

PROFILES OF SOME CANADIAN MINING COMPANIES OPERATING IN AFRICA

Tenke Mining Corporation
Melkior Resources Inc.
Barrick Gold Corporation
First Quantum Minerals Ltd.
IAMGold Corp
Tiomin Ressources Inc.
Ashanti Goldfields Company Ltd.
Banro Corp.

Why are the activities of Canadian mining companies in Africa of interest?

The mining sector is the largest source of foreign private investment on the African continent, and Canadian investors are at the centre of this economic boom. “Between 1992 and 1999, the number of mineral properties held in Africa by companies of all sizes listed on Canadian stock exchanges grew at an average annual compound rate of over 40%. As a result, at the end of 1999, these companies held interests in almost 630 mineral properties in 39 countries on that continent.”¹

A number of factors influenced the emergence of Canadian mining companies in Africa:

The mining sector has the advantage of offering easily identifiable and measurable business opportunities;

The costs of producing a high-quality product are lower in Africa than in Canada;

The declining profitability of Canadian sites whose reserves have substantially decreased means that Canadian companies must explore new sources of supply in order to survive;

The liberalization of the fiscal and legal environments in Canada, along with the promotional programs of the World Bank’s Multilateral Investment Guarantee Agency (MIGA), helped convince Canadian businesses to invest in Africa;

Furthermore, Canada has adopted very generous taxation policies to attract investment to the mineral sector. As Keith J. Brewer and André Lemieux explain, “Canadian legislation with respect to investment in Canada or abroad makes the tax burden on profits generated from minerals at least comparable to, if not less burdensome than, that in other mineral producing jurisdictions.”²

It is well-known that, since the 1980s, liberalization of trade and investment regulations has become a condition for the severely indebted nations of Africa to access financing from multilateral institutions. By the end of 1995, over 35 African countries had already amended their mining regulations to make them more attractive to foreign investment.³

¹ André Lemieux, “Canada’s Global Mining Presence,” in *Canadian Minerals Yearbook, 1999*, p. 7.13, Natural Resources Canada, Ottawa, 2001.

² Keith J. Brewer and André Lemieux, *Canada’s Global Position in Mining: Canadian Financing of the International Mining Industry*, presented at the Metals Finance 4th International Conference, Finance for the Global Metals Industry, Toronto, May 7-9, 1997.

³ “Mining Boom: Harnessing the Gain for Africa,” in *African Agenda*, no 15, 1997, journal published by Third World Network - Africa Secretariat.

Le Groupe de recherche sur les activités minières en Afrique (GRAMA), formed three years ago, is part of the Centre Études Internationales et Mondialisation (CEIM) of the Faculty of Political Science and Law at the University of Quebec at Montreal. GRAMA also benefits from the support of Entraide missionnaire. For us, examining mining activity in Africa, a very dynamic and important economic sector for both African nations and the West, provides valuable material for analyzing the impact of deregulation and privatization policies on social and economic rights in Africa.

Why compile profiles of mining companies?

Canadian mining companies active in Africa, as vectors of the forms taken by globalization and, as such, sharing responsibility for some of its impacts, are at the centre of our research. To be informed about the mining industry and to better understand the mechanisms of power that connect mining companies and government institutions, we have set about to produce brief profiles of Canadian mining companies operating in Africa. Our work currently focuses on Canadian companies active in five countries: Ghana, the Democratic Republic of Congo, Mali, Kenya and Tanzania. We have selected eight companies, all of which are listed on stock exchanges in Canada and operate in at least two of the five countries being studied. Although their sizes and sales figures vary substantially, they are all significant players whose activities have considerable impact, not only on the economies of the countries in which they operate, but on the life of the communities they affect.

The accuracy of the facts contained in these company “snapshots” was confirmed at the time they were compiled (data as of spring 2001). The work we present to you is evolving and the mining sector is changing very rapidly. To reflect the changes influencing it, we plan to periodically update and supplement the reports you are about to peruse. We also hope to be able to offer further analysis and to develop more reports on other mining companies.

