

Exporting Mining Services to Africa

Davron Lu | Mining One Consultants



A bit about me



Davron Lu - GM China / Global Contracts Manager

Mining One Consultants

My journey into Africa

- Been with Mining One for over 10 years
- Background in Civil Engineering and Law
- Started with assisting clients to acquire mining assets in Africa – due diligence, feasibility studies, JORC/NI43-101 resource and reserve singoffs
- Assisting with Mining One's Africa expansion in terms of project management, legal framework setup, tax, and client development
- Recently travelled to Ghana and South Africa to further expand Mining One's business in Africa

Overview

1. About Mining One
2. Journey into Africa
3. Market Insights
4. Lessons Learned



1. About Mining One



Mining
Consulting



Studies and
Designs



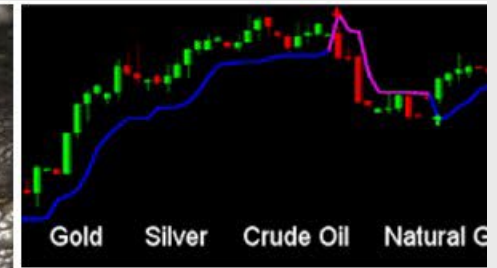
Corporate
Advice

- Studies, Peer Reviews, Valuations
- Geology (JORC – NI43-101)
- Mining – Underground & Open Pit
- Mine Geotechnical
- Metallurgy
- Environment
- Community

- Technical Reviews & Audits
- Hydrogeology
- Operational Improvements
- Operational Management / Support
- Mine Closure



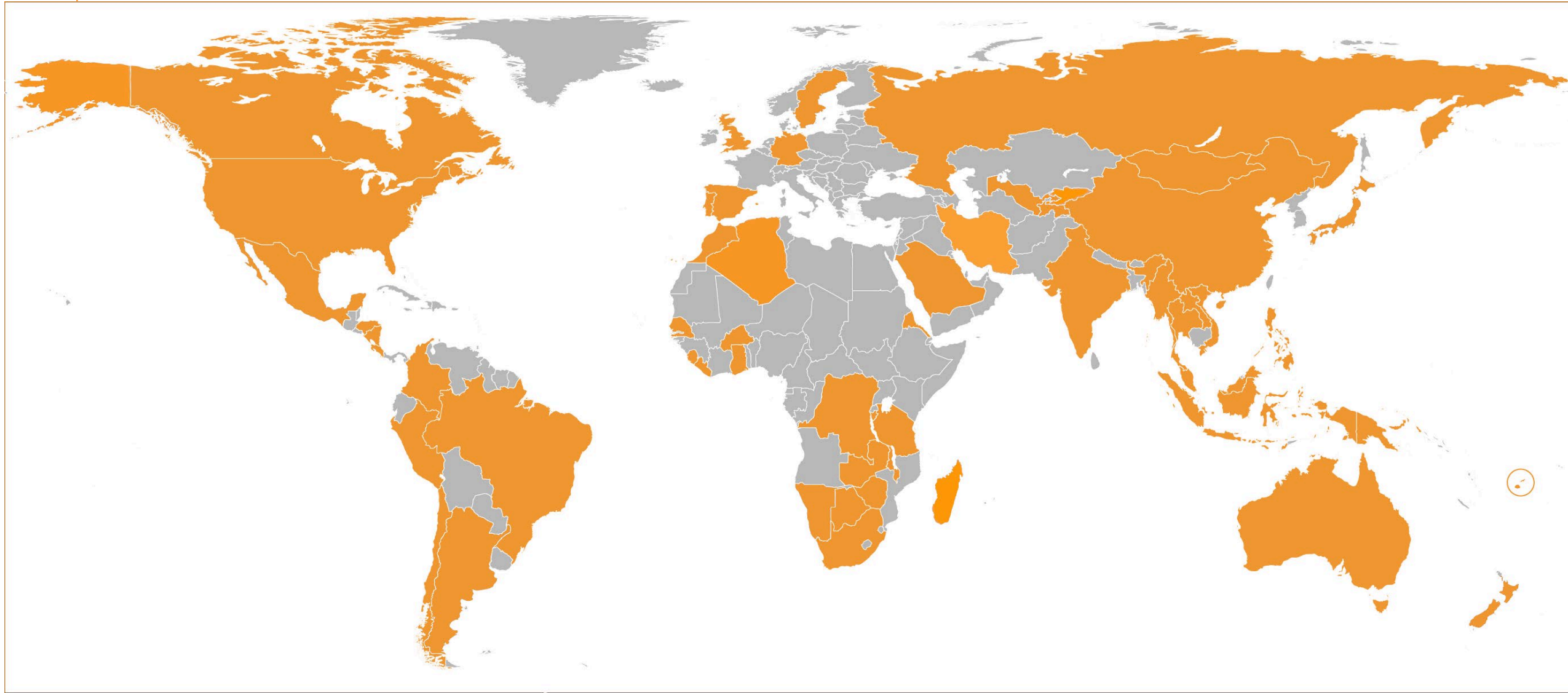
1. About Mining One – Major Clients



- MMG
- BHP Billiton
- Anglo American (Chile)
- Polyus
- PWC
- Barrick Gold
- Newmont
- Newcrest
- KGHM
- Rio Tinto
- Goldfields
- China National Gold Group
- Nyrstar (Chile, Peru, Honduras, Tennessee, Canada)
- Minsur S.A.(Peru, Chile, Brazil)
- Alcoa
- Chinalco
- FTI Consulting
- Anglo Gold Ashanti
- Evolution Mining



