



MINISTRY OF ECONOMY AND  
SUSTAINABLE DEVELOPMENT  
OF GEORGIA



NATIONAL AGENCY OF  
**MINES**

# Overview of the investment potential of the Georgian Mining Sector

Diaspora Economic Forum



Tbilisi, 2021

# Overview of Mining Sector

Georgia is rich of different kind of minerals

Mainly:

- ● Gold
- ● Copper
- ● Manganese
- ● Coal
- ● Facing stones and construction materials
- ● Mineral, thermal and fresh waters .

The National Agency of Mines is a legal entity of public law operating under the Ministry of Economy and Sustainable Development of Georgia, main functions of NAM stand as follows:

- Updating and management of mineral databases
- Preparation of geological information for licensing objects
- Proactive communication with potential investors
- Support for existing companies (aftercare)
- Licensing and management of existing license registry
- Control and supervision of license conditions



## Business friendly environment in Georgia and advantages of investing in the sector

- Diverse mineral-resource base
- Availability of primary geological information
- Simplified business processes
- Minimum prepayment burden
- Transparent auction system
- Access to state property necessary for mineral processing



# Availability of information

Every interested party can access information from State Geological Foundations on the resources and location of these resources. Digital catalogue is created where the state geological foundation reports are integrated.

<https://nam-geofund.archival-services.gov.ge/>

Sector news are being published on the website and facebook page of NAM

<http://www.nam.gov.ge/>  
<https://www.facebook.com/nationalagencyofmines>

The mining license is being issued through auctioning system, for the license seeker to apply for the license, automated management tool - electronic program - is being used.

[www.eservices.rs.ge](http://www.eservices.rs.ge)

License issuer is publishing the information about auctions on the following websites:

<https://www.eauction.ge> and <http://www.nam.gov.ge/>



## Implemented reforms

### Opening of geological foundations

- Electronic catalog of digitized funds has been introduced: <https://nam-geofund.archival-services.gov.ge/>
- The fee for obtaining information has been abolished

### EBRD supported Mining Sector Reform

- The Government has approved the Mining Sector Strategy and work is underway to update the legal framework.

### Simplification of regulations and procedures

**Direct rule on water use licenses**, The procedure for issuing a license for the extraction of groundwater for commercial purposes has been simplified. A mechanism has been set up to grant the right to extract minerals directly to landowners, with the right to extract up to 5,000 cubic meters of water per year.

**Optimization of auction terms** - The auction terms has been reduced from 1 month to 15 calendar days, except for metals and mineral water

**Reduction of the exploration price** - The initial auction price of the exploration-extraction license was revised and reduced to 50 GEL per hectare (before the change the price was 500 GEL)

### Business Process Digitization

Unified Electronic Platform for Licenses Introduced <http://www.nam.gov.ge/>

### Introduction of an integrated approach in the process of extraction / processing

As a result of the implemented changes, the procedures for transfer of state property to temporary holders of mineral extraction/ mineral exploitation licenses have been simplified. The license holder can already buy the state-owned land plot in order to arrange the necessary infrastructure for mineral processing, license holders can buy the plot directly - without additional auction.

### Proactive work with investors

- Participation in forums and exhibitions (PDAC 2019, Berlin Mining Forum 2019, EU Raw Materials Week 2019);
- Preparation of attractive investment projects

### Introduction of modern requirements for mine processing

Processing of mining object will be performed according to modern methods and will adhere to the approaches that exist in the developed countries

# Licensing rules and procedures

## Applying for the license

In order to obtain the license, the license seeker presents the following documents to the Licensing Department of NAM:

- a. An application containing information about the type, amount, location of extractable resources and term of license (is filled out electronically on “rs.ge” website);
- b. X and Y coordinates of licensing object;
- c. In case of a legal entity (LLC, JSC, individual entrepreneur, etc.) - Extracts from the state register. In case of a natural person - ID card
- d. If territory covered by the application falls under of private ownership - notarized owner's consent on license issuance;

License for extraction/exploration of the mineral resources can be issued both to Georgian and non-Georgian citizens as well as legal entities.

