Islamic Republic of Iran: Invest in Mining
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- Social Indicators
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**BACKGROUND**

- The Islamic Republic of Iran is the 18th largest country in the world, encompassing an area of approximately 1.65 million km\(^2\).
- Iran shares borders with Iraq and Turkey to its west; Afghanistan and Pakistan to its east; Armenia, Azerbaijan, and Turkmenistan along the Caspian Sea to its north; and the Persian Gulf and the Gulf of Oman to its south.
- Iran has 30 provinces and Tehran as the capital with a population of over 12 million. Other major cities are Ahwaz, Bandar Abbas, Esfahan, Mashhad, Shiraz, and Tabriz.

**SOCIAL INDICATORS**

- Iran has the second largest population, after Egypt, in the Middle East & North Africa region with a growing population of 77 million.
- Official language is Farsi (Persian); Turkish, Kurdish, and Arabic are spoken as well.
- 71% of the population are between the ages of 16 and 34. 60% are under the age of 35.

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</tr>
</thead>
<tbody>
<tr>
<td>Population (million)</td>
<td>63.9</td>
<td>64.9</td>
<td>66</td>
<td>66.7</td>
<td>67.7</td>
<td>68.6</td>
<td>77.8</td>
<td></td>
<td></td>
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<tr>
<td>Urban</td>
<td>40.8</td>
<td>41.9</td>
<td>42.9</td>
<td>43.9</td>
<td>44.9</td>
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<td>Rural</td>
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<td>23.1</td>
<td>23.1</td>
<td>22.8</td>
<td>22.6</td>
<td>22.7</td>
<td>22.6</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Population growth (%)</td>
<td>1.7</td>
<td>1.6</td>
<td>1.6</td>
<td>1.5</td>
<td>1.5</td>
<td>1.4</td>
<td>1.3</td>
<td></td>
<td></td>
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<tr>
<td>Unemployment Rates (%)</td>
<td>15.5</td>
<td>14.2</td>
<td>12.7</td>
<td>11.3</td>
<td>10.3</td>
<td>12.1</td>
<td>14.6</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Literacy Ratio (%)</td>
<td>83</td>
<td>84.4</td>
<td>84.5</td>
<td>84.9</td>
<td>85</td>
<td>85</td>
<td>87</td>
<td></td>
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</tbody>
</table>

(1) Source: Guide to Invest in Iran (Central Bank of Iran)
The Islamic Republic of Iran ranks second in the world in natural gas reserves and third in oil reserves. Iran holds 10.3% of the world’s proven oil reserves and 15.8% of its gas reserves. Iran is OPEC’s second largest exporter, after Saudi Arabia and the world’s fourth largest oil producer.

Iran has the largest and most diverse manufacturing base in the Middle East.

Iran has an emerging and diverse capital markets industry. The TEPIX index on the Tehran Stock Exchange is consistently one of the top performing indexes globally. In 2010, it was the second best performing equity linked index in the world. There are over 300 companies listed on the TSE covering 40 different industries.
WHY IRAN?
WHY IRAN?

AN N11 ECONOMY

In 2001, Jim O’Neill, Head of Global Economics Research at Goldman Sachs created the BRIC concept; 4 economies with the capability to rival the G7 (France, Germany, Italy, Japan, Canada, United Kingdom and the United States) in terms of global growth.

In 2005, he identified the N11(1) – 11 economies that can surpass the G7 in shares of global growth. The Islamic Republic of Iran was listed as one of the N11 economies.

It is estimated that by 2050, the incremental demand of the N11 can be twice of the G7.

(1) Source: Goldman Sachs
WHY IRAN?

PEOPLE, POTENTIAL, POSSIBILITIES

PEOPLE

- Iran has a young and expanding population with rising levels of wealth. There is a high demand for consumer products that spurs growth trends in a broad range of discretionary items such as electronics, cars and jewelry.
- A large pool of trained and efficient manpower at competitive costs with an extensive industrial base and service sector\(^{(1)}\).
- Iran is located at the heart of a cross road connecting the Middle East, Europe & Asia. Because of Iran’s unique geographic location, Iran has access routes to more than 300 million inhabitants in neighboring countries that are within close proximity.

