



# The Blood Gold Report

How the Kremlin is using Wagner to launder billions in African gold

# THE Blood Gold REPORT

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**Cover image:** Russian mercenary training military personnel from the Central African Republic army (FACA). Telegram, posted 26 November 2022, accessed 4 December 2023.

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## Executive summary

Since launching its brutal war of aggression against Ukraine in February 2022, the Russian Federation has been locked into a long and costly conflict. Russia has been diplomatically marginalized, subjected to sanctions, and shunned by most of the Western world. Many multinational companies have been forced by international pressure to shutter or sell their Russian operations, and profiting from cooperation with the Russian state is no longer considered acceptable. Russia has found itself in dire need of new allies and resources.

In this environment, the Kremlin-financed Private Military Company Wagner, or Wagner Group, has served as an increasingly important source of revenue for the Russian state. Founded in 2014 to support pro-Russian forces in Donbas, since then Wagner Group has evolved into a complex international network of private military contractors, disinformation campaign infrastructure, and corporate front companies. It has deployed fighters, propaganda and disinformation campaigns, and financing as a proxy for the Russian state in numerous conflicts, from Syria and Libya to Mali, Central African Republic, and beyond.

Wagner has most often been described as an independent mercenary group. This status has provided Russia with a thin veil of deniability, particularly in relation to the numerous plausible accusations of murder, rape, torture, and war crimes raised against Wagner fighters. But in reality, Wagner has always operated with the political and material backing of the Russian Federation to advance Russian state interests.

In Africa, Wagner has been deployed in a number of countries across the continent since 2017. In each country it enters, Wagner deploys military trainers, mercenary fighters, and propaganda experts to support anti-democratic regimes, drive instability, and commit human rights abuses. The mercenary group's ostensible provision of "security services" creates a framework for lucrative business contracts for the extraction of natural resources including diamonds, oil, timber, and especially gold.

This report focuses on the Kremlin's 'blood gold': Gold extracted from African countries and laundered into international markets that provides billions in revenue to the Russian state, thereby directly and indirectly financing Russia's war on Ukraine and global hybrid warfare infrastructure.

The Blood Gold Report's analysis suggests that Wagner and Russia have earned more than US\$2.5 billion from blood gold since the full-scale invasion of Ukraine in February 2022. The report focuses on the case studies of Wagner's blood gold operations in the Central African Republic, Sudan, and Mali. In each of these countries, Russia profits from the blood gold trade in different ways:

*The Blood Gold Report's analysis suggests that **Wagner and Russia have earned more than US\$2.5 billion from blood gold** since the full-scale invasion of Ukraine in February 2022*



Wagner mercenary in Bakhmut, Ukraine (2023). IMAGO / SNA.

**In CAR**, the mercenary group has been granted exclusive extractive rights for the Ndassima mine, the country's largest gold mine, in return for propping up President Touadera's authoritarian regime. Wagner's Ndassima operations are understood to produce **US\$290 million** of gold annually, while local miners have been pushed aside or murdered by the mercenary group.

**In Sudan**, through control of a major refinery, Wagner has become the dominant buyer of unprocessed Sudanese gold, as well as a major smuggler of processed gold. Russian military transporter flights laden with gold have been identified by Sudanese customs officials. While tracking Sudan's unreported gold market is near impossible, estimates suggest that almost **US\$2 billion** in gold is smuggled out of the country unreported every year, with 'the Russian Company' in prime position to take advantage.

**In Mali**, Wagner is paid a monthly retainer - estimated at **US\$10.8 million** per month - to prop up a brutal military junta. Meanwhile the junta is in turn dependent on a small number of Western mining companies for the revenue it needs to pay Wagner. Mining companies contributed more than 50% of all tax revenues to the Malian state for 2022. Barrick Gold Corporation, a Canadian listed company and Mali's single biggest tax contributor, paid US\$206 million in the first half of 2023 alone.



The junta is increasing its financial demands on gold mining companies. Meanwhile, the four largest gold mining companies (weighted by tax contribution) continue to plan further investments in the country, despite the well-documented abuses of the military junta and growing influence of the Wagner Group.

Wagner's blood gold operations in CAR and Sudan have been subject to sanctions, and the Kremlin-backed mercenaries have developed increasingly complex smuggling routes and corporate subterfuge tactics to move blood gold out of these countries and convert this gold into cash.

In contrast, the Malian blood gold system enables Wagner to remain one degree removed from gold production. Instead, legitimate multinational mining companies convert gold into cash for the Malian military junta without triggering international sanctions.

To secure its position in a target country's political and natural resource extraction landscape, Wagner's African playbook consists of a four-pronged attack on the host country's civic institutions and civilian population - suppressing political opposition, spreading disinformation, silencing free media and terrorising civilians.

The ultimate objective of Wagner's playbook is to increase its clients' dependence on Wagner forces to stay in power, thereby securing a long-term revenue stream for the Kremlin and fostering authoritarianism and instability throughout the region as part of Russia's wider geopolitical strategy to distract and bog down the democratic West.

Since the death of Wagner's leader Yevgeny Prigozhin, the mercenary group has formally come under the control of the Russian State. Yet the Kremlin's focus on Africa, and its blood gold operations, show no signs of changing.

*The recent announcement of a new Russian mega-refinery in Mali will likely see all of the gold produced in Mali by international mining companies passing through Russian hands and demonstrates Russia's growing ambition in the region.*

**The Blood Gold Report highlights the huge profits that Wagner and the Kremlin are earning from the extraction and trade in African blood gold, and the complex international networks enabling this system to finance Russia's war on Ukraine and hybrid warfare against Western democracies and democratic states worldwide.**

## Recommendations



Protest in support of Ukraine. Canada, 2022. Shutterstock.

To cut off the Kremlin's blood gold funding stream, the report recommends the following actions:

- **WIDEN** sanctions to automatically target any party that employs Wagner's security services, ensuring fitting punishment for Wagner's benefactors;
- **INTRODUCE** stringent supply chain controls to prevent blood gold infiltration;
- **DEMAND** real responsibility from international mining companies who continue to do business with Wagner's authoritarian 'clients';
- **DESIGNATE** Wagner a terrorist group and set the International Criminal Court on the mercenary group's trail to ensure justice is served;
- **DEEPEN** collaboration between allies and international partners to close gaps in the existing sanctions framework.
- **INCREASE** support to African democratic states, independent media, and civil society groups directly and indirectly threatened by Wagner operations on the continent to both strengthen local resilience against Wagner's hybrid tactics and demonstrate strength against Kremlin interference.

Concerted international action by the public and private sector is needed to stop Wagner's blood gold trade that fuels Russia's war machine with as much as **US\$114 million per month**. Blood gold has helped finance the murder of tens of thousands and displacement of millions across Africa and Ukraine. The time for action is now.



## Methodology

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The report employs a qualitative and comparative method. It focuses on a N=3 sample of countries comprising the Central African Republic, Sudan, and Mali.

The preferred comparative approach is that of most similar systems design.<sup>1</sup>

A qualitative method is preferable to a quantitative procedure for several reasons. A quantitative evaluation requires statistical handling of a large sample size based on which causal generalizations can be made - the larger the sample size, the better.<sup>2</sup>

The number of African countries where Wagner is active or may be potentially active in the future is currently in the single digits (Libya, Madagascar, Mali, Sudan, Central African Republic, and potentially Burkina Faso and the Democratic Republic of Congo), falling far short of what is necessary for robust inferences.

The Central African Republic, Sudan, and Mali were selected for analysis on the basis that they each fulfilled two key criteria: (1) large gold deposit endowments and (2) the presence of Wagner entities which, amongst other activities, have devised ways of extracting revenue from these countries' gold supply chains. Other countries considered by the report authors did not, at the time of research, fulfill either or both of these criteria to a sufficient extent (e.g., reports of Wagner activity in Burkina Faso remain tentative).

In addition to the comparative element, the qualitative aspect of the present text consisted of interviews with 'elite' actors over the course of a month. 'Elite' actors includes experts on the topic of Russian studies and international relations, Wagner and security studies, the international gold market, local and international journalists with extensive knowledge and experience in sub-Saharan Africa, representatives of human rights groups and non-government organizations on the forefront of struggles against rising authoritarianism, and direct witnesses to the Kremlin's machinations.

Given the sensitive nature of the information shared here, some

sources cited in the text remain anonymous. All subjects were interviewed either remotely or in person. They included private individuals, public persona, and those who replied on behalf of a corporate entity. Among the latter contacted by the Blood Gold Report authors are the four largest gold mining companies operating in Mali - B2Gold, Barrick Gold Corporation, Resolute Mining and Allied Gold Corporation - concerning their corporate social responsibility standards and steps they may have taken to address "blood gold" concerns.

The present text for the most part foregoes inferential statistics, favoring descriptive information derived from existing economic and social data.

The study employs primary, secondary, and tertiary sources.

Primary sources run the gamut from satellite images, eyewitness testimonies, citizen media (pictures and videos filmed by locals), OSINT and airplane tracking accounts on Twitter/X, Telegram posts by chat groups connected to Wagner, official government documents, sanctions legislation, and many more pieces of data that provide a firsthand account of events. The authors of this report recognize the potential unreliability of many primary sources - such information can often be fabricated, truncated, and misleading. All primary sources employed by the authors have been cross-referenced to verify their authenticity.

Secondary sources consist of academic-level publications in peer-reviewed journals, scholarly books, robust databases, and other information that provides an in-depth examination beyond raw data.

Tertiary material consulted includes newspaper articles, press reports, and reports prepared by other organizations concerned with Wagner's activities in Africa and Ukraine. The authors exercised due diligence, corroborating news accounts and reports as with primary sources. Furthermore, they remained mindful of the perennial pitfalls of working with diverse data (including construct validity issues when using identical concepts to refer to different phenomena).



## About the authors

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Jessica is a political analyst, founder of the strategy consultancy CoStruct, and Vice Chairman of the Board at the pan-African fintech company Bridge Technologies. She has lived and worked in Afghanistan, China, Myanmar, Rwanda, the UK, and the US in security, foreign policy, and economic development, including with the US Senate, US Department of Defense, and the German aid agency. Her analysis has been featured in numerous outlets including *BBC*, *CNN*, *The Washington Post*, *DW News*, and *Der Tagesspiegel*. She holds an M.Sc. in Political Economy of Emerging Markets from King's College London, a B.A. in International Relations from Tufts University, and speaks five languages.



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## 4 - Introduction

### The birth of Wagner

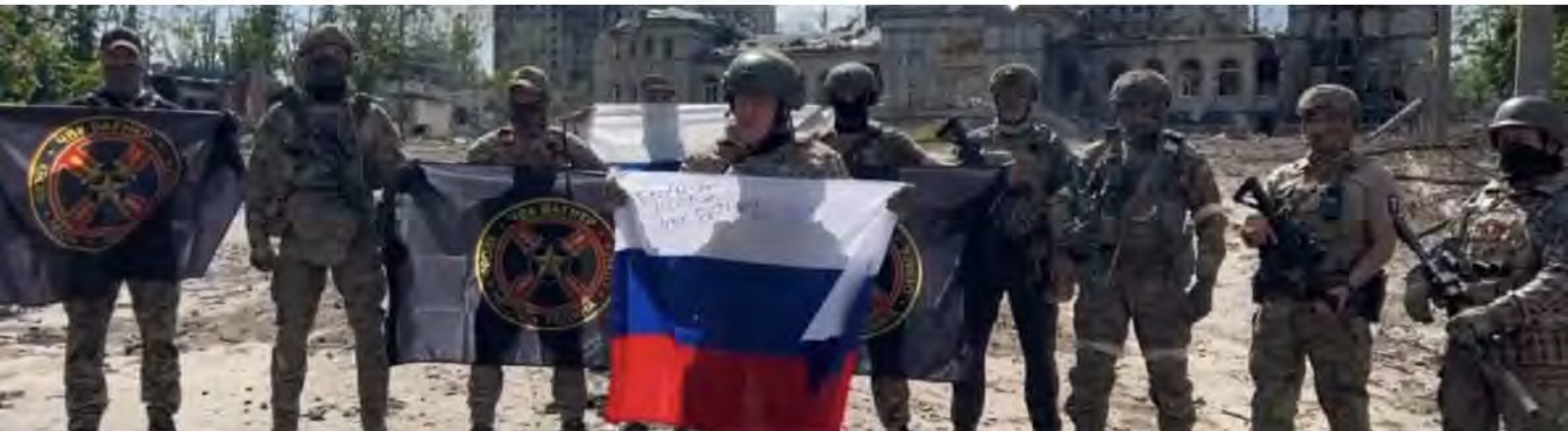
Over the past decade the Wagner Group has grown from a mercenary force to a linchpin in Russia's hybrid warfare arsenal, deploying military personnel and equipment to client states and regimes, destabilizing governments and influencing elections with sophisticated disinformation campaigns, and generating billions in revenue to the Russian state through the sale of mercenary 'security services' and natural resource extraction. Led by Russian oligarch Yevgeny Prigozhin, the Wagner Group first emerged in 2014 in Donbas and Crimea, where they operated alongside regular Russian army units and Kremlin-backed separatists. A year later, Wagner mercenaries were being deployed in Syria as part of Moscow's wider military intervention on the side of Bashar al-Assad's dictatorship.<sup>1</sup>

For most of its early existence, neither Prigozhin nor Vladimir Putin admitted any association with Wagner. This deniability, however implausible, was key to the mercenary group's value for the Kremlin. Implausible deniability enabled Wagner to go places and do things that, were they committed by officially acknowledged Russian state actors, would have

caused the kind of unmitigated international outcry which only the Russian Federation's 2022 full-scale invasion of Ukraine later provoked.

Wagner's central role and brutal tactics in Russia's war of aggression against Ukraine made obscuring the mercenary group's close alignment with the Kremlin increasingly untenable. In 2022 the façade finally fell away: Prigozhin officially acknowledged his role in founding the mercenary group. The following year, in the wake of Wagner's failed June 2023 mutiny and in an attempt to take credit for the group's battlefield successes, Putin claimed the Kremlin dispersed almost US\$1 billion to Wagner to finance its operations in Ukraine, effectively outing Wagner Group as an arm of the Russian state.

Prigozhin's mutiny in June and death in August 2023 resulted in Wagner coming under closer Kremlin control. Substantial segments of the Wagner Group's mercenary forces have since been absorbed into the ranks of the Russian national guard (Rosgvardiya), under the leadership of Yevgeny Prigozhin's son Pavel Prigozhin.<sup>2</sup>



Yevgeny Prigozhin, head of the Wagner Group in front of Wagner soldiers in Bakhmut, Ukraine. Posted on Telegram, @orchestra\_w, 20 May 2023. Accessed 5 December 2023.

### Wagner Inc.

Wagner Group is more than simply an unofficial extension of the Russian military, and the Russian state is not the group's sole or even principal source of income. In less than a decade, Wagner has evolved into a sprawling multinational mafia-style private enterprise, commanding tens of thousands of mercenary fighters, troll and bot farms able to be deployed on behalf of Russian state-backed disinformation campaigns as well as third-party paying clients, natural resource extraction and smuggling infrastructure, and a complex global network of shell companies enabling these operations to process payments and avoid sanctions.

The Atlantic Council estimates that Wagner generated US\$5 billion in revenue between 2017 and 2023.<sup>3</sup> These funds came not only from client payments for military services and disinformation campaign support, but also from resource extraction offered to Wagner as supplemental payment by client regimes in control of significant natural resource assets. In Syria for example, where the mercenary group cut its teeth fighting alongside regular Russian military forces, Wagner was reportedly incentivized by a 25% cut of any earnings from the oil and gas fields that the group wrested from Islamic State control.<sup>4</sup>





## Wagner in Africa and Russia's Blood Gold

In Africa, extractive industries have been a primary target of Wagner Group's operations. Wagner offers regimes and other power players in resource-rich countries with weak rule of law and political instability an array of 'security services' (including military training and support, disinformation campaigns, opposition and media suppression, and electoral meddling) in exchange for natural resource extraction access.

The success and utility of this model appears to have survived the death of Prigozhin: new projects such as the building of open mine pits in the Central African Republic to a gargantuan gold refinery in Mali are reportedly underway, indicating that the Kremlin's eye remains squarely fixed on Africa for the long term.

Wagner's operations across the African continent not only generate tens of millions of dollars in monthly revenue for Moscow, they also serve to destabilize the region and undermine Western influence in their countries of operation, directly and indirectly contributing to an increase in refugees seeking asylum in Europe.

In this way, Wagner Group's commercial operations in general, and activities in Africa in particular, contribute not only to the financing of Russia's war on Ukraine but also to the Kremlin's

broader strategic goal of destabilizing the international rules-based order and disrupting the domestic political landscape in European states with the one-two punch of increasing refugee flows to Europe and supporting European parties who leverage anti-refugee sentiments and fears to promote right-wing and/or Russia-friendly agendas.

The Blood Gold Report highlights these linkages, focusing on the case study of Wagner's gold extraction and profiteering in CAR, Sudan, and Mali.

In Chapter 5, the report documents Wagner's playbook in Africa and the trail of destruction and human rights abuses that has followed in the wake of Russian mercenaries. In Chapter 6, the report investigates the three distinct models for generating revenue from blood gold that Wagner has developed in CAR, Sudan, and Mali.

In its final chapter, the report sets out recommendations that, if effectively implemented, could serve to significantly hamper Wagner's blood gold operations and deliver a major financial blow to the Kremlin, to the benefit of African security, the defense of Ukraine, and democratic states worldwide combating the threat of Russian aggression and hybrid warfare.



Russian security forces ahead of the presidential elections in Bangui, Central African Republic, 2020. Nacer Talel, AA.



5

# Wagner's African Playbook

Screenshot from a video of Yevgeny Prigozhin. Multiple outlets located video to Mali. Telegram, @GreyZone, Posted 21 August 2023, Accessed 30 November 2023.

5.1

## Introduction

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After the success of Wagner's military-commercial venture in Syria, where it was granted a cut of any oil fields that it liberated from ISIS, the mercenary group began looking further afield for opportunities to replicate this model.

With an increasingly diplomatically isolated Kremlin on the hunt for potential authoritarian allies in the developing world, Wagner began screening for African countries both rich in natural resources and with weak or disimproving democratic institutions. In particular, the mercenary group worked in concert with official Russian operatives to cultivate relationships with an array of authoritarian figures who, like Bashar al-Assad of Syria, were sufficiently enfeebled and desperate

enough to make a pact with Wagner.

They soon alighted on several candidates, including President Faustin-Archange Touadera of the Central African Republic (CAR), a succession of despots and military factions in Sudan and a military junta in Mali.

In each instance, the Wagner group has followed a four-pronged playbook to secure its authoritarian client in power, remove checks and balances and traumatize the civilian population to such an extent that it submits to the mercenary group's indefinite stay in the country. This in turn opens up opportunities for Wagner to capitalize on opportunities to exploit natural resources, and in particular gold.



## 5.2 - Wagner's CAR operations

### Central African Republic



#### 5.2.1 The political context for Wagner's arrival

Wagner has treated the Central African Republic (CAR) as a laboratory and incubator for its wider African operations, providing proof of concept for a playbook that the mercenary group has since deployed to devastating effect in several other African nations, including Sudan and Mali (see sections 5.3 and 5.4, respectively).

Since achieving independence from France in 1960, CAR has endured a procession of coups and endemic factional violence. To this day, CAR's political culture is marked by weak central authority, pronounced clientelism and ethnic-religious factionalism. Emblematic of this pattern is the incumbent President and former Prime Minister Faustin-Archange Touadera.

Elected in 2016 on a platform of interfaith peacebuilding, Touadera has since wielded his executive powers to dispense high-salaried bureaucratic positions and armaments to his followers.<sup>1</sup> Touadera's tactics inevitably stoked latent tensions, leaving the President highly dependent on outside alliances to secure his grip on power against rival parties.<sup>2</sup>

In this context, Moscow saw an ideal opportunity to become Touadera's main external guarantor, supplanting France in the process, in exchange for access to natural resources.

