



KIAN SMITH  
**SANU**

# Gold to The People

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## Origins

**Sanu** = ‘Gold’

- *Bambara or Bamanakan; language spoken in Mali.*
- *Dioula; language spoken in Burkina Faso & Cote D’Ivoire*
- *Madinka; language spoken in Guinea, Guinea Bissau & The Gambia.*

Doing business with a global world in the 21<sup>st</sup> century out of emerging economies like Nigeria has its challenges. As a company that mines, trades and refines gold, dealing with a value chain across different currencies on a commodity that is a raw material, financial instrument, investment product or luxury item, we found ourselves facing several challenges of volatility and risks.

We needed a system that created an enabling environment for our business to thrive and meet the need of the developing gold value chain in the West African region. This turned out to be a system that enables and supports trade, business and investment in West Africa and beyond.

The *Sanu* was first conceptualized as digital gold and silver to easily facilitate a secure and immediate physical and virtual market to trade gold and silver products from Kian Smith across West African currencies and major world currencies. It soon developed into a digital currency backed by physical gold and silver. Thus, Kian Smith is uniquely positioned as a producer and trader of precious metals to provide physical metal backing for *Sanu*, allowing the agility of digital assets with the secure benefits of physical gold and silver ownership.

*Sanu* Gold (Sanu-GLD) and *Sanu* Silver (Sanu-SLV) are digital versions of gold and silver, that represent physical gold and silver respectively. *Sanu* holders own physical gold or silver in secure vaults with the convenience of a digital wallet. *Sanu* is built using the Ethereum blockchain.

## **Challenges of Trade, Gold & Money**

60% of the population of Africa is below 25 years, making it the youngest continent in the world with a youth population of at least 226 million. By 2030, young Africans are expecting to make up 42% of the world's youth and account for 75% of those under the age of 35 in Africa.

Africa is one of the biggest mobile phone markets in the world, yet access to finance remains one of the biggest obstacles to economic development. Since 2018, three out of the top five countries where cryptocurrency has been trending on Google Trends are located in Africa namely Nigeria, Republic of South Africa and Ghana.

Of the 54 African countries, at least 35 countries are noted for producing gold[1] Yet the people of these nations are not able to access the gold.

While world gold mine production has been declining, West African gold production has been growing. In 2011, West Africa became the hub of African gold mining when the total production of gold from West Africa overtook South Africa's gold production. Out of the 15 ECOWAS countries, Cape Verde, Benin and Togo are the only countries without notable gold reserves. However, Benin and Togo are notable for gold trade.

All other ECOWAS countries have either significant documented gold reserves, internationally listed gold mining companies or significant footprint of artisanal gold mining. The recently released World Bank 2018 figures now have Ghana as the leading producer of gold in Africa. West Africa is becoming synonymous for gold.

Historically, gold for international buyers is expensive to store, difficult to move, trade or leverage. Gold derivatives traded globally lack ownership of the physical asset. Despite these challenges, central banks, investors and major capital firms of the world have remained connected to the gold economies from the gold market centres of the world. Despite the proximity to gold, West African economies and populace have had to make tradeoffs of a preference for foreign fiat currency (to settle foreign debt) instead of gold that they still need to purchase in foreign currency. Monetary policy in the region has also influenced revenue leakages based on obligations to balance trade deficits. These have affected maximizing the economic benefits of gold to the region.

## **Gold to The People**

The deserts and terrains of Africa were once geographical barriers which required complex organization to cross. Beyond conquering the Desert, colonial hegemony complicated trade and remained the lasting legacy that still affects regional currencies, economics & trade. Blockchain, digital ledgers and innovations of finance technology have finally removed all barriers including the Desert from regional and global trade and maximizing economic benefits of its resources.

Africa and the developing economies of the world are the biggest untapped market for gold. While Nigerian and Egyptian local demand for gold unprecedented, gold remains inaccessible to Africa's top 2 GDP nations of over 300 million people. Unfavorable monetary policies, the difficulties of accessing foreign exchange for international business and complexities in intra-Africa and international remittances keep gold away from their reach. When the people have gold, they have every currency in their hand. Sanu is the revolution that puts gold within the reach of all hands. Sanu gives the people immediate access to gold and all its benefits.

## **Sanu Features & Details**

### **Features & Details**

#### **Sanu: Gold & Silver**

- *Sanu* Gold (Sanu-GLD) and *Sanu* Silver (Sanu-SLV) are digital versions of gold and silver, that represent physical gold and silver respectively. *Sanu* holders own physical gold or silver in secure vaults with the convenience of a digital wallet.



- Each Sanu-GLD unit represents 20 grams of physical fine gold. Presently, world gold prices are based on the daily LBMA gold price. This allows the value of Sanu-GLD to have a minimum benchmark with the real-time market price of gold.



- Each Sanu-SLV unit represents 50 grams of physical fine silver based on the discovered price from the physical silver market. As of April 30<sup>th</sup> 2020, the discovered price of physical silver ranged from 40-60% higher than the LBMA market price of silver.

