

## Special Session on Gold Doré at IGC 2024



**Dr Emmanuel Makumba Mali**, Director, ICGLR, **Mr Keith Weiner**, Founder & CEO, Monetary Metals  
**Dr Prabhakar Sangurmath**, Former Director, The Hutti Gold Mines Company Limited  
**Mr Chirag Sheth**, Principal Consultant, Metals Focus,  
**Dr Chetan Mehta**, President The Jewellers Association, Bengaluru (Felicitor)

**Mr Chirag Sheth:** In 2023, global gold production was about 3,640 tonnes, a 0.3% increase from the previous year. However, not all of this gold is doré. Informal production, around 750 tonnes annually, and by-products from base metal mining (520 tonnes) reduce doré availability. Captive doré production totals approximately 970 tonnes. After accounting for these factors, around 1,210 tonnes of doré are available yearly, representing about 34% of the total global gold mine supply.

**Mr Keith Weiner:** Indian refiners can source doré globally despite challenges. India's gold market fluctuates between discounts and premiums, with recent import duty changes giving doré a 65 basis point advantage over bullion, increasing competition among refiners. Global gold production is around 3,000 tonnes annually, with typical refiners processing about 300 tonnes per year. Sourcing doré is competitive and trust-dependent,

with major mines producing around 14 tonnes annually. Sourcing options include artisanal miners, aggregators in Africa and South America, and traders. Challenges include unpredictability, traceability, and thin margins. Prepaid forwards are capital-intensive but offer potential double-digit returns. Due diligence is crucial, including checks on beneficial owners, compliance with AML and KYC regulations, and understanding the geology and metallurgy of investments in mines.

**Dr. Prabhakar Sangurmath:** India's gold mining sector has significant untapped potential, with the Geological Survey of India and various private exploration agencies identifying substantial resources. However, progress has been hindered by bureaucratic hurdles and complex licensing processes. The approval process involves multiple departments, including the Pollution Control Board and Forest Department, leading to delays. A streamlined, single-window clearance system could

expedite approvals and improve sector efficiency. Accelerating development would not only boost socio-economic growth and government revenues but also strengthen India's position in the global gold market. Post-COVID, enhanced mining activity can contribute to economic recovery and create job opportunities. Dr. Emmanuel Makumba Mali: The Great Lakes region, encompassing Sudan, South Sudan, and the Central African Republic, produces nearly 500 tonnes of gold annually. Official statistics often underreport exports due to opaque supply chains and issues like smuggling

and informal mining. Certificates of origin intended to verify the source of gold are frequently unreliable, complicating ethical sourcing efforts. ICGLR works to address these challenges by implementing regional certification and third-party audits to improve traceability and governance. Indian refineries must ensure they comply with international standards to avoid supporting conflict or illegal activities. Collaboration with ICGLR and improved traceability measures can help mitigate risks associated with sourcing from this region.

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## Questions and Answers:

**Question to Dr. Emmanuel Makumba: What is ICGLR, and how can Indian refineries collaborate with it?**

**Answer:** ICGLR is a 12-member organization focused on peace, security, and reducing conflicts in the Great Lakes region, particularly related to illegal resource exploitation. It implements regional certification and third-party audits to formalize mining and ensure compliance with human rights and environmental standards. Indian refineries can collaborate with ICGLR by ensuring their trade practices adhere to these standards, thereby avoiding the promotion of conflict, child labor, or displacement.

**Question to Dr. Prabhakar Sangurmath: What is the current status of gold mining in India, and why has progress been slow?**

**Answer:** India produces 10-15 tonnes of gold annually, with substantial untapped resources. Despite interest and auctioning of numerous exploration blocks, progress has been slow due to bureaucratic inefficiencies and complex licensing processes. Although the government is working to streamline these processes, challenges remain in obtaining approvals from multiple regulatory bodies. A more efficient and transparent approval system could enhance sector growth and India's role in global gold production.

**Question to Mr Keith Weiner: What due diligence should Indian refineries undertake when investing in or sourcing from mines?**

**Answer:** Due diligence involves verifying the ultimate beneficial owners, conducting thorough background checks, and ensuring compliance with AML and KYC regulations. For sourcing, companies must monitor production for anomalies like gold laundering. When

investing, a detailed assessment of creditworthiness, balance sheets, mine plans, and geological data is essential. This thorough due diligence helps mitigate risks, especially when investing in junior miners, which can be highly volatile.

**Question to Dr. Emmanuel Makumba: How can Indian refineries work with mining companies in the Great Lakes region, and what safeguards should they take?**

**Answer:** Despite underreported figures, a significant amount of gold reaches India from the Great Lakes region. ICGLR is working to improve traceability and streamline bureaucracy to address these challenges. Refineries should engage in dialogue with ICGLR and local stakeholders to enhance compliance and reduce risks. Safeguards include ensuring accurate certificates of origin, adhering to traceability requirements, and supporting ethical practices to minimize costs for artisanal miners while preventing involvement in conflict or illegal activities.

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