For more information refer to the following link: <http://nam.gov.ge/?m=text&menu=2>



## What are the stages of the application?

A) The application is sent electronically from the Licensing Department to the Geology Department for consideration, which visually examines the area on the spot and prepares a geological report.

B) The application, with the attached conclusion, is returned to the Licensing Department, from where the inquiry is sent to all state institutions that use the land on which the licensing object is located (in case of water extraction license - also if the facility crosses a 15-meter sanitary protection zone). The institution shall express a position on the appropriateness of the licensing, and in the event of a positive response, it may be necessary for the prospective licensee to determine the conditions to be taken into account when drawing up the licensing conditions.

C) The data obtained on the license object is sent electronically to the Interagency Commission, which within 5 working days reviews the expediency of issuing the license. After a positive decision, the prepared information will be posted electronically on the website ([www.eauction.ge](http://www.eauction.ge)) and an auction will be announced, where everyone can participate;

## What is required to participate in the electronic auction?

Before the auction, participants have the opportunity to register on the site within 1 month and pay a guarantee amount ("advance" - 10% or 50% of the initial amount and a fee - 200 GEL). The remaining amount to be paid by the auction winner must be paid within 15 calendar days. In case of non-payment within this period, license seeker can pay the amount during the penalty period - for the next 15 working days, during which he pays a fine of 1% of the amount to be paid for each day exceeded. In case of non-fulfillment of the mentioned obligation, the auction is considered canceled.

## How many days after the auction is the license prepared?

The license is issued on the 30th calendar day after the final payment is made to the Agency. Upon completion of the auction, there is an expedited license preparation service. In this case, the license can be obtained on the day of the request for expedited service - 500 GEL, the next working day - 400 GEL, in 2 working days - 300 GEL; In 3 working days - 200 GEL, in 5 working days - 150 GEL; 100 GEL in 7 working days and 50 GEL in 10 working days. The prepared license is accompanied by the relevant order, which in addition to all the detailed information, also contains the conditions that must be observed and fulfilled by the license holder.



# Information on the services



The consultation process for the interested persons is provided on the spot by the Service Delivery and Auction Organization Division of the LEPL National Agency of Mines (Davit Agmashenebeli Avenue N150, 1st floor)

Information can also be provided:



Official email of the Agency ([info@nam.gov.ge](mailto:info@nam.gov.ge));



Telephone (032 243 95 57);



Official Website Online Chat;



Through the official page of the social network (Facebook).





# Life cycle of subsoil use



Types of mineral license:

Exploration/exploitation

Exploitation



# Existing tax system in Georgia

For the use of mineral resources, license holder should fulfill the following financial obligations:

- License price
- Fee for the use of natural resources which goes to the local budget
- Regulation fee (for some resources)

Other fees prescribed by law:

- Profit tax (in case of dividend distribution)
- Income tax
- property tax

The principle of applying the duties and regulation fee is the Extraction Plan, in case of excess extraction – according to the factual extraction;



# Tax rates in Georgia

## Regulatory fee amounts

Mineral resource	Units of measurement	Amount of regulation fee (in GEL)
Coal	1 Ton	0,10
manganese	1 Ton/with 1% content	0,10
Copper	1 Ton	127,5
Lead	1 Ton	14,8
Zink	1 Ton	36,0
Gold	1 gr.	1,5
Silver	1 gr.	0,02
Diatomite	1 Ton	3,0
Carbon dioxide (CO2)	1 Ton	10

