

MWANA AFRICA

DARING TO DISCOVER THE DRC



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Mwana Africa is a diversified, AIM-listed mining company with an exciting and diverse portfolio of exploration and production projects spread across a number of African countries: in the coming year it hopes to establish its major zinc assets onto the global map

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Mwana Africa was founded by Kalaa Mpinga, a citizen of the DRC, a former senior executive of Bechtel, and a director of Anglo American before launching Mwana Africa Holdings in 2003. Two years later he and a group of partners across Africa were in a position to float Mwana Africa PLC on the prestigious AIM market of the London Stock Exchange.

The company brought together three major acquisitions that positioned it from the start as a diverse player on the African mining scene. These were the Bindura Nickel Corporation (BNC) in Zimbabwe, the Anmercosa base metal exploration project in DRC and the Freda Rebecca gold mine, again in Zimbabwe. Today its portfolio includes assets in Angola, Botswana and South Africa as well as the DRC and Zimbabwe

It's a very sound collection of assets, with massive potential in a number of key minerals over the coming decade. However the years that intervened between its establishment and the present have presented their fair share of challenges, Zimbabwe in particular has not been an easy place to work in, and the Bindura nickel complex had to be placed on 'care and maintenance' in 2009, thanks to a slump in world nickel prices, added to that country's fiscal problems and hyperinflation.

Having operated continuously for more than 17 years the Freda Rebecca Gold Mine (FRGM) went through a similar process in March 2007 and for similar reasons, though in this case it provided more of a planned opportunity to refurbish the mine and re-provide it with a better fleet of trucks and



other equipment. Operations were restarted before the end of that year, in the wake of the 'dollarisation' of the economy, providing much needed cash flow to enable Mwana Africa to pursue its other plans: its first gold was poured on October 13 that year, and production ramped up to the Phase 1 output target of 30,000 ounces of gold per year.

So during the financial year that ended on 31 March 2011 the mine produced

27,240 ounces of gold, with 3,574 ounces produced in March alone. The second phase included refurbishment of the second mill and expansion of the leach circuit. In June 2011, Mwana Africa announced that the Phase 2 construction programme was completed with Mill 2 being successfully commissioned on time and within budget.

Production for the financial year to 31 March 2012 was 47,770 ounces of gold, within a

“IT'S A VERY SOUND COLLECTION OF ASSETS, WITH MASSIVE POTENTIAL IN A NUMBER OF KEY MINERALS OVER THE COMING DECADE”




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Acól Chemical Holdings (Pvt) Ltd supplies liquid sodium cyanide to the Gold Mines of Zimbabwe on behalf of Sasol Polymers a division of Sasol Chemical Industries Limited. Acól Chemical embarked on a project with Mwana Africa's Freda Rebecca Mine in November 2010 to convert the mine from using solid sodium cyanide 99% briquettes to liquid sodium cyanide. Freda Rebecca's first 30 000 liters of liquid sodium cyanide was delivered on 6th April 2011. The mine experienced immediate operational benefits as a direct result from changing to liquid sodium cyanide. Acól Chemical now supplies liquid sodium cyanide to the majority of the larger gold mines in the country who are all reporting general improvements in operations as a direct result of using liquid.

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whisper of the extended target of 50,000 ounces.

The gold mine and the nickel project are both located in the same part of Zimbabwe, around 90 kilometres to the north-east of Harare towards the Mozambique border. The exploration, development and production history for gold in the Bindura area goes back to 1912. The Freda and Rebecca gold deposits were however not discovered until 1987 by the legendary Algy Cluff, whose company Cluff Resources established two

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open pits, removing oxides at Freda and sulphides at Rebecca. The first gold pour took place in 1988. Ashanti Goldfields Zimbabwe acquired the mine in 1996 and underground operations commenced at the Rebecca section in the same year: by 1998, the Freda pit had been depleted and the Freda Rebecca Mine became a fully underground operation.

Today Freda Rebecca is providing Mwana Africa with solid cash flow to cover its overheads as well as helping it develop new projects. "We remain confident that Freda Rebecca will continue to be a robust provider of cash flow and revenue," Mpinga says, "and we are now focussed on expanding production further and introducing operating efficiencies. These will have the effect of further increasing production levels beyond 50,000 ounces per annum while simultaneously reducing operating costs."

