

**Islamic Republic of Mauritania
Presidency of the Republic**

Honour - Fraternity - Justice

Signature: DGL

Law no. ...2008-011.. constituting the Mining Code

**The National Assembly and the Senate have adopted, and
The President of the Republic enacts, the following act:**

Section 1: general principles

Chapter I: Definitions and field of application

Article 1: For the purposes of this act, the words or expressions listed below will have the following meanings:

“Mining activity(ies)”: all the phases of activity described in paragraph (2) of article 104 of this act.

“Quarry”: any opening, excavation or operation carried out for the purpose of mining mineral substances referred to in article 6 of this act, including roads, works, machines, factories, buildings and other related installations or facilities;

“Mining path”: any path, bridge or other construction, from its tracing on the ground through to its closing;

“Mining Code”: refers to this act and the texts adopted for its application;

“Direct contractor” designates any legal entity operating a mining or quarry concession as its sole activity in Mauritania. To be more precise, a contractor loses the status of a “direct contractor” if he conducts industrial or commercial operations in Mauritania for the benefit of companies other than those having signed a mining agreement and those qualifying as direct subcontractors;

“Mining agreement” designates an agreement signed under the terms of the Act constituting a standard mining agreement between the holder of a prospecting licence, a mining licence or an industrial quarry operating authorisation on the one hand and the State on the other hand;

“Decree” designates, unless indicated otherwise, a decree for the application of this act;

“The State” designates the Islamic Republic of Mauritania

“Financial year” refers to a holder’s financial and fiscal year;

“**Operator**” designates any person who, as the holder, owner, direct subcontractor, tenant or occupant of a mine or an industrial quarry, performs mining work, orders the performing of mining work, directs mining work or orders the directing of mining work;

“**Mining**” refers to any operation which consists in extracting or separating mineral substances from natural beds in order to use them for commercial purposes and comprises both the preparatory work, the extraction and if necessary the installation and use of the facilities designed for processing and offloading of the production. Any activity linked to residue management, environmental protection obligations and rehabilitation of the mining or quarry site also constitutes a mining activity;

“**Deposit**”: any natural concentration of mineral substances exploitable under existing economic conditions;

“**Bed**”: any natural concentration of mineral substances in a given area of the earth’s crust;

“**Official Journal**” designates the Official Journal of the Islamic Republic of Mauritania;

“**Mine**”: any opening or excavation made for the purpose of mining mineral substances referred to in article 5 of this act, including any pit used to maintain the pressure of water, have it available or inject it, or to create a water supply source, and any roads, works, machines, factories, buildings and furnaces above and below ground which are part of a mining site;

“**Ministry**” designates the Ministry in charge of the Mines;

“**Minister**” designates the Minister in charge of the Mines;

“**Mining operations**”: prospecting, research and mining of mineral substances together with the circulation, concentration, enrichment and processing of waste and the marketing of the substances thus extracted;

“**Small scale mining**” designates a mining operation which employs less than thirty (30) people, has net fixed assets of less than two hundred million ouguiyas (200,000,000 UM) and meets the other conditions set forth in Section IV of this act;

“**Mining Act**” refers to this act constituting the Mining Code;

“**Prospecting and research**” designates all the prospecting work and the geological, geophysical or geochemical research work performed on the surface of the ground or at depth, for the purpose of evaluating indices or beds of mineral substances to establish their nature, form, quality and continuity, estimating their scale and evaluating the economic benefits of their possible mining, transformation and marketing, in order to decide whether or not minable deposits exist;

“**Residue**”: rejected mineral substances; sludge and waste water, apart from final effluent, resulting from the operations of extraction and treatment of the substances; and waste from hydrometallurgy or pyrometallurgy operations;

“Direct subcontractor” designates any legal entity constituted under Mauritanian law conducting, as its sole activity in Mauritania, the provision of services directly to one or more mining or quarry concession holders or to their direct contractors as defined by this act. To be more precise, a direct subcontractor loses the status of a “direct subcontractor” if he conducts industrial or commercial operations in Mauritania for the benefit of persons or companies other than those having signed a mining agreement and those qualifying as direct contractors;

“Mineral substances”: the solid natural mineral substances described in articles 5 and 6 of this act;

“Quarry mineral substances”: the substances referred to in article 6 of this act, including sand, silica sand, gravel, limestone, calcite, dolomite; common clay and clayey rocks used for the manufacturing of clay products; all types of rocks used as building stone, crushed stone, silica ore or for manufacturing cement or direct use as a construction material; any other mineral substance found in the natural state in the form of an unconsolidated deposit, with the exception of topsoil, together with inert residues, when these substances and residues are used for construction purposes, for the manufacturing of construction materials or for soil improvement; and any other substance defined by decree;

“Quarry concession(s)” designates the industrial quarry operating authorisation;

“Mining concession(s)” designates the research licence, the small-scale mining licence and the operating licence;

“Holder” designates the holder of a mining or quarry concession;

“Promotional zone” refers to any zone created by the State inside which a public national operator will carry out reconnaissance and prospecting work for a limited period with a view to promoting the development of the mining industry in Mauritania. The results of this work are made available to the public concerned in accordance with the provision of this act.

Article 2: Prospecting, research, mining of mineral substances, with the exception of liquid and gaseous hydrocarbons, together with the circulation, concentration, enrichment and treatment of waste and the marketing of the substances thus extracted, are subject with regard to their legal, fiscal and environmental status: i) to the provisions of this act; and ii) and to the other relevant legislation and regulations in force, including the mining agreement and the framework law constituting the environment code, if applicable.

Article 3: This act applies to all the abovementioned operations conducted anywhere on the territory of the Islamic Republic of Mauritania, including the continental plateau and the exclusive economic zone.

Chapter II: Classification of beds of mineral substances

Article 4: Beds of mineral substances are subject, from the point of view of their legal status, either to the regulations governing mines or to the regulations governing quarries.

Article 5: Any bed containing or mined for one of following minerals substances is subject to the regulations governing mines: iron, manganese, titanium (in rock), chromium, vanadium, copper, lead, zinc, cadmium, germanium, indium, selenium, tellurium, molybdenum, tin,

tungsten, nickel, cobalt, platinoids, gold, silver, magnesium, antimony, barium, boron, fluorine, sulphur, arsenic, bismuth, strontium, mercury, titanium and zirconium (in sand), rare earths, coal and other fossil fuels, uranium and other radioactive elements, phosphate, bauxite, sodium and potassium salts, alum, sulphates other than alkaline-earth sulphates, any other metallic mineral substance mined for industrial purposes, any industrial or commercial rock, excluding quarry mineral substances, mined for industrial uses, such as asbestos, talc, mica, graphite, kaolin, pyrophyllite, onyx, chalcedony and opal, ruby, sapphire, emerald, garnet, beryl, topaz and all other semi-precious stones and diamond.

Article 6: All beds of substances not referred to in article 5 above and beds which are not in the situation stipulated in article 7 below are subject, from the point of view of their legal status, to the regulations governing quarries. This applies in particular to sand, silica sand, gravel, limestone, calcite, dolomite; common clay and clayey rocks used for the manufacturing of clay products; all types of rocks used as building stone, crushed stone, silica ore or for manufacturing cement or direct use as a construction material; any other mineral substance found in the natural state in the form of an unconsolidated deposit, with the exception of topsoil and inert residue, when these substances and residues are used for construction purposes, for the manufacturing of construction materials or for soil improvement; and any other substance defined by decree.

Article 7: Beds located in the continental plateau and the exclusive economic zone, whatever the substance they contain, are, with regard to their legal status, considered to belong to the category of beds subject to the regulations governing mines.

Article 8: Beds subject to the regulations governing mines constitute property distinct from the ownership of the land. They belong to the State which may grant a concession for their prospecting or research to any individual or legal entity or for their mining to any legal entity requesting such a concession, in accordance with the provisions of this act.

Article 9: Beds subject to the regulations governing quarries are subject to the conditions of ownership of the land. Any individual or legal entity may prospect them, research them and exploit them provided that he or it is the owner of the land on which they are located or has received the owner's permission to do so.

Prospecting, research and mining of beds subject to the regulations governing quarries are regulated in accordance with the provisions of this act. The provisions of this act affecting the regulations governing mines apply, if necessary, to the regulations governing quarries, with the necessary adaptations being made, except in cases of exclusion.

Article 10: Any mineral substance classified in the quarries category may, on the advice of the Ministry's technical departments, be newly classified in the mines category by ministerial order.

Article 11: Sites which are in activity under the regulations governing industrial quarries and which bear substances which become subject to the regulations governing mines under the order provided for in article 10 above, entitle the holder of the industrial quarry to obtain an operating licence.

In order to benefit from this right, the said holder must apply for an operating licence under the conditions set forth in this act.

