



# Ministry of Petroleum and Mineral Resources

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## EGYPT AS AN IDEALISTIC MINING DESTINATION

2023

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## THE TEAM

CEO  
**MOHAMED FOUAD**

General Manager  
**AYMAN RADY**

Research & Analysis Manager  
**DR. MAHINAZ EL BAZ**

Managing Editor  
**IHAB SHAARAWY**

Senior Research Analyst  
**REHAM GAMAL**

Research Analysts  
**JOLLY MONSEF**  
**MARIAM AHMED**  
**MAHA BALBAA**

Senior Editor  
**NADER RAMADAN**

Creative Art Director  
**OMAR GHAZAL**

Graphic Designers  
**MERNA WILLIAM**  
**AMIRA HASSAN**

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## **INTRODUCTION**

Ancient Egypt has a long, deep, and consistent relationship with mineral resources, especially gold. Gold was one of the earliest metals to be discovered, and the country became one of the first of many civilizations to boast a wealth of this valuable material. Egypt has an attractive geology with a diversity of minerals and numerous exploration opportunities, yet this large geological potential is under-explored.

Egypt is home to a wealth of mineral resources including gold, copper, silver, zinc, and platinum, in addition to other precious and base metals. Egypt has the potential to be one of the top mining locations in the world.

The Egyptian mining sector set its plan to raise its contribution to the Egyptian economy through reforms and development plans. The development within the mining sector includes new legislative amendments and available investment opportunities

as well as issuing new bid rounds. This will also result in attracting more companies, pumping investments, and increasing the added value. The sector also is focusing on boosting the skills of the employees through specialized training programs, in cooperation with major international universities. Over the past few years, the sector got highly engaged with international and regional relations through participation in several conferences and the signing of agreements for various alliances.

This report covers the development in the Egyptian mining sector over the years. It highlights the sector's strategic plans, mineral bid rounds, and the new law and regulations, as well as, focusing on gold mining and phosphate ore.

## PART 1: ORGANIZATIONAL STRUCTURE & FISCAL REGIME

The mining sector in Egypt is led by the Ministry of Petroleum and Mineral Resources (MoPMR) at the forefront. The Egyptian General Authority for Mineral Resources (EMRA), one of the five major entities of the MoPMR, was established and organized in accordance with Presidential Decrees No. 452 of 1970, No. 328 of 1984 and No. 45 of 1986 under the name of the Egyptian General Authority for Geological Survey and Mining Projects. EMRA was mainly established to enhance the tributaries of the national economy from the mineral wealth sector and to secure

the country's mineral resources through its subsidiaries

which are: SMW Gold, Shalateen Mining Co., Egyptian Company for Mineral Resources, Phosphate Misr Co., Al wadi elgadied Co., Al Sukari Gold Mines Co., Hammash Misr, ATON Resources Inc, and Thani Dubai Mining LTD.

For the fiscal regime, the model agreement framework in the mining sector is the Royalty & Taxes model. The Royalty & Taxes model was applied for the gold bid round 2020.



# Model Agreement Framework

## Royalty & Taxes

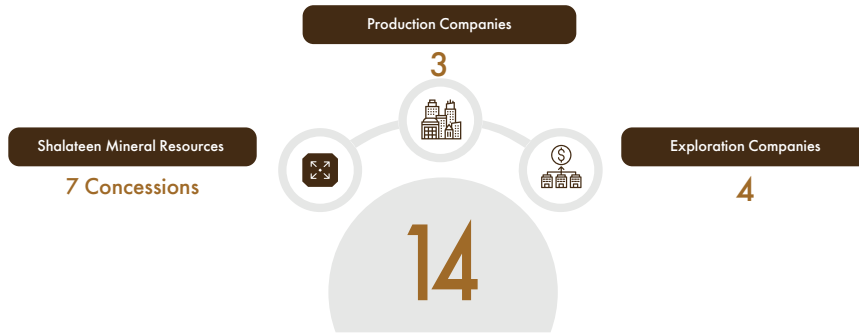
The contractor bears all the expenses,  
and shall pay To EMRA

Royalty%

Taxes

Free Carried Interest Min. (15%)

## Current Gold Agreements



### Shalateen’s 7 Concessions in the Eastern Desert\*



\*EMRA contributes with 35%

## Shalateen’s Gold Bid Round in 2023



Shalateen is an independent company, it has its own special fiscal regime as it is working upon production sharing agreement.

## PART 2: MINING SECTOR OVERVIEW

The Egyptian territory consists of crystalline basement rocks formed during the Precambrian period, and phanerozoic sediments formed since Cambrian times. The most important of the mineral deposits include metallic ores including iron ores, gold, industrial metal oxides (Sn, Ta, Nb, W, and Mo), titanium and titaniferous-iron ores, manganese, sulphide mineralization (Pb, Zn, Cu, and Co), and chromite. In addition to non-metallic

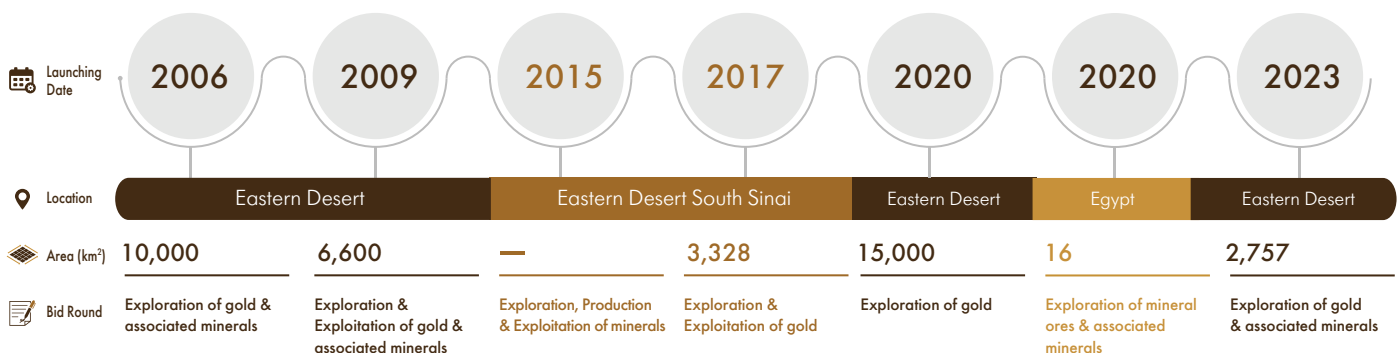
ores including phosphate, coal, limestone, dolomite, ornamental stones, quartz, white sands, talc, feldspars, kaolin, fire clays, bentonite, gypsum, fluorspar, salts, sands and gravels. Almost 90% of Egypt's Precambrian Arabian-Nubian Shield area has not been tendered for at least the last 20 years.



