



GUIDE
TO MINING
REGIMES
IN AFRICA



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INTRODUCTION

About LEX Africa

Doing business in Africa is associated with diverse challenges and risks and must accordingly be founded on a strong legal base.

LEX Africa is an alliance of leading law firms with over 600 lawyers in over 20 African countries which was founded in 1993 and was the first legal alliance focussing solely on Africa. Only African law firms join the Alliance subject to strict performance and selection criteria to ensure world class standards of legal practice.

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Our Mission

To collaborate with member firms to drive business growth in Africa through best legal practice by attracting, developing and promoting world-class professional skills for the continuing success of our alliance and the broader African continent.

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PREFACE

Africa is well endowed with mineral resources. It harbours the world's largest mineral reserves of platinum, gold, diamonds, chromite, manganese, and vanadium. Mining in Africa is an integral and important part of the continent's economy. Many mining projects suffer extreme risks and difficult decisions and sound mining law is integral for an investment decision. The purpose of the publication is to gain a better understanding of what makes up the various laws in each African jurisdiction. The basic essence of mining law in most African countries is similar, being a state licencing system, but each country has its own local laws, customs, practices and guidelines.

LEX Africa is the first and largest African legal alliance with a long history of assisting clients across the continent. It is hoped that our insight into these issues will be both informative and practical. LEX Africa members have a full understanding of mining law in their respective countries and the practice thereof. This edition of the Mining Guide sets the tone for the African continent and establishes a guideline which is both informative and useful. There is no doubt that the key issues raised in the guide will assist in gaining a better understanding of the various applicable mining regimes operative across the continent.

We hope that you enjoy reading this guide as much as we have enjoyed compiling it.

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RELEVANT AUTHORITIES AND LEGISLATION

What laws regulate mining?

The mining activities are regulated by the Mining Code approved by Law no. 31/11 of 23 September.

Which Government Bodies administer mining law?

The Government bodies which administer the mining industry are the Ministry of Mineral Resources and Petroleum, ENDIAMA (National Concessionaire for diamonds); SODIAM (a public company authorized to commercialize Angolan diamonds, FERRANGOL (a public company which is the national concessionaire for mining activities related to recognition, prospecting, research, evaluation, exploration, transformation and commercialization of noble metals, ferrous and non-ferrous metals and any other mineral resources which constitutes raw-materials for the production of steel) and the Regulatory Gold Market Agency.

TYPES OF AND MANNER OF ACQUISITION OF RIGHTS

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

Mining rights can be awarded pursuant to a public tender or upon request. Articles no. 90, 91, 92 and 93 of the Mining Code describe the rights and obligations of the mining right holders which have the following legal guarantees:

- Applications for access to mining rights are recorded and decided according to order of entry, within the legally established time limits;
- Applications for the granting of mining rights shall be properly published;
- Unrestricted extraction of mineral resources during prospecting, except as expressly provided under the standards of the mining code or additional legislation;
- Titles for mineral resource extraction are allocated on an exclusive basis, and may be transferred pursuant to the provisions of the mining code;
- The necessary support from the government for the execution of mining activities and respect for the rights inherent thereto;
- The right to freely dispose of and market mining output, subject to the rules and procedures provided under the mining code and additional legislation on the matter.

Pursuant to Presidential Decree 174/15 of September 15, the granting of new mining titles is temporarily suspended until the geological mapping of the country and the National Geology Plan (PLANAGEO) are concluded¹. The PLANAGEO consists in a geological mining research currently in progress for the planning and diversification of the mining geological activities in the country.

However, projects with great impact to Angolan Economy which are technically, economically and financially viable, such as i) prospecting or exploitation projects in large scale activity; ii) long-term maturity exploitation projects; iii) projects involving large amounts of investment; and iv) projects involving state-owned companies, are not subjected to this suspension.

Mining investment projects submitted before September 15 2015 and pending for approval shall not be affected by the above mentioned suspension.

The mining holders are also entitled with the following:

- Obtain geological/mineral information from competent supervisory authorities that is available for the area subject to concession, or to consult such authorities in regard to such information;
- Obtain the cooperation of administrative authorities for the execution of field work and the establishment of rights-of-way, pursuant to law;
- Use existing surface and groundwater in proximity to the concession area that is not used or covered by any other specific extraction title, without prejudice to third-party rights and always subject to mining legislation;
- Build and deploy infrastructure and facilities necessary to the execution of geological/mining activities;
- Pursuant to pertinent legal and regulatory conditions, use land demarcated for the implementation of mining facilities, buildings and equipment;

¹ To the best of our knowledge the works related to the survey are suspended until further information, due to the financial crises that affected the Angolan mining sector. In fact the Official Gazette recently have published new Investment Contracts granting mining rights in the gold sector of activity, therefore although enforceable the provisions of this Presidential Decree aren't strictly applicable.



- Pursuant to approved work plans and schedules and to the extent necessary for execution of mining operations, modify the natural configuration of areas subject to concession;
- Conduct geological/mining activities necessary to the execution of approved work plans, without other restrictions other than those arising from legal standards, the concession contract or by order of the regulatory body;
- Extract, transport and benefit from the mineral resources subject to contract, in accordance with the law;
- Dispose of extracted mineral resources and market them, in accordance with the law;
- Through extraction proceeds, recoup expenses from investments made during the exploration, prospecting, surveying and evaluation phase;
- Receive compensation for losses that may be incurred from any action limiting the exercise of mining rights, in accordance with the law or the concession contract.

OIL AND GAS

What rights are granted to conduct oil and gas exploration and production?

Petroleum deposits existing in the available area of the Angolan national territory, inland waters, territorial waters, exclusive economic Zone and continental shelf are an integral part of public property of the Angolan State.

Mining rights in the oil & gas sector shall be granted by SONANGOL, E.P., a public company that is the National Concessionaire, under the terms of the law no. 10/04 of 12 November (Petroleum Activities Law).

The rights granted to conduct oil and gas exploration and production are for: (i) Prospecting, (ii) exploration and (iii) Production.

Petroleum and gas operations may only be carried out under a prospecting license or petroleum concession.

Prospecting licenses shall be issued by the Ministry of Mineral Resources and Petroleum, while the Government shall be responsible for granting concessions for the exercise of mining rights.

A prospecting license has a maximum duration of three years. As regards the concession the duration is determined in the concession decree. Although, whether it is a license or

concession its duration may exceptionally be extended, upon the request of the licensee or the National Concessionaire. Such extension is subject to the approval of the Ministry of Petroleum, upon verification of the reasons invoked and certification checked that the licensee or the National Concessionaire have performed their obligations.

Any company that wishes to carry out petroleum operations in Angolan territory apart from the scope of its prospecting licenses may only do so together with the National Concessionaire under the following terms:

- Subject to the prior consent of the Government, the National Concessionaire may associate with Angolan or foreign entities of recognized capacity, technical knowledge and financial capability.
- Such association may take the forms of (a) Corporation; (b) Consortium; or (c) Production Sharing Agreement.

Finally, in regards to the applicable framework to the natural oil and gas sector, such resources are mainly regulated by Petroleum Activities Law and may be conducted under the assignment of a prospecting license or petroleum concession. In addition to the above, please note that recently, on 2 March, 2015, were published the Executive Decree 80/15 which approves the Technical Regulations on the design, installation, operation, maintenance, repair and the Change of Liquefied Petroleum Gas Tanks, establishing its technical and security conditions and Executive Decree 81/15 approving the Security Technical Regulation of Liquefied Natural Gas Autonomous Units.

On the other hand, other mining activities are mainly regulated pursuant to the Mining Code which rights can only be assigned through a concession regime.

INDIGENISATION REQUIREMENTS

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

The Angolan Government is deeply committed in promoting



Angolan companies. Moreover, Angolan companies must comply with several local policies designed to promote the development of industrial infrastructures and the furthering of the education levels of the people in Angola. The Angola local content policies aim to protect the domestic market over the products and services for the mining industry. The local content rules broadly aim to promote the Angolan employment, the Angolan ownership of business and the Angolan industry, production and services.

The Local content policies are reflected in different levels including:

- The preferential treatment of Angolan companies in public tender processes;
- The obligation of companies to maintain a work force ratio of 30% of foreign employees to 70% of Angolan employees;
- The Mining and Oil companies are expected to source certain products and services exclusively from Angolan companies; meaning companies with majority Angolan ownership;
- The restrictions to the incorporation or acquisition of a company in Angola by foreign investors.

Are there any special rules or restrictions applicable to foreign applicants?

There are no restrictions under the Mining Code, which provides a special regime that allows foreigners to invest and carry out mining activities.

The main types of investment in the mining sector are: the general investment regime, the investment in strategic minerals regime and the artisanal investment regime. In general, holders of mining rights must enter into an investment agreement with the Angolan State. Such mining investment agreement shall be approved by the competent Minister or, if the amount of the investment is equal or higher than USD 25.000.000 (twenty-five millions United States Dollars), by the Angolan Chief of Executive.

Identify any rights that the State may have. Does the State have any rights to equity in mining projects?

The Mining Code provides that, in consideration for granting mining rights, the Angolan State shall be entitled to compensation. Such compensation shall be in the form of a participation of not less than 10% in the company that conducts activities and/or in kind allocations of the minerals to be extracted.

PROCESSING AND BENEFICIATION

Are there any requirements to beneficiate minerals mined?

Holders of mining rights are entitled to dispose of the mineral mined and have the power to sell the products of mining activities, subject to the limitations set out in the Mining Code. The Chief of the Angolan Executive is bound to approve the rules related to trade in strategic minerals sector, in view of the specificities regarding each particular strategic mineral.

The Mining Code determines that, when reasons of public policy or national sovereignty are at stake, the Angolan Government

may create a particular institution to act as the sole trade public body (has it happens already with diamonds). It is also ensured that the holders of mining rights participate in the negotiation and in the draft of the trade agreements related to strategic minerals that are produced in their mines. The Mining Code also foresees that the Angolan State may create one or more trading companies, aimed at acquiring the strategic minerals directed to producers, in a free market regime, whenever this is required by law or by an objective need of State intervention.

Are there any restrictions on the export of minerals?

Export of mineral is subject to a previous licence issued by the Ministry of Trade and an authorization issued by the Customs authority.

All minerals exported from Angola are subject to a certificate of origin granted by the competent authorities.

Also internal rules adopted by the framework of the Kimberley Process Certification Scheme (KPCS) apply to other strategic minerals.

Additionally, a local certification process was implemented, in accordance with the KPCS.

DISPOSALS OF RIGHTS AND CONTROLLING INTERESTS

Are there any statutory consents required to dispose of rights to explore and mine

The Mining rights can be transferred, granted as collateral and can be subjected to judicial execution measures, subject to the limitations set out in the Mining Code, which include previous authorisation from the competent authority. In case of insolvency of the mining rights holder, the mining rights will not terminate, but can be allocated to the creditor of the holder that offers the best price (subject to a right of first refusal of the Angolan State).

The transfer of mining rights is subject to the payment of taxes. Are there any restrictions on disposals of controlling interests in entities holding exploration or mining rights?

There are no particular rules regarding restrictions or disposals of controlling interests in entities holding exploration or mining rights.

USE OF SURFACE OF LAND INVOLVED IN PROSPECTING AND MINING ACTIVITIES

What are the rights of the holder of an exploration right or mining right to use the surface necessary or incidental to an exploration or mining operation?

The holders of mining rights have the right to use the surface necessary or incidental to the exploration or mining operation.



ENVIRONMENTAL

What legislation governs environmental protection of exploration and mining sites?

Pursuant to the Mining Code, holders of mining rights must ensure the conservation and protection of nature and the environment, complying with the respective legal standards.

Without prejudice to the provisions of specific environmental standards for mining activity, the exploitation of minerals must be carried out in accordance with basic laws on the environment, biological and aquatic resources and water as well as with Environmental Impact Assessment standards. Holders of mining rights are specifically required to observe the following precepts:

- Fulfil the obligations arising from the Environmental Impact Assessment and environmental management plan, pursuant to the terms established therein;
- Take measures necessary to reduce the formation and propagation of dust, debris and radiation in areas of extraction and surrounding areas;
- Prevent or eliminate water and soil pollution, using appropriate means for such purposes;
- Neither reduce nor in any other way impair the normal supply of water to the populations;
- Execute mining operations in order to minimise soil damage;
- When using explosives in proximity to human settlements, reduce impact from noise and vibration to acceptable levels, as determined by competent authorities;
- Refrain from discarding waste harmful to human health, flora and fauna into the sea, water currents and lakes;
- Notify authorities of any occurrence that causes or may be capable of causing environmental damage.

In general, the mining operators must adopt internal rules of conduct on environmental matters that are compliant with legislation in force creating conditions to ensure that workers at all levels recognise their responsibility in regard to environmental management, as well as that resources, personnel and training adequate to implementing environmental plans are provided.

In collaboration with competent State bodies, they are responsible for strengthening infrastructure, training and qualifications of workers in regard to environmental management in mining operations.

Moreover, the environmental obligations are set forth jointly with the payment of an environmental guarantee.

NATIVE TITLE AND LAND RIGHTS

Is there any native title which has any implication for the exploration and mining industry?

No, but holders or owners of land have the right to an income for the duration of activities corresponding to prospecting and surveying, and such parties shall be compensated for the losses incurred, but they must properly consider the relative interest of mining production for the national economy, refraining from creating unjustified barriers to geological/mining research.

HEALTH AND SAFETY

What legislation governs health and safety in mining?

There is specific legislation governing health and safety in general.

Pursuant to the Mining Code, the holders of mining rights must adopt measures to ensure hygiene, health and safety at work, as well as to prevent professional risks and accidents at work, pursuant to regulations issued by competent bodies and necessary training programs in the realm of hygiene, health and safety in the workplace must be promoted, as well as the observance of proper use of machinery, materials and working equipment.

CONSTITUTIONAL AND ADMINISTRATIVE LAW

Is there a constitution which has an impact upon rights to prospect and mine?

No.

Are there administrative appeals in the mining law?

The conflicts arising between state bodies and mining holders are subject to the general administrative law.

ROYALTIES AND TAXES

Are there special rules applicable to taxation of exploration and mining companies?

All local and foreign entities that are engaged in mining activities in Angola as well as abroad (to the extent that Angola has the power to tax) are subject to the special tax regime described in the Mining Code. They may be subject to the following taxes: income tax (actually at the rate of 25%), royalties; surface tax; artisanal mining tax; and taxes applicable to other activities conducted by the relevant entities.

The provisions related to custom duties provide for certain exemptions, in particular with equipment used in connection with the mining activities, and the conditions that apply to such exemptions. Mining products can be exported directly or indirectly by the mining right-holder without any additional custom duties.

Are there any royalties payable to the State over and above any taxes

Yes, the mining operators must pay for the tax over the value of the mineral resources.



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RELEVANT AUTHORITIES AND LEGISLATION

What laws regulate mining?

The relevant legislation that governs the system of mining law in Botswana is the Mines and Minerals Act Cap 66:01 and the Mines, Quarries, Works and Machinery Act Cap 44:02.

Which Government Bodies administer mining law?

The Department of Mines administered under the Ministry of Minerals, Energy and Water Resources.

TYPES OF AND MANNER OF ACQUISITION OF RIGHTS

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

All Minerals in Botswana vest in the state. No person may prospect, or mine minerals save in terms of a licence issued by the Minister for Minerals, Energy and Water Resources under the Mines and Minerals Act Cap 66:01 ("MMA").

Prospecting licence

Prospecting licences are issued for 3 years with 2 options to renew, each period not exceeding two years and the licences cover such area as provided for by a licence which area shall not exceed 1,000km² under the terms of the MMA.

The Minister may renew a prospecting licence for additional periods where a discovery has been made and evaluation work has not, despite proper efforts, been completed. This means that a licence is renewable beyond the 3 + 2 + 2-year periods. For example, if at the end of the 7-year period the holder informs the Minister that a discovery has been made but evaluation work has not been completed, an additional extension may be granted.

Alternatively, the holder could apply for a retention licence and/or mining licence. Generally, retention licences entitle the holder to keep the area to which the licence relates for future mining operations and to carry on prospecting within the retention area. They are granted for two periods not exceeding 3 years each.

In terms of the MMA the holder of a prospecting licence is entitled to enter onto any land to which its prospecting licence relates and may prospect thereon for the mineral to which the

prospecting licence relates, drill bore holes, make excavations, erect camps and put up temporary buildings for machinery necessary for prospecting purposes.

The rights of a holder of a prospecting licence are more restrictive and narrow compared to the rights under a mining licence. The MMA obliges the holder of a prospecting licence to:

- Commence prospecting operations within three months or such further period as the Minister may allow, of the date of issue of his licence;
- Carry on prospecting operations in accordance with the programme of prospecting operations as set out in the prospecting licence; and
- Notify the Minister of the discovery of the mineral to which his prospecting licence relates within a period of 30 days of such discovery or discovery of any mineral deposit of economic value.

The holder of a prospecting licence shall not without the written permission of the Minister, remove any mineral from a prospecting area except for the purpose of having such mineral analysed, valued or tested in Botswana.

The Minister is empowered to monitor compliance with the programme of prospecting operations as specified in a prospecting licence however, in practice we note that compliance is reviewed at the time of licence renewal or transfer. A licence may not be cancelled, even in the event of non-compliance unless the notice has been given to a holder to rectify the default.

The holder of a prospecting licence can notify the Minister of proposed amendments to the programme of prospecting operations. Unless the Minister objects within 60 days of such notification, which in practice the Minister does not do if the proposed amendments are reasonable, the amendments take effect automatically.

The holder of a prospecting licence may at any time not later than three (3) months before the expiry of the licence apply



to the Minister for renewal thereof, submitting a report on prospecting operations carried out so far and the costs incurred and a proposed programme of prospecting operations to be carried out and the estimated cost thereof. The holder shall be entitled to a renewal provided that:

- It is not in default under the terms of the MMA or the licence; and
- The proposed programme of prospecting operations is adequate.

At the end of the period of the prospecting licence the rights granted to the holder thereof under the terms of the MMA and the licence cease, and the holder is required to vacate the area to which the licence relates, taking such measures as are necessary to restore the land substantially to the condition it was in prior to the commencement of prospecting operations, the holder being obliged to make adequate on-going financial provision for compliance with such obligations.

Retention Licence

The holder of a prospecting licence may apply to the Minister for a retention licence in respect of the area and mineral covered by the prospecting licence.

A retention licence - for which an application must be made no less than three months before the expiry of the prospecting licence - is designed to bridge the gap between (i) the expiry of a prospecting licence and completion of the prospecting programme and (ii) the time when, subject to the feasibility study, mining can proceed on a profitable basis.

Retention licences are granted for two periods, not exceeding 3 years each and entitles the holder to:

- To retain the retention area to which the retention licence relates, for future mining operations;
- To carry on prospecting operations in the retention area in order to determine from time to time the prospects of mining any mineral to which the retention licence relates on a profitable basis;
- To remove any mineral or sample of a mineral for any purpose other than sale or disposal, from any place where it was found or incidentally won in the course of prospecting operations to any other place within Botswana or, with the permission of the Director of Mines, outside Botswana; and
- To carry on, in order to determine, from time to time,

the prospect of mining any mineral to which the licence relates, on a profitable basis, such other investigations and operations, including erection of necessary equipment, plant and buildings, in the retention area as may be reasonably necessary for, or in connection with, any future mining operations or nay prospecting operations.

The holder of a retention licence is obliged to:

- Demarcate and keep demarcated the retention area in the prescribed manner;
- Obtain consent of the Director of Mines to any amendment of his intended work programme;

Unless the Director of Mines otherwise stipulates:

- Back fill or otherwise make safe excavations made during the course of his prospecting operations to the satisfaction of the Director of Mines;
- Permanently preserve or otherwise make safe any borehole in the manner directed by the director of geological survey and Director of Mines; and
- Remove within 2 months of the expiry of his licence, any camp, equipment, plant or building erected by him in the retention area, and repair or otherwise make good any damage to the surface area of the grant occasioned by such removal, to the satisfaction of the Director of Mines.
- Furnish the Director of Geological Survey and to the Director of Mines a quarterly report;

Furnish to the Minister by submitting to the Director of Mines, as soon as they become available:

- The results of all studies, surveys and tests including but not limited to analytical, metallurgical, mineralogical, and geophysical work incidental to those prospecting operations;
- The interpretation and assessment of such studies, surveys and tests; and
- Submit annually to the Director of Mines an updated feasibility study and an audited statement of direct expenditure if any, incurred in the retention area during the year.



Mining Licences

A person wishing to obtain a mining licence is entitled to apply to the Minister and the Minister shall grant a mining licence if he is satisfied that the applicant is the holder of a prospecting licence, retention licence or a waiver issued (if the area over which a mining licence is required has been sufficiently prospected and that no other person has exclusive rights over that area).

Under the terms of the MMA the holder of a mining licence, may enter upon any land to which his mining licence relates and take all reasonable measures on or under the surface to mine the mineral to which his mining licence relates, erect the necessary equipment, plant and buildings for the purposes of mining, transporting, dressing, treating, smelting or refining minerals recovered, dispose of any mineral product recovered, prospect within his mining area for the mineral for which he holds a mining licence and for any other mineral and stack or dump any mineral waste product in a manner approved by the Director of Mines.

The mining licence once granted is valid for a period as is reasonably required to carry out the mining programme but not exceeding 25 years.

The Minister shall grant a mining licence if satisfied that:

- The proposed programme of mining operations will ensure the most efficient and beneficial use of the mineral resources in the proposed mining area;
- The proposed mining area is not the same as nor does it overlap an existing mining area or retention area unless the holder of that area consents to the grant of a mining licence, or in the case of a retention licence,

Has failed to make an application;

- The proposed mining area extends to cover only that area reasonably required for surface mining and treatment facilities and also to cover the proved, indicated and inferred reserves;
- The applicant has or has secured access to adequate financial resources, technical competence and experience to carry on effective mining operations;
- The proposed financing plan submitted as part of the feasibility study is in accordance with good financial practice, and provides for a debt to equity ratio of no more than 3:1 unless the minister otherwise agrees;
- The parent company guarantees the performance of the obligations of the relevant company; and
- The applicant is not in default under the terms of the MMA.

The holder of a mining licence has the following obligations:

- To commence production on or before the date referred to in the proposed programme of mining operations in the mining licence application as the date by which he intends to work for profit;
- Develop and mine mineral covered by his mining licence in accordance with the programme of mining operations as adjusted from time to time in accordance with good mining and environmental practice;

- Demarcate and keep demarcated the mining area in such manner as may be prescribed and within three months submit to the Minister a diagram of the mining area;
- Keep and maintain an address in Botswana, full particulars of which shall be registered with the Minister to which all communications and notices may be addressed; and
- Notify the Minister as soon as he begins to work his mining area for profit.

OIL AND GAS

What rights are granted to conduct oil and gas exploration and production?

There are two pieces of legislation s that are relevant to the production of Gas, one is the Industrial Development Act, Chapter 43:01 and the Petroleum (Exploration and Development) Act, Chapter 67:01.

The Industrial Development Act relates to the manufacture (means to subject physical matter to any process which materially changes it or its packaging in substance, character or appearance and includes the assembly of parts), for sale, any product. Product is defined as any article, thing or substance produced by any manufacturing enterprise to which the Industrial Development Act applies but excludes any immovable structure at any place in Botswana.

The Industrial Development Act provides that no person shall manufacture any product at any place in Botswana unless he is in possession of a licence to manufacture such product, issued by a licensing committee. The application for a licence to carry on a manufacturing enterprise shall be made in the prescribed form to a licensing committee.

The Industrial Development Act does not list the types of products that will require a licence under the Act therefore an enquiry has to be made to the licensing committee as to whether the product falls under the Industrial Development Act.

The second legislation is the Petroleum (Exploration and Development) Act which relates to the exploration and the production of petroleum. Petroleum under the Act is defined as any naturally occurring, hydrocarbon; mixture of hydrocarbons; or mixture of one or more hydrocarbons and any other substance, whether in gaseous, liquid or solid form, and includes petroleum which has been returned to a natural reservoir, but does not include coal or a substance which may be extracted from coal.

Under the Petroleum (Exploration and Development) Act, two licences can be issued, the first one being the exploration licence, which from reading the Petroleum (Exploration and Development) Act has to be issued prior a development licence is issued (the licence to produce petroleum from the discoveries made by the exploration licence).



A development licence may be issued to a person who is not the registered holder of an exploration licence if he is satisfied that the area in which he intends to retrieve the petroleum does contain a petroleum reservoir or part of a petroleum reservoir and that area is not subject to any exploration or development license.

INDIGENISATION REQUIREMENTS

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

No.

Are there any special rules or restrictions applicable to foreign applicants?

No.

Identify any rights that the State may have. Does the State have any rights to equity in mining projects?

Upon the issue of a mining licence, the Government shall have the option of acquiring up to 15% working interest participation and shall inform the applicant as to whether or not it is exercising its option.

If the Government does decide to exercise its option, it shall be issued a single P1.00 special share at par, which shall carry the right to appoint up to two directors, with alternates, and to receive all dividends or other distributions in respect of its working interest percentage and shall be obliged in the same manner as other shareholders to contribute its working interest percentage.

PROCESSING AND BENEFICIATION

Are there any requirements to beneficiate minerals mined?

No.

Are there any restrictions on the export of minerals?

There are no restrictions in the export of minerals nor are we aware of any export permits or levies. We are aware in practice that the Department of Mines is required to issue a supporting letter to the exporter confirming that they have no objection to the export of the minerals mined.

DISPOSALS OF RIGHTS AND CONTROLLING INTERESTS

Are there any statutory consents required to dispose of rights to explore and mine?

A prospecting licence or an interest therein or any controlling interest in the holder thereof may be transferred from one person to another, with the prior approval of the Minister. For the avoidance of doubt, a change in shareholding of a company that holds a licence which does not result in a change in controlling interest in that company does not require approval of the Minister. Approval is subject only to the Minister being provided with such details of the proposed transferee as would be required in the case of an application for a prospecting

licence and the transferee not being disqualified under any provision of the MMA from holding a prospecting licence.

No retention licence or any interest therein shall be transferred, assigned, encumbered or dealt with in any other way without the approval of the Minister.

In any application to the Minister for his approval the applicant gives such particulars concerning the proposed transferee, assignee or other party concerned as would be required in an application for a mining licence.

The Minister shall grant his approval to the transfer, assignment or other dealing with any retention licence or interest therein provided the transferee is not disqualified under any provision of the MMA from holding a retention licence and the Minister is satisfied that the application is not in breach.

No mining licence or any interest therein shall be transferred, assigned, encumbered or dealt with in any other way without the approval of the Minister.

Are there any restrictions on disposals of controlling interests in entities holding exploration or mining rights?

The restrictions on disposals of controlling interests in entities holding exploration or mining rights are capable of two possible interpretations, namely a wide and a narrow interpretation.

The narrow interpretation holds that no approval from the Minister is required for a change of control in the parent or ultimate parent of a license holders. The basis for this interpretation is the definition of "interest" in section 50 (4) of the MMA. More particularly the fact that "interest" is defined as meaning "in the case of a holder who is private company, a controlling interest in such holder".

It has been interpreted as being limited to circumstances where there is a transfer in the shares of the license holder and such transfer has the effect of changing the control in such entity.

The wide interpretation holds that the transfer of any interest, whether direct or indirect in a mining license. To date no Court in Botswana has determined which of the aforementioned interpretation applies and consequently this is unsettled under Botswana Law.

Our approach in dealing with this issue has been to address a letter to the Minister notifying him of the change in control at the parents (or ultimate parent level) but informing him that there is no requirement for such notification under the Act or for his consent or approval to the transaction.

To date we have not had any objection from the Minister to such approach. We should however caution that recently the Department of Mines and Minerals has indicated that in its view



the wider interpretation of Section 50 has application and that it will advise the Minister accordingly. We cannot thus warrant or guarantee that the Minister will not adopt the wide interpretation and insist on his consent for a change of control at the parent company level.

USE OF SURFACE OF LAND INVOLVED IN PROSPECTING AND MINING ACTIVITIES

What are the rights of the holder of an exploration right or mining right to use the surface necessary or incidental to an exploration or mining operation?

In Botswana, the grant of a prospecting licence, a retention licence, a mining licence, an exploration licence or development licence issued in terms of the MMA or Petroleum (Exploration and Development) Act does not give exclusive surface rights in the area to be subject of the concession.

Section 62 of the MMA and section 70 of the Petroleum (Exploration and Development) Act provide that where the license holder requires exclusive use of the whole or any part of the license area, he may obtain from the owner or lawful occupier of the area, a lease for the exclusive use thereof. The rental to be paid, the duration of the lease and the extent or area to be covered may be agreed upon by the parties and failing such agreement, the said Acts provide for the rental to be determined by arbitration. During prospecting operations, it is not usual for leases to be entered into with holders.

In addition, both the MMA and the Petroleum (Exploration and Development) Act contain restrictions on the use of surface rights in certain places without obtaining appropriate consent, including sensitive land (e.g. places of burial, monuments or government land), within proximity of buildings, agricultural land or land used for water purposes, national parks, railways, roads, land the subject of mining and any other restricted land specified by the Minister.

ENVIRONMENTAL

What legislation governs environmental protection of exploration and mining sites?

Sections 55 and 56 of the Petroleum (Exploration and Development) Act imposes certain environmental obligations upon a license holder when exploring, extracting or storing petroleum including inter alia an obligation not to pollute underground water sources.

Section 65 of the MMA obligates the license holder to undertake prospecting and mining operations with minimum impact on the environment and further requires the holder to rehabilitate its license areas from time to time as well as at the end of prospecting and mining operations.

There is the Environmental Assessment Act Cap 65: 07 which is used to assess the potential effects of planned developmental activities; to determine and to provide mitigation measures for effects of such activities as may have significant adverse impact on the environment; and to put in place a monitoring process and evaluation of the environmental impacts of implemented activities.

The Environmental Assessment Act requires authorisation prior to any holder of an exploration right or mining right to conduct activities or an activity where there is an unanticipated irreversible adverse environmental impact.

NATIVE TITLE AND LAND RIGHTS

Is there any native title which has any implication for the exploration and mining industry?

Where the license area falls within tribal land, this may have implications for a license holder in the sense that unless such license holder acquires exclusive rights under section 62 of the MMA or section 70 of the Petroleum (Exploration and Development) Act, occupiers of land in the license area will continue to have customary and tribal land use rights with respect to the license area. Where a license holder requires exclusive use rights under the above sections, it will need to negotiate not only with the tribal authority but also with each of the relevant occupiers for exclusive use rights.

HEALTH AND SAFETY

What legislation governs health and safety in mining?

The Mines, Quarries, Works and Machinery Act Cap 44:02 regulates and governs health and safety and welfare of persons engaged in prospecting, mining and quarrying operations including any works which part of are and ancillary to mining and quarrying operations and to make provision with respect to the inspection and regulation of mines, quarries, works, and of machinery used in connection therewith.

CONSTITUTIONAL AND ADMINISTRATIVE LAW

Is there a constitution which has an impact upon rights to prospect and mine?

No.

Are there administrative appeals in the mining law?

No.

ROYALTIES AND TAXES

Are there special rules applicable to taxation of exploration and mining companies?

Yes, the Income Tax Act Cap 52:01 has a designated Schedule for mining (Schedule Twelve).

Are there any royalties payable to the State over and above any taxes?

The holder of a mineral concession shall be liable to pay royalties to the Government on any mineral obtained by him in the course of the exercise of his rights thereunder at the rates and in the manner prescribed.



The royalty's payable shall be the following percentages of gross market value:

Mineral Type	Percentage
Precious stones	10%
Precious metals	5%
Other minerals or mineral products	3%

Royalty shall be paid on a mineral or mineral product on receipt of each payment or other consideration for such mineral or mineral product, and each royalty payment shall be accompanied by full particulars of the mineral or mineral product sold or disposed of and the terms of payment therefor: Provided that any disposal for other than monetary consideration or consideration deferred for a period beyond industry practice shall be referred to the Minister for determination of royalty.

Where it appears to the Minister that minerals have been disposed of otherwise than in an arm's length transaction, the Minister shall determine the royalty payable based on prices ruling in the industry, and the royalty so determined shall be payable on demand: Provided that the royalty so determined and paid may be varied by court review or arbitration and the sum of any such variation shall thereupon become payable or repayable as the case may be.



BURKINA FASO

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RELEVANT AUTHORITIES AND LEGISLATION

What laws regulate mining?

In Burkina Faso, mining is regulated:

- The mining code which is made up of *Loi n° 036-2015/CNT du 26 juin 2014 portant code minier du Burkina Faso* and its enforcement regulations;
- The companies laws.

Which Government Bodies administer mining law?

The Government bodies administering mining law are the ministry in charge of mining and the courts.

TYPES OF AND MANNER OF ACQUISITION OF RIGHTS

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

The research and exploitation of mineral substances in Burkina Faso shall be authorized under mining titles or authorizations:

- Research operations are conducted under a research permit;
- Exploitation operations are conducted under an exploitation permit, which may be industrial or semi-mechanized exploitation;
- Prospecting authorization;
- Artisanal exploitation authorization;
- Quarry substances research and exploitation authorizations.

OIL AND GAS

What rights are granted to conduct oil and gas exploration and production?

There is no specific law regarding oil and gas exploration and production in Burkina Faso. Therefore, any investor who might be interested in must negotiate with the government the rights of conducting these activities.

INDIGENISATION REQUIREMENTS

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

Burkina's mining law does not set up any requirement in relation to the holding of equity in exploration and mining projects by indigenous peoples.

Are there any special rules or restrictions applicable to foreign applicants?

There are no special rules or restrictions applicable to foreign nationals in relation to the holding of equity in mining projects.

