

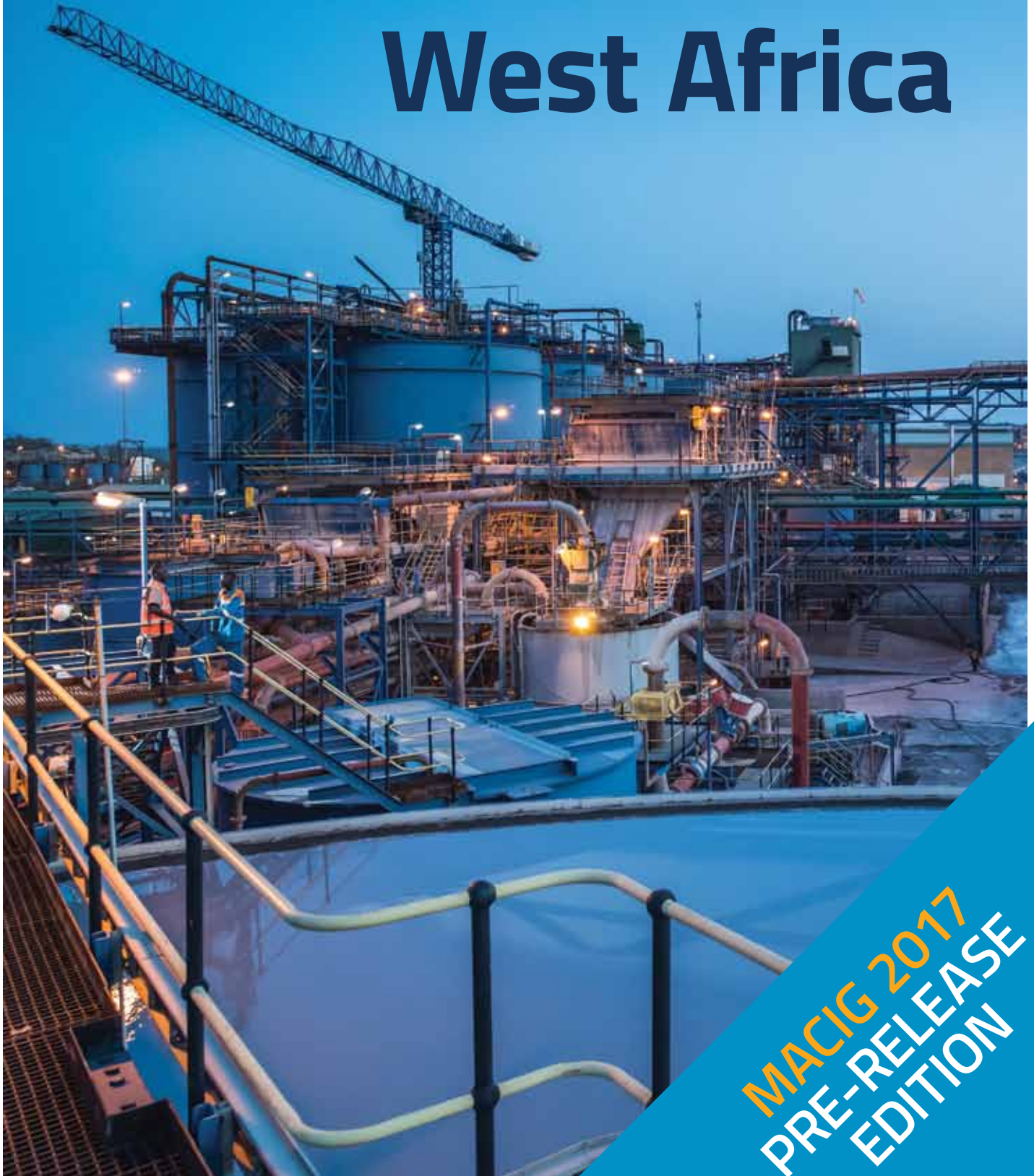
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GLOBAL BUSINESS REPORTS

# MACIG

THE OFFICIAL MINING IN AFRICA COUNTRY INVESTMENT GUIDE

# West Africa



**MACIG 2017**  
**PRE-RELEASE**  
**EDITION**

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## Dear Readers,

Investing in West Africa's rich mineral resource potential requires significant research and an appropriate assessment of each country's challenges and opportunities. To aid you in your research, we cordially welcome you to the West Africa pre-release for MACIG 2017, the official publication for Investing in African Mining Indaba™, with the final book launching at the event in February.

This pre-release displays the initial findings from our interviews with key players from across the West African mining scene, from producers and juniors to service and equipment providers. So we want to thank all the company and association leaders who generously donated their time and insights to make this publication a success.

My team and I have spent two months living between Côte d'Ivoire and Burkina Faso, as well as starting our next stage of research into Ghana and Mali, to bring you the latest on the ground information.

May of this year saw many of you in West Africa breathe a sigh of relief as gold prices reached over \$1,300, and activity began to pick up once more across the Birimian greenstone belt. As such we have seen a new sweep of investment with gold exploration companies testing the water as well as majors ramping up production and project developments once more. Countries across West Africa have had a history of political unrest, yet our two focal Francophone destinations, Côte d'Ivoire and Burkina Faso, are now stable, with new favourable mining codes and plenty of untapped potential in gold and base metals making for attractive destinations for investment in the coming years. Their big brother Ghana is gradually beginning to recover after a downturn, although real progress will have to wait until after the elections in December. Old-timer Mali is still going strong, despite having been more affected by threats to security than any of its neighbours.

We cannot ignore the security issues that have prevailed in the region of late, yet with extensive experience of having been in-country and through speaking to leaders across the sectors, we are of the firm opinion that the recent terrorist attacks should not be a deterrent for investors.

We also analyze the infrastructure situation in each location and, regionally, Côte d'Ivoire wins hands down for good roads, ports to be expanded, easy air travel and reliable power supply. Operationally speaking, compared to Côte d'Ivoire, Burkina Faso has had a longer mining history, with almost triple the number of operating mines, more experienced local talent and more investment into local service providers. Hence Côte d'Ivoire still has some catching up to do, yet has seen an influx of service and equipment players entering to set up shop over the last year.

So please join me in reviewing the latest mining investment opportunities for West Africa; a mining region with decreasing risk and offering high returns.

Merci Beaucoup! Enjoy the read!

**Laura Brangwin**,  
Project Director

**Alexa Parks**,  
Project Coordinator

**Meredith Veit**,  
Journalist

**Catherine Howe**  
Journalist



### WEST AFRICA

MACIG 2017 Pre-release



GLOBAL BUSINESS REPORTS

This research has been conducted by Laura Brangwin, Meredith Veit, Alexa Parks and Catherine Howe.

If you would you or your company would like to be part of the final MACIG 2017 publication, please contact lbrangwin@gbreports.com

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# West Africa

Focus on Côte d'Ivoire and Burkina Faso -  
Two regional rising stars



Photo courtesy of Perseus Mining.

Article written by Mungo Smith, Senior Partner, Global Business Reports

As a revival in the price of gold brings a shine to the smile of West African miners, the majority of whom rely on that bright metal, it is of interest to note the divergence of fortunes of the different nations in the region as they emerge from the gloom.

The Gold Coast has long been famed for its rich ores and, the Ashanti nation that became Ghana following independence from Britain in 1957, has led the development of the West African gold mining industry. Years of political stability led Ghana to become the darling of investors, attracting the doyens of gold producers, including AngloGold Ashanti, Gold Fields and Newmont Mining, who each contributed to make Ghana Africa's second largest gold producer, after South Africa.

Third rank on this list belongs to the former great gold-trading Saharan empire that is today Mali. After decades of political chaos following indepen-

dence from France in 1960, Mali became a settled multi-party democracy in 1992, and its favorable investment regime and easy-to-access resources attracted explorers throughout the nineties, including IAMGOLD, Randgold Resources and, later, AngloGold Ashanti, Resolute Mining, Endeavour Mining and B2Gold.

During this period, the other two nations that are included in our research and which are presented in this report, namely Côte d'Ivoire and Burkina Faso, were both immersed in political and civil strife that deterred investors, producers and explorers alike. The wave of investment that engulfed their neighbors passed them by.

*"Côte d'Ivoire is relatively new to the mining business, but the government is very proactive and developing this sector and having zero tolerance towards illegal mining. Moreover, they make it easier for investors to understand how to do business in the country. We have a clear understanding of what is expected from us, which gives us a feeling of certainty about operating in Côte d'Ivoire."*



**Jeff Quartermaine**, Managing Director and CEO, Perseus Mining

Today, this tide seems to have turned. While both Ghana and Mali retain their respective positions on Africa's gold producing nations table, operating conditions in both countries have worsened, while Côte d'Ivoire and Burkina Faso are both enjoying a new found political calm with reformed investment regimes and incentives that make their less-prospected terrains enticing bait for today's explorers.

"Ghana still has great exploration potential, but is overpriced relative to neighboring countries with excessive taxes and royalties. Nigeria has recently implemented a change in mining policy to attract investment, and is offering much longer tenure licenses and tax holidays. Most of Ghana's surrounding countries offer lower corporate taxes and royalties noting the large capital and time required to make a new discovery and bring it to production. There has been some recent movement in Ghana to reduce royalties and taxes for a couple of the major companies, but it would be helpful if they could follow suit for the smaller companies which are the engines of new discoveries and mines," explained Douglas MacQuarrie, president and CEO of Asante Gold Corporation.

Indeed, the country's maturity may be part of the problem. The fabled Ashanti Belt is well explored and juniors are placing their resources into less devel-

***"Three years ago we decided to diversify our business into more sustainable areas and away from post-conflict zones. We also pay more attention to facilities management projects across Africa. Moving towards the mining industry was a logical step for us, as we already had all the requested services in our portfolio and had an extensive experience working in remote areas in Africa."***

**Lars Narfeldt ,  
Director, RA International**



oped areas that offer greater incentives, such as Côte d'Ivoire and Burkina Faso.

Mali, meanwhile, still offers considerable untapped reserves and low-operating costs but is plagued with insecurity. A separatist uprising by the Tuareg and Islamic militants seizing swathes of territory and conducting a siege of a hotel in the capital Bamako in November 2015 have all dented Mali's reputation with investors and made much of its territory dangerous to operate in.

Nevertheless, most of Mali's mines are in the southern and more secure part of the country and, as in Ghana, the revival of the gold price has bought respite. Established mines in both jurisdictions are mostly now working at full capacity and many improvement and expansion proj-

ects, that had been put on hold, have since been revived. Elections this year in Ghana, it is hoped, will clear the air and Mali is struggling with the help of France to restore security.

But the excitement surrounding the new comers is what is drawing most of the interest towards the West African region. The high-grades, easy access, favorable climate and flat terrain of Burkina Faso allow for lower production costs. Gold producers, including Endeavour Mining, Teranga Gold, Centamin, MNG and Nordgold, are scrambling for assets in a frenzied flurry of mergers and acquisitions. Côte d'Ivoire, meanwhile, seduces miners with ample virgin terrain along the Birimian Greenstone Belt, its recent large-scale regulatory reforms, the most effective governance of the re-

gion, and superior infrastructure along with a better-educated workforce. So far it is the companies already present in the region that are seizing the opportunities; the advantage of First-Mover still applies.

