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REPUBLIC OF ARMENIA EXTRACTIVE INDUSTRIES TRANSPARENCY  
INITIATIVE (EITI) REPORT 2020 - 2021

**ARMENIA  
EITI**

**Extractive Industries  
Transparency Initiative**



2022  
ԵՐԵՎԱՆ - YEREVAN



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## List of abbreviations

|       |  |
|-------|--|
| AMD   | Armenian Dram  |
| CJSC  | Closed Joint Stock Company                                 |
| dmt   | Dry metric ton   |
| EEU   | Eurasian Economic Union                                    |
| EIA   | Environmental impact assessment                            |
| EITI  | Extractive Industries Transparency Initiative              |
| GHG   | Greenhouse gas   |
| IEA   | International energy agency                                |
| IFRS  | International Financial Reporting Standards                |
| LLC   | Limited Liability Company                                  |
| LSGB  | Local Self-Governing Body                                  |
| MSG   | Multi-stakeholder group                                    |
| MTAI  | Ministry of Territorial Administration and Infrastructures |
| NGO   | Non-governmental organization                              |
| OJSC  | Open Joint Stock Company                                   |
| TIN   | Taxpayer Identification Number                             |
| UAE   | United Arab Emirates                                       |
| UNECE | United Nations Economic Commission for Europe              |
| USD   | United States dollar                                       |
| VAT   | Value Added Tax  |
| Wmt   | Wet metric ton   |



# INTRODUCTION

## INTRODUCTION

The Extractive Industries Transparency Initiative (EITI) is a global Standard to promote the open and accountable management of natural resources with 56 member countries (as of December 2021). The EITI value chain includes all the key issues related to the extractive industry spanning from subsoil exploration to extraction of minerals to the sector's environmental and socio-economic impact in the country. In particular, the range of issues addressed includes the following: how are permits and contracts for subsoil use and other activities of the sector issued and registered, who are the beneficiaries of these processes, what are the financial and legal regulations, what is the production volume, what is the amount of income transferred to the State budget from the sector, how are these incomes distributed, what are the investments in the economy (including the increase in the level of employment).

The EITI seeks to assist the creation of more transparent and accountable government and business institutions as well to create grounds for mutual understanding between the parties by promoting public dialogue.

### **The EITI process in Armenia**

Armenia's process of becoming an EITI member was initiated in July 2015. The membership of the Republic of Armenia was approved on March 9, 2017, at the EITI board meeting in Bogota.<sup>1</sup>

After becoming an EITI candidate, every EITI implementing country should undergo a validation process during a period of two and a half years and once every three years. Validation allows assessing the progress of the country in terms of meeting each of the EITI requirements. Validation is realized by the EITI International Board and entities carrying out independent. Based on the validation report of the country the EITI International Board decides on the progress assessment.

On July 9, 2020, the EITI International Board, following the results of the first validation of Armenia, awarded Armenia the highest rating: Armenia recorded satisfactory progress in the implementation of the EITI 2016 standard.<sup>2</sup>

According to validation assessment for 20 requirements Armenia has received a high score of satisfactory progress and an excellent (beyond) score on 4 requirements.

The Board has decided to implement next validation process for Armenia on 9 July, 2023.

### **The EITI Multi-stakeholder Group of Armenia**

One of the key components of EITI Standard implementation is the establishment of multi-stakeholder group (MSG), which is the main decision-making body in the framework of the Initiative and is comprised of the representatives from the government, mining companies and civil society. The MSG is formed with the purpose of managing EITI processes, overseeing the EITI report preparation process and reporting the results, as well as promoting the integration of EITI Standard in transparency activities realized in the country. Members of each of the MSG constituencies are elected according to the procedures established by the given constituency, thus ensuring the independence of the MSG members. The MSG should ensure the transparency and

<sup>1</sup> <https://eiti.org/documents/36th-board-meeting-agenda-and-minutes>

<sup>2</sup> <https://eiti.org/board-decision/2020-39>

publicity of invitation for participation in activities and the representation of the interested parties including independent civil society groups, media, unions and relevant state institutions.

The Republic of Armenia MSG is comprised of fifteen members, including:

- six representatives from the Government of the Republic of Armenia,
- four representatives from mining companies,
- five representatives from the civil society (including one from academia).

RA EITI MSG has set the following priorities for 2020-2021<sup>3</sup>:

1. *Deepening the implementation of the EITI standard of transparency and accountability in the mining industry, elimination of the identified findings*
2. *Development of institutional capacities of stakeholders of the sector, introduction of a system of systematic disclosures, development of capacities for the use and analysis of identified data of the sector ,*
3. *Ensuring awareness about the mining industry*
4. *Improvement of the culture of responsible mining by applying the international best experience and improving legal regulations,*
5. *Improvement of the competitive investment environment for responsible investors:*

The working program<sup>4</sup> of Armenia EITI 2021-2022 sets the following objectives of EITI implementation:<sup>5</sup>

1. *Provision of available and updated information,*
2. *The increase of accountability and public control, reduction of corruption risks:*
  - *Maintenance of the EITI membership status of Armenia,*
  - *Preparation of the EITI Report in accordance with the EITI standard,*
  - *Launch of the public online register for identification of real beneficiaries, ensuring the availability of the information on real beneficiaries, the increase of opportunities of public control,*
  - *Expansion of the framework of the EITI of Armenia, compliance of RA legislation in case of decision of MSG on the expansion of the framework of the implementation of EITI standard,*
3. *Ensuring EITI data systematic disclosures, improvement of capacities of EITI MSG and stakeholders,*
4. *Implementation of the culture of responsible mining:*

<sup>3</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>4</sup> Ibid

<sup>5</sup> Ibid



## The scope of EITI in Armenia

*The scope of the EITI in Armenia covers metal mining sub-sector of the mining industry<sup>6</sup>.*

The metal mining sector is an important contributor to the economy of Armenia. According to data provided by the Ministry of Territorial Administration and Infrastructure (MTAI) as of 30 November 2022 there were 961 mines including 45 metal mines confirmed by the State Cadaster of Mines, Deposits and Occurrences of Minerals of the Republic of Armenia managed by the Republican Geological Fund. There were 26 and 24 metal mining companies in Armenia with the metal mineral extraction permits in 2020 and 2021, respectively.

Within the framework of the implementation of the EITI standard, the state authorities and mining companies are submitting reports with the disclosure about the production, sale, export, income, employment, payments made to the government and communities by the metal mining companies, on top of the inclusion of a range of information related to the income received by the government and the management of these income flows. It is also required that the companies and government agencies disclose information about geological studies, natural resources exploration, extraction, export and financial flows, as well as information about granting or transfer of licenses to companies. As required by the EITI Standards, the results are reconciled by an independent administrator and published annually together with other information about the extractive industry. Apart from the annual EITI report, EITI implementing countries also publish annual progress reports. The scope of the fourth report of Armenia was determined during the April 27, 2022, meeting of the MSG<sup>7</sup>, which reaffirmed the requirement from all companies holding metal mineral extraction permits – except for those, which declared bankruptcy – to submit reports for the 2020 and 2021 financial years.

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<sup>6</sup>The EITI MSG meeting minutes in Armenia dated April 27, 2022:  
[https://www.eiti.am/file\\_manager/EITI%20Documents/Minutes/MSG\\_meeting\\_minute\\_27\\_04\\_2022\\_arm.pdf](https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG_meeting_minute_27_04_2022_arm.pdf)

<sup>7</sup>Ibid

# 1

## THE METHODOLOGY AND THE SCOPE OF THE EITI REPORT



# 1. THE METHODOLOGY AND THE SCOPE OF THE EITI REPORT

In a meeting of the Republic of Armenia EITI MSG held on April 27, 2022<sup>8</sup>, the scope of work of the Independent Administrator, the list of companies and state agencies to be included in the report were approved, as well reconciliation criteria were clarified for companies and income flows. During the same meeting it was decided that this EITI report should include information for 2020 and 2021.

## 1.1 Companies and State Agencies presented in the EITI report

Within the framework of the above-mentioned meeting MSG agreed that all companies holding permit for metal mineral extraction should be included in the EITI report. Hence, the following subsoil companies are considered reporting companies for 2020-2021:

|   | Mining company                                  | Registration number | Signing date and number of contract |
|---|---|---------------------|-------------------------------------|
| 1.  | “Chararat Kapan” CJSC                           | 27.120.01216        | PV-183 (27.11.2012)                 |
| 2.  | “Geghi Gold” LLC                                | 72.110.121815       | P-544 (22.07.2016)                  |
| 3.  | “Bacteck Eco” LTD                               | 282.110.06759       | P-515 (22.08.2014)                  |
| 4.  | “Gharagulyanner” CJSC                           | 286.120.929505      | P-547 (25.10.2016)                  |
| 5.  | “At-Metals” LLC                                 | 271.110.738775      | P-514 (16.01.2015)                  |
| 6.  | “Vayk Gold” LLC                                 | 264.110.111245      | P-371 (30.11.2012)                  |
| 7.  | “Sagamar” CJSC                                  | 278.120.03167       | PV-093 (20.10.2012)                 |
| 8.  | “Assat” LLC                                     | 77.110.00569        | PV-366 (06.06.2013)                 |
| 9.  | “Megradzor Gold” LLC                            | 286.110.07682       | PV-057 (22.08.2012)                 |
| 10.   | “Ler-Ex” LLC                                    | 27.110.00893        | PV-094 (16.08.2012)                 |
| 11.   | “Akhtala Mining and Processing Enterprise” CJSC | 96.120.00632        | PV-103 (20.10.2012)                 |
| 12.   | “Geopromining Gold” LLC                         | 273.110.02424       | PV-189 (20.10.2012)                 |
| 13.   | “Lydian Armenia” CJSC                           | 264.120.07314       | PV-245 (26.09.2012)                 |
| 14.   | “Agarak Copper-Molybdenum Combine” CJSC         | 79.140.00036        | PV-311 05.04.2013                   |
| 15.   | “Teghout” CJSC                                  | 286.120.06078       | PV-376 (20.02.2013)                 |
| 16.   | “Zangezour Copper-Molybdenum Combine” CJSC      | 27.140.00009        | PV-232 (27.11.2012)                 |
| 17.   | “Active Lernagorts” LLC                         | 273.110.03365       | PV-425 (28.12.2012)                 |
| 18.   | “Lichqvaz” CJSC                                 | 286.120.07744       | PV-293 (22.11.2012)                 |
| 19.   | “Multi Group Concern” LLC                       | 42.110.01460        | PV-213 (20.10.2012)                 |
| 20.   | “Vardani Zartongy” LLC                          | 79.110.00234        | PV-239 (27.09.2012)                 |
| 21.   | “Molibdeny Ashxarh” LLC                         | 286.110.05872       | PV-174 (07.11.2012)                 |
| 22.   | “Fortune Resources” LLC                         | 39.110.01312        | PV-169 (20.10.2012)                 |
| 23.   | “Paramount Gold Mining” CJSC <sup>9</sup>       | 286.120.58034       | 089 (12.06.2012)                    |
| <b>Solely state agencies submitted public reports for below companies for 2020-2021 reporting years</b> |   |                     |                                     |
| 24.   | «Mego Gold» LLC                                 | 77.110.00610        | PV-184 (28.12.2012)                 |
| 25.   | «Tatstone» LLC                                  | 264.110.06348       | P-459 (11.02.2013)                  |
| 26.   | «Marjan Mining Company» LLC <sup>10</sup>       | 273.110.05412       | PV-398 (07.03.2013)                 |

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

<sup>9</sup> “Paramount Gold Mining” CJSC is not considered as a reporting company for the year 2021.

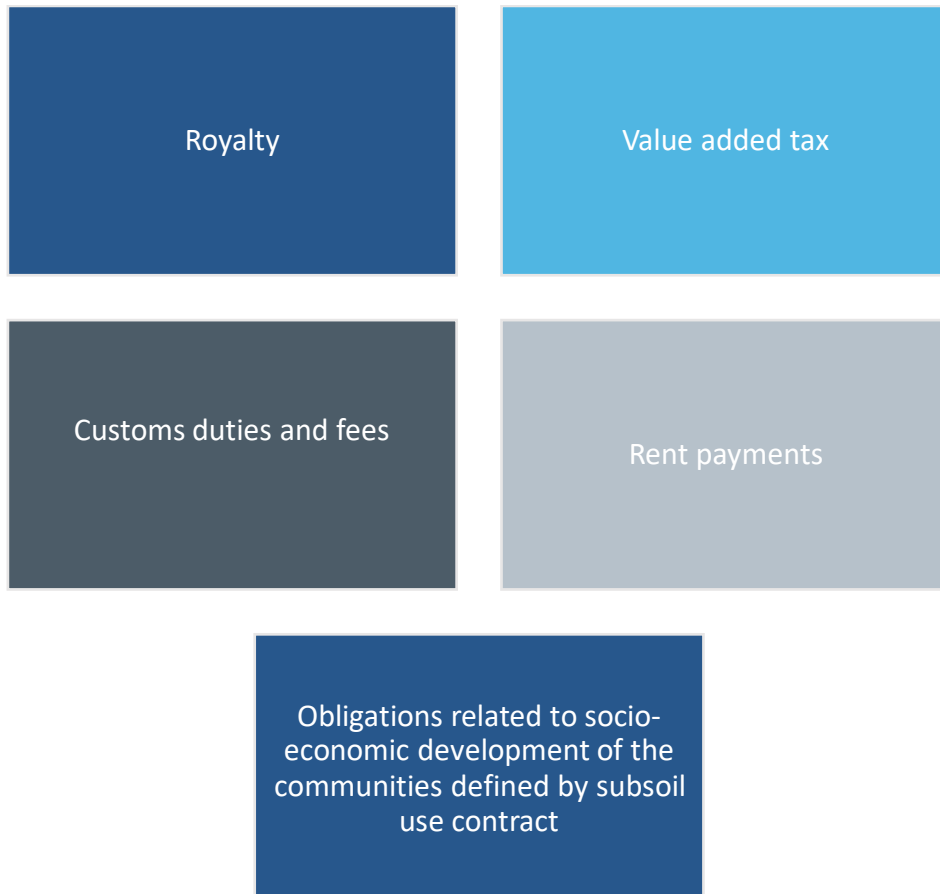
<sup>10</sup> “Marjan Mining Company” LLC is not considered as a reporting company for the year 2021.

In accordance with MSG decision, for the purpose of reports for 2020 and 2021, the reports were submitted unilaterally by the reporting state agencies for the companies that ceased its operations under mining permits as of August 21, 2020, and 2021, respectively, but having the rights for subsoil during the same year, as these companies which are not considered as subsoil, are not required to submit public reports. In accordance with the same decision, companies which paid taxes and payments equivalent to or exceeding AMD 150 million to the RA State Budget during the reporting fiscal year are considered as companies to be reconciled.

According RA legislation requirements, state agencies which are State Revenue Committee, RA Ministry of Environment and communities (data are submitted by RA Ministry of Territorial Administration and Infrastructures) submitted public reports for reporting years 2020 and 2021 through EITI's reports.eiti.am online reporting system till August 1, 2021 for reporting year 2020 and not later than August 1, 2022 for the reporting year 2021.

## 1.2 Taxes and payments included in the EITI report

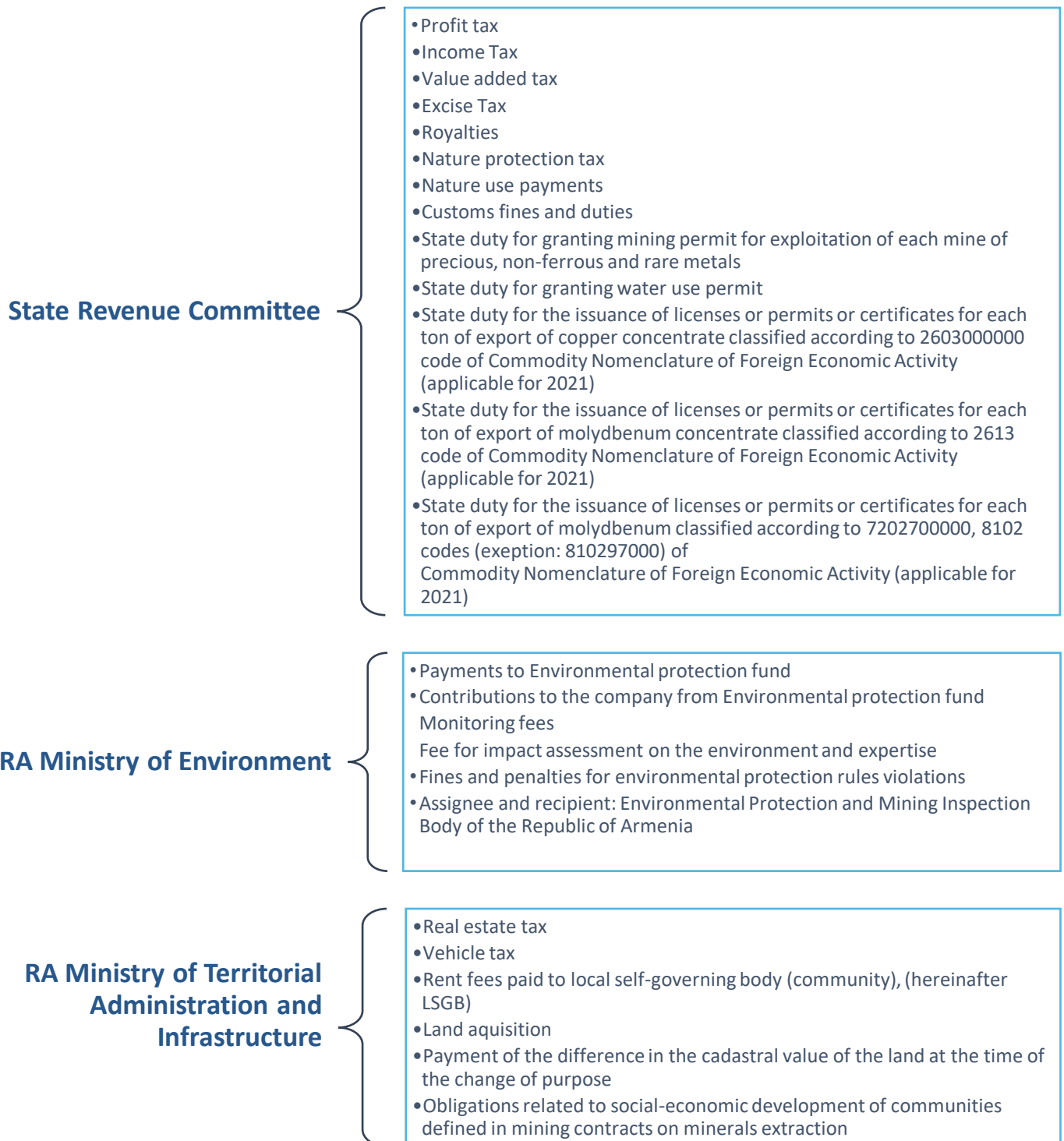
MSG agreed that, taking into consideration the positive trend of reduction of data discrepancies and their immateriality, on the basis of the improvement of reports completion skills by reporting state agencies and companies responsible and reduction of the risks of the mechanical errors, as well the necessity of ensuring the financial efficiency of the reports preparation and EITI International Secretariat recommendations on “agile accountability”, in the meeting held April 27, 2022<sup>11</sup>, MSG decided that the following more risky 5 revenue streams will be considered reconcilable for the fiscal years 2020 and 2021 in terms of material and mechanical errors directly related to mining activities:



Within the framework of reconciliation process Independent Administrator reviewed all financial flows and agreed with MSG approach on reconciled financial flows.

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

Bilaterally disclosed financial flows from mining sector are:



### 1.3 Process of audit certification in State agencies and mining companies

The procedures for data verification of data provided for the EITI report is based on the corresponding international standards such as the 4400 (International Standard on Related Services) and ISA 505 (External Confirmations). Nevertheless, procedures for such data verification do not assume implementation of an audit or provision of an audit opinion to be implemented in compliance with international standards on auditing.

Consequently, no assurance can be given on reliability of the data provided by companies and State agencies as well as no attempt will be made to identify any fraud and errors that could be committed by companies and/or state agencies. Reporting companies, as well as relevant state agencies, are responsible for the completeness and accuracy of the data provided.

The information to be provided in the EITI Report and/or information by mining companies and state agencies is not subject to control or verification procedures, unless otherwise specified by the EITI standards. The reliability of the data provided by companies and state agencies is confirmed by the signatures of the senior management of these companies and state agencies as well as the signatures of the chief accountants of the companies.<sup>12</sup>

The procedure, timeframe and forms of publication of information on activities related to subsoil use, mineral extraction and geological studies of subsoil for mineral extraction purposes, procedures, timeframe and forms for submitting public reports on the activities of subsoil users who have permits for metal mineral extraction, as well as the list of State bodies are approved by the RA Government Decree No. 666-N dated 8 June 2018.<sup>13</sup>

Information on the publication of mining companies' financial statements, as well on external audit is presented in Annex 1. More detailed information regarding auditing process is presented in Section 2.5.

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<sup>12</sup> [https://www.eiti.am/file\\_manager/EITIT%20Documents/Minutes/MSG\\_meeting\\_minute\\_27\\_04\\_2022\\_arm.pdf](https://www.eiti.am/file_manager/EITIT%20Documents/Minutes/MSG_meeting_minute_27_04_2022_arm.pdf)

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

# 2

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



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

### 2.1. Mining Legislation and Fiscal Regime (requirement 2.1)

#### 2.1.1. Significant changes in the legal environment during the reporting period

1. During the reporting period a number of fundamental amendments have been made in the key document regulating the field, the Subsoil Code (hereinafter referred to as the “Code”) which are described below.

- **Definition of the concept of beneficial owner and approval of a new form of declarations**

2. Under the package Amendments to the Code adopted on June 3, 2021<sup>14</sup> the term "beneficial owner" was defined replacing the concept of "real owner" used in the Code. The Code defines the concept of "beneficial owner" as follows:

*"in case of a legal entity entitled to geological survey for the purpose of extracting metallic mineral or entitled to extraction of metallic mineral, or applying for such a right, a natural person who:*

- a. *directly or indirectly owns 10 or more percent of the voting interest (shares, equity stakes) of that legal entity or directly or indirectly owns 10 or more percent participation in the authorized capital of the legal entity,*
- b. *is entitled to appoint or dismiss the majority of the members of the management bodies of the legal entity,*
- c. *has received at no charge benefits from the legal entity at the rate of at least 15 percent of the profit earned by that legal entity during the year preceding the reporting year,*
- d. *exercises other ultimate (actual) control over the legal entity,*
- e. *is an officer of that legal entity who carries out the general or current management of its activities if there is no physical person meeting the requirements determined under the sub-clauses "a"- "d" of this clause.*

*The persons who pursuant to the Law of the Republic of Armenia "On Public Service" are obliged to submit declaration of interests, the persons who occupy the positions of the President of the Republic of Armenia, Speaker of the National Assembly, Prime-Minister, Deputy Prime- Ministers, Advisors of Ministers, diplomatic representatives of the Republic of Armenia, Advisor to the Secretary of the National Security Council, Chief Advisor to the Prime- Minister, Ambassador-at-Large, as well as the persons, as well as the persons who in the sense of the RA Law "On Public Service" are considered members of the family of such persons are considered beneficial owners of the legal entity on the grounds provided for under the sub-clauses "a" and "c" of this clause, regardless of the number of the votes they own and the benefits they receive”.*

<sup>14</sup> RA Law “On Additions and amendments to the Subsoil Code of the Republic of Armenia” dated 03.06.2021 available on <https://www.arlis.am/DocumentView.aspx?docid=153772>

3. Accordingly, a number of editing corrections have been made in the Code and all references to the concept of “real owner” and legal acts defining it have been removed. By the Order No. 416-N<sup>15</sup> of the Minister of Justice of the Republic of Armenia dated August 30, 2021
  - the form of the declaration of the beneficial owners of legal entities, the procedure for its completion, filing, and approval of the latest declaration of a beneficial owner filed with the agency,
  - the list of markets regulating according to the adequate criteria of disclosure of beneficial owners, were approved.
4. On the basis of the latter the order of the Minister of Justice No. 36-N dated February 5, 2020 was declared invalid.
5. By the Decision of the Government of the Republic of Armenia No. 1330-N dated August 18, 2021 the decision No. 408-N<sup>16</sup> of the Government of the Republic of Armenia "Determination of the list of data to be included in the declaration about real owners subject to be publication (reporting)" dated March 26, 2020 was invalidated.
6. Within the context under consideration several changes have been also made in a number of related legal acts, e.g. in the Law "On Public Service" which was adopted on January 19, 2021<sup>17</sup>. According to the latter, the following addition was made to the contents of the declaration of interests. According to Part 1 of Article 42: *"The name of the organization the founders of which the declaring officer and/or members of his/her family are or a share in the authorized capital of which they own, or beneficial owners of which they are, the size of the direct or indirect participation (interest, stocks, shares), the day, month, year of acquiring the participation or becoming an beneficial owner, or the name of the organization the members of the management bodies of which they are entitled to appoint or dismiss, tax payer's registration number, address shall be specified under the "Sharing in commercial organizations" section of the Declaration. In the sense of this part, a person who is as a beneficial owner of a legal entity according to the Law "On Combating Money Laundering and Terrorist Financing" is considered a beneficial owner"*.
7. According to the legal act adopted on June 3, 2021<sup>18</sup>, a number of amendments were made to the Law "On State Registration of Legal Entities, Separate Divisions, Institutions of Legal Entities, and State Registration of Individual Entrepreneurs", namely:
  - The following information were added to the list of data to be filed with the register of the State Registry of Legal Entities in accordance with the Clause 24 of the Part 1 of the Article 26 of the Law: *"information about the ultimate beneficiaries of a legal entity (name, surname, citizenship, date of birth, identity document data, social security number, place of residence (registration), contacts, date of becoming a beneficial owner, grounds for becoming a beneficial owner)."*
  - The Law was supplemented with Chapter 12.1 "Entry of information about beneficial owners of legal entities in the Register" which is fully dedicated to the regulation of legal relations arising in connection with the revelation, disclosure, state registration, and publication of information of beneficial owners.

<sup>15</sup> <https://www.arlis.am/DocumentView.aspx?docid=155465>

<sup>16</sup> <https://www.arlis.am/DocumentView.aspx?docid=155118>

<sup>17</sup> RA Law “On Amendments and Additions to the RA Law “On Public Service” HO-51-N (19 January, 2021) available at the following link <https://www.arlis.am/documentview.aspx?docid=150019>

<sup>18</sup> RA Law "On Amendments and Additions to the RA Law “On State Registration of Legal Entities, State Registration of Separate Subdivisions, Institutions of Legal Entities and Individual Entrepreneurs” HO-246-N (3 June, 2021) available at the following link: <https://www.arlis.am/documentview.aspx?docid=153756>

- According to the new edition of Article 61, Part 2 of the Law (Clause 7), among other information the following data contained in the unified state register is available in the official website of the agency through the information system, without paying state duty: *"the name, surname, citizenship of the beneficial owner of the legal entity, the date of becoming ultimate beneficiary, grounds for becoming beneficial owner of the legal entity"*.
  - For limited liability companies the members of which are only natural persons as well as for non-commercial organizations the obligations provided for by the Law specified will arise from January 1, 2023. The regulations provided for under the Law specified have been applied to the persons who submitted declarations about beneficial owners before 28.06.2021 from 01.09.2021, those legal entities were obliged to submit the declaration about beneficial owners until 20.02.2022.
  - The Law has been supplemented with a new Article 60.4 according to which the declaration about the beneficial owners of a legal entity as well as updated declarations in case of change of beneficial owners shall be submitted to the Agency for state registration of information about beneficial owners of the legal entities. In accordance with the Part 4 of the same Article the information about the beneficial owners submitted to the Agency based on the requirements of the field of extraction of metal minerals, except for the information not considered publicly available, is available through the information system from the official website of the Agency, without paying state duty.
8. RA Law "On Combating Money Laundering and Terrorist Financing" was amended as well, the amendments were adopted on June 30, 2021<sup>19</sup> whereby the definition of the beneficial owner was changed.
9. Clause 14 of Part 1 of Article 3 of the Law is restated to read as follows:
- "the **beneficial owner** is a natural person on whose behalf or for whose benefit the client actually acts and (or) who ultimately (actually) controls the client or the person on whose behalf or for whose benefit the transaction is performed or the business relationship is established. The natural person is considered the beneficial owner of a legal entity (with exception for trusts or other legal organizations which according to the legislation of a foreign country have not status of legal entity) who:*
- a. directly or indirectly owns 20 or more percent of the voting shares (interest, stakes) of the legal entity or directly or indirectly has 20 or more percent share in the authorized capital of the legal entity,*
  - b. otherwise exercises ultimate (actual) control over the legal entity,*
  - c. is an officer carrying out the general or current management of the activities of the legal entity in the event that there is no natural person meeting the requirements of sub-clauses "a" and "b" of this clause".*
10. However, the stated definitions of a beneficial owner is applicable exclusively in the context of anti-money laundering regulations and does not relate to the accountability in the field of subsoil use in which context a broader definition of "beneficial owner" is used (as specified above).
11. New regulations have been added to the RA Law "On Combating Money Laundering and Terrorist Financing" which refer to the identification of beneficial owners of foreign legal entities (trusts) without registered shareholders. Thus, according to Clause 6.1 of Article 16

<sup>19</sup> RA Law "On Amendments and Additions to the RA Law "On Combating Money Laundering and Terrorism Financing"" HO-296-N (30 June, 2021), available at the following link: <https://www.arlis.am/documentview.aspx?docid=154466>

of the Law, "in the case of customers who are a trust or other legal entity that does not have the status of a legal entity under foreign law, the person providing the report must have full information about its founders in order to verify its identity, it must have full information about its founders, managers, beneficiaries (including a class of beneficiaries), a council for the protection of interests (if any) and other natural person exercising actual (factual) control or a person exercising similar functions and their powers".

12. Under the legislative package of the RA Law "On Amendments and additions to the Code of Administrative Offenses of the Republic of Armenia" dated June 03, 2021, consequences for violating the rules of disclosure of information on beneficial owners were provided. In particular, administrative responsibility is provided for the subsoil user who has the duty to submit a declaration on the beneficial owners for not submitting information on the beneficial owners within the time limit set by the legislation, for submitting the declaration by the subsoil user in violation of the requirements pertaining to its completion or submission, for carelessly submitting incorrect or incomplete data in the declaration by the subsoil user, as well as for the subsoil user's failure to conduct due diligence for the purpose of identifying the beneficial owners or not preserving the information and documents obtained during the due diligence within the time limits set by the legislation.
13. Below are statements filed by metal mining companies pertaining to beneficial owners:

| Name of the metal mining company                | Declaration links   |
|---|---|
| «Megradzor Gold» LLC                            | <a href="https://www.e-register.am/am/companies/1267440">https://www.e-register.am/am/companies/1267440</a> |
| «Paramount Gold Mining» CJSC                    | <a href="https://www.e-register.am/am/companies/1267456">https://www.e-register.am/am/companies/1267456</a> |
| «Sagamar» CJSC                                  | <a href="https://www.e-register.am/am/companies/1267708">https://www.e-register.am/am/companies/1267708</a> |
| «Ler-Ex» LLC                                    | <a href="https://www.e-register.am/am/companies/1272746">https://www.e-register.am/am/companies/1272746</a> |
| «Akhtala Mining and Processing Enterprise» CJSC | <a href="https://www.e-register.am/am/companies/1266888">https://www.e-register.am/am/companies/1266888</a> |
| «Fortune Resources» LLC                         | <a href="https://www.e-register.am/am/companies/1127476">https://www.e-register.am/am/companies/1127476</a> |
| «Molibdeny Ashxarh» LLC                         | <a href="https://www.e-register.am/am/companies/1267818">https://www.e-register.am/am/companies/1267818</a> |
| «Chaarat Kapan» CJSC                            | <a href="https://www.e-register.am/am/companies/1272537">https://www.e-register.am/am/companies/1272537</a> |
| «Geopromining Golg» LLC                         | <a href="https://www.e-register.am/am/companies/1266780">https://www.e-register.am/am/companies/1266780</a> |
| «Multi Group Concern» LLC                       | <a href="https://www.e-register.am/am/companies/1267169">https://www.e-register.am/am/companies/1267169</a> |
| «Zangezour Copper-Molybdenum Combine» CJSC      | <a href="https://www.e-register.am/am/companies/1272761">https://www.e-register.am/am/companies/1272761</a> |
| «Vardani Zartonqy» LLC                          | <a href="https://www.e-register.am/am/companies/1267799">https://www.e-register.am/am/companies/1267799</a> |
| «Lydian Armenia» CJSC                           | <a href="https://www.e-register.am/am/companies/1272536">https://www.e-register.am/am/companies/1272536</a> |
| «Lichqvaz» CJSC                                 | <a href="https://www.e-register.am/am/companies/1266829">https://www.e-register.am/am/companies/1266829</a> |
| «Agarak Copper-Molybdenum Combine» CJSC         | <a href="https://www.e-register.am/am/companies/1269083">https://www.e-register.am/am/companies/1269083</a> |
| «Assat» LLC                                     | <a href="https://www.e-register.am/am/companies/1267633">https://www.e-register.am/am/companies/1267633</a> |
| «Teghout» CJSC                                  | <a href="https://www.e-register.am/am/companies/1272552">https://www.e-register.am/am/companies/1272552</a> |
| «Active Lernagorts» LLC                         | <a href="https://www.e-register.am/am/companies/1267399">https://www.e-register.am/am/companies/1267399</a> |
| «Tatstone» LLC                                  | <a href="https://www.e-register.am/am/companies/1268361">https://www.e-register.am/am/companies/1268361</a> |
| «At-Metals» LLC                                 | <a href="https://www.e-register.am/am/companies/1267427">https://www.e-register.am/am/companies/1267427</a> |
| «Bacteck Eco» LTD                               | <a href="https://www.e-register.am/am/companies/1195647">https://www.e-register.am/am/companies/1195647</a> |
| «Geghi Gold» LLC                                | <a href="https://www.e-register.am/am/companies/1267410">https://www.e-register.am/am/companies/1267410</a> |
| «Gharagulyanner» CJSC                           | <a href="https://www.e-register.am/am/companies/1267820">https://www.e-register.am/am/companies/1267820</a> |
| «Mego Gold» LLC                                 | <a href="https://www.e-register.am/am/companies/1237707">https://www.e-register.am/am/companies/1237707</a> |
| «Vayk Gold» LLC                                 | <a href="https://www.e-register.am/am/companies/1232638">https://www.e-register.am/am/companies/1232638</a> |
| «Marjan Mining Company» LLC                     | <a href="https://www.e-register.am/am/companies/1237755">https://www.e-register.am/am/companies/1237755</a> |

With the ratification of the EITI requirement 2.5, Armenia was assigned a corrective action in terms of making available the data of beneficial owners of subsoil companies (including

CJSCs).<sup>20</sup> Taking into account the above requirement, the information on the composition of beneficial owners of the subsoil companies is available on the EITI website.<sup>21</sup>

- **Changes of the deadlines of applicable procedure**

14. Some deadlines of the procedures related to granting subsoil use rights were changed by the package of amendments to the Code adopted on June 3, 2021<sup>22</sup>, and the package of amendment adopted on April 14, 2021<sup>23</sup>.
15. Thus, in case of metallic minerals the subsoil use right provided for geological prospecting with purpose of extracting mineral (the subsoil use right to re-assess the reserves of a mine or a geographically separated area of a mine) henceforward is granted if the mine reserves were assessed 10 years or more before the date of the application requesting geological prospecting instead of the previous "5 or more years" limitation.
16. The term of the permit for geological prospecting of subsoil (for re-assessment of the resources of a mine or a geographically separated area of a mine) with purpose of extracting minerals defined under the Part 2.2 of Article 42 of the Code has been changed. At present, it is provided for a period of up to 3 years (instead of a fixed period of 3 years). The statutory exception (when the reserves of a mine or a geographically separated area of a mine were assessed within a certain period of time preceding the date of the application submitted for geological prospecting permit) has now been extended in the case of metallic minerals to 10 years.
17. A new regulation has also been added according to which (clause 2.3 of the Part 2 of Article 42) the period of validity of the permit for re-assessment of the reserves of a mine or a geographically separated area of a mine provided for geological prospecting with purpose of extracting mineral may be extended for another year in order to draw up the mining project on the base of the application submitted by the prospecting permit holder after, within 20 days after the approval of the report on re-assessment of the reserves of the mineral deposit.
18. Certain prerequisites imposed to the applications for being granted metal minerals extraction right have also been changed (Article 49 of the Code). Thus, if in the past a legal entity could apply to the authorized body for metallic minerals extraction right regarding a mine or a geographically separated area of a mine the mineral reserves of which were proven on the base of the results of geological examinations carried out in 5 years prior to the date of submission of the application, now it is possible to do for the reserves proven within the preceding 10 years, thereby, in fact, giving the same status to the legal regimes applicable to metallic minerals and non-metallic minerals.

- **Legal consequences of institution of administrative legal proceedings on contestation suit**

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<sup>20</sup> <https://eiti.org/board-decision/2021-32>

<sup>21</sup> <https://www.eiti.am/hy/legal-owners/?tab=104>

<sup>22</sup> A Law "On Amendments and Additions to the "Subsoil Code of the RA"" HO-247-N (03 June, 2021) available at the following link: <https://www.arlis.am/DocumentView.aspx?docid=153772>

<sup>23</sup> RA Law "On Amendments and Additions to the "Subsoil Code of the RA"" HO-172-N (14 April, 2021) available at the following link: <https://www.arlis.am/DocumentView.aspx?docid=152132>

19. Under the package of amendments to the Administrative Procedure Code adopted on July 16, 2020<sup>24</sup> the list of exceptions when the institution of administrative legal proceedings on contestation suit does not suspend the implementation of the contested administrative regulation until entry of the court's findings on the merits into legal force was supplemented with cases when the administrative act of termination or suspension of the subsoil use right is contested. It should be noted, however, that the execution of the administrative act can be suspended in whole or in part by the court (by filing a motion to secure the corresponding claim), in which case the company continues to be considered a subsoil user.

In general, the abuse of the procedures by subsoil users has been virtually ruled out by such a regulation.

In addition, as a result of the mentioned changes, it turns out that the companies that appealed the administrative act of termination of the subsoil use right before the entry into force of the law HO-399-N "On Amendments and additions to the Code of Administrative Procedure of the Republic of Armenia" adopted on July 16, 2020 (that is, 16.08.2020), are considered subsoil users since the administrative act on terminating the subsoil use right is suspended and the termination of the subsoil use right cannot come into effect until the legal processes related to the right of the holder of the subsoil use right are completed.

- **Change of conditions related to the extraction project**

20. The requirements to mining projects have been changed. First, Article 50 of the Code has been supplemented with clauses 1.1, 1.2 and 1.3 and 1.4 according to which the project shall contain:

- fundamental technical, economic, and technological data concerning mineral extraction and processing on the base of which the mine reserves have been assessed and proven, the compliance of the project with these data,
- in case of solid minerals, the amount of all assessed and proven balance reserves of a mine or a geographically separated area of a mine. If the amount of the total assessed and proven balance reserves of a mine or a geographically separated area of a mine exceeds the 25-fold of the annual productivity of the mine the total assessed and proven balance reserves of a mine or a geographically separated area of a mine a general plan of extraction of all assessed and proven balance reserves of a mine or a geographically separated area of a mine shall be drawn up and submitted by 25-year extraction phases detailing the project of the first phase to be examined;
- in the case of extraction of metal mineral, the following shall be specified:
  - a. in case of 500 thousand tons annual productivity only solid tailings generation mandatorily applicable technology,
  - b. mandatorily applicable closed water circulation system,
  - c. brief description of the location, cartographic materials, and method of construction of the tailings dam if a tailings dam is provided (ascending construction of tailings dam shall be excluded).

21. In case of solid minerals the requirement to present the total assessed and proven balance reserves of a mine or a geographically separated area of a mine in a mineral extraction project is now divided into two separate legal modes applicable to metallic minerals and non-metallic solid minerals.

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<sup>24</sup> RA Law "On Amendments and Additions to the "Code of Administrative Procedure of the RA" (16 July, 2020), available at the following link: <https://www.arlis.am/DocumentView.aspx?docid=145078>



22. In the first case (metallic minerals) the amount of all assessed and proven balance reserves of a mine or a geographically separated area of a mine shall be presented. If, in the case of a metal mineral, the amount of the total assessed and proven balance reserves of a mine or a geographically separated area of a mine exceeds the 25-fold of the annual productivity of the mine a general plan of extraction of all assessed and proven balance reserves of a mine or a geographically separated area of a mine shall be drawn up and submitted by 25-year extraction phases detailing the project of the first phase to be examined.

▪ **Procedure for use of the environment protection fund and calculation of the amounts of allocations**

23. On October 21, 2021 the Government of the Republic of Armenia adopted the Resolution No. 1733-N "Invalidation of the Resolution No. 1079-N of the Government of the Republic of Armenia dated August 23, 2012 establishing the procedure for use of the environment protection fund and calculation of the amounts of allocations"<sup>25</sup>.

24. According to the new regulation:

Funds are allocated in the form of initial and ongoing allocations.

The amount of initial allocation is calculated as at least 15 percent of the base amount for calculation of allocations to the capital and is defined by the subsoil use contract. The base amount of the calculation is the estimated value of the recultivation works provided for by the mineral extraction project or the geological study project for the purpose of mineral extraction or the subsoil use contract.:

Initial allocation of funds is made within 30 working days following the signing of the subsoil use contract.

Current allocations are made for each year of the payment period established by the subsoil use contract for the implementation of recultivation works, save for the last year of the validity period of the subsoil use contract, within the time limits specified by the subsoil use contract.

The amount of current allocations is calculated by the following formula:

$$AA = \frac{CA - IA}{P}$$

whereby,

- 1) AA – is the amount of annual allocations to the funds;
- 2) CA – is the base size for calculating allocations to the funds;
- 3) IA – is the amount of initial allocation to the funds;
- 4) P – is the payment period (in years) for the implementation of recultivation works.

If the amount of recultivation works carried out by the subsoil user based on the results of the reporting year and certified by the executive acts submitted to the authorized body of the state management of the environment in paper or electronic form exceeds the amount of the balance in the sub-account of the given subsoil user then the amount of the current allocation for the year following the reporting year is reduced by the amount of that positive difference.

<sup>25</sup> <https://www.arlis.am/documentView.aspx?docid=157091>

In the absence of a schedule for making current allocations according to the contract, allocations are made for each year of the period defined by the subsoil use right until 20th December of the reporting year.

- **Changes of the procedure of transfer of subsoil use rights**

25. According to the RA Law " On Additions and amendments to the Subsoil Code of RA" N HO-143-N adopted on May 25, 2022,<sup>26</sup> the subsoil use rights transfer approval procedure defined under the Code was supplemented and now according to the Clause 4.1 of Article 23 *"if the applicant has submitted an incomplete package of documents the authorized body informs the applicant about that within 10 working days after the date of registration of the application. The applicant shall eliminate the addresses deficiencies specified within 10 days upon receiving the notice. The authorized body makes a decision to approve or reject the transfer of the right to subsoil use within 30 days upon re-submission of the complete and updated package of documents attached to the application. If the deficiencies specified have not been eliminated within the period determined, the authorized body rejects the application on that ground"*.

- **Changes in the model form of the subsoil use contract**

26. By its decision No. 312 dated March 4, 2021 (*"Amendments to the Decision No. 437 of the Government of the Republic of Armenia dated March 22, 2012"*)<sup>27</sup> the Government of RA changed the model form of subsoil use contracts as regards to the grounds for changes of the contracts. Thus, the new edition of Clause 7 is now re-stated as follows: *"The parties may make appropriate changes in the subsoil use contract in the cases defined under the legislation, in cases of any changes of the subsoil use right (extension of the permit period, enlargement of the subsoil area, waiving a part of the subsoil area, change of the mineral extraction project, change of the act of mine allotment / change of the geological prospecting plan) as well as in cases of inclusion or change of the conditions regulating the relations of the parties and not contradicting the legislation, by the mutual consent of the parties."*

- **Changes of the regulation related to the target use of the environmental tax**

27. RA Law "On Target Use of Environmental Tax Paid by Companies" was amended in May 27, 2020.<sup>28</sup> According to these amendments, in contrast to the previous version, according to which at determining the amount of deductions the sum of the environmental tax accrued on the treasury account of the state budget dedicated for accounting of the part of the environmental tax liability from the unified account starting from January 1, 2018 was taken as a basis, according to the new version the second paragraph of Article 1: *"The amounts of deductions shall be determined based on the sum of the environmental tax actually paid by the respective companies specified under this Article to the state budget by reference to the results of the second, third and fourth years preceding the upcoming budget"*

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<sup>26</sup> <https://www.arlis.am/DocumentView.aspx?docid=164453>

<sup>27</sup> <https://www.arlis.am/DocumentView.aspx?docid=150627>

<sup>28</sup> <https://www.arlis.am/documentview.aspx?docid=143032>



year (for 2018 and subsequent years, calculated on the base of the unified tax calculations of environmental tax and fees for use of natural resources) reducing it for the first two years preceding the budget year by the amount of deductions made to the respective communities in accordance with the procedure established hereby. The list of communities and (or) settlements and the calculation of the amount of distribution of deductions by the communities and (or) settlements shall be carried out by the authorized body in the environmental field, in accordance with the procedure established by the Government of the Republic of Armenia". In the sense of Article 1, Part 3 of the Law of the Republic of Armenia "On Target Use of Environmental Tax Paid by Companies", the mentioned changes are also applicable to companies with the right to subsoil use of metal mines.

28. The provision regarding the publication of the project was also supplemented, in particular, the last sentence of the first paragraph of Article 3 of the Law was re-stated as follows:

*"The Project shall be published annually:*

*a. by the head of the community on the website of the community and (or)*

*b. on the website of the relevant regional administration on the base of program presented by the head of the community."*

29. The same Article was supplemented with a new paragraph of the following content:  
*"The head of the community shall prepare a report on the implementation of the Project of the current year and submits it to the council of the community for the approval by March 1 of the next year. The form of the report shall be approved by the state authorized body in the field of territorial administration. The report approved by the community council shall be published by May 1 of the following year:*

*a. by the head of the community on the website of the community and (or)*

*b. on the website of the relevant regional administration on the base of program presented by the head of the community."*

30. Another package of amendments to the RA Law "On Target Use of Environmental Tax Paid by Companies" was adopted on May 25, 2022<sup>29</sup>. According to the latter, according to Part 2 of the Article 1 of the new edition of the Law which will come into force on January 1, 2023: "(...) *The amounts of the deduction shall be determined based on the sum of the environmental tax actually paid by the respective companies specified under this Article to the state budget by reference to the results of the second, third and fourth years preceding the upcoming budget year reducing it for the first years preceding the budget year by the amount of deductions provided for under the state budget for the respective communities and for the second year preceding the budget year by the deduction actually made to the respective communities.. (...)*".

31. According to the Part 1 of the Article 4 of the Law *"The project of the environmental protection plan or changes to the environmental protection plan shall be developed by the head of the community taking as a basis the plans of local actions for the development or protection of the environment of the given region or community or other program or strategic documents or the priorities of the community regarding the environment or health care. The procedure for the development of environmental programs implemented at the expense of amounts deducted from the environmental tax paid by companies shall be defined by the authorized body in the environmental sector."*

<sup>29</sup> <https://www.arlis.am/documentview.aspx?docid=164449>

32. According to Part 2 of the same Article *"The arrangements provided under the environmental plan or changes proposed by the head of the community shall be coordinated with the authorized bodies in the fields of environment and health care. The procedure of coordination of the priorities in implementation of the arrangements provided under the environmental programs or their changes with the authorized bodies in the fields of environment and the health is determined by the Government."*
33. In accordance with the Part 1 of the Article 5 of the Act *"The head of the community shall publish the environmental project or the proposals for thereto within three working days upon their submission to the authorized body in the field of environment on the official website of the community. In the absence of the latter, they shall be published on the official website of the relevant regional Administration based on the presentation of the head of the community."*

▪ **Inspections and environmental control**

34. Under the package <sup>30</sup> of amendments to the RA Law "On Organization and Conduct of Inspections in the Republic of Armenia" adopted on July 16, 2020, a new exception from the restriction on inspections in the same economic entity and in the same field was established (the Part 3.1 of the Article 4 of the Law was supplemented by Clause 5.3) according to which it is also possible to carry out an inspection if *"the authorized body in the subsoil use sector submitted a corresponding letter in order to compare the materials submitted for mining examination according to the Mining Code of the Republic of Armenia and the actual works carried out as well as to obtain information on their credibility."*
35. A number of amendments were also made to the RA Law "On Environmental Control" under the package of amendments adopted on October 6, 2020.<sup>31</sup> The RA Law "On Environmental Control" was supplemented with the procedure for monitoring by the inspection body exercising control in the field of environmental protection (Article 26.1.) as well as with the provisions regulating the suspension of the activity or operation of the entity under inspection (Article 29.1.).
36. In particular, the Part 1 of the Article 4 of the Law supplemented with a number of new paragraphs, including: **"monitoring"** - *a set of actions carried out by the inspection body exercising control in the field of environmental protection for the purpose of prevention, detection and warning of violations of the requirements of environmental legislation. (...)* **"suspension of activity"** - *a process through which in the cases defined hereby the activity of the entity under inspection is immediately temporarily suspended for the purpose of protecting human rights and health, interests of the state and environment"*.
37. According to Part 1 of Article 26.1 of the Law *"The monitoring shall be carried out on the basis of the order of the head of the inspection body exercising control in the field of environmental protection where the name of the body conducting the monitoring, the position, name, surname of the person(s) conducting the monitoring, the purpose, direction, duration of monitoring, and the scope of issues to be considered shall be specified. The order to carry out an inspection is issued on the basis of an argued report of the head of the local division of the inspection body exercising control in the field of environmental protection."*

<sup>30</sup> <https://www.arlis.am/documentview.aspx?docid=145076>

<sup>31</sup> <https://www.arlis.am/documentview.aspx?docid=146629>

38. According to Part 1 of Article 29.1 of the Law:  
*"The head of the local unit of the inspection body exercising control in the field of environmental protection makes a decision on suspending the activity of the entity under inspection if during the inspection it is ascertained that:*
- 1) the entity under inspection uses an object of fauna or flora including a species registered in the Red Book of Plants or Animals of the Republic of Armenia without a document certifying the right of use of the object of fauna or flora;*
  - 2) the entity under inspection uses hazardous waste of the first, second or third class without a license;*
  - 3) the entity under inspection uses water without obtaining a water use permit in the cases and procedure defined under the legislation;*
  - 4) the entity under inspection uses subsoil without acquiring the right of subsoil use in the cases and procedure defined under legislation;*
  - 5) there is an effective administrative act issued by the authorized bodies in the field of environment or subsoil use suspending or terminating the right of the entity under inspection but entity under inspection is actually carrying out activities;*
  - 6) the entity under inspection carries out activities without a positive conclusion on environmental impact assessment if the law stipulates that the intended activity is subject to environmental impact assessment;*
  - 7) the entity under inspection use water at the expense of ecological passage;*
  - 8) the entity under inspection uses water at the expense of the strategic water reserve or the national water reserve in violation of the law;*
  - 9) the entity under inspection emits of polluting substances from a stationary source without permits for the emission of polluting substances from stationary sources into the atmosphere in the cases and manner defined under the legislation;*
  - 10) the entity under inspection carries out avocational or commercial hunting without documents certifying the hunting right.*
  - 11) the entity under inspection uses chemicals or pesticides prohibited in the Republic of Armenia."*
39. Article 29.1 of the Law entered into force for the entities already operating at the time of the adoption of the Law on 18.10.2021.

### 2.1.2. Changes in the fiscal mode during the reporting period

40. There have been no changes regarding the granting of tax holidays to mining organizations. Regarding payments that are not recorded in national or municipal budgets (e.g. extra-budgetary funds), it is important to take into account the replenishment (recultivation) fees of the nature and environment protection funds for the restoration of disturbed lands resulting from the subsoil use, and the monitoring fees for ensuring the safety and health of the population of the mined area of the mineral, the location of the industrial waste heaps generated during the extraction, and the communities adjacent to them.

- **Fund replenishment (recultivation) payments**

41. Fund allocations are made by the subsoil user. A fund for nature and environment protection is created at the expense of allocations made by mineral miners in the specified amount.

The procedure for calculating the amount of funds and allocations is determined by the government. The subsoil user's obligation to make allocations to the nature and environment protection fund is included in the subsoil use contract. The means of the nature and environment protection fund are kept in the extra-budgetary account of the authorized body opened in the central treasury and are exclusively used for:

- 1) carrying out by the subsoil user for the purpose of performing environmental (including recultivation) works undertaken by the project;
- 2) for the purpose of performing environmental (including recultivation) works undertaken by the subsoil user in the project, but not carried out by it;
- 3) for the purpose of reparation of damages caused to nature and the environment as a result of the subsoil user's activities and not compensated by it.

The amount provided to the subsoil user from the fund for the implementation of environmental protection works cannot exceed the fund allocations made by the subsoil user.

After the implementation of the measures stipulated by the contract, the remainder of the amount paid by the subsoil user to the environmental protection fund is returned to the subsoil user.

Funds are allocated in the form of initial and ongoing allocations.

The amount of initial allocation is calculated as at least 15 percent of the base amount for calculation of allocations to the capital and is defined by the subsoil use contract. The base amount of the calculation is the estimated value of the recultivation works provided for by the mineral extraction project or the geological study project for the purpose of mineral extraction or the subsoil use contract.

Initial allocation of funds is made within 30 working days following the signing of the subsoil use contract.

Current allocations are made for each year of the payment period established by the subsoil use contract for the implementation of recultivation works, save for the last year of the validity period of the subsoil use contract, within the time limits specified by the subsoil use contract.

The amount of current allocations is calculated by the following formula:

$$AA = \frac{CA - IA}{P}$$

whereby,

- 1) AA – is the amount of annual allocations to the funds;
- 2) CA – is the base size for calculating allocations to the funds;
- 3) IA – is the amount of initial allocation to the funds;

4) P – is the payment period (in years) for the implementation of recultivation works. If the amount of recultivation works carried out by the subsoil user based on the results of the reporting year and certified by the executive acts submitted to the authorized body of the state management of the environment in paper or electronic form exceeds the amount of the balance in the sub-account of the given subsoil user then the amount of the current allocation for the year following the reporting year is reduced by the amount of that positive difference.

In the absence of a schedule for making current allocations according to the contract, allocations are made for each year of the period defined by the subsoil use right until 20th December of the reporting year.

- **Monitoring fees**

42. The main purpose of the monitoring is to obtain information about changes on geological environment of a closed mine, production backfills area, hydrogeological (changes in water quality and regime as a result of discharges from tailings dumps, the formation of drainage waters) and engineering-geological (development of deformations in the mass of rocks or on the surface of the earth, deformation of rock blades and industrial dumps on the edges of open mines, activation of landslide and karst processes, the occurrence of man-made earthquakes) conditions. Payments for monitoring purposes are made by subsoil users of mining, defined by the Code of the Republic of Armenia.

Allocations for the purpose of monitoring are made in Armenian drams. The amount of the initial allocation is defined by the subsoil contract and should not be less than 15 percent of the base amount of the calculation of allocations made for the purpose of monitoring.

The amount of ongoing allocations to be allocated for the purpose of monitoring in the context of each year of the allocation period should not be less than the minimum amount of allocations, which is calculated as follows:

$$MA = \frac{BS - IA}{P}$$

whereby,

1) MA – is the minimum amount of annual allocations made for the purpose of monitoring, in k USD, up to one decimal place;

2) BS – is the basic amount of calculation of allocations made for the purpose of monitoring, in k USD;

3) IA – is the amount of the initial allocation made for the purpose of monitoring, in k USD;

4) P – is the payment period (in years) for the purpose of monitoring, save for the last year.

The amounts allocated for the purpose of monitoring are kept in a deposit account opened in the name of the authorized body in the Central Treasury of the Republic of Armenia. The authorized body is considered to be the chief steward of the allocations made for the purpose of monitoring. In a given year, monitoring is financed by the funds transferred from the above-mentioned deposit account to the extra-budgetary account of "Environmental Target Fund" of the MoE of the Republic of Armenia.

- **State duty**

43. By the RA Law "On Amendment and Addition to the State Duty Law" adopted on 15.07.2021 state duty is established for issuing export licenses, permits or certificates for the following products starting from 04.09.2021. In particular:

For issuing licenses, permits or certificates for each one ton of copper concentrate classified under No 2603000000 of the "Customs Commodity Code" except for the EAEU countries (in case of exporting up to one hundred kilograms the rate specified under part 1 of this article is applicable)

**160-fold of the basic duty**

For issuing licenses, permits or certificates for each one ton of molybdenum concentrate classified under No 2613 of the "Customs Commodity Code" except for the EAEU countries (in case of exporting up to one hundred kilograms the rate specified under part 1 of this article is applicable)

**800-fold of the basic duty**

For issuing licenses, permits or certificates for each one ton of molybdenum classified under No 7202700000, 8102 (with exception for No 8102297000) of the "Customs Commodity Code" except for the EAEU countries (in case of exporting up to one hundred kilograms the rate specified under part 1 of this article is applicable)

**1000-fold of the basic duty**

44. The legislative authority grounded the adoption of this Law by need of regulation of foreign trade on products of strategic importance for RA (copper and molybdenum concentrate, ferromolybdenum), considering the fact that in recent years an increase in the stock exchange prices of non-ferrous metals has been recorded in the world market which creates favorable conditions for the growth of revenues of the metal mining sector of Armenia and the further development of the sector. In particular, it was estimated that since April 2020 an increase in the international price or a stable high price of copper has been recorded in the World market (since December 2020 the price of copper in international exchange has exceeded 7,500 USD and at the time of the adoption of the Act it was 9,225 USD. Since April 2018 a stable price at the amount of USD 24,000 has been recorded for molybdenum. According to the studies of the Ministry of Economy the most part of the copper mines of RA are profitable at the price of USD 5,300 and even after the payment of state duty calculated at USD 7,500 the sector remains quite profitable).
45. Taking into account that the above mentioned price due to external demand creates favorable conditions for increase of revenues of the metal mining sector of Armenia and the further development of the sector which may provide favorable conditions for the further modernization of the sector and establishment of mining and metallurgical complex corresponding to international requirements a decision was made to levy a state duty for

the issuance of licenses, permits or certificates for export of copper, molybdenum concentrate and ferromolybdenum to third countries with purpose of regulating the following issues:

- o to direct a part of the high profit generated from the exploitation of the subsoil resources to the development of strategic assets in the field of processing and mining industry as well as extension of industrial value chains. In particular, it is planned to extend the value chain of copper processing by establishing at the initial stage high-purity cathode copper production and then stimulate the rapid development of the ecosystem of related products:
  - o to promote the more efficient operation of mines and increase the productivity of existing mines introducing new technologies.
  - o to promote environmentally more responsible mining reducing harmful emissions as much as possible.
46. At that, the legislative authority has considered this regulation to be a temporary solution until the complete and deep review of the policy related to the sector involving all government departments operating in the field.
47. Initially, it was planned that these changes would become invalid starting from 1st of January 2023. However, taking into account the changes in the world market, in particular, the decrease in prices for non-ferrous metals, the Government of the Republic of Armenia has made a decision to stop issuing licenses for the export of the above-mentioned goods and levying state duties from the 10th of September 2022.

▪ **Royalty**

48. A new procedure for calculation of royalties comes into force from January 1, 2023, according to the amendments of the Tax Code of RA.
49. The legislative authority considered necessary to adopt the new procedure in order to make the system of royalties paid for metal minerals more responsive to international metal prices and more progressive.
50. It is expected that the implementation of these amendments and additions will enable:
- 1) to form a stable and predictable tax environment for taxation of the mining industry which will also ensure the competitiveness of organizations operating in this sector in international markets, will contribute to increasing the investment attractiveness of the sector,
  - 2) to make the system of royalties paid for metallic minerals more fair and economically justified,
  - 3) to make the system of royalties paid for metallic minerals more responsive to international metal prices and more progressive, thus providing additional tax revenues to the state budget under the conditions of high metal prices. In particular, it is expected that additional funds in form of royalties which will be almost equivalent to half of the funds currently collected in form of state duty will be collected as a result of acceptance of the projects. At the same time, saying amount currently collected in form of state duty we mean about 70 percent of the amount actually collected in form of state duty as the remaining 30 percent of that amount would be collected anyway in form of profit



tax and royalty if the state duty system had not been implemented and if the amounts of the state duty paid had not been deducted from the basis of calculation of profit tax and royalty as deductions from gross income.

51. In particular, according to the "Additions and Amendments to the Tax Code of RA " adopted on June 15, 2022, starting from 2023 the following taxation bases and rates will be applied for the purpose of calculating royalties:

1) B1 - sales turnover of concentrate, cast products instead of concentrate or without production of concentrate supplied in the reporting period, or any final product obtained as a result subsoil use waste, ore, concentrate, cast products processing (hereinafter together with concentrate referred to as the Product);

2) B2 - profit before taxation which is calculated as a positive difference between B1 and the deductions directly related to B1 (with exception for financial expenses, royalties defined hereby, and tax losses of previous years) defined under the Section 6 of the Code;

3) B3 - profit before taxation the amount of which is determined by the following formula, at that the amount of the royalty is calculated based on B3 only if B3 of the royalty payer is greater than 0:

$$B3 = B2 - FE - (B1 \times R1) - (B2 \times R2) - (B1 \times 0.15)$$

where FE is the financial expenses calculated in accordance with Section 6 of the Tax Code of RA which are taken into account for the purpose of calculating B3 in the manner, cases and amounts set by the Government, and R1 and R2 are the rates of royalties defined under the Article 209 of the Tax Code of RA.

52. Withing the meaning of application of aforesaid, at calculation of B2:

1) financial expenses, royalties defined under this section, and tax losses of previous years are not deducted from sales turnover, regardless the fact whether these expenses and tax losses relate to the operation of mines and (or) the production of metal concentrate, or not;

2) the deductions of administrative costs, sales costs, and other costs of non-production nature of a payer of a natural resource user are accounted in the gross income with the proportional weight corresponding to the sales turnover of the royalty.

53. At that, the following rates will be applied to the above-mentioned royalty bases:

- 1) for B1: R1 equal to 4 percent;
- 2) for B2: R2 equal to 12.5 percent;
- 3) for B3: R3 equal to 15 percent.

In addition, it has been also defined that:

- The he final content of metals in the delivered concentrate determined on the basis of the conclusions given by the laboratories included in the list established by the Government is taken as a basis in order to calculate the sales turnover of the concentrate.
- If under a concentrate supply contract, a period longer than a month following the month of the date of concentrate delivery is provided for pricing the average international metal prices formed for the month following the month of the date of concentrate delivery shall be taken as the basis for pricing of the physical volume of the concentrate delivered.
- If the royalty sales turnover based on the results of each month which includes the royalty accounting period is 15 percent or more lower than the sales turnover calculated based on the final content of the metals in the concentrate supplied during the same month and payable according to the Tax Code of RA or the supply contract and international prices of the same metals, then the sales turnover for that month is considered to be the product of



the final content of the metals payable according to the Tax Code of RA or the supply contract

54. It is necessary to note that according to the Law "On Amendments to the Law of the Republic of Armenia on the Budget System" adopted on March 4 2022, in the expenses of the state budget, it is also intended to provide irrevocable deductions to the budgets of the affected communities from two percent of the amount of royalties paid to the state budget in the amount and manner corresponding to the law by each payer of royalties in each reporting year.

## **2.2. Changes made in the contracts signed with the companies in the reporting year, social obligations stipulated under the contracts**

55. During the reporting period 6 subsoil use contracts concluded for extraction of minerals have been amended. The amendments mainly refer to the specification of terms, reserves, or other data, as well as, in some cases, to the specification or increase of the subsoil users' obligations. A summary of the changes made to those contracts is provided below.
56. The following changes were made to the contract No. PV-245 signed with "**Lydian Armenia**" CJSC on 26.09.2012:
- according to the package of changes made on 30.12.2020 the term of possession and use right of the subsoil user to the gold-bearing quartzite mine of Amulsar was postponed from 03.04.2034 to 01.01.2036.
  - according to the package of changes made on 19.09.2022 the term of possession and use right of the subsoil user to the mine was postponed from 01.01.2036 to 25.03.2039, and the deadline of the construction period was set to 28.10.2024.
57. The following change was made to the contract PV-293 concluded on 22.11.2012 with "**Lichqvaz**" CJSC:
- According to the agreement dated 18.07.2022 the subsoil user's obligations have increased, in particular:
    - an obligation to study the possibilities of improving ore processing indicators and locating separate tailings dam and to submit the report thereon to the Authorized Body before 01.05.2022;
    - an obligation to develop the comprehensive plan for construction of enrichment factory before 01.06.2020;
    - an obligation to undertake a series of arrangements in order to initiate construction of the factory (notification of the affected community, public discussions, Environmental impact assessment (hereinafter "EIA")).
58. The following change was made to the contract PV-189 concluded on 20.10.2012 with "**GeoProMining Gold**" LLC:
- According to the agreement dated 21.10.2021 the subsoil user's obligations have been increased, in particular, the duty to submit to the authorized body a report justifying as of 01.01.2021 the write-off of the mined, allegedly unproven, and depleted within the limits of the open pit reserves from those proven in the Sotk gold mine as of 01.01.2011, has been added.
59. The following changes were made to the contract PV-183 concluded on 27.11.2012 with "**Chaarat Kapan**" CJSC (former "Kapan Mining and Enrichment Plant" CJSC):

- According to the agreement concluded on 29.08.2019 a number of editorial corrections were made to the contract: the name and address of the Authorized Body was changed, the name of the subsoil user was changed,
  - The scope of obligations of the subsoil user has been expanded by the Agreement concluded on 06.05.2022, in particular:
    - obligation to submit a report to the Authorized Body about the accounting of pillars left in the developed areas in the Shahumyan multi-site gold mine during the period of 2008-2022 and calculation of their reserves,
    - obligation to submit to the authorized body until 31.08.2022 a project on selection and pilot introduction of optimal processing systems in the mine,
    - obligation to present to the authorized body before 31.12.2023 the results of the pilot works in applying the processing systems selected for the mine and there comparison with the results of application of the processing system (if the necessity of introduction of the optimal processing system will be grounded),
    - obligation to present to the authorized body before 31.08.2024 a report on re-assessment of the mine reserves (if the necessity of introduction of the optimal processing system will not be grounded).
60. The following change was made to the contract PV-311 concluded on 05.04.2013 with **"Agarak Copper Molybdenum Combine"** CJSC:
- According to the Agreement concluded on 13.08.2020 the amount of mineral reserves to be depleted annually was set to 3,490,000 tons for 2020, to 3,880,000 for 2021, and 4,360,000 tons starting from 2022, instead of the previously set 3,500,000 tons per year. Then, the coordinates of the borders of the provided reserves were specified, the chemical descriptions of the basic and accompanying components were changed. The financial proposals submitted by the subsoil user for the purpose of extracting minerals have been updated now including an investment of an amount in AMD equivalent to USD 16,840,000 with obligation to upgrade the enrichment plant and tailings economy before 01.01.2022. Under the same package of changes the obligations stipulated under the mine closure plan, the obligations assumed in the field of socio-economic development of the community, and the environmental management plan were updated.
61. As is evident from the foregoing, the only company with the mineral extraction and subsoil use contract which was amended in part of social obligations was the "Agarak Copper Molybdenum Combine" CJSC.
62. Thus, the mine closing plan which constitutes a part of the contract now is supplemented with an obligation to re-train the workers and to organize their work placement in other branches with purpose of social mitigation of their problems. The duration of the fulfillment of the obligation is 6 months with an investment of 27,000,000 AMD for this purpose.
63. The table of changes in socio-economic obligations of the Agarak Copper Molybdenum Combine" CJSC is shown below:

| Type of obligation  | Annual investment before 13.08.2020, AMD | Annual investment from 13.08.2020, AMD |
|---|--|--|
| Participation in the social-economic development programs of the Meghri community (previously only Agarak city) | 6,500,000                                | 36,000,000                             |
| Kindergarten of Agarak city   | 1,500,000                                | 1,200,000                              |

|   |                    |                                 |
|---|--------------------|---------------------------------|
| Financial assistance to disabled children                   | 700,000            | 720,000                         |
| Financial assistance to the families of killed military men | 600,000            | 720,000                         |
| Financial assistance to the Meghri regional medical center  | 500,000 (lump sum) | 2,000,000 (at present annually) |
| Other arrangements  | 500,000            | n/a                             |

## 2.2 Completeness of the register of published permits (whether all permits and data required by the standard are included, or not)

1. Requirement 2.3 of the EITI defines:

*“The implementing countries are required to maintain a publicly available register or cadastre system(s) with the following timely and comprehensive information regarding each of the licenses pertaining to companies within the agreed scope of EITI implementation:*

- i. License holder(s).*
- ii. Where collated, coordinates of the license area. Where coordinates are not collated, the government is required to ensure that the size and location of the license area are disclosed in the license register and that the coordinates are publicly available from the relevant government agency without unreasonable fees and restrictions. The disclosures should include guidance on how to access the coordinates and the cost, if any, of accessing the data. The government should also document plans and timelines for making this information freely and electronically available through the license register.*
- iii. Date of application, date of award and duration of the license.*
- iv. In the case of extraction licenses, the commodity being extracted.*

*A register or cadastre of licenses is expected to contain information on all licenses issued, including to companies outside the agreed scope of the implementation of the FTA and to individuals or groups whose payments are below the agreed materiality threshold. Any significant legal or practical obstacles to such comprehensive disclosure should be documented and explained, including information on the government’s plans to overcome such obstacles and the projected timeline for achieving the desired results.*

2. Information on the granted permits is available on the website of the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia where the contracts for use of subsoil with purpose of extracting metallic minerals, information about termination or waiver from the right to extract metallic minerals as well as information leaflets about activities related to the extraction of metallic minerals and activities related to the

geological prospecting of subsoil with purpose of extracting minerals are published and updated several times per year<sup>32</sup>.

3. Information published on the website fully covers the requirements of EITI and includes:
  - name of the legal entity which has been granted permit,
  - date of the application submitted for being granted the permit,
  - permit number, date and term of issuance,
  - name of the mine (sector),
  - coordinates of the end points of the subsoil area,
  - total area of the sector,
  - name of the mineral,
  - amount of depleting mineral reserves provided, basic and accompanying components and their quantity,
  - annual productivity of the mine,
  - number of the subsoil use contract and date of conclusion,
  - number of amendments to subsoil use contracts and date of conclusion,
  - permits renewal numbers, date, renewal period
4. As mentioned above, the subsoil use contracts for metal mineral extraction with all amendments and annexes are also posted and freely available on the website without any data or information being encrypted.

### 2.3 Participation of State in the companies entitled to subsoil mining of metallic minerals in Armenia, legal regulations related to state participation, applicability of requirements of the 2.6, 4.2 and 4.5 of the standard of EITI

There have been no subsoil-using enterprises with state participation in Armenia since introduction of the current subsoil use regulations and legal regime. This fact has been reaffirmed in all the previous reports of EITI about RA.

5. The situation has changed, however, on September 30, 2021. On 30.09.2021 only the following issue was included in the framework of the Government's written voting questions published on the website of the Government of RA:  
*"The "Industrial company" joint stock company being the owner of the 60.0000946% of the shares of the "Zangezur copper-molybdenum combine" closed joint-stock company wants to donate to the Republic of Armenia 25% (twenty-five percent) of the shares in the authorized capital of the Company, i.e. 412,250.75 (four hundred twelve thousand two hundred fifty whole seventy-five) ordinary (common) shares under its ownership."*
6. As a rationale for the question to be voted it was stated that *"the Republic of Armenia represented by the Government of the Republic of Armenia has expressed its readiness to assume ownership over the Shares and entrust the authority of their management to the Office of the Prime Minister of the Republic of Armenia."*
7. According to information published in the mass media, 15 percent share of the Company has been donated to the Government by the "Industrial Company" joint-stock company which belongs to the "GeoProMining" group of companies.

