

Australia-Africa Mining & Energy Geopolitical News Brief



SUPPORTING AUSTRALIAN MINERALS AND ENERGY SUCCESS IN AFRICA



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Africa - General

Rare earths price surge in China

Neodymium prices surged towards \$50 000/t on the Shanghai Metal Market on Friday, as rare earths hit centre stage in China's trade dispute with the US, ASX-listed Pensana Metals said in a statement on Monday. The company added that the price surge followed a public visit by Chinese President Xi Jinping to one of the Asian country's leading rare earths magnet makers last week. Pensana mentioned that he had been accompanied by China's lead trade negotiator in the dispute with the US.

According to the company, some commentators have interpreted this as a clear warning that China could make a weapon of its near-dominant position in the rare earth magnet sector – which is crucial to electric vehicles, wind turbines and a range of military, medical and clean energy technology applications.

According to Pensana Resources, Chinese companies control 87% of the world's magnet metal production and that in these companies' view there are 60-70 rare earth projects around the world and that, for one reason or another, few are likely to succeed. Pensana on the other hand, believes that the Ongonjo Project in central Angola, 315 km from the coast and close to necessary infrastructure, ranks one of the world's largest and highest grade NdPr deposits and a project that will succeed.

Report based on source: 'Pensana Metals questions Rare Earth price surge in China'. Creamer Media Online 27th May 2019 BY Marleny Arnoldi https://m.miningweekly.com/article/pensana-metals-questions-rare-earths-price-surge-in-china-2019-05-27/rep_id:3861

and

<http://www.pensanametals.com/index.php/investors/company-presentation>

Fadima Diawara creates a smartphone adapted to African Realities

Kunfabo -"to be in contact" in Malinké - is the Africa-made smartphone that wants to conquer the African market by the end of 2019. Still in prototype phase, this phone created by Guinean Fadima Diawara differentiates itself by having 100% African apps.

With a price of 100 euros (AUD160), the Kunfabo Smartphone competes with the low-cost giants on the African market; the Hong Kong 'Infinix hot 2' and the Chinese 'Tecno'. Moreover, it stands out by integrating pre-installed "purely African" applications, such as 'Dikalo' the African equivalent to 'WhatsApp', and a geo-localisation application created in Guinea.

Report based on source: 'Start-up : la Guinéenne Fadima Diawara crée un smartphone « adapté aux réalités africaines »'. Jeune Afrique, 22 May 2019, by Fatoumata Diallo

https://www.jeuneafrique.com/772420/economie/guinee-qui-est-derriere-kunfabo-le-smartphone-qui-souhaite-sadapter-aux-realites-africaines/?utm_source=newsletter-ja-eco&utm_medium=email&utm_campaign=newsletter-ja-eco-23-05-19

Is Australia Seeing China Through a Washington Lens?

"Balancing relations between China and the United States is Australia's greatest present foreign policy challenge. Geopolitically, it is in the interest of Australia to nurture its close relations with the USA in order to maintain its security guarantee. Nevertheless, just as important for pragmatic economic reasons, it has an interest in maintaining a friendly and economically beneficial relationship with China. DFAT needs to rid itself of its automatically negative outlook towards China and find an innovative formula to balance Australia's interests. It must create a culture of engagement and cross-cultural communication to arrive at constructive policies in relation to China so as to complement, rather than just parrot the US agenda."

This report is even more relevant today for Australia, than it was in November last year!

Report based on source: 'Seeing China Through a Washington Lens'. Australian Outlook Weekly Digest 24 NOV 2018, By Ciara Morris

<https://www.internationalaffairs.org.au/australianoutlook/seeing-china-through-washington-lens/>

Algeria

Algeria to block Total from buying Anadarko's Algerian assets

Occidental Petroleum has agreed to sell Anadarko Petroleum Corporation's assets in Algeria (where it produces about 260,000 BOPD or ~25% of the country's crude production), Ghana, Mozambique and South Africa to Total for \$8.8 billion if the U.S. oil company succeeds in completing its plan to take over Anadarko. However, the Algerian Energy Minister, Mohamed Arkab, has indicated that he will block Total from acquiring Anadarko's assets.

