PROCLAMATION NO. ……./2023

A PROCLAMATION FOR THE DEVELOPMENT OF MINERAL RESOURCES

PREAMBLE

WHEREAS the Constitution of the Federal Democratic Republic of Ethiopia provides that the ownership of all natural resources of Ethiopia is exclusively vested in the government and in the people of Ethiopia, and that the government is the custodian thereof for the economic and social development of all Ethiopians;

WHEREAS minerals are non-renewable natural resources and it is necessary to ensure the sustainable development and conservation of these resources with sound principles of environmental protection and compatible to the ecosystem for the benefit of the present and future generations;

WHEREAS the Government recognizes the need to create an internationally competitive and efficient administrative and regulatory regime;

WHEREAS there is a need to increase the contribution of the mining sub-economy to replace imported products, to increase income from exporting minerals, to job creation and to increase the contribution of the sector to the development of the national gross domestic product;

NOWTHEREFORE, in accordance with Article 55 (1) and (2) (a) of the Constitution of the Federal Democratic Republic of Ethiopia, it is here by proclaimed as follows:

PART ONE
GENERAL PROVISIONS

1. **Short Title**

   This Proclamation may be cited as the "Mineral Resources Development Proclamation No. ……./ 2023".

2. **Definitions**

   In this Proclamation, the following words and expressions shall have the following meanings, unless the context indicates otherwise:-

   1/ **"mineral"** means any mineral substance of economic value, whether in solid, liquid or gaseous form, occurring naturally on or within the earth or in or under water and which was formed by or subjected to a geological process, and includes any mineral occurring in residue stockpiles or in residue deposits, but excludes:

   a) water, other than water used for the extraction of any mineral such as brine;

   b) natural gas and petroleum as defined in the relevant petroleum law; and, topsoil and oil shale

   2/ **"construction mineral"** means any mineral directly or indirectly used for construction purposes such as marble, granite, limestone, basalt, sand, ignimbrite, and clay and includes any other mineral designated as such by directives of the Ministry;

   3/ **"industrial mineral"** means any mineral directly or indirectly used as industrial input such as bromine, chlorine, kaolin, bentonite, quartz, coal, limestone, gypsum, salt, pumice, clay, scoria, and graphite and includes any other mineral the ministry may by directives designate as such;

   4/ **"metallic mineral"** means any mineral such as iron, copper, zinc, lead, chromite, nickel, tantalum, lithium, and manganese and includes any other mineral the Ministry may, by directives, designate as such;

   5/ **"precious mineral"** means precious metallic minerals such as platinum, gold and silver and precious stones such as diamond, ruby, emerald, and sapphire and includes any other mineral the Ministry may, by directives, designate as such;

   6/ **"semi-precious stones"** mean gemstones that are used for jewelry such as opal, rhodolite, olivine, jadeite, and lazurite and includes any other mineral the Ministry may, by directives, designate as such;

   7/ **"strategic mineral"** means any mineral the Ministry may designate as such;

   8/ **"mining operation"** means any activity associated with or connected to exploration, artisanal, small scale or large scale mining;

9/ **"exploration"** means searching for any mineral by means of photographs, images, geological, geochemical, geophysical and drilling methods that disturb the surface or subsurface of the earth, including any portion of the earth that is under water, or in or on any residue stockpile or residue deposit, in order to establish the existence of any mineral and to determine the extent and economic value thereof;

10/ **"mining"** means any operation or activity directed at extracting minerals from a mineral deposit on or in the earth and water as well as any residue deposit or residue stockpile by any method;

11/ **"artisanal mining"** means a mining operation carried out by individuals or small and micro enterprises which mostly consists of manual methods;

12/ **"small scale mining"** means any mining operation of which the annual run-of-mine ore does not exceed:

a) regarding gold, platinum, silver and other precious and semi-precious minerals:

(1) 100,000 m^3 for placer operation;

(2) 75,000 tones for primary deposit mining;

b) regarding metallic minerals such as iron, lead, copper and nickel:

(1) 150,000 tones for open pit mining;

(2) 75,000 tones for underground mining operations;

c) regarding industrial minerals such as kaoline, bentonite, diatomite, dolomite, quartz and coal 120,000 tones;

d) regarding construction minerals:

(1) for sand, gravel, pumice, ignimbrite, clay and the like 80,000 m^3;

(2) for dimension stones such as marble and granite 10,000 m^3;

e) regarding salts extracted from brine 14,000 tones;

13/ **"large scale mining"** means any mining operation of which the annual run-of-mine ore exceeds the limit stated in Sub-Article 12 of this Article with the exception of precious and semi-precious stones ;

14/ **"mining development period"** means the period between the Licensing Authority and the mining licensee sign a mining agreement and the commencement of the commercial production, during which the construction and development works required to open the mine, extract, crush,

concentrate and produce the mineral and other construction works that provide support to the mining are executed depending on the nature and characteristics of the mineral;

15/ **"mineral processing"** means washing, concentrating, calcining, classifying, crushing, screening, mixing, polishing, cutting, increasing the content, adding value to the mineral after it has been extracted, or includes the production of other industrial products, such as cement, ceramics, glass, steel, fertilizers, etc., mostly using minerals as inputs;

16/ **"mineral processing development period"** means the preparation period from the date of the signing of the mineral processing agreement by the licensing authority and the licensee to the time of the commencement of the commercial production;

17/ **"related activities"** means activities related to mining such as consulting, drilling and includes mineral laboratory activities.

18/ **"residue stockpile"** means any debris, discard, tailings, slimes, screening, slurry, waste rock, foundry sand, beneficiation plant waste, ash or any other product derived from or incidental to a mining operation and which is stockpiled, stored or accumulated for potential re-use, or which is disposed of, by the mining licensee;

19/ **"residue deposit"** means any remaining stockpile at the termination, revocation or expiry of any mining license;

20/ "**work program**" means the program of work for exploration, mining, or mineral processing, as the case may be, that shows details of the work, the time schedule, the required budget, the organizational structure and its manning;

21/ "**environmental rehabilitation provision**" means insurance, bank guarantee, trust fund or cash that a licensee must provide in accordance with this Proclamation to ensure the availability of sufficient funds to cover the expenditure necessary for environmental rehabilitation works;

22/ "**water body**" means pond, spring, river, lake, or any other type of water body;

23/ "**consumable**" means anything needed for mining and mineral processing operations that are expendable and replaceable during service, including chemicals and other consumables;

24/ "**royalty**" means the payment made by any mining licensee to the government as a percentage from the sale of minerals produced from the mining site from time to time, excluding the price of production and risk expenditures;

25/ "**arm's length transaction**" means any transaction, the value of which was determined at a commercial price that would have been agreed to by unconnected persons for such a resource, if those persons were freely negotiating on the open market under similar circumstances taking into

account solely the characteristics of quality and quantity of the mineral resource transferred or any other transaction connected to the mining operation license;

26/ "**register**" means the register of licenses or the electronic mining cadaster provided for in this Proclamation;

27/ "**transfer**" means a transfer of license through sale, donation, inheritance, encumbrance or any other method;

28/ "**license**" means an exploration license, an artisanal mining license, a small scale mining license, a large scale mining license, a mineral processing license, a consultancy service license or a technical service license issued pursuant to this Proclamation;

29/ "**licensing authority**" means the Ministry or a state institution in charge of the mining sector, as appropriate;

30/ "**licensee**" means a holder of a license or a person to whom a license is legally transferred;

31/ "**license area**" means the land subject to any license and all sub-soil thereunder to an indefinite depth within the vertical planes, and where the exploration or mining is conducted on residue stockpile or residue deposit, it shall comprise the depth of the deposit;

32/ "**agreement**" means a contract concluded between the licensing authority and the licensee in order to obtain a license for exploration, small scale mining, large scale mining, and mineral processing.

