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Mining 2025

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

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PORTUGAL



Law and Practice

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1. Mining Law: General Framework

1.1 Main Features of the Mining Industry

A variety of mineral resources are mined in Portugal, including metallic minerals such as copper, zinc, lead, and tungsten, and industrial minerals such as lithium, feldspar, kaolin, and limestone. Portugal also has significant deposits of ornamental stones, including marble and granite. Some of the country's historical mines, such as Panasqueira, Aljustrel and Neves-Corvo, have played a major role in shaping the economic development of their regions.

The Iberian Pyrite Belt is one of the world's most significant mining regions, where the Neves-Corvo mine, operated by Lundin Mining, is a major producer of copper and zinc.

In recent years, Portugal has emerged as a key player in the global lithium market due to rising demand for lithium-ion batteries for electric vehicles and renewable energy storage. With several lithium exploration projects (as well as conversion plants) underway, Portugal has the potential to become a major supplier of this critical mineral, and to command a strategic position within the global energy transition.

1.2 Legal System and Sources of Mining Law

Portugal's legal system operates under a civil law framework. The main sources of mining legislation have evolved significantly over the years.

Until 2015, mining law was regulated by Decree-Law 90/90 of 16 March, which established the General Regime for the Discovery and Use of Geological Resources, and by specific Regulations for each type of mineral resource (Decree-Law 84/90 of 16 March, which established the Spring Waters Regulation; Decree-Law 85/90 of

16 March, which established the Heavy Waters Regulation; Decree-Law 86/90 of 16 March, which established the Mineral Waters Regulation; Decree-Law 87/90 of 16 March, which established the Geothermic Resources Regulation; Decree-Law 88/90 of 16 March, which established the Mineral Deposits Regulation and Decree-Law 270/2001 of 6 October, which established the Quarries Regulation).

In June 2015, the Legal Framework for the Discovery and Use of Geological Resources Located in Portugal (including National Maritime Space) – Law 54/2015 of 22 June, or the “Geological Resources Law”, was enacted. The Geological Resources Law revoked Decree-Law 90/90 of 16 March.

Following the approval of the Geological Resources Law, Decree Law No 30/2021 of 7 May, which approved the new mineral deposits' regulation (the “Mineral Deposits Law”) came into force, revoking Decree-Law 88/90 of 16 March.

The creation of this new legal regime resulted from the National Strategy for Geological Resources (ENRG-RM) (Council of Ministers Resolution 78/2012) which provided for the establishment of a new, more efficient, legal and institutional framework, and has introduced significant changes to the regulation of mining rights and the extractive industry sector in general.

Other key statutes include the General Health and Safety at Work on Mines and Quarries Regulation (approved by Decree-Law 162/90 of 22 May), the Regulation on Environmental Recovery of Deteriorated Mining Sites (approved by Decree-Law 198-A/2001 of 6 July), the Regulation on Waste Management of Mineral Deposits'

Exploitation (approved by Decree-Law 10/2010 of 4 February), the Regulations on Manufacture, Storage, Trade and Use of Explosive Products (approved by Decree-Law 376/84 of 30 November 1984, as amended) and the Regulation on Social Security for Employees in Mines (approved by Decree-Law 195/95 of 28 July).

The legislative framework is complemented by several circulars enacted by the General Directorate of Energy and Geology (DGEG) regarding, for instance, the authorisation for the acquisition and use of explosive products on mines and quarries (Circular No 9/2018, 1 April 2018).

As a member state of the European Union (EU), Portugal is also subject to European legislation. In the mining sector, European environmental legislation is particularly relevant.

Finally, legislation with a regional scope also applies in connection with mining activities in the Azores and Madeira autonomous regions.

1.3 Ownership of Mineral Resources

Mineral resources found within the national territory of Portugal are generally considered to be part of the state's public domain and, therefore, owned by the state. This is established under Geological Resources Law, further to which mineral deposits, natural mineral waters, mineral industrial waters, geothermal resources present within the national territory located on land or in the subsoil, as well as those found in maritime spaces, are managed and owned by the state. This means that private landowners do not automatically own mineral resources beneath their land. Instead, these resources are under national control.

Nonetheless, the Geological Resources Law also allows for certain exceptions – mineral masses

and spring waters, along with geological formations and structures that do not qualify as part of the state's public domain, can be privately owned. Consequently, while the state retains control over major and strategic mineral resources, certain minor or non-strategic resources can be subject to private property rights.