Please note: The information presented is primarily of a financial and economic nature. Some profiles do describe the social impact of a company’s mining activities; however, not all the profiles include this information. This apparent imbalance reflects a disparity in the data to which we have had access, rather than an evaluation of any mining activity consequences for which we did not have information.

We would like to thank MiningWatch Canada, whose financial support made it possible to translate these profiles into English, and who helped to distribute them.

Should you want to reach GRAMA to share your comments or to raise questions about the content of this document, please contact our co-ordinator, Mr. Yves Rochon, at the following e-mail address: yrochon@atreide.net

Some useful Internet sites for finding out more about the activities of mining companies

The Web site of Natural Resources Canada is full of documents on the Canadian mining industry and its activities in Canada and the world. You can find trend analyses and geological data, but also economic and environmental information. http://www.nrcan-rncan.gc.ca/homepage/toc_e

MiningWatch is a Canadian non-governmental organization created in 1999 to provide a coordinated public interest response to the threats to public health, water and air quality, fish and wildlife habitat and community interests posed by irresponsible mining policies and practices in Canada and around the world. www.miningwatch.ca. Of particular interest is the document: "Towards a Spiral of Violence? The Dangers of Privatization of Risk Management of Investments in Canada," a report presented to Minister Lloyd Axworthy, March 2000.

The International Development Research Institute (IDRC), based in Ottawa, has a program devoted to mining issues: the Mining Policy Research Initiative (MPRI). <http://www.idrc.ca>

SEDAR – System for Electronic Document Analysis and Retrieval: www.sedar.com. This site, developed and managed by the Canadian Depository for Securities, contains information on all Canadian public corporations.

The site of the Northern Miner newspaper, the voice of the mining industry:
<http://www.northernminer.com>

The Mining Association of Canada's mission is "to promote, through the collective action of members, the growth and development of Canada's mining and mineral-processing industry, for the benefit of all Canadians." <http://www.mining.ca>

The Prospectors and Developers Association of Canada describes itself as representing the interests of the Canadian mining industry. It has 5,000 individual and 200 corporate members.
<http://www.pdac.ca>

Project Underground, based in California, is a group that supports communities resisting mining and oil exploitation throughout the world. It puts particular emphasis on the situation of Aboriginal peoples. <http://www.moles.org>

The Mineral Policy Centre, Washington, D.C., U.S.A. focuses its attention on mining issues in the United States, and American mining interests in the world. <http://www.mineralpolicy.org/>

The Mineral Policy Institute, an Australian group, specializes in information on mining activities in the Asia-Pacific region. <http://www.mpi.org.au/>

TENKE MINING CORPORATION

Tenke Mining Corp., formerly Consolidated Eurocan Ventures Ltd. (the name was changed on January 27, 1997), is a Canadian mining company based in Vancouver. The Chairman, President and CEO is Adolf H. Lundin, who is also the majority shareholder in Tenke Mining Corp. with 27.6% of the shares. Tenke Mining Corp. owns three subsidiaries: Tenke Holdings Ltd., Tenke Fungurume Mining SARL and Lunding Holdings Ltd – Eurocan (Bermuda).

The company's chief expenditures in the 1997 fiscal year were US\$112,500,000 for the acquisition of the Tenke Fungurume mining concession, US\$50,000,000 for the licence and US\$2,145,000 for the purchase of assets. Its balance sheet indicates that, as of March 31, 2000, the company had assets valued at US\$204,044,028, liabilities of US\$2,937,289 and shareholder's equity of US\$200,643,162. Tenke Mining Corp.'s financing comes primarily from shareholder's equity and loans from international banks.

Tenke Mining Corp. has been active in Argentina, Chile and, until recently, in the Democratic Republic of Congo (DRC).

