



Knowledge grows

Investing in Mining Sector in Ethiopia – a private sector perspective

By

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Yara International ASA

Revenues and other
income (2012)

**USD 14.6
billion**

Number of employees
> 8,000

Operations in more than
50 countries

Sales to about
150 countries

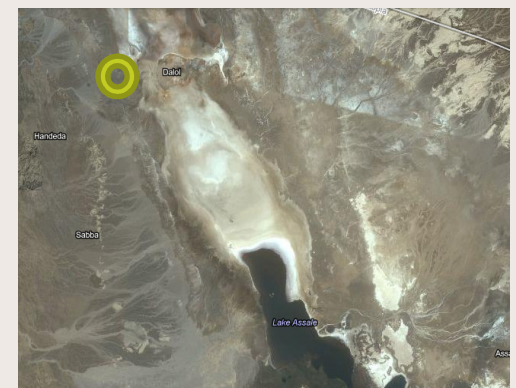
20.7 million tons
Crop nutrients

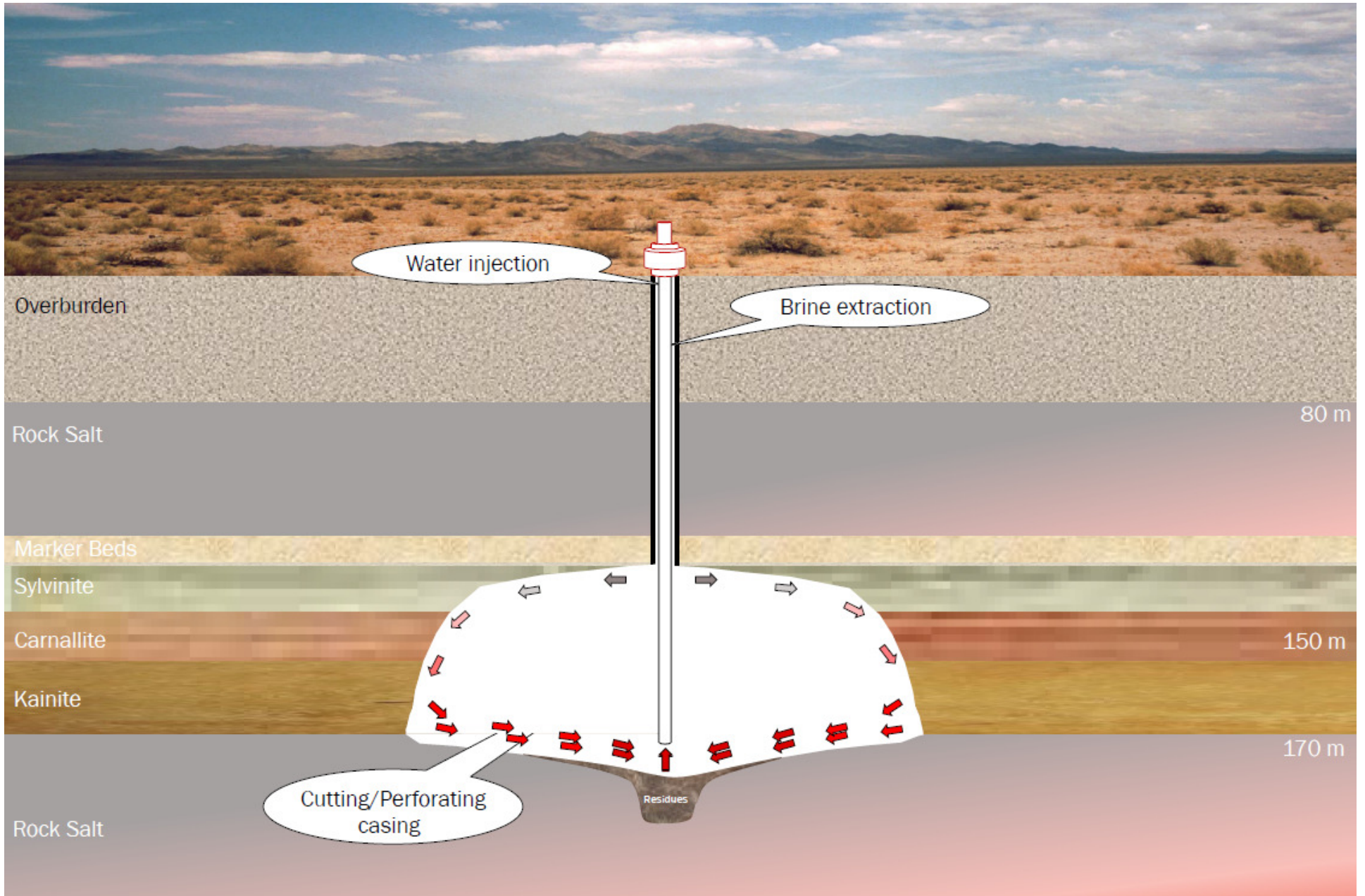
3 million tons
Industrial products

1.7 million tons
Environmental
solutions

Yara Dallol Potash project

- Yara Mining established in 2012
- Potash project in Ethiopia is part of a strategy of Yara upstream (Supply & Trade)
- The licence is in name of Yara Dallol BV, subsidiary of Yara International
- Project is at Dallol and is in exploration and final feasibility stage to be completed Q1 2015
- Budget of USD 100 million to complete the DFS
- If approved, the plan is to produce 0.6 million ton/year of Sulphate of Potash(SOP) by SOLUTION MINING (target:end 2017).





Technical and other challenges

- Solution mining for Sulphate of Potash (SOP) in challenging geology
- Innovative processing route for SOP
- Processing plant will be constructed in Danakhil – major CAPEX; and value creation in Ethiopia

- Other factors of significance:
 - Water
 - Power
 - Road



Yara's perspective

- Yara has received good support from the Government of Ethiopia
- Ethiopian government has committed itself to provide infrastructure
- There is a strong political will to ensure success of a crucial mining venture such as potash
- Success of the project will be in line with Yara's upstream strategy
- Yara is looking for a long term engagement in Ethiopia



Mineral sector in Ethiopia

- Mineral sector has huge potential for long term socio economic development under the GTP (it can contribute up to 10% of GDP with a 10 fold increase in Forex earning by 2020-23)
- Gold, Potash, Tantalum and others planned to be the focus areas besides few other minerals for exploration and mining
- Economic linkages are key to overall development