In the wake of the explorers and producers come the service providers. Sahara Mining Services has set up offices in Ghana, Burkina Faso and Côte d'Ivoire: "Sahara wants to become the mining services company of choice for West Africa. We are serious about providing high quality international services locally and want to expand our new services in security, geotechnical, hydrogeology and surveying. We also want to establish solid relationships with our partners to upskill our local staff to benefit from our partners international experience. We are establishing solid relationships with the government departments and local stakeholders to ensure we establish a long and sustainable future, not only for the Sahara team, but for mining in West Africa in general. We also want find a few more gold mines for our clients!" said Beau Nicholls, CEO, Sahara Mining Services.

The optimism on the ground is infectious and, while many investors remain shy of mining, and of West Africa in particular, our visit to Côte d'Ivoire and Burkina Faso left us convinced that, whilst these nations missed the last

great wave of mining investment due to their political problems, they are determined to catch the next one. In the words of Jeff Quatermaine, managing director and CEO of Perseus Mining, who operates in both countries: "Investors have a renewed interest in the mining sector on a global level. However, they are not yet ready to pour money into the marketplace because there is still a residual negative feeling, especially towards West Africa, from the last bull market. That being said, companies such as Perseus and Endeavour might be in a position to change the situation, as we were successful in advancing our projects. Investors will certainly come back to West Africa, but perhaps not just yet."

The greatest challenge faced by juniors is funding. Despite a large amount of

money flowing into exchange-traded funds (ETFs) and mid-cap gold producing companies, juniors are considered higher risk. "Lack of funding is our greatest barrier," noted Douglas MacQuarrie, Asante Gold's president. "I actually see much higher risk in the majors, which have limited upside and much farther to fall. For a major to double their share price, they would have to discover and produce a much higher quantity of gold – a double is much easier for juniors."

As more success stories, such as those achieved by Perseus Mining and Randgold, unfold, it is certain that investors from the world's mining centers will lend greater attention to the region. The following report is intended to help the mining community to better understand this exciting region and the opportunities and challenges that lie therein.

***"We help multinationals that wish to operate in Africa remotely with a primary objective of connecting them with local suppliers. EY has a program called PAS (People Advisory Service), where we help people obtain the proper working permits with entry visas, etc."***

**Eric N'guessan, Partner,  
EY Côte d'Ivoire**



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# Côte d'Ivoire

Following its independence from France in 1960, Côte d'Ivoire enjoyed close ties to the former colonial power and a long period of stability under President Felix Houphouët-Boigny (president from 1960 until 1993), during which time the country became the world's largest exporter of cocoa and one of the most prosperous African states. In 1999, however, Côte d'Ivoire experienced its first coup d'état, followed by a long period of instability that was ended with the help of the UN and French military forces. Today, Coted'Ivoire enjoys democratic government and civil peace under President Ouattara.

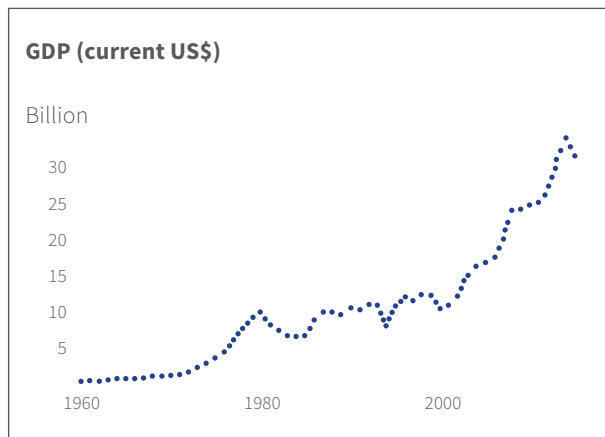


**Population:** 23,295,302  
**Land area:** 322,463 km<sup>2</sup>  
**Official Language:** French  
**Chief of State:** President Alassane Dramane OUATTARA (since 4 December 2010)  
**GDP (PPP):** \$78.62 billion  
**Growth Rate:** 8.6%  
**GDP per Capita (PPP):** \$3,300  
**Economic Sector Breakdown:** agriculture 17.4%, industry 20.3%, services 62.2%  
**Industry:** foodstuffs, beverages; wood products, oil refining, gold mining, truck and bus assembly, textiles, fertilizer, building materials, electricity  
**Exports:** \$11.9 billion; cocoa, coffee, gold, timber, petroleum, cotton, bananas, pineapples, palm oil  
**Imports:** \$9.154 billion; fuel, capital equipment, foodstuffs  
**Major Trading Partners:** Nigeria 21.8%, China 14.4%, France 11.3%  
**Inflation rate (consumer prices):** 1.2%

Source: CIA Factbook

**Fraser Institute Investment Attractiveness Index (rank):**  
 2013: 61/112 → 2014: 56/122 → 2015: 42/109  
**The Global Competitiveness Index 2015–2016 Rankings:**  
 91/140 (previous 115/144)

**Ease of doing business ranking:**  
 142 (World Bank Group)



Source: The World Bank

## Gold Production (kg):

2010: 5,316  
 2011: 11,009  
 2012: 11,232  
 2013: 12,949  
 2014: 17,000

**319%** ↑

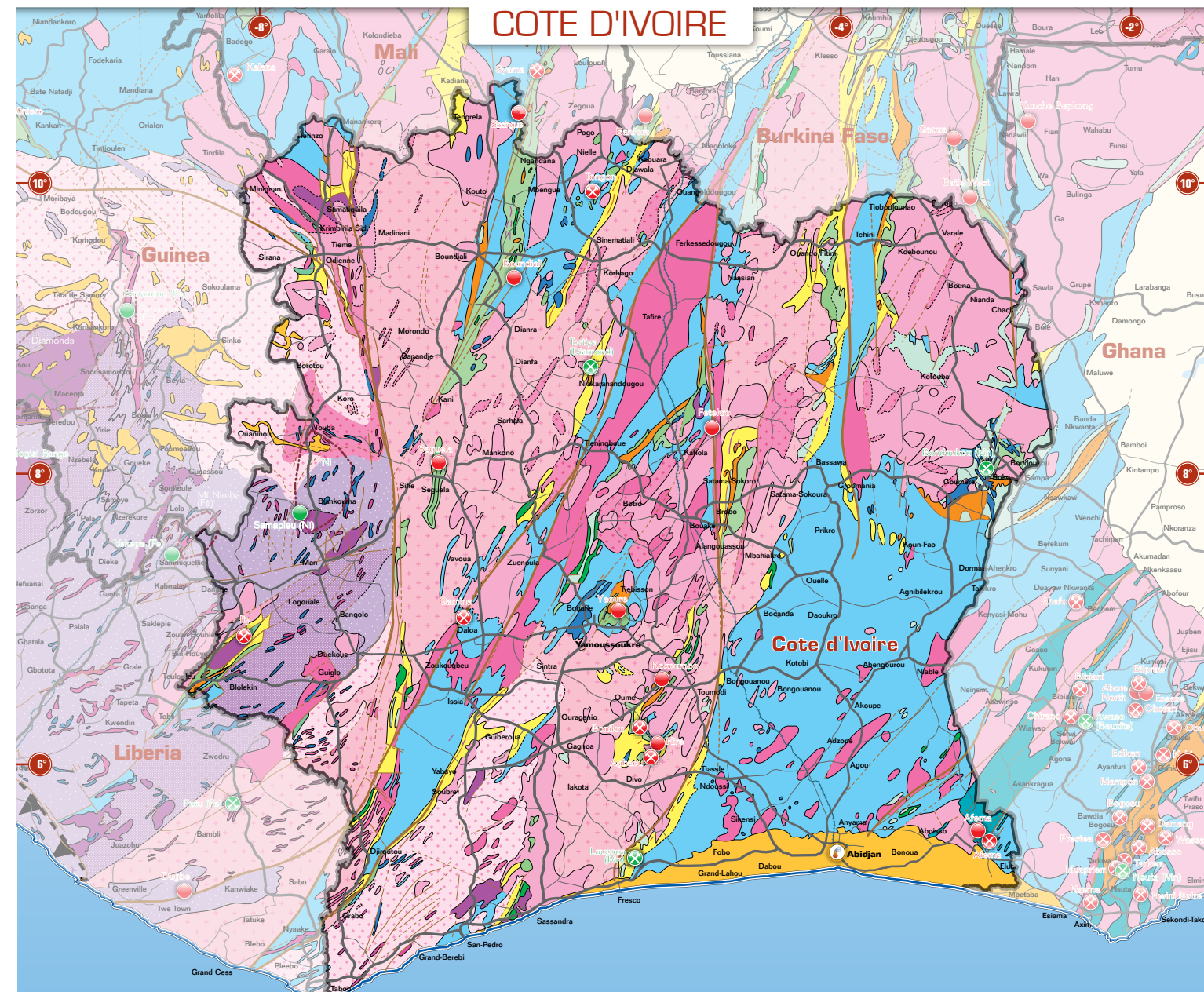
Source: British Geological Survey

## Diamond production (cts):

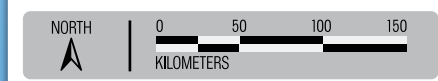
2014: 1.074  
 2015: 14,924

**1389%** ↑

Source: Kimberley Process



Your feet on the ground in Africa



- Geological boundary certain
- Geological boundary inferred
- Fault certain
- Fault inferred
- Thrusts
- GOLD MINES**
- Existing mines
- Closed mines
- Projects
- OTHER MINERALS**
- Existing mines
- Closed mines
- Projects
- Mineral fields
- Country Borders
- Roads
- Seaside
- Minor roads
- Railway
- Sems Offices

- POST-EBURNEAN ANOROGENIC DOMAINS**
- Basic-ultrabasic complexes (Freetown, Guinea)
- Cretaceous to Recent
- Upper Proterozoic to Paleozoic
- EBURNEAN OROGENIC DOMAIN**
- LOWER PROTEROZOIC TERRANES (2.4 - 1.6 Ga.)**
- Plutonic rocks
- Basic-ultrabasic complexes
- Leucogranite
- Undifferentiated granitoids
- Volcanic and fluviodeltaic formations
- Lithostructural assemblages (D2 and D3 deformation phases)
- Fluviodeltaic: sandstone, conglomerate, argillite (Tarkwaian)
- Plutonic-volcanic assemblage: minor volcanic rocks
- Undifferentiated volcanics, volcanosedimentary rocks
- Komatitic to tholeiitic basalts
- Rhyodacitic to rhyolitic volcanic rocks, chert (b), graphitic horizons
- Andesitic volcanic rocks, chert (b), graphitic horizons
- Basic volcanic rocks, chert (b), Mn levels (c)
- Flysch-type formations with minor volcanic rocks - Lithostructural assemblage (D1 to D3 deformation phases)
- Carbonates felsic volcanic rocks
- Felsic volcanoclastic rocks, dykes; chert (b), manganese levels (c)
- Flysch-type: sandstone to argillite (graphitic, conglomeratic levels)
- Horizon Markers (B2, B1)
- Tourmaline-bearing sandstone and conglomerate
- Chert and quartzite levels
- Manganeses-rich levels: quartzite, gondite, phyllite
- ARCHEAN AND/OR PROTEROZOIC GRANITIC GNEISS COMPLEXES DEFORMED BY THE EBURNEAN OROGENESIS**
- Granitic, migmatitic and undifferentiated gneiss
- Granitic, migmatitic and undifferentiated gneiss
- Granite, gneiss, and migmatitic gneiss complexes
- PRE-EBURNEAN OROGENIC DOMAIN**
- ARCHEAN - LEONIAN (3.5 - 2.9 GA.) / LIBERIAN (2.9 - 2.5 GA.)**
- Plutonic rocks
- Undifferentiated plutonic rocks (Leonian to Late-Liberian)
- Greenstone belts and ironstone formations**
- Ironstone formation (meta-sedimentary, meta-basic rocks associated)
- Basic and ultrabasic formations
- Gneissic complexes**
- Migmatitic and undifferentiated gneisses
- Granulitic gneiss "basement"

GEOLOGICAL DATA FROM BRGM - LAT/LONG WGS84  
 Map drafted by Kweku Owusu-Ansah  
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## Bodiel Ndiaye

President,  
Mining Association (GPMCI) in  
Côte d'Ivoire



*"Though the GPMCI includes 4 producers, development companies, exploration companies and services providers they all interact and feel concerned about anything happening to anyone of them."*

### Can you please provide a brief history of the GPMCI and your key objectives as an organization?

The Mining Association in Côte d'Ivoire (GPMCI) was created in early 2008 by the only two gold producers in the country, a few exploration companies and a couple of service providers. The GPMCI, apart from the classical purposes of an association, aims to build a platform for meetings, exchanges and cooperation amongst the members and to address common challenges facing the mining sector as a whole. As such, the GPMCI is a tool for the private sector that acts as a key interlocutor with the Government and other stakeholders on various issues related to the mining sector.