33/ "**model agreement**" means a document prepared by the Licensing Authority to serve as a basis of negotiation for the agreement to be concluded between the Licensing Authority and an applicant to obtain exploration, artisanal, small scale or large scale mining, mineral processing license;

34/ "**day**" means any particular number of days prescribed for the doing of anything in this Proclamation, regulations or directives, those days shall be determined by excluding the first and including the last day, unless the last day falls on a Saturday, a Sunday or any public holiday;

35/ "**effective date**" means the date on which the Licensing Authority and the Licensee signed an agreement and a license is issued;

36/ "**domestic investor**" means an Ethiopian, or a public enterprise, or a foreign national of Ethiopian origin who desires to be considered as a domestic investor and includes a private enterprise whose 50% and above of its share capital held by Ethiopians having made an investment in Ethiopia ;

37/ "**foreign investor**" means a foreign national or private enterprise whose 50% and above of its share capital held by foreign nationals having invested foreign capital in Ethiopia and includes an Ethiopian permanently residing abroad preferring treatment as a foreign investor;

38/ "**ministry**" means the Ministry of Mines;

39/ "**Government**" means the government of the Federal Democratic Republic of Ethiopia and, where appropriate, includes Regional States;

40/ "**regional state**" means any state established under Article 47 of the Constitution of the Federal Democratic Republic of Ethiopia, and includes the Addis Ababa and Dire Dawa City Administrations;

41/ "**person**" means any natural or juridical person;

42/ In this Proclamation, any expression in the masculine gender includes the feminine.

3. **Scope of Application**

This Proclamation shall apply to all mining operations, mineral processing operations and related activities within the territory of the Federal Democratic Republic of Ethiopia.

PART TWO

FUNDAMENTAL PRINCIPLES AND GENERAL PROVISIONS

4. **Ownership and Custodianship of Mineral Resources**

1/ Mineral resources existing in their natural condition on, in, and under the territory of Ethiopia are the property of the Government and all the peoples of Ethiopia.

2/ A Licensee who has been granted a license pursuant to the provisions of this Proclamation shall acquire the right of ownership of the natural resources upon extraction subject to the payment of government share and other benefits.

5. **Government Participation**

1/ The Federal Government shall acquire, without cost, an equity interest of 5% in the mining investment of any holder of a mining license; and the Regional State Government, where the mining operation takes place, shall acquire an equity interest of 2 % without cost.

2/ The Regional State shall acquire, without cost, an equity interest of 7% from any small-scale mining operation.

3/ An additional equity participation of the government may also be provided by agreement with the Licensee, which shall specify the percentage, timing, financing, resulting rights and obligations and other details of such participation.

6. **Primacy of Mining**

1/ Subject to sub-articles (2) and (3) of this Article, any land in Ethiopia shall be available for mining operations.

2/ Where the ministry considers it that it is in the best interest of the country, it may, by legal notice, reserve any land from mining operations.

3/ No person shall be granted an exploration license or a mining license over an area:

a) Reserved for cemeteries and religious sites;

b) Containing archaeological remains or national monuments;

c) Reserved for physical infrastructure;

d) Within areas reserved for natural habitats or national parks;

e) Within 500 meters from the boundary of a village, city or water reservoir or dam without the consent of the competent body; or

f) Reserved by any other law of the country.

4/ A legal notice issued pursuant to sub-article (2) of this Article, may not affect land which, on the date of the notice is subject to a mineral right.

5/ The government may, where it is in the national interest of the country, authorize the opening of any reserved area under sub-articles (2) or (3) of this Article for mining operations upon providing appropriate compensatory arrangements.

PART THREE
LICENSING

7. **Types of licenses**

The following Licenses may be issued under this Proclamation:

1/ An exploration license;

2/ A small-scale mining license;

3/ A large-scale mining license;

4/ An artisanal mining license;

5/ A mineral processing license;

6/ License of Consultancy Service; or

7/ License of Technical Service;

8. **Requirements to hold a license**

1) No person may undertake mining operations without having a valid license in accordance with this Proclamation.

2) No person may hold, store, transport or sale any mineral in its natural state without a valid license.

3) A lawful occupant of land may produce and use for non-commercial purpose, free of charge and without permission of the Licensing Authority, construction minerals from the area he occupies, provided that the area is not excluded or reserved under the provisions of this Proclamation and provided further that he does not disturb or damage the adjacent occupant's land or property.

4) Any person may produce and use for non-commercial purposes, without charge and with the permission of the Licensing Authority construction minerals for the construction and maintenance of roads, dams, airports, schools, hospitals and other public works. Such persons shall notify the concerned state authority of the amount of the minerals used for the aforementioned purpose.

9. **Allocation System**

1) Unless the licensing authority decides otherwise based on the economic value of the mineral or other relevant investment objectives, if more than one application is submitted for the same type of mineral, in the same place, for licenses of the same status, the applications must be processed according to the order in which they were submitted;
2) Notwithstanding the provisions of sub-article (1) of this Article, when necessary, the licensing authority may grant the area, where the application is submitted, through direct negotiation or competitive bidding.

10. **Order of Processing of Applications**

1/ Unless the Licensing Authority determines otherwise on the basis of the economic benefit of the minerals or other appropriate investment objectives:

a) an application submitted for a large-scale mining license shall take precedence over application for small-scale and artisanal mining licenses;

b) where two or more applicants lodge applications for licenses of the same status at the same time covering the same mineral and license area, the Licensing Authority shall establish a technical team to evaluate the applications and the priority shall be determined on the basis of the evaluation of the technical work plan, the financial proposal, and the technical competency of the applicants.

2/ Notwithstanding the provisions of sub-articles (1) of this Article, the Licensing Authority may, for the promotion of the optimal development of mineral resources, disregard the applications and opt for bidding for the area in question.

11. **Eligibility for License**

1/ Any person who satisfies the requirements of the relevant license set out in this Proclamation, regulation or directives issued to implement this Proclamation, is qualified to carry on trade under the provisions of the relevant law, possess or have a confirmed access to financial resources and technical competence to carry out the mining operation may obtain license.

2/ No License may be granted or held by:

a) any person who is an un-rehabilitated insolvent, or is under a scheme of arrangement with creditors;
b) a business organization which is in liquidation, other than a liquidation which forms a part of a scheme for the reconstruction of the business organization or for its amalgamation with another business organization; and
c) a non-citizen of Ethiopia or an association of group of people who are not registered in accordance with the relevant law where it is for artisanal mining license;
d) a non-citizen of Ethiopia, where it is for construction minerals such as sand, aggregate, selected materials and others, except for those used as industrial raw materials and dimension stones;
e) a foreign citizen who apply to engage in the mining of placer minerals.

3/ A licensee whose license is revoked due to fraudulent misrepresentation or the presentation of a false statement may not be granted another license for five years starting from the date of revocation of the previous license.

12. **Notification of Interested Parties**

1/ The Licensing Authority shall, after registering the application, publicize it to third parties through widely accessible mass media.

2/ If any person objects to the granting of the license within 7 consecutive working days from the date of publicity under sub-article (1) of this Article, the Licensing Authority shall initiate negotiations between the concerned parties to resolve the objection.