Identify any rights that the State may have. Does the State have any rights to equity in mining projects?

Concession of an exploitation permit entitles the State 10% free of charge participation in the share capital of industrial exploitation companies.

PROCESSING AND BENEFICIATION

Are there any requirements to beneficiate minerals mined?

Exploitation permit imparts to its holder, within the limits of his area, in surface and in depth:

- An exclusive right of research and exploitation of the deposits therein, under the conditions set by the mining law;
- A right to possess, hold, transport or have transported extracted mineral substances to storage, processing or loading places;
- A right to display these products on internal and external markets places at prices set by free markets and exports them;
- A right to establish in Burkina Faso, installations for conditioning, processing, refining and transforming mining substances.

Are there any restrictions on the export of minerals?

There are no restrictions on the export of minerals.

DISPOSALS OF RIGHTS AND CONTROLLING INTERESTS

Are there any statutory consents required to dispose of rights to explore and mine?

The disposal of the rights to research and mine in Burkina Faso is transferable subject to the prior authorization of the minister in charge of mining.



Are there any restrictions on disposals of controlling interests in entities holding exploration or mining rights?

There are no restrictions in relation to the disposal of controlling interests in entities holding exploration or mining rights.

USE OF SURFACE OF LAND INVOLVED IN PROSPECTING AND MINING ACTIVITIES

What are the rights of the holder of an exploration right or mining right to use the surface necessary or incidental to an exploration or mining operation?

The occupation of lands for exploration or exploitation activities shall entitle the owner or traditional occupant of the lands to a compensation. The mere passage across these lands does not entitle to any compensation if no damage is incurred.

ENVIRONMENTAL

What legislation governs environmental protection of exploration and mining sites?

The mining activities shall be conducted in a way that ensures environmental conservation, management and the rehabilitation of the exploited sites according to standards, conditions and modalities set by the regulation in force. Mining titles holders, prior to any field work likely to impair the environment shall:

- Obtain a feasibility opinion from the ministry in charge of the environment;
- Set up an environmental conservation and management programme including a rehabilitation plan of the exploited site;
- Open an account at the central bank or a commercial bank and make a deposit in a trust fund to be used to cover the implementation cost of the environmental conservation and management programme;

Note that the exploitation of radioactive minerals, the use of radioactive sources must be subject to radiation monitoring.

In addition to these special provisions, mining is subject to general environmental laws.

NATIVE TITLE AND LAND RIGHTS

Is there any native title which has any implication for the exploration and mining industry?

There are no native land title having implication on exploration and mining industry.

HEALTH AND SAFETY

What legislation governs health and safety in mining?

Health and safety in mining are governed by:

- The mining code;
- The labour code.

CONSTITUTIONAL ADMINISTRATIVE LAW

Is there a constitution which has an impact upon rights to prospect and mine?

Yes, the Constitution of June 2, 1991.

Are there administrative appeals in the mining law?

Yes, all decisions taken by the administration in the mining may be appealed.

ROYALTIES AND TAXES

Are there special rules applicable to taxation of exploration and mining companies?

There are special rules applicable to taxation of exploration and mining companies in the mining code.

Are there any royalties payable to the State over and above any taxes?

Yes, there are royalties payables to the State.



CAMEROON

D.MOUKOURI & PARTNERS



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RELEVANT AUTHORITIES AND LEGISLATION

What laws regulate mining?

In Cameroon the law governing the mining system is Law N°2016/017 of 14 December instituting the Mining Code. This law repeals provisions of Law N°001 of 16 April 2001 establishing the mining code and amended and supplemented by Law N°2010/11 of 29 July 2010.

Which Government Bodies administer mining law?

The Government Body in charge of administration of mining law is the Minister in charges of Mines.

TYPES OF RIGHTS AND MODES OF ACQUISITION

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

Article 15 of Law N° 2016/017 of 14 December instituting the Mining Code provides that *“Any natural or legal person may undertake or carry out an activity governed by this law on State public land or State private land, national land, or private individual land.*

All mining activities, except reconnaissance, shall be subject to prior issuance of a mining title.

Reconnaissance activities shall be subject to issuance of a reconnaissance permit.

The granting of a reconnaissance permit or a mining title shall be subject, under conditions laid down by regulation, to proof technical and financial capacity required for all operations relating to such permit or title.

Only legal persons under Cameroonian law operating in mining sector shall be granted a mining title.”

NON-INDUSTRIAL LICENCE AND NON-INDUSTRIAL MINER'S CARD

The collection of mineral substances can be handled only by natural persons of Cameroonian nationality. It is subject to the prior issuance of an individual non-industrial miner's card by the authority in charge of mines for a renewable period of 2 (two)

years and a non-industrial mining licence. The non-industrial mining licence is granted by the authority in charge of mines for a renewable period of 2 (two) years and may be granted within an exploration permit.

LICENCE FOR SEMI-MECHANIZED NON-INDUSTRIAL MINING OF PRECIOUS AND SEMI-PRECIOUS SUBSTANCES

The licence for semi-mechanized non-industrial mining of precious and semi-precious substances is granted by the minister in charge of mines for a period of 2 (two) years renewable to any legal person governed by Cameroonian law or company where the share of Cameroonians makes at least 51% (fifty-one percent) of the shareholding. The exploration permit is granted by the minister in charge of mines upon the prior approval of the President of the Republic. The State deducts a combined flat-rate mining tax of 25% (twenty-five percent) of the gross production of every semi-mechanized non-industrial mining site.

RECONNAISSANCE PERMIT

The reconnaissance permit is issued to legal persons governed by Cameroonian law to conduct systematic and mobile surface surveys using geological, geophysical or other methods covering vast areas, for the purpose of detecting traces or concentrations of useful mineral substances. The validity of a reconnaissance permit is a renewable period of 1 (one) year. The total surface area for which a reconnaissance permit is granted shall not exceed 1000 km² (one thousand squares kilometres). The reconnaissance permit confers on its holder a non-exclusive and non-transferable right to carry out reconnaissance within the reconnaissance perimeter, the right to enter and set up appropriate facilities within the reconnaissance perimeter subject to the land, property, environmental and forestry law in force. The holder shall carry out operations in line with his/ her works schedule and submit related periodic reports.



EXPLORATION PERMIT

The exploration permit is granted to a legal person subject to Cameroonian law by the minister in charge of mines for the purpose of conducting exploration works; to locate and evaluate mineral deposit and to determine conditions for the commercial mining. It is issued for an initial maximum period of 3 (three) years and may be renewed no more than 3 (three) times, each renewal not exceeding 2 (two) years. More than 5 (five) exploration permits cannot be issued to the same person. The area of land over which an exploration permit is issued cannot exceed 500km² (five hundreds square kilometres). The minister in charge of mines approves the works schedule and the budget proposed by applicants for an exploration permit. The holder of an exploration permit if need be can request a change of the current works schedule and start exploration in the area covered by the permit within a maximum period of 9 (nine) months with effect from the date of notification of the permit. After this deadline, the minister in charge of mines issues a formal notice in writing. The exploration permit authorises its holder to:

- Access and occupy the surface area covered by the exploration permit;
- Extract, remove and dispose of rocks, earth, soil or mineral substances, excluding precious and semi-precious substances in quantities allowed by the approved by the works schedule
- Collect and use water situated on or flowing through the said activity
- Carry any works deemed necessary for exploration of the surface area
- Dispose of precious substances, and stones, found during exploration works only where the said substances and stones have undergo physical and chemical analyses or other laboratory analyses, on the authorisation of the minister in charge of mines.

MINING AGREEMENT

The mining agreement is signed between the minister in charge of mines on behalf of the State and an exploration permit holder with a view to developing, mining or financing a new mineral deposit. The mining agreement shall be established on the

basis of an exploration permit deemed admissible and shall be signed before the granting of a small-scale or industrial mining permit and shall take effect from the date of notification of the permit.

MINING PERMIT

A non-industrial or industrial mining permit is granted by right to any holder of an exploration permit who has provided evidence of the existence of a deposit within his perimeter. The grant of a non-industrial or industrial mining permit entails cancellation of the exploration permit within the perimeter covered by the mining permit. Holder may request from the minister in charge of mines a change in the originally approved work programme and may benefit from special incentives when he undertakes to build a processing plant for all or part of the mining production.

OIL AND GAS

What rights are granted to conduct oil and gas exploration and production?

In Cameroon Oil and Gas are subject to Law n°99-013 of 22 December 1999 to institute the petroleum code and law n°2012-006 of 19 April 2012 to institute the gas code and decree n° 2014/3438 / PM of October 27, 2014 setting the terms of application of Law No. 2012/006 of April 19, 2012 on the Gas code. According to those legislation rights granted to conduct oil and gas exploration and production are the following:

FOR OIL

Concession contract

It is concluded prior to the granting of a Research Permit Hydrocarbons. It sets the rights and obligations of State and Holder during the period of validity of the Research Permit and, in case of discovery a hydrocarbon deposit commercially exploitable, during the period of validity of the associated Exploitation Concession. In the Concession Agreement, the Holder assumes the Financing of Petroleum Operations and



has Hydrocarbons extracted during the period of validity of the said Contract, in accordance with the Concession Agreement, subject to rights of the State to collect the fee in kind.

Production sharing contract

By the Production Sharing Agreement, the State directly or through a duly mandated public body or unit contracts for the services of a Holder for the purposes of carrying out, on its behalf and in an exclusive manner, within a specifies area exploration activities and in the event of a discovery of a commercial hydrocarbons, exploitation activities. The Holder shall be responsible for financing the petroleum operations. Petroleum operations of a production sharing contract shall give rise, depending on their nature, to an exclusive authorisation for exploitation covering the exploitation of a commercial hydrocarbons field.

Authorization for Prospecction

The Authorization for Prospecction deals with areas not covered by the Petroleum Contract and may be granted to a natural person or a legal entity by decision of the Minister in charge of Hydrocarbons, who prescribes its terms.

The Authorization for Prospecction confers upon its holder the non-exclusive right to carry out preliminary prospection work within a specified area such authorisation does not constitute a hydrocarbons mining title and is neither assignable nor transferable.

Research authorization

Known as the exploration authorisation, attached to a petroleum contract may be either a hydrocarbons exploration permit in the case of a concession contract or an exclusive exploration authorisation in the case of a production sharing contract. An exploration authorisation confers upon its Holder the exclusive right to carry out, at its risk and expense all hydrocarbons prospection and exploration work within the limits of the relevant area, and to an indefinite depth except as may be otherwise provided for in the petroleum contract. It also confer upon its holder the right to dispose of its share of hydrocarbons which may be extracted during exploration work and production tests, subject to prior declaration to the Minister in charge of Hydrocarbons.

The exploration authorisation is granted for an initial maximum term of three years renewable twice for two years each. However, where necessary such term can be extended to five years in the case of Special petroleum operations zones. Such authorisation is granted by decree. However, in the case of a production sharing contract, the signature of the contract by the parties amounts to the grant of the exploration authorisation.

Provisional authorization to exploit

The Provisional Authorization to exploit confers upon its Holder the right to operate productive wells on a provisional basis for a maximum period of two years during which the Holder is required to carry out the appraisal and delineation of the relevant deposit. The provisional exploitation authorisation lapses with the expiration of the exploration authorisation for a specified area for any reason whatsoever, unless an application in proper form for an exploitation authorisation is filed within the time limit.

Exploitation authorisation

The Exploitation Authorization attached to a Petroleum Contract can be either a concession in the case of a Concession contract, or an exclusive authorization of Operation in the case of a Production Sharing Contract. The Exploitation authorization covers the surface projection of a commercial hydrocarbons deposit. It confers upon its holder the exclusive right to carry out, at its own risk and expense, all petroleum operations within the limits of the pertinent area and to an indefinite depth, as well as the right to dispose of all or part of the hydrocarbons production, in accordance with the provisions of the petroleum contract.

The granting of an Exploitation Authorization does not confer ownership of the deposits; it creates a right of limited duration which is not mortgageable and that is distinct from the ownership of the surface area said right is assignable and transferable. The initial term of the exploitation Authorization cannot exceed twenty-five years for Liquid Hydrocarbons and thirty-five years for gaseous Hydrocarbons. The Exploitation Authorization is renewed once on application by the holder for a maximum additional term of ten years. To be so entitled the holder must have fulfilled its obligations and shown evidence of the possibility of continuing commercial production of hydrocarbons beyond the current period of validity. The conditions for such a renewal may be subject to negotiation of the terms of the petroleum contract.

Authorization for Inland transport

The domestic transportation authorisation is granted by decree upon an application by a holder during the term of a valid petroleum contract. Within the territory of Cameroon, a domestic transportation authorisation confers upon its holder the right to transport, using its facilities as well as those belonging to a third party, while maintaining ownership rights, the products of exploitation activities or its share thereof to major centers of consumption, collection, processing, storage or loading.

FOR GAS:

Gas agreement

The gas agreement is concluded between the States, directly or through a public body duly authorized for that purpose, and or one or more gas companies. It shall specify the rights and obligations of the parties relating in particular to the legal, economic and financial, tax, social, technical and environmental arrangements applicable to one or more gas exploitation operations during its validity period. The gas agreement is negotiated and signed on behalf of the State by the Minister in charge of the downstream gas sector or by any establishment duly authorized to do so, and on behalf of other party (ies) to the agreement, by their legal representatives. The initial duration of the agreement is twenty-five (25) years. However, the agreement may provide for a first renewal period not exceeding ten (10) years.



Concession

Any activity of transportation and distribution of gas is subject to obtaining a concession.

The concession is granted by the Minister in charge of the downstream gas sector for a maximum of twenty-five (25) years renewable. The concession is valid only within the area for which it is granted. It defines, as the case may be, the rights and obligations of the transporter, in the management of the network under its responsibility.

License

Processing, storage, import and export of gas are governed by the license system. The license is an instrument whereby the Minister in charge of the downstream gas sector authorizes an operator to exercise under transparent and non-discriminatory conditions referred to those cited above. A license is granted for a renewable period of twenty-five years maximum for a gas processing and storage, as well as production of liquefied natural gas; five years maximum for importation and exportation license. Applications for a license shall be addressed to Minister in charge of the downstream gas sector or any other public entity so empowered. The license is granted depending on the applicant, the technical capacities and financial resources.

Processing license

The processing license confers upon its holder the right to undertake gas processing activities in accordance with the provision contained in its licence and specifications.

Storage license

The storage license confers upon its holder the right to build and operate storage facilities in accordance with provisions contained in its license and in the specifications. The Minister in charge of downstream gas sector may waive the obligation for a processing licence holder to have storage licence for storage facilities associated with its processing activity. Any operator may use the storage facilities of licence holder on the strength of the principle of open access against payment at a transparent and non-discriminatory rate which shall be made public after approval by the Minister in charge of downstream gas sector and determined on the quantities handled and the duration of the service.

Authorisation

The following activities are subject to the authorisation: sale of gas, importation and installation of materials and equipment for setting up gas transportation and distribution networks, gas storage centres as well as measuring and safety devices to be used by operators and customers. An authorisation is the instrument whereby the Minister in charge of the downstream gas sector or any other public establishment so empowered authorizes and operator to carry out, under transparent and non-discriminatory conditions, one of the activities cited above. The authorisation is renewable for no more than three years. However, the operator is bound to comply with the financial and technical criteria specific to the activity concerned and defined by a separate instrument.

INDIGENISATION REQUIREMENTS

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

Upon the signing of the mining agreement, the State shall, after consultation with the affected populations, grant to the mining operator the lands necessary for the mining of the discovery mineral substances.

The indigenous population living around a small-scale or industrial mine shall be entitled to a compensation whose amount shall be deducted from the ad valorem tax.

The population living around a semi-mechanized non-industrial quarry or an industrial quarry shall be entitled to compensation on the quarry product extraction.

Moreover, the development of mining resources and industrial quarries must include a "local content" component which shall specify the spin-offs of the selected mining and quarry projects on Cameroon's economic, social, cultural, industrial and technological development. Equally, mining companies shall give priority to the recruitment of Cameroonians in majority with required skills and 90% (ninety percent of the positions that do not require special skills shall be reserved to Cameroonians.

Are there any special rules or restrictions applicable to foreign applicants?

Yes. According to Article 15 (5) of the Cameroonian mining Code, only legal persons under Cameroonian law operating in the mining sector shall be granted a mining title. Equally, non-industrial mining shall be carried out only by natural persons of Cameroonian nationality.

Identify any rights that the State may have. Does the State have any rights to equity in mining projects?

The State shall hold 10% (ten percent) of the total share capital of the small-scale mining company. As resource owner, the State shall be entitled to the said shares free-of-charge and without any encumbrances. Shares held by the State shall not be subject to dilution in the event of share capital increase. However, the State may increase its shares in the capital for profit purposes, by mutual consent of the parties, in proportions not exceeding another 10% (ten percent) and the remaining shares shall be open to subscription by national foreign investors.

Moreover, there are same conditions for the granting of a mining permit and these conditions apply automatically. However, when the State may request and in addition to the 10% (ten percent) mentioned above, directly or through a public sector company, increase its shares in mining companies under the terms and conditions agreed by mutual consent of the parties. The aforementioned increase may not exceed 25% (twenty-five percent). Share can be transferred from one shareholder to another, and State or public body designated for this purpose shall have a preferential right on such shares. In this case, the State or the designated public body may transfer those shares



to private businesses or to a new strategic partner within a period not exceeding 5 (five) years upon an approval of the President of the Republic by a decree.

PROCESSING AND BENEFICIATION

Are there any requirements to beneficiate minerals mined?

Yes. The tapping of spring water, mineral and thermo-mineral water as well as geothermal deposits shall be subject to prior issuance of a permit by the minister in charges of mines. The issuance of the permit shall be subject to preliminary hydro-geological, geophysical, bacteriological and physic-chemical studies to determine the operating conditions and water table vulnerability studies to determine the protection and security perimeters. The spring water, mineral or thermo-mineral water or geothermal deposit permit shall be issued for a period of 5 (five) years renewable in periods of 3 (three) years.

Are there any restrictions on the export of minerals?

Yes. Any mineral substance extracted from Cameroon's subsoil for export puposes shall be submitted to the expertise of the laboratory of the minister in charge of mines or any other laboratory approved by the minister in charges of mines. Regarding gold, all export transactions, excluding those carried out on non-industrial mining site, shall be done on alloyed gold.

DISPOSALS OF RIGHTS AND CONTROLLING INTERESTS

Is there any statutory consent required to dispose of rights to explore and mine?

With the exception of non-industrial or semi-mechanized non-industrial mining licence, any right on a mining title may result in any form of transaction, notably farm-out, cession, collateral and pledge. The cession and conveyance of mining titles to any to any eligible person shall be free. Any direct or indirect transaction on a mining title shall be subject to the prior approval of the minister in charges of mines who shall have 45 (forty-five) days to decide.

The cession, farm-out, conveyance, pledge or mortgage instrument must be entered into the registry. At the time of registration, a new permit shall be issued and the rights and obligations attached to the initial permit shall be transferred to the new holder.

Non-industrial mineral substance mining licence and reconnaissance permit shall be personal and not open to cession, farm-out, conveyance or pledge. (Article 98 and 99 mining code) The exploration permit shall be a right open to cession, conveyance, farm-out and pledge.

The small scale mining permit and the industrial mining permit shall confer on the holder a movable real right on the substance and an immovable real right within the perimeter during the period of the permit. Such rights shall be open to farm-out, and may be pledged and mortgaged respectively.

Are there any restrictions on disposals of controlling interests in entities holding exploration or mining rights?

The small-scale mining permit and the industrial mining permit may be subject to capital contributions.

In the event of the event of cession, the transferee and transferor

of a mining right shall seek the opinion of the competent authorities.

With the exception of ordinary stock exchange operations, any direct or indirect transaction on a mining title shall be liable to a capital gains tax.

USE OF SURFACE OF LAND INVOLVED IN PROSPECTING AND MINING ACTIVITIES

What are the rights of the holder of an exploration right or mining right to use the surface necessary or incidental to an exploration or mining operation?

Concerning the prospecting activities the holder of an exploration permit is authorized to access and occupy the surface area covered by the exploration permit, extract, remove and dispose of rock, earth, soil or mineral substances, excluding precious and semi-precious substances, in quantities allowed by the approved works schedules.

Mining activities under the a mining permit enrol the entry and occupation of the land respectfully with the undertaking related to the mining title concerned, the construction of treatment plant on the said land, the treatment of minerals specified in the mining permit on the said land or elsewhere, and declare other related substances, construction of any facilities required for the treatment of waste, dumps and residue, removal and take rocks, earth and minerals from the land before and after treatment, collection and use of water found on the said land and flowing through it, for all purposes relating to mining and treatment operations.

ENVIRONMENTAL

What legislation governs environmental protection of exploration and mining sites?

Law n°2016/017 of 14 December instituting the mining code in Cameroon provided a chapter knows as chapter V Protection of environment from article 135 to article 140. Thus further to the provisions of this law any mining and quarry operation undertaken must comply with the laws and regulations in force relating to sustainable environment protection and management precisely the LAW N°96/12 of August 5, 1996 framework law relating to the management of the environment. Moreover, the granting of mining titles, quarry licences and permits shall be subject to the prior conduct of an environmental and social impact assessment, a hazard and risk assessment and provision of an environmental management plan.

NATIVE TITLES AND RIGHTS

Is there any native title which has any implication for the exploration and mining industry?

The existence of a mining title shall not stop the land owner from using the various materials on his land, or inhibit the use of the various materials within the perimeter of the title. The operator shall be entitled only to the reimbursement of expenses made by him or rendered useless by the mining of



various materials, and shall be compensate if need be with benefits which he can get therefrom. The land owner, or a member of traditional council or the traditional council shall be entitled to an allowance for the occupation of their land by the holder of a mining title. However, a mere passage on the land shall no give right to an allowance where no damages resulted from such passage. Such passage shall be created under the best conditions of environmental preservation.

The occupation where appropriate shall imply the right to cut wood needed for the mining activity and the use of free waterfalls and ground water, within the perimeter specified by title, subject of compensation or the taxes or levies. The occupation shall be subject to the payment of compensation except where the owner expressly decides otherwise. The operator shall be bound to repair damages which mining works may cause to the owner. Similarly, he shall be bound to repair damages caused by neighbouring structures. In such cases, he shall only be liable to pay compensation corresponding to the value of the prejudice caused.

HEALTH AND SAFETY

What legislation governs health and safety in mining?

Chapter IV of law n°2016/017 of 14th December instituting the mining code provides a framework in relation to health, safety and hygiene.

According to this law, any natural or legal person carrying out exploration and mining works shall be bound to do so according to standard practice and in accordance with the laws and regulation in force, in such manner as to safeguard the health and safety of persons, workers of the mine and property.

CONSTITUTIONAL ADMINISTRATIVE LAW

Is there a constitution which has an impact upon rights to prospect and mine?

The constitution of Cameroon provides that ownership shall mean the right guaranteed to every person by law to use, enjoy and dispose of property. No person shall be deprived thereof, save for public purposes and subject to the payment of compensation under conditions determined by law. The right of ownership may not be exercised in violation of the public interest or in such a way as to be prejudicial to the security, freedom, existence or property of other persons. Every person shall have a right to a healthy environment. The protection of the environment shall be the duty of every citizen. The State shall ensure the protection and improvement of the environment.

Are there administrative appeals in the mining law?

Administrative penalties are provided for in the context of offenses or breach of obligations in the mining or execution of the clauses of the chartered book of business. To this effect, the minister in charge mines may issue a formal notice reminding them of their obligations and give them a time limit to execute them. If, at the end of the delay, no action is taken, the Minister in charge of mines shall declare the non-execution and by the person concerned and withdraws the title or authorization.

Where the obligation is pecuniary, the minister in charge of mines shall impose on the owner of the right a penalty corresponding to at least fifty percent (50%) of the amount of the unfulfilled obligation.

ROYALTIES AND TAXES

Are there special rules applicable to taxation of exploration and mining companies?

Yes. Subject to the implementation of the relevant provisions of common law, the following tax and customs benefits shall be granted to any exploration or mining enterprise or company carrying out its operations. The tax and customs benefit shall be granted to mining title holders depending on the phases of the mining project.

Are there any royalties payable to the State over and above any taxes?

Yes. Holders of titles and authorization for mining activities are liable to payment at the beginning of each financial year of an area royalty or State land concession right.

A value-based royalty including the ad valorem tax on mining substances and extraction tax on quarry materials shall be paid monthly by mining licence or permit holders or during the shipment of consignments by mining title holders upon filling out a tax returns at the taxation authority.



GHANA

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RELEVANT AUTHORITIES AND LEGISLATION

What Laws Regulate Mining?

The laws which regulate mining in Ghana are constitutional and statutory.

The 1992 Constitution, the highest legal authority, mandates in Article 268, Parliamentary ratification of all transactions, contracts or undertakings involving the grant of rights or concessions for the exploitation of any mineral, water or other natural resource of Ghana. Key legislation relating to the sector includes:

- Minerals and Mining Act, 2006 (Act 703), which is the parent legislation that consolidates the law relating to minerals and mining.
- The Minerals and Mining (Amendment) Act, 2015 (Act 900), amends the Minerals and Mining Act, 2006 (Act 703) in areas such as royalty payments and small scale mining.
- Minerals Commission Act, 1993 (Act 450), which establishes the Minerals Commission, which is the regulatory body for the mining sector, provides for its composition and prescribes its functions relating to the regulation and management of the utilisation of minerals.
- Minerals (Royalties) Regulations 2009, which provides for the payment of royalties by license holders.
- Minerals and Mining (General) Regulations, 2012 (LI 2173), which prescribes guidelines for the mining industry on matters such as staffing, disposal of minerals, mineral rights and reconnaissance, prospecting and mining operations.
- Minerals and Mining (Explosives) Regulations, 2012 (LI 2177), which regulates the use of explosives in the sector.
- Minerals and Mining (Licensing) Regulations, 2012 (LI 2176), which prescribes the procedures for obtaining, maintaining licenses and transferring licenses.
- Minerals and Mining (Health, Safety and Technical) Regulations, 2012 (LI 2182), which regulates safety, health and technical operation parameters in the industry.
- Minerals and Mining (Support Services) Regulations, 2012 (LI 2174), which regulates entities that provide auxiliary services to the mining sector.
- Minerals Development Fund Act 2016 (Act 912), which establishes a Minerals Development Fund to address the development challenges affecting mining communities by setting aside 20 percent of mineral royalties received by the

Government for development projects.

- Environmental Protection Agency Act, 1994 (Act 490), which consolidates the law relating to environmental protection.
- Environmental Assessment Regulations, 1999 (LI 1652), which prescribes the procedure for acquiring and maintaining an environmental permit.
- Income Tax Act, 2015 (Act 896), which imposes a 'mineral income tax' on income derived from mining operations and establishes the framework for the tax.

Which Government bodies administer mining law?

The Ministry of Lands and Natural Resources is the sector ministry with oversight responsibility for the mining sector.

The Minerals Commission is the main regulatory body that administers mining law in Ghana. Mandated by the Constitution and set up by the Minerals Commission Act, 1993 (Act 450), it is responsible for the regulation, management of the utilisation of mineral resources and the co-ordination of the policies in relation to mineral resources. An application for a mineral right and mineral licence should be submitted to the Minerals Commission for processing.

Another major regulatory body is the Environmental Protection Agency ("EPA"), which is the regulator for all activities that have an impact on the environment. The EPA is mandated to issue environmental permits and every undertaking in the mining industry is required to register with the EPA and receive an environmental permit before it can commence operations. An Environmental Impact Assessment ("EIA") is a pre-condition for the issue of licences, permits, approvals or consents in relation to matters affecting the environment, by other regulatory agencies.

TYPES OF AND MANNER OF ACQUISITION OF RIGHTS

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

Reconnaissance License - a reconnaissance license confers on the holder or its authorised person, the exclusive right to



carry on reconnaissance in the reconnaissance area for the minerals to which the licence relates and to conduct other ancillary or incidental activity. For that purpose, the licensee or its authorised person may erect camps or temporary buildings in the reconnaissance area. The licensee cannot, however, engage in drilling or excavation.

Prospecting License - a prospecting license gives a licensee the right to enter the land to which the licence relates and:

- Prospect for the mineral in respect of which the licence is granted;
- Make boreholes and excavations that may be necessary for the prospecting purposes;
- Erect camps and put up temporary buildings necessary for the prospecting operations; and
- Conduct other activities ancillary or incidental to prospecting.

Mining Lease - a mining lease authorises the holder, its agents, employees and properly authorised persons to enter the land and:

- Conduct mineral operations including mining for the specified minerals of the mining lease;
- Erect equipment, plant and buildings for the purposes of mining, transporting, dressing, treating, smelting or refining the specified minerals recovered during the mining operations;
- Take from the land, the specified minerals and dispose of them in accordance with the holder's approved marketing plan;
- Stack or dump a mineral or waste product as approved in the holder's Environmental Impact Statement; and
- Conduct other incidental or ancillary activity.

OIL AND GAS

What rights are granted to conduct oil and gas exploration and production?

Petroleum, like minerals, existing in their natural state within the jurisdiction of Ghana is the property of the state and is vested in the President on behalf of the people. Apart from the Ghana National Petroleum Corporation (GNPC), no person may engage in the exploration, development or production of petroleum except in accordance with the terms of a petroleum

agreement entered into between that person, the Republic and the GNPC.

A contractor conducting oil and gas exploration and production has a right to carry out petroleum operations and execute the works that are expedient in the authorised area. The contractor has the right to enter land to carry out petroleum operations. The exercise of the contractor's rights is however subject to restrictions in specified areas to be prescribed in Regulations. However, no relevant regulations have been promulgated yet. The contractor also has the right to export the petroleum to which it is entitled under the terms of a petroleum agreement, although in the event of an emergency affecting energy supplies, the Minister may require the contractor to sell all or part of the petroleum at the prevailing market prices to the state or an agency of the state.

The Petroleum Agreement (PA) entered into by a contractor, the government and the Ghana National Petroleum Corporation, to conduct oil and gas exploration also grants the contractor the following rights within the terms of applicable law:

- To establish offices in Ghana and assign the necessary representatives to the office;
- To use public lands for installation and operation of shore bases, terminals, harbours and related facilities, pipelines from fields to terminals and delivery facilities, camps and other housing;
- To receive licenses and permission to install and operate the necessary communications and transportation facilities required for its operations;
- To bring to Ghana the number of foreign national employees necessary for its operations, including employees assigned on permanent or resident status, with or without families, as well as those assigned on temporary basis, such as rotational employees;
- To provide or arrange for reasonable housing, schooling and other amenities for its employees and to import personal and household effects, furniture and vehicles, for the use of its personnel in Ghana;



- To be solely responsible for provision of health, accident, pension and life insurance benefit plans for its foreign national employees and their families; and those employees are not required to participate in any insurance, compensation or other employee or social benefit programs established in Ghana;
- To have, together with its personnel, at all times, the right to enter or exit its offices in Ghana, the contract area, and the facilities associated with its petroleum operations, including the offshore waters, using its owned or chartered means of land, sea and air transportation;
- To engage subcontractors, including consultants, expatriate and national, and to bring them and their personnel to Ghana in order to carry out the petroleum operations in a skilful, economic, safe and expeditious manner; and the subcontractors will have the same rights as the contractor, as specified above.

INDIGENISATION REQUIREMENTS

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

Small scale mining is exclusively reserved for Ghanaians, hence a small scale mining licence will only be granted to a Ghanaian. Restricted licenses, which are licenses for the reconnaissance, prospecting and mining of industrial minerals, are mainly granted to Ghanaian citizens. Nevertheless, a non-citizen may apply for a mineral right in respect of industrial minerals provided the proposed investment in the mineral operations is US\$ 10 million or above. If the holder of the mineral right fails, within a period specified in the holder's programme of mineral operations which is given with the application, or further time permitted by the Minister responsible for mines ("Minister"), to expend an amount equal to or greater than US\$ 10 thousand (sic), the Minister may suspend or cancel the mineral right.

Are there any special rules or restrictions applicable to foreign applicants?

There are restrictions on the grant of a small scale mining licence to a foreigner – a foreigner cannot engage in small scale mining in Ghana and will, therefore, not be granted a small scale mining licence.

The Ghana Investment Promotion Centre Act, 2013 (Act 865) mandates all enterprises in which foreign participation is permitted (including mining), to register with the GIPC. Under the GIPC Act, special rules relate to capital requirements for the operations. Where a foreign national enters a joint enterprise with a Ghanaian citizen, the foreign partner must invest not less than US\$200,000 in cash or capital goods relevant to the investment or a combination of both, by way of equity participation and the Ghanaian partner must not have less than 10% equity participation in the joint enterprise. Where the enterprise is wholly owned by the foreigner, the foreigner must invest a foreign capital of not less than US\$500,000 in cash or capital goods relevant to the investment or a combination of both by way of equity capital in the enterprise.

As stated earlier, for the grant of licenses for the reconnaissance, prospecting and mining of industrial minerals, a foreigner may only apply if its proposed investment in the mineral operations is US\$10,000,000 or above.

The State's rights to equity in mining projects

Where a mineral right is for mining or exploitation, the Government is entitled to a 10% free carried interest in the rights and obligations of the mineral operations. This does not preclude the Government from any other participation in mineral operations that may be agreed with the holder.