Article 12: In the event of the filing of an operating licence application under the conditions stipulated in article 11 above, and until a decision has been made on this application, the exploited deposit will continue to be subject to the regulations governing quarries.

Chapter III: Form and identification of mining and quarry concessions

Article 13: For the purposes of application of this act, the territory of Mauritania is divided into squares of one kilometre by one kilometre (1 km²), oriented and departing from a reference point as defined in the application decree concerning mining and quarry concessions.

Article 14: Any mining or quarry concession consists of a certain number of squares as defined in article 13 above, which must be adjacent, i.e. have at least one common side.

The shape and area of mining and quarry concessions will be determined by the application decree concerning mining and quarry concessions.

Article 15: Mining and quarry concessions are recorded in a public register, the terms and content of which are established by ministerial order. Any decision granting or refusing an application provided for by this act must be given in writing, citing the reasons, and published in the Official Journal.

Article 16: The structure of the Ministry in charge of the Mining Cadastre is responsible for the public register of mining and quarry concessions granted in virtue of this mining act; it defines and reproduces, on maps which it keeps, the limits of the territories on which mining and quarry concessions have been and may be obtained.

Chapter IV: Mining and quarry concessions

Article 17: (1) The rights granted by way of research and small-scale mining licences are indivisible and non-leasable movable real rights of limited duration. They may be transferred unconditionally and may be the subject of a contribution of assets to a company.

(2) The mining and quarry rights granted by way of the following deeds are divisible and leasable immovable real rights of limited duration:

1° The operating licence; and

2° The industrial quarry operating authorisation.

These deeds may be mortgaged and contributed to a company, in accordance with the terms stipulated by the application texts.

(3) No superimposing of mining or quarry concessions may exist under the terms of this act.

(4) Applications for mining and quarry concessions provided for by this act are processed in the order in which they are received.

SECTION II: REGULATIONS GOVERNING MINING RESEARCH

Chapter I: Prospecting Licence

Article 18: The prospecting licence confers on its holder, within the limits of the area concerned and without limitation in depth, an exclusive prospecting and research right concerning all the substances governed by mining regulations likely to be found in the area for which it is issued.

It is granted automatically to the first applicant, whether an individual or a legal entity, on payment of the prescribed dues and fees and in accordance with the provisions of this act.

Article 19: The prospecting licence is granted by a decree issued by the Council of Ministers, in accordance with the terms defined by the decree concerning mining and quarry concessions.

Any decision refusing the granting of a prospecting licence must be given in writing, citing the reasons. A copy of it is sent to the party concerned within fifteen (15) days, by certified or registered mail.

Article 20: The area concerned by a prospecting licence may not be greater than two thousand square kilometres (2,000 km²).

Article 21: An individual or legal entity may not simultaneously hold more than twenty (20) prospecting licences.

For the purposes of calculation of the authorised number of licences, account shall be taken of the licences already granted to an individual or legal entity controlling the holder, those obtained by an individual or legal entity controlled by the holder, and the licences held by an individual or legal entity belonging to the same group of companies as the holder.

However, the calculation of the number of licences held by the holder will not take into account any prospecting licence granted to a prospecting association (joint venture) to which the holder belongs but in which he is not the operator or the majority shareholder.

Article 22: The period of validity of the prospecting licence is three (3) years, renewable twice.

The length of each period of renewal is three (3) years at most. Renewal is automatic provided that the holder of the licence has met his obligations as resulting from this act and the mining agreement, together with the texts adopted for their application.

The holder of a prospecting licence has the possibility of reducing the area concerned by the licence at the time of renewal.

Applications for granting and renewal of a prospecting licence must comply with the legal and regulatory provisions concerning the environment.

Article 23: An application decree concerning mining and quarry concessions defines the form of the application, the attribution procedure, the deadlines, the nature of the minimum investments to be made and the conditions and procedures for granting and renewal.

Article 24: The Minister may, following a reasoned opinion from his technical departments, in the event of a serious failure to comply with the provisions of this act by the holder, suspend the period of validity or even definitively cancel his prospecting licence. An application decree will specify the terms of suspension or cancellation of the prospecting licence.

Article 25: The holder of a prospecting licence has a right of access to the land concerned and may conduct any exploration work there, subject to the provisions of this act.

No one may prohibit or hinder access to a site for which a prospecting licence has been granted, subject to the provisions of this act.

Article 26: The holder of a prospecting licence may not, on land belonging to the State, erect or maintain a construction without obtaining permission for this purpose from the administration concerned, unless the construction concerned is one located on the land concerned by his licence and provided for by the applicable regulations.

Should it come to his knowledge that a third party is erecting a construction on this land, the holder must inform the Ministry of this in writing.

Article 27: The holder of a prospecting licence may use the sand and gravel on land belonging to the State for his mining activities, unless a quarry concession has already been granted to a third party for the land in question.

Article 28: The holder of a prospecting licence has the right to take and ship samples of mineral substances, in accordance with the application texts in force.

Article 29: The following are carried out without the holder of a prospecting licence being entitled to compensation:

1° Extraction, on land belonging to the public domain, of sand, gravel or stone for the construction or maintaining of State works;

2° Installing of electrical power lines, oil pipelines or gas pipelines;

3° Transfer or rental of State land, notably for the establishment either of a site for storing residue or of a site to accommodate plants, workshops or installations necessary for mining activities.

Article 30: The Minister may, following a reasoned opinion from his technical departments, order the stoppage of the work, if he considers it necessary, to allow the use of the land for purposes of public utility. If necessary he suspends, under certain conditions, the period of validity of the prospecting licence.

After a period of 6 months, when the Minister considers that the stoppage of the work must be maintained, he may carry out compulsory acquisition of this prospecting licence, in accordance with the law.

Article 31: Subject to the provisions of article 30, the holder of a prospecting licence must begin work on the site concerned by the licence within ninety (90) days of the date of granting of his licence. The nature and minimum cost of this work are defined by the application texts.

If this work has not been started within the set deadline and the holder has not remedied his failure within thirty (30) days following advice to this effect, the defaulting holder must pay to the Treasury, and supply proof of this to the Ministry, before the expiry of his licence, a sum representing one third of the minimum cost prescribed for the work; this sum is considered to be a debt owed to the State.

The holder of the prospecting licence must carry out this work with the amount subscribed to at least ninety (90) days before the expiry of his licence. He must report this to the Ministry before the same date. He may, however, subject to payment of the dues defined for this purpose by the application texts, send his report after this date, provided that he does so before the expiry date of the prospecting licence. This report must be drawn up in accordance with the application texts and be accompanied by the prescribed documents.

When the work which had to be done has not been done or has not been reported within the set deadlines, or if it is insufficient to enable the renewal of the prospecting licence when these deadlines expire, the holder must pay to the Treasury, and supply proof of this to the Ministry, before the expiry of the said licence, a sum representing one third of the minimum cost prescribed for the work; this sum is considered to be a debt owed to the State.

Article 32: The holder of a prospecting licence must pay the prescribed dues on the due date and comply with the conditions associated with the licence set forth in this act and the mining agreement.

Article 33: The holder of a prospecting licence may abandon his right, provided that he has paid the prescribed dues and has sent written notification to this effect in accordance with the procedure stipulated in the application texts.

The licence is deemed to have been abandoned on the day on which the abandonment is recorded in the public register of mining concessions. Notification of this abandonment is published in the Official Journal.

Article 34: The party who was the holder of the abandoned, revoked, unrenewed or expired prospecting licence, the party who had an interest in it or the party whose request for granting of the prospecting licence has been refused, may not, within the following ninety (90) days, request the registration of a licence for the land concerned in his name.

Chapter II: Promotional zones and reserved zones

Article 35: A promotional zone, as defined in article 1 of this act, is created by ministerial order. Its maximum area may not exceed 5,000 km². Its outline must follow the grid of the mining cadastre. Its duration may not exceed three (3) years.

No more than two (2) promotional zones may exist simultaneously.

Article 36: At the end of the period of functioning of the promotional zone and in accordance with a procedure defined by the application texts, the data and the results of the work thus performed shall be made public. Prospecting licences shall be granted in accordance with the terms stipulated in this act, with the exception of the obligation of attribution to the first applicant which will be replaced by an obligation of competitive bidding, the procedure for which is defined in the application texts.

Article 37: The State may declare all or part of a territory not concerned by a promotional zone as defined by this act or by the granting of a mining or quarry concession to be a reserved zone, and therefore excluded from mining operations.

SECTION III: REGULATIONS GOVERNING MINING

Article 38: Mines may be operated only under an operating licence or a small-scale mining licence.

An operating licence may be granted only to a legal entity constituted under Mauritanian law, in accordance with the terms stipulated by this act. It may cover only the inner zone of the prospecting licence and is granted automatically if the holder of the prospecting licence has met his obligations.