3/ If the parties fail to resolve the objection, the Licensing Authority shall hear the presentations of both parties and decide on the upholding or rejection of the objection within 10 consecutive working days.

13. **Registry of Licenses**

1/ The Licensing Authority shall establish and maintain a Registry of licenses. The Registry shall contain details of all registered applications for Licenses and all details of their granting or refusal, and any other particulars as may be required by the relevant provisions of this Proclamation, regulations or directives issued to implement the Proclamation.

2/ Any license or instrument under which mining rights are transferred, assigned, surrendered, suspended, revoked, encumbered, inherited or otherwise treated shall be registered in the Registry. Each instrument relating to such rights must be presented for registration within 90 consecutive days after the date thereof or it shall otherwise be null and void.

3/ Notwithstanding the provisions of sub-article (2) of this article, if it is proved that the document was not submitted and registered within ninety (90) consecutive days due to force majeure, the licensing authority may register it.

4/ A copy of every instrument required to be filed with the Licensing Authority for registration, together with the map or other plan necessary for identification of the area concerned, shall be filed with the register of immovable property of the Government pursuant to the applicable laws. The Registry shall be open to the public inspection.

14. **Local Content**

Any Licensee must;

1/ give preference to the employment of Ethiopians, provided that such persons have the required qualifications;

2/ give preference to domestic goods and services that are readily available at a competitive price and comparable quality; and

3/ give training for its Ethiopian employees and gradually substitute all working positions by Ethiopians.

15. **Application for Exploration License**

1/ Any person who wishes to obtain exploration license shall apply to the Licensing Authority in the prescribed form.

2/ Where the application for an exploration license is complete, the Licensing Authority shall, within 10 consecutive working days after receipt of the application, notify that it has accepted the application.

3/ Where the application submitted under sub-article 1 of this Article is not complete, the Licensing Authority shall notify the applicant to complete the application within 10 consecutive working days. However, it must reject the application if the applicant fails to complete the application within the given period.

4/ The Licensing Authority shall notify, in writing with the reasons thereof, its decision of granting or rejection of the application for an exploration license within 20 consecutive working days from the date of submission of the complete application.

16. **Granting Exploration License.**

1/ The Licensing Authority may grant an exclusive exploration license where:

a) the applicant has financial resources to conduct the proposed exploration operation in accordance with the work program and has demonstrated that it possesses the required technical competence;

b) the environmental impact assessment has been approved; and

c) the estimated exploration expenditure is in accordance with the prescribed minimum exploration expenditure and the exploration work program;

2/ Without prejudice to the requirements stated under sub-article 1 of this Article, no exclusive exploration license be granted on a water body.

17. **Duration of Exploration License and Renewal**

1/ The duration of an exploration license may vary depending on the type of mineral and is valid for the period specified on the license; however, such period shall not exceed three years.

2/ An exploration license may be renewed twice for a period not exceeding one year each. The Licensing Authority may further allow extension of renewal to be made on each year where the licensee proves the necessity to undertake exploration activities beyond the initial work program. Provided, however, that such period shall not exceed five years.

3/ Notwithstanding the provisions of sub-articles (1) and (2) of this Article, the Licensing Authority may allow additional renewal period if the licensee proves that there is a mineral reserve that can be extracted; however, such period shall not exceed two years.

4/ Notwithstanding the provisions of sub-articles (1) and (2) of this Article, an exploration license of placer minerals shall be valid only for one year.

5/ Without prejudice to sub-article (3) of this Article, the licensee shall have the right to renew the license provided that he has fulfilled the obligations specified in the license, meets all the requirements in connection with the application for the renewal and is not in breach of any provisions of this Proclamation, regulation or directive issued to implement this Proclamation which constitute grounds for suspension or revocation of the license.

18. **Rights and Obligations of an exploration licensee**

1/ Without prejudice to the appropriate provisions of this Proclamation, an exploration licensee shall have the right to:

a) apply for and be granted a mining license for the mineral and the license area;

b) remove and transport any mineral samples found during the course of exploration in such quantities as may be required to conduct tests or other analysis with prior written permission of the Licensing Authority; and

c) transfer the license with the prior written approval of the Licensing Authority.

2/ Without prejudice to the appropriate provisions of this Proclamation, the holder of an exploration license shall have the obligations to:

a) commence with exploration activities within 60 consecutive days from the date on which the exploration license becomes effective;

b) comply with the terms and conditions of the license;

c) comply with the environmental protection obligations as authorized;

d) to present proof of discharging environmental rehabilitation obligations; and

e) keep duplicates of samples removed and transported for tests or any other analysis.

19. **Relinquishment of Portion of License Area.**

1/ The applicant for the renewal of an exploration license must relinquish at least 25 % a portion of the license area on each renewal period.

2/ In applying for each renewal of an exploration license, the licensee shall indicate the portion of the license area to be relinquished.

3/ Notwithstanding sub-article (1) and (2) of this article, the Licensing Authority may allow the renewal of an exploration license without relinquishment of a portion of the license area where;

a) the licensee has identified the presence of a mineral deposit on the license area and proves it needs to conduct pre-feasibility and feasibility study to apply for mining license;

b) the licensee is unable to carry out the exploration work according to the approved work program due to reasons beyond his control provided that the licensee notified in advance the occurrence of the situation in writing and obtained approval from the Licensing Authority.

4/ No renewal of an exploration license is allowed more than twice for the reasons under sub-article (3) (a) and (b) of this article.

20. **Application for Small or Large Scale Mining License**

1/ Any person who wishes to obtain a small scale or a large scale mining license shall apply to the Licensing Authority in the prescribed form.

2/ Where the application for a small scale or a large scale mining license is complete, the Licensing Authority shall, within 20 working days after receipt of the application, notify that it has accepted the application.

3/ Where the application made under sub-article 1 of this Article is not complete, the Licensing Authority shall notify the applicant to complete the application within 20 working days provided that it must reject the application if the applicant fails to complete the application within the given period.

4/ The Licensing Authority shall notify, in writing with the reasons thereof, its decision of granting or rejection of the application for a small scale or a large scale mining license within 30 consecutive working days from the date of submission of the complete application.

21. **Granting of Small or Large Scale Mining License**

The Licensing Authority shall grant an exclusive small scale or large scale mining license to an applicant where:

1/ the proposed work program or feasibility study is approved;

2/ the applicant has financial resources and technical ability to conduct the proposed mining operations optimally and in a safe manner;

3/ the environmental impact assessment has been approved;

4/ the applicant has concluded an agreement;

5/ the applicant is not in contravention of any obligations of the exploration license, if any.

22. **Duration of Small or Large Scale Mining License and Renewal**

1/ A small scale mining license shall be valid for the period specified in the license provided; however, that such period shall not exceed 10 years.

2/ A large scale mining license shall be valid for the period specified in the license provided; however, that such period shall not exceed 20 years.

3/ The licensee shall have the right to renew the license provided that it has demonstrated the continued economic viability of the deposit to be mine, has fulfilled the obligations specified in the license, and is not in breach of any provisions of this Proclamation, regulations or directives issued to implement this Proclamation which constitute grounds for suspension or revocation of the license.

4/ Without prejudice to sub-article (3) of this Article:

a) a small scale mining license may be renewed for a period not exceeding 5 years at a time.

b) a large scale mining license may be renewed for a period not exceeding 10 years at a time.

23. **Rights and Obligations of a small scale or a large scale Mining Licensee**

1/ A small scale or a large scale mining licensee shall have the right to hold, transport and sell minerals that it has produced.