Since surviving a significant threat to his rule in early 2021, Touadera has leveraged his alliance with Kremlin-backed forces to move CAR decisively towards authoritarianism, manipulating the Supreme Court into accepting the results of a highly disputed referendum (which critics say had a turnout of only 10%) which will see presidential terms lengthened to seven years, and limits on re-election removed.<sup>3</sup>

#### 5.2.2 The Kremlin makes contact

Russia first began engaging CAR in earnest in 2017, shortly after Touadera took power. In December 2017, Moscow received an exemption to an existing UN embargo to deliver a free shipment of Russian-manufactured light weapons to CAR.<sup>4</sup> Between January and early February 2018, an Ilyushin Il-76 MD, number RF78805, transported approximately 5,000 assault rifles, machine guns, pistols, and rocket launchers.<sup>5</sup>

Relations were officially established in August 2018, when a meeting was arranged between the Foreign Minister of Foreign Affairs, Sergei Lavrov, and a CAR delegation in Sochi, Russia.<sup>6</sup> The gathering concluded with a military accord between the two sides. Officially, Russia would train CAR recruits in its military schools, overrule the UN arms embargo on the African country, and supply "military instructors".

The stated aims were to strengthen mutual defense ties and forge a partnership for stability.<sup>7</sup> Unofficially, the deal would provide political and military protection for President Touadera in exchange for access to mining operations in the country.<sup>8</sup>

At the heart of this bargain were the suite of services offered by the Wagner Group.



Vladimir Putin shakes hands with President of CAR Faustin-Archange Touadera, Russia-Africa Summit, October 2019. (Sergei Fadeyev, TASS News Agency Pool Photo via AP).



## Wagner's CAR operations

5.2.3

## Wagner's Playbook in the CAR

In CAR, Wagner refined the means by which it makes itself indispensable to client regimes, thereby providing the Kremlin with an enduring foothold in the country while creating opportunities for the mercenary group to gain ever greater control over natural resource revenue streams, especially gold.

Wagner's activities in CAR have served as a template for the group's actions in Sudan and Mali, and will therefore benefit from detailed exploration.

### Step 1: Suppress the opposition

The first and most important component of the Wagner playbook is to assist its client regime or faction to suppress opposition forces, and in this it excels.

Wagner mercenaries first arrived to assist the Touadera regime in 2018, under the guise of "armed specialists of foreign origin" and "civilian instructors", turns of phrase used both by Russian authorities and Touadera's government to refer to Wagner forces.<sup>9</sup> Incapable of building a broad coalition in the country, Touadera's control outside of Bangui remained weak in the lead up to the December 2020 presidential elections.

In late 2020, former President François Bozizé united six armed groups, including ex-Seleka and anti-Balaka members, to form the Patriots for Change (CPC), leading to clashes with government forces.<sup>10</sup>

After Touadera claimed victory in the presidential elections, despite accusations of violence and corruption<sup>11</sup>, the CPC attacked Bangui on 13 January 2021. The CPC were ultimately repulsed largely due to the intervention of United Nations and Rwandan forces, as well as Wagner mercenaries.

Wagner was also instrumental in helping Touadera to go on to crush the CPC rebellion, recapturing several major cities by May 2021.<sup>12</sup>

The group was later implicated in the assassination of Zakaria Damane, a leader of Patriotic Rally for the Renewal of the Central African Republic, a CPC faction, in Ouadda, Haute-Kotto prefecture, in February 2022. Damane's push for disarmament and demobilization led to a decline in violence between 2021 and 2022, threatening to diminish Touadera's popularity and dilute Wagner's *raison d'être* in the region. Damane's assassination led to a resurgence of hostilities, with assaults peaking in January 2023 when CPC rebels attacked a strategic customs post in Beloko (Nana-Mambere prefecture).<sup>13</sup>

Although it provides security services, Wagner has no material interest in securing long term peace. Instead it actively "undermines international efforts to promote peace and



Image allegedly showing Wagner mercenary training CAR army. Telegram, @GreyZone posted 16 October 2023, Accessed 1 December 2023.

security", according to the UK Parliament's Foreign Affairs Committee in its Gun for Gold investigation.<sup>14</sup> Indeed, the mercenary group's entire business model is based upon the indefinite securitisation of every jurisdiction it enters.

Research by the Armed Conflict Location Event Data Location (ACLED) suggests that, between December 2020 and May 2023, 37% of all political violence in CAR involved Wagner forces.<sup>15</sup>

### Step 2: Spread disinformation

A second but no less important component of the Wagner playbook is to acclimatize the native population to the necessity of the mercenary group's presence while sowing distrust of rivals. For this aspect, Wagner works closely with the Kremlin's wider propaganda machinery.

Through its embassy in CAR, Moscow has funded a friendly radio station in Bangui called "Lengo Songo" ("Let us build solidarity").<sup>16</sup> Lengo Songo is ostensibly a vehicle for cultural rapprochement, but often runs propaganda in the form of talk shows and slogans favorable to Touadera, parroting "the president's line" in the name of national unity and reconstruction.<sup>17</sup>

Wagner also benefits from the vocal support of influential popular celebrities such as Blaise Didacien Kossimatchi, who

has stated at rallies his “unwavering support to Russia in this war [against Ukraine]”.<sup>18</sup> Kossimatchi leads an organization of 45,000 members, the *Plateforme de la Galaxie Nationale Beafrika*, which has paraded in t-shirts emblazoned with the motto “Je suis Wagner” (“I am Wagner”).<sup>19</sup>

*Plateforme de la Galaxie* - which denies any financial links with Kremlin-backed forces - has often served to put pressure on opponents of Touadera's regime. This includes the chief of the constitutional court who dared to criticize a referendum meant to give CAR's President unlimited terms in office.<sup>20</sup>

### Step 3: Silence independent media

Not content merely to spread propaganda, Wagner also works assiduously with its African clients to suppress any free media which might scrutinize its activities. In 2018, three Russian journalists investigating the activities of Wagner mercenaries were murdered by unknown assailants in CAR (strongly suspected by the *New York Times* to be associated with the Kremlin).<sup>21</sup> In 2022, journalist Jean Sinclair Maka Gbossokotto, an outspoken critic of the Kremlin's meddling in CAR, died under suspicious circumstances after meeting with a Russian contact.<sup>22</sup>

### Step 4: Terrorize civilians

The fourth and most devastating component of Wagner's African playbook, refined and perfected in CAR, is to brutalize the civilian population into submission.

In December 2021, together with national armed forces and dozens of militiamen, Wagner mercenaries orchestrated an attack on Boyo villages (mainly populated by the Fulani ethnic tribe) with the intent of collectively punishing Muslim inhabitants.<sup>23</sup>

Eyewitnesses described murder, hostage-taking, looting, destruction of property, forced displacement and sexual violence.<sup>24</sup> A UN investigation reported at least 20 civilians killed, but according to victims and perpetrators interviewed by *The Sentry*, the number of deaths may have been as high as 60 to 100.<sup>25</sup> The systematic killing of innocent villagers on account of their ethnicity is deemed by some to be part of an overarching strategy to entirely eradicate the Fulani, Gbaya and Muslims from the population, tantamount to the common understanding of ethnic cleansing.

In part due to Russia and Wagner's actions, 3.4 million Central Africans (56% of the population) require humanitarian assistance, one in five persons is internally displaced, or a refugee.<sup>26</sup>

#### 5.2.4

## Wagner in CAR today

Since arriving in CAR, the mercenaries have made their base in Berengo, the former Emperor Bokassa's palace, 60 kilometers southwest of Bangui.

As well as repairing existing structures, the mercenaries added 16 tents for equipment (replaced in 2019 with five large shelters for heavier gear), and constructed new defensive lines.<sup>27</sup> Besides Berengo, Wagner soldiers also occupy the Cotenaf base in Bossangoa, 322 kilometers north of Bangui.<sup>28</sup>



CSIS | Transnational Threats Project | MAXAR 2017



Satellite images showing the development of Wagner's main base and 'training grounds' in Berengo (CAR), established in the ruins of former-emperor Jean-Bedel Bokassa's palace, between 2017-2019. CSIS reported that Wagner mercenaries repaired existing facilities and constructed new housing, storage structures, and training areas - including firing ranges and revetments. [CSIS | Transnational Threats Project | MAXAR 2019](#)

Wagner's original deployment to CAR in 2018 consisted of 175 mercenaries. By 2021, this number was estimated to have risen to 2,600 personnel. Although this figure may have reduced to 1,000 fighters since Prigozhin's mutiny, the mercenary group's sway remains considerable.<sup>29</sup> Wagner is believed to have trained 1,300 recruits in the Central African army<sup>30</sup>, but its influence extends far beyond running bootcamps.

The Kremlin-backed mercenary group sits at the top of the Central African Army's (FACA) chain of command. Investigative and policy organization *The Sentry* interviewed 11 military sources within CAR, who revealed that orders given to FACA outside of Bangui are issued primarily by Wagner's leaders rather than by African generals or the President's office, with only the capital remaining under the personal control of Touadera.<sup>31</sup> In addition, Kremlin-backed mercenaries are in charge of Territorial Infantry Battalion 7, a fighting force of “self-defense groups”, as well as various unintegrated units of former bandits and ex-militiamen, used to secure specific towns and villages on Wagner's behalf.<sup>32</sup>



## 5.3 - Wagner's Sudan operations

### Sudan



#### 5.3.1

### The political context for Wagner's arrival

Since achieving independence from British rule in 1956, Sudanese democratic institutions have been overthrown by military force on three separate occasions over the second half of the twentieth century (1958, 1969, and 1989).<sup>33</sup>

Some hope for democratic change came in April 2019. Omar Hassan al-Bashir, Sudan's ruler since 1989, was removed from power by a broad coalition of civil society groups called the Forces of Freedom and Change, an alliance between professionals, marginalized groups, and civil society activists in Sudan.<sup>34</sup>

The same pro-democracy groups established a power-sharing arrangement with the military called a "sovereign council" headed by General Abdel Fattah al-Burhan and Prime Minister Abdalla Hamdok with the expressed intention of transitioning Sudan towards a full-fledged democracy.<sup>35</sup>

However, the transitional government encountered a major roadblock after it established a committee to confiscate many illicit assets gained under al-Bashir's rule. The move threatened to disrupt the military's vast patronage network, which included no less than 408 commercial entities such

as Omdurman National Bank, agricultural corporations, and medical import companies.<sup>36</sup>

Following a failed coup in September 2021, al-Burhan moved again in October to protect the military's interests by dissolving the civil government and placing Prime Minister Hamdok under house arrest. With democratic authorities in full retreat, conflict soon broke out between army factions over the spoils of power. Al-Burhan's October 2021 coup was initially supported by the powerful Rapid Support Force (RSF), a military offshoot originally from Darfur, commanded by General Mohamed Hamdan Dagalo.

In April 2023, however, after a breakdown in relations, the al-Burhan led government declared the RSF a rebel group and stripped the organization of its official capacities.<sup>37</sup> The country has since descended into a devastating civil war which continues to rage to this day. Any plans for democratization, including a 2022 push by over 50 pro-democracy resistance committees for a draft liberal-democratic constitution, have been postponed indefinitely by al-Burhan.<sup>38</sup>



Russian Foreign Minister Sergey Lavrov shakes hands with President of the Transitional Sovereign Council of the Republic of the Sudan General Abdel Fattah Abdelrahman al-Burhan. IMAGO / SNA, 2023.



## 5.3.2

## The Kremlin makes contact

Moscow first engaged the al-Bashir dictatorship in 2017. That same year, the United States relaxed sanctions against the Sudanese government, citing the country's progress on human rights and collaboration with liberal democracies to remove a two-decade-long trade embargo and financial restrictions.

However, Washington continued to maintain sanctions against certain senior political figures, including President al-Bashir and others, that it held responsible for the Darfur genocide.<sup>39</sup> In response, al-Bashir deepened ties with Moscow for "protection against United States aggression."<sup>40</sup> Sudan was already the third largest importer of Russian weapons in Africa (behind only Algeria and Egypt). The new agreement enabled al-Bashir to receive increased military support and training from Russia, while Moscow stood to gain access to Sudan's substantial mining operations.<sup>41</sup>

The fall of al-Bashir in April 2019 represented a setback for Moscow's Sudanese ambitions, but ultimately served only to stall the Kremlin's project in the country.

## 5.3.3

## Wagner's playbook in Sudan

### Step 1: Suppress the opposition

Upon first arriving in Sudan in 2017, Wagner mercenaries advised al-Bashir how to suppress protests with "minimal but acceptable loss of life."<sup>42</sup>

In January 2019, Wagner fighters were witnessed in the Sudanese capital Khartoum when anti-government protests first started to gain traction. Wagner assisted al-Bashir in his attempt to suppress these protests through training of Sudan's intelligence and security forces.<sup>43</sup>

After the fall of al-Bashir in 2019, Kremlin and Wagner operatives maintained close contacts with elements of the Sudanese military. Prigozhin along with other senior Wagner officials flew to Sudan one week after al-Bashir's government was toppled to meet with the country's new rulers.<sup>44</sup>

Wagner would go on to actively support the military in its successful takeover in October 2021 and helped security forces suppress pro-democracy movements in the country

throughout 2022.<sup>45</sup> Wagner's hand can also be felt in the outbreak of hostilities between al-Burhan's Sudanese Armed Forces and Dagalo's RSF.

Evidence uncovered by *CNN* suggests that the RSF may have received delivery of surface-to-air missiles via Il-76 military transport planes on 13 April 2023 two days before conflict broke out on 15 April 2023, with satellite images showing an increase in the number of flights taken by these aircraft.<sup>46</sup> The Il-76 is a Soviet-era military plane which first entered circulation in 1974 and to this day is still used by Russian forces. Il-76 planes are also widely used by Wagner.<sup>47</sup> The RSF has since captured several towns in the western reaches of Darfur (including Nyana, Geneina, and Zalingei), massacring refugees and inhabitants in the process.<sup>48</sup>

In June 2023, the US State Department's Bureau of African Affairs stated that the RSF and allied militias were to blame for a litany of horrors in the Sudanese civil war including "rape, murder, targeted ethnic-based killings, the destruction of whole villages."<sup>49</sup>

### Step 2: Spread disinformation

Wagner's activities in Sudan provide us with an unusually candid insight into the mercenary group's disinformation tactics. In 2019, Russian media affiliated with Mikhail Khodorkovsky (the exiled oligarch and opponent of Putin) unearthed a 36-page archive of conversations between Wagner and the al-Bashir regime compiled by Sergei Sergeyevich Klyukin, Prigozhin's then head of operations in Khartoum.<sup>50</sup>

In this document, the Kremlin-backed mercenaries advised the Sudanese dictator on rhetorical strategies which could be used to prevent a so-called "color revolution", while boosting the incumbent's reputation. The document sets out a suite of tactics which were later used by the al-Bashir regime in Sudan, including accusing protesters of being "foreign agents" who set fire to mosques, schools, and hospitals while also falsely charging them with the theft of food from stores, and spreading untrue reports of LGBT flags at anti-al-Bashir protests.<sup>51</sup> Following al-Bashir's removal from power, Kremlin and Wagner forces continued to roll out disinformation tactics similar to those deployed in CAR.

In 2019 and again in 2021, Wagner-coordinated Facebook pages promoted Russia's "humanitarian aid" in Sudan, spread anti-Western sentiment, and disseminated *Russia Today* and *Sputnik* news articles.<sup>52</sup>

### Step 3: Silence independent media

Sudanese journalists enjoyed a brief respite from decades of systematic censorship following al-Bashir's overthrow in April 2019.<sup>53</sup>

Freedom of the press and access to information were



## Wagner's Sudan operations

guaranteed by the provisional constitution adopted in 2019.<sup>54</sup> Between April 2019 and October 2021, Sudanese journalists were permitted to report on topics sensitive to the government. A reduction in arbitrary detention of journalists was also observed.<sup>55</sup> However, these reforms were merely relative. Certain repressive media laws remained in place and a new 2020 cyber-crime law limited journalistic freedoms by enabling the government to restrict anything it deemed 'fake news'.<sup>56</sup> Since the 2021 coup, attacks on journalists have continued to intensify with reporters regularly attacked by the army and other state security forces.<sup>57</sup>

Although Wagner's direct influence in this renewed campaign of censorship remains unclear, the al-Burhan junta's actions mirror those witnessed in other Wagner-influenced countries and closely follow the advice previously given by Wagner strategists to the al-Bashir regime. Namely, to replicate Putin's vertical of power by, amongst other things, taking control over the media landscape.<sup>58</sup>

### Step 4: Terrorize civilians

Wagner forces have aided successive authoritarian Sudanese regimes in suppressing any rising democratic impulses.

Subsequent to the mass protests against al-Bashir in late December 2018, *The Sudan Tribune* reported that there was evidence of "Russian fighters deployed in central Khartoum observing the anti-government protest."<sup>59</sup>

Wagner's reconnaissance was followed by a particularly bloody campaign of political suppression. The NGO Human Rights Watch estimates that al-Bashir's police and security forces killed over 120 people between 3-18 June 2019, while severely injuring nine hundred more civilians, in an attempt to quell uprisings in Khartoum and Omdurman.<sup>60</sup>

Wagner is also believed to be the perpetrators of a series of bloody attacks on artisanal mines on the border between Sudan and CAR that took place between March-May 2022, resulting in the death of dozens of miners.<sup>61</sup>

Meanwhile, the ongoing civil war, to which Wagner has contributed through its ongoing support of RSF, as well as the group's longer term project to steer the country towards military rule, has reduced Sudan to dire circumstances. According to Amnesty International, the first 200 days of the civil war resulted in more than 9,000 civilians killed and 5.6 million forced to flee their homes.<sup>62</sup>

### 5.3.4

## Wagner in Sudan today

On the whole, Wagner maintains a discrete profile in Sudan, focused on training the military and propping up forces sympathetic to the Kremlin. Evidence of Wagner's involvement comes mostly from social media. In one example, in a video picked up by Russian journalist Alexander Kots, a Russian commander is filmed shouting orders during a military exercise.<sup>63</sup> Grey Zone, a Wagner-adjacent Telegram channel, published a set of images in May 2021 (according to the post, the photos were taken in 2019) documenting a military ceremony where members of the "orchestra" (a euphemism used in Russian military circles for Wagner) can be seen distributing medals of cooperation to members of the Sudanese army (see image below).<sup>64</sup>

Another video from Grey Zone depicts a parachuting exercise with local military personnel and Wagner.<sup>65</sup>

Royal United Services Institute researchers have estimated that around 100 Kremlin-backed mercenaries actively trained the Sudanese military in 2018.<sup>66</sup> More recently, Sudanese media reported that as many as 500 Kremlin-backed mercenaries are stationed in the southwest of the country near Um Dafuq, close to the border with CAR.<sup>67</sup>

Sudan is vital for supplying other Wagner troops in Africa. Pictures from 2018 depict a convoy of 18 armored trucks heading from Amdafock in Sudan into CAR. The Popular Front for the Rebirth of the Central African Republic escorted the convoy which was heading towards the Golongosso oil exploration site.<sup>68</sup>

From August to December 2018, Tu-154 aircraft of the 223rd Russian Flight Detachment conducted nine flights on the Moscow-Khartoum route, with a detour through Syria's Latakia airport.<sup>69</sup> One of these flights quickly stopped in Bangui, CAR, to drop off munitions and soldiers.<sup>70</sup> Wagner missions thus tend to reinforce each other, complicating any move towards democracy in one country while others remain under Moscow's influence.



Telegram, @GreyZone. Posted 26 May 2021. Accessed 1 December 2023.





