

# Mining Investment Guide



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# 1. Introduction

Angola's mining sector has enormous potential for growth and development and is one of the main pillars of the country's economy. With a remarkable diversity of mineral resources, including diamonds, critical minerals such as lithium, cobalt and copper, and base metals, Angola has attracted growing interest from domestic and international investors.

Political stability and recent regulatory reforms have helped to create a favourable environment for investment, promoting sustainable mining operations and maximising the economic value of natural resources.

The Angolan executive has implemented several initiatives to strengthen the mining sector, such as the creation of the National Agency of Mineral Resources ("ANRM"), the completion of the National Geological Plan ("Planageo") and the accession to the Extractive Industries Transparency Initiative ("EITI"). These measures are aimed not only at attracting foreign investment, but also at ensuring that mining is carried out in accordance with international standards of transparency and sustainability.

In addition, the growing modernisation of infrastructure and logistic hubs, fostered by projects such as the Lobito Corridor and the Saurimo Diamond Development Hub, also play a crucial role in facilitating the flow of minerals and in regional economic development.

# 2. Overview of the Angolan mining sector

## 2.1. ANGOLA'S GEOLOGICAL POTENTIAL

Angola has significant potential in the mining sector, particularly in the production of diamonds and critical minerals. The country is one of the largest diamond producers in the world, with an estimated annual production of around 8 million carats. Diamonds account for 3-4% of Angola's GDP and are essential for exports, consolidating their position as one of the country's most important products. The Angolan government is determined to consolidate investment in the sector by improving infrastructure and regulation to attract more foreign investment, including the creation of a cutting centre in Saurimo.

Angola also has the potential to exploit critical minerals that are essential for the energy transition, including lithium, cobalt and copper, and is also rich in base metals such as iron and manganese, all with recent discoveries in various provinces. The combination of significant deposits and a favourable regulatory environment represents an opportunity for investors looking to invest in the natural resources sector as a focus for the energy transition.

## 2.2. MINERAL RESOURCES

The Mining Code establishes the following classification of minerals:

- Ferrous metals, such as iron, manganese, titanium, and chromium;
- Non-ferrous metals, such as copper, lead, zinc, tungsten, tin, nickel, cobalt, molybdenum, and arsenic;
- Rare metals and rare earth elements, such as beryllium, lithium, niobium, and tantalum;
- Radioactive minerals, such as uranium;
- Precious metals, such as gold, silver, and platinum;



- Non-metallic mineral resources, such as quartz, feldspar, kaolin, gypsum, barite, diatomite, wollastonite, muscovite (a type of mica), vermiculite, talc, fluorite, sulphur, kyanite, guano, potash salts, rock salt, graphite, asbestos, phosphorite, and bentonite;
- Construction materials, such as limestone, dolomite, asphaltite, sands, and clays;
- Ornamental rocks, such as anorthosites, granites, and marbles;
- Precious and semi-precious stones, such as diamonds, rubies, sapphires, emeralds, amethysts, and opals;
- Solid fossil fuels, such as peat and lignite.

The Mining Code also establishes 3 sets of rules applicable to minerals extracted in Angola, depending on their category: (a) strategic minerals (b) minerals for civil construction and (c) common non-strategic minerals (residual regime).

### 2.2.1. Strategic minerals

The legal framework applicable to strategic minerals is that established by law for non-strategic common minerals, with the adaptations contained in the Mining Code, such as the granting of rights or investment rules.

Strategic minerals are defined as all minerals that, considering their economic importance, are considered important in terms of rarity, size of demand on the international market, impact on economic growth, job creation, influence on the balance of payments, importance for the military industry or technology.

The Mining Code explicitly classifies diamonds, gold and radioactive minerals as strategic minerals. Presidential Decree no. 231/16 of 8 December also classifies rare metals and rare earth elements as strategic. Rare metals include metallic elements with significant technological applications and are used in clean technologies (i.e. critical minerals), such as lithium. Rare earth elements include a group of 17 chemically similar metallic elements such as scandium, yttrium and lanthanides.

Mining rights over strategic minerals can be awarded exclusively to the National Concessionaire (i.e. ANRM). However, the rule has been, and continues to be, the allocation of mining rights to concessionaires set up between the state and investors. In other words, the mining project ends up being developed by joint ventures set up between the state entity and the investors, under terms and conditions to be agreed in the Mining Investment Contract and other ancillary documentation. When it comes to diamonds, the public entity that is part of the concessionaire is Endiama, which thus ensures the State's presence in the concessions, in partnership with the private investors

### 2.2.2. Minerals for civil construction

The legal framework applicable to minerals for civil construction is in the law on non-strategic common minerals, with the necessary adaptations, particularly the concession area and the mining rights' duration.