POTENTIAL

- Iran holds an abundant amount of varied natural resources, ranging from oil and gas to metallic and non-metallic commodities. Iran holds vast potential in the mining and accessibility of raw materials.
- Iran has a highly developed infrastructure across the nation in the areas of telecommunication, power, water, roads and railways. In addition to its developed infrastructure, Iran provides low utility and production costs in energy, telecommunications and logistics. This adds value and further drives economic activity domestically.
- With strong and improving macroeconomic conditions, Iran is committed to further developing its maturing and evolving financial markets. In 2004, Iran launched the Iran Mercantile Exchange, which offers metals & minerals such as steel, copper, aluminum, zinc, gold and nickel; agricultural products and petrochemicals and oil derivative commodities. In 2009, Iran launched the Iran Oil Bourse, further illustrating the state’s commitment to creating open markets for both domestic and international investors.

POSSIBILITIES

- In recent years, Iran’s fiscal incentives have included reduced tax rates from 65% to a flat fixed 25%, with unparalleled tax exemptions. In the case of industry and mining, Iran offers 80% exemption for a duration of 4 years.
- In 2002, Iran introduced a new investment legislation with the enactment of the new Foreign Investment Promotion and Protection Act (FIPPA) to substitute the former Law Concerning Attraction and Protection of Foreign Investments (LAPFI) in Iran by providing full security and legal protection to foreign investments based on transparency and international standards. Increase in FDI and the entry of new foreign companies, exploration investments will increase creating opportunities in the sector.
- As part of its economic policy, Iran’s government is committed to privatization, making Iran a highly attractive market for investors. With the liberalization and privatization of the mining industry, Iran can develop a competitive and strong industry with major global players.

\(^{(1)}\) Source: Guide to Invest in Iran (Central Bank of Iran)
A survey was conducted to examine and report the important factors and issues that influence major mining companies who look to invest in the mineral sector of emerging markets. The survey was based on 70 of the major global mining companies across the globe.

The compiled data was analyzed under two broad categories:

1. INCENTIVES

   Incentives of mining companies for investing in a developing country

2. FACTORS DETERMINING INVESTOR CONFIDENCE

   Degree of importance to issues in their decision towards mineral investment in developing countries

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(1) Source: Foreign Investment in the Mineral Sector of Iran: Results of a Survey Conducted among International Mining Companies
Kamaleddin Sheikholeslami Salmasi, Hamid Etemad
# WHY IRAN?

## 1. INCENTIVES

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>RANK</th>
<th>DEGREE OF IMPORTANCE</th>
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</thead>
<tbody>
<tr>
<td>PROFITABILITY OF THE PROJECT</td>
<td>1</td>
<td>4.8</td>
</tr>
<tr>
<td>AVAILABILITY OF GOOD MINERAL RESOURCES &amp; HIGHER ORE GRADES</td>
<td>2</td>
<td>4.6</td>
</tr>
<tr>
<td>MORE FAVOURABLE FISCAL REGIME</td>
<td>3</td>
<td>4.37</td>
</tr>
<tr>
<td>MARKET EXPANSION (HOST COUNTRY’S MARKET SIZE)</td>
<td>4</td>
<td>2.89</td>
</tr>
<tr>
<td>LOCAL EQUITY PARTICIPATION</td>
<td>5</td>
<td>2.48</td>
</tr>
</tbody>
</table>

Degree of importance of factors on a scale of 5= Most Important and 1= Least Important

### OUR FINDINGS

<table>
<thead>
<tr>
<th>RANK</th>
<th>OUR FINDINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Data indicates that the mining industry in Iran has one of the most lucrative. In 2009, among the top 100 Iranian companies, the mining sector had the highest profit margin valued at 58%, while those in the Fortune 500 had a gross profit margin of 11%</td>
</tr>
<tr>
<td>2</td>
<td>Iran has over 68 minerals, with 37 billion tonnes of proven reserves with an upside of 57 billion tonnes of potential reserves. The metals and minerals sector is vast with plenty of potential</td>
</tr>
<tr>
<td>3</td>
<td>The Iranian government aims to increase foreign direct investments. Since the introduction of the FIPPA Act, the government strongly supports and advocates foreign investments. In order to attract foreign investors, the government has introduced a series of fiscal incentives such as tax exemptions, full repatriation of profits and capital as well as subsidies on operational costs</td>
</tr>
<tr>
<td>4</td>
<td>Iran has a unique vantage point. As a link between Europe, Asia and the Middle East, Iran has direct access to a market of over 300 million individuals. In addition to strategic geographic location, Iran’s own domestic market is expanding with demand rising for commodities as urbanization is growing exponentially</td>
</tr>
<tr>
<td>5</td>
<td>Iran offers a robust investment platform; through joint ventures, private capital raising or public equity and/or debt capital raisings are all opportunities for foreign companies</td>
</tr>
</tbody>
</table>
## WHY IRAN?

