

ICIEC Staff Retreat and 30th Anniversary Celebration

19 - 20 December 2023

MINING SECTOR STRATEGY: HOW CAN ICIEC BE MORE RELEVANT IN THE MINING SECTOR?

Phases In A Mining Development Project

PRE-EXPLORATION & EXPLORATION (feasibility study, social acceptability, drilling and sampling)

- Average length: 2 years and more
- Risk of loss: High

DEVELOPMENT & CONSTRUCTION Average length: 3-8 years

- Risk of loss: High

EXPLOITATION

- Average length: 5 years and more (*preparation, exploitation of the mine*)
- Investment: from \$40M to 500 M
- Risk of loss: moderate to low

Mining Sector Potential For Iciec

PRE-EXPLORATION & EXPLORATION

ICIEC'S SOLUTIONS:

**PRI for equity, quasi-equity, non-shareholders' loan*

**STP- Contract Frustration*

DEVELOPMENT & CONSTRUCTION

ICIEC'S SOLUTIONS

**PRI*

**STP-Contract Frustration*

**CSTP*

EXPLOITATION

ICIEC'S SOLUTIONS

**STP*

**CSTP*

**PRI (in case of expansion for example)*

Mining Equipment Market “Yellow Equipments”

- The mining equipment market is characterized by the presence of numerous international and regional players, resulting in a highly competitive market environment.
- Key market players include:
 - Caterpillar ,
 - Liebherr-international (Germany),
 - Atlas Copco Construction Mining (Sweden),
 - Komatsu Ltd (Japan)
 - Hitachi (Japan),
 - Sandvik (Sweden),
 - Metso Corp (Finland). and
- The major players also have numerous subsidiaries operating specifically for certain products and/or in different countries.
- Supplier credit financing solutions is mostly offered.

Mining Equipment Market Potential

Mining Equipment Market - Growth Rate By Region, (2022 - 2027)



Source: Mordor Intelligence



Mining Equipment Market Key Players

- Markets currently served by insurance companies such as:
 - *Coface (France)*
 - *Credendo (Belgium)*
 - *ASR Nederland (Netherlands)*
 - *ATIDI (African Trade & investment Development Insurance)*
 - *EKN ECA (Sweden)*
 - *Atradius (Spain)*
- Policyholders can be dealers or manufacturers' own financing branch:
 - *JA Delmas (France)*
 - *Komatsu Financial EU (Japan)*
 - *CFAO (France)*
 - *SMT Africa (Belgium)*
 - *BIA (Belgium)*
 - *Unatrac (U.K)*
- Obligors can be mining companies or subcontractors

- **End users:**
 - *Mining champions (Endeavour Mining, IamGold, B2Gold, Managem...)*
 - *Mining owners (generally Canadian, Australian, South African, UK)*
 - *Companies in JV with the government of the country where the mine is located*
- **Risk Mitigation Mechanism:**
 - *Credit analysis based on several non-financial criteria (mine quality, end-user quality,...)*
 - *Machines can be stopped remotely in case of non-payment*
 - *Maintenance contract are signed between the dealer (PH) and the buyer*
 - *Secondary market for machine sales is very liquid*

Contract size:

In average between USD 4 M and USD180M

Indemnity: 47%, 50%, 70%, 90%

Premium rate: between 2.5% & 4.5%

Transactions in USD or Euro

MARKET TRENDS

Market Trend-long Term PRI Transactions

COUNTRY	YEAR	TRANSACTION DESCRIPTION	SOLUTION PROVIDED	INSURER	POLICYHOLDER	AMOUNT
Mauritania	2017	Expansion and modernization of the Tasiast Gold mine	15-years guarantee covering equity and shareholder loan investments by Kinross Gold Corporation into Tasiast Mauritanie Limited S.A	<i>Insurer:</i> MIGA <i>Direct lender:</i> Export Development Canada, IFC, ING and Société Générale	Kinross Gold Corporation (Canada) Coverage: against the risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract	\$300M
Burkina Faso	2008	Essakane Gold project. The project involves mining and gold deposit processing operations, including the establishment of an overburden storage facility, a gold processing plant and a tailings storage facility.	10-years guarantee to investor Orezone for an investment in the Essakane Gold Project in Burkina Faso.	MIGA	Orezone Resources Inc (Canada) Coverage: against the risks of transfer restriction, expropriation, war and civil disturbance and breach of contract	\$190M

