

Update on Mining in Greece

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Mining in Greece has a long history going back to ancient times funding the glory of Athens (silver deposits in Lavrion) and Alexander's the Great expedition to the East (gold deposits in central Makedonia, northern Greece).

In modern times, Greece has a dynamic mining industry with strong orientation in exports producing a wide range of metals (nickel, aluminium, etc.), base metals (lead & zinc), marble, cement and industrial minerals.

- Significant Contributor

The mining industry employs about 15,000 people (direct & indirect jobs) and in 2011 its annual turnover was €2.1 billion. Several major companies with operations in about 21 countries (including USA, Germany, etc.) are active, and Greek mineral products are exported to more than 75 countries, contributing significantly to the country's economy.

- Regulatory Framework-Royalties

The prevailing mining laws in Greece date back to 1973 with several revisions over the years. The latest was in February 2012, regarding the royalties payable on mining leases to the government. Specifically, the royalties were increased in line with international practices and are calculated on a scale as follows: 12% on the ore sale price "ex works"; 8% on FOB price; 4% on FOB price following mechanical preparation (crushing, etc.); 2% on concentrates; and 1.5% on final product.

Greece has adopted all EU Directives on the environmental impact assessment (EIA) of projects as well as the Directives on mine waste management, environmental liability and environment protection through criminal law.

- Gold Sector

In view of the dramatic rise in gold prices in recent years, there has been an increased activity by international companies in the gold sector in Greece. The value of known gold deposits is estimated at more than USD 25 billion (source: IGME-Greek Geological Survey), mainly in the regions of Halkidiki and Thrace (northern Greece).

The Greek government has been proactive in attracting foreign investment in this sector and, in line with the EU "Initiative on Raw Materials", established last year a national mineral policy to facilitate the development/exploitation of the mineral resources in an environmentally compatible way, within the principles of sustainable development. Actually, a new law No.3894/2010, called "Fast Track", was enacted with the aim to streamline the processes for swift implementation of investments of strategic importance – including mining projects – to the economy of the country, essential in order to overcome its current fiscal situation.

- Major Investments

Eldorado Gold Corporation, a major Canadian gold company, plans to invest in the next five years more than USD 1 billion to develop the gold deposits in the “Kassandra Mines” in Halkidiki and in “Perama Hill” in Thrace. In full production, these projects will increase Greece’s annual exports by USD 1 billion (gold, copper, lead, zinc and silver), create more than 5.000 jobs (direct & indirect), generate more than €1.6 billion in direct taxes for the Greek treasury in the next 20 years, while within the frame of Corporate Social Responsibility (CSR) significant social and economic benefits will be bestowed on local communities.

Editor’s note: Bahas, Gramatidis & Partners act as Legal Counsel for Eldorado’s operations in Greece.