

# HIGH LEVEL STUDY SECTOR MINEIRO EM ANGOLA



---

20  
24

Prepared by:



Geo-Strategic Studies Institute, Lda  
Quinta Sarasota, EN 100, Km 22  
Bairro Bela Vista  
Distrito Urbano do Morro dos Veados  
Luanda – Angola

**M:** +(244) 926393874

**M:** +(244) 933723928

**E:** geral@gsi.ao

**W:** www.gsi.ao

<b>Index</b>	
Graph Index .....	5
Table Index.....	6
Index of illustrations.....	6
Introduction.....	9
<b>SECTION A – COUNTRY OVERVIEW</b> .....	<b>11</b>
1 General.....	11
2 Geographical and demographic background.....	11
2.1 Geography of Angola .....	11
2.2 Demographics.....	13
3 Political and social background .....	15
3.1 System of government.....	17
3.2 Political stability and governance .....	18
3.3 Human rights and social issues.....	18
3.4 Civil society and political participation.....	21
4 Angola's economic outlook.....	21
4.1 Main economic sectors .....	21
4.2 Macroeconomic indicators.....	23
4.3 Foreign trade .....	26
5 Business Environment in Angola.....	29
5.1 Main economic and legal reforms.....	30
5.2 Infrastructure .....	31
6 Financial sector and access to credit.....	35
6.1 Banking system .....	35
6.2 Credit and financing policies .....	36
6.3 Access to finance for mining projects .....	38
7 Challenges and opportunities in the Angolan economy .....	39
7.1 Economic diversification.....	39
7.2 Structural challenges.....	40
7.3 Investment opportunities.....	41
8 Perspectives .....	42
<b>SECTION B – MINING SECTOR</b> .....	<b>45</b>
1 Introduction to the mining sector in Angola.....	45
1.1 History and evolution of the mining sector .....	46
1.2 Relevance of the sector to the national economy.....	46

2 Regulation and legislation in mining.....	47
2.1 Angolan mining code.....	47
2.2 Relevant rules and regulations.....	47
2.3 Processes, concessions and licensing.....	48
2.3.1 Prospecting licenses.....	49
2.3.2 Exploration licences.....	50
2.3.3 Duration and effectiveness of licences.....	51
2.4 Responsibilities and agility of institutions.....	52
3 Regulatory and guardianship bodies.....	55
3.1 Responsible ministries and agencies.....	55
3.2 Functions and competences of the supervisory bodies.....	56
3.3 Coordination between institutions for the exploration and trade of mineral resources.....	57
4 Geological mapping of Angola.....	60
4.1 Geological map of Angola.....	60
4.2 Identified mineral resources.....	62
4.3 Minerally relevant regions.....	63
5 Mining regulation process.....	64
5.1 Regulations established by the Mining Code.....	64
5.2 Requirements for investors in the licensing process.....	66
6 Sustainability and social responsibility considerations.....	66
6.1 Environmental and safety standards.....	66
6.2 Contribution to local development.....	67
6.3 Social responsibility program and projects.....	67
7 Perspective and opportunities in the mining sector (from the perspective of the foreign investor).....	68
7.1 Trends and projections.....	69
7.2 New discoveries and projects in the mining sector.....	70
SECTION C – GOLD SECTOR.....	72
1 Introduction to the gold sector in Angola.....	72
2 Economic aspects.....	73
2.1. Financial risks and opportunities.....	73
2.2. Economic indicators of the sector.....	74
3 Value chain.....	74
3.1. Gold mining process.....	74
3.2. Infrastructures and technological advances in gold mining.....	75

3.3. State of the manufacturing industry .....	75
3.4. Gold trade in Angola .....	76
3.5. Analysis of relevant projects in the sector .....	76
4 Market Analysis .....	77
4.1 Supply and demand dynamics .....	78
4.2. Profile of companies in the gold sector and regions .....	80
4.3. Overview of the gold jewellery trade .....	82
4.4. Main jewellery stores present in Angola .....	82
5 Investment opportunities .....	83
5.1. Type of investments in the gold sector .....	83
5.2. Risks and main challenges for the sector .....	83
6 Regulations and legislation specific to the gold sector .....	84
SECTION D - INFORMAL AND ILLEGAL EXPLOITATION .....	86
1 General .....	86
2 Characteristics of informal mining in Angola .....	87
3 Economic and social aspects .....	88
3.1. Impact of informal mining on the national economy .....	88
3.2. Working conditions and safety .....	88
4 Environmental impacts of informal mining .....	88
5 Regulatory frameworks for informal mining .....	90
6 Development of initiatives for the formalization of craft activity .....	91
6.1. Actions of Non-Governmental Organizations (NGOs) and community projects ...	91
7 Trends and evolution of informal mining .....	92
GSI OPINION .....	94
1 Review .....	94
2 Relevant results of the study .....	94
2.1. General context .....	94
2.2. Opportunities in the gold sector .....	95
2.3. Infrastructure and access .....	95
2.4. Tax incentives .....	95
2.5. Capital repatriation and regulatory environment .....	95
2.6 Risks and challenges .....	96
2.7 Risk mitigation .....	96
2.8 Sustainability and social responsibility .....	96
3 Conclusion .....	96

## Graph Index

Chart No. 1 Demographic evolution of Angola in millions of people .....	13
Chart No. 2 Birth and death rate .....	14
Chart No. 3 Pyramid of the Angolan population in 2023 .....	14
Chart No. 4 Employment and unemployment rate in Angola.....	20
Chart No. 5 Poverty rate.....	20
Chart No. 6 GDP growth and projection for 2025 and 2026.....	24
Chart No. 7 Growth in the inflation rate and projection for 2025 and 2026 .....	25
Chart No. 8 Exchange rate behavior (KZ/USD) .....	25
Chart No. 9 Annual public debt behavior and projections for the years 2025 and 2026 ....	26
Chart No. 10 Geographical distribution of exports.....	27
Chart No. 11 Geographical distribution of imports .....	27
Chart No. 12 Exports to Africa .....	28
Chart No. 13 Imports from Africa.....	28
Chart No. 14 Import partners.....	29
Chart No. 15 Export partners.....	29
Chart No. 16 24k Gold price change.....	78
Chart No. 17 22k Gold price change.....	79
Chart No. 18 18k Gold price change.....	79
Chart No. 19 14k Gold price change.....	79
Chart No. 20 10k Gold price range.....	79

## Table Index

Table 1 Projected population by provinces by gender, Angola 2024.....	15
Table 2 Description of the prospecting license flowchart.....	49
Table 3 Description of the exploration license flowchart.....	51
Table 4 Description of the gold trading process.....	58
Table 5 Description of the diamond trading process.....	58
Table 6 Description of the gold purchase process.....	59
Table 7 Top mineral occurrences by province.....	62
Table 8 Description of the companies in the prospecting phase.....	80
Table 9 Description of the companies in the exploration phase.....	81

## Index of illustrations

Illustration 1 Flow chart for the prospecting license.....	49
Illustration 2 Flowchart for the exploration license.....	50
Illustration 3 Duration and effectiveness of licenses.....	51
Illustration 4 Letter of interest.....	52
Illustration 5 Certificate of Registration of Mining Concession Application (CRPCM).....	53
Illustration 6 Mining Investment Contract.....	54
Illustration 7 Regulatory and supervisory bodies.....	55
Illustration 9 Diamond trading.....	57
Illustration 8 Gold trading.....	57
Illustration 10 Gold purchase process flow chart.....	59
Illustration 11 Geological map of gold occurrence in Angola.....	60
Illustration 12 Geological map of diamond occurrence in Angola.....	61
Illustration 13 Minerally relevant regions.....	63

## Acronyms

AIPEX	Angolan Private Investment and Export Promotion Agency
ANIESA	National Authority for Economic Inspection and Food Safety
CESME	Special Security Corps for Strategic Minerals
CIL	Carbon in Leach
FNLA	National Front for the Liberation of Angola
ENDIAMA	Angola's National Diamond Company
IGEO	Geological Institute of Angola
INACON	National Institute of Communications
INE	National Institute of Statistics
INAPEM	National Institute for Support to Micro, Small and Medium Enterprises
ITA	Italian Trade Agency
ICE	Agenzia per la promozione all'estero e l'internazionalizzazione delle imprese italiane
ITIE	Extractive Industries Transparency Initiative
MINFIN	Ministry of Finance
MIREMPET	Ministry of Mineral Resources, Oil and Gas
MINTICS	Ministry of Telecommunications, Information Technology and Social Communication
MPLA	Popular Movement for the Liberation of Angola
GDP	Gross Domestic Product
PIV	Viana Industrial Park
PRODESI	Production Support, Export Diversification and Import Substitution Program
SODIAM EP	Angolan Diamond Trading Company
SADC	Southern African Development Community
OPEC	Organization of the Petroleum Exporting Countries
TIC	Telecommunications and Information and Communication Technologies
UCAN	Catholic University of Angola
UTCAH	Technical Unit for the Coordination of Humanitarian Aid
UNITA	National Union for the Total Independence of Angola
CEIC	Centre for Scientific Studies and Research
UNICEF	United Nations Agency for the Defense and Promotion of the Rights of the Child
AGT	General Tax Administration
REMPE	Census of Companies and Establishments

## Abbreviations

ANRM	National Agency of Mineral Resources
AfDB	African Development Bank
BNA	National Bank of Angola
CFL	Luanda Railway
CFB	Benguela Railway
CFM	Moçâmedes Railway
CM	Mining Code
CPK	Kimberley Process Commission
CRP	Rules and Procedures Committee
CRPCM	Certificate of Registration of Mining Concession Application
EAS	Simplified Environmental Study
SHE	Environmental Impact Assessment
EPDA	Environmental Pre-Feasibility and Scope Delimitation Study
IMF	International Monetary Fund
FATF	Financial Action Task Force
GSI	Geo-Strategic Studies Institute
IFB	Banking Financial Institutions
MPME	Micro, Small and Medium Enterprises
NGOs	Non-Governmental Organizations
UNO	United Nations
ODS	Sustainable Development Goals
PCA	Chairman of the Board of Directors
DRC	Democratic Republic of the Congo
SMC	Catoca Mining Society
TdR	Terms of Reference
SMCA	Angolan Copper Mining Company
SDVM	Securities Distribution Companies
SCVM	Securities Brokerage Companies
CMI	Chr. Michelsen Institute
SEP	Public Business Sector
TPA	Public Television of Angola

## Introduction

This study was commissioned by Confindustria Federorafi, the Italian Federation of jewelry and jewelry companies that aim to understand the Angolan market in terms of exploration and marketing of gold and minerals for use in the jewelry industry. The document was produced based on the request of the Agency for the Internationalization of Italian Companies (ICE), its Office for the promotion of Exchanges at the Italian Embassy in Luanda, Angola, and was developed by the multidisciplinary team of the Geo-strategic Studies Institute, Lda (GSI).

The study examines the complexities and opportunities of the gold sector, highlighting the Government's actions, administrative structure and the impact of economic diversification, in order to convey to investors relevant information about its operation and the resources needed.

The study consists of four sections, namely: (i) Country Overview; (ii) Mining Sector; (iii) Gold Sector; and (iv) Informal Exploitation.

Section A – Angola is presented from a geographical, demographic, political, social, economic point of view, as well as the business environment, the financial sector, the challenges and opportunities encountered and the future prospects of the country.

Section B – The history of the mining sector, its regulation and legislation, regulatory and supervisory bodies, geological maps, the process of regulation of exploration and sustainability and social responsibility are addressed.

Section C – The history and evolution of the gold sector, its economic aspects, the value chain, the market, investment opportunities and regulations and legislation are portrayed.

Section D – The history of informal gold exploration in the country, the economic and social aspects, the environmental impact on mining, regulation, the development of initiatives for its formalization and trends are presented.

This document offers a holistic view of the mining sector in Angola, with an emphasis on the challenges, opportunities, responsible government agencies, companies and organizations operating in this sector, providing a deep understanding of the potential and future prospects for mining in Angola.

# HIGH LEVEL STUDY SECTOR MINEIRO EM ANGOLA



## SECTION A – COUNTRY OVERVIEW

### 1 General

Angola is a country located on the African continent, rich in natural resources, and has stood out from a strategic point of view as one of the most important countries in the region because it is located on the coastal coast of the Atlantic Ocean and the Gulf of Guinea. Its population is predominantly young, which gives it a promising demographic profile.

Most of the country's economic, political and social activities are centered on its capital, Luanda. Although the economy is mainly supported by oil exploration, it has several mineral resources spread throughout its territory. The largest mining projects are located in the east, south and center of the country, with emphasis on diamonds, ornamental stones, iron and gold, the latter which is still in its initial phase of exploration.

The Angolan State is headed by three branches: Executive, Legislative and Judicial. The State is responsible for the well-being of the population and the compliance with the articles provided for in its Constitution.

Being a developing country, conditions have been created to attract private investment, through the creation and implementation of various plans and projects with the aim of leveraging economic growth.

In this section, we will address the Angolan geography and population, its policies and social context, its economy, the characterization of its business environment, the financial sector, the challenges and opportunities, and the government plans and projects to leverage the economy.

### 2 Geographical and demographic background

Angola is located in the central and southern region of the African continent and borders 4 countries. Demographically, it has a very young population, mostly women.

#### 2.1 Geography of Angola

Angola is approximately 700 km south of the equator, with a vast territorial extension, being the sixth largest country on the continent and having a maritime extension of 200 nautical miles. The country is characterized by two climatic seasons and has a subsoil with various mineral resources.

To the north, the country borders the Republic of Congo-Brazzaville and the Democratic Republic of the Congo, to the east the Republic of Zambia, to the south the Republic of Namibia and to the west the Atlantic Ocean.

Angola has an area of 1,246,700 km<sup>2</sup>, with a sea coast of 1,650 km and a land border of 4,837 km.

According to the current Political-Administrative Division, a diploma approved by the National Assembly and promulgated by the President of the Republic, Angola has 21 provinces, three of which are new. Its capital city is Luanda.

### **2.1.2 Climate and natural resources**

Angola's climate is marked by the alternation of rainy and dry seasons. The rainy season is the most extensive and with the highest temperature, which occurs from October to April, reaching most of the national territory except the Namib Desert. The dry season, commonly known as Cacimbo, occurs from May to September and represents cold weather. The intensity of the cold increases in areas of high altitudes such as the provinces of Huambo, Huíla, Bié and Cuando Cubango, and can even reach negative temperatures. The average annual temperature fluctuates between 17° C and 27° C.

Angola is considered a country rich in mineral resources and is estimated to have 36 of the 51 critical minerals in world trade, including: aluminum, cobalt, magnesium, zinc, zirconium and manganese. For the next five years, the production of neodymium and praseodymium used in the manufacture of batteries for electric cars is expected to begin, which shows that Angola can make a major breakthrough in terms of mining critical minerals. In addition to these minerals, Angola has substantial occurrences of oil, natural gas, diamonds, phosphates, bituminous substances, iron, copper, magnesium, gold, ornamental rocks, bauxite, uranium and other minerals.

In terms of biodiversity, the country has a set of biomes and ecosystems associated with the diversity of climates and physiography of the territory. It has seven biomes and fifteen ecoregions, which makes it the African country with the highest number of biomes and the second with the highest number of ecoregions, after South Africa. Of these eco-regions, the Guineo-Congolese forests in Cabinda, Uíge and Cuanza-Norte stand out; as well as the isolated Afromontane forests in the most mountainous regions of the plateau and the vast Miombo forests that cover most of the central and eastern part of the country up to the savannas of southern Congo.

The country has large hydroelectric centrals, namely: the Biopio Dam (Benguela); Caculo Cabaça Dam (Cuanza Sul); Calueque Dam (Cunene); Cambambe Dam (Cuanza Norte) and Capanda Dam (Malanje). Angola also has hydrographic stations, of which the following stand out: Cabiri Hydrometric Station in the Bengo hydrographic basin; Bom Jesus Hydrometric Station in the Cuanza River basin; Caiovole Hydrometric Station in the Queve watershed and Caiundo Hydrometric Station in the Cubango watershed.

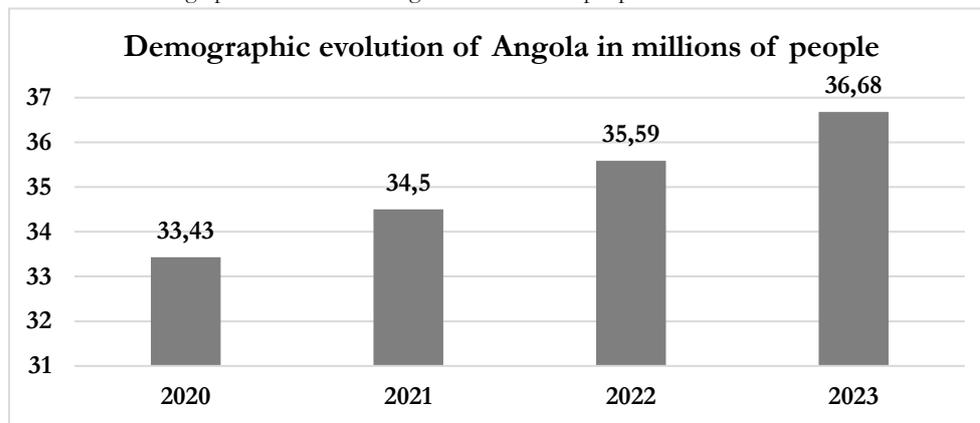
## 2.2 Demographics

Etymographically, Angola has a population characterized by several ethnic groups distributed throughout the national territory, the main ones being: Bakongo in the North, Chokwe – in the Northeast, Herero – in the South, Kimbundo – from the capital Luanda to the East, Khoisan – in the South, Nganguela – in the East and Southeast of the central plateau, Nhaneca-Humbe – in the Southwest, Ovimbundu – in the central plateau, Ovambo – in the South and the Xindonga – in the extreme Southeast. Given the interculturality of the peoples, there is also a miscegenation throughout the national territory, with a mostly young age structure, distributed mainly in the main cities of the country.

### 2.2.1 Population and geographical distribution

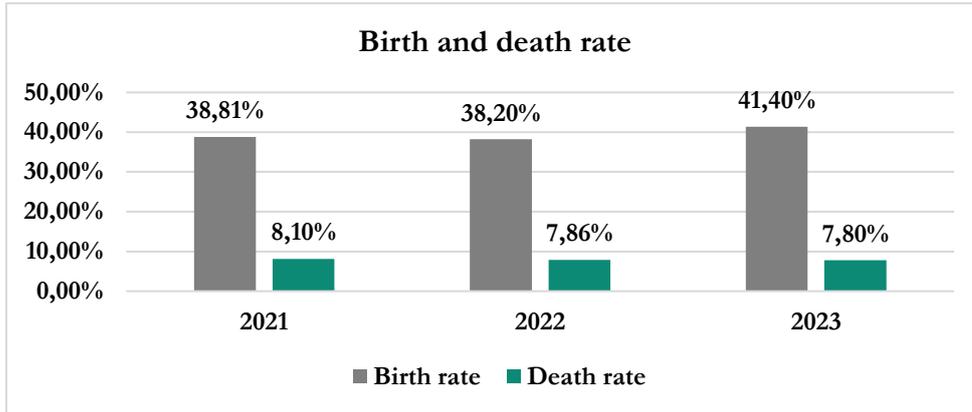
According to demographic data from the last Census carried out in 2014 by the National Institute of Statistics (INE), the Angolan population was 25,789,024, of which 12,499,041 were male, corresponding to 48%, and 13,289,983 were female, equivalent to 52%. Of the total population, 16,153,987 people, or 62.6%, lived in urban areas, while 9,635,037, or 37.4%, lived in rural areas. According to the same entity's projection, in 2024 the population density is around 35 million inhabitants. It should be noted that this year (2024) the population and housing census is being carried out throughout the country. The graph below shows the demographic evolution of the country.

Chart No. 1 Demographic evolution of Angola in millions of people



Source: [www.dadosmundiais.com/africa/angola/crescimento-populacao.php](http://www.dadosmundiais.com/africa/angola/crescimento-populacao.php)

Chart No. 2 Birth and death rate

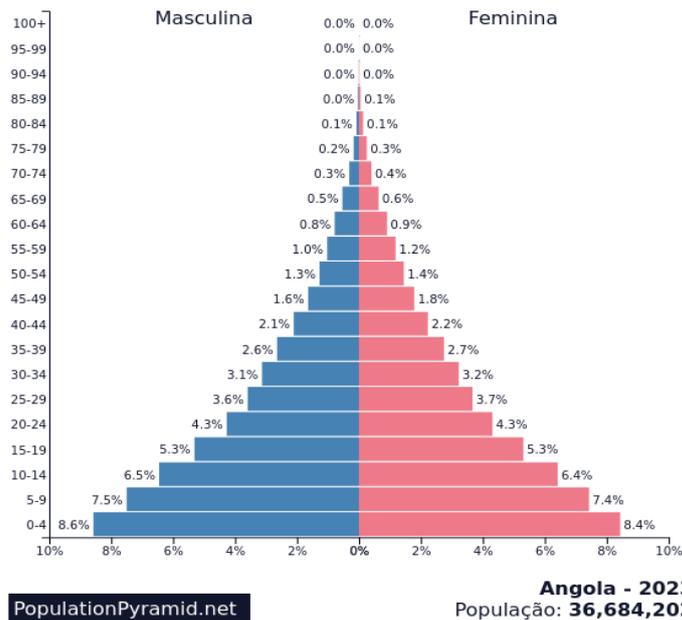


Source: INE

Population growth is the result of birth rates, mortality rates, and migration. In 2023, the population increased by about 3.29%, the mortality rate was 7.80% and the birth rate was 41.40% and approximately 5,516 inhabitants migrated from other countries in the first quarter of the same year.

### 2.2.2 Age structure

Chart No. 3 Pyramid of the Angolan population in 2023



Source: [www.populationpyramid.net/pt/angola/2023/](http://www.populationpyramid.net/pt/angola/2023/)

Angola is characterized by a mostly young population, with the age group of 0-14 years old corresponding to 46.2%, 15-64 years old corresponding to 51.2% and over 65 years old equivalent to 2.6%.

### 2.2.3 Urbanization and major cities

According to INE data, about 25 million people, equivalent to three-quarters of the population in Angola (72%), are concentrated in seven provinces and main cities of the country. The province of Luanda is the most populous with 9.6 million people, which represents just over a quarter (27%) of the country's population. This is followed by the provinces of Huila with 3.4 million (9.7%), Benguela with 2.9 million (8.2%), Huambo with 2.8 million (8%), Cuanza Sul with 2.5 million (7%), Bié and Uíge with 2.0 million (5.7%) each, and with less than two million, the provinces of Cunene with 1.4 million, Malange with 1.3 million, Lunda Norte with 1.2 million and Moxico with 1.0 million inhabitants.

Table 1 Projected population by provinces by gender, Angola 2024

Províncias	Total		
	Total	Homens	Mulheres
<b>Angola</b>	<b>35 121 734</b>	<b>17 165 289</b>	<b>17 956 445</b>
Cabinda	941 656	468 085	473 571
Zaire	812 963	407 474	405 489
Uíge	1 980 140	977 151	1 002 989
Luanda	9 639 901	4 751 328	4 888 573
Cuanza Norte	586 426	290 726	295 700
Cuanza Sul	2 513 576	1 222 103	1 291 473
Malanje	1 323 314	650 490	672 824
Lunda Norte	1 153 060	585 336	567 724
Benguela	2 892 238	1 380 693	1 511 545
Huambo	2 830 415	1 364 156	1 466 259
Bié	2 007 862	964 709	1 043 153
Moxico	1 024 573	502 519	522 054
Cuando Cubango	717 745	352 521	365 224
Namibe	694 116	339 046	355 070
Huíla	3 383 342	1 629 557	1 753 785
Cunene	1 353 118	646 848	706 270
Lunda Sul	732 600	364 339	368 261
Bengo	534 689	268 208	266 481

Source: INE

### 3 Political and social background

After the conquest of Angola's independence on November 11, 1975, resulting from the national liberation struggle led by three main political movements, namely the National Front for the Liberation of Angola (FNLA), the Popular Movement for the Liberation of Angola (MPLA) and the National Union for the Total Independence of Angola (UNITA), proclaimed by Dr. António Agostinho Neto in the capital city of Luanda, Angola held its first general election in 1992, won by the MPLA obtaining the most of votes. The results were not accepted by the opposition party UNITA alleging "electoral fraud", plunging the country into civil war, which ended in 2002, culminating in the Luena peace agreements, signed on April 4 of the same year.

The country's political structure is underpinned by the 2010 Constitution, which establishes the election of the President and Deputies to the National Assembly by universal, direct, secret and periodic suffrage.

Political stability and governance in Angola are characterized by a multi-party system, in which several political parties have the opportunity to run in general elections, held every five years. Since the end of the civil war in 2002, the country has experienced a period of peace. The MPLA, a party that has governed the country since independence in 1975, continues to dominate the political scene. In the August 2022 elections, the MPLA remained in power with 51% of the votes, allowing President João Manuel Gonçalves Lourenço to obtain a second term.

Angola is a country with great ethnic and cultural diversity, but with a strong national identity. The official language is Portuguese, which coexists with several national languages, which are widely spoken, especially in the interior. Education and health are areas that have received attention and investments, with several projects underway for the construction and rehabilitation of schools and hospitals through the Integrated Intervention Plan in the Municipality (PIIM). Data provided by the Angolan government point to more than a thousand projects completed, most of them aimed at the construction of primary schools and rehabilitation of health centers. Access to education and health in rural areas still present difficulties due to the decaying infrastructure.

### **Diplomatic relations of Angola**

During the Cold War, Angola developed solid relations with the Soviet Union, strengthened by the achievement of independence in 1975. The Soviet support was fundamental to the Angolan struggle, leading the country to adopt socialism as its system of government. Thus, during this period, the interactions between Angola and the Soviet Union, later Russia, were predominantly political and military.

After independence, Angola maintained constructive relations with Russia, which became not only military, but also economic. In 2019, President João Manuel Gonçalves Lourenço visited Russia with the aim of strengthening these ties by signing trade agreements and memorandums of cooperation.

In 1993, the United States of America officially recognized Angola's independence and established diplomatic relations. Since then, relations between the two countries have evolved positively, covering several areas, including economics, politics, and military cooperation.

