



2012 Minerals Yearbook

MONTENEGRO

THE MINERAL INDUSTRY OF MONTENEGRO

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Montenegro's mineral industry included the mining and processing of industrial minerals and coal. Metal production included primary aluminum smelting and crude steel production. Industrial mineral production included lime, marble blocks, and salt. In the first 8 months of 2012, the mining and quarrying sector recorded an increase in industrial output of 3.4% and a decrease in the value of the minerals produced of 2% (Central Bank of Montenegro, 2012, p. 11).

In 2012, the United States exported goods valued at \$12.4 billion to Montenegro, including excavating machinery valued at \$304 million; finished metal shapes valued at \$124 million; and iron and steel products valued at \$4 million. The United States imported \$3.7 million worth of goods from Montenegro, including nonmonetary gold valued at \$550 million; finished metal shapes and advanced manufactures (except steel) valued at \$250 million; iron and steel manufactures (advanced) valued at \$44 million; and cement, lime, sand, and stone (combined) valued at \$38 million (U.S. Census Bureau, 2012a, b).

The Geological Survey of Montenegro (GSM) is a Government organization that was founded in 1945. GSM is composed of the following four departments: the Department of Regional Geology, Mineral Resources, and Mineral Resources Concessions; the Department of Hydrology, Engineering Geology, and Water Concessions; the Department of Mining Works, Research and Drilling; and the Department of Legal and Financial Affairs and Human Resources. The GSM's main duties are to conduct mineral resource investigations and geologic mapping. Two main laws deal separately with geology and mining—the Law of Geological Research and the Law of Mining, respectively. According to these laws, the mineral resources represent the country's natural wealth and are owned by the Government (Geological Survey of Montenegro, 2011).

Production

In 2012, production of aluminum was estimated to have decreased whereas production of crude steel was estimated to have increased. In 2012, alumina was not produced and production of bauxite ceased. Production of stone, including broken, crushed, and ornamental stone, was estimated to have increased (table 1).

Structure of the Mineral Industry

Table 2 is a list of major mineral industry facilities.

Commodity Review

Metals

Aluminum and Alumina and Bauxite.—The Parliament requested that the Government consider repossessing Kombinat Aluminijuma Podgorica AD (KAP) from the En+ Group Ltd. to

preempt a default on state-backed loans that totaled €22 million (\$30 million¹). KAP operated alumina and primary aluminum production plants, a cast house, and a secondary aluminum plant. The company cast molten aluminum into standard ingots and T-ingots and was the leading industrial plant in Montenegro. The Government was seeking ways to maintain the KAP operation, which produced 90,000 metric tons (t) of primary aluminum in 2012 (Savic, 2012a).

The Government suspended bauxite mining operations at Bauxite Mines Niksic owing to Bauxite Mines' inability to pay utility costs and employee salaries. The company's financial loss from January to September 2011 was €8.6 million (\$11.8 million). At yearend, negotiations between the Government and Neksan Ltd. of Russia were underway for Neksan to acquire Bauxite Mines (Montenegro365.com, 2012).

Copper, Lead, and Zinc.—Balamara Resources Ltd. of Australia announced that it had received a 25-year exploration and mining lease from the Government for its 100%-owned Monty copper, lead, and zinc project located a few kilometers (km) from Mojkovac and about 100 km from Podgorica. Balamara had developed a Joint Ore Reserves Committee (JORC) inferred ore reserves estimate that included 9.2 million metric tons (Mt) grading 3.7% zinc, 1.2% lead, and 0.36% copper. The Monty project included three deposits—Brskovo, Visnjica, and Zuta Pria—that had already been defined. Balamara was planning to bring the Monty project into production in 2014 (Balamara Resources Ltd., 2012).

