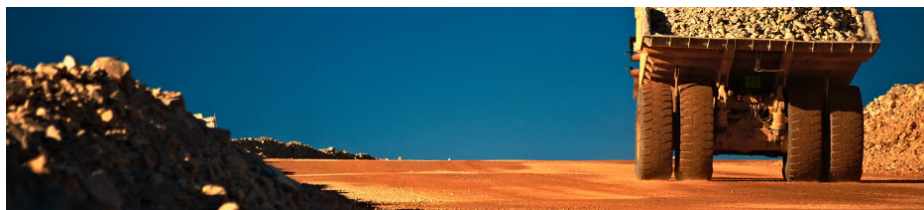


8 November 2016



## Minimum Local Shareholding and Listing Requirements for Mining Companies

On 7 October 2016, the Mining (Minimum Shareholding and Public Offering) Regulations, 2016, made by the Minister for Energy and Minerals, were published as GN. No. 286 of 2016. The Regulations impose two main obligations to holders of Special Mining Licences (SMLs), namely minimum local shareholding obligation, and stock exchange listing obligation.

### (a) Minimum Local Shareholding Obligation

- The Regulations require the minimum local shareholding of a holder of SML to be 30% of the total issued and paid up shares.
- The Regulations require the minimum local shareholding to be obtained through a public offer subject to the provisions of the Capital Markets and Securities Act.
- Holders of SMLs granted prior to the coming into force of the Regulations are obliged to comply with the minimum local shareholding requirements within two years from the date of commencement of the Regulations. Holders who will be granted SMLs after the commencement date of the Regulations have to comply with minimum local shareholding within one year from the date of grant of SML.
- The obligation to maintain the minimum local shareholding is required to be ongoing throughout the SML period.
- If minimum local shareholding is not obtained due to unsuccessful public offer, the SML holder needs to apply for a waiver to the Minister who will consider the application based on the recommendations from the Capital Markets and Securities Authority.

### (b) Stock Exchange Listing Obligation

- The Regulations further oblige the SMLs holders to list their shares on a stock exchange within the United Republic of Tanzania in accordance with the listing rules of the stock exchange.
- The Regulations further state that the provisions of the Capital Markets and Securities (Foreign Investors) Regulations, 2003, relating to the maximum limit of 60% of the total number of shares to be held by foreign investors in the listed securities, shall not apply to the shares of the SML that are listed on a stock exchange in Tanzania.
- Also, the Regulations provide that if a holder of SML gets a waiver of minimum local shareholding requirement, this waiver shall still not preclude that holder from performing its obligation of listing on the stock exchange as per the Regulations.
- The Regulations further provide that a holder of SML who fails to comply with the provisions of the Regulations shall be in default, hence the provisions of the Mining Act relating to suspension and cancellation of mineral rights shall apply.

For further information on legal updates please contact:

**Fayaz Bhojani**  
Managing Partner  
M: +255 784 322751  
E: fbhojani@fbattorneys.com

**Feizin Amlani**  
Head, Corporate Affairs  
M: +255 688 253509  
E: famlani@fbattorneys.com

### About FB Attorneys

FB Attorneys is an all service law firm based out of Dar es Salaam, Tanzania.

We cover all aspects of the law and specialise in all corporate and commercial matters including Mining, Oil & Gas, Tax, Litigation, Competition, Banking & Intellectual Property law.

FB Attorneys has been ranked as a Tier 1 law firm by the IFLR 1000 in the Energy & Infrastructure and Financial & Corporate sectors.

### FB Attorneys

8th Floor, Amani Place, Ohio Street  
P. O. Box 19813  
Dar es Salaam, Tanzania  
T: +255 22 2135994/5  
F: +255 22 2135996  
E: info@fbattorneys.com  
W: www.fbattorneys.com

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