

Appendix 2

Mining investment in areas of conflict: The case of the Democratic Republic of Congo (DRC)

In May 1977, a rebellion led by the *Alliance of Democratic Forces for the Liberation of the Congo (AFDL)* and supported by several neighbouring countries (particularly Rwanda, Uganda, and Angola) overthrew the regime of Zairian President Mobutu. According to the US Geological Survey, the coming to power of Laurent-Désiré Kabila as head of state in the renamed Democratic Republic of the Congo (DRC) temporarily delayed the implementation of proposed new projects to revitalise the country's mining sector:

"Disruptions caused by civil war in 1997 and the uncertain investment policies of the new government were a setback to the proposed new mineral development needed to revitalise the mineral economy of Congo (Kinshasa). Historically, the mining industry accounted for 25% of GDP and about three-quarters of total export revenues. The near collapse of the economy, however, has made it difficult to sustain normal mining activities".¹

Since 1995, the Congolese mining sector has been undergoing profound transformations under pressure from the Bretton Woods Institutions. Large sectors of industry which were largely owned by the State were sold off to private investors. According to the same source:

"During 1996 and 1997, the Government (of Mobutu) was successful in attracting a number of foreign investors, particularly Canadian junior mining and exploration companies, for new grassroots exploration and joint ventures with Gecamines on the rehabilitation of known copper-cobalt, gold, manganese, and zinc mining properties. Parastatal operations targeted for privatisation or joint-venture redevelopment included some 20 copper-cobalt and zinc mines and processing facilities owned by Gecamines, the gold-tin producer Société Minière et Industrielle du Kivu (SOMINKI), the major diamond producer Société Minière de Bakwanga (MIBA), and the major gold producer Office des Mines d'Or de Kilo-Moto (Okimo). In 1997 over 100 preliminary agreements for exclusive exploration zones (ZER or zones exclusives de recherche) had been signed and another 200 were pending. The projects held the potential for between \$2 billion and \$3 billion in new investments needed to revitalise the Congolese mining industry."²

If the new leadership in Kinshasa did not call into question the entire project of remodelling and privatising the mining industry, nonetheless several of the contracts already in place came under review. Among the companies affected were *Ashanti Goldfields Company Limited* with its Okimo gold mine; the Canadian mining company *Banro Resource Corporation*, previously *African Minerals Resources Inc.* with its subsidiary company *Société Aurifère du Kivu et du Maniema, SARL (SAKIMA)*; *American Mineral Fields*, whose project involving copper-cobalt tailings was called into question; and lastly a contract concerning exclusive rights over the sale of diamonds that had been signed between *Société minière du Bakwanga (MIBA)* and *De Beers Centenary AG*.

However, beginning in August 1998 a second rebellion erupted with the support of several neighbouring countries: Rwanda, Uganda and Burundi. For their part, other countries in the region supported the Kinshasa Government: Angola, Zimbabwe, Namibia, and Chad. In this way, the initial rebellion transformed itself into a regional war. Given the limits of state revenues, both the DRC Government and the leaders of the rebellion were faced with the situation of having to come to quick agreements ceding mineral exploration rights over the nation's mineral wealth,

¹ George J. Coakley, "The Mineral Industry of Congo (Kinshasa)" in *United States Geological Survey, Mineral Information 1997*, Page J1. Site of the United States, Department of the Interior, Mineral Information - International, Africa and the Middle East. (<http://www.minerals.usgs.gov/minerals/pubs/country/africa.html>)

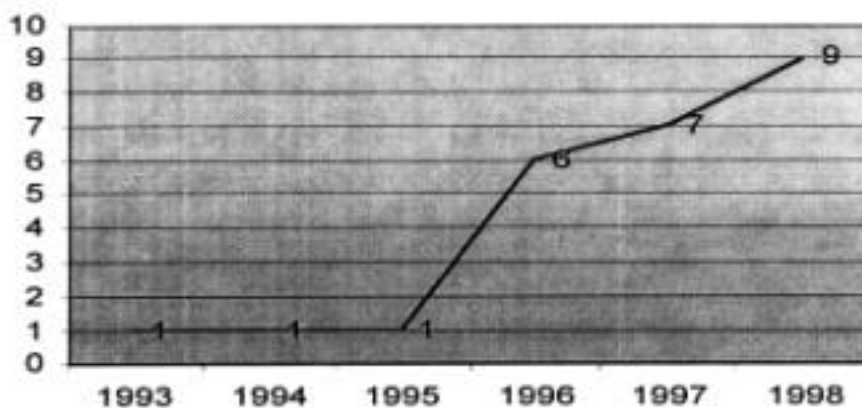
² *Ibid.*

particularly its rare and precious metals, to their respective allies³.