2/ A small scale or a large scale mining licensee shall have the following obligations;

a) to commence mining development activities within 60 days from the effective date of the license;

b) to conduct mining operations in accordance with the work program;

c) to comply with the terms and conditions of the mining agreement;

d) to implement local content requirements;

e) to comply with the environmental protection obligations as authorized; and

f) to present proof of discharging environmental rehabilitation obligations;

g) to report to the licensing authority the type of mineral and the quantity mined each month within 5 days from the end of such month and sell the minerals mined every financial quarter within 15 days from the end of each financial quarter and notify the same to the licensing authority.

3/ A mining licensee shall finalize the mining development period activities and commence commercial production within two (2) years from the effective date of the license, unless there is a force majeure.

4/ Without prejudice to sub-article (3) of this Article, the Licensing Authority may extend or shorten such period by agreement, taking in to account the mining site, the nature and deposit of the mineral.

24. **Application for Artisanal Mining License**

1/ Any Ethiopian or micro and small enterprise that wishes to obtain artisanal mining license shall apply to the Licensing Authority in the prescribed form.

2/ Where the application for an artisanal mining license is complete, the Licensing Authority shall, within 10 consecutive working days after receipt of the application, notify that it has accepted the application.

3/ Where the application made under sub-article 1 of this Article is not complete, the Licensing Authority shall notify the applicant to complete the application within 10 consecutive working days provided that it must reject the application if the applicant fails to complete the application within this period.

4/ The Licensing Authority shall notify, in writing with the reasons thereof, its decision of granting or rejection of the application for an artisanal mining license within 10 consecutive working days from the date of submission of the complete application.

25. **Grant of Artisanal Mining License**

The Licensing Authority shall grant an artisanal mining license if the applicant meets all the requirements.

26. **Duration of Artisanal Mining License and Renewal**

1/ An artisanal mining license shall remain valid for the period specified in the license provided; however, that this period may not exceed 3 years.

2/ Artisanal mining license may be renewed once and for a period not exceeding 2 years.

3/ The Licensing Authority may, after giving 90 days prior written notice, revoke an artisanal mining license where it is considered that the deposit requires more advanced exploration and mining method for the best development of its economic potential.

4/ The Licensing Authority shall give preferential treatment to the licensee where the latter shows that he has the necessary technical and financial resources to engage in the advanced exploration and mining as prescribed by the Licensing Authority.

5/ Where preferential treatment is not accorded to the licensee, the Licensing Authority shall at the option of the licensee grant him another area of mining operation or determines the amount of compensation which shall be paid to the licensee for the loss incurred due to the revocation of the license. Such compensation shall be paid to the licensee promptly.

27. **Rights and Obligations of an artisanal mining licensee**

1/ An artisanal mining licensee shall have the following rights:

a) to hold, transport and sell minerals that it has produced.;

b) to renew the license for the period stated under sub-article (2) of Article 26 of this Proclamation provided that it has demonstrated the continued economic viability of the mineral deposit, has fulfilled the obligations specified in the license, and is not in breach of any provision of this Proclamation, regulations or directives which constitute grounds for suspension or revocation of the license.

2/ A holder of an artisanal mining license shall have the following obligations:

a) to commence mining operations within thirty days from the effective date of the license;

b) to comply with the terms and conditions of the license;

c) to conduct mining operations in accordance with the prescribed work program;

d) to comply with the environmental protection obligations; and

e) to comply with financial obligations.

3/ Where the licensee has engaged in gold or silver mining, it shall sell the minerals produced to the National Bank of Ethiopia.

28. **Modification of Licenses**

1/ The holder of a license may, at any time, apply in writing to amend, modify, or otherwise vary the approved work program or environmental authorization for the addition or change of a mineral, license area, change of mining methods or any other change that the Licensing Authority may authorize.

2/ Any application submitted in accordance with sub-article (1) of this Article shall demonstrate the reasons for the intended variation.

3/ The Licensing Authority shall approve the variation where it finds the application submitted in accordance with sub-article (1) of this Article acceptable; or if the Licensing Authority rejects the application, it shall notify in writing the reasons for refusal.

29. **Application for Mineral Processing License**

1/ Any person who wishes to carry out mineral processing operations shall apply to the Licensing Authority in the prescribed form.

2/ Where the application for a mineral processing license is complete, the Licensing Authority shall within 10 consecutive working days after receipt of the application notify that it has accepted the application.

3/ Where the application made under sub-article 1 of this Article is not complete, the Licensing Authority shall notify the applicant to complete the application within 15 consecutive working days provided that it must reject the application if the applicant fails to complete the application within the given period.

4/ The Licensing Authority shall notify, in writing with the reasons thereof, its decision of granting or rejection of the application for an artisanal mining license within 45 consecutive working days from the date of submission of the complete application.

30. **Granting of Mineral Processing License**

1/ The Licensing Authority shall grant a mineral processing license where it is satisfied that the following requirements are fulfilled;

a) the feasibility study is approved;

b) the applicant has demonstrated that it has access to the financial resources and the required technical capacity to conduct the proposed mineral processing operation in accordance with the work program;

c) the environmental and social impact assessment has been approved;

d) the applicant has concluded an agreement for mineral processing license; and

e) the applicant is not in contravention of any obligations of the mining license, if any;

2/ The contents of a mineral processing license shall be prescribed by regulation.

31. **Duration of Mineral Processing License and Renewal**

1/ A mineral processing license shall be valid for the period specified in the license provided; however, that such period shall not exceed 25 years.

2/ A mineral processing license may be renewed for a period not exceeding 10 years at a time, subject to sub-article (3) of this Article.

3/ The licensee shall have the right to renew the mineral processing license provided that he has fulfilled the obligations specified in the license, and is not in breach of any provision of this Proclamation, regulations or directives which constitute grounds for suspension or revocation of the license.

32. **Obligations of a mineral processing licensee**

Without prejudice to the appropriate provisions of this Proclamation, a mineral processing licensee shall have the obligations to:

1/ commence with mineral processing activities within 60 days from the effective date of the mineral processing license; and

2/ conduct operations in accordance with the work program;

3/ report to the licensing authority the service provided or the product produced and the amount sold within the period specified in the agreement;

4/ comply with the terms and conditions of the agreement;

5/ Comply with the environmental protection obligations as authorized;

6/ comply with the terms and conditions of the license and the relevant laws.

7/ finalize the development period activities and commence commercial production within three (3) years from the effective date of the license, unless there is a force majeure, and such period shall be determined by agreement depending on the type of the processing license. However, the Licensing Authority may allow a further period not exceeding two years where necessary.

33. **General Rights of Licensees**

1/ Without prejudice to the rights under other provisions of this Proclamation, a licensee shall, as appropriate, have the following rights:

a) to enter the license area and bring to that area any personnel, plants, machinery and equipment, and build and construct any surface or underground infrastructure required for the purposes of conducting mining operations;

b) to use, subject to the relevant water laws, water from any water body situated on, or flowing through the license area, or from any other water source, sink a well or borehole required for mining operations;

c) to use construction minerals situated within the license area and an area adjacent to the license area as required for erecting essential physical infrastructure within the license area in a manner that does not cause harm to other landholders;

d) in accordance with other relevant laws, to cut and use, within the license area, timber which is necessary for mining operations or to clear such vegetation as is strictly necessary for access to the license area;

e) to use the existing public infrastructure if such use shall not impair the use thereof by other persons;

f) to relinquish all or part of the license area by giving prior written notice to the Licensing Authority and upon fulfillment of all obligations of the license; and

g) to request modification of license to change the minerals mentioned in the license, include other minerals not specified in such license or to modify the license area to cover mineral deposit.

h) When it is for a mineral processing licensee, to request modification of license to change the minerals processed or to include others not specified in such license.