1.4 Role of the State in Mining Law and Regulations

In Portugal, the state primarily acts as a grantor-regulator in the mining industry, rather than an owner-operator. The government's role includes granting licences and concessions for exploration and exploitation of mineral resources, ensuring compliance with legal and environmental standards. Companies must obtain these licences to conduct any mining operations, and the application process involves rigorous assessments, including environmental impact studies and public consultations.

Unlike some countries, Portugal does not require mandatory national or government joint ventures, nor does it enforce mandatory contracting or direct government participation in mining projects. Private companies can operate independently, as long as they secure the necessary permits and comply with the regulatory framework.

As such, the state may control or impose conditions on the exploitation of mineral rights in certain circumstances, notably for reasons of national or regional interest. Also, for reasons of public interest, the Ministry of the Economy may exercise preferential rights in the acquisition of mineral deposits.

1.5 Nature of Mineral Rights

The Portuguese Constitution determines which assets are to be considered public domain

assets. Ordinary law regulates the terms and conditions and the limits for the use of such goods.

As stated above, under the Geological Resources Law, geological resources are divided into public domain goods (mineral deposits, mineral waters, mineral industrial waters, geothermic resources, and geological resources located in the seabed and subsoil of the national maritime space) and private assets (quarries and spring waters).

The granting of rights over public domain assets is subject to the award of a concession contract, while the granting of rights over the private domain assets is subject to a licensing procedure.

1.6 Granting of Mineral Rights

In Portugal, expertise in mining matters is centralised with the Minister of the Economy, under the supervision of the Directorate-General for Energy and Geology (DGEG). Some geological resources are, by virtue of their specific characteristics – eg, geological resources located in the national maritime space – overseen by the General Directorate of Natural Resources, Security and Maritime Services. Specific matters governed by different authorities regarding health and safety, environmental protection and social issues and cultural heritage may also apply. At local level, the municipalities also play an important role in the implementation of mining projects.

The Portuguese Environment Agency (APA) also plays a significant role in the environmental approval process for mining activities. While the DGEG serves as the primary authority for granting mineral rights, the APA is heavily involved in

managing the environmental aspects of these projects.

Mineral rights are primarily granted through administrative contracts. However, the granting of rights over private domain assets is subject to the award of a licence.

1.7 Mining: Security of Tenure

The security of tenure for mining rights is guaranteed through a comprehensive legal framework.

Rights Required to Conduct Reconnaissance

The Mining Regulations acknowledge and regulate the concept of reconnaissance. To conduct reconnaissance, an entity must hold a prior evaluation right over an area or areas designed for the exercise of activities for the use of metallic mineral deposits. The right is granted under an administrative contract (with a maximum non-renewable term of one year) and may be requested from the DGEG by any entity with recognised technical, economic and financial suitability. Prior evaluation rights entitle the rights holder to develop studies to allow a better knowledge of the geological potential of the area in question through the analysis of available information and samples taken from the area.

Rights Required to Conduct Exploration

To conduct exploration for mineral deposits requires a prospecting and research right or an experimental exploitation right.

The procedure for obtaining prospecting and research rights may be initiated by the interested parties through the submission of an application, or by the Portuguese state through a tender procedure (subject to the provisions of the Public Procurement Code), while experimental exploration rights are granted at the request of the interested parties. These rights may only be

granted over available areas (except if there is no incompatibility between the concessions granted, or to be granted, and the prospecting and research rights) and to legal entities who give proof of suitability and financial and technical capacity to perform the activities. The contract for prospecting and research activities and for experimental exploitation rights has a maximum term of five years.

A prospecting and research title confers the right to develop activities aimed at the discovery of resources and the definition of their characteristics until the determination of the economic value of any resources found.

If the discovered resources fail to meet the conditions necessary to initiate their immediate and effective exploitation, the interested parties may submit an application for experimental exploitation rights. These rights are granted through an administrative contract, with a maximum legal term of five years, and entitle their holder to perform the same activities as those entrusted to a holder of an exploitation title.

Rights Required to Conduct Mining

The right to exploit geological resources (mining) is granted by means of a concession (with a maximum term of 90 years), following a prior evaluation/prospecting and research/experimental exploitation agreement (if resources have been discovered) or, if no such prior agreement exists, granted directly in respect of: i) available areas; or ii) areas covered by prior evaluation, prospecting and research, experimental exploitation rights, where these relate to different mineral resources and the different mining activities are compatible.

Change of Control

Further to the Mineral Deposits Law, the rules on the assignment of contractual positions in prior evaluation, prospecting and research, experimental exploitation and exploitation agreements are applicable to the following.