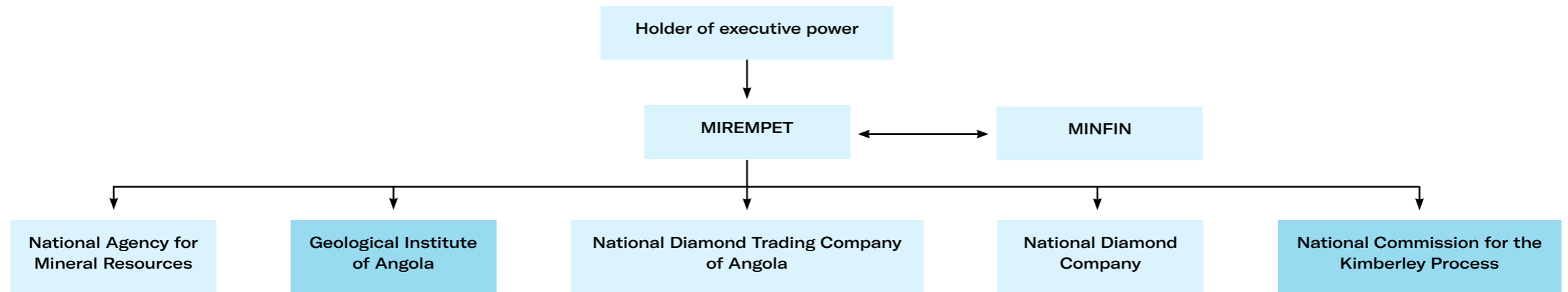
The Mining Code establishes that a mineral for civil construction is any substance of mineral origin used directly in civil construction works or as a raw material for the manufacture of products intended for civil construction.

Mining rights for the prospecting or mining of minerals for civil construction may only be granted to Angolan citizens or legal entities governed by Angolan law that are either wholly owned by Angolan citizens or have at least two-thirds of their capital held by Angolan nationals.

### 2.2.3. Non-strategic common minerals (residual regime)

Minerals not classified as strategic and not subject to the civil construction materials regime are considered common minerals, which is the residual regime provided for in the Mining Code.

## 2.3. STRUCTURE OF THE MINING SECTOR



## 2.4. KEY STAKE HOLDERS

- **National Agency for Mineral Resources (ANRM):** is the public body that regulates and supervises the mining sector and establishes guidelines for the exploitation, commercialisation and supervision of mineral activities.
- **Geological Institute of Angola (IGEO):** is the public institution that guarantees geoscientific knowledge and Angola's mining potential through geological research and mapping.
- **National Diamond Trading Company of Angola (SODIAM):** is the public company that supervises and controls the commercialisation and cutting of diamonds.
- **National Diamond Company (ENDIAMA):** is the public company that operates in the prospecting, research, reconnaissance and exploitation of diamonds.
- **National Commission for the Kimberley Process (CNPK):** is the body that supervises the implementation of the Kimberley Process and ensures compliance with international regulations on the commercialisation of precious metals and diamonds.

## 2.5. ANGOLA'S ROLE IN THE ENERGY TRANSITION

Angola has an enormous potential in critical minerals. These minerals include lithium, cobalt, copper and graphite, which are fundamental to the energy transition and the production of advanced technologies such as batteries for electric vehicles. The Angolan government has emphasised the importance of developing not only the extraction of these resources, but also their value chain within the country, promoting a sustainable development model that benefits the local economy.

In recent years, Angola has restructured itself to attract investment in the sector. Investor confidence has increased due to political stability and a more robust regulatory model. This momentum is seen as a generational opportunity for Angola as it seeks to position itself as a reliable supplier of critical minerals in a global context.

Energy transition is a key focus of the Angolan government's strategy. With demand for critical minerals increasing due to the growth of renewable energy, Angola is preparing to start production of neodymium and praseodymium in the coming years. As the national executive has stated, investment in critical minerals is not only an economic issue, but also a strategic necessity for the country's sustainable future.

## 2.6. PLANAGEO

The National Geological Plan (Planageo), which was completed in 2023, plays a key role in the development of Angola's mining sector by providing a detailed map of the country's mineral resources. This ambitious programme not only identifies deposits of strategic minerals such as copper, iron, diamonds and rare earths, but also makes this information available to potential investors.

By reducing geological uncertainty and creating a comprehensive database, Planageo facilitates informed decision-making and attracts new investment to the sector, reinforcing Angola's position as a promising destination for mining projects.

The data collected is the responsibility of the Geological Institute of Angola (IGEO), a public organisation under the supervision of the Ministry of Natural Resources, Petroleum and Gas ("MIREMPET").

## 2.7. THE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

The Extractive Industries Transparency Initiative (EITI) is a global standard for good governance of natural resources that promotes transparency and accountability in the management of revenues from extractive industries such as oil, gas and mining. EITI requires the disclosure of information throughout the extractive value chain, from the granting of licences to the use of revenues, with the aim of reducing corruption, promoting informed public debate and ensuring that resources benefit local communities. The initiative operates within a tripartite framework involving governments, companies and civil society.

