

Guidelines on Financial and Technical Qualification Criteria for Mining Licenses in Guyana (Large, Medium & Small Scale)

Introduction: This document clarifies the assessment criteria for an applicant’s financial capacity and technical competence when seeking a mining license in Guyana. It focuses on small-scale and medium-scale mining licenses, in line with the Mining Act 1989 (Cap. 65:01) and current Guyana Geology and Mines Commission (GGMC) regulations and procedures. These guidelines draw on established legal standards – not new proposals – and are intended to enhance transparency (as required under Guyana’s EITI reporting commitments) by clearly outlining how applicants are evaluated for financial adequacy and technical capability.

Scope: Under Guyanese law, mining operations are classified by scale. A small-scale claim is typically a plot of about *1,500 ft by 800 ft* (approximately 27.5 acres), while a medium-scale permit can cover between *150 and 1,200 acres*. Large-scale Mining Licences (for areas above 1,200 acres) are subject to more extensive requirements (e.g. full feasibility studies and environmental impact assessments) and are not the primary focus here. Notably, small and medium-scale mining licenses are reserved for Guyanese nationals or entities only citizens of Guyana or Guyanese-owned companies/organizations can hold these licenses (foreign investors may only participate via joint ventures with local holders). What follows is a breakdown of the key financial and technical criteria used by the GGMC to assess applications for small to medium-scale mining licenses, with references to the relevant legislation and regulations.

Financial Qualification Criteria

- **Adequate Financial Resources:** Every applicant must demonstrate sufficient capital or financial resources to carry out the proposed mining operations. The Mining Act explicitly requires the Commission to ensure an applicant has “adequate financial resources” before granting a license. In practice, this means showing that the miner can fund the initial development and ongoing work of the scale of mine in question. For example, medium-scale permit applicants may need to present a first-year project budget or expenditure plan, indicating they have the funds to begin mining activities. By contrast, large-scale mining license applications require a comprehensive feasibility study with detailed financial plans as evidence of capital adequacy. The

financial evaluation is essentially a check that the venture is capitalized well enough to be viable and sustainable.

- **Application Fees and Rentals et al:** Applicants must pay all required fees and rentals as part of the licensing process, and compliance with these payments is a basic financial criterion. Upon applying, a nominal application fee is charged (for instance, GYD \$2,000 for a medium-scale mining permit) and an advance on the annual rental for the claim area is required. For a medium-scale Mining Permit, the applicant must pay a deposit equal to the first year's land rental (calculated at US \$1.00 per acre for medium-scale areas). Small-scale claim licenses similarly entail paying an initial claim license fee and annual rental charges (e.g. small land claims incur a fixed acreage rental). Timely payment of all fees, rentals and later royalties is mandatory, and GGMC will not finalize or issue a license until these required actions and payments are made in full. Failure to keep up with annual payments can result in cancellation of the license under the regulations.
- **Financial Standing & Compliance:** The applicant's overall financial standing and compliance record are considered. An individual or company in default of existing obligations under the mining laws can likely be denied a new license. In fact, the law prohibits granting a mining permit if the applicant is "in default" of any term or payment, unless special circumstances justify waiving the default. This means that any outstanding debts to the GGMC (such as unpaid royalties, rentals, or fines) or prior breaches of license conditions can disqualify an applicant. Applicants are expected to be current on all taxes and fees related to mining. Additionally, for corporate applicants, evidence of good financial health may be required (for example, submission of audited financial statements for large-scale projects). While small and medium-scale license applicants are not asked for the same level of financial documentation as large-scale operators, the GGMC will assess whether the applicant has a history of meeting compliance commitments in the sector, such as, their production books, which records fuel consumptions and other basic information which can translate into economics of the project.
- **Performance Bonds / Financial Guarantees:** Certain mining licenses demand financial guarantees to ensure compliance and site rehabilitation. For large-scale prospecting or mining licenses, the GGMC requires a performance bond (often around 10% of the planned first-year expenditure) as security and deterrent. In the small-to-medium scale context, an environmental reclamation bond is typically required. For

example, a medium-scale Mining Permit applicant must post an environmental bond of GYD \$100,000 before the permit is issued. This bond, held by the Commission, is more of a deterrent but also guarantees that funds are available for land reclamation or to cover any environmental damage if the miner fails to restore the site. (Small-scale miners may also need to lodge a smaller bond or security deposit per the mining regulations, to cover reclamation of their claim.) Providing these bonds is a financial prerequisite it demonstrates that the miner has a financial stake in complying with environmental and safety obligations. Refusal or inability to furnish the required bond or security would prevent the license from being granted. In sum, capital adequacy, fee compliance, absence of outstanding defaults, and posting of any required bonds are the key financial criteria that each applicant must satisfy to the Commission's satisfaction.

