Prerequisites for auction of Mining Lease

6.1. Subject to the provisions of the Act, the State Government may initiate auction process with respect to an area within the State, in accordance with the provisions of this CHAPTER II, provided that there is Evidence of Mineral Contents in such area with respect to the mineral for which auction is proposed to be conducted.

6.2. Prior to issuance of the notice inviting tender with respect to auction, the State Government shall:

(a) identify, demarcate and geo reference the area where a Mining Lease is proposed to be granted through auction, using total station and differential global positioning system. Such area may be classified into the following categories:

(i) forests land;

(ii) land owned by the State Government; and

(iii) land not owned by the State Government.

**Explanation:** The area where a Mining Lease is proposed to be granted through auction should include area required for mining operations and ancillary activities including without limitation, sub-grade stacking, waste dumping and tailings.

(b) obtain conditional clearance on the basis of recommendation of the committee constituted for the purposes of forest clearance under the Forest (Conservation) Act, 1980 and wildlife clearance under the Wild Life (Protection) Act, 1972 or any other law for the time being in force, so as to enable commencement of operations; and

(c) obtain all necessary permissions from the owners of the land and those having occupation rights.

### 7. Auction

#### 7.1. Eligibility



- 7.1.1. A person must meet the conditions specified in Section 5 of the Act for participating in the auction.
- 7.1.2. A person must also meet the terms and conditions with respect to eligibility as specified in Schedule I (*Terms and Conditions regarding Eligibility*), as may be applicable.
- 7.1.3. Pursuant to Section 10B(6) of the Act, the State Government may in its discretion identify a specific end use from the list of possible end use prescribed in Schedule II (*List of Specified End Use*). If the State Government has specified an end use with respect to a particular mineral, then:
- (a) in order to be eligible, the mineral reserve should not exceed 1.25 times the requirements of minerals for the specified end use over a period of 50 years;
  - (b) if a bidder or any of its Affiliates is holding one or more Mining Lease for the same mineral, then the amount of mineral reserves under such Mining Lease shall be deducted from the mineral reserves specified in sub-rule (a) above, for the purposes of computation of 1.25 times of the requirements of minerals; and
  - (c) if a bidder or any of its Affiliates is holding a Reconnaissance Permit or Prospecting License with respect to the same mineral as is under auction, then until such time that the bidder or its Affiliate has surrendered the Reconnaissance Permit or Prospecting License; or has concluded reconnaissance operations or prospecting operations, as the case may be, such bidder shall not be eligible to participate in such auction. If upon completing of prospecting operations, Evidence of Mineral Contents has been established, then the amount of mineral resources found shall be deducted from the mineral reserves specified in sub-rule (a) above.
- 7.1.4. The eligibility conditions shall be used only for the purposes of determination of eligibility for participating in the auction. The successful bidder shall be decided solely on the basis of financial bids submitted by the eligible bidders.

## 7.2. ***Electronic Auction***

Auction shall be conducted only through electronic mode. The State Government may utilise any electronic auction platform which meets the minimum technical and security requirements as specified in the latest

Guidelines for compliance to Quality requirements of eProcurement Systems issued by the Standardisation Testing and Quality Certification (STQC) Directorate, Department of Information Technology, Ministry of Communications & Information Technology, Government of India.

### 7.3. *Bidding parameters*

7.3.1. The State Government shall use production linked revenue sharing model under which the bidders shall quote a per cent of revenue as the bidding parameter. In case of a bidder becoming successful and being awarded a Mining Lease, an amount equal to the multiple of: (i) actual production from the mine; (ii) per cent quoted by the Successful Bidder; and (iii) average price of the mineral of average grade as published by IBM for the relevant State for a period of twelve months immediately preceding the month of payment, shall be payable by the Successful Bidder.

#### Illustration:

Last 12-month (preceding the month of payment) average price of the mineral (of average grade) for respective state as published by IBM	Rs.4,000 /Tonne
Annual production from the mine	2 million Tonnes
Per cent share quoted by the Successful Bidder (Final Offer)	10%
Amount payable by the holder of Mining Lease	4,000 X 20,00,000 X 10%
	= Rs. 80 Crores

7.3.2. In case of an area bearing more than one minerals (including associated minerals), the same bidding parameters shall be applicable for each such mineral. In such case, the per cent of revenue quoted by the bidder shall be applicable to each such minerals.

### 7.4. *Bidding Process*

7.4.1. Subject to compliance with Rule 6, the State Government shall issue a notice inviting tender to commence the bidding process. The notice inviting tender shall contain brief particulars regarding the area under auction, including without limitation: (i) particulars of

the area identified, demarcated and geo referenced using total station and differential global positioning system divided into forest land, land owned by the State Government and land not owned by the State Government; (ii) estimated mineral resources and brief particulars regarding Evidence of Mineral Contents; and (iii) list of all clearances and permissions obtained with respect to such area with respect to commencement of mining operations, including approvals obtained pursuant to Rule 6.2.

7.4.2. The Tender Document may be made available by the State Government to the potential bidders on payment of such amount, not exceeding:

- (a) INR 5 Lacs in case of Value of Resources being more than INR 500 Crores;
- (b) INR 2 Lacs in case of Value of Resources being more than INR 50 Crores but equal to or less than INR 500 Crores; and
- (c) INR 1 Lacs in case of Value of Resources being Less than or equal to INR 50 Crores.

7.4.3. The Tender Document shall contain (i) geological report, (ii) copies of all clearances and permissions obtained with respect to such area with respect to commencement of mining operations, including approvals obtained pursuant to Rule 6.2, (iii) *khasra* wise land details of the area identified, demarcated and geo referenced using total station and differential global positioning system divided into forest land, land owned by the State Government and land not owned by the State Government. The bidders shall be provided a minimum period of [60] days to study the Tender Document and such reports and the bidding process shall commence only after such period of [60] days.

