



ENTREPRISE
GÉNÉRALE
DU COBALT

EGC – State of progress

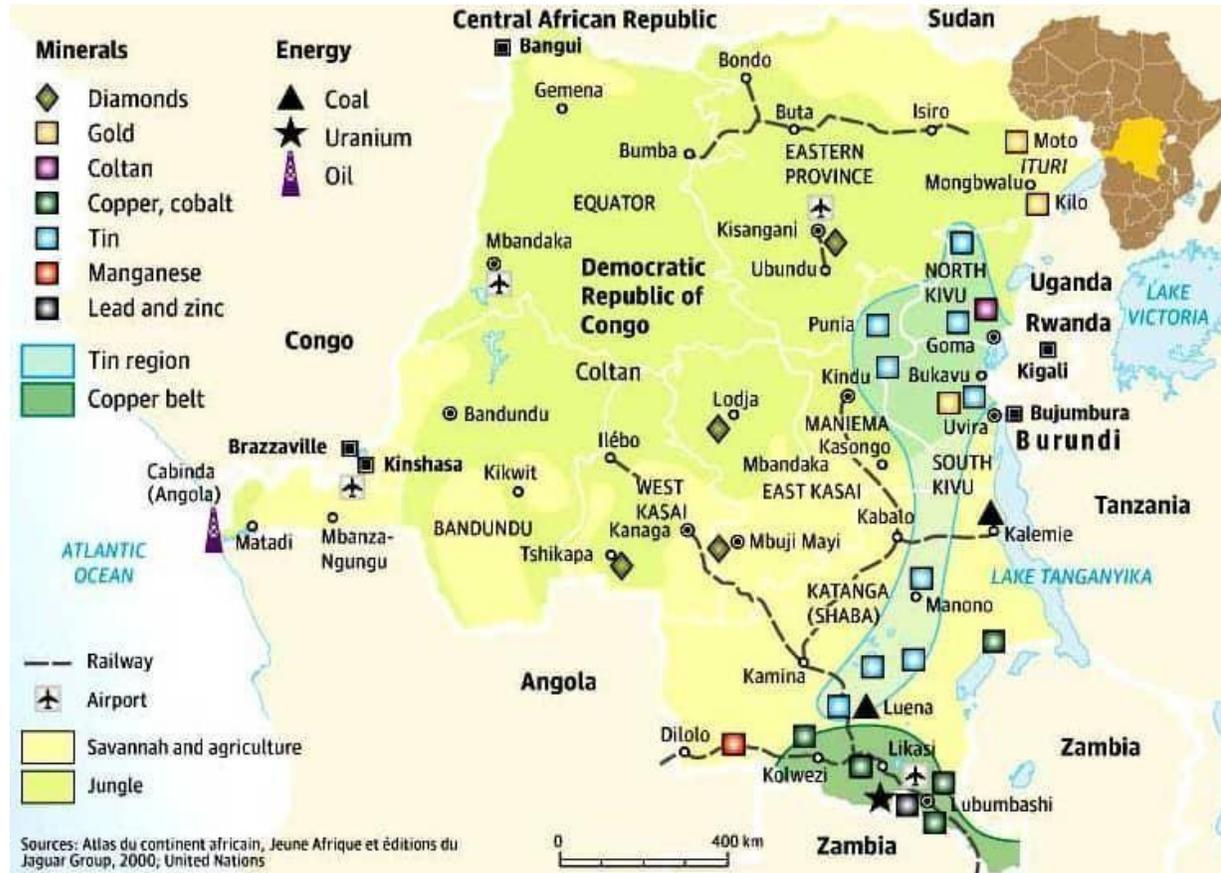
By Eric KALALA
CEO EGC
Vice President Chamber of Mines RDC