Angola joined the EITI in June 2022, demonstrating its commitment to transparency in the extractive sector. This strategic step aims to strengthen governance and responsible management of Angola's natural resources, improve the business environment, attract investment and fight corruption. In 2023, Angola presented its first EITI report for 2021, demonstrating its efforts to meet the initiative's requirements and providing an important transparency exercise to mobilise investment by providing a detailed mapping of the country's mineral resources

## 2.8. THE LOBITO CORRIDOR

The Lobito Corridor is a strategic axis for Angola's mining sector, providing a vital link between the mineral rich regions of inland Angola and global markets. The railway corridor connects the province of Benguela on the coast of Angola to the border with the Democratic Republic of Congo (DRC), via Zambia. This provides an efficient route for the transport of critical minerals such as copper, cobalt and rare earths mined in Zambia's Copperbelt region. This infrastructure significantly reduces transport times and logistics costs, supporting the growth of Angola's mining sector and facilitating the export of minerals essential to the country's high-tech and renewable energy industries.

In addition, the Lobito Corridor is seen as an engine of economic development for Southern Africa, attracting foreign investment and promoting regional cooperation. The modernisation of this route, with the support of international partnerships, aims to transform Angola into an export hub for critical minerals, promoting sustainable growth and economic diversification. With growing global demand for minerals needed for the energy transition, such as lithium and cobalt, the Lobito Corridor plays a vital role in positioning Angola on the global stage for the supply of these resources.



## 3. Granting of mining rights

Mining rights may be granted by public tender or at the request of the interested party. If there is no public tender, the mining rights are granted to the first applicant.

The Mining Code provides that a public tender is mandatory: (i) if the area has a high geological potential or (ii) if it is a strategic mineral.

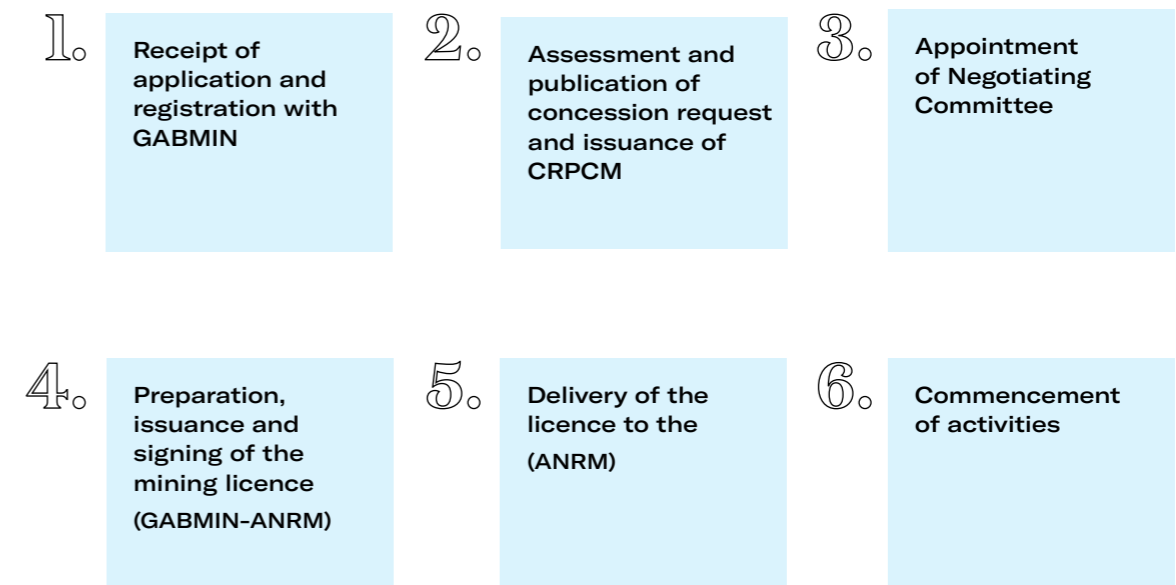
The general procedure for granting mining rights for industrial production is as follows:

- i) Submission of an application to the Minister of Geology and Mining, which is received by the Minister's office ("GABMIN");
- ii) Response to the application for a mining concession, which must be issued within 30 days of the submission of the application;
- iii) Issuance of the Certificate of Registration of the Mining Concession Application (CRPCM) within 15 days of proof that the mining concession application is valid and unchallenged;
- iv) Formation of the Negotiating Committee - within 30 days of the submission of the Letter of Intent by the investor, accompanied by the CRPCM or the Technical, Economic and Financial Feasibility Study and, if required, the Environmental Impact Study;
- v) Negotiation of the mining investment contract - up to 180 days after the negotiation committee is established;
- vi) Drafting of the minutes of the negotiations and submission to the competent authority for approval of the contract - up to 8 days after the conclusion of the negotiations;
- vii) Approval of Contract by Minister or by the President of the Republic, depending on the value of the contract, once the negotiation report has been received and the Contract initialled

viii) Provision of security by the investor; and

ix) Issuance of the mining bonds, up to 8 days after the approval of the contract.