2/ Any licensee, except for an artisanal mining licensee, may employ qualified foreigners necessary for its operations in positions of higher management, supervision, trainers, and other technical professions provided that foreigners may be employed only when it is ascertained that Ethiopians possessing similar qualification or experience required by the sector are not available.

34. **General Obligations of Licensees**

1/ In addition to the obligations under other relevant provisions of this Proclamation, a licensee shall have the following obligations:

a) to carry out mining operations in a prudent, diligent, and efficient manner, in accordance with the appropriate laws, technology and good mining operation practices generally accepted in the mining industry;

b) to conduct mining operations in such a manner as to ensure the health and safety of his agents, employees and other persons, and comply with the applicable laws pertaining to environmental protection;

c) to ensure that employees get the training and education required for advanced mining operations;

d) to take proper precautions not to interfere with other lawful occupants of the license area and adjacent land;

e) to co-operate and contribute financially in the construction and maintenance of infrastructure to be used jointly with other licensees or other persons within the license area or lease area;

f) to permit other persons or the Government to temporarily use its infrastructure in circumstances of emergency, subject only to the payment of compensation in the event of damage thereto;

g) to effect all payments required under this Proclamation, regulation and directive in a timely manner;

h) to ensure that any contract to be concluded between the Licensee and third party or its affiliate shall be based on the principle of Arm's Length Transaction and without collusion;

i) to make available all books and records for inspection by the Licensing Authority and other duly authorized officials under the relevant laws;

j) to remove constructions, that are not useful to the government or the public, in the license area upon termination of the license or relinquishment of the license area; and

k) to obtain environmental authorization from the relevant authority.

2/ The allocation of the cost of construction and maintenance of infrastructure under sub-article (1) (e) of this Article shall be determined by the Licensing Authority on the basis of proportional use of the infrastructure**.**

3/ The government may takeover, free of charge, the constructions not removed by a licensee under sub-article (1) (j) of this Article.

35. **Community Development**

A mining Licensee shall participate in the development plans of the community surrounding the license area, and shall allocate money for such expenses. Particulars shall be determined by regulation to be issued for the implementation of this proclamation.

36. **Superimposition of License**

1/ The Licensing Authority may, subject to Article 37 of this Proclamation, grant licenses for different minerals within the same license area.

2/ If the licensing authority issues another license according to sub-article (1) of this article, it must notify the existing licensee in advance.

3/ Notwithstanding sub-article (1) of this article, the licensing authority may refuse the superimposed license, if it finds that the license will affect the mining operations carried out under the existing license.

37. **Precedence of License**

Unless the licensing authority determines otherwise, based on the economic benefit of Minerals or other appropriate investment objectives:

1/ a large scale mining operations shall take precedence over all other mining operations, and a small scale mining operations shall take precedence over an artisanal mining operations.

2/ if more than one license of the same status have been issued covering the same area but for different minerals, the first issued license shall take precedence over mining operations of the other license.

3/ If any area subject to a license is found to be superimposed upon that of another license for the same minerals, the area in dispute shall be considered to be within the area of the first licensee.

38. **Transfer of License**

1/ Unless prior authorization is obtained from the licensing authority, Licenses granted under this Proclamation may not be transferred, ceded, assigned, alienated, encumbered or otherwise be disposed of by the licensee.

2/ No license may be transferred to a person specified under sub-article (2) of Article 11 of this Proclamation.

3/ Any transfer of a license shall have no effect unless registered by the Licensing Authority.

4/ The Licensing Authority shall have the power to make any necessary enquiry and require the delivery of any documents which would assist the Licensing Authority to grant or refuse the application.

5/ In the instance where the shares of a licensee are transferred to another party, the relevant Tax laws shall be applicable to such a transfer, notwithstanding anything to the contrary.

39. **Surrender**

1/ A licensee may, without prejudice to the rights of persons claiming under the license, surrender any such license by giving to the Licensing Authority, unless otherwise agreed, at least 6 months' written notice.

2/ Any person who surrenders a license, pursuant to sub-article (1) of this Article, shall not be released from any liability imposed in accordance with this Proclamation during the term of the license.

40. **Disclosure of Information**

1/ No information, reports, documents or data submitted to the Licensing Authority or any other Government agency under this Proclamation by the licensee shall, for as long as the license remains in effect, be disclosed, except with the consent of the licensee.

2/ Nothing in sub-article (1) of this Article shall operate to prevent the disclosure of information where the disclosure is made:

a) for the purpose of legal proceedings, an inquiry or investigation conducted by an organ of justice administration;

b) to any person being a consultant to the Government or officer who is authorized by the Licensing Authority to receive such information;

c) for the preparation by or on behalf of the Government of statistics in respect of mining operations, provided such disclosure is no more specific in detail than is necessary for the purpose of the statistics concerned.

41. **Records and Reports**

1/ All licensees shall maintain, within the country, proper records containing the following information and submit prescribed reports to the Licensing Authority:

a) All geological data and information pertaining to his mining operations and the results connected therewith, including borehole core and core- log data; and data related to production; and

b) employment, financial, commercial and other relevant information.

2/ The licensee may not dispose of or destroy any record, borehole or core-log data specified in sub-article (1) of this Article, without the prior written consent of the Licensing Authority.

42. **Title to, Sale and Export of, Minerals**

1/ An exploration licensee shall have the right to remove, transport, analyze and, with the prior consent of the Ministry, export samples of minerals for testing, however, the licensee shall not dispose of them without the prior consent of the Licensing Authority.

2/ Subject to the provision of sub-article (1) of this article, the holder of an exploration license in respect of gemstones shall have the right to export the mineral samples for market survey or auction purposes, provided however such minerals remain the property of the government.

3/ A small or large scale mining licensee shall obtain title to the Minerals specified in the license upon their extraction.

4/ A small or large scale Mining license shall have the right to sell locally or export the Minerals referred to in sub-article (3) of this Article.

43. **Technology Transfer and Management Agreement**

1/ Where any licensee concludes a technology transfer or management agreement in connection with its mining operations, it shall submit that agreement to the licensing authority for approval and registration.

2/ Where the licensing authority receives a technology transfer or management agreement pursuant to sub-article (1) of this Article, it shall give its decision thereon subsequent to the necessary evaluation in accordance with the applicable laws.

44. **Suspension and Revocation of Mining Licenses**

1/ Subject to sub-articles (3) and (4) of this Article, the Licensing Authority may suspend the License partially or fully where;

a) it believes that the activity of the licensee is likely to become an imminent danger to the local community, the environment or its employees provided that such suspension is the only remedy under the prevailing circumstances.

b) the Licensee fails to grant a duly authorized official of the Licensing Authority access into the license area, the lease area or to any other site or premises of the mining operations or its books, records, other documents or materials, or fails to carry out a lawful order or instruction of such official.

2/ The suspension shall be lifted where the licensee within a reasonable time sufficiently rectifies, mitigates, removes or prevents the recurrence of the grounds of the suspension.

3/ Subject to sub-articles (2) and (4) of this Article, the Licensing Authority may revoke any license if the licensee:

a) fails to rectify the grounds that caused the suspension of the License;

b) fails to comply with the financial obligations prescribed in this Proclamation, regulation or directive;

c) conducts mining operations in a grossly negligent or willfully improper manner;

d) is not conducting his mining operations in accordance with the work program;

e) is in breach of the approved environmental impact assessment, safety and health standards, the provisions of the environmental authorization or the provisions of any relevant environmental laws;

f) has submitted false or fraudulent information in connection with any matter required to be submitted under the mining and other laws of the country;

g) fails to maintain complete, accurate and current books and records or other documents or materials required or fails to file reports or other documents or fail to give notices required.