The Minister may also give written notification to a mining company to issue to the Republic a special share in the company for no consideration. The special share constitutes a separate class of shares and has the rights that the Minister and the company will agree on. In the absence of the agreement, the special share has the following rights:

- The share is a preference share and carries no right to vote but the holder is entitled to attend and speak at a general meeting of the members of the company or a separate meeting of the holders of a class of shares in the company;
- The share may only be issued to, held by or transferred to the President, the Minister or another person that the President or Minister may authorise in writing;
- The share does not confer a right to participate in the dividends, profits or assets of the company or a return of assets in a winding-up or liquidation of the company;
- The holder of the share may require the company to redeem the share at any time for no consideration or for a consideration determined by the company and payable to the holder on behalf of the Republic;
- A mining company, which for a period of 2 months, fails to comply with a notice to issue a special share commits an offence and is liable on summary conviction to a fine of not more than the cedi equivalent of US\$10,000.

The Government also has the right of pre-emption of all minerals raised, won or obtained in Ghana and from any area covered by territorial waters, the exclusive economic zone or the continental shelf and products derived from the refining or treatment of these minerals.

PROCESSING AND BENEFICIATION

Requirements to beneficiate minerals mined

There are no requirements to beneficiate minerals mined.

Restrictions on the export of minerals

Minerals cannot be exported, sold or otherwise disposed of without a licence granted by the Minister for that purpose. A licence issued is not transferable. Shipment of rough diamonds to and from Ghana is subject to prescribed rules and regulations and should be in accordance with the Kimberley Process Certification Scheme.



DISPOSALS OF RIGHTS AND CONTROLLING INTERESTS

Statutory consents required to dispose of rights to explore and mine

A mineral right cannot, in whole or in part, be transferred, assigned, mortgaged or otherwise dealt in, without the prior written approval of the Minister. The approval should not be unreasonably withheld or given subject to unreasonable conditions.

Restrictions on disposals of controlling interests in entities holding exploration or mining rights

There are restrictions on the disposal of controlling interests in entities which hold mining rights. A person may not become a controller of a mining company unless:

- The person gives the Minister written notice of his intention to become a controller of the mining company, and
- The Minister has, within 2 months after being served with the notice, given the person written notice that there is no objection to the person becoming a controller of the mining company; or the 2 month period has elapsed without the Minister having served the person with a written notice of objection.

The notice served to the Minister loses effect if the person fails to acquire the controlling interest within 1 year from the date of service of the notice. If the Minister considers on reasonable grounds that the public interest would be prejudiced by the person becoming a controller of the mining company, the Minister will serve a written notice of objection on the person. If a person becomes a controller without giving the notice, the Minister will serve the person with a written notice of objection within 6 months after becoming aware of that fact.

Contravening these requirements is an offence punishable on summary conviction to a fine of not more than the cedi equivalent of US\$ 20,000 or imprisonment for a term not more than 3 years or to both.

When a person becomes or remains a controller after being served with a notice of objection, the Minister, acting on the recommendation of the Minerals Commission may, by Executive Instrument, order that specified shares must, until further order is made, be subject to one or more of the following restrictions:

- A transfer of, or agreement to transfer those shares or, in the case of un-issued shares, a transfer of or agreement to transfer the right to be issued with them shall be void;
- No voting rights shall be exercisable in respect of the shares;
- No further shares shall be issued in right of them or in pursuance of an offer made to their holder;
- Except in a liquidation, no payment shall be made for sums due from the mining company on the shares, whether in respect of capital or otherwise.

The Minister may also apply to the High Court for the sale of specified shares.

The specified shares subject to these measures are:

- Shares or rights to be issued with shares in the mining company of which the person in question is a controller which are held by the person or an associate of the person

and which were not held immediately before the person became a controller, and

- Where the person in question became a controller of a mining company as a result of the acquisition by the person or an associate of the person of shares in another company, to all the shares or rights to be issued with shares in that company which are held by the person or an associate of the person which were not held before the person became the controller.

A person who ceases to be a controller of a mining company must notify the Minister in writing prior to or within 14 days of ceasing to be a controller.

A mining company must also give written notice to the Minister of the fact that a person has become or ceased to be a controller of the company. The notice should be given within 14 days of the mining company becoming aware of the relevant facts. Failure to give the required notice makes the company liable to an administrative penalty of the cedi equivalent of US\$ 1000 payable to the Minerals Commission. The Minister may also, whenever considered desirable in the public interest, appoint one or more competent persons to investigate and report on the ownership or control of a mining company.

USE OF SURFACE OF LAND INVOLVED IN PROSPECTING AND MINING ACTIVITIES

Rights of the holder of an exploration right or mining right to use the surface necessary or incidental to an exploration or mining operation

The rights of the holder of a mineral right are subject to limitations on surface rights that apply under an enactment or reasonably determined by the Minister.

The holder of a mining lease has the right to, within 30 days after the grant of the mining lease, designate an area within the lease area as a mining area. This should be done with the approval of the Minerals Commission and upon notification and payment of the appropriate compensation to the affected persons.

The holder of a mining lease may, from time to time, vary the boundaries of the areas designated as a mining area, subject to the approval of the Minerals Commission and to the notification of affected persons and the payment of appropriate compensation to said affected persons. Once compensation has been paid, no one can exercise surface rights in such a designated area. However, the holder of a mining lease cannot restrain or restrict any lawful occupier of land outside the mining area from exercising surface rights over that area.

Further, the owner or lawful occupier of land within a mining area needs the consent of the holder of the mining lease (or if the consent is unreasonably withheld, the consent of the Minister) before erecting a building or a structure.



A lawful occupier of land within an area subject to a mineral right retains the right to graze livestock on or cultivate the surface of the land if the grazing or cultivation does not interfere with the mineral operations of a holder of a mineral right in the area. However, where compensation has been paid by the holder to the affected persons or claimants outside the mining area but within the lease area, a person or lawful occupier of land within that area shall not retain the right to graze livestock, cultivate the land or erect a building or structure without the consent of the holder of the mining lease.

ENVIRONMENTAL

Legislation that governs environmental protection of exploration and mining sites

Environmental protection of exploration and mining sites is generally governed by the Minerals and Mining Act, 2006 (Act 703), the Environmental Protection Agency Act, 1994 (Act 490) and the Environmental Assessment Regulations, 1999 (LI 1652). Before undertaking an activity or operation under a mineral right, the holder of the mineral right must obtain the necessary approvals and permits required from the Forestry Commission and the Environmental Protection Agency for the protection of natural resources, public health and the environment.

The Environmental Assessment Regulations, 1999 (LI 1652) protect the environment by ensuring that a mining company conducts an Environmental Impact Assessment of its activities before it can be granted an Environmental Permit with which to conduct its business. Once an Environmental Permit is granted, the mining company should submit an annual environmental report in respect of its undertaking to the Environmental Protection Agency (EPA).

NATIVE TITLE AND LAND RIGHTS

Native title which has implications for the exploration and mining industry

There are no native land titles with implications for the exploration and mining industry.

HEALTH AND SAFETY

Legislation that governs health and safety in mining

A number of legislation control different aspects of health and safety in mining.

The Minerals and Mining (Explosives) Regulations, 2012 (LI 2177) regulate the conveyance, storage, possession, manufacture and use of explosives for mining and substances used for the manufacture of explosives.

The Minerals and Mining (Health, Safety and Technical) Regulations, 2012 (LI 2182) is a comprehensive legislation with extensive provisions on health and safety, including ventilation and dust prevention, the management of cyanide, discharge of dust, gas and fumes into the atmosphere, conveyance, fire protection, first aid, provision of health facilities, mine rescue brigades and medical examination of workers.

The Environmental Assessment Regulations, 1999 (LI 1652) protect the environment by ensuring that a mining entity conducts an Environmental Impact Assessment of its activities before it can be granted an Environmental Permit with which to conduct its business. Once an Environmental Permit is granted, the mining entity must submit an annual environmental report in respect of its undertaking to the Environmental Protection Agency (EPA).

The Fire Precaution (Premises) Regulations, 2003 (LI 1724) governs fire safety by requiring that a fire certificate be acquired for mining premises before work can be commenced. The certificate is revocable if the fire precaution measures on the premises cease to conform to the requirements of the Regulations.

CONSTITUTIONAL AND ADMINISTRATIVE LAW

Constitution which impacts upon rights to prospect and mine

The Constitution of the Republic of Ghana ("the Constitution") requires Parliamentary ratification of all transactions, contracts or undertakings involving the grant of rights or concessions by or on behalf of any person including the Government of Ghana, to any other person or body of persons for the exploitation of any mineral or other natural resource of Ghana.

Administrative appeals in the mining law

There are no specific laid down procedures for administrative appeals. However, mutual discussions to resolve disputes are encouraged by the Minerals and Mining Act. Where a dispute arises between a holder of a mineral right and the Republic in respect of a matter expressly stated by the Minerals and Mining Act to be referable for resolution, all efforts should be made through mutual discussion and if agreed between the parties, by reference to alternative dispute resolution procedures to reach an amicable settlement. Thus, mutual discussions are offered as a first option for dispute resolution.

ROYALTIES AND TAXES

Special rules applicable to taxation of exploration and mining companies

Generally, mining companies are subject to the general taxes of income/corporate tax, gains from the realization of a capital or investment asset and withholding tax. In addition, mining companies may also be granted the following:

- Exemption from payment of customs import duty in respect of plant, machinery, equipment and accessories imported specifically and exclusively for the mineral operations;
- Exemption of staff from the payment of income tax on furnished accommodation at the mine site;
- Immigration quota in respect of the approved number of expatriate personnel; and
- Personal remittance quota for expatriate personnel free from tax imposed by an enactment regulating the transfer of money out of the country.



The minister may also, as a part of a mining lease, enter into a stability agreement with the holder of the lease to ensure that the holder will not, for a period not exceeding 15 years from the date of the agreement, be adversely affected by subsequent changes to:

- The level of and payment of customs or other duties relating to the entry materials, goods, equipment and any other inputs necessary to the mining operations or project;
- The level of and payment of royalties, taxes, fees and other fiscal imports; and
- Laws relating to exchange control, transfer of capital and dividend remittance.

The stability agreement is subject to Parliamentary ratification.

Royalties payable to the State over and above any taxes

Currently, a holder of a mining lease, restricted mining lease or small scale mining license must pay royalty in respect of minerals obtained from its mining operations to the state at the rate to be prescribed by the Minister. The existing flat royalty rate of 5%, which was introduced by section 1 of the Minerals and Mining (Amendment) Act, 2010 (Act 794), remains the same until such time as the rate is altered or prescribed.

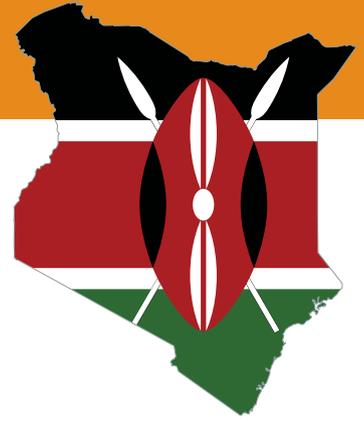
Annual ground rent, as may be prescribed must also be paid to the owner of the land or successors and assigns of the owner except in the case of annual ground rent in respect of mineral rights over stool lands, which should be paid to the Office of the Administrator of Stool Lands.

An annual mineral right fee, payable to the Minerals Commission, may also be prescribed.



KENYA

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RELEVANT AUTHORITIES AND LEGISLATION

What Laws Regulate Mining

Key laws relating to regulation of mining in Kenya includes the Constitution of Kenya (the Constitution), Mining Act (Cap. 306 of the Laws of Kenya) (the Mining Act), the Trading in Unwrought Precious Metals Act (Cap. 309 of the Laws of Kenya) and the Diamond Industry Protection Act (Cap. 310 of the Laws of Kenya).

The Constitution vests all minerals and mineral oils in the national government in trust for the people of Kenya. Under the Constitution, the State is responsible for ensuring the sustainable exploitation, utilisation, management and conservation of natural resources (including minerals) and to ensure the equitable sharing of the accruing benefits.

The Mining Act is currently the principal substantive legislation regulating the mining sector in Kenya. The Act has been in force for the last 75 years and is considered to be outdated and inadequate for the growing sector. Parliament has recently passed the Mining Bill 2014 ("Mining Bill") which is intended to revamp and consolidate the existing legislative framework for mining in Kenya and accordingly, the Mining Bill proposes to repeal the Mining Act as well as related legislation, specifically, the Trading in Unwrought Precious Metals Act (Cap. 309 of the Laws of Kenya) and the Diamond Industry Protection Act (Cap. 310 of the Laws of Kenya). In view of this, it would be important to include in this guide a review of the provisions of the proposed new law.

The Mining Bill was passed by the National Assembly in October 2014 and passed to the Senate for review. The Senate has proposed additional amendments to the Bill which were provided to the National Assembly in October 2015. Some of the changes proposed by the Senate have been rejected by the National Assembly resulting in the formation of a Mediation Committee comprised of members from both houses to consider the issues raised and develop a version of the Bill that would be acceptable to both houses of Parliament. If the Bill as revised by the Mediation Committee is not passed by both the Senate and the National Assembly, the Bill would be defeated. We understand that the Mediation Committee has concluded its work but its report is yet to be debated before either house.

Therefore, comments in this guide relating to provisions of the Mining Bill do not necessarily reflect the final provisions of the Bill which may be subject to further amendments.

The main issues of contention between the National Assembly and the Senate relate to the following proposals by the Senate:

- The Senate has proposed changes to the composition of the new Mineral Rights Board which shall be the new regulator for the mining industry in Kenya with the intention of allowing direct participation by county governments in the regulator. The proposal by the Senate is to appoint a representative of County Governors to the board instead of the Principal Secretary in charge of devolution and planning. This is not acceptable to the National Assembly.
- The Senate has proposed further limitation of the Cabinet Secretary's powers to make regulations relating to what are considered as strategic minerals and minerals for customary usage by a community such as soil, clay, iron, salt or soda. The proposal by the Senate is to require the Cabinet Secretary to consult with the Mineral Rights Board.
- The Senate also proposed changes to the process for obtaining mineral rights including:
 - (a) removing provisions in the Bill that would permit the Cabinet Secretary to review applications made by applicants against his decisions;
 - (b) removing provisions that would grant a community the right to object to the grant of prospecting licenses and reconnaissance licenses; and
 - (c) removing the requirement to obtain the consent of landowners with regard to the granting of prospecting rights over private land.
- The Senate proposed the reduction of the time frame from four to three years within which a holder of a mining licence who foresee themselves exceeding their initial budget, may raise additional capital from the stock exchange; and
- The Senate proposed vesting the immovable assets of a licence holder with the County Government upon termination of a mineral license instead of the National Government. The National Assembly rejected this proposal on the grounds that the Constitution classifies minerals as public land which is vested in the National Government.



Which Government Bodies Administer Mining Law

The Cabinet Secretary (formerly the Minister) responsible for mining has generally had the responsibility to administer mining laws in Kenya together with the Commissioner of Mines and Geology (Commissioner) appointed by the Cabinet Secretary and other officers that should be appointed according to the Mining Act including a mining engineer, inspectors and assistant inspectors of mines, wardens and registrars and other officers as may be deemed necessary to carry into effect the provisions of the Act.

However, under the Constitution, the administration of minerals and mineral oils is vested in the National Land Commission established under the Constitution. The effect of this on the powers of the Cabinet Secretary under the Mining Act is still not clear but it is expected that the powers of the Cabinet Secretary would fall away in any instance where the exercise of such powers would overlap with the functions of the National Land Commission.

Similarly, under the Mining Bill, the Cabinet Secretary shall be responsible for the general administration of the legislation and shall in that regard have the general power to make regulations to prescribe procedures for consideration of applications made under the law and the negotiation, grant, revocation, suspension or renewal of mineral rights. It is not clear under the Bill how an overlap between the powers of the Cabinet Secretary and the constitutional mandate of the National Land Commission would be resolved.

The office of the Commissioner is removed under the Mining Bill and instead the Bill proposes the creation of the following directorates under the Ministry of Mining with the following broad mandates:

The Directorate of Mines headed by the Director of Mines which shall be responsible for:

- Ensuring compliance with the requirements of the mining bill
- Exercising regulatory administration and supervision over all prospecting, mining, processing, refining and treatment operations, transport and any dealings in minerals, including import and export of minerals
- Promoting the effective and efficient management and the development of mineral resources, and the mining sector

- Providing advice and support to holders of mineral rights on proper and safe mining methods
- Providing advice during the negotiation of mineral agreements
- Advising on the development of policy to ensure compliance with international conventions and national policies relating to the sustainable development of the mineral resources and ensure that mining operations take into account local and community values.

The directorate of geological survey headed by the director of geological survey which shall be responsible for:

- Providing geoscience expertise and data to the government on all matters related to geology and the development of minerals including conducting geological studies, surveys, monitoring and analyses
- Developing a national repository of geo-science information through the compilation, publication and dissemination of information and data concerning the geology and mineral resources of Kenya and to facilitate access to this information by the general public
- Promotion of private sector interest and investment in mineral exploration by providing geological information and services to prospective investors
- Monitoring of seismic activities and mapping of areas of potential geohazards and conducting geo-environmental studies
- Providing geosciences expertise in evaluations of prospecting and mining applications
- Undertaking audits of mineral rights holders' geological sampling and assaying processes

The Cabinet Secretary may establish other directorates as may be necessary.

The Mining Bill also provides for the establishment of the following institutions relating to the mining sector:

- The National Mining Corporation which shall be the investment arm of the national government in respect of minerals. The Corporation shall engage in mineral prospecting, mining and any related activities on behalf



of the Government and shall also invest on behalf of the Government. It is expected that mandatory Government participation in mineral rights shall be done through the Corporation (please refer to section 4 below relating to Government equity participation in mining operations under the Mining Bill).

- The Minerals and Metals Commodity Exchange ("Exchange") which shall be established for purposes of facilitating efficiency and security in mineral trade transactions in Kenya. The Cabinet Secretary for mining shall facilitate the establishment of the Exchange and may prescribe the criteria for the establishment and the functions of the Exchange.
- The Mineral Rights Board which shall advise and give recommendations to the Cabinet Secretary on various issues that relate to mining operations in Kenya including the grant, rejection, retention, renewal, suspension, revocation, variation, assignment, trading, tendering or the transfer of mineral rights agreements. The Mineral Rights Board would also advise the Cabinet Secretary on the fees, charges and royalties payable for mineral rights or minerals in Kenya. According to the Bill, the Mineral Rights Board would comprise of:
 - (a) a chairperson appointed by the President;
 - (b) the Principal Secretary responsible for matters relating to mining, who shall be the secretary to the Mineral Rights Board;
 - (c) the Principal Secretary responsible for the National Treasury;
 - (d) the Principal Secretary responsible for matters relating to devolution;
 - (e) the Chairperson of the Kenyan National Land Commission;
 - (f) the Director of Mines;
 - (g) the Director of Geological Surveys; and
 - (h) two members with professional qualifications and experience in the mining industry, appointed by the Cabinet Secretary.

TYPES OF AND MANNER OF ACQUISITION OF RIGHTS

What Rights are Granted to Conduct Reconnaissance, Exploration and Mining Operations

The following rights may be granted under the Mining Act:

Prospecting Rights - these may only be granted to individuals and are not transferrable. Prospecting rights are granted for a period of one year which is renewable for further one year periods. Minerals obtained in the course of prospecting shall be the property of the Government of Kenya.

Exclusive Prospecting Licence - this licence may be granted to a person who holds a prospecting right or to any company or body of persons whose agent is the holder of a prospecting right. An exclusive prospecting licence grants the holder the sole right of prospecting for minerals within a specified area in Kenya. In addition, the licence grants the holder the sole right to peg locations of any class of minerals that may be specified in the licence and, with the consent of the Commissioner, the sole right of alluvial mining, the right to remove and dispose of any minerals so mined and the sole right to peg locations of any class of minerals other than those specified in the licence.

However, this licence may not be granted for the prospecting of diamonds unless it is specifically endorsed on the licence allowing this. A licence may be granted for a period of one year and may be renewed for a further period of one year up to a maximum of five years from the date of the original grant of the licence. Transfer of a licence is subject to the prior written consent of the Commissioner. Except where specific consent has been obtained from the Cabinet Secretary, any minerals obtained under an exclusive prospecting licence shall be the property of the Government of Kenya.

Registered Locations - a holder of a prospecting right or exclusive prospecting licence may apply for registration of a location once it has been pegged. This registration of the location must be done within thirty (30) days after the location has been pegged and the rights are valid for a period of one year from the date of pegging but may be renewed. The holder of a registered location would have the sole right to prospect and mine and remove and dispose any minerals in respect of which the location is registered and would have the same rights as a holder of a mining lease to enter the subject land and exclusively mine and carry out mining operations. The written consent of the Commissioner is required before the holder of a location can divide his interest in the location and allot the shares or transfer the location.

Mining Lease - the Commissioner may grant a mining lease to a holder of a location or to any person who holds a prospecting right in that location. A lease would grant the holder the right to enter into the land which is the subject of the lease and the exclusive right to mine on such land and to do all such things as are reasonably necessary for the conduct of mining operations, subject to the terms and conditions of the lease. A mining lease may only be granted in respect of any land vested in or on behalf of the Government of Kenya. A lease may be granted for a period of between five and twenty one years as the Commissioner may deem fit and may not be transferred or assigned without the written consent of the Commissioner.

Special mining leases - a special mining lease may be granted where the Commissioner is satisfied that by reason of the difficulties and cost attending the mining in, or under such land, or for any other cause, it is desirable that such a lease be granted. A special lease may be granted, and may be renewed, for such term and upon and subject to such terms and conditions as the Commissioner may think fit.

The Mining Bill proposes a different structure for grant of mineral rights. Rights granted shall depend on whether a prospecting or mining operation will be classified either as a large scale operation or small scale operation.

According to the Mining Bill, a prospecting or mining operation shall be classified as a small scale operation where:

- In the case of prospecting operations, the proposed prospecting area does not exceed twenty five contiguous blocks; or



- In the case of mining operations, the proposed mining area does not exceed two contiguous blocks;
- In the case of mining operations, the actual or estimated annual extraction of minerals or material bearing minerals does not exceed 25,000 cubic metres; or
- The prospecting or mining operations do not employ specialised prospecting, mechanised mining technologies, chemicals including mercury and cyanide or explosives; or
- The proposed prospecting or mining operations, do not involve an investment or expenditure which exceed such amount as may be prescribed by the Cabinet Secretary.

All other prospecting or mining operations that do not have the above characteristics of a small scale operation shall be classified as large scale operations.

Rights under the Mining Bill

According to the Mining Bill, the following rights may be granted with regard to large scale operations:

Reconnaissance Licence - this licence grants the holder the right to carry out reconnaissance activities on the area specified in the licence. The licence is valid for a period of two years and shall cover an area not exceeding five thousand contiguous blocks. Any mineral obtained under this licence shall be deemed to the property of the National Government.

Prospecting Licence - this licence shall grant the holder the exclusive rights carry out prospecting operations (defined as operations carried out offshore and on land to search for and define the extent of a mineral deposit and to determine its economic value). The licence would cover an area not exceeding one thousand five hundred contiguous blocks and may be granted for a period of up to three years. Any mineral obtained under the licence shall be the property of the National Government and shall not be disposed or removed from Kenya without the written consent of the Cabinet Secretary. The licence may be renewed for a further period of three years and may only be renewed twice.

Retention Licence - this licence should be obtained where the holder of a prospecting licence has identified a mineral deposit that is of potential commercial significance within the prospecting area but the deposit cannot be developed immediately due to temporary factors that are beyond reasonable control of the holder of the licence. The holder would have the exclusive right to conduct prospecting operations in the retention area and apply for a mining licence in respect of all or a part of the retention area. The licence is issued for a period not exceeding two years and may be renewed for a further period not exceeding two years. The Cabinet Secretary may issue a written notice to a holder of a retention licence to apply for a mining licence before the expiry of the period stipulated in the licence.

Mining Licence - this licence may be granted to a holder of a prospecting licence who has given notice to the Cabinet Secretary of the discovery of minerals within the area covered under a prospecting licence and who has also satisfied the application requirements prescribed under the Mining Bill.

A mining licence would grant the holder the exclusive right to carry out mining operations in respect of the mineral or mineral deposit specified in the licence and within the area specified in the licence. A mining licence may be issued for a period not exceeding twenty five years or the forecast life of the mine whichever is shorter. The holder of the licence may apply for renewal of the licence at least one year before the expiry of the licence and the licence would be renewed for a period not exceeding fifteen years or the remaining life of the mine. The holder of this licence would be required to notify the Cabinet Secretary if any new minerals are discovered and which minerals do not relate to the current licence.

Artisanal Miners Permit - this licence would be granted to persons engaged in traditional and customary mining operations using traditional and customary ways and means and may not be granted in respect of land where any other mineral right has already been granted. The permit may only be granted to a person who is a Kenyan citizen, has attained age of majority and who may be a member of an artisanal mining cooperative or group. The term of the permit is limited to three years but may be renewed for an additional period of three years.

The following rights would be available with regard to small scale operations:

Reconnaissance Permit - this would permit the holder non-exclusive rights to conduct reconnaissance of the minerals in the area covered under the permit.

Prospecting permit - this may be issued for a period of up to five years and may be renewed for further period of up to five years. The area covered by this permit should not exceed twenty five contiguous blocks.

Mining permit - this may be granted to a holder of a prospecting permit to carry out mining operations on a small scale in an area that does not exceed two contiguous blocks. The permit may be granted for a period of five years and may be renewed for a further period of five years.

OIL AND GAS

What Rights are Granted to Conduct Oil and Gas Exploration and Production

The Mining Act and the Mining Bill do not apply to matters relating to oil and gas exploration and production.

The exploration and production of oil and gas is regulated by the Petroleum (Exploration and Production) Act (Cap. 308, Laws of Kenya) ("Petroleum Act"). Under the Petroleum Act, the Cabinet Secretary responsible for Energy has the power to divide Kenya and its continental shelf into blocs. No person may engage in any petroleum operations without the permission of the Cabinet Secretary. The Petroleum Act permits the government to conduct petroleum operations either through an oil company



established by the government for that purpose or through private contractors that are licensed by the government (acting through the Cabinet Secretary) under petroleum agreements. The Petroleum (Exploration, Development and Production) Bill, 2015 (the "Petroleum Bill") was recently published. The Petroleum Bill has gone through the first two readings in the National Assembly and has now been referred to the relevant house committee. The Petroleum Bill seeks to provide a new framework for the contracting, exploration and development of petroleum together with the production of petroleum discovered within licensed petroleum exploration blocks. If passed by Parliament, it would repeal the Petroleum Act. The Petroleum Bill also proposes the establishment of the Upstream Petroleum Regulatory Authority to assist in the monitoring and regulation of upstream petroleum operations (these are operations related to the exploration, development, production, separation and treatment, storage and transportation of petroleum up to the agreed delivery point).

A model form petroleum agreement is scheduled to regulations made under the Petroleum Act and is a form of production sharing contract (the Model Form PSC). The Petroleum Act sets out certain obligations to the contractor that are implied into any production sharing contract which are also dealt with in more detail in the Model Form PSC.

The Ministry of Energy administers the application process relating to the entry into a production sharing contract. This can be by way of competitive bidding process or through bilateral negotiations. The Model Form PSC forms the basis for negotiations.

Under the Petroleum Act and Regulations made thereunder, the Cabinet Secretary may also grant non-exclusive exploration permits to carry out geological and geophysical surveys in respect of any open block. The Cabinet Secretary may grant more than one exploration permit for any block.

No entity other than a Kenyan incorporated or registered company may enter into a petroleum agreement with the Government.

Neither the Petroleum Act nor the Model Form PSC prescribe the length of any exploration period, which is therefore a negotiable term, although typically the period would be two or three years. The initial exploration period can be extended by two further periods, the first for two years and the second extension for a period that is negotiable. Following approval of a development plan for any commercial discovery, the Model Form PSC continues for 25 years from the date of such approval.

INDIGENISATION REQUIREMENTS

Are there any Requirements in Relation to the Holding of Equity in Exploration and Mining Projects by Indigenous Peoples

In October 2012, the Mining (Local Equity Participation) Regulations 2012 were passed under the Mining Act by the then Minister for Environment and Mineral Resources. The regulations require that a minimum of thirty five (35) percent of

the interest in the mining companies must be held by Kenyans. These regulations have since been suspended by the current Cabinet Secretary for Mining and are currently not being enforced.

However, the Mining Bill proposes the following local equity participation requirements:

- Prospecting or mining permits in respect of small scale operations may only be acquired by Kenyan citizens or a body corporate with more than sixty (60) percent shareholding held by Kenyan citizen
- The holder of a mining right would be obligated to list at least twenty five (25) percent of its equity on the local stock exchange within four years of commencement of production in the event that such person exceeds specific capital limits to be prescribed by the Cabinet Secretary.

Are there any Special Rules or Restrictions Applicable to Foreign Applicants

There are no special rules or restrictions applicable to foreign applicants of licences under the Mining Act.

However foreign applicants should be aware of the following provisions under the Mining Bill:

- A mining right may only be held by a company which is registered and established in Kenya;
- A holder of a mineral right must register with the principal secretary in the ministry of mining an address in Kenya to which all communications and notices made under the proposed law to the right holder or its agent may be sent
- An artisanal mining permit would only be available to Kenyan citizens.

Identify any Rights that the State may have

The State does not have any rights to equity in mining projects under the current legal framework.

However, under the Mining Bill, it is intended that the State shall have a mandatory 10 percent free carried interest in the share capital of holder of a mineral right under a large scale operation or engaged in mining operations relating to strategic minerals. It is expected that such interest shall be held on behalf of the State by the National Mining Corporation to be established under the Mining Bill.

PROCESSING AND BENEFICIATION

Are there any Requirements to Beneficiate Minerals Mined

No.

Are there any Restrictions on the Export of Minerals

Minerals may only be exported out of Kenya if all royalties have been paid. An export permit should be obtained in respect of each shipment and the Commissioner must be satisfied that all royalties in respect of the shipment have been paid before issuing an export permit.



Under the Mining Bill, an export permit shall be obtained from the Cabinet Secretary.

DISPOSALS OF RIGHTS AND CONTROLLING INTERESTS

Are there any Statutory Consents Required to Dispose of Rights to Explore and Mine

Under the Mining Act, the written consent of the Commissioner is required for:

- The transfer of an exclusive prospecting licence;
- The division or transfer a location; or
- The transfer or assignment of a mining lease

The Mining Bill has similar provisions and generally requires that the consent of the Cabinet Secretary be obtained before one can transfer, mortgage, or trade of a mineral right.

According to the Mining Bill, the Cabinet Secretary must be notified if there is a change in the ownership or control of the mining company with any single interest exceeding twenty five (25) percent interests in the licence.

There is an additional requirement under the Mining Bill that the transferor should notify the Kenya Revenue Authority in case of a transfer (within thirty (30) days of the date of the consent to transfer, mortgage or trade in the mineral right by the Cabinet Secretary). In this case, the transfer will only be registered after the transferor has provided evidence indicating that Kenya Revenue Authority has been notified.

Are there any Restrictions on Disposals of Controlling Interests in Entities Holding Exploration or Mining Rights

The Mining Act requires that the consent of the Commissioner must be obtained in a transaction that would lead to a transfer of the prospecting licence, transfer of location or the transfer of a lease.

Similarly, the Mining Bill provides for the same. However, the threshold is lower such that it does not strictly relate to the change in control of the mining company. The notification to the Cabinet Secretary relates to a change in the ownership or control with any single interest exceeding twenty five (25) percent.

It is essential to note that it is a requirement under the Competition Act (Act No. 12 of 2010) to notify the Competition Authority in case of a change in control of a company. In relation to this requirement, there are certain thresholds that are provided under this legislation to determine whether or not the Competition Authority needs to be notified and its approval sought.

USE OF SURFACE OF LAND INVOLVED IN PROSPECTING AND MINING ACTIVITIES

What are the Rights of the Holder of an Exploration Right or Mining Right to use the Surface Necessary or Incidental to an Exploration or Mining Operation

Holders of mining rights are generally conferred the rights to use and erect equipment, plant and buildings as necessary

within the land over which a mining right is granted in order to carry on mining operations. More particularly, the Mining Act confers the following rights to holders of mining rights relating to the use of the relevant land covered under a specific mining right:

The holder of a prospecting right under the Mining Act may by himself, his agents and his servants:

- Whilst engaged in bona fide prospecting, erect on any unoccupied land his camp and such buildings or machinery as may be necessary for the purpose of prospecting;
- Make excavations, sink shafts or wells, drive adits or levels or dig trenches;
- On any land not excluded from prospecting take for the purposes of bona fide prospecting or for his domestic use water from any lake, river or stream, and, with the consent of the owner or occupier of private land or on tendering to the owner or occupier a reasonable sum in payment therefor, any fuel other than standing timber provided that he shall not divert water from any river, stream or watercourse without the consent of the authority having control thereof;
- Graze upon lands not excluded from prospecting such horses or other animals as may be necessary for his subsistence or for the carrying on of prospecting or mining, on payment of a reasonable sum; and
- Build installations and other devices for protecting and, where the prospecting is done within the exclusive economic zone, create safety areas around such installations or devices;

The holder of an exclusive prospecting licence may by himself, his agents or servant on and over unoccupied land comprised in his licence, erect and maintain such machinery and plant and construct such ways as may be necessary for or in connexion with his prospecting operations and any alluvial mining.

The holder of a location may, subject to obtaining any necessary consents, on the lands included within the area of his location, cut, take and use any tree when necessary in the course of mining operations or when required for mining or domestic purposes, but he shall be liable for any fees or royalties which may be payable under any law relating to forests and shall, before cutting, taking and using any such tree, pay to the owner or occupier of the land on which such tree is standing a reasonable sum.

