



Mineral Policy and Status of Mineral Investment In Ethiopia

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Outline of Presentation

1. Introduction
2. Mineral Policy
3. Status of Mineral Investment
4. Investment opportunity

I. Introduction

- ❖ Mining has long history in Ethiopia
- ❖ The production of gold in traditional way as old as 3000 years
- ❖ Currently Ethiopia is exporting minerals such as gold, Tantalum, Gemstones, dimension stones
- ❖ The Mineral sector is the second foreign currency earner next to coffee
- ❖ It has also created job opportunity; the artisanal mining sector has created a job for nearly 1 million citizens

2. Mining Policy in Ethiopia

- ❖ The Mining policy of Ethiopia had different structure historically
- ❖ The involvement of the private sector was limited for long time especially between 1975-1991
- Most mineral operations were limited to government
- The private investment in the mineral sector was limited to construction minerals like sand and quarrying
- Only oil and gas exploration were open to foreign firms or JV with government

Since 1991;

- ❑ The government of Ethiopia adopted a free market economic policy that;
- recognizes the active participation & role of the private investment as an engine in the development of the country
- Limited the government participation to regulation
- Recognizes the government engagement on the development of infrastructure & provision of basic geo-science data
- Allows government involvement in areas where the participation of private sector is insignificant

□ Accordingly, various proclamations were enacted to attract investment, issue & regulate licenses & to bring sustainable development of the mineral industry ;

➤ Mining proclamations for Hard Minerals:

- ❖ Mining proc.no.678/2010 (as amended)
- ❖ Mining Income Tax No.53/1993 (as amended)
- ❖ Mining Regulation no.182/1994 (as amended)

➤ Mining Proclamations for petroleum operations

- ❖ Petroleum Operations Proc.no.295/1986
- ❖ Petroleum operations income tax no.296/1986

Main features and issues addressed in the proclamations include;

- ❖ Encourage private investment & guarantee the rights of investors
- ❖ Invite private investment in all kinds of minerals
- ❖ Guarantee the licensees right to sell the minerals produced locally or abroad
- ❖ Restrict the role of government to regulate, generate and disseminate/promote basic geo-science data
- ❖ Require environmental friendly operations
- ❖ 25% Income Tax after allowable deductions of expenditures

Mining Policy...

- ❖ Guarantee the opening & operation of foreign currency account in Ethiopia
- ❖ Retention of portion of foreign earnings & remittance of profits, dividends
- ❖ Royalty varies from 2 to 7 & ad valorem on production site and 5% free government equity
- ❖ Generous deduction and calculation of permitted expenditures
- ❖ Permits 10 years loss carry forward
- ❖ Exemption from customs duties and taxes on equipment, machinery and vehicles necessary for operations

Institutional Framework

There are 3 public institutions with different mandates:

Regional States Mines, water and Energy Bureaus:

- Issue & regulate artisanal mining licenses for nationals
- Issue and regulate for domestic investors:
 - reconnaissance, Exploration and retention licensees with respect to **construction and industrial** minerals,
 - small scale mining licenses for **industrial minerals**,
 - Small & large scale mining licenses for **construction minerals**

Ministry of Mines, Petroleum and Natural Gas:

- Issue reconnaissance, exploration, retention and mining license other than those to be issued by the states,

Geological Survey of Ethiopia:

- generate, disseminate/promote and promote geoscience data

Types of licenses for Hard Minerals

License Type		Duration	Remark
Reconnaissance		18 Months	Non-renewable & non-exclusive
Exploration		• Up to 10 years (3 years initial, 2 renewals of 1 year each & 5 extensions of 1 year each)	Exclusive Mineral Right
Retention		Up to 6 years & exclusive (3 years initial & one time renewal for 3 years)	• Upon discovery of mineral deposits of economic significance • Existence of adverse market conditions, or • Unavailability of Processing technology
Mining	Large Scale	20 years initial & exclusive (renewal of 10 years)	Upon demonstration of continued economic viability of mining the deposit
	Small Scale	10 years initial & exclusive (renewal of 5 years)	
	Special Small Scale	• May not exceed 10 years • Renewal for 5 years	To upgrade Artisanal mining operation using machinery & labor Does not require feasibility study
	Artisanal	Maximum of 2 years & Exclusive not renewable	Reserved for nationals & revocable if the deposit required advanced exploration and processing technology

Status of Mineral Investment

- Currently the licenses given by the Ministry of Mines, Petroleum and Natural Gas are;
- 140 exploration
- 80 mining