The prospecting licence remains valid after granting of the operating licence for its outer zone.

Article 39: An operating licence confers on its holder, within the limits of the area concerned and without limitation in depth, the exclusive right to prospect, search for and mine mineral substances for which proof of an exploitable deposit is supplied. It also confers on him the right to carry out any concentration, enrichment and marketing operations, which are then assimilated to mining operations.

Article 40: The operating licence is granted by decree, in accordance with the provisions of this act, for a period of thirty (30) years.

It may be renewed several times, each time for a period of ten (10) years.

The operating licence is renewed simply on request, provided that its holder meets the conditions for renewal established by decree.

Article 41: No one may operate a mine if he does not possess the technical and financial conditions required to meet the provisions of articles 62 and 63 of this act and meet the environmental requirements stipulated by the application texts.

Any holder of a prospecting licence will be automatically granted an operating licence if he has met his obligations.

After the granting of the operating licence, an assessment of the holder's technical and financial conditions will be carried out by the Ministry before the starting of the mining work is authorised.

If the holder of the operating licence does not meet the criteria required for operating, the right to operate may be subordinate to:

1° His association with a legal entity which meets the criteria required for operating, in a new entity constituted under Mauritanian law, to which the operating licence will be transferred;

2° Or the transfer of the prospecting licence to a legal entity constituted under Mauritanian law which meets the criteria required for operating.

Regularisation by way of one of these solutions must take place within six (6) months starting from the moment when the Minister has informed the holder of the operating licence that he does not meet the required criteria.

During this period, the operating licence will remain in force.

Article 42: The form of the application, the procedure for attribution, the deadlines, the criteria for appraisal of technical and financial conditions, the environmental guarantees and the technical documents concerning in particular the mining methods and the production capacity that the applicant must provide are defined by the application texts.

Article 43: The transfer or farming out of the operating licence takes effect only if it has been authorised by ministerial order.

Article 44: The legislation in force concerning land ownership is applicable to the operating licence, particularly as regards registering on the Mining Cadastre, in accordance with the procedure defined by the application texts.

Article 45: The holder of an operating licence is the owner of the mineral substances extracted within the area concerned by his licence.

The right to the residues belongs to the holder. In the event of expiry, abandonment or revoking of his concession, the right to the residues is transferred to the owner of the land on which they have been deposited with his consent.

Article 46: Subject to the restrictions set forth in this act, the holder of an operating licence has the rights and obligations of an owner on the land concerned by this licence.

Article 47: The holder must undertake mining work within twenty-four (24) months starting from the granting of the operating licence. However, the Minister may, when the holder has a valid reason, extend this deadline under the terms and for the period that he defines, subject to the payment of the related dues.

Article 48: The holder of an operating licence may abandon his right, provided that he has sent a written notification to this effect to the Ministry and has met the conditions stipulated by this act. The operating licence is deemed to be abandoned as of the date of the ministerial order issued to this effect.

Article 49: If he begins an abandonment procedure, the holder of an operating licence is bound by all his obligations regarding the rehabilitation of the site until the obtaining of the order stipulated in article 48, and, according to the case, in articles 73 and 74 of this act.

The said order, in freeing the holder of all responsibility, confirms the return of the deposit free of charge to the State, which may then allocate it to a new applicant.

SECTION IV: SMALL-SCALE MINING

Chapter I: Small-scale mining licence

Article 50: A small-scale mining licence confers on its holder, within the limits of the area concerned and to a depth of 150 metres, an exclusive right of prospecting, searching for, mining and use of the products extracted for all the substances defined in article 5 of this act, under the conditions stipulated by this act.

The provisions applicable to the mine operating licence apply to the small-scale mining licence, unless stipulated otherwise in this section.

Article 51: The form of the application, the procedure for attribution, use and ceasing of use of the small-scale mining licence, the deadlines, the criteria for appraisal of technical and financial conditions, together with the type of technical documents, notably concerning mining methods and production capacity, which the applicant must supply, are defined by the application texts.

Article 52: A small-scale mining licence may not concern an area of more than two square kilometres (2 km²). Within three (3) months of the granting of the licence, the Ministry shall carry out a demarcation at the holder's expense, the procedure for which is defined by the application texts.

Article 53: A small-scale mining licence is granted by ministerial order, for a period of three (3) years. Its renewal for a similar period is automatic if mining has taken place during the preceding period with a minimum production stipulated in article 56 below.

A minimum production is defined by the Ministry at the time of granting and renewal of the licence, in accordance with the procedures defined in the application texts. If this minimum production has been reached or exceeded, two (2) further renewals for a period of three (3) years each are granted automatically if the holder applies for them.

Chapter II: Relationship of the holder of a small-scale mining licence with third parties

Article 54: No individual or legal entity may simultaneously hold more than four (4) small-scale mining licences.

Article 55: If the land contained within the area concerned by a small-scale mining licence belongs in whole or in part to one or more private owners, the application for a small-scale mining licence having been made, the agreement of the owner(s) of the land must be obtained before the small-scale mining licence is issued.

Chapter III: Operating and abandonment

Article 56: The holder of a small-scale mining licence must begin mining work within a period of twelve (12) months, failing which he will forfeit his rights. He will be obliged in this case to rehabilitate the site in order to eliminate any trace of exploration work or work in preparation for possible mining.

This forfeiting of rights will be noted in a legal notification published in the Official Journal.

As soon as he decides to begin mining, the holder must inform the Ministry, indicating the expected annual minimum production of the commercial product of this mining.

Article 57: The mining work must meet the requirements and obligations relating to the safety and health of personnel stipulated by the legislation and regulations in force in the Islamic Republic of Mauritania.

It must also be conducted with concern for the preservation of the environment, in accordance with this act, together with the other relevant legislation and regulations in force.

When these objectives are threatened by the mining work, the Ministry may prescribe measures aimed at attaining them at the holder's expense. In the event of persistent failure to meet these obligations, the small-scale mining licence may be withdrawn.

Article 58: When mining is stopped, for whatever reason, the holder must perform a minimum amount of work defined by the Ministry with a view to maintaining the meeting of the objectives cited in article 57 above and, more generally, rehabilitating the site. Failure to perform this work will be punishable by a fine or a term of imprisonment in accordance with the provisions of Section XI of this act.

For the application of this article, the holder retains full liability until approval of all the work, including the rehabilitation of the site, by ministerial order.

SECTION V: RELATIONSHIP OF THE HOLDER OF A MINING CONCESSION WITH THE STATE

Article 59: (1) Prospecting work is subject to the control of the Ministry, whose qualified officers may inspect the prospecting sites at any time. They may request that documents of any nature be passed on to them.

(2) The holder of a prospecting licence must send the Ministry an annual activity report of which the content is specified in the application texts. The same applies to the holder of an operating licence or of an industrial quarry operating authorisation if he conducts prospecting activities within the area concerned by the operating licence.

(3) All information and documents obtained by the Ministry and its officers in the course of their mission or in the execution of the obligations of the holder of a prospecting licence will be considered to be strictly confidential, unless indicated otherwise by the holder of the licence, throughout the period of this licence, if all or part of this licence has not been

converted into an operating licence. Beyond this period, information of a technical nature will be made available to the public.

As regards information concerning the prospecting work performed within the framework of an operating licence or of an industrial quarry operating authorisation, its confidentiality ceases with the expiry of the operating licence and any information of a technical nature is consequently made available to the public.

Article 60: Mining and industrial quarry work is subject to the control of the departments of the administrations concerned, whose officers may at any time inspect the mining sites, the barrows, the dumps, the treatment residues and all the installations essential to the mining work. They may demand the passing on of documents of any nature and the providing of any samples necessary for the performing of their mission. The conditions of this inspection are specified by the application texts.

All information obtained by the departments of these administrations is considered to be strictly confidential and may not be made public or passed on to outside parties, with the exception of information concerning hygiene, safety and the environment.

Article 61: All licence holders must apply the methods confirmed to be most appropriate for the obtaining of the best final yield of the deposit, compatible with the local economic conditions of the market, and must in general operate in accordance with good professional practice, which includes practice relating to the protection of the environment and the sustainable development of natural resources.

In the event of failure to meet this obligation, the Ministry may, after consultation of and advice from the Ministry of the Environment for questions concerning environmental protection and sustainable development, require the operator to take any measures necessary to remedy this failure.

Article 62: To check that any licence holder recovers the economically exploitable mineral substance concerned by his activity in compliance with standard professional practice, the Ministry may take the appropriate measures as prescribed by the application texts.

In accordance with this article, the Ministry may:

- 1° Request that the licence holder send it a report justifying the mining method used;
- 2° Conduct a study to assess this method;
- 3° Encourage the licence holder to take, within a set period, the necessary measures to remedy any situation which would compromise the optimum recovery of the mineral substance.