Source: Law of Georgia on Regulation Fees



# Fee rates

Types of mineral resources	Units of measurement	Amount of fee in GEL
Coal	1 Ton	1
Peat and saplings	1 Ton	0.7
Iron	1 Ton/with 1% content	0.008
Manganese	1 Ton/with 1% content	0.18
Copper	1 Ton	255.31
Lead	1 Ton	37
Zinc	1 Ton	90
Antimony	1 Ton/with 1% content	0.09
Cadmium	1 Ton	800000
Aluminum	1 Ton	104
Nickel	1 Ton	450

Types of mineral resources	Units of measurement	Amount of fee in GEL
Tin	1 Ton	400
Strontium and others	1 Ton	0.8
Gold	1 gr.	3
Olatinoids	1 gr.	1.3
Silver	1 gr.	0.03
Rare metals, elements and rare earth elements	1 gr.	1.5
Andesite	1 m3	0.6
Barite	1 Ton	1.8
Calcite	1 Ton	1.2
Bentonite clays	1 Ton	3.6
Mercury	1 Ton/with 1% content	0.1

Types of mineral resources	Units of measurement	Amount of fee in GEL
Arsenic	1 Ton	20
Sulfur	1 Ton	2
Diatomite and others	1 Ton	6
Dolomite	1 Ton	0.5
Refractory clays	1 Ton	1
Slate limestones	1 Ton	0.5
Quartz sands for molding and glass production	1 Ton	1.5
Mineral pigments	1 Ton	200
Talc	1 Ton	1
Zeolite	1 Ton	1
Kaolin	1 Ton	4.0

Source: Law of Georgi on Fees for the Use of Mineral Resources



# Fee rates

Types of mineral resources	Units of measurement	Amount of fee in GEL
Trachyte	1 Ton	0.3
Pegmatitis	1 Ton	0.3
Limestone for lime production	1 Ton	0.15
Graphite	1 Ton	8
Forming clays	1 Ton	0.3
Ceramic clays	1 Ton	0.2
Natural chalk stone	1 Ton	0.1
Forming sands	1 m3	0.3
Lithographic stone and others	1 0m3	2
Gemstones	1 carat	1

Types of mineral resources	Units of measurement	Amount of fee in GEL
Semi-precious stones for jewelry production (aquamarine, amethyst, chrysolite, mountain crystal, etc.)	1 kg.	0.25
Stones for jewelry production (agate, malachite, jade, sardonic, amber, gisher, lazurite, etc.)	1 kg.	0.15
Jasper	1 gr.	0.05
Cement raw materials (limestone, clay, spongolite)	1 Ton	0.14
Gypsum	1 Ton	0.7
Plaster	1 Ton	1.0
Perlite	1 Ton	1.8
Gravel, sand	1 m3	0.2

Types of mineral resources	Units of measurement	Amount of fee in GEL
Brick clays	1 m3	0.35
Facing and sawing stones (granite, syenite, diorite, gabbro, teschenite, basalt, tuff, marble)	1 m3	1.0
Grinding raw materials	1 m3	0.4
Other construction materials	1 m3	0.7
Mineral waters for bottling and drinking/treatment purposes, except for the mineral waters referred to in subparagraphs (b) to (e) of this paragraph	1 m3	3
Healing mud	1 Ton	1



Source: Law of Georgia on Fees for the Use of Mineral Resources

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MINERAL RESOURCES  
MINES

Following companies are operating in the mining sector of Georgia:



**HEIDELBERGCEMENT**  
GEORGIA

Heidelberg Caucasus Cement operates in two directions in Eastern Georgia, which includes the management of factories and the extraction of raw materials for the production of clinker and cement



The Chiatura Manganese deposit is developed by Georgian Manganese Ltd., a subsidiary of Georgian American Alloys (Inc.)