However the biggest mining opportunities

cannot be realised without the support of all stakeholders, including shareholders, government, the local community and off-takers. Just as Freda Rebecca is the largest gold mine in Zimbabwe and an important contributor to the country's economy, so the Bindura nickel complex could put that country on the map as a nickel producer of. Mwana Africa's majority owned subsidiary BNC owns and operates the Shangani and Trojan

nickel mines, which each has a hoisting and treatment capacity of around a million tonnes a year. "Bindura Nickel is a very unique asset in that it is the only fully integrated nickel complex in Africa," says Kalaa Mpinga. It comprises a series of mines, a smelter and a refinery, holding among other assets the Bindura Smelter and Refinery complex which produces high quality nickel cathodes, copper sulphide and cobalt hydroxide.

"BINDURA NICKEL IS A VERY UNIQUE ASSET IN THAT IT IS THE ONLY FULLY INTEGRATED NICKEL COMPLEX IN AFRICA"



Alongside material from the Trojan and Shangani mines, the plant has in the past toll treated nickel concentrates and nickel matte from third parties to utilise spare capacity, however following promising results from drilling programmes completed last year it may have less spare capacity once the mines are reopened. In February Mwana Africa announced a massive 152 percent increase in the JORC compliant nickel resource at the Trojan mine. The total nickel resource within this deposit is now 114,952 tonnes compared to the 45,600 tonnes previously known about. There could be much more: drilling confirmed that the ore body is open at depth.

Operating conditions have improved, and now that the Zimbabwe economy is starting to grow towards its true potential Mpinga

is very keen to restart the BNC assets in a phased manner. The first phase would be to restart the Trojan mine and to sell nickel in the form of concentrate. BNC announced in February 2011 that it had signed an offtake agreement with Glencore International who will purchase the concentrate produced, and when in September 2012 the company formed a strategic partnership with China International Mining Group Corporation (CIMGC), the principal goal was to restart operations at Bindura, using part of the \$35 million raised. "We believe this will allow us to open up the rest of the assets," says Mpinga, "in particular the Hunters Road project which is one of the biggest open cast nickel deposits today, with access to infrastructure."

He is equally excited about the prospects



“ZANI-KODO IS A LARGE AND HIGHLY PROSPECTIVE PROJECT SITUATED IN WHAT IS FAST BECOMING A GOLD PROVINCE OF MAJOR WORLD SIGNIFICANCE”

for Mwana Africa in developing the group’s major exploration focus, the Zani-Kodo gold project in the Democratic Republic of Congo “Zani-Kodo is a large and highly prospective project situated in what is fast becoming a gold province of major world significance,” he says. A major drilling campaign last year totalling more than 18 kilometres increased the resource by 41 percent to 2.01 million ounces. “With a comprehensive ongoing

work programme being progressed, we are confident that the project’s JORC resource can be further increased, thereby demonstrating its enormous potential.”

Mwana Africa holds 80 percent in the Kilo Moto Joint Venture with Office des Mines d’Or de Kilomoto (Okimo), under the terms of an agreement signed in June 2005, and Mpinga is understandably upbeat about the potential of his native country. “Until last

year the DRC did not figure on the list of gold producers,” says Mpinga. “I think the Ituri district is going to be the next frontier.” Ituri, in the north east of DRC, has attracted the attentions of major companies such as AngloGold Ashanti and in the coming three years he expects to see around 800,000 ounces of gold coming from its mines. The infrastructure that will follow will make it less expensive and less risky to develop a mine there, and he would like to see Mwana Africa coming in with gold production in 2015, in the wake of two large projects hoping to start producing in the near future, namely AngloGold and Randgold’s Kibali project and the Mongbwalu mine, under construction by AngloGold on its own.

With more promising base metals projects in

the DRC, Mwana Africa promises to soon reach an enviable position as a highly diversified producer underpinned by substantial gold assets. Diversified geographically as well as in terms of the minerals it sells. The DRC may well be considered a high risk area, racked by conflict but nobody knows it better than Kalaa Mpinga, who points out that mining in the Ituri region has gone ahead without incident since 1999 and the Zani-Kodo project is 400 kilometres from current trouble spots. “In that terrain, you may as well be in another continent!” he declares. **BE**

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