A lessee under a mining lease or a special mining lease would, in connection with the mining operations be entitled to:

- Make all necessary excavations;
- Erect, construct and maintain houses and buildings for his use and for the use of his agents and servants;
- Erect, construct and maintain such engines, machinery, buildings and workshops and other erections as may be necessary;
- Stack or dump any of the products of mining;
- Construct and maintain such tramways, roads, communications and conveniences as may be necessary;



- Graze upon lands not excluded from prospecting or mining such horses or other animals as may be necessary for his subsistence or for the carrying on of mining, on payment of a reasonable sum;
- In the exclusive economic zone to construct such artificial islands and installations
- Take timber as stated above

ENVIRONMENTAL

What Legislation Governs Environmental Protection of Exploration and Mining Sites

The primary legislation with relation to environmental conservation and management in Kenya is the Environmental Management and Co-ordination Act (the "EMCA"). It requires that a licence holder to obtain an Environmental Impact Assessment Licence from the National Environment Management Authority ("NEMA") with respect to its mining activities since the activities have a substantial impact on the environment. Further to this, environmental self audit reports would be required to be filed with NEMA annually in compliance with the EMCA.

The licensee may also be required to obtain an emissions licence with regard to emissions of any substance or energy which causes or is likely to cause air pollution.

NATIVE TITLE AND LAND RIGHTS

Is there any Native Title which has any Implication for the Exploration and Mining Industry

No. However, the Mining Bill provides that no prospecting or mining rights may be granted over community land without the consent of the authority responsible for the administration and management of community land or the National Land Commission, in respect of land that is un-alienated. Community land is defined under the Constitution as consisting of:

- Land lawfully registered in the name of group representatives under the provisions of any law;
- Land lawfully transferred to a specific community by any process of law;
- Any other land declared to be community land by an act of parliament; and
- Land that is (i) lawfully held, managed or used by specific communities as community forests, grazing areas or shrines; or (ii) ancestral lands and lands traditionally occupied by hunter-gatherer communities; or (iii) lawfully held as trust land by the county governments, but not including any public land held in trust by a county government.

HEALTH AND SAFETY

What legislation governs health and safety in mining

Health and safety in mining is primarily governed by The Mining (Safety) Regulations made under the Mining Act ("Safety Regulations") which provide for the safety standards, precautions and measures that should be maintained at all mines in Kenya.

The Safety Regulations broadly prescribe safety requirements and standards for surface protection, opencast

and underground workings, use of explosives, machinery and poisonous substances, preparation of mine plans and accident procedures.

The Safety Regulations also provide for the appointment of mine officials for each mine and require that each mine must have a properly appointed manager for a period longer than 1 month. The qualifications and procedure of appointment of the manager is also provided for in the Safety Regulations. The Safety Regulations provide that every mine should have in place a mine captain and a surveyor.

In addition to the above mentioned Safety Regulations, the Occupational Safety and Health Act (the "OSHA") is relevant. The OSHA generally regulates the safety, health and welfare of workers and all persons lawfully present at workplaces. The OSHA requires that every occupier of a workplace must cause a thorough safety and health audit of all such workplaces at least once in every period of 12 months. The audit is to be carried out by a safety and health advisor who should issue a report and send a copy of the report to the Director of Occupational Safety and Health Services. Also, each premises used as a workplace must be registered as workplaces in accordance with the OSHA.

CONSTITUTIONAL AND ADMINISTRATIVE LAW

Is there a constitution which has an impact upon rights to prospect and mine

Please refer to comments under paragraph 1 above.

Are there administrative appeals in the mining law

The Commissioner is empowered to inquire into and decide all disputes concerning boundaries of an area held under a prospecting or mining right, any wrongful act committed or omitted in the course of prospecting and mining operations by any person against another, claims by any person to be entitled to erect, cut, construct or use any pump, line of pipes, flume, race, drain, dam or reservoir for mining purposes, claims to have any priority of water taken, diverted, used or delivered for mining purposes, as against any other person claiming the same or disputes relating to the assessment and payment of compensation where provided for under the Mining Act, unless another authority is authorised to do so.

The Commissioner is also empowered to make any order which may be necessary to give effect to his decision and to order that any party to the dispute to pay compensation to another party as may be reasonable. A person aggrieved by the decision of the Commissioner may appeal to the High Court within thirty days after the date of the decision.

Disputes may also be taken directly to court for determination without having to refer the dispute to the Commissioner.

The Mining Bill has similar provisions except that it is the Cabinet Secretary that would have the power to determine disputes in the matters mentioned above. The Mining Bill also makes it



explicit that disputes may be resolved through a mediation or arbitration process as may be agreed upon by the disputing parties.

ROYALTIES AND TAXES

Are there special rules applicable to taxation of exploration and mining companies

There are special rules that relate to the taxation of mining companies in Kenya. These are contained in Part III of Schedule 2 of the Income Tax Act (Cap. 470 of the Laws of Kenya). These rules relate to the deductions in respect of mining operations in Kenya.

Mining companies enjoy capital deduction on the purchase of equipment at the rate of forty (40) percent for the first year and ten (10) percent from the second to the seventh year of operations.

Value added tax ("VAT") is levied on most taxable goods and services supplied in Kenya at the rate of 16%. Certain specified goods and services are exempt from VAT or subject to zero-rating. The VAT Act, 2013 amended the law to provide that certain taxable supplies for mining or exploration companies may be exempted from payment of VAT upon the recommendation of the Cabinet Secretary in charge of mining.

Further to this, sales of property or shares in respect of mining and mineral prospecting companies are subject to withholding tax at the rates of ten (10) percent for residents and twenty (20) percent for non-residents. This withholding tax is final on the proceeds.

Are there any royalties payable to the State over and above any taxes

Royalties are payable to the Government in respect of minerals sold. Royalties are calculated as a percentage of the gross sales value of a mineral and the rates are prescribed under regulations made under the Mining Act. These regulations will continue in force after the Mining Bill is enacted unless expressly repealed.

Mineral	Rate (% of the gross sales value)
Diamonds	12
Rare earth elements and radioactive minerals	10
Niobium	10
Titanium ores and zircon	10
Coal	8
Gold, silver, platinum and other platinoid group metals	5
Gemstones	5
Metallic ores, iron ores, manganese ore, chromium ore, nickel ore, bauxite and other ores	8
Fluorspar, diatomite, natural carbon dioxide gas and all other minerals	5
Industrial minerals including gypsum, limestone and silica sand	1
Construction materials	2
Exportation	
Export of gold	2
Export of industrial minerals	5
Dealership in Gemstones	(% on the export value)
Raw gemstones	5
Value-added gemstones	1



LESOTHO

WEBBER NEWDIGATE ATTORNEYS



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RELEVANT AUTHORITIES AND LEGISLATION

What laws regulate mining?

Lesotho's mining industry is currently being guided by the adopted Minerals and Mining Policy, 2015 (the "Policy"). Further, there are multiple laws that regulate and/or affect the mining industry.

The Lesotho Constitution; the Land Act, 2010; Mines and Minerals Act, 2005 (hereinafter "MMA"); and the Precious Stones Order, 1970 (hereinafter "PSO") play an integral part in the handling of land and minerals in Lesotho. In addition to these laws mentioned there are numerous regulations promulgated under them.

The Constitution, among other laws and regulations, provides that all land and mineral rights vest in the Kingdom of Lesotho, and as such prospecting and mining can only be undertaken with the relevant mineral concessions provided by the Government of Lesotho.

The MMA, more specifically provides for rights to prospect and mine for minerals in the country. We note that the Government is currently working on a new regulatory framework – so that mining is regulated in a manner consistent with the countries adopted Policy.

The Environmental Act, 2008, further regulates mining and prospecting activities by making certain consents and licences peremptory in order to obtain mineral concessions in the country, this is further discussed herein below.

Which Government Bodies administer mining law?

Predominantly, the Government Body tasked with the administration of mining law is the Ministry of Mining. In terms of the MMA, the Minister of Mining supported by the Commissioner of Mines and the Mining Board administer mining law in accordance with the MMA.

For matters related to environmental law, it is the task of the Department of Environment to regulate environmental issues in accordance with the Environment Act, with the assistance of the National Environment Council.

TYPES OF AND MANNER OF ACQUISITION OF RIGHTS

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

Prospecting License

In general, a prospecting license, issued in terms of the MMA, provides the holder thereof the following rights:

- The right to prospect for minerals to which the license relates;
- Make necessary excavations and drill boreholes; and
- Erect camps and put up temporary structures for machinery necessary for prospecting purposes.

A prospecting license is acquired by way of application to the Mining Board through the Commissioner of Mines. It is the Minister's role to approve, issue, renew, cancel or suspend prospecting licenses. In general, the license is issued for a period not exceeding two years and may be renewed, by way of application, for a further period not exceeding a year. The license is transferable subject to certain conditions in the MMA.

It should be noted that where a discovery of minerals occurs the licensee is obligated to acquire the written consent of the Commissioner before the removal of minerals from the prospecting area.

Mining Lease

In general a mining lease, issued in terms of the MMA, confers to the holder thereof the following rights:

- The right to take all reasonable measures on or under the surface to mine the mineral to which the license relates;
- The right to erect the necessary equipment, plant and buildings for the purposes of mining, transportation, dressing, treating, smelting or refining minerals recovered by the lessee during mining operations;
- The right to dispose of any mineral product recovered;
- Prospect within the mining area for minerals for which the lessee holds the mining lease; and



- Stack or dump any waste product in a manner approved by the Authority, in terms of the EA.

A person wishing to obtain such a lease is entitled to apply to the Mining Board through the Commissioner. It is for the Minister of Mines to approve, issue, renew, cancel or suspend mining leases. The lease can be issued for a period not exceeding ten years and may be renewed for further periods of ten years, by way of application, not later than one year before the expiry of such lease. Such a lease may also be amended, by way of application, to include further mineral deposits found not included the lessee's mining lease. The license is transferable subject to certain conditions of the MMA.

Mineral Permit

In general, a mineral permit, issued in terms of the MMA, confers onto the holder thereof the following rights:

- The right to mine the mineral to which the permit relates;
- The right to dispose of the mineral the permit relates; and
- The right to erect such temporary structures, other than residential buildings, as may be necessary for the purpose of mining.

Mineral permits are provided to those who wish to conduct small scale mining operations, over an area not exceeding 100m², for any mineral other than precious stones. Application for a permit can only be made to the Mining Board by a citizen of Lesotho. The permit is valid for a year from the date of issue and may, on application, be renewed for a further period not exceeding a year from the date of issue of renewal.

OIL AND GAS

What rights are granted to conduct oil and gas exploration and production?

There are currently no rights granted to conduct oil and gas exploration in Lesotho.

INDIGENISATION REQUIREMENTS

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

An individual cannot acquire a mining right in his/her own name if that individual is not a major citizen of Lesotho. A company can acquire a mining right provided it is registered and established in Lesotho.

Are there any special rules or restrictions applicable to foreign applicants?

Apart from having to register a company under the laws of Lesotho, there are no restrictions or special rules relating to foreign applicants.

Identify any rights that the State may have. Does the State have any rights to equity in mining projects?

The Government may, through the Ministry of Natural Resources, acquire not less than twenty percent shareholding in a proposed mine, and is required to inform an applicant of a mining lease as to whether the Government is taking up shareholding in the proposed mine.

The shareholding of the Government with relation to diamond mines are negotiated between the Government and the proposed mining operation and subsequently reflected in the mining lease agreement.

PROCESSING AND BENEFICIATION

Are there any requirements to beneficiate minerals mined?

There are currently no requirements within Lesotho to beneficiate minerals mined. The Government is currently considering local beneficiation requirements.



Are there any restrictions on the export of minerals?

The Precious Stones Order regulates the export of precious stones with its main focus on the export and cutting of diamonds. Accordingly, no person may export diamonds mined in the Kingdom of Lesotho unless he/she is a licensed dealer or producer. A permit in this regards is thus required. Further, all the rules and regulations governing the export of diamond is implemented in accordance with the Kimberly Process Certification Scheme.

In terms of the Precious Stones Order, the Minister may request a provider to make available a percentage of the company's diamond production for sale for local cutting and polishing.

DISPOSALS OF RIGHTS AND CONTROLLING INTERESTS**Are there any statutory consents required to dispose of rights to explore and mine?****Prospecting license**

Transfer may be made by application to the Mining Board to any person who meets the requirements to hold such a license. Where the Minister is satisfied that the transferee is qualified to hold said license the Mining Board shall notify the applicant of the approval of transfer. Upon transfer the transferee assumes all rights, obligations and liabilities under the prospecting license.

Mining Lease

A mining lease may only be transferred with the consent of the Minister of Mines. Approval is acquired by way of application and is subject to the same requirements as an application for a mining lease. Upon transfer the transferee assumes all rights, obligations and liabilities in terms of the mining lease agreement transferred.

Are there any restrictions on disposals of controlling interests in entities holding exploration or mining rights?**Prospecting license**

There are currently no restrictions on the disposal of a controlling interest in a prospecting operation.

Mining Lease

The regulations governing the transfer of a mining lease are the same as those for the transfer of a controlling interest held in a mining operation. As such, where a controlling interest in a mining operation is transferred the consent of the Mining Minister is required.

USE OF SURFACE OF LAND INVOLVED IN PROSPECTING AND MINING ACTIVITIES**What are the rights of the holder of an exploration right or mining right to use the surface necessary or incidental to an exploration or mining operation?**

The MMA provides that the holder of a mining lease may take all reasonable measures on or under the surface, to mine the mineral to which it relates.

That being said, however, the MMA provides certain restrictions to the exercise of rights under a mineral concession over certain specific land (e.g. land dedicated as a place of burial, land containing any ancient or national monument; land set aside for use by the Government, and national parks). Further it provides for consent of the lawful occupier of land as a requirement for the exercise of any right over such land. Where such consent is unreasonably withheld, consent can be acquired from the Minister, subject to conditions he may impose, including the payment of reasonable compensation.

The rights conferred by a mineral concession is required to be exercised reasonably and in a manner that affects the interests of any lawful occupier of the land covered by such mineral concession as little as possible. The mining lease agreement would dictate the extent of the right the holder thereof has with relation to surface rights.

ENVIRONMENTAL**What legislation governs environmental protection of exploration and mining sites?**

Environment Act, 2008, provides an overall legal and regulatory for environmental standards, procedures, and compliance requirements. Observation of the Environmental Act is peremptory for a mineral concession.

The Act requires that an environmental impact assessment report be concluded for certain listed activities. These activities, more specifically, include mining, mineral extraction including quarrying and open-cast extraction of precious stones, minerals and metals; coal; stone and slate, aggregates of sand and gravel; clay; tunnelling; diamonds; limestone and dolomite, and base metals.

The MMA further provides that all mining operations are to comply with international standards and the law in preserving the environment, minimising and controlling waste or damage to the environment, and to promptly treat pollution and contamination of the environment.

NATIVE TITLE AND LAND RIGHTS**Is there any native title which has any implication for the exploration and mining industry?**

No native title is recognised to provide the holder thereof the right to prospect or mine. Application for a Mineral Permit would be required.

HEALTH AND SAFETY**What legislation governs health and safety in mining?**

The Mine Safety Act, 1981, was published to make provision for the purpose of governing health and safety for persons employed at mines, including connected persons. In addition, certain health and safety regulations in terms of the Labour Code Order, 1992, must also be observed.



CONSTITUTIONAL ADMINISTRATIVE LAW

Is there a constitution which has an impact upon rights to prospect and mine?

Yes, the Constitution, 1993, provides that all land in Lesotho vests absolutely and irrevocably in the Basotho nation. As such the Constitution provides for the administration of minerals in Lesotho.

Further provisions may impact on rights to prospect and mine such as the right to property.

Are there administrative appeals in the mining law?

Lesotho currently has no specific procedures laid down for administrative appeals relating to mining law.

Where a conflict may arise due to the failure of a holder of a mineral concession, the Minister has the authority in terms of the MMA to suspend or cancel a mineral concession. The Minister shall, however, provide the holder notice in writing, specifying the particular contravention and call upon the holder to remedy the contravention within a certain period, being not less than 30 days.

This being said, certain administrative procedures may be agreed upon in a mining lease agreement.

Although there are no set statutory procedures for administrative appeals, the judiciary, namely the High Court and Court of Appeal, enjoy inherit powers of review and appeal over administrative actions and decisions.

ROYALTIES AND TAXES

Are there special rules applicable to taxation of exploration and mining companies?

No, currently entities involved in mining activities are subject to taxes same as any other entity in terms of the Income Tax Act, 1993. It should be noted that the Policy makes provision for special rules, however, to date none have been promulgated.

Are there any royalties payable to the State over and above any taxes?

The MMA provides that the holder of a mineral concession shall be liable for royalties to the Government on any mineral obtained. The royalties payable are currently determined at ten percent for precious stones and three percent for other minerals or mineral products. The royalty is calculated on the gross market value receivable at the mine gate and is payable by the holder of the mineral concession. A royalty may, in certain circumstances, be remitted by the Minister in terms MMA.

The royalty rate on diamonds may be negotiated between the holder and the Government in a lease agreement to a rate not more than 10%.

In addition to a royalty, the holder of a mineral concession is further obliged to pay an annual charge in respect of a mineral concession through the Ministry of Natural Resources.



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RELEVANT AUTHORITIES AND LEGISLATION

What laws regulate mining?

In Mauritius, mining of ores is not a common activity in view of its volcanic origin. A few decades ago, lagoon sand mining was carried out by sand miners and boat owners in the shallowest parts of the largest lagoons on the north and east coast of the island. The extracted coral sand was used mainly as a raw material in the construction industry. Coral sand extraction from the lagoon has been banned since October 2001.

In any event, in spite of the practically non-existent mining activity, the principal legislation governing mining in Mauritius is the Mineral Acts 1966 (the "Act").

Which Government Bodies administer mining law?

According to the Act, the main governing body administering mining and responsible for authorising prospecting operations is the Minister of Industry and Commerce.

TYPES OF AND MANNER OF ACQUISITION OF RIGHTS

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

The Act grants the right to prospect minerals, i.e. search for minerals, which also includes such working as is reasonably necessary to enable the prospector to test the mineral-bearing qualities of the land.

The Government shall have the exclusive right to prospect for minerals in or under any land. Subject to the Act, and until such time as the President may by regulations prescribe, no person shall prospect for, mine or work minerals in or under any land in Mauritius whether he is the owner of the land or not. The Minister may authorise in writing any person to carry on prospecting operations in or under any land on behalf of the Government.

It should be noted that under the Act, minerals include:

- Metalliferous minerals containing aluminium, antimony, arsenic, barium, bismuth, cadmium, cerium, chromium, cobalt, colombium, copper, iron, lead, lithium, magnesium, manganese, mercury, molybdenum, nickel, potassium,

sodium, tantalum, tin, titanium, tungsten, uranium, vanadium, zinc, zirconium, and all other substances of a similar nature to any of them, and all ores containing them and combinations of any of them with each other or with any other substance, other than those occurring in the form of precious minerals;

- Combustible carbonaceous minerals including – coal; lignite, which includes brown coal and any coal which the President may prescribe to be lignite;
- Other minerals, including those used for their abrasive or refractory qualities and asbestos, barytes, bauxite, china clay, crystals, fuller's earth, graphite, laterite, marble, mica, nitrates, pipeclay, potash, pumice, quartz, slate, soda, sulphur, talc, and all other substances of a similar nature to any of them; and
- Precious minerals, including - precious stones (diamonds, emeralds, opals, rubies, sapphires, turquoises, and such other stones as may be prescribed to be precious stones for the purposes of the Act) and semi-precious stones including amber, amethyst, beryl, cat's eye, chrysolite, garnet, and all other semi-precious stones, whether of the same kind as those enumerated or not; precious metals;

Minerals shall not include -

- Pottery, clay or rock salt;
- Any materials, such as clay, sand, limestone, sandstone, or other stones, commonly used for the purpose of road making, building or for the manufacture of any article used in the construction of buildings where such material does not contain any valuable metal or precious stone;
- Petroleum and associated substances as defined in the Petroleum Act 1970.

OIL AND GAS

What rights are granted to conduct oil and gas exploration and production?

Oil and gas explorations and production are governed by the Petroleum Act 1970 (the "Petroleum Act"). Under the Petroleum Act, petroleum is meant to include any mineral oil



or hydrocarbon, whether gaseous, liquid or solid, existing in its natural condition in strata, including crude oil, casing head spirits, ozokerite, asphalt and natural gas.

The governing body shall be the Minister to whom the responsibility for the administration of the Petroleum Act is assigned.

The Minister may -

- On application made in the prescribed manner;
- By auction or tender; and
- On being satisfied that the applicant, the bidder or the tenderer, as the case may be, has sufficient technical knowledge, experience and financial resources to ensure the proper prospecting and mining for petroleum, grant to the applicant, bidder or tenderer a prospecting licence or a mining lease.

A prospecting licence shall confer on the licensee exclusive rights to conduct prospecting operations over the area comprised in the licence.

A mining lease shall be granted only in respect of an area which has been comprised in a prospecting licence and in which petroleum has been found and shall confer on the lessee exclusive rights to prospect and mine for petroleum and associated substances over the area comprised in the lease.

A prospecting licence or a mining lease may be granted for such consideration, over such area, for such period and such other terms and conditions as the Minister may determine.

A prospecting licence or a mining lease may, on application being made in the prescribed manner, be renewed for such consideration, over such area, for such period and on such other terms and conditions as the Minister may determine.

Notwithstanding the above, the terms and conditions of any prospecting licence or mining lease may provide for –

- The royalty or other payment to be made in respect of petroleum obtained in the exercise of the rights conferred by the licence or the lease, the method of calculating the
- Royalty or other payment, and its manner of payment;

- The rent to be paid in respect of an area comprised in the licence or lease;
- The working obligations attached to the licence or lease;
- The method of measuring petroleum obtained from an area comprised in the licence or lease;
- Directions relating to the drilling, location and plugging of wells, the avoidance of harmful methods of working, the avoidance of interference with other activities in
- Or about the area comprised in the licence or lease;
- Directions relating to -
- The nationality of persons employed by the licensee or lessee for the purposes of his operations under the licence or lease;
- The safety, health and welfare of such persons;
- The supply of information by way of returns, reports, notices, plans and records of operations carried out under the licence or lease;
- The terms and conditions under which the licence or lease may be terminated.

INDIGENISATION REQUIREMENTS

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

Mauritius do not have any indigenous people. As regards petroleum, the property in petroleum existing in Mauritius shall be deemed to be, and always to have been, vested in the State.

Are there any special rules or restrictions applicable to foreign applicants?

As mentioned above, whether with respect to minerals and/or petroleum, the government has all exclusive rights thereto. Therefore, foreign applicants shall only be authorised to carry out prospecting operations with the authorisation of the government.

Identify any rights that the State may have. Does the State have any rights to equity in mining projects?

As mentioned above, the property of petroleum shall be deemed to have always been vested in the State, and as



regards minerals, the State shall have the exclusive right to prospect for minerals under any land.

PROCESSING AND BENEFICIATION

Are there any requirements to beneficiate minerals mined?

No, there are no requirements in local laws as to the beneficiation of minerals.

Are there any restrictions on the export of minerals?

As the export of minerals from Mauritius is quite rare, there are practically no prescribed regulations as regards the exportation of such goods. However, sand, limestone and rough diamonds fall under the category of controlled goods for which export permits are required.

DISPOSALS OF RIGHTS AND CONTROLLING INTERESTS

Are there any statutory consents required to dispose of rights to explore and mine?

The law does not provide for any disposal of exploration and mining rights.

Are there any restrictions on disposals of controlling interests in entities holding exploration or mining rights?

There are no such statutory restrictions.

USE OF SURFACE OF LAND INVOLVED IN PROSPECTING AND MINING ACTIVITIES

What are the rights of the holder of an exploration right or mining right to use the surface necessary or incidental to an exploration or mining operation?

The holder of an exploration right or mining right shall have all rights over the area for which mining leases or prospecting licences have been granted.

ENVIRONMENTAL

What legislation governs environmental protection of exploration and mining sites?

As per the First Schedule of the Environment Protection (Amendment) Act 2008, both offshore sand mining and rock quarrying are undertakings that warrant an Environment Impact Assessment licence (EIA).

To date only two EIA licences have been granted for rock quarrying and one quarry site is presently operational. EIA licences are usually granted subject to terms and conditions. The conditions attached to the EIA licence granted for rock quarrying also require the proponent to, amongst others:

- Provide for earth bunds to inhibit dust emissions and noise propagation
- Provide for a buffer zone from public access road
- Provide for the reinstatement of the quarry zone concurrently with the progression of the quarry
- Exploit the quarry in conformity with the methodology proposed in the EIA report.

- Submit an environmental monitoring plan prior to starts of works with subsequent monitoring reports.

Use of explosive for blasting purposes is normally not allowed except under the control and supervision of a special branch of the Police Force. Information pertaining to the decommissioning of the project at the end of its life cycle and associated impacts and the reinstatement plan of the quarry zone should also be submitted to the Department of Environment for approval.

NATIVE TITLE AND LAND RIGHTS

Is there any native title which has any implication for the exploration and mining industry?

The Government shall pay compensation to the owner or occupier of the land in or under which prospecting operations are carried out for any –

- Disturbance of the rights of the owner or occupier;
- Damage done to the surface of the land; or
- Damage caused to any crops, trees, buildings or works on the land.

HEALTH AND SAFETY

What legislation governs health and safety in mining?

There are no specific legislation as regards health and safety in mining. However, the Occupational Safety and Health Act 2005 governs health and safety in employment.

CONSTITUTIONAL ADMINISTRATIVE LAW

Is there a constitution which has an impact upon rights to prospect and mine?

No.

Are there administrative appeals in the mining law?

No.

ROYALTIES AND TAXES

Are there special rules applicable to taxation of exploration and mining companies?

There are no special rules applicable to same. It should be noted however that a domestic company is taxable at the rate of 15% on its income. Entities are usually set up in Mauritius with respect to mining activities outside Mauritius and these are set up as Global Business Category 1 Companies. The latter are taxable at a maximum rate of 3% after application of deemed foreign tax credit. This Deemed Foreign Tax Credit regime available to companies holding a Category 1 Global Business Licence will cease to apply as from 31 December 2018. A partial exemption regime will be introduced whereby 80% of specified income will be exempted from income tax.



The exemption will be granted to all companies in Mauritius, except banks, and shall apply to the following income:

- Foreign source dividends and profits attributable to a foreign permanent establishment;
- Interest and royalties; and
- Income from provision of specified financial services.

Are there any royalties payable to the State over and above any taxes?

Please refer to royalty payment provisions described under Section 3 above regarding petroleum products. The Mineral Act is however silent regarding royalties on minerals.



MOZAMBIQUE

COUTO, GRAÇA & ASSOCIADOS, LDA



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RELEVANT AUTHORITIES AND LEGISLATION

What laws regulate mining?

The Mozambique mining legal framework comprises the laws and regulations listed below:

- Law no. 20/2014, of 18th August - The Mining Law;
- Law no. 28/2014, of 23rd September - Mining Tax and Incentives Regime, as amended by Law no. 15/2017, of 28th December;
- Decree no. 26/2004, of 20th August - Environmental Regulation for Mineral Activities;
- Decree no. 61/2006, of 26th December - Regulation on Health and Safety for Mineral Activities;
- Decree no. 20/2011, of 1st June - Regulation for the Sale of Mineral Products;
- Decree no. 63/2011, of 7th December - Regulation on the Hiring of Foreigners for the Mining and Petroleum activities;
- Decree no. 28/2015, of 28th December - Regulations on the Mining Tax and Incentives Regime;
- Decree no. 31/2015, of 31st December - Mining Law Regulations;
- Decree no. 25/2015, of 10th November – Regulation for the Sale of Diamonds, Precious Metals and Gemstones;
- Decree no. 13/2015, of 3rd July – Regulation of Mining Work;
- Decree no. 54/2015, of 31st of December – Approves the Regulation for the Environmental Impact Assessment;
- Ministerial Diploma no. 189/2006, of 14th December - The Basic Rules on Environmental Management for Mineral Activities;
- Ministerial Diploma no. 92/2007, of 11th July - Rules and Procedures on Activities report;
- Resolution no. 21/2014, of 16th May – Approves the Policy of Corporate Social Responsibility for the Extractive Industry of Mineral Resources; and
- Ministerial Diploma no. 8/2017, of 16th January – Approves the Guidelines for the Implementation of the Policy of Corporate Social Responsibility for the Extractive Industry of Mineral Resources.

Which Government Bodies administer mining law?

Several key bodies are currently responsible for regulating mining activities, namely the Council of Ministers, the Ministry of Mineral Resources and Energy (Ministério dos Recursos

Minerais e Energia) (MIREME), the National Directorate of Geology and Mines (Direcção Nacional de Geologia e Minas) (NDM) and the National Institute of Mines (INAMI).

The Council of Ministers, the highest Governmental body in Mozambique includes the president, prime minister and other Government ministers and is responsible for creating primary legislation for the mining sector.

MIREME is the central body of the State which manages and ensures the execution of the Government policies relating to geological research and the exploration of mineral and energy resources.

NDM is a body of MIREME with the authority to, among others, elaborate and propose strategies, programs, plans, rules, guidelines and regulations for the development of geology and mining activities and ensure its implementation, planning, coordinating, controlling and ensuring the cataloguing of mineral resources in the country and ensuring the licensing of mining activities.

INAMI is the regulatory authority of the mining industry, under the tutelage of MIREME.

The Mining Law provides that a new authority, the High Authority for the Extractive Industry (Alta Autoridade da Indústria Extractiva), will be created to oversee the extractive industry, however, the Mining Law is silent as to the powers and role of this High Authority.

In particular, it is uncertain as to whether the new authority will be regulatory in nature or will take the role of ombudsman and/or whether its role will conflict or overlap with INAMI.

TYPES OF AND MANNER OF ACQUISITION OF RIGHTS

Under the Mining Law, a prospective investor may obtain the following types of concession contracts



Exploration Licenses (licença de prospecção e pesquisa)

Exploration Licences govern any exploration and prospecting activities. Exploration Licences will be valid for:

- 2 years for mineral resources being supplied for the construction industry, renewable once for same period; or
- 5 years for other mineral resources, including mineral water, and may be renewed once for an additional 3 year period.

Mining Concessions (concessão mineira) - Mining Concessions provides the concessionaire (incorporated and registered under the Mozambique Laws) the right to extract, develop and process mineral resources which discovered under an Exploration Licence. Mining Concessions will be valid for a period of 25 years and may be extended by another 25 years.

Mining Certificates (certificado mineiro) - Mining Certificates govern small-scale mining operations. Mining Certificates are only granted to Mozambican nationals, in addition to legal entities and will be valid for a period of 10 years and may be extended by another 10 years.

Mining Treatment Licenses (tratamento mineiro) - In circumstances when the investor does not hold a valid Mining Concession, Mining Certificate or Mining Pass which authorises such activities, Mining Treatment Licences govern mining processes through which usable ore and derivatives are recovered in valuable mining products by physical treatments. The treatment of radioactive minerals (e.g. uranium) will require further authorisations in accordance with legislation regarding atomic energy and radioactive materials. The Mining Treatment Licence is valid for a maximum of 25 years and can be renewed once.

Mining Processing Licenses (processamento mineiro) - In circumstances when the investor does not hold a valid Mining Concession, Mining Certificate or Mining Pass which authorises such activities, Mining Processing Licenses govern those processes required to achieve ore concentrate by means of (among others) physical, chemical and metallurgical treatments. The processing of radioactive minerals (e.g. uranium) will require further authorisations in accordance with legislation regarding atomic energy and radioactive materials. The Mining Processing Licence is valid for a maximum of 25 years and can be renewed once.

Mining Products Commercialization Licenses (licença de comercialização de produtos minerais)

Mining Products Commercialization Licences govern the activity of the sale and purchase of mineral products sourced from outside of Mozambique. We note that Mining Products Commercialization Licences may be awarded to Mozambican nationals in addition to legal entities. The Mining Products Commercialization Licences is valid for a maximum of 5 years renewable.

Mining Passes (senha mineira) - Mining Passes govern “artisanal” mining operations generally being undertaken by individuals, and allow for the sale of mineral products arising from such small scale mining activities. We note that Mining Passes may be awarded to Mozambican nationals, in addition to legal entities.

Save for Mining Passes and Mining Products Commercialization Licences, only entities incorporated and registered in accordance with Mozambican law that are able to evidence their technical and financial capacity are eligible for any licence under the new Mining Law. As noted above, Mining Passes and Mining Products Commercialization Licences may also be awarded to Mozambican nationals (i.e. natural persons).

Mining Contracts

Pursuant to the Mining Law, the Government of Mozambique may launch a public tender in respect of entering into public-private undertakings in relation to mining activities with the holder of an Exploration License or a Mining Concession (a Mining Contract).

The Mining Contract must contain clauses regarding:

- The level of participation of the Government of Mozambique in the undertaking;
- Minimum local content;
- Local employment and training requirements;
- Incentives in relation to increasing the value of the minerals to be extracted;
- Corporate social responsibility requirements;



- Memorandum of understanding between the licence holder, the State and the community;
- Disputes resolution mechanics, including provisions relating to the settlement of disputes by way of arbitration; and
- The way that the communities in the area will be involved and benefit on the undertaking.

The Mining Law provides that Mining Contracts must be published in the Mozambique's Official Gazette and are subject to the Administrative Court's prior approval.

OIL AND GAS

What rights are granted to conduct oil and gas exploration and production?

Licensing Regime

The four types of concession contracts prescribed in the new Petroleum Law are the following:

Reconnaissance concession contract - Unlike in the old Petroleum Law, reconnaissance concession contracts entered into under the new Petroleum Law:

- Can only be entered into on a non-exclusivity basis;
- Shall be for a non-renewable two year term; and
- May not give rise to a right of first refusal in the granting of prospection and production concession.