### Main stages in the process of granting mining rights



### 3.1. MINING INVESTMENT CONTRACTS

The Mining Investment Contract – (MIC) is an essential instrument for formalising and regulating the relationship between the investor and the state in mineral resource projects. The contract plays a crucial role in defining the terms and obligations of all parties, ensuring a clear legal framework and providing legal and economic security for the investment.

It is usually approved by the minister in charge of the mining sector ("MIREMPET"), except when the value of the investment exceeds USD 25 million. In such cases, the President of Angola is responsible.

Although investment in the mining sector is regulated by specific legislation, the Private Investment Law, approved by Law no. 10/18, of 26 June, as amended, applies subsidiarily to investments made in the mining sector. Thus, after the mining title has been issued, the foreign investor must register with Investment and Export Promotion Agency (AIPEX), and the application must be accompanied by a copy of the MIC, the prospecting title and the relevant company documents.

### 3.2. KEY ANNEXES OF THE MINING INVESTMENT CONTRACT (CIM)

The submission of the initial proposal for the Mining Investment Contract (MIC) must include its various annexes, with the most important highlighted here:

- a) **Tax annex: contains** the tax incentives applicable to the investors and the concessionaire. The request for tax incentives shall be addressed to the Minister of Finance, after hearing the opinion of MIREMPT. The incentives are discussed and negotiated with Negotiating Committee which shall include representatives of the Ministry of Finance.

This is an especially important document, as it requires flexibility in the negotiation of incentives, both in terms of the tax rates that can be reduced or even eliminated, the duration of the incentives and the investment premiums (uplift). However, the investor must prove the added value of the project, particularly compliance with Article 353(3) of the Mining Code.

Most importantly, it is highly advisable that the MIC defines when the incentives start to count, ensuring an effective benefit to the investor.

- b) **Social responsibility:** One of the major strategic objectives of the mining sector is to guarantee the sustained economic and social development of the country, as well as to create jobs and improve the living conditions of the populations living in the mining areas.

The social responsibility of mining is the commitment to proceed with mining that goes beyond the sphere of job creation, tax payment and business profitability. Projects must show an ethical attitude in favour of quality of life and respect for human rights, which begins with their own employees and extends to the whole of society, especially the local communities involved.

- c) **Human resources development plan:** the human resources development plan is an essential element in the MIC, ensuring that the exploitation of natural resources contributes to the empowerment of the local workforce and sustainable economic development. This plan defines priority recruitment of Angolan workers, technical training programmes and knowledge transfer, reducing dependence on foreign labour and strengthening local skills.

The plan should create a positive impact on communities by creating job opportunities, improving quality of life and stimulating the local economy. By aligning the interests of investors with the priorities of the Angolan government, the human resources plan promotes social inclusion and ensures that the benefits of mining projects have a direct positive impact and contribute significantly to the sustainable development of the region.

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- d) **Statutes of the mining company (concessionaire):** the MIC must also be submitted with a proposal for the statutes of the mining company, which will act as the concessionaire and holder of the mining rights. The document regulates the rights and duties of the parties and must be drawn up in accordance with the Companies Law.
- e) **Shareholders' agreement:** although this is not a compulsory element - and in many cases it is not included as an annex - it is desirable that the shareholders' agreement relating to the mining entity is agreed from the outset.

Attaching this document to the CIM promotes transparency, protects the interests of the parties and reinforces the stability of the project, ensuring that no future negotiations are necessary on important issues such as governance, company financing and dividend policy.

- f) **Plan to combat illegal mining:** this is an annex that the ANRM / Negotiating Committees have recently requested from investors, which should include the main measures that the investor intends to develop to combat illegal mining activity. Specifically, the investor is asked to indicate which preventive and reactive policies and actions will be developed throughout the life of the project to mitigate the consequences of the illegal mining phenomenon.

### 3.3. STATE PARTICIPATION AND LOCAL CONTENT

The state assumes a central role in the regulation of mining activities, and it holds a direct financial interest in these activities. Through regulatory bodies and public companies, the state ensures that mining activities comply with established laws and regulations, thereby guaranteeing the sustainability and development of the sector. This role can be enhanced by the creation of new public institutions, where necessary, to manage specific aspects such as export controls, pricing and public health protection.

In addition to its regulatory role, the State participates directly in mining projects as a form of compensation for granting exploration and commercialisation rights. This participation can take the form of a shareholding in the mining company, with a minimum presence of 10% in the share capital of the concessionaire.

Alternatively, or cumulatively, the State can benefit from participation in kind, i.e. receiving a share of the mineral product extracted, the proportion of which can increase as the profitability of the mining project becomes higher. This model under which the state holds a financial interest aims to ensure that Angola receives fair compensation for the exploitation of its natural resources, while providing investors with a clear and predictable environment in which to develop mining projects. In this way, the country seeks to balance its strategic interests with the need to attract and retain international investment in the sector.

The State is required to hold a minimum 10% participation in the concessionaires.



