

PANORAMIC

MINING

Armenia



LEXOLOGY

Mining

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MINING INDUSTRY

Standing

What is the nature and importance of the mining industry in your country?

Armenia is rich in natural resources. The mining industry is one of the strategic sectors for Armenia, directly impacting the country's economic and social development. According to Armenia's Statistical Committee, the industrial production volume in September 2024 reached US\$633 million, reflecting a 4.6 per cent year-over-year growth. However, the mining sector saw a 5.6 per cent decline during this period. The mining sector, which contributes up to 5 per cent of Armenia's Gross Domestic Product, employs around 10,000 people.

Law stated - 1 May 2025

Target minerals

What are the target minerals?

Armenia's mineral resource base is characterised by a variety of metallic and non-metallic minerals. Among the metal minerals, those with industrial significance include copper, molybdenum, lead, zinc, gold, silver, iron, aluminium and others. According to the Concept for the Management of Natural Resources of Armenia, the estimated availability of reserves for various metallic minerals exploited by active mining companies is as follows:

- Copper-molybdenum ore – approximately 100–120 years;
- Gold ore – approximately 25–30 years; and
- Lead-zinc (poly metallic) ore – approximately 20–25 years.

Among the non-metallic minerals, those formed as a result of volcanic activity are of particular importance. These include tuffs, tephra, pumice, zeolites, volcanic scoria, as well as various types of basalt, granite, gneiss, marble and others.

Law stated - 1 May 2025

Regions

Which regions are most active?

In Armenia, three regions hold particular importance in the mining sector:

- Lori Province in the north, which is rich in various copper reserves. One of the major mines in this region is the Teghout mine.
- Syunik Province in the southeast, known for its copper and polymetallic mineral reserves. Syunik is also home to the Zangezur Copper and Molybdenum Combine, one of the largest mining enterprises in the country. The Zangezur mountain range – specifically its northern part – hosts the Amulsar mine, located on the border of Vayots Dzor and Syunik Provinces, which contains copper and copper-molybdenum reserves.

- Gegharkunik Province in the east is another key region, where the Sotk gold mine is located, one of the significant gold mining sites in Armenia.

Law stated - 1 May 2025

LEGAL AND REGULATORY STRUCTURE

Basis of legal system

Is the legal system civil or common law-based?

Armenia's legal system is civil law-based.

Law stated - 1 May 2025

Regulation

How is the mining industry regulated?

In Armenia, the mining industry is regulated through a set of laws and regulations that ensure state oversight. These regulations cover the use of natural resources, environmental protection, compliance with ecological standards, technical safety and other sector-related rules. The government of Armenia has delegated the relevant powers to the authorised body – in this case, the ministries responsible for overseeing the sector, including Ministry of Territorial Management and Infrastructure and Ministry of Environmental Protection. Through these delegated powers, the ministries carry out the regulation and supervision of the mining industry and the related sectors.

Law stated - 1 May 2025

Regulation

What are the principal laws that regulate the mining industry? What are the principal regulatory bodies that administer those laws? Were there any major amendments in the past year?

The legal regulation of the mining sector in Armenia is primarily carried out under the [Subsoil Code](#), which defines the principles and procedures for subsoil use in Armenia. It regulates the relationships related to subsoil use licensing, management and recycling of mining waste, protection of nature and the environment from harmful effects during mining activities, ensuring work safety, and protection of the rights and legal interests of the state and individuals involved in subsoil use.

Additionally, [the Law on Environmental Impact Assessment and Expertise](#) regulates the processes related to environmental impact assessment and expertise during the extraction of natural resources, ensuring that mining activities do not adversely affect the environment.

[The Code on Administrative Offences](#) establishes responsibility for violations in the mining sector. It includes provisions for penalising legal breaches related to mining activities.

Further regulations are outlined in other laws, including [the Land Code](#), [Water Code](#), [the Law on Waste Management](#), and [the Law on Environmental Supervision](#), which all contribute to the legal framework governing mining activities.

Key regulatory bodies in the mining sector include:

- The Ministry of Territorial Management and Infrastructures (MTMI), which is responsible for the administration of the mining sector, oversight of exploration and production operations, and licensing.
- The Ministry of Environment, which is responsible for the protection of the environment, overseeing the ecological consequences of the activities of mining companies in Armenia.
- The Environmental and Subsoil Inspectorate (ESI), which monitors environmental protection and the processes related to the exploitation of subsoil resources. The ESI mainly conducts inspections of mining companies' activities, warning about potential environmental hazards and pollution.

Recent changes in mining laws occurred in May 2023. Some noteworthy amendments include:

- changes to the process of environmental impact assessment and expertise; and
- changes to the grounds based on which the expert conclusion can be revoked have been clarified.

Note that the official texts of the laws linked in this publication are available in Armenian only.

Law stated - 1 May 2025

Classification system

What classification system does the mining industry use for reporting mineral resources and mineral reserves?

On 11 August 2021, the MTMI issued order 06-N, which outlines the classification instructions for mineral resources in Armenia. This classification system is designed to align closely with the Joint Ore Reserves Committee international standards, ensuring that Armenia's reporting framework for mineral resources and reserves meets global expectations. Although companies are allowed to use international standards for calculating their resources and reserves, the law requires that they submit final reports in accordance with the classification system established by the government.

Law stated - 1 May 2025

MINING RIGHTS AND TITLE

State control over mining rights

**To what extent does the state control mining rights in your jurisdiction?
Can those rights be granted to private parties and to what extent will they**

have title to minerals in the ground? Are there large areas where the mining rights are held privately or which belong to the owner of the surface rights? Is there a separate legal regime or process for third parties to obtain mining rights in those areas?