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<sup>32</sup> <https://mtad.am/pages/extractive-industries-transparency-initiative?tab=1>;  
<https://mtad.am/pages/extractive-industries-transparency-initiative?tab=2>;  
<https://mtad.am/pages/extractive-industries-transparency-initiative?tab=3>

8. According to certain public information, as well as the Decree N 1613-A of the RA Government dated 30 September 2021, the “Industrial Company” purchased 60 percent of the shares of "Zangezur Copper-Molybdenum Combine" CJSC on 29.09.2021 of which 25 percent was donated to the Government of RA on the same day thus making the Government a 15 percent co-owner of the “Zangezur Copper-Molybdenum Combine”.<sup>33</sup>
9. According to the declaration about the reported beneficial owners posted on the e-register.am website of the State Register of Legal Entities of the RA Ministry of Justice on 04.11.2021 the Republic of Armenia was the owner of 15.000033% of the shares of "Zangezur Copper-Molybdenum Combine" CJSC when according to the declaration dated 30.08.2022 the Republic of Armenia already owns 21.874998% of the Company's shares.
10. Actually, there are no legal regulations related to the participation of the state in the metal mining industries of Armenia, i.e. the state participates in subsoil-using companies under the same conditions and is subject to the same legal regulations as private individuals or legal entities.
11. There are only a number of general provisions in the legal system of RA which refer to the alienation of property with state participation (including participation and shares in companies).
12. In particular, in accordance with Part 3 of Article 279 of the Civil Code of RA, *"the state-owned property may be alienated to citizens and legal entities in the manner established under the Acts on privatization (denationalization)"*. And the RA Law "On Privatization (Denationalization) of State Property"<sup>34</sup> regulates the peculiarities and procedure of alienation of the property already considered the property of the state, including state shares.
13. The procedure for transferring the state share of the dividends paid by the *state joint-stock companies* and *companies with state participation* to the state budget approved by the order of the former Ministry of Finance and Economy defines the procedure and terms for transferring the dividends distributed in such companies to the state budget<sup>35</sup>:
14. However, it is noteworthy that the existing situation does not raise issues within the framework of requirement 2.6 of EITI. The clause a) of the latter defines:  
*Where the state participation in the extractive industries gives rise to material revenues for the state, an explanation (in addition to others) of the role of the state-owned enterprises (SOEs) in the industry and prevailing rules and practices regarding the financial relationship between the government and SOEs) should be reported by the states, including the transfer of financial means between SOE (SOEs) and state, undistributed revenue, re-investments, and the rules and practices regulating the financing of third parties. The transfers, re-investments of the undistributed revenues, and third parties' financing related to the joint ventures and subsidiaries of the SOEs shall be included as well.*
15. However, according to the requirements of the EITI the companies *"wholly or for the greater part owned by the government"* are considered to be state-owned enterprises. Therefore, even if the revenues received by the state from the "Zangezur Copper-Molybdenum Combine" CJSC are qualified as substantial the "Zangezur Copper-Molybdenum Combine" CJSC is not qualified as a state enterprise.

<sup>33</sup> <https://www.arlis.am/DocumentView.aspx?DocID=172062>

<sup>34</sup> No HO-188 (adopted on 17.12.1997), see on <https://www.arlis.am/documentview.aspx?docid=495>

<sup>35</sup> Ministry of Finance and Economy of RA, Order No 301 (issued on 02.09.1998), see on <https://www.arlis.am/DocumentView.aspx?DocID=19605>

16. Similarly, the requirement 4.5 related to the transactions involving state-owned enterprises and the requirement 6.2 related to the need to disclose quasi-fiscal expenses received from the state-owned enterprises are not applicable.
17. Finally, there are no problems within the framework of the requirement 4.2 of EITI. Thus, the requirement 4.2 refers to the share of extraction entitled to the state, but the solid minerals extracted during the activity of the "Zangezur Copper-Molybdenum Combine" CJSC do not become the state's share in any way.
18. Certainly, the details of the process and transaction as a result of which the State became a shareholder of the "Zangezur copper-molybdenum combine" CJSC are the most questionable. In particular, questions arise in the context of the reasons of the decision to donate the shares of the number one taxpayer of the state to the state.

## 2.4 Definition of the term “Project”

EITI requirement 4.7 (level of disaggregation) provides as follows:

*“It is required that EITI data is disaggregated by each individual project, company, government entity and revenue stream. A project is defined as operational activities that are governed by a single contract, license, lease, concession or similar legal agreement, and form the basis for payment liabilities with a government. Nonetheless, if multiple such agreements are substantially interconnected, the multi-stakeholder group must clearly identify and document which instances are considered a single project. Substantially interconnected agreements are a set of operationally and geographically integrated contracts, licenses, leases or concessions or related agreements with substantially similar terms that are signed with a government, giving rise to payment liabilities. Such agreements can be governed by a single contract, joint venture, production sharing agreement or other overarching legal agreement. Where a payment covered by the scope of EITI disclosures is levied at entity level rather than at project level, the company may disclose the payment at the entity level”.*

In the session as of April 27, 2022 (meeting minute 15)<sup>36</sup>, the MSG has agreed that it "considers the activities carried out with one subsoil use right/permit as a project" and that "in the report for 2020 and 2021, all the revenue streams that can be presented at the level of extraction permits, should be presented at that level with a clear reference thereto."

Guidance 29<sup>37</sup> provides two examples of legislative definitions of a “Project” – European Union Accounting Directive and Canada’s Extractive Sector Transparency Measures Act. Article 41(4) of the European Union Accounting Directive defines a project as follows:

*“The operational activities that are governed by a single contract, license, lease, concession, or similar legal agreements and form the basis for payment liabilities with a government. None the less, if multiple such agreements are substantially interconnected, this shall be considered as one project.”*

Canada’s Extractive Sector Transparency Measures Act (ESTMA) contains the following definition of a “Project”:

*“[O]perational activities that are governed by a single contract, license, lease, concession, or similar legal agreement and form the basis for payment liabilities with a government. Nonetheless, if*

<sup>36</sup> <https://www.eiti.am/hy/agenda-protocols-other-related-documents>

<sup>37</sup> [https://eiti.org/sites/default/files/attachments/guidance\\_note\\_29\\_english.pdf](https://eiti.org/sites/default/files/attachments/guidance_note_29_english.pdf)



*multiple such agreements are substantially interconnected, this shall be considered a project.” “Substantially interconnected” means forming a set of operationally and geographically integrated contracts, licenses, leases or concessions or related agreements with substantially similar terms that are signed with a government and give rise to payment liabilities”.*

The preliminary problem of applying such definitions in Armenia is that instruments governing the extractive activities (permits, land use act, mining contracts) do not form the basis of payment liabilities (except for certain environmental payments, like the contributions to the environmental protection fund and environmental monitoring payments), which raises the issue of feasibility and effectiveness of applying like definitions in the context of Armenia.

The permit, mining contract, land use act and the project that has passed all relevant expertizes are jointly documents affirming the mining rights of a subject.

Guidance 29 clarifies: *“in a production-sharing regime, a project is typically the contract that gives rise to payment liabilities. In a tax/royalty regime, a project is typically the license that gives rise to payments”.* It further states that *“MSGs should follow the guiding principle that project level payments should be reported in relation to the legal agreement which forms the basis for payment liabilities with the government”.*

The current regime applying in the Republic of Armenia is a clear tax/royalty regime, however determination of the “project level” based on permits will technically be ineffective given that the base for the calculation of royalty is the turnover of realization of supplied concentrate and not the legal agreement (or the specific permit) as such.

Thus, the currently existing reporting level in Armenia does not allow implementation of project-level reporting: However, in Armenia reporting is ipso facto project level by default.

Only one entity – Multi Group Concern LLC (registration number: 42.110.01460, TIN: 03516447) – that is, together with mining, is also involved in other industries. However, at least royalty payments made by the latter are clearly discernable from any other budgetary obligations.

Based on the aforementioned, we conclude that substantially interconnected legal agreements are not an issue for the Republic of Armenia.

## 2.5 Audit and levelling procedures in the Republic of Armenia, the State budget (requirement 5.3)

**Audit activities:** The body realizing regulatory and supervisory policy in the area of audit activities and accounting carried out on the territory of the Republic of Armenia is the Republic of Armenia Ministry of Finance, as stipulated by the RA Law “On the Structure and Operations of the Government”.<sup>38</sup>

The International Financial Reporting Standards published by the International Accounting Standards Board apply in the territory of the Republic of Armenia, which include the conceptual bases of financial statements, International Financial Reporting Standards, International Accounting Standards, and comments on them.

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<sup>38</sup> <https://www.arlis.am/DocumentView.aspx?DocID=170564>

According to RA laws “On Accounting” (HO-282-N),<sup>39</sup> “On Auditing” (HO-283-N)<sup>40</sup> և “On Regulation and Public Control of Accounting and Auditing” (HO-284-N)<sup>41</sup> the scope of enterprises subject to mandatory audit are presented.

As per the RA Law “On Accounting”<sup>42</sup> legal entities (including institutions established by them) that have undergone state registration in the Republic of Armenia as per the stipulated procedure, branches and representative offices of foreign companies shall prepare and present financial statements to their founders and shareholders, as well as to State bodies in the cases stipulated by the law, in accordance with the international financial reporting standards (full IFRS), conceptual bases of financial reporting and international financial reporting standards of small and medium enterprises (IFRS SMEs).

The regulation of accounting of public sector organizations and the requirements for compiling/submitting financial reports are governed by the RA Law “On Accounting of Public Sector Organizations”.<sup>43</sup>

The budget system of the Republic of Armenia is defined, and the budget process is regulated by the Law "On the Budget System" HO-137-N dated June 24, 1997.<sup>44</sup> The legal act approving the budget in terms of the state budget is the law on the state budget of the given year adopted by the National Assembly, and in terms of the community budget – the decision on the community budget adopted by the community council.

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<sup>39</sup> <https://www.arlis.am/DocumentView.aspx?DocID=164986>

<sup>40</sup> <https://www.arlis.am/documentview.aspx?docid=164910>

<sup>41</sup> <https://www.arlis.am/documentview.aspx?docid=165008>

<sup>42</sup> <https://www.arlis.am/DocumentView.aspx?DocID=164986>

<sup>43</sup> <https://www.arlis.am/documentview.aspx?docID=91454>

<sup>44</sup> <https://www.arlis.am/DocumentView.aspx?DocID=172015>



# 3

## EXTRACTION, PRODUCTION AND REALIZATION IN THE METAL MINING INDUSTRY

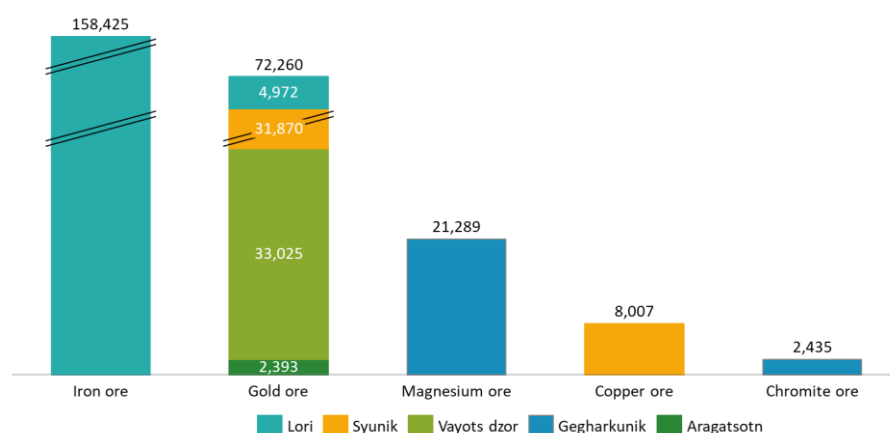
# 3. EXTRACTION, PRODUCTION AND REALIZATION IN THE METAL MINING INDUSTRY

## 3.1 Reserves of metal mineral resources in the mining industry (requirement 3.1)

Significant metal mineral reserves were confirmed in Armenia between the years 2010 and 2021. The biggest portion of confirmed metal ore reserves are of iron followed by gold, magnesium, copper, and chromite. Moreover, over the analyzed period there have been confirmed reserves of metal minerals such as zinc, lead, and molybdenum along with the reserves of composite materials (including tellurium, bismuth, rhenium, platinum, palladium, sulphursulphury, and selenium).

According to the information provided by the MTAI, new metal ore reserves were confirmed in the Mutsk gold mine in the Syunik region for the first time in January 2021. Accordingly, the gold and silver confirmed ore reserves increased. The distribution of the confirmed reserves of metal ore by regions over the period of 2010 to 2021 is summarized on the below figure.

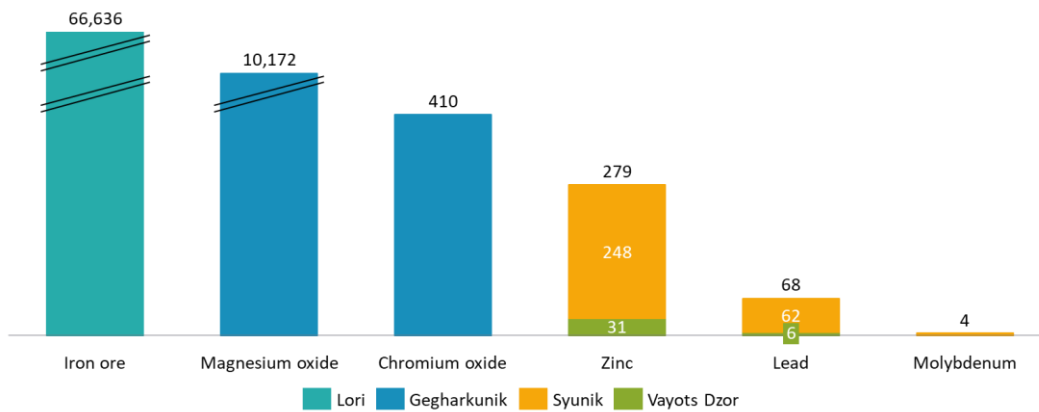
**Figure 3.1.1 Confirmed reserves of metal ore by regions during 2010–2021, thousand tons**



*Source: Information provided by the MTAI to the EITI*

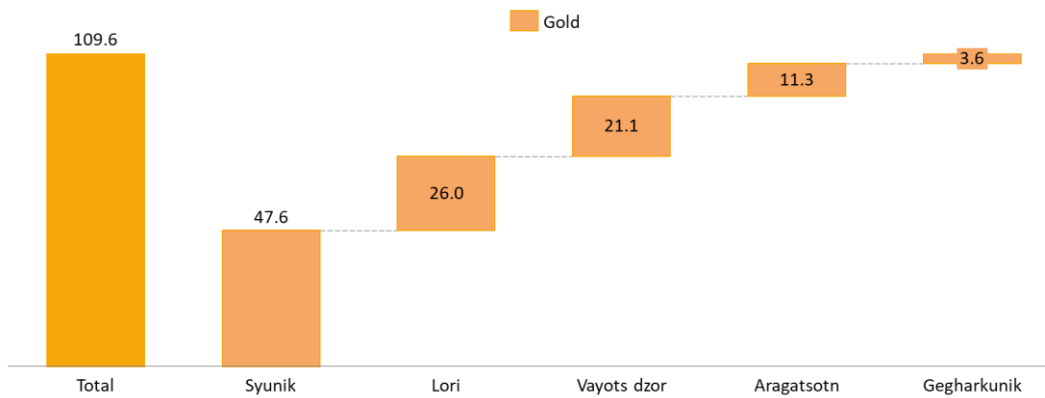
The Lori region is home to the largest volume of metal ore reserves. 100% of iron ore and 7% of gold ore balance reserves are concentrated in Lori. Syunik holds the second place with 100% of the copper ore and 44% of the gold balance reserves. In terms of the metal mineral resources, Syunik accounts for 100% molybdenum, 91% lead and 89% of zinc reserves. The Gegharkunik area is home to all known magnesium and chromite deposits. With 9.8% of the proven gold deposits between 2010-2021, the Vayots Dzor area is in the third place after Syunik and Lori. In the Gegharkunik area, there are 3.3% of total gold deposits. Confirmed reserves of metal mineral, gold, and silver reserves by regions over 2010-2021 are correspondingly summarized on the below figures.

**Figure 3.1.2 Confirmed reserves of metal mineral resources by regions during 2010–2021, thousand tons**

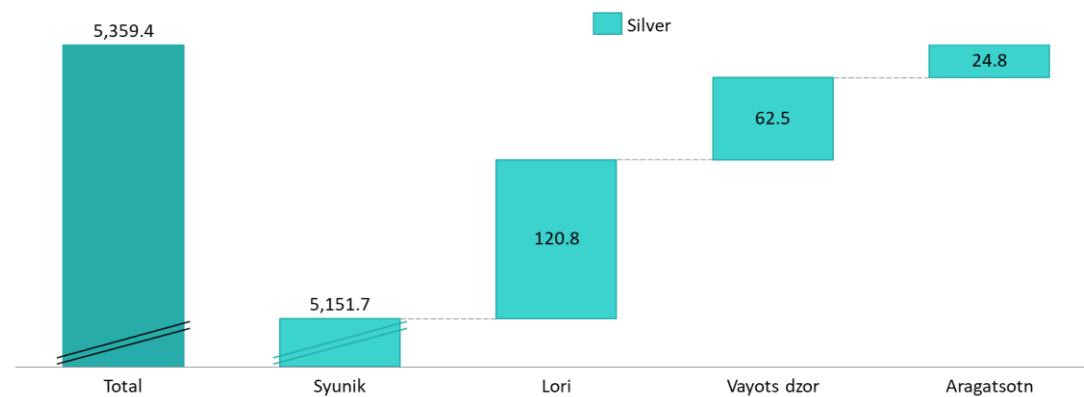


*Source: Information provided by the MTAI to the EITI*

**Figure 3.1.3 Confirmed reserves of gold and silver during 2010–2021, thousand tons**



*Source: The information was provided by the MTAI for preparation of EITI report*



*Source: The information was provided by the MTAI for preparation of EITI report*

### 3.2 Subsoil exploration activities (requirement 3.1)

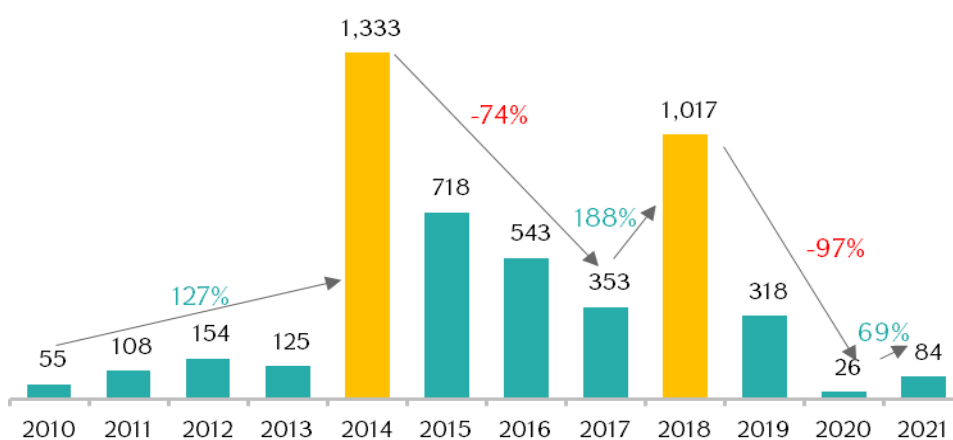
The Code provides the following definition for geological study:

*"Geological Studies - a set of geological activities aimed at exploring the structure of the earth's crust, the conditions for rock formations, exogenous geological processes, volcanic activity, as well as identifying and assessing the reserves of mineral resources."*

Investments to support geological studies are paramount to the growth and development of the mining sector. Through the exploration of the Earth's crust new mines can be discovered and verified against their feasibility.

The geological activities expressed in the monetary terms for the period 2010-2021 are summarized below:

**Figure 3.2.1 Volume of geological activities in 2010–2021, mln AMD**



Source: RA Statistical committee: [armstat.am](http://armstat.am)<sup>45</sup>

Over the depicted period the overall volume of the geological activities has amounted to AMD 4,750 million with the significant rise in the investments in 2014 and 2018 years. The monetary volume of geological studies increased by 188% in 2018 as compared to the previous year. If the reported increase in investments for geological studies in the year 2014 was due to a few studies conducted, planning and execution of mine drills under the study projects, and conclusion of the investigation phase of projects, a more capital-intensive stage of studies has contributed to the latter increase in the year 2018.

In the meantime, starting from the year 2018 the investments financing the geological activities have substantially decreased with the lowest volume reported in the year 2020. According to the MTAI, the decline in 2019 is conditioned on the changes in objectives and pursuits of the companies engaged in geological activities and is mainly due to the expiration of the mining rights of some companies licensed for geological exploration. Legislative regulations implemented in the field since 2018 held companies back from applying for permits for geological exploration of the subsoil: i.e., reforms on changes in duration of the subsoil use rights for geological studies and their

<sup>45</sup> Geological studies: [https://armstat.am/file/article/eco\\_book\\_2021\\_4.pdf](https://armstat.am/file/article/eco_book_2021_4.pdf)  
 Geological studies: [eco\\_book\\_2020\\_3.pdf](https://armstat.am/file/article/eco_book_2020_3.pdf) (armstat.am)  
 Geological studies: [https://armstat.am/file/article/eco\\_book\\_2019\\_3.pdf](https://armstat.am/file/article/eco_book_2019_3.pdf)  
 Geological studies: [eco\\_book\\_2018\\_3.pdf](https://armstat.am/file/article/eco_book_2018_3.pdf) (armstat.am)

extension, as well as the new requirements on mandatory implementation of geological exploration activities and submission of interim reports<sup>46</sup>.

In particular, with the adoption of the RA Law "On Making Additions and Amendments to the Subsoil Code of the Republic of Armenia" from 23 April 2019<sup>47</sup> a duty to disclose the real owners was established for legal entities conducting geological research for the purpose of extracting metallic minerals. For the person who has received the right to geological study of the subsoil for the purpose of extracting minerals, the RA Law "On Making Additions and Amendments to the Subsoil Code of the Republic of Armenia" from 13 November 2019<sup>48</sup> established an authorized body for the submission of administrative statistical reports: "On Geological Studies" (annual) and "On the Execution of Geological Studies" (quarterly). Moreover, according to the amendments to the RA Law "On Making Additions and Amendments to the Subsoil Code of the Republic of Armenia" from 23 April 2019<sup>49</sup> additional obligations regarding the provision of certain information have been established for the persons granted the right to geological study of the subsoil for the purpose of extracting minerals. In particular, in accordance with Article 46, Part 2, Clause 2, Sub-Clause 2.1 of the Subsoil Code, the person who has the right to geological study of the subsoil for the purpose of mineral extraction is obliged to provide the authorized body information on financial and technical capabilities and resources within 14 days after the change of the required information:<sup>50</sup>

The legal regulation of hearings held as part of the granting of subsoil use rights, including hearings on geological survey issues, in general are not problematic. As for practical issues, they are usually related to the failure to fulfill of the duties assigned to the communities (head of communities), which leads to a violation of the procedure for holding hearings. In such cases, the only legal remedy for the subsoil user may be the protection of the violated right in administrative proceedings, which in practice may take several years.

The number of such permits for the purpose of extraction of metallic minerals in 2021 has decreased by about 6 times compared to 2018. This resulted in AMD 26 million monetary value of geological activities in 2020 with a further 92% decline from the respective indicator in 2019 per the RA MTAI's report submitted to the RA Statistical Committee, which has slightly increased reaching AMD 83.8 million in 2021.

Mining companies undertake geological activities solely on their initiative and therefore bear all the associated expenses. The fields of geological studies broken down into implementation stages for the year 2020 and 2021 are presented in the table below.

**Table 3.2.1.1 Geological studies by fields and implementation phases in 2020, mln AMD**

| Field                          | Total | 2020        |                            |                         |                      |             |
|--------------------------------|-------|-------------|----------------------------|-------------------------|----------------------|-------------|
|                                |       | Prospecting | Prospecting and evaluation | Preliminary exploration | Detailed exploration | Other works |
| Precious metals                | 2.13  |             |                            | 2.13                    |                      |             |
| Non-metals                     | 6.55  | 0.90        | 0.60                       | 0.50                    | 3.22                 | 1.33        |
| Hydrogeological and geological | 0.18  |             |                            |                         | 0.18                 |             |

<sup>46</sup> <https://www.e-draft.am/projects/4619/about>

<sup>47</sup> <https://www.arlis.am/DocumentView.aspx?docid=130250>

<sup>48</sup> <https://www.arlis.am/DocumentView.aspx?docid=137114>

<sup>49</sup> Ibid

<sup>50</sup> Ibid

| Field                                   | Total       | 2020        |                            |                         |                      |             |
|---|-------------|-------------|----------------------------|-------------------------|----------------------|-------------|
|   |             | Prospecting | Prospecting and evaluation | Preliminary exploration | Detailed exploration | Other works |
| engineering works                       |             |             |                            |                         |                      |             |
| Other works                             | 17.26       |             |                            |                         |                      | 17.26       |
| <b>Geological studies, total volume</b> | <b>26.1</b> | 0.9         | 0.6                        | 2.63                    | 3.39                 | 18.59       |

Source: RA SC 's publication "Geological Studies" for relevant years<sup>51</sup>

**Table 3.2.1.2 Geological studies by fields and implementation phases in 2021, mln AMD**

| Field  | Total       | 2021        |                            |                         |                      |             |
|--|-------------|-------------|----------------------------|-------------------------|----------------------|-------------|
|  |             | Prospecting | Prospecting and evaluation | Preliminary exploration | Detailed exploration | Other works |
| Precious metals                                  | 24.4        |             |                            | 6.7                     |                      | 21.7        |
| Non-metals                                       | 28.6        | -           | -                          | 2.7                     | 26.9                 | -           |
| Hydrogeological and geological engineering works | 2.3         | -           | -                          | 0.2                     | 1.2                  | 0.85        |
| Other works                                      | 2.8         | -           | -                          | 0.15                    | 2.3                  | 0.35        |
| <b>Geological studies, total volume</b>          | <b>83.8</b> |             |                            | 9.7                     | 29.4                 | 44.7        |

Source: RA SC 's publication "Geological Studies" for relevant years<sup>52</sup>

### 3.3 Extraction and production in metal mining industry (requirement 3.2 and 3.3)

The primary types of metal minerals that are being extracted in the territory of Armenia are copper, molybdenum, gold, and zinc. New mines have been confirmed at the end of the year 2020, which are accordingly reflected in the quantities of mines confirmed by the State Cadaster of Mines, Deposits and Occurrences of Minerals of the Republic of Armenia managed by the Republican Geological Fund as of December 31, 2020, i.e., 928 mines including 44 metallic, 769 solid non-metallic, 29 solid non-metallic approved by the Scientific and Technical Council and 18 solid non-metallic with off-balance reserves, 44 groundwater freshwater, 24 mineral groundwater, and 578 mineral occurrences (129 metallic, 449 non-metallic). As of December 31, 2021, these quantities have slightly changed and totaled to 954 mines including 45 metallic, 793 solid non-metallic, 29 solid non-metallic approved by the Scientific and Technical Council and 18 solid non-metallic with off-balance reserves, 45 groundwater freshwater, 24 mineral groundwater, and 578 mineral occurrences (129 metallic, 449 non-metallic).

As of 30 November 2022, the State Cadaster of Mines, Deposits and Occurrences of Minerals of the Republic of Armenia managed by the Republican Geological Fund confirmed 961 mines including 45 metallic, 800 solid non-metallic, 29 solid non-metallic approved by the Scientific and Technical Council and 18 solid non-metallic with off-balance reserves, 45 groundwater freshwater, 24 mineral groundwater, and 578 mineral occurrences (129 metallic, 449 non-metallic). Among the confirmed 45 metal mineral deposits the following number of mines were confirmed:

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

<sup>51</sup> Geological studies: eco\_book\_2020\_3.pdf (armstat.am)

<sup>52</sup> Geological studies: [https://armstat.am/file/article/eco\\_book\\_2021\\_4.pdf](https://armstat.am/file/article/eco_book_2021_4.pdf)

- 2 polymetallic,
- 1 molybdenum,
- 1 magnesium silicate rock and chromite,
- 1 of nepheline syenite.

The large difference between the presented quantities from the confirmed numbers of mines reported in the last EITI report is not due to a drastic change in the number of mines but the approach applied to the calculation of the number of mines up until 2021, which was not in line with the RA Government No 1571-N decree dated November 22, 2012. Based on the latter methodology the Republican Geological Fund has reported the following reviewed quantities of mines as of December 31, 2019: 916 mines including 44 metallic, 757 solid non-metallic, 29 solid non-metallic approved by the Scientific and Technical Council and 18 solid non-metallic with off-balance reserves, 44 groundwater freshwater, 24 mineral groundwater.

The summary of the exploited mines by each metal mining company in 2020 and 2021 are presented below.

**Table 3.3.1 Mines exploited by metal mining companies as of 2020 and 2021**

| N  | Company name                                    | Mine/site explored, Region  | Mineral name   |
|----|---|---|--|
| 1  | “Agarak Copper Molybdenum Combine” CJSC         | Agarak copper-molybdenum mine, Syunik   | copper, molybdenum   |
| 2  | “Akhtala Mining And Processing Enterprise” CJSC | Shamlukh copper mine, Lori  | copper, gold, silver, zinc, lead, cadmium, sulphur, selenium |
| 3  | “Aktive Lernagorts” LLC                         | Ayedzor copper-molybdenum mine, central site, Syunik  | copper, molybdenum   |
| 4  | “Assat” LLC                                     | Qaraberd gold mine, central site, Lori  | gold, silver   |
| 5  | “At-Metals” LLC                                 | Meghrasar gold mine, Syunik   | gold, silver   |
| 6  | «Bacteck Eco” LTD                               | Arjut gold mine, Lori   | gold, silver, copper   |
| 7  | “Geghi Gold” LLC                                | Voskedzor gold-multi-metal mine, Syunik   | gold, silver, zinc, copper                                   |
| 8  | “Geopromining Gold“ LLC                         | Sotk gold mine, central site Gegharkunik  | gold, silver   |
| 9  | “Zangezur Copper-Molybdenum Combine“ CJSC       | Kajaran copper-molybdenum mine, Syunik  | copper, molybdenum   |
| 10 | “Tatstone“ LLC                                  | Lichk copper mine, Syunik   | copper   |
| 11 | “Teghout” CJSC                                  | Teghout copper-molybdenum mine, Lori  | copper, molybdenum   |
| 12 | “Ler-Ex” LLC                                    | Hankasar copper-molybdenum mine, Syunik   | copper, molybdenum   |
| 13 | “Lydian Armenia” CJSC                           | Amulsar gold quartzite mine, “Tigranes”, “Artavazdes” and a”Erato” sites, Vayots Dzor <sup>53</sup> | gold, silver   |

<sup>53</sup>The Amulsar golden quartzites mine registered in the State Cadastre of Deposits and Occurrences of Minerals includes the Tigranes and Artavazdes sites and the Erato site of the Amulsar golden quartzites mine. The Tigranes and Artavazdes sites are not registered as separate mining sites in the cadastre.

| N  | Company name                           | Mine/site explored, Region  | Mineral name   |
|----|--|---|--|
| 14 | «Lichkvaz» CJSC                        | Lichkvaz-Tey gold mine, Syunik                                      | gold, silver, copper   |
| 15 | “Chaarat Kapan”                        | Shahumyan gold-multi-metal mine, Syunik                             | gold,silver,copper zinc, lead                                |
| 16 | «Gharagulyanner” CJSC                  | The central site of Upper Vardanidzor gold-multi-metal mine, Syunik | gold, silver, copper, zinc, lead                             |
| 17 | “Marjan Mining Company” LLC            | Marjan gold-multi-metal mine, Syunik <sup>54</sup>                  | gold,silver, copper, zinc, lead                              |
| 18 | “Mego Gold” LLC                        | Tukhmanuk gold mine, central site Aragatsotn                        | gold, silver   |
| 19 | “Meghradzor Gold” LLC                  | Meghradzor gold mine, Kotayk  | gold, silver, tellurium                                      |
| 20 | “Molibdeni Ashkharh” LLC <sup>55</sup> | Copper-molybdenum mine of Dastakert, Syunik <sup>56</sup>           | copper, molybdenum   |
| 21 | “Multi Group” Concern LLC              | Mghart gold mine, Lori  | gold, silver   |
| 22 | “Paramount Gold Mining” LLC            | Meghradzor gold mine, “Lusadzur” site, Kotayk                       | gold, silver, tellurium, bismuth                             |
| 23 | “Sagamar” CJSC                         | Armanis gold-multi-metal mine, Lori                                 | gold, silver, copper, zinc, lead, cadmium, sulphur, selenium |
| 24 | “Vayk Gold” LLC                        | Azatek gold-multi-metal mine, Vayots Dzor                           | gold, silver zinc, lead, copper                              |
| 25 | “Vardani Zartonk” LLC <sup>57</sup>    | Sofi Binay gold-multi-metal mine, Vayots Dzor                       | gold, zinc, lead, silver                                     |
| 26 | “Fortune Resources” LLC <sup>58</sup>  | Hrazdan iron mine, Kotayk   | iron   |

**Source:** The information was provided by MTAI for the preparation of EITI report<sup>59</sup>

The above listed companies have held the right to exploit the listed mines in their respective exploration regions in Armenia in the years 2020 and 2021. According to the information provided by the metal mining companies 33 million tons copper and copper molybdenum ore were extracted in 2020, which account for 95.5% volume of the ore extraction for the period. In 2021 the volume of extraction of the copper and copper molybdenum ore has dropped to 32 million tons almost in line with the 5.6% decrease in the overall volume of the ore extraction compared to the prior year.

<sup>54</sup> Registered in the State Cadastre of Deposits and Occurrences of Minerals as occurrences of minerals.

<sup>55</sup> According to the order No. 1008-A dated 28.07.2020 of the Minister of MTAI, the subsoil use right of "Molibdeni Ashkhar" LLC was terminated. However, the RA Administrative Court satisfied the company's demand to declare the order invalid.

[http://www.datalex.am/?app=AppCaseSearch&case\\_id=38562071809950270](http://www.datalex.am/?app=AppCaseSearch&case_id=38562071809950270)

<sup>56</sup> Registered in the State Cadastre of Deposits and Occurrences of Minerals as the Central site of the Dastakert copper-molybdenum mine.

<sup>57</sup> According to the order No. 1075-A dated 07.08.2020 of the Minister of MTAI, the subsoil use right of "Vardani Zartonk" LLC was terminated. Based on the complaint submitted by the company to the RA Court of Appeals, the execution of the order No. 1075-A of the MTAI of the Republic of Armenia dated 07.08.2020 was suspended pending a final decision in the case.

<sup>58</sup> According to the order No. 1033-A dated 31.07.2020 of the Minister of MTAI, the subsoil use right of "Fortune Resources" LLC was terminated. Based on the complaint submitted by the company to the RA Court of Appeals, the execution of the order No. 1033-A of the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia dated 31.07.2020 was suspended pending a final decision in the case. [http://www.datalex.am/?app=AppCaseSearch&case\\_id=38562071809950937](http://www.datalex.am/?app=AppCaseSearch&case_id=38562071809950937)

<sup>59</sup> The mining permits for “Tatstone” LLC and “Marjan Mining Company” LLC have been accordingly terminated in May and July of 2021, “Mego Gold” LLC’s mining permit dated December 2019 has been appealed and as of June 2021 the latter was again recognized as a metal mining company.



Considering the prominent high volumes of extracted copper and copper molybdenum ores in the territory of Armenia, the high concentration of valuable gold and silver in the latter mineral type should be noted:

**Table 3.3.2 Main ore types extracted by the metal mining sector in 2020 and 2021**

| N  | Ore type              | Volume                |              | Company   |
|----|-----------------------|-----------------------|--------------|---|
|    |                       | 2020                  | 2021         |   |
| 1  | Copper-molybdenum ore | 19,933,652 t          | 19,186,227 t | “Zangezur Copper-Molybdenum Combine“ CJSC       |
| 2  | Copper-molybdenum ore | 8,630,648 t           | 7,768,331 t  | “Teghout“ CJSC                                  |
| 3  | Copper-molybdenum ore | 3,569,555 t           | 4,500,443 t  | “Agarak Copper Molybdenum Combine“ CJSC         |
| 4  | Copper-molybdenum ore | 1,605 t               | 0            | “Aktiv Lernagorts“ LLC                          |
| 5  | Copper ore            | 408,737 wmt           | 361,945 wmt  | “Akhtala Mining and Processing Enterprise“ CJSC |
| 6  | Copper and gold ore   | 17,921 m <sup>3</sup> | 177,679 dmt  | “Lichkvaz“ LLC                                  |
| 7  | Gold ore              | 1,395,614 un          | 1,672,416 un | “Geopromining Gold“ LLC                         |
| 8  | Gold containing ore   | 684,156 dmt           | 600,757 t    | “Chaarat Kapan“ CJSC                            |
| 9  | Gold containing ore   | 67,555 t              | 62,660 t     | “Meghradzor Gold“ LLC                           |
| 10 | Gold containing ore   | 0                     | 33,447 t     | “Assat“ LLC                                     |
| 11 | Gold containing ore   | 46,400 t              | 6 t          | »Bacteck Eco“ LTD                               |
| 12 | Gold containing ore   | 0                     | 0.02 t       | “Gharagulyanner“ CJSC                           |

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

According to the statistics published by the Statistical Committee of the RA on the industrial production separated by types of economic activity, the value of mining and quarrying output in the year 2020 underwent a year-on-year increase of 12.8% reaching AMD 386,900 million with 18.4% share in the overall industrial production. In 2021, the value of the output soared by 47.4% and accordingly accounted for 23.6% of the overall industrial production.

Due to a large number of mines exploited in its territories Syunik has been traditionally considered the leader of the mining sector with the biggest volume of the mining and quarrying production. The output produced in the Syunik region increased by 6.4% in 2020 compared to the prior year with the overall contribution of 77.6% to the total production, while the corresponding increase in 2021 was 53.7% with the 81.0% contribution to the total. Lori comes next in line after Syunik and accounts for 14.9% and 16.2% of the production in 2020 and 2021, respectively, as opposed to the previously reported 10.3% in 2019. After the significant production stagnation in 2018 because of the temporary suspension of “Teghout” CJSC due to its financial difficulties and technical problems with the Teghout tailing dump, the exploitation of the mine has been resumed since June 2019 contributing to the considerable growth of the metal production in the region. In 2020, the production of mining and quarrying sector in Lori grew by 63.1% compared to the prior year.

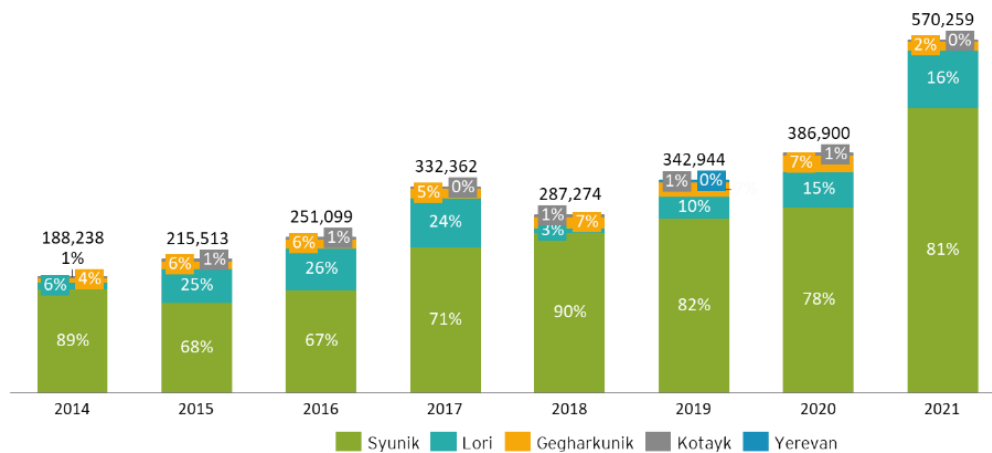
The below table and figure respectively present the territorial distribution of the production and the monetary volume of output of the mining and quarrying sector from 2014 to 2021.

**Table 3.3.3 Leading regions in metal production at current prices, mln AMD**

| Region       | 2014           | 2015           | 2016           | 2017           | 2018           | 2019           | 2020           | 2021           |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Syunik       | 168,165        | 146,159        | 167,184        | 236,667        | 259,558        | 282,285        | 300,423        | 461,652        |
| Lori         | 10,695         | 54,899         | 66,515         | 79,088         | 7,263          | 35,456         | 57,838         | 92,571         |
| Gegharkunik  | 8,279          | 12,855         | 14,854         | 15,089         | 18,886         | 23,165         | 26,435         | 14,198         |
| Kotayk       | 1,099          | 1,599          | 2,547          | 1,517          | 1,567          | 1,750          | 2,203          | 1,837          |
| c. Yerevan   | -              | -              | -              | -              | -              | 289            | -              | -              |
| <b>Total</b> | <b>188,238</b> | <b>215,513</b> | <b>251,099</b> | <b>332,362</b> | <b>287,274</b> | <b>342,944</b> | <b>386,900</b> | <b>570,259</b> |

Source: RA SC's publication "The regions of the Republic of Armenia and the city of Yerevan" for relevant years<sup>60</sup>

**Figure 3.3.1 Volumes of regional production in mining and quarrying sector, mln AMD**



Source: RA SC's publication "The regions of the Republic of Armenia and the city of Yerevan" for relevant years<sup>61</sup>

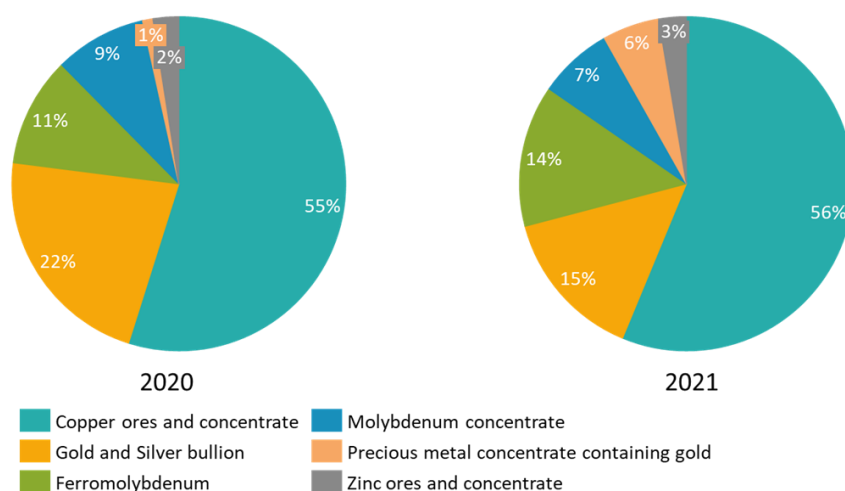
Copper, zinc, molybdenum concentrate, and gold concentrates, ferromolybdenum, make up the entire set of metal output of the mining and quarrying sector in Armenia. In the meantime, copper concentrate is the main output of the metal ore industry based on the volume and the monetary value of its production in the region. Moreover, the mining companies in Armenia produce gold ore and gold and silver bullions among the other precious metals.

The overall monetary value of the production in the metal mining industry for the years 2020 and 2021 is summarized below:

<sup>60</sup>[https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank\\_\\_3%20Industry,%20Construction,%20trade%20and%20services\\_\\_32%20Industry/IC-in-e.px/table/tableViewLayout2/?rxid=636adc14-dabb-49b4-853a-d62d5b935d00](https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank__3%20Industry,%20Construction,%20trade%20and%20services__32%20Industry/IC-in-e.px/table/tableViewLayout2/?rxid=636adc14-dabb-49b4-853a-d62d5b935d00)

<sup>61</sup> Ibid

**Figure 3.3.2 Share of metal mining industry products in total production value in 2020 and 2021**



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

**Table 3.3.4.1 Main metal mining industry products in 2020, their volumes and values**

| N  | Product type                               | Unit of measurement | Volume    | Value, mln AMD | Company   |
|----|--|---------------------|-----------|----------------|---|
| 1  | Copper concentrate                         | wmt                 | 260,901   | 66,531         | “Zangezur Copper-Molybdenum Combine“ CJSC       |
| 2  | Copper concentrate                         | dmt                 | 83,488    | 36,533         | “Teghout” CJSC                                  |
| 3  | Copper ore                                 | wmt                 | 12,400    | 4,135          | “Akhtala Mining And Processing Enterprise” CJSC |
| 4  | Copper ores and concentrates               | m <sup>3</sup>      | 17,921    | -              | «Lichkvaz» CJSC                                 |
| 5  | Copper ores and concentrates               | t                   | 42,678    | 14,698         | “Agarak Copper Molybdenum Combine” CJSC         |
| 6  | Copper ores and concentrates               | dmt                 | 13,716    | 31,324         | “Chaarat Kapan ” CJSC                           |
| 7  | Gold and Silver bullion                    | gram                | 4,363,880 | 61,827         | “Geopromining Gold“ LLC                         |
| 8  | Ferromolybdenum                            | t                   | 7,179     | 29,547         | “Zangezur Copper-Molybdenum Combine“ CJSC       |
| 9  | Molybdenum concentrate                     | wmt                 | 14,684    | 20,001         | “Zangezur Copper-Molybdenum Combine“ CJSC       |
| 10 | Molybdenum concentrate                     | dmt                 | 1,091     | 3,166          | “Teghout” CJSC                                  |
| 11 | Molybdenum concentrate                     | t                   | 706       | 1,696          | “Agarak Copper Molybdenum Combine” CJSC         |
| 12 | Zinc ores and concentrate                  | dmt                 | 12,930    | 6,932          | “Chaarat Kapan” CJSC                            |
| 13 | Precious metal concentrate containing gold | t                   | 4,486     | 2,833          | “Meghradzor Gold” LLC                           |
| 14 | Ore containing gold                        | wmt                 | 13,200    | -              | “At-Metals” LLC                                 |

| N  | Product type       | Unit of measurement | Volume | Value, mln AMD | Company                 |
|----|--------------------|---------------------|--------|----------------|-------------------------|
| 15 | Non-ferrous metals | wmt                 | 1,605  | -              | “Active Lernagorts” LLC |

*Source.* The information was provided by metal mining companies for the EITI report

**Table 3.3.4.2 Main metal mining industry products in 2021, their volumes and values**

| N  | Product type                               | Unit of measurement | Volume    | Value, mln AMD | Company   |
|----|--|---------------------|-----------|----------------|---|
| 1  | Copper concentrate                         | wmt                 | 227,520   | 65,097         | “Zangezur Copper-Molybdenum Combine“ CJSC       |
| 2  | Copper concentrate                         | dmt                 | 84,983    | 40,615         | “Teghout” CJSC                                  |
| 3  | Copper ore                                 | dmt                 | 8,995     | 28,043         | “Chaarat Kapan ” CJSC                           |
| 4  | Copper ores and concentrates               | dmt                 | 5,164     | 7,380          | “Chaarat Kapan” CJSC                            |
| 5  | Copper ores and concentrates               | t                   | 52,044    | 18,786         | “Agarak Copper Molybdenum Combine” CJSC         |
| 6  | Copper ores and concentrate                | wmt                 | 10,648    | 8,373          | “Akhtala Mining And Processing Enterprise” CJSC |
| 7  | Copper ores and concentrates               | dmt                 | 177,679   | 1,558          | «Lichkvaz» CJSC                                 |
| 8  | Copper ores and concentrates               | dmt                 | 4,318     | 1,779          | «Lichkvaz» CJSC                                 |
| 9  | Gold and Silver bullion                    | gram                | 2,088,717 | 44,710         | “Geopromining Gold“ LLC                         |
| 10 | Ferromolybdenum                            | t                   | 8,442     | 41,798         | “Zangezur Copper-Molybdenum Combine“ CJSC       |
| 11 | Molybdenum concentrate                     | wmt                 | 8,494     | 15,703         | “Zangezur Copper-Molybdenum Combine“ CJSC       |
| 12 | Molybdenum concentrate                     | dmt                 | 1,252     | 3,982          | “Teghout” CJSC                                  |
| 13 | Molybdenum concentrate                     | t                   | 817       | 2,307          | “Agarak Copper Molybdenum Combine” CJSC         |
| 14 | Zinc ore                                   | dmt                 | 10,622    | 8,122          | “Chaarat Kapan ” CJSC                           |
| 15 | Ore containing gold                        | dmt                 | 2,304     | 7,183          | “Chaarat Kapan” CJSC                            |
| 16 | Ore containing gold                        | dmt                 | 3,875     | 5,538          | “Chaarat Kapan” CJSC                            |
| 17 | Ore containing gold                        | dmt                 | 3,705     | 1,726          | «Lichkvaz» CJSC                                 |
| 18 | Ore containing gold                        | t                   | 33,447    | 708            | “Assat” LLC                                     |
| 19 | Precious metal concentrate containing gold | t                   | 4,132     | 1,671          | “Meghradzor Gold” LLC                           |

| N  | Product type              | Unit of measurement | Volume | Value, mln AMD | Company               |
|----|---------------------------|---------------------|--------|----------------|-----------------------|
| 20 | Ore of non-ferrous metals | kg                  | 20     | 0              | «Gharagulyanner» CJSC |

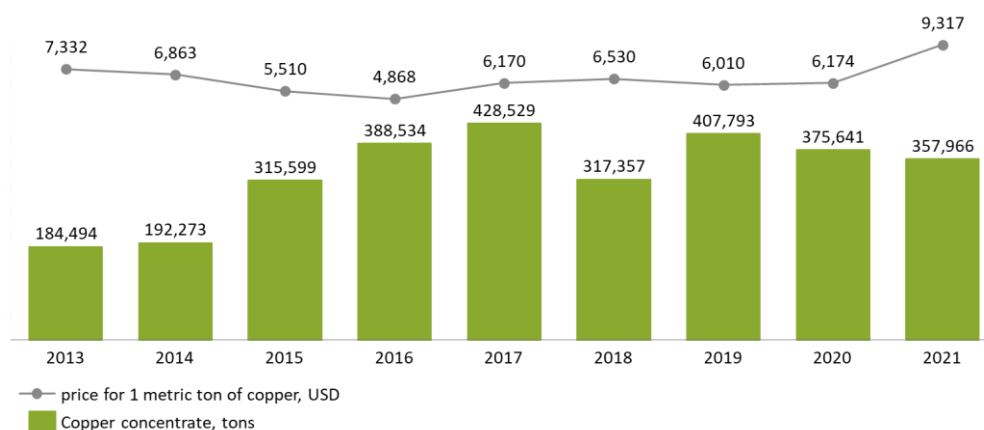
**Source:** The information was provided by metal mining companies for the EITI report

### Copper concentrate production and international prices

With the largest contribution to the mining and quarrying sector copper has been historically regarded as the main mineral of the metal mining industry in Armenia. According to the data published by the Statistical Committee of the RA, the average annual growth rate of copper concentrate production over the period from 2013 to 2021 has amounted to 11.4%. Despite significant increase in the volume of the metal production in 2019 mainly due to the resumption of the exploitation of the Teghout mine, which, in turn, contributed to the momentous fifteen-fold growth only in the copper production for the year, the total metal production for 2020 has dropped by 7.9% and amounted to 375,641 tons with the further decline to 357,966 tons in 2021.

The varying volume of the production from the year 2020 to 2021 does not depend on the number of the companies involved in the extraction activities, as the same companies were engaged in the extraction activities and reported production in both years.

**Figure 3.3.3 Copper concentrate production and international copper prices in 2013-2021**



**Source:** RA SC publication “Output of Main Commodities in the Industrial Organizations (in kind)” for relevant years<sup>62</sup>, Data regarding international prices was extracted from Commodity Markets of the World Bank<sup>63</sup>

Based on the information collected from the companies operating in the metal mining sector in Armenia “Zangezur Copper Molybdenum Combine” CJSC has retained its leading position in the two consecutive years 2020 and 2021 with the respective 60.5% and 57.3% shares in the copper concentrate production. “Teghout” CJSC contributed to 19.4% production in 2020 and 21.9% in 2021.

According to the World Bank the world average copper prices reported for the year 2021 exceeded the prices for 2016 by 91%. The overall average annual increase for the period was 16%. Consolidation of copper price growth has started in 2017, when the average world price was higher

<sup>62</sup>[https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank\\_\\_3%20Industry,%20Construction,%20trade%20and%20services\\_\\_32%20Industry/IC-in-e.px/table/tableViewLayout2/?rxid=636adc14-dabb-49b4-853a-d62d5b935d00f](https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank__3%20Industry,%20Construction,%20trade%20and%20services__32%20Industry/IC-in-e.px/table/tableViewLayout2/?rxid=636adc14-dabb-49b4-853a-d62d5b935d00f)

<sup>63</sup> Commodity Markets (worldbank.org)

by 27% (6,170 USD/t) compared to 2016 (4,868 USD/t). In 2018 the price was 6,530 USD/t. Despite insignificant decline in 2019 (6,010 USD/t), in 2020 the price increased to 6,174 USD/t and reached its highest record in 2021 – 9,317 USD/t.

There are fluctuations in the international price for copper, which overall influence the metal mining industry of Armenia and the production volumes of the copper concentrate. In the last years the rise in copper prices took place simultaneously with a reduction in volumes of copper production in Armenia. In the meantime, the total revenues from copper sales have increased.

Furthermore, there is no unified approach of production adhered by the metal mining companies in 2020 and 2021, some of the copper producer companies have decreased their production compared to the prior year, some have increased. For example, “Zangezur Copper Molybdenum Combine” CJSC decreased its production level by 21.1% in 2020 with the further 14.7% decline in 2021. “Teghout” CJSC, on the contrary, has been increasing its production since 2019 (57.3% increase in 2020 and 1.8% increase in 2021 compared to the prior year). Similarly, “Chaarat Kapan” CJSC, increased its production by 29.7% and 3.2% in 2020 and 2021, respectively. Furthermore, “Agarak Copper Molybdenum Combine” CJSC has surged its production over the mentioned two-year period, whereas “Akhtala Mining And Processing Enterprise” CJSC has been reducing the volume of its produce.

**Table 3.3.5.1 Copper concentrate production by companies in 2020**

| Company   | Community                  | Unit of measurement | Volume         | Value, mln AMD |
|---|----------------------------|---------------------|----------------|----------------|
| “Zangezur Copper-Molybdenum Combine” CJSC       | RA, Syunik region, Kajaran | wmt                 | 260,901        | 66,531         |
| “Teghout” CJSC                                  | RA, Lori region, Teghout   | dmt                 | 83,488         | 36,533         |
| “Chaarat Kapan ” CJSC <sup>64</sup>             | RA, Syunik region, Kapan   | dmt                 | 13,716         | 31,324         |
| “Agarak Copper Molybdenum Combine” CJSC         | RA, Syunik region, Agarak  | t                   | 42,678         | 14,698         |
| “Akhtala Mining And Processing Enterprise” CJSC | RA, Lori region, Akhtala   | wmt                 | 12,400         | 4,135          |
| «Lichkvaz» CJSC                                 | RA, Syunik region, Kapan   | dmt                 | 17,921         | -              |
| <b>Total</b>                                    |                            |                     | <b>431,104</b> | <b>153,221</b> |

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

**Table 3.3.5.2 Copper concentrate production by companies in 2021**

| Company   | Community                  | Unit of measurement | Volume         | Value, mln AMD |
|---|----------------------------|---------------------|----------------|----------------|
| “Zangezur Copper-Molybdenum Combine” CJSC       | RA, Syunik region, Kajaran | wmt                 | 222,905        | 65,097         |
| “Teghout” CJSC                                  | RA, Lori region, Teghout   | dmt                 | 84,983         | 40,615         |
| “Chaarat Kapan ” CJSC <sup>65</sup>             | RA, Syunik region, Kapan   | dmt                 | 14,119         | 35,423         |
| “Agarak Copper Molybdenum Combine” CJSC         | RA, Syunik region, Agarak  | t                   | 52,044         | 18,786         |
| “Akhtala Mining And Processing Enterprise” CJSC | RA, Lori region, Akhtala   | wmt                 | 10,648         | 8,373          |
| “Lichkvaz” CJSC                                 | RA, Syunik region, Kapan   | dmt                 | 4,318          | 1,779          |
| <b>Total</b>                                    |                            |                     | <b>388,672</b> | <b>170,074</b> |

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

<sup>64</sup> Former name “Kapan mining and processing enterprise” CSJC

<sup>65</sup> Ibid

### Molybdenum concentrate and ferromolybdenum production and international prices

From among molybdenum products, they produce ferromolybdenum and molybdenum concentrate in the territory of the Republic of Armenia. “Zangezur Copper Molybdenum Combine” CJSC, “Teghout” CJSC, “Agarak Copper Molybdenum Combine” CJSC have respectively accounted for 92.4%, 4.6%, and 3.0% volume of ferromolybdenum and molybdenum concentrate production in 2020, and 89.1%, 6.6%, and 4.3% in 2021.

**Table 3.3.6 Molybdenum concentrate and ferromolybdenum production by companies in 2020 and 2021**

| Company                                   | Community                  | 2020          |                | 2021          |                |
|---|----------------------------|---------------|----------------|---------------|----------------|
|   |                            | Volume, wmt   | Value, mln AMD | Volume, wmt   | Value, mln AMD |
| “Zangezur Copper Molybdenum Combine” CJSC | RA, Syunik region, Kajaran | 21,863        | 49,548         | 16,936        | 57,501         |
| “Teghout” CJSC                            | RA, Lori region, Teghout   | 1,091         | 3,166          | 1,252         | 3,982          |
| “Agarak Copper Molybdenum Combine” CJSC   | RA, Syunik region, Agarak  | 706           | 1,696          | 817           | 2,307          |
| <b>Total</b>                              |                            | <b>23,660</b> | <b>54,410</b>  | <b>19,005</b> | <b>63,790</b>  |

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

According to the RA Statistical committee<sup>66</sup> since 2015 the production of the molybdenum has been rising with relatively little stagnation in 2018 (3.7%), which has been offset by 29.9% increase in 2019. Furthermore, the volume of the molybdenum production reached a record high volume of 24,884 tons in 2020, while exceeding the respective indicator for 2019 by 72.43%. Despite retaining the high levels of the molybdenum production in 2021, which nearly amounted to 22,177 tons, there has been recorded year-on-year 10.9% decrease in the molybdenum production from the prior year.

In the meantime, with the average annual growth rate of 3.3% the production volumes of ferromolybdenum over the period of 2013 to 2021 have undergone only slight year-on-year changes with the lowest level of production of 5,576 tons reported in 2015. There has been a slight decrease in ferromolybdenum production volumes by 0.04% in 2020, while the corresponding figure for 2021 was 8,335 tons, which was 8.1% higher than the prior year results. Although the dynamics between the molybdenum and ferromolybdenum production can be at times similar, the magnitude of the volumes produced differ significantly. For the last three-year period the average annual growth rate of production for the molybdenum concentrate has been 30.5%, whereas that of the ferromolybdenum was only 4.6%.

According to the data retrieved from the Trading Economics<sup>67</sup> there has been an overall upward tendency in the molybdenum international price from 2015 to 2023. The reported international price for the molybdenum has significantly increased in 2021 and has almost quadrupled compared

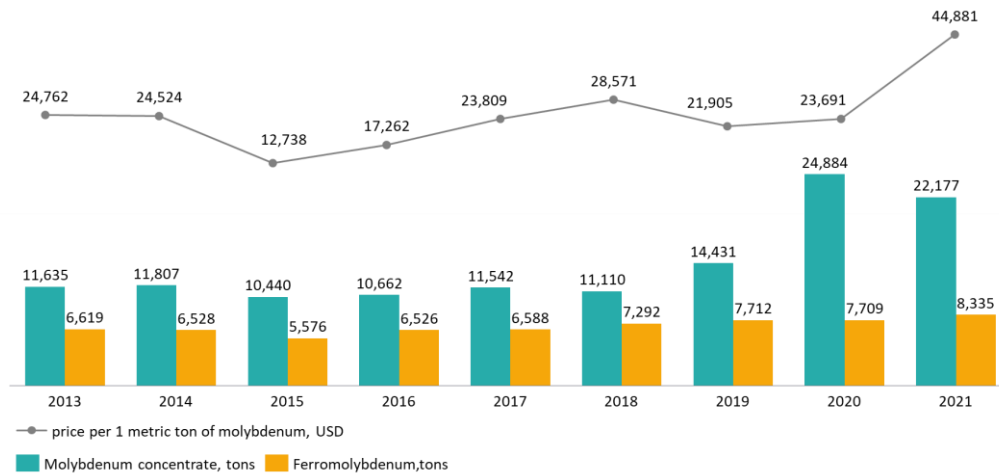
<sup>66</sup>[https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank\\_\\_3%20Industry,%20Construction,%20trade%20and%20services\\_\\_32%20Industry/IC-in-e.px/table/tableViewLayout2/?rxid=636adc14-dabb-49b4-853a-d62d5b935d00f](https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank__3%20Industry,%20Construction,%20trade%20and%20services__32%20Industry/IC-in-e.px/table/tableViewLayout2/?rxid=636adc14-dabb-49b4-853a-d62d5b935d00f)

<sup>67</sup> <https://tradingeconomics.com/commodity/molybden>



to the value recorded in the year 2015. The average annual increase for the period has been 26%. After an essential maximum of molybdenum price in 2018 (28,571 USD/t), the prices dropped to 21,905 USD/t in 2019. In 2020 the average price was 23,691 USD/t, and it hit the all-time high of 44,881 USD/t in 2021. Overall, as it can be seen from the figure below, the production volumes have relatively caught up with the growth of molybdenum prices.

**Figure 3.3.4 Molybdenum and ferromolybdenum production and international molybdenum prices in 2013-2021**



**Source:** RA SC publication “Output of Main Commodities in the Industrial Organizations (in kind)” for relevant years<sup>68</sup>, Data on molybdenum international prices was extracted from [tradingeconomics.com](https://tradingeconomics.com)<sup>69</sup>

### Zinc concentrate production and international prices

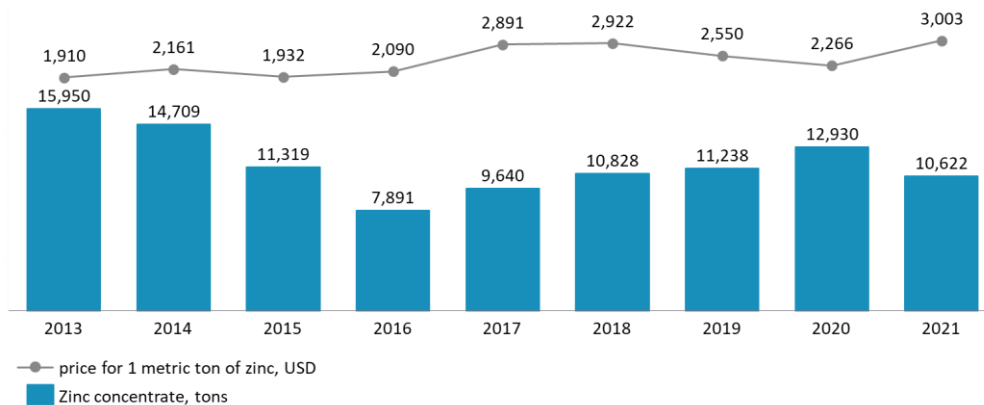
Zinc is another metal type produced in Armenia. However, the only company involved in Zinc concentrate production in the region is "Chaarat Kapan" CJSC, which exploits the mines situated in the Syunik region.

Based on the data retrieved from the RA SC publication zinc production rate showed a declining trend for the period 2013-2016 with the lowest production volume of 7,891 tons in 2016, when the year-on year decrease from the prior year equaled to 30.3%. Thereafter, from 2017 to 2020 the zinc production volumes have unceasingly increased with an average annual growth rate of 13.3%. This trend, however, reversed in 2021 with a sharp decline of 17.9% in the produced volume of zinc concentrate.

<sup>68</sup>[https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank\\_\\_3%20Industry,%20Construction,%20trade%20and%20services\\_\\_32%20Industry/IC-in-e.px/table/tableViewLayout2/?rxid=636adc14-dabb-49b4-853a-d62d5b935d00](https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank__3%20Industry,%20Construction,%20trade%20and%20services__32%20Industry/IC-in-e.px/table/tableViewLayout2/?rxid=636adc14-dabb-49b4-853a-d62d5b935d00)

<sup>69</sup> <https://tradingeconomics.com/commodity/molybden>

**Figure 3.3.5 Zinc concentrate production and international zinc price in 2013-2021**



**Source:** RA SC publication “Output of Main Commodities in the Industrial Organization (in kind)” for relevant years<sup>70</sup>, Data regarding international prices was extracted from Commodity Markets of the World Bank<sup>71</sup>

According to the World Bank, the average zinc price increased by 43% from 2016 to 2021, with an average annual increase of 10%. In 2018 zinc average prices rose to 2,922 USD/t compared to 2,891 USD/t in 2017 and 2,090 USD/t in 2016. It should be noted that during the following two years, the international price of zinc showed a downward trend, its prices amounted to 2,550 USD/t in 2019 and 2,266 USD/t in 2020. However, in 2021, the price of zinc reached its maximum value of 3,003 USD/t for the period with the reported year-on-year increase of 32%.

There is an overall negative correlation between the average international zinc prices and production volumes as zinc is a byproduct of copper-multi-metal ore production. The trend between the reported production volumes of the zinc concentrate, and the international price of the mineral is displayed on the 3.3.5 graph. According to the analyzed data after the price decline Armenia increased zinc production to 12,930 tons in 2020 but slowed the production down to 10,622 tons in 2021 as soon as the prices started to rise.

**Table 3.3.7 Zinc concentrate production by companies in 2020 and 2021**

| Company                 | Community                   | 2020          |                | 2021          |                |
|-------------------------|-----------------------------|---------------|----------------|---------------|----------------|
|                         |                             | Volume, wmt   | Value, mln AMD | Volume, wmt   | Value, mln AMD |
| "Chaarat Kapan"<br>CJSC | RA, Syunik region,<br>Kapan | 12,930        | 6,932          | 10,622        | 8,122          |
| <b>Total</b>            |                             | <b>12,930</b> | <b>6,932</b>   | <b>10,622</b> | <b>8,122</b>   |

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

<sup>70</sup>[https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank\\_\\_3%20Industry,%20Construction,%20trade%20and%20services\\_\\_32%20Industry/IC-in-e.px/table/tableViewLayout2/?rxid=636adc14-dabb-49b4-853a-d62d5b935d00](https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank__3%20Industry,%20Construction,%20trade%20and%20services__32%20Industry/IC-in-e.px/table/tableViewLayout2/?rxid=636adc14-dabb-49b4-853a-d62d5b935d00)

<sup>71</sup> Commodity Markets (worldbank.org)

## Comparison of metal production data from companies and the RA Statistical Committee

**Table 3.3.8 Comparison of metal production data for 2020 and 2021 between companies and the RA statistical committee**

| Commodity              | 2020  |   | 2021  |   |
|------------------------|---|---|---|---|
|                        | Production volumes (t) according to the RA SC | Production volumes (wmt) according to companies | Production volumes (t) according to the RA SC | Production volumes (wmt) according to companies |
| Copper concentrate     | 375,641                                       | 431,104   | 357,966                                       | 388,672   |
| Molybdenum concentrate | 24,884  | 16,481  | 22,177  | 10,563  |
| Ferromolybdenum        | 7,709   | 7,179   | 8,335   | 8,442   |
| Zinc concentrate       | 12,930  | 12,930  | 10,622  | 10,622  |

*Source: The information was provided by metal mining companies and the RA SC for the EITI report*

To verify the collected data on the metal production volume for the years 2020 and 2021 the information published by the mining companies for the given year is correspondingly compared against the one retrieved from the website of the Statistical Committee of the RA. No differences were identified between the reported production volumes of the zinc concentrate for either year. In the meantime, however, there have been differences identified between the information from the stated sources on the recorded production volumes of the copper, molybdenum, ferromolybdenum in the years 2020 and 2021. For the mentioned metal types the differences in the reported values between the company statements and the data from the Statistical Committee of the RA are explained by the adoption of different standardization factors for the units of measurements. The companies have generally been reporting the volumes of the metal production in tons, dry metric tons and wet metric tons, whereas the Statistical Committee of the RA has been publishing all the values in dry metric tons.

For this reason, the volumes of production of the copper concentrate reported by the mining companies in 2020 and 2021 are greater than the parallel figures published by the RA SC by the respective 14.8% and 8.6%. In 2020 the RA statistical committee reported by 6.9% more volume of the ferromolybdenum production than the companies, whereas in 2021 the ferromolybdenum volume reported by the companies exceeded the respective value by the RA statistical committee by 1.3%.

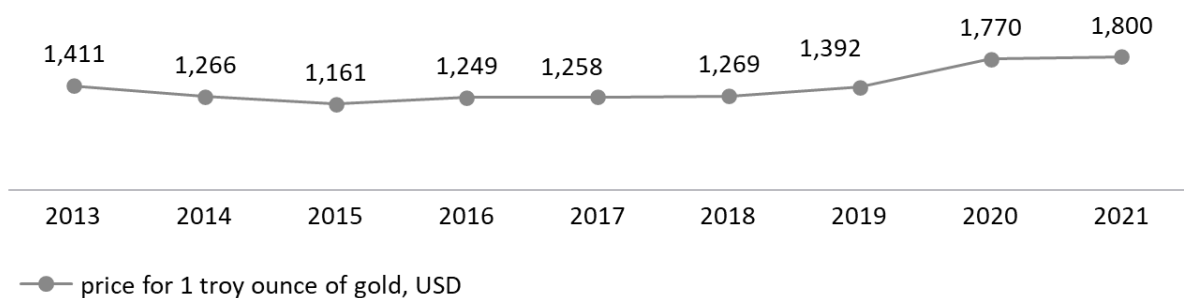
Furthermore, another explanation has emerged to explain the reported differences between two reporting entities regarding the production volume of the molybdenum concentrate and ferromolybdenum. The significant difference of 33.8% in 2020 and 52.4% in 2021 between the production volumes of the molybdenum concentrate is mainly due to the engagement of third-party contractor companies without subsoil license in the production of ferromolybdenum by “Zangezur Copper Molybdenum Combine” CJSC. In both years, the latter company contracted “Plant of Pure Iron” OJSC, and “AMP holding” LLC to produce molybdenum concentrate, and ferromolybdenum. Furthermore, these two companies have reported the volume of their metal production directly to the Statistical Committee of the RA, whereas, ZCMC have reported only its production volumes as the other two were not involved in the scope of EITI.

### Precious metal concentrate extraction and international gold price

Since 2016 the price of gold has been showing a rapid and stable growth without negative declines. From 2016 to 2021, the average international price for gold increased by 44%, reaching 1,800 USD/ounce from 1,249 USD/ounce (an average annual increase of 8%). Monetary share of the gold and silver bullion production was 95.6% in 2020 and 97.3% in 2021. In turn, the historic large monetary contribution of the gold and silver bullion production makes this metal type the main gold product in the Republic of Armenia. According to the UN Comtrade<sup>72</sup>, in 2020 Armenia had USD 247 million of total revenue from gold export. But despite the price rise, the total revenue from gold export in 2021 amounted to only USD 134 million. Consequently, Armenia has reduced production of gold in 2021.

RA SC does not publish information pertaining to the lower level of disaggregation of precious metals (e.g., gold, silver etc.) since according to the sub-point f) of the 3<sup>rd</sup> point of the article 9 of RA Law “On State and Official Secrecy”, the stated information is classified as a state and official secret<sup>73</sup>. For this reason, there is no publicly available information concerning the gold production except for the estimated data published by the U.S. Geological Survey, which however, covers the production of gold in Armenia only for the period from 2014 to 2018<sup>74</sup>. In the meantime, the metal mining companies report the production volumes of gold in terms of the gold concentration in precious metals. In the figure below the dynamic of the international gold price from 2013 to 2021 is presented followed by the data on the gold production from the featured metal mining companies.

