

**REPUBLIC OF ARMENIA  
EXTRACTIVE INDUSTRIES  
TRANSPARENCY INITIATIVE (EITI)  
REPORT 2022**



## CONTENTS

<b>CONTENTS</b> .....	<b>2</b>
<b>ABBREVIATIONS</b> .....	<b>5</b>
<b>INTRODUCTION</b> .....	<b>7</b>
<b>1. METHODOLOGY AND SCOPE OF PREPARATION OF EITI REPORT</b> .....	<b>10</b>
1.1. Companies and state bodies presented in the EITI report .....	10
1.2. Taxes and payments presented in the EITI report.....	11
1.3. Process of assurance in the state bodies and companies .....	13
<b>2. CONTROL EXERCISED BY EITI MULTI-STAKEHOLDER GROUP (MSG)</b> .....	<b>15</b>
2.1. Government commitment, involvement of companies and civil society, anti-corruption policy (Requirements 1.1, 1.2, 1.3, EITI 2023 Standard requirement 1.2) .....	15
2.2. Multi-Stakeholder Group (Requirement 1.4) .....	16
2.3. Work plan (Requirement 1.5) .....	17
<b>3. LEGISLATIVE AND INSTITUTIONAL FRAMEWORK IN THE MINING INDUSTRY OF THE REPUBLIC OF ARMENIA, PROCEDURES FOR GRANTING MINING PERMITS AND CONTRACTING</b> .....	<b>20</b>
<b>3.1. Legal framework and fiscal regime (Requirement 2.1)</b> .....	<b>20</b>
3.1.1. Legal framework and description of legal acts .....	20
3.1.2. Tax system, tax and non-tax revenue streams, tax rates .....	22
3.1.3. Significant legislative amendments in the mining sector during the reporting year .....	25
3.1.4. State and self-government bodies having competencies in the sector and their authorities .....	31
3.1.5. Benefits provided by the state to the mining companies .....	32
<b>3.2. Regulations related to granting of permits, conclusion of contracts, termination of subsoil use rights (Requirements 2.2, 2.3, 2.4)</b> .....	<b>32</b>
3.2.1. State policy in the field of publication of subsoil use contracts .....	34
3.2.2. Amendments made to subsoil use contracts during the reporting year .....	36
3.2.3. Disclosure of exploration contracts based on materiality and practicality considerations .....	37
<b>3.3. Identification of Beneficial Owners and State Participation (Requirements 2.5, 2.6, 4.2, 4.5) ...</b>	<b>38</b>
3.3.1. Legal regulations with regard to identification of beneficial owners .....	38
3.3.2. State participation in mining companies .....	40
<b>3.4. Summary of national energy transition commitments, policies and plans related to extractive industries (EITI 2023 Standard Requirement 2.1)</b> .....	<b>41</b>
<b>4. EXTRACTION, PRODUCTION AND REALIZATION IN METAL MINING SECTOR ...</b>	<b>44</b>
4.1. Exploration of mineral reserves in the mining industry (Requirement 3.1).....	44
4.2. Extraction and production in the metal mining industry (Requirement 3.2).....	46
4.3. Volumes of sales and exports in the metal mining industry (Requirements 3.3 and 6.3) .....	55
4.3.1. Export in the metal mining industry .....	55
4.3.2. Domestic sales in the metal mining industry .....	66
4.4. Global prices in the mining sector .....	67
<b>5. REVENUES FROM METAL MINING SECTOR AND THEIR DISTRIBUTION</b> .....	<b>73</b>

<b>5.1. The contributions of metal mining companies to the state budget (Requirements 4.1 and 6.3)</b>	<b>73</b>
<b>5.2. The contributions of metal mining companies to community budgets (Requirement 4.6)</b>	<b>77</b>
<b>5.3. Income distribution and cost management (Requirements 5.1, 5.2, 5.3)</b>	<b>80</b>
<b>6. THE SOCIO-ECONOMIC AND ENVIRONMENTAL IMPACT OF THE MINING SECTOR</b>	<b>86</b>
<b>6.1. The role of the mining sector in the economy of the RA (Requirement 6.3)</b>	<b>86</b>
<b>6.2. Social and environmental costs incurred by companies (Requirement 6.1)</b>	<b>96</b>
6.2.1. Obligations of subsoil user companies for socio-economic development established by the subsoil use agreement	100
6.2.2. Donations, contributions, or other forms of gratuitous transfers made by subsoil-using companies to communities	102
6.2.3. Financial and non-financial donations, contributions, or other forms of gratuitous transfers made by subsoil-using companies to non-commercial legal entities	106
<b>6.3. Impact of metal mining on the environment (Requirement 6.4)</b>	<b>114</b>
<b>7. RECONCILIATION PROCESS</b>	<b>122</b>
<b>7.1. The methodology and scope of the reconciliation process (Requirement 4.1, 4.8)</b>	<b>122</b>
7.1.1. Defining the list of reconciled companies	122
7.1.2. Definition of reconciled revenue streams	126
7.1.3. Other non-tax payments	131
7.1.4. Data collection	131
7.1.5. Level of data disaggregation (Requirement 4.7)	132
<b>7.2. Data quality and quality assurance (Requirement 4.9)</b>	<b>132</b>
<b>7.3. Description and results of reconciliation process (Requirement 4.1)</b>	<b>133</b>
<b>8. OBSERVATIONS AND RECOMMENDATIONS ON REFORMS OF EITI ACCOUNTABILITY PROCESS</b>	<b>144</b>
<b>8.1. The current status of recommendations presented in previous EITI reports (Requirement 7.4)</b>	<b>144</b>
<b>8.2. Recommendations on resolving the issues related to the online data collection system (Requirement 7.2)</b>	<b>147</b>
<b>8.3. Recommendations for public report templates.</b>	<b>148</b>
<b>8.4. Recommendations for introducing program-level accountability in Armenia (Requirement 7.3)</b>	<b>150</b>
<b>8.5. Recommendations on alternative data reconciliation approach (requirement 7.3)</b>	<b>150</b>
<b>8.6. Progress towards responsible mining</b>	<b>150</b>
<b>8.7. State Participation</b>	<b>151</b>
<b>ANNEXES</b>	<b>152</b>
<b>ANNEX 1. INFORMATION ON THE PERFORMANCE OF EXTERNAL AUDIT OF FINANCIAL STATEMENTS IN REPORTING COMPANIES</b>	<b>153</b>
<b>ANNEX 2. INFORMATION ON ADDITIONAL WRITTEN REQUESTS MADE BY AN INDEPENDENT ADMINISTRATOR REGARDING PUBLIC REPORTING FROM ACCOUNTABLE COMPANIES AND GOVERNMENT AGENCIES</b>	<b>154</b>
<b>ANNEX 3. CONTACT INFORMATION OF INSTITUTIONS INVOLVED IN THE EITI REPORT PREPARATION PROCESS</b>	<b>155</b>

<b><i>ANNEX 4. EITI MSG GROUP .....</i></b>	<b><i>158</i></b>
<b><i>ANNEX 5. DATA PROVIDED BY REPORTING ENTITIES FOR 2022 (CALCULATED). 160</i></b>	
<b><i>ANNEX 6. ADJUSTMENTS MADE ON RECONCILIATION FOR 2022 .....</i></b>	<b><i>167</i></b>
<b><i>ANNEX 7. TABLES OF GRAPHS PRESENTED IN THE REPORT .....</i></b>	<b><i>172</i></b>

## ABBREVIATIONS

<b>VAT</b>	Value Added Tax
<b>MJ</b>	Ministry of Justice
<b>EITI</b>	Extractive Industries Transparency Initiative
<b>OJSC</b>	Open Joint-Stock Company
<b>OMP</b>	Open Management Partnership
<b>MSG</b>	Multi-Stakeholder Group
<b>EEU</b>	Eurasian Economic Union
<b>EEC</b>	European Economic Community
<b>ME</b>	Ministry of Economy of the RA
<b>wmt</b>	wet metric ton
<b>dmt</b>	dry metric ton
<b>SRC</b>	State Revenue Committee of the RA
<b>GDP</b>	Gross Domestic Product
<b>TIN</b>	Taxpayer Identification Number
<b>EIA</b>	Environmental Impact Assessment
<b>CMC</b>	Copper Molybdenum Combine
<b>LLC</b>	Limited Liability Company
<b>LSGB</b>	Local Self-Governance Bodies
<b>MTAI</b>	Ministry of Territorial Administration and Infrastructure of the RA
<b>CJSC</b>	Closed Joint-Stock Company
<b>IFRS</b>	International Financial Reporting Standards
<b>EITI 2019 STANDARD</b>	Standard

# INTRODUCTION

## INTRODUCTION

The Extractive Industries Transparency Initiative (EITI) is a global standard aimed at increasing transparency and accountability in the extractive sector, including oil, gas, and mining. The mission of the standard is to promote open and accountable management of the country's natural resources requiring companies and governments to disclose payments made and received from natural resource extraction activities. The purpose of the EITI is to develop more transparent and accountable government and business systems, as well as to facilitate public dialogue, guaranteeing mutual understanding between the parties.

EITI standard requires companies to disclose payments made to governments, and governments to disclose the revenues received from these payments. It also requires disclosure of contract terms and beneficial ownership information. In addition, companies and governments must disclose production and export data, reconcile financial streams, and detail how extractive company revenues are distributed to government budgets. This comprehensive transparency aims to promote accountability and reduce corruption in the extractive sector. The members of EITI are states. The number of member countries is 55.

This report constitutes the 5th EITI national report of the Republic of Armenia, for which the reporting year is 2022. It has been prepared guided by EITI 2019 Standard, when possible also taking into account the new requirements of EITI 2023 Standard published in June<sup>1</sup>.

The report aims to present the summary of the works carried out in the field during the reporting year as well as the current data, ensuring their compliance with EITI Standards.

### EITI process in Armenia

In Armenia, the process of becoming a member of the EITI started in July 2015, and the membership was approved on 9th of March 2017 at the meeting of the EITI Board in Bogota<sup>2</sup>.

According to EITI rules, each member country must undergo a validation process within two and a half years after becoming a candidate for EITI and once every three years. The results of EITI implementation in Armenia have already been confirmed by two verification assessments evaluating the progress of the implementation of EITI in the country.

Thus, the 1st validation process of Armenia was launched in September 2019, the final conclusions of which were confirmed in the decision adopted by EITI International Board on July 9, 2020, pursuant to which, as a result of the first validation of Armenia, the country recorded the highest "satisfactory" progress in the implementation of EITI 2016 Standard. Thus, Armenia became the 9th out of 53 EITI member countries, which was granted the status of a country with "satisfactory" progress. Moreover, according to the 1st validation assessment, Armenia recorded a high "satisfactory" progress on 21 requirements of the Standard and an "excellent" score on 4 requirements<sup>3</sup>.

In addition, regarding the separate validation of the 2.5 "Beneficial owners" requirement of the 2019 Standard, EITI International Board adopted a decision<sup>4</sup> on June 10, 2021, that Armenia has made "satisfactory" progress also in terms of this requirement of EITI Standard. The second validation of Armenia's EITI with a new evaluation model was launched on July 1, 2023, as a result of which, on April 4, 2024, according to the decision<sup>5</sup> of EITI International Board, Armenia was given a high score of 89.5 points, which is the highest score received so far in EITI international community. According to this assessment, Armenia had "fully met" 24 of the requirements of the EITI Standard, had "exceeded" one, the requirement 2.5 on "Beneficial ownership", and had "almost met" two requirements, requirement 4.9 on "Data Quality" and Requirement 6.1 on "Social and Environmental Costs".

As main achievements, the following was indicated in the second validation report<sup>6</sup>;

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<sup>1</sup> <https://eiti.org/eiti-standard>

<sup>2</sup> <https://eiti.org/document/36th-board-meeting-agenda-minutes>

<sup>3</sup> <https://www.eiti.am/hy/%D5%86%D5%B8%D6%80%D5%B8%D6%82%D5%A9%D5%B5%D5%B8%D6%82%D5%B6%D5%B6%D5%A5%D6%80/2020/07/16/eiti-validation-armenia-arm/88/>

<sup>4</sup> <https://eiti.org/board-decision/2021-32>

<sup>5</sup> <https://eiti.org/board-decision/2024-25>

<sup>6</sup> <https://eiti.org/sites/default/files/2024-03/EN%20-%20Armenia%20-%20final%20Validation%20report%20%282023%29.pdf>

1. "Despite the broad geopolitical challenges and the impact of the COVID-19 pandemic, Armenia has remained committed to EITI and has been actively working to ensure the implementation of key activities in the EITI Work plan of Armenia. Most of the planned activities were implemented and the beneficiaries' commitments were maintained.
2. Armenia has continued to make consistent progress in the disclosure of financial and non-financial data for the metal mining sector and has made ongoing efforts to strengthen the systematic disclosure of pertinent data. Some information, such as mining permits and beneficial ownership data, is already systematically disclosed through government portals. In addition, the EITI reports portal of Armenia (<https://reports.eiti.am>) provides financial data and key sector indicators.
3. Continued progress has been made in amending relevant legislation to enhance transparency and accountability in the metal mining sector. Several examples of such reforms have been outlined in available documents and as a result of stakeholder consultations, particularly in relation to beneficial ownership transparency, distribution of environmental taxes and royalties."

The corrective actions to meet the requirements of the Standard presented in the report<sup>7</sup> are as follows:

1. According to requirement 4.9 of the standard: Armenia should submit a report stating that no elements were found in the data collection process that could cast doubt on the completeness and reliability of financial data.
2. According to requirement 6.1 of the standard: Mandatory social expenses should be indicated for all beneficiaries who are not part of the management. To this end, the Armenian authorities should cooperate with government agencies and mining companies, ensuring the publication of social expenses and environmental payments.

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<sup>7</sup> <https://eiti.org/sites/default/files/2024-03/EN%20-%20Armenia%20-%20final%20Validation%20report%20%282023%29.pdf>



# 1. | METHODOLOGY AND SCOPE OF PREPARATION OF EITI REPORT

# 1. METHODOLOGY AND SCOPE OF PREPARATION OF EITI REPORT

The scope of Armenia's fifth EITI report was defined by the MSG decision dated March 28, 2024<sup>8</sup>, which reaffirmed the requirement to report on 2022 fiscal year for all subsoil users holding permits for the extraction of metallic minerals within the framework of the initiative, except for those declared bankrupt.

"Grant Thornton" CJSC jointly with "Grant Thornton Consulting" CJSC (the "Independent Administrator") prepared this report based on the Terms of Reference for the Independent Administrator. In particular, as required by the ToR, the Independent Administrator reconciled the essential revenue streams published by the state and mining companies.

Reported revenue streams published by the government and companies are presented on accruals basis, with the exception of lease payments and socio-economic development obligations, as well as the government fee for issuing licenses (permits) or certificates for exports of each ton of copper, molybdenum concentrates and molybdenum, which is presented on cash basis.

According to the accruals basis, income and expenses are recognized at the time of their occurrence, regardless of when funds are received or paid physically, while the cash method assumes that recognition occurs at the time of receipt or payment of funds.

## 1.1. Companies and state bodies presented in the EITI report

Following the MSG decision, as of August 1, 2023 public reports for companies with terminated subsoil use permits shall be submitted unilaterally only by the reporting state bodies, since according to the law, these companies were no longer considered subsoil users, therefore they had no obligation to submit public reports.

According to the RA Government Decision<sup>9</sup> No. 666 dated 08.06.2018, until August 1, 2023, the state bodies- the State Revenue Committee, the Ministry of Environment and communities (through the RA Ministry of Territorial Administration and Infrastructure), as well as all the companies with the right to subsoil mining of metal ore, save from those declared bankrupt shall submit public reports for the reporting year of 2022 until August 1, 2023<sup>10</sup>.

**Table 1.1.1**

*The 24 subsoil users considered accountable for 2022 report;*

No	Mining company	Registration number	TIN	Number and signing date of contract
1	"Megradzor Gold" LLC	286.110.07682	02709666	PV-057 (22.08.2012)
2	"Paramount Gold Mining" CJSC	286.120.58034	04219371	089 (12.06.2012)
3	"Sagamar" CJSC	278.120.03167	00410036	PV-093 (20.10.2012)
4	"Ler-Ex" LLC	27.110.00893	09412188	PV-094 (16.08.2012)
5	"Akhtala Mining and Processing Enterprise" CJSC	96.120.00632	06602309	PV-103 (20.10.2012)
6	"Fortune Resources" LLC	39.110.01312	02806526	PV-169 (20.10.2012)
7	"Kapan Mining and Processing Plant" CJSC (former "Chaarat Kapan" CJSC)	27.120.01216	09416902	PV-183 (27.11.2012)
8	"Mego Gold" LLC	77.110.00610	04213127	PV-184 (28.12.2012)
9	"Geopromining Gold" LLC	273.110.02424	01530525	PV-189 (20.10.2012)

<sup>8</sup> <https://www.eiti.am/hy/agenda-protocols-other-related-documents>

<sup>9</sup> <https://www.arlis.am/DocumentView.aspx?docID=132674>

<sup>10</sup> Two companies, "Marjan Mining Company" and "Paramount Gold Mining" CJSC, won the court cases in 2023 and, on that basis, were reinstated in the register of valid licenses (permits) held by MTAI.

No	Mining company	Registration number	TIN	Number and signing date of contract
10	“Multi Group Concern” LLC	42.110.01460	03516447	PV-213 (20.10.2012)
11	“Zangezur Copper-Molybdenum Combine” CJSC	27.140.00009	09400818	PV-232 (27.11.2012)
12	“Vardani Zartonqy” LLC	79.110.00234	09414399	PV-239 (27.09.2012)
13	“Lydian Armenia” CJSC	264.120.07314	00091919	PV-245 (26.09.2012)
14	“Lichqvaz” CJSC	286.120.07744	02710054	PV-293 (22.11.2012)
15	“Agarak Copper-Molybdenum Combine” CJSC	79.140.00036	09700039	PV-311 (05.04.2013)
16	“Assat” LLC	77.110.00569	03807664	PV-366 (06.06.2013)
17	“Vayk Gold” LLC	264.110.111245	00114369	P-371 (30.11.2012)
18	“Teghout” CJSC	286.120.06078	02700773	PV-376 (20.02.2013)
19	“Marjan Mining Company” LLC	273.110.05412	01569837	PV-398 (07.03.2013)
20	“Active Lernagorts” LLC	273.110.03365	01544838	PV-425 (28.12.2012)
21	“At-Metals” LLC	271.110.738775	00118721	P-514 (16.01.2015)
22	“Bacteck Eco” LLC	282.110.06759	00870494	PV-515 (22.08.2014)
23	“Geghi Gold” LLC	72.110.121815	09423012	P-544 (22.07.2016)
24	“Gharagulyanner” CJSC	286.120.929505	02583292	P-547(25.10.2016)

Source; MSG decision, dated March 28, 2024<sup>11</sup>

Pursuant to the MSG decision, the state bodies providing public reports were also re-approved, namely;

- State Revenue Committee,
- RA Ministry of Environment,
- Communities the reports whereof are entered in the EITI online reporting system (<https://reports.eiti.am/>) through the RA Ministry of Territorial Administration and Infrastructure.

According to the decision of the multi-stakeholder group, reconciled companies in the 2022 fiscal year are those that have paid an amount equal to or exceeding 150 million AMD in the form of taxes and fees to the state budget of the Republic of Armenia for each fiscal year. The same principle was also applied to all previous reports for 2016-2021 years when reconciling financial cash flows data.

## 1.2. Taxes and payments presented in the EITI report

According to the MSG decision, the following taxes and payments presented by subsoil-using companies and state bodies in public reports were included in EITI 2022 report.

### Companies and State Revenue Committee

- Profit tax
- Income tax
- Value added tax
- Excise tax
- Royalty
- Nature use payments
- Environmental taxes
- Customs duties and fees
- State duty for issuing a permit for the use (exploitation) of each mine of precious, ferrous, non-ferrous, and rare metals,
- State fee for issuing a water use permit,

<sup>11</sup> <https://www.eiti.am/hy/agenda-protocols-other-related-documents>

- State duty for awarding licenses or permits or certificates for export of each ton of copper concentrate under code 2603000000 of the CNFEA classification<sup>12</sup>,
- State duty for awarding licenses or permits or certificates for export of each ton of molybdenum concentrates classified under code 2613 of CNFEA classification,
- State duty for awarding licenses or permits or certificates for export of each ton of molybdenum classified under 7202700000, 8102 (save from 810297000) of CNFEA classification.

#### **Companies and the Ministry of Environment**

- Replenishment of environmental protection funds,
- Environmental allocations to the company,
- Monitoring fees,
- Environmental impact assessment and expertise fee,
- Penalties and fines imposed by the Environmental Protection and Subsoil Inspection Authority.

#### **Companies and the Ministry of Territorial Administration and Infrastructure (communities)**

- Real estate tax,
- Vehicle tax,
- Land acquisition,
- Payment of the difference of the cadastral values of land plots at the moment of changing the land purpose,
- Rent payments paid to Local self-government bodies (to the community),
- Liabilities related to the socio-economic development of the communities defined by the subsoil use agreement.

#### **Unilateral-only companies provide data for the following financial flows;**

- Charitable allocations, donations, or other gratuitous alienations made to the community by the subsoil user,
- donations provided to non-commercial legal entities, contributions or other forms of gratuitous alienation (per organizations),
- Donations, contributions, or other gratuitous alienations made to natural persons (total amount and number of natural persons).

Under MSG decision, conditioned by the positive dynamics of reduction of data discrepancies and their insignificant nature, which is the result of improvement of the skills of proper filling of reports by state bodies and companies as well as the reduction of mechanical errors, as well as considering the need of ensuring the financial efficiency of the preparation of reports and the principles of "flexible accountability" proposed by EITI International Secretariat, for fiscal year 2022, the following 5 revenue streams directly related to the extractive sector and most risky in terms of the risk of mechanical errors will be subject to reconciliation.

#### **Payments to the State Revenue Committee**

- Royalty,
- Income tax,
- Value added tax,
- Customs duty, customs fee.

#### **Paid to the RA communities**

- Rent payments to Local self-government bodies (community)

According to MSG decision, an independent administrator will examine the discrepancy in the data on financial flows if the discrepancy in the reports submitted by both parties is 4% or more of this indicator, but not less than 1 million AMD. The basis for the mentioned calculation constitutes the data provided by the party which is less. This principle was also applied in the previous reports for 2020-2021 when reconciling the data of financial flows.

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<sup>12</sup> The 3 mentioned fees are relevant only for the 2022 accounting year, but there is no pertinent field regarding fees in the format of the reports submitted by companies and state bodies, particularly the SRC. Information on the 3 fees mentioned by the independent administrator was collected through an additional written survey.

### 1.3. Process of assurance in the state bodies and companies

The reliability of the data provided by the subsoil-using companies and state bodies is guaranteed by the electronic signature of the heads of the given companies and state bodies, as well as the directors or chief accountants of the companies, following the procedure established by the decision of the Government of the Republic of Armenia No. 666-N dated June 8, 2018<sup>13</sup>. This approach, as in previous years, is fixed in the decision<sup>14</sup> taken by the MSG of Armenia for the preparation of the 5th EITI Report of 2022 Annual Report of the Republic of Armenia: "In order to ensure the reliability and accuracy of the data presented in the reports, the public reports must be validated by the head of the company or the chief accountant and with the electronic signature of a head of the state body or his deputy.

Signatories of the reports are:

1. The head and (or) deputy of the state administration body
2. The head or chief accountant of the subsoil user company, who has permit for metal mineral extraction.

The basis for such an approach is the fact that according to RA legislation, the above-mentioned persons are also responsible for submitting tax reports to the State Revenue Committee for the purpose of the tax control process, which also guarantees the accuracy of the data provided to the Independent Administrator and compliance with the legal basis.

Therefore, the Independent Administrator only carries out a process of reconciliation of bilaterally disclosed financial flows, which is an examination of discrepancies and works aimed at elimination thereof. The investigation of discrepancies, in turn, assumes the reconciliation of the provided revenue stream between the company and the government body.

This verification process does not in itself constitute an audit or an audit opinion in compliance with international standards. Where necessary, the Independent Administrator has made inquiries, obtaining supporting information and documents from reporting companies and government agencies to ensure the accuracy and integrity of the information provided. Detailed information about the conducted surveys is provided in Appendix 2.

The current legislation of the Republic of Armenia does not require mandatory audits of the financial statements of mining companies. On January 1, 2020, the laws of the Republic of Armenia "On Accounting", "On Auditing Activities" and "On Regulation and Public Control of Accounting and Auditing Activities" adopted by the National Assembly of the Republic of Armenia on December 4, 2019, came into force. These laws set the criteria for companies, the financial statements whereof are subject to mandatory audit. Those criteria, among others, are the financial indicators of the companies, in particular, the total amount of the statement of financial position (balance sheet), income from activities and the average annual number of employees. If the company meets two of these indicators, the financial statements of the latter are subject to audit.

The current format of public reports submitted by companies - the fields to be filled in - does not provide complete information to assume whether the financial statements of a given company are subject to external audit for the reporting year. The financial reports of some mining companies for 2023 and later years will be subject to mandatory audit by an independent auditor, nevertheless, this will not ensure the requirement of external auditing of all the companies of the sector.

The 2022 financial reports of 6 companies out of 24 reporting mining companies included in the 5th EITI report were subjected to an external audit. The reports submitted by the "Zangezur Copper-Molybdenum Combine" CJSC are consolidated and include the financial data of "Ler-ex LLC" LLC, however, the latter's reports have not been subjected to a separate audit. Information on the publication of financial statements of companies, as well as on external audits, is presented in Annex 1.

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<sup>13</sup><http://www.arlis.am/DocumentView.aspx?DocID=132674>

<sup>14</sup><https://www.eiti.am/hy/agenda-protocols-other-related-documents>

## 2. CONTROL AND INVOLVEMENT EXERCISED BY EITI MULTI-STAKEHOLDER GROUP (MSG)

## 2. CONTROL EXERCISED BY EITI MULTI-STAKEHOLDER GROUP (MSG)

The EITI Standard requires each member state to have effective multilateral control, which is carried out through the MSG.

### 2.1. Government commitment, involvement of companies and civil society, anti-corruption policy (Requirements 1.1, 1.2, 1.3, EITI 2023 Standard requirement 1.2)

#### Government commitment

The Government of the Republic of Armenia has remained committed to EITI since joining it.

The government group includes high-ranking officials of the relevant state departments (deputy minister or secretary general), and the chairman of the EITI MSG is the deputy prime minister of the RA.

The minutes of the EITI meeting prove that the representatives of the government have an active role in EITI discussions. The available data for 2022 on EITI electronic accountability platform certify that the reporting state agencies have timely and completely entered the reports required from them under the RA Government's decree No. 666-N on "The procedure, timeframe and forms of publication of information on activities related to entrails use, mineral extraction and geological studies of subsoil for mineral extraction purposes, procedures, timeframe and forms for submitting public reports on the activities of entrails users who have permits for metal mineral extraction, as well as the list of State bodies" <sup>15</sup> dated June 8, 2018

#### Involvement of the companies

The MSG Group of Companies consists of 7 companies, 3 of which act as alternative members. The regular participation of members of groups of companies in MSG discussions is documented in the minutes of the MSG session. The inspection of the EITI accountability platform confirms that the companies using the subsoil have timely submitted the reports for 2022 as required from the companies using the metal subsoil, according to the RA Government's Decree No. 666-N dated 08.06.2018<sup>16</sup>.

Under requirement 1.2 of the 2023 EITI standard, reporting companies are expected to publish an anti-corruption policy laying out clear guidelines for the management of corruption risks. This policy shall include the methods of using beneficial ownership data as well as all pertinent functions related to anti-corruption activities. In addition, companies involved in a multi-stakeholder group will be required to participate in strict due diligence processes, ensuring that all stakeholders and manifestations comply with ethical and legal norms. This will promote more transparent and accountable governance, lowering corruption risks. Among the mining companies of the Republic of Armenia, the anti-corruption policy was implemented by "Lydian Armenia" CJSC<sup>17</sup>, adopted on August 14, 2018. This policy seeks to reduce corruption risks and ensure transparency of operations. Lydian Armenia is dedicated to upholding ethical standards and ensuring that all stakeholders are aware of their responsibilities.

Other mining companies can study best international practices and develop a separate policy or incorporate an anti-corruption policy into the company's strategy.

Lydian is a company that is part of a large group whose policies appear to include or have been developed based on the group's experience.

#### Involvement of Civil Society

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<sup>15</sup> <https://www.arlis.am/DocumentView.aspx?DocID=132674>

<sup>16</sup> See the same reference.

<sup>17</sup> <https://www.lydianarmenia.am/img/uploadFiles/b0d0ef8d62b4e35a7f4bAntiCorruptionPolicyARM.pdf>

The civil society group in the MSG consists of 6 representatives, 5 of which are non-governmental organizations, including one representative of the scientific community. The minutes of the MSG session document the regular participation of group members in MSG discussions. Civil society participates fully and actively in public decision-making regarding the process of the EITI as well as the main documents thereof.

## 2.2. Multi-Stakeholder Group (Requirement 1.4)

The MSG of EITI of the Republic of Armenia consists of fifteen members from the government of the Republic of Armenia, the business sector of the mining industry, and civil society, comprising the following structure;

1. Six representatives of the Government of the Republic of Armenia,
2. Four representatives of the business sector of the mining industry,
3. Four representatives of civil society.

Detailed information about the MSG is presented in Annex 4.

Under MSG work procedure<sup>18</sup> each MSG group has at least one alternate member, who shall be a representative of the same sector, but not more than the number of members of the group. MSG members and alternate members are appointed for a 3-year term. The head of MSG is the Deputy Prime Minister of the Republic of Armenia. The administration of MSG activities is carried out by the Armenian Secretariat of EITI under the office of the Prime Minister of the Republic of Armenia. The current MSG composition and the participation of its members in the meetings of the Central Committee are available to the public on the official website of EITI<sup>19</sup>. Minutes of multi-stakeholder group meetings, decisions adopted therein, or other important documents approved electronically are published and available on EITI website<sup>20</sup>.

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<sup>18</sup> <https://www.eiti.am/hy/%D4%B2%D5%87%D4%BD-%D5%AB-%D5%A1%D5%B7%D5%AD%D5%A1%D5%BF%D5%A1%D5%AF%D5%A1%D6%80%D5%A3>

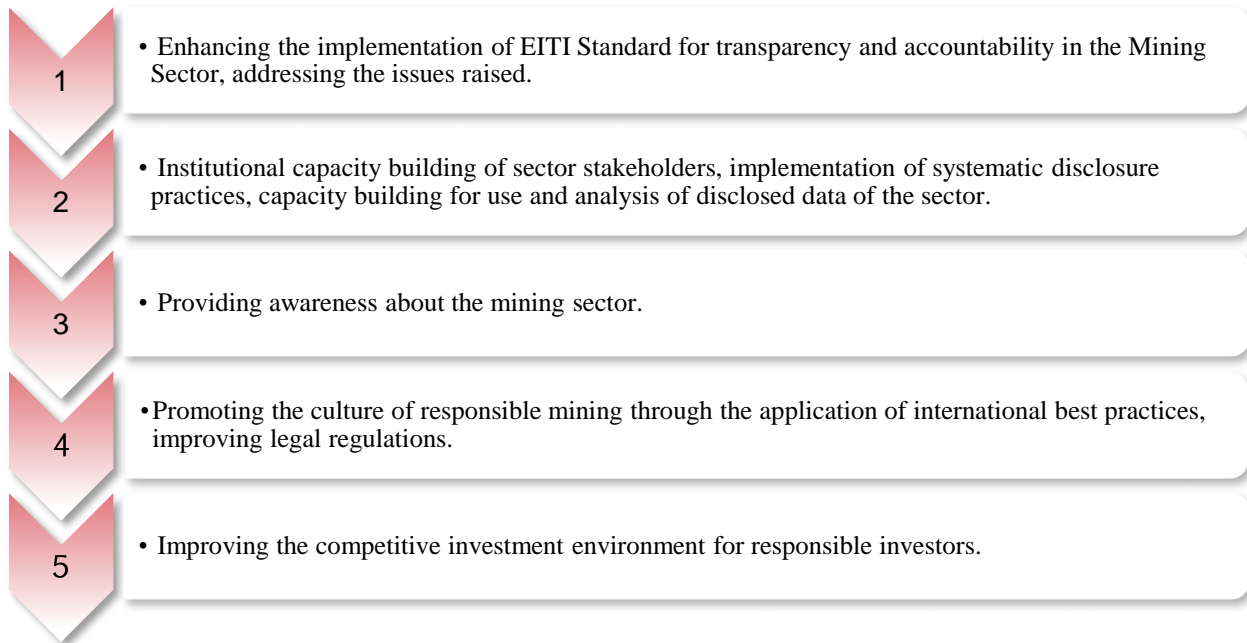
<sup>19</sup> <https://www.eiti.am/hy/%D4%B2%D5%87%D4%BD-%D5%AB-%D5%AF%D5%A1%D5%A6%D5%B4>

<sup>20</sup> <https://www.eiti.am/hy/agenda-protocols-other-related-documents>



## 2.3. Work plan (Requirement 1.5)

The RA EITI's multi-stakeholder group adopted the 2022 work plan at its meeting on April 27, 2022<sup>21</sup>. In that work plan, the following EITI national priorities were set;



The following goals were set by EITI Armenia 2022 work plan;

1. Providing accessible and up-to-date information,
2. Increasing accountability and public control, reducing corruption risks,
  - 2.1 Maintaining Armenia's EITI membership,
  - 2.2 Drawing up EITI report in compliance with EITI Standard,
  - 2.3 Measures aimed at identifying beneficial owners,
  - 2.4 Expansion of EITI scope, in the case of MSG decision on the expansion of EITI Standard implementation, alignment with the RA legal framework,
3. Ensuring coordinated EITI data disclosures, strengthening the capacities of EITI MSG beneficiaries,
4. Implementation of responsible mining practices.

EITI Secretariat of Armenia has prepared and published 2 semi-annual reports<sup>22</sup> on the current progress of EITI implementation for 2022. These reports have been adopted and approved by Armenia's MSG.

The goals of the work plans<sup>23</sup> for 2022, and subsequent years, are related to EITI principles and contribute to the implementation of the national priorities of the extractive sector. Thus, EITI implementation is linked and integrated with the Mining Sector Development Strategy<sup>24</sup> adopted by the government in 2023, and the activities scheduled in the work plan have been included in the government's Five-Year Action Plans<sup>25</sup>.

The development of work plans was done with the participation of all MSG members.

<sup>21</sup> <https://www.eiti.am/hy/%D4%B1%D5%83%D4%B9%D5%86-%D5%A1%D5%B7%D5%AD%D5%A1%D5%BF%D5%A1%D5%B6%D6%84%D5%A1%D5%B5%D5%AB%D5%B6-%D5%AE%D6%80%D5%A1%D5%A3%D5%AB%D6%80/>

<sup>22</sup> <https://www.eiti.am/hy/%D4%B5%D5%BC%D5%A1%D5%B4%D5%BD%D5%B5%D5%A1%D5%AF%D5%A1%D5%B5%D5%AB%D5%B6-%D5%BF%D5%A1%D6%80%D5%A5%D5%AF%D5%A1%D5%B6-%D5%B0%D5%A1%D5%B7%D5%BE%D5%A5%D5%BF%D5%BE%D5%B8%D6%82%D5%A9%D5%B5%D5%B8%D6%82%D5%B6%D5%B6%D5%A5%D6%80>

<sup>23</sup> [EITI work plan - Eiti.am](https://www.eiti.am/work-plan)

<sup>24</sup> [RA MTAI | Subsoil programs \(mtad.am\)](https://mtad.am/)

<sup>25</sup> [Programs – Five-year action programs – The government of the Republic of Armenia](https://www.government.am/programs/)

All work plans, revised versions, and implementation reports are publicly available on EITI website of Armenia. Work plans include objectives, measurable and timed activities, planned costs, funding sources and a risk assessment for each activity. Actions are aimed at strengthening capacity and systematic disclosures, removing legal barriers in the metal mining sector, implementing previous validation recommendations and the EITI, as well as identifying beneficial ownership, etc.

### 3. LEGISLATIVE AND INSTITUTIONAL FRAMEWORK IN THE MINING INDUSTRY OF THE REPUBLIC OF ARMENIA, PROCEDURES FOR GRANTING MINING PERMITS AND CONTRACTING

## 3. LEGISLATIVE AND INSTITUTIONAL FRAMEWORK IN THE MINING INDUSTRY OF THE REPUBLIC OF ARMENIA, PROCEDURES FOR GRANTING MINING PERMITS AND CONTRACTING

### 3.1. Legal framework and fiscal regime (Requirement 2.1)

#### 3.1.1. Legal framework and description of legal acts

According to the requirements of the EITI Standard 2.1, this section of the annual report provides the legal framework regulating the subsoil use, the regulatory framework, and the main legislative amendments during the reporting year. It should be noted that the main legal regulations of the field are presented in the previous reports, which provide a comprehensive overview of the legal framework of subsoil use.

This report contains the legal amendments regulating the field during the reporting year, challenges encountered in the course of their implementation, as well as current processes of contracting and licensing of subsoil use.

Below we present the legislation related to the subsoil use, as well as amendments to legislative acts and bylaws adopted during the reporting year, including, but not limited to:

**Table 3.1.1.1**

*Legislation regarding subsoil use*

1.	The Constitution of RA	15.	RA Law “On Joint-Stock Companies”
2.	Subsoil Code of RA	16.	RA Law “On State Registration of Legal Entities, State Registration of Separate Subdivisions, Institutions of Legal Entities and Individual Entrepreneurs”
3.	Labor Code of RA	17.	RA Law “On Foreign Investments”
4.	Water Code of RA	18.	RA Law “On Combating Money Laundering and Terrorist Financing”
5.	Land Code of RA	19.	RA Law “On Organization and Conduct of Inspections in the Republic of Armenia”
6.	Civil Code of RA	20.	RA Law “On Environmental Control”
7.	Tax Code of RA	21.	RA Law “On Targeted Use of Environmental Payments Made by Companies”
8.	RA Law “On Environmental Impact Assessment and Expertise”	22.	RA Law “On Specially Protected Natural Territories”
9.	RA Law “On Waste”	23.	RA Law “On State Regulation of Technical Safety”
10.	RA Law “On Limited Liability Companies”	24.	RA Law “On State Duty”
11.	RA Law “On the State Budget”	25.	RA Law “On Lake Sevan”
12.	RA Law “On the Protection of Atmospheric Air”	26.	RA Law “On Public Service”
13.	RA Code on Administrative Offenses	27.	Law “On the Budget System of the Republic of Armenia”
14.	RA Law “On Bankruptcy”	28.	Law “On Local Self-government”

The followings are the main bylaws adopted to ensure the implementation of legislative acts related to the subsoil use:

1. RA Government Decree No. 437-N dated March 22, 2012 “On approval of templates of mining contracts” (amended by the RA Government Decree No. 994-N dated June 27, 2024);

2. RA Government Decree No. 1325-N dated November 19, 2014 “On adopting the procedure of public notifications and discussions” (Decree No. 1325-N is set out in a new version according to Decree No. 2343 dated December 28, 2023);
3. RA Government Decree No. 2294-N dated December 21, 2023 “On approval of the strategic environmental assessment procedure and requirements for the strategic environmental assessment report”;
4. RA Government Decree No. 1143-N dated July 25, 2024 “On approval of the procedure for environmental impact assessment”;
5. RA Government Decree No. 643-N dated May 2, 2024 “On approval of the procedure for conducting an expertise, making amendments or additions to the conclusion of the expertise, invalidating the conclusion of the state expertise” (by this decree, the RA Government Decrees No. 399-N dated April 9, 2015 “On the procedure of the environmental impact assessment expertise of the founding documents and the planned activities” and No. 428-N dated April 22, 2015 “On adopting of the procedure for invalidating the conclusion of the expertise” are invalidated);
6. RA Government Decree No. 43-N dated January 11, 2024 “On approval of the procedure for assessing the environmental impact of reconstruction or expansion or technical or technological re-equipment or reprofiling or conservation or relocation or termination or closure or demolition or design change of the envisaged activities and determining the need for expertise”;
7. RA Government Decree No. 2343 dated December 28, 2023 “On making amendments and additions to the RA Government Decree No. 1325 dated November 19, 2014”;
8. RA Government Decree No. 43-N dated January 11, 2024 “On approval of the procedure for licensing of activities on environmental impact assessment or development of strategic environmental assessment reports”;
9. RA Government Decree No. 638-N dated May 2, 2024 “On approval of the types of activities not included in the positive conclusion of the state expertise main provisional documents and subject to assessment and expertise on specially protected natural territories or in green zones of populated areas or within the territory of cultural and historical monuments or environmental soils”;
10. Order of the Minister of Environment of the RA No. 369-N dated October 22, 2022 “On approval of the assessment guidelines for strategic environmental assessment and environmental impact assessment”.
11. Order of the Minister of Environment of the RA No. 468-N dated December 20, 2023 “On invalidating the order of the Minister of Nature Protection of the RA No. 347-N dated November 18, 2014”;
12. RA Government Decree No. 1421 dated August 24, 2023 “On the establishment of the procedure of coordination of proposals on the implementation or amendment of activities envisaged by the environmental programmes with the appropriate authorities in the field of ecology and health care and on invalidation of the RA Government Decree No. 1544 dated September 26, 2002”;
13. Order of the Minister of Environment of RA No. 310-N dated September 4, 2023 “On the establishment of the procedure for the development of the environmental programs implemented at the expense of the amounts of deductions from the environmental tax paid by companies”.
14. RA Government Decree No. 1358-N dated September 1, 2022 “On the establishment of the procedure for coordination of the program or changes in the program of community deductions with the appropriate authority in the field of territorial administration”;
15. RA Government Decree No. 1370-N dated September 1, 2022 “On approval of areas, priorities of activities envisaged by the community contribution spending program”;
16. RA Government Decree No. 1198-N dated August 4, 2022 “On approval of the requirements for the report on community deductions expenditure and the form of the report”;
17. Order of the Minister of Territorial Administration and Infrastructure of the RA No. 16-N dated September 26, 2022 “On approval of the list of affected populated areas” (bylaws referred to in clauses 13-16 became effective on January 1, 2023);
18. RA Government Decree No. 1268-N dated August 11, 2022 “On approval of the procedure for submission of the annual report on the move of the mineral reserves, report forms and guidelines for filling in the report”;
19. Order of the Minister of Territorial Administration and Infrastructure of the RA No. 12-N dated August 8, 2022 “On the establishment of the methodological guidelines on the geological and economic substantiation of mineral deposit condition parameters”;
20. Order of the Minister of Environment of the RA No. 369-N dated October 25, 2022 “On approval of the guidelines for the application of the provisions of environmental assessment”;
21. Order of the Minister of Territorial Administration and Infrastructure of the RA No. 9-N dated April 13, 2022 “On the establishment of the minimum requirements for the geological exploration program”;
22. Order No. 15-N dated September 9, 2022 “On establishment of the minimum requirements for the mining project”.

23. RA Government Decree No. 1446-N dated September 3, 2020 “On approval of the procedure for conducting state mining expertise and invalidating RA Government Decree No. 1784-N dated 9 December 2004”
24. Order of the Minister of Territorial Administration and Infrastructure of the RA No. 06-N dated August 11, 2021 “On Establishing Instructions for the Application of Classification of Mineral Resources”
25. Order of the Minister of Territorial Administration and Infrastructure of the RA No. 04-N dated May 3, 2021 “On Establishing Requirements for the Content of Materials Submitted for Geological Examination and invalidating the Decree No. 86 dated December 12, 2000 of the State Commission on Mineral Resources of the Republic of Armenia (SCMR RA) ”
26. RA Government Decree No. 274-N dated March 14, 2013 “On invalidating RA Government Decree No. 80 dated February 9, 1998, on “Approval of the Classification of Reserves and Forecast Resources of Solid Mineral Deposits’
27. RA Government Decree No. 1480-N dated November 22, 2012 “On approval of the Classification of Exploitable Reserves and Forecast Resources of Groundwater’ and invalidating RA Government Decree No. 1480-N dated February 2, 2002.

### 3.1.2. Tax system, tax and non-tax revenue streams, tax rates

#### Tax system, tax and non-tax revenues

Revenue streams received by the Republic of Armenia from the mining industry are regulated by the following legal acts:

1. RA Tax Code<sup>26</sup>,
2. RA Subsoil Code<sup>27</sup>,
3. RA Customs Code<sup>28</sup>,
4. RA Civil Code<sup>29</sup>,
5. RA Law “On State Duty<sup>30</sup>:

The taxes and fees related to the mining industry companies are as follows:

#### Tax code of RA

- Profit tax
- Royalty
- Value added tax
- Income tax
- Environmental tax
- Nature use payments
- Property tax
- Vehicle property tax

#### Subsoil Code of RA

- Replenishment of environmental protection fund
- Monitoring implementation fee
- Environmental impact assessment and examination implementation fee
- Environmental penalties and fines

#### Customs Code of RA

- Import and export VAT
- Customs duty
- Customs fee

<sup>26</sup> <https://www.arlis.am/DocumentView.aspx?docid=196879>

<sup>27</sup> [arlis.am/DocumentView.aspx?docid=178678](https://www.arlis.am/DocumentView.aspx?docid=178678)

<sup>28</sup> [arlis.am/DocumentView.aspx?DocID=95226](https://www.arlis.am/DocumentView.aspx?DocID=95226)

<sup>29</sup> [arlis.am/DocumentView.aspx?docID=74658](https://www.arlis.am/DocumentView.aspx?docID=74658)

<sup>30</sup> [arlis.am/DocumentView.aspx?docid=196890](https://www.arlis.am/DocumentView.aspx?docid=196890)

### Civil Code of RA

- Rent payments
- Land alienation
- Payment of the difference in cadastral values of land plots at the time of the change in their designated use
- Liabilities related to the socio-economic development of communities defined by the subsoil use contract for the purpose of mineral extraction

### RA Law “On State Duty”

- State duty for issuing licenses, permits, or certificates for the export of each ton of copper concentrate, molybdenum concentrate, and molybdenum (excluding 810297000).
- State duty for issuing water use permits
- State duty for the issuance of a permit for the use (exploitation) of each deposit of precious, non-ferrous and rare metals

## Tax system

**Table 3.1.2.1**

*Rates of revenue streams and competent state authorities*

Competent State body	Revenue stream	Rate or calculation base	Budget
State Revenue Committee of RA	Royalty	B <sub>1</sub> , B <sub>2</sub> , B <sub>3</sub> bases <sup>31</sup>	State
	Value added tax	20%	State
	Customs duty, customs fee	-	State
	Profit tax	18%	State
	Income tax	20%	State
	Excise tax	Article 88 of the RA Tax Code	State
	State duty for each ton of copper concentrate, molybdenum concentrate and molybdenum exports	Base fee of 160,800 or at a rate of 1,000 times	State
	Environmental tax	Article 165 of the RA Tax Code	State
	Nature use payments	Article 201 of the RA Tax Code	State
	State duty for issuing water use permits	10,000 AMD	State
State duty for the issuance of a permit for the use (exploitation) of each deposit of precious, non-ferrous and rare metals	Base fee at the rate of 10,000 times	State	
Ministry of Environmental Protection of RA	Replenishment of environmental protection fund	AA = CB - PA/P <sup>32</sup>	Community
	Environmental penalties and fines	-	State
	Environmental impact assessment implementation fee	Base fee of 15,300 or at a rate of 1,000 times	State
	Allocations from Environmental Protection Fund to company	Appendix, Chapter 4 <sup>33</sup>	State

<sup>31</sup> [arlis.am/DocumentView.aspx?docid=196879](https://www.arlis.am/DocumentView.aspx?docid=196879) Article 202

<sup>32</sup> <https://www.arlis.am/DocumentView.aspx?docid=157091>

<sup>33</sup> [arlis.am/DocumentView.aspx?docid=157091](https://www.arlis.am/DocumentView.aspx?docid=157091)

Competent State body	Revenue stream	Rate or calculation base	Budget
	Monitoring implementation fee	-	State
Ministry of Territorial Administration of RA	Socio-economic development contributions by the mining companies defined by mining contract	Appendix 3 to the contract	Community
	Rent payments	Lease object	Community
	Property tax	0.25%	Community
	Vehicle property tax	Article 244 of the RA Tax Code	Community
	Land alienation	Sale price	Community

Source; Relevant laws and legal acts

### Changes in the tax regime during the reporting period

#### Royalty

According to the amendments made to the RA Tax Code on June 15, 2022<sup>34</sup> a new procedure for the calculation of the royalty has become effective since January 1, 2023, according to which the following calculation bases and rates are applied:

- 1) B<sub>1</sub> - sales turnover of any final product resulting from the processing of supplied concentrate, non-concentrate or concentrate-free alloys or subsoil waste, ore, concentrates, alloys during the reporting period (hereinafter together with concentrates referred to as the product);
- 2) B<sub>2</sub> - profit before taxation, which is calculated as the positive difference between the reductions established by B<sub>1</sub> and Section 6 of the RA Tax Code directly related to B<sub>1</sub> (excluding financial expenses, royalty established by this section, and tax losses of previous years);

3) B<sub>3</sub> - profit before taxation, the value of which is determined according to the following formula, with the amount of royalty based on B<sub>3</sub> calculated only when the royalty payer's B<sub>3</sub> is more than 0:

$$B_3 = B_2 - FE - (B_1 \times R_1) - (B_2 \times R_2) - (B_1 \times 0.15)$$

where FE are the financial expenses calculated according to the procedure established by Section 6 of the RA Tax Code, which are considered with the purpose of the B<sub>3</sub> according to the procedure, cases, and amounts established by the Government, and R<sub>1</sub> and R<sub>2</sub> are the rates of royalty established by the Article 209 of the RA Tax Code.

In the meaning of the application of the aforementioned, at the calculation of B<sub>2</sub>:

- 1) no reduction of financial expenses from sales turnover, royalties, and tax losses of previous years as set out in this section is made, regardless of whether these expenses and tax losses are related to the exploitation of mineral deposits and (or) production of metal concentrates;
- 2) Reduction of the administrative expenses of nature use payments' payers, sales expenses, and other non-production expenses are considered as a proportion corresponding to the sales turnover of royalties in the gross profit.

The following rates shall apply to the above royalty bases:

1. For B<sub>1</sub>: R<sub>1</sub> that is equal to 4 percent;
2. For B<sub>2</sub>: R<sub>2</sub> that is equal to 12.5 percent;
3. For B<sub>3</sub>: R<sub>3</sub> that is equal to 15 percent.

For the calculation of concentrate sales turnover, the final metal content of the supplied concentrates defined based on conclusions issued by laboratories<sup>35</sup> included in the list established by the Government is taken as a basis. In cases envisaging a period longer than the period including the month following the one including the date of supply of the

<sup>34</sup> [arlis.am/DocumentView.aspx?docid=164753](https://arlis.am/DocumentView.aspx?docid=164753)

<sup>35</sup> [arlis.am/DocumentView.aspx?docid=173326](https://arlis.am/DocumentView.aspx?docid=173326)



concentrate for determining the price in the concentrate supply contract, the international average prices for the month following the month including the day of concentrate delivery shall be used as a basis for calculating the price of the physical volume of concentrate supplied.

### State duty

According to the amendments made to the law “On State Duty” adopted on July 15, 2021, it has been decided to impose a state duty on the issuance of licenses or permits or powers of attorney for the export of copper and molybdenum. The motivation for the adoption of the law was the growth of non-ferrous metal prices in the international markets, which created an opportunity for profit growth and development of the metal industry in Armenia. By this amendment, an attempt was made to regulate foreign trade in goods of strategic importance for the RA (copper and molybdenum concentrates, ferromolybdenum).

Initially, it was envisaged that the law would be terminated on January 1, 2023. However, given the fall in international prices for non-ferrous metals, the government decided to terminate the duty from September 10, 2022.

**Table 3.1.2.2**

*2021-2022 payments made for the issuance of licenses, permits or certificates for each ton of copper concentrate, molybdenum concentrate and molybdenum (excluding 810297000)*

N	Company name	Amount paid, AMD mln		Total
		2021	2022	
1	"Zangezur Copper-Molybdenum Combine" CJSC	13,116	34,600	47,716
2	"Agarak Copper-Molybdenum Combine" CJSC	5,008	5,688	10,696
3	"Akhtala Mining And Processing Enterprise" CJSC	2,995	1,640	4,635
4	"Teghout" CJSC	484	1,280	1,764
5	"Kapan Mining and Processing Enterprise" CJSC	320		320
<b>Total</b>		<b>21,924</b>	<b>43,208</b>	<b>65,132</b>

Source. According to the information provided by the SRC of Armenia for EITI report

More detailed information about this duty is provided in the 2020-2021 EITI Report<sup>36</sup>.

### 3.1.3. Significant legislative amendments in the mining sector during the reporting year

According to the foreword of the Constitution of the Republic of Armenia, the Constitution is based on the Declaration of Independence of Armenia, paragraph 7 of which states: “The national wealth of the Republic of Armenia, i.e. the land, subsoil, air space, water and other natural resources, economic, intellectual, cultural capabilities is the property of its people. The procedure for their possession, use and disposal shall be determined by the laws of the Republic of Armenia”. According to the main legal act regulating the legal relations of subsoil use in the territory of the Republic of Armenia, the RA Subsoil Code (hereinafter referred to as the Code), one of the main provisions of the legal regulation of relations related to the use and preservation of subsoil is the recognition of subsoil as the exclusive property of the state. In the matter of disposal of minerals contained in the subsoil, the Government of the Republic of Armenia acts and makes decisions on behalf of the people of Armenia<sup>37</sup>.

#### RA Subsoil Code

<sup>36</sup> <https://www.eiti.am/hy/2022/>

<sup>37</sup> Armenian national EITI Report, pages 19-20, <https://www.eiti.am/hy/annual-reports/2021>

### ***Approval of guidelines for the implementation of environmental impact assessment provisions***

By an amendment effective June 30, 2022<sup>38</sup> (adopted on 05/25/2022, number HO-143-N) the authority to approve guidelines for the application of environmental impact assessment provisions was added to the Code in connection with subsoil use, along with the authority of the authorized state environmental management body.

In the grounds of the draft of this amendment, reissue and use in the form of an order of the Ministry of Environment of the protocol decision of the Government of the Republic of Armenia No. 29-8 dated June 29, 2016 “On making amendments and additions to the protocol decision adopted by the paragraph 10 of the Minutes No. 37 of the session of the Government of the Republic of Armenia held on September 4, 2014” is specified as a purpose. However, the amendment referred allows avoiding disagreement in the interpretation and wording of the application of environmental impact assessment provisions. In order to ensure clarity and avoid differences of interpretation in the field of subsoil use, the amendment to the Code effective June 30, 2022 (adopted on 05/25/2022, number HO-143-N), defined predictive recourses of minerals, i.e. inferred accumulations of minerals, the quantity, quality, and spatial location of which are estimated based on general geological assumption<sup>39</sup>.

### ***Prohibition on transfer of subsoil use rights***

The Article 163(1) of the RA Civil Code establishes options for a person to exercise his/her ownership rights. Comparing this general rule with the regulation established by Article 22 of the Code, it can be concluded that a person may dispose of his right to subsoil use, thus deciding the destiny of his/her right to subsoil use.

Pursuant to the amendment effective June 30, 2022 (adopted on 05/25/2022, number HO-143-N), the general rule of prohibition to transfer the subsoil use right by a person, exceptions to the rule (the forced alienation of the subsoil use right being the subject of the pledge in the case of a pledge of the right) was regulated, also the transfer of the subsoil use right was allowed not only in the case of reorganization of a legal entity in the form of separation or dissociation but also in the case of merger, incorporation, restructuring of a legal entity.

In terms of the present regulation, certain problems may arise in practice.

Within 20 days after receiving the consent of the appropriate authority (MTAI) for the transfer of subsoil use rights, the state registration number of the legal entity acquiring the subsoil use right, a note on the size of the authorized capital of the legal entity, the regulations of the legal entity shall also be submitted. In practice, reorganization is a rather lengthy process. Very often the period between the decision of the general meeting of the reorganized companies on separation, dissociation, and the process of approval of the separation balance sheet, and the state registration of the reorganization may last for a long time, and as a result the applicant, due to circumstances beyond his/her control, misses the above-mentioned period, which may be a reason to revoke the consent given by the competent authority.