The Subsoil Code directly stipulates that the subsoil of Armenia is the exclusive property of the state. It may be provided to private legal entities for the purpose of geological exploration and mineral extraction only with the right of use. The right of subsoil use is granted by the Ministry of Territorial Management and Infrastructures (MTMI), either on a general basis as defined by law or through a competitive procedure – by issuing a subsoil use permit or consent, a mining allotment act, as well as by concluding a subsoil use agreement with the subsoil user.

Legal entities and citizens, without obtaining the right of subsoil use, for their own needs and without the purpose of making a profit can extract non-metallic minerals that are not registered in the state balance, up to two metres deep, as well as the construction of underground structures up to five metres deep, in accordance with the procedure established by the government, notifying the authorised body.

The land where mining is carried out, may be owned by the subsoil user. Land ownership and subsoil use rights are not related to each other. At the same time, a person who wishes to conduct mining on a land plot owned by a certain person, in addition to the subsoil use right provided by MTMI, must also sign a land use agreement with the land owner.

Law stated - 1 May 2025

Publicly available information and data

What information and data are publicly available to private parties that wish to engage in exploration and other mining activities? Is there an agency, or securities commission regulating public companies, which collects mineral assessment reports from private parties? Must private parties file mineral assessment reports? Does the agency or the government conduct geoscience surveys, which become part of the database? Is the database available online?

Information in the mining sector is relatively transparent. Since 2017, Armenia has been a candidate country of the Extractive Industries Transparency Initiative (EITI), which aims to ensure transparency in the mining sector and increase accountability to the public. Accordingly, changes to the country's legislation have been made to ensure compliance with EITI's requirements. As a result, under the current legal regulations, subsoil users and relevant state bodies are required to submit public annual reports through the electronic system for EITI reporting. These reports must include information related to subsoil use activities, such as annual extraction volumes, annual export volumes, taxes paid to the state and local governments, and other relevant data.

In addition, the MTMI publishes the subsoil use contracts signed with subsoil users, as well as any amendments to those contracts on its official website. This is done in compliance with the Law on Freedom of Information, ensuring that any information not subject to disclosure under the law is excluded from publication.

Subsoil users submit resource assessment or re-assessment reports to the MTMI both during the geological exploration of the subsoil for the purpose of mineral extraction and during the operation of the mine.

The Republican Geological Fund State Non-Profit Organisation is responsible for fulfilling the functions of merely storing and maintaining information on the subsurface, coordinating and analysing the subsoil information. The organisation has its official website where information on natural resources of Armenia, subsoil use rights provided for mineral extraction purposes and geological research purposes, regional reports, passports of mines and ore occurrences, and maps of metal ore reserves and metallic mineral resources can all be found.

Law stated - 1 May 2025

Acquisition of rights by private parties

What mining rights may private parties acquire? How are these acquired? What obligations does the rights holder have? If exploration or reconnaissance licences are granted, does such tenure give the holder an automatic or preferential right to acquire a mining licence or more senior tenure? What are the requirements to convert to a mining licence?

The right of subsoil use may be granted to legal entities exclusively as a right of use. The law stipulates that subsoil may be used for the following purposes: geological exploration and extraction of mineral resources. The right of subsoil use is granted by the MTMI, either on a general basis as defined by law or through a competitive procedure — by issuing a subsoil use permit, a mining allotment act, as well as by concluding a subsoil use agreement with the subsoil user.

The rights are granted based on the first come first served principle, meaning that if two or more persons have applied for the same subsoil site, the priority is given to the applicant whose application was first registered. The person who holds the permit for exploration has the priority right to get a permit for the territory where they have acquired geological information at their own expense, but even in this case, the person must apply for a subsoil use permit in accordance with the procedure established by law.

In case of a tender, the winner is determined based on criteria such as the applicant's experience in similar subsoil use activities, the proposed subsoil use programme, the application of modern methods and technologies, international experience, the volume of planned investments, the timeline for the planned works, the number of jobs to be created, and other similar criteria.

The obligations of the rightholders for exploration purposes (the list is not exhaustive) are:

- to carry out the work in compliance with the extraction plan agreed with the authorised body;
- to inform the authorised body about newly discovered minerals that have not been granted a permit for geological exploration, within 14 days of their discovery;
- to provide an environmental impact assessment, including an environmental management plan and preparation of monitoring programmes;
-

to submit a report on the assessment or revaluation of reserves no later than nine months before the permit for geological exploration of the subsoil expires; and

- to publish declarations of their real owners (beneficiaries).

The obligations of the rightholders for extraction purposes (the list is not exhaustive) are:

- to carry out work in accordance with the terms of the contract and the project for the extraction of minerals;
- to comply with the requirements of standards, norms and rules adopted in the Republic of Armenia in the extraction, transportation and processing of minerals;
- to ensure compliance with the requirements of the mineral extraction project;
- to ensure the protection of natural, historical and cultural monuments from the harmful effects of works related to the use of mineral resources;
- according to the project and the contract on the extraction of minerals, to restore and improve the land plots violated as a result of subsurface use (reclamation), as well as making them suitable for use on the farm or to bring them into a safe condition;
- to implement the mine closure programme, also ensuring the conditions of the decision of the authorised body on the closure of the mine, the requirements of the expert opinion and the conditions for ensuring the reliability of their implementation;
- ensure the payment of the payment provided for monitoring to ensure the safety and health of the population of the extracted mineral territory, the location of production dumps formed during extraction and the municipalities adjacent to them;
- to carry out the measures provided for by the plans for the management of subsurface use waste, and, in the cases provided for by this code, plans for the processing of subsurface use waste; and
- to publish declarations of their real owners (beneficiaries).