**Figure 3.3.6 Gold price per ounce in 2013-2021, USD**



*Source: Data regarding international prices was extracted from Commodity Markets of the World Bank<sup>75</sup>*

**Table 3.3.9.1 Gold production by companies in 2020**

| Company                 | Community                          | Product type                               | Unit of measurement | Volume | Value, mln AMD |
|-------------------------|------------------------------------|--|---------------------|--------|----------------|
| “Geopromining Gold” LLC | RA, Gegharkunik region, Geghamasar | Gold and silver bullion                    | t                   | 4.36   | 61,827         |
| “Meghradzor Gold” LLC   | RA, Kotayk region, Meghradzor      | Precious metal concentrate containing gold | t                   | 4,486  | 2,833          |

<sup>72</sup> <https://comtrade.un.org/data/>

<sup>73</sup> <https://www.arlis.am/documentview.aspx?docid=140399>

<sup>74</sup> <https://d9-wret.s3.us-west-2.amazonaws.com/assets/palladium/production/atoms/files/myb3-2017-18-Armenia.pdf>

<sup>75</sup> <https://www.worldbank.org/en/research/commodity-markets#1>

| Company         | Community               | Product type                               | Unit of measurement | Volume | Value, mln AMD  |
|-----------------|-------------------------|--|---------------------|--------|-----------------|
| “At-Metals” LLC | RA, Vayots Dzor, Azatek | Precious metal concentrate containing gold | wmt                 | 13,200 | 0 <sup>76</sup> |

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

**Table 3.3.9.2 Gold production by companies in 2021**

| Company                 | Community                          | Product type                               | Unit of measurement | Volume | Value, mln AMD |
|-------------------------|------------------------------------|--|---------------------|--------|----------------|
| “Geopromining Gold” LLC | RA, Gegharkunik region, Geghamasar | Gold and silver bullion                    | t                   | 2.09   | 44,710         |
| “Chaarat Kapan” CJSC    | RA, Syunik region, Kapan           | Gold and silver bullion                    | dmt                 | 6,179  | 12,721         |
| “Lichqvaz” CJSC         | RA, Syunik region, Kapan           | Gold and silver bullion                    | dmt                 | 3,705  | 1,726          |
| “Meghradzor Gold” LLC   | RA, Kotayk region, Meghradzor      | Precious metal concentrate containing gold | t                   | 4,132  | 1,671          |

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

Gold and silver bullion and the precious metal concentrate containing gold were the only gold product types produced in the Republic of Armenia in 2020 and 2021. After the temporary production suspension in 2018 “At-Metals” LLC has resumed its gold production and reported 13 thousand wet metric tons of gold containing precious metal concentrate production in 2020. However, the reported value of the production is reported to be 0 since the company has not made any sales during the year 2020. In the subsequent years 2020 and 2021 compared to the corresponding prior years “Geopromining Gold” LLC decreased its production level by 9.1% and 52.1%, while the respective value of the gold output increased by 17.2% in 2020 and decreased by 27.7% in 2021.

Compared to the prior year in 2020 “Meghradzor Gold” LLC increased the volume of the gold production by 37.0%, whereas the value of production increased by 68.5%. Yet in 2021 both the volume and the value of gold production by “Meghradzor Gold” LLC contracted by 8% and 41% respectively. “Chaarat Kapan” CJSC and “Lichqvaz” CJSC have contributed to the gold production in 2021 with the respective 20.9% and 2.8% share in the total value of the gold produced for the period. It is important to highlight that although the volume of the gold and silver bullion production by the “Chaarat Kapan” CJSC is only 1.7 times greater than that of “Lichqvaz” CJSC, the value of the production is by 7.4 times greater.

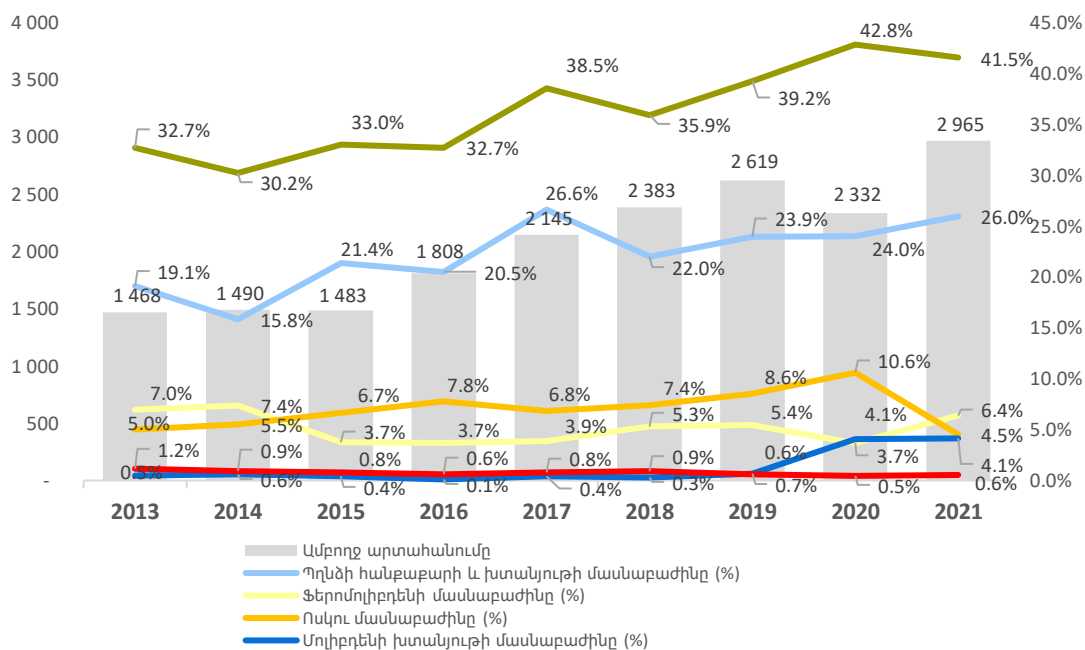
<sup>76</sup>The value of the concentrate reported by "At-Metals" LLC is zero, because according to the Company's management, there were no sales in 2020.

### 3.4 Realization in the metal mining industry (requirements 3.2 and 3.3)

#### 3.4.1 Analysis of exports in metal mining industry

Industry is one of the leading sectors in Armenia with 26.93% GDP contribution in 2021<sup>77</sup>. The mining sector is by far not the dominating sector, yet it accounts for the significant share of exports from the country. According to the UN Comtrade Statistics<sup>78</sup> the share of the mining sector in the total exports for the years 2020 and 2021 was respectively equal to 42.8% (USD 998 million) and 41.5% (USD 1,230 million). Despite the overall continuous annual growth of exports in the mining sector over 2013-2019 years, there was a growth stagnation in 2020. The growth rate of the trade value of the exports in 2020 declined by 2.5% but bounced back in 2021 with the reported 23.3% growth rate over the prior year. Despite the dollar value growth, however, the volume of the exported metals has been declining since 2019. The latter indicator has declined from 588 thousand tons in 2019 to 503 thousand tons in 2020 and 460 thousand tons in 2021.

**Figure 3.4.1 Total exports and the share of exported metal products in total from 2013 to 2021, mln USD**



**Source:** ITC calculations, which are based on the statistics of UN Comtrade<sup>79</sup>

From the metal types the copper concentrate is the largest contributor to the total exports from Armenia, which accounted for 24.0% and 25.9% in the respective 2020 and 2021 years. The share of the molybdenum concentrate in the total exports was 4.1% in 2020 and 2021, by 3% more than the corresponding value in 2019. In the meantime, the volume of the exported molybdenum concentrate has decreased from 15,234 tons in 2020 to 10,233 tons in 2021. Furthermore, the share of exports attributable to gold equal to 8.6% in 2019 increased to 10.6% in 2020 with a sharp decline

<sup>77</sup> <https://www.statista.com/statistics/440577/armenia-gdp-distribution-across-economic-sectors/#:~:text=This%20statistic%20shows%20the%20distribution,percent%20from%20the%20services%20sector>

<sup>78</sup> <https://comtrade.un.org/data/>

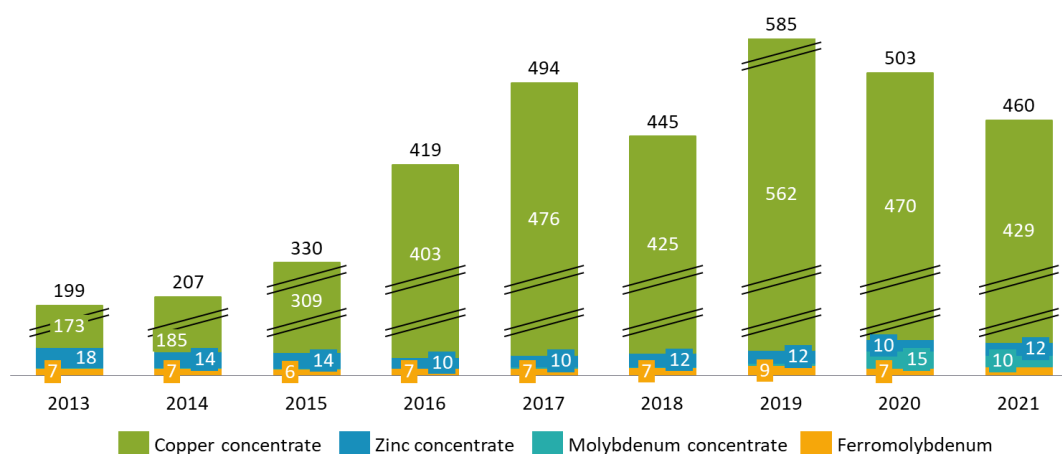
<sup>79</sup> Ibid

to 4.5% in 2021. The ferromolybdenum holds a 6.4% share in the total exports in 2021 as opposed to 3.7% in 2020, while zinc concentrate reached about 0.6% in the total exports in 2021.

The major contributor to the exports among the metal products is the copper concentrate. Its contribution to the exports from the mining sector has risen from 56.1% (USD 560 million) in 2020 to 62.5% (USD 769 million) in 2021. The share of gold in the metal exports significantly dropped in 2021 from the reported 24.8% in the year 2020 to 10.9%. Nevertheless, ferromolybdenum, which accounted only for 8.6% of exports from the mining sector in 2020, almost doubled (15.3%) in 2021. The share of molybdenum and zinc in the metal exports for both years were relatively stable and were respectively equal to 9.9% and 1.3% in 2021.

The average contribution of the volume of the exported copper concentrate, zinc concentrate, and ferromolybdenum to the total volume of exports from the metal mining sector over the period from 2013 to 2021 has been relatively significant compared to the other metal types. The share of the exported molybdenum in the total exports from the metal mining sector has significantly risen over the previous years. The volume of the exported gold concentrate from 2013 to 2021 has been relatively insignificant compared to the other metal types as illustrated in the graph below.

**Figure 3.4.2 Export of metal products in material expression from 2013 to 2021, thousand tons**



*Source: ITC calculations, which are based on the statistics of UN Comtrade<sup>80</sup>*

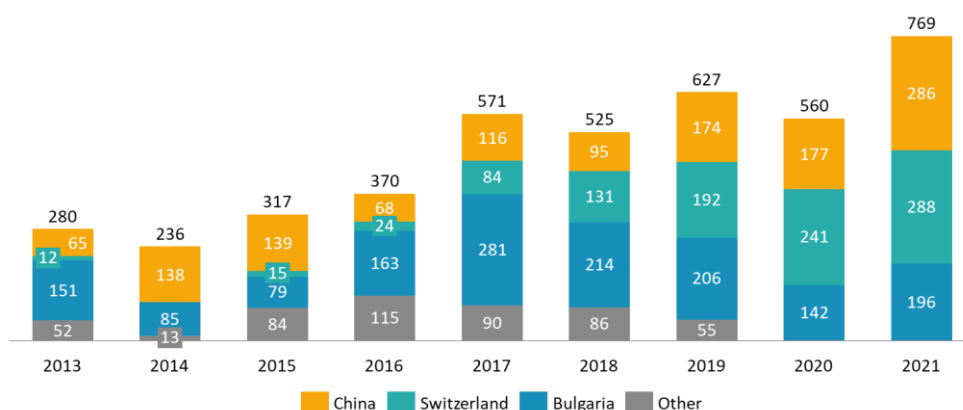
### Exports of copper concentrate

In 2021 around 93.4% of the total volume of exports from the mining sector was attributable to copper concentrate. The large volume and value of both production and export of this metal type makes it a vital contributor to the gross domestic product of Armenia. The average annual growth rate of the copper concentrate production in the region for the period from 2013 to 2021 was 11.9%. The growing trend has continued up to 2017. In 2018 the production dropped by 25.9% which was relatively offset by the reported growth of 28.5% in 2019. In the meantime, however, the volume of the copper production declined by 7.9% in 2020 and by a further 1.1% in 2021. Correspondingly, the export of the metal dropped by 16.3% and 8.7% for the respective periods.

<sup>80</sup> Ibid



**Figure 3.4.3 Distribution of copper concentrate exports in 2013–2021 by countries, mln USD**



*Source: ITC calculations, which are based on the statistics of UN Comtrade<sup>81</sup>*

Despite the drop in the volume of exports of the copper concentrate in 2020 and 2021 the monetary value of exports on the contrary increased by 37.9% in 2021. The respective contribution of the exported copper concentrate in the total metal mining exports in 2020 and 2021 was 56.1% and 62.5%. Furthermore, Switzerland accounted for the largest share of exports of the copper concentrate in the years 2020 and 2021 with the respective 43.1% and 37.4% contribution to the total exports of copper concentrate. China made it to the second position with the 37.2% of exports of the metal in 2021 as opposed to the previously reported 31.6% in 2020. The value of the exported copper concentrate to China in 2021 was by 62.0% greater than the respective value (USD 176.7 million) in 2020. Bulgaria, on the other hand, has retained its third position despite of 37.9% increase in exports of copper concentrate with the corresponding 25.3% (USD 141.8 million) and 25.4% (USD 195.6 million) of share contribution in 2020 and 2021. The United Kingdom, Netherlands, Georgia, Australia, and Romania are the other destinations of the exported product with less than 1% of the total value of the copper concentrate exports in 2021. In the table below the distribution of the exported copper concentrate by countries from 2013 to 2021 is presented.

“Zangezur Copper Molybdenum Combine” CJSC is the leading exporter of the copper concentrate from Armenia. It accounted for the largest share of exports both in the years 2020 and 2021. In 2020 the company contributed to 57.8% share of exports of the copper concentrate, which were exported to China and Bulgaria. Furthermore, in 2021, the share of the exported copper concentrate from “Zangezur Copper Molybdenum Combine” CJSC has contracted to 56% with the primary export destinations to China, Georgia, and Bulgaria. However, the contraction of the share was not due to decreased amount of exports from the company, but due to the increase of the overall exports from the other companies.

<sup>81</sup> Ibid

**Table 3.4.1.1 Distribution of copper concentrate exports by company, volume, value, and destination in 2020**

| Region of origin | Company name                                    | Export destination         | Volume      | Value, mln AMD | Value, thousand USD <sup>82</sup> |
|------------------|---|----------------------------|-------------|----------------|-----------------------------------|
| Lori             | “Akhtala Mining and Processing Enterprise” CJSC | Bulgaria                   | 12,050 wmt  | 5,381          | 10,997                            |
|                  | “Teghout” CJSC                                  | Switzerland                | 86,515 dmt  | 51,162         | 104,560                           |
| Syunik           | “Agarak Copper Molybdenum Combine” CJSC         | China                      | 41,686 t    | 18,163         | 37,119                            |
|                  | “Zangezur Copper Molybdenum Combine” CJSC       | China, Georgia<br>Bulgaria | 260,983 wmt | 144,155        | 294,610                           |
|                  | “Chaarat Kapan” CJSC                            | Georgia                    | 14,548 wmt  | 30,594         | 62,524                            |
| <b>Total</b>     |   |                            | -           | <b>249,454</b> | <b>509,810</b>                    |

*Source: The information was provided by the metal mining companies for preparation of EITI Report*

**Table 3.4.1.2 Distribution of copper concentrate exports by company, volume, value, and destination in 2021**

| Region of origin | Company name                                    | Export destination         | Volume      | Value, mln AMD | Value, thousand USD <sup>83</sup> |
|------------------|---|----------------------------|-------------|----------------|-----------------------------------|
| Lori             | “Akhtala Mining and Processing Enterprise” CJSC | Bulgaria                   | 11,025 wmt  | 8,373          | 16,643                            |
|                  | “Teghout” CJSC                                  | Switzerland                | 82,721 dmt  | 76,939         | 152,923                           |
| Syunik           | “Agarak Copper Molybdenum Combine” CJSC         | China                      | 50,038 t    | 39,208         | 77,930                            |
|                  | “Zangezur Copper Molybdenum Combine” CJSC       | China, Georgia<br>Bulgaria | 222,906 wmt | 196,544        | 390,651                           |
|                  | “Chaarat Kapan” CJSC                            | Georgia                    | 14,158 wmt  | 29,876         | 59,381                            |
| <b>Total</b>     |   |                            |             | <b>350,940</b> | <b>697,528</b>                    |

*Source: The information was provided by the metal mining companies for preparation of EITI Report*

Besides copper, precious metals such as gold and silver can be found in copper concentrate. The table below encompasses data on the final content of valuable metals in the volume of the exported copper concentrate by the copper producing companies.

<sup>82</sup> Within the framework of the report, the exchange rate was calculated by averaging all exchange rates published by the Central Bank of RA for the year 2021 the average annual exchange rate per US dollar was AMD 489.31.

<sup>83</sup> Within the framework of the report, the exchange rate was calculated by averaging all exchange rates published by the Central Bank of RA for the year 2021 the average annual exchange rate per US dollar was 503.12 AMD.

**Table 3.4.2 Final content of valuable metals in exported copper concentrate in 2020 and 2021**

| Region of origin | Company name                                    | Metal                                     | 2020      |                           | 2021        |                           |
|------------------|---|---|-----------|---------------------------|-------------|---------------------------|
|                  |   |   | Volume    | Copper concentrate volume | Volume      | Copper concentrate volume |
| Lori             | “Akhtala Mining and Processing Enterprise” CJSC | copper                                    | 2,305 wmt | 12,050 wmt                | 2,040 dmt   | 11,025 wmt                |
|                  | “Teghout” CJSC                                  | copper                                    | 19,256 t  | 86,515 dmt                | 18,042 dmt  | 82,721 dmt                |
| Syunik           | “Agarak Copper Molybdenum Combine” CJSC         | copper                                    | 9,296 t   | 41,686 t                  | 11,519 t    | 50,038 t                  |
|                  |   | “Zangezur Copper Molybdenum Combine” CJSC | copper    | 51,966 t                  | 260,983 wmt | 44,634 t                  |
|                  | gold  | 587 kg                                    | 396 kg    |                           |             |                           |
|                  | silver  | 12,249 kg                                 | 9,425 kg  |                           |             |                           |
|                  | «Chaarat Kapan» CJSC                            | copper                                    | 2,328 wmt | 14,548 wmt                | 2,407 t     | 14,158 wmt                |
|                  |   | gold                                      | 917 kg    |                           | 977 kg      |                           |
| silver           |   | 17,530 kg                                 | 19,991 kg |                           |             |                           |

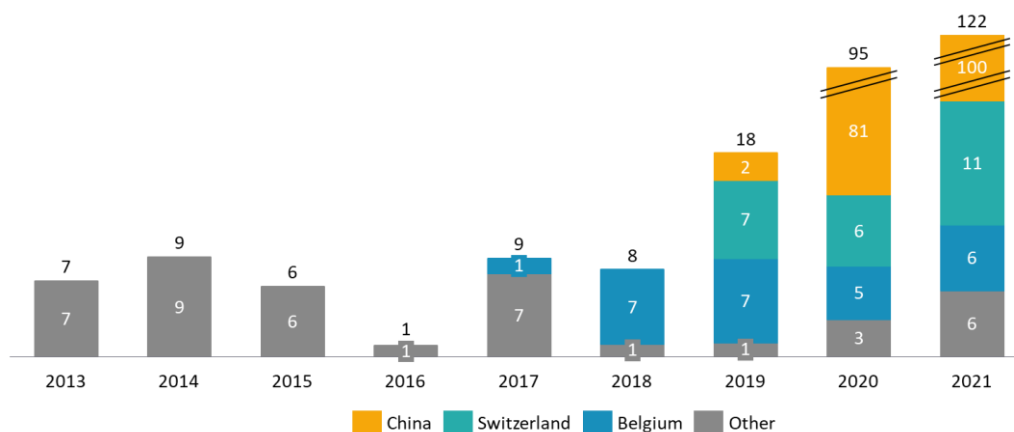
*Source: The information was provided by the metal mining companies for preparation of EITI Report*

### Exports of molybdenum concentrate and ferromolybdenum

The monetary value of the exported molybdenum concentrate from Armenia in 2020 reached a whopping USD 95.4 million, the massive five-fold growth compared to the value in 2019. The volume of the exported molybdenum concentrate for the corresponding period increased seven times. In the monetary expression the share of the molybdenum concentrate export in the total value of the metal exports was 9.6% in 2020. The respective indicator in 2021 accounted for 10.0% in the share of the total metal export from the country. However, despite the 28.3% growth in the molybdenum exports value from 2020 to 2021 the total volume of molybdenum exports contracted by 32.8% in the year. Both in the years 2020 and 2021 the main destination for the exports of the molybdenum concentrate was China. The country accounted for 85% and 82% share in total molybdenum exports for years 2020 and 2021 respectively. It is noteworthy that in 2020 the exports to China grew by around 33.5 times from the prior year indicator and reached USD 99.8 million in 2021. Over the two-year period China has managed to become a leading export partner to Armenia with the colossal size of the molybdenum concentrate exports. Switzerland and Belgium hold the respective second and third places.

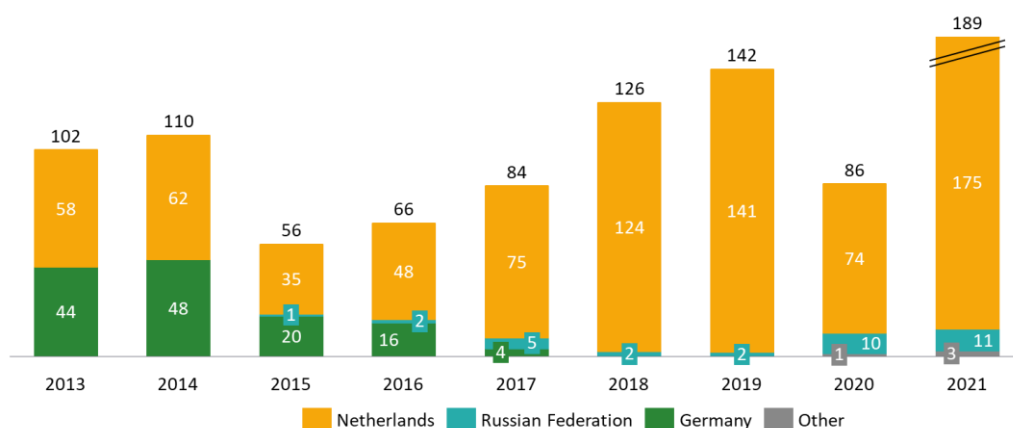
The share of the ferromolybdenum exports in total metal exports for the years 2020 and 2021 was 8.6% and 15.3%, respectively. Over the recent years the major destinations for the ferromolybdenum exports have been Netherlands and the Russian Federation. Being a long-term export partner to Armenia since 2013 Netherlands occupies a leading position as a recipient of the ferromolybdenum exports, while holding the respective 87% and 93% of shares in the exports of the given metal type for 2020 and 2021. Russia is the second largest importer of the ferromolybdenum metal type from Armenia. It accounts for the respective 12% and 6% shares of total ferromolybdenum exports. If in 2020 the total value of ferromolybdenum exports decreased by 40.0%, the latter indicator increased by 2.2 times in 2021 compared to the prior period and reached USD 188.7 million.

**Figure 3.4.4 Distribution of molybdenum concentrate exports in 2013-2021 by country, mln USD**



*Source: ITC calculations, which are based on the statistics of UN Comtrade<sup>84</sup>*

**Figure 3.4.5 Distribution of ferromolybdenum exports in 2013-2021 by country, mln USD**



*Source: ITC calculations, which are based on the statistics of UN Comtrade<sup>85</sup>*

From the three companies all located in the Syunik region, which were engaged in the production of the molybdenum concentrate and ferromolybdenum, only two have been exporters of these metal types over the last two years. Only “Zangezur Copper Molybdenum Combine” CJSC was engaged in the production of ferromolybdenum, which was exported primarily to the Netherlands. In the meantime, both “Zangezur Copper Molybdenum Combine” CJSC and “Teghout” CJSC were the exporters of the molybdenum concentrate. “Teghout” CJSC exported its molybdenum concentrate production to Switzerland both in 2020 and 2021, while the primary destinations for the exported product from “Zangezur Copper Molybdenum Combine” CJSC were China and Russia in 2020, and only China in 2021.

<sup>84</sup> <https://comtrade.un.org/data/>

<sup>85</sup> Ibid

**Table 3.4.3.1 Distribution of molybdenum concentrate and ferromolybdenum exports by company, volume, value, and destination in 2020**

| Region of origin | Company name                              | Product type           | Export destination               | Volume     | Value, mln AMD | Value, thousand USD <sup>86</sup> |
|------------------|---|------------------------|----------------------------------|------------|----------------|-----------------------------------|
| Syunik           | “Teghout” CJSC                            | molybdenum concentrate | Switzerland                      | 853 t      | 2,419          | 4,808                             |
|                  | “Zangezur Copper Molybdenum Combine” CJSC | molybdenum concentrate | China, Russia                    | 14,509 wmt | 44,374         | 90,688                            |
|                  | “Zangezur Copper Molybdenum Combine” CJSC | ferromolybdenum        | The Netherlands, Russia, Ukraine | 7,250 t    | 45,415         | 92,815                            |
| <b>Total</b>     |   |                        |                                  |            | <b>92,208</b>  | <b>188,311</b>                    |

*Source: The information was provided by the metal mining companies for preparation of EITI Report*

**Table 3.4.3.2 Distribution of molybdenum concentrate and ferromolybdenum exports by company, volume, value, and destination in 2021**

| Region of origin | Company name                              | Product type           | Export destination              | Volume  | Value, mln AMD | Value, thousand USD <sup>87</sup> |
|------------------|---|------------------------|---------------------------------|---------|----------------|-----------------------------------|
| Syunik           | “Teghout” CJSC                            | molybdenum concentrate | Switzerland                     | 768 t   | 5,488          | 10,908                            |
|                  | “Zangezur Copper Molybdenum Combine” CJSC | molybdenum concentrate | China                           | 8,562 t | 50,566         | 100,505                           |
|                  | “Zangezur Copper Molybdenum Combine” CJSC | ferromolybdenum        | The Netherlands, Russia, Poland | 2,613 t | 90,763         | 180,400                           |
| <b>Total</b>     |   |                        |                                 |         | <b>146,817</b> | <b>291,813</b>                    |

*Source: The information was provided by the metal mining companies for preparation of EITI Report*

**Table 3.4.4 Final content of valuable metals in exported molybdenum concentrate and ferromolybdenum in 2020 and 2021**

| Region of origin | Company name                              | Metal                  | 2020    |                    | 2021    |                    |
|------------------|---|------------------------|---------|--------------------|---------|--------------------|
|                  |   |                        | Volume  | Concentrate volume | Volume  | Concentrate volume |
| Syunik           | “Teghout” CJSC                            | molybdenum concentrate | 423 dmt | 853 dmt            | 375 t   | 768 dmt            |
|                  | “Zangezur Copper Molybdenum Combine” CJSC | molybdenum concentrate | 6,183 t | 14,449 wmt         | 3,784 t | 8,562 wmt          |
|                  | “Zangezur Copper Molybdenum Combine” CJSC | ferromolybdenum        | 4,914 t | 7,250 t            | 5,304 t | 7,840 t            |

*Source: The information was provided by the metal mining companies for preparation of EITI Report*

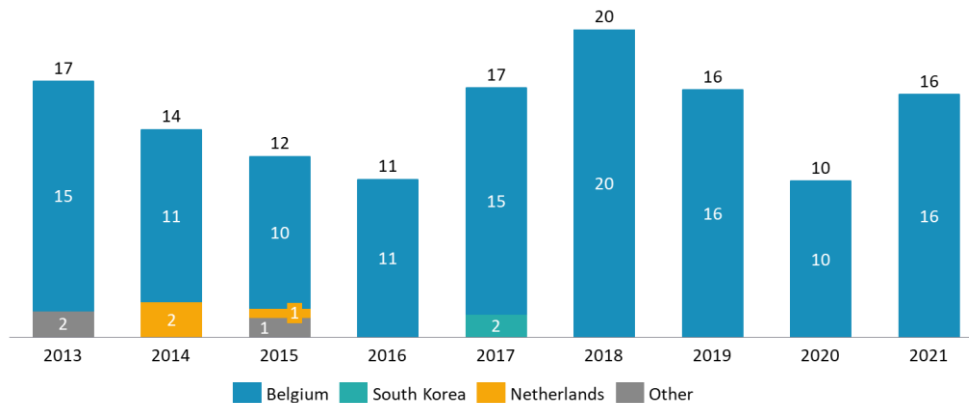
<sup>86</sup> Within the framework of the report, the exchange rate was calculated by averaging all exchange rates published by the Central Bank of RA for the year 2021 the average annual exchange rate per US dollar was AMD 489.31.

<sup>87</sup> Within the framework of the report, the exchange rate was calculated by averaging all exchange rates published by the Central Bank of RA for the year 2021 the average annual exchange rate per US dollar was 503.12 AMD.

## Zinc concentrate

According to the UN Comtrade statistics<sup>88</sup> the value of zinc concentrate exports from Armenia in 2020 was in the amount of USD 10.4 million, which almost doubled in 2021. Belgium has received 100% of zinc exports from Armenia over the last two years. The share of zinc in total exports of Armenia was 1.0% in 2020 and 1.3% in 2021.

**Figure 3.4.6 Distribution of zinc concentrate exports during 2013-2021 by country, mln USD**



*Source: ITC calculations, which are based on the statistics of UN Comtrade<sup>89</sup>*

Chaarat Kapan” CJSC is the sole producer of zinc concentrate in Armenia. Compared to the year 2019, the volume of exported zinc increased by 10.9% in 2020, which, however, dropped by 11.0% in 2021. In the meantime, the value of the exported product declined by 20.2% in 2020 despite the increase in the export volumes, while in 2021, 29.4% increase in the value of exported zinc has been reported due to the surge in zinc price.

**Table 3.4.5.1 Distribution of zinc concentrate exports by company, volume, value, and destination in 2020**

| Region of origin | Company name         | Export destination | Volume, wmt | Value, mln AMD | Value, thousand USD <sup>90</sup> |
|------------------|----------------------|--------------------|-------------|----------------|-----------------------------------|
| Syunik           | "Chaarat Kapan" CJSC | Belgium            | 13,487      | 6,326          | 12,929                            |

*Source: The information was provided by the metal mining companies for preparation of EITI Report*

**Table 3.4.5.1 Distribution of zinc concentrate exports by company, volume, value, and destination in 2021**

| Region of origin | Company name         | Export destination | Volume, wmt | Value, mln AMD | Value, thousand USD <sup>91</sup> |
|------------------|----------------------|--------------------|-------------|----------------|-----------------------------------|
| Syunik           | "Chaarat Kapan" CJSC | Belgium            | 11,998      | 8,183          | 16,265                            |

*Source: The information was provided by the metal mining companies for preparation of EITI Report*

<sup>88</sup> <https://comtrade.un.org/data/>

<sup>89</sup> Ibid

<sup>90</sup> Within the framework of the report, the exchange rate was calculated by averaging all exchange rates published by the Central Bank of RA for the year 2020 the average annual exchange rate per US dollar was 489.31 AMD.

<sup>91</sup> Within the framework of the report, the exchange rate was calculated by averaging all exchange rates published by the Central Bank of RA for the year 2021 the average annual exchange rate per US dollar was 503.12 AMD.

Zinc concentrate also contains some quantities of precious metals. Below the disaggregated final content of precious metals in the exported zinc concentrate is summarized.

**Table 3.4.6 Final content of valuable metals in exported zinc concentrate in 2020 and 2021**

| Region of origin | Company name         | Metal  | 2020       |                    | 2021        |                    |
|------------------|----------------------|--------|------------|--------------------|-------------|--------------------|
|                  |                      |        | Volume     | Concentrate volume | Volume      | Concentrate volume |
| Syunik           | "Chaarat Kapan" CJSC | zinc   | 7,822.46 t | 13,487 wmt         | 6,478.92 t  | 11,998 wmt         |
|                  |                      | gold   | 121.38 kg  |                    | 107.98 kg   |                    |
|                  |                      | silver | 2,171.4 kg |                    | 2,075.65 kg |                    |

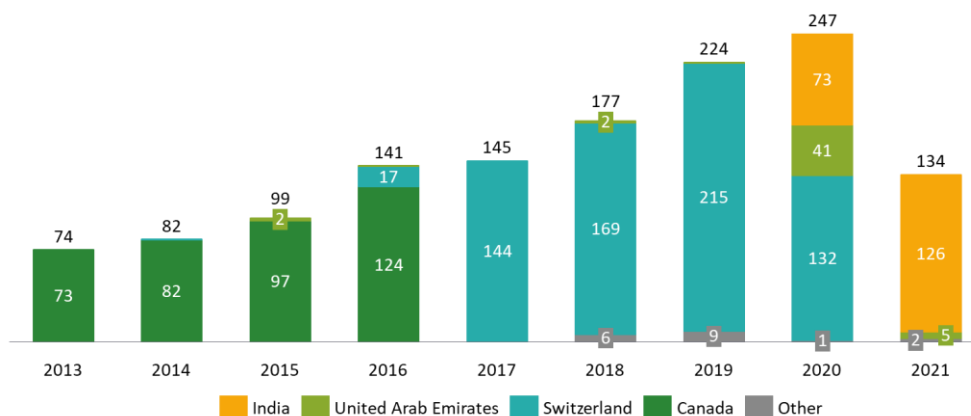
*Source: The information was provided by the metal mining companies for preparation of EITI Report*

### Export of precious metal products

In accordance with the UN Comtrade data<sup>92</sup> from the year 2016 to 2019 the volume of exported precious metal products showed a steady increase with an average 20,1% annual growth rate. However, in 2020 there has been a drop in the volume of the exported precious metal export. If in 2020 despite 5,9% drop in the volume of the exported gold concentrate the value of the export has increased by 10,3% due to the rising gold prices, in 2021 the drop in the export volume of the gold by 31,1% resulted in the 45,8% decrease in the value of the exported product. The share of precious metals in total metal exports was 24,8% and 10,9% respectively for years 2020 and 2021.

Switzerland accounted for 54% shares from the total amount of the exported gold concentrate from Armenia, yet it held none in 2021. In the meantime, India has become the leading importer of the gold concentrate from Armenia with a whopping 94,3% share in the total export of this metal type in 2021 in contrast to 29,5% in 2020 and 0% in 2019. The United Arab Emirates and Canada have been the other significant contributors to the exports of the precious metals from Armenia over the period from 2013 to 2021. The distribution of the exports of the gold concentrate is analyzed in the below figure.

**Figure 3.4.7 Distribution of exports of unwrought or semi-manufactured gold and gold containing precious metal concentrate 2013-2021 by country, mln USD**



*Source: ITC calculations, which are based on the statistics of UN Comtrade<sup>93</sup>*

<sup>92</sup> <https://comtrade.un.org/data/>

<sup>93</sup> Ibid

The types of the precious metal products exported from Armenia are gold containing precious metal concentrate and gold and silver bullion. “Geopromining Gold” LLC and “Meghradzor Gold” LLC have been the major contributors to the export of the gold concentrate with the respective 97.6% and 2.3% shares in the total value of the exported product in 2020, and 97.9% and 2.1% in 2021. The distribution of the gold concentrate products by company, volume, value, and destination, as well as the final content of the metal type is presented in the following tables.

**Table 3.4.7.1 Distribution of gold bullion and gold containing precious metal concentrate exports by company, volume, value, and destination in 2020**

| Region of origin | Company name            | Product type                               | Export destination       | Volume  | Value, mln AMD | Value, thousand USD <sup>94</sup> |
|------------------|-------------------------|--|--------------------------|---------|----------------|-----------------------------------|
| Gegharkunik      | “Geopromining Gold” LLC | gold and silver bullion                    | Swiss Confederacy        | 5,4 t   | 121,267        | 247,834                           |
| Kotayk           | “Meghradzor Gold” LLC   | gold containing precious metal concentrate | Swiss Confederacy        | 4,627 t | 2,812          | 5,747                             |
| Lori             | “Assat” LTD             | gold containing precious metal concentrate | Czech Republic, Slovakia | 7.6 kg  | 208.01         | 425.10                            |
| <b>Total</b>     |                         |  |                          |         | <b>124,287</b> | <b>254,006</b>                    |

*Source: The information was provided by the metal mining companies for preparation of EITI Report*

**Table 3.4.7.2 Distribution of gold bullion and gold containing precious metal concentrate exports by company, volume, value, and destination in 2021**

| Region of origin | Company name            | Product type                               | Export destination | Volume  | Value, mln AMD | Value, thousand USD <sup>95</sup> |
|------------------|-------------------------|--|--------------------|---------|----------------|-----------------------------------|
| Gegharkunik      | “Geopromining Gold” LLC | gold and silver bullion                    | Swiss Confederacy  | 3.4 t   | 59,898         | 119,053                           |
| Kotayk           | “Meghradzor Gold” LLC   | gold containing precious metal concentrate | Swiss Confederacy  | 2,254 t | 1,284          | 2,554                             |
| Syunik           | «Gharagulyanner” CJSC   | gold containing precious metal concentrate | Iran               | 20 kg   | 0.00           | 0.00                              |
| <b>Total</b>     |                         |  |                    |         | <b>61,183</b>  | <b>121,606</b>                    |

*Source: The information was provided by the metal mining companies for preparation of EITI Report*

<sup>94</sup> Within the framework of the report, the exchange rate was calculated by averaging all exchange rates published by the Central Bank of RA for the year 2020 the average annual exchange rate per US dollar was 489.31 AMD.

<sup>95</sup> Within the framework of the report, the exchange rate was calculated by averaging all exchange rates published by the Central Bank of RA for the year 2021 the average annual exchange rate per US dollar was 503.12 AMD.



**Table 3.4.8 Final content of valuable metals in exported gold bullions and gold containing precious metal concentrate in 2020 and 2021**

| Region of origin | Company name            | Product type | 2020   |                       | 2021   |                       |
|------------------|-------------------------|--------------|--------|-----------------------|--------|-----------------------|
|                  |                         |              | Volume | Volume of concentrate | Volume | Volume of concentrate |
| Gegharkunik      | “Geopromining Gold” LLC | gold         | 4 t    | 5.4 t                 | 2 t    | 3.4 t                 |
|                  |                         | silver       | 1 t    |                       | 1 t    |                       |
| Kotayk           | “Meghradzor Gold” LLC   | gold         | 136 kg | 4,627 t               | 57 kg  | 2,254 t               |
|                  |                         | silver       | 144 kg |                       | 66 kg  |                       |
| Syunik           | «Gharagulyanner” CJSC   | copper       | -      | -                     | 13 gr  | 20 kg                 |
|                  |                         | lead         | -      | -                     | 127 gr |                       |
|                  |                         | zinc         | -      | -                     | 168 gr |                       |
| Lori             | “Assat” LTD             | gold         | 7.6 kg | 20 kg                 | -      | -                     |

*Source: The information was provided by the metal mining companies for preparation of EITI Report*

**Comparison of data on exports from the metal mining sector from different sources**

**Table 3.4.9 Comparison of data on the exported metal mining products in 2020 and 2021 between companies and the UN Comtrade statistics**

| Product type   | 2020   |   | 2021   |  |
|--|--|---|--|--|
|  | Total value of exports in 2020 according to metal mining companies | Total value of exports in 2020 according to UN Comtrade, mln US | Total value of exports in 2021 according to metal mining companies | Total value of exports in 2021 according to UN Comtrade, mln USD |
| Copper concentrate   | 510  | 560   | 698  | 769  |
| Zinc concentrate   | 13   | 10  | 16   | 16   |
| Molybdenum concentrate   | 95   | 95  | 111  | 122  |
| Feromolybdenum concentrate   | 93   | 86  | 180  | 189  |
| Semi-processed and unprocessed gold and gold containing precious metal concentrate | 254  | 247   | 122  | 134  |

*Source: The information was provided by the metal mining companies for preparation of EITI Report and UN Comtrade statistics<sup>96</sup>*

Comparison of data provided by the metal mining companies and the one published by the UN Comtrade<sup>97</sup> on the exported metal mining products from Armenia in 2020 and 2021 is summarized in the table above. There is a noticeable difference between the information provided by the mentioned sources. When it comes to total exports of copper ore and copper concentrate the difference makes up about 10% for both 2020 and 2021. Overall, there was a difference between the UN Comtrade<sup>98</sup> statistics and that of reported by companies on the export level of the concentrates. The sources of the the difference are both the period for the export declaration and the actual export dates and the volatility of the exchange rates during the respective period.

<sup>96</sup> <https://comtrade.un.org/data/>

<sup>97</sup> Ibid

<sup>98</sup> Ibid

### 3.4.2 Domestic realization

The domestic sales of metal ores and concentrates have been drastically increasing over the past years. In 2020 domestic sales of metal ores and concentrates increased by around 6.5 times from the respective indicator of the prior year and reached to AMD 4.9 billion or USD 10 million<sup>99</sup>. The domestic realization of the metal ores and concentrates have more than doubled from the reported value in 2020 and reached AMD 11.4 billion or USD 22.6 million<sup>100</sup>. The major contributors to the increased values of sales in the domestic market are copper ore and concentrate and molybdenum concentrate. It is worth mentioning the acquisition of copper concentrate in the amount of 5 wmt by "Lernametalugiai Institute" CJSC. The latter company is involved in scientific research, and the purchase of such volume of products needs further consideration. Within the framework of this report, the company is not considered reporting. It is recommended to conduct research to find out the details of the transaction. The breakdown of sales by companies, volumes and values of metal types are summarized below.

**Tables 3.4.2.1 Companies realizing sales in the domestic market in 2020, types of metals sold, their volumes and values**

| Company                                   | Product type                               | Unit of measurement | Volume | Content of valuable metals   | Total realization value, mln AMD | Buying company                   |
|---|--|---------------------|--------|--|----------------------------------|----------------------------------|
| "Zangezur Copper-Molybdenum Combine" CJSC | Copper concentrate                         | wmt                 | 5      | Copper: 1.1 t<br>Gold: 9.7 grams<br>Silver: 229.7 grams                      | 3                                | "Lernametalugiai Institute" CJSC |
| "Teghout" CJSC                            | Molybdenum concentrate                     | dmt                 | 584    | Molybdenum: 291,461 dmt  | 2,241                            | "OZF Production" LLC             |
| "Meghradzor Gold" LLC                     | Gold containing precious metal concentrate | kg                  | 45,600 | Gold: 1,267 grams<br>Silver: 1,639 grams                                     | 21                               | "Assat" LLC                      |
| "Lichkvaz" CJSC                           | Copper ore and concentrate                 | dmt                 | 44,947 | Copper: 195 t<br>Gold: 82,036 grams<br>Silver: 1,186,762 grams<br>Zinc: 30 t | 1,916                            | "Chaarat" CJSC                   |
| "At Metals" LLC                           | Ore containing gold                        | t                   | 13,200 | Gold: 25 178 grams   | 741                              | "Chaarat" CJSC                   |
| "Assat" LLC                               | Gold and Silver bullion                    | grams               | 300    | Gold: 0 kg   | 9                                | "Van" OJSC                       |
| <b>Total</b>                              |  |                     |        |  | <b>4,931</b>                     |                                  |

*Source: The information was provided by the metal mining companies for preparation of EITI Report*

<sup>99</sup> Within the framework of the report, the exchange rate was calculated by averaging all exchange rates published by the Central Bank of RA for the year 2020 the average annual exchange rate per US dollar was 489.31 AMD.

<sup>100</sup> Within the framework of the report, the exchange rate was calculated by averaging all exchange rates published by the Central Bank of RA for the year 2021 the average annual exchange rate per US dollar was 503.12 AMD.

**Tables 3.4.2.2 Companies realizing sales in the domestic market in 2021, types of metals sold, their volumes and values**

| Company               | Product type               | Unit of measurement | Volume | Content of valuable metals                                      | Total realization value, mln AMD | Buying company          |
|-----------------------|----------------------------|---------------------|--------|---|----------------------------------|-------------------------|
| "Teghout" CJSC        | Molybdenyum concentrate    | dmt                 | 145    | Molybdenyum: 72.6 dmt   | 372                              | "AFZ Production" LLC    |
|                       |                            |                     | 183    | Molybdenyum: 88.1 dmt   | 470                              | "Metal Line" LLC        |
| "Meghradzor Gold" LLC | Gold and Silver Bullion    | ounces              | 993    | Gold: 973 ounces  | 686                              | "Geopromining Gold" LLC |
|                       |                            |                     |        | Silver: 1,259 ounces  |                                  |                         |
| "Lichkvaz" CJSC       | Copper ore and concentrate | dmt                 | 7,159  | Copper: 504 t<br>Gold: 294,250 grams<br>Silver: 3,262,639 grams | 9,138                            | "Chaarat" CJSC          |
| "Assat" LLC           | Non-famous metals ore      | t                   | 33,447 | Gold: 350 kg  | 706                              | "Geopromining Gold" LLC |
|                       |                            |                     |        |   | 1                                | "Assat-M" LLC           |
| <b>Total</b>          |                            |                     |        |   | <b>11,374</b>                    |                         |

*Source: The information was provided by the metal mining companies for preparation of EITI Report*

# 4

## STATE REVENUES FROM THE METAL MINING SECTOR AND THEIR DISTRIBUTION

## 4. STATE REVENUES FROM THE METAL MINING SECTOR AND THEIR DISTRIBUTION (REQUIREMENT 4)

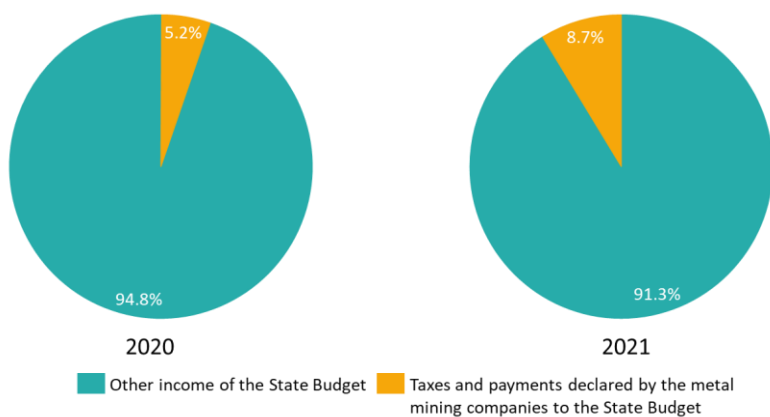
### 4.1 The contributions of metal mining companies to the state budget

In addition to the requirement 4 of the EITI standard according to the MSG decision<sup>101</sup>, taxes and payments from extractive industries made to the state and community budgets irrespective of their significance level should be disclosed.

Income tax, excise and environmental taxes, value added tax, customs duties and fees, royalties and payments, nature use payments are part of the required payments made by metal mining companies. The State Revenue Committee has reported AMD 80.5 billion taxes and payments declared by the metal mining companies for the year 2020, which reflects a 5.3% decrease from the year 2019. In 2021 taxes and payments declared by metal mining companies to the State budget with the reported 81.2% increase from the prior period totaled to AMD 145.88 billion and comprised 8.7% of the total budgetary income.

With a 3.5% increase in the percentage contribution of taxes and payments declared by the metal mining companies from 2020 to 2021 the total monetary increase amounted to AMD 65.39 billion.

**Figure 4.1.1 Share of taxes and payments by metal mining companies to the State budget in 2020 and 2021**



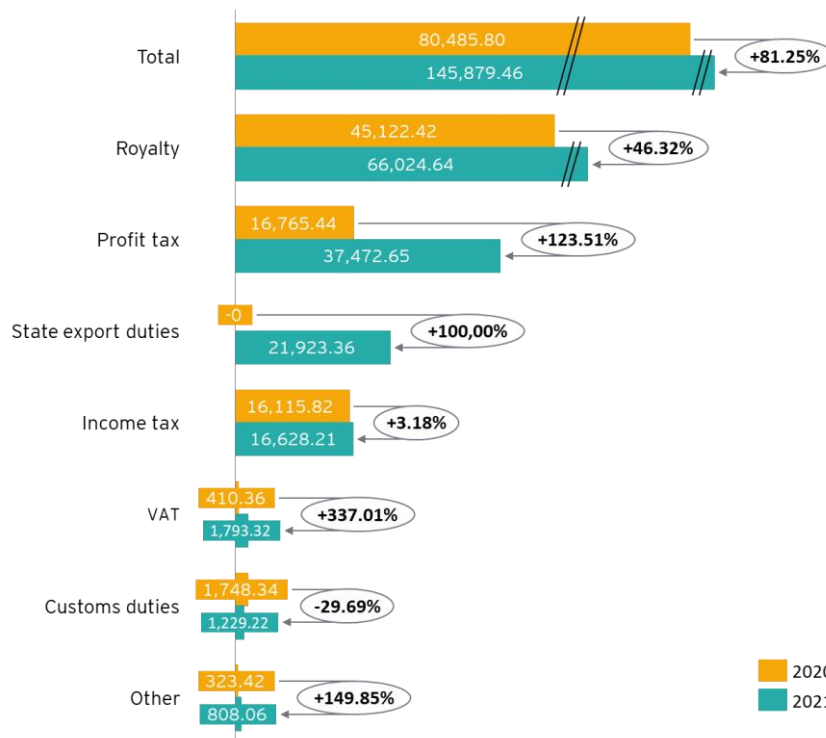
**Source:** The information was provided by the RA Ministry of Finance<sup>102</sup>

The disaggregation of taxes and payments by types of taxes for 2020 and 2021 are presented below.

<sup>101</sup> <https://www.eiti.am/hy/agenda-protocols-other-related-documents>

<sup>102</sup> [https://minfin.am/hy/page/petakan\\_byujei\\_hashvetvutyun/](https://minfin.am/hy/page/petakan_byujei_hashvetvutyun/)

**Figure 4.1.2 Taxes and payments by metal mining companies to the State budget in 2020 and 2021, mln AMD**



*Source:* The information was provided by the RA SRC for the EITI report

Royalty tax, profit tax, and income tax were the largest payments to the State Budget made by the metal mining companies in 2020. Increase in the royalty tax payments in 2021 compared to the prior year was 46.32%, yet it accounted for the highest share of total taxes paid both in 2020 and 2021.

The second place by the amount of payments made to the State Budget by the latter companies was attributable to the profit tax with 20.83% and 25.69% of the total budgetary income in 2020 and 2021, respectively.

Income tax held the third place with 20.0% contribution to the total payments made in 2020. In the meantime, state export duties payment emerged as another category of payments made in 2021, which accounted for 15.03% of the total payments and held the respective third place by the sum of contributions followed by income tax with a total share of 11.40%. The remaining categories of taxes and payments were below 3% in both years.

**Table 4.1.1 Taxes and payments declared by metal mining companies to the State budget in 2020 and 2021**

| Type of tax or payment  | 2020             |                                     | 2021             |                                     |
|---|------------------|-------------------------------------|------------------|-------------------------------------|
|   | Volume, mln AMD  | Share in total State Budget Revenue | Volume, mln AMD  | Share in total State Budget Revenue |
| Royalty   | 45,122           | 2.89%                               | 66,025           | 3.92%                               |
| Profit tax  | 16,765           | 1.07%                               | 37,473           | 2.23%                               |
| State export duties   | -                | 0.00%                               | 21,923           | 1.30%                               |
| Income tax  | 16,116           | 1.03%                               | 16,628           | 0.99%                               |
| VAT   | 410              | 0.03%                               | 1,793            | 0.11%                               |
| Customs duty, customs fee, road tax (fee) charged by customs bodies   | 1,748            | 0.11%                               | 1,229            | 0.07%                               |
| Environmental taxes   | 48               | 0.00%                               | 537              | 0.03%                               |
| Duties  | 190              | 0.01%                               | 190              | 0.01%                               |
| Nature use payments   | 62               | 0.00%                               | 57               | 0.00%                               |
| Environmental taxes charged from goods imported from EEU countries, according to the import tax declarations  | 19               | 0.00%                               | 18               | 0.00%                               |
| Environmental taxes charged from goods imported from non EEU countries, according to the customs declarations | 4                | 0.00%                               | 6                | 0.00%                               |
| <b>Total taxes and payments declared by metal mining companies</b>  | <b>80,486</b>    | <b>5.16%</b>                        | <b>145,879</b>   | <b>8.66%</b>                        |
| <b>Total State Budget Revenues</b>  | <b>1,560,655</b> | <b>100%</b>                         | <b>1,683,831</b> | <b>100%</b>                         |

*Source:* The information was provided by the RA SRC for the EITI report

Both in 2020 and 2021 the greatest contribution to the State budget was made by “Zangezur Copper-Molybdenum Combine” CJSC. In the respective 2020 and 2021 “Zangezur Copper-Molybdenum Combine” CJSC accounted for 51.87% and 68.83% of all payments made by the rest of the metal mining companies. For 2020 the share of payments disclosed by the company comprised 2.68% of State budget’s total revenues, which is equal to AMD 41.8 billion. Similarly, in 2021 “Zangezur Copper-Molybdenum Combine” CJSC accounted for 5.96% of State budget’s total revenues, which amounted to AMD 100.4 billion.

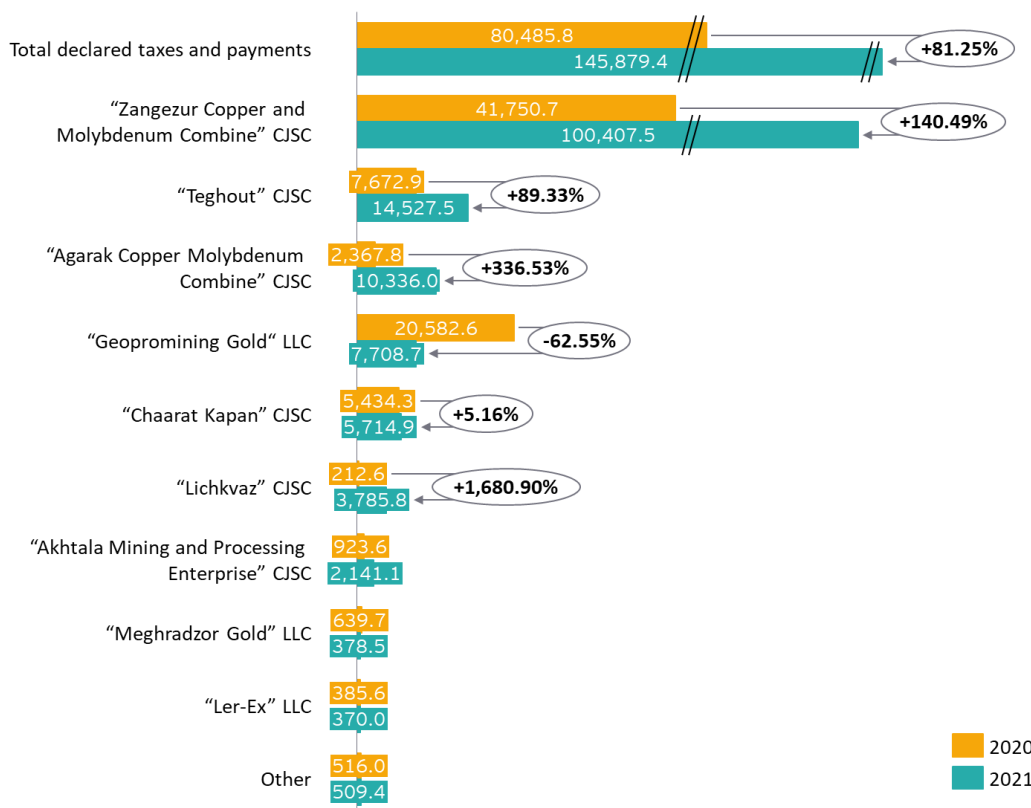
The second company by the total amount of payments declared to the State budget in 2020 was “Geopromining Gold” LLC with a total share of 25.57% in payments made by metal mining companies. Overall, in 2020 the share of payments contributed to the State budget’s total revenues by “Geopromining Gold” LLC was 1.32% (AMD 20.58 billion). “Teghout” CJSC with 0.49% share in total payments to the State budget followed “Geopromining Gold” LLC with contribution of 9.53% to the payments made by the featured companies.

The results were a bit different for the year 2021. In 2021, “Teghout” CJSC and “Agarak Copper Molybdenum Combine” CJSC surpassed “Geopromining Gold” LLC. The former accounted for 9.96% share of the total payments made by the metal mining companies. Its contribution to the State’s total revenues was 0.86% (AMD 14.53 billion). In the meantime, “Agarak Copper

“Molybdenum Combine” CJSC held 7.09% share (AMD 10.34 billion) in the total payments by metal mining companies, in contrast to only 2.94% (AMD 2.37 billion) in 2020.

Despite relative changes in the tax payments made by the metal mining companies, the leading positions were retained by the major operators in the sector as presented in the below graph, where the payments made by metal mining companies to the State budget in 2020 and 2021 are summarized.

**Figure 4.1.3 Taxes and payments by metal mining companies to the State budget in 2020 and 2021, mln AMD**



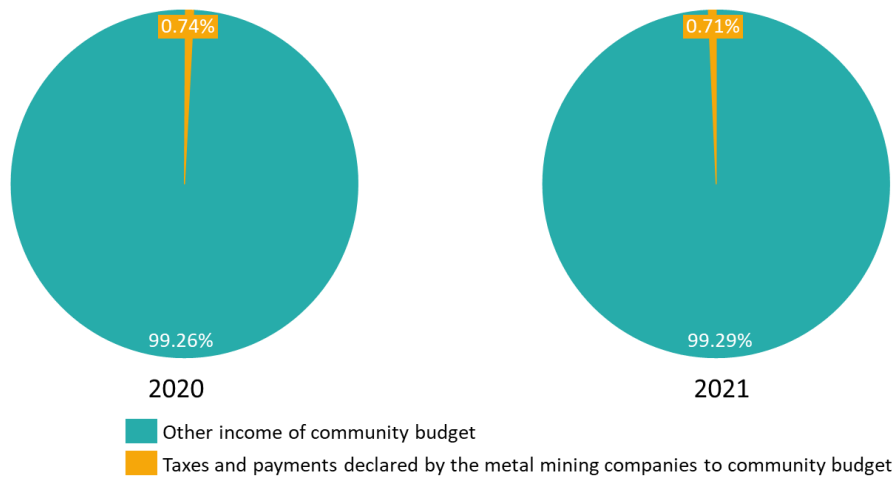
*Source: The information was provided by RA SRC for the EITI report*

## 4.2 The contributions of metal mining companies to community budgets

The MTAI provides yearly information concerning the total amount of payments and taxes made to the community budgets. In 2020, 0.74% of the total community budget was made up of taxes in the total amount of AMD 1.13 billion paid by the metal mining companies. In 2021, the latter payments increased by AMD 90.76 million from the respective indicator of the prior year. Overall taxes and payments for the year 2021 amounted to AMD 1.23 billion or 0.71% of the total community budget.



**Figure 4.2.1 Taxes and payments declared by metal mining companies to the community budgets in 2020 and 2021**

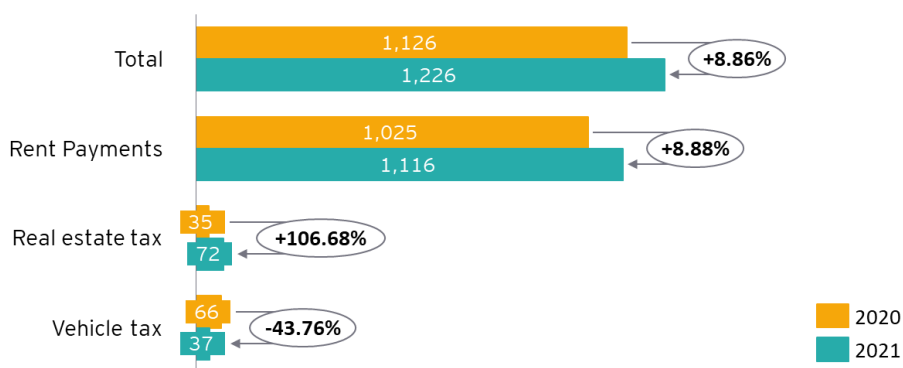


*Source: The information was provided by RA MTAI for the EITI report*

Rent payments, vehicle tax and real estate tax<sup>103</sup> are main categories of payments declared by metal mining companies. In 2020, 91.03% of taxes and fees to community budgets declared by the metal mining companies are rental fees, followed by vehicle tax with a share of 5.86%, and real estate tax with a share of 3.11%. In the meantime, in 2021, 91.03% of taxes and fees to community budgets declared by the metal mining companies are rental fees, whereas real estate tax and vehicle tax accordingly hold the respective 5.87%, and 3.02% shares in total.

The below figure summarizes the distribution of taxes and payments by three major categories declared by metal mining companies.

**Figure 4.2.2 Revenues of communities in 2020 and 2021 from taxes and payments declared by metal mining companies by the structure of streams, mln AMD**



*Source: The information was provided by the RA MTAI for the EITI report*

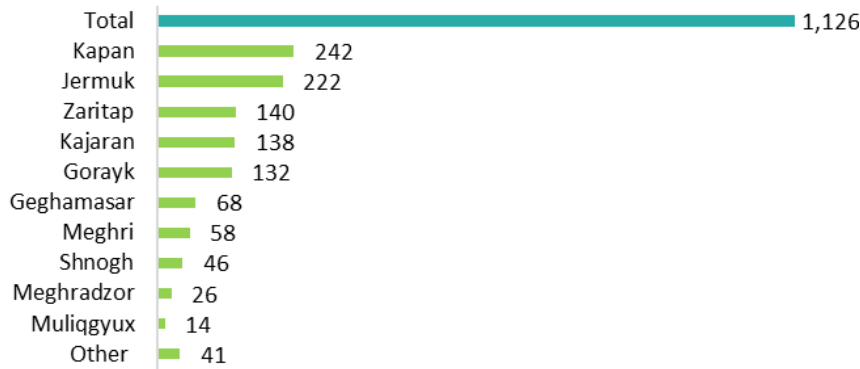
Land rent payments make up the main part of total rent payments declared by metal mining companies. In 2020 and 2021 land rent payments accounted for the corresponding 95.3% and 99.5%

<sup>103</sup> From 2021, instead of property tax and land tax, real estate tax was established (Section 11 of RA Tax Code), and instead of property tax calculated for vehicles, vehicle property tax was established (Section 12 of RA Tax Code)

of total rent payments. Real estate rent payments comprise the remaining share of total rent payments totaling 4.7% and 0.5% for the years 2020 and 2021, respectively.

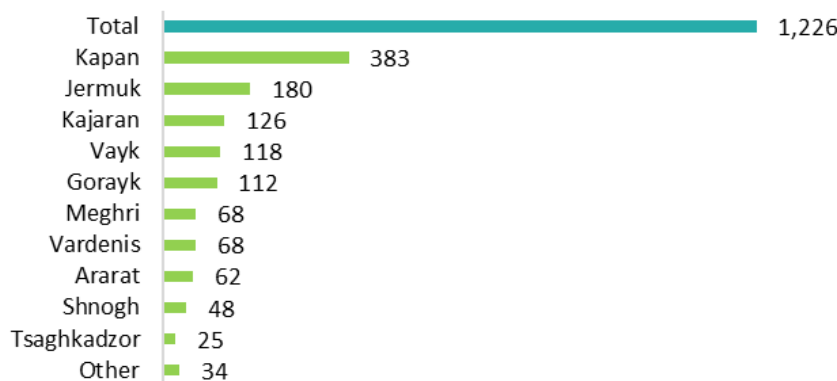
The figures below illustrate the breakdown of revenues from the metal mining companies by community in 2020 and 2021.

**Figure 4.2.3.1 The revenues of community budgets from the taxes and payments declared by metal mining companies in 2020 classified according to leading communities, mln AMD**



*Source: The information was provided by the RA MTAI for the EITI report*

**Figure 4.2.3.2 The revenues of community budgets from the taxes and payments declared by metal mining companies in 2021 classified according to leading communities, mln AMD**



*Source: The information was provided by the RA MTAI for the EITI report*

The share of revenues from metal mining companies in community budgets varies and depends both on the size of a budget of a given community and the volume of payments made by companies. In 2020, the highest share of payments made by metal mining companies were attributable to the budgets of four different communities: Zaritap, Jermuk, Gorayk and Muliqgyux. Zaritap and Jermuk are part of Vayots Dzor region with respective 40.12% and 33.56% shares in the payments by metal mining companies in 2020. Gorayk community situated in the Syunik region had a corresponding share of 37.55%. Lastly, Muliqgyux, a community in the Aragatsotn region, accounted for 20.66%. In 2021, the most of payments declared by metal mining companies were attributable to the budgets of three communities: Gorayk, Vayk and Jermuk, which respectively held 53.43%, 36.18% and 26.19% of the total.

It is noteworthy that payments made by mining companies to the budgets of aforementioned communities play a significant role in their development.

The table below illustrates the breakdown of annual revenues and mining companies' payments divided by communities.

**Table 4.2.1.1 The share of payments declared by metal mining companies to community budgets in 2020, thousand AMD**

| Community     | Real annual revenues of the community | Payments declared by metal mining companies | Share in the Budget (%) |
|---------------|---------------------------------------|---|-------------------------|
| Akhtala       | 475,198                               | 11,670                                      | 2.46%                   |
| Arinj         | 345,679                               | 8,132                                       | 2.35%                   |
| Ararat        | 669,645                               | 2,909                                       | 0.43%                   |
| Arjut         | 43,852                                | 1,212                                       | 2.76%                   |
| Geghamasar    | 444,619                               | 68,125                                      | 15.32%                  |
| Gorayk        | 351,609                               | 132,025                                     | 37.55%                  |
| Yerevan       | 73,119,819                            | 8,821                                       | 0.01%                   |
| Zaritap       | 348,282                               | 139,737                                     | 40.12%                  |
| Lori Berd     | 266,791                               | 48  | 0.02%                   |
| Lusakunq      | 60,583                                | 10  | 0.02%                   |
| Kapan         | 3,001,835                             | 241,723                                     | 8.05%                   |
| Muliqgyux     | 68,365                                | 14,126                                      | 20.66%                  |
| Meghradzor    | 202,452                               | 25,815                                      | 12.75%                  |
| Meghri        | 1,006,299                             | 58,198                                      | 5.78%                   |
| Shnogh        | 380,588                               | 45,666                                      | 12.00%                  |
| Jermuk        | 660,133                               | 221,529                                     | 33.56%                  |
| Sisian        | 1,458,920                             | 40  | 0.00%                   |
| Spitak        | 570,841                               | 422   | 0.07%                   |
| Stepanavan    | 539,697                               | 5,141                                       | 0.95%                   |
| Torfavan      | 14,352                                | 108   | 0.76%                   |
| Kajaran       | 1,258,824                             | 138,007                                     | 10.96%                  |
| Odzun         | 308,435                               | 2,509                                       | 0.81%                   |
| <b>Total:</b> | <b>85,596,818</b>                     | <b>1,125,973</b>                            | <b>1.32%</b>            |

*Source: The information was provided by MTAI for the EITI report*

**Table 4.2.1.2 The share of payments declared by metal mining companies to community budgets in 2021, thousand AMD**

| Community   | Real annual revenues of the community | Payments declared by metal mining companies | Share in the Budget (%) |
|-------------|---------------------------------------|---|-------------------------|
| Akhtala     | 536,324                               | 11,361                                      | 2.12%                   |
| Aparan      | 972,249                               | 30  | 0.00%                   |
| Ararat      | 740,410                               | 62,266                                      | 8.41%                   |
| Gorayk      | 209,084                               | 111,717                                     | 53.43%                  |
| Yerevan     | 80,769,471                            | 15,214                                      | 0.02%                   |
| Lori Berd   | 290,204                               | 112   | 0.04%                   |
| Tsaghkadzor | 377,339                               | 25,496                                      | 6.76%                   |
| Kapan       | 4,174,187                             | 383,067                                     | 9.18%                   |
| Masis       | 799,418                               | 80  | 0.01%                   |
| Meghri      | 908,217                               | 68,115                                      | 7.50%                   |
| Shnogh      | 563,944                               | 47,962                                      | 8.50%                   |
| Jermuk      | 688,571                               | 180,369                                     | 26.19%                  |
| Sisian      | 1,791,455                             | 18  | 0.00%                   |
| Stepanavan  | 700,305                               | 2,712                                       | 0.39%                   |
| Vayk        | 326,764                               | 118,239                                     | 36.18%                  |
| Vardenis    | 538,062                               | 68,078                                      | 12.65%                  |
| Pambak      | 11,677                                | 1,812                                       | 15.52%                  |
| Kajaran     | 1,045,092                             | 126,489                                     | 12.10%                  |

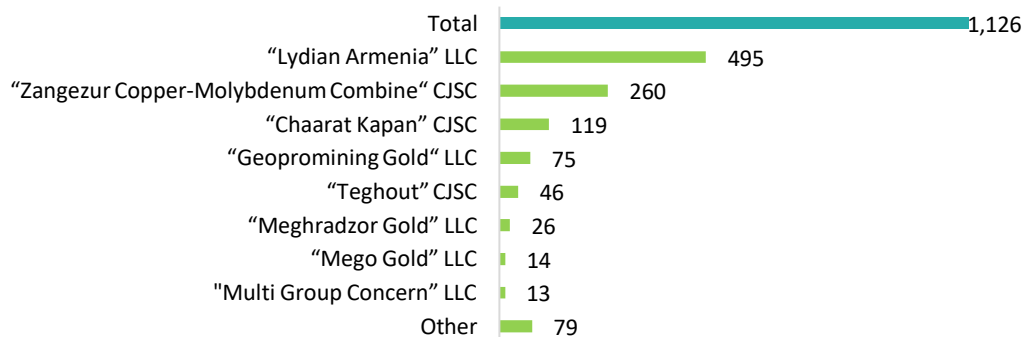
| Community     | Real annual revenues of the community | Payments declared by metal mining companies | Share in the Budget (%) |
|---------------|---------------------------------------|---|-------------------------|
| Odzun         | 380,409                               | 2,599                                       | 0.68%                   |
| <b>Total:</b> | <b>95,823,184</b>                     | <b>1,225,734</b>                            | <b>1.28%</b>            |

*Source: The information was provided by MTAI for the EITI report*

Both in 2020 and 2021 "Lydian Armenia" CJSC held the largest share of the total payments declared to community budgets with 44.0% in 2020 and 33.6% in 2021. "Zangezur Copper and Molybdenum Combine" CJSC was the second largest with contribution to community budget payments of 23.1% in 2020 and 31.9% in 2021.

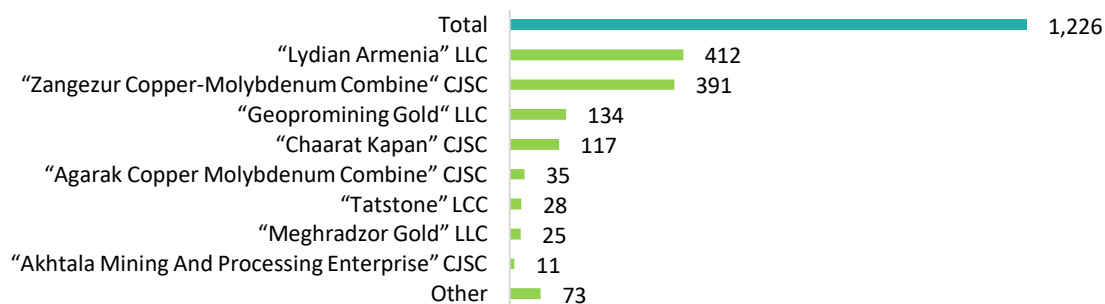
The total payments declared by the metal mining companies to community budgets in 2020 and 2021 are respectively presented in the below graphs.

**Table 4.2.4.1 Total payments declared by metal mining companies to community budgets in 2020, mln AMD**



*Source: The information was provided by the RA MTAI for the EITI report*

**Table 4.2.4.2 Total payments declared by metal mining companies to community budgets in 2021, mln AMD**



*Source: The information was provided by the RA MTAI for the EITI report*

### 4.3 Revenues designated for special projects or geographical areas (requirement 5)

EITI encourages the revelation of additional information on revenue management and costs, including a description of all revenues from specific projects or geographies.

According to the RA Law “On Targeted Use of Environmental Payments Made by Companies”,<sup>104</sup> contributions to administrative and fund budgets of the communities deriving from environmental payments are considered as special-purpose resources and shall be used solely for implementation of environmental projects within the territory of given communities. The list of beneficiary communities and amount allocated from the environmental payments to their budget is confirmed by the law on state budget of the given year, and the allocations are reflected in a separate line of the community budgets.

The principle of the calculation of the proportions of the distribution of the environmental tax (payment) among the communities affected by the activities of each of the companies is presented in 2018 report.

