



MINERAL

Sector



The Board of Investment of Sri Lanka

Overview

Sri Lanka is well-endowed with industrial minerals including Graphite, Ilmenite, Rutile, Zircon, Quartz, Feldspar, Clay, Kaolin, Apatite, (Phosphate Rock), Silica Sand, Garnet sand, Mica, Calcite and Dolomite.

Pulmoddai beach sand deposit is the most important nonferrous mineral reserve in Sri Lanka, containing some of the most expensive and sought-after metals in the world. Ilmenite (FeTiO_2) and rutile (TiO_2) are found in enormous concentration in the Pulmoddai beach sand deposit area. Several other mineral-sand deposits of Monazite, Zircon, Garnet and Ilmenite are found in various parts of the island, and are now being exported.

The use of graphite in Sri Lanka has a long history that dates back to 1675. Sri Lankan graphite has gained popularity all over the world for its high purity and offers many processing applications in graphite lubricants, flake graphite, carbon brushes, refractory bricks and midjet electrodes and nano-technology.

Three main types of clay - kaolinite, ball clay and brick clay are used for export industries. Yellow, red and blue colour ball clay is found in Sri Lanka's hill country, which are used to make casts and as refractory material due to its strength attributes and high plasticity. Brick clay, found mostly in river valleys, are commonly used in the production of bricks and tiles.

Quartz, ball clay, silica and feldspar are utilized in the ceramics and glass industries with great success; the country's porcelain is ranked among the best in the world.

Ilmenite

The Total Reserves (Ilmenite): 4.3 Million Tons

The Pulmoddai Deposit:

- Six kilometers in length with an average width of 100 meters
- Estimated to contain six million tons of heavy sands with an average composition of 70-72 % ilmenite, 8-10 % zircon, 8 % rutile, and 0.3 % monazite
- Ilmenite (FeTiO_2) and rutile (TiO_2) found in enormous concentrations
- TiO_2 concentrations of ilmenite almost 53% and rutile is about 95%

Graphite

- The only country in the world where crystalline graphite or lump (vein) graphite is available
- Benchmark Graphite Purity within the Industry (Carbon range)
 - Global: 94% - 97%
 - Sri Lanka: 97% - 99.9%
- The total reserve: 5 Mn. tons
- Major graphite deposits : Bogala & Kahatagaha
- The largest graphite mine is Kahatagaha Kolongaha (K/K), situated 27 km north east of Kurunegala. This is deeper than 650 m

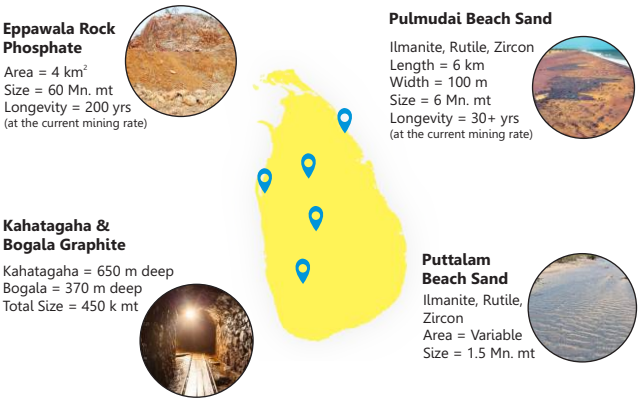
Silica Sand

- White colour high purity (over 98% SiO₂) Silica sand deposits are found in Marawila, Nattandiya, and Madampe (in Puttalam district) and also in Ampara and Jaffna peninsula. Silica sand is mined from Nattandiya and Madampe seas to be used as a raw material in the glass and ceramic industries.

Apatite

- One of the best economic mineral reserves is the apatite rock phosphate at Eppawala. It reserves extents over 7 km² and about 125 m deep from the surface. This has been proven by deep drilling. It is estimated that the reserve consists of 60 million tons of apatite. Apatite is being used to produce phosphate fertilizer.

