



# 2012 Minerals Yearbook

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## CAMBODIA

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# THE MINERAL INDUSTRY OF CAMBODIA

By Yolanda Fong-Sam

In 2012, industrial minerals dominated the production of minerals in Cambodia. These included gravel, sand, and stone, which were mostly consumed domestically by the construction industry, and limestone, which was used for the production of cement. The gross domestic product (GDP) at constant 2000 prices was \$8.7 billion in 2012, which was an increase of 6.8% compared with that of 2011. In 2012, the National Bank of Cambodia (NBC) reported that the country's total trade increased by 12.3% to \$12.8 billion from \$11.4 billion in 2011. The country's domestic exports were valued at \$5.50 billion compared with \$4.93 billion in 2011, which was an increase of about 12%; also, the total value of imports in 2012 increased by 13% to \$7.32 billion from \$6.49 billion in 2011. Imports of petroleum and electricity were valued at \$1.13 billion and \$145.7 million, respectively, and represented 15% and approximately 2% of the country's total import value, respectively. Cambodia's exports to the United States were valued at \$2.7 billion. Imports from the United States were valued at about \$226 million and included aluminum and alumina, fertilizers, nonmonetary gold, nonferrous metals, nonmetallic minerals, precious metals, and petroleum products valued at about \$802,000. In 2012, the NBC reported that it had issued four licenses for the trade of metals and precious stones, which brought the total number of valid licenses to 19 (table 1; National Institute of Statistics of Cambodia, 2012; National Bank of Cambodia, 2013, p. 11, 14, 41; U.S. Census Bureau, 2013a, b).

## Government Policies and Programs

The Ministry of Industry, Mines and Energy (MIME), which implements Cambodia's mineral law and policy, is the Government entity that leads the effort to promote and develop the industrial sector in the country. The Department of Geology and Mines and the Department of Energy, which are both under the MIME, coordinate the development of the energy and mineral sectors (Investincambodia.com, 2009).

The Law on Management and Exploitation of Mineral Resources, promulgated on July 13, 2001, regulates the exploitation of mineral resources in Cambodia. The law stipulates that all mineral resources found in, on, or under the islands, land, seabed, territorial sea, and water bodies within the sovereignty of the Kingdom of Cambodia belong to the state. All raw mineral resources that are mined in the country are banned from export and are reserved for local use to manufacture finished products. Only finished products are allowed to be exported (General Department of Mineral Resources of Cambodia, 2013, p. 3, 6).

The law defines the following six categories of mineral licenses: artisanal mining license, gem mining license, industrial mining license, mineral exploration license, mineral (gemstone) cutting license, and pits and quarries mining license. To obtain a mineral license, the applicant must submit an application to

the MIME for review, and approval is granted based on the applicant's technical and financial capability to manage the license. The ministry has 45 days to reach a decision. Then, the mining license is issued after the Council for the Development of Cambodia (CDC) approves the applicant's mining proposal. Exploration permits are granted for a period of 6 years, and mining permits are granted for up to 30 years followed by two 5-year extensions (General Department of Mineral Resources of Cambodia, 2013, p. 4, 8).

The policy governing foreign direct investment (FDI) in Cambodia is based on the Law on Investment of the Kingdom of Cambodia, which was enacted in 1994. The objective of the law is to restructure, simplify, and more efficiently manage foreign investment in the country. These efforts include modernizing the legal structure that supports commercial activities, strengthening and organizing Government departments, and enacting laws and regulations to support business activities in Cambodia. The law provides competitive concessions and incentives for FDI and also provides comparable treatment to domestic and foreign investors, with the exception of land ownership, which is based on the country's Constitution and allows only foreign investors to lease the land for a period of up to 70 years with the option to renew from then on. The investment law also allows foreign investors to own 100% of their mining investments in the country, and guarantees that foreign-owned assets will not be nationalized and that the prices for goods produced and services provided by the investors will not be regulated. Under the investment law, the Government created the Council for the Development of Cambodia (CDC), which oversees the investment policy and assists investors in all the aspects related to doing business in the country. The CDC, through the Cambodian Investment Board, processes and evaluates all proposals for exploration and is required to respond to each application within 45 days of submittal, after which time the CDC either grants the exploration license or rejects the proposal. If exploration is successful, the CDC is responsible for granting the mining license to the investors; a mining project plan or proposal is required as a condition for acquiring a mining license (Investincambodia.com, 2010).

## Production

The General Department of Mineral Resources of Cambodia reported modest increases in the output of industrial minerals in 2012 compared with the output in 2011. The production of laterite increased by 16.2% to about 412,500 metric tons (t) in 2012 from 355,000 t (revised) in 2011; crushed stone (used as construction material) increased to an estimated 5.85 million metric tons (Mt) in 2012 from about 5.22 Mt (revised) in 2011, which represented an increase of approximately 12%. The production of gravel was estimated to have increased by about 12% to 43,000 t from a reported 38,438 t (revised) in 2011 (table 1).

