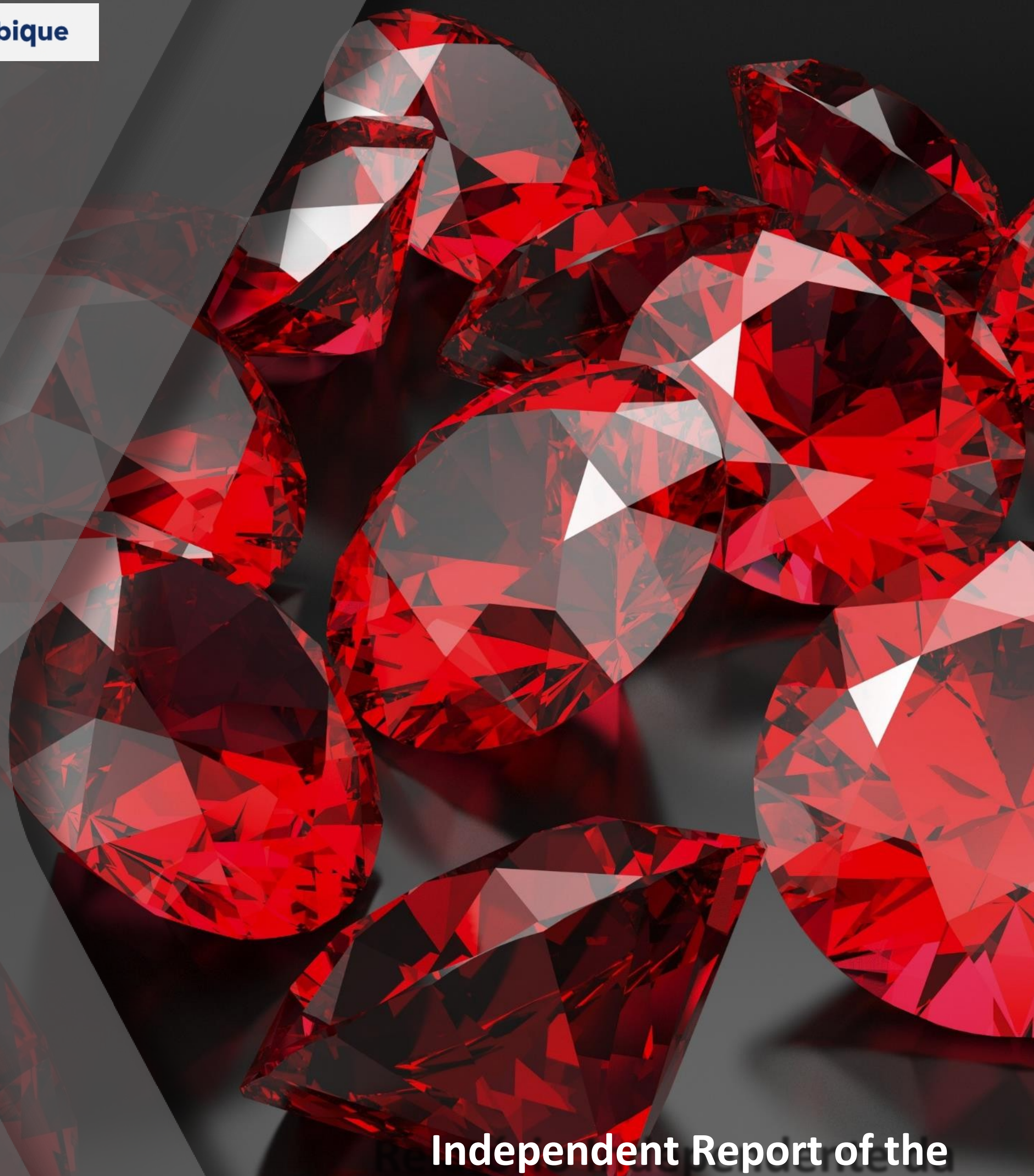
EITI

Moçambique



Independent Report of the Extractive Industry Transparency Initiative Year 2021

CONSULTORIA

Att: Eng. Isabel Chuvambe
National Coordinator
EITI - Extractive Industry Transparency Initiative Mozambique Coordination Committee
Avenida 25 de Setembro, N.°1218 Maputo

Maputo, December 20, 2023
Reference: 347/I2A/2023

Subject: Independent Report of the Extractive Industry Transparency Initiative - Year 2021 - Final version

Sir,

Following your request and in compliance with the contract between us, we are submitting the final version of the Eleventh Independent Report of the Extractive Industry Transparency Initiative for the year 2021.

In the hope that the report will meet your expectations, and open to providing any further clarifications you may deem necessary, we sign off with highest esteem and consideration.

We subscribe with the highest esteem and consideration.

From you

Sincerely,

Ismael Faquir Managing Partner

Rua dos Desportistas Nr. 833 – Edifício JAT V-3, 13 Piso – Maputo, Moçambique – NUIT:400 890 668
(+258) 21 35 58 00 geral@i2aconsultoria.com www.i2aconsultoria.com

CONTENTS

Limitation of scope 9
List of acronyms and abbreviations 10
Executive Summary 14
1 Introduction....17
1.1 Scope of work and Methodology....18
1.2 Brief description of the 2019 Standard 19
1.3 2023 validation 23
2 Mozambique profile....26
2.1 Political context....26
2.2 Economic context....27
3 Legal and institutional framework, including the granting of contracts and licenses (Requirement 2)....30
3.1 Legal framework and tax regime (requirement 2.1) 30
3.1.1 Main legal instruments 30
3.1.2 Reforms to the sector's legislation....37
3.1.3 Mozambique's tax system....41
3.1.4 Taxes, Fees and Contributions specific to the Extractive Industry....50
3.1.5 Other payments and contributions from the mining industry....58
3.1.6 Description of the different types of contracts and licenses 59
3.1.7 Roles and responsibilities of the relevant government bodies....62
3.2 Contracts and licenses (Requirement 2.2)....65
3.2.1 Process for awarding and transferring contracts and licenses 66
3.2.2 Licenses/rights granted through competitive bidding....73
3.2.3 Analysis of the efficiency and effectiveness of licensing/contracting processes 75
3.2.4 Processes for renewing and revoking/extinguishing licenses and concessions 76
3.3 License registration (Requirement 2.3) 78
3.4 Disclosure of contracts (Requirement 2.4) 80
3.5 Actual beneficiaries (Requirement 2.5) 87
3.6 State participation in the extractive industry (Requirement 2.6)....92
4 Exploration and Production (Requirement 3) 111
4.1 Exploration (Requirement 3.1) 111
4.2 Production (Requirement 3.2)....115
4.3 Exports (Requirement 3.3)....116
4.4 Domestic consumption 117
5 Receipt of revenue (Requirement 4)....120
5.1 Comprehensive disclosure of taxes and revenues (Requirement 4.1) 120

5.1.1 Revenue collection process 121
5.1.2 Volume of collections 123
5.1.3 Reconciliation process 127
5.1.4 Audit of recoverable costs....132
5.2 Sale of the State's share of production or other revenue in kind (Requirement 4.2)....134
5.3 Provisions on infrastructure and barter arrangements (Requirement 4.3)....137
5.4 Transport revenue (Requirement 4.4)....137
5.4.1 Mining area....138
5.4.2 Hydrocarbons area 142
5.5 Transactions related to state-owned enterprises (Requirement 4.5) 143
5.6 Subnational payments (Requirement 4.6)....144
6 Revenue allocations (Requirement 5)....147
6.1 Distribution Extractive Industry revenues (Requirement 5.1)....147
6.2 Subnational transfers (Requirement 5.2)....152
6.3 Income and expense management (Requirement 5.3)....154
7 Social and environmental expenditure by extractive companies (Requirement 6)....157
7.1 Social and environmental expenditure by extractive companies (Requirement 6.1)....157
7.1.1 Compulsory social expenditure....157
7.1.2 Discretionary social expenditure....159
7.2 Parafiscal expenditure (Requirement 6.2) 160
7.3 Contribution of the extractive industry to the economy (Requirement 6.3)....161
7.3.1 Size of the Extractive Industry....162
7.3.2 Total government revenue 168
7.3.3 Employment....169
7.3.4 Main areas/regions where production is concentrated 170
7.4 Environmental impact extractive activities (Requirement 6.4)....170
7.4.1 Legislation....170
7.4.2 Monitoring procedures 171
7.4.3 Environmental reports released by companies....177
8 Recommendations....179
8.1 Follow-up on Recommendations from Previous Reports 179

TABLE OF CONTENTS

Table 1 - Main legislation in the mining area 32
Table 2 - Main hydrocarbon legislation 37
Table 3 - IRPS 1st category income withholding table 44
Table 4 - IPM rates 51
Table 5 - ISS fees 51
Table 6 - Fees for processing mining titles and authorizations 55
Table 7 - PPI rates 56
Table 8 - Fees for processing processes and authorizations in the hydrocarbons area 58
Table 9 - Mining titles in force - 2021 (Source: INAMI) 68
Table 10 - Direct transfers of mining titles in 2021 (Source: INAMI) 69
Table 11 - Indirect transfers of mining titles in 2021 (Source: INAMI) 69
Table 12 - Winners of the 6th competition and areas awarded (Source: INP) 74
Table 13 - Mining contracts in force (Source: INAMI) 82
Table 14 - Concession contracts in force in the hydrocarbons area (Source: INP) 83
Table 15 - State Entities in the Extractive Industry 94
Table 16 - Projects in which EMEM participates (Source: 9th ITIEM Report) 96
Table 17 - ENH Concessions/Project: Holdings and Status 102
Table 18 - Evolution of the Partial and Total Stocks of Central Government Debt 104
Table 19 - Structure of the Total Stock of Public Debt by Type of Creditor and Instrument 104
Table 20 - Evolution of the ESS Debt Stock 104
Table 21 - Evolution of the ESS Debt Stock 105
Table 22 - Mineral and hydrocarbon production data for 2021 (Source: MIREME) 116
Table 23 -- Export data for minerals and hydrocarbons in 2021 (Source: MIREME) 117
Table 24 - Mineral and hydrocarbon consumption data for 2021 (Source: MIREME) 118
Table 25 - Tax paid in kind 125
Table 26 - Institutional contribution 125
Table 27 - Social Projects Fund 125
Table 28 - Institutional Training Fund 126
Table 29 - Payments for licenses in the hydrocarbons sector 126
Table 30 - Dividends paid to the State and IGEPE 127
Table 31 - Selected companies with material payments 128
Table 32 - Selected companies that are not part of the extractive industry according to AT 128

Table 33 - Differences found in the reconciliation process - by sector 129
Table 34 - Differences found in the reconciliation process - by company 130
Table 35 - Dividends paid to the State and IGEPE....131
Table 36 - Companies that disclosed their audit reports and main elements of the financial statements....132
Table 37 - Gas and condensate royalty 135
Table 38 - Volumes consumed in 2021 136
Table 39 - ENH's revenues in 2021....137
Table 40 - CFM invoicing 139
Table 41 - Revenue from concessions....139
Table 42 - Oil transportation routes 143
Table 43 - Dividends paid to the State and IGEPE....144
Table 44 - Subnational payments made in 2021 145
Table 45 - Revenue earmarked for INAMI in 2021 152
Table 46 - Allocation of the 2.75% in 2021 (Source: Ministry of Economy and Finance)....154
Table 47 - Compulsory social expenditure in meticais 158
Table 48 - Contributions channeled to INP for Social Project 159
Table 49 - Discretionary social expenditure 159
Table 50 - Distribution of artisanal mining hotspots, by situation, by province 166
Table 51 - Percentage distribution of active outbreaks, according to mineral extracted 166
Table 52 - Distribution of active artisanal mining sites, by type of mineral extracted and by province....167
Table 53 - Percentage distribution of mining operators by gender, according to characteristicsselected 168
Table 54 - Audit findings in the clay and limestone mining industry in provincesMaputo, Sofala and Nampula 175
Table 55 - Findings of environmental inspections carried out on coal companies 177
Table 56 - Follow-up of Recommendations from Previous Reports....201

INDEX OF GRAPHS

Graph 1 - EMEM's corporate structure 95
Graph 2 - CMH's corporate structure....97
Graph 3 - CMG's corporate structure....97
Graph 4 - ENH Logistics' corporate structure....98

Graph 5 - Corporate structure of the PCD 98
Graph 6 - Corporate structure of ENH Rovuma Área Um, S.A. 98
Graph 7 - Corporate structure of ENH FLNG Um, S.A 99
Graph 8 - Corporate structure of ENH Rovuma Area Four 99
Graph 9 - ENH Mamba, S.A. corporate structure 99
Graph 10 - ENH Inhassoro, S.A. corporate structure 100
Graph 11 - Corporate structure of Rovuma Basin LNG Land, Lda 100
Graph 12 - ENH-Kogás corporate structure 100
Graph 13 - MGC's corporate structure 101
Graph 14 - ENH Trading, S.A. corporate structure 101
Graph 15 - ESS External Debt Structure by Creditor 106
Graph 16 - Structure of ESS External Debt by Borrower 107
Graph 17 - Composition of the ESS Domestic Debt Portfolio by currency 108
Graph 18 - Composition of the ESS Domestic Debt Portfolio by currency 108
Graph 19 - Structure of SEE Internal Debt by Borrower 109
Graph 20 - Tax revenues for 2021 (Source: REOE and AT) 123
Graph 21 - Tax revenues for 2021 (Source: AT) 124
Graph 22 - Gas royalty allocation 135
Graph 23 - Composition of real GDP from a production perspective in 2020 (Source: INE) 164
Graph 24 - Contribution of the Extractive Industry to GDP (Source: INE) 165
Graph 25 - Exports of goods (Source: Bank of Mozambique) 169
Graph 26 - Employment data indicated on the forms 169

INDEX OF FIGURES

Figure 1-Phases of the project 19
Figure 2 - Dimensions required by the 2019 Standard for the EITI Report 19
Figure 3 - Mozambique's profile (Source: INE) 26
Figure 4 - Classification and types of taxes in Mozambique 41
Figure 5 - Flowchart of the licensing process in the mining area (Source: INAMI) 66
Figure 6 - Flowchart of the Concession Process hydrocarbon rights (Source: INP) 71
Figure 7 - Mozambique's sedimentary basins and their predominant geological structures (Source: INP) 112

Figure 8 - Discoveries in the Mozambique Basin (Source: INP) 114
Figure 9 - Discoveries in the Rovuma Basin (Source: INP) 115
Figure 10 - Extractive industry revenue flows (Source: MEF) 122
Figure 11 - ROMPCO gas pipeline (Source: ROMPCO) 142

LIST OF ANNEXES

Annex 1 - Mining titles

Annex 2 - Guides used by INP in the 6th competition

Annex 3 - Legal beneficiaries of the selected companies Annex 4 - Occurrence of minerals in Mozambique Annex 5 - Production data

Annex 6 - Export and domestic consumption data Annex 7 - Details of the reconciliation process Annex 8 - Discretionary social expenditure

Annex 9 - ENH's Parafiscal Expenditure Annex 10 - Employment data

Limitation of scope

One of the fundamental criteria in the process of recognition as an EITI member is the need to carry out a reconciliation between the payments declared by companies in the extractive industries and the receipts declared by government agencies, and this reconciliation is carried out by an independent entity (Independent Administrator).

To this end, I2A Consultoria e Serviços, SA was selected by the EITI Mozambique Coordination Committee as the Independent Administrator within the scope of a public tender for the preparation of the Eleventh EITI Mozambique Report, which covers data for the calendar year 2021.

The duties of the Independent Director include, among others, a:

- Preparation of the reconciliation process for all material payments (defined by the Coordination Committee) made by companies in the extractive industries, and

  receipts from the Government and Government Agencies in 2021;
- Production of a report, consistent with the background information related to the extractive sector in Mozambique, which highlights the payments made by companies in this sector to the Government and Government Agencies and identifies discrepancies, if any.

  applicable, determined in the independent reconciliation;

The advice implicit in the role of Independent Director does not constitute any form of audit, and the Independent Director is not responsible for confirming the accuracy of the figures reported and the legal and contractual obligations of companies in the extractive industries, the Government and Government Agencies. The information presented in this report is the responsibility of the participating entities. The procedures carried out by the Independent Administrator to collect numerical and non-numerical data, reconcile the information received from the different entities and compile it in the form of a report do not constitute an audit. Accordingly, we do not and will not express any opinion on the payments/receipts disclosed.

I2A Consultoria e Serviços, SA will not accept any liability whatsoever for the consequences of actions or other steps taken as a result of the contents of this report.

List of acronyms and abbreviations IA -

Independent Administrator

AMA 1 - Anadarko Moçambique Área 1, Lda

AQUA - National Agency for Environmental Quality Control AT - Tax

Authority

Bbls - Barrel of oil BH - Buzi

Hydrocarbons

BM - Bank of Mozambique CC -

Coordination Committee

CCPP - Concession Contracts for Research and Production CFM -

Portos e Caminhos de Ferro de Moçambique, EP CGE - General

State Account

CINAC - Cimentos de Nacala, SA

CMG Companhia Moçambicana de Gasoduto

CMH - Companhia Moçambicana de Hidrocarbonetos COR -

Revenue Budget Cell

CREL - Legal Entities Registry Office CTR - Revenue Tax

Classifier

CUT - Single Treasury Account DAF

- Tax Directorate

DGI - General Tax Directorate

DIPREME - Provincial Directorate of Mineral Resources and Energy DNT -

National Treasury Directorate

DNGM - National Directorate of Geology and Mines DPPF -

Provincial Directorate of Planning and Finance

EDM - Electricidade de Moçambique, EP EEA -

Eni East Africa Spa

EMEM - Empresa Moçambicana de Exploração Mineira ENH -

Empresa Nacional de Hidrocarbonetos

IMF - International Monetary Fund GIGA -

Gigajoule International (PTY) GJ -

Gigajoule

LNG - Liquefied Natural Gas

GTL - IAV - Vehicle Excise Duty

ICE - Specific Consumption Tax FDI - Foreign

Direct Investment IFC - International Finance

Corporation

IGEPE - Institute for the Management of State Holdings IGREME -

General Inspectorate for Mineral Resources and Energy INAMI -

National Mining Institute

INE - National Institute of Statistics INP -

National Petroleum Institute IPA -

Municipal Personal Tax

IPM - Mining Production Tax IPP - Oil Production

Tax IPRA - Municipal Property Tax

IRN - National Reconstruction Tax

IRPC - Corporate Income Tax IRPS - Personal Income Tax

IRRM - Mining Resource Rent Tax IS - Stamp Duty

ISRS - International Standard *on* Services ISS - Surface Tax

EITI - Extractive Industry Transparency Initiative

ITIEM - Extractive Industry Transparency Initiative Mozambique VAT - Value

Added Tax

KOGAS - Korean Gas Corporation

MEF - Ministry of Economy and Finance MEO -

Budget Preparation Module MEX - Budget

Execution Module MGC - Matola Gas Company, SA

MGJ - million Giga joules

MIREME - Ministry of Mineral Resources and Energy

MITADER - Ministry of Land, Environment and Rural Development MRV -

Mozambique Rovuma Venture, SPA

NUEL - Unique Legal Entity Number

NUIT - Unique Tax Identification Number OE - State

Budget

PBP - Wellhead Price GDP - Gross

Domestic Product

REOE/REO - State Budget Execution Report ROMPCO - Republic of

Mozambique Pipeline Company SADC - South African Development

Community

SEE - State Business Sector

SICR - Sistemas de Controlo e Cobrança de Receitas SISTAFE -

Sistema de Administração Financeira do Estado SPM - Sasol

Petroleum Mozambique, Lda

SPME - Sasol Petroleum Mozambique Exploration Limited SPT -

Sasol Petroleum Temane, Lda

TA - Administrative Court

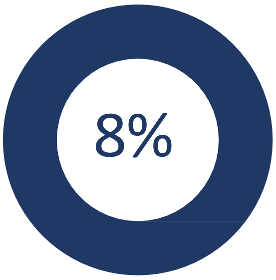
TEPMA1 - Total E&P Mozambique Area 1, Lda TSC -

Fuel Tax

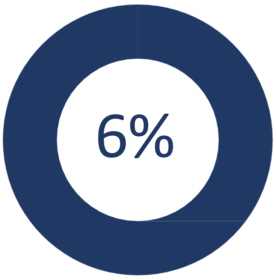
UGC - Large Taxpayers Unit

Executive Summary

This is the eleventh report on the reconciliation of payments made by companies operating in the extractive industry.



In 2021, the state collected 243,468.4 million meticais in tax revenue, of which 20,413.73 million meticais, corresponding to 8%, came from the extractive industry.



The extractive industry's contribution to GDP was the same for both 2020 and 2021, 6%.

26 companies were selected for the process of reconciling tax payments made by companies, 13 of which are from the mining sector and 13 from the hydrocarbons sector. For the 10th Report, 33 companies were selected.

In this process, 92% of tax revenues from the extractive industry were reconciled. The differences between the companies' payments and the state's receipts correspond to 0.65% of the amounts confirmed by the state in 2021.

In 2021, 2,058 mining titles were in force, subdivided into: 722 prospecting and research licenses, 326 mining concessions, 551 mining certificates and 459 marketing licenses.

In 2021, 13 concession contracts were in force in the hydrocarbons sector: 2 in the production phase, 2 in the development phase, 7 in the research phase and 2 for gas transportation.

1 INTRODUCTION

1 Introduction

The Extractive Industry Transparency Initiative (EITI) is a global standard that aims to promote the open and responsible management of natural resources in implementing countries. To this end, the standard requires the disclosure of information along the extractive industry value chain, from the extraction phase to the way in which revenues are collected by the government and how they benefit the citizens of those countries.

Guided by the belief that resources belong to the citizens of the countries endowed with those resources, the EITI seeks to strengthen public and corporate governance, promote understanding of natural resource management and provide data to induce reforms for greater transparency and accountability in the extractive sector.

The EITI was officially launched in 2002 at the Summit of Heads of State and Government held in South Africa. Mozambique joined the initiative in 2009 and has produced eleven reports (including this one) covering the years 2008 to 2021. The country's accession came about as a way of improving the various internal instruments already in place to promote good governance, including transparency and the prevention of corruption, and also to ensure that company payments and government receipts from the extractive industry were published regularly and in the public domain.

The country was classified as having Significant Progress - with considerable improvements in 2012 (the year in which it submitted the Second Reconciliation Report for 2009) and renewed this status in 2019 (corresponding to the evaluation of the reports submitted between 2012 and 2017).

However, according to the International Secretariat's 2nd validation report (2019), despite having been considered as compliant with the EITI Standard, there are still challenges for the country, as highlighted in the report in question[1], and which the country intends to respond to with this report.

For the production of the Eleventh EITI Report in Mozambique, referring to the calendar year 2021, the Government of Mozambique, through the Ministry of Mineral Resources and Energy (MIREME), selected I2A Consultoria e Serviços, SA, hereinafter referred to as the "Independent Administrator" (IA), to prepare the report in question.

It should be noted that, according to Article 2 of Section 4 of the EITI Standard, implementing countries must publish the information requested by the Standard (usually by means of an EITI Report) within the deadline

[1] *https://eiti.org/documents/mozambique-validation-2019 -* accessed on August 26, 2022

For example, the information for the financial year ending December 31, 2021 must be published no later than December 31, 2023.

1.1 Scope of work and methodology

The consultancy service provided by the Independent Administrator consisted of assisting the Mozambique Coordination Committee (CC) to produce the 11th report for EITI Mozambique under the terms of the 2019 Standard, based on data for the year 2021.

, the work to be carried out must take into account the objectives set
by the Executive Secretariat and the CC in the "EITI Mozambique Operational Plan 2022":

1 Compliance - Ensure that Mozambique maintains its status as an EITI-compliant country on a permanent basis;

2 Systematic Reporting - Systematic reporting and disclosure of information relating to the transparency of the extractive industry;

3 Impact - Contribute to improving the impact of the extractive industry on the country's development.

In addition, this work sought to respond to the challenges regarding the reporting and validation process presented in the diagnosis carried out by the EITI Executive Secretariat, with the support of the EITI MSC. These challenges can be grouped into the following categories:

A. Aspects identified by the EITI Board in October 2017 (classified by level of importance);
B. Aspects identified by the International Validator in October 2017;
C. Aspects identified by the International Secretariat in 2018 following the 7th Country Report;
D. Findings of the Independent Director who prepared the 7th Report;
E. Aspects identified by the International Secretariat in 2019 following the 8th Country Report;
F. Findings of the Independent Director who prepared the 8th Report;

G. Aspects identified by the International Secretariat during the second validation April 2019 and recommendations by the EITI Board of Directors;

H. Aspects identified and recommended by the Independent Administrator in the 9th and 10th Report.

Therefore, the scope of the Independent Administrator's work consisted of five phases:

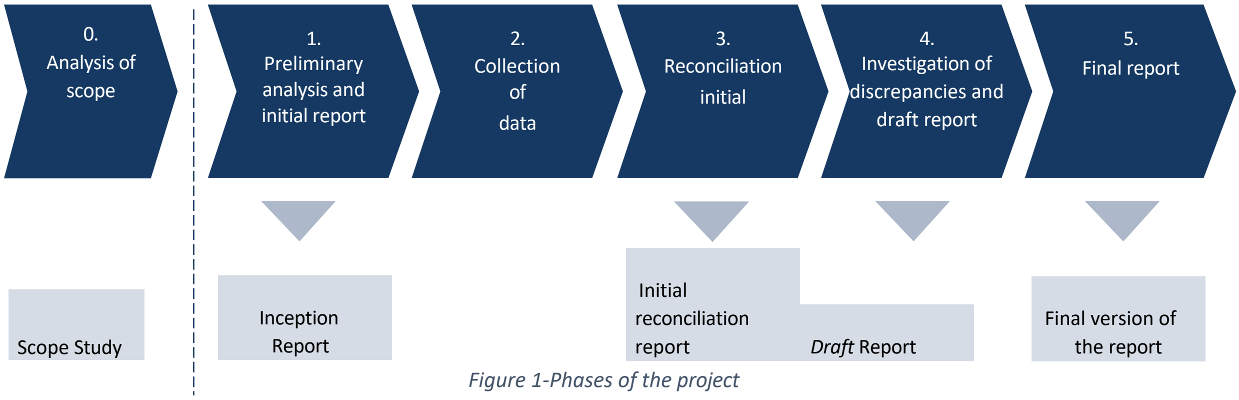


Figure 1-Phases of the project

Accordingly, the report follows the structure of the dimensions of the 2019 Standard, which are presented below. To make it easier to understand, a description of the EITI Standard requirement to be addressed has been inserted at the beginning of each chapter, as translated[2] by EITI International itself.

1.2 Brief description of the 2019 Standard

The EITI standard establishes requirements that must be followed by all countries implementing this initiative. These requirements were established taking into account the value chain of the extractive industry.

[2] https://eiti.org/collections/eiti-standard - accessed on August 26, 2022

Figure 2 - Dimensions required by the 2019 Standard for the EITI Report

1. Effective supervision by the group's Coordination Committee:

   The EITI requires effective oversight by the various parties involved, including the operational Coordination Committee group made up of government, companies and the full, independent, active and effective participation of civil society. The main elements related to oversight by the Coordination Committee group include:

   1.1. the government's commitment;

   1.2. the involvement companies;

   1.3. the involvement civil society;

   1.4. the establishment and functioning of the Coordination Committee; and

   1.5. an agreed work plan with clear objectives for the implementation of the EITI and a timeline aligned with the deadlines set by the EITI Coordination Committee.

2. Legal and institutional framework, including the granting of contracts and licenses:

   The EITI requires the disclosure of information related to the management of the extractive sector, enabling stakeholders to understand the laws and procedures for granting exploration and production rights, the legal, regulatory and contractual framework applicable to the extractive sector and the institutional responsibilities of the state in managing the sector. The EITI requirements on the transparency of the legal framework and the granting of rights in the extractive industry include:

   2.1. legal framework and tax regime;

   2.2. granting contracts and licenses;

2.3. license registration;

2.4. contracts;

2.5. beneficial owners; and

2.6. state participation in the extractive sector.

3. Exploration and production:

The EITI requires the disclosure of information related to exploration and production to enable stakeholders to understand the sector's potential. EITI requirements related to transparency in exploration and production activities include:

3.1. information on exploration activities;

3.2. production data; and

3.3. export data.

4. Receipt of revenue:

A clear understanding of company payments and government revenues can inform the public debate on the governance of the extractive industries. The EITI requires comprehensive disclosure of company payments and government revenues from the extractive industry. EITI Requirements related to the receipt of revenues include:

4.1. comprehensive disclosure of taxes and revenues;

4.2. sale of the State's share of production or other revenue received in kind;

4.3. provisions on infrastructure and barter agreements;

4.4. transport receipts;

4.5. transactions related to state-owned companies;

4.6. subnational payments;

4.7. level of disaggregation;

4.8. timeliness of data; and

4.9. quality of the information disclosed.

5. Revenue allocations:

The EITI requires disclosures of information related to revenue allocations, allowing stakeholders to understand how revenues are recorded in the national budget and, if applicable, in sub-national budgets, as well as to track companies' social spending. EITI Requirements related to revenue allocations include:

5.1. revenue distribution;

5.2. sub-national transfers; and

5.3. income and expenditure management.

6. Social and economic spending:

The EITI encourages the disclosure of information related to revenue and expenditure management, helping stakeholders to assess whether the extractive sector is generating desirable social, economic and environmental impacts and outcomes. EITI requirements related to revenue allocations include:

6.1. companies' social and environmental spending;

6.2. parafiscal spending by state-owned companies;

6.3. an overview of the contribution of extractive industries to the economy; and

6.4. environmental impact of extractive activities

7. Results and impact:

Regular disclosure of extractive industry data is of little practical use without public awareness, understanding of what the figures mean and a public debate on how resource revenues should be used effectively. The EITI Requirements related to results and impact aim to ensure that stakeholders participate in the dialogue on resource revenue management. EITI disclosures lead to compliance with the EITI Principles by contributing to a broader public dialogue. In , it is essential that lessons learned during implementation are put into practice, that recommendations from EITI implementations are taken into account and, where relevant, applied in practice, and that EITI implementation has a stable and sustainable basis.

EITI Requirements related to outcomes and impact include:

7.1. public debate;

7.2. accessibility and openness of data;

7.3. recommendations resulting from the implementation of the EITI;

7.4. reviewing the results and impact of EITI implementation.

It is worth mentioning that in June 2023, the EITI launched the 2023 Standard, the fourth edition of the global standard for transparency and good governance in the oil, gas and mining sector. This new instrument includes several new and improved provisions that enable countries to respond to the most pressing challenges concerning the governance of natural resources. It reinforces the EITI disclosures and the governance requirements to improve understanding of the impact of the energy transition, address corruption risks, promote gender equality and strengthen revenue collection.

EITI implementing countries will be assessed according to the new Standard from January 1, 2025.

1.3 2023 validation

Validation of Mozambique by the International Secretariat began on October 1, 2022, the *draft* report was issued and reviewed by the Coordination Committee on March 29, 2023. The Coordination Committee's comments were received on May 10, 2023 and the validation report was finally submitted to the EITI *Board.*

According to the EITI *Board*, Mozambique achieved a moderate score in the implementation of the 2019 EITI Standard (82.5 points). The overall score reflects an average of the three component scores on Stakeholder Engagement, Transparency and Results and Impact.

In terms of Results and Impact, Mozambique scored moderately (82 points). The *Board* commends the country for making progress in the meaningful implementation of the EITI that addresses relevant challenges at the national level in the governance of the extractive sector, despite instability in the northern province Cabo Delgado. The EITI has informed the public debate on transfers of extractive revenues to the sub-national level, and the CC has contributed to policy formulation, for example on the management of future gas revenues. The systematic, high-level follow-up of corrective actions and EITI recommendations has led to progress in data dissemination and management. Despite the COVID-19 pandemic, EITI Mozambique has continued to engage with key stakeholders beyond the CC, including parliamentarians, journalists and communities affected by extractive activities. Despite these efforts, there are shortcomings in the availability of data in open format. The data released systematically and through EITI reports is still mostly only available in static format.

The country scored highly (86.5 points) in the Stakeholder Engagement segment, reflecting the sustained commitment of Mozambican stakeholders to the EITI process. The move of the National Secretariat to the Ministry of Mineral Resources and Energy has helped strengthen government involvement at all levels and in all institutions. Industry involvement has improved, with the revitalization of the Chamber of Mines promising further progress in the coming years. Civil society continues to participate fully and actively, and previous coordination challenges have largely been overcome. In view of the challenges that arise in the broader context of civic participation, the CC is encouraged to actively monitor the space for civil society participation in the extractive sector.

In the Transparency component, Mozambique obtained a moderate score (79 points). The Board commends Mozambique's progress on most of the corrective actions identified in the previous Validation. A specific study on state participation in the extractive sector has strengthened public understanding of the role of state-owned companies, and EITI reports now provide a clearer picture of government revenues from the sector. Civil society and researchers are actively using publicly available gas and mining contracts for analysis. However, the lack of disclosure of beneficial ownership must be addressed as a priority to ensure that the public has access to information about the individuals who benefit from extractive activities.

The EITI *Board* has determined that Mozambique will have until the next Validation, starting on July 1, 2025, to carry out corrective actions regarding industry involvement (Requirement 1.2), allocation of contracts and licenses (Requirement 2.2), beneficial ownership (Requirement 2. 5), state participation (Requirement 2.6), revenue in kind (Requirement 4.2), data quality (Requirement 4.9), sub-national transfers (Requirement 5.2), social and environmental expenditure (Requirement 6.1), parafiscal expenditure (Requirement 6.2) and data accessibility and open data (Requirement 7.2). Failure to demonstrate progress with regard to Stakeholder Engagement, Transparency or Results and impact at the next Validation may result in a temporary suspension, in accordance with Article 6 of the EITI Standard. In accordance with the EITI Standard, Mozambique may request an extension of this deadline or request that the Validation begin earlier than scheduled. According to Board Decision 2023-21, as of January 1, 2025, Validation will be carried out in accordance with the 2023 EITI Standard.

2 PROFILE OF MOZAMBIQUE

2 Mozambique profile[3]

Area: 799,380 km²

Coastline: 2,470 km

Population - 2020: 30,832 thousand inhabitants

Real GDP in 2021 (base year 2014): 683,203 million MT

Main Exports 2021: Mineral Coal, Aluminum, Electricity, Heavy Sands, Natural Gas, Tobacco, Bananas and Shrimp.

Main Imports 2021: Machinery, Cereals, Diesel, Cars, Food oil, Food Electricity, Gasoline and medicines.

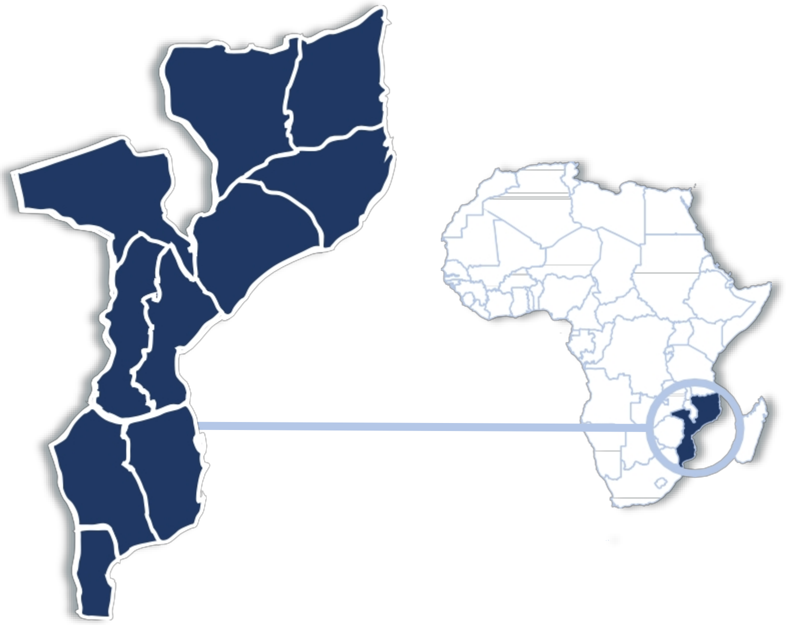


Figure 3 - Mozambique's profile (Source: INE)

Mozambique is located on the southeast coast of Africa, bordering South Africa, eSwatini, Zimbabwe, Zambia, Malawi and Tanzania, with an Indian Ocean coastline of 2,470 km. Its location is strategic because four of the six countries it borders have no access to the sea, and are therefore dependent on Mozambique for access to global markets.

The country is endowed with important natural resources, such as arable land, forests, water, energy and mineral resources, including the third largest natural gas reserve on the continent, discovered in the Rovuma River basin, on the border with Tanzania in the province of Cabo Delgado, in the north of the country.

With a population of approximately 30 million (INE, 2017), of which 68% live in rural areas and 60% live along the coast, livelihoods in Mozambique depend to a large extent on natural resources, such as agriculture (dependent on rainfall and other non-adverse natural conditions) and fishing.

2.1 Political context

The Front for the Liberation of Mozambique (Frelimo) and the Mozambican National Resistance (Renamo) remain the main political forces in the country, followed by the Mozambique Democratic Movement (MDM). Frelimo won the 2019 presidential and legislative elections by a large margin.

[3] https://www.worldbank.org/pt/country/mozambique/overview#1 - accessed January 09, 2023

margin and also secured a majority in all 10 provinces, thus electing governors in each province.

The country is still grappling with a military insurgency in parts of gas-rich Cabo Delgado; this conflict, which has been going on for four years, has caused around 4,000 deaths and displaced approximately one million people. Around four million people are likely to suffer from high levels of food insecurity as a result of the combined effects of climate shocks and the conflict, which is also threatening the economic potential of lucrative Liquefied Natural Gas (LNG) investments in this area. The arrival of regional troops has helped stabilize the situation to some extent. The government has approved a reconstruction plan for the province, as well as the Northern Mozambique Resilience and Integrated Development Program (PREDIN). This is a short- to medium-term approach to conflict prevention and mitigation, social cohesion and resilience, planned for the provinces of Cabo Delgado, Niassa and Nampula.

2.2 Economic context

In 2020, Mozambique suffered its first economic contraction in almost three decades, due to the COVID-19 pandemic which seriously affected the extractive and services sectors. A slight recovery in growth in 2021 reflected the combined result of the recovery in agricultural growth and a relatively strong recovery in services on the one hand, and a weak performance by the extractive and manufacturing industries on the other. The 2022 Economic Update for Mozambique states that growth is expected to accelerate in the medium term, averaging 5.7% between 2022 and 2024, as demand continues to recover and the economy benefits from the start of LNG production in 2022, with larger LNG projects expected to resume. These should stimulate the extractive sector, increase demand for services and boost exports. Growth in agricultural production is expected to remain significant, subject to favorable weather conditions. However, considerable risks remain, including high international oil and wheat prices due to the war in Ukraine, natural disasters and a deteriorating security situation in northern Mozambique, which could increase pressure on public spending, among others.

Despite having one of the fastest growing economies in sub-Saharan Africa between 2000 and 2015, job creation, poverty reduction and human capital accumulation have been limited, with most of the wealth generated benefiting limited sections of the economy. With a human capital index 0.36, the extremely low levels of human capital are a constraint to rapid, inclusive and sustainable growth in Mozambique. Basic services in health and education are provided unevenly throughout the country, leading to territorial inequalities, with limited mechanisms for protect the most vulnerable from the impacts of shocks, thus leading to fragility, instability and violence.

The lack of good training and weak links between supply and demand result in a weak labor market and increased low productivity. Disempowerment among girls and women hampers growth through unfavorable fertility levels, high infant and maternal mortality, low levels of women's skills and the low productivity of in the labor market.

Additional challenges include maintaining macroeconomic stability, taking into account the country's exposure to fluctuations in commodity prices, and further efforts to restore confidence through better economic governance and increased transparency. Structural reforms are needed to support the ailing private sector. This and the diversification of the economy away from its focus on capital-intensive projects and low-productivity subsistence agriculture - while strengthening key drivers of inclusion, such as better quality health and education provision - could in turn improve social indicators.

3 LEGAL AND INSTITUTIONAL FRAMEWORK, INCLUDING THE GRANTING OF CONTRACTS AND LICENSES (REQUIREMENT 2)

3 Legal and institutional framework, including the granting of contracts and licenses (Requirement 2)

Overview: The EITI requires the disclosure of information related to the management of the extractive sector, allowing stakeholders to understand the laws and procedures for granting exploration and production rights, the legal, regulatory and contractual framework applicable to the extractive sector and the institutional responsibilities of the State in managing the sector. The EITI requirements on the transparency of the legal framework and the granting of rights in the extractive industry include: (2.1) Legal framework and fiscal regime; (2.2) Granting of contracts and licenses; 2.3) Registration of licenses; (2.4) Contracts; (2.5) Effective beneficiaries; and (2.6) State participation in the extractive sector.

3.1 Legal framework and tax system (requirement 2.1)

a) Implementing countries should disclose a description of the legal framework and tax regime governing the extractive industries. This information should include a summary description of the fiscal regime, including the level of decentralization of fiscal competencies, an overview the applicable laws and regulations, a description of the different types of contracts and licenses governing the exploitation of oil, gas and minerals, and information on the roles and responsibilities of the relevant government bodies.

b) If the government is carrying out reforms, the Coordination Committee is encouraged to ensure their documentation.

3.1.1 Main legal instruments

The legal framework for mining and oil activities in Mozambique was created with a view to ensuring greater competitiveness, transparency and safeguarding national interests. The main legal instruments governing the extractive sector in Mozambique are shown in the table below.

Mining area		
Name	Legal Instrument	Description
Laws	Law no. 20/2014, of August 18.	Mining Law, repeals Law 14/2002 of June 26 // Article 20 was amended by Law 20/2014 of August 18, Mining Law
	Law no. 28/2014 of September 23, 2014	Specific Taxation and Tax Benefits Regime for Mining Activities
	Law no. 15/2017, of December 28.	Amends and republishes the Specific Taxation and Tax Benefits Regime for Mining Activities, approved by Law 28/2014 of September 23rd
	Law no. 15/2022, of December 19th	Amends article 20 of Law no. 20/2014, of August 18, the Mining Law
Decrees	Decree no. 26/2004, of August 20th	Environmental Regulations for Mining Activities.