### Licensing of the Arabian-Nubian Shield



### Mineral Bid Rounds





# Mining Mines and Sites

■ Mineral      ■ Reserves (mmt)

## Eastern Desert

<b>Gold</b> 120 million ounces	<b>Molybdenum</b> Need more investigation	<b>Nickle</b> 0.5/Need more investigation	<b>Chromite</b> 2,000-5,000 tons	<b>Lead</b> 1.5/Need more investigation
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<b>Quartz</b> 28	<b>Potash</b> 6	<b>Niobium &amp; Tantalum</b> 227	<b>Zinc</b> 2	<b>Tin</b> 1	<b>Fluorspar</b> 2
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## Eastern Desert, Western Desert

<b>Bentonite</b> 1,000	<b>Vanadium</b> Need more investigation	<b>Tungsten</b> 1.5/ Need more investigation	<b>Manganese</b> Need more investigation	<b>Copper</b> 0.6/Need more investigation
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<b>Phosphate</b> 2,550	<b>Oil Shale</b> 5.7 billion barrels	<b>Feldspars</b> 27	<b>Barite</b> 2.5	<b>Sulfur</b> 3	<b>Mica</b> 2.3
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## Eastern Desert, Sinai

## Sinai

<b>Ornamental Stones</b> Great Reserves	<b>Iron Ore</b> 750	<b>Ilmenite</b> 40	<b>Black Sand</b> 790	<b>Glass Sand</b> 5 trillion tons
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# Opportunities for Ores

	White Sand Ore	Copper Ore	Phosphate Ore Dumps
 Total Numbers	14	9	15
 Location	North and South Sinai, Eastern Desert, and Western Desert	Eastern Desert and Sinai	Eastern Desert and the Red Sea
 Proven Reserves	210 mmt	Reserves 0.758 mmt	Total Quantity about 5 mmt

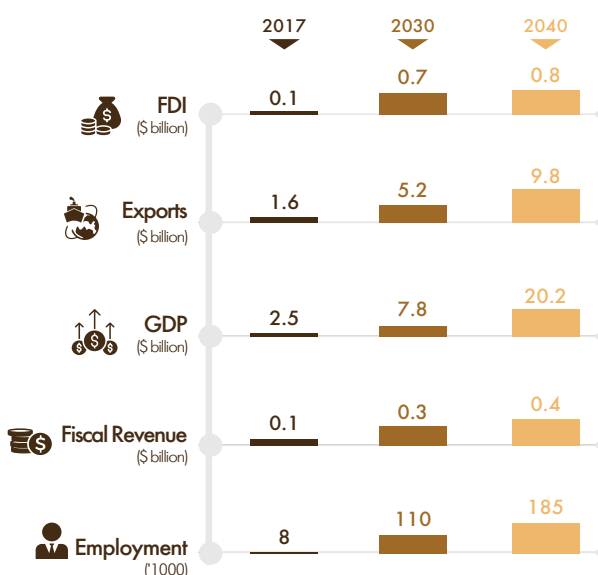
## PART 3: SECTOR'S STRATEGIC TRANSFORMATION

### A. STRATEGIC PLAN

The mining sector has set a strategic plan that aims to significantly contribute to the Egyptian economy, working in parallel with 2030 Egypt's strategy. The plan has three phases which are: diagnostic analysis, setting future Objectives, and implementing the plan, while it has five main objectives.



#### The Strategic Plan's Objectives



### B. MODERNIZATION PROGRAM

The mining Sector modernization program started in March 2018 as a part of the strategic plan. The program's main objective aims at adjusting the financial, regulatory and institutional frameworks to meet the sector's needs. In addition to qualifying the human resources and developing a communication strategy through setting an engagement plan that embraces all sector's stakeholders.

The Egyptian mining modernization program is consisted of Seven main projects. Some of these projects has been implemented and finished totally. The capacity building project is one of these seven pillars which includes several programs with key partners including Japan International Cooperation Agency (JICA), The American Chamber of Commerce (Amcham), the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code), Imperial College London Program for 20 calibers, as well as with China.

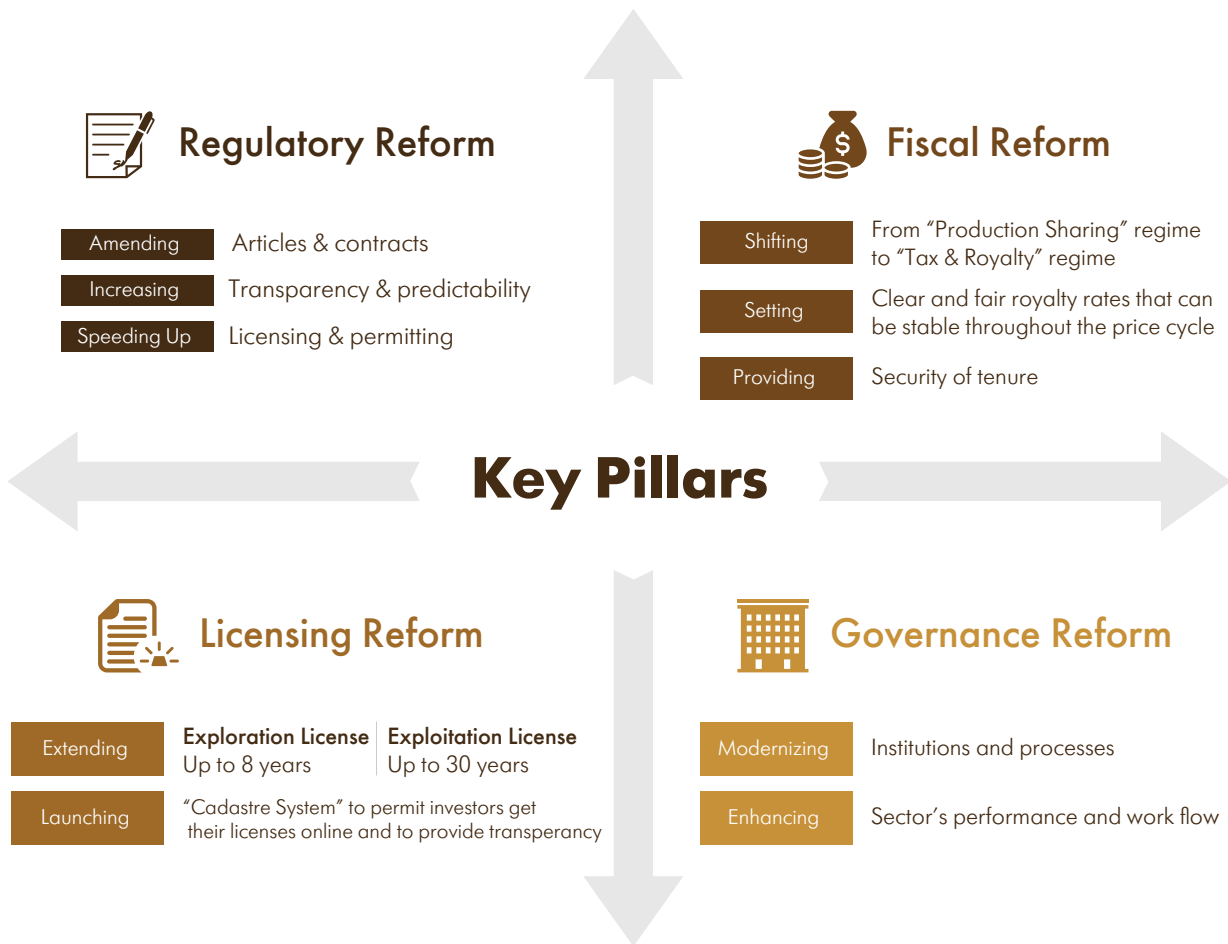
One of the remarkable success stories accomplished, thanks to the modernization program, is launching the international bid round for gold mining in 2020. This bid round was announced to cover a total area of around 56,000 km<sup>2</sup> in the Eastern Desert and the Red Sea, posted for several sectors through two rounds.