Eight years later, the objectives of GPMCI remains the same:

- 1) Protecting and defending the interests of our members;
  - 2) Contributing to the development of the mining industry
  - 3) Promoting an efficient, safe and sustainable mining industry.
- The GPMCI currently has 49 members, with five companies in production, 3 companies in the development phase, 14 companies in the research phase and 27 companies involved in mining related services.

### How integrated are your members?

Though the GPMCI includes 4 producers, development companies, exploration companies and services providers, each group being very specific in terms of the size and activities, they all interact and feel concerned about anything happening to anyone of them. Furthermore, to strengthen the bonds between the various groups, all of them are represented in the governing body of the GPMCI and hold an equal right when it comes to cast their vote for any decision of the Executive Bureau.

### What key milestones has the GPMCI completed to date?

This includes a strong involvement of GPMCI in the drafting of the new Mining Code, which seems to be unanimously considered as one of the best codes in Africa. GPMCI is also involved in drafting the set of additional texts consistent with the new Mining Code, in order to finalize the reform of the regulatory framework. GPMCI works with the Central Bank, the Ministry of Finance and Budget, the Ministry of Mines and Industry for the effective implementation of procedures for foreign exchange regulations, including the possibility for mining operators to use foreign currency accounts. We also are dedicated to improving the process of granting, renewing exploration licenses.

### Of the companies currently in the development and research phases, what challenges are still being faced preventing production?

Though the gold price is improving, access to funding is still challenging and in the case for Côte d'Ivoire, the exploration projects are mostly grass roots suggesting several working months or years before turning them into advanced projects. The few companies in development are progressing well.

### Nationally, mining is expected to account for 5% of GDP by 2020. What steps are being taken to ensure this as a future reality?

This includes the improved regulatory framework, with the adoption of a new Mining Code; tax incentives and Government willingness to assist operators setting up quickly their business in the country; the improvement of the infrastructures at a national level; the improvement of the quality of the human resources and availability of the service providers; improvement of the relationship between the stakeholders (companies, states, local communities) and regular participation to international meetings for promoting Côte d'Ivoire as a mining destination.

### Which aspects of the mining code have been most impactful in attracting foreign direct investment (FDI) to Côte d'Ivoire?

These include a better description of the procedures for obtaining mining titles; conforming with international rules; the establishment of dedicated local development funds and a clear definition of benefits and incentives at different phases of the mining operation.

### What types of amendments should still be enacted to improve the business environment?

Though it is set into the new Mining Code, the local development funds in place seem to have a few difficulties to be fully implemented. A wider consultation with the stakeholders would help amending accordingly this important law, which should contribute to the realization of tangible projects, as well as to the acceptance by the communities of the mining projects.

# Côte d'Ivoire Wins the Gold

## Introducing West Africa's top mining destination

The global mining community has known for decades that Côte d'Ivoire sits on resources worth exploiting, but tumultuous circumstances above ground have kept most investors wary of setting up business within its borders. A coup, civil war, Ebola and economic downturn have plagued the country's entrance into the 21st century, but the re-election of President Ouattara in 2015 serves as an indication of Côte d'Ivoire's recent stability. Those already established in Côte d'Ivoire do not dwell on the conflicts of the past; instead there is a stir of excitement for having found the pot of gold before the rest. The increase in gold prices, coupled with large-scale regulatory reform, makes Côte d'Ivoire's large portion of the Birimian belt more attractive than ever. "SEMS Exploration Services opened an office in Côte d'Ivoire twelve years ago, and we've always had the feeling of 'maybe next year' until now, as everything has really come together," noted Simon Meadows Smith, managing director of SEMS.

While Côte d'Ivoire still lags behind more developed mining destinations in the region such as Ghana, Burkina Faso and Mali, it is now offering a golden opportunity for companies active in the region to expand. "Côte d'Ivoire is the latest destination of choice, with significant potential that has never been fully explored providing the blue sky to complete regional portfolios," said Ludivine Wouters, managing partner at Latitude Five, an investment and advisory firm providing independent growth and transaction support services to local and international investors and businesses across West Africa, in mining, mining services and infrastructure.

Players who left the market years ago are now seeking points of re-entry, and current producers are snatching up as much land as possible while they still can.

### Regulation

Ouattara's National Development Plan (NDP) 2016-2020 includes structural reforms that aim to further stimulate the recent surge in both private and public sector investment. Ag-

*Côte d'Ivoire holds more of the Birimian greenstone belt than any other West African nation - 35% vs Ghana's 19%*



Photo courtesy of NF Consult.



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**Representing 40 percent of the West African Economic and Monetary Union (WEAMU) GDP, Côte d'Ivoire harbors one of the largest economies of the Economic Community of West Africa States (ECOWAS).**

riculture remains the primary contributor to GDP—cocoa, coffee, cashew nuts and sugar having all seen an increase in production in 2015—yet mining has risen as a critical focus over the past two administrations. The passage of the new mining code, in March 2014, removed the additional profit tax (which was formerly payable by permit holders at the rate of 7% of turnover), introduced greater transparency in permitting procedures, elongated the time period for initial exploration permits (extending the range from 3 to 4 years), and limited State participation to 15% of the share capital of each mining company, among other changes. “The current Minister of Mines, Mr Brou, has developed and implemented incredibly favorable policies; however, we have yet to see enough money pumped into the exploration industry worldwide, which is why the sector is picking up slowly,” noted Stanislas de Stabenrath, director general of Exploration & Mining Suppliers (X&M).

As the government works to effectively implement the new legislation, Côte d'Ivoire's NDP also posits a necessity for increasing its capacity in raw materials processing. Pragmatically, any

form of value addition has seen little fruition to date across industries. “Côte d'Ivoire is focusing on diversification of its mineral production, with developments in manganese, calcined bauxite and nickel; however, in a number of cases, mining licenses are being applied for and granted on the back of studies that do not include any processing. We are not exporting minerals; we are exporting ore,” noted Ludivine Wouters. “This attracts operators looking for projects with the potential to rapidly generate cash flow, but seems at odds with the State's industrialization policy.”

Due to the adolescence of Côte d'Ivoire's mining industry, after extracting and crushing the ore, it must be exported for further treatment to countries that have longer mining histories, such as Ghana or Mali. Gold remains the country's driving resource, which limits the possibilities of beneficiation by nature, but the integration of labs and refineries present interesting opportunities for impending investment given Côte d'Ivoire's central West African location and the ease of doing business in comparison to its neighbors.

**Exploration & Production**

The sustainability of Côte d'Ivoire's mining industry, however, primarily depends on the uptake of exploration activity. Hosting only five gold producers—La Mancha, Newcrest, Randgold, Perseus and Taurus Gold—the 23.5 metric tons per year (mt/y) current output is miniscule in comparison to the 600 mt/y

**Côte d'Ivoire moved up another 3 spots in the World Bank's Ease of Doing Business ranking for 2016, ahead of Mali, Burkina Faso, and Senegal.**

known potential, and microscopic in comparison to the cumulative unmapped reserves. Two new mines are under construction: Perseus is currently building its Sissingué mine in the North and Taurus Gold is underway with the Afema Mine on the intersection of the Bibiani and Asankrangwa belts. Three manganese mines also contribute to national GDP, but adverse commodity prices have kept operations lean. Thankful to the upswing in gold prices, Côte d'Ivoire's major multinationals have both increased their exploration budgets and begun strategic acquisitions.

“Although Côte d'Ivoire continues to attract significant attention as the newest exploration destination of West Africa” explained Wouters, “new entrants sometimes remain cautious despite the hype, with M&A over the last years often consolidating any advanced or significant exploration into the hands of current producers.”

Randgold has been expanding its Tongon operation, but has also heavily invested in collecting dated information and newly mapping Côte d'Ivoire to create an extensive database from which they can make precise and focused exploration decisions. “In addition to established projects in the north of the country,” explained Mark Bristow, CEO of Randgold, “Randgold has just started a footprint in the Southeast of Côte d'Ivoire, as we think it has merit worth investigating.”

Given Côte d'Ivoire's perfect combination of geological prospectivity, economic and fiscal stability, and infrastructural ease, Bristow prays he will find his next major gold mine within Côte d'Ivoire's borders.

Given the lifecycle of mining permits pre-2014, now is the time for renewals and purchases, and the existing multinationals are knocking on the Ministry's door looking for more. Most recently, Perseus Mining acquired Amara Mining in April of 2016, granting access to their Sissingué and Yaoure gold projects. The Egyptian company Centamin purchased Ampella Mining in 2015, beginning what is more-or-less a grassroots project in Côte d'Ivoire in accompaniment with their advanced project in Burkina Faso. Newcrest is working in partnership with local exploration company TD Continental to develop their three licenses that have preliminarily been deemed valuable, but more tests need to be done to confirm the reserves. Michel Sogjiedo Mian, president director general of TD Continental noted that the company is “also interested in collaborating with mines with smaller production targets and semi industrial licenses. We noticed that a significant amount of deposits are sometimes abandoned by senior companies as the production capacity is not large enough for them, but they are still valuable.”

*“Since last year, people started coming back and they feel safer doing so. A good indicator is that now the country has gone through a second election process, providing a sense of stability and security. The outcomes of the next elections need to be observed, but so far, people feel comfortable working in Côte d'Ivoire. In addition, production levels are increasing, mergers and acquisitions are underway, and everyone wants a plot of land..”*

**Nouho Koné,**  
Principal  
Consultant, NF  
Consult



A notable number of Ivoirian juniors have entered the mining scene and are interested in smaller-scale project development. “The process by which mining companies achieve a license to operate in Côte d'Ivoire is fair and equal for both local and international companies,” explained Bamba Tahiri Henri, director of B&F Minerals. “Compared with Burkina Faso and Mali, in Côte d'Ivoire there are many more local companies which



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# Mark Bristow

CEO, **Randgold**



*" Côte d'Ivoire stands out as a mining destination in West Africa as it has the infrastructure, a reputable political and administrative structure, and significant endowments."*

### You have become the weathervane for gold mining destinations in West Africa. Why is Côte d'Ivoire currently your country of optimal choice?