7.4.4. The State Government shall specify the minimum per cent (the “**Reserve Price**”) in the Tender Document.

7.4.5. The auction shall be an ascending forward electronic auction and shall comprise of the following two rounds:

**A. First Round of Auction**

- (a) In the first round, the bidders would be required to submit:
  - (i) a technical bid comprising of amongst others, documentary evidence to confirm eligibility

to participate in the auction, bid security and such other documents and payments as may be specified in the Tender Document; and

- (ii) an initial price offer which shall be a per cent of revenue (the “**Initial Offer**”), which must be greater than the Reserve Price specified by the State Government in the Tender Document.
- (b) The Initial Offer of only those bidders which are found to be eligible in accordance with the eligibility conditions prescribed in Rule 7.1 (the “**Technically Qualified Bidders**”) would be considered.
- (c) The highest Initial Offer submitted by a Technically Qualified Bidder shall be the floor price for the second round of electronic auction (“**Floor Price**”).
- (d) The Technically Qualified Bidders shall be ranked on the basis of the descending Initial Offer submitted by them. On the basis of such ranking the Technically Qualified Bidders, holding first fifty per cent of the ranks (with any fraction rounded off to higher integer) or top five Technically Qualified Bidders, whichever is higher, shall be considered to be qualified for participating in the second round of electronic auction (the “**Qualified Bidders**”).

Provided however that:

- (i) In the event that the total number of Technically Qualified Bidders is less than three, then no Technically Qualified Bidder shall be considered to be Qualified Bidder(s). In such case, the auction process shall be annulled.
- (ii) In the event the number of Technically Qualified Bidders is between three and five, then all the Technically Qualified Bidders shall be considered to be Qualified Bidders.
- (iii) In the event of identical Initial Offers having been submitted by two or more Technically Qualified Bidders, all such Technically

Qualified Bidders shall be assigned the same rank for the purposes of determination of Qualified Bidders. In such cases, the aforementioned fifty per cent shall stand enhanced to fifty per cent plus the number of Technically Qualified Bidders, whose Initial Offers are identical minus the number of such identical Initial Offers.

Illustration:

- (i) In the event there are a total of 10 Technically Qualified Bidders, and each Technically Qualified Bidder submits different Initial Offer, then the Technically Qualified Bidders holding the first fifty percent of ranks shall be considered to be Qualified Bidders.
- (ii) In the aforementioned case, if 3 Technically Qualified Bidders submit the same Initial Offer and are ranked in first fifty percent of the total number of ranks, then all such 3 Technically Qualified Bidders shall be considered to be Qualified Bidders and the total number of Qualified Bidders shall stand increased by 2 to 7.

#### **B. Second Round of Auction**

- (a) In the second round, the Qualified Bidders, may submit their final price offers which shall be a per cent of revenue(the “**Final Offer**”) which must be greater than the Floor Price. The Final Offer may be revised till the conclusion of the auction in accordance with the technical specifications of the auction platform.
- (b) At least one Qualified Bidder must submit a Final Offer for continuation of the auction process.
- (c) The Qualified Bidder which submits the highest Final Offer shall be declared as the “**Preferred Bidder**” immediately on conclusion of the auction.

### **8. Grant of Mining Lease**

- 8.1. The Preferred Bidder shall submit the first instalment being ten per cent of the Upfront Payment as specified in Rule 8.9.2.
- 8.2. Upon receipt of the first instalment of the Upfront Payment as specified in Rule 8.1, the State Government shall issue a letter of intent to the Preferred Bidder.
- 8.3. The Preferred Bidder shall be considered to be the “**Successful Bidder**” upon:
  - (a) the Preferred Bidder continuing to be in compliance with all the eligibility conditions;
  - (b) the Preferred Bidder having paid the second instalment being ten per cent of the Upfront Payment as specified in Rule 8.9.2;
  - (c) the Preferred Bidder having furnished the Performance Security as specified in Rule 8.10;
  - (d) the conditions specified in Section 5(2)(b) of the Act with respect to a mining plan having been satisfied;
  - (e) payment of cost of report pursuant to Rule 8.11; and
  - (f) such other conditions as may be specified by the State Government with the prior approval of the Central Government.
- 8.4. The Successful Bidder shall be required to obtain all consents, approvals, permits, no-objections and the like as may be required under applicable laws for commencement of mining operations. Upon receipt of all such consents, approvals, permits, no-objections and the like, the Successful Bidder and the State Government shall enter into the Mine Development and Production Agreement.
- 8.5. Subsequent to execution of the Mine Development and Production Agreement, the Successful Bidder shall pay third instalment being eighty per cent of the Upfront Payment as specified in Rule 8.9.2 and upon such payment the State Government shall grant a Mining Lease to the Successful Bidder:
- 8.6. The Mining Lease shall be granted by the State Government within 30 days of the date of completion of all the conditions listed in Rule 8.5. The Mining Lease shall be subject to the Mineral Concession Rules 1960 and Mineral Conservation and Development Rules 1988.
- 8.7. The date of the commencement of the period for which a Mining Lease is granted shall be the date on which a duly executed Mining Lease is registered.

8.8. Size of Mining Lease

8.8.1. The minimum area for grant of Mining Lease shall not be less than:

- (a) one hectare, in respect of small deposits (not fragmented portions of larger ones), shallow in nature, isolated and not exceeding more than 200 metres in strike length. These deposits are small by virtue of either origin or mode of emplacement or dislocation due to geological disturbances. Small deposits shall also include float deposits (transported) formed due to mechanical weathering and deposition, alluvial or eluvial placers (buried or otherwise), which generally have peculiar configurations excepting beach sands or placers;
- (b) two hectares, in respect of beach sands or placers. Beach sands or placers are mono or multi mineral concentrations, including the dunes occurring on and off the coastal shore line. These deposits are the products of ebb and flow of tides, waves and inshore currents, and at places semi-consolidated to consolidated in nature;
- (c) four hectares, in respect of all mineral deposits other than those specified under sub-section (a) and (b).

8.8.2. The maximum area for which a Mining Lease may be granted shall be in accordance with Section 6 of the Act.

8.9. **Upfront Payment**

8.9.1. An amount equal to 0.5% of the Value of Resources shall be the “**Upfront Payment**”. The expression “**Value of Resources**” means an amount determined by multiplying: (i) the estimated quantity of minerals resources expressed in metric tonne; with (ii) the average price per metric tonne of such mineral of average grade as published by IBM for the relevant State for a period of twelve months immediately preceding the month of computation of the Value of Resources.

8.9.2. The Upfront Payment shall be payable to the relevant State government in three instalments of Ten per cent; Ten per cent and Eighty per cent as specified in the Tender Document and shall be adjusted against in full within the first 5 years of commencement of mining operations as specified in the Tender Document.

8.10. **Performance Security**

8.10.1. The Successful Bidder shall be required to provide a Performance Security. The Performance Security shall be of such amount equal to 0.5% of the Value of Resources, computed in accordance with Rule 8.9.1.

