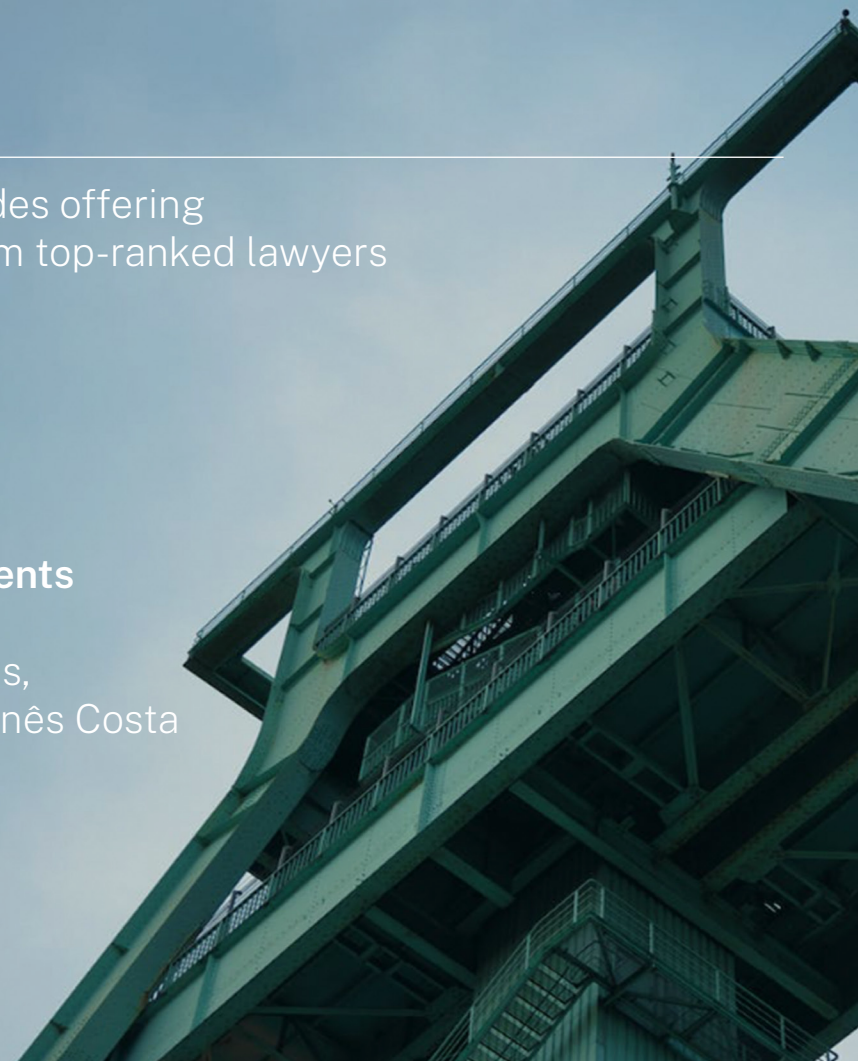

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**Angola: Law & Practice
and Trends & Developments**

João Afonso Fialho,
António de Sousa Penelas,
Ângela Viana and Maria Inês Costa
VdA



ANGOLA

Law and Practice



Contributed by:

João Afonso Fialho, António de Sousa Penelas, Ângela Viana
and Maria Inês Costa

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Contents

1. Mining Law: General Framework p.6

- 1.1 Main Features of the Mining Industry p.6
- 1.2 Legal System and Sources of Mining Law p.6
- 1.3 Ownership of Mineral Resources p.7
- 1.4 Role of the State in Mining Law and Regulations p.7
- 1.5 Nature of Mineral Rights p.7
- 1.6 Granting of Mineral Rights p.7
- 1.7 Mining: Security of Tenure p.8

2. Impact of Environmental Protection and Community Relations on Mining Projects p.10

- 2.1 Environmental Protection and Licensing of Mining Projects p.10
- 2.2 Impact of Environmentally Protected Areas on Mining p.11
- 2.3 Impact of Community Relations on Mining Projects p.11
- 2.4 Prior and Informed Consultation on Mining Projects p.11
- 2.5 Impact of Specially Protected Communities on Mining Projects p.12
- 2.6 Community Development Agreement for Mining Projects p.12
- 2.7 Environmental, Social and Governance (ESG) Guidelines and Regulations p.12
- 2.8 Good and Bad Examples of Community Relations/Consultation Impacting Mining Projects p.12

3. Climate Change, Energy Transition and Sustainable Development in Mining p.12

- 3.1 Climate Change Effects p.12
- 3.2 Climate Change Legislation and Proposals Related to Mining p.12
- 3.3 Sustainable Development Initiatives Related to Mining p.13
- 3.4 Energy-Transition Minerals p.13

4. Taxation of Mining and Exploration p.13

- 4.1 Mining and Exploration Duties, Royalties and Taxes p.13
- 4.2 Tax Incentives for Mining Investors and Projects p.14
- 4.3 Transfer Tax and Capital Gains on the Sale of Mining Projects p.14

5. Mining Investment and Finance p.14

- 5.1 Attracting Investment for Mining p.14
- 5.2 Foreign Investment Restrictions and Approvals in the Exploration and Mining Sectors p.15
- 5.3 International Treaties Related to Exploration and Mining p.15
- 5.4 Sources of Finance for Exploration, Development and Mining p.15
- 5.5 Role of Domestic and International Securities Markets in the Financing of Exploration, Development and Mining p.15
- 5.6 Security over Mining Tenements and Related Assets p.15

6. Mining: Outlook and Trends p.16

- 6.1 Two-Year Forecast for the Mining Sector p.16

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Authors



João Afonso Fialho joined VdA in 2015. He is a partner and head of practice for Oil & Gas and Natural Resources. In the last 25 years João has been involved in natural resources

projects and transactions in various jurisdictions and has advised foreign investors in the negotiation of exploration and mining agreements for all types of minerals, joint venture agreements, legal due diligence, farm-in and farm-out agreements, royalties and streaming agreements, contracts with suppliers, termination and extension of concessions and relinquishment of areas. João has also advised various state entities and international mining companies in the drafting and discussion of legal statutes and ancillary regulations.