# EGYPT AS AN IDEALISTIC MINING DESTINATION

The results of the first round were announced in November 2020, where 11 national and international mining companies won the rights for exploring 82 concession areas for gold in Egypt.

After that a second mining round that included 208 concessions on an area of 38,000 km in the Eastern Desert was launched to provide more opportunities for gold mining investments and it resulted in assigning eight areas to four English, Canadian and Egyptian companies.

## The Modernization Program's Pillars



## C. THE MINING LAW AND EXECUTED REGULATIONS

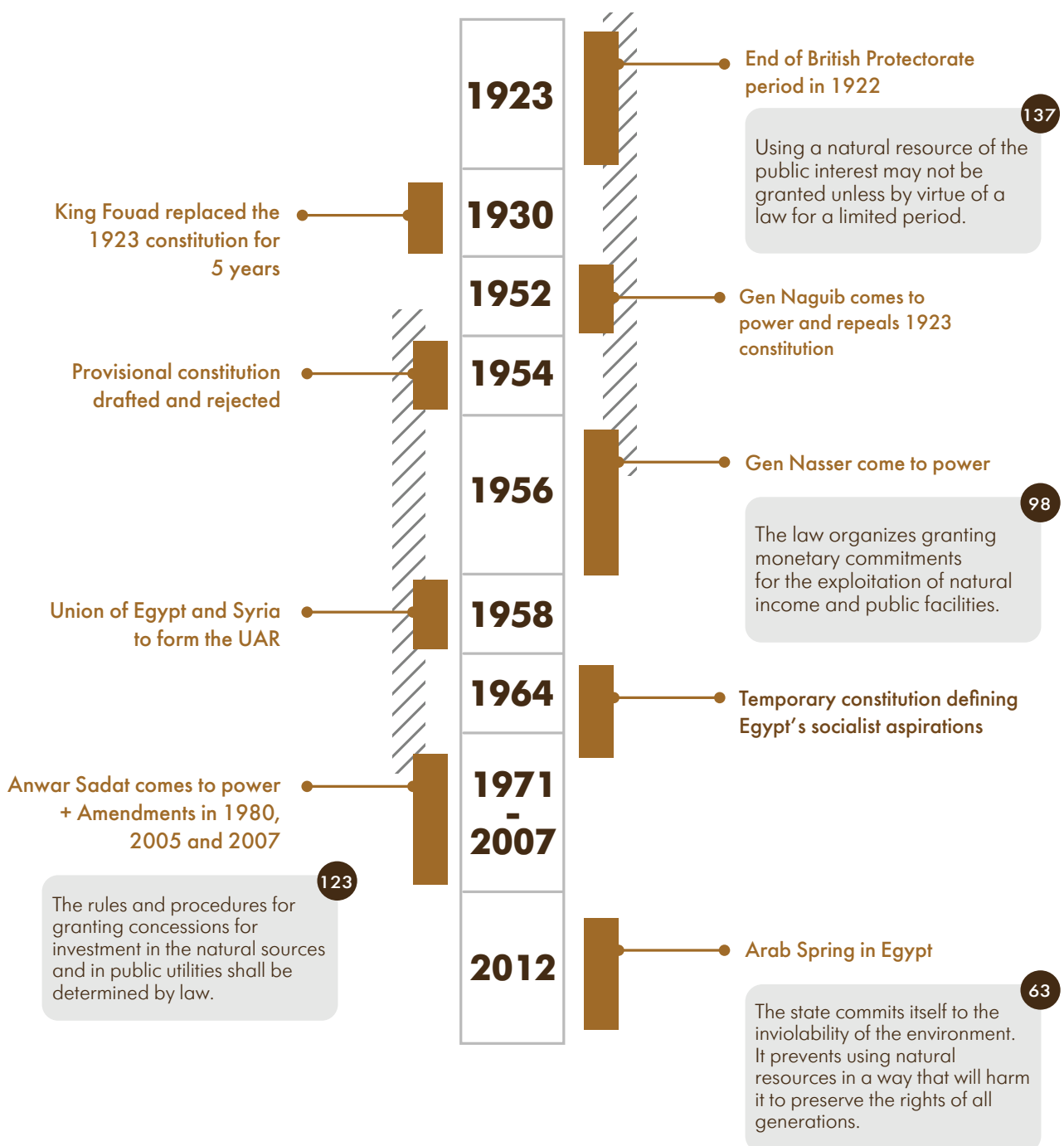
In the previous constitutions, the sector witnessed the absence of a special law for mining concession. Hence, the new Law 145 came along with the executive regulations to attract investors and encourage further investments in

Egypt mining. The new amendments to the Mining Law of 1956 and 2014 provide guidance to new fiscal terms and contractual rules for exploration and exploitation of natural resources.