For the purpose of full regulation of the area under conditions of emergency in the country, the Code was supplemented with Article 55.1: in case of force majeure circumstances, the terms of the existing subsoil use right shall be extended on this basis for a maximum period of elimination of these circumstances and their consequences preventing normal activity of the subsoil user. This amendment does clearly establish the entire process: the procedure and conditions for submitting an application to the competent authority, deadlines, and requirements for the content of the application, necessary conditions and deadlines for satisfaction or rejection of the application by the competent authority.

Guided by Article 73 of the RA Constitution, the legislator gave retroactive effect to the legal regulations related to the extension of the subsoil use right based on the impact of force majeure circumstances, and they also shall apply to the subsoil users who obtained the subsoil use right before its entry into force if the force majeure circumstance occurred within four years preceding the date of entry into force of this amendment<sup>40</sup>.

### ***Presentation of the annual report on the movement of mineral reserves***

Clause 7 of the 2<sup>nd</sup> part of Article 14 of the Code has been revised establishing the requirement for submission procedure, forms, and filling instructions for the annual reports regarding the move of the mineral reserves, considering

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<sup>38</sup> <https://www.arlis.am/documentview.aspx?docid=164453>

<sup>39</sup> <http://www.parliament.am/drafts.php?sel=showdraft&DraftID=66149>

<sup>40</sup> <http://www.parliament.am/drafts.php?sel=showdraft&DraftID=13248&Reading=0>

that in addition to solid minerals (metallic and non-metallic), it is also necessary to establish the form of the annual report on the movement of groundwater reserves. Besides, the form approved by the RA Government Decree No. 1348-N dated October 25, 2012<sup>41</sup> was only a tabular report presenting summarized information on mineral production, there were no clear requirements for providing the most detailed explanatory notes on the maintenance of the balance of reserves and other annexes and substantiations.

Considering this amendment the RA Government Decree No. 1268-N dated August 11, 2022<sup>42</sup>, has been adopted, that regulates the relations and deadlines for submission and accepting of the annual reports regarding the movement of mineral reserves, clarifies the form of reports, and brings them in line with modern requirements, establishes guidelines for completing the reports, fills in the gaps in reporting requirements regarding the movement of groundwater reserves, and carries out full and complete maintenance of the state accounting of mineral groundwater reserves. Submission of electronic reporting forms will contribute to the efficiency of further information processing and data transfer, as well as will be a preparatory step and create a favorable environment for the introduction of automatic management systems for the maintenance of the state balance of reserves. Based on the goal of ensuring transparency in the field, this decree instructed the Minister of Territorial Administration and Infrastructure to post the forms of the tabular part of the annual reports submitted by subsoil users in “xlsx” format on the official website of the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia at <https://mtad.am/pages/sample-reports> within 10 working days after the adoption of the decree. By adoption of this decree the RA Government Decree No. 1348 dated October 25, 2012 “On establishment of forms of quarterly and annual reports regarding the movement of mineral reserves” has been declared null and void.

The requirements established by the aforementioned decree became effective on January 1, 2023, therefore they were not applied during the reporting year included in this Report.

### *Classification of the mineral reserves*

By the amendment of Article 17 of the Code (adopted on 08/11/2021, number 06-N Decree), the concepts of “establishing instructions for the application of the classification of mineral reserves” and “establishing methodological guidelines for the geological and economic substantiation of the parameters of mineral deposit conditions” (previously: “establishing instructions and methodological guidelines for the application of the classification of mineral reserves”) have been separated in the powers of the appropriate authority in the field of the use and preservation of subsoil (MTAI). Based on this amendment, a number of instructions have been approved by the Order of the Minister of TAI, including instructions for the application of the classification of reserves of gold and copper deposits; also, the Order of the Minister of TAI No. 12-N dated August 8, 2022<sup>43</sup> establishes methodological guidelines for the geological and economic substantiation of the parameters of mineral deposit conditions.

According to the Order of the Minister of TAI No. 9-N dated April 13, 2022<sup>44</sup>, the minimal requirements for the geological exploration programme have been established; and according to the Order of the Minister of TAI No. 15-N dated September 9, 2022<sup>45</sup> the minimal requirements for the mining project have been established.

At the same time, part 6.4 of Article 7 of the Code (adopted on 07/16/2022, number HO-397-N) establishes that if the materials submitted for subsoil expertise do not comply with the classification of mineral reserves and predictive resources or the requirements for the instructions for the application of the classification of mineral reserves and methodological guidelines for the geological and economic substantiation of the parameters of mineral deposit conditions, or if there are omissions in the reserves assessment calculations:

1) the appropriate authority shall inform the applicant about the omissions for the purpose of additional processing establishing the following term limits for additional processing:

- for non-metallic mines: up to 30 days;
- for metallic mines: up to 120 days.

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<sup>41</sup> <https://www.arlis.am/DocumentView.aspx?docid=79015>

<sup>42</sup> <https://www.arlis.am/DocumentView.aspx?docid=167333>

<sup>43</sup> <https://www.arlis.am/DocumentView.aspx?DocID=167147>

<sup>44</sup> <https://www.arlis.am/DocumentView.aspx?DocID=168479>

<sup>45</sup> <https://www.arlis.am/DocumentView.aspx?DocID=162087>

2) if the omissions referred are not eliminated within the established term, the appropriate authority shall reject the application on this ground and notify the applicant within 3 days.

#### ***Definition of the concept of "civil disobedience"***

On June 30, 2022 (adopted on 25.05.2022, number: HO-143-N), the concept of "civil disobedience" was added to the Code as an insurmountable force for extending the period of the right to use the subsoil. In the code, the term "civil disobedience" is defined as protests carried out by the public through the organization of gatherings, which are directed against the policy or program of the government.

This change was considered problematic by MSG civil society representatives, as the mentioned concept could be interpreted arbitrarily and could limit public participation and freedom of expression.

#### **RA law "On the joint-stock companies"**

To fight corruption, as well as increase the accountability of private companies in 2022, Article 88 of the RA law "On the joint-stock companies" has been supplemented with the introduction of a new requirement (adopted on 12/07/2022, number HO-560-N), according to which from January 1, 2024, in the case defined by the RA Law "On Corruption Prevention Commission", the sole executive body, members of the collegial executive body shall submit a declaration on property, income, interests and expenses. In light of the EITI standards, this is another step to increase the accountability of economic operators and transparency in the sector<sup>46</sup>.

#### **RA law "On environmental impact assessment and expertise"**

The RA law "On environmental impact assessment and expertise" (hereinafter within the scope of this chapter referred to as the Law) has an important role in the subsoil use sector. The Law envisages environmental impact assessment (EIA), which is mandatory for all projects that may affect the environment, including the exploitation of metallic, non-metallic mines and other mining and subsoil use activities. In the referred sector, the Republic of Armenia is obliged to comply with the international treaties and principles it has ratified concerning environmental protection, including the subsoil use sector. These obligations are expressed through a number of international conventions, treaties and initiatives. One of the legal acts adopted within the framework of them is RA Law No. HO-110-N dated June 21, 2014 "On environmental impact assessment and expertise".

Within the framework of this Report, the law referred has not been subjected to amendments during the reporting year. Based on the requirements of Annex 3 to the Comprehensive and Enhanced Partnership Treaty signed between the Republic of Armenia on one side and the EU and European nuclear energy community and member countries on the other side and ratified by the RA and Clause 13.1 of Annex 1 to the RA Government Decree No. 1902-N dated November 14, 2021, a new version of the Law referred has been adopted on May 3, 2023<sup>47</sup>, facilitating the processes connected to the provision of an expertise conclusion with the purpose of development of a fundamental document and implementation of envisaged activity that may have a possible impact on the environment and human health.

The amendments made to the Law show several basic courses that may significantly affect the mining industry.

- 1. Change of categories of the environmental impact assessment (EIA).** The previously established categories A, B and C are now merged forming two categories: A and B. This means that the activity types of some Category C sectors have been added to Category B activity types, and the activity types of some Category B sectors have been added to the envisaged Category A activity types and their limits have changed, requiring more rigorous expertise.
- 2. Change of limits:** The limits of some activities established for categories A and B have been revised which may result in some mining projects being moved to a higher-risk category, requiring a more rigorous assessment and a lengthy process.
- 3. Refining the concepts.** The new version of the Law has refined and enhanced several concepts, in particular the concepts of "application", "expert", "entrepreneur", "public", "interested public", "environment" and "envisaged activity". It is important for the mining industry that the terms of "climate" and "environmental lands" are included in the concept of "environment" which may generate additional requirements from the accountability perspective. The

<sup>46</sup> <https://www.arlis.am/documentview.aspx?docid=172206>

<sup>47</sup> <https://www.arlis.am/documentview.aspx?docid=178443>

definition of “environmental management plan” has been also given in the concepts; the term of “project document” has been revised.

4. **Strategic environmental assessment (SEA).** This new regulation is introduced as a subsoil use and other sectors’ planning and policy expertise tool that increases the level of definition and assessment of environmental impact as a consequence of the provisions of the draft fundamental document. Mining companies shall involve in the SEA process at an earlier stage to avoid any possible risk.

The SEA toolkit has been in operation since 2014, but the sub-legislative acts ensuring its application were only adopted after the approval of the Mining Sector Development Strategy. Representatives of the authorized body have repeatedly stated that the mentioned strategy is not subject to SEA due to its content. In the future, legal acts adopted on the basis of this strategy will be subjected to SEA if necessary (as required by law). At the same time, it is important to note that, although legislative regulation existed, in practice, SEA has not been applied when adopting any sectoral strategy.

5. **Reduction of public hearings.** The previously required 4 public hearings are reduced to 2, thus shortening the length of the expertise, but requiring more efficient and clear hearings.

There were quite long (about four years) and wide-ranging discussions regarding this amendment to the Law, during which not only state and community authorities but also economic operators and public organizations operating in the sector had the opportunity to share their comments and opinions; the current international practice was also studied. This amendment is aimed at the maximum refinement of the environmental impact expertise process. Of the previously existing 4 stages, the first stage of the pre-assessment was formal in practice, which made the whole process just unnecessarily protracted. In terms of content, the process of two stages of public hearings has been maximally regulated, and the deadlines have been refined. The term of public discussion of the legislative amendment has been extended, and if someone is unable to participate in the public discussion, the latter has the opportunity to voice his/her opinion by e-mail, which must be followed by a mandatory feedback. Moreover, in case of a negative result of the abovementioned public hearings, the process is no longer continued.

6. **Change of the term of invalidation of the expertise conclusion in the event of non-implementation of the envisaged activity.** Previously the expertise conclusion was invalidated within one year, but now this term has been prolonged up to two years. This means that if upon obtaining the subsoil use right there are certain obstacles to the commencement of the envisaged activity, for example, settlement of land issues, the subsoil user has time to settle them.

7. **Termination of the subsoil use right in case of invalidity of the positive expertise conclusion.** Within the framework of these changes, an appropriate amendment has been made to the RA Subsoil Code, according to which the subsoil use right is terminated if “the positive expertise conclusion has become invalid or is recognized invalid in cases stipulated by the RA law “On environmental impact assessment and expertise”. Previously there was no such legal regulation, and when a positive expertise conclusion was considered invalid and the subsoil use right was in effect, a legal inconsistency arose.

These amendments together may have a significant effect on the companies performing activities in the mining industry requiring more complicated and lengthy processes in the framework of environmental impact expertise and assessment.

8. **Amendment to the Code of the Republic of Armenia “On administrative offenses” regarding cases of responsibility for failure to submit to expertise in compliance with the established procedure and the amount of fines.** At the same time, amendments have been made to the Code of the Republic of Armenia “On administrative offenses”; Article 94.1 of the code is revised (adopted on 05/03/2023, number HO-152-N) which clearly defines all cases of responsibility for failure to submit to expertise in compliance with the procedure established by the RA legislation and the amount of fines.

The established high amounts of fines are aimed to oblige the entrepreneurs to apply to the competent authority and obtain a positive conclusion of expertise in compliance with the procedure established by the RA legislation, prior to the beginning of the activity having environmental impact.

On the other hand, in case of offenses, Article 94.1 on penalties, stipulates that the violation of procedures established by the RA legislation for the implementation of activities subject to environmental impact assessment and expertise

shall be followed by a warning, then in case of failure to perform these actions within one month after the warning, a fine shall be imposed.

A new regulation related to SEA has been established in chapter 5 of the Law governing the processes of strategic environmental assessment and expertise, requirements for them, types of fundamental documents subject to the strategic environmental assessment and expertise<sup>48</sup>.

These amendments will be addressed in more detail in the EITI Report for the next year.

#### **The law No. HO-52-N on making amendments to the RA law “On budget system”<sup>49</sup>**

The law No. HO-52-N “On making amendments in the RA law “On the budget system of the Republic of Armenia” adopted on March 4, 2022 (entering into force 01/01/2023) was aimed at promoting the sustainable and continuous development of communities as well as the affected settlements by increasing their budgetary capabilities.

According to that law, the state budget expenditures included the provision of allocations received from royalties to the budgets of communities. 2% of the royalty paid to the state budget by royalty payers is allocated to the budgets of the affected communities on a non-refundable basis. It should be noted that the distribution of these amounts is carried out according to a two-stage system:

- 50% of community allocation shall be distributed among the affected settlements;
- The other 50% shall be allocated among the communities with affected settlements irrespective of royalty payers.

#### ***Definition of an affected settlement***

According to the law, the settlement of a community is considered to be an “affected settlement” if it is adjacent to the territory provided to the royalty-payer organization by a mining allotment certificate. The community allocations shall be aimed at the implementation of social and economic development programs, giving priority to the development programs for the affected settlements.

#### ***Community allocations’ expenditure programs***

The programs are developed by the head of the community considering the development program documents of the given province or community. Coordination of the programs or amendments thereto are implemented with the appropriate authority for territorial administration and shall reflect the priorities established by the RA Government.

#### ***The basis for the definition of the amount of allocations***

When determining the amounts of allocations, the available data of the actually paid royalties of the third year prior to the upcoming budget year is taken as a basis.. Thus, the programs for the expenditure of community allocations (hereinafter referred to as the Programs) will be implemented with the budget of 2024. When determining the amounts of allocations for the Programs to be implemented in 2024, the existing data of the royalties actually paid during the year 2021 is taken as a basis.. According to the information of MTAI, royalty for AMD 52.56 billion has been paid in 2021, of which 2%, i.e. AMD 1.05 billion shall be distributed to the communities. AMD 81.73 billion has been paid in 2022 of which 2% shall be distributed for the 2025 programs.

#### **The law No. HO-53-N on making amendments to the RA law “On self-government”<sup>50</sup>**

The law “On making amendments to the law “On self-government” provides for transparency of the royalty distribution. Community heads are required to submit reports on spending the community allocations. Report about this shall be published separately and available for download on the community's official website. Community heads are responsible for executing programs on spending the community allocations and submitting them for the approval of the Council of Elders.

#### ***Implementation of programs for 2024***

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<sup>48</sup> <https://www.e-draft.am/projects/4014/justification>

<sup>49</sup> <https://www.arlis.am/documentview.aspx?docid=75497>

<sup>50</sup> <https://www.arlis.am/documentview.aspx?docID=73271>

In 2024 programs with community allocations will be implemented in the 6 communities of Armenia: Kajaran, Kapan, Meghri, Alaverdi, Vardenis, and Tsaghkadzor.

#### *Adoption of bylaws*

To apply the law No. HO-52-N dated March 11, 2022, a number of bylaws have been adopted:

1. RA Government Decree No. 1358-N dated September 1, 2022 on the establishment of the procedure for coordination of the programs of community allocations.
2. RA Government Decree No. 1370-N dated September 1, 2022 on approval of areas, priorities of activities of spending the community allocations.
3. RA Government Decree No. 1198-N dated August 4, 2022 on approval of report format.
4. Order of the Minister of Territorial Administration and Infrastructure of RA No. 16-N dated September 26, 2022 on approval of the list of affected settlements.

All these bylaws became effective as of January 1, 2023.

Prior to 2023, Armenia lacked a comprehensive policy regulating the subsoil use sector, which would allow it to have a vision and take concrete actions to solve existing problems and ensure the sustainable development of the sector. For this reason, “The mining industry strategy and the consequent action plan (up to 2035)” approved by the RA Government Decree No. 730-N dated May 11, 2023 is extremely important. The primary objective of the mining industry development strategy is to facilitate the regulation and advancement of the sector, thereby enabling a positive and law-governed role in promoting Armenia’s sustainable development and economic growth. It is aimed at the long-term development of the economy, efficient exploitation of natural resources, management, and minimization of environmental and social risks. The strategy’s primary goals and targets will be covered in the EITI annual report for 2023.

### **3.1.4. State and self-government bodies having competencies in the sector and their authorities**

The state and self-government bodies having competencies in the subsoil use sector during the reporting period are as follows:

- RA Ministry of Territorial Administration and Infrastructure (MTAI);
- RA Ministry of Environment (ME);
- RA Ministry of Emergency Situations (functions are transferred to the Ministry of Internal Affairs of the Republic of Armenia since June 30, 2023);
- RA Environmental Protection and Mining Inspection Body;
- RA State Revenue Committee;
- Center of Expertise for Environmental Impact Assessment SNPO;
- National Center of Technical Security SNPO;
- Republican Geological Fund SNPO;
- Hydrometeorology and Monitoring Center SNPO;
- Local self-government bodies.

The state and local self-government bodies have a great role in the subsoil use sector of the Republic of Armenia; their obligations and authorities are generally focused on the efficient and sustainable use and management of the subsoil natural resources, as well as on environmental protection.

In the Republic of Armenia, the functions and authorities of state and municipal bodies in the subsoil use sector combine a number of significant factors, including policy introduction, supervision, and quality and sustainability standards assurance, to guarantee efficiency, accountability, and transparency in the nation’s natural resource use sector.

The scope of authorities of the listed state and municipal bodies is described in detail in the previous EITI reports<sup>51</sup>. It is deemed important to highlight solely that, the functions of the RA Ministry of Emergency Situations had been transferred to the RA Ministry of Internal Affairs since June 30, 2023 following the legislative amendments adopted by the National Assembly on December 16<sup>52</sup> in the reporting year of 2022.

### 3.1.5. Benefits provided by the state to the mining companies

There were no tax holidays or other benefits granted to the mining companies during the reporting period. For payments that are not recorded in the national or community budget (e.g., extrabudgetary funds), it is important to consider environment protection capital replenishment (recultivation) payments for the restoration of land disturbed during subsoil use and payments for monitoring to ensure the safety and health of the population in the mining area, in the location of production backfills generated during the mining and the adjacent communities.

## 3.2. Regulations related to granting of permits, conclusion of contracts, termination of subsoil use rights (Requirements 2.2, 2.3, 2.4)

In the previous EITI reports the processes of granting permits to economic operators, contracting, and the problems encountered were presented in detail<sup>53</sup>.

During the reporting year in the processes of granting permits and contracting for metal mining, Article 22 of the RA Subsoil Use Code (hereinafter referred to as the Code) was only amended, that is an amendment has been made only to the procedure for transferring the subsoil use right presented in subheading 3.1.3.

The processes of granting permits and conclusion of contracts, as well as granting certificates of termination of subsoil use rights and waiver of subsoil use rights in the light of EITI standards are summarized below.

The process of granting permits for subsoil use in the Republic of Armenia is governed by the Code. Based on the Code the Ministry of Territorial Administration and Infrastructure (hereinafter referred to as the Appropriate Authority) implements the granting of permits.

### Obtaining subsoil use permits<sup>54</sup>

In order to seek the mining right the legal person (including the commercial organization of a foreign country) shall submit an application enclosing the following documents:

- 1) The state registration number of the applicant, note about the amount of the authorized capital;
- 2) Estimated exploitation period of the mine, based on available technical and economic indicators;
- 3) Approved list of minerals;
- 4) Mining project in compliance with Article 50(1) of the Code and minimal requirements for the mining project established by the Appropriate Authority;
- 5) Mine closure program that shall include the following:
  - a. Physical mine closure plan including disassembly of infrastructures, machinery, equipment, and constructions;
  - b. The recultivation plan for land areas damaged as a result of mineral extractions, including the recultivation plan during the existence of the deposit (based on the deposit exploitation method);
  - c. Social mitigation program for employees, compliant with the procedure stipulated by the law;
  - d. Monitoring implementation plan for ensuring the safety and health of the population of the communities in mineral extraction areas, the areas of dumping production waste originated during the production process, and their adjoining territories;
  - e. 2 years prior to completing mine exploitation activates testifying the preparation of the final mine closure plan.
  - f. Financial guarantees for the implementation of the mine closure plan;
- 6) In the case of metal mining, an extract containing information about the beneficial owners as of 5 days prior to the application;

<sup>51</sup> Armenian national EITI Report (2019.), <https://www.eiti.am/hy/annual-reports/2021>

<sup>52</sup> <https://www.arlis.am/documentview.aspx?docid=171927>

<sup>53</sup> Armenian national EITI Report, <https://www.eiti.am/hy/annual-reports/2021>

<sup>54</sup> <https://www.arlis.am/DocumentView.aspx?docid=72865>



- 7) In case of a change of beneficial owners in the period after the filing of the application and before the decision on the application to seek the rights, provision of an extract containing information on the beneficial owners after the state registration;
- 8) Information on financial and technical capacities and means, the content and the requirements set forth for which are defined by the Government;
- 9) Financial proposals and guarantees which should include details on mine operations, capital, and operational costs;
- 10) Mining waste management plan and relevant financial guarantee, and in cases stipulated by the law - mining waste processing plan and financial guarantees necessary for the implementation of activities envisaged by the mining waste processing plan;
- 11) The receipt on payment of the state duty established for the implementation of the environmental impact expertise;
- 12) In case of mining of recoverable reserves of sand as well as sand and gravel mixture from fluvial type mines located in border lands on the banks of border rivers, the consent of the authorized management authority of the border areas;

In order to obtain the right to use subsurface resources for the purpose of geological exploration, 10 applications were submitted to the authorized body during 2022, 6 of which were rejected, mainly on the basis that the Appropriate Authority did not eliminate the shortcomings indicated by the Appropriate Authority in the documents attached to the application, within the time limit established by the Code 1, on the basis that the requested subsoil plot is burdened with another right to use the subsoil. During 2022, the authorized body granted 4 rights to use the subsoil for geological exploration.

#### **Obtaining a permit for geological exploration for the purpose of mining activities**

In order to obtain a permit for geological exploration for the purpose of mining activities an application is to be submitted to the Appropriate Authority along with the following documents:

- 1) The state registration number of the applicant;
- 2) The period required for the implementation of works;
- 3) Mineral(s) subject to geological exploration;
- 4) Geological exploration plan in compliance with Article 39(2) of the Code and minimal requirements for the exploration plan established by the Appropriate Authority;
- 5) In case of geological exploration for the purpose of metal mining, an extract containing information about the beneficial owners as of 5 days prior to submitting the application;
- 6) In the event of geological exploration for the purpose of metal mining, in case of a change of beneficial owners in the period after the filing of the application and before the decision on the application to seek the right, provision of an extract containing information on the beneficial owners after the state registration;
- 7) Information on financial and technical capacities and means, the content, and the requirements set forth for which are defined by the Government.
- 8) List of documents submitted;
- 9) In the case of mining of recoverable reserves of sand as well as sand and gravel mixture from fluvial type mines located in border lands on the banks of border rivers, the consent of the authorized management authority of the border areas.

In order to seek **consent for a geological exploration** an application shall be submitted to the Appropriate Authority along with the following documents:

- 1) Name of the applicant, address (location);
- 2) State registration number of the applicant;
- 3) Terms required for operation;
- 4) Geological exploration plan in compliance with Article 36(2) of the Code and minimal requirements for the exploration plan established by the Appropriate Authority;
- 5) Information on financial and technical capacities and means, the content, and the requirements set forth for which are defined by the Government.
- 6) An extract containing information about the beneficial owners as of 5 days prior to the application submission;
- 7) In case of change of beneficial owners in the period after the filing of the application and before the decision on the application to seek the right, provision of an extract containing information on the beneficial owners after the state registration;

#### 8) List of documents submitted.

Based on the application submitted the Appropriate Authority carries out necessary examinations and adopts a relevant decision. Grounds for rejection of applications are comprehensively established by the Code. The subsoil use of the geological exploration plan without a mining plan subject to state expertise in compliance with the established procedure with a positive conclusion, or without coordination with the appropriate authority or without obtaining a positive conclusion of the environmental impact expertise is prohibited.

Thus, according to regulations in force, the subsoil use rights are based on the four main documents:

- 1) Project (in case of mining) or program (in case of geological exploration of the subsoil with the purpose of mining) that has undergone expertise;
- 2) Subsoil use permit;
- 3) Mining allotment certificate;
- 4) Subsoil use contract.

#### Conclusion of a subsoil use contract

Both subsoil use permits and mining allotment certificates are administrative acts by their legal nature. They are provided by the Appropriate Authority to the subsoil user, whereas the subsoil use contract is concluded between two legal persons, i.e. state government body and a private company, and constitutes a civil contract.

The parties conclude the subsoil use contract guided by the RA Civil Code and the RA Subsoil Use Code. The contract provides for all terms and conditions in detail, including terms of operations, subsoil user rights and responsibilities and other important clauses. Particularly, the geological exploration contract also includes details on environment protection capital replenishment to be made by the subsoil user and payment schedule; and the mining contract contains provisions regarding the calculation of fees made during subsoil use and payments, including environment protection capital and schedule of payments for monitoring to ensure the safety and health of the population in the mining area, in the location of production backfills generated during the mining and the adjacent communities, as well as provisions concerning the scope and terms of implementation of obligations undertaken in the field of social and economic development of the community.

The assurance of the waiver of subsoil use rights is provided compliant with the rules established by Articles 45 (*waiver of the right of geological exploration of subsoil with the purpose of mining*) and 58 (*waiver of the subsoil area considered to be the object of the mining right*) of the Code.

No assurance of waiver has been provided by the Appropriate Authority during the reporting year.

The subsoil use rights shall be terminated only on the basis and according to the procedure established by the Code. *Grounds for warning and suspension of the subsoil use rights are comprehensively listed in Article 30 of the Code which is referred in detail in the 2019 EITI Report, pages 61-63<sup>55</sup>.*

### 3.2.1. State policy in the field of publication of subsoil use contracts

Article 9 of the Code establishes publicity of the activities regarding the subsoil use. It states the information related to the subsoil use, subject to publication by the Appropriate Authority on the official website. The same Article also establishes that the Appropriate Authority shall publish on its official website the mining contracts concluded with the subsoil users and the amendments made thereto.

Requirement 2.3 of the EITI establishes that the States implementing the EITI are required to maintain a publicly accessible register or cadastre system(s), which will contain up-to-date and comprehensive information established by the standard on each of the licenses issued to companies within the framework of the agreed implementation of the EITI. Information on the permits granted (information on metal mining activities<sup>56</sup>, register of geological exploration activities for the purpose of mining metallic minerals<sup>57</sup>) is available on the MTAI website.

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<sup>55</sup> Armenian National EITI Report, <https://www.eiti.am/hy/annual-reports/2021>

<sup>56</sup> <https://www.mtad.am/pages/extractive-industries-transparency-initiative?tab=1>

<sup>57</sup> <https://www.mtad.am/pages/extractive-industries-transparency-initiative?tab=2>

The published information includes:

- Name of the legal entity that received the permit;
- Date of application for a permit;
- Permit number, date and time of issue of the permit;
- Extension permit numbers, date, period of validity of the extension;
- Number and date of conclusion of the subsoil use agreement;
- Number and date of amendments to subsurface use contracts;
- Name of the deposit (site);
- Coordinates of the end points of the subsurface area;
- The total area of the plot;
- The name of the mineral;
- The number of provided redeemable reserves of minerals, main and related components, as well as their number;
- The annual productivity of the mine.

The information published on the website of the Appropriate Authority fully covers the obligations stipulated by standard 2.3 of the EITI standard.

According to the requirement of Standard 2.4, the contracts for the use of subsoil for the extraction of metallic minerals, their annexes, as well as amendments are published with public access on the website of the Appropriate Authority - Ministry of Territorial Management and Infrastructure.<sup>58</sup> Moreover, the Appropriate Authority of Armenia also publishes the contracts concluded with the subsoil users of the non-metallic mining sector on the same principle. The MTAI provides information about the termination or waiver of the rights to mining of metallic minerals<sup>59</sup>.

As a note, however, it should be noted that the information published on the website of the Ministry still does not fully comply with the <open data> principle adopted by the EITI, because some of them are not published in the appropriate format. This consideration, however, does not preclude all interested parties from informing themselves of the current status and changes to contracts or granted permits.

*Transfer of rights.* Transfer of subsoil use rights to another person may be done solely upon MTAI's consent. Actions performed without consent of the Appropriate Authority shall not have legal effect. In 2022, there were no cases of transfer of the right to use the subsoil.

*Submission of reports.* All subsoil users holding a permit for mining metallic minerals except for those declared bankrupt shall submit an annual public report electronically. The State Bodies, i.e. State Revenue Committee, the RA Ministry of Environment, and communities (details to be provided through the MTAI) shall submit their public reports via EITI online system reports.eiti.am. After review and reconciliation of the data submitted in these reports for the given reporting year by an independent administrator, they become publicly available.

There are no special benefits granted to subsoil users. Such benefits, as a rule, are provided by the Government of the Republic of Armenia and are individual in nature.

According to requirement 2.4 of the EITI 2023 Standard, implementing country MSGs are required to clarify the disclosure of subsoil exploration contracts based on their materiality and practicality. This issue was discussed at the MSG of Armenia in 2022, at the meeting on April 27<sup>60</sup>, and at that time, it was generally noted that exploration contracts do not involve significant financial flows and therefore may not be published, especially since exploration permits are published, providing extensive information about that exploration (in March 2018 The adopted Law HO-191-N "On

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<sup>58</sup> <https://www.mtad.am/pages/copies-of-entrails-use-right-agreements>

<sup>59</sup> <https://mtad.am/pages/extractive-industries-transparency-initiative?tab=3>

<sup>60</sup> <https://www.eiti.am/hy/agenda-protocols-other-related-documents>

Amendments and Additions to the Subsoil law"<sup>61</sup> stipulates that MTAI publishes on its official website the information on the geological study of the subsoil<sup>62</sup> for the purpose of extracting minerals, which discloses all subsoil studies. permissions).

During that discussion, the civil society faction was in favor of publishing the contracts. Therefore, as the 2023 Standard already requires to specify the scope of the contracts to be published, it is suggested to the Armenian Central Committee to address this issue once again and adopt an appropriate decision.

### 3.2.2. Amendments made to subsoil use contracts during the reporting year

During the reporting period, changes were made to 3 subsoil use contracts issued for the purpose of mineral mining; the changes mainly relate to the terms, reserves, or scope of subsoil users' obligations; other data were also amended<sup>63</sup>.

Here is the description of the amendments made to the contracts in question:

1. The amendment made to the contract No. PV-245 dated September 26, 2012 concluded with the “**Lidian Armenia**” **CJS Company** (hereinafter referred to as the Company) has also been referred in the previous 2020-2021 EITI Report. The amendment made on September 19, 2022, relates to the extension of the validity period for granting the Company the subsoil use right due to force majeure for the duration of the effects of force majeure; the deadline for granting the right to dispose of and use the mine to the subsoil user is set to March 25, 2039, and the deadline for the construction phase is set to August 28, 2024. No applications were received from other companies to the Appropriate Authority on the same basis as the amendment of the Company's permit.

2. The amendments made to the restated contract No. PV-293 dated November 22, 2012 with the “**Litchqvaz**” **CJS Company** has also been referred in the previous 2020-2021 EITI Report. The amendments made are presented below in maximum detail:

Based on the agreement on making amendments to the subsoil use contract No. PV-293 for the purpose of mineral mining, the section “Subsoil User's Obligations” of the contract PV-293 dated July 18, 2022 was supplemented with a number of new obligations:

- Obligation to submit a report to the appropriate authority by May 1, 2022, regarding the results of the review of opportunities to improve processing performance at the Kapan ore processing plant of metal ore produced at the Lichqvaz mines, provision of separate location for enrichment tailings;
  - Obligation to develop a general plan for the construction of an ore dressing factory (hereinafter referred to as the Factory) on the mining allotment area provided to the subsoil user, featuring, inter alia.
    - Possible options of location of the Factory and the best option chosen;
    - General structure of the Factory, main building, and auxiliary units;
    - List of enrichment equipment and main parameters;
    - Description of enrichment technologies;
    - Basic principles of the enrichment tailings management system to be introduced;
  - Obligation to undertake a range of measures with the purpose of initiating the construction of the Factory (notification of the affected community, public hearings);
  - In case of obtaining a positive conclusion of the state environmental impact assessment from the RA Ministry of Environment concerning the Factory Construction Project, to apply to the Appropriate Authority for securing obligations for the construction and operation of the Factory.
3. According to the amendments made on October 27, 2022 to the contract No. PV-514 concluded on January 1, 2015 with the “**At-Metals**” **LLC**:
- The subsoil area provided to the subsoil user has been enlarged, and the term of subsoil use rights has been extended up to 6 years and 11 months until May 24, 2029.

<sup>61</sup> arlis.am/DocumentView.aspx?docid=120753

<sup>62</sup> https://mtad.am/pages/right-of-entrails-use

<sup>63</sup> https://mtad.am/pages/extractive-industries-transparency-initiative

- The quantity and annual productivity of the metal ore provided to the subsoil user has been changed; the annual productivity has been set up at 45333 tons, and the quantity of the metal ore provided – 300011 tons (gold-1368.97 kg, silver – 3971.55 kg);
- The scope of obligations has expanded, in particular, the Annexes N1, N2, N3, and N4 forming an integral part of the Contract have been replaced with the new Annexes N1, N2, N3, N4, and N5.

Table presented below:

**Table 3.2.2.1**

*Change of social and economic obligations of the “At-Metals” LLC*

No	Type of obligation	Annual investment before (kAMD)	Annual investment from 27.10.2022 (kAMD)
1.	Participation in the social-economic development programs of the Meghri community	1500.0 annually	3000.0 annually
2.	Participation in the social-economic development programs of the Kajaran community		3000.0 annually
3.	Provision of medication to socially disadvantaged families	800.0 annually	800.0 annually
4.	Provision of financial resources for the needs of first-grade students	500.0 annually	500.0 annually
5.	Financial reimbursement for necessary medical services for socially disadvantaged families	800.0 annually	800.0 annually
6.	Participation in the renovation of inter-community rural roads	Provision of construction machinery in case needed	Provision of construction machinery in case needed

Source: Contracts of the “At-Metals” LLC

During 2023 a number of amendments have been made to the subsoil use contracts listed below that will be shown in the 2023 EITI Report.

- February 2, 2023: to the “GeoPro Mining Gold” LLC’s contract No. PV-189 dated October 20, 2015
- August 18, 2023: to the “Teghut” CJSC’s contract No. PV-376 dated February 20, 2013;
- August 29, 2023: to the “Meghradzor gold” LLC’s contract No. PV-057 dated August 22, 2012;
- November 16, 2023: to the “Kapan Ore Dressing Plant CJSC’s (former “Chaarat Kapan” CJSC) contract No. PV-183 dated November 27, 2012.

### 3.2.3. Disclosure of exploration contracts based on materiality and practicality considerations

During the year of 2022 4 subsoil use permits have been granted for the purpose of extraction of metal minerals:

1. GEO SURVEY LLC was granted a permit No. EHT-29/344 on June 1, 2022 to conduct geological exploration for the purpose of mining for a period of 2 years and 7 months, in the mining area of Tatna copper and gold-polymetallic mines (312.8 hectares) in Sisian Mining Region of the Syunik Province of the Republic of Armenia, for implementation of geological exploration.
2. FERRO GROUP GOLD LLC was granted a permit No. EHT-29/355 on August 17, 2022 to conduct geological exploration for the purpose of mining for a period of 2 years and 4 months, in the area of the southeastern section of “Vlad” (67.5 hectares) of Tuhmanuk Mineral Geological Survey Site of Aragatsotn Province of the Republic of Armenia, for implementation of geological exploration.

3. NRM (Natural Resource Management) CJSC was granted a permit No. EHT-29/342 on October 7, 2022 to conduct geological exploration for the purpose of mining for a period not exceeding 3 years, in the area of Dastakert copper and molybdenum mines (49.0 hectares) of the Syunig Province of the Republic of Armenia, for implementation of geological exploration with the purpose of reassessing reserves.
4. “South Mine” LLC was granted a permit No. EHT-29/361 on October 21, 2022 to conduct geological exploration for the purpose of mining for a period of 3 years, in the section of “Tkhkut” of Aygedzor copper and molybdenum mines (68.005 hectares) of the Syunig Province of the Republic of Armenia, for implementation of reassessment of mineral reserves.

Information about activities concerning the subsoil geological exploration for the purpose of extraction of metal minerals is posted on the MTAI official website<sup>64</sup>. In other words, the Ministry of TAI maintains a registry with public access regarding these permits as well. According to the information presented on the website, as of August 9, 2024, 8 permits have been granted in the republic to conduct geological exploration for the purpose of extraction of metal minerals. Considering that during 2019 and 2020 no permits were granted, 3 permits were granted in 2021 to conduct geological exploration for the purpose of mining, 4 permits were granted in 2022 and 3 permits in 2023. It can be stated that the process of geological exploration in the republic has certainly stabilized, but the explorations are limited to the last stage of geological survey, i.e. geological explorations, the purpose of which is the exploration of mineral mines and the calculation of reserves. At present, only geological exploration is carried out in the republic, mainly with the aim of increasing mineral reserves at existing metal mines, and the creation of an appropriate ore and raw material base for future generations is not ensured.

### 3.3. Identification of Beneficial Owners and State Participation (Requirements 2.5, 2.6, 4.2, 4.5)

#### 3.3.1. Legal regulations with regard to identification of beneficial owners

In accordance with the requirement of standard 2.5 EITI 2019, it is necessary to create publicly available registries that will include data on the real beneficiaries of mining licenses. This register must indicate the identity of the real beneficiaries, the degree of participation, and the type of participation, direct or indirect, and the exercise of control over this legal entity in other real (actual) ways. States should document the policy of disclosure of real property, the inclusion of legal provisions and current or planned reforms in fulfillment of the powers granted to the state register by law, namely, the implementation of ongoing control in order to ensure the reliability of information about the real beneficiaries of legal entities. It follows from the requirement of Standard 2.5 of 2019 that information about real beneficiaries should be detailed, comprehensive and complete. This means that all related data must include up-to-date, accurate and complete information about the persons who actually benefit from or control the activities of the entity in question. The information must include detailed information about each beneficial owner. Thus, in accordance with the requirements of the standard, it is necessary to ensure that all data on real beneficiaries are presented with completeness and accuracy, so that there is a complete picture of all organizations operating in the field of subsoil use, including in order to maintain state control.

The Republic of Armenia maintains a register of real beneficiaries provided for by requirement 2.5, according to the results of the audit of which the EITI awarded<sup>65</sup> Armenia the highest rating – “satisfactory progress” on June 10, 2021.

The legislative framework governing this industry is described in detail in the EITI reports from previous years, with the following laws serving as foundational ones:

- RA Code “On subsoil”;
- RA Law “On money-laundering and countering the financing of terrorism”;
- RA Law “On state registration of legal entities, state records of separated subdivisions of legal entities, institutions and private entrepreneurs”.

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<sup>64</sup> <https://mtad.am/pages/extractive-industries-transparency-initiative?tab=2>

<sup>65</sup> <https://eiti.org/board-decision/2021-32>

Enforcement of the aforementioned legal acts has been ensured by the order of the RA Minister of Justice No. 416-N dated August 30, 2021, which regulated in detail the whole procedure of submission of declarations of Beneficial Owners (the form of the declaration and procedures of submission and approval has been established).

In keeping with the requirement of 2.5 of the eITI Standard, it is important to emphasize that the publication of information on beneficial owners is carried out in a way that complies with other laws and regulations of the legislative field of the Republic of Armenia. In this context, in the event of disclosure of information, the legal norms and rules regarding the protection of personal data and confidentiality shall be considered. Thus, according to the RA Law “On protection of personal data”, **personal data** means any information regarding a physical person that allows or may allow identifying the person directly or indirectly. The personal data processor may transfer personal data to third parties or provide access to personal data without the consent of the personal data subject if it is provided for by the law and has a satisfactory level of protection.

Information about Beneficial Owners is published on the website of the state register of legal entities of the RA Ministry of Justice, at <https://www.e-register.am/am/>, but in the context of the aforementioned, it is important to state that certain personal data such as passport details, are not publicly accessible.

Currently, according to the discussions with the stakeholders involved in the EITI process, the main work related to the BO findings is underway to develop and increase the capacity to verify the data and use it. In particular, according to the information provided by MTAI, the issues of integrating the data of BO declarations in the process of granting subsoil use permits are being discussed, which will be addressed in the next Reports of the EITI.

Declarations regarding Beneficial Owners provided by metal ore extraction organizations are shown below:

**Table 3.3.1.1**

*Declarations regarding Beneficial Owners provided by metal ore extraction organizations*

Declaration link	Name of the metal mining company
<a href="https://www.e-register.am/en/companies/1267440">https://www.e-register.am/en/companies/1267440</a>	“Megradzor Gold” LLC
<a href="https://www.e-register.am/am/companies/1267456">https://www.e-register.am/am/companies/1267456</a>	“Paramount Gold Mining” CJSC
<a href="https://www.e-register.am/am/companies/1267708">https://www.e-register.am/am/companies/1267708</a>	“Sagamar” CJSC
<a href="https://www.e-register.am/am/companies/1272746">https://www.e-register.am/am/companies/1272746</a>	“Ler-Ex” LLC
<a href="https://www.e-register.am/am/companies/1266888">https://www.e-register.am/am/companies/1266888</a>	“Akhtala Mining and Processing Enterprise” CJSC
<a href="https://www.e-register.am/am/companies/1127476">https://www.e-register.am/am/companies/1127476</a>	“Fortune Resources” LLC
<a href="https://www.e-register.am/am/companies/1495478">https://www.e-register.am/am/companies/1495478</a>	“Kapan Mining and Processing Plant” CJSC (former “Chaarat Kapan” CJSC)
<a href="https://www.e-register.am/am/companies/1237707">https://www.e-register.am/am/companies/1237707</a>	“Mego Gold” LLC
<a href="https://www.e-register.am/am/companies/1266780">https://www.e-register.am/am/companies/1266780</a>	“Geopromining Gold” LLC
<a href="https://www.e-register.am/am/companies/1267169">https://www.e-register.am/am/companies/1267169</a>	“Multi Group Concern” LLC
<a href="https://www.e-register.am/am/companies/1272761">https://www.e-register.am/am/companies/1272761</a>	“Zangezour Copper-Molybdenum Combine” CJSC
<a href="https://www.e-register.am/am/companies/1267799">https://www.e-register.am/am/companies/1267799</a>	“Vardani Zartonqy” LLC
<a href="https://www.e-register.am/am/companies/1272536">https://www.e-register.am/am/companies/1272536</a>	“Lydian Armenia” CJSC
<a href="https://www.e-register.am/am/companies/1266829">https://www.e-register.am/am/companies/1266829</a>	“Lichqvaz” CJSC
<a href="https://www.e-register.am/am/companies/1269083">https://www.e-register.am/am/companies/1269083</a>	“Agarak Copper-Molybdenum Combine” CJSC
<a href="https://www.e-register.am/am/companies/1267633">https://www.e-register.am/am/companies/1267633</a>	“Assat” LLC
<a href="https://www.e-register.am/am/companies/1232638">https://www.e-register.am/am/companies/1232638</a>	“Vayk Gold” LLC
<a href="https://www.e-register.am/am/companies/1272552">https://www.e-register.am/am/companies/1272552</a>	“Teghout” CJSC
<a href="https://www.e-register.am/am/companies/1237755">https://www.e-register.am/am/companies/1237755</a>	“Marjan Mining Company” LLC
<a href="https://www.e-register.am/am/companies/1267399">https://www.e-register.am/am/companies/1267399</a>	“Active Lernagorts” LLC
<a href="https://www.e-register.am/am/companies/1267427">https://www.e-register.am/am/companies/1267427</a>	“At-Metals” LLC

Declaration link	Name of the metal mining company
<a href="https://www.e-register.am/am/companies/1195647">https://www.e-register.am/am/companies/1195647</a>	“Bacteck Eco” LLC
<a href="https://www.e-register.am/am/companies/1267410">https://www.e-register.am/am/companies/1267410</a>	“Geghi Gold” LLC
<a href="https://www.e-register.am/am/companies/1267820">https://www.e-register.am/am/companies/1267820</a>	“Gharagulyanner” CJSC

Source: RA Electronic register<sup>66</sup>

### 3.3.2. State participation in mining companies

In the meaning of the application of Requirement 2.6 of the Standard, a state-owned enterprise shall be deemed the enterprise, in which the state owns all or the majority of shares. In this sense, there is no state-owned enterprise in Armenia

Since 2022 the state expanded its participation in the mining companies.

#### State participation in Zangezur Copper and Molybdenum Combine (ZCMC)

According to the declaration of the RA Government dated October 1, 2012, “Industrial Company” JSC has donated its 25% share to the Government of the Republic of Armenia. As the “Industrial Company” owns 60% of ZCMC, this donation has become 15% of the total capital of ZCMC. In August 2022 the RA Government already owned 21.875% of the share which remains unchanged as of 2024.

The government did not receive any dividends from “Zangezur Copper Molybdenum Combine” CJSC<sup>67</sup>. According to the company, the decision made in May 2021 to declare dividends in 2022 has been cancelled.

#### State participation in Lidian Armenia company

On February 22, 2023, a Memorandum of Understanding was signed between the RA Government, Eurasian Development Bank, and “Lidian Armenia” CJSC<sup>68</sup>. Within the framework of the Memorandum, the company has undertaken to donate 12.5% share of its authorized capital to the RA Government without any obligation to make monetary investments in the authorized capital of the company by the Government.

On January 18, 2024, by Decree No. 81-N<sup>69</sup> the RA Government accepted the 12.5% of share of “Lidian Armenia” CJSC as a donation, however, state registration has not yet been made<sup>70</sup>. According to the RA Government Decree No. 1364-N dated August 29, 2024<sup>71</sup>, state registration of share ownership has been extended until UNovember 1, 2024.

#### Regulatory gaps and transparency issues

There are no legal regulations regarding state participation in metal mining companies in Armenia. The state operates on the same terms as private individuals or companies.

The distribution of dividends of companies with state participation is regulated by legislation, in particular, the RA Civil Code and the RA Law “On Privatization of State Property”.

#### EITI (Extractive Industries Transparency Initiative) requirements

The EITI requirements such as clauses 2.6, 4.5, and 6.2 concerning state enterprises and quasi-fiscal transactions are not applicable in this case, because the referred companies with state participation are not completely state-owned, also the production of companies with state participation is not deemed state property.

<sup>66</sup> <https://www.e-register.am/am/search>

<sup>67</sup> [http://www.zcmc.am/files/ZCMC\\_Consolidated%20FS%202022\\_Armenian.pdf](http://www.zcmc.am/files/ZCMC_Consolidated%20FS%202022_Armenian.pdf)

<sup>68</sup> <https://www.primeminister.am/hy/press-release/item/2024/01/18/Cabinet-meeting/>

<sup>69</sup> <https://www.arlis.am/DocumentView.aspx?DocID=188751>

<sup>70</sup> <https://www.e-register.am/am/companies/1545039/beneficiary.pdf>

<sup>71</sup> <https://www.arlis.am/DocumentView.aspx?docid=196911>



### 3.4. Summary of national energy transition commitments, policies and plans related to extractive industries (EITI 2023 Standard Requirement 2.1)

According to EITI Standard 2023 requirements, the implementing countries undertake to expose national energy transition commitments, policies, and plans essential for extractive industries. The RA Government prioritizes energy efficiency considering it as an important factor for the energy security of the country, enhancing economic competitiveness and reducing the negative environmental impact. The sectoral policy of energy saving and renewable energy of the RA is approved by the Law “On Energy Saving and Renewable Energy”<sup>72</sup>, as well as national energy saving programs<sup>73</sup>.

Within this framework, Armenia forms a part of international integration processes. Among them is the Eurasian Economic Union (EAEU), technical regulations “On requirements for energy efficiency of power consuming devices”, requirements whereof Armenia has undertaken to fulfill. According to the Comprehensive and Expanded Partner Agreement (CEPA) signed between the EU and RA, in the coming years, Armenia shall harmonize its legislation with 65 EU rules for energy efficiency improvements.

As well as three state strategies contribute to energy transition, such as:

1. The Nationally Determined Contribution 2021-2030 of the Republic of Armenia to Paris Agreement<sup>74</sup> adopted in 2021

This is the overarching document setting the ambition of GHG emission reductions economy wide. In its updated NDC, the Republic of Armenia adopts a ten-year NDC implementation period (2021-2030). Armenia maintains its 2050 mitigation goal of reducing its GHG emissions to at most 2.07 tCO<sub>2</sub>eq/capita, which the document states that should be reflected in the country’s Long Term Low Emission Development Strategy (LT-LEDS). The sectors prioritized in NDC’s are Energy, Agriculture, Forestry and other land use, industrial processes and product use and water sector.

2. Long-term Low Greenhouse Gas Emission Development Strategy<sup>75</sup> adopted in 2023

The strategy contributes to Low emission development scenarios, priorities and measures of their implementation as well as Investments and financing frameworks for reaching low GHG emissions. The sectors prioritized in the strategy are in correspondence with that of stated in NDC document.

3. Armenia’s Fourth national communication on climate change<sup>76</sup> adopted in 2020

The 4<sup>th</sup> national communication report of Armenia provides information about the GHG emissions of Armenia with breakdown by sectors of energy, industrial processes and product use, agriculture, waste, forestry and land use. It provides information about the overarching policies and measures of mitigating GHG emissions, Projections of GHG Emissions and Assessment of Impact of Mitigation Policies and Measures, Climate Change Projections, Vulnerability Assessment and Adaptation Measures. The report is important in terms of providing specific indicators for GHG emissions and energy intensity of GDP.

The sector breakdown of the mentioned three documents does not include mining sector separately. However, the energy transition measures taken including the policies and strategies aimed at climate change mitigation or adaptation measures have indirect interrelations and impacts on mining sector. Since the mining sector may rely on energy-intensive operations, impact land and water resources, contributes to industrial emissions, and affects surrounding ecosystems and agricultural productivity.

Mining industry shall introduce principles of sustainable development using renewable energy, saving water resources, and protecting biodiversity. The mining industry production, particularly copper and zinc have an important role in the production of green technologies, such as electric machinery. However, energy used in the sector is itself a source of

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<sup>72</sup> <https://www.arlis.am/documentview.aspx?docid=67719>

<sup>73</sup> [Energy Sector Development Strategic Program to 2040 .pdf \(asiapacificenergy.org\)](https://www.asiapacificenergy.org/energy-sector-development-strategic-program-to-2040.pdf)

<sup>74</sup> <https://unfccc.int/sites/default/files/NDC/2022-06/NDC%20of%20Republic%20of%20Armenia%202021-2030.pdf>

<sup>75</sup> [https://unfccc.int/sites/default/files/resource/UNDP%20LT\\_LEDS\\_ARMENIA.pdf](https://unfccc.int/sites/default/files/resource/UNDP%20LT_LEDS_ARMENIA.pdf)

<sup>76</sup> [https://unfccc.int/sites/default/files/resource/NC4\\_Armenia\\_.pdf](https://unfccc.int/sites/default/files/resource/NC4_Armenia_.pdf)

carbon emissions. The sector has environmental impact expressed, for instance, in the form of emissions resulting from the use of oil and diesel machinery in the mines. Thus, in a new phase of mining projects and licensing it is required to consider the possibility of use of renewable energy sources. According to the Mining industry development strategic program of the Republic of Armenia<sup>77</sup>, it is necessary to encourage mining companies to reduce carbon dioxide emissions and transition to renewable energy sources. A guideline for the assessment and monitoring of gas emissions shall be developed and enforced, allowing the assessment of carbon dioxide traces emitted by mining activities. Transition to electric machinery and renewable energy sources in the mining industry can be considered in general as a part of the transition to the “green economy” in Armenia.

The requirements of EITI Standard promoted these changes and improvements encouraging the introduction of carbon pricing mechanisms or carbon taxes as an important factor in the industry.

### UK's Experience

The UK's experience in energy transition is an important example for Armenia. The UK is consistently working towards reducing carbon emissions and developing renewable energy, introducing carbon taxing and pricing mechanisms. Based on the UK's experience, the following actions may be performed in Armenia:

1. **Carbon taxing** – Armenia may introduce a carbon taxing system to encourage industrial companies to reduce carbon emissions.
2. **Promoting renewable energy** – The use of renewable energy must be actively promoted in the mining industry, especially for new projects.
3. **Environmental accountability** – It is necessary to develop mechanisms that allow to carry out regular audits of the industry in compliance with the criteria for combating climate change.

The UK's experience that includes examples of management of energy transition processes may serve as a model where steps towards efficiency enhancement in combating climate change may also apply in the mining industry of the Republic of Armenia.

EITI Armenia is recommended to adopt a similar approach using the potential of MSG members to harmonize new provisions. The companies shall be encouraged to become more environmentally friendly, which may include acquirement of new electric equipment, electric machinery or increasing the number of solar panels to save energy. Also, according to the EITI Standard 2023<sup>78</sup>, the implementing countries are required to expose a summary overview regarding national energy transition commitments, policies, and plans related to the mining industry.

There are no procedural and legal obstacles to the measures taken for the transition to energy.

It is proposed to publish on the EITI website documents related to the energy transition in the mining sector and planned actions.

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<sup>77</sup> Mining industry development strategy (until 2035) [arlis.am/DocumentView.aspx?DocID=177824](http://arlis.am/DocumentView.aspx?DocID=177824)

<sup>78</sup> <https://eiti.org/sites/default/files/2023-06/2023%20EITI%20Standard.pdf>

## 4. EXTRACTION, PRODUCTION AND REALIZATION IN METAL MINING SECTOR

## 4. EXTRACTION, PRODUCTION AND REALIZATION IN METAL MINING SECTOR

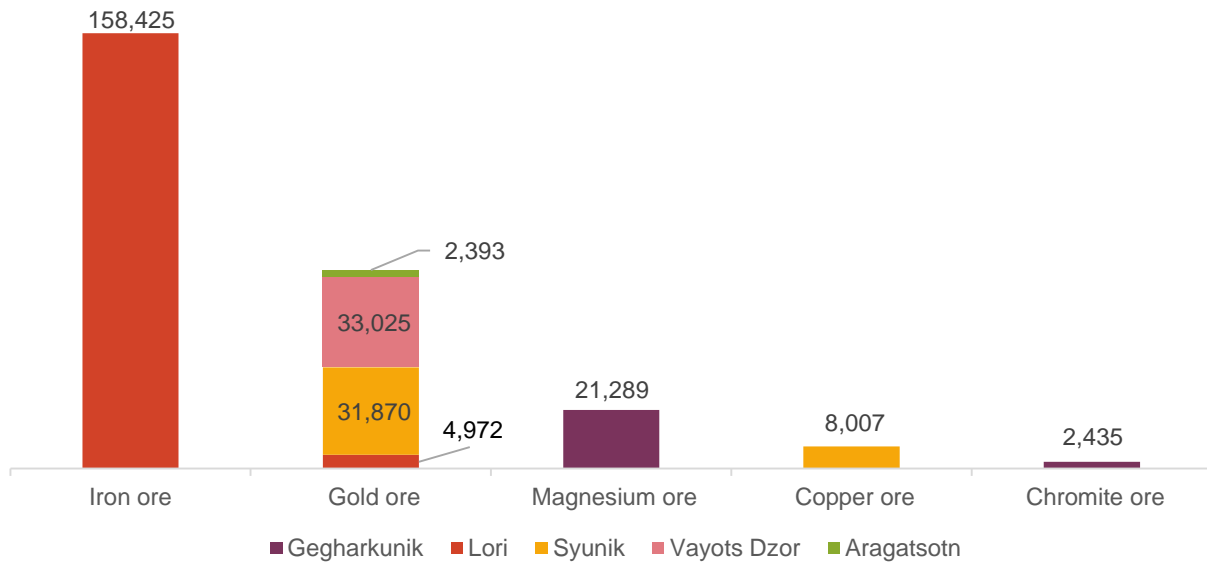
### 4.1. Exploration of mineral reserves in the mining industry (Requirement 3.1)

According to the current requirement of the Standard, the EITI member countries shall disclose data on any significant exploration activities carried out in the mining industry.

