

FISCAL MANAGEMENT OF THE MINING AND OIL SECTORS IN WEST AFRICA – February 27 and 28, 2018 in Accra, Ghana

MINING SECTOR REVENUE PERFORMANCE AND THE OUTLOOK FOR INVESTMENT IN THE NIGER MINING INDUSTRY

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Outline

- ❖ Overview of the mining sector
- ❖ Mining sector revenue performance
- ❖ Impacts of price volatility on government revenues
- ❖ Regulatory framework
- ❖ Outlook for investment in the mining sector
- ❖ Conclusion

INTRODUCTION

Map of Niger



Location: Landlocked in West Africa

Surface: 1,267,000 km²

Population: 14 million (approximately) in 2012

Economy: Agriculture and livestock breeding

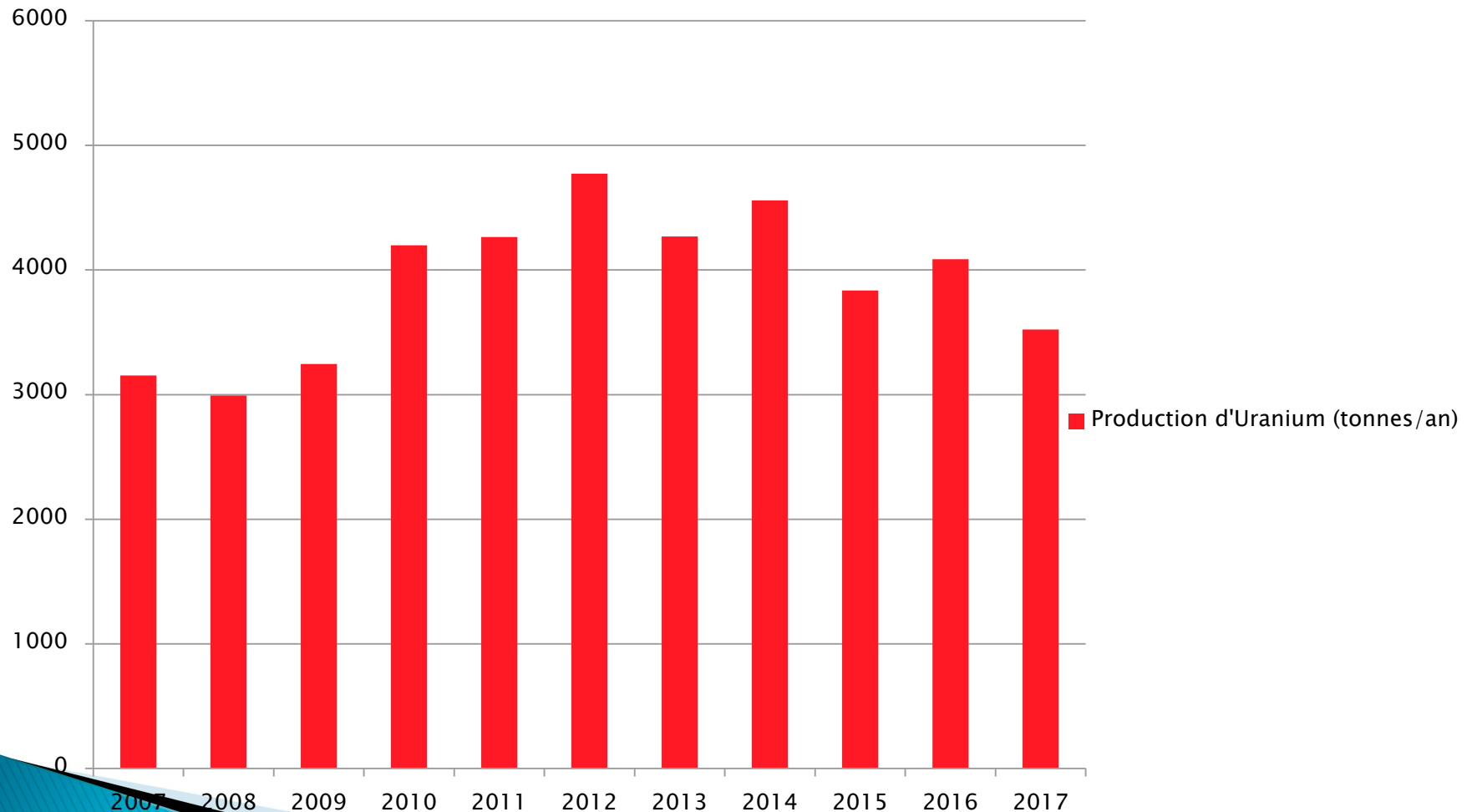
Mining production: Uranium, coal, gold (fourth in world production of uranium)