### **Description of the process of approving environmental programs/projects and providing subventions to affected communities**

The activities and measures to be taken by the authorized bodies within the framework of the process of providing subventions for the implementation of environmental programs to the affected communities and the terms of their implementation are defined in the annex to the RA Prime Minister's decision (adopted annually) on starting the budgeting process for the respective year. The detailed description of the process is presented in 2018 report.

According to the RA Law on amendments and additions to RA Law “On Targeted Use of Environmental Payments Made by Companies”<sup>105</sup>, deductions for implementing environmental and healthcare projects in each community are calculated based on the sum of factual environmental tax payments made to the State budget (starting from January 1, 2018 accrued to the Treasury account of the State budget from the joint environment tax account) by relevant companies in the second, third and fourth years previous to the following budgetary year minus the deductions to the communities during the two previous years.

According to Article 3 of RA Law “On Targeted Use of Environmental Payments Made by Companies”, the draft of the project shall be developed by the head of the community in compliance with the procedure defined by the law and based on the approved documents on development projects (social-economic development) of the given community or region (marz) or local action-plans for environmental protection or other project- or strategy-level documents.

According to the RA Government Decree "On Approving the Procedure for Developing (drafting) Environmental Projects"<sup>106</sup>, the project is elaborated on the basis of a previously approved terms of reference which includes the structural points stated below:

1. The purpose of the project,
2. The legal basis of the project,
3. The authorizations of the state agencies during the implementation of the project,
4. Project beneficiaries and services provided,
5. Project issues and their link with the project purpose,

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<sup>104</sup> RA Law “On Targeted Use of Environmental Payments Made by Companies”:

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

<sup>105</sup> RA Law "On Amendments and Additions to the Law "On the Targeted Use of Environmental Tax paid by Companies"":

<https://www.arlis.am/DocumentView.aspx?docid=143032>

<sup>106</sup> See RA Government Decree "On Approving the Procedure for Developing (drafting) Environmental Projects":

<https://www.arlis.am/DocumentView.aspx?docID=88963>

6. Structure (activities) of the project,
7. Methods of project implementation (measures and the scopes of implementing organizations),
8. Project performance indicators (implementation volume indicators in natural volumes disaggregated by separate activities or sub-projects) `
  - a) Final results,
  - b) Direct results,
9. Description of project implementation:
  - a) Description of the current status of the project,
  - b) Planning/prediction of project final results according to implementation phases (periods)

According to the same Decree, the cost of the project is estimated by means of calculating the estimated expenses of the project. Expenses estimates are calculated on the basis of the standards set by the Government of the Republic of Armenia and, in cases of absence of the abovementioned normatives, the estimated expenses are calculated in compliance with methodological instructions for drafting and submitting sectoral applications in the scope of the State budget development activities approved by the Republic of Armenia Ministry of Finance for calculation of budget expenditures for the given year.

For thematic environmental projects, the expenditures are calculated by using an appropriate formula, which estimates the salary rate of relevant specialists and the labor-intensiveness of their assignments and applies certain coefficients to material costs, costs of services, overhead costs and profitability margins, while also taking into account the taxes stipulated by RA Law and calculated in compliance with the same law.

**Table 4.3.1 The proportion of the distribution of environmental payments between communities adversely affected in 2021 as a result of operations of companies listed in the Article 1 of the RA Law “On Targeted Use of Environmental Payments Made by Companies”**

| Company Name   | The proportion of the distribution of environmental payments between communities (% of total) | Names of communities adversely affected by the activities of companies |
|--|---|--|
| <b>From environmental payments charged for discharge of hazardous wastes and compounds into environment (water basin).</b> |   |  |
| <b>Lori region</b>   |   |  |
| “Akhtala Mining and Processing Enterprise” CJSC  | 65%   | Akhtala  |
|  | 7%  | Shnogh   |
| <b>Syunik region</b>   |   |  |
| “Zangezur Copper-Molybdenum Combine” CJSC  | 60%   | Kajaran  |
|  | 40%   | Kapan  |
| “Agarak Copper Molybdenum Combine” CJSC  | 100%  | Meghri   |
| “Chaarat Kapan” CJSC   | 100%  | Kapan  |
| <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>From environmental payments charged for discharge of hazardous wastes into environment (air).</b>                       |   |  |
| <b>Lori region</b>   |   |  |

| Company Name  | The proportion of the distribution of environmental payments between communities (% of total) | Names of communities adversely affected by the activities of companies |
|---|---|--|
| “Akhtala Mining and Processing Enterprise” CJSC   | 100%  | Akhtala  |
| <b>Syunik region</b>  |   |  |
| “Zangezur Copper-Molybdenum Combine” CJSC   | 100%  | Kajaran  |
| “Agarak Copper Molybdenum Combine” CJSC   | 100%  | Meghri   |
| “Chaarat Kapan” CJSC  | 100%  | Kapan  |
| <b>Ararat region</b>  |   |  |
| “Geopromining Gold” LLC   | 15%   | Ararat   |
| <b>Gegharkunik region</b>   |   |  |
| “Geopromining Gold” LLC   | 85%   | Geghamasar   |
| <b>From charges for disposal of environmentally hazardous production and consumption wastes in compliance with the defined order.</b> |   |  |
| <b>Lori region</b>  |   |  |
| “Akhtala Mining and Processing Enterprise” CJSC   | 100%  | Akhtala  |
| <b>Syunik region</b>  |   |  |
| “Zangezur Copper-Molybdenum Combine” CJSC   | 30%   | Kajaran  |
|   | 70%   | Kapan  |
| “Agarak Copper Molybdenum Combine” CJSC   | 100%  | Meghri   |
| “Chaarat Kapan” CJSC  | 100%  | Kapan  |
| <b>Ararat region</b>  |   |  |
| “Geopromining Gold” LLC   | 100%  | Ararat   |

**Source:** The information was provided by the MoE for the EITI report preparation

According to RA Law “On Targeted Use of Environmental Payments Made by Companies”, during 2021 the communities were provided with subventions amounted to AMD 120,178 thousand for the implementation of environmental projects. 95.16% of the allocated amount was realized during the reporting year<sup>107</sup>. Information on the amounts planned and actually allocated by the state budget is presented in the table below.

**Table 4.3.2 According to RA Law “On Targeted Use of Environmental Payments Made by Companies”, subsidies provided to RA communities for the implementation of environmental programs<sup>108</sup> allocated to communities in 2021, (thousand AMD)**

| Community  | Planned by state budget | Actually provided | % of Performance vs plan |
|--|-------------------------|-------------------|--------------------------|
| <b>RA Lori region</b>  | <b>80,371</b>           | <b>79,584</b>     | <b>99.02%</b>            |
| Odzun community  | 76,523                  | 76,523            | 100.00%                  |
| <i>Odzun community environmental protection and population healthcare related projects</i> | <i>76,523</i>           | <i>76,523</i>     | <i>100.00%</i>           |
| Akhtala community  | 3,849                   | 3,062             | 79.56%                   |

<sup>107</sup> According to the information provided by MTAL, environmental projects were not carried out in 2020 as the payments by the companies were made to Treasury Single Account. The presentation and implementation of the projects were possible in 2021 after the adoption of the Law on amendment and additions to RA Law “On Targeted Use of Environmental Payments Made by Companies”. According to the mentioned law, the wording “actually paid to state budget” has been replaced by the wording “calculated by single tax calculations”. The Law is available with the following link; <https://www.arlis.am/DocumentView.aspx?docid=143032>

<sup>108</sup> [https://minfin.am/hy/page/petakan\\_byujei\\_hashvetvutyun\\_2021\\_t\\_tarekan\\_](https://minfin.am/hy/page/petakan_byujei_hashvetvutyun_2021_t_tarekan_)



| Community  | Planned by state budget | Actually provided | % of Performance vs plan |
|--|-------------------------|-------------------|--------------------------|
| <i>Akhtala community environmental protection and population healthcare related projects</i> | 3,849                   | 3,062             | 79.56%                   |
| <b>RA Syunik region</b>  | <b>39,807</b>           | <b>34,781</b>     | <b>87.37%</b>            |
| Kajaran community  | 2,733                   | 1,733             | 63.41%                   |
| <i>Kajaran community environmental protection and population healthcare related projects</i> | 2,733                   | 1,733             | 63.41%                   |
| Meghri community   | 51                      | -                 | 0.00%                    |
| <i>Meghri community environmental protection and population healthcare related projects</i>  | 51                      | -                 | 0.00%                    |
| Kapan community  | 37,023                  | 33,048            | 89.26%                   |
| <i>Kapan community environmental protection project</i>                                      | 37,023                  | 33,048            | 89.26%                   |
| <b>TOTAL</b>   | <b>120,178</b>          | <b>114,365</b>    | <b>95.16%</b>            |

**Source:** The information is derived from RA State budget report for 2021

According to RA Law “On Targeted Use of Environmental Payments Made by Companies”<sup>109</sup>, the project is published by the head of the community. Exact forms of publications were set out as a result of legislative reforms on 27 May 2020, according to which the projects should be published annually by the head of the community on the website of the municipality and (or) corresponding marz administration, with a foreword from the head of the community.<sup>110</sup>

Detailed information on the content of the projects documentation, the procedure of approval, public awareness by the state body implementing environmental projects are presented in 2018 report.

**Table 4.3.3 According to RA Law “On Targeted Use of Environmental Payments Made by Companies”, the links to the publications on environmental projects of the communities for 2021**

| Community               | Project  | Link  |
|-------------------------|--|---|
| <b>RA Lori region</b>   |  |   |
| Odzun community         | <i>Odzun community environmental protection and population healthcare related projects</i>   | <a href="http://www.odzun.am/Pages/DocFlow/Def.aspx?nt=1&amp;a=v&amp;g=2d5d3d99-a934-4353-b8c5-3cf9a747ae89">http://www.odzun.am/Pages/DocFlow/Def.aspx?nt=1&amp;a=v&amp;g=2d5d3d99-a934-4353-b8c5-3cf9a747ae89</a>         |
| Akhtala community       | <i>Akhtala community environmental protection and population healthcare related projects</i> | <a href="https://www.alaverdi.am/Pages/DocFlow/Def.aspx?nt=1&amp;a=v&amp;g=e81141f1-ac25-4000-b54c-a1899c898f0f">https://www.alaverdi.am/Pages/DocFlow/Def.aspx?nt=1&amp;a=v&amp;g=e81141f1-ac25-4000-b54c-a1899c898f0f</a> |
| <b>RA Syunik region</b> |  |   |
| Kajaran community       | <i>Akhtala community environmental protection and population healthcare related projects</i> | <a href="http://www.kajaran.am/Pages/DocFlow/Def.aspx?nt=1&amp;a=v&amp;g=8bc3a293-ff60-42d0-a652-602c8513cf5d">http://www.kajaran.am/Pages/DocFlow/Def.aspx?nt=1&amp;a=v&amp;g=8bc3a293-ff60-42d0-a652-602c8513cf5d</a>     |
| Meghri community        | <i>Meghri community environmental protection and population healthcare related projects</i>  | <a href="https://meghri.am/Pages/DocFlow/Def.aspx?nt=1&amp;a=v&amp;g=205127e2-7ef7-4ca4-9e9b-77b0ce17bcf2">https://meghri.am/Pages/DocFlow/Def.aspx?nt=1&amp;a=v&amp;g=205127e2-7ef7-4ca4-9e9b-77b0ce17bcf2</a>             |
| Kapan community         | <i>Kapan community environmental protection projects</i>                                     | <a href="https://kapan.am/upload/DocFlow/Projects/We2071512322651820_2021_KAPAN.pdf">https://kapan.am/upload/DocFlow/Projects/We2071512322651820_2021_KAPAN.pdf</a>   |

<sup>109</sup> See the RA Law “On Targeted Use of Environmental Payments Made by Companies” <https://www.arlis.am/DocumentView.aspx?docid=143046>

<sup>110</sup> See RA Law N HO-278-N on amendments and additions to the RA Law “On Targeted Use of Environmental Payments Made by Companies” <https://www.arlis.am/DocumentView.aspx?docid=143032>:



# 5

## THE SOCIO-ECONOMIC AND ENVIRONMENTAL IMPACT OF THE MINING INDUSTRY

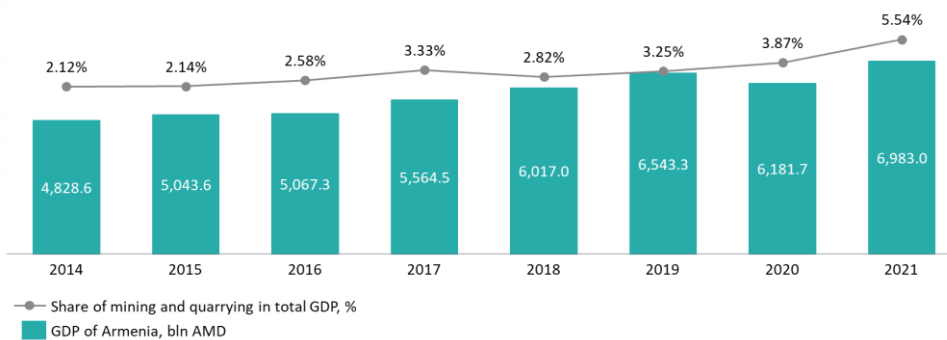
# 5. THE SOCIO-ECONOMIC AND ENVIRONMENTAL IMPACT OF THE MINING INDUSTRY

## 5.1 Share of the mining industry in the economy of Armenia

Mining and quarrying sector is considered as one of the leading sectors for Armenia and accounts for the large part of exports from the country.

The contribution of the sector to the total GDP of Armenia increased from 3.25% in 2019 to 3.87% and 5.54% in the years 2020 and 2021, respectively. In 2020 mining and quarrying sector in Armenia generated 239.21 billion AMD of gross value added. In 2021, the nominal growth of the gross added value of the mining industry exceeds the corresponding indicator of the previous year by 61.68%. Traditionally, the mining and quarrying sector makes a rather significant contribution to the economy and its average contribution to GDP during 2016-2021 was 3.57%.

**Figure 5.1.1 Gross value added of the mining and quarrying sector and its share in GDP**

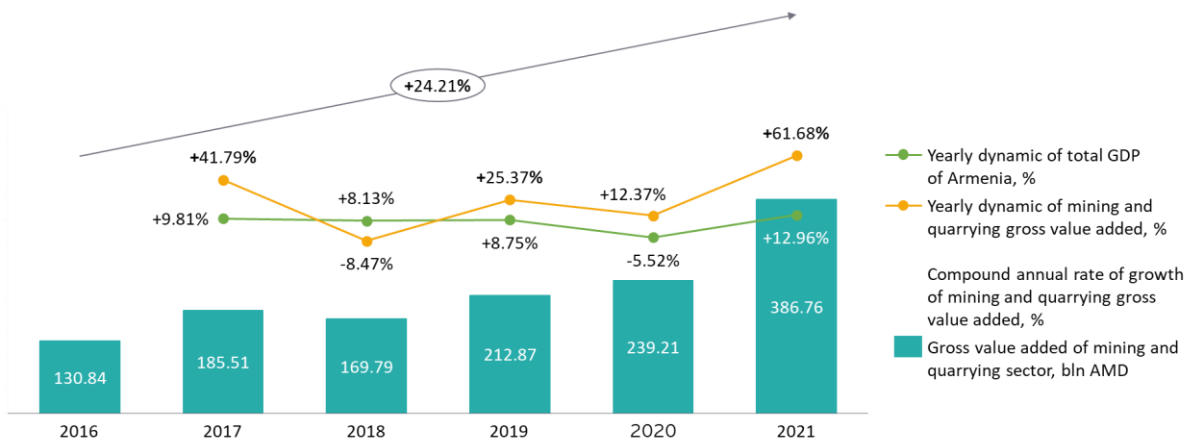


**Source:** RA SC, national accounts statistics<sup>111</sup>

During the covered period of 2016-2021 (See Figure 5.1.2), the gross added value of the mining and quarrying sector was gradually increasing with an average annual growth rate of 24.21%. For comparison, during this period, the total GDP of Armenia grew more slowly with an average annual growth of 6.62%. Thus, compared to the rest of the economy, the sector provides stable growth and contribution to GDP.

<sup>111</sup> 2014-2015: 17-1-SNS.indd (armstat.am)  
 2016-2017: armenia\_2018\_6.pdf (armstat.am)  
 2017-2020: 99526988.pdf (armstat.am)  
 2020-2021: [https://armstat.am/file/article/sv\\_03\\_22a\\_112.pdf](https://armstat.am/file/article/sv_03_22a_112.pdf)

**Figure 5.1.2 Yearly dynamic of the mining and quarrying gross value added compared to the GDP dynamic of Armenia**



Source: RA SC, national accounts statistics<sup>112</sup>

While the GDP of Armenia declined by 5.52% (or AMD 361.42 billion in absolute terms) in 2020 compared to 2019, the mining and quarrying sector continued to grow. Of the 20 presented industries of the Armenian economy (See Figure 5.1.3), in 2020, a decrease in gross value added was observed in 13 of them, including the largest industries such as manufacturing, agriculture and trade. In the meantime, the mining and quarrying sector and 6 other industries showed an increase in gross value added. In absolute terms, the mining and quarrying sector grew by AMD 26.34 billion with the 10.9% contribution to the growth of the value added of some sectors in contrast to AMD 453.45 billion decline of the remaining ones.

Reported increase in gross value added of the mining sector totaling AMD 147.55 billion in 2021 was in line with the country's GDP growth of AMD 801.06 billion. The value added of the mining and quarrying sector has recorded a whopping 61.68% increase over the prior period, while the contribution to the total GDP has reached 5.54%.

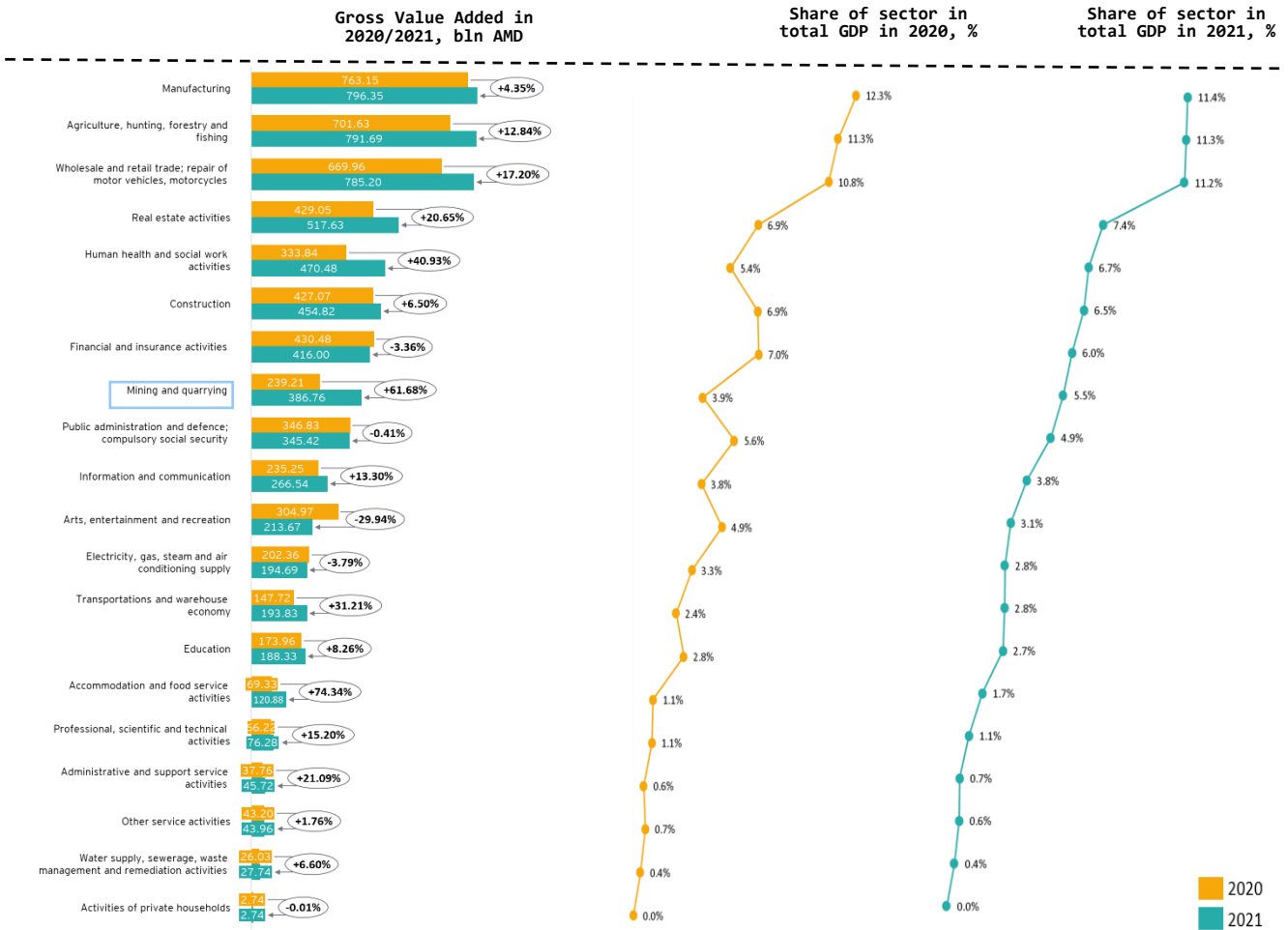
Of the 20 presented industries of the Armenian economy, the mining and quarrying sector took the 11<sup>th</sup> place by the level of contribution to GDP in the years 2019 and 2020. Compared to the three largest sectors of the economy such as manufacturing, agriculture and trade, the mining and quarrying sector generated approximately three times less gross value added recorded in 2020. The size of the mining and quarrying sector was almost the same as the information and communication industry and electricity, gas, steam, and air conditioning supply industry based on 2020 results.

The range of the presented industries of the Armenian economy remained the same in 2021, while the mining and quarrying sector moved up to the 8<sup>th</sup> place in terms of its GDP contribution. The sector has outgrown public administration and defense, mandatory social security, arts and entertainment and recreation and information and communication sectors. Compared to the prior year in 2021 the total change in the value added was AMD 687.99 billion, which in turn was due to the increase in the value added in all the sectors except for the financial and insurance activities, arts, entertainment and recreation, and other service activities sectors.

<sup>112</sup> 2017-2022 99526988.pdf (armstat.am)  
2020-2021 https://armstat.am/file/article/sv\_03\_22a\_112.pdf

The gross value added in all the sectors for 2020 and 2021 along with the analysis of the contribution of the sector to the total GDP for the respective periods is presented in the below figure.

**Figure 5.1.3 Share of the mining and quarrying sector in total GDP, compared to other sectors of Armenian economy in 2020**

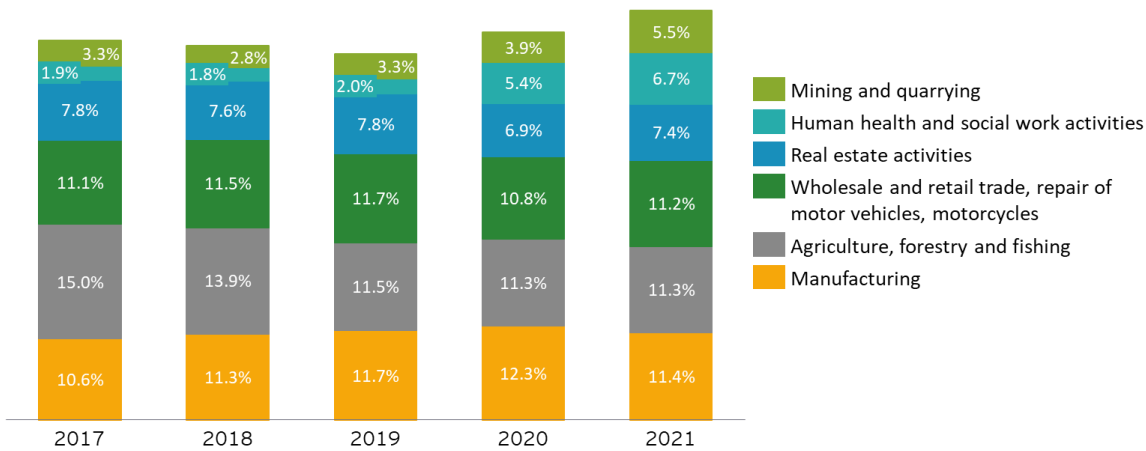


Source: RA SC, national accounts statistics<sup>113</sup>

The graph and table below (See Figure 5.1.4.; Table 5.1.1) shows the annual dynamics of the contribution to GDP of the mining and quarrying sector in comparison with the five largest sectors of the Armenian economy. Compared to these top-5 industries, the mining and quarrying sector was growing at a relatively faster pace during 2017-2021, gaining more and more weight in the economy. According to the gross value-added results for the period from 2017 to 2021, manufacturing, has been the largest sector of the economy followed by the agriculture, forestry, and fishing sector, which have respectively undergone compounded annual growth rate of 7.9% and -0.9% in terms of their gross value added over the respective period. The mining and quarrying sector has accordingly recorded a compound annual growth rate of 22.74%.

<sup>113</sup> [https://armstat.am/file/article/sv\\_03\\_22a\\_112.pdf](https://armstat.am/file/article/sv_03_22a_112.pdf)

**Figure 5.1.4 Share of the mining and quarrying sector and in total GDP, compared to TOP-5 largest sectors in the Armenian economy as of 2021**



Source: RA SC, national accounts statistics<sup>114</sup>

**Table 5.1.1 Gross value-added of the mining and quarrying sector and its share in total GDP, compared to TOP-5 largest sectors in the Armenian economy as of 2021**

| Sector  | Indicator                 | 2017  | 2018  | 2019  | 2020  | 2021  |
|---|---------------------------|-------|-------|-------|-------|-------|
| Manufacturing   | Gross value added, bln MD | 591.6 | 678.2 | 766.3 | 763.2 | 796.3 |
|   | % of Armenia 's GDP       | 10.6% | 11.3% | 11.7% | 12.3% | 11.4% |
| Agriculture, hunting, forestry, and fishing                       | Gross value added, bln MD | 615.0 | 692.7 | 762.9 | 701.6 | 791.7 |
|   | % of Armenia 's GDP       | 11.1% | 11.5% | 11.7% | 11.3% | 11.3% |
| Wholesale and retail trade; repair of motor vehicles, motorcycles | Gross value added, bln MD | 834.4 | 838.9 | 754.2 | 670.0 | 785.2 |
|   | % of Armenia 's GDP       | 15.0% | 13.9% | 11.5% | 10.8% | 11.2% |
| Real estate activities  | Gross value added, bln MD | 436.5 | 459.9 | 511.7 | 429.1 | 517.6 |
|   | % of Armenia 's GDP       | 7.8%  | 7.6%  | 7.8%  | 6.9%  | 7.4%  |
| Human health and social work activities                           | Gross value added, bln MD | 404.4 | 397.4 | 415.5 | 333.8 | 470.5 |
|   | % of Armenia 's GDP       | 7.3%  | 6.6%  | 6.4%  | 5.4%  | 6.7%  |
| Mining and quarrying  | Gross value added, bln MD | 185.5 | 169.8 | 212.9 | 239.2 | 386.8 |
|   | % of Armenia 's GDP       | 3.3%  | 2.8%  | 3.3%  | 3.9%  | 5.5%  |

Source: RA SC, national accounts statistics<sup>115</sup>

Artisanal and small-scale mining are not considered to be a part of Armenia's metal mining sector. Similar to the previous EITI of Armenia report, for the analysis of the artisanal and small-scale mining operations, this research examines relevant judicial acts and decrees of the Armenian inspection bodies related to informal mining activities. In the annual reports of the Environmental Protection and Mining Inspection Body of the Republic of Armenia for 2020 and 2021 there was no information about informal activities in the field of metal ores mining. Also, no judicial acts have been registered regarding artisanal or small-scale mining. Specifics of this sector in Armenia, and the existing legislative, control, and reporting requirements suggest that no artisanal or small-scale mining is taking place.

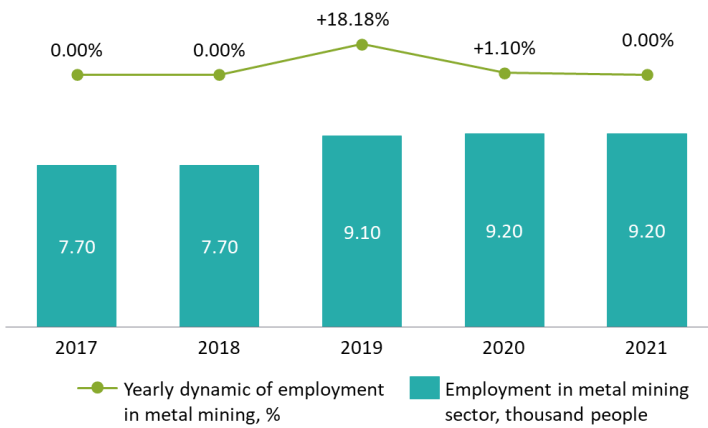
<sup>114</sup> 2016-2017: [armenia\\_2018\\_6.pdf](https://armstat.am/2018_6.pdf) (armstat.am)  
 2017-2019: [99526988.pdf](https://armstat.am/99526988.pdf) (armstat.am)  
 2020-2021: [https://armstat.am/file/article/sv\\_03\\_22a\\_112.pdf](https://armstat.am/file/article/sv_03_22a_112.pdf)  
<sup>115</sup> Ibid

## 5.2 Employment in metal mining industry

In terms of contribution to the overall employment level in Armenia according to the data published by the RA Statistical Committee the industrial sector has historically been the third sector after the services and agriculture sectors. The mining and quarrying sector accounted for the respective 8.2% and 6.7% shares in the total employment in the industry sector in 2020 and 2021.

In 2020 the employment in the industry sector with the 13.8% contribution to the total indicator fell by 2.2% compared to the prior year, while the number of employed people in the mining and quarrying sector grew considerably by 1.1% compared to 2019 and reached 9.2 thousand people. In 2021, the number of people employed in the mining and quarrying sector remained unchanged. The recorded increase was mainly due to 13.4% increase in the employment in “Geopromining Gold” LLC, which held 16,5% share in the total employment in 2019, and 50,2% increase in “Teghout” CJSC with 8,2% share in total employment in 2019.

**Figure 5.2.1** Yearly dynamics of employment in the metal ore mining sector, 2017-2021

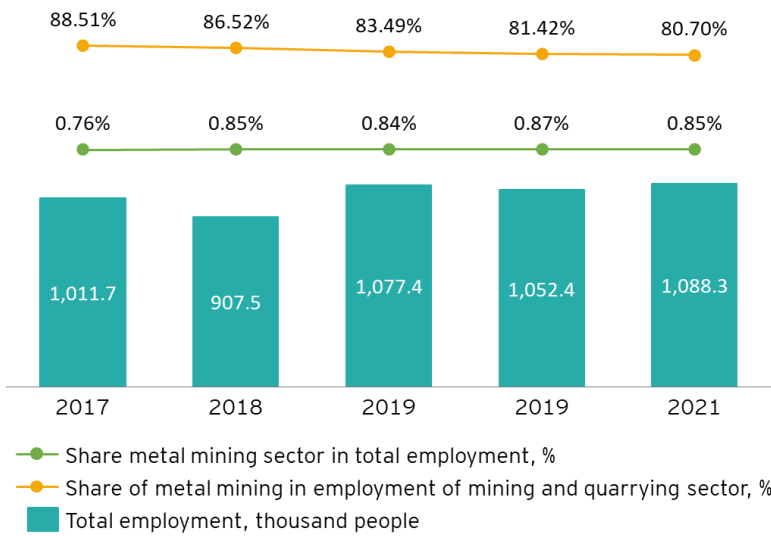


**Source:** Relevant yearbooks published by RA SC<sup>116</sup>

In 2021, the share of the metal mining sector in the employment of the mining and quarrying sector decreased by 0.72% compared to 2020 due to an increase in the latter's absolute number of employed people. Accordingly, the sector's share in total employment decreased by 0.02%. The contribution of this sector to employment is comparatively smaller than the country's GDP (See chapter 5.1 of this report). According to the RA Statistical Committee, among the 21 sectors of the economy in terms of the employment level, the mining and quarrying sector ranked 16th in 2020 and 2021 and 17th in 2019 (See Figure 5.2.3).

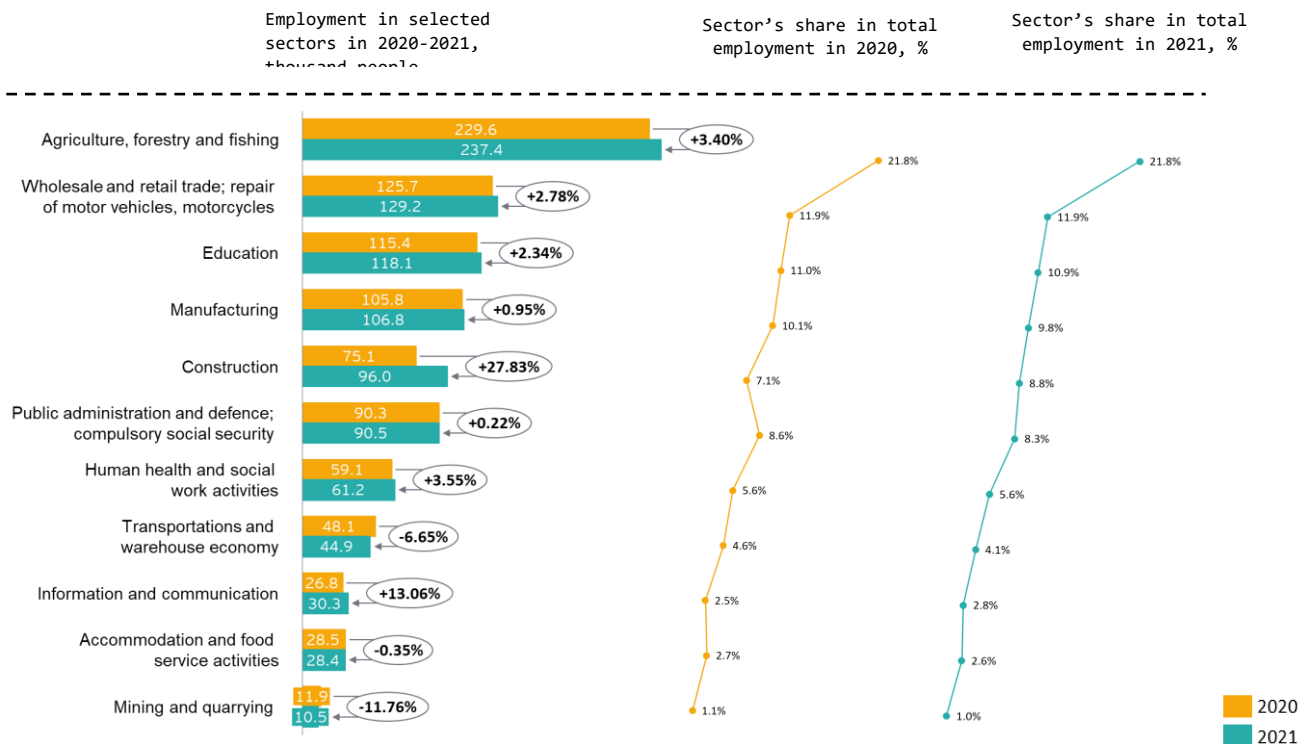
<sup>116</sup> 2017-2022 <https://www.armstat.am/file/doc/99533583.pdf>

**Figure 5.2.2 Share of metal mining industry in mining and quarrying sector and in total employment in 2017-2021, thousand people**



Source: Relevant yearbooks published by RA SC<sup>117</sup>

**Figure 5.2.3 Share of mining and quarrying sector in total employment in 2020 and 2021, compared to TOP-10 sectors in Armenian economy by number of employed**



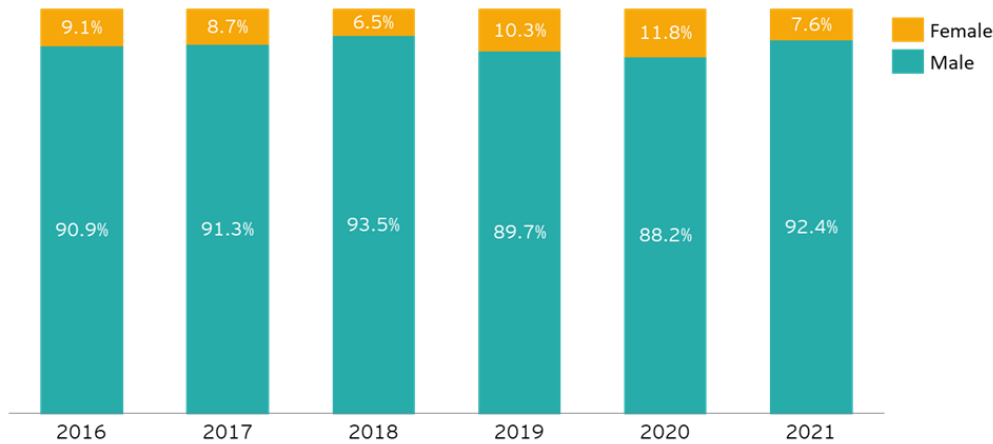
Source: Relevant yearbooks published by RA SC<sup>118</sup>

<sup>117</sup> Ibid

<sup>118</sup> 2018-2019-2020: 99528083.pdf (armstat.am)

The gender structure of employment in the mining and quarrying sector is traditionally dominated by men. Thus, in 2020, out of 11.9 thousand people employed in the sector, 10.5 thousand (88.24%) were men, and 1.4 thousand (11.76%) were women. However, the share of women in this sector has been gradually increasing since 2018, and in 2020 it exceeded the level of employment of women in the sector as of 2016, which however decreased again in 2021 (See Figure 5.2.4). The total number of employees in the sector also decreased in 2021.

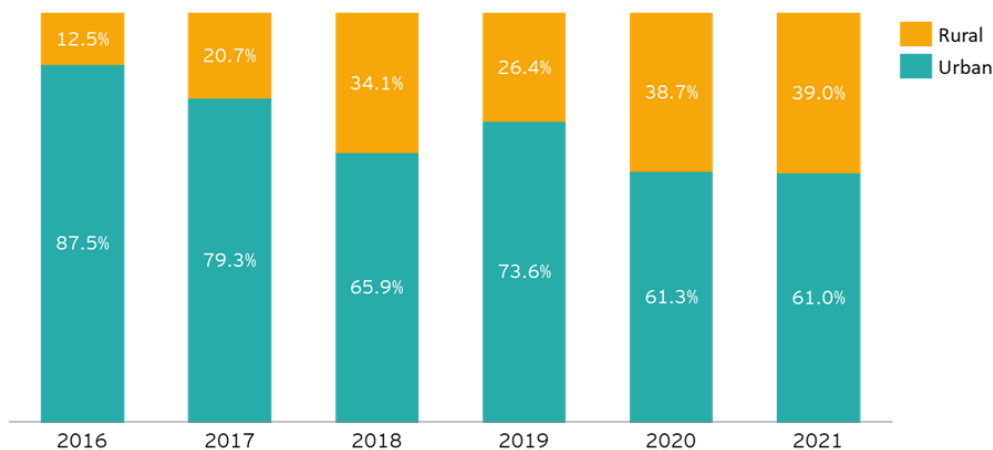
**Figure 5.2.4 Gender structure of employment in mining and quarrying sector**



*Source: Relevant yearbooks published by RA SC<sup>119</sup>*

Among all those employed in the mining and quarrying sector, the majority are workers belonging to the urban population. However, the share of the rural population employed in this sector is gradually increasing. In 2020, the mining and quarrying sector employed 7.3 thousand people of the urban population and 4.6 thousand people of the rural population (See Figure 5.2.6).

**Figure 5.2.5 Structure of employment in mining and quarrying sector by place of residence**



*Source: Relevant yearbooks published by RA SC<sup>120</sup>*

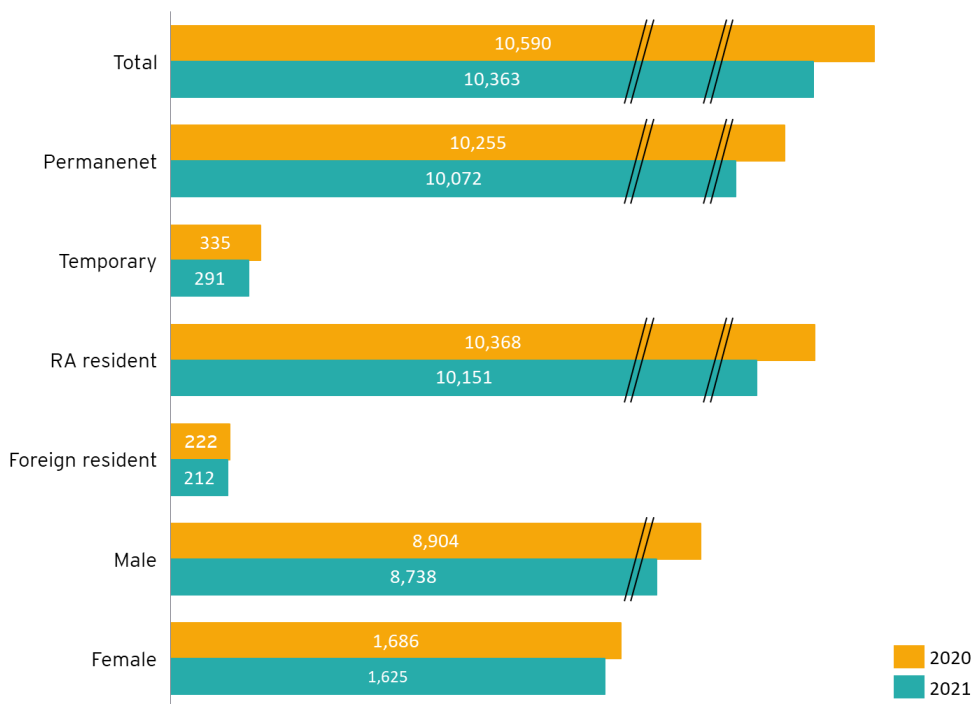
<sup>119</sup> 2016-2017: [https://www.armstat.am/file/article/trud\\_18\\_4.1.pdf](https://www.armstat.am/file/article/trud_18_4.1.pdf)

<sup>120</sup> Ibid



Based on the data provided by the mining companies the number of employed people in the metal mining sector has been grouped according to several factors such as gender, residency, and employment contract type. According to the analysis for the years 2020 and 2021 the predominant part of employees, around 98% of those employed by the mining sector, have been RA citizens. Furthermore, for both years the share of males in the workforce in the mining sector has been about 84%, while the employees with the permanent employment contract type account for 97% of those employed. Overall, the categorization of employees according to gender, nationality, and contract type is rather consistent over the analyzed periods.

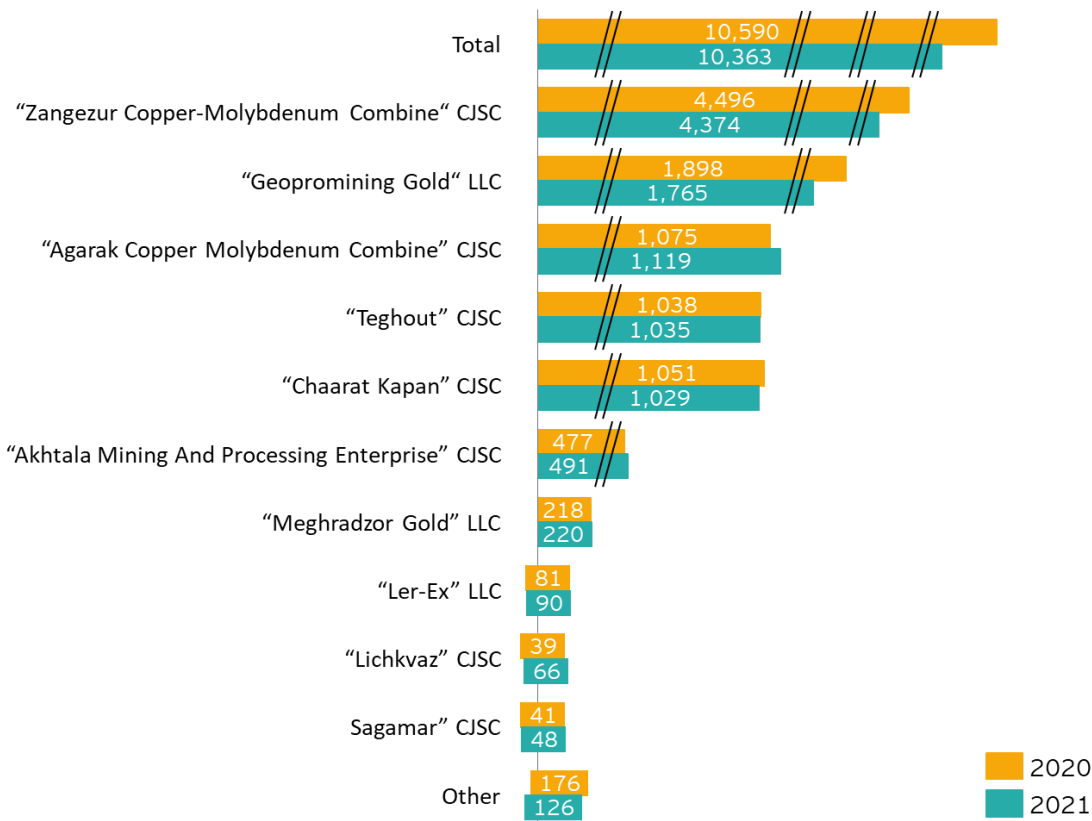
**Figure 5.2.6 Distribution of employees in metal mining sector by gender, citizenship, and employment contract type in 2020 and 2021**



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

The figure below summarizes the number of jobs by the leading ten employers of the mining sector for the years 2020 and 2021. During both years the top 6 companies have been employing around 95% of people working in the metal mining sector.

**Figure 5.2.7 Jobs at leading metal mining companies in 2020 and 2021**

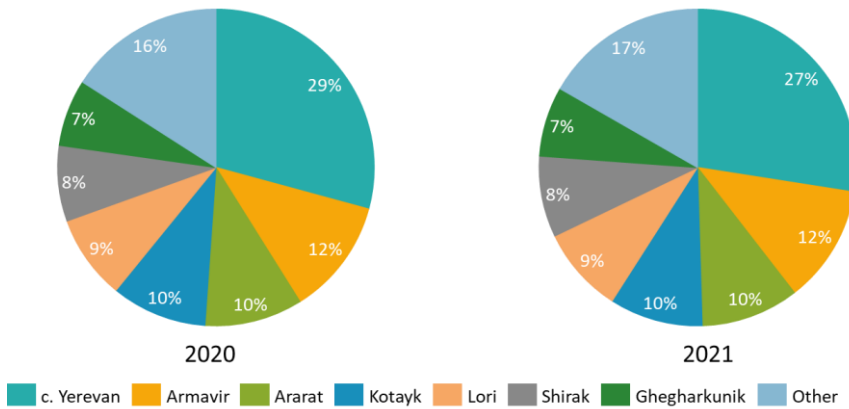


**Source:** The information was provided by metal mining companies for the EITI report

As reported by the RA statistical committee in 2020 around 30% of all employees were concentrated in Yerevan. Armavir and Ararat regions with the respective 11.9% and 10.0% share in the total employment hold the second and third positions in terms of the employee concentration. In 2021 the respective shares were 28.4%, 12.4% and 10.4% (See Figure 5.2.8).

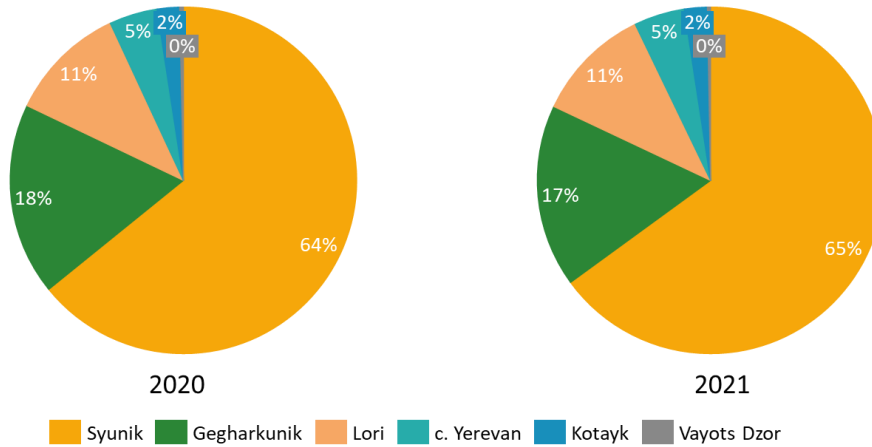
Due to the specifics of sectors the regional distribution of employees working in the metal mining sector significantly differs from the general trend of employment in Armenia. According to the company reports for the years 2020 and 2021 only 5% of those employed by the metal mining sector have been registered workers in Yerevan, whereas the number of employees in the Syunik region has accounted for about 65% of the total. This is closely related to the level of the metal mining activities in the regions under consideration. Kajaran, Kapan, and Meghri, the three largest metal mining cities are situated in Syunik, which in turn, makes it the leading region for the metal mining sector, and therefore, it comes as no surprise, the largest share of employment in this sector is concentrated here. As of 2020 Gegharkunik and Lori regions followed Syunik with the respective 18% and 11% shares of the employment in the sector. Despite the relatively static distributions of the employment in the metal mining sector, the contribution of the Gegharkunik region to the latter has decreased by 1% compared to the prior year (See Figure 5.2.9).

**Figure 5.2.8 Percentage distribution of employed in all sectors by regions and the capital in 2020 and 2021**



**Source:** RA SC 2021 publication “The regions of the Republic of Armenia and the city of Yerevan by numbers” <sup>121</sup>

**Figure 5.2.9 Percentage distribution of employed in the metal mining sector by regions and the capital in 2020 and 2021**



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

Over the previous several years the information on the employment in the metal mining sector in Armenia submitted by the featured metal mining companies has been different from that of retrieved from the RA Statistical Committee website. The reported difference in the number of employees for the year 2020 was 1,300, whereas for 2021 it was 938. Difference between these numbers is mainly caused by the varying data collection methodologies between these entities. For instance, Statistical Committee of Armenia collects the employment statistics based on selective workforce surveys conducted in households on contrary to the metal mining companies which report the average number of employees for the year.

<sup>121</sup> 2019-2020: marzer\_2021\_17 (armstat.am)

### 5.3 Socio-economic activities carried out by mining companies (requirement 6.1)

According to Requirement 6.1 the social costs incurred by mining companies are subject to a disclosure.

The obligations assumed by the companies in the sphere of socio-economic development of the affected communities are defined in the mining contracts as a separate appendix. Contractual obligations can be stated for different terms: i.e. annual, 3 year, 5 year or other terms. Information on the availability of the annex in the mining contract and social obligations set forth are briefly presented in the table below.

**Table 5.3.1 Social obligations under mining contracts in 2020-2021**

| Subsoil user                                    | Mining contract number and date | Contractual obligations |                                  | Changes made   |                             |   |
|---|---------------------------------|-------------------------|----------------------------------|--|-----------------------------|---|
|   |                                 | Annual, AMD             | Other terms <sup>122</sup> , AMD | 2020   | 2021                        | Clarification   |
| “Agarak Copper Molybdenum Combine” CJSC         | PV-311<br>05.04.2013            | 40,640,000              | -                                | Obligation to have an annual investment in the amount of AMD 2,640,000 in the field of socio-economic development of the community, as well as provide a financial assistance in the amount of AMD 2,000,000 to the medical center of the Meghri region and, have an overall contribution in the amount of AMD 36,000,000 to the development projects for the Meghri community | No Annex 3 to the ccontract |   |
| “Akhtala Mining and Processing Enterprise” CJSC | PV-103<br>(20.10.2012)          | -                       | -                                | No Annex 3 to the contract   | No changes                  |   |
| “Aktiv Lernagorts” LLC                          | PV-425<br>(28.12.2012)          | -                       | -                                | No Annex 3 to the ccontract  | No changes                  |   |
| “Assat” LLC                                     | PV-366<br>(06.06.2013)          | 1,000,000               | -                                | No changes   | No changes                  | According to Annex 3 to the Contract dated 06.06.2013 the Company committed to make AMD 800,000 annual investment for socio-economic development of the |

<sup>122</sup> Contractual obligations can be set for different terms: annual, 3 years, 5 years, etc.

| Subsoil user                                  | Mining contract number and date | Contractual obligations |                                  | Changes made   |                                   |   |
|---|---------------------------------|-------------------------|----------------------------------|--|-----------------------------------|---|
|   |                                 | Annual, AMD             | Other terms <sup>122</sup> , AMD | 2020   | 2021                              | Clarification   |
|   |                                 |                         |                                  |  |                                   | community, as well AMD 200,000 investment for the roads repair.   |
| “AT Metals” LLC                               | P-514<br>(16.01.2015)           | 3,600,000               | -                                | No changes   | No changes                        | According to Annex 3 to the Contract dated 16.01.2015 the Company committed to make AMD 3,600,000 annual investment for socio-economic development of the community   |
| «Bacteck Eco” LTD                             | P-515<br>(22.08.2014)           | 250,000                 | 400,000                          | No changes   | No changes                        | According to Annex 3 to the Contract dated 22.08.2014 the Company committed to make AMD 650,000 annual investment for socio-economic development of the community   |
| “Geghi Gold” LLC                              | P-544<br>(22.07.2016)           | 650,000                 | -                                | No changes   | No Annex 3 to the ccontract       | According to Annex 3 to the Contract dated 22.07.2016 the Company committed to make AMD 650.000 annual investment for socio-economic development of the community   |
| “GeoProMining Gold” LLC                       | PV-189<br>(20.10.2012)          | -                       | 13,200,000                       | No changes   | Permit was terminated in May 2021 | According to Annex 3 to the Contract dated 20.10.2012 the Company committed to make AMD 12,000,000 annual investment for socio-economic development of the community, as well AMD 1,200,000 for tuition reimbursement of 2-3 students from the affected communities |
| “Zangezur Copper and Molybdenum Combine” CJSC | PV-232<br>(27.11.2012)          | -                       | -                                | No Annex 3 to the ccontract  | No Annex 3 to the ccontract       |   |
| “Tatstone” LLC                                | P-459<br>(11.02.2013)           | -                       | -                                | The information about the company is not available in the list of mining contracts | No Annex 3 to the ccontract       | Company’s permit was terminated in May 2021   |
| “Teghout” CJSC                                | PV-376<br>(20.02.2013)          | -                       | -                                | No Annex 3 to the ccontract  | No changes                        |   |

| Subsoil user                 | Mining contract number and date | Contractual obligations |                                  | Changes made   |   |  |
|------------------------------|---------------------------------|-------------------------|----------------------------------|--|---|--|
|                              |                                 | Annual, AMD             | Other terms <sup>122</sup> , AMD | 2020   | 2021  | Clarification  |
| “Ler-Ex” LLC                 | PV-094<br>(16.08.2012)          | -                       | -                                | No Annex 3 to the ccontract  | No Annex 3 to the ccontract                     |  |
| “Lydian Armenia” CJSC        | PV-245<br>(26.09.2012)          | 61,500,000              | -                                | No changes   | No changes                                      | According to Annex 3 to the Contract dated 26.09.2012 the Company committed to make AMD 61,500,000 annual investment for socio-economic development of the community   |
| “Lichqvaz” CJSC              | PV-293<br>(22.11.2012)          | -                       | -                                | No Annex 3 to the ccontract  | Not considered for 2021                         |  |
| “Gharagulyanner” CJSC        | P-547<br>(25.10.2016)           | 1,000,000               | 250,000                          | No changes   | No Annex 3 to the ccontract                     | According to Annex 3 to the Contract dated 25.10.2016 the Company committed to make AMD 800,000 annual investment for socio-economic development of the community and AMD 250,000 for half-year tuition reimbursement of a student |
| “Marjan Mining” LLC          | PV-398<br>(07.03.2013)          | -                       | -                                | The information about the company is not available in the list of mining contracts | No Annex 3 to the ccontract                     |  |
| “Mego Gold” LLC              | PV-184<br>(28.12.2012)          | -                       | -                                | No Annex 3 to the ccontract  | Subsoil use permit of the company is terminated |  |
| “Meghradzor Gold” LLC        | PV-057<br>(22.08.2012)          | -                       | -                                | No Annex 3 to the ccontract  | No Annex 3 to the ccontract                     |  |
| “Molibdeni Ashkharh” LLC     | PV-174<br>(07.11.2012)          | -                       | -                                | The information about the company is not available in the list of mining contracts | No Annex 3 to the ccontract                     |  |
| “Multi Group Concern” LLC    | PV-213<br>(20.10.2012)          | -                       | -                                | No Annex 3 to the ccontract  | Not considered for 2021                         |  |
| «Chaarat Kapan» CJSC         | PV-183<br>(27.11.2012)          | -                       | -                                | No Annex 3 to the ccontract  | No changes                                      |  |
| “Paramount Gold Mining” CJSC | 089 (12.06.2012)                | -                       | -                                | The information about the company is not available in the list of mining contracts | No changes                                      |  |

| Subsoil user            | Mining contract number and date | Contractual obligations |                                  | Changes made                |                             |   |
|-------------------------|---------------------------------|-------------------------|----------------------------------|-----------------------------|-----------------------------|---|
|                         |                                 | Annual, AMD             | Other terms <sup>122</sup> , AMD | 2020                        | 2021                        | Clarification   |
| “Sagamar” CJSC          | PV-093<br>(20.10.2012)          | 1,000,000               | 5,000,000                        | No changes                  | No Annex 3 to the ccontract | According to Annex 3 to the Contract dated 20.10.2012 the Company committed to make AMD 1,000,000 annual investment for socio-economic development of the community and AMD 4,000,000 every tree years for participation in renovation works, and AMD 1,000,000 in every five years for water pipelines repair works In the community |
| “Vayq Gold” LLC         | P-371<br>(30.11.2012)           | 3,000,000               | -                                | No changes                  | No Annex 3 to the ccontract | According to Annex 3 to the Contract dated 30.11.2012 the Company committed to make AMD 3,000,000 annual investment for the socio-economic development of the community   |
| “Vardani Zartonk” LLC   | PV-239<br>(27.09.2012)          | -                       | -                                | No Annex 3 to the ccontract | No Annex 3 to the ccontract |   |
| “Fortune Resources” LLC | PV-169<br>(20.10.2012)          | -                       | -                                | No Annex 3 to the ccontract | No changes                  |   |

Source: RA MTAI publication on Extractive industries transparency initiative <sup>123</sup>

<sup>123</sup> <https://mtad.am/pages/extractive-industries-transparency-initiative>

In the "Socio-economic contribution of the mining company to the community" section of the EITI public reports submitted by the mining companies, the obligations aimed at the socio-economic development of communities set out in the mining contract are presented, i.e. 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 the community the commitment was directed to.

A summary analysis of actual mandatory and voluntary payments made by mining companies during the period under review is presented below. More detailed information is provided in Annexes 3 and 4.

**Table 5.3.2 Actual mandatory payments by mining companies set out in mining contracts and agreements signed with LSGBs, per companies<sup>124</sup>**

| Mining company                                  | Mining contract number and date | 2020,<br>AMD       | 2021,<br>AMD       |
|---|---------------------------------|--------------------|--------------------|
| "Agarak Copper Molybdenum Combine" CJSC         | PV-311 April 5, 2013            | 37,920,000         | 37,920,000         |
| "Akhtala Mining and Processing Enterprise" CJSC | PV-103, October 20, 2012        | 60,000,000         | 80,000,000         |
| "Assat" LLC                                     | PV-366, June 6, 2013            | -                  | 1,738,973          |
| "AT-Metals" LLC                                 | P-514, January 16, 2015         | 7,360,000          | 6,354,000          |
| "GeoProMining Gold" LLC                         | PV-189, October 20, 2012        | -                  | 50,000,000         |
| "Teghout" CJSC                                  | PV-376, February 20, 2013       | 140,000,000        | 140,000,000        |
| "Gharagulyanner" CJSC                           | P-547, October 25, 2016         | 500,000            | 500,000            |
| "Chaarat Kapan" CJSC                            | PV-183, November 27, 2012       | 142,897,000        | 47,663,334         |
| "Sagamar" CJSC                                  | PV-093, October 20, 2012        | 6,345,000          | 12,345,000         |
| <b>Total</b>                                    |                                 | <b>395,022,000</b> | <b>376,521,307</b> |

*Source: The information was provided by the Companies for the EITI report*

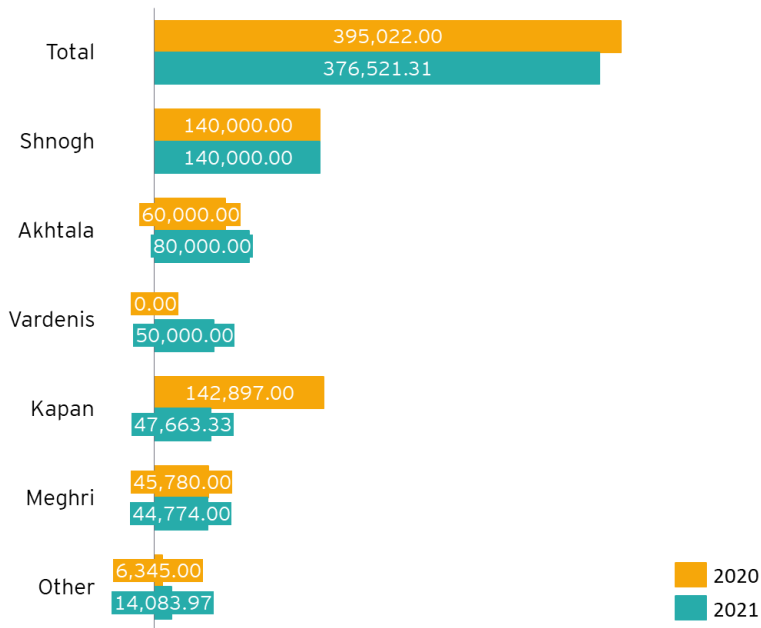
According to the reports submitted by the mining companies, total mandatory payments to the communities set out by the mining contracts amounted to AMD 395 mln in 2020 and AMD 377 mln in 2021. In 2020 the largest payment was made by "Chaarat Kapan" CJSC-AMD 142,897,000, followed by "Teghout" CJSC- AMD 140,000,000.

In 2020, Kapan community received the largest share of mandatory payments, it accounted for 37% of the total mandatory payments, whereas Shnogh with 36% of mandatory payments was the leading community in 2021: The distribution of mandatory payments received by communities in 2020-2021 is presented in the below figure.

<sup>124</sup> Akhtala LAP" CJSC, "Teghut" CJSC and "Chaarat Kapan" CJSC made payments for 2020 and 2021 according to separate agreements concluded between companies and communities. Annex 3 is missing in the subsoil use agreements of these companies.



**Figure 5.3.1 Actual mandatory payments by mining companies set out in mining contracts and agreements signed with LSGBs, per communities, thousand AMD**



*Source: The information was provided by the Companies for the EITI report*

**Table 5.3.3 Donations, gifts or other contributions to communities by mining companies in 2020-2021**

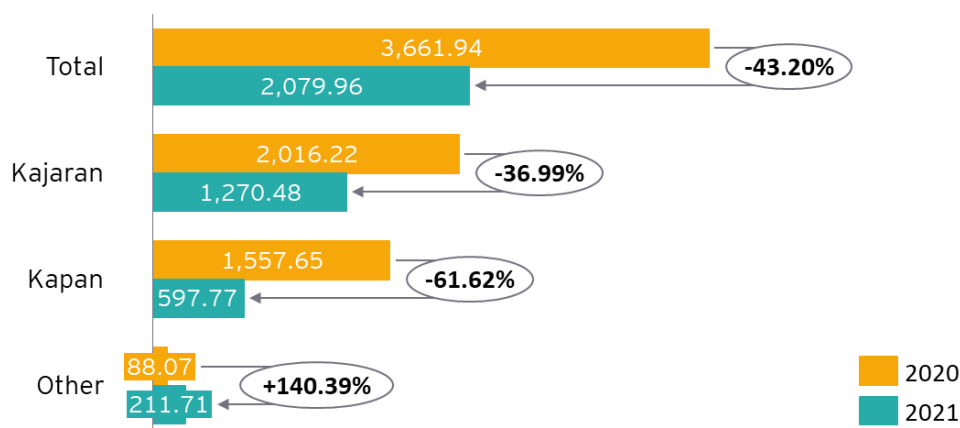
| Mining company                                | Financial payments,<br>2020, AMD | Non-financial payments,<br>2020, AMD | Financial payments,<br>2021, AMD | Non-financial payments,<br>2021, AMD |
|---|----------------------------------|--------------------------------------|----------------------------------|--------------------------------------|
| “Agarak Copper Molybdenum Combine” CJSC       | 34,762,000                       | -                                    | -                                | -                                    |
| “AT-Metals” LLC                               | -                                | -                                    | 12,360,000                       | -                                    |
| «Bacteck Eco” LTD                             | -                                | 168,333                              | -                                | -                                    |
| “Zangezur Copper and Molybdenum Combine” CJSC | 892,000,000                      | 2,726,491,258                        | 370,500,000                      | 1,604,822,969                        |
| “Teghout” CJSC                                | 8,011,300                        | -                                    | 3,000,000                        | 16,488,383                           |
| “Lydian Armenia” CJSC                         | -                                | -                                    | -                                | 32,139,031                           |
| “Lichqvaz” CJSC                               | -                                | -                                    | 6,914,925                        | -                                    |
| “Gharagulyanner” CJSC                         | 500,000                          | -                                    | 500,000                          | -                                    |
| “Meghradzor Gold” LLC                         | -                                | -                                    | 5,400,000                        | -                                    |
| “Sagamar” CJSC                                | -                                | -                                    | -                                | 174,000                              |
| <b>Total</b>                                  | <b>935,273,300</b>               | <b>2,726,659,591</b>                 | <b>398,674,925</b>               | <b>1,653,624,383</b>                 |

*Source: The information was provided by the Companies for the EITI report*

Donations, gifts, or other contributions to communities by mining companies amounted to AMD 3.7 billion and AMD 2 bln in 2020 and 2021, respectively. It should be noted that non-financial voluntary payments exceeded the financial payments by about three times in 2020 and four times in 2021.

During the reporting period 2020-2021 “Zangezur Copper and Molybdenum Combine” CJSC was the leader in total financial and non-financial voluntary payments made to communities, in 2020 it accounted for AMD 3.62 billion (99% of total payments) and in 2021 -AMD 1.98 billion (96% of total payments).

**Figure 5.3.2 Revenues of community budgets from donations, gifts and other contributions by mining companies in 2020 and 2021, by leading communities, mln AMD**



*Source: The information was provided by the Companies for the EITI report*

Kajaran and Kapan were the main recipients of donations, gifts and other contributions made in 2020-2021. Collectively, the mentioned communities received 98% and 90% of total voluntary payments in 2020 and 2021, respectively. Kajaran community received AMD 2 billion and AMD 1.3 billion in 2020 and 2021, respectively.

#### 5.4. Donations to foundations, non-commercial legal entities, and individuals

The requirement 5.1 of the 2019 EITI mandates that countries implementing the standard disclose those contributions of extractive sectors, which are not directed to state or community budgets.

The April 27, 2022 meeting of the RA EITI<sup>125</sup> multi-stakeholder group, which approved the technical assignment of the independent administrator compiling the 2020-2021 national report of Armenia, did not address the issue of including foundations established by (related to) mining companies into the scope of reporting. Therefore, guided by MSG decision as of October 10, 2017<sup>126</sup>, in the scope of this Report, the voluntary disclosure is limited to the payments (aggregated, not individual) made by companies to foundations, NGOs, and individuals.

The number of reporting companies in 2020 was 26, which decreased to 24 in 2021. Out of the featured companies only 6 have made financial and non-financials donations, gifts or other contributions to foundations and non-commercial legal entities in the amount of AMD 6.2 billion during the year 2020. In the next year the donations and contributions totaled to AMD 4.4 billion and were accordingly made by 11 companies. Despite the increase in the number of companies involved in such initiatives the total amount of contributions from 2020 to 2021 decreased by AMD 1.8 billion, whereas the contributions made as donations to individuals, have on contrary increased by AMD 226 million.

According to the State Revenue Committee No. 337-N Order dated April 17, 2020<sup>127</sup> every year the foundations should publish reports on their activities in the RA SRC electronic reporting system no

<sup>125</sup> <https://www.eiti.am/hy/agenda-protocols-other-related-documents>

<sup>126</sup> [https://www.eiti.am/file\\_manager/EITI%20Documents/Minutes/MSG\\_meeting\\_minute\\_10\\_10\\_%202017.pdf](https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG_meeting_minute_10_10_%202017.pdf)

<sup>127</sup> <https://www.arlis.am/DocumentView.aspx?docid=141595>

later than July 1 following the reporting year . The publication of audit report is mandatory if the value of assets of foundation exceeds 10 million AMD.

In 2020, AMD 856 million worth financial and non-financial contributions to foundations were made by 6 companies. Only 3 companies have made donations to foundations in 2021 in the amount of AMD 85 million. The respective contributions to the NGO-s were made in the total sum of AMD 469 million in 2020, and AMD 432 million in 2021. The number of NGO-s which received the latter mentioned contributions was 15 in 2020 which dropped to 10 in 2021. The remaining financial and non-financial donations, gifts or other contributions were directed to the number of other stakeholders including the state-owned entities, medical establishments, museums, and other entities in the total sum of AMD 5 billion in 2020 and AMD 3.9 billion in 2021.

The information regarding the donations made by metal mining companies could not be further verified because on the SRC website<sup>128</sup> the presented reports for the years 2020-2021 lack disaggregated information per donating party . Moreover, neither the donating nor the receiving companies include a detailed breakdown of donations in their financial statements, the data for the reporting year is presented only in aggregate. For instance, in 2020, the largest amount of contribution was made to the Hayastan All-Armenian Fund. The financial statement of the latter Fund for the year 2020<sup>129</sup> published on SEC website<sup>130</sup> includes only the total amount of donations. The foundation also publishes financial reports on its own website, where again only the total donations received are presented with no reference to donators or the sum of their contributions. There is another bank transfers Golden Book list<sup>131</sup> published on their website, where only the names of donors can be verified. This limiting factor can be generalized regarding the verification of donations made to the rest of foundations.

