

## OMAN

*By a Special Contributor*

The Sultanate of Oman is an independent Islamic nation, with His Majesty Sultan Qaboos bin Said head of state since his accession in 1970. The country has a population of around 2.2 million of whom almost one quarter are expatriates, and covers an area of some 309,500 km<sup>2</sup> at the southeastern corner of the Arabian Peninsula. It has a 1,700 km long coastline extending from the Straits of Hormuz in the north to the Yemen Republic in the south. It borders Saudi Arabia and United Arab Emirates to the west, and its eastern seaboard abuts the Gulf of Oman and the Arabian Sea. The capital and administrative centre is the coastal city of Muscat.

Agriculture and fishing are important contributors to the economy but oil exports, and to a lesser extent natural gas, provide the main source of export revenue. Last year, Oman increased its oil production by nearly 6% to 47.8 Mt, according to BP in its annual 'Statistical Review of World Energy', and possessed reserves for a further 15 years of production. According to BP, natural gas production rose by 56% to 7.6 Mt of oil equivalent and, at that rate of production, reserves are sufficient to last for almost 100 years.

The abundance of natural gas has led to a number of proposals for investment projects which would benefit from natural gas, such as a 1.4 Mt/y fertiliser plant producing urea for export to India, and plans for a US\$2.5 billion aluminium smelter to be sited at Sohar. Such a project was first mooted in the mid-1990s and Kaiser Aluminum was an interested party but subsequently withdrew. However, a feasibility study was successfully completed early last year and it is understood that the project is now being backed by the governments of Oman, Abu Dhabi and Dubai (each holding a 25% share). In April this year it was reported that government officials from

Oman and Austria held talks, with the possibility that Austria may take up the remaining 25% interest in the project.

Mining played an important part in Oman's economy in ancient times, and copper mining sites have been identified dating back 5,000 years. In the early 1980s, Oman Mining Co. (OMC) established a copper mine based on deposits at Lasail in the Wadi Jizzi near Sohar. Cumulative ore production until 1994, when operations ceased because of depletion of reserves, amounted to 19.2 Mt. Since then, OMC has become entirely state-owned and the copper smelter at Sohar has been treating imported concentrates for re-export as cathode copper. Annual production was around 20,000 t but is now minimal, and less than 1,000 t. Also, some 300 kg/y of silver are recovered as by-product from the imported copper concentrate.

Further copper deposits exist about 275 km from the smelter at Rakkah and Hayl al-Safil in the Wilayat of Yanqul, where reserves of some 14 Mt have been estimated. Consideration has been given to establishing a beneficiation plant on site and transporting the concentrates to Sohar for smelting and refining. In 1994, a processing plant was established at Yanqul to recover gold from copper oxides. Since 1996, production has been running at just under 600 kg/y.

Oman is keen to attract foreign investment into the mining sector and is also anxious to join the World Trade Organisation. Accordingly, last year, permitted foreign ownership in mineral projects was raised from 49% to as much as 70%, and this year private ownership in minerals projects has been raised to 100%. A comprehensive plan for the mining sector is being prepared and will be presented to the private sector shortly. The government hopes that this will attract investments in excess of US\$500 million.

Mitsubishi of Japan is known to have held talks with OMC about possible investments in Oman's mining sector, and Japan is already involved in the country, and in July 2000 the Metal Mining Agency of Japan signed a two-year agreement to explore for copper and gold, targeting deposits in the Yanqul and Ghuzain regions. In addition, Oman's National Mining Co. is reported to be in an exploration joint venture with BHP to search for copper, gold and silver in a 374 km<sup>2</sup> area near Sohar.

Oman hosts a large ophiolitic complex prospective for chromite, nickel and platinum group metals, and chromite has long been mined on a modest scale by Oman Chromite Co. at several small operations, based on reserves of some 2 Mt. Ore is sent mainly to China and Japan, and annual chromium production is currently rather less than 10,000 t.

The Sultanate's industrial minerals sector is diverse, and there are plentiful resources of silica sand, dolomite, limestone, gypsum, ornamental stone, clays, barite, and sand and aggregate.