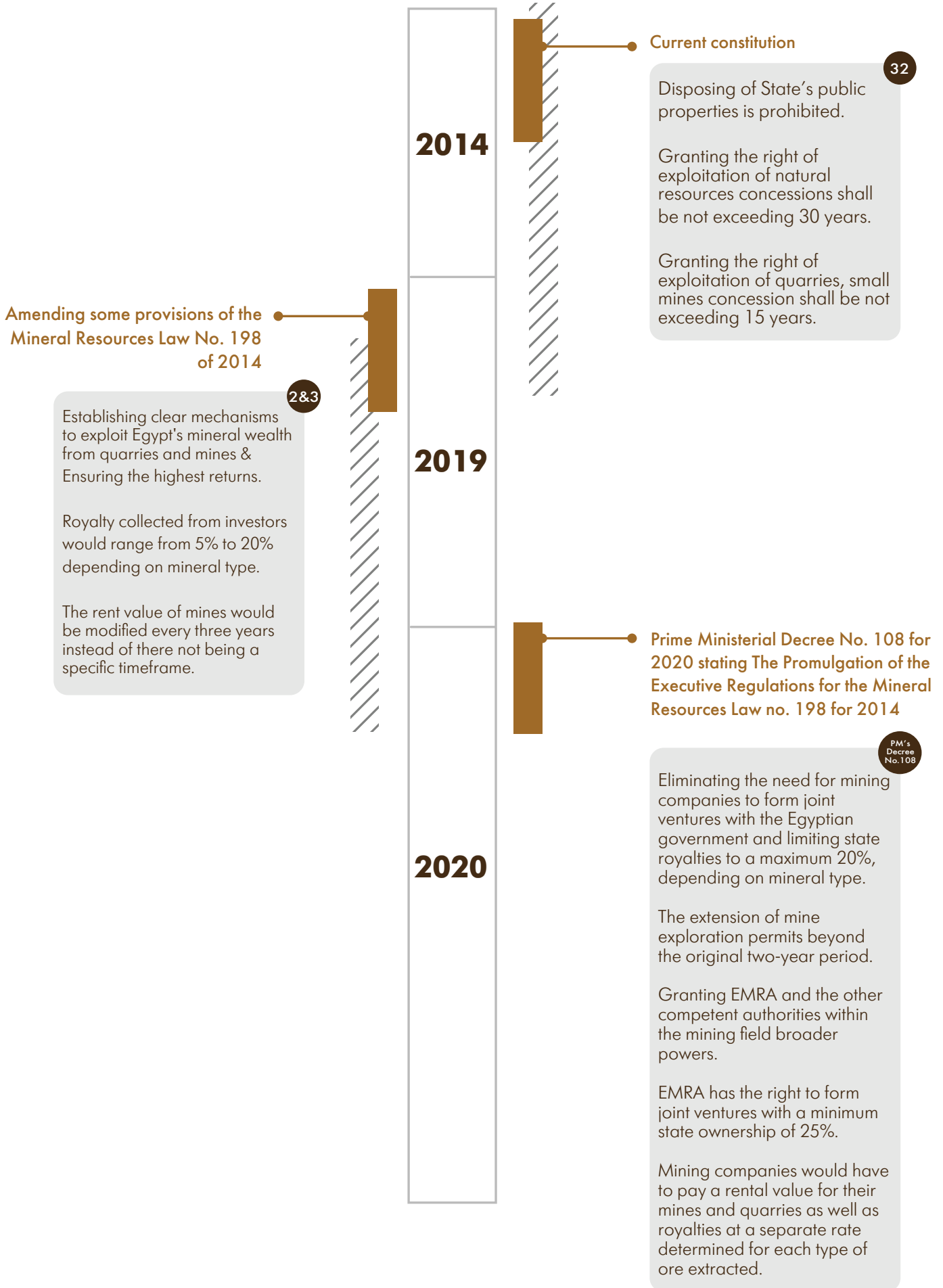


# The Absence of Special Law for Mining Concession in the Previous Constitutions

■ Event    ■ Article    ■ Clause



EGYPT AS AN IDEALISTIC MINING DESTINATION



**Current constitution**

32

Disposing of State's public properties is prohibited.

Granting the right of exploitation of natural resources concessions shall be not exceeding 30 years.

Granting the right of exploitation of quarries, small mines concession shall be not exceeding 15 years.

**Amending some provisions of the Mineral Resources Law No. 198 of 2014**

2&3

Establishing clear mechanisms to exploit Egypt's mineral wealth from quarries and mines & Ensuring the highest returns.

Royalty collected from investors would range from 5% to 20% depending on mineral type.

The rent value of mines would be modified every three years instead of there not being a specific timeframe.

2014

2019

**Prime Ministerial Decree No. 108 for 2020 stating The Promulgation of the Executive Regulations for the Mineral Resources Law no. 198 for 2014**

PM's Decree No.108

Eliminating the need for mining companies to form joint ventures with the Egyptian government and limiting state royalties to a maximum 20%, depending on mineral type.

The extension of mine exploration permits beyond the original two-year period.

Granting EMRA and the other competent authorities within the mining field broader powers.

EMRA has the right to form joint ventures with a minimum state ownership of 25%.

