

Bonikro Gold Mine

Gold Streaming in Côte d'Ivoire





BGM

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RESEARCH BY **MAME COUMBA GAYE**



Sandstorm Gold Royalties has an operational framework which is built on the concept of ‘gold streaming’ and royalties. Instead of directly operating mines and taking on the corresponding operational risks, Sandstorm provides upfront financing to gold mining companies. In exchange, it secures the rights to purchase a portion of the produced gold at a significantly reduced rate or receives a percentage of the revenues generated by the mine.

Evidence suggests that the model is working. 2022 was a good year for the company, as it reported a record year for sales in terms of gold volume and revenue terms. It sold approximately 82,400 attributable gold equivalent ounces and realized revenues of \$148.7 million for the full year, a marked increase on 2021’s \$114.9 million figure for the same metric. Its 250 mining assets, on this basis, are as productive as they have ever been.

One such mine is Bonikro gold stream consisting of two primary areas namely Bonikro (37 km² mining license) and Hiré

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We've successfully executed mining ventures throughout the region, including notable projects in Ghana for Asanko, AngloGold Ashanti, Gold Fields, Wexford Goldfields, Satellite Goldfields, and Resolute. Presently, we're offering a comprehensive range of mining services at the Bibiani Mine for Asante Gold.

Furthermore, we've taken on contracts and are currently engaged in projects in Côte d'Ivoire, Burkina Faso, Mali, Sierra Leone, and Tanzania. Our valued clientele encompasses Allied Gold's Bonikro Mine and Endeavour Mining. Our expertise is finely tuned to support operations of all sizes, even in the most remote and challenging environments.

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- ▮ Access Roads ▮ Site Clearance ▮ Topsoil Strip Bulk Earthworks for Plant Sites
- ▮ Mine Site Roads ▮ Haul Roads ▮ Tailings Storage Facility construction (Initial Construction & subsequent Raise projects)

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The group effectively operates the gold mines at Bonikro, Hiré, and Agbaou in Côte d'Ivoire and a project development pipeline.

(195 km² mining license). A third area, Dougbafla, is the subject of ongoing exploration in Cotê d'Ivoire as well as a gold complex with its adjacent gold mines of Agbaou and Bonikro which can each support a life of at least 10 years. Bonikro, located approximately 240km northwest of Abidjan, the country's capital, is exemplary of this productivity. As of 2023, it is the largest surface mine in the west African country with a growing reputation for gold production, and exploration is ongoing. Business Excellence decided to take a closer look at a mine, widely regarded as one of the most prospective in the region.

Overview

Although Sandstorm Gold's investment in Bonikro is a relatively recent one, coming as it did in May 2022, the mine itself has been operative since 2007. Beginning under the ownership of Newcrest and the Ivorian government, the mine changed hands for \$81 million in 2017, when current owners Allied Gold, took control of the majority ownership (89.89%). Allied Gold a Africa-focused gold company Allied Gold Group, a prominent player in Africa's mining business, with operations in four countries: Côte d'Ivoire, Mali, Egypt, and Ethiopia. The group effectively operates the gold mines at Bonikro, Hiré, and Agbaou in Côte d'Ivoire and a project development pipeline. They are also in the process of a business combination with Allied Merger Corporation and Mondavi Ventures Ltd.



Bonikro is a conventional truck and excavator open pit mine, which operates on a seven day week production basis. Its primary method of gold extraction is via carbon in leach technology, with a small amount of gold also being recovered via a gravity circuit. Standard drilling and blasting techniques are employed in its hard rock areas, along with free digging in softer areas. All of the mine's extracted rock is loaded with an excavator into haul trucks.

In the 15 or so years since the mine has been productive, it has produced in excess of one million ounces. Sandstorm Gold's