### 2. FACTORS DETERMINING INVESTOR CONFIDENCE

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>RANK</th>
<th>DEGREE OF IMPORTANCE</th>
<th>FINDINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>RIGHT TO MINE (SECURITY OF TENURE)</td>
<td>1</td>
<td>4.85</td>
<td>✅ YES</td>
</tr>
<tr>
<td>STABILITY IN LAWS, REGULATION AND GOVERNMENT POLICIES</td>
<td>2</td>
<td>4.80</td>
<td>✅ YES</td>
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<tr>
<td>REPATRIATION OF PROFITS</td>
<td>3</td>
<td>4.78</td>
<td>✅ YES</td>
</tr>
<tr>
<td>MINING CODE</td>
<td>4</td>
<td>4.54</td>
<td>✅ YES</td>
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<tr>
<td>FISCAL AND FINANCIAL INCENTIVES</td>
<td>5</td>
<td>4.37</td>
<td>✅ YES</td>
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<tr>
<td>ACCESS TO FOREIGN CURRENCY</td>
<td>6</td>
<td>4.22</td>
<td>✅ YES</td>
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<tr>
<td>REPATRIATION OF CAPITAL</td>
<td>7</td>
<td>4.20</td>
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</tr>
<tr>
<td>POLITICAL STABILITY IN THE HOST COUNTRY</td>
<td>8</td>
<td>4.10</td>
<td>✅ YES</td>
</tr>
<tr>
<td>LAND OWNERSHIP</td>
<td>9</td>
<td>4.10</td>
<td>✅ YES</td>
</tr>
<tr>
<td>BUREAUCRATIC PROCEDURES INVOLVED IN DOING BUSINESS</td>
<td>10</td>
<td>3.97</td>
<td>✅ YES</td>
</tr>
<tr>
<td>ACCESS TO INTERNATIONAL ARBITRATION</td>
<td>11</td>
<td>3.95</td>
<td>✅ YES</td>
</tr>
<tr>
<td>HIRING OF FOREIGN SPECIALISTS</td>
<td>12</td>
<td>3.80</td>
<td>✅ YES</td>
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<tr>
<td>LABOR LAW, WORK ETHICS AND WORK CONDITION</td>
<td>13</td>
<td>3.73</td>
<td>✅ YES</td>
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<td>ADEQUATE INFRASTRUCTURE</td>
<td>14</td>
<td>3.44</td>
<td>✅ YES</td>
</tr>
</tbody>
</table>

Degree of importance of factors on a scale of 5= Most Important and 1= Least Important
The mining sector is one of the driving factors of global economy. It is used in a wide range of industries, making it a highly critical sector in emerging markets. The top ten major players within the industry are public listed companies and generate over USD 300 billion in annual revenues. London, UK serves homes to several of the top mining companies, including Rio Tinto Ltd and BHP Billiton, where combined, they have a market capitalization of over USD 300 billion.

The mining sector is one that provides attractive investment opportunities to financial investors due to the buoyant demand from emerging markets and the ongoing urbanization of global economies. Still, the industry displayed that it is as susceptible and sensitive to macroeconomic trends as any other sector. During the 2008 global crisis, the industry was hit with the tightening of industrial output and production. With the drop in demand for mining products, the prices of major mining commodities dropped as well. The most drastically affected commodities were Copper and Aluminum, which saw over 60% drops in value during the 2008-2009 period.

In 2011, the market has witnessed strong recovery, with demand fundamentals moving the industry back towards a positive and bullish growth. Deal values flowed across Asia-Pacific, specifically on gold, coal and steel. In North America, market consolidation was of primary focus amongst companies. In Africa, deals grew 407% as market participants from all over were bidding to secure future supply.

With rising confidence and excess capital from stronger prices, most major producers as well as juniors shifted their focus on emerging and frontier markets in West Africa, Asia-Pacific and Latin America. This surge in cross-border investments was evident with 23 deal transactions in 2010, valued at USD 58 billion versus 13 deals in 2009 at USD 23 billion. Revenues for the top 40 companies increased by 32% surpassing the USD 400 billion with total assets held approaching the USD 1 trillion mark.

Mining companies continue to outperform overall markets; as strong GDP growths and evolving consumer sectors in the world, specially China and India, continue to rally commodities’ prices. A closer look at the HSBC Global Mining Index indicates that even though the industry suffered a setback during the 2008 crisis, it has managed to outperform overall equity indices.