8.10.2. The Performance Security shall be adjusted every five years so that it continues to correspond to 0.5% of the reassessed Value of Resources.

8.10.3. The Performance Security may be invoked in terms of : (i) the Mine Development and Production Agreement and (ii) the Mining Lease.

**8.11. Payment for cost of report**

The Preferred Bidder shall pay cost of report prepared pursuant to Minerals (Evidence of Mineral Contents) Rules, 2015 as specified in the Tender Document.

**8.12. Payments under Mining Lease**

8.12.1. The Lessee shall pay royalties to the state government in the manner specified in Section 9 of the Act or the dead rent specified in Section 9A of the Act.

8.12.2. For the surface area used by a Lessee for the purposes of mining operations, surface rent and water rate shall be payable in accordance with applicable laws.

8.12.3. The Lessee shall also make payment of the applicable amount in accordance with the per cent of revenue quoted pursuant to Rule 7.3 as the case may be to the State Government on a monthly basis.

8.12.4. The Lessee shall also contribute such amounts as may be required under the Act to;

(a) the designated account of National Mineral Exploration Trust and;

(b) the designated account of District Mineral Foundation.

**8.13. Payment of Interest**

The State Government may, without prejudice to the provisions contained in the Act or any other rule in these rules, charge simple interest at the rate of twenty four percent per annum on any amount payable under these Rules or other sum due to that Government under the Act or these rules or under the terms and conditions of any Prospecting Licence or Mining Lease from



the sixtieth day of the expiry of the date fixed by that Government for payment of such amount and until payment of such amount is made.

### **CHAPTER III: GRANT OF COMPOSITE LICENSE UNDER SECTION 11(3) or SECTION 10B(2)**

#### **9. Prerequisites for auction of Composite License**

9.1. The State Government may initiate auction process with respect to an area within the State, in accordance with the provisions of this CHAPTER III if there is Inadequate Evidence of Mineral Contents in such area with respect to the mineral for which auction is proposed to be conducted. Provided that in case of an auction with respect to a notified mineral, previous approval of the Central Government shall be required prior to commencement of the auction process.

9.2. Prior to issuance of the notice inviting tender with respect to auction, the State Government shall:

- (a) Identify, demarcate and geo reference the area proposed to be leased through auction, using Total Station and Differential Global Positioning System;
- (b) obtain conditional clearance on the basis of recommendation of the committee constituted for the purposes of forest clearance under the Forest (Conservation) Act, 1980 and wildlife clearance under the Wild Life (Protection) Act, 1972 or any other law for the time being in force, so as to enable commencement of prospecting operations; and
- (c) obtain all necessary permissions from the owners of the land and those having occupation rights.

#### **10. Auction**

10.1. The auction process as specified in Rule 7 shall be applicable for conduct of auction for grant of a Composite License subject to the following:

- (a) The State Government shall not make reservation on the basis of specified end use as prescribed under Rule 7.1.3;
- (b) the notice inviting tender shall contain brief particulars regarding the area under auction, including without limitation: (i) particulars of the area identified, demarcated and geo referenced using total station and differential global positioning system divided into forest land, land owned by the State Government and land not owned by

the State Government; (ii) estimated mineral resources and brief particulars regarding Inadequate Evidence of Mineral Contents; and (iii) all clearances and permissions obtained with respect to such area with respect to commencement of mining operations, including approvals obtained pursuant to Rule 9.2.

(c) along with the notice inviting tender, the State Government shall make the reports prepared pursuant to Minerals (Evidence of Mineral Contents) Rules, 2015, available for purchase for an amount not exceeding INR 5 Lacs.

(d) the Tender Document shall be issued not before expiry of one year from the date of issuance of the notice inviting tender;

(e) during such period of one year, interested bidders may apply for a NERP with respect to the area stated in the notice inviting tender. The interested bidders shall be issued NERP.

(f) all such NERP would automatically stand terminated upon issuance of the Tender Document.

(g) The bidders shall be provided a minimum period of [60] days to study the Tender Document and the bidding process shall commence only after such period of [60] days.

10.2. The Tender Document for auction relating to a Composite License may be made available by the State Government to the potential bidders on payment of such amount, not exceeding:

(a) INR 5 Lacs in case of notified minerals and minerals other than notified minerals if the estimated value of resources is more than INR 200 crores; and

(b) Minerals other than notified minerals, if the Value of Resources is equal to or less than INR 200 crores

## **11. Grant of Composite License**

11.1. Upon completion of the auction process, the Preferred Bidder shall submit Performance Security in the manner specified in Rule 12.1. Upon receipt of such Performance Security, the State Government may issue a letter of intent to the Successful Bidder. Upon receipt of the letter of intent the Preferred Bidder shall be considered to be the “**Successful Bidder**”.

11.2. The Successful Bidder shall be required to:

(a) be in compliance with all the eligibility conditions;

- (b) obtain all consents, approvals, permits, no-objections and the like as may be required under applicable laws for commencement of prospecting operations; and
  - (c) submit scheme of prospecting
- 11.3. Upon fulfilment of the conditions listed in Rule 11.2 the State Government shall grant a Composite License to the Successful Bidder. The Composite License shall be subject to the Mineral Concession Rules 1960 and Mineral Conservation and Development Rules 1988, as applicable to a prospecting license.
- 11.4. The minimum area for grant of a Composite License shall not be less than the minimum area on which a Mining Lease may be granted in accordance with Rule 8.8.1. The maximum area for which a Composite License may be granted shall be in accordance with Section 6 of the Act, as applicable to a prospecting license.
- 11.5. The holder of a Composite License may surrender the area under the Composite License in accordance with the provisions of the Act and the rules framed thereunder, as applicable to a prospecting license. If no Evidence of Mineral Contents is discovered, the holder of Composite License shall surrender the same.
- 11.6. The holder of a Composite License shall conduct Geological Exploration of the area under the Composite License to ascertain Evidence of Mineral Contents and shall submit periodic reports in accordance with Mineral Concession Rules 1960 and Mineral Conservation and Development Rules 1988, as applicable to a prospecting license.
- 11.7. Upon completion of Geological Exploration and determination of Evidence of Mineral Contents conforming to Mineral (Evidence of Mineral Contents) Rules, 2015, the holder of a Composite License shall make an application to the State Government for grant of a Mining Lease in the same format as provided in Schedule IV (*Format of Mining Lease Application*). The Mining Lease application shall be accompanied with the first instalment being Ten per cent of the Upfront Payment.
- 11.8. Upon receipt of the duly completed Mining Lease application and the first instalment of the Upfront Payment as specified in Rule 11.7, the State Government shall issue a letter of intent for Mining Lease.
- 11.9. The Mine Development and Production Agreement shall be executed upon the holder of Composite License:
  - (a) continuing to be in compliance with all the eligibility conditions;