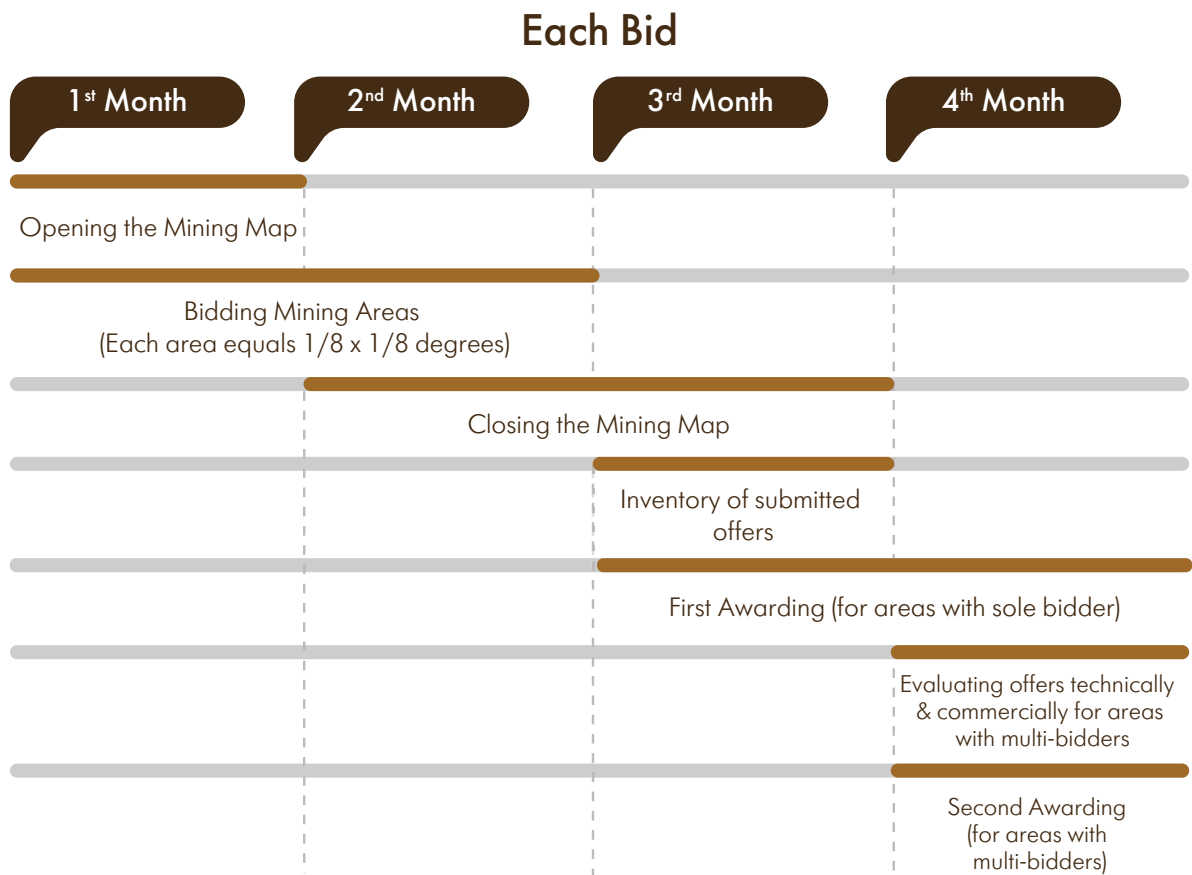
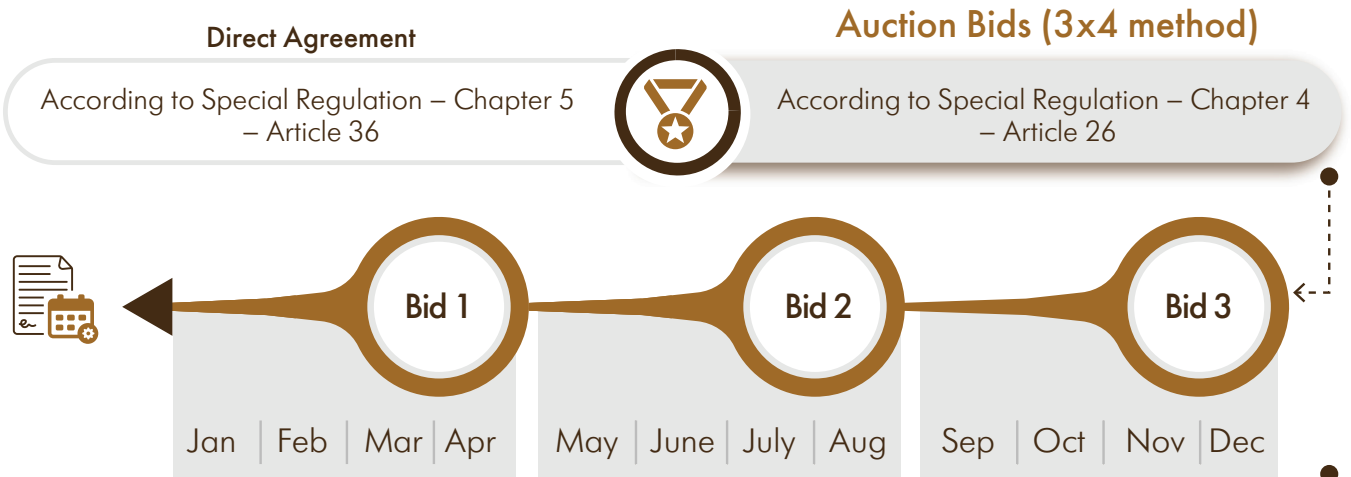
Mining companies would have to pay a rental value for their mines and quarries as well as royalties at a separate rate determined for each type of ore extracted.

2020



# Awarding Exploration Areas

## Exploration of Mineral Ores Tendering & Awarding Procedures



**PART4: INVESTMENT KEY FACTORS**

Egypt has a number of factors that makes it an attractive destination for international mining companies. These factors include the availability of a competitive labor market,

the well-developed infrastructure, and the support given by the state to the sector.

A. THE AVAILABILITY OF SKILLED LABOR

Access to labor is quite competitive, with one of the lowest rates amongst gold mining countries. In 2017, Egypt had a

position in the first quartile concerning wage cost for both global and African and Arab gold mines.

B. WELL-DEVELOPED INFRASTRUCTURE

Access to transportation infrastructure is another advantage, with access to two global shipping routes. The country's

World Bank's (WB) Logistics Performance Index has improved by ranking 58<sup>th</sup> in 2023 compared to 67<sup>th</sup> in 2018.



Existing Transportation Infrastructure to Ports



C. STATE SUPPORT



## PART 5: GOLD MINING IN EGYPT

Egypt is considered a significant gold producer as Egypt’s gold production reached about 14 tons in 2022. Egypt was ranked as the 27th in terms of gold mining production in 2022, according to GlobalData. Gold is available in Egypt in 120 areas in the Eastern Desert. Egypt’s reserves reached about 3,750 tons of gold ore (120 million ounce), according to EMRA.

The Sukari Gold Mine is the most important location of gold in Egypt, which was reopened during the period from 1928 to 1939. The mine is located in the Eastern desert. During the launch of the 2nd international bid round, the Sukari Mine was stated as one of the top 10 gold mines in the world. Over the period from 2010 to 2019, Egypt’s total production of gold, which 100% comes from the Sukari mine, recorded 119.4 tons.



### Gold Mining in Egypt



Gold Mining Production in 2022

**13.6 tons**

Volume



Gold Reserves

**79.3 tons**

Q4 2019

A. GOLD MINING BID ROUNDS

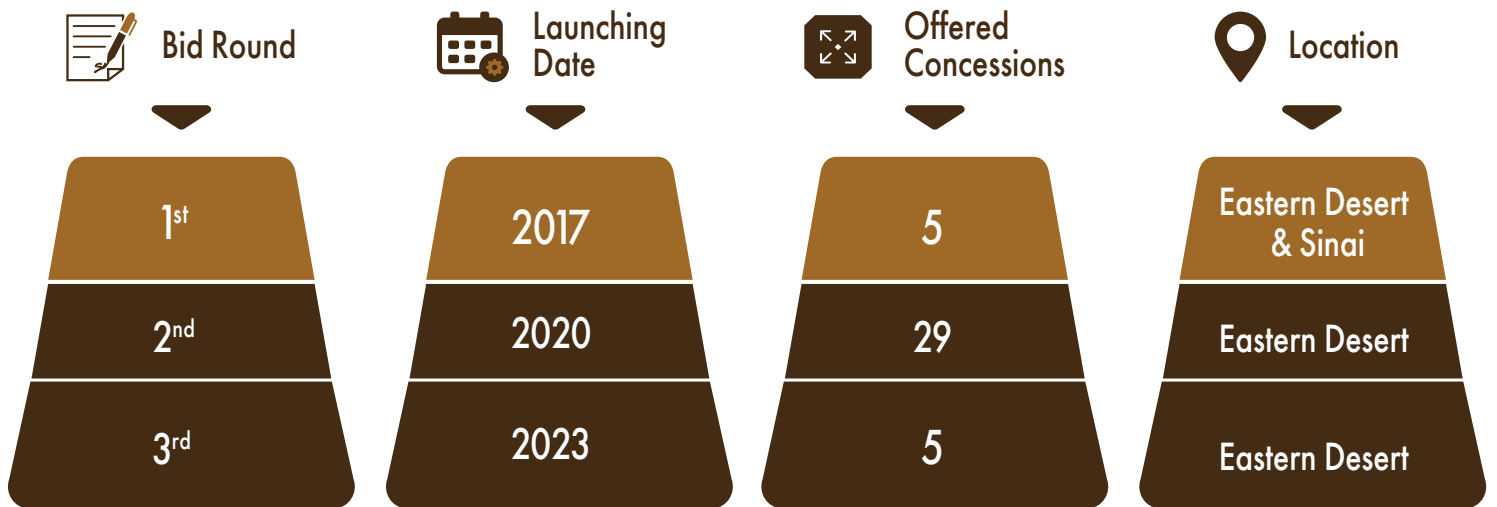
EMRA has launched 3 bid rounds since 2017, the first one was launched in January 2017, to search for and exploit gold and associated minerals in Egypt. The second international bid round was launched in mid-March 2020 for the exploration of gold and related minerals. In June 2020, the ministry announced the extension of the deadline of this international bid round to provide more opportunities for