Faced with a violent situation whose primary victims were the local people, the mining companies' reactions were mixed. In a context of insecurity and with the threat that the country's territory would be divided in two parts under separate control, some companies adopted a wait-and-see stance prior to re-launching their operations. Others, a good number of these Canadian, decided to proceed.

Even if a large number of African countries offer a significant mining potential, (Ghana, Guinea, South Africa, Tanzania, etc.), the DRC possesses by far the continent's richest mineral deposits. Having been at the centre of important geopolitical considerations during the cold war, the country seems to have been "rediscovered" after the period of political instability in the mid-1990s. Graph 1 outlines the evolution of Canadian mining properties in the DRC between 1993 and 1998. Despite the relatively small number of holdings involved, these have grown on average by 55% annually⁴.

Graph 1: Canadian mining properties in the Democratic Republic of the Congo, from 1993 to 1998 (companies of all sizes listed on Canadian stock exchanges)



Source: Natural Resources Canada.

Several Canadian companies have been more evident in the DRC and neighbouring countries. Briefly, here are the companies that either have traditionally been involved in the region or those that have more recently appeared on the scene.

AMERICAN MINERAL FIELDS INC.

American Mineral Fields (AMF) is a Canadian mining company established in 1979 in British Columbia under the name *Black Pearl Petroleum Ltd.* Following four name changes over 20 years, AMF was created in 1995 in Canada's Yukon Territory. This mining company's development, whose headquarters are now located in London, and which has an office in Texas in addition to the one in Vancouver, is similar to that of a number of mining concerns at the end of the 1990s. Many rely on the North American stock exchanges, in particular those of Toronto and Vancouver, for financing for purposes of exploration and especially productive activities, have become associated with multinationals that are well established on the African continent, such as De Beers in diamond sector.

³ For a more detailed presentation on the stakes involved see: Erik Kennes in *L'Annuaire des Grands Lacs*, 1998-99, CERGLA-Université d'Anvers, 1999.

⁴ Figures based on average annual growth rate (geometric average) between 1993 and 1998.

As well as being present in Brazil, Russia, and Norway, *American Mineral Fields* has been involved on the African continent, particularly in Zambia, Angola and the DRC, since its most recent name change in 1995. Jean-Raymond Boule, who holds 36.4 % of the stock in the company⁵, has long experience in the mining sector in Africa. Formerly the General Director of De Beers in what was then Zaire, he founded *American Mineral Fields* with the expressed intention of offering North American investors access to African mineral resources⁶.

The company shares the ownership of *Congo Mineral Development Ltd.* (50%-50%) with the *Anglo American Corporation of South Africa*. *Congo Mineral Development Ltd.* holds a 60% interest (*Gecamines* 40%) in a project for the reprocessing of mine tailings at Kolwezi for which a 1996 pre-feasibility study estimated the reserves to be 107 million tons containing 1.34 % copper and 0.26% cobalt.

In DRC, Jean-Raymond Boule, with *American Mineral Fields* and its subsidiaries in the DRC, expects to reopen the *Gecamines* owned mine at Kipushi that at its peak in 1988 was producing more than 100,000 tons of zinc and 50,000 tons of copper. The objective is to return as quickly as possible to these levels of production by virtue of the investment of CAN\$50M as part of a joint venture with *Gecamines*⁷. However, it seems that President Laurent-Désiré Kabila shifted his alliances and abandoned the smaller mining companies (juniors) to the benefit of the larger firms with the cancellation in December 1997 of significant contracts with *American Mineral Fields International*⁸ and with *Lundin* (Swedish) for the exploitation of the copper and cobalt deposits of *Tenke Fungurume*. With respect to the development of the Kolwezi-West zone, that contains 80 % of the reserves of copper and cobalt, *Gecamines* has associated itself with *Anglo-American*, *Billiton*, *Iscor*, *l'Union minière* and the *Société chinoise des métaux non ferreux*⁹.