- (b) having paid the second instalment being ten per cent of the Upfront Payment as specified in Rule 8.9.2;
- (c) having furnished the enhanced Performance Security as specified in Rule 12.2;
- (d) having satisfied the conditions specified in Section 5(2)(b) of the Act with respect to a mining plan;
- (e) having obtained all consents, approvals, permits, no-objections and the like as may be required under applicable laws for commencement of mining operations; and
- (f) having satisfied such other condition as may be specified by the State Government with the prior approval of the Central Government.

11.10. Upon completion of conditions listed in Rule 11.9, the holder of Composite License and the State Government shall enter into the Mine Development and Production Agreement.

11.11. Subsequent to execution of the Mine Development and Production Agreement, the holder of Composite License shall be required to make payment of third instalment being eighty per cent of the Upfront Payment as specified in Rule 8.9.2 and upon such payment the State Government shall grant a Mining Lease to the holder of Composite License.

11.12. The Mining Lease shall be granted by the State Government within 30 days of the date of completion of all the conditions listed in Rule 11.11. The Mining Lease shall be subject to the Mineral Concession Rules 1960 and Mineral Conservation and Development Rules 1988.

11.13. The date of the commencement of the period for which a Mining Lease is granted shall be the date on which a duly executed Mining Lease is registered.

## **12. Performance Security**

12.1. Prior to the issuance of the Composite License, an amount equal to zero point two five per cent of the Value of Resources shall be payable as Performance Security.

12.2. Prior to the issuance of the Mining Lease, the amount of Performance Security shall be revised to an amount equal to zero point five per cent of the Value of Resources.

12.3. The Performance Security provided under Rule 12.2 shall be adjusted every five years so that it continues to correspond to 0.5% of the reassessed Value of Resources.

12.4. The Performance Security may be invoked in the manner provided in: (i) the Mine Development and Production Agreement and (ii) the Mining Lease.

**13. Payment for cost of report**

The Preferred Bidder shall pay cost of report prepared pursuant to Minerals (Evidence of Mineral Contents) Rules, 2015 as specified in the Tender Document.

**14. No Evidence of Mineral Contents**

If a holder of a Composite License fails to complete prospecting operations in accordance with Section 11(9) of the Act or fails to establish the Existence of Mineral Contents in accordance with Section 11(10) and Minerals (Evidence of Mineral Contents) Rules, 2015, such holder of a Composite License shall not be eligible to receive a Mining Lease and the Composite License shall be terminated.

**CHAPTER IV: GRANT OF PROSPECTING LICENSE / MINING LEASE UNDER SECTION 10A**

**15. Grant of Prospecting License under Section 10A(2)(b)**

15.1. The holder of Reconnaissance Permit with respect to a Permit Area as on January 12, 2015 (the “**RP Holder**”) shall upon completion of the reconnaissance operations in conformity with Rule IV.1 of the Minerals (Evidence of Mineral Contents) Rules 2015, submit: (a) a report containing findings of the reconnaissance operations; and (b) a declaration to confirm that the applicable requirements specified under Section 10A(2)(b) have been met along with the supporting documents.

15.2. The State Government shall have the right to seek any information, document or clarification from the RP Holder with respect to the report or the declaration submitted by the RP Holder.

15.3. The State Government shall upon review of the report and the declaration by the RP Holder and upon being satisfied that the RP Holder is in compliance with all the applicable conditions specified in Section 10A(2)(b) of the Act, issue a Prospecting License.

15.4. Pursuant to the proviso to Section 10A(2)(c), in case of Minerals listed in the First Schedule of the Act prior approval of the Central Government would be required for grant of a Prospecting License under Rule 15.3.

**16. Grant of Mining Lease to a holder of Prospecting License, under Section 10A(2)(b)**

- 16.1. With respect to a Permit Area the holder of a Prospecting License as on January 12, 2015 or the holder of a Prospecting License pursuant to Rule 15.3, as the case may be (the “**PL Holder**”) shall upon establishment of Existence of Mineral Contents in conformity with Rule IV.2 of the Minerals (Evidence of Mineral Contents) Rules 2015, submit: (a) a Geological Report; and (b) a Declaration by the PL Holder along with supporting documents, to the State Government.
- 16.2. The State Government shall have the right to seek any information, document or clarification from the PL Holder with respect to the Geological Report or the Declaration by the PL Holder.
- 16.3. The State Government shall upon review of the Geological Report and the Declaration by the PL Holder and upon being satisfied that the PL Holder is in compliance with all the conditions specified in Section 10A(2)(b) of the Act issue a Mining Lease in the manner provided in Rule 8.
- 16.4. Pursuant to the proviso to Section 10A(2)(c), in case of Minerals listed in the First Schedule of the Act prior approval of the Central Government would be required for grant of a Mining Lease under Rule 16.

**17. Grant of Mining Lease under Section 10A(2)(c)**

- 17.1. A Mining Lease shall be granted under Section 10A(2)(c) of the Act upon fulfilment of the conditions of the previous approval or of the letter of intent in accordance with the provisions of Rules 8.3 to Rule 8.9.

**18. Geological Exploration of a Permit Area and auction**

In the event that a RP Holder or PL Holder is not eligible to receive a Prospecting License followed by a Mining Lease or a Mining Lease (as the case may be) pursuant to Section 10A(2)(b) of the Act and CHAPTER IV of these Rules, and the Reconnaissance Permit or Prospecting License is cancelled, then such area shall revert to the State Government and depending on the state of exploration the State Government may grant a Mineral Concession with respect to such area in accordance with the Act and CHAPTER II or CHAPTER III of these Rules, as applicable.