- The encumbrance of shareholdings representing the share capital of the rights holder that result in, or may result in, a change of control, either directly or indirectly, over the rights holder, with the exception of shareholdings encumbered in favour of financing entities. For the purposes of the preceding paragraph, “control” is understood to mean: i) the holding of shareholdings representing at least half of the share capital; ii) the holding of at least half of the voting rights; or iii) the ability to appoint at least half of the members of the management or supervisory body.
- Any material or legal acts with effects materially equivalent to those intended to be avoided under the preceding paragraphs.
- Any corporate changes of the legal entity holding the right of prospecting and research, including, but not limited to, demergers, mergers, or amendments to the corporate agreement that result in the transfer of the ownership of prospecting and research rights, a change of control, or the technical and/or financial capacity of the holder.

Any modification to the corporate designation of the company for any reason must be communicated to the DGEG.

Transfer and Encumbrance

Pursuant to the Mining Regulations, the assignment of the contractual position under prospecting and research, experimental exploitation and exploitation agreements is subject to prior authorisation from the Minister of Economy.

Rights to conduct the reconnaissance may not be transferred.

In accordance with the Geological Resources Law, the creation of mortgages is only authorised over rights arising from a concession for exploitation – and over the physical facilities created for support of mining activities – as security for credits/loans for the exploitation work, and must be previously communicated to the DGEG.

The enforcement of the mortgage must follow the rules of the Code of Tax Procedure and Proceedings and of the Civil Procedure Code until the moment of auction, which must be carried out by the DGEG through a public tender.

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

2.1 Environmental Protection and Licensing of Mining Projects

From an environmental standpoint, mining activity is assessed on a global basis but still tends to be quite compartmentalised because applicable permits and legal frameworks are intrinsically connected to the specific components and characteristics of a project (ie, its location, capacity and specific features).

Accordingly, from a broad perspective, and considering the activities and infrastructures in principle required for mining activity, the following legal frameworks should be considered.

- Environmental Impact Assessment.
- Integrated Prevention and Control of Pollution.
- Responsible Industry System.

- Management of Waste from the Exploitation of Mineral Deposits and Mineral Masses.
- Use of Water Resources.
- Prevention of Major Accidents (involving dangerous substances).
- Environmental Liability.

Although the above legal frameworks involve specific licensing procedures, such permits are all included in a Single Environmental Title (TUA), which aggregates and registers all environmental licensing decisions, condensing all information on environmental requirements applicable to an establishment, activity or project.

2.2 Impact of Environmentally Protected Areas on Mining

Mining operations may only be carried out in areas designated for these activities in the applicable municipal zoning plans, or in areas where mining is considered compatible with the use anticipated for the municipal zoning plan. In some cases, the municipal plan may not be completely updated in relation to special zoning plans approved by the government determining legal restrictions for environmental purposes, and these plans and restrictions must be taken into account.

2.3 Impact of Community Relations on Mining Projects

In Portugal, managing community relations in mining projects involves a well-structured and inclusive approach that prioritises transparency, consultation, and safeguarding local community interests. Significant mining projects are required to hold public consultations under the Environmental Impact Assessment (EIA) process, which give local residents an opportunity to voice their concerns, ask questions, and contribute feedback on the proposed activities.

This process ensures that the community's perspective is taken into account during decision-making. Furthermore, the EIA process evaluates both environmental and social impacts, considering how mining operations will influence the health, livelihoods, and overall wellbeing of local communities.

2.4 Prior and Informed Consultation on Mining Projects

Prior and informed consultation is mandatory under the EIA legislation.

Generally, state authorities organise and oversee the public consultation process to ensure compliance with legal requirements. The investor or project developer typically provides the necessary information and documentation for the consultations. This ensures that transparency is maintained and that the local community's feedback is appropriately considered.

2.5 Impact of Specially Protected Communities on Mining Projects

There are no specially protected communities in Portugal.

2.6 Community Development Agreement for Mining Projects

In Portugal, community development agreements are generally not mandated by law for mining projects or other industrial activities. Legal requirements focus primarily on public consultations under the EIA procedure to ensure community involvement and address environmental and social effects.

While not mandatory, some project developers may choose to enter into voluntary agreements with local communities to foster positive relationships and mutual benefits. However, these agreements are not a common legal require-

ment, and are not enforced under the current legislative framework.

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

As a member state of the EU, Portugal is subject to European legislation, including Environmental, Social, and Governance (ESG) guidelines and regulations. While comprehensive sector-specific ESG regulations may still be evolving, several legislative and policy measures incorporate ESG principles.