Randgold looks at all African countries and we rank them against our risk assessment criteria. We will look at geological prospectivity first, which is the potential to find a gold deposit larger than 3 million ounces that will deliver an IRR of 20% a year at a \$1000 long term gold price.

The second filter is the economic and fiscal regime of the country. We ask questions such as: if there is a right to mine, does the country have an enabling legislation; do you have recourse to the courts; and can you repatriate your investments? Lastly we will consider the infrastructures such as accessibility of power and water supply.

When we apply all of these filters, the only A-grade country is Côte d'Ivoire. Côte d'Ivoire has a competent civil service and the country is run not only by politicians, but also by a cadre of professionals. People have stayed working in their departments for many years and there is history and knowledge. Côte d'Ivoire is also a very favorable destination for mining as it has the best infrastructure in West Africa.

### Can you elaborate on the accessibility of power in Côte d'Ivoire, considering this was a challenge for Randgold recently?

Currently things are more or less up and running, and a significant number of upgrades have been done. We built a power line from the Korhogo substation and linked some of the villages in the vicinity to the power line as they were deprived of electricity. It is a single power line and it comes with its challenges, but the government is working on building additional power lines and roads.

Randgold is the largest consumer of power in Côte d'Ivoire, and thus in an unstable system with capacity challenges, we are heavily impacted. We have always had a backup power station that can run our entire mine without the grid. With the latest expansion at Tongon mine, we have created a gap between what we can run and what we should run, but we are currently closing that gap as we have acquired six more Gensets to boost our backup power station.

### Can you elaborate on Randgold's PAMF-CI initiative?

To elevate economic activity within the footprint of our mines, we run multiple microfinance operations such as PAMF-CI to

assist locals in creating their own businesses. Our aim is to benefit the communities in such a way that they can continue to thrive economically even after the mine is closed. We call this our legacy strategy.

We run business development courses for the communities, and we try to encourage the local entrepreneurs to dream big. With big aspirations, financing is required and this is how micro-financing starts. Randgold will financially support local businesses in their economic endeavors because most banks would not even consider it.

### Do you have a final message?

Africa is an emerging continent, and by 2025 it is going to have the highest percentage of young people in the entire world. West Africa is rich in natural resources and there is still a significant amount of opportunities in the region. Côte d'Ivoire stands out as a mining destination in West Africa as it has the infrastructure, a reputable political and administrative structure, and significant endowments. The country has the fundamental requirements of building the basis of a sustainable community which is potable water, primary healthcare, primary education, and food security. For any mining company it would be a great advantage to find the next world class mine in Côte d'Ivoire.

In addition to its projects in the north of the country, Randgold has just started a footprint in the southeast of Côte d'Ivoire, as we think it has merit worth investigating. There has not been much exploration in Côte d'Ivoire and there is no comprehensive database on which new entrants can base their exploration. A competitive advantage for us is that we have been in the country long enough to build a map and databank which are now helping us make smart and focused decisions.



# Michel Sodjiedo Mian

President Director General,  
**T.D. Continental S.A.**



### Can you give a brief history of TD Continental and its activities in West Africa?

TD Continental has embarked on research and exploration activities covering several gold zones in West Africa, such as in Burkina Faso, Ghana, Senegal, Mali, and Mauritania. We are working with Equigold Côte d'Ivoire at the Bonikro gold mine, where we employ approximately 800 people. The company is very committed to community contribution, and upon displacing the population of Bonikro, we built new houses, a new school, and ensured the people access to electricity and water. TD Continental holds approximately 20 licenses, which are operated within the framework of joint ventures agreements, and in collaboration with international partners whose technical expertise and financial strength have proven suitable for large-scale mining projects. Some of the licenses have been relinquished over the years as exploration studies proved the ground to be unfeasible for mining.

### What are TD Continental's priorities at present?

Through experiences with Australian companies such as Crucible Gold, LGL Mines and Newcrest, we have seen that it is beneficial to focus on exploration and research. Over the years, we have applied for various permits and up until today, we have had five industrial exploration licenses in Côte d'Ivoire. Newcrest has decided to partner with us on our industrial exploration licenses and we are collaborating on exploration activities.

### What are the statuses of the permits TD Continental currently holds?

The geologists are actively working on the five licenses and, according to the reports, three of the licenses have very good prospects and have mining potential. The next step is to confirm the reserves. According to the new mining code, one can have a maximum of five licenses. TD Continental aims to remain in a joint venture with Newcrest through the entire process, from exploration to production. All of our industrial licenses will be posed to Newcrest first, and if they are not interested, we will open up to other partnerships.

### Does TD Continental have any partners on your semi industrial licenses?

TD Continental does not yet have any partners with regards to our smaller projects. We have had discussions with SODEMI, and, although they have appreciated the idea of collaborating on some deposits, they have not yet committed to a partnership. The government is very supportive as it aims to discontinue artisanal mining in the country. Semi industrial mining is a proper method of giving people a formalized and legal way to do mining on a smaller scale.

### What is your perspective about the future of the mining industry in the Côte d'Ivoire?

Côte d'Ivoire has a significant amount of mining potential, especially in terms of gold and diamonds. The diamond sector is evolving to have impeccable transparency.

TD Continental wants to play a significant role in the success of Côte d'Ivoire's mining industry and we want to encourage investors to not only look at major projects, but also embrace semi industrial development.



## EXPERTISE Made in Côte d'Ivoire

We believe West Africa still holds hidden deposits. We also know Côte d'Ivoire is yet to be fully explored and is home to over 35% of the prospective Birimian greenstone belts. To achieve your exploration programs, we offer a valuable expertise made in Côte d'Ivoire, yet able to serve across West Africa. Your satisfaction is our success...

- Available and reliable expertise
- Compliance with known standards (JORC, NI-43-101...)
- Mobility over all West Africa with plans to expand



have managed to obtain licenses to work in the mining sector; however, this is often dependent on the quality of the entity.”

B&F currently possesses a license to operate in four separate areas of the country, and has already invested more than \$2 million in a project in Daloa that they hope to bring towards the feasibility stage.

Some dedicated multinational juniors are expectantly pouring significant investment into the country. Predictive Discovery, which operates on a project generator model, created a joint venture with Toro Gold to develop their Boundiali, Ferkesse-dougou, and Kokumbo concessions. “In our initial geochemical survey in 2014, the most interesting result was a 24 part per billion (ppb) anomaly from a 15 square kilometer (sq. km) catchment at Boundiali, which we then thought could reflect a world class gold deposit,” stated Paul Roberts, managing director of Predictive Discovery.

Toro and Predictive have recently begun drilling this target, which is resulting in impressively high gold grades in some holes. “There is a significant amount of work still to be done in all of our permit areas, but currently Boundiali is the joint venture’s main focus. Kokumbo is also part of a very well mineralized belt and we have had some encouraging diamond drilling results there as well,” concluded Roberts.

Though most explorers remain fixated on gold, Côte d’Ivoire

*“ We encourage international companies to mine in Côte d’Ivoire, but we want them to integrate local businesses into their operations to the highest extent possible. All jobs cannot be given to international contractors and there should be a partnership between the multinational companies and local entities that have the capacity to achieve.”*

**Mandjou Kourouma, Director General, Soudure Industrielle Et Construction Côte d’Ivoire (SIC-CI)**



has approximately 4 billion mt of iron ore in the Western part of the country. This is complemented by around 350 million mt lateritic nickel as well as additional reserves of copper and manganese. “Base metal exploration and exploitation is neglected,” noted Nouho Koné, principal consultant for NF Consult, “gold is an asset in which you can invest your money for faster development: while creating and exploring a gold mine can take 14 or 15 years, a base metal needs 20 or 25 years minimum to be developed, and that time makes a big difference.”

Local entrepreneur and newly acclaimed mining junior Moumini Bictogo has managed to add value to Lagune Exploration Afrique’s bauxite extraction operations, with the aim of moving into full production by the close of 2016. Within one site, Lagune Exploration Afrique discovered 25,000,000 tonnes of bauxite; however, after conducting cost analyses it was uncovered that selling basic bauxite would not be economically advantageous. “Thus, we are working to build a calcination factory to bring more value to the mineral—increasing its profit potential by 200%-300%,” explained Bictogo.

Upon its construction, Lagune Exploration Afrique will be the first and only West African metallurgical company in nationality.

Côte d’Ivoire is not an exception to the global challenge of sustaining national security. March 13, 2016, the first terrorist attack in the country’s history occurred at the Grand Bassam beach resort. Mining executives, however, posit that this should not serve as a deterrent to entry. The administration and the ministry are working to uphold their promises for increased security and improved transparency across a multitude of institutional layers.

*Investment into mining industry rose from 67 billion XOF in 2011 to 157 billion XOF in 2015.*



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# Yao Kossonou

General Manager, Biotitale



*“We want to enter into a dialogue with mining companies so as to ensure a healthy environment for the good of the workers, the communities nearby and for the mining companies themselves.”*

**Please outline the history of Biotitale since it was established in 2012?**

Biotitale was created to service the mines in Côte D’Ivoire and the surrounding region. We help investors in mines with the health and safety of their workers, the protection of the environment and of the communities around the mines. Presently, we are working in Côte D’Ivoire, but we intend to develop across the region, especially in Mali, Burkina Faso, Guinea and Senegal as well as Central Africa.

**What services do you offer to mines at the outset of a project?**

It depends on the client; the regulations are clear. If a client wishes us to complete all requirements until a permit is

obtained, we can provide that service, or else we can help with particularities related to each mine. We can coach a company as to how to obtain all of the various permissions required from the Ministry of Industry and Mines as well as other institutions, especially in all matters concerning safety, security and the protection of the environment.

**How do you help to protect local communities from the pollution caused by mines?**

In the Côte D’Ivoire there is an authority called CIAPOL (Centre Ivoirien anti-Pollution) which is a part of the Ministry of the Environment and Sustainable Development that follows closely all aspects of the environmental impact of mines.

We accompany mining companies and help them to control air and sound pollution. We have all of the necessary technology to test atmospheric purity and can measure levels of sound and dust.

**What are the objectives of Biotitale for the coming years?**

Our objective is to become an important partner with all of the mining companies in this region. The laboratory was built for this purpose. We want to enter into a dialogue with mining companies so as to ensure a healthy environment for the good of the workers, the communities nearby and for the mining companies themselves.

The United Nations is steadily decreasing the number of uniformed personnel stationed in Abidjan, Côte d’Ivoire’s economic capital, and has increased confidence in Côte d’Ivoire’s governance. Côte d’Ivoire became EITI compliant in 2013, the diamond embargo was lifted by the UN in 2014, and Kimberley diamonds resumed exports in March of 2015. In January of 2016, the Ministry of Industry and Mines made the commitment to implement a modern mining cadaster system for improved efficiency and clarity of ownership.