Law stated - 1 May 2025

Renewal and transfer of mineral licences

What is the regime for the renewal and transfer of mineral licences?

Extension: exploration permit

For the purpose of mineral extraction, the term of a geological exploration permit for subsoil use may be extended based on an application submitted by the subsoil user, for up to three consecutive periods, each not exceeding two years. Still, extension is not permitted in certain cases including when extension of the right to use the subsoil is needed because of a violation by the subsoil user of contractual obligations or the subsoil user has not performed at least 70 per cent of work provided for by the geological study programme at the time of submitting the application for extension of the permit period, and also has not fulfilled the allocations to the environmental protection fund in the amount provided for on the day the application was filed.

Extension: extraction permit

A person holding a mineral extraction right may apply to the authorised body for an extension of the extraction permit at any time, but no later than two years before the expiration of the validity period of the existing permit by including:

- data about residual or additionally explored mineral resources;
- information regarding changes to mining methods (if foreseen);
- the amended work plan; and
- grounds to extend the right of use period.

Based on the submitted application, the term of the mineral extraction contract is extended for no longer than the requested period.

The definite grounds for rejection to extend the term of the extraction right overlap with the grounds for rejection of granting the initial right under the Subsoil Code.

Transfer of permit

The right of subsoil use may be transferred in the case of reorganisation of a legal entity through separation or division, in accordance with the procedure of legal succession, based on a separation balance sheet and with the consent of the MTMI.

The right of subsoil use may also be transferred through the enforced alienation of rights that have been pledged, provided that the pledge of rights agreement has been concluded exclusively with the prior consent of the MTMI.

Law stated - 1 May 2025

Duration of mining rights

What is the typical duration of mining rights? Is there a requirement to relinquish a portion of the mining rights to the government after a certain number of years?

Subsoil use rights are provided for minerals extraction purposes and exploration purposes[¶]. Due to the above, different terms of subsoil use rights apply.

A permit for geological exploration of the subsoil for the purpose of extracting useful minerals is issued for a period not exceeding three years, which may be extended for three consecutive periods, each time for a period not exceeding two years[¶].

For the purpose of extracting metallic minerals, the right to use subsoil is granted for a period of 25 years, which may be extended for another 25 years.

For the purpose of extracting non-metallic minerals, in the case of mines with estimated and confirmed reserves by 2021, the right to use the subsoil is granted for a period of up to 20 years, which may be extended for a period of up to 20 years.

For the purpose of extracting non-metallic minerals, starting from 2021, in the case of a new mine or a geographically separated section of a mine with estimated and confirmed reserves

of non-metallic minerals, the right to use the subsoil is granted for a period of 20 years, which may be extended for up to 20 years.

A one-time permit for the extraction of non-metallic minerals not included in the state balance of mineral reserves is issued within the period specified for the extraction of minerals in the construction projects of transport or communication routes or tunnels or reservoirs, but not more than one year, which may be extended each time for a period of one year, until the end of the construction project.

A permit for the extraction of non-metallic minerals for the purpose of constructing or operating critical underground storage facilities is issued for a period of up to three years and may be extended every three years until the design capacity of the structure is reached.

The right to use subsoil may be terminated if the term of validity of the right to use subsoil has expired. In other cases, the right is terminated on other grounds, for example: when the subsoil was not used for the purpose for which it was provided or the right holder did not inform the authorised body about the accumulation of minerals not mentioned in the subsoil use right, about the existence of rare objects of scientific and cultural value, and about the emergence of unforeseen ecological risks.

Law stated - 1 May 2025

Acquisition by domestic parties versus acquisition by foreign parties

Is there any distinction in law or practice between the mining rights that may be acquired by domestic parties and those that may be acquired by foreign parties?

The legislation of Armenia provides for equal conditions for local entities and foreign entities to carry out subsoil use in the territory of Armenia. The foreign entity may have a local partner, but this is not a mandatory requirement. There are no restrictions or prohibitions related to the ownership of mining rights by foreign entities.

Law stated - 1 May 2025

Protection of mining rights

How are mining rights protected? Are foreign arbitration awards in respect of domestic mining disputes freely enforceable in your jurisdiction?

[The Constitution of the Republic of Armenia](#) (RA) guarantees the right of everyone to a fair, public and reasonable trial through an independent and impartial court. The protection of the mining rights is guaranteed by the legislation of the RA. According to the Subsoil Code, administrative acts on the termination or suspension of the right to subsoil use may be appealed in court within the time limits prescribed by law. Administrative disputes related to protection of mineral use rights are subject to examination in the RA Administrative court.

As for the foreign arbitration awards, according to the [RA Law on Commercial Arbitration](#), the decision of the foreign Arbitral Tribunal, which is a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, is recognised as binding and is

enforceable upon written application to the relevant court within three years of the effective date of the enforcement of the foreign arbitral award.

Law stated - 1 May 2025

Surface rights

What types of surface rights may mining rights holders request and acquire? How are these rights acquired? Can surface rights holders oppose these requests or does the holder of the mineral tenure have priority over surface rights use?

