

# Potential to grow

Albania is a country with undoubted raw materials potential



Tailings recovery at DCM-Terwings' joint venture at Bulqiza

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## FAST FACTS

<b>Capital:</b>	Tirana
<b>Population:</b>	3.6 million
<b>Currency:</b>	Albanian leke
<b>Government:</b>	Republic
<b>GDP real growth rate:</b>	3.7% (2009 est)

**A**S A European country, Albania is under-explored. However, a mining law that was introduced in 1994 (and updated in 2004) made various important amendments, including streamlining the licensing process and offering benefits to encourage investment in the sector (such as custom-free imports of technology and equipment).

Combined with the increasing demand for mineral commodities, price increases and the emphasis put on the security of supply of raw materials and power supplies in Europe, Albania's mineral potential is becoming increasingly attractive to foreign investors.

## MINERAL POTENTIAL

Located in the Balkans, Albania hosts a wide range of raw materials, mainly chromites, copper, iron ore and nickel. The country was historically one of the world's largest chrome producers, and chromites remain one of the most perspective raw materials in Albania.

Important sources of chrome can be found in four regions of Albania: Tropoja (the Zogaj, Vlahna and Qaf-Petrollaj deposits); Kukës (Kalimashi and Përroj Batrës); Bulqiza (North Bultiza, Qaf-Bualli, Batra, Krasta and Thekna); and Shebenik-Pogradec (Katjel-Pojaska, Bushtrica-Përroj and Govatës).

Total reserves of chrome are estimated at 30Mt, with chrome content of between 18% and 42%, deposits containing between 30% and 42% chrome are estimated at around 12Mt.

In 2006 (the latest data available), production volumes reached 220,000t of metal.

Three-quarters of the chrome concentrate produced in Albania is exported to China with the remaining material going to France. Chrome metal exports also go

mainly to China (approximately 60%), with the balance to Sweden (35%) and Russia (5%).

Other major mineral commodities in Albania include copper (the country hosts estimated resources of 53Mt at grades of up to 2.5% Cu), nickel and cobalt.

## FOREIGN INVESTMENT

Robust commodity prices and the recovering Albanian economy have led to an increase in mineral exploration and mining activity in several regions of the country. An example is the work being conducted by Empire Mining Corp, one of the foreign juniors exploring Albania's mineral resources.

## "Albania's mining industry has great potential for growth"

The company is developing the Bulqiza chromite project, and in November last year released a technical report for the project, confirming mineralisation on average 2-3m thick containing between 33% and 48% Cr<sub>2</sub>O<sub>3</sub>.

In May this year, Empire agreed a memorandum of understanding with Anglo-Pacific Group plc for the sale of a 3% gross royalty over product mined from the Bulqiza project. The sale raised C\$3.1 million (US\$2.9 million) to be used towards ongoing drilling at the project.

Albania's copper deposits are located in the northern part of the country, in the area demarcated by the towns of Shkodër, Bajram Curri, Kukës, Peshkopi and Laç.

The country's largest known deposit is the Munella deposit, which is being developed by Turkish company Ber-Oner Mining Inc. The deposit has proven reserves estimated at 10Mt at an average grade of 1.35% Cu.

In addition, the Lak Roshi deposit is estimated to contain 350,000t at an average grade of 3.4% Cu, and the Perlati deposit is estimated at 1.4Mt at 2.88% Cu.

In 2006, Tirez Resources Ltd acquired the Mirdita project, a VMS district with multiple deposits of copper,

zinc, gold and silver mineralisation. Earlier this month, Tirez reported that it had raised C\$3.6 million through an equity placement and a draw down from the European Bank for Reconstruction and Development.

Meanwhile, Balkan Resources Inc is exploring the Devolli nickel project as a 50:50 joint venture with European Nickel plc. The project consists of three deposits, Kokogllave, Zemblak and Devolli, and has an estimated resource of 102Mt at 1.2% Ni.

A pre-feasibility study is underway at the project, targeting a 20 000t/y mine utilising heap-leaching technology for a 20-year life.

## POWER LIMITS POTENTIAL

One limitation to the future development of mineral resources in Albania is the poor power infrastructure.

Significant problems include losses of electric power caused by a deficient transmission system. This is made more serious because most of the power-production capacity is in the north of the country, whereas most of the consumption occurs in the central and southern regions.

Albanian state-power utility KESH is planning a complete reconstruction of water and thermal power stations, and a replacement of obsolete technologies with modern ones.

Czech power company CEZ Group, a leader in the central and south-eastern European electricity market, became owner of 76% of shares of the only Albanian power-distribution company in 2009.

## ENVIRONMENT FOR GROWTH

Albania is certainly a country with interesting raw material potential within the European context.

Although many of the better-known deposits have already been claimed by foreign companies, which have benefitted from a first-mover advantage in the country, the lack of intensive exploration suggests that there could still be several undiscovered deposits with economic potential.

High levels of corruption, and insufficient legislation, have hampered development so far. However, reforms are being made, including the introduction of the National Agency of Natural Resources (responsible for all raw materials and parts of the power industry), and the launch of a new drive on privatisation.

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