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<sup>128</sup> [https://www.petekamutner.am/Reports\\_vh.aspx?rptid=0](https://www.petekamutner.am/Reports_vh.aspx?rptid=0)

<sup>129</sup> <https://www.petekamutner.am/shared/Reports/Report2020-02507456-vh.pdf>

<sup>130</sup> <https://www.himnadram.org/en/reports>

<sup>131</sup> <https://www.himnadram.org/files/2022/04/5275785.pdf>

**Table 5.4.1.2 Donations to foundations made by metal mining companies in 2020 (requirement 5.1)**

| Companies                                 | Foundations                               | Socio-economic investment according to the mining company report | Socio-economic investment according to the report presented by the fund, AMD | Link to the report submitted by the foundation  |
|---|---|--|--|---|
| “Zangezur Copper-Molybdenum Combine” CJSC | Hayastan All-Armenian Fund                | 488,590,000  | Not reflected  | <a href="https://www.petekamutner.am/shared/Reports/Report2020-02507456-vh.pdf">https://www.petekamutner.am/shared/Reports/Report2020-02507456-vh.pdf</a>   |
| “Teghout” CJSC                            | Insurance Foundation for Servicemen       | 150,000,000  | Not reflected  | <a href="https://www.petekamutner.am/shared/Reports/Report2020-02656976-vh.pdf">https://www.petekamutner.am/shared/Reports/Report2020-02656976-vh.pdf</a>   |
| “Zangezur Copper-Molybdenum Combine” CJSC | Crominat Charity Foundation               | 85,000,000   | Not reflected  | <a href="https://www.petekamutner.am/shared/Reports/Report2020-02600555-vh.pdf">https://www.petekamutner.am/shared/Reports/Report2020-02600555-vh.pdf</a>   |
| “Geopromining Gold“ LLC                   | Hayastan All-Armenian Fund                | 50,000,000   | Not reflected  | <a href="https://www.petekamutner.am/shared/Reports/Report2020-02507456-vh.pdf">https://www.petekamutner.am/shared/Reports/Report2020-02507456-vh.pdf</a>   |
| “Zangezur Copper-Molybdenum Combine” CJSC | “My Step” Foundation                      | 25,000,000   | Not reflected  | <a href="https://www.petekamutner.am/shared/Reports/Report2020-01282864-vh.pdf">https://www.petekamutner.am/shared/Reports/Report2020-01282864-vh.pdf</a>   |
| “Zangezur Copper-Molybdenum Combine” CJSC | Insurance Foundation for Servicemen       | 13,800,000   | Not reflected  | <a href="https://www.petekamutner.am/shared/Reports/Report2020-02656976-vh.pdf">https://www.petekamutner.am/shared/Reports/Report2020-02656976-vh.pdf</a>   |
| “Chaarat Kapan” CJSC                      | Hayastan All-Armenian Fund                | 10,000,000   | Not reflected  | <a href="https://www.petekamutner.am/shared/Reports/Report2020-02507456-vh.pdf">https://www.petekamutner.am/shared/Reports/Report2020-02507456-vh.pdf</a>   |
| “Zangezur Copper-Molybdenum Combine” CJSC | RA Syunik Development and Investment Fund | 10,000,000   | Not reflected  | <a href="https://www.petekamutner.am/shared/Reports/Report2020-09425412-vh.pdf">https://www.petekamutner.am/shared/Reports/Report2020-09425412-vh.pdf</a>   |
| "Multi Group Concern" LLC                 | Gagik Tsarukyan Foundation                | 8,429,629  | Not reflected  | <a href="https://www.petekamutner.am/shared/Reports/Report2020-02568189-vh.pdf">https://www.petekamutner.am/shared/Reports/Report2020-02568189-vh.pdf</a>   |
| “Chaarat Kapan” CJSC                      | RA Syunik Development Fund                | 5,000,000  | Not reflected  | <a href="https://www.petekamutner.am/shared/Reports/Report2020-09425412-vh.pdf">https://www.petekamutner.am/shared/Reports/Report2020-09425412-vh.pdf</a>   |
| “GeoProMining Gold” LLC                   | “City Of Smile” Charitable Foundation     | 4,850,000  | 4,850,000  | <a href="https://old.cityofsmile.org/wp-content/uploads/2020/07/CITY-OF-SMILE-income-ENG-apr-jun.pdf">https://old.cityofsmile.org/wp-content/uploads/2020/07/CITY-OF-SMILE-income-ENG-apr-jun.pdf</a> |
| “GeoProMining Gold” LLC                   | BANGERES sports school                    | 3,360,000  | -  | Not available   |
| “GeoProMining Gold” LLC                   | “My Step” Foundation                      | 2,500,000  | Not reflected  | <a href="https://www.petekamutner.am/shared/Reports/Report2020-01282864-vh.pdf">https://www.petekamutner.am/shared/Reports/Report2020-01282864-vh.pdf</a>   |
| “Agarak Copper Molybdenum Combine” CJSC   | RA Syunik Development and Investment Fund | 2,000,000  | Not reflected  | <a href="https://www.petekamutner.am/shared/Reports/Report2020-09425412-vh.pdf">https://www.petekamutner.am/shared/Reports/Report2020-09425412-vh.pdf</a>   |
| <b>Total</b>                              |   | <b>858,529,629</b>   | Not reflected  |   |

*Source: The information was provided by metal mining companies for the EITI report, The official website of the State Revenue Committee of the Republic of Armenia*

**Table 5.4.1.2 Donations to foundations made by metal mining companies in 2021 (requirement 5.1)**

| Companies                                 | Foundations                               | Socio-economic investment according to the mining company report | Socio-economic investment according to the report presented by the fund, AMD | Link to the report submitted by the foundation  |
|---|---|--|--|---|
| “Zangezur Copper-Molybdenum Combine“ CJSC | Kapan Charitable Foundation               | 60,000,000   | Not reflected  | <a href="https://www.petekamutner.am/shared/Reports/Report2021-09412901-vh.pdf">https://www.petekamutner.am/shared/Reports/Report2021-09412901-vh.pdf</a> |
| "Multi Group Concern" LLC                 | Gagik Tsarukyan Foundation                | 12,183,376   | Not reflected  | <a href="https://www.petekamutner.am/shared/Reports/Report2021-02568189-vh.pdf">https://www.petekamutner.am/shared/Reports/Report2021-02568189-vh.pdf</a> |
| “Chaarat Kapan” CJSC                      | RA Syunik Development and Investment Fund | 5,000,000  | Not reflected  | <a href="https://www.petekamutner.am/shared/Reports/Report2021-09425412-vh.pdf">https://www.petekamutner.am/shared/Reports/Report2021-09425412-vh.pdf</a> |
| “Zangezur Copper-Molybdenum Combine“ CJSC | Insurance Foundation for Servicemen       | 4,600,000  | Not reflected  | <a href="https://www.petekamutner.am/shared/Reports/Report2021-02656976-vh.pdf">https://www.petekamutner.am/shared/Reports/Report2021-02656976-vh.pdf</a> |
| “Chaarat Kapan” CJSC                      | Syunik Marzpetaran                        | 2,795,405  | Not reflected  | <a href="http://syunik.mtad.am/files/docs/59963.pdf">http://syunik.mtad.am/files/docs/59963.pdf</a>   |
| <b>Total</b>                              |   | <b>84,578,781</b>  |  |   |

*Source: The information was provided by metal mining companies for the EITI report, The official website of the State Revenue Committee of the Republic of Armenia*

According to Article 24 of the RA Law "On Non-Governmental Organizations," if the source of property acquisition of the organization are public funds (funds of state or community and of other bodies managing public assets or legal entities), the organization is required to publish the report on the website intended for reports of organizations on annual basis, before May 30 of the following year. As a result of amendments to the law "On Non-governmental organizations" on December 4, 2019, in accordance with the amended Article 26 of the same law, if the organization has been financed from public funds in the amount equal or exceeding 10 million AMD during the reporting year, its reports established by the authorized body on the use of the financing received from public funds as a special purpose report shall be subject to mandatory financial audit in accordance with the Law "On Auditing Activities". , shall be subject to mandatory financial audit in accordance with the Law "On Auditing Activities".

**Table 5.4.2.1 Financial and non-financial donations, gifts or other contributions to non-commercial legal entities by the metal mining companies in 2020 (requirement 5.1)**

| Companies                                       | Non-commercial legal entity                              | Socio-economic investment according to the mining company report |
|---|--|--|
| “Zangezur Copper-Molybdenum Combine“ CJSC       | “Public Diplomacy” Charitable NGO                        | 420,000,000  |
| “Zangezur Copper-Molybdenum Combine“ CJSC       | “Mission Armenia” Charitable NGO                         | 16,000,000   |
| “Zangezur Copper-Molybdenum Combine“ CJSC       | “TMM” Training and Development Center                    | 8,000,000  |
| “Zangezur Copper-Molybdenum Combine“ CJSC       | Human Rights Defender of the RA                          | 7,200,000  |
| “Meghradzor Gold” LLC                           | Union of Advanced Technology Enterprises<br>NGO          | 4,350,000  |
| “Zangezur Copper-Molybdenum Combine“ CJSC       | “ProLife” NGO  | 4,000,000  |
| “Zangezur Copper-Molybdenum Combine“ CJSC       | “House of hope and faith” charitable NGO                 | 3,600,000  |
| “Chaarat Kapan” CJSC                            | Armenian Red Cross Society                               | 2,880,000  |
| “Geopromining Gold“ LLC                         | “Kyanqi Janaparh” Humanitarian NGO                       | 1,000,000  |
| “Geopromining Gold“ LLC                         | “Bari Mama” Charitable Organization                      | 1,000,000  |
| “Meghradzor Gold” LLC                           | Union of “Yergrapah” Volunteers Public<br>Organization   | 800,000  |
| “Ler-Ex” LLC                                    | “Victoria” Humanitarian Non-Governmental<br>Organization | 126,500  |
| “Ler-Ex” LLC                                    | “Ekho” Non-Governmental Organization                     | 100,000  |
| “Akhtala Mining and Processing Enterprise” CJSC | “Du Menak Ches” Humanitarian NGO                         | 100,000  |
| “Ler-Ex” LLC                                    | “Artsakh Mamuli Akumb” NGO                               | 60,000   |
| <b>Total</b>                                    |  | <b>469,216,500</b>   |

**Source:** The information was provided by metal mining companies for the EITI report, The official website for public notifications in the Republic of Armenia

**Table 5.4.2.2 Financial and non-financial donations, gifts or other contributions to non-commercial legal entities by the metal mining companies in 2021 (requirement 5.1)**

| Companies                                 | Non-commercial legal entity                                      | Socio-economic investment according to the mining company report |
|---|--|--|
| “Zangezur Copper-Molybdenum Combine“ CJSC | “Public Diplomacy” NGO   | 385,000,000  |
| “Zangezur Copper-Molybdenum Combine“ CJSC | “Mission Armenia” Charitable NGO                                 | 16,000,000   |
| “Zangezur Copper-Molybdenum Combine“ CJSC | “ProLife” NGO  | 14,942,650   |
| “Zangezur Copper-Molybdenum Combine“ CJSC | Kapan Charitable Foundation                                      | 7,200,000  |
| “Zangezur Copper-Molybdenum Combine“ CJSC | “Parnas” cultural NGO  | 3,800,000  |
| “Zangezur Copper-Molybdenum Combine“ CJSC | “Huys Yev Havat ojakh” Charitable NGO                            | 3,600,000  |
| “Zangezur Copper-Molybdenum Combine“ CJSC | “Voghji” NGO of Syunik region for support of the disabled people | 866,500  |
| “Agarak Copper Molybdenum Combine” CJSC   | “Meghri regional horticulture development” NGO                   | 500,000  |
| “Chaarat Kapan” CJSC                      | Armenian Red Cross Society                                       | 230,000  |
| “Ler-Ex” LLC                              | “Ekho” Non-Governmental Organization                             | 150,000  |
| “Agarak Copper Molybdenum Combine” CJSC   | “Havat yev Ser” NGO  | 140,000  |
| <b>Total</b>                              |  | <b>432,429,150</b>   |

**Source:** The information was provided by metal mining companies for the EITI report, The official website for public notifications in the Republic of Armenia

**Table 5.4.3 Donation by the mining companies by types of beneficiaries in 2020 and 2021**

| Type of beneficiaries    | 2020                 | 2021                 |
|--------------------------|----------------------|----------------------|
|                          | Amount in AMD        | Amount in AMD        |
| NGOs                     | 469,216,500          | 432,429,150          |
| Foundations              | 858,529,629          | 84,578,781           |
| SNPOs                    | 236,862,196          | 54,829,785           |
| Religious establishments | 38,006,540           | 40,993,500           |
| Medical establishments   | 36,649,509           | 5,500,000            |
| Museums                  | 7,116,920            | 497,050              |
| Others                   | 4,644,841,967        | 3,835,594,297        |
| <b>Total</b>             | <b>6,291,223,261</b> | <b>4,454,422,562</b> |

**Source:** The information was provided by metal mining companies for the EITI report, The official website for public notifications in the Republic of Armenia



**Table 5.4.4 Number and volume of contributions by companies in 2020 and 2021**

| Companies                                       | 2020                |                      | 2021                |                      |
|---|---------------------|----------------------|---------------------|----------------------|
|   | Number of donations | Amount in AMD        | Number of donations | Amount in AMD        |
| “Zangezur Copper-Molybdenum Combine“ CJSC       | 31                  | 5,796,165,739        | 26                  | 4,356,844,795        |
| “Chaarat Kapan” CJSC                            | 20                  | 80,363,963           | 21                  | 58,590,888           |
| “Multi Group Concern” LLC                       | 2                   | 8,429,629            | 2                   | 12,183,376           |
| “Teghout” CJSC                                  | 10                  | 211,476,315          | 6                   | 10,128,579           |
| “Agarak Copper Molybdenum Combine” CJSC         | 5                   | 9,135,884            | 6                   | 7,440,000            |
| “Lichkvaz” CJSC                                 | 1                   | 4,161,293            | 1                   | 6,914,925            |
| “Akhtala Mining And Processing Enterprise” CJSC | 5                   | 889,690              | 6                   | 970,000              |
| «Bacteck Eco” LTD                               | -                   | -                    | 2                   | 550,000              |
| “Meghradzor Gold” LLC                           | 5                   | 10,550,000           | 1                   | 400,000              |
| “Geopromining Gold“ LLC                         | 15                  | 150,413,891          | -                   | -                    |
| “Vayk Gold” LLC                                 | 3                   | 17,000,000           | -                   | -                    |
| Sagamar” CJSC                                   | 5                   | 2,100,357            | -                   | -                    |
| “Ler-Ex” LLC                                    | 6                   | 286,500              | -                   | -                    |
| «Gharagulyanner” CJSC                           | 1                   | 250,000              | -                   | -                    |
| <b>Total</b>                                    | <b>109</b>          | <b>6,291 223,261</b> | <b>71</b>           | <b>4,454,022,562</b> |

*Source: The information was provided by metal mining companies for the EITI report, The official website for public notifications in the Republic of Armenia*

**Table 5.4.5.1 Financial and non-financial donations, gifts or other contributions to individuals by the metal mining companies in 2020 (requirement 5.1)**

| Companies                                       | Number of individuals | Financial donations | Non-Financial donations |
|---|-----------------------|---------------------|-------------------------|
| “Meghradzor Gold” LLC                           | 5                     | 3,065,700           | -                       |
| “Akhtala Mining And Processing Enterprise” CJSC | 13                    | 1,900,000           | -                       |
| “Geopromining Gold“ LLC                         | 4,692                 | 29,771,540          | 27,053,250              |
| “Agarak Copper Molybdenum Combine” CJSC         | 10                    | 6,675,072           | -                       |
| “Teghout” CJSC                                  | 172                   | 6,747,766           | -                       |
| “Zangezur Copper-Molybdenum Combine“ CJSC       | 98                    | 57,691,000          | 20,662,664              |
| <b>Total</b>                                    | <b>4,990</b>          | <b>105,851,078</b>  | <b>47,715,914</b>       |

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

**Table 5.4.5.2 Financial and non-financial donations, gifts or other contributions to natural persons by the metal mining companies in 2021 (requirement 5.1)**

| Companies                                       | Number of individuals | Financial donations | Non-Financial donations |
|---|-----------------------|---------------------|-------------------------|
| “Chaarat Kapan” CJSC                            | 1,427                 | 41,369,226          | -                       |
| “Meghradzor Gold” LLC                           | 5                     | 3,065,700           | -                       |
| “Akhtala Mining And Processing Enterprise” CJSC | 29                    | 5,650,000           | -                       |
| “Geopromining Gold“ LLC                         | 50                    | 1,539,400           | -                       |
| “Agarak Copper Molybdenum Combine” CJSC         | 33                    | 14,171,829          | -                       |
| “Teghout” CJSC                                  | 30                    | 6,316,923           | -                       |
| “Zangezur Copper-Molybdenum Combine“ CJSC       | 37                    | 206,463,856         | 86,943,083              |
| “Lichkvaz” CJSC                                 | 2                     | 570,000             | -                       |
| “Multi Group Concern” LLC                       | 1                     | 12,183,376          | -                       |
| «Bacteck Eco” LTD                               | 110                   | -                   | 300,000                 |
| “Vayk Gold” LLC                                 | 2                     | 1,035,000           | -                       |
| <b>Total</b>                                    | <b>1,726</b>          | <b>292,365,310</b>  | <b>87,243,083</b>       |

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

## 5.5 Existing information regarding the environmental impact of the metal mining industry and the management and monitoring of this impact (requirement 6.4)

The requirement 6.4 of the 2019 EITI standard encourages implementing countries to disclose information on the management and monitoring of the environmental impact of the extractive industries. The methodology and procedures for monitoring are presented in more detail in the 2018<sup>132</sup> and 2019<sup>133</sup> EITI reports.

According to the RA government decree N 191-N<sup>134</sup> dated February 22, 2018, which sets the requirements to carry out monitoring for the prevention of environmental losses, degradation, and irreversible impact because of mining, as well as the procedure to present reports about the results, mining companies are obligated to present quarterly and annual reports about the result of monitoring the impact on the environment to the Ministry of Environment (MoE).

Environmental monitoring refers to the types of negative impacts identified in the preliminary environmental impact assessment application, the main assessment report (EIA), and the environmental management plans. The monitoring plan is developed with regards to all the components of the environment – soil, atmosphere, surface and ground waters, flora, and fauna.

The results of monitoring are presented to the authorized agency, the MoE, on a quarterly and annual basis. The mining companies present the summary annual report before February 20th of the year following the reporting year, in email or written format. The authorized agency summarizes the quarterly reports and presents them on its official website within 10 working days<sup>135</sup>.

If the mining company has a website, a summary annual report on monitoring results conducted for the prevention of environmental losses, degradation, and irreversible impact as a result of mining assessed in the accredited laboratories with appropriate certificates, is also presented on that website.

Once every 5 years mining companies are obliged to review and agree with the authorized body the work plan of activities and the indicators monitored for the purpose of preventing environmental losses, degradation, and irreversible impact as a result of mining.

"Republican Geological Fund", which is a state non-commercial organization, was established by the RA Government decree No. 1758-N dated October 31, 2002. The updated charter of the Fund was approved by No. N 47-L order of the Minister of RA MTA on 30.06.2020. (supplemented by No. 08-L decision dated 15.02.2021).

Among other things the subject and purpose of the latter encompasses the implementation of the state registration of the subsoil sites provided for the purpose of geological subsoil surveys and mineral extraction in the territory of RA, as well as the implementation of the analysis on the burden of subsoil use rights by regions, types of minerals and their changes by years.

<sup>132</sup> <https://www.eiti.am/hy/annual-reports/2020>

<sup>133</sup> <https://www.eiti.am/hy/annual-reports/2021>

<sup>134</sup> <https://www.arlis.am/DocumentView.aspx?docID=120135>

<sup>135</sup> <http://mnp.am/am/pages/233>

The <https://www.geo-fund.am/hy> website managed by the state non-commercial organization, "Republican Geological Fund", contains certain information about the companies with metal ore mining permits: i.e., company name, license number, date of conclusion of subsoil use contract, validity period, number, as well as the year and number of the mountain allocation act. Passports of mines and mining operations are also available on the website. However, the documents regarding individual companies (contracts, mountain allocation acts, etc.) are not available on the website.

Only 7 of the 26 EITI reporting companies during 2020, and only 6 of the 24 EITI reporting companies during 2021 submitted an environmental monitoring report.<sup>136</sup>

**Table 5.5.1.1 Environmental monitoring reports by metal mining companies in 2020**

| N | Company name                              | i. quarter | ii. quarter | iii. quarter | iv. quarter | Annual report |
|---|---|------------|-------------|--------------|-------------|---------------|
| 1 | "Teghout" CJSC                            | Presented  | Presented   | Presented    | -           | Presented     |
| 2 | "Lichkvaz" CJSC                           | -          | -           | Presented    | Presented   | -             |
| 3 | "Chaarat Kapan" CJSC                      | Presented  | Presented   | Presented    | Presented   | Presented     |
| 4 | "Sagamar" CJSC                            | -          | -           | -            | -           | Presented     |
| 5 | "Geopromining" LLC                        | -          | -           | -            | -           | Presented     |
| 6 | "Zangezur Copper-Molybdenum Combine" CJSC | Presented  | Presented   | Presented    | Presented   | Presented     |
| 7 | "Meghradzor Gold" LLC                     | -          | -           | -            | -           | Presented     |

Source: MoE<sup>137</sup>

### 5.5.1.2 Environmental monitoring reports by metal mining companies in 2021

| N | Company name                              | i. quarter | ii. quarter | iii. quarter | iv. quarter | Annual report |
|---|---|------------|-------------|--------------|-------------|---------------|
| 1 | "Teghout" CJSC                            | Presented  | Presented   | Presented    | Presented   | Presented     |
| 2 | "Lichkvaz" CJSC                           | Presented  | Presented   | Presented    | Presented   | Presented     |
| 3 | "Chaarat Kapan" CJSC                      | Presented  | Presented   | Presented    | Presented   | Presented     |
| 4 | "Sagamar" CJSC                            | -          | -           | -            | -           | Presented     |
| 5 | "Geopromining Gold" LLC                   | -          | -           | -            | -           | Presented     |
| 6 | "Zangezur Copper-Molybdenum Combine" CJSC | Presented  | Presented   | Presented    | Presented   | Presented     |

Source: MoE<sup>138</sup>

According to the RA Law "On Assessing and Examining Environmental Impact",<sup>139</sup> assessment and examination are overseen by the RA Government, the MoE, the Center of Expertise for Environmental Impact Assessment (CEEIA), the MTAI and LSGBs.

According to article 20 of the same law, without a positive conclusion of EIA examination, the adoption of foundation documents or the implementation of the planned activity is prohibited.

<sup>136</sup> <http://mnp.am/shrjaka-mijavayr/ynderqi-hashvetvutyunneri-arxiv>

<sup>137</sup> Ibid

<sup>138</sup> Ibid

<sup>139</sup> <https://www.arlis.am/documentview.aspx?docid=91594>

The EIA examination conclusion is expected to be published on the MoE official website within 7 working days.<sup>140</sup>

It should be noted that the EIA examination conclusion is not publicly available on the website of the Ministry: i.e., EIA examination conclusions submitted by mining companies, the conclusions published on or before the year 2016 are not available with the search button, as they are presented in the form of archived documents, the documents are presented in pdf format only. The analysis of accessibility of the EIA examination conclusions of reporting mining companies within the EITI framework is presented below:

**Table 5.5.2 Public availability of EIA results, August 2022**

| N  | Company name             | EIA conclusion  | Publication date |
|----|--------------------------|---|------------------|
| 1  | «Bacteck Eco» LTD        | Report containing the work-plan to build and operate a fabric for processing the gold ore of Arjut mine.  | 06.08.2014       |
|    |                          | Report containing the work-plan to utilize the Arjut gold mine.   | 19.09.2015       |
| 2  | “Molibdeni Ashkharh” LLC | Not published   | -                |
| 3  | “Assat” LLC              | Not published   | -                |
| 4  | “Tatstone” LLC           | Positive conclusion regarding the environmental impact assessment report for the construction of the 110kV high-voltage overhead line and substation at the Lichk mine site.  | 19.06.2018       |
|    |                          | Report on extraction on the Lichk copper mine.  | 21.12.2015       |
|    |                          | Positive conclusion regarding the preliminary environmental impact assessment application for the extension of the 2017-2019 geological study period in the lower horizons and wings of the Aygedzor copper-molybdenum mine (Taghkut site). | 14.09.2017       |
| 5  | “Ler-Ex” LLC             | Application for permit to conduct geological-investigative activities (preliminary estimation) in the copper-molybdenum mine of Hankasar during 2015-2017   | 14.12.2015       |
| 6  | “Geghi Gold” LLC         | Application for the extension of permit to conduct geological exploration (preliminary estimation) in the mining field of Geghi river basin for the purposes of mineral extraction  | 28.12.2015       |
| 7  | “Lydian Armenia” CJSC    | EIA report of changes in mining project of Amulsar gold-bearing quartzite   | 29.04.2016       |
| 8  | “Geopromining Gold” LLC  | A positive conclusion regarding the environmental impact assessment report of the Ararat gold mining plant's productivity enhancement works.  | 02.02.2022       |
|    |                          | Application for a permit to conduct geological-investigative activities (preliminary estimation) in the territory of Vardenis multi-metal mine during 2017-2019   | 04.10.2017       |
|    |                          | Positive conclusion regarding the environmental impact assessment report of the open pit and mineral extraction works of the Sotk gold mine in Gegharkunik marz.  | 26.09.2022       |
| 9  | “Vardani Zartonk” LLC    | Not published   | -                |
| 10 | “Teghout” CJSC           | Positive conclusion regarding the environmental impact assessment report of the storage of waste from products that have lost their consumer properties.  | 15.06.2021       |

<sup>140</sup> Ibid

| N  | Company name                                    | EIA conclusion  | Publication date |
|----|---|---|------------------|
|    |   | Positive conclusion regarding the environmental impact assessment report of the storage/implantation of wastes generated in the beneficiation combine of "Teghut" PB Company.   | 21.01.2022       |
| 11 | "At-Metals" LLC                                 | Positive conclusion regarding the mining of Meghrasar gold mine in Syunik marz / extension of mining permit / environmental impact assessment report.   | 08.09.2022       |
|    |   | Positive conclusion regarding the application for preliminary environmental impact assessment of Tashtun gold mining plant retrofitting project.  | 22.07.2021       |
|    |   | Concerning the Meghrasar gold mine extraction work-plan   | 18.11.2014       |
|    |   | Positive conclusion in Taghamir gold prospecting area in 2020-2023. regarding the application for preliminary environmental impact assessment of the geological survey works to be carried out.                             | 15.03.2021       |
| 12 | "Vayk Gold" LLC                                 | Not published   | -                |
| 13 | «Gharagulyanner» CJSC                           | Not published   | -                |
| 14 | "Fortune Resources" LLC                         | Not published   | -                |
| 15 | "Active Lernagorts" LLC                         | Not published   | -                |
| 16 | «Lichkvaz» CJSC                                 | Not published   | -                |
| 17 | "Marjan Mining Company" LLC                     | Not published   | -                |
| 18 | "Meghradzor Gold" LLC                           | Negative conclusion regarding the environmental impact assessment report of Meghradzor gol mining in Kotayk region.   | 27.07.2022       |
|    |   | Concerning the Meghradzor gold extraction work-plan   | 22.04.2014       |
| 19 | "Akhtala Mining And Processing Enterprise" CJSC | Positive conclusion regarding the environmental impact assessment report of "Nahatak" tailings reclamation works.   | 22.07.2021       |
|    |   | Report concerning the storage of trailing in the territory of the mine site of Akhtala enrichment fabric  | 14.11.2017       |
| 20 | "Mego Gold" LLC                                 | Concerning the work-plan (updated) of exploiting the Tuxhmanuk gold (central section) mine  | 11.12.2014       |
| 21 | Sagamar" CJSC                                   | Alternative work-plan concerning the expansion of Armanis gold-multi-metal mine   | 22.05.2015       |
|    |   | Concerning geological-investigative activities in the basins of Yellow and Black rivers   | 26.03.2018       |
| 22 | "Zangezur Copper-Molybdenum Combine" CJSC       | Positive conclusion regarding the application for the preliminary assessment of the environmental impact of the planned afforestation and reforestation works in the Kapan community.                                       | 04.05.2021       |
|    |   | Report concerning the change in the project document of Kajaran copper-molybdenum mine reserve extraction   | 16.12.2016       |
| 23 | "Multi Group Concern" LLC                       | Report about the extraction from the Ertich quartzite mine.   | 13.04.2018       |
|    |   | Positive conclusion regarding the preliminary environmental impact assessment application for the planned hotel complex at 5/1, 5/2, and 5/5 Abovyan Street in Yerevan.   | 18.04.2018       |
| 24 | "Agarak Copper Molybdenum Combine" CJSC         | Positive conclusion regarding the environmental impact assessment report of the expansion of the Agarak copper-molybdenum mine mining permit No. SHATV-29/311 and the retrofitting of the Agarak copper-molybdenum combine. | 22.06.2020       |

| N  | Company name                | EIA conclusion   | Publication date |
|----|-----------------------------|--|------------------|
| 25 | “Chaarat Kapan” CJSC        | Report concerning the elimination of consequences due to the collapse of defensive soil layer in the territory of Shahumyan gold-multi-metal mine. | 22.01.2019       |
|    |                             | Report concerning the technical document (amendment) with regards to the Shamuhyan underground gold-multi-metal mine development.                  | 18.11.2019       |
| 26 | “Paramount Gold Mining” LLC | Not published  | -                |

Source: MoE<sup>141</sup>

The Code assumes implementation of measures planned by mining companies for the purpose of reducing environmental losses and preventing irreversible effects.

The available database of court cases involving mining companies is <http://datalex.am/>.

## 5.6 Impact of COVID-19 pandemic on the mining and quarrying sector

In the beginning of 2020, countries all over the world faced complex socio-economic problems caused by COVID-19 and the imposed quarantine restrictions due to the spread of the disease. Globally, it influenced the provision of health care, the mobility of people, capital and business, exacerbated poverty and created difficult economic conditions for many economies. As a response to the pandemic, most countries have imposed movement restrictions that affected global production and supply chains, and transport systems. As a result, many countries faced goods and services shortages and, consequently, inflation. According to the estimates of World Health Organization, since the beginning of the pandemic, 617.95 million confirmed cases of COVID-19 disease and 6.53 million cases of confirmed deaths have been registered in the world (as of 7 October 2022)<sup>142</sup>. In Armenia, there were 443.79 thousand confirmed cases of COVID-19 with 8.69 thousand deaths<sup>143</sup>.

In Armenia, the nationwide lockdown was introduced in March 2020. The imposed restrictions provided for the temporary closure of enterprises and educational institutions that did not play a critical role, as well as restrictions on travel for Armenian citizens and foreigners. In early May 2020, the government eased quarantine measures, allowing some enterprises to resume their work, but retained other measures until September 11, 2020<sup>144</sup>.

The crisis caused by COVID-19 has disrupted Armenia's economic growth. According to a study by the UNECE<sup>145</sup>, due to the impact of the COVID-19 pandemic, Armenia's GDP fell by 5.3% year-over-year in January-August 2020. According to UNDP study<sup>146</sup>, in January-May, output declined in all sectors except mining. It should be noted that this became possible due to the fact that the Armenian government did not impose strict restrictions on the activity of mining enterprises - by the decision dated 25 April 2020, the activity of aluminum production enterprises was allowed to

<sup>141</sup> <http://www.mnp.am/shrjaka-mijavayr/ezrakacutyunner>

<sup>142</sup> WHO, <https://www.who.int/data#dashboards>

<sup>143</sup> WHO, <https://covid19.who.int/region/euro/country/am>

<sup>144</sup> UNECE, The Impact of COVID-19 on trade and structural transformation in Armenia, [https://unece.org/sites/default/files/2021-01/Impact\\_COVID-19\\_Armenia..pdf](https://unece.org/sites/default/files/2021-01/Impact_COVID-19_Armenia..pdf)

<sup>145</sup> Ibid

<sup>146</sup> UNDP, Socio-Economic Impact Assessment of the Covid-19 Outbreak in Armenian Communities,

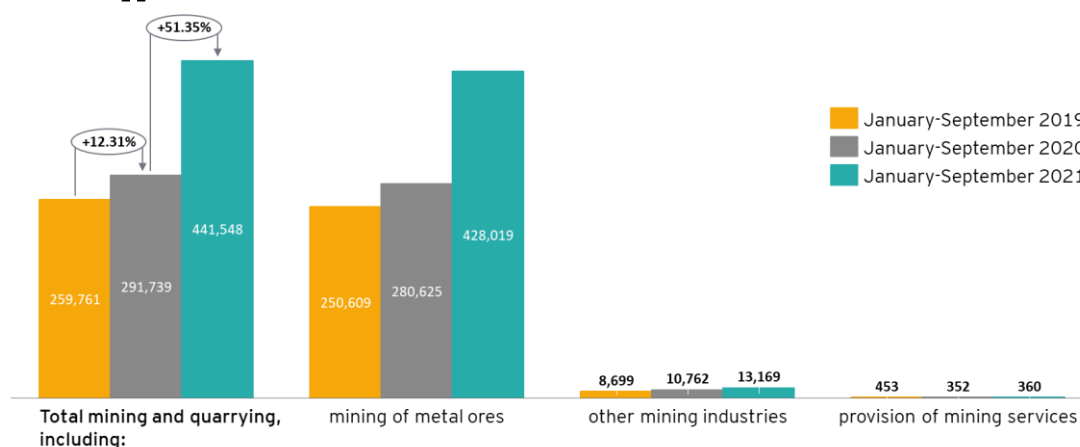
<https://www.undp.org/armenia/publications/socio-economic-impact-assessment-covid-19-outbreak-armenian-communities>

operate, and by the decision dated 27 April 2020 restrictions on the work of mining industry were lifted<sup>147</sup>.

However, quarantine restrictions imposed in other countries of the world affected the volume and value of exports from Armenia. According to UN’s COMTRADE, the volume of exports of metal products in absolute terms decreased by 82.20 thousand t (or by 14.05%) in 2020 compared to 2019. The main contributor to the export decline was copper concentrates – a drop of 91.5 thousand t (or 16.29%) in 2020, compared to 2020 (see section 3.4.1). The decline in export volumes was compensated by rising international metal prices (See section 3.4.1.). For example, the price of copper increased by 3.5% in 2020 compared to 2019 and reached USD 6,221 per ton. As a result, the value of exports of metal products in monetary terms had a less dramatic decrease - only by 2.85% in 2020, compared to 2019. In 2021, the volumes of metal products continued to decrease, but the value of exports grew considerably.

In summary, 2020 was marked for Armenia by a drop in the main economic indicators: GDP decreased by 5.52% in 2020 compared to 2019, the output of goods and services fell by 5.04%, and the country's total exports decreased by 4.16%. However, the consequences for the mining industry alone were less significant. Thus, the industry’s output of products increased by 13.13% in 2020 compared to 2019, and its gross value added increased by 9.70% (See section 5.1). Even during the months of the quarantine restrictions in 2020, the mining and quarrying sector's output continued to grow (See Figure 5.6.1.). The value of mineral products exports also continued to increase in January-September 2020. On the contrary, the export of precious metals, as well as base metal dropped in January-September 2020, compared to the same period in 2019. However, the value of base metal export recovered in 2021 (See Figure 5.6.2.).

**Figure 5.6.1 Manufacturing of products of the mining and quarrying sector in January-September 2019, as opposed to 2020 and 2021**



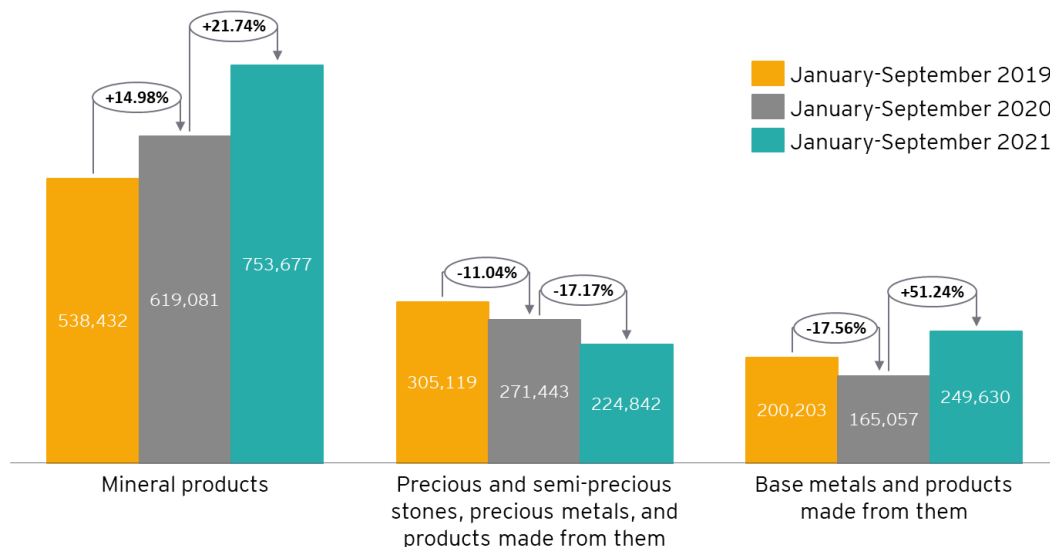
Source: RA SC, national accounts statistics <sup>148</sup>

<sup>147</sup> USAID, The Immediate Impact of Covid-19 on the Armenian Economy, [https://pdf.usaid.gov/pdf\\_docs/PA00X8GF.pdf](https://pdf.usaid.gov/pdf_docs/PA00X8GF.pdf)

<sup>148</sup> Armstat, Source: Armstat Socio- Economic Situation of RA, 2019 sv\_09\_19r\_411.pdf (armstat.am) 2020-2021 sv\_09\_20r\_411 (armstat.am)



Figure 5.5.2 The export of products of the mining industry in January-September 2019, as opposed to 2020 and 2021



Source: RA SC, national accounts statistics<sup>149</sup>

## 5.7 Importance of EITI for energy transition

The modern challenges that the world is facing require all countries and companies to rethink their own vision for the development of the energy sector and to be ready for significant changes in energy policy. From the medium to long-term perspective, the economies of European countries are oriented towards the transition to low-carbon development model, climate neutrality and circular economy. Energy transition has become an integral part of modern development. It requires replacing fossil fuels with renewable energy sources, which are not only economically feasible and environmentally friendly, but also provide energy independence to nations. The governments are responsible for taking action on climate change, keeping the average temperature below 2 °C – these goals were outlined in the Paris Agreement, which was also supported and ratified by Armenia in 2017.

The Government of Armenia in the Nationally determined contribution 2021-2030 declared the goal of doubling the share of renewable energy sources in energy production to achieve climate neutrality and reduce greenhouse gas emissions by 40% from the 1990 level by 2030<sup>150</sup>. In the long term, Armenia aims to reduce greenhouse gas emissions to a maximum of 2,07 tons of CO<sub>2</sub> per capita by 2050. The Nationally determined contribution was approved in April 2021 and applies to a list of sectors of the economy such as:

- Energy;
- Industrial processes and product use;
- Agriculture,

<sup>149</sup> Ibid

<sup>150</sup> Decision of the government of the Republic of Armenia, dated 22 April 2021 N 610 – L, «On approval of the Nationally determined contribution 2021-2030 of the Republic of Armenia to Paris agreement», <https://unfccc.int/sites/default/files/NDC/2022-06/NDC%20of%20Republic%20of%20Armenia%202021-2030.pdf>



- Waste,
- Forestry and other land use

Industry in this case is one of the main sources of GHG emissions and will require significant changes and investments. The implementation of the energy transition will require the government to take complex measures, including but not limited to updating the current legislation and implementing new investment projects, and completing the transformation of various sectors of the economy. Currently, Armenia's energy policy is focused on the development of renewable energy sources and extending nuclear reactor's operational lifetime, which supplies almost one-third of the country's electricity<sup>151</sup>. Businesses, in turn, will face the need for significant investments in equipment modernization, solutions for electricity consumption reduction, transition to renewable energy sources and implementing new strategies.

The data obtained within the framework of the EITI can be useful for the development of future models of extractive sector development, considering climate challenges. According to the EITI International Secretariat, EITI has great potential to inform the public and stakeholders about the current situation in the extractive sector and the transformation process. Preparing for changes in demand on the global and domestic markets requires reliable and verified data. The use of data within the framework of EITI on expected production, exports and imports, company revenues, will help the state to form a new policy more thoroughly, and will provide investors with a clear understanding of potential investment opportunities<sup>152</sup>.

The International EITI Secretariat outlined the following advantages of using EITI data in planning the energy transition<sup>153</sup>:



## For governments

Proper planning of the energy transition for the government of Armenia will help align the state's climate commitments with the priorities of the extractive sector and analyze potential sources for investment:

- Understanding and anticipating the decrease in demand for fossil resources on the global and domestic market, the government will be able to objectively respond to potential price fluctuations on the raw material market;
- Coherence of policies in the climate and extractive sectors will ensure better coordination and alignment of objectives;
- The availability of accurate information on the direct contribution of mining companies and balance reserves of critical resources will help ensure a smooth and gradual energy transition for the state;

<sup>151</sup> IEA, Armenia Energy Profile, [https://iea.blob.core.windows.net/assets/89a4a24d-fe2b-4e04-9ec7-25d3c02dbefd/CountryPages\\_Armenia\\_FINAL.pdf](https://iea.blob.core.windows.net/assets/89a4a24d-fe2b-4e04-9ec7-25d3c02dbefd/CountryPages_Armenia_FINAL.pdf)

<sup>152</sup> EITI, Energy transition: using data to inform energy transition pathways, <https://eiti.org/energy-transition>

<sup>153</sup> EITI, Preparing for the energy transition: Key questions for countries dependent on oil, gas and mining (Policy Brief), [https://eiti.org/sites/default/files/attachments/en\\_eiti\\_policy\\_brief\\_preparing\\_for\\_the\\_energy\\_transition.pdf](https://eiti.org/sites/default/files/attachments/en_eiti_policy_brief_preparing_for_the_energy_transition.pdf)

- Involvement of the public in the preparation of strategically important documents in this direction will ensure a high level of trust in the Government regarding the energy transition.



## For business

Energy transition will force business toward the more effective management of investment risks:

- A clear state's vision of the energy transition will provide companies with the opportunity to implement and achieve specific goals;
- State enterprises, together with stakeholders, can consult to develop strategies and direct resources to build technical skills to adjust to the transition;
- Disclosure of risk management strategies and approaches, as well as close collaboration with stakeholders, will demonstrate companies' readiness to changes;
- Communicating the results of implementing clean energy technologies and contribution to a net zero economy will help companies to strengthen their social license to operate.



## For communities

Having a clear plan of action from the government and companies will provide people, who depend on the extractive sector, with information about the upcoming changes and opportunities to prepare for them.

- Transparency of government policies and plans related to the energy transition will create an opportunity for the public to scrutinize assumptions about future revenues and participate in policymaking dialogue;
- Transparency of policies and planning of the potential income of the extractive sector will create an opportunity to monitor changes in the employment sector.

### 5.8 The impact of military operations in September–November 2020, the declared martial law in Armenia, and its aftermath on the metal mining industry of Armenia.

On September 27, 2020 the Republic of Azerbaijan launched a large-scale military attack against the Republic of Artsakh along the entire border line. Large-scale military operations lasted 44 days. On the same day, 27.09.2020 the RA government adopted No. 1586-N decree on declaring martial law in the Republic of Armenia, which, among other things, defined "*measures and temporary restrictions on rights and freedoms applied during the martial law, measures and bodies ensuring the legal regime of martial law.*" The general mobilization initiated in the country was among the events approved by the government's decision.

Military operations ended on November 9, 2022 with the tripartite statement of the Prime Minister of Armenia, the President of Azerbaijan and the President of the Russian Federation. According to the tripartite statement, among other things, Armenia had to withdraw its armed forces from the region of Karvachar (Kelbajar).

Despite the Trilateral Statement the armed forces of Azerbaijan, taking advantage of the fact that there is no demarcation between Armenia and Azerbaijan, have carried out periodic advances combined with the use of force, threats of force or even large-scale military operations.

The latter advances affected primarily “GeoPro Mining Gold” LLC, which held mining rights to the Sotk gold mine. As a result of the reorganization of the armed forces of the two states, the mine under consideration has come under the control of Azerbaijan, effectively excluding the "GeoPro Mining Gold" JSC company’s full access to the mine.

# 6

## RECONCILIATION PROCESS



## 6. RECONCILIATION METHODOLOGY AND SCOPE

### 6.1 Reconciliation methodology and scope

To ensure implementation of the Requirement 4 of the EITI Standard, Armenian legislation (RA Government decree N 666-N dated 8 June 2018<sup>154</sup>, prescribes state agencies - RA SRC, MoE, and MTAI to prepare and publish reports on their revenues from the extractive industry, while the licensed companies are required to report on their payments made to the said agencies. The data collected from these sources is then reconciled by an Independent Administrator and a report is published which presents the results of this reconciliation (analysis of the revenue streams, comparison of the amounts, variances identified and unreconciled amounts, if any). Additionally, recommendations are provided on how to improve data collection and reconciliation process.

#### 6.1.1 Identifying companies to be reconciled within the EITI Report

During the meeting held on 27 April 2022 (EITI Armenia MSG Minutes No 15<sup>155</sup>), the Extractive Industry Transparency Initiative Multi-Stakeholder Group of the Republic of Armenia resolved that all metal mining entities holding licenses as of August 1, 2021 were required to participate in the reconciliation process 2020-2021 except for the entities in bankruptcy (this provision can also be found in the RA Government decree N 666-N dated 8 June 2018<sup>156</sup> and Amendments to the Subsoil Code of Law<sup>157</sup>, adopted on April 23, 2019). The Multi-Stakeholder Group also resolved that the companies whose Subsoil use rights had been revoked as of 1 August 2021, unilateral reports should be published by the state agencies, covering the time period since these companies were no longer considered Subsoil users, hence, had no obligation to report. At the same time the companies which have lodged an appeal to court by August 16, 2020, and their appeal was filed as of August 1, 2021, were still considered as extractive companies, therefore, the reporting requirement remains valid for them<sup>158</sup>. At the same time, the companies that appealed against the termination of subsoil use by 2020 August 16 and as of August 1, 2021, their claim was accepted into court proceedings, were considered Subsoil users, and therefore were still required to submit public reports.

Overall, 26 companies were engaged in the reconciliation process and publishing reports. Those companies whose payments (total of taxes and other payments) during 2021-2022 exceeded the materiality threshold of 150 million AMD, were requested to submit additional information.

The table below provides the total payments of the companies made during 2020-2021 as declared by the companies as well as the state agencies (RA SRC and MoE) with reference to their materiality.

<sup>154</sup> <https://www.arlis.am/DocumentView.aspx?DocID=132674>

<sup>155</sup> [https://www.eiti.am/file\\_manager/EITI%20Documents/Minutes/MSG\\_meeting\\_minute\\_27\\_04\\_2022\\_arm.pdf](https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG_meeting_minute_27_04_2022_arm.pdf)

<sup>156</sup> <https://www.arlis.am/DocumentView.aspx?DocID=132674>

<sup>157</sup> <https://www.arlis.am/DocumentView.aspx?docid=130250>

<sup>158</sup> [https://www.eiti.am/file\\_manager/EITI%20Documents/Minutes/MSG\\_meeting\\_minute\\_27\\_04\\_2022\\_arm.pdf](https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG_meeting_minute_27_04_2022_arm.pdf)

Table 6.1.1 Application of materiality threshold, 2020

| N  | Company name   | Total revenue streams to State Budget in 2020, kAMD - based on information from companies | Total revenue streams to State Budget for 2020, kAMD – based on information from state agencies | Total revenue streams to State Budget in 2020, kUSD <sup>159</sup> - based on information from companies | Total revenue streams to State Budget for 2020, kUSD <sup>160</sup> – based on information from state agencies | Share of the company in total revenue streams, % <sup>161</sup> | Exceeding materiality threshold |
|----|--|---|---|--|--|---|---------------------------------|
| 1  | “Zangezur Copper-Molybdenum Combine“ CJSC                                    | 41,750,792  | 41,750,745  | 85,326   | 85,326   | 51.87%  | Exceeds                         |
| 2  | “Geopromining Gold“ LLC  | 20,582,627  | 20,582,628  | 42,065   | 42,065   | 25.57%  | Exceeds                         |
| 3  | “Teghout” CJSC   | 7,672,385   | 7,672,898   | 15,680   | 15,681   | 9.53%   | Exceeds                         |
| 4  | “Chaarat Kapan” CJSC   | 5,434,232   | 5,434,283   | 11,106   | 11,106   | 6.75%   | Exceeds                         |
| 5  | “Agarak Copper Molybdenum Combine” CJSC                                      | 2,367,761   | 2,367,760   | 4,839  | 4,839  | 2.94%   | Exceeds                         |
| 6  | “Akhtala Mining And Processing Enterprise” CJSC                              | 923,291   | 923,628   | 1,887  | 1,888  | 1.15%   | Exceeds                         |
| 7  | “Meghradzor Gold” LLC  | 639,974   | 639,691   | 1,308  | 1,307  | 0.79%   | Exceeds                         |
| 8  | “Ler-Ex” LLC   | 385,593   | 385,603   | 788  | 788  | 0.48%   | Exceeds                         |
| 9  | «Lydian Armenia” CJSC  | 254,304   | 254,349   | 520  | 520  | 0.32%   | Exceeds                         |
| 10 | «Lichkvaz» CJSC  | 212,579   | 212,579   | 434  | 434  | 0.26%   | Exceeds                         |
|    | <b>Total revenue streams from companies exceeding the material threshold</b> | <b>80,223,538</b>   | <b>80,224,163</b>   | <b>163,953</b>   | <b>163,955</b>   | <b>99.67%</b>   |                                 |
| 11 | “At-Metals” LLC  | 53,580  | 63,610  | 110  | 130  | 0.08%   |                                 |
| 12 | “Sagamar” CJSC   | 46,944  | 49,632  | 96   | 101  | 0.06%   |                                 |
| 13 | “Multi Group Concern” LLC  | 44,617  | 44,661  | 91   | 91   | 0.06%   |                                 |
| 14 | “Geghi Gold” LLC   | 14,702  | 14,702  | 30   | 30   | 0.02%   |                                 |
| 15 | “Assat” LLC  | 14,667  | 14,715  | 30   | 30   | 0.02%   |                                 |
| 16 | “Active Lernagorts” LLC  | 10,510  | 10,510  | 21   | 21   | 0.01%   |                                 |
| 17 | «Bacteck Eco” LTD  | 10,215  | 10,248  | 21   | 21   | 0.01%   |                                 |
| 18 | “Vardani Zartonk” LLC  | 10,034  | -   | 21   | -  | 0.00%   |                                 |

<sup>159</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2020, the average annual exchange rate for 1 USD was 489,307 AMD.

<sup>160</sup> Ibid

<sup>161</sup> Calculated based on data from the RA State Revenue Committee and RA Ministry of Environment

| N  | Company name   | Total revenue streams to State Budget in 2020, kAMD - based on information from companies | Total revenue streams to State Budget for 2020, kAMD – based on information from state agencies | Total revenue streams to State Budget in 2020, kUSD <sup>159</sup> - based on information from companies | Total revenue streams to State Budget for 2020, kUSD <sup>160</sup> – based on information from state agencies | Share of the company in total revenue streams, % <sup>161</sup> | Exceeding materiality threshold |
|----|--|---|---|--|--|---|---------------------------------|
| 19 | «Gharagulyanner» CJSC  | 10,005  | 10,005  | 20   | 20   | 0.01%   |                                 |
| 20 | “Paramount Gold Mining” CJSC   | 4,765   | 4,765   | 10   | 10   | 0.01%   |                                 |
| 21 | “Molibdeni Ashkharh” LLC   | 4,738   | 4,738   | 10   | 10   | 0.01%   |                                 |
| 22 | “Fortune Resources” LLC  | 3,906   | 3,938   | 8  | 8  | 0.00%   |                                 |
| 23 | “Vayk Gold” LLC  | 411   | 411   | 1  | 1  | 0.00%   |                                 |
| 24 | “Tatstone” LCC   | -   | 16,929  | -  | 35   | 0.02%   |                                 |
| 25 | “Mego-Gold” LLC <sup>162</sup>   | -   | 12,371  | -  | 25   | 0.02%   |                                 |
| 26 | “Marjan Mining Company” LLC <sup>163</sup>                                       | -   | 404   | -  | 1  | 0.00%   |                                 |
|    | <b>Total revenue streams from companies not exceeding the material threshold</b> | <b>229,095</b>  | <b>261,640</b>  | <b>468</b>   | <b>535</b>   | <b>0.33%</b>  |                                 |
|    | <b>Total revenue streams from all companies</b>                                  | <b>80,452,633</b>   | <b>80,485,803</b>   | <b>164,422</b>   | <b>164,489</b>   | <b>100%</b>   |                                 |

*Source: The information was provided by RA SRC and the metal mining companies for preparation of EITI Report*

<sup>162</sup> Termination of the right to use mineral resources Hr.693-A 13.12.2019. Appealed in as of June 2021, it is considered a subsurface user.

<sup>163</sup> Termination of the right to use mineral resources Hr.692-A 13.12.2019. Termination of the right to use mineral resources Hr.1018-A 29.07.2020.

Table 6.1.2 Application of materiality threshold, 2021

| N  | Company name   | Total revenue streams to State Budget in 2020, kAMD - based on information from companies | Total revenue streams to State Budget for 2020, kAMD- based on information from state agencies | Total revenue streams to State Budget in 2020, kUSD <sup>164</sup> - based on information from companies | Total revenue streams to State Budget for 2020, kUSD <sup>165</sup> – based on information from state agencies | Share of the company in total revenue streams, % <sup>166</sup> | Exceeding materiality threshold |
|----|--|---|--|--|--|---|---------------------------------|
| 1  | “Zangezur Copper-Molybdenum Combine“ CJSC                                    | 100,407,500   | 100,407,492  | 199,540  | 199,540  | 68.83%  | Exceeds                         |
| 2  | “Teghout” CJSC   | 14,528,272  | 14,527,469   | 28,872   | 28,870   | 9.96%   | Exceeds                         |
| 3  | “Geopromining Gold“ LLC  | 7,708,707   | 7,708,711  | 15,320   | 15,320   | 5.28%   | Exceeds                         |
| 4  | “Agarak Copper Molybdenum Combine” CJSC                                      | 10,335,561  | 10,336,042   | 20,540   | 20,541   | 7.09%   | Exceeds                         |
| 5  | “Chaarat Kapan” CJSC   | 5,714,736   | 5,714,896  | 11,357   | 11,357   | 3.92%   | Exceeds                         |
| 6  | «Lichkvaz» CJSC  | 3,785,950   | 3,785,812  | 7,524  | 7,524  | 2.60%   | Exceeds                         |
| 7  | “Akhtala Mining And Processing Enterprise” CJSC                              | 2,133,140   | 2,141,150  | 4,239  | 4,255  | 1.47%   | Exceeds                         |
| 8  | “Meghradzor Gold” LLC  | 378,459   | 378,459  | 752  | 752  | 0.26%   | Exceeds                         |
| 9  | “Ler-Ex” LLC   | 370,029   | 370,029  | 735  | 735  | 0.25%   | Exceeds                         |
| 10 | «Lydian Armenia” CJSC  | 234,954   | 234,954  | 467  | 467  | 0.16%   | Exceeds                         |
|    | <b>Total revenue streams from companies exceeding the material threshold</b> | <b>145,597,307</b>  | <b>145,605,013</b>   | <b>289,346</b>   | <b>289,361</b>   | <b>99.81%</b>   |                                 |
| 11 | “Sagamar” CJSC   | 65,196  | 65,400   | 130  | 130  | 0.04%   |                                 |
| 12 | “Multi Group Concern” LLC  | 39,946  | 39,964   | 79   | 79   | 0.03%   |                                 |
| 13 | “Vayk Gold” LLC  | 3,314   | 29,862   | 7  | 59   | 0.02%   |                                 |
| 14 | “At-Metals” LLC  | 27,717  | 27,717   | 55   | 55   | 0.02%   |                                 |
| 15 | “Assat” LLC  | 23,717  | 23,732   | 47   | 47   | 0.02%   |                                 |
| 16 | “Geghi Gold” LLC   | 23,362  | 23,362   | 46   | 46   | 0.02%   |                                 |
| 17 | «Bacteck Eco” LTD  | 35,028  | 20,584   | 70   | 41   | 0.01%   |                                 |
| 18 | “Active Lernagorts” LLC  | 11,893  | 11,893   | 24   | 24   | 0.01%   |                                 |
| 19 | «Gharagulyanner” CJSC  | 10,047  | 10,047   | 20   | 20   | 0.01%   |                                 |

<sup>164</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2020, the average annual exchange rate for 1 USD was 489,307 AMD.

<sup>165</sup> Ibid

<sup>166</sup> Calculated based on data from the RA State Revenue Committee and RA Ministry of Environment



| N  | Company name   | Total revenue streams to State Budget in 2020, kAMD - based on information from companies | Total revenue streams to State Budget for 2020, kAMD- based on information from state agencies | Total revenue streams to State Budget in 2020, kUSD <sup>164</sup> - based on information from companies | Total revenue streams to State Budget for 2020, kUSD <sup>165</sup> – based on information from state agencies | Share of the company in total revenue streams, % <sup>166</sup> | Exceeding materiality threshold |
|----|--|---|--|--|--|---|---------------------------------|
| 20 | “Molibdeni Ashkharh” LLC   | 4,670   | 4,670  | 9  | 9  | 0.00%   |                                 |
| 21 | “Fortune Resources” LLC  | 3,713   | 3,713  | 7  | 7  | 0.00%   |                                 |
| 22 | “Vardani Zartonk” LLC  | -   | -  | -  | -  | 0.00%   |                                 |
| 23 | “Paramount Gold Mining” CJSC   | -   | -  | -  | -  | 0.00%   |                                 |
| 24 | “Tatstone” LCC   | -   | 12,016   | -  | 24   | 0.01%   |                                 |
| 25 | “Mego-Gold” LLC <sup>167</sup>   | -   | 1,476  | -  | 3  | 0.00%   |                                 |
| 26 | “Marjan Mining Company” LLC <sup>168</sup>                                       | -   | -  | -  | -  | 0.00%   |                                 |
|    | <b>Total revenue streams from companies not exceeding the material threshold</b> | <b>248,603</b>  | <b>274,437</b>   | <b>494</b>   | <b>545</b>   | <b>0.19%</b>  |                                 |
|    | <b>Total revenue streams from all companies</b>                                  | <b>145,845,910</b>  | <b>145,879,449</b>   | <b>289,840</b>   | <b>289,906</b>   | <b>100.00%</b>  |                                 |

*Source: The information was provided by RA SRC and the metal mining entities for preparation of EITI Report*

<sup>167</sup> Termination of the right to use mineral resources Hr.693-A 13.12.2019. Appealed in as of June 2021, it is considered a subsurface user.

<sup>168</sup> Termination of the right to use mineral resources Hr.692-A 13.12.2019. Termination of the right to use mineral resources Hr.1018-A 29.07.2020.

As shown in the table above, the payments of 10 of 26 reporting companies exceeded the materiality threshold of AMD 150 million. According to the data received from the SRC, in 2020 the 10 companies paid a total of AMD 80,224,163 thousand, which makes 99.67% of the revenue received by the state and LSGBs. In 2021 the big 10 paid AMD 145,605,013 thousand, i.e., 99.81% of the state/ community revenue stream (AMD 145,879,449 thousand).

The revenue streams were also analyzed with respect to the materiality threshold, which is the same as for the companies – AMD 150 million. In accordance with the data provided by the State bodies, revenue streams from these 10 companies to the RA State and community budgets in 2020 comprised AMD 81,223,274 thousand, out of which AMD 81,000,213 thousand exceeds materiality threshold, in 2021 – AMD 146,685,468 thousand, out of which AMD 146,504,415 thousand exceeds materiality threshold. The share of revenues received from the entities included in the reconciliation scope in the total revenue from all the reporting mining entities (AMD 83,221,462 thousand) for all types of payments in 2020 amounted to 97.33%. In 2021 the share of revenues was 98.8% (AMD 148,233,325 thousand).

Based on the results of assessment of materiality of revenues in accordance with the requirements of the EITI Standard, the scope of reconciliation within the EITI Report for 2020 and 2021 includes revenues from 10 material companies by 5 types of material payments (in the amount of AMD 49,520,978 thousand in 2020, and AMD 70,852,310 thousand in 2021), which comprised is 59.51% and 47.80% respectively of total revenue streams from all reporting companies of the mining industry (See Table 6.3).

### 6.1.2 Determining revenue streams under reconciliation within the EITI Report

Table 6.2 provides data on the state and community revenue streams as provided by the SRC, MTAI, and MoE. All the data from the SRC and MoE, except for the *Replenishment of environment protection fund* revenue stream, represent payments made to the state budget, while the data from the MTAI are payments made to the community budget. The revenue stream entitled *Replenishment of environment protection fund* are payments made by the companies to the community budget.

**Table 6.2.1 Revenue streams of the State and community budgets based on reports by mining entities for 2020 (according to the information received from State agencies)**

| Budget classification code                                | Title in the budget classification   | Revenue streams in 2020, kAMD | Revenue streams in 2020, kUSD <sup>169</sup> | Share in total revenue streams (%) | State Agency |
|---|--|-------------------------------|--|------------------------------------|--------------|
| 1146 714612   | Royalty  | 45,122,422                    | 92,217                                       | 54.22%                             | SRC          |
| 1141 714110   | VAT  | 410,360                       | 839  | 0.49%                              | SRC          |
| 1151 715100   | Customs duty customs fee road tax (fee) charged by customs bodies  | 1,748,342                     | 3,573  | 2.10%                              | SRC          |
| 1415 741520   | Rent payments  | 1,025,317                     | 2,095  | 1.23%                              | MTAI         |
|   | Social and economic development commitments to the community defined by the mining contract                  | 1,281,026                     | 2,618  | 1.54%                              | MTAI         |
| <b>Total payments exceeding the materiality threshold</b> |  | <b>49,587,467</b>             | <b>101,342</b>                               | <b>59.58%</b>                      |              |
| 1112 711200   | Profit tax   | 16,765,439                    | 34,264                                       | 20.15%                             | SRC          |
| 1111 711100   | Income tax   | 16,115,816                    | 32,936                                       | 19.36%                             | SRC          |
| 1145 714523   | Environmental taxes  | 47,718                        | 98   | 0.06%                              | SRC          |
|   | Replenishment of environmental protection fund   | 292,906                       | 599  | 0.35%                              | MoE          |
| 1145 714522   | Duties   | 190,120                       | 389  | 0.23%                              | SRC          |
| 1131 713122   | Land tax   | 35,065                        | 72   | 0.04%                              | MTAI         |
| 1146 714612   | Nature use payments  | 61,802                        | 126  | 0.07%                              | SRC          |
| 1131 713121, 1136 713611                                  | Property tax   | 65,591                        | 134  | 0.08%                              | MTAI         |
|   | Monitoring Implementation Fee  | 35,254                        | 72   | 0.04%                              | MoE          |
| 1145 714523   | Environmental taxes charged from goods imported from EEU countries according to the import tax declarations  | 19,469                        | 40   | 0.02%                              | SRC          |
| 1145 714523   | Environmental taxes charged from goods imported from non EEU countries according to the customs declarations | 4,314                         | 9  | 0.01%                              | SRC          |
|   | Environmental impact assessment and expertise duty   | 500                           | 1  | 0.00%                              | MoE          |
| 1431 743110   | Penalties  | -                             | -  | 0.00%                              | MoE          |
| 1431 743110   | Fines  | -                             | -  | 0.00%                              | MoE          |
| 1145 714522   | State fee for Water Use Permit   | -                             | -  | 0.00%                              | SRC          |
| 1431 743120, 1161 716122                                  | Penalties  | -                             | -  | 0.00%                              | MoE          |
| <b>Total other types of streams (immaterial)</b>          |  | <b>33,633,995</b>             | <b>68,738</b>                                | <b>40.42%</b>                      |              |
| <b>Total all types of streams</b>                         |  | <b>83,221,462</b>             | <b>170,080</b>                               | <b>100.00%</b>                     |              |

*Source: Reports provided by state agencies for the EITI report*

<sup>169</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2020, the average annual exchange rate for 1 USD was 489,307 AMD.

**Table 6.2.2 Revenue streams of the State and community budgets based on reports by mining entities for 2021 (according to the information received from State agencies)**

| Budget classification code                                | Title in the budget classification  | Revenue streams in 2021, kAMD | Revenue streams in 2021, kUSD <sup>170</sup> | Share in total revenue streams (%) | State Agency |
|---|---|-------------------------------|--|------------------------------------|--------------|
| 1146 714612   | Royalty   | 66,024,637                    | 131,211                                      | 44.54%                             | SRC          |
| 1141 714110   | VAT   | 1,793,321                     | 3,564  | 1.21%                              | SRC          |
| 1151 715100   | Customs duty, customs fee, road tax (fee) charged by customs bodies   | 1,229,219                     | 2,443  | 0.83%                              | SRC          |
| 1415 741520   | Rent payments   | 1,116,376                     | 2,219  | 0.75%                              | MTAI         |
|   | Social and economic development commitments to the community defined by the mining contract                   | 806,758                       | 1,603  | 0.54%                              | MTAI         |
| <b>Total payments exceeding the materiality threshold</b> |   | <b>70,970,310</b>             | <b>141,309</b>                               | <b>47.88%</b>                      |              |
| 1112 711200   | Profit tax  | 37,472,651                    | 74,469                                       | 25.28%                             | SRC          |
|   | State export duties   | 21,923,360                    | 43,568                                       | 14.79%                             | MEc          |
| 1111 711100   | Income tax  | 16,628,213                    | 33,045                                       | 11.22%                             | SRC          |
| 1145 714523   | Environmental taxes   | 536,832                       | 1,067  | 0.36%                              | SRC          |
|   | Replenishment of environmental protection fund  | 291,724                       | 580  | 0.20%                              | MoE          |
| 1145 714522   | Duties  | 190,000                       | 378  | 0.13%                              | SRC          |
| 1131 713122   | Land tax  | 72,471                        | 144  | 0.05%                              | MTAI         |
| 1146 714612   | Nature use payments   | 57,467                        | 114  | 0.04%                              | SRC          |
| 1131 713121, 1136 713611                                  | Property tax  | 36,887                        | 73   | 0.02%                              | MTAI         |
|   | Monitoring Implementation Fee   | 28,159                        | 56   | 0.02%                              | MoE          |
| 1145 714523   | Environmental taxes charged from goods imported from EEU countries, according to the import tax declarations  | 17,623                        | 35   | 0.01%                              | SRC          |
| 1145 714523   | Environmental taxes charged from goods imported from non EEU countries, according to the customs declarations | 6,126                         | 12   | 0.00%                              | SRC          |
|   | Environmental impact assessment and expertise duty  | 1,500                         | 3  | 0.00%                              | SRC          |
| 1431 743110   | Penalties   | -                             | -  | 0.00%                              | MoE          |
| 1431 743110   | Fines   | -                             | -  | 0.00%                              | MoE          |
| 1145 714522   | State fee for Water Use Permit  | -                             | -  | 0.00%                              | SRC          |
| 1431 743120, 1161 716122                                  | Penalties   | -                             | -  | 0.00%                              | MoE          |
| <b>Total other types of streams (immaterial)</b>          |   | <b>77,263,014</b>             | <b>153,545</b>                               | <b>52.12%</b>                      |              |
| <b>Total all types of streams</b>                         |   | <b>148,233,325</b>            | <b>294,584</b>                               | <b>100.00%</b>                     |              |

*Source: Reports provided by state agencies for the EITI report*

With regards to the revenue streams set out in Requirements 4.1-4.2 and 4.6, based on the experience and results of reconciliation in the previous year reports, the MSG has agreed during the meeting on April 27, 2022 (EITI Armenia MSG Minutes No 15<sup>171</sup>) that given the positive declining trend in terms of data differences and insignificance of the amounts due to the strengthened reporting capacities of the responsible officials of the state agencies and companies,

<sup>170</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2021, the average annual exchange rate for 1 USD was 503.195 AMD.

<sup>171</sup> [https://www.eiti.am/file\\_manager/EITI%20Documents/Minutes/MSG\\_meeting\\_minute\\_27\\_04\\_2022\\_arm.pdf](https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG_meeting_minute_27_04_2022_arm.pdf)

leads to a lower risk of mechanical errors. In that regard, considering the need to ensure financial efficiency of report compilation and based on the recommendations of the EITI International Secretariat on “Flexible Reporting”, the reconciliation scope for the years 2020 and 2021 should include 5 revenue streams which were directly attributable to extraction operations and were considered high risk in terms of mechanical errors.

After receiving initial reports from State bodies and Companies and reconciling the data, the Independent Administrator agreed with the abovementioned approach since most variances were identified in the 5 revenue streams below.

| N | Revenue stream  | Share in total payments made by metal mining companies |               |
|---|---|--|---------------|
|   |   | 2020   | 2021          |
| 1 | Royalty   | 54.22%   | 44.54%        |
| 2 | Value added tax   | 0.49%  | 1.21%         |
| 3 | Customs duties and fees   | 2.10%  | 0.83%         |
| 4 | Rent payments   | 1.23%  | 0.75%         |
| 5 | Social and Economic development commitments to the community defined by the mining contract | 1.54%  | 0.54%         |
|   | <b>Total</b>  | <b>59.58%</b>  | <b>47.88%</b> |

*Source: Reports provided by state agencies for the EITI report*

**Tables 6.3.1 Revenues based on reconciled data with RA State and community budgets in 2020, with a breakdown by material payment types (according to the information received from State agencies)**

| Budget classification code     | Title in the budget classification  | Revenue streams from companies included in the reconciliation scope for 2020 |                     |                |
|--------------------------------|---|--|---------------------|----------------|
|                                |   | kAMD   | kUSD <sup>172</sup> | %              |
| 1146 - 714612                  | Royalty   | 45,122,422   | 92,217              | 91.12%         |
| 1141 - 714110                  | Value Added Tax   | 388,423  | 794                 | 0.78%          |
| 1151 - 715100                  | Customs duties and fee  | 1,736,961  | 3,550               | 3.51%          |
| 1415 - 741520                  | Rent payments   | 1,009,110  | 2,062               | 2.04%          |
|                                | Social and economic development commitments to the community defined by the mining contract | 1,264,062  | 2,583               | 2.55%          |
| <b>Total material payments</b> |   | <b>49,520,978</b>  | <b>101,206</b>      | <b>100.00%</b> |

*Source: Reports provided by state agencies for the EITI report*

<sup>172</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2020, the average annual exchange rate for 1 USD was 489.307 AMD.

**Tables 6.3.2 Revenues based on reconciled data with RA State and community budgets in 2021, with a breakdown by material payment types (according to the information received from State agencies)**

| Budget classification code     | Title in the budget classification  | Revenue streams from companies included in the reconciliation scope for 2020 |                     |                |
|--------------------------------|---|--|---------------------|----------------|
|                                |   | kAMD   | kUSD <sup>173</sup> | %              |
| 1146 - 714612                  | Royalty   | 66,024,637   | 131,211             | 93.19%         |
| 1141 - 714110                  | Value Added Tax   | 1,785,183  | 3,548               | 2.52%          |
| 1151 - 715100,                 | Customs duties and fee  | 1,223,020  | 2,431               | 1.73%          |
| 1415 - 741520                  | Rent payments   | 1,080,455  | 2,147               | 1.52%          |
|                                | Social and economic development commitments to the community defined by the mining contract | 739,015  | 1,469               | 1.04%          |
| <b>Total material payments</b> |   | <b>70,852,310</b>  | <b>140,805</b>      | <b>100.00%</b> |

*Source: Reports provided by state agencies for the EITI report*

### ***Other non-tax payments***

During the preparation of the EITI Armenia Report, only one type of non-tax payment was identified to exceed the materiality threshold, that is rent. Rent payments have three subtypes: rent of property, vehicles, and land. According to the data received from MTAI, the total rent payments to the community budgets made by the 26 reporting companies amounted to AMD 1,025,317 thousand in 2020 and AMD 1,116,376 thousand in 2021, out of which 98.42% or AMD 1,009,110 thousand was attributed to companies reconciled in 2020, and 96.78% or AMD 1,080,455 thousand - in 2021.

### ***Data collection***

#### *Data characteristics*

To ensure implementation of Clause 7.1 of Requirement 7 of the EITI Standard entitled Public Debate, in December 2017 EITI Armenia adopted the Open data Concept paper, according to which the following principles were declared as key: Completeness; Disclosure of sources; Timeliness; Accessibility; Machine-readability; Non-discriminatory use; Sustainability; Open license; Free of charge; Feedback availability.

The Concept paper serves as a guidance to the National Secretariat of the EITI Armenia and the EITI Armenia Multi-Stakeholder Group in their work programs and publication of national reports, while also promoting the use of these principles by the relevant government agencies and other stakeholders for their reporting purposes.

#### *Publishing reports on the EITI Armenia's online platform*

To publish a report on the EITI Armenian platform, the authorized entity is required, as a first step, to register in the system by filling in a form, after which a confirmation email and an activation

<sup>173</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2021, the average annual exchange rate for 1 USD was 503.195 AMD.

link is sent to the user. This registration email is also sent to the system administrator, who validates the information, confirms the registration, and grants access.

The electronic reporting forms were developed based on the templates defined by the RA Government Decree N 666-N of June 8, 2018<sup>174</sup>.

The filled reports are electronically signed, and after submission can be accessed by the Independent Administrator.

The Independent Administrator verifies that all participating entities have submitted the reports. However, the Administrator has no obligation to perform a detailed check on the report to verify its completeness. Responsibility for the completeness and accuracy of the report lies with the person authorized to submit the report on behalf of the company or relevant agency, as certified by their electronic signatures.

If any variances are identified, the Independent Administrator performs a validation of data reported with the entity, and, in case of an error, the electronic report is rejected. The entity is then required to make corresponding adjustments and to re-submit the report.

It should be noted that only the variances which amount to AMD 1 million and make more than of 4% of the figure reported, are subject to further investigation.

Information on the availability of financial statements and audit opinion by extractive companies is provided in Annex 1.

Explanations of variances arising from the reconciliation of data reported by the companies and State bodies were categorized and presented in Annex 5.

The Independent Administrator encountered the following difficulty when preparing the Report: at times, electronic platform was not properly functioning. However, the technical issues were resolved with the help of the EITI Secretariat and had no bearing on the results of the work performed.

## 6.2 Completeness of the reconciliation process

The reports for 2020-2021 were submitted by all the 26 participating entities before the established deadline. The information provided included payments both to the State and community budgets.