"Our ministry has contacted Anadarko to get explanations on this information, but so far we got no answer," Arkab said. "... We have good relations with Anadarko, and we will do the utmost to

preserve Algeria's interests, including using our pre-emption right to block the sale," the minister said. There was no immediate comment from Total or Anadarko.

In spite of Sonatrach and Total working in joint ventures together, the relationship between Algeria and France remains scarred by the trauma of the violent 1954-1962 Algerian War of independence in which the North African country broke with France.

Report based on source: 'Algeria to block Total from buying Anadarko's Algerian assets'. Reuters. May 27, 2019 by Lamine Chikhi https://finance.yahoo.com/news/algeria-block-total-buying-anadarko-195819514.html?soc_src=social-sh&soc_trk=ma

Burkina Faso

Controversy over a China-funded Hospital project in the 'classified forest of Kua'

China has pledged to fully finance the construction of a University Hospital Centre (CHU) in Bobo Dioulasso, in the form of an estimated donation of 60 billion CFA francs [AUD150 million]. But there seems to be controversy between building a hospital or preserving a classified forest? The construction project is located in the heart of the 'classified forest of Kua', near Bobo Dioulasso

The Chinese Embassy confirms that they have complied with all necessary procedures: "Several sites have been proposed to us. The current site is poorly wooded and with very easy access. It is ideal and the choice was made in total consultation with the Burkinabè authorities. After studies and exchanges with the authorities, together we concluded that the others were either too close to water sources or fields, or difficult to access, or that land ownership issues arose. The current site is ideal, and we had planned a major greening program".

For the Mayor of the town of Bobo Dioulasso, Bourahima Sanou, this controversy is inappropriate, "The part of the forest concerned by the project is not wooded,". Visiting Bobo Dioulasso and the area in question, the Burkinabè Minister of Foreign Affairs, Alpha Barry, stated "I was in this so-called 'forest', and it does not exist".

Is there an outsider influencing and 'stirring the pot'?

Report based on source: 'polémique sur un projet d'hôpital financé par la Chine dans la forêt classée de Kua'. Jeune Afrique, 24 May 2019 by Aïssatou https://www.jeuneafrique.com/779040/politique/au-burkina-le-projet-dhopital-dans-la-foret-classee-de-kua-fait-debat/?utm_source=newsletter-ja-eco&utm_medium=email&utm_campaign=newsletter-ja-eco-24-05-19

Congo-B

Sapro must prove itself with the Mayoko Iron ore Mine

For a year now, iron ore extracted from the Mayoko Mine in Western Congo (taken over by Sapro from the South African Exxxaro in 2016. It has been stockpiling the ore at mine site and at the port of Pointe-Noire awaiting a purchaser.

On April 19, 2019, the first boatload finally left the docks of Pointe Noire destined for China. The question remains, however, whether the Congolese ore will seduce the Chinese, and if the many logistical problems remaining are solved, beginning with refurbishing of the 400km of poorly maintained railway.

Sapro has signed an initial contract with Ashley Global Shipping (AGS) to transport this first shipment of 120,000 t, representing about a quarter of the proposed future annual production. The contract comes in a favourable climate in an upward iron market. However, according to market forecasters this favourable climate will not be maintained in the medium term, since, within a few months, new major projects will enter production in Australia and Brazil, which could steer the prices of iron ore downwards.

Moreover, while the first ship loaded with Mayoko's iron marks a successful first step for Sapro – allowing the Congo to enter the club of iron exporting countries along with Mauritania, South Africa, Sierra Leone and Liberia, many challenges remain to be solved.

Report based on source: 'Paul Obambi doit encore faire ses preuves avec les mines de Mayoko'.

Jeune Afrique 24 May 2019 by Christophe Le Bec

https://www.jeuneafrique.com/mag/776576/economie/congo-paul-obambi-doit-encore-faire-ses-preuves-avec-les-mines-de-mayoko/?utm_source=newsletter-ja-eco&utm_medium=email&utm_campaign=newsletter-ja-eco-24-05-19

DRC

Switzerland opens criminal probe after Glencore complaint by NGO

Switzerland's top prosecutor opened a criminal probe against "unknown perpetrators" suspected of bribing foreign officials after a public interest group, 'Public Eye', filed a complaint in 2017 against Glencore, adding to the already intense international scrutiny of the world's biggest commodity trader.