Tenke Mining Corp. is involved in the exploration, acquisition and development of mining concessions (base metals and precious metals). Tenke Fungurume Mining SARL is a subsidiary of Tenke Mining Corp., created from the partnership between Gecamines (the DRC state mining company) and Tenke Mining Corp. Tenke Fungurume is 55% owned by Tenke Mining Corp. and 45% owned by Gecamines.

Tenke Fungurume's mining concessions are located within the African copper belt. The chief deposits controlled by Tenke Fungurume are in two concessions totalling 1,437 square kilometres in Katanga Province, about 175 kilometres northwest of Lubumbashi.

In December 1998, Tenke Mining Corp. concluded an agreement with BHP Copper ("BHP") whereby BHP may directly or indirectly acquire a 45% ownership interest in the Tenke Fungurume concession.

The mining resources of the concessions owned are high-grade and appear to exceed 547 million tons, including 19.1 million tonnes of copper and 1.47 million tonnes of cobalt. After the completion of a US\$26.4 million feasibility study, production was scheduled to begin in December 2000 at 100,000 tonnes of copper and 6,000 tonnes of cobalt per year (with plans to double the annual copper production in five years). The resources seem to have been available for development for 20 years, with production exceeding 500,000 tonnes per year. However, the projects were suspended in August 1998 due to political and military circumstances in the DRC.

MELKIOR RESOURCES INC.

Melkior Resources Inc. is a Canadian mining company based in Ottawa. The Chairman of the Board is Norman Farrell and the CEO is Jens Hansen. The company holds relatively minor interests in two mining properties in Burkina Faso. It also carries out mining activities in Canada, and particularly in Quebec. It mines gold, nickel, copper, platinum and cobalt.

In the Democratic Republic of Congo (DRC), Melkior Resources is involved in copper and cobalt exploration. It engaged the firm High Sense to conduct an elaborate aerial exploration using

sophisticated equipment, at a cost of over US\$1 million. Melkior is developing the Kabolea deposit near Likasi in Katanga Province, a 2,800 square-mile area in the copper belt. This deposit is 49% owned by Melkior, 49% by Trillion Resources (a Canadian mining company) and 2% by Gecamines. On January 12, 2000, the company announced the start of exploration operations at Kabolea and at Kipese, the site of gold-platinum deposits.

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

BANRO CORPORATION

Banro Corporation is a Canadian company based in Toronto, formerly known as Banro Resource Corporation (the change in name was made at the December 2000 annual and special shareholders' meeting). It has two subsidiaries, Banro American Resources (formerly African Mineral Resource Inc.) and BRC Development Corp. William Wilson of Denver, Colorado was appointed the company's President and CEO on January 16, 2001. The majority shareholder in Banro Corporation is Cluff Mining Ltd., which is itself under the control of Anglo American PLC. Cluff Mining owns 1,883,367 shares of Banro Resources, or 12.6% of the capital.

The company's financial information shows that, as of September 30, 1999, its total assets were US\$28,199,620 and its shareholder's equity was US\$26,784,396. The 1997 fiscal year had many expenditures and rather scarce revenues, since mining operations had not yet begun. Between June and December 1997, the total consolidated exploration expenditures were over \$US9 million.

Banro Corporation has interests in Africa, particularly in the Democratic Republic of Congo (DRC). It owns 93% of SAKIMA (Société Aurifère du Kivu et du Maniema) through its subsidiary Banro American Resources Inc. The remaining 7% is owned by the DRC government. SAKIMA is the new name of SOMINKI, following its restructuring. SOMINKI was created in 1976 from the merger of nine companies, including Symetain and Cobelmin. SOMINKI was 72% owned by the Empain Group and 28% owned by the government of Zaïre. In 1986, the Empain Group sold SOMINKI, and in September 1995, Banro acquired an option to purchase SOMINKI. In January 1996, Banro and its joint venture partner, "Mines D'or Du Zaïre" (MDDZ), acquired 36% each of SOMINKI, with the government retaining 28%. In September 1996, Banro purchased MDDZ, bringing to 72% its control of SOMINKI. In January 1997, Banro signed a new mining convention granting it 93% of the restructured company renamed SAKIMA.

