The Mining Sector After the Coup:

Challenges and Opportunities Facing Burkina Faso's New Government

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13 October 2015
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Burkina Faso – West Africa
On 16-17 Septembre 2015, Régiment de Sécurité Présidentielle (RSP) removes transitional government.
Burkina Faso – Coup 2015

General Gilbert Diendéré

- Arrests President Kafando and interim leadership
- Declares himself in charge just 3 weeks before the planned elections of 11 October
- But put in custody in early October
Burkina Faso

- At a glance
- Mining landscape
- Mining law & taxation
- Energy
- Infrastructure
- Water resources
- Population
- Political landscape
- Outlook
At a glance
Burkina Faso – At a glance

Burkina Faso – West Africa

- Niger
- Benin
- Togo
- Ghana
- Ivory Coast
- Mali
Burkina Faso – West Africa

- 17.4M habitants
- 274,000km²
- Independence: 1960 (France)
- Capital: Ouagadougou
- Amongst the poorest countries in the world
- GDP growth est. 2014-15: 5-5.5%
- Francophone
- West African CFA franc (XOF)
Burkina Faso – Industrial overview

<table>
<thead>
<tr>
<th>Main industries</th>
<th>Gold, cotton lint, beverages, agricultural processing, soap, cigarettes, textiles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural resource rents as percentage of GDP (%)</td>
<td>22.1</td>
</tr>
<tr>
<td>Natural resources</td>
<td>Manganese, limestone, marble, gold, phosphates, pumice, salt</td>
</tr>
<tr>
<td>Major trade partners (exports)</td>
<td>China 25.9%, Turkey 24.8%, Belgium 5.2%</td>
</tr>
<tr>
<td>Key exports</td>
<td>Gold, cotton, livestock</td>
</tr>
<tr>
<td>Key imports</td>
<td>Capital goods, foodstuffs, petroleum</td>
</tr>
</tbody>
</table>

Sources: CIA World Factbook, World Bank, GTA
Burkina Faso – Mining

• 2005
  • 1st industrial gold mine

• 2015
  • Has become a leading gold producer
  • 4th largest gold producer in Africa
  • 7 operational gold mines
  • 1 zinc mine
### Burkina Faso – Mining resources

<table>
<thead>
<tr>
<th>Precious metals and stones</th>
<th>Gold</th>
<th>Silver</th>
<th>Diamonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ferrous metals</td>
<td>Manganese (Tambao, Kiere and Sémapoum)</td>
<td>Vanadium-magnetites in Oursi</td>
<td>Nickel in Bonga</td>
</tr>
<tr>
<td>Non-ferrous metals</td>
<td>Zinc in Perkoa</td>
<td>Copper in Wayen and Gaoua (Dienemera-Gongondy deposit)</td>
<td>Copper-molybdenum in Goren</td>
</tr>
</tbody>
</table>

Sources: MME, Roskill AMR
Burkina Faso – Mining resources

| Industrial minerals | • Phosphate Arly; Kodjari; and Aloub Djouana, all south-eastern Burkina Faso  
|                     | • Dolomitic limestone (Samandéni, Dioukan-Tingo, Dioungoko, Kua, Tiara)  
|                     | Limestones (Tin Hrassan and Menzourou)  
|                     | • Silica sands (large reserves in Bobo-Dioulasso region suitable for manufacturing glass)  
|                     | • Kaolin and refractory clays (in the region of Bobo-Dioulasso, south of Koungoussi (Sabce), north of Ouahigouya (Titao)) |
| Ornamental stones   | • Granite  
|                     | • Granadorites  
|                     | • Syenites  
|                     | • Dolomites (sites identified in Pama, Wayen, and Bobo regions) |
| Energy substances   | • Uranium (Banfora region; peat in Sourou Valley reported)  
|                     | • Graphitic shists (Korsimoro – several bands of black shales and black graphitic cherts, Sémapoum – carbon black shales from surveys, Datari) |
Burkina Faso – Gold production

Gold producing companies (mines)

- Nordgold (Bissa & Taparko-Bouroum)
- Iamgold (Essakane)
- Avocet Mining (Inata)
- Amara Mining (Kalsaka/Sega)
- Semafo (Mana)
- Endevour Mining (Youga)

2007
773kg gold produced (Industrial: 363kg; Artisanal: 433kg)

2014
30,937kg gold produced (Industrial: 29,937kg; Artisanal: 1,000kg)
Burkina Faso – Others

Zinc

- Perkoa mine
- Burkina Faso’s 1st zinc mine
- Started production in 2013
- Glencore 90%, Government: 10%

