International Raw Materials Conference

« Role of Mining countries, challenges and implications of due diligence requirements from a developing country point of view, lessons learned »

by

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2015, November

Plan

I. Brief Presentation of DRC
II. Role of mining countries
- Is DRC a Mining country?
- Why is it concern by the due diligence?

I. Implementation of diligence and Challenges
II. Lessons learned
III. Conclusion : Gestion des acquis

I.PRESENTATION OF DRC (1/5)

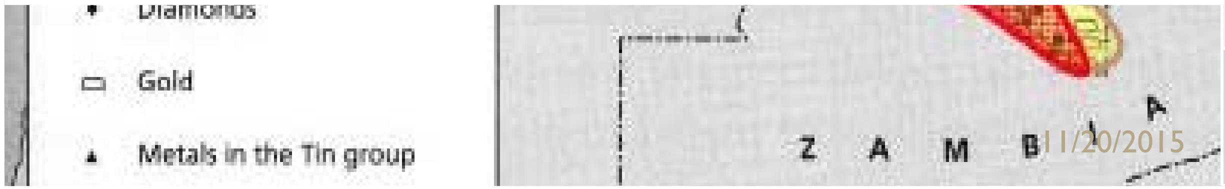
DRC has now 26 provinces , instead of 11 provinces

I.PRESENTATION OF DRC (2/5)

DRC is at heart of the continent :

- Capital : Kinshasa
- Superficies : 2.345.410 km², 2nd in Africa
- Population : 77,4 millions habitants
- GDP (en 2014): 8,5%
- 1.100 indices or gîtes
- 57 mineral substances, 27 exploitables dont 10 are exploited (Cu, Co, Zn, Dia, Sn, W, Coltan, Or, Ag, et Pb), unevenly distributed

COPPER	75.000.000
LITHIUM	3.100.000
NOBIUM	30.000.000
MANGANESE	7.000.000
ZINC	7.000.000
COBALT	4.500.000
IRON (+ 60%)	1.000.000
CASSITERITE (TIN); COLTAN	450.000
GOLD	600
DIAMOND	206.000.000 Carats

