

## Mining next on Ethiopia's runway

Kefi Minerals boss Harry Anagnostaras-Adams says the company is within “a couple of months” of closing a US\$135 million bond issue to fund the Tulu Kapi gold project in Ethiopia and could start plant and equipment mobilisation early in 2018 in what could be a pivotal milestone for Ethiopia's nascent mining industry.

Speaking at the Africa Down Under event in Perth, Western Australia, alongside Ethiopia mines minister Motuma Mekassa, Australian ambassador to Ethiopia Mark Sawers, and supply sector chiefs Ron Sayers, from Ausdrill, and Lycopodium's Peter De Leo, Anagnostaras-Adams said Kefi remained highly optimistic about prospects for new gold discoveries on the Arabian-Nubian Shield in Ethiopia. He believes the under-explored Precambrian terrane that has yielded gold mines in Saudi Arabia and Egypt will produce significant finds in Ethiopia.

The country had “been asleep as a modern mining region for geopolitical reasons, not for geological reasons, and it's starting to awaken”, he said.

Citing Ethiopia's oft-quoted high economic growth numbers of recent years, and robust outlook (from the likes of the World Bank and IMF), Anagnostaras-Adams said the country wanted to continue to diversify its economic base and mining and agriculture were high on the list of targeted growth sectors.

“Ethiopia stayed away from mining quite deliberately until a few years ago – they didn't like what they saw elsewhere [in Africa],” he said.

“But Ethiopia has been one of the top 10 growth countries in the world for the past 15 years and when they set their minds to something they go for it. So if we do as good a job as we plan to do [at Tulu Kapi] I think Ethiopia will come alive and therefore I think it's quite an exciting opportunity.”

Mekassa, minister of mines, petroleum and natural gas for the past year, said while mining had played a modest role in Ethiopia's recent economic growth – built largely on government project spending and rising Chinese foreign investment in infrastructure – the Hailemariam Desalegn government was intent on fast-tracking mineral development.

“By 2025 the mineral resource contribution will be 10% of GDP [is our] development plan,” he said.

“Accordingly we as a government are giving more attention to resource development. It is a capital intensive industry, so we are encouraging more private companies to come and invest. My government sees the private sector as an engine for the development.

“We have been behind other African countries, especially the West Africa countries. We are taking the experiences of those countries – the good and bad experiences – and applying the lessons.

“Since we don’t have much experience sometimes we learn from the companies, and we amend our regulations. We have to work on win-win solutions. We are prepared to listen.”

Sawers said mining was “new” in Ethiopia, “and that’s how I’d describe more generally our relationship with Ethiopia”.

The ambassador said emerging trade channels between Australia and Ethiopia were being built on the former’s agriculture and mining expertise and experience.

“We see the Kefi project as essentially a path maker – an anchor project for the future,” Sawers said.

“If that projects goes well our sense is that others will come and in fact we’ve already seen some evidence of that.

“So it’s a relatively young marketplace, still in the early days in its development, but it has quite a lot of potential.”

Sawers said miners and METS (mining equipment, technology and services) companies coming to Ethiopia needed to build connections on the ground and spend time in the country to close “the information gap” that often no longer existed between Australian firms and other African markets.

“I’ve got a confession to make,” said Ausdrill’s Sayers, whose company has taken an equity investment in Kefi (along with Lycopodium) as well as winning a new mining contract.

“I’ve never been to Ethiopia.

“However, I went to Ghana in West Africa 27 years ago and we’ve been there ever since. We have trained 21,000 people in West Africa in the art of mining over the years; we’ve generated \$6.2 billion of revenue ... not that we kept a lot of it ... But we have built an industry around what we have done in West Africa.

“And we see ourselves turning that to all parts of Africa. The only difference with

Ethiopia to us is it's on the other side of the island.”

Lycopodium also has a long history of operation in Africa having established a presence in Ghana in 1994. The mineral processing plant engineer and builder had worked in a number of countries as they were opening up to outsiders, De Leo said, including some without the infrastructure advantages of Ethiopia.

“We see a very enthusiastic and supportive government [in Ethiopia],” De Leo said.

“We have seen good availability of local contracting resources; certainly high availability of labour – and highly educated I might add.

“We're pretty excited about it.”

Anagnostaras-Adams said the startling expansion of Ethiopia Airlines as a regional carrier over the past decade or so, leveraging Ethiopia capital Addis Ababa's development as an Africa political and business hub, typified the country's success in setting and pursuing economic goals.

“I think it must now be the most successful airline in Africa,” he said.

“I'd say the policy makers and policy [in Ethiopia] are as straight up as anything I've dealt with in my life.

“So it's a tremendous geological opportunity through the eyes of our geologists.

“But through my own eyes the country means business when it turns its attention to something.

“So I'm quite motivated to turn on our first project and build a platform to go from there.”