Companies at Advanced Stage of Exploration

*Tigray Resources Inc. Ad. Ex.
For Precious & Base Metals*

*Ascom Mining
Plc for Au &
basemetals*

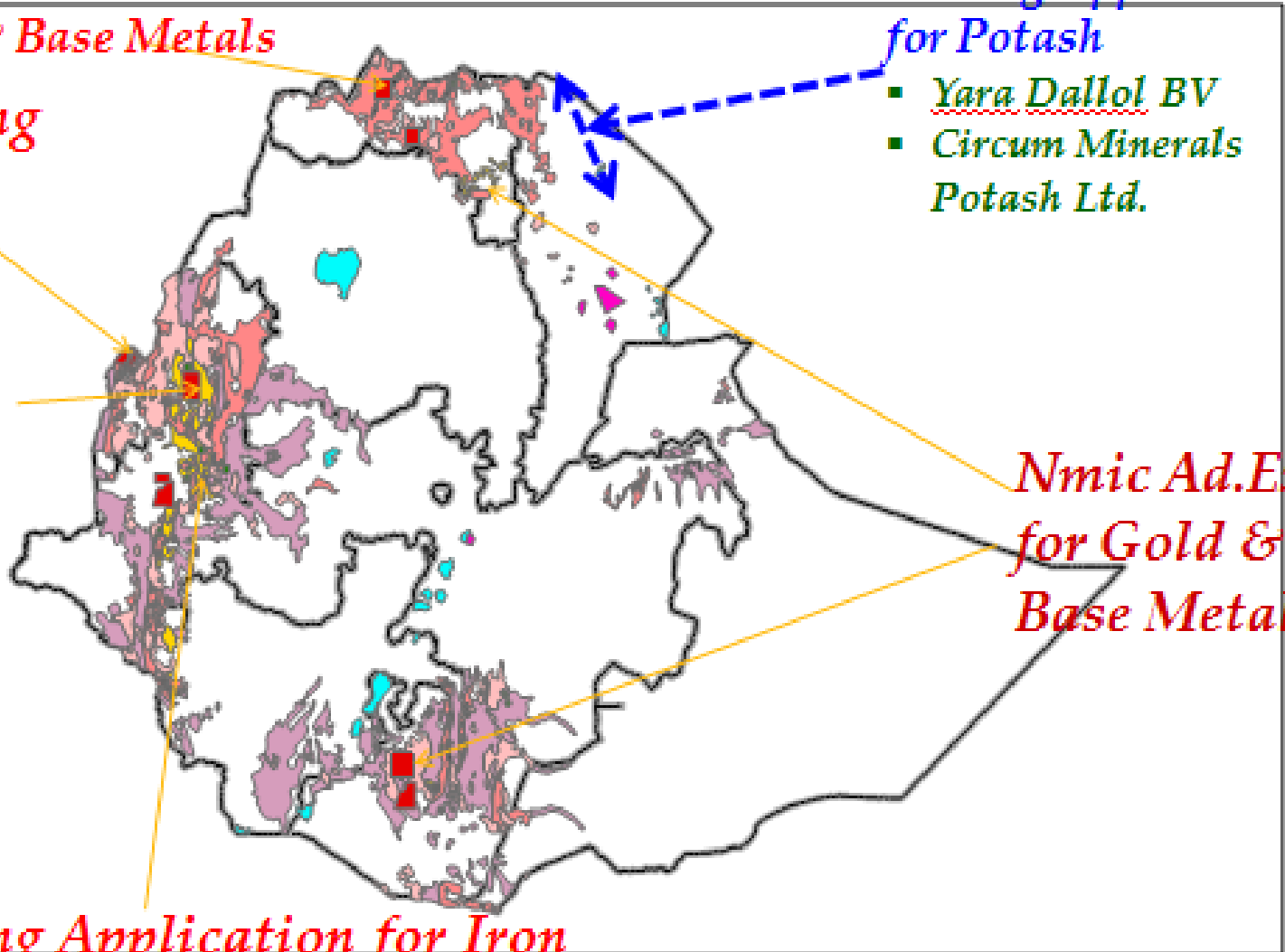
*MIDROC
Gold Plc
application
for Gold*

*Mining Application
for Potash*

- *Yara Dallol BV*
- *Circum Minerals
Potash Ltd.*

*Nmic Ad.Ex
for Gold &
Base Metals*

*Mining Application for Iron
by MSP Steel Plc*



Some of the Mining Areas in Ethiopia

Ezana Mining Plc.

