

Mineral Licensing and Administration Directorate (MLAD)

The Mines Operations Department (now transformed from business process concept into Mineral Licensing & Administration Core Process) was established in 1970 to regulate the mineral operations of the Licensees. Mining has long history in Ethiopia dating back to biblical times. Mineral such as iron, salt and gold have been mined since ancient times in traditional ways. Mineral exploration began at the end of 19th century and the beginning of 20th century when European companies were granted concession areas for exploration and min

The Goal MLAP

Ensure the development of mineral resource potential of the country by attracting private investment in the sector. To encourage and facilitate for both private sector and government institutions to undertake high quality minerals exploration and timely use of minerals by furnishing mines development in order to bring about a meaningful and sizable impact to the economic growth of Ethiopia through efficient license administration and effective mineral resource promotion.

Organizational structure

Structure	Man Power
Process Owner	2
Mineral Licensing Sub Process	19
Mineral License and Administration Sub Process	12
Total	33

1. Mineral Licensing Sub Process

Issues mineral operation licenses namely reconnaissance, exploration and small & large scale mining to investors that fulfil the requirements in accordance with mining laws. Prepare promotional materials in the mineral potential of Ethiopia and conduct promotional activities to introduce the mineral potential of Ethiopia. Issues Discovery Certificate for various minerals and Proficiency Certificate to professionals who qualify to give consultancy services.

2. Mineral License and Administration Sub Process

This sub process follows up and administers reconnaissance, exploration and small & large scale mining licenses which are issued by the Ministry. It also facilitates mineral samples exports, verifies and provides supporting letters for custom duties and taxes free request, collects royalties and different revenues from the mining licensees in accordance with the Mining laws.

Licensing Authority

Mineral operation licenses are issued by the Federal Ministry of Mines and the Mines Bureaus of National Regional States with clear division of power between the two licensing authorities. The Mines Bureaus of National Regional States issue artisanal mining licenses, reconnaissance, exploration and retention licenses with respect to construction and industrial minerals, small scale mining licenses for industrial minerals, large scale mining licenses for construction minerals and certificate of discovery for minerals other than strategic minerals. The Ministry of Mines issues licenses reconnaissance, exploration, retention and mining licenses other than those

to be issued by a state licensing authority and certificate of professional competence for professionals who wish to engage in consultancy services in the mining sector. The Mineral Licensing and Administration Core Process is the focal point and responsible organ at the Ministry of Mines to receive and process all applications falling within the jurisdiction of the Ministry.

Data on Mineralization

Although traditional mining has a long history in the country, systematic and modern mineral exploration started in late 1960's. Surveys were mostly carried out in the Precambrian terrain of the country both by the Government and the private sector. This resulted in the discovery of various mineral deposits and occurrences in different parts of the country. Some of these such as the Lega Dembi Gold Mine, Kenticha Tantalocolumbite, Lake Abijata Soda Ash, Bombawoha kaolin, and dimension stones in various areas have been developed into operating mines.

Over the past 25 years, the Ethiopian Institute of Geological Surveys has carried out exploration for metallic and industrial minerals. The results of these studies are available to investors. 51% of the surface area of Ethiopia has been geologically mapped, of which 50% has been geochemically surveyed at 1:250,000 scale. Regional gravity coverage is 80% of the total area of the country at a scale of 1:500,000. The airborne geophysical surveys conducted for mineral, petroleum and geothermal exploration purposes. Some of the more important deposits are: the Adola placer gold (3.8 tons), the Lega Dembi primary gold (62 tons), the Kenticha columbotantalite (25,000 tons), the Bwambwawiha kaolin (500,000 tons), the Kenticha feldspar (300,000 tons), the Kenticha quartz (300,000 tons), the Yubdo platinum (12.5 tons), the Bikilal phosphate (4,000,000 tons P_2O_5), the Dallol potash (160,000,000 tons), the Gewane Mille

bentonite (70,000,000 tons), the Lakes Region diatomite (40,000,000 tons), the Lakes Region soda ash (400,000,000 tons) the Daleti marble (50,000,000 tons) and the Adola nickel (17,000,000 tons)

Mining Activities

Lega dembi gold mine is the only modern primary gold mine existing in the country. This medium to large scale mine produces 4000 kg of gold per year using CIP processing plant. Other mining activities include the production tantalite (250 ton per year) and soda ash 20,000 tons per year), on pilot scale production. Mining of kaolin, dimension stone (limestone, marble, and granite), cement raw materials (limestone, gypsum, clay, silica sand & pumice), salt and artisanal mining of precious metals, gemstone, industrial minerals and construction materials are the main mining activities in Ethiopia.