BANRO RESOURCE CORPORATION

Banro Resource Corporation is a Canadian company based in Toronto. It has three subsidiaries: *Sakima SARL*—in which it holds a 93 % interest—*Banro American Resource* (formerly *African Mineral Resource Inc.*) and *BRC Development Corp.* Among others its Officers include Bernard Van Rooyen and William Wilson. The majority stockholder in *Banro Resource Corporation* is *Cluff Mining Ltd.*, an anglo-american company. *Cluff Mining* holds 1,883,367 shares in the Canadian company or 12.6% of its capital. Its September 30, 1998 financial figures show that total share value is set at CAN\$ 29,738,241 and that its shareholders' equity amounted to CAN\$28,165,935. The preceding fiscal period had featured numerous expenditures and relatively few revenues because mining operations had not yet gotten underway. Between June and December 1997, its total exploration expenses rose to more than CAN\$9M.

Banro Resource Corporation has interests in Africa and notably in the DRC. It holds 93% of the *Société Aurifère du Kivu et du Maniema (Sakima)*. The government of the DRC holds the remaining 7%. *Sakima* is the new name for *Sominki* following its restructuring. *Sominki* was created in 1976 as the result of the fusion of nine companies, including *Symetain* and *Cobelmin*. *Sominki* was 72% held by *Empain Group* and 28% by the Zairian Government of the time. In 1986, *Empain Group* sold *Sominki*. In September 1995, *Banro* acquired an option to purchase *Sominki*. In January 1996, *Banro* and its joint venture partner *Mines D'or Du Zaire - MDDZ* each acquired 36% of *Sominki*—the government retained 28%. In September 1996, *Banro* bought *MDDZ*, gaining a 72% controlling interest in *Sominki*. Finally, in January 1997, *Banro* signed a new mining agreement granting it 93%

⁵ Southam Mining Publications Group Ltd (1999), *Canadian MineSCAN 1999-2000*.

⁶ François Misser and Olivier Vallée (1998), " Des matières premières toujours convoitées. Les nouveaux acteurs du secteur minier africain", *Le Monde Diplomatique*, May 1998, p.24-25.

⁷ *Ibid.*

⁸ A wholly owned subsidiary of American Mineral Fields.

⁹ *Ibid.*

of the restructured and renamed *Sakima*.

Sakima possesses 47 mining concessions representing a total surface area of 10,271 km² in the provinces of Sud-Kivu and Maniema, in the east of the country that is currently under rebel control. The Namoya-Twangiza gold belt covers a distance of 180 kilometres (northeast-southwest) and contains ten gold deposits. These are assessed as potentially containing 13,000,000 ounces of gold. *Sakima* has lent priority to four projects in this zone: Twangiza, Kamituga/Mobale, Lugushwa and Namoya. The estimated resource base at Twangiza is 104,600,000 tons with a content level of 2.12 grams of gold per ton or 7,127,915 ounces of gold. The first phase of the project cost CAN\$6.3M. Phase 2 of the Twangiza project (which began in mid-July, 1998 for 160 days) was valued at CAN\$3,700,000. It involved drilling for diamonds, metallurgical testing and a complete pre-feasibility study. The cost of phase 1 at Nayoma is estimated at CAN\$1,700,000 with resources estimated at 12,570,000 tons at 6.19 grams per ton or 2,501,875 ounces of gold. As for the Kamituga/Mobale site, resources are estimated at 2,526,000 ounces of gold. And finally, in 1979, the holdings at Lugushwa were evaluated as containing 3 million tons of ore with a content of 4.5 grams per ton or 434,000 ounces of gold and 2.5 million tons containing 4 grams per ton or 321,500 ounces.

Banro's concessions in South Kivu and Maniema were expropriated on July 31, 1998 by the new Government brought to power with the first rebellion. Basing its argument on the pretext of irregularities in the acquisition of *Sominki*, the Government dissolved the mining company without warning or consultation. Following this, *Banro* launched a lawsuit at the International Center for the Settlement of Investment Disputes against the DRC Government, seeking compensation to the sum of one billion dollars.

BARRICK GOLD CORPORATION

Barrick Gold Corporation is a large Canadian mining company based in Toronto. It is registered on both the Toronto and New York stock exchanges under the acronym ABX. Named to the Order of Canada in 1993, Peter Munk, *Barrick Gold's* founder and Chairperson is a leading industrialist. Randall Oliphant, who joined the firm in 1987, is *Barrick Gold's* General Director, and Angus A. MacNaughton is its Vice President. Former Conservative Prime Minister Brian Mulroney is Chairman of *Barrick's* International Advisory Board.

