

# Mali's hidden Treasures

FRANKFURT, April 11th A car arrives in Bourakle Bougou again for the first time in three months. This is not unusual as the village to the northwest is a three-hour journey from the Malian capital, Bamako and is only accessible via a dirt road during the dry season. Children surround the SUV and men and women watch curiously from their mud huts. The village does not have any electricity and water is supplied by a nearby stream. Here, far away from civilization, in the Sahelian savanna, explorers discovered something sensational.

In his hut, the village elder guards the key to a spectacular discovery. "We were actually looking for water", says Laurent Seigneur, Chairman of the Board of Petroma S.A. Mali, a company specialized in the exploration of oil and gas in Mali. "However, as we drilled at a depth of 105 meters, gas suddenly shot up and ignited into a huge jet of flame."

Petroma experts had punctured a bubble of pure hydrogen. To date, experts were of the opinion that pure hydrogen hardly ever exists naturally but only in a chemically bound form. "We still do not know how this happened and how we can use the hydrogen industrially", says Seigneur. "The industrial production of hydrogen from water is extremely expensive." This hinders the introduction of fuel cells. It is for this reason that the Frenchman thinks: "Natural hydrogen resources could lower the price of the use of fuel cells enormously."

The soil in Mali, a country which is 3.5 times bigger than Germany, contains a large amount of other undiscovered treasures. For decades, the government neglected to examine the subsoil systematically. For example, the French Wikipedia entry for Mali still lists agricultural products as the sole noteworthy resources of the country. This only began to change under President Amadou Toumani Toure, who was forced to resign on March 21st this year just one month before the end of his regular tenure. One man out of this remote village of Bourakle Bougou - where everybody's surname is Konare - supported the rebels: Amadou Konare became spokesman of the revolutionaries surrounding Lieutenant Amadou Sanogo.

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The government has only just begun to explore the country's raw materials. The distribution of proceeds is part of the ongoing conflict, which could split the country.

*Christian v. Hiller*



Sensational discovery in Mali: Natural hydrogen

Photo Christian von Hiller

Under Toure, who is called ATT by most Malians, the country was divided into zones for the exploration of raw materials. "Here, we received areas 25 and 17", says Seigneur pointing to a map of Mali. Petroma is permitted to explore for all types of raw materials in two large squares to the north of the capital of Bamako - alone in area 25 and with a partner in area 17. These areas are only a small part of the enormous territory which constituted Mali prior to the advance of the Tuaregs to Timbuktu. Area 25 alone covers more than 37,000 km<sup>2</sup> and is bigger than the whole of Baden-Wuerttemberg. With its 20,000 km<sup>2</sup>, area 17 is larger than Hessen.

As recently stated by Mamadou Igor Diarra, the previous mining minister, Malian soil contains copper, uranium, phosphate, bauxite, gems and in particular, a large percentage of gold in addition to oil and gas. Thus, Mali is one of the countries in the world with the most raw materials. With its gold mining, the country is already one of the leading exploiters directly behind South Africa and Ghana. The resources are spread throughout the entire country and include the northern part, which the Tuaregs have brought under their control. Up to now, the wealth from these resources mainly benefited the south and the capital of Bamako. This led to friction within the country. ATT was in particular not only blamed for neglecting the northern part of the country but also for provoking the Tuaregs with hasty actions instead of letting them share in the resources. In most cases, foreign concerns held the exploration rights. Large raw material companies such as Randgold Resources and Anglo American already greet the few tourists with placards at Bamako airport. However, oil companies such as the Italian Eni, have also been active in the country for a considerable length of time.

Petroma on the other hand, is one of the few firms in Mali which is actually in Malian hands. Aliou Boubacar Diallo founded the company. He also owns the gold mining company, Wassoul'Or, which mines for gold ca. 200 km to the south of Bamako near the Guinean border. "I wanted to prove that Mali can mine its resources independently under its own steam", says Diallo, who also studied economics in France under the well-known economist Michel Aglietta. For this reason, Diallo rejected all international gold mining firms' offers to support him. These firms always wanted to obtain a majority in his company. He himself owns 51%, the Malian state holds 20% and other investors, especially Pearl Gold AG, whose shares are traded on the Frankfurt Stock Exchange and whose Chairman of the Board is the Frankfurt lawyer, Lutz Hartmann, hold the remaining shares.