SAKIMA has a total of 47 mining concessions covering 10,271 square kilometres in South Kivu and the Maniema provinces of eastern DRC. The Namoya-Twangiza gold belt extends 180 kilometres (northeast – southwest) and contains 10 gold deposits. The potential of these deposits is estimated at about 13,000,000 ounces of gold. SAKIMA has identified four priority sites in this area: Twangiza, Kamituga/Mobale, Lugushwa and Namoya.

The estimated resources at Twangiza are 104,600,000 tonnes at a grade of 2.12 grams per tonne, equivalent to 7,127,915 ounces of gold. The first phase of the project cost US\$6,300,000. The cost of Twangiza's second phase (mid-July 1998 plus 160 days) was estimated at US\$3,700,000, including

diamond drilling, metallurgical testing and a complete pre-feasibility study. Namoya's first phase is expected to cost US\$1,700,000. Its resources are appraised at 12,570,000 tonnes at 6.19 grams per tonne, equivalent to 2,501,875 ounces of gold.

The estimated resources of the Kamituga/Mobale site are 2,526,000 ounces of gold. Regarding Lugushwa, figures dating from 1979 show the resources in one occurrence are valued at three million tonnes at 4.5 grams per tonne (434,000 ounces of gold), and in another spot, 2.5 million tons at four grams per tonne (321,500 ounces).

Through its subsidiary BRC, Banro owns a 21% interest in Sheridan Reserve Inc.

On July 31, 1998, the forces of the new government expropriated Banro's concessions in South Kivu and the Maniema provinces. Saying there were irregularities in the acquisition of SOMINKI, the government dissolved the mining company without prior warning or consultation.

Banro filed a lawsuit against the government of the DRC, claiming damages of US\$1 billion before a tribunal operating under the auspices of the International Center for the Settlement of Investment Disputes (ICSID). A press release on Banro's web site dated September 14, 2000 says that ICSID "has declined to exercise jurisdiction over claims by Banro Resource's wholly-owned subsidiary Banro American Resources Inc. and SAKIMA SARL..."

In January 2001, Banro American Resources Inc. and SAKIMA filed new lawsuits against the DRC government, this time appealing to the United States Federal Court, where the two companies lodged a complaint under the *Foreign Sovereign Immunities Act* (FISA). The FISA is a mechanism that enables American companies to sue foreign governments in the United States Federal Court under certain specific conditions. The condition that applies to Banro's case is the fact that the DRC government, which owns a 7% interest in SAKIMA SARL, is one of its partners.

BARRICK GOLD CORPORATION

Barrick Gold Corporation is a major Canadian mining company whose head office is in Toronto. It is listed on the Toronto and New York stock exchanges under the symbol ABX. The company primarily mines gold, but other minerals, such as silver, nickel, copper and cobalt, may also be mined on certain projects. Barrick's main properties are located in the United States, Canada, Chile, Peru and, more recently, Tanzania.

Peter Munk, a prominent industrialist who was appointed Officer of the Order of Canada in 1993, is Chairman of the Board and founder of Barrick Gold. Randall Oliphant, who joined the company in 1987, is Barrick's President and CEO. Brian Mulroney, former Conservative Prime Minister of Canada, is Chairman of Barrick's International Advisory Board.

As of December 31, 2000, Barrick Gold Corporation's total assets were US\$4,535 million, its shareholder's equity was US\$3,023 million and its long-term debt was US\$676 million. For the year ending December 31, 2000, Barrick earned US\$1,330 million in revenue from its gold sales. Barrick's annual gold production rose to a record 3.74 million ounces in 2000.

Barrick's growth in 2000 was also accomplished through its acquisition of Pangea Goldfields Inc. for US\$115 million, with Pangea's shareholders accepting Barrick's offer of CAN\$7.00 per Pangea share. The Toronto-based Pangea had four subsidiaries: Pangea Fenn-Gib Ltd., Pangea Peru SA, Pangea Minerals Ltd. and 105 1694 Ontario Inc. As of March 31, 2000, Pangea's total assets were CAN\$43,811,050 and its shareholder's equity was CAN\$43,419,862.