investors. There was a second extension by EMRA to expand receiving investors' proposals for this gold international bid round to the end of June 2021.

The third bid round was launched by Shalateen in April 2023 to explore and exploit gold and associated minerals for a set of brownfields and old mines.



## Gold Mining Bid Rounds



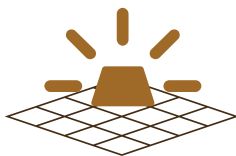




## The Sukari Gold Mine Highlights



\*Since Production Began Until the End of February 2023



## Main Gold Sites in Egypt



	Location	No. of Sites	Most Important Sites
<b>Northern</b>	Safaga-Qena Road	5	Fateri – El Hadid – Um Balad
<b>Middle</b>	From Safaga – Qena Road to South Idfu – Marsa Alam Road	62	Sukari – Abu Marawat – Barramiya
<b>Southern</b>	Wadi Al Allaqi	19	Um Garayat – Seiga – Shashoba
<b>Southeastern</b>	South Berenice	7	Hutit – Romit - Kurbia



# Major Gold Mines in the Egyptian Eastern Desert

Gold Mine
  Location
  Mineral Resources  
 Total Reserves (mmt)
  Average Gold  
 Reserves (g/t)

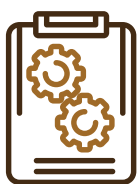




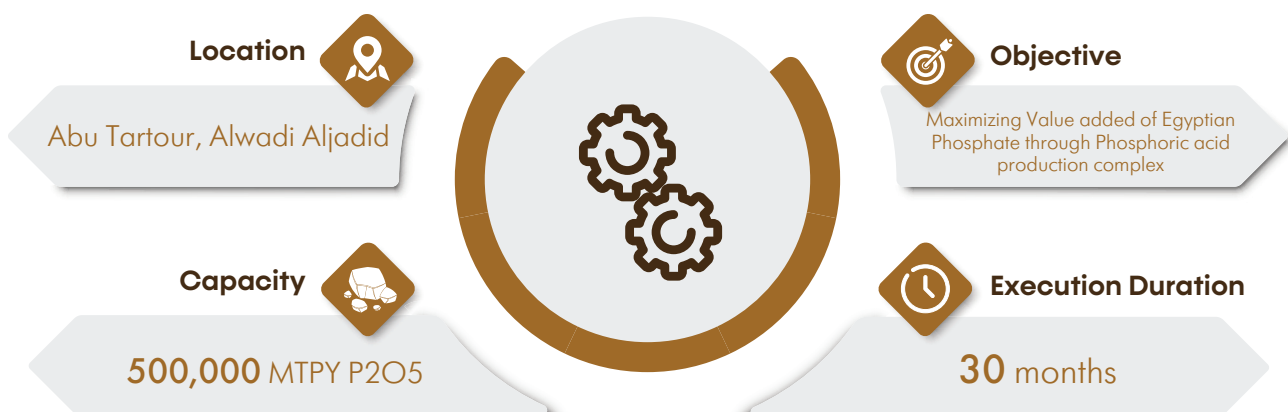
## Gold Concessions

Round	Company	Gold Concession
Concession Agreement 1994	Centamin	Sukari
Concession Agreement 1995	Hammash	Hammash Misr
EMRA Tender 2006	Aton Resources	Abu Marawat
	Thani Stratex	Hodine
EMRA Tender 2017	Resolute Egypt	Bokari, Omm Samra
	Ghassan Spain Investment	Dahab
	Veritas Mining	Omm Ras
	East Gas Company	Omm Oud, Hangaliya
Various Agreements	Shalateen	Various Strategic Interests in Southeast of Egypt

### PART 6: PHOSPHATE ORE HIGHLIGHTS



## Launching the largest Egyptian Phosphate Project





## Project's Shareholders

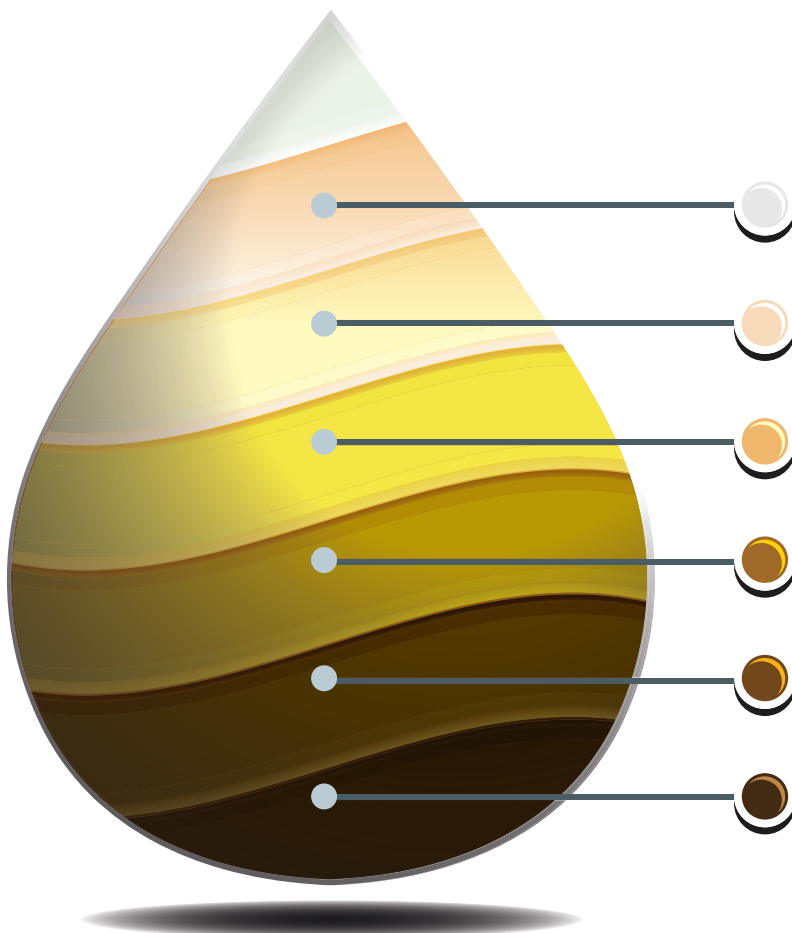
Company	Share (%)
Misr Phosphate	23.75
Abu Qir Fertilizers and Chemicals	9.5
East Gas Co.	9.5
Petrojet	9.5
Enppi	9.5
AlAhly Capital Holding	9.5
The Chemical Industries Holding	9.5
The National Investment Bank	9.5
WAPHCO	5
EMRA	4.75