**CHAPTER V: GRANT OF NON-EXCLUSIVE RECONNAISSANCE PERMIT UNDER SECTION 10C**

**19. Grant of Non-Exclusive Reconnaissance Permit**

- 19.1. The State Government may grant a non-exclusive Reconnaissance Permit with respect to an area pursuant to Section 10C of the Act in accordance with the provisions of this CHAPTER V.
- 19.2. A person meeting the conditions specified in Section 5 of the Act shall be eligible to make an application for grant of a non-exclusive Reconnaissance Permit.
- 19.3. An online application for grant of non-exclusive Reconnaissance Permit shall be made in the same format as specified in Schedule V (*Format of Online NERP Application*) (the “**NERP Application**”).
- 19.4. A fee of INR 1000/ Square KM shall be required to be paid by the applicant for NERP.
- 19.5. Upon filing of the online application, an online acknowledgement shall be generated.
- 19.6. The application will be verified by the State Government to ascertain its completeness in all respects. Within 30 days from the date of online submission of application, the State Government shall issue or reject NERP electronically, as the case may be.
- 19.7. The non-exclusive Reconnaissance Permit shall be subject to the conditions specified in Schedule VI (*Terms and Conditions with respect to NERP*).
- 19.8. The State Government shall provide particulars of all applications for grant of a non-exclusive Reconnaissance Permit and all approvals and rejections thereto to IBM.
- 19.9. The grant of NERP in any area will not prohibit the State Government from notifying any part of such area for grant of ML or Composite License for any mineral. Upon any such notification the validity of any NERP over such notified area will stand terminated.

## **20. Findings of a non-exclusive reconnaissance permit**

- 20.1. The holder of a non-exclusive Reconnaissance Permit may elect to submit its findings to the State Government and may request the State Government to conduct auction for grant of a Composite License or a Mining Lease based on such findings.
- 20.2. Upon receipt of a request for auction under Rule 20.1, the State Government shall have the right to seek further information and/or documents regarding the findings. The State Government may also appoint an Exploration Agency to conduct exploration in such area.

- 20.3. The State Government upon being satisfied regarding: (a) Existence of Mineral Contents may conduct an auction for grant of Mining Lease; or (b) Inadequate Evidence of Mineral Contents may conduct an auction for grant of a Composite License.
- 20.4. If an auction process is initiated by the State Government with respect to an area, then all non-exclusive Reconnaissance Permits with respect to such area shall stand revoked.

## **CHAPTER VI: MISCELLANEOUS**

### **21. Power to rectify apparent mistakes**

- 21.1. Any clerical or arithmetical mistakes in any order passed by the Government or any other authority or officer under these rules and any error arising therein from accidental slip or omission, may, within two years from the date of the order, be corrected by the Government, authority or officer, as the case may be.
- 21.2. Provided that no order prejudicial to any person shall be passed unless he has been given a reasonable opportunity for stating his case.

### **22. Special provisions relating to atomic minerals**

- 22.1. Notwithstanding anything contained in these rules, the prospecting or mining operations in respect of atomic minerals listed in Part-B of the First Schedule to the Act shall be subject to the following conditions: -
- (i) if the holder of a Prospecting Licence or Mining Lease discovers any atomic mineral in the area granted under licence or lease, not specified in the licence or lease, discovery of such mineral shall be reported to the Director, Atomic Minerals Directorate for Exploration and Research, Hyderabad within 60 days from the date of discovery of such mineral;
  - (ii) the licensee or lessee shall not win or dispose of such atomic mineral unless such atomic mineral is included in licence or lease or a separate licence or lease for the purpose has been obtained;
  - (iii) the quantities of atomic minerals recovered incidental to such prospecting or mining operations shall be collected and stacked separately and a report to that effect shall be sent to the Secretary, Department of Atomic Energy, Mumbai and the Director, Atomic Minerals Directorate for Exploration and Research, Hyderabad, every three months for such further action by the licensee or lessee as may be directed by the Atomic Minerals Directorate for Exploration and Research or the Department of Atomic Energy.



22.2. The licensee or lessee referred to in Rule 22.1 shall, within the period referred to therein, apply to the Secretary, Department of Atomic Energy, Mumbai, through the State Government, for grant of a licence to handle the said atomic minerals under the provisions of the Atomic Energy Act, 1962 (33 of 1962) and the Department of Atomic Energy shall intimate the State Government regarding issue of licence:

Provided that if in the opinion of the Department of Atomic Energy the atomic mineral or minerals recovered incidental to such prospecting or mining operations is not of economically exploitable grade or the quantity found is insignificant, it may advise the State Government to exempt the licensee or lessee from obtaining a separate licence or lease for inclusion of the atomic minerals under these rules.

### **23. Exploration Obligation**

The holder of a Mining Lease shall complete G1 level exploration and prepare detailed feasibility study report conforming to Part IV and V of the Mineral (Evidence of Mineral Contents) Rules, 2015 over the entire area under the Mining Lease, within a period of five years of grant of such Mining Lease.

## **SCHEDULES**

**Schedule I: Terms and conditions regarding eligibility**  
**(See Rule 7.1.2)**

**Turnover and Net Worth Requirements**

- (1) The following turnover and net worth requirements would be applicable for an auction of Mining Lease depending on the Value of Resources
- (a) ***Value of Resources being more than INR 500 Crores:***
- The turnover of the applicant, not being an individual must be equal to or more than INR 30 Crores. Additionally, the applicant (including an individual) must have a net worth of INR 15 Crores or more.
- (b) ***Value of Resources being more than INR 50 Crores but equal to or less than INR 500 Crores:***
- The turnover of the applicant, not being an individual must be equal to or more than INR 20 Crores. Additionally, the applicant (including an individual) must have a net worth of INR 10 Crores or more.
- (c) ***Value of Resources being Less than or equal to INR 50 Crores***
- The applicant must have a minimum total amount of INR 20 Lacs as the closing cash balance on the last date for submission of application. This amount could include amount in Savings Bank accounts in Scheduled Bank/ Post Office, free and un-encumbered Fixed Deposits in Scheduled Banks, Post Office, Listed Companies/Government Organisation/Public Sector Undertaking of State and Central Government, Kisan Vikas Patra, NSC, Bonds, Shares of Listed Companies, Listed Mutual Funds, ULIP, PPF, Surrender Value of Life Insurance policies in the name of Applicant.
- (2) The following turnover and net worth requirements would be applicable for an auction of Composite License depending on the Value of Resources.
- (a) ***Value of Resources being more than INR 200 Crores***
- The turnover of the applicant, not being an individual must be equal to or more than INR 5 Crores. Additionally, the applicant (including an individual) must have a net worth of INR 2 Crores or more.
- (b) ***Value of Resources being equal to or less than INR 200,00,00,000***

The turnover of the applicant, not being an individual must be equal to or more than INR 2 Crore. Additionally, the applicant (including an individual) must have a net worth of INR 1 Crores or more.