Moreover, despite the direct interest held by the State in the concessionaires, it is unusual for the State entity to bear any financial burdens related to the development of the project, as these are typically the responsibility of the investor (i.e. carry). Therefore, it is important for the Mining Investment Contract to include provisions regarding the responsibility of the project concessionaire to capitalise the project, as well as the framework applicable to the repayment of the investment (e.g., priority of repayment of the investment over dividend distributions).

As a general rule, there are no restrictions based on the nationality or residence of investors in mining projects involving strategic minerals. However, when mining rights are granted under equal conditions, preference should be given to projects backed by national citizens.

The exception in the previous paragraph concerns mining rights for the semi-industrial exploitation of diamonds and minerals for civil construction. This right can only be granted to Angolan nationals or to legal entities established under Angolan law and owned exclusively by Angolan nationals, with at least two-thirds of the capital held by Angolans.

Additionally, there are regulations regarding the local contracting of services, requiring concessionaires to prioritize local products and services when: (i) their price does not exceed that of a foreign competitor by more than 10%, and (ii) their delivery time does not surpass that of a foreign supplier by more than 8 days. Therefore, it is always advisable for concessionaires to request proposals from local suppliers and maintain a record of this documentation, should it be necessary to justify international contracting under tax, exchange, and customs regimes.

## 4. Tax, exchange and customs rules

### Taxation of mining projects

The taxation of each MIC can be negotiated and implemented on a contractual basis. As part of the contractual phase of the investment process, investors may propose to the Negotiating Committee any exemptions or other facilities of a tax and/or customs nature that they consider appropriate. This proposal is then subject to discussion, negotiation and approval.

Among the various other possible tax incentives that can be granted to holders of mining rights, we can highlight here the granting of investment bonuses (uplift), as well as tax rate reductions or grace periods in the payment of income tax.

The Mining Code identifies three main tax charges to which mining companies are subject:

- a) **Income Tax:** a rate of 25% levied on profits attributable to the exercise of domestic or foreign activities that have acquired mining rights;
- b) **Tax on the value of mineral resources or royalty:** This is levied on the value of minerals extracted at the mine mouth or, where processing takes place, on the value of the concentrates. Rates vary from 2% to 5% of the value of mineral resources;
- c) **Surface levy:** This levy applies to holders of granted prospecting rights and is based on the area of the concession. It is paid annually, and the amount is calculated per square kilometre of the area covered by each concession.

However, the General State Budget for 2024, whose continuity is guaranteed by the General State Budget for 2025, reintroduced the Special Contribution on Foreign Exchange Operations (CEOC), which applies to foreign currency transfers abroad made by individuals (2.5%) and legal entities (10%). This includes contracts for services, technical assistance, consultancy, management, capital transactions and unilateral transfers.

Nonetheless, the legislation provides for a specific exemption for companies engaged exclusively in diamond mining, in recognition of the strategic importance of this sector to the Angolan economy and in order not to burden their international operations. The main purpose of this exemption is to make Angola's diamond sector more competitive on a global scale and to encourage foreign investment in the sector.

### Foreign exchange rules

The foreign exchange rules applicable to the mining sector are set out in National Bank of Angola ("BNA") Notice 2/23 of 9 February. According to this notice, exports of raw, polished or refined minerals or mining products in the form of bars, alloys, blocks, stones, jewellery, intermediate or finished products must be settled in a freely convertible foreign currency. The proceeds from these transactions are to be deposited and managed as follows:

- a) **Angolan investors:** deposit in foreign currency, in an account opened with a banking institution domiciled in the country, apart from the amounts necessary for the guarantee, repayment of capital or payment of interest and charges related to financing contracted abroad;
- b) **Foreign investors:** it is permitted to pay income into a bank account domiciled abroad. However, the amounts required to pay taxes and other obligations to the State, as well as the amounts required to pay for goods and services supplied by residents in foreign currency, must be remitted to the country.

Mining companies must maintain accounts in both local and foreign currency, with payments in foreign currency permitted in the following situations:

- a) Payment of principal, interest and charges in respect of foreign currency loans or debts contracted locally or abroad;
- b) Repayment of shareholder loans from abroad;
- c) Payments abroad, including the settlement of imports of goods and services intended exclusively for the use of the company holding the account;

- d) Payments to foreign shareholders;
- e) Sale of foreign currency and transfer of the acquired Angolan currency to their Angolan currency accounts;
- f) Other payments that may be made in foreign currency in accordance with the applicable Angolan legislation.

With regard to contracting foreign financing, these companies can carry out the following operations:

- a) Contracting loans abroad to finance mining activities in the country
- b) In relation to these loans, instruct buyers to transfer all or part of the amounts payable directly to the lenders abroad, to pay exports, fees or increase security.
- c) Maintain, in accordance with the terms of the loan agreements, escrow accounts with lending financial institutions domiciled abroad.



