

ETHIOPIA'S EMERALD STORY: THE EMERGENCE OF A NEW TREASURE

Ethiopian emeralds are rare, unique and in a class of their own.

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HIGHLIGHTS:

- Ethiopia has a diverse and interesting geology with proven mineral and gemstone deposits
- Faceted emeralds from Ethiopia are unique in appearance, colour and clarity and stands alone as a exclusive class of emeralds
- The material is rare and collectable; representing less than c. 1.5% of the world's annual emerald supply

In the past twelve months, Ethiopia has attracted vast international attention throughout the gemstone community with the discovery of emerald deposits in the Oromia region, south of the country. Emerald mining in Ethiopia is relatively small-scale but yields gem-quality crystal material that can be faceted into exquisitely fine, clean and unique emeralds that are comparable to those mined from Chivor in Colombia.

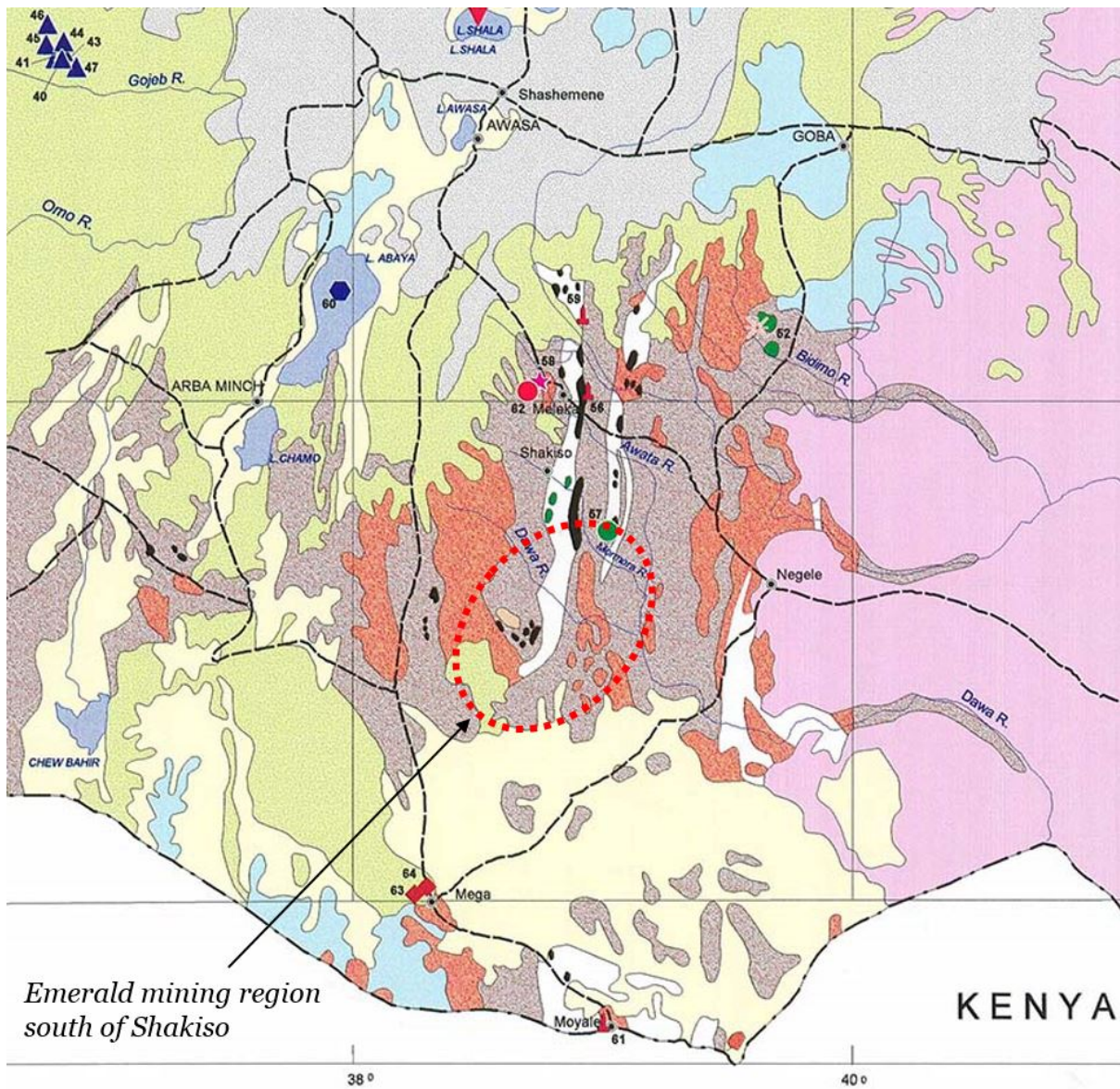
Exhibit 1: 8.38 ct no-oil, Gubelin-certified, Ethiopian emerald