## 5.4 - Wagner's Mali operations

### Mali



#### 5.4.1

## The political context for Wagner's arrival

After independence from France in 1960, Mali underwent a period of one-party socialist authoritarianism and military dictatorship before turning to multiparty democracy in 1992.<sup>71</sup>

The country was considered "Free" by Freedom House in 1995 and observers in 2006 still considered the landlocked West African state an example to neighboring states, citing its strong commitment to social openness, decentralized governance, low rates of political radicalization, weak but numerous political parties, freedom of speech, a free press (radio stations, in particular, flourished) and freedom of assembly.<sup>72</sup>

The intervening period since has been less kind to Mali's democracy, which suffered three coups in ten years (2012, 2021, and 2022). Although democracy was restored in 2013 after junta leader Captain Amadou Sanogo abdicated power in favor of Ibrahim Boubacar Keita, escalating violence in the country's north, where government forces clashed with the Islamist rebel organization Jama'at Nusrat, combined with nepotism in the Keita government and harsh COVID-19 measures contributed to a general sense of insecurity and discontent in the lead up to Mali's 2020 elections.

Despite the abduction of leading opposition figure Soumail Cisse and a record-low turnout of only 7.5%, Mali's courts handed victory to Keita's party, the Rally for Mali.<sup>73</sup>

With faith in democracy at a nadir, a military faction led by Colonel Assimi Goita, styling itself the National Committee for the Salvation of the People, seized power on 18 August 2020.

Under threat of economic sanctions from the Economic Community of West African States (ECOWAS) and the

African Union, Goita was subsequently forced to accept a deal to form a transitional government which laid down a path for an eventual return to democracy. In reality, however, the junta relinquished little by way of real power.

Military leaders were left in control of five key portfolios, Defense, Security, National Reconciliation, and Territorial Administration and the Vice-Presidency (controlled by Goita himself), allowing the junta to siphon resources to the military unchecked.<sup>74</sup>

After the interim authorities decided to reshuffle two of the military appointees, Goita led a second "coup within a coup" (in French President Emmanuel Macron's words), overthrowing the transitional government in May 2021.<sup>75</sup>

Today, Freedom House rates Mali as "not free". The country is plagued by armed Islamist violence, fractured state authority, paltry local services, arbitrary decision-making by the ruling military junta, suppression of political opponents, summary executions of prisoners, 5,750 civilians killed between January 2022 and March 2023, 412,000 individuals displaced and 8.8 million requiring urgent humanitarian assistance.<sup>76</sup>

The fate of Mali's democracy remains perilous.

Although Goita initially promised a return to democratic rule by February 2022, the junta subsequently issued a decree extending its 'transitional' rule by a further 24 months.<sup>77</sup> In August 2023, the junta indefinitely postponed elections slated for February 2024, citing "technical reasons."<sup>78</sup>

It is quite likely that the presence and increasing influence of the Wagner Group makes a return to democracy unlikely in the short term.



Malian army during inauguration ceremony of President Colonel Assimi Goita, 7 June 2021, two months after the May 2021 coup, Bamako, Mali. IMAGO / Le Pictorium.



## 5.4.2

## The Kremlin makes contact

Even before the initial coup of August 2020, the Kremlin was in close contact with key players in the Malian military.

Two of Goita's co-instigators of the 2020 takeover, Colonels Malick Diaw and Sadio Camara, spent several months training in Russia, returning just a few days before the launch of the coup.<sup>79</sup>

This collaboration continued after the May 2021 coup d'état, with Wagner at the heart of the exchange.

## 5.4.3

## Enter Wagner

Rumors of a deal between the Goita regime and the Kremlin first circulated in September 2021, with European diplomatic and security sources suggesting the two sides had reached an agreement involving 1,000 mercenaries in exchange for monthly payments of US\$10.8 million.<sup>80</sup>

Concrete signs of Wagner's presence first emerged in December 2021 when a Russian Tupolev TU-154, airplane number RA-85-042, was seen transporting personnel and equipment in Mali.<sup>81</sup>

The same aircraft had transported Wagner-affiliated fighters to Sudan and was geolocated to Al Khadim Airfield in Libya, corroborating the direct link between Wagner, the Kremlin, and the Malian military junta.<sup>82</sup>

Satellite imagery subsequently confirmed the construction of a military camp near Airbase 101, north of Modibo Keita International Airport, consisting initially of a barracks, around a dozen military tents, troop transport trucks, and numerous armored vehicles.<sup>83</sup> The camp expanded in the next year into a fully-fledged military outpost, adding permanent housing structures (pointing to Wagner's long term intentions for Mali), a wall along the western and southern portions of the base, and improved the road leading up to the facility.<sup>84</sup>

Significantly, construction is underway for a large 255-by-90-meter revetted storage space, possibly intended to hold valuable military equipment.<sup>85</sup> Work on this storage unit began in late March 2023, more than one month after Prigozhin's mutiny, re-affirming Wagner's continuity of ambition for Mali, regardless of the group leader's misstep in Russia.<sup>86</sup>



[CSIS | High Resolution | MAXAR 2021](#)



[CSIS | High Resolution | MAXAR 2021](#)



[CSIS | High Resolution | MAXAR 2022](#)



Satellite images showing expanding Wagner operating base in Bamako, Mali, 2021-2023.  
[CSIS | High Resolution | MAXAR 2023](#)



5.4.4

## Wagner's Playbook in Mali

### Step 1: Suppress the opposition

Wagner has played a key role in displacing the junta's liberal-democratic political rivals from Mali since 2021. While northern rebels ostensibly represented the greatest challenge to the Malian State, in reality the greatest impediment to both the junta and the Wagner Group's untrammled power was the ongoing presence of international forces in Mali, including both French and United Nations forces. The former retreated from the country almost immediately after Wagner's arrival.

French President Emmanuel Macron announced a complete withdrawal of 2,400 soldiers from Mali in February 2022, with the last French soldiers leaving in August of the same year.<sup>87</sup>

Several factors independent of the Kremlin explain Paris' withdrawal.<sup>88</sup> But it was Wagner's presence that ultimately proved decisive to France being expelled from Mali: the Malian government invoked the assistance of "other partners" (in reality, the Wagner Group) to formally request France's withdrawal from the region.<sup>89</sup>

Wagner's presence also proved germane to the removal of UN forces. Following the 2013 incursions in Timbuktu and Gao by Islamist groups, the UN Security Council adopted Resolution 2100, creating the Multidimensional Integrated Stabilization Mission in Mali (MINUSMA).<sup>90</sup>

A peacekeeping operation involving a fighting force of 13,000 soldiers, MINUSMA was designed to protect civilians, support national reconciliation between warring parties, rebuild the security sector, and uphold human rights during the conflict.<sup>91</sup>

MINUSMA's mandate was ultimately cut short in June 2023 by the Malian government, which demanded the mission leave "without delay" on account of a "crisis of confidence" between the junta and the UN.<sup>92</sup> Security Council resolution 2690 reaffirmed the decision to be completed by the end of 2023.<sup>93</sup> United States intelligence believes figures in the Mali government worked with Wagner employees to secure the UN's departure.<sup>94</sup>

Since the removal of both French and UN forces, Wagner mercenaries have increasingly focused their attention on the restless north of the country, leading to a slew of atrocities and human rights abuses largely directed at civilians (see below, Step 4: Terrorize civilians).

### Step 2: Spread disinformation

As in CAR and Sudan, the Kremlin and Wagner have worked in concert in Mali to sow propaganda legitimizing the incumbent authoritarian regime, cultivate sympathies toward Russia, and exploit hostility against rivals, especially the French. Long before the arrival of Wagner mercenaries, organizations

such as the "Group of Malian Patriots" (GPM), headed by Salafi imam Mahmoud Dicko, acted as vectors for Kremlin-friendly content. Pro-Putin propaganda and photographs of Russian Ambassador Alexei Doulian meeting GPM members were published on GPM's Facebook page from as early as January 2017.<sup>95</sup> GPM also sponsored a petition supposedly signed by eight million individuals from both "inside the country" and unknown "friendly outsiders" (strongly suspected to be Russian-affiliated bot farms) urging Russian military intervention in Mali.<sup>96</sup>

January 2020 saw large demonstrations against Keita by purportedly pan-African groups, such as the Yerewolo movement, shouting Russian and anti-French slogans and parading with Russian flags in the capital Bamako, helping lay the groundwork for the August coup.<sup>97</sup> Local journalists have estimated that Russia financed the Yerewolo protests to the tune of US\$4-7 million.<sup>98</sup>

A report by the Atlantic Council's Digital Forensic Research Lab identified coordinated activity between several Malian Facebook pages circulating pro-junta messages. The page also began referring to Russia as a "viable partner" and "alternative to the West" from as early as 2017. The largest page in this pro-Russian Facebook network, FAMA24, had more than 90,000 followers.<sup>99</sup>

Wagner also worked to fabricate claims of atrocities designed to tarnish France's reputation. On 19 August 2022, a French drone captured footage of Russian mercenaries hurriedly covering bodies with sand near the Gossi military base, recently handed over by French forces to the Malian Armed Forces, located in the north of Mali.<sup>100</sup> The French military revealed the drone footage to members of the press after a Twitter account under the name Dia Diarra, with a bio claiming to be a "former soldier" and "Malian patriot", posted pixelated images of corpses and accused France of committing the atrocities. French military sources claimed that the Dia Diarra Twitter account was run by Wagner, which intended to present the Gossi mass grave as a French atrocity.<sup>101</sup>



Image taken from French military drone footage showing Wagner mercenaries staging an atrocity at Gossi army base in northern Mali. Associated Press, French Army, April 2022.



## Wagner's Mali operations

### Step 3: Silence independent media

Since Wagner's arrival in Mali, attacks on the free press have rapidly increased. According to Human Rights Watch, journalists who report on any alleged security force abuses are most at risk of threats, harassment or even expulsion from the country.<sup>102</sup>

In February 2022, Mali introduced a new media law that permanently banned two major international broadcasters, *Radio France International* and *France 24*, from working in the country. Ravina Shamdasani, the spokesperson for the UN High Commissioner for Human Rights, said that the move was the "latest in a string of (similar) actions" forming part of a "growing regional intolerance towards freedom of expression"<sup>103</sup> which has only increased since Wagner's arrival.

There have also been several high-profile kidnappings and killings of journalists in Mali. These attacks have continued since the expulsion of the international press from the country. For example, in November 2023, journalist Abdoul Aziz Djibrilla was killed and two other journalists were kidnapped.<sup>104</sup>

Malian journalist Malick Konaté, who has published critical reports of Wagner's influence in the country, has received continued death threats since 2020.<sup>105</sup>

### Step 4: Terrorize civilians

Wagner forces are estimated to have committed 298 confirmed acts of violence against the local population.<sup>106</sup> An alarming 69% of all Wagner missions in Mali have involved the targeting of civilians, compared to only 27% against armed enemies.<sup>107</sup> Arbitrary arrests are a common occurrence. One incident officially verified by the United Nations High Commissioner for Human Rights saw around 21 men in the village of Diaba-Allaye arrested by Wagner for protesting against the Malian government at the site of a political prison operated by Russian-linked units.<sup>108</sup>

Systematic looting and cattle theft are another common occurrence. Villagers in Fakala, Sio, Pignari, Doucombo, Fatoma, and Sofara have reported thousands of cows, sheep, and goats stolen by Wagner forces in collaboration with Malian soldiers and local militias.<sup>109</sup> In the context of grave nationwide malnourishment concerns, these are serious allegations.

The list of documented atrocities perpetrated by Wagner and its allies is only growing. Shortly before staging the "mass grave" site at Gossi, Kremlin-backed mercenaries massacred the population of Hombori, killing fifty civilians and arresting 500 bystanders.<sup>110</sup>

In January 2022, Wagner assisted in the killing of five civilians in Feto and Wouro Gnaga near Segou, including an older woman who was burnt to death inside her home when

soldiers began looting and burning houses.<sup>111</sup> From February to March 2022, the Malian army and Kremlin-affiliated troops raided the Segou region, leaving more than 50 civilians missing.<sup>112</sup> Eyewitnesses and residents discovered a further 35 charred bodies that had been bound before their execution. Although the perpetrators remain unidentified, Wagner soldiers are strongly suspected to be the culprits.

In March 2022, Malian troops and associated Russian soldiers executed 500 men, mainly from the Fulani ethnic group, in the town of Moura over the course of five days, suspecting them of links to Islamist groups.<sup>113</sup> A United Nations fact-finding enquiry into the Moura massacre reported that according to eyewitnesses "Malian troops were rotated in and out of Moura daily, but the foreign personnel remained for the duration of the operation."<sup>114</sup>

The same UN report concluded that the "events in Moura between 27 and 31 March could constitute war crimes and if committed as part of a widespread or systematic attack against the civilian population, they could constitute crimes against humanity."

Wagner's brutal campaign has continued into 2023, with Russian mercenaries assaulting a village in Seguela during a search operation, killing eight and arresting 17. They also killed at least 20 more civilians and physically assaulted others in Sossobe, while looting properties and arresting dozens in Ouenkoro.<sup>115</sup>

In November 2023, Wagner forces assisted the Malian military to take over the rebel stronghold of Kidal two weeks after UN peacekeeping troops exited the region.<sup>116</sup> Within days, there were reports on social media of Wagner flying its flag in the city center.<sup>117</sup>



Screenshot of video reportedly recording Wagner mercenaries in Kidal, Mali. Telegram @orchestra\_w, Accessed 30 November 2023. Posted 15 November 2023.



Screenshot of video reportedly recording Wagner mercenaries in Kidal, Mali. Telegram @orchestra\_w, Accessed 30 November 2023. Posted 15 November 2023.



Wagner mercenaries in northern Mali, undated. Associated Press, French Military.

## 5.4.5

## Wagner in Mali today

The Malian government does not officially recognize the group's presence in the country, referring only to "Russian instructors", "allies", or "backup soldiers".<sup>118</sup>

Contrary to the Goita regime's ongoing denials, Vladimir Putin actually acknowledged Wagner's presence in Mali in early 2022, although the Russian President still denied any links to the Kremlin at the time.<sup>119</sup>

In practice, Wagner's presence and influence in Mali is significant and growing. Wagner forces are known to operate in the capital Bamako, but this is not their only base.

Photos taken by French military authorities in 2022 identified 200 Wagner operatives stationed in Segou (200 kilometers northeast of Bamako, close to the Niger River), Timbuktu, Mopti, and Sevare.<sup>120</sup>

After the French withdrawal from Mali, Wagner occupied their former bases in Timbuktu, Gossi, Menaka, and Gao and established thirteen other compounds in the northern and central regions of Mali.<sup>121</sup> Sofara, in the Mopti region, is seen as a key operational hub for Wagner.<sup>122</sup>

The total number of Wagner personnel in Mali in 2023 has been estimated at 1,200.<sup>123</sup> The true count could be even higher, with the *New York Times* citing leaked US intelligence

documents pointing to as many as 1,645 Wagner fighters in Mali.<sup>124</sup> Wagner forces were initially employed to train the Malian military and protect senior government figures, but their remit has since increased.

Wagner mercenaries are directly involved in military operations in the north of the country, fighting alongside the Malian Armed Forces, Donso militias, and local pro-government Tuareg groups such as the Imghad Tuareg Self-Defense Group and Allies and the Dawsahak Faction of the Movement for the Salvation of Azawad.<sup>125</sup>

Confirmation of their engagement came on 5 January 2022, when a mixed Malian-Wagner convoy was ambushed in the area between Bandiagara and Bankass in the Mopti province, leaving multiple Wagner soldiers dead.<sup>126</sup>

Estimates by ACLED suggest that Wagner is present in 90% of all military operations in central Mali.<sup>127</sup> Cooperation between the Malian junta and the Kremlin is significant. A statement issued by US Secretary of State Antony Blinken in June 2023 stated that Wagner "has used its operations in Mali both to obtain revenue for the group and its owner, Yevgeniy Prigozhin, as well as to procure weapons and equipment to further its involvement in hostilities in Ukraine."<sup>128</sup>



## 5.5

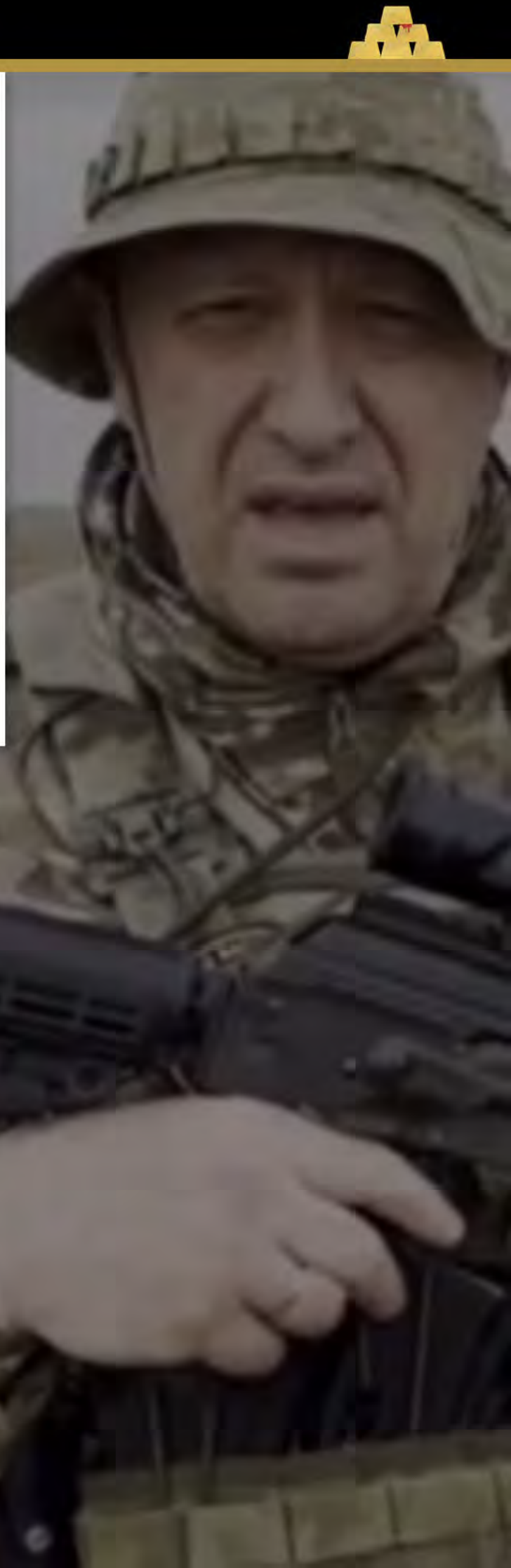
## Conclusion

As is clear from all three of the countries examined above, the net effect of Wagner's Africa playbook is not greater security, but rather the entrenchment of authoritarianism, the further erosion of democratic institutions, the devastation of civil society and the brutalisation of civilian populations.

The people of CAR, Sudan and Mali have all suffered, and continue to suffer, as a direct consequence of Wagner's activities in their country. Thousands have been murdered and millions driven from their homes.

As well as perpetuating their client's claim to power, the result of this violence and instability is an environment in which Wagner can profit. Revenue generation, after all, is the mercenary group's primary reason for entering the African region, and they have remained steadfast to that profit motive throughout their involvement on the continent.

As we shall see in the ensuing chapter, gold is absolutely central to this vast extractive exercise.





6.1

# Following Wagner's blood gold in Africa

Bamako, Mali.

## Introduction

Wagner's activities on the African continent have had the general effect of drawing authoritarian actors into the Kremlin's orbit, and the group's entry into specific countries will have invariably originated from the blessing if not indeed the direction of Russian President Vladimir Putin. At the same time, however, the mercenary group has also grown into a prodigious profit making machine. The Atlantic Council estimates that Wagner has generated revenues to the tune of US\$5 billion since 2017.<sup>1</sup>

Drawn to the continent's vast reserves of natural resources, including diamonds, forestry and especially gold, Wagner has plundered Africa to great effect. The group reaps profits from Africa's gold in three ways: controlling mining operations, controlling processing facilities and being paid in cash by regimes whose primary source of income is gold.

