

## Mining Sector in Cambodia

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## EXECUTIVE SUMMARY

This report is prepared to study the Mining Sector in Cambodia. Firstly, overview of mining sector will be studied. Geologically, Cambodia divided into two different parts, the North East and the South West where many natural resources are found such as metamorphic, sedimentary, volcanic, and intrusive rock. Next, the mining industry in details will be illustrated, in which metallic minerals like gold, iron, and copper are the main resources and about 60 mining companies got the license to explore on the concession land, industrial mineral particularly cement is on the rebound thanks to the growth of construction sector, gemstone is mostly found in Pailin, Battambang, Ratanakiri, and Mondulhiri Province, 5 companies have got license to explore coal resources, fuel minerals for which the Chevron company got the license to explore the Block A which cover 4,079 km<sup>2</sup>. Latter, the promising of mining sector in Cambodia discussed in the outlook and opportunity. And finally, leading companies in the sector will be enumerated.

## OVERVIEW OF MINING SECTOR

Cambodia maintained its economic growth of 5.9% in 2010 and projected to grow at about 6 percent, according to Ministry of Economy and Finance. Foreign Direct Investments have subsequently been attracted into the country given its largely unexplored resources, open market environment, and supporting from the government to improve business environment like the provision of many tax incentives. The favorable environment condition and the riches of natural mineral resources, attract more and more foreign investors in partnership with local ones to explore potential mineral deposits.

Geologically, Cambodia has been divided into two parts, the North East and the South West by the Tonle Sap-Mekong Plain, which extends from the North West to the South East along the central part of the country. The North East and the South West regions are composed of metamorphic, sedimentary, volcanic and intrusive rocks formed as a basement during Precambrian and Mesozoic. A significant of gold and other mineral in some concession areas has been found. Currently, some well-known Australian, Chinese, and Japanese mining firms are operating activities along with other local companies. Overall, mining sector is very promising for Cambodia.

## MINING SECTOR IN DETAILS

Mineral exploration projects are divided into four parts such as metallic minerals, non metallic mineral/industry minerals, gemstone, and coal. Currently, mineral production and exploration licenses granted to both foreign and local companies have been increased.

### Metallic Minerals

There are so far about 60 companies receiving license on the project of metallic exploration such as Gold, Iron, and Copper etc. Besides, two more companies receiving a license to operate on exploration for Cover Bauxite, and Antimony and Chromium (*figure 01*).

**Figure 01: Metallic Minerals Concessionaires**

Metallic Minerals (Gold, Iron, Coppers, etc)		
No	Company Name	Concession Areas
1	Shino Sun Mineral Resource Co., Ltd.	Memot District, Kampong Cham Province
2	Delcom Cambodia Pte., Ltd.	Ro Vieng District, Preah Vihear Province
3	Angkor Wat Cement Limited	BonTeay Ampill District, Otdar Meanchey Province
4	Rong Cheng Industrial Investment (Cambodia) Co.,Ltd.	Kaev Seima District, Mondulkiri Province
5	The Steung Treng Mineral Joint Venture Company	Thala Barivat District, Stung Treng Province
6	Sino-Create (Cambodia) Investment Co., Ltd.	SamBour District, Kratie Province
7	Future Environment	Aoral District, Kampong Speu