Mining area		
Name	Legal Instrument	Description
	Decree no. 5/2008, of April 9th.	Regulation of Specific Taxes for Mining Activities, amended by Decree no. 28/2015 of December 28 - Regulation of the Specific Taxation and Tax Benefits Regime for Mining Activities Mining
	Decree no. 20/2011, of June 1st.	Regulations for the Marketing of Mineral Products// Decree No. 34/2019 and Decree No. 25/2015
	Decree no. 61/2006, of December 28	Approves the Technical and Health Safety Regulations for Geological and Mining Activities and repeals any legislation that contradicts these Regulations - Amended by Decree no. 34/2019, of May 2nd
	Decree No. 42/2008 of November 4, 2008	Amends articles 5, 15, 18, 20, 21, 24, 25 and 28 of the Regulations on the Environmental Impact Assessment Process, approved by Decree 45/2004, of September 29 // Repealed by Decree No. 54/2015 of December 31, 2015
	Decree 63/2011, of December 7th	Regulations for Hiring Foreign Nationals in the Oil and Gas Sector Mining
	Decree no. 22/2015, of September 17th	Defines the attributions, competences and organization of the National Mining Institute
	Decree no. 13/2015, of July 3rd	Regulation Mineral and Petroleum Work.
	Decree no. 28/2015, of December 28	Regulation of the Specific Regime Taxation and Tax Benefits for Mining Activities // Amended by Decree no. 76/2022 of April 30, 2020. December 2022
	Decree No. 25/2015, of November 22	Regulations on the Marketing of Diamonds, Precious Metals and Gems (repealed by Decree no. 63/2021, of September 1st)
	Decree no. 31/2015, of December 31	Regulation of the Mining Law// Amended by Decree No. 34/2019 of May 2 and Decree No. 48/2022 of October 13, 2022
	Decree No. 54/2015, of December 31, 2015	Approves the Regulation on the Environmental Impact Assessment Process and repeals Decrees 45/2004 of September 29 and 42/2008, of November 4th
	Decree no. 78/2017, of December 28	VAT Refund Regulation - Amended by Decree No. 30/2022 of June 23, 2022
	Decree no. 32/2019, of April 29th	Regulation of the National Rescue System for the Resource Extraction Industry Minerals
	Decree no. 34/2019, of May 2nd	Regulation of the Inspection Activity of Mineral Resources and Energy
	Decree no. 63/2021, of September 1st	Regulations for the Marketing of Diamonds, Precious Metals and Gems
	Decree no. 48/2022, of October 13, 2022	Amended articles 5 and 132 of the Mining Law Regulations, approved by Decree no. 31/2015, of December
	Decree no. 30/2022, of June 23, 2022	Amends the title of Chapter III and Articles 18, 19, 20, 21 and 22 of the Tax Refund Regulation

Mining area		
Name	Legal Instrument	Description
		on Value Added Tax (VAT), approved by Decree no. 78/2017, of December 28th
	Decree no. 76/2022 of December 30th	Amends articles 4, 7, 8, 11, 15 and 28 of the Regulations of the Specific Taxation and Tax Benefits Regime for Mining Activities, approved by Decree no. 28/2015, of December 28
	Decree no. 40/2023, of July 7th	Regulates the criteria for the allocation and management of the percentage of revenue earmarked for the development of provinces, districts and local communities where mining projects are implemented, and oil.
Resolutions	Resolution no. 89/2013, of December 31.	It defines the principles and main actions for the management and exploitation of mineral resources in order to contribute to the economic and social development of the country. Mozambique.
	Resolution no. 21/2014, of May 16th	Approves the corporate social responsibility policy for the mineral resources industry mining.
Diplomas	Ministerial Diploma no. 189/2006, of December 14th	Basic Standards Management Management Environmental for Mining Activities
	Ministerial Diploma no. 92/2007, of June 11th	Rules and Procedures for Registration of Technicians Eligible to Prepare Prospecting and Research Reports and Project Work Programs Miners
	Ministerial Diploma No. 65/2022, of June 15, 2022	Updated the fees for the processing of mining titles and authorizations set out in Annex 9 of Decree no. 31/2015, of 31 December, which approved the Mining Law Regulations, and repealed the fees set out in Annex 9 of Decree no. 31/2015, of December 31
	Ministerial Diploma no. 118/2022, of November 21, 2022	Regulations on the Environmental Impact Assessment (EIA) Process

Table 1 - Main legislation in the mining area

With regard to the Vale Moçambique S.A. operation, Law no. 14/2002 of June 26 prevails, since the respective contract was signed before the entry into force of the current Mining Law no. 20/2014 of August 14.

Hydrocarbons Area		
Name	Legal Instrument	Description
Laws	Law no. 3/2001, of February 21, 2001	Oil Law // Repealed by Law no. 21/2014, of August 18
	Law no. 6/2011, of January 11th	Establishes the principles and standards for licensing, manufacture, storage, trade, transit, slaughter and transportation, as well as measures to safe for users of explosive substances.

Hydrocarbons Area		
Name	Legal Instrument	Description
	Law no. 15/2011, of August 10th	Establishes the Guidelines for the Process of Contracting, Implementing and Monitoring Public-Private Partnerships, Large-Scale Projects and Concessions business
	Law no. 21/2014, of August 18th	Oil Law, repeals Law no. 3/2001 of February 21st
	Law no. 25/2014, of September 23rd	Legislative Authorization Law for Natural Gas Liquefaction Projects in Areas 1 and 4 of the Rovuma Basin
	Law no. 27/2014, of September 23rd	Establishes the Specific Taxation Regime and Tax Benefits for Petroleum Operations
	Law no. 14/2017, of December 28	Specific Taxation and Tax Benefits Regime for oil operations.
	Law no. 16/2022, of December 19, 2022	Amends article 48 of Law no. 21/2014, of August 18, the Petroleum Law
Decree Law	Decree Law no. 2/2014, of December 2nd	Special Legal and Contractual Regime Applicable to the Liquefied Natural Gas Project in Areas 1 and 4 of the Rovuma Basin
Decree	Decree no. 27/2002, of November 19th	Approves the terms for carrying out the activities of production, transportation and sale of Natural Gas in the unified blocks of Pande and Temane.
	Decree no. 24/2004, of August 20th	Regulation of petroleum operations (in force) until the publication of Decree no. 34/2015, of December 31)
	Decree no. 25/2004, of August 20th	Creates the National Petroleum Institute (INP) and approves the respective Organic Statute
	Decree no. 44/2005, of November 29	Natural gas distribution and marketing regulations
	Decree no. 4/2008, of April 9th	Petroleum Production Tax Regulation (repealed by Decree no. 32/2015, of December 31)
	Decree no. 10/2009, of April 1st	Amendment to the Pande and Temane Natural Gas Project Development Plan
	Decree no. 56/2010, of November 22	Regulations Environmental for Petroleum Petroleum Operations
	Decree No. 25/2011, of June 15th	Approves the Regulation on the Environmental Audit Process.
	Decree 63/2011, of December 7th	Regulations for employing foreign citizens in the oil and mining sector
	Decree no. 45/2012, of December 28	Defines the regime to which the activities of production, import reception, storage, handling, distribution, marketing, transportation, export and re-export of petroleum products and revoked by Decree no. 89/2019, of November 18
	Decree No. 25/2014, of September 23rd	Legislative authorization law for the Natural Gas Liquefaction projects in Areas 1 and 2 4 Rovuma Basin

Hydrocarbons Area		
Name	Legal Instrument	Description
	Decree no. 35/2014, of August 1st	Altera a alínea a) do n.º 1 do artigo 17, o n.º 1 do artigo 21, o n.º 2 do artigo 52, o artigo 65, o n.º 1 do Article 76, Article 82 and Article 89(1) and (2) of the EC Treaty. Regulation of the Law on Explosive Substances
	Decree no. 83/2014, of December 31	Approves the Regulation on the Management of Hazardous Waste and its annexes.
	Decree no. 13/2015, of July 3rd	Mining and Oil Regulation
	Decree no. 32/2015, of December 31	Regulation of the Specific Regime of Taxation and Tax Benefits for Petroleum Operations
	Decree no. 34/2015, of December 31	Petroleum Operations Regulation/ Amended by Decree No. 34/2019 of May 2 approving the Regulation of Inspective Activity of the Mineral Resources and Energy.
	Decree no. 74/2016, of December 30th	Approves the supplementary terms to the Oil Exploration and Production Concession Contract for Area 4, in the Rovuma Block, approved by Decree no. 68/2006, of December 26, with a view to allowing the development of the FLNG venture Coral South, located in the part South do Eocene Coral Reservoir 441.
	Decree no. 75/2016, of December 30th	Approves the terms of the amendments to the Oil Exploration and Production Concession Contract, for Area 1, in the Rovuma Block, approved by Decree no. 67/2006, of December 26, with a view to allowing the construction and operation of two initial units for the production and sale of Liquefied Natural Gas, on the Afungi Peninsula, in the Afungi Province. of Cabo Delgado.
	Decree no. 76/2016, of December 30th	Approves the Terms and Conditions of the Government LNG Contract for the Area 1 Initial Liquefied Natural Gas (LNG) Project in the Rovuma Block with a view to ensuring the availability of large LNG volumes for sales, greater competitiveness in terms of price and the maximization of income and other benefits in LNG marketing and transport operations and avoiding competition in the marketing of LNG from same Area from Development and Production.
	Decree no. 77/2016, of December 30th	Approves the terms and conditions of the Government LNG Contract for the Area 1 Initial LNG Project in the Rovuma Block with a view to achieving greater competitiveness in terms of price and maximizing yields and other benefits of economies of scale in the marketing, transport and commercialization of LNG produced in the first two natural gas liquefaction units on the Afungi Peninsula, Cabo Delgado Province, through the provision of the Government's share of LNG. Government for joint selling.
	Decree no. 78/2016, of December 30th	Approves the terms of joint sale of natural gas Liquefied Natural Gas (LNG) of the Initial Project between the Parties constituting the Concessionaire of Area 1 in Block

Hydrocarbons Area		
Name	Legal Instrument	Description
		of Rovuma in order to guarantee the availability large volumes of LNG to ensure competitiveness in terms of price and the maximization of revenues and other benefits from LNG marketing, transportation and trading.
	Decree no. 56/2017, of October 27th	Approves the terms e conditions of the Supplementary Agreement to the CCPP for Area 4 of the Basin Rovuma.
	Decree No. 48/2018 of August 6, 2018	Amended articles 4 and 55 of the Petroleum Operations Regulation, approved by Decree no. 34/2015, of December 31
	Decree no. 52/2018, of September 3rd	Approves the Terms of the Oil Exploration and Production Concession Contract, for the Angoche Offshore Area (A5 - A), to Eni Mozambico S.p.A., Sasol Petroleum Mozambique Exploration Lda. and Empresa Nacional de Hidrocarbonetos, E.P (ENH, EP), as dealers.
	Decree no. 53/2018, of September 3rd	Approves the Terms of the Petroleum Exploration and Production Concession Agreement for the Zambezi Delta Offshore Area (Z5-D), to ExxonMobil Moçambique Exploration and Production, Limitada, RN Zambezi North PTE. LTD and Empresa Nacional de Hidrocarbonetos, E.P (ENH, EP), as Concessionaires.
	Decree no. 54/2018, of September 3rd	Approves the Terms of the Petroleum Exploration and Production Concession Agreement for the Zambezi Delta Offshore Area (Z5-C), to ExxonMobil Moçambique Exploration and Production, Limitada, RN Zambezi South PTE. LTD and Empresa Nacional de Hidrocarbonetos, E.P (ENH, EP), in the capacity of Dealerships.
	Decree no. 55/2018, of September 3rd	Approves the Terms and Conditions of the Petroleum Exploration and Production Concession Contract for the Mazenga "Onshore" Area to Empresa Nacional de Hidrocarbonetos, E.P (ENH, EP), in its capacity as Dealership.
	Decree no. 56/2018, of September 3rd	Approves the Terms of the Oil Exploration and Production Concession Contract for the Angoche Offshore Area (A5 - B), to ExxonMobil Moçambique Exploration and Production, Limitada, RN Angoche PTE. LTD and Empresa Nacional de Hidrocarbonetos, E.P (ENH, EP), as Dealerships.
	Decree no. 57/2018, of September 3rd	Approves the Terms of the Oil Exploration and Production Concession Contract for the Pande Temane Onshore Area (PT5-C), to Sasol Petroleum Mozambique Exploration Limitada, and Empresa Nacional de Hidrocarbonetos, E.P (ENH, EP), at quality of dealerships.
	Decree no. 47/2019, of June 5th	Approves the terms and conditions of the 2nd Area 4 Supplementary Agreement to the Oil Exploration and Production Concession Contract for Area 4 Offshore, in the Rovuma Block ("CCPP"), and the

Hydrocarbons Area		
Name	Legal Instrument	Description
		addition to its Annex C, on accounting and financial procedures, approved by Decree No. 68/2006, of 26 of December.
	Decree no. 51/2019, of June 12th	Approves the Financing Structure the Golfinho/Atum Liquefied Natural Gas Project.
	Decree no. 89/2019 of November 18	Regulation on Petroleum Products (repeals Decree 45/2012 of December 28)
	Decree no. 39/2020, of June 12th	Approves the inclusion of TEPMA1 in the Financing Structure of the Golfinho/Atum Natural Gas Project and approves the Long Term Sheet for Common Terms of Area 1 UVJ Senior Debt , dated 15 December 2008 of May 2020 ("2020 Fact Sheet").
	Decree no. 84/2020, of September 18th	Petroleum Infrastructure and Operations Licensing Regulations
	Decree No. 13/2021, of April 1, 2021	Addendum to the Direct Agreement for the Financing of the Golfinho/Atum Liquefied Natural Gas Project, approved by Decree No. 51/2019, of June 12, as amended and supplemented by Decree No. 39/2020, of June 12, which aims to take into account the changes resulting from the entry of TOTAL E&P Mozambique Area 1, Limited
	Decree no. 14/2021, of April 1, 2021	Approved the terms and conditions of the Supplementary Agreement to the Oil Exploration and Production Concession Contract for Area 1, in the Rovuma Block, approved by Decree no. 67/2006, of December 26, relating to the Field Dolphin/Atum
	Decree no. 40/2023, of July 7th	Regulates the criteria for the allocation and management of the percentage of revenue earmarked for the development of provinces, districts and local communities where mining projects are implemented, and oil.
Resolutions	Resolution no. 40/2008, of October 15th	Ratifies the Agreement between the Republic of Mozambique and the Republic of Angola in the Field of Petroleum and Natural Gas.
	Resolution no. 27/2009, of June 8th	Area Concession Strategy Petroleum Operations
	Resolution no. 64/2009, of November 2	Strategy for the Development of the Natural Gas Market in Mozambique
	Resolution no. 14/2015, of July 8th	Approves the Organic Statute of the Ministry Mineral Resources and Energy
	Resolution no. 25/2016, of October 3rd	Approves the Model Oil Exploration and Production Concession Contract
	Resolution no. 5/2018, of February 7th	Approval o Plan Plan Plan of Golfinho/Atum.

Hydrocarbons Area		
Name	Legal Instrument	Description
	Resolution no. 9/2021, of April 1, 2021	Addendum to the Campo Golfinho/Atum Development Plan, approved by Resolution no. 5/2018, of February 7th
Diplomas	Ministerial Diploma no. 66/2008, of July 23rd	Approves the specific regulation for designated warehouses for petroleum products
	Ministerial Diploma no. 272/2009, of December 30th	Licensing Regulations for Petroleum Installations and Activities
	Ministerial Diploma no. 31/2014 of March 19th	Regulation on the Licensing of Petroleum Technical Personnel
	Ministerial Diploma no. 210/2012, of September 12th	Regulation on the Determination of Maximum Prices for the Sale of Natural Gas
	Ministerial Diploma no. 142/2012, of August 28th	Approves the Model Contract for the supply of fuel between the Distributor, including the owners of stations of supply of fuel and retailers
	Ministerial Diploma no. 176/2014, of October 22nd	Approves the construction, operation and safety fuel stations

Table 2 - Main hydrocarbon legislation

For the companies operating in the Rovuma basin, namely TEPMA1 and Eni East Africa, Law no. 3/2001 of February 21 prevails, since their respective contracts were signed prior to Law no. 21/2014.

It should be noted that the above legal instruments can be found in the Boletim da República[4].

3.1.2 Reforms to the sector's legislation

Revision of the Mining and Petroleum Law

The 9th EITI Report indicated that the Mining and Petroleum Laws were in the process of being revised, given the need to adjust the legal framework for mining activities and petroleum operations to the country's current economic order and the developments in the respective sectors.

With regard to the Mining Law, the revision proposal was based on the need to improve the following aspects:

i. treatment of public limited companies *versus the* need to present the holders of shares and participating interests in companies holding mining securities;

[4] Under the terms of article 143 of the Constitution of the Republic of Mozambique, laws, decree-laws, decrees, resolutions and other diplomas issued by the government must be published in the Official Gazette, under penalty of legal ineffectiveness.

ii. strengthening the government's powers to regulate the purchase of goods and the provision of services to mining companies in order to ensure greater participation by nationals and the establishment of partnerships with foreigners;

iii. inclusion of rules to ensure that mining licenses are prohibited in areas of total and partial protection, with a view to ensuring the protection of the public interest; and

iv. As the country is implementing the standards of the Extractive Industry Transparency Initiative, the Mining Law should include clear commands on the need for collaboration by mining owners in publishing and providing information to ensure transparency in the management of the extractive industry.

In addition, according to the rationale behind the revision of the Mining Law, it was also intended to allow the adjustment of the matters listed in the Law of the Sea, approved by Law No. 20/2019 of November 8, which defines the mechanisms for the exploitation of geological and/or geophysical resources, and the rules for the private use of maritime space, the improvement of language and the introduction of essential definitions in the regulation of mining operations.

The 10th EITI Report indicated that both the Mining Law and the Petroleum Law were examined by MIREME's Technical Council and Consultative Council, and were then submitted and examined at the preparatory meeting of the Council of Ministers, where it was concluded that they should be improved.

However, in 2022 both laws were amended, with the only change being the amendment of the articles relating to "local development", namely article 20 of the Mining Law and article 48 of the Petroleum Law.

Local Content

In the 9th EITI Report, it was pointed out that the proposal for a Local Content Law, which aims to establish rules to be observed in the supply of goods and services to enterprises operating in national territory, with national content, as a way of promoting the development of the national business community, was still being drafted. The aim of this law is to enhance the value of goods and services produced domestically, with the incorporation of national production factors, namely capital, raw materials and labor. The proposal aims to cover all sectors and not just the extractive industry. According to MIREME's Local Content Working Group, the law has been submitted to the Council of Ministers.

Nevertheless, on the subject of Local Content, Decree-Law No. 2/2014, of December 2, which establishes the terms and conditions of the activities to be carried out in Area 1 and/or Area 4 of the Rovuma Basin, defines that the concessionaires must individually draw up a local content plan for each project in the Rovuma Basin, in accordance with the principles established in article 10 of this Decree-Law, namely:

- Preference to Mozambican natural or legal persons for goods and services, under the terms of paragraph 8;
- For categories of goods and services that require specialized *know-how*, preference will be given, under the terms of paragraph 8, to Mozambican natural and legal persons, companies

  foreigners who associate with Mozambican natural or legal persons, by any legally permitted means, including through subcontracting or partnerships the form of companies or other non-corporate entities, regardless of the level of participation of of the Mozambican and foreign associates;
- With regard to main contracts and/or contracts for the supply of goods or services
  of services related to technology, patents or supplies with special requirements, including those related to the construction, operation and maintenance of the Rovuma Basin Project's infrastructure, the contracting authority may freely acquire them, both from foreign companies and from Mozambican natural or legal persons.

On the other hand, with regard to the Single Local Content Program, MIREM only concludes this instrument in August 2021. Remember that this program aims to support the government in maximizing the added value associated with oil and gas projects in order to guarantee the creation of business opportunities and increase local jobs, it is a response to the need for a single national strategy for the short, medium and long term, with a clear set of actions to promote national participation in the oil and gas value chain.

In order to make a reality, the Brazilian consultancy firm Nelson Narciso Filho - NNF was selected to provide technical assistance in the process of setting up a unit to implement the Single Program. The company's activities will begin in February 2023.

Sovereign Wealth Fund

In March 2019, the Bank of Mozambique (BM) organized a high-level international seminar on sovereign wealth funds, in partnership with the International Monetary Fund (IMF), with the aim of to foster a broad forum for debate and obtain contributions that could serve as a basis for the process of creating a mechanism for managing revenues from non-renewable natural resources in Mozambique.

In this sense, the WB concluded that there is a national consensus on the importance of creating Sovereign Wealth Fund in Mozambique, and that this seminar was an important milestone in achieving political consensus on the need to create a Sovereign Wealth Fund in Mozambique.

As a result of this action, combined with working visits to 6 Sovereign Wealth Funds[5], the Central Bank prepared a proposal for a Sovereign Wealth Fund model[6] and a roadmap for its operationalization. This proposed Sovereign Wealth Fund has two objectives:

1. Accumulate Savings by maximizing the value of the fund in order to ensure that revenues from non-renewable natural resources are shared between several generations. This objective responds to the sovereign concern related to reconciling present needs with those of future generations.
2. Contribute to Fiscal Stabilization, with a view to insulating the Budget and the economy from the harmful impacts resulting from fluctuations in *commodity* prices on international markets.

The public consultation process for this proposal was carried out from October 2020 to December 2020, and involved all of Mozambique's provincial capitals. With this exercise, Banco de Moçambique intended to gather contributions to enrich the Technical Proposal, and various *stakeholders* participated in the process, including public and private institutions, international organizations, civil society organizations, academia and the general public. At the same time, various events took place, including seminars, training sessions, interviews on radio, television and in major newspapers and magazines. A total of twenty-eight public hearings were held throughout the country, involving national and international organizations.

The technical analysis was submitted to the MEF to coordinate the drafting of the Sovereign Fund Law, which is expected to be submitted to the Council of Ministers in September 2022.

In November 2022, the Sovereign Wealth Fund Bill was approved by the Council of Ministers and submitted to Parliament for analysis.

[5] Alaska Permanent Fund Corporation (USA); Heritage and Stabilization Fund (Trinidad and Tobago); East Timor Petroleum Fund (East Timor); Pula Fund (Botswana); Fundo Soberano de Angola (Angola) and Government Pension Fund Global (Norway)
[6] https://www.bancomoc.mz/fm_search.aspx -accessed August 26, 2022

3.1.3 Mozambique's tax system

Mozambique's tax system is based on criteria of social justice and the legal and tax system follows the principles of tax legality, equity, efficiency and simplicity. This system aims to meet the needs of the state and other public entities, achieve economic policy objectives and ensure the fair distribution of income and wealth.

The bases for implementation and the general principles and rules of the Mozambican tax system are set out in the Basic Law of the Tax System[7] (Law no. 15/2002, of June 26) and the General Tax Law (Law no. 2/2006, of March 22).

Mozambique's tax system has a structure comparable to the most modern tax systems, with a tripartite structure through which wealth, income and consumption are taxed separately, integrating national and municipal taxes. National taxes are classified as direct taxes (taxes levied directly on income or wealth) and indirect taxes (taxes levied on expenditure).

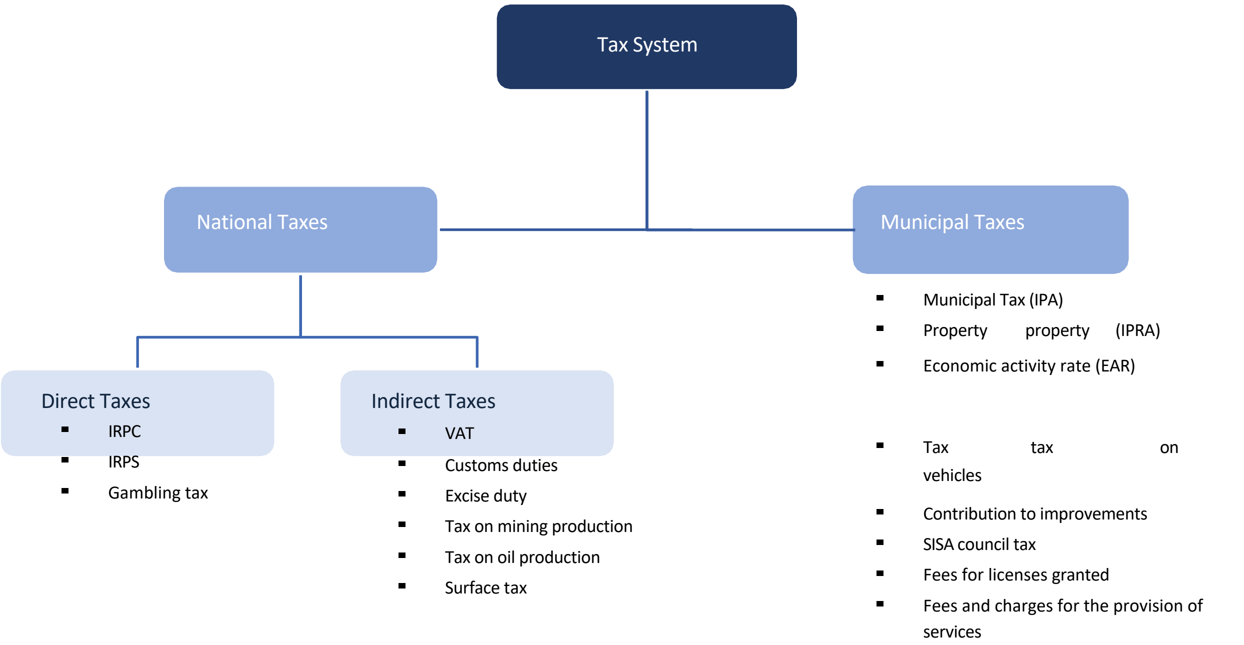


Figure 4 - Classification and types of taxes in Mozambique

[7] Amended by Law no. 21/2022, of December 28th

3.1.3.1 Decentralization of tax powers

Article 270-A(1) of Law No. 1/2018 (Law for the Punctual Revision of the Constitution of the Republic of Mozambique) states that decentralization aims to organize the participation of citizens in solving their community's own problems, promote local development, and deepen and consolidate democracy, within the framework of the unity of the Mozambican state.

A review of the Constitution of the Republic, in the chapter on decentralization, shows that it makes no mention of the decentralization of tax powers, and that the tax revenues resulting from the collection of national taxes are managed centrally and allocated to the municipalities via the Municipal Compensation Fund.

3.1.3.2 Description of the main National Taxes[8] Corporate

Income Tax (IRPC)

The IRPC is a direct tax levied on income obtained, even if it comes from acts
illicit acts during tax period by taxable persons.

According to the IRPC Code, approved by Law no. 34/2007, of December 31st, IRPC taxpayers are:

- commercial or civil companies in commercial form, cooperatives, public companies and other legal persons governed by public or private law with registered offices or effective management in Mozambican territory;
- entities without legal personality, with registered offices or effective management in Mozambican territory, whose income is not subject to Mozambican Income Tax.

  Personal Income Tax (IRPS) or Corporate Income Tax (IRPC) directly owned by natural or legal persons;
- entities, with or without legal personality, that do not have a registered office or effective management in Mozambican territory, under the conditions laid down in articles 4 and 5 of the IRPC Code, whose income is not subject to IRPS.

Entities with registered offices or effective management in Mozambican territory are subject to IRPC on all their income, including that obtained outside that territory, in which case they can deduct the tax paid abroad, under the terms of the regulations. On the other hand, entities that do not

[8] The Tax Codes described in this chapter can be found on the website of the Mozambican Tax Authority: http://www.at.gov.mz/index.php/por/Legislacao

have their registered office or effective management in Mozambican territory shall be subject to IRPC only in respect of income obtained there.

Taxpayers with their registered office or permanent establishment in Mozambique are taxed at 32%. Income obtained in Mozambican territory by entities that do not have their registered office or effective management in Mozambique, and which is not attributable to a permanent establishment located there, is taxed at IRPC rates of up to 20%.

In the extractive industry, the IRPC rate may differ from the above, depending on terms of the contracts signed with the state, in cases where the contracts were signed before the entry into force of the current Taxation and Tax Benefits Schemes specific to Mining and Oil Operations.

As for capital gains, according to the Taxation and Tax Benefits Regime specific to Mining and Petroleum Operations, this concept includes gains resulting from the direct or indirect allotment of mining or petroleum rights located Mozambican territory, whether for a consideration or free of charge. Regardless of whether they are obtained by entities resident or non-resident in Mozambican territory, capital gains are taxed autonomously at a rate of 32%, and responsibility for payment of the tax arising from gains obtained by non-resident entities without a permanent establishment in Mozambique is jointly and severally attributed to the acquiring entity or the holder of the mining or oil rights.

Personal Income Tax (IRPS)

Personal Income Tax (IRPS) is a direct tax levied on the total annual value of income, even when derived from illegal acts, in the following categories, after the corresponding deductions and rebates have been made:

- First category: income from dependent work;
- Second category: business and professional income;
- Third category: income from capital and capital gains;
- Fourth category: property income;
- Fifth category: other income.

The IRPS is payable by individuals residing in Mozambican territory and by those who, while not residing there, earn income here. In the case of taxpayers resident in Mozambican territory, the IRPS is levied on all their income, even if obtained outside that territory.

in which case they can deduct the tax paid abroad, under the terms of the Tax Code. Taxpayers who are not resident in Mozambican territory are only subject to IRPS on income obtained there.

The general annual IRPS rates for residents vary between 10% and 32% and by taxable income bracket. Non-residents are subject to withholding tax at a rate of between 10% and 20%.

With regard to income in the 1st IRPS category, withholding tax is levied definitively and in accordance with the table below:

Limits on breaks/gross monthly salary	Amount of IRPS to be withheld relative to the lower limit of gross salary, by number of dependents (MTs)					Coefficient applicable to each additional unit to the lower limit of gross salary
	0	1	2	3	4 or more	
Up to 20,249.99	-	-	-	-	-	-
From 20,250.00 to 20,749.99	0,00	-	-	-	-	0,10
From 20,750.00 to 20,999.99	50,00	0,00	-	-	-	0,10
From 21,000.00 to 21,249.99	75,00	25,00	0,00	-	-	0,10
From 21,250.00 to 21,749.99	100,00	50,00	25,00	0,00	-	0,10
From 21,750.00 to 22,249.99	150,00	100,00	75,00	50,00	-	0,10
From 22,250.00 to 32,749.99	200,00	150,00	125,00	100,00	50,00	0,15
From 32,750.00 to 60,749.99	1.775,00	1.725,00	1.700,00	1.675,00	1.625,00	0,20
From 60,750.00 to 144,749.99	7.375,00	7.325,00	7.300,00	7.275,00	7.225,00	0,25
From 144,750.00 upwards	28.375,00	28.325,00	28.300,00	27.275,00	28.225,00	0,32

Note: The (-) sign means that there is no tax to withhold and the coefficient does not apply. The (0.00) means that only the coefficient applies.

Table 3 - Withholding table for income in the 1st IRPS category

Thus, the calculation of the tax to be withheld at source each month corresponds to that calculated using the following formula:

IRPS= (Gross taxable remuneration - Lower limit of the range in which gross remuneration falls) x coefficient + Amount to be withheld per number of dependents

Value Added Tax (VAT)

VAT is levied on all supplies of goods and services made for consideration in Portugal by taxable persons acting as such, as well as on imports of goods.

According to the VAT Code, the rate of this tax is 16%[9], and the following are considered taxable persons:

- natural or legal persons resident or having a permanent establishment or representation in national territory who, independently and on a regular basis, engage, whether for profit or not, in the production, trade or provision of services, including mining, agriculture, forestry, livestock and fishing;
- natural or legal persons who, while not carrying out an activity, also carry out a independently, any taxable transaction as long as they meet the conditions the actual incidence of Personal Income Tax or Corporate Income Tax;
- natural or legal persons who are non-residents and have no permanent establishment or representation that, still independently, carry out any taxable transaction, provided that such transaction is connected with the exercise of their business activities wherever it occurs or when, regardless of such connection, such transaction meets the conditions for actual incidence of Personal Income Tax or Corporate Income Tax;
- natural or legal persons who, in accordance with customs legislation, carry out imports of goods;
- natural or legal persons who wrongly mention value added tax on an invoice or equivalent document.

The taxable value of transactions subject to VAT corresponds to the amount of the consideration obtained or to be obtained from the purchaser, the recipient or a third party. In the case of goods or services subject to the fixed price system (energy, water, fuel, etc.), VAT is levied on a fraction of the invoice or price, which reduces the taxable base.

Specific Consumption Tax

Specific Consumption Tax selectively taxes the consumption of certain goods, produced in national territory or imported, listed in the table annexed to this tax code.

[9] This rate came into force on January 1, 2023.

Tax rates are *"ad valorem"* (percentages) or specific or a combination of the two, taking into account the nature of the goods to be taxed, as well as the social, economic or general or special prevention objectives to be pursued in each case.

Customs Duties

Customs duties are levied on the value (determined in accordance with the applicable customs regulations) of goods imported or exported across national borders, for this purpose defined as "customs territory". On import, the reference base is usually the CIF value (cost, insurance and freight) and the rates vary between 2.5% and 25%.

Mozambique's customs tariff was recently amended and republished by Law no. 17/2022, of 29 December, corresponding to the seventh edition of the Harmonized Commodity Description and Coding System nomenclature, an instrument of the World Customs Organization, which formally came into force in 2022.

It should be noted that imports of products with SADC (South African Development Community) certificates of origin are exempt from customs duties.

Stamp Duty

Stamp Duty is levied on all documents, contracts, books, papers and acts listed in the Table annexed to the Stamp Duty Code. Transactions covered by value added tax and not exempt from it are not subject to Stamp Duty.

Stamp duty rates apply depending on the nature of the different tax acts and facts and whether or not their value can be determined. The rates take the form of "*ad valorem*" or fixed amounts (specific rates).

Entities with an economic interest are subject to Stamp Duty and bear the respective burden. If there is a common economic interest between several entities, the tax burden is shared proportionally by all of them.

Inheritance and Gift Tax

Inheritance and gift tax is levied on gratuitous transfers of ownership of movable and immovable property, whatever the name or form of the title.

Inheritance and gift tax is payable by individuals who acquire ownership of movable or immovable property free of charge, even if a right of usufruct, use or habitation has been established in favor of others. The tax is levied at rates ranging from 2% to 10%.

National Reconstruction Tax (IRN)

The National Reconstruction Tax represents each citizen's minimum contribution to public spending and is levied, according to specific rates, on all persons residing in the national territory, even foreigners, when the circumstances of age, occupation, aptitude for work and other conditions established in the Law on the Municipal Tax System are met.

The rate is set for each year by the Minister of Economy and Finance, based on various proposals from the Provincial Governments, in order to take into account the degree of development and socio-economic conditions prevailing in each district or region.

With the entry into force of the Municipal Tax System in 2001, the incidence of this tax was reduced to the areas of the country that had not yet been municipalized, and taxpayers who provide proof of payment or exemption from the Municipal Personal Tax in the territorial district of their residence are formally exempt from it.

3.1.3.3 Description of the main local taxes

The bases of the Municipal Tax System in force in Mozambique are defined in Law No. 1/2008, of January 16, which was created due to the need to reformulate this system, harmonize it with the Basic Law on the Tax System and introduce changes in order to comply with the Law on the State's Financial Administration System. The main taxes and fees that make up the Municipal Tax System are described below.

Municipal Personal Tax (IPA)

The Municipal Personal Tax replaces the National Reconstruction Tax in the municipalities and is levied on all nationals or foreigners residing in the respective municipality, when they have between 18 and 60 years of age and for whom the circumstances of occupation and aptitude for work are verified. Persons who are resident in the municipality are considered to be resident there.

The value of the Municipal Personal Tax to be in force annually in each municipality is determined by applying the rates indicated below, according to the classification of the local authorities, to the highest national minimum wage in force on June 30th of the previous year:

- 4% for A-level;
- 3% for level B;
- 2% for level C;
- 1% for level D.

Municipal Property Tax (IPRA)

Municipal property tax is levied on the property value of urban buildings located in the territory of the respective municipality. The patrimonial value of urban buildings is understood to be that contained in the land registry, failing which, the value declared by the owner, unless it deviates from the normal market price. An urban building is any building incorporated into the ground, with the land that serves as its patio.

This tax is levied on the holders of property rights on December 31st of the previous year to which it relates, and is presumed to apply to persons in whose name they are registered in the land registry or who have possession of them in any capacity on that date.

The municipal property tax rates are as follows:

- residential buildings: 0.4%;
- buildings used for commercial, industrial or independent professional activities, as well as those used for other purposes: 0.7%.

SISA Council Tax

SISA's Autarchic Tax is levied on the transfer, for consideration, of the right of ownership or of parts of that right, over immovable property. For the purposes of this tax, immovable property is considered to be urban buildings located national territory. This tax is payable by natural or legal persons to whom rights over urban buildings are transferred.

The tax rate is 2% and is levied on the declared amount of the transfer or the asset value of the urban building, whichever is the higher, unless this deviates from the normal market price.

Local Vehicle Tax (IAV)

The Municipal Vehicle Tax replaces the Vehicle Tax in the municipalities. This tax is levied on the use and enjoyment of the following vehicles, which are registered or registered with the competent services in Mozambican territory, or, regardless of registration or , as soon one hundred and eighty days have elapsed since their entry into the same territory, they are circulating or being used under normal conditions of use:

- Light vehicles and heavy vehicles that are twenty-five years old or less;
- Passenger motorcycles with or without a car that are fifteen years old or less;
- Aircraft with engines for private use;
- Recreational boats with engines for private use.

The taxable persons are the owners of the vehicles, whether they are natural or legal persons, governed by public or private law, residing in the respective municipality, and the persons in whose name they are registered or registered are presumed to be such until proven otherwise.

IAV fees are annual and are set by Decree 63/2008 of December 30, varying according to criteria established by the type of vehicle and the fuel used, engine capacity, power, voltage, age, load capacity or number of passengers, maximum take-off weight in the case of aircraft and propulsion power in recreational boats, among others.

Improvement Contribution

The Improvement Contribution is a special contribution due for the execution of public works that result in real estate appreciation, with the total limit being the expenditure incurred and the individual limit being the increase in value that the work results in for each benefited property.

The taxable person for the Improvement Contribution is the owner or possessor in any capacity of the property benefiting from the work.

3.1.4 Taxes, Fees and Contributions specific to the Extractive Industry

In addition to the taxes mentioned above, other specific taxes, fees and contributions approved by specific legislation are also part of Mozambique's Tax System. In the case of the extractive industries, the applicable laws are Law No. 24/2014 and Law No. 27/2014, both of September 23, which approve the Specific Taxation and Tax Benefits Regime for Mining Activities and Petroleum Operations, respectively. It should be noted that these regulations were updated by Law no. 15/2017, of December 28, for the mining area and Law no. 14/2017, of December 28, for the hydrocarbons area.

3.1.4.1 Mining area

The Specific Taxation and Tax Benefits Regime for Mining Activities, approved by Law no. 28/2014, of September 23, came into force on January 1, 2015. This regime applies to natural and legal persons carrying out mining activities in Portugal, who, in addition to the taxes specified in this regime, are subject to the general taxation regime. The regulations for this regime were approved by Decree No. 28/2015, of December 28, which came into force on January 1, 2016.

These regulations repealed the previous instruments that determined the rules for taxing the mining area, namely Laws no. 11/2007 and 13/2007 and Decree no. 5/2008. It should be noted that Law no. 24/2014 was updated by Law no. 15/2017, of December 28, as previously indicated.

The Specific Taxation and Tax Benefits Regime for Mining Activities includes the Mining Production Tax (IPM), the Surface Tax (ISS) and the Mining Resource Income Tax. In addition to these taxes, this regime has specific provisions for income taxes. The following is a description of these taxes and their specific provisions.

Mining Production Tax (IPM)

The Mining Production Tax is due monthly and must be paid by natural or legal persons, whether or not they hold mining titles. It is levied on the value of the product, concentrates and mineral water.

The IPM rates were defined according to the mineral extracted, as shown below:

Ore	Fee
Diamonds	8%
Precious metals, precious and semi-precious stones	6%
Heavy sands	6%
Basic metals	3%
Coal	3%
Ornamental stones and other mining products	3%
Sand to Stone	1,5%

Table 4 - IPM rates

Surface Tax (ISS)

Surface tax is payable annually and is levied on the area subject to a reconnaissance license, prospecting and research license, mining concession or mining certificate, measured in square kilometers or hectares and, in the case of mineral water, is levied on each mining title.

Natural or legal persons who hold a reconnaissance license, prospecting and research license, mining concession or mining certificate are subject to surface tax.

The surface tax base is the number of square kilometers or hectares of the area subject to the prospecting and research license, mining concession or mining certificate.

The ISS rates are shown in the table below:

Description	Fee
a) Prospecting and research licenses for all minerals	
i. In the 1st and 2nd year	17.50 MT/ha
ii. In the 3rd year	43.75 MT/ha
iii. In 4th and 5th grade	91.00 MT/ha
iv. In 6th grade	105.00 MT/ha
v. In 7th and 8th grade	210.00 MT/ha
b) Mining Concession	
i. For mineral water	85,000.00 MT/Mining title
ii. For other mineral resources:	
From 1st to 5th grade	30.00 MT/ha
From 6th grade onwards	60.00 MT/ha
c) Mining Certificate	
i. 1st to 5th grade	30.00 MT/ha
ii. From the 6th onwards	50.00 MT/ha

Table 5 - ISS fees

Mining Resource Rent Tax (IRRM)

The IRRM is a tax levied on the net cash flow under a mining bond, once that flow gives rise to an internal rate of return, before IRPC, equal to or greater than 18%.

This tax is due when there are accumulated net cash gains at the end of the tax year and the applicable rate is 20%.

Specific income tax rules

Taxpayers covered by the Specific Taxation and Tax Benefits Regime for Mining Activities must take following rules into account when determining their taxable income:

- The taxable profit must be calculated for each mining title, i.e. individually, for each prospecting and research license, mining certificate or mining concession.
- Each prospecting and research license, mining certificate or mining concession must obtain a Unique Tax Identification Number - NUIT.
- The deduction of general administration costs borne by the subsidiary or another associated company, which obtains income from a mining title in Mozambican territory, in a given fiscal year, may not exceed 3% of the total expenses of that company in that same year, excluding depreciation.
- Costs resulting :
  - Prospecting and research without discovery;
  - Deliberate violation of legal and regulatory obligations by the taxable person or anyone acting on their behalf with regard to the management of the mining activity;
  - Contracts to *hedge* risks or losses arising from such , also known as "*hedges*";
  - Expenses for professional training of expatriate staff and training programs if they do not comply with the terms required by the applicable legislation;
  - Financial offers made to the State for the award of mining concessions;
  - IPM;
  - IRRM;
  - Costs of marketing or transporting the mining product beyond the point delivery;

- ➢ Expenses for an independent expert to be consulted for the purpose of determining the price of the mining product, when not requested by the Government;
- ➢ commissions paid to intermediaries;
- ➢ expenses incurred in arbitration proceedings not requested by the government;
- ➢ damage caused by the negligence or intent of the taxable person or anyone acting on their behalf;
- ➢ a social responsibility plan;
- ➢ tax arising from the transfer, for consideration or otherwise, of shares in the mining sector.

- Specific depreciation rates apply. Tax benefits

Developments under the Mining Law are exempt from the following taxes for 5 fiscal years, starting from the date of commencement of mining operations:

- Customs duties due on the import of equipment for prospecting and mining research operations, classified in class K of the Customs Tariff;
- Customs duties due on the import of goods listed in Annex II of Law no. 28/2014, which are assimilated to goods in class K of the Customs Tariff.

It should be noted that developments carried out before Law no. 28/2014 came into force were eligible for exemption from VAT and ICE on the above-mentioned imports.

Other Fees

The Mining Law Regulations, approved by Decree 31/2015, establish different fees related to the processing of mining titles and the necessary authorizations.

The fees set out in Annex 9[10] of the regulation are shown in the table below.

	Type of mining bond	Value (MT)
1	Prospecting and Research License	
	Application registration fee	50.000,00
	Title issue fee	50.000,00
	Late submission of extension request fee	150.000,00
	Extension fee	100.000,00
2	Mining Concession	
	Application registration fee	150.000,00

[10] Updated by Ministerial Order no. 65/2022, of June 15.