Priority Minerals for Investment Attraction

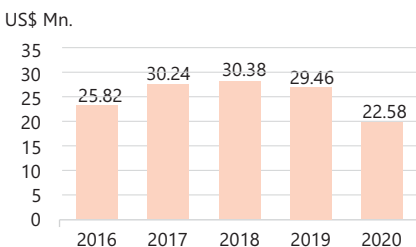


Key Facts

- Mineral production over 200,000 MT
- Exports US\$ 30 Mn. per annum
- Employment around (No.) 100,000

Export Performance

Mineral Exports (2016-2020)



Major Export Destinations



Source : Export Development Board

Strengths / Advantages

- Purity of Graphite and produce Vein Graphite: Very high-grade deposits with the world best carbon ranging from 97-99.9 % percent and least impurities.
- One of the best qualities and offers many processing applications in Graphite lubricants, flake Graphite, carbon brushes, refractory bricks and midget electrodes and Nano-technology.
- Salient features of Ceylon Graphite
 - Crystalline perfection
 - High thermal and electrical conductivity
 - Lubricating properties
 - Chemically inert
 - Resistance to oxidation and high temperatures
 - High density
 - Eco-friendly
- High purity of silica quartz in Sri Lanka is high compared to the world and range from 98% to 99.9%.

Skilled Labour

- Over 1,500 Engineering Graduates from State Universities per annum.
- University of Vocational Technology (UNIVOTEC) records an output of over 800 graduates per annum in the field of Technology.
- Vocational Training institutions generate over 10,000 skilled labourers per annum.

Availability of Raw Materials

- Ilmanite/Rutile/Zircon: 7.5 Mn. mt (Pulmudai & Puttalam)
- Graphite: 450,00 mt (Bogala & Kahatagaha)
- Apatite: 60 Mn. mt

Market Access

- Duty Concession under Indo-Si Lanka Free Trade Agreement (ISLFTA) - 100% duty free
- Duty Concession under Pakistan-Si Lanka Free Trade Agreement (PSLFTA)- 100% duty free

Benefits to Investors

Tax Incentives

Enhanced Capital Allowance (In addition to normal depreciation allowance)

Enhanced capital allowances are granted to a person (an individual or entity) in addition to the normal depreciation allowance, as given in the below table. This facility is available for persons who make new investments in Sri Lanka.

Total Investment Made (US\$ Mn)	Enhanced Capital Allowance		Period for Deducting unrelieved Losses (Years)
	Northern Province	Other than Northern Province	
> 3 and ≤ 100	200%	100%	10
> 100 and ≤ 1,000		150%	10
> 1,000		150%	25

Exemption from Import Taxes & Levies

Export oriented

Exemption	Customs Duty	VAT	PAL	CESS
Importation of construction related items during project implementation (PI) period	Exempted	Exempted/deferred	Exempted During PI	Exempted During PI
Importation of Capital items (plant, machinery, equipment)	Exempted For lifetime	Exempted/deferred For lifetime	(For Inv > US\$ 50 Mn)	(For Inv > US\$ 50 Mn)
Importation of raw materials and production/process related consumables	Exempted For lifetime	Exempted/deferred For lifetime	Exempted For lifetime	Exempted For lifetime

Non-Export oriented

Exemption	Customs Duty	VAT	PAL	CESS
Importation of construction related items during project implementation (PI) period	Exempted	Deferred	Exempted During PI	Exempted During PI
Importation of Capital items (plant, machinery, equipment)	Exempted During PI Period	Deferred during PI Period	(For Inv > US\$ 50 Mn)	(For Inv > US\$ 50 Mn)



Potential areas for Investment

Graphite

Graphene Technology

Graphene has a unique set of properties that show potential to be used in a wide range of applications such as transistors, high-sensitivity sensors, transparent conductive films for touch screen displays, more efficient solar cells and electrodes in energy storage devices.

Titanium

Pigments

Graphite/Titanium related industries

Automobile Industry

Manufacturing of brakes, brake linings, clutch facings, engine parts, friction components, mechanical seals, electronic devices, transistors, high-sensitivity sensors & tools.

The High-Tech Industry

Lithium-ion batteries, fuel cells, photovoltaic solar cells, transparent conductive films for touch screen displays, electrodes in energy storage devices, integrated circuit & other kind of batteries.

Industrial Products

Lubricants, metal powders, polymer, rubber components, anti-corrosive paints.

Aerospace Industry: Air frames, Aircraft engines, Space rockets

Civil Engineering and Construction: Roofing, Curtain-walls, Monuments

Medical: Implants, Artificial bones

Ocean civil engineering: Ocean platforms, Ship hulls, Bridges, Rigs

Major Investments in Sri Lanka

- Bogala Graphite Lanka Plc
- Kahatagaha Graphite Lanka Ltd
- Alchemy Boulders Pvt Ltd
- Ceyquartz M B I Pvt Ltd
- Ceylon Quartz Industries Pvt Ltd
- Piramal Glass Ceylon Plc



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