Article 63: (1) Prospecting or mining work must meet the requirements and obligations relating to the safety and health of personnel, public safety and health and the essential characteristics of the surrounding land or sea environment, in accordance with the application texts.

(2) When the abovementioned objectives are threatened by the prospecting or mining work, the Minister may require the holder of the concession to take any measures to ensure the

attaining of these objectives within a set deadline or, in urgent cases, have the required work carried out at the holder's expense.

(3) If these objectives are not attained within the set deadline, the Ministry may either suspend all work concerning the deposit until the required work has been performed or impose a new deadline for the attaining of these objectives, accompanied by penalties in accordance with article 133 of this act.

Article 64: When the site meets certain criteria or is above a certain limit, these criteria and limits being specified in the application texts, the opening of a prospecting and mining work site is subject to the approval of the Ministry.

The form and content of the file passed on by the holder, the approval procedure and the deadlines are specified by the application texts.

Article 65: Any accident occurring in a mine, in an industrial quarry or in their outbuildings must be immediately reported to the Ministry.

In the event of a serious or fatal accident, notification must be given by the most rapid means. It is then prohibited to modify the state of the premises in which the accident occurred or to move or modify the objects located therein before the scene of the accident has been inspected by the qualified authorities. This prohibition does not apply to rescue work or urgent consolidation work.

In the event of imminent danger, the Ministry shall take the necessary steps to eliminate the hazard and may, if necessary, address all necessary requisitions for this purpose to the local authorities, and have the required work carried out at the holder's expense.

Article 66: During the period of mining, the holder shall send the Ministry an annual report concerning the effects of the mining on:

- 1° Land use;
- 2° The essential characteristics of the environment.

The content of this report is defined by the application texts. The report is then passed on by the Ministry to the Ministry of the Environment and if necessary to the other departments of the administrations concerned.

Article 67: During the period of mining, the holder must send the Ministry a quarterly activity report, the contents of which are defined by decree.

Article 68: During the period of mining, the holder must pass on to the Ministry, within ninety (90) days following the end of each financial year of the holder, four (4) copies of an annual report corresponding to the company's financial year, comprising technical and social information concerning the functioning of each operating site and information concerning prospecting and sales. This report shall contain all the prescribed information, drawings, cross sections, tables and photographs, in the form defined by the application texts.

Article 69: The holder must, during the period of mining and on all separate sites, keep up to date a register containing the information and plans in the forms required by the application texts.

Articles 70: The Ministry, after consultation of the other departments of the Administration concerned, shall make a decision if necessary on the need for partial or total dissemination of the information supplied under article 69 above.

The information supplied under articles 68 and 69 above is confidential and may not be made public or passed on to third parties without the explicit agreement of the holder.

Among this information, anything related to geology, hydrogeology, geochemistry and geophysics is public and the rest will become public upon expiry of the concession.

Article 71: When mining is liable to be restricted or suspended in such a way as to affect the general economy of a region and of the country, the holder must inform the Ministry of this in writing as soon as possible.

Article 72: At the time of stopping of the prospecting work or at the end of the mining, the holder shall declare the measures he envisages taking to preserve public safety and health, comply with the essential characteristics of the surrounding environment in accordance with the regulations in force and, in general, put an end to the nuisances of any nature caused by his activities. This declaration shall be made in accordance with the requirements of the application texts.

Article 73: In the event of mining being stopped, the measures envisaged under article 72 above must take into account, if necessary, the possibility of resumption of mining either as a result of a later discovery of mineral substances, or as a result of an improvement in economic conditions, or as a result of the reprocessing of the barrows or the processing waste.

In the event of closing of a mine or an industrial quarry, the holder must pass on to the Ministry, for approval, a detailed program concerning the measures he intends to take. After consultation of and advice from the departments of the Administration concerned, including the Ministry of the Environment, and after possible modifications and final approval by the Minister, this file constitutes the declaration of closure of the mine or quarry concerned.

The holder must guarantee the proper completion of the mining site reinstatement and securitisation work in accordance with the provisions contained in the application texts.

Following the satisfactory performing of this work, noted by ministerial order, taking into account prior advice from the Ministry of the Environment, the mine or the industrial quarry will then be deemed to be closed.

The procedures and the file processing periods are specified by the application texts, taking into account the requirements of environmental regulations.

Article 74: Abandonment of an operating licence or an industrial quarry operating authorisation may be obtained by the holder only if the closing of the mine or the quarry has been noted by a ministerial order, in accordance with the conditions stipulated in article 73

above. A ministerial order will then terminate the operating licence or the industrial quarry operating authorisation.

Article 75: Upon the death of the holder, the Ministry may, at the request of his legal successors, received before the expiry date of the concession, either extend the period of validity of the concession by one (1) year or suspend the execution of the obligations to which the holder is subject for the same period, to allow the transfer of the concession to the said legal successors.

SECTION VI: RELATIONSHIP OF THE HOLDER OF A MINING CONCESSION WITH THE OWNER OF THE LAND

Article 76: No prospecting or operating right is valid without the consent of the owner of the land, except in the cases of occupation referred to in article 77 below.

Article 77: (1) In accordance with the conditions which will be defined by decree, the holder may be authorised to occupy the land necessary for his activity and the related industries outside the area concerned by his concession. When the land required belongs to the State, the temporary occupation is free of charge. When the land required belongs to a private individual, or is rented by the State, the temporary occupation will take place in return for compensation.

The owner subject to mining easements may also request the purchase of his property if the easements make its normal use impossible.

(2) If no agreement has been reached concerning either the compensation referred to in the paragraph above or the proposal of sale, the State may, in return for fair compensation beforehand, carry out the expropriation of the owner of the land.

(3) Apart from prospecting and mining work as such, mining activities include the work listed below, both inside and outside the area concerned by the concession:

1° Setting up and operating of power plants, substations and power lines;

2° Backup installations, including pits and galleries designed to facilitate ventilation and outflow of water;

3° Preparation, washing, concentration and mechanical, chemical or metallurgical treatment of the ores extracted, and agglomeration, distilling and gasification of fuels;

4° Storage and depositing of products and waste;

5° Constructions intended for the housing, hygiene and health care of personnel and cultivation of food crops to feed them; and

6° Establishment of all thoroughfares, ditches, channels, pipes, pipelines, conveyors, overhead conveying equipment, river or sea ports and landing areas.

Article 78: The holder must repair any damage which his work may cause to the property on the surface. In such cases he must pay compensation for the damaged caused. If there is no

agreement between the parties, the amount of compensation will be decided by the courts having jurisdiction.

Article 79: (1) To facilitate the conducting of the mining activities, the Ministry may order the building, modification or maintaining of any mining path. It may order the holders at whose request this work is carried out to perform it or to bear part of the cost.

(2) Mining paths created inside or outside the area concerned by a mining concession may, when this does not result in any obstacle to mining, be open to public use under the conditions defined by the Ministry. Whether or not they are open to public use, mining paths remain subject to the provisions of the regulations concerning road traffic and safety and any other applicable regulations, unless specified otherwise.

No claim for damages may be made by the user of a mining path for losses caused by a fault in the construction, modification or maintenance of the said path.

Article 80: No pit or gallery may be opened on the surface, and no sounding more than fifty (50) metres deep may be made within a radius of fifty (50) metres in the following cases:

1° Around properties enclosed by walls or an equivalent means, villages, groups of homes or wells, without the consent of the owner; if this consent is not obtained, the provisions of article 78 above shall be applied; and

2° On either side of thoroughfares or water pipes and in general around all public utilities and civil engineering constructions, without authorisation given by the Minister.

SECTION VII: QUARRIES

Chapter I: Classification

Article 81: Quarries are subdivided into two categories. These are:

1° Industrial quarries, which concern, regardless of the operating mode (open or underground), annual extraction volumes greater than 20 000 m³; and

2° Small-scale quarries, which are open quarries concerning annual extraction volumes not exceeding 20,000 m³.

Industrial quarries are subject to an industrial quarry operating authorisation, while small-scale quarries are subject to a small-scale quarry operating authorisation.

Article 82: The Minister may sign with a public or semi-public body (Ministry, wilaya, agency or office) or with other persons, with regard to sites otherwise available for exploration and quarrying, non-exclusive authorisations for the extraction of quarry substances (including residues) used for purposes of construction or maintenance of roads, streets, civil engineering constructions and other State structures or infrastructures.

Chapter II: Industrial quarries

Article 83: An industrial quarry operating authorisation is granted by ministerial order or by joint order depending on the case, to any legal entity constituted under Mauritanian law which meets the terms stipulated in this act and its application texts.