Overview of the mining sector

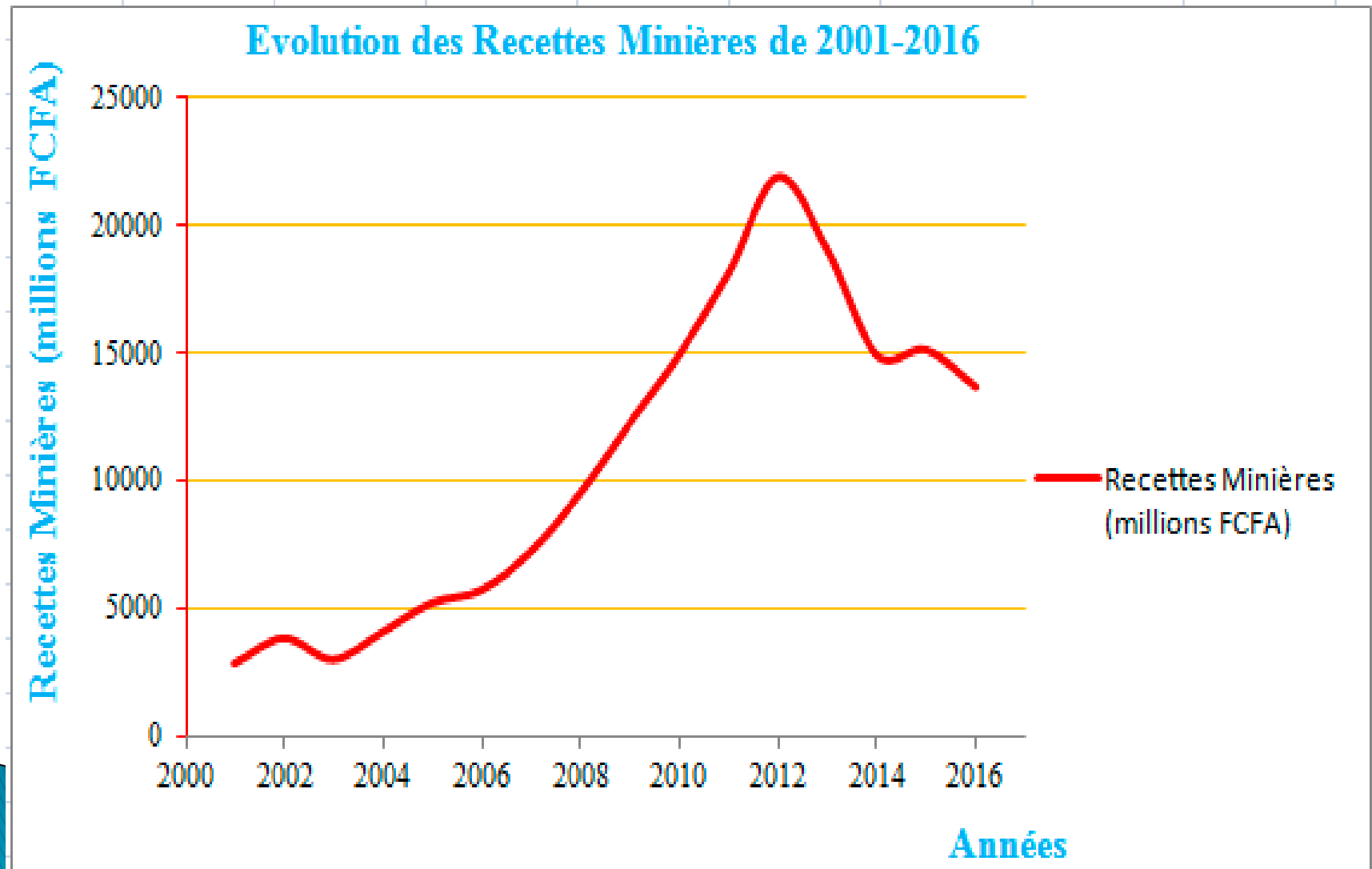
- ❖ Significant mining potential (uranium, gold, coal, phosphates, iron, salt, limestone, gypsum ...)
- ❖ Mining companies
- ❖ Uranium: SOMAIR, COMINAK, SOMINA
- ❖ Gold: SML
- ❖ Projects: Imou, Madaouela
- ❖ Mining: number of current licences, number of companies
- ❖ Foreign investors: France, India, Canada, Australia, China ...)