CI 2024





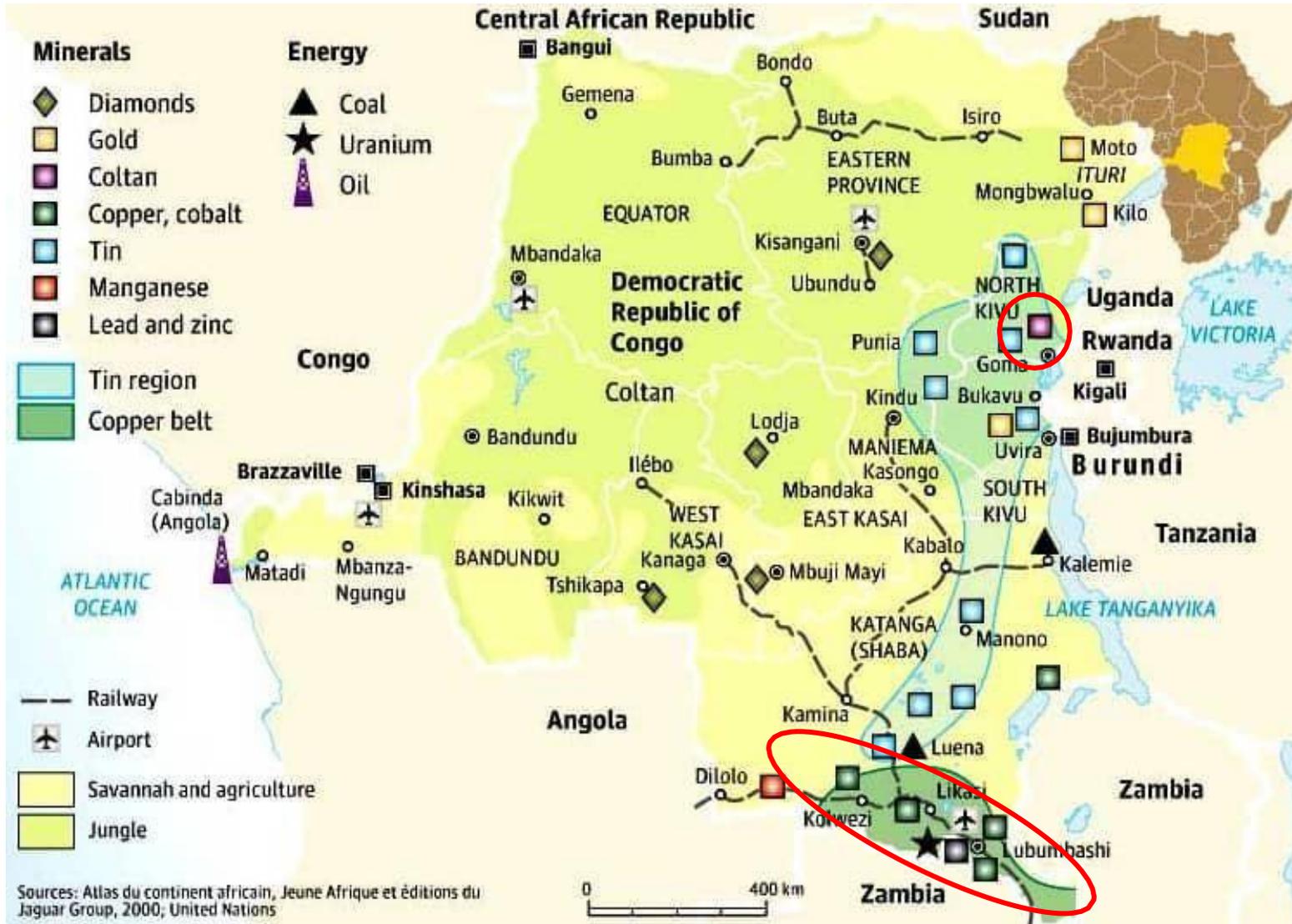
MINING RESOURCES IN DRC



- The DRC's mining resources are **large and diverse**: gold, coltan, copper, etc.
- The mining **sector is the main driver of the Congolese economy**, contributing over 20% of the country's GDP.
- **The world's leading producer** of cobalt and coltan
- **Africa's leading copper producer**



