

Serbia mining: Market demand for metals restarts mining operations

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Believe it or not, mining and metallurgy have quite a nice perspective in Serbia. It clearly results from the interviews with leaders of the British company Minenco, which has been operating in Serbia and the region for 12 years, and it deals with metals around the world, as they say, "from Peru to China." To list by name at least Russia, Turkey and Canada. And, most importantly, it does not apply only to lead and zinc (and their accompanying metals, mainly silver), which Minenco deals with, but also to copper because within the Timok region the Canadian company Nevsun discovered "world-class" reserves, as well as the mineral jadarite, which is unique in the world, rich in lithium and boron, and it was discovered in the valley of the Jadar river by the world's mining giant Rio Tinto.

GLOBAL ... Concerned with problems regarding RTB Bor, it seems that domestic public is not able to see positive trends, not only global but also local. At first, "production of metals is getting out of great crisis where it plunged into about three years ago" said Dominic Roberts, Operations Director at Minenco, in an interview with Novi Magazin. "The metal market is generally very cyclic," says our source, "economic boom lasts for 6 to 7 years, and then comes 2 to 3 years of crisis. During the crisis, as well as in any other sector, investments are decreasing, some projects are abandoned and mines are closed. Glencore has closed several mines. One of the largest lead and zinc mines in the world, Lisheen in Ireland has been closed; Mount Isa mine in Australia has been closed. However, first signs of recovery appeared last year in the spring, and now things are getting better. The need for metals is growing and we expect price increase".

The increase in demand for metals in general is a consequence of the global economy recovery. Roberts explains: "Over 80 percent of global lead production is used for batteries, most of which ends up in the automotive industry, while most of zinc is used for steel electroplating, which then goes to the automotive and construction industry. Globally, the automotive industry recorded a growth of 1.5 percent, which means that battery market is also growing. Besides, 'start-stop technology' has been developed, which means that at every stop cars shut down and thus require twice size batteries. Another interesting fact, which is important for zinc producers, is that fuel consumption is now reduced not by improving engine but by reducing car body weight. When the steel is thin, more zinc is needed for galvanization. So we are in favor of this trend in the automotive industry. In addition, we have benefits from the growth of small and medium size enterprises in the Indian subcontinent, as well as in Sub-Saharan Africa. There is a great demand for pickup

trucks and vans that small businessmen buy. Although it may not seem significant, it really is because demand for lead and zinc there is constantly growing. We do not see any reason for stopping this trend in the coming years".

EUROPEAN ... Roberts considers all these processes, no matter how important, as a "normal thing" in the economy. However, our source points to the "new reality" on a global scale, which causes changes in relation to the mining industry in Europe. According to Roberts these new circumstances imply "slowing Chinese growth, Brexit, migrant crisis, Trump as the President of the United States ... We have come to a situation when it is no more certain that the global market will run smoothly. There are challenges, risk of market disruptions. For example, five years ago a trade war with China was unthinkable, but according to the present rhetoric, it becomes possible. Nobody says that production of metal in China will stop, but there is a risk that maybe this metal will not be enough for the European economy. Let's say that 95 percent of the world's antimony production comes from China. Otherwise, antimony is a key element in the production of fire-resistant materials. China could easily restrict access to this metal, for example, for six months. This would surely be a problem for Europe and therefore it wants to prevent that possibility. Antimony is only one example, perhaps not the most important one. Therefore, Europe is concerned that there may be a lack of raw materials. Thus the European Union published a list of key, strategic metals that might be critical in terms of supply. The list included lead and antimony".

"In addition," continues Roberts, "European governments fund projects related to these critical metals, as its industry would not come into the situation to be without raw materials. For the past several years there have been serious activities on the new estimates of European geological potential. Thus, possibilities for the production of metals in Europe are being considered. In the past 100-150 years metal production has relied on reserves in Africa, Australia, China, South America, Canada ... So Europe practically did not deal with serious and modern geological researches on its soil. Today, the latest geological equipment is used in Europe and we expect that very interesting resources and potentials will be discovered. Therefore, on the one hand, we look how to protect ourselves in the future, which is, on the other hand, at the same time the opportunity for economic development and growth. Mines in Europe are opening now, and we have not had a chance to see that for a long time. For example, a new tungsten mine in Devon, England is opened, as well as gold mine in Scotland, copper and gold mines in Spain are opened again, there are many works in France ... Simply, we can see a mining renaissance in Europe", concludes Dominic Roberts.

REGIONAL TRENDS: This wave is apparently perceived in Serbia, that is, in the whole region. In this area there are already 5-6 companies that have been carrying out extensive geological and exploration works, says Bojan Popovic, Mineco executive director. Novi Magazin source also reminds that "extensive explorations had been conducted in sixties and seventies in Yugoslavia and that these projects were abandoned due to global circumstances, but in the meantime the situation has changed dramatically, there is a growing demand for metals and it will not be a surprise if some closed mines are opened again".

The exact data show that there has been an improvement of mining in Serbia. According to Popovic, the total investments of Mineco in Serbia and Bosnia and Herzegovina increased

from USD 9 million last year to at least USD 12 million this year. In addition to two mines that it already owns in Serbia (mine near Gornji Milanovac and Veliki Majdan Mine at Ljubovija), a trial production will start this year at Bosil-Metal mine near Bosilegrad. Since 2010, when exploration works have started about USD 14 million have been invested so far in this mine. In Bosnia and Herzegovina there are already activities as foreseen for the future - reopening of the old mining sites: beside Gross Mine near Srebrenica, which is already in operation, a mine Geomet near Olovo will be opened this year.

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Veliki Majdan Mine:

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In the past 100-150 years Europe has relied on reserves in Africa, Australia, China, South America, Canada and neglected its mining; with the help of modern equipment Europe now re-evaluates its mineral reserves.

Explorations

Mineco started geological exploration works at Foca in order to certify lead, zinc and copper mineral reserves. By the end of 2017 sufficient information should be gathered in order to assess the economic feasibility of further investment. Antimony explorations have been conducted since 2014 at sites in the municipality of Novo Gorazde.

Prices

In 2015, the price of lead dropped from usual USD 2,000 per ton to USD 1,400. Now it is USD 2,200. The price of zinc was USD 1,600 per ton, and now it amounts USD 2,600 per ton. NM interlocutors illustrate with these data the turbulence on the metal market. They especially highlight the case with antimony. "When we started works near Gorazde four years ago, antimony price was USD 13,800 per ton. When, explorations were completed after three years, the price dropped to USD 7,300 per ton. In September 2016, when we submitted the Study on results of explorations and reserves to Republika Srpska, the price of antimony was USD 5,800 per ton", says Bojan Popovic.