The acquisition of Pangea enables Barrick to consolidate its position in Tanzania, where it has held mining concessions since its acquisition on March 26, 1999 of 97% of Sutton Resources Ltd. for US\$280 million. Pangea was also very active in Tanzania, where it owned a 100% interest in seven gold mining concessions covering 112 square kilometres, and co-owned 32 other concessions totalling 2,863 square kilometres in the Lake Victoria district.

Barrick took over Sutton's activities in the region, including the Bulyanhulu project (a gold deposit 50 kilometres south of Lake Victoria in northwest Tanzania), the Kabanga property (nickel, cobalt and copper exploration) and the Kagera property acquired through the Kagera Mining Company Ltd.

With the acquisition of Pangea, Barrick now holds 100% of three concessions covering 174 square kilometres in the Golden Ridge region, 100 kilometres south of Mwanza (Pangea and Barrick were also partners in this project). The Golden Ridge property's total resources are valued at 2.2 million ounces of gold.

The Bulyanhulu project began controversially. In August 1996, when the mining concession belonged to Kahama Mining Corporation, a subsidiary of Sutton Resources, thousands of peasant farmers and small-scale miners who were fighting eviction were driven by force from their land. According to Amnesty International, "over 50 gold miners were killed in what may have been extrajudicial executions during evictions from disputed land."⁴ Although the disturbing events were never clarified, leaving suspicions of Canadian responsibility, Barrick Gold's activities in Tanzania received significant Canadian institutional support last year in the form of political risk insurance from the Export Development Corporation.

Construction of the Bulyanhulu mine began in the third quarter of 1999, with production scheduled to begin in the second quarter of 2001. It is expected to produce 400,000 ounces of gold a year, and possibly 500,000 ounces a year eventually, at an estimated cost of US\$130 per ounce. Gold reserves that were estimated at 3.6 million ounces at the time of acquisition were re-evaluated successively at 4.6 million and 10 million ounces in 2000.

IAMGOLD CORPORATION

IAMGOLD Corp. is a Canadian mining company based in Toronto and listed on the Toronto Stock Exchange. The company is engaged in gold mining, exploration and development. William Pugliese and Mark Nathanson are the Co-Chairmen of the Board. As of April 30, 2000, W. Pugliese held a 27% share in the company and M. Nathanson held a 15% share.

⁴ Amnesty International, *1997 Annual Report*, pp. 306-307. In 1998, Amnesty International asked the Tanzanian government to launch an independent judicial inquiry. The government refused, continuing to deny there were any deaths during this incident (see Amnesty International, *2000 Annual Report*, p. 349).

Report on Business Magazine has ranked IAMGOLD third among Canadian companies whose revenues increased the most in 1998. As of December 31, 1999, the company's total assets were US\$175,468,000 and its total shareholder's equity was US\$105,261,000. For the quarter ending March 31, 2000, the company announced revenue from gold sales of US\$19,734,000 and net revenue of US\$2,700,000.

IAMGOLD wholly owns two subsidiaries, AGEM Ltd. and IAMGOLD South America Corporation Ltd.

IAMGOLD is active in a number of countries, especially Ecuador, Brazil and Argentina. In Africa, it is particularly active in South Africa (through a partnership with AfriOre Ltd.) and in Mali, where it owns a 38% interest in the Société d'Exploitation des mines d'or de Sadiola (SEMOS). Its joint venture partners in SEMOS are AngloGold Ltd. of South Africa (38%), the Malian government (18%) and International Finance Corp. (6%). SEMOS owns the Sadiola gold mine, about 70 kilometres south of Kayes in Mali, which produced 542,955 ounces of gold at a cost of US\$102 an ounce in 1999. In 2000, the mine was expected to produce 579,000 ounces of gold at a cost of US\$104 an ounce. As of December 31, 1999, the reserves were valued at 3.1 million ounces of gold. The company also owns a 50% interest (with AngloGold owning 50%) in Sadiola Exploration Ltd. (SADEX), which conducts exploration work in the Sadiola region. SADEX owns 100% of the exploration rights to the Yatela deposit, located 25 kilometres north of Sadiola.