To acquire subsoil use permits, the applicant shall have respective rights towards the surface (ie, have the consent of the owner of the land or own the land). The rightholders can use the surface under the following agreements: land purchase, usage, lease or servitude agreement. If the state, represented by an authorised body, grants the right to subsoil use, the land owner cannot prohibit subsoil use on the land owned by him. At the same time, the subsoil user shall be required to pay a fee for the use of the land plot and compensate the owner for the damage and lost profits caused by the subsoil use.

Law stated - 1 May 2025

Participation of government and state agencies

Does the government or do state agencies have the right to participate in mining projects? Is there a local listing requirement for the project company?

Government and state agencies are permitted to participate in mining projects with the same rights as the commercial entities. Moreover, currently the government holds shares in one of the largest mining companies in the country.

Law stated - 1 May 2025

Government expropriation of licences

Are there provisions in law dealing with government expropriation of licences? What are the compensation provisions?

According to the Subsoil Code, the right to use subsoil may be terminated for the purpose of ensuring the public supreme interests, in accordance with the procedure established by the RA legislation. The Law on Property expropriation for the purpose of ensuring the public supreme interests provides for preliminary and adequate compensation for the expropriation of property rights is an imperative requirement under the law. Moreover, adequate compensation is considered an amount 15 per cent greater than the estimated market value of the expropriated property.

Similar guarantees are also indicated under the Law on Foreign Investors as well as under bilateral investment treaties entered into by Armenia.

Law stated - 1 May 2025

Protected areas

Are any areas designated as protected areas within your jurisdiction and which are off-limits to mineral exploration or mining, or specially regulated?

The Subsoil Code stipulates that if the land plot located on the requested subsoil area contains cemeteries, natural, historical and cultural monuments, habitats of plants or animals registered in the Red Book of Armenia, as well as if animal migration routes pass through the given area, subsoil use is prohibited.

Besides, specially protected nature areas are created and categories thereof are defined by the government. Under the Law on Specially protected areas specially protected areas are classified into state reserves, national parks, state sanctuaries and natural monuments. Under this law in the state reserves the exploitation of mineral mining and placement of mineral processing facilities are prohibited. Geological excavation works (with violation of land cover), exploitation of mineral mining, veins, placement of mineral processing facilities are also prohibited in the territory of the National Park.

Law stated - 1 May 2025

DUTIES, ROYALTIES AND TAXES

Duties, royalties and taxes payable by private parties

What duties, royalties and taxes are payable by private parties carrying on mining activities? Are these revenue-based or profit-based?

In Armenia, legal entities involved in the metal mining industry, in addition to general taxes (such as VAT and profit tax), pay the following payments:

- Environmental tax – for the implementation of environmental protection measures.
- Reclamation fund contribution – for the restoration of land disturbed during subsoil use.
- Monitoring payments – to ensure the safety and health of the population in areas adjacent to the extracted mineral site and the location of production waste generated during extraction.
- Natural resource usage fees – for the use of natural resources considered state property, including royalties for the extraction of metallic minerals or the processing of mining waste.
- State duty – for the issuance of subsoil use permits.

Mining companies pay environmental tax mainly for emissions of harmful substances or storage of subsoil waste. Depending on the type of material emitted and the hazard class of the entrails waste, the amount of these charges can vary considerably.

Law stated - 1 May 2025

Tax advantages and incentives

What tax advantages, tax credits and incentives are available to private parties carrying on exploration and mining activities?

Armenian tax legislation does not establish special tax advantages, tax credits and incentives for individuals engaged in exploration and mining activities, the general tax privileges are in force, which are defined separately for each type of tax by the Tax Code or laws

Law stated - 1 May 2025

Tax stabilisation

Does any legislation provide for tax stabilisation or are there tax stabilisation agreements in force?

Although there is no specific regulation with respect to tax stabilisation, the Law on Foreign Investment indicates warranties for foreign investors. Particularly, according to the law, in the case of change of laws regulating foreign investment within five years of making the investment, the investor may opt into the law that was in force at the moment of making the investment.

Law stated - 1 May 2025

Carried interest

Is the government entitled to a carried interest, or a free carried interest in mining projects?

There are no restrictions in the legislation.

Law stated - 1 May 2025

Transfer taxes and capital gains

Are there any transfer taxes or capital gains imposed regarding the transfer of licences?

A licence is considered an intangible act, the disposition of which is referred to as the provision of services and is, therefore, a VAT transaction.

Law stated - 1 May 2025

Distinction between domestic parties and foreign parties

Is there any distinction between the duties, royalties and taxes payable by domestic parties and those payable by foreign parties?

One of the principles of tax legislation is the principle of equality, that is, legal acts regulating tax relations must be applied equally to all taxpayers. And an organisation registered in a foreign country but acting in Armenia, is also a taxpayer, so there is no difference between local and foreign parties.

Law stated - 1 May 2025

BUSINESS STRUCTURES

Principal business structures

What are the principal business structures used by private parties carrying on mining activities?

Overall, business structures in Armenia include limited liability companies (LLC), joint stock companies (JSC), cooperatives and partnerships. The majority of companies engaged in mining operate as JSC or LLC. A JSC is preferable when there are multiple shareholders and the company is involved in large-scale, long-term and high-risk activities. An LLC is more commonly used by small or medium-sized mining enterprises, as it offers a simpler structure and flexibility for smaller operations, as well as in cases when the company acts as a special purpose vehicle.

Law stated - 1 May 2025

Local entity requirement

Is there a requirement that a local entity be a party to the transaction?