**Services**

To support new exploration companies and offer local expertise, Côte d’Ivoire is home to an array of small consulting firms. Amongst these firms is Biotitale, an environmental consultancy firm, launched in 2012. “If a client wishes us to complete all requirements until a permit is obtained, we can provide that service, or else we can help with particularities related to each mine. We can coach a company as to how to obtain all of the

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# Bakary Coulibaly

General Manager,  
Enval



## Please provide a brief history of ENVAL and your work with the mining industry.

ENVAL is a consortium that was born in 2000 as an environmental consulting firm. Three years after our establishment, we expanded to set up a water, food and microbiological analysis laboratory as well as a physicochemical laboratory analyzing the environmental pollution—testing for heavy metal, dust, air quality, etc. From early on, our priority was to complete our ISO standard evaluation, and we are the second ISO 17025 certified laboratory in Côte d'Ivoire.

We are building a new laboratory with the vision of offering a complete package of services for mining companies—ranging from mineral analysis to engines monitoring.

Due to our proximity to the mines, we can deliver results in a shorter time frame at the same level of quality as the laboratories in Ghana or South Africa.

## What are the advantages to working with ENVAL?

The first main advantage is the quality of our support. When an enterprise wants to start an operation, we can guide and follow them from the beginning of the process to the end. The first step is the environmental and social assessment, followed by ground research, permitting, environmental mapping, etc. For those at the exploration stage, we have our laboratories to analyze the samples and the consulting firm conducts continuous environmental monitoring. ENVAL is a partner for any stage of development of the project.

## What is your vision for ENVAL in the coming years as the mining sector of Côte d'Ivoire grows in importance?

We want to consolidate our position and widen our working field. ENVAL needs to continue the expansion of our enterprise across other countries within the region, and reinforce our capabilities to the multinational mining players.

Nowadays, companies are more and more concerned with environmental impact, even if it is the State that is initiating the need for greater ecological consciousness. Mining should not run projects without considering the environmental aspects.

various permissions required from the Ministry of Industry and Mines as well as other institutions, especially in all matters concerning safety, security and the protection of the environment," explained general manager for Biotitale, Yao Kossonou.

Exploration companies also require laboratories to analyze samples. ENVAL is one local consortium taking advantage of this gap in the market. What began in 2000 as an environmental impacts bureau has since evolved into a multi-industry physicochemical laboratory for pollution, oil and soon mineral sample analyses. ENVAL operates the largest laboratory in Côte d'Ivoire, and is the second laboratory to achieve ISO 17025 certification, ahead of SGS, Bureau Veritas, and Intertek. "This new laboratory will be the very first of its kind in Côte d'Ivoire for mining analysis," Bakary Coulibaly, managing director of ENVAL, explained. "Due to our proximity to the mines, we can deliver results in a shorter time frame at the same level of standards as the laboratories in Ghana or South Africa. When given a sample for analysis, our results are ready between a 24-hour to 48-hour timeframe—something that is impossible for our competitors to deliver."

There are not stringent local content laws in place at present, with the intention of providing one less obstacle to entry for businesses. Soudure Industrielle Et Construction (SIC-CI) is an Ivoirian industrial welding and construction company which began working for the main oil refinery of Côte d'Ivoire. After the new mining code was passed, SIC-CI decided to integrate the mining industry into their business under the premise that multinationals would be more inclined to dedicate energy towards knowledge transfer. "It is never easy for a new company to get a market share in mining," noted Mandjou Kourouma, director general of SIC-CI, "but we have local competencies in place with an excellent and talented team of local workers. By using local talent we can save costs for both ourselves and our clients."

Indeed Abidjan, the commercial capital of Côte d'Ivoire is emerging as a local service hub to the francophone West African mining region – in part to do with its strategic location, infrastructure and port facilities, but increasingly due to a well functioning legal system, government and a relatively well educated population. EY, for example, has chosen Abidjan as its regional base, as Eric N'guessan, partner, EY Côte d'Ivoire, explained: "EY Côte d'Ivoire positioned itself in Abidjan as the center point between Canada and Australia because a great deal of foreign direct investment comes from those two mining powerhouses. Globally, EY has nine world mining partners, and in West Africa, EY Côte d'Ivoire is the hub for the region. From Abidjan, we cover Togo, Mali, Burkina Faso, Niger, and Benin."

## Conclusion

Aside from challenges common to the operational environment of African terrain, Côte d'Ivoire is unanimously deemed the top mining destination in West Africa for those who have the experience and girth to commit to a long-term vision in the region. Its exceptional infrastructure, connectivity, and political stability fill in the cracks of what was once a shaky foundation.

# Ludivine Wouters

Managing Partner,  
Latitude Five



*"Côte d'Ivoire is the latest destination of choice, with significant potential that has never been fully explored providing the blue sky to complete regional portfolios."*

## Why do you think Francophone West Africa continues to be a key investment region for gold exploration and mining?

One advantage of Francophone West African jurisdictions is the fairly harmonised legal and regulatory environment: OHADA business and corporate law applies in most of these countries; monetary regulation and customs are harmonized in the West African Economic and Monetary Union (mostly known by its French acronym, UEMOA); and these countries share a civil law heritage.

Concerning exploration and mining, although each country has its specific legislation, the fundamental principles concerning tenure and operations are often common or similar, allowing operators to easily adapt from one of these jurisdictions to another: this facilitates regional growth for already established operators and new entrants alike. Aside from the legal and regulatory similarities, you will also find a lot of the same service providers and professionals working in all of these markets.

Burkina Faso has usually been the first port of call because it presented the widest variety of projects available, from greenfield to permitted development projects, and continued to enjoy investor confidence despite political changes and travails. Mali remains an important jurisdiction, with significant and high-grade resources in regions which have not been adversely affected to date by the political turmoil and dealt with the Ebola crisis effectively. Côte d'Ivoire is the latest destination of choice, with significant potential that has never been fully explored providing the blue sky to complete regional portfolios.

## What are the challenges facing the mining sector regionally, and how are they being addressed?

Power and infrastructure remain primary concerns regionally, affecting industrialisation, including mining operations. Côte d'Ivoire has an ambitious growth plan for power generation, but capacity remains constrained in the short to medium term; and the persistent weakness of transport and distribution networks regionally is hindering growth.

Power remains a significant factor in production costs for miners.

Illegal gold mining is a major and growing issue, across the region.

## Local content is an increasingly important aspect of mining policy across Africa: how is this being implemented in Francophone West Africa?

Local content is both a shared goal and a difficult discussion between the mining industry, which already struggles with a complex operating environment, and the State, which seeks to spread the benefits of mining across the local economy. State policies in this regard need to be carefully crafted, on the basis of clear and consensual objectives and in close coordination with the mining industry including exploration and mining companies as well as local service providers and suppliers, to avoid adverse consequences on investment.

Photo courtesy of Predictive Discovery.



# Burkina Faso



Burkina Faso won independence from France in 1960, however, since then, the landlocked country has been plagued by political disturbances that have only very recently been curtailed with the election of Roch Marc Christian Kabore in November 2015. This has left Burkina Faso as one of the poorest countries of the world. With very little industry and meager resources apart from minerals, the country has recently focused on developing its mining industry as its primary locomotive for growth.

**Population:** 18,931,686  
**Land area:** 274,200 km<sup>2</sup>  
**Official Language:** French  
**Chief of State:** President Roch Marc Christian KABORE (since 29 December 2015)  
**GDP (PPP):** \$30.88 billion  
**Growth Rate:** 4%  
**GDP per Capita (PPP):** \$1,700  
**Economic Sector Breakdown:** agriculture 22.9%, industry 25.7%, services 51.5%  
**Industry:** cotton lint, beverages, agricultural processing, soap, cigarettes, textiles, gold  
**Exports:** \$2.194 billion; gold, cotton  
**Imports:** \$2.518 billion; fuel, capital equipment, foodstuffs  
**Major Trading Partners:** Switzerland 53.3%, India 14.5%

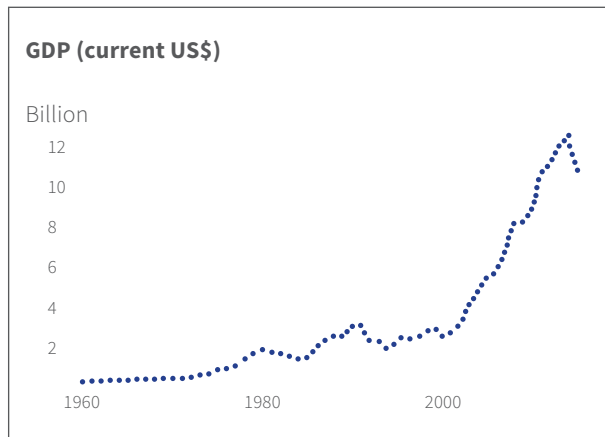
Source: CIA Factbook

**Fraser Institute Investment Attractiveness Index (rank):**

2013: 47/112 → 2014: 53/122 → 2015: 29/109

**Ease of doing business ranking:**

143 (World Bank Group)



Source: The World Bank

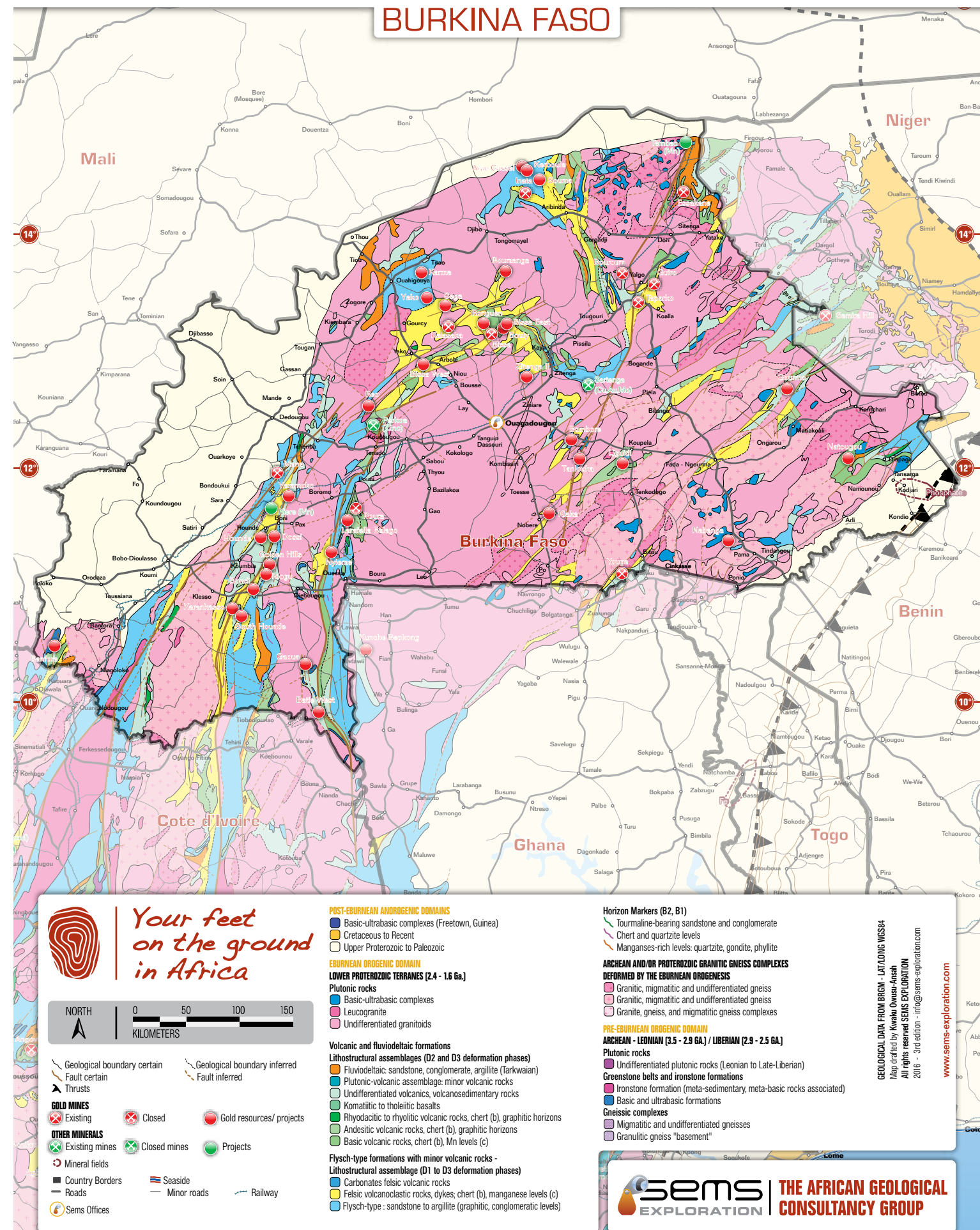
**Gold Production (kg):**

2010: 23,525  
 2011: 32,188  
 2012: 29,873  
 2013: 33,600  
 2014: 37,200

**158%**



Source: British Geological Survey



GEOLOGICAL DATA FROM BRGM - LAY/LONG MCS84  
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EMPOWERING PEOPLE,  
EXTRAORDINARY PERFORMANCE