**Explanation:** It is clarified that in case an applicant is a wholly owned subsidiary of another company directly or indirectly, then the turnover and net worth of such holding company may also be considered. Provided however that, in such case, the applicant must continue to be a wholly owned subsidiary of the holding company until such time the applicant meets the aforementioned turnover and net worth threshold.

**Schedule II: List of Specified End Use  
(See Rule 7.1.3)**

The State Government shall decide reservation of the block for one of the following end use, on the basis of quantum, grade and geographical location.

<b>Sl. No.</b>	<b>Mineral/Ore</b>	<b>End Use</b>
1	Bauxite	Alumina
2	Iron ore	Integrated steel plants
3	Limestone	Cement Plant
4	Manganese	No end use based reservation is permissible

### Schedule III: Format of Performance Security

(See Rules 2.15, 8.3(c), 8.10, 11.1, 11.9(c), and 12)

[Reference number of the bank]

[date]

]

To

The Governor of [Name of State]

[address]

#### WHEREAS

- A. [Name of the Successful Bidder] incorporated in India under the Companies Act, [1956/2013] with corporate identity number [CIN of the Successful Bidder], whose registered office is at [address of registered office], India and principal place of business is at [address of principal place of business, if different from registered office] (the “**Successful Bidder**”) is required to provide an unconditional and irrevocable bank guarantee for an amount equal to INR [figures] (Indian Rupees [words]) as a performance security valid until [date of expiry of performance bank guarantee] (“**Expiry Date**”).
- B. The Performance Security is required to be provided to **The Governor of [Name of State]**, (the “**State**”) for discharge of certain obligations under the Tender Document dated, [date] with respect to auction of [particulars of auction] and the Mine Development and Production Agreement to be executed between the State and the Successful Bidder (collectively the “**Agreement**”).
- C. We, [name of the bank] (the “**Bank**”) at the request of the Successful Bidder do hereby undertake to pay to the State an amount not exceeding INR [figures] (Indian Rupees [words]) (“**Guarantee Amount**”) to secure the obligations of the Successful Bidder under the Agreement on demand from the State on the terms and conditions herein contained herein.

**NOW THEREFORE**, the Bank hereby issues in favour of the State this irrevocable and unconditional payment bank guarantee (the “**Guarantee**”) on behalf of the Successful Bidder in the Guarantee Amount:

- The Bank for the purpose hereof unconditionally and irrevocably undertakes to pay to the State without any demur, reservation, caveat, protest or recourse, immediately on receipt of first written demand from the State, a sum or sums (by way of one or more claims) not exceeding the Guarantee Amount in the aggregate without the State needing to prove or to show to the Bank grounds or reasons for such demand for the

sum specified therein and notwithstanding any dispute or difference between the State and Successful Bidder on any matter whatsoever. The Bank undertakes to pay to the State any money so demanded notwithstanding any dispute or disputes raised by the Successful Bidder in any suit or proceeding pending before any court or tribunal relating thereto the Bank's liability under this present being absolute and unequivocal.

2. The Bank acknowledges that any such demand by the State of the amounts payable by the Bank to the State shall be final, binding and conclusive evidence in respect of the amounts payable by Successful Bidder to the State under the Agreement.
3. The Bank hereby waives the necessity for the State from demanding the aforesaid amount or any part thereof from the Successful Bidder and also waives any right that the Bank may have of first requiring the State to pursue its legal remedies against the Successful Bidder, before presenting any written demand to the Bank for payment under this Guarantee.
4. The Bank further unconditionally agrees with the State that the State shall be at liberty, without the Bank's consent and without affecting in any manner the Bank's obligation under this Guarantee, from time to time to:
  - (i) vary and/or modify and of the terms and conditions of the Agreement;
  - (ii) extend and / or postpone the time for performance of the obligations of the Successful Bidder under the Agreement, or
  - (iii) forbear or enforce any of the rights exercisable by the State against the Successful Bidder under the terms and conditions of the Agreement.

and the Bank shall not be relieved from its liability by reason of any such act or omission on the part of the State or any indulgence by the State to the Successful Bidder or other thing whatsoever which under the law relating to sureties would, but for this provision, have the effect of relieving the Bank of its obligations under this Guarantee.

5. Any payment made hereunder shall be made free and clear of and without deduction for, or on account of, any present or future taxes, levies, imposts, duties, charges, fees, commissions, deductions or withholdings of any nature whatsoever.
6. The Bank agrees that State at its option shall be entitled to enforce this Guarantee against the Bank, as a principal debtor in the first instance without proceeding at the first instance against the Successful Bidder.
7. The Bank further agree that the guarantee herein contained shall remain in full force and effect during the period that specified in the Agreement and that it shall continue to be enforceable till all the obligations of the Successful Bidder under or by virtue of the said Agreement with respect to the Performance Security have been fully paid and its claims satisfied or discharged or till the State certifies that the terms and conditions

of the Agreement with respect to the Performance Security have been fully and properly carried out by the Successful Bidder and accordingly discharges this guarantee. Notwithstanding anything contained herein, unless a demand or claim under this guarantee is made on the Bank in writing on or before the Expiry Date the Bank shall be discharged from all liability under this guarantee thereafter.

8. The payment so made by the Bank under this Guarantee shall be a valid discharge of Bank's liability for payment thereunder and the State shall have no claim against the Bank for making such payment.
9. This Guarantee is subject to the laws of India. Any suit, action, or other proceedings arising out of this Guarantee or the subject matter hereof shall be subject to the exclusive jurisdiction of courts at Delhi.
10. The Bank has the power to issue this Guarantee in favour of the State. This guarantee will not be discharged due to the change in the constitution of the Bank
11. The Bank undertakes not to revoke this Guarantee during its currency except with the previous consent of the State in writing.
12. The State may, with prior intimation to the Bank, assign the right under this Guarantee to any other departments, ministries or any governmental agencies, which may act in the name of the Governor. Save as provided in this Clause 12, this Guarantee shall not be assignable or transferable.
13. Notwithstanding anything contained herein,
  - a. the liability of the bank under this bank guarantee shall not exceed the Guarantee Amount.
  - b. This bank guarantee shall be valid up to the Expiry Date.
14. The Bank is liable to pay the guaranteed amount or any part thereof under this bank guarantee only and only if the State serves upon the Bank a written claim or demand on or before the Expiry Date.