The United States of America has formalized a partnership with Angola, establishing strategic economic corridors that aim to benefit local populations and integrate them into the global economy. A notable example is the Lobito Corridor, which promises to unlock a great economic potential of the region. This corridor will strengthen Angola's export capacities and will also benefit the Democratic Republic of Congo (DRC) and Zambia. The Lobito Corridor offers the opportunity to develop critical infrastructures that will better integrate these countries into regional and global markets. This initiative is also expected to stimulate green energy supply chains and promote investments in key sectors such as agriculture and telecommunications, especially in the underdeveloped areas of the country.

### 3.1 System of government

The current political system in Angola is presidential, in which the President of the Republic is also the Head of State and Government. The Angolan State is responsible for the administration of the country and for making decisions that act on society. State bodies are integrated by elected or appointed representatives who exercise executive, legislative and judicial functions.

#### 3.1.1 Government structure and power sharing

The Angolan State is integrated by three powers, namely:

##### Executive power

According to the 2010 Constitution of Angola, in its Article 108 (Head of State and Executive Power):

- i. The President of the Republic is the Head of State, the holder of the Executive Power and the Commander-in-Chief of the Angolan Armed Forces.
- ii. The President of the Republic exercises executive power, assisted by a Vice-President, by the Ministers of State and Ministers.
- iii. Ministers of State and Ministers are assisted by Secretaries of State and/or Deputy Ministers, if any.

##### Legislature

The legislative branch is represented by the National Assembly, which is responsible for drafting and approving laws. The National Assembly of Angola (Parliament) has 220 seats, of which 130 Deputies are directly elected in a single national constituency and 90 Deputies are elected in 18 provincial constituencies through proportional representation voting on a closed list. The members serve a five-year term and have the power to approve bills and supervise the Executive Branch.

##### Judicial power

By Article 176, paragraph 1, the Superior Courts of the Republic of Angola are: (i) Constitutional Court, (ii) Supreme Court, (iii) Court of Auditors and (iv) Supreme Military Court.

Angola's governmental structure is designed to ensure effective and balanced administration through the interdependence of the three powers. Each branch plays a crucial role with specific duties and responsibilities: the executive branch implements and administers public policies, the legislative branch creates and passes laws, and the judicial branch ensures that laws are interpreted and applied fairly and equitably.

### 3.1.2 Major political parties

Angola's main political institutions have their origins in the country's struggle for independence, as many of them initially emerged as liberation movements during the period of resistance. Among them, those who have a seat in parliament stand out, namely:

- i. The FNLA - National Front for the Liberation of Angola founded in 1962, it has participated in all elections held since 1992. Currently, it has one deputy in the National Assembly.
- ii. The MPLA - Popular Movement for the Liberation of Angola, founded in 1956 is considered the largest party in Angola for having won all elections since 1992. Currently, it has 120 parliamentary seats, won in the last elections.
- iii. UNITA - National Union for the Total Independence of Angola, is the main opposition party, having participated in all elections. In 2022 suffrage, it won its largest number of parliamentary seats, with 90 parliamentarians.
- iv. The PRS - Social Renewal Party, founded in 1990, it is currently represented by a deputy in the National Assembly.
- v. The PHA – Humanist Party of Angola, participated for the first time in the elections in 2022 and won 2 parliamentary seats.

### 3.2 Political stability and governance

Angola has a multi-party-political system that allows for the existence of several parties, coalitions and associations of political nature. General elections, where the people choose their leaders, are held every five years.

On the international stage, Angola continues to play an important role, showing a strong commitment to peace and stability on the African continent. An example is the initiatives that has been undertaken in the Democratic Republic of Congo, where Angola is leading efforts to end armed conflicts that endanger the security of the entire Great Lakes Region.

### 3.3 Human rights and social issues

The fundamental rights and freedoms of Angolan citizens are guaranteed by the Constitution and by various legal instruments and international treaties. However, according to data from the United Nations (UN) Human Development Report 2023/2024, Angola ranks 150th in a universe of 193 countries.

Compliance with human rights and social issues in the country is characterized by significant challenges. As much as the Constitution and various international treaties guarantee fundamental rights and freedoms, practice has shown that the implementation of these rights often seems more difficult. As a result, the country continues to search for solutions and reforms aimed at a more equitable society, seeking to transform challenges into opportunities, aiming for a more inclusive and prosperous future.

### 3.3.1 Education and health

According to Law 32/20 of 12 August, Angola's education system is structured into seven subsystems, namely: (i) pre-school, (ii) general education (primary and secondary), (iii) higher education, (iv) technical and vocational education (secondary), (v) special education, (vi) teacher training and (vii) adult education.

According to the *Privacy Shield Framework*, overburdened classrooms, poor infrastructure, few qualified teachers, outdated teaching methods, and insufficient learning materials such as textbooks and manuals are the main causes that hinder the delivery of good quality educational services.

According to data from the Ministry of Education, the Angolan government has been fighting illiteracy and is committed to educational reforms at all levels, including teacher training and the development of more enriched and relevant curricula.

The health sector in Angola is integrated by public and private service providers. According to data from the *International Trade Administration*, public hospitals serve almost 60% of the Angolan population, with free access, but the quality of care is not perceived by the population as good. Private clinics are good, but expensive. Consequently, the best healthcare service is found abroad, and middle- and upper-income families travel for complex medical interventions. Regardless of accessibility, treatment in public institutions is of inconsistent quality.

### 3.3.2 Poverty and social inequality

According to studies by the *Chr. Michelsen Institute* (CMI) in collaboration with the Center for Studies and Scientific Research (CEIC) of the Catholic University of Angola (UCAN), socioeconomic inequality in Angola remains high, reflected in the Gini index of 0.55, which indicates a significant level of disparity in income distribution. The 20% of the population with the highest incomes concentrates 59% of all the wealth generated in the country, while the poorest 20% receive only 3%. This extremely unequal distribution highlights the persistence of deep socioeconomic divisions in the country.

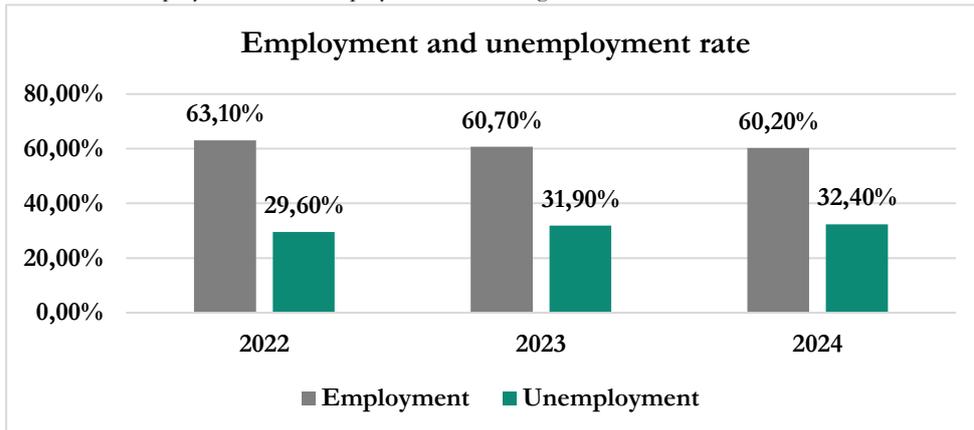
Although there are descriptive data on this reality, the quantitative analysis of the evolution of this inequality, its causes and its effects in the specific context of Angola are still limited. The high level of inequality, both between families and between regions, poses significant challenges for the country's economic and social development. Among the main obstacles are the difficulty in reducing poverty rates, the risk of compromising democratization efforts, and the increase of social tensions and conflicts.

However, fully understanding the nature of these challenges and formulating effective policies to address them require further investigation. The development of research on the dynamics of inequality in Angola is crucial to identify solutions that can promote a more equitable and inclusive society.

According to the United Nations Development Program, in 2023, Angola's Human Development Index grew, after three consecutive declines, occupying the 150th position out of 193 nations and with a life expectancy of 61.9 years.

According to the INE Employment and Unemployment Indicators Report, in 2023 the employment rate was 60.70%. The employed population aged 15 and over was estimated at 11,692.64 people. The unemployment rate was 31.90%. For the year 2024, the employment rate is estimated to be 60.7% and the unemployment rate to be 32.40%.

Chart No. 4 Employment and unemployment rate in Angola



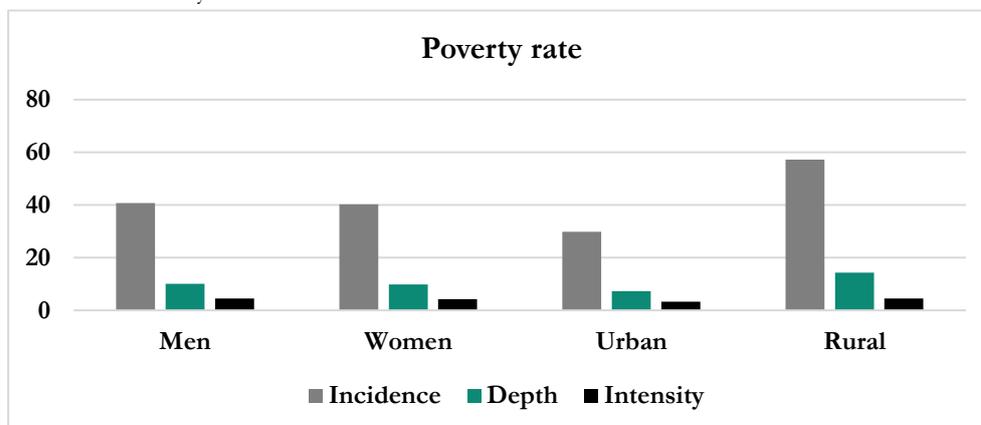
Source: INE

According to INE data, it is noted that at the national level, 80.5% of the employed population is in informal employment. The informal employment rate is higher in rural areas than in urban areas (95.5% and 69.2%), respectively.

According to data published by INE, the incidence of poverty is 41%, that is, 41% of Angolans have a level of consumption below the poverty line. Of the poor population, 56% live in rural areas and 44% in urban areas.

The poverty depth index is 10%, that is, the average consumption deficit per person is below the poverty line.

Chart No. 5 Poverty rate



Source: INE Poverty Report for Angola 2020

### 3.4 Civil society and political participation

Due to the long period of civil war in Angola, social problems are often analysed through the eyes of the political parties in power and in opposition. Human rights activists are often labeled as allies of the opposition or compliant with the government. As a result, criticism and debate are often viewed with suspicion and hostility, distorting the focus on the struggle for democratization and respect for human rights. Despite this unfavorable context, human rights can still be an effective tool to promote social change.

## 4 Angola's economic outlook

The Angolan economy is dependent on the exploration and marketing of oil, activities that contribute most to the country's Gross Domestic Product (GDP). In 2023, the country faced an adverse situation embodied by the reduction in the price of oil and the increase in international interest rates that impacted national oil production and the service of the government's external debt. These factors have negatively affected the external accounts and the foreign exchange market, with significant macroeconomic spillovers.

### 4.1 Main economic sectors

After the civil war, Angola made progress in economic development, as it possessed vast reserves of oil, diamonds, and other resources. Although the country has experienced a high rate of economic growth in recent decades, poverty remains a problem for a large part of the population.

The Angolan economy offers great business opportunities in key sectors, namely oil and gas, mineral resources, agriculture, industry and manufacturing, and services.

In 2023, excluding the oil sector, which represents 30.41% of GDP, the sectors with the highest share in the GDP structure were trade (26.9%), other services (8.3%), agriculture and forestry (7.7%), manufacturing (5.5%) and construction (5.5%).

The oil sector is the one that contributed the most to Angola's GDP, reaching 30.41%.

Data from the Ministry of Finance (MINFIN) point to a year-on-year increase of 12% in diamond revenue, corresponding to US\$38 million. This increase was driven by the 29% increase in production that offset the reduction in average carat prices by 40% to US\$262.

However, the industrial sector is growing rapidly, with a great emphasis on mining, petrochemical, textile, tobacco and food processing. Likewise, the agricultural sector is of great importance for the diversification of the country's economy, offering 85% of labor and food for the population. In 2023, industry and manufacturing accounted for 11.4% of Angola's GDP and the services sector contributed with 6.6245.00 million Kwanzas.

#### **4.1.1 Oil and Gas**

Angola is one of the main oil producers on the African continent. Its extraction is centralized in the northern deposits off the Congo basin, in the province of Cabinda and Zaire, but there are also discoveries off the southern coast, particularly in Namibe.

In 2023, the average price of Angolan oil was US\$84.337 per barrel, exceeding the forecasts of US\$75 per barrel in the General State Budget (OGE). However, production fell short of expectations due to significant maintenance interventions in the main oil blocks. In the same year, the average export of barrels of oil stood at 1.098 million barrels per day, a reduction of 4% compared to the same period in the previous year, 7% above the assumption of the 2023 State Budget.

According to the National Agency of Petroleum, Gas and Biofuels (ANPG), the volume and reserves of Angolan marginal fields is 4 billion barrels of oil, enabling the long-term development of the oil subsector.

#### **4.1.2 Agriculture**

The Angolan territory has a vast tract of arable land and a climatic diversity conducive to the production of a wide variety of agricultural products. The country was once one of the major producers and exporters of coffee, cotton and bananas, but exports of these products decreased considerably in the 90s, due to the civil war (1975-2002) that negatively impacted commercial agricultural production.

With the 2023/2024 agricultural season, only 10% of the 35 million hectares of arable land in the country were cultivated and the sector grew by 6.6%, thus increasing by 1% compared to 5.6%, the same period in 2022.

In recent years, the Angolan government has prioritized the agricultural sector and has created policies to promote agribusiness with the aim of reducing dependence on foreign markets for food supply. One of these policies is the Angola Commercial Agriculture Development Project (PDAC), co-financed by the World Bank and the French Development Agency. The aim of this project is to encourage bank lending to agriculture, to prepare and finance investments in the agricultural sector, to provide the necessary technical assistance, to promote subsidies and to reduce risk through partial credit guarantees. The project has contributed to the transition from subsistence farming to a more competitive and market-oriented sector.

#### **4.1.3 Industry and manufacturing**

The manufacturing industry has been increasing its contribution to the Angolan economy, having reached 6.5% of the national GDP. On average, GDP was 13,178.15 million Kwanzas in the periods from 2007 to 2024, reaching an all-time high of 19,295 million Kwanzas in 2023.

The companies in the sector are geographically distributed as follows: Luanda 52%; Benguela 10%, Huila 7.5%; Cabinda 6.5% and Huambo 4.7%. These five provinces total 80.7% of the industrial enterprises in operation. The provinces of Bié, Cunene, Cuando Cubango and Lunda Sul are home to only 3.4% of industrial enterprises in activity.

According to the National Development Plan (NDP) 2023-2027, for this five-year period, a program to promote the manufacturing industry will be promoted with the aim of activating key elements of industrial policy to attract investment, modernize the legal and institutional framework of the industry and support investment by Micro, Small and Medium Enterprises (MSMEs), industrial and commercial.

According to INE's Census of Companies and Establishments (REMPE 2019), the industry sector registered 5,902 companies by economic activity, according to Legal Nature.

Data from the African Development Bank show that the oil industry represents 28.9% of Angola's GDP and 95% of exports, followed by others such as: extractive industry, food, beverages, tobacco, clothing, leather and leather products, wood, basic metallurgy, manufacturing, furniture; cork and basketry and spar.

#### **4.1.4 Services**

In the first quarter of 2024, the GDP of services increased to 79,632 million Kz, compared to the fourth quarter of 2023, which was 66,245 million Kz.

It also registered an average of 51,226.07 million Kz from 2010 to 2024, reaching an all-time high of 79,632 million Kz in the first quarter of the current year and an all-time low of 32,726 million Kz in the first quarter of 2010.

According to the Angola Insights website, the country's main services are: (i) oil and energy sector, (ii) agriculture and agro-industry, (iii) construction and real estate, (iv) technology and telecommunications, and (v) tourism and hospitality.

According to the National Accounts of Angola published by INE for the fourth quarter of 2023, the services that contributed the most to the GDP were Fishing 2.8 per cent, Real Estate and Rental Services 2.8 %Agriculture and Livestock 2.7%, Diamond Mining 12.2%, Manufacturing 1.4%, Electricity and Water 5.3%, Trade 2.4 %, Other Services 2.1%, Post and Telecommunications 1.4%, and Transport and Storage 0.8 per cent.

#### **4.2 Macroeconomic indicators**

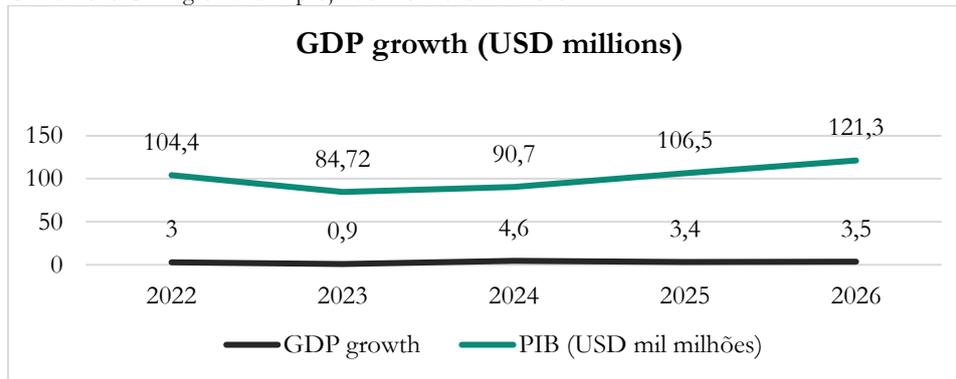
The macroeconomic indicators GDP, Inflation Rate, Exchange Rate, Public Debt, International Reserves and Foreign Trade are key to measuring the performance of the Angolan economy, offering a meaningful snapshot of its performance.

#### 4.2.1 GDP and economic growth

In 2023, Angola's GDP was US\$84.72 billion and its growth rate slowed to 0.9%. There was a decrease compared to the previous year, which was 104.4 billion US dollars (3% of the year 2022). This reduction was due to the weakening of the oil sector, the end of the debt moratorium and the sharp negative exchange rate variation.

The negative contribution of the oil sector was the result of the decline in crude oil production by 2.4% and the failure of the gas compression system of the Mafumeira do Sul platform. The evolution of non-oil activity (trade, diamonds, fishing and livestock) has been positive since 2021.

Chart No. 6 GDP growth and projection for 2025 and 2026



Source: National Bank of Angola (BNA) and report by the CEIC of UCAN

In 2023, there was a reduction in Angolan GDP per capita to 2333, 72 US dollar, compared to the previous period which was 3 439 US dollars. This reduction was influenced by the population growth that is above economic growth. It is estimated that for 2024 the GDP per capita will be 2,438 US dollar.

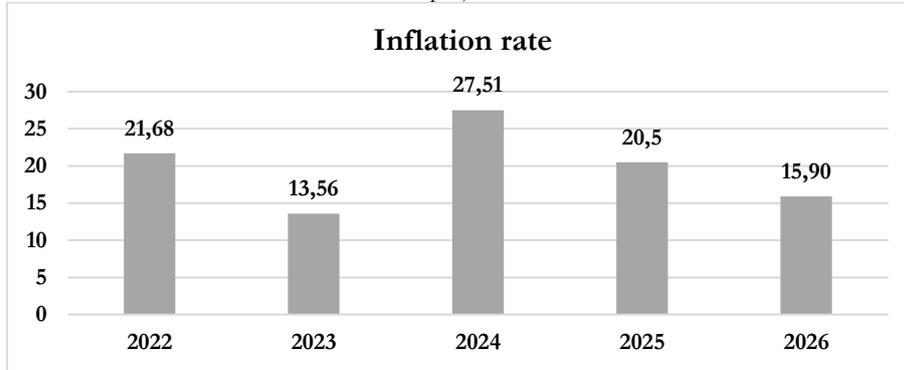
#### 4.2.2 Inflation

In 2023, there was an acceleration in the pace of growth in the prices of goods and services in the economy. The average monthly change was 1.53%, higher than 1.09% in the previous year.

The average annual inflation for 2023 reached 13.56%, lower than the previous period of 21.68. This was due to the increase in the contribution of eight categories of expenditure, with emphasis on food and non-alcoholic beverages.

In year-on-year terms, the average inflation rate in 2024 is 27.51, influenced by the increase in the contribution of food products, with +12.61 pp, reflecting the increase in the contribution of eight groups, with emphasis on: (i) Bread and cereals (+3.69 pp), (ii) Vegetables and tubercules (+2.59 pp), and (iii) Meat and meat derivatives (+2.46 pp).

Chart No. 7 Growth in the inflation rate and projection for 2025 and 2026



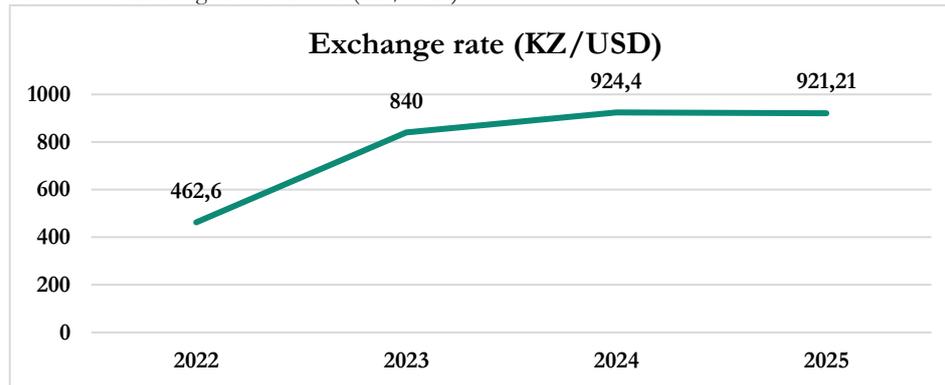
Source: Statistics Portugal and UCAN CEIC report

### 4.2.3 Exchange rate

In 2023, there was an increase in the exchange rate to 685 Kz/USD, compared to 2022, which was 462.6 Kz/USD. In 2024 the rate increased to 924.4 KZ/USD. There is a depreciation of the kwanza against the dollar and according to projections by the National Bank of Angola (BNA), the rate tends to increase until 2026.

In Angola, the exchange rate changes arise from the need to adjust to the low inflow of foreign currency after a fall in the price of oil, Angola's main export commodity. This depreciation of the national currency directly affects the purchasing power, product prices, and overall financial stability of the country, and is influenced by the over-reliance on the oil industry, which accounts for a significant portion of the country's exports.

Chart No. 8 Exchange rate behavior (KZ/USD)

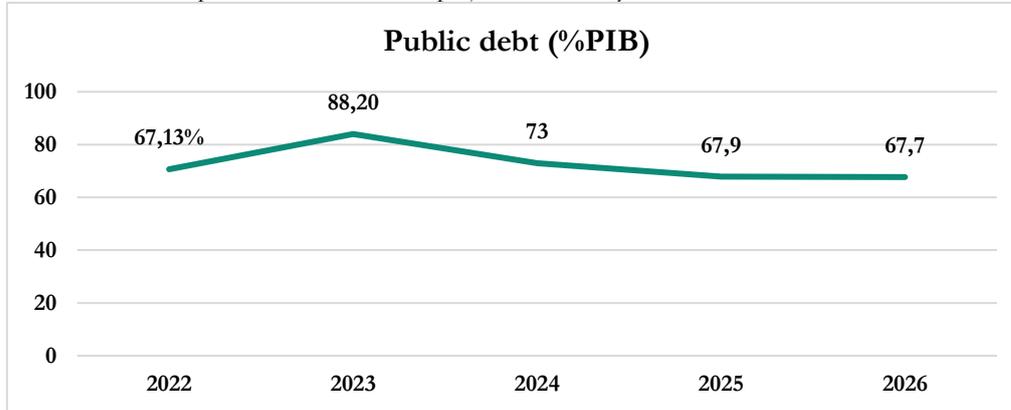


Source: BNA

#### 4.2.4 Public debt

According to the BNA's annual report for 2023, the stock of public debt increased to 55.63 trillion Kwanzas (88.20% of GDP) against 36.43 trillion Kwanzas (67.13% of GDP) in the previous year, after recording two consecutive years of decline. The debt stock increased by 11.46%, reaching a maximum of US\$80.61 billion (88.20% of GDP).

Chart No. 9 Annual public debt behavior and projections for the years 2025 and 2026



Source: BNA and UCAN CEIC report

The external debt, which accounted for 74.10% of the total in 2023, amounted to 39.33 billion Kwanzas, an increase of 63% mainly explained by the depreciation of the Kwanza against the US dollar.

Domestic debt was 13.75 billion kwanza, caused by the overlapping of issuance against amortizations, as well as the exchange rate appreciation of indexed securities and securities denominated in foreign currency.

#### 4.2.5 International reserves

In 2023, the stock of international reserves increased by 5.51% to US\$14.73 billion, reflecting prudent management throughout the year. This level corresponded to a degree of coverage of imports of goods and services of almost 9 months, above the Southern Africa Development Community (SADC) macroeconomic convergence target (6 months).

In 2024, international reserves expanded by 1.16% to US\$14.48 billion, due to the purchase of foreign currency made by the BNA to the oil sector. The current level corresponds to almost 8 months of coverage of imports of goods and services.

#### 4.3 Foreign trade

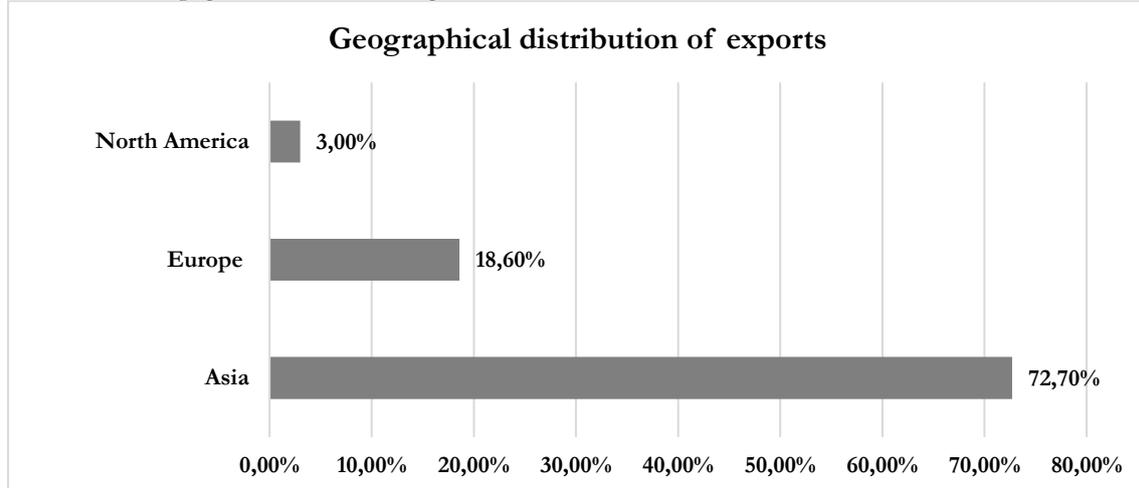
Angolan foreign trade is structured with several partners at an international level, with the Asian and European continents leading the list in terms of percentage of trade.