8	Liberty Mining International PTY	Ban lung District, Ratanakiri Province and ThmorPouk, PhnomSrok District, Banteay Mean Chey Province and Banteay Ampil, ChungKal District OtdarMeanChey Province
9	Mult-Mineral Development (Cambodia) Co., Ltd.	ChungKal District, OtdarMeancheay
10	Donghua Group Corporation Limited	Chey Sen District, Preah Vihear Province
11	Summer Gold Investment PVT Ltd.	OuYadav District, Rattanak Kiri Pronice and Pech Chenda District, Mondulkiri
12	Ming Hong Xin Co., Ltd	Sambo District, Kratie Province
13	Lohak Samnor (Cambodia) Co., Ltd	Sambo District, Kratie Province
14	Gold Metal Group Co., Ltd	Pheck Chenda District, Mondulkiri Province
15	Angkor Wat Minerals Ltd	TbangMeanChey District, OtdarMeanChey Province
16	Oxiana and Shin Ha Mining Company Limited	Kaev Seima District, Mondulkiri Province
17	Indochine Resource Ltd	SiemPang District, StungTrang Province, Ta Veang and VaunSay District Ratanakiri Province, SanDan District Kampong Thom Province, Sambour District Kratie Province and Pech Chenda, Keo Seyma District Mondulkiri
18	Southern Gold (Cambodia) Ltd	Snoul and Kraie District, Kratie Province and Keo Sema, Koun Kramon District and Mondulkiri Province and Sambo District Kratie Province
19	Kenertec Co., Ltd	Cheab, Sangkum Thmey, Chey Sen, Preah Vihear and Thalab Vivath District, Steung Treng Province
20	Asia Pacific Gold & Copper Company Limited	Santouk District, Kampoung Thom Province and Sambo, Prek Prasab District, Kratie Province
21	Sophom Theary Peanich Co., Ltd	Svay Le District, Siem Reap Province
22	C.I.M.G (Cambodia International Mining Group)	Sambo District, Kratie Province
23	Cambo Cana Kiri Development Ltd	Angdoun Meas District, Ratanakiri Province
24	Sun International Investment Co.,Ltd	Peachea Da District, Ratanakiri Province
25	Kingdom Resources Co., Ltd	Sangkum District, Preah Vihea Province
26	(Cambodia) Metal Work Co., Ltd	Somlout, Ratanakmondul District, Battambang Province
27	SINH YI Co., Ltd	Keo Sema District, Mondulkiri Province
28	Oxiana & DZ	Koh Ngeek, Mondulkiri Province
29	Guangxi Nonferrous Metal Group (Cambodia) Co., Ltd	Roveang District, Preah Vihear Province
30	Hoang Anh-Ratanakiri Co., Ltd	Borkoe. Aouchom, Ouyadav District, Ratanakiri Province
31	Mekong Mining Investment Co.,Ltd	Cheysen, Chep District, Ratanakiri Province
32	Transol Mining and Exploration Company Pty Ltd	Ouyadav District Ratanakiri Province
33	Ratanakiri Consultancy Company Pte Ltd	Siempang District Steung Treng Province, Veang Sai Ratanakiri Province
34	Mekong Mining Investment	Chep District, Preah Vihea Province
35	Cambodian Hua Yi Mining Co., Ltd	Chey Sen District, Preah Vihear
36	Xing Yuan Kanng Yeak Co., Ltd	Sambo District, Kratie Province
37	Golden Resource Development Co.,Ltd	Chep District, Preah Vihear Province
38	Cambodia Ws Mining Industry Holding Limited	Roveang Khag Lech District Preah Vihear Province
39	Cambodian Iron and Steel Mining Industry Group	Roveang District, Preah Vihear Province
40	Kingdom Mining Co., Ltd	Chep, Cheam Kasang District, Preah Vihear Province

41	Angkor Metal Coporation Co., Ltd	Kuleng District, Preah Vihear Province
42	Michelle Corporation	Svay Lea District, Siem Reap Province
43	General Gold Metal Group Plc	PaCheada, Mondulkiri Province
44	Alex Corporation	Pacharada, Mondulkiri Province
45	Mekong Mining Investment Co., Ltd	Aoun Doung Meas District, Ratanakiri Province
46	Ji Zhou Co., Ltd	Kratie District, Kratie Province
47	Capital Mineral Resources Investment Co., Ltd	Thalaborivat District, Steung Treng Province
48	P S M Global Trading Co., Ltd	Snoul District Kratie Province, Keosema District Mondulkiri Province
49	Khov Primsec Co., Ltd	Sampaov Loun, Phnom Prach Battambang Province
50	China Northern Mining (Cambodia) Co., Ltd	Vealveng District, Pursat Province
51	Cambodian China International Mines Resources Exploration Co., Ltd	Lompat District, Rattanakiri Province
52	NIM Meng Group Co.,Ltd	Chekreng District Siem Reap Province
53	Five Tigers (Cambodia) Mines Co., Ltd	Phnomsrock District Banteay Mean Chey Province
54	Power Mining Pte Ltd	Borkeo, Aouchom, Lophat District, Rattanakiri Province
55	Jiang Seng Co., Ltd	Siemgbang Steung Treng Province
56	United Khmer Group Co., Ltd	Srokthorbang, Sreaumbal, Koh Kong Province
57	Ya Long (Cambodia) Mining Co., Ltd	Phnomsrok District Banteay Mean Chey Province
58	Cambodian International Investment Development Group Co., Ltd	Senmonorom District, Mondulkiri Province
59	U B E Development Co., Ltd	Samroung Choung Kal District, Preah Vihear Province
60	Phu Yang (Cambodia) Co., Ltd	Pailin Province and Battambang

Source: General Department of Mineral Resources/MIME

Cover Bauxite		
No	Company Name	Concession Areas
1	Alumina (Cambodia-Vietnam Co.,Ltd)	Mondulkiri Province

Source: General Department of Mineral Resources/MIME

Antimony (Sb) and Chromium		
No	Company Name	Concession Areas
1	Southern Mining Co., Ltd	Veal Veng District, Pursat Province