Prospection and production concession contract - While under the old Petroleum Law prospection and production concession contract were stated only to grant exclusive rights to explore and produce petroleum and a non-exclusive right to build and operate pipelines, under the new Petroleum Law such concession contracts grant an exclusive right to conduct petroleum operations and a non-exclusive right to build and operate the infrastructures used in the production and transportation of petroleum. Also, unlike in the old Petroleum Law:

- The approval of the Government shall be required for joint-bidding or joint-operation agreements;
- The right to carry prospection activities cannot arguably be extended beyond eight years even if necessary to complete the works;
- There is no specified term for the extension of prospection activities in case a discovery is made; and
- There is no specified term for the extension of the contract for the purpose of production.

Oil or gas pipeline system concession contract - previously covered in similar terms under the old Petroleum Law. An oil pipeline or a gas pipeline system concession contract grants the right to construct and operate oil pipeline or gas pipeline systems for the purpose of transporting crude oil or natural gas, in those cases that such operations are not covered by an exploration and production concession contract. An oil pipeline or a gas pipeline system concession contract shall be accompanied by the relevant development plan, which is an integral part of the concession contract.

Infrastructure concession contract - this is a new type of concession contract for the construction and operation of infrastructures. Such concessions shall grant the right to build

and operate infrastructures for petroleum production, including liquefaction. Such concessions shall only be required if the relevant infrastructures are not covered by an approved plan of development for prospection and production.

In addition to the four types of concession contracts above mentioned, the Petroleum Law also contains a new provision in respect to gas liquefaction, providing that the Government may authorize concessionaires which have discovered deposits of oil and non-associated gas to develop projects for the design, construction, installation, ownership, financing, operation, maintenance, use of wells, installations and ancillary equipment, either onshore or offshore, for the production processing, liquefaction, delivery and sale of gas in the domestic or foreign markets. It is therefore now clear that liquefaction activities, either onshore or offshore, can be undertaken under EPCC's, subject to Government approval but without the need of a separate agreement.

All prospection and production concessions must be granted by way of public tender and, unlike in the old Petroleum Law and as mentioned above, the types of concession contracts foreseen in the new Petroleum Law now include a concession for the construction and operation of infrastructures.

The State reserves the right to participate in petroleum operations in which any legal entity is involved in. The State may also decide to participate in any given project and at any stage under the terms to be established by contract between the State and the holder of the rights.

In addition to what was already established under the old Petroleum Law, the new Petroleum Law provides that the State shall promote a progressive increase of its participation in all oil and gas ventures.

INDIGENISATION REQUIREMENTS

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

The Mining Law establishes that the Mining Contract must be signed with companies that have the State as shareholder and a minimum local content.

The Mozambique Government must create mechanisms of involvement of Mozambican companies or individuals on the mining ventures and shall promote, gradually, the increase of the level of its participation on mining ventures.

Under the new Mining Law, preference should be given to goods and services purchased or obtained from Mozambican individuals or entities. Further, the new Mining Law requires that goods or services, the value of which exceeds the amount of 15.000.000,00 MT (fifteen million Meticais), must be purchased by way of a public tender. Such public tenders must be published in widely read newspapers in Mozambique and on the website of the relevant interest holder.



In addition, foreign entities that provide services to mining operations in Mozambique are required under the new Mining Law to "associate with" Mozambican entities. Details of how this obligation is fulfilled remain unclear and we expect this to be detailed in future regulations and/or secondary legislation.

Are there any special rules or restrictions applicable to foreign applicants?

The Mining Law establishes that the Mining Contract must be signed with companies that have the State as shareholder and a minimum local content, meaning foreign applicants must have a minimum local content, which terms and conditions will be soon regulated.

Identify any rights that the State may have. Does the State have any rights to equity in mining projects?

The Mining Law establishes that the Mining Contract must be signed with companies that have the State as shareholder and a minimum local content.

The Government must create mechanisms for the involvement of the national businessmen's on the mining undertakings and promote the listing of mining companies in the Mozambique Stock Exchange.

Pursuant to the new Mining Law, the State is required to progressively increase its participation in mining projects.

Nevertheless, the new Mining Law is unclear as to whether this means that the State shall be a larger participant in mining projects in the future, or whether the State is expected to obtain greater interests in particular projects over time.

PROCESSING AND BENEFICIATION

Are there any requirements to benefit minerals mined?

The new Mining Law establish that whenever the availability of resources and the economic feasibility so justifies the processing and benefit of minerals mined in Mozambique must be undertaken within Mozambique territory.

The terms and conditions for such processing and benefit will be regulated soon.

Are there any restrictions on the export of minerals?

Mineral products are subject to a special export customs regime, pursuant to the Mining Law and Customs Clearance Laws and Regulations, holders of exploration licenses are only allowed to export mineral samples for analysis and testing abroad.

Holders of mining concession are allowed to export mineral products they produced in the area covered by the title.

Exportation of mineral products are only permitted after payment of due Production Tax.

DISPOSALS OF RIGHTS AND CONTROLLING INTERESTS

Are there any statutory consents required to dispose of rights to explore and mine?

The transfer of title, rights and obligations under a mining licence, whether to an affiliate or a third party, may only take place two years after the commencement of the relevant mining activities authorised by the mining licence. Such transfers must be in accordance with Mozambican law and will be subject to the approval of the Government of Mozambique.

The new Mining Law expressly provides that indirect transfers of participating interests, titles and/or mining rights, notably by way of change of control of any licence holder, shall be considered as a transfer of rights and obligations under a mining licence and shall, therefore, require prior governmental approval.

Non-compliance to any transfer requirements results in any such transfers being void and invalid.

Such transfers of rights may also be subject to the payment of capital gains tax. As of 1 January 2014, capital gains derived from the sale of shares of a resident company by a non-tax resident are taxable.

USE OF SURFACE OF LAND INVOLVED IN PROSPECTING AND MINING ACTIVITIES

What are the rights of the holder of an exploration right or mining right to use the surface necessary or incidental to an exploration or mining operation?

The Mining Law states that the use and occupation of land for purposes of mining activities are regulated by Law and that the pre-existing land rights are considered extinct after payment of just compensation to land title holders and revocation of such titles, under the terms of applicable laws.

The right of use and benefit of land obtained by the mining title holder has a specific validity period and dimension established on the mining title.

When the development, use and benefit of certain mineral resources is considered of public interest for the national economy or for future development of the region were occurring, the Government may declare that such land on which the mineral resources are located to be reserved for preservation purposes, specifying the type of incompatible activities and not permitted on such mining reserved area.

No rights of land use and benefit can be acquired in total and partial protections zones, and the exercise of mining activities on such areas is subject to specific legislation.

The total and partial protection zones are part of the public domain, which are areas considered to be destined for the satisfaction of the public interest.



Areas that are intended for nature conservation or preservation activities and area for State security and defence are considered total protection zones.

The following areas are considered partial protection zones:

- The bed of interior waters, the territorial sea and the exclusive economic zone;
- The continental platform;
- The strip of maritime coastline, including that around islands, bays and estuaries, which is measured from the high tide line mark 100 meters inland;
- The land strip of up to 100 meters surrounding water sources;
- The land strip of up to 250 meters along the edge of dams and reservoirs;
- The land occupied by public interest railway lines and their respective stations with a bordering strip of 50 meters on each side of the line;
- The land occupied by motorways and four lane highways, aerial, surface, underground and water installations and conduits for electricity, telecommunications, petroleum, gas and water, including a bordering strip up to 50 on each side, as well as the land occupied by roads including a bordering strip of 30 meters for primary roads and 15 meters for secondary and tertiary roads;
- The two kilometre strip of land along the terrestrial border;
- The land occupied by airports and aerodromes with surrounding strip of land of 100 meters; and
- The 100 meters strip of land surrounding military or other defence and security installations of the State.

Special licenses may be issued for specific activities, which will authorise the carrying out of any economic activity within total or partial zones.

The Mozambique State has priority over other land rights and the land rights may be extinct in favour of the State upon just indemnification paid by the applicants of the mining exploitation.

When the area subject to concession, in part or whole, is occupied by families or communities that imply the resettlement, the company/applicant is obliged to indemnify such populations on terms to be regulated.

The mining right is distinct of the right of use and benefit of land or of any other pre-existing rights.

The attribution of the mining rights does not necessarily imply the attribution of the right of use and benefit of land or of other pre-existing rights, which are kept under the Mozambique State custody up to the closing of the mining activities.

After the closing of the mining activities the Mozambique State may attribute the right of use and benefit of land to other applicants.

ENVIRONMENTAL

What legislation governs environmental protection of exploration and mining sites?

The main legislation is: Decree no. 61/2006, of 26th December - Regulation on Health and Safety for Mineral Activities and Decree no. 26/2004, of 20th August - Environmental Regulation for Mineral Activities and Ministerial Diploma no. 189/2006, of 14th December - The Basic Rules on Environmental Management for Mineral Activities.

Pursuant to the above legislation and prior to the commencement of mineral operations, holders of mining licenses are required to prepare and lodge security, health and safety plans to the Ministry of Mineral Resources and Energy and to the Ministry of Labour, including risk assessment, potential sources of fire explosion, use and maintenance of equipment, working conditions and measures to mitigate and prevent risks, accidents and occupational diseases.

Under the new Mining Law, mining activities are classified under the following categories:

- Category A: The activities exercised under the mining concessions;
- Category B: The mining activities in quarries, activities of exploration (prospecting and research) for the pilot project and activities under mining certificate.
- Category C: The activities under mining passes and mineral exploration (prospecting and research) that do not involve mechanized equipment.

It is important to note that each category will be subject to different types of environmental assessment processes, namely:

- Category A – is subject to an Environmental Impact Assessment (EIA);
- Category B - is subject to a Simplified Environmental Impact Assessment (simplified EIA);
- Category C - is subject to an Environmental Management Program (PGA).

The new Mining Law indicates that differing levels of environmental impact assessments are required for each classification of mining activities. That said, no further details are provided as to the substantive requirements for each type of environmental impact assessment and how these obligations may be fulfilled, given that these provisions are regulated in specific legislation – Decree no. 54/2015, of 31st of December.

NATIVE TITLE AND LAND RIGHTS

Is there any native title which has any implication for the exploration and mining industry?

The Mining Law states that the pre-existing land rights are considered extinct after payment of just compensation to land title holders and revocation of such titles, under the terms of applicable laws.



The Mozambican State has priority over other land rights and these may be extinct in favour of the State upon just compensation which must be paid by the applicants of the mining rights.

When the area subject to concession, in part or whole, is occupied by families or communities that implicate the resettlement, the company/applicant is obliged to compensate such populations on terms to be regulated in a memorandum of understanding.

The just compensation must be executed by means of memorandum of understanding between the Government, the company and the communities, and the memorandum is pre-requisite for the granting of the mining exploitation rights.

HEALTH AND SAFETY

Which legislation governs health and safety in mining?

The Labour Law and its regulations contemplate provisions and rules, of general application, dealing with health and safety.

The Mining Law states in its Article 41 (1) that Persons who extract mineral products under a permit as defined in this article, shall comply with all the regulatory provisions applicable to mining management, health and safety.

Under that context, by the Decree no. 61/2006, of 26 of December, the Government approves the Regulation on technical safety and health for geological and mining activities. Article 297 of this legal document provides guidelines for risk assessment to assure the safety of workers and equipment. Companies, miners' associations and the workers shall be involved in the discussion of the risk analysis.

According to Article 313 of the referred Regulation, the breach of the provisions of the Regulation shall be penalized with a fine, which varies from five up to one hundred minimum national salaries, without prejudice of the criminal procedure, in terms of Criminal Law, the companies that:

- Do not comply with the provisions of this Regulation regarding health, safety, transport, equipment in underground or outdoor work;
- Incorrect use of the mercury while processing the gold; and
- Do not comply with the minimum limits of the oxygen concentration in the air, presence of pollutant gases, as well as other chemical elements in concentrations above the maximum limits, which could influence the environment on site, endangering workers' health.

CONSTITUTIONAL AND ADMINISTRATIVE LAW

Is there a constitution which has an impact upon rights to prospect and mine?

The Constitution of the Republic of Mozambique of 2004 states that natural resources on the soil and subsoil and in the off shore areas within the jurisdiction of Mozambique are owned by the State of Mozambique, and the access to such resources is subject to statutory provisions.

Are there administrative appeals in the mining law?

Administrative appeals are governed by specific administrative legislation.

ROYALTIES AND TAXES

Are there special rules applicable to taxation of exploration and mining companies?

Under the new Mining Law, concessionaires shall pay, along with any relevant specific taxes on petroleum operations:

- Income Tax;
- Value Added Tax;
- Production Tax;
- Surface Tax;
- Municipal Tax, when applicable; and
- Any other relevant taxes required by law.

The Mozambique Parliament approved the enabling law in respect of Specific Regime of Taxation and Fiscal Benefits for Mining Operations (Law no. 28/2014, of 23rd of September), which provides further specificities, in respect to specific taxes in the mining sector and repeals the previous regime (Laws no. 11/2007 and 13/2007, both of 27th of June). The Specific Regime of Taxation and Fiscal Benefits for Mining Operations entered into force on the 1st of January of 2015.

Such Law provides that the Production Tax applies to the extracted mineral product after treatment. If no treatment is required then the Tax is applied over the extracted mineral product.

The value is calculated based on the price at which the last consignment of mineral was sold by the mining holder and shall correspond to international market reference price.

Holders of mining rights are also subject to pay surface tax.

The Production Tax (royalty) is applied as follows:

- 8% for diamonds;
- 6% for precious metals, precious and semi-precious stones and heavy sands;
- 3% for basic metals, coal, ornamental rocks and remaining mineral products not included above points; and
- 1.5% for sand and stone.

All mineral products utilized for the development of the local industry benefits of reduction of 50% of the Production Tax.

Indirect transfers of participating interests, titles and/or mining rights, notably by way of change of control of any licence holder, shall be considered as a transfer of rights and obligations under a mining licence, irrespective if within or outside of Mozambique territory, are subject to capital gains rated at 32%.

Law no. 28/2014, of 23rd September and its subsequent amendment created a new tax under the name of Tax over the Mineral Resource Revenue, which applies to all Mining



Concessions and Mining Certificates holders over the net cash flow resulting from the mining activity during the fiscal year end and which revenue before Corporate Tax is equal or superior than 18%. Such tax is rated at 20%.

Furthermore, the new tax regime provides tax stability for a period of up to 10 years, counting from the date of production and may be extended up to the termination of the primary concession, subject to the additional payment of 2% of the Mining Production Tax.

Moreover, under the new mining tax regime the Corporate Income Tax liability of companies holding concession contracts will be calculated separately for each concession contract, as it was already provided in the general tax law. This means that a separate tax return has to be submitted for each concession (mining activities are subject to ring-fencing principle, on a mineral right or license basis).

The new law requires all mining companies in Mozambique to comply with the local transfer pricing rules, under the principle of independent entities and lists the specific transactions in which this principle is applicable, among them are the transactions that refer to different concessions held by the same taxpayer.

Law no. 28/2014 further establishes that mining rights are considered as immovable property and that all capital gains arising from the direct or indirect transfer of mining rights, by non-resident entities with or without permanent establishment in Mozambique, irrespective of the place where such transaction is completed, will be taxed at a fixed rate of 32%. The capital gains tax shall become due and payable by the seller or transferor but the purchaser and the Mozambican entity holding the mining rights has separate and joint liability for the payment of the tax. In the case of doubt on the price of the transaction, the tax authorities may refer to the best international practices to determine the price.

In fact, the law sets out specific rules relating to the calculation of gains, taxable income, deductible costs and amortization in the framework of mining activities, rules that were previously established under the different concession agreements. Another change introduced by this law is that income from the provision of services rendered by non-resident entities to Mozambican mining companies is subject to a withholding tax at the rate of 10%.

Finally, the new mining tax regime grants exemptions from custom duties for a period of five fiscal years, particularly in relation to the importation of capital and goods. Note that the new law no longer grants Value Added Tax exemptions on the import of the same goods.

Mining companies are obliged to have audited accounts duly certified by independent authorized auditor.

Are there any royalties payable to the State over and above any taxes?

Law no. 28/2014, of 23rd September provides that a new tax will be created under the name of Tax over the Mineral Resource Revenue which applies to all Mining Concessions and Mining Certificate holders over the net cash flow resulting from the mining activity during the fiscal year end and is rated at 20%.



NAMIBIA

KOEP & PARTNERS



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RELEVANT AUTHORITIES AND LEGISLATION

What laws regulate mining?

In terms of article 100 of the Constitution of the Republic of Namibia, 1990, all natural resources (including minerals) below and above the surface of the land and in the continental shelf and within the territorial waters and the exclusive economic zone of Namibia belong to the state, unless they are otherwise lawfully owned. This includes mineral resources as well.

Mining in Namibia is regulated by the Minerals (Prospecting and Mining) Act 33 of 1992 ("Minerals Act"). Section 2 of this Act vests all rights in respect of minerals in the state. This Act furthermore provides for the administration of the minerals industry and access to mineral resources through various types of authorisations.

Health and safety aspects relating to the minerals industry were passed in terms of the previous Mines, Works and Minerals Ordinance 20 of 1968. These regulations are still in force in terms of the Minerals Act and will remain in force until they are repealed. New regulations have been drafted some time ago but are not yet in force. The general health and safety regulations passed in terms of the Labour Act 6 of 1992 (which are still applicable under the Labour Act 11 of 2007) apply also to all employment relationships in Namibia, including those in the minerals industry.

The exploitation of minerals is also affected largely by the Environmental Management Act 7 of 2007 ("EMA") and the Environmental Impact Assessment Regulations passed in terms of this Act. In terms of this Act, no person may undertake a listed activity without an environmental clearance certificate. Listed activities include mining and quarrying activities. The minister of mines and energy may not issue a mineral licence before the applicant has obtained an environmental clearance certificate.

Various other laws might be applicable to the mining industry. These include the Diamond Act 13 of 1999, Minerals Development Fund of Namibia Act 19 of 1996, Namibia Investment Promotion Act 9 of 2016, Soil Conservation Act 76 of 1969, the Hazardous Substance Ordinance 14 of 1974, the Atmospheric Pollution Prevention Ordinance 11 of 1976, the Prevention and Combating of Pollution of the Sea by Oil Act 6

of 1981, the Forest Act 12 of 2001, and the Atomic Energy and Radiation Protection Act 5 of 2005.

Which Government Bodies administer mining law?

The minerals industry falls under the auspices of the Ministry of Mines and Energy and its line minister, the Minister of Mines and Energy. The Minister is assisted by the Mining Commissioner. The Minerals Act also provides for a Minerals Board of Namibia. The Minerals Act prescribed the function of the Mining Commissioner and the Minerals Board.

Environmental issues are regulated by the Minister of Environment and Tourism. This Minister is assisted by the Environmental Commissioner, whose functions are prescribed by the EMA.

TYPES OF AND MANNER OF ACQUISITION OF RIGHTS

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

To search for minerals, a person may apply for several authorisations. These are a non-exclusive prospecting licence, exclusive prospecting licence or reconnaissance licence.

Reconnaissance licences authorise the holder thereof to conduct reconnaissance operations, which are operations carried on in a general search for any mineral or group of minerals by means of aerial sensing techniques, including geophysical surveys, photogeological mapping or imagery carried out from the air. It is valid for a maximum period of six months and may not be renewed. It may, however, be extended once for a period of six months. The Act provides for exclusive reconnaissance licences, but these are no longer issued in practice.

Prospecting operations are conducted in terms of non-exclusive and exclusive prospecting licences. "Prospecting" means intentionally searching, whether by way of excavations or otherwise, for any mineral or group of minerals with a view to delineating or evaluating deposits or concentrations of any such mineral or group of minerals. A non-exclusive prospecting



licence is valid for a period of one year and is not renewable. It is not granted over a specific area. An exclusive prospecting licence, on the other hand, is valid for a period of three years and may be renewed twice for a period of two years per renewal. Further renewals are possible only if the Minister deems it desirable in the interests of the development of the mineral resources of Namibia. It is granted over a specific area.

Mining operations may be conducted in terms of a mining claim or a mining licence. The holder of a non-exclusive prospecting licence may peg a mining claim, which may not be bigger than three hundred metres by six hundred metres. This claim is then registered with the Ministry, which entitles the holder to conduct mining operations on the mining claim. A claim is valid for three years and may be renewed for two years at a time. On the other hand, the holder of an exclusive prospecting licence may apply for a mining licence over the prospecting area. A mining licence is valid for a period of twenty-five years and may be renewed for further periods of fifteen years per renewal.

OIL AND GAS

What rights are granted to conduct oil and gas exploration and production?

The upstream petroleum industry in Namibia is primarily regulated by the Petroleum (Exploration and Production) Act 1991 (Act 2 of 1991) ("Petroleum Act"). The Petroleum Act provides for the reconnaissance, exploration, production and disposal of petroleum as well as the control over petroleum. It provides that all rights in respect of petroleum vest in the State notwithstanding any right regarding the ownership of the land where the petroleum is found. No person may carry on any operations in respect of petroleum without the necessary licence issued by the Ministry of Mines and Energy. The Act also provides for the payment of petroleum royalties. The Petroleum Act is administered by the Minister of Mines and Energy. The Minister must appoint a Commissioner of Petroleum Affairs and a Chief Inspector of Petroleum Affairs. These two officers exercise or perform the powers, duties and functions conferred or imposed upon them by, or under, the provisions of the Petroleum Act and such other functions as may be imposed upon them by the Minister. The Commissioner and Chief Inspector are assisted by such other officers as may be designated by the Permanent Secretary: Mines and Energy for such purpose. The Petroleum Ancillary Rights Commission is also established under the Act. This Commission principally deals with disputes between licence-holders and landowners.

INDIGENISATION REQUIREMENTS

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

The Minerals Act does not provide for rights of indigenous people.

Are there any special rules or restrictions applicable to foreign applicants?

The Foreign Investment Act, 1990 (Act 27 of 1990) and the Foreign Investment Amendment Act, 1993 (Act 24 of 1993) have been repealed by the Namibia Investment Promotion Act 9 of 2016. ("Investment Promotion Act")

In terms of the Investment Promotion Act an investor or investment in the natural resource sector or in any other sector which is above the threshold may not-

- Change the ownership or control of investment; or
- Transfer any licence, permit, authorisation or concession owned by the investor or investment, to a foreign investor through any form of merger, acquisition, direct sale or transfer without the approval of the Minister.

Furthermore, an investor or investment in Namibia who wishes-

- To change ownership or control of the investment in favour of a foreign investor; or
- To transfer any license, permit, authorisation or concession owned by the investor or investment to a foreign investor through any form of merger, acquisition, direct sale or other disposal,

must, subject to the requirements of the Competition Act, 2003 (Act 2 of 2003), apply to the Minister in the prescribed form and manner for approval of such proposed change or transfer at least 60 days before the date of intended change or transfer or any earlier date as the Minister may allow in any particular circumstances.

A foreign investor seeking to make an investment in Namibia must apply to the Minister for approval of the proposed investment in the prescribed form and manner.

In considering the application for approval of investment and in addition to any other provisions of Act, the Minister must consider the net benefit for Namibia, taking into account-

- The contribution of the investment to the national development, economic growth, public policy and national security objectives of Namibia;
- The contribution of the investment to the advancement of persons who have been socially, economically or educationally disadvantaged by past discriminatory laws and practices;
- The contribution of the investment to the implementation of programmes and policies aimed at redressing social and economic imbalances in Namibia, including gender-based imbalances;
- The contribution of the investment towards increasing employment creation in Namibia;
- The contribution of the investment to the advancement of the development of a geographical area of a low social and economic development;
- The contribution of the investment to the transfer of technological and managerial skills, knowledge and innovation;
- The contribution of the investment to value addition to the natural resources and manufacturing sector of Namibia;
- The extent to which the investment will procure goods and services from the SME sector and Namibian suppliers in general; and
- The impact on the environment and contribution to environmental benefits and any other factors the Minister may prescribe.



Furthermore, in terms of the Minerals Act, the Minister may grant a licence, or the renewal of a licence, subject to such terms and conditions as he may deem necessary. In the light hereof, licences are often granted subject to the condition that there must be some local ownership (which can include joint holding with Epangelo Mining (Pty) Ltd (Epangelo).

, the state-owned mining company). All mining rights in respect of uranium, gold, copper, coal, diamonds, and rare earth metals are vested in Epangelo.

There are certain restrictions on foreigners pegging a mining claim. In terms of the Minerals Act, a mining claim may only be pegged by a Namibian citizen or Namibian owned company. We are of the view, however, that the Minerals Act does not exclude foreign-owned close corporations from pegging a claim.

Identify any rights that the State may have. Does the State have any rights to equity in mining projects?

All rights in respect of mineral resources vest in the state, who may grant these rights to applicants. In general, the state does not have any rights to equity in mining projects, save possibly for the right of Epangelo to be a joint holder in a mining project.

PROCESSING AND BENEFICIATION

Are there any requirements to beneficiate minerals mined?

There are at this stage no requirements to beneficiate minerals locally. However, new royalties have been introduced and one of them appears to be a type of penalty royalty where the holder fails to beneficiate locally. These new royalties are not yet applied in Namibia yet.

Are there any restrictions on the export of minerals?

Certain limitations exist on the export of source material. No person may, except with the written permission of the Minister, export any source material from Namibia. The exportation of diamonds are also strictly regulated in terms of the Diamonds Act 13 of 1999 and the Regulations passed in terms of this Act.

DISPOSALS OF RIGHTS AND CONTROLLING INTERESTS

Are there any statutory consents required to dispose of rights to explore and mine

Reconnaissance licences and non-exclusive prospecting licences are not transferable and not disposable. On the other hand, mining claims, exclusive prospecting licences and mining licences (collectively referred to as "mineral licences") may not be transferred without the consent of the Minister. Furthermore, no interest in a mineral licence may be granted, ceded or assigned and no person may be joined as a joint holder of a mineral licence without the consent of the Minister.

Are there any restrictions on disposals of controlling interests in entities holding exploration or mining rights?

In terms of the Minerals Act, there is no restriction on the disposal of a controlling interest in entities holding exploration or mining rights. There is, however, an obligation to notify the Mining Commission or any change of more than five per cent beneficial shareholding in the holder. In practice the Minister has interpreted "interest in a mineral licence" to include a controlling interest in the holder of a mineral licence as well.

USE OF SURFACE OF LAND INVOLVED IN PROSPECTING AND MINING ACTIVITIES

What are the rights of the holder of an exploration right or mining right to use the surface necessary or incidental to an exploration or mining operation?

In terms of the common law, the holder of a licence may exercise any rights granted to him reasonably (*civilliter modo*) and in such manner that the rights and interests of the owner of any land to which such licence relates are not adversely affected, except to the extent to which such owner is compensated. This was confirmed by the High Court of Namibia in *Hoffman v Maier* 1994 NR 61 (HC).

Furthermore, before entering any private land and exercising any rights on private land, the holder must enter into an agreement with the owner of the land which must provide for compensation to be paid by the holder to the owner for the use of the land. This is generally referred to as a surface agreement or access agreement.

ENVIRONMENTAL

What legislation governs environmental protection of exploration and mining sites?

In terms of the EMA, the Minister of Mines and Energy may not issue a mineral licence until the applicant has been furnished with an environmental clearance certificate. A person wishing to apply for an environmental clearance certificate must lodge an application with the Minister of Mines and Energy, who is designated as the competent authority in terms of the EMA. The applicant must then hold public consultation, draft a scoping report, and give interested and affected parties an opportunity to comment. The results of the public consultation, scoping report, a management plan and all comments and replies thereto must then be lodged with the minister of mines and energy, who must then forward this to the environmental commissioner. The environmental commissioner can then either issue the environmental clearance certificate or request the applicant to conduct an environmental impact assessment before the clearance certificate is issued.

In terms of the Minerals Act, an environmental impact assessment study must be furnished to the Ministry of Environment before a mining project can proceed. In terms of the regulations to the Environmental Management Act, where an assessment is required in terms of any other law, and that other law or policy requires that information must be submitted, or processes must be carried out that are substantially similar to information or processes required in terms of these regulations of the EMA, the Minister of Environment and Tourism must take steps to enter into a written agreement with the authority responsible for administering the law or policy (such as the Minister of Mines and Energy) in respect of the coordination of the requirements of the law, policy and regulations passed in terms of the Environmental Management Act to avoid duplication in the submission of such information or the carrying out of such processes. As far as we know, no such agreement has been entered into.



NATIVE TITLE AND LAND RIGHTS

Is there any native title which has any implication for the exploration and mining industry?

The Minerals Act does not recognise native title.

HEALTH AND SAFETY

What legislation governs health and safety in mining?

The health and safety regulations passed in terms of the Labour Act 6 of 1992 (which are still applicable under the Labour Act 11 of 2007) apply in general. Furthermore, mine health and safety regulations were passed in terms of the previous Mines, Works and Minerals Ordinance 20 of 1968. These regulations are still in force in terms of the Minerals Act and will remain in force until they are repealed. New regulations have been drafted but are not yet in force. The new regulations have been in circulation for several years and its future is uncertain.

CONSTITUTIONAL AND ADMINISTRATIVE LAW

Is there a constitution which has an impact upon rights to prospect and mine?

In terms of article 100 of the Constitution of the Republic of Namibia, 1990, all natural resources (including minerals) below and above the surface of the land and in the continental shelf and within the territorial waters and the exclusive economic zone of Namibia belong to the state, unless they are otherwise lawfully owned. Other provisions of the Constitution which may be applicable include the right to property (which extends to mining title as well), the right to be treated fairly, the right to just administrative action and the right to have disputes determined by a court or independent and impartial tribunal.

Are there administrative appeals in the mining law?

Any person who feels aggrieved with any action or decision taken or made by the Commissioner in terms of any provision of the Minerals Act, may, within 30 days from the date on which such action or decision was made known to such person, lodge an appeal against any such action or decision, and thereupon the Minister may confirm, set aside, or amend any such action or decision.

The right to fair and reasonable administrative justice is guaranteed in terms of Article 18 of the Constitution of the Republic of Namibia, 1990. The Commissioner and the Minister are administrative bodies and any decision taken by them may be taken on review to the High Court of Namibia. Any aggrieved person may therefore take a decision by them on review to the High Court of Namibia. Where the decision was taken by the Commissioner, however, the High Court may suspend any application until the internal appeal has been exhausted.

ROYALTIES AND TAXES

Are there special rules applicable to taxation of exploration and mining companies?

Taxation

Namibia's mineral policy aims to create an environment that attracts both foreign and local investment and thus contribute

to socio-economic development. The Mineral rights are vested in the state and the industry is primarily regulated by the Minerals (Prospecting and Mining) Act of 1992.

The table below shows the mining taxes of Namibia which reflect the key elements of most mining fiscal regimes. Namibia uses the royalty system combined with corporate income tax to capture revenue which distributes the risk of mining between states and companies.

TAX PAYABLE	NAMIBIA
Mineral Royalty Rates	Diamond mining: 10% Rossing Uranium: 6% Dimension Stone: 5% on all unprocessed stone blocks Precious stones, base & rare: 3% Nuclear fuel minerals: 3% Semi-precious stones, industrial & non-nuclear fuel minerals: 2%
Corporate Income Tax	Diamond mining: 55% Other Minerals: 37.5% Non-mining activities: 40%
Dividend withholding tax	Dividends: 10% paid to non-residents and certain foreign residents Royalties: 10.5% on distribution to non-residents
Import Duty	Uplift – 10% - subject to SACU standards
Value Added Tax	15%

The Corporate Income Tax in Namibia is fixed at a minimum of 25% for minerals but the average tax is 37.5%. Diamond Mining has a special tax rate of 55%. Furthermore, Mining companies are taxed 40% for non-mining activities.

The diamond industry is given special tax treatment in Namibia. This is due to the diamond industry's strong role in the Namibian economy i.e. the government has a 50-50 joint venture with De Beers Century AG.

Namibia's average rate of 37.5% is high compared to international standards i.e. most countries impose an average of 30% (Chile: 15%) (Argentina: 35%) (Ghana 35%). This high rate can result in the early closure of marginal mines and loss of employment. Nonetheless it is to be noted that Namibia does provide generous incentives which will be discussed further below.

Withholding taxes

Withholding Tax in Namibia is applied to both dividends (10%) and royalties (10.5%). Namibians taxes total 25.5% withholding



tax, which is arguably higher than the considerable range amongst developing countries.

Stabilization

There are no specific tax stabilisation arrangements currently in Namibia. Tax stabilisation provisions could be put in place under an investment agreement, however from experience the Government of Namibia is very reluctant to enter into such stabilisation schemes by way of an agreement.

Tax incentives

Tax allowances demonstrate the extent to which government is sharing in the investment risks. Their main purpose is to provide a means for a company to decrease their tax liability by taking into consideration the costs and losses. Allowances are an important aspect of the project evaluation and thus 'the nature and size of the tax allowances can make or break a fiscal regime'.

Namibia offers a range of tax allowances. All preproduction exploration expenditure is fully deductible in the first year of production. In addition, initial and subsequent development cost including start-up capital and loan finance, are fully deductible in equal instalments over a period of three years. Losses are carried forward indefinitely and, subsequent exploration expenditure is not ring fenced and is fully deductible in the year. The absence of the ring fence is a strong financial incentive for investors. Furthermore, Namibia has signed double-taxation treaties with the United Kingdom, the Republic of South Africa, Mauritius, Sweden, France, India, the Russian Federation, Romania, and Germany.