The legislation of Armenia does not specify any nationality-based conditions or require the involvement of a local partner in order to participate in the mining industry as a rightholder or service provider, since the legislation provides for the full possibility of obtaining subsoil use rights by a foreign company on equal terms with Armenian companies.

Law stated - 1 May 2025

Bilateral investment and tax treaties

Are there jurisdictions with favourable bilateral investment treaties or tax treaties with your jurisdiction through which foreign entities will commonly structure their operations in your jurisdiction?

Armenia currently has 51 double taxation treaties with various countries, which allow foreign investors and organisations to structure their operations in Armenia in the most efficient way by reducing tax risks and burdens.

In addition, Armenia has signed 42 bilateral investment treaties, which provide mechanisms for the protection and promotion of investments, ensuring fair treatment, protection against expropriation, access to international arbitration for dispute resolution and other incentives and guarantees. Further, Armenia is a party to the Eurasian Economic Union.

Law stated - 1 May 2025

FINANCING

Principal sources of financing

What are the principal sources of financing available to private parties carrying on mining activities? What role does the domestic public securities market play in financing the mining industry?

The primary sources of financing include funds obtained from both local and international banks. Under current legislation, mining rights may be used as collateral when loans are issued for the purpose of executing mining projects.

Law stated - 1 May 2025

Direct financing from government or major pension funds

Does the government, its agencies or major pension funds provide direct financing to mining projects?

Although, this is not prohibited under the law, currently it is not common for state agencies to provide direct financing to mining projects in the country. Nevertheless, the state provides certain forms of support aimed at the sustainable development of the sector. The government has developed a mining sector development strategy, which outlines reforms in the industry through to 2035. Regarding major pension funds, there is no public information on any pension funds providing financing to mining projects for the time being.

Law stated - 1 May 2025

Security regime

Please describe the regime for taking security over mining interests.

The subsoil use right may be subject to pledge if it secures obligations arising from a targeted loan (credit) agreement, provided that under such an agreement, the lender transfers funds to the subsoil user (borrower) as their property for the purpose of performing the works and fulfilling the obligations stipulated by the subsoil use permit, programme or project, subsoil use contract or mining allotment act. The prior consent of the authorised body is required before agreement of pledge of the mining rights is concluded, or the respective agreement is somehow changed. This agreement is null and void without consent. The subsoil user submits an application to the authorised body requesting consent for the pledge of the subsoil use right.

Law stated - 1 May 2025

RESTRICTIONS

Importation restrictions

What restrictions are imposed on the importation of machinery and equipment or services required in connection with exploration and extraction?

There are no explicit bans on importing machinery for the mining industry in Armenia. However, entities involved in such imports may be subject to additional taxes and duties, depending on the type and environmental impact of the equipment. For instance, an environmental protection tax may apply to the import or sale of goods considered harmful to the environment. This tax is typically calculated based on the customs value of the imported goods classified as environmentally hazardous.

Law stated - 1 May 2025

Standard conditions and agreements

Which standard conditions and agreements covering equipment supplies are used in your jurisdiction?

[The Civil Code](#) of Armenia governs supply agreements through a combination of mandatory and optional legal norms. The legal framework is balanced and does not favour either the buyer or the seller, ensuring equal protection and obligations for both parties. Regarding the standard agreements, FIDIC is very widely used in development of infrastructure projects, especially in cases when state authorities are engaged.

As to dispute resolution trends, although resolution of disputes through courts remains the most preferred mechanism for resolution of disputes, parties also opt in for arbitration especially in cases when foreign parties are involved.

Parties very commonly opt in arbitration clauses that include ad hoc or institutional arbitration with location both in Armenia and overseas.

Law stated - 1 May 2025

Mineral restrictions

What restrictions are imposed on the processing, export or sale of minerals? Are there any export quotas, licensing or other mechanisms that prevent producers from freely exporting their production?

There are no specific restrictions on the processing of mineral resources. However, limitations apply to the use of hazardous substances required for such processing. In this context, maximum permissible limits have been established for the use of these substances.

Export licences are needed for the export of precious metals, but In general, there are no restrictions on sales, exports and imports, including no restrictions of processing any specific types of minerals domestically. Producers are free to export their production.

Law stated - 1 May 2025

Import of funds restrictions

What restrictions are imposed on the import of funds for exploration and extraction or the use of the proceeds from the export or sale of minerals?

In general, Armenia has foreign exchange control regulations that primarily govern the use of foreign currency in transactions. Specifically, domestic entities are required to carry out transactions in Armenian drams. However, if a foreign party is involved, the transaction may be conducted in a foreign currency.

Law stated - 1 May 2025

ENVIRONMENT

Principal applicable environmental laws

What are the principal environmental laws applicable to the mining industry? What are the principal regulatory bodies that administer those laws?

Environmental regulations in Armenia are established by several legal acts. One of the key pieces of legislation is the Subsoil Code, which addresses, among other aspects, the management and recycling of waste generated during subsoil use, the protection of nature and the environment from harmful impacts during subsoil operations, and the assurance of safety in the performance of related activities.

The Law on Environmental Impact Assessment and Expertise regulates the legal relations related to the assessment of environmental impact and the state expertise of such impacts.

The subject matter of the Law On Environmental Control is the organisation and implementation of supervision over the enforcement of environmental legislation in Armenia. It defines the specifics, procedures, and conditions of environmental control, the related legal relations, as well as the legal and economic foundations of environmental supervision in Armenia.

