

Australia-Africa Mining & Energy News Brief

SUPPORTING AUSTRALIAN MINERALS AND ENERGY SUCCESS IN AFRICA

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Below, please find the latest edition of **AAMEG News Brief**, a quick summary of the latest mining news and developments in Africa affecting Australian companies. This week's stories are brought to you by African Geopolitics and various news outlets as referenced.



Africa

2018 CEO Forum

At the recent forum held in Abidjan, economic capital of Côte d'Ivoire, a sector of African business leaders operating in 16 different industry sectors were questioned in a survey of the business environment in Africa. According to the study led by Jeune Afrique Media Group and Deloitte, 73% of the business managers surveyed were 'very optimistic' about the economic outlook of Africa for 2019. The top ten countries that were particularly attractive to them were; **Côte d'Ivoire, Rwanda, Kenya, Ethiopia, South Africa, Ghana, Morocco, Nigeria, Senegal and Tunisia.**

The creation of the African single market and the continental free trade zone (to date ratified into law by forty-one of the signatory countries) was well viewed by the participants in the survey. Eighty percent believing the free continental-wide free trade zone will be a lever for growth and will open up new development opportunities

Asked about the main obstacles that prevent them from deploying and implementing their

strategic plan, African leaders cited the 'business climate' and 'political instability' (31%) as the main obstacles. Their next concerns were constraints on human resources (17%) and finance (16%). As for risks, 31% of executives mentioned 'financial risks' and 27% to point to 'operational risks'.

Report based on source: *Jeune Afrique* online news - Economy and finance, 26 March 2019
<https://www.jeuneafrique.com/754355/economie/des-patrons-tres-confiants-en-lavenir-economique-du-continent-selon-le-barometre-devoile-par-deloitte-et-jeune-afrique-media-group/>

Burkina Faso

Nordgold expands investment in Burkina Faso

Nordgold has more than doubled capital expenditures in the development of its three mines in Burkina Faso. This equates to over USD145-million in 2018 from USD62-million in 2017, highlighting its status as one of the country's largest gold producer, and a major economic contributor to the country and local communities. Nikolai Zelenski, CEO of Nordgold, says: "Since 2009, we have invested over USD1-billion into Burkina Faso. The launch of the Bouly mine in 2016 confirmed our position as the second largest gold producer in the country, with total production of over 360 thousand ounces per year." Capital expenditures included investments in exploration, development and maintenance, as well as capitalised stripping.

Source: *Mining Review Africa*

Algeria

The Bell Tolls for the Bouteflika regime

The departure of Abdelaziz Bouteflika is only a matter of days. Resignation, dismissal for sickness or expiry of the fourth term of Office on 28 April, the modalities remain to be defined, but the end is inevitable. President Bouteflika is being abandoned by those who swore deepest allegiance to him only a month ago, bringing down a 'system' which took twenty years to build and only five weeks to destroy.

The last defection, that of Bouteflika's long term ally and strongest supporter outside of his own family circle, General Ahmed Gaïd Salah, Deputy Minister of defence and Chief of the

army staff. Caïd Salah had said "with Bouteflika to the death!", but it is he who has driven the final nail in the president's coffin. On his way to Ouargla in southern Algeria on 26 March, the General suggested that Article 102 should be activated. Article 102 of Algeria's constitution allows the constitutional council to declare the presidency vacant if the incumbent is too ill to exercise his functions. The leader of the upper house would then take over in a caretaker capacity for 45 days.

Mining industry players had begun to build understanding and links with elites and government officials, but the road ahead will not be easy with many dangers and potential pitfalls for the unwary foreigner.

Not a surprise but worrying for a fledgling mining industry finally seeing official encouragement as to its emergence, with the continuing failure of oil and gas to sustain needed national revenues.

Report based on source: Jeune Afrique, 'Algérie : Abdelaziz Bouteflika, the roi est nu' <https://www.jeuneafrique.com/mag/755877/politique/algerie-abdelaziz-bouteflika-le-roi-est-nu/>

Chad

A stable country?