In terms of direct extraction, Wagner's model country is the CAR. Since 2018, the mercenary group has been granted preferential access to the Ndassima gold mine, where it is expanding operations but may already be producing US\$290 million of gold annually. In Sudan, the mercenary group has adopted a different model. Rather than engaging in industrial scale mining, Wagner has leveraged its connections to various Sudanese despots, army factions and intelligence service actors to establish itself as a major buyer of unrefined gold from largely artisanal miners.

Through its ownership of a major gold refinery, controlled by a Wagner-front company, Wagner has positioned itself in Sudan as the dominant domestic purchaser of unprocessed gold. Once refined, this product is then smuggled out of the country without accruing value to the Sudanese state or people, while generating enormous profits for Wagner and its accomplices.

The main impediment to Wagner's profit making in both CAR and Sudan is its ability to move gold produced in African countries to refineries elsewhere in the world, where it is mixed with other (legitimate) sources of gold, allowing the mercenary group to convert gold into cash. Sanctions have made this process more difficult, and today the group relies on a complex web of front companies and smuggling routes.

Mali offers an example of a third means by which Wagner can harvest revenue from African gold. After entering the West African country in late 2021 in support of the military junta that seized control that year, the mercenary group initially appeared intent upon replicating models of extraction which have served it well in CAR and Sudan. Wagner-linked entities established three Mali-registered gold mining companies through the winter of 2021 and spring of 2022. Yet none of these companies ultimately secured access to gold mining operations.

Rather than remunerating the mercenary group with preferential access to mining sites, the junta pays Wagner US\$10 million per month in cash, amounting to more than US\$200 million between December 2021 and June 2023. Meanwhile, the military junta has permitted international mining companies to continue operating in the country in return for significant tax returns. To this day, gold mining companies remain the largest taxpayers to the junta-controlled state, contributing over 50% of all tax revenues for 2022.

The significant advantage of the Malian model is that, unlike Wagner's operations in CAR and Sudan, extensive corporate subterfuge and smuggling operations are not required in order to move gold out of the country or convert it into cash.



## 6.2 - Digging for gold: the CAR model

6.2.1

### Wagner's \$2.8 billion dollar mine

Established in CAR in November 2019, and linked to Wagner-co-founder Yevhen Prigozhin, Midas Ressources SARLU (aka Midas Resources) was for several years Wagner's primary vehicle for managing its blood gold operations in CAR, while also managing parallel mining activities in Madagascar.<sup>2</sup> Today the company is steered by Wagner-operative Dmitry Syt i.

#### Key Player: Dmitry Syt i



Dmitry Syt i has played a formative role in establishing the mercenary group's operations in CAR, including directing Wagner-funded media outlets and social media campaigns.<sup>3</sup>

Syt i is today head of several Wagner-linked corporate entities based in CAR, including Lobaye Invest, Midas Resources, and Maison Russe.<sup>4</sup> Syt i has been personally sanctioned by the US since September 2020<sup>5</sup> and the EU since February 2023 for his role in expanding Wagner Group's influence in CAR.<sup>6</sup>

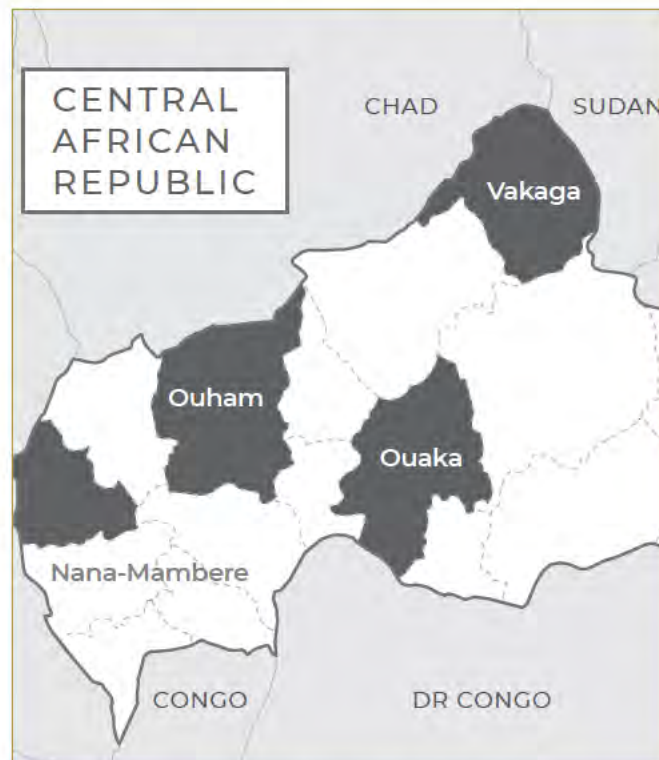
Most importantly, it is through Midas Resources that Wagner manages its preferential mining access to CAR's Ndassima gold mine.<sup>7</sup>

Located 60km north of Bambari, a market town located by the Ouaka River, the Ndassima mine is CAR's only industrial-scale gold mine.<sup>8</sup> Although Canadian firm Axmin had exclusive rights to Ndassima from 2010, the mining company was forced to abandon the site in 2013 after it was taken over by rebels.<sup>9</sup>

In October 2017, President Touadéra traveled to Russia where he requested military support from Russia in exchange for access to gold, as well as diamond and uranium resources.<sup>10</sup> One year later, Wagner was granted access to the Ndassima gold mine.<sup>11</sup>

Formal control of the mine was transferred to Midas Resources in 2020, and today the company's operations at Ndassima are extensive.<sup>12</sup> Satellite images comparing the mining site between February 2022 and February 2023 revealed an extended processing plant, depletion of the existing mine pit, and the growth of a new dig site, all pointing to expanding production capacities with more potentially yet to come. Midas' Ndassima land concession includes at least 12 more unexploited locations over a 700 square km radius.<sup>13</sup>

Axmin is currently pursuing international arbitration against CAR government and other involved parties for "the net present value of the Mine at the time of its unlawful expropriation".<sup>14</sup>



Regions where Wagner is accused of 10 violent incidents targeting miners between 2020-2023. Information accessed from Google Earth, Accessed 30 November 2023.

The realized and potential value of Ndassima to Wagner can hardly be overstated. At present, Wagner's Ndassima operations are understood to be capable of producing as much as US\$290 million of gold annually.<sup>15</sup> However, Midas is continuing to expand its production capacity at Ndassima. According to a December 2020 statement from the CAR's Ministry of Mines, the estimated gross value of gold deposits at the site is 1.7 trillion Central African CFA francs (XAF) (\$2.8 billion).<sup>16</sup>

Wagner is known to operate its mining operations in CAR with an iron fist, with the group reportedly responsible for at least 10 incidents of violence targeting miners in the mineral-rich regions of Ouaka (where the Ndassima mine is based), Nana- Mambere, Ouham, and Vakaga between December 2020 and June 2023.<sup>17</sup>

In September 2023, local miners in the Vakaga prefecture revolted after the Ministry of Mines barred them from operating and handed all contracts and services to Wagner.<sup>18</sup> The protests were violently suppressed by Kremlin-backed mercenaries leaving dozens dead.<sup>19</sup>

Not least due to the sheer scale of profits involved, Midas





## Digging for gold: the CAR model

Resources, along with the company's head Dmitry Sytii and several other key figures, have been targeted by sanctions in recent years. Sytii was first placed under US treasury sanctions in 2020 as part of sanctions introduced against Prigozhin's operations in CAR.<sup>20</sup>

Sytii was subsequently also placed under sanctions by the EU in March 2023 for human rights abuses.<sup>21</sup> While Midas Resources manages Wagner's most lucrative gold mining

assets in CAR, a web of further front companies have at various times operated the mercenary group's myriad financial interests in the beleaguered nation.

One such example is Lobaye Invest, whose managing director Yevgeny Garryevich Khodotov is today sanctioned for his links to Wagner<sup>22</sup>, a gold and diamond extraction company that operates in Boda and Bakala, as well as holding exploration licenses in the Pama region.<sup>23</sup>

### 6.2.2

## Outrunning sanctions to move blood gold out of CAR



Russian Ural 4320 vehicles reportedly photographed in CAR. Telegram, @GreyZone, posted 30 March 2021, Accessed 30 November 2023.

St Petersburg-based M-Finans (aka M-Finance) plays a crucial role in connecting Wagner's operations in CAR to its global logistics and financial networks.<sup>24</sup>

M-Finance is responsible for exporting large amounts of equipment for Wagner's African enterprises from Russia to Africa. This includes the importation of a Mi8-T transport

helicopter to Meroe Gold and a Ural 4230 multi-purpose vehicle to another Wagner front company Lobaye Invest, both in 2018.<sup>25</sup> M-Finance was originally headed by Valeriy Nikolayevich Zakharov, until his removal in 2021, likely due to EU-imposed sanctions brought to bear on the prominent Wagner operative that same year.



## Key Player: Valeriy Nikolayevich Zakharov



Wagner operative Valeriy Nikolayevich Zakharov is a former intelligence officer who served as the National Security Advisor to the CAR President between 2020 and 2021.<sup>26</sup> Zakharov was responsible for creating President Touadera's bodyguard (an inner circle consisting of Moscow-trained troops) and organizing the training of CAR soldiers in Russian military academies.<sup>27</sup> Zakharov played an important coalition-building role for the Touadera regime, including organizing several roundtables in support of the President.<sup>28</sup>

Zakharov was also responsible for the creation of Lobaye Invest, which has proven key to Wagner's gold and diamond extraction services in the country<sup>29</sup>, and Séwa Sécurité, which provides security services.<sup>30</sup> Zakharov was relinquished of his CAR responsibilities in 2021. He was sanctioned by the EU in December 2021<sup>31</sup> and by the US in January 2023.<sup>32</sup>



Russian Ural 4320 vehicles reportedly photographed in CAR. Telegram, @GreyZone, posted 30 March 2021, Accessed 30 November 2023.

Following his departure, Zakharov's diverse responsibilities were sub-divided between three prominent Wagner operatives: Vitalii Viktorovich Perfilev, who has served as head of Wagner's CAR's mission since Zakharov's removal, the aforementioned Dmitry Sytii, and Alexandr Alexandrovich Ivanovis, who directs the Officer's Union for International Security, a Wagner company which conducts spying, reconnaissance, and sabotage missions on behalf of the Touadera regime.<sup>33</sup>

According to the United States Treasury, Diamville SAU, another Wagner-linked company, participated in a gold selling scheme which saw the company convert CAR-origin gold into US dollars through 2022. After Diamville was targeted by US sanctions in 2023, participants in the scheme planned to move their operations onto a cash-only basis.<sup>34</sup>

With Wagner's operations in CAR increasingly subject to intense international scrutiny and sanctions, the mercenary group has been forced to employ increasingly convoluted means to export resources from CAR.

One of the mercenary group's favored tactics, cribbed from international crime syndicates including South American cartels, is to tranship gold and other plundered resources via

third-party countries.<sup>35</sup> From these stop-over locations, which are less subject to international scrutiny and may have more lax border controls, the mercenary group is more easily able to move assets originating from CAR to their final destination.

One such route is between CAR and Cameroon. Goods are shipped overland to the Congo market in Douala, Cameroon, where they exchange hands via cash-only transfers. Wagner relies on a network of loyal individuals and intermediaries to facilitate these transactions.<sup>36</sup> International Global Logistics, a minute Wagner-affiliated company tasked with handling the exchange of gold and cash via the Douala port, provides a pertinent example.<sup>37</sup>

Another avenue for smuggling is CAR's border with Sudan in the Vakaga province, allowing Wagner to carry items to and from "friendly" countries.<sup>38</sup>

When such paths fail, other options for Wagner include registering private jets instead of cargo planes to avoid international controls as well as to appeal to criminal networks and militia groups in CAR to smuggle goods on the mercenary group's behalf.<sup>39</sup>



## 6.3 - Processing blood gold at scale: the Sudan model

### 6.3.1

## The “Russian company” running “gold town”

Wagner’s financial interests in Sudan are extensive and highly lucrative.

As in CAR, the mercenary group operates in Sudan through a network of corporate structures. Russian-based company M-Invest is responsible for coordinating Wagner’s economic interests in Sudan.<sup>40</sup> According to the United States Treasury, Andrei Mandel and Mikhail Potepkin are M-Invest’s key players.

While Mandel serves as M-Invest’s Director General, Potepkin, previously an employee of the Internet Research Agency (running Wagner’s bots and online ‘troll farms’), is the logistics expert responsible for organizing the company’s transit routes, payments, and transfers in Sudan.<sup>41</sup>

As well as officially employing Wagner forces to guard all of its mining interests in the state, M-Invest has also entered into a contract with Aswar, a security firm from Khartoum staffed by Sudanese military intelligence figures.

In addition to a US\$200,000 “goodwill fee” and US\$100,000 per month, M-Invest has committed to paying the salaries of Aswar’s staff, all related taxes, and US\$500 extra for every Wagner-affiliated personnel that enters Sudan.<sup>42</sup> In return, Aswar guarantees Wagner’s access to the country, granting the mercenary group’s residence permits.<sup>43</sup>

Aswar also provides Wagner with use of the Sudanese Ministry of Defense’s weapons cache (including armored vehicles, large-caliber weapons, drones, and communication equipment).<sup>44</sup> As well as his role in M-Invest, Mikhail Potepkin is also acting director of Meroe Gold. Registered in St Petersburg and a subsidiary of M-Invest, Meroe Gold acted as Wagner’s primary front company for gold in Sudan until 2021, playing a similar role to that of Midas Resources in CAR.



Mikhail Potepkin, photographed by local media in Sudan allegedly meeting with officials regarding the opening of a Meroe Gold mine. [C4ADS, Paper Trails](#), How a Russia-based logistics network ties together Russian mining companies and military contractors in Africa, 2019.

From 2017, Meroe Gold was responsible for managing Wagner’s gold-related interests in Sudan, an undertaking requiring considerable political nous.

Sudan’s gold sector does not operate as a rule-of-law based marketplace.

Instead, the sector is riven with factionalism and clientelism with political elites, military factions and financial players all vying for control of vast revenue streams, most of which do not accrue to the state. By some estimates, as much as 90% of all of Sudan’s gold production is siphoned out of the country illegally.<sup>45</sup>

Meroe Gold’s operations in Sudan reflect this lawless reality. Sudanese law technically requires any foreign entity with a mining exploration license to set up a Sudanese domiciled corporate structure and sell 30% of the company’s shares to the government.<sup>46</sup> However, Meroe Gold was exempted from this requirement by the al-Bashir administration, which also granted the Wagner-front company additional mining and gold waste processing licenses in three gold-producing regions.<sup>47</sup>

Following al-Bashir’s removal from power, control of Sudan’s gold reserves was largely taken over by military factions, most notably by al-Burhan’s Sudanese Armed Forces (SAF) and their rivals, Dagalo’s RSF. To this day, the Jebel Amer gold mine in North Darfur, which the RSF took control of in 2020, serves as the group’s main source of finance.

The majority of Sudanese gold production is small-scale, with as much as 85% generated by individual artisanal miners who in turn sell their unprocessed diggings to local merchants.<sup>48</sup> It is at the next stage in the Sudanese gold supply chain, processing, that Wagner has most successfully inserted itself.

Located 280 kilometers northeast of Khartoum near the town of Atbara in the River Nile county, al-Ibaidiya is known to many simply as “gold town”. As well as a large gold mine, an abundance of artisanal miners and local mining companies, al-Ibaidiya is also home to a major processing plant referred to by locals as “the Russian company”, aka Meroe Gold. Through its ownership of the al-Ibaidiya plant, Meroe and by association Wagner became major players in the Sudanese gold sector.<sup>49</sup>

With these riches, however, came greater international scrutiny. In 2020, Meroe Gold was sanctioned as a Wagner-front company by the United States, with the EU and UK also imposing sanctions in 2023.<sup>50</sup>



Processing blood gold at scale: The Sudan model



Map highlighting key locations in Wagner's gold-smuggling operation in Sudan. Information sourced from CNN (2022).

In response, Wagner simply transferred Meroe Gold's operations and assets to a new entity, Al Sawlaj for Mining Ltd. Not yet a year into its existence, and still listing only one employee on its books (tellingly a former Meroe Gold manager), Al Sawlaj acquired Meroe Gold's vast assets, including the al-Ibaidiya gold processing facility, for just US\$1.8 million in 2021.<sup>51</sup>

While international sanctions have largely failed to contain Wagner's Sudanese operations, shifting political realities in Sudan may prove more of an obstacle. In September 2023, a representative of the al-Ibaidiya processing plant stated that it had been forced to suspend operations due to the ongoing conflict between SAF and RSF.<sup>52</sup>

### 6.3.2 The Wagner-shaped hole in Sudan's official gold exports

As noted above, the majority of gold exported from Sudan leaves the country without government oversight and without paying taxes to the Sudanese state.

Due to their dominance of gold processing, Russian-linked entities are ideally situated to monopolize this vast black market, a position which they have not failed to exploit.

For more than a decade, Sudan's Foreign Trade Statistics have listed Russia's official total gold exports from the country at zero, despite ample evidence of a vast trade conducted by Kremlin-linked actors.<sup>53</sup>

Data from the Sudanese Central Bank leaked to CNN suggests that as much as 32.7 tons of gold were unaccounted for in 2021, citing Wagner smuggling as the primary source of this deficit.

At a market rate of US\$60 million per ton of gold, Wagner could have earned as much as US\$1.9 billion if these numbers are correct.<sup>54</sup> By contrast, official exports for the same year amounted to US\$2 billion (34.5 tons).<sup>55</sup>

Wagner's methods for smuggling gold out of Sudan are various.

According to a 2018 letter from Potepkin, the acting director of Meroe Gold, to the head of Sudan's intelligence authority, Wagner's Sudanese partner Aswar facilitated an arrangement whereby Meroe Gold was able to fly under a military signal code, meaning their air transport would not have been

recorded on commercial flight tracking systems, providing ample opportunities for smuggling.<sup>56</sup>

In February 2022, a Russian cargo plane prepared to take off from Khartoum International Airport. The aircraft's declared cargo of cookies, not a typical Sudanese export, raised the



Map showing link between Khartoum and the Syrian port city of Latakia which is the route which Russian military planes have been accused of using to smuggle gold out of Sudan. Google Earth, Accessed 4 December.



## Processing blood gold at scale: The Sudan model

suspicion of local inspectors.<sup>57</sup> After boarding the plane, the official found one ton of gold hidden beneath the boxes of cookies.<sup>58</sup> Sudanese authorities believe the episode is one of at least 16 cases of gold smuggling flights involving Russian military registered planes traveling between Khartoum and the Syrian port city of Latakia, where Russia operates a major airbase.<sup>59</sup>

In addition to airborne smuggling operations, Wagner also moves Sudanese gold overland into CAR, where the mercenary group is also present.<sup>60</sup> Russian plans to build a major naval base in Port Sudan, if brought to fruition, would likely

provide Russian-linked entities with opportunities for industrial-scale smuggling operations.<sup>61</sup>

Announced in 2018 under al-Bashir's rule, the project was later approved by the al-Burhan junta in February 2023. Plans for the base include a naval logistics center, a repair yard, four naval ships, up to 300 personnel, and nuclear-powered ships.<sup>62</sup> Whether the project is ever realized will likely depend on the course of the civil war and the ability of Wagner and other Kremlin-linked actors to navigate Sudan's shifting balances of power.



Plans showing components of the Sudan-Russia Port of Sudan development. Telegram, @GreyZone, Posted 12 November 2020, Accessed 1 December 2023.



## 6.4 - Let international mining companies do the digging: the Mali model

### 6.4.1

## Introduction

With rapidly deteriorating democratic standards and vast deposits of gold, Mali presented an obvious and attractive target for Wagner after the success of the mercenary group's projects in the Central African Republic and Sudan.

As we shall see, Wagner's Malian enterprise has proved no less lucrative. However, the manner in which the mercenary group derives revenues from Mali sets the country apart from Wagner's operations in CAR and Sudan. Most notably, Wagner presently derives the largest part of its income from the Malian junta in the form of cash payments, rather than direct mining concessions.