### 4.3.1 Exports and imports

According to the BNA's Balance of Payments Report, exports in the first quarter of 2024 decreased by 12.6%, standing at US\$8,821.8 million, against US\$10,089.8 million in the last quarter of 2023. The decrease corresponded essentially to the reduction in export revenue from crude oil by US\$863.4 (10.0%), gas by US\$217.9 million (34.2%) and diamonds by US\$138.5 million (25.2%).

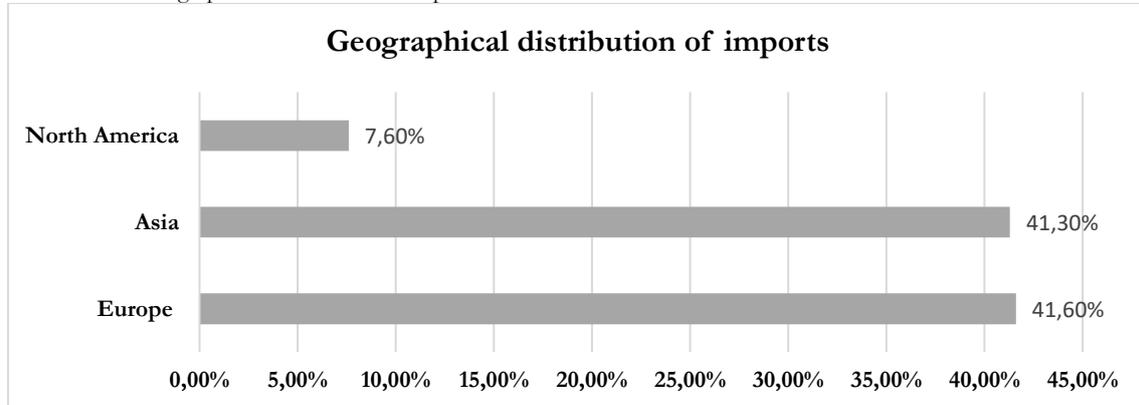
Geographically, exports and imports are distributed as follows:

Chart No. 10 Geographical distribution of exports



Source: INE

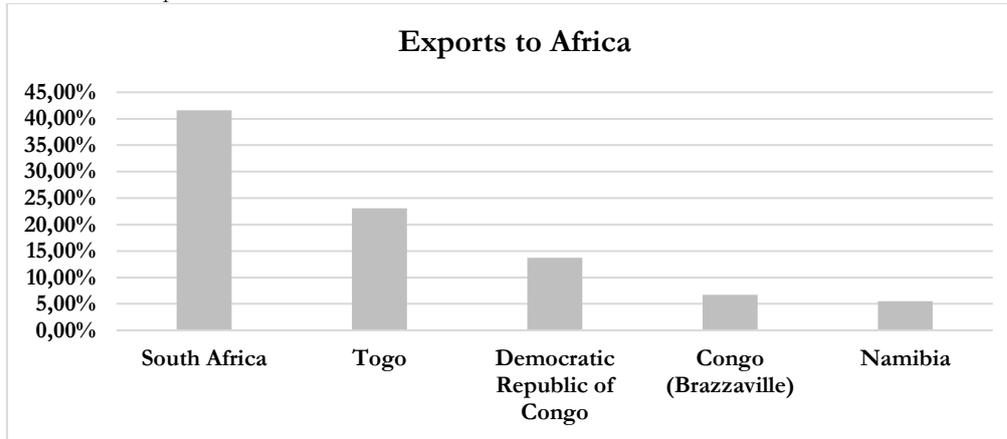
Chart No. 11 Geographical distribution of imports



Source: INE

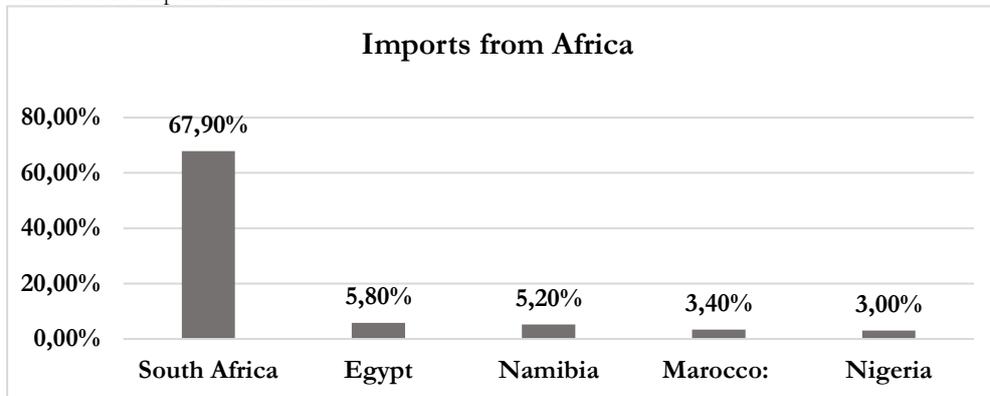
## Trade with the African continent

Chart No. 12 Exports to Africa



Source: National Institute of Statistics and the annual report on domestic trade of the General Tax Administration (AGT)

Chart No. 13 Imports from Africa



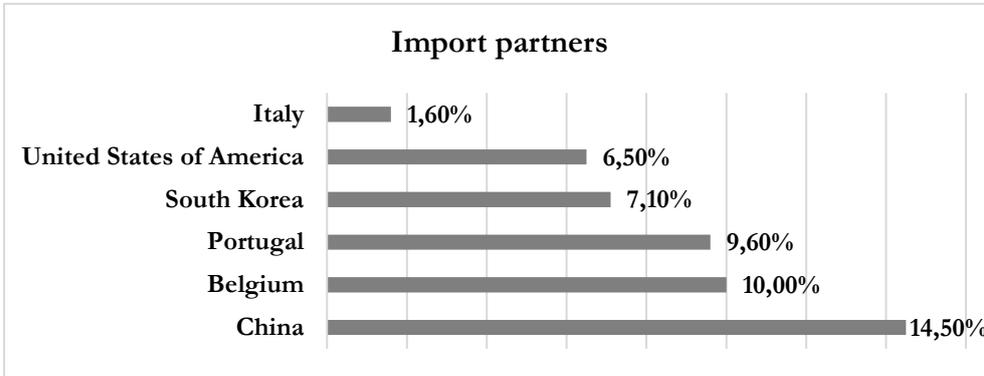
Source: National Institute of Statistics and AGT Annual Report on Foreign Trade

From the point of view of product categories, Angola's main exports are oil with 93% and Pearls, Stones and Precious Metals 4.6%. Imported products are machinery and appliances 24.9%, fuels and minerals 21.6%, food products 11.5%, base metals 9.9% and chemicals 6.6%.

### 4.3.2 Main trading partners

In 2024, Angola's main trading partners were China, India, Spain, Indonesia, the United Arab Emirates, Belgium, Portugal, South Korea, and the United States of America. Italy ranks 10th with strong links in the energy and agro-industry sectors. The following graphs show the values proportional to the total exports and imports recorded by country.

Chart No. 14 Import partners



Source: National Institute of Statistics and AGT Annual Report on Foreign Trade

Chart No. 15 Export partners



Source: National Institute of Statistics and AGT Annual Report on Foreign Trade

## 5 Business Environment in Angola

In the Ease of Doing Business Index, Angola has been ranked 177<sup>th</sup> out of 190 countries.

In the first quarter of 2024, Angola obtained 11 points in the Business Confidence Index. The average between 2008 and 2024 is 1.70 points, reaching an all-time high of 31 points in the second quarter of 2009 and an all-time low of -34 points in the second quarter of 2016.

## 5.1 Main economic and legal reforms

Angola has pledged to improve the investment climate and has put reforms at the top of the political agenda. Different programs, projects and actions are underway to make the country a preferred destination of foreign direct investment, namely:

**The National Development Plan (NDP) 2023-2027**, which prioritizes economic diversification, infrastructure modernization and investments in human capital.

**The Private Investment Law in Angola**, Law No. 10/18 of 26 June, which sets out the benefits and facilities that the Angolan State grants to private investors, as well as the access criteria, rights, duties and guarantees for private investors.

**The Production Support, Export Diversification and Import Substitution Program (PRODESI)**, which was approved by Presidential Decree No. 169/18 of 20 July, a program created for accelerating the diversification of national production and generating wealth, in a set of productions with greater potential to add value for exports instead of imports.

**The United Nations Sustainable Development Goals (SDGs)**, which Angola implements to meet the various dimensions of sustainable development at a socio-economic and environmental level.

**The Extractive Industries Transparency Initiative (EITI)** that the country has been part of since June 2022, to increase transparency in the mineral resources, oil and gas sectors.

**The withdrawal from the Organization of the Petroleum Exporting Countries (OPEC)** in December 2023, due to misalignment between national objectives and the interests of this organization.

**Law No. 13/19, of 23 May:** the new Law on the Legal Regime of Foreign Citizens in the Republic of Angola. Article 3 announces that nationals of countries included in the list annexed to the diploma, of which it is an integral part, are exempt from a tourist visa in the Republic of Angola for a period of up to 30 days per entry and 90 days per year. ([see](#))

### 5.1.2 Incentives for foreign investment

Angola's Private Investment Law of 2021 brought important changes to attract investors. The main changes include the possibility of negotiating tax incentives directly with the State and the elimination of minimum investment amounts to qualify for incentives, previously stipulated at US\$1 million for foreigners and US\$500,000 for locals. In addition, it was removed the obligation for foreign investors to have Angolan partners with a 35% stake in sectors such as electricity, water, tourism, transport, logistics, construction, media, telecommunications and information technology. Now, investors can define their own capital structure in these sectors.

The government offers sovereign guarantees and in May 2019, an agreement was signed between the Development Bank of Angola (BDA), Deutsche Bank (DB) and the Government of Angola represented by the Ministry of Finance.

The DB credit line (active credit line with no expected end date) promotes and supports the Angolan private sector, with a focus on Agriculture, Livestock, Agro-manufacturing and the Mining Industry, with access to a credit of 10 million euros per company. Currently, import contracts from Spain, Germany and Italy can apply for financing with a minimum value of five million euros. ([see](#))

The DB credit line finances export/import contracts for the supply of equipment, goods or services for projects, carrying out turnkey projects, among others. Companies under Angolan law with capital mostly held by Angolans are the beneficiaries of this credit and priority will be given to investment projects that have an export component of not less than 75% of their turnover. ([see](#))

Export/import contracts must meet the following requirements:

- i. The value of the export/import contract must be denominated in euros, United States of America (USA) dollars or another currency accepted by the BDA and the DB.
- ii. The export/import contract must define the terms and conditions of payment as well as the payment documents that satisfy the DB.
- iii. The value of the export/import contract amounts to at least EUR 10,000,000.00 (ten million euros) or its equivalent value in another currency.
- iv. Contracts less than EUR 10,000,000.00 or their equivalent value in another currency are subject to approval by the DB.

On April 12, 2023, DB announced the granting of a credit line of 57 million euros, with a duration of 10 years for the Cart Group. However, Angola still does not have legislation to encourage green investment.

## 5.2 Infrastructure

The Angolan government is focusing on improving the transport of people and goods in all 21 provinces, with the aim of transforming the country into a regional hub of trade in Southern Africa. The plan includes the modernization of highways, railways, ports and airports, as well as the creation of logistics corridors that facilitate exports and imports of goods. With this, Angola seeks to boost its competitiveness in the international context and strengthen its strategic position in regional trade.

In the field of technologies, in 2023, the Satellite Control and Mission Center was inaugurated. The center is located in Luanda, and has the role of observing and monitoring the activity of ANGOSAT-2, and it is prepared to monitor two more satellites. It is worth remembering that ANGOSAT-2 is Angola's second satellite to be launched into orbit after having lost contact with the first satellite, launched in 2017.

### 5.2.1 Energy and water resources

According to data from the Ministry of Energy and Water is report, Angola's electricity production capacity has grown in recent years, from 2,356.36 Megawatts (MW) in 2015 to about 6,319.43 MW in 2023. With the hydroelectric plants of Laúca, Cambambe, Caculo Cabaça as well as the construction of the Soyo combined cycle plant, it is expected to produce 9,900 MW by the year 2025, distributed among the various sources of energy generation, and with a focus on hydro, which corresponds to 66% of the total installed energy.

According to data from the Government of Angola published by the official website of *International Trade Management*, the distribution of energy currently produced is still limited, with only 43% of the population living in cities having access to electrification, while in rural areas only 10% of them have access.

Angola expects the industry to consume 25% of electricity by 2025, based on structuring projects with an estimated load of 1,230 kWh per capita consumption. This is significantly lower compared to South Africa, and Brazil where the industry consumes 59%.

Although Angola has a population of approximately 35 million inhabitants according to projections, its per capita consumption of 1,230 kWh is still higher than several African countries according to the Statistics website.

The country has important rivers such as the Kwanza, which gives its name to the national currency and is 1,000 km long, the Cunene with 800 km, the Congo (Zaire) which is the only major river in the world that crosses the equator twice and is 4,700 km long, the Cubango, which creates the great Okavango River basin, shared with the Republics of Namibia and Botswana, being 1 600 km long.

According to data from *World Vision* Angola, about 50.7% of the Angolan population has access to drinking water. The Angolan Government and national and international partners have created several projects to ensure the distribution of drinking water to the remaining 49.3% through initiatives such as the Program Water for All, Program the Water, Sanitation and Hygiene (WASH) of the UNICEF, the Development Grants Program (DGP) and others.

### 5.2.2 Transportation and logistics

Angola has several airports registered by the National Civil Aviation Authority (ANAC). Among the international airports, only the 4 de Fevereiro Airport in Luanda receives international flights.

In November 2023, they were initiated the procedures for the operationalization of the new Dr. António Agostinho Neto International Airport, located on the outskirts of Luanda. The project occupies an area of 75 km<sup>2</sup>. It has two double runways and is prepared to receive various types of aircraft such as the Airbus A380, considered the largest commercial aircraft today.

The new airport has 31 bridges, of which 19 for international services and 11 for domestic services. With its construction, the government expects to increase the country's turnover and receive more than 15 million passengers and 130,000 tons of cargo per year, five times larger than the current 4 de Fevereiro International Airport, in terms of cargos, bridges, and even passengers.

The port sector in Angola plays an important role in the country's economy, contributing to the international trade of exports and imports of goods. There are four main ports, namely: (i) the Port of Luanda, (ii) the Port of Lobito, (iii) the Port of Namibe, and (iv) the Port of Cabinda.

**The Port of Luanda**, being the largest in Angola, is responsible for transporting 76% of the country's imports and exports. The port is at the Bay of Luanda, flanked by Ilha do Cabo and protected against sea currents and swells, which ensures excellent conditions for the maneuvering and berthing operations of ships.

The Port of Luanda is divided into seven terminals and a logistics platform to support the oil industry, namely (i) Passenger Terminal, (ii) General Cargo Terminal, (iii) Multipurpose Terminal, (iv) Container Terminal, (v) Multiuse Terminal, (vi) Cabotage Terminal, and (vii) Petroleum Activity Support Terminal.

**The Port of Lobito** was built in a bay of natural and deep waters, it is approximately 5 km long (600 m at the entrance and almost 1.5 km at the widest part). This port is located on the west coast of the African continent, has a 200 m channel at the entrance and 2000 m at the widest part. The region has a favorable characteristic that facilitates maritime access. The Mineraleiro terminal has a rail connection to the Benguela Railway (CFB) that connects the city of Lobito to the mineral regions of the Democratic Republic of Congo and Zambia.

The port consists of five terminals, namely: (i) General Cargo Terminal, (ii) Refrigerated Container Terminal, (iii) Container Terminal with Dry Port, (iv) Mineral Terminal and (v) Support Terminal (warehouse of bitumen and other products).

**The Port of Namibe** is located at 15° 12' S latitude and 12° 08' E longitude, on the south coast of Angola, Namibe province. It occupies a privileged position in the Angolan port system and is the third largest port in the country. It owns three terminals, namely: (i) the Multipurpose Terminal, (ii) the Container Terminal and (iii) the Mineral Terminal. The port is connected by the Moçâmedes railway network to the cities of Lubango and Menongue and in the future will be connected with Namibia and Zambia.

**The Port of Cabinda** is located north of the Zaire River and has regular conditions for the maritime operation of cargo and passengers. It was designed as the center of development and great attraction to boost the economic and business growth of Cabinda. In addition to passenger transport, the main cargo movements in the port of Cabinda are wood, coconotes, coffee and miners.

The road network in Angola has more than 76,000 km in length, of which 13,680 km (18%) are paved.

According to the PDN 2023-2027, for this five-year period, the government has as one of its priorities the improvement, maintenance and expansion of the road infrastructure, in which some activities will be carried out, such as:

- i. Construct and rehabilitate the road infrastructure, including national and municipal roads and bridges;
- ii. Develop the network of rural roads and their interconnection with national and municipal roads to allow a better flow of national agricultural production;
- iii. Ensure that the main centres of economic activity and priority tourist areas such as Cabo Ledo, the Okavango Basin, Namibe and Calandula are equipped with a network of roads, in order to allow their potential growth.

As already discussed, Angola has three main railways: (i) the Benguela Railway (CFB) which is the well-known Lobito corridor, connecting the Port of Lobito (coastal province of Benguela) to the border village of Luau (eastern province of Moxico), and by extension to the rest of southern Africa, with a route of 1,037 km, towards DRC, Zambia and onwards, through the Lobito corridor; (ii) the Luanda Railway (CFL) that connects the capital Luanda to the city of Malanje (in the Province of Malanje), being 434 km long and (iii) the Moçâmedes Railway (CFM) that starts from the city of Namibe and crosses the provinces of Huíla, ending in the city of Menongue, capital of the province of Cuando, with a length of 907 km.

### 5.2.3 Telecommunications

In recent years, political stability in Angola has benefited the Telecommunications, Information and Communication Technologies (ICT) industry, attracting foreign investment. Africell, a pan-African operator with more than 12 million subscribers in the Sub-Saharan Africa region, obtained in June 2021 the license to operate in Angola becoming the fourth mobile network service provider.

Africell's entry into the Angolan market complements and competes with established operators such as Angola Telecom, Unitel and Movitel. Angola Telecom, the state-owned operator, is a mainstay of telecommunication in the country and offers a wide range of services. Unitel, the largest private operator, stands out for its coverage, technical infrastructures and technological innovation. Movitel, also privately held, is known for its competitive approach and customer orientation. The mobile phone ratio was 44 phones per 100 people in 2021.

It is expected that diversification and increased competition in the sector will improve the quality of services and expand access to communication and information technologies in the country, which will facilitate access to people, institutions, and enterprises, especially companies in the mining sector.

The Angolan State is making efforts to guarantee communication coverage to the most remote regions of the country, providing access to television, radio and newspaper services.

In 2021, the Ministry of Telecommunications, Information Technology, and Social Communication (MINTICS) created a 5G hub to assess how users are taking advantage of this technology. In November of the same year, the National Institute of Communications (INACON) granted licenses to several companies to offer 5G services, reserving their spectrum within the 3.3 to 3.7 GHz band. In total, about 11.55 million people used internet services in 2022.

The Public Television of Angola (TPA), a state-owned company, offers terrestrial and satellite TV services on three channels. Other private channels are available only through cable and satellite, such as TV Zimbo, TV Girassol, Zap Viva, Palanca TV and others. Rádio Nacional de Angola (RNA) is broadcasted on 26 stations nationwide. There are also about 20 private radios that operate in the most different regions of the country. Jornal de Angola is the only daily newspaper with distribution throughout the country, the other private newspapers are local and periodical, but are active on the internet such as Jornal Expansão, Novo Jornal and O País.

## **6 Financial sector and access to credit**

The Angolan financial sector is built of a number of regulatory bodies and financial institutions that play crucial roles in the country's economy. Among the main institutions are the banks, which form the central core of the system.

In Angola, the financial sector faces an adverse scenario, exacerbated by external and internal factors. The country has been affected by an unfavorable international outlook, including the variation in the price of oil and the increase in international interest rates. In addition, national oil production was lower than expected, and the country's external debt service is high.

Since the end of 2022, the national economy has been on a deceleration trajectory in terms of economic growth. In 2023, the GDP growth rate was very slight, standing close to 0.4%.

For 2024, the latest macroeconomic forecasts from the International Monetary Fund (IMF) indicate a growth of the national economy by 2.6%. These forecasts are consistent with the Executive's most recent estimates, released in April, which point to growth of 2.8%.

### **6.1 Banking system**

Banks play a key role in the Angolan economy by facilitating the multiplication and circulation of money. They act as financial intermediaries, helping to turn deposits into credit and thus contributing to the economic growth and efficiency of the country's financial system. According to the BNA, there are currently 23 banking financial institutions. It should be noted that institutions that have not yet started their activities are not included in their list.

In addition to banks, the Angolan financial system includes regulatory bodies that supervise and regulate financial activities to ensure the stability and integrity of the sector. These bodies work to ensure that financial operations are conducted in a safe manner and in accordance with established laws and regulations.

As the central Bank, BNA is responsible for the implementation, monitoring and control of monetary, exchange rate and credit policies, management of the payment system and administration of the circulating medium within the scope of the country's economic policy.

In 2023, the institution of the FATF - Financial Action Task Force gave a positive score to the Angolan banking sector in the anti-money laundering component. The representative entity of the Angolan banking sector is the Angolan Association of Banks (ABANC), bringing together 23 banks by the year 2024.

The dynamics of banks in the Angolan financial sector involve the capture of deposits made by customers, which can be individuals, companies, industries or the government. These deposits are used to grant loans to other customers, with interest charged on the amounts borrowed.

According to the Deloitte report, the Angolan banking system has shown great growth in recent years. The study was carried out in the first quarter of 2024 and show data on growth of the banking system in Angola.

There was a gradual evolution in electronic payment methods (2023), with the issuance of Multicaixa cards increasing to 10.5%, the number of automated teller machines (ATMs) increasing to 11.1% and the number of Automatic Payment Terminals (POS) growing by 25%.

The Multicaixa Express interbank channel has also gained popularity with a growth of 54.9% in 2023. E-commerce also saw significant growth, with an increase of about 48% in the number of transactions, from 918,260 in 2022 to 1,358,591 in the same year.

In 2023, the banking system also saw a reduction of approximately 11.6% in the cost-to-income ratio due to the improvement in the sector's performance, supported by the improvement in the net interest and complementary margin, which increased by 48% compared to 2022.

## 6.2 Credit and financing policies

Banking in Angola is the market main financing entity and therefore the role of the Central Bank in the process is decisive. This is due to the creation of laws and procedures that can provide the market with a favorable environment for credit and financing of companies. And it is for this purpose that the BNA has updated the ordinances that establish new terms and conditions for the granting of credit, including the respective minimum requirements.

In Angola, there are several types of credit for collective entities, including (i) Short-Term Treasury Support Credit, (ii) Medium and Long-Term Credit, and (iii) Leasing (Financial Leasing). For private entities, there are modalities such as consumer credit, car or leasing credit and housing credit.

**The Treasury Support Credit** is a short-term credit made available by Angolan banks with a maximum term of 1 year to support the payment of current expenses, such as the acquisition of raw materials, goods, payment of salaries and other immediate needs of companies.

**Medium/Long-Term Credit** is intended for investments in permanent assets of companies such as the acquisition of machinery and equipment, with a term equal to the payback period of the investment, with a maximum limit of 5 years, and may include financing with real guarantees.

**Leasing**, despite being a product widely used in other markets for financing fixed assets, it is relatively new in Angolan banking system and has been used essentially for the financing of means of transportation. However, in the last two years, there has been a natural process of extension to other types of fixed assets, motivated by the absence of the obligation to present additional guarantees, with the acquired asset serving as collateral.

On the other hand, it is observed that some banks in Angola are developing trade finance products, which are already common in more sophisticated markets, such as factoring, order financing, invoice discounting and others, which have the principle of financing and anticipating payments to suppliers and service providers, ensuring the normal operation of companies without bottlenecking their cash flows.

Access to credit and financing in Angola varies from bank to bank, with some institutions having more accessible and others more targeted policies, depending on the credit granting sector.

One of the biggest difficulties for accessing credit in Angola, as per businessmen and entrepreneurs, is excessive bureaucracy and guarantees 'requirement enforced by banks. To overcome these difficulties, the Government created in 2023, among other measures, the Credit Guarantee Fund (FGC), a non-banking financial institution, founded on May 4, 2012 by Presidential Decree No. 78/12, with the aim of facilitating access to bank credit for Micro, Small and Medium Enterprises (MSMEs), as well as individual entrepreneurs, through public guarantee mechanisms.

The main objective of these measures is to facilitate and boost access to credit, improve the business environment, provide greater protection to bank customers, grant responsible credit, reduce asymmetries between banks and customers, provide an available volume of information on customers, provide greater comfort and confidence to banks to grant credit efficiently and at competitive interest rates.

In addition, other legal and regulatory instruments were created under the combined provisions of Article 26 of the Law No. 14/21, of 19 May - on the General Regime of Financial Institutions, and Articles 30 and 54 of Law No. 24/21, of 18 October, called BNA Notice 9, which establishes the special regime for housing and construction credit, defining the eligibility requirements, terms, conditions and costs applicable to these credits, as well as their treatment in the calculation of reserve requirements.

With the same purpose, Notice 10 was created, which establishes the terms and conditions applicable to the granting of credit by Banking Financial Institutions to the real sector of the economy. This Notice includes the minimum requirements in terms of number and total value and their treatment in the calculation of commercial banks' reserve requirements.