(1) Source: PWC/Capital IQ
(2) Source: Ernst & Young
(3) Source: PWC Mining Report 2011
USE OF METALS & MINERALS

Metals & Minerals in a car
- Iron & Steel (960 kg)
- Aluminum (109 kg)
- Carbon (22.7 kg)
- Copper (19kg)
- Silicon (19kg)
- Lead (11 kg)
- Zinc (10 kg)
- Manganese (7.7 kg)
- Chromium (6.8 kg)
- Nickel (4.1 kg)
- Platinum (0.4 kg)

Metals & Minerals in a Smartphone
- Copper (16 grams)
- Silver 0.35 grams)
- Gold (0.034 grams)
- Palladium (0.015 grams)
- Platinum (0.00034 grams)
- Ceramic magnetic switches
- Indium
- Titanium dioxide
- Indium tin oxide

Metals & Minerals in a Solar Panel
- Arsenic
- Bauxite
- Boron minerals
- Cadmium
- Coal
- Copper
- Gallium
- Iron ore
- Molybdenum
- Lead
- Phosphate rock
- Selenium
- Silica
- Tellurium
- Titanium dioxide

Metals & Minerals in a Fluorescent Bulb
- Barite
- Bauxite
- Aluminum
- Copper
- Lead
- Limestone
- Mercury
- Nickel
- Phosphate rock
- Rare earths
- Silica
- Soda ash
- Manganese
- Tin
- Tungsten
- Zinc

(1) Source: Chamber of Mines South Africa. USGS & NRC Critical Reports
INDUSTRY OVERVIEW

A CLOSER LOOK AT THE BIG 5: ALUMINUM, COAL, COPPER, GOLD & IRON ORE

COMMODITY PRICES

The average price of the big 5 commodities increased from prior years, with percentage increases ranging from 26% to 111%. Out of the 5, all reached new average highs except for aluminum, which could not surpass pre-global financial crisis levels. This was due to the fact that composites as well as other commodities could substitute for aluminum in aircraft fuselages and wings, in packaging, in ground transportation, construction and electrical applications, lowering its overall demand.

ALUMINUM

The world primary production of aluminum increased in 2010 compared with production in 2009 as a result of new smelters and restarting smelters that had not been operating in 2008. This included miners predominantly in China, Qatar and the United Arab Emirates.

COAL

Metallurgical coal is in high demand due to the increased production of global steel according to World Steel Association. In the case of thermal coal, production has been stable with new reserves reported by BHP Billiton, Xstrata and China Shenhua offsetting the divestiture of Rio Tinto’s coal assets in North America.

(1) Source: US Geology Survey: Mining Summary 2001/ PwC Mining Report
A CLOSER LOOK AT THE BIG 5: ALUMINUM, COAL, COPPER, GOLD & IRON ORE

COPPER

- Based on recent assessments, it is indicated that global land-based resources exceed 3 billion tons. Even with an abundant amount available, copper peaked at historic levels by reaching USD 9,600 per tonne. The contributing factor were for the strong economic data and demand from China and India, combined with labor strikes in Chile and Peru, who are two of the largest copper producers globally.

GOLD

- Since the 2008 financial crisis, the upward trend of gold has maintained momentum, even though gold has experienced price volatility on the short term. With increases in investments, as investors look for flight to quality instruments, Gold exchange traded funds have gained popularity driving demand higher. Gold today has reached historic levels and has surpassed the price of USD 1,700 per ounce to date.

IRON ORE

- The only primary source of iron is iron ore. With strong demand from China, Iron ore also registered record prices at an increase of 111% in 2010 in terms of average price. In 2009, China imported almost two-thirds of the world’s iron ore exports. This demonstrates on what a pivotal role China plays in the expansion of the international iron or industry.

(1) Source: US Geology Survey: Mining Summary 2001/ PwC Mining Report
Iran ranks among one of the 15 major mineral rich countries in the world. Iran holds some 68 types of minerals, with 37 billion tonnes of proven reserves and more than 57 billion tonnes of potential reserves. Iran holds:

- World’s largest zinc reserves
- 2nd largest copper reserves
- 9th largest iron reserves
- 10th largest uranium reserves
- 11th largest lead reserves

The most significant number is Iran with roughly 1% of the world’s population, holds more than 7% of the world’s total mineral reserves.

The metals and mineral mining industry in Iran is beginning to grow exponentially. Still, with the abundant amount of proven reserves available, Iran offers prime opportunities for both greenfield and brownfield projects and investments.