Source: Blue Nile Trading Ltd.

Africa is well-known for its mineral-rich land and vast deposits and Ethiopia is no different. Ethiopia sits in the Horn of Africa with the Rift Valley, a divergent tectonic plate boundary, dissecting the country and making for interesting geology. The country is well-known for its world-class opal mining regions with new mineral and gemstone deposits being discovered, especially in the precious emerald and sapphire variety.

Exhibit 2: Geological and industrial mineral map of Ethiopia showing the Oromia region and emerald mines



Source: Geological Survey of Ethiopia

Initially, small parcels of rough Ethiopian emerald were presented in the European markets and at gem shows in the US in early 2016 but with limited interest – the quality of the rough was very low. However, new parcels emerged in later months with glimpses of gem-quality rough. That realisation transformed the perception of this new deposit and brought with it many gem hunters and prospectors to unearth its potential.

Exhibit 3: Large parcel of mixed-grade rough Ethiopian emeralds



Source: Blue Nile Trading Ltd.

These emerald parcels originated from a region south of an established dealing town called Shakiso - a 15 hour drive south from the capital, Addis. Geologically, this area is interesting and hosts various deposits of gold, tantalum, quartz and feldspar and Ethiopia's largest gold exporter, MIDROC, has mining established mining operations close by. Travelling around the hills you see the ground sparkle against the sunlight.

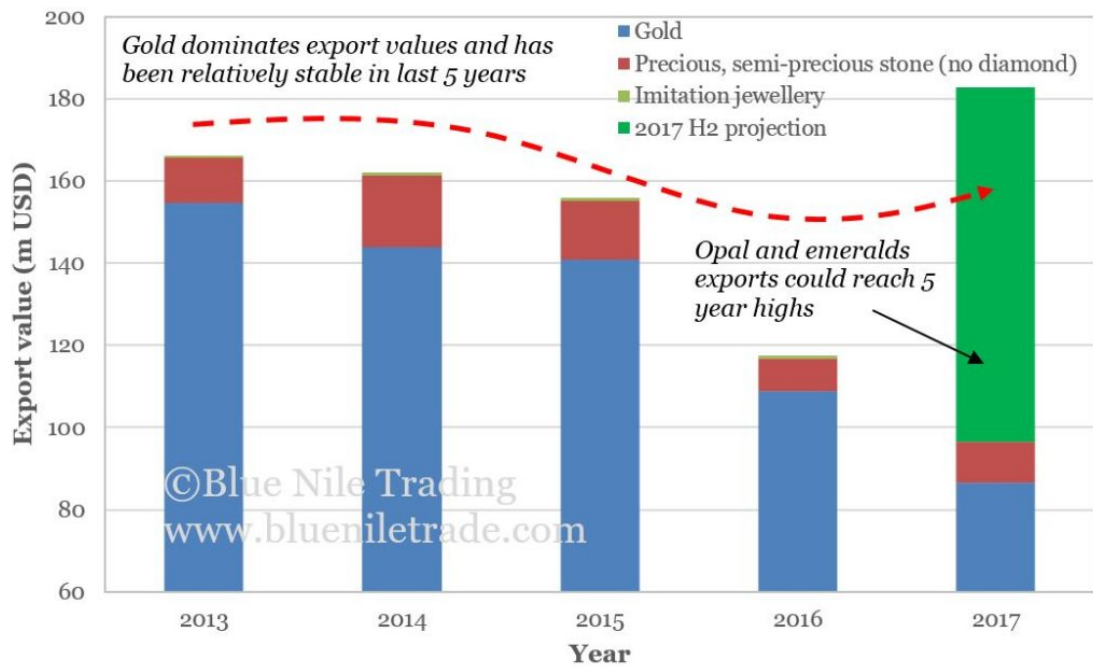
Exhibit 4: MIDROC, Ethiopia's largest gold producer, is mining near the emerald region



Source: Blue Nile Trading Ltd.