Additionally, companies operating in Portugal are encouraged to implement Corporate Social Responsibility (CSR) practices aligned with ESG principles to promote sustainable development and ethical business practices.

Portugal is also subject to EU regulations and directives emphasising ESG features, such as the EU Taxonomy Regulation and the Non-Financial Reporting Directive (NFRD), which require companies to disclose relevant ESG information. The EU's Corporate Sustainability Reporting Directive (CSRD) further mandates that large companies report on sustainability, including ESG factors, affecting businesses in the mineral sector.

2.8 Illegal Mining

Illegal mining is not a significant or widespread issue in Portugal compared to some other regions or countries. Portugal has a well-regulated mineral sector, with stringent laws and frameworks in place to manage mining activities. Consequently, illegal mining's impact on legal industrial mineral production in Portugal is minimal.

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

The Neves-Corvo polymetallic mine developed by Sociedade Mineira de Neves-Corvo, SA, or Somicor, and located in the Iberian Pyrite Belt in the Baixo Alentejo region in the south of Portugal, is a good example of environmental and community relations around mining projects in Portugal.

Neves-Corvo is one of the EU largest underground copper and zinc mines, and started operating in 1988. It directly employs around 2,000 workers, and therefore has a significant impact on the social and economic development of the region. It is located in the Natura 2000 area within the Special Protected Areas (SPA) of Castro Verde and the Guadiana Site of Community Interest (SCI). There is also a Protection Area for Wild Birds and several Habitats, according to the Habitats Directive No 92/43/CEE.

The mining project has been subject to EIA, and was approved with constraints due to the Nature Conservation Area.

The mining company has met and gone far beyond all of its obligations. It has created multiple programmes and enhanced its corporate social responsibility drive by initiating actions to support local communities. The government is backing this initiative by permitting a share of the royalties that the company is required to pay to the state to be used for regional development activities. These efforts aim to improve the quality of life for local communities, boost public awareness, and foster acceptance and trust in the mining sector.

The recent surge in lithium exploration, with numerous mining projects underway, has

sparked opposition from local communities, with resistance primarily attributable to the projects involving open-cast mining (requiring the removal of large quantities of earth to access valuable minerals), which could trigger significant environmental damage. Open-cast mining has often met with opposition from local communities, with residents living close to mining sites frequently expressing concerns over the deterioration in their living conditions, a loss of biodiversity, and the potential health risks associated with air and water pollution. Dust and noise pollution from mining operations have also been flagged by the local populations as factors that will also negatively impact their quality of life.

The new Barroso Mine, developed by Savannah Resources, has come up against subject to significant criticism from local populations. Although APA gave its preliminary approval for the environmental impact assessment of the Barroso mine project at the end of May 2023, many residents think the mine should not be built, and have founded Unidos em Defesa de Covas do Barroso (UDCB), an association organising demonstrations, assemblies, protest camps, and legal action.

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

3.1 Climate Change Effects

Climate change legislation in Portugal is affecting the mining industry by driving the integration of renewable energy sources, adoption of cleaner technologies, and compliance with stringent environmental regulations. Financially, these regulations incur additional costs, but also attract investment for companies prioritising Environmental, Social, and Governance (ESG) criteria.

Participation in the EU Emissions Trading System (ETS) requires emissions management and reporting. Environmental Impact Assessments (EIA) mandate rigorous evaluations, promoting sustainable practices and fostering transparent community engagement. Strategically, mining companies are aligning with national climate adaptation plans, supporting broader climate goals and driving innovation in sustainable technologies.

3.2 Climate Change Legislation and Proposals Related to Mining

In Portugal, while there are comprehensive climate change and environmental regulations that impact the mining sector, there is no specific climate change legislation that exclusively targets the mining industry.

3.3 Sustainable Development Initiatives Related to Mining

As an EU member state, Portugal actively follows EU initiatives on sustainable development. However, the country also has its own distinctive sustainable development measures, primarily driven by the Climate Framework Law, approved by Law No 98/2021 of 31 December.

This framework aims for climate neutrality by 2050, potentially advancing to 2045, and introduces the right to a balanced climate, which could lead to climate litigation.

Key initiatives under this law include the IRS Verde tax deduction for sustainable goods and services, the Climate Action Portal for citizen engagement and transparency, and the establishment of a carbon budget. Additionally, a new Council for Climate Action will independently analyse and discuss climate policies.

Portugal also created a voluntary carbon credits market that includes projects for both carbon sequestration and emissions reduction, exceeding a similar EU proposal.