António de Sousa Penelas is the founding partner of ASP Advogados (exclusive member of VdA Legal Partners for Angola since 2020). He has collaborated with VdA Legal Partners since

2015 and has been actively involved in several transactions in Angola, with a particular focus on the oil industry services, energy, mining and shipping. He has extensive experience in civil, commercial, criminal and administrative litigation (including tax matters), and has provided assistance to several clients in corporate, commercial and labour matters.

Contributed by: João Afonso Fialho, António de Sousa Penelas, Ângela Viana and Maria Inês Costa, **VdA**



Ângela Viana joined VdA in 2015. She is managing associate of the Oil & Gas and Natural Resources practice area. For the last 15 years Ângela has advised international mining

companies and investors in structuring and implementing their projects in Mozambique, Angola, Portugal and Timor-Leste, including the negotiation of exploration and mining agreements for all types of minerals, joint venture agreements, legal due diligences, farm-in and farm-out agreements, royalties and streaming agreements, termination and extension of concessions and relinquishment of areas. Ângela has also advised various state entities in the drafting and discussion of legal statutes and ancillary regulations.



Maria Inês Costa joined VdA in 2021. She is a senior associate at the Oil & Gas and Natural Resources practice area, where she has been actively involved in several transactions in the

mining and in the oil and gas sector, with particular focus in Lusophone Africa (Angola and Mozambique), as well as Timor-Leste.

VdA

Rua Dom Luís I 28
1200-151
Lisboa
Portugal

Tel: +351 21 311 3400
Email: vieiradealmeida@vda.pt
Web: www.vda.pt/en/



1. Mining Law: General Framework

1.1 Main Features of the Mining Industry

Angola is one of the most mineral resource rich countries in the world, with substantial deposits of diversified minerals, including diamonds, gold, iron ore, phosphates, copper, manganese and rare earths. Still, a very significant part of the country's mineral deposits remains unexplored, creating great opportunities for further investment.

The in-depth legislative reform promoted by the government in 2018–20 to attract investment in the industry to the benefit of investors, the state and the Angolan population has already shown signs of return by attracting major mining companies to reinvest in Angola.

Angola is now the sixth largest diamond producer in the world, with a production target of 10–15 million carats in 2023. The largest Angolan diamond found in the last 300 years, a pink diamond of 170 carats, was discovered in 2022 in an alluvial diamond project and named “Rosa do Lulo”.

Although most investment has been directed to diamonds, investors have also been showing interest in other minerals, such as gold, copper and rare earth minerals.

The government is also determined to promote local beneficiation. The launch of the Saurimo Diamond Development Pole set the cornerstone for this venture. With an initial investment of around USD77 million, the pole covers an area of more than 300,000 metres in the eastern province of Lunda Sul and includes diamond cutting facilities as well as training centres and shopping facilities.

1.2 Legal System and Sources of Mining Law

Angola has a civil law legal system.

The Mining Code, approved by means of Law 31/11, of 23 September 2011, contains most of the rules governing the mining industry and mineral operations, from exploration to processing and marketing of all types of minerals.

In addition to the Mining Code, there are other legal statutes governing the mining sector, notably the following:

- Angolan National Bank Order 2/23, of 9 February 2023, which approves the foreign exchange regime applicable to the mining sector;
- Joint Executive Decree 536/22, of 25 October 2022, which approves the fees and charges applicable to the Mining Sector;
- Presidential Decree 161/20 of 5 June 2020 (as amended by Presidential Decree 6/22, of 12 January 2022), which establishes the National Agency for Mineral Resources;
- Presidential Decree 143/20, of 26 May 2020, which approves the Governance Model for the Mining Sector;
- Presidential Decree 85/19 of 21 March 2019 (as amended by Rectification 18/19, of 28 June 2019), which approves the regulations for semi-industrial mining of diamonds;
- Presidential Decree 35/19 of 31 January 2019 (as amended by Rectification 11/19, of 8 May 2019), which approves the technical regulations for the marketing of rough diamonds;
- Presidential Decree 175/18 of 27 July 2018, which approves the new rough diamonds marketing policy;
- Executive Decree 346/17 of 14 July 2017, which sets forth the criteria for delimitation of

concession areas for exploitation of construction materials;

- Joint Executive Decree 316/17 of 27 June 2017, which approves the list of equipment (for use in exploration and mining activities) exempted from customs duties and fees;
- Presidential Decree 231/16 of 8 December 2016, which classifies rare metals and rare earth elements as strategic minerals;
- Presidential Decree 158/16 of 10 August 2016, which sets forth administrative offences and relevant penalties; and
- Order 255/14 of 28 January 2014, of the Ministry of Geology and Mines, on monitoring of posting of bonds and payments of surface fees and royalties under the Mining Code.

1.3 Ownership of Mineral Resources

Under the Angolan Constitution, natural resources are the property of the state. The rules for award and exercise of mineral rights are mainly governed under the Mining Code (approved by the Angolan National Assembly) which emphasises that all the mineral resources found in the soil, subsoil, territorial sea, continental shelf, exclusive economic zone and other areas of the territorial or maritime domain under the jurisdiction of the Republic of Angola are originally owned by the state.