According to US intelligence, the Malian junta initially paid Wagner a reported US\$10 million per month for its security services, and handed over more than US\$200 million to the mercenary group between December 2021 and June 2023.<sup>63</sup>

This cash-for-security-services deal does not appear to have been Wagner's original strategy for Mali. Instead, the Kremlin-backed mercenary group initially attempted to replicate formulas that worked well for Wagner in CAR and Sudan, such as securing new direct mining licenses and strong-arming concessions from existing operators.

This calculation is evident both through the personnel the mercenary group brought in to oversee its Malian operations at the outset of this new venture, and the corporate structures it established soon upon its arrival.

Deployed to Mali with the very first wave of Wagner mercenaries in late 2021 was Sergei Laktionov, one of the Group's leading geologists.<sup>64</sup> That same year, Andrei Mandel, the head of Wagner's Sudanese subsidiary M-Invest, was also relocated to Mali to orchestrate the organization's mining operations.<sup>65</sup>

According to an investigation by *Le Monde*, three Russian-affiliated mining companies - Prime Security, Alpha Development and Marko Mining - were established in Mali in the winter of 2021 and spring of 2022. The apparent intention was for these new corporate structures to secure mining licenses for the mercenary group. However, according to the same investigation, all three companies were ultimately unsuccessful in this objective.<sup>66</sup>

When Wagner entered CAR, the rule of law was already severely eroded and existing private operators had only weak

purchase in the country, making it relatively easy for the ruling regime to shunt companies aside in favor of Wagner, as was the case with Axmin Inc.'s loss of control over the Ndassima gold mine. In Sudan, the gold mining sector is largely controlled by the state and military factions, leaving no international mining companies to displace. However, this was decidedly not the case with Mali, where international mining companies were already long established and contributing to the year on year growth of the Malian gold mining sector.

This did not stop Wagner from making a further push to displace international mining companies as operators of some of the country's biggest mines in late 2022, according to an investigation by *Jeune Afrique*.<sup>67</sup> But this effort was also ultimately unsuccessful and the mercenary group appears to have since contented itself with sticking to the original cash-for-security-services bargain.

That the junta is able to meet these payments is made possible by mining companies' tax contributions. The four biggest gold mining companies operating in Mali, measured by total tax contributions, paid approximately US\$588 million in taxes and royalties to the junta-controlled State of Mali in 2022. Barrick Gold Corporation, a Canadian listed company, is Mali's single biggest tax contributor, paying US\$206 million in the first half of 2023 alone.<sup>68</sup>

The continued presence of international gold mining companies also confers one other not insignificant benefit to Wagner. Unlike the mercenary group's operations in CAR or Sudan, the Malian model does not require elaborate layers of industrial and corporate subterfuge to turn Wagner blood gold into hard cash. International mining companies instead leverage their upstanding corporate reputations to certify the gold they extract from Mali as ethical.

By the time Malian gold arrives at refineries in countries such as South Africa, Australia and Switzerland for processing and refinement it has already entered the legal global market, after which it is merged with gold from other countries, and becomes effectively untraceable.

As we shall see in the following chapter, the Malian model creates a vast web of complicity, with not only mining companies, but also their institutional investors and, ultimately, all downstream users of Malian gold implicated by association.



6.4.2

# Industrial gold mining in Mali today



Open cast gold mine (Stock image). Shutterstock.

## A brief history of industrial gold production in Mali

Industrial scale gold production was largely neglected during French rule (1892-1960), although artisanal mining - gold mining done by hand using basic tools - continued throughout the period in local communities.<sup>69</sup>

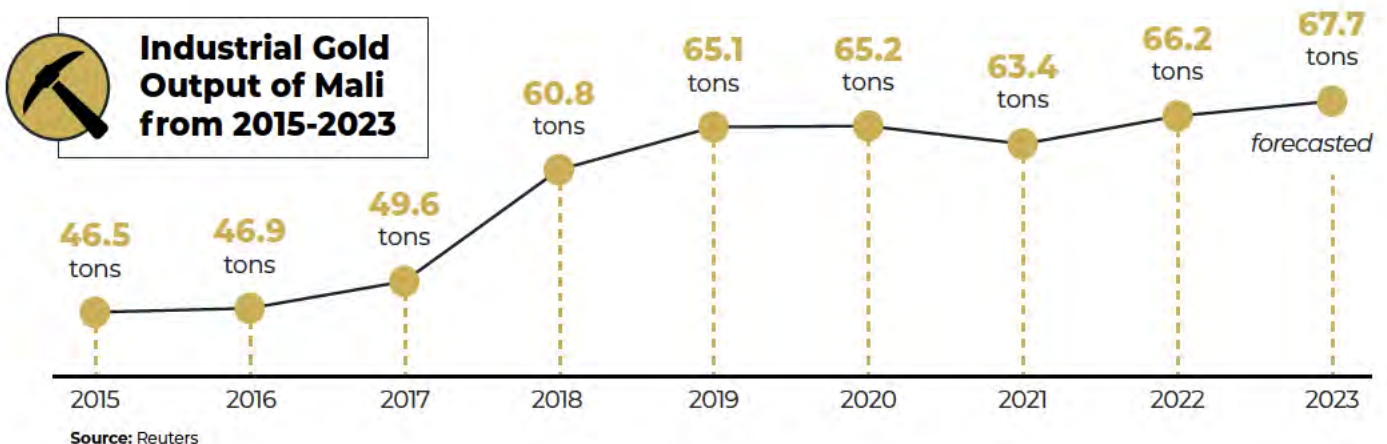
Mali's first great age of industrial-scale gold exploitation was enabled by investment from the Soviet Union, Bamako's Cold War ally. Funding from Moscow enabled the development of the Kalana gold mine and construction of a factory to process gold ore finished in 1984.<sup>70</sup>

However, with the 1991 dissolution of the USSR, all funding for mining operations ceased and the factory closed.<sup>71</sup> The subsequent liberalization of Mali's gold

mining sector saw control of mining operations primarily shift to South African-owned mining companies.<sup>72</sup>

A decade later, with South African mining operations facing numerous strains on production and profitability<sup>73</sup>, Mali's industrial gold mining sector was increasingly taken over by major international mining corporations, attracted by the country's openness to foreign direct investment and an upward trend of international gold prices which made capital investment more attractive.<sup>74</sup>

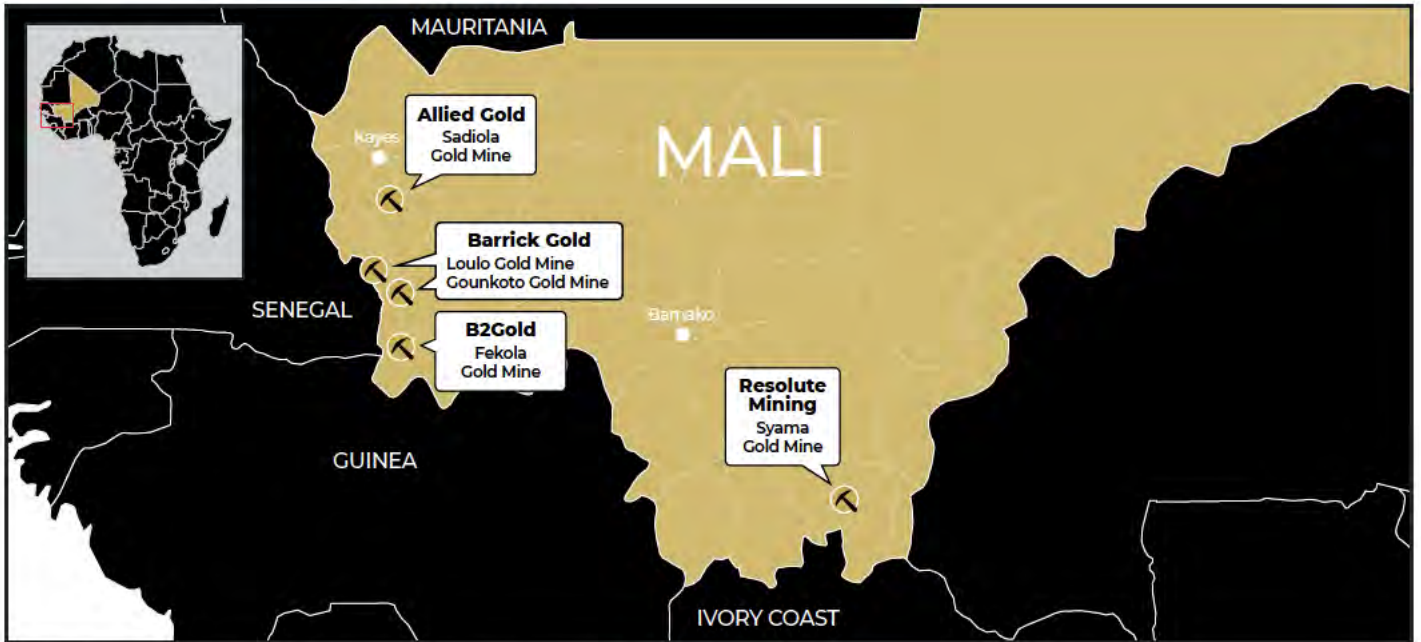
Mali has since emerged as Africa's fourth largest gold producer, with industrial gold production currently running at approximately 66 tons in 2022 and expected to rise further in 2023.<sup>75</sup>



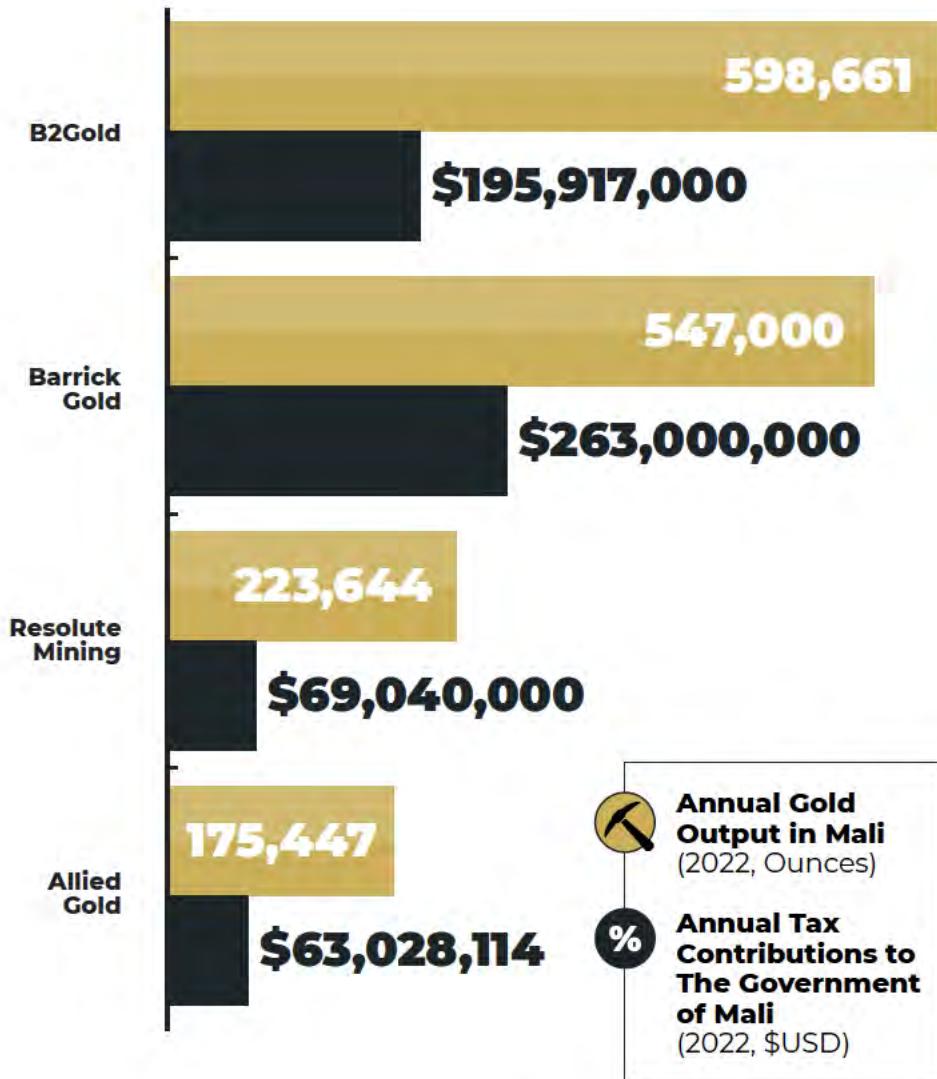


Let international mining companies do the digging: the Mali model

Mali's industrial gold mining sector is highly concentrated. Whether measured by tax contributions to the junta-controlled state or total gold production, four companies dominate the sector, dwarfing other rivals. These are: Barrick Gold Corporation, B2Gold Corporation, Resolute Mining Limited and Allied Gold Corporation.



Map displaying major mining complexes of four largest gold mining companies operating in Mali.







## Mali's big four gold companies

Each of these 'big four' corporations entered Mali before the coups of 2020 and 2021, and the laws governing the structure of the market have not changed significantly since the suspension of democracy. The 2019 Malian Mining Code, which updated the 2012 Mining Code, entitles the Malian state to a free carried interest of 10% in all gold mining activity in the country, with an option for the State to make a cash payment acquisition of up to an additional 10%.<sup>76</sup> This is an entitlement the Malian government has opted to take in several mining complexes, including Barrick Gold's Loulo-Gounkoto Complex and B2Gold's Fekola Complex.

### BARRICK

Barrick Gold Corporation (Barrick) has operated in the West African region for more than two decades and in Mali for 26 years (formerly as Randgold Resources).<sup>77</sup> Today, Barrick owns and operates two active gold mines in Mali, the Loulo gold mine and the Gounkoto gold mine, both situated in western Mali. Pursuant to the 2019 Mining Code, the Loulo-Gounkoto complex is legally owned by Société des Mines de Loulo SA, which is in turn dually owned by Barrick Gold (80%) and the State of Mali (20%).<sup>78</sup>

The Canadian-based mining firm made tax contributions and royalties totalling US\$263 million in 2022, amounting to over 10% of the Malian military junta's total tax revenues and making Barrick Gold the single largest tax contributor to the junta-controlled Malian state for that year.<sup>79</sup> Payments to the junta for 2023 are poised to be considerably higher again, with the company posting tax and royalty contributions of US\$206 million for H1.<sup>80</sup>

Barrick Gold's Human Rights Policy states that the company does not "tolerate violations of human rights committed by employees, affiliates, or any third parties acting on our behalf or related to any aspect of a Barrick operation."<sup>81</sup> Based on the criteria set out in this Human Rights Policy, the State of Mali is considered Barrick Gold's business partner in the Loulo-Gounkoto complex.

The Blood Gold Report wrote to Barrick Gold and asked, amongst other questions, how does the company "reconcile its presence in Mali and the human rights abuses committed by its business partner the State of Mali (together with the Wagner Group) with its human rights policy?" Mr Bristow, CEO of Barrick Gold, responded to our letter stating that "Mali has experienced several military coups since gaining its independence in 1960, after which the country has returned to democratically elected governments. Barrick (and previously Randgold Resources) has witnessed and operated during these changes in government on more than one occasion and we did not deviate from our commitment to the Malian people despite the political challenges the country has and continues to face."<sup>82</sup> Mr. Bristow did not respond to any of The Blood Gold Report's specific queries about human rights abuses in Mali.



B2Gold Corporation (B2Gold) has been operating in the West African region since 2013.<sup>83</sup> B2Gold operates in Mali through a subsidiary company, Fekola SA. Pursuant to the 2019 Mining Code, Fekola SA is 80% owned by B2Gold, with the remainder reserved to the State of Mali.<sup>84</sup>

B2Gold has operated the Fekola Mining Complex in Mali since 2014 following the acquisition of the site as part of the company's merger with Australian company Papillon Resources Limited.<sup>85</sup> Fekola Mining Complex consists of four key areas: Fekola Mine, the adjacent Cardinal Zone, Anaconda area (Bantako North, Menankoto, and Bakolobi) and Dandoko in Mali.<sup>86</sup>

As with other major mining companies, B2Gold's Malian operations did not take pause despite the successive coups of 2020 and 2021 nor the junta takeover. In 2022, the company's Fekola mine produced "598,661 ounces of gold, near the upper end of its guidance range (of between 570,000 and 600,000 ounces)."<sup>87</sup>

In 2022, B2Gold was the second largest tax contributor in the Malian gold industry, with a total income tax expense attributable to Mali of US\$195,917 million.<sup>88</sup> The first half of 2023 saw B2Gold contribute nearly US\$180 million in taxes to the junta-controlled State of Mali.<sup>89</sup>

B2Gold's Human Rights Policy states "In meeting our responsibility to respect human rights we are embedding human rights awareness throughout our organization."<sup>90</sup>

The Blood Gold Report wrote to B2Gold and asked, amongst other questions, "How does B2Gold reconcile its presence in Mali and the human rights abuses committed by its business partner the State of Mali (together with the Wagner Group) with its Social Responsibility and Human Rights Policy?" B2Gold declined the opportunity to respond to this question.



## Resolute

Resolute Mining Limited (Resolute) has operated in West Africa for more than 30 years and acquired the Syama mine in Mali in 2004.<sup>91</sup> Located approximately 300km southeast of Bamako, the Syama mine was the fourth largest mine in Mali as of 2021<sup>92</sup> and consists of the established Syama Underground Mine, the Tabakoroni Complex, and other components.<sup>93</sup>

As with other major mining companies, Resolute’s operations continue to thrive despite a suspension of the country’s democratic institutions. The Syama mine saw a 58% increase in Syama North resource in 2022<sup>94</sup> and the company has set its sights on further expansion. The Chairman of Resolute, Martin Botha, has stated that “The Syama North expansion project ... presents high quality expansion potential for our flagship project after the discovery of significant mineral resources.”<sup>95</sup>

Resolute Mining has three Malian subsidiary companies: Société des Mines de Syama S.A (SOMISY), Resolute (Finkolo) Pty Ltd. and Société des Mines de Finkolo S.A. (SOMIFI):

- SOMISY is 80% owned by Resolute Mining and 20% by the State of Mali.<sup>96</sup>
- SOMIFI is 100% owned by Resolute (Finkolo) Pty Ltd., which in turn is 100% owned by Resolute Mining.<sup>97</sup>
- The State of Mali is entitled to a 10% free carried interest in SOMIFI.<sup>98</sup>
- The Syama mine is owned by SOMISY.<sup>99</sup>
- The Tababokoroni complex, located 35km south of the Syama mine, is owned by SOMIFI.<sup>100</sup>

Resolute paid approximately US\$67 million to the junta-controlled State of Mali for the fiscal year ending 31 December 2022.<sup>101</sup> Resolute’s Human Rights Policy states it “will implement robust management systems, practices and standards that aim to prevent, avoid, mitigate and remedy harmful human rights impacts at our operations and along our supply chains.”<sup>102</sup>

The Blood Gold Report wrote to Resolute and asked, amongst other questions, whether it is appropriate for the company “to continue to operate in Mali while it is led by a military junta supported by the Wagner Group?”<sup>103</sup> Mr Richard Steenhof, General Counsel & Company Secretary of Resolute Mining, responded, stating that “Resolute’s Mali mining project has been in operations since the 1990s and has a strong track record of respecting all applicable laws, including the UN Universal Declaration of Human Rights and its relevant principles and conventions.”<sup>104</sup>

## allied GOLD

Allied Gold Corporation (Allied Gold), which describes itself as ‘Africa’s fastest growing gold producer’, entered Mali after completing purchase of the Sadiola Gold Mine in western Mali from IAMGold on 30 Dec 2020.

Allied Gold operates the Sadiola mine through its Malian subsidiary, Société d’Exploitation des Mines d’Or de Sadiola S.A. (“SEMOS”), which is 80% owned by Allied Gold and 20% owned by the State of Mali.