Mining sector revenue performance over the course of the last five to ten years in Niger

Uranium production (tons/year)



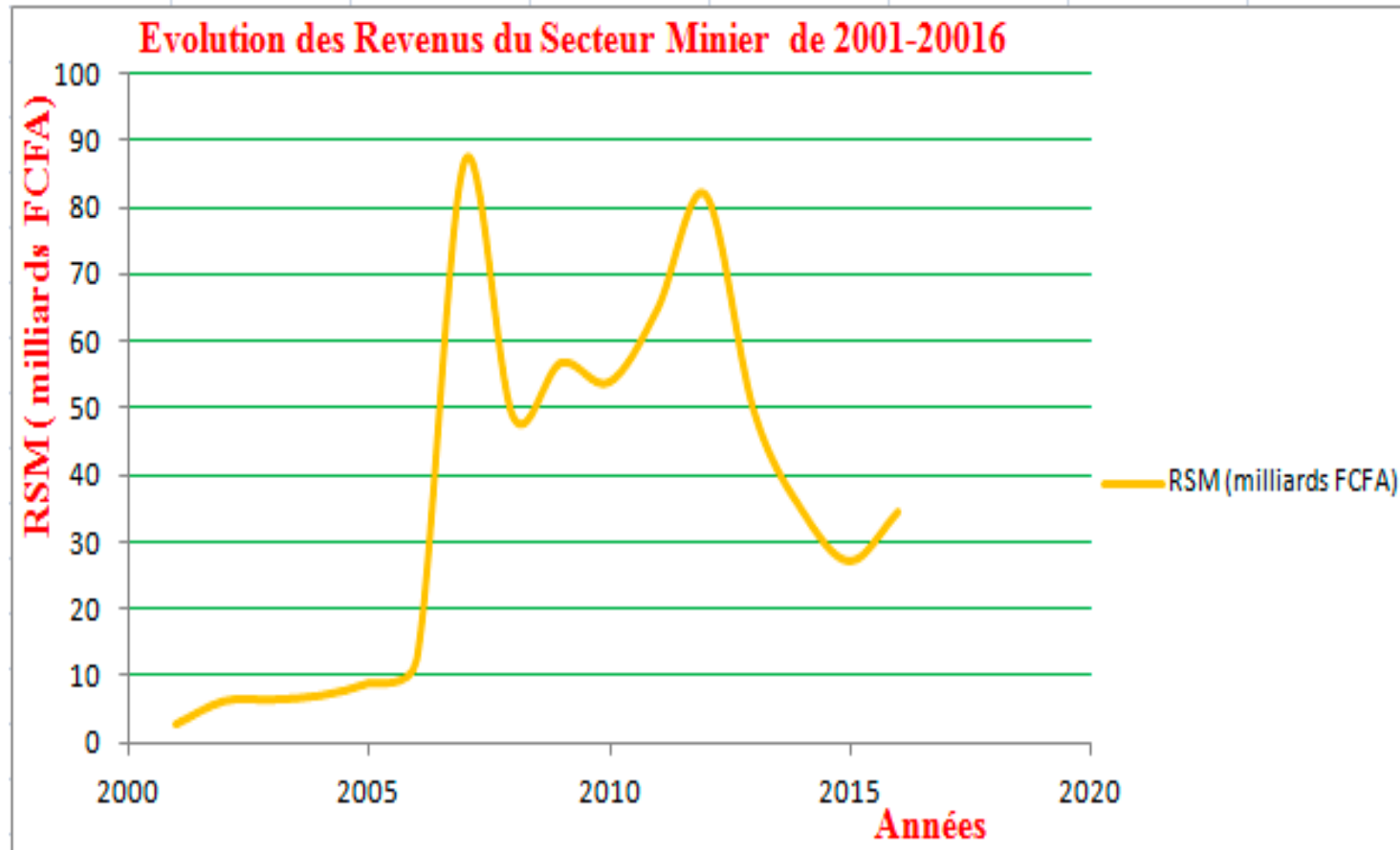
Mining sector revenue performance over the course of the last five to ten years in Niger



