

DRC miners in for 'peace rerating'
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[miningmx.com] -- MINING companies operating in the Democratic Republic of Congo (DRC) were due for rerating if the central African country successfully completed democratic elections, scheduled for later this year.



RBC Capital Markets, a Canadian stockbroker, estimated that the value of a raft of mining firms including Tenke Mining Corporation, Adastra Minerals and its suitor, First Quantum Minerals, Banro Corporation, and Katanga Minerals would be vastly improved.

It already believed the sheer mineral potential of the DRC helped offset much of the political risk still in the country. "We believe the companies exploring and producing in the DRC will have those operations evaluated as less risky investments once the political elections pass off peacefully," said Mark Smith, an analyst for RBC.

It's easy to underestimate how powerful the DRC could become in Africa's mineral production. Smith reckons that if all projects get off the ground, the country will be responsible for about 2% of total copper supply by 2010, and the world's 16th largest producer.

But it's been a difficult road for the juniors that first invested in the region. According to Paul Conibear, president of \$400m Tenke Mining Corporation, the DRC requires nerves of steel.

"We're comfortable with the environment, but it's not for the faint of heart. You need patience and deep pockets." He was speaking at the Emerging Mining Congress, held in Livingstone, Zambia.

Tenke is hoping to mine copper, at an estimated 50,000 tons/year in its startup phase, in partnership with Phelps Dodge, from the 40 billion pound Tenke Fungurume deposit in southern DRC.

"Every time I go back to Kolwezi, I see different things," said Réne Nolevaux, managing director of mines at Katanga Mining, a Toronto-listed mining firm hoping to mine copper and cobalt from Kolwezi, also in the south of the DRC. "The town is coming alive again," said Nolevaux of Kolwezi. "The people are fed up with the chaos. They want a stable government."

The DRC's economy is starting to improve. Gross domestic product totalled \$7bn, increasing 7% in 2005 and a further 8% in 2006, growth supported by the resuscitation of its mining industry. According to Smith, the country holds 10% of

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total copper resources, and a third of all cobalt.

Meanwhile, there's also an opportunity to breathe new life into its diamond industry which has supplied an estimated 498 million carats with a gross value of \$10.3bn in the 30 years to 2001.

As for the DRC's gold potential, little is known. The country sits on the Congo Craton, one of Africa's largest unexplored Archean gold regions. The DRC was Africa's fifth largest gold producer in the 1960s but production since then has shrunk, declining to 165,000 oz in 2004, according to UK mineral research house, GFMS.

Speaking at the Indaba Mining Conference in Cape Town last week, Banro Corporation CEO, Simon Village, said there was "excellent potential" to add to the 8 million ounces of gold reserves already under the company's control. It owns most of the 210km long Twangiza-Namoya gold belt which has four main areas with historical output of more than 2 million ounces since the 1960s. "By the middle of the year we should have a resource upgrade before proceeding to a feasibility study," said Village.

Speaking at the Indaba Mining Conference, the DRC's mines minister, Ingele Ifoto, expressed optimism the elections would be completed successfully. "We're moving towards our democratic elections at the end of April. We have no other choice," he said.

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