4/ The relevant provisions of this article shall also apply to the licensee of mineral processing.

5/ Before acting under sub-article (1) or (3) of this Article, the Licensing Authority shall give notice in writing to the licensee:

a) setting out the grounds for considering the suspension or revocation of the license;

b) directing the licensee to take specified measures to remedy any contravention, breach or failure; and

c) specifying a reasonable date of not less than 10 working Days, before which the licensee may, in writing, submits any matter for the Licensing Authority to consider.

45. **Application for a License of Consultancy Service**

1/ Any Ethiopian or Ethiopian origin who wishes to engage in providing consultancy service in the mining sector may apply to the Ministry for a license of consultancy service;

2/ The Ministry shall accept and register the application if the requirements are met.

46. **Issuance of a License of Consultancy Service**

1/ The Ministry shall issue a license of consultancy service to an applicant where it is satisfied that the applicant has the necessary qualification and experience in the area of consultancy he wishes to engage.

2/ The criteria for issuance, validity, renewal and revocation of a license of consultancy service shall be prescribed by regulation to be issued to implement this Proclamation.

47. **Rights and Obligations of the Holder of a License of Consultancy Service**

1/ A holder of a license of consultancy service granted in accordance with sub-article (1) of Article 46 of this Proclamation shall have the right to provide the consultancy in the area of mining operation specified in the license.

2/ The holder of a license of consultancy service shall register in the commercial registry.

3/ A licensee shall carry out its service in a prudent, diligent, and efficient manner, in accordance with the appropriate laws, technology and good practices generally accepted in the mining industry.

48. **Application for a License of Technical Service**

1/ Any person who wishes to engage in providing technical service such as drilling, laboratory and other similar service in the mining sector may apply to the Ministry for a license of technical service.

2/ The Ministry shall accept and register the application if the requirements are met.

49. **Issuance of a License of Technical Service**

1/ The Ministry shall issue a license of technical service to an applicant where it is satisfied that the applicant has the necessary qualification and experience in the area he wishes to engage.

2/ Where the application is submitted to engage in provision of technical services such as drilling, laboratory service, or other similar services, the Ministry shall issue the license after confirming that the applicant has the necessary technical staff and equipment for the intended services.

3/ The criteria for issuance, validity, renewal and revocation of a license of technical service shall be prescribed by regulation to be issued to implement this Proclamation.

50. **Rights and Obligations of the Holder of a license of Technical Service**

1/ A holder of a license of technical service granted in accordance with sub-article 1 of Article 49 shall have the right to provide the technical service in the area of mining operation specified in the license.

2/ The holder of a license of technical service shall be registered in the commercial registry.

3/ A licensee shall carry out its service in a prudent, diligent, and efficient manner, in accordance with the appropriate laws, technology and good practices generally accepted in the mining industry.

51. **Termination of Licenses**

1/ A license shall terminate if:

a) a licensee relinquishes the whole area or surrenders the license;

b) a license is revoked by the Licensing Authority pursuant to the provisions of this Proclamation, regulations and directives;

c) a license expires without being renewed; or

d) without prejudice to the rights of heirs, a licensee dies, or where the licensee is a juridical person it is liquidated or declared bankrupt.

2/ Upon termination of a license, the Government may, unless an agreement specifies otherwise, acquire all of the immovable and movable property used in the mining operations at a price equal to the then unamortized value of such assets, as shown in the financial book of accounts of the licensee. If the Government does not exercise such right, the licensee shall be free to dispose such assets to another person in accordance with the applicable laws, or otherwise he shall be obliged to remove them as required by his environmental obligations.

3/ The licensee shall be required on termination of a mining license, to fence and safeguard to the satisfaction of the Licensing Authority, any pits and such other works in the License or lease area so that the health, life and property of persons may not be endangered.

4/ The relevant provisions of this article shall also apply to the licensee of mineral processing.

PART FOUR

ADMINISTRATION

52. **Powers and Duties of the Licensing Authority**

1/ The Regional State licensing authority shall have the powers and duties to:

a) Issue an artisanal mining license;

b) Issue to domestic investors:

(1) an exploration license for construction and industrial minerals;

(2) a small scale mining license for construction and industrial minerals;

2/ The Ministry shall have the powers and duties to:

a) issue exploration and mining licenses other than those to be issued by a regional state licensing authority under sub article (1) of this article ;

b) issue a mineral processing license;

c) issue a license of consultancy service;

d) issue a license of Technical Service;

e) conduct testing and give permission for the export of samples of minerals;

3/ The Ministry shall obtain the approval of the Council of Ministers in respect of issuing a mining license. However, unless the licensee is a foreign investor, the approval of the Council of Ministers is not required for construction and placer minerals.

4/ When the ownership of any license issued in accordance with sub-article (1) or (2) of this article changes, the licensing authority that issued the license shall transfer the documents relating to the license to the appropriate licensing authority.

5/ Any Licensing Authority shall have the powers and duties to:

a) receive, process and reject or approve any application for mining operations submitted in accordance with this Proclamation;

b) ensure that any licensee has the necessary financial resources and technical competence to fulfill the obligations under the license;

c) enter into agreements of mining operation and mineral processing license on behalf of the Government; ;

d) issue, renew, suspend and revoke a license in accordance with this proclamation, regulation and directives issued to implement this proclamation. ;

e) receive, subject to the provisions of Article 40 of this Proclamation, all information and records specified in Article 41 of this Proclamation;

f) monitor and inspect and ensure that mining operations are carried out in accordance with this proclamation, regulation or directives issued to implement this proclamation and other relevant laws and agreements;

g) without prejudice to prior commitments of the licensee, require that the licensee to sell locally all or a portion of his minerals to the Government, public enterprise or any other person subject to the payment of the international market price prevailing at the time of the sales transaction;

h) explore and declare by legal notice areas reserved for conducting artisanal mining;

i) collect and audit royalties, and other fees payable pursuant to this Proclamation, regulations and directives issued to implement this proclamation;

j) ensure that mining operations carried out by licensees take into account the environment and are beneficial to the community in the mining areas;

k) prepare model mining operation and mineral processing license agreement to serve as basis for negotiation;

53. **Inspections**

1/ Any authorized inspector of the Licensing Authority may enter any license and lease area to:

a) inspect any activity or process carried out in or upon the license and lease area;

b) inspect any book, record, statement or other document and make copies or extracts thereof;

c) examine any material or appliance found in the area;

d) take samples of any material and test, examine, analyze and classify such samples;

e) seize any material, appliance, book, record, statement or other document which might be relevant to a legal proceeding involving the violation of this Proclamation, regulations or directives and keep it in the custody of the Licensing Authority; and

f) require support necessary for the accomplishment of his inspection in accordance with this sub-article.

2/ The inspector shall show his letter of authorization to the appropriate officer of the licensee for conducting inspection under sub-article (1) of this Article.

3/ Where any material, appliance, book, record, statement or other document is put under the custody of the Licensing Authority in accordance with sub-article (1) (e) of this Article:

a) the person from whose possession or control any document is taken shall be allowed, under the supervision of the inspector, to make copies or extracts thereof;

b) if no legal proceedings are instituted in connection with the material, record, statement or document seized, or if it appears that such items are not required at any trial for the purpose of evidence or upon an order of court, such items shall be returned immediately to the person from whom it was seized.

