

Serbia mining: Privatization of small mines, FDI in precious metals exploration

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The privatization of the mines can be successful. The evidence is the example of lead and zinc mine Rudnik near Gornji Milanovac, owned by UK company Mineco and its partners since 2004.

Mineco has also a majority stake in Veliki Majdan near Ljubovija, which was subject to bankruptcy in 2006, when it was taken over by Mineco. The new owner has paid the existing debts, and both mines are doing well owing it to large investments in the modernization of equipment, renewal of existing and financing of new infrastructure facilities.

Last year in February, Teco Mining Company from Austria purchased six of our quarries and invested 20 million euros, which is one of the biggest deals reached during the last year in this field. The company has invested in several quarries in Serbia. In Batočina, richest in limestone indispensable in the chemical and cosmetics industry, Ljubovija (eruptive), Petrovac na Mlavi (dolomitic limestone), mine Gornji Milanovac (eruptive) and in asphalt base Vinca.

It is important to recall that several large investors have been conducting examination of mineral deposits for years. Since 2003, foreign companies have invested around 300 million euros in potential projects. These are long-term projects. Investments would be multiplied if there was a mine opening, they could be measured in billions of euros.

The biggest investor in this field is the Canadian company Avala Resources, which is present in Serbia since 2005, and has invested 117 million dollars in gold and copper exploration in multiple locations (Bigar, Korcan, Krak Pešter). Another Canadian company, Dunav Resources is engaged in exploration of gold, copper, molybdenum (Mačkatica, Kiseljak) and has invested 45 million dollars. These two companies announced a merger last year, in order to integrate research activities in Serbia. Engaged in the research of gold and copper is the company Rakita Exploration, a subsidiary of US Company Freeport McMoran, which since 2010 invested 15 million dollars in research in Brestovac.

Within the Jadar project, implemented by the Australian giant Rio Tinto, reserves of jadarite are being explored, which is a unique Serbian mineral containing boron and lithium. So far, 70 million dollars has been invested in research.