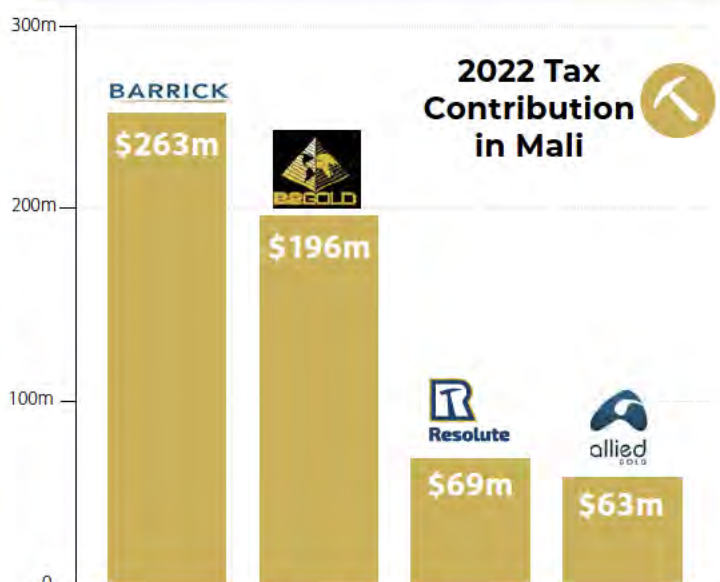
Allied Gold has said that it is in “full alignment” with the junta-controlled government on its Sadiola project and the mine has been granted a five-year tax holiday for its expansion project, as well as benefiting from customs duties exemptions for construction and the first three years of operation.<sup>105</sup>

Allied Gold has also indicated a strong desire to work closely with the Malian state in future exploration and development endeavors, through close relationship with the newly instituted state-owned Sorem SA.<sup>106</sup>

In 2022, Allied Gold’s Sadiola mine contributed US\$63,028,114 to the junta-controlled Malian State in taxes and royalties.<sup>107</sup>

Allied Gold’s Human Rights Policy states that it is “committed to working responsibly, in a manner that manages our impacts and contributes to building a positive legacy beyond the life of our mine.”<sup>108</sup>

The Blood Gold Report wrote to Allied Gold and asked, amongst other questions, whether it is appropriate for the company “to continue to operate in Mali while it is led by a military junta supported by the Wagner Group?” At the time of publishing, Allied Gold had not responded.





## Let international mining companies do the digging: the Mali model

Morila gold mine in southern Mali. IMAGO / Le Pictorium, 2017.



The joint ownership structure instituted by the 2019 Mining Code has had the subsequent effect of making international mining companies operating in Mali business partners with the junta-controlled state.

Mining companies which have elected to continue this partnership despite the military takeover have derived vast revenues from their ongoing operations.

The junta-controlled government also benefits extensively from this system, with revenues derived from gold mining increasing significantly since the 2021 coup.

State revenue from gold mining companies “rose 35% year on year in 2022 to a record 763.7 billion CFA francs (US \$1.3 billion)” according to a Mines Ministry official.<sup>109</sup> Gold mining companies contributed more than 50% of all tax revenues to the Malian state for 2022.<sup>110</sup> Barrick Gold alone made tax contributions and royalty payments of US\$263 million for 2022.<sup>111</sup>

The junta-controlled government presented the Canadian company with a Tax Citizenship award “for its role in enabling the Malian tax department to achieve its revenue targets for 2022.”<sup>112</sup> Speaking at the award ceremony in Barrick’s Bamako office, Mali’s director of large enterprises expressed his hope that “the productive partnership between [Barrick’s] mines and the government would continue.”<sup>113</sup>

Barrick’s contributions to the junta-controlled state machinery looks set to grow, having made US\$206 million in tax and royalty contributions for the first half of 2023 compared to US\$263 million for the whole of 2022.<sup>114</sup>

Likewise, B2Gold - the next biggest tax contributor to the junta-controlled state after Barrick - contributed nearly US\$180 million in taxes in the first half of 2023, compared to US\$195.9 million in all of 2022.<sup>115</sup>



## 6.4.3

## The Malian junta's increasing demands on international gold mining companies

The revenue generated for the junta by international mining companies operating in Mali is very significant. But under Russian influence, the regime is taking major steps to increase its revenues and control over the gold mining industry.

In July 2023, the junta announced its intention to review the 2019 Mining Code. Most notably, the government floated proposed new rules that would allow the state and private Malian interests to take up to 35% of new mining projects, up from the current maximum threshold of 20%.<sup>116</sup>

Several major mining companies have expressed opposition to the proposed changes, but these objections have largely been articulated through conciliatory approaches.

Commenting on the junta's proposed changes to the mining code, Barrick Gold CEO Mark Bristow stated that there is "still time to talk and to find a solution." Bristow further stated that "It takes time for people to really comprehend that because these are not economists or miners, but military people. They are all colonels. You have to take time to understand the model."<sup>117</sup>

In response to the proposed changes, B2Gold issued a press release stating that it has "developed an excellent

relationship over the last three years with the Government of Mali. All negotiations between the Company's senior representatives and the Malian Government Ministries have been conducted and concluded in an environment of mutual fairness, respect and transparency."<sup>118</sup>

Clive Johnson, CEO of B2Gold has stated that the company has had "a really good relationship with the government over a number of years. We fully anticipate that to continue going forward."<sup>119</sup>

Whatever the precise outcome of the current tax mining code negotiations, the junta seems intent only on adjusting not rewriting the current state of play.

In November 2022, the junta-controlled government announced the formation of a new state-owned, state-funded mining company, Société de Recherche et d'Exploitation Minière du Mali (Sorem SA).

But according to Soussourou Dembelé, Mines Ministry Secretary-General, the new state-owned venture is not aimed at taking over existing operations from international mining companies, but at exploring and developing new mines, adding that "there is space for everyone."<sup>120</sup>



Gold mine shaft (Stock image).



6.4.4

## Wagner and the Kremlin tighten their grip on Mali's gold sector

On top of the reported US\$10 million monthly cash retainer paid to Wagner by the junta there are early indications that the mercenary group may also be eyeing up direct mining concessions in the restless north of the country where it has been assisting the government in military operations.

In November 2023, Wagner forces assisted the Malian military to take over the rebel stronghold of Kidal, a gold rich region.

Gold panning reportedly began in northern Kidal in 2016 and despite there being no industrial mining in the region, it is reported to host hundreds of informal artisanal gold-panning sites.<sup>121</sup> Prior to the escalation of fighting in Kidal in 2023, Global Initiative predicted that if the region was "deemed profitable, Russian industrial-mining operations could be established...in the near future."<sup>122</sup>

If Wagner were to secure a direct foothold in the Malian gold sector, this would further complicate the position of international mining companies, not least following the junta's announcement in November 2023 that it had signed a memorandum of understanding with Russia to build a new 200-tonnes-per-year refinery. Once completed this would be West Africa's largest gold refinery.

In an interview on state television, refinery minister Alousséni Sanou stated that the Russian-built refinery "will allow us not only to control all gold production but also to be able to correctly apply all taxes and duties".<sup>123</sup>

Given that Mali's annual industrial gold production stood at 66.2 tonnes in 2022<sup>124</sup>, the proposed capacity of this new refinery suggests that the junta intends for all gold mined in Mali to pass through this new 200-tonne refinery. It is also a statement of intent that the junta intends to continue increasing the sector's productivity and is likely to demand more of its international mining partners.

6.4.5

## Continued investment from international mining companies

Despite the junta's increasing demands, and regardless of the Kremlin's ever-increasing sway over the country's gold mining sector, the big four international mining companies are continuing to make major capital investments in Mali.

Barrick Gold's "exploration teams continue to find new growth opportunities in the Loulo region" having already identified "new high-priority targets with the potential of delivering the next generation of major discoveries", with CEO Mark Bristow reaffirming in October 2023 that Barrick Gold remains committed to "invest[ing] in future growth [in Mali]".<sup>125</sup>

B2Gold has continued to invest in exploration at its Fekola Mining Complex and acquired rights to an additional 1,405 sq km through its acquisition of Oklo Resources Limited in 2022.<sup>126</sup>

Likewise, Martin Botha, Chairman of Resolute, has stated that the company's Syama North expansion project is "shaping up well and presents high quality expansion potential".<sup>127</sup>

In July 2023, Allied Gold announced its acquisition of the Diba project, encompassing its Korali-Sud small-scale mining license and Lakanfla exploration license. Allied Gold has also indicated its intention to work closely with Sorem SA, the newly formed state-owned company.<sup>128</sup>



Map of Mali highlighting town of Kidal, captured by joint junta-Wagner forces in November 2023. Google Earth, accessed 6 December 2023.



## 6.5

## Conclusion

Wagner's blood gold operations in Africa are diverse, and lucrative. A conservative estimate based on the above analysis suggests that Wagner is earning approximately US\$114 million from African blood gold each month, and has earned more than US\$2.5 billion since Russia launched its war of aggression against Ukraine in February 2022.<sup>129</sup> In CAR, the mercenary group has proven that it has the logistics capacity to conduct mining operations at scale.

In Sudan, instead of attempting to dominate the country's diffuse artisanal mining operations, Wagner has instead inserted itself at one layer above and has grown into Sudan's dominant buyer of unrefined gold, as well its dominant smuggler of refined gold.

Finally, in Mali, after a failed attempt to displace major international mining companies, Wagner has instead acclimated to a system where the mercenary group is paid in cash by the junta-controlled government, which in turn relies on gold mining companies for 50% of its tax receipts.

All of these systems have advantages and disadvantages from Wagner's point of view.

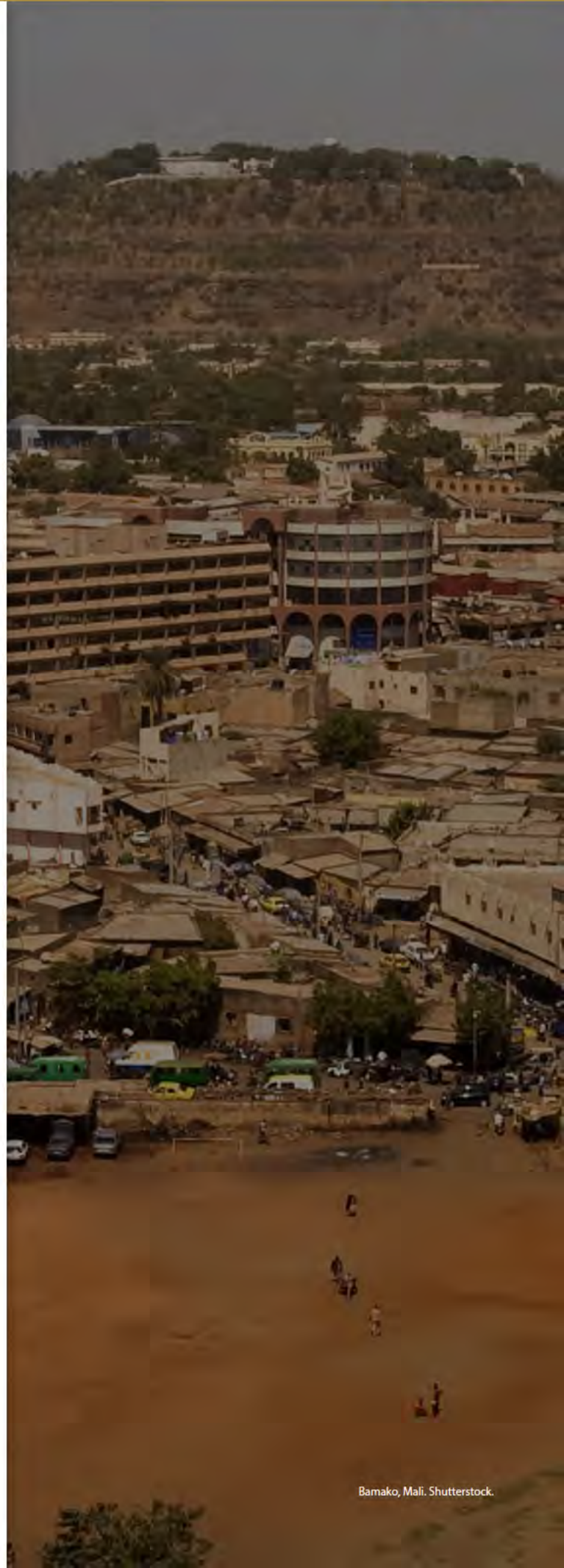
Direct control over mining operations enables Wagner to continue to grow its revenues as long as it can increase the efficiency of its operations. The mercenary group has proven ruthless in terms of maximizing gold mining profits in CAR, including through the use of extreme violence to maintain control over mining sites and the labor that operate them.

Control over the processing and refinement stage of gold production in Sudan has spared Wagner of the need to exert extensive territorial control, which operating mines in CAR necessarily entails, while affording the group with ample opportunity to generate vast wealth.

Both of these systems confer advantages, yet both also carry one significant disadvantage: the need to maintain extensive smuggling and laundering operations to convert gold into cash.

It is in this department that the Malian model excels. In the West African state, Wagner is kept at one remove from industrial scale gold production, meaning the mercenary group is not required to engage in elaborate corporate subterfuge or smuggling schemes and instead receives a straightforward cash retainer from its benefactor, the military junta.

In the next chapter we explore the two main avenues for cutting off Wagner's blood gold supply chains.





# Stopping Wagner's blood gold system

## 7.1.1

### Introduction

Wagner's blood gold operations in Africa are extensive, diversified and adaptive to pressure. From industrial scale mining operations and refineries, to complex layers of corporate ownership and multinational smuggling operations, the mercenary group has not been idle in its efforts to plunder the African continent's gold resources.

But the forces arrayed against Wagner are also not without means.

Democratic Western powers have leveled an array of sanctions against the mercenary group, and other Kremlin-linked actors, particularly in the wake of Putin's full scale invasion of Ukraine.

Backed by the political and financial clout of the US, EU and UK, tools such as asset freezes, import and export restrictions and travel bans have all helped to heap pressure on Wagner. While these sanctions regimes are extensive, they are not watertight.

Wagner has proven adaptive, offloading assets from sanctioned entities to newly created front companies and developing new smuggling routes.

Outside of sovereign sanctions regimes, corporate social responsibility frameworks provide a second important layer of insulation against Wagner's attempts to convert blood gold for cash on international markets.

Corporate social responsibility (CSR) frameworks have the potential to hugely supplement sovereign vigilance against



PMC Wagner Centre, St. Petersburg, Russia. Photograph taken during building's official opening ceremony, 4 November 2022. Associated Press/Dmitri Lovetsky.

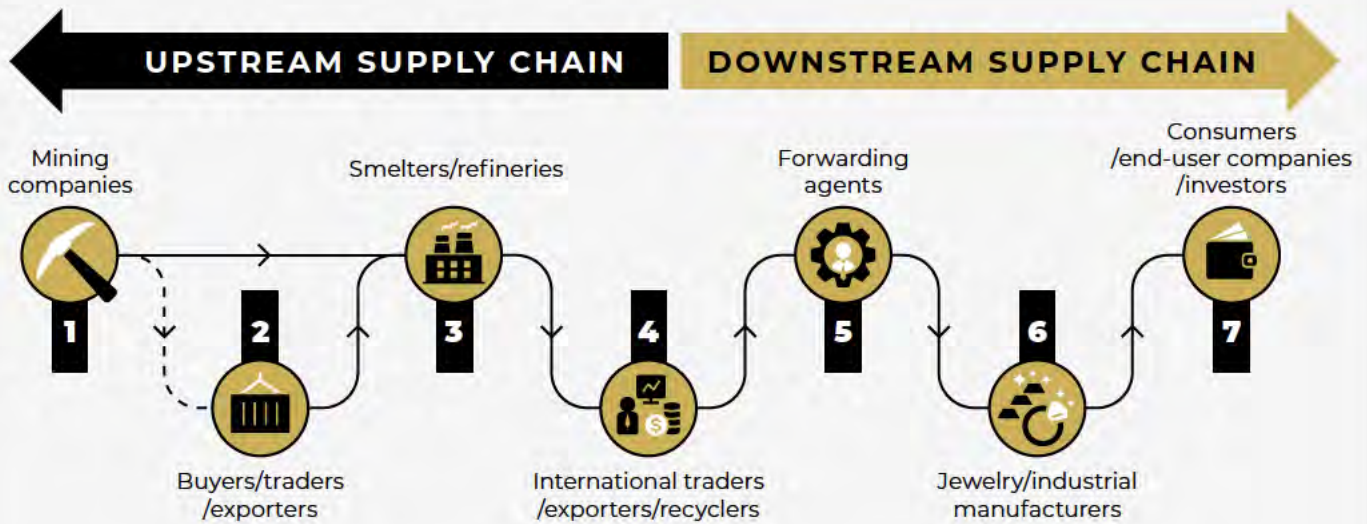
Wagner's blood gold machinations. Mining companies' CSR frameworks, when triggered, can instigate thorough business risk investigations of suspect third parties. And institutional investors with stakes in mining companies also operate similar frameworks and investigative powers.

However, for CSR frameworks to play a significant role in winding down Wagner blood gold networks and revenue streams, it is necessary that they be robustly and proactively applied.

Evidence gathered by the Blood Gold Report suggests that this has not always been the case.



## How global gold supply chains work



Based on information from World Gold Council, Gold Market Structure and Flows. Accessed 1 December 2023.

The modern global gold supply chain is convoluted and consists of numerous intermediary steps between extraction (i.e., mining) and the precious metal's various end-uses (e.g., private investment as a reserve asset, jewelry, electronics, astronaut suits, etc.).

Gold is mined on every continent apart from Antarctica and it is not unusual for gold to pass through multiple countries and jurisdictions throughout its journey from deposit to end use. Gold can be endlessly recycled and repurposed with all the gold ever extracted from the ground remaining in existence to this day.<sup>1</sup>

Participants in the gold supply chain can be categorized as either upstream or downstream.

The upstream supply chain includes everything from exploration for gold, mining operations, and the processing of gold at smelters and refineries to produce purified gold.

Mining companies can sell their produce either directly to refineries or sometimes to various buyers, traders and exporters who in turn deliver the unprocessed ore to refineries. Once the gold leaves the refinery the downstream side of the process kicks in with participants including international traders, exporters, forwarding agents, recyclers, jewelry and industrial manufacturers and finally consumers and end-user companies purchasing the final product.<sup>2</sup>





## 7.2 - Sanctions frameworks

In Chapter 6, particularly with respect to CAR and Sudan (see sections 6.2 and 6.3), we saw how Wagner's blood gold system is built upon numerous layers of intermediaries, both individuals and corporate entities. Although complex and agile, Wagner's blood gold networks are not without vulnerabilities. Sanctions in particular represent a powerful tool for disrupting Wagner's supply chains.<sup>3</sup> Allied Western powers have implemented a wide range of sanctions against Wagner and Russia, especially since Putin's invasion of Ukraine in February 2022, including asset freezes, export and import prohibitions, and travel bans.

### 7.2.1

## Types of sanctions

Sanctions are restrictions placed on individuals or legal entities (such as a government, a non-governmental organization, or a firm) designed to deter anyone from engaging in economic transactions with the affected party.<sup>4</sup> Unilateral sanctions are sanctions imposed by independent nation states. International sanctions are those imposed by supra-national bodies, such as the EU.

Asset freezes are financial penalties that forbid selected persons or companies from accessing any cash or bond reserves and prohibit entities associated with the sanctioning country from making funds available to them.<sup>5</sup> When effectively applied, asset freezes can starve Wagner of crucial cash flows, denying them the ability to pre-finance their gold trade, buy the allegiance of local accomplices, and sundry other necessary components of the blood gold system.