There have been small-scale artisanal mines yielding some high-quality emeralds since 2004 but new, larger deposits were discovered by local farmers in 2015. News of this finding did not reach the international community quickly and so there were several months whereby local dealers could accumulate and stock-pile large hordes of rough emeralds. One of these collectors is a coffee farmer and exporter, specialising in Guji coffee, who built a vast collection of over 200 kg of rough emeralds. Through his export connections, news began filtering to Addis and then to the international community.

Exhibit 5: Ethiopian gemstone and mineral exports in the last 5 years



Source: Blue Nile Trading Ltd., Ethiopian Revenue and Customs Authority

Foreign interest in this new emerald deposit picked up at the end of 2016 and several large gem traders and jewellery manufacturers arrived to survey the material available, often travelling to Hawassa or Shakiso to meet with intermediary brokers from Addis who own export licenses. On offer was well over 200 kg of rough material of varying quality and buyers began purchasing large quantities at reasonable prices.

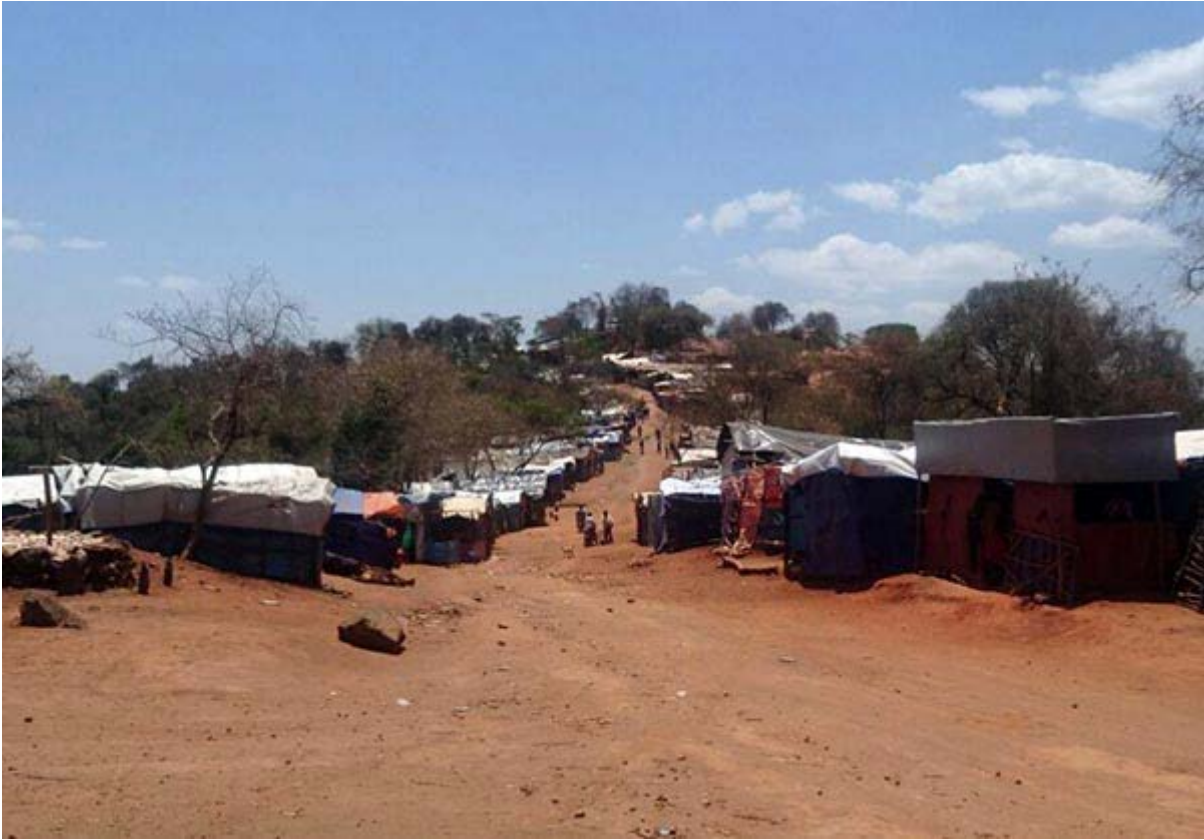
Exhibit 6: Shakiso dealing town at sunrise