Overall, all the payments made by the companies amounted to AMD 83,221,462 thousand in 2020, and AMD 148,223,325 thousand in 2021.

## 6.3 Reconciliation Results of reconciliation

According to the data from the initial reports of the State agencies, the total State and community revenue streams received from the 10 entities included in the reconciliation scope amounted to AMD 49,492,589 thousand in 2020, while according to the companies, the total payments amounted to AMD 48,294,345 thousand. In 2021, according to the data received by the State agencies the total state and community revenue streams amounted to AMD 70,333,893 thousand, while according to the companies, the total payments amounted to AMD 70,430,333 thousand. Thus, net variance

<sup>174</sup> <https://www.arlis.am/DocumentView.aspx?DocID=132674>

amounted to 2,42% (or AMD 1,198,244 thousand) for 2020, and for 2021 - 0.14% (or AMD 96,440 thousand).

After inspecting and correcting the data, the net variance amounted to 1.79% (or AMD 884,302 thousand) in 2020 and 0.54% (AMD 383,457 thousand) in 2021.

For further details of all variances and reasons for adjustments for each metal mining company, see Appendix 5.

Here are the most common variances and reasons for their adjustment:

*Technical issues of presenting VAT payments by the companies.*

*Technical errors and inaccuracies.* while calculating the amount of the custom duties and fees, some payments were omitted; in some instances, incorrect amounts were reported due to mechanical/automatic errors.

*Wrongly identified type of payment.* There were cases when rent payments of some communities were presented as a contractual amount instead of the amount paid during the reporting year by the RA MTAI and/or companies, or, in some cases payments not relevant to rent were reported by mistake.

Several variances were identified between the data provided by the companies and by the SRC in their final reports which exceeded the materiality threshold as a result of reconciliation. For further information and detailed explanations, please refer to Annex 5.



**Table 6.4.1 Results of reconciliation of material revenues of the State and community budgets by types in 2020**

| Type of payment   | Initial data, kAMD       |                       |                  | Final data, kAMD         |                       |                | Initial data, kUSD <sup>175</sup> |                       |                | Final data, kUSD <sup>176</sup> |                       |                |
|---|--------------------------|-----------------------|------------------|--------------------------|-----------------------|----------------|-----------------------------------|-----------------------|----------------|---------------------------------|-----------------------|----------------|
|   | Reported by State agency | Reported by companies | Variance         | Reported by State agency | Reported by companies | Variance       | Reported by State agency          | Reported by companies | Variance       | Reported by State agency        | Reported by companies | Variance       |
| Royalty   | 45,122,422               | 45,122,422            | -                | 45,122,422               | 45,122,422            | -              | 92,217.0                          | 92,217.0              | -              | 92,217.0                        | 92,217.0              | -              |
| Value added tax   | 388,423                  | 386,398               | 2,025            | 388,423                  | 388,423               | -              | 793.8                             | 789.7                 | 4.1            | 793.8                           | 793.8                 | -              |
| Customs duties and fee  | 1,738,418                | 1,735,918             | 2,500            | 1,736,961                | 1,736,103             | 858            | 3,552.8                           | 3,547.7               | 5.1            | 3,549.8                         | 3,548.1               | 1.8            |
| Rent payments   | 979,264                  | 1,011,687             | (32,423)         | 1,009,110                | 1,008,911             | 199            | 2,001.3                           | 2,067.6               | (66.3)         | 2,062.3                         | 2,061.9               | 0.4            |
| Social and economic development commitments to the community defined by the mining contract | 1,264,062                | 37,920                | 1,226,142        | 1,264,062                | 380,817               | 883,245        | 2,583.4                           | 77.5                  | 2,505.9        | 2,583.4                         | 778.3                 | 1,805.1        |
| <b>Total</b>  | <b>49,492,589</b>        | <b>48,294,345</b>     | <b>1,198,244</b> | <b>49,520,978</b>        | <b>48,636,676</b>     | <b>884,302</b> | <b>101,148.3</b>                  | <b>98,699.5</b>       | <b>2,448.9</b> | <b>101,206.4</b>                | <b>99,399.1</b>       | <b>1,807.3</b> |

*Source: Reports provided by state agencies for the EITI report*

**Table 6.4.2 Results of reconciliation of material revenues of the State and community budgets by types in 2021**

| Type of payment   | Initial data, kAMD       |                       |                 | Final data, kAMD         |                       |                | Initial data, kUSD <sup>177</sup> |                       |                | Final data, kUSD <sup>178</sup> |                       |              |
|---|--------------------------|-----------------------|-----------------|--------------------------|-----------------------|----------------|-----------------------------------|-----------------------|----------------|---------------------------------|-----------------------|--------------|
|   | Reported by State agency | Reported by companies | Variance        | Reported by State agency | Reported by companies | Variance       | Reported by State agency          | Reported by companies | Variance       | Reported by State agency        | Reported by companies | Variance     |
| Royalty   | 66,024,637               | 66,024,638            | (1)             | 66,024,637               | 66,024,638            | (1)            | 131,210.8                         | 131,210.8             | -              | 131,210.8                       | 131,210.8             | -            |
| Value added tax   | 1,785,183                | 1,785,183             | -               | 1,785,183                | 1,785,183             | -              | 3,547.7                           | 3,547.7               | -              | 3,547.7                         | 3,547.7               | -            |
| Customs duties and fee  | 1,288,065                | 1,211,564             | 76,501          | 1,223,020                | 1,223,234             | (214)          | 2,559.8                           | 2,407.7               | 152.0          | 2,430.5                         | 2,430.9               | (0.4)        |
| Rent payments   | 714,493                  | 1,321,028             | (606,535)       | 1,080,455                | 1,080,215             | 240            | 1,419.9                           | 2,625.3               | (1,205.4)      | 2,147.2                         | 2,146.7               | 0.5          |
| Social and economic development commitments to the community defined by the mining contract | 521,515                  | 87,920                | 433,595         | 739,015                  | 355,583               | 383,432        | 1,036.4                           | 174.7                 | 861.7          | 1,468.6                         | 706.7                 | 762.0        |
| <b>Total</b>  | <b>70,333,893</b>        | <b>70,430,333</b>     | <b>(96,440)</b> | <b>70,852,310</b>        | <b>70,468,853</b>     | <b>383,457</b> | <b>139,774.6</b>                  | <b>139,966.3</b>      | <b>(191.7)</b> | <b>140,804.9</b>                | <b>140,042.8</b>      | <b>762.0</b> |

*Source: Reports provided by state agencies for the EITI report*

<sup>175</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2020, the average annual exchange rate for 1 USD was 489.307 AMD.

<sup>176</sup> Ibid

<sup>177</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2021, the average annual exchange rate for 1 USD was 503.195 AMD.

<sup>178</sup> Ibid

## Royalty

According to the initial data of the SRC, the amount of the royalty payments made by the entities included in the reconciliation scope amounted to AMD 45,122,422 thousand in 2020, and according to the entities included in the reconciliation scope, this amount equaled AMD 45,122,422 thousand. There were no variances between the initial data provided by the SRC and by the companies in 2020. In 2021, the amount of the royalty payments made by the entities included in the reconciliation scope amounted to AMD 66,024,637 thousand, and the amount according to the entities, was also identical - AMD 66,024,637 thousand. There is no variance between the initial data provided by the SRC and by the companies.

| Royalty, 2020          |              |             |                                 | kAMD         |             |                                 | kUSD <sup>179</sup> |  |  |
|------------------------|--------------|-------------|---------------------------------|--------------|-------------|---------------------------------|---------------------|--|--|
|                        | Initial data | Adjustments | Final data after reconciliation | Initial data | Adjustments | Final data after reconciliation |                     |  |  |
| Reported by the RA SRC | 45,122,422   | -           | 45,122,422                      | 92,217.0     | -           | 92,217.0                        |                     |  |  |
| Reported by companies  | 45,122,422   | -           | 45,122,422                      | 92,217.0     | -           | 92,217.0                        |                     |  |  |
| Variance               | -            | -           | -                               | -            | -           | -                               |                     |  |  |

| Royalty, 2021          |              |             |                                 | kAMD         |             |                                 | kUSD <sup>180</sup> |  |  |
|------------------------|--------------|-------------|---------------------------------|--------------|-------------|---------------------------------|---------------------|--|--|
|                        | Initial data | Adjustments | Final data after reconciliation | Initial data | Adjustments | Final data after reconciliation |                     |  |  |
| Reported by the RA SRC | 66,024,637   | -           | 66,024,637                      | 131,210.8    | -           | 134,935.0                       |                     |  |  |
| Reported by companies  | 66,024,638   | -           | 66,024,638                      | 131,210.8    | -           | 134,935.0                       |                     |  |  |
| Variance               | 1            | -           | 1                               | -            | -           | -                               |                     |  |  |

## Value added tax

According to the initial data by the SRC, the amount of value added tax paid by the mining entities included in the scope of reconciliation amounted to AMD 388,423 thousand in 2020, while according to the data provided by the mining entities, it amounted to AMD 386,398 thousand. Total variance between the initial data provided by the SRC and the companies was AMD 2,025 thousand, which was cleared after the adjustment. The difference was entirely due to technical error. In 2021, according to the initial data by the SRC and data provided by the mining entities -the amount of value added tax paid by the mining entities included in the scope of reconciliation amounted to AMD 1,785,183 thousand. No variance was identified between the initial data from the two sources.

| Value added tax, 2020 |  | kAMD | kUSD <sup>181</sup> |
|-----------------------|--|------|---------------------|
|-----------------------|--|------|---------------------|

<sup>179</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2020, the average annual exchange rate for 1 USD was 489.307 AMD.

<sup>180</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2021, the average annual exchange rate for 1 USD was 503.195 AMD.

<sup>181</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2020, the average annual exchange rate for 1 USD was 489.307 AMD.

|                              | Initial data | Adjustments | Final data after reconciliation | Initial data              | Adjustments | Final data after reconciliation |
|------------------------------|--------------|-------------|---------------------------------|---------------------------|-------------|---------------------------------|
| Reported by the RA SRC       | 388,423      | -           | 388,423                         | 793.8                     | -           | 793.8                           |
| Reported by companies        | 386,398      | (2,025)     | 388,423                         | 789.7                     | (4.1)       | 793.8                           |
| Variance                     | 2,025        | (2,025)     | -                               | 4.1                       | (4.1)       | -                               |
| <b>Value added tax, 2021</b> |              |             | <b>kAMD</b>                     | <b>kUSD<sup>182</sup></b> |             |                                 |
|                              | Initial data | Adjustments | Final data after reconciliation | Initial data              | Adjustments | Final data after reconciliation |
| Reported by the RA SRC       | 1,785,183    | -           | 1,785,183                       | 3,547.7                   | -           | 3,547.7                         |
| Reported by companies        | 1,785,183    | -           | 1,785,183                       | 3,547.7                   | -           | 3,547.7                         |
| Variance                     | -            | -           | -                               | -                         | -           | -                               |

### Customs duties and fees

According to the initial data provided by the SRC, in 2020 the amount of customs duties and fees received from the mining entities included in the reconciliation was AMD 1,738,418 thousand, while according to the data provided by mining entities – AMD 1,735,918 thousand. Total amount of variance between the initial data provided by the SRC and the companies was AMD 2,500 thousand and AMD 858 thousand after the adjustment. In 2021, according to the initial data provided by the SRC, the amount of customs duties and fees paid by the mining entities included in the reconciliation comprised AMD 1,288,065 thousand, and according to the data reported by the mining entities, the customs duties and fees amounted to AMD 1,211,564 thousand. Total variance between the initial data provided by the SRC and by the entities included in the reconciliation scope in 2021 was AMD 76,501 thousand and AMD 214 thousand after adjustment.

| <b>Customs duties and fees, 2020</b> |              |             | <b>kAMD</b>                     | <b>kUSD<sup>183</sup></b> |             |                                 |
|--------------------------------------|--------------|-------------|---------------------------------|---------------------------|-------------|---------------------------------|
|                                      | Initial data | Adjustments | Final data after reconciliation | Initial data              | Adjustments | Final data after reconciliation |
| Reported by the RA SRC               | 1,738,418    | (1,457)     | 1,736,961                       | 3,552.8                   | (3.0)       | 3,549.8                         |
| Reported by companies                | 1,735,918    | 185         | 1,736,103                       | 3,547.7                   | 0.4         | 3,548.1                         |
| Variance                             | 2,500        | (1,642)     | 858                             | 5.1                       | (3.4)       | 1.8                             |

<sup>182</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2021, the average annual exchange rate for 1 USD was 503.195 AMD.

<sup>183</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2020, the average annual exchange rate for 1 USD was 489.307 AMD.

| Customs duties and fees, 2021 |              | kAMD        |                                 |              | kUSD <sup>184</sup> |                                 |  |
|-------------------------------|--------------|-------------|---------------------------------|--------------|---------------------|---------------------------------|--|
|                               | Initial data | Adjustments | Final data after reconciliation | Initial data | Adjustments         | Final data after reconciliation |  |
| Reported by the RA SRC        | 1,288,065    | (65,045)    | 1,223,020                       | 2,559.8      | (129.3)             | 2,430.5                         |  |
| Reported by companies         | 1,211,564    | 11,670      | 1,223,234                       | 2,407.7      | 23.2                | 2,430.9                         |  |
| Variance                      | 76,501       | (76,715)    | (214)                           | 152.1        | (152.5)             | (0.4)                           |  |

## Rent payments

According to the initial data provided by the MTAI, in 2020 the amount of the rent payments received from the mining entities included in the reconciliation scope amounted to AMD 979,264 thousand, while according to the data provided by the mining entities - AMD 1,011,687 thousand. Total variance between the initial data provided by the Ministry and the entities was AMD 32,423 thousand and AMD 199 thousand after reconciliation. In 2021, according to the initial data by the MTAI, the amount of rent payments received from the mining entities included in the reconciliation scope amounted to AMD 714,493, and according to the data provided by mining entities - AMD 1,321,028 thousand. In 2021 total variance between the initial data provided by the RA MTAI and the entities amounted to AMD 606,535 thousand, and AMD 240 thousand after reconciliation.

| Rent payments, 2020     |              | kAMD        |                                 |              | kUSD <sup>185</sup> |                                 |  |
|-------------------------|--------------|-------------|---------------------------------|--------------|---------------------|---------------------------------|--|
|                         | Initial data | Adjustments | Final data after reconciliation | Initial data | Adjustments         | Final data after reconciliation |  |
| Reported by the RA MTAI | 979,264      | 29,846      | 1,009,110                       | 2,001.3      | 61.0                | 2,062.3                         |  |
| Reported by companies   | 1,011,687    | (2,776)     | 1,008,911                       | 2,067.6      | (5.7)               | 2,061.9                         |  |
| Variance                | 32,423       | 32,622      | 199                             | 66.3         | 66.7                | 0.4                             |  |
| Rent payments, 2021     |              | kAMD        |                                 |              | kUSD <sup>186</sup> |                                 |  |
|                         | Initial data | Adjustments | Final data after reconciliation | Initial data | Adjustments         | Final data after reconciliation |  |
| Reported by the RA MTAI | 714,493      | 365,962     | 1,080,455                       | 1,419.9      | 727.3               | 2,147.2                         |  |
| Reported by companies   | 1,321,028    | (240,813)   | 1,080,215                       | 2,625.3      | (478.6)             | 2,146.7                         |  |
| Variance                | (606,535)    | 606,775     | 240                             | (1,205.4)    | 1,205.8             | 0.5                             |  |

<sup>184</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2021, the average annual exchange rate for 1 USD was 503.195 AMD.

<sup>185</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2020, the average annual exchange rate for 1 USD was 489.307 AMD.

<sup>186</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2021, the average annual exchange rate for 1 USD was 503.195 AMD.

### Social and economic development commitments to the community defined by the mining contract

According to the initial data provided by the MTAI, according to data reported by mining entities included in the reconciliation scope the amount of the social and economic development commitments to the community defined by the mining contract amounted to AMD 1,264,062 in 2020 thousand, while according to the data provided by the mining entities - AMD 37,920 thousand. Total variance between the initial data provided by the MTAI and the mining entities before reconciliation was AMD 1,226,142 thousand, which totaled AMD 883,245 thousand after reconciliation. In 2021, according to the initial data of the MTA, the amount of the social and economic development commitments to the community defined by the mining contract paid by mining entities included in the reconciliation scope amounted to AMD 521 515 thousand, and according to the data reported by mining entities, the payments amounted to AMD 87 920 thousand. Total variance between the initial data provided by the RA MTAI and the mining entities in 2021 before and after reconciliation, accordingly, totaled AMD 433,595 thousand and AMD 383,432 thousand. In 2020 and 2021, the main irregularities arise from the voluntary and mandatory payments of "Zangezur Copper-Molybdenum Combine" CJSC, defined by the mining contract. "Zangezur Copper-Molybdenum Combine" CJSC has no obligations defined by the subsoil use contract, and all payments were made on a voluntary basis, based on additional charitable agreements. Meanwhile, according to the MTAI reports, the above voluntary payments were classified as an obligation defined by the subsoil use contract.

| Social and economic development commitments to the community defined by the mining contract, 2020 |              |             |                                 |                     |             |                                 |
|---|--------------|-------------|---------------------------------|---------------------|-------------|---------------------------------|
| kAMD  |              |             |                                 | kUSD <sup>187</sup> |             |                                 |
|   | Initial data | Adjustments | Final data after reconciliation | Initial data        | Adjustments | Final data after reconciliation |
| Reported by the RA MTAI   | 1,264,062    | -           | 1,264,062                       | 2,583.4             | -           | 2,583.4                         |
| Reported by companies   | 37,920       | 342,897     | 380,817                         | 77.5                | 700.8       | 778.3                           |
| Variance  | 1,226,142    | (342,897)   | 883,245                         | 2,505.9             | (700.8)     | 1,805.1                         |
| Social and economic development commitments to the community defined by the mining contract, 2021 |              |             |                                 |                     |             |                                 |
| kAMD  |              |             |                                 | kUSD <sup>188</sup> |             |                                 |
|   | Initial data | Adjustments | Final data after reconciliation | Initial data        | Adjustments | Final data after reconciliation |
| Reported by the RA MTAI   | 521,515      | 217,500     | 739,015                         | 1,036.4             | 432.2       | 1,468.6                         |
| Reported by companies   | 87,920       | 267,663     | 355,583                         | 174.7               | 531.9       | 706.7                           |
| Variance  | 433,595      | (50,163)    | 383,432                         | 861.7               | (99.7)      | 762.0                           |

<sup>187</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2020, the average annual exchange rate for 1 USD was 489.307 AMD.

<sup>188</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2021, the average annual exchange rate for 1 USD was 503.195 AMD.

# 7

## RECOMMENDATIONS FOR IMPROVING THE EITI REPORTING PROCESS



# 7. RECOMMENDATIONS FOR IMPROVING THE EITI REPORTING PROCESS

## 7.1 Recommendations for revising report templates for following years

New recommendations for updating the reporting templates for subsequent years are presented below.

### Public report template submitted by mining companies

| N | Field                                       | Comment  |
|---|---|--|
| 1 | -   | We recommend prioritizing the Excel format documents in the system (if the requirement to be signed is met) to more effectively organize the process of information collection and comparison by the Independent Administrator.  |
| 2 | Production (by products)                    | 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 themselves. This, in turn, will enable standardization of companies' approaches in determining product types and facilitation of the information gathering process. |
| 3 | Production, export, and domestic sales data | In product related questions specify ton as the unit of measurement to ensure uniformity of information.   |
| 4 | Property tax, land tax                      | We recommend replacing the "Land tax" field with the "Real estate tax" field, and "Property tax" with "Vehicle tax" in public reports provided real estate tax has been defined instead of building property tax and land tax starting from 2021 (Section 11 of the RA Tax Code).  |
| 5 | Socio-economic contribution                 | Change the wording to socio-economic contribution.   |
| 6 | Socio-economic contribution                 | 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. Moreover, publish relevant agreements.   |

### Public report template submitted by the State Revenue Committee

| N | Field    | Comment   |
|---|----------|---|
| 1 | Payments | We recommend adding the following columns in the table related to the 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. |

### Public report template submitted by the MTAI

| N | Field                       | Comment   |
|---|-----------------------------|---|
| 1 | Property tax, land tax      | We recommend replacing the "Land tax" field with the "Real estate tax" field, and "Property tax" with "Vehicle tax" in public reports provided real estate tax has been defined instead of building property tax and land tax starting from 2021 (Section 11 of the RA Tax Code). |
| 2 | Socio-economic contribution | Change the wording to socio-economic contribution.  |
| 3 | Socio-economic contribution | 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. Moreover, publish relevant agreements.  |

## 7.2 Recommendations on resolving the issues related to the online data collection system

| N | Field   | Comment   |
|---|---|---|
| 1 | Adjustments as a result of reconciliation                                     | We recommend adding a mandatory field, which will contain a brief description of reasons of adjustments in the tables of public reports as a result of reconciliation process, for when the report is being rejected by the Independent Administrator.                |
| 2 | Excel and PDF reports   | We recommend structuring the download of reports in the system in such a way that Excel and PDF documents are identical, regardless of the fact that they are signed. If possible, give priority to the Excel document.   |
| 3 | Indicators for data totals  | 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 of the gender distribution should equal to the total of rural and urban employees. |
| 4 | Production, export, and domestic sales data                                   | We recommend generalizing the units of measurement of data on extraction, export and domestic sales in the system to ensure uniformity of information.  |
| 5 | <a href="https://reports.eiti.am/hy/">https://reports.eiti.am/hy/</a> website | We recommend generalizing the units of measurement of data on extraction, export and domestic sales in the system to ensure uniformity of information.  |
| 6 | <a href="https://reports.eiti.am/hy/">https://reports.eiti.am/hy/</a> website | We recommend presenting the data separated by commas, as displaying numbers without a comma makes comprehension of the amount difficult.  |
| 7 | <a href="https://reports.eiti.am/hy/">https://reports.eiti.am/hy/</a> website | We recommend grouping the data for each company by community names and types of rent payments for rent payments.  |



### 7.3 Recommendations for the EITI 2022 work plan

**Public debate (requirement 7.1):** Participation of all stakeholders is one of the fundamental principles of the EITI standard. It is necessary to promote dialogue among members of the public and to make efforts to improve the understanding of the information and data contained in the reports.

**Data accessibility and open data (requirement 7.2):** Accessible and complete disclosure of data from mining companies should be presented in a convenient and understandable manner. It is recommended to include in the work plan tasks aimed at improving data availability, such as enabled search for company data in English, interactive possibility for working with specific data and its comparison, continued report publishing in the public domain with the enabled download function.

**Review the outcomes and impact of EITI implementation (Requirement 7.4):** The best practice among the EITI's countries is to evaluate and monitor the impact of EITI implementation. It is recommended to include respective actions in the work plan.

**Energy transition:** The climate change matters will have a significant impact for all sectors of economy in next decades. Which in turn will also require important changes in extractive sector. Such changes can lead to a number of potential risks such as reducing the employees' number, additional financial burden for exporters, cooperation only with low-emissions companies and so on. Data that can be disclosed under the EITI Standard can underpin transition planning taking into account climate challenges. This will not only help to improve communication and cooperation between government, companies, and communities, but also to deal with potential challenges.

### 7.4 Transportation revenues (requirement 4.4)

Domestic transportation and export of mining products in RA is done by cars and railways. In the case of railway transportation, the product is mostly transported from Yerevan, where it reaches by car.

The independent administrator recommends considering the relevance and possibility of including transportation revenues, taking into account the public or private type of the companies involved, as well as potential limitations related to the disclosure of trade secrets and the collection of comparable data from all parties.

### 7.5 Progress towards responsible mining

The implementation of the principles of responsible mining (RM) remains as a priority for the Government of the RA given the importance of the extractive sector to the economy of the RA, as well as its profound impact on the environmental, social and health spheres.

At the end of 2018, a roadmap for the implementation of responsible mining was approved<sup>189</sup> according to which it was necessary to define the concept and boundaries of responsible mining, to determine methods for assessing the economic analysis of the mining sector. The development of a

<sup>189</sup> The Roadmap for the Implementation of Responsible Mining Practices, 2018, [https://www.eiti.am/file\\_manager/EITI%20Documents/MSG%20Procedures/Responsible\\_Mining\\_Roadmap\\_ENG.pdf](https://www.eiti.am/file_manager/EITI%20Documents/MSG%20Procedures/Responsible_Mining_Roadmap_ENG.pdf)

national policy for the development of the extractive sector should have been the key point of the roadmap for the implementation of responsible mining, as well as the participation of the working group in the development of new legal documents related to the extractive sector of the Republic of Armenia.

In 2019, a concept paper was approved that defined the approach of the EITI Multi-Stakeholder Group (MSG) to responsible mining<sup>190</sup>: It defined the key concepts and boundaries of responsible mining, as well as approved its key objectives (Integrity of the state, Integrity in the business environment, Planning for positive heritage, Social responsibility, Environmental responsibility). The main development priorities were also identified for each goal.

To broaden the understanding of the importance of the Extractive Industries Transparency Initiative and the principles of responsible mining, in 2020 the American University of Armenia Center for Responsible Mining conducted a training<sup>191</sup> for more than 40 participants representing key stakeholders (government, NGOs, youth organizations and media). During the training the participants discussed the EITI Standard, the role of the EITI MSG and EITI communication in the media. The training also covered the basic principles of responsible mining.

The American University of Armenia Center for Responsible Mining also organized a two-day policy dialogue with the participation of more than 30 civil society and government representatives. The main goal of the dialogue<sup>192</sup> was to discuss the key components of the future policy of the extractive sector in Armenia, and to formulate recommendations for the government on the composition of the policy.

Pursuing the goals of the responsible mining framework, starting from 2020, Armenian EITI began publishing beneficiaries of extractive companies<sup>193</sup>. To comply with this requirement of the EITI, amendments were made to the Law on the State Registration of Legal Entities. The list of information to be included in the beneficial ownership declaration was also determined, while a Beneficial Ownership Electronic Declaration System was created.

The Armenian NGO Mining Legislation Reform Institute held consultations with stakeholders to identify concerns of civil society regarding mining operations. According to the results of the consultations, Mining Legislation Reform Institute proposed the concept of its extractive industry policy<sup>194</sup>, which defines the key principles for the extractive industry:

- General principles: People's ownership, Ethical analysis, Ethical analysis, etc.;
- Governance principles: Legal clarity, Mine licensing, Independent inspectorate, International standards;
- Principles of environmental impact management: Waste management, Water, Tailings, Mine closure and rehabilitation;
- Social principles: Affected communities, Health, Workers safety and rights;
- Economic principles: Economic growth, Taxes, Transparency, Revenue management.

<sup>190</sup> Concept paper “The Approach Of The Multi-Stakeholder Group Of EITI Armenia to Responsible Mining”, 2019, [https://www.eiti.am/file\\_manager/EITI%20Documents/Responsible\\_mining\\_concept\\_paper.pdf](https://www.eiti.am/file_manager/EITI%20Documents/Responsible_mining_concept_paper.pdf)

<sup>191</sup> Training on EITI and Responsible Mining,

<https://www.eiti.am/en/news/2020/06/30/training-on-eiti-and-responsible-mining/86/>

<sup>192</sup> Armenia's path to beneficial ownership transparency and data use,

<https://eiti.org/blog-post/armenias-path-beneficial-ownership-transparency-and-data-use>

<sup>193</sup> The Government of Armenia adopted the Government Decision “On Defining the List of Information Included in the Declaration of Beneficial Owners Subject to Publication”,

<https://www.eiti.am/en/news/2020/03/26/beneficial-owners-data-subject-to-publication-eng/83/>

<sup>194</sup> MLRI Responsible Mining Policy, <https://mlri.org.am/en/campaigns/mining-policy/>

A key work in the development of responsible mining in Armenia is the development of a draft strategy for the development of the mining industry in 2022<sup>195</sup>. Its main goal is the regulation and development of the industry, rational and integrated use of subsoil, management and mitigation of environmental and public health risks, determination of mechanisms for proportional/equitable distribution of revenues, which will contribute to the long-term development of the economy of the Republic of Armenia. This strategy is a comprehensive document that presents the directions of thoroughly researched sectoral reforms, considering national specifics, necessary and available resources, as well as global challenges to ensure the feasibility of the strategy in Armenia. It is also important to note that the events aimed at implementation responsible mining practices is included in the revised EITI work plan of Armenia for 2021-2022<sup>196</sup>.

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<sup>195</sup> Draft Decision of the RA Government "On the Approval of the Strategy for the Development of the Mining Industry Sector and the Plan of Actions Arising from it": <https://www.e-draft.am/projects/4619>

<sup>196</sup> EITI Work Plan of the Republic of Armenia, <https://www.eiti.am/en/eiti-work-plan>



# Annexes

## Annex 1. Information on conducting external financial audit in the Companies

| N  | Company name                                    | Availability of external audit report for 2020 | Reference to the audit report and opinion for 2020  | Availability of external audit report for 2021 | Reference to the audit report and opinion for 2021  |
|----|---|--|---|--|---|
| 1  | “Chaarat Kapan” CJSC                            | Yes  | <a href="#">2020-FS-AMD-signed.pdf (chaarat.am)</a>   | Yes  | <a href="#">Chaarat Summary 2021 Arm.pdf</a>  |
| 2  | “Geghi Gold” LLC                                | Yes  | <a href="https://www.azdarar.am/docs/324255/">https://www.azdarar.am/docs/324255/</a>   | Yes  | <a href="https://www.azdarar.am/docs/377650/">https://www.azdarar.am/docs/377650/</a>   |
| 3  | “Bacteck Eco” LTD                               | No   |   | No   |   |
| 4  | “Gharagulyanner” CJSC                           | No   |   | No   |   |
| 5  | “AT-Metals” LLC                                 | No   |   | No   |   |
| 6  | “Vayk Gold” LLC                                 | No   |   | No   |   |
| 7  | “Sagamar” CJSC                                  | No   |   | No   |   |
| 8  | “Assat” LLC                                     | No   |   | No   |   |
| 9  | “Meghradzor Gold” LLC                           | No   |   | No   |   |
| 10 | “Ler-Ex” LLC                                    | Yes  | <a href="#">FS_ZCMC Consolidated 2020 Arm.pdf</a>   | No   |   |
| 11 | “Akhtala Mining and Processing Enterprise” CJSC | No   |   | No   |   |
| 12 | “Geopromining Gold” LLC                         | Yes  | <a href="https://gorcntac.am/pages/report?id=260">https://gorcntac.am/pages/report?id=260</a>   | Yes  | <a href="https://gorcntac.am/pages/report?id=917">https://gorcntac.am/pages/report?id=917</a>   |
| 13 | “Lydian Armenia” CJSC                           | Yes  | <a href="https://www.lydianarmenia.am/img/uploadFiles/44a2fa0966c63a0eab3eFinancialStatement_2020.pdf">https://www.lydianarmenia.am/img/uploadFiles/44a2fa0966c63a0eab3eFinancialStatement_2020.pdf</a> | No   |   |
| 14 | “Agarak Copper Molybdenum Combine” CJSC         | No   |   | Yes  | <a href="https://gorcntac.am/pages/report?id=1029">https://gorcntac.am/pages/report?id=1029</a>   |
| 15 | “Teghout” CJSC                                  | Yes  | <a href="https://www.azdarar.am/docs/339244/">https://www.azdarar.am/docs/339244/</a>   | No   |   |
| 16 | “Zangezour Copper-Molybdenum Combine” CJSC      | Yes  | <a href="http://www.zcmc.am/files/Financial2020.pdf">http://www.zcmc.am/files/Financial2020.pdf</a>   | Yes  | <a href="http://www.zcmc.am/files/2021%20ZCMC%20cjsc%20-%20Separate%20Statement%20of%20financial%20position.pdf">http://www.zcmc.am/files/2021%20ZCMC%20cjsc%20-%20Separate%20Statement%20of%20financial%20position.pdf</a> |
| 17 | “Aktiv Lernagorts” LLC                          | No   |   | No   |   |
| 18 | “Lichkvaz” CJSC                                 | No   |   | No   |   |
| 19 | “Multi Group Concern” LLC                       | No   |   | No   |   |
| 20 | “Vardani Zartonk” LLC                           | No   |   | No   |   |
| 21 | “Molibdeni Ashkharh” LLC                        | No   |   | No   |   |
| 22 | “Fortune Resources” LLC                         | No   |   | No   |   |
| 23 | “Mego-Gold” LLC                                 | No   |   | No   |   |
| 24 | “Marjan Mining Company” LLC <sup>197</sup>      | No   |   | No   |   |
| 25 | “Tatstone” LLC <sup>198</sup>                   | No   |   | No   |   |
| 26 | “Paramount Gold Mining” CJSC                    | No   |   | No   |   |

<sup>197</sup> Termination of the right to use mineral resources Hr.693-A 13.12.2019. Appealed in as of June 2021, it is considered a subsurface user.

<sup>198</sup> Termination of the right to use mineral resources Hr.692-A 13.12.2019. Termination of the right to use mineral resources Hr.1018-A 29.07.2020.

## Annex 2. Tables of figures and graphs presented in the report

### Chapter 3. Extraction, production, and realization in the metal mining industry

Figure 3.1.1 Confirmed reserves of metal ore by regions during 2010–2021, thousand tons

|             | Iron ore | Gold ore | Magnesium ore | Cooper ore | Chromite ore |
|-------------|----------|----------|---------------|------------|--------------|
| Lori        | 158,425  | 4,972    |               |            |              |
| Syunik      |          | 31,870   |               | 8,007      |              |
| Vayots Dzor |          | 33,025   |               |            |              |
| Gegharkunik |          |          | 21,289        |            | 2,435        |
| Aragatsotn  |          | 2,393    |               |            |              |

Source: The information was provided by the MTAI for the EITI report

Figure 3.1.2 Confirmed reserves of metal mineral resources by regions during 2010–2021, thousand tons

|             | Melting iron | Magnesium oxide | Chromium oxide | Zinc | Lead | Molybdenum |
|-------------|--------------|-----------------|----------------|------|------|------------|
| Lori        | 66,636       |                 |                |      |      |            |
| Gegharkunik |              | 10,172          | 410            |      |      |            |
| Syunik      |              |                 |                | 248  | 62   | 4          |
| Vayots dzor |              |                 |                | 31   | 6    |            |

Source: The information was provided by the MTAI for the EITI report

Figure 3.1.3 Confirmed reserves of gold and silver during 2010–2021, by regions, thousand tons

|        | Syunik  | Lori  | Vayots dzor | Aragatsotn | Gegharkunik | Total   |
|--------|---------|-------|-------------|------------|-------------|---------|
| Gold   | 47.6    | 26.0  | 21.1        | 11.3       | 3.6         | 109.6.0 |
| Silver | 5,151.7 | 120.8 | 62.5        | 24.8       |             | 5359    |

Source: The information was provided by the MTAI for the EITI report

Figure 3.3.1 Volumes of regional production in mining and quarrying sector, mln AMD

|              | 2014           | 2015           | 2016           | 2017           | 2018           | 2019           | 2020           | 2021           |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Syunik       | 168,165        | 146,159        | 167,184        | 236,667        | 259,558        | 282,285        | 300,423        | 461,652        |
| Lori         | 10,695         | 54,899         | 66,515         | 79,088         | 7,263          | 35,456         | 57,838         | 92,571         |
| Gegharkunik  | 8,279          | 12,855         | 14,854         | 15,089         | 18,886         | 23,165         | 26,435         | 14,198         |
| Kotayk       | 1,099          | 1,599          | 2,547          | 1,517          | 1,567          | 1,750          | 2,203          | 1,837          |
| c. Yerevan   | -              | -              | -              | -              | -              | 289            | -              | -              |
| <b>Total</b> | <b>188,238</b> | <b>215,513</b> | <b>251,099</b> | <b>332,362</b> | <b>287,274</b> | <b>342,944</b> | <b>386,900</b> | <b>570,259</b> |

Source: RA SC's publication "The regions of the Republic of Armenia and the city of Yerevan" for relevant years<sup>199</sup>

Figure 3.3.2 Share of metal mining industry products in total production value in 2020 and 2021

|      | Copper ores and concentrate | Gold and Silver bullion | Ferromolybdenum | Molybdenum concentrate | Previous metal concentrate containing gold | Zinc ores and concentrate |
|------|-----------------------------|-------------------------|-----------------|------------------------|--|---------------------------|
| 2020 | 54.87%                      | 22.14%                  | 10.58%          | 8.90%                  | 1.01%                                      | 2.48%                     |
| 2021 | 56.26%                      | 14.66%                  | 13.70%          | 7.21%                  | 5.52%                                      | 2.66%                     |

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

Figure 3.3.3 Copper concentrate production and international copper prices in 2013–2021

|  | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|------|------|------|------|------|------|------|------|------|
|--|------|------|------|------|------|------|------|------|------|

<sup>199</sup>[https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank\\_\\_3%20Industry,%20Construction,%20trade%20and%20services\\_\\_32%20Industry/IC-in-e.px/table/tableViewLayout2/?rxid=636adc14-dabb-49b4-853a-d62d5b935d00](https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank__3%20Industry,%20Construction,%20trade%20and%20services__32%20Industry/IC-in-e.px/table/tableViewLayout2/?rxid=636adc14-dabb-49b4-853a-d62d5b935d00)

|  |         |         |         |         |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Copper concentrate production, t       | 184,494 | 192,273 | 315,599 | 388,534 | 428,529 | 317,357 | 407,793 | 375,641 | 357,966 |
| Price of copper, average annual, USD/t | 7,332   | 6,863   | 5,510   | 4,868   | 6,170   | 6,530   | 6,010   | 6,174   | 9,317   |

**Source:** RA SC publication “Output of Main Commodities in the Industrial Organizations (in kind)”<sup>200</sup>, for relevant years, Data regarding international prices was extracted from Commodity Markets of the World Bank<sup>201</sup>

**Figure 3.3.4 Molybdenum and ferromolybdenum production and international molybdenum prices in 2013-2021**

|  | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Molybdenum concentrate, t                  | 11,635 | 11,807 | 10,440 | 10,662 | 11,542 | 11,110 | 14,431 | 24,884 | 22,177 |
| Ferromolybdenum, t                         | 6,619  | 6,528  | 5,576  | 6,526  | 6,588  | 7,292  | 7,712  | 7,709  | 8,335  |
| Price of molybdenum, average annual, USD/t | 24,762 | 24,524 | 12,738 | 17,262 | 23,809 | 28,571 | 21,905 | 23,691 | 44,881 |

**Source:** RA SC publication “Output of Main Commodities in the Industrial Organizations (in kind)” for relevant years<sup>202</sup>, Data on molybdenum international prices are from tradingeconomics.com<sup>203</sup>

**Figure 3.3.5 Zinc concentrate production and international zinc price in 2013-2021**

|                                      | 2013   | 2014   | 2015   | 2016  | 2017  | 2018   | 2019   | 2020   | 2021   |
|--------------------------------------|--------|--------|--------|-------|-------|--------|--------|--------|--------|
| Zinc concentrate, t                  | 15,950 | 14,709 | 11,319 | 7,891 | 9,640 | 10,828 | 11,238 | 12,930 | 10,622 |
| Price of zinc, average annual, USD/t | 1,910  | 2,161  | 1,932  | 2,090 | 2,891 | 2,922  | 2,550  | 2,266  | 3,003  |

**Source:** RA SC publication “Output of Main Commodities in the Industrial Organization (in kind)” for relevant years<sup>204</sup>, Data regarding international prices was extracted from Commodity Markets of the World Bank<sup>205</sup>

**Figure 3.3.6 Gold price per ounce in 2013-2021, USD**

|  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Price of gold, average annual, USD/toz | 1,411 | 1,266 | 1,161 | 1,249 | 1,258 | 1,269 | 1,392 | 1,770 | 1,800 |

**Source:** Data regarding international prices was extracted from Commodity Markets of the World Bank<sup>206</sup>

**Figure 3.4.1 Total exports and the share of exported metal products in total from 2013 to 2021, mln**

|  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total exports                          | 1,468 | 1,490 | 1,483 | 1,808 | 2,145 | 2,383 | 2,619 | 2,332 | 2,965 |
| Share of copper ore and concentrate, % | 19.1% | 15.8% | 21.4% | 20.5% | 26.6% | 22.0% | 23.9% | 24.0% | 25.9% |
| Share of ferromolybdenum, %            | 7.0%  | 7.4%  | 3.7%  | 3.7%  | 3.9%  | 5.3%  | 5.4%  | 3.7%  | 6.4%  |
| Share of gold, %                       | 5.0%  | 5.5%  | 6.7%  | 7.8%  | 6.8%  | 7.4%  | 8.6%  | 10.6% | 4.5%  |
| Share of molybdenum concentrate, %     | 0.5%  | 0.6%  | 0.4%  | 0.1%  | 0.4%  | 0.3%  | 0.7%  | 4.1%  | 4.1%  |
| Share of zinc concentrate, %           | 1.2%  | 0.9%  | 0.8%  | 0.6%  | 0.8%  | 0.9%  | 0.6%  | 0.4%  | 0.5%  |

**Source:** ITC calculations, which are based on the statistics of UN Comtrade<sup>207</sup>

<sup>200</sup> Ibid

<sup>201</sup> Commodity Markets (worldbank.org)

<sup>202</sup> [https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank\\_\\_3%20Industry,%20Construction,%20trade%20and%20services\\_\\_32%20Industry/IC-in-e.px/table/tableViewLayout2/?rxid=636adc14-dabb-49b4-853a-d62d5b935d00f](https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank__3%20Industry,%20Construction,%20trade%20and%20services__32%20Industry/IC-in-e.px/table/tableViewLayout2/?rxid=636adc14-dabb-49b4-853a-d62d5b935d00f)

<sup>203</sup> <https://tradingeconomics.com/commodity/molybden>

<sup>204</sup> [https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank\\_\\_3%20Industry,%20Construction,%20trade%20and%20services\\_\\_32%20Industry/IC-in-e.px/table/tableViewLayout2/?rxid=636adc14-dabb-49b4-853a-d62d5b935d00f](https://statbank.armstat.am/pxweb/hy/ArmStatBank/ArmStatBank__3%20Industry,%20Construction,%20trade%20and%20services__32%20Industry/IC-in-e.px/table/tableViewLayout2/?rxid=636adc14-dabb-49b4-853a-d62d5b935d00f)

<sup>205</sup> <https://www.worldbank.org/en/research/commodity-markets#1>

<sup>206</sup> Ibid

<sup>207</sup> <https://comtrade.un.org/data/>

**Figure 3.4.2 Export of metal products in material expression from 2013 to 2021, mln tons**

|                        | 2013   | 2014   | 2015   | 2016   | 2017   | 2018  | 2019   | 2020   | 2021   |
|------------------------|--------|--------|--------|--------|--------|-------|--------|--------|--------|
| Copper concentrate     | 173.21 | 185.09 | 309.18 | 402.59 | 475.76 | 424.8 | 562.02 | 470.47 | 429.48 |
| Zinc concentrate       | 18.34  | 14.34  | 14.13  | 9.57   | 10.91  | 12.47 | 12.16  | 10.48  | 12.00  |
| Molybdenum concentrate | 0.78   | 0.90   | 0.98   | 0.21   | 1.21   | 0.76  | 2.09   | 15.23  | 10.23  |
| Ferromolybdenum        | 6.66   | 6.50   | 5.58   | 6.66   | 6.80   | 7.11  | 8.87   | 6.75   | 8.16   |
| Gold                   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.01  | 0.01   | 0.01   | 0.00   |

*Source: ITC calculations, which are based on the statistics of UN Comtrade<sup>208</sup>*

**Figure 3.4.3 Distribution of copper concentrate exports in 2013-2021 by countries, mln USD**

|                | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   |
|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Switzerland    | 12.42  | 0.00   | 14.84  | 23.54  | 84.14  | 130.75 | 191.55 | 241.38 | 287.54 |
| China          | 64.79  | 138.01 | 138.93 | 68.18  | 115.89 | 94.74  | 174.42 | 176.66 | 286.16 |
| Bulgaria       | 150.66 | 84.59  | 78.53  | 163.04 | 281.21 | 213.92 | 205.83 | 141.83 | 195.55 |
| United Kingdom | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| Netherlands    | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| Georgia        | 0.00   | 0.00   | 44.07  | 92.71  | 86.76  | 8.81   | 2.32   | 0.00   | 0.00   |
| Australia      | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| Other          | 52.05  | 13.27  | 40.28  | 22.57  | 3.49   | 77.25  | 52.55  | 0.00   | 0.00   |

*Source: ITC calculations, which are based on the statistics of UN Comtrade<sup>209</sup>*

**Figure 3.4.4 Distribution of molybdenum concentrate exports in 2013-2021 by country, mln USD**

|                    | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020  | 2021  |
|--------------------|------|------|------|------|------|------|------|-------|-------|
| China              | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.42 | 81.14 | 99.8  |
| Switzerland        | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6.87 | 6.26  | 10.97 |
| Belgium            | 0.00 | 0.00 | 0.00 | 0.00 | 1.37 | 6.54 | 7.39 | 4.7   | 5.73  |
| South Korea        | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.28 | 0.00  | 4.9   |
| Russian Federation | 0.00 | 0.00 | 0.4  | 0.00 | 0.78 | 1.1  | 0.94 | 2.74  | 0.92  |
| Other              | 6.65 | 8.74 | 5.76 | 0.94 | 6.48 | 0.00 | 0.00 | 0.5   | 0.00  |

*Source: ITC calculations, which are based on the statistics of UN Comtrade<sup>210</sup>*

**Figure 3.4.5 Distribution of ferromolybdenum exports in 2013-2021 by country, mln USD**

|                    | 2013  | 2014  | 2015  | 2016  | 2017  | 2018   | 2019   | 2020  | 2021   |
|--------------------|-------|-------|-------|-------|-------|--------|--------|-------|--------|
| Netherlands        | 58.01 | 61.83 | 34.58 | 47.85 | 75.33 | 123.56 | 140.55 | 74.01 | 175.32 |
| Russian Federation | 0.00  | 0.00  | 0.82  | 1.67  | 5.35  | 2.31   | 1.88   | 10.2  | 10.84  |
| Germany            | 44.37 | 47.88 | 20.11 | 16.5  | 3.71  | 0.00   | 0.00   | 0.00  | 0.00   |
| Other              | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00   | 0.00   | 1.35  | 2.58   |

*Source: ITC calculations, which are based on the statistics of UN Comtrade<sup>211</sup>*

**Figure 3.4.6 Distribution of zinc concentrate exports during 2013-2021 by country, mln USD**

|             | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020 | 2021  |
|-------------|-------|-------|-------|-------|-------|-------|-------|------|-------|
| Belgium     | 15.28 | 11.48 | 10.12 | 10.51 | 15.06 | 20.49 | 16.48 | 10.4 | 16.17 |
| South Korea | 0.00  | 0.00  | 0.00  | 0.00  | 1.53  | 0.00  | 0.00  | 0.00 | 0.00  |
| Netherlands | 0.00  | 2.34  | 0.61  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00 | 0.00  |
| Other       | 1.76  | 0     | 1.29  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00 | 0.00  |

*Source: ITC calculations, which are based on the statistics of UN Comtrade<sup>212</sup>*

<sup>208</sup> Ibid

<sup>209</sup> Ibid

<sup>210</sup> Ibid

<sup>211</sup> Ibid

<sup>212</sup> Ibid



Figure 3.4.7 Distribution of exports of unwrought or semi-manufactured gold and gold containing precious metal concentrate 2013-2021 by country, mln USD

|             | 2013  | 2014  | 2015  | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   |
|-------------|-------|-------|-------|--------|--------|--------|--------|--------|--------|
| India       | 0.00  | 0.00  | 0.00  | 0.00   | 0.00   | 0.00   | 0.00   | 72.97  | 126.15 |
| UAE         | 0.00  | 0.00  | 1.91  | 0.05   | 0.00   | 1.53   | 0.42   | 40.72  | 5.25   |
| Italy       | 0.23  | 0.00  | 0.00  | 0.00   | 0.48   | 5.77   | 8.38   | 0.00   | 2.27   |
| Switzerland | 0.00  | 0.32  | 0.00  | 16.68  | 144.48 | 169.44 | 214.96 | 132.16 | 0.00   |
| Canada      | 73.32 | 81.54 | 96.92 | 124.12 | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| Other       | 0.03  | 0.04  | 0.03  | 0.00   | 0.01   | 0.16   | 0.19   | 1.16   | 0.14   |

Source: ITC calculations, which are based on the statistics of UN Comtrade<sup>213</sup>

#### Chapter 4. State revenues from the metal mining sector and their distribution

Figure 4.1.1 Share of taxes and payments declared by metal mining companies to the State budget in 2020 and 2021

| Type of payments  | 2020             |             | 2021             |             |
|---|------------------|-------------|------------------|-------------|
|   | Amount           | Share       | Amount           | Share       |
| Other income of the State budget  | 1,480,170        | 94.8%       | 1,537,952        | 91.3%       |
| Taxes and payments declared by metal mining companies to the State budget | 80,486           | 5.2%        | 145,879          | 8.7%        |
| <b>Total</b>  | <b>1,560,655</b> | <b>100%</b> | <b>1,683,831</b> | <b>100%</b> |

Source: The information was provided by the RA Ministry of Finance<sup>214</sup>

Figure 4.1.2 Taxes and payments declared by metal mining companies to the State budget in 2020 and 2021, mln AMD

| Type of tax and payment | 2020           |                     |                         | 2021           |                     |                         |
|-------------------------|----------------|---------------------|-------------------------|----------------|---------------------|-------------------------|
|                         | Share in total | State revenues, USD | State revenues, mln AMD | Share in total | State revenues, USD | State revenues, mln AMD |
| Royalty                 | 2.89%          | 92,216,996          | 45,122                  | 3.92%          | 131,211,558         | 66,025                  |
| Profit tax              | 1.11%          | 34,262,743          | 16,765                  | 2.23%          | 74,470,136          | 37,473                  |
| State export duties     | 0.00%          | -                   | -                       | 1.30%          | 43,567,603          | 21,923                  |
| Income tax              | 1.03%          | 32,936,002          | 16,116                  | 0.99%          | 33,044,843          | 16,628                  |
| VAT                     | 0.03%          | 838,656             | 410                     | 0.11%          | 3,563,231           | 1,793                   |
| Customs duties          | 0.11%          | 3,573,099           | 1,748                   | 0.07%          | 2,442,393           | 1,229                   |
| Other                   | 0.02%          | 660,983             | 323                     | 0.04%          | 1,605,739           | 808                     |
| <b>Total</b>            | <b>5.16%</b>   | <b>164,489,376</b>  | <b>80,486</b>           | <b>8.66%</b>   | <b>289,906,397</b>  | <b>145,879</b>          |

Source: The information was provided by the RA SRC for the EITI report

For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2020, the average annual exchange rate for 1 USD was 489.307 AMD and 503.195 AMD for 1 USD in 2021.

Figure 4.1.3 Taxes and payments declared by metal mining companies to the State budget in 2020 and 2021, mln AMD

| Subsoil user                                  | 2020                                   |  | 2021                                   |  |
|---|--|--|--|--|
|   | Total declared taxes and payments, USD | Total declared taxes and payments, mln AMD | Total declared taxes and payments, USD | Total declared taxes and payments, mln AMD |
| “Zangezur Copper and Molybdenum Combine” CJSC | 85,326,278                             | 41,751                                     | 199,539,924                            | 100,407                                    |

<sup>213</sup> Ibid

<sup>214</sup> [https://minfin.am/hy/page/petakan\\_byujei\\_hashvetvutyun/](https://minfin.am/hy/page/petakan_byujei_hashvetvutyun/)

| Subsoil user                                    | 2020                                   |  | 2021                                   |  |
|---|--|--|--|--|
|   | Total declared taxes and payments, USD | Total declared taxes and payments, mln AMD | Total declared taxes and payments, USD | Total declared taxes and payments, mln AMD |
| “Teghout” CJSC                                  | 15,681,153                             | 7,673                                      | 28,870,456                             | 14,527                                     |
| “Agarak Copper Molybdenum Combine” CJSC         | 4,839,006                              | 2,368                                      | 20,540,828                             | 10,336                                     |
| “Geopromining Gold“ LLC                         | 42,064,855                             | 20,583                                     | 15,319,529                             | 7,709                                      |
| “Chaarat Kapan” CJSC                            | 11,106,081                             | 5,434                                      | 11,357,220                             | 5,715                                      |
| “Lichkvaz” CJSC                                 | 104,016                                | 213  | 7,523,548                              | 3,786                                      |
| “Akhtala Mining and Processing Enterprise” CJSC | 1,887,624                              | 924  | 4,255,109                              | 2,141                                      |
| “Meghradzor Gold” LLC                           | 1,307,340                              | 640  | 752,111                                | 378  |
| “Ler-Ex” LLC                                    | 788,060                                | 386  | 735,359                                | 370  |
| Other   | 1,384,962                              | 516  | 1,012,312                              | 509  |
| <b>Total declared taxes and payments</b>        | <b>164,489,376</b>                     | <b>80,486</b>                              | <b>289,906,397</b>                     | <b>145,879</b>                             |

Source: The information was provided by RA SRC for the EITI report

Figure 4.2.1 Taxes and payments declared by the metal mining companies to the community budgets in 2020 and 2021

|   | 2020        |                | 2021        |                |
|---|-------------|----------------|-------------|----------------|
|   | Share       | Value          | Share       | Value          |
| Taxes and payments declared by metal mining companies to the community budget | 99.26%      | 152,902        | 99.29%      | 171,240        |
| Other incomes of community budgets  | 0.74%       | 1,126          | 0.71%       | 1,226          |
| <b>Total</b>  | <b>100%</b> | <b>154,028</b> | <b>100%</b> | <b>172,466</b> |

Source: The information was provided by RA MTAI for the EITI report

Figure 4.2.2 The revenues of communities in 2020 and 2021 from taxes and payments declared by metal mining companies by the structure of streams, mln AMD

| Tax and payment type                     | 2020                                   |  | 2021                                   |  |
|--|--|--|--|--|
|  | Total declared taxes and payments, USD | Total declared taxes and payments, mln AMD | Total declared taxes and payments, USD | Total declared taxes and payments, mln AMD |
| Rent Payments                            | 2,095,446                              | 1,025                                      | 2,281,544                              | 1,116                                      |
| Real estate tax                          | 71,663                                 | 35   | 148,111                                | 72   |
| Vehicle tax                              | 134,049                                | 66   | 75,386                                 | 37   |
| <b>Total declared taxes and payments</b> | <b>2,301,158</b>                       | <b>1,126</b>                               | <b>2,505,041</b>                       | <b>1,226</b>                               |

Source: The information was provided by the RA MTAI for the EITI report

For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2020, the average annual exchange rate for 1 USD was 489.307 AMD and 503.195 AMD for 1 USD in 2021.

Figure 4.2.3.1 The revenues of community budgets from the taxes and payments declared by metal mining companies in 2020 classified according to leading communities, mln AMD

| Community name | Total declared taxes and payments, USD | Total declared taxes and payments, AMD |
|----------------|--|--|
| Kapan          | 494,010                                | 242                                    |
| Jermuk         | 452,740                                | 222                                    |
| Zaritap        | 285,582                                | 140                                    |
| Kajaran        | 282,045                                | 138                                    |
| Gorayk         | 269,820                                | 132                                    |
| Geghamasar     | 139,227                                | 68                                     |
| Meghri         | 118,939                                | 58                                     |

|              |                  |              |
|--------------|------------------|--------------|
| Shnogh       | 93,329           | 46           |
| Meghradzor   | 52,758           | 26           |
| Muliqgyux    | 28,870           | 14           |
| Other        | 83,839           | 41           |
| <b>Total</b> | <b>2,301,158</b> | <b>1,126</b> |

*Source: The information was provided by the RA MTAI for the EITI report*

For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2020, the average annual exchange rate for 1 USD was 489.307 AMD and 503.195 AMD for 1 USD in 2021.

**Figure 4.2.3.2 The revenues of community budgets from the taxes and payments declared by metal mining companies in 2021 classified according to leading communities, mln AMD**

| Community name | Total declared taxes and payments, USD | Total declared taxes and payments, AMD |
|----------------|--|--|
| Kapan          | 761,269                                | 383                                    |
| Jermuk         | 358,448                                | 180                                    |
| Kajaran        | 251,371                                | 126                                    |
| Vayk           | 234,977                                | 118                                    |
| Gorayk         | 222,015                                | 112                                    |
| Meghri         | 135,365                                | 68                                     |
| Vardenis       | 135,291                                | 68                                     |
| Ararat         | 123,740                                | 62                                     |
| Shnogh         | 95,316                                 | 48                                     |
| Tsakhkadzor    | 50,669                                 | 25                                     |
| Other          | 67,442                                 | 34                                     |
| <b>Total</b>   | <b>2,435,903</b>                       | <b>1,226</b>                           |

*Source: The information was provided by the RA MTAI for the EITI report*

For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2020, the average annual exchange rate for 1 USD was 489.307 AMD and 503.195 AMD for 1 USD in 2021.

**Figure 4.2.4.1 Total payments declared by metal mining companies to community budgets in 2020, mln AMD**

| Metal mining company                      | Total declared taxes and payments, USD | Total declared taxes and payments, AMD |
|---|--|--|
| “Lydian Armenia” CJSC                     | 1,011,482                              | 495                                    |
| “Zangezur Copper-Molybdenum Combine“ CJSC | 531,117                                | 260                                    |
| “Chaarat Kapan” CJSC                      | 243,185                                | 119                                    |
| “Geopromining Gold“ LLC                   | 152,471                                | 75                                     |
| “Teghout” CJSC                            | 93,329                                 | 46                                     |
| “Meghradzor Gold” LLC                     | 52,417                                 | 26                                     |
| “Mego Gold” LLC                           | 29,120                                 | 14                                     |
| “Multi Group Concern” LLC                 | 27,531                                 | 13                                     |
| Other                                     | 160,507                                | 79                                     |
| <b>Total</b>                              | <b>2,301,158</b>                       | <b>1,126</b>                           |

*Source: The information was provided by the RA MTAI for the EITI report*

For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2020, the average annual exchange rate for 1 USD was 489.307 AMD and 503.195 AMD for 1 USD in 2021.

**Figure 4.2.4.2 Total payments declared by metal mining companies to community budgets in 2021, mln AMD**

| Metal mining company | Total declared taxes and payments, USD | Total declared taxes and payments, AMD |
|----------------------|--|--|
|----------------------|--|--|

|   |                  |              |
|---|------------------|--------------|
| “Lydian Armenia” CJSC                           | 817,903          | 412          |
| “Zangezur Copper-Molybdenum Combine” CJSC       | 776,130          | 391          |
| “Geopromining Gold” LLC                         | 265,774          | 134          |
| “Chaarat Kapan” CJSC                            | 233,421          | 117          |
| “Agarak Copper Molybdenum Combine” CJSC         | 68,874           | 35           |
| “Tatstone” LLC                                  | 54,822           | 28           |
| “Meghradzor Gold” LLC                           | 50,669           | 25           |
| “Akhtala Mining and Processing Enterprise” CJSC | 22,577           | 11           |
| Other   | 145,733          | 73           |
| <b>Total</b>                                    | <b>2,435,903</b> | <b>1,226</b> |

Source: The information was provided by the RA MTAI for the EITI report

For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2020, the average annual exchange rate for 1 USD was 489.307 AMD and 503.195 AMD for 1 USD in 2021.

## Chapter 5. The Socio-Economic and environmental impact of the mining industry

**Figure 5.1.1 Gross value added of the mining and quarrying sector and its share in GDP**

|  | 2014     | 2015     | 2016     | 2017     | 2018     | 2019     | 2020     | 2021     |
|--|----------|----------|----------|----------|----------|----------|----------|----------|
| GDP of Armenia, bln 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 |
| Share of Mining and Quarrying Sector in total GDP, % | 2.12%    | 2.08%    | 2.57%    | 3.33%    | 2.82%    | 3.25%    | 3.78%    | 5.54%    |

Source: RA SC, national accounts statistics<sup>215</sup>

**Figure 5.1.2 Yearly dynamic of the mining and quarrying gross value added compared to the GDP dynamic of Armenia**

|   | 2017   | 2018   | 2019   | 2020   | 2021   |
|---|--------|--------|--------|--------|--------|
| Yearly dynamic of the mining and quarrying gross value added compared to the GDP dynamic of Armenia | 185.51 | 169.79 | 212.87 | 239.21 | 386.76 |
| Yearly dynamic of total GDP of Armenia, %   | 9.81%  | 8.13%  | 8.75%  | -5.52% | 12.96% |
| Yearly dynamic of mining and quarrying gross value added, %   | 41.79% | -8.47% | 25.37% | 12.37% | 61.68% |

Source: RA SC, national accounts statistics<sup>216</sup>

**Figure 5.1.3 Share of the mining and quarrying sector in total GDP, compared to other sectors of Armenian economy**

| Sectors   | 2020   | % of total GDP in 2020 | 2021   | % of total GDP in 2021 | Change from 2020, % |
|---|--------|------------------------|--------|------------------------|---------------------|
| Manufacturing   | 763.15 | 12.34%                 | 796.35 | 11.40%                 | 4.35%               |
| Agriculture, hunting, forestry and fishing                        | 701.63 | 11.35%                 | 791.69 | 11.34%                 | 12.84%              |
| Wholesale and retail trade; repair of motor vehicles, motorcycles | 669.96 | 10.84%                 | 785.20 | 11.24%                 | 17.20%              |
| Real estate activities  | 429.05 | 6.94%                  | 517.63 | 7.41%                  | 20.65%              |

<sup>215</sup> 2013-2014-2015 17-1-SNS.indd (armstat.am)

2016-2017 armenia\_2018\_6.pdf (armstat.am)

2017-2018-2019-2020 99526988.pdf (armstat.am)

2021 GDP\_21.02.2022\_a (armstat.am)

2162017-2022: 99526988.pdf (armstat.am)

2021: GDP\_21.02.2022\_a (armstat.am)

2020-2021: [https://armstat.am/file/article/sv\\_03\\_22a\\_112.pdf](https://armstat.am/file/article/sv_03_22a_112.pdf)

| Sectors   | 2020   | % of total GDP in 2020 | 2021   | % of total GDP in 2021 | Change from 2020, % |
|---|--------|------------------------|--------|------------------------|---------------------|
| Human health and social work activities                             | 333.84 | 5.40%                  | 470.48 | 6.74%                  | 40.93%              |
| Construction  | 427.07 | 6.91%                  | 454.82 | 6.51%                  | 6.50%               |
| Financial and insurance activities                                  | 430.48 | 6.96%                  | 416.00 | 5.96%                  | -3.36%              |
| Mining and quarrying  | 239.21 | 3.87%                  | 386.76 | 5.54%                  | 61.68%              |
| Public administration and defense; compulsory social security       | 346.83 | 5.61%                  | 345.42 | 4.95%                  | -0.41%              |
| Information and communication                                       | 235.25 | 3.81%                  | 266.54 | 3.82%                  | 13.30%              |
| Arts, entertainment and communication                               | 304.97 | 4.93%                  | 213.67 | 3.06%                  | -29.94%             |
| Electricity, gas, steam, and air conditioning supply                | 202.36 | 3.27%                  | 194.69 | 2.79%                  | -3.79%              |
| Transportations and warehouse supply                                | 147.72 | 2.39%                  | 193.83 | 2.78%                  | 31.21%              |
| Education   | 173.96 | 2.81%                  | 188.33 | 2.70%                  | 8.26%               |
| Accommodation and food service activities                           | 69.33  | 1.12%                  | 120.88 | 1.73%                  | 74.34%              |
| Professional, scientific, and technical activities                  | 66.22  | 1.07%                  | 76.28  | 1.09%                  | 15.20%              |
| Administrative and support service activities                       | 37.76  | 0.61%                  | 45.72  | 0.65%                  | 21.09%              |
| Other service activities  | 43.20  | 0.70%                  | 43.96  | 0.63%                  | 1.76%               |
| Water supply, sewerage, waste management and remediation activities | 26.03  | 0.42%                  | 27.74  | 0.40%                  | 6.60%               |
| Activities of private households                                    | 2.74   | 0.04%                  | 2.74   | 0.04%                  | -0.01%              |

Source: RA SC, national accounts statistics<sup>217</sup>

**Figure 5.1.4 Share of the mining and quarrying sector and in total GDP, compared to TOP-5 largest sectors in the Armenian economy**

| Sectors   | 2017     | 2018     | 2019     | 2020    | 2021    |
|---|----------|----------|----------|---------|---------|
| Manufacturing   | 591.57   | 678.24   | 766.32   | 763.2   | 796.3   |
| Agriculture, hunting, forestry and fishing                        | 834.35   | 838.91   | 754.16   | 701.6   | 791.7   |
| Wholesale and retail trade; repair of motor vehicles, motorcycles | 614.99   | 692.65   | 762.89   | 670.0   | 785.2   |
| Real estate activities  | 436.49   | 459.86   | 511.66   | 429.1   | 517.6   |
| Human health and social work activities                           | 103.80   | 107.11   | 128.87   | 333.8   | 470.5   |
| Mining and quarrying  | 185.51   | 169.79   | 212.87   | 239.2   | 386.8   |
| GDP   | 5,564.49 | 6,017.04 | 6,543.32 | 6,181.9 | 6,983.0 |

Source: RA SC, national accounts statistics<sup>218</sup>

**Figure 5.2.1 Yearly dynamic of employment in the mining and quarrying sector in 2017-2021**

|  | 2017  | 2018  | 2019    | 2020   | 2021  |
|--|-------|-------|---------|--------|-------|
| Yearly dynamic of employment in mining and quarrying, %    | 0.00% | 0.00% | +18.18% | +1.10% | 0.00% |
| Employment in mining and quarrying sector, thousand people | 7.70  | 7.70  | 9.10    | 9.20   | 9.20  |

Source: Relevant yearbooks published by RA SC<sup>219</sup>

**Figure 5.2.2 Yearly dynamic of employment in the mining and quarrying sector compared to total employment and employment in the industry sector in 2017-2021**

<sup>217</sup>[https://armstat.am/file/article/sv\\_03\\_22a\\_112.pdf](https://armstat.am/file/article/sv_03_22a_112.pdf)

<sup>218</sup> Ibid

<sup>219</sup> 2017-2022: <https://www.armstat.am/file/doc/99533583.pdf>

|   | 2017    | 2018   | 2019    | 2020    | 2021    |
|---|---------|--------|---------|---------|---------|
| Share of mining and quarrying sector employment in total, %           | 0.76%   | 0.85%  | 0.84%   | 0.87%   | 0.85%   |
| Share of metal mining in employment of mining and quarrying sector, % | 88.51%  | 86.52% | 83.49%  | 81.42%  | 80.70%  |
| Total employment, thousand people                                     | 1,011.7 | 907.5  | 1,077.4 | 1,052.4 | 1,088.3 |

Source: Relevant yearbooks published by RA SC <sup>220</sup>

**Figure 5.2.3 Share of mining and quarrying sector in total employment in 2020 and 2021, compared to TOP-10 sectors in Armenian economy by number of employed**

| Sector  | Employment in selected sectors in 2020, thousand people | Employment in selected sectors in 2021, thousand people | Sector's share in total employment |         |
|---|---|---|------------------------------------|---------|
|   |   |   | 2020, %                            | 2021, % |
| Agriculture, forestry and fishing                                 | 230   | 237   | 21.82%                             | 21.81%  |
| Wholesale and retail trade; repair of motor vehicles, motorcycles | 126   | 129   | 11.94%                             | 11.87%  |
| Education   | 115   | 118   | 10.97%                             | 10.85%  |
| Manufacturing   | 106   | 107   | 10.05%                             | 9.81%   |
| Construction  | 75  | 96  | 7.14%                              | 8.82%   |
| Public administration and defense; mandatory social security      | 90  | 91  | 8.58%                              | 8.32%   |
| Human health and social work activities                           | 59  | 61  | 5.62%                              | 5.62%   |
| Transportations and warehouse economy                             | 48  | 45  | 4.57%                              | 4.13%   |
| Information and communication                                     | 27  | 30  | 2.55%                              | 2.78%   |
| Accommodation and food service activities                         | 29  | 28  | 2.71%                              | 2.61%   |
| Mining and quarrying  | 12  | 11  | 1.13%                              | 0.96%   |

Source: Relevant yearbooks published by RA SC <sup>221</sup>

**Figure 5.2.4 Gender structure of employment in mining and quarrying sector, in thousands**

|              | 2016       | 2017       | 2018       | 2019       | 2020        | 2021        |
|--------------|------------|------------|------------|------------|-------------|-------------|
| Male         | 8          | 8.4        | 8.6        | 7.8        | 10.5        | 9.7         |
| Female       | 0.8        | 0.8        | 0.6        | 0.9        | 1.4         | 0.8         |
| <b>Total</b> | <b>8.8</b> | <b>9.2</b> | <b>9.2</b> | <b>8.7</b> | <b>11.9</b> | <b>10.5</b> |

Source: Relevant yearbooks published by RA SC <sup>222</sup>

**Figure 5.2.5 Structure of employment in mining and quarrying sector by place of residence, in thousands**

|              | 2016       | 2017       | 2018       | 2019       | 2020        | 2021        |
|--------------|------------|------------|------------|------------|-------------|-------------|
| Urban        | 7.7        | 7.3        | 6          | 6.4        | 7.3         | 6.4         |
| Rural        | 1.1        | 1.9        | 3.1        | 2.3        | 4.6         | 4.1         |
| <b>Total</b> | <b>8.8</b> | <b>9.2</b> | <b>9.2</b> | <b>8.7</b> | <b>11.9</b> | <b>10.5</b> |

Source: Relevant yearbooks published by RA SC <sup>223</sup>

**Figure 5.2.6 Distribution of employees in metal mining sector by gender, citizenship, and employment contract type in 2020 and 2021**

|  | 2020 | 2021 |
|--|------|------|
|--|------|------|

<sup>220</sup> Ibid

<sup>221</sup> 2018-2020: 99528083.pdf (armstat.am)

<sup>222</sup> 2012-2013: Microsoft Word - 10. employment+93- (armstat.am)

2014-2015: [https://www.armstat.am/file/article/9.trud\\_2016\\_4.1.pdf](https://www.armstat.am/file/article/9.trud_2016_4.1.pdf)

2016-2017: [https://www.armstat.am/file/article/trud\\_18\\_4.1.pdf](https://www.armstat.am/file/article/trud_18_4.1.pdf)

2018-2020: 99528083.pdf (armstat.am)

<sup>223</sup> Ibid

|                  |               |               |
|------------------|---------------|---------------|
| Permanent        | 10,255        | 10,072        |
| Temporary        | 335           | 291           |
| RA Resident      | 10,368        | 10,151        |
| Foreign resident | 222           | 212           |
| Male             | 8,904         | 8,738         |
| Female           | 1,686         | 1,625         |
| <b>Total</b>     | <b>10,590</b> | <b>10,363</b> |

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

**Figure 5.2.7 Jobs at metal mining industry in 2020 and 2021**

|   | 2020          | 2021          |
|---|---------------|---------------|
| “Zangezur Copper-Molybdenum Combine“ CJSC       | 4,496         | 4,374         |
| “Geopromining Gold“ LLC                         | 1,898         | 1,765         |
| “Aarak Copper Molybdenum Combine“ CJSC          | 1,075         | 1,119         |
| “Teghout“ CJSC                                  | 1,038         | 1,035         |
| “Chaarat Kapan“ CJSC                            | 1,051         | 1,029         |
| “Akhtala Mining And Processing Enterprise“ CJSC | 477           | 491           |
| “Meghradzor Gold“ LLC                           | 218           | 220           |
| “Ler-Ex“ LLC                                    | 81            | 90            |
| “Lichkvaz“ CJSC                                 | 39            | 66            |
| Sagamar“ CJSC                                   | 41            | 48            |
| Other   | 176           | 126           |
| <b>Total</b>                                    | <b>10,590</b> | <b>10,363</b> |

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

**Figure 5.2.8 Distribution of employed population in all sectors in the capital and regions in 2020 and 2021**

|             | 2020  | 2021  |
|-------------|-------|-------|
| c. Yerevan  | 307.6 | 299.1 |
| Armavir     | 124.9 | 130.9 |
| Ararat      | 105.5 | 109.1 |
| Kotayk      | 102.7 | 103.7 |
| Lori        | 90.9  | 96    |
| Shirak      | 81.4  | 90.1  |
| Gegharkunik | 71.7  | 77.6  |
| Syunik      | 58.4  | 62.2  |
| Aragatsotn  | 49.6  | 56    |
| Tavush      | 43.3  | 44.5  |
| Vayots Dzor | 16.5  | 19.2  |

*Source: RA SC 2021 publication “The regions of the Republic of Armenia and the city of Yerevan by numbers”<sup>224</sup>*

**Figure 5.2.9 Regional distribution of employed population in metal mining sector in 2020 and 2021**

|              | 2020          | 2021          |
|--------------|---------------|---------------|
| Syunik       | 6,796         | 6,734         |
| Gegharkunik  | 1,898         | 1,765         |
| Lori         | 1,162         | 1,122         |
| c. Yerevan   | 477           | 491           |
| Kotayk       | 221           | 221           |
| Vayots Dzor  | 36            | 30            |
| <b>Total</b> | <b>10,590</b> | <b>10,363</b> |

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

**Figure 5.3.1 Actual mandatory payments by mining companies set out in mining contracts and agreements signed with LSGBs, per communities, thousand AMD**

|  | 2020 | 2021 |
|--|------|------|
|--|------|------|

<sup>224</sup> 2019-2020 marzer\_2021\_17 (armstat.am)

|              |                   |                   |
|--------------|-------------------|-------------------|
| Shnogh       | 140,000.00        | 140,000.00        |
| Akhtala      | 60,000.00         | 80,000.00         |
| Vardenis     | 0.00              | 50,000.00         |
| Kapan        | 142,897.00        | 47,663.33         |
| Meghri       | 45,780.00         | 44,774.00         |
| Other        | 6,345.00          | 14,083.97         |
| <b>Total</b> | <b>395,022.00</b> | <b>376,521.31</b> |

*Source: The information was provided by the Companies for the EITI report*

**Figure 5.3.2 Revenues of community budgets from donations, gifts and other contributions by mining companies in 2020 and 2021, by leading communities, mln AMD**

|              | 2020            | 2021            |
|--------------|-----------------|-----------------|
| Kajaran      | 2,016.22        | 1,270.48        |
| Kapan        | 1,557.65        | 597.77          |
| Other        | 88.07           | 211.71          |
| <b>Total</b> | <b>3,661.94</b> | <b>2,079.96</b> |

*Source: The information was provided by the Companies for the EITI report*



## Annex 3. Obligations aimed at socio-economic development of communities defined by mining agreements of metal mining companies

Payments actually made by metal mining company in 2020, defined by mining agreements and agreements signed with LSGBs, aimed at the socio-economic development of communities (provided by companies)

| Company name                            | Mining agreement number, date | Type of commitment (investment) (financial/non-financial) | The name of the actual commitment (investment) according to the mining agreement                     | Investment amount, AMD (for financial investments) | A description of the product or service (for non-financial investments) (program) | The value assessment, AMD (for non-financial investment) | Name of the Community | Name of the Community (before enlargement) |
|---|-------------------------------|---|--|--|---|--|-----------------------|--|
| "At-Metals" LLC                         | P-514, January 16, 2015       | financial   | Community socio-economic development program   | 7,360,000  | x   | x  | Meghri                | Meghri                                     |
| "Agarak Copper Molybdenum Combine" CJSC | PV-311 April 5, 2013          | financial   | Fulfillment of commitments undertaken in the field of socio-economic development of Meghri community | 36,000,000   | x   | x  | Meghri                | Meghri                                     |
| "Agarak Copper Molybdenum Combine" CJSC | PV-311 April 5, 2013          | financial   | Fulfillment of commitments undertaken in the field of socio-economic development of Meghri community | 1,200,000  | x   | x  | Meghri                | Meghri                                     |
| "Agarak Copper Molybdenum Combine" CJSC | PV-311 April 5, 2013          | financial   | Fulfillment of commitments undertaken in the field of socio-economic development of Meghri community | 720,000  | x   | x  | Meghri                | Meghri                                     |
| "Gharagulyanner" CJSC                   | P-547, October 25, 2016       | financial   | Participation in community socio-economic development program  | 500,000  | x   | x  | Meghri                | Meghri                                     |
| "Sagamar" CJSC                          | PV-093, October 20, 2012      | financial   | Socio-economic payment   | 6,345,000  | x   | x  | Stepanavan            | Stepanavan community                       |

| Company name   | Mining agreement number, date | Type of commitment (investment) (financial/non-financial) | The name of the actual commitment (investment) according to the mining agreement  | Investment amount, AMD (for financial investments) | A description of the product or service (for non-financial investments) (program) | The value assessment, AMD (for non-financial investment) | Name of the Community | Name of the Community (before enlargement) |
|--|-------------------------------|---|---|--|---|--|-----------------------|--|
| “Akhtala Mining And Processing Enterprise” CJSC <sup>225</sup> | PV-103, October 20, 2012      | financial   | Agreement 12.04.2018.   | 60,000,000   | x   | x  | Akhtala               | Akhtala c.                                 |
| “Chaarat Kapan” CJSC   | PV-183, November 27, 2012     | financial   | A framework agreement on socio-economic cooperation concluded with the community  | 142,897,000  | x   | x  | Kapan                 | Kapan                                      |
| “Teghout” CJSC   | PV-376, February 20, 2013     | financial   | Financial support for the implementation of community sub-projects of Shnogh community, Agreement 180814 dated 14.08.18 | 140,000,000  | x   | x  | Shnogh                | Shnogh                                     |

<sup>225</sup> For years 2020 and 2021, “Akhtala Mining And Processing Enterprise” CJSC, “Teghout” CJSC and “Chaarat Kapan” CJSC have made payments according to separate agreements concluded between companies and communities. Appendix 3 is missing in the mining agreements of these companies.