Public administration of assessment and expert examination must be carried out by the RA government and authorised body in the area of environmental impact. Such an authority is the inspection body responsible for environmental and subsoil control, which, among other functions, ensures state supervision over the compliance with environmental protection standards, conditions, and requirements in the field of subsoil use.

Law stated - 1 May 2025

Environmental review and permitting process

What is the environmental review and permitting process for a mining project? How long does it normally take to obtain the necessary permits?

From an environmental perspective, a subsoil use permit can be granted only after receiving a positive conclusion from the expertise conducted in accordance with the procedure defined by the Law on Environmental Impact Assessment and Expertise.

The environmental review is carried out in two stages:

- an environmental impact assessment (EIA); and
- main expertise.

As a result of the assessment, the initiator prepares an EIA report and submits it for expertise.

The subjects of environmental expertise are EIA reports and project documentation for the proposed activity. Activities subject to assessment and expertise are classified into two categories — A and B, based on the level of their potential impact on the environment.

The expertise timelines are as follows:

- for Category A activities: up to 80 working days; and
- for Category B activities: up to 40 working days.

These time frames may be extended by up to 30 additional working days if necessary. After the expertise, either a positive or negative conclusion is issued.

It should also be noted that a preliminary consent from the head of the local community is required for the proposed activity.

Law stated - 1 May 2025

Sustainability

Do government agencies or other institutions in your jurisdiction provide incentives or publish environmental and social governance (ESG) guidelines for green projects?

According to a relevant decision by the government of Armenia, a strategy for the development of the mining sector for 2023–2035 has been adopted. One of the key strategic directions outlined in the strategy is the implementation of environmentally responsible and safe mining practices. In line with this strategic framework, the reforms expected in Armenia's mining sector aim not only to mitigate the negative environmental impacts but also to gradually generate positive environmental and social outcomes. In addition, it is necessary to carry out the collection and management of new geological data and the identification of new mineral reserves, considering the increasing global demand driven by the transition to a green economy.

In this context, according to the Subsoil Code, the government is authorised to:

- Approve guidelines for the implementation of reclamation works, including biological restoration, for lands disturbed as a result of subsoil use, as well as for closed facilities related to subsoil use waste.
- Define the procedures for carrying out planned environmental monitoring aimed at reducing environmental losses and preventing irreversible impacts caused by subsoil use, as well as for submitting reports on the monitoring results.

In addition, the legislation governing the mining sector generally includes provisions related to the implementation of environmental measures and programs. For example, a subsoil

user is obligated to carry out environmental activities (including reclamation works) within the time frames and procedures defined by the project, and in accordance with the terms of the subsoil use contract.

The environmental and social regulations of Armenia's mining sector are mainly based on the Law on Environmental Impact Assessment and Expertise (EIAE), which encompasses key concepts such as environmental impact, its prevention and mitigation, as well as the implementation of environmental monitoring programs throughout the entire life cycle of a mining project, including its closure. It governs public relations in the field of environmental impact assessments, covering both national and cross-border assessments within Armenia. The scope of the EIAE applies to all entities involved in the development, adoption or implementation of any planned activity or founding document that may have an impact on the environment or human health. Beyond outlining the general principles and procedures for environmental impact assessment, the law also introduces the notion of strategic environmental assessment and identifies the types of actions subject to it, such as land use planning.

Law stated - 1 May 2025

Closure and remediation process

What is the closure and remediation process for a mining project?

What performance bonds, guarantees and other financial assurances are required?

In order to obtain the right to carry out mineral extraction, a legal entity must submit to the authorised body, along with the application, a mine closure plan, which should include the following components:

- a physical mine closure plan, detailing the dismantling and removal of infrastructure, machinery, equipment and buildings;
- a reclamation plan for the land disturbed as a result of mineral extraction, including the reclamation measures to be implemented during the mine's operational phase (depending on the method of extraction);
- a social mitigation plan for the workforce, in accordance with the procedures defined by law;
- a monitoring programme to ensure the safety and health of the population living near the extracted area and production waste disposal sites created during the extraction process;
- a confirmation of the obligation to develop a final mine closure plan at least two years prior to the completion of mining operations; and
- financial guarantees for the implementation of the mine closure plan.

A person holding the right to extract mineral resources must apply to the authorised body two years prior to the expiration of the extraction permit to initiate the expertise of the mine closure plan in accordance with the procedure established by law. Following the receipt of positive expert conclusions, the authorised body shall, within 15 days, issue a decision on the closure of the mine, which includes: the conditions for mine closure, the requirements

outlined in the expert review conclusion, and the terms ensuring the proper implementation of those requirements.

The holder of the subsoil use right is obligated to carry out the dismantling of the mining complex in accordance with the approved mine closure plan.

With regard to the remediation activities outlined in the mine closure plan, the person holding the subsoil use right is required to restore and improve the land areas disturbed as a result of subsoil use (reclamation), as well as to make them suitable for economic use or bring them to a safe condition. The procedure and guideline for carrying out reclamation works – including biological restoration – of lands disturbed by subsoil use and closed facilities related to subsoil waste are established by a decision of the government of Armenia.

Law stated - 1 May 2025

Restrictions on building tailings or waste dams

What are the restrictions for building tailings or waste dams?