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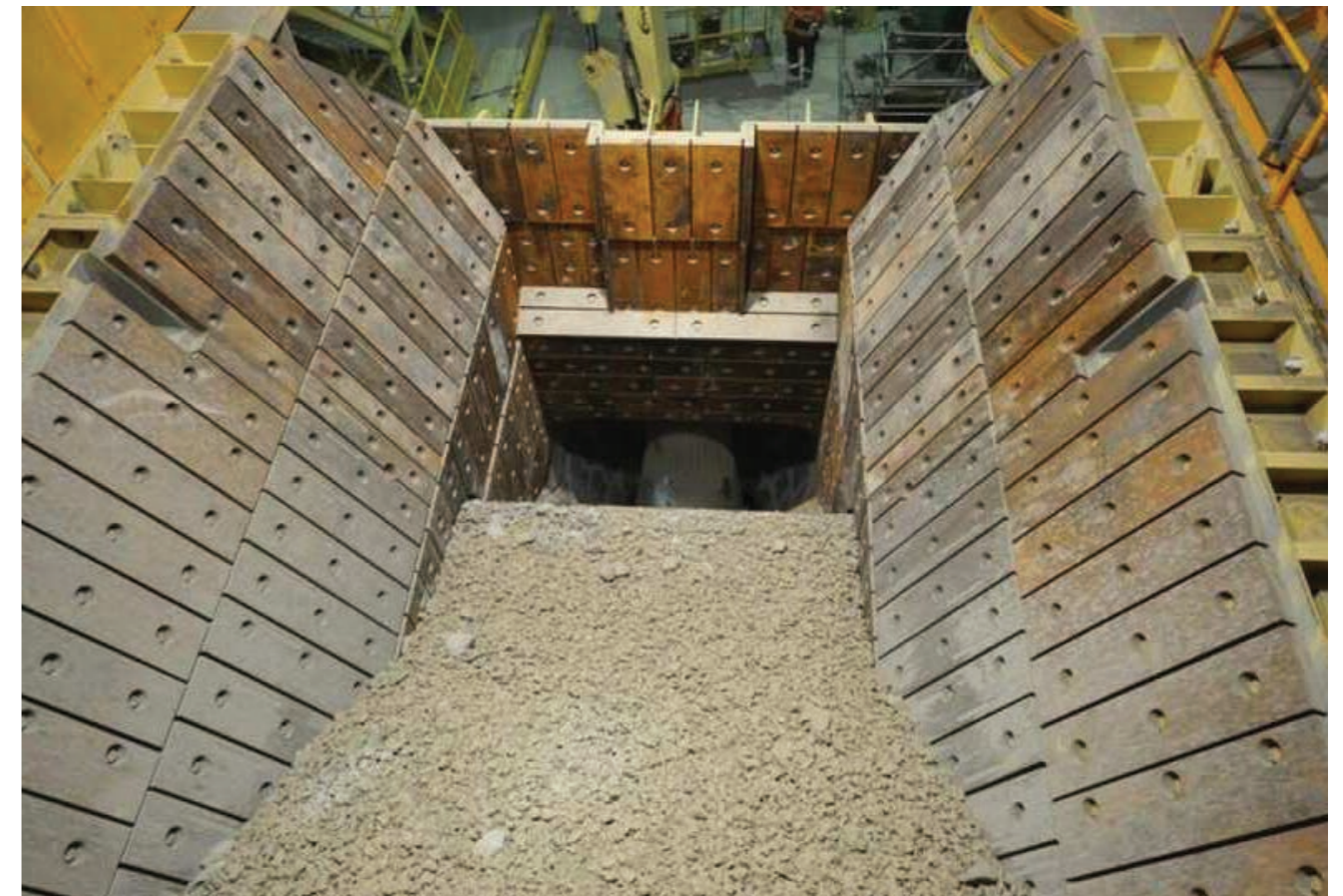
royalties' agreement ensure that it 6% of the gold produced until such point as 39kz have been delivered, after which point it receives 3.5% until 61.75kz have been delivered, and 2% thereafter. The agreement also accounts for an agreement of \$400/ounce of gold.

Sustainability

Sustainability, in all of its aspects, is far more than a soundbite at Sandstorm Gold Royalties. This isn't a company that picks up the check, disregarding the operational sustainability of the underlying assets, as some mining royalties have been shown to be guilty of. It is the first royalty company with a sustainability-linked loan credit facility, has an AA rating from MSCI, and is on track to be fully carbon neutral for



scope 2 emissions by the end of 2023. The Allied Gold operations has made direct investments of 3.8 billion FCFA and has donated more than 8 billion FOFA to Local Mining Development Committees to benefit local people. Furthermore, nearly 21 billion FCFA in agricultural and land compensation have been paid,





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demonstrating the group's commitment to sustainable development and the betterment of living circumstances in the areas where it operates.

The Bonikro mine has approximately 100 employees, over 90% of which are locals - a major boon for the area, which has traditionally been one of the

country's employment black spots. At the time of the mine's conception by its then owners and the Ivorian government, a feasibility study and environmental impact study were conducted, the latter of which was approved by the Ivory Coast Environmental Protection Authority.

Over the last twelve years, the group's mining businesses have paid around 161 billion CFA in royalties and other taxes, while spending approximately 50 billion CFA per year in Côte d'Ivoire on goods and services. These actions have also resulted in the creation of almost 2300 permanent jobs, with around 97% of those employed being nationals.

With its recent investment, its vision to become one of the fastest-growing



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gold producers in Africa is even closer to becoming a reality; Allied Gold Group continues to invest in assets in the region, including the Sadiola gold mine in Mali, El Sid in Egypt and Dish Mountain in Ethiopia. Allied Gold Group has grown to become a key economic partner for Côte d'Ivoire, and other countries it operates in the region contributing to economic growth and improving the living conditions of local communities

Partners and Suppliers

Mines and mine operators in this part of the world tend to have an international flavour, as global name multinationals open local subsidiaries to exploit the opportunities. Bonikro is somewhat differentiated in this regard. While it does work with local subsidiaries, until now, these have tended to be West African, rather than European or North American names. This only



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contributes to the notion that something is stirring in this region of the world.

Examples of these regional champions include PW Mining International, a general contractor in contract mining from Ghana, De Simone Cote d'Ivoire, a local subsidiary of a Ghanaian equipment rental company, and SFTP Mining Cote d'Ivoire, a local subsidiary of a Malian firm, with presence across 5 West African countries. Indeed, G4S Security is the only truly global company on the partner list, with SAS Gersons, a building company based in Abidjan making up the local contingent.

Another notable supply partners which has extensive experience in Africa is the mining services company Capital Drilling which in 2019 secured a five-year contract to provide a full range of mining services which includes Capital Drilling taking management control of the mining process, the full swing of management including the maintenance.

Looking Forward

And with political stability restored, economic growth of nearly 7% in 2022,

and continued growth projected in the coming two years, people in the Cote d'Ivoire have reason to be cheery. In 2022, the country had record gold output of around 48 tonnes - around 14% higher than 2021. Bonikro is one of the five mines responsible for this output, and eight further gold deposit discoveries have been announced in the past five years.

The government plans for gold mining to become the second largest contributor to the country's burgeoning GDP, capitalising on the success of Bonikro and its peers. Bonikro is currently projected to continue operating until 2027, by which time it is expected that explorations covered by Alliance Gold's exploration license will have yielded more deposits. For Ivorians, Bonikro may turn out to be the gift that keeps on giving.

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