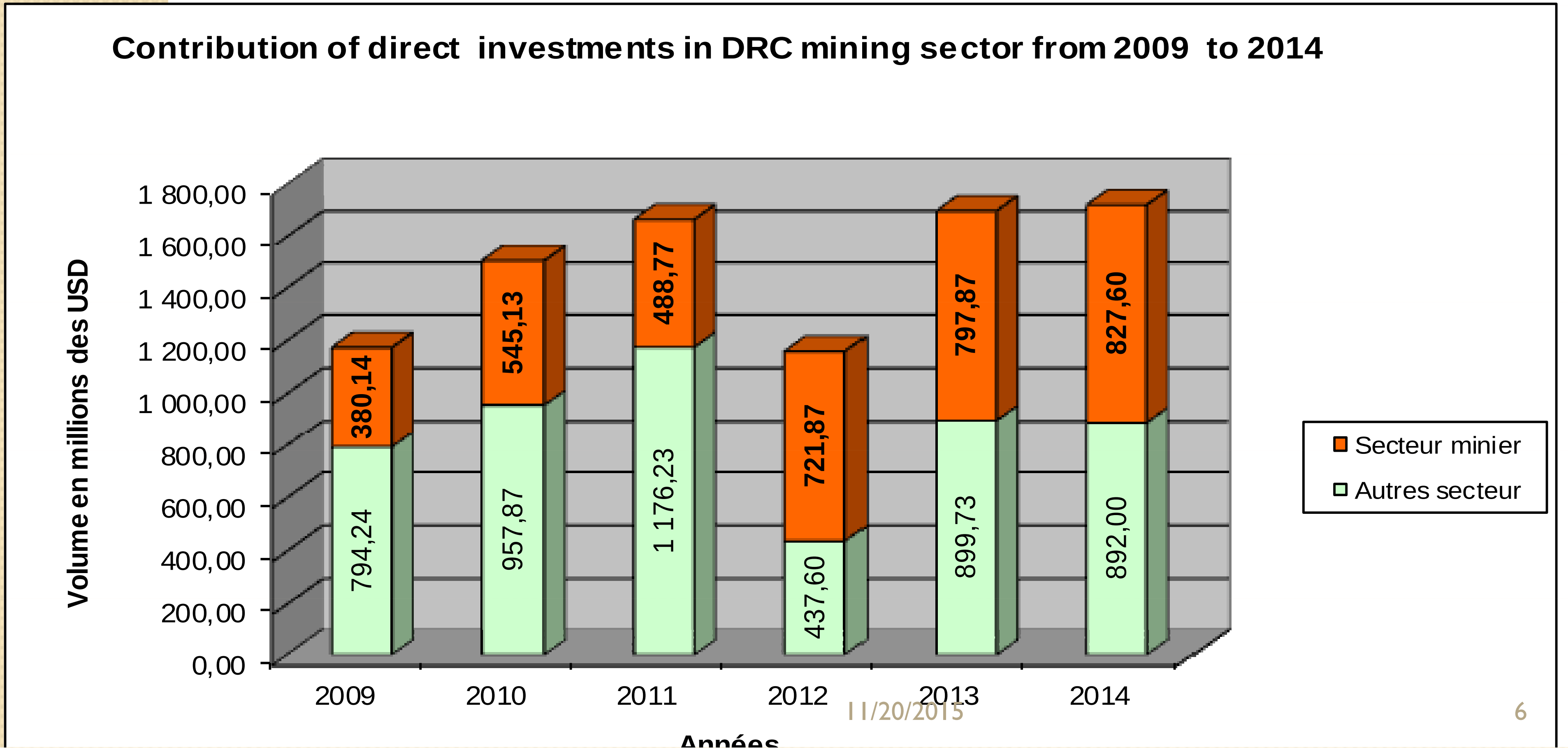


I.PRESENTATION OF DRC (4/5)

	2009	2010	2011	2012	2013	2014
Mining Sector	380,14	545,13	488,77	721,87	797,87	827,60
Others sectors	794,24	957,87	1 176,23	437,60	899,73	892,00
	1 174,38	**1 503,00**	**1 665,00**	**1 159,47**	**1 697,60**	**1 719,60**

Source: B.M, rapport économique 2015

Sec.Min %	32,37	36,27	29,36	62,26	47,00	48,13



I.PRESENTATION OF DRC (5/5)

Evolution of mining and quarry titles granted by nature from 2009 to 2014.

Nature du Titre	ANNEE					
	2009	**2010**	**2011**	**2012**	**2013**	**2014**
AECP	203	253	270	256	203	213
AECT	5	9	9	9	9	9
ARPC	474	447	240	189	151	163
PE	387	426	434	425	450	466
PEPM	67	96	87	91	133	177
PER	14	13	19	19	13	11
PR	3117	3553	2481	2068	1555	1471
TOTAL	**4263**	**4797**	**3540**	**3057**	**2514**	**2510**

II. Role of mining countries (1/6)

The role of a mining country like DRC in regard to the Due Diligence consist:

- Optimize the due diligence by a permanent dialogue between The state, The Mining Operators and the Civil Society;
- Market product that are conflict free i.e. are not mined by arms group.

II. Role of mining countries (2/6)

Congo has more than 100 years of Mining which started during the colonial time,

Around 2 types of exploitations:

- The Industrial Mining, which poses no problem in respect of the exercise of due diligence.

cuivre (1000t)	**2003**	2004	2005	2006	2007	**2008**	2009	2010	2011	2012	**2013**	2014
prod	**16**	21	29	65	185	**337**	310	438	499	620	**915**	1,030
export	**16**	15	29	60	178	**327**	298	424	488	604	**884**	1,028
Cours Cu $/t			3,679	6,722	7,119	**6,918**	5,224	7,881	8,823	7,953	**7,373**	6,984
cobalt (t)												
prod	**8,339**	15,712	16,253	15,407	25,286	**42,461**	56,103	84,005	99,475	86,433	**58,792**	66,915
export	**8,084**	13,415	16,064	14,981	23,054	**36,921**	51,150	73,044	94,836	84,619	**58,843**	68,069
cours Co $/t			33,025	34,855	63,625	**81,306**	36,553	39,365	36,244	28,931	**27,105**	30,644
or (kg)												
prod	**-**	715	592	328	144	**120**	167	151	309	2,813	**6,149**	19,568
export	**-**	12	613	95	122	**70**	220	178	213	2,411	**6,149**	19,252
cours Au $/kg			-	-	-	**28,038**	31,317	39,459	50,561	53,659	**45,363**	41,152
étain (t)												
prod	**1,702**	1,320	2,947	3,151	9,148	**11,407**	9,453	6,808	5,085	4,098	**3,950**	5,615
export	**1,702**	1,679	3,403	1,361	8,376	**10,938**	8,842	7,647	5,282	4,570	**3,253**	2,830
cours Sn $/t	**4,899**	8,493	7,356	8,770	14,523	**18,426**	13,426	20,384	26,087	21,120	**22,471**	22,647