As of December 31, 1998, *Barrick Gold Corporation's* assets stood at \$4,655 million dollars with shareholders' equity standing at CAN\$3,592 million and its long-term debt amounting to CAN\$500 million. As of the same date, *Barrick's* annual revenues from gold sales stood at CAN\$1,287 million.

While essentially a gold mining concern, *Barrick* is also involved in mining other metals such as silver, nickel, and cobalt. *Barrick's* primary holdings are in the United States, Canada, Peru, Chile, Argentina, and more recently in Tanzania and the DRC. Here is some information concerning its most important properties.

In the United States, *Barrick* holds a 100% interest in the Goldstrike concession which covers 7,940 acres approximately 40 km north of Carlin, Nevada. This property contains a number of deposits. The main deposits are those at Betze-Post (open pit mine) and Mickle (underground mine with high quality ore); the other deposits concerned are called Griffin, Rodeo, and Goldbug. The Goldstrike holding has produced approximately 14 million ounces of gold since 1987 and its reserves are estimated to still contain 7.3 million ounces. For 1999, the holding was expected to produce 2,130,000 ounces of gold at a cost of US\$133 per ounce. Following the signing of a joint operations agreement with *Newmont Gold Company* in December 1992, the estimated lifetime for the mine was extended.

For 1999, the Betze-Post mine was expected to have produced 1,130,000 ounces at a cost of

\$185 per ounce. The Meikle mine, situated 2 km north of the Betze-Post mine, was discovered in 1989. For 1999, it was expected to produce 1,000,000 ounces of gold at a cost of US\$75 per ounce. *Barrick* holds a 100% interest in Québec's Bousquet mine. This mine is situated about 40 km. west of Malartic, between Val d'Or and Rouyn-Noranda. *Barrick* acquired the mine in 1994 with the purchase of *Lac Mineral Ltd.* In 1998, the mine's gold production reached 175,621 ounces at a cost on US\$194 per ounce. The Holt-McDermott mine, also held by *Barrick*, is an underground mine located on the mineral belt in Abitibi, Québec, to the northeast of Ontario about 50 km northeast of Kirkland Lake.

In Peru, the Pierina mine, situated northeast of Lima, was expected to produce more than 800,000 ounces of gold at a cost of US\$50 per ounce during 1999. The mines at Tambo (Chile), El Indio (Chile), and Bullfrog (northwest of Las Vegas), are expected to shut down operations at the end of 1999. *Barrick* also holds a 100% interest in the Pascua project, a gold and silver claim on the border between Chile and Argentina.

As for properties in Africa, with its acquisition of *Sutton Resources Ltd.* in 1999, *Barrick* now holds concessions in Tanzania. *Barrick* re-launched Sutton's mines in this region, notably the Bulyanhulu project (a gold deposit situated 50 km south of Lake Victoria in northwest Tanzania), the Kabanga concession (prospecting for nickel, cobalt, and copper), and the Kagera concession obtained through *Kagera Mining Company Limited*, situated in the northwest of Tanzania.

Barrick Gold Corporation's presence in Africa is not a new phenomenon. By August of 1996, *Barrick* had obtained the exploration and exploitation rights to a huge tract of land, measuring 82,000 km², in the DRC's Orientale province. However, the two rebellions that followed the acquisition made it impossible to begin operations. With control of the territory first falling under the Kabila government and then under the *Rassemblement des Congolais pour la Démocracie (RCD)*, the Ugandan-supported rebel forces, *Barrick* has had great difficulty having an agreement signed during the Mobutu regime recognised. In view of the company's interest in the region, and depending on how the situation evolves, it is not impossible that *Barrick* will eventually succeed in renewing its operations in the DRC.

CONSOLIDATED TRILLION RESOURCES LTD

Established in Vancouver in 1987, *Trillion Resources Ltd* changed its name on January 15, 1999 to ***Consolidated Trillion Resources Ltd.*** with the swap of six existing shares for one share in the new company. Its exploration activities in Africa are largely limited to Botswana and to Zimbabwe where the company holds respectively 5 and 12 exploration permits, in addition to those it holds in the Ivory Coast. Its production projects are principally the gold mines at Jena and Indarama in Zimbabwe. Its involvement in the DRC is limited to exploration. The company is simultaneously involved in a number of exploration projects throughout Africa in association with several smaller Canadian mining companies such as *Nickelodeon Minerals Inc.*, *Oliver Gold Corporation* or *Skeena Resources Limited*. The Boards of all of these companies are interlinked with key members such as Henry Giegerich, Patrick Downey, John Barclay and Ronald K. Netolitzky, to name but a few.

