

Guinea

Country Mining Outlook

Country Risk Rating **7**

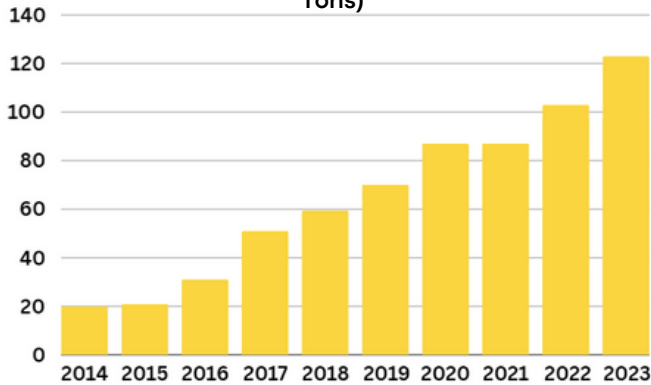


Mining outlook in Guinea

- Population: 14.5 million
- GDP Growth % 2023 (World Bank data): 4.1 %
- Political stability and absence of violence/Terrorism Percentile Rank (0-100): 17.
- Contribution of mining to GDP % 2023: 35%
- Ease of doing business (World Bank data): 49.3
- Main commodities mined: Bauxite, Iron Ore, Gold, Diamonds.

Bauxite Production Growth

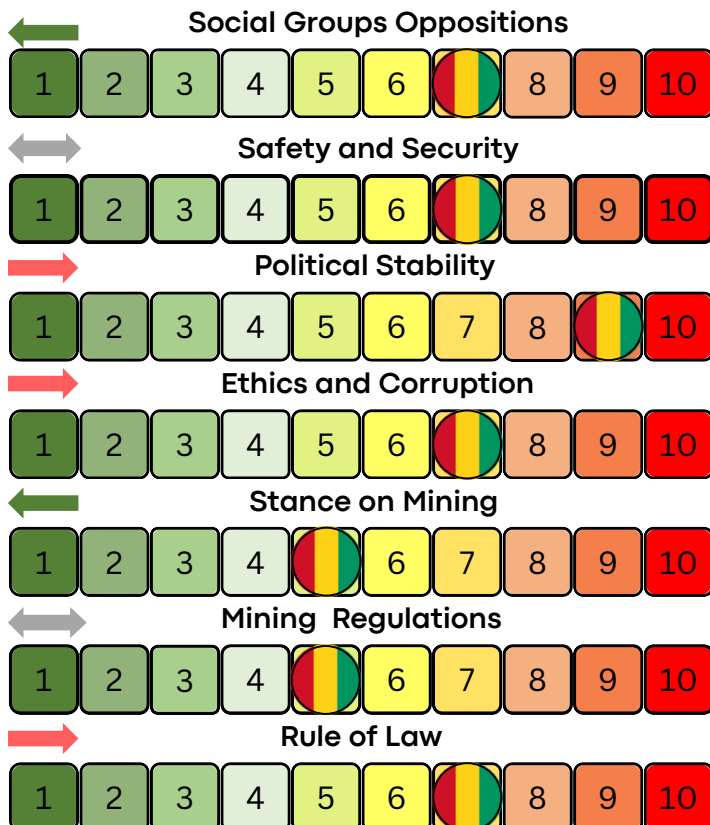
Annual Bauxite Production (Million Tons)



Project Portfolio Overview

Commodities	Operational Projects	Projects Under Development
Bauxite	13	11
Gold	8	10
Iron	1	4
Graphite	0	1
Diamond	3	3
Alumina	1	7
Total	20	36

Risk Valuation (Categories) from 1 to 10¹



Our country risk rating for Guinea is high, scoring an average of 7/10. This means disruption to operators or investors' interests in the country in the near term is likely.

The political stability risk in Guinea ranks amongst the highest in West Africa. Earlier this year, the junta dissolved the government and sealed the country's borders. The country is expected to hold elections in early 2025 when the 24-month transition period expires. Turbulence around the election is all but guaranteed.