It gives its holder the exclusive right to carry out all prospecting, research and quarrying work for the substances indicated in the authorisation application.

No one may simultaneously hold more than ten (10) industrial quarry operating authorisations.

Article 84: The land concerned by an industrial quarry operating authorisation must be contained within a single perimeter with an area not exceeding fifty (50) km².

Article 85: An industrial quarry operating authorisation is granted for a period not exceeding ten (10) years.

Article 86: An industrial quarry operating authorisation can be renewed several times for a period not exceeding the initial period.

Renewal is carried out simply on notification, provided that the holder:

- 1° Requests it before the ninetieth (90th) day before its expiry;
- 2° Has carried out quarrying for at least a quarter of the period of the authorisation;
- 3° Has paid the dues and fees stipulated by this act;
- 4° Has complied with the provisions of this act and, where applicable, the conditions of the mining agreement during the period of validity which is ending;
- 5° Has met the other conditions for renewal set forth in this act and, where applicable, by the mining agreement.

The provisions applicable to prospecting and operating licences apply to industrial quarries with the necessary adaptations, unless specified otherwise in this Section.

The procedure for allocation, renewal and transfer will be defined by the decree concerning mining and quarry concessions.

Chapter III: Small-scale quarries

Article 87: A small-scale quarry operating authorisation is issued, after advice from the structure responsible for the cadastre regarding non-superimposing of concessions, by the municipal authority of the district in which the quarry is located, to any individual of Mauritanian nationality who requests it and who meets the terms set forth in this act.

A small-scale quarry operating authorisation gives its holder the exclusive right to carry out all small-scale operating work for quarry materials, as indicated in the authorisation application.

Article 88: The land concerned by a small-scale quarry operating authorisation must be contained within a single perimeter. Its area must not exceed two (2) km².

Article 89: A small-scale quarry operating authorisation is valid for a period of two (2) years and may be renewed on several occasions, each time for a period of two (2) years.

The procedure for allocation, renewal and transfer will be defined by the municipal authority.

Article 90: Operating must be conducted in such a way that it presents no danger for health, safety and the environment. The holder must take all necessary safety measures and apply all existing specific regulations, notably with regard to the blasting, storage and transport processes.

Chapter IV: Provisions common to industrial quarries and small-scale quarries

Article 91: All quarries, whether industrial or small-scale, together with their dependencies, are subject to the provisions of this Chapter.

All installations of any nature necessary for operating, conditioning or handling of the products are considered to be dependencies.

Article 92: The holder of a quarry concession is the owner of the mineral substances extracted within the area concerned by his licence.

Article 93: The terms and the amount of the guarantee or the deposit for execution of the site redevelopment and rehabilitation work are set by the application texts.

Chapter V: Relationship of the operator of a quarry with the State

Article 94: The safety and operating of quarries are subject to monitoring by the Ministry, in cooperation with the Ministry of the Environment for questions concerning environmental protection.

Article 95: The policing of quarries is carried out by the Ministry for industrial quarries and by the municipal authority holding territorial jurisdiction for small-scale quarries.

Quarries of any nature are also subject to the provisions of Section VIII of this act.

Article 96: The quarry operating work must comply with the commitments made in the mining agreement and/or in the opening declaration file, depending on the case, and in general meet the requirements and obligations relating to the safety and health of personnel and satisfy the environmental requirements set forth by the application texts.

When these objectives are threatened by the operating work, the relevant authority may prescribe the appropriate measures, in accordance with the application texts. In the event of persistent failure to meet these obligations, confirmed by notification from the relevant authorities, operating may be stopped and the Ministry may have the required work carried out at the holder's expenses.

Article 97: At the end of the work, the operator, in addition to the fulfilment of all the commitments already cited, must rehabilitate the site to comply with the essential characteristics of the surrounding environment and the regulations in force. The deposit cited in article 93 above will be returned upon completion of the rehabilitation work or used by the relevant authority to have this work performed. If the amount is insufficient, additional funds will be requested from the holder.

Chapter VI: Relationship of the operator of a quarry with the owner of the land

Article 98: The right to prospect and exploit the beds subject to the regulations governing quarries is defined in article 9 of this act.

Article 99: The owner of the land, whether public or private, shall opt, when he receives a request for opening of a quarry on his property, for one of the following choices:

- 1° Refusing the request;
- 2° Selling the property to the requesting party; or
- 3° Renting his property to the requesting party.

In the latter case, the requesting party may demand a renewable ten-year lease period. On expiry of the lease, the owner may oppose its renewal. On termination of the lease for whatever reason, the owner is entitled to demand the reinstatement of the site. However, if the owner is to blame for this termination, he must pay eviction compensation to the holder.

SECTION VIII: DECLARATIONS OF GEOPHYSICAL AND GEOCHEMICAL EXCAVATIONS AND SURVEYS

Article 100: Any person carrying out a sounding, underground work or excavation work, outside of mining concessions, for whatever purpose, to a depth of more than ten (10) metres below the surface of the soil, with the exception however of ground water search and catchment works, duly authorised by the Ministry of Hydraulics, must be able to provide proof that a prior declaration has been made to the Ministry.

Any taking of geophysical measurements on the ground, or any campaign of geochemical prospecting or heavy mineral studies must be declared beforehand to the Ministry.

Article 101: The engineers and technicians of the Ministry, duly qualified for this purpose and in possession of a mission order, shall have access to any sounding, underground work or excavation work either during or after their execution, when they exceed a depth of ten (10) metres.

Article 102: The documents or information obtained in application of articles 100 and 101 above may not, without the permission of the party performing the work, be made public or disclosed to outside parties by the Ministry before the expiry of a period of three (3) years starting from the date on which they were obtained.

For work performed at sea, and as an exception to the abovementioned provisions, information relevant to the safety of surface navigation falls immediately into the public domain.

SECTION IX: MISCELLANEOUS TAXES, FEES AND DUTIES

Article 103: (1) For the purposes of application of the measures of this act and, depending on the case, a mining agreement, imported goods are classified in five (5) categories:

Category 1: Equipment, hardware, machines, devices, utility vehicles, construction machinery and generators imported by a holder for the purposes of his work but destined to be re-exported following the expiry of the concession for which they are imported;

Category 2: Equipment, hardware, large tools, construction machinery and vehicles, with the exception of private cars, which are included in the list of this company's fixed assets;

Category 3: Raw materials and consumable products necessary for the extraction and use of the ore;

Category 4: Fuels, lubricants and other petroleum products not used in the transformation of the ore into finished or semi-finished products;

Category 5: Raw materials and consumable products necessary for the on-site transformation of the ore into finished or semi-finished products, together with the petroleum products used to produce energy for this purpose.

(2) For the purposes of application of this act and, depending on the case, a mining agreement:

1°) The "prospecting" mining activity phase is the period of time during which prospecting work is carried out by the holder of a prospecting licence, an operating licence or an industrial quarry operating authorisation through to completion of a feasibility study which leads to decision to build a mine or a quarry on the site explored;

2°) The "installation" mining activity phase is the period of time beginning after the end of the "prospecting" phase during which preliminary steps and work are undertaken to finance and construct a mine or a quarry and ends when the breaking-in work is started. For the purposes of this definition, the breaking-in work is considered to have started on the first day of the second month which follows the date on which, for the first time, the daily production of the ore exceeds 10% of the production stipulated in the accepted feasibility study which was submitted to the Ministry;

3°) The "production" phase begins when the breaking-in work "is deemed to have started" as defined in sub-paragraph 2 above. This production phase comprises the following two sub-phases:

- The “preliminary production” sub-phase, also referred to as the “tax exemption sub-phase” or the “tax holiday sub-phase”, which ends 36 months after the start of the production phase;

- The “normal production” sub-phase, which begins at the end of the “tax holiday” sub-phase and ends only when the rehabilitation of the mine or the quarry, depending on the case, is completed.

(3) The terms of application of the deductions granted under this Section are specified in the Act constituting a standard mining agreement.

Chapter I: Import customs duties

Article 104: Customs duties are applied to mining activity as presented in table 1 appended to this Act:

(1) Prospecting phase:

1°) Private cars (light vehicles): exceptional temporary admission with suspension of all customs duties and taxes;

2°) Equipment: exceptional temporary admission with suspension of all customs duties and taxes;

3°) Spare parts for equipment: total exemption from customs duties and taxes;

4°) Inputs: total exemption from customs duties and taxes;

5°) Fuels, lubricants and spare parts for light vehicles: total exemption from customs duties and taxes.

(2) Installation phase:

1°) Private cars (light vehicles): payment of a single fee for customs duties and taxes set at 5%;

2°) Equipment: exceptional temporary admission with suspension of all customs duties and taxes;

3°) Spare parts for equipment: total exemption from customs duties and taxes;

4°) Inputs: total exemption from customs duties and taxes;

5°) Fuels, lubricants and spare parts for light vehicles: total exemption from customs duties and taxes.