Also, with regard to the improvement of the business environment and the creation of mechanisms to attract investments and financing to the market, the Private Investment and Export Promotion Agency of Angola (AIPEX) was created on March 19, 2018, under Presidential Decree No. 81/18, which has the mission of promoting private investment of internal and external origin that can contribute to the socioeconomic development of the country. It is also the responsibility of this agency to register investment proposals, institutional support and monitor the execution of investment and internationalization projects of Angolan companies.

Another entity dedicated to market financing is the Angolan Stock Exchange (BODIVA-SGMR), which is a public limited company, whose corporate purpose is the management of regulated markets, and may also carry out activities related to its function, namely:

- i. Provision of services related to the issuance and trading of Securities and other financial instruments that do not constitute financial intermediation activity;
- ii. Preparation, distribution and marketing of information relating to markets in financial instruments;
- iii. Development, management and marketing of computer equipment and software, as well as telematic networks for the contracting and transmission of orders or data, within the scope of the capital market;
- iv. Management of clearing and settlement systems for Securities and other financial instruments, under the terms permitted by law;
- v. Management of a centralized securities system;
- vi. All acts necessary for the clearing and settlement functions and management of a centralized securities system.

This entity is in a more dynamic phase with the diversification of the type of products and transactions, which initially sold only treasury securities and at the moment it already trades more financial products such as corporate shares, bonds, funds and other securities.

Despite the emergence of several institutions, the creation and alteration of policies, laws and procedures, and an improvement in the bureaucratic legal framework in general, the market still perceives great difficulties in accessing credit and high interest rates. On the other hand, the banks identify as major challenges, the difficulties of companies in meeting debt service, in providing guarantees and legal slowness for execution.

Therefore, it is clear that there is still a great margin for improvement in access to credit and it is necessary that all those involved in this process work together to ensure that all these mechanisms created work fully and provide a favorable environment for the market and business.

### **6.3 Access to finance for mining projects**

According to recent data presented at the 3rd Forum on Banking and Mining, held on August 30, 2023, financing actions for mining projects from 2022 to 2024 represented 26.6 million kwanzas, equivalent to 3% of a total of 887.1 million kwanzas granted to the extractive industry. This represents only a very small amount of the total allocated to the extractive sector, indicating limited investment in credit and financing for mining.

Between 2022 and June 2024, bank credit for the mining sector was extremely low, representing only 0.153% of total credit granted to the industry.

This shortage of financing reflects the risk aversion on the part of Angolan financial institutions. Commercial banks give the lack of credit to the mining sector to the associated uncertainties and risks, such as high interest rates and inflationary pressures.

In response to this situation, the mining industries suggest the creation of a specific bank for the mining sector that would facilitate access to credit. Because commercial banks would not have enough for the needs of the sector.

## **7 Challenges and opportunities in the Angolan economy**

Economic diversification is one of the main challenges, given that the Angolan economy still relies heavily on the oil sector. However, this dependence also provides an opportunity to develop other areas of the economy and reduce vulnerability to fluctuations in crude oil prices.

Angola's young population represents a valuable resource and a great opportunity for economic development, with considerable potential for innovation and entrepreneurship. Training and education programs can empower this population group, promoting the emergence of new companies and start-ups that contribute to economic diversification and sustainable growth.

The Angolan state has been working to improve the business environment and attract foreign investment. Legislative and policy reforms aimed at simplifying the business process and protecting investors are important steps in creating a more favorable environment. Collaboration between government and the private sector has promoted faster and more effective development, seizing opportunities that arise while facing challenges.

In addition, Angola has untapped agricultural potential. The country has vast areas of fertile land that should be used to increase food production and reduce dependence on imports. Investments in agricultural technology and sustainable practices can transform Angolan agriculture into a dynamic and profitable sector, creating opportunities for small and medium-sized producers.

Another key challenge is the need to improve the country's infrastructure, such as roads, ports, and transportation systems that are crucial to facilitating trade and investment. The Angolan government has invested in infrastructure projects to stimulate economic growth and create jobs. These initiatives open doors for companies and investors to contribute to the development of the country and take advantage of the contracts and opportunities generated by these projects.

### **7.1 Economic diversification**

Economic diversification has been a process by which the country has broadened and developed its economic base, expanding it to different sectors of activity. This process includes increasing export markets with the aim of reducing dependence on a single sector as a source of revenue. Diversification aims to increase resilience, promote sustainable growth, and mitigate risks associated with the volatility of specific markets. Among these programs are the Angola Investe Program (PAI), Production Support, Export Diversification and Import Substitution Program (PRODESI), and Privatization Program (PROPRIV).

**Angola Investe Program:** this program aims to diversify the economy of sectors beyond oil and gas, increase national production and fight poverty through employment and self-employment (micro-enterprises). Currently, the program is closed, but it has contributed significantly to the growth of the Angolan economy for 7 years. It was replaced by the Credit Support Project (PAC), which aims to ensure financing for entrepreneurs capable of managing their projects with credibility.

**Production Support, Export Diversification and Import Substitution Program:** this program aims to increase the production of the main priority sectors, diversify foreign exchange sources and investment sources. Reduction of the price of basic food basket products and improvement of the business environment. It was implemented 6 years ago, but sales of national products are still below expectations.

**Privatization Program:** this program provides for the promotion of more favorable conditions for private initiative, private investment and the acquisition of *know-how* and specific skills for the restructuring and resizing of the Public Enterprise Sector (SEP), and to adapt privatization procedures to the legal framework of the SEP. Since its creation in 2019, a total of 109 assets have been privatized by the State, six of which will be completed in 2024.

**PLANAGRÃO:** this program aims to promote the large-scale production of wheat, rice, soybeans and corn, improve soil productivity and profitability, increase agricultural entrepreneurs and employment, promote the value chain and guarantee a fixed income to producers. An annual production of more than 6 million tons of cereals and legumes is expected in the country by 2027.

**PLANAPECUÁRIA:** this plan has a national scope, aimed at promoting the production of animal protein, as one of the main priority lines for the fight against hunger, poverty reduction and promotion of social and economic development in Angola.

**PLANAPESCAS:** this program is also national in scope, aimed at promoting corporate fishing activity, essentially to increase the production and processing of fish and salt.

## 7.2 Structural challenges

The country's economic projections are outlined in the National Development Plan (PDN) 2023-2027, which aims to continue the government's policies and programs, aligning with both national and international commitments, such as the UN SDGs. The plan focuses on initiatives that promote a more prosperous society and a diversified and sustainable economy. It operates in the areas of:

- i. Development of human capital, in the improvement of education, professional training and health.
- ii. Food security: Strategies to ensure sustainable food production and access.
- iii. Poverty reduction: Policies to reduce social and economic inequalities.
- iv. Regional economic integration: Cooperation between neighboring countries to strengthen local economies.

- v. Socio-economic progress: Balanced economic growth with a focus on diversification and environmental sustainability.

The NDP aims to empower the population to face crises, reduce dependence on traditional sectors and promote innovation. It also seeks to create the basis for sustainable socio-economic progress and a fairer society.

In 2023, Banco de Fomento Angola (BFA) made some economic forecasts for Angola, stating that the country could escape the recession of the same year, and predicted an economic expansion of up to 2.4% for the current year. These data do not differ much from the data published by the Government, which predicts a growth of up to 2.8% in the year 2024.

### 7.3 Investment opportunities

Angola has several opportunities for private investment. However, better conditions must still be created to attract foreign private investment. There are several challenges such as precarious infrastructure, lack of energy, water and transportation, thus constituting factors that increase the operating costs of companies. There is also excessive bureaucracy related to the processes of starting a business and obtaining licenses, which delays the start of activities and generates additional costs.

According to the Angolan Sustainable Investment Map, in the last 10 years, 95% of Foreign Direct Investment (FDI) in Angola has been focused on the oil and gas sector, and the rest on non-oil sector, with greater relevance in the services, trade, industry and construction subsectors.

The FDI in Angola has reduced by 40% since the beginning of the Covid pandemic in 2020, from USD 21,595.1 million to USD 12,908.3 million in the third quarter of 2023. According to the BNA's external statistics, foreigners disinvested 8,686.7 million in the country.

According to Ambassador Cristiano Gallo, Italy's main economic interests in relation to the country are linked to the prospecting and exploration of oil and gas, and the development of renewable energies.

According to AIPEX, in the period between 2018 and 2022, there were 581 private investment projects, corresponding to US\$11.6 million. Of these projects, 279 are foreign investments, 75 are both national and foreign and 227 are national investments. The countries that invested the most in this period were the United States of America, South Africa, Italy and China. These countries have stood out with programs that contributed to the growth of the national economy.

In 2022, Italian exports increased to around 297 million euros (6.9 percent more than in 2021), and Angolan exports to this European country increased to 1.5 billion euros.

The overall amount that the Angolan state intends to invest in "Diversifica Mais" economic diversity acceleration project is US\$300 million. The project focuses on the Lobito corridor.

However, despite these challenges, the investment environment in Angola presents a range of business opportunities, with a wider opening to foreign investment with tax incentives.

Taxation and the conditions for the repatriation of capital are crucial aspects for investors in Angola. With a nominal rate of 25%, the tax rates on profits known in Angola as Industrial Tax, is competitive compared to other regions of Sub-Saharan Africa. However, tax clarity and predictability are still a challenge, and Angola has not yet widely adopted international accounting standards, which can make it difficult to interpret financial statements.

In addition, the exchange rate reforms have presented issues related to the repatriation of capital. The previous exchange rate system, characterized by complex rules and centralization of analysis by BNA, was an obstacle for foreign investors. Recently, reforms in monetary policy and exchange regulations, as well as the decentralization of the analysis of capital export processes to commercial banks, have streamlined payments to external entities, facilitating the feasibility of investments.

## **8 Perspectives**

Taking into account the current situation of the Angolan economy, diversification should involve measures conducive to structural transformations, which concern the reduction of the weight of oil.

In the period from 2016 to 2020, the Angolan economy recorded a cumulative recession of 10.6%. The Gross Value Added (GVA) of oil was 32% of the global GVA. In the period from 2012 to 2022, regarding external indicators, oil exports corresponded to an average of 96% of total exports and gross external debt was equivalent to about 110% of the total value of exports. In the same period, imports of consumer goods averaged 61% of total imports.

The above indicators illustrate the high degree of extraversion and external vulnerability that the Angolan economy is exposed to, and the challenges inherent to the need to implement economic policy measures to relaunch domestic production, with a view to reducing imports and increasing non-oil exports.

Between 2002 and 2011, the Angolan Government allocated approximately US\$54.4 billion to new infrastructure projects, including hospitals and schools, which corresponds to an average annual investment of about US\$5.5 billion.

Over the past two decades, the Angolan government has made efforts to overcome these limitations. The 2018-2022 NDP is a reflection of this commitment, with overarching goals for the modernization and expansion of transport, energy, and telecommunications infrastructure. The central objective is to foster economic growth and raise the quality of life of Angolan citizens.

In the transport sector, initiatives include the rehabilitation and expansion of road, rail, port and airport networks. A notable example is the construction of the Port of Caio in Cabinda, an infrastructure designed to increase the country's port capacity and facilitate international trade. In addition, the revitalization of the national rail network seeks to improve freight and passenger transport, connecting the main cities and productive regions more efficiently.

The United States of America (USA) wants to ensure a faster route for the export of metals and minerals, namely the Congolese Copperbelt to the Western market. This railway line, linked to the Lobito corridor, represents a potential change of course for trade between the interior of Africa and the Atlantic Ocean, which suggests economic and strategic motives behind the US involvement.

In the energy field, Angola has been committed to diversifying and modernizing its energy matrix. The Laúca hydroelectric dam, inaugurated in 2017, stands out for its capacity of 2,070 megawatts.

The transformation of the mining sector is one of the main drivers of the economy and is expected to generate sustainable growth, create employment opportunities and strengthen the country's industrial infrastructure. At the same time, it will contribute to the balance of trade by expanding mineral exports.

According to data provided by Angola's National Diamond Trading Company (SODIAM), the country traded 9.396 million carats of rough diamonds in 2023, with an average price of US\$163 per carat, corresponding to a gross revenue of US\$1.5 billion.

Energy Capital & Power data points to the possibility of doubling diamond production with the start of operations at the Luele Mine in November 2023, which is the largest diamond exploration mine in Angola, which is expected to contribute significantly to the growth of Angolan GDP.

Also, according to the same source, Angola could reach a production rate of 17.5 million carats per year by 2027, driven by the Saurimo diamond hub. This government initiative aims to attract investors to the sector, as well as to promote job creation and economic development in the country.

# HIGH LEVEL STUDY SECTOR MINEIRO EM ANGOLA



## SECTION B – MINING SECTOR

### 1 Introduction to the mining sector in Angola

Mining activities in Angola began in the sixteenth century, with the exploration of diamonds. Over time, the country has revealed a great mineral potential beyond diamonds. In subsequent years and centuries, the discovery of gold and other minerals boosted extraction and exploration. In addition, ornamental stones, appreciated for their beauty and durability, began to be extracted, benefiting the construction industry and local handicrafts, in addition to their export. Mining expanded further with the identification of important deposits of iron, copper, and phosphate. As iron is a strategic resource for the country's industry and infrastructure, and copper is widely used in applications such as electricity and construction, projects are underway for the refining of these minerals with a view to increasing Angola's participation in the value chain of these minerals.

The mining sector in Angola is regulated by the Mining Code, which establishes the necessary guidelines for the exploration of mineral resources in the national territory. The Code is a value of the Angolan State in bringing together different pieces of legislation previously scattered, in a single instrument in order to supervise the legal management of mining in the country. However, there are still special legal provisions that can be found in specialty laws, such as the Private Investment Law.

The regulatory bodies of the mining sector are organized in a hierarchical manner, starting with the Ministry of Mineral Resources, Oil and Gas (MIREMPET), followed by competent agencies and institutes. The ministry has been working on mapping areas potentially rich in mineral resources, resulting in the preparation of a geological map, commonly known as the National Geology Plan (Planageo), which identifies the region's most abundant in minerals.

To obtain an exploration license, investors must express their interest to the State, to which they must present a set of guarantees such as the suitability of the entity, the technical financial capacity to carry out this activity, following a licensing process with the responsible institutions. Companies also need to present a sustainability and social responsibility plan, aimed especially at the local communities where their activities will take place.

The growing demand for minerals in the international market is boosting the mining sector in Angola, which expands beyond diamonds and natural stones. The country has already resumed gold production, and has developed projects to explore iron ore, manganese, among others. There are already projects underway for the production and processing of copper, phosphate rocks, niobium and their alloys, as well as aluminum and yellow and white phosphates, including rare earth elements.

## 1.1 History and evolution of the mining sector

Angola is a country with different natural resources and was in the past a major producer of iron ore, gold and copper. This exploration suffered a major impact after the country's independence in 1975.

The transition to independence brought with it a number of challenges in the mining sector because of the period of civil war that lasted until 2002. During this period of internal conflict, most mineral exploration and extraction activities were severely disrupted. Only diamond mining has been able to stay in operation, due to its high demand and the significant value it represents in the global market.

With the end of the conflict, Angola began to tread a new path of recovery and development. The rehabilitation of the mineral sector became a priority for the government, which saw mining as a vital opportunity to boost the country's economy. Since then, several initiatives have been implemented to revitalize the industry, attract investments and promote sustainable management of mineral resources.

In recent years, Angola has sought to diversify its mineral production, exploiting not only diamonds, but also minerals such as iron, gold and copper. The country is investing in infrastructure and technology, with the aim of modernizing its mining operations and increasing production capacity.

Some of the main companies in the mining sector in Angola are the as follow:

- i. The National Diamond Company of Angola (ENDIAMA EP): a public company dedicated to the prospecting, recognition, exploration and cutting of diamonds;
- ii. Catoca: the largest company in Angola's diamond subsector, responsible for more than 75% of diamond mining in the country,
- iii. The Beers Group: the world's leading diamond company, with expertise in diamond exploration, mining, grading, marketing and retail;
- iv. The Luele Kimberlite Chimney: discovered in November 2013 as a result of geological research carried out by the mining society of Catoca;
- v. Mineração Samboto: a company that explores gold in the Samboto region, in Huambo;
- vi. The Bucu Zau Mining: a gold mining project located in the province of Cabinda.

## 1.2 Relevance of the sector to the national economy

Due to its natural potential, the Angolan mining sector is one of the main strategic areas of the national economy, capable of making a crucial contribution to the country's development and economic diversification. According to the newspaper O País, the mining sector intends to increase its contribution with more than 2% of GDP in the national economy in 2024.

## 2 Regulation and legislation in mining

The Angolan Government has implemented relevant regulatory measures and standards with the aim of creating a stable environment in the sector. Among these measures, the creation of the Mining Code, promulgated on September 9, 2011, a diploma that establishes the rules that regulate the mining sector, stands out. Another important step was the emergence of the National Agency for Mineral Resources (ANRM), created on June 5, 2020, an entity responsible for the process of examining concession and licensing applications.

### 2.1 Angolan mining code

The Mining Code (CM) was enacted in 2011 through Law No. 31/11 of 23 September and its fundamental objective is to regulate geological-mining activity, namely geological research, discovery, characterization, evaluation, exploration, commercialization, use and exploitation of mineral resources existing in the soil, subsoil and territorial sea under the jurisdiction of the Republic of Angola.

The CM defines the main rules and terms used for mining licensing. These terms can be: Mining or Mining Activity, Mining Permit, Mining Certificate and Mining Rights.

Before the existence of the current Code, geological and mining activity was regulated by Decree Law No. 2/94 of 28 January. The CM introduced significant changes in the regulatory and fiscal provisions applicable to the mining sector, with a view to promoting the sustainable development of the sector, protecting the interests of the State and promoting transparency and good governance in the management of mineral resources.

### 2.2 Relevant rules and regulations

**Presidential Decree 143/20 of 26 May:** the Angolan Government has implemented a paradigmatic shift in the country's geological-mining sector, aiming to create a robust and stable regulatory environment. There is an urgent need to establish the new governance model of the mining sector, by reducing the presence of the State in the mining economic activity, optimizing the role of private agents, concentrating MIREMPET on strategic guidance functions, focusing public companies on their corporate purpose.

**Presidential Decree No. 51/24 of 6 February:** which regulates the Exercise of Activities for the Exploration of Mineral Resources, Oil and Gas in Conservation Areas, aims to define the rules, criteria and procedures for the exercise of activities for the exploration of mineral resources, oil and gas in Conservation Areas (Articles 1 and 2 of the decree).

The diploma is applicable to operators and holders of Mining Rights in the exercise of activities of exploration of mineral resources, oil and gas in conservation areas. These activities should not be done in Integral Nature Reserves.

**Private Investment Law-Law No. 10/18, of 26 June:** this Law establishes the principles and general bases of private investment in the Republic of Angola in the most distinct sectors of the national economy, establishes the benefits and facilities that the Angolan State grants to private investors and the criteria for access to them, as well as the rights, the duties and guarantees of private investors.

**Notice 2/23 of 9 February Foreign Exchange Regime applicable to the Mining Sector – BNA:** this notice establishes the exchange regime, namely to entities that carry out the recognition, prospecting, research, evaluation, exploration, marketing, lapidary, processing and refining of any type of mineral, either by adding value or by changing the tariff position of the original mineral, as well as the marketing of minerals or products of mining origin.

**Presidential Decree No. 117/20, of April 22 - Environmental Licensing Procedures:** the administrative procedure is the process by which the entity responsible for environmental policy verifies compliance with legal and technical conditions, licenses the location, installation, expansion and operation of enterprises and activities that use natural resources. Environmental legislation requires all project managers or managers to present the documentation regarding the environmental impact study before developing the operation.

**Joint Executive Decree No. 83/22 of 12 April-Environmental Licensing Fee:** this decree establishes that the granting of environmental licensing is subject to the payment of a fee; with the need to determine the amounts of the fees to be charged for the granting of an environmental license.

**Presidential Decree No. 175/18 of 27 July - Legislation on the Marketing of Rough Diamonds in Angola:** the Diamond Marketing Policy is based on a Marketing System that reconciles the legitimate interests of producers with the need to define parameters, classification, control, certification and taxation of the marketing activity by the State.

**Decree No. 26/2004 of 20 August - Environmental Regulation for Mining Activity:** the purpose of the regulation is to establish standards to prevent, control, mitigate, rehabilitate and compensate for the adverse effects that mining activity may have on the environment.

**Presidential Decree No. 143/20 of 26 May - Private Sector Investment Guide:** this investment guide aims to guide the procedures, intervening entities and current legislation of the mining sector for prospecting, exploration and processing activities.

### 2.3 Processes, concessions and licensing

According to the CM in its Article 89, mining rights are conferred by the issuance of one of the following titles:

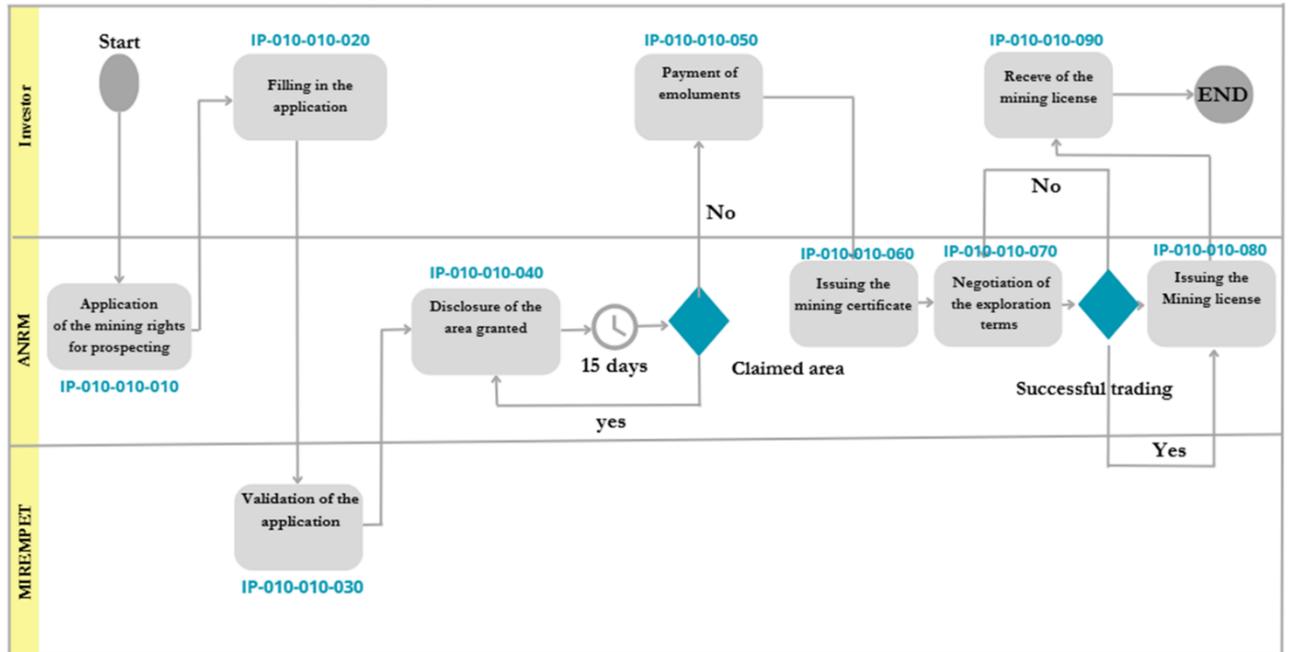
- i. Prospecting title, for the recognition, prospecting, research and evaluation of mineral resources;
- ii. Exploration title, for the exploration of mineral resources;
- iii. Mining permit, for the prospecting or exploration of mineral resources applicable in civil construction;
- iv. Mining password, for artisanal exploration.

The duration and effectiveness of licenses vary according to the type of license, all with different responsibilities even if they are handled by the same institutions.

### 2.3.1 Prospecting licenses

In Angola, the body responsible for granting the prospecting license is the ANRM, which is under the supervision of MIREMPET. Below is the flowchart and the explanatory table on obtaining the Prospecting License.

Illustration 1 Flow chart for the prospecting license



Source: ANRM

Table 2 Description of the prospecting license flowchart

Code	Description
IP-010-010-010	The investor goes to the ANRM to apply for the Mining Rights. This process takes at least seven days.
IP-010-010-020	The investor must complete this application and attach the following documents: Company Statute Code; Company Commercial Register; Copy of Identity Card/Passport/Contributor Card and Proof of Technical and Financial Suitability.
IP-010-010-030	The investor will take the application to the MIREMPET Minister's Office for validation. This validation can take up to 30 days.
IP-010-010-040	After validation, MIREMPET forwards the application to ANRM, which will publicise the area granted in the Angolan newspaper Jornal de Angola. This process takes at least 20 days.
IP-010-010-050	If someone claims the area, the ANRM will re-publicise another area, but if no one claims it, the rupe code for the Mining Registration Certificate will be sent to the ANRM.
IP-010-010-060	The investor will pay the fees due, which can cost at least Kz 50 000.
IP-010-010-070	The Minister appoints the negotiating committee and then the ANRM and the owner or the person directly responsible will negotiate the terms of exploitation.