54. **Prohibitions of Occupational Detriment Against Employees**

A licensee may not subject its employee to any occupational detriment on account of disclosing information to the Licensing Authority or any other authorized body regarding non-compliance of the licensee to any provisions of this Proclamation, regulation, directives issued to implement this Proclamation or obligations of its license.

55. **Reduction of Profitability and Curtailment of Mining Operations**

1/ The mining licensee shall notify the Licensing Authority if:

a) the prevailing economic conditions cause the profit to revenue ratio of the relevant mine to be less than six per cent on average for a continuous period of 12 months; or

b) there is a decrease in profitability or a scale-down in mining operations which may result in the reduction of the labor force in accordance with the labor law.

2/ The Licensing Authority may, after consultation with the appropriate government authority direct in writing that a licensee in question takes appropriate corrective measures.

3/ The licensee of the mining license shall comply with the directive and confirm in writing that the corrective measures have been taken.

56. **Expropriation**

1/ Where it is necessary for the achievement of a public purpose, the relevant government organ may expropriate a license area upon payment of appropriate compensation for any immovable property situated in the license area and upon reimbursing the costs incurred in carrying out mining operations.

2/ Where any property on any license area is expropriated in accordance with sub-article 1 of this Article, adequate compensation corresponding to the prevailing market value shall be paid in advance. The particulars shall be prescribed in the regulation to be issued to implement this Proclamation.

PART FIVE
ENVIRONMENTAL REHABILITATION

57. **Environment and Rehabilitation**

1/ Except for an applicant of artisanal mining license, any applicant for exploration, mining, or processing license shall submit an environmental and social impact assessment and obtain the necessary approval from the competent authority.

2/ Except for an artisanal mining licensee, any exploration, mining, or processing licensee shall allocate funds to cover the costs of rehabilitation of environmental impacts.

3/ A licensee must review and adjust its financial provision for environmental rehabilitation on an annual basis.

4/ Notwithstanding the provisions of sub-articles (1) and (2) of this article, an artisanal mining licensee shall rehabilitate the damage caused to the environment as a result of its mining operation; and the licensing authority shall have the duty to inspect its implementation.

5/ The provisions relating to environmental protection in this proclamation shall operate in tandem with the provisions of all other relevant laws.

58. **Mine Closure**

1/ The mining licensee shall have the responsibility to conduct mine closure upon the occurrence of the events stipulated under Article 2 of this Proclamation.

2/ The holder of a mining license shall apply to the Licensing Authority for a mine closure certificate upon:

a) Revocation of license;

b) lapse or termination of a license;

c) relinquishment of the any portion of the license area; or

d) surrender of the license;

3/ The License shall carry out the mine closure within 180 days from the occurrence of any of the events specified under sub-article (1) of this Article.

4/ No closure certificate shall be issued until the provisions pertaining to health, safety and the environment have been addressed.

5/ The grant of mine closure certificate in no way relieves the licensee from the responsibility to monitor environmental effects after closure of the mine as required in the environmental impact assessment and shall not release the licensee from the liability of performing the duties imposed upon him and due to be performed during the term of the license.

59. **Remedial Duty of the Licensing Authority**

1/ In the event the licensee is deceased, cannot be traced, or in the case a company ceases to exist or has been liquidated, the Licensing Authority may take the necessary measures to prevent further pollution or damage or to make the area safe.

2/ The measures contemplated in sub-article (1) of this Article shall be funded from the financial provision established by the licensee of the license or, if there is no such provision or it is inadequate, from money appropriated by government treasury for that purpose.

PART SIX

ROYALTY, INCOME TAX AND OTHER FINANCIAL REGIME

60. **Royalty**

1/ The mining licensee shall pay royalty based on the current sales price of the minerals produced and sold in accordance with sub-article (2) and (3) of this Article.

2/ The amount of royalty payable by a mining licensee shall be at the following rate:

a) precious minerals 7%;

b) semi-precious minerals 6%;

c) metallic mineral 5%;

d) industrial minerals 4%;

e) construction minerals 4%; and

3/ The amount of royalty payable by an artisanal and a small scale mining licensee shall be determined by the laws of the Regional States.

61. **Provisional Assessment of Royalty**

1/ In the event that it is impractical to assess the amount of any royalty, the licensee shall make a provisional payment of the royalty.

2/ When the amount of the royalty is ascertained, the licensee shall pay any balance or shall be repaid any excess sum paid on such provisional assessment.

3/ The Licensing Authority may, in circumstances it deems appropriate, cause the reduction, suspension or waiver of the payment of royalty by requesting the appropriate government body.

62. **Income Tax**

1/ A large scale mining licensee shall pay income tax in accordance with the relevant federal Income Tax Laws.

2/ Income tax to be paid by an artisanal and a small scale mining licensee shall be determined by the laws of the Regional States

63. **Collection of Information**

1/ The Licensing Authority may, by notice in writing, require any licensee to produce or make available any oral, written or electronic information as may be required to ensure the proper adherence to the provisions of this Proclamation with respect to royalty.

2/ The Licensing Authority may issue an order for conducting investigation in accordance with Article (53) of this Proclamation where it believes that information required under sub-article (1) of this Article is being withheld or destroyed.

64. **Failure to Pay Royalty and Income Tax**

If a licensee fails to pay royalty, income tax or any other payment on the due date, the Licensing Authority may by order prohibit the disposal of any mineral from the mining area concerned, or from any other mining area held by the licensee until all outstanding payments have been paid or until an arrangement has been accepted by the Licensing Authority for the payment thereof.

65. **Land Rentals**

1/ Any mining operations licensee shall pay land rent annually, in advance, for the Regional State mentioned on license.

2/ The rate of rentals shall be specified by laws to be issued by Regional States and any amendment thereto shall only apply to licenses issued after the date of amendment.

3/ Any licensee shall pay a lease payment for the area covered by a lease outside its license area according to the relevant law; such payment shall be fixed in the instrument granting the lease and shall remain during its term, unless the instrument provides otherwise.

4/ Any mineral processing licensee shall pay a lease payment for the land on which the industry is to be established in accordance with the relevant laws of the Regional State specified in the license.

66. **License Fees**

License fees shall be paid for the issuance and renewal of licenses in accordance with this Proclamation. The amount and manner of payment of such fees shall be determined by regulations issued to implement this Proclamation and the laws of Regional States as appropriate.

67. **Guarantee**

The Licensing Authority may require the applicant for a license or renewal or for the transfer, assignment or encumbrance of a license to provide cash, bank or other guarantee to secure the applicant's obligations. The conditions of such guarantee shall be determined by directives.

68. **Exchange Control**

1/ A foreign investor producing exportable minerals or conduct mineral processing activity may retain a portion of foreign currency earning as may be determined by directives of the National Bank of Ethiopia and use it for settlement of transactions in foreign currencies.

2/ A foreign investor holding a mining or mineral processing license may make the following remittances out of Ethiopia in the currency of investment or in an approved currency at the prevailing rate of exchange on the date of remittance:

a) profits and dividends accruing from mining or mineral processing investment;

b) principal and interest on a foreign loan;

c) fees, royalties or other payments accruing pursuant to technology transfer or management agreement relating to the mining or mineral processing investment;

d) proceeds from the liquidation of a mining or mineral processing business enterprise; and

e) payment from the sale or transfer of shares of a mining or mineral processing investment or transfer in part or in whole of the business ownership.

