

GUINEA MINING OUTLOOK

AN OVERVIEW OF THE MINING
SECTEUR AND OPPORTUNITIES

CONTENTS

- 1_ GENERAL OVERVIEW OF GUINEA.
- 2_ GEOGRAPHIC DATA.
- 3_ ECONOMY.
- 4_ ROLE OF MINING IN THE ECONOMY.
- 5_ SUMMARY OF THE MINING SECTOR.
- 6_ THE KEY TO UNLOCK THE POTENTIAL.
- 7_ KEY COMMODITIES: PRODUCTION AND RESERVES.
- 8_ BAUXITE PRODUCTION.
- 9_ GOLD PRODUCTION.
- 10_ IRON ORE.
- 11_ DIAMONDS PRODUCTION.
- 12_ REGULATORY ENVIRONMENT.
- 13_ SOGUIPAMI.
- 14_ SOGUIPAMI WEBSITE.

MAP

GUINEE



1. GENERAL OVERVIEW OF GUINEA

General data:

- Official name: République of Guinea
- Not to be confused with : Guinea Bissau , Equatorial Guinea
Papua New Guinea.
- Government type : Secular Republic
- Head of State : Pr Alpha Condé (first elected in 2010)
- Capital: Conakry
- Main cities : Kindia , Labe, Kankan, Nzérékoré
- Official Language: French
- Most spoken National Languages: Pular, Mandingo and Sosso
- Currency : Guinea Franc (GNF)
- National Day: October 2nd (1958)

2. GEOGRAPHIC DATA

- Location: West Africa,
- Borders: Guinea -Bissau, Senegal, Mali , Ivory Coast , Liberia ,Sierra Leone, Atlantic Ocean (see map)
- Area: 245,857 km²
- Landscape: According to specific regions , it has Mountains, Plateaus and Plains.
- Climate: Tropical, with a mix of two seasons: rainy season and Dry season (6 months each).

GEOGRAPHIC DATA (2nd part)

- Hydrography: «Guinea is called the Water Tower» of West Africa : West Africa biggest rivers have their source here: the Niger , Senegal, Gambia.
- Special geographic features: Guinea has four natural regions (Lower Guinea, Middle Guinea, Upper Guinea and Forest Guinea)
- Population: 12.6 million inhabitants. Rural population account for 64.1 % , the population Density: 55 Persons per km², population annual growth : 3.1% and life expectancy: 55 years. Majority of the population is less than 18 years old.

3. ECONOMY

Main activities:

- Agriculture (80% of the population) , livestock, fisheries .
- Main agricultural products: cereals, coffee, cocoa, banana, pineapple.
- Important mineral resources :
- Bauxite (30 % of world proven reserves), iron, gold, diamonds, uranium, as well as many metals and ores.
- Important forest resources : timber
- Mining is the main export products contributing about 25 % of GDP and 80 % of revenue export.
- Industry: mining, food industry, packaging and transformation Units.
- Energy: large hydropower potential

4. THE ROLE OF MINING IN THE ECONOMY

- According to the World Bank, mining is responsible for around 80 per cent of exports, around 25 per cent of government revenues, and the employment of around 10,000 people.
- Mining represents around 25 per cent of Guinea's GDP and generates around 80 per cent of foreign export earnings.
- FDI in Guinea is largely driven by the mining sector.
- State revenue from mining currently equals around 20 per cent of government revenue .
- Its significance to Guinea's overall economic condition cannot be overstated.

5. SUMMARY OF THE MINING SECTOR

- Guinea has some of the world's largest high-grade bauxite and iron ore reserves, but has been largely unable to benefit from its mineral resources, due to in large part by the lack of infrastructure. Guinea holds in excess of a quarter of global bauxite reserves and has large quantities of high-grade iron ore reserves, with most reserves exceeding 60 percent grade.
- These deposits are largely untapped and thus present significant opportunity to mining companies. Guinea is expected to become the world's fourth-largest bauxite producer by 2017.
- Similar to most of the other West African nations, Guinea faces serious infrastructure challenges with a transport network insufficient to meet even the current requirements. The country's electricity sector is also severely under-developed and presents an acute challenge to the power-intensive mining sector.
- However, this creates substantial opportunities for investment in infrastructure, transport and electricity networks.
- Over the past five years, Guinea has received investment of about US2.5billion, which is relatively weak compared to its potentials.
- Despite Guinea's high-quality mineral resources, numerous international firms have taken a wait-and-see approach due to the depressed worldwide commodity prices and the outbreak of Ebola in the country. However, following the successful fight against the deadly virus, there is growing interest from international mining firms, and the mining sector is set to experience high growth in coming years as further events and infrastructure challenges are overcome.

6. THE KEY TO UNLOCK THE POTENTIAL

Infrastructure development:

One of the primary inhibitors to economic development in Guinea is the lack of infrastructure, while the existing infrastructure is of poor quality and desperately requires maintenance. Problem areas include transport network, electricity supply, and information and communications technology. The railway system is outdated , and is largely incapable of supporting Guinea's mining and industrial product exports.