Minerals and mining products mined and extracted in accordance with the rules of the Mining Code and ancillary legislation become the property of the holders of the relevant exploration and mining titles.

1.4 Role of the State in Mining Law and Regulations

The state is the original owner of mineral resources found in the Angolan territory. Yet, all mineral projects are developed by private enti-

ties or individuals under a mineral investment contract and/or licence.

The state has the right to participate in mineral projects through:

- a state-owned company with a participating interest of at least 10% in the company to be incorporated for the mining phase; and/or
- a participation in kind (minerals produced) in proportions to be defined throughout the production cycles, with the state participation increasing in line with the increase in the Internal Rate of Return (IRR).

1.5 Nature of Mineral Rights

Mineral rights are awarded by the state to private entities or individuals by means of a mineral investment contract and/or licence, depending on the industrial/semi-industrial/artisanal nature of the operations and the type of minerals to be explored. In most cases, a mineral investment contract must be entered into between the state and the investor to define the terms and conditions for award and exercise of mineral rights.

Mineral rights are autonomous and shall be treated as legally separate from other rights, including the right of ownership of the soil where they are exercised and of the assets existing thereat, and may only be pledged to secure credits contracted by the relevant holder of mineral rights to finance the geological-mineral activities covered by the concession title.

1.6 Granting of Mineral Rights

Mineral rights can be awarded following a public tender procedure launched by the ministry responsible for the mining sector or voluntary application. The relevant awarding entity will be determined based on the type of mineral and the industrial, semi-industrial or artisanal nature

of the mineral operations (Head of the Executive Branch or Minister of Mineral Resources, Petroleum and Gas).

Public tender is mandatory when, in light of studies conducted or approved by the body responsible for geology, the area is considered to be of great geological potential. It is also mandatory for the awarding of mineral rights for strategic minerals. Minerals are classified as “strategic” if warranted by their economic importance, use for strategic purposes, or specific technical mining aspects. The mineral’s rarity, relevant impact on economic growth, high demand on the international market, significant job creation, importance for state-of-the-art technology, positive influence on the balance of payments or importance to the military industry are deemed as fundamental factors to be weighted by the executive branch when classifying a mineral as strategic. Diamonds, gold and radioactive minerals are expressly defined as strategic minerals in the Mining Code and rare metals and rare earth elements were also defined as strategic minerals in Presidential Decree 231/16 of 8 December 2016.

If no public tender is required, mineral rights shall be awarded on a first come, first served basis, provided the applicant has the technical and financial qualifications required to carry out the mineral activities applied for and commits to observe the environmental requirements established by law.

The award of mineral rights at an industrial scale is subject to the negotiation of a mineral investment contract to be negotiated between the National Agency for Mineral Resources and the investor on a case-by-case basis with detailed operational, economic, and fiscal terms and conditions (from exploration to mining and mar-

keting). Semi-industrial and artisanal projects are awarded by means of simplified application procedures.

The award of mineral rights must be published in the Angolan Official Gazette.

1.7 Mining: Security of Tenure Investor Rights

Pursuant to the Mining Code, holders of mineral rights have the following statutory rights (amongst others):

- to obtain the geological-mineral information available on the concession area, or to consult such information;
- to obtain the collaboration of the administrative authorities for the execution of field work and for the creation of rights of way, under the terms of the law;
- to use surface and underground waters in the vicinity of the concession area, which are not exploited or covered by any other specific mining title, without prejudice to the rights of third parties and in compliance at all times with the mineral legislation;
- to build and set up the infrastructures and facilities needed for execution of the geological-mineral activities;
- to use, under the conditions imposed by the applicable laws and regulations, the land demarcated for the installation of mineral facilities, buildings and equipment;
- to alter, in accordance with the work plans and programmes approved and to the extent required for the carrying out of mineral operations, the natural lie of the areas covered by the concession;
- to carry out the geological-mineral activities necessary for execution of the approved work plans, without limitations other than those deriving from the legal rules, the concession

contract or the order of the body responsible for the mining sector;

- to extract, transport and dress the mineral resources covered by the contract, under the law;
- to dispose of the mineral resources extracted and to market the same, under the terms of the law;
- to recover from the mining proceeds the investment expenses incurred during the reconnaissance, exploration, evaluation and appraisal stage; and
- to receive compensation for such losses as may result from any actions limiting the exercise of mineral rights, under the terms of the law or the concession contract.

Rights to Progress from Exploration to Mining

The Mining Code enshrines a single-contract regime pursuant to which mineral rights are awarded for all stages of the operations. However, to progress from exploration to mining stage, holders of mineral rights are required to prepare and submit a technical, economic and financial feasibility study for review and approval by the state.

Minerals Rights Duration

Exploration, evaluation and reconnaissance rights may be awarded for an initial period of up to five years extendable for successive one-year periods up to a maximum seven years. If the seven-year period proves insufficient to prepare or complete the feasibility study, the holder of the mineral rights may apply for and be granted an exceptional one-year extension. Mining and marketing rights are awarded for a period of up to 35 years (including the exploration and appraisal stage) extendable by one or more ten-year periods.

Different rules apply to semi-industrial and artisanal mining and the exploration and mining of construction materials and mineral waters.

Suspension and Termination of Mineral Rights

Mineral rights can be suspended by order of the Ministry responsible for the mining sector in the event of serious risk to the life and health of the populations, to the safety of the mines, to healthy conditions in the workplace, to the environment, wildlife and flora, or as a penalty provided for in the Code or ancillary legislation.