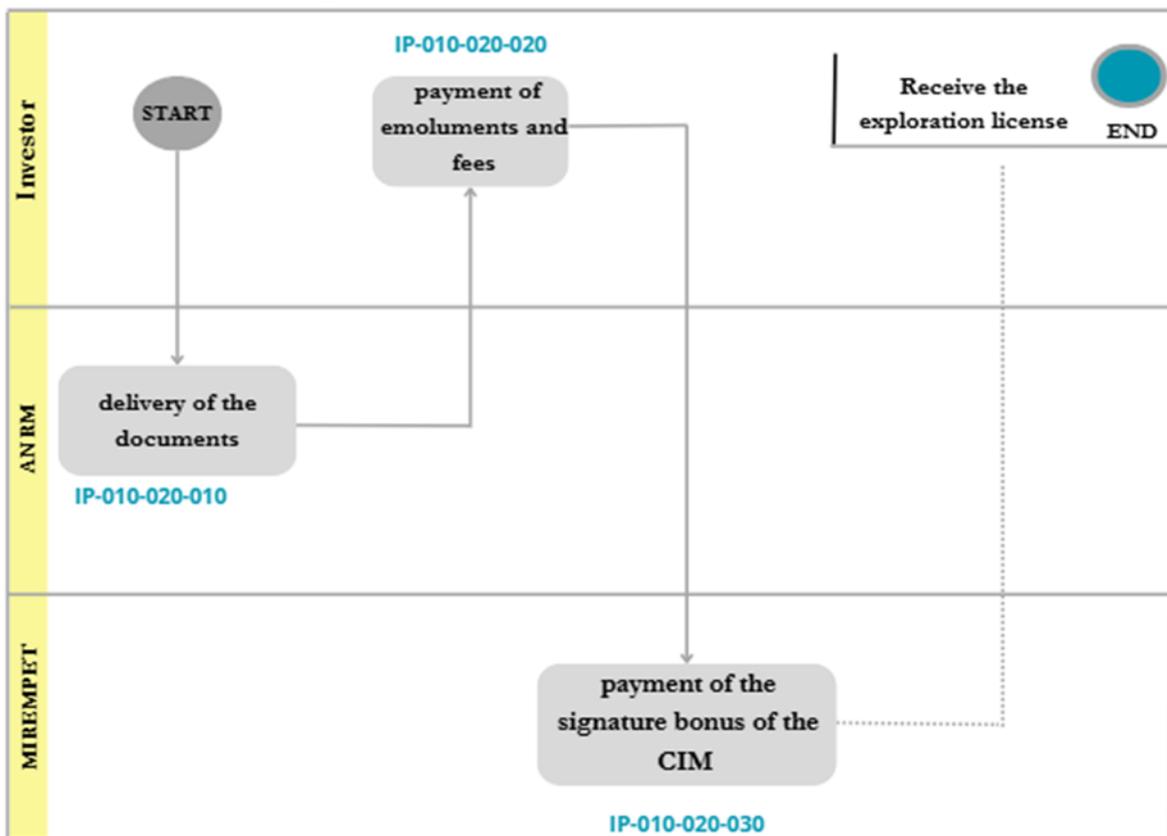
Code	Description
IP-010-010-080	If the negotiation is successful, the Mining License is issued to be signed by the Minister.
IP-010-010-090	The investor receives the Mining Licence and can start activities within 180 days.

Source: ANRM

### 2.3.2 Exploration licences

The exploration license is a document that certifies the authorization to carry out mining operations, such as preparation, extraction, loading, transport, treatment and marketing of the ore. Its regulation is contained in the CM of Angola, specifically in Articles 126, 128 and 129.

Illustration 2 Flowchart for the exploration license



Source: ANRM

Table 3 Description of the exploration license flowchart

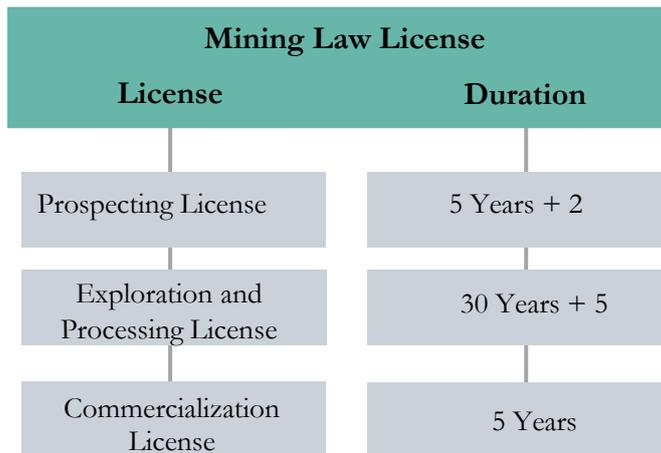
Code	Description
IP-010-020-010	The investor goes to the ARNM to deliver the documents attached to the Mining Investment Contract, namely: Description of the Concession Area; Map of the Concession Area; Prospecting Plan; Investment Plan; Training Plan; Environmental Protection Plan; Social Protection Plan; Tax Regime; Mining Mitigation Plan; Plan to be Requested depending on the nature and scope.
IP-010-020-020	The ARNM guides the investor to pay the deposit, emoluments and fees.
IP-010-00-030	The investor pays the signature bonus of the Mining Investment Contract (CIM) to MIREMPET and is issued with the Exploitation Licence.

Source: ANRM

### 2.3.3 Duration and effectiveness of licences

The duration and effectiveness of licenses in the mining sector are set to the following standards:

Illustration 3 Duration and effectiveness of licenses



Source: ANRM

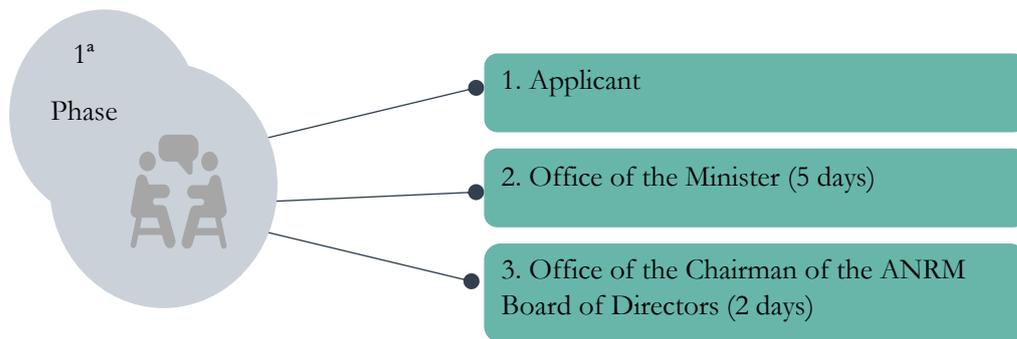
## 2.4 Responsibilities and agility of institutions

The responsibilities and agility of the supervisory institutions comply with the following criteria:

### Letter of interest

- i. The investor addresses a letter of interest to MIREMPET
- ii. The Office of the Minister of MIREMPET will have five days to respond to the letter.
- iii. Then the process is processed for the Chairman of the Board of Directors (PCA) of ANRM, with a deadline of two days. This whole process will take a total of 7 days.

Illustration 4 Letter of interest

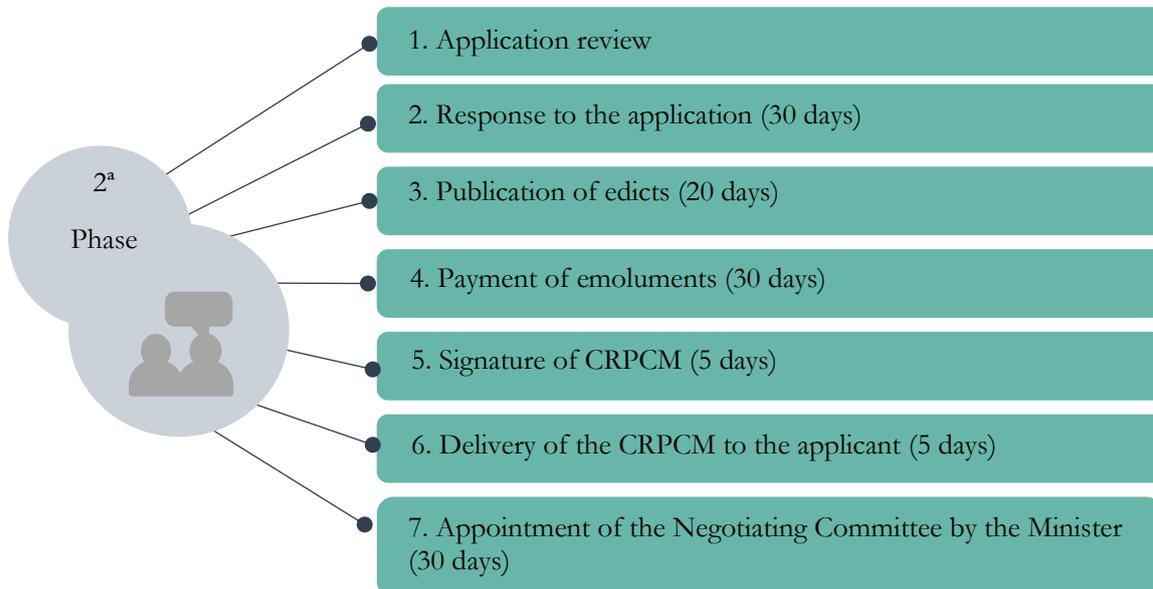


Source: ANRM

## Certificate of Registration of Mining Concession Application (CRPCM)

- i. After the investor has already sent the letter, the application will be reviewed by the ANRM.
- ii. ANRM's response to the application will take a period of 30 days
- iii. If the application is accepted, ANRM will have 20 days to publish in Jornal de Angola.
- iv. The investor will have 30 days to make the payment of the fee.
- v. After the investor makes the payment, the ANRM will have five days to sign the CRPCM.
- vi. ANRM will deliver the CRPCM to the investor in five days.
- vii. The Minister of MIREMPET will appoint the Negotiating Committee within 30 days. This whole process will take a total of 120 days.

Illustration 5 Certificate of Registration of Mining Concession Application (CRPCM)

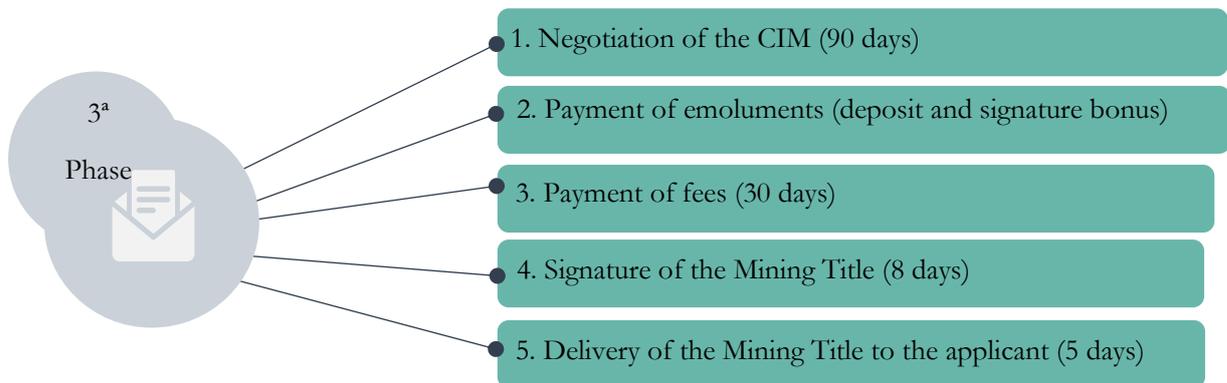


Source: ANRM

## Mining Investment Contract (CIM)

- i. The negotiation committee created by the minister in charge negotiates the CIM with the investor in 90 days.
- ii. The investor makes the deposit payment and signature bonus.
- iii. The investor makes the payment of fees within 30 days
- iv. The signing of the Mining License by the minister will take eight days.
- v. The delivery of the Mining License to the applicant will take five days. This entire process will take a total of 133 days.

Illustration 6 Mining Investment Contract



Source: ANRM

When completing this process, it is important to note that meeting the deadlines established in the three projected phases can take approximately 8 months. This is equivalent to about 260 days. These phases are essential to ensure that each step of this process is carried out efficiently and within the stipulated timelines. The detailing of each phase is essential for the organization and monitoring of progress, ensuring that all activities are completed according to the established deadlines.

Under the terms of Article 111 of the CM, the approval of the CIM will be made by the Minister, however, when the value of the investment exceeds the equivalent in Kwanza of USD 25 000 000.00 (twenty-five million US dollars) the holder of the Executive Power is competent to approve the CIM.

### 3 Regulatory and guardianship bodies

The regulatory and supervisory structure of the Angolan mining sector, with emphasis on the diamond subsector, is composed of a ministerial department, specialized government bodies and companies in the public domain.

Illustration 7 Regulatory and supervisory bodies



Source: ANRM

#### 3.1 Responsible ministries and agencies

The ministries and agencies responsible for the mining sector are:

- i. The Ministry of Mineral Resources, Oil and Gas (MIREMPET);
- ii. The Ministry of Finance (MINFIN);
- iii. The Ministry of Industry and Trade (MINDCOM);
- iv. The National Commission of the Kimberley Process (CNPK);
- v. The Geological Institute of Angola (IGEO);
- vi. The National Agency of Mineral Resources (ANRM);
- vii. The National Diamond Company of Angola (ENDIAMA);
- viii. The National Diamond Trading Company of Angola (SODIAM);
- ix. The Diamond Exchange.

### 3.2 Functions and competences of the supervisory bodies

**The Ministry of Mineral Resources, Oil and Gas** is the auxiliary ministerial department of the Holder of the Executive Power, responsible for formulating, conducting, implementing, controlling and monitoring the Executive's policy on geological and mineral activities, oil, gas and biofuels, namely prospecting, exploration, development and production of minerals, crude oil and gas, refining, petrochemical, storage, distribution and marketing of mineral and petroleum products, as well as the production and marketing of biofuels without prejudice to environmental protection, created under Presidential Decree No. 161/20, of 5 June.

**The Ministry of Finance** is the body of the Government of the Republic of Angola, which in its administrative structure, takes care of the formulation and execution of the State's financial policy, public accounting, inspection, control and higher administration of the national tax structure.

**The Ministry of Industry and Commerce** is the department responsible for proposing, formulating, conducting, executing, evaluating, controlling and supervising the policies of the Executive in the areas of manufacturing industry, the provision of industrial services, commerce, the provision of commercial services, rural trade and the strategic reserve.

**The National Kimberley Process Commission** is the supervisory and implementation body of the Kimberley Process which, under Decree No. 27/2015, of 20 November, is responsible for the certification of diamonds (under the terms of the applicable legislation).

**The Geological Institute of Angola** is the public institution that, through Presidential Decree No. 16/19, of January 9, aims to ensure geoscientific knowledge, inventory management of mineral occurrences, disseminate geological and mining potential, as well as carry out geochemical analyses, through its specialized laboratories in Luanda, Saurimo and Lubango.

**The National Agency for Mineral Resources** is the public body for the regulation and supervision and promotion of the Angolan Mining Sector, created under Presidential Decree No. 161/20, of June 5, under the New Governance Model of the Mineral Resources Sector, approved by Presidential Decree No. 143/20, of May 26.

**The National Diamond Company of Angola** is the public company created on January 15, 1981, dedicated to the prospecting, recognition, exploration and commercialization of diamonds. It operates in the national territory as the exclusive operator and concessionaire in the management of the diamond sub-sector value chain.

**The Angolan National Diamond Trading Company** is the public company, created under Presidential Decree No. 175/18, of 27 July, with the responsibility of controlling and supervising the purchase, sale and export/import of diamonds in Angola and performs the functions of public trade body and manager of the state's strategic reserves.

**The Diamond Exchange**, which is in the process of being set up, will be responsible for ensuring diamond transactions in Angola and internationally.

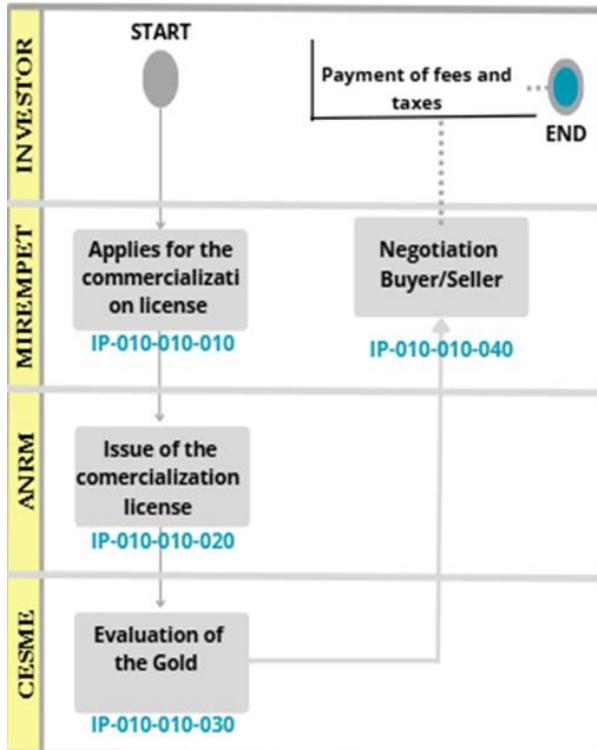
### 3.3 Coordination between institutions for the exploration and trade of mineral resources

The commercialization of mineral resources follows a series of processes to be carried out, for this it is necessary that the responsible institutions and the owner of the mineral fulfill their roles in this process.

For the commercialization of gold and diamond mineral resources, the steps detailed in the flowcharts and tables below will be followed:

#### Gold

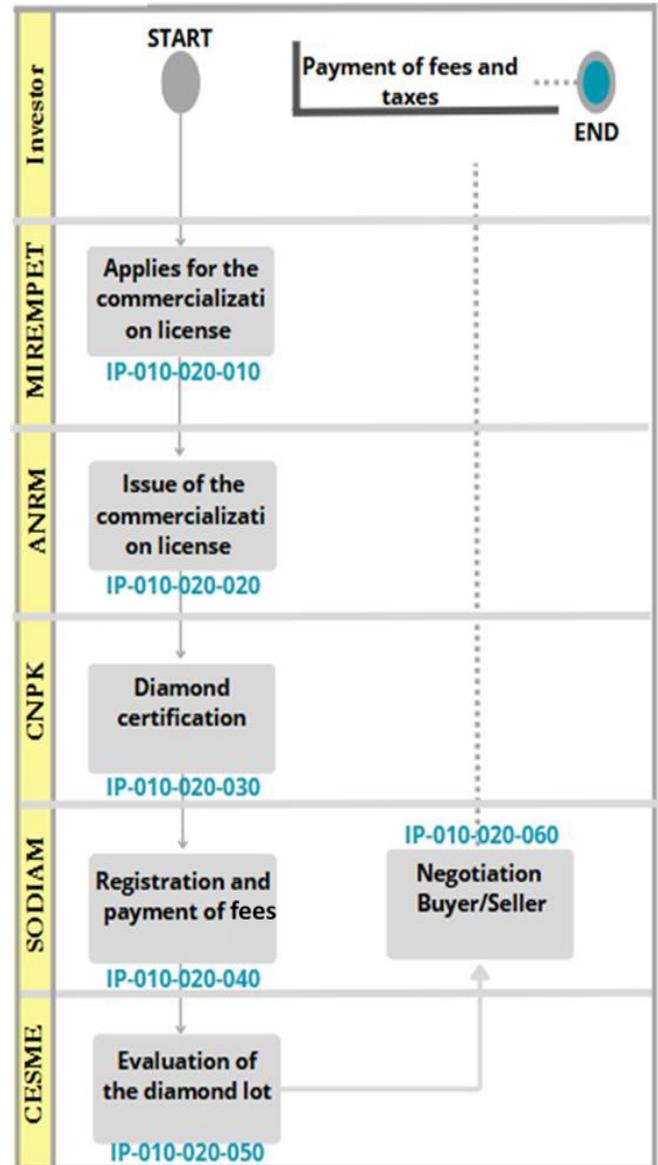
Illustration 9 Gold trading



Source: ANRM

#### Diamond

Illustration 8 Diamond trading



Source: ANRM

The tables below describe in detail the steps for the commercialization of gold and diamond:

Table 4 Description of the gold trading process

Code	Description
IP-010-010-010	The investor goes to MIREMPET and applies for the commercialization license, attaching the exploitation license.
IP-010-010-020	It will be sent to the ANRM, where it will be given a five-year marketing license and the investor will have to pay 5% tax equivalent to strategic minerals and 6.5% withholding tax to the General Tax Administration (AGT).
IP-010-010-030	The ANRM will inform the Special Security Corps for Strategic Minerals (CESME) to set up a negotiation committee to evaluate the gold that is going to be sold.
IP-010-010-040	The investor returns to MIREMPET where the negotiation committee is created. The buyer must pay 14% Value Added Tax (IVA) for domestic sales, USD 1,000 to MIREMPET for the issue of an export license for foreign sales and USD 1,500 to MINDCOM for the franking of the invoice.

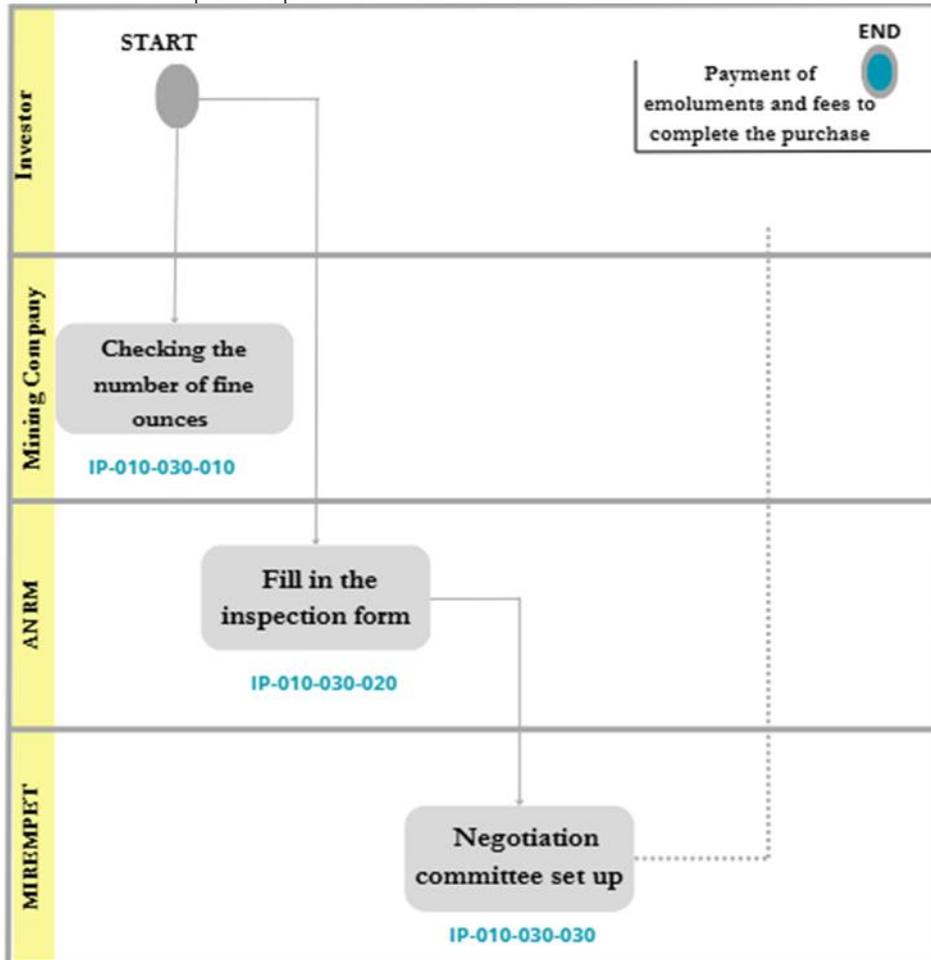
Source: ANRM

Table 5 Description of the diamond trading process

Code	Description
IP-010-020-010	The investor goes to MIREMPET and applies for the commercialization license, attaching the exploitation license.
IP-010-020-020	The investor will be referred to the ANRM where they will be given a five-year commercialisation license and he will have to pay 5% tax equivalent to strategic minerals and 6.5% industrial tax withholding to AGT.
IP-010-020-030	The investor passes the diamonds on to CNPK, which will certify them. He will have to pay USD 5,000 for the certification (for applicable process).
IP-010-020-040	The investor goes to SODIAM to register and pay a fee.
IP-010-020-050	SODIAM informs CESME (Special Security Corps for Strategic Minerals) that it will set up a committee to evaluate the diamond lot that is going to be sold.
IP-010-020-060	The investor returns to SODIAM (intermediary) who will negotiate between him and the buyer. The buyer must pay the 14% IVA for domestic sales, USD 1,000 to MIREMPET for the issue of an export license for foreign sales and USD 1,500 to MINDCOM for franking the invoice.

Source: ANRM

Illustration 10 Gold purchase process flow chart



Source: ANRM

Table 6 Description of the gold purchase process

Code	Description
IP-010-030-010	The buyer goes to a mining company to find out how many fine ounces of gold he wants to purchase.
IP-010-030-020	The buyer goes to the ANRM to fill in the inspection form.
IP-010-010-030	The ANRM forwards the process to the negotiation committee set up by MIREMPET so that the buyer can make the purchase, paying the appropriate fees.

Source: ANRM

## 4 Geological mapping of Angola

In mining, geological studies are the basis of geological and mining research. According to Article 30 of the CM, in the field of geological mining research, the public geological and mining services have the following competences: a) Preparation of geological cartography of the entire national territory; b) Processing, safekeeping and control of national geological and mining information; c) Compilation, publication and dissemination of national geological and mining information; and d) Carrying out geological, stratigraphic, petrographic, crystallographic, paleontological, geochemical and geophysical studies that are necessary for the geological cartography of the national territory and its metallogenetic characterization.

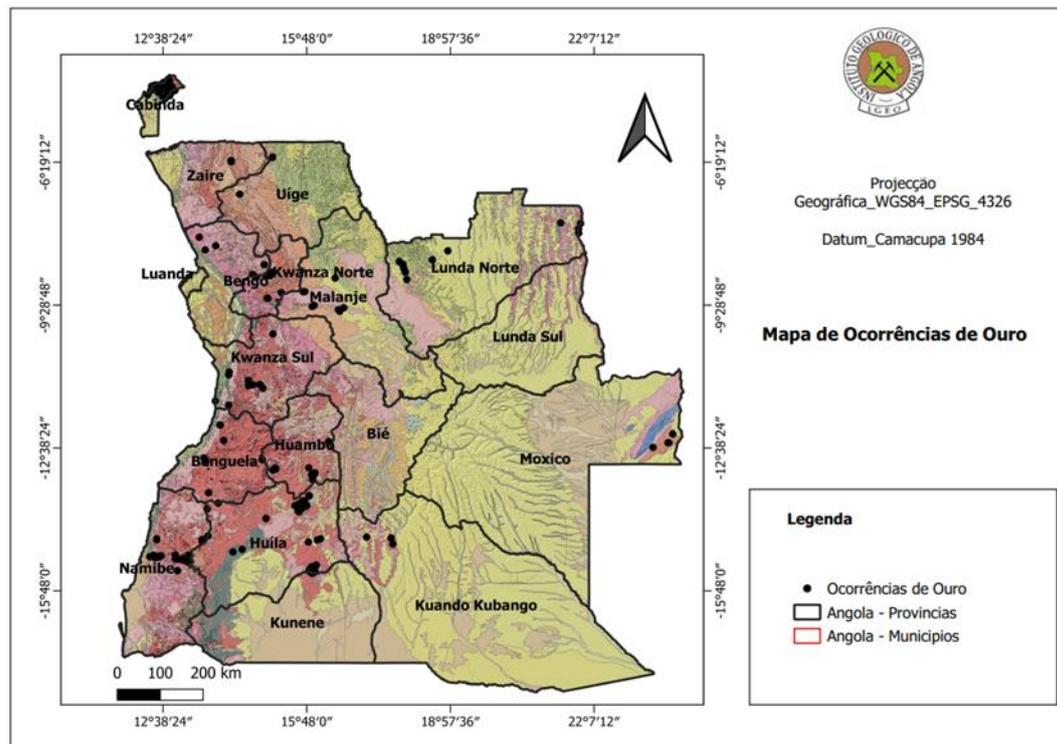
The execution of the cartography and geological studies referred to in the previous paragraphs may be carried out by companies or reputable specialized entities, national or foreign, by means of contracts or agreements.