1. About Mining One – Global Experience



2. Journey into Africa

- Started with projects in Africa, including Tanzania, Ghana, South Africa, etc
- Initially most of the project team members were from Australia
- Mainly engaged by clients to evaluate mining projects in Africa, including assessing the projects' risks, opportunities and providing technical valuations
- Environmental and social are two of the major concerns for mining projects in Africa – Mining One started to team up with local experts to expand our services to include evaluations on environmental and social problems and providing mitigating strategies
- This then leads to expand our network to include local mining engineers, geologist, metallurgists, etc
- With Covid restrictions, our local teams in Africa have been invaluable in providing continuous mining services to our clients
- South Africa (Johannesburg) office established in 2018 , Democratic Republic of Congo (Kinshasa) office established in 2019, Ghana (Accra) office established in 2020

3. Market Insights - Ghana

- a) Resource-rich country
- b) Stable government
- c) Significant opportunities in the mining service areas
- d) Localisation program and what it means for Australian companies



3a. Ghana – A resource-rich country

- Africa's largest producer of gold
- Also rich in other deposits such as lithium, mineral sand, iron ore, and bauxite
- Major mining companies in Ghana are Gold Fields, AngloGold Ashanti, Newmont, as well as Canadian, Chinese, South African, and Australian companies.



3a. Ghana – A resource-rich country

- Some of the large mining companies are supporters of innovative technology and mechanisation of mining operations, ie, transiting from the traditional hand-held mining method to a more modern and safer mechanised mining method
- Significant opportunities in the areas of exploration, resource and reserve estimation, feasibility study, mine planning and mine design, transitioning from open pit to underground studies etc



3b. Ghana – Stable Government

- Generally considered one of the most political-stable countries in Africa
- The current president Akufo-Addo has continued its market-oriented policies to encourage economic growth in the country, such as tuition-free secondary education, improved efficiency in public systems
- The government has introduced interventions to reduce the effects of COVID-19, such as new taxes and Pandemic Alleviation Program to facilitate economic recovery
- As of July, the mandatory mask rule has been lifted. The daily new cases is around 200 per day.



3b. Ghana – Stable Government

- Illegal miners (or as locals called Galamsey – meaning “gather and sell”), are common in Ghana
- The major cause of galamsey is unemployment among the youth in Ghana. Galamsey causes damage to the environment (erosion and runoff of toxic material can poison surrounding areas). It also creates social problems to mining companies and the local communities.
- Bribery – not uncommon within the government system, including police, company registration office, tax office, etc. The best way to deal with bribery in Ghana is to say no. Otherwise a vicious cycle will be created.



3c. Ghana – Significant opportunities

- Mining services – abundance of opportunities for Australia to export our cutting-edge mining services
- Australian mining has an excellent reputation world-wide and is known for its innovation and practicality
- Growing areas of services including studies, training, exploration, and education
- Talents – University of Mines and Technology in Tarkwa has excellent courses in mining, which provides the mining industry with young graduates every year. The university also places an importance on Women in Mining, providing young female engineers opportunities to work in the mining industry.



3d. Ghana – What it means for Australian Companies

- Ghana is a good starting point for Australian companies to venture into Africa
- No language barrier
- Relatively simple company registration
- Geographically convenient, easy to travel to other African countries
- Ghana is at a stage of rapid development



3d. Ghana – What it means for Australian Companies



- Setting up a subsidiary in Ghana
 - Relatively simple company set up
 - A special licence is required from the Minerals Commission to supply mining services (this can take up to 12 months to acquire)
 - Needs to demonstrate to the government that the intention is to set up in Ghana for the long haul and to employ locals
- Localisation Program – an initiative introduced by the government to protect the local job market from expats. Currently for the mining industry, there is a cap around 10% on expats
- Mining One – we use of a combination of expats and locals
 - Local GM
 - Studies carried out by the local team, with support from Australian and other offices
 - Support services such as admin, business development and legal are provided by the head office to save cost and improve efficiency

4. Lessons Learned

- Team up with the locals
- Be patient and build up trust
- Set realistic expectations
- Measure and celebrate small success
- Long term strategy
- Learn about the culture

How to shake hands in Ghana?

The West African handshake is used in Ghana, where the middle finger snaps the middle finger of the person you are shaking. The louder the snap, the better, and it is acceptable to try the snap a second time if you miss it.



Share your African stories

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