Furthermore, there is increasing interest in carbon sequestration projects, particularly those involving marine ecosystems, capitalising on Portugal's geographic advantages.

These initiatives reflect Portugal's comprehensive and proactive approach to sustainable development, encompassing legislative action, market mechanisms, fiscal incentives, and corporate governance reforms.

3.4 Energy-Transition Minerals

As an EU member, Portugal adheres to the European legislation and participates in initiatives that promote the responsible exploration, development, and use of critical raw materials.

The EU's Critical Raw Materials Act aims to ensure a secure and sustainable supply of energy-transition minerals. This legislation outlines measures to enhance the sourcing, recycling, and production of critical raw materials within the EU, to reduce dependency on external suppliers, and to encourage sustainable mining practices.

As a European Regulation, the Critical Raw Materials Act has general application, is binding in its entirety, and is directly applicable to its member states, including Portugal.

4. Taxation of Mining and Exploration

4.1 Mining and Exploration Duties, Royalties and Taxes

Taxes

Companies carrying out exploration and mining activities in Portugal will be subject to the general provisions provided in the Corporate Income Tax Code. However, pursuant to the Company Tax Code, the provisions made retained against the costs in connection with the environmental damage of the mining site are tax deductible.

Royalties

Financial contributions are required for prior assessment, prospecting, research, and experimental exploration activities. These contributions will be annual, and based on the initially allocated area, with potential premiums for securing an exploitation concession.

For mineral deposit exploitation, the payment of annual royalties will be set contractually, usually at a minimum of 3% of the ore's value at the mine's gate. Calculations can be based on international market quotations, reference prices set by the DGEG, or total sales values, with deductions allowed for up to 5% for costs related to treatment, processing, storage, and transportation.

This percentage may be reduced to 2% under specific conditions involving domestic industrial processing of the ore. However, any significant change in these conditions reverts the financial contribution to the original 3% criterion.

Where several mineral deposits are being exploited simultaneously in the same concession, the value of the royalties will be the sum

of the values individually determined for each mineral deposit.

No royalties will be due if the concessionaire's taxable income for the previous year is 150% lower than the amount of the due royalties.

A portion of royalties, typically between one-third to half, must be paid to the municipalities where the resource is located, with the remainder being state revenue to be allocated to the Geological Resources Fund (*Fundo dos Recursos Geológicos*).

In cases involving multiple municipalities, payments must be proportionally allocated.

Finally, licensing fees, royalties, premia and other considerations are usually negotiated and established in concession agreements on a case-by-case basis.

4.2 Tax Incentives for Mining Investors and Projects

In Portugal, mining activities are subject to the general tax provisions, meaning that there are no specific tax incentives for mining investors or projects. Furthermore, stabilisation agreements, either in tax or any other matters, are not commonly offered.

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

The tax system in Portugal imposes transfer and capital gains taxes on the transfer or sale of a mining project. However, there is no specific tax exclusively for the transfer of mining projects. When a mining project is sold, any capital gains realised are subject to taxation. For companies, these gains are included in taxable income and taxed at the standard corporate tax rate, while, for individuals, capital gains tax rates may vary.

Although there is no specific tax on the transfer of mining rights, any associated real estate or significant assets involved in the transfer could be subject to Property Transfer Tax (IMT).

This obligation can extend to international transactions involving foreign corporate structures, depending on double taxation treaties and the economic substance of the transactions.

5. Mining Investment and Finance

5.1 Attracting Investment for Mining

In Portugal, attracting investment for mining primarily hinges on several general features rather than sector-specific initiatives. The main features include a favourable regulatory framework, general government support for business and a strategic location with well-developed infrastructure, a skilled workforce.

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

Foreign direct investment is not restricted under general Portuguese law. In respect of repatriation of profits and investment, there are no currency controls under Portuguese law, and money can be freely transferred into or out of the country. Also, there are no restrictions on the remittance of profits or investments abroad.

5.3 International Treaties Related to Exploration and Mining

Portugal is not directly a part of any specific multilateral or bilateral treaties exclusively dedicated to the mining sector. However, as a member state of the EU, Portugal benefits from a range of treaties and agreements that the EU has established with global partners. These agreements collectively provide a favourable and protective

environment for investments, including those in the exploration and mining sectors.

5.4 Sources of Finance for Exploration, Development and Mining

In Portugal, there are no specific or distinct sources of finance exclusively dedicated to the development of mining activities. Instead, mining projects typically rely on general financial mechanisms available within Portugal and internationally. These include standard equity financing through stock markets and private investors, debt financing from banks and bonds, government grants and subsidies, and strategic partnerships or joint ventures. Additionally, companies may access funding from institutional investors, European Union programmes, and general project financing methods.