	Type of mining bond	Value (MT)
	Title issue fee	150.000,00
	Late submission of extension request fee	200.000,00
	Extension fee	300.000,00
3	Mining Treatment License	
	Application registration fee	150.000,00
	Title issue fee	150.000,00
	Late submission of extension request fee	200.000,00
	Extension fee	300.000,00
4	Mining Processing License	
	Application registration fee	150.000,00
	Title issue fee	150.000,00
	Late submission of extension request fee	200.000,00
	Extension fee	300.000,00
5	Mining Certificate	
	Application registration fee	2.000,00
	Title issue fee	2.000,00
	Late submission of extension request fee	5.000,00
	Extension fee	5.000,00
6	Minas Gerais Password	
	Application registration fee	1.000,00
	Title issue fee	1.000,00
	Late submission of extension request fee	3.000,00
	Extension fee	3.000,00
7	Authorization to Extract Mineral Resources for Construction/Geological Research or Scientific Studies	
	Application registration fee	2.000,00/1.500,00
	Title issue fee	2.000,00/1.500,00
	Late submission of extension request fee	5.000,00/3.000,00
	Extension fee	5.000,00/3.000,00
8	Fees for title transfer requests	
	Prospecting and research license	1.920.000,00
	Mining concession	6.400.000,00
	Mining certificate	1.280.000,00
	Minas Gerais password	5.000,00
9	Fees for registering the transfer of securities	
	Prospecting and research license	1.500.000,00
	Mining concession	5.000.000,00
	Mining certificate	1.000.000,00
	Minas Gerais password	5.000,00
10	Area extension request fees	
	Prospecting and research license	1.920.000,00
	Mining concession	6.400.000,00
	Mining certificate	1.000.000,00
11	Area enlargement fees	

	Type of mining bond	Value (MT)
	Prospecting and research license	150.000,00
	Mining concession	100.000,00
	Mining certificate	10.000,00
	Certified copy of any license/certificate	5.000,00
	Copy/extract of any archived record (p/page)	2.000,00
12	Operator and subcontractor registration fees	
	Prospecting and research license	300.000,00
	Mining concession	640.000,00
	Mining certificate	75.000,00

Table 6 - Fees for processing mining titles and authorizations

3.1.4.2 Hydrocarbons Area

The Specific Regime of Taxation and Tax Benefits for Petroleum Operations, approved by Law no. 27/2014, of September 23, has been in force since January 1, 2015. Its regulation, approved by Decree No. 32/2015, of December 31, came into force on the date of its publication. In 2017, the government introduced some changes to the Specific Regime of Taxation and Tax Benefits for Petroleum Operations, through Law no. 14/2017, of December 28.

Under this regime, the taxpayers covered are generally subject to the taxes that make up the Mozambican tax system, as well as parafiscal charges. In addition to these taxes, they are also subject to the tax on oil production, the specific income tax rules and the production sharing mechanisms provided for in the regime.

Oil Production Tax (IPP)

The IPP is levied on oil[11] produced in the area of the concession contract, and the taxable base for this tax corresponds to the value of the oil produced. The value of the oil produced is determined on the basis of the weighted average prices at which it was sold or otherwise disposed of by the producer and its contractors in the month to which the tax to be paid corresponds.

The IPP fees are as follows:

[11] Under the terms of Law 21/2014 - Petroleum Law, the concept of petroleum includes crude oil, natural gas or other concentrations of hydrocarbons, in the physical state in which they are found underground, produced or capable of being produced from or in association with crude oil, natural gas, bitumen and asphalt.

Type of product	Fee
Crude oil	10%
Natural gas	6%

Table 7 - PPI rates

Contracts signed before the entry into force of Law no. 12/2007, of June 27, benefit from reduced rates.

As a general rule, the IPP is paid in cash, however, the government reserves the right notify the taxable person to pay, in part or in full, the tax in kind.

Specific income tax rules

Taxable persons covered by the Specific Taxation and Tax Benefits Regime for Petroleum Operations must take the following rules into account when determining their taxable income:

- Taxable profit must be calculated for each concession contract, i.e. on an individual basis.
- Each area of the concession contract must obtain a NUIT.
- Costs resulting :
  - wilful violation of legal and regulatory obligations by the taxable person or anyone acting on behalf, with regard to the management of recognition activities,

    oil research, development and production;
  - contracts to *hedge* risks or losses arising from these contracts, also known as *"hedges*";
  - professional training expenses for expatriate staff and training programs if they do not comply with the terms required by the applicable legislation;
  - financial offers made to the state for the allocation of oil concessions;
  - IPP;
  - commissions paid to intermediaries;
  - expenses incurred in arbitration proceedings, except when carried out to defend the activities of recognition, research, development and production of

    oil;
  - compensation paid as a penalty clause;

  - damage caused by the negligence or intent of the taxable person or anyone acting on their behalf;
  - tax arising from the transfer, for consideration or otherwise, of holdings in the oil sector.
- Specific amortization rates are applied.

Production Sharing

The production-sharing mechanism in the Specific Taxation and Tax Benefits Regime for Petroleum Operations establishes that the state and the concessionaire are entitled, in undivided participatory shares, to the oil available for sale by the concessionaire in a given period.

Tax benefits

Developments under the petroleum law are exempt from the following taxes for 5 fiscal years from the date of approval of a development plan:

- Customs duties due on the import of equipment intended for use in oil operations, classified in class K of the Customs Tariff;
- Customs duties due on the import of goods listed in Annex II of Law 27/2014, which are assimilated to goods in class K of the Customs Tariff.

It should be noted that developments carried out before Law 27/2014 came into force were eligible for VAT and ICE exemption on the above-mentioned imports.

Other Fees

In accordance with the Petroleum Operations Regulation, approved by Decree No. 34/2015, of December 31, which defines the modalities, terms and conditions of contracts, the practices of petroleum operations, including resource management, safety, health and environmental protection, as well as the submission of plans, reports, data, samples and other information by the holders of rights to carry out operations, the following fees are established for the processing of processes and authorizations:

Procedure Name	Fee (MT)
Submission of the application for the right to carry out petroleum operations	2.000.000,00
Assessment of the request to renew the Concession Contract	500.000,00
Consideration of the request for extension of the Concession Contract Research request	125.000,00
Assessment of the development plan	1.000.000,00
Revision of the Development Plan	125.000,00
Authorization for entry in operation of infrastructures	500.000,00
Approval of the Demobilization Plan	500.000,00

Table 8 - Fees for processing processes and authorizations in the hydrocarbons area

3.1.5 Other Extractive Industry Payments and Contributions

In addition to the payments already mentioned, contracts concluded in the context of mining activities and oil operations can establish other payments, as well as conditions for the award and granting licenses. These include situations relating to environmental licensing.

The above obligations can be classified follows:

Signature bonus: this corresponds to a percentage ranging from 0.5% to 5% of the value of the assets assigned to the project and is paid when the contract is signed.

Production bonus: refers to the payment made in situations where production targets previously established between the parties are reached. According to the model Exploration and Production Concession Contract, the production bonus is due when production in the contract area reaches a daily average of 25,000 BOE[12] for the first time in a month. This payment is also due each time production from the contract area reaches, for the first time in a month, an additional average tranche of 50,000 BOE per day.

Environmental License: is the certificate confirming the environmental viability of a proposed activity, issued by the Ministry of Land, Environment and Rural Development (MITADER). The environmental licensing fees for mining activities and oil operations are established in specific environmental legislation, namely Decree No. 26/2004 and Decree No. 56/2010, respectively.

[12] Barrel of oil equivalent - Barrels of Oil Equivalent

Contribution to the Fund for Institutional Capacity Building: these are payments made to the State by the concessionaire, established in the contract signed, granted for training or education actions in the hydrocarbons area.

Contribution to the Social Projects Fund: in accordance with the model exploration and production concession contract, this contribution is made to finance the social projects of the communities in the areas where the oil operations will take place.

Contribution for Institutional Support: corresponds to the amount paid by the concessionaire to the INP to be used as institutional support for the entities involved in the promotion and administration of petroleum operations.

3.1.6 Description of the different types of contracts and licenses

3.1.6.1 Mining area

The Mining Law establishes the different types of titles that allow the holder to carry out mining activities:

- Prospecting and research license;
- Mining concession;
- Mining certificate;
- Mining password;
- Mining treatment license;
- Mining processing license; and
- License to market mining products.

In order to improve transparency and promote investment in Mozambique's mining sector, Article 4 of the Mining Law establishes the creation of a mining cadastre. To this end, Mozambique's Ministry of Mineral Resources and Energy, in partnership with Trimble Land Administration, developed the Mining Cadastre Portal[13]. Currently, all the state's mining titles and mining contracts are available for viewing.

Below is a brief description of the mining titles mentioned above:

Mining title	Short description
Prospecting and research license	It enables geoscientific and geotechnical activities to be carried out that allow the potential evaluation of mineral resources, with a view to

[13] http://portals.flexicadastre.com/mozambique/pt/

Mining title	Short description
	discovery, identification, determination of the characteristics and economic value of the respective minerals. The period of validity of this license is as follows: ▪ two years for mineral resources for construction, renewable once for an equal period; ▪ five years for other mineral resources, including mineral water, renewable once for a further three years.
Mining concession	It allows operations and work related to the development, extraction, treatment, mining processing, as well as the disposal of mineral products. The term of the mining concession is up to 25 years, and may be extended for an equal period, based on the economic life of the mine and compliance with legal duties by the mining owner.
Mining certificate	It allows small-scale mining operations to be carried out for a period of 10 years, extendable for equal periods, according to the economic life of the mine. The characteristics and limitations that distinguish small-scale mining operations for mining certificate purposes from other mining operations are set by regulation.
Minas Gerais password	It allows artisanal mining operations to be carried out for a period of 5 years, which can be extended successively for equal periods, depending on the economic life of the mine. This title was created for the direct benefit of communities. The characteristics and limitations that distinguish artisanal mining operations for the purposes of a mining ticket from other mining operations are laid down by regulation.
Mining treatment license	It allows activities to be carried out to recover useful ore constituents in order to turn them into usable or profitable mineral products, through physical processes, excluding industrial transformation. Holders of a mining concession, mining certificate or mining pass may carry out ore processing activities, except in the cases expressly defined in the Mining Law and in specific legislation.
Mining processing license	It allows mining operations to be carried out along the extractive industry chain, with view to obtaining mining concentrate. Specific authorization is required for the mining processing radioactive minerals, in accordance with the legislation applicable to atomic energy and radioactive minerals.

Mining title	Short description
License to sell mineral products	It allows the purchase and sale of mineral products that are not result of mining activity conducted under the mining concession, mining certificate and mining pass, granted to natural or legal persons, incorporated between nationals registered in accordance with the laws in force in the Republic of Mozambique.

3.1.6.2 Hydrocarbons Area

The Petroleum Law provides for the following types of concession contracts petroleum operations:

- recognition contract;
- research and production;
- construction and operation of oil or gas pipeline systems;
- construction and operation of infrastructure.

Below is a brief description of the concession contracts mentioned above:

Concession contract	Short description
Recognition contract	It grants the non-exclusive right to carry out preliminary research and evaluation work in the area of the concession contract, through aerial, terrestrial and other surveys, including geophysical, geochemical, paleontological, geological and topographical studies.
Concession contract for research and production	It grants the exclusive right to conduct petroleum operations, as well as the non-exclusive right to build and operate petroleum production and transportation infrastructure, from a concession contract area, unless access to an oil or gas pipeline system or other existing infrastructure is available under acceptable commercial terms and conditions. The exclusive right to search for oil under this contract may not exceed 8 years and is subject to the provisions relating to the abandonment of areas. In the event of a discovery, the holder of the right under this type of contract may retain the exclusive right to complete the work started within a specified area, for the fulfillment of work obligations and evaluation or determination of commercial value and to enable the development and production of oil.

Concession contract	Short description
Contract for the construction and operation of oil or gas pipeline systems	It grants the right to build and operate oil or gas pipeline systems for the purpose of transporting crude oil or natural gas, in cases where these operations are not covered by an exploration and production concession contract. According to the Petroleum Law, the concept of an oil or gas pipeline system includes the oil or gas pipeline itself, including valve stations, compressor or pumping stations and any aggregate infrastructure built for the transportation of oil, excluding pipelines for collecting flows from wells or pipelines for distributing crude oil, natural gas or petroleum products.
Construction and operation of infrastructure	It grants the right to build and operate infrastructures for oil production, such as processing and conversion, that are not covered by an approved research and production development plan. Included in the concept of infrastructure are installations, including platforms, liquefaction plants, factories or boats or other equipment intended to carry out oil operations, excluding supply and support vessels, ships and vehicles transporting oil in bulk.

3.1.7 Roles and responsibilities of the relevant government bodies

MIREME is the central body of the State apparatus which, in accordance with the principles, objectives and tasks defined by the Government, directs and ensures the execution of the Government's policy on geological research, the exploitation of mineral and energy resources, and the development and expansion of infrastructures for the supply of electricity, natural gas and petroleum products.

The Ministry of Mineral Resources and Energy is responsible for[14]:

- Drawing up proposals and implementing policies in the Mineral Resources and Energy sector;
- Inventorying and managing the country's mineral and energy resources;
- Promoting an appropriate legal and institutional framework for the development of the sector;
- Promotion and dissemination of the potential of the Mineral Resources and Energy sector;
- Promoting technological development with a view to the sustainable use mineral and energy resources at national level;

[14] https://mireme.gov.mz/?page_id=635 accessed on January 11, 2023

- Promoting private sector participation in the development and exploitation of the potential of mineral and energy resources and their infrastructures;
- Promotion and control of prospecting and geological research and the rational and sustainable use of mineral resources;
- Inspecting and supervising the sector's activities and monitoring the implementation of technical safety, hygiene and environmental protection standards;
- Promotion and control of oil production activity and the development transport and logistics infrastructures;
- Promoting the development of electricity supply infrastructures;
- Promoting increased access to energy its various forms, with view to stimulating the country's economic and social growth and development;
- Ensuring security of supply and distribution of oil products at national level, with particular emphasis on expanding the distribution network to rural areas;
- Promoting the diversification of the energy matrix and efficient use of energy with a view to energy security and stability; and
- Promoting the safe and peaceful use of atomic energy.

Accordingly, in order to fulfill the duties conferred on MIREME, the National Mining Institute (INAMI) and the National Petroleum Institute (INP) were created to regulate mining activities and oil operations, respectively. Therefore, the licensing process is coordinated by these institutions, which are subordinate to MIREME.

Mining area

The National Mining Institute (INAMI) was created by Law No. 20/2014, as a legal person under public law with legal personality, administrative and financial autonomy, under the supervision of the Minister who oversees the area of Mineral Resources. This is the institution with regulatory authority for mining activity, responsible for the guidelines for public and private sector participation in research, exploration, processing, export and import of mining products and their derivatives.

In fact, it is up to INAMI:

i. Proposing development policies for the mining sector and monitoring their implementation;
ii. Analyzing and approving projects and technical and economic studies for the opening of new mines as well as the rehabilitation and/or closure of mines;

iii. Receiving, preparing, organizing and analyzing the files relating to the granting of prospecting and research licenses, mining concessions and mineral water concessions, carrying out the acts assigned to it under the Mining Law Regulations;

iv. Promote, support and control, in coordination with other institutions, the prospecting, research and extraction, use and exploitation of mineral resources, excluding oil and gas;

v. Promote, support and control small-scale mining, taking into account the minimization of negative environmental and social impacts resulting from this activity.

In addition, other entities intervene in the mining area at MIREME level, in particular the National Directorate of Geology and Mines (DNGM), whose functions are indicated in Resolution No. 33/2020 of August 19 of the Interministerial Commission for the Reform of Public Administration, and the General Inspectorate of Mineral Resources and Energy (IGREME), whose duties and powers are indicated in Decree No. 31/2019 of April 26.

Hydrocarbons Area

As mentioned, the entity responsible for regulating petroleum operations is the INP, which was created by the Council of Ministers under Decree 25/2004 of August 20, to be responsible for the administration and promotion of petroleum operations. It is a legal person governed by public law, endowed with legal personality, administrative, financial and patrimonial autonomy, which carries out its functions in accordance with the applicable legislation, ensuring that it has the prerogatives necessary for the proper exercise of its powers on the basis of impartiality, technical capacity and impartiality.

Under the terms of the aforementioned Decree, the INP has the following attributions:

i. Regulating and supervising oil exploration, production and transportation, as well as preparing development policies and standards for oil operations;

ii. Preservation of the public interest and the environment by establishing the necessary technical, economic and environmental conditions, promoting the adoption of practices that encourage the efficient use of resources and the existence of adequate standards of service quality and environmental protection;

iii. Organization, maintenance and consolidation of the collection of information and technical data relating to the activities of the oil industry, national oil reserves and the information produced;

iv. Mediation, conciliation and arbitration, when requested, and must proceed in accordance with what has been agreed by the parties and the legislation in force.

3.2 Contracts and licenses (Requirement 2.2)

a) Implementing countries are required to disclose the following information related to all concessions and transfers of contracts and licenses that occurred during the period covered by the most recent EITI disclosures, including those corresponding to companies whose payments are below the agreed materiality threshold:

   i. a description of the process of transferring or granting the license;
   ii. the technical and financial criteria used;
   iii. information on the destination(s) of the license that has been transferred or granted, including, as the case may be, consortium members and
   iv. any relevant deviation from the applicable legal or regulatory framework governing license transfers and concessions.

   If governments can select different methods of awarding contracts or licenses (for example, tenders or direct negotiations), the description of the process for awarding or transferring the license could include an explanation of the rules that determine which procedures should be used and why a particular procedure has been selected.

   If there are gaps in the publicly available information, they should be clearly identified. Any significant legal or practical obstacles that prevent the comprehensive disclosure of the information described above should be documented and explained, along a description of the government's plans to eliminate these obstacles and the expected timeframe for doing so.

b) If companies hold licenses that were granted before the period covered by the implementation of the EITI, implementing countries are encouraged to disclose the information defined in point 2.2a).

c) If licenses are granted through a bidding process, the government is required to publish the list of candidates and the bidding criteria.

d) As part of the EITI disclosures, the Coordination Committee may wish to include additional information on licensing, which could include comments on efficiency and effectiveness of the licensing processes and a description of the procedures, actual practices and reasons for renewing, suspending or revoking the contract or license.

3.2.1 Process for awarding and transferring contracts and licenses Mining Area

According to INAMI, mining licensing is carried out and managed by INAMI's Mining Cadastre and Licensing Services and by the Mineral Resources Departments in the Provincial Infrastructure Services at provincial level.

Mining titles are processed in accordance with the procedures set out in the flowchart below, which mirrors those described in article 5 of the Mining Law Regulations approved by Decree No. 31/2015 of December 31:

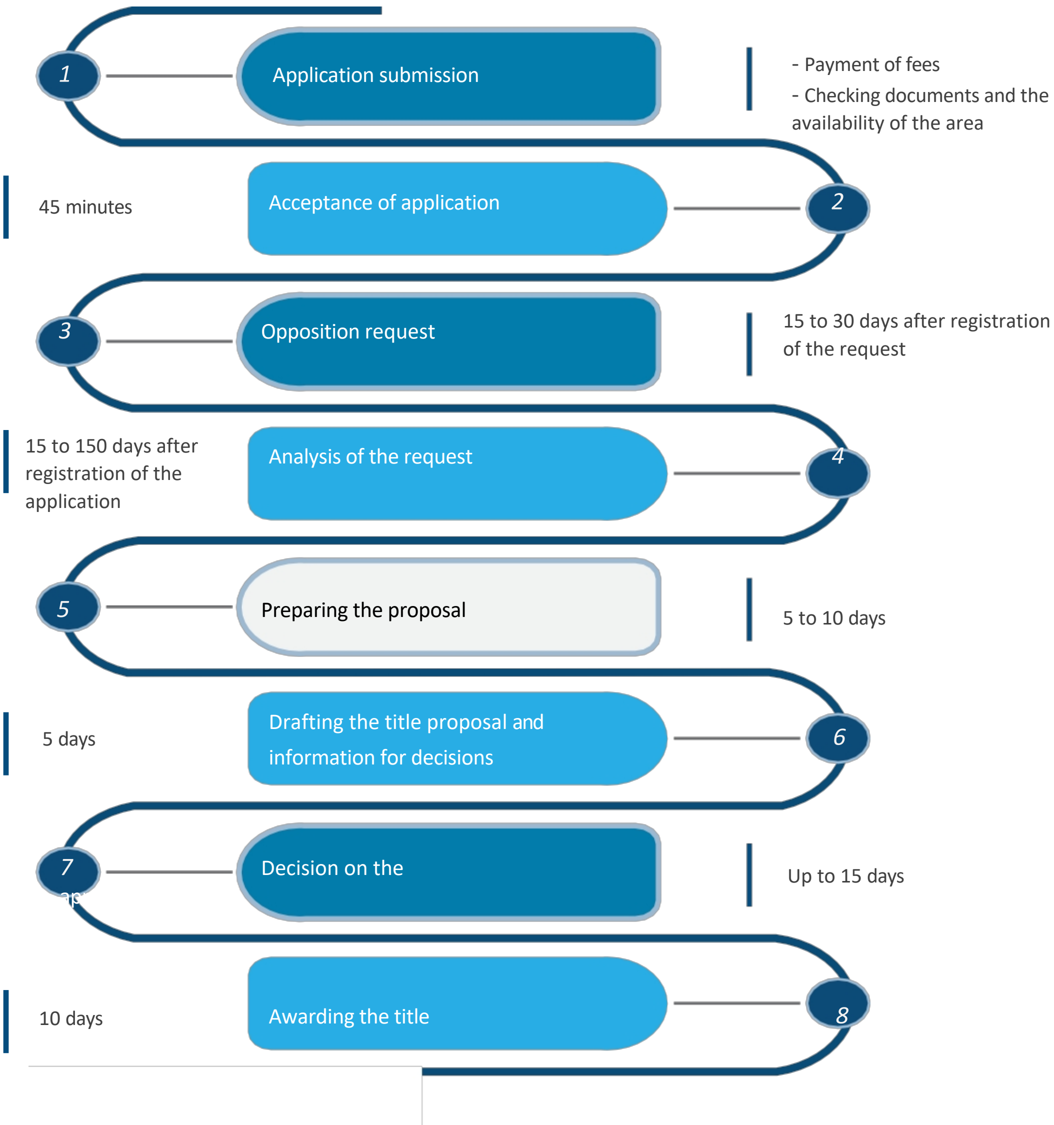


Figure 5 - Flowchart of the licensing process in the mining area (Source: INAMI)

The requirements for the licensing process vary according to the mining title in question. INAMI has published all the requirements for each mining title on its *website*[15].

In addition to the procedure described above, under the terms of article 9 of the Mining Law Regulations, the government, through INAMI, can hold public tenders for mining activities and operations, taking into account the public interest in areas: a) geologically studied; b) with potential mineral resources; c) that have been the subject of previous mining activity; d) reserved for mining activity and e) with total or partial protection.

Paragraph 3 of the same article states that the terms and conditions of the public tender will be defined by Ministerial Order, which must include at least the following:

- Definition of the criteria for selecting an eligible bidder;
- Obligation to pay the purchase price of the specifications;
- Obligation for any competitor to propose the amount of the signing bonus;
- The winning bidder must be chosen on the basis of the best technical and economic proposal for the development of the mining activity and/or the best mining proposal.

  financial offer;
- The requirement for the winning bidder to agree that its technical, economic and financial proposal shall form part of the mining contract without modification of any material provision, unless such modification is for the benefit of the State; and
- Any attempt to modify this that contradicts the previous point will disqualify the winning bidder and the second best bid will be considered.

INAMI's website presents the legislation in force, which is the basis for the procedures and requirements for granting and transmitting licenses, and internal documents with information necessary for the public, and there is no legal obstacle to inhibiting the dissemination of information that enables licensing or transmitting licenses.

A summary of the mining titles in force[16] in 2021 is shown in the table below. Detailed information can be found on the map in Annex 1.

License type	Titles in force
Prospecting and research licenses	722
Mining concession	326
Mining certificate	551

[15] Mining Licensing Requirements: https://inami.gov.mz/index.php/pages/2015-02-02-15-05-34 - accessed November 06, 2023
[16] Information available on the INAMI *website:* https://inami.gov.mz/index.php/portfolio-3/post-formats - accessed on November 14, 2023

License type	Titles in force
Marketing license	459
Total	2.058

Table 9 - Mining titles in force - 2021 (Source: INAMI)

The procedures adopted for the transfer of mining titles are described in article 62 et seq. of the Mining Law, in conjunction with article 128 et seq. of the Mining Law Regulations:

1. Submission of the transmission request to INAMI;
2. Change in the status of the mining title in the cadastral system from *in force* to *in force with transmission pending.* In the case of quota transfers, there is no change of status in the system as it does not alter the holder;
3. Analysis of the transfer request in order to verify the legal requirements listed in article 128, paragraph 6, of the Mining Law Regulations;
4. In the event of missing data, the owner will be notified to submit the missing data or proof of submission, within the legal deadlines, of proof of compliance with legally required obligations;
5. After requesting all the legally required documents, INAMI requests an opinion from the Tax Authority in order to assess the existence or not of capital gains and other taxes due;
6. After receiving a favorable opinion from the Tax Authority, INAMI asks the holder to present the Tax Clearance Certificate, which proves that the capital gains have been paid or, if not, that the holder is in good standing with the State;
7. Once the above-mentioned Tax Clearance Certificate has been presented, the transfer request will be submitted to the competent decision and the title will be issued;
8. Once the transfer has been sanctioned, the applicant is notified to withdraw the title within 10 days of submitting the transfer fee.
9. Upon presentation of proof of payment of legal obligations, within the legal deadlines, delivery of the title to the holder.

It should also be added that:

- the transfer of mining titles is only permitted to holders with titles in force at for more than 2 years, and the applicant is obliged to submit the activity report. In the case of applications for the transfer of a Prospecting and Exploration License, this can only be authorized after exploration activities have been carried out for a period of no less than 24 months and the respective exploration reports have been submitted.

- the transfer applicant, including assignment of shares, must have fulfilled all legally required obligations.

Regarding the processing of mining title transfers during the 2021 financial year, INAMI indicated that 13 mining titles were processed, two of which were direct transfers and seven indirect transfers, as shown below:

Direct transmissions:

Ord.	Company name	Licenses	Tax collected MT
1	Penguin Minerals, Lda	9523L	953.600,00
2	Monte Muambe Mining, Lda	7573L	1.018.784,00
Total			1.972.384,00

Table 10 - Direct transfers of mining titles in 2021 (Source: INAMI)

Indirect transmissions:

Ord.	Company name	Licenses	Tax Collected
1	Tantalum Mineração & Prospecção, Lda	178C	-
2	Minas Revuboé, Lda	4064C	-
3	Mwiriti Mining 8, Lda	8530L	-
4	Mwiriti Mining 9, Lda	8531L	-
5	Mwiriti Mining 11, Lda	8533L	-
6	Mwiriti Mining 12, Lda	8534L	-
7	Mwiriti Mining 18, Lda	8693L	-
8	Bluemoon Graphite, Lda	8607L	-
9	Mwiriti Mining 1, Lda	9783C	-
10	Mwiriti Mining 6, Lda	9786C	-
11	Mwiriti Mining 5, Lda	9788C	-

Table 11 - Indirect transfers of mining titles in 2021 (Source: INAMI)

Technical and financial criteria
The technical and financial criteria for the licensing process are set out in Annex 10 of the Mining Law Regulations:

- Technical capacity: i) Consists of the technical staff at its disposal, qualified in the geological-mining area, and with at least 3 years' experience in carrying out mining operations and activities; ii) the aforementioned staff may be its own or contracted; iii) in the case of its own technical staff, it is required to provide a description of the qualifications and experience of the staff.

v) the *Curriculum Vitae* submitted by the applicant for a mining permit must bear the recognized signature of the respective signatories and be up to date.

- Financial capacity: i) is demonstrated by proof of the existence of financial resources at the applicant's disposal to support mining activities; ii) if the applicant is a legal person, incorporated more than three (3) years ago, its financial capacity is demonstrated by the Annual Report for the last financial year, or by access to third-party financing, through letters of approval from recognized financial entities, at home or abroad.

  - if the applicant has been a legal person for less than 3 years, or natural person, their financial capacity is demonstrated by the Bank Account Statement for the last three months, with a balance of not less than 500,000.00 MT or by access to third-party financing, through letters of approval from recognized financial entities, at home or abroad.
  - the proof of Financial Capacity referred to above can be provided by the parent company or partner of the applicant, and for this purpose the express declaration of the parent company or partner, with a notarized signature, committing to provide the Capacity in favour of the applicant, must also be attached.

It should be noted that an analysis of the Mining Law Regulations does not provide for any weighting of the criteria. On the other hand, it is important to mention that article 9 of the Mining Law establishes the Principle of Priority, according to which mining titles are awarded in order of priority according to the date and time of entry of the respective application with the competent entity, considering the proposal that offers the best conditions, advantages and gains for the Mozambican state as owner of the mineral resources.

Deviations from the legal framework

INAMI has not reported any deviation from the provisions of the Law in the processes of transferring and granting mining titles.

Hydrocarbons area

According to the information provided by the INP, the process of granting rights to oil operations follows the steps shown in the flowchart below:

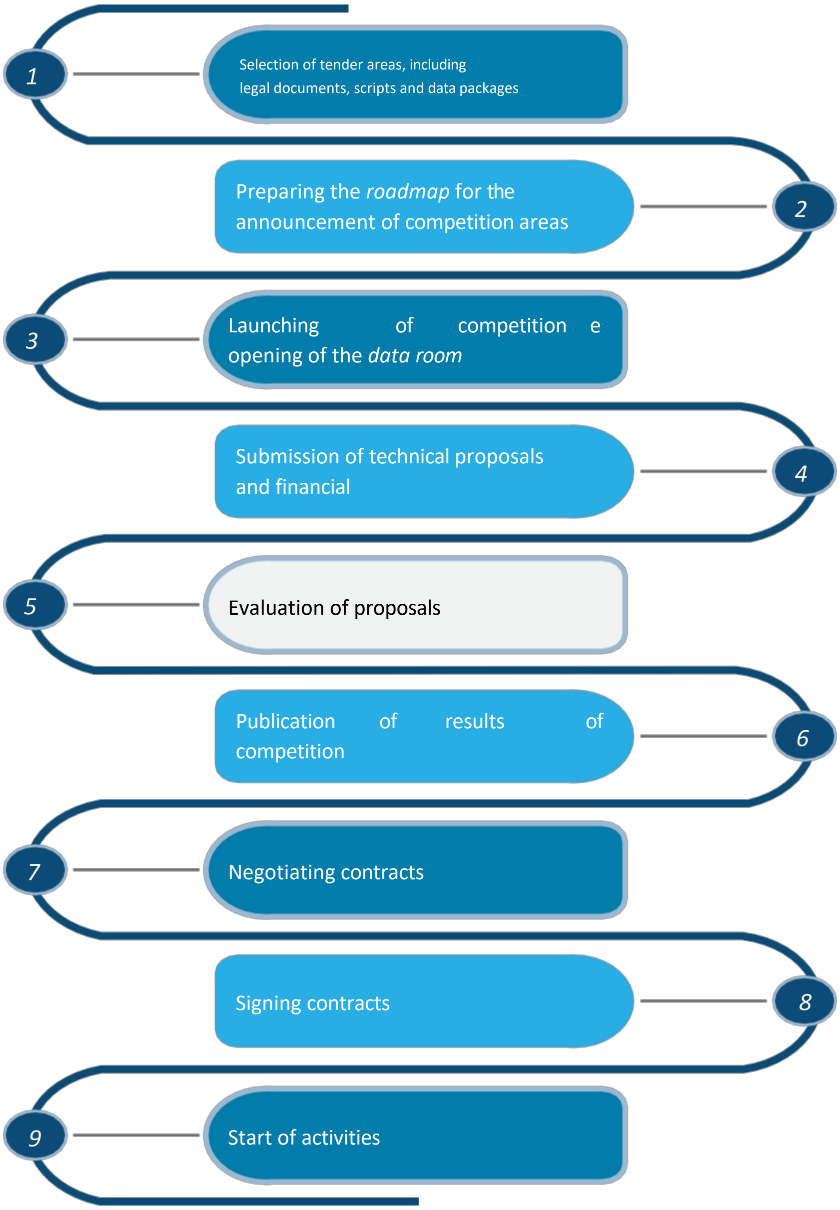


Figure 6 - Flowchart of the Concession Process for hydrocarbon rights (Source: INP)

The requirements for granting the Right to carry out petroleum operations, which include technical and financial requirements, are described in the Petroleum Operations Regulation:

- Right of Recognition - Article 7
- Research and Production Rights - article 9
- Construction Right for Oil and Gas Pipeline Systems and Operations - article 11
- Infrastructure Construction and Operation Concession Contract - article 13

In addition, according to Article 5 of the Petroleum Operations Regulation, concession contracts for carrying out petroleum operations may also result from simultaneous or direct negotiation in relation to:

- areas already declared available as a result of a previous public tender and which have not been concessioned;
- areas declared available as a result of termination, renunciation, revocation and abandonment, in accordance with the provisions of Article 22;
- the need to join adjacent areas to an area of the concession contract when justified by technical and economic reasons;
- concession contract for infrastructure and oil or gas pipeline systems not covered by an approved research and production development plan.

In addition, the Petroleum Infrastructure and Operations Licensing process is governed by Decree 84/2020 of September 18, which establishes the rules and procedures for licensing the construction, installation, alteration, replacement and demobilization of petroleum infrastructures, including storage and transport by circulating means, as well as authorizations through registration. Prior to this Decree, the Petroleum Facilities and Activities Licensing process was governed by Ministerial Diploma no. 272/2009 of December 30, 2009.

The INP's *website*[17] contains the legislation in force, which indicates the procedures and requirements necessary for the granting and transfer of rights in petroleum operations, and there is no legal obstacle to inhibiting the disclosure of information that would allow them to be granted or transferred.

With regard to the transfer of concession rights, article 16 of the Petroleum Operations Regulation states that all concessionaires may transfer their rights to another person, however, this transfer is subject to the approval of the Minister who oversees the petroleum area following terms:

- Rights and obligations or undivided proportional share in a concession contract;
- Other direct or indirect interests or participation in the concession contract, including but not limited to the transfer of shareholdings or any legal instrument granting or

  may grant decisive control over the person constituting the concessionaire or participation in the Concession contract, and

[17] http://www.inp.gov.mz/pt/Politicas-Regime-Legal/Legislacao

- Ownership of the right to use an infrastructure.

No licenses in the hydrocarbons sector were transferred in 2021.

Technical and financial criteria

As for the technical and financial criteria for awarding rights to carry out petroleum operations, these are set out in the terms of reference of each tender held by the INP, which in short assess a:

- technical competence and financial strength of competitors;
- technical database used in the technical evaluation;
- robustness of the Health, Safety and Environment Policy;
- proposed economic terms;
- social support and training.

Deviations from the legal framework

According to the information provided by INP, there was no deviation from the law in the license transfer process.

3.2.2 Licenses/rights granted through competitive bidding

As can be seen in the introductory part of this chapter, this requirement of the EITI requires that if licenses are granted through bidding processes, the government must publish the list of candidates and the bidding criteria. In 2021, only in the hydrocarbons sector was there a tender for the concession of hydrocarbon exploration and production areas.

On November 24, 2021, the Ministry of Mineral Resources and Energy (MIREME) launched the Sixth Public Tender for the Concession of sixteen ([18]) (16) Areas for Exploration and Production of Hydrocarbons, which lasted twelve (12) months and comprised two phases, namely:

[18] The results of this competition presented in this report were taken from the INP Press Release published on the INP *website:* https://mozambique6thround.com/assets/Comunicado+of+Press_6%C2%BAConcurso_PORT.pdf .- accessed on March 20, 2023

1. The Pre-qualification phase lasted four months, from November 2021 to March 2022, and aimed to determine the companies that met the legal, financial, technical and health, safety and environmental requirements set out in Appendices A and D.
2. The Qualification phase lasted eight months, from April 2022 to November 2022, due to the extension of the tender period by a further three months, i.e. from August 31 to November 11, 2022, in response to the request submitted by potential bidders. The aim of this phase was to determine the companies that met the best Technical (minimum work program), Financial (gains for the State from an economic point of view, Institutional support, Social and Human Capital Training) terms required under the terms of Appendices B and C.

A total of sixteen (16) offshore areas were made available to bidders in the Mozambique (Angoche, Zambezi and Save regions) and Rovuma basins, covering a total approximately 92,000 km^2.

In response to the call for tenders, INP received and evaluated six proposals, distributed over the same number of areas. From the evaluation of the valid proposals, the following operators were chosen as the winners:

Region	Area	Winner (Operator)
Angoche	Area A6-C	Eni Mozambico S.p.A
Angoche	Area A6-D	CNOOC Hong Kong Holding Ltd
Angoche	Area A6-E	CNOOC Hong Kong Holding Ltd
Angoche	Area A6-G	CNOOC Hong Kong Holding Ltd
Save	Area S6-A	CNOOC Hong Kong Holding Ltd
Save	Area S6-B	CNOOC Hong Kong Holding Ltd

Table 12 - Winners of the 6th competition and areas awarded (Source: INP)

Despite the unfavorable economic situation, due to the latest events related to the COVID-19 pandemic around the world, and the universal approach to the energy transition, the proposals received presented work programs that demonstrate that Mozambique is an attractive country with appetizing oil potential.

According to the INP, the research programs proposed for the first sub-period the Research Period have the potential to allow for investments amounting to approximately USD 369.8 million, including the acquisition of 31,200 km^2 of 3D seismic, the drilling of a minimum of four deep-water wells and the carrying out of other geoscientific studies.

Annex 2 shows the scripts used in the pre-qualification phase and the final qualification phase.

3.2.3 Analysis of the efficiency and effectiveness of licensing/contracting processes Mining

Area

Having analyzed the procedures for granting, modifying, transferring, renewing and revoking mining titles, it is understood that they allow processes to be processed with the necessary urgency and quality. , in order to gauge the degree to which they are being complied with, additional work is needed, via a satisfaction survey where users and civil society can report the constraints that exist in this process.

On the other hand, it should also be noted that Article 3 of the Mining Law Regulation highlights the powers of the Minister, stating that he is responsible for deciding on the award, modification, transfer or revocation of part of the mining titles, without, however, indicating which evaluation criteria contribute to the Minister's decision.

In this sense, we believe that a legal document should indicate the criteria for decision-making, in order to eliminate the interpretation that there is discretionary power or that subjective criteria are used in the analysis of cases.

Hydrocarbons area

Having analyzed the procedures for granting, transferring, renewing and revoking petroleum operation rights, it is understood that they allow processes to be processed with the necessary urgency and quality. However, measuring the degree of compliance requires additional work, via a satisfaction survey where users and civil society can notify the constraints that exist in this process.

It is also worth noting that article 3 of the Petroleum Law Regulation sets out the powers of the minister who oversees the petroleum area, stating that he is responsible for approving the concession contracts and appointing or changing the operator. , it does not indicate which evaluation criteria contribute to the minister's decision.

In this regard, it is recommended that the criteria for the minister's decision-making be presented in a legal document, so that he does not present himself as having discretionary power or use subjective criteria when analyzing cases, which could give rise to different interpretations.

3.2.4 Processes for renewal and revocation/extinction of licenses and concessions

Mining Area

The process for extending mining titles is available on INAMI's *website*[19] and in the Mining Law regulations. INAMI has not reported the cancellation and revocation of mining titles for 2021.

The requirements for this process, by type of mining title, are summarized below:

Prospecting and Research License:

a) Application addressed to H.. Minister of Mineral Resources and Energy, with notarized signature of the applicant or his representative;
b) Report on activities carried out, including investments made in the initial period, drawn up and signed by a person authorized to sign mining projects;
c) Work programme to be carried out during the period of the extension and the budget for the planned expenditure drawn up and signed by a person authorized to sign mining projects;
d) Updating the environmental management instrument; and
e) Proof of payment of the extension fee.

Mining Concession and Mining Certificate:

a) Application addressed to H.. Minister of Mineral Resources and Energy, with notarized signature of applicant or representative;
b) Detailed report containing, balance reserves, economic life of the mine and other relevant aspects drawn up and signed by a person authorized to sign mining projects;
c) The Mining Plan must be updated and drawn up and signed by a person authorized to sign mining projects;
d) The Technical-Economic Assessment Update must be drawn up and signed by a person authorized to sign mining projects;
e) An updated Environmental Impact Assessment and Environmental Management Plan must be drawn up and signed by a person authorized to sign off on mining projects; and
f) Proof of payment of the extension fee.

Marketing License:

[19] https://inami.gov.mz/index.php/pages/2015-02-02-15-05-34

a) Application addressed to H.E. Minister of Mineral Resources and Energy, with notarized signature of the applicant or representative;
b) Report on the activities carried out in accordance with the Mineral Products Marketing Program approved by the Ministry of Mineral Resources, drawn up and signed by a person authorized to sign mining projects;
c) Marketing program for the mineral products to be produced during the period of the extension and the budget for the planned expenditure drawn up and signed by a person authorized to sign mining projects;
d) Proof of payment of the extension fee.

Article 64 of the Mining Law sets out the grounds which the government may revoke mining titles, varying according to the title. However, paragraph 1 of this article states that any of the mining titles can be revoked when the holder:

a) Failure to pay specific taxes;
b) Fails to comply with any regulatory or specific provision of the mining contract and it is specified in the contract that such breach constitutes grounds for revocation of the title;
c) Enter into bankruptcy, arrangement or composition with its creditors, unless there is a real guarantee constituted and registered over the mining facilities;
d) Transform or dissolve the company, unless authorized by the Government;
e) Be in debt to the state.

Hydrocarbons Area

Article 20 of the Petroleum Operations Regulation states that the renewal of a concession contract can only be granted in exceptional cases, provided that the economic terms offered by the concessionaire are favorable to the national interest. It also states that the application for the renewal of a concession contract for exploration and production, an oil or gas pipeline system, and the construction and operation of infrastructures must be submitted to the Minister who oversees the petroleum sector no later than three years before the end of the respective concession contract.

Regarding the revocation of the concession contract, article 24 of the Petroleum Operations Regulation, paragraph 3, states that the communication of revocation of the concession contract is based on legal grounds, including:

a) False or incorrect information, presented deliberately or negligently, related to any application for a concession contract, authorization or plan approval, which was decisive in the award of the right to carry out petroleum operations:

i. Deviation from the purpose of the concession contract;

ii. Bankruptcy of the dealership;

iii. Violation or repeated serious non-compliance with the law or the terms and conditions of the concession contract;

iv. Failure by the concessionaire to comply with any judicial, administrative or arbitration decision or that of an independent expert;

v. In the case of a single concessionaire and is subject to the liquidation judgment issued by the competent jurisdiction, unless the liquidation is for the purpose of merger or reorganization, duly notified to the Government, or if the majority of its shares are acquired by a third party, other than the Affiliate, without the approval of the Government;

vi. Abandonment of the concession area for a period of more than three hundred and sixty-five days e;

vii. Other causes to be established in the concession contracts.

According to the INP, no previously awarded concession contracts were revoked during 2021.