## Signing a License Agreement to Exploit the Phosphate Ore



## Establishing the First Phosphate Company Under Free Zone System



**Date**  
December 2020

**Company**  
Abu Tartour for Phosphoric Acid Production (AT-PHOS)

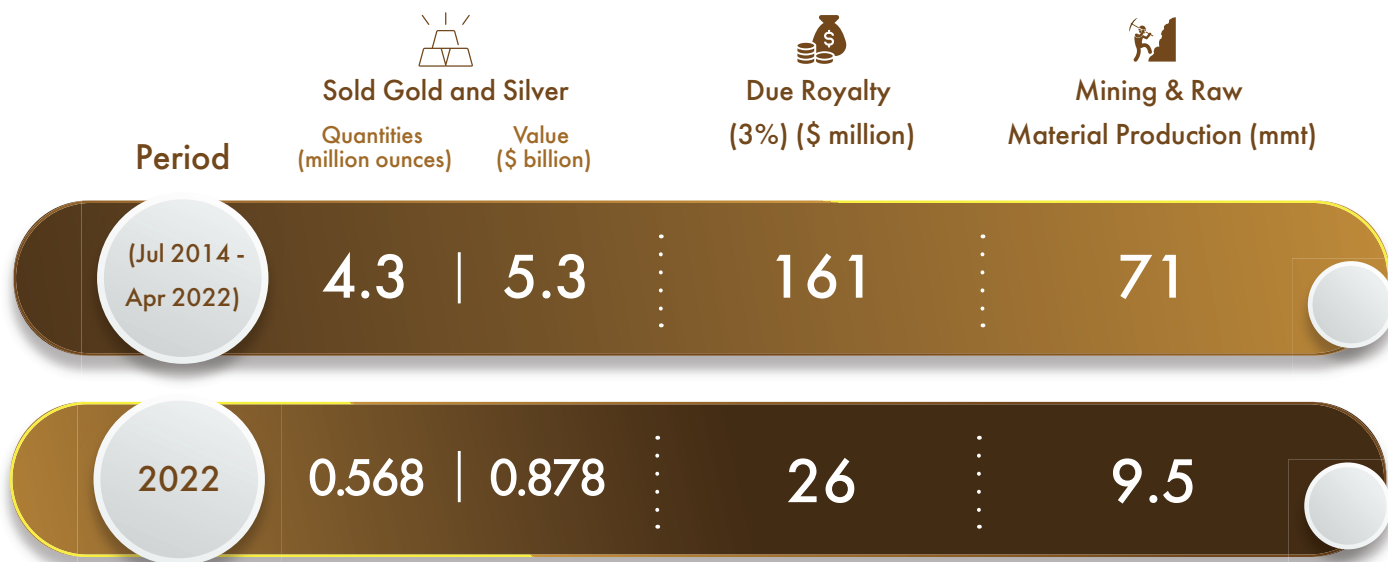
**Company's Aim**  
Handling all operations of the phosphoric acid manufacturing complex

**Investment**  
> \$1 billion

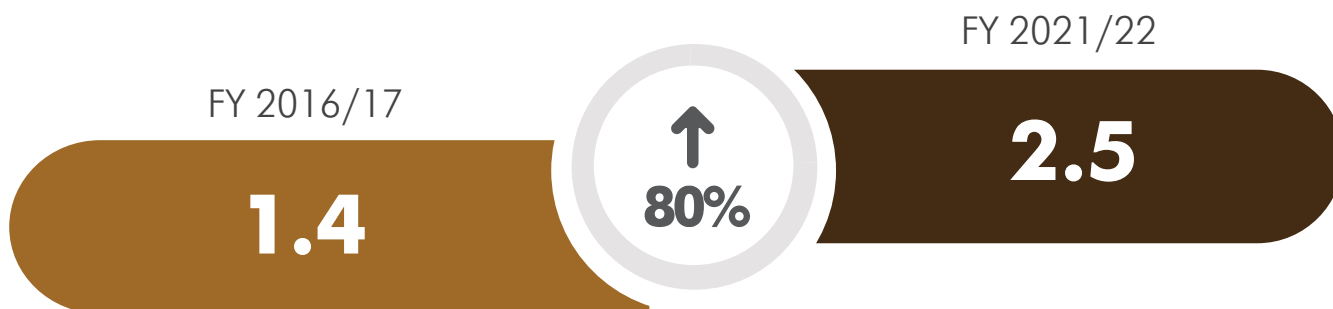
**Production Capacity**  
1 mmt/y

**Concentration of Phosphoric acid**  
54%

**PART 7: FINANCIAL INDICATORS**



EMRA's Revenues (EGP billion)



## PART 8: REGIONAL AND INTERNATIONAL PRESENCE

### A. CONFERENCE AND FORUMS



# Launching the 15<sup>th</sup> International Arab Mineral Resources Conference

 <p><b>November 2018</b></p>	 <p>Mining, investment, and economic development in the Arab World</p>	 <p>Discussing both mining prospects to promote investment opportunities and means of bolstering bilateral cooperation and exchanging expertise</p>
<p><b>Date</b></p>	<p><b>Conference Title</b></p>	<p><b>Objective</b></p>