Small scale gold Mine

*Dimension Stone
Mine Areas*

*Kefi Minerals
Mining PLC,
Mining License
for Gold at
Tulu Kapi*

*East African
Holding PLC.
Large Scale
Coal Mine*

EMRDE:-

▪ *Kaolin Mine*

Mining License Potash

▪ *Yara Dallol BV*

▪ *Alana/ICL*

Salt Production Area

MIDROC Gold:-

▪ *Lega Dembi
Mine*

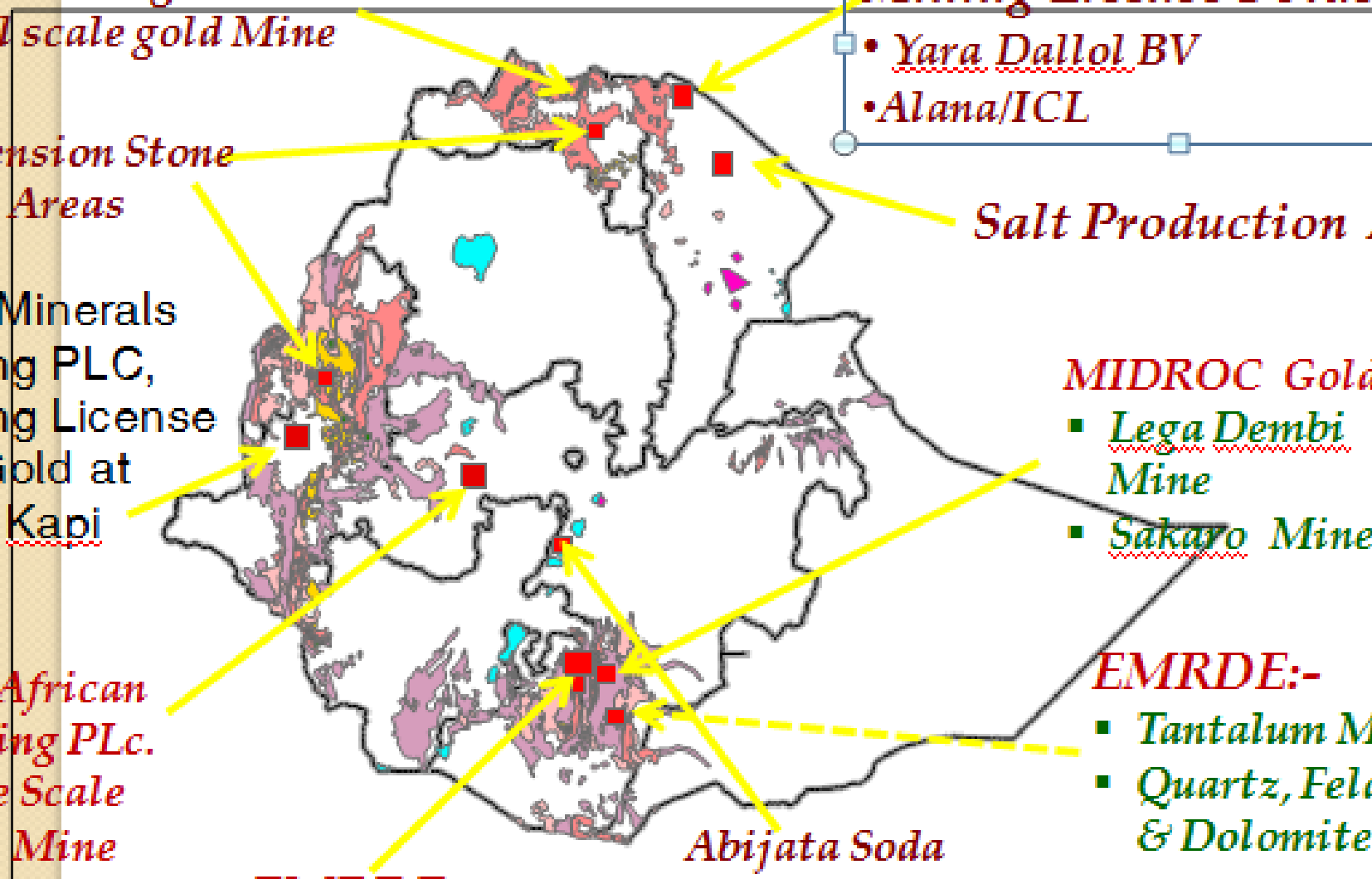
▪ *Sakaro Mine*

EMRDE:-

▪ *Tantalum Mine*

▪ *Quartz, Feldspar
& Dolomite Mine*

*Abijata Soda
Ash Mine*



Investment Opportunity

Potential investors are welcome:

- *To explore for gold and related base metals* mainly in the potential areas of *northern, western* and *southern greenstone belts* of Ethiopia in unoccupied areas by the other companies;
- *To explore for Tantalum* to explore for tantalum in the *pegmatite bearing Precambrian basement rocks* in the vicinity of the active tantalite mine areas in the southern greenstone belt or elsewhere.
- *To assess for iron and phosphate occurrences* in the *mafic* and *ultramafic intrusions* in the vicinity of Bikilal and Melka Arba igneous iron (Fe) and phosphate deposits in the west and southern greenstone belts or elsewhere,

- *To explore for platinum group elements (PGE)* in the *ultramafic rocks* of the Western Greenstone Belt in the vicinity of the *Yubdo platinum deposit* or elsewhere;
- *To explore epithermal gold and associated metals* in or near areas of Tertiary volcanism,
- *To carry out advanced exploration and development in joint venture* with the already licensed local and/ or foreign companies,



THANK YOU