In northern Chad between 3 to 6 February 2019 and at the request of 'the authorities', French Mirage 2000 fighters attacked and destroyed a column of some forty heavily armed pickups coming from southern Libya. Some two hundred and fifty men were killed, described as "terrorists and mercenaries" by the regime of President Idriss Déby Itno. In reality, these men were Chadian opponents belonging to the UFR (Union of resistance forces), led by Timan Erdimi.

Timan Erdimi is a member of the Bidyat clan from the Zaghawa ethnic group who does not conceal his goal: the overthrow of his uncle, the President Idriss Déby Itno. Despite past differences, various rebel groups had agreed on January 19, 2009 to unite under the common banner of the UFR led by Timan Erdimi, "allowing us to better fight against the ruling regime". Timan Erdimi had spoken scornfully of the improvements Déby had made to his military, saying that he "should have bought robots for his new tanks and planes... because he won't find anyone to drive and fly them when we attack."

It seems that Erdimi may have been right, as when in early February 2019 an attack on N'Djamena seemed eminent, President Déby Itno had to call on the French force 'Barkhane' to attack the column descending on the capital (reminiscent of the attack on Bamako in January 2013). For their part, the armed forces of Chad, staffed mostly by members of the Zaghawa ethnic group, the same

ethnic group as Déby Itno and Erdimi, did not seem moved by the President's call to defend N'Djamena against their own relatives.

Continuing to support a useful and long-enduring autocrat in President Deby Itno, a key partner in the G5 Sahel and its 'pillar of strength' in the fight against illegal emigration and jihadism, France may have been manipulated into supporting a dictator and violator of international laws, as claimed by the UFR. On the other hand, France may be shutting its eyes while the regime is being useful to its interests and objectives.

Report based on source: RFI Pure radio, « Géopolitique, le débat : Tchad/France : les liaisons dangereuses » <http://www.rfi.fr/emission/20190330-tchad-france-mirage-2000-libye-deby-barkhane-militaires-g5-sahel>

Gabon

Gabon Oil Company farms into BW Offshore's Dussafu licence

BW Energy Gabon ('BWE'), a subsidiary of BW Offshore and the operator of the Dussafu licence, has entered into an agreement with Gabon Oil Company (GOC) for the acquisition of a 10% interest in the Dussafu production sharing contract. The transaction is subject to the fulfilment of certain conditions precedents, including approval from the government of Gabon and entails payment by GOC of USD28.5-million, representing a reimbursement equivalent to 10% of development and production costs from April 2017 and to-date. GOC's interest will be retroactive from the date of First Oil, being 16 September 2018, and GOC shall assume 10% of historical costs as authorised by the government of Gabon.

Source: *Energy Mix Review*

Ghana/Guinea

Ghana and Guinea to cooperate on development of bauxite industry

Ghana and Guinea are set to begin discussions for bilateral cooperation in bauxite industry development, similar to the trade cooperation between Ghana and Ivory Coast in the Cocoa sector. In a brief interview with the media after the meeting, Vice President Bawumia indicated: "You know what we are trying to do in the extractives sector as far as bauxite is concerned is quite similar to Guinea but different in many perspectives. Guinea has the bauxite resources and they have the mine. We are trying to move up the value chain by not just doing mining but also refining. After refining we have VALCO to smelter".

Source: *3 News*

Kenya

Gemstone value addition centre set to open in Voi

Kenya will open a Sh50-million mineral centre in Voi, Taita Taveta to add value to gemstones before selling them abroad in raw form. Voi sub county commissioner Joseph Mtile said plans are at an advanced stage to open the centre that will transform the gemstone industry not only in Taita Taveta, but also in neighbouring counties like Makueni, Kitui and Kwale. This will set the stage for the government's move to ban the export of uncut gemstones that had been set for 2018. Taita Taveta is endowed with various gemstones including Tsavorite, rubi, tourmaline, red garnets, green garnet, Tanzanite and iron ore.