3.3 License registration (Requirement 2.3)

a) The term 'License' in this context refers to any license, lease, title, authorization, contract or concession whereby the Government grants company(ies) or individual(s) the rights to exploit oil, gas and/or mineral resources.

b) Implementing countries are required to maintain a publicly available registry or registration system(s) with the following timely and comprehensive information for each of the company licenses included in the agreed scope of EITI implementation:

i. License holder().

ii. If obtained, the coordinates of the area under license. If the coordinates are not obtained, the government is required to ensure that the size and location of the area under license are disclosed in the license register and that the coordinates are available to the public from the relevant government agency without charging disproportionate fees or restrictions. The information disclosed must include guidance on how to access the coordinates and the cost, if any, of accessing the data. In , the government should document plans and deadlines for making this information available free of charge and electronically through the license registry.

iii. Date of application, date of granting and duration of leave.
iv. In the case of production licenses, the *commodity* being produced.

The license register or registry is expected to include information on the licenses held by all entities, including companies and individuals or groups that outside the agreed scope of EITI implementation, i.e. whose payments fall below the agreed materiality threshold. Any significant legal or practical obstacle preventing such comprehensive disclosure must be documented and explained, accompanied by a description of the government's plans to remove such obstacles and the expected timeframe for doing so.

c) if such registers or records do not exist or are incomplete, any gap in publicly available information shall be disclosed and efforts made to
these systems must be documented.

Mining area

INAMI has provided information on the mining titles in force until the end of 2021, broken down by type of license, type of ore exploited, date of application for the mining title, date of granting, duration of the mining title, and the stage it is at, as can be seen Annex 1.

The coordinates of the area of each mining title can be viewed by any interested party on the Mining Cadastre Portal[20]. The same site shows the countries for which the mining cadastre has been carried out, and the data can be viewed by searching for the Holder Code (which must be supplied by INAMI) or, if the geographical location is known, by checking the map of Mozambique shown.

The Mining Cadastre Portal can also be accessed via the INAMI *website*[21]. By visiting this site you can find additional information such as:

- Sector legislation;
- Mineral contracts;
- Tenders and geological information.

[20] http://portals.flexicadastre.com/Mozambique http://portals.flexicadastre.com/
[21] https://www.inami.gov.mz

Hydrocarbons Area

The INP provided a list of the concession contracts in force in 2021, and indicated that they and other relevant information on the sector are published on its website[22]. In addition to the INP website, the contracts are also published on the MIREME website[23].

By visiting this INP website you can find additional information such as:

- Exploration and production concession contracts (CPPP) for hydrocarbons;
- Active concession areas, coordinates[24], respective operators, state participation (direct and indirect) and the coordinates of these areas;
- Sector legislation; and
- Data on hydrocarbon production and royalty payments.

3.4 Disclosure of contracts (Requirement 2.4)

a) Implementing countries are required to disclose any contracts and licenses granted, entered into or amended on or after January 1, 2021. Implementing countries are encouraged to publicly disclose any contract or license that establishes the conditions for the exploitation of oil, gas and minerals.

b) The CC is expected to approve and publish a plan for contract disclosure that sets a clear deadline for implementation and addresses any barriers that prevent comprehensive disclosure. This plan will be integrated into the work plans for the period 2020 onwards.

c) It is necessary to document the government's policy on the disclosure of contracts and licenses governing the exploitation of oil, gas and minerals. This should include the following:

i. A description of whether legislation or government policy addresses the issue of disclosure of contracts and licenses, highlighting, among other issues, whether they require or prohibit disclosure of contracts and licenses. If no such legislation exists, an explanation of where government policy is set should be included, and the Coordination Committee should document its discussions about what constitutes a government policy on contract disclosure. Any reforms relevant to the promotion of contract and license disclosure that are planned or underway should be documented.

ii. An overview of publicly available contracts and licenses. Implementing countries should make available a list of all active contracts and licenses, indicating which are publicly available and which are not. For all published contracts and licenses, a reference or link should be included to the place where the contract or

[22] http://www.inp.gov.mz/pt/Pesquisa-Producao/Concessoes-em-Vigor - accessed March 15, 2023
[23] https://www.mireme.gov.mz/index.php?option=com_phocadownload&view=category&id=8&Itemid=160 - accessed on 15 November 2021
[24] http://www.inp.gov.mz/pt/Descricao-de-Concessoes/Coordinate-of-Current-Concessions - accessed November 15, 2021

license is published. If a contract or license is not published, the legal and practical barriers must be documented and explained.

iii. When disclosure practices diverge from the requirements established in legislation or government policy regarding the disclosure of contracts and licenses, an explanation for this divergence must be provided.

Mining area

Article 8(4) of the Mining Law states that mining contracts shall be made public in the Boletim da República, preceded by the prior approval of the Administrative Court within 30 days. Paragraph 5 of the same article states that *"Without prejudice to their publication in newspapers or , mining contracts, once approved, as well as any amendments thereto, must be sent to the Assembly of the Republic for information"*.

According to article 26 of the Mining Law Regulations, INAMI is responsible for having the award, modification, transfer and termination of mining titles published in the *Boletim da República* within 30 (thirty) days of the date on which the facts subject to publication occur. It is also INAMI's responsibility to publish in the *Boletim da República* the declaration, modification and extinction of authorizations and designated mining pass areas.

To date, the state has signed 14 mining contracts, as listed below. These can be viewed on the INAMI *website*[25]:

#	Holder	Type of Concession		Description
1	Vale Mozambique	Mining	867C	Coal mining in Moatize (Tete)
2	Kenmare Moma Mining, Ltd.		735C	Heavy sand mining in Moma (Nampula)
3	Riversdale Moçambique, Lda		3365C	Coal mining in Moatize (Tete)
4	Rio Tinto Zambeze, Lda		4695C	Coal mining in Moatize (Tete)
5	Minas Moatize, Lda		1163C	Coal mining in Moatize (Tete)
6	Eta Star Moçambique, Lda		5814C	Coal mining in Moatize (Tete)
7	Minas de Revuboè, Lda		4064C	Coal mining in Moatize (Tete)
8	ENRC, Lda		6127C	Coal mining in Cahora Bassa and Chitima Tete

[25] https://inami.gov.mz/index.php/portfolio-4 - accessed on March 15, 2023

#	Holder	Type of Concession		Description
9	Consortium of Anhui Foreign Economic Construction (Group) Co.,Ltd, and Yunnan Xinli Nonferrous Metals Co, Ltd		7054C	Exploitation of heavy sands in Chibuto (Gaza)
10	Sol Mineração, Lda		5818C	Coal mining in Mutarara (Tete)
11	Twigg Exploration & Mining, Lda		6432C	Graphite mining in Balama (Cabo Delgado)
12	Capital Resources, Lda		7055C	Exploration for iron, titanium vanadium and limestone in Zobué, Kazula and Moatize (Tete)
13	Highland African Mining Company, Lda		724C	Tantalite exploration in Alto Molócue (Zambézia)
14	JSPL, Lda		3605C	Coal mining in Moatize (Tete)

Table 13 - Mining contracts in force (Source: INAMI)

It should be noted that Vale Moçambique's contract has not been published because it was signed before the entry into force of Mining Law no. 20/2014, of August 14, which establishes in article 8(5) that mining contracts must be disclosed.

Data on the other mining titles (Mining Certificates and Mining Concessions) is presented in Annex 1, and the coordinates of the area of each mining title can be viewed on the Mining Cadastre Portal[26].

Hydrocarbons Area

The publication of contracts entered into in the context of petroleum operations is provided for by law, specifically in Article 28(2) of Law 20/2014 of August 18 (Petroleum Law), which states that "*without prejudice to safeguarding the confidentiality of strategic and competitive commercial information on petroleum operations, the main concession contract entered into is subject to inspection and approval by the entity legally competent for this purpose, as well as the publication of the main terms of the concession contract.*"

In fact, this publication and other relevant information on the sector is published by INP on its *website*[27], as well as on the MIREME *website*[28].

[26] http://portals.flexicadastre.com/Mozambique - accessed on March 152023
[27] http://www.inp.gov.mz/pt/Pesquisa-Producao/Areas-de-Pesquisa-e-Producao-Actuais - accessed on March 15, 2023
[28] https://www.mireme.gov.mz/index.php?option=com_phocadownload&view=category&id=8&Itemid=160 - accessed on March 15, 2023

On these *websites* you can find additional information, such as:

- Active concession areas, their operators, state participation (direct and indirect) and the coordinates of these areas; and
- Sector legislation.

Below are the concession contracts in force in 2021:

#	Operators	Effective Date	Area	Type of Contract	Phase
1	SPT	26/10/2000	Pande and Temane's grave	PPA	Production
2	SPM	01/09/2002	Bloco de Pande e Temane	PSA	Production
3	MRV	01/02/2007	Rovuma Basin Area 4	EPCC	Development
4	TotalEnergies EP Mozambique Area 1, Lda.	01/02/2007	Area 1 of the Rovuma Basin	EPCC	Development
5	Buzi Hydrocarbons	01/04/2019	Bloco de Buzi	EPCC	Research
6	ExxonMobil	01/12/2018	Area A5B Mozambique Basin	EPCC	Research
7	ExxonMobil	01/12/2018	Area Z5D Mozambique Basin	EPCC	Research
8	ExxonMobil	01/12/2018	Area Z5C Mozambique Basin	EPCC	Research
9	Sasol PetroMoz	01/01/2019	PT5-C area of the Mozambique Basin	EPCC	Research
10	ENI Mozambico	01/01/2019	Area A5A Mozambique Basin	EPCC	Research
11	MozGas UK	12/12/2018	Bloco de Mazenga	EPCC	Research
Gas pipeline contracts					
12	ROMPCO	26/10/2000	Temane (Moç) to Secunda (RAS) 865 KM	PLA	Gas transportation
13	MGC	28/04/2004	Ressano Garcia to Matola	PLA	Gas transportation

Table 14 - Concession contracts in force in the hydrocarbons area (Source: INP)

No divergence was found between disclosure practices and the requirements set out in the legislation in force in Mozambique.

Other information

Mining area

Under Article 15(1) of the Mining Law, reports, data or other information produced as part of prospecting and research, extraction or other related activities are the property of the state. The same article also states that the National Directorate of Geology and Mines is responsible for keeping copies of reports, as well as all the raw geological data collected, including geochemical, geophysical, geochronological, aerial photographs, digital elevation models and other data.

or other information produced in the course of prospecting and research, mining or other related activities. This article also establishes that:

- Data in the custody of the National Directorate of Geology and Mines resulting from prospecting and research activities, mining or other related activities under a mining title may only be disclosed 90 days after the date of extinction of the mining title;
- Reports, geological maps, geophysical, geochemical and other data collected through geological research carried out by a state entity will be provided to interested parties.
  upon payment of administrative fees;
- Geological samples, including boreholes, extracted as part of prospecting and research activities must be deposited in the National Geological Samples Warehouse and may be disclosed with the technical consent of the holder or 90 days after the date of extinction of the mining title;
- The National Geological Samples Warehouse may, at the request of the mining owner, and subject to the payment of a fee set by the National Directorate of Geology and , to store samples taken under the respective license during the term of the holder's prospecting and research license.

Kimberley Process

The Kimberley Process (KP) is a diamond certification scheme designed to prevent the purchase and sale of blood diamonds, i.e. diamonds from areas of conflict, civil war and human rights abuses. It was created in 2003 with the aim of preventing the financing of arms in African countries at civil war.

In 2000, several countries accepted the Kimberley Process, pledging to only buy certified rough diamonds (with provenance confirmed by an official certificate) and to refuse imports from conflict areas. It was an important attempt to break the link between encouraging civil wars and the commercialization of valuable natural resources.

Under the terms of the KPCS (Kimberley Process Certification Scheme), participants must:

1. Meeting "minimum requirements" and establishing national legislation, institutions and import/export controls for diamonds and other minerals;
2. Commit to transparent practices and the exchange of critical statistical data;

3. Only trade with other members who also meet the fundamentals of the Kimberley Process;
4. Certify the minerals traded as conflict-free and provide certification.

In order to join this initiative, Mozambique created the Kimberley Process, Precious Metals and Gems Management Unit, abbreviated to UGPK, in 2015 by Decree 26/2015 of November 20, later updated by Decree 64/2021 of September 1. This body is responsible for everything related to the implementation of the Kimberley Process, namely managing the technical and administrative procedures for the screening, security and internal control of rough diamonds, within the scope of the Kimberley Process and the marketing of precious metals and gems.

The UGPK's competencies are as follows:

1. issue technical opinions on the Kimberley Process;
2. to guarantee the legitimacy of tracing the production, import, export and transit of rough diamonds, precious metals and gems;
3. ensure the implementation of and compliance with the standards governing the Kimberley Process and the Kimberley Process Certification System;
4. to coordinate the operation of the Kimberley Process Certification System and trade in precious metals and gems in the country;
5. cooperate in defining and ensuring the implementation of methods for certifying and tracing rough diamonds, precious metals and gems, as well as preventing and combating illicit trafficking;
6. ensuring the preparation and proposing the superior approval of the Kimberley Process Certificate Models for precious metals and gems;
7. issue the Kimberley Process Certificate for rough diamonds and the Certificate of Origin for precious metals and gems;
8. to propose the staff of the Kimberley Process, Precious Metals and Gems Management Unit;
9. provide technical advice to the National Council for the Kimberley Process, Precious Metals and Gems.

In 2016, country was assessed by the Kimberley Process Participation and Chairmanship Committee and received a set of recommendations in order to be admitted as a member and consequently start trading diamonds.

In 2021, the Kimberley Process Participation and Chairmanship Committee admitted Mozambique to the business of this type of precious stone. This allows the country to ensure the traceability of the production, transportation and marketing of diamonds, precious metals and gems, as well as the issuance of Kimberley Process certificates (which certify the origin) by the countries that produce diamonds and precious metals and gems, with a view to preventing conflict diamonds from introduced onto the international market also ensuring that they not destined for countries that are not members of the Kimberley Process.

Hydrocarbons area

Pursuant to Article 6(1) of the Petroleum Operations Regulation, data acquired under a reconnaissance concession must be kept confidential for the duration of the respective concession contract, from its effective date.

Paragraph 3 of the same article also states that data acquired under the exploration and production concession contract must be kept confidential for a period of 5 years from the date of acquisition or until the concession contract area is relinquished or the rights to the area are revoked or the concession contract ends.

However, confidentiality does not apply:

a) The use of such information between the Minister who oversees the areas of petroleum and another state entity, or between state entities when in communication, in the fulfillment of their obligations imposed by the Laws of the Republic of Mozambique;
b) If it is in connection with any judicial or arbitration proceedings;
c) If it is in connection with the determination of the concessionaire's obligations and responsibilities in respect of payments due to the State.

3.5 Actual beneficiaries (Requirement 2.5)

a) It is recommended that implementing countries maintain a publicly available register of the beneficial owners of the corporate entity(ies) applying for or holding an interest in a license or contract for the exploration or production of oil, gas or mineral resources, including the identity(ies) of their beneficial owner(s), the degree of ownership and details of how ownership or control is exercised. Whenever possible, information on beneficial owners should be incorporated into companies' existing reports and filings filed with corporate regulators, stock exchanges or bodies regulating the granting of extractive industry licenses. If this information is already publicly available, the EITI Report should include guidance on how to access it.

b) Implementing countries are required to document government policy and Steering Committee discussion on beneficial ownership disclosure. This should include information on the relevant legal provisions, effective disclosure practices and any planned or ongoing reforms related to disclosure of owners.

c) As of January 1, 2020, implementing countries are required to request, and companies to disclose, information on beneficial owners. This applies to corporate entity(ies) that apply for or have an interest in a license or contract for the exploration or production of oil, gas or mineral resources and must include the identity(ies) of their beneficial owner(s), the degree of ownership and details of how ownership or control is exercised. Any gaps or deficiencies in the submission of beneficial ownership information must be disclosed, which includes the names of entities that have failed to submit all or part of the beneficial ownership information. If a country is facing significant constitutional or practical obstacles to implementing this requirement by January 1, 2020, it may request tailored implementation under Article 1 of the EITI Steering Committee's procedures for overseeing EITI implementation

d) Information on the identity of the beneficial owner should include the name of the beneficial owner, their nationality and country of residence, as well as the identification of any politically exposed individuals. It is also recommended to disclose their national identification number, date of birth, residential or business address and means of contact.

e) The Coordination Committee should assess any existing mechanisms aimed at ensuring the reliability of information on beneficial owners and agree on a approach so that corporate entities covered within the scope of the provision

2.5c) ensure the accuracy of the beneficial ownership information provide. This could include requiring companies to attest to the veracity of the beneficial ownership declaration form through the signature of a member of senior management or legal director, or to submit supporting documentation.

f) Definition of effective beneficiaries:

i. A beneficial owner of a company refers to one or more natural persons who , directly or indirectly, own or control the corporate entity.

ii. The Coordination Committee should agree on an appropriate definition of the term "beneficial owner". The definition should be aligned with the point above and take into account relevant international standards and national laws, well as include ownership limit(). The definition should also specify reporting obligations for politically exposed persons.

iii. Listed companies, including wholly-owned subsidiaries, are required to disclose the name of the stock exchange and include a reference to the registers of the exchange on which they are listed to facilitate public access to information about their owners.

iv. In the case of joint ventures, each entity must disclose its beneficial owner(s), unless it is a listed company or a wholly-owned subsidiary of a listed company. Each entity is responsible for the accuracy of the information provided.

g) Implementing countries and the Coordination Committee should also address the disclosure of legal owners and participation in ownership.

In Mozambique, the issue of beneficial owners is mostly addressed in the Law on Preventing and Combating Money Laundering and Terrorist Financing (Law No. 11/2022, of July 7). This law establishes the legal framework and measures for preventing and repressing the use of the financial system and non-financial entities for the purposes of money laundering, terrorist financing and financing the proliferation of weapons of mass destruction. It applies to financial institutions and certain non-financial entities with headquarters in Mozambican territory, as well as their branches, agencies, subsidiaries or any other forms of representation and other institutions likely to commit acts of money laundering, terrorist financing and financing the proliferation of weapons of mass destruction.

Under the terms of this Law, a owner is the natural person who is the ultimate owner or has ultimate control of a client and/or the person in whose interest a transaction is carried out. It also includes persons who effectively control a legal person or an entity without legal personality and shall cover:

a) If the client is a legal person:
   i. Natural persons who own or control, directly or indirectly, 10% or more of the company's capital or of the voting rights of the legal person, other than a company listed on a regulated market, subject to disclosure requirements in line with international standards;
   ii. Natural persons who in any way control the management of the legal person;
   iii. Natural persons who have direct or indirect ownership or control of 10% or more of units or securitization units in a collective investment undertaking.
b) If the client is a legal entity that manages and distributes funds:
   i. Natural persons who are beneficiaries of at least 10% of their assets, when the future beneficiaries have already been determined;
   ii. The category of persons in whose main interest the legal person is constituted or carries out its activity, when the future beneficiaries have not yet been determined;
   iii. Natural persons who exercise control equal to or greater than 10% of the assets of the legal person.
c) In the case of *trusts* or other centers of collective interest without legal personality:
   i. The *settlers*;
   ii. *Trustees*;
   iii. The trustees, if applicable;
   iv. The beneficiaries or, if they have not yet been determined, the category of persons in whose main interest the *trust* has been set up or carries on its business;
   v. Any natural person who has ultimate control of the *trust* through direct or indirect participation or by other means.

As can be seen from the date of publication of this Law, it is recent and stems from the recommendations of Financial Action Task Force (FATF)[29] presented in its report assessing Mozambique's level of compliance with the 40 FATF Recommendations and the level of effectiveness of the system for Preventing and Combating Money Laundering and Terrorist Financing, and recommending how the system can be strengthened.

In this report, the FATF found the following:

- basic information is made available to the public through the register managed by CREL. In
  However, CREL does not have sufficient resources and cannot take adequate measures to ensure the accuracy of the information contained in the register. Although it has the power to obtain information on beneficial owners when registering legal persons, it does not do so.
- reporting entities are the only source of information on legal persons. Many
  Sometimes this information is not available, or is incorrect or not up to date when it is available, due to deficiencies in the understanding and application of beneficial ownership identification requirements by financial institutions and non-financial institutions covered by the Prevention and Combating of Money Laundering and Terrorist Financing Act.
- The level of sanctions that can be imposed by the authorities on non-compliant entities
  registration or licensing obligations or failing to provide timely information to other competent authorities is rather insignificant and cannot be considered dissuasive, effective and proportionate.

However, prior to 2022, the country already had legislation on Preventing and Combating Money Laundering and Terrorist Financing, which also included the definition of beneficial owner.

On the other hand, with regard to the obligation for commercial companies to disclose information on beneficial owners, the Commercial Code, which came into force in 2022, states in its article 99 that a company, consortium or representation of a national or foreign entity must keep up-to-date information on the identification of the owner in an appropriate form, approved by specific legislation, means of documents confirming their identity, under the terms of the legislation on preventing and combating money laundering.

[29] The FATF report can be accessed via the following link: https://www.fatf-gafi.org/content/dam/fatf-gafi/fsrb- mer/ESAAMLG-Mutual-Evaluation-Mozambique-June%202021.pdf

and terrorist financing. This information must be sufficient, accurate and up-to-date, as well as communicated to the Registry of Legal Entities (CREL).

The Commercial Code also establishes deadlines for partners and shareholders to inform the company of any changes to the identification details of owners, which is 30 days.

In this respect, for the year under review, companies operating in the extractive sector were not required to submit information on their beneficial owners to CREL. However, under Article 246 of the Commercial Code (in force in 2021), acts relating to the company, including the memorandum of association, are subject to registration and publication in the Official Gazette, by means of a simplified extract, and any interested party may obtain a copy of the memorandum of association from CREL or the company, as provided for in Article 247(2) of the Commercial Code.

In fact, under the terms of Article 247(4) of the Commercial Code, the aforementioned simplified statement must contain the following information:

i. date of registration;
ii. unique legal entity number;
iii. date of ;
iv. firm;
v. registered ;
vi. share capital;
vii. how the share capital is distributed among the shareholders, identifying them and their unique tax identification numbers;
viii. form of administration and form of binding the company;
ix. identification of board members.

However, this obligation was introduced in 2018 by Decree-Law No. 1/2018 of May 4, which amended the Commercial Code, so this rule only applies to companies set up after the entry into force of this regulation.

For the purposes of this report, the companies selected were asked to fill in the International Secretariat's "basic" beneficial ownership form[30]. In addition, commercial certificates were requested from the Directorate Registries and Notaries. The information disclosed on these forms has been summarized in Annex 3 - Beneficial Owners.

[30] https://eiti.org/guidance-notes/beneficial-ownership-model-declaration-form - accessed August 26, 2022

The EITI Standard indicates that listed companies, including wholly-owned subsidiaries, disclose the name of the stock exchange and include a reference to the registers of the stock exchange on which they are listed to facilitate public access to information about their owners. In this regard, for the hydrocarbons sector, the INP publishes this information on its website[31], which is also disclosed in Annex 2.

3.6 State participation in the extractive industry (Requirement 2.6)

a) In cases where state participation in extractive industries results in significant revenue payments, implementing countries must disclose:

i. An explanation of the role of state-owned enterprises (SOEs) in the sector and the current rules and practices regarding the financial relationship between the government and SOEs, i.e. the rules and practices governing transfers of financial resources between the government and SOEs, retained earnings, reinvestments and third-party financing. This should include disclosure of transfers, retained earnings, reinvestments and third-party financing related to subsidiaries and *joint ventures* of SOEs. For the purposes of EITI implementation, SOEs are companies wholly or majority controlled by the Government that engage in extractive activities on behalf of the Government. Based on this definition, the Coordination Committee is encouraged to discuss and document its definition of EE taking into account national laws and government structures.

ii. Information disclosed by the Government and the SOEs on the extent of their participation in mining, oil and gas companies, including those whose owners are subsidiaries and *joint ventures of* SOEs, as well as any change in the extent of participation during the reporting period. This information should include details on the conditions of your participation, including your level of responsibility for paying expenses at various stages of the project cycle (for example, paid-in participation, free participation or passive participation). If there have been changes in the degree of ownership of the Government and SEs during the EITI reporting period, the Government and SEs must disclose the terms of the transaction, including details on valuation and revenues. If the government and SEs have granted loans or loan guarantees to EITI companies, they must disclose the terms of the transaction.

[31] http://www.inp.gov.mz/index.php/pt/Descricao-de-Concessoes/Areas-de-Concessao-Activas - accessed November 15, 2021

In the case of mining, oil and gas companies operating in the country, the details of these transactions must be disclosed, including the payment period and the conditions of the loans (i.e. the payment schedule and the interest rate). The Coordination Committee may consider comparing the conditions of the loans with those of commercial loans.

b) are expected to publicly disclose their audited financial statements or, if they are not available, the main financial results (i.e. balance sheet, income statement, cash flow).

c) Implementing countries are encouraged to describe the rules and practices related to the operating and capital expenses of SEs, their purchases, subcontracting and corporate governance (e.g. composition and appointment of the Board of Directors, mandate of the Board and code of conduct).

The Mozambican state is involved in the extractive industry through its institutions and companies, which act as regulators of the industry on the one hand, and operators of mining and oil activities on the other. The table below shows the main national entities involved in the extractive industry:

#	Entity	Area	Function
1	IGEPE INSTITUTO DE GESTÃO DAS PARTICIPAÇÕES DO ESTADO	General	The IGEPE was created in December 2001, by Government Decree, with the main objective of managing the state's financial holdings, acquired through the process of restructuring the state business sector. It has the strategic function of coordinating and controlling the state's holdings in the business sector under the terms of the law and specific regulations.
2	INAMI Instituto Nacional de Minas	Mining sector	It is the regulatory body for mining activity, responsible for the guidelines for public and private sector participation in research, exploration, processing, export and import of mining products and their derivatives. It was created by Law no. 20/2014, of August 18 (the Mining Law), as a legal person under public law with legal personality, administrative and financial autonomy, and is supervised by the Ministry that oversees the area of Mineral Resources.
3	EMEM		EMEM is the commercial representative in the mining sector, with the aim of carrying out geological mining exploration, production and marketing of mineral products, marketing of mining raw materials, advisory, consultancy and technical assistance in the mining area, carrying out prospecting and research of mineral resources, development of mining projects in partnership with other national or international companies. foreigners.

#	Entity	Area	Function
			, the company was dissolved in 2021 by Decree No. 31/2021 of May 31.
4		Hydrocarbons sector	INP was created in 2004 by Decree 25/2004, of August 20, as the regulatory body for managing the country's hydrocarbon reserves. This institution is responsible for licensing blocks and concession areas, as well as supervising the contractual obligations of companies in exploration and production activities. It is also the INP's job to advise the Mozambican government on any updates deemed necessary to the laws and regulations in force.
5			ENH was created by Law no. 3/81, of October 3, as a State Company and was transformed into a Public Company by Decree no. 39/97, of December 12, with the role of the Mozambican State's business arm in the Oil and Gas sector, thus making ENH the equivalent, in the Mozambican context, of what are known as NOCs (National Oil Companies). ENH's main activity *upstream*, focusing on the research, development and production of hydrocarbons.

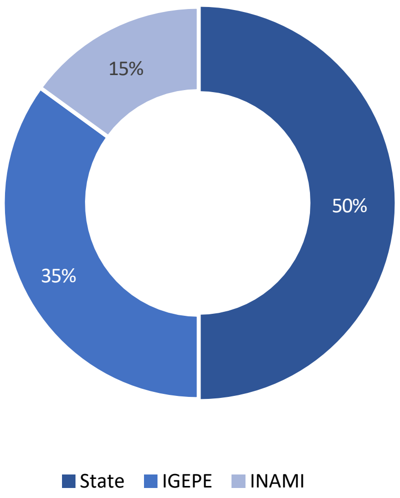
Table 15 - State Entities in the Extractive Industry

Mining area

EMEM was created in 2010 to represent the state's commercial interests in the mining sector. The company acts as an instrument of economic policy in the sector and aims to promote greater inclusion of local content, as well as developing initiatives for the local processing of these resources.

In 2021, this company was dissolved by Decree no. 31/2021, of May 31, which states that the state's managed by EMEM will be transferred in their entirety to IGEPE. It should be noted that the Decree in question does not mention the reasons for dissolving this company, however, within the scope of the 10th EITI Report, IGEPE clarified that, on the one hand, taking into account the company's corporate purpose, it was not considered strategic or structural to maintain it as a company in the state business sector and, on the other hand, EMEM limited itself to managing the state's financial holdings, as a result of which it accumulated losses and became inoperative due to the high level of indebtedness and investments in non-viable projects.

EMEM's share capital was distributed follows:



Graph 1 - EMEM's corporate structure

Currently, according to the IGEPE, the liquidation process is at the following stage:

- the accounts are already with the auditor and in the final stage of confirming the balances for later submission to the shareholders;
- in order to clear the debts with creditors, public tenders were launched for the sale of assets, which were deserted, and so we are currently in the phase of

  private negotiation; and
- for the transfer of the holdings to the management of the IGEPE, the Liquidation Commission, in its report, will present the proposal for the models to be adopted, as well as the audited accounts of the IGEPE.

  These will be presented to the shareholders for decision at the General Meeting. After this stage, the subsidiaries will be notified to approve the change in ownership of the shares.

Data released in the 9th EITI report[32] indicated that EMEM had shareholdings in the following companies:

#	Company name	Participation	License	Mineral exploited	Status of Participation
Participations made					
1	Vale Moçambique, S.A.	5%	867C	Coal	Regularized
2	Dingsheng Minerais, S.A.	10%	7054C	Heavy sands	Regularized
3	Twigg Exploration and Mining, Lda.	5%	6432C	Graphite	Regularized
4	GK Ancuabe Graphite Mine, S.A.	10%	4C	Graphite	Regularized

[32] http://itie.org.mz/index.php/download/nono-relatorio- itie/?wpdmdl=3092&refresh=618bf2fbe0e1e1636561659 - accessed March 23, 2023

#	Company name	Participation	License	Mineral exploited	Status of Participation
5	Mozacimentos, Lda	25%	6497L	Cement	Regularized
6	Marsar Dimensional Stones, S.A.	49%	7625C	Marble	Regularized
7	GEPMOZ, S.A.	51%		Gem Marketing	Regularized
8	EMEM Logistica e Servicos Mineiros, S.A.	100%		Mining Logistics	Regularized
9	EMGEMAS, S.A.	51%	6262L and 6263L	Gems	Regularized
10	INTERGEMAS	50%		Commercialization of Gems	Regularized
11	ECGMPM	40%		Gem Marketing	Regularized
12	ICVL Zambeze, Limitada	5%	4695C	Coal	For regularizing
13	Eta Star Moçambique, Limitada	10%	5814C	Coal	For regularizing
14	ENRC Moçambique, Limitada	5%	6127C	Coal	For regularizing
15	Sol Mineração, Limitada	5%	5818C	Coal	For regularizing
16	Kingho Investment Co., Lda.	10%	6998C	Coal	For regularizing
17	Midwest Africa, Limited	5%	5086C	Coal	For regularizing
18	Capitol Resources, Limited	5%	7055C	Iron	For regularizing
Undertakings to be negotiated					
1	Minas Revuboé, Limitada	10%	4064C	Coal	For Negotiating market price
2	JSPL Mozambique Minerais, Limitada	10%	3605C	Coal	For Negotiating market price

Table 16 - Projects in which EMEM participates (Source: 9th ITIEM Report)

Hydrocarbons Area

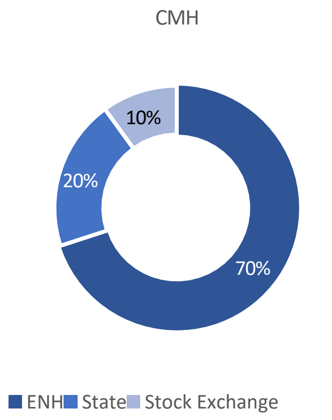
In the hydrocarbons sector, the Mozambican state is commercially represented by ENH - Empresa Nacional de Hidrocarbonetos (National Hydrocarbons Company), a legal person governed by public law, with legal personality, administrative, financial and patrimonial autonomy, responsible for research, prospecting, production, development and marketing petroleum products and their derivatives, including the import, reception, storage, handling, transit, export, transformation and refining of these products.

This institution was created in 1981, and has recently been establishing itself as a business group involved in all stages of oil operations and activities of research, exploration, development, production, marketing, as well as transportation, storage and sale of hydrocarbons and their derivatives (including LNG and GTL) in the country and abroad.

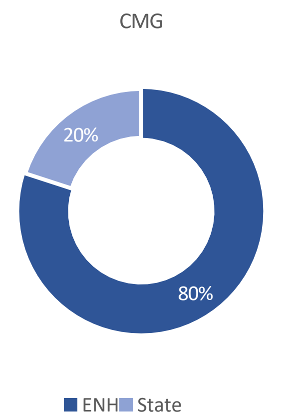
In order to allow the company greater commercial and operational flexibility, given the intensification of hydrocarbon exploration activity in Mozambique, ENH's subsidiaries and affiliates were created to represent its commercial interests and, consequently, also represent the interests of the state. In this way, a structure was adopted in which ENH is presented as the main company, which in turn has created various subsidiaries such as CMH and CMG, which are

The structure allows responsibilities to be clearly defined, with the SA having greater financial and operational flexibility so that it can be listed on the Stock Exchange.

ENH subsidiaries and affiliates



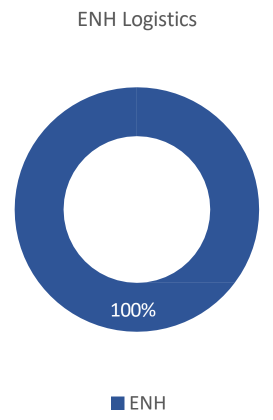
Graph 2 - CMH's corporate structure



Graph 3 - CMG's corporate structure

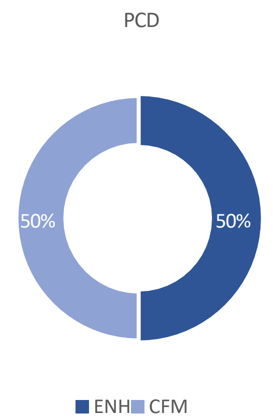
1. Companhia Moçambicana de Hidrocarbonetos: was created in 2000 to improve the development of oil operations and coordination in the Pande and Temane natural gas fields. It is ENH's representative in *upstream* gas activities. It owns 25% of the Pande and Temane activity, including participating capital, costs incurred and revenues received. Its financial statements can be viewed at the following link: www.cmh.co.mz. Share capital of the company is 593,411,500 MT
2. Mozambican Gas Pipeline Company: created in 2002 with the aim of providing natural gas transportation services through a pipeline and carrying out activities related to or subsidiary to its main activity, as well as providing related services. It has a 25% stake in ROMPCO, which is the only cross-border gas pipeline from Temane (Mozambique) to Secunda (South Africa). CMG is the state's vehicle for guaranteeing Mozambican participation in the intermediary operations of the Pande-Temane project. The company's share capital is 70,000,000 MT.

3. ENH Logistics, SA: its main activity is to provide services for the transportation of natural gas and other hydrocarbons and the supply of infrastructure to support the hydrocarbon sector in Mozambique, making it possible to operate services for the distribution and sale of piped gas, and may also operate other natural and manufactured gas, including compressed or liquefied for commercial, industrial, residential or any other purposes. Its financial statements can be accessed at: www.enhlogistics.co.mz. The company's share capital is 520,868,636 MT.



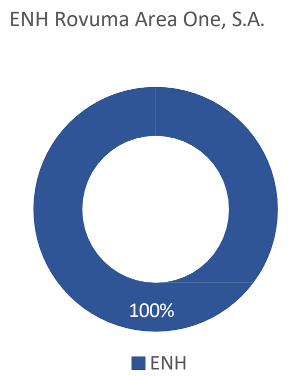
Graph 4 - ENH Logistics' corporate structure

4. Portos de Cabo Delgado: the result of a partnership between Portos e Caminhos de Ferro de Moçambique (CFM) and ENH, with 50% each, it was created to be responsible for developing and implementing infrastructure to support oil operations, including the design, construction, operations and management of specialized port terminals allocated in Pemba and Palma. According to ENH, the company's financial statements can be accessed at: www.pcd.co.mz. However, when the Independent Director accessed it, it was being created. The company's share capital is 12,000,000 MT.

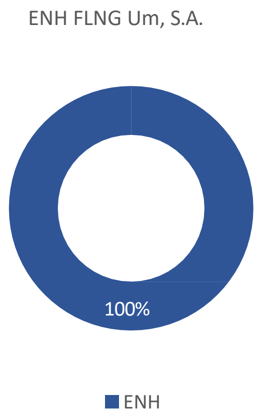


Graph 5 - Corporate structure of the PCD

5. ENH Rovuma Área Um, S.A.: created in 2017, it is responsible for holding and managing the fifteen percent participating interest in the Concessionaire for exploration and production in Area One of the Rovuma Basin, including the development of the different projects and activities inherent in or complementary to that holding and management. The company's share capital is 2,000,000 MT.

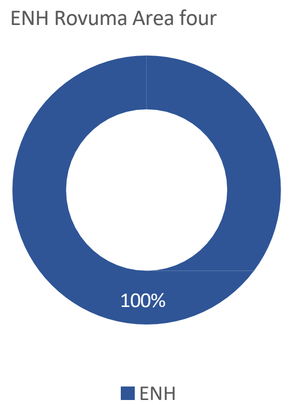


Graph 6 - Corporate structure of ENH Rovuma Área Um, S.A.



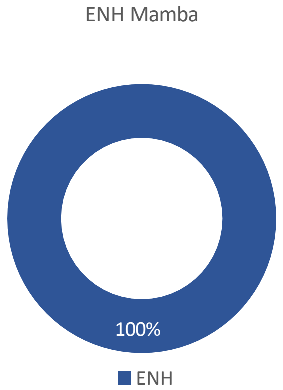
Graph 7 - Corporate structure of ENH FLNG Um, S.A.

6. ENH FLNG Um, S.A.: created in 2017, it is responsible for representing ENH's interests in the Coral South reservoir natural gas liquefaction project in Area 4 of the Rovuma Basin natural gas project. It has a stake in the Coral reservoir natural gas project in Area Four of the Rovuma Basin, including the performance of financing, construction, operation, maintenance, procurement, liquefaction and unloading of natural gas and condensates activities. The company's share capital is 2,000,000 MT.



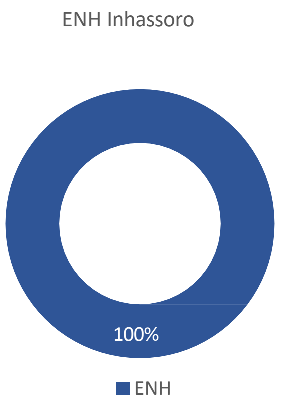
Graph 8 - Corporate structure of ENH Rovuma Area Four

7. ENH Rovuma Área Quatro, S.A.: is responsible for holding and managing the ten percent participating interest in the Concessionária de Pesquisa e Produção da Área Quatro da Bacia do Rovuma, including the development of the different projects and activities inherent or complementary to that holding and management. The company's share capital is 2,000,000 MT.



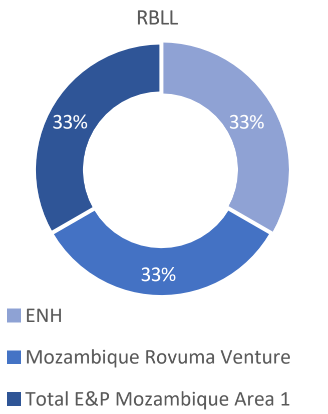
Graph 9 - Corporate structure of ENH Mamba, S.A.

8. ENH Rovuma Area 4 Mamba, S.A.: holds a stake in the Mamba reservoir natural gas project in Area Four of the Rovuma Basin, including financing, construction, commissioning, operation, maintenance, *procurement*, processing, liquefaction and unloading of natural gas and condensates. The company's share capital is 2,000,000 MT.



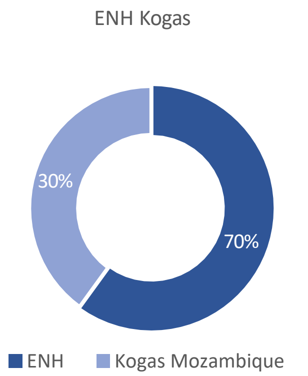
Graph 10 - Corporate structure of ENH Inhassoro, S.A.

9. ENH Inhassoro, S.A.: 100% owned by ENH, participates in the natural gas project of the Pande and Temane reservoir, under the Production Sharing Agreement, including financing, construction, commissioning, operation, maintenance, *procurement*, processing and transportation of natural gas and condensates.



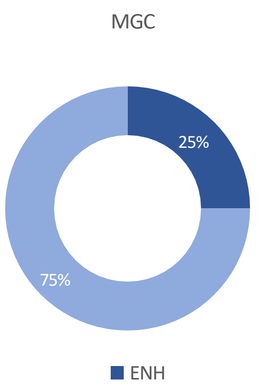
Graph 11 - Corporate structure of Rovuma Basin LNG Land, Lda

10. Rovuma Basin LNG Land, Lda: is the entity that holds the right to use and exploit land for the development of a liquefied natural gas (LNG) project in Cabo Afungi, Cabo Delgado. It is owned by ENH, MRV and Total. The company's share capital is 140,000 MT.



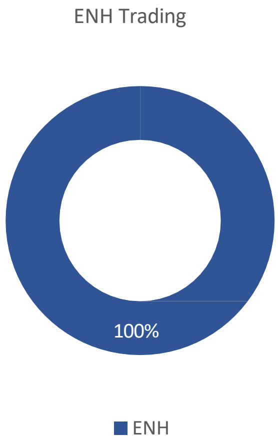
Graph 12 - ENH-Kogás corporate structure

11. ENH-Kogás: represents a consortium with Kogás, whose objective is the construction, installation, operation and maintenance of gas pipeline systems, as well as the purchase, storage, transportation, distribution and sale of natural gas. The company's share capital is 50,000,000 MT.



Graph 13 - MGC's corporate structure

13. Matola Gás Company (MGC): its main activity is to provide a natural gas transportation and distribution service through gas pipelines, as well as to develop projects and activities that complement the main object of its activity. It is one of the recipients of the gas paid for in kind by SPT. The company's share capital is 50,000,000 MT.



Graph 14 - Corporate structure of ENH Trading, S.A.

14. ENH Trading S.A.'s main activity is to provide distribution and commercialization services for piped gas. It may also provide other forms of distribution of natural and manufactured gas, including compressed or liquefied gas for commercial, industrial and residential purposes or any other purposes and uses made possible by technological advances, and may also carry out other related activities. The company's share capital is 3,510,000 MT.

Of the companies mentioned above, the following were selected for the reconciliation process:

- ✓ National Hydrocarbons Company (ENH);
- ✓ Mozambican Gas Pipeline Company (CMG);
- ✓ Companhia Moçambicana de Hidrocarbonetos (CMH); and
- ✓ Matola Gas Company (MGC).