Technical Qualification Criteria

- **Technical Competence and Experience:** The Mining Act mandates that applicants possess the technical know-how and experience to carry out effective mining operations. A license will not be granted unless the authorities are satisfied that the applicant has “technical competence and experience” appropriate for the scale of mining. In practical terms, an applicant (or their key personnel) should have prior experience in mining or mineral exploration, or at minimum a plan to employ persons with the necessary expertise. For small-scale miners, technical competence might be demonstrated by having worked in the mining sector or by retaining an experienced mining supervisor or dredge foreman. For medium-scale operations, the GGMC expects a higher level of technical planning; while a full feasibility study is not required to convert a Prospecting Permit (Medium Scale) into a Mining Permit, the applicant should show they can operate the mine efficiently within the limits of their competence. The law in fact empowers the Commission to refuse a mining permit if it has reasonable grounds to believe an applicant will not conduct mining “in good faith, within the limits of his competence and resources”. This is essentially a safeguard against granting licenses to parties who lack the technical capacity to work the deposit. Evidence of technical capacity can include the submission of a basic mine plan or operational proposal, resumes of technical staff, or references to past mining

projects. The goal is to ensure the license is awarded only to those who can responsibly develop the mineral resources.

- **Staffing and Equipment Access:** Access to appropriate equipment and skilled personnel is a component of technical qualification. An applicant should have (or have plans to obtain) the necessary machinery, tools, and workers to carry out mining on the proposed scale. During the application review, GGMC may require information on the equipment to be used (e.g. dredges, excavators, processing plants) and how the operation will be staffed. In fact, mining regulations require that critical mining equipment be registered and inspected by GGMC's Mines Inspectorate before use. For example, when obtaining a dredge license (often needed for alluvial gold mining), the equipment's engine and serial numbers must be verified by an inspector. This procedure indirectly confirms that the applicant does have the requisite machinery and that it meets safety standards. In terms of staffing, medium-scale mining operations might be expected to have at least a designated mining supervisor or engineer overseeing the project. Small-scale operations, though family-run or individual, should still follow safe practices, so any heavy equipment operators should be trained/certified. While the law does not list specific personnel qualifications for small or medium mines, the broad requirement of "technical competence" implies that the applicant's team must collectively possess the skills to mine effectively. When applying, a company is generally asked to provide its organizational information, e.g. names of directors and technical managers, which GGMC can use to gauge technical preparedness. In summary, an applicant who can show readiness in terms of machinery and human resources will meet the technical fitness criteria, whereas one lacking a plan for securing equipment or expertise may be deemed unqualified.
- **Work Programme / Mining Plan:** A clear outline of the proposed mining work is another important technical criterion. Small-scale miners (e.g. claim license holders) are usually expected to commence working their claim without undue delay and to follow the mining methods permitted for that scale (such as using dredges, sluices, or small excavators as appropriate). Medium-scale license applicants should submit a rudimentary mine plan or description of operations with their application. This might include the location and extent of the deposit to be mined, the mining method, and a schedule of activities. Under the 1989 Mining Act, a medium-scale mining permit can be granted out of a prospecting permit without a full feasibility study; however, the applicant is generally converting a Prospecting Permit (Medium Scale) that already

involved exploratory work. Thus, while a detailed feasibility report is not mandatory at this scale, the Commission still consider the soundness of the mining proposal. The applicant's "proposals of mining operations" should aim for efficient and optimal resource use (a principle applied to large-scale license approvals as well). At the very least, the GGMC will verify that the area requested is appropriate and within the allowable size (ensuring, for instance, that a medium-scale application does not exceed the 1,200-acre limit). There is also no requirement for medium or small miners to submit annual work programs or reports to maintain their permits (unlike large-scale licenses which have strict reporting requirements). Nonetheless, to be granted the license initially, the applicant must convince the GGMC that they have a feasible plan to extract the minerals and are not simply acquiring the title speculatively. If the Commission suspects an applicant has no genuine intention or capacity to mine the area, it will refuse the application on technical grounds.

- **Environmental Compliance: Environmental management** is a critical component of technical qualification, given Guyana's mining regulations and international best practices. All mining license applicants must demonstrate the ability and willingness to comply with environmental laws and safeguards. For small and medium-scale operations, the law requires obtaining an Environmental Authorization from the national Environmental Protection Agency (EPA) as a pre-condition to issuance of the mining permit. In practice, this means the applicant must submit an environmental assessment or plan for the project to the EPA. Medium-scale mines typically undergo an Environmental Impact Assessment (EIA) or, if the EPA deems the impacts minor, an Environmental Management Plan (EMP) must be prepared. The GGMC will expect proof that the EPA has granted an environmental permit (or a letter of exemption) for the proposed mining site before finalizing the license. Additionally, the GGMC requires the applicant to sign an Environmental Management Agreement, a formal commitment to abide by the Mining (Amendment) Regulations on environmental protection, including adherence to the Mining Code of Practice for tailings management, land reclamation, and mine safety. As noted above, an environmental bond (financial surety) must be posted (for medium-scale permits this is GYD \$100,000) to cover reclamation costs. The applicant should also be in compliance with any prior environmental conditions on other holdings; a history of environmental infractions could be grounds for denial. In summary, to meet the technical criteria, the applicant must integrate environmental planning into their

operations – this includes having waste management plans, mine reclamation strategies, and the required EPA clearances. Licenses are only awarded when the authorities are satisfied that the miner can operate in an environmentally responsible manner. Ongoing compliance is monitored after licensing, but at the assessment stage the focus is on ensuring the applicant has the necessary environmental permit and has committed to the relevant environmental safeguards.