The Essakane mine is located in north-eastern Burkina Faso, West Africa. IAMGOLD saw production at Essakane increase by approximately 15% in 2015 and the mine achieved its second year of record production. In 2016, the focus continues to be on mine optimization, lowering unit costs and increasing mine and mill efficiencies at higher proportions of hard rock.

The Essakane mine yields excellent impact for Burkina Faso:

- Gold production in 2015: 426 000 oz
- Direct economic contribution (taxes and royalties) 2011 – 2015: \$ 403 million
- Local content for 2015: \$ 187 million to more than 500 local suppliers
- As of the end of 2015, IAMGOLD Essakane employs 2,226 people, of which 95% are Burkinabe

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## Bruno Lemelin

General Manager,  
IAM Gold Essakane SA



*"Essakane is the biggest mine in Burkina Faso in terms of gold production, and we aim to have a positive impact on developing people as well as small and medium enterprises."*

### Since acquiring Orezone Resources in 2009, can you provide a brief history of the Essakane project's evolution?

Essakane was acquired by IAMGOLD in 2009, and we started production in July 2010. With the construction of the mine and the expansion costs, IAMGOLD has invested more than 900 million Canadian dollars (CAD) in the country, of which the expansion costs was approximately 400 million CAD. The Essakane mine's total gold production is currently at over 400,000 gold ounces per year, and is thus an incredible asset.

Essakane is a strong cash flow contributor for IAMGOLD as well as for Burkina Faso. Since the beginning of Essakane's operations, we have contributed 527 million CAD in taxes and royalties to the government. In terms of indirect contribution, we have a strategy for developing local procurement in-country and each year, we purchase approximately 244 million CAD in the local and national economies.

As we are an industry with non-renewable resources, it is important for IAMGOLD to leave behind a positive legacy in our countries of operation. Of our 2,200 employees, 95% are local nationals and only 5% are expats. Ten percent of our employees are female and half of them are in non-traditional positions. Essakane is the biggest mine in Burkina Faso in terms of gold production, and we aim to have a positive impact on developing people as well as small and medium enterprises.

### In 2015, Essakane celebrated its second year of record production. What percentage of total IAMGOLD production is achieved through Essakane?

The record production can be attributed to our discipline in health and safety. In 2015, we also achieved a health and safety record due to a 25% reduction in incidents and injuries. To achieve a positive and efficient production, we firstly ensured that the foundation of our company was safe and secure for our people. By creating a safe working environment, productivity will surely follow. We have team sessions with stretching sessions in the mornings for all of our employees. In these sessions, we also talk about operational and risk conditions in the field, as communication is key for reducing risk and increasing productivity.

In terms of production, we developed last year a new zone called Falagountou, which has helped us in securing more saprolite material. This material is softer in nature than hard rock mining and has helped to increase the throughput and the grade at the mill. In 2015, we produced 426,000 oz of gold,

of which 90% is attributed to IAMGOLD and 10% is attributed to the government. In 2016, we expect to produce between 365,000 oz and 375,000oz.

### What performance improving initiatives is IAMGOLD making in order to reduce cost and improve gold recovery?

We have completed the installation of an intensive leach reactor, which helps in increasing gold recovery. This reactor was commissioned in August 2016. We have also invested in a carbon fines incinerator, which helps us to extract small amounts of gold in the carbon fines that are otherwise difficult to extract. We expect a payback on both these investments in approximately one year.

### To what extent does Burkina Faso's lack of infrastructure hike Essakane's production costs?

IAMGOLD is entirely autonomous in terms of power generation as we are not connected to the national power grid. Thus, we have a 55MW thermal plant that is running on fuel. From this plant, we will ensure that we have enough power for our production and this represents about 35% of our costs. We also look at solar energy to decrease our carbon footprint. The government has been very supportive in making sure that we have the resources that we need for infrastructure development. We also work with SONABEL to provide electricity to the villages surrounding the mine. IAMGOLD aims to be a positive partner to the government in helping them to develop infrastructure in Burkina Faso.

### What strategic exploration or acquisition projects are currently underway to increase IAMGOLD's reserves and resources?

IAMGOLD has an exploration permit surrounding the Essakane mine. Our aim is to extend the mine-life, which will currently end in 2024. We have close to 1 billion CAD in installed capacity at Essakane mine and we will use that capacity to prolong the life-of-mine as much as possible. Extending the mine-life will not only benefit IAMGOLD, but also the employees and the economy of Burkina Faso.

In terms of production, Essakane is a strong contributor to IAMGOLD and we strive to continue playing a large role in developing the capacity of the country.

# Burkina Faso's Golden Promise

High Grades and High Hopes



Photo courtesy of Vital Minerals.

Though international perceptions of the country have wavered, Burkina Faso has consistently remained one of the top five gold producers in Africa since 2012. With a currently calm political environment post-transitional government, over 300 prospective licenses still available, and companies such as Roxgold intersecting 52 grams per tonne (g/t), Burkina Faso is posited as a top mining investment destination for the coming year. Having a less diversified economy, Burkina Faso has dedicated itself to mining over the course of its recent history. Over the past decade, more than nine new mines have come online, and mining entities were largely unaffected by the uncharacteristic violence that occurred in 2014. "The higher gold price in 2016 means renewed investor confidence, and exploration and project development has really picked up," stated Mark Benning, divisional director of AEL Northwest Africa.

Burkina Faso is landlocked, surrounded by Mali to the north, Niger to the east, Benin to the southeast, Togo and Ghana to the south and Côte d'Ivoire to the southwest. Sharing a similar geology to the second and third top gold producing countries Ghana and Mali, Burkina Faso has a flatter terrain with an amiable climate, making it easily accessible and less expensive for achieving production. "Burkina Faso is a perfectly benign place to operate in; it is friendly, safe, relatively low cost to explore, and very amendable to our West Australian exploration style," stated Paul Roberts, managing director of Predictive Discovery, which holds 13 exploration permits within the country.

## Movement from the Majors

The environment is also one of mergers and acquisitions, as purchases and partnerships seemingly change the market dynamic monthly. Endeavor Mining recently bought True Gold, Perseus Mining has acquired Amara Mining, Teranga Gold purchased Gryphon Minerals, and Centamin gained Ampella. Gold producers are taking advantage of healthy balance sheets and stronger cash flow via diversification of their portfolios, and notably, expansion in Burkina Faso.

MNG recently entered the country through the purchases of the Youga mine from Endeavor and the Balogo project from Golden Rim Resources. Upon acceptance of their permit, the Balogo project is expected to reach production before the close of 2016, adding yet another producing mine to the country's export capacity.

Meanwhile, Vital Metals are busy exploring and are upbeat about their prospects. Mark Strizek, managing director, said: "Vital Metals views Burkina Faso as a key asset within our exploration portfolio. When considering the exposure of Birimian greenstone, although a number of mines have come online in the last ten years or so, it still remains a very unexplored province. The excitement is in trying to find an "elephant" deposit, of which Burkina Faso has thrown up many, with still more to come. Our target is to grow and add value to the company by discovering a

multimillion-ounce resource". Vital Metals has already drilled its Kollo gold project with encouraging results.

After its first gold pour in May, Roxgold formally inaugurated its Yaramoko mine on 7th July 2016, bringing Burkina Faso's only underground gold mine into fruition. "We have been producing more than anticipated. We are presently pouring over 10,000 ounces (oz) of gold per month. Our feasibility study had assumed a gold recovery of 96.9% but our processing team have been able to exceed this figure, even attaining 99% recovery in August," noted André Baya, general manager of Roxgold Sanu. "When we requested our mining permit, we had conservatively calculated for 10 years, but with our present performance and ongoing exploration, it is highly probable that we shall extend production to 20 years or more." As of August 31, 2016, the mill feed grade remains a rarely impressive 15.44 g/t of gold.

The Inata mine remains in the hands of Avocet, and Taparko and Bissa with Nordgold. The Bissa mine is undergoing expansion by means of a heap leach operation at the nearby Bouly project. CEO Nikolai Zelenski stated: "This will confirm Nordgold's position as the second largest gold producer in the country, with total production of approximately 400,000 ounces per year. West Africa, and Burkina Faso in particular, is one of the few places in the world where it is still possible to find high quality gold deposits, often at reasonable valuations."

Vincent Morel, exploration manager of West African Resources, would agree, as their Tanlouka gold exploration project has intersected "extremely high grades over the last few months," and they have increased their resource statements to 650,000 oz indicated at 1g cut-off, significantly greater than what was previously announced in 2015.

With an exploration budget of \$20 million, SEMAFO is intent on expanding while managing its current five projects within Burkina Faso, which exist at a range of stages, from their pro-

*"Building good relationships with the communities and ensuring peace is critically important for any mining venture and we continue to give priority to local recruitment. We also chose to get involved at an early stage in community capacity-building and social investment. This resulted in resounding and unanimous support from traditional leaders who, in turn, influenced their people in our favour."*



André Baya, Director General, Roxgold

ducing Mana mine, to the new Natougou project that has commenced construction. "SEMAFO has been quite aggressive in exploration over the last year," said David Lalonde, exploration deputy manager of SEMAFO. "We do not have any projects in the northern part of the country close to the border of Mali, and we do not wish to explore in that area. Our Natougou project is near the border of Togo, Benin and Niger, and fortunately the most problematic issue is small banditry and roadblocks."

## Managing Security

Security tensions are concentrated in the north, predictably alongside turbulent borders. Travel warnings and security restrictions have kept some expatriate management from entering contracted work zones in this area, and skilled, local employees are left with the tasks at hand. "The business climate here is favorable thanks to the government; however, the con-



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Photo courtesy of Roxgold.

tinuing threat of terrorist attacks does make business difficult for us in certain areas of Burkina Faso, especially near the borders of Niger and Mali. There are many mines in these areas but they are within a red zone for foreign nationals, meaning that we can only operate in these potentially very profitable areas in a limited capacity,” explained Pierre Fonkenell, director of Burkina Equipment. “I don’t see any improvement to this situation in the coming years, meaning a dependably increased operational cost.”