Its activities in the DRC have been marked by alliances and negotiations with *Gecamines* and Canadian mining partners, but also by political and military tensions which have affected the country notably since the 1990s. It was in this period that construction in preparation for production at the site close to Likasi in Katanga Province involving some 2,800 km² was forced to close down in August 1998 with the onset of the second rebellion¹⁰. In 1998, *Consolidated Trillion Resources* spent almost CAN\$580,000 in development and exploration expenditures in the DRC, which is almost 248% more than in 1997.

¹⁰ See the Annual Report of Consolidated Trillion on this subject (http://www.trillion-resources.com/html/annualreports/98report_e.html) consulted October 8, 1999.

The 1996 comments of the company's former President illustrate that the increase in the mining company's activities in Africa was not unrelated to the Canadian Government's political and financial support to the sector from the early 1990s onward:

"Trillion's base of operations has since expanded to include Mozambique, Tanzania, Botswana, and, now, South Africa. Over the course of this expansion, Hansen [Trillion President] has noticed that a "new generation of people" have moved into government and business in Africa, a generation highly trained and largely familiar with Canadian business practices. He credits this development, in part, to the various aid projects that have targeted Africa over the past two decades. Hansen believes "CIDA made a lot of contribution to what is going on now they've set the groundwork," and made doing business in Africa much easier for Canadian companies"¹¹."

DIAMONDWORKS Ltd.

DiamondWorks Ltd. is a Canadian mining company based in Vancouver, formerly known as *Carson Gold Corporation* (it changed its name in October 1996). *DiamondWorks'* Chairman of the Board and CEO is Bruce Walsham. As of April 15, 1999 the majority shareholder in the company was *Ekuseni Resources Ltd.*, which holds a 17.9% interest. The mining company has assets valued at CAN\$57,525,856 and shareholders' equity to the amount of CAN\$38,243,785.

DiamondWorks has activities in a number of countries: Sierra Leone, Lesotho, Angola, Canada, China and Venezuela. Of interest to us here are *DiamondWorks'* mining interests in Africa and more particularly in Angola and in Sierra Leone. The company began its commercial production of diamonds in Angola in July 1997 at its mining concession at Luo and on its other concession at Yetwene in June of 1998. *DiamondWorks* holds five mining concessions in Angola including its operations at Yetwene and Luo. It also holds the rights on six diamond concessions in Sierra Leone. *DiamondWorks'* diamond holdings in Africa are estimated to contain more than 22 million carats of high quality diamonds.

We shall now very briefly summarise the mining interests of this company in these two countries. First of all, in **Angola** the company works through its subsidiary *Branch Energy Ltd* (in which it holds a 100% interest). This company has interests in three diamond concessions in the Lunda Norte Province in the northeast of the country. These concessions—Luo, Luarica and Yetwene—occupy a territory of roughly 1,800 km². *DiamondWorks* holds a 48% interest in the Luo mining concession because it holds a 48% interest in *Tricorp SARL*, a private Angolan company that holds the rights to the property. This concession covers 232 km² and from the beginning of production has produced 200,000 carats or roughly 6,000 carats per month - (the average selling price for diamonds is between \$120 and \$350 per carat).

The Yetwene concession covers an area of approximately 550 km². It is situated 20 kilometres northwest of Lucapa and 100 kilometres north of Luo. *DiamondWorks* holds a 50 % interest in this concession and the remainder is held by *Endiama*—the State mining company—and by another private Angolan mining company. The holding is understood to contain reserves of 7.8 million tons containing 0.23 carats per ton. *DiamondWorks* hopes to extract 9,000 carats per month at a cost of CAN\$ 280 per carat. Production activities underway at the Yetwene concession were suspended from November 1998 to June 1999 due to armed attacks against *DiamondWorks'* staff.

DiamondWorks also holds a 60% interest in the Luarica holding situated along the Chiumbe River, 90 miles north of the Luo holding in the Lunda Norte Province. *Branch Energy Ltd.*, a subsidiary of *DiamondWorks*, has an agreement that allows it to finance, and oversee development and production at this holding. The exploration rights are held by *Mineração e Consultoria Limitada*

¹¹ Ministry of Foreign Affairs and International Commerce (1996), *Trillion*, December, website (<http://www.dfait-maeci.gc.ca/>).