Mining sector revenue performance over the course of the last five to ten years in Niger

- ❖ Revenues from mining: Mining royalties and area levies, fixed fees, EDII fees and stamping (*poinçonnage*), artisanal mining taxes, taxes on quarrying
- ❖ Spike in 2012 due to record production of uranium and a high price for gold and uranium
- ❖ Decline starting in 2013

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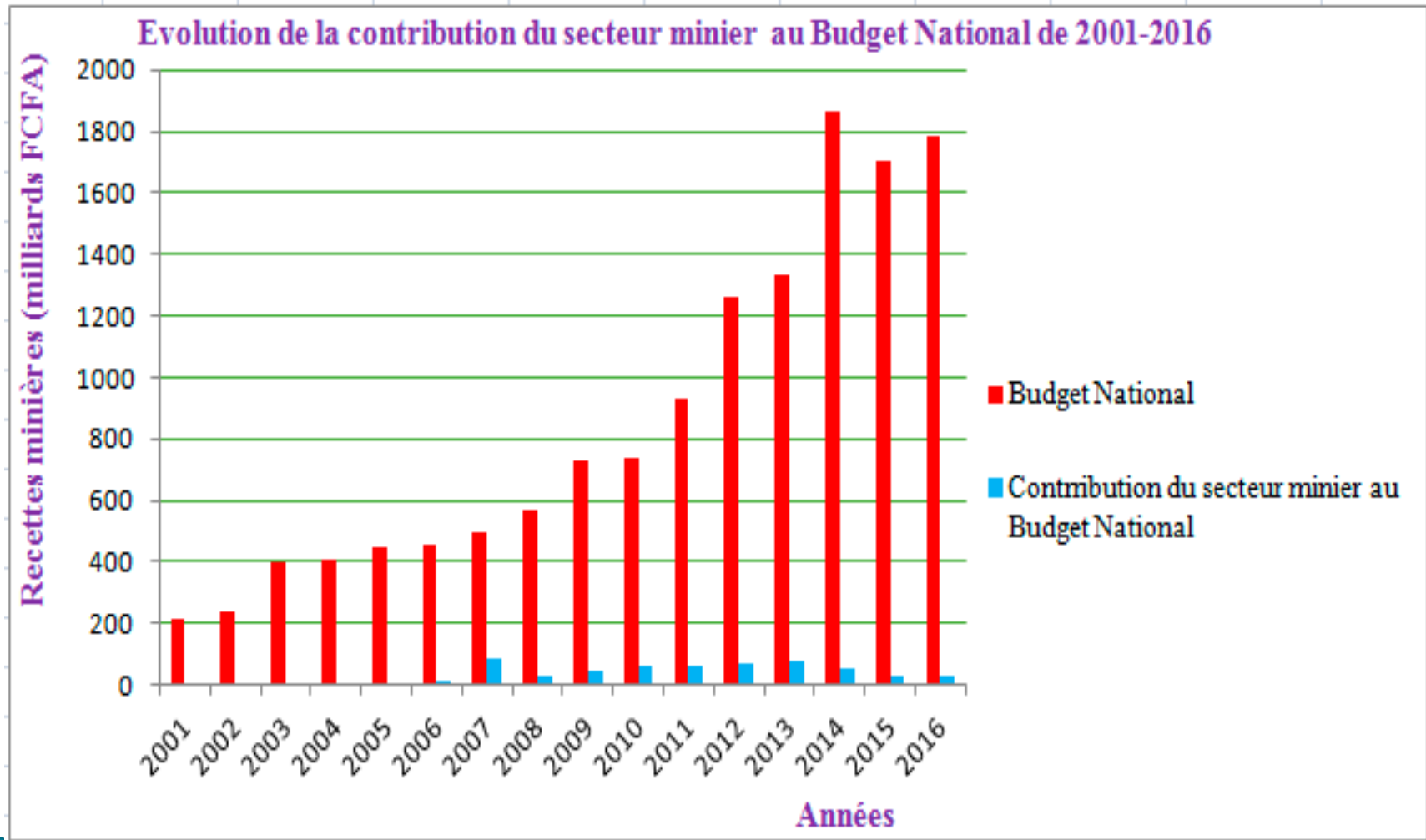