### 4.1 Geological map of Angola

The body responsible for assigning the geological map of Angola to prospective investors is IGEO. To obtain it, the investor needs to write a letter to the CEO of IGEO. The application must be accompanied by the identification of the company and the exploitation right title granted by the ANRM. On average, the time required for processing and receiving documentation is 7 to 20 days.

According to the geological map of the occurrence of gold in Angola issued by IGEO, gold is found in almost all provinces of the country, with the exception of Bié, Luanda and Lunda Sul. The black dots on the letter indicate that the highest incidence of gold is in the provinces of Cabinda, Huila, Bengo and Huambo.

Illustration 11 Geological map of gold occurrence in Angola

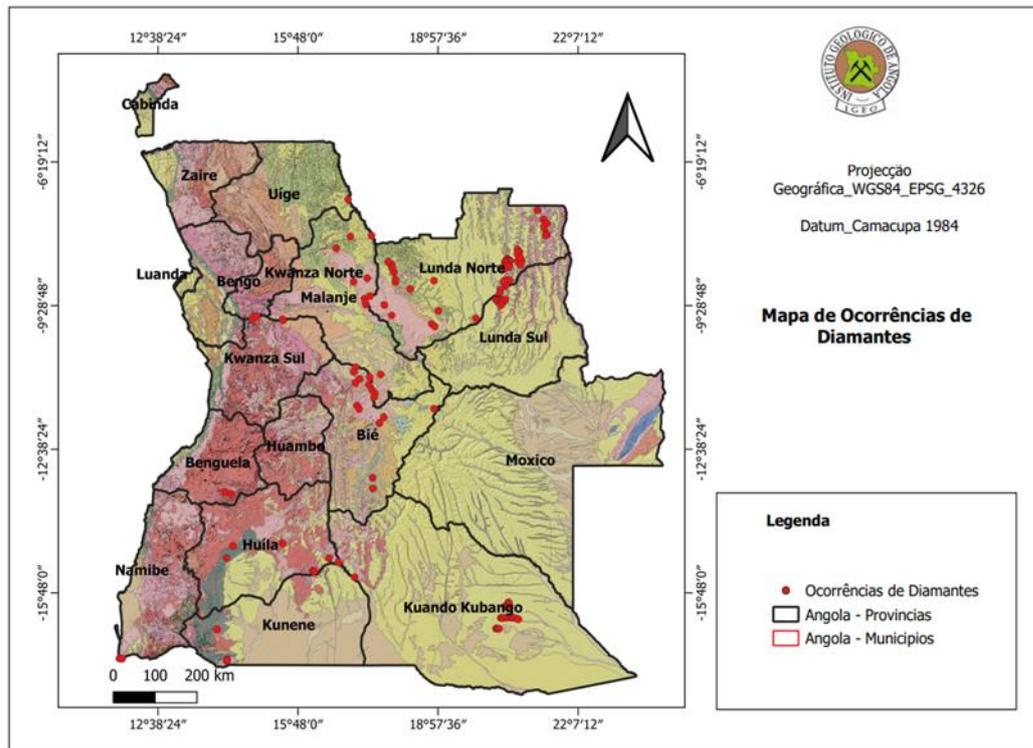


Source: IGEO

According to the geological map of the occurrence of diamonds in Angola issued by IGEO, large concentrations of this ore can be found in almost the entire national territory, except Cabinda, Luanda, Bengo, Huambo and Zaire.

Currently, the main diamond exploration sites are located in the eastern provinces of Lunda Sul and Lunda Norte, in the Lucapa graben, a geological fault line that starts from the African Great Lakes region to the Republic of Namibia.

Illustration 12 Geological map of diamond occurrence in Angola



Source: IGEO

## 4.2 Identified mineral resources

In Angola, minerals are distributed throughout the territory according to specific mineralogical characteristics. The following table indicates some of the minerals present in the country and their occurrences by province.

Table 7 Top mineral occurrences by province

Provinces	Minerals									
	Diamond	Gold	Marble	Granite	Silver	Copper	Iron	Quartz	Cobalt	Phosphate
Bengo		X								
Benguela							X			
Bié	X	X					X			
Cabinda		X					X	X		X
Cuando Cubango		X				X	X			
Cuanza Norte						X	X		X	
Cuanza Sul	X	X	X	X	X	X	X		X	
Cunene		X					X	X		
Huambo		X					X			
Huila		X	X	X						
Luanda										X
Lunda Norte	X		X	X	X	X	X			
Lunda Sul	X					X				
Malanje	X			X						X
Moxico	X	X	X	X	X		X		X	
Namibe	X	X	X	X						
Uige								X	X	
Zaire							X			X

Source: IGEO

Caption

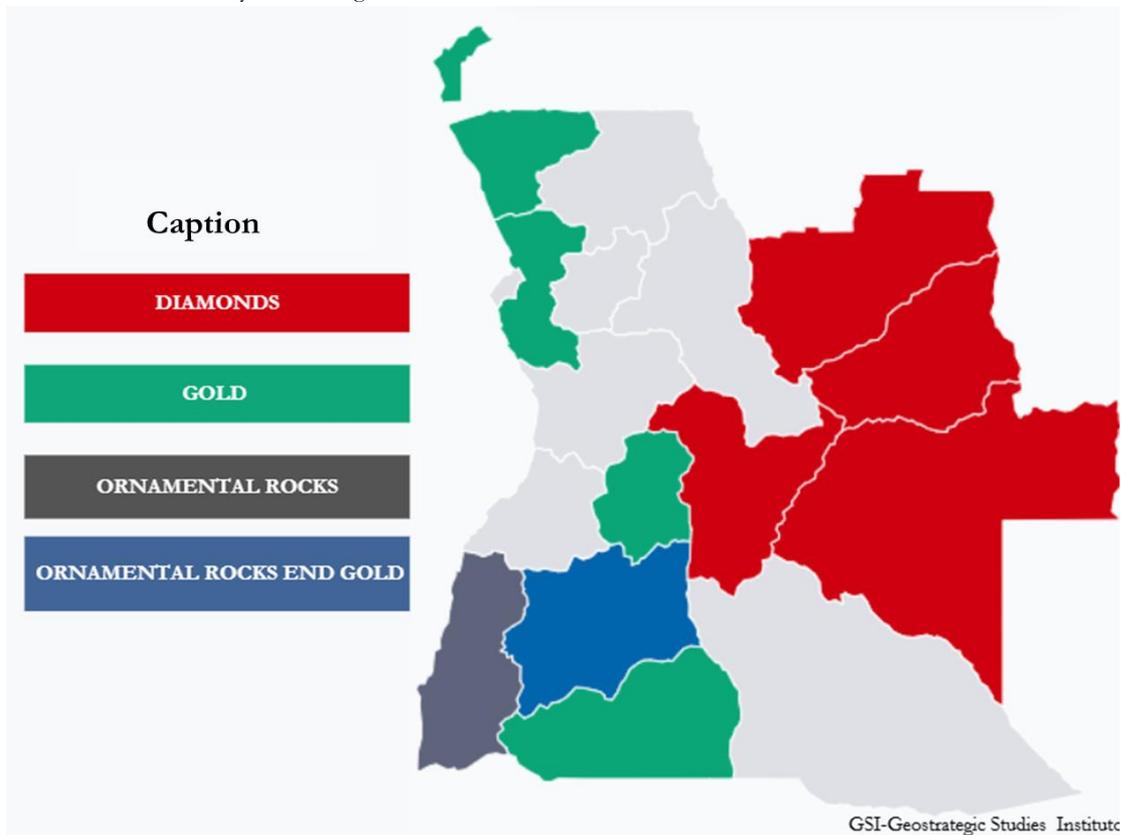
X – Occurrence of minerals

### 4.3 Minerally relevant regions

The Angolan subsoil has abundant and varied mineral resources. According to MIREMPET data, there are regions that are presented as minerally relevant because they are the areas with the highest occurrence and exploitation of metallic and non-metallic minerals.

- a) **Diamonds:** the provinces with the largest diamond exploration in Angola are: Lunda Sul and Lunda Norte, in the Lucapa graben.
- b) **Ornamental stones:** in terms of exploitation, ornamental stones, in particular marble, have a greater occurrence in the provinces of Huila and Namibe.
- c) **Gold:** currently, the provinces of Huila and Cabinda are marked by the large presence of gold projects, both in the prospecting and exploration phases, followed by the provinces of Bengo, Zaire, Huambo and Cunene.

Illustration 13 Minerally relevant regions



Source: GSI survey

The distribution of minerals was carried out based on the 18 provinces that constituted the former Political-Administrative Division of Angola. However, with the creation of three more provinces, this distribution will be updated in due course.

## 5 Mining regulation process

The process of regulating the mineral sector is essential to ensure sustainable and responsible exploration, promoting financial, social and environmental benefits. This set of regulations is guided by a series of laws and standards established by the government, which aim to protect natural resources and create a favorable environment for investors.

In this context, it is essential to explore the main regulations in force and understand the role of investors to understand the mining sector in Angola, as well as the challenges and opportunities that the sector faces.

### 5.1 Regulations established by the Mining Code

Investment in mining activities carried out by private entities, national or foreign, as defined by law, is subject to specific authorization, under the terms defined by the CM.

The provisions of Law No. 20/11, of 20 May – Private Investment Law and Foreign Exchange Legislation (Article 108 of the CM) apply in the alternative to private investment in mining activity.

Private investment is subdivided, according to the type of mining activity or the category of minerals concerned, into the following procedural regimes:

- i. General mining investment regime;
- ii. Investment regime in strategic minerals, as defined by law, exploited in an industrial manner;
- iii. Artisanal investment regime, for minerals whose exploitation is carried out in a non-industrial manner, under the terms defined in this Code and regulations. (Article 110 of the CM).

**Mining investment contract** – the investment for prospecting, study, evaluation and industrial mining exploration is carried out through a contract, of an administrative nature, approved by the responsible minister.

When the value of the investment exceeds the equivalent in kwanza of USD 25 million, the holder of the Executive Power is competent to approve the mining investment contract.

Regardless of the value of the contract, the head of the supervisory body is the State's interlocutor in everything related to the negotiation and provisions of the contract (Article 111 of the CM).

### Commercialization of the mining product

Holders of mining rights have the right to market the proceeds of mining and must comply with the conditions set out in the Mining Code on the marketing of minerals and the provisions of the respective purchase and sale agreements (Article 188 of the CM).

## **Export and import of minerals**

The Ministry of Commerce is the body responsible for licensing minerals exported from Angola under a customs clearance from the National Customs Service, and the supervisory body is informed of this fact.

The export of national mineral resources from unauthorized exploration is prohibited, under the terms of the CM, without prejudice to the penalties provided for in the Code and other applicable legislation. All minerals extracted and exported from Angola must have a classification of origin to be issued by the competent authority (Article No. 189 of the CM).

The introduction of any mineral into national territory requires a prior opinion from the supervisory body. When permitted, it is always subject to customs clearance under the general terms and licensing by the Ministry of Commerce. As soon as the import of mineral resources has been carried out, the respective technical and quantitative data must be brought to the attention of the supervisory body for statistical and control purposes. Excluded from the regime established in this article are the import of raw materials of mineral origin for the manufacture of construction materials and mineral waters, whose regime is established in the respective chapters of the Code and in special legislation (Article No. 190 of the CM).

The Mining Licensing consists of a set of processes carried out with the entities under the supervision of the Ministry of Mineral Resources, Oil and Gas, namely the National Directorate of Mineral Resources, the National Agency of Natural Resources and Endiama, to obtain the necessary titles to carry out mining activity in Angola.

Presidential Decree No. 161/20 of 5 June, restructuring of the supervisory bodies of the National Mining Activity with the creation of the National Agency for Mineral Resources.

## **Environmental licensing**

To deal with the Environmental Licensing it is necessary to produce a sketch containing the location of the area and the breakdown of the direct and indirect environmental issues likely to condition the operations to be carried out, the methods and technology to be used, the objectives to be achieved and the description of the budget. The details of this plan constitute the environmental program. Therefore, the following documents must be submitted to the National or Provincial Directorate for Prevention and Assessment of Environmental Impacts:

- i. Registration of the mining company.
- ii. Payment of the fee.
- iii. Environmental pre-feasibility report and scope enforcement.
- iv. Environmental impact study.
- v. Waste management plan.
- vi. Ancillary studies to be indicated by the supervisory body.

## 5.2 Requirements for investors in the licensing process

The requirements for investors in the mining licensing process is to meet the conditions required in the Private Investment Law - Law No. 10/21. of 22 April, be in accordance with the CM in its Articles 90 and 96, conditions which are:

- i. Have financial capacity.
- ii. Be a national or a foreigner.
- iii. Have no criminal record.
- iv. Not be a debtor in arrears due to tax obligations.

## 6 Sustainability and social responsibility considerations

Social responsibility is the commitment that companies must carry out within the communities where they carry out their activities or not. They must be conducted ethically and sustainably, taking into account the effects of their operations on both the environment and society. This concept involves a series of practices that aim to minimize negative impacts and promote broad benefits. Among these practices, the following stand out:

- i. **Adoption of Sustainability Policies:** aims to implement strategies that aim to reduce the company's environmental footprint, such as the reduction of greenhouse gas emissions, the efficient use of natural resources and the proper management of waste.
- ii. **Investment in Community Projects:** they arise with the aim of supporting and financing initiatives that promote the social and economic development of local communities, including educational, health and professional training programs.
- iii. **Business Ethics:** Companies should be committed to carrying out fair and transparent business practices, ensuring that the company's operations respect human rights, labor standards, and legal regulations.
- iv. **Promotion of Diversity and Inclusion:** creating an inclusive and diverse work environment, ensuring equal opportunities for all employees and promoting a culture of respect and appreciation of differences.

### 6.1 Environmental and safety standards

With regard to the mining sector, the Ministry of the Environment (MINAMB) acts as an inspector for the protection of the environment and beyond. There are some environmental protection standards that are enshrined in Decree No. 26/04 of 20 August, namely those relating to the protection of landscapes and species of flora and fauna, the preservation of ecological balance and the right of citizens to a healthy and unpolluted environment.

Law No. 5/98 of 19 June – Basic Law on the Environment - This law defines the concepts and basic principles of protection, preservation and conservation of the environment, promotion of quality of life and rational use of natural resources, in accordance with paragraphs 1, 2 and 3 of Article 24 and paragraph 2 of Article 12 of the Constitutional Law of the Republic of Angola.

For the protection of water resources, mining must take into account the following measures:

- i. Build settling basins for sediments extracted during the ore processing stage to avoid polluting and silting up rivers and lagoons.
- ii. Create water recycling circuits to allow water reuse during the various stages of mineral production.
- iii. Carry out periodic water analyses in various locations of the rivers within the concession, allowing quality control.

In the case of mining, the following practices are prohibited:

- i. Reduce or otherwise impair the normal supply of water to populations.
- ii. Discharging into the sea, streams and lagoons polluting waste that is harmful to human health, wildlife and flora.

## **6.2 Contribution to local development**

According to the MIREMPET report on investment in Social Responsibility Projects from 2017 to 2023, the Angolan Government has intensified its strategy to fight poverty and reduce social inequalities, establishing partnerships with companies in the mineral resources, oil and gas sectors. In the period in question, there was a significant increase in investments in social projects.

Total investments for this subsector in the construction of social projects were US\$235.8 million, with 145 projects completed, equivalent to US\$112.8 million and 63 projects still in progress of US\$123.05 million

For these social responsibility projects in the localities, the mining companies guarantee that their main objective is to see the villages or localities where they operate developed, so that they can contribute to the life of the communities surrounding these mining industries.

It was with this same objective that ENDIAMA made a point of creating the Brilhante Foundation in order to be closer to the resident communities around most of the diamond exploration companies operating in the Angolan market.

## **6.3 Social responsibility program and projects**

There are several social responsibility programs and projects developed by mining companies, among others:

- i. Lucrecia Paim Maternity Support Project

The project was implemented in the province of Luanda, with the main objective of improving the functioning of the neonatal intensive care unit, operating room, and also the development of actions to support the training of human resources. The project was developed with SODIAM's own funds, in a period from 2017 to 2022, with a budgeted value of USD 4.4 million.

ii. Construction of a First and Second Cycle School in Lunda Norte

This project aimed to give access to education to children and adolescents in the locality of Fucaúma. The project was carried out and completed with the own funds of Sociedade Mineira do Furi, with a value of USD 1.8 million.

iii. Rural Women's Foundation

This foundation is being developed in the provinces of Lunda Norte, Lunda Sul and Moxico, with the main objective of financially supporting rural women in activities related to family farming. The project had a funding of USD 88 thousand and is being developed by Sociedade Mineira de Catoca.

iv. Foundation-Young Entrepreneur

The foundation was created mainly to support entrepreneurship projects and the creation of small businesses by young people developed in the provinces of Lunda Norte, Lunda Sul and Moxico, with a budget of USD 263 thousand financed by the company Sociedade Mineira de Catoca.

## **7 Perspective and opportunities in the mining sector (from the perspective of the foreign investor)**

The National Development Plan (NDP) 2023-2027 has as one of its priorities, to make Angola a reference for international investors in the mining sector, enhancing the production of precious metals, mainly gold, ornamental stones, ferrous metals, copper and other mineral resources that will allow not only the creation of economic value, but also contribute value in other areas such as agriculture, through phosphates for the production of fertilizers.

In 2014, Planageo was launched with the objective of making a high-resolution geographical survey of the mineral and geological potential, which aims to attract international investment to the sector.

Within this program, the following subprograms were developed:

- i. **Aerogeophysical survey** throughout the national territory, which consisted of the analysis of the physical properties of the rocks, with the aim of identifying anomalies that may or may not, after studies, reveal mineral occurrences.
- ii. **Geological survey** that consisted of conducting field studies with cartographic surveys, in scales of lesser and greater detail, to assess the type and characteristics of the rocks, as well as the minerals housed in them;
- iii. **Geochemical survey** that consisted of the recognition and study of the chemical properties of rocks identified during the geological mapping of anomalies. The elements and chemical compounds were analyzed in order to identify areas with chemical concentrations, recognizing and delimiting possible mineral deposits; and

- iv. **Infrastructures** that consisted of the construction of facilities to support mining activity, administrative facilities and the like. This sub-program includes the construction and equipping of the IGEO headquarters building and the Data Processing Centre in Luanda, as well as the three analysis laboratories in Luanda, Saurimo and Lubango as well as regional buildings in Saurimo and Lubango.

## 7.1 Trends and projections

According to the Tracking *the trends* 2024 study, mining companies remain under pressure to improve the efficiency of their assets and operations, by adopting generative artificial intelligence, leveraging third-party delivery models with specialized back-office support capabilities, and unlocking the new value of assets. Mining industries will have to prospect in regions that have not yet been explored due to high demand for critical metals. In this way, ten trends were identified that will impact the industry in the near future:

- i. Putting purpose at the heart of mining and metals: creating social momentum; Navigating Global Uncertainty: Building Capacity to Thrive in the Face of Disruption;
- ii. Negotiations for future-focused growth: rethinking investments in minerals and metals;
- iii. Working towards net zero: developing future-proof ESG capacity and strategies for a credible transition;
- iv. Collaborate with governments to rethink regulation: unlock critical resources through permits;
- v. Going back to the grassroots: nurturing growth through exploration investments;
- vi. Addressing workforce challenges through a skills-based approach: equipping mining and metals companies for the future;
- vii. Unlocking new value in existing assets: balancing complex priorities and meeting supply demand through operational optimization;
- viii. Bringing generative Artificial Intelligence to mining and metals: capitalizing on current and future opportunities;
- ix. Third-party delivery models: Gaining agility and competitive advantage through state-of-the-art approaches to outsourcing.

According to MIREMPET, the country has the conditions for significant development in the exploration projects of these critical minerals, thus meeting the current needs of the mining sector, and has a stable investment environment, strong regulatory model and good governance to attract reliable companies.

The country intends to stimulate industrialization and infrastructure development, as an example we have the Diamond Development Center, with three large cutting factories. With this development, the country could become the second largest diamond producer in the world by 2030.

In the gold subsector, Angola is home to 28 mining projects, of which 20 are in the prospecting phase. Each mine has an average production capacity of 4.5 per month. However, minerals related to the country's energy transition such as lithium, nickel and cobalt may be the minerals that will invite foreign investors.

## **7.2 New discoveries and projects in the mining sector**

According to the Angola Business Forum, held in 2023, the country had 59 mining projects in the diamond subsector, of which 15 are under promotion, 31 are prospecting, 13 are in production in the provinces of Lunda Norte, Lunda Sul and Cuanza Sul. This diversification of mining activities represents a significant opportunity for the growth of the sector.

The 13 projects in production in 2023, namely: Calonda, Camutue, Catoca, Chitotolo, Cuango, Furi, Luachimo, Luminas, Mucuanza, Somiluana, Tchiegi, Uari and Yetwene, were under the responsibility of foreign partners and ENDIAMA, of which ten mines were alluvial and three were kimberlites. However, it is assumed that all diamonds produced in Angola are of kimberlite origin.

The Luele Mine (Luaxe) located in the province of Lunda Sul, was discovered in 2013 as a result of a study carried out by ENDIAMA and Alrosa, which served to identify the country's diamond potential. The mine was inaugurated in 2023 (bringing the total number of mines into production to 14), and is considered the largest diamond project in the country to date.

Events related to the mining sector are often held with the aim of attracting foreign investors and national partners, such as the "Angola Mining Conference & Exhibition", whose 2nd edition was held on 23 and 24 November 2023, organized by MIREMPET in association with AME Trade Ltd. This event was focused on the development of the potential of mineral resources in general and critical minerals in particular, for a global transition to clean energy. There is also the Valentine's Diamond Show, an annual exhibition and parade of jewelry with embedded diamonds, held by the Angolan agency "Mining Eventos" that works in the organization and promotion of events related to the sector.

# HIGH LEVEL STUDY SECTOR MINEIRO EM ANGOLA



## SECTION C – GOLD SECTOR

### 1 Introduction to the gold sector in Angola

The Angolan territory has a potential for gold deposits, in belts of green stones, distributed in its oldest formations that are part of the ancient Precambrian cratons.

Records in national and international newspapers (Tânia Euridice dos Santos Nogueira Dias dos Santos, Overseas Ministry Archives, Colonial War), note that in the years 1950 to 1966, companies such as Sociedade Mineira do Lombigo (SOMIL), Companhia Mineira do Lobito (CML) among others, carried out artisanal exploration of significant quantities of gold with records of up to 500 kg.

Between 1966 and 1977, the company Colmaroy, S.A.R.L, was based in the town of Chipindo and launched a gold exploration campaign in the region. The lack of records does not allow us to have concrete data on the quantity extracted. After the intensification of the armed conflict, the activity of the company Colmaroy S.A.R.L was interrupted, and no further activities were registered until the granting of the prospecting title to the company Lafech Mining Resources, Lda, which took place in 2011.

In 2014, the Government of Angola placed in its plan the need to have information on the existing mineral reserves in the territory, so it established as a priority the preparation of the National Geology Plan of Angola (PLANAGEO). In August 2023, the Geological Institute of Angola (IGEO) made an update on the balance of (i) Regional aerial geophysical mapping (mag/rad) of the entire country, (ii) Regional geological mapping at the scale 1:250 000 for the entire country (with a selection of sheets added at the scales 1:100 000 and 1:50 000), (iii) Geochemical campaigns and (iv) Specific studies.

Although the gold sector is still in its early stages, Angola presents investment opportunities. This sector has gone through different phases that reflect both challenges and opportunities. Mining projects have been developed for gold exploration, specifically the mines of Chipindo, Samboto, and Buco Zau, in the provinces of Huíla, Huambo and Cabinda respectively, with the purpose of contributing to the country's economy. (see chapter 4.2)

Given the rising global demand for gold and the concomitant rise in gold prices, Angola's exports are favored, showing substantial potential for revenue generation and job creation.

According to news newspaper Giranotícias, 38 gold prospecting projects are currently under development and five are in production, valued at US\$120 million. In addition, the country will also have a crude gold refinery.

Gold mineral reserves in the country are currently estimated at around 21,562 tonnes. This may represent an approximate value of 1.07 trillion US dollars, based on the world market reference price of 50 thousand US dollars per kilogram.

Gold production is forecast to increase from 3.75 to 4.68 thousand fine ounces between 2023 and 2024, representing an annual growth of 24.8%. This information was published by Jornal de Angola that references the ANRM, indicating that the increase in gold production is in line with the National Development Plan (NDP) 2023-2027, which was discussed at the workshop held in April 2024 in Huambo province, on the gold value chain.

ANRM's projections more clearly point to an annual production of 500 kilograms of gold by 2027, however, to achieve this goal a lot of work is needed. The next five years will be crucial for the Agency's ambitions.

## 2 Economic aspects

The economic strategy developed by the Angolan Government to diversify the national economy has as one of its main pillars the mining sector. Angola was once known for its production and export of iron, gold, copper, and other minerals, many of which were paralyzed due to the civil war. Currently, the government has encouraged domestic and foreign investors to create partnerships to reactivate and develop the exploration of metallic minerals, including the gold sector.

According to the Mineral Resources, Oil and Gas Sector Report, in 2020, Angola produced 1,887.00 fine ounces of gold and in 2022 it increased to 2,541.74 fine ounces. These data signal not only the revival of the sector, but also a boost towards the country's economic diversification.