Pursuant to section 18 of Tax Income Act, there are specific capital expenditure amounts that can be deducted from taxable income arising because of mining operations. Such capital expenditure amounts are explained in section 36 of the Tax Income Act, which states firstly that the capital deductions that are available relate to either exploration expenditure or development expenditure (or both), incurred during the current year of assessment. Any development expenditure incurred in the year of assessment will be deductible as follows: (i) one third deductible in the current year of assessment; (ii) the second third deductible in the year after the current year of assessment; and (iii) the final third deductible in the second year after the current year of assessment.

Transfer of mineral rights

The Income Tax Act was amended by the Income Tax Amendment Act 13 of 2015, which amended the definition of "gross income" to include any amount received or accrued, whether in money or in kind, as consideration (or payment of like nature) or the open market value by way of a sale, donation, expropriation, cession, grant or other alienation or transfer of ownership of a mineral licence, or right to mine minerals in Namibia, and includes a sale, donation, expropriation, cession, grant or any other alienation or transfer of ownership of any share or member's interest in a company that holds a mineral licence or mineral right whether directly, or indirectly, less the acquisition cost of the mineral licence or mineral right, but the acquisition cost of the licence or right may not create a loss.

Are there any royalties payable to the State over and above any taxes?

Mineral royalty tax is unique to the natural industries. Namibia imposes ad valorem royalties which is based on the value of

the mineral produced. In its simplest form, an ad valorem royalty consists of a uniform percentage (the rate) of the value (the base) of the mineral(s) in the products sold by the miner.

In Namibia, 10% royalty payment is imposed on diamonds and 5% on all unprocessed dimension stone. The tax on the unprocessed is meant to encourage local processing. In 2006, Namibia introduced royalty tax on other minerals. It imposed a 6% royalty payment on the Rossing uranium mine, predominately owned by Rio Tinto and other stakeholders. Furthermore, Namibia levies a 3% royalty payment on precious stones and 3% on precious metals and other metals.

The calculation of value-based royalty varies hence the percentages should not be viewed at face value. For instance, Namibia's royalty value is based on sales revenue minus some costs. In addition, alternative royalty rate can be negotiated.

It is evident that Namibia has higher royalty rates in comparison to other countries. However, it is also important to note that the absence of a royalty rate doesn't automatically make a fiscal regime competitive for foreign investment. Competitiveness is based on a combination of factors.

The Minister is further granted a wide discretion to levy royalties in respect of minerals mined. Pursuant to section 114 of the Minerals Act, the holder of any mineral licence may be required to pay to the Mining Commissioner, for the benefit of the State Revenue Fund:

- For any rough and uncut mineral of the precious stone group, a 10% royalty on the market value.
- For any rough or unprocessed minerals of the dimension stone group, a 5% royalty on the market value.
- For any other mineral, a royalty that is determined by the Minister. Currently the royalties on precious metal are at 3%, base and rare metals are also at 3%, semi-precious stones are at 2%, nuclear fuel minerals are at 3%, industrial minerals are at 2% and non-nuclear fuels are levied at 2%. All these royalties are levied on the market value of the minerals.

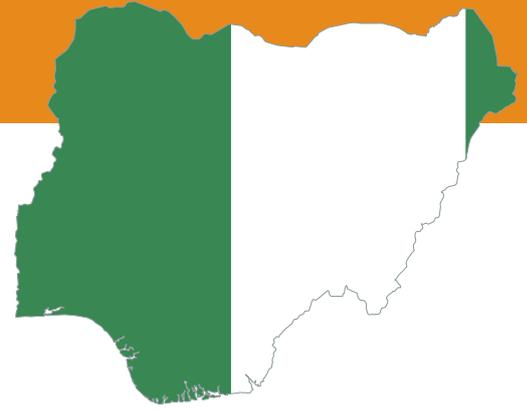
The Minerals Amendment Act (the Amendment Act) introduced a so-called windfall royalty. The Minister can levy a royalty on any material if the Minister is satisfied that: a) there has been such an increase in market prices obtainable that the operations have become significantly more profitable; or b) the development in technology or any unforeseen circumstances have caused the operations to become significantly more profitable. The power of the Minister is restricted, by requiring him to inform the holder in writing of the intention to impose such a windfall royalty and he must afford such a holder the opportunity to make presentations and proposals regarding the intention of imposing the windfall royalty within a reasonable time and such representations are taken into account.

There is furthermore an additional royalty that can be levied at the discretion of the Minister. It applies to minerals excluding precious and dimension stone. However, the nature of this royalty is unclear, but would lend itself to a kind of penalty royalty. The Minister decides the rate of this royalty.



NIGERIA

GIWA-OSAGIE & COMPANY



FIRM INFORMATION

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RELEVANT AUTHORITIES AND LEGISLATION

What laws regulate mining?

The Nigerian Government is making efforts to revamp the Mining industry. Considering the dwindling resources from crude oil, the Nigerian Government is geared towards improving the mining sector. Over the years, the contribution of the mining industry to the Nation's GDP was about 0.46%. The previous administration had planned to increase this to 5% by 2015 and 10% of the GDP by 2020. This administration had set out a roadmap towards the development of the mining industry.

The country has recently been through a change in Government. The new administration, led by President Muhammadu Buhari has expressed its commitment to improve investment in the Mining industry. The President has stated that the 2016 National budget being prepared will include fresh policies to encourage rapid diversification of the country's economy with the mining industry being one of its key area of focus. The President has also stated that the new administration will have a zero tolerance to illegal mining. A new Minister was recently appointed and we wait to see the direction of this government in rejuvenating the Mining industry.

The Laws governing Mining in Nigeria are as follows:

Nigerian Minerals and Mining Act 2007: The principal law that regulates mining in Nigeria is the Nigerian Minerals and Mining Act, 2007("the Act"). The Act repealed the Minerals and Mining Act, No 34 of 1999. The Act contains specific provisions that seek to enhance private sector leadership in the development of the mining industry in the country.

Minerals and Mining Regulations 2011: Mining is also governed by the Nigerian Minerals and Mining Regulations 2011 and Guidelines as may be issued from time to time by the Minister of Mines and Steel Development and the Director-General of the Nigeria Mining Cadastre Office (MCO) respectively. There also exists a National Policy on Minerals Metals.

Nigerian Extractive Industries Transparency Initiatives Act 2007: The Act was enacted to monitor and develop a framework for transparency and accountability in reporting and disclosures by all extractive industry companies of revenue due to or paid to the Federal Government.

Companies And Allied Matters Act 1999: This Act governs the registration of a company in Nigeria. A Company which desires to obtain a mining license must be incorporated in Nigeria under this Act.

Apart from the statutory and regulatory provisions, English Common Law, Equity and Statutes of General Application are important sources of Nigerian law.

Which government bodies administer mining law?

The administration of the mining industry is vested in the Ministry of Mines and Steel Development (MMSD), operating through the following four departments:

- Mines Inspectorate Department;
- Mines Environment and Compliance;
- Mining Cadastre Office; and
- Artisanal and small-scale Mining Department.

Mining Cadastre Office (MCO)

The functions of the MCO include, but not limited to, the following:

- Consider applications for mining titles and permits;
- Issue, suspend and may revoke mining titles, subject to government's rules and regulations;
- Receive and dispose applications for transfer, renewal, modification and relinquishment of mineral titles;
- Maintain a chronological record of all applications for mineral titles in a priority order; and
- Maintain a register, and a general registry book.

TYPES OF AND MANNER OF ACQUISITION OF RIGHTS

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

The following are the types of mineral titles and rights granted by the MCO:

- **Reconnaissance Permit** - This enables the holder to carry out reconnaissance on non-exclusive basis in an environmentally and socially responsible manner and compensate for any damage to crops or property in the course of prospecting. This does not permit the holder



to engage in drilling, excavation or other sub-surface techniques;

- **Exploration Licence** - An exploration licence is issued/ granted within 30 days upon receipt of a valid application by the MCO. This licence will not be granted over any land that is subject of an existing Exploration Licence, Mining Lease, Small Scale Mining Lease, Quarry Lease or closed to prospecting/mining activity (e.g. forest reserves, military areas, government development areas, national heritage area etc);
- **Mining Lease** - A mining lease confers on the holder (among other rights) the right to obtain access and enter the mining lease area, the exclusive use, occupation and the carrying out of mineral exploitation within the mining lease area.
- **Mining Lease** will not be granted in respect of any area within an Exploration Licence area or a Small Scale Mining area except to the holder of an Exploration Licence or Small Scale Mining Lease covering such area. The lease area is determined in relation to the ore body as defined in the feasibility study submitted in respect of the Mining Lease together with an area reasonably required for the workings of the mineral resources;
- **Quarry Lease** - A quarry lease confers on its holder the right to carry out quarrying operations on the land within the area of the lease and to remove and dispose of any quarriable mineral specified in the lease. A quarry lease is granted in respect of a land area not exceeding 5 square kilometres and covers a 5 year period unless renewed; and
- **Water Use Permit** - The area of land in respect of which any water use permit is granted shall not exceed the area reasonably required for the purpose of the permit.

OIL AND GAS

What rights are granted to conduct oil and gas exploration and production?

Concessions

The Minister of Petroleum is empowered to grant:

- **oil exploration licence**, to explore for petroleum;
- **oil prospecting licence**, to prospect for petroleum; and
- **oil mining lease**, to search for, win, work, carry away and dispose of petroleum.

Production Sharing Contracts (PSC)

The essence of a PSC is that the Nigerian National Petroleum Corporation (NNPC) engages a competent contractor to carry out petroleum operations on NNPC's wholly held acreage. The contractor undertakes the initial exploration risks and recovers his costs if and when oil is discovered and extracted.

This policy is designed to transfer exploration risks and funding of exploration and development efforts on new acreage to the interested oil companies.

Under the PSC, the contractor has a right to only that fraction of the crude oil allocated to him under the cost oil (oil to recoup production cost) and equity oil (oil to guarantee return on investment). He can also dispose of the tax oil (oil to defray tax and royalty obligations) subject to NNPC's approval.

Service Contracts

The Service Contract could be Risk- Service, Pure-Service or Technical Assistance Agreement. In the Risk-Service arrangement, the host country owns the concession covered by the arrangement as well as the petroleum discovered while all risks are borne by the oil company who is employed as a contractor in a certain area and for a specific period. The contractor provides the upfront money and furnishes the technical expertise for the operations and only gets fully reimbursed from the sale of the concessions of oil production. This type of contractual arrangement is successful where there is commercial discovery or upon other contractual terms.

The Pure Service contract or Technical Assistance Agreement is a simple contract of work. All risks are borne by the government and the contractor performs its stipulated services and is paid fees for his services.

Joint venture agreements

Also known as Joint Operating Agreements (JOA) is the basic, standard agreement between the NNPC and the operators. Under JOA, One of the partners is designated the operator. The NNPC reserves the right to become an operator. All parties are to share in the cost of operations. Each partner can lift and separately dispose its interest share of production subject to



the payment of Petroleum Profit Tax (PPT) and Royalty. The operator is the one to prepare proposals for programme of work and budget of expenditure joint on an annual basis, which shall be shared on share holding basis.

Each party can opt for and carry on sole risk operations. Technical matters are discussed and policy decisions are taken at operating committees where partners are represented on the basis of equity holding.

Please see the manner of acquisition of rights described above. Applicants for any of the Licences/lease in oil and gas industry are required to submit their relevant application(s) to the Department of Petroleum Resources (DPR) before they are granted right to explore oil and gas Licences/Lease. The primary law in this area is the Petroleum Act Cap P 10, Laws of the Federation of Nigeria, 2004.

In addition, an applicant for mineral rights is required to apply to MCO for such right. Please note that the principal law that regulates mining in Nigeria is the Nigerian Minerals and Mining Act, 2007.

INDIGENISATION REQUIREMENTS

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

No. The general principle of local content policy mandates foreign investors who engage in certain industries to engage the services of Nigerians/Nigerian Companies in carrying out their business operations.

Are there any Special Rules or Restrictions Applicable to Foreign Applicants?

Yes there are. The Minerals and Mining Act stipulates that a qualified applicant for a Reconnaissance Permit, an Exploration Lease, a Small Scale Mining Lease and a Quarry Lease must be:

- A citizen of Nigeria with legal capacity and who has not been convicted of a criminal offence;
- A body corporate duly incorporated under the Companies and Allied Matters Act; or
- A mining Cooperative.

For a mining Lease, a qualified applicant must be a body corporate duly incorporated under the companies and Allied Matters Act or any other legal entity that has demonstrated, under conditions stated in the Regulations that a commercial quantity of mineral resources exists in the area.

No special rules. It is however a prudent business decision to have at least a Nigerian as shareholder.

Identify any rights that the State may have. Does the State have any rights to equity in mining projects?

The state does not have any free- carry or contributory rights in mining projects.

PROCESSING AND BENEFICIATION

Are there any requirements to beneficiate minerals mined?

No. Please note that persons eligible for the fiscal regime under the Nigerian Minerals and Mining Act, 2007 include companies or enterprises engaged in mining operations in Nigeria.

The Act provides for the following fiscal and tax incentives

A licence holder is entitled to deduct from its assessable profits a Capital Allowance of 95% of Qualifying Capital Expenditure incurred in the year in which the investment was made on all certified exploration, development and processing expenditure including feasibility study and sample assaying cost.

Infrastructure costs incurred regardless of ownership or replacement

The amount of any loss incurred by a licence holder shall be deducted as far as is possible from the assessable profits of the first year of assessment after that in which the loss was incurred and in so far as it cannot be so made then from such amounts of such assessable profits of the next year of assessment and so on up to a limit of four years after which period any unregistered loss shall become lapse.

All operators shall be granted the following benefits:

- Exemption from payment of customs and import duties in respect of plant, machinery, equipment and accessories imported specifically and exclusively for mining operations;
- Expatriate quota and resident permit in respect of the approved expatriate personnel; and
- Personal remittance quota for expatriate personnel, free from any tax imposed by any enactment for the transfer of external currency out of Nigeria.

The machinery, equipment and accessories to be imported shall be approved by the Mines Inspectorate Division. The plant, machinery, equipment and accessories imported pursuant to this section may be disposed of by the holder of Mineral Title upon full payment of customs and import duties in respect thereof.

The Central Bank of Nigeria (CBN) may permit a holder of a Mineral Title who earns foreign exchange from sale of his minerals to retain in a foreign exchange domiciliary account a portion of his earnings for use in acquiring spare parts and other inputs required for the mining operations which would otherwise not be readily available without the use of such earnings.

The Act also guarantees free transferability of funds through the CBN in convertible currency of payments in respect of loan servicing where a certified foreign loan has been obtained by the holder for his mining operations. The remittance of foreign



capital in the event of sale or liquidation of the mining operations or any interest therein attributable to foreign investment.

The Act provides a tax relief period of 3 years for any company granted a Mineral Title under the Act. The tax relief period may be extended for a further period of 2 years by the Minister on the fulfilment of certain conditions. The tax relief period commences on the date that the licence holder commences operations.

Section 30 of the Act provide for deductibility of environmental cost. It specifically states that:

- A tax deductible reserve for environmental protection, mine rehabilitation, reclamation and mine closure costs shall be established by companies engaged in the exploitation of mineral resources, provided however, that the appropriateness of the reserve is certified by an independent qualified person taking into account the determination made under the provisions of this Act;
- The reserve is recorded in the audited financial statements of the companies;
- Tax deductibility will be restricted to actual amount incurred for the purpose of the reclamation; and
- A sum equivalent to the reserve amount is set aside every year and invested in dedicated account or trust fund managed by independent trustees appointed pursuant to the provisions of the Act.

Section 32 provides for Annual Capital Cost Indexation. It states that the unclaimed balance of capital cost shall be increased yearly by 5 percent for mines that start production within 5 years from the date of enactment of the Mining Act.

The Act provides that any mineral obtained in the course of exploration or mining operations shall be liable to pay royalty as prescribed in any regulations made under the Act. However, the Minister may also defer the payment of royalty on any minerals for a specific period, on the approval of the Federal Executive Council.

Are there any restrictions on the export of minerals?

Yes. The applicant will apply to the MCO for a permit to export minerals. The application is accompanied by a list of minerals to be exported and the destination. The fees for exporting minerals for commercial purpose is N10,000.00, whilst N1,000.00 is paid for a permit to export minerals and samples for analysis purposes.

DISPOSALS OF RIGHTS AND CONTROLLING INTERESTS

Are there any statutory consents required to dispose of rights to explore and mine

Yes. The holder of such right is required to seek and obtain the consent of the Minister before disposal of such right and same will be registered with the Mining Cadastre Office.

Are there any restrictions on disposals of controlling interests in entities holding exploration or mining rights?

The holder of a Mineral Licence/lease is required to seek and obtain the consent of the Minister before disposal of such right

and same will be registered with the Mining Cadastre Office. In practice, disposal of controlling interest in entities holding exploration or mining rights is another way of transferring the exploration or mining right and as such will require the consent of the Minister.

Section 147(10) of the Nigerian Minerals and Mining Act No. 20, 2007 provides that no title mineral or rights therein shall be assigned to a person to whom that mineral title could not have been granted under the Act.

The mineral title holder is required to make an application for approval for the transfer of a mineral title to the MCO in the prescribed format.

Approval for a transfer of a mineral title is given by the MCO if the transferee is a qualified applicant, provided that the application for transfer shall be deemed automatically approved if not acted upon by the MCO within 30 days from the official receipt thereof.

No mineral title or rights therein can be assigned to a person to whom that mineral title could not have been granted under the Act.

USE OF SURFACE OF LAND INVOLVED IN PROSPECTING AND MINING ACTIVITIES

What are the rights of the holder of an exploration right or mining right to use the surface necessary or incidental to an exploration or mining operation?

An exploration right enables the holder (among other rights) to obtain access and enter the mining lease area, for the exclusive use, occupation and carrying out of mineral exploitation within the mining area.

ENVIRONMENTAL

What legislation governs environmental protection of exploration and mining sites?

- Environmental Impact Assessment Act E12, Laws of the Federation of Nigeria 2004;
- The Nigerian Minerals and Mining Act No. 20, 2007; and
- Nigerian Minerals and Mining Regulations 2011.

The Environmental Impact Assessment Act requires that any person planning a project/activity, which may likely or to a significant extent, affect the environment or have an environmental effect on those activities, to prepare an Environmental Impact Assessment Report. The Report must set out the potential impact of the activity on the environment and plans for preventing/mitigating the same. In addition, the public or private sector of the economy shall not undertake or embark on or authorise projects or activities without prior consideration of the effect on the environment.



NATIVE TITLE AND LAND RIGHTS

Is there any native title which has any implication for the exploration and mining industry?

Yes. Under the Land Use Act, (LUA) Cap L5, Laws of the Federation, 2004, a Governor of a State is empowered to revoke a statutory or customary right of occupancy granted over a parcel of land, for mining purposes. In addition, section 22 of the Nigerian Minerals and Mining Act, 2007 provides that the use of land for mining operations shall have priority over other uses of land.

Section 1(2) of the Nigerian Minerals and Mining Act No. 20, 2007 provides that all land in which minerals have been found in commercial quantities shall, from the commencement of the Act be acquired by the Federal Government in accordance with the provisions of the LUA.

The Act also recognises the fact that mining operations will one way or the other affect the wellbeing of the aborigines of the land upon which mineral title is granted. The Act mandates the holder of a mining lease, small scale mining lease or quarry lease to, prior to the commencement of any development activity within the lease area, conclude with the host community where the operations are to be conducted an agreement referred to as a Community Development Agreement or other such agreement that will ensure the transfer of social and economic benefits to the community.

Section 29 of LUA provides for compensation to be paid to the titleholder of a land where such title is revoked by a State Governor for mining purposes. Section 107 of the Nigerian Minerals and Mining Act No. 20, 2007 also makes provision for the payment of compensation to the Mineral Title holder of the land acquired for mining purposes. This is in addition to any other amounts payable

HEALTH AND SAFETY

What legislation governs health and safety in mining?

The Nigerian Minerals and Mining Act No. 20, 2007 and Regulations made pursuant to the Act.

CONSTITUTIONAL AND ADMINISTRATIVE LAW

Is there a constitution which has an impact upon rights to prospect and mine?

Yes. Section 44(3) of the Constitution of the Federal Republic of Nigeria (as amended) 1999 vests the entire property in and control of all minerals, mineral oils and natural gas in, under or upon any land in Nigeria or in, under or upon the territorial waters and the Exclusive Economic Zone of Nigeria in the Federal Government of Nigeria, which shall be managed in such manner as may be prescribed by the National Assembly."

Are there administrative appeals in the mining law?

Yes. Under the Nigerian Minerals and Mining Regulations 2011, any person aggrieved by any decision of the Ministry or any of its agencies on any application or matter under the

Regulations, may within seven days after being notified of the decision, appeal to the Minister for a review.

The Minister may set up a committee to consider the appeal and forward to the aggrieved person a report which shall include its findings and recommendation.

On receiving the report, the Minister may uphold, set aside or vary the decision complained of.

A notice of the Minister's decision on the appeal may be sent to the parties within seven days of the receipt. However, any delay to issue the notice will not nullify the decision of the Minister.

The mineral title holder if not satisfied with the outcome of the appeal to the Minister, may seek redress from the Federal High Court.

ROYALTIES AND TAXES

Are there special rules applicable to taxation of exploration and mining companies?

Yes. There are rules applicable to taxation of exploration and mining companies. Under the Nigerian Minerals and Mining Act 2007, a licence holder enjoys a three year tax relief period from the date of the commencement of mining operations. At the end of the tax relief period, the Minister may also extend the period for one further period of 2 years for any Mineral title holder.

In addition, there are certain statutory incentives given to licence holders which include the following:

- Deduction from their assessable profits capital allowance of 95% of qualifying capital expenditure incurred in the year in which the investment is incurred;
- All certified exploration, development and processing expenditure, including feasibility study and sample assaying costs; and
- All infrastructure costs incurred regardless of ownership and replacement
- Exemption from payment of customs and import duties in respect of plant, machinery, equipment and accessories imported specifically and exclusively for mining operations
- Personal remittance quota for expatriate personnel, free from any tax imposed by any enactment of the transfer of external currency out of Nigeria;
- A holder of a mineral title is guaranteed free transferability through the Central Bank in convertible currency payment of a certified foreign loan obtained in respect of its mining operations in Nigeria and the remittance of foreign capital in the event of sale or liquidation of the mining operations or any interest therein attributable to foreign investment.



Are there any royalties payable to the State over and above any taxes?

Yes. Any mineral obtained in the course of exploration or mining operations is liable to pay royalty as prescribed by the regulation made under the Act.

The remarkable improvement in Nigeria's ranking in the World Bank's Ease of Doing Business rating, has been attributed to the various reforms by the present administration, including reforms in the mineral and mining sector, as stated by the Minister of Mines and Steel Development, Dr Kayode Fayemi¹.

This can be attributed to the development of the Integrated Automation and Interactive Solid Minerals Portal (IAISMP). The new portal is designed to give undeniable accessibility and on the spot information to its users, while it promises to curb duplicity, and block unnecessary leakages in the sector. As stated by Dr Fayemi, the overall objective of the project was to increase provision of reliable information and knowledge to enhance promotion of investment in the sector using technology driven innovation.

This would in turn help increase the sector's GDP contribution significantly. Part of the deliverables of this project among others include: Business Processes Re-engineering, building of a GIS Web Portal with a Business Automation System, Content Management System (CMS), Geographic Information System (GIS), Decision Support System, collaboration and upgrade of the ICT Infrastructure of the Ministry².

¹<http://www.minesandsteel.gov.ng/2018/02/19/nigerias-improved-world-banks-ease-of-doing-business-ranking-attributable-to-reforms-in-mining-others-minister/>

² <http://www.minesandsteel.gov.ng/2017/11/19/iaip-the-new-game-changer-in-nigerias-mining-sector/>



SENEGAL

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RELEVANT AUTHORITIES AND LEGISLATION

What Laws Regulate Mining

In Senegal, mining activities are currently regulated by the following laws:

- Regulation 18/2003 / CM / UEMOA of 23 December 2003 being the Community Mining Code of the member countries of the West African Economic and Monetary Union (UEMOA);
- ECOWAS Directive C / DIR 3/0509 of 27 May 2009 on the harmonization of guiding principles in the mining sector
- Law No. 21016-32 of November 8, 2016 on the mining code (local law);
- Decree 2017-459 laying down the procedures for the application of Law N ° 2016-32 concerning the Mining Code Law on the Environment Code of Senegal plus its implementing decree;
- Order defining the definition of gold panning corridors in Kédougou and Tamba.

The above-mentioned legislation is in the process of being amended and a new one will be further enacted.

Which Government Bodies Administer Mining Law

There are three directorates under the Ministry of Mines and Geology who manage the mining sector in Senegal.

Government agencies	Missions
The Mining Operations Control and Supervision Directorate (DCSOM)	Ensure control and monitoring of the execution of research and exploitation operations and the collection of related data.
The Directorate of Prospecting and Promotion Mining (DPPM)	Contribute to the implementation of the mining prospecting policy and the promotion policy of the mining sector.
The Directorate of Mines and Geology (DMG)	Contribute to the implementation of the mining policy through the development and application of the legislative and regulatory framework of the mining sector and to ensure the management of the mining cadastre.

Types of and Manner of Acquisition of Rights

The rights granted to conduct mining activities in Senegal are as follows:

Prospecting authorization

Any legal person may engage in prospecting activities in all or part of the territory, subject to prior obtaining of a prospecting permit issued by the competent departments of the mines administration under the conditions fixed by decree.

The authorization is issued for a period not exceeding 6 months by the Minister of Mines. It is renewable once, in the same form, if the beneficiary has complied with its obligations. The prospecting authorization may be withdrawn or restricted for failure to fulfil the obligations provided for in this Code.

Research License

The research permit is issued for a period not exceeding four years by order of the Minister of Mines, subject to the prior rights of third parties on the perimeter on which it bears. It can be owned by any legal person.

For the same substance, the same legal person may not possess more than two research permits.

The research permit is renewable twice, by order of the Ministry of Mines for consecutive periods not exceeding three years each time.

At each renewal twice, by order of the Ministry of Mines for consecutive periods not exceeding three years each time.

At each renewal of the research permit, its area is reduced by one quarter.

Mining exploitation license

The mining title of exploitation concerns the mining license. It constitutes immovable property and must be compulsorily owned by a commercial company under Senegalese law. It is subrogated in the rights of the holder of the research license from which it derives. The operating permit is indivisible.

The mining license is issued by decree, for a minimum period of five years and not exceeding 20 years, renewable. The period of validity of the mining exploitation is fixed according to the importance of the proved reserves highlighted in a feasibility



study and the investments necessary for the development and the exploitation.

The mining permit may be renewed by decree, for one or more periods, in the same forms, until the deposit is exhausted.

In case of exploitation of a mining license without renewal of it, the mine and its dependencies are transferred in full ownership to the State, free of all charges, including its dependencies.

OIL AND GAS

What Rights are granted to Conduct Oil and Gas Exploration and Production?

According to Petroleum Code dated on 1998, Oil and Gas exploration and production (which are not considered as mining operations) are granted under these following rights:

- Authorization for prospecting for a period not exceeding 2 years or
- Hydrocarbons exploration permit initial period of not more than four years;
- Interim Authority to Operate (IAO) a period of 2 years during the period of validity of the hydrocarbons exploration permit;
- Hydrocarbon exploitation concession: a period that cannot exceed 5 years but could be renewed once for a maximum period of 10 years.

INDIGENISATION

Are there any Requirements in Relation to the Holding of Equity in Exploration and Mining Projects by Indigenous Peoples?

The Government is to be awarded for free 10% of the equity of the resource company that will have to operate the exploitation. The Government can also negotiate for him and/or the private national sector an additional 25% equity interest.

Are there any Special Rules or Restrictions Applicable to Foreign Applicants?

No, there aren't.

Identify any Rights that the State May have. Does the State have any Rights to Equity in Mining Projects?

The Government is to be awarded for free 10% of the equity of the resource company that will have to operate the exploitation. The Government can also negotiate for him and/or the private national sector an additional 25% equity interest.

PROCESSING AND BENEFICIATION

Are there any Restrictions on the Export of Minerals?

Subject to foreign exchange controls and after having met all legal requirements, there are no restrictions on the export of Minerals.

DISPOSALS OF RIGHTS AND CONTROLLING INTERESTS

Are there any Statutory Consents Required to Dispose of Rights to Explore and Mine?

No statutory consents are required according regulations governing the mining operations, but the authorization of Minister in charge of Mines and the payment of the duties and taxes normally due are needed.

Are there any Restrictions on Disposals of Controlling Interests in Entities Holding Exploration or Mining Rights?

No.

USE OF SURFACE OF LAND INVOLVED IN PROSPECTING AND MINING ACTIVITIES

What are the Rights of the Holder of an Exploration Right or Mining Right to use the Surface Necessary or Incidental to an Exploration or Mining Operation?

Authorization for prospecting gives to its holder a non exclusive right of prospecting available for targeted substances over the permitted area. Authorization for prospecting is considered as movable property.

Mining permits gives to its holder a right to occupy in the national territory like:

- Occupy the lands necessary for the carrying out of the research and operations, the carrying out of the related activities and the construction of the personal dwellings;
- Search and extract construction and stone materials;
- Cut the woods needed for this work;
- Conducting surveys for water supply for staff, construction, installations.



ENVIRONMENTAL

What Legislation Governs Environmental Protection of Exploration and Mining Sites

Exploration and mining sites by any environment requirement imposed either by the Mining law or the Environment Code in addition to the fact that an environment impact survey should be first conducted.

NATIVE TITLE AND LAND RIGHTS

Is there any Native Title which has any Implication for the Exploration and Mining Industry?

Occupation of lands by the permit holder gives rights to landowners or occupants just and adequate reparation for any material prejudice caused.

HEALTH AND SAFETY

The Mining Law provide that any legal person carrying out prospecting, research or exploitation of mineral substances must respect the rules of hygiene and safety, in order to guarantee the safety of persons and goods in mines and quarries.

ROYALTIES AND TAXES

Area Royalties:

The mining title holder has to pay annual "area royalties" as following:

- Mining exploration permits and each renewal:
 - First period of validity: 5000 FCFA/Km²/ year
 - First period of renewal: 6500FCFA/Km²/year
 - Second period of renewal: 8000FCFA/Km²/year
- Mining operation permits and each renewal: 250.000 FCFA/ Km²/year
- Authorization of exploitation of little mine: 50.000 FCFA/ha/ year at the delivery and each renewal
- Permanently quarrying permit: 50.000 FCFA/ha/year at the delivery and each renewal
- Authorization of exploitation of semi-mechanized mine: 50.000 FCFA/ha/year at the delivery and each renewal

Mining royalties

Most of the tax provisions of the old code were transferred to the tax code in 2012 (pursuant to Law No. 2012-31 and Law No. 2012-32 of December 31, 2012). This is also the case in the new mining code with the exception of surface royalties, mining royalties and for certain taxes.

The "mining tax" must be paid quarterly and deducted from the market value of the marketed product, as follows:

Iron-ore	Concentrated	5%
	treated	5%
Phosphate	Calcium aluminate and lime phosphate	5%
	Phosphoride acid	1,5
Gold	Concentrated	5%
	Treated abroad	5%
	Treated locally	3,5%
Other substances		3%

Exemptions:

Between the date of grant of the mining title and the date of commencement of commercial production (Investment Period), the mining company is exempt from all taxes, including value-added tax and port charges.

However, several taxes are not affected by this exemption, including:

- The statistical fee;
- Community levy; and
- Other applicable Community taxes.

In addition, the exemption from the export tax has been abolished.

Fixed entrance fees

The allocation, renewal, extension, extension, or transformation as well as the transfer or improvement of research and exploitation mining titles are subject to the payment of fixed entry fees, paid in one installment, as follows:

Research License	2 500 000 F CFA
Operating license	10 000 000 F CFA
Permanent Quarry Permit	2 500 000 F CFA
Temporary Quarry Operating Authorization	1 000 000 F CFA
Authorization to operate a small mine	2 500 000 F CFA
Semi-mechanized mining authorization	1 500 000 F CFA
Authorization for artisanal mining	50 000 F CFA



SOUTH AFRICA

WERKSMANS ATTORNEYS



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RELEVANT AUTHORITIES AND LEGISLATION

What laws regulate mining law?

South African Mining Law is regulated by the Mineral and Petroleum Resources Development Act, 28 of 2002 ("MPRDA") which is the predominant piece of legislation dealing with acquisitions or rights to conduct reconnaissance, prospecting and mining. The MPRDA became effective on 1 May 2004 and substitutes the erstwhile hybrid system of a common law system with statutory interference. There are several other pieces of legislation which deal with such ancillary issues such as royalties (the Mineral and Petroleum Resources Royalty Act, 2008), title registration (the Mining Titles Registration Act, 1967), and health and safety (the Mine Health and Safety Act, 1996).

Which Government body/ies administer mining law?

The mining industry in South Africa is administered by the Department of Mineral Resources, the head office of which is situated in Pretoria South Africa and each of the nine regions of South Africa have regional offices of the Department of Mineral Resources. There is also a mine health and safety inspectorate which falls under the auspices of the Department of Mineral Resources. In addition there is a Director General and a Deputy Director General both of whom have delegated powers down from the Minister to take various decisions as delegatee of the Minister.

TYPES OF AND MANNER OF ACQUISITION OF RIGHTS

What rights are required to conduct reconnaissance?

Reconnaissance is defined in South African law as "any operation carried out for or in connection with the search for a mineral or petroleum by geological, geophysical and photo geological surveys that includes any remote sensing techniques but does not include any prospecting operations other than acquisition and processing of new seismic data". In order to conduct a reconnaissance an applicant needs to apply for a reconnaissance permission to the DMR and demonstrate that the applicant has financial resources, technical ability and has lodged a reconnaissance work programme. Such rights are valid for one year and are not renewable or transferable. The holding of a reconnaissance permission does not grant any exclusivity to apply for, or be granted, a prospecting right or a mining right.