Dated the [day] day of [month] [year] for the Bank.

In witness whereof the Bank, through its authorized officer, has set its hand and stamp.

---

(Signature)

---

(Name and Designation)



(Bank Stamp)

**Schedule IV: Format of Mining Lease Application****(See Rule 11.7)**

Application for Mining Lease (See rule ..... of the Mineral (Auction) Rules, 2015)

Dated the ..... day of ..... 20 .....

To .....

Sir,

I/We request that a mining lease under the Mineral (Auction) Rules, 2015 may be granted to me/us.

Sr. No.	Item Detail	
1	Application Fee (Rs. 10,000)	
2	Name of Bank	
3	Transaction details and Date	
4	Name of Applicant	
5	Status of Applicant (private individual/co-operative/ firm/ association/private company/ public company/public sector undertaking/ joint sector undertaking or any other)	
6	Profession or nature of business of applicant	
7	Mineral (s) which the applicant intends to mine	
8	Period for which mining lease is required	
9	Extent of the area for which mining lease is required (Ha)	
10	Details of Area	
a)	District	
b)	Village	

c)	Taluka	
d)	Khasra No.	
e)	Ownership- Occupancy	
11	Does the applicant have surface rights over the area for which he is making an application for grant of a mining lease. (Yes/No)	
12	If not, has he obtained the consent of the owner, and the occupier of the land for undertaking mining operation. If so, the consent of the owner and occupier of the land be obtained in writing and be filed.	
13	Details of natural features such as streams or lakes, if any.	
14	In the case of village areas, the name of the village, the Khasra number, the area in hectares of each field or part thereof applied for.	
15	In case the area applied for is under forest, then the following particulars be given	
a)	Forest division, Block and Range	
b)	Legal status of the forest (namely reserved, protected, unclassified etc.)	
c)	Whether it forms part of a National Park or Wild-life Sanctuary	
d)	Type and extent of vegetation in the area	
16	Particulars of the area mineral-wise in each State duly supported by an affidavit (given/not given)	
17	Nature of joint in interest, if any	
18	Does the applicant hold a prospecting licence over the area mentioned (Yes/No)	

19	If so, give its number and date of grant and the date when it is due to expire	
20	Has the applicant carried out the prospecting operations over the area held under prospecting licence and sent his report to the State Government, as required under Rule [●] of the Mineral (Auction) Rules, 2015? (Yes/No)	
21	Broad parameters of the mineral/ore body/bodies	
a)	Strike length, average width and dip	
b)	Wall rocks on hanging and foot wall sides	
c)	Whether area is considerably disturbed geologically or is comparatively free of geological disturbance?	
d)	Resources/Reserves assessed with their grade(s)	
	Resource in G1,	
	Resource in G2,	
	Resource in G3,	
22	Broad parameters of the mine.	
23	Proposed date of commencement of the mining operations.	
24	Proposed rate of mineral production during the first 5 years (year-wise).	
25	Proposed rate of production when mine is fully developed.	
26	Anticipated life of the mine.	
27	Proposed method of mining (Underground or opencast)	
28	If underground, the method of approach to the deposit mineral/ore whether through inclines or shafts	
29	If opencast, the over-burden to ore ratio and overall pit stope	

30	Nature of the land chosen for dumping over burden/waste and tailings (that is type of land whether agricultural, grazing land, barren, saline land etc.) and whether proposed site has been shown on the mine working plan. Give also the extent of area in hectares set apart for dumping of waste and tailings.	
31	Manner in which the mineral raised is to be utilised	
a)	If for captive use, the location of plant and industry	
b)	For sale for indigenous consumption	
c)	If for exports to foreign countries indicate	
d)	Names of the countries to which it is likely to be exported where the mine is being set up on 100% export oriented or tied-up basis	
e)	Whether mineral will be exported in raw form or after processing. Also indicate the stage of processing, whether intermediate stage or final stage of the end-product	
f)	If it is to be used within the country, indicate -	
g)	The industry/industries in which it would be used	
h)	Whether it will be supplied in raw form or after processing (crushing/ grinding/ beneficiation/ calcining)	
i)	Whether it would need up gradation and if so, whether it is proposed to set up beneficiation plant. Also indicate the capacity of such plant and the time by which it would be set up	
32	Name, qualification and experience of the Technical Personnel available for supervising the mines	
33	Financial resources of the applicant.	
34	Anticipated yearly financial investment during the course of mine construction and aggregate investment up to the stage of	

	commencement of commercial production.	
--	--	--

I/We do hereby declare that the particulars furnished above are correct and am/are ready to furnish any other details including accurate plans and security deposit, as may be required by you.

Yours faithfully,

Place:..... Date:.....

Name along with class 3 level digital signature of the applicant

**Instructions**

1. In case the applicant is, - (a) An individual, his nationality, qualifications and experience relating to mining. (b) a company, an attested copy of the certificate of registration of the company shall be enclosed. (c) Firm or Association, the nationality of all the partners of the firm or members of the association, and (d) a co-operative the nationality of non-Indian members, if any along with place of registration and a copy of the certificate of registration.

2. Particulars of documents appended:

Document	Reference

3. Mining dues clearance certificate OR
4. Affidavit in lieu of Mining Dues Clearance Certificate; subject to the production of mining lease dues, clearance certificate within the period of ninety days of making application. OR
5. Affidavit when not holding any mining lease.
6. Affidavit that up-to-date Income Tax Returns as prescribed under the Income Tax Act, 1961 and that the tax due including the tax on account of self-assessment has been paid.
7. For areas where no forest maps or cadastral maps are available, a sketch plan should be submitted on scale showing the area applied for together with boundary, if any, of any other existing mining lease or prospecting licence area, if the area applied for has any common point or line with the boundaries of existing prospecting licence or mining lease areas.
8. The area applied for should be marked on plan as detailed below:
9. Area shall be demarcated with geo referenced with differential global positioning co-ordinates.
10. In case a cadastral Map\* of the area is available, the area on this geo referenced cadastral map should be marked showing the name of the village, Khasra number and area in hectares of each field and part thereof.
11. In the case of forest maps the area should be marked on the geo referenced forest map showing the range and felling series.
12. Particulars of the area mineral-wise in each State duly supported by an affidavit for which the applicant or any person joint in interest with him.