When constructing a new subsoil use waste facility or modifying an existing one, the subsoil user is obligated to:

- Take into account the geological, hydrological, hydrogeological, seismic and geotechnical factors of the site and design the facility in a way that minimises soil, air, surface water and groundwater pollution, ensures the efficient collection of contaminated water and leachate, and reduces erosion caused by water or wind as much as is technically feasible and economically reasonable;
- Construct, operate and maintain the subsoil use waste facility in a manner that ensures its physical stability and prevents pollution of soil, flora and fauna, air and surface or groundwater, while minimising damage to the landscape;
- Have appropriate monitoring and internal control plans in place for the operation of the subsoil waste facility, and take immediate action in the event of instability, pollution of water or soil, or harm to flora or fauna;
- Develop a management plan that corresponds to the technical requirements based on the classification characteristics of the facility;
- Implement necessary measures for the restoration of the land, as well as the recovery of flora and fauna, and for the closure of the subsoil waste facility; and
- Undertake relevant measures to ensure the implementation of required actions even after the closure of the subsoil use waste facility.

According to Decision No. 984-N of the government, the construction of tailings dams is prohibited in landslide-prone areas and within landslide impact zones. Tailings facilities must be constructed based on site-specific conditions, taking into account all natural and structural factors to prevent contamination of the surrounding environment, including air, soil and water. This decision also establishes the technical requirements and standards applicable to the construction of subsoil use waste facilities (including tailings dams), as well as to modifications made to existing facilities.

Law stated - 1 May 2025

HEALTH AND SAFETY, AND LABOUR ISSUES

Principal health and safety, and labour laws

What are the principal health and safety, and labour laws applicable to the mining industry? What are the principal regulatory bodies that administer those laws?

The main legal sources governing health, safety and labour regulations in the mining industry in Armenia include the Labour Code of Armenia, the Subsoil Code, and the Law on State Regulation for Ensuring Technical Safety. The latter law applies to hazardous production facilities operated, prepared for operation, preserved and dismantled in the territory of Armenia.

The primary authority overseeing workers' health and safety in Armenia is the Health and Labour Inspection Body of Armenia, which operates under the authority of the government. This body is authorised to impose sanctions in cases of non-compliance within these areas. If any violations of health, safety or labour rights occur within the mining industry, employees have the right to submit a complaint to this regulatory body.

Law stated - 1 May 2025

Management and recycling of mining waste

What are the rules related to management and recycling of mining waste products? Who has title and the right to explore and exploit mining waste products in tailings ponds and waste piles?

Chapter 5.1 of the Subsoil Code is dedicated to the management and recycling of waste from subsoil use. According to the regulations of the chapter, the management and recycling of subsoil use waste shall be carried out without causing harm to human health, by applying processes or technologies that minimise the damage to the environment, including water, atmospheric air, soil, and flora and fauna, by minimising, to the greatest extent possible, the negative impact on landscapes or areas of special significance, including historical-cultural, ethnographic and specially protected natural areas.

The management of entrails waste is carried out by rightholders at their own expense in accordance with the entrails waste management plan. The recycling of subsoil use waste is carried out by those subsoil users who wish to recycle subsoil use waste and have submitted an appropriate application in accordance with the procedures set in the Subsoil Code. The procedure for the recycling of subsoil use waste is established by the government.

Subsoil waste management and recycling shall be carried out without causing harm to human health; applying such processes or technologies that will minimise the damage caused to the environment: water, atmospheric air, soil, fauna and flora; minimising the negative impact on the landscape or places of special significance (historical, cultural, ethnographic and specially protected areas).

Law stated - 1 May 2025

Use of domestic and foreign employees

What restrictions and limitations are imposed on the use of domestic and foreign employees in connection with mining activities?

The Labour Code of Armenia provides for legal guarantees for the labour rights and freedoms of domestic and foreign citizens. Unless otherwise stipulated by law, foreigners working in Armenia are entitled to the same labour rights as Armenian citizens. Any limitations on these rights can only be established by law and solely in cases where it is necessary to safeguard national security, public order, health, morals or the rights and freedoms of others. The restrictions applicable to foreign citizens relate to procedural matters. Specifically: to work for Armenian resident companies, foreign citizens must first obtain a work permit. Additionally, employment contracts with foreign workers must be for a fixed term that corresponds to the validity period of the work permit. As a result, foreign employees are not eligible for open-ended (indefinite) employment contracts.

The Law on State Regulation for Ensuring Technical Safety provides for mandatory insurance in relation to harm caused to employees. Specifically, any person operating a particularly hazardous production facility is required to maintain mandatory insurance throughout the entire period of operation. This insurance must cover damage caused to the life, health or property of employees during the operation of the hazardous facility or as a result of it.

Law stated - 1 May 2025

SOCIAL AND COMMUNITY ISSUES

Community engagement and CSR

What are the principal community engagement or corporate and social responsibility (CSR) laws applicable to the mining industry? What are the principal regulatory bodies that administer those laws?

The Subsoil Code requires rightholders in the industry to carry out certain activities and have CSR policies. Particularly, the plan for extraction shall include a social impact plan that includes:

- conditions for social improvement in case of necessity of relocation;
- conditions for improvement of life quality; and
- warranties for ensuring participation and social economic development.

In addition, the same law provides regulations concerning the development and revision of emergency response plans, including the involvement of the population of affected communities in these processes.

The Law on Environmental Impact Assessment and state expertise applies to the processes of notifying the interested public about proposed subsoil use projects and conducting public hearings. According to the law, the interested public has the right to participate in both the EIA and expertise processes. This participation is ensured through the organisation of public hearings by the authorised body. Moreover, all proposals, comments and opinions submitted by the interested public must be taken into account when preparing the expert conclusion.