II. Role of mining countries (3/6)

	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
diamant (1000 carat)												
prod	**29,233**	30,040	33,055	28,990	28,452	**33,402**	21,298	20,166	19,249	21,524	**17,799**	16,658
export	**27,081**	30,162	32,950	30,178	28,331	**21,346**	18,254	16,963	18,839	19,559	**15,714**	13,214
valeur du carat RDC	**24**	24	27	23	22	**25**	14	17	18	13		
zinc (t)												
prod	**6,597**	6,693	6,324	14,034	14,939	**15,318**	13,765	10,362	14,944	11,571	**12,806**	14,584
export	**4,885**	5,068	5,745	12,836	11,925	**13,523**	12,843	9,223	12,342	10,571	**11,819**	13,019
cours Zn $/t						**1,901**	1,689	2,185	2,212	1,965	**1,909**	2,156
coltan (t)												
prod	**99**	77	152	299	393	**630**	464	279	383	586	**697**	1,324
export	**47**	32	185	24	393	**531**	464	440	536	586	**500**	312
cours $/t	**23,699**	23,534	24,250	24,495	30,864	**41,979**	37,065	57,687	104,811	112,803	**100,631**	111,526
wolfram (t)												
prod	**-**	272	405	1,001	1,265	**621**	458	44	84	197	**115**	25
export	**100**	190	310	471	1,194	**725**	365	45	87	71	**115**	25
cours $/t	**4,698**	6,068	11,282	15,166	19,535	**20,487**	41,872	20,507	29,119	25,008	**26,088**	26,680

II. Role of mining countries (4/6)

- Artisanal mining where there is still more to do in regards of the implementation of due diligence.

Hence the need for implementation:

- OECD due diligence;
- Six tools Regional Initiative against the Illegal Exploitation of Natural Resources (IRRN)
- Respond to the Dodd-Franck law.
- UN Security Council Resolution

II. Role of mining countries (5/6) DRC Government strategy

1st Step	2nd Step	3th Step	4th Step
Validation and Qualification of mining sites	Implémentation of tracability Systems	Certification	Audit
With multiple actors	Initiatives :	Actors :	Actors:
- BGR - USAID - IPIS - MONUSCO - Experts du Government	- ITOA - TETRATECH/BSP - BGR - ITRI/ITSCi - Better Resources	- CEEC - Commission de Certification/Cabinet	- USAID - CIRGL

II. Role of mining countries (6/6)

From 2013 to 2015 the number of mining sites reported ; 2696

Today in 2015 only 184 has been qualified, this represent 6,82 %

The rhythm of qualification around 92 sites per year

N°	PROVINCE	Number of sites			TOTAL
		Vert	Jaune	Rouge	
1.	KATANGA	24	1	1	26
2.	MANIEMA	43	0	0	43
3.	NORD KIVU	46	3	4	53
4.	SUD KIVU	32	12	6	50
5.	PROVINCE ORIENTALE	12	0	0	12
6.	Total	157	16	11	184
7.	%	85,3	8,7	6,0	100,0

III. Implementation of diligence and Challenges (1/3)

A. Implementation of diligence:

- Ownership of due diligence by the stakeholders - Government, Civil Society and mining operators
- The credibility of our artisanal mining minerals on the international market.

