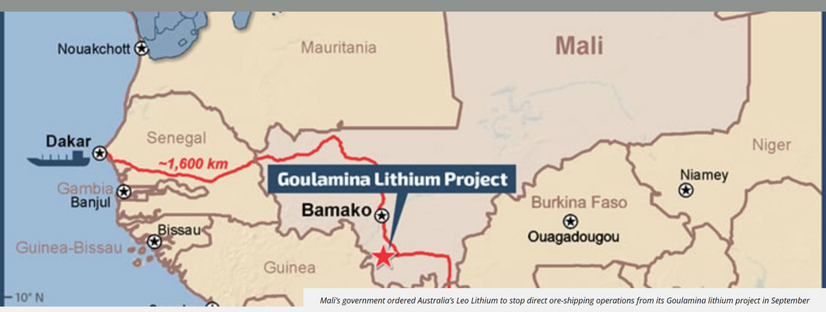
MINING NEWS SELECT
EXCEPTIONAL INVESTMENT OPPORTUNITIES SELECTED BY MININGNEWS.NET
REGISTER NOW
#MNSPerth

West Africa's spate of coups clouds prospects for new mining projects

A series of coups in West Africa is unlikely to cause large-scale disruption to existing mining projects, but it makes the region less attractive for future investment.



Mali's government ordered Australia's Leo Lithium to stop direct ore-shipping operations from its Goulamina lithium project in September

Mine Risk Management > Politics

11 September 2023

Comments

David Whitehouse

The area has seen eight coups since 2020: Mali in both 2020 and 2021, Guinea and Chad in 2021, Burkina Faso, twice, in 2022, and Gabon and Niger this year.

The stakes are high in mineral terms. Niger's two uranium mines provide 7.5% of world mining output, and the country is the second-largest supplier of natural uranium to the EU. Mali is among Africa's top four gold producers, while Guinea is the world's second-largest producer of bauxite. Gabon is the world's second-largest supplier of manganese.

The effect on mining activity to date has been uneven. Mali's government ordered Australia's Leo Lithium to stop direct ore-shipping operations from its Goulamina lithium project in September. Canada's Thor Explorations said this month that it's considering pulling out of Burkina Faso. Some companies have not been deterred from pressing ahead. Canada's Myriad Uranium in August exercised an option to take an 80% stake in 1,800 km^2 of Niger uranium exploration licenses.

There is a spectrum of countries affected by the coups, ranging from those where business can continue largely unaffected to those where security is a major concern, says Theophilus Adoko, mining policy lead at the Africa Centre for Energy Policy in Ghana.

In Guinea and Gabon, he says, there was an element of "weariness" of the longevity of the previous regimes and a desire for "fresh faces" in government. The consequences for mining here may be limited. In Guinea, the mining code has been revised to oblige all mining companies to repatriate at least 50% of their export revenues, but the country is planning to improve transport infrastructure for Rio Tinto's Simandou iron ore project.

NEW ON PNG REPORT
THE MOST COMPREHENSIVE ENERGY NEWS COVERAGE ACROSS PNG
WHAT'S NEW IN ENERGY?

Future projects more likely to be affected

Future projects are more likely to be the victims than existing one, Adoko says. Investors will be wary of the tendency of the region's military leaders to adopt populist policy stances as a method of legitimizing their regimes, he argues.

Perceptions among citizens that they are not getting the full benefit of a country's minerals make mining an obvious target for such populism. He cites the case of Mali, which in August increased the stake that the government can take in mining projects to 30% from 20%. The country's revised mining code also creates a set-aside of 5% for local private investors.

In Mali, Niger and Burkina Faso, Adoko says, the coups were not just a change of regime but a response to live security threats from jihadist insurgencies. In these countries, there are "jihadists all over," and the insurgents are even more determined to wage combat against a military regime. Jihadists have taken control of about 40% of Burkina Faso's territory since 2015.

Off the radar?

The Global Terrorism Index for 2023 shows that deaths in the Sahel accounted for 43% of the global total in 2022 versus 1% in 2007. Burkina Faso and Mali contributed 73% of the Sahel's 2022 terrorism deaths.

So more extensive security is essential. But greater use of armed security creates new risks, says Tony Harwood, chief executive of Montero Mining & Exploration. Security units which are becoming stronger may turn to taking over mining operations or holding them, or personnel, to ransom, says Harwood, who has worked in countries across the region.

Harwood says that southern and eastern African jurisdictions such as South Africa and Tanzania have become less attractive due to corruption and expropriation. The West African coups, he says, create the risk that Africa could slide off the radar for Western mining investors.

Adoko doesn't see any West African winners, either in the coup belt itself, or in non-coup countries such as Ghana and Nigeria.

Ghana, which defaulted on its debt in 2022 and is struggling to meet conditions for a further IMF cash bailout, faces an increased risk of instability, he says. The Ghanaian military may be emboldened by the successful coups: "it's something the government is quite worried about."

Nigeria, despite largely untapped mineral resources including iron ore, bitumen and gypsum, remains heavily dependent on oil.

The government aims to increase mining's GDP contribution from 0.4% in 2020 to 3% by 2025. Adoko is sceptical that activity can quickly off due to long standing problems in the country's energy supply and transport infrastructure. Nigeria, assuming civilian government continues, can become a more attractive jurisdiction in the long term, he says. But in the short term, "no country in the region can really benefit."

FUTUREOFMINING PERTH
ACCELERATE YOUR ROADMAP TO ZERO HARM, ZERO ENTRY AND ZERO EMISSIONS
REGISTER NOW

Elevate Uranium buoyed by discoveries and beneficiation process
ELEVATE URANIUM SPONSORED

Most read Mine Risk Management

Topics

West africa | Coup | Theophilus adoko | Africa centre for energy policy | Montero mining | Tony harwood | Montero mining and exploration | Mali | Guinea | Chad | Ghana | Niger | Nigeria | Burkina faso | Gabon

COMMENTS

Add a comment as David

Newest Oldest Popular

RELATED ARTICLES

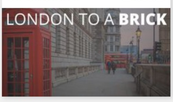
No end to the Endeavour as Tanda-Iguela Ivory Coast project progresses

Extended mine lives & accelerated new projects drives growth for west Africa's largest gold producer...

EVENTS 30 MAY 2023

Turbocharged private equity roars back

LONDON TO A BRICK 22 AUG 2023



Funding trends for critical metals projects

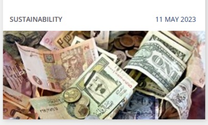
ENERGY MINERALS NEWS 10 MAY 2023

EU and US announce support for Africa's Lobito corridor

COPPER NEWS 11 SEP 2023

The conflict between ESG and valuations

SUSTAINABILITY 11 MAY 2023



RESEARCH REPORTS
Read the Mining Journal Intelligence Project Pipeline Handbook 2023