## Customs rules

The customs rules applicable to mining activities are set out in the Mining Code. According to this legislation, the importation of equipment intended exclusively and directly for prospecting, exploration, reconnaissance, extraction and processing of mineral resources is exempt from customs duties and service charges related to general customs duties, except for stamp duty, the statistical rate of 1/1000 and other related service charges.

However, in accordance with the principle of protecting national industry, this exemption does not apply to goods produced in Angola if they are of the same or similar quality, are available for sale and delivery in a timely manner and are priced no more than 10% higher than the cost of the imported goods.

# 5. Life cycle of a mining project

A mining project can be divided into two main phases: the prospecting phase and the exploitation phase. The rights and obligations relating to each of these phases must be set out in the Mining Investment Contract (MIC). Each prospecting and mining operations phase corresponds to a separate mining license, the granting of which depends on the fulfilment of the obligations defined for each phase.

## 5.1. PROSPECTING PHASE

The initial phase of the project focuses on reconnaissance, prospecting, exploration, and evaluation of mineral resources. The prospecting phase lasts for five years and may be extended twice, for one year each time, for a maximum duration of seven years.

At the end of the initial period, the holder of the mining rights must relinquish 50% of the concession area. For each extension period, the portion to be relinquished will be determined by the regulatory body based on an assessment of the results achieved during that time.

In some cases, instead of establishing a concession company, joint ventures are permitted during the prospecting phase. These agreements take the form of unincorporated joint ventures, meaning they do not create a separate legal entity. As a result, one of the partners assume direct responsibility for the prospecting activities. However, recent practice has favoured the immediate incorporation of mining companies - entities with their own legal personality and autonomy - specifically created to develop mining operations.

## 5.2. EXPLOITATION PHASE

The exploitation phase covers the actual mining activities and includes the preparation and extraction, loading and transport of the raw ore within the mine, as well as its processing and commercialisation.

Mining rights are granted for a period of 35 years, which must include the prospecting period. The supervisory body may renew the mining rights for one or more periods of 10 years each.

At the beginning of the mining operation phase, the investor must prepare three essential documents to assess the sustainability of the project: (i) the Mining Operations Plan (ii) the Technical, Economic and Financial Feasibility Study (EVTEF); and the (iii) Environmental Impact Assessment (EIA).

The Mining Operations Plan is part of the EVTEF and must include at least the following information:

- description of the mining plan, including details of the scale of operations, the location of the main mining operations, boreholes, shafts, tailings and dams;
- detailed description of mining methods;
- expected date of commercial production;
- production profile and capacity;

- characteristics and nature of end products;
- the expected date of commencement of mine development;
- in the case of underground mines, a description of the rock covering the deposit, the permanent and temporary slopes of the mine walls and the topsoil;
- in the case of surface mining, the location of the tailings dam;
- in the case of submarine mining, the technical and geological data enabling the location, the top layer of water up to the surface, the mining system used and the means of protecting and preserving the marine environment to be identified;
- description of transport, ventilation, lighting, drainage and security systems;
- description of local water, power and materials supply systems;
- description of the beneficiation process and, where appropriate, mineral processing technology;
- description of the infrastructure required for mining and the applicant's proposals in this respect;

- proposals for pollution control, environmental protection, restoration and rehabilitation of the land, including vegetation, and proposals for minimising the impact of mining on the land and surface water in and around the mining area;
- identification of any risks to the health and safety of mining personnel and the public, and proposals for the control, mitigation, monitoring and elimination of such risks;
- requirements for skilled and unskilled labour;
- any other information considered relevant by the applicant or requested by the competent authority.

The EVTEF must stipulate that mining costs, investment costs and costs incurred during the prospecting phase may not exceed an annual limit of 50 % of operating revenue. The EVTEF must also provide for a maximum repayment period for the capital invested of 5 years, which may be extended to 7 years.

The Environmental Impact Assessment (EIA) is also part of the EVTEF and must, among other items, specify the amounts and rates of the environmental restoration provision..

### 5.3. SALE

Mineral resources extracted under mining rights belong to the project concessionaire, which is authorized to commercialize and export the mined products. The export of strategic minerals is, as a rule, subject to origin verification, including certification under the Kimberley Process.

The Mining Code provides for the establishment of a specific commercialization regime for strategic minerals; however, such a regime currently exists only for diamonds. The Code also allows for the creation of a public entity to oversee the commercialization of strategic minerals. At present, the only such entity in Angola is SODIAM EP, which is responsible for supervising the diamond trade.



With regard to the special diamond marketing regime, as set out in the Diamond Marketing Regulations (Presidential Decree 35/19 of 31 January) (“Regulations”), diamond producers must ensure the sale of their annual diamond production as follows:

- 60 per cent to selected buyers, under the terms of the Regulation;
- 15% to 20% to SODIAM EP;
- 20% to national stonecutters.