Source: *Business Daily*

Mozambique

Anadarko contractor killed and six injured in two attacks

Giving a final update on the security events that occurred on February 21, 2019, Anadarko reported on 5 March that two separate attacks had occurred at a village on the road from Palma to Mocimboa da Praia, approximately 20 km away from the construction site of Anadarko's future onshore LNG facility in coastal northern Mozambique. The attacks resulted in six contract personnel sustaining non-life-threatening injuries and one fatality.

Recurring serious insecurity problems have multiplied in this region of Mozambique, driven by general poverty and the lack of government supported moves to address the problem of socio-economic inequalities, most especially between Christians and Muslims. Some Muslim youths from the region have been influenced by fundamentalists from Somalia and last year, began calling for the establishment of an Islamic State in northern Mozambique.

The Government recognized the endemic poverty and inequalities resulting in insecurity in this region of northern Mozambique and has focused additional attention and action. Given this response from the authorities Anadarko continues moving its project towards FID. The size of Anadarko's gas reserves are presently delineated as being approximately 75 Tcf, or some three times larger than the Woodside JV's Northwest Shelf.

However, security issues are not going to go away easily and augur poorly for efforts put towards the future development of the region.

Report based on source: Anadarko Home/News/Flashfeed/Mozambique update March 5
<https://www.anadarko.com/News/Flash-Feed/Mozambique-Update-3/>

Mozambique's insurers negotiate requirements to participate in natural gas projects

The requirements set out by foreign groups for the participation of Mozambican insurance companies in natural gas projects are being negotiated and may be revised, said the president of Mozambican insurance company Emose. Joaquim Langa said that the requirements "completely removed the possibility of participation of Mozambican insurers," and added that Emose was already working with the Mozambican subsidiary of US group Anadarko Petroleum, "to find a solution that fits the reality of the country." One of the problems focuses on reinsurance, "and the focus is for Mozambican companies, led by Emose, to take on 100% of the risk, a significant part of which will be passed on to re-insurers deemed by the foreign groups to meet requirements."

Source: *Macau Hub*

Nigeria

Nigeria to sell stakes in joint ventures with oil firms to boost revenue – Udo Udoma

Nigeria plans to cut its stake in joint oil ventures with multinational oil companies to 40% this year, its budget minister said, as the country seeks to boost revenue to grow an economy recovering from recession. Oil companies including Royal Dutch Shell, Chevron and Exxon Mobil Corp., operate in Nigeria through joint ventures with the state-owned NNPC. NNPC owns 55% stake in its joint venture with Shell and 60% stakes with others. The government has considered reducing its majority stakes in these joint ventures for more than a decade but was under little pressure as higher oil prices boosted state coffers. Budgets under Muhammadu Buhari have been Nigeria's largest ever and the government has been seeking to boost revenue after it emerged from a 2016 recession two years ago.

Source: *Energy Mix Review*

Tanzania

Tanzania, Qatar forge cooperation in investment on gas, mining and tourism

Tanzania and Qatar have pledged to build up cooperation in investments in gas, mining, tourism and infrastructure, the State House said. The two countries promised to strengthen their bilateral relations during talks between President John Magufuli and Qatari Deputy Prime Minister and Minister for Foreign Affairs, Mohammed bin Abdulrahman bin Jassim Al Thani, said a statement released by the Directorate of Presidential Communication. The statement issued by State House in the commercial capital Dar es Salaam said President Magufuli assured Qatar of Tanzania's determination to work closely with foreign investors. Tanzania has more than 57 trillion cubic feet of total estimated recoverable natural gas reserves.

