



# **REPORT ON PROPOSED MINERAL EXPLORATION**

## **REGULATIONS MEETING**

**HELD AT THE MINISTRY OF LANDS, MINES & ENERGY**

**NOVEMBER 17, 2008**

## Introduction

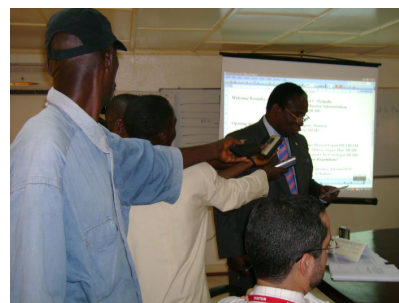
The Ministry of Lands, Mines & Energy in its efforts to communicate policies/regulations with the general public conducted an open forum with various stakeholders in the mineral/concession sector to discuss the recently drafted mineral exploration regulations. This forum which was an undertaking geared at building consensus on the exploration regulation document that was opened for public comments or inputs in August 2008 brought together major stakeholders directly or indirectly connected to exploration regulations and other such documents. The exploration regulations are an important step towards the revitalization of Liberia's mineral resources with immense efforts from the GEMAP consultants and the Ministry of Lands, Mines & Energy. Participants attending this public hearing included mining/concession companies, mining /concession line ministries, EPA, FDA, and geologists. The meeting was held in the Joseph G. Richards Conference Room of the Ministry of Lands, Mines and Energy, on Monday, November 17, 2008

## Opening Ceremony

The stakeholders' meeting begun with invocation that was done by a staff of the Ministry of Lands, Mines and Energy, following the invocation, Hon. A. Kpandel Fayia, Deputy Minister for Operations, Ministry of Lands, Mines & Energy, gave the welcome remarks while the

introduction/opening statement was delivered by Eugene H. Shannon (PhD), Minister, Ministry of Lands, Mines & Energy. During his opening

statement Dr. Shannon said that waste control was of paramount importance to the Ministry so that it affect community dwellers and this is the reason the ministry is encouraging explorers to adhered to mineral exploration regulations and inputs to improve these regulations



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responsible to govern exploration activities in the country. Dr. Shannon also stressed that making the process leading to exploration/mining activities easy is not the issue because in the past geologist have said one thing and meant the other. Therefore, it was incumbent upon explorers/miners to follow the process in acquiring proper licenses to legalize their exploring/mining activities.

## **Presentations**



During the meeting there was joint presentations made by the GEMAP Mineral Concession Expert Dr. Paul Jourdan, Mr. Jeff Wood, Attorney Adviser, International Senior Lawyers Project and two of the ministry's staff in the persons of Gesler E. Murray, Assistant Minister for Mineral Exploration and Emmanuel O. Sherman, Chief Geologist on

the legal framework and summary issues of the mineral exploration regulations emphasizing the intention to make available electronic copies of the final document in May 2009.

During their joint presentations the four speakers deliberated on several issues ranging from the definition of exploration related terminologies, reporting and delivery of information, land and facilities, to the obligations of a licensee, exploration rights and term of licenses and the basic requirements for obtaining a license which includes a work program and a budget. According to the presentations the work program guiding exploration activities in the country must include a description of all invasive and non-invasive exploration activities and an environmental management program which was emphasized by the four speakers. The budget must indicate the estimated costs incurred in carrying out the principal components of the work program, including the environmental components, on a Annual basis and broken down into conventional accounting categories, and must demonstrate compliance with the Eligible Exploration Expenditure requirements set forth in Section 8.5.

### **Exploration Regulations Issues Arising from Presentations**

Among the prevailing issues raised at the hearing by participants following the presentations were the following:

- **Contiguous Area Issues**

The problem raised by the "contiguous area" component of the 50% reduction requirement if one exploration area is wrapped around another exploration area held by the same licensee. Participants stressed that the 50% reduction was insufficient since in effect the contiguous area is owned by the same licensee.

- **Rights of Existing Landowners**

The relative rights of existing landowners and occupants vis-à-vis the holders of mining and exploration licenses. According to the exploration regulations a License does not entitle the Licensee to enter upon Land in the License Area held by a Landowner or an Occupant other than the Republic without making prior arrangements with such Person for access to or for the conduct of operations on such Land. Landowners or Occupants of Land are entitled as consideration for such access or operations to just, prompt and adequate compensation from a Licensee for any damage to the Land or any improvements thereon caused by or resulting from the activities of a Licensee including any long term loss in value of such Land. The sticky point with this regulation as raised by participants is about what should happen if the landowner does not give his/her consent knowing that an explorer has the right to explore all areas.

- **Rights of Exploration and Mining Licenses Holders**

The relative rights of the holders of exploration licenses and the holders of Class B or Class C mining licenses need further explanations as expressed by participants. A License grants to the Licensee for the License Term the exclusive right to Explore in the License Area on the terms and conditions set forth in these regulations for such Minerals as may be specified in the License. The right to Explore does not grant to the Licensee to engage in bulk sampling or pilot mining and recovery except in compliance with Section 13.2, or to conduct exploration outside of the License Area, or to conduct exploration in any portion of the License Area after that portion has been surrendered or deemed surrendered pursuant to the relevant provisions of these regulations or after the License Term has expired or otherwise been terminated as provided in these regulations. It was observed that class A miner has no right to mine within a class C region without the consent of the class C miner but a class A miner can carry on sampling and other exploration activities within adjacent blocks.