Source: General Department of Mineral Resources/MIME

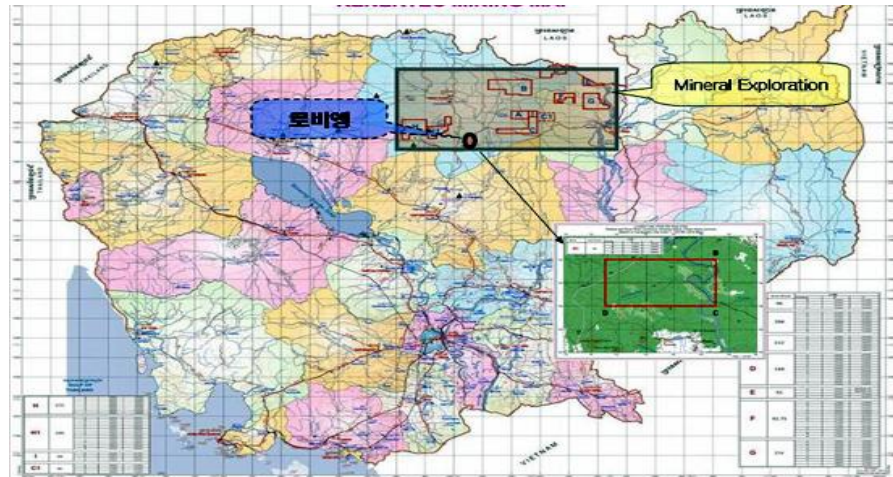
- **Iron Ore** – Hermatite (Fe2O3); Magnetite (Fe3O4); Limonite (2Fe2O3, 3H2O) - was found in two areas, one located in Phnom Deck and the others located in Koh Keo of Preah Vihear Province, and Thalaborivath of Stung Treng Province.

According to General Department of Mineral, the total iron reserves in Phnom Deck area are estimated at 5-6 million tons and other deposits may add 2-3

million tons. The Rovieng Project which is located in Preah Vihear Province is held 85% interest by KenerTec and 15% by Ratanak Stone. In addition, KenerTec received license to explore 8 mines, 2 for coppers and zinc, 3 for iron and manganese, and 3 for silica and jewel (*figure 02*).

**Figure 02: Kenertec Mining Projects**

*In addition to Rovieng project, Kenertec had received licenses to explore 8 mines, 2 for copper and zinc, 3 for iron and manganese, and 3 for silica and jewel.*

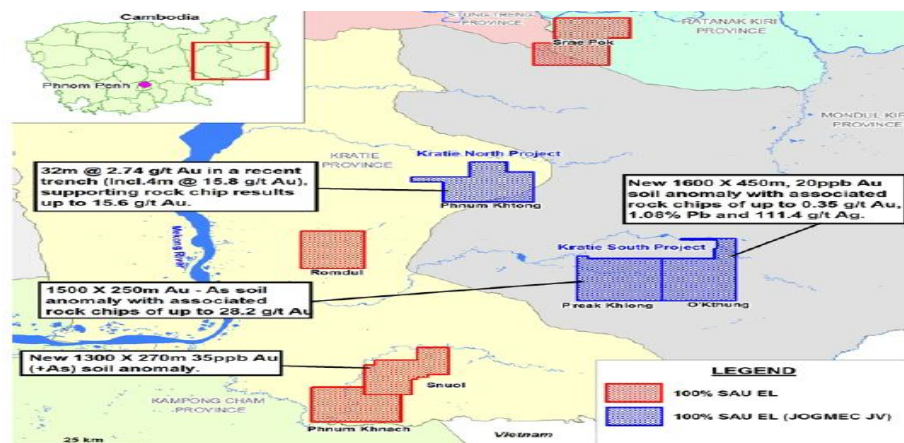


Source: Kenertec Mining Map

- **Gold** – Gold deposit was found in four provinces: Kampong Cham (The Rumchek in Memot area), Kampong Thom (Phnom Chi area), Preah Vihear (Phnom Deck in Roveing district), Ratanakiri (Oyadav district) and Mondulkiri. OZ minerals owned several exploration projects such as Okvau region (OZL 100%), Okhlek Khok (85%), Phnom Peam Louk (OZL100%). The company expected to identify the potential undiscovered resources of at least 2 million troy ounces of gold in the Okvau region project. In 2009, Southern Gold held a total of 7 exploration projects (*figure 03*). Three of them were held in Joint-Venture agreement with JOGMEC and the remaining four were wholly owned by Southern Gold.

**Figure 03: Southern Gold Projects**

*Southern Gold has 7 mining projects, in which 3 are joint ventures with JOGMEC and the remaining four are wholly owned by Southern Gold.*



Source: Southern Gold

- **Bauxite** – was found in Battambang Province and Chhlong district in Mondulkiri Province.
- **Antimony (Sb) and Chromium (Cr)** – was found in Sre Peang area, Pursat Province.

