

New Mali mining law could boost state, local interest in projects to 35%

By [Felix Njini](#) and [David Lewis](#)

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Mali's military-led government is in talks with gold miners over proposed changes to its mining law that could see it boost state and private Malian interests in new projects to 35%, from up to 20% today, according to a draft of the new code seen by Reuters.



Crushed ore is transported on a conveyor belt. Source: Reuters/Hereward Holland

The government announced the review of the mining code in January after it said an internal audit had shown that Mali, one of Africa's biggest gold producers, was not receiving a fair share of profits while granting too many tax breaks.

The draft, dated June 17 and verified by three sources close to the talks, shows the government aims to take a direct 10% stake in mining projects once a permit has been issued, entitling it to 10% of dividend payments.

It would give the state the option to buy an additional 20% within the first two years of commercial production, possibly through a newly created state mining entity.

International investors would have to cede a 5% stake to locals, the document said.

Mali's current mining law, passed in 2019, gives the state the right to 10%, with the possibility of acquiring a further 10% stake.

A separate bill within the law would ensure miners employ more locals to top positions, transfer skills and technology, and place a cap on expatriate salary costs, the sources said.

A spokesman for Mali's mines ministry declined to comment on the draft, saying no law has been proposed so far to the country's transitional parliament.

Barrick Gold, the world's number two gold miner, and Canadian rival B2Gold are among the biggest producers and have been expanding output in Mali, even amid frequent changes in government and rising insecurity.

The two are among a number of miners taking part in talks with the government, which is keen to claw more revenue from a sector that has remained attractive despite coups and a deadly Islamist insurgency.



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Regulatory uncertainty

Barrick is "confident that through constructive dialogue", Mali would be able to maintain its attractiveness as an investment destination, the Toronto-based miner, which has operated in Mali for over two decades, said.

"As in any generation-long relationship, there have been occasional differences of opinion between the partners, but these have always been resolved through constructive dialogue," a spokesperson said, adding that it was engaging with the government on the code "in the same spirit".

The government already holds a 20% shareholding in mining projects such as Barrick's Loulo-Gounkoto and B2Gold's Fekola.

Both mines are among the biggest on the continent and this year, Loulo-Gounkoto is forecast to produce about 560,000 ounces of gold while Fekola is aiming for about 610,000 ounces.

Resolute Mining and Hummingbird Resources also operate in Mali.

The proposed changes represent a source of regulatory uncertainty for a sector that has been relatively shielded from the turbulent political and security landscape in recent years, said Mucahid Durmaz, senior West Africa analyst at Verisk Maplecroft.

"As the junta needs to boost state revenues, the change will likely encourage more state interventions such as demands for re-negotiating mining contracts, introducing additional taxes, and temporary suspensions of mining projects," Durmaz said.



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Discussions in early stages

Discussions with the government over the new rules are "encouraging and healthy" and are expected to continue over the coming months, B2Gold CEO Clive Johnson said.

Johnson said he had not seen the draft document and declined to comment on government demands, saying discussions are still in early stages.

"There is a lot of discussions going on which is very healthy, and we are confident we can find common ground going forward," he said.

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