13. already holds under mining lease/LOI;
14. has already applied/submitted bid for but not granted;
15. being applied for simultaneously.
16. Whether area is considerably disturbed geologically or is comparatively free of geological disturbance? (copy of geological map of the area is to be attached.)
17. Resources/Reserves assessed with their grade(s) (chemical analysis reports of representative samples are to be attached).
18. A report giving the details of prospecting carried out in the area together with assessment of the ore reserves, geological plans, results of chemical analysis of the representative samples, and boreholes and logs. [Copy to be enclosed]
19. The application form should be accompanied by a statement of the salient features of the mining plan. This should be generally on the lines of the "Project at a Glance" given in a mining feasibility report including features relating to the protection of environment.

---

\* The topographical map of 1:50,000 scale is obtainable from the office of the Survey of India, Hathibarkhala, Dehra Dun. Detailed plan and topographical map are to be attached in triplicate with the original application in case mineral applied for is a scheduled mineral.

Note 1 - If the application is signed by an authorised agent of the applicant, then the Power of Attorney should be attached.

Note 2 - The application should relate to one compact area only, except when the application for mining lease is for an area already held under prospecting licence by the applicant.

Note 3- Such large size map, as may be available should be attached for proper demarcation of the area, specially when the area applied for is 40 hectares or less (No.MII-152(58)/61 dt/30.4.1963).



**Schedule V: Format of online NERP Application****(See Rule 19.3)**

[Comment: Ministry desires that entire information relating to the mining and minerals industry be stored and retrieved in online platform in line with the Digital India initiative of Government of India. Accordingly, all the formats should only be in digital form and be made available online. Online forms should capture the following information and the following format is specifying the fields that are needed in the online formats and provision for uploading necessary documents could be made. All the forms may be separately developed by relevant software developer(s). Some of the details may not be relevant in online format, as much as possible these are highlighted in yellow. The forms and instructions are to be kept separate, wherever necessary the instruction could refer to specific provisions under which relevant details are being sought to make it more user friendly.]

Dated day .... of ..... 20.....

To .....

Through:

Sir,

I/We request that a non-exclusive reconnaissance permit under the Mineral Auction Rules 2015 be granted to me/us.

Sr. No.	Item Detail	
1	Application Fee (at the rate of Rs.1000 per square kilometre	
2	Name of Bank	
3	Bank Transaction details	
4	Name of Applicant	
5	Address of Applicant	
6	Status of Applicant (private individual/co-operative/firm/association/private company/public company/public sector undertaking/joint sector undertaking or any other)	
7	Profession or nature of business of applicant	
8	Mineral(s) which the applicant intends to prospect	
9	Extent of the area the applicant wants to prospect	
10	Details of Area	
A	District	
B	Village	
C	Taluka	
D	Khasra No.	
E	Survey of India Toposheet No	
12	Period for which the reconnaissance permit is required	
13	Are you existing holder of a reconnaissance permit? (Yes/No)	
14	No. and date of the valid clearance certificate, in case of existing concession holder (ML/PL/RP/PL cum ML)	
15	Particulars of the areas mineral-wise within the jurisdiction of the State Government of the applicant:	
	(a) already holds under reconnaissance permit for;	
	(b) has already applied for but not granted;	
	(c) being applied for simultaneously	

16	For Refund of Application Fee, in case of rejection	
	(a) Name of Bank and Branch	
	(b) IFS Code	
	(c) Bank Account Number	

I/We do hereby declare that the particulars furnished above are correct and am/are ready to furnish any other details, including accurate plans as may be required by you.

Yours faithfully,

(Name and designation of the applicant along with class 3 level digital signatures)

Place

Date

Note: 1. online application can be made by the applicant or by an authorised agent of the applicant; Power of Attorney should be attached in case of authorised agent.

**Instructions**

1. In case the applicant is,
  - (a) An individual - documents related to his nationality, qualifications and experience relating to mining shall be furnished with the application.
  - (b) A company - an attested copy of the certificate of registration of the company shall be enclosed.
  - (c) Firm or Association – documents related to the nationality of all the partners of the firm or members of the association are to be provided, and
  - (d) A co-operative - the nationality of non-Indian members, if any along with place of registration and a copy of the certificate of registration.
2. The extent of area for which permit is sought should be one compact area only.
3. The maximum area should not exceed the area mentioned in Section 6 of the Act.
4. In case of rejected NERP application, the application fee will be refunded after deducting 10% charges as transaction and administrative charge.
5. Any other particulars or sketch map which the applicant wishes to furnish.

**Schedule VI: Terms and conditions with respect to NERP  
(See Rule 19.7)**

1. Every NERP granted under the Rules, shall, in addition to any other conditions that may be specified therein be subject to the following conditions namely:
  - a) Only the online application will be accepted.
  - b) The NERP Holder shall pay fees of Rs 1000 per sq km for the area mentioned in the application.
  - c) The NERP Holder may indicate the minimum expenditure commitment and physical targets.
  - d) The NERP is subject to all clearances, permits and any other statutory provision as may be required for carrying out Reconnaissance operations by the NERP holder.
  - e) The State Government may, with the approval of the Central Government, impose such further conditions in the NERP.
2. **Data Collected During Reconnaissance Operations**

NERP holder may at his option, provide the data gathered during the Reconnaissance operations, to the State Government.
3. **Discovery of New Minerals**

The NERP Holder shall report to the State Government the discovery of any mineral not specified in the NERP along with full particulars of the nature and position of each such finding, within a period of 60 days from the date of such finding.
4. The NERP holder shall not be entitled to make any claim for the grant of any Composite License or Mining Lease on the basis of NERP.
5. The NERP holder shall inform the State Government regarding dates of the commencement of the work; after all necessary clearances have been obtained.
6. **Scheme of Reconnaissance**

Every NERP Holder may submit to the State Government a scheme of reconnaissance operations indicating the manner in which he/ it proposes to carry out reconnaissance operations in the area covered by the NERP. The scheme shall incorporate the following:

  - (a) particulars of the area such as aerial extent, boundaries;
  - (b) the scale of the plan and the area of geological mapping; and
  - (c) the particulars of the machines and instruments to be used.

7. A scheme of reconnaissance may be modified at any time by the NERP Holder during continuance of the NERP. Any such modification(s) carried out to the scheme of reconnaissance may be intimated to the State Government.