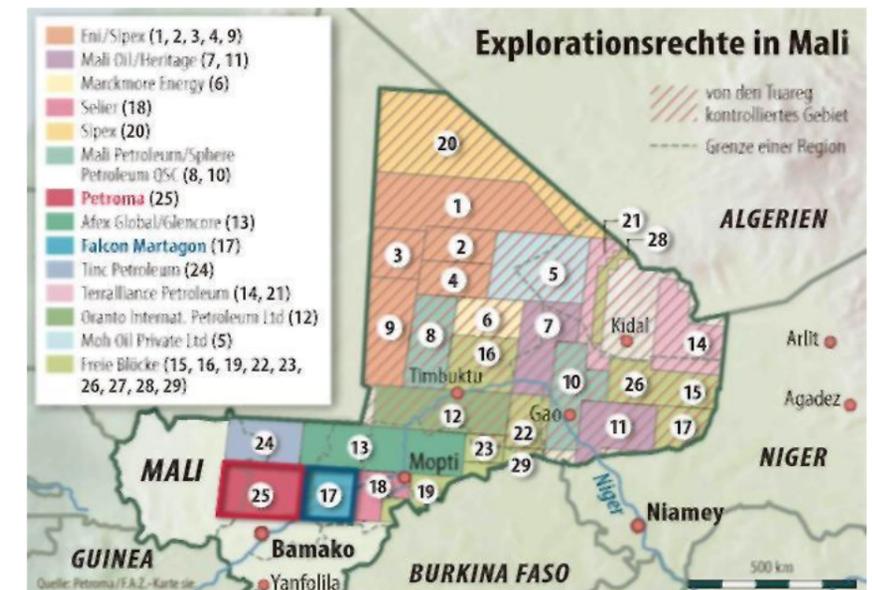
Diallo is also Vice-Chairman of Pearl Gold AG's Board. Pearl Gold AG's stock price suffered just as much as those of large firms during the past weeks.

Staying power is essential if one wants to exploit raw materials. In 1992, Diallo began to look for gold in Kodieran. He was permitted to search for gold in a sandy area covering 100 km<sup>2</sup>. This area contains only 2% of the entire deposits in the Kodieran basin. The termite hills stand at the beginning of the exploration. Local inhabitants examine the soil for gold. If the gold panners, the so-called "orpailleurs" stay, then this is an indication that resources are abundant. If they move on, it is usually not worthwhile to continue exploring.

Unlike South Africa, where gold miners have to construct underground tunnels in hard stone, it is sufficient to systematically wash the soil as the gold lies at the most

The production costs amount to approximately 300 Dollars per fine ounce (31.3 grams). This gives a large margin in view of a gold price of 1,600 Dollars per fine ounce.

However, the political situation in Mali first has to settle down. In Diallo's opinion, a national referendum on the future of the northern part of the country with a separation of the Tuaregs' territory seems possible. Contrary to other opinions, he does not think that this would be bad. For him, it is more important that stable political structures are established in the south of Mali. In his opinion, his country is heading in the right direction. "We noticed hardly anything of the revolt at the goldmine", stated Hartmann. "The mine continued to operate smoothly. Of course, Pearl Gold also suffered under the political uncertainty in the country. "We are certain, however, that we did not suffer economically", states Hartmann.



"We are confident that we will be in a position to pay dividends this year".

70 meters deep here. For 100 million Dollars, Diallo constructed a large industrial plant in the bare landscape near the town Yanfolila, about 200 km to the south of Bamako. Now, after 20 years of investing and struggling, the business could make a profit. If the political situation calms down, the costs for the construction of the plant will be repaid within a few months.

One aspect in Mali is very promising: Unlike any other country in Africa, Mali is dependent on revenue from raw materials. The average gross domestic product in Mali is estimated at slightly above 800 Euro per head. In Germany, this is more than 30,000 Euro.