

Briefing

Mineral rights available in Tanzania

In this month's mining briefing we have provided an overview of the mineral rights available in Tanzania. This briefing will specifically focus on the various categories of mineral rights.

Legal basis

The Mining Act, 2010 (the MA) together with a number of subsidiary pieces of legislation govern the mining industry in Tanzania.

Categories of mineral rights

Part IV of the MA categorises licences into the following divisions:

a) Division A

- i) a prospecting licence
- ii) a gemstone prospecting licence
- iii) a retention licence

b) Division B

- i) a special mining licence
- ii) a mining licence

c) Division C

- i) a primary mining licence

d) Division D

- i) a processing licence
- ii) a smelting licence
- iii) a refining licence

Mineral rights/licences

Prospecting licence

A prospecting licence may be granted to both Tanzanian and non-Tanzanian nationals and entities that are eligible in accordance with the MA and associated regulations. Additionally, a prospecting licence may relate to any of the following mineral groups: metallic minerals; energy minerals; gemstones (excluding kimberlitic diamond, kimberlitic diamond; industrial minerals and building materials).

However, a prospecting licence cannot be granted to an individual or an entity or if any one of the partners, shareholders or directors in that entity owns more than twenty other prospecting licences, unless the cumulative prospecting area of such other prospecting licences do not exceed 2,000 square kilometres.

Furthermore, a prospecting licence will remain in place for the following periods of time:

- a) Initial prospecting licence: for a period not exceeding four years;
- b) First period of renewal: for a period not exceeding three years;
- c) Second period of renewal: for a period not exceeding two years; and
- d) If the holder is not in default and at the end of the second period of renewal a further period is needed to complete the feasibility study already commenced by the holder, for such further period as may be reasonably needed for that purpose (but not exceeding two years).

Retention licence

A retention licence may, under normal circumstances, be granted to the holder of a prospecting licence (other than a prospecting licence held in relation to building materials and gemstones).

Contact us

This monthly briefing is prepared for clients and contacts of Clyde & Co operating in the mining sector in Tanzania. We aim to keep our clients abreast of developments in the sector as they happen and if you have any questions on the issues raised above please contact us using the details provided:

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A retention licence will be granted on the grounds that the holder has identified a mineral deposit within the prospecting area which is potentially of commercial significance and that the mineral deposit cannot be developed immediately due to technical constraints, adverse market conditions or other economic factors which are or may be of a temporary character.

Retention licences are granted for a period not exceeding five years.

Mining licence and special mining licence

A mining licence is granted in relation to medium scale mining operations whose capital investment is between US\$100,000 and US\$100,000,000 (or its equivalent in Tanzanian shillings).

A special mining licence is granted in relation to large scale mining operations whose capital investment will be in excess of US\$100,000,000 (or its equivalent in Tanzanian shillings).

A mining licence is initially granted for a period of 10 years with an option to renew for another specified period (such period not to exceed 10 years). Conversely, a special mining licence is granted for the estimated life of the ore body as indicated in the relevant feasibility report or such shorter period which the applicant may request.

A mining licence to mine gemstones will normally only be granted to Tanzanians. However, the Minister for Energy and Minerals has determined that a gemstone mining licence can be held by a company whose shares are owned by: (i) a Tanzanian citizen; and (ii) a non-Tanzanian citizen (or citizen or entities controlled by such non-Tanzanian citizens) whose shares amount to no more than a 50 percent interest. The reasoning for this determination was that the development of gemstone resources is likely to require specialised skills, technology or a high level of investment.

Primary mining licence

This is a licence for small scale mining operations whose capital investment is less than USD 100,000 (or its equivalent in Tanzanian shillings). A primary mining licence will only be granted to Tanzanian citizens or corporate entities controlled exclusively by Tanzanian citizens.

A primary mining licence is valid for 7 years and is renewable.

Processing licence

A processing licence may be granted by the commissioner for minerals to enable the processing of minerals in an area within or outside an area subject to a mineral right. This licence is valid for a period of ten years and is renewable.

Smelting and refining licence

A smelting or a refining licence may be granted by the Minister to a person who wishes to smelt or refine minerals. The licence will be valid for a period not exceeding twenty five years and is renewable.

Mining events in Tanzania

Tanzania Explorers Club

The Tanzania Explorers Club (TEC) is for people working, or affiliated with, the Tanzanian mineral exploration sector and provides an informal environment to facilitate networking within the industry and information sharing between key participants in the Tanzanian mining sector. If you are interested in joining the next TEC meeting please email Clyde & Co's mining team to find out further details.