- Sector faces well known challenges of geological and financial uncertainties, cyclical nature of industry and technical requirements
- Value addition in country can enhance revenue
- Employment generation through core activity and also backward and forward linkages
- Ethiopia has EITI candidacy one step closer to EITI compliant status



Broad organization of mineral sector

- Federal Ministry of Mines under the Hon`ble Minister of mines plays the parental role for development of the mineral sector in country
- Regional mining bureaus have authority mainly for artisanal and small scale mining
- Licencing administration and management of the sector is based on Mining Proclamations, Regulations, Directives and their amendments
- System of revenue sharing between federal and regional governments is well established as per law creating harmony
- Environment protection and community development and CSR are the pre requisite for mineral exploitation and its long term sustainability



Key incentives for private sector in mining

- Attractive corporate tax
- Accelerated depreciation
- Loss carry forward
- Tax free import of equipment and material
- Royalty is ad valorem
- Re-claim of VAT
- No VAT on export



Some enabling factors to do business in Ethiopia

- Stable government since 1991
- Focus on balanced socio economic development
- Ethiopia is signatory to MIGA
- Rule of law
- High GDP growth
- Focus on infrastructure development
- Local talent and aspiring youth
- Potential women work force
- Foreigners are welcome
- Demand, Demographic dividend and Democracy,



Expectation of investors

- Increased support from mining office to work as partner in progress alongwith with investors
- Infrastructure for remote locations - roads, power, water, internet, telecommunication etc
- Cross functional coordination with other ministries and offices
- Certified local skilled manpower
- Prompt work permits for specialized expat workforce
- Quality and safety standards
- Availability of goods and services and at competitive prices
- Smooth customs clearance of goods at ports



Thank you!