What rights are required to conduct exploration?

In South African law there is a distinction between prospecting and exploration. Prospecting relates to searching for minerals other than petroleum. In order to conduct prospecting for minerals (other than petroleum), an applicant has to apply for and be granted a prospecting right. In order to procure the grant the applicant must apply for an environmental authorisation and consult with interested and affected parties, including land owners and lawful occupiers. The Minister is obliged to grant the prospecting right if the applicant has access to financial resources and technical ability, can conduct the prospecting in accordance with the prospecting work programme and if the prospecting will not result in unacceptable pollution, degradation or damage to the environment. Prospecting rights are granted for a maximum period of 5 years and are renewable once for period of up to 3 years. The holding of a prospecting right grants exclusivity to the holder in regard to an application for a mining right.

What rights are required to conduct mining?

A person wishing to conduct mining for minerals (other than petroleum) needs to apply for a mining right in terms of the MPRDA. In order for the application to be granted, the applicant has to lodge an application for an environmental authorisation and consult with interested and affected parties, including land owners. The Minister must grant the right if the mineral can be mined optimally, the applicant has access to financial resources and technical ability and the mining will not result in unacceptable pollution, ecological degradation or damage to the environment. Furthermore, the applicant has to lodge a mining work programme and a detailed social and labour plan. A mining right is granted for a maximum period of 30 years provided that the holder is entitled to apply for renewal for periods not exceeding 30 years.

OIL AND GAS

What rights are required to conduct oil and gas exploration and production?

Exploration relates to searching for petroleum. Petroleum relates to liquid, solid hydrocarbons or combustible gas but excludes coal and bituminous shale. In regard to petroleum



an applicant has to apply for exploration rights in terms of the Petroleum Chapter of the MPRDA. In regard to production an applicant has to apply for a production right in terms of the Petroleum Chapter of the MPRDA.

INDIGENISATION REQUIREMENTS

Are there requirements for ownership by indigenous persons or entities?

There are no requirements for foreign ownership by indigenous persons or entities in entities holding prospecting rights or mining rights in South Africa. However, there is a requirement that at least 26% of the attributable units of production of prospecting or mining projects should be held by historically disadvantaged South Africans. A mining charter dealing with the transformation of the mining industry to assist the entrance of historically disadvantaged South Africans into the minerals and mining industry applies to all holders of prospecting rights and mining rights. A mining charter was published in 2004 when the MPRDA came into effect but has been substituted by an amended mining charter in 2010. A new mining charter of 2018 has been published in September 2018 now requiring for new mining right applicants a 30% shareholding by Historically Disadvantaged South African including 5% carried interest in favour of employees and 5% carried interest in favour of local communities.

Are there special rules for foreign applicants?

There are no special rules in South Africa in regard to foreign applicants. They have to comply with exactly same criteria for the grant of a right as an indigenous applicant. Prospecting rights and mining rights in South Africa can be held by foreign entities, whether natural or juristic. If a foreign company conducts business in South Africa it would have to register at least as an external company in terms of the Companies Act.

State Equity

The State does not have free carry rights in relation to prospecting or mining projects, nor rights to acquire shareholdings. There is a State owned mining company which itself applies for prospecting rights or mining rights in accordance with the MPRDA.

In the petroleum industry, it is common in exploration rights and prospecting rights for the parties to agree that the State shall have an entitlement of a free carry (up to 5%) and options to acquire further shareholding provided that such shareholding will be contributory. An Amendment Act of 2013 was approved by Parliament but has been sent back to Parliament for reconsideration because of several controversial aspects and it has yet to become force of law. The latest version of the Amendment Act provides for a 20% free carry in favour of the State with an option to acquire contributory interest of up to 100%.

PROCESSING AND BENEFICIATION

Are there special regulatory provisions relating to processing and further beneficiation of mined minerals?

The MPRDA provides that before any person intends to beneficiate any mineral mined in the Republic of South Africa

outside the Republic, the holder may only do so after written notice and in consultation with the Minister. The holder of a mining right is entitled to process minerals mined under the auspices of a mining right as the holder of a mining right. However, there are further statutory provisions that are applicable to processing of precious metals and diamonds and these requirements are regulated by the Precious Metals Act, 2005 and the Diamonds Act, 1986 respectively.

The Amendment Act referred to above provides that every producer of designated minerals must offer to local beneficiators a prescribed percentage of its production of minerals or mineral products in prescribed quantities, qualities and timelines at the mine gate price or agreed price.

Are there restrictions on the export of minerals?

There are restrictions on the export of certain minerals, such as diamonds in terms of the Diamonds Act, 198 and precious metals in terms of the Precious Metals Act, 2005. Precious metals include gold, silver and the platinum group metals. A permit is required to export and export levies are imposed.

The Amendment Act referred to in paragraph 4.3 above provides that no person other than a producer that has offered local beneficiators the prescribed percentage of its production of minerals may export designated minerals or mineral products without the Minister's prior written approval.

DISPOSALS OF RIGHTS AND CONTROLLING INTERESTS

Are there restrictions on the transfer of rights to conduct reconnaissance, exploration and mining?

The MPRDA contains restrictions on the ability to transfer reconnaissance rights, prospecting rights, mining rights, exploration rights and production rights. The transfer of these or any interest in these through any method of disposal requires the prior written consent of the Minister of Mineral Resources. The Minister is obliged to grant such consent if the transferee satisfies the criteria for the grant of a right in the first place. Disposals are given effect to by cessions of rights which are capable of being registered in the Mining Titles Office.

Are there restrictions on disposals of controlling interests in the entities holding exploration or mining projects?

There are change of control restrictions applicable. A disposal of a controlling interest in a company holding a prospecting or mining right requires the prior consent of the Minister. This does not apply to listed entities. The wording in the MPRDA regarding disposals of controlling interests is wide enough probably also to include the changes in controlling shareholding of ultimate holding companies even offshore. The Amendment Act referred to in 4.3 above provides for a disposal of any interest in a company holding a prospecting right or mining right requiring the prior written consent of the Minister provided that this restriction will only apply to a disposal of a controlling interest in the case of a listed entity.



RIGHTS TO USE SURFACE OF LAND

What are the rights of the holder of a right to conduct reconnaissance, prospecting or mining to use the surface of land?

The rights to use the surface of a holder of a right to conduct reconnaissance, prospecting or mining in terms of the MPRDA are extensive. The holder may –

- Enter the land to which such right relates, bring his or her employees onto the land and bring any plant, machinery or equipment or build or construction or lay down any surface, underground or undersea infrastructure which may be required for purposes of prospecting or mining;
- Prospect or mine for his own account;
- Remove and dispose of such mineral;
- Use water in relation to prospecting or mining activities; and
- Carry out any other activity incidental to prospecting or mining.

What obligations does the holder of a reconnaissance right, prospecting right or mining right have vis-à-vis the landowner or lawful occupier?

The holder of a reconnaissance right, prospecting right or mining right has duties towards the landowner or lawful occupier in terms of consultation, and the holder of a prospecting right or mining right has to compensate the landowner for loss or damage suffered as a result of the conduct of prospecting or mining activities. It is not necessary for the holder of a prospecting right or mining right to purchase land or even enter into an agreement to use the land with the surface owner. Where communities are involved the consultation obligations are more extensive as a result of recent court decisions which have held that the consent of the community must be obtained before mining can take place.

ENVIRONMENTAL

What environmental authorisations are required in order to conduct reconnaissance, exploration and mining operations?

Currently the holder of a prospecting right or mining right is required to have an approved environmental authorisation, prior to the conducting of the relevant activities. In addition, the right to use water is governed by the National Water Act, 1998.

What provisions need to be made for the closure of mines?

The holder of a prospecting right or mining right must furnish during all stages of the project sufficient pecuniary provision for rehabilitation which is reassessed on an annual basis. This is done in terms of a deposit with the DMR, bank guarantee or a trust deed. The principle of pecuniary provision is that there must be sufficient funds at all times in the hands of the DMR apart from the mining company to attend to rehabilitation if there is a premature closure of the mine.

What are the closure obligations of the holder of a reconnaissance right, prospecting right or mining right?

The holder of a prospecting right or mining right must apply for a closure certificate within 180 days of ceasing the relevant

operation and lodge a closure plan. Furthermore the holder of a prospecting or mining right must comply with all aspects of the environmental authorisation approved in relation to the prospecting right or mining right in regard to closure.

Are there any zoning requirements applicable?

Zoning requirements may be applicable and required to be obtained over and above the prospecting right or mining right if there are zoning restrictions in the applicable area. There may be a town planning scheme having application over the relevant area which restricts prospecting or mining without a rezoning application.

NATIVE TITLE AND LAND RIGHTS

Does the holding of native title or other statutory surface use rights have an impact upon reconnaissance, prospecting or mining operations?

Native title or other statutory surface use rights do not have a material impact upon reconnaissance, prospecting or mining operations. Holders of such rights would be in the same position as any landowner or lawful occupier in regard to consultation by applicants and holders of prospecting rights or mining rights and the right to receive compensation in the case of damage or loss. Communities owning land do have preferent rights to apply for rights to prospect or mine. Furthermore if any application for a mining right relates to land occupied by a community the Minister may impose such conditions as are necessary to promote the rights and interests of the community. The obligations on a mining right applicant or holder to consult with communities is more extensive than other landowners because of recent court decisions which have held that the consent of a community must be obtained before mining can commence.

HEALTH AND SAFETY

What legislation governs health and safety in mining?

There is a separate piece of legislation dealing with health and safety in mining, namely the Mine Health and Safety Act, 1996. Previously, mine health and safety was dealt with in the same ambit as the relevant mining law, namely the Minerals Act, 50 of 1991 but it was removed and placed in a separate piece of legislation as the purpose of the two pieces of legislation is often in conflict.

Are there obligations imposed upon owners, employers, managers and employees in relation to health and safety?

There are extensive obligations imposed upon owners, employers, managers and employees in relation to health and safety, including in relation to statutory appointments, liability, committees, inquest and enquiries.



ADMINISTRATIVE AND CONSTITUTIONAL ASPECTS

Is there a system of appeals against administrative decisions in terms of the relevant mining legislation?

There is a system of appeals against administrative decisions in terms of the relevant mining legislation. One has to exhaust the internal remedies before going to court to set aside an administrative decision on review in terms of the High Court rules. Appeals have to be brought within 30 days of gaining knowledge of the relevant decision.

Is there a constitution which has an impact upon rights to conduct reconnaissance, prospecting and mining?

There is a Constitution in South Africa of 1996 which has an impact upon rights to conduct reconnaissance, prospecting and mining. Section 25 of the Constitution protects property from being expropriated without just and equitable compensation; property would include prospecting rights or mining rights and is not limited to land. The law must be of the general application and there should be no arbitrary deprivation. It must also be for a public purpose or public interest.

TAXES AND ROYALTIES

Are there any special rules applicable to taxation of prospecting and mining entities?

There are extensive special rules applicable to taxation of prospecting and mining companies including in relation to capital expenditure deductions. To qualify as a mining company, one has to hold a prospecting right or a mining right granted in terms of the MPRDA.

Are there royalties payable to the State over and above any taxes?

There are royalties payable to the State over and above taxes in terms of the Mineral and Petroleum Resources Royalty Act based on an earnings before interest and tax formulation.



TANZANIA

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RELEVANT AUTHORITIES AND LEGISLATION

What laws regulate mining

The principal legislation regulating mining is the Mining Act, No-15 of 2010 ("the Mining Act"), as well as regulations made under the Act concerning mineral rights, environmental protection, mineral beneficiation, safety and occupational health, mineral trading and mining of radioactive material.

Which Government Bodies administer mining law

The mining industry is administered by the Ministry of Minerals. The chief officer relating to mining regulation is the Commissioner for Minerals, a presidential appointee whose responsibility is to advise the Minister on all matters relating to the mining sector. The Minister has a role to play as well, specifically concerning preparation of policies, strategies and legislative framework for exploration and exploitation of mineral resources as well as monitoring the implementation of laid down government policies on minerals. There is a Mining Commission constituted under the Mining Act, with responsibility, among others, to grant of mining licences and related matters.

The Mining Commission is responsible for the processing of licences applications but Zonal Mines Offices in the regions (under the Ministry) may also be involved in the process.

TYPES OF AND MANNER OF ACQUISITION OF RIGHTS

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

The Mining Act does not contain provision for a right to conduct reconnaissance. A Prospecting Licence is required to conduct exploration. However, exploration activities may also be undertaken under the various mining licences in addition to mining operations. Under mining operations, there are four categories of mining licence. There are Special Mining Licence (SML), Mining Licence (ML), Gemstone Mining Licence (GML) and a Primary Mining Licence (PML). SML are issued in respect of large scale mining operations whose capital is not less than USD 100,000,000.00 while a ML is one relating to medium-scale mining operations whose capital investment is between USD 100,000 to 100,000,000.00. GML are reserved for Tanzanian citizens except in the case of joint ventures where 50 per cent of the joint venture interest is controlled by a Tanzanian and PMLs are also restricted to Tanzanian citizens only.

OIL AND GAS

What rights are granted to conduct oil and gas exploration and production?

The principal legislation regulating the exploration and production of the oil and gas sector in Tanzania is the Petroleum Act, 2015("the Act") which has recently repealed the Petroleum (Exploration and Production) Act, 1980. This Act provides for regulations of upstream, midstream and downstream petroleum activities.

The Act grants the National Oil Company (the "NOC") the exclusive right to be granted petroleum rights including licences. Such licences are not transferrable. A private sector party may be able to apply for a through the following process:

The first one is a partnership with the NOC. The NOC may, subject to the Minister's consent and on the advice of Petroleum Upstream Regulatory Authority ("PURA"), enter into partnership with a Tanzanian or a foreign entity through an open tendering process or direct award of a block. When private sector participants partner with the NOC, the NOC must retain at least a 25% interest in any joint venture vehicle.

The second potential procurement process appears to be related to the entry into Petroleum agreements. Petroleum agreements shall not be entered unless a transparent and competitive public tendering process is completed. The Minister shall cause to be published in a newspaper of wide circulation, invitation of tender or the intention to initiate direct negotiations. Where all or part of the area tendered in a competitive public tender process for an award of an agreement has not become effective, and it is for the public interest, the Minister may, upon the advice of PURA and approval of the Cabinet, initiate direct negotiations with qualified and eligible company.

Also the Act requires a person intending to carry out reconnaissance surveys to apply for a reconnaissance permit from PURA.



INDIGENISATION REQUIREMENTS

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

In addition to restrictions of ownership of Primary Mining Licence and Gemstone Mining Licences to Tanzanians, there is a requirement that an indigenous Tanzanian company should have at least 5% equity participation in a foreign company for such foreign company to qualify for grant of a Mining Licence (ML). The participating interest of an indigenous Tanzanian company is not transferable to a non-indigenous Tanzanian company.

Are there any special rules or restrictions applicable to foreign applicants?

Except in the case of Primary Mining Licence which is restricted to Tanzanians or companies exclusively owned by Tanzanians and Gemstone Mining Licence also restricted to Tanzanians in the case of an individual and if in a partnership or joint venture where a Tanzanian must have a fifty percent interest, there are no special rules applicable to foreigners.

Identify any rights that the State may have. Does the State have any rights to equity in mining projects?

The Mining Act provides that in any mining operations under a mining licence (ML) or a special mining licence (SML) the Government of Tanzania shall have not less than 16% nondilutable free carried interest shares in the capital of a mining company depending on the type of minerals and the level of investment.

PROCESSING AND BENEFICIATION

Are there any requirements to beneficiate minerals mined?

Mineral rights holder are obliged under the Mining Act to set aside a certain amount of minerals for local processing. The Mining (Mineral Beneficiation) Regulations, 2018 provide for further procedures regulating beneficiation of mined minerals.

Are there any restrictions on the export of minerals?

There is a general restriction for exportation of raw minerals and mineral concentrates and thus a mining company needs to obtain special authorization from the Government for the exportation of raw minerals. The Mining Act also prohibits the selling or disposing of or export of any raw gold or gemstones except by holders of a Dealer's Licence. The export or import of any radioactive minerals must be in accordance with the Atomic Energy Act. Holders of mineral rights are not required to have a Dealer's Licence in order to export their minerals.

DISPOSALS OF RIGHTS AND CONTROLLING INTERESTS

Are there any statutory consents required to dispose of rights to explore and mine

The holder(s) of a mineral right, with respect to special mining licence; mining licence or any undivided proportionate part thereof shall assigned mineral right to another person without a written consent of the licensing authority. Please note the consent of the licensing authority shall not be required for an

assignment to an affiliate, where the obligations of the affiliate are guaranteed by the assignor or by a parent company approved by the licensing authority or a bank or other financial institution by way of mortgage or charge given as security for any loan or guarantee in respect of mining operations.

Are there any restrictions on disposals of controlling interests in entities holding exploration or mining rights?

A company holding a mineral right shall not without the prior approval of the Licensing Authority transfer its shares if the effect of the transfer would be to give the transferee control of the company. The law provides that the licensing Authority's consent shall not be unreasonably withheld.

USE OF SURFACE OF LAND INVOLVED IN PROSPECTING AND MINING ACTIVITIES

What are the rights of the holder of an exploration right or mining right to use the surface necessary or incidental to an exploration or mining operation?

A mineral right holder may enter the mining area and take all the necessary action to facilitate exploration or mining, may erect buildings, and any facility on the licence area and stack or dump mineral waste in the manner provided for in the Environmental Management Plan subject to the consent of various government agencies where the land is used for any public purposes and purposes and the consent of the private lawful occupiers. Surface rights users must be compensated for damage to property or crops and if they have to relocate the cost for relocation and that of properties or crop.

ENVIRONMENTAL

What legislation governs environmental protection of exploration and mining sites?

Application for Special mining Licences, Mining Licences or Gemstone Mining Licences must be accompanied by an environmental impact statement and an environmental management plan. The Minister for Mineral may reject an application if the application for a licence is submitted without an environmental impact statement or an environmental management plan while the applicant is not exempted. Within seven days of the date of submitting the application, applicants are obliged to publish their environmental impact statement in the prescribed manner. The licensing authority shall not issue a licence until the expiry of at least 60 days from the date of application. An application for a Special Mining Licence must be accompanied by the applicant's environmental certificate issued in terms of the Environmental Management Act.

NATIVE TITLE AND LAND RIGHTS

Is there any native title which has any implication for the exploration and mining industry?

A mineral right holder cannot enter any occupied land without approval of the surface rights holder including any land that



is for public or various government uses such as; national parks, forest reserves, game reserves, conservation areas, municipalities, townships, villagers or private lawful occupiers, and after they have reached agreement for compensation through consultation with the local Government and village council, where applicable.

HEALTH AND SAFETY

What legislation governs health and safety in mining?

The principal regulation governing health and safety is the Environmental Management Act No. 20 of 2004 and its Subsidiary Legislation administered by the National Environmental Management Council. These include, in addition the Occupation Health and Safety Act No. 5 of 2003. Other relevant safety and health regulations include:

- The Environmental (Registration of Environmental Experts) Regulation, 2005
- The Environmental Impact Assessment and Audit Regulation, 2005
- The Environmental Management (Air Quality Standards) Regulations, 2007
- The Environmental Management (Soil Quality Standards) Regulations, 2007
- The Environmental Management (Water Quality Standards) Regulations, 2007
- The Environmental (Solid Waste Management) Regulations, 2009
- The Environmental (Hazardous Waste Control and Management) Regulations, 2009
- Environmental regulations- Strategic Assessment; and
- Environmental Management (Fees and Charges)

CONSTITUTIONAL AND ADMINISTRATIVE LAW

Is there a constitution which has an impact upon rights to prospect and mine?

The Constitution of the United Republic of Tanzania guarantees the right to private ownership of property and state protection of that property and forbids nationalisation of private property without due process of the law which provides for a fair and speedy compensation.

Are there administrative appeals in the mining law?

The Mining Commission has powers for the adjudication of disputes between rights holders in relation to themselves or third parties other than the Government. Person aggrieved by the decision of the Mining Commission exercising judicial powers under the Mining Act may appeal to the High Court.

ROYALTIES AND TAXES

Are there special rules applicable to taxation of exploration and mining companies?

There is a special fiscal regime for mining companies as detailed below:

- **US\$ accounting**- mining companies may opt to maintain their accounts in the US\$ currency and their tax liability will be assessed and calculated in US\$.
- **Corporate income tax** - corporate tax is payable under the Income Tax Act, 2006 (Income Tax Act Revised Edition) at

rate not exceeding 30 per cent. Income is computed in the manner set out in the Income Tax Act, as may be amended from time to time.

- **Depreciation allowance for capital expenditure** - depreciation shall be deducted at a rate of 20 per cent on capital expenditure for exploration and development.
- **Loss carry forwards**- Losses may be carried forward indefinitely until recovered against income.
- **Expenditure on another licence area** - expenditure on prospecting and mining operations in respect of another licence area may, for the purposes of ascertaining taxable income, be treated as though it was expenditure incurred in respect of each mining licence. The law provides clearly that each mineral right constitutes a separate mining operation
- **Withholding tax on dividends** - withholding tax on dividends is at a rate of 10 per cent
- **Withholding tax on interest** - withholding tax on the interest on foreign loan is at the rate of 10 per cent and accrued interest is deemed a payment, therefore, withholding tax thereon is payable.
- **Withholding tax on payment for technical services and on management fees** - withholding tax on the above is capped at the rate of 5 per cent, where the technical service fee, or the management fee is paid to a resident person or 15 per cent on a non-resident person.
- **Custom duty and on imports of mining equipment and supplies** - import duties under the terms of the Customs Traffic Act by a mining company or its subcontractors are at a zero per cent rate during exploration and in the first year of operation, thereafter will not exceed 5 per cent.
- **Value Added Tax** - VAT special relief has recently been limited to cover only exploration and prospecting activities, while excise duty exemption were abolished in 2009. Holder of Special Mining Licences may enter into a Development Agreement with the Government which may provide fiscal stability such that the tax regime existing on the date of the Development agreement is frozen creating a stable and predictable fiscal regime over the life of the mine.

Are there any royalties payable to the State over and above any taxes?

Royalties are chargeable on the gross back value of minerals produced under licence at the rate of 5% for uranium, gemstone, diamonds and 6% and 6% for metallic minerals including gold and other minerals, respectively. Gross value is defined under the Mining Act to mean, the market value of minerals at the point of refining or sale or in the case of consumption within Tanzania, at the point of delivery within Tanzania.



UGANDA

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RELEVANT AUTHORITIES AND LEGISLATION

What laws regulate mining?

There are various laws that govern the mining sector in Uganda. Below is a summary of the key laws:

The 1995 Constitution of Uganda

The Constitution vests powers in the Parliament of Uganda to make laws regulating the exploitation of minerals, sharing of royalties arising from mineral exploitation, conditions of payment of indemnities arising out of exploitation of minerals and conditions regarding the restoration of derelict lands. The Constitution further provides that all minerals are held by the government on behalf of the people of Uganda.

Mining Act 2003

The Mining Act 2003 repealed and replaced the Mining Act 1964, Cap. 248, with provisions on mining and mineral development, which give effect to the relevant provisions of the Constitution; to vest the ownership and control of all minerals in Uganda in the Government.

The Act also provides for the acquisition of mineral rights; administration; licensing and leases and other related matters.

Mining Regulations 2004

The Regulations contain the procedure of applying and acquiring the various licences like prospecting licence, exploration, retention, location, and mining licence among others.

National Environment Act (NEA Act) 2003

The Act governs and sets out provisions that guide activities of the mining sector regarding the protection of the environment. Every holder of a mining lease is required to carry out an environment impact assessment in accordance with the provisions of the National Environment Act.

Other Acts include:

- The Income Tax Act
- The Public Finance Management Act 2015
- The Public Private Partnership Act 2015
- The Companies Act 2012
- The Contracts Act 2010
- The Wildlife Act Cap 200

- The National Forestry and Tree Planting Act
- The Land Act
- The Registration of Titles Act
- The Employment Act
- The Occupational Safety and Health Act

There is also a Mining Policy that was issued in 2001.

Which Government Bodies administer mining law?**1. The Ministry of Energy and Mineral Development**

The ministry is responsible for the policy direction and accountable for the sector performance.

2. The Directorate of Geological Survey and Mines (DGSM)

Formerly known as the Department of Geological Survey and Mines, in 2015 was upgraded from department to a fully-fledged directorate with three Departments namely; the department of Geological Survey, the Department of Mines and the Department of Geothermal Resources.

The Directorate is the technical arm of the Ministry of Energy and Mineral Development responsible for the administration and management of the mineral sector in Uganda. The Mines Department is responsible for issuing licenses for the exploration and exploitation of identified mineral occurrence.

TYPES OF AND MANNER OF ACQUISITION OF RIGHTS

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

The Mining Act 2003 provides that any person in Uganda has the right to acquire and search for, retain, mine and dispose of any mineral as long as a licence to authorising the mining activities has been obtained from the Directorate. Failure to comply with this provision is a crime and may result into imprisonment or other penalty or both. The Act provides for four types of mineral rights which can only be exercised by holders of mineral licenses namely:



Prospecting License

The right to prospect for minerals in Uganda is given to the holder of a prospecting license and authorises participation in mineral prospecting. The right is not transferable. The license is not area specific and gives authority to the holder to look for mineral occurrence of interest in Uganda. The Prospecting License is not renewable and lasts only one year from date of issue however an applicant is not prohibited from applying for another prospecting license following expiry of the first one. An application for a prospecting licence is made to the Commissioner for Geological Survey and Mines in the prescribed form upon payment of the prescribed fee.

Exploration License

The license is exclusive and is granted for a duration of up to three years and the maximum area of exploration license is 500 km². The license is renewable for two terms of two years each however half of the exploration area as at the date of grant or last renewal must be relinquished on renewal. Unlike a prospecting license which is not area specific, the exploration license defines the area for exploration and therefore it is a requirement that the application for an exploration license must be accompanied by a map of the area to be explored among other requirements.

Retention License

A Retention license is granted to an applicant who is an exploration license holder and has identified a mineral deposit within the exploration area of potential commercial significance but is unable to develop the resource immediately by reason of adverse market conditions and other factors beyond the applicant's reasonable control which are temporary in nature. The license is only granted in respect of the exploration area granted in the exploration license and is granted for a maximum of three years and is renewable for a single period of two (2) years.

Mining lease

The Mining lease is the right granted to authorise mining operations over an area. The application of the Mining Lease should be in a prescribed form and accompanied with the prescribed fee which is made to the Commissioner. The application should indicate financial and technical resources available to the applicant to carry out his obligations under the lease. The form should also be accompanied with a full

feasibility study including a plan of the area in respect of which the lease is sought. The lease is granted for a period of up to 20 years or the estimated life of the ore body proposed to be mined, whichever is shorter and may be renewed for a period not exceeding 15 years.

Mining Location

This is granted to any person who is a Ugandan citizen wishing to carry out small scale prospecting and mining operations. In case of a body corporate, it is only granted to the body where at least 51% of the beneficial ownership of the body are citizens of Uganda. The total planned expenditure to bring the mine into operation must not exceed UGX 20,000,000 (Uganda Shillings Twenty Million only) approximately USD 3,000.

OIL AND GAS

What rights are granted to conduct oil and gas exploration and production

The Petroleum (Exploration, Development and Production) Act 2013 provides for the following rights to conduct oil and gas exploration and production:

- Reconnaissance Permit - This permit is granted to persons who intend to carry out reconnaissance surveys and these are required to apply to the Minister for this license upon payment of a prescribed fee. The license shall be for a geographically delineated area and is non-exclusive which means that it may be granted to more than two persons in respect of the same area. The duration of this license is eighteen months.
- Petroleum Exploration Licence - The licence is granted to authorise exploration of hydrocarbons in a specified area. The license can only be applied for upon the Minister of Energy announcing in the gazette the availability of areas for bidding. In exceptional cases enumerated in the Act, the Minister may receive direct applications for exploration licenses. The duration for this license is two years and may not be renewed more than twice.
- Petroleum Production licence - The holder of a Petroleum Exploration licence shall have exclusive right to apply for



the grant of a Petroleum Production License over any block following the discovery of petroleum in their exploration area. The license is granted for a period of twenty (20) years and may be renewed.

INDIGENISATION REQUIREMENTS

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

The Mining Act 2003 prohibits any issuance of a mineral right to an individual who is not a citizen of Uganda or a company which is not registered or incorporated under the laws of Uganda.

Further, Location licenses under the Mining Act above are only granted to citizens of Uganda or a body corporate that has at least 51% of its beneficial ownership vested in Ugandans citizens.

Are there any special rules or restrictions applicable to foreign applicants?

According to the Mining Act 2003, mineral rights cannot be granted to foreign individuals or companies unless the company is registered or incorporated in Uganda. Additionally, foreigners are not eligible for the grant of a location license.

Identify any rights that the State may have. Does the State have any rights to equity in mining projects

No.

PROCESSING AND BENEFICIATION

Are there any requirements to beneficiate minerals mined?

No. There are generally no mandatory legal requirements under the mining law or regulations to beneficiate minerals mined. However, the President of Uganda issued a directive specifically barring the exportation of unprocessed copper and iron ore to which there has been no value added or beneficiation.

Are there any restrictions on the export of minerals?

Yes. A person who is interested in exporting minerals must obtain a permit from the Commissioner of the Geological Survey and Mines on conditions determined by or under the Act. Any person who exports any mineral from Uganda without complying with the requirements of the Mining Act 2003 commits an offence and may be liable, on conviction, to a fine or imprisonment or both.

Refer above, there is a presidential directive in place that restricts the exportation of unprocessed copper and iron ore without any beneficiation taking place.

DISPOSALS OF RIGHTS AND CONTROLLING INTERESTS

Are there any statutory consents required to dispose of rights to explore and mine

Yes. The Mining Act provides for restrictions on transfers for a mineral right. The Act prohibits any transfer of a Prospecting licence and any transfer for the other licences shall be void unless the Commissioner's consent is given.

The Commissioner of Geological Survey and Mines may give his or her approval for the transfer where the proposed transferee of the mineral right is a person that controls or is controlled by, or is under joint or common control with, the holder of the mineral right; however, such transferee is not disqualified under any provisions of the Act from holding the mineral right sought to be transferred.

Are there any restrictions on disposals of controlling interests in entities holding exploration or mining rights?

Yes. Any person seeking to dispose of any mineral right or share of the mineral right should seek the consent of the Commissioner Geological Survey and Mines before disposing of the interest.

USE OF SURFACE OF LAND INVOLVED IN PROSPECTING AND MINING ACTIVITIES

What are the rights of the holder of an exploration right or mining right to use the surface necessary or incidental to an exploration or mining operation?

Generally at common law, the holder of an exploration right is entitled to use the surface necessary or incidental to its operations. However the Act restricts this right where the operations are within 200 (Two Hundred) meters of any occupied or temporarily unoccupied house or building. Here, the holder of the exploration license must seek the written consent of the owner of the land.

The holder of a Mineral Right is also entitled to apply for exclusive rights over the whole or any part of the mining area. This is upon request by the owner or lawful occupant of the land on which the mining area is situated to obtain a lease or other rights to use the area upon such terms as to duration or the extent of the land to which the lease shall relate.

ENVIRONMENTAL

What legislation governs environmental protection of exploration and mining sites?

Under the Mining Act, every exploration licence and mining lease is granted with a condition that the holder of such a license or lease takes all necessary steps to ensure the prevention and minimization of pollution of the environment in accordance with the standards and guidelines prescribed in the National Environment Act.

Further, every holder of an exploration licence or a mining lease MUST carry out an Environmental Impact Assessment (EIA) of his/ her proposed operations in accordance with the National Environment Act.

The holder of an exploration licence or a mining lease MUST procure a certificate of approval of his or her proposed operations from the National Environmental Management Authority (NEMA).



The holder of an exploration licence or a mining lease MUST carry out an annual environmental audit and keep a record of operations describing how far the operations conform to the approved EIA.

The holder of an exploration licence or a mining lease MUST submit to NEMA an Environmental Management Plan indicating the type and quality of wastes to be generated from any exploration or mining operations they are currently undertaking and the method of final disposal.

Every Exploration Licence or Mining Lease MUST have a condition that the holder submits an Environmental Restoration Plan of the exploration or mining area that may be damaged or adversely affected by his/her exploration or mining operations.

NATIVE TITLE AND LAND RIGHTS

Is there any native title which has any implication for the exploration and mining industry?

Yes. Article 244(2) of the Constitution of the Republic of Uganda provides that minerals shall be exploited taking into account the rights of:

- Individual Land Owners;
- Local Governments; and
- The Government

Individual land owners under the Mining Act are entitled to compensation or to a share of royalties. In the event that the owner or lawful occupant of any land subject to a mineral right makes a demand to be paid the fair and reasonable compensation for any disturbance of their rights and for any damage occasioned to the surface of the land by the holder's operations, the law grants the land owner or occupant an inherent right to compensation.

The Individual Land Owner, Local Government and the Government are also entitled to a share in the royalties that accrue from exploitation of mineral rights. The owners or lawful occupier of the land subject to mineral rights are entitled to a 3% share, the Local Government 17% and the Government 80%.

HEALTH AND SAFETY

What legislation governs health and safety in mining?

The Occupational Health and Safety Act, 2006

This Act generally sets out the standard regarding health and safety in employment situations. It sets out the rights and duties of employees, and duties of the employer regarding the health and welfare of employees, the standard at which workplaces must be maintained and sets out general safety requirements that every employer must adhere to.

CONSTITUTIONAL AND ADMINISTRATIVE LAW

Is there a Constitution which has an impact upon rights to prospect and mine?