Following the information provided by MTAI, no new metal ore and metal mineral reserves were confirmed in 2022. Therefore, the information on the amount of confirmed metal ores in the territory of the Republic of Armenia presented in the 2020-2021 report remained unchanged.

**Figure 4.1.1**

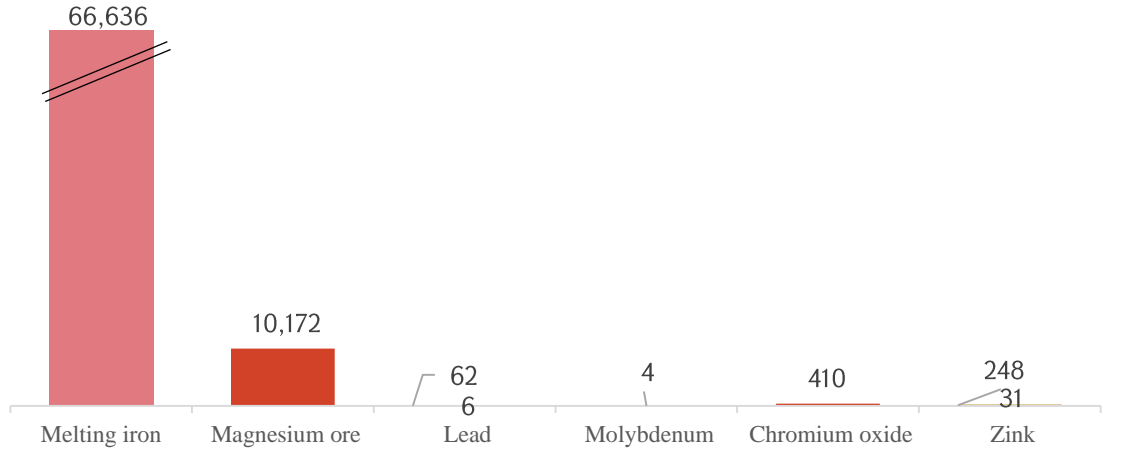
*The confirmed amounts of metal ore during 2010 – 2022, broken down by regions, thousand tons*



Source: The information is provided by the Ministry of Territorial Administration and Infrastructure

**Figure 4.1.2**

The confirmed amount of metallic minerals during 2010 – 2022, broken down by regions, thousand tons



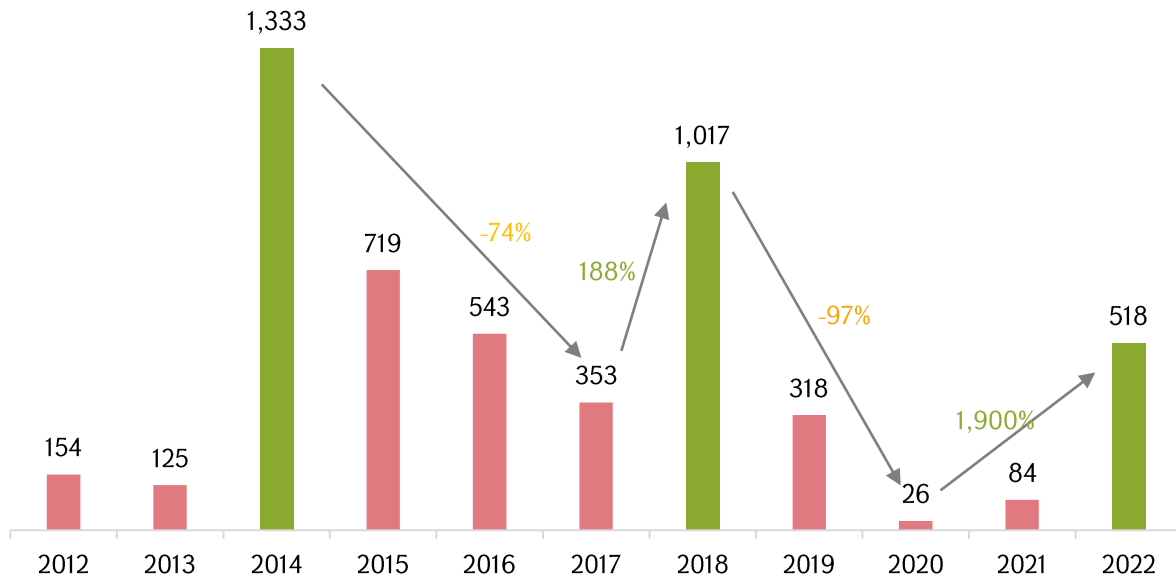
Source: The information is provided by the Ministry of Territorial Administration and Infrastructure

**Geological studies**

The subsoil research through geological works has a very important role in discovering new mines. In that direction, investments are made every year, the value of which for 2012-2022 period is shown in the table below.

**Figure 4.1.3**

The volume of geological studies during 2012 – 2022, million AMD



Source: The Statistical Committee of the RA <sup>79</sup>

During the mentioned period, the total cost of geological works made up AMD 5,189 million. The volume of geological studies carried out in 2010-2021, as well as the annual changes and the reasons for those, are presented in EITI report 2020-2021<sup>80</sup>:

<sup>79</sup> [eco\\_book\\_2022\\_3 \(armstat.am\)](https://armstat.am)

<sup>80</sup> [https://www.eiti.am/files/annul\\_reports/main/1/2020-2021\\_EITI\\_Report\\_Armenia\\_arm.pdf](https://www.eiti.am/files/annul_reports/main/1/2020-2021_EITI_Report_Armenia_arm.pdf) qjn|u 3.2, p 52

In 2022, there was a sharp growth and the cost of the previous year exceeded almost 6 times. The volumes of geological studies for 2022 by fields and work phases are presented in the table below.

**Table 4.1.1**

*The volumes of geological studies for 2022 by fields and work phases, thousand AMD<sup>81</sup>*

Field	Total	Stages				
		Prospecting	Prospecting and evaluation	Preliminary exploration	Detailed exploration	Other works
Non-ferrous metals	199,372.7	199,372.7	-	-	-	-
Precious metals	201,972.7	199,372.7	2,600	-	-	-
Non-metals	107,500	3,637.5	4,657.2	53,359.3	45,846	
Hydrogeological and geological engineering works	450	-	400	50	-	-
Other works	8,238	-	-	8,038	-	200
<b>Total</b>	<b>517,533</b>	<b>402,382.9</b>	<b>7,657.2</b>	<b>61,447</b>	<b>45,846</b>	<b>200</b>

Source: The Statistical Committee of the RA<sup>82</sup>

According to the reports provided by the Statistical Committee of the RA<sup>83</sup>, the total cost of the geological works for 2022 in monetary expression makes up 517.533 thousand drams. Mining companies carry out geological activities exclusively on their own initiative and bear all costs and risks arising from it. 77.55% of this amount is allocated to geological studies of non-ferrous and precious metals, of which more than 99% were prospecting studies. Compared to 2021, neither prospecting nor prospecting and evaluation works were carried out in 2021. Moreover, detailed exploration works were increased by 55.8%. The reason for all this can be the permits of 4 new companies to conduct geological studies.

## 4.2. Extraction and production in the metal mining industry (Requirement 3.2)

As of December 31, 2022, 963 mines and geographically separated sites of mines (45 metallic, 802 solid non-metallic, 29 solid non-metallic, approved by the Scientific and Technical Council (STC) and 18 solid non-metallic with off-balance reserves, 45 underground fresh water, 24 underground carbonic mineral water deposits) and 578 occurrences of minerals (129 metallic, 449 non-metallic) have been registered in the State Cadastre of Deposits and Occurrences of minerals (SCD) maintained by the Republican Geological Fund. According to current data, as of September 1, 2024, the number of mines has increased by 28, making 991 (solid non-metallic increased by 25, and solid metallic with off-balance reserves by 3). The number of the occurrences of minerals has remained unchanged.

The confirmed mines of 45 metallic minerals are as follows:

- 26 gold and gold-polymetallic,
- 7 copper-molybdenum,
- 4 copper,

<sup>81</sup> **Prospecting:** The purpose of this stage is to provide a sufficient geological basis for the forecast evaluation of minerals. As a result of this stage, structures, formations, and areas that are favorable for the detection of minerals are determined, geological maps of the 1:1 500,000 - 1:50,000 scale are created, minerals belonging to classes P2 and P3 are evaluated.

**Prospecting and evaluation:** At this stage, a geological study of the area is carried out, and mineral deposits are discovered. The result of this phase is a comprehensive study of the geological structure of the site, the promising areas, and the resources of classes P1 and P2.

**Preliminary exploration:** At this stage, the assessment of the industrial value of the mine is carried out. The result of this phase is a feasibility study on the industrial value of the mine, an assessment of reserves and resources belonging to classes C1, C2 and P1.

**Detailed exploration:** At this stage, the study of the geological structure of the mine, qualitative and technological properties of minerals, hydro-geological and engineering-geological conditions of the site is carried out. As a result, we get a feasibility study for the development of the mines and the conditions of the mineral resources belonging to the categories A, B, C1, and C2.

<sup>82</sup> [eco\\_book\\_2022\\_3 \(armstat.am\)](https://armstat.am/eco_book_2022_3)

<sup>83</sup> [https://armstat.am/file/article/eco\\_book\\_2022\\_3.pdf](https://armstat.am/file/article/eco_book_2022_3.pdf)

- 3 iron,
- 2 polymetallic,
- 1 molybdenum,
- 1 magnesium silicate rocks and chromites,
- 1 nepheline syenites.

In the period of 2022 and beyond, the list of mines and locations of metallic minerals remained unchanged.

**Table 4.2.1**

*Mines used by subsoil users in 2022*

No	Company name	Mine/site explored, Region	Mineral name
1	“Meghradzor Gold” LLC	Meghradzor gold mine, Kotayk, RA	gold
2	“Sagamar” CJSC	Armanis gold-multi-metal mine, Lori, RA	gold
3	“Ler-Ex” LLC	Hankasar copper-molybdenum mine, Syunik, RA	copper, molybdenum
4	“Akhtala Mining And Processing Enterprise” CJSC	Shamlukh copper mine, Lori, RA	copper
5	“Fortune Resources” LLC	Hrazdan iron mine, Kotayk, RA	iron
6	“Kapan Mining and Processing Plant” CJSC (former “Chaarat Kapan” CJSC)	Shahumyan gold-multi-metal mine, Syunik, RA	gold,silver,copper, zinc, lead
7	“Geopromining Gold“ LLC	Sotk gold mine, central site Gegharkuni, RA	gold
8	“Multi Group” Concern LLC	Mghart gold mine, mineral body 5 and 8, Lori, RA	gold
9	“Zangezur Copper-Molybdenum Combine“ CJSC	Kajaran copper-molybdenum mine, Syunik, RA	copper, molybdenum
10	“Vardani Zartonk” LLC	Sofi Binay gold-multi-metal mine, Vayots Dzor, RA	gold
11	“Lydian Armenia” CJSC	Amulsar gold quartzite mine, “Tigranes”, “Artavazdes” and a”Erato” sites, Vayots Dzor, RA	gold-bearing quartzites
12	“Lichkvaz” CJSC	Lichkvaz-Tey gold mine, Syunik, RA	gold, silver, copper
13	“Agarak Copper Molybdenum Combine” CJSC	Agarak copper-molybdenum mine, Syunik, RA	copper, molybdenum
14	“Assat” LLC	Qaraberd gold mine, central site, Lori, RA	gold, silver
15	“Teghout” CJSC	Teghout copper-molybdenum mine, Lori, RA	copper, molybdenum
16	“Aktive Lernagorts” LLC	Ayedzor copper-molybdenum mine, central site, Syunik, RA	copper, molybdenum
17	“At-Metals” LLC	Meghrasar gold mine, Syunik, RA	gold
18	“Bacteck Eco” LLC	Arjut gold mine, Lori, RA	gold, silver, copper

No	Company name	Mine/site explored, Region	Mineral name
19	“Geghi Gold” LLC	Voskedzor gold-multi-metal mine, Syunik, RA	gold
20	“Gharagulyanner” CJSC	The central site of Upper Vardanidzor gold-multi-metal mine, Syunik, RA	gold
21	“Mego Gold” LLC	Tukhmanuk gold mine, central site Aragatsotn, RA	gold
22	“Vayk Gold” LLC	Azatek gold-multi-metal mine, Vayots Dzor, RA	gold
23	“Paramount Gold Mining” LLC	Meghradzor gold mine, “Lusadzur” site, Kotayk, RA	gold, silver, copper, zinc, lead
24	“Marjan Mining Company” LLC	Marjan gold-multi-metal mine, Syunik, RA	gold, silver, copper, zinc, lead

Source: Information provided by the Ministry of Territorial Administration and Infrastructure

In 2022, the majority of extraction in the metal ore industry is due to copper-molybdenum ore. Among the subsoil-using companies, 10 organizations carried out extraction, which is presented in Table 4.2.2. Compared to the previous years, "Gharagulyanner" CJSC did not engage in mining in 2022, which extracted a small amount in 2021. "Aktiv Lernagorts" LLC has not been involved in mining in the past 2 years and it last mined 1,605 tons in 2020. Therefore, the list of mining companies has not changed significantly over the past 3 years. Taking into account the large volumes of copper and copper-molybdenum metal ore extracted in the territory of Armenia, it is also necessary to mention the high concentration of gold and silver, which is considered for payment.

**Table 4.2.2**

*The main product types extracted in the metal mining industry in 2021 and 2022*

No	Ore type	Volume		Company
		2021	2022	
1	Copper-molybdenum ore	19,186,227 t	26,127,430 t	“Zangezur Copper-Molybdenum Combine“ CJSC
2	Copper-molybdenum ore	7,768,331 t	20,07,113 t	“Teghout” CJSC
3	Copper-molybdenum ore	4,500,443 t	4,414,620 t	“Agarak Copper Molybdenum Combine” CJSC
4	Copper-molybdenum ore	-	-	“Aktiv Lernagorts” LLC
5	Copper ore	361,945 wmt	357,507 wmt	“Akhtala Mining and Processing Enterprise” CJSC
6	Copper and gold ore	177,679 dmt	162,410 dmt	“Lichkvaz” CJSC
7	Gold ore	1,672,416 t	1,670,755 t	“Geopromining Gold“ LLC
8	Gold containing ore	600,757 t	647,516 t	“Kapan Mining and Processing Plant” CJSC (former “Chaarat Kapan” CJSC)
9	Gold containing ore	62,660 t	62,285 t	“Meghradzor Gold” LLC
10	Gold containing ore	33,447 t	10,791 t	“Assat” LLC



No	Ore type	Volume		Company
		2021	2022	
11	Gold containing ore	6 t	6,401 t	“Bacteck Eco” LLC
12	Gold containing ore	0.02 t	-	“Gharagulyanner” CJSC

Source: Reports provided to the EITI by the companies

According to the publication of the RA Statistical Committee<sup>84</sup> in 2022 the value of metal ore extraction was AMD 485,332.4 million, which made up 17.64% of the entire industry. Compared to the previous year, the value of metal extraction decreased by 6.1%.

As in previous years, Syunik region still remains the leader in metal ores production, which accounted for 90.7% of production in 2022. Last year this share was 81% of the total. Lori region ranks second with a share of 4.77%, and Gegharkunik region ranks third with a share of 4.15%. The distribution of the value of mining products by RA regions is summarized in the figure and table below.

**Table 4.2.3**

*The leading regions with the production of metallic metal ores at current prices, million AMD*

Region	2014	2015	2016	2017	2018	2019	2020	2021	2022
Syunik	168,165	146,159	167,184	236,667	259,558	282,574	300,423	461,652	440,179
Lori	10,695	54,899	66,515	79,088	7,263	35,456	57,838	92,571	23,145
Gegharkunik	8,279	12,855	14,854	15,089	18,886	23,165	26,435	14,198	20,119
Kotayk	1,099	1,599	2,547	1,517	1,567	1,750	2,203	1,837	1,889
<b>Total</b>	<b>188,238</b>	<b>215,513</b>	<b>251,099</b>	<b>332,362</b>	<b>287,274</b>	<b>342,945</b>	<b>386,900</b>	<b>570,259</b>	<b>485,332</b>

Source: Publication of RA Statistical Committee "Volume of extracted metal ore products of the Republic of Armenia at current prices by regions" for the respective years<sup>85</sup>

2014-2022. According to the data, the largest increase in metal ore production in Armenia was recorded in 2015, amounting to 147.9%<sup>86</sup>.

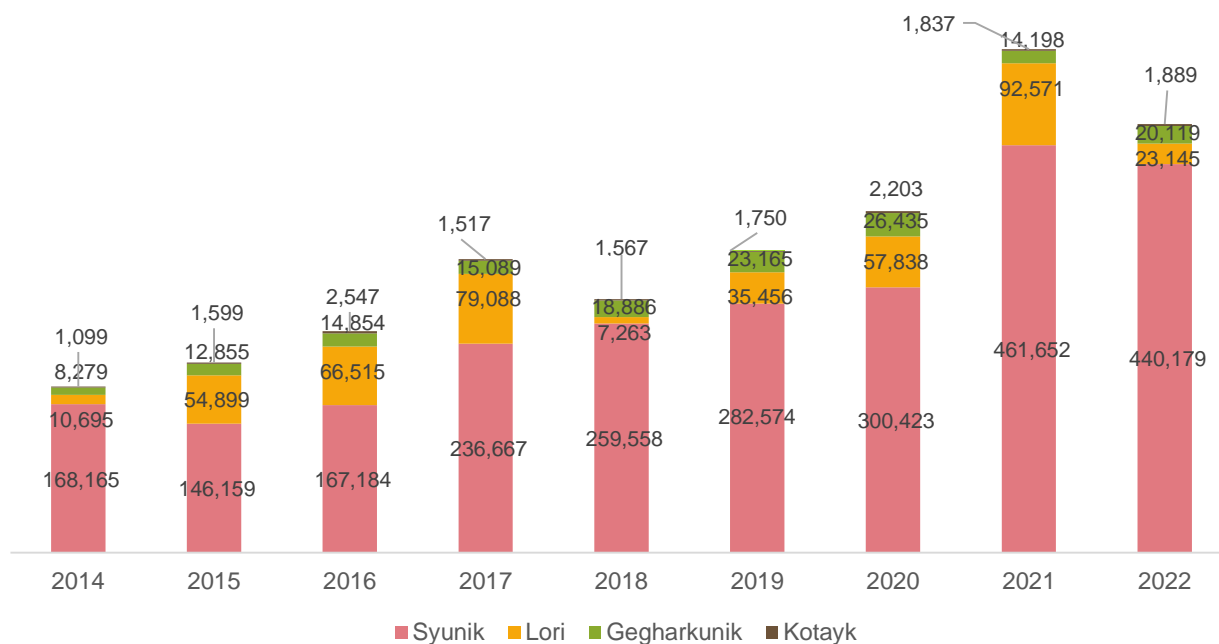
<sup>84</sup> [https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank\\_3%20Industry.%20Construction.%20trade%20and%20services\\_32%20Industry\\_322%20Industry.%20by%20marzes%20and%20Yerevan%20city/IC-ind-marz-01.px/?rxid=9ba7b0d1-2ff8-40fa-a309-fae01ea885bb](https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank_3%20Industry.%20Construction.%20trade%20and%20services_32%20Industry_322%20Industry.%20by%20marzes%20and%20Yerevan%20city/IC-ind-marz-01.px/?rxid=9ba7b0d1-2ff8-40fa-a309-fae01ea885bb)

<sup>85</sup> See the same source

<sup>86</sup> [https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank\\_3%20Industry.%20Construction.%20trade%20and%20services\\_32%20Industry\\_322%20Industry.%20by%20marzes%20and%20Yerevan%20city/IC-ind-marz-03.px/table/tableViewLayout2/?rxid=9ba7b0d1-2ff8-40fa-a309-fae01ea885bb](https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank_3%20Industry.%20Construction.%20trade%20and%20services_32%20Industry_322%20Industry.%20by%20marzes%20and%20Yerevan%20city/IC-ind-marz-03.px/table/tableViewLayout2/?rxid=9ba7b0d1-2ff8-40fa-a309-fae01ea885bb)

**Figure 4.2.1**

Volumes of territorial production of mining industry in monetary expression in 2014-2022, million AMD



Source: Publication of RA Statistical Committee "Volume of extracted metal ore products of the Republic of Armenia at current prices by regions" for the respective years

The main product of the metal ore industry in Armenia is copper concentrate. However, in addition to copper concentrate, molybdenum, ferromolybdenum and zinc are also produced. Moreover, precious metals, such as gold and silver alloys are produced as well. The main types of mining products, their volumes and values are summarized in the table below.

**Table 4.2.4**

The main product types, volumes and values produced in the metal ore industry in 2022

No	Product type	Unit of measure	Volume	Value, mln AMD	Company
1	Copper concentrate	Wmt	242,439	56,206	"Zangezur Copper-Molybdenum Combine" CJSC
2	Copper concentrate	Dmt	23,159	13,623	"Teghout" CJSC
3	Copper ores and concentrates	t	52,021	22,627	Agarak Copper Molybdenum Combine" CJSC
4	Copper ores and concentrates	Wmt	8,415	5,429	"Akhtala Mining And Processing Enterprise" CJSC
5	Gold and Silver bullion	Gm	2,433,502	54,438	"Geopromining Gold" LLC
6	Ferromolybdenum	t	8,571	40,599	"Zangezur Copper-Molybdenum Combine" CJSC
7	Molybdenum concentrate	Wmt	7,712	16,463	"Zangezur Copper-Molybdenum Combine" CJSC

No	Product type	Unit of measurement	Volume	Value, mln AMD	Company
8	Molybdenum concentrate	dmt	232	1,215	“Teghut” CJSC
9	Molybdenum concentrate	t	878	3,802	Agarak Copper Molybdenum Combine” CJSC
10	Roasted molybdenum concentrate	t	1,415	4,677	“Zangezur Copper-Molybdenum Combine“ CJSC
11	Zinc concentrate	dmt	9,944	7,706	“Kapan Mining and Processing Plant” CJSC (former “Chaarat Kapan” CJSC)
12	Precious metal concentrate containing gold	dmt	5,657	8,170	“Kapan Mining and Processing Plant” CJSC (former “Chaarat Kapan” CJSC)
13	Precious metal concentrate containing gold	dmt	9,726	25,457	“Kapan Mining and Processing Plant” CJSC (former “Chaarat Kapan” CJSC)
14	Precious metal concentrate containing gold	dmt	5,657	3,227	“Lichkvaz” CJSC
15	Precious metal concentrate containing gold	t	20	0	“Multi Group” Concern LLC
16	Precious metal concentrate containing gold	t	10,791	120	“Assat” LLC
17	Precious metal concentrate containing gold	t	4,082	1,518	“Meghradzor Gold” LLC
18	Ore of non-ferrous metals	t	62,285	916	“Meghradzor Gold” LLC

Source: Reports provided to the EITI by the companies

### Production of copper concentrate

The production of copper concentrate occupies a leading position in the mining industry in Armenia. In 2022, 326,034 tons of copper concentrate was produced with a total value of AMD 97,885 million. Compared to 2021, the production decreased by 16.12%, and the value decreased by 42.45%. "Zangezur Copper-Molybdenum Combine" CJSC is the leader among the companies producing copper concentrate, which has the largest production volume - 242,439 tons. In 2021, the company produced 222,905 tons, that is, in 2022, an 8.77% increase in the volume of production was recorded compared to the previous year. The production volumes of the other three companies are significantly lower. In 2022, "Teghut" CJSC significantly reduced the volume of copper concentrate production compared to the previous year, keeping only 23,159 tons of production volume from 84,983 tons. This has had a major impact on the decline in overall copper concentrate output for 2022. Production volumes of the Teghut mine declined starting from the middle of the reporting year, which was due to the Russian-Ukrainian war, as the sanctions applied against Russia had a direct impact on the company. According to the declaration of beneficial owners published in the state register of legal entities on March 10, 2023, the Russian "VTB Bank" CJSC holds 49.95% of the shares of "Teghut" CJSC. Also, this has led to the temporary suspension of the mine activity. Compared to the previous year, "Kapan Mining and Processing Plant" CJSC and "Lichkvaz" CJSC did not produce copper concentrate.

**Table 4.2.5**

*Copper concentrate production in 2022, broken down by companies*

Company	Community	Unit of measure	Volume	Value, mln AMD	Value, thousand AMD
“Zangezur Copper-Molybdenum Combine“ CJSC	RA, Syunik region, Kajaran	wmt	242,439	56,206	128,972
“Teghout” CJSC	RA, Lori region, Teghout	dmt	23,159	13,623	31,259
“Agarak Copper Molybdenum Combine” CJSC	RA, Syunik region, Meghri	t	52,021	22,627	51,920
“Akhtala Mining And Processing Enterprise” CJSC	RA, Lori region, Akhtala	wmt	8,415	5,429	12,457
<b>Total</b>			<b>326,034</b>	<b>97,885</b>	<b>224,608</b>

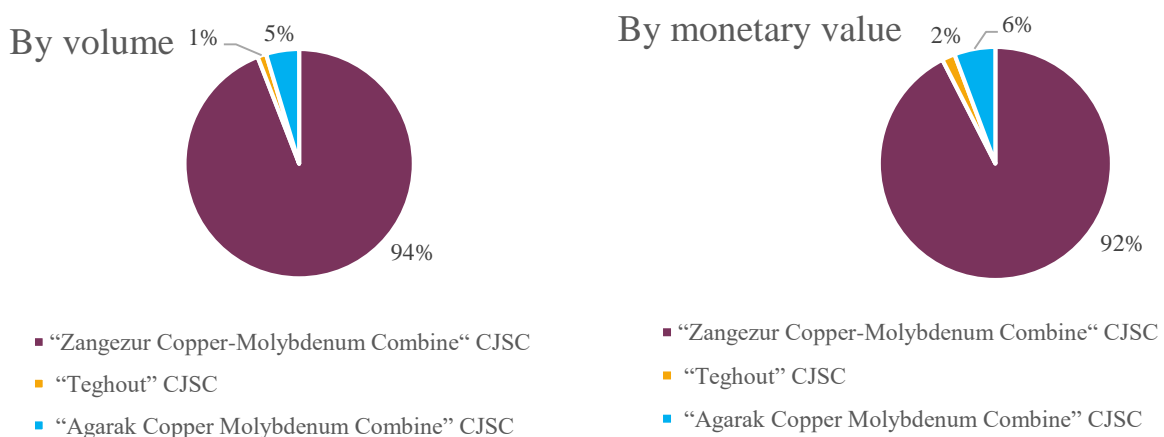
Source: Reports provided to the EITI by the companies

**Production of molybdenum concentrate and ferromolybdenum**

In 2021, the total production volume of molybdenum concentrate and ferromolybdenum was 19,005 tons, and in 2022 it decreased by only 1.04%, amounting to 18,808 tons. In 2021, the total value was 63,790 million drams, and in 2022 it increased by 4.65%, reaching 66,755 million drams. “Zangezur Copper-Molybdenum Combine” is the leader among the companies, the production volume of which increased by 4.5%. Only "Zangezur Copper-Molybdenum Combine" CJSC is engaged in the production of ferromolybdenum, its production makes up 45.6%, and the production of all molybdenum concentrate is 54.4%.

**Figure 4.2.2**

*Production of molybdenum concentrate and ferromolybdenum in 2022, broken down by companies*



Source: Reports provided to the EITI by the companies

**Production of zinc concentrate**

In the RA, only "Kapan Mining and Processing Plant" CJSC (former "Chaarat Kapan") produces zinc. In 2021, the production volume was 10,622 tons, and in 2022 it decreased by 6.4% amounting to 9,944 tons. In 2021, the production value was AMD 8,122 million, and in 2022 it decreased by 5.1% reaching AMD 7,706 million.

**Table 4.2.6**

Production of zinc concentrate in 2021- 2022, broken down by companies

Company	Community	2021		2022	
		Volume, wmt	Value, mln AMD	Volume, wmt	Value, mln AMD
"Kapan Mining and Processing Plant" CJSC (former "Chaarat Kapan" CJSC)	RA, Syunik region, Kapan	10,622	8,122	9,944	7,706
<b>Total</b>		<b>10,622</b>	<b>8,122</b>	<b>9,945</b>	<b>7,706</b>

Source: Reports provided to the EITI by the companies

### Comparison of information provided by the companies and Statistical Committee

According to the information provided by the companies and Statistical Committee, there are certain inconsistencies, the main reason of which is the differentiated approach applied to measurement units.

In the case of copper concentrate, the data presented by the companies exceeds the volumes presented by the RA Statistical Committee by 6%, because the RA Statistical Committee presents the data in tons, while other companies used wmt, dmt measurement units, except for "Agarak Copper-Molybdenum Combine" CJSC.

**Table 4.2.7**

Comparison of information provided by soil-using companies and the Statistical Committee in 2022

Commodity	2022	
	Production volumes (t) according to the RA SC	Production volumes (wmt) according to companies
Copper concentrate	307,590	326,034
Molybdenum concentrate	22,333	10,237
Ferromolybdenum	9,164	8,571
Zinc concentrate	9,944	9,945

Source: Reports provided to the EITI by the companies and RA Statistical Committee

There is a significant difference in the case of molybdenum concentrate: the data presented by "Zangezur Copper Molybdenum Combine" CJSC is 54.2% less than the data presented by the RA Statistical Committee. In addition to the difference in the units of measurement for the presentation of volumes, the significant difference is mainly caused by the involvement of third-party contracting companies by "Zangezur Copper Molybdenum Combine" CJSC that do not have a subsoil use license in the production of ferromolybdenum. In 2022, as in the previous year, the company has a contract with "Maqur Yerkat Factory" OJSC and "AMP Holding" LLC for the production of ferromolybdenum. The two mentioned companies provide information about the volume of metal produced by them to the RA Statistical Committee, while "Zangezur Copper Molybdenum Combine" CJSC presented only its own products, as the other companies are not included in the EITI framework.

The ferromolybdenum figures are close to each other, but there is a slight decrease of 6.5%, which is due to the dmt measurement unit presented by the company. The zinc concentrate data is almost identical.

### Production of precious metal concentrate

The RA Statistical Committee does not publish separate data on precious metals (e.g. gold, silver) because, pursuant to sub-clause f) of Clause 3 of Article 9 of the RA Law "On State and Official Secrets", information on precious metals and precious stones is classified as a state and official secret. For this reason, only the data on gold production in 2022 presented by the companies within the framework of the EITI report are available.

**Table 4.2.8**
*Production of precious metals in 2022, broken down by companies*

Company	Community	Product type	Unit of measurement	Volume	Value, mln AMD
"Geopromining Gold" LLC	RA, Gegharkunik region, Geghamasar	Gold and silver bullion	gm	2,433,502	54,438
"Kapan Mining and Processing Plant" CJSC (former "Chaarat Kapan" CJSC)	RA, Syunik region, Kapan	Precious metal concentrate containing gold	dmt	9,726	25,457
"Lichqvaz" CJSC	RA, Syunik region, Kapan	Precious metal concentrate containing gold	dmt	5,657	3,227
"Meghradzor Gold" LLC	RA, Kotayk region, Meghradzor	Precious metal concentrate containing gold	t	4,082	1,518
"Multi Group" Concern LLC	RA, Mghart gold mine, Lori	Ore containing gold	t	20	0
"Assat" LLC	RA, v. Qaraberd, Lori	Ore containing gold	t	10,791	120

Source; Reports provided to the EITI by the companies

"Geopromining Gold" LLC is the leader in gold sales in the RA mining industry, which accounts for 58.7% of the value of precious metals. In 2022, the leader in production volume is "Kapan Mining and Processing Plant" CJSC, which provided 42.8% of the total production and increased production by 149% compared to the previous year. The total volume of production of precious metals increased by 2.5 times compared to the previous year, which is not only due to the increase in production of companies but also the resumption of large-scale production by "Assat" LLC (10,791 tons in 2022).

According to requirement 3.2 of the EITI 2023 Standard, implementing countries must publish production data, including volumes and values by product, in a timely manner. This data should be disaggregated by application where relevant. If applicable, an estimate of production from artisanal and small-scale activities should also be disclosed. Additionally, the sources and methods used to calculate production volumes and values must be detailed. Implementing countries are required to establish mechanisms to monitor and verify the accuracy of production data and document findings, including identifying any weaknesses in the comprehensiveness and reliability of publicly available data.

Armenia meets the demand for disclosure of production volumes and values. Subsoil user companies disclose the specified data for each reporting period through public reports. The accuracy of the presented data relies on quality assurance, as discussed in sections 1.3 and 7.2 of the report. The launch of a systematic disclosure system will further enhance data quality by allowing for the comparison of bilaterally submitted data at the time of submission. Armenia has no artisanal and small-scale production activities.

### 4.3. Volumes of sales and exports in the metal mining industry (Requirements 3.3 and 6.3)

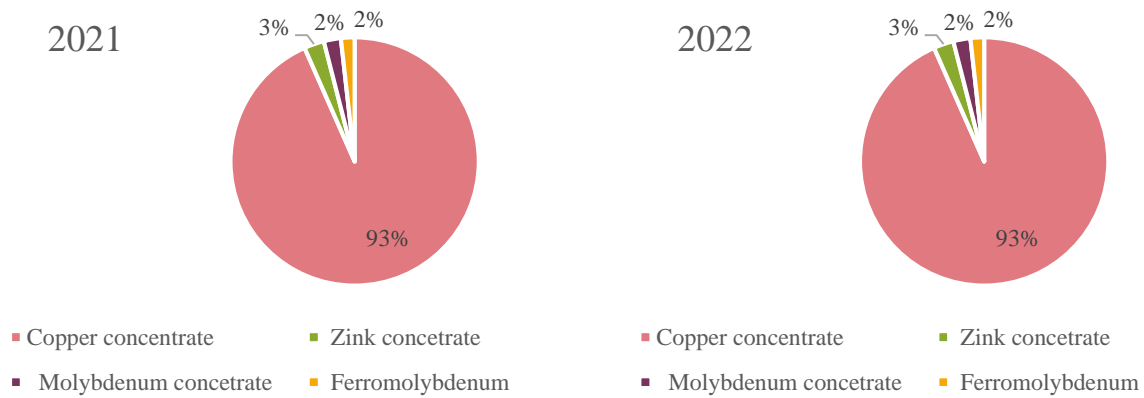
#### 4.3.1. Export in the metal mining industry

According to the Statistical Committee, in 2022, the mining industry and exploitation of open pits is one of the main branches of the GDP of the Republic of Armenia and accounts for 3.8%<sup>87</sup>. According to the Comtrade website, the mining industry provided 28% of total exports in 2022<sup>88</sup>. In the same year, the total export of the mining industry was 441.9 thousand tons, with a value of USD 662.9 million.

Copper concentrate accounts for the largest share of exports, making up 92.99% of mining exports. Zinc concentrate is 2.68%, while molybdenum and ferromolybdenum concentrates have a smaller share, respectively 2.32% and 2.01%. In general, the volume of exports in 2022 decreased by 3.91% compared to 2021, whereas the value of exports increased by 22.2%.

**Figure 4.3.1.1**

*Weight of exports of metal products in total exports in 2021 and 2022*



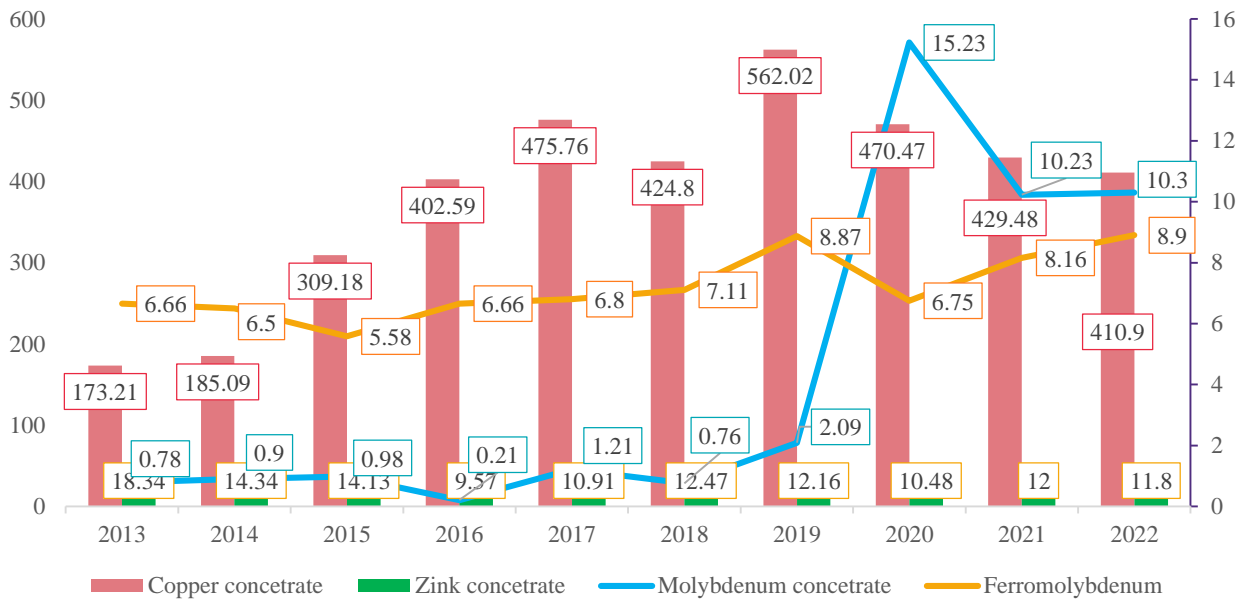
Source: Calculations of ITC based on UN COMTRADE statistics

<sup>87</sup> 1.1.2. Final GDP Reporting Data for 2021 and Revised Data for 2022

<sup>88</sup> <https://comtradeplus.un.org/TradeFlow?Frequency=A&Streams=X&CommodityCodes=TOTAL&Partners=0&Reporters=51&period=2022&AggregateBy=none&BreakdownMode=plus>

**Figure 4.3.1.2**

Export of metal product types during 2013-2022, thousand tons



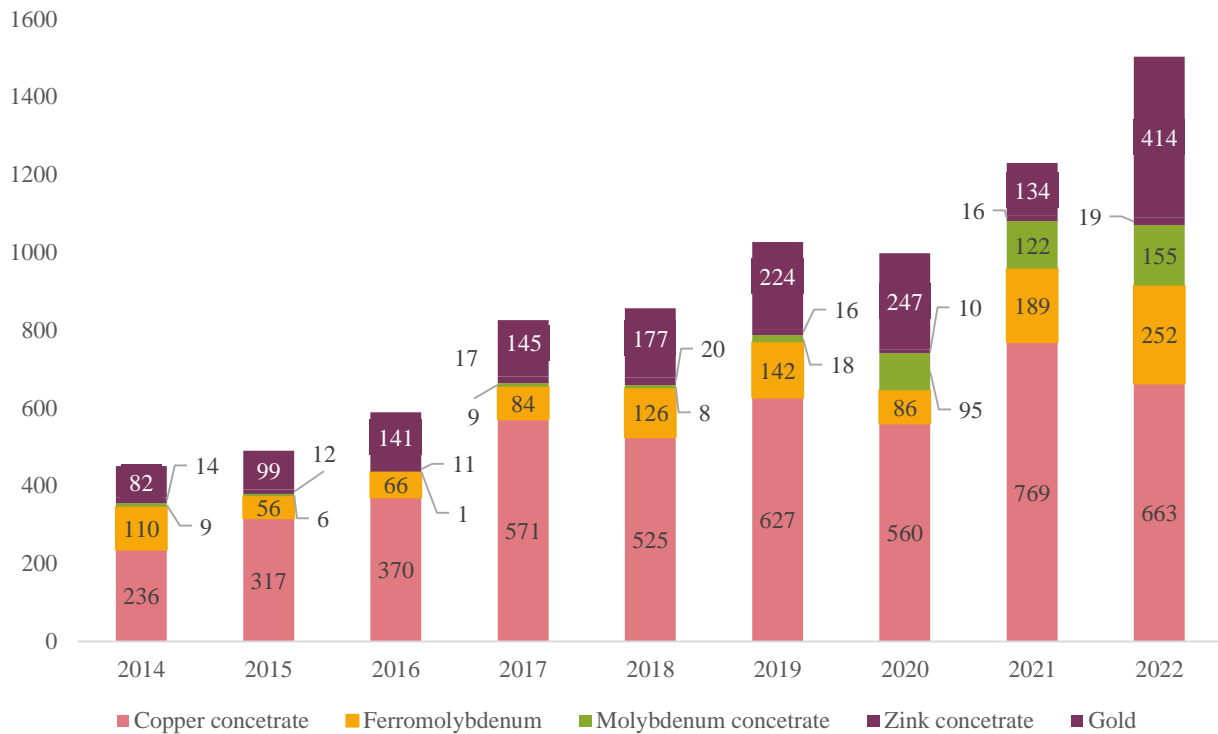
Source: Calculations of ITC based on UN COMTRADE statistics

The volumes of export of copper concentrate have increased year by year, reaching their peak in 2019, which is 562 thousand tons, after which a reduction was noticed. The volumes of exports of zink have seen little change over the past decade, staying at relatively small volumes. The volumes of export of molybdenum were insignificant until 2019, but a significant increase in exports was recorded in 2020, which, after a certain decrease, remained at the level of 10 tons in 2021-2022. The volumes of export of ferromolybdenum fluctuated at the level of 6-8 tons in the same period until 2019, and it recorded some growth during 2021-2022.



**Figure 4.3.1.3**

Export of metal product types in 2013-2022, million dollars



Source: COMTRADE statistical website

**Export of copper concentrate**

The export of copper makes up 92.99% of mining exports and has a significant impact on the GDP of the RA. Despite the 4.33% decrease in 2022, the average growth constituted 10.3% during 2013-2022. The growth trend continued until 2017. In 2018, the volume of copper concentrate production decreased by 25.9%, which was relatively balanced by the 28.5% increase recorded in 2019.

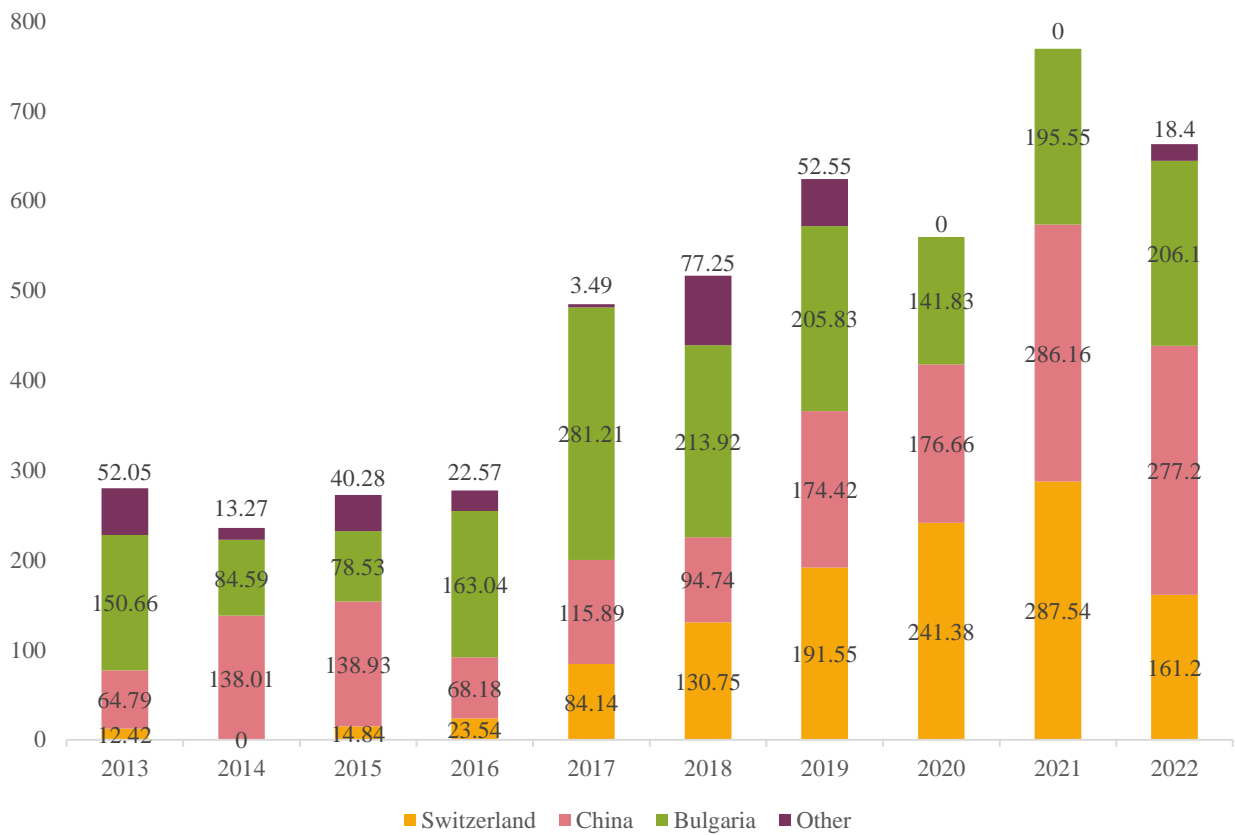
In 2022, China was the leading country of Armenian copper exports, which accounted for 41.82% of total exports or USD 277.2 million.

Bulgaria ranks second with 31.1% or USD 206.1 million of copper exports from Armenia.

In third place is Switzerland, which was the leader last year, but after a 43.94% decrease, the export of copper from Armenia made up only 24.3% or USD 161.2 million in 2022.

**Figure 4.3.1.4**

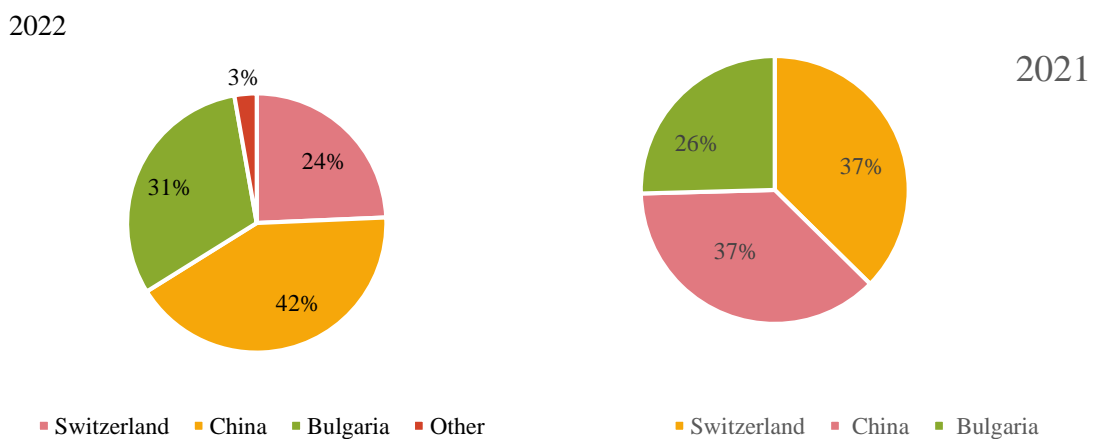
Distribution of copper concentrate exports during 2013-2022, broken down by countries, million US dollars



Source: Calculations of ITC based on UN COMTRADE statistics

**Figure 4.3.1.5**

Distribution of the exports of copper concentrate by countries in 2022



Source: Calculations of ITC based on UN COMTRADE statistics

**Table 4.3.1.1**
*Distribution of exports of copper concentrate by companies, volumes, monetary expressions, and countries*

Region of origin	Company	Export destination	Volume	Value, mln AMD	Value, thousand USD
Lori	“Akhtala Mining and Processing Enterprise” CJSC	Bulgaria	8,325 wmt	4,959	11,379
	“Teghout” CJSC	Switzerland, Singapore	11,744 dmt	10,529	24,160
Syunik	“Agarak Copper Molybdenum Combine” CJSC	China	52,189 t	34,591	79,374
	“Zangezur Copper Molybdenum Combine” CJSC	China, Bulgaria	243,871 wmt	174,478	400,363
<b>Total</b>				<b>224,557</b>	<b>515,276</b>

Source: by subsoil-using companies for the EITI report

The largest volumes and values of exports are provided by "Zangezur Copper Molybdenum Combine" CJSC, which dominates both in terms of amount of production and value, exporting 243,871 tons of product mainly to China and Bulgaria. Moreover, last year "Zangezur Copper Molybdenum Combine" CJSC exported to Georgia as well.

"Agarak Copper-Molybdenum Combine" CJSC has also made significant exports - 52,189 tons, by exporting mainly to China. The exports of "Akhtala Mining and Processing Combine" CJSC and "Teghut" CJSC are relatively small and are directed to Bulgaria, Switzerland, and Singapore. "Kapan Mountain Enrichment Combine" CJSC exported to Georgia and Belgium in previous years.

In general, the value of exports totaled AMD 224,557 million, which is equivalent to USD 515,276 thousand.

Besides copper, copper concentrate also contains precious metals, such as gold and silver, which are considered metals paid for. Below are the volumes of export of copper concentrate extracting companies per final metal content.

**Table 4.3.1.2**
*The final content of metals considered paid for in the exported copper concentrate 2022*

Region of origin	Company	Metal	2021		2022	
			Volume	Concentrate volume	Volume	Concentrate
Lori	“Akhtala Mining and Processing Enterprise” CJSC	copper	2,040 dmt	11,025 wmt	0 wmt	8,325 wmt
	“Teghout” CJSC	copper	18,042 dmt	82,721 dmt	2,526 t	11,744 dmt
Syunik	“Agarak Copper Molybdenum Combine” CJSC	copper	11,519 t	50,038 t	12,233 t	52,189 t
	“Zangezur Copper Molybdenum Combine” CJSC	copper	44,634 t	222,906 wmt	50,283 t	243,871 wmt
		silver	396 kg		6,870 kg	
		gold	9,425 kg		308 kg	
	“Chaarat Kapan” CJSC	copper	2,407 t	14,158 wmt	-	-
gold		977 kg	-		-	

Region of origin	Company	Metal	2021		2022	
			Volume	Concentrate volume	Volume	Concentrate
		silver	19,991 kg			

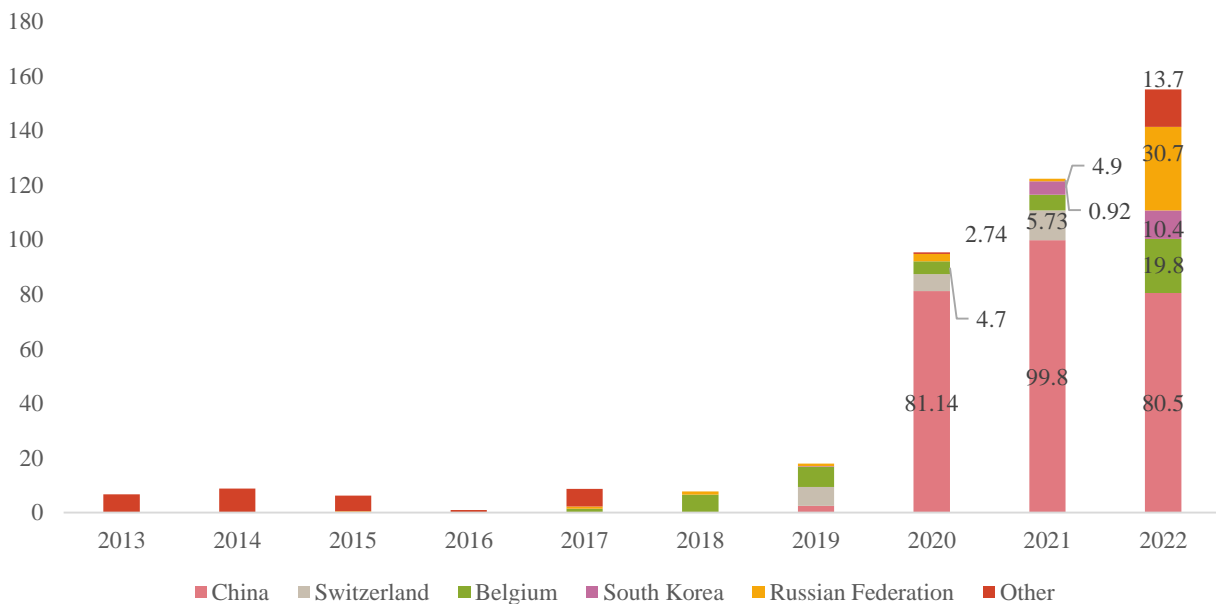
Source: by subsoil-using companies for the EITI report

**Export of molybdenum concentrate and ferromolybdenum**

In 2022, 10.3 and 8.9 thousand tons of molybdenum and ferromolybdenum concentrates were exported from RA. Among the total mining exports, molybdenum and ferromolybdenum exports accounted for 2.51% and 2.17%, respectively. Compared to 2021, the volumes of exports of molybdenum increased by 0.7%, remaining almost stable, and the volumes of exports of ferromolybdenum increased by 9% in 2022. Below is the distribution of the values of exports of molybdenum concentrate and ferromolybdenum, broken down by countries in US dollars.

**Figure 4.3.1.6**

*Distribution of exports of molybdenum concentrate during 2013-2022, broken down by countries, million US dollars*

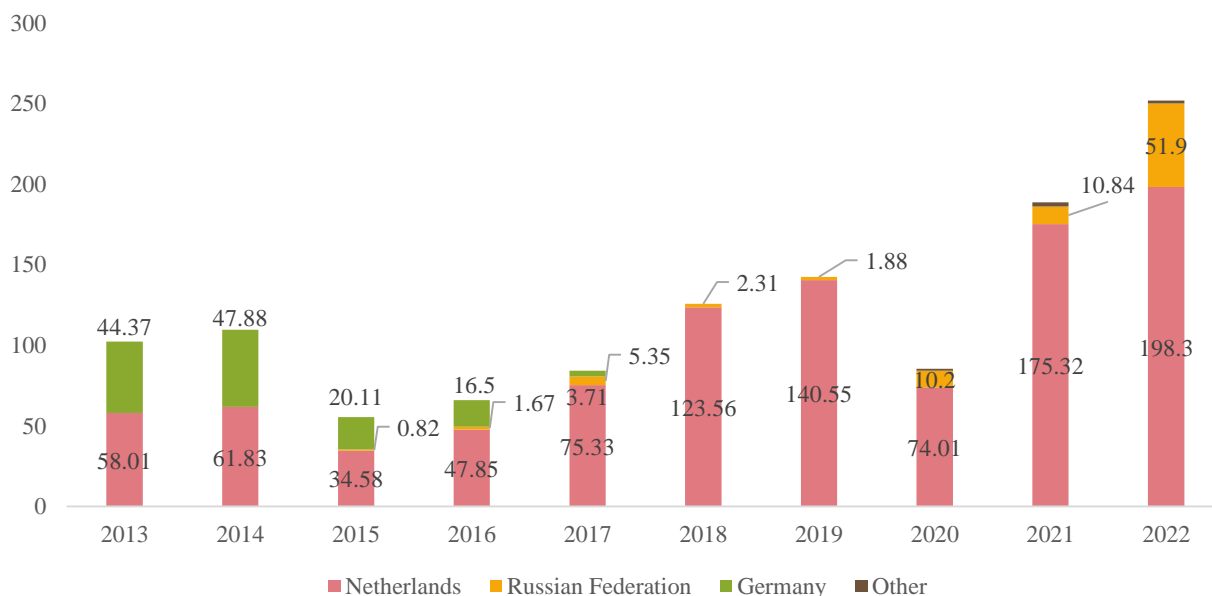


Source: Calculations of ITC based on UN COMTRADE statistics

As in 2021, China was the main export destination of molybdenum concentrate in 2022. Although the export decreased by 19.34%, it made up 51.9% of the total value of molybdenum export, with USD 80.5 million. The volumes of exports increased sharply to the Russian Federation, where molybdenum was exported only in annealed form. In 2022, the value of exports to the Russian Federation increased 33 times compared to the previous year, making up 19.80% of the total molybdenum exports. Moreover, the molybdenum exports to Belgium and South Korea also increased by 12.77% and 6.7%, in contrast to 4.69% and 4% of the previous year. In 2022, molybdenum was not exported to Switzerland, which was the second largest export destination in 2020-2021. As a result, the export value of molybdenum concentrate increased by 26.8% and amounted to USD 155.1 million in 2022.