Exploration Status in Ethiopia

- Foreign companies (FDI) such as Nyota Minerals Limited, ASCOM, NMic, Midrock Gold plc, Sheba Exploration Ltd. and Aberdeen INC and others are in advanced stage of Exploration and drilling for gold and associated metals. In fact Nyota is in the process of acquiring a large scale mining license for gold and associated minerals.
- One foreign (Canaco Ethiopia (Barbados) Inc.) joint Venture with Local company is doing advanced exploration and development of Gold and base metals.
- Some other foreign companies are in exploration of tantalum-Niobium.

- A number of other companies are on follow up and detailed gold and other minerals Exploration stage.
- Some Companies (like BHP Biliton, G&B Central Africa Resources, Saink Potash Mining, Canadian companies, etc...) are on development and mining stage of various industrial minerals like potash, cement raw materials and others.

Granted Mineral Operation licenses in Ethiopia

Reconnaissance - 3, Exploration - 138, Mining – 43

1. The Northern Green Stone Belt (Tigray)

This belt comprises of:

- The primary gold occurrences of Terakemti, Adi Zeresenay and Nirague,
- The base metals of Terer, Tsehafi Emba and other parts of Tigray, Placer gold occurrences of Tigray.

2. Southwestern-Western Greenstone Belt

This belt comprises of:

- primary gold occurrences (Dul, Tulu Kape, Oda-Godere, Akobo, Baruda, Bekuji-Motish & Kalaj);

- Yubdo Platinum,
- Base metals of Azali - Akendeyu, Abetselo & Kata;
- Fakushu Molybdenite and the iron deposits of Bikilal, Chago, Gordana & Korre.
- Benshagul Marble, Akobo and Asosa placer gold deposits, and etc

3. Southern Greenstone Belt/ Known as Adola Belt

This belt comprises of:

- Primary gold deposits & occurrences of Lege - Dembi, Sakaro, Wollena, Kumudu, Megado - Serdo, Dawa Digati, Moyale & Ababa River; the columbo-tantalite of kenticha & Meleka, and the Adola nickel deposit.
- Other industrial Miner

Recent Developments in the Mining Sector

1. Reform of the Civil Service in order to establish efficient and transparent licensing system & to undertake basic geoscience data generation in short period;
 - Reconnaissance & exploration licenses will be issued in three days
 - mining license will be issued in 20 days
2. Implementation of Cadastre management system:-through a project financed by the World Bank, implementation of CMS is underway at the MoME & the 11 regional mines and Energy bureaus level. Establishment of CMS will cut/avoid the waiting time required to check for overlap with licenses issued by regions or vice versa and would enable easy

identification of unlicensed areas. The license map will be posted on the web every 15 days.
(See example below as of May 2011)

Distribution of Mineral occurrences/deposits in Ethiopia

General Geology and Mineral Potential of Ethiopia

The geology of Ethiopia is grouped into three major units namely Precambrian, Late Paleozoic – Mesozoic and Cenozoic rock units.

The Precambrian rocks consist of wide variety of metasediments, metavolcanics and intrusives that have been subjected to varying degrees of metamorphism and deformation. These rocks comprise the high-grade gneissic rocks of the Mozambique Belt and low-grade metavolcano-sedimentary succession of the Arabian Nubian Shield (greenstone), and are exposed in the north (Tigray), west (Western Wollega and Benishangul-Gumuz Region), southwest (Akobo River basin), south (Adola, Ageremariam, Arero and Moyale) and east (Harar). Most of the known metallic mineralizations are associated with these rocks.

Late Paleozoic – Mesozoic sediments occur in Tigray in the north, the Blue Nile Basin in central Ethiopia and Hararge and the Ogaden Basin in the east and southeast. The rocks are represented mainly by sandstone, limestone, shale, marl, dolomite and gypsum. Cenozoic volcanic rocks include volcanic rocks associated with the formation of the Main Ethiopian Rift and the Afar Depression and extensive highland volcanics. The rocks consist of basalts, trachytes, andesites, rhyolites, and tuffs with associated dykes. Sediments of Tertiary age, comprising sandstone,

limestone, gypsum, anhydrite etc are known to occur in the Ogaden Basin in the east, Denakil Depression in the northeast and Omo River Valley in the southwest.

