

Ethiopian: National Mining Corporation Hits Jackpot

The two regions are where the nation's largest gold reserves were long-believed to be located, according to geological data from the Ministry of Mines (MoM). NMiC is one among several mining companies that the Ministry has granted concession rights to, such as Nyota Minerals (Ethiopia) Ltd and Sheba Exploration Ltd.

The latest discovery will give NMiC the competitive edge in the mining industry, when it begins exploiting the 568,000kg gold reserves found in Dawa, Oromia, and Werri, Tigray, company officials disclosed. When it starts production, the Corporation will operate the largest goldmine in Ethiopia, with the capacity to produce 6,000kg of gold from both areas, almost doubling the volume that MIDROC Gold currently produces. The latter exported 3.5tn of gold during the last Ethiopian fiscal year, covering nearly 31.5pc of the 485.3 million dollars in revenues that the country has generated from the export of the precious metal.

Established in 1993 with a registered capital of 43 million Br,

NMiC is owned by Mohammed Hussein Ali Al-Amoudi and, formerly, his brother Hassen Hussein Ali Al-Amoudi. The company launched its operations two years after its incorporation with a Russian trained mining engineer, Melaku Beza, as its founding chief executive officer (CEO). Acquiring the Awash Marble Factory from the state in 1993, which has an annual capacity of 300,000tn of marble, limestone, and granite, NMiC took concession of the Lege Dembi goldmine, in Odo Shakiso, Borena Zone, Oromia Regional State, for 172 million dollars.

An agreement signed with the now-defunct Ethiopian Privatisation Agency required it to set up a separate company to run the operations at this site. This has subsequently led to the incorporation of MIDROC Gold, now under the management of MIDROC Industrial Group, run by Arega Yirdaw (PhD).

NMiC, nonetheless secured concession rights to explore for gold and base metals in a 472sqkm area in Dawa, an area within the same area but a few kilometres from Shakiso. The company has had exploration rights over three sites –

Werqi Amba, Werqi Tabi, and Chemit – in the Abi Adi area of Tigray, 130km west of Mekelle. The mining firm covers a only been conducted on about 300sqkm. total of 1,637sqkm, although its intensive explorations have A preliminary economic assessment (PEA) conducted by Venmyn, a South African-based consulting firm, shows that the Corporation can start production with 80,706kg of gold in the Dawa area, which is estimated to have reserves of 550,000kg of gold for 20 years.

Managers of NMiC project plan to start production in three years and hope to generate total revenue of four billion dollars within 20 years of exploitation, according to the PEA report. It also projects to make a total profit of 84.8 million dollars from gold and silver mined at Werri, within nine years.

Three experts, hired by the consulting firm, in economics, geology, and metallurgy were in Ethiopia and visited the discovery areas two months ago, Abera Degefa, deputy manager of NMiC, disclosed to Fortune, declining to disclose the amount paid to the consultant.

NMiC, which is known for its marble exports to Middle

Eastern and European countries, will have to make an investment of 326.4 million dollars, of which 121.5 million dollars will go to the Dawa project, according to experts from the South African consulting firm.

The results of the consultants have exceeded the management's expectations and make the project profitable with the lowest capital expenditure," Melaku said on Thursday, December 29, 2011, at Sheraton Addis.

The Corporation will also float a public tender to hire a firm that will conduct an environmental impact assessment on the project areas before exploitations begin, Melaku disclosed.

The federal government is projected to collect a total of 17.6 billion dollars in the form of corporate tax and royalties during the total 29-year concession period from the two sites, according to the feasibility studies conducted by the South African firm.

The MoM has collected a total of 104.4 million Br in royalties

from 26 companies in the last fiscal year, out of which MIDROC Gold has paid the most, amounting to 100.1 million Br.

The Ministry, however, has now ceased to issue new exploration licenses.

NMiC has also discovered a total of 1.9 million kilograms of silver as well as 50.4 million kilograms and 42.4 million kilograms of lead and zinc base metals, respectively, in the Warri area.