**List of 30 commodities in proven reserves - Iran**

<table>
<thead>
<tr>
<th>MINERALS</th>
<th>RESERVES (million tonne)</th>
<th>MINERALS</th>
<th>RESERVES (million tonne)</th>
<th>MINERALS</th>
<th>RESERVES (million tonne)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asbestos</td>
<td>120</td>
<td>Fluorine</td>
<td>3</td>
<td>Nepheline</td>
<td>1300</td>
</tr>
<tr>
<td>Barite</td>
<td>3.8</td>
<td>Gold Ore</td>
<td>16.5</td>
<td>Orpiment</td>
<td>0.03</td>
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<tr>
<td>Bauxite</td>
<td>14</td>
<td>Gypsum</td>
<td>2200</td>
<td>Phosphate Rock</td>
<td>630</td>
</tr>
<tr>
<td>Bentonite</td>
<td>6.8</td>
<td>Iron Ore</td>
<td>2800</td>
<td>Salt</td>
<td>102</td>
</tr>
<tr>
<td>Boron</td>
<td>0.02</td>
<td>Kaolin, Fire</td>
<td>100</td>
<td>Silica &amp; Quartz</td>
<td>128</td>
</tr>
<tr>
<td>Chromite</td>
<td>7.5</td>
<td>Lead &amp; Zinc</td>
<td>94</td>
<td>Silver</td>
<td>0.4</td>
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<tr>
<td>Celestite</td>
<td>0.7</td>
<td>Magnesite</td>
<td>5</td>
<td>Talc</td>
<td>1.6</td>
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<tr>
<td>Coal</td>
<td>4000</td>
<td>Manganese</td>
<td>8</td>
<td>Turquoise</td>
<td>500</td>
</tr>
<tr>
<td>Copper</td>
<td>3000</td>
<td>Mica</td>
<td>0.2</td>
<td>Dimensional Stone</td>
<td>3000</td>
</tr>
<tr>
<td>Feldspar</td>
<td>3.7</td>
<td>Molybdenum</td>
<td>0.05</td>
<td>Limestone</td>
<td>8500</td>
</tr>
</tbody>
</table>

**Global Production Rankings - Iran**

(1) Source: Ministry of Economy, Iran
DOMESTIC INDUSTRY OVERVIEW

BACKGROUND

- In 2010, Iran exported USD 8.1 billion worth of mineral products. The metals and minerals contribution has only been 0.6% of the country’s GDP. This fractional number indicates the vast unexplored potential the mining sector in Iran holds.

- IRNA has reported that Iran has exported USD 2.7 billion worth of mining products, weighing over 10 million tonnes until March 2011. Iran exports to 159 countries including China, India, Iraq, the United Arab Emirates and Afghanistan.

- In 2005, there were 3125 operating mines; out of which, 2747 were private run and 378 were public. As of 2010, there are 5574 mines being exploited in all 30 provinces. The rate of extraction was approximately 217.5 million. There are over 500,000 individuals employed in the mining sector.

COMMODITY OVERVIEW

- **Aluminum**
  The China International Cooperation Company Ltd. (CITIC) of China and China Aluminum International Engineering Corporation Ltd. (Chalieco) consortium worked on the construction of a 276,000 t/yr capacity aluminum smelter for Aluminum Jonub Co. This was a joint venture by state owned Iranian Mines and Mining Industries Development and Renovation Organization (IMIDRO) and Ghadir Investment Co., a subsidiary of Bank Saderat of Iran. Currently, Iran’s production output for aluminum is over 450,000 tonnes per year.

- **Copper**
  With its location on the global copper strip, Iran has 5% of the world copper resources. There are currently 19 active copper mines with 15 million tonnes of annual extraction. The biggest copper mines are: Sarcheshmeh Copper mine (Kerman), Meydook Copper mine (Kerman) and Songoon Copper mine (Ahar). In the present time, Iran produces over 240,000 tonnes of copper bullion.

- **Gold**
  The Zarshuran mine in the West Azerbaijan province is underway. The target is to exploit 3 tons of gold per year. The region will become Iran’s top gold producing region. Current mining production for gold is estimated at 850 kilograms per year.

- **Iron Ore and Steel**
  According to World Steel Association (WSA), Iran produced 5.58 million tonnes of crude steel within the first 5 months of 2011. This was above the world average figure and show a 13% increase compared to the previous year’s figure. Iran’s output growth rate during the period was more than major global producers such as China, India, USA, Russia, Brazil and England. In terms of production, Iran was the second leading steel producer in the Middle East in 2010 after Turkey. Along with government support, Iran aims to be one of the world’s main steel exporters by 2016, ending the Fifth Five-Year Economic Development Plan.