Market Trend-long Term PRI Transactions

COUNTRY	YEAR	TRANSACTION DESCRIPTION	SOLUTION PROVIDED	INSURER	POLICYHOLDER	AMOUNT
Guinea	2019	Development and operation by Guinea Alumina Corporation (GAC) of a greenfield open-pit bauxite mine with an expected mine life of 20 years and production capacity of 12 million tons per annum (Mtpa), the expansion of an existing railway, and the development of associated marine and port infrastructure	12-years guarantee to cover non-shareholder loan to GAC	MIGA	A syndicate comprised of ING Bank, BNP Paribas, Société Générale, First Abu Dhabi Bank PJSC, Mashreq Bank, and Natixis Emirates NBD Bank, through ING Bank N.V. acting as PRI Agent. Coverage: Against the risks of Breach of Contract, Expropriation, Transfer Restriction, and War and Civil Disturbance	\$127.6 M

Market Trend-Financing Transactions

FINANCIAL PARTNERS	COMPANIES-BORROWERS	INVESTORS' COUNTRY	PHASE	PROJECTS	AMOUNT
Taurus Mining Finance Fund (Australia); 2023	Robex Resources	Canada	Pre-Faisability studies	Kiniero Gold Project in Guinea (Conakry).	\$115 M, Guinea *US35M bridge facility for early site work and project finance facility
Standard Bank Namibia; 2021	AfriTin Namibia	Namibia	Expansion	Expansion of the processing plant (Namibia).	\$6.2M
Societe Generale, ING Bank, Afreximbank, AFC, Natixis; 2021	Lucara Diamond Corp**	Canada	Expansion	Karowe Diamond Mine, Bostwana	\$220M

Market Trend-financing Transactions

FINANCIAL PARTNERS	COMPANIES-BORROWERS	INVESTORS COUNTRIES	PHASE	PROJECTS	AMOUNT
Chaabi Bank, Banque Populaire Group, Societe Generale, Attijariwafa Bank; 2021	Societe des Mines de Mandiana (Group Managem)	Guinea	Construction, development.	Tri-K Gold Mine-Project Financing	\$122M
Coris Bank International Resource Capital Fund VII Beedie Investments; 2021	Orezone Gold	Canada	Construction	Bombore Gold project (Burkina Faso)	\$131M
Natixis, BNP Paribas, Credit Agricole, Societe Generale; 2019	Compagnie de Bauxite de Guinee	Guinea	Expansion	Expansion capex(Term loan) and general corporate purposes (revolving credit)	\$275M

Action Plan

Referral Sources & Partners

PRE-EXPLORATION & EXPLORATION

Referral sources:

- * Mining and Drilling companies*
- * Chamber of mines*
- * Trade Commissioners*
- * Law firms*
- * Financial Institutions, DFI and MDBs*

DEVELOPMENT & CONSTRUCTION *Average length: 3- 8 years*

Referral sources

- * Mining companies*
- * Chamber of mines*
- * Trade Commissioners*
- * Law firms*
- * Financial Institutions, DFIs and MDBs*

EXPLOITATION

Referral sources

- * Brokers*
- * Mining Companies*
- * Subcontractors*
- * Financial Institutions, DFIs and MDBs*

FOCUS COUNTRIES

Africa:
Guinea
Burkina Faso
Mali
Mauritania

ASIA:
Uzbekistan
Kazakhstan
Indonesia
Pakistan

FOCUS PARTNERS

ECAs: EDCanada, Export Finance
Australia

DFI & FI: Societe Generale, ING Bank,
Afreximbank, AFC, Natixis, BNP
Paribas, AfDB, Coris Bank, Macquarie
Group (Australia)

BROKERS: Miller, Marsh, Howden
LAWYERS: Thiam & associates, Mccarhy
Tetrault, ADNA Law..

Risk Mitigation Mechanism

- Mining sector is crucial in identified focus countries
- Expropriation situation were related to non-compliance with clause related to research permits.
- The mining experience of our financial partners will be shared and will serve as a model for the future.

Next Steps



Mining Events



- 2024:
 - 10-11 January
 - *The Future Minerals Forum, KSA*
 - Theme: Creating resilient and responsible mineral value chains in Africa, Western and Central Asia
 - Goal: discuss financing the establishment or transformation of a new, modern and responsible future minerals industry in the Middle East, Central Asia, and North and East Africa.
 - 5-8 February
 - *Investing in Africa Mining Indaba, Cape Town, South Africa*
 - Theme: 'Embracing the power of positive disruption: A bold new future for African mining'
 - 3-6 March
 - *PDAC 2024 Convention: the world's premier mineral exploration & mining convention, Toronto, Canada*
 - 3-5 December 2024:
 - *Mines and Money: Europe's leading mining investment event, London*

THANK YOU



<https://iciiec.isdb.org>