## **Fees & Services**

- Low investment minimum (0.05 Sanu-GLD or about USD 12.50) allows for fractional bar ownership for retail customers.
- Delivery & Storage fees that apply for purchases and storage are built-in.
- Extra premium for redemption of physical products.
- Depending on the country, VAT & Import Duties may also apply to physical products.

### *Sanu* features in summary:

- Digital platform for buying & selling physical gold and silver (bypassing wire transfer delays and fees, secures/confirms product availability).
- Digital currency for investment in gold and silver.
- Instant Miner & Supplier settlements in local African currencies
- Is easy to convert, trade and transfer globally (as it operates on the Ethereum blockchain).
- *Sanu* holders can always view the details of their holdings to account allocations at any given time.

## **Kian Smith Gold Sourcing Program: Doré supply**

All gold sourced follows the company's gold sourcing program, adhering to OECD Guidance on Due Diligence for the Minerals Supply Chain.

*The Kian Smith Gold Sourcing Program (GSP): ASGM transformation in Nigeria* serves to document our company's evolution over recent years as a transformational stakeholder in the Nigerian gold sector. It is imperative that we begin to create and develop our gold economy in a way that empowers from the ground-up through inclusion and leaves not only a lasting positive and sustainable impact on the next generation and on the environment but also builds leverage for Nigeria, the West African region and indeed the entire African Continent in navigating its role as gold producers, traders and consumers within the global context.

As a mining and minerals trading firm, with a firm vision to pioneer the establishment of a gold market centre in Africa, we launched several initiatives towards creating a regional gold policy that supports regional monetary policy and promotes fair trading practices. In the context of an informal gold sector, overwhelmed by revenue and data leakages, we realised the key was to support the organisation and structuring of the value chain, and commenced construction of Nigeria's first gold refinery that will be pivotal to the transformation of the West African Gold ecosystem.

All these initiatives culminated in the emergence of the Kian Smith Gold Sourcing Programme (GSP) that centred on empowering ASGM operators to develop as small businesses and provide them with incentives to encourage their working within a legal framework. In 2016 we created *ZokiaSystems*, a digital mobile application to register and structure the artisanal miners in the country and provide financial and security services. Then we identified and registered the operators as SME's and ensured they received government recognised identity documents. We mapped out the artisanal mining areas and spent time finding the title holders to facilitate agreements between ASGM operators and title owners. We incorporated best practices into our framework, including incentives for mercury-free gold and overall safer mining practices. Adhering to the OECD Guidance on Due Diligence for the Minerals Supply Chain has ensured we practice and encourage traceability, due diligence and responsible sourcing practices.

## **Retail Gold & Silver Products**

- **LBMA Products**
  - Royal Canadian mint
  - The Perth Mint
  - Austrian Mint
  - Rand Refinery
  - Argor Heraeus
  - Valcambi
  - StoneX
- **UAE Good Delivery**
- **West African Products**
  - Kian Smith <sup>[2]</sup>
- **Jewelry**

All gold and silver products are 99.99% and 99.9% purity except explicitly advertised. Smaller units and designed pieces have higher retail markups

All products are available for purchase with *Sanu*. Because *Sanu* allows buying and selling of fractions of metals, it becomes possible to have ownership in fractions of physical bars. Customers cannot take physical possession or custodianship of fractional pieces not represented by the retail products offered on the *Sanu* platform.

## **Partnerships for Sanu and the Gold value chain**

1. Kian Smith has accounts with BRINKS & AVA Global Logistics accredited secure logistics companies for full bullion services. *Sanu* will partner with secured vaults managed and audited by them. They will also manage and audit the certified vaults in West Africa for storage of gold and silver corresponding to *Sanu* accounts.
2. Maintaining an account with StoneX Group (formerly INTLFCStone) for trading precious metals.
3. *Sanu* can be purchased directly from the *Sanu* applications and accepts all currencies including African currencies like Nigerian Naira, West African Cefas, South African and Rwandan Francs.
4. Kian Smith's mineral activities are regulated and licensed by the Ministry of Mines and Steel Development (MMSD) of the Fed Republic of Nigeria. Its gold is sourced from its mines and from other mines based on its

documented Gold Sourcing Program. A sourcing program for recycled precious metals is being developed. The company is presently working with Standards Organization of Nigeria (SON) towards the adoption of ISO standards for gold refining and assaying into the Nigerian Industrial Standards (NIS).

## References

[1] (statista, 2019 <https://www.statista.com/statistics/1051488/african-gold-mine-production-by-country/>)

[2]

- *Gold bars: 1gram, 5 gram, 20 gram, 100 gram, 250 grams, 1 kg and 1 oz*
- *Gold medallions: 1 oz, 1/2 oz and 1/4 oz*
- *Gold savings products: 1gram, 2 gram and 5 gram*
- *Silver bars: 50 gram, 1kg and 1 oz*
- *Silver medallions: 5 oz, 2 oz and 1 oz*