The Yatela mine project was launched in May 2000. The project represents a planned investment of US\$70 million (40% paid by IAMGOLD, 40% by AngloGold and 20% by the Malian government). Production should begin in mid-2001. The estimated lifespan of the mine is six years. Its reserves are estimated at 1.4 million ounces of gold, at an average cost of US\$174 per ounce. SADEX also has gold exploration rights to the Alamoutala deposit, 13 kilometres north of Sadiola.

In 1995, IAMGOLD and Ashanti Goldfields Company Ltd. formed a partnership known as the Alliance to carry out exploration in West Africa. Each company owns a 50% interest in the Alliance. As of March 31, 2000, the Alliance had explored West African properties covering a total area of 2,805 square kilometres – including five prospecting licences in Ghana (Tinga, Cherpon, Babile, Hamile and Basabli), the Mako concession in Senegal, and three exploration licences in Guinea (Mandiana A, B and C). In December 1999, the Alliance sold the Saoura property in Niger to Etruscan Resources Inc. for a total of US\$5.25 million.

IAMGOLD also wholly owns two mining prospects in Senegal – the Bambadji property (396 square kilometres) and the Daorala/Boto property (394 square kilometres). Exploration of these two properties was slated to begin in 2000.

TIOMIN RESOURCES INC.

Tiomin Resources is a Canadian mining company based in Toronto. Its CEO is Jean-Charles Potvin, who until 1994 was a Director and Vice-President of Nesbitt Burns Inc., where he evaluated worldwide mining investment opportunities. He was also Chairman of the Board of Pangea Goldfields Inc., acquired in 2000 by Barrick Gold.

As of March 31, 2000, Tiomin's total assets were US\$31,784,264 and its shareholder's equity was US\$25,243,238. It is active in Kenya, Panama and Quebec.

In Kenya, Tiomin owns an 80% interest (Pangea Goldfields Inc. owns 20%) in four special prospecting licences issued by the Kenya government in the Mombasa region, 10 kilometres from the Kenyan coast. It also owns the Kwale deposit (56 square kilometres), 65 kilometres south of Mombasa. A feasibility study completed in May 2000 indicates that the lifespan of this deposit is approximately 14 years. During the first six years of production, 300,000 tonnes of ilmenite, 75,000 tonnes of rutile and 37,000 tonnes of zircon are expected to be produced annually. The cost of the project is US\$137 million, making it the largest mining investment in Kenya since the country attained independence. However, serious objections to the project have been raised.

As the organization Rights & Democracy states in its October 2000 press release, "The Digo and Kamba farmers' livelihood is at stake. The coconut, cashew nut and mango groves will be destroyed, and there will be damage caused by timbering, construction of roads, a mill, processing equipment, a power-generating plant, power lines and waste piles in the concession area held by Tiomin."⁵ Some 5,000 Kenyans living in the region fear that their means of subsistence and their rights are in jeopardy.

The campaign against the Tiomin project is supported in Canada by Rights & Democracy, the Inter-Church Coalition on Africa and MiningWatch Canada. It is seeking a better assessment of the impact of the project, resolution of the problems of environmental degradation and destruction of biodiversity and, should the project go ahead, better financial compensation to the people affected for the losses incurred and the consequences experienced. The support given the project by the Canadian International Development Agency (CIDA) has added to the controversy. Through its Industrial Cooperation Program (CIDA-INC), CIDA gave Tiomin CAN\$391,000 toward an environmental impact assessment of the project. However, this study, conducted by a South African firm on behalf of Tiomin, is strongly disputed by Kenyan environmental groups and by Kenyatta University in Nairobi, who criticize it for having underestimated certain impacts, such as that of sulphur dioxide emissions and exposure to radioactive elements in the earth.⁶ The project is being legally challenged.