## Structure of the Mineral Industry

In 2012, the MIME reported that a total of 91 domestic and foreign companies held mining and exploration licenses in Cambodia. A total of 139 exploration projects were authorized under the licenses granted, out of which 13 had been licensed to conduct mining projects. Table 2 is a list of major mineral industry facilities (General Department of Mineral Resources of Cambodia, 2013, p. 2).

## Commodity Review

### Metals

**Gold.**—In May 2012, Renaissance Minerals Ltd. of Australia announced that it had finalized the purchase of OZ Minerals of Australia's assets in Cambodia for a cash cost of \$7.8 million and 26.4 million shares. The license for the Okvau gold deposit, which is located in Mondulhiri Province approximately 265 kilometers (km) northeast of the capital city of Phnom Penh, covered an area of approximately 800 square kilometers (km<sup>2</sup>). The independent Joint Ore Reserves Committee (JORC) resource estimate for the deposit was 15.6 Mt at a grade of 2.4 grams per metric ton (g/t) gold for an estimated resource of 37,300 kilograms of gold (reported as 1.2 million troy ounces) (Australia's Paydirt, 2012; Gold Mining Journal, 2012; Renaissance Minerals Ltd., 2013).

Southern Gold Ltd. of Australia held a total of seven exploration licenses for gold and base metals in an area covering 1,500 km<sup>2</sup> located in several Provinces in eastern Cambodia. The tenements were distributed within five main projects—the Kratie North, the Kratie South, the Memot, the Phnum Romdul, and the Srae Pok. On July 5, Southern Gold announced that it had finalized an earn-in agreement with Mekong Minerals Ltd. of Australia. The agreement entitled Mekong to earn an interest in Southern Gold's subsidiary Southern Gold Asia Pty. Ltd. (SG Asia) and to manage all the projects under SG Asia and its wholly owned subsidiary Southern Gold Cambodia Ltd. (SG Cambodia). With an investment of \$5.7 million towards funding the projects at SG Asia and SG Cambodia, Mekong would have the exclusive right to earn up to 70% interest in SG Asia. Once Mekong had earned a 70% interest, the company would have the option to purchase Southern Gold's remaining interest (30%) in SG Asia (Southern Gold Ltd., 2012).

**Iron Ore.**—The Government of Cambodia announced that it had granted Cambodia Iron & Steel Mining Industry Group of China (CISMIG) a planning permit to build a steel plant in Preah Vihear Province in northern Cambodia; no additional details were available about the steel plant. The Government also announced that CISMIG had contracted China Railway Group to build a 405-km railway to connect the proposed steel plant to the seaport of Kaoh Kong in southern Cambodia by way of the Provinces of Kampong Chhnang, Kampong Speu, and Kampong Thom. The contract was valued at an estimated \$11 billion. The construction of the railway was expected to start in the summer of 2013, and the railway would be commissioned by 2017 (Railwaygazette.com, 2013).

## Industrial Minerals

**Cement.**—In December, Siam City Cement Co. (SCCC) of Thailand announced that it was still considering plans to invest in a cement plant in Cambodia through a joint venture with a local partner. The company was planning to reach a final decision about the investment in 2013. If approved, the plant would have an estimated cost of \$150 million (GlobalCement.com, 2012; WorldCement.com, 2012).

## Mineral Fuels

**Natural Gas and Petroleum.**—Chevron Corp. of the United States through its subsidiary Chevron Overseas Petroleum Cambodia Ltd. operated the offshore oilfield Block A, which is located about 200 km off the coast of Cambodia in the Gulf of Thailand. Chevron Overseas held a 30% interest in the block, which covers 4,709 km<sup>2</sup>. According to the company, meetings held with the Government during the course of 2012 brought progress in their discussion regarding the production permit to develop Block A. Chevron Overseas was waiting for a finalized agreement on the commercial terms and the Government's approval of the production permit before making a final investment decision to start development (Chevron Corp., 2013).

On January 31, Japan Oil, Gas, and Metals National Corp. (JOGMEC) of Japan announced the beginning of a 4-month seismic survey focused on oil and gas exploration in onshore Block 17. The block was located in Preah Vihear Province about 500 km northwest of Phnom Penh. In May 2010, the Cambodian National Petroleum Authority and JOGMEC signed a memorandum of understanding to cooperate in the oil and gas sector. Under the agreement, JOGMEC would carry out a feasibility study in an area that covers 6,500 km<sup>2</sup>, which includes the Provinces of Kampong Thom, Preah Vihear, and Sem Preap (Xinhuanet.com, 2012b).

