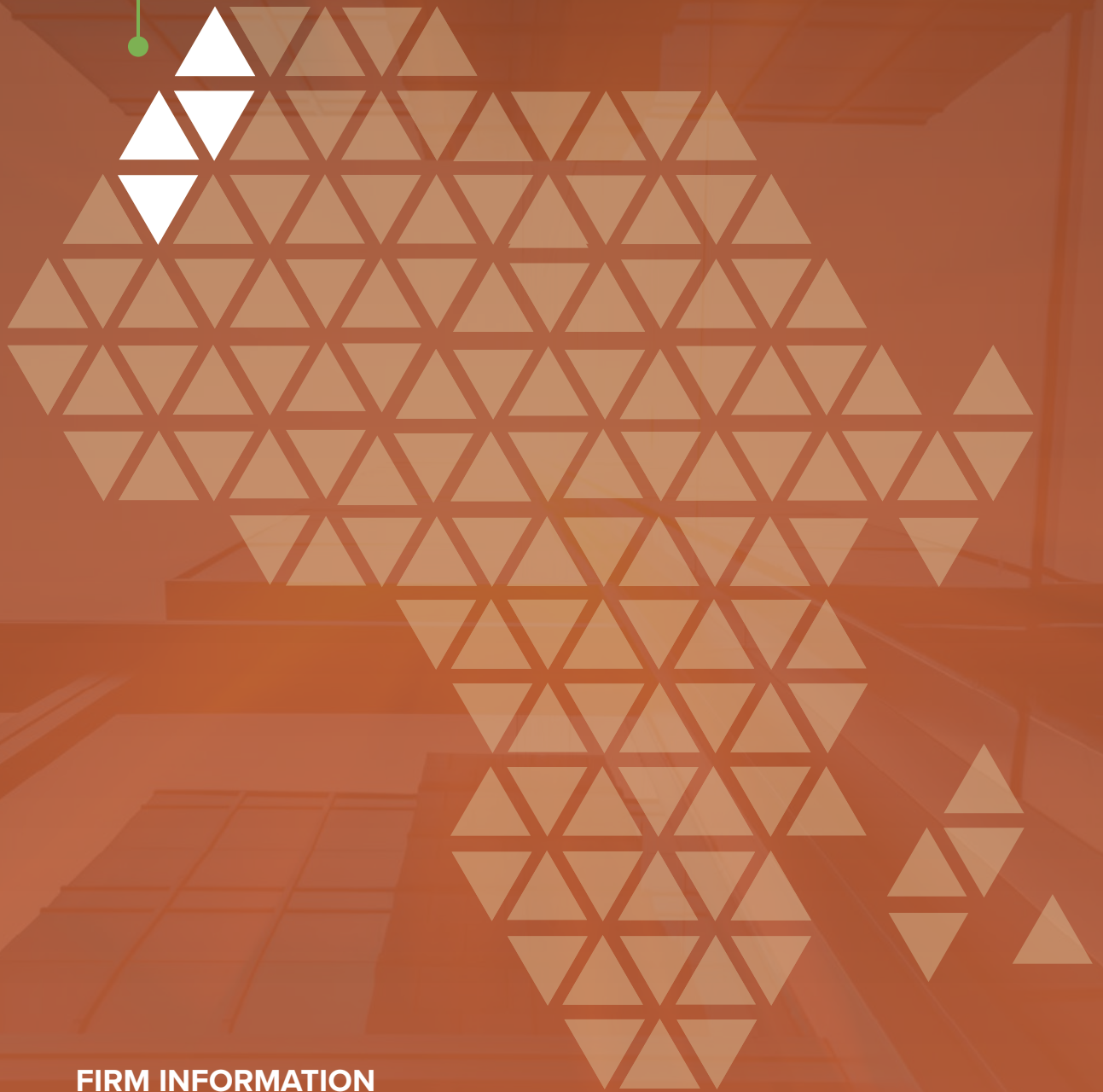




MOROCCO I&I LAW FIRM



FIRM INFORMATION

Website address : <https://www.iilawfirm.ma/>
Languages spoken : Arabic, French, English
Telephone : (+212)05.22.43.36.60
Address : 3, Av. 2Mars, Rés. Marwa, 4ème étage 20490 Casablanca, Maroc
Contact : Ghiya Iraqi
Email : g.iraqi@iilawfirm.ma / m.oumensour@iilawfirm.ma

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RELEVANT AUTHORITIES AND LEGISLATION

What laws regulate mining?

For more than 60 years, the 1951 Mining Code had governed the sector, making it de facto obsolete. Law no. 33-13 of July 2015 and its implementing decree of April 2016 created a new Code that is both realistic and ambitious. In July 2021, the council of government had approved the draft law n°46-20 which is currently by the House of Representations.

