

## Briefing

# Revocation of mining licences: an examination of the key continuing obligations affecting mining licence holders

The Tanzanian government recently announced the cancellation of a total of 174 mining licences. The reason for the cancellation was an apparent failure by the relevant licence holders to comply with the provisions of the Mining Act 2010 (the **Mining Act**).

This mining update examines the key continuing obligations imposed by the Mining Act upon mining licence holders.

### **Types of licence**

The key mining licences under the regime provided by the Mining Act are as follows:

- **Primary Mining Licence:** small scale mining operations, with a capital investment of less than USD 100,000 or its equivalent in Tanzanian shillings.
- **Mining Licence:** medium scale mining operations with a capital investment of between USD 100,000 and USD 1 billion or its equivalent in Tanzanian shillings.
- **Special Mining Licence:** large scale mining operations with a capital investment of not less than USD 1 billion or its equivalent in Tanzanian shillings.

### **Obligations imposed upon mining licence holders**

The Mining Act imposes a specific set of continuing obligations upon holders of both Mining Licences and Special Mining Licences. These are as follows:

- **Mining Licence:**
  - develop the mining area and carry on mining operations in substantial compliance with programme of mining operations with due diligence;
  - demarcate and keep demarcated in the prescribed manner the mining area;
  - take all appropriate measures for the protection of the environment

### Further information

If you would like further information on any issue raised in this update please contact:

#### Peter Kasanda

Legal Director, Dar es Salaam  
E: peter.kasanda@clydeco.com  
T: +255 767 850 056

#### Michael Strain

Associate, Dar es Salaam  
E: michael.strain@clydeco.com  
T: +255 767 850 052

Clyde & Co Tanzania  
11th Floor, Golden Jubilee Towers  
Ohio Street, PO Box 80512  
Dar es Salaam, Tanzania  
T: +255 768 983 000 / 022  
F: +255 222 103 004

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- in accordance with the Environment Management Act;
- implement the proposed plan for relocation, resettlement of, and payment of compensation to people within the mining areas in accordance with the Land Act;
- employ and train Tanzanian citizens and implement the succession plan on expatriate employees in accordance with the Employment and Labour Relations Act; and
- implement a plan for procurement of goods and services available in the United Republic of Tanzania.
- **Special Mining Licence:**
  - develop the mining area and carry on mining operations in substantial compliance with the programme of mining operations and relevant environmental management plan and commence production in accordance with the programme of mining operations;
  - employ and train Tanzanian citizens and implement a succession plan on expatriate employees in accordance with the relevant proposals appended to the special mining licence;
  - demarcate and keep demarcated in the prescribed manner the mining area;
  - prepare and update mine closure plans for making safe the mining area on termination of mining operations in a manner as prescribed in the relevant regulations; and
  - implement a proposed plan for relocation, settlement and payment of compensation to people within the mining area in accordance with the Land Act.

Accordingly, whilst there are significant similarities between the two sets of obligations, the key differences are as follows:

- the holder of a Mining Licence is required to take appropriate measures for the protection of the environment in accordance with the Environment Management Act whereas the holder of a Special Mining Licence needs to have a specifically formulated environmental management plan;
- the holder of a Mining Licence is required to implement a plan for the procurement of goods and services; and
- the holder of a Special Mining Licence is required to prepare and update mine closure plans.

### Mining events in Tanzania

#### Tanzanian Explorers Club

The Tanzanian Explorers Club (TEC) is for people working in, 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.