Termination of mineral rights can occur upon agreement between the state and the investor, expiry of the relevant term, redemption or termination of the mineral investment contract or revocation of exploration/mining titles. In addition to the other termination events that may be established in the mineral investment contracts (where applicable), mineral investment contracts or exploration/mining titles may be terminated in the following instances:

- a termination or withdrawal is triggered under specific contractual clauses;
- the project becomes technically or economically unviable;
- a breach of legal obligations, contractual obligations or obligations arising from the concession title;
- the abandonment, suspension or reduction of the mineral operations, except as provided for in the Mining Code, the title or the contracts;
- the suspension of mineral operations owing to force majeure events, as defined in the contract or concession title;
- the concession holder is convicted of a crime of aggravated contempt because it failed to perform acts provided for in the Mining Code or ordered by the relevant authority;

- the reconnaissance, exploration, evaluation and appraisal or mining of mineral resources not included in the contract or concession title; and
- the performance of the contractual obligations is not possible.

Assignment of Rights

Assignment of rights is subject to government approval and shall only be conceded if the assignee satisfies the technical and financial qualification requirements established by the government for award of mineral rights.

Dispute Resolution

The Mining Code is silent on the proper venue to resolve disputes, leaving it up to the dispute resolution clauses of mineral investment contracts. Contracting parties tend to include arbitration clauses in their agreements; however, disputes arising from the termination of the concession contract or withdrawal of the concession title, overlapping areas, or compensations due to landowners or possessors by the holders of mineral rights must be resolved by national courts, and disputes on the significance or insignificance of minerals extracted during the reconnaissance, exploration, evaluation and appraisal stage for the purpose of assessment of the relevant tax should be settled by the Minister responsible for the mining sector.

2. Impact of Environmental Protection and Community Relations on Mining Projects

2.1 Environmental Protection and Licensing of Mining Projects

The main requirements for environmental protection can be found in the Mining Code and are usually detailed under the mineral investment

contract, including provisions on environmental impact, preservation, recovery and rehabilitation. In addition to the Mining Code, holders of mineral rights must comply with the general environmental statutes, including:

- the General Environmental Law;
- the General Regulations for Environmental Impact Assessment and Environmental Licensing Procedure;
- the Decree on Environmental Audits;
- the plans for the use of water; and
- the waste management plan and control of hazardous substances.

National and regional sector strategy and programmes in the fields of environment and sustainable development, as well as the international instruments to which Angola has committed, for example, the Rio Convention on Biodiversity 1992, the Montreal Cartagena Protocol on Biosafety to the Convention on Biological Diversity 2003, the Agenda 21, and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal 1989.

Projects which, by their nature, scale or location, affect the environmental and social balance and harmony must be subject to an Environmental Impact Assessment (EIA).

Holders of mineral rights are especially required:

- to comply with the obligations deriving from the environmental impact study and the environmental management plan, on the terms established therein;
- to take the measures necessary to reduce the formation and propagation of dust, waste and radiation in mining areas and surrounding areas to prevent or eliminate the contamina-

- tion of waters and soil, using appropriate means to that end;
- not to reduce or in any other way prejudice the normal water supply to populations;
- to carry out mineral operations so as to minimise damage to the soil;
- to reduce the impact of noise and vibrations to acceptable levels as determined by the relevant authorities, when using explosives in the vicinity of settlements.
- not to discharge in the sea, water currents and lagoons contaminant waste which is harmful to human health, wildlife and flora; and
- to inform the authorities of any occurrence that has caused or may cause environmental damage.

2.2 Impact of Environmentally Protected Areas on Mining

The government may exclude or restrict the carrying out of geological-mineral activities within certain areas to ensure the harmonious development of the national economy and protect the national security, wildlife, flora and the environment. To date, the government has not made use of such prerogative.

2.3 Impact of Community Relations on Mining Projects

The Mining Code expressly sets forth that mining policies must always consider the traditions of local communities and contribute to their sustainable economic and social development. Expressions of such principle of protection of local communities are found in several provisions of the Mining Code, including:

- holders of mineral rights having a duty to always take into account the traditions of the communities in the areas where mineral activities are carried out;

- creating consultation procedures allowing the local communities affected by mineral projects to take an active part in decisions relating to protection of their rights;
- having the right of relocation whenever the communities lose their houses as a result of mineral activities; and
- ensuring the employment and training of Angolan technicians and workers, with preference being given to those residing in the areas of the mineral concession.

There are also protective local content provisions in the Mining Code aimed at protecting local entrepreneurs and promoting local businesses, benefiting from a statutory preferential right in procurement procedures for the provision of goods and services to the mining industry.

2.4 Prior and Informed Consultation on Mining Projects

Local communities must be consulted during the preparation of the environmental impact assessment and before any decision that may affect their living conditions or rights. This consultation is mandatory for projects that can potentially destroy or damage assets or cultural or historical heritage belonging to the local community. Holders of mineral rights must relocate, at their expense, any local community that is displaced as a result of mining operations, and all traditions and practices of local communities must be considered in the resettlement process.

Without prejudice to the above, in planning the mineral activities, the Executive shall provide for effective measures for sustainable economic development and protection of the lawful rights and interests of the local communities, as well as the development of national human resources.

2.5 Impact of Specially Protected Communities on Mining Projects

There are no specially protected communities with respect to mining projects under Angolan law. The local content rules found in the Mining Code are aimed at protecting local communities at large and shall apply to all Angolan nationals, entities or populations residing in the concession area (as applicable).