Guinea's mining code, last significantly updated in 2011 and 2013, imposes a heavy tax framework on mining companies. This includes a 15% non-contributing carried interest for the state, a 30% corporate income tax, and royalties. Additionally, there are stringent ESG requirements to ensure sustainable operations.

The junta will likely continue to ease its stance on mining, as one of the biggest mining projects in Africa - the Simandou Iron Ore Project - gains momentum. Simandou has faced extended negotiations due to a complicated ownership structure, legal disputes, Guinea's political instability, and construction challenges. In February, the National Transition Council approved laws that ratified the agreement, aiming to complete construction by 2024.

1. The risk assessment scale is based on Embellie Advisory's proprietary methodology.

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Guinea: West Africa's emerging Iron Ore Powerhouse

Guinea's mining sector presents substantial investment opportunities. The country is well-established in the mining of bauxite, iron ore, gold, and diamonds, with numerous companies actively engaged in production and export. Guinea also possesses unexploited and commercially viable reserves of graphite, manganese, nickel, and uranium. In 2022, the nation exported over US\$5.1 billion worth of bauxite and US\$ 5.8 billion worth of gold. Looking ahead, the country offers a unique investment case in the sectors of transport, equipment, and infrastructure notably with the Simandou and Mount Nimba projects scheduled to enter commercial production before 2026. Investors and operators alike will however have to navigate the unpredictable political balance of the country which was banned from ECOWAS after a coup in 2021 and is eyeing a potentially tumultuous election in 2025.

Junta pledges, political uncertainty

International pressure forced the military junta to establish a civilian rule in 2022, scheduled to end in December 2024. After initial pushbacks, the junta has recently shown its intent on ensuring the development of the Simandou Iron ore project and attracting foreign mining investment. Other plans to implement reforms include updating the constitution and electoral registers ahead of the transition. However, the time needed for these changes and recent authoritarian actions, such as banning political demonstrations, dissolving the government, and sealing borders indicate that the general elections, originally scheduled for early 2025, may be delayed, or at least turbulent.

Bauxite Dominance & Iron Ore Promises

Guinea's bauxite potential could transform its economy. Bauxite, the primary mineral for aluminum production, is crucial for electric vehicles, solar panels, and other green technologies. In 2023, Guinea's bauxite production reached 123 million metric tons, marking the third consecutive year of growth. Although exports increased, the Guinean junta aims to boost domestic value by establishing alumina refineries. Additionally, the Simandou Iron Ore Project is a significant upcoming development. With over 30 years and billions of dollars invested, the project targets the exploitation of eight billion tons of iron ore, with an annual output of 160 million tons. Rio Tinto announced a further US\$15 billion investment.

Infrastructure challenges (and opportunities)

In August 2023, the authorities revealed plans to boost public investment in infrastructure to enhance the country's productive capacity. Guinea is also expected to benefit from increased foreign direct investment in infrastructure, notably for mining projects. This includes building a 670km Trans-Guinean railway and a mineral port to facilitate the exploitation of the Simandou iron deposit. Construction commenced at the end of 2023 after a mining rights agreement was reached between the state, Rio Tinto, and WCS. Beyond the railway, the Liberty Development Corridor is set to connect Liberian ports with mining centers in southern Guinea.

Why Invest in Guinea's Mining Industry?

Investing in Guinea's mining industry offers access to abundant natural resources, including leading global reserves of bauxite, iron ore, and gold. With emerging projects and under-explored mineral reserves like graphite and uranium, the country presents significant growth and diversification potential. The development of Simandou is also the promise of infrastructure improvements and of a pro-mining framework. However, the end of the civilian rule scheduled for 2024 introduces a potentially difficult political transition in Guinea.

Contact Details

If your organization is interested in investing in Guinea, or if you want to have a deeper understanding of our risk valuation and how this can affect your investments in Africa, please get in touch at: alex.stonor@embellieadvisory.me.