By virtue of the diverse geology, Ethiopia is endowed with various mineral resources. The mineral resources known so far to occur include metalliferous minerals such as gold, platinum, iron, base metals, and tantalum-columbite; non-metalliferous minerals such as gemstones, various industrial minerals, marble and other dimension stones, kaolin, raw materials for glass, ceramic, fertilizer and cement; and energy minerals such as geothermal fields, coal, oil shale and petroleum.

Precious Gold and Base Metals Mineralizations

Gold mining has a long history in Ethiopia. Gold has mainly been extracted from placer deposits and to a lesser extent from primary free gold in Tigray, Benishangul-Gumuz and western Wollega, Akobo Basin, Adola and Moyale areas. Various gold mineralizations and geologically favorable areas have been known in the greenstone regions in the north, west, southwest, and south.

Gold and base metals mineralizations in northern and western Ethiopia are thought to be related to VMS while few are shear zone - associated mineralizations.

In the northern greenstone region gold and base metals mineralizations are known in central and western Tigray particularly in localities such as Enticho, Terakemti, Adi Dairo, Adi Zeresenai, Zager and Hargets, Adi Hoza and Werri. Some of these areas have been under exploration by the Government and the private sector. Tsehaifi Emba area in central Tigray is one the known

copper prospects in Ethiopia comprising copper mineralization associated with metamorphosed basic intrusions.

In the western greenstone region that comprises areas in western Wollega and the Benishangul-Gumuz Region, gold and base metal mineralization are known in several areas. Important mineralizations include Dul, Oda Godere, Daletti, Ondonok, Kata and Guba. Some of these have been known for over a century. Extensive alluvial gold mining have been conducted by foreign companies and the local people since long time ago.

Placer gold mining has also been known in the Akobo greenstone region within the Akobo River Basin. Reconnaissance and regional explorations conducted in this basin indicated possibility of primary gold and base metals mineralization.

In the south, occurrence of gold has been known in the Adola, Ageremariam, and Arero and Moyale areas. The Adola area is the most popular area for its gold production. Occurrence of gold was known in the Adola area in 1930's when alluvial gold was discovered in Bedakessa valley in northern Adola. Since then, placer gold has been exploited mainly by the Government and to some extent by the local people. Primary gold was discovered in Lega Dembi in 1979 by a joint Ethio-Russian exploration team though occurrence of placer gold had been known in the surroundings since 1930's. The Lega Dembi gold mine commenced production in 1990 with a planned capacity of 3 ton/annum of gold, and later privatized in 1997 through an international tender to upgrade the capacity. Other known gold mineralizations in Adola greenstone area include Dawa-Digati, Sakaro, and Dermi Dama. These are believed mainly to be shear zone - associated hydrothermal mineralizations in origin.

Regional and follow up surveys in Ageremariam, Arero and Moyale areas indicated placer gold in several valleys and other geochemical anomalies with indications of primary gold occurrences.

Furthermore, there is a possibility of epithermal gold mineralization along the Rift Valley although significant work has not been done in this regard so far.

Occurrence of platinum has been known in Yubdo area, western Wollega since 1920's and both exploration for and mining of platinum has been in progress. This deposit has been studied by several. The Yubdo platiniferous mafic-ultramafic belt is part of the N-S running mafic-ultramafic tectonic belt in western Ethiopia extending from the Sudanese border in the southwest upto the Blue Nile in the north. Yubdo has been known as the only source of platinum in Ethiopia since its discovery and is the most studied part of the belt. However, the belt comprises other relatively well studied ultramafic massifs such as Daletti and Tulu Dimtu both of which are considered to be good prospects for platinum. Additionally, there are other mafic-ultramafic belts in the south and southwest although they have not been investigated for platinum.

Important occurrences of iron ore in Ethiopia are the Bikilal, Melka Arba deposits in the west and south, respectively. Bikilal is located some 20 km north of the town of Gimbi in western Wollega. The iron mineralization in Bikilal is associate with basic intrusive. The ore is 33-35% martitized magnetite, 30-40% ilmenite, and rarely, 5-10 % hematite. A probable ore reserve in this area is estimated to be 18 million metric tones of ore grading 44% Fe.

Mining Legislation

The first modern mining law in Ethiopia was issued in 1971. However, this was followed immediately by another law enacted in 1974 that put most mining operations under government control and, as a result, disabled the former laws. Later, after long time studies, the new mining and mining income tax laws that envisage the important role of the private sector in capital generation and technology transfer were put into effect in 1993. The main objectives of these laws are to improve the legal framework and create a conducive environment for both local and foreign investors, and promote the development of the mineral resource of the country. To this effect the laws have been modified repeatedly in favor of the investor to better address the interests of investors and accommodate the competitive global environment.