2.6 Community Development Agreement for Mining Projects

Community development agreements for mining projects are not mandatory by law nor are they a common practice in Angola.

2.7 Environmental, Social and Governance (ESG) Guidelines and Regulations

ESG guidelines and regulations are scattered in different provisions of the Mining Code, ancillary industry-specific legislation and general laws and regulations. ESG provisions can also be found in mineral investment contracts, which usually include guidelines and principles on environment protection/preservation, human resources and business ethics.

The ESG concerns are made clear by the requirements for holders of mineral rights to conduct mineral activities under strict environment regulations, comply with the applicable local content policies on recruitment and training Angolan nationals, procure local goods and services, ensure the involvement of local communities, abide by local laws and regulations, combat corruption and adopt the best business ethics practices.

2.8 Good and Bad Examples of Community Relations/Consultation Impacting Mining Projects

Examples of the positive impact of mineral activities in local communities are associated with social projects implemented by the holders of mineral rights in the villages around the mines (building of infrastructures, roads, water and electricity supply to the benefit of the local communities) and the increase in jobs available to local communities.

Examples of negative impacts are usually linked with reportedly unsatisfactory working conditions, human rights violation events or damage to the environment.

3. Climate Change, Energy Transition and Sustainable Development in Mining

3.1 Climate Change Effects

Climate change is on the agenda of the Angolan government but has not yet (directly) impacted the mining industry.

3.2 Climate Change Legislation and Proposals Related to Mining

Angola has not yet passed specific climate change legislation related to mining. There is, however, a growing concern surrounding climate change which has led to the ratification of several international climate change conventions, namely the United Nations Climate Change Convention (UNFCCC) in 2000 and the Kyoto Protocol in 2007, reaffirming Angola's commitment to the implementation of measures and programmes to stabilise greenhouse gas (GHG) emissions. In May 2000, Angola ratified the Montreal Protocol to the Vienna Convention. Angola is also a signatory to the Paris Agreement, the United

Nations Convention on Combating Drought and Desertification (UNCCD), the Convention on the Conservation of Wild Migratory Species (CMS), the Convention on Biological Diversity (CBD) and the Stockholm Convention on Persistent Organic Pollutants (POPs). Angola is also part of the Law of the Sea Convention. Most of the conventions continue to be implemented by Angola, through the Ministry of Culture, Tourism and Environment (MCTA), within the scope of the commitments assumed at international level to contribute to the protection of life on planet earth.

The Angolan National Commission on Climate Change and Biodiversity (CNACB) was recently established with a specific mandate for climate change. The CNACB is composed of several entities, including the ministries of petroleum, transport, higher education, science and technology, health, and agriculture and fisheries, under the co-ordination of the ministerial department responsible for the environment and was in charge of preparing Angola's participation in the COP 28.

3.3 Sustainable Development Initiatives Related to Mining

There are no relevant sustainable development initiatives related to mining in Angola. There is, nevertheless, a clear constitutional and statutory principle of sustainable exploitation of mineral resources in strict compliance with the rules on safety, economic use of the soil, rights of the local communities and the protection of the environment, to the benefit of the national economy, local communities and future generations, which has been publicly reinforced during the course of 2023.

3.4 Energy-Transition Minerals

As global priorities shift and new technologies such as electric vehicles (EV), battery storage

and green energy take preference, rare earth minerals found in countries such as Angola are expected to play a critical role. The Angolan government is focused on the strategic positioning of the country as one of the major mineral resource-producing countries and a key player in the global energy transition.

In 2016, the government classified rare metals and rare earth elements as “strategic minerals” along with diamonds, gold and radioactive minerals. However, apart from such classification, the government has not yet introduced new legislative initiatives to promote investment in energy-transition minerals.

4. Taxation of Mining and Exploration

4.1 Mining and Exploration Duties, Royalties and Taxes

The mining sector is subject to a special tax regime established in the Mining Code (applicable to all national and foreign investors), as follows.

Industrial Tax (Income Tax on Mineral Activities)

The tax rate currently in force is 25%.

For the purposes of determining taxable income, the following are among the factors considered as tax deductions in addition to those provided for in the general tax law:

- costs of exploration;
- evaluation and reconnaissance; and
- contributions to the Mining Development Fund.

Royalty (Tax on the Value of Mineral Resources)

The tax rates currently in force are as follows:

- strategic minerals (including industrial diamonds) and precious metals and stones – 5%;
- semi-precious stones – 4%;
- metallic minerals, semi-industrial and artisanal diamonds – 3%; and
- construction materials of mining origin and other minerals – 2%.

Surface Fee (Fee Levied on the Concession Area Awarded Payable during the Exploration Phase)

The surface fee value varies according to the size of the concession area, the type of mineral explored and the exploration year in question and can range from USD2 to USD40 per square kilometre. These amounts are doubled in the event of an extension of the exploration period.

Holders of mineral rights are subject to other taxes or charges payable by law in respect of activities that are supplemental or incidental to the activities (eg, employment tax).

4.2 Tax Incentives for Mining Investors and Projects

Holders of mineral rights can apply for tax incentives in the form of (industrial tax) deductible costs, investment premiums (uplift), grace periods for the payment of income tax and any other type of tax incentive provided for in the law. The application for tax exemptions is discussed and negotiated during the contractual stage of the investment procedure with the Negotiations Committee (in this case the Negotiations Committee must have a member from the Ministry of Finance).

Incentives may be granted for projects with impacts on the Angolan economy, namely acquisition of supplemental goods and services on the local market, carrying out of mineral activities in remote areas, contribution to the training and development of local human resources, carrying out research and development activities in cooperation with Angolan academic and scientific institutions, local processing and dressing of minerals or significant contribution to increase exports.