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

In Portugal, both domestic and international securities markets play crucial roles in financing exploration, development, and mining activities.

Domestic markets allow mining companies to raise funds through shares and bonds, offering access to local capital and ensuring compliance with national regulations. These markets enhance liquidity, broaden the investor base, and provide localised expertise.

International markets offer access to substantial global capital, diversify investor risk, and enhance company visibility and credibility.

5.6 Security over Mining Tenements and Related Assets

In accordance with the Geological Resources Law, the creation of mortgages (in rem security) is only authorised over rights arising from a con-

cession for exploitation – and over the physical facilities created for support of mining activities – as security of credits/loans for the exploitation works, and must be previously communicated to DGEG.

The enforcement of mortgages must follow the rules of the Code of Tax Procedure and Proceedings and of the Civil Procedure Code until the moment of auction, which must be executed by the DGEG through public tender.

6. Mining: Outlook and Trends

6.1 Two-Year Forecast for the Mining Sector

One of the most prominent trends in the Portuguese mining sector – which is likely to continue for the next couple of years – is the interest in lithium exploration and other activities in the lithium value chain. In fact, in addition to the projects under development for the massive exploitation of lithium reserves, several initiatives aim to establish lithium conversion plants. The development of downstream lithium processing facilities is crucial for adding value to raw lithium resources, and support for the EU's goals for a sustainable battery supply chain in Europe and Portugal is making strides in this direction.

As these projects are moving forward, it is expected that both national and European legislation will be adapted to address the challenges of this growing industry.

Portuguese legislation for the mining sector has also seen significant changes in recent years with the enactment of a new and more efficient legal and institutional framework, introducing substantial modifications to the regulation of mining rights and the extractive industry sector in general.

Such changes relate, in particular, to the following:

- the distribution of exploitation benefits (ie, royalties) between the state, municipalities and local populations;
- the possibility of having the relevant concession agreement imposing that minerals are processed on national territory;
- more demanding environmental sustainability regulations (in compliance with “green mining” standards); and
- the recognition of the wider inspection powers of the regulatory agency; and v) the promotion of public participation/consultation in the awarding procedures for the granting of mining rights.

Trends and Developments

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Portugal has long been recognised for its rich mineral resources (particularly tungsten, primarily found at the Panasqueira mine, copper and uranium), which have historically played a significant role in the country's economy. In recent years, developments in Portugal's mining sector have positioned the country as a key player in the global mining industry.

Growing Interest in Lithium

One of the most prominent trends in the Portuguese mining sector is a growing interest in lithium exploration, as well as other activities in the lithium value chain. Portugal is home to some of Europe's largest lithium deposits, which are located in the districts of Vila Real, Guarda and Castelo Branco. The increasing demand for lithium-ion batteries, driven by the expansion of electric vehicles and renewable energy storage systems, puts Portugal firmly on the map as a potential leading supplier of this critical mineral, which could reduce Europe's dependence on imported raw materials and promote local green technologies. As part of its Critical Raw Materials Act, the EU Commission stipulated that, by 2030, at least 10% of Europe's demand for critical raw materials such as lithium should be met using domestic supplies. Portuguese min-

ing companies have received approval for lithium projects in areas such as Barroso, Romano, Alvarrões, and Argemela. Further requests for exploration are pending in other areas of the country.

Several international companies are actively exploring and developing lithium mining projects in Portugal. A flourishing lithium mining industry could contribute significantly to the national economy by creating jobs, attracting international investment, and promoting regional expansion. Furthermore, the establishment of a robust lithium supply chain within Europe aligns with the EU's strategic objective of achieving technological sovereignty in key industries, including battery manufacturing. The development of downstream lithium processing facilities is crucial for adding value to raw lithium resources and supporting the EU's goals for a sustainable battery supply chain. Portugal is making strides in this direction, with several initiatives aimed at setting up lithium conversion plants.

The main lithium projects in Portugal are as follows.

Savannah Resources – Mina do Barroso project

The Mina do Barroso project, located in the northern region of Portugal, is one of the most advanced and significant lithium exploration projects in the country. UK-based mining company Savannah Resources has been actively developing the project, which has shown promising results with an estimated 27 million tons of lithium-bearing spodumene. The project aims to produce high-grade lithium concentrate, with plans for a sustainable, low-impact mining operation. It is expected to be a major contributor to Europe's lithium supply chain.