(3) Preliminary operating (“tax holiday”) phase:

- 1°) Private cars (light vehicles): payment of a single fee for customs duties and taxes set at 5%;
- 2°) Equipment: exceptional temporary admission with suspension of all customs duties and taxes;
- 3°) Spare parts for equipment: total exemption from customs duties and taxes;
- 4°) Inputs: total exemption from customs duties and taxes;
- 5°) Fuels, lubricants and spare parts for light vehicles: total exemption from customs duties and taxes.

(4) Normal operating phase:

- 1°) Private cars (light vehicles): payment of a single fee for customs duties and taxes set at 5%;
- 2°) Equipment: exceptional temporary admission with suspension of all customs duties and taxes;
- 3°) Spare parts for equipment: total exemption from customs duties and taxes;
- 4°) Inputs: total exemption from customs duties and taxes;
- 5°) Fuels, lubricants and spare parts for light vehicles: total exemption from customs duties and taxes.

Article 105: To qualify for the deductions stipulated by article 104, the goods must have been indicated beforehand in the mining list submitted to the Ministry. The list of goods acquired during the “installation” phase must be in line with the fixed assets described in the feasibility study presented at the time of obtaining of the operating licence or the industrial quarry authorisation, depending on the case, subject to the possibility of including new elements when the circumstances justify it.

Chapter II – Remunerative taxes and mining dues

Article 106: The owner or holder of a small-scale mining authorisation, depending on the case, shall pay a remunerative tax:

- 1°) At the time of issuing, extension, reduction, renewal, early termination and transfer of the prospecting licence;
- 2°) At the time of issuing, extension, reduction, renewal, early termination, transfer and contribution to a company of the operating licence;
- 3°) At the time of issuing, transfer and renewal of the small-scale mining licence; and
- 4°) At the time of issuing, renewal and transfer of the industrial or small-scale quarry operating authorisation.

The amount of this remunerative tax will be determined by the application texts. The payment of this tax is not deductible from taxable income. This tax is paid into the special account allocated for this purpose.

Article 107: The holder of a mining or quarry concession or the owner of a small-scale quarry authorisation must pay an annual area fee.

The amount of this annual area fee will be defined by decree.

For a financial year, the payment of this area fee is not deductible from taxable income.

Article 108: (1) The holder of an operating licence, a small-scale mining licence or an industrial quarry operating authorisation must pay a mining fee calculated on the basis of the sale price of the product resulting from the last stage of transformation of the ore in Mauritania or the FOB value of the ore if it is exported before being sold. This sale price and this FOB value are combined to determine the “taxable” value for the purposes of application of this article.

The holder or the owner, depending on the case, shall pay this fee on all sales or exports conducted, with the exception of sales or exports conducted within the framework of bulk sampling.

(2) The amount of this fee is set according to the group of substances as follows:

- **Group 1:** iron, manganese, titanium (in rock), chromium, vanadium: 2%

- **Group 2:** copper, lead, zinc, cadmium, germanium, indium, selenium, tellurium, molybdenum, tin, tungsten, nickel, cobalt, platinoids, silver, magnesium, antimony, barium, boron, fluorine, sulphur, arsenic, bismuth, strontium, mercury, titanium and zirconium (in sand), rare earths: 3%; except gold and platinum-group elements at 4%

- **Group 3:** coal and other fossil fuels: 1.50%

- **Group 4:** uranium and other radioactive elements: 3.50%

- **Group 5:** phosphate, bauxite, sodium and potassium salts, alum, sulphates other than alkaline-earth sulphates and any other metallic mineral substance mined for industrial purposes; any industrial or commercial rock, excluding quarry mineral substances, mined for industrial uses, such as asbestos, talc, mica, graphite, kaolin, pyrophyllite, onyx, chalcedony and opal: 2.50%

- **Group 6:** ruby, sapphire, emerald, garnet, beryl, topaz and all other semi-precious stones: 5%

- **Group 7:** diamond: 6%

(3) As regards industrial quarries, the amount of this fee is set according to the sub-group of substances as follows:

- Sub-group 1: Materials intended for construction purposes: 1.4%
- Sub-group 2: Materials for industrial use: 1.6%
- Sub-group 3: Ornamental materials: 1.8%

(4) Except as regards quarries, small-scale mining and the substances in group 1, the abovementioned rates are subject to the following reductions:

1° A reduction equivalent to $\frac{2}{3}$ of the prescribed rate for the first taxable bracket not exceeding a ceiling equivalent to 6,750,000,000 UM during a given financial year;

2° A reduction equivalent to $\frac{1}{3}$ of the prescribed rate for the second annual taxable bracket not exceeding a ceiling equivalent to 6,750,000,000 UM during a given financial year;

All taxable values of a given financial year exceeding the equivalent of 13,500,000,000 UM are taxed at the regular rate of the fee.

(5) For the purposes of application of the ceiling of 13,500,000,000 UM concerning the reduced fee rate:

1° The ceiling applies once only for all the groups of ores produced by the holder; and

2° The ceiling applies once only for all the ores produced by a group of affiliated persons or affiliated companies.

(6) During a given financial year, the fee is payable in quarterly payments made on the 15th of March, 15th of June, 15th of September and 15th of December. Each payment corresponds to 20% of the total of the fee calculated for the previous financial year and the final balance is payable at the latest two (2) months after the end of the financial year.

(7) For the purposes of application of this article and of the other provisions of this act, transactions between affiliated persons or companies are deemed to be carried out at the true market value.

(8) The operating fee levied in accordance with this article is payable to the Treasury.

Article 109: (1) For a financial year, the operating fee referred to in article 108 is deductible from taxable income.

Any fee reimbursement received from the State by the holder or the owner is taxable in the financial year during which it is received.

(2) The deductible amount is equal to the sum of the amounts paid to the State by the holder or the owner during the given financial year, plus the balance paid in the two (2) months following the end of the said financial year. Any payment relating to a given financial year paid after this period of two months is deductible only in the financial year during which it is paid.

Chapter III: Value added tax

Article 110: The rules for value added tax (“VAT”) stipulated in the General Tax Code apply to mining and quarry activity, subject to the specific rules described below in articles 111 and 112, which take precedence in the event of a contradiction.

Article 111: Exported mineral substances are subject to a zero VAT rate.

Article 112: (1) Holders of a prospecting licence, an operating licence, a small-scale mining licence or an industrial quarry operating authorisation must pay VAT on imports as indicated in table 2 appended to this act.

(2) Holders of a prospecting licence, an operating licence, a small-scale mining licence, an industrial quarry operating authorisation and owners of a small-scale quarry authorisation must pay VAT on local purchases of goods and services as indicated in table 3 appended to this act.

(3) For the purposes of application of this article, the VAT to be paid on fuel is suspended when the fuel is intended for heavy equipment, mobile or otherwise, used within the framework of the mining or quarry activity, depending on the case.

(4) If the mining or quarry production is exported, any VAT credit will be reimbursed by the State, after verification, within a maximum period of 3 months after the date of production of the reimbursement request (naturally, no reimbursement will be made for any part of the request which is found to be unjustified in the course of this verification).

(5) Direct contractors and direct subcontractors in the sense defined in this act are eligible for the benefits of this article.

Chapter IV: Certain taxes and exemptions from these taxes

Article 113: (1) The amount of the tax relating to industrial and commercial profits of mines and industrial quarries for a given financial year is set at the business income tax rate in force for this financial year, but with a ceiling of 25%.

(2) Research costs incurred by the holder of an operating licence or of an industrial quarry operating authorisation anywhere in Mauritania, including outside the limits of the concession, are deductible in the calculation of the taxable income subject to business income tax.

(3) The holder of an operating licence or an industrial quarry operating authorisation benefits from an exemption from this tax for a period of thirty-six (36) months starting at the beginning of the “tax holiday” sub-phase as defined in paragraph (3) of article 104 of this act.

(4) Payments of the fixed minimum tax (“IMF”) made by a holder in a financial year in accordance with article 115 below constitute the only provisional downpayments relating to business income tax for this financial year. For a given financial year, any amount of business income tax payable in addition to these IMF payments is due on the last day of the fourth (4th)

month following the end of the financial year (the 30th of April for a financial year ending on the 31st of December).

(5) The business income tax declaration must be submitted on the last day of the fifth month following the end of the financial year (the 31st of May for a financial year ending on the 31st of December).

Article 114: (1) A tax deduction, calculated at the rate in force at the time of payment without however exceeding the ceiling rate of 10%, is applied on dividends paid by the holder of a prospecting licence, an operating licence, a small-scale mining licence or an industrial quarry operating authorisation, except in the case of a dividend paid to an affiliated company or to a parent company constituted in accordance with Mauritanian law, in which case the tax deduction rate on payment of the dividend is nil.