Tiomin also owns prospecting rights in Kilifi (107.2 square kilometres) 55 kilometres north of Mombasa, in Mambrui (187.5 square kilometres) 10 kilometres north of Mombasa, and in Vipingo (56 square kilometres).

FIRST QUANTUM MINERALS LTD.

This Canadian company, whose head office is in Vancouver, has been very active in African mining development and exploration, particularly since the beginning of the 1990s. Founded in 1985, it has several subsidiaries, including First Quantum Yukon, which absorbed International Ballater Ressources Inc. in December 1997. The Chairman and CEO of First Quantum Minerals is Philip Pascall. As of February 29, 2000, the company's total assets were US\$58,354,521 and its shareholder's equity was US\$24,811,566.

⁵ Rights & Democracy, "Mining and Economic Development in Kenya: At What Cost?," Internet site: <http://www.ichrdd.ca/111/english/contentsEnglish.html>

⁶ Ibid. Other information about this campaign can be found on MiningWatch Canada's Internet site: www.miningwatch.ca

First Quantum is very present in Africa, where it has been active in Zambia, the Democratic Republic of Congo (DRC), Guinea, Tanzania, Ghana, Zimbabwe, Botswana and Niger.

In Zambia, it owns 100% of the Bwana Mkubwa mining property (5,800 hectares), six kilometres southeast of Ndola in northwest Zambia. As of November 30, 1999, 21.2 million pounds of copper and 66,000 tonnes of surplus sulphuric acid had been produced. It also owns 44% of the Nkana copper mine (in operation since 1932), one kilometre southwest of Kitwe, and 44% of the Mufulira copper mine, 50 kilometres east of Chingola. Its partners in the Nkana and Mufulira mines are Glencore International, a Swiss company (46%), and Zambian Consolidated Copper Mines Ltd. (ZCCM), the Zambian state mining company (10%). The Mufulira mine reserves are valued at 1.9 billion pounds of copper.

Mopani Copper Mines PLC (“Mopani”), a joint venture between First Quantum (44%) and Glencore (46%), acquired the Mufulira Division and the Nkana mine on March 31, 2000. Mopani committed to invest US\$159 million in the Mufulira (US\$84 million) and Nkana (US\$75 million) operations over the first three years. In 2000, the Mufulira mine’s production was planned at 108 million pounds of copper at a cost of \$0.71 per pound. In 2001, it is expected to produce 114 million pounds of copper at a cost of \$0.65 per pound.

In February 2001, Mopani announced its intention to form a partnership with Gecamines in order to jointly develop another copper and cobalt deposit located in Luansobe, which stretches across the border between Zambia and the DRC. This project would extend the lifespan of the Mufulira mine by 10 years. As regards the Nkana mine, its reserves are estimated to be 3.8 billion pounds. In 2000, the Nkana mine was due to produce 98 million pounds of copper and 3.4 million pounds of cobalt. In 2001, it is expected to produce 121 million pounds of copper and 4.2 million pounds of cobalt.

First Quantum’s other holdings in Zambia include 100% ownership of a gold and copper property in Chongwe (291 square kilometres) and one in Karibarembi (390 square kilometres).

In May 2000, the company acquired the assets of Cyprus Amax Zambia from the Phelps Dodge Exploration Corporation. The assets of Cyprus Amax Zambia include three prospecting licences (Mwinilunga, Luamata and Solwezi) covering 10,840 square kilometres and the Luswishi prospecting licence (in which Casmyn Corp. retains a 15% interest).

First Quantum is also involved in Tanzania where it owns a 30% interest in a gold prospect, the Matinje property (50 square kilometres), and has an option to purchase an additional 35% for \$US500,000.

This company was also quite active in the DRC before suspending its activities due to the current political instability.