As the social impact plan is included as part of the mining licence issued to rightholders, responsibility for monitoring adherence to these commitments lies with the Ministry of Territorial Administration.

Law stated - 1 May 2025

Rights of aboriginal, indigenous or disadvantaged peoples

How do the rights of aboriginal, indigenous or currently or previously disadvantaged peoples affect the acquisition or exercise of mining rights?

In Armenia, the impact of the rights of aboriginal, indigenous or currently or previously disadvantaged peoples on the acquisition or exercise of mining rights is reflected in the fact that the interested public has the right to participate in the environmental impact assessment process for subsoil use projects and express their opinions and objections. Aboriginal, indigenous or currently or previously disadvantaged peoples can be part of this interested public.

Law stated - 1 May 2025

International law

What international treaties, conventions or protocols relating to CSR issues are applicable in your jurisdiction?

Armenia has not ratified any treaty or convention specifically related to Corporate Social Responsibility.

Law stated - 1 May 2025

ANTI-BRIBERY AND CORRUPT PRACTICES

Local legislation

Describe any local legislation governing anti-bribery and corrupt practices.

In Armenia, the fight against corruption is regulated by a number of laws and legal acts, which include both accountability measures and preventive mechanisms.

This field is regulated by the following local legislation:

- [the RA Law on Confiscation of property of Illicit Origin](#);
- [the RA Law on the Anti-Corruption Commission \(2018\)](#);
- [the RA law on Commission of Prevention of Corruption \(2017\)](#);
- [the RA law on Public service \(2018\)](#); and
- [the RA law on the Fight Against Money Laundering and Terrorism Financing \(2008\)](#).

The new [Criminal Code of Armenia](#), adopted in 2022, takes a more systematic approach to combating corruption, dedicating a separate chapter specifically to corruption-related crimes.

At the same time, local legislation in Armenia is fully enforced and aligns with the provisions of international treaties and conventions regulating this area.

Law stated - 1 May 2025

Foreign legislation

Do companies in your country pay particular attention to any foreign legislation governing anti-bribery and foreign corrupt practices in your jurisdiction?

Foreign legislation on anti-corruption and foreign bribery practices in Armenia is as follows:

- the Civil Law Convention on Bribery (which entered into force on 1 May 2005);
- the UN Convention against Bribery (in force from 7 April 2007);
- the Criminal Convention on Bribery (which entered into force on 1 May 2006); and
- the Additional Protocol to the Criminal Convention on Bribery (in force from 1 May 2006).

Law stated - 1 May 2025

Disclosure of payments by resource companies

Has your jurisdiction enacted legislation or adopted international best practices regarding disclosure of payments by resource companies to government entities in accordance with the Extractive Industries Transparency Initiative (EITI) Standard?

Since 2017, Armenia has been a candidate country of the Extractive Industries Transparency Initiative (EITI), which aims to ensure transparency in the mining sector and increase accountability to the public. Accordingly, changes to the country's legislation have been made to ensure compliance with EITI's requirements. As a result, under the current legal regulations, subsoil users and relevant state bodies are required to submit public annual reports through the electronic system for EITI reporting. These reports must include information related to, among other data, taxes paid to the state and local governments.

Law stated - 1 May 2025

FOREIGN INVESTMENT

Foreign ownership restrictions

Are there any foreign ownership restrictions in your jurisdiction relevant to the mining industry?

The legislation of Armenia provides equal opportunities for both local and foreign entities in the field of subsoil use, meaning that the acquisition of rights in the subsoil sector by foreign entities is not subject to any restrictions. Foreign citizens cannot own a land of agricultural purpose, but can gain other rights, including lease and right of use. No such restriction exists for non-resident companies.

Law stated - 1 May 2025

INTERNATIONAL TREATIES

Applicable international treaties

What international treaties apply to the mining industry or an investment in the mining industry?

Treaties and convention applicable to the industry include:

- The Aarhus Convention on Access to Information, Public Participatory Decision-Making and Access to Justice (ratified in 2001).
- The Aarhus Convention is based on the principle that citizens, future generations, and the public have the right to access environmental information and to live in a healthy environment.
- The Kiev Protocol on Strategic Environmental Assessment, which complements the UN Economic Commission.
- for Europe Convention on Environmental Impact Assessment in a Transboundary Context (ratified in 2011).
- The Extractive Industries Transparency Initiative.
- The Paris Agreement under the United Nations Framework Convention on Climate Change.
- The New York Convention on the Recognition and Enforcement of Foreign Arbitral Award.
- The UN Convention on International Settlement Agreements Resulting from Mediation (Singapore Convention) in 2019.
- The Comprehensive and Enhanced Partnership Agreement (CEPA) between Armenia and the European Union in 2021.

Law stated - 1 May 2025

UPDATE AND TRENDS

Recent developments

What were the biggest mining news events over the past year in your jurisdiction and what were the implications? What are the current trends and developments in your jurisdiction's mining industry (legislation, major cases, significant transactions)?

In 2023, the government of Armenia, the Eurasian Development Bank, and one of Armenia's major mining companies signed a trilateral memorandum of understanding. Within the framework of this programme, an investment of US\$250 million is planned, which will support the restoration of Amulsar's mining operations.

In 2024, an exploration programme was initiated by the Vardenis Copper-Molybdenum Combine.

Armenian courts are examining the largest corporate dispute in the history of the country among the shareholders of the largest mining company in Armenia. The dispute relates to the rights of shareholders, including tackling a recent donation of part of the shares to the government.

Law stated - 1 May 2025