III. Implementation of diligence and Challenges (2/3)

B. Challenges:

- Increase the number of qualified and validated green mining sites; so far average is around 92 sites per year → 30 years at the present pace
- Develop a long-term strategy to ensure the sustainability of due diligence.
- Ensure self financing of the tractability system (cost: Qualification and Validation missions, audits of missions);

III. Implementation of diligence and Challenges (3/3)

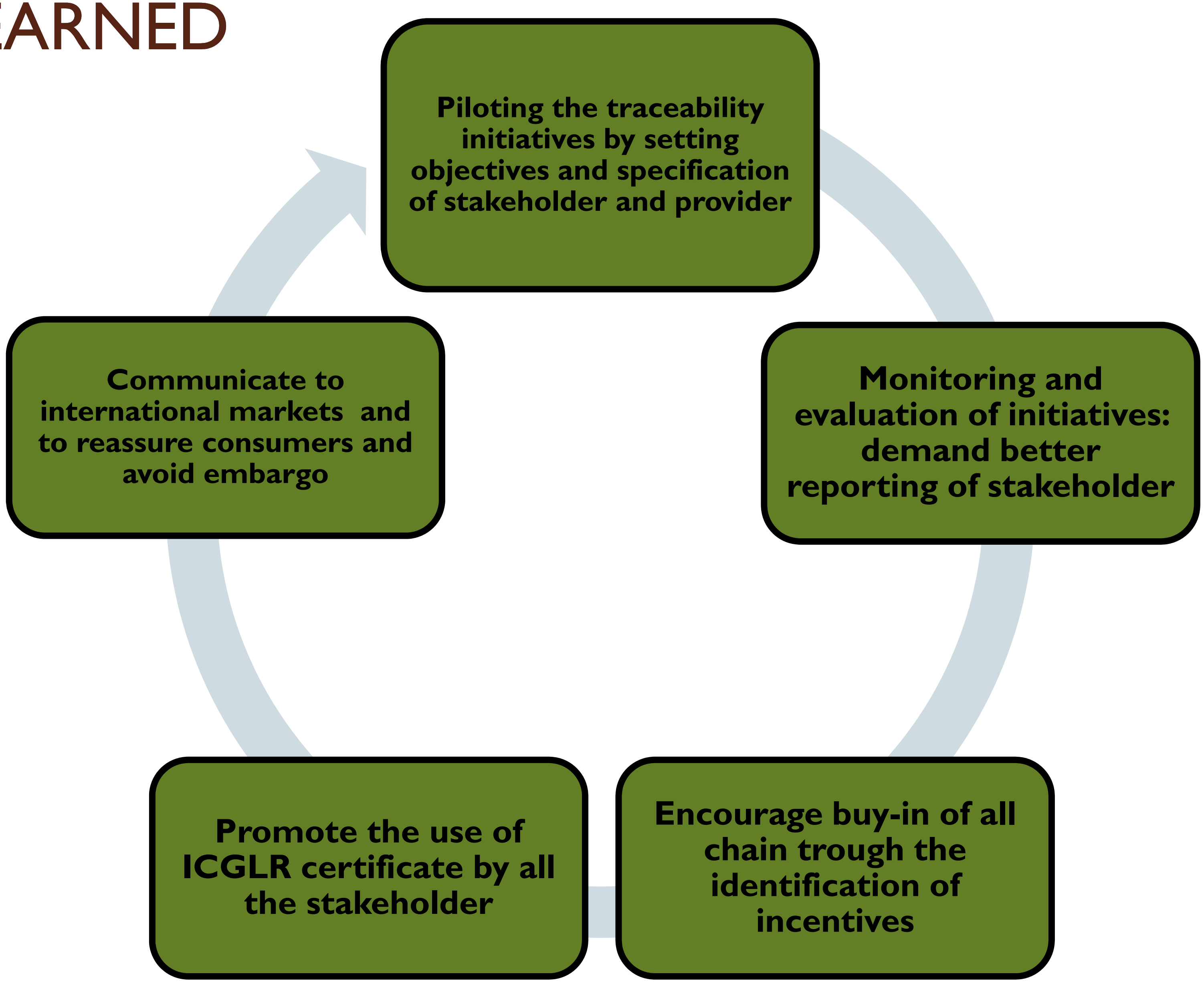
B. <u>Challenges</u>:

- Apply due diligence on the artisanal gold sector of the craft sector;
- Align and harmonize traceability systems for a single, national system;
- Ensure security in mining areas.

IV. Lessons learned

- The Due Diligence is an integral part of the legal system of the Ministry of Mines (see Ministerials Orders ns ° 057/2012 of 29 February 2012 and 0919/2015 of 29 October 2015);
- Risk management by stakeholders in order not contribute to the funding of conflicts;
- Accountability by all stakeholders;
- The strengthening of our internal control system,

IV. Conclusion : MANAGEMENT OF LESSONS LEARNED



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