Yes. The Constitution of the Republic of Uganda, 1995 provides that minerals and mineral ores shall be exploited taking into

account the interests of the individual land owners, local governments and the Government.

The Constitution vests powers in the Parliament of Uganda to make laws regulating the exploitation of minerals, sharing the royalties arising from mineral exploitation, the conditions of payment of indemnities arising out of exploitation of minerals and conditions regarding the restoration of derelict lands.

The Constitution further provides that all minerals are held by the government on behalf of the people of Uganda.

Are there administrative appeals in the mining law?

Yes. There are two types of administrative reviews recognised under the Mining Act.

1. Administrative review by the Minister

A person aggrieved by the decision of the Commissioner is allowed to request an administrative review within thirty (30) days after being notified of the decision and the Minister is granted powers to either confirm, set aside or vary the decision complained of.

2. Judicial review of the Minister's decision

Any person aggrieved by a decision, order, act or omission of the Minister is allowed to apply to the High Court for judicial review.

ROYALTIES AND TAXES

Are there special rules applicable to taxation of exploration and mining companies?

Yes. Mining Companies have an entire section under the Income Tax Act dedicated to the taxation of Mining Operations. Mining Companies are allowed up to 100% exploration expenditure as a deduction within the year it is incurred. The expenditure must be of a capital nature and must be incurred in searching for, discovering and testing or winning access to deposits of minerals in Uganda.

Further the Income Tax Rate for Mining Companies is not fixed at 30% as for all other Companies but rather is calculated using a special formula which fluctuates the rate of tax between 25% - 45% depending on several factors.

Are there any royalties payable to the State over and above any taxes?

The Mining Act is to the effect that all minerals obtained or mined in the course of prospecting, exploration, mining or mineral beneficiation operations shall be subject to the payment of royalties on the gross value of the minerals based on the prevailing market price of the minerals at such rates as shall be prescribed.

The Individual Land Owner, Local Government and the Government are all entitled to a share in the royalties that accrue from exploitation of mineral rights. The owners or lawful occupiers of the land are entitled to a 3% share, the Local Government 17% and the Government 80%.



ZAMBIA

CORPUS LEGAL PRACTITIONERS



FIRM INFORMATION

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RELEVANT AUTHORITIES AND LEGISLATION

What laws regulate mining?

In Zambia, the mining industry is principally regulated by the Mines and Minerals Development Act No. 11 of 2015 (the “Mines Act”) and regulations issued thereunder, as well as the Environmental Management Act No, 12 of 2012 (the “Environmental Management Act”) and regulations issued thereunder. The Mines Act provides the law relating to the exploration, mining and processing of minerals. It also provides for safety, health and environmental protection in mining operations and establishes the Mining Appeals Tribunal (the “Tribunal”) to deal with any grievances incidental to the Mines Act.

The Environmental Management Act on the other hand is the principal statute that governs environmental matters, prevention and control of pollution and environmental degradation in Zambia. The Environmental Management Act provides for the protection and conservation of the environment and sustainable management and use of natural resources. It also governs the conduct of Environmental Impact Assessment’s (“EIA”) for proposed projects likely to have an impact on the environment such as, mining operations, hydro power schemes, electrification projects and any other project likely to have an impact on the environment.

Which Government Bodies administer mining law?

The primary regulatory body in terms of processing applications is the Ministry of Mines and Minerals Development (the “Ministry of Mines”). The Ministry of Mines has several departments that supervise the activities within the sector. The Mines Act establishes, for instance, the office of the Director of Mines, who is the chief administrator and is responsible for supervising and regulating the proper and effectual development of mines and conduct of mining operations in accordance with the provisions of the Mines Act. The office of the Director of Geological Survey undertakes, among others, the geological mapping of Zambia, as well as exploration operations on behalf of the Republic, advising the Minister of Mines on geological matters, provides data concerning the geology and mineral resources of Zambia and assists members of the public on information concerning geological matters. The office of the Director of Geological Survey also maintains such laboratory and library and record facilities as may be necessary for the performance of the functions under the Mines Act.

Matters relating to the environment, public health and safety arising from exploration, mineral processing and mining operations are generally supervised by the Director of Mine Safety. The Mines Act also establishes the office of the Director of Mining Cadastre and the Mining Licensing Committee (the “Committee”), which, together, are responsible for considering applications for mining rights and non-mining rights, including the grant, renewal or refusal to grant or renew mining rights and non- mining rights. The Committee also concerns itself with the termination, suspension or cancellation of mining and non-mining rights, as well as the amendment of the terms and conditions of mining rights and non-mining rights.

The Environmental Management Act is administered by the Zambia Environmental Management Agency (“ZEMA”). ZEMA is mandated among others, to monitor and enforce measures for the protection of the environment and the prevention of pollution under the Environmental Management Act, to issue and renew environmental licences and to provide environmental regulatory approval of any project which is likely to have an impact on the environment. One of the critical environmental approvals which a developer is expected to obtain from, ZEMA, is that relating to an EIA , following which ZEMA issues a decision letter (the “Decision Letter”), confirming whether a developer’s proposed project has been approved or rejected.

TYPES OF AND MANNER OF ACQUISITION OF RIGHTS

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

All mining rights are acquired in accordance with the provisions of the Mines Act. A person may only prospect for minerals or carry on mining operations under the authority of a mining right granted under the Mines Act. All mining rights are acquired pursuant to the provisions of the Mines Act, by making an application in the prescribed manner, following the payment of the prescribed fee by either an individual or a company. The Mines Act makes provision for the acquisition of both mining and non-mining rights. In this regard, the mining rights which may be acquired under the Mines Act include an exploration licence and a mining licence. Non-mining rights, on the other



hand, include a mineral processing licence, a mineral trading permit, a mineral import permit, a mineral export permit and a gold panning certificate.

Large Scale Exploration Licence (“Exploration Licence”)

An application for an Exploration Licence is made to the Director of Mining Cadastre in the prescribed form upon payment of a prescribed fee. In the case of an Exploration Licence, the area over which an application is made must be represented by a minimum of three hundred and one cadastre (301) cadastre units (approximately 1005.34 hectares), and not exceeding fifty nine thousand eight hundred and eighty (59, 880) cadastre units (approximately 199999.2 hectares). Further, under the Mines Act, an Exploration licence shall be valid for an initial period of four (4) years and renewable for two further periods, each not exceeding three (3) years.

It is worthy to note that a company and its subsidiaries is prohibited from holding a number of licences whose accumulated total area is more than 299,400 cadastre units (approximately 9,999 km²). Further, a company that accumulates an exploration area in excess of 149,700 cadastre units (approximately 4,999 km²) must pay prescribed additional fees.

Large-Scale Mining Licence

A Large Scale Mining Licence confers on the holder thereof, exclusive rights to carry out mining operations in the mining area and to do all such other acts and things as are necessary for or incidental to be carrying on the operations for an initial period of 25 years. In the case of a Large-Scale Mining Licence, the area over which an application is made must be represented by a minimum of one hundred and twenty one cadastre (121) cadastre units (approximately 404.14 hectares), and not exceeding seven thousand four hundred and eighty-five (7485) cadastre units (approximately 24999.9hectares).

Small-Scale Mining Licence

A Small Scale Mining Licence confers on the holder thereof, exclusive rights to carry out mining operations in a mining area for minerals and perform all such acts necessary to carrying out mining operations for a period not exceeding 10 years and may not be granted in respect of radioactive minerals. In the case of a Small-Scale Mining Licence, the area over which an application is made must be represented by a minimum of three

cadastre (3) cadastre units (approximately 10.02 hectares), and not exceeding one hundred and twenty (120) cadastre units (approximately 400.8 hectares).

Artisan’s Mining Right

An artisan’s mining right confers on a person on whom it is granted or the community concerned, exclusive rights to mine the mineral specified in the permit for the initial period of two years. An Artisan’s Mining Right like a Small-Scale Mining Licence may not be granted in respect to radioactive materials. Further, artisanal mining can only be undertaken by Zambian citizens or cooperatives wholly composed of Zambian citizens.

OIL AND GAS

What rights are granted to conduct oil and gas exploration and production?

All rights relating to natural gas and oil are acquired in accordance with the provisions of the Petroleum (Exploration and Production) Act No. 10 of 2008 (the “Petroleum Act”). A person may only conduct oil and gas exploration and production under the authority of a licence granted by the Minister of Mines under the Petroleum Act. The rights that are granted to conduct oil and gas exploration and production under the Petroleum Act are the Petroleum Exploration Licence (“Petroleum Exploration Licence”) and the Petroleum Development and Production Licence (“Production Licence”). The Petroleum Exploration Licence is acquired by application in the prescribed manner and following the payment of the prescribed fee by either an individual or a company, whose bid for the grant of a Petroleum Exploration Licence in respect of any block or blocks specified in the notice circulated by the Minister of Mines in two general newspapers of general circulation in Zambia inviting bids for the grant of the Exploration Licence was successful.

The Production Licence is acquired by application in the prescribed manner and following the payment of the prescribed fee by a holder of a Petroleum Exploration Licence whose licence is in force in respect of a block in the exploration area in which a discovery of petroleum is located (“Discovery Block”) or part thereof. The application must be made, within two



years immediately following the date on which a commercial discovery was made, or such further period as the Minister of Mines may allow. Further, a holder of a Petroleum Exploration Licence may during the term of the licence apply for the grant of a Production Licence in respect of any block which is not part of a Discovery Block within the exploration area if they satisfy the Minister of Mines that the block contains a petroleum reservoir or part of a petroleum reservoir.

INDIGENISATION REQUIREMENTS

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

Under the Mines Act, a small-scale mining licence can only be granted to citizen owned, citizen influenced or citizen-empowered company. A citizen owned company means a company where at least fifty point one percent of its equity is owned by citizens and in which citizens have significant control of the management of the company; A citizen influenced company, on the other hand, is one where five to twenty-five percent of its equity is owned by citizens and in which citizens have significant control of the management of the company, while a citizen empowered company is a company where twenty- five to fifty percent of its equity is owned by the citizens. Further, Artisan's mining right can also only be granted to a Zambian citizen or co-operative wholly composed of citizens. However, there are generally no requirements in relation to the holding of equity in exploration and mining projects by indigenous peoples, where the project company holds the following mining rights: a large scale exploration licence, a large-scale mining licence and mineral processing licence. The Mines Act, in this regard, requires that such licences be granted to companies registered in accordance with the Companies Act (the "Companies Act") Chapter 388 of the Laws of Zambia and under the aforementioned Companies Act, at least 50% of the company's directors are required to be resident in Zambia.

Are there any special rules or restrictions applicable to foreign applicants?

Save for the restrictions highlighted in the first paragraph in 4.1 with respect to the acquisition of certain mining rights, there are generally no other restrictions in relation to foreign ownership of mining rights. However, the following persons are disqualified from holding mining rights:

- Individuals under the age of eighteen;
- Bankrupt individuals;
- Individuals who have been convicted, within the previous five (5) years, of an offence involving fraud or dishonesty;
- A company in liquidation;
- A company that is not incorporated under the zambian companies act; ;
- A company which has not established an office in zambia; and
- A company which has, among its directors or shareholders, any person who would be disqualified under (b) and (c) above.

Identify any rights that the State may have. Does the State have any rights to equity in mining projects?

The mining industry is private sector driven since the privatization of the mining sector and liberalization of the Zambian economy, and therefore the government is not entitled to any carried interest or a free carried interest in mining projects. The government plays more of a regulatory role, but has little direct participation in terms of the direction of mining operations or shareholding in mining right holders.

The Mines Act, however, permits the government to identify an area which is not subject to existing mining rights for Government investment. The mining rights will, however, be granted to the Government investment company in accordance with the Mines Act or any other relevant law

The states contributory interest in exploration and mining projects is usually undertaken by an investment company known as Zambia Consolidated Copper Mines Investment Holdings Limited ("ZCCM"), which retains minority interests in mining projects. ZCCM contributory interest in mining projects is on a private partnership basis and not as a matter of legal requirement. Further, another government investment company, the Industrial Development Corporation, seeks to invest in companies and industries that can leverage Zambia's natural resources and other endowments to develop a strong home base.

PROCESSING AND BENEFICIATION

Are there any requirements to beneficiate minerals mined?

There are no requirements placed on the holder of a licence to beneficiate minerals mined. However, a licence holder that intends to beneficiate the minerals mined must make an application for a mineral processing licence to the Director of Mining Cadastre in the prescribed manner and form upon the payment of prescribed fees.

The holder of a mineral processing licence is granted exclusive rights to carry on mineral processing in the mineral processing area of the minerals specified in the licence and is obliged by statute to:

- Commence mineral processing operations if the holder of the mineral processing licence submits to the Mining Cadastre Office a decision letter in respect of the environmental project brief or environmental impact assessment approved by ZEMA;
- Carry on mineral processing in accordance with the approved programme of mineral processing operations; and
- Submit reports to the Directors on:
 - Sources of ore, concentrates, tailings, slimes or any other mineral substances fed to the plant;
 - Quantities and grade of feed to the plant;
 - Compliance with safety and environmental standards;
 - Labour and production returns; and



- Any other records, reports and other information as the Director of Mines, Director of Mining Cadastre, Director of Geological Survey or Director of Mines Safety may require concerning the operations of the mineral processing operations.

Once granted, a mineral processing licence is valid for a period of 25 years and it may be renewed for a similar period.

Are there any restrictions on the export of minerals?

Generally, a person or company cannot import into or export out of the republic any mineral ore or mineral product without a permit issued by the Director of Mines.

There is, however, a government policy in place that restricts the export of copper concentrate unless it can be demonstrated that there is limited smelting or processing capacity in Zambia.

DISPOSALS OF RIGHTS AND CONTROLLING INTERESTS

Are there any statutory consent required to dispose of rights to explore and mine?

The Mines Act provides, generally, that before a person can transfer, assign, encumber or otherwise deal with a mining right, they should obtain an approval of the Minister responsible for mines, and produce a tax clearance certificate in that regard. A holder of a mining right or mineral processing licence intending to transfer, assign, encumber or otherwise deal with the mining right or mineral processing licence or any interest in it shall apply to the Minister for approval in the prescribed manner and form upon payment of the prescribed fee. The Mines Act requires a holder of a mining right or processing licence referred who wishes to transfer any interest to provide the Minister with any details of the transferee that would be required in an application for a mining right or mineral processing licence.

The Minister is required, within thirty (30) days of the application approve the transfer of the mining right or mineral processing license or interest therein unless the person to whom the transfer is being made is disqualified from holding a mineral right or non-mining right under the provision or the Mines Act.

Upon the transfer of a mining right or mineral processing licence, the transferee assumes and becomes responsible for all the rights, liabilities and duties of the transferor under the mining right or mineral processing licence for the unexpired period of the mining right or mineral processing licence, as the case may be.

Are there any restrictions on disposals of controlling interests in entities holding exploration or mining rights?

A holder of a mining right or mineral processing licence cannot register the transfer of any shares or share in the company to any person or enter into an agreement with any person if the effect of doing so would be to give that person control of the company without the prior written approval of the Minister. An application has to be made to the Minister in the prescribed form and the Minister may call for and obtain any information which is necessary for purposes of the application. The Minister may approve or reject the application within sixty (60) days of receipt of the application. However, such approval will not be unreasonably withheld.

USE OF SURFACE OF LAND INVOLVED IN EXPLORATION AND MINING ACTIVITIES

What are the rights of the holder of an exploration right or mining right to use the surface necessary or incidental to an exploration or mining operation?

In Zambia, surface rights and mining rights are clearly distinct concepts, administered under separate and distinct legal frameworks. Surface rights are granted under the Lands Act, Chapter 184 of the Laws of Zambia (the "Lands Act"), while mining rights are granted under the Mines Act. There are two types of land tenure systems in Zambia: customary or native tenure and state tenure, which must be taken into account when exercising any surface rights for prospecting and mining activities.

A holder of a mining right is generally entitled to exercise any surface rights reasonably, where it is necessary for the reasonable and proper conduct of the exploration or mining operations. However, where another person has a right to the surface rights independent of the mining right, which predate the mining right, the Mines Act provides that the rights under such mining right may not be exercised without the written consent of the owner or legal occupier of the land or the duly authorised agent:

- Upon any land which is the site of or which is within one hundred and eighty metres of any inhabited, occupied or temporarily uninhabited house or building;
- Upon any land within forty five metres of any land which has been cleared or ploughed or otherwise prepared in good faith for growing of farm crops or upon which farm crops are growing;
- Upon any land which is the site of or is within ninety metres of any cattle dip, tank, dam or any private water as defined in the Water Resources Management Act No.21 of 2011; or
- Upon any land forming part of an aerodrome, other than any land forming part of a Government aerodrome

Further, the rights under a mining right may not be exercised:

(a) without the written consent of the Minister responsible for that matter or such public officer as the Minister may authorize to give the requisite consent in that behalf ("Appropriate authority"), upon:

- any land dedicated as a place of burial whether in use or not;
- any land containing any ancient monument or national monument, as defined in the National Heritage Conservation Commission Act, Chapter 173 of the Laws of Zambia;
- any land which is the site of or within ninety metres of any building or dam owned by the Government; or
- any land forming part of a Government aerodrome as defined in the Air Navigation Regulations made under the Aviation Act, Chapter 444 of the Laws of Zambia;



(b) upon land occupied as a village, without the written consent of the chief and the local authority for the district in which the village is situated;

(c) without the written consent of the railway administration, upon any land reserved for the purposes of any railway track or within in one hundred metres of any railway track;

(d) without the written consent of the appropriate authority or the local authority concerned, upon any land within, or within sixty metres of the boundaries of, any city, municipality or district for which a council is established under the provisions of the Local Government Act, Chapter 281 of the Laws of Zambia;

(e) without:

(i) the written consent of the Appropriate authority, upon any land used as a forest nursery or plantation or as a timber depot, sawmill or other installation for working a forest; and

(ii) due compliance with the relevant provisions of the Forests Act No. 7 of 1999, upon any land declared to be a national forest or local forest, as defined in that Act;

(f) upon any street, road or highway, without the written consent of the Appropriate authority or the public body which has the control thereof;

(g) upon any land comprised in a National Park or game management area without complying with the Zambia Wildlife Act No. 12 of 1998; and

(h) upon any land that, under the Town and Country Planning Act, Chapter 283 of the Laws of Zambia, cannot be developed without permission, unless the requisite permission is first obtained.

In the event of the owner of such land or Appropriate authority unreasonably withholds consent to access the area, the Director of Mines may require the matter to be settled by arbitration.

The surface right holder is entitled on demand to a fair and reasonable compensation from the mining right holder for any disturbance of such surface right and failure to pay such compensation by the mining right holder has to be referred to resolution by arbitration.

The provisions of the Mines Act also make it clear that a holder of a surface right or occupier thereof which is subject to a mining right can only retain, in a case where there is no building or structure on a pre-existing surface right, the following rights unless an access agreement between the mining right holder and the surface right holder provides otherwise:

- right to use and access water;
- right to graze stock; and
- right to cultivate the surface of the land.

Such rights cannot, however, be exercised in such a way by the surface right holder that interferes with the exercise of the mining right and any buildings or structures on such surface right can only be erected by the surface right holder with the consent of the mining right holder.

ENVIRONMENTAL

What legislation governs environmental protection of exploration and mining sites?

Environmental protection of exploration and mining sites in Zambia is principally regulated by the Mines Act, the Mines and Minerals (Environmental Protection) Regulations, the Environmental Management Act, the Environmental Management (Licensing) Regulations, 2013 (“Environmental Regulations”) and the Environmental Protection and Pollution Control (Environmental Impact Assessment) Regulations No. 28 of 1997 (“EIA Regulations”).

The Environmental Act prohibits any person from undertaking any project that may have an effect on the environment without the written approval of the ZEMA except in accordance with any conditions imposed by such approval (“Decision Letter”). A Decision Letter authorising a person to conduct exploration or mining activities is granted by ZEMA after such a person undertakes an EIA. That is, a person concludes and submits to ZEMA an environmental project brief (“Project Brief”) or an environmental impact statement (“EIS”) in accordance with the EIA Regulations.

A Project Brief is required before commencement of exploration or mining operations. An EIS is required where an exploration or mining project is likely to have a significant impact on the environment. ZEMA considers the Project Brief or EIA and if ZEMA is satisfied that the project will have no significant impact on the environment, or that the Project Brief or EIA discloses sufficient mitigation measures to ensure the acceptability of the anticipated impact, ZEMA will issue its Decision Letter approving the Project Brief or EIA either with or without conditions.

Further, a person conducting mining operations may be required to obtain the following licences from ZEMA:

(a) Emission Licence

This licence is required where a holder of a mining right is discharging, causing or permitting the discharge of, a substance, physical agent, energy or combination of substances and physical agents that may contribute to, or create a condition of, pollution into the environment if that discharge causes, or is likely to cause, harmful or detrimental effect on the environment, whether actual or potential, that:

- (i) impairs, or may impair, human health; and
- (ii) results in, or may result in, an impairment of the ability of people and communities to provide for their health, safety, cultural and economic wellbeing (“Adverse effect”).



(b) Waste Management Licence

This licence is required if a holder of a mining right:

- (i) generates, pre-treats or treats hazardous waste;
- (ii) handles, transports or stores hazardous waste;
- (iii) disposes of hazardous waste; and
- (iv) transits, trades in or exports hazardous waste.

“Hazardous waste” is defined under the EMA as waste which is poisonous, corrosive, irritant, explosive, inflammable, toxic or other substance or thing that is harmful to human beings, animals, plants or the environment.

(c) hazardous waste licence

This licence is required if a holder of a mining right collects, transports, sorts, recovers, treats, stores, disposes of, or otherwise manages waste in a manner that results in an Adverse effect or creates a significant risk of an Adverse effect.

(d) pesticide and toxic substances licence

This licence is required if a holder of a mining right is manufacturing, importing, exporting, storing, distributing, transporting, blending, processing, re-processing or changing the composition of a pesticide or toxic substance; and reprocessing an existing pesticide or toxic substance for a significantly new use.

NATIVE TITLE AND LAND RIGHTS**Is there any native title which has any implication for the exploration and mining industry?**

As noted above, surface and mining rights are distinct under Zambian law, governed by separate pieces of legislation. Therefore, where any portion of the land over which the mining right exists is under customary or native land, a holder of a mining right may not conduct exploration or mining operations without the written consent of the legal owner, the chief and the local authority for the district in which the village is situated.

HEALTH AND SAFETY**What legislation governs health and safety in mining?**

The main health and safety laws applicable to the mining industry in Zambia are:

- The Mines Act and Regulations issued thereunder;
- The Mines and Minerals (Environmental Protection) Regulations;
- The Environmental Management Act and Regulations issued thereunder;
- The Factories Act, Chapter 441 of the Laws of Zambia;
- The Ionising Radiation Protection Act No. 16 of 2005;
- The Occupational Health and Safety Act No 36 of 2010; and
- The Workers Compensation Act No. 10 of 1999.

CONSTITUTIONAL ADMINISTRATIVE LAW**Is there a constitution which has an impact upon rights to prospect and mine?**

The Constitution of the Republic of Zambia protects mining rights by stipulating that property of any description can

only be compulsorily acquired, under the authority of an Act of parliament that provides for payment of adequate compensation. At present, the process of amending the Constitution has been initiated and, if successfully completed, it might impact, directly or otherwise, the general administration of mining rights in Zambia.

Are there administrative appeals in the mining law?

The Mines Act creates the Mining Appeals Tribunal (the “Tribunal”) in order to enhance, among others, administrative resolution of disputes before resorting to the formal courts of law. The Tribunal, comprising five (5) members appointed by the Minister, has been given the jurisdiction to, among others, inquire into and make awards and decisions in any dispute relating to exploration, gold panning and mining under the Mines Act, as well as inquire into, and make awards and decisions relating to exploration, gold panning and mining, arising under the Mines Act.

The Mines Act places an obligation on the Tribunal, within fourteen (14) days of determining an appeal, to inform the appellant and the Minister of Mines, of its decision and the reasons for its decision, in writing. An appeal against a decision of the Tribunal lies to the High Court, within thirty (30) days of receipt of the decision thereof. The Tribunal is expected to be more efficient in resolving mining-related disputes when compared to the ordinary courts as it is expected to consist of a panel of experts and persons with knowledge and experience in matters relevant to mining or licensing. Additionally, the introduction of the Tribunal is likely to enhance speedy determination of cases, compared to the traditional ways of resolving disputes before the national courts of law.

ROYALTIES AND TAXES**Corporate income tax**

Corporate income tax rate applicable to the mining operations with an exception of mineral processing was revised from 0 percent as at 1 January 2015 to 30 percent as at 1 June 2015. This figure is still applicable as at 1 January 2018.

Corporate income tax rate applicable on mineral processing companies was revised from 30 percent to 35 percent and variable profit tax on mineral processing was abolished on 1 June 2015. This figure is still applicable as at 1 January 2018.

Exploration operations are not included under the definition of mining operations and therefore the above mentioned corporate tax will not apply to a holder of either a small scale exploration licence or a large scale exploration licence, provided that they do not undertake any mining operations. Notwithstanding this however, a holder a large scale exploration licence will be required to submit annual returns.



Value added tax

Export of goods from Zambia is considered to be a zero-rated supply. The commissioner general may require evidence that export of goods from Zambia is by or on behalf of a taxable supplier. Where such evidence of exportation is produced it is zero-rated.

Notwithstanding the above, the rules under the VAT Rule 18 which previously required exporters to obtain import documents from the customs authority of the country of destination were relaxed. They were amended on 20 February 2015 to include acceptance of transit as proof of export.

Withholding tax

Tax required to be deducted from any dividend shall be deducted at the rate of zero per cent per annum for any dividend paid by a company carrying on mining operations.

Withholding tax applies at the following rates in respect of other taxes:

- Dividend payouts and profits distribution by branches of foreign companies at 15%;
- Construction and haulage operations fees paid out to non-residents at 20%;
- Interest at 15%;
- Commission and entertainment fees paid out to non-residents and management and consultancy fees paid out to non-residents at 20%; and
- Management and consultancy services paid out to resident consultants at 15%.

Are there any royalties payable to the State over and above any taxes?

Under the Mines Act, mineral royalties payable are determined by the mineral concerned and are payable as follows:

- Copper - (i) 4% when the norm price is less than USD 4,500/tonne; (ii) 5% when the norm price is USD 4,500/tonne or greater but less than USD 6,000/tonne; and (iii) 6% when the norm price is USD 6,000/tonne or greater;
- Base metals (other than copper) - 5% of the norm value;
- Precious metals - 6% of the norm value;
- Gemstones - 6% of the gross value;
- Energy minerals - 5% of the gross value; and
- Industrial minerals - 5% of the gross value.

For the purposes of the Mines Act, the gross value is the realised price for a sale free on board at the point of export from Zambia or point of delivery within Zambia. Further, the norm value is the:

- Monthly average London Metal Exchange cash price per metric ton multiplied by the quantity of the metal or recoverable metal sold;
- Monthly average Metal bulletin cash price per metric ton multiplied by the quantity of the metal or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange; and

- Monthly average of any other exchange market approved by the commissioner general cash price per metric ton multiplied by the quantity of the metal or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange or Metal Bulletin.

Furthermore, a person who is not the holder of a licence and who is in possession of minerals extracted from Zambia for which mineral royalty has not been paid is liable to pay mineral royalty at the rates detailed above.

It is essential to note that royalty deferment is an option that is available under the Mines Act, in that the Commissioner General of the Zambia Revenue Authority may, on application by the holder of the mining right, defer payment of royalty due from the holder if, during any period for which a payment of royalty is due the cash operating margin of the holder in respect of mining operations in the mining area falls below zero.



ZIMBABWE

SCANLEN AND HOLDERNESS



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RELEVANT LEGISLATION

The basic legislation regulating mining activities in Zimbabwe is the Mines and Minerals Act, [Chapter 21:05] and Regulations made thereunder. It is a 1961 piece of legislation which has suffered minor amendments over the years.

ADMINISTRATION

The administration of that legislation is the responsibility of the Minister of Mines who generally acts through Mining Commissioners for the various districts and in respect of major decisions acts on the advice of the Mining Affairs Board.

TYPES OF AND MANNER OF ACQUISITION OF RIGHTS

Holding of Mining Rights

Mining rights are held in various forms. The simplest form is a mining claim which is a permit to mine. A single claim will normally cover a very small area. It is common to have several contiguous claims grouped into a block of mining claims. The pegging has to be maintained and annual reports have to be submitted to the Mining Commissioner for the relevant district.

Lease

For ease of administration, several claims forming a block can be transformed into a mining lease through an application made in terms of the Act. A mining lease generally confers longer term rights which are renewable in terms of the Act.

Rights Conferred

Basically, a holder of Mining Rights is entitled to the exclusive right of mining any ore or deposit of any mineral which occurs within the vertical limits of the area covered by his or her location. The only exclusion will be coal, oil and gas which are mined in terms of a Presidential Grant.

Title Not Impeachable

Their title is not impeachable. The law does not allow impeachment of title to mining claims which have been registered for a period of two years or mining claims which have been consolidated into a mining location.

MANNER OF ACQUISITION

Prospecting

The usual starting point in the acquisition of mining rights is obtaining a prospecting licence which entitles the holder to prospect, peg and register claims in terms of the Act. A registered claim is a mining location where mining activities can take place.

Ordinary Prospecting Licence

A prospecting licence can be issued as an ordinary prospecting licence which is valid for two years. The prospectors' licence itself is valid for five years. Both are renewable.

Exclusive Prospecting Licence

Additionally, it is competent to obtain an exclusive prospecting order which confers exclusive rights to prospect for specified minerals in any identified location within Zimbabwe. Exclusive prospective orders are issued for a maximum of six years, being three years renewable for a period of three years.

OIL AND GAS

Coal, oil and gas mining rights are conferred by a special grant granted by the President of Zimbabwe.

An application is made to the Mining Affairs Board which makes a recommendation to the Minister of Mines.

The Minister of Mines makes a recommendation to the President of Zimbabwe. Only the President of Zimbabwe can sign a grant in respect of coal, oil and gas.

After the grant shall have been signed, the nature of the rights granted is the same as that in respect of any other mineral.

INDIGENIZATION REQUIREMENTS

Under the new dispensation, Government announced that it was not going to impose a compulsory 51% indigenization except in respect of diamond and platinum mining companies. Even in respect of those, the law under review. The law has not, however, been amended yet.



Presently, at least 51% of the shares in any mining company operating in Zimbabwe should be owned by indigenous Zimbabweans. An indigenous Zimbabwean is any person who suffered discrimination prior to 18th of April 1980, the date of our independence.

A descendant of an indigenous Zimbabwean is an indigenous Zimbabwean. Furthermore, a company controlled by indigenous Zimbabweans is an indigenous Zimbabwean. A subsidiary of a company controlled by indigenous Zimbabweans is also an indigenous Zimbabwean.

Foreign Nationals

No Zimbabwean registered security may be transferred to or allotted to a foreign resident without prior exchange control approval. Approval has been granted in advance in respect of securities in listed companies where a foreign resident may acquire up to 15% per counter and a group of foreign residents may acquire up to 49% per counter.

RIGHTS OF THE STATE

Dominion

Dominion in all minerals, vests in the President. Miners acquire rights to mine and such rights are protected by law. Where rights are lost in terms of the law, the President's residual ownership is restored unfettered by any encumbrance arising from the granting of the rights.

Processing and Beneficiation

Although the law does not require it yet, Government policy encourages local processing and beneficiation of all minerals. Legislation expected to be enacted soon will provide for mandatory local beneficiation.

Government is expected not to sign mining development agreements which do not provide for specific commitments to local processing and beneficiation. The nature of the incentives for local beneficiation will be known when the legislation is promulgated.

Restrictions on Sale and Export of Minerals

All minerals are sold by the Mineral Marketing Corporation, a parastatal incorporated in terms of the laws of Zimbabwe. Miners may obtain permits from the Minerals Marketing Corporation to sell minerals in terms of contracts approved by the Minerals Marketing Corporation of Zimbabwe.

Commissions are payable to the Minerals Marketing Corporation of Zimbabwe in respect of all sales and exports of minerals.

Disposals of Rights and Controlling Interests

Mining rights cannot be transferred or alienated in any manner without the approval of the Mining Commissioner. In the case of Mining Grants or Mining Leases, the approval of the President is required. The application goes to the Mining Affairs Board which make recommendations to the Minister and the Minister makes recommendations to the President.

Relinquishment of a controlling interest in any Zimbabwean company requires the approval of the Minister of Youth Development Economic Empowerment and Indigenization.

Environmental

The new constitution enshrines environmental rights demanding that every person be afforded a right to an environment that is not harmful to their health or wellbeing and to have the environment protected for present and future generations through reasonable legislative and other measures.

There is an Environmental Management Act in terms of which no mining operations may commence unless an Environment Impact Assessment report will have been prepared, measures to minimize adverse impact on the environment will have been enumerated and an environmental agency established by statute will have issued a certificate allowing the miner to commence mining operations.

Customary Land Rights

The Minister may reserve land held under customary land rights against prospecting and mining.

Health and Safety

There is environmental management legislation, factories legislation mining regulations and National Social Security regulations providing for details of health and safety requirements on mining operations.

Constitutional and Administrative Law

As pointed out above, the new constitution enshrines environmental rights. The new constitution demands transparency, honesty, cost effectiveness and competitiveness in the negotiation and performance of, inter alia, concessions of minerals and other rights.

Royalties and Taxes

All miners pay royalties to the State for exploitation of minerals because all minerals belong to the State. Royalties are based on production and are payable over and above income tax payable by the miners. Royalties paid are no longer deductible in the calculation of income tax payable by miners.