The sector operates under a specific and detailed regulatory framework, primarily based on the following key texts:

- Law no. 33-13, which forms the backbone of the modern Mining Code;
- Dahir No. 1-60-007, dated December 30, 1960, concerning the status of employees in mining companies;
- Dahir No. 1-99-340, regulating the exploration and exploitation of hydrocarbon deposits;
- The Hydrocarbons Code (Law No. 21-90), as amended by Law No. 27-99, which governs the exploration and exploitation of hydrocarbon deposits;
- Decree No. 2.57.1647 of December 17, 1957, which establishes rules for implementing provisions of the Mining Regulations, particularly regarding taxes related to mining titles and the obligations of mine concessionaires and permit holders;
- Law No. 39-89, which enabled the privatization of mineral exploration activities, signaling the progressive withdrawal of the State from the exploitation and management of mining companies.

Which Government Bodies administer mining law?

The main authorities involved in the regulation of the Moroccan mining sector are the:

- Ministry of Energy, Mines and Sustainable Development (MEM). Under Decree No 2-20-413 Establishing Attributions and Organisation Rules of the Mining and Energy Department of the MEM dated 3 July 2020. The MEM has delegated authority to:
 - o the Walis (representative of the central government in the local region) for the award of exploitation authorisations for projects of a value less than MAD200 million; and
 - o regional directors of the Energy and Mines Department of the MEM for the award of research permits.
- National Office of Hydrocarbons and Mines (ONHYM). ONHYM is a public establishment regulated by Law No 33-01 promulgated by Dahir No 1-03-203 dated 11 November 2003 and its Decree No 2-04-372 dated 29 December 2004. It is subject to the state supervision and financial controls applicable to Moroccan public establishments.
- Land Registry. The Land Registry (Agence Nationale de la Conservation Foncière du Cadastre et de la Cartographie) is a public establishment (établissement public) regulated by Law No 58-00, promulgated by Dahir No 1-02-125 dated 13

June 2002. It is subject to the state supervision and financial controls applicable to Moroccan public establishments. The Land Registry is in charge of the issuance of special titles (titres spécial) relating to each mining title registered with it.

TYPES OF AND MANNER OF ACQUISITION OF RIGHTS

What rights are granted to conduct reconnaissance, exploration and mining operations?

Mines form part of the state's public domain

A research permit and operating licence provide mining operators rights in rem (droits immobiliers) over mining products excavated from underground or available on the surface.

These rights in rem are granted for a limited duration and must be distinguished from the ownership of the land surrounding the mine, meaning that mining operators must secure applicable occupancy rights separately from the applicable mining title.

OIL AND GAS

Mining titles under the New Mining Code

Mining licences are limited real estate rights that may be subject to mortgage but are distinct from the ownership of the land. Therefore, mining operators must always secure applicable occupancy rights separately from the applicable mining title.

Exploration permit

It is valid for a period of two years and renewable once for a one-year period, for an area comprised between 100 km² and 600 km². Applicants must enter into a contract with the mining administration detailing the contemplated exploration and investment activities. An exploration permit can only be granted to a legal entity. The exploration area depends on the works programme and the investments contemplated by the applicant. It is not possible to hold.

Research permit

It is valid for a three-year term for a square area with sides of at least 4 km in length and is renewable once for four years, subject to a program detailing at least the contemplated expenditures and work. The research permit confers to its holder, under the conditions set out in the New Mining Code, the exclusive right to search for the products of mines found within the perimeter covered by such permit, including by carrying out geological, geochemical and geophysical studies and work, drilling holes and mining work, for the purpose of determining the existence of a deposit.

Mining licence

The mining license grants its holder the exclusive right to extract and/or develop mining products from a deposit with a view to obtaining merchantable mining products, in particular by means of studies, preparatory work, exploitation work and/or enrichment and/or beneficiation operations of these products, as well as the realization of the infrastructure necessary for such work.

It is valid for a term of ten years and successively renewable for ten years periods until the reserves are exhausted. Under the former regime, the license was only valid for four years. Furthermore, the granting of a mining licence will now revoke the research permit only for the area it covers. A second exploration permit will be granted for the area that is not covered by the same licence.

The discovery of a deposit gives the holder of the research permit the exclusive right to apply for a mining license for the perimeter of the said discovery, the application having to be filed before the expiry of the permit. These provisions imply that an application for a license may be refused for reasons other than the failure to file the application within the validity period of the license. However, the New Mining Code does not provide for any guidance as to the reasons for such a refusal.

Unlike exploration permits and research permits, which do not specify any constraint relating to the nationality of the holder, the beneficiary of a mining license must be a Moroccan law company.

INDIGENISATION REQUIREMENTS

Are there any requirements in relation to the holding of equity in exploration and mining projects by indigenous peoples?