(2) The deduction on dividends stipulated in the paragraph above applies to dividend payments made during any mining activity phase described in paragraph (2) of article 103 of this act.

Article 115: (1) As indicated in table 4 appended to this act, the holder of an operating licence or an industrial quarry operating authorisation is exempted from the fixed minimum tax (IMF) on any sale or export made during the period of thirty-six (36) months starting at the beginning of the “tax holiday” sub-phase as defined in paragraph (2) of article 103 of this act. This exemption also applies, when the case arises, to any sales or exports made during the “prospecting” and “installation” phases within the framework of bulk sampling, when the Ministry has confirmed that this bulk sampling is required for the progress of the project.

(2) On expiry of the period of exemption stipulated in paragraph (1) above, the annual IMF rate applicable to sales and exports is half the IMF rate set for the given financial year, but in no case exceeds a rate of 1.75%.

The IMF paid in a financial year in accordance with this paragraph, by the holder of an operating licence or an industrial quarry operating authorisation on his exports or sales, may only be deducted from the business tax for the same financial year.

(3) The IMF payable in a financial year by the holder of an operating licence or an industrial quarry operating authorisation on his imports is indicated in table 5 appended to this act.

The IMF rate paid on imports is the rate in force at the time of importing, but with a ceiling of 1.75 %.

(4) Notwithstanding the provisions of paragraph (3) above, any excess IMF paid on imports in a given financial year compared to the IMF paid on exports and sales in the same financial year naturally constitutes a prepayment of the IMF on exports and sales for the subsequent financial year.

Article 116: (1) Expatriate personnel working directly for the holder who has signed a mining agreement or working for a direct contractor or direct subcontractor of this holder are subject to salary tax (“ITS”) at the normal rate in force for this year of employment reduced by half, with a ceiling of 20%. This rate applies to the salary paid in cash and to 40% of the value of the income in kind allocated by the employer.

(2) For the purposes of application of paragraph (1) above, the providing of transport, accommodation and meals to an employee is not included in the taxable base for the ITS in all cases in which the location of the employee's usual home means that the providing of these benefits is reasonably required for the purposes of the operation. This exception applies both to expatriates and to national employees.

For the purposes of application of the ITS, the professional income of an expatriate does not include any social contributions required under laws enacted outside Mauritania.

SECTION X: HANDLING OF PROVISIONS, INTEREST EXPENSES, DEPRECIATION AND LOSSES

Chapter I: Handling of provisions for redevelopment and rehabilitation work

Article 117: (1) The holder of an operating licence, a small-scale mining licence or a quarry concession is authorised to constitute provisions for performing mining or quarry site redevelopment and rehabilitation work.

Article 118: Any provision for rehabilitation work made in a financial year is deductible, but only if it is accompanied by the depositing of the corresponding sum in an account opened exclusively for this purpose in accordance with the provisions of the environmental legislation and the deposit is made during the financial year or in the two (2) months following its end.

Any provision entered in accounts which is not accompanied by an equivalent expenditure of money in the abovementioned account is not deductible in the calculation of taxable income.

Article 119: The interest gained in the account mentioned in article 118 above is not subject to tax so long as it remains in this account or, when it is withdrawn from it, if it is assigned to the financing of the rehabilitation work provided for by the provision thus constituted.

Article 120: The costs of obtaining a bank guarantee, a deposit or any other acceptable guarantee in the normal course of business relating to the future conducting of rehabilitation work constitute expenditure deductible in the financial year in which the costs are incurred.

Article 121: The cost of rehabilitation work performed during and after operating is deductible in the financial year in which the work is performed. However, the cost of rehabilitation work financed precisely from the account, guarantee or deposit mentioned above in articles 118 and 119 respectively is not deductible by the holder.

At the end of the redevelopment and rehabilitation work, any excess in the said account paid to the holder is taxable in the financial year in which it is received.

Chapter II: Handling of interest expenses

Article 122: "Admissible interest" is that incurred with regard to a loan of which the conditions and terms correspond to those that persons contracting remotely would have agreed to, taking into account the circumstances at the time at which the loan is contracted. Furthermore, the proceeds of the loan must have been used entirely in relation to the mining or quarry operation.

Article 123: Admissible interest is fully deductible if the amount of the holder's debt is not greater than three times the amount of his equity capital (hereinafter referred to as the "authorised maximum debt/equity ratio"). This authorised maximum debt/equity ratio must be complied with at all times during the financial year in question for all the interest paid to be deductible.

Interest is proportionally non-deductible for the part of the debt which, at any time during the financial year in question, exceeds the authorised maximum debt/equity ratio.

For the purposes of interpretation of this article, all liabilities except supplier accounts are taken into account in the calculation of the authorised maximum debt/equity ratio.

Article 124: The rate of deduction at source on payment of interest to non-residents of Mauritania is the rate in force at the time of payment, without however exceeding the ceiling rate of 10%. To be more precise, the deduction on interest stipulated in this article applies to interest payments made during any of the mining activity phases described in paragraph (2) of article 103 of this act.

Chapter III: Handling of depreciation and losses

Article 125: The holder of an operating licence, a small-scale mining licence or a quarry concession is allowed the following depreciation:

1° Buildings, structures and access roads required for the mining or quarrying, including the work camp, the cafeteria, etc.: depreciable over three (3) years, by the straight-line method.

2° Equipment, hardware, machines, devices, large tools, utility vehicles, construction machinery, imported generators, etc.: depreciable over three (3) years, by the straight-line method.

3° Communal facilities required for the mining or quarrying, such as railway, port or airport installations, medical centres, schools, etc.: depreciable over three (3) years, by the straight-line method.

4° Buildings for accommodating personnel, if required in accordance with the data of the feasibility study: depreciable over three (3) years, by the straight-line method.

5° Exploration and overburden removal costs and other ground preparation costs: depreciable over two (2) years, by the straight-line method, as start-up costs.

Article 126: (1) For the purposes of application of article 104 of this act:

1° The constituting of depreciation deemed deferred is an option granted to the operator, including with regard to the depreciation of start-up costs, which means that the related losses may be carried forward indefinitely to the following years;

2° Exploration costs incurred earlier by the holder, anywhere in Mauritania, are admissible as start-up costs if they are approved by the Ministry and have not been subject to depreciation previously;

3° All the depreciation provided for in article 125 above begins in the financial year in which the start of the “normal production” sub-phase, as defined in paragraph (2) of article 103 of this act, takes place;

4° As regards any depreciable asset acquired by the company from an affiliated person, the amount subject to depreciation is limited to the price paid or the price which would have been paid in a similar transaction conducted remotely, whichever is lower.

(2) For the purposes of application of this article and of article 125, the costs incurred during the “prospecting” and “installation” phases are deemed to constitute start-up costs, regardless of whether they have been treated as fixed assets or as operating losses in financial statements.

Article 127: In the event of a loss incurred during a financial year, this loss is considered to be a cost in the following financial year and deducted from the profit made during the said year.

If the profit is not sufficient for the deduction to be made in its entirety, the excess loss is successively carried forward to the following financial years until the fifth (5th) year which follows the year in which the loss is incurred.

SECTION XI: VIOLATIONS AND PENALTIES

Article 128: Duly qualified functionaries and representatives of the Ministry are responsible for the policing of mines to note violations of the provisions of this act.

They draw up reports on them, for the execution of which copies are sent to the parties concerned.

Article 129: Any failure to comply with any one of the provisions of this act is considered to be an offence punishable by the penalties defined below.

Article 130: The following offences are punishable by a term of imprisonment of one (1) month to three (3) months and a daily fine of 500,000 to 1,000,000 ouguiyas at least, or by one of these two penalties only:

1° Undertaking work of prospecting or exploiting of mineral substances (mines or quarries) without holding an appropriate mining or quarry concession;

2° Failure to declare the definitive stopping of all work on expiry of the mining concession or the deed of authorisation;

3° Contravening the provisions of articles 62, 81 and 100 of this act.

Article 131: A penalty of imprisonment for six (6) months to one (1) year and a daily fine of at least 5,000,000 UM, or only one of these two penalties, may be imposed on any person who contravenes the requirements of the mining regulations concerning public safety and health and preservation of the environment, and in particular who:

1° Conducts the said work without complying with the provisions of paragraph (1) of article 63 of this act;

2° Opposes the implementing of the measures prescribed in paragraph (2) of article 63 and in articles 73 to 74 of this act.

Article 132: The perpetrator of a violation of any one of the provisions of this act other than those cited in articles 130 and 131 above, and in particular those referred to in article 56, will be subject to a fine of 1,000,000 UM at least to 3,000,000 UM at most.