On December 28, the Government of Cambodia granted an oil refinery license to Cambodian Petrochemical Co. (CPC) to build the country's first oil refinery, which was expected to generate about 4,000 jobs. The refinery was a joint project between CPC and Sinomach China Perfect Machinery Industry Corp. The project, which had an estimated cost of \$2.3 billion, was located in an 80-hectare area along the borders of Kampot Province and Preah Sihanouk Province. The oil refinery would have a designed production capacity of 5 million metric tons per year. CPC contracted Cambodia's National Petroleum Authority to develop the project, which was to be commissioned by the end of 2015 (Phnom Penh Post, The, 2012; Xinhuanet.com, 2012a).

## Outlook

In recent years, Cambodia has signed significant bilateral cooperation agreements with neighboring countries, as well as with other Asian countries. The cooperation efforts could potentially open the country to more opportunities for investment in the near future. When completed, the country's first oil refinery is expected to contribute greatly to the development and strengthening of Cambodia's economy. It is also expected to reduce the country's dependence on

imported oil as the country transitions from being petroleum import dependent to being an oil producer and exporter. As the economy of Cambodia and those of neighboring countries are developed, the demand for cement and other industrial mineral commodities will most likely increase, both domestically and regionally.

The lack of suitable infrastructure in Cambodia, such as reliable electricity sources and paved roads, continue to present challenges for the Government to attract foreign investors. The situation is expected to improve in the near future as the Government continues the implementation of reforms to tackle these challenges.

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TABLE 1  
CAMBODIA: PRODUCTION OF MINERAL COMMODITIES<sup>1</sup>

(Metric tons)

Commodity <sup>2</sup>	2008	2009	2010	2011	2012
Cement	772,029	933,900	789,025	906,711 <sup>r</sup>	980,000 <sup>e</sup>
Gravel	37,500 <sup>e</sup>	41,875	82,500	38,438 <sup>r</sup>	43,000 <sup>e</sup>
Laterite, blocks	454,750	631,000	1,612,500	355,000 <sup>r</sup>	412,500
Salt	78,000 <sup>e</sup>	NA	NA	NA	NA
Sand, construction material	6,581,500	14,035,775	38,367,500	8,296,590 <sup>r</sup>	8,800,000 <sup>e</sup>
Stone, crushed	2,039,336	2,819,804	6,331,000	5,223,345 <sup>r</sup>	5,850,000 <sup>e</sup>

<sup>e</sup>Estimated; estimated data are rounded to no more than three significant digits. <sup>r</sup>Revised. NA Not available.

<sup>1</sup>Table includes data available through February 21, 2014.

<sup>2</sup>In addition to the commodities listed, clay, gemstones, gold, iron ore, and limestone are presumably produced, but available information is inadequate to make reliable estimates of output.

Source: Cambodia's Ministry of Industry, Mines and Energy, General Department of Mineral Resources; U.S. Geological Survey Minerals Questionnaires for Cambodia 2007–12.

TABLE 2  
CAMBODIA: STRUCTURE OF MINERAL INDUSTRY IN 2012

(Thousand metric tons)

Commodity	Main operating companies and main equity owners	Location of main facilities	Annual capacity <sup>e</sup>
Cement	Kampot Cement Co. Ltd. (a joint venture between Siam City Cement Co. of Thailand, 90%, and Khaou Chuly Group, 10%)	Touk Meas District, Kampot Province	1,000
Gemstones	Jirech International Cambodia Construction and Import-Export Co. Ltd.	Anlong Krapeu-Preak Bey, Samlot District, Batdambang Province	NA
Do.	Seoul Digem Cambodia Co. Ltd.	Loamphat District, Rotanakiri Province	NA
Do.	Sonuba Cahm Industries Co. Ltd.	Phnom Trop, Pailin City	NA
Do.	Ultra Marine Kiri (Cambodia) Ltd.	Pating Thom Village, Ting Chak Commune, Borkeo District, Rotanakiri Province	NA
Do.	do.	Sen Chauv, Samlot District, Batdambang Province	NA
Granite	TTY-Rithy Mexico	Svay Chreas District, Kracheh Province	NA
Limestone	Kampot Cement Co. Ltd.	Tatung, Kampot Province	1,500
Do.	Thai Boon Roon Cement Co. Ltd.	Phnom Laang Laan Commune, Dongtung District, Kampot Province	NA
Do.	United International (Cambodia) Foreign Investment Group Co. Ltd.	East Touk Meas, Banteay Meas District, Kampot Province	NA

<sup>e</sup>Estimated. Do., do. Ditto. NA Not available.