Phosphate

- 3 phosphate deposits
  - Kodjari (semi-industrial production)
  - Aloub Djouana
  - Arly

- Estimates for resources are about 200Mt
- Discovered in the 1970s
- Extreme southeast of Burkina Faso, near Niger & Benin’s borders
Burkina Faso – Projects under development

Gold

- True Gold Mining (Karma)
- Roxgold (Yaramoko)
- Semafo (Natougou)
- Resources Komet (Guiro)
- Pinsapo Gold (Bouda)

Manganese

- Pan African Minerals (PAM) – Tambao
- ACM - Kiere
Burkina Faso – Exploration

Gold – Industrial mining licences granted in January 2015

- Ampalla Mining (Konkera)
- Endeavour Mining (Houndé)
- Roxgold (Sanu)
- Gryphon (Gryphon)
- Nordgold (Bissa)

Uranium

- Oursi project
- Niger border
- Owned by Pancontinental Uranium (Pancon)
- Very early stage
Mining law & taxation
First mining code in 2003

New mining code passed on 26 June, promulgated on 16 July 2015

Seen as more constraining and less competitive

Aims to better benefit local communities engaged in mining exploitation

Abolishes previous 10% tax break on mining companies profit

Firms with industrial mining licences will have to pay 1% of monthly turnover into Local Development Fund

State will pay 20% of royalties paid by mining operators into the development fund
Energy
Note: Green = high access comparatively
Burkina Faso - Energy

- Lack of energy
- Expensive electricity supply
- Unreliable electricity supply
- Most mining companies choose to own their sources of energy (i.e. diesel generators)
- Power comes from 3 main sources:
  - 42% imports (Ghana, Ivory Coast, Togo)
  - 50% thermal
  - 8% hydroelectric
- No natural gas, crude oil reserves or refining capacity
- Improving energy supply is a major focus for MME
- Several projects being developed
Infrastructure
Burkina Faso - Infrastructure

- Poor infrastructure
- Roadways are most used networks
- Landlocked condition with no sea access
- Highly dependent on neighbours for transit and trade
- Makes it highly exposed to regional political instability in West Africa
- Transitional government has launched vast infrastructure programme
- Project launched in 2000 to replace Ouagadougou airport which is considered a security threat
Water resources
Burkina Faso – Water resources

- One of the most arid regions in the world
- Limited water resources
- Challenging for an economy based on agriculture, cattle farming and mining
- Sudano-Sahelian tropical climate
- 4-month wet season with heaviest rains in August
- Water prices among the highest in Africa

Pressures
- Intensification of mining can lead to increasing pressure on existing water resources
- Direct competition with agricultural industry and drinking water supply of locals
- Conflicts can arise
- Mining potential source of contamination of water resources
Population
Burkina Faso – Relative population increase

Source: UN

Note: Bubble size reflects population growth
Burkina Faso – Healthcare

Main infectious diseases prevalent in Burkina Faso

<table>
<thead>
<tr>
<th>Category</th>
<th>Diseases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food or waterborne diseases</td>
<td>• Bacterial and protozoal diarrhoea</td>
</tr>
<tr>
<td></td>
<td>• Hepatitis A</td>
</tr>
<tr>
<td></td>
<td>• Typhoid</td>
</tr>
<tr>
<td>Vectorborne disease</td>
<td>• Dengue fever</td>
</tr>
<tr>
<td></td>
<td>• Malaria</td>
</tr>
<tr>
<td></td>
<td>• Yellow fever</td>
</tr>
<tr>
<td>Water contact disease</td>
<td>• Schistosomiasis</td>
</tr>
<tr>
<td>Respiratory disease</td>
<td>• Meningococcal meningitis</td>
</tr>
<tr>
<td>Animal contact disease</td>
<td>• Rabies</td>
</tr>
</tbody>
</table>

Source: Roskill AMR
Political landscape
Burkina Faso – Current interim government

President
Michel Kafando

Prime Minister
acouba Isaac Zida
Burkina Faso presidential elections – Main candidates

Zéphirin Diabré
Union pour le Progrès et le Changement (UPC)

Roch Kaboré
Mouvement du Peuple pour le Progrès (MPP)

Stanislas Sankara
Union pour la Renaissance Sankariste (UNIR/PS)
Outlook
Challenges

• Political, economic and social
• Security
• Infrastructure and transit
• Education and demography
• Energy and water
Opportunities

- Mineral potential
- Economics
- Legal framework
- Population
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(December 2015)

Africa Mining Report: Ivory Coast
(January 2016)
Thank you

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