Lusorecursos – Montalegre project

The Montalegre lithium project is situated in the Montalegre region. Lusorecursos is a Portuguese mining company that extracts lithium from abundant pegmatite deposits. The project aims to establish a vertically integrated lithium mining and processing operation which includes not only extraction but also the production of battery-grade lithium hydroxide. This integration is expected to add substantial value and strengthen Portugal's position in the global lithium market.

Lusorecursos lithium refinery

Lusorecursos plans to build a lithium refinery in Portugal that will process lithium concentrate into battery-grade lithium hydroxide. The development of this refinery is a crucial step in creating a domestic lithium processing capability, reducing dependence on imports and aligning with the EU's strategy for a sustainable battery supply chain.

Battery manufacturing projects

The presence of substantial lithium resources has also spurred interest in battery manufacturing within Portugal. Discussions and preliminary

plans are underway for battery production facilities that can utilise locally processed lithium. These initiatives aim to create a fully integrated lithium-battery supply chain within the country, fostering local economic growth and technological innovation.

Despite these promising prospects, the development of the lithium sector in Portugal does not come without challenges.

Local communities and environmental organisations have raised concerns over the potential environmental and social effects of lithium mining. Addressing these concerns through effective community engagement, transparent communication, and tangible socio-economic benefits is crucial.

In addition, energy transition trends raise issues. In fact, although the global shift towards renewable energy and the increasing demand for lithium-ion batteries have propelled lithium to the forefront of the energy transition landscape, lithium extraction and usage bring several significant disadvantages relating, in particular, to their impact on the environment, often with a negative effect on the perception of this mineral resource.

Moreover, the lithium market is prone to fluctuations in commodity prices, influenced by changes in supply and demand dynamics. This volatility can generate economic uncertainty for countries and regions that rely heavily on lithium mining as a major source of income. An over-dependence on lithium can make these economies susceptible to market downturns and global demand shifts.

Optimising the Award Process

Although the applicable legislation allows for the granting of mining rights through public tender procedures, this is not common practice in Portugal. Instead, most mining rights are typically awarded following a request from the interested party, with public tenders only used if several parties are interested in the same mining area. In recent years, there have been attempts to shift this paradigm, making the state the project initiator, although no concrete steps have yet been taken to implement this modification.

This change aims to ensure transparency, fairness, and optimal management of natural resources, as well as to foster community trust. The advantages of the public tender for the award of mining rights can be described as follows.

- *Transparency* a public tender process promotes transparency by providing a clear and open platform for all potential investors and companies in which to participate. This openness helps to minimise corruption and favouritism, ensuring that the process is fair and that all stakeholders have equal access to information and opportunities.
- *Fair competition* – public tenders encourage healthy competition among bidders, driving them to present their best proposals in terms of technical expertise, financial commitments and sustainable practices. This competitive environment helps ensure that the mining rights are awarded to the most capable and responsible company, which can effectively manage and develop the resource.
- *Optimal resource management* – by evaluating multiple bids through a structured tender process, the government can select a bidder that offers the best value and most responsible approach to resource extraction. This process ensures that natural resources are managed efficiently, maximising economic benefits and minimising environmental and social impacts.
- *Increased revenue* – public tenders can lead to higher financial returns for the government. The competitive bidding process often drives up financial offers, ensuring that the state receives a fair, often higher, price for granting the mining rights. This increased revenue can be utilised for public services, infrastructure, and community development.
- *Sustainability and accountability* – a public tender can include specific criteria related to environmental protection, social responsibility, and sustainable mining practices. By setting these standards in the tender requirements, the government can ensure that only companies committed to sustainability and accountability are awarded mining rights.
- *Community trust and engagement* – transparent and fair processes help build trust between the government, the mining industry, and local communities. When communities see that mining rights are granted through an open and competitive process, they are more likely to have confidence in the decision-making process and in the companies selected to operate in their regions.
- *Legal and regulatory compliance* – the tender process can ensure that all bidders comply with national and international legal and regulatory frameworks. This reduces the risk of future legal disputes and environmental damages, promoting a more stable and predictable investment climate.
- *Attracting high-quality investors* an open tender process can attract high-quality, reputable investors who are confident in operating within a transparent and competitive context. This can lead to better overall project outcomes and foster long-term relationships

between the government and responsible investors.