**Payments actually made by metal mining company in 2021, defined by mining agreements and agreements signed with LSGBs, aimed at the socio-economic development of communities**

| Company name                                    | Mining agreement number, date | Type of commitment (investment) (financial/non-financial) | The name of the actual commitment (investment) according to the mining agreement  | Investment amount, AMD (for financial investments) | A description of the product or service (for non-financial investments) (program) | The value assessment, AMD (for non-financial investment) | Name of the Community | Name of the Community (before enlargement) |
|---|-------------------------------|---|---|--|---|--|-----------------------|--|
| "Geopromining Gold" LLC                         | PV-189, October 20, 2012      | financial   | For subsidy programs  | 50,000,000   | x   | x  | Vardenis              | Geghamasar                                 |
| "Sagamar" CJSC                                  | PV-093, October 20, 2012      | financial   | For socio-economic development  | 12,345,000   | x   | x  | Stepanavan            | Stepanavan                                 |
| "Agarak Copper Molybdenum Combine" CJSC         | PV-311 April 5, 2013          | financial   | Fulfillment of commitments undertaken in the field of socio-economic development of Meghri community                    | 36,000,000   | x   | x  | Meghri                | Meghri community                           |
| "Agarak Copper Molybdenum Combine" CJSC         | PV-311 April 5, 2013          | financial   | Fulfillment of commitments undertaken in the field of socio-economic development of Meghri community                    | 1,200,000  | x   | x  | Meghri                | Meghri community                           |
| "Agarak Copper Molybdenum Combine" CJSC         | PV-311 April 5, 2013          | financial   | Fulfillment of commitments undertaken in the field of socio-economic development of Meghri community                    | 720,000  | x   | x  | Meghri                | Meghri community                           |
| "Gharagulyanner" CJSC                           | P-547, October 25, 2016       | financial   | Participation in community development socio-economic programs  | 500,000  | x   | x  | Meghri                | Meghri community                           |
| "Assat" LLC                                     | PV-366, June 6, 2013          | non-financial   | Construction of a cemetery fence  | x  | service   | 1,738,973  | Lori                  | Qaraberd                                   |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | Agreement 12.04.2018  | 80,000,000   | x   | x  | Akhtala               | Akhtala c.                                 |
| "Teghout" CJSC                                  | PV-376, February 20, 2013     | financial   | Financial support for the implementation of community sub-projects of Shnogh community, agreement 180814 dated 14.08.18 | 140,000,000  | x   | x  | Shnogh                | Shnogh                                     |

| Company name         | Mining agreement number, date | Type of commitment (investment) (financial/non-financial) | The name of the actual commitment (investment) according to the mining agreement           | Investment amount, AMD (for financial investments) | A description of the product or service (for non-financial investments) (program) | The value assessment, AMD (for non-financial investment) | Name of the Community | Name of the Community (before enlargement) |
|----------------------|-------------------------------|---|--|--|---|--|-----------------------|--|
| "Chaarat Kapan" CJSC | PV-183, November 27, 2012     | financial   | Framework agreement CHK (11-1-015) on socio-economic cooperation signed with the community | 20,000,000   | x   | x  | Kapan                 | Kapan community                            |
| "Chaarat Kapan" CJSC | PV-183, November 27, 2012     | financial   | Framework agreement CHK (11-1-015) on socio-economic cooperation signed with the community | 27,663,334   | x   | x  | Kapan                 | Kapan community                            |
| "At-Metals" LLC      | P-514, January 16, 2015       | financial   |  | 635,4000   |   |  | Meghri                | Meghri                                     |

**Payments actually made by metal mining company in 2020, defined by mining agreements and agreements signed with LSGBs, aimed at the socio-economic development of communities (according to MTAI report)**

| Company name                                    | Mining agreement number, date | Type of commitment (investment) (financial/non-financial) | Investment amount, AMD (for financial investments) | A description of the product or service (for non-financial investments) (program) | Name of the Community | Name of the Community (before enlargement) |
|---|-------------------------------|---|--|---|-----------------------|--|
| "Agarak Copper Molybdenum Combine" CJSC         | PV-311 April 5, 2013          | financial   | 17,000,000   |   | Meghri community      | Meghri community                           |
| "Agarak Copper Molybdenum Combine" CJSC         | PV-311 April 5, 2013          | financial   | 8,000,000  |   | Meghri community      | Meghri community                           |
| "Agarak Copper Molybdenum Combine" CJSC         | PV-311 April 5, 2013          | financial   | 9,762,000  |   | Meghri community      | Meghri community                           |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Meghradzor            | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Meghradzor            | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 900,000  |   | Meghradzor            | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Meghradzor            | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Meghradzor            | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Meghradzor            | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Meghradzor            | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Meghradzor            | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 900,000  |   | Meghradzor            | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Meghradzor            | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Meghradzor            | Meghradzor                                 |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 4,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 6,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Chaarat Kapan" CJSC                            | PV-183, November 27, 2012     | financial   | 10,000,000   |   | Kapan                 | Kapan                                      |
| "Chaarat Kapan" CJSC                            | PV-183, November 27, 2012     | financial   | 10,000,000   |   | Kapan                 | Kapan                                      |
| "Chaarat Kapan" CJSC                            | PV-183, November 27, 2012     | financial   | 10,000,000   |   | Kapan                 | Kapan                                      |
| "Chaarat Kapan" CJSC                            | PV-183, November 27, 2012     | financial   | 30,000,000   |   | Kapan                 | Kapan                                      |
| "Chaarat Kapan" CJSC                            | PV-183, November 27, 2012     | financial   | 30,000,000   |   | Kapan                 | Kapan                                      |
| "Chaarat Kapan" CJSC                            | PV-183, November 27, 2012     | financial   | 35,000,000   |   | Kapan                 | Kapan                                      |
| "Multi Group Concern" LLC                       | PV-213, October 20, 2012      | financial   | 2,000,000  |   | Odzun                 | Mghart                                     |
| "Zangezur Copper-Molybdenum Combine" CJSC       | PV-232, November 27, 2012     | financial   | 2,500,000  |   | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC       | PV-232, November 27, 2012     | financial   | 2,500,000  |   | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC       | PV-232, November 27, 2012     | financial   | 2,500,000  |   | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC       | PV-232, November 27, 2012     | financial   | 2,500,000  |   | Kapan                 | Kapan                                      |

| Company name                              | Mining agreement number, date | Type of commitment (investment/non-financial) | Investment amount, AMD (for financial investments) | A description of the product or service (for non-financial investments) (program) | Name of the Community | Name of the Community (before enlargement) |
|---|-------------------------------|---|--|---|-----------------------|--|
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 2,500,000  |   | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 2,500,000  |   | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 2,500,000  |   | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 70,000,000   |   | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 2,500,000  |   | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 70,000,000   |   | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 2,500,000  |   | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 60,000,000   |   | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 2,500,000  |   | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 2,500,000  |   | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 2,500,000  |   | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 12,000,000   |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 12,000,000   |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 12,000,000   |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 9,000,000  |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 12,000,000   |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 80,000,000   |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 12,000,000   |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 9,000,000  |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 80,000,000   |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 12,000,000   |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 9,000,000  |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 80,000,000   |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 12,000,000   |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 9,000,000  |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 80,000,000   |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 12,000,000   |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 9,000,000  |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 80,000,000   |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 12,000,000   |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 9,000,000  |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | PV-232, November 27, 2012     | financial                                     | 100,000,000  |   | Kajaran               | Kajaran                                    |
| "Teghout" CJSC                            | PV-376, February 20, 2013     | financial                                     | 35,000,000   |   | Shnogh                | Shnogh                                     |
| "Teghout" CJSC                            | PV-376, February 20, 2013     | financial                                     | 40,000,000   |   | Shnogh                | Teghout                                    |
| "Teghout" CJSC                            | PV-376, February 20, 2013     | financial                                     | 3,000,000  |   | Shnogh                | Teghout                                    |
| "Teghout" CJSC                            | PV-376, February 20, 2013     | financial                                     | 65,000,000   |   | Shnogh                | Teghout                                    |
| "Teghout" CJSC                            | PV-376, February 20, 2013     | financial                                     | 3,000,000  |   | Shnogh                | Teghout                                    |
| "Gharagulyanner" CJSC                     | P-547, October 25, 2016       | financial                                     | 500,000  |   | Meghri                | Meghri                                     |
| "Gharagulyanner" CJSC                     | P-547, October 25, 2016       | financial                                     | 500,000  |   | Meghri                | Meghri                                     |
| "Gharagulyanner" CJSC                     | P-547, October 25, 2016       | financial                                     | 250,000  |   | Meghri                | Meghri                                     |
| "At-Metals" LLC                           | P-514, January 16, 2015       | financial                                     | 7,360,000  |   | Meghri                | Meghri                                     |
| "At-Metals" LLC                           | P-514, January 16, 2015       | financial                                     | 6,354,000  |   | Meghri                | Meghri                                     |

**Payments actually made by metal mining company in 2021, defined by mining agreements and agreements signed with LSGBs, aimed at the socio-economic development of communities (according to MTAI report)**

| Company name                                    | Mining agreement number, date | Type of commitment (investment) (financial/non-financial) | Investment amount, AMD (for financial investments) | A description of the product or service (for non-financial investments) (program) | Name of the Community | Name of the Community (before enlargement) |
|---|-------------------------------|---|--|---|-----------------------|--|
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Tsakhkadzor           | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Tsakhkadzor           | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Tsakhkadzor           | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Tsakhkadzor           | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Tsakhkadzor           | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Tsakhkadzor           | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Tsakhkadzor           | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Tsakhkadzor           | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Tsakhkadzor           | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Tsakhkadzor           | Meghradzor                                 |
| "Meghradzor Gold" LLC                           | PV-057, August 22, 2012       | financial   | 450,000  |   | Tsakhkadzor           | Meghradzor                                 |
| "Sagamar" CJSC                                  | PV-093, October 20, 2012      | financial   | 6,345,000  |   | Stepanavan            | Stepanavan                                 |
| "Sagamar" CJSC                                  | PV-093, October 20, 2012      | financial   | 3,000,000  |   | Stepanavan            | Stepanavan                                 |
| "Sagamar" CJSC                                  | PV-093, October 20, 2012      | financial   | 3,000,000  |   | Stepanavan            | Stepanavan                                 |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 20,000,000   |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Akhtala Mining And Processing Enterprise" CJSC | PV-103, October 20, 2012      | financial   | 5,000,000  |   | Akhtala               | Akhtala                                    |
| "Chaarat Kapan" CJSC                            | PV-183, November 27, 2012     | financial   | 20,000,000   |   | Kapan                 | Kapan                                      |
| "Mego Gold" LLC                                 | PV-184, December 28, 2012     | financial   | 2,118,000  |   | Aparan                | Meliqgyugh                                 |
| "Mego Gold" LLC                                 | PV-184, December 28, 2012     | financial   | 6,000,000  |   | Aparan                | Meliqgyugh                                 |
| "Mego Gold" LLC                                 | PV-184, December 28, 2012     | financial   | 38,749,983   |   | Aparan                | Meliqgyugh                                 |
| "Geopromining Gold" LLC                         | PV-189, October 20, 2012      | financial   | 50,000,000   |   | Vardenis              | Geghamasar                                 |
| "Multi Group Concern" LLC                       | PV-213, October 20, 2012      | financial   | 5,000,000  |   | Odzun                 | Mghart                                     |
| "Zangezur Copper-Molybdenum Combine" CJSC       | PV-232, November 27, 2012     | financial   | 9,000,000  |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC       | PV-232, November 27, 2012     | financial   | 9,000,000  |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC       | PV-232, November 27, 2012     | financial   | 9,000,000  |   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC       | PV-232, November 27, 2012     | financial   | 9,000,000  |   | Kajaran               | Kajaran                                    |





| Company name                            | Mining agreement number, date | Type of commitment (investment) (financial/non-financial) | Investment amount, AMD (for financial investments) | A description of the product or service (for non-financial investments) (program) | Name of the Community | Name of the Community (before enlargement) |
|---|-------------------------------|---|--|---|-----------------------|--|
| "Agarak Copper Molybdenum Combine" CJSC | PV-311 April 5, 2013          | financial   | 3,000,000  |   | Meghri                | Meghri                                     |
| "Agarak Copper Molybdenum Combine" CJSC | PV-311 April 5, 2013          | financial   | 3,000,000  |   | Meghri                | Meghri                                     |
| "Teghout" CJSC                          | PV-376, February 20, 2013     | financial   | 35,000,000   |   | Shnogh                | Shnogh                                     |
| "Teghout" CJSC                          | PV-376, February 20, 2013     | financial   | 80,000,000   |   | Shnogh                | Shnogh                                     |
| "Teghout" CJSC                          | PV-376, February 20, 2013     | financial   | 25,000,000   |   | Shnogh                | Shnogh                                     |
| "Teghout" CJSC                          | PV-376, February 20, 2013     | financial   | 30,000,000   |   | Shnogh                | Shnogh                                     |
| "Tatstone" LCC                          | P-459, February 11, 2013      | financial   | 2,030,000  |   | Meghri                | Meghri                                     |
| "Bacteck Eco" LTD                       | P-515, August 22, 2014        | financial   | 250,000  |   | Pambak                | Arjut                                      |
| "Gharagulyanner" CJSC                   | P-547, October 25, 2016       | financial   | 250,000  |   | Meghri                | Meghri                                     |
| "Gharagulyanner" CJSC                   | P-547, October 25, 2016       | financial   | 500,000  |   | Meghri                | Meghri                                     |
| "Gharagulyanner" CJSC                   | P-547, October 25, 2016       | financial   | 500,000  |   | Meghri                | Meghri                                     |

## Annex 4. Charitable allocations, donations or other gratuitous transfers made to the community by metal mining companies

Charitable allocations, donations or other gratuitous transfers made to the community by metal mining company in 2020, according to the reports submitted by the companies.

| Company name                              | Type of commitment (investment) (financial/non-financial) | The name of the actual commitment (investment) according to the mining agreement                                     | Investment amount, AMD (for financial investments) | A description of the product or service (for non-financial investments) (program)   | The value assessment, AMD (for non-financial investment) | Name of the Community | Name of the Community (before enlargement) |
|---|---|--|--|---|--|-----------------------|--|
| "Agarak Copper Molybdenum Combine" CJSC   | financial   | For asphalt paving   | 34,762,000   | x   | x  | Meghri                | Meghri community                           |
| "Gharagulyanner" CJSC                     | financial   | Participation in the renovation of the school and kindergarten of the village  | 500,000  | x   | x  | Meghri                | Meghri community                           |
| "Zangezur Copper-Molybdenum Combine" CJSC | financial   | Contribution to socio-economic development of Kajaran community within the donation agreement                        | 108,000,000  | x   | x  | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | financial   | Co-financing of subsidy programs   | 500,000,000  | x   | x  | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | financial   | Co-financing of the salary increase of employees of Kajaran municipality and its subordinate institution-enterprises | 54,000,000   | x   | x  | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | financial   | Financing for street lighting in Kapan city  | 30,000,000   | x   | x  | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | financial   | Co-financing of subsidy programs   | 200,000,000  | x   | x  | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial   | Organization of preschool education in Kajaran community   | x  | Operating costs of two preschool educational institutions in the city of Kajaran within the framework of social programs                          | 368,346,515  | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial   | Support to the defense sector  | x  | Material support for the needs of the RA Ministry of Defense and implementation of works by the company directly and through contractor companies | 353,667,484  | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial   | Financing of construction, improvement and other similar works in Kajaran community                                  | x  | Financing of construction and improvement services to the contractors of beneficiary  | 247,026,221  | Kajaran               | Kajaran                                    |

| Company name                              | Type of commitment (investment) (financial/non-financial) | The name of the actual commitment (investment) according to the mining agreement              | Investment amount, AMD (for financial investments) | A description of the product or service (for non-financial investments) (program)  | The value assessment, AMD (for non-financial investment) | Name of the Community | Name of the Community (before enlargement) |
|---|---|---|--|--|--|-----------------------|--|
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial   | Operating the palace of culture in Kajaran community for social purposes                      | x  | Costs of operating the Palace of Culture in the city of Kajaran within the framework of social programs                                      | 194,715,235  | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial   | Operating a sports complex in Kajaran community for social purposes                           | x  | Costs of operating the sports complex in the city of Kajaran within the framework of social programs   | 134,805,522  | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial   | Financing the health sector   | x  | Material support, co-financing of utility costs and salaries of doctors  | 31,904,269   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial   | Assistance in the organization of waste collection in the Kajaran community                   | x  | Financing of the waste collection service in the village of Lernadzor to the contractor organization and gratuitous provision of diesel fuel | 13,255,970   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial   | Support for sports and culture  | x  | Financing the organization of sports and cultural events in the Kajaran community  | 10,495,000   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial   | Financing the construction of infrastructure for the purpose of relaunching the Kapan airport | x  | Financing of services  | 800,844,379  | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial   | Financing of construction, improvement and other similar works in Kapan community             | x  | Capital repair and renovation of cultural, educational and other institutions, as well as other construction works                           | 458,703,671  | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial   | Financing the health sector   | x  | Material support, co-financing of utility costs and salaries of doctors  | 60,004,785   | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial   | Financing the sports sector   | x  | Material support to Kapan Stadium  | 7,197,387  | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial   | Financing the education sector  | x  | Gratuitous provision of school property for high school No. 2 in Kapan   | 900,000  | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial   | Financing the health sector   | x  | Gratuitous provision of non-invasive ventilators to medical institutions   | 19,833,253   | Yerevan               | Yerevan                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial   | Financing the health sector   | x  | Gratuitous provision of non-invasive ventilators to medical institutions   | 9,916,627  | Republic of Artsakh   | Republic of Artsakh                        |

| Company name                              | Type of commitment (investment) (financial/non-financial) | The name of the actual commitment (investment) according to the mining agreement | Investment amount, AMD (for financial investments) | A description of the product or service (for non-financial investments) (program) | The value assessment, AMD (for non-financial investment) | Name of the Community | Name of the Community (before enlargement) |
|---|---|--|--|---|--|-----------------------|--|
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial   | Financing the health sector  | x  | Gratuitous provision of non-invasive ventilators to medical institutions          | 4,958,313  | Goris                 | Goris                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial   | Financing the health sector  | x  | Gratuitous provision of non-invasive ventilators to medical institutions          | 4,958,313  | Sisian                | Sisian                                     |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial   | Financing the health sector  | x  | Gratuitous provision of non-invasive ventilators to medical institutions          | 4,958,313  | Meghri                | Meghri community                           |
| "Bacteck Eco" LTD                         | non-financial   | Support with food  | x  | Food  | 168,333  | Arjut                 | Arjut                                      |
| "Teghout" CJSC                            | financial   | Monetary assistance instead of property tax on buildings                         | 6,000,000  | x   | x  | Shnogh                | Shnogh                                     |
| "Teghout" CJSC                            | financial   | Support for the community  | 2,011,300  | x   | x  | Shnogh                | Shnogh                                     |

**Charitable allocations, donations or other gratuitous transfers made to the community by metal mining company in 2021, according to the reports submitted by the companies.**

| Company name                              | Type of liability (investment) (financial/non-financial) | The name of the actual commitment (investment) according to the mining agreement              | Investment amount, AMD (for financial investments) | A description of the product or service (for non-financial investments) (program)  | The value assessment, AMD (for non-financial investment) | Name of the Community | Name of the Community (before enlargement) |
|---|--|---|--|--|--|-----------------------|--|
| "Teghout" CJSC                            | financial  | Cash assistance instead of property tax on buildings  | 3,000,000  | x  | x  | Shnogh                | Shnogh                                     |
| "Teghout" CJSC                            | non-financial  | Support for the community   | x  | Construction works, provision of construction equipment  | 16,488,383   | Shnogh                | Shnogh                                     |
| "Meghradzor Gold" LLC                     | financial  | Meghradzor Kindergarten named after L. Galstyan NPO   | 5,400,000  | x  | x  | Tsakhkadzor           | Kotayk Region, Meghradzor community        |
| "Lydian Armenia" CJSC                     | non-financial  | Support   | x  | Food   | 2,853,711  | Zaritap               | Vayots Dzor, Saravan                       |
| "Lydian Armenia" CJSC                     | non-financial  | Support   | x  | Utility payments, electricity, gas   | 6,220,500  | Zaritap               | Vayots Dzor, Saravan                       |
| "Lydian Armenia" CJSC                     | non-financial  | Support   | x  | Food   | 10,663,867   | Jermuk                | Vayots Dzor, Jermuk, Gndevaz               |
| "Lydian Armenia" CJSC                     | non-financial  | Support   | x  | Utility payments, electricity, gas, tuition fees   | 8,840,500  | Jermuk                | Vayots Dzor, Jermuk, Gndevaz               |
| "Lydian Armenia" CJSC                     | non-financial  | Support   | x  | Food   | 1,501,953  | Gorayk                | Syunik, Gorayk                             |
| "Lydian Armenia" CJSC                     | non-financial  | Support   | x  | Utility payments, electricity, gas, tuition fees   | 2,058,500  | Gorayk                | Syunik, Gorayk                             |
| "Lichkvaz" CJSC                           | financial  | Material/financial/ support   | 6,914,925  | x  | x  |                       |  |
| "Sagamar" CJSC                            | non-financial  | Armanis basic school  | x  | New Year and Christmas gifts   | 68,820   | Stepanavan            | Stepanavan                                 |
| "Sagamar" CJSC                            | non-financial  | Urasar basic school   | x  | New Year and Christmas gifts   | 105,180  | Stepanavan            | Stepanavan                                 |
| "Zangezur Copper-Molybdenum Combine" CJSC | financial  | Co-financing of subsidy programs  | 187,500,000  | x  | x  | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | financial  | Financing for street lighting in Kapan city   | 30,000,000   | x  | x  | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | financial  | Contribution to socio-economic development of Kajaran community within the donation agreement | 153,000,000  | x  | x  | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial  | Organization of preschool education in Kajaran community                                      | x  | Operating costs of two preschool educational institutions in the city of Kajaran within the framework of social programs | 463,893,892  | Kajaran               | Kajaran                                    |

| Company name                              | Type of liability (investment) (financial/non-financial) | The name of the actual commitment (investment) according to the mining agreement  | Investment amount, AMD (for financial investments) | A description of the product or service (for non-financial investments) (program)                               | The value assessment, AMD (for non-financial investment) | Name of the Community | Name of the Community (before enlargement) |
|---|--|---|--|---|--|-----------------------|--|
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial  | Operating the palace of culture in Kajaran community for social purposes  | x  | Costs of operating the Palace of Culture in the city of Kajaran within the framework of social programs         | 198,967,020  | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial  | Financing of construction, improvement and other similar works in the Kajaran community to the contractors of beneficiary | x  | Financing of construction and improvement services to the contractors of beneficiary                            | 171,397,281  | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial  | Operating a sports complex in Kajaran community for social purposes   | x  | Costs of operating the sports complex in the city of Kajaran within the framework of social programs            | 107,850,960  | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial  | Financing of transportation of kindergarteners and students in affected communities                                       | x  | Financing of transportation of kindergarteners and students of Kajaran community to the contractor organization | 76,040,366   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial  | Financing the health sector in Kajaran community  | x  | Co-financing of utility costs and costs of guests specialists of Kajaran medical center                         | 38,097,868   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial  | Assistance in the organization of waste collection in the Kajaran community   | x  | Gratuitous provision of a garbage truck, diesel fuel, and compensation of a waste collection fee                | 26,389,996   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial  | Financing the organization of sports and cultural events in the Kajaran community   | x  | Financing the contractors of beneficiary  | 21,035,000   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial  | Material support to Kajaran municipality  | x  | Material support to the municipality and subordinate institutions   | 13,804,312   | Kajaran               | Kajaran                                    |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial  | Financing of construction, improvement and other similar works in Kapan community   | x  | Financing of construction and improvement services to the contractors of the beneficiary                        | 156,848,450  | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial  | Material support to Kapan municipality  | x  | Provision of necessary materials for construction works   | 77,509,536   | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial  | Financing the health sector in Kapan community  | x  | Co-financing of utility costs and costs of guests   | 74,903,523   | Kapan                 | Kapan                                      |

| Company name                              | Type of liability (investment) (financial/non-financial) | The name of the actual commitment (investment) according to the mining agreement | Investment amount, AMD (for financial investments) | A description of the product or service (for non-financial investments) (program)  | The value assessment, AMD (for non-financial investment) | Name of the Community | Name of the Community (before enlargement) |
|---|--|--|--|--|--|-----------------------|--|
|   |  |  |  | specialists of Kapan medical center  |  |                       |  |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial  | Material support to Kapan municipality   | x  | Purchase of vehicles for Kapan community   | 40,350,000   | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial  | Financing the organization of sports and cultural events in the Kapan community  | x  | Financing the contractors of beneficiary   | 3,000,000  | Kapan                 | Kapan                                      |
| "Zangezur Copper-Molybdenum Combine" CJSC | non-financial  | Support to the defense sector  | x  | Financing of services for the strengthening of defense lines for the needs of the RA Ministry of Defense to contractor organizations and material support for security systems | 134,734,765  | RA                    | RA   |
| "Gharagulyanner" CJSC                     | financial  | Participation in the renovation of the village school and kindergarten           | 500,000  | x  | x  | Meghri                | Meghri community                           |
| "At-Metals" LLC                           | financial  |  | 12,360,000   |  |  | Meghri                | Meghri community                           |

# Annex 5 Adjustments made based on reconciliation and commentary on adjustments made for 2020 and 2021

## Annex 5.1. Adjustments made based on reconciliation and commentary on adjustments made for 2020

| Company Name                            | Presented by a state body (preliminary report), kAMD | Presented by the company (preliminary report), kAMD | Presented by a state body (final report), kAMD | Presented by the company (final report), kAMD | Final discrepancy between the data provided by State body and the company, kAMD | The share of final discrepancy by relevant company indicator | Adjustment reason   |
|---|--|---|--|---|---|--|---|
| <b>Value Added tax</b>                  |  |   |  |   |   |  |   |
| “Lichkvaz” CJSC                         | 176,655  | 174,631   | 176,655  | 176,655                                       | -   | 0.00%  | The discrepancy is due to a mechanical error by the company (a wrong number was inputted into the report). As a result of the reconciliation, the amount was reviewed and corrected by the company.                   |
| <b>Customs duties and fees</b>          |  |   |  |   |   |  |   |
| “Chaarat Kapan” CJSC                    | 91,689   | 90,160  | 90,160   | 90,160  | -   | 0.00%  | The difference is due to the use of different calculation approaches. As a result of the reconciliation, the mistake was corrected by the Customs Service.  |
| “Geopromining Gold“ LLC                 | 534,104  | 532,981   | 532,981  | 532,981                                       | 1   | 0.00%  | After the reporting period, there were adjustments that were not made by the Customs Service. As a result of the reconciliation, the mistake was corrected by the Customs Service.                                    |
| “Agarak Copper Molybdenum Combine” CJSC | 56,994   | 58,005  | 58,189   | 58,189  | -   | 0.00%  | As a result of a mechanical error the dumping amount was paid to wrong custom department and was not recorded by Custom Service. As a result of the reconciliation, the mistake was corrected by the Customs Service. |
| <b>Rent payments</b>                    |  |   |  |   |   |  |   |
| “Lydian Armenia” CJSC                   | 462,905  | 484,015   | 484,015  | 484,015                                       | -   | 0.00%  | The difference is due recording the amount of the incorrect period As a result of the reconciliation, the mistake was corrected by the MTAI.  |
| “Lichkvaz” CJSC                         | -  | 10,648  | 7,872  | 7,872   | -   | 0.00%  | The Company mistakenly included vehicles leased from another Company. The amount  |



| Company Name  | Presented by a state body (preliminary report), kAMD | Presented by the company (preliminary report), kAMD | Presented by a state body (final report), kAMD | Presented by the company (final report), kAMD | Final discrepancy between the data provided by State body and the company, kAMD | The share of final discrepancy by relevant company indicator | Adjustment reason   |
|---|--|---|--|---|---|--|---|
|   |  |   |  |   |   |  | of land lease in Meghri community is not recorded by MTAI. As a result of the reconciliation, the amount was reviewed and corrected by the Company and MTAI.  |
| Social and economic development commitments to the community defined by the mining contract |  |   |  |   |   |  |   |
| “Charat Kapan” CJSC   | 125,000  | -   | 125,000  | 142,897                                       | (17 897)  | -12.52%  | The option of presenting the mandatory socio-economic contributions to the third parties is missing from the reporting templates for metal mining companies. As a result of the reconciliation, the amount was reviewed and corrected by the Company. |
| “Akhtala Mining And Processing Enterprise” CJSC   | 60,000   | -   | 60,000   | 60,000  | -   | 0.00%  | The option of presenting the mandatory socio-economic contributions to the third parties is missing from the reporting templates for metal mining companies. As a result of the reconciliation, the amount was reviewed and corrected by the Company. |
| “Agarak Copper Molybdenum Combine” CJSC   | 34,762   | 37,920  | 34,762   | 34,762  | -   | 0.00%  | Socio-economic contributions set by bilateral contracts with the communities despite being voluntary contributions were reported as mandatory payments. As a result of the reconciliation, the amount was reviewed and corrected by the Company.      |
| “Teghout” CJSC  | 146,000  | -   | 146,000  | 146,000                                       | -   | 0.00%  | The option of presenting the mandatory socio-economic contributions to the third parties is missing from the reporting templates for metal mining companies. As a result of the reconciliation, the amount was reviewed and corrected by the Company. |

## Annex 5.2. Adjustments made based on reconciliation and commentary on adjustments made for 2021

| Company Name                               | Presented by a state body (preliminary report), kAMD | Presented by the company (preliminary report), kAMD | Presented by a state body (final report), kAMD | Presented by the company (final report), kAMD | Final discrepancy between the data provided by State body and the company, kAMD | The share of final discrepancy by relevant company indicator | Adjustment reason   |
|--|--|---|--|---|---|--|---|
| <b>Customs duties and fees</b>             |  |   |  |   |   |  |   |
| “Geopromining Gold“ LLC                    | 329,128  | 236,076   | 236,099  | 236,076                                       | 23  | 0.01%  | The discrepancy is due to a mechanical error by the Customs Service (a wrong number was inputted into the report). As a result of the reconciliation, the amount was reviewed and corrected by the Customs Service. |
| “Teghout“ CJSC                             | 267,664  | 295,005   | 294,822  | 295,005                                       | (183)   | -0.06%   | The Customs Service didn't include the payments made in 30, 31 December. As a result of the reconciliation, the amount was reviewed and corrected by the Customs Service.   |
| “Zangezour Copper-Molybdenum Combine“ CJSC | 496,447  | 497,270   | 497,273  | 497,270                                       | 3   | 0.00%  | As a result of a mechanical error the dumping amount was not recorded by Custom Service. As a result of the reconciliation, the mistake was corrected by the Customs Service.                                       |
| “Lichkvaz“ CJSC                            | 11,492   | -   | 11,492   | 11,670  | (178)   | -1.53%   | The discrepancy is due to a mechanical error by the company. As a result of the reconciliation, the amount was reviewed and corrected by the Company.   |
| <b>Rent payments</b>                       |  |   |  |   |   |  |   |
| “Agarak Copper Molybdenum Combine“ CJSC    | 31,724   | 274,940   | 31,724   | 31,724  | 0   | 0.00%  | The Company mistakenly included property leased from another Company. As a result of the reconciliation, the amount was reviewed and corrected by the Company.  |

| Company Name  | Presented by a state body (preliminary report), kAMD | Presented by the company (preliminary report), kAMD | Presented by a state body (final report), kAMD | Presented by the company (final report), kAMD | Final discrepancy between the data provided by State body and the company, kAMD | The share of final discrepancy by relevant company indicator | Adjustment reason   |
|---|--|---|--|---|---|--|---|
| “Akhtala Mining And Processing Enterprise” CJSC   | 5,974  | -   | 5,974  | 5,974   | -   | 0.00%  | The discrepancy is due to a mechanical error by the company. As a result of the reconciliation, the amount was reviewed and corrected by the Company.   |
| “Geopromining Gold“ LLC   | -  | 68,960  | 68,960   | 68,960  | -   | 0.00%  | Was corrected by the MTAI, was due to a technical error.  |
| “Zangezur Copper-Molybdenum Combine“ CJSC   | 108,075  | 358,646   | 373,286  | 358,646                                       | 14,640  | 4.08%  | The amount of land lease in Kapan community is not recorded by MTAI. As a result of the reconciliation, the amount was reviewed and corrected by the MTAI. The remaining difference is due to easement. |
| “Teghout” CJSC  | -  | 43,190  | 43,170   | 43,190  | (20)  | -0.05%   | The amount of land lease in Shnox community is not recorded by MTAI. As a result of the reconciliation, the amount was reviewed and corrected by the MTAI.  |
| “Lydian Armenia” CJSC   | 420,300  | 409,551   | 409,551  | 409,551                                       | (0)   | 0.00%  | The difference is due recording the amount of the incorrect period As a result of the reconciliation, the mistake was corrected by the MTAI.  |
| “Lichkvaz” CJSC   | 4,281  | 21,863  | 3,651  | 3,651   | -   | 0.00%  | The Company mistakenly included vehicles leased from another Company. As a result of the reconciliation, the amount was reviewed and corrected by the Company.  |
| Social and economic development commitments to the community defined by the mining contract |  |   |  |   |   |  |   |
| “Chaarat Kapan” CJSC  | 20,000   | -   | 20,000   | 20,000  | -   | 0.00%  | The option of presenting the mandatory socio-economic contributions to the third parties is missing from the  |

| Company Name                                    | Presented by a state body (preliminary report), kAMD | Presented by the company (preliminary report), kAMD | Presented by a state body (final report), kAMD | Presented by the company (final report), kAMD | Final discrepancy between the data provided by State body and the company, kAMD | The share of final discrepancy by relevant company indicator | Adjustment reason   |
|---|--|---|--|---|---|--|---|
|   |  |   |  |   |   |  | reporting templates for metal mining companies. As a result of the reconciliation, the amount was reviewed and corrected by the Company.  |
| "Meghradzor Gold" LLC                           | 5,850  | -   | 5,850  | 5,400   | 450   | 8.33%  | The option of presenting the mandatory socio-economic contributions to the third parties is missing from the reporting templates for metal mining companies. As a result of the reconciliation, the amount was reviewed and corrected by the Company. |
| "Akhtala Mining And Processing Enterprise" CJSC | 82,000   | -   | 82,000   | 80,000  | 2,000   | 2.50%  | The option of presenting the mandatory socio-economic contributions to the third parties is missing from the reporting templates for metal mining companies. As a result of the reconciliation, the amount was reviewed and corrected by the Company. |
| "Agarak Copper Molybdenum Combine" CJSC         | 36,000   | 37,920  | 36,000   | 36,000  | -   | 0.00%  | Socio-economic contributions set by bilateral contracts with the communities despite being voluntary contributions were reported as mandatory payments. As a result of the reconciliation, the amount was reviewed and corrected by the Company.      |
| "Teghout" CJSC                                  | 170,000  | -   | 170,000  | 159,488                                       | 10,512  | 6.59%  | The option of presenting the mandatory socio-economic contributions to the third parties is missing from the reporting templates for metal mining companies. As a result  |

| Company Name    | Presented by a state body (preliminary report), kAMD | Presented by the company (preliminary report), kAMD | Presented by a state body (final report), kAMD | Presented by the company (final report), kAMD | Final discrepancy between the data provided by State body and the company, kAMD | The share of final discrepancy by relevant company indicator | Adjustment reason   |
|-----------------|--|---|--|---|---|--|---|
|                 |  |   |  |   |   |  | of the reconciliation, the amount was reviewed and corrected by the Company.  |
| “Lichkvaz” CJSC | 6,915  | -   | 6,915  | 6,915   | -   | 0.00%  | The option of presenting the mandatory socio-economic contributions to the third parties is missing from the reporting templates for metal mining companies. As a result of the reconciliation, the amount was reviewed and corrected by the Company. |

# Annex 6. Data provided by the reporting mining companies for 2020 and 2021 (declared)

## Annex 6.1. Data provided by the reporting mining companies for 2020 (AMD)

| N  | Name of the Taxpayer (in English)               | Profit Tax  |  |               | Income tax  |  |               |
|----|---|---|--|---------------|---|--|---------------|
|    |   | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total         | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total         |
| 1  | “Chaarat Kapan” CJSC                            | 917,025,987   | -  | 917,025,987   | 1,305,352,852   | -  | 1,305,352,852 |
| 2  | “Geghi Gold” LLC                                | -   | -  | -             | 4,702,224   | -  | 4,702,224     |
| 3  | “Bacteck Eco” LTD                               | -   | -  | -             | 215,280   | -  | 215,280       |
| 4  | “Gharagulyanner” CJSC                           | -   | -  | -             | 4,848   | -  | 4,848         |
| 5  | “At-Metals” LLC                                 | -   | -  | -             | 42,942,126  | -  | 42,942,126    |
| 6  | “Vayk Gold” LLC                                 | -   | -  | -             | 410,838   | -  | 410,838       |
| 7  | “Sagamar” CJSC                                  | -   | -  | -             | 36,898,346  | -  | 36,898,346    |
| 8  | “Assat” LLC                                     | 304,740   | -  | 304,740       | 4,396,249   | -  | 4,396,249     |
| 9  | “Meghradzor Gold” LLC                           | 129,621,618   | -  | 129,621,618   | 163,896,466   | -  | 163,896,466   |
| 10 | “Ler-Ex” LLC                                    | -   | -  | -             | 168,453,660   | -  | 168,453,660   |
| 11 | “Akhtala Mining And Processing Enterprise” CJSC | 144,485,782   | -  | 144,485,782   | 364,316,023   | -  | 364,316,023   |
| 12 | “Geopromining Gold“ LLC                         | 6,193,643,619   | -  | 6,193,643,619 | 2,857,931,035   | -  | 2,857,931,035 |
| 13 | “Lydian Armenia” CJSC                           | -   | -  | -             | 219,844,744   | -  | 219,844,744   |
| 14 | “Agarak Copper Molybdenum Combine” CJSC         | -   | -  | -             | 1,067,747,278   | -  | 1,067,747,278 |
| 15 | “Teghout” CJSC                                  | -   | -  | -             | 1,812,573,242   | -  | 1,812,573,242 |
| 16 | “Zangezur Copper-Molybdenum Combine” CJSC       | 9,380,357,616   | -  | 9,380,357,616 | 7,992,193,748   | -  | 7,992,193,748 |
| 17 | “Active Lernagorts” LLC                         | -   | -  | -             | 363,352   | -  | 363,352       |
| 18 | “Lichkvaz” CJSC                                 | -   | -  | -             | 25,853,184  | -  | 25,853,184    |
| 19 | “Multi Group Concern” LLC                       | -   | -  | -             | 25,871,999  | -  | 25,871,999    |
| 20 | “Vardani Zartonk” LLC                           | -   | -  | -             | -   | -  | -             |
| 21 | “Molibdeni Ashkharh” LLC                        | -   | -  | -             | 4,737,926   | -  | 4,737,926     |
| 22 | “Fortune Resources” LLC                         | -   | -  | -             | 3,468,051   | -  | 3,468,051     |
| 23 | “Mego Gold” LLC                                 | -   | -  | -             | 1,544,368   | -  | 1,544,368     |
| 24 | “Marjan Mining Company” LLC                     | -   | -  | -             | 404,068   | -  | 404,068       |
| 25 | “Tatstone” LCC                                  | -   | -  | -             | 6,929,113   | -  | 6,929,113     |
| 26 | “Paramount Gold Mining” LLC                     | -   | -  | -             | 4,765,224   | -  | 4,765,224     |

| N  | Name of the Taxpayer (in English)               | Value Added Tax   |  |             | Royalty   |  |                |
|----|---|---|--|-------------|---|--|----------------|
|    |   | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total       | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total          |
| 1  | "Chaarat Kapan" CJSC                            | -   | -  | -           | 3,109,973,478   | -  | 3,109,973,478  |
| 2  | "Geghi Gold" LLC                                | -   | -  | -           | -   | -  | -              |
| 3  | "Bacteck Eco" LTD                               | 32,833  | -  | 32,833      | -   | -  | -              |
| 4  | "Gharagulyanner" CJSC                           | -   | -  | -           | -   | -  | -              |
| 5  | "At-Metals" LLC                                 | 10,657,970  | -  | 10,657,970  | -   | -  | -              |
| 6  | "Vayk Gold" LLC                                 | -   | -  | -           | -   | -  | -              |
| 7  | "Sagamar" CJSC                                  | -   | -  | -           | -   | -  | -              |
| 8  | "Assat" LLC                                     | -   | -  | -           | -   | -  | -              |
| 9  | "Meghradzor Gold" LLC                           | -   | -  | -           | 315,071,574   | -  | 315,071,574    |
| 10 | "Ler-Ex" LLC                                    | 207,117,541   | -  | 207,117,541 | -   | -  | -              |
| 11 | "Akhtala Mining And Processing Enterprise" CJSC | -   | -  | -           | 388,853,182   | -  | 388,853,182    |
| 12 | "Geopromining Gold" LLC                         | -   | -  | -           | 10,957,465,261  | -  | 10,957,465,261 |
| 13 | "Lydian Armenia" CJSC                           | -   | -  | -           | -   | -  | -              |
| 14 | "Agarak Copper Molybdenum Combine" CJSC         | -   | -  | -           | 1,208,292,619   | -  | 1,208,292,619  |
| 15 | "Teghout" CJSC                                  | 4,650,000   | -  | 4,650,000   | 5,289,025,154   | -  | 5,289,025,154  |
| 16 | "Zangezour Copper-Molybdenum Combine" CJSC      | -   | -  | -           | 23,853,740,424  | -  | 23,853,740,424 |
| 17 | "Active Lernagorts" LLC                         | -   | -  | -           | -   | -  | -              |
| 18 | "Lichkvaz" CJSC                                 | 176,655,335   | -  | 176,655,335 | -   | -  | -              |
| 19 | "Multi Group Concern" LLC                       | -   | -  | -           | -   | -  | -              |
| 20 | "Vardani Zartonk" LLC                           | -   | -  | -           | -   | -  | -              |
| 21 | "Molibdeni Ashkharh" LLC                        | -   | -  | -           | -   | -  | -              |
| 22 | "Fortune Resources" LLC                         | 420,000   | -  | 420,000     | -   | -  | -              |
| 23 | "Mego Gold" LLC                                 | 10,826,572  | -  | 10,826,572  | -   | -  | -              |
| 24 | "Marjan Mining Company" LLC                     | -   | -  | -           | -   | -  | -              |
| 25 | "Tatstone" LCC                                  | -   | -  | -           | -   | -  | -              |
| 26 | "Paramount Gold Mining" LLC                     | -   | -  | -           | -   | -  | -              |

| N  | Name of the Taxpayer (in English)               | Nature use payments                                     |  |            | Environmental taxes, aggregation of environmental taxes and payments |  |            |
|----|---|---|--|------------|--|--|------------|
|    |   | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total      | Tax calculation for the reporting year (by declaration)              | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total      |
| 1  | “Chaarat Kapan” CJSC                            | 665,580   | -  | 665,580    | 985,359  | -  | 985,359    |
| 2  | “Geghi Gold” LLC                                | -   | -  | -          | -  | -  | -          |
| 3  | “Bacteck Eco” LTD                               | -   | -  | -          | -  | -  | -          |
| 4  | “Gharagulyanner” CJSC                           | -   | -  | -          | -  | -  | -          |
| 5  | “At-Metals” LLC                                 | -   | -  | -          | -  | -  | -          |
| 6  | “Vayk Gold” LLC                                 | -   | -  | -          | -  | -  | -          |
| 7  | “Sagamar” CJSC                                  | 41,419  | -  | 41,419     | 4,173  | -  | 4,173      |
| 8  | “Assat” LLC                                     | -   | -  | -          | 14,462   | -  | 14,462     |
| 9  | “Meghradzor Gold” LLC                           | 290,001   | -  | 290,001    | 102,093  | -  | 102,093    |
| 10 | “Ler-Ex” LLC                                    | 22,232  | -  | 22,232     | -  | -  | -          |
| 11 | “Akhtala Mining And Processing Enterprise” CJSC | 1,044,953   | -  | 1,044,953  | 1,418,140  | -  | 1,418,140  |
| 12 | “Geopromining Gold” LLC                         | 3,277,028   | -  | 3,277,028  | 14,636,068   | -  | 14,636,068 |
| 13 | “Lydian Armenia” CJSC                           | -   | -  | -          | -  | -  | -          |
| 14 | “Agarak Copper Molybdenum Combine” CJSC         | 13,378,839  | -  | 13,378,839 | 7,265,533  | -  | 7,265,533  |
| 15 | “Teghout” CJSC                                  | 2,066,757   | -  | 2,066,757  | 2,470,635  | -  | 2,470,635  |
| 16 | “Zangezur Copper-Molybdenum Combine” CJSC       | 41,015,000  | -  | 41,015,000 | 20,605,726   | -  | 20,605,726 |
| 17 | “Active Lernagorts” LLC                         | -   | -  | -          | 146,250  | -  | 146,250    |
| 18 | “Lichkvaz” CJSC                                 | 12  | -  | 12         | 70,001   | -  | 70,001     |
| 19 | “Multi Group Concern” LLC                       | -   | -  | -          | -  | -  | -          |
| 20 | “Vardani Zartonk” LLC                           | -   | -  | -          | -  | -  | -          |
| 21 | “Molibdeni Ashkharh” LLC                        | -   | -  | -          | -  | -  | -          |
| 22 | “Fortune Resources” LLC                         | -   | -  | -          | -  | -  | -          |
| 23 | “Mego Gold” LLC                                 | -   | -  | -          | -  | -  | -          |
| 24 | “Marjan Mining Company” LLC                     | -   | -  | -          | -  | -  | -          |
| 25 | “Tatstone” LCC                                  | -   | -  | -          | -  | -  | -          |
| 26 | “Paramount Gold Mining” LLC                     | -   | -  | -          | -  | -  | -          |



| N  | Name of the Taxpayer (in English)               | Environmental charges (taxes) collected for goods imported from non-member countries of the EAEU, according to the provided customs declarations |  |           | Environmental charges (taxes) collected for goods imported from EAEU member countries according to the provided customs declarations |  |            |
|----|---|--|--|-----------|--|--|------------|
|    |   | Tax calculation for the reporting year (by declaration)  | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total     | Tax calculation for the reporting year (by declaration)  | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total      |
| 1  | "Chaarat Kapan" CJSC                            | -  | -  | -         | 100,372  | -  | 100,372    |
| 2  | "Geghi Gold" LLC                                | -  | -  | -         | -  | -  | -          |
| 3  | "Bacteck Eco" LTD                               | -  | -  | -         | -  | -  | -          |
| 4  | "Gharagulyanner" CJSC                           | -  | -  | -         | -  | -  | -          |
| 5  | "At-Metals" LLC                                 | -  | -  | -         | -  | -  | -          |
| 6  | "Vayk Gold" LLC                                 | -  | -  | -         | -  | -  | -          |
| 7  | "Sagamar" CJSC                                  | -  | -  | -         | 39,110   | -  | 39,110     |
| 8  | "Assat" LLC                                     | -  | -  | -         | -  | -  | -          |
| 9  | "Meghradzor Gold" LLC                           | -  | -  | -         | 199,998  | -  | 199,998    |
| 10 | "Ler-Ex" LLC                                    | -  | -  | -         | -  | -  | -          |
| 11 | "Akhtala Mining And Processing Enterprise" CJSC | 96,050   | -  | 96,050    | 308,607  | -  | 308,607    |
| 12 | "Geopromining Gold" LLC                         | 114,504  | -  | 114,504   | 12,578,266   | -  | 12,578,266 |
| 13 | "Lydian Armenia" CJSC                           | -  | -  | -         | 11,690   | -  | 11,690     |
| 14 | "Agarak Copper Molybdenum Combine" CJSC         | 109,710  | -  | 109,710   | 2,776,681  | -  | 2,776,681  |
| 15 | "Teghout" CJSC                                  | -  | -  | -         | 3,335,008  | -  | 3,335,008  |
| 16 | "Zangezur Copper-Molybdenum Combine" CJSC       | 3,993,800  | -  | 3,993,800 | 72,077   | -  | 72,077     |
| 17 | "Active Lernagorts" LLC                         | -  | -  | -         | -  | -  | -          |
| 18 | "Lichkvaz" CJSC                                 | -  | -  | -         | -  | -  | -          |
| 19 | "Multi Group Concern" LLC                       | -  | -  | -         | 47,274   | -  | 47,274     |
| 20 | "Vardani Zartonk" LLC                           | -  | -  | -         | -  | -  | -          |
| 21 | "Molibdeni Ashkharh" LLC                        | -  | -  | -         | -  | -  | -          |
| 22 | "Fortune Resources" LLC                         | -  | -  | -         | -  | -  | -          |
| 23 | "Mego Gold" LLC                                 | -  | -  | -         | -  | -  | -          |
| 24 | "Marjan Mining Company" LLC                     | -  | -  | -         | -  | -  | -          |
| 25 | "Tatstone" LCC                                  | -  | -  | -         | -  | -  | -          |
| 26 | "Paramount Gold Mining" LLC                     | -  | -  | -         | -  | -  | -          |

| N  | Name of the Taxpayer (in English)               | Customs fees and duties  | Duties                       | Property tax  |   | Total      |
|----|---|--|------------------------------|---|---|------------|
|    |   | Paid during the reporting year (excluding penalties and fines) | Calculated amount of payment | Tax calculation for the reporting year (by declaration) | Tax calculation for the reporting year (by declaration) |            |
| 1  | “Chaarat Kapan” CJSC                            | 90,159,684   | 10,020,000                   | 3,889,400   | -   | 3,889,400  |
| 2  | “Geghi Gold” LLC                                | -  | 10,000,000                   | 8,500   | -   | 8,500      |
| 3  | “Bacteck Eco” LTD                               | -  | 10,000,000                   | -   | -   | -          |
| 4  | “Gharagulyanner” CJSC                           | -  | 10,000,000                   | -   | -   | -          |
| 5  | “At-Metals” LLC                                 | -  | 10,010,000                   | 108,100   | -   | 108,100    |
| 6  | “Vayk Gold” LLC                                 | -  | -                            | -   | -   | -          |
| 7  | “Sagamar” CJSC                                  | 2,639,028  | 10,010,000                   | 1,703,508   | -   | 1,703,508  |
| 8  | “Assat” LLC                                     | -  | 10,000,000                   | -   | -   | -          |
| 9  | “Meghradzor Gold” LLC                           | 20,488,952   | 10,020,000                   | 312,285   | -   | 312,285    |
| 10 | “Ler-Ex” LLC                                    | -  | 10,010,000                   | 427,670   | -   | 427,670    |
| 11 | “Akhtala Mining And Processing Enterprise” CJSC | 13,105,131   | 10,000,000                   | 1,793,509   | -   | 1,793,509  |
| 12 | “Geopromining Gold” LLC                         | 532,982,032  | 10,000,000                   | 3,534,135   | -   | 3,534,135  |
| 13 | “Lydian Armenia” CJSC                           | 24,492,449   | 10,000,000                   | 1,634,540   | -   | 1,634,540  |
| 14 | “Agarak Copper Molybdenum Combine” CJSC         | 58,189,040   | 10,000,000                   | 7,436,888   | -   | 7,436,888  |
| 15 | “Teghout” CJSC                                  | 548,777,224  | 10,000,000                   | 4,313,024   | -   | 4,313,024  |
| 16 | “Zangezur Copper-Molybdenum Combine” CJSC       | 448,766,741  | 10,000,000                   | 29,653,510  | -   | 29,653,510 |
| 17 | “Active Lernagorts” LLC                         | -  | 10,000,000                   | -   | -   | -          |
| 18 | “Lichkvaz” CJSC                                 | -  | 10,000,000                   | 104,324   | -   | 104,324    |
| 19 | “Multi Group Concern” LLC                       | 8,741,944  | 10,000,000                   | 10,514,276  | -   | 10,514,276 |
| 20 | “Vardani Zartonk” LLC                           | -  | -                            | -   | -   | -          |
| 21 | “Molibdeni Ashkharh” LLC                        | -  | -                            | -   | -   | -          |
| 22 | “Fortune Resources” LLC                         | -  | 50,000                       | -   | -   | -          |
| 23 | “Mego Gold” LLC                                 | -  | -                            | 157,400   | -   | 157,400    |
| 24 | “Marjan Mining Company” LLC                     | -  | -                            | -   | -   | -          |
| 25 | “Tatstone” LCC                                  | -  | 10,000,000                   | -   | -   | -          |
| 26 | “Paramount Gold Mining” LLC                     | -  | -                            | -   | -   | -          |

| N  | Name of the Taxpayer (in English)               | Land tax  |  |            | Rent payments paid during the reporting year (including penalties and fines) |                |             |
|----|---|---|--|------------|--|----------------|-------------|
|    |   | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total      | Real estate  | Transportation | Land        |
| 1  | "Chaarat Kapan" CJSC                            | 1,366,334   | -  | 1,366,334  | -  | -              | 113,736,288 |
| 2  | "Geghi Gold" LLC                                | -   | -  | -          | -  | -              | -           |
| 3  | "Bacteck Eco" LTD                               | -   | -  | -          | -  | -              | 1,212,000   |
| 4  | "Gharagulyanner" CJSC                           | -   | -  | -          | -  | -              | -           |
| 5  | "At-Metals" LLC                                 | -   | -  | -          | -  | -              | -           |
| 6  | "Vayk Gold" LLC                                 | -   | -  | -          | -  | -              | -           |
| 7  | "Sagamar" CJSC                                  | 2,037,600   | -  | 2,037,600  | -  | -              | 1,400,000   |
| 8  | "Assat" LLC                                     | -   | -  | -          | -  | -              | -           |
| 9  | "Meghradzor Gold" LLC                           | 425,252   | -  | 425,252    | -  | -              | 24,910,272  |
| 10 | "Ler-Ex" LLC                                    | 25,218  | -  | 25,218     | -  | -              | 1,639,396   |
| 11 | "Akhtala Mining And Processing Enterprise" CJSC | 302,226   | -  | 302,226    | 3,600,000  | -              | 5,974,008   |
| 12 | "Geopromining Gold" LLC                         | 2,111,134   | -  | 2,111,134  | 960,000  | -              | 68,000,000  |
| 13 | "Lydian Armenia" CJSC                           | 9,275,908   | -  | 9,275,908  | -  | -              | 484,014,804 |
| 14 | "Agarak Copper Molybdenum Combine" CJSC         | 60,112  | -  | 60,112     | 31,723,290   | -              | -           |
| 15 | "Teghout" CJSC                                  | 3,853,290   | -  | 3,853,290  | -  | -              | 37,500,000  |
| 16 | "Zangezour Copper-Molybdenum Combine" CJSC      | 1,045,844   | -  | 1,045,844  | -  | 600,000        | 228,579,879 |
| 17 | "Active Lernagorts" LLC                         | -   | -  | -          | -  | -              | 182,000     |
| 18 | "Lichkvaz" CJSC                                 | -   | -  | -          | -  | -              | 7,872,386   |
| 19 | "Multi Group Concern" LLC                       | 467,296   | -  | 467,296    | -  | -              | 2,489,588   |
| 20 | "Vardani Zartonk" LLC                           | -   | -  | -          | -  | -              | -           |
| 21 | "Molibdeni Ashkharh" LLC                        | 3,600   | -  | 3,600      | -  | -              | -           |
| 22 | "Fortune Resources" LLC                         | -   | -  | -          | -  | -              | -           |
| 23 | "Mego Gold" LLC                                 | 14,091,000  | -  | 14,091,000 | -  | -              | -           |
| 24 | "Marjan Mining Company" LLC                     | -   | -  | -          | -  | -              | -           |
| 25 | "Tatstone" LCC                                  | 222   | -  | 222        | 10,922,630   | -              | -           |
| 26 | "Paramount Gold Mining" LLC                     | -   | -  | -          | -  | -              | -           |

| N  | Name of the Taxpayer (in English)               | Replenishment of environmental protection fund |   |  | Monitoring Implementation Fee |   |   |
|----|---|--|---|--|-------------------------------|---|---|
|    |   | Basic rate for calculation                     | Amount to be paid to the fund calculated for the reporting year | The factual payment made to the fund during the reporting year | Basic rate for calculation    | Amount to be paid to the fund calculated for the reporting year | The actual payment made to the fund during the reporting year |
| 1  | "Chaarat Kapan" CJSC                            | 274,743,370                                    | 6,868,580   | 28,380,490   | 97,127,000                    | 12,138,170  | 2,428,180   |
| 2  | "Geghi Gold" LLC                                | 58,597,000                                     | 1,717,498   | 1,717,500  | 2,200,000                     | 64,490  | 64,490  |
| 3  | "Bacteck Eco" LTD                               | 2,440,000                                      | 82,960  | 165,920  | 150,000                       | 5,100   | 53,100  |
| 4  | "Gharagulyanner" CJSC                           | 9,891,560                                      | 233,550   | 233,511  | 4,895,000                     | 115,577   | 115,577   |
| 5  | "At-Metals" LLC                                 | 119,919,500                                    | 15,681,780  | 15,681,780   | 5,000,000                     | 653,850   | 4,019,250   |
| 6  | "Vayk Gold" LLC                                 | 6,826,533                                      | 241,780   | -  | -                             | -   | -   |
| 7  | "Sagamar" CJSC                                  | 46,500,450                                     | 1,001,440   | 10,482,557   | 11,780,000                    | 303,420   | -   |
| 8  | "Assat" LLC                                     | 1,698,800                                      | 144,400   | 141,000  | 500,000                       | 42,500  | -   |
| 9  | "Meghradzor Gold" LLC                           | 3,385,200                                      | 307,740   | -  | 4,200,000                     | 396,670   | 396,670   |
| 10 | "Ler-Ex" LLC                                    | 31,278,420                                     | 1,107,780   | 2,216,000  | -                             | -   | -   |
| 11 | "Akhtala Mining And Processing Enterprise" CJSC | 190,981,500                                    | 32,466,000  | 32,466,000   | 1,500,000                     | 255,000   | 255,000   |
| 12 | "Geopromining Gold" LLC                         | 901,700,000                                    | 58,957,300  | 58,957,300   | 6,000,000                     | 425,000   | 425,000   |
| 13 | "Lydian Armenia" CJSC                           | 1,864,926,000                                  | 121,938,000   | 121,938,000  | 254,000,000                   | 16,610,000  | 16,610,000  |
| 14 | "Agarak Copper Molybdenum Combine" CJSC         | 428,689,820                                    | 26,027,607  | 52,056,000   | 2,500,000                     | 151,780   | 1,437,460   |
| 15 | "Teghout" CJSC                                  | 20,841,300                                     | 2,953,000   | 2,953,000  | -                             | -   | -   |
| 16 | "Zangezour Copper-Molybdenum Combine" CJSC      | 548,751,230                                    | 19,434,940  | 38,869,879   | 77,850,000                    | 2,757,188   | 5,514,375   |
| 17 | "Active Lernagorts" LLC                         | 11,620,000                                     | 379,880   | 759,620  | 4,500,000                     | 382,500   | 765,000   |
| 18 | "Lichkvaz" CJSC                                 | 10,571,000                                     | 187,220   | -  | 18,500,000                    | 827,600   | -   |
| 19 | "Multi Group Concern" LLC                       | 6,315,000                                      | 233,381   | 279,301  | -                             | -   | -   |
| 20 | "Vardani Zartonk" LLC                           | 2,616,700                                      | 171,100   | 512,870  | -                             | -   | -   |
| 21 | "Molibdeni Ashkharh" LLC                        | -  | -   | 1,561,152  | -                             | -   | -   |
| 22 | "Fortune Resources" LLC                         | 27,829,000                                     | 1,028,460   | 1,028,460  | -                             | -   | -   |
| 23 | "Mego Gold" LLC                                 | 3,070,670                                      | 435,000   | -  | -                             | -   | -   |
| 24 | "Marjan Mining Company" LLC                     | 7,853,000                                      | 290,170   | -  | -                             | -   | -   |
| 25 | "Tatstone" LCC                                  | 2,382,200                                      | 124,990   | 100,490  | 2,500,000                     | 125,000   | 250,000   |
| 26 | "Paramount Gold Mining" LLC                     | 25,176,600                                     | 891,680   | 783,310  | -                             | -   | -   |

Data provided by the reporting mining companies USD<sup>226</sup>.

| N  | Name of the Taxpayer (in English)               | Profit Tax  |  |               | Income Tax  |  |               |
|----|---|---|--|---------------|---|--|---------------|
|    |   | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total         | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (including penalties and fines) | Total         |
| 1  | “Chaarat Kapan” CJSC                            | 1,874,132.16  | -  | 1,874,132.16  | 2,667,758.38  | -  | 2,667,758.38  |
| 2  | “Geghi Gold” LLC                                | -   | -  | -             | 9,609.97  | -  | 9,609.97      |
| 3  | “Bacteck Eco” LTD                               | -   | -  | -             | 439.97  | -  | 439.97        |
| 4  | “Gharagulyanner” CJSC                           | -   | -  | -             | 9.91  | -  | 9.91          |
| 5  | “At-Metals” LLC                                 | -   | -  | -             | 87,761.11   | -  | 87,761.11     |
| 6  | “Vayk Gold” LLC                                 | -   | -  | -             | 839.63  | -  | 839.63        |
| 7  | “Sagamar” CJSC                                  | -   | -  | -             | 75,09.40  | -  | 75,09.40      |
| 8  | “Assat” LLC                                     | 622.80  | -  | 622.80        | 8,984.64  | -  | 8,984.64      |
| 9  | “Meghradzor Gold” LLC                           | 264,908.57  | -  | 264,908.57    | 334,956.31  | -  | 334,956.31    |
| 10 | “Ler-Ex” LLC                                    | -   | -  | -             | 344,269.88  | -  | 344,269.88    |
| 11 | “Akhtala Mining And Processing Enterprise” CJSC | 295,286.56  | -  | 295,286.56    | 744,555.10  | -  | 744,555.10    |
| 12 | “Geopromining Gold” LLC                         | 12,657,991.03   | -  | 12,657,991.03 | 5,840,772.84  | -  | 5,840,772.84  |
| 13 | “Lydian Armenia” CJSC                           | -   | -  | -             | 449,298.18  | -  | 449,298.18    |
| 14 | “Agarak Copper Molybdenum Combine” CJSC         | -   | -  | -             | 2,182,162.28  | -  | 2,182,162.28  |
| 15 | “Teghout” CJSC                                  | -   | -  | -             | 3,704,368.10  | -  | 3,704,368.10  |
| 16 | “Zangezur Copper-Molybdenum Combine” CJSC       | 19,170,699.82   | -  | 19,170,699.82 | 16,333,700.00   | -  | 16,333,700.00 |
| 17 | “Active Lernagorts” LLC                         | -   | -  | -             | 742.58  | -  | 742.58        |
| 18 | “Lichkvaz” CJSC                                 | -   | -  | -             | 52,836.33   | -  | 52,836.33     |
| 19 | “Multi Group Concern” LLC                       | -   | -  | -             | 52,874.78   | -  | 52,874.78     |
| 20 | “Vardani Zartonk” LLC                           | -   | -  | -             | -   | -  | -             |
| 21 | “Molibdeni Ashkharh” LLC                        | -   | -  | -             | 9,682.93  | -  | 9,682.93      |
| 22 | “Fortune Resources” LLC                         | -   | -  | -             | 7,087.68  | -  | 7,087.68      |
| 23 | “Mego Gold” LLC                                 | -   | -  | -             | 3,156.24  | -  | 3,156.24      |
| 24 | “Marjan Mining Company” LLC                     | -   | -  | -             | 825.80  | -  | 825.80        |
| 25 | “Tatstone” LCC                                  | -   | -  | -             | 14,161.07   | -  | 14,161.07     |
| 26 | “Paramount Gold Mining” LLC                     | -   | -  | -             | 9,738.72  | -  | 9,738.72      |

<sup>226</sup> For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2020, the average annual exchange rate for 1 USD was 489.307 AMD.