7. Key commodities: Production and reserves

- Guinea is among the largest producers of bauxite in the world and is home to the world's largest reserve deposit.
- The country also has one of the largest untapped iron ore deposits in the world.
- Guinea has the proven reserves to be one of the top African Gold producers.
- Guinea mineral resources also include cement, salt, diamonds, graphite, iron ore, limestone, manganese, nickel and uranium.

8. BAUXITE PRODUCTION

- Guinea was the world's sixth largest bauxite producer in 2014 and holds about 30 percent of the world's reserves at 7.4 billion tons, more than any other country.
- Guinea produced 21 million tons of bauxite in 2014 and according to Business Monitor International (BMI), Guinea's bauxite production is expected to reach 40.7 million tons in 2017, making Guinea the fourth-largest bauxite miner globally.
- The Guinean government is more optimistic. In a March 2013 statement, President Alpha Conde's office forecast annual bauxite output reaching 61 million tons by 2016-17, and that of alumina between 16 million and 20 million tons.

9. GOLD PRODUCTION

- Gold production Guinea has a number of gold mines and projects located in its northeastern region.
- Gold is becoming an important commodity in Guinea as international exploration funding to the country is increasing significantly.
- Guinea has two main gold producers, Societe: Miniere de Dinguiraye (SMD) and Societe Ashanti de Guinee (SAG).
- Guinea produced about 17 tons of Gold in 2014 in spite of advent of the Ebola virus

10. IRON ORE

- Guinea is home to one of the largest untapped iron ore deposits in the world.
- The Simandou project is set to become the largest integrated iron ore mine and infrastructure venture of its kind in Africa.
- Rio Tinto owns the controlling stake of the southern concession of Simandou.
- The mining company said its a US20billion project, which includes a 670 km Trans-Guinean railway and a new deep-water port south of Conakry, that would totally transform Guinea.
- Rio Tinto estimate that the mine could produce 95 million tons once it reaches its full capacity.
- Rio Tinto puts the potential yield of the site at 2.4 billion tons of high-grade iron ore (about 65%).
- Development of the northern part of Simandou has been stopped by the government. According to Vale, the production target for the project was 50-70 million tons per annum

11. DIAMONDS PRODUCTION

- According to the Kimberley Process Certification Scheme, Guinea produced 266,800 carats of diamonds in 2012, making it the 13th largest producer in the sample. This is some way off the stellar years the industry had in 2007 and 2008, when production reached 1,018,722 and 3,098,490 carats, respectively.
- In 2008, Guinea ranked eighth in the world in terms of total carats produced.
- According to the USGS, Guinea's resource potential is estimated at 40 million carats, while the production capacity lies within the range of 480,000 to 720,000 carats per year

12. Regulatory environment (1)

- The new mining code of 2013 is designed to encourage companies to process raw materials inside the sovereign's borders, rather than just shipping the ore out. The state's stake in the projects is said to shrink as the portion of value added inside the country's borders increases. Under the new code, a shareholders' agreement will identify decisions that cannot be adopted without prior consultation with the Guinean state.

The new mining code offers three types of mining titles.

- **Prospecting permits**

Prospecting permits cannot be transferred, sold, or used as collateral. Also, any direct or indirect change in the control of the company owning a mining title should be submitted to the Minister of Mines for approval. Moreover, any acquisition of 5 percent or more of the share of the company should be submitted to the Minister of Mines for approval

Regulatory environment (2)

- **Exploitation permit**

Exploitation permits can be transferred, sold, or used as collateral. Also, any direct or indirect change in the control of the company owning a mining title should be submitted to the minister of mines for approval. Moreover, any acquisition of 5 percent or more of the company's share should be submitted to the ministry of mines for approval. Under the new mining code, an industrial exploitation or operating permit will be granted for 15 years

Regulatory environment (3)

- **Mining concessions**

Mining concessions can be transferred, sold or used as collateral. Also, any direct or indirect change in the control of the company owning a mining title should be submitted to the Minister of Mines for approval. Moreover, any acquisition of 5 percent or more of the share of the company should be submitted to the Minister of Mines for approval. This approval is materialized by an executive order for mining concessions. A mining concession entitles its holder the exclusive right to conduct any work of field exploitation of mineral substances for which the license is issued within its perimeter, without depth limitations. It is granted for large ore deposits that involve important investments and scope of infrastructure as defined by the feasibility study. A mining concession is granted for 25 years and can be renewed for 10-year periods

13. SOGUIPAMI

- What is SOGUIPAMI?
- SOGUIPAMI was created in 2011 as a national mining company to manage the state's shares in mining projects and enter into joint-ventures with private firms. SOGUIPAMI is 100% state-owned and play a critical mining sector governance. Its role is to facilitate foreign (FDI) investors in successfully implementing their projects. Its legal and management structure was set up, with the support of the World Bank Mining Sector Governance Project.

14. SOGUIPAMI WEBSITE

If you are a potential investor interested in the mining sector or want to find out about a listing of mining project opportunities in Guinea, you can contact SOGUIPAMI through its website at www.soguipami-gn.com

Your questions should be promptly answered in a timely manner.

We have also our country business promoting office here called APIP ready to hand out information packet

Thank you very much