

World's most profitable gold mine – but not all glitters in Morila, Mali. *BBC Focus on Africa Magazine*, April – June 2003, pp 33 - 35

It's a vast, gaping wound in the dry, scorched Sahelian landscape – a crater 1.4 km long, 1 km wide and over 100 metres deep. From the air, which is the best way to get to this gold mine hidden away in the Malian outback, it looks apocalyptic. But from the air-conditioned comforts of the AngloGold clubhouse, overlooking a man-made lake fed by water pumped from the Bagoé River 42 kilometres away, it's easy to forget the dusty destruction outside and be dazzled instead by the glittering success of this Morila gold mine in southeast Mali.

‘It's a bonanza,’ says Johan Botha, general manager of the mine, jointly operated by South Africa's AngloGold and Randgold. ‘Thirty years in the industry and I've never seen anything like it and I think I'll never see it again.’

Botha says the Morila gold mine, one of three in operation in Mali, all operated by South African mining giants, is now one of the ten best on the planet. This follows a dramatic third quarter last year during which gold production tripled. In just twelve weeks, Morila produced 15 tonnes of gold, more than a quarter of Mali's entire annual production. Mali is now the third largest gold producer on the continent, behind South Africa and Ghana.

Morila has been in operation for three years, and is expected to produce for at least ten. Initially, the mining companies planned to extract 6.24 million ounces of gold, for a value of \$US 1.5 billion and a profit of about US\$ 900 million, with a capital investment of US\$ 100 million, pre-financed by the World Bank.

But those figures may have to be revised if the mine continues to strike pay dirt the way it did in August 2002, when the cost per gram fell to only US\$.60 and pushed the concentrations of gold found in the rock from 5.6 grams per metric ton to almost 100 grams.

Mine workers say that an internal AngloGold document shows Morila is not just one of the best gold mines in the world, it is *the* most profitable.

And that, ironically, has fuelled the resentment and anger among Malian mine workers, and the impoverished people in the area.

Sogolo Togola, mayor of the municipality where the mine is located, says, 'Of all the 702 mayors in Mali, I am the one with the most problems, because of that mine.' He worries about long-term environmental effects of that huge hole in the ground, about deforestation and cyanide contamination. But John Haraway, director of environmental projects for AngloGold North America, says Morila gold mine meets all the environmental guidelines laid out by the World Bank and that groundwater is constantly monitored to ensure that contamination by cyanide, acids, arsenic and other minerals does not exceed levels set by the World Health Organisation for safe drinking water.

Togola, however, says there are other 'terrible problems' the mine has caused in the area. 'We have so much prostitution now, girls from Nigeria and Ghana, and even our own girls are leaving their husbands, who can't give them even 500 CFA francs, so they go with mine workers who can give them 10,000 CFA. Our people asked for 250,000 CFA (about 250 pounds) for each hectare of their farmland that the mine took but they got only 50,000 (50 pounds) and they have not benefited at all from the mine. Everything is just upside down.'

Djeniko Diabate, who sells peppers and onions in the village market of Sanso, 12 kilometres from the mine, says that since it opened prices have soared. Water is scarce and exorbitant, her husband still has no employment and they try to survive from her meagre daily earnings.

Malian mine workers, who staged a two-day strike late last year over allegations of racist behaviour among some South African expatriates in their gold mines, also have a long list of grievances.

'We are not benefiting from our gold,' says one mine operator and union member. 'AngloGold is paying for AIDS medicines for its workers in South Africa and here they won't cover even our basic health costs. There is HIV here too. Only 80 of 440 technical workers have lodging, and the rest of us live in mud huts we rent in Sanso.'

The union members say that the community projects such as schools and health facilities, which AngloGold says are worth about US\$ 150,000, are infinitesimally small compared with the profits the mine is making.

One Malian mining official who asked for anonymity, says that the recent boom in the Morila gold mine left a lot of doubts in his mind. 'Maybe they were producing that

much all along and just declared it when the new minister took office, who knows how the mining sector works,' he said. 'Or maybe the South Africans are trying to get as much gold as they can out of the mine now, before their tax exemption expires in two years and they have to start paying 35% corporate taxes. It's just not clear.'

But Johan Botha says everything they do is scrutinised all the time, they are audited regularly by the banks that financed the mine and every bar produced in the gold room is monitored by the Malian government. 'There is absolutely no chance that we were doing something irregular with the gold production,' he says. Botha does admit, however, that Mali offers the gold mining companies 'extremely favourable conditions, among the most favourable in the world.'

And removing public suspicion in Mali about the South African gold mining operations may be more difficult than extracting the gold from 3 million tonnes of rock blasted out of the Malian soil every year. Two years ago there were near riots in the capital, Bamako, when hundreds of Malians tried to prevent a coffin bearing the body of a South African national who had died of a heart attack in the Sadiola gold mine in the west of the Mali, from leaving the country. They alleged the coffin didn't contain a body, it contained gold.

Mali's new Minister of Mines, Energy and Water, Ahmed Semega, says such allegations are unfounded, but they are evidence of just how little Malians trust the South African companies exploiting their gold, which he blames on the 'opacity' of their operations.

Semega recalls that 800 years ago, the Mali Empire was renowned for its gold, and that when Emperor Kanku Musa made a pilgrimage to Mecca, he carried so much gold in his caravan that world prices for the precious metal fell by half. But he says the Malian public doesn't understand that traditional mining is no longer viable, and that people do not understand the complexities and costs of industrial mining to extract gold at great depths.

'When I got into office and had a chance to talk to the mining companies, I told them to help me help them, because visibility is the key. You are dealing with gold in a poor country, and you know what that means. I told them they have to show people what

they're doing and how much money it requires, help us make people benefit from it and make their investment secure.'

Semega says it would be nice if Malian themselves had the financial resources to exploit their own gold, but that 'Mali is a rich country without money' and that foreign investment is necessary for industrial mining. He doesn't doubt the veracity of the production figures from Morila, but he does question what effect it will have on the life of the mine, and says, 'We are going to look into that question further.'

On an official visit to the mine, he pointed out to irate local people and mine workers that the Malian government owns 20% of the Morila mine, but that it was probably time to 'rewrite' the mining code, to ensure that Mali benefits from its gold without deterring would-be investors.

He also said that the Malian government would push for more training for Malian mine workers and also place its own people at gold mines to monitor production. And he would like to see more medium-scale mining operations that cause less environmental damage, which could be financed by Malian entrepreneurs. But for the time being, it is South African companies – AngloGold and Rangold – who enjoy a veritable a monopoly on gold exploitation in his country, where South Africa is just now opening an embassy. And Semega admits it's time the Malian authorities paid attention to what is happening in those gold mines.

'When you're not around to see, things are often done against you,' he said. 'I can see that all in Morila is not golden.'