### 2.1. Financial risks and opportunities

The Angolan gold sector presents some risks for investors, namely the difficulty of accessing credit or financing from financial institutions. Credit institutions are still very reluctant to lend to companies in this sector because of the high risk that they will not be able to meet their financial obligations. In addition to this risk, the following should also be mentioned:

- i. **Gold price volatility:** The price of gold is still quite volatile due to the constant changes in supply and demand, which can lead to losses for the investor.
- ii. **Variation in extraction and production costs:** this variation can impact profitability, especially when the price of gold is low.

The investor benefits from tax exemptions for mining operations, under Article 269 of the CM, the import of equipment intended exclusively and directly for the execution of operations of prospecting, research, reconnaissance, exploration and treatment of mineral resources is exempt from duties and the service charge related to general customs fees, with the exception of stamp duty, the statistical rate of 1/1000 (0.001%) and the other fees for the provision of associated services.

## 2.2. Economic indicators of the sector

The development of the gold sector in Angola is taking into account the following parameters:

- i. **Annual gold production:** It is important to be aware of the amount of gold produced each year to measure the production capacity of the sector. According to MIREMPET's Sectoral Development Plan 2023-2027, gold production is projected to reach 13.18 thousand fine ounces in 2027, compared to the 2020 period, which was 1,887.00 fine ounces.
- ii. **Gold price:** it is essential to monitor international gold prices that directly affect the profitability of operations.
- iii. **Gold exports:** in the second half of 2022, 1041 fine ounces of gold were exported, corresponding to US\$1,649.77 million to Portugal and the United Arab Emirates.
- iv. **Employment rate:** in the municipality of Chipindo, Huila, 120 young people benefit from employment in gold exploration projects that have been operating since 2021. With the implementation of the Angolan gold refinery, 30 direct jobs will be created, of which 23 young Angolan graduates have benefited from training abroad.
- v. **Transport infrastructure:** according to the PDN 2023-2027, in this five-year period the potential of road infrastructure will be maximized, making improvements, maintenance and expansion, including the construction and rehabilitation of national and municipal roads and bridges.

## 3 Value chain

According to studies by Vaulted supported by McAlvany Financial Group, the gold value chain varies according to the region and type of exploration. Generally, it is divided into seven stages, namely: i) Mine, ii) Refinery, iii) Mint, iv) Transport, v) Intermediation, vi) Depositary/Bank and vii) Investor/Inspection. In the case of Angola, the sector is still embryonic and the value chain is made up between the holders of the mining title, MIREMPET, ANRM and the Special Security Corps for Strategic Minerals (CESME).

### 3.1. Gold mining process

Gold extraction varies according to the type of mineral deposit. In Angola, deposits can be classified as primary when gold is present in the rock matrix, or secondary when gold is dispersed in riverbeds, river channels, gravel and sand. To recover gold from the ore in the Angolan provinces where exploration takes place, specific methods and sophisticated processes are required, with the use of simple and complex equipment determined by the type of mineral deposit. Alluvial gold deposits are typically extracted by gold dredging, hydraulic mining, excavation, and underground (pit) mining.

### **3.2. Infrastructures and technological advances in gold mining**

Nowadays, gold exploration requires infrastructure and the use of technology. In Angola and in primary deposits, gold is extracted in the open pit or in a gallery. Extracting gold in an open-pit mine involves the process of removing large areas of (barren) earth to access the ore. The main advantage of this method is the ability to process large volumes of material, which makes the operation economically viable.

The extraction of minerals in the open pit in hard rock requires the technique of creating access chimney infrastructure with the help of explosives or mechanical force. The following machinery is used to extract these deposits: dredgers, excavators, dump trucks, draglines and loaders.

In the country, there is still no underground gold extraction. This is done when the mineral is located at depth, in which it becomes difficult to reach and involves the construction of tunnels and wells to stop the ore. Although it is more expensive and complex than open-pit mining, underground mining has a lower visual and environmental impact. Techniques range from drilling, blasting, and even more advanced procedures such as on-site leaching, where chemical solutions are used to dissolve and extract the gold. However, the country does not have any underground mines to be explored.

Gold mining in secondary deposits or alluvial deposits is done in riverbeds, river channels, gold sands and gravels, where gold is found in loose waste. This exploration can range from small, manual operations to large-scale ones, with the use of dredgers and heavy equipment. It should be noted that the extraction of these deposits is less expensive and in terms of machinery does not need many resources.

Most of the gold deposits currently exploited in the country are alluvial and usually extracted with dredgers. The gold extraction phases are: Miner Washing, Screening, Classification, Jigging, Flotation, Tailings Basin, Leaching/CIL and Electrolysis.

### **3.3. State of the manufacturing industry**

According to MIREMPET data, the country will soon have the first raw gold refinery through a public-private investment that is being built in the Viana Industrial Pole (PIV) in Luanda, at the facilities of the company GeoAngol, with construction expected to be completed in 2024 and inaugurated in the first quarter of 2025. The processes of acquisition of the main equipment outside the country are also underway, as well as the initial certification and training of national technicians.

The Viana gold refinery will be an autonomous unit of GeoAngol, SA, a subsidiary of the diamond company ENDIAMA EP. The Angolan state decided to invest in the gold refinery for strategic, economic, financial and political reasons to produce raw material and supply the jewelry industry.

This refinery will contribute to the diversification of the country's economy, as well as add value to gold, which will no longer be exported in the form of raw material and will be made as an elaborated product. All gold produced within Angolan territory can be refined locally, adding value to the raw material and stimulating the emergence of the service sector that supports it, through local content. The refinery's processing capacity will be 25 kg per day.

### **3.4. Gold trade in Angola**

Currently, the body responsible for the sale of gold in Angola is MIREMPET, which creates a negotiation commission with the ANRM. The investor in the gold sector already registered and with all the necessary licenses, will go to MIREMPET where the commission is created. The buyer will pay 14% VAT for domestic sales, 1,000 USD to MIREMPET for the issuance of an export bill (sale outside the country) and will pay 1,500 USD to MINDCOM for the postage of the invoice. The procedure is described in Section B, Chapter 3 and Subchapter 3.3.

### **3.5. Analysis of relevant projects in the sector**

The Directorate of Regulation and Markets of the National Mineral Resources Agency reported the issuance of 11 gold exploration titles in the provinces of Cabinda, Huambo, Huila and Bengo and 38 titles for prospecting in the provinces of Huambo, Huila, Cabinda, Cuanza Norte, Lunda Norte, Bengo and Zaire.

The relevant projects in the exploration phase are:

- i. A Sociedade Mineração Buco-Zau, Lda; Lombe-Mining, Lda, Sociedade Mineradora Lufo, Lda and Mongo Mongo-Mineração, Lda, all located in the north of the province of Cabinda;
- ii. Mineração-Samboto, Lda, located in the center of the province of Huambo;
- iii. Lafech Mining Resources, Lda, located in the south of the province of Huila; and
- iv. The Association in Participation of the Tiandai Mining Gold Project, located in the province of Bengo.

The projects in the prospecting and exploration phase are described in Table No. 7 and 8, respectively.

### **Sustainability and Green Mining Practices**

According to the studies of the Pan-African Support for Geosciences, of the Africa-EU partnership (PanAfGeo), the development of the mining industry always creates in the place where it is installed, a series of changes called environmental impacts, which can be of a positive nature when exploration is carried out responsibly. Gold exploration in Angola, by its very nature, unbalances the environment in the area of intervention and involvement.

The potential environmental impacts of gold exploration in Angola are: increased turbidity and variation in water quality, changes in its pH (water can become more acidic), soil and water contamination with heavy metals, reduced dissolved oxygen in aquatic ecosystems, silting of rivers, air pollution and extinction of local flora and fauna.

In Angola, for the start of any activity in the mining sector, such as gold, those responsible for the mining title must present the environmental pre-feasibility report, the environmental impact study and the waste management plan as the main elements for acquiring the environmental license. There is the Directorate of Mining Inspection, Safety and Environment of the ANRM, which among its competences, promotes the surveillance and inspection of the exercise of mining activities, with a view to ensuring compliance with measures to protect life, the safety of people, the sustainability of the national economy, the environment and adequate equipment for the practice of green mining.

#### 4 Market Analysis

Gold production in the country has shown relative growth. This increase reflects the growing interest in the development of this sector and is in line with government initiatives that seek to promote mining as a way to boost economic growth.

The gold sector presents the following opportunities:

- i. **Foreign investment:** The opening up of the economy and the attraction of foreign investment has driven the development of modern gold mining and processing technologies.
- ii. **Global demand:** the growing demand for gold, especially from the electronics and jewelry industry, has represented an opportunity for Angola to consolidate itself as a strategic supplier.

Despite the potential, the sector faces some important challenges:

- iii. **Infrastructure:** Mineral-rich areas still lack roads that are fit for the circulation of material goods and services. The basic condition in terms of infrastructure has made exploration difficult.
- iv. **Regulation:** The absence of a specific regulatory framework for the gold sector can cause certain concerns for investors in the sector. However, it is a subject that has been overcome over the years, making this process more agile and faster with the approval of Presidential Decree No. 161/21 of June 21, already mentioned above, which approves the Project for the Simplification of Procedures in Public Administration, commonly known as SIMPLIFICA.
- v. **Sustainability:** it is essential that mineral exploration is carried out in a way that minimizes environmental and social impacts.

## 4.1 Supply and demand dynamics

The supply of gold in Angola is still reduced because there are few companies operating in this sector, but demand continues to grow, indicating great potential for the country to increase its share in the international market.

ANRM data indicate that between 2019 and the first quarter of 2024, Angola produced 7,672.51 fine ounces of gold. Meanwhile, MIREMPE'T reported that in terms of turnover, from 2020 to 2023 the country collected around US\$3.39 million and more than 6.43 million euros in sales abroad corresponding to 6,563.95 fine ounces, with the United Arab Emirates and Portugal as the main recipients.

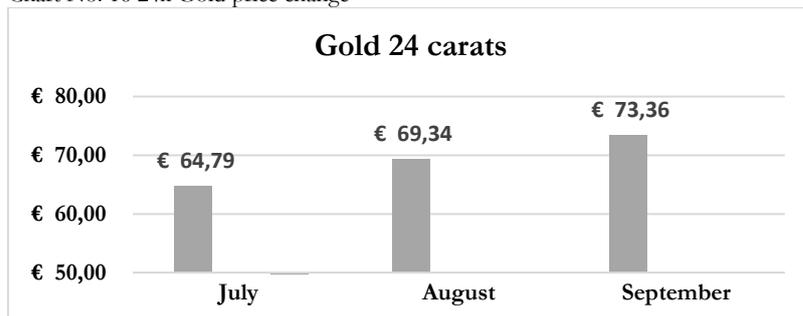
Among the main export destinations, in 2022, Portugal imported 484 fine ounces from Angola in the first half of the year, valued at approximately US\$726 thousand, while in the second half this figure was 367 ounces, worth about US\$542 thousand. The United Arab Emirates, meanwhile, showed a more significant volume with 993 fine ounces imported in the first half, generating 1 million U.S. dollars, and 673 ounces in the second half, valued at 1.1 million U.S. dollars.

In the Angolan context, gold prices are free, varying according to supply and demand. This variation is presented in a price list published on the [xchange-rateso.org](http://xchange-rateso.org) website and is updated frequently, it reflects the most recent values per ounce, gram or kilogram in Euros. These prices are influenced by trading in major commodity trading hubs such as Tokyo, London, and New York.

In the 3rd quarter of 2024, there was a price variation in the Angolan market due to the increase in demand that was driven by global gold consumption, which according to the Gold Demand Trends report of the World Gold Council (WGC) increased by 3%.

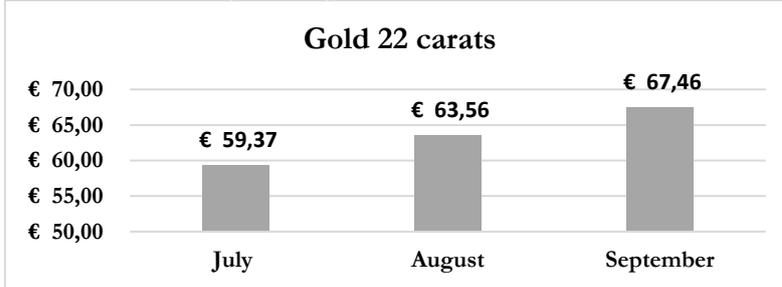
The following graphs show the relationship between the quality of the products, measured in carats (K) for the categories of 24K, 22K, 18K, 14K and 10K sold in grams in the domestic market between the months of July and September 2024.

Chart No. 16 24k Gold price change



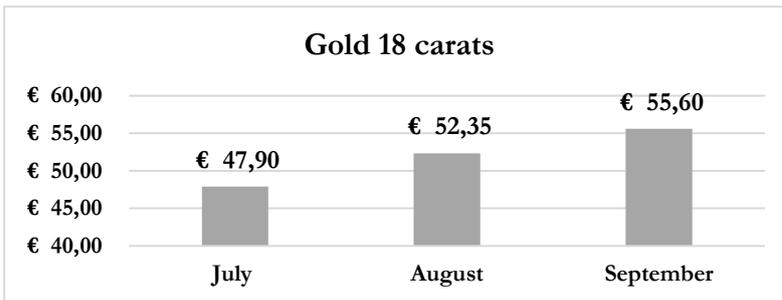
Source: Adapted from [xchange-rateso.org](http://xchange-rateso.org)

Chart No. 17 22k Gold price change



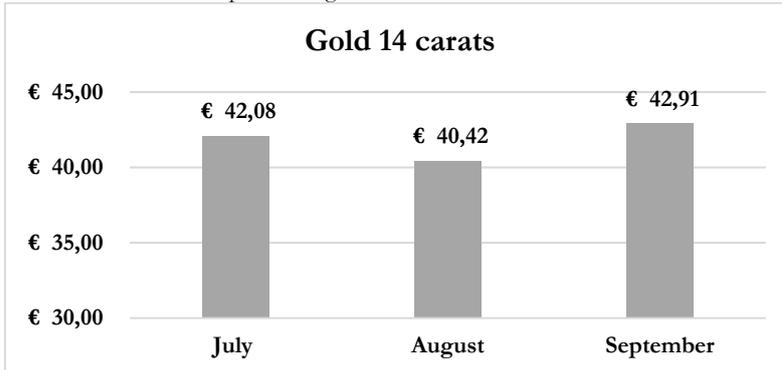
Source: Adapted from xchange-rateso.org

Chart No. 18 18k Gold price change



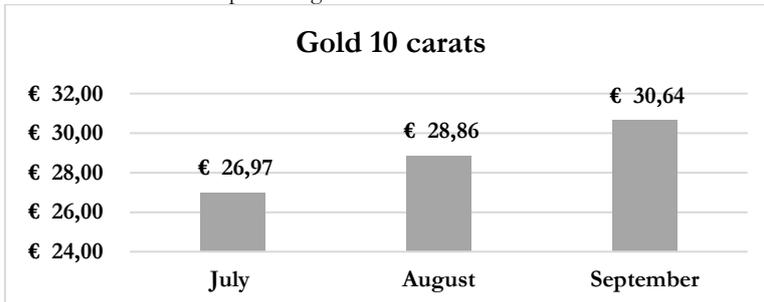
Source: Adapted from xchange-rateso.org

Chart No. 19 14k Gold price change



Source: Adapted from xchange-rateso.org

Chart No. 20 10k Gold price range



Source: 1 www.exchange-rateso.org

From July to September 2024, gold prices showed significant variations. In July, the price went from 64.74 EUR to 69.48 EUR per gram, resulting in an average price of 67.34 EUR per gram.

In August, the low price of gold reached 67.52 EUR per gram, and the highest was 73.89 EUR. The average price recorded in that month was 70.96 EUR per gram.

In September, prices continued to increase with the low price reaching 73.56 EUR per gram and the highest reaching 80.64 EUR. The average price of gold in September was 77.02 EUR per gram.

These price changes reflect market dynamics during the quarter, with an upward trend in gold prices in the Angolan market.

#### 4.2. Profile of companies in the gold sector and regions

Companies dedicated to gold prospecting in Angola are in the early stages of their activities, which limits the availability of data on the market on the quantities of minerals found, beyond official sources.

Because of the competitive and strategic nature of gold exploration, information about discoveries is often kept confidential. This is due to the need to protect the investigations and investments made. In addition, the prospecting phase involves geological testing and sampling that may not result in significant discoveries, which makes data disclosure complex.

Prospecting concessions are generally granted through lawful processes granted by the Government and are subject to regulations specific to Angola.

However, it was possible to obtain information about the exploration sites and the periods in which the activities are being carried out, as illustrated in the table below.

Table 8 Description of the companies in the prospecting phase

ID	Companies in prospect	Region	Province	Date of issue of the prospecting licence
1	Projecto Mineiro Lombige	Nordeste	Cuanza Norte	2016
2	Sociedade Mongo Mongo Mineração, Lda	Norte	Cabinda	2017
3	Sociedade Mineira Rio de Sol, Lda	Nordeste	Lunda Norte	2017
4	SMC-Mineração do Chiaca, Lda	Norte	Cabinda	2019
5	Sociedade Mineira Chicumone	Sul	Huíla	2019
6	Sociedade de Mineração Ganda Gango, Lda	Norte	Cabinda	2019
7	L.N.P.G-Exploração Mineira, Lda	Norte	Bengo e Cuanza Norte	2020
8	Mapele Minas-Comércio e Indústria, Lda	Sul	Huíla	2020
9	Lufico-Sociedade Mineira, Lda	Norte	Zaire	2020
10	Everforte- Mining, Lda	Centro Sul	Huambo/Huíla	2020
11	Sulnort-Comércio e Serviço, Lda	Sul	Cunene	2021
12	Kamakhya Mining, Lda	Norte	Bengo	2021
13	Jomorssac Indústria, Lda	Norte	Cabinda	2021

ID	Companies in prospect	Region	Province	Date of issue of the prospecting licence
14	Andracam- Empreendimentos, Lda	Norte	Cabinda	2021
15	Almina, S. A	Sul	Huila	2021
16	Acimorjavagaprac	Norte	Cabinda	2021
17	Tosyali Iron & Steel Angola, S. A	Sul	Huila	2021

Source: GSI survey

Of the set of companies in the exploration phase presented in table no. 9 below, the following stand out:

The Buco-Zau mining project, licensed in 2019, became Angola's first gold exporter in December 2021.

Lafech Mining Resources, Lda, which was part of the former mining group Ferrangol EP (which was a state-owned company that managed and controlled iron production in Angola). Lafech Mining Resources has licenses for prospecting and exploration of ferrous, non-ferrous and noble metals, including gold.

Lombe Mining was licensed in 2017 and is located in Miconje, Cabinda, has the capacity to process 55m<sup>3</sup> of ore per day, has a good recovery capacity ranging from 8 to 9 grams of pure gold daily.

Sociedade Mineração Lufo started its activities in 2015 with a focus on prospecting and exploration of gold and precious metals.

Mineração Samboto Lda with a partnership between the state, Chinese investors and local businessmen, information on transactions is limited.

The other companies have activities in development, but information on their operations and transactions is scarce. ([See](#))

Table 9 Description of the companies in the exploration phase

ID	Companies in exploration	Region	Province	Date of issue of the exploration licence
1	Sociedade Mineração Buco-Zau, Lda	Norte	Cabinda	2018
2	Lafech Mining Resources, Lda	Sul	Huila	2017
3	Lombe-Mining, Lda	Norte	Cabinda	2019
4	Sociedade Mineradora Lufo, Lda	Norte	Cabinda	2018
5	Mineração-Samboto, Lda	Centro	Huambo	2019
6	Mongo Mongo-Mineração, Lda	Norte	Cabinda	2019
7	Somepa- Sociedade de Metais Preciosos de Angola, Lda	Sul	Huila	2017

Source: GSI survey

### 4.3. Overview of the gold jewellery trade

The gold jewelry trade in Angola is dominated by the informal sector such as the S. Paulo market in Luanda and some jewelry shops. Generally, the gold comes from Portugal, India and the United Arab Emirates.

Years ago, dealers and customers had a preference for 18-karat gold for its quality. Currently, rings for wedding and engagement rings, and necklaces are the most requested pieces. Meanwhile, due to the economic financial crisis in the country, buyers are looking for jewelry with the lowest market price, opting for 9 and 14 carat gold. However, as buyers have limited notions about the authenticity of gold, there is a great risk of buying counterfeit product.

### 4.4. Main jewellery stores present in Angola

The main goldsmiths in the country, in addition to selling their products, have produced jewelry, although not very expressive in the market because it is an embryonic sector. They are concentrated in the country's large cities, in commercial centers such as Kero, Shopping Fortaleza, Belas Shopping, Shopping Avenida and in places considered noble, serving a target audience considered to be middle and high income. In the table below, some jewelry shops present in the Angolan market have been listed.

Table n° 9: Location and contact of jewelry shops in Angola

ID	Main jewellery shops	Provinces	Contacts	Website/Email
1	Império das Jóias	Luanda, Cabinda, Benguela, Huambo, Bié e Huila	+244 945 895 802	<a href="https://imperiodasjoias174.wixsite.com/imperiodasjoias">imperiodasjoias174.wixsite.com/imperiodasjoias</a>
2	Glamour Ourivesaria	Luanda, Cabinda, Benguela e Huila	+244 942 389 955	<a href="#">Glamour Ourivesaria, Via principal que liga a rotunda da fubú ao belas Siac, Luanda (2024) (findglocal.com)</a>
3	Ourivesaria Paz e Amor	Luanda	+244 924 642 023	<a href="#">Ourivesaria Paz e Amor (@ourivesariapazamor) • fotos e vídeos do Instagram</a>
4	Ourivesaria Prezo	Luanda	+244 944 939 624	<a href="https://www.facebook.com/Ourivesa">https://www.facebook.com/Ourivesa</a>
5	Ourivesaria Ouro puro	Luanda	+244 948 989 414	<a href="#">Ourivesaria Ouro Puro (@ouro_puro) • fotos e vídeos do Instagram</a>
6	Ourivesaria Jóia Imperial	Luanda	+244 924 232 233	<a href="https://facebook.com/joaimperialoficial?mibextid=ZbWKwL">facebook.com/joaimperialoficial?mibextid=ZbWKwL</a>
7	Nossa Ourivesaria	Luanda	+244 933 755 852	<a href="mailto:nossaourivesaria@gmail.com">nossaourivesaria@gmail.com</a>
8	YC Jóias	Luanda	+244 931 906 765	<a href="mailto:ycjoias1@gmail.com">ycjoias1@gmail.com</a>
9	Ourivesaria Perfect Gold	Luanda	+244 927 995 206	<a href="mailto:Ourivesariaperfectgol12@gmail.com">Ourivesariaperfectgol12@gmail.com</a>
10	Gold & Silver	Luanda	+244 943 583 823	<a href="https://goldsilver.co.ao">goldsilver.co.ao</a>
11	Mundo Dourado Casa de Jóias	Luanda	+244 938 564 443	<a href="mailto:amordeouroamordeouroourivesaria5@gmail.com">amordeouroamordeouroourivesaria5@gmail.com</a>
12	Pedra Rubra	Luanda	+244 931 753 003	<a href="https://www.instagram.com/_pedrarubraangola/">https://www.instagram.com/_pedrarubraangola/</a>
13	By Yara	Luanda	+244 948 137 003	<a href="https://byyara.com/">https://byyara.com/</a>

Source: GSI survey

## 5 Investment opportunities

Since the sector is developing, it presents other opportunities for Angolan and foreign investors in other segments of the chain, such as jewelry. Therefore, the transformation of the gold miner into gold jewelry and its application in local and foreign jewelry constitutes an important window of opportunity.

### 5.1. Type of investments in the gold sector

In summary, the Angolan gold sector presents several investment opportunities, namely:

- i. **Prospecting:** investment in prospecting for new gold deposits, which involves geological research and testing to identify potential extraction areas.
- ii. **Industrial mining:** large mining operations, which require high initial investments and advanced technology.
- iii. **Gold processing:** investment in processing plants to transform mined ore into refined gold.

### 5.2. Risks and main challenges for the sector

In general, mining activities negatively impact the environment, which leads to one of the main challenges which is conflict with local communities.

Most gold mines are located in rural areas where communities have their homes and engage in subsistence activities. For this reason, mining companies must enter into agreements with local communities, offering jobs in the mine and respecting social and environmental issues.

The process of extracting gold involves complex technologies and the lack of own equipment can be a challenge for the investor.

Mining activity is subject to risks related to safety at work. Due to the nature of operations, the work environment faces some risks, such as:

- i. Exposure to dust and toxic substances that can lead to poisoning and/or illness to workers (silicosis and asbestosis).
- ii. Exposure to high levels of noise and vibration can cause hearing loss and hearing imbalance.
- iii. Explosions and fires due to the presence of flammable gases in mining environments.

According to the General Labor Law, in Article 43-line G, it is the employer's duty to take appropriate measures of hygiene and safety at work, to strictly comply with and ensure compliance with the legal standards and directives of the competent entities on health and safety on compliance with standards and rules, medicine at work and to constantly instruct on hygiene and safety at work. If the provisions of the law are not complied with, the worker has the right to terminate the contract.

To prevent these risks, the investor must adopt the appropriate safety measures for the protection of the health and life of workers and monitor them to ensure that they are implemented by all stakeholders.

## **6 Regulations and legislation specific to the gold sector**

The regulation of the sector is established in the Mining Code (CM) which covers all geological and mining activity in Angola. According to this Code, gold is considered and classified as a strategic mineral, being subject to guidelines that aim not only at sustainable exploitation, but also at maximizing the social and economic benefits that can arise from it.

