Mali Governement Mining Law May Deter Investment

Mali, West Africa

The ruling Junta in Mali have proposed a new Mining Law that would increase the governement's share of mines within the country. Some miners think this will deter investment in the country.

Current producers in Mali, such as Barrick and K92 Mining feel the new law will not impact existing producers.



Map of West Africa

Mali Governement Mining Law May Deter Investment in the country

Mali, West Africa

The ruling Junta in Mali have proposed a new Mining Law that would increase the governement's share of mines within the country. Some miners think this will deter future investment in the country.

The code adopted by Mali's Parliament *would allow the state and local investors to take stakes as high as 35% in mining projects compared with 20% now.* That's a significant increase.

The new law become effective once signed by President Goita, although it is unclear when that will be. Until then there will be uncertainty.

Mining companies operating in Mali have said current producing mines, such as Anglogold Ashanti, Barrick, and B2Gold, feel the new law will not impact them, as they would be safeguarded by previous conventions, which could allow them to seek international arbitration if necessary.

Hummingbird are a UK listed company active in Mali, otherwise there are a number of junior ASX and TSX listed miners exploring in the country.

Sadly resource nationalism seems to be rising once again, with a government looking at revenues being earned by foreign companies mining commodities within their borders with covetous eyes.

Until a final announcement is made, this will cast a dark shadow over investment and potential investment into Mali. What I think will happen is that Barrick will go in and demand this law is not made retrospective, which will probably succeed one way or another.

At that point the law can only be applied to new entrants into the country, or those explorers ont yet into production, which

will kill the investment case in those companies, in my view.

In conclusion, I think the large mining companies with existing production in Mali will not be effected by this new code, but clearly exploration companies looking to develop projects into production look likely to be, and that makes them very risky to invest in at this point.

I would expect their share prices to fall as a result of this news, so caution is advised, and perhaps a review of the portfolio?

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To read the full news release, please click HERE

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