**Figure 4.3.1.7**

*Distribution of ferromolybdenum exports during 2013-2022, broken down by countries, million US dollars*



Source: Calculations of ITC based on UN COMTRADE statistics

The main export destination of ferromolybdenum was the Netherlands which was the leader in the export of ferromolybdenum from Armenia during 2013-2022. In 2022, the value of exports to the Netherlands increased by 13.1%, amounting to USD 198.3 million which accounts for 78.3% of ferromolybdenum exports. The volume of exports to the Russian Federation also increased significantly, exceeding the previous year's value by almost 5 times. In general, the export value of ferromolybdenum increased by 33.5% in 2022, constituting USD 251.9 million.

In 2022 molybdenum concentrate and ferromolybdenum were exported only by "Zangezur Copper Molybdenum Combine" CJSC. The export destinations of the molybdenum concentrate and ferromolybdenum are quite diversified.

The export destinations of molybdenum concentrate were the Russian Federation, Belgium, Chile, South Korea, Thailand, China, Georgia, and the export destinations of ferromolybdenum were Russia, the Netherlands, and Poland.

**Table 4.3.1.3**

*Distribution of export of molybdenum concentrate and ferromolybdenum, broken down by companies, volume and value*

Region of origin	Company	Product type	Export destination	Volume	Value, mln AMD	Value, thousand USD
Syunik	"Zangezur Copper Molybdenum Combine" CJSC	Roasted molybdenum concentrate	Russian Federadtion	1,192 wmt	11,316	25,966
	"Zangezur Copper Molybdenum Combine" CJSC	Molybdenum concentrate	China, Belgium, Korea, Chile, Thailand, Georgia	8,041 wmt	47,778	109,633

	“Zangezur Copper Molybdenum Combine” CJSC	Ferromolybdenum	The Netherlands, Russian Federation, Poland	8,560 t	105,676	242,487
<b>Total</b>					<b>164,770</b>	<b>378,086</b>

Source: by subsoil-using companies for the EITI report

Molybdenum concentrate and ferromolybdenum do not contain other products considered paid for.

**Table 4.3.1.4**

*Final content of molybdenum considered paid for in exported molybdenum concentrate and ferromolybdenum in 2022*

Company	Metal	2021		2022	
		Volume	Concentrate volume	Volume	Concentrate volume
“Teghout” CJSC	Molybdenum concentrate	375 t	768 dmt	-	-
“Zangezur Copper Molybdenum Combine” CJSC	Roasted molybdenum concentrate	-	-	717 t	1,192 wmt
“Zangezur Copper Molybdenum Combine” CJSC	Molybdenum concentrate	3,784 t	8,562 wmt	3580 wmt	8,041 wmt
“Zangezur Copper Molybdenum Combine” CJSC	Ferromolybdenum	5,304 t	7,840 t	5,975 t	8,560 t

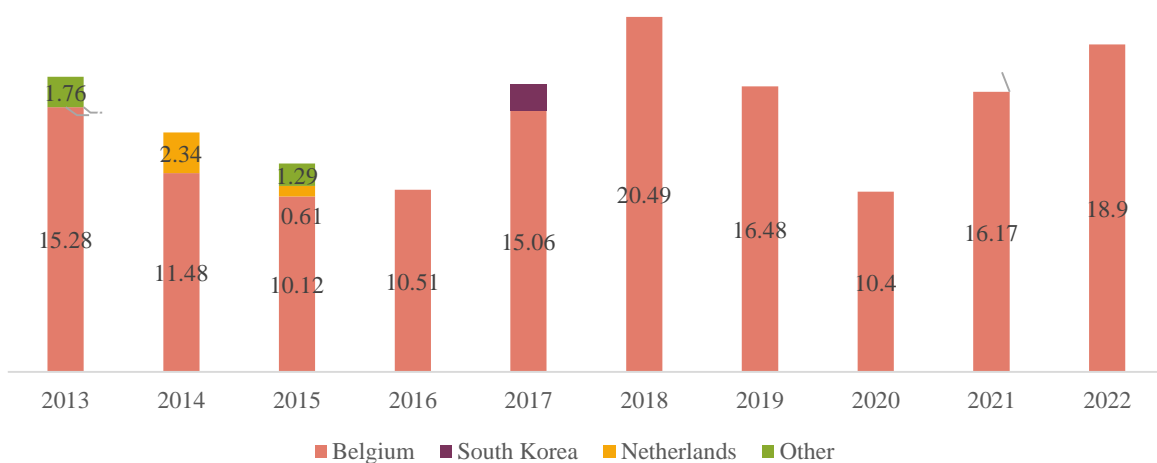
Source: by subsoil-using companies for the EITI report

**Export of zinc concentrate**

The export of zinc concentrate accounted for 2.68% of the total export volumes of the mining industry. The total value of exports constituted USD 18.9 million, which recorded a rise by 16.9% compared to the previous year.

**Figure 4.3.1.8**

*Exports of zinc concentrate by countries, million US dollars*



Source: Calculations of ITC based on UN COMTRADE statistics

Since 2018, zinc concentrate has been only exported to Belgium, before that it had been exported to South Korea, the Netherlands, etc.

**Table 4.3.1.5**

*Distribution of export of zinc concentrate, broken down by companies, volumes, monetary expressions and countries*

Region of origin	Company	Export destination	Volume	Value, mln AMD	Value, thousand USD
Syunik	“Kapan Mining and Processing Plant” CJSC (former “Chaarat Kapan” CJSC)	Belgium	11,751	8,347	19,145

Source: by subsoil-using companies for the EITI report

Zinc is extracted and exported only by "Kapan Mountain Enrichment Combine" CJSC.

In addition to zinc, zinc concentrate also contains precious metals, such as gold and silver, which are considered paid for. The volumes of exports of zinc concentrate mining company, broken down by the final content of metal are presented below.

**Table 4.3.1.6**

*Final content of metals considered paid for in the exported zinc concentrate in 2021 and 2022*

Region of origin	Company name	Metal	2021		2022	
			Volume	Concentrate volume	Volume	Concentrate volume
Syunik	“Kapan Mining and Processing Plant” CJSC (former “Chaarat Kapan” CJSC)	zinc	6,478.92 t	11,998 wmt	6,463.05 t	11,751 wmt
		gold	107.98 kg		118 kg	
		silver	2,075.65 kg		2,244.4 kg	

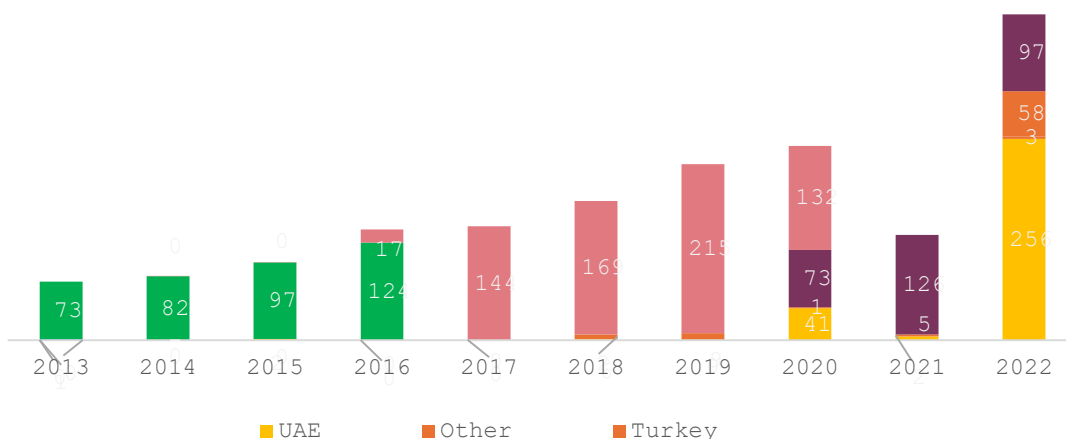
Source: by subsoil-using companies for the EITI report

### Export of precious metal product types

According to UN Comtrade data, compared to 2021, the total value of the exports of precious metals increased by about 209.6% in 2022, reaching USD 414.2 million, which tripled the export value. The exports increased by about 143.2%, which indicates that the amount of exported metals also increased significantly.

**Figure 4.3.1.9**

*Exports of crude and semi-processed gold and gold-bearing precious metal concentrates by countries during 2013-2022, million US dollars*



Source: Calculations of ITC based on UN COMTRADE statistics

In 2022 the leading country for the export of precious metals was the UAE, the exports whereto made up 61.8% of the total export of precious metals. Exports to the UAE increased significantly by 48 times. India ranked second which held the leader's position in 2021. In 2022 the value of exports of crude and semi-processed gold and gold-bearing precious metal concentrate to India decreased by 22.7% and accounted for 23.54% of the total exports of crude and semi-processed gold and gold-bearing precious metal concentrate. In third place is Turkey, where no exports have been made in the last decade. In 2022, the export of precious metals to Turkey made up 14% of the total.

The source of the mentioned data is the UN Comtrade statistics, where export data is presented by country and data on exporting companies are missing. The data of the RA Statistical Committee also lacks export data by companies and this data is obtained from the customs authorities with monetary indicators. The data provided by the reporting companies do not include information on the export of gold and gold-containing precious metal concentrates, which means that exporting companies in 2022 are not mining companies.

**Table 4.3.1.7**

*Distribution of the export of gold alloys and precious metal containing precious metal concentrate, broken down by companies, volumes, monetary expressions, and countries*

Region of origin	Company	Product type	Export destination	Volume	Value, mln AMD	Value, thousand USD
Gegharkunik	“Geopromining Gold” LLC	Gold and silver bullion	Switzerland	4.14 t	60,614	139,087



Kotayk	“Meghradzor Gold” LLC	Gold containing precious metal concentrate	Switzerland	1,310 t	645	1,480
Syunik	“Kapan Mining and Processing Plant” CJSC (former “Chaarat Kapan” CJSC)	Gold containing precious metal concentrate	Georgia	17,809 wmt	35,782	82,106
Syunik	“Lichqvaz” CJSC	Gold containing precious metal concentrate	Malaysia	1,253 dmt	1,227	2,815
<b>Total</b>					<b>98,268</b>	<b>225,488</b>

Source: by subsoil-using companies for the EITI report

In 2022 "Geopromining Gold" LLC held the leader's position in exporting precious metals. The export value made up 61.7%. The main product type was gold and silver dore alloys, and the main export destination was the Swiss Confederation. "Kapan Mountain Enrichment Combine" CJSC ranked second in the export of precious metal concentrate containing gold - 36.42% of the total export and the main export country is Iran. "Lichkvaz" CJSC and "Meghradzor Gold" LLC exported relatively smaller amounts to Malaysia and the Swiss Confederation, respectively.

In addition to gold, gold alloys, and gold-bearing precious metal concentrate also contain some amount of precious metals such as gold, silver, zinc, lead, and copper which are considered paid for. Below are the export volumes of the gold alloys and gold-bearing precious metal concentrate extraction company by final metal content.

**Table 4.3.1.8**

*Final content of metals considered paid for in exported gold alloys and gold-bearing precious metal concentrate in 2022*

Region of origin	Company	Metal	Unit of measurement	Metal volume	Concentrate volume
Syunik	“Kapan Mining and Processing Plant” CJSC (former “Chaarat Kapan” CJSC)	copper	t	2,382	17,809 wmt
		gold	kg	1,336	
		silver	kg	18,916	
Gegharkunik	“Geopromining Gold” LLC	gold	kg	2,430	4.14 t
		silver	kg	1,706	
Syunik	“Lichqvaz” CJSC	copper	t	78	1,253 dmt
		gold	kg	461	
		silver	kg	6,667	
Kotayk	“Meghradzor Gold” LLC	gold	kg	28.7	1,310 t
		silver	kg	36.5	

Source: by subsoil-using companies for the EITI report

### Comparison of information from subsoil-using companies and UN COMTRADE statistics

According to the table presented below, there is a difference in monetary equivalent between the volumes of products exported from Armenia, by combining the information received from the companies and COMTRADE data. These inconsistencies are due to differences in the timing of product export declarations and actual exports of companies, as well as exchange rate fluctuations.

**Table 4.3.1.9**

Comparison of the export data on metal mining sector obtained from subsoil-using companies and UN Comtrade in 2021 and 2022

Product type	2021		2022	
	Total value of exports according to metal mining companies, mln USD	Total value of exports according to UN Comtrade, mln USD	Total value of exports according to metal mining companies, mln USD	Total value of exports according to UN Comtrade, mln USD
Copper concentrat	698	769	515	663
Zinc concentrate	16	16	19	19
Molybdenum concentrate	111	122	136	94.2
Feromolybdenum concentrate	180	189	242	252
Semi-processed and unprocessed gold and gold containing precious metal concentrate	122	134	515	414

Source: subsoil using companies and UN COMTRADE statistics

#### 4.3.2. Domestic sales in the metal mining industry

In 2022, metal products at the amount of AMD 12,248.6 million were sold in the domestic market, which increased by 7.7% compared to the previous year. Sales of copper metal ores and concentrates continued to hold the biggest share of the market. Among the companies, the leader in domestic sales according to the sales value was "Teghut" CJSC, which occupied 54.1% of the market in terms of sales value.

The breakdown of domestic sales in 2022 by companies is presented below.

**Table 4.3.2.1**

*Companies selling in the domestic market, the metal products sold, the volume and monetary expression*

Company	Product type	Unit of measurement	Volume	Volume of metals	Total realization value, mln AMD	Buying company
"Teghout" CJSC	Molybdenum concentrate	dmt	392	Molybdenum - 191 t	3,087	"Metal Line" LLC
"Teghout" CJSC	Copper ore and concentrate	dmt	7,042	Copper - 1622 dmt	4,052	"Akhtala Mining and Processing Enterprise" CJSC
"Teghout" CJSC	Copper ore and concentrate	dmt	2,849	Copper - 656 dmt	1,639	"ICC" LLC
"Teghout" CJSC	Copper ore and concentrate	dmt	9	Copper - 2.1 dmt	5.2	"Neosystem" LLC
		t	2,665	Gold - 54 kg	1,109	

Company	Product type	Unit of measurement	Volume	Volume of metals	Total realization value, mln AMD	Buying company
“Meghradzor Gold” LLC	Gold and silver bullion			Silver - 70 kg		“Geopromining Gold” LLC
“Lichkvaz” CJSC	Copper ore and concentrate	dmt	4,641	Copper – 300 t	6,342	“Kapan Mining and Processing Plant” CJSC (former “Chaarat Kapan” CJSC)
				Gold - 2,442,932 gm		
				Silver - 21,182,755 gm		
“Assat” LLC	Ore of unknown metals	t	21	Gold - 52 gm	1.1	“Assat-M” LLC
“Zangezur Copper-Molybdenum Combine” CJSC	Copper concentrate	dmt	280	Molybdenum – 124 t	13.3	“Aramet” LLC
<b>Total</b>					16,248.60	

Source: by subsoil-using companies for the EITI report

#### 4.4. Global prices in the mining sector

In this section, the data of the Statistical Committee on mining production<sup>89</sup>, as well as the information published by the World Bank on international prices<sup>90</sup>, were studied. The volumes of mining production in RA and the trends of price changes in international markets were analyzed and compared.

##### Copper concentrate production and international prices

According to the Statistical Committee of the Republic of Armenia, the production volume of copper concentrate constituted 307,585 tons in 2022<sup>91</sup>. According to the World Bank, the average price of copper concentrate was 8,822 dollars/ton in 2022.

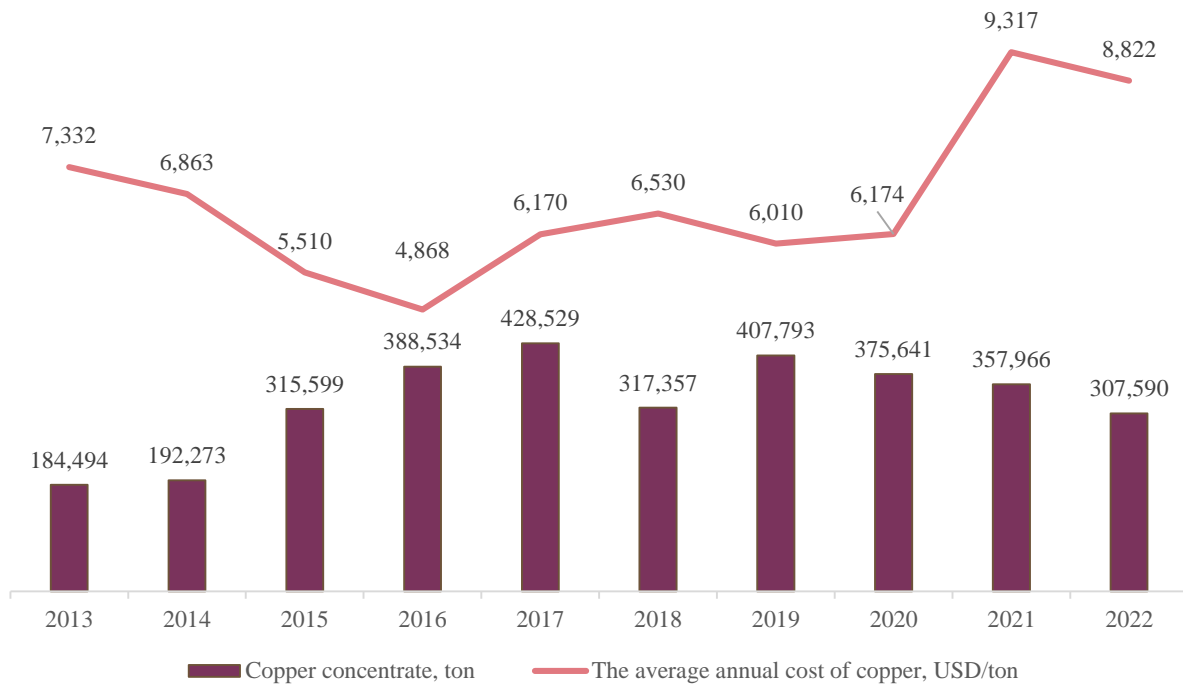
<sup>89</sup> [https://armstat.am/file/article/bnexen\\_12\\_2022.pdf](https://armstat.am/file/article/bnexen_12_2022.pdf)

<sup>90</sup> World Bank Commodity Price Data (The Pink Sheet)

<sup>91</sup> See the same source

**Figure 4.4.1**

*Copper concentrate production and international copper prices during 2013-2022*



Source: The Statistical Committee of the RA and World Bank data<sup>92</sup>

During the mentioned period, the annual average growth of international copper prices was 13.9%. According to the data of the World Bank, the average annual value of copper concentrate decreased by 5.31% in 2022<sup>93</sup>. At the same time, in 2022 the volume of copper concentrate continued to fall in the RA: it decreased by 14% compared to the previous year. In 2022, the lowest production rate was recorded after 2015. In parallel with the high international prices, “Zangezur Copper-Molybdenum Combine” CJSC increased its production volumes but the total production volume was affected by the decline in the production volumes of Teghut mine which was due to the Russian-Ukrainian war, as the sanctions applied against Russia had a direct impact on the company. According to the statement of beneficial owners published in the state register of legal entities on March 10, 2023, “VTB Bank” CJSC held 49.95% of shares of “Teghut” CJSC. Also, this has led to the temporary suspension of the mine activity. Compared to the previous year, “Kapan Mining and Processing Plant” CJSC and “Lichkvaz” CJSC did not produce copper concentrate which also resulted in a decrease in production volume.

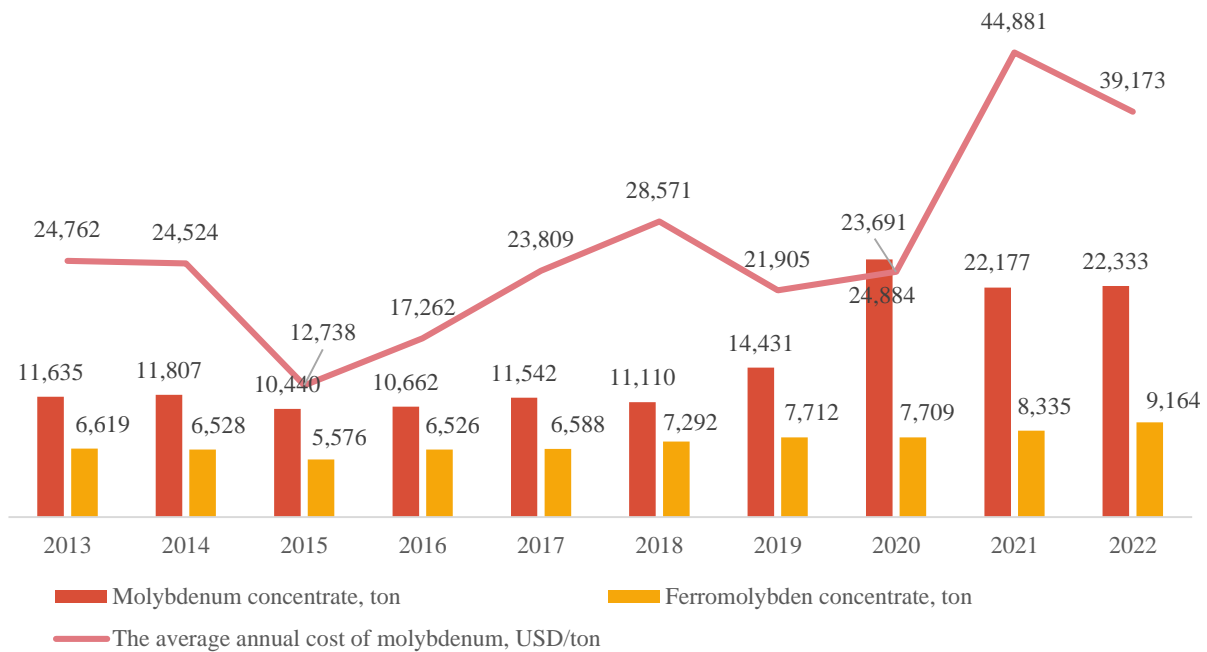
**Molybdenum concentrate and ferromolybdenum production and international prices**

<sup>92</sup> [Commodity Markets \(worldbank.org\)](http://Commodity Markets (worldbank.org))

<sup>93</sup> See the same source

**Figure 4.4.2**

*Production of molybdenum concentrate and ferromolybdenum and the international prices of molybdenum during 2013-2022*



Source: The Statistical Committee of the RA and Tradingeconomics site<sup>94</sup>, the annual averaged value was calculated based on the monthly averaged figures

In 2020, after a sharp 72.45% increase in the volume of molybdenum production in the RA, the volume of molybdenum concentrate production continued to keep a high level. In 2022, the production volume was almost the same as the previous year, and the production of ferromolybdenum increased by 10%.

According to the Tradingeconomics website<sup>95</sup>, since 2015, the annual average price of molybdenum per ton has increased by 21.7% on average. The record prices in 2021 were followed by a 13% decline. In general, the growth of production volumes in Armenia is consistent with the growth of international prices.

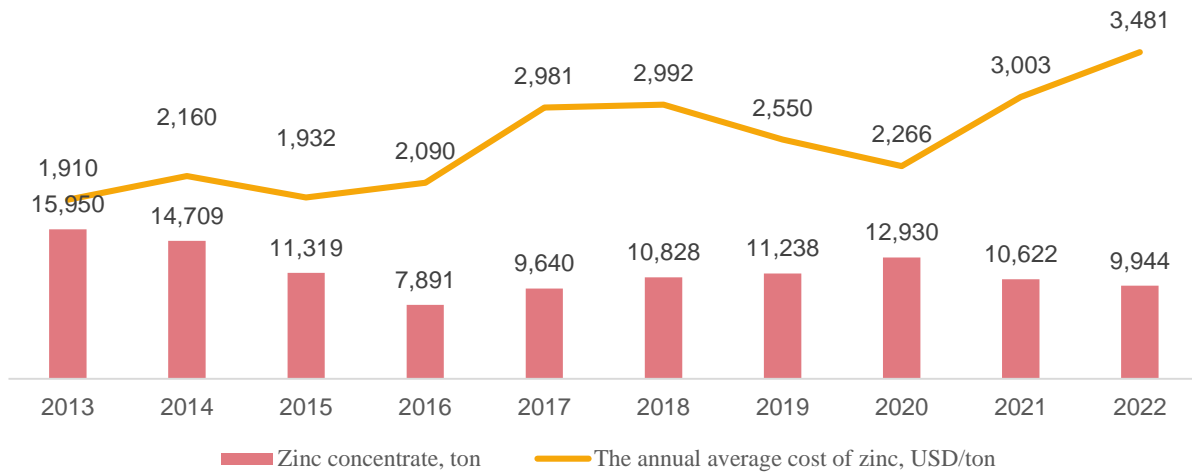
**Zinc concentrate production and international prices**

<sup>94</sup> [Molybdenum - Price - Chart - Historical Data - News \(tradingeconomics.com\)](https://tradingeconomics.com/molybdenum-price)

<sup>95</sup> See the same source

**Figure 4.4.3**

Zinc concentrate production and international prices during 2013-2022



Source: The Statistical Committee of the RA<sup>96</sup> and World Bank data<sup>97</sup>

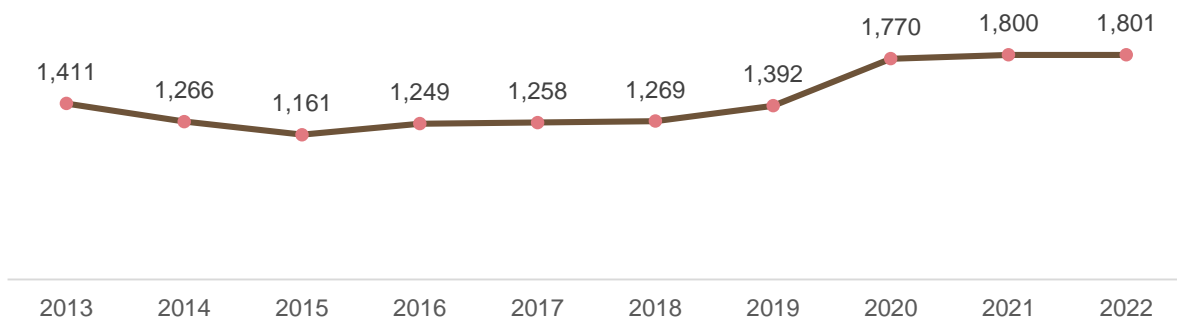
The volumes of zinc production continue to decline after 2020. Compared to the previous year, the volume of production decreased by 6.4%, reaching 9,944 tons in 2022. At the same time, international prices continued to grow and 15% growth was recorded in 2022. Since 2016, the average annual increase in zinc prices has been 10.9%. Zinc concentrate is produced as an additive to copper-polymetallic metal ore. There is no clear correlation between zinc production volumes and international prices.

**International gold prices**

Since the RA Statistical Committee does not publish data on the production of precious metals, only the change in the international price of gold (dollar/troy ounce) is presented during 2013-2022 period.

**Figure 4.4.4**

International gold prices, dollars/troy ounce during 2013-2022



Source: World Bank data<sup>98</sup>

<sup>96</sup> [https://armstat.am/file/article/bnexen\\_12\\_2022.pdf](https://armstat.am/file/article/bnexen_12_2022.pdf)

<sup>97</sup> <https://www.worldbank.org/en/research/commodity-markets> World Bank Commodity Price Data (The Pink Sheet)

<sup>98</sup> See the same source

Since 2015, the price of gold has continuously increased and it reached 55.1% in 2022. The price of 1 troy ounce of gold remained stable in 2022 and the largest 27.1% increase was recorded in 2020.

## 5. STATE REVENUES FROM METAL MINING SECTOR AND THEIR DISTRIBUTION



## 5. REVENUES FROM METAL MINING SECTOR AND THEIR DISTRIBUTION

### 5.1. The contributions of metal mining companies to the state budget (Requirements 4.1 and 6.3)

Following the requirement 4 of the EITI Standard, fees paid by subsoil users shall be comprehensively disclosed with all essential government revenues received from the mining industry. According to the decision of MSG<sup>99</sup>, the parties both disclose the relevant taxes and payments without applying the materiality threshold within the framework of this report.

Taxes and fees paid to the state budget by subsoil users are as follows:

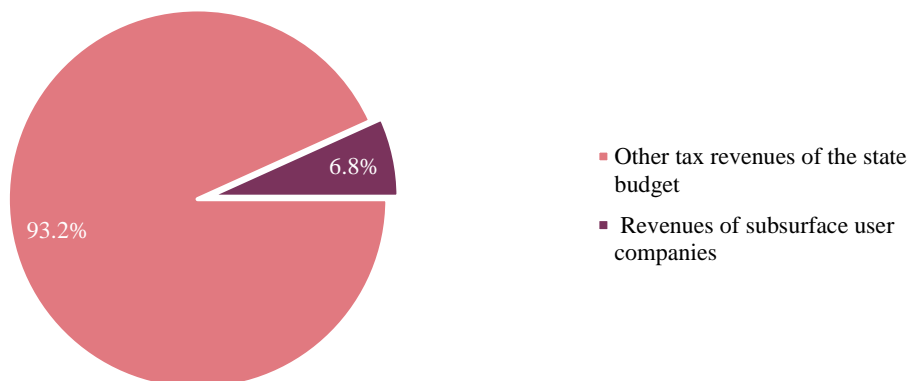
State Revenue Committee	Ministry of Environment
<ul style="list-style-type: none"> <li>• Profit tax</li> <li>• Income tax</li> <li>• Value added tax</li> <li>• Excise tax</li> <li>• Royalty</li> <li>• Nature use payments</li> <li>• Environmental tax</li> <li>• Customs duties, customs fees</li> <li>• Duties</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring implementation fee</li> <li>• Environmental impact assessment and expertise implementation duty</li> <li>• Fines and penalties imposed by the inspection body for the protection of the environment and subsoil</li> </ul>

According to the information provided by the state bodies (SRCo, M E), taxes and fees paid to the state budget by subsoil users decreased by 11% in 2022 compared to the previous year, amounting to AMD 130.2 billion or 6.8% of total revenues.

<sup>99</sup> [MSG meeting minute 28\\_03\\_2024\\_arm.pdf \(eiti.am\)](#)

**Figure 5.1.1**

The share of taxes paid to the state budget by subsoil users in the tax revenues of the state budget in 2022



Source: Reports provided by the Ministry of Finance of RA (budget indicators) and the State Revenue Committee for the EITI report <sup>100</sup>

**Table 5.1.1**

The share of taxes and fees calculated by subsoil users to the state budget in the tax revenues of the general state budget in 2022 (million drams)

Type of tax or payment	Total calculated amount	Share of total taxes and payments paid by companies to the state budget	Share in total State Budget Revenue
State export duties <sup>101</sup>	43,208	33%	2.2%
Royalty	42,604	33%	2.2%
Profit tax	19,534	15%	1.0%
Income tax	16,356	13%	0.8%
VAT	6,216	5%	0.3%
Customs duty, customs fees	1,211	1%	0.1%
Other	1,106	1%	0.1%
<b>Total</b>	<b>130,235</b>	<b>100%</b>	<b>6.8%</b>
<b>Total tax revenues to the state budget</b>	<b>1,925,969</b>	<b>-</b>	<b>-</b>

Source: Reports submitted by state bodies (State Revenue Committee, Ministry of Environment) within the framework of EITI (adjusted as a result of reconciliation)

In 2022, the state export duties, royalty, profit tax, and income tax accounted for the largest share of taxes paid to the state budget by subsoil users.

State export duties and royalties accounted for the highest share of state budget revenues - 2.2% each. The share of the profit tax constituted 1%. The share of other types of taxes and fees in the state budget revenues did not exceed 1%. In 2022, "Zangezur Copper Molybdenum Combine" CJSC held the leader's position in terms of the total amount of taxes

<sup>100</sup> [https://minfin.am/hy/page/petakan\\_byujei\\_hashvetvutyun/](https://minfin.am/hy/page/petakan_byujei_hashvetvutyun/)

<sup>101</sup> State duty for granting licenses, permits or certificates for each ton of export of copper concentrate, molybdenum concentrate and molybdenum (except 810297000) during 2022

and payments to be paid to the State budget. In 2022, the share of "Zangezur Copper Molybdenum Combine" CJSC in the taxes and payments calculated to be paid by subsoil users constituted 76.3% or AMD 99.4 billion, and the share of calculated payments of the same company in the state budget revenues was 5%.

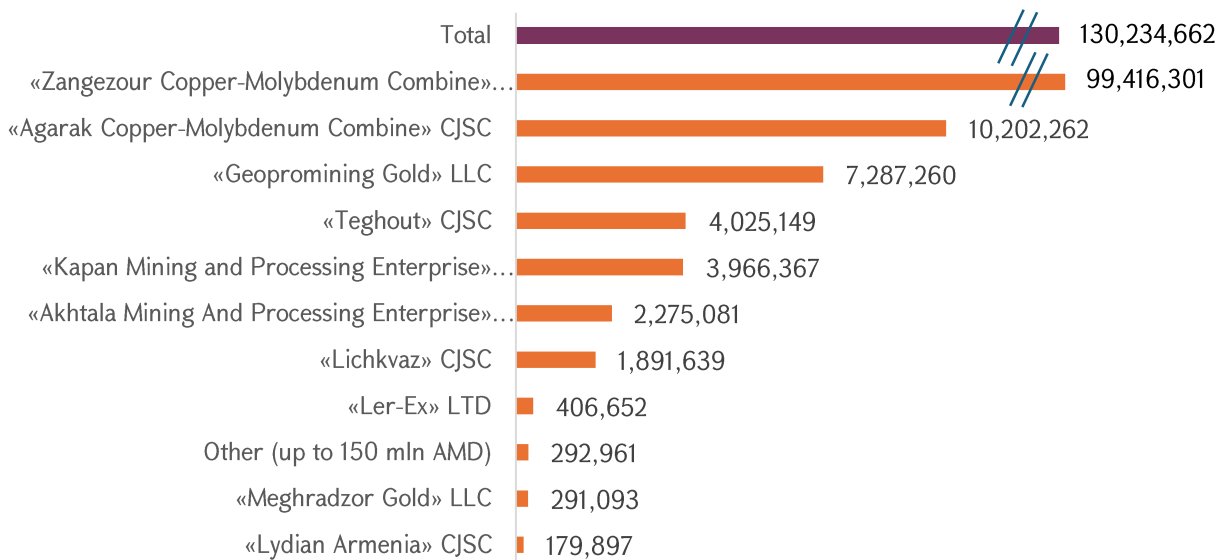
In 2022, "Agarak Copper-Molybdenum Combine" CJSC was the second in terms of the total amount of taxes and payments calculated to be paid to the State budget, the share of which was 7.8% of the calculated total fees paid by the subsoil users. In 2022, the calculated taxes and payments made by "Agarak Copper-Molybdenum Combine" CJSC amounted to AMD 10.2 billion with a share of 0.5% in the state budget revenues.

In 2022, "Geopromining Gold" LLC was the third in terms of the total amount of taxes and payments to be paid to the State with a share of 5.6% in the total payments paid by the mining companies in 2022. In 2022, the declared taxes and payments made by "Geopromining Gold" LLC amounted to AMD 7.3 billion with a share of 0.4% in the state budget revenues.

The taxes and payments payable to the state budget by 10 largest subsoil users during 2022 are summarized in the figure below.

**Figure 5.1.2**

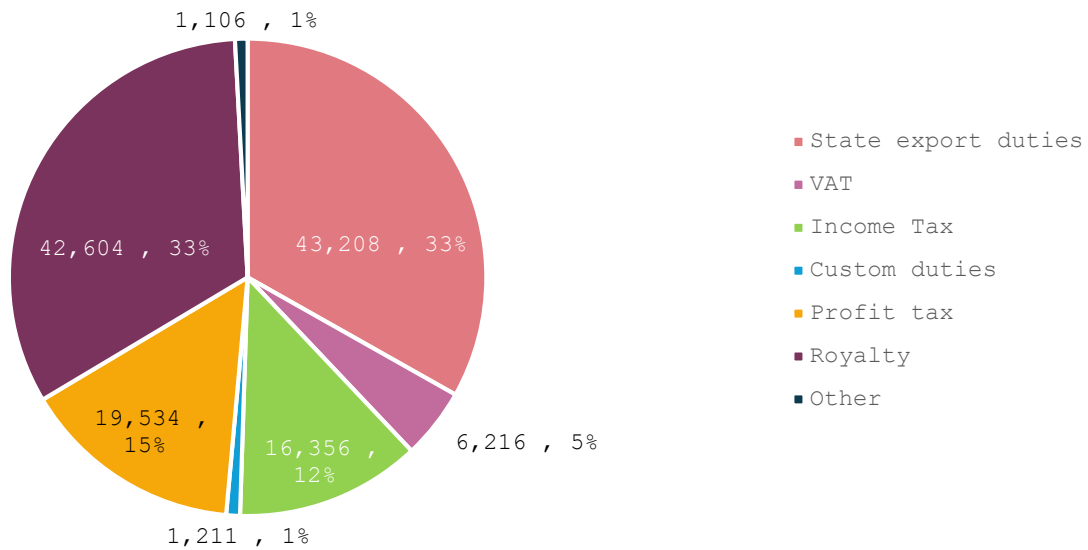
*Taxes and payments payable to the state budget by subsoil users in 2022, thousand drams*



Source: Reports submitted by state bodies within the framework of EITI (adjusted as a result of reconciliation)

**Figure 5.1.3**

Taxes and payments payable to the state budget by subsoil users in 2022 (million drams)



Source: Reports submitted by the State Revenue Committee and the Ministry of Environment within the framework of EITI (adjusted as a result of reconciliation)

In the reporting year of 2022, state duties on exports had the largest share in the taxes paid to the state budget by subsoil users. The share of state duties on exports was 33.2% (AMD 43,208 million) in total accrued taxes. The second largest type of tax was royalty, the share of which was 32.7% (AMD 42,604 million). The third largest type of tax was the profit tax, the share of which was 15% (AMD 19,534 million).

In 2022, the following taxes and payments payable to the state budget by subsoil users have increased compared to the previous year of 2021:

- State duties on export (by 97% or AMD 21,285 million)
- VAT (by 248% or AMD 4,431 million)
- Other taxes and fees (by 26% or AMD 282 million)

The following taxes and fees have decreased compared to the previous year:

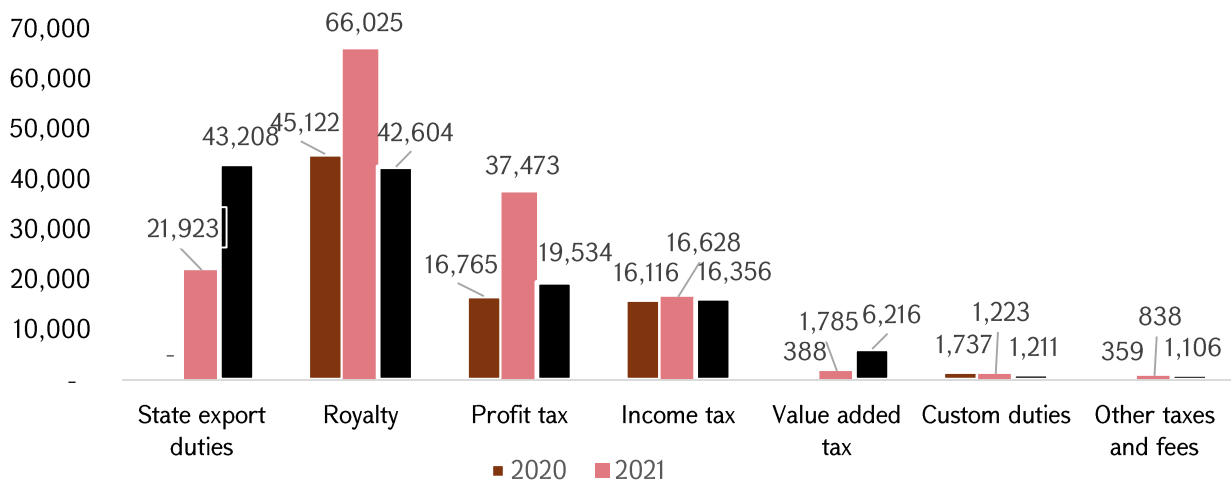
- Income tax (by 2% or AMD 273 million)
- Customs duty, customs fee (by 1% or AMD 18 million)
- Profit tax (by 48% or AMD 17,939 million)
- Royalty (35% or AMD 23,420 million)

In general, compared to the previous year, in 2022, taxes and payments payable to the state budget by subsoil users decreased by 11% or AMD 15,660 million.

The dynamics of taxes paid to the state budget by subsoil users in 2020-2022 are demonstrated below.

**Figure 5.1.4**

Taxes paid to the state budget by subsoil users during 2020-2022 (million AMD)



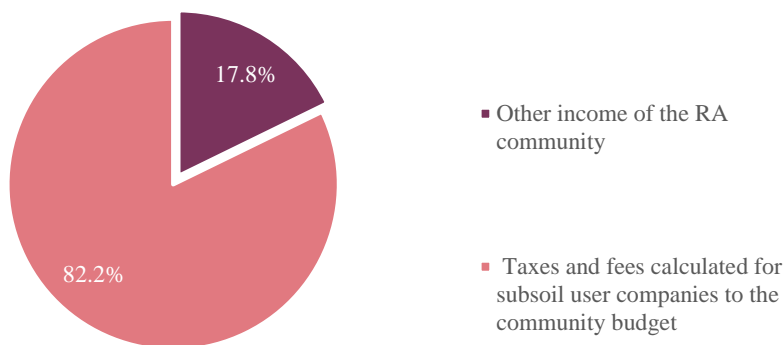
Source: Reports submitted by the State Revenue Committee and the Ministry of Environment within the framework of EITI (adjusted as a result of reconciliation), Report 2020-2021<sup>102</sup>

## 5.2. The contributions of metal mining companies to community budgets (Requirement 4.6)

In 2022, the share of taxes and payments declared by the subsoil users in the total revenues of the community budgets made up 17.8% or AMD 2.974 billion.

**Figure 5.2.1**

Taxes and payments payable to the community budgets by the subsoil users in 2022



Source: Reports submitted by MTAI within the framework of EITI (adjusted as a result of reconciliation)

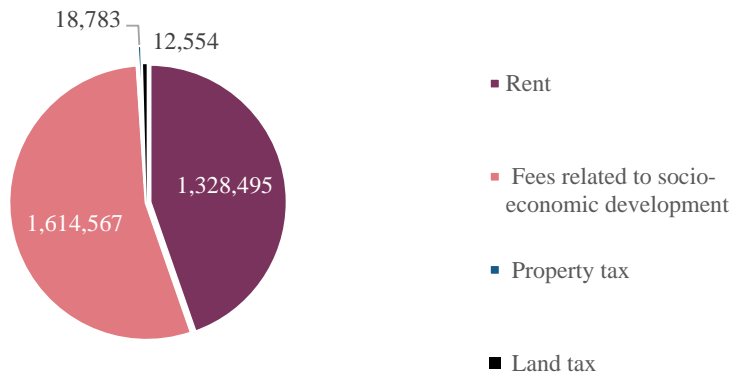
During 2022, the main part of the payments made by the subsoil users to the community budgets, are the payments related to the fulfillment of the mandatory socio-economic obligations defined by the subsoil use contract – AMD 1.615 billion or 54% of the total taxes and amounts payable. Another essential payment is the rental fee: AMD 1.328 billion or 45% of the total amount paid to the community budgets by subsoil users. The share of property tax and land tax

<sup>102</sup> <https://www.eiti.am/hy/2022/>

constituted 1% or AMD 31.337 million. The following chart shows the amount of taxes and fees payable to the community budget by subsoil users during 2022 by the type of fees.

**Figure 5.2.2**

*Taxes and payments payable to the community budgets by subsoil-using companies*

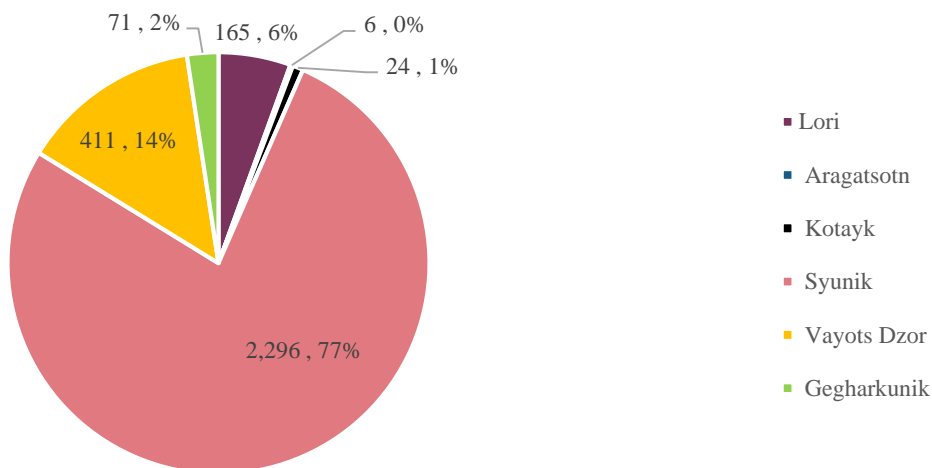


Source: Reports submitted by MTAI within the framework of EITI (adjusted as a result of reconciliation)

The revenues paid to the community budgets by subsoil users by regions (thousand drams) are presented below.

**Figure 5.2.3**

*Revenues paid to the community budgets by subsoil-using companies in 2022, broken down by regions (million drams)*



Source: Reports submitted by MTAI within the framework of EITI

The majority of the taxes paid by subsoil-using companies fell to the Syunik region, AMD 872 million to the Kapan community, AMD 95 million to the Meghri community and AMD 1.3 billion to the Kajaran community. Vayots Dzor ranked second in terms of payments to the community budget, where AMD 411 million were paid to the community budget of Jermuk. Lori region ranked third where AMD 152 million was paid to the Alaverdi community budget, AMD 10 million was paid to the Stepanavan community budget, and AMD 2.6 million was paid to the Pambak community budget.

The table below shows the total budgets of the communities and the taxes and payments declared by the subsoil-using companies.

**Table 5.2.1**

The share of taxes and fees payable to community budgets by subsoil-using companies in 2022 (thousand drams)

Community	Real annual revenues of the community	Payments declared by metal mining companies	Share in the Budget (%)
Alaverdi (including v. Shnogh)	2,600,213	152,044	5.8%
Aparan	1,398,468	6,065	0.4%
Tsaghkadzor	824,106	24,311	3.0%
Kapan	4,829,336	871,884	18.1%
Meghri	826,378	94,583	11.4%
Jermuk	601,975	411,402	68.3%
Stepanavan	1,048,706	10,008	1.0%
Vardenis	2,035,063	71,471	3.5%
Pambak	572,289	2,621	0.5%
Kajaran	2,002,887	1,330,008	66.4%
<b>Total</b>	<b>16,739,420</b>	<b>2,974,398</b>	<b>17.8%</b>

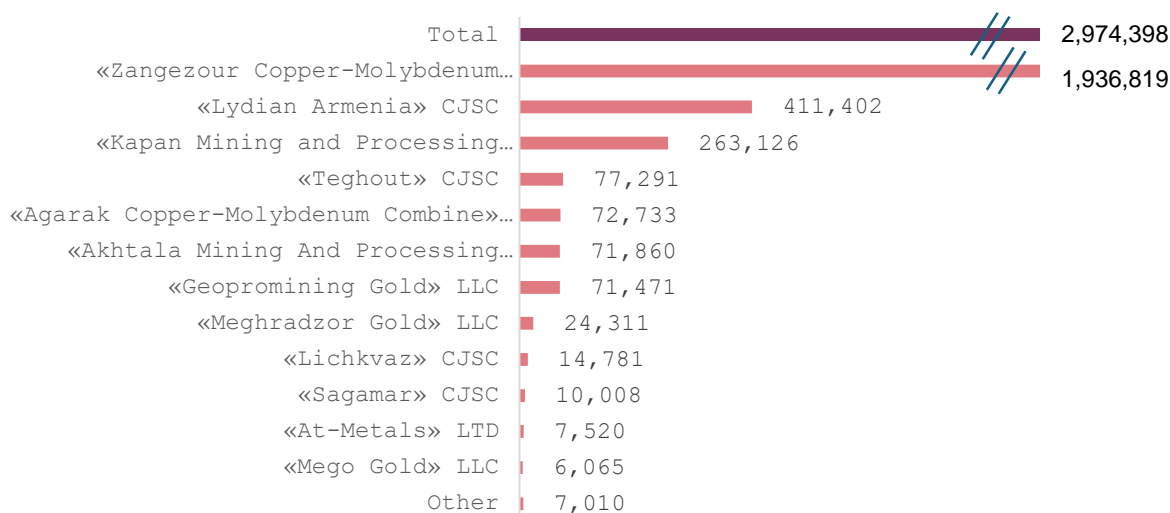
Source: Reports submitted by MTAI within the framework of EITI

The next figure shows the income of the community budgets according to the subsoil users.

In 2022, "Zangezur Copper Molybdenum Combine" CJSC held the leader's position in terms of the amount of taxes and payments payable to community budgets. Its share was 65%. "Lydian Armenia" CJSC ranked second with 14%, and "Kapan Mining and Processing Combine" CJSC (former "Chaarat Kapan" CJSC) ranked third, the share of which was 9% in taxes declared to the general community budgets.

**Figure 5.2.4**

Taxes and payments payable to the community budgets by the largest subsoil users in 2022 (thousand drams)



Source: Reports submitted by MTAI within the framework of EITI

### 5.3. Income distribution and cost management (Requirements 5.1, 5.2, 5.3)

EITI requires the disclosures of revenue distribution information that will enable stakeholders to understand how revenues are contributed to State and local government budgets, particularly, it is encouraged to reveal additional information on revenue management and costs, including a description of all revenues from the mining sector for specific projects or geographies.

The allocations to the communities from the amounts of environmental tax paid by the metal mining companies are made in compliance with the RA Law “On Targeted Use of Environmental Payments Made by Companies”, according to which the contributions from the environmental taxes to the administrative-fund budgets of the communities are targeted means and are used solely for the implementation of environmental programs in the territory of the given communities. The list of beneficiary communities and the amount of money allocated from environmental taxes to their administrative fund budgets for each year is approved by the law on the State budget of the given year, and the contributions are reflected in a separate line in the budgets of the respective communities.

#### **Description of the process of providing subsidies for the implementation of environmental projects to the affected communities**

The activities and measures to be taken by the authorized bodies within the framework of the process of providing subsidies for the implementation of environmental programs to the affected communities and the terms of their implementation are defined by the RA Prime Minister's decision on starting the budgeting process for the respective year.

Pursuant to the law, the environmental program design is being developed by the community head based on the development of the given region or community or local environmental action plans or other documents of program or strategic significance.

The program includes activities related to the solution of environmental problems due to the land, water, and air activities of subsoil-using companies within the administrative boundaries of the community, measures aimed at environmental protection, activities of subsoil-using companies related to measures aimed at protecting the health of the community population, priorities for the implementation of program activities and their funding ratios.

According to Article 3 of RA Law “On Targeted Use of Environmental Payments Made by Companies,” the design of the environmental program is developed by the head of the community, following the procedure established by the legislation, based on the development (socio-economic development) of the given region or community or local environmental action plans or other documents of program or strategic significance.

According to the Decree of the Government of the Republic of Armenia " On Targeted Use of Environmental Payments Made by Companies" on establishing the criteria for the selection of other companies defined by the Law of the Republic of Armenia dated July 15, 2021, the companies are included in the above list taking into account the emission of harmful substances into the atmosphere from stationary sources of emissions by the companies and (or) their subsidiaries and (or) branches and (or) other units included in the structure of the companies, the discharge of harmful substances and (or) compounds into the water resource and the harmful effect in the administrative territories of communities and (or) settlements with parts of installation and storage of subsoil use, production and (or) consumption waste in specially allocated places. The list of other companies includes companies that, as defined by the Tax Code of the Republic of Armenia, emit harmful substances into the atmosphere from stationary sources of emission, discharge harmful substances and (or) compounds into the water resource, and place wastes from subsoil use, production and (or) consumption in specially designated places and for at least one of the amounts calculated for the withholding environmental tax, the sum of the tax calculated in the two years preceding the given year is not less than 2,000,000 drams.

The Decree entered into force on January 1, 2022.<sup>103</sup>

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<sup>103</sup> [arlis.am/DocumentView.aspx?docID=154470](http://arlis.am/DocumentView.aspx?docID=154470)



**Table 5.3.1**

The amounts calculated and paid to the communities by the state budget according to the RA Law "On Targeted Use of Environmental Payments Made by Companies", (thousand drams)<sup>104</sup>

Community	Planned by State budget	Actually provided	Performance %
<b>RA, ARARAT REGION</b>	<b>13,668</b>	<b>9,042</b>	<b>66%</b>
<b>Ararat community</b>	<b>13,668</b>	<b>9,042</b>	<b>66%</b>
Priorities for the implementation of measures planned under the environmental program of the Ararat community and their financial proportions	13,668	9,042	66%
<b>RA, LORI REGION</b>	<b>4,717</b>	<b>4,683</b>	<b>99%</b>
<b>Shnogh community</b>	<b>4,717</b>	<b>4,683</b>	<b>99%</b>
Priorities for the implementation of measures planned under the environmental program of the Shnogh community and their financial proportions.	4,717	4,683	99%
<b>RA, KOTAYK REGION</b>	<b>21,236</b>	<b>20,138</b>	<b>95%</b>
<b>Tsaghkadzor community</b>	<b>1,079</b>	<b>980</b>	<b>91%</b>
Priorities for the implementation of measures planned under the environmental program of the Tsaghkadzor community and their financial proportions.	1,079	980	91%
<b>Charencavan community</b>	<b>15,049</b>	<b>14,050</b>	<b>93%</b>
Priorities for the implementation of measures planned under the environmental program of the Charencavan community and their financial proportions.	15,049	14,050	93%
<b>Hrazdan community</b>	<b>5,108</b>	<b>5,108</b>	<b>100%</b>
Priorities for the implementation of measures planned under the environmental program of the Hrazdan community and their financial proportions.	5,108	5,108	100%
<b>RA, SYUNIK REGION</b>	<b>8,148</b>	<b>-</b>	<b>0%</b>
<b>Kapan community</b>	<b>8,148</b>	<b>-</b>	<b>0%</b>
Priorities for the implementation of measures planned under the environmental program of the Kapan community and their financial proportions.	8,148	-	0%
<b>Total</b>	<b>47,769</b>	<b>33,863</b>	<b>71%</b>

Source. RA Ministry of Finance website, State Budget 2022

<sup>104</sup> Website of the Ministry of Finance: [Budget \(minfin.am\)](http://minfin.am)

**Table 5.3.2**

The proportions of the distribution of the amount of environmental tax between communities exposed to harmful effects as a result of the activities of mining companies, mentioned in Article 1 of the RA Law "on the targeted use of environmental tax paid by companies", 2022.