- **Exploration License Holders Exemption from Import Duties**

The extent to which holders of exploration licenses are exempt from import duties once the new regulations are in place. According to the new exploration regulations section 12.5 all exploration license holders are not exempted from taxes, duties, fees etc. The issuance of a License does not excuse a Licensee from paying, and a Licensee must pay all direct and indirect taxes, duties, fees and other Government-imposed revenue payments of whatever nature and however called from time to time imposed or required by the Revenue Code of Liberia or other applicable Law, whether paid to the Government or to any other Person at the directive of the Government. However, participants would like the new regulation to provide import duty free privileges on certain equipments brought into the country by explorers or miners to ease their entry into the country for smooth operations.

- **Possible Escalation of Exploration Expenditures**

Another issue raised at the hearing was whether the required annual exploration expenditures could escalate over time to make allowance for exploration ramp-up times. That is a Licensee may not conduct Exploration unless the Minister has approved the Licensee's work program and budget and the Licensee has provided any security for environmental remediation or restoration required by Section 10.3. A Licensee may also carry out only those Exploration activities that are provided for in a work program and budget approved by the Minister. A Licensee may not conduct Exploration activities that are provided for in a work program approved by the Minister unless either (i) the work program has been reviewed by the EPA, the EPA has issued all required EPA approvals, permits or licenses and evidence of such review and issuance of required approvals, permits and licenses is delivered to the Minister, or (ii) the specific activities involved may be carried out without EPA review or the issuance of an EPA approval, permit or license. A Licensee is solely responsible for identifying those components of its work program that may be carried out without EPA review or the issuance of an EPA approval, permit or license.

- **Definition of Mineral Related Terminologies**

Participants attending the hearing were concerned as to whether the definition of “affiliate” was overbroad; subsequently, a request for the inclusion of additional language in the regulations defining the rights implicit in the term “license”. The definition of another key word like operation was an issue for participants who believe that these words should cover both low grade and high grade miners/explorers which in their view is not the case as the current definitions of these words favor high grade miners/explorers to those of their counterparts.

- **Importance of Work Requirements**

An integral part of the regulations was basically the detailed work program requirements in Section 4.2. The necessity of work requirements as spelled out in the proposed work program is generally consistent with current best-practice exploration standards in light of the geology of the License Area, as then understood, and the Minerals covered by the relevant License has demonstrated in accordance with Schedule 4.2(b) that it possesses, or has firm contractual commitments with responsible suppliers to provide, the technical capacity to carry out its proposed work program and the Licensee has demonstrated to the reasonable satisfaction of the Minister that it has the financial capacity as described in Schedule 4.2(c) to carry out its approved work program and comply with its obligations under these regulations and the Mining Law.

- **Delay in Acquiring EPA Approvals**

The impact on the term of a license of delays in getting required EPA approvals was an issue with members of the audience. Participants expressed the need to make the process leading to acquisition of licenses less difficult so that it will not deter would be explorers. It was mentioned that the length of time determining EPA approvals leading to the granting of licenses and other exploring rights is too long thereby leaving little or no time for setup for a new company. It was recommended that the duration be reduced to afford companies ample time for approval before the expiration of their entry documents.

- **Attachment of Exploration License to Exploration Regulations**

The desirability of having the form of exploration license attached to the regulations was a priority to participants who suggested that a current form of license be included as appendix to the exploration regulations to enable miners and explorers differentiate between authentic licenses and counterfeit ones.

- **Desire to Obtain Copies of MDA**

A request that holders of exploration licenses be entitled to obtain mineral development agreements, policies or regulations prior to meeting dates and time to enable them deliberate ideas/issues with confidence that they have significant reserves about was made.

- **Determine Exploration Permission**

The issue about determining whether an exploration license holder could explore in blocks adjacent to its licensed block with/without consents of those license holders. On this issue several participants wanted to know if it is legal to explore in adjacent blocks without the permission of adjacent block owners and recommended that the exploration regulations outline this concern within the new exploration regulations or other such documents.

## **Conclusion**

Mineral Activities in Liberia have over the past years been dormant with little or no regulations to govern them. It is from this vintage point that the international community imposed sanctions on Liberia's diamond and mining sectors. With the removal of the sanctions world bodies are concern about Liberia's ability to implore adequate regulations/policies to monitor and manage these vast resources. In view of this GEMAP – USAID through the Liberia Improved Budget and Assets Management (LIBAM) Project have sponsored forums to develop efficient regulations which were earlier in the year developed by staff of the Ministry of Lands, Mines and Energy along with its GEMAP consultants to govern mineral activities in Liberia. The Ministry of Lands, Mines and Energy applauds USAID for the needed support given to the Mineral sector to develop policies and communicate these policies for public consumption so as to improve the economic and social status of Liberia.