(1) Source: USGS Minerals Yearbook
The main body of the Iranian government in charge of the regulation and implementation of policies applicable to industrial and mining sector is the Ministry of Industries and Mines of Iran. The ministry is responsible for the regulation of strategies for industrial and mining developments by developing plans and policies for the sectors. They provide supervision in addition to improving and enhancing the efficiency and productivity of the industry. The ministry also supports the promotion of export of industrial and mining products as well as in the improvement of management and productivity. The organ is also responsible for the issuance of licenses related to production and exploitation of mines.

Below are a series of laws and regulations set by the regulatory body for the mining sector:

**Article 5**
Exploration of mineral deposits may be undertaken by the public, cooperative or private sectors, including natural and juridical persons. The ministry of mines and metals is also obliged to explore the mineral deposits of the country, either directly or through subsidiary organizations, companies and units, or by employing competent and qualified natural and juridical persons.

**Article 6**
Exploration of mineral deposits shall be undertaken after the exploration license is issued by the ministry of metals and minerals. The procedures of obtaining such license, exploration criteria, period of validity of the license, assignment of the appending rights of such license, and any other appropriate issues shall be stipulated in the executive by-laws in accordance to the provisions of this act.

**Article 7**
The ministry of mines and metals is obliged to issue the discovery certificate in the name of the exploration license holder following investigation and confirmation of exploration works. The type or types of mineral substances explored, the quality, quantity, limits, area and cost of exploration activities must be stated in the discovery certificate. This certificate shall be assignable to third parties within a one year period as of the date of issue, subjected to the approval of the ministry of mines and metals.

**Article 8**
Holders of discovery certificate may apply for the exploitation license of the reserves they explored, to the ministry of mines and metals within one year following issuance of the discovery certificate. Non submission of the said application within the respite provided, shall result in the lapse of the said right of priority.

**Article 9**
Exploitation of mineral deposits shall require exploitation license from the ministry of mines and metals. The said license shall be issued on the basis of the mine identification documents and the exploitation, duly approved by the said ministry.

**Article 10**
Holders of mineral deposits exploitation licenses consists of:
- Holders of discovery certificates, within the respite provided in Article 8
- Processing plants producing mineral substances with added value up to the stage of producing industrial raw materials, from unclaimed mines, as long as they continue production
- Industrial units consuming mineral substances from unclaimed mines, as long as they continue production
- Applicants specialist in mining or geology or there is at least one of the said specialists, of unclaimed mines as long as they fulfill the aforesaid condition
- The subsidiaries and affiliated units or companies of ministry of mines and metals, upon expediency, the aforesaid units and companies may undertake exploitation of mineral deposits utilizing the services of qualified natural and juridical persons or in partnership therewith
- Mining cooperative companies comprising of mine employees

(1) Source: Mining Dossier – Iran, C-Tempo
DOMESTIC INDUSTRY OVERVIEW

THE FIPPA ACT – INTERNATIONAL INVESTORS

With the introduction of the Foreign Investment Promotion and Protection Act (FIPPA) by the government, Iran instills confidence and support to foreign investors. Iran has a burgeoning economy and a mining sector with tremendous upside. The features and advantages of FIPPA creates the opportunity for foreign investors to tap into Iran’s wealth and resources. Below are a list of the FIPPA features and advantages:

✓ No restrictions on percentage of foreign shareholding & ownership
✓ Registration of an Iranian company seeded with 100% foreign capital
✓ Full repatriation of principal capital, dividend and profits
✓ Equal rights and treatment as accorded to local investors
✓ Permission and opportunities to invest in all areas which are available to the private sector
✓ Granting protection coverage to all foreign investment schemes
✓ Prompt approval of the Foreign Investment Application

CONCLUSIVE REMARKS

This report was written with the purpose to highlight the advantages and opportunities that exist in the metals and mining sector in the Islamic Republic of Iran. A country rich in history, tradition as well as natural resources, Iran has demonstrated that it has an attractive platform for international investors. With a burgeoning economy, Iran has tremendous upside and offers great opportunities for international investors.

If you have interest in investing in Iran’s mining sector, Morra Capital can advise you on mining opportunities in Iran.

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Foreign Direct Investment Net Flows
Source: World Bank
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