Company name	The share of the distribution of the amount of environmental tax between communities (as a percentage of the total amount)	The name of communities that are exposed to harmful effects as a result of the activities of companies
<b>Water resource for leakage of harmful substances and/or compounds under environmental taxes</b>		
<b>Lori region</b>		
"Akhtala Mining And Processing Enterprise" CJSC	7%	Shnogh
"Teghout" CJSC	100%	Shnogh
<b>Syunik region</b>		
"Zangezour Copper-Molybdenum Combine" CJSC	60%	Kajaran
	40%	Kapan
"Agarak Copper-Molybdenum Combine" CJSC	100%	Meghri
"Kapan Mining and Processing Enterprise" CJSC (former Chaarat Kapan CJSC)	100%	Kapan
"Lichkvaz" CJSC	100%	Meghri
"Active Lernagorts" LLC	100%	Meghri
"Lydian Armenia" CJSC	100%	Gorayk
<b>Gegharkunik region</b>		
"Geopromining Gold" LLC	100%	Geghamasar
<b>Tavush region</b>		
"Akhtala Mining And Processing Enterprise" CJSC	19%	Ayrum
	2%	Koghb
	7%	Noyemberyan
<b>Kotayk region</b>		
"Meghradzor Gold" LLC	100%	Meghradzor
<b>Vayots Dzor region</b>		
"Lydian Armenia" CJSC	16%	Zaritap
	47%	Jermuk
<b>In accordance with environmental taxes for emissions of harmful substances into the atmosphere</b>		
<b>Lori region</b>		
"Teghout" CJSC	100%	Shnogh
<b>Syunik region</b>		
"Zangezour Copper-Molybdenum Combine" CJSC	100%	Kajaran
"Kapan Mining and Processing Enterprise" CJSC (former "Chaarat Kapan" CJSC)	100%	Kapan
"Agarak Copper-Molybdenum Combine" CJSC	100%	Meghri
"Lichkvaz" CJSC	100%	Meghri
"Active Lernagorts" LLC	100%	Meghri

"Lydian Armenia" CJSC	37%	Gorayk
<b>Ararat region</b>		
"Geopromining Gold" LLC	15%	Ararat
<b>Gegharkunik region</b>		
"Geopromining Gold" LLC	85%	Geghamasar
<b>Kotayk region</b>		
"Meghradzor Gold" LLC	100%	Meghradzor
<b>Vayots Dzor region</b>		
"Lydian Armenia" CJSC	16%	Zaritap
	47%	Jermuk
<b>For environmental taxes related to the placement or storage of subsoil use, production, and/or consumption waste in specially designated areas.</b>		
<b>Lori region</b>		
"Teghout" CJSC	100%	Shnogh
<b>Syunik region</b>		
"Zangezour Copper-Molybdenum Combine" CJSC	30%	Kajaran
	70%	Kapan
"Agarak Copper-Molybdenum Combine" CJSC	100%	Meghri
"Kapan Mining and Processing Enterprise» CJSC	100%	Kapan
"Lichkvaz" CJSC	100%	Meghri
"Active Lernagorts" LLC	100%	Meghri
"Lydian Armenia" CJSC	37%	Gorayk
<b>Ararat region</b>		
"Geopromining Gold" LLC	100%	Ararat
<b>Kotayk region</b>		
"Meghradzor Gold" LLC	100%	Meghradzor
<b>Vayots Dzor region</b>		
"Lydian Armenia" CJSC	16%	Zaritap
	47%	Jermuk

Source. Information provided by the Ministry of Environment as part of the preparation of the EITI report

According to the RA Law "On Targeted Use of Environmental Payments Made by Companies"<sup>105</sup>, the program is published by the head of the community. Clear forms of publication were established as a result of the legislative reforms of May 27, 2020, according to which the programs are published annually by the head of the municipality on the website of the municipality and (or) on the website of the relevant regional administration on the recommendation of the head of the municipality:

<sup>105</sup> <https://www.arlis.am/DocumentView.aspx?docid=143046>

**Table 5.3.3**

Links to publications of environmental programs of communities in accordance with the RA Law "on the targeted use of environmental tax paid by companies", 2022.

Community	Program	Link
<b>RA Lori region</b>		
Shnogh community	<i>Program for the preservation of the Shnogh community's natural environment and the restoration of public health</i>	<a href="https://alaverdi.am/Pages/DocFlow/?Refresh=1&amp;nt=1&amp;a=v&amp;g=2ac07952-6677-4c23-8c20-4ad71cc29ce6">https://alaverdi.am/Pages/DocFlow/?Refresh=1&amp;nt=1&amp;a=v&amp;g=2ac07952-6677-4c23-8c20-4ad71cc29ce6</a>
<b>RA Syunik region</b>		
Kapan community	<i>Due to the failure of the community to submit relevant programs, no fund was allocated from the state budget</i>	<a href="https://kapan.am/Pages/DocFlow/Def.aspx?a=d&amp;dt=4CDPReports&amp;nt=1&amp;f=true">https://kapan.am/Pages/DocFlow/Def.aspx?a=d&amp;dt=4CDPReports&amp;nt=1&amp;f=true</a>
<b>RA Kotayk region</b>		
Tsakhkadzor community	<i>Environmental project implemented in Tsaghkadzor town of Tsaghkadzor community</i>	<a href="https://www.tsakhkadzor-kotayk.am/Pages/DocFlow/Def.aspx?a=v&amp;g=e5db01ae-ce46-401a-adcd-e4ac69476acd">https://www.tsakhkadzor-kotayk.am/Pages/DocFlow/Def.aspx?a=v&amp;g=e5db01ae-ce46-401a-adcd-e4ac69476acd</a>
Charentsavan community	<i>Environmental project implemented in Charentsavan town of Charentsavan community</i>	<a href="https://charentsavan.am/Pages/DocFlow/?nt=1&amp;a=v&amp;g=89502c8d-bda1-4ec3-8880-c2c993f31dd1">https://charentsavan.am/Pages/DocFlow/?nt=1&amp;a=v&amp;g=89502c8d-bda1-4ec3-8880-c2c993f31dd1</a>
Hrazdan community	<i>Environmental project implemented in Hrazdan town of Hrazdan community</i>	<a href="https://hrazdan.am/Pages/DocFlow/Default.aspx?a=v&amp;nt=1&amp;g=0e7675e1-c49a-4246-b96f-4297b8cce25a">https://hrazdan.am/Pages/DocFlow/Default.aspx?a=v&amp;nt=1&amp;g=0e7675e1-c49a-4246-b96f-4297b8cce25a</a>
<b>RA Ararat region</b>		
Ararat community	<i>Environmental project implemented in Ararat town of Ararat community</i>	<a href="https://araratcity.am/Pages/DocFlow/Default.aspx?a=v&amp;nt=1&amp;g=0c210cf6-18f0-4283-88ff-30d7954b405f">https://araratcity.am/Pages/DocFlow/Default.aspx?a=v&amp;nt=1&amp;g=0c210cf6-18f0-4283-88ff-30d7954b405f</a>

Source. Information was collected from community websites

## 6. THE SOCIO-ECONOMIC AND ENVIRONMENTAL IMPACT OF THE MINING SECTOR

## 6. THE SOCIO-ECONOMIC AND ENVIRONMENTAL IMPACT OF THE MINING SECTOR

### 6.1. The role of the mining sector in the economy of the RA (Requirement 6.3)

#### Mining industry in Armenia

The mining sector remains a key industry in the economy of the Republic of Armenia. According to data published by the RA Statistical Committee, the mining sector's share of the country's GDP in 2022 was 3.9%, valued at 334.7 billion AMD. In that year, the sector experienced a 16.9% decline compared to the previous year. From 2017 to 2022, the mining sector's share of GDP averaged 3.8%, with the exception of 2021, when it reached its highest level during this period at 5.5%, driven by inflation in international markets.

Overall, from 2017 to 2022, the mining sector had an average annual nominal growth rate of 9.3%. In comparison, Armenia's total GDP during the same period had an average annual nominal growth rate of 20%.

Despite its relatively low share in GDP, tax revenues from mining companies have consistently played a significant role within total tax revenues. According to data from the State Revenue Committee, in 2022, 7 mining companies were among the top 100 largest taxpayers<sup>106</sup>, contributing 22% of the total revenues from all companies on the list. In 2022, mineral exports accounted for 17% of total exports, down from 31% the previous year. The largest share of exports was attributed to natural and precious stones and metals, which represented 18%. Despite a sharp decline in the share of exports, the volume of mineral exports in 2022 decreased by only 0.1% compared to 2021. However, a significant decrease in ore export volumes was recorded in 2023, at 13.1%.

In 2022, the mining sector ranked 10th among the 20 industries in the GDP structure, according to the Statistical Committee of the Republic of Armenia.

#### Figure 6.1.1

Share of the mining industry in Armenia's GDP, 2014–2022<sup>107</sup>



Source: National Accounts Statistics of the Statistics Committee of the Republic of Armenia 108

<sup>106</sup> <https://src.am/am>

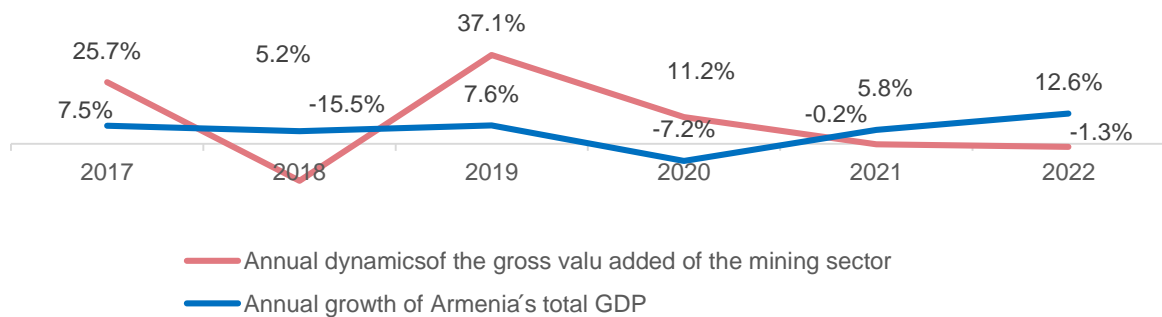
<sup>107</sup> <https://www.armstat.am/am/?nid=202>

<sup>108</sup> <https://armstat.am/am/>

The GDP for that year reached 8,501 billion AMD, an increase of 1,510 billion AMD, or 21.6%, compared to the previous year. The mining sector experienced a nominal decline of 13.45%, equivalent to 52 billion AMD.

**Figure 6.1.2**

*Real GDP and mining output indices, 2017–2022*



Source: National Accounts Statistics of the Statistics Committee of the Republic of Armenia <sup>109</sup>

From 2017 to 2022, the average annual GDP growth rate was 5.3%. Despite a decline in the gross value added of the mining sector, the average annual growth of the sector over the previous two years was 9.5%.

During 2017-2022, Armenia's mining industry sector experienced significant fluctuations, recording both growth and decline. In 2017, the sector's added value was 185.51 billion AMD, but in 2018, it saw a sharp decline of 15.5%, primarily due to the cessation of operations by Teghut CJSC. The company resumed its activities in 2021, when the sector's GDP reached its highest point at 386.8 billion AMD, though the real volume index was -0.2%. The sector faced another decline in 2022, with a volume index of -1.3% compared to the previous year. These fluctuations highlight the instability of the sector, largely influenced by changes in the international market.

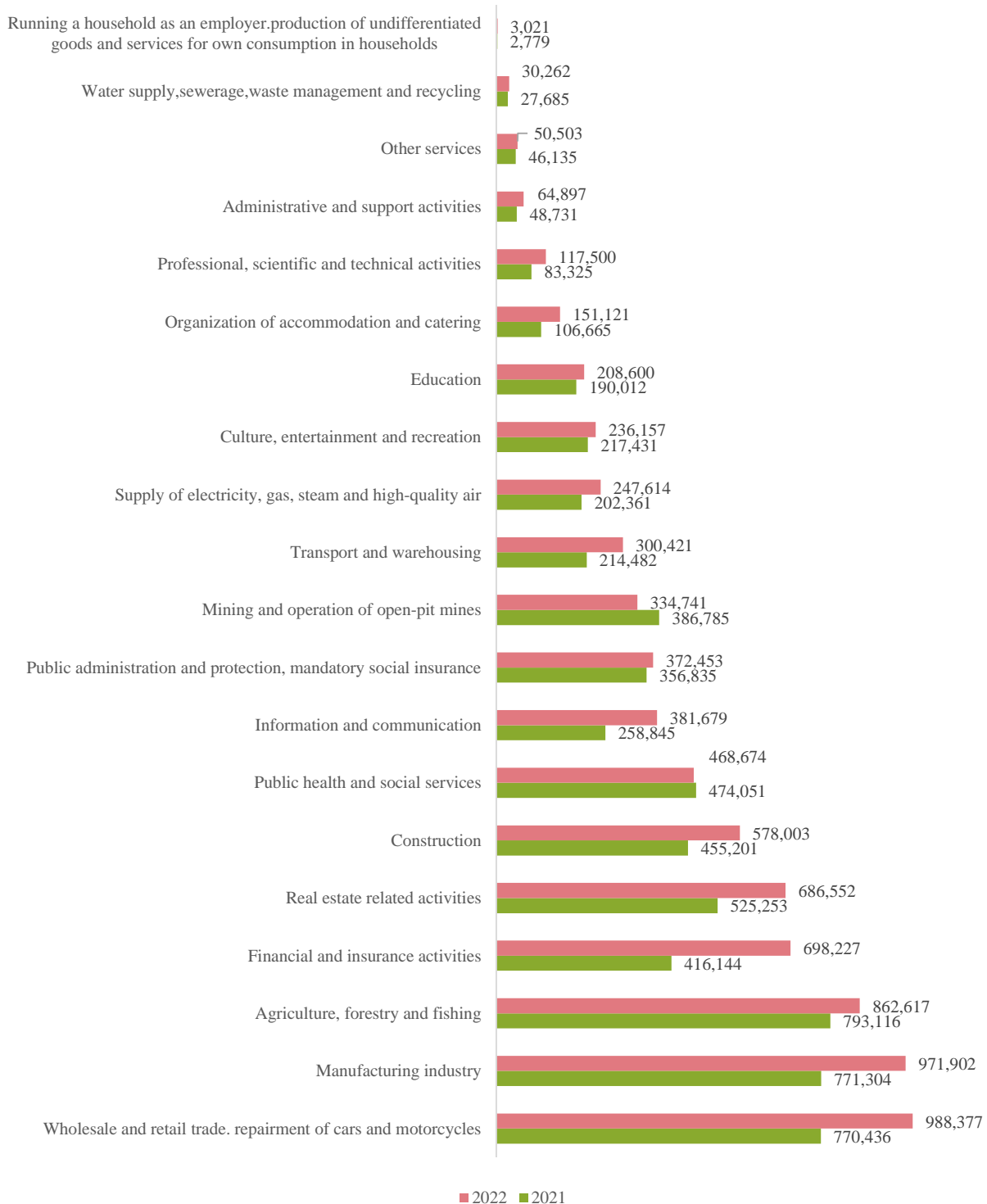
In contrast, other leading sectors, such as manufacturing and trade, demonstrated steady growth rates of 12.5% and 17.6%, respectively, during the same period. By 2022, the share of mining in Armenia's GDP was only 3.9%, significantly lower than the shares of trade (11.6%) and manufacturing (11.4%). Given that mining currently has a relatively small share of GDP, it would be prudent to implement practical steps to enhance its role, particularly in light of changes in the international market and the need for individual industrial stability.

The share of the quarrying and open-pit mining sector in Armenia's GDP in comparison with leading sectors during 2017-2022 is as follows:

<sup>109</sup> Statistical yearbook of Armenia 2022

**Figure 6.1.3**

The share of the mining and open-pit mining in the GDP compared to other sectors of the Armenian economy as of 2021-2022, AMD million



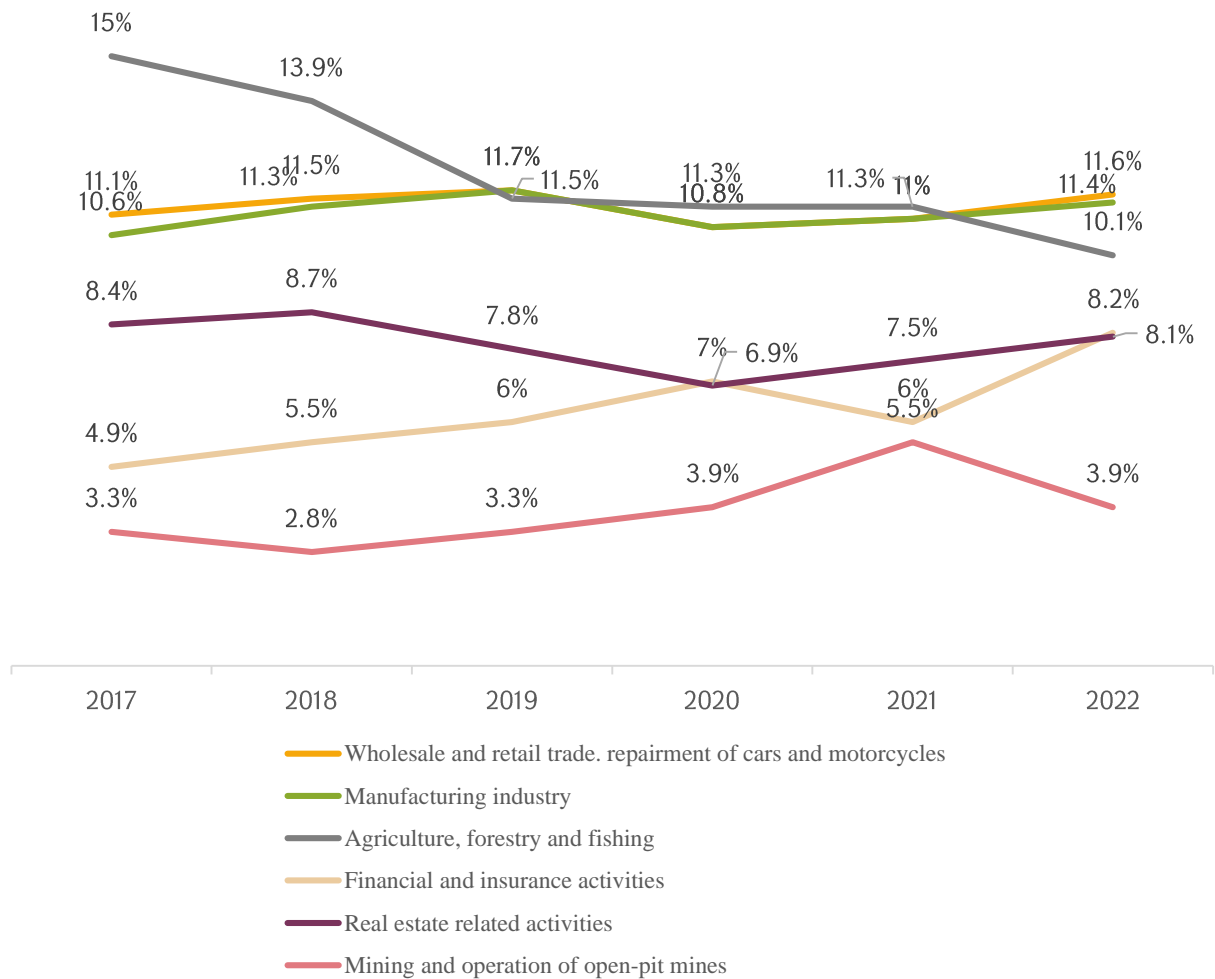
Source: "Statistical Yearbook of Armenia" of the Statistical Committee of the Republic of Armenia for the respective years<sup>110</sup>

<sup>110</sup> <https://www.armstat.am/am/?nid=202>



**Figure 6.1.4**

The share of the mining and open-pit mining in the GDP compared to the 5 largest economic sectors as of 2022



Source: "Statistical Yearbook of Armenia" of the Statistical Committee of the Republic of Armenia for the respective years

**Artisanal and small-scale mining**

In order to analyze the field of artisanal and small-scale mining, judicial acts and decisions of administrative authorities related to informal activities were studied.

As noted in previous reports, informal activity is not expected in the mining sector. Current legislative regulations, control, and accountability of the sector, as well as its importance and scale for the economy of Armenia, are the main restraining factors. In the 2022 annual reports of the Environmental Protection and Mining Inspection Body no information was recorded on informal activities in the field of mining. Moreover, as a result of a thorough investigation, it was found that no court cases related to informal activities in the metal mining sector were identified.

**Geography of the sector by companies' activities**

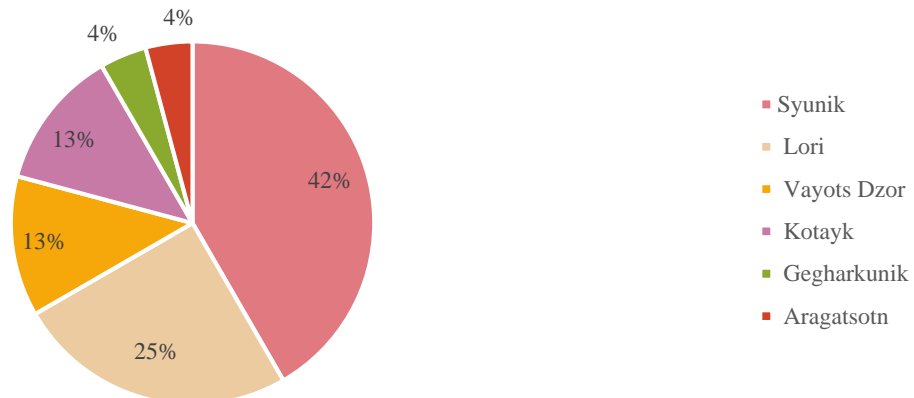
Syunik region occupies a leading position by the number of companies engaged in metal mining in the RA; 10 mining companies operate in the region. These companies are: "Ler-Ex" LLC, "Kapan Mining and Processing Company" (former Chaarat Kapan CJSC), "Zangezur Copper Molybdenum Combine" CJSC, "Lichkvaz" CJSC, "Agarak Copper Molybdenum Combine" CJSC, "Marjan Mining Company" LLC, "Aktiv Lernagorts" LLC, "AT-Metals" LLC, "Geghi Gold" LLC and "Gharagulyanner" CJSC.

Lori region is in second place, with six companies operating there: "Akhtala Mining and Processing Enterprise" CJSC, "Assat" LLC, "Backtech" LLC, "Multi Group Concern" LLC, "Sagamar" CJSC, and "Teghout" CJSC.

In each of the regions of Vayots Dzor and Kotayk, there are 3 companies engaged in mining. “Vardani Zartong” LLC, “Vayk Gold” LLC and “Lydian Armenia” CJSC are operating in Vayots Dzor. The mining companies operating in Kotayk region are: “Fortune Resources” LLC, “Meghradzor Gold” LLC, and “Paramount Gold Mining” CJSC. Per one subsoil user is operating in Gegharkunik region and Aragatsotn region, “Geopromining Gold” LLC and “Mego Gold” LLC respectively.

**Figure 6.1.5**

*Distribution of mining companies per regions of Armenia*



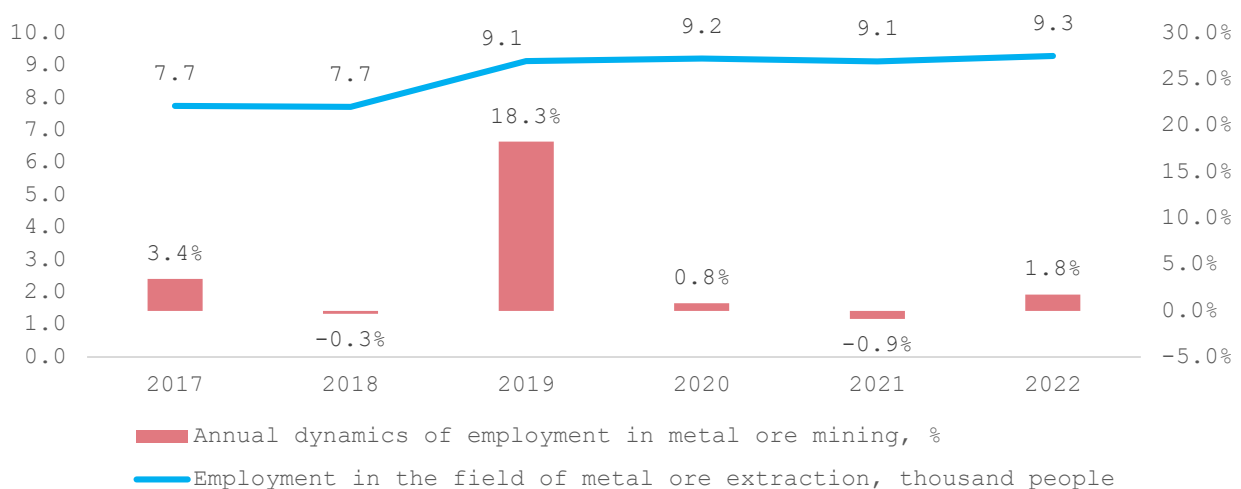
Source: the information was provided by the mining companies for the EITI report

**Employment in the metal mining sector (including by gender distribution) (Requirement 6.3, EITI 2023 Standard Requirement)**

In 2022, the industry continues to occupy leading positions in Armenia's economy in the sense of employment indicators. According to the data of 2022, 104.1 thousand people worked in the sector, which is 9.2% of the total employment. Reflecting on the previous years, the share of the sector has not had a significant change, but both the total employment and the number of people working in the industry have increased in absolute terms. In 2022, employment in the metal ore mining sector amounted to 9.3 thousand people

**Figure 6.1.6**

*Annual dynamics of employment in the metal ore extraction sector, 2017-2022*



Source. Relevant yearbooks published by the Statistics Committee of the Republic of Armenia

In 2022, the share of the metal ore extraction sector in the total employment of the mining and open-pit mining sector increased by 1.8% compared to 2021 as a result of the increase in the absolute number of the latter's employment. Accordingly, the share of the metal ore extraction sector in total employment decreased by 0.02%. According to the data provided by the Statistical Committee of the RA, out of the 21 sectors of the studied economy, the mining sector took the 16th share in terms of employment in 2020, 2021, and 2022, and the 17th in 2019.

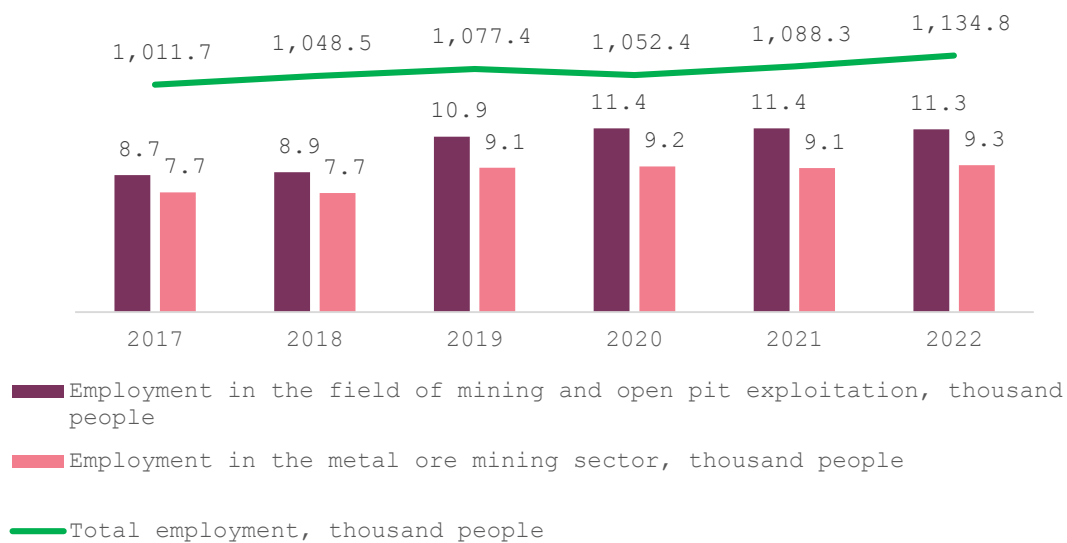
**Table 6.1.1**

*Employment in the Republic of Armenia, 2017-2022*

	2017	2018	2019	2020	2021	2022
Metal mining sector in total employment, %	0.77%	0.74%	0.85%	0.87%	0.84%	0.82%
Share of the metal mining sector in total employment of the mining and quarrying sector, %	88.84%	86.95%	83.83%	81.01%	80.39%	82.20%
Total employment, thousand people	1,011.70	1,048.50	1,077.40	1,052.40	1,088.30	1,134.80

**Figure 6.1.7**

*During 2017-2022, employment in metal mining sector, thousand people*



Source. Relevant yearbooks published by the Statistics Committee of the Republic of Armenia<sup>111</sup>

<sup>111</sup> <https://armstat.am/file/doc/99546313.pdf>

**Table 6.1.2**

*The share of mining in total employment compared to the 10 largest sectors of the Armenian economy as of 2021 and 2022*

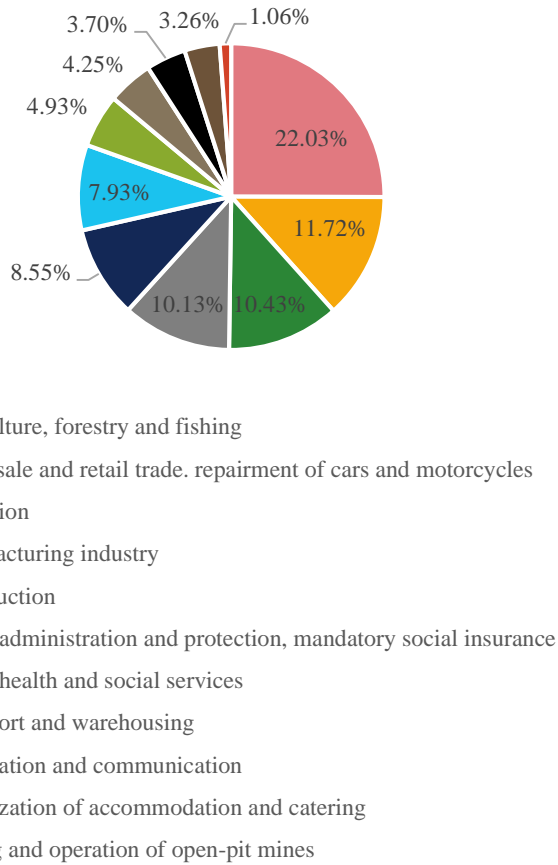
Sector	Employment 2021, thousand people	Employment 2022, thousand people	Sector's share in the total	
			2021, %	2022, %
Agriculture, forestry and fishing	237	250	21.81%	22.03%
Wholesale and retail trade. repairment of cars and motorcycles	129	133	11.87%	11.72%
Education	118	119	10.85%	10.49%
Manufacturing industry	107	115	9.81%	10.13%
Construction	96	97	8.82%	8.55%
Public administration and protection, mandatory social insurance	91	90	8.32%	7.93%
Public health and social services	61	56	5.62%	4.93%
Transport and warehousing	45	48	4.13%	4.25%
Information and communication	30	42	2.78%	3.70%
Organization of accommodation and catering	28	37	2.61%	3.26%
Mining and operation of open-pit mines	11	12	0.96%	1.06%

Source. Relevant yearbooks published by the Statistics Committee of the Republic of Armenia

According to 2021 and 2022 data, the share of the mining sector in total employment shows a small increase, from 0.96% to 1.06%. Overall, the number of employment in the sector increased from 11 thousand to 12 thousand, which indicates a small but positive development of the sector. Considering 10 largest sectors of Armenia's economy, mining continues to occupy one of the largest parts, however, its share is still small compared to other major sectors such as agriculture, manufacturing, and education. For example, the share of the agricultural sector is 22.03% and that of the manufacturing industry is 10.13%, which shows that the share of mining is still relatively small, but it is gradually increasing.

**Figure 6.1.8**

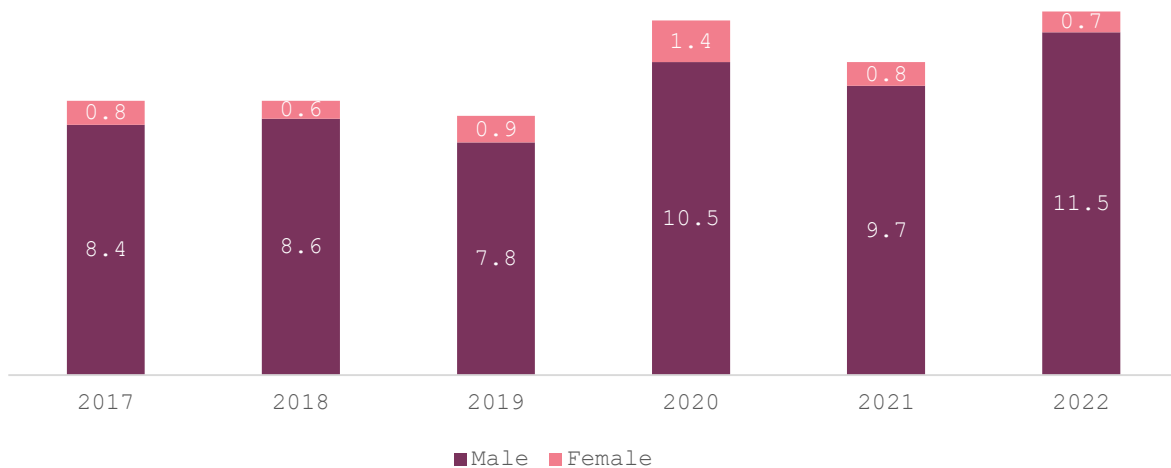
The share of mining in total employment compared to 10 largest sectors of the Armenian economy as of 2022



Source. Provided by the subsoil users for EITI report

**Figure 6.1.9**

Gender structure of employment in the mining sector in 2016-2022

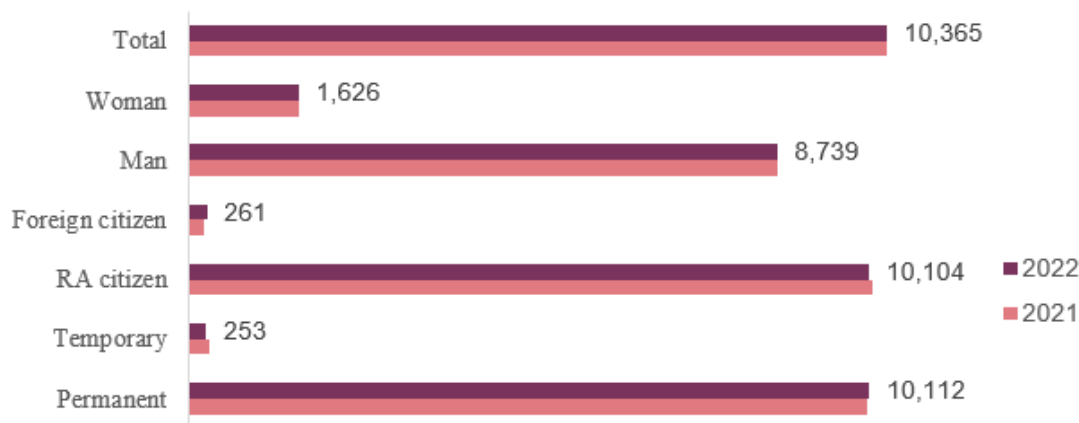


Source. Relevant yearbooks published by the Statistics Committee of the Republic of Armenia

The gender structure of employment in the mining sector has traditionally been male-dominated. Thus, out of 12.2 thousand employees working in the sector in 2022, men made up 11.5 thousand (94.3%), and women - 0.7 thousand (5.7%). However, the share of women in this field has gradually increased since 2018, in 2020 surpassing the corresponding indicator recorded in 2017, which, however, decreased again in 2021 and also in 2022.

**Figure 6.1.10**

*The distribution of employees in the metal mining industry by gender, citizenship, and contract duration in 2021 and 2022*



Source. Provided by the subsoil users for EITI report

Based on data provided by subsoil-using companies, employees in the mining industry were classified by a number of factors such as gender, place of residence, and types of employment contract.

According to data provided by subsoil-using companies the predominant part of those employed in the mining industry, 97.9%, were RA citizens in 2021 and 2022. At the same time, during the two years mentioned, about 84.3% of those employed in mining were men, and 97.2% had permanent labor contracts. In general, the general distribution of employees in the sector based on gender, citizenship, and contract duration is quite stable.

The chart below summarizes the top 10 companies by the number of jobs created and the number of jobs provided by them. During the two years studied, in 2021 and 2022, the majority of the jobs created by the metal mining sector, about 97.3%, went to the following companies: “Zangezur Copper Molybdenum Combine” CJSC, “Geopromining Gold” LLC, “Agarak Copper Molybdenum Combine” CJSC, “Teghout” CJSC, “Chaarat Kapan” CJSC and “Akhtala Mining and Processing Enterprise” CJSC.

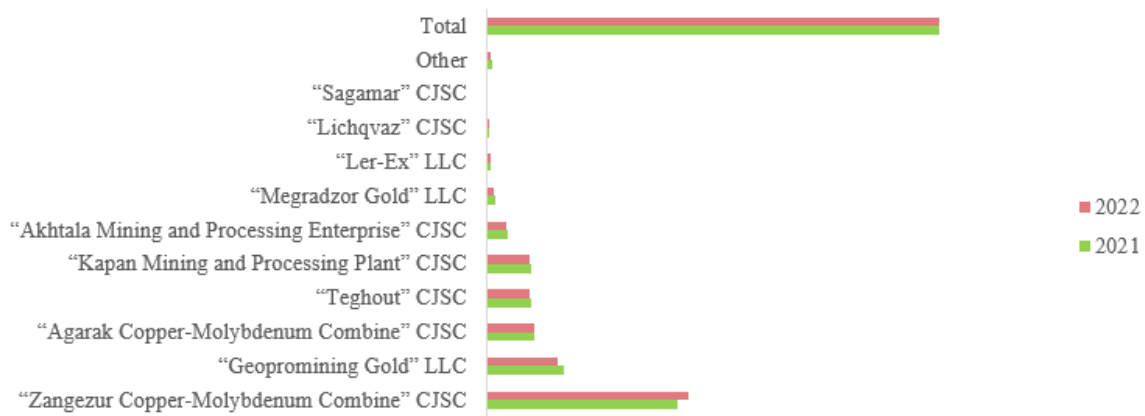
Below is the distribution of jobs by companies:

- “Zangezur Copper Molybdenum Combine” CJSC - 4,374 (in 2021) and 4,618 (in 2022)
- “Geopromining Gold” LLC - 1,765 (in 2021) and 1,627 (in 2022)
- “Agarak Copper Molybdenum Combine” CJSC - 1,119 (in 2021) and 1,107 (in 2022)
- “Teghout” CJSC - 1,035 (in 2021) and 1,007 (in 2022)
- “Chaarat Kapan” CJSC - 1,029 (in 2021) and 1,010 (in 2022)
- “Akhtala Mining and Processing Enterprise” CJSC - 491 (in 2021) and 465 (in 2022).

During 2021-2022 the increase in the total number of jobs in these companies is 9,813 (in 2021) and 9,834 (in 2022), which is approximately 97.3% of the total number of jobs (10,363 and 10,365).

**Figure 6.1.11**

*Employment in leading mining companies in 2020 and 2021*

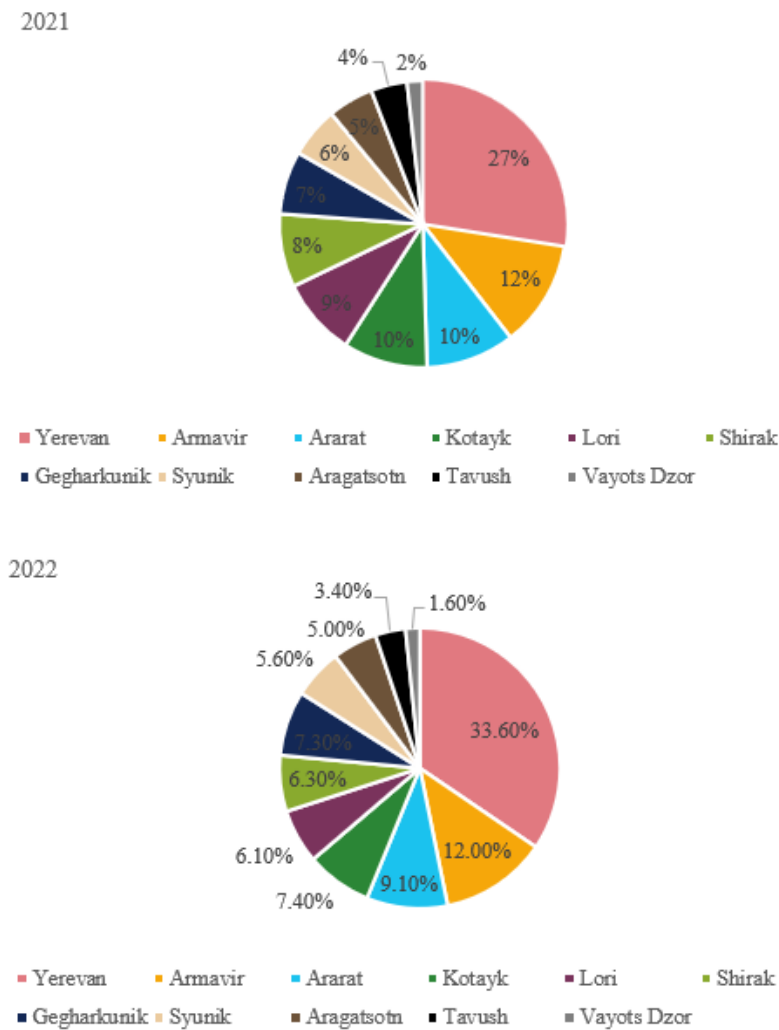


\* Former "Chaarat Kapan" CJSC

Source. Provided by the subsoil users for EITI report

**Figure 6.1.12**

Percentage distribution of employees in all sectors by regions and the capital city in 2021 and 2022

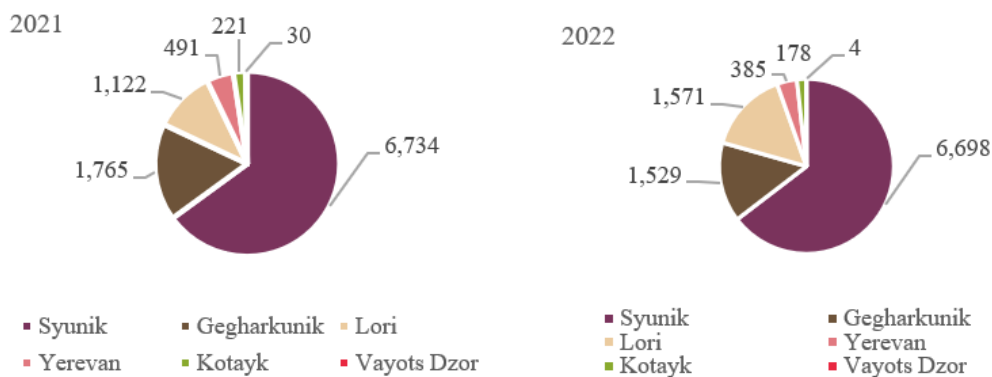


Source. "Regions of the Republic of Armenia and the City of Yerevan in Numbers" publication of the Statistics Committee of the Republic of Armenia of 2022

According to the data of 2022, the number of employed people in Yerevan increased significantly, making 392.3 thousand, which means an increase of 93.2 thousand or 31.2% compared to 2021. An increase of 8.7 thousand or 6.7% was recorded in Armavir, and a small decrease of 2.9 thousand or 2.7% in Ararat. The number of employed people decreased by 17.4 thousand or 16.8% in Kotayk, by 25 thousand or 26% in Lori, and by 17.2 thousand or 19.1% in Shirak. An increase of 6.9 thousand or 8.9% was observed in Gegharkunik, an increase of 3 thousand or 4.8% in Syunik, an increase of 2.2 thousand or 3.9% in Aragatsotn, a decrease of 4.6 thousand or 10.3% in Tavush, and a decrease of 0.5 thousand or 2.6% in Vayots Dzor. Generally the distribution of the labor market during 2022 shows that Yerevan has greatly increased its economic role, while a number of other regions, especially Lori, Shirak, and Kotayk, have seen significant decreases in employment, which may indicate regional economic problems. Below is an analysis and graph showing the percentage distribution of employed people in the metal mining industry by region and capital city.

**Figure 6.1.13**

*Percentage distribution of people employed in the metal mining industry by regions and capital city in 2021 and in 2022*



The source: by the subsoil-using companies for the EITI report

There was a more significant decline in Gegharkunik, falling from 1,765 to 1,529, a decrease of 13.4%. Lori significantly increased, rising from 1,122 to 1,571, a 40.1% increase. The number of employed people in Yerevan decreased from 491 to 385, a decrease of 21.6%, and the number of employed people in Kotayk decreased from 221 to 178, a decrease of 19.5%. The number of employed people in Vayots Dzor has significantly decreased, from 30 to 4, which is a decrease of 86.7%.

The changes in the number of employees in the metal mining sector in 2021 and 2022 show a number of important trends. In Syunik, where the number of employed people was 6,734 in 2021, the 2022 data shows a slight decrease, amounting to 6,698, or a decrease of 0.53%.

In general, these changes show that employment numbers in regions are fluctuating due to changes in economic, investment, and local social and political circumstances.

## 6.2. Social and environmental costs incurred by companies (Requirement 6.1)

The socio-economic and environmental expenditures and allocations made by subsoil user companies are implemented in accordance with the legislation, within the framework of contractual obligations, and on a voluntary basis. The allocations provided for by law pertain to environmental payments, which include royalties. Detailed information regarding allocations and expenditures is presented in Section 5.3 of this report.

Payments made within the framework of contractual obligations are directed towards the socio-economic development of affected communities, while donations made on a voluntary basis can be carried out either under a contract or without a contract. This information is available in the EITI reports submitted by subsoil user companies



The social costs incurred by subsoil users under the legislation on mining companies or the agreement signed with the government are subject to disclosure according to the requirements of EITI Standard. The mining companies shall implement socio-economic projects in the affected communities according to the agreement.

Certain changes were made in 2022 in terms of allocations with regard to socio-economic developments. As of 2021, the social obligations outlined in the mining agreements are included in that year's report.<sup>112</sup>

11 mining companies have undertaken commitments with regard to socio-economic development in communities. During 2022, the fulfillment of obligations carried out by these subsoil users constitute financial not in-kind investments, which were transferred to the community budget, not to a third party. Contractual obligations can be set for different periods: annual, for 3 years, 5 years or other. The list of companies having undertaken these obligations under the mining contract, the amount of the obligation, the fulfillment of these obligations in 2022, based on the reports submitted by the companies and communities, is presented below.

**Table 6.2.1**

*Social obligations defined by the Agreement of 2022*

Company	Mining contract number and date	Amendments 2022	Description
"Lichkvaz" CJSC	PV-293, November 22, 2012	Not amended	-
"Kapan Mining and Processing Company" (former Chaarat Kapan CJSC)	PV-183, November 27, 2012	Not amended	-
"Marjan Mining Company" LLC	PV-398, March 07, 2013	Not amended	-
"Paramount Gold Mining" CJSC.	PV-089, June 12, 2012	Not amended	-
"Vardani Zartong" LLC	PV-239, September 27, 2012	Not amended	-
"Fortune Resources" LLC,	PV-169, October 20, 2012	Not amended	-
"Multi Group Concern" LLC,	PV-213, October 20, 2012	Not amended	-
"Aktiv Lernagorts" LLC	PV-425, December 28, 2012	Not amended	-
"Zangezur Copper Molybdenum Combine" CJSC,	PV-232, November 27, 2012	Not amended	-
"Mego Gold" LLC	PV-184, December 28, 2012	Not amended	-
"Ler-Ex" LLC	PV-094, August 16, 2012	Not amended	-

<sup>112</sup> 2020-2021 EITI annual report, p. 114, [https://eiti.org/sites/default/files/2023-02/2020-2021\\_EITI\\_Report\\_Armenia%20%28EN%29.pdf](https://eiti.org/sites/default/files/2023-02/2020-2021_EITI_Report_Armenia%20%28EN%29.pdf)

Company	Mining contract number and date	Amendments 2022	Description
"Akhtala Mining and Processing Enterprise" CJSC	PV-103, October 20, 2012	Not amended	-
"Agarak Copper Molybdenum Combine" CJSC	PV-311, April 05, 2012	Not amended	-
"Assat" LLC	PV-366, June 06, 2013	Not amended	-
"AT-Metals" LLC	PV-514, January 16, 2015	Amended on October 27, 2022	<p>Under the contract, it is planned to participate in the repair works of inter-community roads passing through the village</p> <p>To provide financial resources for the needs of the 1st graders of the school,</p> <p>To participate in socio-economic development programs of the Meghri community,</p> <p>To provide financial compensation for medical services needed by socially disadvantaged families,</p> <p>To provide medication to socially disadvantaged families,</p> <p>To participate in socio-economic development programs of the Kajaran community</p>
"Backtech" LLC	PV-515, August 22, 2014	Not amended	-
"Geghi Gold" LLC	PV-544, July 22, 2016	Not amended	-
"Geopromining Gold" LLC	PV-189, October 20, 2012	Amended on February 02, 2023	<p>Under the contract, it is planned to provide financial support for the education of 2-3 young people from Geghamasar, Vardenis communities, to participate in the repair works of inter-rural, inter-community roads, to organize the medical examination of residents of Sotk community, to participate in socio-economic development programs of the Sotk community and nearby settlements, to organize soil, air and surface water quality monitoring in the territory of Sotk community, to organize the inspection of drinking water quality of Sotk village</p>

Company	Mining contract number and date	Amendments 2022	Description
"Teghout" CJSC	PV-376, July 20, 2013	Amended on August 14, 2023	Under the contract, donation of medical equipment, medications, financial support, implementation of community sub-programs, community cultural and educational events, participation in community road repair works are planned.
"Lydian Armenia" CJSC	PV-245, September 26, 2012	Not amended	-
"Gharagulyanner" CJSC	PV-547, October 25, 2016	Not amended	-
"Meghradzor Gold" LLC	PV-057, August 22, 2012	Amended on August 29, 2023	Under the contract, it is planned to clean and fix communal floods by paying to the community budget, to maintain the community kindergarten by paying the community budget, to organize sanitary cleaning, improvement of the community territory, to implement the "Armat" center in the community, to finance the "Armat" center in the community for the 3 years prior to the end of the operation of the mine, to make investment of small businesses in the community and encouragement of their development, to finance the social cultural events, educational programs
"Sagamar" CJSC	PV-093, October 20, 2012	Not amended	-
"Vayk Gold" LLC	PV-371, November 30, 2012	Not amended	-

Source: Public Information of the MTAI EITI <sup>113</sup>

In EITI public reports submitted by the subsoil users, in the section "Socio-economic contribution of subsoil use company to the community" the companies present the obligations aimed at the socio-economic development of the communities defined by the mining contract, in particular, the name of the obligation, in the case of a financial obligation the amount of investment, and in the case of a non-financial obligation, the product or service (program) and its value assessment, as well as to which community the obligation was directed.

#### **Table 6.2.2**

*Socio-economic obligations and donations carried out by companies in 2022, AMD thousand.*

<sup>113</sup> <https://mtad.am/pages/extractive-industries-transparency-initiative>

Company	Fulfillment of obligations under the mining contract	Charitable allocations and donations to the community	Donations provided to non-commercial legal entities and individuals
“Agarak Copper-Molybdenum Combine” CJSC	37,920	3,217	46,787
“Akhtala Mining and Processing Enterprise” CJSC	-	60,000	4,144
“Active Lernagorts” LLC	-	-	-
“Assat” LLC	-	15,000	-
“At-Metals” LLC	-	-	-
“Bacteck Eco” LLC	250	-	1,344
“Geghi Gold” LLC	600	200	-
“Geopromining Gold” LLC	-	60,988	68,116
“Zangezur Copper-Molybdenum Combine” CJSC	-	2,460,849	4,003,638
“Teghout” CJSC	-	34,820	1,850
“Ler-Ex” LLC	-	-	-
“Lydian Armenia” CJSC	-	-	72,000
“Lichqvaz” CJSC	-	24,058	654
“Kapan Mining and Processing Plant” CJSC (former “Chaarat Kapan” CJSC)	-	148,280	103,033
“Gharagulyanner” CJSC	1,250	-	-
“Marjan Mining Company” LLC	-	-	-
“Mego Gold” LLC	-	-	-
“Megradzor Gold” LLC	-	4,950	3,066
“Multi Group Concern” LLC	-	10,000	21,480
“Paramount Gold Mining” CJSC	-	-	-
“Sagamar” CJSC	1,563	-	-
“Vayk Gold” LLC	-	-	-
“Vardani Zartonq” LLC	-	-	-
“Fortune Resources” LLC	-	-	-
<b>Total</b>	<b>41,583</b>	<b>2,822,362</b>	<b>4,326,111</b>

Source; Public reports of subsoil users

### 6.2.1. Obligations of subsoil user companies for socio-economic development established by the subsoil use agreement

The summary analysis of subsoil user companies' mandatory payments during the reporting period is presented below.

**Table 6.2.1.1**

*Actual payments made by subsoil user companies in 2022 based on the mining contracts and agreements signed with local governments, according to companies, AMD thousand.*

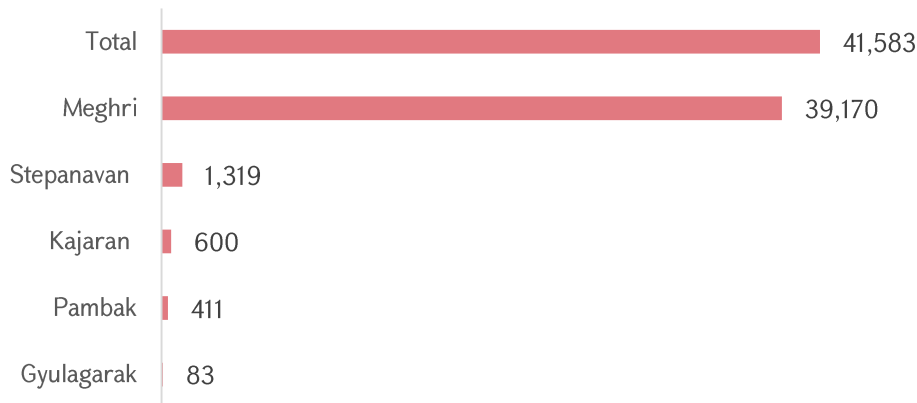
Company name	Mining contract number and date	Agreed by mining contract		Actually paid
		Annual	Other term	
“Agarak Copper-Molybdenum Combine” CJSC	PV-311, April 05, 2013	40,640	-	37,920
“Assat” LLC	P-366, June 06, 2013	800	200	-
“At-Metals” LLC	P-514, January 16, 2015	8,100	-	-
“Bacteck Eco” LLC	P-515, August 22, 2014	250	400	250
“Geghi Gold” LLC	P-544, July 22, 2016	650	-	600
“Geopromining Gold” LLC	PV-189, October 20, 2012	-	13,200	-
“Lydian Armenia” CJSC	PV-245, September 26, 2012	61,500	-	-
“Gharagulyanner” CJSC	P-547, October 25, 2016	1,250	-	1,250
“Sagamar” CJSC	PV-093, October 20, 2012	1,000	5,000	1,563
“Vayk Gold” LLC	P-371, November 30, 2012	3,000	-	-
<b>Total</b>		<b>117,190</b>	<b>18,800</b>	<b>41,583</b>

Source: by the mining companies for the EITI report

According to the reports provided by the subsoil users, the total sum of mandatory amounts paid by the companies to the communities in 2022 constituted AMD 41,6 million. The largest payment made in 2022 was by “Agarak Copper-Molybdenum Combine” CJSC, which was AMD 37.9 million. Five companies have not fulfilled the annual obligations established by the subsoil use agreement. The leader in mandatory payments in 2022 was the Meghri community of Syunik region, which accounted for 94% of the total amount of mandatory payments made.

**Table 6.2.1.2**

Fulfillment by subsoil user companies of obligations on socio-economic development established by the subsoil use agreement by communities in 2022, thousand AMD <sup>114</sup>



## 6.2.2. Donations, contributions, or other forms of gratuitous transfers made by subsoil-using companies to communities.