Within the central and southern regions of the country foreign nationals continue to conduct business as usual. The terrorist attack in the capital city of Ouagadougou in January of 2016 shows that Burkina Faso is a risk prone destination, similar to most other capital cities around the world given terrorism’s sporadic presence in developed and underdeveloped nations alike. Preventative solutions include greater reliance on technological integration. Sahara Mining Services was the first to bring drones (UAVs) to West Africa, as well as develop an alert system called De-Risk which consolidates data from multiple parties for intelligence mapping. “This system allows you to go onto Google Maps and see if anyone has been robbed on the road you are about to take,” explained Beau Nicholls, CEO of Sahara Mining Services.

Sahara has the largest fleet of auger drills in West Africa, but diversified its operations during the exploration lull of the past few years.

*"The availability of services is key, and they are becoming increasingly easy to source in Burkina Faso. A little more needs to be done in terms of the availability of equipment like dozers, but overall the market is pretty positive."*

**Mark Strizek,**  
Managing  
Director, Vital  
Metals



### Driving Local Content

Though IAMGOLD’s Essakane project lies in the more dangerous north, it continues to push production levels to new heights. “In terms of production, we developed a new zone called Falagountou, which has helped us in producing more satellite material,” explained Bruno Lemelin, general manager of IAMGOLD Esakane. “This material is softer in nature than hard rock mining and has increased our numbers in terms of tonnage and grades.”

In 2016, IAMGOLD is set to produce above 405,500 oz, but their true impact is that of their contribution to Burkina Faso’s econ-

## Beau Nicholls and Aurelien Douyere

CEO and CFO, Sahara Mining Services



### Could you provide us with an overview of Sahara Mining Services and the services it provides in Africa?

**BN:** Sahara Mining Services was formed in 2010 by former employees of the Australian group RSG Global. Sahara started out by providing services for exploration projects. We mostly provided services to companies exploring for gold, but also completed work for a range of commodities including iron ore in Sierra Leone, uranium in Niger and bauxite in Guinea. Today, we provide services for every stage of the mining cycle from exploration to mining to mine closure.

Sahara decided to expand our service capacity in West Africa in 2013. In the last three years, we added a number of new services lacking in West Africa including surveying, geotechnical, hydrogeology, operational improvement along with consulting services targeting higher-level JORC and NI43-101 studies. Sahara introduced surveying services covering both underground and open-pit mining, as well as civil projects. We were the first company to introduce drones (UAVs) into West Africa and have undertaken civil surveying projects for the US Government.

We also provide geotechnical services, including the latest technology in cone penetration test (CPT) drills, which are used to assess the integrity of tailings dams, and standard penetration tests (SPT) drills. These are the latest technology in geotechnical drilling in mine and civil infrastructure and are now available for hire from Sahara within West Africa.

One of our strongest service offered is auger geochemical drilling used in early stage gold exploration. Sahara has 31 Landcruiser mounted Auger drills and an additional seven man portable units, which makes us the largest provider of this service in Africa. Centamin Mining’s (previously Ampella

omy. IAMGOLD’s initial task upon creating the Essakane mine was relocating over 13 villages. Presently, IAMGOLD is the largest private sector employer of the country, excluding its employing many locally owned suppliers and service providers. L’Alliance des Fournisseurs burkinabè de biens et Services Miniers (ABSM) was created in 2009 by IAMGOLD, the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) and the Canadian embassy in conjunction with the Burkina Faso government as a means of organizing and better integrating local supporting businesses.

Within the long list of established Burkinabe ABSM companies, the story of Lochim Logistics is exemplary of successful cohe-

Mining) famous Batie gold project and Semafo’s Siou gold mine were found using Sahara auger drills. Sahara is considered the top 30 meter specialist in West Africa and as such we also have a small air core/RAB rig, and we will soon have an underground diamond rig.

### What security services does Sahara Mining Services offer to its mining clients?

**BN:** Given the increase in terrorist and armed robbery activity, Sahara management has prioritised security as a key issue for our employees and clients. Sahara has formed a joint venture with MS Risk - a professional security services company involved in international security and intelligence mapping.

By consolidating MS Risk data with local mining, services and NGO companies across West Africa, we have developed a detailed alert system called D-Risk LIVE Security Alert System, which is being utilised by a number of mining and service companies. This system allows you to go to Google Maps on your smart phone and see if anyone has been robbed on the road you are about to use or of any terrorist activities in the region.

### How important is West Africa for Sahara Mining Services and where is the company looking to expand?

**AD:** Twelve months ago, the strategic decision was made to invest in an office in Korhogo, located in northern Côte d’Ivoire, capable of serving clients in Mali, Senegal, etc. Côte d’Ivoire is now seen as a top investment destination in West Africa and will be for years to come. Though the Ivoirians have struggled recently with war, the country is doing exceptionally well and very attractive for international investors and miners alike.

sion between private, public and native entities in the assurance of locally experienced ROI. A former logistics coordinator of the Essakane mine, Loze Traore, took advantage of both his experience with IAMGOLD and keen insights on the impending mining legislation changes. “I attended the meeting at the Chamber of Commerce where officials discussed prohibiting multinationals from ordering directly from manufactures,” said Traore, “Thus, I picked niche products, which are lubricants and greases for mining machines, and sought out the manufacturers one by one to establish partnerships.” Positioning himself as the only means of entry to the Burkina Faso mining market, Lochim Logistics was created. The company has since evolved to include chemi-

## Mark Benning

Divisional Director,  
AEL Northwest Africa



*"Burkina Faso is an investor friendly country with untapped potential that offers an exciting future and AEL feels confident that there will be opportunities to grow our business."*

### Can you please provide a brief history of AEL's presence in West Africa?

AEL started operating in West Africa mid-1990s. As a South African based company and subsidiary of Johannesburg Stock Exchange listed AECI Limited, we formed very strong relationships with South African gold mining companies, and when they expanded their operations to West Africa, it was an opportunity for us to follow them. Our original West African base was Ghana, and almost 30 years later, our business has grown to include the North and West African francophone region.

### What positive signs have you seen that Burkina Faso's mining industry has turned around?

The lower gold price over the last two years has been difficult for everyone. Customers were under huge pressure to reduce costs to survive and that was felt by suppliers. Exploration and development activities in the broader West Africa region were deferred and operating mines cut back on exploration budgets, but the higher gold price in 2016 has seen a reversal of these trends.

There has been an increasing number of tenders of late. Burkina is an investor friendly country with untapped potential that offers an exciting future and AEL feels confident that there will be opportunities to grow our business.

### Outside of Burkina Faso, where else do you see significant business potential in the region?

Our main focus will remain Burkina Faso, as it is the country in which we have already invested heavily, and where we see volumes increasing to 50,000 bulk tons per annum over the next 5 years. However, in the short term, there is tremendous potential throughout the Francophone region including the Fekola project in Mali, the Mako project in Senegal and in Côte d'Ivoire Perseus Mining is developing the new Sissingué project. There is also bauxite and iron ore potential in Guinea.

### In terms of AEL's operations as a whole, Southern Africa accounts for 60% of the company's activities and the rest of Africa only accounts for 33%. Would you say this dynamic is starting to change?

There is certainly a shift in our business dynamic. As a South African based company of over 120 years, there has always been a significant focus on South and Southern Africa, but we have operations and legal entities throughout 16 countries in Africa. The entire continent of Africa has a promising mining future and much remains unexplored but prospective and explains

why some of our foreign competitors are investing in Africa. The sales dynamic of AEL is naturally shifting simply because there is increasing interest and investment in mining throughout the rest of Africa.

### What differentiates AEL from other competitors in the market?

We constantly strive to differentiate ourselves through technical and technological ideas and innovation as well as Research and Development, to stay ahead of the competition, remain relevant and add value to our customers operations to reduce their total cost of ownership. At the same time, as a subsidiary of the AECI group of companies, we are able to offer a broader 'mining solution' because our sister companies Improchem and SENMIN manufacture and market water treatment chemicals including coagulants, flocculants, engine coolants and mining chemicals such as xanthates, collectors, frothers and depressants respectively.

### How has the seriousness of implementing safety practices evolved over the years?

Safety is part of the license to operate and, as an explosives manufacturer, safety has been serious business in AEL for more than 120 years. Though our years of 'first to market' experiences included countries where regulatory control was absent or poorly developed, we are well versed in overcoming language and cultural barriers and in transferring our safety culture to all our employees and customers. Products have also become safer to transport, store and handle.

### What are AEL's goals and objectives for the coming years?

Our BIGGER Company values provide us with direction – to be Bold by pushing our performance above and beyond; being Innovative and challenging ourselves to reinvent who we are and what we do; Going Green to ensure a sustainable future; remaining Engaged with our customers embracing a culture of accountability, honesty and inclusivity and, finally, being Responsible by acting in a manner that is mindful of all shareholders interests. We must remain a good corporate citizen, legally compliant and socially responsible wherever we operate.

From a business perspective, AEL would like to enhance both customer and employee satisfaction, grow volumes and market share significantly while diversifying away from gold. We've changed the way we approach new business opportunities and it's definitely showing signs of paying off.

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cal products, aerosols, activator carbons, and more, and is opening offices in South Africa and Canada.

Mineral Resources Services, a Burkinabe geo-services company, is also profiting from the increase in demand for local content. "We are currently conducting a power drilling campaign for SEMAFO as they prepare to bring a new mine online in 2018," stated Amadou Maman, geologist and general manager of Mineral Resources Services.

With three power auger drilling machines, Maman plans to increase their capacity to 20 auger drills and diamond drilling rigs in the short term. "The dark clouds of the past few years have cleared, and we are optimistic about how the mining sector, and our business, will develop," Maman said, in reference to the increase in gold prices and investor confidence in his country.

**The Challenge of Change**

While the new mining code placed greater regulatory emphasis on maximizing local content, bureaucratic idiosyncrasies still hamper fluidity. "Burkina Faso is struggling to provide an efficient mineral tenure system. This is mostly due to the political transitions of the last two years that have resulted in several changes to the mineral tenure administration systems and personnel," explained Simon Meadows Smith, managing director of SEMS.

*"The future of mining is here in West Africa. Apart from the political instability of the past, Burkina is one of the best destinations for mining companies given the advantageous code that has been passed and the resources within our soil.*

*About 300 permits are available and waiting to be explored."*

**Loze Traore,  
Managing  
Director, Lochim  
Logistic**



The changes in government and legislation resulted in some systematic errors and disagreements that are still in the process of being resolved: "For example, one of our mining clients is struggling with tax regulations in relation to their use of water," said Emmanuel Yonli, partner at SCPA KAM & SOME law. "This particular company had a water usage tax exemption from the previous government, but the current government wants to repeal the exemption considering the fact that, legally, all entities should be taxed based on water consumption."

SCPA is not fighting the repeal of the exemption, but rather that the company not be liable for past taxes under the previous administration. SCPA has evolved its practice in accordance with the mining code changes over the years, and are optimistic about how the changes will evolve once the initial kinks have been smoothed. The code's newly enacted anti-corruption law aims to bring greater transparency and clarity to the governance of the industry, enacted in collaboration with a firm increase in state revenues and a non-wavering obligation for mining companies to protect human rights.