Iron and Steel.—Toscelik Profil Ve Sac Endustriai AS bought the former Zeljezara AD Niksic (ZEHK) steel plant at auction for €15.1 million (\$20.7 million) and changed the name to Toscelik Niksic A.D. Toscelik Profill. Toscelik (a subsidiary of Tosityali Group of Turkey) bought the plant after the plant failed to sell in four previous auctions. The court-appointed receivership administrator set the price at €15 million, which was one-half the price asked at the previous auction in January 2012. The steelworks went into bankruptcy in 2011 when workers demanded overdue wages (Savic, 2012b).

Mineral Fuels

Coal.—The Government was expected to award a concession for the exploitation of coal from the Maoce Basin and construction of a coal-fired powerplant. The Maoce basin is located in the northeastern area of Montenegro about 15 km from Pljevlje. Coal reserves were estimated to be 110 Mt of exploitable coal. The powerplant would have an estimated capacity of 500 megawatts (U.S. Department of State, 2012).

In 2012, the Ministry of Economy announced the first public call for awards for a concession contract for the exploration and production of hydrocarbons offshore Montenegro. The aim

¹Where necessary, values have been converted from euro area euros (€) to U.S. dollars (US\$) at a rate of €0.74=US\$1.00.

of awarding the contracts was to increase knowledge of the Montenegro offshore area, which had not been well-explored. The search for natural gas and petroleum would be conducted in several phases, including exploration, appraisal, development, and production. The decision on awarding the exploration contract would be made by the Government (U.S. Department of State, 2012).

Outlook

Montenegro's mineral production is expected to remain modest, and the structure of mineral industry is not expected to change significantly in the near future. The Government is expected to continue to encourage companies to investigate the area of the southern Adriatic where several offshore prospects may contain commercial deposits of natural gas and petroleum.

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TABLE 1
MONTENEGRO: PRODUCTION OF MINERAL COMMODITIES¹

(Metric tons unless otherwise specified)

Commodity ²	2008	2009	2010	2011	2012 ^c	
METALS						
Alumina	220,426	58,528	--	--	--	
Aluminum, metal, ingot, primary	107,457	63,960	82,043	92,838	90,000	
Bauxite	671,811	45,779	61,205	158,614	--	
Iron and steel, crude steel	201,623	90,404	95,000 ^e	42,271	45,000	
INDUSTRIAL MINERALS						
Gravel	cubic meters	146,381	74,368	49,517	50,000 ^e	50,000
Lime		9,839	4,497	839	3,448	3,000
Salt (sea water evaporate)		25,200	17,000	11,200	10,000 ^e	12,000
Stone, excluding quartz, quartzite, and dimension stone:						
Ornamental (marble blocks)	cubic meters	50,084	40,780	41,000 ^e	32,804	34,000
Crushed and broken	do.	179,521	65,015	65,000 ^e	60,000 ^e	65,000
Other, stone products	do.	109,436	51,373	39,921	40,000 ^e	42,000
MINERAL FUELS AND RELATED MATERIALS						
Coal, lignite		1,740,076	957,164	1,937,847	1,972,671	2,000,000

^cEstimated; estimated data are rounded to no more than three significant digits. do. Ditto. -- Zero.

¹Table includes data available through October 31, 2013.

²In addition to the commodities listed, additional industrial minerals were also likely produced, but available information is inadequate to make reliable estimates of output.

TABLE 2
MONTENEGRO: STRUCTURE OF THE MINERAL INDUSTRY IN 2012

(Thousand metric tons)

Commodity	Major operating companies and major equity owners	Location of main facilities	Annual capacity
Alumina	Kombinat Aluminijuma Podgorica (KAP) (En+Group Ltd., 29.365%, and Government, 29.365%)	Podgorica	280
Aluminum, primary	do.	do.	120
Bauxite	Bauxite Mines Niksic (Central European Aluminum Co., 31.82%, and Government of Montenegro, 31.82%)	Kutsko Brdo (suspended operations in 2012)	700 ^e
Coal	Rudnik Uglja A.D. Pljevlja	Pljevlja	2,000 ^e
Steel, crude	Toscelik Niksic A.D. (Tosyali Group, 100%)	Niksic	NA

^eEstimated. do. Ditto. NA Not available.