Another issue faced by investors in the mining sector in Portugal relates to obtaining land rights. While mining rights enable a promoter to explore and market mineral resources, they do not confer any real property interest over the land in which a mining facility is located. This means that promoters must obtain all the necessary permits before landowners and pay them due compensation. An awarding scheme where the required land rights are secured before the granting of the mining rights could enhance the approval process and facilitate the start-up of mining operations.

Sustainable and Responsible Mining

As global awareness of environmental issues increases, there is a strong push for sustainable and responsible mining practices in Portugal. In recent years, the Portuguese government introduced new regulations for the mining sector which reflect the growing awareness of the need to balance economic development with environmental protection and social responsibility. The changes introduced to the regulation of mining rights and the extractive industry sector in general relate, notably, to:

- (a) the distribution of exploitation benefits (ie, royalties) between the state, the municipalities and local populations;
- (b) having concession agreements impose that minerals be processed on national territory;
- (c) introducing more stringent environmental sustainability standards (in compliance with green mining standards);
- (d) the recognition of the wider inspection powers of the regulatory agency; and

- (e) the promotion of public participation/consultation in the awarding procedures for granting mining rights.

Mining companies in Portugal are also committed to implementing environmentally friendly technologies and practices to minimise the ecological impact of their activities. Efforts include reducing carbon emissions, managing water resources effectively, and rehabilitating mining sites after closure. This focus on sustainability aims to ensure that mining operations align with the broader objectives of environmental preservation and social responsibility.

This has been a topic of major concern for mining companies, as the local communities and the environmental organisations have been quite challenging for recent mining projects in Portugal, particularly lithium projects.

Environmental, Social, and Governance (ESG) principles have become crucial pillars in the mining sector, shaping the way companies operate and interact with their stakeholders.

Integrating ESG principles into the mining sector offers numerous benefits, as follows.

- *Enhanced reputation* – companies that prioritise ESG factors build stronger reputations and brand loyalty among stakeholders, including investors, customers, and communities.
- *Access to capital* – investors are increasingly considering ESG criteria when making investment decisions. Companies with a strong ESG performance are more likely to attract capital from responsible investors and financial institutions.
- *Operational efficiency* – sustainable practices often lead to greater operational efficiency,

cost savings, and risk reduction. For example, energy-efficient technologies can lower operational costs and minimise environmental impacts.

- *Long-term resilience* – ESG integration contributes to the long-term resilience of mining companies by addressing emerging challenges, such as regulatory changes and climate risks.

Government Support and Regulatory Framework

The Portuguese government has been proactive in creating a favourable environment for the growth of the mining sector. A clear and transparent regulatory framework, coupled with incentives for mining investments, has been established to attract both domestic and international players. The Directorate-General for Energy and Geology (DGEG) oversees the regulatory aspects of the mining industry, ensuring compliance with safety standards while promoting sustainable development.

Some geological resources are, by virtue of their specific characteristics, supervised by the General Directorate of Natural Resources, Security and Maritime Services, namely the geological resources in the national maritime space. Specific matters governed by different authorities regarding health and safety, environmental protection and social issues and cultural heritage, may also apply. The municipalities also play an important role in the implementation of mining projects at local level.

In environmental matters, the Portuguese Environment Agency (APA) plays a significant role in the approval process for mining activities.

As a member state of the EU, EU policies and strategies for the mining sector also impact Por-

tugal's activities within this sector. EU policies on raw materials – which include the Raw Materials Initiative, or RMI, the Critical Raw Materials (CRM) List and the European Raw Materials Alliance, or ERMA, to which most of the key companies operating in the mining sector in Portugal have adhered – play an important role in this context.

Exploration of Untapped Mineral Resources

Beyond lithium, Portugal possesses a wealth of other mineral resources, including tungsten, copper, tin, and gold. There is ongoing exploration activity to identify and assess new deposits of these minerals. The diversification of mineral production aims to strengthen the sector's resilience and contribute to the overall economic stability of the country.

Community Engagement

The engagement of the local population in mining projects is becoming increasingly important for mining companies in Portugal. Engaging with local communities, addressing their concerns, and ensuring that mining activities bring tangible benefits to the regions are crucial aspects of modern mining practices. Companies are focusing on building strong relationships with stakeholders, creating job opportunities, and investing in community development projects to foster goodwill and support for their operations.

In conclusion, the mining sector in Portugal is experiencing a dynamic phase of growth and transformation. A strategic focus on developing lithium resources, adopting sustainable mining practices, leveraging technological advancements, and fostering a supportive regulatory environment are driving the sector forward. These developments not only reinforce Portugal's position in the global mining industry but also contribute to the country's economic growth and sustainable development goals.

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