

# MADAGASCAR'S INDUSTRIAL MARVEL



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## Mining Feature



*at Toamasina to which the lateritic ore is piped in slurry form from the highland mining site east of the capital, Antananarivo. The business accounts for almost one-third of the country's export receipts, is forecast to have a productive life of at least 29 years and has so far spent US\$3.3bn locally on goods and services."*

for good reason. The colossal nickel-cobalt project, which set investors back a cool US\$8bn to develop - the largest ever foreign investment in Madagascar, and one of the biggest in sub-Saharan Africa and the Indian Ocean region - is arguably the world's largest lateritic nickel project in terms of its size and scale.

Located in the highlands of the Alaotra Mangoro region, 80km east of Madagascar's capital, Antananarivo, today, Ambatovy's mine is a bustling hive of industry and activity, with thousands of staff and fleets of trucks adding to the hubbub of heavy equipment and machinery. Looking at the site today, it is hard to imagine that, back in 2007, there were no roads or infrastructure, let alone facilities of any kind. What a difference five-years can make - between 2007 and 2012, when the mine first became operational, Ambatovy transformed untamed rainforest into a latter-day industrial marvel.

The numbers speak for themselves: the combined Ambatovy and Analamay deposits, from which the mine draws resource, contain approximately 1.42Mt of nickel and 120,000t of cobalt over an area of about 1,600 ha, whilst the mine itself is capable of producing up to 60,000 tons of refined nickel, 5,600 tons of refined cobalt and 210,000 tons of ammonium sulphate - a by-product of the refining process mainly used as a fertiliser - per annum over the duration of its mine life.

Since the mine first entered commercial production in 2014, Ambatovy has been a topic of much discussion within the mining world, and

The potential output capacity of Ambatovy is impressive, and is testament to the no-expense spared approach the company's Joint Venture partners and investors took to building a world-class mining operation.

ying just 300 miles off the eastern coastline of South Africa, the island republic of Madagascar is a hidden gem that is better known for its rich biodiversity and paradise beaches than for its industrial potential.

There is more to this place than meets the eye, however. Whilst it might not be common knowledge, Madagascar, blessed as it is with extraordinarily resource riches, is a sleeping giant that could very well join the global list of elite mining nations.

For the most part, the island's large mineral and metal reserves are as of yet untapped, but

the success of one of the world's largest mining operations, Ambatovy, gives some indication of Madagascar's huge potential as a future mining hub, and the prosperity the industry can create for the people and communities of what is one of the world's poorest nations:

*"Ambatovy - a Joint Venture between Sumitomo Corporation of Japan, South Korean giant, Korres, and former co-partner, the Canadian mining giant, Sherritt International - is hugely important for Madagascar in economic terms.*

*It provides up to 9,000 stable, permanent jobs at the mine, and at the refining plant on the coast*





Comprised of the open pit mine itself, as well as an ore slurry preparation plant, metals refinery, and of course the extensive 220 km-long pipeline that is used to transport ore to an advanced processing plant situated close to port, Ambatovy has the capability to not only extract vast quantities of unrefined ore from the deposit's vast reserves of mineral, but also refine it in-house. And then there's the key supporting energy, water and steam generation infrastructure to factor in, not to mention tailings disposal and port facilities – all of which needed to be built from the ground up.

*"Infrastructure in the region has benefited greatly from the Ambatovy project. Large scale infrastructure work undertaken and completed during construction includes the rehabilitation of the national road between Ambatovy and the Port of Toamasina, and the construction of a railway line – in partnership with public transport utility MADARAIL – from the plant to the seaport to transport bulk import and export materials."*

It is clear beyond all doubt that the Ambatovy Joint Venture has the potential to make nickel one of Madagascar's most valuable exports and spark real and lasting growth of the nation's economy, and yet the company's leadership has long recognised that to add real value to the lives of Madagascar's people it would have to do more than create jobs and build roads.



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The 'resource curse' has claimed many victims over the years, especially in Africa, where fragile states that are struggling to stand in place economically, socially, and environmentally, have been overwhelmed and corrupted by large and sudden influxes of resource wealth that has failed to trickle down to the communities who need it.

Ambatovy's leadership has sought to break this cycle and ensure that the presence of its mine acts as a net positive force in Madagascar. To this end, the company's participation in the Extractive Industries Transparency Initiative (EITI) has played a growing role in helping local stakeholders ensure greater government accountability on how payments received from mining companies are used.