The probe represents yet another legal issue for the mining giant and its business in the Democratic Republic of Congo. Glencore is already being investigated by the US Department of Justice and the Commodities Trading and Futures Commission for possible corrupt practices. Separately, Glencore's unit Katanga Mining settled with Ontario regulators in December over an investigation into its accounting.

A spokesperson for Glencore declined to comment on the Swiss investigation. The company has previously denied any wrongdoing related to allegations regarding the DRC.

Is there really additional evidence to drag this out for Glencore? Let's see what is found?

Report based on source: 'Swiss open criminal probe after Glencore complaint by NGO'. In Creamer's media - Mining Weekly 29 May 2019 by Bloomberg <https://www.miningweekly.com/article/swiss-open-criminal-probe-after-glencore-complaint-by-ngo-2019-05-29>

Ethiopia

President Sahle-Work and Prime Minister Dr. Abiy meet The Elders

The Elders, an independent group of former Presidents and Dignitaries from various countries engaged in working for justice, peace and human rights, visited Ethiopia this week, holding their biannual board meeting in Addis Ababa, May 19-22. They met with President Sahle-Work Zewde and Prime Minister Dr. Abiy Ahmed, and discussed national and regional politics, development, and security questions as well as various issues including the opening up of the economic and political space and opportunities for regional peace and security.

The Elders have launched a call on leaders to show greater commitment to providing access to justice ahead of the High Level Political Forum in New York in July, where countries will report on their progress on SDG 16. This will provide a major opportunity for countries to increase their efforts to achieve equal access to justice for all. The Elders are calling for countries to invest in legal empowerment initiatives and grassroots justice providers; increase funding for access to justice for women; and to prioritize funding for civil justice as well as criminal justice. According to a recent Task Force on Justice Report, five billion people, two-thirds of the world's population do not have meaningful access to justice.

This type of body, an Elders Council, is what Trump should have to guide his intemperate behaviour, and maybe Scott Morrison as well?

Report based on source : 'President Sahle-Work and Prime Minister Dr. Abiy meet The Elders'.
Embassy of Ethiopia - A Week in the Horn - 24.05.2019 received 30 May 2019

Ghana

Ghana in search of investors to exploit bauxite resources

The Ghanaian Government wishes to increase the exploitation of its bauxite resources in order to finance the construction of necessary infrastructure such as schools, hospitals, bridges and roads. To this end, the Government has appealed to investors to submit plans on how these deposits will be exploited with increased production and for the building of smelting and refining facilities.

According to Michael Ansah, GM of Ghana integrated Aluminium, an agency created to implement the Government's strategy for this industry, interested parties have until the end of the year to submit their proposals. He indicated that the State wants to increase the country's annual production of bauxite from 1.4 million tons today to 5 million tons over the next few years.

Report based on source : 'Le Ghana en quête d'investisseurs pour exploiter ses ressources de bauxite' Agence Ecofin, 24 May 2019 <https://www.agencecofin.com/bauxite/2405-66437-le-ghana-en-quete-d-investisseurs-pour-exploiter-ses-ressources-de-bauxite>

Malawi

Peter Mutharika sworn in after re-election

Malawi's re-elected head of State, Peter Mutharika called on the losers of the presidential election to "accept" the results of the poll, tainted by opposition frauds. "I would like to congratulate the other candidates who have participated in these elections, but they must accept that there is only one winner," said Peter Mutharika in Blantyre, at a ceremony organized in the aftermath of his victory announcement.

Peter Mutharika won 38.57% of the vote, in front of his main rival, Lazarus Chakwera, with 35.41% of the votes, according to the figures of the Electoral Commission. Less than 160 000 votes separate the two men. Lazarus Chakwera denounced "irregularities" in the counting of the presidential and legislative elections of 21 May. "This is a sad day for the majority of the Malawians," he said in a local media on Tuesday at the announcement of the victory of the head of State, denouncing 'fraud in the electoral system'.