Permits and concessions may not impede the rights granted to indigenous persons (droits coutumiers) for the extraction of certain substances. However, permit or concession holders may be allowed to override those rights for all or part of the perimeter of their permit, if they agree with the indigenous persons on the payment of compensation which, if they fail to agree, is determined by the authorisation.

The three above-mentioned mining rights may only be granted to legal entities. There is no restriction relating to the nationality of the holder of the authorisation except for mining licenses, which may only be granted to Moroccan law companies. It must be noted that the exploration and exploitation of phosphates are a monopoly of the Moroccan State.

Through the investment charter (charte d'investissement), foreign investors may benefit from certain tax and regulatory advantages, in particular if the investment meet certain requirements (size, number of workers etc.).

Investments which are made by foreign investors in foreign currency into Morocco benefit from the so-called

convertibility regime provided for by the Moroccan foreign exchange regulations, including in particular the Instruction Générale de l'Office des Changes.

PROCESSING AND BENEFICIATION

Are there any requirements to beneficiate minerals mined?

Moroccan law does not impose any specific restrictions on the processing of extracted mineral resources or on the sale, export or import of extracted or processed minerals.

TRANSFER OF RIGHTS

Participating interests held by an operator in an exploration permit or in a concession can be transferred if:

- the transferred interests apply to the totality of the area of interest covered by the applicable exploration permit;
- It receives prior approval from the Ministry of Energy.

The approval is granted by the Ministry of Energy in the form of an order (arrêté) authorising the assignment. In a transfer of participating interests, the assignee must assume all the obligations initially undertaken by the assignor. If the assignment is made in favour of a third party (that is, not an affiliate of the assignor), the state is always entitled to exercise a pre-emption right. Reconnaissance rights are not transferrable.

ENVIRONMENTAL

What legislation governs environmental protection of exploration and mining sites?

Law No 12-03 on environmental impact assessment promulgated by the Dahir No 1-03-60 dated 12 May 2003 (Law No 12-03) has implemented an EIA "Etude d'Impact sur l'Environnement" process in Morocco.

Under Article 2 of Law No 12-03, any project undertaken by legal or physical persons that, due to their nature, dimension or location could imply adverse effects for the biophysical and social environment, are subject to an EIA. The exploration and production of oil and gas is therefore subject to an EIA.

Under Article 6 of Law No 12-03, the EIA must include:

- A description of the initial condition of site to be affected by the project, including in particular its biological, physical and human features;
- A description of the prominent components, features and steps of the project, including the contemplated:
 - o production processes;
 - o use of raw materials and energy resources;

- o liquid, gaseous and solid emissions, releases and disposals and waste generated by the project;
- An evaluation of the positive and adverse effects of the project on the biophysical and social environment;
- Proposed measures to mitigate adverse effects on the environment;
- A monitoring programme;
- A summary of the legal and regulatory framework applicable to the project;
- A summary of the assessment.

A project subject to an EIA must receive prior approval from the relevant regional and/or national environmental assessments committees in charge of delivering a prior decision on environmental acceptability (decision d'acceptabilité environnementale). This approval process usually lasts about three to four months.

HEALTH AND SAFETY

What legislation governs health and safety in mining?

The holder of a mining title must operate mining activities in compliance with laws and regulations related to health, hygiene and environmental protection (Article 56, Mining Law). Viziriel Order dated 18 February 1938 Forming Internal Rules for the Exploitation of Mining Products Other Than

Combustibles Mining Products (as amended by Viziriel Order dated 9 September 1953) sets out detailed health and safety requirements for carrying out exploitation activities, including obligations to:

- Maintain work areas in a constant state of cleanliness and to respect the hygiene and sanitary conditions necessary to preserve employees' health;
- Make devices such as telephones or acoustic pipes available in underground circulating areas to enable discussions between employees, supervisors and extraction technicians;
- Take measures to prevent water stagnation and the accumulation of mud in the working area and galleries.

Under Article 32 of Decree No 2-93-786, the holder of a reconnaissance authorisation, exploration permit, or concession must:

- Respect the hygiene and health and safety requirements of its employees and neighbouring habitants;
- Minimise social and ecological burdens;
- Avoid injury or damage to public or private properties.

In particular, the holder must take precautions to ensure the protection of:

- Vehicular traffic and shipping navigation;
- Aquatic resources and the prevention of pollution of seas, lakes, beaches, rivers and groundwater;
- Forests, farmlands and plantations.

The holder must also take out insurance against any damage caused to the environment. Under Article 33 of Decree No 2-93-786, the holder of a reconnaissance authorisation, exploration permit, or concession must:

- Inform the Ministry of Energy and the local authorities of any serious accident.;
- Have sufficient supply of medicine and other indispensable rescue materials at the location of the works.