Additional note to the launch of the Angolan Diamond Exchange, which is expected to significantly change the legal regime for marketing diamonds, and which will be overseen by SODIAM EP. The creation of the Angolan Diamond Exchange represents a significant transformation in the legal regime for marketing diamonds, aimed at promoting greater transparency, competitiveness and efficiency. With the exchange, the sale of diamonds will now take place in a regulated environment, reducing dependence on intermediaries and ensuring that transactions take place under a more structured legal framework. In addition, the exchange should boost the development of a more dynamic domestic market, encouraging investment in cutting and local commercialisation, in line with the government’s strategy of adding more value to national production.

#### 5.4. END OF THE MINING PROJECT

Mining rights granted under a mining license are valid for 35 years, including the prospecting and evaluation phase. Upon expiration, the mining rights lapse, and the mine reverts to the State. However, these rights may be renewed for one or more additional periods of 10 years each, subject to a justified application to the supervisory authority.

At the end of the project, mining companies are required to set aside a reserve equivalent to 5% of the capital invested. This reserve is designated to cover demobilization and mine closure costs, as well as environmental restoration.

When mining rights expire, the State assumes control over the mine and is entitled to receive 50% of the legal reserve. However, the obligation for environmental rehabilitation remains with the former holder of the mining rights and does not transfer to the State.

## 6. The main challenges for mining projects

### 6.1. INFRASTRUCTURE AND LOGISTICS

The operation of the mining industry requires a significant mobilisation of people and assets. The logistical planning of a mining project poses specific challenges to ensure a continuous supply of the production factors necessary for continuous operation and in compliance with applicable legislation.

One of the important aspects for the success of mining projects in Angola is the need to develop robust infrastructure. Despite significant advances, such as the Lobito Corridor, many areas rich in mineral resources are located in remote regions, requiring additional investment in roads, railways and energy supply. These infrastructure projects not only facilitate mining operations, but also promote local and regional economic development, creating a favourable environment for new investment.

Inadequate conditions, lack of access to energy and lack of roads in good condition can therefore be significant obstacles to the development of the sector and indirectly contribute to the phenomenon of illegal mining.

### 6.2. ILLEGAL MINING

Illegal mining is a major challenge for the mining sector in Angola, particularly for diamond mining. This practice, often carried out without proper environmental and legal controls, not only causes economic losses to the State, but also creates social and environmental risks in the affected areas. Combating illegal mining requires coordinated efforts between the government, companies in the sector and local communities. It requires initiatives such as strengthening inspections, organising miners into cooperatives and promoting sustainable economic alternatives for people involved in illegal mining.

Solving the problem of Illegal mining can bring significant benefits to the country, such as increasing tax revenue, reducing social conflicts and strengthening confidence in the mining sector. In addition, eliminating this illegal practice integrates communities into the sustainable development process and brings local communities closer to investors and projects, promoting legal and environmentally responsible practices.

Special note should be made of Law no. 8/24 of 3 July on Combating Illegal Mining Activity. This law criminalises illegal mining activity (i.e. Illegal mining) and provides investors with legal tools to defend their mining projects.

### 6.3. DEVELOPING LOCAL SKILLS

Training the Angolan workforce is an essential pillar for sustainable growth in the mining sector. Although the country has a young population, specific technical training to meet the needs of the mining sector needs to be significantly improved.

Technical and vocational training plans and programmes implemented with investors are key to reducing dependence on foreign labour. These efforts not only improve the operational efficiency of companies but also create employment opportunities and strengthen human capital in Angola, contributing to long-term economic development.

**Training the Angolan workforce is an essential pillar for sustainable growth in the mining sector.**

### 6.4. SUSTAINABILITY AND COMMUNITY ENGAGEMENT

Environmental and social sustainability has become an increasingly important aspect of mining projects in Angola. Investors and companies are increasingly committed to minimising environmental impacts through responsible mining practices and robust environmental rehabilitation plans. In addition, proactive engagement with local communities is essential to ensure long-term success. Projects that include corporate social responsibility programmes, such as support for educational initiatives, health infrastructures and community development, strengthen local acceptance and create mutual benefits for communities and investors.

## 7. Setting up a successful mining project in Angola

As key recommendations for the implementation of a mining project in Angola, we highlight the following.

### 7.1. NEGOTIATION OF THE MINING INVESTMENT CONTRACT

Negotiation of the Mining Investment Contract is a crucial stage in ensuring the project's success and sustainability. A well-negotiated contract ensures clarity of the parties' obligations, avoids ambiguity and provides a stable framework for operations. It is essential that the contract addresses issues such as the participation and investment of the government entity, tax framework, conditions for amendment or renegotiation in the event of changes in economic or regulatory circumstances, and others. A solid document also facilitates project financing by providing legal certainty and predictability to financial partners.

An additional note on the possibility of establishing dispute resolution mechanisms based on international arbitration in the contract. Angola has ratified the New York Convention on the Recognition and Enforcement of Arbitral Awards and the ICSID Convention (1965 Washington Convention), which represents a strategic step towards strengthening legal certainty and the country's attractiveness for foreign investment. These conventions ensure that international arbitration awards are recognised and enforced in Angola, providing an effective mechanism for resolving disputes between investors and the state. Joining ICSID facilitates access to the International Centre Settlement of Investment Disputes, reducing risks for investors and strengthening confidence in the national business environment. In this way, Angola aligns itself with the best international practices in arbitration, demonstrating its commitment to the stability and predictability of the legal framework applicable to investments.