On the other hand, the table below shows the participation of ENH and its subsidiaries in ongoing projects:

#	Concession	Area	Participatory Interest		Status
1	Angoche block A5-A	*Offshore* - Mozambique Basin	ENH	15%	Research phase
2	Angoche block A5-B	*Offshore* - Mozambique Basin	ENH	15%	Research phase
3	Zambezi blocks Z5-C	*Offshore* - Mozambique Basin	ENH	20%	Research phase

#	Concession	Area	Participatory Interest		Status
4	Zambezi blocks Z5-D	*Offshore* - Mozambique Basin	ENH	20%	Research phase
5	Area PT5-C	*Onshore* - Mozambique Basin	ENH	30%	Research phase
6	Bloco de Mazenga	*Onshore* - Mozambique Basin	ENH	100%	Research phase
7	Bloco de Búzi	*Onshore* - Mozambique Basin	ENH	25%	Research phase
8	Blocks 16 & 19	*Offshore* - Mozambique Basin	ENH	15%	Participation in the Project also in evaluation
9	Block MZ 09	*Onshore* - Mozambique Basin	Study agreement and joint application	-	Participation in the project still under evaluation
10	Area 1	*Offshore* - Rovuma Basin	ENH Affiliate (ENHRA 1)	15%	Mozambique LNG 1 project (Golfinho-Atum field) in phase of development - Project interrupted due to force majeure. ENH's share of expenses is financed by the partners under the contract of loan.
11	Area 3 & 6	*Offshore* - Rovuma Basin	ENH	30%	Abandonment by the operator
12	Area 4	*Offshore* - Rovuma Basin	ENH Affiliate (ENHRA 4)	10%	Coral South FLNG project in the development phase and Rovuma LNG project in the pre-development phase no 2021.
13	PPA	*Onshore* - Mozambique Basin	Affiliate of ENH, CMH	25%	Production phase of the Pande and Temane fields
14	PSA	*Onshore* - Mozambique Basin	As a contracting authority		Phase phase
15	FLNG Choir	*Offshore* - Rovuma Basin	FLNG Choir	10%	Floating platform construction phase in 2021.
	Gas pipeline contract				
16	MGC	Ressano Garcia to Matola	ENH	30%	Gas transportation

Table 17 - ENH Concessions/Project: Holdings and Status

3.6.1.1 Financial relationship with the state

According to the 2021 REO, in the State Budget, the maximum amount of 34.5 billion Meticais was set in favor of the State Business Sector, subject to readjustments resulting from variation in the Central Bank's exchange rate. However, no guarantees or sureties were issued in the period under review.

Nevertheless, according to ENH, this company benefited from a Sovereign Guarantee under the Golfinho-Atum Project valid during the construction period (2019-2026) of the LNG Production Plantfor an amount corresponding to USD 2.25 billion.

In 2021, ENH declared that it had paid dividends to the state totaling 300 million MT, relating to the 2021 fiscal year.

On the other hand, with regard to indebtedness, the main information on public and SEE debt is presented below.

Public Debt[33]

According to the 2021 Annual Public Debt Report[34] published by the Ministry of Economy and Finance, at the end of the 2021 fiscal year, the Central Government's total debt stock stood at USD 13,955.07 million (78.6% of GDP), which represents an increase of 8% compared to 2020, determined essentially by the 26% increase in the domestic debt stock. External debt grew by 3%.

The total stock of Public Debt comprises two large partial aggregates:

i. External debt, which includes multilateral loans, official bilateral loans and the MOZAM 2032 bond; and
ii. Internal debt, which includes securities (bonds and treasury bills), central bank loans, financial operations to restructure and consolidate ESS debts and bank financing in the form of *leasing* lines contracted with local commercial banks for the construction and equipping of public buildings.

The evolution of the total stock of public debt is increasingly reflecting the effect of faster growth in domestic debt. While External Debt is growing at an average of 4% per year, Domestic Debt has been growing at an annual average of 22%, driven above all by the strong increase in domestic securities financing.

[33] https://www.mef.gov.mz/index.php/todas-publicacoes/instrumentos-de-gestao-economica-e-social/gestao- da-divida-publica/gdp-2020/1238-relatorio-anual-da-divida-publica-exercicio-fiscal-2020/file?force-download=1 accessed on August 24, 2022

[34] https://www.mef.gov.mz/index.php/publicacoes/politicas/gestao-da-divida-publica/gdp-2021/1552-relatorio- da-divida-publica-exercicio-fiscal-2021/file

Millions of USD

Classification	2017	2018	2019	2020	2021	% Total 2020
External Debt	9.487,90	9.804,50	9.850,20	10.101,17	10.391,60	74%
Internal Debt	1.829,22	2.290,13	2.514,97	2.834,56	3.563,40	26%
Total Debt	11.317,12	12.094,63	12.365,17	12.935,73	13.955,00	100%

Table 18 - Evolution of the Partial and Total Stocks of Central Government Debt

As for the composition of the Public Debt stock by Type of Creditor and Instrument, at the end of 2021, the debt portfolio continued to be mostly made up of loans contracted with multilateral creditors (36%) followed by bilateral creditors (32%), and it should be noted that multilateral and bilateral creditors showed a reduction in their weight in the order of 8pp and 2pp, respectively, compared to 2020.

Creditor/Instrument Category	2017	2018	2019	2020	2021
Multilateral	37%	36%	35%	37%	36%
Bilateral	40%	39%	37%	34%	32%
Eurobonds (MOZAM 2032)	6%	6%	7%	7%	6%
Treasury Bills	3%	3%	4%	5%	6%
Treasury Bonds	5%	6%	8%	10%	12%
Other (Banks)	8%	10%	9%	7%	7%
Total	100%	100%	100%	100%	100%

Table 19 - Structure of the Total Public Debt Stock by Type of Creditor and Instrument

In turn, the total stock of the ESS's direct debt grew by around 29.5% from USD 3,020.2 million in 2020 to USD 3,910.85 million in 2021 as a result of the 32.6% and 8.6% increase in external and internal components, respectively. The nominal stock of the SEE's domestic debt when accounted for in US dollars shows growth compared to that recorded in 2020 due to the effect of the exchange rate variation of the metical against the US dollar in 2021. Meanwhile, in real terms, the domestic debt stock when recorded in meticais fell slightly by 0.2%.

Millions of USD

Classification	2018		2019		2020		2021	
External Debt	1.431,70	76%	2.267,48	83%	2.630,19	87%	3.487,22	89%
Internal Debt	459	24%	472,2	17%	389,98	13%	423,63	11%
Total Debt	1.890,70	100%	2.739,68	100%	3.020,17	100%	3.910,85	100%
of which ENH's debt			1.929,10	70%	2.268,86	75%	3.237,01	43%
Total Debt excluding ENH			810,58		751,31		673,84	

Table 20 - Evolution of the ESS Debt Stock

The US dollar strengthened its position as the dominant currency in the composition of the ESS debt portfolio, since the proportion of credit denominated in USD increased by 4pp from 87% in 2020 to 91% in 2021, as a result of:

i. Increase in the stock of ENH as disbursements are made in line with the evolution of investments; and
ii. Reduction in the weight of debts denominated in Metical, Euro and Rand, which stood at 7%, 1% and 0.49% respectively.

In 2021, the Public Companies of the SEE absorbed around 91% of the credit volume of the entire SEE (corresponding to USD 3,556.26 million), compared to only 9% (equivalent to USD 354.58 million) furnished by the Subsidiaries.

Millions of USD

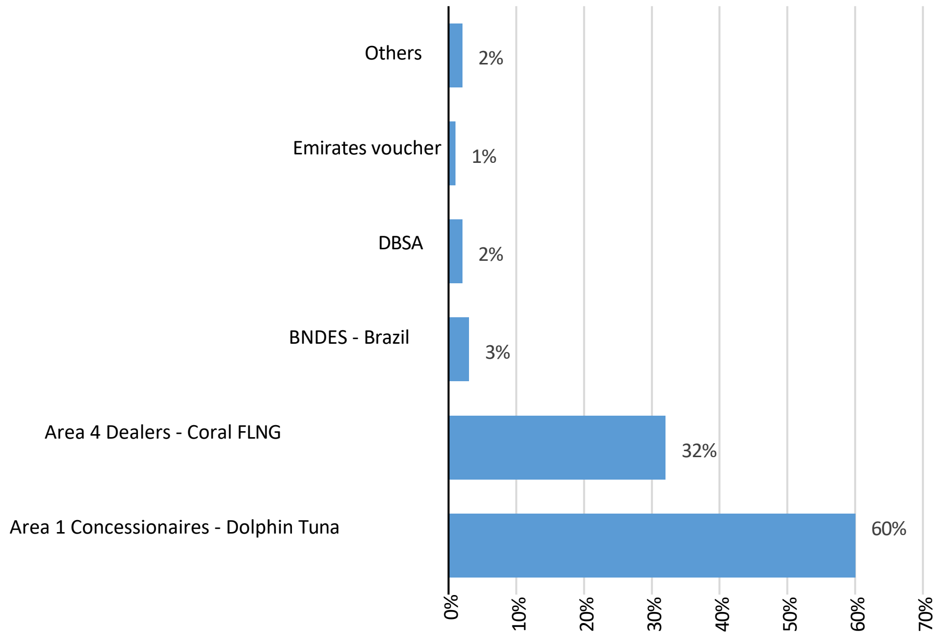
Lending Companies	2020	2021	Variation % 20-21
Public companies	2.583,46	3.556,27	38%
ADM, EP	245,33	186,41	-24%
EDM, EP	18,32	40,48	121%
ENH, EP	2.286,31	3.237,01	42%
Correiros de Moçambique, EP	0,23	0,18	-22%
CFM, EP	32,59	91,78	182%
Radio Mozambique, EP	0,3	0,26	-13%
Televisão de Moçambique, EP	0,38	0,15	-61%
Participating Companies	436,73	354,55	-19%
BNI, SA	16,73	17,66	6%
CMG, SA	58,36	19,97	-66%
EMEM, SA	32,39	36,31	12%
PETROMOC, SA	142,67	103,78	-27%
TMCel, SA	72,68	45,95	-37%
DOMUS, SA	0,45	0,32	-29%
EMOSE, SA	2,06	2,01	-2%
LAM, SA	105,37	123,83	18%
SMM, SA	1,65	1,48	-10%
Sociedade Notícias, SA	0,18	0,18	-1%
STEMA, SA	4,19	2,75	-34%
HCB, SA	-	0,31	100%
Total	3.020,19	3.910,82	19%

Table 21 - Evolution of the ESS Debt Stock

In 2021, the stock of direct external debt of the SEE grew by 32.58% compared to 2020, from USD 2,630.2 million to USD 3,487.22 million, corresponding to 19.6% of GDP as a corollary of the increase in the level of indebtedness of Public Companies by 34% (USD 831.91 million).

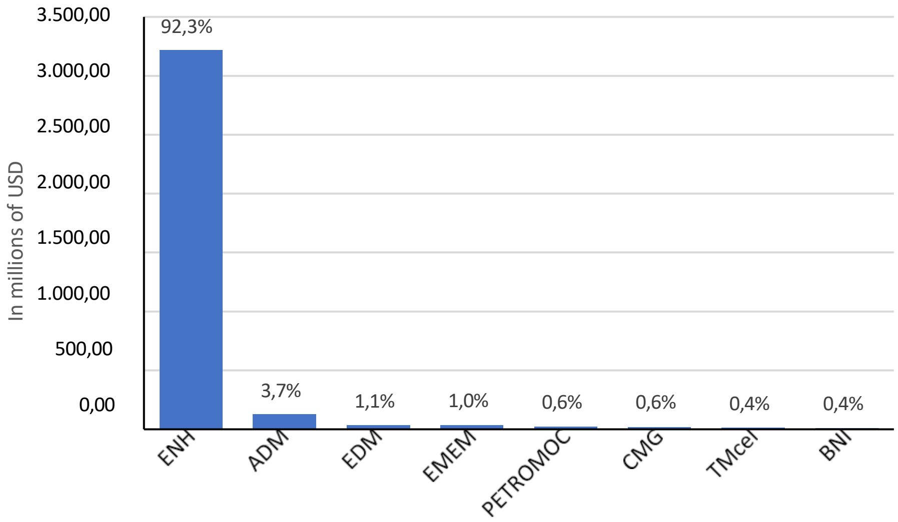
million) contrary to the trend of a 21% reduction in the level of indebtedness of Subsidiaries. The Public Companies that contributed most to the increase in the level of debt were ENH, CFM and EDM, which increased their respective stocks by 42% (USD 950.70 million), 182% (USD 59.19 million) and 121% (USD 22.16 million), respectively.

The creditors of the concessionaires for Areas 1 and 4 of the Rovuma Basin continue to dominate the structure of the SEE's direct external debt, as they together hold 92 % (USD 3,218.37 million) of the stock as a result of the accumulation of debts contracted to ensure the state's contribution to hydrocarbon exploration projects. If ENH is excluded, the external debt stock drops substantially to USD 268.84 million, representing 8% of the SEE's total direct debt, corresponding to 1.5% of GDP.



Graph 15 - ESS External Debt Structure by Creditor

ENH also leads the structure of the external debt portfolio by beneficiaries, having absorbed around USD 3,218.37 million (92.2%) of direct external financing, followed by Aeroportos de Moçambique with a debt valued at USD 127.34 million (3.7% of the total external debt), EDM with USD 37.54 million (1.1%) and EMEM with USD 35.37 million (1%).



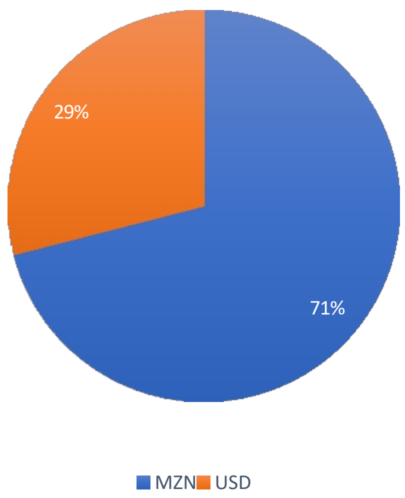
Graph 16 - Structure of ESS External Debt by Borrower

In terms of currency composition, 95% of the external direct debt stock is denominated in USD on account of the financing mobilized for the hydrocarbons sector, through which the Mozambican state has guaranteed its contribution by means of loans contracted from the concessionaires of Areas 1 and 4 of the Rovuma Basin.

The SEE's stock of direct domestic debt fell by 0.2% in 2021, reaching around MZN 27 billion (USD 423.6 million), compared to the MZN 27.1 billion (USD 389.9) recorded in 2020. This performance is partly the result of a 14% reduction in the volume of debt owed by State-owned companies, especially PETROMOC, STEMA and BNI, which paid off 37% (MZN 3,044.3 million), 40% (MZN 115.4 million) and 22% (93.1 million), respectively.

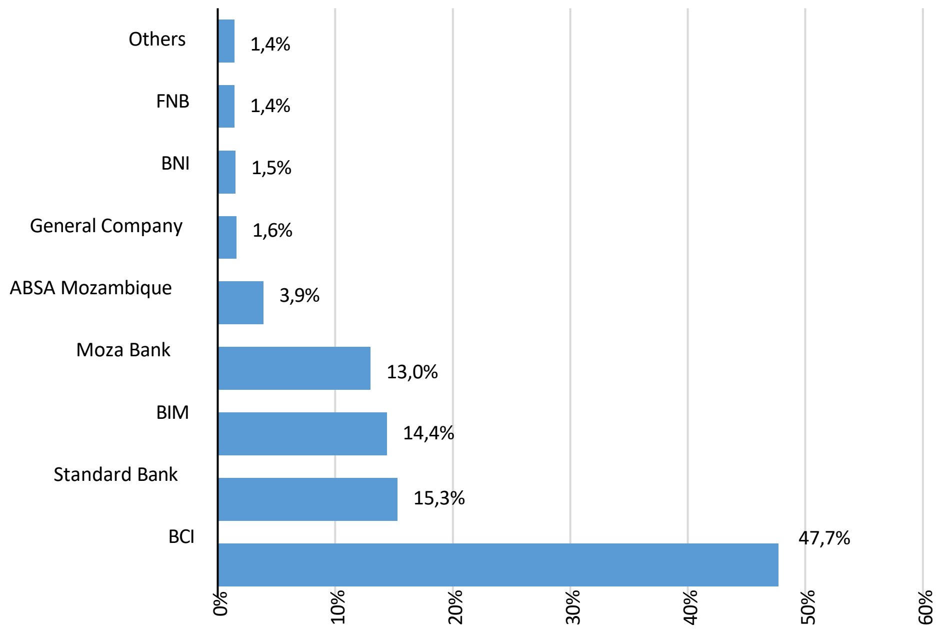
On the other hand, the stock of direct domestic debt owed by state-owned companies showed the opposite behavior, increasing by 44%, equivalent to MZN 3.38 billion (USD 52.95 million), thus increasing the stock to MZN 11.04 billion, largely due to the increase in the stock of debt contracted by CFM by MZN 3.59 billion (USD 56.24 million).

With regard to the composition of the domestic debt portfolio by currency, the metical maintained its hegemony as the currency with the greatest weight in the SEE's direct domestic debt stock in 2021 due to the obligation to convert foreign currency loans into the local currency imposed by the regulator (Banco de Moçambique) through Notice no. 20/GBM/2017, of December 11. Thus, 71% of the SEE's direct domestic debt portfolio was denominated in MZN, compared to only 29% which was denominated in USD.



Graph 17 - Composition of the ESS Domestic Debt Portfolio by currency

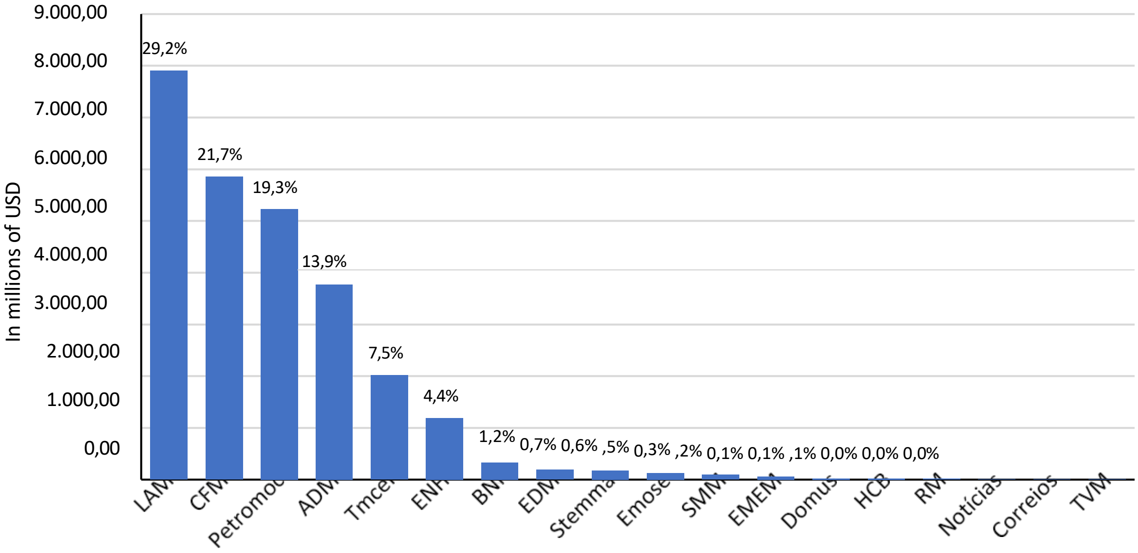
The creditor structure of the SEE's domestic debt is made up of the country's five largest commercial banks. BCI with 47.7% (MZN 12,896.41 million), Standard Bank with 15.3% (MZN 4,129.08 million), BIM with 14.4% (MZN 3,906.94 million) and Moza Banco with 13% (MZN 3,508.14 million) held the equivalent of 90.4% of all the SEE's domestic debt in 2021, which represents an increase 1.5% compared to 2020.



Graph 18 - Composition of the ESS Domestic Debt Portfolio by currency

With regard to the structure of internal debt by borrower, it should be noted that LAM has taken the lead among the SEE companies with the largest volume of internal liabilities, as shown in the graph.

below, supplanting Petromoc which, in 2020, held 30% of the SEE's total domestic debt. So in 2021, six companies held 96% of the stock of direct domestic debt and apart from LAM (29%), the main beneficiaries of the loans were: CFM (22%), Petromoc (19%), ADM (14%), TMcel (7%) and ENH (4%).



Graph 19 - Structure of SEE Internal Debt by Borrower

In 2021, no external loans were taken out, with SEE companies resorting to financial institutions operating in the domestic market to finance themselves. Thus, the new internal loans totaled MZN 528.58 million and were largely the result of the need for cash flow support. Of the new loans taken out, only Petromoc's was guaranteed by the state through the issue of a comfort letter.

4 EXPLORATION AND PRODUCTION

(REQUIREMENT 3)

4 Exploration and Production (Requirement 3)

Overview: The EITI requires the disclosure of information related to exploration and production to enable stakeholders to understand the potential of the sector. EITI requirements related to transparency in exploration and production activities include: (3.1) information on exploration activities; (3.2) production data; and (3.3) export data.

4.1 Exploration (Requirement 3.1)

Implementing countries should disseminate an overview of the extractive industries, including any significant exploration activities.

Mining area

Mining in Mozambique dates back to the pre-colonial period when the country was a territory reserved for the exploitation of natural resources. At the beginning of the second millennium, several Industrial Free Zones and Special Economic Zones created in the country, most notably the Moma Industrial Free Zone, where Kenmare's Moma Heavy Sands Project is operating; and the Moatize Industrial Free Zone, where the coal mining megaprojects (Companhia do Vale do Rio Doce, currently known as Vulcan Mozambique, and Riversdale Mining, known as Riversdale Mozambique, later Rio Tinto currently ICVL) were set up. These megaprojects have significant impacts on the economy, environment, culture and social sphere of the areas where they are implemented and on the country as a whole.

The country's mineral resources include coal, gold, copper, iron, bauxite, heavy sands, precious stones and graphite. However, the country has several other minerals distributed throughout the country, as shown in Annex 4 - Occurrence of minerals in Mozambique.

The highlight in Mozambique's mining sector is coal, where MIREME estimates that the country has reserves of this resource estimated at 38.4 billion tons, most of which are located in the province of Tete.

According to MIREME datacoal production in 2021 was 11 million tons, equivalent to around 91.1 billion meticais.

Hydrocarbons area

The country's hydrocarbon resources are distributed along the main sedimentary basins, with around 180 TCF of natural gas *in situ,* of which 174 TCF *in* the Mozambique Basin and 6 TCF in the

Mozambique Basin. With regard to condensate, based on existing gas resources, the average estimate is around 670 MMbbl in the two sedimentary basins, of which 661 MMbbl in the Rovuma Basin and 9 MMbbl in the Mozambique Basin. As for the Light Oil resource, the average estimate is around 165 MMbbl *in situ in* the Mozambique Basin.

These basins are the result of the fragmentation of southwestern Gondwana in the Mesozoic and the opening of the Mozambique Channel, which is associated with the southward movement of Madagascar.

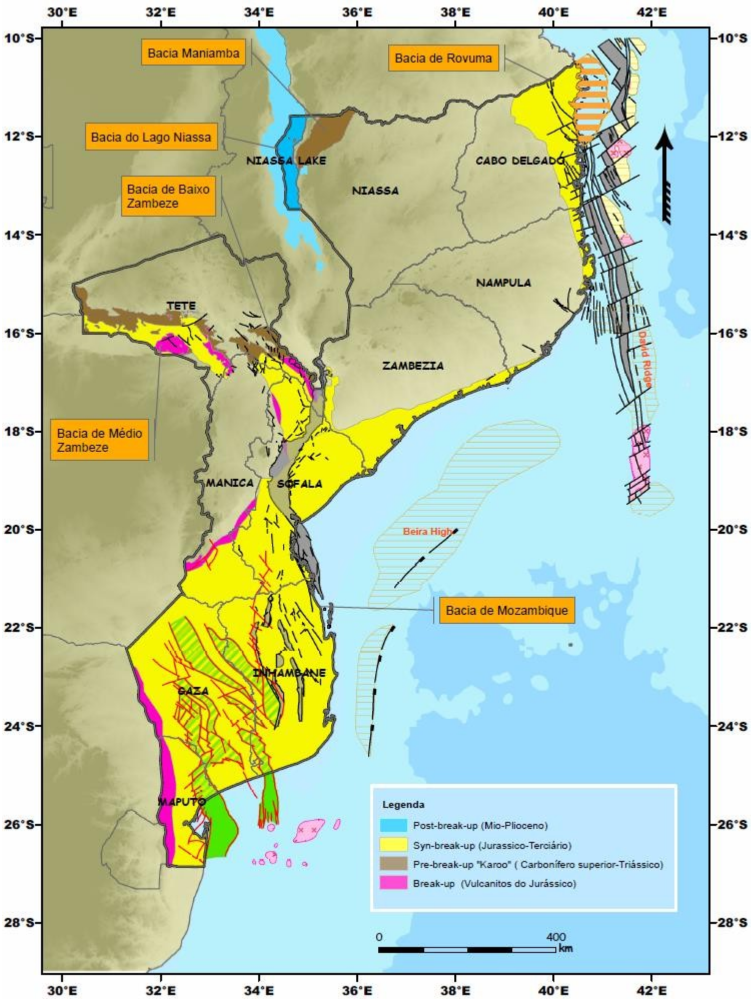


Figure 7 - Mozambique's sedimentary basins and their predominant geological structures (Source: INP)

The Mozambique Sedimentary Basin occupies a large area of coastal plain and continental shelf to the south of Mozambique and covers an area of approximately 500,000 km^2 of which
275,000 km^2 on land and 225,000 km^2 at sea up to the 2,000 m bathymetric line. In terms of sedimentary fillings, this basin comprises continental, marine and deltaic sediments of Cretaceous and Cenozoic age, which are based on the Karro basalts.

Sediment thickness increases in an E-NE direction, reaching 10-12 km in the Zambezi Delta depression.

The Rovuma Sedimentary Basin is located at the southern end of the extensive East African passive margin system, which comprises the coastal plains of Somalia, Kenya, Tanzania and northern Mozambique. The proportion of the Rovuma Basin in Mozambique covers an area of approximately

29,500 km^2 at sea. The sedimentary fill is made up of marine and deltaic formations from the Triassic, Jurassic, Cretaceous and Cenozoic, with a thickness of around 8-10 km.

Natural gas and oil fields or discoveries in the Mozambique Basin[35]

The Mozambique Basin is located in the southern and central part of Mozambique is where the first natural gas was discovered in the current Temane field through the Temane 1 well in 1956, followed by the Pande field through the Pande 1 well in 1961.

In these fields, the reservoirs are sandstones interspersed with clays, with the main reservoirs in the Lower Grudja formation (G6, G6A, G7, G8, G9, G10, G11, G11A, G12 and G12A) in the Upper Cretaceous (Mastrichian to Campanian). These areas or fields are operated by Sasol, producing natural gas in this Basin *at* around 6 Tscf *in situ* and 4 Tscf recoverable.

Also in the Mozambique Basin, light oil was discovered in 2003 in the Inhassoro field through the Inhassoro 6 well in the Grudja G6 formation (oil ring) and the Inhassoro-4 well in the G10 formation. Other deposits in the Temane area recorded light oil occurrences (Temane Deep). The total volume of light oil is estimated be around 165MMbbl *in situ* and 11 MMbbl recoverable.

[35] http://www.inp.gov.mz/pt/Pesquisa-Producao/Descobertas-na-Bacia-de-Mocambique/Bacia-de- Mocambique-Quatro-campos-com-os-maiores-volumes-de-gas-no-local - accessed November 15, 2021

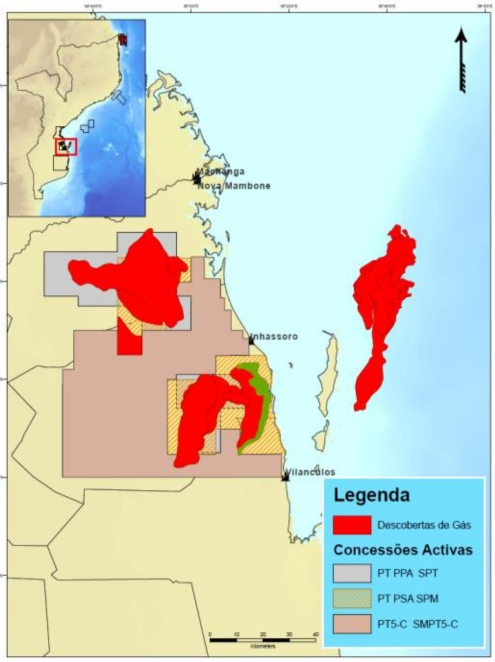


Figure 8 - Discoveries in the Mozambique Basin (Source: INP)

<u>Natural gas and oil fields or discoveries in the Rovuma Basin</u>[36]

The Rovuma Basin is located in the north of Mozambique and was the target of hydrocarbon exploration in the mid-80s. However, it was in 2010 that the major discovery of natural gas was made through the Windjammer-1 well in Area 1 and subsequently in Area 4, adjacent Area 1.

The main reservoirs found are sandstones from the Miocene, Oligocene, Eocene, Cretaceous and Paleocene. The volume of gas initially *in situ* is estimated at around 174 Tscf, of which around 126 Tscf is recoverable.

[36] http://www.inp.gov.mz/pt/Pesquisa-Producao/Descobertas-na-Bacia-do-Rovuma - accessed November 15, 2021

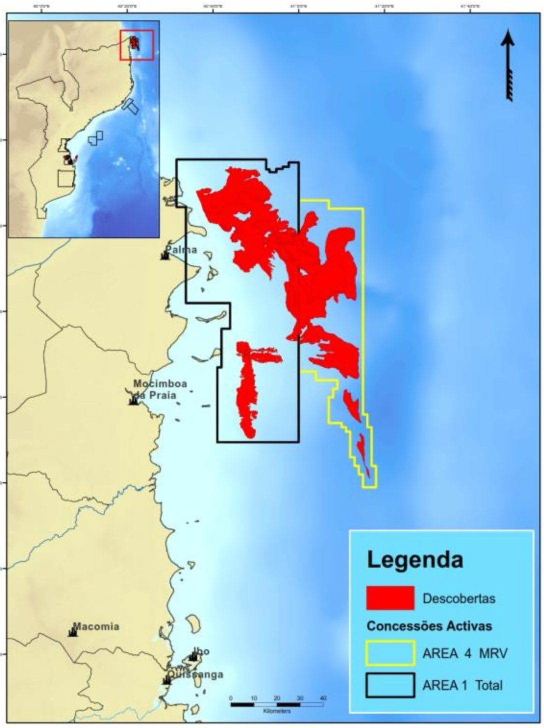


Figure 9 - Discoveries in the Rovuma Basin (Source: INP)

4.2 Production (Requirement 3.2)

Implementing countries must disclose production data in a timely manner, including volumes of total production and the value per *commodity*. This data could be broken down by region, company or project and include sources methods for calculating production volumes and values.

According to MIREME data, the volumes and values of mineral and hydrocarbon production for 2021 correspond to those shown below. The ordering of the data is in accordance with this institution's classification. In addition, detailed information on production by license code and company can be found in Annex 5 - Production data.

Products	U.M.	Prices (MT)	Quantity	Values in MT
Metallic Minerals				
Gold	Kg	2.850.000,0	764,4	2.178.604.552,5
Tantalite	Kg	607,7	178.449,1	108.443.493,8
Ilmenite	Ton	10.200,0	2.071.046,0	21.124.669.200,0
Zircon	Ton	34.000,0	123.010,8	4.182.367.200,0
Rutile	Ton	66.640,0	8.915,0	594.095.600,0
Heavy sand concentrate	Ton	29.854,0	12.872,0	384.280.688,0
Sub-total (1)				28.572.460.734,3
Non-metallic minerals				
Beryl	Ton	24.150,0	330,4	7.977.952,5
Graphite	Ton	16.925,3	77.116,0	1.305.211.434,8

Products	U.M.	Prices (MT)	Quantity	Values in MT
Various quartz	Kg	250,0	1.189.328,6	297.332.152,5
Corundo	Kg	140,0	8.628,0	1.207.920,0
Bentonite	Ton	500,0	118.691,9	59.345.965,0
Diatomite	Ton	3.000,0	72.914,4	218.743.200,0
Limestone	Ton	150,0	1.619.680,9	242.952.131,6
Building Sand	M^3	120,0	5.538.527,4	664.623.286,8
Clay	M^3	360,0	1.979.489,0	712.616.022,0
Bauxite	Ton	1.820,0	7.851,8	14.290.239,6
Construction stone (gravel)	M^3	340,0	2.156.866,9	733.334.752,5
Sub-total (2)				4.257.635.057,2
Ornamental stones				
Granite Blocks	M^3	18.000,0	841,8	15.152.580,0
Sub-total (3)				15.152.580,0
Precious and Semi-Precious Stones				
Tourmalines	Kg	22.641,0	2.679,6	60.669.729,2
Refugo tourmalines	Kg	10.000,0	133.378,5	1.333.785.100,0
Refugo Grenade	Kg	101,2	172.035,0	17.409.942,0
Marine waters	Kg	32.394,0	26,7	866.215,6
Refugo Marine Waters	Kg	8.098,0	2,7	21.702,6
Morganite	Kg	3.668,0	358,0	1.313.034,0
Rubí	Ct	8.784,0	5.011.723,5	44.022.978.784,8
Sub-total (4)				45.437.044.508,2
Fuel minerals				
Coal (Coke)	Ton	11.287,0	5.732.902,0	64.707.264.874,0
Coal (Thermal)	Ton	4.944,0	5.346.781,0	26.434.485.264,0
Sub-total (5)				91.141.750.138,0
Hydrocarbons				
Natural Gas	Gj	45,00	188.077.763,1	8.463.499.337,7
Condensed	bbl	1.012,50	266.326,5	269.655.601,5
Sub-total (6)				8.733.154.939,2
Total				178.157.197.956,87

Table 22 - Mineral and hydrocarbon production data for 2021 (Source: MIREME)

4.3 Exports (Requirement 3.3)

Implementing countries should disclose export data in a timely manner, including export volumes and value by *commodity*. This data could be further disaggregated by region, company or project and include sources and methods for calculating export volumes and values.

The export figures for mineral resources and hydrocarbons for 2021 are shown below:

Products	U.M.	Prices (USD)	Quantity	Values in MT
Metallic Minerals				
Gold	Kg	45.968,0	209,9	9.648.683,2
Tantalite	Kg	25,8	198.223,4	5.114.162,7

Products	U.M.	Prices (USD)	Quantity	Values in MT
Ilmenite	Ton	122,1	2.225.367,4	271.717.354,7
Zircon	Ton	750,8	92.735,0	69.625.438,0
Rutile	Ton	570,6	3.639,0	2.076.413,4
Concentrate (Heavy Sands)	Ton	482,0	10.830,0	5.220.060,0
Sub-total (1)				363.402.111,9
Non-metallic minerals				
Beryl	Ton	740,0	414,0	306.345,2
Graphite	Ton	700,0	68.853,0	48.197.100,0
Various quartz	Kg	70,0	72.826,0	5.097.820,0
Bentonite	Ton	42,8	330,0	14.124,0
Diatomite	Ton	72,0	4.936,7	355.445,3
Bauxite	Ton	12,5	1.893.117,2	23.663.964,9
Corundo	Kg	11,0	17.500,5	192.505,7
Granite Blocks	M^3	300,0	22,6	6.789,0
Sub-total (2)				77.834.094,0
Precious and semi-precious stones				
Tourmalines	Kg	324,0	47,6	15.437,0
Refugo tourmalines	Kg	75,0	502.141,7	37.660.625,4
Marine waters	Kg	463,0	1.666,0	771.348,7
Refugo Marine Waters	Kg	85,0	144,9	12.319,1
Refugo Grenade	Kg	50,0	203.688,0	10.184.400,0
Morganite		52,4	96,4	5.050,8
Rubí	Ct	526,0	2.224.946,0	1.170.321.569,7
Sub-total (3)				1.218.970.750,7
Fuel minerals				
Coal (Coke)	Ton	140,0	5.222.338,2	731.127.346,6
Coal (Thermal)	Ton	80,0	5.261.346,1	420.907.684,8
Sub-total (4)				1.152.035.031,4
Hydrocarbons				
Natural Gas	Gj	0,46	150.944.266,2	69.434.362,5
Condensed	bbl	7,10	268.870,2	1.908.978,5
Sub-total (5)				71.343.341,0
Total				2.883.585.329,0

Table 23 -- Export data for minerals and hydrocarbons in 2021 (Source: MIREME)

In addition, detailed export information by license code and company can be found in Annex 6 - Export and domestic consumption data.

4.4 Domestic consumption

Consumption data on the national market for mineral resources and hydrocarbons for 2021 is presented below:

Products	U.M.	Prices (MT)	Quantity	Values in MT
Coal (Thermal)	Ton	1.400,0	10.789,0	15.104.544,0

Products	U.M.	Prices (MT)	Quantity	Values in MT
Building Sand	M^3	700,0	4.100.251,8	2.870.176.232,0
Diatomite	Ton	90,0	72.583,9	6.532.551,0
Limestone	Ton	75,0	379.278,1	28.445.855,3
Construction stone (gravel)	M3	900,0	893.288,6	803.959.713,0
Clay	M3	480,0	85.996,6	41.278.368,0
Sub-total (1)				3.765.497.263,3
Natural Gas	Gj	27,3	24.588.789,24	671.069.171,3
Sub-total (2)				671.069.171,3
Total				4.436.566.434,5

Table 24 - Mineral and hydrocarbon consumption data for 2021 (Source: MIREME)

In addition, detailed information on domestic consumption by license code and company can be found in Annex 6 - Export and domestic consumption data.

5 RECEIPT OF REVENUE

(REQUIREMENT 4)

5 Receipt of revenue (Requirement 4)

: A clear understanding of corporate payments and government revenues can
subsidize public debate on the governance of extractive industries. The EITI requires comprehensive disclosure of company payments and government revenues from the extractive industries. EITI requirements related to the receipt of revenues include:

4.1 comprehensive disclosure of taxes and revenues;
4.2 sale of the State's share of production or other revenue received in kind;
4.3 provisions on infrastructure and barter agreements;
4.4 transport receipts;
4.5 transactions related to state-owned companies;
4.6 subnational payments;
4.7 level of disaggregation;
4.8 timeliness of data; and
4.9 quality of the information disclosed.

5.1 Comprehensive disclosure of taxes and revenues (Requirement 4.1)

a) The EITI requires the disclosure, to a wide range of recipients and in a publicly accessible, comprehensive and understandable manner, of all significant payments made by oil, gas and mining companies to governments ("payments") and all revenues received by governments from oil, oil and mining companies ("revenues"). It is expected that implementing countries will disclose the required information through the regular submission of government and corporate information (*websites*, annual reports, etc.) and that EITI Reports will be used to gather this information and address any concerns around data gaps and quality.

b) The Coordination Committee group is required to agree on which payments and revenues are material and should therefore be disclosed, including appropriate definitions and materiality thresholds. Payments and revenues are considered material if their omission or inaccuracy could significantly affect the comprehensiveness of the information disclosed. A description of each revenue stream should be disclosed, as well as definitions and materiality thresholds. When establishing the definitions and limits of materiality, the Coordination Committee group should consider the volume of revenue streams in relation to total revenue. The Coordination Committee group should document the options considered and the reasons for establishing the definitions and limits.

c) The following revenue streams should be included:

   i. The host government's production right (profit oil)
   ii. The production rights of national state-owned companies
   iii. Taxes on profits
   iv. Royalties
   v. Dividends
   vi. Bonuses, such as signing, discovery and production bonuses
   vii. License fees, rental fees, entrance fees and other consideration for licenses and/or concessions
   viii. Any other significant payment or benefit to the Government

Any revenue streams or benefits should only be excluded if they are not applicable or when the Coordination Committee group agrees that their omission will not significantly affect the comprehensiveness of the information disclosed by governments and companies.

d) Implementing countries should ensure that all government entities that receive significant revenues from oil, gas and mining companies are required to comprehensively disclose their revenues in accordance with the agreed scope. Government entities should only be exempted from disclosing this information if they can demonstrate that their revenues are not significant. Unless there are significant practical obstacles, the government is also required to provide aggregate information on the total revenues received from each of the agreed benefit streams within the scope of EITI implementation, including revenues that fall below the agreed materiality thresholds. Where such data is not available, the Independent Administrator should rely on any relevant data and estimates from other sources to provide a full account of all government revenues.

All oil, gas and mining companies that make significant payments to the government are required to fully disclose such payments in accordance with the agreed scope. Companies should only be exempted from disclosing this information if they can demonstrate that their payments are not significant.

e) Companies are expected to publicly disclose their audited financial statements or, if they are not available, their main financial results (i.e. balance sheet, profit and loss statement, cash flow).

5.1.1 Revenue collection process

As illustrated in requirement 2, the Mozambican tax system contains various taxes levied mining activities and oil operations. As a result, the state, using its powers, must create conditions so that it is properly organized to manage the various revenue streams generated by the extractive industry.

In fact, the entity responsible for collecting revenue is the Ministry of Economy and Finance (MEF), through its bodies:

- Tax Authority - which is responsible for collecting tax revenue
- National Treasury Directorate - responsible for collecting capital revenue.

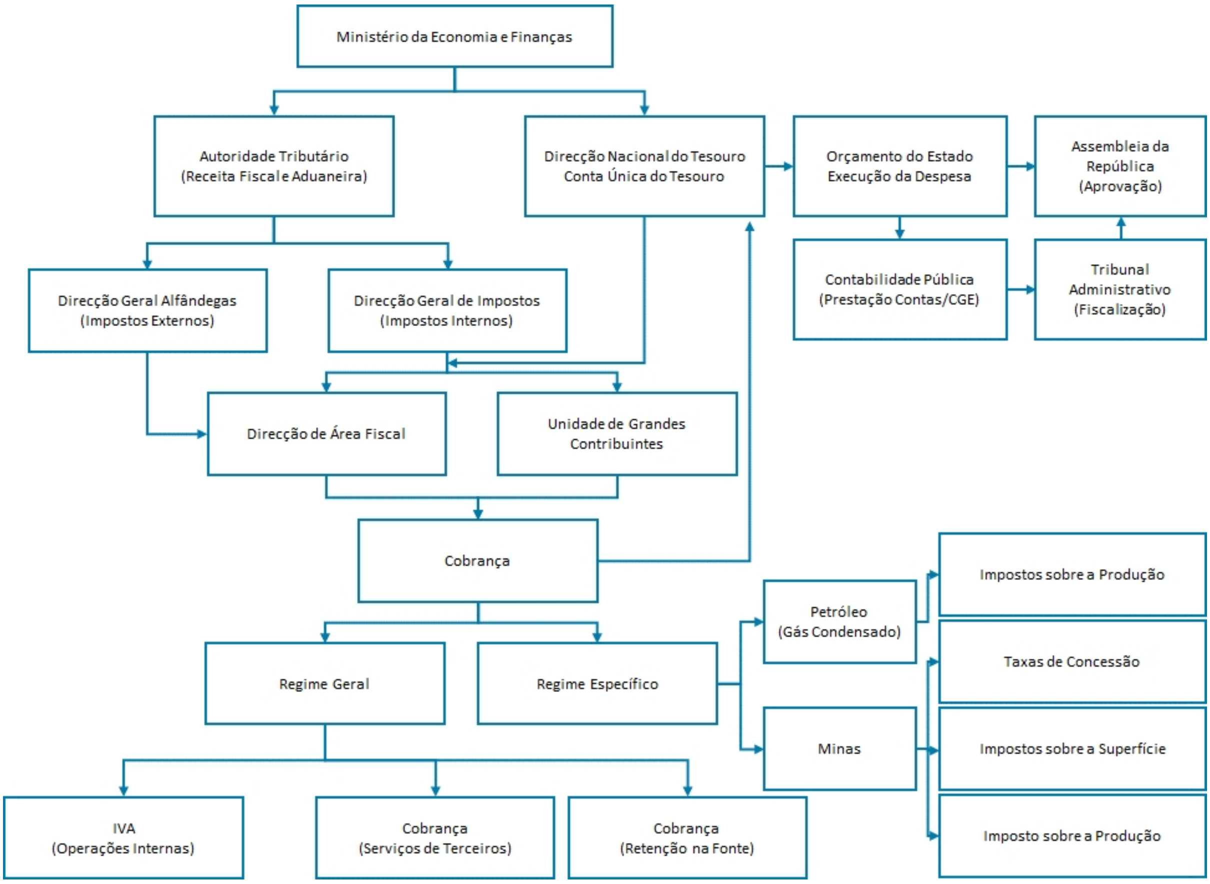
In this , the Tax Authority manages this process through its organic units:

- The Directorate General of Taxes (DGI): responsible for overseeing and receiving payments made to the State in relation to the general and specific regime, through its Tax Directorates.