Report based on source : 'Peter Mutharika prête serment après sa réélection'. Jeune Afrique 29 May 2019 by JA with AFP https://www.jeuneafrique.com/781205/politique/malawi-peter-mutharika-prete-serment-apres-sa-reelection/?utm_source=newsletter-ja-actu-abonn

Mauritania

The economic indicators are turning positive, but recovery is not in the private sector

Despite rising economic indicators, the World Bank's latest report on the Mauritanian economy points to the State's over-representation in national markets and structural brakes that prevent the development of a diverse private sector. The annual growth rate is projected to rebound to 6.2% during the period 2019-2022, due to a resumption of mines and the start-up of the Greater Tortue/Ahmeym gas Project (GTA) likely to bring some US\$ 14.4 billion of net revenue to Mauritania over the next thirty years.

"Despite this significant improvement, there are still several major challenges for the business climate to be truly supportive of private sector development in Mauritania," says Theodore Anthonioz, co-author of a recent report by the World Bank on Mauritania. According to the report, private enterprises are particularly handicapped by many hurdles: "a strong State presence in the economy and poorly managed business environment, limited access to financing, a local workforce with limited skills, a prevalence of corruption, limited business services and inefficient bureaucracy."

Report based on source : 'les comptes publics se redressent, pas le secteur privé'. Jeune Afrique 28 May 2019 by Alain Faujas <https://www.jeuneafrique.com/781096/economie/mauritanie-les-comptes-publics-se-redressent-pas-le-secteur-prive/>

Nigeria

Nigeria ready to commercialise flared gas

The Nigerian Government has become increasingly active in its attempt to stop the flaring of natural gas from producing fields before the end 2020. On Thursday, judge Derefaka, head of the National Gas Marketing Program monitoring this flaring, said he wanted to attract investment and explained that over 178 gas flaring sites were targeted to recover the equivalent of 1 billion cubic feet of gas per day and that an international tender was being launched to sell this gas at a minimum of US\$0.25 per thousand cubic feet of natural gas. The program is expected to attract up to US\$ 3.5 billion (AUD 5 billion) in foreign direct investment (FDI).

The Nigerian initiative is welcomed by the IFC, which is encouraging the provision of low-cost gas for electricity generation to the local market.

Report based on source : 'Le Nigeria se prépare à rentabiliser le gaz normalement torché par les producteurs'. Agence Ecofin 24 May 2019 by Olivier de Souza

<https://www.agenceecofin.com/investissement/2405-66452-le-nigeria-se-prepare-a-rentabiliser-le-gaz-normalement-torche-par-les-producteurs>

Sierra Leone

Sierra Leone opens its fourth oil licensing round

Timothy Kabba, Director General of the Petroleum Directorate of Sierra Leone, has announced the reopening of the fourth oil licensing round. The process was initially launched in June 2018 before being suspended to undertake wider consultation with industry and attract an increased number of international companies. The Petroleum Directorate is supported by Getech, which set up data rooms in Freetown, London and Houston. Getech is a subsidiary of the American ERCL.

Initially scheduled to last for 6 months, the suspension period lasted eight months and enabled the Sierra Leonean Government to undertake new seismic studies and provide better quality information to the market. These are now more than 29,000 linear kilometres of 2D-data and 11 000 sq.km of 3D-data.

The areas under offer in this licencing round cover some 32,000 sq.km, with over half covering regions with water depth greater than 2,500 meters.

Report based on source : 'La Sierra Leone rouvre son quatrième cycle d'octroi de licences pétrolières'. Agence Ecofin 23 May 2019 by Olivier de Souza

<https://www.agenceecofin.com/exploration/2305-66399-la-sierra-leone-rouvre-son-quatrieme-cycle-d-octroi-de-licences-petrolieres>

South Africa

After 9 years of negotiations, a carbon tax law has finally been adopted

In South Africa, a Carbon Tax Act was ratified after many years of postponement. In its first phase, extending from 1 June 2019 to end-December 2022, the tax will be in the order of 120 RAND (AUD 12.03) per tonne equivalent of carbon dioxide. Provided exemptions will allow a reduction of 6 to 48 RAND per tonne.

The initiative that has been taken by one of the most polluting countries of the continent since the beginning of 2010, an initiative that has been postponed at least three times because of reluctance expressed by the most polluting sectors. Mining, metallurgical and electrical companies had indeed estimated that such a tax would erode their profit margins and increase electricity prices.