## 7.2. ACCOUNTING

As a rule, all the investment made in mining projects can be repaid when the minerals are exploited and commercialised. Keeping organised accounts is therefore fundamental to the transparency and success of the project. Keeping a record of all transactions helps ensure compliance with tax and regulatory obligations, reducing the risk of penalties and disputes with partners and authorities. In addition, well-organised accounting allows investors to clearly demonstrate the economic impact of the project, which can strengthen the confidence of the regulator and potential stakeholders. The use of modern financial management systems and the regular auditing of accounts help to ensure the reliability of data and the traceability of financial flows. This level of transparency is also essential for attracting potential funders and strategic partners.

## 7.3. ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE)

The integration of ESG (Environmental, Social, and Governance) principles into the Angolan mining sector is crucial to ensuring sustainable development in line with international standards. The Mining Code establishes guidelines that emphasize the need to balance mineral resource exploitation with environmental protection, respect for local communities' rights, and responsible governance.

From an environmental perspective, mining rights holders are required to implement practices that minimize the impact of extractive activities. The mandatory Environmental Impact Assessment (EIA) ensures that projects are developed sustainably. Additionally, mining operations must adhere to strict regulations to prevent water and soil contamination, reduce dust and waste emissions, and safeguard biodiversity, in line with international best practices for environmental protection.

In the social pillar, the legislation recognises the importance of local communities, guaranteeing their involvement in decisions that could impact their territory and way of life. Prior consultation is mandatory whenever projects could cause displacement of populations or damage to cultural and historical assets. In addition, the mining sector must generate socio-economic benefits, such as job creation, training programmes for national workers and investments in infrastructure for the affected regions. These provisions are in line with the global commitments in the UN Sustainable Development Goals and the 2030 Agenda, especially regarding eradicating poverty and promoting decent work.

In terms of governance, Angola seeks to improve transparency and ethics in the granting of mining rights, promoting swift processes based on the principle of free access and compliance with the law. The mining policy also encourages the participation of Angolan companies and the formation of national economic groups capable of competing in the sector. The country has made progress implementing good governance standards, aligning with initiatives such as the EITI, which seeks to reduce corruption and ensure that revenues from the sector benefit society.

**The integration of ESG (Environmental, Social, and Governance) principles into the Angolan mining sector is essential to guarantee sustainable development in line with international standards.**



Investor compliance with ESG metrics plays an essential role in defining a favourable tax incentive framework for the mining sector, which should be incorporated into the Mining Investment Contract. Negotiating Commissions tend to grant more attractive tax benefits to projects that demonstrate a strong commitment to environmental sustainability, social responsibility and transparency in corporate governance. As well as mitigating regulatory risks and improving the social acceptance of projects, adherence to ESG standards strengthens the competitiveness mining companies on the international stage, guaranteeing access to better investment conditions and strengthening the reputation of the sector in Angola.

#### 7.4. FINANCING THE OPERATION

The legal framework established by the Mining Code and the Law Approving the General Regime for Securities Guarantees (Law 11/21 of 22 April) allows for the creation of security interests over mining rights and minerals yet to be extracted. This mechanism enhances financial flexibility for investors, enabling access to more structured and competitive financing solutions for the exploration and development of mining projects.

By permitting mining assets to be used as collateral, this regime facilitates access to both national and international financing sources, lowering barriers to capital raising and promoting the sustainable growth of the sector. Additionally, it strengthens legal certainty and predictability for lenders by providing a clear regulatory framework that safeguards their interests, thereby enhancing stability in financing agreements and fostering greater confidence in the industry.

#### 7.5. RISK MANAGEMENT PLAN

Mining projects face various risks, from fluctuations in global mineral prices to logistical and regulatory challenges, particularly local ones. A well-designed risk management plan can help mitigate the negative impacts of unforeseen events and guarantee project continuity. This plan should include strategies for dealing with legislative changes, economic fluctuations and environmental or social crises, ensuring the resilience of the project at all stages of its operation.

#### 7.6. STRATEGIC PARTNERSHIPS

Establishing strategic partnerships with the regulatory authority (ANRM), public institutions and other local companies, as well as research institutions, can strengthen the viability of a mining project. These partnerships not only facilitate regulatory compliance but also provide access to local expertise and greater integration into the value chains of the Angolan mining sector.



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## KEY CONTACTS



**Renata Valenti**

Founding partner of  
PLMJ Colab Angola- RVA  
Advogados.

(+244) 935 147 570  
renata.valenti@rvaangola.com



**Rúben Brigolas**

Senior counsel in the  
Corporate M&A practice

(+351) 213 197 300  
ruben.brigolas@plmj.pt