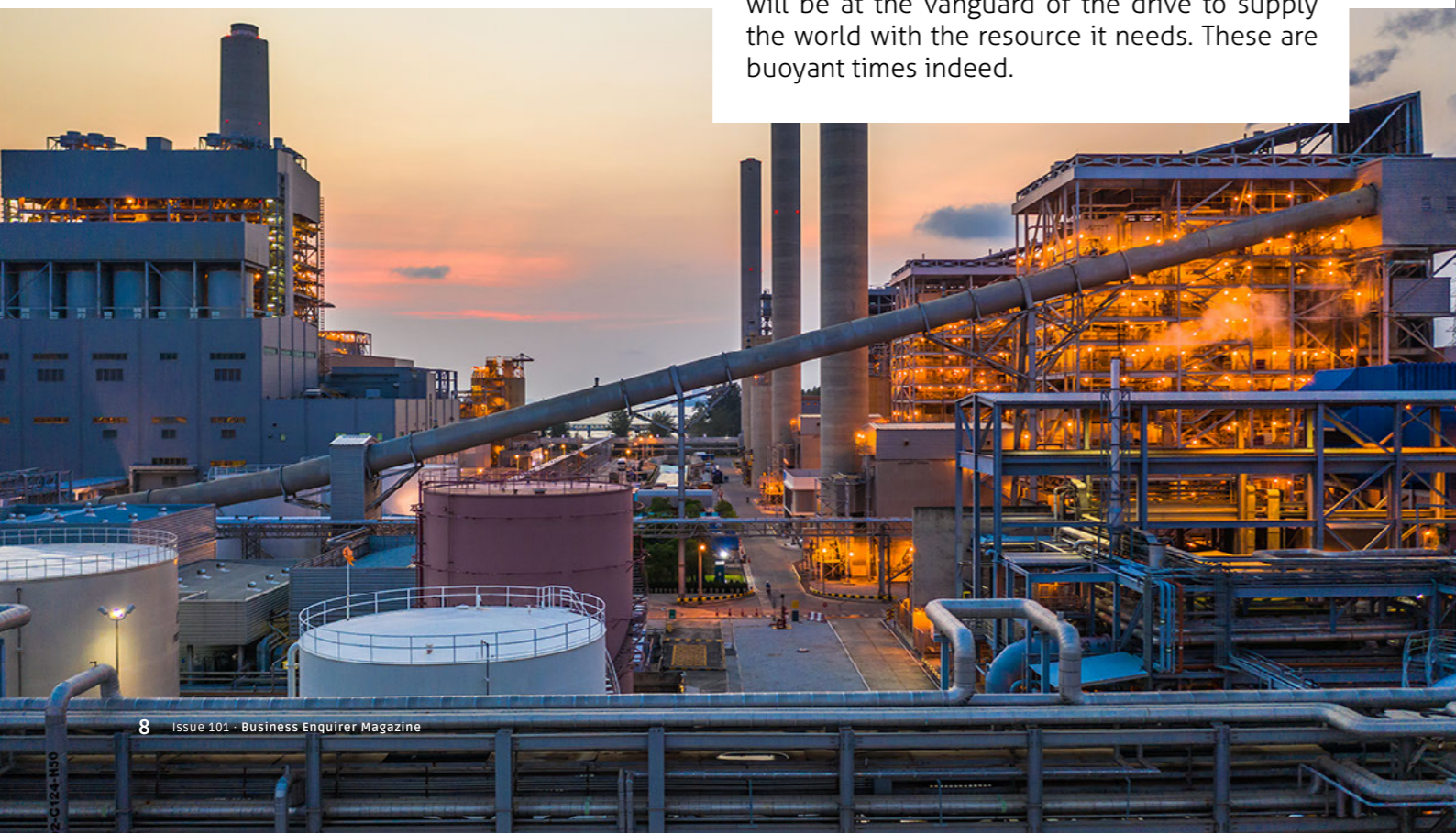
Additionally, Ambatovy has made, and continues to invest heavily into civic projects that have created social and economic benefits, skills improvement opportunities, and improved the livelihoods of the thousands of workers who built and work in Ambatovy, not to mention their 65,000 to 75,000 family members.

*"Ambatovy also set up a US\$25 million Social Investment Fund to finance 17 projects including the rehabilitation of two generators for Toamasina, roads to technical schools, the development of an industrial protection unit, fire trucks for local communities, and decommissioning an abandoned ammonia tank in Toamasina. In addition, new market stalls valued at about US\$6 million were built in Toamasina and in the surrounding cities of Moramanga, Brickaville."*

Looking to the future, there are no significant expansion projects are further investments planned by the company for Ambatovy. Whilst the company had a strong balance sheet and sound financials, mining operations at the project were hobbled by the outbreak of COVID-19 in 2020 and the site has only recently re-commenced commercial production this May.


Whilst this has proven challenging, it has proven to be a temporary blip in output rather than a more serious ongoing issue. Ambatovy remains a world-leading nickel producer, and there is little on the horizon that is likely to trouble the company further. Demand for nickel is growing across the global economy, and Ambatovy will be at the vanguard of the drive to supply the world with the resource it needs. These are buoyant times indeed.

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