(MCL), an Angolan private company entitled to 90% of the value of the diamonds extracted, with the rest going to *Endiama*.

DiamondWorks also holds the rights on an important exploration concession in the centre of Angola at Alto Kwanza that covers an area of 18,000 km² in Bie Province. However, the company's activities have been disrupted since the summer of 1998 due to the political uncertainty in the country. Finally, *DiamondWorks* is also involved in the G.T. concession. This concession is situated 3 kilometres from the Luarica site and covers 531 km². *DiamondWorks* holds a 55% interest in this property, with the remainder belonging to a private Angolan firm.

In addition, *DiamondWorks* also carries out significant activities in **Sierra Leone**, through its subsidiary *Branch Energy Ltd. (BEL)*. BEL holds five concessions: Koidu, Upper and Middle Sewa (29 km²), "Zone 7" (93 hectares), Njei-Bafi and Matemu. With respect to the Koidu site, BEL holds a 25-year renewable lease for gold and diamond mining under an agreement involving 4 km² near the city of Koidu. However, despite the fact that calm has been restored to the region, this site is not always accessible.

FIRST QUANTUM MINERALS

Particularly since the early 1990s, this Vancouver based Canadian company has been very active in mineral exploration and exploitation in Africa. Established in 1985, the company owns a number of subsidiaries including *First Quantum Yukon* that in December 1997 took over *International Ballater Resources Inc.*

First Quantum Minerals (FQM) is particularly active in Zambia where it mines copper at its Bwana Mkubwa site and it holds exploration permits for copper and gold. It has also invested in projects in Zimbabwe, in Guinea, in Niger, in Botswana and in Tanzania.

In March of 1998 in the DRC, FQM signed two agreements with *Gecamines* for the processing of cobalt and copper tailings from four large sites (Kingamiambo, Luilu, Shituru and Panda). FQM expects to acquire 51% of the shares in the four sites, while *Gecamines* will retain a 49% interest. FQM will be responsible for financing the feasibility studies and development costs for the four sites in exchange for 85% of net receipts from production¹². Since the mid-1990s, when former Prime Minister and Foreign Affairs Minister Joe Clark became the company's special advisor on Africa, *First Quantum Minerals* has become more active elsewhere on the African continent¹³.

INTERNATIONAL PANORAMA RESOURCE CORP.

International Panorama Resource Corp. is a Canadian mining company based in Vancouver. The Chairperson of its Board is Adrian Hartman and its President and CEO is Kenneth McLeod. According to its financial statements of December 31, 1998, *International Panorama Resource Corp.*'s assets are valued at CAN\$12,354,834, its shareholders' equity is valued at CAN\$10,563,727 and it has a working capital of CAN\$1,715,639.

The company has two subsidiaries: *Panorama Gold Inc.* and *Panorama Minerals Inc.* It took control of *PTM Minerals (Cayman) Ltd.* in August of 1996. The latter had signed an agreement with *Gecamines* to develop mine tailings in the DRC. The copper and cobalt tailings came from the Kambove and Kakanda exploitation areas in Katanga Province. *PTM Minerals Ltd.* is a subsidiary of the *International Panorama Resource Corp.*, and holds a 51% interest in the treatment of these

¹² Southam Mining Publication Group Ltd. (1999), *Canadian MineSCAN 1999-2000*.

¹³ See Sue Sutton (1998), "The Canadian Political Elite Discovers Africa", *African Access Magazine*, first trimester, p.8-10.

mine tailings.

The mine tailings concerned are estimated at 18,600,000 tons with a 0.15% cobalt and 1.22% copper content. The project should produce 1.1 billion pounds of copper and 93 million pounds of cobalt for more than 13 years. Operational costs are estimated at CAN\$20 per ton.

MELKIOR RESOURCES INC.

Melkior Resources Inc. is an Ontario-based mining company. Chairperson of the Board is Norman Farrell, and its President and CEO is Jens Hansen. This company holds relatively minor interests in two mining properties in Burkina Faso. It is also involved in mining in Canada and particularly in Quebec. Its mining activities are focused on gold, nickel, copper, platinum, and cobalt.

In 1997, *Melkior Resources Inc.* obtained an exploration concession from *Gecamines* for 2,800 km² near Likasi, in Katanga Province. On January 12, 2000, the company announced the start up of mining operations at two sites: Kabolea, where there are copper-cobalt deposits and Kipese, where there are gold-platinum deposits.