### Participation in International Mining Conference



### Launching the 2<sup>nd</sup> Edition of Egypt Mining Forum\* (EMF)

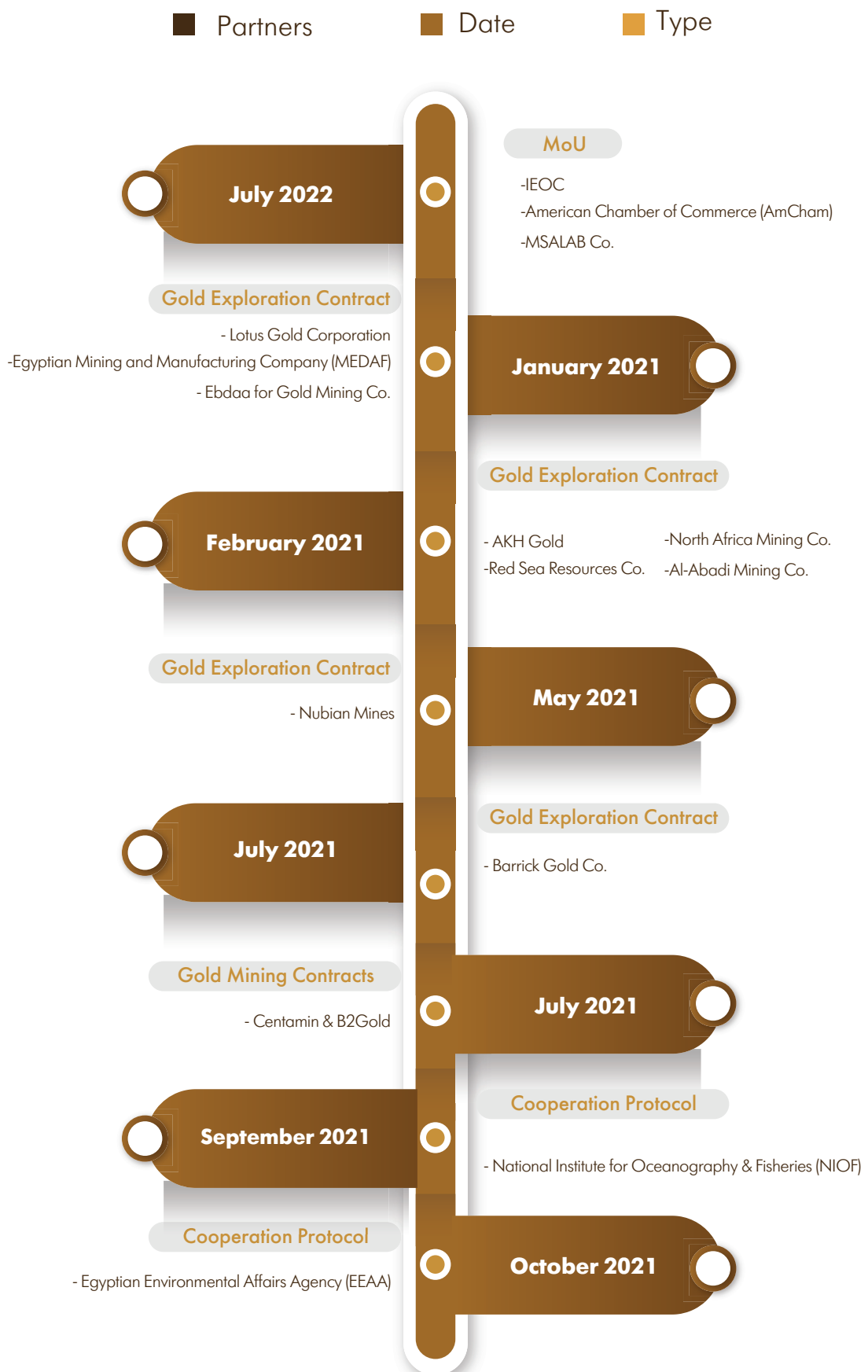
 <p><b>January 2022</b></p> <p>Date</p>	 <p><b>Saudi Arabia, Riyadh</b></p> <p>Country</p>	 <p>Representing the Egyptian vision to attract investments to the mining sector and take advantage of mining opportunities and resources in the optimal economic manner</p> <p>Objective</p>
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 <p><b>Date</b></p> <p><b>18-19 July 2023</b></p>	 <p><b>Location</b></p> <p><b>Nile Ritz-Carlton Cairo</b></p>
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\*The previous EMF was held in July 2022, at the Sky Executive Resort in Cairo, with over 200 participants from the mining and minerals industry.

# EGYPT AS AN IDEALISTIC MINING DESTINATION

## B. SIGNED AGREEMENTS AND MOUS WITH EMRA





## **PART 9: THE GOLD HUB**

### **A. OVERVIEW**

The World Bank embarked on funding a technical support grant for a study, through The Global Program for Extractive Industries (GPS). This study conducted by the World Bank

as well as the German Consultant DMT attempts to evaluate the feasibility of establishing a “Gold Hub” in the Eastern Desert.

### **B. PROJECT’S OBJECTIVES**

The project aims to complete the gold value chain in Egypt via establishing an accredited gold refinery in the Eastern Desert. Moreover, it supports the ambitious plan of the mining resources sector development program in order to boost the mineral sector’s contribution to gross domestic product (GDP) with a target of 5% by 2030.

The Gold Hub also proposes to provide direct and indirect job opportunities. Furthermore, it supports the companies working in the exploration and exploitation of minerals through equipping them with the needed mining services to attract investments and increase the foreign direct investments (FDI) in the mining sector.

### **C. GENERAL PLAN**

The Gold Hub is going to be divided into three main zones with a total area of 200,000 m<sup>2</sup>. The three zones are namely, the industrial area, vocational area, and residential area, where zones reflect the nature of the activities within each area. The industrial area encompasses the refinery with a capacity of 50-100 tons/y, laboratory for refinery

and exploration activities, as well as industrial units to be rented for service companies. The vocational area will encompass the vocational training institute. The residential area provides accommodation, facilities as well as services to the employees.



## Project Viability Assumptions

Capex  
**\$371**  
million

**\$213** million

Refinery and Lab Costs

**\$158** million

Others



Opex

**\$9** million annually

Sustaining  
Capex

**\$7.7** million annually

Refinery  
Capacity

**50** tons/y min



## **CONCLUSION**

The mining sector in Egypt has been one of the most important sectors that the government pays great attention to raising its contribution to supporting the national economy, given the huge untapped potential in the country.

The sector modernization project, through its seven main axes, contributed to developing the sector by taking advantage of Egypt's diverse geological wealth, manpower, strategic location, and available infrastructure, compared to other regions in Africa.

The government's reform program also improved the mining sector's performance through the amendments of some articles of the Mining Law and regulations. In line with these new reforms and amendments, the sector succeeded in launching several major international bids to search for gold and associated minerals and improve the mining investment climate.

One of the sector's milestones is launching one of the largest projects to maximize the added value of Egyptian phosphates, through the phosphoric acid production complex in the Abu Tartour area in the New Valley. This step is a real leap within the MoPMR's action plans to develop the mining sector, optimize the utilization of phosphate ore, maximize the added value of natural resources, and achieve an effective contribution to the development of societies.

Over the past years, Egypt has also successfully organized and participated in several international conferences and forums which helped create a special investment climate in the sector and made it more attractive to local, Arab, and foreign investments.



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