The mining and mining income tax laws and regulation constitute the following particular proclamations and regulations:

1. Mining Proclamation No 52/1993, with its amendment proclamations (Proclamations Number 22/1996 and 118/1998),
2. Mining Income Tax Proclamation No. 53/1993, with its amendment proclamation No. 23/1996, and
3. Mining Regulations No. 182/1994, with its amendment i.e. Mining (Amendment) Regulations No. 27/1998.

Currently a new Mining Law called "Mining Operations Proclamation No. 678/2010" is published in August 2004. The associated new Mining Regulation is currently under drafting by the Ministry of Mines to ensure efficient licensing and license administration procedures. In addition, the Ministry always welcomes progressive ideas and endeavors to ensure fair and equitable mining laws.

The following are the highlights of the new Mining Operations Proclamation 678/2010.

Mining Operations Proclamation No. 678/2010.

This Proclamation lays the general framework of rules governing the mining industry of Ethiopia. Accordingly, it:

- Invites private investment in all kinds of mineral operations,
- Provides not more than 18 months non exclusive reconnaissance license,
- Provides not more than three years exclusive exploration license with two renewals of one year each,
- Provide not more than three years exclusive retention license with one renewal of not more than three years if the applicant demonstrates the discovery of commercial significance deposit and cannot be developed immediately.
- Provides exclusive small scale and large mining license for not more than ten & twenty years respectively with unlimited renewals,
- Requires adequate health, safety and environmental protection,

- Provides inclusion of minerals which were not originally specified in the license as they are discovered,
- Guarantees the licensees right to sell the minerals locally or abroad,
- Provides exemption from custom duties and taxes on equipment, machinery, vehicles and spare parts necessary for the mineral operations,
- Provides the opening and operation of a foreign currency account in banks in Ethiopia; retention of portion of foreign currency earning and remittances of profits, dividends, principal and interest on a foreign loan etc out of Ethiopia,
- Up to 5% Government free equity on small & large-scale mining operations,
- requires environmental impact assessment study,
- Provides for dispute settlement through negotiation and international arbitration,

Mining Income Tax Proclamation No. 53/1993 As Amended

The existing Mining Income Tax Proclamation provides until the new proclamation issued provides:

- Generous deductions and calculations of expenditures,
- Ten years loss carry forward,
- Write off of investment within four consecutive years,
- 35% tax on taxable income generated from mining operations,
- 10% dividend tax

Mining Regulations No. 182/1994 as Amended

The existing Mining Income Tax Proclamation provides until the new proclamation issued deals with details licensing procedures, fees and fines. The following are some of the major points addressed in it:

- Contents of applications,
- Procedures for licensing, renewal, transfer or encumbrance and revocations,
- Size of license area; however, without limitation on number of licenses,
- Books, records and reports,
- Royalties and fees,

Mining Taxation

Royalty (Levied on ad valorem basis)	Up to 8% (8% for precious minerals, 6 % for semi-precious minerals, 5% for other metallic minerals 4% for salt & industrial minerals, 3% for construction minerals, and 2% for geothermal deposits; the licensing Authority may, in circumstances it seems appropriate, cause the reduction, suspension or waiver of the payment of royalty by requesting the appropriate government body.)
Income Tax	35%
Government Free Equity	Up to 5%
Dividend Tax	10%

Types of Licenses

Type	Size	License Period
Reconnaissance License	50 sq km	1½ year, non-exclusive & non-renewable
Exploration License	20 sq km	3 years plus 2X1 Year renewals; may be permitted additional renewals under certain circumstances
Mining License		
Small-Scale Mining License	20,000 sq m*	10 yeas plus nX5 years renewals
	10 sq km **	10 years plus nX5 years renewals
Large-Scale Mining License	200,000 sq m*	20 years plus nX10 years renewals
	10 sq km **	20 years plus nX10 years renewals

NB. * - for industrial and construction minerals

** - for all other minerals,

The figures indicate maximum permissible size by a single license; there is no limit as to the number of licenses to held by a licensee.

[PDF file of Metallic Minerals Broacher \(Downloadable\)](#)

[PDF file of Industrial mineral Broacher \(Downloadable\)](#)

[PDF file of Dimension stone Broacher \(Downloadable\)](#)

[others](#)