

Mining revenue posts 50 per cent rise in first half

Samuel Kutty

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By Samuel Kutty — MUSCAT: Dec 6: On the back of enhanced activities, the Sultanate's mining sector registered a significant increase in its revenue for the first half of 2016. According to Hilal bin Mohammed al Busaidi, Chief Executive Officer of Public Authority for Mining (PAM), there has been 50 per cent rise in the revenue during the first half of this year compared to the corresponding period last year. At the same time, the direct income from the sector to the state coffers witnessed a remarkable rise of 14 per cent to reach RO 12.3 million against RO 10.8 million in the first half of 2015. According to Al Busaidi, a total of 53 licenses have been given to local companies.

"The new legislation expected to go into effect next year will see a major overhaul in Oman's mining regulations", he said in comments to the Observer. Per Al Busaidi, the new law will have local content requirements, incentives for investment and solution to issues relating to licenses. "We want to start creating an attractive investment environment to enable attracting foreign and local investments", he said. The law also stipulates an Omanisation obligation as a condition of both exploration licenses and extraction concessions. Mining activities in Oman are set to increase considerably in the coming years, following the discovery of significant reserves of mineable minerals, including gold, copper and rare earths.

As part of expediting licensing process, the Authority is coordinating with other government agencies to approve mining blocks, he said. These blocks will then be divided into smaller concessions and allocated to investors. Although these measures have short-term growing pains for the industry, in the long run they will have a positive impact on GDP growth and non-oil diversification, he said. The formation of a public mining development company for the sector is part of a major strategy since mining is expected to drive non-oil income. The massive fall in oil revenue over recent years has put huge pressure on non-oil sectors to fill the gap. Last year the Authority doubled the mining royalty rate to 10 per cent from 5 per cent.

Oman boasts a considerable mineral resource base, concentrated mainly in its 700-km by 150-km mountain range, which offers an exposed ophiolite geological outcrop containing minerals such as copper, gold, silver, chromite, lead, nickel, manganese and zinc, while other regions in the Sultanate offer deposits of dolomite, limestone, gypsum, silica, cobalt, marble and iron.

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