Mining sector revenue performance over the course of the last five to ten years in Niger

We note increased revenue derived from the mining sector from 2001 to 2007, followed by a fall in 2008, a rebound until 2012 and then a decline in subsequent years.

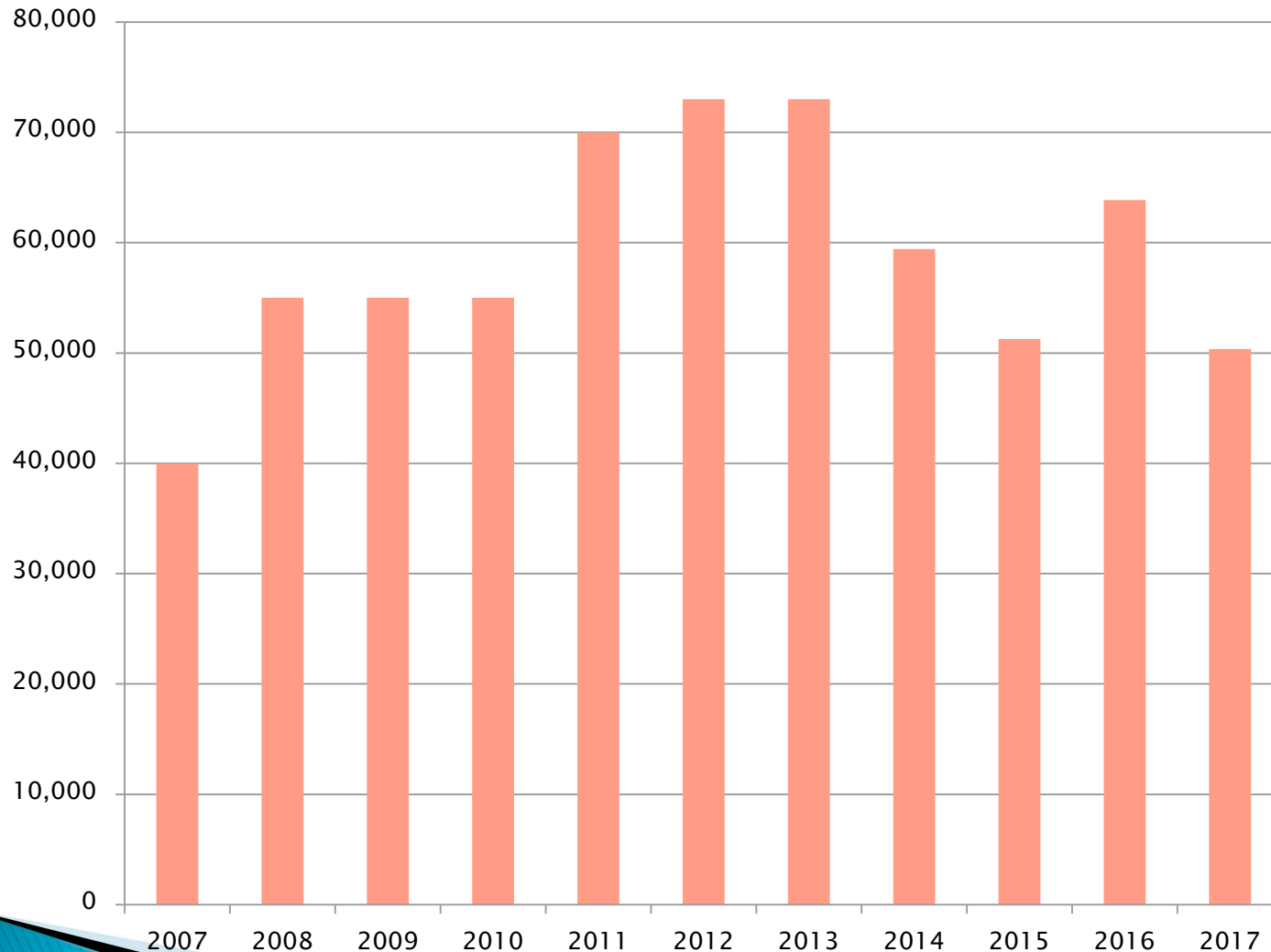
The two spikes that took place in 2007 and 2012 can be explained respectively by the sales of SOMINA and IMOURAREN assets and the substantial profits recorded by SOMAIR.

Mining sector revenue performance over the course of the last five to ten years in Niger



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Mining sector revenue performance over the course of the last five to ten years in Niger



Trends in uranium sale prices (CFAF/kg)

Performance in revenue collection from the various fiscal instruments applied to the mining sector in Niger

- ❖ Royalties
- ❖ Corporate tax
- ❖ Other taxes
- ❖ Government equity share in SOPAMIN

Impact on government revenues of the price volatility of the various minerals produced in Niger

- ❖ Decline in mining output
- ❖ Decline in revenue for the government; percentage
- ❖ Halting of SOMINA production
- ❖ Halting of the Imouraren project
- ❖ SONICCHAR: fall in coal production
- ❖ Drawing up of a restructuring plan: job cuts, suspension of the provision of certain services (medical, electricity ...)
- ❖ Small-scale mine development; reorientation

**▶ Outlook for investment in the mining sector
over the next five to ten years**

Actions undertaken

- ❖ Development of the mining policy (under way)
- ❖ Updating of strategies
- ❖ Review of the Mining Code
- ❖ Enhanced knowledge of mining potential on the part of the CRGM
- ❖ Identification of sites for artisanal and small-scale mining
- ❖ Modification of the mining legislation for establishment of new mineral titles

Outlook

Recovery in prices of raw materials

Reserves

- Mining
 - ❖ Resumption of the Imouraren project
 - ❖ Commencement of mining of the Madaouela deposit
 - ❖ Discovery of a deposit by Global Atomics
- Mineral exploration
 - ❖ Intensification of research work
 - ❖ Granting of new mineral titles
- Small-scale and artisanal mining

CONCLUSION



THANK YOU