  Tax Areas (DAF), its various collection points and the Large Taxpayers Unit (UGC). These payments are made by taxpayers to the Treasury Single Account.

- The Directorate General Customs (DGA): responsible for collecting customs revenue and other related taxes.

The extractive industry's revenue collection flow is described in the diagram below:



The revenue collected in kind during 2021, under the supervision of the INP, was allocated to the companies ENH, MGC and Kuvaninga. For its , the Institute for the Management State Holdings (IGEPE) holds shares in some companies, so it collects the dividends from these holdings and the INP proceeds with collection of specific contributions, provided for in the concession contracts for the hydrocarbons area, namely:

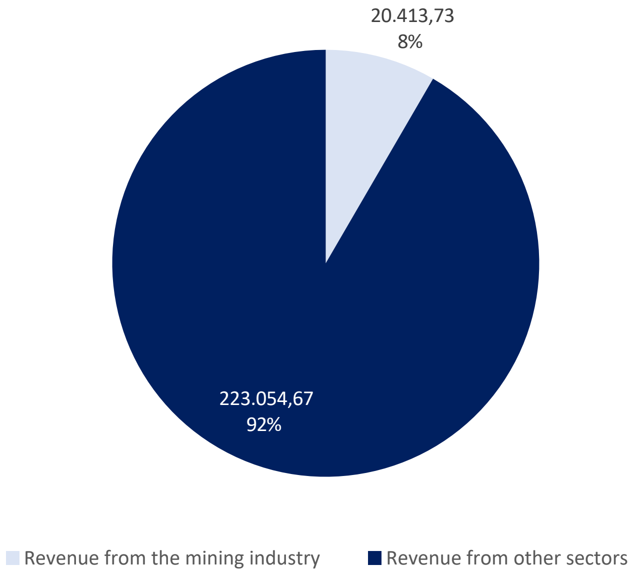
- Institutional contribution;
- Social projects fund; and
- Institutional training fund;

5.1.2 Volume of collections

5.1.2.1 Tax revenues

According to the 2021 State Budget Execution Report (REOE)[37], State Revenue collection in the period from January to December amounted to 266,785.1 million Meticais (after deducting 11,365.9 million Meticais from VAT refunds), corresponding to 100.4% of the annual forecast. Current Revenue amounted to 264,092.0 million Meticais and Capital Revenue to 2,693.1 million Meticais, corresponding to 104.5% and 21.0% of the annual forecast, respectively. In terms of tax revenue, a total of 243,468.4 MT was collected in 2021.

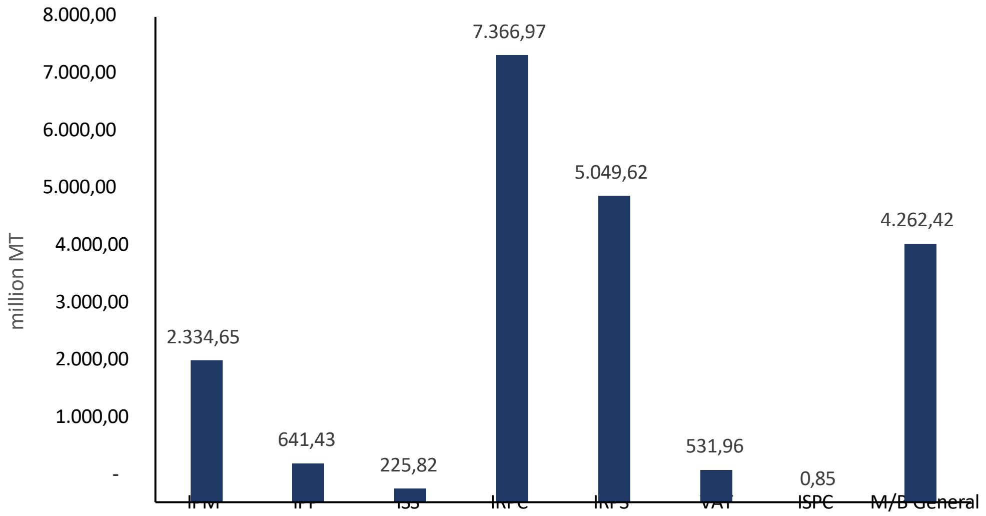
According to the UTIE (Extractive Industry Taxation Unit), a body of the Tax Authority, of the total tax revenue collected, 20,413.73 million meticais[38] came from the extractive industry, compared to the previous 15,944.18 million meticais recorded in 2020, thus representing around 8% of the total tax revenue for 2021.



Graph 20 - Tax revenues for 2021 (Source: REOE and AT)

The graph below shows the volume of the extractive industry's contribution by type of tax:

[37] State Budget Execution Report - January to December 2021 (mef.gov.mz)
[38] It is important to note that this data was presented by the AT prior to the reconciliation process, in which other revenues were added that had not been considered as if they were from the extractive industry, as mentioned in subsequent subchapters.



Graph 21 - Tax revenues for 2021 (Source: AT)

As can be seen in the graph above, the largest tax contribution from the extractive industry comes from the IRPC, which accounts for around 36% of it, followed by the IRPS with 25% and other taxes paid through the general Model B with 21%.

It should be noted that all taxes that do not contain a specific payment slip are paid via the General M/B. However, according to the information provided by the AT and the evidence found in the process of reconciling payments made by companies to the state, this model is also used for payments of taxes that contain payment slips specified by law, such as the IPM.

On the other hand, there are situations in which the tax slips are submitted in appropriate tax forms, but are misclassified in the AT system. In this way, the breakdown by type of tax carried out by the AT may not be faithful to the tax in question.

5.1.2.2 Other Income Tax

in kind

As mentioned above, the state also receives tax on production in kind in the area of hydrocarbons, as provided for in the Specific Taxation and Tax Benefits Regime for Petroleum Operations. In fact, the volume of gas in kind received during 2021 amounted to 4,729,225.32 GJ (Gigajoules), allocated to the companies listed below:

Allocation	Quantity (Gj)
ENH	443.388,32
MGC	1.364.415,00
Kuvaninga	2.921.422,00
Total allocated	4.729.225,32

Table 25 - Tax paid in kind

Contributions to INP

Institutional Support

During the year under review, INP received contributions from companies in the sector of hydrocarbons resulting from compliance with the obligations set out in the concession contracts, as detailed in the table below:

Institutional support			
Date	Dealership	Amount in USD	Countervalue in MT
21/01/2021	ENI	1.000.000,00	75.860.000,00
19/02/2021	TotalEnergies EP Mozambique Area 1, Lda.	2.000.000,00	129.260.000,00
19/02/2021	Sasol	500.000,00	32.315.000,00
25/11/2021	Exxon Mobil	3.750.000,00	237.000.000,00
Total		7.250.000,00	474.435.000,00

Table 26 - Institutional contribution

According to the INP, the amounts received were used for operating expenses for the government entities involved, as well as for the promotion and administration of oil operations.

Social projects

Social Support			
Date	Dealership	Amount in USD	Countervalue in MT
21/01/2021	ENI	250.000,00	18.590.000,00
27/01/2021	Sasol	250.000,00	18.607.500,00
12/04/2021	TotalEnergies EP Mozambique Area 1, Lda.	1.000.000,00	58.350.000,00
26/11/2021	Exxon Mobil	800.000,00	50.560.000,00
Total		2.300.000,00	146.107.500,00

Table 27 - Social Projects Fund

The amounts received in this component were spent on financing social support programs for citizens of the Republic of Mozambique in the areas where Petroleum Operations are conducted, essentially to improve the basic social conditions of the surrounding populations, by shortening the distances traveled in search of drinking water, the reducing the mortality rate due to human-animal conflict, creating protected areas for populations, as well as improving the conditions of school buildings in order to offer greater comfort and convenience to students.

Training

Training			
Date	Company	Amount in USD	Countervalue in MT
21/01/2021	ENI	500.000,00	37.180.000,00
18/01/2021	MRV	300.000,00	22.743.000,00
30/12/2021	MRV	300.000,00	18.960.000,00
27/01/2021	SASOL	250.000,00	18.607.500,00
22/02/2021	TotalEnergies EP Mozambique Area 1, Lda.	1.000.000,00	74.340.000,00
26/11/2021	ExxonMobil	2.000.000,00	126.400.000,00
Total		4.350.000,00	298.230.500,00

Table 28 - Institutional Training Fund

The amounts received in this component were used for training programs that can be divided into the following categories:

- ✓ Long-term training - involves recent graduates who want to continue their studies in the oil and gas sector.

  They also apply to internal applications from the institutions managing the funds (INP and MIREME).
- ✓ Short-term training - includes courses financed for the training of employees of institutions working directly in oil and gas operations.

  training fund managers (this includes seminars and international training).

In addition, INP earned other income from licenses, as described below:

Company	Description	Amount (MT)
Mozambique Rovuma Ventures, Spa	Application for a well installation license	240.000,00
	Application for a license to operate the drilling	2.500.000,00
	Application for an installation license for the Coral FLNG South	4.000.000,00
Sasol Petroleum Temane, LDA.	Gas exploration well licenses	2.860.000,00
Total		9.600.000,00

Table 29 - Payments for licenses in the hydrocarbons sector

Dividends paid to the State and IGEPE

It should also be mentioned that the state received dividends from the extractive industry during the year under review amounting to a total of 552,109,007.06 MT, of which 489.08 million Meticais was considered state capital revenue, and the remainder was allocated to IGEPE, as in the table below:

Values in meticais

Order	Company name	Dividends paid		
		To the State	IGEPE	Total
1	Mozambican Gas Pipeline Company (CMG)	30.000.000,00	10.000.000,00	40.000.000,00
2	Companhia Moçambicana de Hydrocarbons SARL-CMH	159.081.755,30	53.027.251,77	212.109.007,06
3	Empresa Nacional de Hidrocarbonetos, EP-ENH, E.P.	300.000.000,00	-	300.000.000,00
	Total	489.081.755,30	63.027.251,77	552.109.007,06

Table 30 - Dividends paid to the State and IGEPE

5.1.3 Reconciliation process

5.1.3.1 Methodology applied

The methodology used to reconcile the payments made by the companies and the amounts received by the state was based on the International Standard for Related Services (ISRS) 4400 - Work to Perform Agreed Procedures Concerning Financial Information. Accordingly, the companies selected for the reconciliation process were asked to fill in a form, which should contain data on the payments, namely the amount, currency, place, date and number of entry and receipt. In addition, for each payment indicated on the form, the companies submitted the corresponding proof of payment.

In turn, the government entities responsible for receiving the revenue streams selected for the reconciliation process were asked to fill in a form indicating the same payment data mentioned above. It should be noted that government entities that had this payment data systematized in another form (extracts from their collection systems), submitted it to the independent administrator and were exempt from filling in the form for each of the companies selected.

5.1.3.2 Materiality

The materiality established by the CC for the process of reconciling payments made by companies and receipts from government entities was 30 million meticais[39]. In other words

[39] See the minutes defining materiality: http://www.itie.org.mz/download/acta-da-1a-sessao-do-comite-de- coordenacao-do-itie-acta-de-25-de-marco-de-2022/?wpdmdl=3167&refresh=65436961dddd61698916705

eligible for the reconciliation process are all companies whose total amount of contributions channeled to the above entities was equal to or greater than the aforementioned amount.

Thus, 26 companies were selected for the period under analysis, divided into 13 in each sector, as shown in the table below:

#	Company name
Mining sector	
1	Africa Great Wall Mining Development Company, Lda.
2	Cimentos de Moçambique, S.A.R.L.
3	CINAC-Cimentos de Nacala, S.A.[40]
4	Haiyu (Mozambique) Mining Co. Lda.
5	Minas de Benga, Limitada
6	Kenmare Moma Mining (Mauritius), Lda
7	MMC Resources LDA
8	Montepuez Rubi mining, Lda.
9	Mozambique Heavy Sands Company VII, Lda.
10	Aguas Vumba Society
11	Tazetta Resources
12	Twig Exploration Mining Lda.
13	Vale Moçambique, S.A.

#	Company name
Hydrocarbons sector	
1	Mozambican Gas Pipeline Company (CMG)
2	Companhia Moçambicana de Hidrocarbonetos SARL-CMH
3	Empresa Nacional de Hidrocarbonetos, EP-ENH, E.P.
4	ENI Rovuma Basin
5	ENH Kogás
6	ExxonMobil Moçambique Exploration & Production, Limitada
7	ExxonMobil Moçambique, Limitda
8	Matola Gas Company
9	MITSUI & CO. EUROPE PLC
10	Mozambique Rovuma Ventures, Spa Mozambique
11	ROMPCO- Republic of Mozambique Pipeline Company
12	Sasol Petroleum Temane, LDA.
13	TotalEnergies EP Mozambique Area 1, Lda.

Table 31 - Selected companies with material payments

On the other hand, there are companies, listed below, which are not classified by the AT as entities operating in the extractive industry, but which were part of the reconciliation process.

This fact has already been reported in previous reports, so the Tax Authority should review the parameters of its economic activity classifier:

#	Company name
1	Mozambican Gas Pipeline Company -CMG
2	ENH Kogás
3	Republic of Mozambique Pipeline Company - ROMPCO

Table 32 - Selected companies that are not part of the extractive industry according to AT

5.1.3.3 Result of the reconciliation process

After comparing the payments declared by the companies with the revenue received by the state institutions, we found an overall difference of 134,090,454.87 MT, the difference being

[40] It should be noted that, for the year 2021, this entity paid taxes totaling 152,441,019.92 MT, however, of this amount, 128,664,476.97 MT relates to VAT, the tax on which not the subject of reconciliation for the purposes of this report. That's why, in the information inherent in the reconciliation process, only 23,776,542.95 MT was reported by the AT.

represents 0.62% of the amount declared by the State. The differences by sector are shown below.

Values in meticais

Sector	Company	State	Difference
Miner	5.519.121.293,55	5.620.709.606,00	-101.588.312,45
Hydrocarbons	16.121.037.836,79	16.153.539.979,21	-32.502.142,42
Total	21.640.159.130,34	21.774.249.585,21	-134.090.454,87

Table 33 - Differences found in the reconciliation process - by sector

Below is a reconciliation chart by company and by sector[41]:

Values in MT

#	Company name	Company	State	Difference	Margin of error
Mining sector					
1	Africa Great Wall Mining Development Company, Lda.	215.719.701,83	215.274.646,23	445.055,60	1,48%
2	Cimentos de Moçambique, S.A.R.L.	106.684.157,79	114.888.706,82	-8.204.549,03	-27,35%
3	CINAC-Cimentos de Nacala, S.A.	22.990.840,25	23.811.747,95	-820.907,70	-2,74%
4	Haiyu (Mozambique) Mining Co. Lda.	42.088.642,13	53.735.335,58	-11.646.693,45	-38,82%
5	Minas de Benga, Limitada	296.681.614,56	296.684.614,76	-3.000,20	-0,01%
6	Kenmare Moma Mining (Mauritius), Lda	1.278.018.422,15	1.278.018.422,15	0,00	0,00%
7	MMC Resources LDA	36.431.769,96	37.167.097,76	-735.327,80	-2,45%
8	Montepuez Rubi mining, Lda.	1.088.675.157,40	1.088.675.383,51	-226,11	0,00%
9	Mozambique Heavy Sands Company VII, Lda.	60.875.366,64	66.617.369,54	-5.742.002,90	-19,14%
10	Aguas Vumba Society	31.746.003,26	33.483.143,02	-1.737.139,76	-5,79%
11	Tazetta Resources	0,00	73.074.319,51	-73.074.319,51	-243,58%
12	Twig Exploration Mining Lda.	180.186.482,58	180.194.081,93	-7.599,35	-0,03%
13	Vale Moçambique, S.A.	2.159.023.135,00	2.159.084.737,24	-61.602,24	-0,21%
	Subtotal	5.519.121.293,55	5.620.709.606,00	-101.588.312,45	
Hydrocarbons sector					
14	Mozambican Gas Pipeline Company (CMG)	617.758.367,33	617.757.793,68	573,65	0,00%
15	Companhia Moçambicana de Hidrocarbonetos SARL-CMH	1.311.377.162,24	1.311.377.215,24	-53,00	0,00%
16	Empresa Nacional de Hidrocarbonetos, EP-ENH, E.P.	746.910.937,17	747.693.108,82	-782.171,65	-2,61%
17	ENI Rovuma Basin	444.163.463,63	444.163.463,63	0,00	0,00%
18	ENH Kogás	95.381.488,25	95.381.388,25	100,00	0,00%
19	ExxonMobil Mozambique Exploration & Production, Limited	43.908.683,82	43.838.275,33	70.408,49	0,23%
20	ExxonMobil Moçambique, Limitda	352.750.751,85	352.751.396,97	-645,12	0,00%
21	Matola Gas Company	400.703.460,80	400.710.196,51	-6.735,71	-0,02%
22	MITSUI & CO. EUROPE PLC	0,00	31.778.251,41	-31.778.251,41	-105,93%
23	Mozambique Rovuma Ventures, Spa Mozambique	1.751.154.213,89	1.751.154.213,92	-0,03	0,00%

[41] The reconciliation by type of tax can be found in Annex 7

Values in MT

#	Company name	Company	State	Difference	Margin of error
24	ROMPCO- Republic of Mozambique Pipeline Company	2.427.988.145,47	2.427.988.145,47	0,00	0,00%
25	Sasol Petroleum Temane, LDA.	2.042.694.357,94	2.042.698.360,58	-4.002,64	-0,01%
26	TotalEnergies EP Mozambique Area 1, Lda.	5.886.246.804,40	5.886.248.169,40	-1.365,00	0,00%
	Subtotal	16.121.037.836,79	16.153.539.979,21	-32.502.142,42	
	Total	21.640.159.130,34	21.774.249.585,21	-134.090.454,87	

Table 34 - Differences found in the reconciliation process - by company

In accordance with the terms of reference for this report, differences above the 3% margin of error must be identified and reconciled. It should be noted that the differences above this margin stem from the following:

- Tazetta Resources - although the independent director contacted the company several times, verbally and in writing, referring the forms to him for consideration, the company did not fill them in, nor did it send the supporting documentation.
- MITSUI & CO. EUROPE PLC - the company is part of the consortium that has the CCPP of the Area 1 "Offshore" of the Rovuma block, it presented its limitation in participating in this report, as he felt he was not eligible.
- With regard to Cimentos de Moçambique, S.A.R.L., Haiyu (Mozambique) Mining Co. Lda., Mozambique Heavy Sands Company VII, Lda. and Sociedade Águas Vumba, the IA was unable to obtain clarification of the differences found from these companies, even though several attempts were made to contact them.

5.1.3.4 Differences reconciled

The reasons for the differences found in the first reconciliation phase are as follows:

- With the introduction of the e-declaration/e-taxation system for paying tax, some tax slips are not reflected in the statement provided by the Authority

  This culminated in several differences that were later clarified by the government;
- Similar to the situation mentioned above, some tax slips posted via the SICR system, also not included in the statement provided by the Tax Authority;
- Lack of supporting documentation for payments by companies;

- Lack of indication of the receipt and entry number on the payment slips;
- Incorrect classification of the payments indicated on the forms;
- Incorrect amounts filled in;
- Supporting documentation for the payment of companies with MITADER and DIPREME NUITs.

5.1.3.5 Dividends paid to the State and IGEPE

We also reconciled the dividends channeled to the State and the IGEPE and found no discrepancies.

Values in MT

Order	Company name	Company data		IGEPE data		Difference
		State	IGEPE	State	IGEPE	Value
1	Mozambican Gas pipeline-CMG	30.000.000,00	10.000.000,00	30.000.000,00	10.000.000,00	0,00
2	Mozambican Hydrocarbons SARL-CMH	159.081.755,30	53.027.251,77	159.081.755,30	53.027.251,77	0,00
3	Company National of Hydrocarbons, EP-ENH, E.P.	300.000.000,00	0,00	300.000.000,00	0,00	0,00
	Total	489.081.755,30	63.027.251,77	489.081.755,30	63.027.251,77	0,00

Table 35 - Dividends paid to the State and IGEPE

5.1.3.6 Financial Statements

The following table shows which companies submitted audit reports, the main elements of the financial statements or indicated that they were subject to audit in 2021.

Order	Company name	Report audit	Statements financial	Observations
Mining sector				
1	Africa Great Wall Mining Development Company, Lda.	✗	✗	On the form, you do not confirm that you have audited accounts.
2	Cimentos de Moçambique, S.A.R.L.	✔	✔	Okay.
3	CINAC-Cimentos de Nacala, S.A.	✔	✔	Okay.
4	Haiyu (Mozambique) Mining Co. Lda.	✗	✗	On the form, you do not confirm that you have audited accounts.
5	Minas de Benga, Limitada	✗	✔	On the form, you confirm that you have audited accounts.
6	Kenmare Moma Mining (Mauritius), Lda	✔	✔	Okay.
7	MMC Resources LDA	✗	✗	On the form, you do not confirm that you have audited accounts.
8	Montepuez Rubi mining, Lda.	✔	✔	Okay.
9	Mozambique Heavy Sands Company VII, Lda.	✗	✔	On the form, you do not confirm that you have audited accounts.

Order	Company name	Report audit	Statements financial	Observations
10	Aguas Vumba Society	✘	✔	On the form, you confirm that you have audited accounts.
11	Tazetta Resources	✘	✘	The company did not provide information altogether.
12	Twig Exploration Mining Lda.	✔	✔	Okay.
13	Vale Moçambique, S.A.	✘	✘	On the form, you confirm that you have audited accounts.
Hydrocarbons sector				
14	Mozambican Gas Pipeline Company-CMG	✔	✔	Okay.
15	Mozambican Company Company Hydrocarbons SARL-CMH	✘	✘	On the form, you confirm that you have audited accounts.
16	National Hydrocarbons Company, EP-ENH, E.P.	✔	✔	Okay.
17	ENI Rovuma Basin	✔	✔	Okay.
18	ENH Kogás	✘	✘	On the form, you do not confirm that you have audited accounts.
19	ExxonMobil Mozambique Exploration & Production, Limited	✔	✔	Okay.
20	ExxonMobil Moçambique, Limitda	✔	✔	Okay.
21	Matola Gas Company	✘	✘	On the form, you confirm that you have audited accounts.
22	MITSUI & CO. EUROPE PLC	✘	✘	The company did not provide information altogether.
23	Mozambique Rovuma Ventures, Spa Mozambique	✔	✔	Okay.
24	ROMPCO- Republic of Mozambique Pipeline Company	✘	✔	On the form, you confirm that you have audited accounts.
25	Sasol Petroleum Temane, LDA.	✔	✔	Okay.
26	TotalEnergies EP Mozambique Area 1, Lda.	✘	✔	On the form, you confirm that you have audited accounts.

Table 36 - Companies that have disclosed their audit reports and the main elements of the financial statements

5.1.4 Audit of recoverable costs

According to the information reported by the INP, during the period in question, no report was published on the audit of the extractive industry's recoverable costs.

On the other hand, a performance audit[42] was carried out by the Administrative Court to assess how efficient the government's systems for monitoring the costs claimed by international oil companies are.

[42] Simplified version of the Performance Audit Report - https://www.ta.gov.mz/#/publications

In general, the audit found that during the financial years 2016, 2017, 2018 and the first half of 2019, the recoverable costs presented by the concessionaires were not checked, with the risk of them being validated without proper confirmation by the INP.

The aforementioned report had the following conclusions and recommendations:

Conclusions

- Government systems to monitor costs claimed by companies
  International oil prices are not yet efficient.
- The Mozambican state is not aware of the correct amounts to be recovered by the concessionaires.
- INP must improve its control tools for the costs declared while AT
  must have real and official information from the INP to safeguard the correct collection future
  revenues.

Recommendations

- The INP must challenge the costs claimed by companies in good time to ensure their eligibility;
- The INP must have a complete filing system that includes the number of audits, reports sent/reviewed, minutes and work letters, adjustments made to costs claimed,
  approved values, etc;
- The AT must have a complete filing system that includes the analysis of accounting data, claims filed by companies and adjustments made, etc;
- The INP must ensure that budgets, cost statements and reports of
  progress are analyzed and reviewed to control costs and prevent them from being approved unchallenged, including a clear mechanism for contesting claimed costs by carrying out timely cost audits;
- The AT must have an effective monitoring system to control the applicable tax deduction;
- That the INP coordinates with the AT to establish a clear communication mechanism, where they share the relevant documents (costs claimed and approved, tax deductible...),
  etc.) to allow the AT to be fully informed and well positioned to deduct the appropriate amounts of tax.

5.2 Sale of the State's share of production or other revenue in kind (Requirement 4.2)

a) When the sale of the state's share of production or other revenues received in kind is significant, the government, including state-owned enterprises, is required to disclose the volumes received and sold by the state (or third parties designated by the state to sell on its behalf), the revenues received from the sale and the revenues transferred to the state from the sale of oil, gas or minerals. Where applicable, this information should include payments (in cash or in kind) for *swap* agreements or resource-backed loans.
The data published should be disaggregated by individual purchasing company and at levels compatible with the disclosure of other payments and revenue streams (4.7). The Coordination Committee groups, in consultation with purchasing companies, should consider whether the information disclosed can be broken down individually by sale, product type and price.

The information disclosed could include the ownership of the product sold and the nature of the contract (for example, cash or term).

b) Implementing countries, including state-owned enterprises, are encouraged to disclose a description of the selection processes for purchasing companies, the technical and financial criteria used for selection, the list of selected purchasing companies, any significant deviations from the applicable legal and regulatory framework governing the selection of purchasing companies and the associated sales agreements.

c) Companies that buy oil, gas and mineral resources from the state, including from state-owned enterprises (or third parties appointed by the state to sell on its behalf), are encouraged to disclose the volumes received from the state or state-owned enterprise and the payments made for the purchase of oil, gas or mineral resources. This could include payments (in cash or in kind) related to *swap* agreements and resource-backed loans.

The information disclosed could be broken down individually by seller, contract or sale.

For each sale, the information disclosed could include information on the nature of the contract (for example, spot or forward) and the port of loading.

d) When there are concerns around the reliability of the data and when it is feasible, the group made up of the various parties involved should consider making additional efforts to address any gaps, inconsistencies and irregularities in the information disclosed.

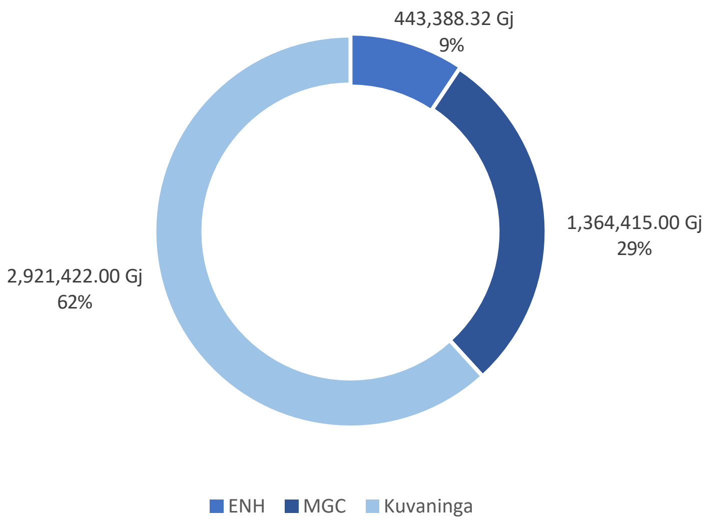
In accordance with Ministerial Diploma No. 173/2014 of October 10, ENH is the entity designated to receive the gas delivered by the producer as tax on oil production, and to manage and administer the natural gas resulting from the tax on oil production paid in kind by the Concessionaires, although the government is the one that grants the allocation to customers.

In this , according to the information provided by the INP, the total volume gas produced by Sasol in the year under review amounted to 188,077,763.08 GJ and the total condensed gas produced was 266,326.53 bbls. The amounts paid in kind are shown below:

Description	Units	Quantity/Value
Gas		
Total natural gas produced	Gj	188.077.763,08
Total natural gas exported to RSA	Gj	150.944.266,23
Total natural gas sold on the national market	Gj	24.588.789,24
Total natural gas royalty paid in kind	Gj	4.729.225,32
Total natural gas royalty paid in cash	USD	5.039.246,48
Condensed		
Total condensed gas produced	bbls	266.326,53
Total condensed gas sold	bbls	268.870,20
Total gas condensate royalty paid in cash	USD	542.474,09

Table 37 - Gas and condensate royalty

The royalty gas paid in kind was allocated as shown in the graph below:



Graph 22 - Gas royalty allocation

As for the gas allocated to ENH, the company said that all volumes are dedicated to supplying industries, for national consumption, as well as for electricity generation. The company's clients are CTRG, Gigawatt and ENH-Kogás.

The payment methods are defined in each gas purchase agreement (GSA). Customers issue a consumption certificate to ENH (this certificate consists of verifying the quantities received by the customer at the point of take-off) at the end of each month and from , an invoice is generated which is submitted to the customer within a maximum of 05 (five) days and must be paid in full within a period of time.

within 20 (twenty) days, by bank. Failure to comply may or may not result in the application of default interest, depending on each contract. It should be noted that there are industrial, commercial and domestic customers.

As for the criteria used to select the buyers, the government grants the allocation to the customers, and through this allocation, ENH carries out its role, which is to manage the commercial operations (including the price of gas, transportation rates and their assumptions, technical aspects such as the specification of the gas and the quantities to be taken on a daily, monthly and annual basis).

The agreements entered into are gas purchase and sale contracts. ENH draws up the contractual assumptions and concludes them with customers, based on the allocation given to the customer by the government.

The table below shows the volumes consumed and revenues earned in 2021 by ENH, EP, under the contracts in force:

Volumes consumed

Month	EDM-Kuvaninga 3.00 MGJA - GJ	Temane Central EDM - GJ	ELGAS - GJ	Domestic/ Inhambane - GJ	MGC 1.75 MGJA - GJ	Total Royalty GJ
January	216.076,60	25.702,09	3.624,07	3.951,57	No Consumption	249.354,33
February	224.074,35	18.749,15	2.043,73	4.861,40	No Consumption	249.728,63
March	223.458,50	21.577,65	1.910,13	3.917,81	No Consumption	250.864,09
April	241.395,44	21.679,09	4.982,27	4.114,48	No Consumption	272.171,28
May	250.370,48	24.723,92	2.343,86	4.955,81	No Consumption	282.394,07
June	245.127,98	31.709,22	3.206,72	5.433,65	No Consumption	285.477,57
July	263.330,35	26.295,23	2.930,62	4.849,20	No Consumption	297.405,40
August	238.237,65	21.378,55	3.304,70	6.202,46	No Consumption	269.123,36
September	244.657,33	22.701,57	2.987,29	4.997,54	No Consumption	275.343,73
October	237.586,32	27.284,25	3.953,96	5.261,61	No Consumption	274.086,14
November	235.651,90	29.205,91	3.776,28	4.939,37	No Consumption	273.573,46
December	226.384,87	38.903,51	3.928,59	4.363,22	No Consumption	273.580,19
Total	2.846.351,77	309.910,14	38.992,22	57.848,12		3.253.102,25

Table 38 - Volumes consumed in 2021

Revenue earned

Month	EDM-Kuvaninga 3.00MGJ - MZN	Temane Central EDM - MZN	ELGAS - MZN	Domestic Inhambane MZN	MGC 1.75 MGJA -MZN	Total Revenue MZN
January	51.484.679,53	2.602.382,88	947.803,40	1.053.939,88		56.088.805,69
February	53.080.950,36	1.887.197,57	531.340,57	1.144.211,21		56.643.699,71
March	47.729.663,00	1.958.320,63	447.730,27	626.892,46		50.762.606,36
April	44.022.779,46	1.679.893,18	641.286,14	588.227,63	48.812.400,00	95.744.586,41

Month	EDM-Kuvaninga 3.00MGJ - MZN	Temane Central EDM - MZN	ELGAS - MZN	Domestic/ Inhambane MZN	MGC 1.75 MGJA -MZN	Total Revenue MZN
May	48.392.607,87	2.030.674,45	497.236,27	1.133.510,28		52.054.028,87
June	49.300.874,72	2.709.768,48	707.751,33	1.161.777,89		53.880.172,42
July	53.059.394,96	2.251.243,76	648.048,01	1.132.828,92		57.091.515,65
August	48.093.017,26	1.834.046,45	732.276,25	1.228.794,32		51.888.134,28
September	49.450.329,40	1.949.684,90	878.352,05	1.149.926,56		53.428.292,91
October	48.021.131,37	2.343.260,46	938.293,48	1.168.868,42		52.471.553,73
November	47.630.144,90	2.508.298,91	1.012.828,79	1.138.617,03		52.289.889,63
December	45.757.085,60	3.341.160,52	1.057.681,23	1.130.228,71		51.286.156,06
Total	586.022.658,43	27.095.932,19	9.040.627,79	12.657.823,31	48.812.400,00	683.629.441,72

Table 39 - ENH's revenues in 2021

5.3 Provisions on infrastructure and barter arrangements (Requirement 4.3)

The Coordination Committee group is required to consider whether there have been any agreements, or sets of agreements, involving the provision of goods and services (including loans, concessions and infrastructure works), in full or partial consideration for the granting of concessions for the exploration or production of oil, gas or minerals or for the physical delivery of these *commodities*. To this end, the Coordination Committee group needs to have a thorough understanding of the terms of the relevant agreements and contracts, the parties involved, the resources committed by the state, the value of the benefit flows (e.g. infrastructure works) and the relevance of these agreements in relation to conventional contracts.

When concluding that these agreements are relevant, the Steering Committee group is required to ensure that the implementation of the EITI addresses these agreements and that the information disclosed offers a level of detail and disaggregation compatible with that of other payments and revenue streams. The Steering Committee group is required to agree on a procedure to assess the quality of the data and the assurance of the information indicated above, in accordance with Requirement 4.9.

According to the information provided by the extractive industry regulators, namely INAMI and INP, as well as by the companies selected for the reconciliation process, no contracts of this nature were signed in the year under review.

5.4 Transport revenue (Requirement 4.4)

When revenues from the transportation of oil, gas and minerals are relevant, the government and state-owned companies must publish the revenues received. The published data should provide a level of detail and disaggregation compatible with that of other payments and revenue streams (4.7). The Coordination Committee group is encouraged to agree on a procedure to assess the quality of the data and the assurance of the information indicated above, in accordance with Requirement 4.9.

The implementing countries could spread the word:

i. A description of the transportation arrangements, including: the product; transportation route(s); and the relevant companies and government entities, including state-owned ones, involved in the transportation.
ii. Definitions of taxes, tariffs or other relevant payments related to transportation and the methodologies used to calculate them.
iii. Disclosure of tariff rates and volume of *commodities* transported.
iv. Disclosure of revenues received by government and state entities in relation to the transportation of oil, gas and minerals.

5.4.1 Mining area

5.4.1.1 Coal transportation

Based on the data provided by INAMI on the companies selected for this report, namely Vale de Moçambique, SA and Minas de Benga, Lda, we describe their coal transportation process from Tete province.

Vale Mozambique

Vale Moçambique transports coal from Moatize to Nacala via the Moatize - Nacala- a - Velha railway line and the coal handling process is carried out by the company CLN (Corredor logístico de Nacala).

In 2021, 7,989,168 tons of coal were transported, of which 4,643,669 tons of Thermal Coal and 3,345,499 tons of Metallurgical Coal.

Minas de Benga, Lda

Coal transportation takes place in two stages:

- 1st stage: In charge of the company LALGY Transportes Lda. By road from the processing plant to the railway branch (both located in the town of Moatize).
- Stage 2: Transportation from the railway branch to the Port of Beira is done by trains belonging to the Benga company via the Sena Line (under CFM management), which connects the town of Moatize to the port of Beira over a 584 km route.

In 2021, 1,283,072 tons of coking coal and 379,517 tons of thermal coal were transported from the processing plant to the railway branch. And from the railway branch to the port of Beira 1,180,944 tons of coking coal and 270,246 tons of thermal coal.

Information provided by the CFM

Caminhos de Ferro de Moçambique (CFM), a public company, which manages the railway and port system, providing cargo handling, freight and passenger transport services, indicated that during 2021 it transported 2,390,172 tons of coal and collected 1,631,202,123.12 MT for these services, as shown in the table below:

Invoice values in Meticais

Description	Ore/Value		Total
Tons (Net)	Thermal coal	Coal Coke	
Benga Mines (ICVL)	234.532	1.195.891	1.430.423,00
Jindal	383.859	575.890	959.749,00
Total quantities (tons)	618.391	1.771.781	2.390.172
Revenue from transportation (MT)	1.285.636.873,12	345.565.250,00	1.631.202.123,12

Table 40 - CFM invoicing

On the other hand, according to the 2021 REOE, the state received a total of 986.20 million meticais for the concessions granted to the Nacala Integrated Logistics Corridor (CLIN)[43] and Companhia do Desenvolvimento do Norte (CDN)[(44)].

Amounts in millions of meticais

Concession	Amount
Nacala Integrated Logistics Corridor (CLIN)	801,8
Northern Development Company (CDN)	184,4
Total	986,2

Table 41 - Revenue from concessions

5.4.1.2 Graphite transportation

<u>Twigg Exploration and Mining Lda</u>

The company Twigg does not process the disposal/transport of ore, but has made the graphite ore produced at the Balama mine mouth available to Syrah Global DMCC. The latter in turn has transportation and logistics contracts with Grindrod Logistics Mozambique, Limitada, to transport the graphite produced at the Balama mine to the port of Nacala by road.

[43] This is the railway project linking Moatize to Nacala, passing through Malawi and including the coal terminal at Nacala-a-velha. In this project, CFM appears in partnership with Vale, forming the company CLN (Public-Private Partnership), which is the concessionaire for the new sections of this logistics corridor.

[44] CDN's objective is the integrated management, rehabilitation and commercial operation of the infrastructures of the Port Nacala and the railway network in northern Mozambique under concession.

5.4.1.3 Heavy Sand Transportation

According to INAMI, two companies export heavy sands from Zambézia province, namely Africa Great Wall Mining Development Company, Lda and Tazetta Resources. In turn, Kenmare Moma Mining (Mauritius), Ltd and Haiyu export Nampula Province.

Africa Great Wall Mining Development Company, Lda

The heavy sands were shipped from the district of Chinde, in Zambézia province, to the Port of Quelimane with small ships and from there to China by sea via the Chinese company Grand Ocean Shipping Holding (HK) LTD. A total of 623,604.1 tons of Ilmenite were exported.

Tazetta Resources

License - 8255 C

In 2021, the company did not transport ore because it had not started mining production.

License - 8256 C

During the period in question, a total of 87,617.00 MT (metric tons) of Ilmenite was exported by sea.

License - 7150 C

During 2021, 138,111.85 MT of Ilmenite and 9,091 MT of zircon were exported by sea.

Kenmare Moma Mining (Mauritius), Ltd

The final products of ilmenite, zircon and rutile are stored in a warehouse with a capacity of

226,000 tons to the 400m long quay. The conveyor belt transports the product to a barge loader at the quay terminal, which automatically loads the product onto transhipment barges called Bronaghj and Peg.

These vessels then transport the products to a deep-water transhipment point 10.5 km from the coast, where they are automatically unloaded onto customers' ships.

In 2021, 1,186,715 tons of ilmenite, 83,745 tons of zircon and 14,469 tons of rutile were exported.

5.4.1.4 Limestone

Cimentos de Moçambique, SARL

The limestone is transported by rail by CFM (Caminhos de Ferro de Moçambique), from Matola by road by JRC, from Dondo by road by LSTAR and Nacala by road by VICTAB.

The clay is transported from its factory in Matola by road by the JRC company.

CINAC - Cimentos de Nacala, SA

In Nacala, the limestone is transported by the VICTAB company by road.

5.4.1.5 Other ores

MMC Resources, Lda

This company mines and exports gold from Tete Province. Around 162 kg of gold were exported in 2021.

Montepuez Rubi Mining, Lda

Ruby is transported from the mine in Cabo Delgado by air. In 2021, two auctions were held online in April and December, both from Bangkok and Jaipur.

Sociedade Águas Vumba, SA

The company does not have transportation agreements, but only transfers to sales depots in Maputo, Beira, Chimoio, Tete and Nampula. If there are transporters available and they have the capacity to transport goods not exceeding 30 tons.

5.4.2 Hydrocarbons area

Sasol Petroleum Temane is the sole producer of natural gas in Mozambique, and most of the gas produced is exported to RSA through the ROMPCO pipeline, the commercial operator of an 865 km high-pressure pipeline connecting the gas fields in Pande and Temane (Mozambique) to Sasol's operations in South Africa.

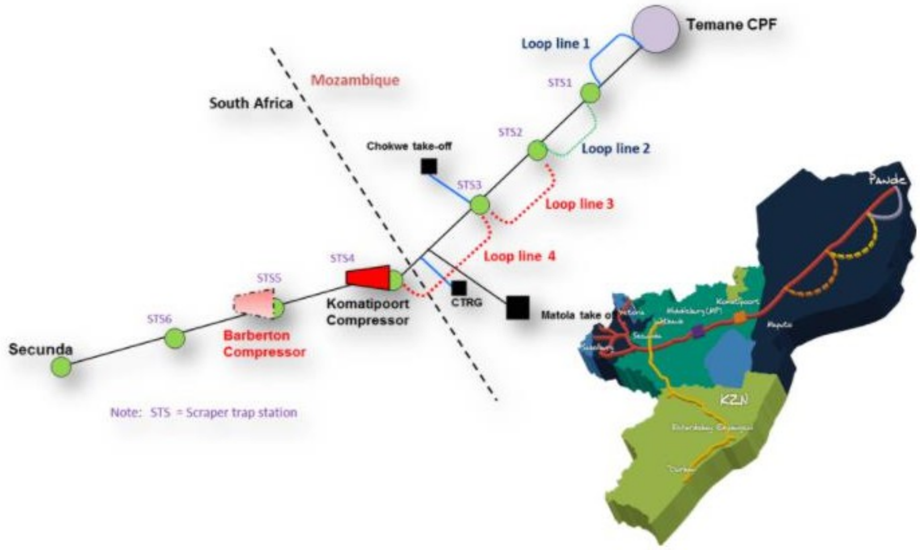


Figure 11 - ROMPCO gas pipeline (Source: ROMPCO)

In addition, there is also the Ressano Garcia gas pipeline, governed by the Gas Pipeline Concession Contract between the Government of Mozambique and Matola Gas Company SARL, whose purpose is to transport natural gas from Ressano-Garcia to Matola. It is important to note that, although until 2021 SPT is the only gas producer, as mentioned above, ENH, MGC and Kuvaninga are beneficiaries of its *royalty gas* paid in kind.

