

The By-Law for the Regulations of Using the Credit Insurance Policy Provided by the Mining Investment Insurance Corporation

According to s. 2 of the Mining Investment Insurance Corporation Statute, in addition to the needed insurance coverage, credit insurance policies for mining, production, ore dressing and mineral processing units are also issued in order to guarantee the refund of the granted facilities by mining investors. The regulations regarding these kinds of insurance policies and the bails and collaterals accepted by the corporation are mentioned below:

Section 1- Definitions:

The words and phrases used in this by-law have no other definitions but the ones mentioned here those mentioned in Mine law and written insurance policies from this corporation.

1-1- Mining Activity:

Mining Activity is referred to any production, ore dressing and mineral processing operation.

1-2- Mining Activity License:

This license is referred to any mining and production license by the ore dressing and mineral processing units, and also declaration of establishment of any ore dressing or mineral processing units.

1-3- Applicant:

Applicant is referred to any person, which having the mining activity license, visits the corporation in order to use the credit insurance policy facilities for mining activities.

1-4- Investment:

Investment refers to cash and non-cash contributions such as moveable and unmovable properties of the applicant which are needed for a part or all the parts of the mining projects, according the corporation's confirmation.

1-5- Mining Activity Plan:

It is a plan in which is written all the execution programs for any mining activity in a certain location, with all the estimated costs, dates, operation schedules, and any other information according to the Ministry of Industry, Mine and Trade forms.

1-6- Credit Insurance Policy:

It is a contract according to which the corporation is obliged to repay the granted credit facilities by the bank or any credit organization to the applicant, in case the applicant cannot repay the loan to the bank or the organization.

1-7- Loan:

The loan is referred to any credit facility that is granted to the owner of the mining activity license in order to carry out any mining operation.

1-8- Bails and Warranties:

Bails and Warranties refer to any binding deeds or any property, accepted by the corporation, which the applicants posits in the corporation until they pay back all the granted credit facilities.

Section 2: General Rules

2-1- Having the Mining Activity License from the Ministry of Industry, Mine and Trade.

2-2- Considering the different types of Mining Activity License, granting the credit insurance policy facilities happens through different steps, and granting the facilities of each step is decided by the corporation, except special circumstance which eventually is decided by the corporation.

2-3- Positing the bail and warranty, which is acceptable by the corporation, in order to refund the granted facilities.

Section 3: Specific Rules:

3-1- Mining Production:

3-2-1- In the preparation and installment stage, the applicant has to have technical and economic justification for the approved plan, and the corporation has to confirm the necessity of executing this preparation and instalment project.

3-2-2- About the active mines, the Organization of Industry, Mine and Trade of the very province has to approve the function of the owner of the mining activity license, which has to match the approved plan, of course with the approved technical and economic justification, by the corporation.

3-3- Ore Dressing and Mineral Processing:

3-3-1- For the units being constructed: the needed documents such as ownership, rent etc. of the Ore Dressing and Mineral Processing operation unit area and its industrial function are necessary.

3-3-2- Having the primary utilities such as water and electricity for the unit construction, or at least having the accessibility to these utilities, as decided by the corporation.

3-3-3- For the already working units: Having a proper technical and economic justification, approved by the corporation, and legal licenses for constructing the Ore Dressing and Mineral Processing operation units.

Note 1- The ceiling of the facilities granted by the corporation is 70% of the estimated costs of the approved plan, and at most will be equal to the declared amount by the facilitator.

Note 2- After the endorsement by the Organization of Industry, Mine and Trade of the very province, the mining activity license will remain in the corporation.

A: Transferring the license to someone else before receiving any facilities has to be approved by the corporation, and the project development, along with the facilitator's agreement (or the project executor) and the agent bank has to be accounted for. The last insurance policy has to be returned, and all the rights and obligations have to be transferred.

B: Transferring the license to someone else after receiving the facilities can only happen after the complete checkout of the received facilities and voiding the issued insurance policy. This whole process has to be approved by the corporation and the facilitator (or the project executor) with transferring the last paid insurance right to the contract and the new insurance policy.

C: It is obvious that in the points mentioned above, in case the applicant is using the facilities of the state financial helps for non-state section, the project executor's agreement is also necessary.