Source: Blue Nile Trading Ltd.

The inflow of large amounts of US Dollar into the community encouraged local miners to change their focus to these new emerald pits. Quickly, small mining communities in the hills were established close to the source with runners on motorbikes shuttling between Shakiso to distribute the goods. This, in turn, created new local governance and order with strict supply chain codes. Mining output improved but, with absence of machinery, still remained to be c. 20 kg per month of mixed grade material.

Exhibit 7: Mining community near Haloo emerald mine



Source: Blue Nile Trading Ltd.

Once the first round of international buying was finished, news spread fast and high-quality, no-oil, faceted emeralds began appearing in gem fairs such as Tuscon in January. The GIA travelled down and surveyed the material, writing [an article](#) on the new discovery and spreading the news to more gem hunters. In beginning of 2017, a few buyers turned into hundreds and the dealing town of Shakiso was overrun with emerald fever.

Exhibit 8: 16 ct no-oil Ethiopian emerald from Mark Kaufman's booth at the Jan17 gem fair in Tuscon



Source: <http://www.jckonline.com>

Prices of Ethiopian rough emeralds jumped throughout Q1 of 2017 and, since the relatively low yield from the mines, supply was scarce. Buyers were offered mixed parcels only (no selection allowed) and these contained large low-grade and commercial-grade pieces of rough mixed with a few pieces of gem-quality material. The low-grade emeralds had little commercial value and are often fractured and heavily included with black mica. Therefore, the cost per gem-quality piece of rough increased and exceeded levels of even Zambian rough.

Exhibit 9: Commercial and facet-grade rough Ethiopian emeralds showing some black mica inclusions



Source: Blue Nile Trading Ltd.

After cutting and polishing these rough emeralds, many of the small-scale buyers and wholesalers would, disappointingly, disguise the origin, often pushing for Zambian-origin certification as it is similar in appearance and more established in the market. In many international gem fairs, one rarely finds Ethiopian material displayed by wholesalers.

This is a lazy approach and with careful review and analysis, Ethiopian emeralds can be viewed and marketed as class of its own. Firstly, its colour and, in general, this material has a medium grassy-green with a touch of blue. Even in low-light conditions, these emeralds are vibrant and can be worn well in the evening – a “24-hour gem”. Secondly, by studying the trace elements of emeralds from different regions, Ethiopian material can be easily distinguished between Zambian and Brazilian and viewed as a unique category of emerald.

Exhibit 10: Sorting through rough Ethiopian emeralds with some polished examples



Source: Blue Nile Trading Ltd.

The major emerald producing countries are Colombia, Zambia and Brazil. As a reference point, Gemfields dominates Zambian production with an auction output of c. 250 kg per year of facet-grade material. Since Zambian material represents about 30% of the market and cutting yields are c. 20-30%, the annual supply of faceted stones in the global market is c. 210 kg or 1 million carats. To date, the new emerald deposits in Ethiopia have yielded c. 300 kg of mixed-grade rough. Approximately 5% of this can be cut into gems, producing c. 3.8 kg (19,000 carats) of faceted stones – or about 1.5% of the global market. Very small indeed!

Ethiopian material is a small percentage of total emerald production and, unless new discoveries are made and significant investment is allocated for extraction, it will remain a fascinating, rare and collectable item.

Thank you for reading and if you have any questions then please [contact us](#).