During 2021, 179.82 MGJ were transported through the ROMPCO gas pipeline. This company reported that revenues from gas transportation in the period under review amounted to 7,460.47 million meticais.

On the other hand, CMG earned dividends of 267.5 billion rand from its stake in ROMPCO. It should be noted that this company channeled MZN 30,000,000.00 and MZN 10,000,000.00 to the state and IGEPE, respectively, as dividends.

The main hydrocarbon transportation routes and the entities involved are listed below:

Oil transportation routes	Description of agreements	Product	State company involved	Quantities (PJ)
MSP gas pipeline	Mozambique Secunda Gas Pipeline (MSP), operated by ROMPCO under the Contract of Gasoduto, that aims to the ROMPCO finance, build, be owner and operate the system of pipeline according to the Development Plan Development Development Plan e conditions established in the contract, as well as how to transport natural gas and related activities in relation to Gas Pipeline System.	Natural gas	CMG	179,82
Ressano Gas Pipeline Garcia - Matola	Gas pipeline Ressano Garcia - Matola, operated by Matola Gas Company (MGC), on scope of Contract of Gas Pipeline Concession, aimed at MGC financing, building, owning and operate the pipeline system according to with the Pipeline and conditions established in the contract from Ressano Garcia to Matola, as well as buying volumes of royalty gas from the government according to terms and conditions of the contract.	Gas natural	ENH	7,27

Table 42 - Oil transportation routes

5.5 Transactions related to state-owned enterprises (Requirement 4.5)

The Coordination Committee group should ensure that the disclosure process comprehensively addresses the role of state-owned companies, including the disclosure of exhaustive and reliable information on relevant payments made by companies to state-owned companies, transfers from state-owned companies to government bodies and transfers made by the government to state-owned companies.

The role of state-owned companies was presented in requirement 2.6. During 2021, dividends were transferred to the state and IGEPE, as shown in the map below:

Values in MT

Provenance	Dividends paid		
	To the State	IGEPE	Total
Mozambican Gas Pipeline Company (CMG)	30.000.000,00	10.000.000,00	40.000.000,00
Companhia Moçambicana de Hidrocarbonetos SARL-CMH	159.081.755,30	53.027.251,77	212.109.007,06

Values in MT

Provenance	Dividends paid		
	To the State	IGEPE	Total
Empresa Nacional de Hidrocarbonetos, EP-ENH, E.P.	300.000.000,00	-	300.000.000,00
Total	489.081.755,30	63.027.251,77	552.109.007,06

Table 43 - Dividends paid to the State and IGEPE

In addition, cf. the REOE for the year under review, in light of article 10 Law no. 19/2020 of December 31, the Government set a maximum amount of 34.5 billion Meticais for issuing guarantees in favor of the State Business Sector, subject to readjustments resulting from changes in the Central Bank Exchange Rate. However, in the period under review no Guarantees and Endorsements were issued.

5.6 Subnational payments (Requirement 4.6)

The Coordination Committee group is required to establish the relevance of direct payments (within the scope of the agreed benefit flows) made by companies to sub-national government entities. When these payments are relevant, the Coordination Committee group is required to ensure the disclosure of payments made by companies to sub-national government entities and the receipt of these payments. The Coordination Committee group is required to agree on a procedure for assessing data quality and information assurance
indicated above, in accordance with Requirement 4.9.

From the analysis of the *EITI Guidance*, it is clear from the *Guidance on subnational payments* that subnational payments refer to those that entities make directly to district governments, municipalities and community leaders.

In this context, the selected entities were asked to disclose information on payments made under this heading, which did not cover payments made to community leaders.

As can be seen below, the amounts paid are not material enough to be included in the reconciliation process:

Company name	Value (MT)	Government entity subnational	Nature of the payment
Hydrocarbons sector			
ExxonMobil Mozambique Exploration & Production, Limitada	42.359,85	Municipality of Maputo - Municipal Council	Rate by Economic Activity
ExxonMobil Mozambique, Limited	606.824,80	Municipality of Maputo - Council Municipal	Municipal Property Tax

Company name	Value (MT)	Government entity subnational	Nature of the payment
	48.876,75	Municipality of Maputo - Council Municipal	Rate by Economic Activity
Sasol Petroleum Temane, LDA.	327.397,97	ARA-South	Water supply (Rate of drilling holes)
	69.820,75	Maputo City Council	Payment of IPA and Rate of Economic Activity
	4.088.226,80	Municipality of Vilanculo	Costs of appeal, IPRA, Out-of-court settlement CMV
	633.050,00	District Planning Services and Infrastructure	Building License
	462.730,00	Directorate of Migration Work	Payment of Authorization for Temporary work
	120.776,00	Provincial Geography Services	Payment of DUAT Fee
TotalEnergies EP Mozambique Area 1, Lda.	48.876,75	Municipal Council of the City of Maputo	Economic Activity Rate - Maputo
	18.000,00	Municipal Council of the City of Pemba	Economic Activity Rate - Pemba
	1.044.871,73	Municipal Council of the City of Pemba	Antarctic Property Tax - Pemba
Total	7.511.811,40		

Table 44 - Subnational payments made in 2021

6 REVENUE ALLOCATIONS

(REQUIREMENT 5)

6 Revenue allocations (Requirement 5)

Overview: The EITI requires disclosures information related to revenue allocations, allowing stakeholders to understand how revenues are recorded in the national budget and, if applicable, in subnational budgets, as well as to track companies' social spending. EITI Requirements related to revenue allocations include: (5.1) revenue distribution; (5.2) subnational transfers; and (5.3) revenue and expenditure management.

6.1 Distribution of Extractive Industry revenues (Requirement 5.1)

Implementing countries must disclose the distribution of revenues from extractive industries.

a) Implementing countries should indicate which revenues from the extractive industry, whether in cash or in kind, are recorded in the national budget. If revenues are not recorded in the national budget, the allocation of these revenues should be explained, with links to the relevant financial reports where applicable - for example, sovereign and development funds, sub-national governments, state-owned enterprises and other entities not included in the budget.

b) The CC is encouraged to refer to national revenue classification systems and international standards such as the IMF's Public Finance Statistics Manual.

According to the Center for the Development of Financial Information Systems (Cedsif)[45], in order establish in a global, comprehensive and consistent manner the basic principles and general rules of an integrated financial administration system for state bodies and institutions and, under the provisions of Article 135(1) of the Constitution of the Republic, the Assembly of the Republic approved Law 9/2002, of February 12, which creates the State Financial Administration System, henceforth referred to as SISTAFE, and was regulated by Decree 23/2004, of August 20, which contains the main rules of budgetary, financial, asset, accounting and internal control management the State.

In 2020, in order to respond to the current challenges of Public Finance, the SISTAFE Law benefited from its first reform in order to make it more comprehensive and effective in controlling the public purse, having been approved by the Assembly of the Republic and submitted to the President of the Republic who promulgated and ordered the publication of the new Law, No. 14/2020, of December 23rd.

The main changes introduced are the constitutional reform and the new decentralization legislative package. With these reforms, SISTAFE is now a management system applicable to public finances in municipalities, provincial governments and secretariats of state. This revision highlights

[45] https://www.cedsif.gov.mz/cedsifportal/?page_id=159

The introduction of the Planning and Budgeting Subsystem (SPO), replacing the State Budget Subsystem, is intended to "define the planning cycle, its instruments and the responsibility for its preparation and approval".

With the entry into force of Law no. 14/2020, of December 23, SISTAFE now has six subsystems, namely the Planning and Budget Subsystem; Public Accounting; Public Treasury; State Assets; Monitoring and Evaluation; and Internal Audit. It also introduces an article on financial offenses, fraud and sanctions and establishes a system of accountability and the respective sanctioning measures for State Officials and Agents who fail to comply with the established rules and procedures.

SISTAFE's Principles and Objectives

Pursuant to Article 5 of Law No. 14/2020, SISTAFE is governed by the following principles, among others:

- Legality, which determines full compliance with the legal rules in force;
- Financial regularity, whereby the implementation of the Economic and Social Plan and Budget of the The state must comply with the rules in force and meet the established deadlines;
- Economicity, on the basis of which the rational use of resources must be achieved and better cash management;
- Efficiency, which means maximizing benefits at the lowest cost;
- Effectiveness, which results in achieving desired effects of the measure adopted, seeking to maximize its impact on economic and social development;
- Segregation of duties, which consists of separating responsibilities between different people, especially potentially conflicting key functions or activities;
- Transparency, which consists of making available and disclosing to the general public information on the planning, budgeting, execution, control, monitoring and evaluation of results in the management of the treasury;
- Good faith, on the basis of which public servants must act loyally, honestly and with integrity. balance without harming the state or private individuals;
- Responsibility, which means the obligation not to commit acts contrary to the law and the duty to render accounts; and
- Coordination and articulation, which establishes that the organization of public administration should be oriented in such a way as to allow for articulated planning.

Article 4 of Law 14/2020 states that SISTAFE's objectives are:

- Establish and harmonize the rules and procedures for planning, budgeting, execution, control, monitoring and evaluation of results and the management of public resources;
- Develop subsystems that provide timely and reliable information on the plan and budget and the state's assets;
- Establishing, implementing and maintaining an accounting and control system for the execution of the plan and budget and for the assets that is appropriate to the needs of recording, organizing the information and evaluation of the performance of the actions carried out in the field of the State's financial activity;
- Establish, implement and maintain standards and procedures for all subsystems. efficient, effective and internationally accepted internal control; and
- Establishing, implementing and maintaining internationally accepted internal auditing standards and procedures.

Revenue allocation

Pursuant to Article 26(1) of Law No. 14/2020, all monetary resources or resources in kind, whatever their source or nature, placed at the disposal of the state, with the exception of cases in which the state acts as a mere temporary depository, constitute public revenue.

No revenue can be established, entered in the State Budget (OE) or collected except by virtue of the Law and, even if established by Law, revenue can only be collected if it is provided for in the approved State Budget, in accordance with paragraph 2 of the aforementioned article.

In order to define the procedures to be followed in the administration and execution of the State Budget for 2021, the Minister of Economy and Finance issued Circular No. 01/GAB-MEF/2021. According to this Circular, specifically article 14, for the purposes of executing own revenue[46] and earmarked revenue[47], the procedures set out in Circular no. 01/GAB-MF/2010, of May 6, which approves the concepts and procedures relating to entry in the State Budget, collection, accounting and collection of own and earmarked revenue, must be observed.

[46] Own revenue is public revenue from payments by other state bodies and institutions or by private entities for services rendered within the scope of their legal duties, under the terms of article 3 of Circular no. 01/GAB-MF/2010, of May 6th. Resources from the state budget, namely current and capital transfers, social security budgets, any other state bodies and institutions with or without administrative and financial autonomy and revenue from legacies or donations are not considered own revenue.

[47] Earmarked revenue is public revenue from tributes - taxes, fees or special contributions - established in a legal provision that links it in whole or in part to one or more specific objectives, in accordance with article 2 of Circular No. 01/GAB-MF/2010, of May 6.

Article 9 of Circular No. 01/GAB-MF/2010 of the Office of the Minister of Finance sets out the phases of the revenue forecasting and collection flow, which are presented below[48]:

1. Registration in the Budget Preparation Module (MEO) of the legislation that establishes revenue and the creation of the budget classifiers that individualize each revenue;
2. Publication in line with the legislation that sets the tariff for the collection of each revenue;
3. Forecasting the collection of revenue and its inclusion in the MEO in the process of drawing up the State Budget;
4. Alignment of the classifications of the Revenue Budget Cell (COR) of e-SISTAFE with the classification of the CTR (Revenue Tax Classifier);
5. Approval of the State Budget and its availability on MEX (Budget Execution Module);
6. Collection of revenue and its individualized accounting in the body or institution generating the revenue;
7. Delivery of the collected revenue via the Model B form duly filled in by the body or institution responsible for the taxable event to the Tax Department (DAF) or Large Taxpayers Unit (UGC);
8. Registration of the prescription with the DAF/UGC and certification of delivery;
9. Transfer of revenue from the DAF/UGC bank account to the Single Treasury Account (CUT);
10. Issuing Model 51 and rigorously checking the accuracy of the classifications and values entered in Model 51 by an official other than the one who entered them, comparing them with the data in the Revenue Report that gave rise to them;
11. Sending Model 51 to the Provincial Directorate of Planning and Finance (DPPF) or National Treasury Directorate (DNT);
12. Issuing and sending a memorandum proving the amount collected by the Directorate General Taxation (DGI) to the body or institution managing the revenue generating event for purposes of monitoring the classifications and amounts recorded;
13. Registration of revenue in the Budget Execution Module (MEX) by the DPPF/DNT and issue of the Collection Form with a copy to the DAF/UGC, for the purposes of monitoring the classifications and amounts registered; and
14. Daily monitoring in MEX by the body or institution managing the operative event for the purposes of certifying the correct classification, the date of registration and the accuracy of the values recorded. In the event of inaccuracy or delay in registration, contact the respective DAF/UGC.

[48] It should be noted that this explanation crosses over with figure 10, presented in point 5.2.

Tax revenues from the extractive industry follow this path until they are included in the State Budget, with the exception of the oil production tax paid in kind, as indicated in point 5.2.

The Ministry of Economy and Finance publishes the annual State Budget Execution Report[49] (REOE) for the previous year, a document that presents budget policy, management and execution. The level of public revenue collected and disclosed in the REOE for 2021 was indicated in chapter 5.3.

With regard to the allocation of public revenue, in accordance with the SISTAFE Law, certain principles followed in the preparation and execution of the State Budget:

- ✓ Unity - determines that the State Budget is just one;
- ✓ Non-consignment - by virtue of which the proceeds of any revenue cannot be earmarked to cover specific expenditure.

However, the following cases are excepted from the principle of non-consignment (according to article 13 of the SISTAFE Law) of revenue:

- ✓ Due to administrative and financial autonomy, revenue be earmarked for a specific purpose or for certain institutions;
- ✓ The financial resources come from public credit operations;
- ✓ Resources arising from donations, inheritance or bequests to the State with a specific destination;
- ✓ The resources are by special law.

In the specific case of the extractive industry, 10% of IPM and ISS revenues are allocated to INAMI, as established by Decree 7/2013, of April 7, which creates the Geological-Mining Institute and extinguishes the Mining Development Fund. It should be noted that, according to Decree no. 22/2015, of September 17, the Geological-Mining Institute was extinguished and its rights and obligations, material and financial resources and holdings were transferred to INAMI.

According to the information released by INAMI, revenues totaling 210,472,993.11 MT have been earmarked for 2021, broken down as follows:

Type of recipe	Amount MT
Fees	2.495.747,04

[49] Link to the 2020 REOE: https://www.mef.gov.mz/index.php/todas-publicacoes/instrumentos-de- gestao-economica-e-social/execucao-do-orcamento-do-estado/reo-2020/1203-reo-janeiro-a-dezembro- 2020/file?force-download=1 - accessed on November 15, 2021

Type of recipe	Amount MT
Surface tax	149.569.497,40
Tax on mining production	38.667.745,84
Own revenues	19.740.002,83
Total	210.472.993,11

Table 45 - Revenue earmarked for INAMI in 2021

6.2 Subnational transfers (Requirement 5.2)

a) When transfers between national and sub-national government entities are related to revenues generated by the extractive industries and are mandated by the national constitution, law or other national revenue-sharing mechanism, the Coordination Committee is required to ensure that the relevant transfers are disclosed. Implementing countries must disclose the revenue sharing formula, if any, as well as any discrepancy between the transfer amount calculated according to the revenue sharing formula and the actual amount transferred between the central government and each relevant sub-national entity. The Coordination Committee group is encouraged to agree on a procedure for assessing data quality and information assurance on subnational transfers, in accordance with Requirement 4.9. Where there are significant constitutional or practical barriers to the participation of sub-national government entities, the Coordination Committee group may seek tailored implementation in accordance with Article 1 of the EITI Steering Committee'procedures for overseeing the implementation of the EITI.

b) The Coordination Committee group is encouraged to ensure that any relevant discretionary or *ad hoc* transfers are also disclosed and to agree on a procedure for assessing the quality of data and information assurance on such transfers, in accordance with Requirement 4.9.

c) The Coordination Committee may also wish to report how extractive sector revenues earmarked for specific programs or investments at the sub-national level are managed, as well as the disbursements actually made.

The Mining Law and the Petroleum Law in force during 2021, define that a percentage of the revenues generated from oil and mining activities must be channeled towards the development of the communities in the areas where the respective projects are located. This contribution must be reflected in the State Budget, where an amount is determined that varies according to each year's objectives.

To this end, the criteria to be observed in the implementation of projects financed by mining and oil revenues are set out in Circular No. 1/MPD-MF/201325[50]. According to this instrument, resources should be allocated to priority projects in coordination with the

[50] http://www.dno.gov.mz/docs/orc_estado/execucao/normas/Circular_01_MPD_MF_2013_CriteriosProjectos_Comunidades_Exploracoes_Mineiras.pdf - accessed on March 23, 2023

respective Locality Consultative Councils, the Provincial Planning and Finance Directorate and the District Office, in the following areas, with the District Office being the body responsible for the management and proper application of the allocated resources:

- ✓ Education (classrooms and their equipment);
- ✓ Health (health centers and their equipment);
- ✓ Agriculture (community irrigation/dams);
- ✓ Forestry (community forests);

In line with the above, article 6 of Law no. 19/2020, of December 31, the legal instrument that approved the State Budget for 2021, indicates that 2.75% of the revenue from the tax on mining and oil production, as designated in article 20 of Law no. 20/2014 (Mining Law) and article 48 of Law no. 21/2014 (Oil Law), should be allocated to programs aimed at developing the communities in the areas where the respective projects are located. The 2021 REOE indicates that the entire allocation established for this purpose has been realized, as indicated below:

Amounts in millions of meticais

Province & District	Location	Allocation	Realization
Cabo Delgado		12,8	12,8
Montepuez	Nyamanhumbir	10,5	10,5
	Balama	2,3	2,3
Nampula		5,1	5,1
Larde	Topuito	4,8	4,8
Angoche	Angoche	0,3	0,3
Zambezia		0,7	0,7
Pebane	Pebane	0,2	0,2
Chinde	Mitange	0,5	0,5
Tete		36,6	36,6
Moatize	Cateme	9,9	9,9
	September 25th	9,9	9,9
	Chipanga II	9,9	9,9
	Benga	6,9	6,9
Marara	Marara	0,0	0,0
Manica		1,2	1,2
Manica	Penhalonga	0,0	0,0
	Manica	0,0	0,0
	Machipanda	1,2	1,2
Inhambane		16,8	16,8
Govuro	Pande	8,4	8,4
Inhassoro	Maimelane	8,4	8,4

Amounts in millions of meticais

Province & District	Location	Allocation	Realization
Maputo		0,2	0,2
Boane	Boane	0,2	0,2
Total		73,4	73,4

Table 46 - Allocation of the 2.75% in 2021 (Source: Ministry of Economy and Finance)

The REOE does not present the methodology for transferring funds to the communities, however, an analysis of previous reports shows that this methodology consists of making resources available on the basis of revenues for year (n-2), i.e. revenues collected in 2019. However, the REOE does not make it possible to ascertain what criteria were used to apportion the amount to be allocated to each community and for which activities the funds were allocated.

It should be noted that the Mining and Petroleum Laws were amended in 2022 to state that 10% of the tax revenue generated by the Mining and Petroleum Production Tax is earmarked for the development of the province, district and local communities where the respective petroleum projects are implemented, and that the government must regulate the allocation and management of this percentage.

In addition, Decree 40/2023 of July 7 was published in 2023, with the aim of regulating the criteria for allocating and managing the percentage of revenue earmarked for the development of provinces, districts and local communities where mining and oil exploration projects are being implemented.

6.3 Income and expense management (Requirement 5.3)

The Coordination Committee group is encouraged to disclose additional information on revenue and expenditure management, including:

a) A description of all revenues from extractive industries earmarked for specific programs or geographic regions. This should include a description of methods to ensure accountability and efficient use of these resources.
b) A description of the country's budget and audit processes, as well as links to publicly available information on budgets, spending and audit reports.
c) Timely government information that promotes public understanding and dialogue on issues related to revenue sustainability and resource dependency. This may include assumptions underlying the budget cycles of the following years and projected production, *commodity* prices and revenue forecasts from the extractive industries, as well as the proportion of future tax revenues expected to be generated by the extractive sector.

As mentioned above, revenue is not earmarked for a specific purpose, with the exceptions indicated in points 6.1 and 6.2, which is why its allocation cannot be identified.

With regard to the rendering of accounts for public revenue and the execution of expenditure, the respective process is carried out by the Administrative Court (TA) within the scope of its powers, as stipulated in the terms of Article 14(1)(a) and (2) of Law No. 14/2014 of 14 August, amended and republished by Law No. 8/2015 of 06 October, which refers to the organization, functioning and process of the section for the inspection of public revenue and expenditure, as well as the TA's Visa.

In this context, the TA is responsible for assessing the state's financial activity in the year to which reports, in the areas of public assets, revenue and expenditure.

7 SOCIAL AND ENVIRONMENTAL EXPENDITURE BY EXTRACTIVE COMPANIES (REQUIREMENT 6)

7 Social and environmental spending by extractive companies (Requirement 6)

Overview: The EITI encourages the disclosure of information related to revenue and expenditure management, helping stakeholders to assess whether the extractive sector is generating desirable social, economic and environmental impacts and outcomes. EITI requirements related to revenue allocations include: (6.1) social and environmental spending by companies; (6.2) quasi-fiscal spending by state-owned enterprises; (6.3) overview of the contribution of extractive industries to the economy; and (6.4) environmental impact of extractive activities.

7.1 Social and environmental expenditure by extractive companies (Requirement 6.1)

a) In cases where companies are required to make significant social expenditures under the law or the contract with the government governing extractive investments, implementing countries must disclose these transactions. When these benefits are provided in kind, implementing countries are required to disclose the nature and estimated value of the transaction. If the beneficiary of the mandatory social spending is a third party, i.e. not a government body, the name and function of the beneficiary is required to be disclosed. If reconciliation is not feasible, countries must provide unilateral disclosures from companies and/or the government about these transactions.

b) In cases where companies are required to make significant payments to the government related to the environment by virtue of a law, regulation or contract governing extractive investments, such payments must be disclosed.

c) The Coordination Committee is required to agree on a procedure for assessing the quality of data and the assurance of information on social and environmental spending, in accordance with Requirement 4.9.

d) When agreeing that discretionary social and environmental spending and transfers are significant, the Coordination Committee group is encouraged to develop an information disclosure process that offers the same level of transparency as that required for other payments and revenue streams.

7.1.1 Compulsory social expenditure

Mining area

In the mining sector, paragraphs c), e), f) and h) of Article 8(2) of the Mining Law stipulate that the mining contract must contain clauses dealing with:

- ✓ Local employment and technical vocational training plan;
- ✓ Actions to be carried out by the holder within the scope of social responsibility;
- ✓ Memorandum of understanding between the government, the company and the communities; and
- ✓ The way in which the communities in the mining area are involved and benefit from the projects.

The following companies selected for the reconciliation process of this report indicated in their information collection forms that they incurred the following mandatory social costs in 2021.

Company name	Benefit amount	Nature of the benefit	Device where this obligation
Africa Great Wall Mining Development Company, Lda.	436.016,00	Supporting families	-
	4.227.500,00	Wells, boreholes and bridges	-
Twig Exploration Mining Lda.	343.080,87	Balama Training Center	Mining contract
	930.614,60	Construction of the Pirira School	Mining contract
	14.042.471,77	Construction of the Complete Chipembe Primary School, Central and Wholesale Market, Operating Room, Fence and Tower of Water Supply	Mining contract
	1.153.753,65	Construction of the Muape/Balama	Mining contract
	5.016.385,63	Agricultural Project-Chipembe Dam	Mining contract
	1.274.891,05	Rehabilitation of the Mualia-Balama road	Mining contract
Total	27.424.713,57		

Table 47 - Compulsory social expenditure in meticais

It should be mentioned that the data presented above has not been reconciled, so there is a need for the Coordination Committee to decide whether this data is material and whether there is a need to reconcile it. In addition, the competent authorities should set up a mechanism to check that all companies comply with their compulsory social expenditure.

Hydrocarbons area

In the hydrocarbons sector, article 16 of Resolution No. 25/2016 of October 3 approving the Model Petroleum Exploration and Production Concession Contract (CCPP) stipulates that with regard to employment, training and institutional support and social support programs, concessionaires must pay the INP a certain amount in US dollars per year for the duration of the contract.

term of the CCPP to be used as institutional and social support for the promotion, research and administration of petroleum operations.

These payments amounted to 2,300,000.00 USD, equivalent to 156,499,000.00 MT, as shown in the following graph:

Company	Revenue collected (USD)
ENI	250.000,00
Sasol	250.000,00
TotalEnergies EP Mozambique Area 1, Lda.	1.000.000,00
Exxon Mobil	800.000,00
Total	2.300.000,00

Table 48 - Contributions channeled to INP for Social Project

7.1.2 Discretionary social expenditure

With regard to discretionary social expenditure, the companies selected reported that they had incurred this type of expenditure in the amounts shown in the table below. Detailed data by company can be found in Annex 8 - Discretionary social expenditure.

Area	Amount (USD)	Amount (MT)
Mining	0,00	2.710.205,68
Hydrocarbons	3.917.741,21	187.932.267,51
Total	3.917.741,21	190.642.473,19

Table 49 - Discretionary social expenditure

To confirm the amounts spent on discretionary social spending, the companies provided the following documentation:

- Proof of transfer;
- Terms of delivery by the beneficiary entities; and
- Purchase invoices for the goods/services delivered.

On the other hand, it is important to mention that, in order to guide the implementation of actions within the scope of corporate social responsibility in the extractive industry sector, Resolution 21/2014 of May 16 was approved as the Corporate Social Responsibility Policy for the Mineral Resources Extractive Industry, with the aim of promoting the establishment of mechanisms that ensure the existence of corporate social responsibility programs in the mineral resources extractive sector, in order to contribute to poverty reduction and boost sustainable development in Mozambique, as well as framing and coordinating social and corporate responsibility programs in development objectives and programs, especially at the local level.

The aforementioned instrument advocates a number of principles in order to achieve these objectives:

- ✓ Law, transparency and accountability - mineral resource exploration activities must be conducted in accordance with the law, based on decisions made in a transparent manner and in an environment of accountability for stakeholders;
- ✓ Consultation and participation - all people who may be affected directly or indirectly by extractive industry activities must be consulted beforehand;
- ✓ Integration and complementarity - industry's social responsibility programs extractive operations must be framed within and complement social, economic and institutional development plans and programs, with priority given to the areas where these operations have an impact, with a view to continually improving the living conditions of communities;
- ✓ Environmental responsibility and benefit sharing - social and industrial responsibility The extractive industry must respect the principles of sustainable environmental management, and must guarantee that the benefits resulting from the activity are shared with the communities.

7.2 Parafiscal expenditure (Requirement 6.2)

When state participation in extractive industries generates significant revenue payments, implementing countries should include disclosures from state-owned enterprises about their parafiscal expenditures. The Coordination Committee group is required to develop a disclosure process that offers the same level of transparency as that required for other payment and revenue streams and should include state-owned subsidiaries and *joint ventures*.

Parafiscal expenditures include arrangements whereby state-owned enterprises assume public social expenditures such as payments for social services, public infrastructure, fuel subsidies, public debt servicing, etc. outside the national budget process. Implementing countries and Coordination Committee groups may wish to take into account the definition of parafiscal expenditures adopted by the IMF when determining whether an expenditure is considered parafiscal.

Parafiscal or extra-budgetary spending can have a significant impact on the local and national economy, and on the country's budgetary position. In many countries, state-owned companies carry out parafiscal expenditures on behalf of the state, such as payments for social services, public infrastructure, fuel subsidies and servicing the national debt, which are not recorded in the state budget.

It should also be noted that parafiscal expenditures made by state-owned enterprises are characterized by being exposed to greater risks of fraud, lack of auditing, and or made at a loss or below the usual profit rate. Parafiscal spending is often considered less advisable compared to the tax expenditures reported in the state budget, which usually has parliamentary oversight.

In this sense, this requirement, applicable to state-owned companies, requires that a disclosure process be developed that offers the same level of transparency as that required for other payment and revenue streams and must include the subsidiaries of state-owned companies and *joint ventures*.

According to the ESS Study covering requirements 2.6, 4.2, 4.5 and 6.2 of the EITI Standard, after analyzing the financial statements of ESS companies in the extractive industry, no evidence of parafiscal expenses was identified. In addition, the review of the Law that establishes the principles and rules applicable to the state business sector (Law No. 3/2018 of June 19) and the corresponding regulation (Decree No. 10/2019 of February 26), does not mention the obligation of state companies to make expenditures on behalf of the Government.

It should be noted that, according to the definition of parafiscal expenses presented above, the Independent Director believes that they can easily be confused with discretionary social expenses incurred by public companies. In fact, within the scope of this report, ENH reported having made parafiscal expenses that are confused with social expenses, and even company advertising, for a total amount of 14,934,501.75 MT, shown in Annex 9.

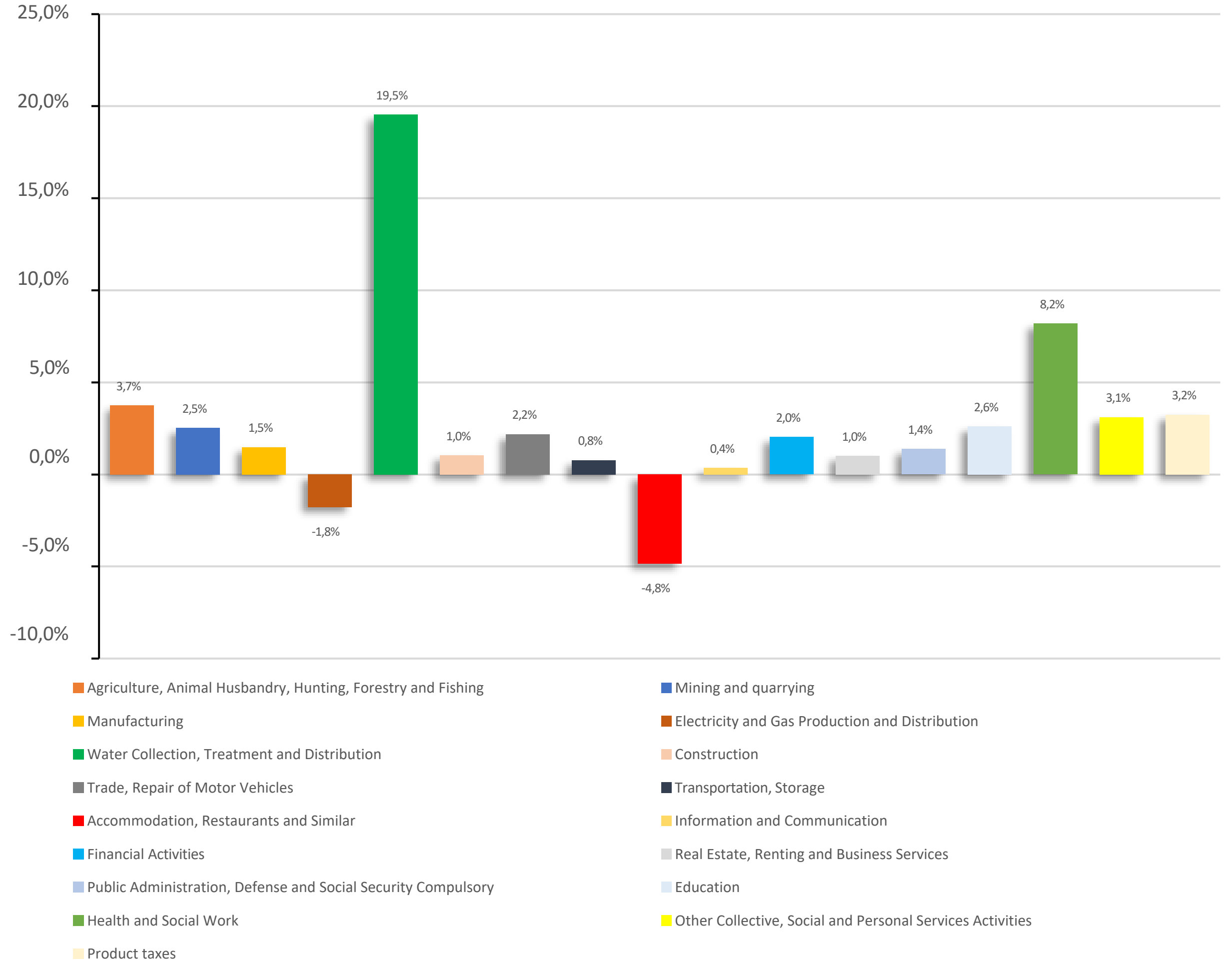
7.3 Contribution of the extractive industry to the economy (Requirement 6.3)

Implementing countries must disclose, where available, information on the contribution of extractive industries to the economy in the fiscal year covered by the implementation of the EITI. This information is required to include:

a) The size of the extractive industries in absolute terms and as a percentage of Gross Domestic Product, as well as an estimate of the activities of the informal extractive sector, including, among others, artisanal and small-scale mining.
b) Total government revenue generated by the extractive industries (including taxes, royalties, bonuses, fees and other payments) in absolute terms and as a percentage of total government revenue.
c) Extractive industry exports in absolute terms and as a percentage of total exports.
d) Number of jobs in the extractive industries in absolute terms and as a percentage of total jobs. The information should be broken down by gender and, where available, by company and occupational level.
e) Main areas/regions where production is concentrated.

7.3.1 Size of the Extractive Industry

According to data from the National Statistics Institute[51], during 2021, the level of economic activity, measured by real GDP (base year 2014), increased by around 2.33% . It should be noted that, in 2020, this indicator showed a decrease of around 1.23%.



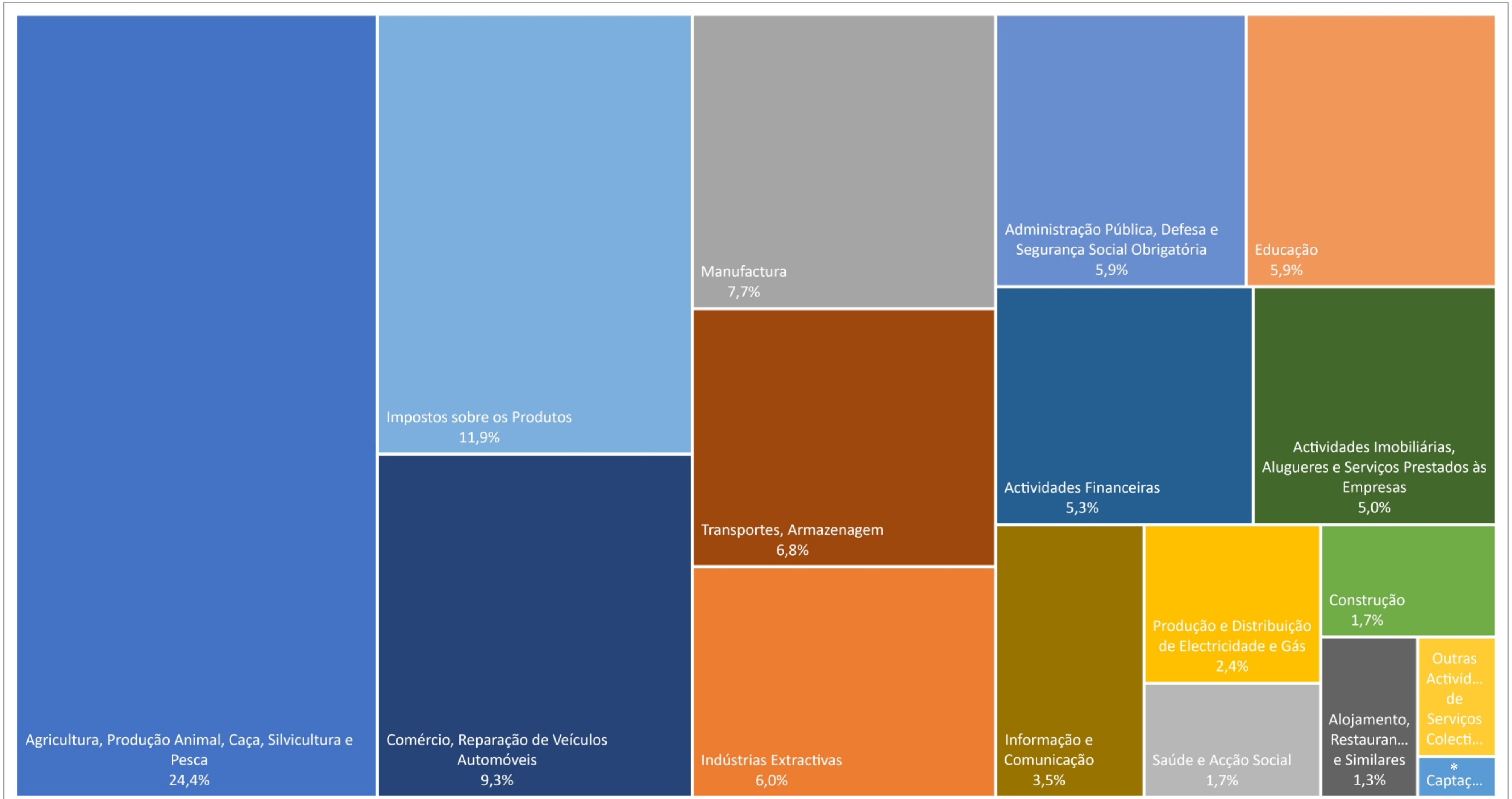
In terms of growth compared to the same period in the previous year, the most notable sectors were Water Collection, Treatment and Distribution (19.5%), Health and Social Action (8.2%) and Agriculture, Animal Production, Hunting, Forestry and Fishing (3.7%). The extractive sector reported growth of 2.5%.

---

51 https://www.ine.gov.mz/documents/20119/45030/PIB_Optica_Produ%C3%A7%C3%A3o.xlsb/239a0a6a- d072-191a-47ab-45d44f35ad6a?version=1.0&t=1689682928466&download=true - accessed March 15, 2023

On the other hand, the Accommodation, Restaurants and Similar Services and Electricity and Gas Production and Distribution sectors reported a year-on-year reduction of 4.8% and 1.8%, respectively.

In terms of GDP composition, the sectors of activity that contributed most to this indicator of economic activity were Agriculture, Animal Production, Hunting, Forestry and Fishing (24.4%%), Taxes on Products (11.9%), Trade, Repair of Motor Vehicles (9.3%), Manufacturing (7.7%), Transport, Storage (6.8%) and Extractive Industries (6.0%).

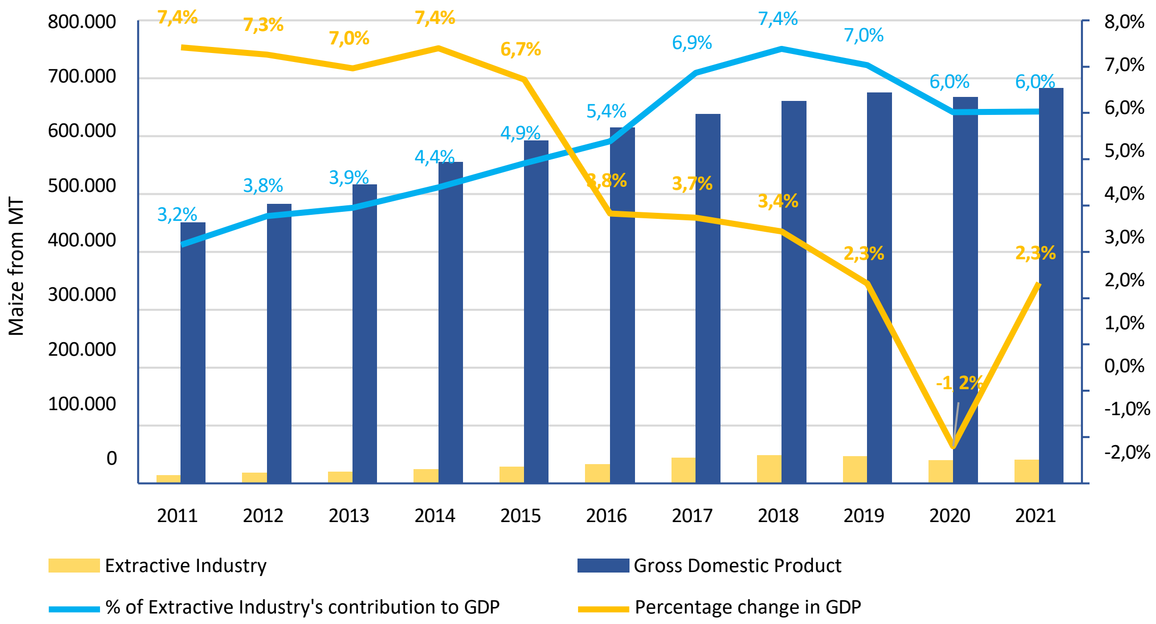


Other Collective, Social and Personal Services Activities (0.3%)

* Water Collection, Treatment and Distribution (0.3%)

Graph 23 - Composition of real GDP from a production perspective in 2020 (Source: INE)

Specifically, with regard to the extractive industry, over the last few years this sector's contribution to GDP has shown high growth, as shown by INE data. However, in the last three years there has been a reduction in the sector's contribution.



Graph 24 - Contribution of the Extractive Industry to GDP (Source: INE)

This reduction in the extractive industry's contribution to GDP is justified, on the one hand, by the fall in the average international price of coal, aluminum and heavy sands and, on the other, by the decrease in production as a result of the restrictions imposed by the pandemic, which culminated in the closure of some of the main destination markets for products. , in 2021 economic activity recovered due to the less restrictive COVID-19 containment measures, which made it possible for some sectors affected by the pandemic to recover in 2020[52].

Artisanal mining

In 2021, the Ministry of Mineral Resources and Energy (MIREME), through the National Mining Institute (INAMI), in partnership with the National Statistics Institute (INE), carried out the Census of Artisanal Miners in Mozambique (CEMAM)[53], the first in the country's history.

[52] http://www.bancomoc.mz/fm_pgTab1.aspx?id=73 - accessed March 15, 2023
https://www.bancomoc.mz/media/pbkdtqy5/_pt_731_relat%C3%B3rio-anual-2021.pdf - accessed March 15, 2023
[53] https://www.ine.gov.mz/documents/d/guest/censo-de-mineradores-artesanais-de-mocambique-outubro-2022?download=true - accessed on March 15, 2023

The census identified 2,162 artisanal mining sites in the country, of which 1,577 are active and 583 inactive, the provinces of Zambézia (310), Tete (239) and Manica (228) having the highest number of active sites.