The government may also authorise special tax and customs exemptions for Angolan companies exclusively engaged in the processing, dressing and cutting of minerals extracted in the country.

Investors often seek tax stabilisation under their mineral investment contracts. However, tax stabilisation is seldom granted.

4.3 Transfer Tax and Capital Gains on the Sale of Mining Projects

Direct and indirect transfers or sales of mineral rights/mining assets (including by means of M&A operations in and/or outside the country) may trigger the assessment of capital gains under the general rules of the Investment Income Tax Code.

5. Mining Investment and Finance

5.1 Attracting Investment for Mining

Over the past six years, the Angolan government has made several political, economic and legal reforms to facilitate and attract investment in the country. Particularly in the mining sector, the government has undertaken several initiatives to enhance the sector's performance, competitiveness and transparency with the establishment

of a new governance model, new policies and regulations for the marketing of rough diamonds and a new foreign exchange regime applicable to the sector.

The opportunity to negotiate special tax incentives and benefits, the detail of the data available to the investors – as a result of the works of the National Geology Plan (PLANAGEO) for mineral-geological investigation – and the variety and quality of the Angolan portfolio of minerals with significant potential for economic return have been attracting investors from all over the world.

5.2 Foreign Investment Restrictions and Approvals in the Exploration and Mining Sectors

Investment in the mining sector is subject to the special investment regime established in the Mining Code. There are no limitations to foreign investment, although additional formalities must be complied with by foreign investors in the import of investment capital and export of dividends and profits. Such additional formalities have, nonetheless, been eased with the approval of the new foreign exchange regime applicable to the sector.

The exceptions to the above principle are diamond artisanal production, which may only be granted to Angolan citizens, and diamond semi-industrial mining, civil construction or mining rights of mineral-rich waters, which may only be granted to companies organised under Angolan law in which Angolan citizens hold at least ⅓ of the capital.

5.3 International Treaties Related to Exploration and Mining

Angola has signed bilateral investments treaties or memorandums of understanding for commercial co-operation with a number of coun-

tries, including Brazil, Cape Verde, Congo, Cuba, France, Germany, Guinea Bissau, Italy, Japan, Mozambique, Namibia, Portugal, the Russian Federation, São Tomé e Príncipe, Spain, South Africa, Switzerland, Turkey, United Arab Emirates, and the United Kingdom (not all of these treaties are yet in force).

In addition to the above, bilateral co-operation treaties for the mining sector have been entered into with Cuba, the Democratic Republic of the Congo, Mozambique, Portugal, South Africa, Russia and the United States of America.

5.4 Sources of Finance for Exploration, Development and Mining

Holders of mineral rights (or relevant shareholders) generally fund their mining activities in Angola with private equity, shareholders' loans or direct loans from foreign banks. The implementation of alternative funding mechanisms (streaming and royalty agreements) is still significantly impaired by the existing foreign exchange and marketing regulations.

5.5 Role of Domestic and International Securities Markets in the Financing of Exploration, Development and Mining

Angola's securities market is finally ramping up with significant operations successfully completed in 2023. Nevertheless, investors usually raise funds overseas through private equity or in international security markets to invest in minerals exploration and mining projects.

5.6 Security over Mining Tenements and Related Assets

Mineral rights may only be pledged to secure credits contracted by the holder of mineral rights to finance mineral activities covered by a mineral investment contract or exploration/mining title. To that effect, the pledgee must be provided with

an authentic copy of the title and the mineral investment contract.

In pledging its mineral rights, the holder of mineral rights shall forfeit neither the possession nor the exercise of the mineral rights pledged, being likewise bound to comply with all legal and contractual obligations. The mineral rights pledged shall not be transferred by the relevant holder, nor encumbered again, without the prior express authorisation of the pledgee.

Enforcement of the pledge (transfer of the mineral rights in the event of default) is subject to governmental approval.

The political stability resulting from the re-election of the President in August 2022, the increasing demand for minerals in the international market for energy transition and De Beers, Anglo American, Rio Tinto and Pensana Rare Earth Metals' recent investments in the country are all expected to continue to attract a variety of other companies, which may finally look to Angola as a reliable and transparent jurisdiction for investment.

6. Mining: Outlook and Trends

6.1 Two-Year Forecast for the Mining Sector

Angola keeps committed to implementing a diversification strategy aimed at reducing the country's dependence on oil, while developing gas and renewable energy, building on its current strength in diamond production and exploring the country's rare earth and other energy transition minerals' potential. As an example, a new foreign exchange regime applicable to the mining sector was enacted in 2023, inter alia allowing external investing entities – in which Angolan SPVs are included – to open and operate bank accounts abroad, including escrow accounts, without the previous authorisation from the Angolan National Bank. The creation of a Diamond Bourse is also expected to take place soon, determining significant changes to the current diamond marketing regime.

Trends and Developments

Contributed by:

João Afonso Fialho, Ângela Viana, António de Sousa Penelas
and Maria Inês Costa
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Authors



João Afonso Fialho joined VdA in 2015. He is a partner and head of practice for Oil & Gas and Natural Resources. In the last 25 years João has been involved in natural resources

projects and transactions in various jurisdictions and has advised foreign investors in the negotiation of exploration and mining agreements for all types of minerals, joint venture agreements, legal due diligence, farm-in and farm-out agreements, royalties and streaming agreements, contracts with suppliers, termination and extension of concessions and relinquishment of areas. João has also advised various state entities and international mining companies in the drafting and discussion of legal statutes and ancillary regulations.