Source: *Xinhua Net*

300MW wind farm on the cards for Tanzania

Japan's wind energy developer Eurus Energy has acquired a share in Winlab Africa, a subsidiary of the Australian group Winlab Limited, with an investment of USD10-million. The money will be used to finance several projects, including the Miombo Hewani wind farm in southwest Tanzania. The development of this project will require a total investment of USD750-million, making it the largest wind power project in Tanzania. The Miombo Hewani wind project will be implemented in three phases of 100MW each. The first involves the installation of 34 wind turbines for an investment of USD250-million. This project also includes the construction of a high-voltage line for the transmission of energy from the park to the Makambako substation, where the energy will be fed into the national grid.

Source: *ESI Africa*

Another step forward for Tanzania's LNG plans

The East Africa state is keen to conclude an agreement later this year. Tanzania's efforts to join the global LNG supply race before it's too late have made further progress with the energy ministry's announcement that project negotiations with Equinor and other international oil companies will start in early April and conclude in September this year. In late March, Energy minister Medard Kalemuni met with Equinor senior vice president Mette Ottøy in Dodoma to discuss the timetable for talks over the construction of LNG export facilities at Lindi in southern Tanzania and the terms of gas sales.

The meeting was also attended by Kapuulya Musomba, acting chief executive of the Tanzania Petroleum Development Corporation, Charles Sangem, the acting Director General of the Petroleum Upstream Regulatory Authority and other energy ministry officials, according to a ministry statement.

The ministry said the government had decided to implement the LNG development due to its potential impact on the Tanzanian economy and that Equinox's Ottøy had also said Equinor was committed to the project.

The announcement suggests the government is hardening its commitment to getting a deal done with the IOCs, after years of vacillation over how-or indeed if--the country should export offshore natural gas resources in the Rovuma Basin. Those keen to strike a deal acceptable to the IOCs seem to be gaining the upper hand over political factions pushing for a bigger government take in terms of revenues and gas from the development.

Equinor and partner ExxonMobil hold the license for Block 2, whose reserves are estimated at more than 20 trillion cubic feet (cf) of gas in place. Shell is the operator on nearby Blocks 1 and 4, with estimated reserves of around 16 trillion cf of recoverable gas.

That's ample for an LNG development-Equinor has previously mooted building a 7.5mn tonne a year facility, though, with Shell keen to explore a joint development, the final form

of the project has yet to take shape.

While Tanzania has procrastinated over what to do with its reserves, neighbouring Mozambique has paved the way for a possible three distinct LNG export developments on its side of the Rovuma Basin, just across the border. One, Eni's 3.4mn tonnes a year Coral South floating LNG project has already been sanctioned and is due to start exporting in late 2022. The other two onshore projects, led by Anadarka and ExxonMobil, are said to be nearing final investment decisions.

It remains to be seen whether the advent of formal negotiations in Tanzania can produce similar results. Tanzania's discoveries are smaller thus far than those in Mozambique and the seabed geology where some of the largest finds have been made are more complex.

But there will certainly be a sense of urgency that could focus minds. Even if the talks yield a Host Government Agreement later this year, it is unlikely that the first exports could take place before 2026 at the earliest.

Predicting how supply and demand in the global gas market will evolve beyond the late-2020s is not easy, so Tanzania may only have a limited window of opportunity if it is to attract the investment needed to join the ranks of global LNG exporters.

Source the Petroleum Economist

<https://www.petroleum-economist.com/articles/politics-economics/africa/2019/another-step-forward-for-tanzanias-lng-plans>

Uganda

Ugandan government seeks Shs847-billion for stake in oil pipeline

Government through the Uganda National Oil Company (Unoc) will require between Shs578-billion and Shs847-billion to finance its equity stake in the proposed East African Crude Oil Pipeline (EACOP). The exact financing structure is still being worked out but sources familiar with the matter told Daily Monitor that if the ongoing negotiations agree to-debt-to equity ratios of 60:40, Unoc will have to mobilise Shs847-billion as its take; if the debt to equity ratios is 70:30, then Uganda's financing will be in the ranges of about Shs578-billion. Unoc's equity stake in the pipeline is equivalent to 15%, which government similarly carries in each of the 10 production licences so far issued for the oil fields.

Source: *Energy Mining Mix*