Report based on source: : 'Après 9 ans de tractation, la loi sur la taxe carbone finalement adoptée'.
Agence Ecofin 27 May 2019 by Gwladys Johnson Akinocho
https://www.agenceecofin.com/fiscalite/2705-66477-afrique-du-sud-apres-9-ans-de-tractation-la-loi-sur-la-taxe-carbone-finalement-adoptee?utm_source=newsletter_10351&utm_medium=email&utm_campaign=ecofin-oil-and-gas-27-05-2019

Sudan

BNP Paribas on trial in New York for its role with past civil unrest in Sudan

The French bank BNP Paribas is the subject of a class action launched by twenty-one Sudanese refugee accusing it of being involved in the abuses of the regime between 1997 and 2007, having carried out several thousand of its banking operations through the BNP offices in New York.

Accused since 2016 of having been the main bank of the Sudanese regime between 1997 and 2007, BNP Paribas will have to answer for its actions in a New York Court, which accepted a collective complaint lodged by the twenty-one Sudanese refugees now living in the United States.

This complaint was initially dismissed in early 2018 by an American district judge, Alison Nathan, who stated that she could not examine the validity of the official actions of the Sudan and thus determine whether BNP Paribas was to be prosecuted. The class action was finally accepted by the Manhattan Court of appeal on 22 May 2019.

This decision comes five years after the banking group has agreed to pay a record fine of 8.97 billion million (AUD 13 billion) and plead guilty to two counts under an agreement with the US authorities , accused of circumventing over several years the American embargo put on the Sudan, Cuba and Iran.

The acceptance of the extra-territorial imposition of American laws, whatever their motive, sets a dangerous precedent and will one day turn back on the instigator to bit it in the backside?

Report based on source: 'BNP Paribas en procès à New York pour son rôle dans les crimes de masse commis au Soudan'. Jeune Afrique 8 May 2019 by

https://www.jeuneafrique.com/780904/societe/soudan-bnp-paribas-en-proces-a-new-york-pour-son-role-dans-le-genocide-soudanais/?utm_source=newsletter-ja-eco&utm_medium=email&utm_campaign=newsletter-ja-eco-28-05-19

Sudan's revolution stalls

Talks in Sudan appear to be rapidly deteriorating, with cracks emerging among both members of the ruling Military Transition Council and within the opposition political and protest leaders. That could pave the way for a security official with a secure power base to seize power.

Discussions appeared to be making some headway only two weeks ago, but the two sides cannot agree on who will have majority control of a three-year transitional government. And that disagreement appears to be creating cracks within the negotiating teams, even as some members of the opposition rally around calls for a general strike starting today.

There are also concerns among the opposition about outside meddling from regional countries, including Saudi Arabia, the United Arab Emirates and Egypt, who seem to be supporting the military council.

Report based on source: 'Sudan's revolution stalls'. , Africa Insiders Newsletter #62, 28 May 2019 by Andrew Green <https://africanarguments.org/>

Gold, new manna for Sudan

Long dependent on oil, the Sudanese economy lost nearly two thirds of this source of revenue in the break with South Sudan in 2011. To replace petrodollars, the country turned to the gold it possesses in abundance within its soil. Since 2011, Sudan has passed Burkina Faso, Mali, and more recently South Africa in the ranking of Africa's largest gold producers.

Its production increased from 7 tons in 2008 to 127 tons in 2018, the mining sector becoming one of the principal pillars of the country's economy. According to the Sudanese Ministry of Petroleum and Minerals, the mining sector accounted for 6% of GDP in 2018 and to some 60% of the country's exports. Since the beginning of this mining resurgence some 10 years ago, the sector has created some 1.5 million jobs for Sudanese youths. More than 400 domestic and foreign companies are active, but the formal industry represents only 20% of the total amount of gold produced each year, while artisanal mining over 80%.

Unfortunately, this gold produced by artisanal means is almost all smuggled abroad, most especially to Dubai in the United Arab Emirates, but it must be said that the Sudanese authorities do not have the resources, capacity and tools necessary to effectively control this sector that would otherwise much contribute to Sudan's economic recovery.