Section 4- Bails and Warranties:

4-1- The Mining/Operation

4-1-1- According to the note 3 and 4 of s.10 of the Mines Act, the mine's mining license, which is evaluated by the corporation, and also the tools and machinery available in the operation area, which are owned by the applicant, can be accepted as bails. The evaluation cost, which the applicant has to pay, is determined and approved by the board of directors, and the same goes for the instructions regarding the license's value. Any changes in this matter has to take place with the approval of the board of directors.

4-1-2- In case the license's value is not enough, or is worthless, the corporation can accept other bails according the warranty by-law for state deals mentioned in Cabinet's canon, dated Nov 2nd, 2003, and its corrigendum. The minimum amount for the warranty for repaying the loan would be 120% of the credit insurance policy.

4-2- Ore Dressing and Mineral Processing Operation

4-2-1- For the ore dressing and mineral processing units inside the mine's area, the bail would consist of the mining license, which is evaluated by the corporation, and the bails mentioned in 4-1-2, with the value of twice the value of the credit insurance policy.

4-2-2- About the ore dressing a mineral processing units outside the mine's region, the bail would include the mining license related to the ore dressing and mineral processing company in the name of the applicant, with technical and economic justification and the bails mentioned in 4-1-2 except the promissory notes.

Note 1: For the legal applicants, the allowed signatory people have to sign the check and promissory notes dorsum.

Note 2: The documents regarding the ownership of the mining machinery and tools, which are bought by the applicants from the loan facilitator, would be transferred to the corporation totally, or in mortgage, according to the corporation's decision. These documents would be transferred to the applicant after the settlement of all debts, or redeemed. In order to do this, the applicant has to deliver a check to the corporation with the amount of the credit insurance policy as a guarantee for the mining machinery and tools ownership documents. The check would be given back after the issuance of these documents in the corporation's name.

Note 3: All the acceptable bails have to be approved by the corporation's supervisor/agent. The cost of studying these bails is on the applicant and would be valid for a year.

Note 4: If the applicant doesn't follow their obligations, the corporation can refer to one, or all, of the bails and proceed towards the resignation of its rights. If there is anything left yet, it would be given back to the applicant.

Section 5: the insurance rate for the credit production/ insurance policy would be decided by the corporation, and it would be 1.5% to 3% of the credit insurance policy's amount.

Note: The time considered for the insurance rates in the credit insurance policies, and also other insurance policies issued by the corporation, is a year. The corporation can increase, or decrease, the insurance rate for exceptions in which the insurance policies last longer than one year.

Section 6: The Corporation's Priorities:

6-1- The type of the mineral, which is decided according to the province and the county's needs, and in the ministry of Industry, mine and trade's priorities.

6-2- Mining projects in deprived areas which may have mining potentials.

6-3- The financial capability and the expertise of the owner of the mining license.

6-4- Discovering/exploring underground mines in operations.

6-5- Using new and advanced machinery and tools in mining operations.

6-6- Mining activities which help preserving the production chain in mining section.

6-7- Mining activities with exporting products.

6-8- Mining projects which bear relative advantages in mining activities.

Section 7: the Corporation's obligations for issuing the insurance policy in the start of any financial period is decided regarding the compiled obligations, and would be approved by the board of directors counting on the CEO's offer.

Section 8: All the applicant's obligations, and any other needed matter or unpredicted things in this by-law would be decided according to the binding contracts.

Note 2: From the date this by-law is issued, all the other acts related to this by-law are no longer binding.

Section 9: The By-law for the regulations of using the credit insurance policy in 9 sections and 7 notes is approved by the board of directors on January 23rd, 2011, and can be executed after the being approved in the annual general meeting.

CEO and the Chairman:

Mohammad Reza Shahab-O-Din

Vice Chairman:

Vajih-O-Allah Jafari

The member of the Board of Directors:

Jamshid Molla Rahman

The member of the Board of Directors:

Hasan Khalaj Tehrani

The member of the Board of Directors:

Ehsan-O-Allah Tajik Esmaili

The by-law above is presented and approved in the extraordinary general meeting of the Mining Investment Insurance Corporation and signed by the members of the Board of Directors of this corporation.