The heft of allied powers has been powerfully applied against Russia, particularly since Putin's invasion of Ukraine. Around EU€20 billion of assets belonging to more than 1,500 sanctioned persons and entities have been frozen by the EU, other G7 countries and Australia.<sup>6</sup>

In July 2023, the UK government leveled thirteen new sanctions against Wagner leaders, including Dimtry Sytii, and front companies, including M-Invest. Such measures prevent UK citizens, companies and banks from dealing with these sanctioned parties.<sup>7</sup>

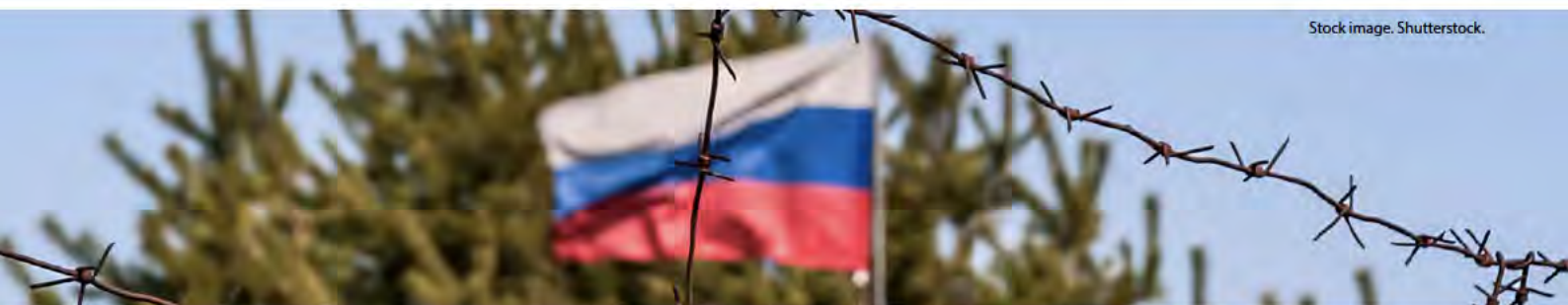
Export prohibitions bar individuals and companies from selling certain products to sanctioned jurisdictions. When effectively implemented, they can reduce the Kremlin's access to specific technologies (like specialized military

equipment, aviation components, software maintenance, or gold mining tools), degrading the quality of their services and potentially denying them specific capabilities entirely.<sup>8</sup> Over time, such restrictions may affect Russia's ability to develop heavy machinery such as is used in industrial gold mining.

Import restrictions prohibit Wagner and other Kremlin-linked entities from selling products on markets covered by the sanctioning power.<sup>9</sup> In June 2022, the G7 countries introduced new restrictions preventing Russia from selling gold on UK, Canada, US and Japan markets, denying the Kremlin of a major outlet for one of its most valuable revenue streams. Total UK import restrictions now apply to over UK£13.5 billion worth of Russian exports.<sup>10</sup>

Export sanctions have had a devastating effect on Russia's legal gold export industry. Although Russian gold production remained virtually static between 2021 and 2022 - actually increasing slightly from 319.6 tons in 2021 to 320.0 tons in 2022<sup>11</sup> - the total value of Russian gold exports fell from US\$17.3 billion in 2021 to US\$7.1 billion in 2022.<sup>12</sup>

Travel bans require Russia or Kremlin-proxies to avoid the lands, seas, and airspaces of sanctioning powers, complicating transport arrangements for sanctioned parties and potentially rendering entire continents inaccessible.<sup>13</sup> In 2020, the United States imposed a travel ban on key Wagner operative Mikhail Potepkin, regional director of M-Invest and Meroe Gold in Sudan.<sup>14</sup> In 2023, the UK also sanctioned Potepkin as part of a package of sanctions aimed at companies funding the conflict in Sudan.<sup>15</sup>



Stock image. Shutterstock.



# Overview of key sanctions against Wagner and Wagner affiliated entities

		
United States	United Kingdom	European Union
 <p><b>December 2016:</b> Sanctioned Yevgeniy Prigozhin.</p>	 <p><b>October 2020:</b> Travel ban and asset freeze on Prigozhin.</p>	 <p><b>October 2020:</b> Travel ban and asset freeze on Prigozhin.</p>
 <p><b>June 2017:</b> Sanctioned the Wagner Group and its co-founder Dmitry Utkin.</p>	 <p><b>March 2022:</b> Sanctioned the Wagner Group.</p>	 <p><b>December 2021:</b> Travel ban and asset freeze on Wagner Group and 8 individuals and 3 entities connected with it, including:</p>
 <p><b>April 2021:</b> Sanctioned all entities in the technology and defense sectors of the Russian economy.</p>	 <p><b>March 2023:</b> Closed legal loopholes to prevent Wagner from being able to sue journalists.</p>	<ul style="list-style-type: none"> <li>• <i>Dimitriy Utkin (Wagner co-founder)</i></li> <li>• <i>Andrey Bogatov (Wagner commander)</i></li> <li>• <i>Evro Polis LLC (Syria)</i></li> <li>• <i>Zakharov (Security advisor to the President of CAR)</i></li> </ul>
 <p><b>January 2023:</b> Redesignated Wagner as a "significant transnational criminal organization".</p>	 <p><b>July 2023:</b> Sanctioned 13 individuals and businesses in the CAR, Mali and Sudan with links to the Wagner group, including:</p>	 <p><b>February 2023:</b> Sanctioned 11 individuals and 7 entities linked to the Wagner Group including:</p>
 <p><b>June 2023:</b> Sanctioned Andrey Nikolayevich Ivanov and four gold mining companies for engaging in illicit gold dealings to fund Wagner including:</p> <ul style="list-style-type: none"> <li>• <i>Midas Resources SARLU (CAR)</i></li> <li>• <i>Diamville SAU (CAR)</i></li> <li>• <i>Industrial Resources General Trading (UAE)</i></li> <li>• <i>Limited Liability Company (Russia)</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Lobaye Invest SARLU (CAR)</i></li> <li>• <i>Meroe Gold (Sudan)</i></li> <li>• <i>Al-Solag Mining (Sudan)</i></li> <li>• <i>Ivan Maslov (Mali Head of Wagner)</i></li> </ul> <p><b>September 2023:</b> Wagner declared a terrorist group.</p> 	<ul style="list-style-type: none"> <li>• <i>Meroe Gold (Sudan)</i></li> <li>• <i>Ivan Aleksandrovitch Maslov (Head of the Wagner Group in Mali)</i></li> <li>• <i>Vitalii Perfilev (Security advisor to the President of the CAR)</i></li> <li>• <i>Alexander Ivanov (Spokesperson of Wagner in the CAR)</i></li> </ul>  <p><b>April 2023:</b> Added Wagner to the list of those subject to restrictive measures for actions undermining or threatening Ukraine's territorial integrity, sovereignty and independence.</p>



## 7.2.2

## Factors in favor of Western sanctions

Sanctions regimes imposed by Western powers enjoy a distinct multiplier effect thanks to the outsized economic influence and soft power of the US, EU, and UK.

The United States dollar is a particularly potent weapon in this regard. Thanks to its easy convertibility, the power of the American economy and the underlying macroeconomic stability of the United States, the US dollar has long since acted as the world's premier reserve currency, with 58% of total foreign exchanges on the global market conducted using US dollar in 2022.<sup>16</sup>

Dollar dominance allowed the United States to freeze half of Russia's "war chest" in the early days of the war and severely constrain international transactions for any Kremlin-associated entity.

Similarly, the primacy of the EU's SWIFT system (a messaging protocol co-developed with the United States and used by 11,000 banks and companies worldwide for transfers) allowed the EU to disconnect a number of Russian banks from international transactions in 2022.<sup>17</sup>

As the headquarter of the International Association of Classification Societies, which handles global ship registration, UK sanctions have led to the delisting of Russia from the Maritime Register for Shipping, meaning that Russian ships

often struggle to obtain insurance or enter ports.<sup>18</sup> Secondary sanctions represent a further major advantage implicit in current sanctions against Putin's Russia.

Secondary sanctions are economic restrictions that may be applied to any third party that transacts with a sanctioned entity, so long as that third party also does business or operates within the jurisdiction of the sanctioning country.<sup>19</sup>

Penalties can be brought to bear even if the transaction with the sanctioned entity occurs outside of the sanctioning authority's territory. For example, if a gold trader with offices in London executed a business transaction with a sanctioned Wagner entity, the UK would be able to level penalties against that trader, even if the business transaction occurred in an entirely different jurisdiction, such as Sudan.

The transnational and multidirectional quality of secondary sanctions can result in a pervasive chilling effect.<sup>20</sup>

An example of this is a directive from the London Bullion Market Association, the international trade association that represents the global market for gold and silver<sup>21</sup>, which clearly states that "gold trades cannot be conducted with any entities that will violate any EU, US, UK or any other relevant, economic and/or trade sanction lists".<sup>22</sup>



Protest calling for tougher sanctions on Russia from UK, EU and USA. London, 2022. Shutterstock.



## 7.2.3

## Factors working against Western sanctions

Despite enjoying certain major advantages, existing sanctions regimes imposed by Western powers against Kremlin-linked entities also suffer from certain weaknesses.

Firstly, there is little by way of harmonization between EU, UK, and US sanctions. Often, the same individuals and corporate bodies are penalized by some authorities but not others, creating easy avenues for evasion.

A July 2023 report published by the UK Parliament's Foreign Affairs Committee examining members of Wagner's Africa network found that only five out of 44 sanctioned individuals and two out of 37 sanctioned entities were covered by all three jurisdictions.<sup>23</sup>

Prominent individuals and corporate entities dealing in blood gold such as Yevgeny Khotodov, Alexandr Kuznetsov, Vitalii Viktorovitch Perfilov, Africa Politology, Diamville, the 223rd Russian Flight Detachment, M-Finance, and Midas Resources were either solely sanctioned in the US or by a combination of just two jurisdictions.<sup>24</sup> Neither were any of the aforementioned parties targeted in the subsequent November 2023 wave of UK sanctions, which were specifically aimed at taking down Wagner's gold supply chains.

Secondly, there remain significant holes in the overall scope of sanctions, such as the use of private jets for transnational travel. Whereas commercial airlines with business interests in the US, EU or UK would seek to avoid offering carriage to a sanctioned individual, private jets can provide an alternative means of transport, so long as the companies associated with the jets do not operate in sanctioning jurisdictions. While Western sanctions have proven successful in restricting the access of private planes owned by Russia's bureaucratic elite to European airspace, the geographical limitations of these measures are visible in the continued Russian air travel to and from non-Western allies, in particular across the MENA.<sup>25</sup>

A further difficulty is that sanctions frameworks are by definition reactive, with updates typically moving slowly, whereas Wagner's blood gold networks are agile and quick to change tack when pressure is applied.

When sanctions were leveled against Wagner's Meroe Gold in 2021, the mercenary group moved quickly to offload its Sudanese gold interests to Al Sawlaj for Mining Ltd., a separate Wagner-linked company which was not subject to sanctions.

According to the Dossier Center, it has proven "almost impossible" to accurately identify and target all Wagner affiliated individuals and entities with sanctions due to the "efforts employed by [Prigozhin's] staff to disguise their activities and companies."<sup>26</sup> Moreover, the Dossier Center has criticized the UK sanctions process for being "comparatively

slow" compared to the process of registering new companies which has allowed Prigozhin's associates to continually "evade sanctions through continuous turnover".<sup>27</sup>

Relatedly, Western powers have not yet adopted a policy whereby any sovereign or political actor which elects to employ the Wagner Group's services is automatically considered for sanctions.

This has created a far too frequent scenario where rogue regimes and authoritarian figures have engaged Wagner without any great consequence to their access to international business and financial markets. A knock on effect of this is that international businesses can, without fear of triggering sanctions, engage in business activity with sovereign or political actors which rely on Wagner's deadly services.

Mali provides a case study example of this. Although the EU sanctioned five junta members in Feb 2022<sup>28</sup> and the US followed suit with sanctions against three junta officials in July 2023<sup>29</sup> (the latter specifically on account of Wagner-related concerns), on the whole the brutal military regime, which seized power in May 2021 and has employed Wagner since late 2021, has largely avoided broad sanctions from Western regimes. Meanwhile, UN sanctions were allowed to lapse in August 2023<sup>30</sup> after Russia blocked their renewal while ECOWAS sanctions were lifted in July 2022<sup>31</sup> after the junta agreed to 2024 elections, although the regime has since reneged on this guarantee. As a consequence, international mining companies continue to engage the junta-controlled State of Mali as a business partner and provide enormous sums to the regime in the form of tax contributions, without fear of triggering sanctions.

Finally, although Western powers enjoy outsized influence over global markets, their dominance is not total. There remains vast expanses of global commerce where Wagner and Kremlin actors can conduct business uninhibited by Western sanctions.

Western sanctions regimes are helpless to prevent any Wagner-linked business activity conducted in jurisdictions outside of Western influence and between parties with no other business interests in Western jurisdictions (i.e., are unaffected by the threat of secondary sanctions). At a local level, this means that Wagner's on-the-ground business activities in countries such as Sudan are unaffected by Western sanctions.

Many of the most important players in terms of the global gold industry, including the UAE, India, Hong Kong, Saudi Arabia and Turkey did not elect to level sanctions against the Kremlin-linked organizations following Putin's full-scale invasion of Ukraine.



## Sanctions frameworks

The UAE - which houses a vast gold refining sector - is in particular suspected to be a major destination for Wagner and Kremlin-linked blood gold. Between 2021 and 2022, UAE imports of Russian gold increased from 1.3 tonnes to 75.7 tonnes.<sup>32</sup>

The UAE gold industry has nonetheless largely avoided sanctions from Western powers. One notable exception is UAE-based Industrial Resources General Trading which was placed under US sanctions in July 2023 for its business dealings with CAR-based gold and diamond purchasing company Diamville.<sup>33</sup>

However, such examples are rare, meaning the UAE gold

sector retains a relatively free hand to export laundered Russian gold to third party countries which also do not impose sanctions on the Kremlin, especially India, Hong Kong, Saudi Arabia, Switzerland and Turkey.<sup>34</sup>

Once Wagner and Kremlin-linked gold has been melted and recast, its origin becomes effectively untraceable.<sup>35</sup>

While some of the above limitations can be addressed and amended, others are inherent to the nature of sanctions. For this reason, it is clear that a robust and thorough response to Wagner's sprawling and adaptive blood gold system requires additional support from non-sovereign actors, especially the private sector.

## How Wagner exploits vulnerabilities to launder blood gold

Each layer in the global gold supply chain presents certain specific vulnerabilities, but every stage possesses one common vulnerability: the meltability of gold.

At 1947.52 °F (1064.18 °C) gold becomes molten, in which state two or more sources of gold can be mixed together, obscuring the origins of some or all original sources depending on the intention of the refiner.

As such, the only way to ensure the full traceability of gold is to maintain an unbroken chain of custody, which can be achieved "by documenting business transactions along the full supply chain back to the mine of origin", according to Human Rights Watch.<sup>36</sup>

Any penetration by unethical gold sources in the upstream stages of the global gold supply chain (i.e., mining and refinement) necessarily entails broad downstream polluting effects.

*"Refineries... are the gatekeepers to the nice world of clean gold, of jewellery, big finance, and reserve banks"*

*Professor Mark Pieth, President of the board of the Basel Institute on Governance.<sup>37</sup>*

Wagner has become proficient in targeting upstream stages in the global gold supply chain (e.g., operating mining sites and refineries). However, in order to turn the gold secured through these assets into cash, the

mercenary group still needs to infiltrate its blood gold into legal supply chains.

Until extensive sanctions were put in place preventing Russia from exporting refined gold to Western markets (Russia was still able to legally export gold to the UK until June 2022<sup>38</sup>), it was sufficient for Wagner to smuggle gold back to refineries based in its home nation, where it could be melted down and legally delivered to Western markets.

While Wagner can still take this route, and convert its gold to rubles, this limits the group both in terms of buyers and access to foreign currencies.

For this reason, Wagner has increasingly turned to third party jurisdictions, particularly the UAE. In 2016, Carnegie Endowment for International Peace found that "at least 46 percent of its gold supply came from countries that would be 'red-flagged' by the OECD as being conflict-affected".<sup>39</sup>

In 2022, the UAE imported 75.7 tonnes of Russian gold, a sharp increase from 1.3 tonnes in 2021.<sup>40</sup> As well as operating a permissive gold refining industry, Dubai's business sector makes use of Hawala, an informal method of transferring money that does not require cash or electronic transfer of funds<sup>41</sup>, making it an ideal location for Wagner to convert gold into cash without using financial payment systems covered by sanctions.



## 7.3 - Corporate Social Responsibility frameworks

### 7.3.1

## Introduction

One of the main purposes of sanctions against Wagner is to shut off the mercenary group's access to global commercial networks.

As we have seen, while undoubtedly a powerful tool, sanctions frameworks are inherently slow moving and frequently porous.

In order to buttress efforts to combat Wagner's African activities, it is vital that global business and financial institutions not only abide by sanctions frameworks but enforce their own codes of corporate social responsibility to ensure that they do not engage in any business activity that provides clear benefit to the Kremlin-linked mercenary group.

There are already numerous layers of corporate social responsibility frameworks in place, at both sectoral and individual corporate levels, designed to protect the global gold industry from precisely the sort of ethical and human rights risk that Wagner's operations entail.

The effectiveness, or lack thereof, of these various safeguards is paramount, precisely because gold impacts so many peoples' lives in myriad ways. Beyond its use in jewelry, gold is widely used in the medical, electronics, automotive, defense and aerospace industries, as well as a major investment asset. Indeed, the centrality of gold to major pension portfolios is arguably the most important means by which the precious metal touches vast swathes of society.

The importance of corporate social responsibility is particularly acute in terms of the Malian model (Section 6.4), where the mercenary group remains one step removed from the country's gold supply chain while still deriving huge financial benefits from it, a fact which greatly limits the ability of sanctions to have an impact.

Until such a time as international sanctions are widened to encompass the entire Malian junta, global gold supply chains are reliant on the specific mining companies involved, as well as other entities with leverage to directly influence the behavior of said mining companies (especially institutional investors), to act responsibly and avoid contributing to Wagner and the Kremlin's blood gold system.



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## 7.3.2

## Mining companies' Corporate Social Responsibility frameworks

Since the start of the twenty-first century, there has been a renewed pressure on businesses to adopt corporate social responsibility practices across their operations.

Environment, Social and Governance (ESG) and Corporate Social Responsibility (CSR) play an important role for companies seeking to reassure their consumers and shareholders of their commitments to responsible business practices and, in turn, attracting investment to their business.

The gold mining industry is by no means an exception to this.

The World Gold Council (WGC), a membership organization that champions the role of gold as a strategic asset, has developed two frameworks designed to prevent unethical gold mining practices.<sup>42</sup>

In 2012, the WGC launched the Conflict-Free Gold Standard,<sup>43</sup> due to concern about potential links between gold and unlawful armed conflict, such as civil wars and militia activity.<sup>44</sup> WGC members are expected to abide by the Conflict-Free Standard which aims to "operationalise" the OECD's Due Diligence Guidance for Responsible Supply Chains for Minerals from Conflict-Affected and High-Risk Areas.<sup>45</sup> All WGC members, among which are Barrick Gold, B2Gold and Resolute Mining, are expected to adhere to the Conflict-Free Gold Standard.

Launched in 2020, the Responsible Gold Mining Principles

(RGMPs) aim to address key environmental, social and governance issues for the gold mining sector, and to set out clear guidance as to what constitutes responsible practices for gold mining.<sup>46</sup>

Several of these principles are especially relevant to Wagner blood gold activities, including RGMP 5.4, which states:

*We will ensure that when we operate in conflict affected or high-risk areas our operations do not cause, support or benefit unlawful armed conflict or contribute to human rights abuses or breaches of international humanitarian law.*<sup>47</sup>

The WGC wrote to the Blood Gold Report to highlight its Responsible Gold Mining Principles. In response, the authors wrote to the WGC, asking how it reconciles RGMP 5.4 "with the continued presence of your member companies in Mali, where taxes on gold mining constitute more than 50% of total revenues for the military junta, and where the military junta is cooperating with Russian mercenaries in committing human rights abuses?"<sup>48</sup> The WGC did not respond to this query.