**Table 6.2.2.1**

Donations, contributions, or other forms of gratuitous transfers made by subsoil-using companies to communities during 2022, thousand AMD

Company	Community	Purpose	The amount of the commitment or donation, AMD thousand
"Zangezur Copper Molybdenum Combine" CJSC	Kajaran	Allocation for socio-economic development within the framework of the donation agreement	647,832
"Zangezur Copper Molybdenum Combine" CJSC	Kapan	Co-financing of subsidy programs	577,900
"Zangezur Copper Molybdenum Combine" CJSC	Kajaran, Kapan	Support to the defense sector	415,896
"Zangezur Copper Molybdenum Combine" CJSC	Kajaran	Waste collection of Kajaran community, repair of the city, provision of essential equipment free of charge, cultural events	309,007
"Zangezur Copper Molybdenum Combine" CJSC	Kajaran, Kapan	Transportation of community residents	80,153
"Zangezur Copper Molybdenum Combine" CJSC	Kapan	Renovation of Kapan palace of culture	76,781

<sup>114</sup> Company reports for EITI report

Company	Community	Purpose	The amount of the commitment or donation, AMD thousand
"Kapan Mining and Processing Company" (former Chaarat Kapan CJSC)	Kapan	Memorandum of socio-economic cooperation signed with the Kapan community of Syunik region, RA (CHK 11-1-031)	72,000
"Kapan Mining and Processing Company" (former Chaarat Kapan CJSC)	Kapan	Memorandum of socio-economic cooperation signed with the Kapan community of Syunik region, RA (CHK 11-1-065)	72,000
"Zangezur Copper Molybdenum Combine" CJSC	Kajaran	Co-financing of subsidy programs	61,758
"Akhtala Mining and Processing Enterprise" CJSC	Alaverdi	Fulfillment of socio-economic obligations	60,000
"Zangezur Copper Molybdenum Combine" CJSC	Kapan	Asphalt paving of Shikahogh and Tandzulenj	51,275
"Zangezur Copper Molybdenum Combine" CJSC	Sisian	Within the scope of the donation agreement, for the purpose of socio-economic development	50,410
"Zangezur Copper Molybdenum Combine" CJSC	Kapan	Improvement of the streets of Kapan and repair of public buildings	30,865
"Geopromining Gold" LLC	Ararat	Donation	30,000
"Zangezur Copper Molybdenum Combine" CJSC	Kapan	Funding for street lighting in Kapan city	30,000
"Teghout" CJSC	Shnogh	Financial support for the implementation of community sub-projects of Shnogh community, contract 180814	30,000
"Geopromining Gold" LLC	Ararat	Excavator crane	28,638
"Zangezur Copper Molybdenum Combine" CJSC	Kapan	Renovation of the Kapan stadium	26,891
"Zangezur Copper Molybdenum Combine" CJSC	Kapan	Support to Syunik regional neuropsychiatric dispensary	24,000
"Zangezur Copper Molybdenum Combine" CJSC	Kapan	Road construction, Karchevan	21,365
"Lichkvaz" CJSC	Meghri	Material assistance	19,109
"Zangezur Copper Molybdenum Combine" CJSC	Kapan	Allocation of property to Kajaran community	18,847
"Assat" LLC	Pambak	Donation to Pambak community	15,000

Company	Community	Purpose	The amount of the commitment or donation, AMD thousand
"Zangezur Copper Molybdenum Combine" CJSC	Kapan	Kapan Medical Center utility costs	14,092
"Zangezur Copper Molybdenum Combine" CJSC	Meghri	Asphalt paving, Karchevan	10,456
"Multi Group Concern" LLC	Alaverdi	For community needs	10,000
"Zangezur Copper Molybdenum Combine" CJSC	Kajaran	Kajaran Medical Center utility costs	7,959
"Zangezur Copper Molybdenum Combine" CJSC	Kapan	Musical instruments and property to the Kapan community	5,362
"Meghradzor Gold" LLC	Alaverdi	Funds for Kindergarten maintenance	4,950
"Lichkvaz" CJSC	Meghri	Material /financial/ support	4,948
"Teghout" CJSC	Ծխոյ	Assistance to the Community	4,820
"Agarak Copper Molybdenum Combine" CJSC	Meghri	Charitable contributions made to the Meghri community	3,217
"Kapan Mining and Processing Company" (former Chaarat Kapan CJSC)	Kapan	Memorandum of socio-economic cooperation signed with the Kapan community of Syunik region, RA (CHK 11-1-064)	2,780
"Kapan Mining and Processing Company" (former Chaarat Kapan CJSC)	Kapan	Memorandum of socio-economic cooperation signed with the Kapan community of Syunik region, RA (CHK 11-1-031)	1,500
"Geopromining Gold" LLC	Ararat	Development of the capacity for disaster risk management Program for the cities of Eastern Partnership countries	1,350
"Geopromining Gold" LLC	Ararat	Construction of the monument	1,000
"Geghi Gold" LLC	Kajaran	Provision of allowance for socially disadvantaged families of Kajaran community	200
<b>Total</b>			<b>2,822,361</b>

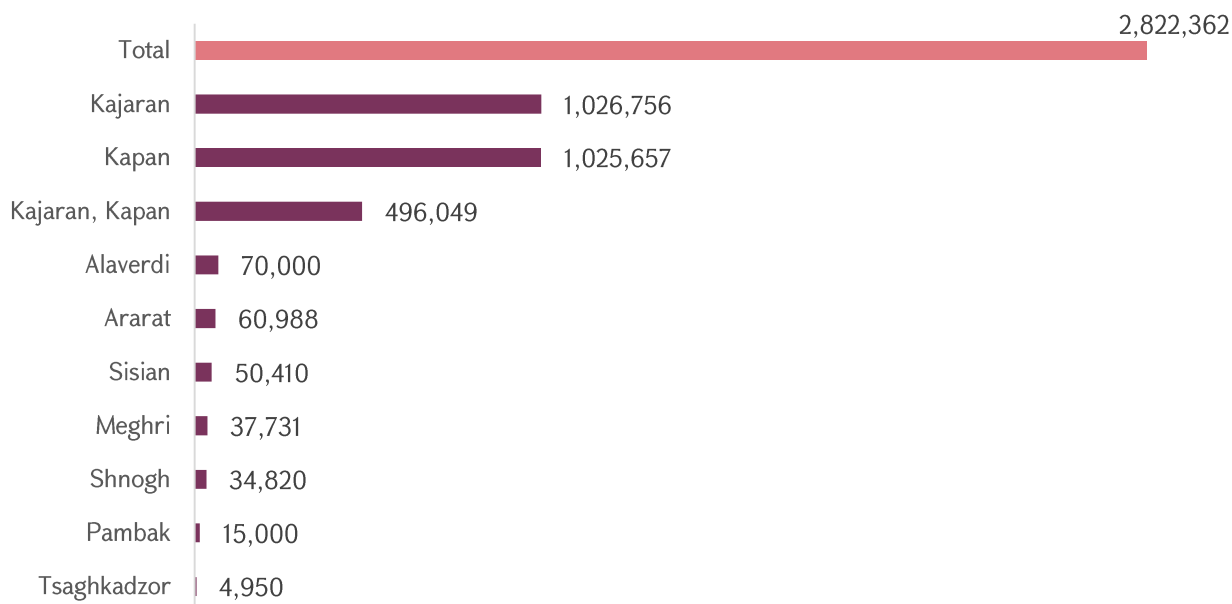
Source: by the mining companies for the EITI report

Voluntary payments made in 2022 amounted to 2.8 billion AMD. The leading communities were Kajaran and Kapan, each receiving 36% of the total payments. The leading company in donations was "Zangezur Copper Molybdenum Combine" CJSC, contributing 2.5 billion AMD or 87%. Notably, some of the companies that made voluntary payments either did not fulfill or only partially fulfilled their annual obligations related to the socio-economic development of the communities, as stipulated in their subsoil use contracts.



**Figure 6.2.2.1**

Revenue from donations, contributions, or other forms of gratuitous transfers made by subsoil-using companies to community budgets in 2022, classified by leading communities, million AMD.<sup>115</sup>



Source. Information provided by subsoil-using companies for the EITI report, adjusted as a result of reconciliation.

**Table 6.2.2.2**

Donations or contributions made to communities by subsoil-using companies in 2022 in lieu of unfulfilled annual obligations under subsoil use contracts, thousand AMD

Company Name	The amount of obligation stipulated in the subsoil use contract	Unfulfilled obligation under the subsoil use contract	Donation to community
"Agarak Copper-Molybdenum Combine" CJSC	40,640	2,720	3,217
"Assat" LLC	800	800	15,000
"Geghi Gold" LLC	650	50	200
<b>Total</b>	<b>42,090</b>	<b>3,570</b>	<b>18,417</b>

Source. Information provided by subsoil-using companies for the EITI report, adjusted as a result of reconciliation.

In 2022, subsoil-using companies have given a high priority to the development of affected communities, implementing a variety of programs that include fulfilling socio-economic obligations, educational, health, and infrastructural improvements, as well as community support.

**Subvention programs:** "Zangezur Copper Molybdenum Combine" CJSC made a significant contribution of 640 million AMD in the Kapan and Kajaran communities, directed toward meeting the needs of the communities.

**Socio-economic obligations:** In addition to the mandatory payments stipulated in the subsoil use contracts, companies have also made donations to communities aimed at addressing socio-economic needs, totaling 906.7 million AMD. The leading company in donations is "Zangezur Copper Molybdenum Combine" CJSC, contributing 698 million AMD or 77%. The second-largest donation was made by "Kapan Mining and Processing Combine" CJSC (formerly "Charat Kapan") with 148.3 million AMD or 16%

<sup>115</sup> Reports provided by the companies to EITI

**Infrastructure improvements:** Companies have also paid significant attention to improving infrastructures. "Zangezur Copper Molybdenum Combine" CJSC has made substantial investments in the Kapan and Kajaran communities in areas such as road construction, street lighting, renovation of public buildings, and other infrastructure improvements. For instance, in Kajaran, 309 million AMD has been allocated for waste management and the provision of equipment for the renovation of the city. In Kapan, 76.8 million AMD has been allocated for the renovation of the cultural palace, while 61.7 million AMD has been designated for road asphaltting.

**Community support:** "Tekhout" CJSC has also provided financial support in the Shnogh community for transportation services, the implementation of community subprojects, and other important areas, totaling 34.8 million AMD.

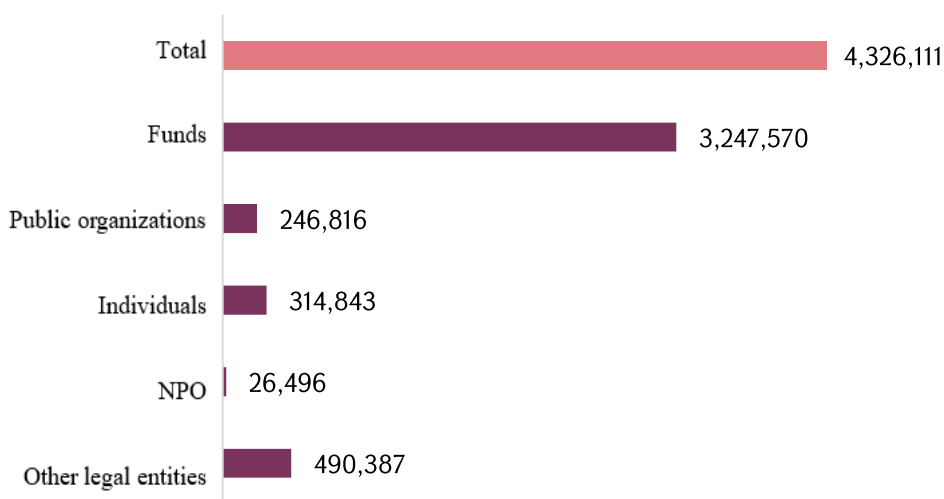
Overall, the programs implemented by subsoil-using companies in 2022 have had a comprehensive impact on the socio-economic development of communities, contributing to improvements in education, healthcare, infrastructure, and providing practical support in the fields of social and cultural life.

### 6.2.3. Financial and non-financial donations, contributions, or other forms of gratuitous transfers made by subsoil-using companies to non-commercial legal entities

In 2022, 11 subsoil-using companies made donations, contributions, or other forms of gratuitous transfers to non-commercial legal entities and individuals. The total donations to foundations, legal entities, and individuals amounted to 4.326 billion AMD, of which 4.011 billion AMD was allocated to legal entities and 315 million AMD to individuals. The classification of recipient organizations by legal type was based on the information provided in the reports submitted by the subsoil-using companies.

**Figure 6.2.3.1**

*Donations made by subsoil-using companies in 2022 per directions, AMD thousand<sup>116</sup>*



Source. Provided by the subsoil users for EITI report

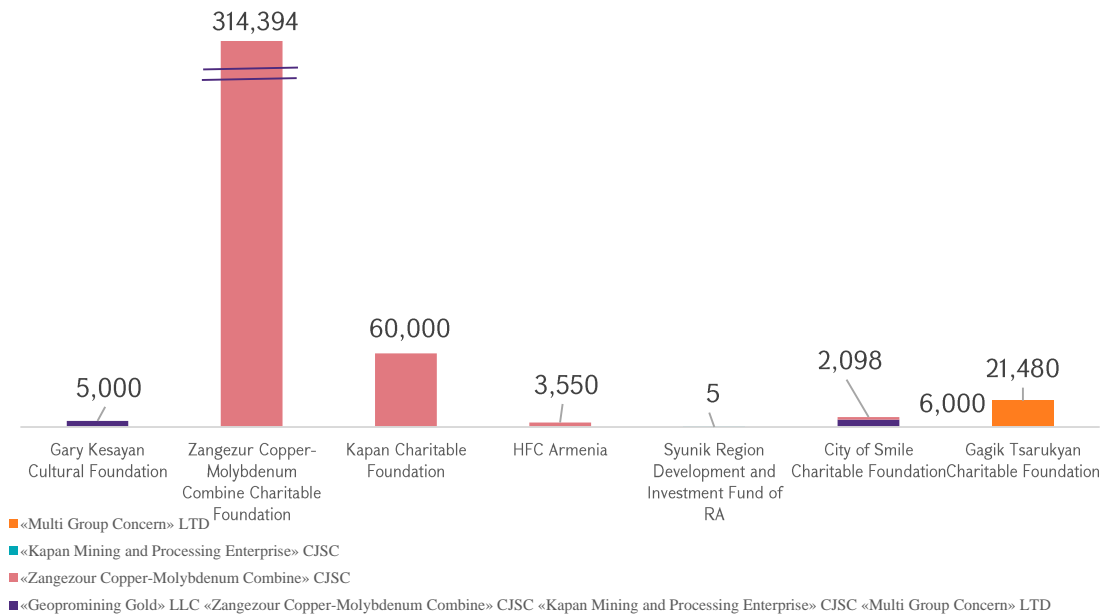
#### Donations made to foundations

In 2022, the total amount of donations made by subsoil-using companies to foundations was 3.248 billion AMD (approximately 75% of total donations). 3 subsoil-using companies made donations to foundations. The chart below illustrates the donations to foundations from those subsoil-using companies whose total donation exceeds 1 million AMD.

<sup>116</sup> Reports provided by the companies to EITI

**Figure 6.2.3.2**

Donations made by subsoil-using companies to foundations in 2022, AMD thousand<sup>117</sup>



Source. Provided by the subsoil users for EITI report

**Table 6.2.3.1**

Donations, contributions, or other forms of gratuitous alienation to foundations by subsoil users in 2022, AMD thousand<sup>118</sup>

Company	Foundation	Donation amount according to the mining company report	Donation amount according to the report presented by the foundation	Link to the report submitted by the foundation	Comments regarding audit
«Geopromining Gold» LLC					
	Gari Kesayan Cultural Foundation	5,000	Not reflected	Not available	Not available
	City of Smile Charitable Foundation	6,000	6,000	<a href="https://cityofsmile.org/reports/">https://cityofsmile.org/reports/</a>	Not available
Zangezur Copper Molybdenum Combine CJSC					

<sup>117</sup> Reports provided by the companies to EITI

<sup>118</sup> Reports provided by the companies to EITI

Company	Foundation	Donation amount according to the mining company report	Donation amount according to the report presented by the foundation	Link to the report submitted by the foundation	Comments regarding audit
	Zangezur Copper Molybdenum Combine Charitable Foundation	3,143,942	Not reflected	<a href="https://src.am/am/getMenuContents/252">https://src.am/am/getMenuContents/252</a>	Not available
	Kapan Charitable Foundation	60,000	Not reflected	<a href="https://src.am/am/getMenuContents/252">https://src.am/am/getMenuContents/252</a>	Not available
	Health Fund for Children of Armenia	3,550	Not reflected	<a href="https://hfc.am/reports/">https://hfc.am/reports/</a>	Not available
	City of Smile Charitable Foundation	2,098	2,098	<a href="https://cityofsmile.org/reports/">https://cityofsmile.org/reports/</a>	Not available
“Kapan Mining and Processing Plant” CJSC (former “Chaarat Kapan” CJSC)					
	Syunik Region Development and Investment Fund	5,000	Not reflected	<a href="https://src.am/am/getMenuContents/252">https://src.am/am/getMenuContents/252</a>	Not available
	Foundation for Ensuring Employment in Border Communities	500	Not reflected	<a href="https://src.am/am/getMenuContents/252">https://src.am/am/getMenuContents/252</a>	Not available
“Multi Group Concern” LLC	Gagik Tsarukyan Charity Foundation	21,840	Not reflected	<a href="https://tsarukyanfound.am/arm/">https://tsarukyanfound.am/arm/</a>	Not available

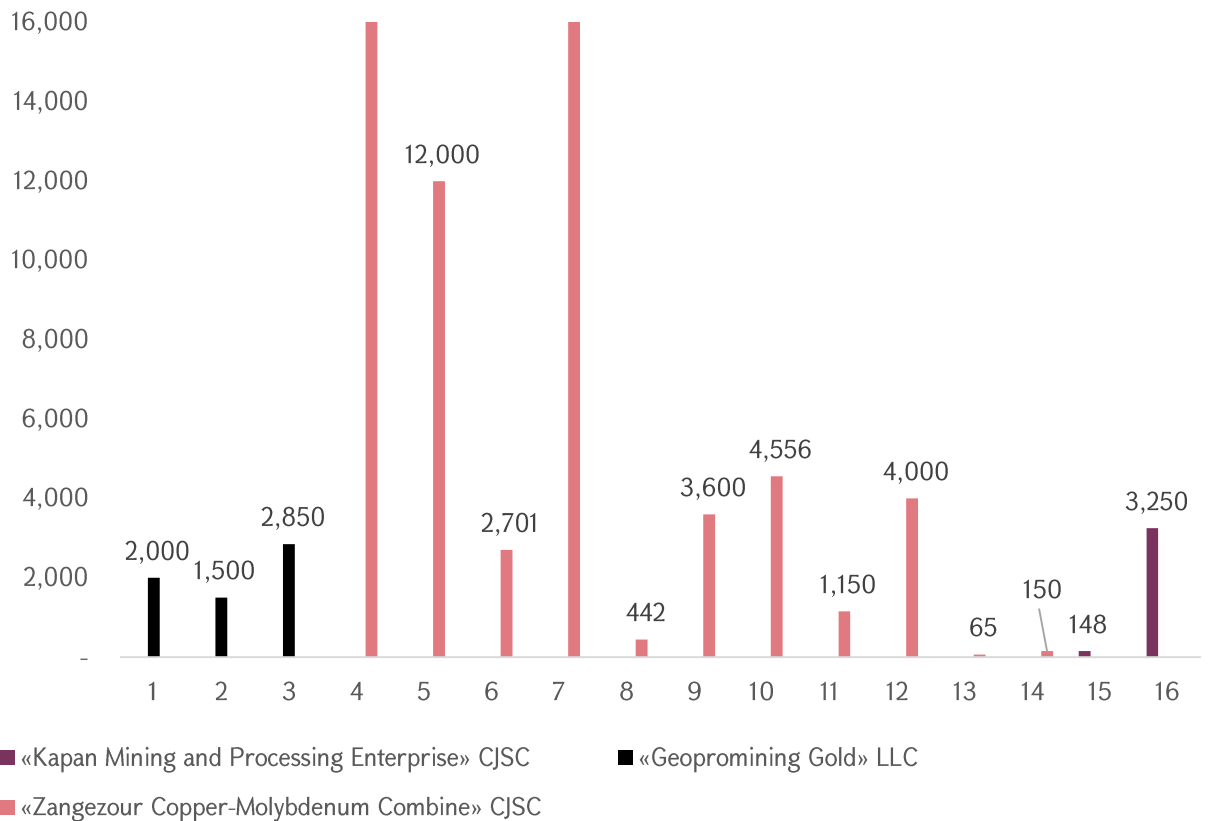
Source: by subsoil users for EITI report

### Donations made to NGOs

In 2022, donations made by subsoil-using companies to non-governmental organizations (NGOs) amounted to 247 million AMD (around 6% of total donations). Three companies made these donations. Below are the donations made to the respective non-governmental organizations.

**Figure 6.2.3.3**

*Financial and non-financial donations made by subsoil-using companies to non-governmental organizations in 2022, AMD thousand* <sup>119,120</sup>



- 1 Art23 NGO
- 2 Ararat Boxing Federation
- 3 Armenian Eagles Patriotic Organization NGO
- 4 Boxing Federation of Armenia
- 5 Chess Federation of Syunik Region
- 6 Syunik Region Athletic Federation NGO
- 7 Parnas Cultural NGO
- 8 House of Hope and Faith Charitable NGO
- 9 House of Hope and Faith Charitable NGO
- 10 Kudo Federation of Armenia
- 11 Syunik region Voghj NGO of Support for the disabled
- 12 Sambo Federation of Armenia
- 13 "Andok Syuni Development" NGO
- 14 "Andok Syuni Development" NGO

<sup>119</sup> The figure shows only those non-governmental organizations whose financial and non-financial donations exceed AMD 1 million.

<sup>120</sup> Reports provided by the companies to EITI

15 Kapan Veterans' Council

16 Azatamart Committee

Source. Provided by the subsoil users for EITI report

**Table 6.2.3.2**

*Donations, contributions or other forms of gratuitous alienation to NGOs by subsoil-using companies in 2022, AMD thousand<sup>121</sup>*

Company	NGO	Socio-economic contribution according to the report submitted by the mining company	Socio-economic contribution according to the report submitted by the NGO	Difference	Link to the report submitted by the NGO	Comments regarding audit
“Geoprominirg Gold” LLC						
	Boxing Club Ararat	1,500	Not reflected	-	Not available	Not available
	Art23	2,000	Not reflected	-	Not available	Not available
	Armenian Eagles Patriotic Organization NGO	2,850	Not reflected	-	Not available	Not available
“Zangezur Copper-Molybdenum Combine” CJSC						
	Boxing Federation of Armenia	138,000	Not reflected	-	Not available	Not available
	Chess Federation of Syunik Region	12,000	Not reflected	-	Not available	Not available
	Athletics Federation of Syunik Region	2,701	Not reflected	-	Not available	Not available
	Parnas Cultural NGO	70,403	Not reflected	-	Not available	Not available
	House of Hope Charitable NGO	442	Not reflected	-	Not available	Not available
	House of Hope Charitable NGO	3,600	Not reflected	-	Not available	Not available

<sup>121</sup> Reports provided by the companies to EITI

Company	NGO	Socio-economic contribution according to the report submitted by the mining company	Socio-economic contribution according to the report submitted by the NGO	Difference	Link to the report submitted by the NGO	Comments regarding audit
	Kudo Armenian Federation	4,556	Not reflected	-	Not available	Not available
	Voghji NGO for Disability Support in Syunik Region	1,150	Not reflected	-	Not available	Not available
	Armenian Sambo Federation	4,000	Not reflected	-	Not available	Not available
	"Andok Syuni Development" NGO	65	Not reflected	-	Not available	Not available
	Andok Syuni Development NGO	150	Not reflected	-	Not available	Not available
"Kapan Mining and Processing Plant" CJSC (former "Chaarat Kapan" CJSC)						
	Kapan Veterans Council	148	Not reflected	-	Not available	Not available
	Azatamart Committee	3,250	Not reflected	-	Not available	Not available

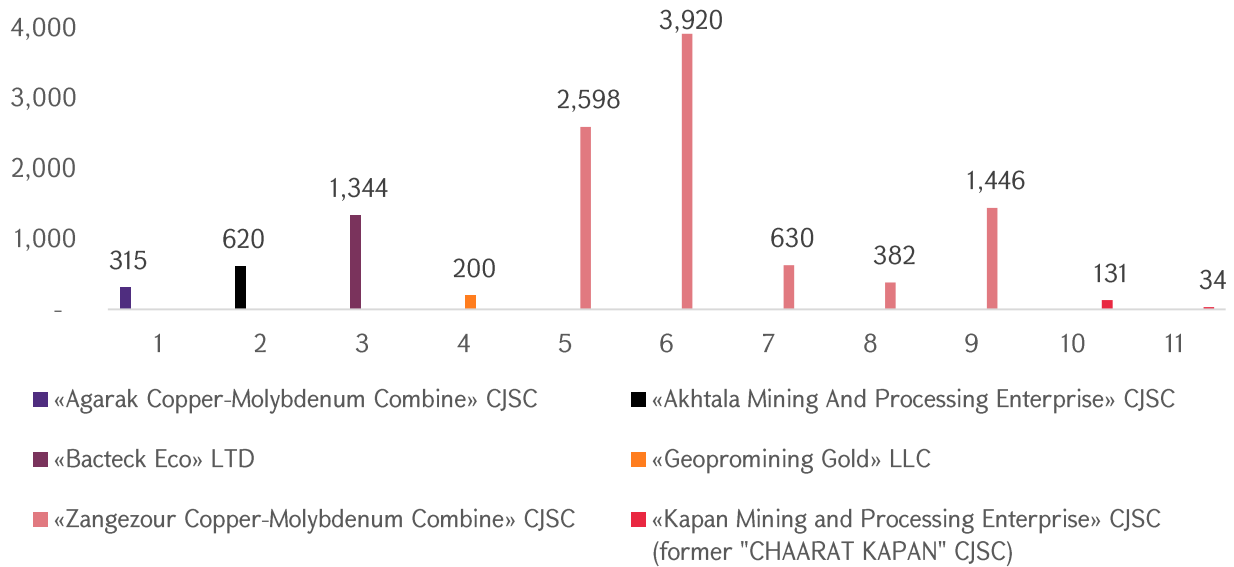
Source. Provided by the subsoil users for EITI report

#### Donations made to state and community non-profit organizations

In 2022, the donations made by subsoil-using companies to state and community non-commercial organizations amounted to 26.5 million AMD (around 1% of total donations). Below are the donations made to these state and community non-commercial organizations.

**Figure 6.2.3.4**

Financial and non-financial donations made by subsoil users to state and community non-commercial organizations in 2022, AMD thousand <sup>122</sup>



Source. Provided by the subsoil users for EITI report

### Donations made to other organizations

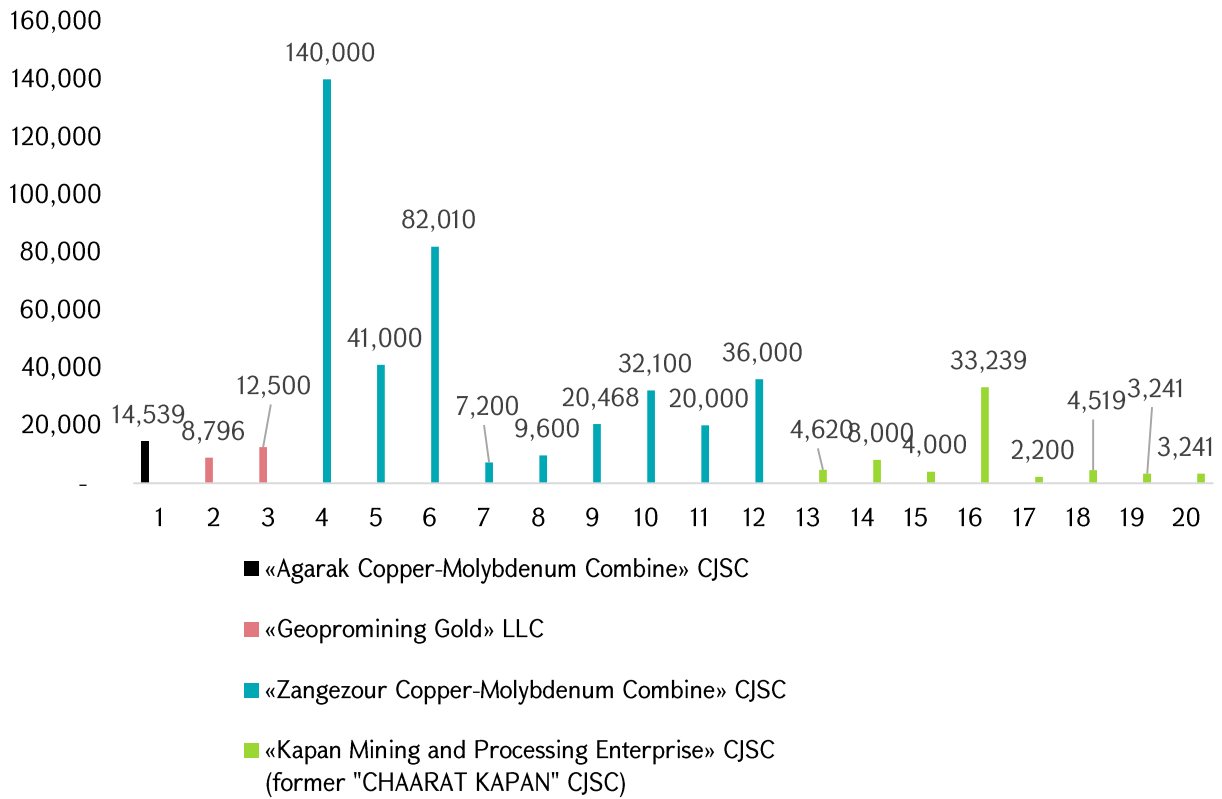
In 2022, subsoil-using companies also made donations to entities of other legal types, including state administrative institutions, trade unions, commercial organizations, and others, with the total value of donations amounting to 490 million AMD (around 11% of total donations). The chart below includes donations to organizations where the donation value exceeds 1 million AMD.

<sup>122</sup> Reports provided by the companies to EITI



**Figure 6.2.3.5**

Financial and non-financial donations made by subsoil users to other non-commercial organizations in 2022, AMD thousand<sup>123</sup>



- Agarak Copper-Molybdenum Combine CJSC Trade Union
- 1 Organization
- 2 Russian Drama Theatre Named After K.S. Stanislavsky
- 3 Ararat MC
- 4 Yerevan perspectives international music festival
- 5 Physical Culture and Sambo Sports Development Organization
- 6 ZCMC CJSC Trade Union Organization
- 7 Kapan Fallen and Wounded Freedom Fighters' Families Organization
- 8 TMM educational and development center
- 9 Kapan Cultural Center, Syuink region
- 10 Union of Miners and Metallurgists of Armenia
- 11 Union of Miners and Metallurgists of Armenia
- 12 Mission Armenia NGO
- 13 Diocese of Syunik of Armenian Apostolic Holy Church
- 14 Goris Saint Grigor Lusavorich Church
- 15 Other
- 16 State Non-Governmental Expertise of RA Projects CJSC
- 17 Haldi Consult LLC
- 18 Hrant Qalashyan IE

<sup>123</sup> Reports provided by the companies to EITI

- 19 Raz Building LLC
- 20 Constanta Build LLC
- 21 Kapan Norogshin LLC
- 22 RA Military
- 23 Kapan Medical Center
- 24 Diocese of Syunik of Armenian Apostolic Holy Church
- 25 Kapan logistics and transportation CJSC

Source. Provided by the subsoil users for EITI report

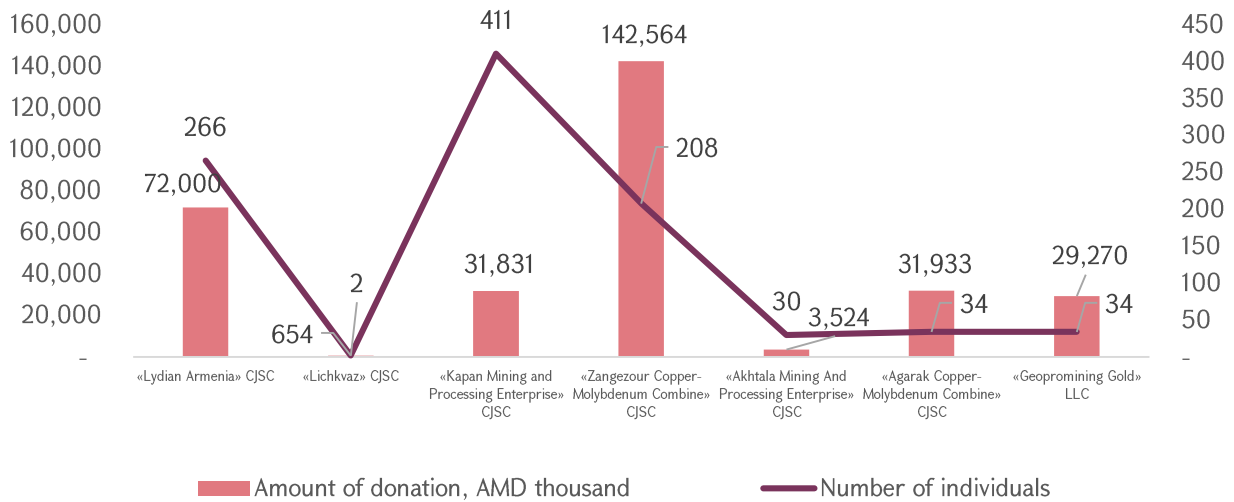
### Donations made to individuals

In 2022, subsoil-using companies made donations worth 315 million AMD (approximately 7% of total donations) to 990 individuals.

Below is the total amount of donations made to individuals by subsoil-using companies in 2022 and the number of individuals receiving these donations.

**Figure 6.2.3.6**

*Donations and the number of individuals being donated by subsoilusing companies in 2022, AMD thousand<sup>124</sup>*



Source. Provided by the subsoil users for EITI report

### 6.3. Impact of metal mining on the environment (Requirement 6.4)

Pursuant to requirement 6.4 of the EITI Standard, implementing countries are encouraged to disclose information on the management and monitoring of the environmental impact of extractive industries.

According to the RA Subsoil Code, the subsoil-using company is obliged to carry out "planned monitoring for the purpose of reducing environmental losses as a result of subsoil use, prevention of irreversible effects". In compliance with this requirement, according to Article 59 of the RA Subsoil Code, regarding the subsoil use in case of metallic minerals, the subsoil user is obliged to submit quarterly reports on the results of monitoring planned in order to reduce environmental losses as a result of subsoil use, to prevent irreversible effects, evaluated in accredited laboratories

<sup>124</sup> Reports provided by the companies to EITI

with appropriate certificates to the Ministry of Environmental Protection and submit the summary annual report after the end of each year, until February 20 of the following year.

According to the decision of the Government of the Republic of Armenia "On setting the requirements for the implementation of planned monitoring for the purpose of reducing environmental losses due to subsoil use, prevention of irreversible effects, as well as the procedure for submitting reports on the results"<sup>125</sup> the monitoring indicators are developed in parallel with the subsoil geological investigation and mineral extraction work programs based on the indicators set by the geological study work plan, mineral extraction work project, preliminary environmental impact assessment application, and impact assessment report. For the preparation of the monitoring program, the data submitted by the initial environmental impact assessment application and the main report on the actual pollution of the environment are considered as baseline data. In case of negative deviations from the indicators specified in the above-mentioned documents, it is necessary to initiate the necessary steps to eliminate the consequences.

The monitoring program is made according to all natural components of the environment: land cover, atmospheric air, surface, and underground water, vegetation, and fauna. Laboratory research of samples taken for the purpose of pollution research is carried out in accredited laboratories with appropriate certificates. Once every 5 years, subsoil users are obliged to review and agree with the authorized body on the set of works planned for the purpose of reducing environmental losses due to subsoil use, prevention of irreversible effects, and monitoring indicators of their implementation.

After receiving the quarterly reports and summary annual reports, the appropriate authority (the ME) summarizes them and posts them on the official website of the appropriate authority within 10 working days. In case of the availability of an electronic website of the subsoil-using company, the summary annual report on the monitoring results is posted on that website. Subsoil-using company performing environmental pollution monitoring with automatic calibrated measuring devices post the measurement results on their website directly by transferring data from the automated measuring systems.

Thus, the obligation to carry out this type of monitoring in the prescribed manner and to ensure the availability of data rests entirely on the subsoil-using company, for which it does not pay for monitoring. The companies that submitted reports on the implementation of the mentioned monitoring during the reporting year are presented below in Table 6.6.1.

According to the new EITI standard for 2023, companies commit to submit ESG reports from 2025. As of 2022, only Zangezur Copper and Molybdenum Combine CJSC has submitted a TCFD (Working group on climate-related Financial Disclosure) report<sup>126</sup> to disclose the process of reducing carbon emissions. It is expected that the subsoil-using companies will begin to take steps to comply with the requirements of the EITI standard as of 2025.

In 2022, only 8 of the 24 EITI reporting companies submitted an environmental monitoring report.

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<sup>125</sup> Decision No. 191-N of the Government of the Republic of Armenia dated February 22, 2018 "On establishing the procedure for reducing environmental losses due to subsoil use, requirements for implementation of planned monitoring for the prevention of irreversible effects, as well as submitting reports on the results" <https://www.arlis.am/DocumentView.aspx?docID=120135>

<sup>126</sup> <http://www.zcmc.am/files/TCFD%20%D5%A1%D5%B4%D6%83%D5%B8%D6%83%20%D5%B0%D5%A1%D5%B7%D5%BE%D5%A5%D5%BF%D5%BE%D5%B8%D6%82%D5%A9%D5%B5%D5%B8%D6%82%D5%B6.pdf>

**Table 6.6.1**
*Environmental monitoring reports by subsoil-using companies in 2022*

	First quarter	Second quarter	Third quarter	Fourth quarter	Annual report
“Agarak Copper-Molybdenum Combine” CJSC					Presented
“Akhtala Mining and Processing Enterprise” CJSC					Presented
“Geopromining Gold” LLC					Presented
“Zangezur Copper-Molybdenum Combine” CJSC	Presented	Presented	Presented	Presented	Presented
“Teghout” CJSC	Presented	Presented	Presented	Presented	Presented
“Lichqvaz” CJSC	Presented	Presented	Presented	Presented	Presented
“Kapan Mining and Processing Plant” CJSC (former “Chaarat Kapan” CJSC)	Presented	Presented	Presented		Presented
“Sagamar” CJSC					Presented

Source: [ARCHIVE OF SUBSOIL REPORTS – Ministry of Environmental Protection \(env.am\)](#)

According to Article 20(5) of the Law of the Republic of Armenia "On Environmental Impact Assessment and Expertise", "The Expertise conclusion is posted on the official website of the appropriate authority within 7 working days". From the wording of the law provision, it follows that all the expertise conclusions shall be published by placing them on the website of the ME. However, from the study of the website of the ME, it follows that not all the expertise conclusions of the EIA reports of subsoil use projects are published on the said website.

Moreover, in accordance with Article 26(4) of the same law, "the notification, incorporation, and draft documents are also posted on the official website of the appropriate authority at least 7 working days before the hearing." From the study of the website of the Ministry of Environmental Protection, it follows that not all draft documents are posted on the website. Below are the draft documents and the EIA Expertise conclusions, which are published on the website of the ME.

**Table 6.6.2**

Availability of EIA investigation conclusions and design documents on the website of the ME<sup>127</sup>, as of September 2024

No	Company	The EIA expertise conclusion	Publication date
1	“Agarak Copper-Molybdenum Combine” CJSC	The EIA report on re-equipment of Agarak Copper Molybdenum Combine and extension of the site provided by Agarak Copper-Molybdenum mining permission No. ShATV-29/311	24.06.2020
2	“Akhtala Mining and Processing Enterprise” CJSC	Report on the tailing dump in the territory of the openpit mining site of Akhtala processing plant	14.11.2017
		Expertise conclusion on the environmental impact assessment report for the reclamation works of the 'Nahatak' tailings dump	22.07.2021
3	“Active Lernagorts” LLC	Not published	-
4	“Assat” LLC	Not published	-
5	“At-Metals” LLC	Concerning the Meghrasat gold mine extraction work plan	18.11.2014
		Expertise conclusion on the preliminary Environmental impact assessment application for geological study works to be carried out in the Taghamir gold exploration area from 2020 to 2023	15.03.2021
		Expertise conclusion on the preliminary Environmental impact assessment application for the modernization project of the Tashtun gold mining plant	22.07.2021
		Expertise conclusion on the environmental impact assessment report regarding the extension of the extraction permit for the Meghrasar gold mine in Syunik region	08.09.2022
6	“Bacteck Eco” LLC	Report on the work plan to build and operate the Arjut gold ore processing plant	06.08.2014
		Report on the work plan to exploit the Arjut gold mine	19.09.2015
7	“Geghi Gold” LLC	Application for the extension of the permit to conduct geological exploration (preliminary assessment) in the mining field of Geghi river basin for the purposes of mineral extraction	28.12.2015
8	“Geopromining Gold” LLC	Application for a permit to conduct geological exploration (preliminary assessment) in the territory of Vardenis multi-metal mine during 2017-2019	04.10.2017
		Expertise conclusion on the Environmental impact assessment report regarding the productivity enhancement works at the Ararat gold mining factory	02.02.2022
		Expertise conclusion on the Environmental impact assessment report regarding the extraction works of the	26.09.2022

<sup>127</sup> <https://armmonitoring.am/#home>

No	Company	The EIA expertise conclusion	Publication date
		open-pit and underground mines at the Sotk gold mine in Gegharkunik region	
		Expertise conclusion on the preliminary Environmental impact assessment application for the geological study to be conducted at the Zovak pumice sands deposit in Gegharkunik region	27.03.2024
9	“Zangezur Copper-Molybdenum Combine” CJSC	Report on the change in the project document for Kajaran copper-molybdenum mine reserve extraction	16.12.2016
		Expertise conclusion on the preliminary Environmental impact assessment application for the proposed afforestation and reforestation works in Kapan community	04.05.2021
		Expertise conclusion on the Environmental impact assessment report regarding the modifications to the extraction project of the Zangezur Copper-Molybdenum Combine's copper-molybdenum deposit in Kapan, Syunik region (construction of a diesel refueling station, renewal of the diesel fleet, installation of a new explosives storage facility, and placement of emergency and maintenance ponds for Dukers No. 1, 2, and 4)	11.05.2023
		Expertise conclusion on the Environmental impact assessment of the project documentation regarding the modifications to the extraction project of the Zangezur Copper-Molybdenum Combine's copper-molybdenum deposit in Kapan, Syunik region (construction of the automated railway system (SARD-1200) for transporting the Sorun mountain massif and modification of the final boundary of the open pit)	11.09.2023
		Expertise conclusion on the Environmental impact assessment report regarding the relocation of the 110 kV 'Agarak' overhead line from the territory of the Zangezur Copper-Molybdenum Combine and the construction of the 220 kV overhead line, as submitted by the Zangezur Copper-Molybdenum Combine	19.07.2024
10	“Teghout” CJSC	Expertise conclusion on the Environmental impact assessment report regarding the storage of waste generated from products that have lost their consumer properties	15.06.2021
		Expertise conclusion on the Environmental impact assessment report regarding the storage/placement of waste generated at the 'Teghout' CJSC mining and processing plant	21.01.2022
		Expertise conclusion on the Environmental impact assessment report regarding the extension and expansion of the mining project for useful minerals at the 'Teghout' CJSC copper-molybdenum deposit in Lori region	11.05.2023
11	“Ler-Ex” LLC	Application for a permit to conduct geological exploration activities (preliminary assessment) in the copper-molybdenum mine of Hankasar during 2015-2017	15.12.2015
12	“Lydian Armenia” CJSC	Expertise conclusion on the Environmental impact assessment report regarding the modified project of the Amulsar gold-bearing quartzite mining complex	29.04.2016

No	Company	The EIA expertise conclusion	Publication date
13	“Lichqvaz” CJSC	Expertise conclusion on the Environmental impact assessment report regarding the construction project of the ore enrichment factory in Meghri community of Syunik Province presented by 'Lichqvaz' LLC	16.08.2023
14	“Gharagulyanner” CJSC	Not published	-
15	“Marjan Mining Company” LLC	Not published	-
16	“Mego Gold” LLC	Concerning the work plan (updated) of exploiting the Tukhmanuk gold (central section) mine	11.12.2014
17	“Megradzor Gold” LLC	Concerning the Meghradzor gold recovery work plan	22.04.2014
		Expertise conclusion on the Environmental impact assessment report regarding the extraction of the gold deposit in Meghradzor, Kotayk Province	27.07.2022
18	“Multi Group Concern” LLC	Report on the extraction from the Ertich quartzite mine	13.04.2018
		Expertise conclusion on the preliminary Environmental impact assessment application for the proposed hotel complex construction at 5/1, 5/2, and 5/5 Abovyan Street, Yerevan	18.04.2018
		Expertise conclusion on the Environmental impact assessment report for the extraction operations of the travertine and clay deposit in Ararat Province submitted by 'Multi Group-Stone' LLC concerning the 'Multi Group Stone' travertine area	13.03.2023
		Expertise conclusion on the preliminary Environmental impact assessment application for the construction of 5 multi-apartment residential buildings at 10 and 13 Zoravar Andranik Street in Abovyan Municipality, submitted by 'Multi Group Concern' LLC.	16.05.2023
		Expertise conclusion on the preliminary Environmental impact assessment application for the construction of 5 multi-apartment residential buildings at 11, 17, 18, 19, 20, 23, and 24 Zoravar Andranik Street in Abovyan Municipality, submitted by 'Multi Group Concern' LLC.	16.05.2023
19	“Kapan Mining and Processing Plant” CJSC (former “Chaarat Kapan” CJSC)	Report concerning the elimination of consequences of the collapse of the defensive soil layer in the territory of Shahumyan gold-polymetallic mine	22.01.2019
		Report concerning the technical document (amendment) with regard to the Shahumyan underground gold-polymetallic mine development	18.11.2019
		Expertise conclusion regarding the Environmental impact assessment report for the remediation (reclamation) measures following the collapse that occurred in 2020 in the area defined by Act No. LV-183 (Kapan community, former Shahumyan settlement)	03.09.2024
		Expertise conclusion regarding the Environmental impact assessment report for the modified project of the Geghanush tailings dam presented for examination by the Kapan Ore Dressing Combine LLC in Syunik Province.	03.09.2024
20	“Paramount Gold Mining” CJSC	Not published	-

No	Company	The EIA expertise conclusion	Publication date
21	“Sagamar” CJSC	Work plan concerning the expansion of Armanis gold-polymetallic mine	22.05.2015
		Concerning geological exploration activities in the basin of Deghin and Sev rivers	26.03.2018
		Expertise conclusion regarding the preliminary Environmental impact assessment application for geological study works aimed at the extraction of useful minerals in the 'Chknagh-Armanis' area of the Stepanavan mineral field in Lori Province	06.02.2024
22	“Vayk Gold” LLC	Not published	-
23	“Vardani Zartonqy” LLC	Not published	-
24	“Fortune Resources” LLC	Not published	-

The source: Conclusions - Ministry of Environment (env.am)

According to Requirement 6.4 of the 2023 EITI Standard, implementing countries are required to ensure that environmental, social, and gender impact assessments, as well as monitoring reports, are made publicly accessible. In Armenia, the requirement for environmental impact assessments is fulfilled through the Environmental Impact Assessment (EIA) process, which is carried out by the Ministry of Environment, and the data related to these assessments is publicly available.

To ensure compliance with the requirement for social and gender impact assessments, Armenia’s EITI MSG can consider discussing the introduction and application of ESG (Environmental, Social, and Governance) practices in subsoil user companies, which could also be implemented through legislative amendments. In Armenia, the introduction of ESG practices has been carried out by the Zangezur Copper Molybdenum Combine CJSC, whose annual reports are published and are publicly accessible<sup>128</sup>.

<sup>128</sup> <http://www.zcmc.am/arm/sustainability/>



## 7. RECONCILIATION PROCESS

## 7. RECONCILIATION PROCESS

### 7.1. The methodology and scope of the reconciliation process (Requirement 4.1, 4.8)

Under the 4th requirement of the EITI Standard, the State Revenue Committee, the Ministry of Environment, communities (data are submitted through the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia), as well as all companies entitled to extract metal ore as defined by law, shall submit public reports to the Government of the Republic of Armenia in the format and within the reporting terms defined by Decision N 666 dated June 8, 2018.<sup>129</sup> EITI public reports are submitted through the EITI online reporting platform<sup>130</sup>. The deadline for submitting public reports for the 2022 reporting year was August 1, 2023.

The submitted reports are sent to the Independent Administrator, who then reconciles the data of the companies and government agencies and presents the findings of reconciliation, which includes an analysis of revenue streams, comparison of amounts, identified discrepancies and unreconciled amounts, if any. Recommendations are made by the Independent Administrator to enhance coordination and data collection.

For data reconciliation, MSG establishes a materiality threshold regarding companies and revenue streams. The mentioned materiality thresholds were defined by the MSG decision<sup>131</sup> dated March 28, 2024.

According to RA Government Decree N 666-N dated June 8, 2018, in order to confirm the accuracy of the data received, reports submitted by government agencies shall be signed by the head of the government agency, and in the case of companies - by the director or chief accountant of the company. The Independent Administrator made written inquiries to government agencies and companies regarding certain revenue streams and received written confirmations of the accuracy of the information provided. Further, contact has been established with the reporting companies and government agencies in order to obtain additional information and address inconsistencies, if any. Recommendations were also made by the Independent Administrator to improve the data reconciliation and collection process.

Within the framework of reconciliation, financial data are presented both in AMD and USD. The USD exchange rate was calculated by averaging the exchange rates of the twelve months of 2022 published by the Central Bank of Armenia for the given year<sup>132</sup>.

#### 7.1.1. Defining the list of reconciled companies

It has been defined by MSG decision dated March 28, 2024<sup>133</sup> that from August 1, 2023, public reports for companies with suspended subsoil use permits shall be submitted unilaterally, only by reporting government agencies, since according to the law, these companies were no longer considered subsoil users and, therefore had no obligation to submit public reports.

All subsoil users extracting metallic minerals are held accountable for the annual national EITI report, except for companies declared bankrupt. According to the decision, it was approved that the companies with taxes and payments equivalent to or exceeding AMD 150 million made to the RA State Budget during the reporting fiscal year 2022 are considered as companies to be reconciled. This combination threshold was also applied for 2016-2021.

The data derived from the tax calculation (adjusted calculation), declaration (adjusted declaration), and inspection report (reports) (research procedure) (including penalties and fines) for the reporting year as of May 31, 2023, was used as the basis for compiling public reports for 2022.

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<sup>129</sup> [arlis.am/DocumentView.aspx?DocID=132674](https://arlis.am/DocumentView.aspx?DocID=132674)

<sup>130</sup> <https://reports.eiti.am/hy/>

<sup>131</sup> <https://www.eiti.am/hy/agenda-protocols-other-related-documents>

<sup>132</sup> In 2022, the average annual exchange rate of one US dollar was AMD 435.8. <https://www.cba.am/EN/>

<sup>133</sup> <https://www.eiti.am/hy/agenda-protocols-other-related-documents>

Public report data of 24 companies was analyzed as part of the Independent Administrator's reconciliation. The Independent Administrator requested additional information and clarification from the companies and government agencies regarding the reconciled companies and revenue streams<sup>134</sup>.

The data regarding state budget revenue streams for reporting companies in 2022 is given below, based on data provided by companies and government agencies (SRC, ME)<sup>135</sup> together with the definition of the materiality threshold for companies.

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<sup>134</sup> During 2022, the Independent Administrator has requested and received from the SRC and the Companies information regarding the said duty for the issuance of licenses or permits or certificates for each ton of copper concentrate, molybdenum concentrate and molybdenum (except 810297000) exports, the directors of the companies and senior officials of the SRC. with signatures.

<sup>135</sup> To determine the Materiality threshold of the companies, the data of SRC and ME were included in the revenue streams, since according to MSG decision, only the revenue streams of the state budget were considered. MTAI's revenue streams relate to municipal budgets.

**Table 7.1.1**

Revenue Streams per Company, 2022

No	Company	Total revenue streams to State Budget in 2022 kAMD		Total revenue streams to State Budget in 2022 kUSD		Share in total revenue streams, %	Materiality threshold AMD 150 mln and more
		Based on information from companies	Based on information from state agencies	Based on information from companies	Based on information from state agencies		
1	“Zangezur Copper-Molybdenum Combine” CJSC	99,377,546	99,267,156	228,035	227,781	76.17%	Material
2	“Agarak Copper-Molybdenum Combine” CJSC	10,194,612	10,224,571	23,393	23,462	7.85%	Material
3	“Geopromining Gold” LLC	7,400,040	7,346,217	16,980	16,857	5.64%	Material
4	“Teghout” CJSC	4,929,323	4,028,102	11,311	9,243	3.09%	Material
5	“Kapan Mining and Processing Plant” CJSC (former “Chaarat Kapan” CJSC)	3,973,236	3,973,236	9,117	9,117	3.05%	Material
6	“Akhtala Mining and Processing Enterprise” CJSC	2,366,393	2,275,081	5,430	5,220	1.75%	Material
7	“Lichqvaz” CJSC	2,305,790	1,891,826	5,291	4,341	1.45%	Material
8	“Ler-Ex” LLC	422,749	407,760	970	936	0.31%	Material
9	“Lydian Armenia” CJSC	258,537	301,835	593	693	0.23%	Material
10	“Megradzor Gold” LLC	286,742	291,401	658	669	0.22%	Material
	<b>Total materiality threshold exceeding companies</b>	<b>131,514,967</b>	<b>130,007,185</b>	<b>301,778</b>	<b>298,318</b>	<b>99.76%</b>	
11	“Sagamar” CJSC	72,697	83,302	167	191	0.06%	Immaterial
12	“Multi Group Concern” LLC	74,425	76,341	171	175	0.06%	Immaterial
13	“Bacteck Eco” LLC	69,925	39,676	160	91	0.03%	Immaterial
14	“At-Metals” LLC	2,891	28,698	7	66	0.02%	Immaterial
15	“Assat” LLC	25,160	25,116	58	58	0.02%	Immaterial
16	“Geghi Gold” LLC	15,986	16,068	37	37	0.01%	Immaterial
17	“Active Lernagorts” LLC	12,771	12,873	29	30	0.01%	Immaterial
18	“Mego Gold” LLC	1,408	11,843	3	27	0.01%	Immaterial
19	“Gharagulyanner” CJSC	10,356	10,356	24	24	0.01%	Immaterial
20	“Fortune Resources” LLC	4,557	4,633	10	11	0.00%	Immaterial
21	“Vayk Gold” LLC	2,031	2,273	5	5	0.00%	Immaterial

No	Company	Total revenue streams to State Budget in 2022 kAMD		Total revenue streams to State Budget in 2022 kUSD		Share in total revenue streams, %	Materiality threshold AMD 150 mln and more
		Based on information from companies	Based on information from state agencies	Based on information from companies	Based on information from state agencies		
22	“Vardani Zartonqy” LLC	10,171	203	23	0	0.00%	Immaterial
23	“Marjan Mining Company” LLC	-	-	-	-	0.00%	Immaterial
24	“Paramount Gold Mining” CJSC	12,823	2,930	29	7	0.00%	Immaterial
	<b>Total materiality threshold non-exceeding companies</b>	<b>315,201</b>	<b>314,312</b>	<b>219</b>	<b>198</b>	<b>0.24%</b>	
	<b>Total revenue streams</b>	<b>131,830,168</b>	<b>130,321,497</b>	<b>301,997</b>	<b>298,516</b>	<b>100.00%</b>	

The source: Public reports provided by the RA SRC, ME and subsoil users

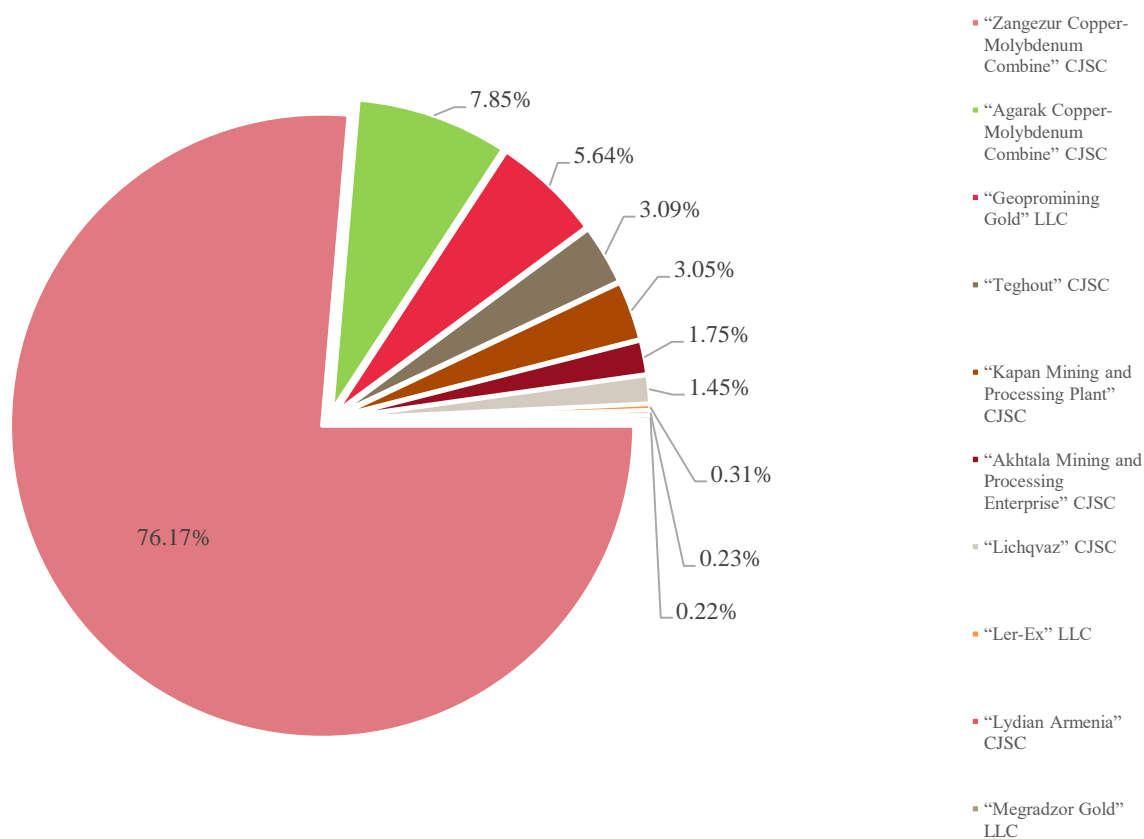
According to preliminary data provided by government agencies, state budget revenues for 24 reporting companies in 2022 totaled AMD 130.3 billion. As a result of applying the materiality threshold, 10 companies recorded revenues of AMD 150 million or more. The revenue streams of these companies amounted to AMD 130 billion or 99.76% of the total revenue.