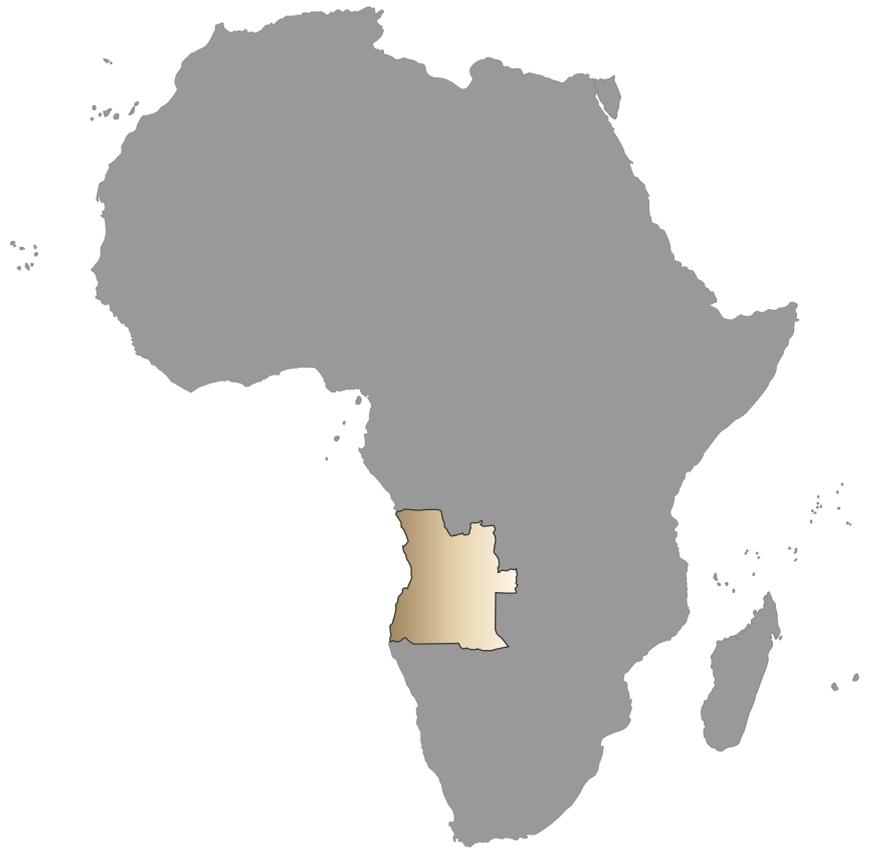
As in the case of other strategic miners or mineral resources in general, the regulatory framework of the geological and mining sector is also supported by Law No. 31/11 of 23 September, which establishes the mining investment regimes in the geology and mining sector. This law also establishes the obligation to prepare the Environmental Impact Assessment (EIA), as a precondition for obtaining mining rights in the exploration phase.

Concomitantly, in the environmental sphere, the applicable normative framework is subject to Law No. 5/98 of 19 June, 1998 - Environmental Framework Law, which establishes EIA as one of the main instruments of environmental management. The fundamental objective is to assess the impact that certain public and private projects may have on the environment, based on previously prepared Environmental Impact Assessments (EIAs).

Decree No. 51/04 of 23 July establishes the set of procedures that must be followed in the preparation of EIAs. For mining projects, institutions are subject to a Term of Reference (TOR).

According to *GOLDMARKET*, the main international regulations in gold trading that aim to ensure transparency and prevent manipulation are: Good Delivery Certification, granted by the London Bullion Market Association (LBMA), Umicore seal of the Belgian precious metals mining and recycling company, and OECD guidelines that are recommendations addressed by governments to multinational companies on the conduct responsible business.

# HIGH LEVEL STUDY SECTOR MINEIRO EM ANGOLA



## SECTION D - INFORMAL AND ILLEGAL EXPLOITATION

### 1 General

The informal exploration of minerals in Angola has become a central theme in discussions about the country's economic and social development. Angola's mining wealth, especially in diamonds and other strategic minerals, attracts both nationals and foreigners.

This activity raises critical questions about the environmental impact, crime, territorial encroachment and the social conditions of workers. It is practiced by autonomous individuals, organized in groups, who use artisanal methods to carry out mining in remote areas, trying to escape the authorities.

There are regions such as Lunda Norte, where young people take refuge in illegal exploitation to support their families due to lack of employment and opportunities to develop other subsistence practices.

The Angolan Penal Code, in its Article 473, determines that the exploration and illicit trafficking of minerals are acts of criminal practice punishable under the terms of this same diploma. To complement this legislation, the Mining Code (CM) in Articles 8 and 227, determines that the activity of exploration of strategic minerals, as well as the extraction without the proper concession of rights is punished with a penalty of two to eight years in prison, this penalty may be increased if the extraction is associated with higher values of the minerals involved.

According to the Constitution of the Republic of Angola in its Article 16, the natural resources, solid, liquid or gaseous existing in the soil, subsoil, territorial sea, exclusive economic zone and continental shelf under the jurisdiction of Angola are property of the State, which in turn determines the conditions for their concession, research and exploitation, under the terms of the Constitution, of Law and International Law.

In Angola, as a rule, the State favors the industrial exploitation of natural resources, licensing legally constituted companies. Exceptionally, the State grants licenses to cooperatives, when legally constituted and where industrial exploitation is not economically viable. There is no known case in which the State has authorized the exploration of strategic minerals to individuals. Therefore, the informal exploitation of gold that takes place on national territory is illegal under the Constitution and the law and cannot be encouraged.

## 2 Characteristics of informal mining in Angola

Informal mining in Angola, called "garimpo", is characterized, on the one hand, by its nature typified by law as illegal, and on the other hand, by the participation of artisans who operate autonomously or in small groups in the northern, central, eastern and southern regions of the country, often using artisanal methods in remote areas, fleeing from the authorities. According to the CM in its Article 8, one of the strategic objectives of the mining sector is to combat mining and other illegal mining practices. As an example, Operation Transparency, which took place in 2018, in areas of high levels of mining, which aimed to combat illegal exploitation.

For the purposes of distinction, "artisanal exploration" in Angola is allowed and regulated in the CM. Artisanal exploitation is considered to be one in which exclusively artisanal methods and means are used, that is, without the intervention of mechanical means and mining technology. In CM Article 172, investment in artisanal mining activities is carried out through titles granting rights for artisanal mining, called mining passwords, assigned by order of the Minister in charge. In Article 175, the Code states that the size of the areas for artisanal mining may not exceed 5 km<sup>2</sup>, and must be demarcated in the same terms as the demarcation for industrial production areas.

One of the challenges of informal mineral exploration in Angola is related to the origin of the artisans. According to data from the Military House of the President of the Republic of Angola, most of the 3,000 foreigners of various nationalities in an illegal migratory situation and involved in the illicit exploitation of diamonds and gold in mining areas were from the Democratic Republic of Congo (DRC). According to PanAfgeo, the DRC is considered an unstable country in the region. Meanwhile, Angola shares 2,511 km with its northern neighbor, making border management a huge problem.

The profile of workers in illegal mines varies in terms of age, gender and nationality. Most of the citizens who work in these places are young and male. However, there is also the presence of children, women and the elderly.

Informal mining is usually carried out in remote areas, where miners use rudimentary methods and simple tools to extract minerals. This form of exploration is common in regions such as Lunda Norte and Sul, Huambo, Bié, Huila, Bengo, Cabinda, among other provinces that contain precious minerals where the presence of deposits of diamonds, iron, ornamental rocks, gold and other minerals are significant.

Traditionally, the artisanal extraction of gold in Angola is done using instruments such as the pan, the lunch, the pickaxe and the shovel. However, informal logging has had a negative impact due to the use and release of mercury into the environment.

### **3 Economic and social aspects**

Generally, poverty and lack of employment are the factors that lead young people to work in illegal diamond mines in Lunda Norte and in gold mines in Cabinda for daily sustenance. According to some artisans, also known as miners, the most valuable stones can reach 40 carats. They are traded in the same community and the business is done in dollars, with a three-carat stone selling for 3,400 US dollars.

#### **3.1. Impact of informal mining on the national economy**

According to the Lusa news agency on April 13, 2017, the Chairman of the Board of Directors of the extinct Gold Regulatory Agency said that about three tons of this precious metal had left Angola illegally annually to that date, which resulted in an annual loss of approximately 116.5 million euros in lost exports.

At a hearing in the National Assembly, Minister Diamantino Azevedo argued that the illegal extraction of minerals in Angolan territory, such as diamonds for example, has favoured the multiplication of cases of money laundering and the illegal entry of foreign citizens into areas of exploitation of natural resources.

With the aim of combating illegal diamond trafficking, illegal immigration and other illicit activities, especially in the diamond areas of the country, Operation Transparency was launched which began on September 25, 2018, about 415 thousand illegal immigrants left the country, more than 230 diamond buying and selling houses and 90 cooperatives were closed. 71 dredges, 47 washwares, 14 rafts, 59 firearms, more than one million US dollars and about 17 thousand carats of diamonds were also seized in Lunda-Norte. To date, there is no record of a new operation on this scale.

#### **3.2. Working conditions and safety**

In the General Labor Law of the Republic of Angola, in its Article 8, it says that the legal-labour relationship is constituted with the conclusion of the Employment Contract, and in Article 81 it states the obligation to rigorously apply preventive measures on safety, health and hygiene in the workplace. However, informal mining in Angola takes place in precarious and dangerous working conditions, without any safety. Artisans are often exposed to accidents, illnesses and excessive working hours.

### **4 Environmental impacts of informal mining**

Areas affected by informal mining have suffered significant environmental damage. Gold mining involving the use of mercury is dangerous given the toxicity when it comes into contact with the environment and the human body.

Informal mining can cause river siltation due to the use of dredgers and certain extraction equipment that disturbs the riverbed. They also affect the quality of river waters, and therefore cause conflicts with local communities that depend on this resource for livelihoods, leading to social tensions and community displacement. In addition, inadequate disposal of mining waste can lead to pollution in the surrounding areas, making them unsuitable for agriculture and other livelihood activities.

This problem substantially affects the populations directly, causing great damage to health, and as a result, numerous pathologies are recorded such as; cholera, scabies, yellow fever, loss of vision, malaria, among others. Since this population has no alternative but to submit to the consumption of extremely contaminated water from mining activities.

Deforestation, pollution, contamination of soils and water resources result in uncontrolled loss of biodiversity. For example, these factors cause many animals to flee to other areas and the often-irreversible loss of plant species in the region due to the removal of vegetation cover.

Angolan environmentalist Jerónimo António said that the illegal exploitation of gold and other precious materials is endangering rivers in the center and south of the country, namely the Kussava River and the Kakuluvale River in Huila province, which are already in critical condition.

The intense gold prospecting carried out informally in the province of Cabinda is worrying, leading to the contamination of the Luali River, which is the source of water for thousands of people in the region.

In order to mitigate and recover the environmental impact of mining, mitigation measures must be taken in a timely manner with the aim of minimizing or eliminating the negative impacts arising from mining activity. After the extraction of the mine, work is carried out to recover the exploited areas, such as:

- i. Soil replacement: the soils removed during the extraction of the ore are replaced;
- ii. Creation of seed bank/nurseries: nurseries are created with local and/or other plant species for reforestation of the exploited areas;
- iii. Reforestation: native species and/or species raised in nurseries in exploited areas are carried out;
- iv. Settling basins: areas built next to the treatment units for the deposition of fine material from washes. Here, the fine material is deposited and the clean water returns to the watercourse, thus preventing its siltation;
- v. River beds: after the exploration of the ore, the dikes are opened, to replace the watercourse to its original bed.

## 5 Regulatory frameworks for informal mining

According to the Angolan Penal Code in its Article 473, the exploration and illicit trafficking of minerals constitute criminal offenses, namely without prejudice to the provisions of special legislation, it is a crime punishable by imprisonment of up to 5 years, the prospecting, research, exploration, extraction, purchase, sale, donation in payment of metals or unprocessed precious stones, without the competent license or authorization.

For its part, the CM establishes that the activity of prospecting, research and evaluation, exploration and illicit trafficking of strategic minerals, as well as the mere possession or mere possession, extraction or theft constitute illicit activities.

The Law to combat illegal mining activity No. 8/24 of 3 July, establishes sanctions to deter clandestine exploration and procedures for the confiscation of money, goods, instruments and miscellaneous used in illegal exploration. This Law applies to all illegal mining activity carried out in the national territory, to natural or legal persons who practice, assist or cover up acts that constitute crimes. The sanctioning framework is as follows:

- i. Promotion and facilitation of illegal mining activity: Anyone who, individually or collectively, promotes or facilitates illegal mining activity is punished with a prison sentence of 3 to 8 years and a fine corresponding to 1/6 of the amount provided for in paragraph 2 of Article 111 of the CM.
- ii. Installation, assembly and commencement of illegal mining activity: Anyone who installs, assembles equipment or commences any mining activities, or effectively assists such activities, in violation of the rules provided for by law, is punished with imprisonment from 2 to 8 years and a fine corresponding to 1/6 of the amount provided for in paragraph 2 of Article 111 of the CM.
- iii. Transportation of mineral resources and equipment:
  - a. Anyone who transports mineral resources from illegal mining activity is punished with a prison sentence of 2 to 6 years and a fine corresponding to 1/3 of the amount provided for in paragraph 2 of Article 111 of the CM;
  - b. Anyone who, having knowledge of their illegal origin or purpose, transports logistical means, materials or equipment to and from the areas of mining activity is punished with a prison sentence of 1 to 4 years and a fine corresponding to 1/3 of the amount provided for in paragraph 2 of Article 111 of the CM.
- iv. Fraudulent granting and obtaining of mining titles and authorizations: anyone who, by any fraudulent means, grants or obtains mining titles, authorizations or other documents related to the activities of prospecting, exploration, transportation, deposit or commercialization of mineral resources, is punished with a prison sentence of 1 to 4 years and a fine corresponding to 1/10 of the amount provided for in paragraph 2 of Article 111 of the CM.

- v. Falsification of mining permits and titles: Anyone who:
  - a. Falsifying a mining title or other official document authorizing the exercise of mining activity;
  - b. Falsifying a document using the signature of another person who is an operator in the Strategic Mineral Resources sector;
  - c. To include false data in a mining title or other document; and anyone who uses a false document is punished with a prison sentence of 1 to 3 years and a fine corresponding to 1/2 of the amount provided for in paragraph 2 of article 111 of the CM.

## **6 Development of initiatives for the formalization of craft activity**

According to the study data presented in the Manual of Artisanal and Small-Scale Mining for the Southern Africa Region of PanAfGeo, it can be considered that from a formal point of view, there is no small-scale artisanal mining or prospecting activity that is legal in Angola. This is due to the measures taken by the Executive to create adequate mechanisms and methods to transform this activity into cooperatives and semi-industrial explorations, as described in Presidential Decree No. 85/19 approving the Regulation of Semi-Industrial Diamond Exploration.

### **6.1. Actions of Non-Governmental Organizations (NGOs) and community projects**

The Angolan State has created a platform that facilitates the legalization services of Non-Governmental Organizations (NGOs). The Technical Unit for the Coordination of Humanitarian Aid (UTCAH) aims to support national and foreign citizens who wish to set up an NGO, in accordance with current legislation (Diário da República I Series - n° 106/02 of 31 December). The Technical Unit for the Coordination of Humanitarian Aid (UTCAH) aims to support national and foreign citizens who wish to set up an NGO, in accordance with the legislation in force (Diário da República I Series – no. 106/02 of 31 December).

In Angola, there are several international NGOs, namely Caritas de Angola, Terra-Mãe, Red Cross, Médecins Sans Frontières, Halo Trust and Mine Advisory Group (MAG). These NGOs work in various areas, such as humanitarian assistance, health, demining and community development.

There are also several Angolan NGOs that work in the areas of human rights, environment, gender equality, among others. Some of these NGOs are: EcoAngola, Química Verde, Associação Nação Verde, Fundação Kissama, Associação Mãos Livres, Omunga and Associação Mwana Pwo. These NGOs focus on different causes, namely environmental protection, the promotion of human rights, and support for vulnerable communities.

Many of these NGOs operate in mining areas, with the aim of denouncing and providing data on human rights violations, environmental pollution, gender inequality, among other relevant topics.

### **7 Trends and evolution of informal mining**

With the law prohibiting illegal mining, the Government's objective is to reduce illegal mining activities as much as possible and encourage miners to formalize themselves in cooperatives, license themselves and develop legalized exploration. However, the growing demand for minerals and the search for economic alternatives in times of crisis still keeps the practice of mining active in several areas.

Awareness campaigns and education programs on the importance of regulation and environmental preservation are key to promoting positive change in the sector. Additionally, digitalization and the adoption of new technologies offer significant opportunities to transform informal mining, allowing for better monitoring and tracking of mining activities. These innovations can facilitate the formalization of the activity and help in the integration of miners into legitimate value chains, promoting a more responsible and sustainable sector.



## GSI OPINION



## GSi OPINION

### 1 Review

Angola has significant potential for investments in the gold sector, especially due to the richness of its soils and the government's growing interest in diversifying the economy. However, the current scenario is challenging and dynamic, but it offers a unique opportunity for cautious and prepared investors, who seek to diversify their portfolio in the mining sector, especially gold.

While there are opportunities, factors such as the high rate of inflation, difficulties in repatriating capital, limited infrastructure at exploration sites, modest tax incentives and Angola's recent return to the Financial Action Task Force (FATF) grey list add layers of risk to the business environment. In addition, informality and illegal exploitation in the gold sector require a responsible and collaborative approach, with efforts to promote sustainable practices and engage in local partnerships.

It is therefore recommended that the investor carefully evaluate the regulatory and operational conditions listed in this work, realize in which phase of the sector chain he wants to be inserted, consider the creation of partnerships and the integration of social responsibility measures to strengthen the relationship with communities and the local government.

### Basis for opinion

Our study was carried out in accordance with the ICE Terms of Reference (ToR) and other points that, as independent consultants, we believe could be relevant to present as a high-level view of the sector.

We are convinced that with the study we have obtained sufficient and appropriate information to provide a basis for our opinion.

### 2 Relevant results of the study

The relevant results of the study are those that, in our professional judgment, were extracted from this analysis and that allowed us to issue a separate opinion by the subject that we describe below:

#### 2.1. General context

Angola, located on the west coast of Africa, is one of the most important economies in the region, with vast mineral resources. Traditionally dependent on oil, the country seeks to diversify its economy, prioritizing the development of other sectors, such as mining. The gold sector is booming and offers promising opportunities, but it also faces significant challenges, such as poor infrastructure and regulatory issues that can impact investors.

## 2.2. Opportunities in the gold sector

The gold sector in Angola presents several opportunities, namely:

- i. **Untapped reserves:** There are vast gold deposits in northern, central and southern regions still in the early stages of exploration, offering great potential for new projects.
- ii. **Growing global demand for gold:** The increased demand for gold as a safe-haven asset, combined with the continued appreciation of the *commodity*, makes investing in the sector attractive.
- iii. **Diversification of the economy:** The Angolan government is focused on diversifying the economy, encouraging mining as a strategic pillar to reduce dependence on oil.

The GSI identified opportunities for partnerships with national entities with licenses for gold exploration and studies carried out, as well as others that have already started exploration activities and are still interested in making partnerships.

## 2.3. Infrastructure and access

Although the government is investing in infrastructure modernization projects, Angola still faces major challenges, especially in the distribution of water and energy. Only 43% of the population in urban areas and 10% in rural areas have regular access to electricity, and the supply of drinking water is limited, directly affecting mining operations in more remote regions. This infrastructure deficit can increase operating costs and require companies to invest in their own solutions to ensure adequate energy and water supply.

## 2.4. Tax incentives

Tax incentives in Angola are considered quite modest when compared to other African countries that compete to attract investment in the mining sector. While the Private Investment Act allows for negotiating tax benefits, the scale of incentives offered is limited and may not be sufficient to offset the risks and high operating costs, especially in areas with poor infrastructure. This can pose an additional hurdle for investors seeking more competitive returns on a global stage.

## 2.5. Capital repatriation and regulatory environment

Angola was recently included in the FATF grey list, which underscores the country's need to strengthen its compliance with international anti-money laundering and countering the financing of terrorism standards. This move could be a positive sign for the country, demonstrating that it is attentive to global best practices and willing to improve its regulatory environment.

On one hand, this situation presents additional challenges such as the repatriation of profits, increased compliance costs and more difficulties in accessing international financing lines, which can be directly triggered by the confidence of foreign investors. On the other hand, it opens up opportunities for investors who want to be part of a changing market, as investing in Angola at this time is a unique opportunity for those who want to position themselves in a market that is adapting and growing globally.

## 2.6 Risks and challenges

- i. **Business environment:** Despite efforts to improve business facilitation, Angola still ranks unfavorably in the Doing Business ranking. Bureaucracy and complex regulations remain obstacles.
- ii. **Dependence on own infrastructure:** due to the precariousness of energy and water infrastructure, investors should be prepared to make additional investments in the creation of their own infrastructure, which can increase the costs of implementing projects.
- iii. **Informality and illegality:** Artisanal mining and illegal exploitation remain a challenge in Angola, especially in diamond and gold exploration regions.

## 2.7 Risk mitigation

To mitigate these challenges, Angola's government is undertaking economic and legal reforms to attract investors, including modernizing mining laws and initiatives for greater transparency, such as joining the Extractive Industries Transparency Initiative (EITI). In addition, the focus on economic diversification through the National Development Plan (NDP) 2023-2027 can help alleviate some of the economic pressures and substantially improve the business environment in the medium to long term.

## 2.8 Sustainability and social responsibility

Angola is implementing strict sustainability and social responsibility standards in the mining sector, requiring companies to operate ethically and minimize environmental impact. This presents an opportunity for investors who want to adopt sustainable practices and align with international standards of environmental and social governance.

## 3 Conclusion

While Angola offers great potential in the gold sector, the challenges associated with poor infrastructure, limited tax incentives, and regulatory issues need to be taken into account. However, for investors who are willing to face these challenges, the Angolan gold sector presents significant opportunities, especially if combined with careful risk mitigation planning and investments in its own infrastructure. The country's economic diversification and government incentives, although modest, can result in interesting returns in the medium and long term.

## Bibliography

- Agency, I. E. (2023). *Iea*. Retrieved from <https://www.iea.org>
- Angola: Operation "Transparency" against illegal mining*. (n.d.). Retrieved from Lusophone Africa: <https://www.rfi.fr/pt/angola/20181023-angola-opearacao-transparencia-contra-garimpo-ilegal>
- Angola, E. d. (2024). Embassy of the Republic of Angola. *Location of Angola*. Retrieved from Angolan Embassy: [www.embangola.at/dados.php?ref=sobre-angola](http://www.embangola.at/dados.php?ref=sobre-angola)
- Angola, G. d. (2024). COUNCIL OF MINISTERS. *Approved the 2023 State Budget Execution Balance Report*. Retrieved from <https://governo.gov.ao/noticias/1472/governo/conselho-de-ministros/aprovado-relatorio-de-balanco-de-execucao-do-oge-2023>
- National Bank of Angola*. (n.d.). Obtained from BNA: <https://www.bna.ao/#/pt/estatisticas/consultar-dados/evolucao-reservas-internacionais/evolucao-diaria>
- Biodiversity and Conservation*. (n.d.). Retrieved from Ecoangola: <https://ecoangola.com/biodiversidade-conservacao/>
- Confidence in Angolan Business*. (March 2024). Obtained from Trading Economics: <https://tradingeconomics.com/angola/business-confidence>
- Cruz, J. (2015). Mining and Development in Angola.
- Unraveling the Business Environment in Angola: Challenges and Opportunities*. (n.d.). Obtained from MRC-Ventures and Projects: <https://mrc.ao/desvendando-o-ambiente-de-negocios-em-angola-desafios-e-oportunidades/>
- Eleitoral, C. N. (2017). *CNE*. Retrieved from <https://www.cne.ao>
- Statistics, I. N. (2024). *Employment and Unemployment Indicators*.
- Ease of doing business in Angola*. (n.d.). Obtained from Trading Economics: <https://tradingeconomics.com/angola/ease-of-doing-business>
- ITALY-ANGOLA BUSINESS FORUM*. (2023). Retrieved from Press Center of the Presidency of the Republic of Angola: <https://cipra.gov.ao/noticias/741/governo/forum-empresarial-italia-angola/integra-do-discurso-do-presidente-da-republica>
- Mining in Angola*. (2023). Retrieved from DW Global Media Forum: <https://www.dw.com/pt-002/garimpo-em-angola-corremos-o-risco-de-perder-os-rios/a-64866840>
- Government of Angola*. (n.d.). Obtained from the Government of Angola: <https://governo.gov.ao/>
- Economic Indicators*. (n.d.). Retrieved from World Bank: <https://data.worldbank.org/country/angola?view=chart>
- Macroeconomic Indicators*. (n.d.). Obtained from Trading Economics: <https://tradingeconomics.com/angola/forecast>

- MIREMPET.* (n.d.). Retrieved from Ministry of Mineral Resources, Oil and Gas:  
<https://mirempet.gov.ao/ao/noticias/sector-mineiro-angolano-chama-chineses-ao-investimento/>
- MIREMPET.* (2024). *Average Price of a Barrel of Oil.* Retrieved from  
<https://mirempet.gov.ao/ao/noticias/petroleo-4-trimestre-de-2023-registou-preco-medio-de-84-3-dolares-por-barril/>
- Water Resources in Angola.* (n.d.). Retrieved from National Institute of Water Resources:  
<https://www.inrh.gv.ao/portal/snrha>
- Angola's Gold Refinery.* (n.d.). Obtained from MIREMPET:  
<https://mirempet.gov.ao/ao/noticias/obras-da-refinaria-de-ouro-a-bom-ritmo/>
- TAX REGIME APPLICABLE TO THE MINING INDUSTRY.* (n.d.). Obtained from General Tax Administration: <https://agt.minfin.gov.ao/PortalAGT#!/tributacao-especial//regime-mineiro>
- Oil sector and measures to stimulate the real economy.* (n.d.). Retrieved from Ministry of Economy and Planning: <https://mep.gov.ao/noticia/467/sector-petrolifero-e-medidas-de-estimulo-a-economia-real-elevam-o-pib-para-46-no-io-trimestre-2024-trata-se-do-maior-crescimento-desde-2015>
- SODIAM.* (2022). Investment Opportunities in the Mining Sector. Obtained from SODIAM:  
[https://sodiam.co.ao/wp-content/uploads/2023/10/GUIA\\_OPORTUNIDADES\\_SECTOR\\_MINEIRO\\_PT\\_FEV\\_2022.pdf](https://sodiam.co.ao/wp-content/uploads/2023/10/GUIA_OPORTUNIDADES_SECTOR_MINEIRO_PT_FEV_2022.pdf)
- Employment and Unemployment Rate.* (n.d.). Obtained from Trading Economics:  
<https://pt.tradingeconomics.com/angola/employment-rate>
- Welle, D. (2024). *DW.* Retrieved on September 10, 2024, from DW: <https://www.dw.com>



---

ICE LUANDA  
Rua Américo Boavida 51  
6220 , Luanda

☎ 00244/222 335421  
✉ [luanda@ice.it](mailto:luanda@ice.it)