Ângela Viana joined VdA in 2015. She is managing associate of the Oil & Gas and Natural Resources practice area. For the last 15 years Ângela has advised international mining

companies and investors in structuring and implementing their projects in Mozambique, Angola, Portugal and Timor-Leste, including the negotiation of exploration and mining agreements for all types of minerals, joint venture agreements, legal due diligences, farm-in and farm-out agreements, royalties and streaming agreements, termination and extension of concessions and relinquishment of areas. Ângela has also advised various state entities in the drafting and discussion of legal statutes and ancillary regulations.

ANGOLA TRENDS AND DEVELOPMENTS

Contributed by: João Afonso Fialho, Ângela Viana, António de Sousa Penelas and Maria Inês Costa, **VdA**



António de Sousa Penelas is the founding partner of ASP Advogados (exclusive member of VdA Legal Partners for Angola since 2020). He has collaborated with VdA Legal Partners since

2015 and has been actively involved in several transactions in Angola, with a particular focus on the oil industry services, energy, mining and shipping. He has extensive experience in civil, commercial, criminal and administrative litigation (including tax matters), and has provided assistance to several clients in corporate, commercial and labour matters.



Maria Inês Costa joined VdA in 2021. She is a senior associate at the Oil & Gas and Natural Resources practice area, where she has been actively involved in several transactions in the

mining and in the oil and gas sector, with particular focus in Lusophone Africa (Angola and Mozambique), as well as Timor-Leste.

VdA

Rua Dom Luís I 28
1200-151
Lisboa
Portugal

Tel: +351 21 311 3400
Email: vieiradealmeida@vda.pt
Web: www.vda.pt/en/



Introductory Remarks

Angola has a strategic geographical location and is currently the sixth largest diamond producer in the world. However, most of its hinterland has not yet been explored. As regulatory reforms come into force, more mining companies are investing in Angola. Large market players' investment in the country throughout 2022 and 2023, of which De Beers, Anglo American, Rio Tinto and Pensana Rare Earth Metals' projects are good examples, are expected to keep boosting the mining sector and its reputation as a reliable and transparent jurisdiction for investment, for which the country's admission to the Extractive Industries Transparency Initiative (EITI) is also expected to play a role.

Mineral Industry Trends

Angola's mining industry is likely to continue to be dominated by diamond exploration and production in the forthcoming years, which accounts for about 90% of total mining revenues and which is expected to foster the creation of "tier one" mines, according to the Angolan executive. With the continuing demand for strategic minerals, non-ferrous metals, and rare earths expected to increase dramatically due to the global energy transition and the use of strategic minerals in lithium-ion batteries, the sector is expected to increase its contribution to the country's Gross Domestic Product (GDP) growth significantly.

In November 2023, the country hosted the Angola Mining Conference 2023 (AMC 23) "Mineral Resources: Development, Sustainability and Challenges". According to official government sources, the title of the AMC 23 was chosen taking into consideration the need to foster the country's economy, to create more job positions and to expand the country's tax bases, in a time when the international community, and particularly, industrialised countries, are actively seek-

ing critical minerals. Angola stands as a country with a diversified portfolio of mineral resources which is expected to soon evolve to the production of minerals that are critical for energy transition, namely through the implementation of neodymium, praseodymium and niobium (all rare earths) projects in the Huambo and Huila provinces, as well as projects of copper, manganese and iron in the Uige, Cuanza-Norte and Huila provinces.

Technological matters, particularly the ones related to exploration operation techniques, were also highlighted by the Angolan executive in the AMC 23 conference, which pointed out that micro-diamonds are now being used for obtaining estimates of mineral bodies' contents, significantly reducing times and costs involved in these operations in up to one third, according to recent studies carried out by the government's international consultants.

Developments – Investments and Governance

Investments

The Angolan regulatory framework for investment in the mining sector is robust and investor friendly. An example of this robustness is the recent return of De Beers to Angola, a country that, in the words of De Beers' Chief Executive Officer, "has worked hard in recent years to create a stable and attractive investment environment". The company signed two mineral investment contracts in 2022 for exploration and mining of diamonds in Angola. Industry leaders Rio Tinto and Anglo American also have significant investments in Angola in diamonds, copper, cobalt and nickel.

Pensana Rare Earth's Longonjo project is also worth noting. The Longonjo project is set to become the first large-scale NdPr (neodymium

and praseodymium (NdPr) rare earth mine in Africa, with a production target of 56,000 tonnes per year. The Angolan government is confident that these long-term investments in diversified minerals will attract a variety of other major and junior companies to invest in the country and it is expected that, with the Longonjo mine in full operation, the country will be able to ensure 5% of the world's needs concerning rare earths, a market which currently faces a scenario where demand clearly exceeds the existing supply, with China remaining as the world's biggest supplier.

Angola is also focused on developing the country's minerals processing industry. The Saurimo Diamond Development Hub was inaugurated in August 2021, and is focused on converging into Saurimo the entire national diamond value chain, is an example and has been promoted by the Angolan government as the country's final step towards the country's quest to become a global diamond producer. Located on the road to the large Catoca diamond mine, the Saurimo Development Hub aims to significantly enhance the country's diamond production capacity, enabling the processing and polishing of resources in addition to rough diamond exports, while ensuring that all the necessary infrastructure for such purpose can be found in loco, such as banks, insurers, private practices, employee accommodation, restaurants, a factory-school for polishers and an Endiama technical and professional school ready to provide training programmes to young people in a wide range of areas.