The leader in the list of reporting companies is "Zangezur Copper and Molybdenum Combine" CJSC, the share whereof constitutes AMD 99.3 billion or 76%.

It should be noted that despite the fact that two of the reconciled companies, "Ler-Ex" LLC and "Lidian Armenia" CJSC, did not produce ore during the reporting year, however, the taxes accrued on the latter exceeded the materiality threshold. The excess of the materiality threshold is mainly due to the calculated income tax and replenishment of the environmental protection fund. This circumstance is due to the preservation of jobs in companies, which contributed to the emergence of tax obligations:

**Figure 7.1.1**

*Revenues of companies exceeding the materiality threshold, 2022*



The source: Public reports provided by RA SRC and ME

Thus, following the 4th requirement of the EITI Standard, 10 out of 24 reporting companies were involved in the reconciliation process.

**7.1.2. Definition of reconciled revenue streams**

Within the scope of applying the revenue stream threshold, data on state and community revenue streams from the State Revenue Committee of Armenia, municipalities (information provided by the Ministry of Territorial Administration and Infrastructure), and the Ministry of Environment were analyzed.

Based on the requirements of Standards 4.1, 4.2 and 4.6, as well as a number of important factors, MSG has reached consent over the determination of the materiality threshold for revenue streams to be reconciled for the 2022 fiscal year. These include the positive trend of reducing data discrepancies, improving the reporting skills of government

agencies and companies, and reducing the risk of mechanical errors. Additionally, seeking to ensure the financial efficiency of the reports and adhere to the recommendations of the EITI International Secretariat, it was decided to reconcile in 2022 the five revenue streams associated with mining activity, which are the riskiest in terms of mechanical errors.

1. Royalty
2. Value added tax
3. Customs duty, customs fee
4. Lease payments
5. Obligations related to socio-economic development of communities defined by the soil use contract (at the same time, according to the MSG decision, these obligations will be combined without applying the materiality threshold).

Pursuant to MSG decision dated March 28, 2024<sup>136</sup>, in case of inconsistencies in the reconciled financial flows presented bilaterally, the Independent Administrator investigated the inconsistencies, the amount of which was 4 percent or more, but not less than AMD 1 million (material deviation). The basis of calculation serves the smaller data presented by either party. In case of significant deviations, the Independent Administrator directly contacts the government agencies or companies having submitted the data to obtain explanations about thereabout.

Below are displayed 2022 state budget revenue streams, according to the data provided by companies and state bodies (SRC, ME, MTAI).

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<sup>136</sup> <https://www.eiti.am/hy/agenda-protocols-other-related-documents>

**Table 7.1.2**
*Revenue streams of the state and municipal budgets, 2022*

Budget classification code 2001	Revenue stream	Total revenue flows of the state and community budgets as of 2022, <i>kAMD</i>		Total revenue flows of the state and community budgets as of 2022, <i>kUSD</i>		Share in total revenue streams (%)	State Agency
		Based on information from companies	Based on information from state agencies	Based on information from companies	Based on information from state agencies		
1146 714612	Royalty	42,604,174	42,435,589	97,761	97,374	31.86%	SRC
1141 714110	Value added tax	7,383,048	6,216,244	16,941	14,264	4.67%	SRC
	Social and economic development commitments to the community defined by the mining contract	1,423,733	1,612,647	3,267	3,700	1.21%	MTAI
1415 741520	Lease payments	1,305,562	1,218,260	2,996	2,795	0.91%	MTAI
1151 715100, 1422 742212, 1145 714511	Customs duty, customs fee	1,155,015	1,211,198	2,650	2,779	0.91%	SRC
	<b>Total reconcilable revenue streams</b>	<b>53,871,532</b>	<b>52,693,938</b>	<b>123,615</b>	<b>120,913</b>	<b>39.56%</b>	
	State fee for each ton of copper concentrate, molybdenum concentrate, and molybdenum export during the year 2022	43,208,160	43,208,160	99,147	99,147	32.44%	SRC
1112 711200	Profit tax	19,583,037	19,533,747	44,936	44,823	14.67%	SRC
1111 711100	Income tax	16,592,322	16,355,509	38,073	37,530	12.28%	SRC
1145 714523	Environmental taxes according to unified tax calculations for environmental fees and resource utilization charges	515,558	493,769	1,183	1,133	0.37%	SRC
	Replenishment of environmental protection fund	279,419	255,415	641	586	0.19%	ME
1145 714522	State fee for water and mining use permit	190,070	190,000	436	436	0.14%	SRC



Budget classification code 2001	Revenue stream	Total revenue flows of the state and community budgets as of 2022, <i>kAMD</i>		Total revenue flows of the state and community budgets as of 2022, <i>kUSD</i>		Share in total revenue streams (%)	State Agency
		Based on information from companies	Based on information from state agencies	Based on information from companies	Based on information from state agencies		
1142 714200	Excise tax	146,017	143,874	335	330	0.11%	SRC
1431 743120, 1161 716122	Environmental fines and penalties	69,251	161,849	159	371	0.12%	ME
1146 714612	Nature use payments	44,507	57,496	102	132	0.04%	SRC
1131 713121 / 1136 713611	Property tax	43,226	18,783	99	43	0.01%	MTAI
1145 714523	Import environmental taxes	30,994	29,828	71	68	0.02%	SRC
1131 713122	Land tax	26,521	12,609	61	29	0.01%	MTAI
	Monitoring implementation fee	24,984	26,818	57	62	0.02%	ME
	Land acquisition	15,551	-	36	-	0.00%	MTAI
	Environmental impact assessment implementation fee	3,381	2,000	8	5	0.00%	ME
	Allocations to the company from the Environmental Protection Fund	233	-	1	-	0.00%	ME
	Land alienation	-	-	-	-		MTAI
	<b>Total non- reconcilable revenue streams</b>	<b>80,773,230</b>	<b>80,489,857</b>	<b>185,345</b>	<b>184,694</b>	<b>60.44%</b>	
	<b>Total revenue streams</b>	<b>134,644,762</b>	<b>133,183,796</b>	<b>308,960</b>	<b>305,608</b>	<b>100.00%</b>	

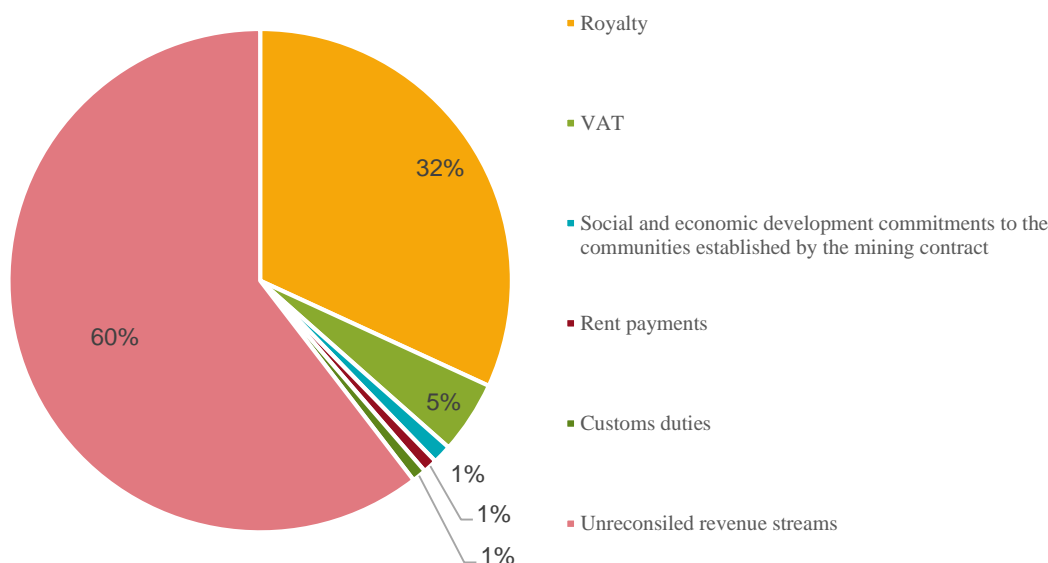
The source: Public reports provided by RA SRC and ME

According to preliminary data provided by government agencies, the revenues of the state and municipal budgets of reporting companies amounted to AMD 133.2 billion in 2022. The total amount of reconciled five revenue streams constituted AMD 52.6 billion or 40% of the total revenue. The share of non-reconciled revenue streams in the total revenue streams constitutes AMD 80.5 billion or 60%.

Royalty has the largest share in reconciled revenue streams which constitutes AMD 42.4 billion or 81%, and the latter's share in total revenue streams forms 32%.

**Figure 7.2.1**

*Share of reconciled revenue streams in total revenues, 2022*



The source: Public reports provided by RA SRC, ME, and MTAI

According to the preliminary reconciliation conducted by the Independent Administrator, the preliminary discrepancy between the aggregate revenue flows of 24 reporting companies is AMD 1.46 billion or 1.1%. Regardless of the fact, that the size of the reconciled revenue streams is smaller than the non-reconciled ones, the discrepancy between the reconciled revenue streams constitutes AMD 1.18 billion or 80% of the total discrepancies. This circumstance means that the choice of revenue streams subject to reconciliation by the MSG is justified and will enable the elimination of significant discrepancies due to the reconciliation work carried out by the Independent Administrator.

Revenues of the state and municipal budgets of the R A from the reconciled companies per reconciled revenue streams are shown below;

**Table 7.2.2**

*Revenue streams from reconciled companies per reconciled revenue streams, 2022*

Budget classification code 2001	Revenue stream	Total revenue flows of the state and community budgets as of 2022		Share %
		kAMD	kUSD	
1146 714612	Royalty	42,435,444	97,374	81%
1141 714110	Valu added tax	6,204,271	14,237	12%

Budget classification code 2001	Revenue stream	Total revenue flows of the state and community budgets as of 2022		Share %
		<i>kAMD</i>	<i>kUSD</i>	
	Social and economic development commitments to the community defined by the mining contract	1,599,147	3,669	3%
1151 715100, 1422 742212, 1145 714511	Customs duty, customs fee	1,205,514	2,766	2%
1415 741520	Lease payments	1,204,670	2,764	2%
	<b>Total reconciled revenue streams</b>	<b>52,649,046</b>	<b>120,810</b>	<b>100%</b>

The source: Public reports provided by RA SRC and ME and MTAI

### 7.1.3. Other non-tax payments

There are 2 non-tax payments in reconciled 5 revenue streams within the framework of the 5th EITI report.

1. Payments related to socio-economic development of communities defined under the mining contract.
2. Lease payments

The first of these payments - obligations related to socio-economic development - arise in contracts concluded between the state and subsoil user companies, the template whereof is defined by RA Government Decree No. 437 dated March 22, 2012.<sup>137</sup> According to Annex 3 of the said contract, the subsoil user undertakes to carry out planned measures to meet the socio-economic needs of the population living in the zone of direct influence of the mine. According to MTAI, payments related to the socio-economic development of the reporting companies amount to AMD 1.6 billion or 1.2% of the total income.

Lease payments refer to real estate, vehicles, or land leased by communities to community-owned land management companies. According to the data provided by MTAI, the rental fees of the reporting companies amount to AMD 1.2 billion or 0.9% of total revenues.

### 7.1.4. Data collection

According to the minutes of MSG meeting on 6 December 2017<sup>138</sup> based on the EITI Standard requirement 7.2, the Republic of Armenia has adopted the concept of "open data". According to the concept, the principles of the implementation of the open data concept have been defined within the framework of EITI implementation in Armenia. The principle is applicable within the framework of EITI annual report publication, which helps to stimulate the process of data publication by reporting companies and government agencies.

For submission of EITI public reports, reporting companies and state agencies register in the online reporting system through an appointed authority<sup>139</sup> by filling out a form, following which they receive a confirmation email and an activation link. This registration email is also sent to the System Administrator who verifies the information, approves the registration, and allows access. After registration, reporting companies and state agencies, based on the defined templates, are obliged to submit public reports for each year by August 1 of the following year, according to the RA Government's Decree N 666-N dated June 8, 2018.<sup>140</sup> Completed reports are signed electronically and are available in the system after submission.

As part of the report compilation, public reports become available to the Independent Administrator by providing input data to the system, following which the Independent Administrator checks the availability of public reports, and in case of their absence or defects in the existing reports, requests are sent to the user through the system or to

<sup>137</sup> <https://www.arlis.am/DocumentView.aspx?docid=194567>

<sup>138</sup> [MSG\\_meeting\\_minute\\_12\\_06\\_2017.pdf](https://reports.eiti.am/hy/MSG_meeting_minute_12_06_2017.pdf) (eiti.am)

<sup>139</sup> <https://reports.eiti.am/hy/>

<sup>140</sup> <https://www.arlis.am/DocumentView.aspx?docID=132674>

user's e-mail address (person authorized by the company or state body). The user responds to the Independent Administrator's requests within 5 business days after receiving the request.

In addition to the financial and non-financial data contained in the public reports, in order to obtain other information necessary for the preparation of the report, as well as to clarify the inconsistencies found in the reconciliation process, the Independent Administrator made written requests to the companies and state agencies. To clarify discrepancies discovered during the reconciliation process merely companies were contacted by phone by the Independent Administrator, who received information confirmed by the signature of the company's head or authorized person.

In the framework of the preparation of this report, certain problems have been encountered in the process of data collection, in particular, some companies and state agencies did not submit public reports within the specified period<sup>141</sup>, Independent Administrator was unable to contact the company and the time limit for receiving information from the companies within the scope of the reconciliation has exceeded 5 days. Regardless of the mentioned problems, it was possible to obtain the necessary information for report compilation in cooperation with EITI Secretary, thanks to the latter's properly organized work.

### **7.1.5. Level of data disaggregation (Requirement 4.7)**

#### **Definition of the term “Program”**

According to the provisions of requirement 4.7 of EITI Standard, it is necessary to disaggregate the EITI data per individual project, company, state organization, and revenue stream.

The Program is defined as operational actions that are governed by one contract, license, rental, concession, or similar legal agreement and constitute the ground for payment obligations to the government. Thereafter, if more than one such contract is significantly interconnected, the multi-beneficiary group shall clearly decide and document, which cases shall be considered one program.

According to the MSG decision dated March 28, 2024<sup>142</sup> within the framework of the 2022 National Report an activity implemented by one subsoil use right/permit shall be considered as a program. In the report being drafted for 2022 all those financial flows, which can be presented on the mining permit level, shall be presented on that very level with a clear mention thereof.

Currently the existing accountability system in the Republic of Armenia, in particular, requirements for completion of tax calculations cannot ensure accountability on the program level.

Thus, the current level of accountability in Armenia does not actually allow the implementation of separated accountability on the program level in the case when the company is engaged in other activities in addition to mining. 23 of 24 companies accountable for 2022 perform only metal ore extraction.

The exception is “Multi Group Concern” LLC, which is engaged also in other entrepreneurial activities in addition to mining. However, the company has no calculated royalty in the reporting year, meaning that it did not perform active mining, therefore, the impossibility of disaggregation on the program level cannot be a significant obstacle for further works.

## **7.2. Data quality and quality assurance (Requirement 4.9)**

Clause 1.3 of this report details the processes that ensure the reliability of data provided by companies and government agencies.

Emphasizing that the Independent Administrator's analysis and comparison of the existing EITI data for 2022 of Armenia does not constitute an audit of these data, at the same time, the Independent Administrator took into account that the MSG of Armenia in its 28.03.20234. In the adopted decision, it was established that in order to ensure the reliability and accuracy of the data presented in the reports, the public reports must be certified by the electronic signature of the head of the company or the chief accountant and the head of the state body or his deputy.

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<sup>141</sup> It was noted by the state agencies that there was no official request for submission of public reports regarding "Marjan Mining Company" LLC and "Paramount Gold Mining" CJSC.

<sup>142</sup> [citi.am/hy/agenda-protocols-other-related-documents](http://citi.am/hy/agenda-protocols-other-related-documents)

Signatories of the reports are:

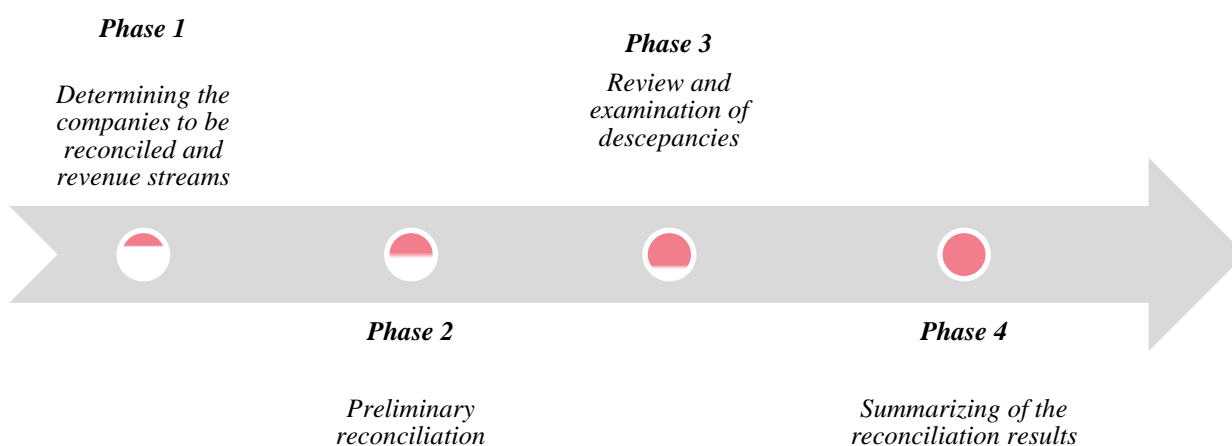
1. The head and (or) deputy of the state administration body
2. The head or chief accountant of the subsoil user company, who has permit for metal mineral extraction.

The Independent Administrator considers the data available in the 2022 reports from the reporting organizations and state bodies, as well as the information obtained as a result of the relevant survey, to be comprehensive and reliable on the basis that they are, in accordance with the above-mentioned decision of the MSG, as well as on 08.06.2018. of Government Decision No. 666-H, are approved by heads of state bodies, heads of organizations or chief accountants or persons empowered by the latter, and are certified by their electronic signature. The above-mentioned persons are also responsible for submitting tax reports through the electronic reporting system to the State Revenue Committee for the purposes of the tax audit process, which also guarantees the accuracy and compliance of the data provided to the Independent Administrator.

The list of externally audited companies for the reporting year, as well as information about public availability thereof, is presented in Annex 1.

### 7.3. Description and results of reconciliation process (Requirement 4.1)

The reconciliation process was carried out in the following 4 phases:



#### **Phase 1: Determining the companies to be reconciled and revenue streams**

The list of reconciled companies and revenue streams was determined in compliance with the procedure established by MSG decision, according to which the state budget of AMD150 million and the threshold of taxes calculated for reconciled companies were applied. According to preliminary data provided by the State Revenue Committee and the Ministry of Economy, the revenue streams of 10 out of 24 reporting companies exceeded the established threshold and amounted to AMD 130 billion.

The list of revenue streams to be reconciled was determined by the MSG by selecting the type of revenue stream instead of applying a threshold, according to which 5 material streams were selected. In compliance with preliminary data from SRC, ME and MTAI, the sum of these five revenue streams amounted to AMD 52.6 billion.

#### **Phase 2: Preliminary reconciliation**

At this stage, a database containing data provided by companies and government agencies, broken down by individual projects, organizations, government agencies, and financial flows is created by the Independent Administrator, by exporting the relevant data from the online platform and transferring it into a form that also complies with the requirements of Clause 4.7 of EITI Standard.

The degree of inconsistencies between bilaterally submitted data for final reconciliation by an Independent Administrator was determined using the following approach: deviations in the amount of 4 percent of the revenue

stream, but not less than AMD 1 million, were deemed significant. This calculation is based on the smaller data provided by either of the parties.

Revenues of the RA state and municipal budgets from the reconciled companies, per revenue streams presented below:

**Table 7.3.1**

*Revenue Streams from reconciled companies by reconciled Revenue stream, 2022*

Revenue stream	Total revenue streams of the state and community budgets as of 2022 <sup>a</sup> , kAMD		Preliminary discrepancy, kAMD	Deviation %
	Based on information from companies	Based on information from state agencies		
Royalty	42,604,028	42,435,444	168,585	0.4%
Value added tax	7,352,443	6,204,271	1,148,172	18.5%
Social and economic development commitments to the community defined by the mining contract	1,405,820	1,599,147	(193,326)	-13.8%
Customs duty, customs fee	1,149,387	1,205,514	(56,128)	-4.9%
Lease payments	1,302,769	1,204,670	98,100	7.5%
<b>Total reconcilable revenue streams, kAMD</b>	<b>53,814,448</b>	<b>52,649,046</b>	<b>1,165,402</b>	<b>2.2%</b>
<b>Total, kUSD</b>	<b>123,484</b>	<b>120,810</b>	<b>2,674</b>	

The source: Public reports provided by RA SRC and ME, MTAI and companies

As a result of the initial reconciliation, the amount of revenue streams to be reconciled for the 10 reporting companies constituted AMD 53.8 billion according to the companies, and AMD 52.6 billion according to the state agencies. The initial discrepancy was AMD 1.16 billion or 2.2%.

For 4 out of 10 reconciled companies, no significant inconsistencies were found in the financial data submitted bilaterally (companies and state agencies). It should be noted that the reconciled revenue streams of the mentioned 4 companies amount to AMD 43.9 billion or 83% of the total inconsistencies. The non-significant discrepancy of combined streams amounted to AMD 217 million or 19% of the inconsistencies.

The revenue streams of the RA state and municipal budgets from the reconciled companies, per company is presented below:

**Table 7.3.2**

*Revenue Streams from reconciled companies per company, 2022*

Company, revenue stream	Total revenue streams of the state and community budgets as of 2022, <i>kAMD</i>		Preliminary difference, <i>kAMD</i>	Preliminary difference, <i>kUSD</i>	Deviation %	Matching (> 4%   >= 1 million AMD)
	Based on information from companies	Based on information from state agencies				
<b>“Agarak Copper-Molybdenum Combine” CJSC</b>						
Value added tax	520,787	669,018	(148,231)	(340)	-28.46%	Yes
Customs duty, customs fee	-	53,575	(53,575)	(123)	100.00%	Yes
Royalty	2,269,767	2,269,762	5	0	0.00%	No
Lease payments	31,724	31,724	-	-	0.00%	No
Social and economic development commitments to the community defined by the mining contract	37,920	36,000	1,920	4	5.33%	Yes
<b>“Akhtala Mining and Processing Enterprise” CJSC</b>						
Value added tax	40,638	40,638	-	-	0.00%	No
Customs duty, customs fee	15,552	15,466	86	0	0.56%	No
Royalty	197,798	197,798	-	-	0.00%	No
Lease payments	3,600	9,574	(5,974)	(14)	-165.94%	Yes
Social and economic development commitments to the community defined by the mining contract	-	60,000	(60,000)	(138)	100.00%	Yes
<b>“Geopromining Gold” LLC</b>						
Value added tax	1,107,508	1,107,261	247	1	0.02%	No
Customs duty, customs fee	349,369	349,418	(49)	(0)	-0.01%	No
Royalty	2,414,539	2,414,539	-	-	0.00%	No
Lease payments	68,880	68,000	880	2	1.29%	No
Social and economic development commitments to the community defined by the mining contract	-	-	-	-	0.00%	No

Company, revenue stream	Total revenue streams of the state and community budgets as of 2022, <i>kAMD</i>		Preliminary difference, <i>kAMD</i>	Preliminary difference, <i>kUSD</i>	Deviation %	Matching (> 4%   >= 1 million AMD)
	Based on information from companies	Based on information from state agencies				
<b>“Zangezur Copper-Molybdenum Combine” CJSC</b>						
Value added tax	3,363,370	3,363,222	148	0	0.00%	No
Customs duty, customs fee	592,465	594,715	(2,250)	(5)	-0.38%	No
Royalty	33,623,492	33,454,912	168,580	387	0.50%	No
Lease payments	615,012	615,012	0	0	0.00%	No
Social and economic development commitments to the community defined by the mining contract	1,367,900	1,318,348	49,552	114	3.76%	Yes
<b>“Teghout” CJSC</b>						
Value added tax	1,239,670	340,880	898,791	2,062	263.67%	Yes
Customs duty, customs fee	141,400	141,409	(9)	(0)	-0.01%	No
Royalty	1,101,093	1,101,093	-	-	0.00%	No
Lease payments	43,326	43,326	-	-	0.00%	No
Social and economic development commitments to the community defined by the mining contract	-	30,000	(30,000)	(69)	100.00%	Yes
<b>“Ler-Ex” LLC</b>						
Value added tax	197,006	197,006	(0)	(0)	0.00%	No
Customs duty, customs fee	-	-	-	-	0.00%	No
Royalty	-	-	-	-	0.00%	No
Lease payments	-	-	-	-	0.00%	No
Social and economic development commitments to the community defined by the mining contract	-	-	-	-	0.00%	No
<b>“Lydian Armenia” CJSC</b>						
Value added tax	-	-	-	-	0.00%	No
Customs duty, customs fee	81	189	(108)	(0)	-133.13%	No



Company, revenue stream	Total revenue streams of the state and community budgets as of 2022, <i>kAMD</i>		Preliminary difference, <i>kAMD</i>	Preliminary difference, <i>kUSD</i>	Deviation %	Matching (> 4%   >= 1 million AMD)
	Based on information from companies	Based on information from state agencies				
Royalty	-	-	-	-	0.00%	No
Lease payments	409,551	409,551	-	-	0.00%	No
Social and economic development commitments to the community defined by the mining contract	-	-	-	-	0.00%	No
<b>“Lichqvaz” CJSC</b>						
Value added tax	755,641	354,284	401,357	921	113.29%	Yes
Customs duty, customs fee	1,249	1,452	(204)	(0)	-16.29%	No
Royalty	944,315	944,315	-	-	0.00%	No
Lease payments	-	6,889	(6,889)	(16)	100.00%	Yes
Social and economic development commitments to the community defined by the mining contract	-	4,348	(4,348)	(10)	100.00%	Yes
<b>“Megradzor Gold” LLC</b>						
Value added tax	2,639	6,779	(4,140)	(9)	-156.88%	Yes
Customs duty, customs fee	6,923	6,942	(19)	(0)	-0.28%	No
Royalty	117,374	117,374	-	-	0.00%	No
Lease payments	17,286	18,683	(1,397)	(3)	-8.08%	Yes
Social and economic development commitments to the community defined by the mining contract	-	4,950	(4,950)	(11)	100.00%	Yes
<b>“Kapan Mining and Processing Plant” CJSC (former “Chaarat Kapan” CJSC)</b>						
Value added tax	125,185	125,185	0	0	0.00%	No
Customs duty, customs fee	42,348	42,348	-	-	0.00%	No
Royalty	1,935,650	1,935,650	-	-	0.00%	No
Lease payments	113,391	1,912	111,479	256	5829.42%	Yes

Company, revenue stream	Total revenue streams of the state and community budgets as of 2022, <i>kAMD</i>		Preliminary difference, <i>kAMD</i>	Preliminary difference, <i>kUSD</i>	Deviation %	Matching (> 4%   >= 1 million AMD)
	Based on information from companies	Based on information from state agencies				
Social and economic development commitments to the community defined by the mining contract	-	145,500	(145,500)	(334)	100.00%	Yes
<b>Total</b>	<b>53,814,448</b>	<b>52,649,046</b>	<b>1,165,402</b>	<b>2,674</b>	<b>2.21%</b>	

Source: Public reports provided by RA SRC and ME, MTAI and companies

**Table 7.3.3**
*Revenue streams from reconciled companies by reconciled revenue stream, 2022*

Revenue stream	Preliminary discrepancy, kAMD	Materiality threshold exceeding discrepancy, th AMD	Share % <sup>143</sup>
Royalty	168,585	-	0.0%
Value added tax	1,148,172	1,147,776	99.97%
Social and economic development commitments to the community defined by the mining contract	(193,326)	(193,326)	100%
Customs duty, customs fee	(56,128)	(53,575)	95.5%
Lease payments	98,100	97,220	99.1%
<b>Total revenue streams, kAMD</b>	<b>1,165,402</b>	<b>998,095</b>	<b>85.6%</b>
<b>Total, kUSD</b>	<b>2,674</b>	<b>2,290</b>	

Source: Public reports provided by RA SRC and ME, MTAI and companies

Although the royalty amount deviation did not exceed the materiality threshold, the Independent Administrator also conducted a review of the above and corrected the discrepancies.

### **Phase 3: Discrepancy investigation and reconciliation**

At this stage, the Independent Administrator conducted an investigation of significant deviations by contacting the companies and government agencies having submitted the data.

Clarifications regarding inconsistencies or omissions were obtained from officials of the company or government agency having submitted the data, as a result of which, appropriate corrections were made to the data submitted.

10 companies were involved in the reconciliation process, the initial inconsistency of bilaterally disclosed financial data whereof amounted to AMD 1.16 billion or 2.2%. Applying the material threshold of inconsistencies, the amount subject to final reconciliation of revenue flows constituted AMD 998.1 million or 85.6% of the total deviation.

As a result of the study and their examination of inconsistencies, the following adjustments were made:

**Table 7.3.4**
*Adjustments to reconciled revenue streams by companies and government agencies*

Revenue stream	Adjustments as of 2022, kAMD		Adjustments as of 2022, kUSD	
	Based on information from companies	Based on information from state agencies	Based on information from companies	Based on information from state agencies
Value added tax	(1,156,342)	-	(2,653)	-
Customs duty, customs fee	51,616	-	118	-
Royalty	-	168,580	-	387
Lease payments	14,259	111,479	33	256

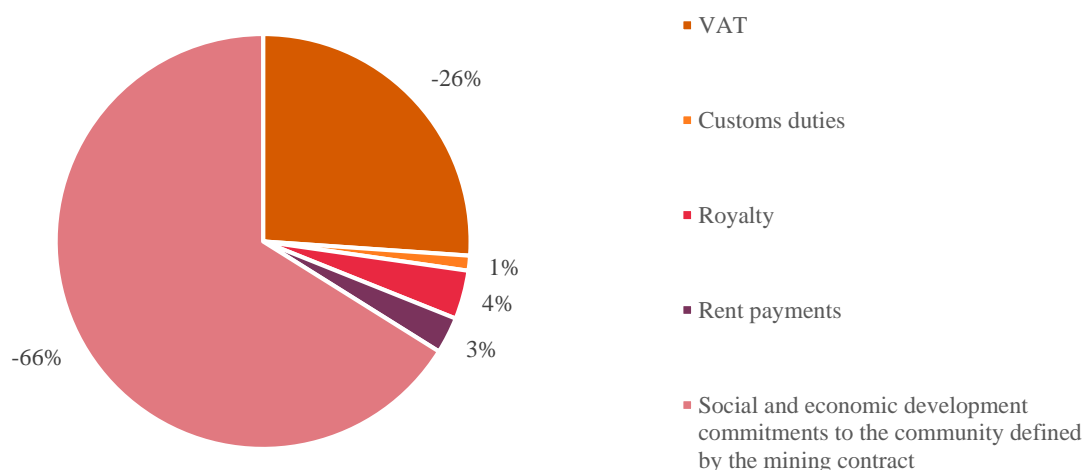
<sup>143</sup> Shows the proportion of the initial discrepancy. A proportion greater than 100% means that some of the positive deviations present are not considered significant, which means that the negative variance is increasing.

Revenue stream	Adjustments as of 2022, kAMD		Adjustments as of 2022, kUSD	
	Based on information from companies	Based on information from state agencies	Based on information from companies	Based on information from state agencies
Social and economic development commitments to the community defined by the mining contract	(1,367,900)	(1,561,227)	(3,139)	(3,582)
<b>Total adjustments</b>	<b>(2,458,367)</b>	<b>(1,281,168)</b>	<b>(5,641)</b>	<b>(2,940)</b>

Source: Bilaterally submitted data reconciliation process

**Figure 7.3.1**

*Proportion of adjustments to reconciled revenue streams*



Source: Bilaterally submitted data reconciliation process

Data adjustments made as a result of reconciliation, amount to AMD 3.74 billion. The adjustment amount in Company data is AMD -2.46 billion, and in the data of government agencies AMD 1.28 billion. The largest share in the adjusted data belongs to socio-economic obligations: 66% or AMD -2.93 billion.

**Phase 4: Summary of reconciliation outcomes**

After the adjustments made as a result of reconciliation, the final discrepancy in the bilaterally disclosed data constitutes AMD 11.8 million or 0.02%. As a result of adjustment, all significant discrepancies were eliminated and there were no material inconsistencies in the final data.

### Phase 7.3.5

#### Reconciliation results by revenue stream

Revenue stream	Preliminary adjustments as of 2022, kAMD			Preliminary adjustments as of 2022, kAMD		
	Based on information from companies	Based on information from state agencies	Discrepancy	Based on information from companies	Based on information from state agencies	Discrepancy
Value added tax	7,352,443	6,204,271	1,148,172	6,196,101	6,204,271	(8,170)
Customs duty, customs fee	1,149,387	1,205,514	(56,128)	1,201,003	1,205,514	(4,512)
Royalty	42,604,028	42,435,444	168,585	42,604,028	42,604,024	5
Lease payments	1,302,769	1,204,670	98,100	1,317,029	1,316,149	880
Social and economic development commitments to the community defined by the mining contract	1,405,820	1,599,147	(193,326)	37,920	37,920	-
<b>Total reconciled revenue streams, kAMD</b>	<b>53,814,448</b>	<b>52,649,046</b>	<b>1,165,402</b>	<b>51,356,081</b>	<b>51,367,878</b>	<b>(11,797)</b>
<b>Total, kUSD</b>	<b>123,484</b>	<b>120,810</b>	<b>2,674</b>	<b>117,843</b>	<b>117,870</b>	<b>(27)</b>

Source: Bilaterally submitted reports and data reconciliation process

The reasons for the adjustments to revenue streams per company are detailed in Annex 6.

The main reasons for the discrepancies recorded in the revenue streams are as follows:

#### Value added tax

The initial discrepancy in terms of VAT amounted to AMD 1.15 billion. After the adjustment made as a result of reconciliation, the amount of discrepancy constituted AMD 8.2 million, which is deemed immaterial. Only the reports submitted by the companies were subjected to adjustment.

Material deviations were recorded in the data of 4 companies. The main reason was that the calculations did not include the amounts of VAT subject to offset, as well as VAT on imports from the EAEU.

#### Customs duty, customs fee

In this article, the initial discrepancy amounted to AMD 56 million. After the adjustment made as a result of reconciliation, the amount of discrepancy constitutes AMD 4.5 million, which is deemed immaterial. Only the report submitted by one company was subject to adjustment. The discrepancy was due to a mechanical error.

#### Lease payments

The initial discrepancy in lease payments to the local government community amounted to AMD 98.1 million. After the adjustment made as a result of reconciliation, the amount of discrepancy constitutes AMD 880 thousand, which is considered immaterial. Material deviations were recorded in the data of 4 companies, in which only one of the reports was adjusted by the state body, the municipality. Mechanical errors and the presentation of the calculated amount rather than the paid amount are the primary causes of discrepancies.

#### Obligations related to socio-economic development

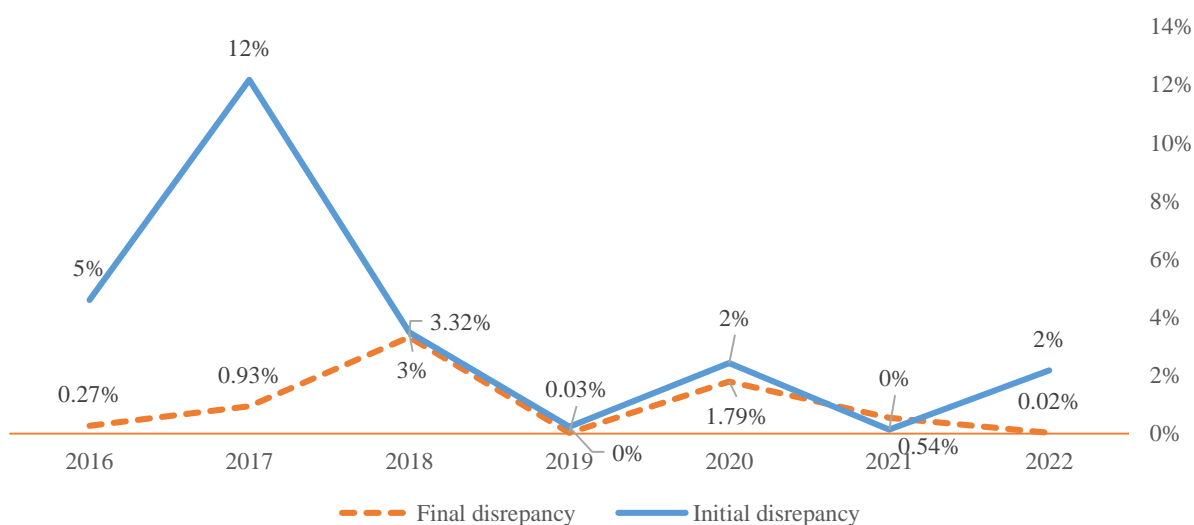
The initial discrepancy in this article amounted to AMD 193.3 million. Following the adjustment made as a result of reconciliation, no discrepancy is present. The main reason for deviations is the presentation of donation amounts and obligations in the opposite fields, also the obligations not included in the community budget are not disclosed by the

community in public reports. In the public report submitted by the state body, local government (submitted through MTAI), there is only a field for filling in the socio-economic obligations provided for in the subsoil use contract, and the corresponding field for payments in the form of donations to the community is missing, and the payments specified by local governments are also filled in. in the field provided for socio-economic obligations. This implies that corrections made as a result of reconciliation cannot be corrected in the existing report format for local governments. The Independent Administrator's recommendation for solving the mentioned problem is included in the section 8.3 of the report.

The dynamics of discrepancies of the reconciled revenue streams between 2016-2022.

**Figure 7.3.2**

*The proportion of revenue stream discrepancy 2016-2022, thousand AMD<sup>144</sup>*



Source; EITI 2016-2021 reports <sup>145</sup> and current reporting data

According to the presented data, the dynamics of discrepancies in 2016-2022 had a downward trend, the highest initial deviation was recorded in 2017 - 12%, which, however, reached almost 1% after reconciliation. The lowest initial deviation was recorded in 2021 at 0.1%, but increased further after adjustment.

<sup>144</sup> The share of the deviation amount in the data provided by the state agencies

<sup>145</sup> [https://www.eiti.am/hy/search/?q=%D5%A6%D5%A5%D5%AF%D5%B8%D6%82%D5%B5%D6%81&module=annual\\_reports](https://www.eiti.am/hy/search/?q=%D5%A6%D5%A5%D5%AF%D5%B8%D6%82%D5%B5%D6%81&module=annual_reports)

## 8. OBSERVATIONS AND RECOMMENDATIONS ON REFORMS OF EITI ACCOUNTABILITY PROCESS

## 8. OBSERVATIONS AND RECOMMENDATIONS ON REFORMS OF EITI ACCOUNTABILITY PROCESS

### 8.1. The current status of recommendations presented in previous EITI reports (Requirement 7.4)

**Table 8.1.1**

*The Independent Administrator's review of the implementation of recommendations presented in previous EITI reports;*

No	Field	Recommendation	Status
1	Public report template to be submitted by the subsoil user	We recommend prioritizing documents in the Excel format in the system (in case the requirement to be signed is met) to more effectively organize the process of information collection and reconciliation by the Independent Administrator.	Completed
2	Public report template to be submitted by the subsoil user	We recommend listing all possible product types in the appropriate column to enable a company to select the suitable option from a drop-down list instead of adding it manually. This, in turn, will enable the standardization of companies' approaches in determining product types and facilitating the information-gathering process.	Completed
3	Public report template to be submitted by the subsoil user	In product-related questions specify ton as the unit of measurement to ensure uniformity of information.	Not completed
4	Public report template to be submitted by the subsoil user	Considering that starting from 2021 instead of property tax and land tax real estate tax has been defined (Section 11 of the RA Tax Code), we recommend replacing the "Land tax" field with the "Real estate tax" field, and "Property tax" with "Vehicle tax" in public reports.	Not completed
5	Public report template to be submitted by the subsoil user	Change the wording socio-economic contribution to socio-economic payment.	Completed
6	Public report template to be submitted by the subsoil user	Add a field for filling in the payments paid within the framework of additional agreements signed between communities and companies apart from the mining agreements. Also, publish the relevant agreements.	Completed



No	Field	Recommendation	Status
7	Public report template to be submitted by SRC	We recommend adding the following columns to the table of payments: “Calculated by inspection act (acts) (examination protocol),” “Date (dates) of inspection act (acts) (inspection protocol),” “Number (numbers) of inspection act (acts) (inspection protocol)” to ensure comparability of the data provided by companies and government agencies.	Not applicable
8	Public report template to be submitted by MTAI	Considering that starting from 2021 instead of property tax and land tax real estate tax has been defined (Section 11 of the RA Tax Code), we recommend replacing the "Land tax" field with the "Real estate tax" field, and "Property tax" with "Vehicle tax" in public reports.	Not completed
9	Public report template to be submitted by MTAI	To change the wording socio-economic contribution to socio-economic payment.	Not completed
10	Public report template to be submitted by MTAI	Add a field for filling in the payments paid within the framework of additional agreements signed between communities and companies apart from the mining agreements. Also, publish relevant agreements.	Not completed
11	For correction of problems related to the online system of data collection	We recommend adding a mandatory field, which will contain a brief description of reasons for adjustments in the tables of public reports as a result of the reconciliation process, for when the report is being rejected by the Independent Administrator.	Not completed
12	For correction of problems related to the online system of data collection	We recommend structuring the download of reports in the system in such a way for Excel and PDF documents to be identical, regardless of the fact that they are signed. If possible, give priority to the Excel document.	Completed
13	For correction of problems related to the online system of data collection	We recommend, if possible, adding a field for validation of the interconnectedness of the sum of individual indicators. For example, when filling in the employment data the total gender distribution should equal to the total of rural and urban employees.	Not completed

No	Field	Recommendation	Status
14	For correction of problems related to the online system of data collection	We recommend generalizing the units of measurement of data on extraction, export, and domestic sales in the system to ensure uniformity of information.	Not completed
15	For correction of problems related to the online system of data collection	We recommend presenting the data separated by commas, as displaying numbers without a comma makes comprehension of the amount difficult.	Not completed
16	For correction of problems related to the online system of data collection	We recommend adding the function of sorting (large to small and vice versa), as well as filters in the output table.	Not completed
17	For correction of problems related to the online system of data collection	For lease payments, we recommend grouping the data for each company by community names and types of lease payments.	Completed
18	Recommendations on the EITI 2022 Work Plan	Public discussions (Requirement 7.1); The participation of all stakeholders is one of the basic principles of EITI standard. There is a need to develop dialogue among members of the public and make efforts to improve understanding of the information and data contained in the reports.	In process
19	Recommendations on the EITI 2022 Work Plan	Access to data and open data (Requirement 7.2); Accessible and comprehensive disclosure of mining company data shall be presented in a user-friendly and understandable way. It is recommended to include in the Work Plan tasks aimed at increasing the availability of data, for example, to make it possible to search for company data in English, to create an interactive opportunity to work with special data and reconcile them with each other, to continue publishing reports in the public domain with the possibility of downloading them	Completed
20	Recommendations on the EITI 2022 Work Plan	The analysis of impact and results of EITI implementation (Requirement 7.4). The best practice in EITI countries is to assess and monitor the impact of EITI implementation. It is recommended to include the relevant processes in the Work Plan.	Completed

Source: 2020-2021 EITI report<sup>146</sup>

<sup>146</sup> <https://www.eiti.am/hy/2022/>

## 8.2. Recommendations on resolving the issues related to the online data collection system (Requirement 7.2)

To resolve issues with the online data collection system the following recommendations were made by the Independent Administrator.

**Table 8.2.1**

*Independent Administrator's recommendations on resolving issues regarding online data collection system.*

No	Field	Observation	Recommendation
1	<a href="https://reports.eiti.am/">https://reports.eiti.am/</a> "Reports" section- "Taxes and fees"	Not all taxes and fees in EITI public reports are included in the system.	Add the reports on the following taxes and payments; 1) Customs duty, customs fee 2) Fees 3) Environmental penalties and fines
2	<a href="https://reports.eiti.am/">https://reports.eiti.am/</a> "Reports" section	In those report types having subtypes, the system does not allow selecting all subtypes, further, all amount and volume numbers are not separated by commas, which would facilitate the process of reading these numbers by the user.	Provide the technical function to select all for all subtypes, and to separate displayed numbers with a comma.
3	<a href="https://reports.eiti.am/">https://reports.eiti.am/</a> "Reports" section	Abbreviations of the names of certain measurement units and state bodies presented in the reports may be incomprehensible to a wide range of users. For instance; wmt, dmt, SRC, ME. The abbreviation of the Ministry of Territorial Administration and Infrastructures is also misspelled- MTAD.	Provide a list of abbreviations in both the online version and the Excel and PDF file download formats.
4	<a href="https://reports.eiti.am/">https://reports.eiti.am/</a> "Reports" section- "Employment"	The public reports of companies in the system do not provide extended information about employees.	Add the following information in the "Employment" report; number of employees per community of registration, number of women in leadership positions.
5	<a href="https://reports.eiti.am/">https://reports.eiti.am/</a> New field	There is no section in the system for submitting general data on companies as a separate report. To obtain complete information about companies, users have to collect it from several sources.	Add "Companies" section, where upon selecting a company, the user will find general information on the following: company name, TIN, contract (in the form of a link to the website of MTAI), name and location of the mine under exploitation, information about beneficial owners (referring to the state registry website), a link to the website of the company (if any), financial reports (links provided in Annex 1 of EITI report)

### 8.3. Recommendations for public report templates.

The templates of EITI public reports submitted by subsoil users and state bodies are defined by RA Government Decree N 666-N dated June 8, 2018.

Changes in the report templates are made based on the recommendations of EITI annual reports, MSG decisions, and suggestions of interested parties.

Below are the Independent Administrator's recommendations for improving public report templates.

**Table 8.3.1**

*Independent Administrator's recommendations on public report templates.*

No	Report template Decree N 666-N / Submitting body	Observation	Recommendation
1	General	Public report templates are not amended or supplemented in compliance with legislative changes. In particular, the relevant fields regarding the state duty for issuing licenses or permits or certificates for each ton of copper concentrate, molybdenum concentrate, and molybdenum (save from 810297000) exports applied in 2021-2022 have not been created in SRC's and companies' public reports. In addition, the "Property tax" and "Land tax" fields in subsoil users' reports shall be changed to "Real estate tax" and "Vehicle tax" in compliance with the RA Tax Code.	Amend or supplement public report templates in compliance with legislative changes

No	Report template Decree N 666-N / Submitting body	Observation	Recommendation
2		<p>Some fields become inapplicable depending on the information filled in other fields or vice versa, yet the user may fill them with information that contradicts the information of the fields on which they depend. This increases the likelihood of errors, which affects the quality of reports.</p> <p>For instance, the audit information contains 2 fields: yes/no and public link. If "no" is selected, the system should close the other field, preventing the link from being selected.</p> <p>If the production and sales volume is a positive number other than 0, then the system should not allow the value field to be equal to 0. In case the contribution is non-financial in the fields of socio-economic commitments and donations, only "Value assessment" should be active.</p>	<p>To minimize mechanical errors, we offer maximum automation of report templates.</p>
3	Annex 5 Template of the report submitted by MTAI	<p>Reports submitted by the communities only contain a field regarding the socio-economic payments defined by the mining contract, whereas there are no fields for charitable contributions, donations, or other gratuitous alienations in favor of the community.</p>	<p>Add the field "Charitable contributions, donations or other gratuitous alienations in favor of the community" which will contain a note regarding financial and non-financial data.</p>

## 8.4. Recommendations for introducing program-level accountability in Armenia (Requirement 7.3)

In Armenia, the Multi-Stakeholder Group gave the following definition of the program; if fees relate to a single program, the total amount of each type of fee must be disaggregated by project. If fees are charged at the organization level rather than at the separate program level, those fees will be disclosed at the organization level rather than at the program level.

In 2022, accountability was actually implemented at the program level, because as of 2022, only 1 of the reporting companies, Multi Group Concern LLC, might have a data disaggregation problem. In the case of "Multi Group" Concern LLC, the company, in addition to mining activities, is also engaged in other business activities, but in the reporting year, it did not calculate or pay royalties, which means that the company did not carry out mining activities.

Currently, the accountability system operating in the Republic of Armenia does not provide the possibility of reporting at the program level. Under current legislation, disaggregation of state revenues at the program level is impossible, so legislative changes will be necessary to introduce program-level accountability.

For companies with more than one subsoil use right, accountability at the program level will be possible only by mining companies in case of separate accounting in the accounting systems, while the reports submitted to the SRC will continue to be at the level of the company (legal entity) and not at the program level.

It should be noted that within the framework of this report, during the reporting year, no legislative changes were implemented to ensure accountability at the program level.

## 8.5. Recommendations on alternative data reconciliation approach (requirement 7.3)

Analyzing the results of the reconciliation of previous years, it becomes clear that the discrepancies between the revealed bilateral financial flows tend to decrease. The recommendation for an alternative reconciliation method to eliminate discrepancies is presented in the 2019 EITI report.<sup>147</sup>

The approach mentioned in the report refers to the creation of an automated reconciliation system, which will allow to minimize mechanical errors and also reduce the duration of the reconciliation process.

## 8.6. Progress towards responsible mining

Responsible mining is an EITI principle, aimed at achieving sustainable economic development in member countries through sector transparency, accountability, and the prudent use of the country's natural resources. Responsible mining is one of the national EITI priorities of Armenia. The introduction of a responsible mining culture in RA aims to address environmental, social and health issues.

Pursuant to the roadmap on responsible mining elaborated by MSG in 2018<sup>148</sup> by the RA government Decree N 730 - L<sup>149</sup> dated May 11, 2023 the development strategy of the mining sector was adopted, the conceptual principles, strategic directions, and goals of which are aimed at contributing to the following reforms in the sector:

1. State registration of the earth's crust, efficient use of minerals, and sustainable development.
2. Implementation of new geological studies with own funds or in cooperation with private companies.
3. Availability of reliable and digitized information base on the results of geological exploration, available reserves, and production volumes.
4. Creation of the necessary conditions for deeper processing of extracted minerals.

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<sup>147</sup> <https://www.eiti.am/hy/2021/>

<sup>148</sup> [https://www.eiti.am/file\\_manager/EITI%20Documents/EITI\\_Workplan\\_Armenia\\_arm\\_2018\\_reviewed\\_0.pdf](https://www.eiti.am/file_manager/EITI%20Documents/EITI_Workplan_Armenia_arm_2018_reviewed_0.pdf)

<sup>149</sup> [https://www.arlis.am/Annexes/7/2023\\_N730hav.1.pdf](https://www.arlis.am/Annexes/7/2023_N730hav.1.pdf)

5. Safety and stability of tailings and their dams.
6. Availability of improved and effective rules for mine closure and recultivation of subsoil use sites in compliance with best international practices.
7. Enhanced, clear, and unambiguous environmental legislation in the mining sector in line with best international practices and standards.
8. As a result of the implementation of the measures, a unified legal system will be created, within the framework of which differentiated methods will be applied in the context of granting complex rights to state and privately owned lands.
9. Fully operational occupational safety and health legislation in line with best international practices and standards.
10. Effective execution of state revenue calculation, procedures, and instruments for their collection in the context of the development of the mining industry as a financially solid and long-term income-generating sector.
  - 10.1 Creation of an attractive investment environment.
  - 10.2 Proper implementation of community development agreement/plan between subsoil companies and local communities
  - 10.3 Establishing enhanced and comprehensive accountability requirements.
  - 10.4 Development of targeted policies for vulnerable groups and women.
  - 10.5 Capacity building and implementation of education sector reforms

Progress towards a responsible mining sector in the Republic of Armenia is presented in the implementation of the Work Plan of the Republic of Armenia for 2023-2024 <sup>150</sup>.

## 8.7. State Participation

Despite the fact that according to the requirements of 2.6, 4.5 and 4.6 of the Standard, there are no state-owned mining enterprises in the Republic of Armenia, it is still recommended to consider state participation within the framework of the Standard. Considering the participation of the state of the Republic of Armenia in "Zangezur Copper and Molybdenum Combine" CJSC, which is one of the largest taxpayers in the Republic of Armenia, and in "Lydian Armenia" Company (will receive state registration in November 2024), it is necessary to guarantee the transparency of the actual revenue received from state participation for the effectiveness of government activities, for public trust and transparency of the investment environment. It is necessary to ensure that the profits obtained by all state-owned companies are clear and accessible to the public, as well as to investors and other mining companies with an interest in this sector. We believe it is essential to introduce the following recommendations:

- On a regular basis report on revenues generated from state participation to beneficiaries and the public.
- Periodically release reports on tax incentives and bank loans provided by the state to companies with state participation.
- Establish public control systems that are centered on the utilization of governmental funds.