All of the big four mining companies involved in Mali explicitly endorse the RMPGs as part of their business integrity and ethics agendas.<sup>49</sup> As well as WGC standards, all of the big four mining companies operating in Mali have clearly outlined their own individual CSR commitments.

### BARRICK

Barrick Gold states in its Human Rights Report that: *"We ensure respect for human rights from the very top of our management structure such as the Board, to our employees, our first tier of the supply chain and finally all our business partners and their employees."*<sup>50</sup>



B2Gold stated in its Social Responsibility and Human Rights Policy that: *"B2Gold has taken a pro-active approach to human rights management by completing human rights risk assessments supported by robust training programs at all operations. In meeting our responsibility to respect human rights we are embedding human rights awareness throughout our organization."*<sup>51</sup>



Resolute's Human Rights Policy states that the company *"will implement robust management systems, practices and standards that aim to prevent, avoid, mitigate and remedy harmful human rights impacts at our operations and along our supply chains."*<sup>52</sup>



In Allied Gold's 2022 ESG update, CEO Peter Marrone stated that the company is *"committed to working responsibly, in a manner that manages our impacts and contributes to building a positive legacy beyond the life of our mines, recognising that our ESG performance is integral to our longterm business success and ability to generate value for our stakeholders."*<sup>53</sup>



Corporate social responsibility frameworks

The Blood Gold Report authors wrote to each of the big four mining companies operating in Mali. In response to questions posed by the authors, none of these companies indicated that they had made any representations to its business partner, the State of Mali, regarding concerns about human rights abuses in Mali.

At the time of writing, it is unclear whether any of the big four mining companies operating in Mali have implemented a review of their Malian operations on account of Wagner’s growing influence in the country.

 Mining Company	UN Global Compact Participant	UN Guiding Principles on Business and Human Rights	OECD Guidelines for Multinational Enterprises	Voluntary Principles on Security and Human Rights	WGC Responsible Gold Mining Principles Signatory	International Council on Mining and Metals Sustainable Development Framework
Barrick Gold	✓	✓	✓	✓	✓	✓
B2Gold	✗	✓	✓	✓	✓	✓
Resolute Mining	✓	✓	✗	✓	✓	✓
Allied Gold	✗	✓	✗	✓	"Progressing alignment"	✗



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7.3.3

## Mining companies' rationale for continuing operations in Mali

In our correspondence with each of the big four mining companies operating in Mali, the Blood Gold Report authors asked the corporations how they reconciled their ongoing operations in Mali and the human rights abuses committed by their respective business partner the State of Mali (together with the Wagner Group) with their stated corporate responsibility and human rights policies.

### BARRICK

Barrick Gold CEO Mark Bristow responded to our letter (10 November 2023), stating that “No sanctions are in place preventing the [Loulo-Gounkoto] Complex from operating in Mali” and that “the Complex has complete control of its supply chain and adopts the necessary safeguards to ensure compliance with Barrick’s Human Rights Policy”.<sup>54</sup>

In the same letter, Mr Bristow stated that Barrick Gold’s Malian business “will raise concerns with host governments and business partners where necessary should we believe that human rights infringements have or potentially could occur.”<sup>55</sup> The Blood Gold Report authors sent a second letter to Barrick Gold, in response to Mr Bristow’s letter of 10 November, and requested to know if Barrick “has raised concerns with the Malian Government regarding the Moura massacre, in which more than 500 Malians were killed by Malian troops and foreign military personnel according to a UN report?” Barrick Gold did not respond to this letter.

In his letter of 10 November, Mr Bristow confirmed that, in accordance with Malian law, Barrick Gold “pays certain royalties and taxes arising from its operations and grants a free carried interest to the State in its share capital.” He did not respond to our question as to whether Barrick Gold had “discussed with the State of Mali how its tax revenues are spent?” or whether it “Has it sought assurances that Barrick’s tax revenues are not being used to fund the Wagner Group?”<sup>56</sup>

Barrick Gold claimed that there are inaccuracies in the correspondence received from the Blood Gold Report, but failed to cite any specific inaccuracies. Barrick Gold stated that it has never “engaged in any capacity whatsoever with the Wagner Group.”<sup>60</sup> Resolute mining stated that it does “not support any local, regional or international political groups or associations in Mali nor engage in any geopolitical debates.”<sup>61</sup>

B2Gold declined the opportunity to respond to the questions posed by the Blood Gold Report authors, and directed the authors to the company’s annual sustainability report.

### Resolute

The Blood Gold Report authors also received a response from Resolute Mining (15 November 2023). Richard Steenhof, Resolute Mining’s General Counsel and Company Secretary, informed us that Resolute Mining “has a strong track record of respecting all applicable laws, including the United Nations Universal Declaration of Human Rights and its relevant principles and conventions”.<sup>57</sup> Mr Steenhof further stated that the company’s “progress in aligning with the World Gold Council’s Responsible Gold Mining Principles since becoming a member and signatory has been exemplary”. Mr Steenhof did not respond to our question as to how the company reconciled its numerous human rights commitments with its ongoing business engagement with the State of Mali.<sup>58</sup>

Mr Steenhof further stated that “Resolute has no influence whatsoever over the political climate it operates in”, but did not respond to our question as to whether “Resolute Mining raised concerns about human rights abuses in Mali with its business partner, the State of Mali?” or whether the company has “sought assurances that Resolute Mining’s tax revenues are not being used to fund the Wagner Group?”<sup>59</sup>



7.3.4

# CSR frameworks for institutional investors with stakes in mining companies

Investors	 Barrick Gold	 B2Gold	 Resolute Mining	 Allied Gold
Baker Steel Capital Managers	✓	✓	✓	✓
BlackRock Investment Management (UK) Ltd.	✓	✓		✓
Capital Group Companies, Inc.	✓			✓
Condire Management LP			✓	
Fidelity Investments Canada ULC	✓	✓	✓	
M&G Investments	✓			
Royal Bank of Canada	✓	✓		✓
Regal Funds Management			✓	
Schroders Investment Management	✓		✓	
Van Eck Associates Corporation	✓	✓	✓	✓
The Vanguard Group	✓	✓	✓	

Selection of institutional investors with a stake in one or more of the top four gold mining companies operating in Mali.

Institutional investors are professional organizations that manage large pools of money on behalf of their clients which typically include pension funds, individual investors, endowment or foundations.<sup>62</sup>

According to the World Gold Council, 15% of institutional investment firms invest in the gold industry, while over half of these investors expect their minimum holding period to be more than three years for these assets.<sup>63</sup>

Statistics from Price Waterhouse Cooper’s 2021 Global Investor Survey show that almost half of investors (49%) express willingness to disinvest from companies that aren’t taking sufficient action on ESG issues.<sup>64</sup> A large majority, 79%, say the way a company manages ESG risks and opportunities is an important factor in their investment making decision.<sup>65</sup>

Most of the largest institutional investors in the big four mining companies involved in Mali have published their own corporate social responsibility frameworks.

- Van Eck, one of Barrick Gold’s major investors, states that an “important part of its responsibility to clients lies in seeking to mitigate associated risks, including those related to ESG.”<sup>66</sup>
- BlackRock, which holds investments in Barrick Gold, B2Gold and Allied Gold, states that “long-term investors benefit when companies implement processes to identify, manage, and prevent adverse human rights impacts.”<sup>67</sup>

- Fidelity Investments, a major investor in Barrick Gold as well as B2Gold, has committed to “develop processes and expertise to build organizational resilience, including robust oversight of potential threats to business reputation or value.”<sup>68</sup>

In addition to this, several of these investors are signatories of the United Nations Global Compact, a series of ten principles whereby signatories commit to integrating principles on human rights along with other principles on labor rights, the environment and anti-corruption across their business operations.

The Blood Gold Report authors wrote to many of the institutional investors with significant stakes in the big four mining companies with operations in Mali.

On 15 November 2023, Regal Partners, an institutional investor based in Australia, responded to a letter from the Blood Gold Report research team, confirming that it had reduced its position in Resolute Mining in light of some of the same concerns the team had raised:

*“Environmental, Social and Governance issues are an important element of Regal’s fundamental investment process, and we are deeply concerned by the ongoing violence arising from the war in Ukraine, violence in African countries and more broadly. These concerns contributed to Regal having materially reduced its position in Resolute this year.”<sup>69</sup>*



## Corporate social responsibility frameworks

When reached for comment, Baker Steel, an institutional management company with a position in both Barrick Gold and Resolute Mining, stated in correspondence dated 14 November 2023 that all of Baker Steel's "investments are under continuous review and where find an investee company to be in breach of our ESG principles, we consider divestment in line with our Divestment Policy".

Baker Steel did not confirm whether any of the issues raised by in our original correspondence had already precipitated a review of its investment in either Barrick Gold or Resolute Mining, but did add that "when outside parties, such as [the Blood Gold Report], raise concerns we do use that as a trigger for additional review and engagement with the companies in question".<sup>70</sup>

M&G Investment, which holds investments in several mining

companies with operations in Mali, including Barrick Gold, said in their letter (15 November 2023) that "Given the changing landscape in Mali we remain in regular dialogue" with investment partners and that M&G is "committed to acting on any specific allegations that are raised in relation to...any ...company where we have a shareholding".<sup>71</sup>

Schroders Investment, which is invested in several mining companies with operations in Mali including Barrick Gold, stated in their response (17 November 2023) that "Some of the companies in which we invest on behalf of those clients are active in West Africa, and we are cognisant of the environment in which they operate and some of the associated risks that you highlight", but did not confirm whether this cognisance had precipitated any review of their investment in gold mining companies active in Mali.<sup>72</sup>



'PMC Wagner Centre', Russia, November 2022. Associated Press / Alamy Stock Photo.



## 7.4

## Conclusion

While democratic Western powers were for many years inconsistent and tentative in their application of sanctions against Putin's Russia following the annexation of Crimea, the same cannot be said of the sanctions regime erected since the full scale invasion of Ukraine in February 2022.

Today, Kremlin-linked actors, including Wagner personnel and corporate structures, are targeted by a wide range of unilateral and international sanctions, including asset freezes, import and export restrictions and travel bans. Over EU€300 billion of Russian Central Bank reserves are blocked in the EU, other G7 countries and Australia, while total UK import restrictions now apply to over UK£13.5 billion worth of Russian exports.

Wagner's sprawling revenue-generating apparatus in Africa has come under increasing pressure. Where previously its front companies, such as Midas Resources, enjoyed unfettered access to global markets, their operations today are greatly circumscribed.

Despite this progress, however, many gaps persist in the West's sanctions net. A lack of coordination between sanctioning powers, the relative slowness of sanctioning authorities and, perhaps most importantly, the narrowness of a sanctions regime that is powerless to prevent blood gold activity that occurs beyond its borders and between actors with no material interest within its territories.

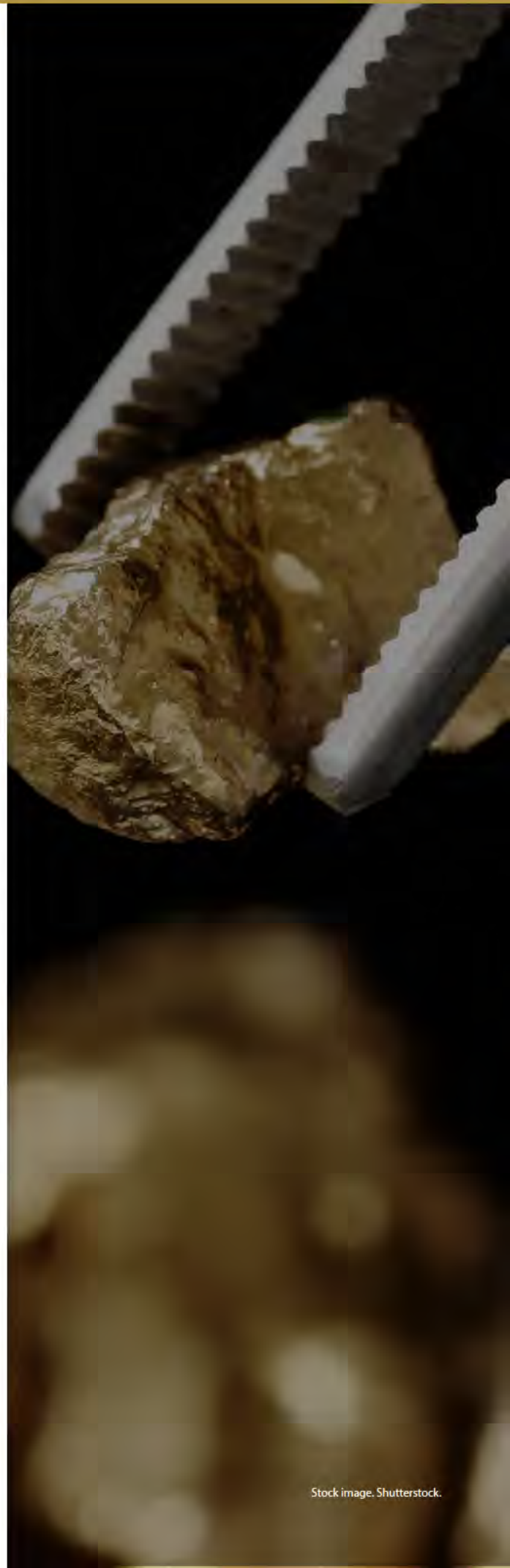
Democratic Western powers can improve upon existing sanctions regimes, but it is clear that they require the full support of corporate institutions if Wagner is to be fully shut out from international markets and deprived of the income it needs to continue to sow conflict and disorder in both Africa and Ukraine.

Voluntary corporate social responsibility frameworks and industry codes of conduct for the gold industry are clearly failing in this regard.

Despite the military junta's increasing grip over Mali's political institutions, and the growing influence of Wagner in the country, gold mining companies operating in the country continue to increase production and explore opportunities for expansion.

The Blood Gold Report authors have discovered no evidence that mining companies have reconsidered their position, despite the fact that their status as the State's biggest taxpayers means that they necessarily contributing to the junta's ability to pay Wagner an estimated US\$10 million per month, amounting to more than US\$200 million between December 2021 and June 2023.

Likewise, the Blood Gold Report authors have not discovered evidence of significant CSR-motivated concern or action from institutional investors, despite numerous human rights concerns stemming from the junta and Wagner.





# The Blood Gold Report

# Recommendations



## Recommendations

Stopping Wagner Group in Africa, and thereby reducing its ability to destabilize the continent, finance Russia's war on Ukraine, and advance the Kremlin's international hybrid warfare strategy, must be treated by democratic nations as an urgent policy and international security priority.

Blood gold is one of Wagner's most lucrative sources of profit and represents a vital revenue stream for Moscow. As such, all institutions with a stake in the democratic, law-abiding world - including both sovereign and corporate actors - must move in lock-step and take every possible measure to close off avenues for Wagner blood gold profiteering.

If implemented, the following recommendations would help shut down Wagner's blood gold operations:



London, UK, February 2022. Protest signs at a demonstration in Westminster (l) and on Trafalgar Square (r) in solidarity with Ukraine. Shutterstock.

### 1. Widen existing financial sanctions regimes to encompass individuals and entities that employ Wagner's security services

A sanctions strategy which focuses only on targeting Wagner entities is doomed to fail, not least because the mercenary group has proven adept at rotating in new personnel and shifting assets to new front companies. To solve this issue, sanctioning authorities must place much greater focus on also targeting those third parties that employ Wagner's services.

By introducing a clear binary choice between either working with Wagner and incurring sanctions or eschewing the mercenary group and having access to global financial markets, sanctioning authorities (especially the US/EU/UK) can force regimes to reconsider their decision to engage Wagner and prevent other from doing so in future.

Where authoritarian leaders choose the path of Wagner, they will join the mercenary group on the list of internationally sanctioned parties, making it impossible for third parties to work with them. This would automatically rule out scenarios, such as in Mali, where international businesses continue to work with regimes that rely on Wagner without fear of financial penalty.

### 2. Force all upstream gold producers and refineries to adopt stringent binding standards, or be locked out of global gold supply chains

Wagner's profiteering from blood gold largely depends on its ability to turn ill-gotten ore into hard cash.

The mercenary group invariably targets upstream junctures in the supply chain, such as shipping gold to third party countries with large gold refining industries and a reputation for lax controls, such as the UAE. Wagner's upstream infiltration of global gold supply chains has vast downstream polluting effects, and must be stopped at source.

Measures must be taken by sectoral actors and, where this fails, by sovereign powers to target upstream gold refineries that do not do sufficient due diligence on the gold they produce and/or purchase from others. Severe financial penalties, and the threat of complete lockout from global gold supply chains must be attached to these newly enhanced standards.



### 3. Demand real responsibility from international mining companies

Voluntary 'Corporate Social Responsibility' codes will not tackle Wagner's blood gold operations if companies do not take meaningful steps to truly enforce these codes of conduct. No individual or company should engage in business activity that provides a clear financial benefit to the Wagner Group. Just as no company should continue to expand operations and grow its tax contribution to a regime that is using state resources to conduct a vicious counterinsurgency directed by Wagner.

Although mining companies and trade bodies possess an array of CSR frameworks, they have done little to trigger meaningful withdrawals from business engagements that present clear risk of benefitting Wagner.

Where mining companies fail to live up to the standards guaranteed in their own CSR frameworks, those with leverage over said mining companies - especially institutional investors and governments - must step in and force change.

### 4. Designate the Wagner Group a terrorist organization & ensure criminal accountability

The UK recently declared Wagner a terrorist organization under its 2000 Terrorism Act in September 2023. However, the US, the EU amongst other key jurisdictions such as Canada or Australia have yet to formally proscribe the organization as a terrorist group.

Proscription would facilitate additional law enforcement and scrutiny on Wagner's activities, pave the way for greater judicial cooperation between countries and ensure more questions are asked on any of the groups activities around the world.

Wagner affiliated individuals should also be referred to the International Criminal Court (ICC). Although such prosecutions can take time, the ICC has proven on many occasions - such as with the trials of former Yugoslav president Slobodan Milošević, the Bosnian Serb leader Radovan Karadžić and General Ratko Mladić - that it will pursue justice for however long it takes, sending out a chilling signal to those bad actors who may feel secure today, but who cannot hide forever.

### 5. Deepen sanctions collaboration between allies and international partners

Creating a new mechanism for coordinating sanctions between the UK/EU/US to make them more swift, unified and effective, will minimize the risk of circumvention and scenarios where an individual or entity is sanctioned in one jurisdiction but not the other.

Deepening collaboration between international partners must also include calling on countries across the globe to work within intergovernmental organizations such as the UN and supranational organizations such as the EU, as well as multilateral African institutions, including the African Union, ECOWAS and EAC, to make the tackling of Wagner's blood gold operations a political priority.

### 6. Increase engagement with partner countries neighboring those that have been drawn into the Kremlin's orbit, as well as those that are in danger of being pulled in

While the Kremlin deserves full responsibility for the damage it has done in African countries and for the thousands of people killed and millions displaced by Wagner Group across the continent, the long-term failings of Western governments to recognize and swiftly react to Russian hybrid warfare in Africa over the past decade have undoubtedly contributed to the success of Wagner's operations there.

Western countries must correct that strategic mistake now by proactively and energetically engaging with countries that have already entered into the Kremlin's orbit, but which may be showing signs of 'buyer's remorse', while also strategically ringfencing Moscow's established zones of influence by increasing economic and security cooperation with democratic African states bordering countries that harbor Wagner Group. The Kremlin's investment always comes with 'strings attached', but the true consequences of making deals with Putin's Russia are not always initially obvious. Rather than simply condemn Russia's sowing of instability across Africa, Western governments must deliver real support to African democracies threatened by Russian hybrid warfare and the cross-border impacts of Wagner Group violence.



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## Infographic endnotes

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