**Mining as a Means of Moving Forward**

In the grander picture, Burkina Faso is following the trend of other African nations to improve upon both mining regulation and implementation in hopes of sustainable economic growth. During the West African gold mining boom of the early 2000s, Burkina Faso did not take part due to its less attractive fiscal policy, but the government has properly realigned its priorities to ensure this mistake is not repeated during the next gold price hike. "As we come out of the global financial crisis, investors everywhere are gazing at Africa. I think this is our time, and it is our chance to bring Africa out of poverty," stated Bassole Boubacar, director general of Sorexmines.

Burkina Faso is one of the world's poorest countries, ranking 183rd out of 188 countries in the Human Development Index. Approximately 45 percent of the population lives on less than

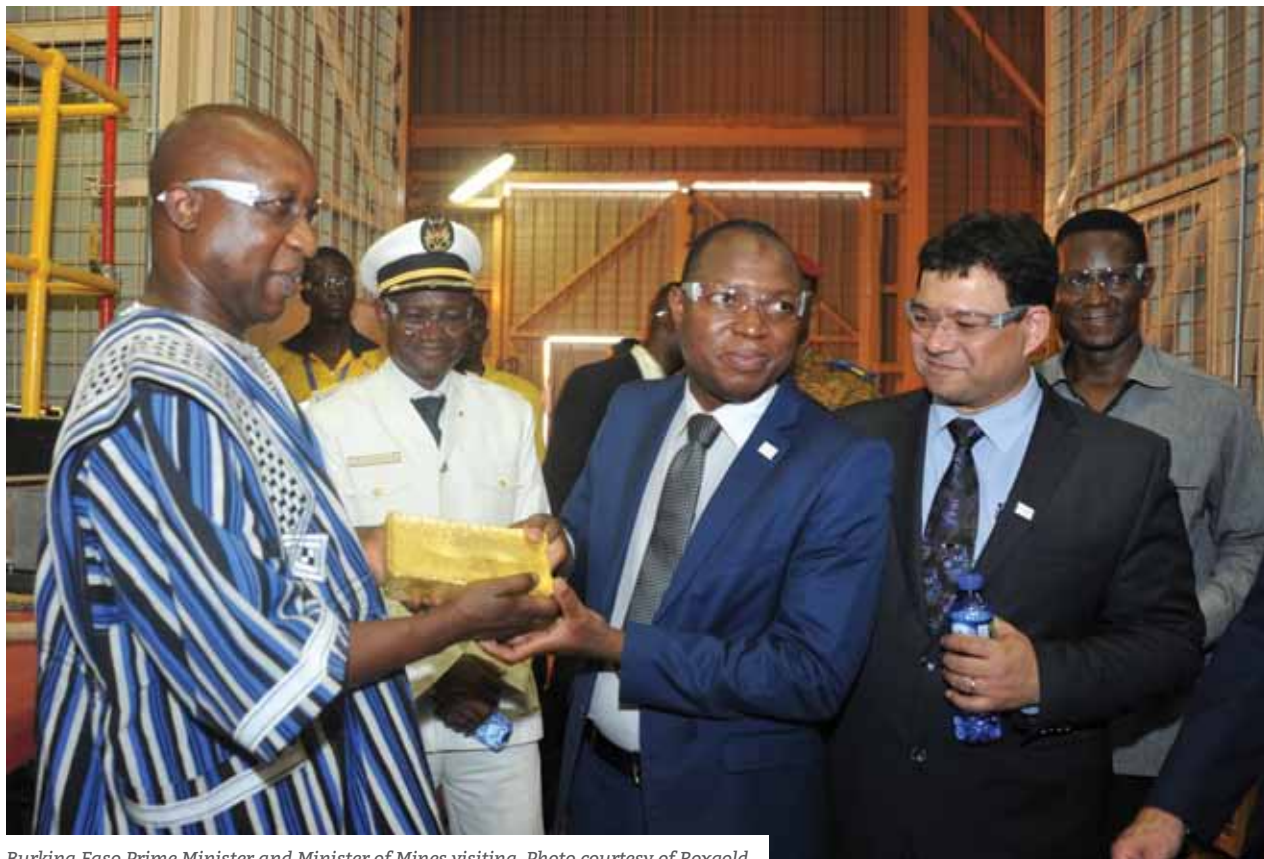
*"West Africa and Burkina Faso in particular is one of the few places in the world where it is still possible to find high quality gold deposits, often at reasonable valuations. Despite the recent security problems and some other serious issues which the mining sector faces in Burkina Faso, we are hopeful the government will continue to ensure the country benefits from its natural resources, while providing a stable political and economic environment enabling companies to invest for the long term."*

**Nikolai Zelenski, CEO, Nordgold**

\$1.25 per day, which is why integrated training, education, and knowledge transfer are offers more valuable than gold for the Burkinabe people.

"If a company invests in corporate and social responsibility, they can be assured that conflicts will be avoided. The local people in Burkina Faso are very honest and hardworking," said Grant Palmer, country manager of Geotech Drilling.

Steadfastly and unwaveringly, Burkina Faso is vamping up its stature as a mining destination investors cannot ignore.



Burkina Faso Prime Minister and Minister of Mines visiting. Photo courtesy of Roxgold.



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## Emmanuel Yonli

Partner,  
SCPA KAM & SOME



*"It is not difficult to incorporate a company in Burkina Faso. The legislation has been reformed in such a way that investors are eased into the country in a hassle free manner."*

### Can you give a brief overview of SCPA and its involvement in the mining industry?

SCPA KAM & SOME is a law firm that was established in 2008 by two former judges. Now it has four lawyers and four jurists, specialized in different fields of law including commercial law, mining law, investment law, labor law, environmental law, etc. SCPA KAM & SOME concentrates on business law, and some of our main clients are mining companies, including two exploitation companies and four exploration companies. We are also involved in the banking system, and out of the 14 banks in Burkina Faso, five are our customers.

With the amount of new mining investment that is coming into Burkina Faso, the mining sector might be playing a bigger role in our company in the future. Due to our membership with LEX Africa, the most important alliance of law firms in Africa, SCPA KAM & SOME is getting a significant amount of assistance enquiries from foreign investors.

### How difficult is the process of becoming registered as a mining company in Burkina Faso?

It is not difficult to incorporate a company in Burkina Faso. The legislation has been reformed in such a way that investors are eased into the country in a hassle free manner. Impending companies are provided with all of the information needed to set up and within one week they can be registered. The entire process is conducted through one consolidated office.

### What other alterations to the mining code have brought significant change?

The changes brought by the new mining code in June 2015 have not truly been implemented yet. It is a slow process. With the implementation of the new code, the State, as a 10% stakeholder of all mining companies, benefits from priority dividend. The change that has been introduced relates to the priority of the dividends of the State. The priority dividends must be served to the State prior to any allocation of distributable earnings. That was not the case under the previous mining code.

More significant changes have been introduced regarding the tax and customs regime during the exploitation period. For example, in the previous code, during the exploitation period, companies were subject to the tax on profits at the standard rate (which is 27.5%) reduced by 10 points. The new code provides that exploitation companies are subject to the tax on profits at the standard rate.

### What can SCPA offer to the mining industry as a local, experienced service provider?

The most important service that we offer to mining companies is employee management, and we will assist them in every aspect regarding labor law. Employee management might be difficult for multinational companies employing local workers, as there is a difference in legal culture. We are a local company that understands the country's people, rules and regulations, and thus we can efficiently assist international companies with the employee issues that may arise, as well as work to prevent problems with human resources in the future. Building the proper human capital is vital to a successful mining operation, just like any other business.

As a bilingual firm, we can provide services and reports in both French and English to eliminate the language barrier that would otherwise cause even further confusion. We plan to increase the number of lawyers of the firm and to complete the ISO certification process in 2017.

### What does the new mining code offer for the future of the mining industry in Burkina Faso?

The mining code provides for lots of advantages for investors, notwithstanding the changes brought in terms of human rights and the tax regime. For example, the new code guarantees national treatment to foreign investors and provides for tax and customs concessions and exemptions. It guarantees the stabilization of the tax and customs regime to investors for the duration of the mine as provided for by the feasibility study without exceeding 20 years. The new code also guarantees investors the right to transfer funds on fairly flexible terms.

### What are SCPA's goals for the coming years?

We plan to increase the number of lawyers of the firm and to establish in 2017 the ISO certification process. SCPA would like to reach out to foreign investors and invite them to reap the benefits of doing business in Burkina Faso under our purview. Our strategy is to provide comprehensive assistance to our clients to secure their activities in Burkina and the West African region and OHADA member countries and to become recognised as a leading law firm in country and region.

## Conclusion

### Future Outlook

West Africa's mining industry holds all the ingredients for success, with particular countries that stand out as the most attractive for investment. The gold scenario is currently highly favorable and carries an intimation of longevity. Previous deterrents, such as political and economic stability, which are essential to growth and investment, are becoming less of a concern in many countries across the African continent. Africa's Francophone countries, in particular, are finally demonstrating a balanced and sustainable environment, alongside promising mining prospects.

With the potential to greatly benefit from the strengthening gold price, governments are increasingly aligning their focus on the mining industry with their strategic economic objectives and offering incentives to attract investment to their respective regions. Ongoing infrastructure improvements and good flight connections between countries carry promise of improved logistics support.

Organizations such as the Economic Community of West African States (ECOWAS), that has recently been working on harmonizing policies and mining regulations between member countries, seek to promote cohesion and economic integration. "The legal and financial framework makes the region very attractive with harmonized law for the eight countries in the West African Economic and Monetary Union (UEMOA) and the one central bank," explained Hervé Boyer, Côte d'Ivoire country manager at Standard Bank. "We cannot think of each country as an individual unit, but must consider the region in its entirety."

Whilst there is a drive to harmonize the West African region, some countries stand out due to their sustainable stability and attractive business environment. Côte d'Ivoire, for example, has seen particularly promising growth and GDP is forecast to grow at about 8% over the next few years according to the International Monetary Fund (IMF).

Exploration companies are showing increasing interest in countries such as Côte d'Ivoire and Burkina Faso, particularly in light of Randgold's recent success story. The rise in gold prices since the start of 2016 has also allowed many companies to resume operations and re-commence projects. While security threats in some areas of Burkina Faso continue to cause issues for companies operating in the area, the concerns are becoming less pronounced.

Local transformation (or a lack thereof) is likely to be the main challenge going forward for many West African countries across all industries. "We transform only a very small portion of what we produce locally," said Boyer, in reference to Côte d'Ivoire's overall output. "On average, I believe we transform about 25%

*"We are seeing a lot of investment from France, Turkey and China, among other countries. Côte d'Ivoire is very attractive right now, with stable currency and low inflation."*

Eric Kondo,  
Managing  
Partner, Mining  
Consulting  
Services



of goods locally at best, and I hope the government has an objective to increase this figure to 50%."

Adding milling capabilities would be of huge benefit to the region's mining sector, and would allow countries to further capitalize on the favorable gold prices and operating conditions. Long filled with promise, the time for investment in West Africa's mining sector, and particularly in previously underexplored countries such as Côte d'Ivoire and Burkina Faso, is ripe. Planned infrastructure development, a newfound political stability and updated attractive regulations suggest that the favorable business environment for mining will be sustained well into the future.

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