In its discussions with the Government of the DRC, *Melkior Ressource Inc* was backed by *La compagnie financière de participations internationales (Cofiparinter)* of Kinshasa. The agreement concerning these two sites sets out an initial share of 40% for *Gecamines* and 60% for the Canadian firm. However, once the priority service costs are paid to *Cofiparinter*, the latter will be granted 30% of *Melkior Resources Inc.*'s profits.

SAMAX GOLD INC.

Samax Gold is a Canadian mining company based in Toronto. Its main Officers are Robert Shirriff, Robert Matthews with Michael Martineau as Chairperson and CEO. The company is a subsidiary of the Swiss *Addax and Orynx Group*. We should also mention that another company, *Adryx Mining Metals Ltd.* holds a 43% interest in *Samax*. *Samax* has a 50% share in its own subsidiary *Golden Pride Mine*, with operations in Tanzania.

Samax is involved in a number of areas in Africa. It is presently active in Ghana, in Tanzania, in Senegal and more recently in the DRC where it discovered a new gold vein at Mougongo.

Samax was recently repurchased (in large part from *Adryx Mining Metals Ltd.*) by *Ashanti Goldfields*; the transaction was worth CAN\$189M. *Ashanti* is also active in Senegal, Tanzania, the Congo, Zimbabwe and Ghana.

STARPOINT GOLDFIELDS INC.

Starpoint Goldfields is a Vancouver-based Canadian mining company registered on the Vancouver Stock Exchange. *Starpoint Goldfields'* Chairperson is Harry Z. Bristman and Cecil Musgrave is Director. The company holds the rights on concessions covering 15,000 km² in the DRC, notably through its Tele and Panga projects. The company specialises in prospecting for gold, diamonds and tantalite.

In June 1999, *Starpoint Goldfields* signed a joint venture agreement with *Global Explorations Corporation*. Under certain conditions, *Global Explorations Corporation* could obtain a 50% interest in three holdings. *Starpoint's* stated goal is to increase its exploration area in the DRC as soon as political conditions allow. The company's financial statements as of April 30, 1999 show that assets had risen to CAN\$568,274.

TENKE MINING CORP.

Tenke Mining Corp., (formerly "*Consolidated Eurocan Venture Ltd.*"—with a name change on January 27, 1997) is a Canadian mining company based in Vancouver. Officers of the company include Adolf H. Lundin and Rudolf G. Meuller – its President is Philip J. Wright. A. Lundin is also the majority shareholder in *Tenke Mining Corp* with 35,451,398 shares or 54.2%. *Tenke Mining Corp.* has three subsidiaries: *Tenke Holdings Ltd.*, *Tenke Fungurume Mining SARL* and *Lunding Holdings Ltd – Eurocan* (Bermuda).

The company's main expenditures for 1997 were: CAN\$112,500,000 for the acquisition of the Tenke Fungurume concession; CAN \$50,000,000 for the permit; CAN\$2,145,000 for the purchase of assets. The company's March 31,1999 financial statements place the value of its assets at CAN\$201,016,810. Its debt was CAN\$6,472,032 and shareholders' equity was CAN\$196,897,323. *Tenke Mining Corp.* finances itself through a mixture of shareholders equity and loans from international banks.

The activities of *Tenke Mining Corp.* include exploration, acquisition, and the exploitation of mining concessions (i.e. base and precious metals). *Tenke Fungurume Mining SARL* is a subsidiary of *Tenke Mining Corp.* It was created out of a joint venture between *Gecamines* (the DRC's formerly state-owned mining company) and *Tenke Mining Corp.* *Tenke Fungurume* is 55% held by *Tenke Mining Corp.* and 45% held by *Gecamines*.

Tenke Fungurume's mining concessions lie within the African copper belt. The main deposits it controls are in two concessions with a surface area of 1437 km² in Katanga Province, approximately 175 km. northwest of Lubumbashi.

The mineral resources contained in the concessions are of high quality and appear to exceed 520 million tons including 18.8 million tons of copper and 1.5 million tons of cobalt. Following a feasibility study, which cost CAN\$26.4M, production was to begin in December 2000 at the rate of 100,000 tons of copper and 6,000 tonnes of cobalt per year. Over the next five years, the company hopes to double its copper production annually. The resources contained in these properties are expected to be productive over twenty years, with overall production exceeding 500,000 tons per year.

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