First Quantum, through its subsidiary International Quantum Resources Ltd., owns an 18.8% interest in Anvil Mining NL, whose core assets include a 90% interest in a mining convention covering the Dikulushi copper and silver project in the DRC and a 20% interest in the Bogoso gold mine in Ghana.

ASHANTI GOLDFIELDS COMPANY LTD.

Ashanti Goldfields is a Ghanaian mining company listed on the Toronto Stock Exchange which has been involved in mining activities in Africa since 1897. Its CEO is Sam Jonah. On November 18, 1998, Ashanti acquired Samax Gold Inc., thus increasing its influence in Africa. It has a wholly-owned subsidiary, Ashanti Goldfields Teberebie Ltd.

Ashanti is active in a number of African countries: Tanzania, Ghana, Guinea, Zimbabwe, Botswana, Congo, Burkina Faso and Senegal. We are particularly interested here in its activities in Ghana and Tanzania.

In Ghana:

Ashanti operates the Obuasi mine, 180 kilometres northwest of Accra. In the first quarter of 2000, the mine produced 181,164 ounces of gold. The mine's expected reserves are approximately 20 million ounces ("contained gold").

The Iduapriem mine near Tarkwa is 80% owned by Ashanti. It produces 120,000 – 130,000 ounces of gold per year. In the first quarter of 2000, the mine produced 38,057 ounces of gold.

The Bibiani mine, about 350 kilometres from Accra, is 100% owned by Ashanti. In the first quarter of 2000, it produced 70,996 ounces of gold at a cost of \$US148 per ounce.

On April 1, 1999, an agreement was concluded with Nevsun Resources Ltd. to transfer the rights of Nevsun's Kubi Concession to Ashanti, which made an initial payment of US\$1.8 million. The Kubi Concession has approximately 485,000 ounces of gold reserves.

On January 25, 2000, the company concluded an agreement to acquire a 100% interest in a 40-square-kilometre area in the Dunkwa property zone, including the Mampon deposit, in the Ashanti district in Ghana. This zone previously belonged to Birim Goldfields Inc. Ashanti acquired the 100% interest by means of an initial payment of US\$1.5 million.

Through its purchase of Samax Gold, Ashanti acquired a 50.4% interest (Ghana National Petroleum Company owns 39.6% and the Ghanaian government 10%) in Prestea Sankofa Gold Ltd. (PSG), which was formed in 1994. It also acquired a 65% – 100% interest, in partnership with Nkroful Mining Ltd., in a 51.8-square-kilometre concession 10 kilometres west of Axim. In addition, it acquired a licence covering a 1,337-square-kilometre area in the Sandema region.

In Tanzania:

Ashanti owns the Geita gold property, whose resources are appraised at 12 million ounces of gold.

In January 1999, the company signed an agreement with Tan Range Exploration Corporation, giving Ashanti an option to purchase a 60% interest (two-thirds of Tan Range's 90% interest) in a prospecting licence in East Geita, adjacent to the Geita property. Ashanti has until December 31, 2002 to complete a banking feasibility study.

Through its purchase of Samax Gold, the company acquired a 50% interest (Resolute Limited of Australia owns 50%) in the Golden Pride project, 18 kilometres from Nzega in the Tabora region. Its

resources are estimated at 2.7 million ounces of gold. Ashanti is co-owner with Resolute of three prospects and six licences covering a total area of 1,888 square kilometres in the Nzega district. It also wholly owns two prospecting licences (210 square kilometres) for the Kukuluma project, eight kilometres north of the Geita deposit, whose resources are valued at 1.54 million ounces of gold.

Again through its purchase of Samax, Ashanti owns a 90% interest (with Bui Bui Investments Ltd. owning 10%) in a prospecting licence of 148.5 square kilometres for the Makongolosi project.

In April 1999, Ashanti concluded an agreement with Resolute to sell the following assets for \$US40 million: 50% interest in the Golden Pride project and 51.25% interest in Harrier Mining Ltd., which owns real estate in Nzega and Matinge.