3/ Expatriates employed in mining operations may remit salaries and other payments in accordance with the relevant exchange regulations.

69. **Exemption from Customs Duties and Taxes**

Any consumables, equipment, machinery and vehicles that are required for operation and imported from abroad into Ethiopia by an exploration licensee, small-scale or large-scale mining licensee, mineral processing licensee or their contractors based on the approved work program shall be exempted from customs duties and taxes in accordance with the relevant law.

PART SEVEN
MISCELLANEOUS PROVISIONS

70. **Registration and Representation**

1/ Any licensee shall be registered in the Registry of Trade (commerce) with the appropriate authority and shall maintain an office in Ethiopia during the entire term of the license.

2/ A licensee shall not be required to obtain any other authorization or permission from any other government office in order to produce or process, sell or export minerals covered by the license or to import any goods or enter into contract for the acquisition of license of any intellectual property required for mining operations.

3/ The provisions of sub-article (2) of this Article shall not relive a licensee from complying with obligations of customs, bank formalities and requirements that must be fulfilled according to other laws.

71. **Government Assistance**

1/ The Government may provide incentives and assistance to:

a) mining operations related to strategic minerals that are deemed to be vitally important in addressing the immediate socio-economic problems of the country;

b) mining operations that promote domestic utilizations through processing minerals;

c) artisanal mining licensees who are engaged in production of precious minerals.

2/ The type and mode of incentives and assistance, depending on the nature of the mining operations, shall be prescribed by regulation to be issued to implement this Proclamation.

3/ Without prejudice to the provisions of sub article (1) and (2) of this Article, the Ministry may assist the licensee, its expatriate employees and families to obtain the necessary visa, residence permits and work permits.

72. **Administrative Measures**

1/ First Level Offences and Administrative penalties

a) Any person who:

(1) without prejudice to the provisions of Article 8(3) of this Proclamation, undertakes mining operations, store and transport minerals without having obtained the relevant license:

(2) gives false information or commits fraud in connection with an application for a license issued under this proclamation and the renewal of a license;

shall be punishable with a fine from Birr 300,000 up to Birr 500,000 and the mineral produced without having license shall be confiscated.

b) Any licensee who:

(1) conducts mining operation in a reckless or willfully improper manner or breaches any material term or conditions of his license;

(2) fails to comply with an order and the financial obligations prescribed under Article 64 of the Proclamation;

(3) commits any kind of fraudulent act in relation to rights emanated from a license or has submitted false information or commits fraudulent act in connection with mining operations or undertakes mining activities not envisaged in the license;

(4) breach the environmental, safety and health standards or fails to observe obligations related to his mining operation; or

(5) fails materially to meet administrative and fiscal obligations related to his mining operation;

shall be punishable with a fine from Birr 150,000 up to Birr 200,000.

2/ Second Level Offences and penalties

Any licensee who:

a) fails to maintain books and records required under this proclamation or other documents or materials required or maintains books and records which are materially incorrect or incomplete;

b) conducts mining operations in a negligent manner or in a way which endangers the health or safety of any person, the environment and nature, a deposit, or fails to observe his duties in respect to community development or fails to observe generally accepted good mining practices or fails to observe an obligation of license;

c) fails to grant a duly authorized supervisor or official of the Licensing Authority access into the license area, or to any other site or premises of the mining operations or to his books, records, other documents or materials. or fails to carry out a lawful order or instruction of such official;

d) where consultancy and technical service licensee failed to carry out his duties in an ethical manner, to use modern technology and generally accepted good mining operation practices in the mining industry;

shall be punishable with a fine Birr 50,000 up to Birr 70,000, if immediately takes remedial action to correct the violation after receiving notice; if the person concerned does not take remedial action immediately, the amount of the fine shall be doubled; if the violation results in an imminent or continuing danger to the health and safety of any person, the environment or a deposit, the Licensing Authority may immediately order suspension of mining operations license pending the correction of the violation, and the license shall be suspended until such act, omission or condition is rectified.

3/ Third Level Offences and penalties

Any licensee who:

a) fails to maintain books and records in a complete, accurate and current manner, excluding such deficiencies to maintain books and records which are materially incorrect or incomplete;

b) fails in a timely manner to file all reports and other documents or to give notices required; .

c) fails to carry out mining operations in a proper and prudent manner or to observe regulations or directives but which failure does not endanger the health or safety of any person, the environment or a deposit;

d) fails to maintain information in connection with mining license either in Amharic or English language;

shall be punishable with a fine from Birr 30,000 up to Birr 50,000 if he fails to take remedial measure to correct the violation immediately after receiving notice.

73. **Penalty**

Subject to the appropriate provision of the criminal code, any person who:

1/ contravenes or fails to comply with an order given under Article 64 of this Proclamation or, while being aware of such order, receives a mineral the disposal of which is prohibited by the order;

2/ contravenes or fails to comply with any provision of this Proclamation, regulation, directive or the terms and conditions of a license; or

3/ submits inaccurate or misleading information in connection with any matter required to be submitted under this Proclamation, regulation or directive;

shall, be punished with a fine up to Birr 1,000,000 or an imprisonment up to five years or both.

74. **Appeal Procedures**

1/ Any person who is aggrieved by any administrative decision of the Licensing Authority pursuant to this Proclamation may apply to the officials of the Licensing Authority hierarchically.

2/ No person may apply to the competent court for the review of an administrative decision contemplated above until he has exhausted the administrative remedies with the Licensing Authority.

75. **Settlement of Disputes**

1/ Notwithstanding sub-article (2) of Article 73 of this Proclamation, any dispute, controversy or claim between the licensing authority and a licensee arising out of or relating to an agreement for exploration, mining, processing or artisanal mining or the interpretation, breach or termination thereof shall, to the extent possible, be resolved through negotiation.

2/ In the event that agreement cannot be reached through negotiations, the case shall be settled by arbitration in accordance with the procedure specified in the agreement. An arbitral award shall be final and binding up on the parties.

76. **Powers to Issue Regulations and Directives**

1/ The Council of Ministers may issue regulations necessary for the proper implementation of this Proclamation.

2/ The Ministry may, issue directives necessary for the proper implementation of this Proclamation and regulations issued pursuant to sub-article (1) of this Article.

77. **Transitional Provisions**

1/ Any license or mining agreement issued or concluded prior to the coming into force of this proclamation shall, in so far as it is consistent with the provisions of this proclamation, continue in force for the remaining period of its validity; and thereafter, it may be renewed in accordance with the provisions of this proclamation.

2/ Any cause of action or litigation or enforcement proceeding commenced before the coming into force of this Proclamation shall be settled in accordance with the laws in force before the coming into force of this Proclamation.

3/ The provisions of the Mining Operations Council of Ministers Regulation No. 423/2018 shall, in so far as they are consistent with this Proclamation, remain in force until replaced by a regulation issued pursuant to this proclamation.

78. **Repealed Laws and savings**

1/ The Mining Operations Proclamation No. 678/2010 (as amended by proclamation No. 816/2016 and No. 1213/2020) is hereby, repealed.

2/ No law, Regulation, Directive or customary practices shall, in so far as they are inconsistent with this Proclamation, be applicable with respect to matters provided for in this Proclamation.

79. **Effective Date**

This Proclamation shall enter into force on the date of its publication in the Federal Negarit Gazetta.

PRESIDENT OF THE FEDERAL DEMOCRATIC

REPUBLIC OF ETHIOPIA

Done at Addis Ababa this …… day of ……2023.

SAHLEWORK ZEWDIE