

DRC mining on the up

The rising copper price will see renewed mining interest in the Democratic Republic of Congo (DRC). In fact, says Susa Maleba, SRK Consulting country manager, for explorers wanting to initiate drilling programmes, time is running out.



Susa Maleba, SRK Consulting country manager: DRC

“Drilling companies in the mining areas of DRC still have capacity and are looking for work, and even the assay laboratories are not too busy. When the tide turns and the rush begins, however, it will become more difficult to find contractors and everything will take much longer.”

He has already seen some up-tick in activity, including resource estimations and audits as well as environmental and social impact assessments (ESIAs) and a hydrogeological study to investigate aspects of groundwater on a local mine. ESIAs are necessary for all new projects, and DRC regulations require mining companies to review their ESIA studies every five years, or when there is any major change on the project.

“Current points of interest in DRC’s mining development include those companies, which have plants designed to treat oxide ore, and which are now looking to the future when their production from oxide deposits can be replaced with production from new sulphide reserves.

“At MMG’s Kinsevere mine, for example, they have been mining copper oxide ore, and are currently busy with exploring their sulphide options. While oxide reserves are expected to sustain Kinsevere’s life-of-mine until 2024, the primary sulphide resources underlying the oxide resources at Kinsevere have the potential to extend the mine life to 2033.”

Political instability

What is stalling the sector’s progress at this stage is political uncertainty, he said; once this can be resolved, several newcomers are expected to enter this market. There are hopes that once elections take place and the political outlook is more certain, there will be scope for certain companies to seek the finance required to return operations to previous levels. To raise such funding, an independent assessment of mineral reserve holdings will be required.

Maleba highlighted the ongoing disagreements over the proposed new Mining Code, on which mining companies were engaging with government. He said while there was a chamber of mines that existed as part of the national chamber of commerce, it had been not been able to reach agreement with government on the intention to increase tax rates for mining

companies. A further complication was that government had not been able to pay mining companies the VAT that they are owed.

Skills shortage

In terms of the industry's capacity to grow, a factor that needed to be addressed urgently was the shortage of mid-level skills in the mining sector – despite the sector's growth over the past decade or more.

“The training of artisans and technicians could be a valuable area of collaboration between the private sector and government,” says Maleba. “In the past, Gecamines had sponsored technical schools but this has not been sustained since the company ran into financial difficulties.”

Supplier development

He highlighted another important opportunity for mining companies to contribute more directly to share the benefits of mining at local level: through supplier development.

“A new law signed in February 2017 requires mining companies to deal with DRC companies when sub-contracting,” he says. “This is one way that government is trying to promote local development around the existing mining projects.”

The challenge, he said, is that DRC companies – potential sub-contractors – do not have capital or access to funding so that they can strengthen their capacity to do business with mines. Also, many of these businesses are not equipped with the necessary skills to win those contracts.

“There is an opportunity here for mining companies to empower local businesses – especially with managerial and technical skills – so that they can become competent sub-contractors, and can start to share in the benefits that mining brings.”

For more, visit: <https://www.bizcommunity.com>