### Non Metallic Metal/ Industry Metal

There are so far 5 companies given licenses to explore non metallic metal. Those companies are shown in (figure 04). All the companies locate in Kampot Province. Cambodia’s first cement plant which is located in Kampot Province was commission in 2008. The Kampot Cement Co., Ltd. is a joint venture between Siam Cement Group of Thailand (90%) and Khaou Chuly Group (10%). The company had delayed the expansion plan until 2012, which was about to double its production capacity of 2 million metric tonnes at a cost of US\$100 million in 2009 and 2010 because of the slow performance in construction sector.

**Figure 04:** Non Metallic Minerals Exploration Projects

Limestone		
No	Company Name	Concession Areas
1	Khmer Aggregate Company	Srok Banteay Meas, Kampot Province
2	Kampot Cement	Srok Banteay Meas and Phnom Toch, Srok Dorn Tong, Kampot Province
3	Pheapimex Group	Srok Kompong Trach, Kampot Province
4	Thai Boon Roong Cement Co., Ltd	Srok Dorn Tong, Kampot Province
5	Cement Chak Krey Ting Co., Ltd	Kampot Province

Source: General Department of Mineral Resources/MIME

### Gemstone

Gemstone areas are located in Samlot district of Battambang, Paillin, Ratanakkiri, and Takeo Province (figure 05).

**Figure 05:** Gemstone Exploration Projects

Limestone		
No	Company Names	Concession areas
1	Jirech international Cambodia Construction and import-Export Co. Ltd.	Anlong Krapeu-Preak bey, Samlot district, Batdambang Province
2	Seoul digem Cambodia Co. Ltd.	Loamphat district, Ratanah Kiri Province
3	Sonuba Cahm industries Co. Ltd.	Phnom Trop, Pailin City

4	Ultra marine Kiri (Cambodia) Ltd.	Pating Thom Village, Ting Chak Commune, Borkeo district, Ratanah Kiri Province.
5	Ultra marine Kiri (Cambodia) Ltd.	Sen Chauv, Samlot district, batdambang Province

Source: General Department of Mineral Resources/MIME, U.S. Geological Survey

### Coal

It is found in Phum Talat on the east side of the Tonle San River, Stung Treng Province. There are 27 individual coal seams were identified and with reserve of 7 million tons of coal (figure 06).

**Figure 06:** Coal Exploration Project

Coal		
No	Company Name	Concession Areas
1	An Mady Group Co., Ltd	Stung Treng and Kratie Province
2	Ratanak Stone Cambodia Development	Trapeang Prasat District, OtdarMeanchey Province
3	Khmer First Coal Mining Co., Ltd	Trapeang Prasat District, OtdarMeanchey Province
4	KD Power Group Co.,	Trapeang Prasat District, OtdarMeanchey Province
5	Phou Mady Investment Group	Chantea District, Svay Rieng Province

Source: General Department of Mineral Resources/MIME

### Mineral Fuels

In addition to the four parts of mining project, the oilfield, Block A was discovered in 2005 and located 200 km offshore in the gulf of Thailand Chevron would operate and hold a 30% interest Block A which cover 4,079 km<sup>2</sup>. It is expected to get 30-year-production permit in the second quarter of 2011.

### Mineral License Fees

Concessionaire holding the mineral license need to pay the state fees for registration, mineral license, renewal of mineral license and high transfer, annual land rental, and royalties of the values of mineral exploited. In addition to these financial obligations indicated above, all concessionaires shall pay profit tax 30%, custom duties, withholding tax, dividend tax, provisions (for tax, liabilities, and charge) and other taxes under the provision on the Law of Taxation.

## OPPORTUNITIES AND OUTLOOK

The mining industry in Cambodia seems to be dominated by the production of industrial minerals. The latter would increase their production capacity thanks to the rebound of construction sector for instance the construction approval has increased more than double in the first four months of 2011 for amount of US\$482 million compared with total value of US\$184 million in the corresponding period last year, anyway the Kampot Cement Co., Ltd. expected to expand its production to 2 million metric tons/ year. In Thailand-Cambodia overlapping claim area, Chevron holds operated interests ranging from 30 to 80 percent in six blocks. But as of early of 2011, these areas were inactive pending resolution of border issues between these two countries.

## LEADING COMPANIES IN MINING INDUSTRY

Main operating companies in the industry are such as Kampot Cement Co. Ltd., Jirech International Cambodia Construction and Import-Export Co. Ltd., Seoul Digem Cambodia Co. Ltd., Sonuba Cahm Industries Co. Ltd., Ultra Marine Kiri (Cambodia) Ltd., TTY-RITHY MEXICO, Thai Boon Roon Cement Co. Ltd., United International (Cambodia) Foreign Investment Group Co., Ltd, OZ Minerals, Southern Gold (Cambodia) Co., Ltd, Kenternec Co., Ltd.



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