

The Mining Law

Friday, 10 June 2011

Last Updated Saturday, 11 June 2011

Normal
0

false
false
false

EN-US
X-NONE
AR-SA


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mso-style-qformat:yes;  
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Proclamation No. 165/2011

A Proclamation to Amend the Mining Law Proclamation
No. 68/1995

Article 1: Short
title

This proclamation may be cited as "Mining Law Proclamation No.68/1995 Amendment
Proclamation No. 165/2011.

Article 2: State
Participation

Article 41 of the Mining
Law Proclamation No.68/1995 is hereby amended as follows:

Without prejudice to the provision of Article 7 of the Mining Law Proclamation No.68/1995, the Government may acquire, without cost to it self, a participation interest of up to 10 percent of any mining investment. The Government is also entitled to equity participation not exceeding a total of 40 percent, including the 10 percent mentioned hereinabove, the percentage, timing ,financing ,resulting rights and obligations and other details of which shall be specified by agreement.

Article
3 Effective date

This Proclamation shall enter in to force as of the date of its
publication in the Gazette of Eritrean Laws.

Done at Asmara this 16th day of
May, 2011

Government
of Eritrea

Previous Proclamations

Normal
0

false
false
false

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```

The legal framework governing the conduct of all mining and related operations within the territory of Eritrea is embodied in a Mining Law comprising: Minerals Proclamation No 68/1995, Mining Income Tax Proclamation No. 69/1995 and Regulations on Mining Operations Legal Notice No. 19/1995, all of which were promulgated in March 1995.

Key
Policy issues upon which the newly promulgated Mining Law is based include:

- All mineral resources in Eritrea are public property. The State has a duty to ensure the conservation and sustainable development

of these resources for the benefit of the people;

- The intention is to create a favourable atmosphere for foreign investment in the mining sector. Due recognition is made of the significant role that foreign investment and skills can play in the development of this sector and the capital intensive, long term, and risky nature of mining investments;

- The necessity for formulating regulations which ensure protection of the natural environment, together with sustainable development of the country's mineral resources, in accordance with sound principles of resource management and land use;

The Eritrean Mining Law is up-to-date, attractive and competitive, as it provides considerable benefits and incentives to investors. For example, the law provides for: The right to exploit any commercial discoveries made pursuant to a valid exploration license;

- The right to sell locally or export, free of all duties and taxes and without being required to obtain any other authorisation or permission from any other Government agency, all minerals produced pursuant to a mining license;

- A simple and fair taxation system which recognises the risky nature of mining investments, and hence allows:

- o Accelerated depreciation (straight line method over 4 years) of all

- o capital and preproduction costs;

- o Write-offs of exploration expenditure incurred anywhere in the country;

- o The carrying forward of losses;

- o A generous reinvestment deduction (5% of gross income);

- o No dividend tax

- o A nominal rate of import duty (0.5%) on all inputs

necessary for

mining operations;

o Normal royalty rates as well as an option for the reduction, suspension

or waiver of the royalty in appropriate circumstances;

• Equitable foreign exchange regulations permitting;

o Free and unrestricted repatriation of earnings;

o Retention of a portion of foreign currency earnings abroad in external

accounts;

o Maintenance of foreign currency accounts in banks in Eritrea.

• A simple "one-stop" licensing system enabling all the formalities for

all types of licenses for mining operations to be completed by a single

Government agency – the Department of Mines with the Ministry of

and Mines.