| N  | Name of the Taxpayer (in English)               | Value Added Tax   |  |            | Royalty   |  |               |
|----|---|---|--|------------|---|--|---------------|
|    |   | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total      | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total         |
| 1  | “Chaarat Kapan” CJSC                            | -   | -  | -          | 6,355,873.67  | -  | 6,355,873.67  |
| 2  | “Geghi Gold” LLC                                | -   | -  | -          | -   | -  | -             |
| 3  | “Bacteck Eco” LTD                               | 67.10   | -  | 67.10      | -   | -  | -             |
| 4  | “Gharagulyanner” CJSC                           | -   | -  | -          | -   | -  | -             |
| 5  | “At-Metals” LLC                                 | 21,781.76   | -  | 21,781.76  | -   | -  | -             |
| 6  | “Vayk Gold” LLC                                 | -   | -  | -          | -   | -  | -             |
| 7  | “Sagamar” CJSC                                  | -   | -  | -          | -   | -  | -             |
| 8  | “Assat” LLC                                     | -   | -  | -          | -   | -  | -             |
| 9  | “Meghradzor Gold” LLC                           | -   | -  | -          | 643,913.89  | -  | 643,913.89    |
| 10 | “Ler-Ex” LLC                                    | 423,287.51  | -  | 423,287.51 | -   | -  | -             |
| 11 | “Akhtala Mining And Processing Enterprise” CJSC | -   | -  | -          | 794,701.86  | -  | 794,701.86    |
| 12 | “Geopromining Gold“ LLC                         | -   | -  | -          | 22,393,845.30   | -  | 22,393,845.30 |
| 13 | “Lydian Armenia” CJSC                           | -   | -  | -          | -   | -  | -             |
| 14 | “Agarak Copper Molybdenum Combine” CJSC         | -   | -  | -          | 2,469,395.74  | -  | 2,469,395.74  |
| 15 | “Teghout” CJSC                                  | 9,503.24  | -  | 9,503.24   | 10,809,216.21   | -  | 10,809,216.21 |
| 16 | “Zangezur Copper-Molybdenum Combine“ CJSC       | -   | -  | -          | 48,750,049.40   | -  | 48,750,049.40 |
| 17 | “Active Lernagorts” LLC                         | -   | -  | -          | -   | -  | -             |
| 18 | “Lichkvaz” CJSC                                 | 361,031.69  | -  | 361,031.69 | -   | -  | -             |
| 19 | “Multi Group Concern” LLC                       | -   | -  | -          | -   | -  | -             |
| 20 | “Vardani Zartonk” LLC                           | -   | -  | -          | -   | -  | -             |
| 21 | “Molibdeni Ashkharh” LLC                        | -   | -  | -          | -   | -  | -             |
| 22 | “Fortune Resources” LLC                         | 858.36  | -  | 858.36     | -   | -  | -             |
| 23 | “Mego Gold” LLC                                 | 22,126.34   | -  | 22,126.34  | -   | -  | -             |
| 24 | “Marjan Mining Company” LLC                     | -   | -  | -          | -   | -  | -             |
| 25 | “Tatstone” LCC                                  | -   | -  | -          | -   | -  | -             |
| 26 | “Paramount Gold Mining” LLC                     | -   | -  | -          | -   | -  | -             |

| N  | Name of the Taxpayer (in English)               | Value Added Tax   |  |           | Environmental taxes, aggregation of environmental taxes and payments |  |           |
|----|---|---|--|-----------|--|--|-----------|
|    |   | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total     | Tax calculation for the reporting year (by declaration)              | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total     |
| 1  | “Chaarat Kapan” CJSC                            | 1,360.25  | -  | 1,360.25  | 2,013.78   | -  | 2,013.78  |
| 2  | “Geghi Gold” LLC                                | -   | -  | -         | -  | -  | -         |
| 3  | “Bacteck Eco” LTD                               | -   | -  | -         | -  | -  | -         |
| 4  | “Gharagulyanner” CJSC                           | -   | -  | -         | -  | -  | -         |
| 5  | “At-Metals” LLC                                 | -   | -  | -         | -  | -  | -         |
| 6  | “Vayk Gold” LLC                                 | -   | -  | -         | -  | -  | -         |
| 7  | “Sagamar” CJSC                                  | 84.65   | -  | 84.65     | 8.53   | -  | 8.53      |
| 8  | “Assat” LLC                                     | -   | -  | -         | 29.56  | -  | 29.56     |
| 9  | “Meghradzor Gold” LLC                           | 592.68  | -  | 592.68    | 208.65   | -  | 208.65    |
| 10 | “Ler-Ex” LLC                                    | 45.44   | -  | 45.44     | -  | -  | -         |
| 11 | “Akhtala Mining And Processing Enterprise” CJSC | 2,135.58  | -  | 2,135.58  | 2,898.26   | -  | 2,898.26  |
| 12 | “Geopromining Gold” LLC                         | 6,697.28  | -  | 6,697.28  | 29,911.83  | -  | 29,911.83 |
| 13 | “Lydian Armenia” CJSC                           | -   | -  | -         | -  | -  | -         |
| 14 | “Agarak Copper Molybdenum Combine” CJSC         | 27,342.42   | -  | 27,342.42 | 14,848.62  | -  | 14,848.62 |
| 15 | “Teghout” CJSC                                  | 4,223.85  | -  | 4,223.85  | 5,049.25   | -  | 5,049.25  |
| 16 | “Zangezour Copper-Molybdenum Combine” CJSC      | 83,822.63   | -  | 83,822.63 | 42,112.06  | -  | 42,112.06 |
| 17 | “Active Lernagorts” LLC                         | -   | -  | -         | 298.89   | -  | 298.89    |
| 18 | “Lichkvaz” CJSC                                 | 0.02  | -  | 0.02      | 143.06   | -  | 143.06    |
| 19 | “Multi Group Concern” LLC                       | -   | -  | -         | -  | -  | -         |
| 20 | “Vardani Zartonk” LLC                           | -   | -  | -         | -  | -  | -         |
| 21 | “Molibdeni Ashkharh” LLC                        | -   | -  | -         | -  | -  | -         |
| 22 | “Fortune Resources” LLC                         | -   | -  | -         | -  | -  | -         |
| 23 | “Mego Gold” LLC                                 | -   | -  | -         | -  | -  | -         |
| 24 | “Marjan Mining Company” LLC                     | -   | -  | -         | -  | -  | -         |
| 25 | “Tatstone” LCC                                  | -   | -  | -         | -  | -  | -         |
| 26 | “Paramount Gold Mining” LLC                     | -   | -  | -         | -  | -  | -         |

| N  | Name of the Taxpayer (in English)               | Environmental charges (taxes) collected for goods imported from non-member countries of the EAEU, according to the provided customs declarations |  |          | Environmental charges (taxes) collected for goods imported from EAEU member countries according to the provided customs declarations |  |           |
|----|---|--|--|----------|--|--|-----------|
|    |   | Tax calculation for the reporting year (by declaration)  | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total    | Tax calculation for the reporting year (by declaration)  | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total     |
| 1  | “Chaarat Kapan” CJSC                            | -  | -  | -        | 205.13   | -  | 205.13    |
| 2  | “Geghi Gold” LLC                                | -  | -  | -        | -  | -  | -         |
| 3  | “Bacteck Eco” LTD                               | -  | -  | -        | -  | -  | -         |
| 4  | “Gharagulyanner” CJSC                           | -  | -  | -        | -  | -  | -         |
| 5  | “At-Metals” LLC                                 | -  | -  | -        | -  | -  | -         |
| 6  | “Vayk Gold” LLC                                 | -  | -  | -        | -  | -  | -         |
| 7  | “Sagamar” CJSC                                  | -  | -  | -        | 79.93  | -  | 79.93     |
| 8  | “Assat” LLC                                     | -  | -  | -        | -  | -  | -         |
| 9  | “Meghradzor Gold” LLC                           | -  | -  | -        | 408.74   | -  | 408.74    |
| 10 | “Ler-Ex” LLC                                    | -  | -  | -        | -  | -  | -         |
| 11 | “Akhtala Mining And Processing Enterprise” CJSC | 196.30   | -  | 196.30   | 630.70   | -  | 630.70    |
| 12 | “Geopromining Gold“ LLC                         | 234.01   | -  | 234.01   | 25,706.29  | -  | 25,706.29 |
| 13 | “Lydian Armenia” CJSC                           | -  | -  | -        | 23.89  | -  | 23.89     |
| 14 | “Agarak Copper Molybdenum Combine” CJSC         | 224.22   | -  | 224.22   | 5,674.72   | -  | 5,674.72  |
| 15 | “Teghout” CJSC                                  | -  | -  | -        | 6,815.78   | -  | 6,815.78  |
| 16 | “Zangezur Copper-Molybdenum Combine“ CJSC       | 8,162.16   | -  | 8,162.16 | 147.30   | -  | 147.30    |
| 17 | “Active Lernagorts” LLC                         | -  | -  | -        | -  | -  | -         |
| 18 | “Lichkvaz” CJSC                                 | -  | -  | -        | -  | -  | -         |
| 19 | “Multi Group Concern” LLC                       | -  | -  | -        | 96.61  | -  | 96.61     |
| 20 | “Vardani Zartonk” LLC                           | -  | -  | -        | -  | -  | -         |
| 21 | “Molibdeni Ashkharh” LLC                        | -  | -  | -        | -  | -  | -         |
| 22 | “Fortune Resources” LLC                         | -  | -  | -        | -  | -  | -         |
| 23 | “Mego Gold” LLC                                 | -  | -  | -        | -  | -  | -         |
| 24 | “Marjan Mining Company” LLC                     | -  | -  | -        | -  | -  | -         |
| 25 | “Tatstone” LCC                                  | -  | -  | -        | -  | -  | -         |
| 26 | “Paramount Gold Mining” LLC                     | -  | -  | -        | -  | -  | -         |



| N  | Name of the Taxpayer (in English)               | Customs fees and duties  | Duties                       | Property tax  |  |           |
|----|---|--|------------------------------|---|--|-----------|
|    |   | Paid during the reporting year (excluding penalties and fines) | Calculated amount of payment | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total     |
| 1  | “Chaarat Kapan” CJSC                            | 184,259.95   | 20,477.94                    | 7,948.79  | -  | 7,948.79  |
| 2  | “Geghi Gold” LLC                                | -  | 20,437.07                    | 17.37   | -  | 17.37     |
| 3  | “Bacteck Eco” LTD                               | -  | 20,437.07                    | -   | -  | -         |
| 4  | “Gharagulyanner” CJSC                           | -  | 20,437.07                    | -   | -  | -         |
| 5  | “At-Metals” LLC                                 | -  | 20,457.50                    | 220.92  | -  | 220.92    |
| 6  | “Vayk Gold” LLC                                 | -  | -                            | -   | -  | -         |
| 7  | “Sagamar” CJSC                                  | 5,393.40   | 20,457.50                    | 3,481.47  | -  | 3,481.47  |
| 8  | “Assat” LLC                                     | -  | 20,437.07                    | -   | -  | -         |
| 9  | “Meghradzor Gold” LLC                           | 41,873.41  | 20,477.94                    | 638.22  | -  | 638.22    |
| 10 | “Ler-Ex” LLC                                    | -  | 20,457.50                    | 874.03  | -  | 874.03    |
| 11 | “Akhtala Mining And Processing Enterprise” CJSC | 26,783.04  | 20,437.07                    | 3,665.41  | -  | 3,665.41  |
| 12 | “Geopromining Gold” LLC                         | 1,089,258.96   | 20,437.07                    | 7,222.74  | -  | 7,222.74  |
| 13 | “Lydian Armenia” CJSC                           | 50,055.38  | 20,437.07                    | 3,340.52  | -  | 3,340.52  |
| 14 | “Agarak Copper Molybdenum Combine” CJSC         | 118,921.33   | 20,437.07                    | 15,198.82   | -  | 15,198.82 |
| 15 | “Teghout” CJSC                                  | 1,121,539.70   | 20,437.07                    | 8,814.56  | -  | 8,814.56  |
| 16 | “Zangezur Copper-Molybdenum Combine” CJSC       | 917,147.60   | 20,437.07                    | 60,603.08   | -  | 60,603.08 |
| 17 | “Active Lernagorts” LLC                         | -  | 20,437.07                    | -   | -  | -         |
| 18 | “Lichkvaz” CJSC                                 | -  | 20,437.07                    | 213.21  | -  | 213.21    |
| 19 | “Multi Group Concern” LLC                       | 17,865.97  | 20,437.07                    | 21,488.10   | -  | 21,488.10 |
| 20 | “Vardani Zartonk” LLC                           | -  | -                            | -   | -  | -         |
| 21 | “Molibdeni Ashkharh” LLC                        | -  | -                            | -   | -  | -         |
| 22 | “Fortune Resources” LLC                         | -  | 102.19                       | -   | -  | -         |
| 23 | “Mego Gold” LLC                                 | -  | -                            | 321.68  | -  | 321.68    |
| 24 | “Marjan Mining Company” LLC                     | -  | -                            | -   | -  | -         |
| 25 | “Tatstone” LCC                                  | -  | 20,437.07                    | -   | -  | -         |
| 26 | “Paramount Gold Mining” LLC                     | -  | -                            | -   | -  | -         |

| N  | Name of the Taxpayer (in English)               | Land tax  |  |           | Rent payments paid during the reporting year (including penalties and fines) |                |            |
|----|---|---|--|-----------|--|----------------|------------|
|    |   | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total     | Real estate  | Transportation | Land       |
| 1  | "Charat Kapan" CJSC                             | 2,792.39  | -  | 2,792.39  | -  | -              | 232,443.62 |
| 2  | "Geghi Gold" LLC                                | -   | -  | -         | -  | -              | -          |
| 3  | "Bacteck Eco" LTD                               | -   | -  | -         | -  | -              | 2,476.97   |
| 4  | "Gharagulyanner" CJSC                           | -   | -  | -         | -  | -              | -          |
| 5  | "At-Metals" LLC                                 | -   | -  | -         | -  | -              | -          |
| 6  | "Vayk Gold" LLC                                 | -   | -  | -         | -  | -              | -          |
| 7  | "Sagamar" CJSC                                  | 4,164.26  | -  | 4,164.26  | -  | -              | 2,861.19   |
| 8  | "Assat" LLC                                     | -   | -  | -         | -  | -              | -          |
| 9  | "Meghradzor Gold" LLC                           | 869.09  | -  | 869.09    | -  | -              | 50,909.29  |
| 10 | "Ler-Ex" LLC                                    | 51.54   | -  | 51.54     | -  | -              | 3,350.44   |
| 11 | "Akhtala Mining And Processing Enterprise" CJSC | 617.66  | -  | 617.66    | 7,357.34   | -              | 12,209.12  |
| 12 | "Geopromining Gold" LLC                         | 4,314.54  | -  | 4,314.54  | 1,961.96   | -              | 138,972.06 |
| 13 | "Lydian Armenia" CJSC                           | 18,957.24   | -  | 18,957.24 | -  | -              | 989,184.30 |
| 14 | "Agarak Copper Molybdenum Combine" CJSC         | 122.85  | -  | 122.85    | 64,833.10  | -              | -          |
| 15 | "Teghout" CJSC                                  | 7,874.99  | -  | 7,874.99  | -  | -              | 76,639.00  |
| 16 | "Zangezur Copper-Molybdenum Combine" CJSC       | 2,137.40  | -  | 2,137.40  | -  | 1 226.22       | 467,150.23 |
| 17 | "Active Lernagorts" LLC                         | -   | -  | -         | -  | -              | 371.95     |
| 18 | "Lichkvaz" CJSC                                 | -   | -  | -         | -  | -              | 16,088.85  |
| 19 | "Multi Group Concern" LLC                       | 955.02  | -  | 955.02    | -  | -              | 5,087.99   |
| 20 | "Vardani Zartonk" LLC                           | -   | -  | -         | -  | -              | -          |
| 21 | "Molibdeni Ashkharh" LLC                        | 7.36  | -  | 7.36      | -  | -              | -          |
| 22 | "Fortune Resources" LLC                         | -   | -  | -         | -  | -              | -          |
| 23 | "Mego Gold" LLC                                 | 28,797.87   | -  | 28,797.87 | -  | -              | -          |
| 24 | "Marjan Mining Company" LLC                     | -   | -  | -         | -  | -              | -          |
| 25 | "Tatstone" LCC                                  | 0.45  | -  | 0.45      | 22,322.65  | -              | -          |
| 26 | "Paramount Gold Mining" LLC                     | -   | -  | -         | -  | -              | -          |

| N  | Name of the Taxpayer (in English)               | Replenishment of environmental protection fund |   |  | Monitoring Implementation Fee |   |   |
|----|---|--|---|--|-------------------------------|---|---|
|    |   | Basic rate for calculation                     | Amount to be paid to the fund calculated for the reporting year | The factual payment made to the fund during the reporting year | Basic rate for calculation    | Amount to be paid to the fund calculated for the reporting year | The actual payment made to the fund during the reporting year |
| 1  | "Chaarat Kapan" CJSC                            | 561,494.87                                     | 14,037.36   | 58,001.40  | 198,499.10                    | 24,806.86   | 4,962.49  |
| 2  | "Geghi Gold" LLC                                | 119,755.08                                     | 3,510.06  | 3,510.07   | 4,496.15                      | 131.80  | 131.80  |
| 3  | "Bacteck Eco" LTD                               | 4,986.64                                       | 169.55  | 339.09   | 306.56                        | 10.42   | 108.52  |
| 4  | "Gharagulyanner" CJSC                           | 20,215.45                                      | 477.31  | 477.23   | 10,003.94                     | 236.21  | 236.21  |
| 5  | "At-Metals" LLC                                 | 245,080.29                                     | 32,048.96   | 32,048.96  | 10,218.53                     | 1,336.28  | 8,214.17  |
| 6  | "Vayk Gold" LLC                                 | 13,951.43                                      | 494.13  | -  | -                             | -   | -   |
| 7  | "Sagamar" CJSC                                  | 95,033.28                                      | 2,046.65  | 21,423.27  | 24,074.87                     | 620.10  | -   |
| 8  | "Assat" LLC                                     | 3,471.85                                       | 295.11  | 288.16   | 1,021.85                      | 86.86   | -   |
| 9  | "Meghradzor Gold" LLC                           | 6,918.36                                       | 628.93  | -  | 8,583.57                      | 810.68  | 810.68  |
| 10 | "Ler-Ex" LLC                                    | 63,923.92                                      | 2,263.98  | 4,528.85   | -                             | -   | -   |
| 11 | "Akhtala Mining And Processing Enterprise" CJSC | 390,310.17                                     | 66,350.98   | 66,350.98  | 3,065.56                      | 521.15  | 521.15  |
| 12 | "Geopromining Gold" LLC                         | 1,842,810.34                                   | 120,491.43  | 120,491.43   | 12,262.24                     | 868.58  | 868.58  |
| 13 | "Lydian Armenia" CJSC                           | 3,811,361.78                                   | 249,205.51  | 249,205.51   | 519,101.50                    | 33,945.97   | 33,945.97   |
| 14 | "Agarak Copper Molybdenum Combine" CJSC         | 876,116.26                                     | 53,192.80   | 106,387.20   | 5,109.27                      | 310.19  | 2,937.75  |
| 15 | "Teghout" CJSC                                  | 42,593.50                                      | 6,035.07  | 6,035.07   | -                             | -   | -   |
| 16 | "Zangezour Copper-Molybdenum Combine" CJSC      | 1,121,486.57                                   | 39,719.32   | 79,438.63  | 159,102.57                    | 5,634.88  | 11,269.77   |
| 17 | "Active Lernagorts" LLC                         | 23,747.87                                      | 776.36  | 1,552.44   | 9,196.68                      | 781.72  | 1,563.44  |
| 18 | "Lichkvaz" CJSC                                 | 21,604.02                                      | 382.62  | -  | 37,808.57                     | 1,691.37  | -   |
| 19 | "Multi Group Concern" LLC                       | 12,906.01                                      | 476.96  | 570.81   | -                             | -   | -   |
| 20 | "Vardani Zartonk" LLC                           | 5,347.77                                       | 349.68  | 1,048.16   | -                             | -   | -   |
| 21 | "Molibdeni Ashkharh" LLC                        | -  | -   | 3,190.54   | -                             | -   | -   |
| 22 | "Fortune Resources" LLC                         | 56,874.31                                      | 2,101.87  | 2,101.87   | -                             | -   | -   |
| 23 | "Mego Gold" LLC                                 | 6,275.55                                       | 889.01  | -  | -                             | -   | -   |
| 24 | "Marjan Mining Company" LLC                     | 16,049.23                                      | 593.02  | -  | -                             | -   | -   |
| 25 | "Tatstone" LCC                                  | 4,868.52                                       | 255.44  | 205.37   | 5,109.27                      | 255.46  | 510.93  |
| 26 | "Paramount Gold Mining" LLC                     | 51,453.59                                      | 1,822.33  | 1,600.86   | -                             | -   | -   |

## Annex 6.2. Data provided by the reporting mining companies for 2021 (AMD)

| N  | Name of the Taxpayer (in English)               | Profit Tax  |  |                | Income Tax  |  |               |
|----|---|---|--|----------------|---|--|---------------|
|    |   | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total          | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total         |
| 1  | “Chaarat Kapan” CJSC                            | 1,109,359,342   | -  | 1,109,359,342  | 1,247,748,548   | -  | 1,247,748,548 |
| 2  | “Geghi Gold” LLC                                | -   | -  | -              | 6,351,552   | -  | 6,351,552     |
| 3  | “Bacteck Eco” LTD                               | -   | -  | -              | 5,748,197   | -  | 5,748,197     |
| 4  | “Gharagulyanner” CJSC                           | -   | -  | -              | 46,849  | -  | 46,849        |
| 5  | “At-Metals” LLC                                 | -   | -  | -              | 17,712,815  | -  | 17,712,815    |
| 6  | “Vayk Gold” LLC                                 | 26,548,154  | -  | 26,548,154     | 3,314,157   | -  | 3,314,157     |
| 7  | “Sagamar” CJSC                                  | -   | -  | -              | 53,870,647  | -  | 53,870,647    |
| 8  | “Assat” LLC                                     | 323,954   | -  | 323,954        | 12,664,775  | -  | 12,664,775    |
| 9  | “Meghradzor Gold” LLC                           | -   | -  | -              | 201,652,976   | -  | 201,652,976   |
| 10 | “Ler-Ex” LLC                                    | -   | -  | -              | 177,921,768   | -  | 177,921,768   |
| 11 | “Akhtala Mining And Processing Enterprise” CJSC | 439,150,310   | -  | 439,150,310    | 431,484,779   | -  | 431,484,779   |
| 12 | “Geopromining Gold“ LLC                         | 938,217,150   | -  | 938,217,150    | 2,725,007,135   | -  | 2,725,007,135 |
| 13 | “Lydian Armenia” CJSC                           | -   | -  | -              | 212,952,234   | -  | 212,952,234   |
| 14 | “Agarak Copper Molybdenum Combine” CJSC         | 1,364,128,071   | -  | 1,364,128,071  | 1,243,629,708   | -  | 1,243,629,708 |
| 15 | “Teghout” CJSC                                  | -   | -  | -              | 1,760,300,321   | -  | 1,760,300,321 |
| 16 | “Zangezur Copper-Molybdenum Combine“ CJSC       | 23,770,952,105  | 9,016,429,163  | 32,787,381,268 | 8,377,708,167   | -  | 8,377,708,167 |
| 17 | “Active Lernagorts” LLC                         | -   | -  | -              | 1,893,324   | -  | 1,893,324     |
| 18 | “Lichkvaz” CJSC                                 | 807,543,111   | -  | 807,543,111    | 108,021,740   | -  | 108,021,740   |
| 19 | “Multi Group Concern” LLC                       | -   | -  | -              | 28,728,664  | -  | 28,728,664    |
| 20 | “Vardani Zartonk” LLC                           | -   | -  | -              | -   | -  | -             |
| 21 | “Molibdeni Ashkharh” LLC                        | -   | -  | -              | 4,669,911   | -  | 4,669,911     |
| 22 | “Fortune Resources” LLC                         | -   | -  | -              | 3,292,560   | -  | 3,292,560     |
| 23 | “Mego Gold” LLC                                 | -   | -  | -              | 1,475,748   | -  | 1,475,748     |
| 24 | “Marjan Mining Company” LLC                     | -   | -  | -              | -   | -  | -             |
| 25 | “Tatstone” LCC                                  | -   | -  | -              | 2,016,422   | -  | 2,016,422     |
| 26 | “Paramount Gold Mining” LLC                     | -   | -  | -              | -   | -  | -             |

| N  | Name of the Taxpayer (in English)               | Value Added Tax   |  |               | Royalty   |  |                |
|----|---|---|--|---------------|---|--|----------------|
|    |   | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total         | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total          |
| 1  | “Chaarat Kapan” CJSC                            | -   | -  | -             | 2,942,052,023   | -  | 2,942,052,023  |
| 2  | “Geghi Gold” LLC                                | 7,010,758   | -  | 7,010,758     | -   | -  | -              |
| 3  | “Bacteck Eco” LTD                               | -   | -  | -             | -   | -  | -              |
| 4  | “Gharagulyanner” CJSC                           | -   | -  | -             | -   | -  | -              |
| 5  | “At-Metals” LLC                                 | -   | -  | -             | -   | -  | -              |
| 6  | “Vayk Gold” LLC                                 | -   | -  | -             | -   | -  | -              |
| 7  | “Sagamar” CJSC                                  | -   | -  | -             | -   | -  | -              |
| 8  | “Assat” LLC                                     | 706,604   | -  | 706,604       | -   | -  | -              |
| 9  | “Meghradzor Gold” LLC                           | -   | -  | -             | 150,564,616   | -  | 150,564,616    |
| 10 | “Ler-Ex” LLC                                    | 182,084,897   | -  | 182,084,897   | -   | -  | -              |
| 11 | “Akhtala Mining And Processing Enterprise” CJSC | -   | -  | -             | 753,813,006   | -  | 753,813,006    |
| 12 | “Geopromining Gold” LLC                         | -   | -  | -             | 3,623,610,055   | -  | 3,623,610,055  |
| 13 | “Lydian Armenia” CJSC                           | -   | -  | -             | -   | -  | -              |
| 14 | “Agarak Copper Molybdenum Combine” CJSC         | -   | -  | -             | 4,603,867,473   | -  | 4,603,867,473  |
| 15 | “Teghout” CJSC                                  | -   | -  | -             | 7,351,940,956   | -  | 7,351,940,956  |
| 16 | “Zangezur Copper-Molybdenum Combine” CJSC       | 51,694,250  | -  | 51,694,250    | 39,561,079,696  | 5,740,544,444  | 45,301,624,140 |
| 17 | “Active Lernagorts” LLC                         | -   | -  | -             | -   | -  | -              |
| 18 | “Lichkvaz” CJSC                                 | 1,551,404,253   | -  | 1,551,404,253 | 1,297,164,729   | -  | 1,297,164,729  |
| 19 | “Multi Group Concern” LLC                       | -   | -  | -             | -   | -  | -              |
| 20 | “Vardani Zartonk” LLC                           | -   | -  | -             | -   | -  | -              |
| 21 | “Molibdeni Ashkharh” LLC                        | -   | -  | -             | -   | -  | -              |
| 22 | “Fortune Resources” LLC                         | 420,000   | -  | 420,000       | -   | -  | -              |
| 23 | “Mego Gold” LLC                                 | -   | -  | -             | -   | -  | -              |
| 24 | “Marjan Mining Company” LLC                     | -   | -  | -             | -   | -  | -              |
| 25 | “Tatstone” LCC                                  | -   | -  | -             | -   | -  | -              |
| 26 | “Paramount Gold Mining” LLC                     | -   | -  | -             | -   | -  | -              |

| N  | Name of the Taxpayer (in English)               | Nature use payments                                     |  |            | Environmental taxes, aggregation of environmental taxes and payments |  |             |
|----|---|---|--|------------|--|--|-------------|
|    |   | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total      | Tax calculation for the reporting year (by declaration)              | Calculated by inspection act (acts) (examination protocol) (including penalties and fines) | Total       |
| 1  | "Chaarat Kapan" CJSC                            | 669,698   |  | 669,698    | 7,503,377  |  | 7,503,377   |
| 2  | "Geghi Gold" LLC                                | -   |  | -          | -  |  | -           |
| 3  | "Bacteck Eco" LTD                               | -   |  | -          | -  |  | -           |
| 4  | "Gharagulyanner" CJSC                           | -   |  | -          | 1  |  | 1           |
| 5  | "At-Metals" LLC                                 | -   |  | -          | -  |  | -           |
| 6  | "Vayk Gold" LLC                                 | -   |  | -          | -  |  | -           |
| 7  | "Sagamar" CJSC                                  | 159,348   |  | 159,348    | 1,247,011  |  | 1,247,011   |
| 8  | "Assat" LLC                                     | -   |  | -          | 32,119   |  | 32,119      |
| 9  | "Meghradzor Gold" LLC                           | 235,820   |  | 235,820    | 646,982  |  | 646,982     |
| 10 | "Ler-Ex" LLC                                    | 22,232  |  | 22,232     | -  |  | -           |
| 11 | "Akhtala Mining And Processing Enterprise" CJSC | 908,295   |  | 908,295    | 1,248,978  |  | 1,248,978   |
| 12 | "Geopromining Gold" LLC                         | 5,065,241   |  | 5,065,241  | 163,707,614  |  | 163,707,614 |
| 13 | "Lydian Armenia" CJSC                           | -   |  | -          | -  |  | -           |
| 14 | "Agarak Copper Molybdenum Combine" CJSC         | 14,940,517  |  | 14,940,517 | 40,005,052   |  | 40,005,052  |
| 15 | "Teghout" CJSC                                  | 2,886,391   |  | 2,886,391  | 92,890,190   |  | 92,890,190  |
| 16 | "Zangezour Copper-Molybdenum Combine" CJSC      | 32,563,968  |  | 32,563,968 | 229,420,416  |  | 229,420,416 |
| 17 | "Active Lernagorts" LLC                         | -   |  | -          | -  |  | -           |
| 18 | "Lichkvaz" CJSC                                 | 15,578  |  | 15,578     | 130,147  |  | 130,147     |
| 19 | "Multi Group Concern" LLC                       | -   |  | -          | -  |  | -           |
| 20 | "Vardani Zartonk" LLC                           | -   |  | -          | -  |  | -           |
| 21 | "Molibdeni Ashkharh" LLC                        | -   |  | -          | -  |  | -           |
| 22 | "Fortune Resources" LLC                         | -   |  | -          | -  |  | -           |
| 23 | "Mego Gold" LLC                                 | -   |  | -          | -  |  | -           |
| 24 | "Marjan Mining Company" LLC                     | -   |  | -          | -  |  | -           |
| 25 | "Tatstone" LCC                                  | -   |  | -          | -  |  | -           |
| 26 | "Paramount Gold Mining" LLC                     | -   |  | -          | -  |  | -           |

| N  | Name of the Taxpayer (in English)               | Environmental charges (taxes) collected for goods imported from non-member countries of the EAEU, according to the provided customs declarations |  |           | Environmental charges (taxes) collected for goods imported from EAEU member countries according to the provided customs declarations |  |           |
|----|---|--|--|-----------|--|--|-----------|
|    |   | Tax calculation for the reporting year (by declaration)  | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total     | Tax calculation for the reporting year (by declaration)  | Calculated by inspection act (acts) (examination protocol) (including penalties and fines) | Total     |
| 1  | “Chaarat Kapan” CJSC                            | 85,376   | -  | 85,376    | 794,970  | -  | 794,970   |
| 2  | “Geghi Gold” LLC                                | -  | -  | -         | -  | -  | -         |
| 3  | “Bacteck Eco” LTD                               | -  | -  | -         | -  | -  | -         |
| 4  | “Gharagulyanner” CJSC                           | -  | -  | -         | -  | -  | -         |
| 5  | “At-Metals” LLC                                 | 4,040  | -  | 4,040     | -  | -  | -         |
| 6  | “Vayk Gold” LLC                                 | -  | -  | -         | -  | -  | -         |
| 7  | “Sagamar” CJSC                                  | -  | -  | -         | -  | -  | -         |
| 8  | “Assat” LLC                                     | -  | -  | -         | -  | -  | -         |
| 9  | “Meghradzor Gold” LLC                           | -  | -  | -         | 97,264   | -  | 97,264    |
| 10 | “Ler-Ex” LLC                                    | -  | -  | -         | -  | -  | -         |
| 11 | “Akhtala Mining And Processing Enterprise” CJSC | 229,298  | -  | 229,298   | 383,016  | -  | 383,016   |
| 12 | “Geopromining Gold” LLC                         | 95,524   | -  | 95,524    | 6,908,614  | -  | 6,908,614 |
| 13 | “Lydian Armenia” CJSC                           | -  | -  | -         | -  | -  | -         |
| 14 | “Agarak Copper Molybdenum Combine” CJSC         | 1,279,746  | -  | 1,279,746 | 3,374,621  | -  | 3,374,621 |
| 15 | “Teghout” CJSC                                  | 623,234  | -  | 623,234   | 6,005,687  | -  | 6,005,687 |
| 16 | “Zangezur Copper-Molybdenum Combine” CJSC       | 3,808,575  | -  | 3,808,575 | 18,761   | -  | 18,761    |
| 17 | “Active Lernagorts” LLC                         | -  | -  | -         | -  | -  | -         |
| 18 | “Lichkvaz” CJSC                                 | -  | -  | -         | 40,435   | -  | 40,435    |
| 19 | “Multi Group Concern” LLC                       | -  | -  | -         | -  | -  | -         |
| 20 | “Vardani Zartonk” LLC                           | -  | -  | -         | -  | -  | -         |
| 21 | “Molibdeni Ashkharh” LLC                        | -  | -  | -         | -  | -  | -         |
| 22 | “Fortune Resources” LLC                         | -  | -  | -         | -  | -  | -         |
| 23 | “Mego Gold” LLC                                 | -  | -  | -         | -  | -  | -         |
| 24 | “Marjan Mining Company” LLC                     | -  | -  | -         | -  | -  | -         |
| 25 | “Tatstone” LCC                                  | -  | -  | -         | -  | -  | -         |
| 26 | “Paramount Gold Mining” LLC                     | -  | -  | -         | -  | -  | -         |

| N  | Name of the Taxpayer (in English)               | Customs fees and duties  | Duties                       | State export duties                                     | Property tax  |  |            |
|----|---|--|------------------------------|---|---|--|------------|
|    |   | Paid during the reporting year (excluding penalties and fines) | Calculated amount of payment | Tax calculation for the reporting year (by declaration) | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total      |
| 1  | "Chaarat Kapan" CJSC                            | 76,683,032   | 10,000,000                   | 320,000,000   | 2,327,948   | -  | 2,327,948  |
| 2  | "Geghi Gold" LLC                                | -  | 10,000,000                   | -   | 5,000   | -  | 5,000      |
| 3  | "Bacteck Eco" LTD                               | 4,836,076  | 10,000,000                   | -   | 22,400  | -  | 22,400     |
| 4  | "Gharagulyanner" CJSC                           | -  | 10,000,000                   | -   | -   | -  | -          |
| 5  | "At-Metals" LLC                                 | -  | 10,000,000                   | -   | 75,900  | -  | 75,900     |
| 6  | "Vayk Gold" LLC                                 | -  | 10,000,000                   | -   | -   | -  | -          |
| 7  | "Sagamar" CJSC                                  | 123,114  | 10,000,000                   | -   | 572,600   | -  | 572,600    |
| 8  | "Assat" LLC                                     | 4,500  | 10,000,000                   | -   | -   | -  | -          |
| 9  | "Meghradzor Gold" LLC                           | 15,261,079   | 10,000,000                   | -   | 145,700   | -  | 145,700    |
| 10 | "Ler-Ex" LLC                                    | -  | 10,000,000                   | -   | 414,536   | -  | 414,536    |
| 11 | "Akhtala Mining And Processing Enterprise" CJSC | 19,931,838   | 10,000,000                   | 484,000,000   | 1,473,345   | -  | 1,473,345  |
| 12 | "Geopromining Gold" LLC                         | 236,099,289  | 10,000,000                   | -   | 3,392,609   | -  | 3,392,609  |
| 13 | "Lydian Armenia" CJSC                           | 12,001,501   | 10,000,000                   | -   | 1,239,410   | -  | 1,239,410  |
| 14 | "Agarak Copper Molybdenum Combine" CJSC         | 59,456,646   | 10,000,000                   | 2,995,360,000   | 1,919,044   | -  | 1,919,044  |
| 15 | "Teghout" CJSC                                  | 294,822,352  | 10,000,000                   | 5,008,000,000   | 3,346,110   | -  | 3,346,110  |
| 16 | "Zangezour Copper-Molybdenum Combine" CJSC      | 497,272,500  | 10,000,000                   | 13,116,000,000  | 12,571,601  | -  | 12,571,601 |
| 17 | "Active Lernagorts" LLC                         | -  | 10,000,000                   | -   | -   | -  | -          |
| 18 | "Lichkvaz" CJSC                                 | 11,491,766   | 10,000,000                   | -   | 3,543,131   | -  | 3,543,131  |
| 19 | "Multi Group Concern" LLC                       | 1,235,363  | 10,000,000                   | -   | 2,294,454   | -  | 2,294,454  |
| 20 | "Vardani Zartonk" LLC                           | -  | -                            | -   | -   | -  | -          |
| 21 | "Molibdeni Ashkharh" LLC                        | -  | -                            | -   | -   | -  | -          |
| 22 | "Fortune Resources" LLC                         | -  | -                            | -   | -   | -  | -          |
| 23 | "Mego Gold" LLC                                 | -  | -                            | -   | 3,543,131   | -  | 3,543,131  |
| 24 | "Marjan Mining Company" LLC                     | -  | -                            | -   | -   | -  | -          |
| 25 | "Tatstone" LCC                                  | -  | 10,000,000                   | -   | -   | -  | -          |
| 26 | "Paramount Gold Mining" LLC                     | -  | -                            | -   | -   | -  | -          |



| N  | Name of the Taxpayer (in English)               | Land tax  |  |            | Rent payments paid during the reporting year (including penalties and fines) |                |             |
|----|---|---|--|------------|--|----------------|-------------|
|    |   | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total      | Real estate  | Transportation | Land        |
| 1  | “Chaarat Kapan” CJSC                            | 1,736,979   | -  | 1,736,979  | -  | -              | 113,391,288 |
| 2  | “Geghi Gold” LLC                                | -   | -  | -          | -  | -              | -           |
| 3  | “Bacteck Eco” LTD                               | -   | -  | -          | -  | -              | 1,212,000   |
| 4  | “Gharagulyanner” CJSC                           | -   | -  | -          | -  | -              | -           |
| 5  | “At-Metals” LLC                                 | 19,454  | -  | 19,454     | -  | -              | 2,411,784   |
| 6  | “Vayk Gold” LLC                                 | -   | -  | -          | -  | -              | -           |
| 7  | “Sagamar” CJSC                                  | 739,036   | -  | 739,036    | -  | -              | 1,400,000   |
| 8  | “Assat” LLC                                     | 39,657  | -  | 39,657     | -  | -              | 640,121     |
| 9  | “Meghradzor Gold” LLC                           | 440,249   | -  | 440,249    | -  | -              | 24,910,272  |
| 10 | “Ler-Ex” LLC                                    | 41,114  | -  | 41,114     | -  | -              | 1,637,377   |
| 11 | “Akhtala Mining And Processing Enterprise” CJSC | 313,190   | -  | 313,190    | 3,600,000  | -              | 5,974,008   |
| 12 | “Geopromining Gold” LLC                         | 61,383,462  | -  | 61,383,462 | 960,000  | -              | 68,000,000  |
| 13 | “Lydian Armenia” CJSC                           | 774,594   | -  | 774,594    | -  | -              | 409,550,931 |
| 14 | “Agarak Copper Molybdenum Combine” CJSC         | 1,014,502   | -  | 1,014,502  | -  | -              | 31,723,513  |
| 15 | “Teghout” CJSC                                  | 1,446,314   | -  | 1,446,314  | -  | -              | 43,169,950  |
| 16 | “Zangezour Copper-Molybdenum Combine” CJSC      | 4,087,009   | -  | 4,087,009  | -  | 600,000        | 373,286,369 |
| 17 | “Active Lernagorts” LLC                         | -   | -  | -          | -  | -              | 181,000     |
| 18 | “Lichkvaz” CJSC                                 | -   | -  | -          | -  | -              | 3,651,456   |
| 19 | “Multi Group Concern” LLC                       | 405,773   | -  | 405,773    | -  | -              | 2,489,588   |
| 20 | “Vardani Zartonk” LLC                           | -   | -  | -          | -  | -              | -           |
| 21 | “Molibdeni Ashkharh” LLC                        | 644   | -  | 644        | -  | -              | -           |
| 22 | “Fortune Resources” LLC                         | -   | -  | -          | -  | -              | -           |
| 23 | “Mego Gold” LLC                                 | 29,536  | -  | 29,536     | -  | -              | -           |
| 24 | “Marjan Mining Company” LLC                     | -   | -  | -          | -  | -              | -           |
| 25 | “Tatstone” LCC                                  | 82  | -  | 82         | -  | -              | 27,585,937  |
| 26 | “Paramount Gold Mining” LLC                     | -   | -  | -          | -  | -              | -           |

| N  | Name of the Taxpayer (in English)               | Replenishment of environmental protection fund |   |  | Monitoring Implementation Fee |   |   |
|----|---|--|---|--|-------------------------------|---|---|
|    |   | Basic rate for calculation                     | Amount to be paid to the fund calculated for the reporting year | The factual payment made to the fund during the reporting year | Basic rate for calculation    | Amount to be paid to the fund calculated for the reporting year | The actual payment made to the fund during the reporting year |
| 1  | “Chaarat Kapan” CJSC                            | 274,743,370                                    | 6,868,580   | 6,868,580  | 97,127,000                    | 2,428,180   | 2,428,180   |
| 2  | “Geghi Gold” LLC                                | 58,597,000                                     | 1,717,498   | 1,717,498  | 2,200,000                     | 64,490  | 64,490  |
| 3  | “Bacteck Eco” LTD                               | 2,440,000                                      | 82,960  | 82,960   | 150,000                       | 5,100   | 5,100   |
| 4  | “Gharagulyanner” CJSC                           | 9,891,560                                      | 233,550   | 233,511  | 4,895,000                     | 115,577   | 115,577   |
| 5  | “At-Metals” LLC                                 | 119,919,500                                    | 15,681,780  | -  | 5,000,000                     | 653,850   | -   |
| 6  | “Vayk Gold” LLC                                 | 6,826,533                                      | 241,780   | 725,320  | -                             | -   | -   |
| 7  | “Sagamar” CJSC                                  | 46,500,450                                     | 1,001,440   | 1,358,000  | 11,780,000                    | 303,420   | 3,890,940   |
| 8  | “Assat” LLC                                     | 1,698,800                                      | 144,400   | 144,000  | 500,000                       | 42,500  | 82,000  |
| 9  | “Meghradzor Gold” LLC                           | 3,385,200                                      | 307,740   | 615,480  | 4,200,000                     | 396,670   | 396,670   |
| 10 | “Ler-Ex” LLC                                    | 31,278,420                                     | 1,107,780   | 1,108,000  | -                             | -   | -   |
| 11 | “Akhtala Mining And Processing Enterprise” CJSC | 190,981,500                                    | 32,466,000  | 32,465,500   | 1,500,000                     | 255,000   | 255,000   |
| 12 | “Geopromining Gold” LLC                         | 901,700,000                                    | 58,957,300  | -  | 6,000,000                     | 425,000   | -   |
| 13 | “Lydian Armenia” CJSC                           | 1,864,926,000                                  | 121,938,000   | 121,938,000  | 254,000,000                   | 16,610,000  | 16,610,000  |
| 14 | “Agarak Copper Molybdenum Combine” CJSC         | 428,689,820                                    | 26,027,607  | 52,056,000   | 17,000,000                    | 2,766,790   | -   |
| 15 | “Teghout” CJSC                                  | 20,841,300                                     | 2,953,000   | 2,953,000  | -                             | -   | -   |
| 16 | “Zangezur Copper-Molybdenum Combine” CJSC       | 548,751,230                                    | 19,434,940  | -  | 77,850,000                    | 2,757,188   | -   |
| 17 | “Active Lernagorts” LLC                         | 11,620,000                                     | 379,880   | 379,810  | 4,500,000                     | 382,500   | 382,500   |
| 18 | “Lichkvaz” CJSC                                 | 10,571,000                                     | 187,220   | -  | 18,500,000                    | 827,600   | 827,632   |
| 19 | “Multi Group Concern” LLC                       | 6,315,000                                      | 233,381   | -  | -                             | -   | -   |
| 20 | “Vardani Zartonk” LLC                           | 2,616,700                                      | 171,100   | -  | -                             | -   | -   |
| 21 | “Molibdeni Ashkharh” LLC                        | -  | -   | -  | -                             | -   | -   |
| 22 | “Fortune Resources” LLC                         | 27,829,000                                     | 1,028,460   | 1,028,460  | -                             | -   | -   |
| 23 | “Mego Gold” LLC                                 | 3,070,670                                      | 435,000   | -  | -                             | -   | -   |
| 24 | “Marjan Mining Company” LLC                     | -  | -   | -  | -                             | -   | -   |
| 25 | “Tatstone” LCC                                  | 2,382,200                                      | 124,990   | 125,000  | 2,500,000                     | 125,000   | 125,000   |
| 26 | “Paramount Gold Mining” LLC                     | -  | -   | -  | -                             | -   | -   |

Data provided by the reporting mining companies USD<sup>227</sup>.

| N  | Name of the Taxpayer (in English)               | Profit Tax  |  |               | Income Tax  |  |               |
|----|---|---|--|---------------|---|--|---------------|
|    |   | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (including penalties and fines) | Total         | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (including penalties and fines) | Total         |
| 1  | “Chaarat Kapan” CJSC                            | 2,204,631.09  | -  | 2,204,631.09  | 2,479,652.12  | -  | 2,479,652.12  |
| 2  | “Geghi Gold” LLC                                | -   | -  | -             | 12,622.45   | -  | 12,622.45     |
| 3  | “Bacteck Eco” LTD                               | -   | -  | -             | 11,423.40   | -  | 11,423.40     |
| 4  | “Gharagulyanner” CJSC                           | -   | -  | -             | 93.10   | -  | 93.10         |
| 5  | “At-Metals” LLC                                 | -   | -  | -             | 35,200.70   | -  | 35,200.70     |
| 6  | “Vayk Gold” LLC                                 | 52,759.18   | -  | 52,759.18     | 6,586.23  | -  | 6,586.23      |
| 7  | “Sagamar” CJSC                                  | -   | -  | -             | 107,057.20  | -  | 107,057.20    |
| 8  | “Assat” LLC                                     | 643.79  | -  | 643.79        | 25,168.72   | -  | 25,168.72     |
| 9  | “Meghradzor Gold” LLC                           | -   | -  | -             | 400,745.19  | -  | 400,745.19    |
| 10 | “Ler-Ex” LLC                                    | -   | -  | -             | 353,584.13  | -  | 353,584.13    |
| 11 | “Akhtala Mining And Processing Enterprise” CJSC | 872,723.91  | -  | 872,723.91    | 857,490.20  | -  | 857,490.20    |
| 12 | “Geopromining Gold” LLC                         | 1,864,520.02  | -  | 1,864,520.02  | 5,415,409.80  | -  | 5,415,409.80  |
| 13 | “Lydian Armenia” CJSC                           | -   | -  | -             | 423,200.22  | -  | 423,200.22    |
| 14 | “Agarak Copper Molybdenum Combine” CJSC         | 2,710,933.28  | -  | 2,710,933.28  | 2,471,466.74  | -  | 2,471,466.74  |
| 15 | “Teghout” CJSC                                  | -   | -  | -             | 3,498,246.84  | -  | 3,498,246.84  |
| 16 | “Zangezur Copper-Molybdenum Combine” CJSC       | 47,240,040.35   | 17,918,360.01  | 65,158,400.36 | 16,649,029.04   | -  | 16,649,029.04 |
| 17 | “Active Lernagorts” LLC                         | -   | -  | -             | 3,762.60  | -  | 3,762.60      |
| 18 | “Lichkvaz” CJSC                                 | 1,604,831.35  | -  | 1,604,831.35  | 214,671.73  | -  | 214,671.73    |
| 19 | “Multi Group Concern” LLC                       | -   | -  | -             | 57,092.51   | -  | 57,092.51     |
| 20 | “Vardani Zartonk” LLC                           | -   | -  | -             | -   | -  | -             |
| 21 | “Molibdeni Ashkharh” LLC                        | -   | -  | -             | 9,280.52  | -  | 9,280.52      |
| 22 | “Fortune Resources” LLC                         | -   | -  | -             | 6,543.31  | -  | 6,543.31      |
| 23 | “Mego Gold” LLC                                 | -   | -  | -             | 2,932.76  | -  | 2,932.76      |
| 24 | “Marjan Mining Company” LLC                     | -   | -  | -             | -   | -  | -             |
| 25 | “Tatstone” LCC                                  | -   | -  | -             | 4,007.24  | -  | 4,007.24      |
| 26 | “Paramount Gold Mining” LLC                     | -   | -  | -             | -   | -  | -             |

227 For the purposes of the Report, the exchange rate was calculated by averaging all the exchange rates for a given year published by the Central Bank of RA. In 2021, the average annual exchange rate for 1 USD was 503.195 AMD.

| N  | Name of the Taxpayer (in English)               | Value Added Tax   |  |              | Royalty   |  |               |
|----|---|---|--|--------------|---|--|---------------|
|    |   | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total        | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total         |
| 1  | “Chaarat Kapan” CJSC                            | -   | -  | -            | 5,846,743.36  | -  | 5,846,743.36  |
| 2  | “Geghi Gold” LLC                                | 13,932.49   | -  | 13,932.49    | -   | -  | -             |
| 3  | “Bacteck Eco” LTD                               | -   | -  | -            | -   | -  | -             |
| 4  | “Gharagulyanner” CJSC                           | -   | -  | -            | -   | -  | -             |
| 5  | “At-Metals” LLC                                 | -   | -  | -            | -   | -  | -             |
| 6  | “Vayk Gold” LLC                                 | -   | -  | -            | -   | -  | -             |
| 7  | “Sagamar” CJSC                                  | -   | -  | -            | -   | -  | -             |
| 8  | “Assat” LLC                                     | 1,404.23  | -  | 1,404.23     | -   | -  | -             |
| 9  | “Meghradzor Gold” LLC                           | -   | -  | -            | 299,217.23  | -  | 299,217.23    |
| 10 | “Ler-Ex” LLC                                    | 361,857.52  | -  | 361,857.52   | -   | -  | -             |
| 11 | “Akhtala Mining And Processing Enterprise” CJSC | -   | -  | -            | 1,498,053.45  | -  | 1,498,053.45  |
| 12 | “Geopromining Gold” LLC                         | -   | -  | -            | 7,201,204.41  | -  | 7,201,204.41  |
| 13 | “Lydian Armenia” CJSC                           | -   | -  | -            | -   | -  | -             |
| 14 | “Agarak Copper Molybdenum Combine” CJSC         | -   | -  | -            | 9,149,271.10  | -  | 9,149,271.10  |
| 15 | “Teghout” CJSC                                  | -   | -  | -            | 14,610,520.68   | -  | 14,610,520.68 |
| 16 | “Zangezur Copper-Molybdenum Combine” CJSC       | 102,732.04  | -  | 102,732.04   | 78,619,779.00   | 11 408 190,55  | 90,027,969.55 |
| 17 | “Active Lernagorts” LLC                         | -   | -  | -            | -   | -  | -             |
| 18 | “Lichkvaz” CJSC                                 | 3,083,107.45  | -  | 3,083,107.45 | 2,577,856.95  | -  | 2,577,856.95  |
| 19 | “Multi Group Concern” LLC                       | -   | -  | -            | -   | -  | -             |
| 20 | “Vardani Zartonk” LLC                           | -   | -  | -            | -   | -  | -             |
| 21 | “Molibdeni Ashkharh” LLC                        | -   | -  | -            | -   | -  | -             |
| 22 | “Fortune Resources” LLC                         | 834.67  | -  | 834.67       | -   | -  | -             |
| 23 | “Mego Gold” LLC                                 | -   | -  | -            | -   | -  | -             |
| 24 | “Marjan Mining Company” LLC                     | -   | -  | -            | -   | -  | -             |
| 25 | “Tatstone” LCC                                  | -   | -  | -            | -   | -  | -             |
| 26 | “Paramount Gold Mining” LLC                     | -   | -  | -            | -   | -  | -             |

| N  | Name of the Taxpayer (in English)               | Nature use payments                                     |  |           | Environmental taxes, aggregation of environmental taxes and payments |  |            |
|----|---|---|--|-----------|--|--|------------|
|    |   | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total     | Tax calculation for the reporting year (by declaration)              | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total      |
| 1  | "Chaarat Kapan" CJSC                            | 1,330.89  | -  | 1,330.89  | 14,911.47  | -  | 14,911.47  |
| 2  | "Geghi Gold" LLC                                | -   | -  | -         | -  | -  | -          |
| 3  | "Bacteck Eco" LTD                               | -   | -  | -         | -  | -  | -          |
| 4  | "Gharagulyanner" CJSC                           | -   | -  | -         | -  | -  | -          |
| 5  | "At-Metals" LLC                                 | -   | -  | -         | -  | -  | -          |
| 6  | "Vayk Gold" LLC                                 | -   | -  | -         | -  | -  | -          |
| 7  | "Sagamar" CJSC                                  | 316.67  | -  | 316.67    | 2,478.19   | -  | 2,478.19   |
| 8  | "Assat" LLC                                     | -   | -  | -         | 63.83  | -  | 63.83      |
| 9  | "Meghradzor Gold" LLC                           | 468.65  | -  | 468.65    | 1,285.75   | -  | 1,285.75   |
| 10 | "Ler-Ex" LLC                                    | 44.18   | -  | 44.18     | -  | -  | -          |
| 11 | "Akhtala Mining And Processing Enterprise" CJSC | 1,805.06  | -  | 1,805.06  | 2,482.10   | -  | 2,482.10   |
| 12 | "Geopromining Gold" LLC                         | 10,066.16   | -  | 10,066.16 | 325,336.33   | -  | 325,336.33 |
| 13 | "Lydian Armenia" CJSC                           | -   | -  | -         | -  | -  | -          |
| 14 | "Agarak Copper Molybdenum Combine" CJSC         | 29,691.31   | -  | 29,691.31 | 79,502.09  | -  | 79,502.09  |
| 15 | "Teghout" CJSC                                  | 5,736.13  | -  | 5,736.13  | 184,600.78   | -  | 184,600.78 |
| 16 | "Zangezour Copper-Molybdenum Combine" CJSC      | 64,714.41   | -  | 64,714.41 | 455,927.46   | -  | 455,927.46 |
| 17 | "Active Lernagorts" LLC                         | -   | -  | -         | -  | -  | -          |
| 18 | "Lichkvaz" CJSC                                 | 30.96   | -  | 30.96     | 258.64   | -  | 258.64     |
| 19 | "Multi Group Concern" LLC                       | -   | -  | -         | -  | -  | -          |
| 20 | "Vardani Zartonk" LLC                           | -   | -  | -         | -  | -  | -          |
| 21 | "Molibdeni Ashkharh" LLC                        | -   | -  | -         | -  | -  | -          |
| 22 | "Fortune Resources" LLC                         | -   | -  | -         | -  | -  | -          |
| 23 | "Mego Gold" LLC                                 | -   | -  | -         | -  | -  | -          |
| 24 | "Marjan Mining Company" LLC                     | -   | -  | -         | -  | -  | -          |
| 25 | "Tatstone" LCC                                  | -   | -  | -         | -  | -  | -          |
| 26 | "Paramount Gold Mining" LLC                     | -   | -  | -         | -  | -  | -          |

| N  | Name of the Taxpayer (in English)               | Environmental charges (taxes) collected for goods imported from non-member countries of the EAEU, according to the provided customs declarations |  |          | Environmental charges (taxes) collected for goods imported from EAEU member countries according to the provided customs declarations |  |           |
|----|---|--|--|----------|--|--|-----------|
|    |   | Tax calculation for the reporting year (by declaration)  | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total    | Tax calculation for the reporting year (by declaration)  | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total     |
| 1  | “Chaarat Kapan” CJSC                            | 169.67   | -  | 169.67   | 1,579.84   | -  | 1,579.84  |
| 2  | “Geghi Gold” LLC                                | -  | -  | -        | -  | -  | -         |
| 3  | “Bacteck Eco” LTD                               | -  | -  | -        | -  | -  | -         |
| 4  | “Gharagulyanner” CJSC                           | -  | -  | -        | -  | -  | -         |
| 5  | “At-Metals” LLC                                 | 8.03   | -  | 8.03     | -  | -  | -         |
| 6  | “Vayk Gold” LLC                                 | -  | -  | -        | -  | -  | -         |
| 7  | “Sagamar” CJSC                                  | -  | -  | -        | -  | -  | -         |
| 8  | “Assat” LLC                                     | -  | -  | -        | -  | -  | -         |
| 9  | “Meghradzor Gold” LLC                           | -  | -  | -        | 193.29   | -  | 193.29    |
| 10 | “Ler-Ex” LLC                                    | -  | -  | -        | -  | -  | -         |
| 11 | “Akhtala Mining And Processing Enterprise” CJSC | 455.68   | -  | 455.68   | 761.17   | -  | 761.17    |
| 12 | “Geopromining Gold“ LLC                         | 189.83   | -  | 189.83   | 13,729.50  | -  | 13,729.50 |
| 13 | “Lydian Armenia” CJSC                           | -  | -  | -        | -  | -  | -         |
| 14 | “Agarak Copper Molybdenum Combine” CJSC         | 2,543.24   | -  | 2,543.24 | 6,706.39   | -  | 6,706.39  |
| 15 | “Teghout” CJSC                                  | 1,238.55   | -  | 1,238.55 | 11,935.11  | -  | 11,935.11 |
| 16 | “Zangezour Copper-Molybdenum Combine“ CJSC      | 7,568.79   | -  | 7,568.79 | 37.28  | -  | 37.28     |
| 17 | “Active Lernagorts” LLC                         | -  | -  | -        | -  | -  | -         |
| 18 | “Lichkvaz” CJSC                                 | -  | -  | -        | 80.36  | -  | 80.36     |
| 19 | “Multi Group Concern” LLC                       | -  | -  | -        | -  | -  | -         |
| 20 | “Vardani Zartonk” LLC                           | -  | -  | -        | -  | -  | -         |
| 21 | “Molibdeni Ashkharh” LLC                        | -  | -  | -        | -  | -  | -         |
| 22 | “Fortune Resources” LLC                         | -  | -  | -        | -  | -  | -         |
| 23 | “Mego Gold” LLC                                 | -  | -  | -        | -  | -  | -         |
| 24 | “Marjan Mining Company” LLC                     | -  | -  | -        | -  | -  | -         |
| 25 | “Tatstone” LCC                                  | -  | -  | -        | -  | -  | -         |
| 26 | “Paramount Gold Mining” LLC                     | -  | -  | -        | -  | -  | -         |

| N  | Name of the Taxpayer (in English)               | Customs fees and duties  | Duties                       | State export duties                                     | Property tax  |  |           |
|----|---|--|------------------------------|---|---|--|-----------|
|    |   | Paid during the reporting year (excluding penalties and fines) | Calculated amount of payment | Tax calculation for the reporting year (by declaration) | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (excluding penalties and fines) | Total     |
| 1  | "Chaarat Kapan" CJSC                            | 152,392.28   | 19,873.01                    |   | 4,626.33  | -  | 4,626.33  |
| 2  | "Geghi Gold" LLC                                | -  | 19,873.01                    |   | 9.94  | -  | 9.94      |
| 3  | "Bacteck Eco" LTD                               | 9,610.74   | 19,873.01                    |   | 44.52   | -  | 44.52     |
| 4  | "Gharagulyanner" CJSC                           | -  | 19,873.01                    |   | -   | -  | -         |
| 5  | "At-Metals" LLC                                 | -  | 19,873.01                    |   | 150.84  | -  | 150.84    |
| 6  | "Vayk Gold" LLC                                 | -  | -                            |   | -   | -  | -         |
| 7  | "Sagamar" CJSC                                  | 244.66   | 19,873.01                    |   | 1,137.93  | -  | 1,137.93  |
| 8  | "Assat" LLC                                     | 8.94   | 19,873.01                    |   | -   | -  | -         |
| 9  | "Meghradzor Gold" LLC                           | 30,328.36  | 19,873.01                    |   | 289.55  | -  | 289.55    |
| 10 | "Ler-Ex" LLC                                    | -  | 19,873.01                    |   | 823.81  | -  | 823.81    |
| 11 | "Akhtala Mining And Processing Enterprise" CJSC | 39,610.56  | 19,873.01                    |   | 2,927.98  | -  | 2,927.98  |
| 12 | "Geopromining Gold" LLC                         | 469,200.39   | 19,873.01                    |   | 6,742.14  | -  | 6,742.14  |
| 13 | "Lydian Armenia" CJSC                           | 23,850.60  | 19,873.01                    |   | 2,463.08  | -  | 2,463.08  |
| 14 | "Agarak Copper Molybdenum Combine" CJSC         | 118,158.26   | 19,873.01                    |   | 3,813.72  | -  | 3,813.72  |
| 15 | "Teghout" CJSC                                  | 585,900.80   | 19,873.01                    |   | 6,649.73  | -  | 6,649.73  |
| 16 | "Zangezour Copper-Molybdenum Combine" CJSC      | 988,230.21   | 19,873.01                    |   | 24,983.56   | -  | 24,983.56 |
| 17 | "Active Lernagorts" LLC                         | -  | 19,873.01                    |   | -   | -  | -         |
| 18 | "Lichkvaz" CJSC                                 | 22,837.60  | 19,873.01                    |   | 7,041.27  | -  | 7,041.27  |
| 19 | "Multi Group Concern" LLC                       | 2,455.04   | 19,873.01                    |   | 4,559.77  | -  | 4,559.77  |
| 20 | "Vardani Zartonk" LLC                           | -  | -                            |   | -   | -  | -         |
| 21 | "Molibdeni Ashkharh" LLC                        | -  | -                            |   | -   | -  | -         |
| 22 | "Fortune Resources" LLC                         | -  | -                            |   | -   | -  | -         |
| 23 | "Mego Gold" LLC                                 | -  | -                            |   | 7,041.27  | -  | 7,041.27  |
| 24 | "Marjan Mining Company" LLC                     | -  | -                            |   | -   | -  | -         |
| 25 | "Tatstone" LCC                                  | -  | 19,873.01                    |   | -   | -  | -         |
| 26 | "Paramount Gold Mining" LLC                     | -  | -                            |   | -   | -  | -         |

| N  | Name of the Taxpayer (in English)               | Land tax  |  |            | Rent payments paid during the reporting year (including penalties and fines) |                |            |
|----|---|---|--|------------|--|----------------|------------|
|    |   | Tax calculation for the reporting year (by declaration) | Calculated by inspection act (acts) (examination protocol) (including penalties and fines) | Total      | Real estate  | Transportation | Land       |
| 1  | “Chaarat Kapan” CJSC                            | 3,451.90  | -  | 3,451.90   | -  | -              | 225,342.64 |
| 2  | “Geghi Gold” LLC                                | -   | -  | -          | -  | -              | -          |
| 3  | “Bacteck Eco” LTD                               | -   | -  | -          | -  | -              | 2,408.61   |
| 4  | “Gharagulyanner” CJSC                           | -   | -  | -          | -  | -              | -          |
| 5  | “At-Metals” LLC                                 | 38.66   | -  | 38.66      | -  | -              | 4,792.94   |
| 6  | “Vayk Gold” LLC                                 | -   | -  | -          | -  | -              | -          |
| 7  | “Sagamar” CJSC                                  | 1,468.69  | -  | 1,468.69   | -  | -              | 2,782.22   |
| 8  | “Assat” LLC                                     | 78.81   | -  | 78.81      | -  | -              | 1,272.11   |
| 9  | “Meghradzor Gold” LLC                           | 874.91  | -  | 874.91     | -  | -              | 49,504.21  |
| 10 | “Ler-Ex” LLC                                    | 81.71   | -  | 81.71      | -  | -              | 3,253.96   |
| 11 | “Akhtala Mining And Processing Enterprise” CJSC | 622.40  | -  | 622.40     | 7,154.28   | -              | 11,872.15  |
| 12 | “Geopromining Gold” LLC                         | 121,987.42  | -  | 121,987.42 | 1,907.81   | -              | 135,136.48 |
| 13 | “Lydian Armenia” CJSC                           | 1,539.35  | -  | 1,539.35   | -  | -              | 813,901.03 |
| 14 | “Agarak Copper Molybdenum Combine” CJSC         | 2,016.12  | -  | 2,016.12   | -  | -              | 63,044.17  |
| 15 | “Teghout” CJSC                                  | 2,874.26  | -  | 2,874.26   | -  | -              | 85,791.69  |
| 16 | “Zangezur Copper-Molybdenum Combine” CJSC       | 8,122.12  | -  | 8,122.12   | -  | 1 192.38       | 741,832.43 |
| 17 | “Active Lernagorts” LLC                         | -   | -  | -          | -  | -              | 359.70     |
| 18 | “Lichkvaz” CJSC                                 | -   | -  | -          | -  | -              | 7,256.54   |
| 19 | “Multi Group Concern” LLC                       | 806.39  | -  | 806.39     | -  | -              | 4,947.56   |
| 20 | “Vardani Zartonk” LLC                           | -   | -  | -          | -  | -              | -          |
| 21 | “Molibdeni Ashkharh” LLC                        | 1.28  | -  | 1.28       | -  | -              | -          |
| 22 | “Fortune Resources” LLC                         | -   | -  | -          | -  | -              | -          |
| 23 | “Mego Gold” LLC                                 | 58.70   | -  | 58.70      | -  | -              | -          |
| 24 | “Marjan Mining Company” LLC                     | -   | -  | -          | -  | -              | -          |
| 25 | “Tatstone” LCC                                  | 0.16  | -  | 0.16       | -  | -              | 54,821.56  |
| 26 | “Paramount Gold Mining” LLC                     | -   | -  | -          | -  | -              | -          |



| N  | Name of the Taxpayer (in English)               | Replenishment of environmental protection fund |   |  | Monitoring Implementation Fee |   |   |
|----|---|--|---|--|-------------------------------|---|---|
|    |   | Basic rate for calculation                     | Amount to be paid to the fund calculated for the reporting year | The factual payment made to the fund during the reporting year | Basic rate for calculation    | Amount to be paid to the fund calculated for the reporting year | The actual payment made to the fund during the reporting year |
| 1  | "Chaarat Kapan" CJSC                            | 545,997.81                                     | 13,649.94   | 13,649.94  | 193,020.60                    | 4,825.52  | 4,825.52  |
| 2  | "Geghi Gold" LLC                                | 116,449.89                                     | 3,413.19  | 3,413.19   | 4,372.06                      | 128.16  | 128.16  |
| 3  | "Bacteck Eco" LTD                               | 4,849.01                                       | 164.87  | 164.87   | 298.10                        | 10.14   | 10.14   |
| 4  | "Gharagulyanner" CJSC                           | 19,657.51                                      | 464.13  | 464.06   | 9,727.84                      | 229.69  | 229.69  |
| 5  | "At-Metals" LLC                                 | 238,316.16                                     | 31,164.42   | -  | 9,936.51                      | 1,299.40  | -   |
| 6  | "Vayk Gold" LLC                                 | 13,566.38                                      | 480.49  | 1,441.43   | -                             | -   | -   |
| 7  | "Sagamar" CJSC                                  | 92,410.40                                      | 1,990.16  | 2,698.75   | 23,410.41                     | 602.99  | 7,732.47  |
| 8  | "Assat" LLC                                     | 3,376.03                                       | 286.97  | 286.17   | 993.65                        | 84.46   | 162.96  |
| 9  | "Meghradzor Gold" LLC                           | 6,727.41                                       | 611.57  | 1,223.14   | 8,346.66                      | 788.30  | 788.30  |
| 10 | "Ler-Ex" LLC                                    | 62,159.64                                      | 2,201.49  | 2,201.93   | -                             | -   | -   |
| 11 | "Akhtala Mining And Processing Enterprise" CJSC | 379,537.75                                     | 64,519.72   | 64,518.73  | 2,980.95                      | 506.76  | 506.76  |
| 12 | "Geopromining Gold" LLC                         | 1,791,949.44                                   | 117,165.91  | -  | 11,923.81                     | 844.60  | -   |
| 13 | "Lydian Armenia" CJSC                           | 3,706,169.58                                   | 242,327.53  | 242,327.53   | 504,774.49                    | 33,009.07   | 33,009.07   |
| 14 | "Agarak Copper Molybdenum Combine" CJSC         | 851,935.77                                     | 51,724.69   | 103,450.95   | 33,784.12                     | 5 498.44  | -   |
| 15 | "Teghout" CJSC                                  | 41,417.94                                      | 5,868.50  | 5,868.50   | -                             | -   | -   |
| 16 | "Zangezour Copper-Molybdenum Combine" CJSC      | 1,090,533.95                                   | 38,623.08   | -  | 154,711.39                    | 5,479.36  | -   |
| 17 | "Active Lernagorts" LLC                         | 23,092.44                                      | 754.94  | 754.80   | 8,942.86                      | 760.14  | 760.14  |
| 18 | "Lichkvaz" CJSC                                 | 21,007.76                                      | 372.06  | -  | 36,765.07                     | 1,644.69  | 1,644.75  |
| 19 | "Multi Group Concern" LLC                       | 12,549.81                                      | 463.80  | -  | -                             | -   | -   |
| 20 | "Vardani Zartonk" LLC                           | 5,200.17                                       | 340.03  | -  | -                             | -   | -   |
| 21 | "Molibdeni Ashkharh" LLC                        | -  | -   | -  | -                             | -   | -   |
| 22 | "Fortune Resources" LLC                         | 55,304.60                                      | 2,043.86  | 2,043.86   | -                             | -   | -   |
| 23 | "Mego Gold" LLC                                 | 6,102.35                                       | 864.48  | -  | -                             | -   | -   |
| 24 | "Marjan Mining Company" LLC                     | -  | -   | -  | -                             | -   | -   |
| 25 | "Tatstone" LCC                                  | 4,734.15                                       | 248.39  | 248.41   | 4,968.25                      | 248.41  | 248.41  |
| 26 | "Paramount Gold Mining" LLC                     | -  | -   | -  | -                             | -   | -   |

# Annex 7. People involved in the process of EITI read

## Republic of Armenia, EITI MSG

|   |   |
|---|---|
| <p><b>Government constituency</b></p>       | <p><b>Hambardzum Matevosyan</b>, Former Deputy Prime Minister, RA EITI MSG Chairman<br/> <b>Hovhannes Harutyunyan</b>, Deputy Minister of Territorial Administration and Infrastructure<br/> <b>Vache Terteryan</b>, Deputy Minister of Territorial Administration and Infrastructure<br/> <b>Gayane Gabrielyan</b>, Deputy Minister of Justice<br/> <b>Artur Manukyan</b>, Deputy Head of the State Revenue Committee<br/> <b>Sirvard Gevorgyan</b>, Ministry of Justice, Secretary General<br/> <b>Arman Poghosyan</b>, Deputy Minister of Finance, Alternate Member</p>  |
| <p><b>Mining entities' constituency</b></p> | <p><b>Artur Nikoghosyan</b>, Administrative director at “Agarak Copper Molybdenum Combine” CJSC<br/> <b>Armen Stepanyan</b>, President on Sustainability at “Zangezur Copper and Molybdenum Combine” CJSC<br/> <b>Manvel Yeghiazaryan</b>, Chief Accountant at “Meghradzor Gold” LLC, EITI MSG member<br/> <b>Artyom Petrosyan</b>, Legal Director at “Geopromining Gold” LLC<br/> <b>Aram Osikyan</b>, General Director at “Assat M” LLC, Alternate Member<br/> <b>Vahe Vardanyan</b>, Mining sector independent consultant, Alternate Member<br/> <b>Gagik Shahnazaryan</b>, Deputy General Director at “Akhtala OPC” CJSC, Alternate Member</p>  |
| <p><b>Civil society constituency</b></p>    | <p><b>Sona Ayvazyan</b>, Executive Director at “Transparency International Anti-Corruption Center” NGO<br/> <b>Oleg Dulgaryan</b>, President at “Centre for Community Mobilization and Support” NGO<br/> <b>Nazeli Vardanyan</b>, Director at “Armenian Forests” Environmental NGO<br/> <b>Suren Nersesyan</b>, Lecturer at Minerals Deposit searches and exploration department of Geology Faculty at Yerevan State University, Candidate of Geological Sciences, Associate Professor<br/> <b>Victoria Burnazyan</b>, Deputy President at “EcoLur” Informational NGO, Alternate Member<br/> <b>Artur Hambardzumyan</b>, Board member at “Civil Voice” NGO, EITI MSG Alternate Member</p> |

## RA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE NATIONAL SECRETARIAT

|                        |                                       |
|------------------------|---------------------------------------|
| <b>Lusine Tovmsyan</b> | Head of the EITI national secretariat |
| <b>Hasmik Manukyan</b> | Expert of the EITI nation secretariat |

## RA MINISTRY OF TERRITORIAL ADMINISTRATION AND INFRASTRUCTURE

|                           |   |
|---------------------------|---|
| <b>Karen Gasparyan</b>    | Acting Head of Mining Department                                |
| <b>Seda Hakobyan</b>      | Acting Head of Mining Sector Policy Development Department      |
| <b>Suren Mamyan</b>       | Head of Geological Expertise Department                         |
| <b>Emma Khachatryan</b>   | Specialist of the financial accounting of community budget unit |
| <b>Harutyun Movsisyan</b> | Director of “Republican Geological Fund” SNCO                   |

## RA MINISTRY OF ENVIRONMENT

|                        |  |
|------------------------|--|
| <b>Artur Ghavalyan</b> | Deputy Head of the Strategic Policy Department |
|------------------------|--|

## RA MINISTRY OF JUSTICE

|                             |  |
|-----------------------------|--|
| <b>Hripsime Iskandaryan</b> | Head of Division of Movable Property Securities Register at RA MOJ State register agency of legal entities |
|-----------------------------|--|

## RA MINISTRY OF FINANCE

|                       |  |
|-----------------------|--|
| <b>Armen Minasyan</b> | Chief Specialist of Revenue Policy and Tax Administration Methodology Division of Revenue Policy and Administration Methodology Department |
|-----------------------|--|

## RA MINISTRY OF ECONOMY

|                      |  |
|----------------------|--|
| <b>Anna Jilavyan</b> | Chief specialist in Licensing and Permits Department |
|----------------------|--|

## RA MINISTRY OF HEALTH

|                        |  |
|------------------------|--|
| <b>Ruben Grigoryan</b> | Head of Department of Environmental Hygiene at “National Center for Disease Control and Prevention” SNCO |
|------------------------|--|

## RA SRC

|                         |  |
|-------------------------|--|
| <b>Lusine Mkrtchyan</b> | Deputy Head of organization and control department |
|-------------------------|--|

## RA ENVIRONMENTAL PROTECTION AND MINING INSPECTION BODY

|                        |                                    |
|------------------------|------------------------------------|
| <b>Vahan Grigoryan</b> | Head of Subsoil Control Department |
|------------------------|------------------------------------|

## RA STATISTICAL COMMITTEE

|                         |   |
|-------------------------|---|
| <b>Anahit Avetisyan</b> | Head of Industry and Energy Statistics Division |
|-------------------------|---|



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