Article 133: The daily penalties imposed during the period of obligation referred to in article 63 of this act are set at 100,000 UM.

Article 134: A fine of 200,000 UM to 500,000 UM will be imposed on any person who obstructs the activity of the Mines Police as defined by this act; in the event of a second offence, this penalty may be doubled.

Article 135: Duly qualified functionaries and representatives of the Ministry act in the capacity of officers of the law in the performing of their duties.

SECTION XII: DISPUTES AND ARBITRATION

Article 136: In the event of a disagreement between the holder of or applicant for a mining or quarry concession and the State with regard to any matter of a purely technical nature governed by this act, the Minister and the holder must jointly designate one or more independent experts to solve the dispute and submit to the arbitration decision made by the expert(s).

Any disagreement or dispute arising between the State and the holder must be settled amicably. If no amicable settlement can be reached for a dispute arising from the application of the Mining Code or the mining agreement, the State and the holder undertake to submit it to arbitration, in accordance with Mauritanian legislation or, if the case arises, the bilateral or multilateral agreements applicable in Mauritania.

Article 137: Any dispute arising from the interpretation or application of this act which is not of a purely technical nature will be settled by Mauritanian courts holding jurisdiction in accordance with the laws and regulations of the Islamic Republic of Mauritania or by an international court of arbitration of which the jurisdiction results:

1° Either from the agreements and treaties concerning protection of investments signed between the Islamic Republic of Mauritania and the State from which the individual or legal entity concerned originates;

2° Or from a conciliation and arbitration procedure on which the parties have agreed;

3° Or from the Convention of the 18th of March 1965 for the settlement of disputes concerning investments between States and nationals of other States, established under the aegis of the International Bank for Reconstruction and Development and ratified by the Islamic Republic of Mauritania under Act no. 65.136 of the 30th of July 1965;

4° Or, if the person concerned does not meet the nationality conditions stipulated in article 25 of the abovementioned convention, in accordance with the provisions of the regulations of the supplementary mechanism approved by the Board of Directors of the International Centre for the Settlement of Investment Disputes (CIRDI). The consent of the parties to the jurisdiction of the CIRDI or the supplementary mechanism, depending on the case, required by the instruments governing them, is constituted by this article.

Article 138: The Labour Code, the General Tax Code, the Customs Code and any other Mauritanian law affecting mining activity apply to individuals or legal entities carrying out prospecting, research or operating of mines or quarries, with the exception of the provisions of these texts which contradict the special provisions contained in this act.

SECTION XIII: TRANSITIONAL AND FINAL PROVISIONS

Article 139: At the time of their renewal, mining or quarry concessions granted prior to the coming into force of this act will be governed by it subject to the provisions applicable to a mining agreement, if applicable.

Article 140: The procedure for application of this act will be defined by decrees or regulatory orders concerning, where applicable: i) mining and quarry concessions, ii) the policing of mines, iii) small-scale mining, iv) mining taxes and fees and v) transfer of technology and training of personnel, and by any other text relating to mining activity.

Article 141: The State guarantees the stability of the legal, fiscal and administrative conditions associated with prospecting and operating licences and industrial quarry authorisations as resulting from this act, and signs a mining agreement with the holder for this purpose.

The holder signing a mining agreement may benefit from any more favourable legal rule which may come into force after this stabilisation.

Article 142: Regulatory provisions currently in force in the application texts which are not contrary to the provisions of this act remain applicable until approval of new regulatory provisions.

Article 143: All earlier provisions contrary to this act, and in particular Act no. 77.204 constituting the Mining Code and its amendments, order no. 84.017 defining the tax on quarry materials and Act no. 99.013 constituting the Mining Code, are abrogated.

The State may, by decree, enact any temporary or transitional provision aimed at protecting the rights acquired in accordance with Act No 99.013 constituting the Mining Code.

Article 144: This act will be published in the Official Journal of the Islamic Republic of Mauritania and have force of law.

Drafted in Nouakchott on the 27th of April 2008

SIDI MOHAMED OULD CHEIKH ABDALLAHI

Prime Minister

ZEINE OULD ZEIDANE

Minister of Oil and Mines

MOHAMED EL MOCTAR OULD MOHAMED EL HACEN

CERTIFIED TRUE COPY

MINISTER AND SECRETARY GENERAL OF THE PRESIDENCY OF THE REPUBLIC

YAHYA OULD AHMED EL WAGHF

Appendix 1

TABLE 1

APPLICATION OF CUSTOMS TO MINING ACTIVITY

By phase of mining and quarry activity

In the table below, the abbreviations used have the following meanings:

- “ETA” refers to an exceptional temporary admission with total suspension of customs duties and taxes;
- “EXE” refers to a total exemption from customs duties; and
- “S.D.” refers to a single customs duty.

Category of goods	Phase of mining activity			
	Prospecting	Installation	Production “Tax holiday” sub-phase	Production “Normal production” sub-phase
Private cars	ETA 0%	S.D. 5%	S.D. 5%	S.D. 5%
Equipment	ETA 0%	ETA 0%	ETA 0%	S.D. 5%
Spare parts for equipment	EXE 0%	EXE 0%	EXE 0%	S.D. 5%
Industrial inputs	EXE 0%	EXE 0%	EXE 0%	S.D. 5%
Petroleum products, lubricants and spare parts	EXE 0%	EXE 0%	EXE 0%	S.D. 5%

Appendix 2

TABLE 2

APPLICATION OF VALUE ADDED TAX (“VAT”)
TO IMPORTS MADE IN RELATION TO MINING ACTIVITY
BY THE HOLDER, HIS DIRECT CONTRACTORS
AND HIS DIRECT SUBCONTRACTORS

In the table below, the abbreviations used have the following meanings:

- “ETA” refers to an exceptional temporary admission with total suspension of VAT;
- “EXE” refers to a total exemption from VAT; and
- “S.D.” refers to a single duty.

Category of goods	Phase of mining activity			
	Prospecting	Installation	Production “Tax holiday” sub-phase	Production “Normal production” sub-phase
Private cars	ETA	VAT due	VAT due	VAT due
Equipment	ETA	ETA	ETA	EXE
Spare parts for equipment	EXE	EXE	EXE	EXE
Industrial inputs	EXE	EXE	VAT due	VAT due
Petroleum products, lubricants and spare parts	EXE	EXE	VAT due, except for fuel oil, for which the VAT rate is 0% ¹	VAT due, except for fuel oil, for which the VAT rate is 0%

¹ Applies to fuel oil intended for consumption by heavy equipment in accordance with paragraph (3) of article 135 of this act.

Appendix 3

TABLE 3

APPLICATION OF VALUE ADDED TAX
TO LOCAL PURCHASES OF GOODS AND SERVICES
MADE IN RELATION TO MINING ACTIVITY

In the table below, the abbreviations used have the following meanings:

- “D/NR” means that VAT is due and non-refundable;
- “D/RC” means that VAT is due and subject to refundable credit.

Category of goods	Phase of mining activity			
	Prospecting	Installation	Production “Tax holiday” sub-phase	Production “Normal production” sub-phase
Private cars	D/NR	D/NR	D/NR	D/NR
Equipment	D/RC	D/RC	D/RC	D/RC
Spare parts for equipment	D/RC	D/RC	D/RC	D/RC
Industrial inputs	D/RC	D/RC	D/RC	D/RC
Petroleum products, lubricants and spare parts for private cars	D/NR	D/NR	D/NR	D/NR

Appendix 4

TABLE 4

APPLICATION OF FIXED MINIMUM TAX (“IMF”)
TO EXPORTS MADE IN RELATION TO MINING ACTIVITY

	Phase of mining activity			
	Prospecting	Installation	Production “Tax holiday” sub-phase	Production “Normal production” sub-phase
Exports and local sales	NO IMF if the exports and/or sales are made within the framework of bulk sampling, when the Ministry has confirmed that this bulk sampling is required for the progress of the project		NO IMF As stipulated by the provisions of paragraph (1) of article 138 of this act	IMF due

Appendix 5

TABLE 5

APPLICATION OF IMF TO IMPORTS
MADE IN RELATION TO MINING ACTIVITY

In the table below:

- “NIL” means that no IMF is applicable;
- “IMF” means that the IMF is applicable.

Category of goods	Phase of mining activity			
	Prospecting	Installation	Production “Tax holiday” sub-phase	Production “Normal production” sub-phase
Private cars	NIL	NIL	NIL	NIL
Equipment	NIL	NIL	NIL	NIL
Spare parts for equipment	NIL	NIL	NIL	NIL
Industrial inputs	NIL	NIL	NIL	IMF
Petroleum products, lubricants and spare parts for private cars	NIL	NIL	NIL	IMF

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