Report based on source: 'L'or, le nouveau pétrole du Soudan'. Ecofin Hebdo, 20 May 2019 by Louis-Nino Kansoun https://www.agenceecofin.com/hebdop1/2005-66285-l-or-le-nouveau-petrole-du-soudan?utm_source=newsletter_10344&utm_medium=email&utm_campaign=ecofin-hebdo-n-079-semaine-du-17-au-24-mai-2019

Tanzania

Tanzania Says Acacia Mining Won't Be Allowed Role in Country

Tanzania will no longer allow Acacia Mining Plc to manage its mines in the country and will only work with the company's parent, Barrick Gold Corp., to resolve the two-year impasse that has stymied operations, a government spokesman said.

"We will no longer work with Acacia," Hassan Abbasi said Tuesday by phone. "Under no circumstances can Acacia be a party to the agreements, or have any role in the operation or management of the Barrick mining subsidiaries in Tanzania. The ball is now in Barrick's court."

Acacia has been at odds with Tanzania's government since July 2017, when the state handed the London-listed gold producer a \$190 billion tax bill, saying it under-declared bullion exports. Barrick has since led discussions with the government and, in an effort to solve the impasse, surprised the market last week with an informal plan to buy out Acacia's minority shareholders.

In response to Toronto-based Barrick's buyout proposal, Acacia advised its shareholders last week not to take action as it considers developments and tries to verify Tanzania's position. On Tuesday, a spokesman for Acacia had no comment other than to reiterate that the company is continuing to seek clarification from the government.

Abbasi said the government of Tanzania will continue to try to resolve the dispute based on a previous tentative 2017 Framework agreement with Barrick.

"The initial agreement that we reached with Barrick in October 2017 is the one that is guiding the negotiations," Abbasi said.

In a 2017 meeting between President John Magufuli and Barrick Executive Chairman John Thornton, it was tentatively agreed that Acacia would pay \$300 million to the government to settle tax claims and would split future returns from operations with the country. At the time, Acacia criticized the move and blamed Barrick for its worsening relationship with Tanzania after Thornton took over negotiations.

Last week, Barrick said the government of Tanzania had made clear it won't negotiate a settlement with Acacia. Barrick Chief Executive Officer Mark Bristow has repeatedly spoken about the breakdown of the relationship between the two companies, and between Acacia and the government. A Barrick spokeswoman said Tuesday it had no additional comment.

Magufuli has vowed to secure more revenue from the country's resources. His government is targeting boosting income from minerals by half in the 2019-20 fiscal year to 470.9 billion shillings (\$205.1 million), according to the Mines Ministry.

"Barrick and Acacia have to sort out their differences so that we can move forward and resolve the dispute," Abbasi said.

Source : <https://www.bloomberg.com/news/articles/2019-05-28/tanzania-says-acacia-mining-won-t-be-allowed-any-role-in-country>

Uganda

Gold blush. How can a country export so much more gold than it mines?

The open secret of Uganda's gold boom is that most of this metal is dug up elsewhere. Its central bank reckons that only 10% of the exported gold comes from local mines. It blandly says the rest comes from elsewhere in Africa. Officials insist that the trade is all legal and untarnished. But industry insiders gesture over the border to the Democratic Republic of Congo, whose lawless eastern provinces are rich in minerals including gold, and which levies a 3% tax on gold exports. They think that more than 90% of Congo's gold production is illegally whisked to neighbours such as Uganda and Rwanda and then onto planes flying to Dubai. Some go direct.

In 2016 customs officials in Dubai checked the rather overweight baggage of a Congolese frequent-flyer from Lubumbashi. In it was 150kg of gold. One investigation for the OECD, a club of mostly rich countries, found that airline passengers were regularly stopped by security officials at Entebbe airport trying to sneak off with gold bars crammed into their carry-on bags.

In Uganda itself, most of the gold processed comes from areas controlled by armed militias that extort money from artisanal miners. A report for the UN found that one militia forces miners to sell their gold at \$25 per gram, far less than the \$60 they would get on the open market, and charges miners a monthly fee for access to the pits. Rebel militias are not the only ones, officers in Congo's army also own their own mines or are reputed to extort gold from illegal miners.

Unfortunately, President Museveni does not seem interested in putting policies in place to police the trade – or at least that is one of his lesser concerns.

Report based on source: : 'Gold blush. How can a country export so much more gold than it mines?'. The Economist 25 May 2019 <https://www.economist.com/middle-east-and-africa/2019/05/25/how-can-uganda-export-so-much-more-gold-than-it-mines>