

THE MINING (LOCAL CONTENT) (AMENDMENT) 2025:

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The Government published on September 12, 2025, via Government Notice No. 563, the Mining (Local Content) (Amendment) Regulations, 2025 (**"the 2025 Regulations"**), which amend the Mining (Local Content) Regulations, 2018 (**"the 2018 Regulations"**). The 2025 Regulations have not repealed the 2018 Regulations but have made specific amendments aimed at clarifying the local content qualifications for suppliers of goods and services in the sector and strengthening compliance requirements.

Key elements of the 2025 amendments include:

- The 2025 Regulations are to be read as one with the 2018 Regulations.
- *"Financial Institution"* is now defined as one registered in Tanzania under the Banking and Financial Institutions Act. Previously, there was a local content qualification for a Financial Institution in terms of acting as a banker and service provider to a Contractor, Licensee, sub-contractor, or an allied person, such that, a financial institution qualified if it had at least 10% Tanzanian equity ownership. The new definition shifts the qualification away from equity thresholds to **regulatory registration**.
- Non-indigenous company (a foreign Company) intending to supply goods or services to a Contractor, Licensee, sub-contractor, or allied person is now required to establish a **joint venture with an existing indigenous Tanzanian company** which is wholly owned (100%) by Tanzanian citizens. The indigenous company must be operating within the same line of business as the goods or services to be supplied and must hold at least 20% of the equity participating interest in the Joint venture, unless the goods or services are exclusively reserved for indigenous Tanzania company as per new regulation 13A.



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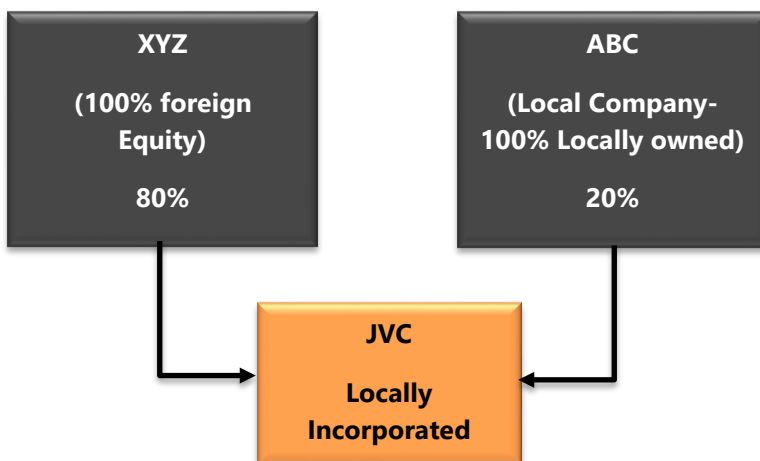
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- *The new regulation 13A* provides that the Mining Commission shall from time to time announce in the Gazette, on the Commission's website, and in media of nation-wide circulation, a list of goods or services which must be exclusively supplied by an indigenous Tanzanian companies.
- Previously under the 2018 Regulations, ***"Indigenous Tanzanian Company"*** was defined as *"a company incorporated under the Companies Act, Cap. 212 that - (a) has at least fifty-one percent of its equity owned by a citizen or citizens of Tanzania; and (b) has Tanzanian citizens holding at least eighty percent of executive and senior management positions and one hundred percent of non-managerial and other positions."*; This created some challenges ranging from the ability of Tanzanians to afford such high equity participation, especially in the more specialized supply of goods and services and the appetite of foreign investors, especially those listed on foreign stock exchanges or within a closed group company without external participation in equity. The other challenge and which remains, concerns the fact that a foreign company may be engaged for a fixed-term contract without a guarantee of further engagement. Forming a joint venture company assumes a long-term relationship. However, the amendments have, to a great extent, streamlined the arrangement, especially where the requirement is to find a local supplier in the same business. While this may pose a challenge, it can be overcome.
- The 2025 Regulations have reduced the approval threshold for sole-sourced contracts from USD 100,000 to USD 10,000. This significantly broadens the scope of contracts requiring prior approval by the Mining Commission, meaning that even relatively small value agreements will now be scrutinized. In practice, this increases regulatory oversight and the administrative burden on contractors and service providers, making it essential for companies to adopt stronger internal compliance measures to ensure timely approvals and avoid execution delays. In addition, the Regulations provide that revised local content plans will be deemed approved if the Mining Commission fails to respond within fifty working days, a provision that existed under the previous regulations but is now more clearly articulated.
- Entities are now required to expand their Local Content Plans to include Banking Services Sub-Plans and Procurement Sub-Plans, in addition to the previously required components (employment, research and development, technology transfer, legal services, and financial services). This amendment reflects the Government's intent to tighten oversight across a wider range of operational areas and ensure stronger linkages with Tanzanian institutions and businesses.

How can a Joint Venture be Achieved?

Joint venture agreements under Tanzanian law are contractual arrangements and are not recognized as a legal person. The compliance requirements for purposes of local content qualification when presenting applications to the Mining Commission included, The non-indigenous company and the indigenous Tanzanian entity must therefore register a company under the Companies Act, Cap. 212 in which equity ownership will be 80/20.

ILLUSTRATION OF A JOINT VENTURE



APPLICATION:

The Regulations apply to Contractors (defined under the Regulations as "a person who has entered into a mining agreement with the United Republic to undertake mining exploration and production activities under the Act." Mining license holders and Special Mining license Holders are required under the Mining (State Participation) Regulations 2022 to sign a framework Agreement with the Government to agree on the Government's 16% Free Carried Interest and other profit-sharing matters. Consequently, this obligation applies to all large-scale mining companies contractors, as well as their subcontractors and vendors. This means that holders of Prospecting Licenses will not be impacted except at the time of applying for a Mining Licence or a Special Mining Licence.

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