The Saurimo Diamond Development Hub is divided into three main areas: commercial, industrial and one reserved for the hybrid power plant. According to recent information disclosed by Angolan executive consultants, there are lots still open to investors who intend to install manufacturing units within this infrastructure

and Angola is keen on stimulating the creation of processing facilities, as the country is "... producing around nine million carats/year, most of which is exported raw". Therefore, it would be "a victory for the country" if Angola could have the capacity to hone 20% of its local extraction (considering that 20% of production is allowed to be sold to cutters pursuant to Angolan law).

In November 2023, the President of the Republic of Angola inaugurated the largest diamond project in the country, the Luele mine (which is part of the Luaxe concession), with a production prospect of 628 million carats. The kimberlite is located in the northeast of Angola, Lunda Sul province, and was first discovered in 2013, during geological research carried out by *Sociedade Mineira de Catoca*. The preliminary studies indicated that the Luele kimberlite contains an amount of ore of 647 million tons, likely to result in a production of 628 million carats throughout the 60 years' useful life of the mine. According to the Minister of Mineral Resources, Oil and Gas, "the production of this mine will contribute to a significant increase in diamond production in Angola".

There are also ongoing discussions on the construction of an Ornamental Stones Development Hub in the Namibe province, according to sources of the Ministry of Mineral Resources, Oil and Gas. Such hub would aggregate several services (similarly to what was projected for Saurimo Development Hub in the diamond industry), including metallurgy units in connection with the iron production deriving from Cassinga mines. This project is considered particularly important to demonstrate Namibe's mineral potential and attract private investment.

Finally, the Lobito Corridor Railway Project, in the Benguela province, is a strategic project aim-

ing ultimately at connecting the Atlantic Ocean to the Indian Ocean, up to the ports of Dar es Salam, in Tanzania, and Cidade da Beira, in Mozambique. This project crosses several areas where mineral operations take place, therefore being pointed out as of fundamental importance to the sector and essential for mineral exports and supply (both internal and external) of goods and equipment to the mining industry.

Governance

The political stability resulting from the re-election of the President João Lourenço in August 2022, the increasing demand for minerals in the international market for energy transition (notably, rare earth minerals) and the projected launch of the new diamond bourse, are also expected to boost investment in the sector. The launch of the new diamond bourse was expected to take place, still on an experimental basis, before the end of December 2023, with the Ministry of Finance in charge of the supervision of the sector's tax regime, auditing, tax collection and tax revenues. However, delays are being faced by institutions concerning the building where the bourse is to be located, which was supposed to be finished by December 2022. It is expected that with the launch of the bourse, the execution of the country's mineral governance model will facilitate the attraction of new foreign and national investments, increase the production of rough diamonds, boost the growth of cutting activity, and generate additional revenues for production and cutting companies, while also benefiting the Angolan State through an increase in tax revenues.

The long-awaited implementation of more flexible foreign exchange regulations for the mining sector finally took place in 2023, with the enactment of the Angolan National Bank's Order

2/2023, of 9 February 2023, which revoked Order 13/2020, of 29 May 2020, and, in particular:

- extended the scope of application of the foreign exchange regime to the mining sector in general (which is now no longer limited to the diamond sector);
- made it possible for External Investing Entities (a concept defined in the Order and which includes not only direct investors, but also Angolan or foreign registered SPVs) to open and operate bank accounts abroad, including escrow accounts, without the need for previous authorisation of the Angolan National Bank;
- made it possible for the External Investing Entities to contract financing abroad, also without the need for previous authorisation from the Angolan National Bank; and
- established the terms upon which bank accounts in foreign currency domiciled in Angola may be operated, namely for the purposes of paying capital, interest and charges relating to loans or debt in foreign currency contracted in the country or abroad and reimbursement of shareholder loans originating outside the country.

Angola was also admitted as an implementing country of the international Extractive Industries Transparency Initiative (EITI), a voluntary initiative that works to enhance revenue transparency by verifying and publicising the revenues paid to government members by extractive companies (June 2022). According to the Angolan President, the government decided to join the EITI to reduce corruption, support the country's transparency and accountability reform agenda, improve the investment climate and support efforts towards improved domestic resource mobilisation. The President further stated that such admission would encourage investors,

as the country would be under tighter scrutiny, which was a demonstration of Angola's efforts to gain foreign investors' trust. This is one of the various initiatives launched by the Angolan government to fight corruption and state before the international community Angola's position as a transparent, reliable and investor-friendly jurisdiction. The EITI National Coordination Committee (CNC) was due to present to the EITI International Secretariat the First Report on the Transparency of Extractive Industries in Angola in late December 2023.

Finally, it is worth highlighting that, while the country seems to remain committed with decarbonisation, there are currently no specific deadlines determined in this regard, as according to the Angolan executive, a reasonable balance needs to be reached – on one hand, climate changes represent a global concern which need to be addressed by all countries; on the other hand, however, the country is still heavily

dependent on the exploration and production of mineral resources (as 90% of the country's revenues arise from oil, natural gas and diamonds). The Angolan government intends, therefore, to progressively perfect its decarbonisation process while maintaining the exploration and production of natural resources throughout their useful life. According to the Minister of Mineral Resources, Oil and Gas, "people often refer to the urgency of decarbonisation as if it was possible, nowadays, to live without oil and gas. It is still not possible. Therefore, we will need to strive to find a better balance". The Minister further reinforced that decarbonisation strategies need to be considered thoughtfully by the country, not merely as a result of third parties' pressure. Sonangol, Angola's national oil company, attended COP 28 and has been actively engaged in several initiatives aiming at mitigating the effects of greenhouse gas emissions and progressively decarbonising the oil and gas industry.

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