Exploitation of copper and gold in Bolnisi Municipality is carried out by RMG Group



# Statistical data – 2019

 Mineral products share in export in 2019 → 25%

 Foreign direct investment in the processing and mining industry in 2019 → 167,708.4 thousand USD

 Number of employees in the sector → 45 000

 Number of licenses issued nationwide → 4,500



# Polymetallic deposits

## Dzama ore-valley (Gharta site) Gold, Polymetallic deposit

Area: 3140 ha

License type: Exploration-exploitation

Starting price: 9 000 000 GEL

License term: 30 years

Investment liabilities



Employment  
20 people for exploration  
Then 300 people continuously



Investment  
7 mln. GEL

## Artana ore-manifestation (Copper, Polymetals)

Area: 199 ha

License type: Exploration/exploitation

Starting price: 10 000 GEL

License term: 30 years

Investment liabilities



Employment  
10 people



Investment  
2.5 mln. GEL

## Merisi Gold, Copper-polymetallic deposit

Area: 11 190 ha

Starting price: 5 mln GEL

License term: 30 years

Investment liabilities



Employment  
50 people for first 3 years,  
then 500 people continuously



Investment  
30 mln GEL





## Mining chemical raw materials

### Kisatibi Diatomite deposit

Area: 169 ha

Volume: 10 380 000 T.

Starting price: 14 840 249 GEL

License term: 20 years



Investment liabilities:



Employment  
50 people



Investment  
5 mln. GEL

### Churchuto-Chikheli Bentonite clay deposit

Area: 28 ha

Volume: 16 613 000 T.

Starting price: 14 291 763 GEL

License term: 20 years



Investment liabilities:



Employment  
50 people



Investment  
5 mln. GEL

### Tedzami south site, Zeolite-containing Tuff deposit

Area: 28 ha

Volume: 13 128 401 T.

Starting price: 3 358 418 GEL

License term: 20 years



Investment liabilities:



Employment  
25 people



Investment  
3 mln. GEL



## Solid resources

Area: 20.9 ha

3 Volume: 3 398 000 m<sup>3</sup>

Starting price: 321 210 GEL

License term: 20 years

### Odundi Tuff Breccia deposit



  
Employment  
25 people

  
Investment not less than  
2 mln GEL



Area: 32 ha

3 Volume: 7 895 000 m<sup>3</sup>

Starting price: 1 325 359 GEL

License term: 20 years

Investment liabilities



Employment  
15 people



Investment not less than  
2 mln GEL

### Foka Volcanic slag deposit



### Kosalari II (Sakdari Basalt) deposit

Area: 21.5 ha

3 Volume: 1 576 000 m<sup>3</sup>

Starting price: 377 078 GEL

License term: 20 years

Investment liabilities



Employment  
20 people



Investment not less than  
2 mln GEL



### Makarta mineral water deposit



Location: Dusheti municipality, village Makarta  
Area: 0,07 ha (for each water-point)  
3 Volume: 138 335 m<sup>3</sup> /per year  
Starting price: 2 127 012 GEL  
License term: 25 years

#### Investment liabilities



Employment  
25 people



Investment  
10 mln. GEL



### Bakha fresh water deposit



Location: Dusheti municipality, village Bakhani  
Area: 0.07 ha  
3 Volume: 7 884 m<sup>3</sup> /per year  
Starting price: 203 854 GEL  
License term: 25 years

#### Investment liabilities



Employment  
10 people



Investment  
4 mln. GEL

### Pansheti mineral water deposit



Location: Kazbegi municipality, village Pansheti  
Area: 0,07 ha (per each borehole)  
3 Volume: 416 100m<sup>3</sup> /per year  
Starting price: 7 665 737 GEL  
License term: 25 years

#### Investment liabilities



Employment  
30 people



Investment  
5 mln. GEL





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# Thank you for your attention

Contact information:

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Receiving correspondence: [info@nam.gov.ge](mailto:info@nam.gov.ge)

Receiving license applications: <https://eservices.rs.ge/>

Online consultation: [www.nam.gov.ge](http://www.nam.gov.ge) <https://www.facebook.com/nationalagencyofmines>

Telephone consultation: 032 243 95 57

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