Province	Focus situation		Total
	Active	Inactive	
Niassa	78	23	101
Cabo Delgado	93	36	129
Nampula	207	49	256
Zambezia	310	68	378
Tete	239	103	342
Manica	228	110	338
Sofala	94	33	127
Inhambane	129	67	196
Gaza	157	61	218
Maputo	42	35	77
Total	1.577	585	2.162

Table 50 - Distribution of artisanal mining hotspots, by situation, by province

Of the total number of active mining sites, around 31% are dedicated to gold mining and 24% to construction stone.

Mineral extracted	Active spotlights	
	%	N
Gold	30,6	483
Precious and Semi-Precious Stones	9,3	147
Tantalite	0,9	14
Clay	18,8	297
Building stone	24,2	382
Sand	15,6	246
Coal	0,5	8
Total	100	1.577

Table 51 - Percentage distribution of active outbreaks, according to mineral extracted

The provinces of Tete with 155 outbreaks, Manica (114) and Nampula (59) have the highest number of gold mining outbreaks. Zambézia is the only province with Tantalite mining sites (14) and Tete the only one with Coal mining sites (8).

Province	Mineral extracted							Total
	Gold	Precious and Semi-precious Stones Precious	Tantalite	Clay	Building stone	Sand	Coal	
Niassa	51	2	-	9	11	5	-	78
Cabo Delgado	51	14	-	1	15	12	-	93

Province	Mineral extracted							Total
	Gold	Precious and Semi-precious Stones Precious	Tantalite	Clay	Building stone	Sand	Coal	
Nampula	59	38	-	1	68	41	-	207
Zambezia	39	62	14	32	91	72	-	310
Tete	155	15	-	24	18	19	8	239
Manica	114	16	-	21	43	34	-	228
Sofala	14	-	-	38	27	15	-	94
Inhambane	-	-	-	21	91	17	-	129
Gaza	-	-	-	122	11	24	-	157
Maputo	-	-	-	28	7	7	-	42
Total	483	147	14	297	382	246	8	1.577

Table 52 - Distribution of active artisanal mining sites, by type of mineral extracted and by province

A total of 229,680 mining operators were identified in the country, 88.3% of whom are men. In terms age, artisanal mining involves 91.3% of men aged between 15 and 34 and 82.2% of men between 35 and 64. With regard to child labor, 5,080 children of both sexes aged between 5 and 14 are involved in artisanal mining, which amounts to 2.2%.

In addition to nationals practicing artisanal mining, 21,494 foreign operators were identified in this Census, equivalent to 9% of the total. Among both national and foreign operators, more than 87% are men.

In terms of level of education, more than half of mining operators (60%) have a primary level of education, 10.8% have a basic level of education, 4.3% have a secondary level of education and 24.8% have not completed any level of education. Men have higher percentages than women at all levels of education.

As far as the provinces are concerned, Cabo Delgado (17.6%), Tete (15.7%), Manica (15.5%) and Nampula (14.8%) have the highest percentages of mining operators, in order of importance. In all provinces, more than 65% of men were identified as being involved in mining.

Selected features	Sex		Total	N
	Men	Women		
Age group				
5 - 14	82,5	17,5	100	5.080
15 - 34	91,3	8,7	100	156.638
35 - 64	82,2	17,8	100	66.164
65+	67,2	32,8	100	1.798

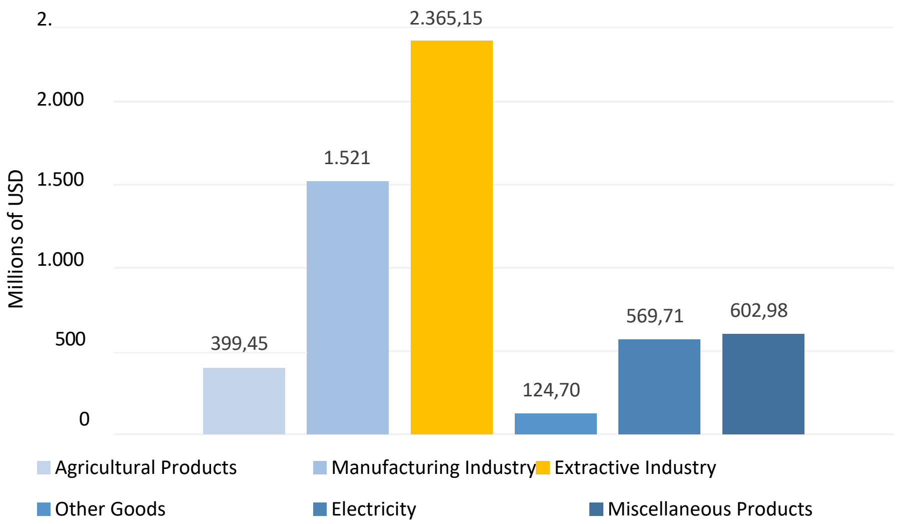
Selected features	Sex		Total	N
	Men	Women		
Area of residence				
Urban	74,3	25,7	100	34.376
Rural	90,8	9,2	100	195.304
Province				
Niassa	98,9	1,1	100	21.322
Cabo Delgado	97,4	2,6	100	40.477
Nampula	97,9	2,1	100	33.977
Zambezia	71,5	28,5	100	24.787
Tete	87,5	12,5	100	35.947
Manica	85,6	14,4	100	35.523
Sofala	83,8	16,2	100	7.817
Inhambane	65,3	34,7	100	17.860
Gaza	82,9	17,1	100	3.912
Maputo	98,5	1,5	100	8.058
Nationality				
Mozambican	87,4	12,6	100	208.169
Foreign	96,6	3,4	100	21.494
Unknown	-	-	-	17
Level of education				
None	76,5	23,5	100	57.017
Primary	91,8	8,2	100	137.787
Basic	92,5	7,5	100	24.784
Medium	97,1	2,9	100	9.885
Superior	100	0	100	140
Doesn't know	100	0	100	67

Table 53 - Percentage distribution of mining operators by gender, according to selected characteristics

7.3.2 Total government revenue See point 5.3.

C) Exports See point 4.3.

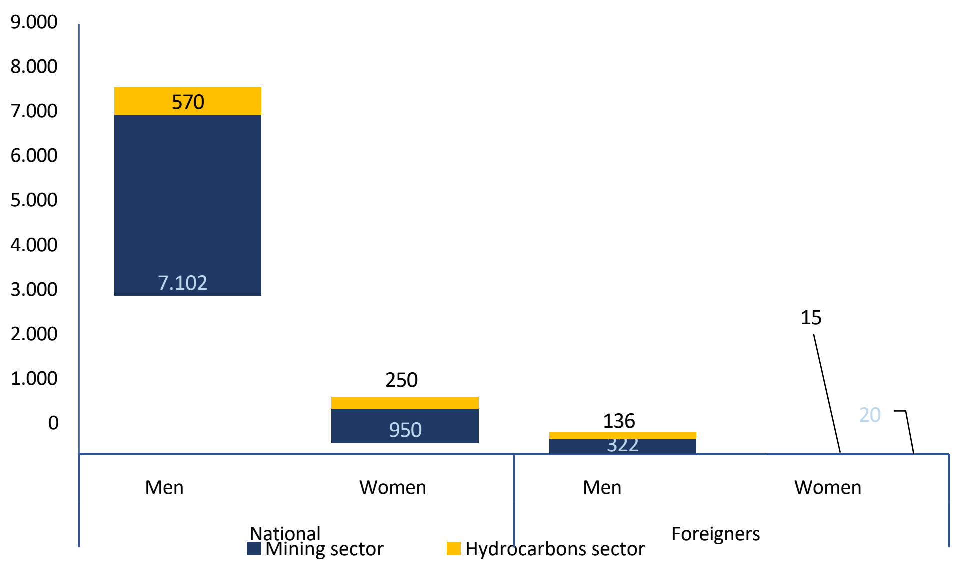
With regard to the percentage contribution of extractive industry exports to the country's total exports, data from the Bank of Mozambique points to 42%, as detailed below.



Graph 25 - Exports of goods (Source: Bank of Mozambique)

7.3.3 Employment

The information collection form distributed to the companies selected for the reconciliation process of this report included a field in which they had to provide information on employment dataIn this regard, according to the information disclosed by the companies that filled in the aforementioned field, a total of 9,365 people were employed during 2021, of which 8,394 were in the mining sector and the remaining 971 in the hydrocarbons sector. These figures refer to the number of jobs registered in the companies as of December 31, 2021. It should be noted that, according to data from the 10th EITI Report, in 2020 the selected companies employed 10,852 people.



Graph 26 - Employment data indicated on the forms

It should be noted that the company CINAC-Cimentos de Nacala, S.A. did not submit any employment data.

addition to the data presented above, Annex 10 the number of jobs by type of contract.

7.3.4 Main areas/regions where production is concentrated

Data on the main areas/regions where production is concentrated is presented in Annex 5 on production data. In addition, the areas where mineral resources occur are presented, and this information is organized by type of resource and province.

7.4 Environmental impact of extractive activities (Requirement 6.4)

Implementing countries are encouraged to disclose information on the management and monitoring of the environmental impact of extractive industries. This may include:

a) An overview of the relevant legal provisions and administrative rules, as well as the practices actually observed in relation to environmental management and the monitoring of extractive investments in the country. This could include information on environmental impact assessments, certification schemes, licenses and rights granted to oil, gas and mining companies, as well as information on the roles and responsibilities of the relevant government bodies in implementing standards and regulations. In , it could include information on any planned or ongoing reforms.

b) Information on regular environmental monitoring procedures and administrative and sanctioning processes, as well as environmental obligations and environmental remediation and rehabilitation programs.

7.4.1 Legislation

In order to mitigate the environmental risks associated with the exploitation of mining resources and hydrocarbons, and to promote efficiency and ensure the correct management of resources in the extractive sector with a view to the country's sustainable development in the medium and long term, the government has approved the following legal provisions:

- Decree no. 26/2004, of August 20, which approves the Environmental Regulation for Activity
  Mining, the purpose of which is to establish rules to prevent, control, mitigate, rehabilitate and compensate for the adverse effects that mining activities may have on the environment.

In order to provide for the sustainable development of the Mining Activity, this instrument was amended by Decree no. 42/2008, of November 4th;

- Decree no. 56/2010, of November 22 - Environmental Regulation for Operations Petroleum, which defines the procedures for the Environmental Impact Assessment Authority;
- Resolution no. 13/2016, of August 10, of the Assembly of the Republic - with the intention of AQUA (National Agency for the Control of Environmental Quality) has been assigned to ensure the control of environmental quality; and
- Ministerial Diploma no. 118/2022, of November 21, 2022 - Regulations on the Process Environmental Impact Assessment (EIA).

INAMI is also responsible for promoting environmental quality control actions aimed at conserving and protecting biodiversity and other environmental components, carrying out pilot projects to develop, test and apply technologies for mining processing, improving and preventing environmental degradation. Likewise, in the hydrocarbons sector, the INP (National Petroleum Institute) is responsible for ensuring compliance with emergency and contingency, safety and environmental protection requirements.

7.4.2 Monitoring procedures

With regard to the procedures for inspecting and monitoring environmental impacts, the applicable legislation, namely the Environmental Regulations for Mining Activities and the Environmental Regulations for Petroleum Operations, establish that it is the responsibility of the Ministries that oversee the environment and mineral resources to carry out the respective procedures. Nevertheless, companies must also monitor the parameters of the environmental components affected, in accordance with the provisions of their environmental management plan, and must submit the report containing the findings of this assessment to the aforementioned Ministries.

According to MITADER, in 2021 Environmental Audits were carried out specifically in the clay and limestone mining industry in the provinces of Maputo, Sofala and Nampula, the findings of which are presented below.

Province	Category	Findings
Maputo	Main findings	▪ Category A licensed companies operating with the respective licenses;

Province	Category	Findings
		▪ Lack of fencing around mines, waste dumps and houses bathrooms for workers on the mining fronts, promoting the proliferation of waste in the environment and open-air fecalism; ▪ Non-compliance with the distance between the source of raw materials and the processing plant (usually between 50 and 100 kilometers). The factories are generally located in the cities and the production sites in the districts. Transportation is by road for clay and rail for limestone. Most of the road is asphalted. The unpaved part is on average 10km long, from the mine exits to the paved roads, crossing communities with emissions of dust on roads. signposted.
	Emissions	▪ With regard to dust, rail transport partly has no raw material cover during the journey, while the road has a canvas cover; ▪ In the vicinity mines where access roads do not At the same time, near the communities, water is sprayed on a regular basis from tanker trucks or tractors; ▪ Drivers of material transport trucks - prima has written procedures in the vehicles for regulate speed up to a certain limit on unpaved roads.
	Effluent management	▪ There is a washing area for machines and vehicles in some mines and associated water and oil separation basins, whose water and oils are collected by licensed companies.
	Risk management	▪ For the use of explosives in limestone mines, the following apply prior notice of dates and times has been given to the communities directly affected by the projects so that they can adopt the procedures provided for for the risk ;

Province	Category	Findings
		▪ Usually, an hour in advance sounding a siren or circulating with a megaphone to warn of the approaching explosion time; ▪ It was noted that there is access to communities and cattle in the holding areas. As mentioned, there is no fence network and no risk signs; ▪ Existence of lagoons caused by the exploitation of limestone, still undergoing rehabilitation, without signage; ▪ Existence of a safety, health and environment sector Environment: periodic campaigns on environmental aspects, as well as the programming of activities for dates related to the environment; ▪ In some areas, zones have been identified of resettlement of affected communities within the perimeter of the concession areas.
Sofala	Main findings	▪ The licensed company operates with the Category License A; ▪ The distance between the source of raw materials and the processing plant is around 100km; ▪ Transportation is by road to the port and operates from 2020 over a distance of about 7km and from the dry port to the factory by rail over a distance of about 100km. The entire stretch is unpaved; ▪ Lack of waste bins and toilets for staff workers on the mining front.
	Emissions management	▪ Raw materials are transported by truck covered with a ; ▪ Drivers of material transport trucks - prima has written procedures in the vehicles for regulate speed on unpaved roads.
	Risk management	▪ For the use of explosives in limestone mines, the following apply prior notice of dates and times given to communities directly affected by the projects for these

Province	Category	Findings
		adopt the procedures laid down for risk prevention. Normally, a siren is sounded an hour in advance or a megaphone is used to warn of the approaching explosion time; ▪ It was noted that there is access to communities and cattle in the holding areas. As mentioned, there is no fence network and no risk signs; ▪ Existence of lagoons caused by the exploitation of Limestone, still being rehabilitated, without signs; ▪ Existence of a safety, health and environment sector Environment periodic campaigns on environmental aspects as well as the programming of activities for environmental dates.
Nampula	Main findings	▪ Category A licensed companies operating with the respective license; ▪ Lack of fencing in waste disposal mines and toilets for workers on the mining fronts, promoting the proliferation of waste in the environment and open defecation.
	Waste management	▪ Lack of waste disposal, but drivers are made aware of the need to transport the waste to points where there are deposits in the raw material processing plants; ▪ Drivers of material transport trucks - prima has written procedures in the vehicles for reduce speed on unpaved roads.
	Risk management	▪ Evidence of a risk linked to a lack of rigor in the use of personal protective equipment.
	Biotics	▪ In general, flora and fauna are preserved by the projects audited in 2021, and the specific procedures for each case are complied with. ▪ Regarding communication with communities, from way general were found evidence of

Province	Category	Findings
		The relationship between the projects and the surrounding communities is reflected in the projects' interventions in areas such as education, health, farming and small businesses, among others. ▪ In general, mining companies audited in 2021 send their reports to the National Agency for Environmental Quality Control (AQUA). environmental monitoring on a regular basis.

Table 54 - Audit findings in the Clay and Limestone Mining Industry in Maputo, Sofala and Nampula Provinces

In the coal sector, MITADER has indicated that environmental inspections have been carried out on the companies listed below, the findings of which are also disclosed.

Company	Category	Findings
JSPL Mozambique Minerais, LDA	About draining the processing plant	▪ The company continues to operate without tailings ponds, discharging effluents from mineral processing directly into the environment through a makeshift basin, thereby contaminating the soil. An attempt has been made to waterproof the current tailings pond. ▪ The construction of six tailings ponds is underway at compliance the recommendations left previously. This new tailings management system will include coal recovery.
	Operationalization of the Wastewater Treatment Plant (WWTP)	▪ It was noted that rehabilitation work has already begun, which includes laying a pipe from the camp's septic tanks and replacing obsolete internal connections. JSPL was awaiting the arrival of technicians from the Republic of South Africa to make the WWTP operational; ▪ Cattle movements in the concession area, drinking water from coal processing. Awareness has been raised and no action has been taken taken (finding of previous inspection).

Company	Category	Findings
		▪ When the Dry Port Rail Terminal of Moatize (Porto Seco) has noted dust removal measures during the process of unloading the ore onto the wagons, which include the application of water to contain the dust in storage. The process of unloading the ore has taken place from the trucks onto the sidewalk and loading with the into the wagons. ▪ There was a transfer of families were within the Company's Concession area for their resettlement village. ▪ Lack of information systematized on a waste handling.
	Measures taken	▪ Make an addendum to the Environmental Management Plan (EMP) to guarantee the legality of the procedure; ▪ Finalize the new management system as a matter of urgency tailings to replace the "*pit sea*" because it is not comply with good environmental practices; ▪ Pay attention to the unloading process and monitoring of effluent quality, to carried out in tanks selected for this purpose; ▪ Observe the rules of good environmental practice for prevent the dispersion of dust; ▪ Adopt measures that do not allow cattle circulate in the concession area; ▪ Carry out an exhaustive survey of families and finalize the resettlement of families within the concession; ▪ Make the full of notes of consignment of hazardous waste and send it to the AQUA.
Benga Mines	Main findings	▪ Installation of a system little functional of recirculation of wash water in the workshop; ▪ Clogging of the workshop drainage system with signs of draining into the environment;

Company	Category	Findings
		▪ Improving the functioning of the scrap area with the press machine in full working order; ▪ Need to improve the computerization of information on the movement of hazardous waste out of the installation; ▪ New equipment has been purchased to monitor noise and vibrations due to the failure of the previous equipment.
	Measures taken	▪ A WARNING issued to correct the irregularities within 60 days; ▪ Make the full of notes of consignment of hazardous waste to AQUA; ▪ Report the findings in the annual report environmental monitoring.

Table 55 - Findings of environmental inspections carried out on coal companies

7.4.3 Environmental reports released by companies

Through the information collection forms sent to the companies selected for this report, it was possible to ask them to submit the environmental reports carried out on their activity during 2021. Only the companies listed below indicated that they had these reports:

- Cimentos de Moçambique, S.A.R.L.;
- Cimentos de Moçambique, S.A.R.L.
- Kenmare Moma Mining (Mauritius), Lda;
- Minas de Benga, Lda;
- Aguas Vumba Society; and
- TotalEnergies EP Mozambique Area 1, Lda.

8 RECOMMENDATIONS

8 Recommendations

8.1 Follow-up Recommendations from Previous Reports

Recommendations	Report	Responsible	State of Play
In the mining sector, in addition to the mining cadastre system, which makes it possible to view various information on mining titles, we recommend that INAMI publish maps containing mining title data on its website, in open format, as the INP does.	10th Report	INAMI	Still to resolved. Data published in closed format.
The CC must decide on the mechanism for disclosing information on beneficial owners. , we believe that the disclosure of legal beneficiaries may represent a temporary solution, given the difficulty of finding information on beneficial owners.	10th Report	CC	Still to be resolved. However, information on the legal beneficiaries has been released.

Recommendations	Report	Responsible	State of Play
We recommend that mineral and hydrocarbon production data be made available in open format on the MIREME, INAMI, INP and ITIEM websites.	10th Report	MIREME, INAMI, INP and ITIEM	Still to be resolved. However, the data is published in a closed format.
We recommend that export data on minerals and hydrocarbons be made available in open format on the MIREME, INAMI, INP and ITIEM websites.	10th Report	MIREME, INAMI, INP and ITIEM	Still to be resolved. However, the data is published in a closed format.
We recommend that AT review its , the companies classified as operators of the extractive industry, because they are included companies companies not perform mining mining e oil companies, and there is a lack of companies that actually develop this type of operations. Additionally, we recommend to create a platform for communication between o MEF e	10th Report	MIREME, INAMI, INP and ITIEM	Still to be resolved.

Recommendations	Report	Responsible	State of Play
MIREME to mitigate these situations.			
It is recommended that the CC map the revenue flows relating to subnational payments and decide whether should be part of the reconciliation process.	10th Report	CC	Still to be resolved.
The CC should recommend that the government disclose the rationale behind the 2.75% allocated to each community and for which expenses/projects the money was allocated. In addition, the CC could help the government design a plan to use this amount allocated to the communities, taking into account their needs. specific needs.	10th Report	CC and Government	Legal instruments have been published with the intention of resolving this recommendation, namely articles 20 of the Mining Law and 48 of the Petroleum Law.
We recommend that the CC, in partnership with the regulators of the mining and hydrocarbons sector, map all compulsory social spending, so that decide if the same. must be reconciled.	10th Report	CC	Still to be resolved. However, under the EITI reports, the data submitted by the companies that are part of the reconciliation process are disclosed.

Recommendations	Report	Responsible	State of Play
It is recommended that information on the environmental monitoring and auditing procedures carried out by the competent authorities be routinely published on their respective *websites*, as well as on the *website* of the company. ITIEM.	10th Report	MITADER	Still to be resolved. However, information related to environmental monitoring and auditing procedures disclosed under the EITI reports.
In order to gauge the efficiency and effectiveness of the mechanisms chosen and reflected in the Mining and Petroleum Law, we recommend that a specific study be carried out on the practical side of the mechanism adopted, which could include consultation with the main players in the sector and civil society, or that the work carried out that led to the creation of the Mining Law be published. and oil.	9th Report	MIREME	Not fulfilled.
In the mining sector, in addition to the mining cadastre system, which makes it possible to view various information on mining titles, we recommend that INAMI publish maps containing mining title data on its *website* in open format.	9th Report	INAMI	Done. INAMI already routinely publishes information on mining titles. All that remains is to publish this information in an open format (e.g. excel or csv).

Recommendations	Report	Responsible	State of Play
Although this report presents information on the state's participation in the extractive industry, through its business sector, in order to fully meet this requirement, and requirements 4.2, 4.5 and 6.2, the CC has begun the process of contracting a specific study on this subject. It is recommended that the results of this study be published as soon as they are available.	9th Report	CC	Achieved. The ESS Study has been published.[54]
We recommend that mineral and hydrocarbon production data be broken down by all the companies operating in the country and made available in open format on the MIREME, INAMI, INP and ITIEM websites.	9th Report	INAMI, INP and MIREME	Partially complied with. Production data is broken down by all the companies operating in the country and is available on the regulators' websites. However, they need to be available in open format.
We recommend that the AT review its database of companies classified as operating in the extractive industry, as it includes companies that do not carry out mining and oil operations, and lacks companies that actually carry out this type of operation. In addition, we recommend creating a communication platform between MEF and MIREME to mitigate these situations.	9th Report	AT and MIREME	Not complied with. There are still companies operating in the hydrocarbons sector, but which, according to the AT classifier, are not part of the group of companies operating in that sector (for example: Companhia Moçambicana de Gasoduto - CMG, Companhia Moçambicana de Hidrocarbonetos -CMH, ExxonMobil and Republic of Mozambique Pipeline Company - ROMPCO).

(54)https://itie.org.mz/index.php/download/itie-relatorio-final-vp-estudo-intellica-2022/?wpdmdl=3219&refresh=62f9e99abfe021660545434 - accessed on March 23, 2023

Recommendations	Report	Responsible	State of Play
It is recommended that the CC map the revenue streams relating to subnational payments and decide whether should be part of the reconciliation process.	9th Report	CC	According to the CC, MEF and MIREME have set up a working team to draw up a legal instrument (Decree) for submission to and approval by the Council of Ministers. However, this mapping has not yet taken place.
As for the 2.75% earmarked for communities, the CC should encourage the government to disclose the rationale behind the amount allocated to each community and for which expenses/projects the money was allocated. In addition, the CC could help the government design a plan to use the money allocated to the communities, taking into account their specific needs.	9th Report	Government of Mozambique and CC	According to the CC, MEF and MIREME have set up a working team to draft a legal instrument (Decree) for submission to and approval by the European Parliament. Council of Ministers. In 2022, the Mining and Petroleum Laws were updated and the percentage of the value channelled to the communities was increased from 2.75% to 10%. In 2023, Decree 40/2023 of July 7 was published, regulating the criteria for allocating and managing the percentage of revenue earmarked for the development of provinces, districts and local communities where mining and oil exploration projects are being implemented.

Recommendations	Report	Responsible	State of Play
We recommend that the CC, in partnership with the regulators of the mining and hydrocarbons sector, map all compulsory social spending in order to decide whether it should be reconciled.	9th Report	CC	The mapping has yet to be carried out.
The Independent Administrator believes that the definition of quasi-fiscal expenditure included in the EITI Standard could allow to be easily confused with discretionary social expenditure by public companies, so there is a need for the CC to clearly define what expenditure qualifies as quasi-fiscal.	9th Report	CC	Achieved. According to the SEE Study, no parafiscal expenses were incurred by EE.
It is recommended that information on the environmental monitoring and auditing procedures carried out by the competent authorities be routinely published on their respective websites, as well as on the EITI website.	9th Report	MITADER	This information not yet not public.

Recommendations	Report	Responsible	State of Play
Update its collection system so that payment slips can be viewed by the DGI's central services.	8th Report	General Tax Directorate	Not fulfilled.
Reducing the period for analyzing the report to one year, as recommended by the standard, will reduce the efforts made by the IAs to collect information and by the companies to systematize the data and prepare the corresponding documentation.	3rd, 4th, 5th, 7th and 8th Report	ITIEM	Accomplished. This report refers to the year 2021.
Carry out the competition to select the IA and start the activities to draw up the reconciliation report at least 5 months before the report is due to be submitted to the International Secretariat.	8th Report	ITIEM	Accomplished.
Propose incorporating into mining legislation the obligation to report data for the purposes of transparency in the extractive industry, as already exists in the case of the Petroleum Law (Article 50), and extending the scope of the latter to commercial issues.	8th and 7th Reports	ITIEM	The Mining Law has been updated, but the provision on mandatory reporting for EITI purposes has not been included.

Recommendations	Report	Responsible	State of Play
Reviewing the materiality criterion for selecting companies in the mining sector for the purpose of reconciling taxes paid	8th and 7th Reports	ITIEM	Accomplished.
Developing a ITIEM's Institutional Memory in order to facilitate the collection of data when it has already been collected for previous reports.	8th and 7th Reports	ITIEM	The EITI reports are published on the initiative's website dedicated for Mozambique. However, there is a need to publish the data in an open format.
The EITI Coordination Committee should raise awareness in the private sector, especially in the mining sector, since the percentage of companies that do not respond to the surveys is high.	7th Report	ITIEM	Accomplished. Although there are still a small number of companies that have not responded the EITI in a timely manner. On the other hand, for this report there were companies that did not participate in the process of reconciliation.
Ensure the updating of active licenses in the Mining Cadastre. The Mining Cadastre provided by INAMI was deficient in terms of the status of licenses and their validity.	8th and 7th Report	National Mining Institute	According to INAMI, this is an process. Under the terms of article 146 of the Mining Law Regulations, mining applicants and holders must notify INAMI of a change of domicile or agent, under penalty of 60 minimum wages or more. This measure has been applied. In 2018, INAMI intensified its efforts to raise awareness among mining owners in order to update their contact details and a

Recommendations	Report	Responsible	State of Play
			update of contacts at the Mining Cadastre Counter, which has been in use since 02.04.2018 and which is continuously distributed to mining owners. Notices have been published in the Jornal Notícias for mining owners to update their contact details and addresses, reminding them of the legal consequences if they fail to do so (the notices were published in November 2019, November 2020 and December 2021). From November 2019 to April 2022 a total of 536 holders, corresponding to 60% of the 893 who did not have up-to-date contact details, have updated their contact details. However, the process of updating them as a regular activity of the mining cadastre is still underway and around 357 files are due to be updated. Since 2019, with the creation of the INAMI *website*, messages have been posted on the website to make mining owners aware of the need to change their physical address, as well as informing them of the penalties they may incur in the event of non-compliance. From 01/01/2018 to 04/11/2021, The General Inspectorate of Mineral Resources (IGREME) has been notified of the sanctioning of 56 mining owners who have failed to update their data. your contacts.

Recommendations	Report	Responsible	State of Play
Harmonization of the data in the Mining Register with the data in the Tax Authority registers (SICR). Registration in the mining cadastre should be based on the tax registration declaration for the company's activity to ensure consistency of information and it is recommended that the NUIT be included in the elements to be entered in the Cadastre (as a mandatory field) since this is the essential element for cross-checking data between the INAMI and the Authority. Tax.	7th Report	National Mining Institute	In progress. NUIT is one of the mandatory requirements for registering mining title applications in the cadastral system and has been systematically introduced into the cadastral system. INAMI and AT have issued notices in the most widely circulated newspapers for companies to regularize their NUITs, since they cannot use the same one for several licenses.
Increase the level of penalties for companies that do not update their contact details (addresses, telephone numbers, contact details of the representative) with both the Tax Authority and INAMI and ensure that the data is updated in good time by the respective institution.	8th and 7th Report	National Mining Institute	Data is still out of date. The penalties for companies that don't update their contact details are set out in the Mining Law Regulation, article 146. According to INAMI, an increase in the level of penalties is dependent on a legal revision. However, INAMI has been carrying out ongoing awareness campaigns, both by publishing advertisements in the most widely circulated newspaper and by directly approaching mining owners to get companies to update their contact details. update their contacts.
Register the transfers of mining licenses and update the mining cadastre so that the companies that are actually using the license, whether in the form of a sub-concession or a management contract, are selected. exploitation.	7th Report	National Mining Institute	Update in progress. This process is ongoing. INAMI has disseminated awareness-raising messages to mining owners to formalize transfers through information leaflets. From 2019 to May 2022 were produced and distributed 3200 leaflets with

Recommendations	Report	Responsible	State of Play
			messages on procedures for transferring mining titles and these messages can be found on the INAMI website. Since September 2020, the Mining Cadastre Portal has shown the status of mining title transfers in progress. In 2020, 13 transfers were processed, including 2 of mining titles and 11 transfers of shareholdings. In 2021, 13 transfers were processed, including 2 of mining titles and 11 transfers of . In 2022, 16 transfers were processed, 4 of which were mining titles and 12 transfers of .
Ensuring that tax collections are registered with the company's NUIT (and not with the NUIT of the Provincial Directorates of Mineral Resources and other Ministries) Although there has been training in this regard, the problem persists. As staff turnover has been cited as a reason for this recurrence, there is a need to step up training and ensure that knowledge is passed on to the officials who validate the payment slips. The introduction of instructions for filling in the payment slip is essential.	2º, 3º, 7th and 8th Report	Tax Authority and National Mining Institute	The problem still persists: there are still payments made by companies with the NUITs of the Provincial Directorates of Mineral Resources and other Ministries. In some of the situations identified, the responsibility for these inaccuracies lies with the companies themselves, who fill in the forms with other people's NUITs. According to INAMI, two meetings organized by AT and INAMI were held in May 2021 and March 2022, attended by mining owners, INAMI and AT staff, to harmonize the procedures for filling in the new specific tax payment models approved in 2019 and to disseminate these models.

Recommendations	Report	Responsible	State of Play
			After the meeting in 2021, INAMI visited the provinces of Sofala, Zambéza and Gaza and worked with local stakeholders to advise them on how to fill in the NUITs. In order to find solutions to the issue, INAMI, in conjunction with the Authoritybegan working together in the provinces in 2022 to disseminate the new models for paying specific taxes and to provide guidance on filling in the NUIT. This year, joint events were held in 9 provinces (Niassa, Cabo Delgado, Nampula, Zambézia, Sofala, Manica, Tete and Gaza) and at Cidade de Maputo.
Create a classifier of companies to identify those that fall within the Extractive Industry, so that information on industry revenue is comprehensive, and not just consider mega projects as is currently being done. Ensure a common mechanism for reporting industry data by the Tax and Customs Authority. of the EITI.	8th and 7th Report	General Tax Directorat e	The information provided by the AT still does not reflect the contribution of all companies operating in the extractive industry.
Completing the preparation of the payment slip for taxes specific to the extractive industry, which we believe will resolve some of the situations encountered, such as: the lack of a field for identifying the tax payer. Taxpayer's NUIT in Model B;	7th Report	General Tax Directorat e	Achieved. Payment slips for specific taxes were published in 2021.

Recommendations	Report	Responsible	State of Play
wrong classification of taxes paid.			
Updating the Collection System so that the information reflects all the payments made by companies, thus ensuring that the criteria for selecting companies are met. is not called into question.	7th Report	General Tax Directorat e	O System continues with to be deficient.
In the mining licensing process, the National Mining Institute, through the Mining Cadastre, must cross-check the contact details of the companies with the information contained in the SICR of the mining company. Tax Authority.	6° Report	National Mining Institute	Project Modernization of Modernization of the Mining Cadastre.
Transfers of mining titles must be documented and computerized in the Mining Cadastre, in order to allow for the collection of the fees levied on these concessions; This fact was identified in the reconciliation process insofar as the receipts confirmed by the State differed from the payments declared by the selected companies, due to the fact that the mining title was concessioned to a third party and the payments declared were restricted to a concessionaire. By way of example, ENOP holds the license and the it is under concession	6° Report	National Mining Institute	There are still shortcomings in updating the mining cadastre. According to INAMI, the institution documents all transfers of mining titles whose formalization processes are submitted. Transmissions that are not formalized have no effect on national territory under the terms of article 62 of the Mining Law, which is why situations found that are neither reported nor registered are not legal.

Recommendations	Report	Responsible	State of Play
Mabalane Resources and Ceta transferred the mining title to Britanor.			
The Provincial Directorates of Mining Resources and Energy should oblige companies to pay taxes and fees using their respective NUITs rather than DIPREME's NUIT; in this way, there should be alignment between DIPREME and DPEF to ensure that the NUIT of the aforementioned NUITs is actually used. companies.	6˚ Report	National Mining Institute	Incorrect use of the NUIT continues to occur, despite training being provided at the DIPREMEs. In order to reduce this type of situation, in 2021 the payment guides for taxes specific to mining activities and oil operations were approved.
It is therefore recommended that the Mining Cadastre hold all the relevant information on licensed projects, including the NUIT, address and contact details of the projects and their representatives, which should be duly updated. doesn't happen today.	6˚ Report	National Mining Institute	Mining Cadastre Modernization Project (2016- 2018) underway.
All companies that hold licenses, but which are concessioned to another entity, must communicate to the INAMI in order to allow the collection	6˚ Report	National Mining Institute	INAMI has carried out campaigns to raise awareness among mining owners of the need to formalize transfers.

Recommendations	Report	Responsible	State of Play
of the taxes levied only on the respective license.			
Updating the Ministry of Finance's Collection Control System so that the information obtained by this institution represents all the payments made by the projects, so that the criteria for selecting companies based on the state's confirmations is not called into question and the reconciliation process is efficient. One of the associated risks is the possibility of excluding projects that may have actually contributed significant amounts to state revenue, on the basis of incomplete data.	5˚ and 6º Report	Ministry of Economy and Finance (Tax Authority)	Information systems have been introduced to monitor the collection of revenue, but these systems work very poorly and the AT is unable to provide a reliable breakdown of tax revenue by sector of activity.
Computerization of mining project files, archived at the National Mining Institute. Some of the data on companies in the sector is still in physical and handwritten files, which makes it difficult to access information.	5˚ Report	MIREME (INAMI - Mining Registry)	Accomplished. As of January 2017, in the process of registering companies, company data must be recorded in the registration system. In order to ensure that all processes previously registered without contacts are corrected, the project to digitize the cadastral archive is underway, with the next stage being the insertion of all the information into the system. registration system.
It can be seen that the data on the projects registered in the Mining Cadastre is sometimes incomplete or out of date, which is one of the reasons for the lack of data. other situations can lead to	5˚ Report	MIREME (INAMI - Mining Registry)	Achieved. Information available in the Flexi Cadastre and its updating will be accompanied by the database of contracts provided by the consultants and the INAMI's own update.

Recommendations	Report	Responsible	State of Play
unable to access a particular project. It is therefore recommended that the Mining Cadastre hold all the relevant information on licensed projects, including the NUIT, address and contact details of the projects and their representatives. duly updated, including the NUIT, address and contact details of the projects and their representatives. doesn't happen today.			
Updating the DGI database so that it contains the latest address data and project contacts.	5° Report	Ministry of Economy and Finance (Autoridade Tax)	Continuous process.
State institutions, including the Mining Cadastre and the DGI, must ensure that project data, including the name of the entity, is standardized in such a way as to make it possible to the crossing of information.	5° Report	MEF/MIREME (AT/INAMI-Mining Registry)	Continuous process.
The competent authorities should work in a coordinated manner to ensure the dissemination of information regarding the annual global employment register and by sector of activity, in order to fill the information gap existing in the country.	5° Report		Next.
The competent authorities and the companies operating in the extractive industry should draw up their production data reporting maps such a way as to minimize the possibility of failures that could lead to differences between the information confirmed by State and to information reported by	5° Report	MIREME (INAMI) / Companies	Achieved. The Coordination Committee is coordinating with the DPD (MIREME).

Recommendations	Report	Responsible	State of Play
projects operating in the sector, as occurred in the preparation of this report.			
The program used by the Ministry of Economy and Finance should allow for the collection of complete and correct information regarding payments made by companies, because the collection control system is decentralized, so it is recommended that the Ministry of Economy and Finance implement a program that allows for the centralization of information. on the charges made.	4° Report	Ministry of Economy and Finance (Tax Authority)	There are still shortcomings.
It is necessary to regularly update the MIREME and DGI database, which should be extended to include the contact lists of companies and of their representatives.	4° Report	MEF/MIREME (AT/INAMI-Mining Registry)	Fulfilled. Information available in Flexi Cadastro and its updating will be accompanied by the contact database provided by the consultants and the INAMI's own update.
The Tax Authority should carry out reconciliation exercises between the receipts accounted for by the State and the payments made by the companies, in order to identify irregular situations in good time and via . carry out the regularization.	4° Report	Ministry of Economy and Finance (Tax Authority)	There are still discrepancies between the payments reported by companies and those recorded by the Tax Authority.

Recommendations	Report	Responsible	Status Report
Regular updating of the database of mining and hydrocarbon companies. It is essential that MIREME and the DGI have contact details and addresses for the companies and/or their representatives so that the phase of submitting the information collection forms (''Reporting Templates'') can be shortened. - Part of this may be due to the fact that the vast majority of companies are still in the prospecting and research phase and have no administrative support of their own. They are represented by consultants and lawyers who don't always have necessary financial information.	3° Report	MEF/MIREME (AT/INAMI-Registration Mineiro)	Continuous process.
Given that the DGI revenue collection is decentralized and therefore is not always é possible obtain complete information in time real, we need to equip the Miscellaneous Areas Tax of tools that enable identify payments of contributors from other areas.	3° Report	Ministry of Economics and Finance (Authority Tax)	In but yet with ongoi ng deficiencies.

Recommendations	Report	Responsible	State of Play
The selection process should not be limited to the information provided centrally by the DGI, but should be confirmed by the different tax areas. This is due to the fact that the information on revenue contained in the central database differs somewhat from that provided by the tax areas. - In order for this exercise to be carried out in a timely manner, it is necessary to start the reconciliation exercise earlier since the information will have to be collected by the various tax areas which, it is well known, are not networked or, if they are, do not always provide information in time real.	3° Report	MIREME (Coordination Committee)	Accomplished. However, the information reported by the AT not reliable.
As the number of companies grows and the specific revenues from extractive activity increase, it is be considered that the "survey" will begin to pay attention to the payments that companies make as a taxable person not as a taxable person. as tax substitutes.	2º and 3° Report	MIREME (Coordination Committee)	Accomplished. Coordination by Committee considered.
Sending proof of payment and receipt was a very valuable validation method that we believe should be followed in future work, since we believe that we cannot impose increased burden on companies by	2º and 3° Report	MIREME (Coordination Committee)	Accomplished. The Coordination Committee decided to demand documentary support for the payments and receipts reported.

Recommendations	Report	Responsible	State of Play
require them to provide information validated/certified by independent auditors.			
Regular updating of the database of mining and hydrocarbon companies. It is crucial that MIREM and the DGI have contact details and addresses for companies so the survey submission phase can be shortened. shortened. - Part of this may be due to the fact that the vast majority of companies are still in the prospecting and research phase and have no administrative support of their own. They are represented by consultants and lawyers who don't always have necessary financial information.	2° Report	MEF/MIREME (AT/INAMI- Mining Registry)	Achieved. Information available in the registration system and its updating will be accompanied by the database of contacts provided by the consultants and INAMI's own updating.
When registering taxpayers at the time they submit their declaration of commencement of activities, the DGI must ensure the correct statistical framework so that companies are registered in accordance with with their area of activities.	2° Report	MEF (Tax Authority)	Fulfilled. Information available in Flexi Cadastre.
MINERALS EVALUATION - For to ensure transparency in the evaluation of minerals, it is prudent that the question of restriction or coverage be taken in full consideration.	1° Report	MIREME (INAMI)	Accomplished. Legislation has been revised

Recommendations	Report	Responsible	State of Play
DETERMINATION IN THE QUALITY OF MINERALS - Given that the evaluation of minerals is affected by their quality, MIREM/INAMI and MEF should ensure that there are mechanisms to confirm the quality provided by mines. This can be done through of the independent verification using random sampling.	1° Report	MIREME (INAMI)	Accomplished. Legislation has been revised
DETERMINATION OF OPERATION - It will be necessary for the MF and MIREM carry out studies to establish parameters for extractive activities . This will assist the tax authorities in determination of adequacy of cost e also improve a transparency.	1° Report	MEF/MIREME (AT/DPD and INAMI)	Accomplished. A a multi-sector MEF/MIREME team created
PERMISSION TO CAPITALS/DEPRECIATION - To ensure transparency, the capital allowances regime should be specified in the law and applied in accordance with in general.	1° Report	MEF (Tax Authority)	Accomplished. The legislation has been revised.
CROSS-SECTOR COLLABORATION - The DNM and AT do not collaborate when it comes to the transfer of concessions. Some large licenses may be brought to the attention of the AT, but there is no systematic provision of information from the AT on the change of ownership of concessions. The AT should receive information at least on a quarterly basis about any changes in ownership licenses.	1° Report	MIREME INAMI)	Achieved. Information available in the cadastral system and creation of a multi-sector MEF/MIREME team.

Recommendations	Report	Responsible	State of Play
CAPITAL GAINS TAX - In order to improve the types of income from the extractive sector, the capital gains tax on the transfer of licenses should be taken into account.	1° Report	MEF (Tax Authority)	Accomplished. The AT already taxes capital gains and the whole process of transferring licenses only takes place with the presentation of the discharge certificate from the tax office.
DATA COLLECTION AND PUBLICATION - The annual publication of information on the holders of mining licenses, the payment of tax on production, ownership or sharing of company shares would facilitate access to information and allow for transparency. In the long term, this will help to mobilize income.	1° Report	MIREME (INAMI)	Fulfilled. Information available in the registration system.

Table 56 - Follow-up on Recommendations from Previous Reports