



This week we look to the mining industry, which has been in the spotlight with such events as the Mining Indaba striking new debates. Accordingly, we interview Aliou Diallo, Member of Supervisory Board of Pearl Gold AG, and owner of the Wassoul'Or gold mine on the Kodieran site.

**Q: The importance of Africa's mineral wealth cannot be understated. However, in order for this mineral wealth to reach the market, a coherent infrastructure has to be developed. How important is the creation and sustaining of infrastructure**

**developments to the continent? Moreover, how important is regional economic integration as an aspect of this development?**

Creating an effective and sustainable infrastructure is crucial for Africa's mining industry. Creating the right setup in terms of infrastructure is one of the first steps in the exploration and production process of a mine. Basic prerequisites are electricity, fuel and telecommunication. So far, only very few mines are connected to general power supply (grid). Most of them are working with generators which is a very expensive way of producing energy.

An efficient power production for an industrial mine requires reliable generation, transmission and supply as well as the setup of a grid on site. In order to further develop Africa's electricity capacities, the countries should build up a reliable national grid and heed the signs of the times and exploit forward-looking technologies and resources such as solar, wind and water energy as well as if applicable, waste.

Further important structures that need to be established to enable a continuous mining process are water supply, and an efficient sewerage and draining system. In order to tackle challenges in terms of logistics for machinery, personnel and resources, an efficient transportation system, encompassing roads, fuel stations, rails, bridges and tunnels as well as necessary cargo facilities like vehicles, planes and ships is vital.

The access to telecommunication lines and faster internet connections is a key condition to implementing a successful mining operation.

More often than not, these necessary structures need to be established from scratch or significantly improved. However, there are marked differences depending on which African country is concerned: the Malian government for instance explicitly encourages and supports the improvement of the socio-economic infrastructure with focus on the energy and transport sector. Apart from governmental support, an important success factor is to involve local companies or companies that possess local expertise. When the Malian mining company Wassoul'Or S.A. for example established its gold production plant in Kodieran South of Mali, they worked as far as possible together with local companies. However, such a local cooperation still requires an improvement in terms of quality and reliability of the local companies.

In terms of regional economic integration, there is still quite a stretch ahead before

the continent's full potential is reached. This crucial topic needs to be addressed not only when talking about trade and tariffs between the countries but also in terms of infrastructure. An industrialisation of Africa can and should not just take place within one individual country – Africa as a whole needs to be developed in order to make full use of value of its mineral products and enhance its attractiveness for foreign investors. A positive example: for the development of the Kodieran gold mine Wassoul'Or has benefited from an established transportation infrastructure and regional economic integration that enabled the company to theoretically use three different harbours instead of depending on a single one and with rather good roads to all of them except as for the last 40 km only. Even though the infrastructure has not yet reached European standards, it allows reasonable working conditions such as streets, petrol stations with good diesel quality, quick customs clearance and telephone and data networks.

**Q: Africa is undergoing massive growth in a number of countries. How important is energy to this growth, and moreover, the creation of energy blocs? What projects would you argue have been paradigmatic in the creation of energy sustainability of the continent?**

In order to turn the economic dynamism that we are currently witnessing in several African countries into sustained growth, it is important to foster industrial activity in these countries. Power supply, its generation and transmission are aspects of a coherent infrastructure that form the basis of any production process. Reliably providing energy and creating of energy blocks therefore is vital for growth. For the creation of new energy blocks, Africa should utilise developments and trends of renewable energy using resources such as sun, wind and water as well as new technologies of energy generation such as

waste incineration which in turn could help the cities become cleaner.

**Q: How important is the encouragement of FDI to the continent, especially with regards to public-private partnerships?**

FDI plays a key role in the further development of the continent. International capital and resources are a key source of long-term infrastructure investments, help increase and sustain Africa's growth and enable social development. However, in order to attract further investors, a large number of African countries still require a more robust regulatory framework, a standardisation of the financial and services industries and public-private partnerships that create confidence with foreign investors. Public-private partnerships are a promising way to ensure that the economy grows faster, supply a wider range of goods and services, create jobs and transfer technology and skills.

Somehow the whole mining sector in Mali is a PPP: According to the Malian Mining Regulation, the private sector brings the money and the state provides the resources and must assure a stable economic and political set-up. This principle can certainly be extended to further sectors such as energy, agriculture, and infrastructure. PPP should not mean that the public sector opens the resources and the private sector receives the revenues. A fair share of the profits needs to be installed and continuously maintained.

Pearl Gold AG's mining project – the Kodieran goldmine operated by the Malian company Wassoul'Or – is a successful example of African development, foreign investment and international collaboration. It is the first true Malian industrial gold mining company which is held by the Malian company SODINAF (54,27%), the Malian government (20%) and the German company Pearl Gold AG (25%). The holding company Pearl Gold is listed at the Frankfurt Stock Exchange and focuses on investments in West African exploration and

mining corporations. Through its listing in Germany, Pearl Gold enables international investors to obtain a stake in West African mining projects with the transparency ensured by the German stock exchanges' regulations and at the same time provides mining companies with the financial capital required to operate.

As a modified form of PPP, this partnership between Pearl Gold, Wassoul'Or and the Malian state has not only allowed the creation of the production plant for the Kodieran gold mine and the set-up of the production process that starts commissioning these days, but has moreover significantly contributed to the local economic and social development of the country. The aim of this collaboration and any other public-private partnership thereby should be to reinvest the capital in a way that a socio-economic system and independent national economies throughout Africa can evolve.

**Q: Considering the sensitivity of the environmental region surrounding the Kodieran Gold Mine, what measures have been to mitigate the effects of production? How important, in your mind, is an effective environmental strategy to the African continent as a whole?**

Respecting nature is one of the guiding principles for Pearl Gold and Wassoul'Or in operating the Kodieran gold mine and has since ever been in the centre of our decisions.

First of all, it is important to acknowledge that Kodieran is an open pit mine which allows mining without deep drilling and blasting. As we treat 999/1000 of the raw material through a gravimetric method, we will be able to reduce the use of chemicals to a strict minimum. In fact only 1/1000 of the raw material gets in touch with chemicals. To ensure that the nature will not get into contact with the chemical substances, Wassoul'Or has established a completely closed cycle which is only possible due to the extreme reduction of chemically treated material.