<sup>150</sup><https://www.eiti.am/hy/%D4%B1%D5%83%D4%B9%D5%86%D5%A1%D5%B7%D5%AD%D5%A1%D5%BF%D5%A1%D5%B6%D6%84%D5%A1%D5%B5%D5%AB%D5%B6-%D5%AE%D6%80%D5%A1%D5%A3%D5%AB%D6%80/?tab=52>

# | ANNEXES



## ANNEX 1. INFORMATION ON THE PERFORMANCE OF EXTERNAL AUDIT OF FINANCIAL STATEMENTS IN REPORTING COMPANIES

No	Company	Availability of external audit report for the reporting period	Reference to the audit report
1	“Megradzor Gold” LLC	No	
2	“Akhtala Mining and Processing Enterprise” CJSC	No	
3	“Kapan Mining and Processing Plant” CJSC (former “Chaarat Kapan” CJSC)	Yes	<a href="https://www.azdarar.am/announcements/org/161/01324859/">https://www.azdarar.am/announcements/org/161/01324859/</a>
4	“Geopromining Gold” LLC	Yes	<a href="https://gorcntac.am/pages/report?id=1411">https://gorcntac.am/pages/report?id=1411</a>
5	“Zangezour Copper-Molybdenum Combine” CJSC	Yes	<a href="https://www.azdarar.am/announcements/org/161/01497685/">https://www.azdarar.am/announcements/org/161/01497685/</a>
6	“Agarak Copper-Molybdenum Combine” CJSC	Yes	<a href="https://gorcntac.am/pages/report?id=1606">https://gorcntac.am/pages/report?id=1606</a>
7	“Teghout” CJSC	No	
8	“Lydian Armenia” CJSC	Yes	<a href="https://www.lydianarmenia.am/img/uploadFiles/2a12f35e74391616f41eFS_LydianArmeniaCJSC_2022.pdf">https://www.lydianarmenia.am/img/uploadFiles/2a12f35e74391616f41eFS_LydianArmeniaCJSC_2022.pdf</a>
9	“Sagamar” CJSC	No	
10	“Lichqvaz” CJSC	Yes	<a href="https://www.azdarar.am/announcements/org/161/01397730/">https://www.azdarar.am/announcements/org/161/01397730/</a>
11	“Paramount Gold Mining” CJSC	No	
12	“Multi Group Concern” LLC	No	
13	“Ler-Ex” LLC	Yes	<a href="https://www.azdarar.am/announcements/org/161/01497685/">https://www.azdarar.am/announcements/org/161/01497685/</a>
14	“Fortune Resources” LLC	No	
15	“Vardani Zartonqy” LLC	No	
16	“Assat” LLC	No	
17	“Active Lernagorts” LLC	No	
18	“Marjan Mining Company” LLC	No	
19	“Vayk Gold” LLC	No	
20	“At-Metals” LLC	No	
21	“Bacteck Eco” LLC	No	
22	“Geghi Gold” LLC	No	
23	“Gharagulyanner” CJSC	No	
24	“Mego Gold” LLC	No	

## ANNEX 2. INFORMATION ON ADDITIONAL WRITTEN REQUESTS MADE BY AN INDEPENDENT ADMINISTRATOR REGARDING PUBLIC REPORTING FROM ACCOUNTABLE COMPANIES AND GOVERNMENT AGENCIES

No	Information	Name of the company or government agency	Response to the request	Signature of the head of the state body or the director of the company
1	State duty for issuing licenses, permits or certificates for each ton of copper concentrate, molybdenum concentrate and molybdenum (except 810297000) for export during 2022	"Akhtala Mining and Processing Enterprise" CJSC	Received	Available
2		"Zangezour Copper-Molybdenum Combine" CJSC	Received	Available
3		"Agarak Copper-Molybdenum Combine" CJSC	Received	Available
4		"Teghout" CJSC	Received	Available
5		RA SRC	Received	Available

## ANNEX 3. CONTACT INFORMATION OF INSTITUTIONS INVOLVED IN THE EITI REPORT PREPARATION PROCESS

Institution	Name Surname	Organization or State Body	Position	Phone number	Email address
Government	Karen Gasparyan	Ministry of Territorial Administration and Infrastructure	Head of the Department for Formation of Subsoil Use Rights and Maintenance of the Centralized Register of the Subsoil Department, Acting Head of the Department	010 515 161 +374 93 929 556	<a href="mailto:karengsprn@rambler.ru">karengsprn@rambler.ru</a>
	Armenuhi Mayilyan	Ministry of Territorial Administration and Infrastructure	Chief Specialist of the Subsoil Department's Geological Expertise Division	010 515 154, +374 093 316 230	<a href="mailto:a.mayilyan@mta.gov.am">a.mayilyan@mta.gov.am</a>
	Seda Hakobyan	Ministry of Territorial Administration and Infrastructure	Chief Specialist of the Subsoil Use Policy Development Division of the Subsoil Department	010 511 337, +374 93 004 105	<a href="mailto:sedahkb@gmail.com">sedahkb@gmail.com</a>
	Anahit Avetisyan	Statistical Committee of the Republic of Armenia	Head of the Industry and Energy Statistics Division	+374 11 523 543, +374 55 777 699	<a href="mailto:anahit_avetisyan@armstat.am">anahit_avetisyan@armstat.am</a>
	Lusine Mkrtychyan	State Revenue Committee of the Republic of Armenia	Deputy Head of the Tax Administration Organization, Monitoring, and Control Division	010 30 40 06	<a href="mailto:lusine_mkrtychyan@taxservice.am">lusine_mkrtychyan@taxservice.am</a>
	Olga Abovyan	State Revenue Committee of the Republic of Armenia	Head of the Current Tax Revenue Accounting Division	010 30 40 09	<a href="mailto:olga_abovyan@taxservice.am">olga_abovyan@taxservice.am</a>

Institution	Name Surname	Organization or State Body	Position	Phone number	Email address
	Armen Minasyan	Ministry of Finance of the Republic of Armenia	Chief Specialist of the Revenue Policy and Tax Administration Methodology Division of the Revenue Policy and Administration Methodology Department	(011) 800 336	<a href="mailto:armen.minasyan@minfin.am">armen.minasyan@minfin.am</a>
	Karen Episkoposyan	Ministry of Environment	Chief Specialist of the Land and Subsoil Policy Department	011 818 525	<a href="mailto:karen.yepiskoposyan@env.am">karen.yepiskoposyan@env.am</a>
<b>Companies</b>	Karen Vardanyan	«Agarak Copper-Molybdenum Combine» CJSC	Chief Accountant	' +374 98 444 003	-
	Mkrtich Petrosyan	«Teghout» CJSC	Chief Accountant	' +374 60 602 525	<a href="mailto:petrosyan@teghoutmining.am">petrosyan@teghoutmining.am</a>
	Tovmas Melikyan	«Zangezour Copper-Molybdenum Combine» CJSC	Chief accountant	' +374 94 001331	-
	Vardan Manasyan	«Akhtala Mining And Processing Enterprise» CJSC	Chief accountant	' +374 98 199 039	<a href="mailto:v.manasyan@akhtalacopper.am">v.manasyan@akhtalacopper.am</a>
	Grigori Simonyan	«Lydian Armenia» CJSC	Deputy Chief Accountant	' +374 43 894 047	<a href="mailto:grigori.simonyan@lydianinternational.co.uk">grigori.simonyan@lydianinternational.co.uk</a>
	Marine Gharibyan	«Lichkvaz» CJSC	Chief accountant	' +374 93 016 070	<a href="mailto:m.darbinyan@lichkvaz.am">m.darbinyan@lichkvaz.am</a>
	Hermine Khachatryan	«Kapan Mining and Processing Enterprise» CJSC	Chief accountant	' +374 94 628 583	<a href="mailto:hermine.khachatryan@kapanmpc.am">hermine.khachatryan@kapanmpc.am</a>
	Shaghik Grigoryan	«Meghradzor Gold» LLC	Accountant	' +374 93 900 141	<a href="mailto:meghradzorgold@gmail.com">meghradzorgold@gmail.com</a>
<b>National and International</b>	Hasmik Manukyan	Secretariat of the EITI	Head, National Coordinator	' +374 94 560 260	<a href="mailto:hasmik.manukyan@gov.am">hasmik.manukyan@gov.am</a>

Institution	Name Surname	Organization or State Body	Position	Phone number	Email address
Secretariat of the EITI	Anahit Anoyan	Secretariat of the EITI	Expert	+374 91 077 666	<a href="mailto:anahit.anoyan@gov.am">anahit.anoyan@gov.am</a>
	Lisa Swiland	International Secretariat of the EITI	Country Coordinator – Europe	N/A	<a href="mailto:lsviland@eiti.org">lsviland@eiti.org</a>

## ANNEX 4. EITI MSG GROUP

EITI MSG at the time of publication of the 5th report

Group	Name Surname	Organization	Position	Membership Date	Email address
Government	Tigran Khachatryan	Government	Deputy Prime Minister, Chairman of the MSG group	19.12.2022	tigran.khachatryan@gov.am eiti@gov.am
	Hovhannes Harutyunyan	Ministry of Territorial Administration and Infrastructure	Deputy minister	13.12.2021	<a href="mailto:hovhannes.harutyunyan@gov.am">hovhannes.harutyunyan@gov.am</a>
	Tigran Gabrielyan	Ministry of Environment	Deputy minister	16.12.2022	<a href="mailto:t.gabrielyan@env.am">t.gabrielyan@env.am</a>
	Artur Manukyan	State Revenue Committee of the Republic of Armenia	Deputy president	05.09.2019	<a href="mailto:artur_manukyan@taxservice.am">artur_manukyan@taxservice.am</a>
	Vache Terteryan	Ministry of Territorial Administration and Infrastructure	Deputy minister	04.10.2021	<a href="mailto:vache.terteryan1962@gmail.com">vache.terteryan1962@gmail.com</a>
	Karen Karapetyan	Ministry of Justice	Deputy minister	14.11.2023	<a href="mailto:karen.karapetyan@gov.am">karen.karapetyan@gov.am</a>
	Arman Poghosyan (alternate member)	Ministry of Finance	Deputy minister	16.07.2018	<a href="mailto:arman.poghosyan@minfin.am">arman.poghosyan@minfin.am</a>
Companies	Vardan Jhanyan	«Zangezur Copper-Molybdenum Combine» CJSC	First Deputy Director General	30.09.2024	<a href="mailto:vardan.jhanyan@zcmc.am">vardan.jhanyan@zcmc.am</a>
	Armen Stepanyan	«Zangezur Copper-Molybdenum Combine» CJSC	Director for Sustainable Development	12.05.2022	<a href="mailto:armen.stepanyan@zcmc.am">armen.stepanyan@zcmc.am</a>
	Vahram Avagyan	«Kapan Mining and Processing Enterprise» CJSC	Deputy Director General for Development	30.09.2024	<a href="mailto:v.avagyan@nrm.am">v.avagyan@nrm.am</a>
	Artyom Petrosyan	«Geopromining Gold» LLC	Legal Director	26.05.2020 (Re-elected 30.09.2024)	<a href="mailto:apetrosyan@geopromining.com">apetrosyan@geopromining.com</a>

Group	Name Surname	Organization	Position	Members hip Date	Email address
	Aram Osikyan (alternate member)	«Assat» LLC	Director General	20.06.2018 (Re-elected 30.09.2024)	<a href="mailto:assatllc1@gmail.com">assatllc1@gmail.com</a>
	Artur Pespnyan (alternate member)	«Lydian Armenia» CJSC	Head of the Environmental Division	30.09.2024	<a href="mailto:artur.pespnyan@lydianinternational.co.uk">artur.pespnyan@lydianinternational.co.uk</a>
	Marine Gharibyan (alternate member)	«Lichkvaz» CJSC	Chief accountant	30.09.2024	<a href="mailto:m.darbinyan@lichkvaz.am">m.darbinyan@lichkvaz.am</a>
	Nerses Karamanukyan (alternate member)	«Assat» LLC	Representative of the Company's Interests	30.09.2024	<a href="mailto:karamanukyan.n@gmail.com">karamanukyan.n@gmail.com</a>
Civil Society	Viktoria Burnazyan	"Ecolur" Information NGO	Vice president	Alternate member from 25.11.2019 member from 20.01.2023	<a href="mailto:vicaburnazyan@gmail.com">vicaburnazyan@gmail.com</a>
	Anahit Simonyan	"Human Rights Research Center" NGO	Director	20.01.2023	<a href="mailto:anahit.sm@gmail.com">anahit.sm@gmail.com</a>
	Oleg Dulgaryan	"Community Mobilization and Support Center" NGO	Director	25.11.2019 (re-elected 20.01.2023)	<a href="mailto:oleg.dulgaryan.ccs@gmail.com">oleg.dulgaryan.ccs@gmail.com</a>
	Nazeli Vardanyan	"Forests of Armenia" NGO	Director	25.11.2019 (re-elected 20.01.2023)	<a href="mailto:vnazeli@mail.ru">vnazeli@mail.ru</a>
	Sona Ayvazyan (alternate member)	"Transparency International Anti-Corruption Center" NGO	Executive Director	24.11.2016 (25.11.2019 re-elected) (20.01.2023 re-elected as alternate member)	<a href="mailto:sona@transparency.am">sona@transparency.am</a>
EITI Secretariat	Hasmik Manukyan	Office of the Prime Minister, EITI Secretariat	Heas, country coordinator		<a href="mailto:hasmik.manukyan@gov.am">hasmik.manukyan@gov.am</a>

Group	Name Surname	Organization	Position	Members hip Date	Email address
	Anahit Anoyan	Office of the Prime Minister, EITI Secretariat	Expert		

## ANNEX 5. DATA PROVIDED BY REPORTING ENTITIES FOR 2022 (CALCULATED)

(AMD thousand)

TIN 2001 Code	1111 711100	1112 711200		1131 713121 / 1136 713611
Company name	Income tax	Profit tax	Non-resident Profit Tax	Property tax
«Agarak Copper-Molybdenum Combine» CJSC	1,437,786	109,731	41,573	2,999
«Akhtala Mining And Processing Enterprise» CJSC	406,359	-	4,155	2,286
«Active Lernagorts» LLC	2,109	-	-	-
«Assat» LLC	14,655	-	-	-
«At-Metals» LLC	-	-	-	-
«Bacteck Eco» LLC	29,536	-	-	33
«Geghi Gold» LLC	4,204	-	-	6
«Geopromining Gold» LLC	2,818,684	-	376,985	3,393
«Zangezour Copper-Molybdenum Combine» CJSC	8,725,492	17,940,627	151,397	11,866
«Teghout» CJSC	1,108,642	-	16,827	2,644
«Ler-Ex» LLC	214,627	-	-	399
«Lydian Armenia» CJSC	109,752	-	155	1,239
«Lichkvaz» CJSC	123,886	456,035	678	3,543
«Gharagulyanner» LLC	7	-	-	-
«Mego Gold» LLC	1,408	-	-	122
«Meghradzor Gold» LLC	148,166	-	-	679
«Multi Group Concern» LLC	55,912	-	-	10,248
«Paramount Gold Mining» CJSC	2,823	-	-	-
«Sagamar» CJSC	59,371	-	-	1,447



«Vayk Gold» LLC	2,031	-	-	-
«Vardani Zartongy» LLC	-	-	-	-
«Fortune Resources» LLC	3,022	36	-	-
«Kapan Mining and Processing Enterprise» CJSC (former "CHAARAT KAPAN" CJSC)	1,323,849	473,092	11,745	2,323
<b>Total</b>	<b>16,592,322</b>	<b>18,979,522</b>	<b>603,516</b>	<b>43,226</b>

TIN 2001 Code	1145 714522		1145 714523	
	State duty for granting a permit for the use (exploitation) of precious, colored, black, and rare metals.	State duty for granting a water use permit	Environmental taxes according to unified tax calculations of environmental taxes and natural resource use fees	Environmental taxes for goods imported from non-EAEU member countries according to the submitted customs declarations
«Agarak Copper-Molybdenum Combine» CJSC	10,000	-	71,049	3,048
«Akhtala Mining And Processing Enterprise» CJSC	10,000	-	15,045	335
«Active Lernagorts» LLC	10,000	-	-	-
«Assat» LLC	10,000	-	129	-
«At-Metals» LLC	-	-	-	-
«Bacteck Eco» LLC	10,000	-	12	-
«Geghi Gold» LLC	10,000	-	-	-
«Geopromining Gold» LLC	10,000	-	126,756	11,636
«Zangezour Copper-Molybdenum Combine» CJSC	10,000	10	267,202	5,685
«Teghout» CJSC	10,000	-	22,922	3,369
«Ler-Ex» LLC	10,000	-	8	-
«Lydian Armenia» CJSC	10,000	-	-	-
«Lichkvaz» CJSC	10,000	-	161	-
«Gharagulyanner» LLC	10,000	-	-	-
«Mego Gold» LLC	-	-	-	-
«Meghradzor Gold» LLC	10,000	-	827	108
«Multi Group Concern» LLC	10,000	-	2,794	-

«Paramount Gold Mining» CJSC	10,000	-	-	-
«Sagamar» CJSC	10,000	10	991	-
«Vayk Gold» LLC	-	-	-	-
«Vardani Zartonq» LLC	10,000	-	-	-
«Fortune Resources» LLC	50	-	-	-
«Kapan Mining and Processing Enterprise» CJSC (former "CHAARAT KAPAN" CJSC)	10,000	-	7,663	527
<b>Total</b>	<b>190,050</b>	<b>20</b>	<b>515,558</b>	<b>24,708</b>

TIN 2001 Code	1145 714523	1146 714612		1151 715100, 1422 742212, 1145 714511
Company name	Environmental taxes for goods imported from EAEU countries according to the submitted import tax declarations	Natural resource use fees	Royalty	Customs duties
«Agarak Copper-Molybdenum Combine» CJSC	1,686	-	2,269,767	-
«Akhtala Mining And Processing Enterprise» CJSC	311	903	197,798	15,552
«Active Lernagorts» LLC	-	-	-	-
«Assat» LLC	-	-	145	-
«At-Metals» LLC	-	-	-	-
«Bacteck Eco» LLC	-	-	-	143
«Geghi Gold» LLC	-	-	-	-
«Geopromining Gold» LLC	568	2,791	2,414,539	349,369
«Zangezour Copper-Molybdenum Combine» CJSC	792	40,151	33,623,492	592,465
«Teghout» CJSC	304	-	1,101,093	141,400
«Ler-Ex» LLC	-	-	-	-
«Lydian Armenia» CJSC	-	-	-	81
«Lichkvaz» CJSC	-	-	944,315	1,249
«Gharagulyanner» LLC	-	-	-	-
«Mego Gold» LLC	-	-	-	-

«Meghradzor Gold» LLC	-	-	117,374	6,923
«Multi Group Concern» LLC	-	-	-	5,485
«Paramount Gold Mining» CJSC	-	-	-	-
«Sagamar» CJSC	-	-	-	-
«Vayk Gold» LLC	-	-	-	-
«Vardani Zartonyq» LLC	-	-	-	-
«Fortune Resources» LLC	-	-	-	-
«Kapan Mining and Processing Enterprise» CJSC (former "CHAARAT KAPAN" CJSC)	2,625	661	1,935,650	42,348
<b>Total</b>	<b>6,286</b>	<b>44,507</b>	<b>42,604,174</b>	<b>1,155,015</b>

TIN 2001 Code	1415 741520	1431 743120, 1161 716122		
Company name	Rent fees	Environmental fines and penalties	State duty for granting licenses, permits, or certificates for the export of one ton of copper concentrate, molybdenum concentrate, and molybdenum (except for 810297000) during 2022.	Acquisition of land
«Agarak Copper-Molybdenum Combine» CJSC	31,724	-	5,688,160	-
«Akhtala Mining And Processing Enterprise» CJSC	3,600	-	1,640,000	-
«Active Lernagorts» LLC	181	-	-	-
«Assat» LLC	-	-	-	-
«At-Metals» LLC	-	-	-	-
«Bacteck Eco» LLC	1,212	-	-	-
«Geghi Gold» LLC	-	-	-	-
«Geopromining Gold» LLC	68,880	57,707	-	-
«Zangezour Copper-Molybdenum Combine» CJSC	615,012	-	34,600,000	-
«Teghout» CJSC	43,326	-	1,280,000	-
«Ler-Ex» LLC	-	-	-	-
«Lydian Armenia» CJSC	409,551	-	-	-
«Lichkvaz» CJSC	-	11,544	-	3,330
«Gharagulyanner» LLC	-	-	-	-
«Mego Gold» LLC	-	-	-	-

«Meghradzor Gold» LLC	17,286	-	-	-
«Multi Group Concern» LLC	-	-	-	12,221
«Paramount Gold Mining» CJSC	-	-	-	-
«Sagamar» CJSC	1,400	-	-	-
«Vayk Gold» LLC	-	-	-	-
«Vardani Zartonyq» LLC	-	-	-	-
«Fortune Resources» LLC	-	-	-	-
«Kapan Mining and Processing Enterprise» CJSC (former "CHAARAT KAPAN" CJSC)	113,391	-	-	-
<b>Total</b>	<b>1,305,562</b>	<b>69,251</b>	<b>43,208,160</b>	<b>15,551</b>

TIN 2001 Code				
Company name	Fee for conducting continuous monitoring	Supplement to the environmental protection fund	Allocations to the company from the environmental protection fund	Fee for conducting the environmental impact assessment
«Agarak Copper-Molybdenum Combine» CJSC	-	26,028	-	-
«Akhtala Mining And Processing Enterprise» CJSC	255	32,466	-	2,577
«Active Lernagorts» LLC	283	380	-	-
«Assat» LLC	43	145	-	-
«At-Metals» LLC	104	2,787	-	-
«Bacteck Eco» LLC	10	83	-	-
«Geghi Gold» LLC	64	1,718	-	-
«Geopromining Gold» LLC	425	58,957	-	500
«Zangezour Copper-Molybdenum Combine» CJSC	2,757	19,435	-	-
«Teghout» CJSC	-	2,953	-	-
«Ler-Ex» LLC	-	1,108	-	-
«Lydian Armenia» CJSC	16,610	121,938	-	-
«Lichkvaz» CJSC	828	1,454	-	-
«Gharagulyanner» LLC	116	234	-	-
«Mego Gold» LLC	-	-	-	-

«Meghradzor Gold» LLC	397	308	-	-
«Multi Group Concern» LLC	-	-	233	-
«Paramount Gold Mining» CJSC	-	-	-	-
«Sagamar» CJSC	665	1,358	-	303
«Vayk Gold» LLC	-	-	-	-
«Vardani Zartonyq» LLC	-	171	-	-
«Fortune Resources» LLC	-	1,028	-	-
«Kapan Mining and Processing Enterprise» CJSC (former "CHAARAT KAPAN" CJSC)	2,428	6,869	-	-
<b>Total</b>	<b>24,984</b>	<b>279,419</b>	<b>233</b>	<b>3,381</b>

TIN 2001 Code			
Company name	Obligations related to the socio-economic development of communities specified in the mining contract	Charitable contributions, donations, or other forms of support made to the community by the subsoil user	Donations, or other forms of gratuitous transfers made by the subsoil user to non-commercial legal entities and individuals
«Agarak Copper-Molybdenum Combine» CJSC	37,920	3,217	46,787
«Akhtala Mining And Processing Enterprise» CJSC	-	60,000	4,144
«Active Lernagorts» LLC	-	-	-
«Assat» LLC	15,000	-	-
«At-Metals» LLC	-	-	-
«Bacteck Eco» LLC	250	-	1,344
«Geghi Gold» LLC	600	200	-
«Geopromining Gold» LLC	-	60,988	68,116
«Zangezour Copper-Molybdenum Combine» CJSC	1,367,900	1,092,949	4,003,638
«Teghout» CJSC	-	34,820	1,850
«Ler-Ex» LLC	-	-	-
«Lydian Armenia» CJSC	-	-	-
«Lichkvaz» CJSC	-	24,058	24,712
«Gharagulyanner» LLC	500	500	250

«Mego Gold» LLC	-	-	-
«Meghradzor Gold» LLC	-	-	8,016
«Multi Group Concern» LLC	-	10,000	-
«Paramount Gold Mining» CJSC	-	-	-
«Sagamar» CJSC	1,563	-	-
«Vayk Gold» LLC	-	-	-
«Vardani Zartonyq» LLC	-	-	-
«Fortune Resources» LLC	-	-	-
«Kapan Mining and Processing Enterprise» CJSC (former "CHAARAT KAPAN" CJSC)	-	148,280	103,033
<b>Total</b>	<b>1,423,733</b>	<b>1,435,012</b>	<b>4,261,889</b>

## ANNEX 6. ADJUSTMENTS MADE ON RECONCILIATION FOR 2022

Company-Income stream	Submitted preliminary report 2022 K AMD		Submitted final report 2022 K AMD		Final discrepancy K AMD	Share of discrepancy %	Comment on adjustment
	By companies	By state bodies	By companies	By state bodies			
<b>«Agarak Copper-Molybdenum Combine» CJSC</b>							
VAT	520,787	669,018	660,476	669,018	(8,541)	-1.3%	The difference was due to a mechanical error by the company. the VAT to be offset has not been specified.
Custom duties and fees	-	53,575	51,616	53,575	(1,959)	-3.8%	The difference was due to a mechanical error by the company. The amount of the customs duty was not specified.
Riyalty	2,269,767	2,269,762	2,269,767	2,269,762	5	0.0%	
Rent payments	31,724	31,724	31,724	31,724	-	0.0%	
Obligations related to the socio-economic development of the communities defined by the subsoil use agreement	37,920	36,000	37,920	37,920	-	0.0%	The difference was due to the fact that the local government did not indicate the amount that entered the non-community budget.
<b>«Akhtala Mining And Processing Enterprise» CJSC</b>							
VAT	40,638	40,638	40,638	40,638	-	0.0%	
Custom duties and fees	15,552	15,466	15,552	15,466	86	0.6%	
Riyalty	197,798	197,798	197,798	197,798	-	0.0%	
Rent payments	3,600	9,574	9,574	9,574	-	0.0%	The difference was due to a mechanical error by the company. the rent of the plot was not mentioned.

Company-Income stream	Submitted preliminary report 2022 K AMD		Submitted final report 2022 K AMD		Final discrepancy K AMD	Share of discrepancy %	Comment on adjustment
	By companies	By state bodies	By companies	By state bodies			
Obligations related to the socio-economic development of the communities defined by the subsoil use agreement	-	60,000	-	-	-	0.0%	The difference was caused by the absence of a field on voluntary fees in the public report of the local government, due to which voluntary and mandatory fees were presented as mandatory.
<b>«Geopromining Gold» LLC</b>							
VAT	1,107,508	1,107,261	1,107,508	1,107,261	247	0.0%	
Custom duties and fees	349,369	349,418	349,369	349,418	(49)	0.0%	
Riyalty	2,414,539	2,414,539	2,414,539	2,414,539	-	0.0%	
Rent payments	68,880	68,000	68,880	68,000	880	1.3%	
<b>«Zangezour Copper-Molybdenum Combine» CJSC</b>							
VAT	3,363,370	3,363,222	3,363,370	3,363,222	148	0.0%	
Custom duties and fees	592,465	594,715	592,465	594,715	(2,250)	-0.4%	
Riyalty	33,623,492	33,454,912	33,623,492	33,623,492	-	0.0%	The difference was due to a mechanical error by the SRC. The adjusted version of the royalty report was not taken into account when taking the data.
Rent payments	615,012	615,012	615,012	615,012	0	0.0%	
Obligations related to the socio-economic development of the communities defined by the subsoil use agreement	1,367,900	1,318,348	-	-	-	0.0%	The difference was caused by the absence of a field on voluntary fees in the public report of the local government, due to which voluntary and mandatory fees were presented as mandatory. And the company does not have an obligation regarding socio-economic development defined by the subsoil use contract, therefore the amounts indicated as



Company-Income stream	Submitted preliminary report 2022 K AMD		Submitted final report 2022 K AMD		Final discrepancy K AMD	Share of discrepancy %	Comment on adjustment
	By companies	By state bodies	By companies	By state bodies			
							an obligation are attributed to the donation to the community.
<b>«Teghout» CJSC</b>							
VAT	1,239,670	340,880	340,880	340,880	-	0.0%	The significant difference was due to a mechanical error by the company. the VAT to be offset has not been specified.
Custom duties and fees	141,400	141,409	141,400	141,409	(9)	0.0%	
Riyalty	1,101,093	1,101,093	1,101,093	1,101,093	-	0.0%	
Rent payments	43,326	43,326	43,326	43,326	-	0.0%	
Obligations related to the socio-economic development of the communities defined by the subsoil use agreement	-	30,000	-	-	-	0.0%	The difference was caused by the absence of a field on voluntary fees in the public report of the local government, due to which voluntary and mandatory fees were presented as mandatory.
<b>«Ler-Ex» LLC</b>							
VAT	197,006	197,006	197,006	197,006	(0)	0.0%	
<b>«Lydian Armenia» CJSC</b>							
Custom duties and fees	81	189	81	189	(108)	-133.1%	
Rent payments	409,551	409,551	409,551	409,551	-	0.0%	
<b>«Lichkvaz» CJSC</b>							
VAT	755,641	354,284	354,260	354,284	(24)	0.0%	The significant difference was due to a mechanical error by the company. the VAT to be offset has not been specified.
Custom duties and fees	1,249	1,452	1,249	1,452	(204)	-16.3%	
Riyalty	944,315	944,315	944,315	944,315	-	0.0%	

Company-Income stream	Submitted preliminary report 2022 K AMD		Submitted final report 2022 K AMD		Final discrepancy K AMD	Share of discrepancy %	Comment on adjustment
	By companies	By state bodies	By companies	By state bodies			
Rent payments	-	6,889	6,889	6,889	-	0.0%	The difference was due to a mechanical error by the company. The rental amount was not mentioned.
Obligations related to the socio-economic development of the communities defined by the subsoil use agreement	-	4,348	-	-	-	0.0%	The difference was caused by the absence of a field on voluntary fees in the public report of the local government, due to which voluntary and mandatory fees were presented as mandatory.
<b>«Meghradzor Gold» LLC</b>							
VAT	2,639	6,779	6,779	6,779	-	0.0%	
Custom duties and fees	6,923	6,942	6,923	6,942	(19)	-0.3%	
Riyalty	117,374	117,374	117,374	117,374	-	0.0%	
Rent payments	17,286	18,683	18,683	18,683	-	0.0%	
Obligations related to the socio-economic development of the communities defined by the subsoil use agreement	-	4,950	-	-	-	0.0%	The difference was caused by the absence of a field on voluntary fees in the public report of the local government, due to which voluntary and mandatory fees were presented as mandatory.
<b>«Kapan Mining and Processing Enterprise» CJSC (former "CHAARAT KAPAN" CJSC)</b>							
VAT	125,185	125,185	125,185	125,185	0	0.0%	
Custom duties and fees	42,348	42,348	42,348	42,348	-	0.0%	
Riyalty	1,935,650	1,935,650	1,935,650	1,935,650	-	0.0%	
Rent payments	113,391	1,912	113,391	113,391	-	0.0%	The difference was due to a mechanical error. Local self-government bodies has not indicated the servitude payments

Company-Income stream	Submitted preliminary report 2022 K AMD		Submitted final report 2022 K AMD		Final discrepancy K AMD	Share of discrepancy %	Comment on adjustment
	By companies	By state bodies	By companies	By state bodies			
Obligations related to the socio-economic development of the communities defined by the subsoil use agreement	-	145,500	-	-	-	0.0%	The difference was caused by the absence of a field on voluntary fees in the public report of the local government, due to which voluntary and mandatory fees were presented as mandatory.
<b>Total</b>	<b>53,814,448</b>	<b>52,649,046</b>	<b>51,356,081</b>	<b>51,367,878</b>	<b>(11,797)</b>	<b>0.0%</b>	

## ANNEX 7. TABLES OF GRAPHS PRESENTED IN THE REPORT

**Figure 4.1.1**

*The confirmed amounts of metal ore during 2010 – 2022, broken down by regions, thousand tons*

Region	Iron ore	Gold ore	Magnesium ore	Copper ore	Chromite ore
Gegharkunik			21,289		2,435
Lori	158,425	4,972			
Syunik		31,870		8,007	
Vayots Dzor		33,025			
Aragatsotn		2,393			

**Figure 4.1.2**

*The confirmed amounts of metal ore during 2010 – 2022, broken down by regions, thousand tons*

Region	Melting iron	Magnesium oxide	Lead ore	Molybdenum	Chromium oxide	Zink
Gegharkunik		10,172			410	
Lori	66,636					
Syunik			62	4		248
Vayots Dzor			6			31

**Figure 4.1.3**

*The volume of geological studies during 2012 – 2022, million AMD*

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Value	154	125	1,333	719	543	353	1,017	318	26	84	518

**Figure 4.2.1**

*Volumes of territorial production of mining industry in monetary expression in 2014-2022, million AMD*

Region	2014	2015	2016	2017	2018	2019	2020	2021	2022
Syunik	168,165	146,159	167,184	236,667	259,558	282,574	300,423	461,652	440,179
Lori	10,695	54,899	66,515	79,088	7,263	35,456	57,838	92,571	23,145
Gegharkunik	8,279	12,855	14,854	15,089	18,886	23,165	26,435	14,198	20,119
Kotayk	1,099	1,599	2,547	1,517	1,567	1,750	2,203	1,837	1,889
Total	188,238	215,513	251,099	332,362	287,274	342,944	386,900	570,259	485,332

**Figure 4.2.2**

*Production of molybdenum concentrate and ferromolybdenum in 2022, by companies*

Company name	Community	2022	
		Volume, wmt	Value, mln AMD
“Zangezur Copper-Molybdenum Combine“ CJSC	RA, Syunik region, Kajaran	17,698	61,738
“Teghout” CJSC	RA, Lori region, Teghout	232	1,215
“Agarak Copper Molybdenum Combine” CJSC	RA, Syunik region, Meghri	878	3,802
<b>Total</b>		<b>18,808</b>	<b>66,755</b>

**Figure 4.3.1.1 , 4.3.1.2**

2021 and 2022 export of metal products, thousand tons

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Copper ore	173.21	185.09	309.18	402.59	475.76	424.8	562.02	470.47	429.48	410.9
Zink ore	18.34	14.34	14.13	9.57	10.91	12.47	12.16	10.48	12	11.8
Molybdenum ore	0.78	0.9	0.98	0.21	1.21	0.76	2.09	15.23	10.23	10.3
Ferromolybdenum	6.66	6.5	5.58	6.66	6.8	7.11	8.87	6.75	8.16	8.9
<b>Total</b>	<b>198.99</b>	<b>206.83</b>	<b>329.87</b>	<b>419.03</b>	<b>494.68</b>	<b>445.14</b>	<b>585.14</b>	<b>502.93</b>	<b>459.87</b>	<b>441.9</b>

**Figure 4.3.1.3**

Export of metal product types in 2013-2022, million dollars

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Copper ore	236	317	370	571	525	627	560	769	663
Ferromolybdenum	110	56	66	84	126	142	86	189	252
Molybdenum ore	9	6	1	9	8	18	95	122	155
Zink ore	14	12	11	17	20	16	10	16	19
Gold	82	99	141	145	177	224	247	134	414

**Figure 4.3.1.4, 4.3.1.5**

Distribution of copper concentrate exports during 2013-2022, by countries, million US dollars

Country	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Switzerland	12.42	-	14.84	23.54	84.14	130.75	191.55	241.38	287.54	161.2
China	64.79	138.01	138.93	68.18	115.89	94.74	174.42	176.66	286.16	277.2
Bulgaria	150.66	84.59	78.53	163.04	281.21	213.92	205.83	141.83	195.55	206.1
Georgia	-	-	44.07	92.71	86.76	8.81	2.32	-	-	-
Australia	-	-	-	-	-	-	-	-	-	-
Other	52.05	13.27	40.28	22.57	3.49	77.25	52.55	-	-	18.4
<b>Total</b>	<b>279.92</b>	<b>235.87</b>	<b>316.65</b>	<b>370.04</b>	<b>571.49</b>	<b>525.47</b>	<b>626.67</b>	<b>559.87</b>	<b>769.25</b>	<b>662.9</b>

**Figure 4.3.1.6**

*Distribution of exports of molybdenum concentrate during 2013-2022, by countries, million US dollars*

Country	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
China	-	-	-	-	-	-	2.42	81.14	99.8	80.5
Switzerland	-	-	-	-	-	-	6.87	6.26	10.97	-
Belgium	-	-	-	-	1.37	6.54	7.39	4.7	5.73	19.8
South Korea	-	-	-	-	-	-	0.28	-	4.9	10.4
Russian Federation	-	-	0.4	-	0.78	1.1	0.94	2.74	0.92	30.7
Other	6.65	8.74	5.76	0.94	6.48	-	-	0.5	-	13.7
<b>Total</b>	<b>6.65</b>	<b>8.74</b>	<b>6.16</b>	<b>0.94</b>	<b>8.63</b>	<b>7.64</b>	<b>17.9</b>	<b>95.34</b>	<b>122.32</b>	<b>155.1</b>

**Figure 4.3.1.7**

*Distribution of ferromolybdenum exports during 2013-2022, by countries, million US dollars*

Country	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
The Netherlands	58.01	61.83	34.58	47.85	75.33	123.56	140.55	74.01	175.32	198.3
Russian Federation	-	-	0.82	1.67	5.35	2.31	1.88	10.2	10.84	51.9
Germany	44.37	47.88	20.11	16.5	3.71	-	-	-	-	-
Other	-	-	-	-	-	-	-	1.35	2.58	1.7
<b>Total</b>	<b>102.38</b>	<b>109.71</b>	<b>55.51</b>	<b>66.02</b>	<b>84.39</b>	<b>125.87</b>	<b>142.43</b>	<b>85.56</b>	<b>188.74</b>	<b>251.9</b>

**Figure 4.3.1.8**

*Exports of zinc concentrate by countries, million US dollars*

Country	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Belgium	15.28	11.48	10.12	10.51	15.06	20.49	16.48	10.4	16.17	18.9
The Netherlands	-	2.34	0.61	-	-	-	-	-	-	-
Other	1.76	-	1.29	-	-	-	-	-	-	-
<b>Total</b>	<b>17.04</b>	<b>13.82</b>	<b>12.02</b>	<b>10.51</b>	<b>15.06</b>	<b>20.49</b>	<b>16.48</b>	<b>10.4</b>	<b>16.17</b>	<b>18.9</b>

**Figure 4.3.1.9**

*Exports of crude and semi-processed gold and gold-bearing precious metal concentrates by countries during 2013-2022, million US dollars*

Country	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
India	-	-	-	-	-	-	-	72.97	126.15	97.5
UAE	-	-	1.91	0.05	-	1.53	0.42	40.72	5.25	255.9
Italy	0.23	-	0	0	0.48	5.77	8.38	-	2.27	1.46
Turkey	-	-	-	-	-	-	-	-	-	57.8
Switzerland	-	0.32	-	16.68	144.48	169.44	214.96	132.16	-	-
Canada	73.32	81.54	96.92	124.12	-	-	-	-	-	-
Other	0.03	0.04	0.03	-	0.01	0.16	0.19	1.16	0.14	1.54

<b>Total</b>	<b>73.58</b>	<b>81.9</b>	<b>98.86</b>	<b>140.85</b>	<b>144.97</b>	<b>176.9</b>	<b>223.95</b>	<b>247.01</b>	<b>133.81</b>	<b>414.2</b>
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**Figure 4.4.1**

*Copper concentrate production and international copper prices*

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Copper concentrate, ton	184,494	192,273	315,599	388,534	428,529	317,357	407,793	375,641	357,966	307,585
Average annual price, USD/ton	7,332	6,863	5,510	4,868	6,170	6,530	6,010	6,174	9,317	8,822

**Figure 4.4.2**

*Production of molybdenum concentrate and ferromolybdenum and the international price of molybdenum*

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Molybdenum concentrate, ton	11,635	11,807	10,440	10,662	11,542	11,110	14,431	24,884	22,177	22,337
Ferromolybdenum concentrate, ton	6,619	6,528	5,576	6,526	6,588	7,292	7,712	7,709	8,335	9,164
Average annual molybdenum price, USD/ton	24,762	24,524	12,738	17,262	23,809	28,571	21,905	23,691	44,881	39,173

**Figure 4.4.3**

*2013-2022 Zinc production and international price*

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Zinc concentrate, ton	15,950	14,709	11,319	7,891	9,640	10,828	11,238	12,930	10,622	9,944
Average annual price, USD/ton	19,100	21,610	19,320	20,900	28,910	29,220	25,500	22,660	30,030	34,814

**Figure 4.4.4**

*2013-2022 International gold price, USD*

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Average annual price, USD/troy ounce	1,411	1,266	1,161	1,249	1,258	1,269	1,392	1,770	1,800	1,801

**Figure 5.1.1**

*2022 the share of taxes paid to the state budget by subsoil user companies in the tax revenues of the state budget*

<b>Tax revenues and government duties</b>	1,926	100.00%
<b>Other tax revenues of the state budget</b>	1,796	93.20%
<b>Revenues of subsoil user companies</b>	130	6.80%

**Figure 5.1.2**

*2022 Calculates taxes and fees of subsoil user companies to the state budget, thousand AMD*

Company	2022
«Zangezur Copper-Molybdenum Combine» CJSC	99,416,301,389
«Agarak Copper-Molybdenum Combine» CJSC	10,202,261,617
«Geopromining Gold» LLC	7,287,259,533
«Teghout» CJSC	4,025,148,929
«Kapan Mining and Processing Enterprise» CJSC (former "CHAARAT KAPAN" CJSC)	3,966,367,299
«Akhtala Mining And Processing Enterprise» CJSC	2,275,081,086
«Lichkvaz» CJSC	1,891,639,013
«Ler-Ex» LLC	406,651,795
«Meghradzor Gold» LLC	291,093,033
«Lydian Armenia» CJSC	179,897,213
«Sagamar» CJSC	82,300,904
«Multi Group Concern» LLC	76,107,838
«Bacteck Eco» LLC	39,592,637
«Assat» LLC	24,971,189
«Geghi Gold» LLC	14,350,272
«At-Metals» LLC	13,016,550
«Active Lernagorts» LLC	12,493,018
«Mego Gold» LLC	11,407,938
«Gharagulyanner» LLC	10,122,434
«Fortune Resources» LLC	3,604,775
«Paramount Gold Mining Resources» CJSC	2,929,673
«Vayk Gold» LLC	2,031,296
«Vardani Zartonqy» LLC	32,352
Total	130,234,661,783

**Figure 5.1.3**

2022 Taxes and payments calculated by subsoil user companies to the state budget, million AMD

Type	2022
State export duties	43,208
VAT	6,216
Income tax	16,356
Customs duties	1,211
Profit tax	19,534
Royalty	42,604
Other	1,106



Total	130,235
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**Figure 5.1.4**

2020-2022 taxes paid to the state budget by subsoil user companies, milion AMD

Type	2020	2021	2022
State export duties	0	21,923	43,208
Royalty	45,122	66,025	42,604
Profit tax	16,765	37,473	19,534
Income tax	16,116	16,628	16,355
VAT	388	1,785	6,216
Customs duties	1,737	1,223	1,211
Other taxes and fees	359	838	1,106
<b>Total</b>	<b>80,488</b>	<b>145,895</b>	<b>130,235</b>

**Figure 5.2.1**

2022 taxes and fees calculated to the community budgets of subsoil user companies

	2022
Other income of the RA community	17.8%
Taxes and fees calculated for subsoil user companies to the community budget	82.2%

**Figure 5.2.2**

2022 taxes and fees calculated to the community budgets of subsoil user companies

Type of payment	2022
Rent	1,328,495
Fees related to socio-economic development	1,614,567
Property tax	18,783
Land tax	12,554

**Figure 5.2.3**

Revenues paid to community budgets by subsoil using companies, by region, milion AMD

Region	Revenues paid
Lori	165
Aragatsotn	6
Kotayk	24
Syunik	2,296
Vayots Dzor	411
Gegharkunik	71

**Figure 5.2.4**

2022 taxes and fees calculated by subsoil users to community budgets, thousand AMD

Company	Calculated taxes and fees
Other	30,576
«Ler-Ex» LLC	28
«Lichkvaz» CJSC	14,781
«Meghradzor Gold» LLC	24,311
«Agarak Copper-Molybdenum Combine» CJSC	70,813
«Geopromining Gold» LLC	71,471
«Akhtala Mining And Processing Enterprise» CJSC	71,860
«Teghout» CJSC	77,291
«Kapan Mining and Processing Enterprise» CJSC (former "CHAARAT KAPAN" CJSC)	151,647
«Lydian Armenia» CJSC	411,402
«Zangezour Copper-Molybdenum Combine» CJSC	1,936,819
<b>Total</b>	<b>2,860,999</b>

**Figure 6.1.1**

Share of the quarrying industry in Armenia's GDP, 2014–2022

	2014	2015	2016	2017	2018	2019	2020	2021	2022
GDP Armenia, billion AMD	4,828.63	5,043.63	5,067.29	5,564.49	6,017.04	6,543.32	6,181.66	6,982.85	8,501.44
The share of mining industry in Armenia GDP	2.12%	2.08%	2.57%	3.33%	2.82%	3.25%	3.87%	5.54%	3.80%

**Figure 6.1.2**

2017–2022 Real GDP and mining output indices

	2017	2018	2019	2020	2021	2022
Annual growth of Armenia's total GDP	7.50%	5.20%	7.60%	-7.20%	5.80%	12.60%
Annual dynamics of the gross value added for mining industry	25.70%	-15.50%	37.10%	11.20%	-0.20%	-1.30%

**Figure 6.1.3**

The share of the mining and open-pit mining in the GDP compared to other sectors of the Armenian economy as of 2021-2022, AMD million

Sector	2021	2022
Wholesale and retail trade, repairment of cars and motorcycles	770,436	988,377
Manufacturing industry	771,304	971,902
Agriculture, forestry and fishing	793,116	862,617

Financial and insurance activities	416,144	698,227
Real estate related activities	525,253	686,552
Construction	455,201	578,003
Public health and social services	474,051	468,674
Information and communication	258,845	381,679
Public administration and protection, mandatory social insurance	356,835	372,453
Mining and operation of open-pit mines	386,785	334,741
Transport and warehousing	214,482	300,421
Supply of electricity, gas, steam and high-quality air	202,361	247,614
Culture, entertainment and recreation	217,431	236,157
Education	190,012	208,600
Organization of accommodation and catering	106,665	151,121
Professional, scientific and technical activities	83,325	117,500
Administrative and support activities	48,731	64,897
Other services	46,135	50,503
Water supply,sewerage,waste management and recycling	27,685	30,262
Running a household as an employer,production of undifferentiated goods and services for own consumption in households	2,779	3,021

**Figure 6.1.4**

The share of the mining and open-pit mining in the GDP compared to the 5 largest economic sectors as of 2022

Sector	2017	2018	2019	2020	2021	2022
Wholesale and retail trade, repairment of cars and motorcycles	11.10%	11.50%	11.70%	10.80%	11%	11.60%
Manufacturing industry	10.60%	11.30%	11.70%	10.80%	11%	11.40%
Agriculture, forestry and fishing	15%	13.90%	11.50%	11.30%	11.30%	10.10%
Financial and insurance activities	4.90%	5.50%	6%	7%	6%	8.20%
Real estate related activities	8.40%	8.70%	7.80%	6.90%	7.50%	8.10%
Mining and operation of open-pit mines	3.30%	2.80%	3.30%	3.90%	5.50%	3.90%

**Figure 6.1.5**

Distribution of mining companies per regions of Armenia

Region	2022
Syunik	10
Gegharkunik	1
Lori	6
Aaragatsotn	1
Kotayk	3
Vayots Dzor	3

**Figure 6.1.6**

Annual dynamics of employment in the metal ore mining sector, 2017-2022

	2017	2018	2019	2020	2021	2022

Annual dynamics of employment in metal ore mining, %	3.4%	-0.3%	18.3%	0.8%	-0.9%	1.8%
Employment in the extraction of metal ore, thousand people	7.7	7.7	9.1	9.2	9.1	9.3

**Figure 6.1.7**

During 2017-2022, employment in mining and metal mining sectors, thousand people

	2017	2018	2019	2020	2021	2022
Total employment in mining and open-pit mines operation, thousand people	0.76%	0.85%	0.84%	0.87%	0.85%	0.82%
Total employment in metal mining, thousand people	88.51%	86.52%	83.49%	81.42%	80.70%	82.30%
Total employment, thousand people	1011.7	1048,5	1077.4	1052.4	1088.3	1134.8

**Figure 6.1.8**

The share of mining in total employment compared to the 10 largest sectors of the Armenian economy as of 2022

Sector	Employment 2021, thousand people	Employment 2022, thousand people	Sector's share in the total	
			2021, %	2022, %
Agriculture, forestry and fishing	237	250	21.81%	22.03%
Wholesale and retail trade. repairment of cars and motorcycles	129	133	11.87%	11.72%
Education	118	119	10.85%	10.49%
Manufacturing industry	107	115	9.81%	10.13%
Construction	96	97	8.82%	8.55%
Public administration and protection, mandatory social insurance	91	90	8.32%	7.93%
Public health and social services	61	56	5.62%	4.93%
Transport and warehousing	45	48	4.13%	4.23%
Information and communication	30	42	2.78%	3.70%
Organization of accommodation and catering	28	37	2.61%	3.26%
Mining and operation of open-pit mines	11	12	0.96%	1.06%

**Figure 6.1.9**

Gender structure of employment in the mining sector in 2016-2022

Gender	2017	2018	2019	2020	2021	2022
Man	8.4	8.6	7.8	10.5	9.7	11.5
Woman	0.8	0.6	0.9	1.4	0.8	0.7
Total	9.2	9.2	8.7	11.9	10.5	12.2

**Figure 6.1.10**

The distribution of employees in the metal mining industry by gender, citizenship, and contract duration in 2021 and 2022

	2021	2022
Permanent	10,072	10,112
Temporary	291	253
RA citizen	10,151	10,104
Foreign citizen	212	261
Man	8,738	8,739
Woman	1,625	1,626
<b>Total</b>	<b>10,363</b>	<b>10,365</b>

**Figure 6.1.11**

*Employment in leading mining companies in 2020 and 2021*

Company	2021	2022
“Zangezur Copper-Molybdenum Combine” CJSC	4,374	4,618
“Geopromining Gold” LLC	1,765	1,627
“Agarak Copper-Molybdenum Combine” CJSC	1,119	1,107
“Teghout” CJSC	1,035	1,007
“Kapan Mining and Processing Plant” CJSC	1,029	1,010
“Akhtala Mining and Processing Enterprise” CJSC	491	465
#REF!	220	184
«Ler-Ex» LLC	90	106
«Lichkvaz» CJSC	66	74
«Sagamar» CJSC	48	48
Other	126	119
<b>Total</b>	<b>10,363</b>	<b>10,365</b>

**Figure 6.1.12**

*Percentage distribution of employees in all sectors by regions and the capital city in 2021 and 2022*

	2021	2022
Yerevan	299	392
Armavir	131	140
Ararat	109	106
Kotayk	104	86
Lori	96	71
Shirak	90	73
Gegharkunik	78	85
Syunik	62	65
Aragatsotn	56	58
Tavush	45	40
Vayots Dzor	19	19

**Figure 6.1.13**

*Percentage distribution of people employed in the metal mining industry by regions and capital city in 2021 and in 2022*

	2020	2022
Syunik	6,796	6,698
Gegharkunik	1,898	1,529
Lori	1,162	1,571
Yerevan	477	385
Kotayk	221	178
Vayots Dzor	36	4
<b>Total</b>	<b>10,590</b>	<b>10,365</b>

**Figure 6.2.1.1**

2022, Fulfillment by subsoil user companies of obligations on socio-economic development established by the subsoil use agreement, by communities, thousand AMD

Community	Amount of fulfillment of obligation
Meghri	39,170
Stepanavan	1,319
Kajaran	600
Pambak	411
Gyulagarak	83
<b>Total</b>	<b>41,583</b>

**Figure 6.2.2.1**

Revenue from donations, contributions, or other forms of gratuitous transfers made by subsoil-using companies to community budgets in 2022, classified by leading communities, million AMD

Community	Revenue
Tsaghkadzor	4,950
Pambak	15,000
Shnogh	34,820
Meghri	37,731
Sisian	50,410
Ararat	60,988
Alaverdi	70,000
Kajaran, Kapan	496,049
Kapan	1,025,657
Kajaran	1,026,756
<b>Total</b>	<b>2,822,362</b>

**Figure 6.2.3.1**

Donations made by subsoil users in 2022 per directions, AMD thousand

Direction	Value
Other legal entities	490,387
NPO	26,496

Individuals	314,843
Public organizations	246,816
Funds	3,247,570
Total	4,326,111

**Figure 6.2.3.2**

*Donations made by subsoil users to foundations in 2022, AMD thousand*

Company name	Gary Kesayan Cultural Foundation	Zangezur Copper-Molybdenum Combine Charitable Foundation	Kapan Charitable Foundation	HFC Armenia	Syunik Region Development and Investment Fund of RA	City of Smile Charitable Foundation	Gagik Tsarukyan Charitable Foundation
«Geopromining Gold» LLC	5,000					6,000	
«Zangezur Copper-Molybdenum Combine» CJSC		314,394	60,000	3,550		2,098	
«Kapan Mining and Processing Enterprise» CJSC					5		
«Multi Group Concern» LLC							21,480

**Figure 6.2.3.3**

*Financial and non-financial donations made by subsoil users to nongovernmental organizations in 2022, AMD thousand*

Company name	«Kapan Mining and Processing Enterprise» CJSC	«Geopromining Gold» LLC	«Zangezur Copper-Molybdenum Combine» CJSC
Art23 NGO		2,000	
Ararat Boxing Federation		1,500	
Armenian Eagles Patriotic Organization NGO		2,850	
Boxing Federation of Armenia			138,000
Chess Federation of Syunik Region			12,000
Syunik Region Athletic Federation NGO			2,701
Parnas Cultural NGO			70,403

House of Hope and Faith Charitable NGO			442
House of Hope and Faith Charitable NGO			3,600
Kudo Federation of Armenia			4,556
Syunik region Voghj NGO of Support for the disabled			1,150
Sambo Federation of Armenia			4,000
"Andok Syuni Development" NGO			65
"Andok Syuni Development" NGO			150
Kapan Veterans' Council	148		
Azatamart Committee	3,250		

**Figure 6.2.3.4**

*Financial and non-financial donations made by subsoil users to state and community non-commercial organizations in 2022, AMD million*

Company name	«Agarak Copper-Molybdenum Combine» CJSC	«Akhtala Mining And Processing Enterprise» CJSC	«Bacteck Eco» LLC	«Geopromining Gold» LLC	«Zangezur Copper-Molybdenum Combine» CJSC	«Kapan Mining and Processing Enterprise» CJSC
Meghri Secondary School No. 2	315					
Akhtala Community School		620				
Arjut School			1,344			
Vardenis School				200		
Kapan High School No. 2					2,598	
Kajaran Kindergarten No. 1					3,920	
Kajaran Integrated Youth Sports School					630	
Kajaran Children's Art School					382	
Geghanush Secondary School					1,446	
Kapan Secondary School No. 8						131
Kajaran Community Library Union						34



**Figure 6.2.3.5**

*Financial and non-financial donations made by subsoil users to other non-commercial organizations in 2022, AMD million*

Company name	«Agarak Copper-Molybdenum Combine» CJSC	«Geopromining Gold» LLC	«Zangezur Copper-Molybdenum Combine» CJSC	«Kapan Mining and Processing Enterprise» CJSC
Agarak Copper-Molybdenum Combine CJSC Trade Union Organization	14,539			
Russian Drama Theatre Named After K.S. Stanislavsky		8,796		
Ararat MC		12,500		
Yerevan perspectives international music festival			140,000	
Physical Culture and Sambo Sports Development Organization			41,000	
ZCMC CJSC Trade Union Organization			82,010	
Kapan Fallen and Wounded Freedom Fighters' Families Organization			7,200	
TMM educational and development center			9,600	
Kapan Cultural Center			20,468	
Union of Miners and Metallurgists of Armenia			32,100	
Union of Miners and Metallurgists of Armenia			20,000	
Mission Armenia NGO			36,000	
Diocese of Syunik of Armenian Apostolic Holy Church				4,620
Goris Saint Grigor Lusavorich Church				8,000
Other				4,000
State Non-Governmental Expertise of RA Projects CJSC				33,239
Haldi Consult LLC				2,200
Hrant Qalashyan IE				4,519
Raz Building LLC				3,241
Constanta Build LLC				3,241

**Figure 6.2.3.6**
*Donations and the number of individuals being donated by subsoil users in 2022, AMD thousand*

Company name	Amount of donation, AMD thousand	Number of individuals
«Lydian Armenia» CJSC	72,000	266
«Lichkvaz» CJSC	654	2
«Kapan Mining and Processing Enterprise» CJSC	31,831	411
«Zangezour Copper-Molybdenum Combine» CJSC	142,564	208
«Akhtala Mining And Processing Enterprise» CJSC	3,524	30
«Agarak Copper-Molybdenum Combine» CJSC	31,933	34
«Geopromining Gold» LLC	29,270	34

**Figure 7.3.2**
*Discrepancy of income streams share in 2016-2022, thousand AMD*

	2016	2017	2018	2019	2020	2021	2022
Gov. body (initial data)	47,072,244	82,545,898	76,125,949	84,466,741	49,492,589	70,333,893	52,649,046
Initial discrepancy	2,164,971	10,046,717	2,646,682	193,133	1,198,244	96,440	1,165,402
%	5%	12%	3%	0.23%	2%	0.14%	2%
Gov. body (adjusted data)	50,037,989	85,708,763	76,228,830	84,504,193	49,520,978	70,852,310	51,367,878
Final discrepancy	132,639	798,937	2,530,694	23,299	884,302	383,457	11,797
	0.27%	0.93%	3.32%	0.03%	1.79%	0.54%	0.02%



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