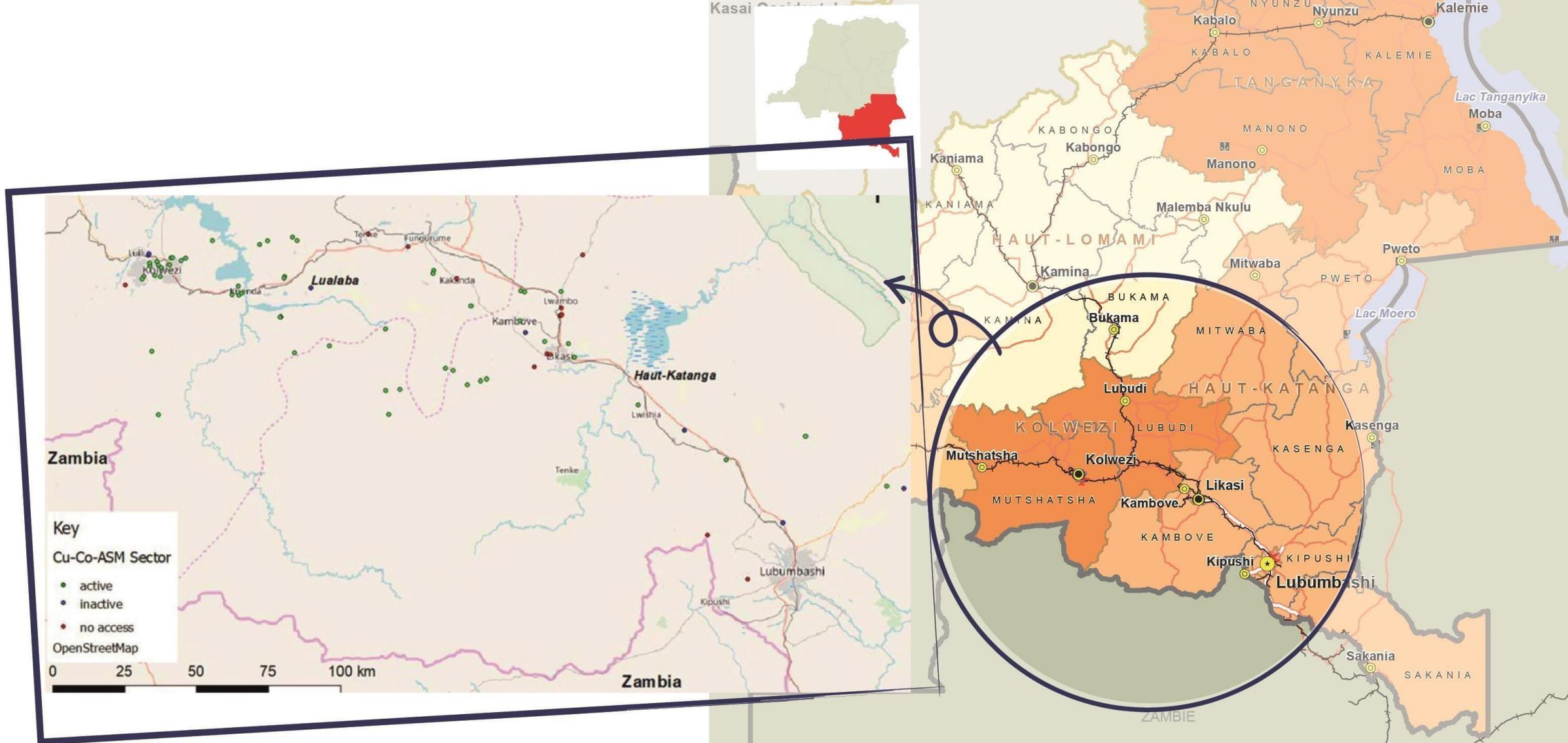
STRATEGIC MINERAL SUBSTANCES



- 3 mineral substances are considered strategic in the DRC: coltan, cobalt and germanium.
- With nearly 70% of the world's cobalt reserves, the DRC has positioned itself as a **solution country** for the energy transition.
- Numerous investment opportunities upstream and downstream of the battery supply value chain are possible.



PROVINCES OF LUALABA AND HAUT-KATANGA, STATUS AND LOCATION OF SITES





WHO ARE WE ?

Entreprise Generale du Cobalt SA « EGC » was created in **2019**

by a government decree.

Our role is to exercise the State's nationwide monopoly on the supply of cobalt and coltan from artisanal mining operations, and to ensure that these operations comply with the highest standards of social and environmental responsibility and traceability.





Our 4 Key Objectives



1  **Improve** working conditions for artisanal miners and **protect** vulnerable populations.

2  **Increase** revenues for diggers and cooperatives, as well as tax revenues from artisanal mining.

3  **Ensuring** the traceability of artisanal cobalt.

4  **Enhance** our country's international reputation and image.

WHO ARE WE ?



OUR VISION

Entreprise Générale du Cobalt, the government's economic arm in the development of artisanal strategic ores, aims to turn them into real wealth for the DRC.

Since 2017, the Democratic Republic of Congo has noted the human and social damage, economic and financial imbalances and reputational impact induced by the uncontrolled liberalization of the artisanal mining sector on its territory, following the high demand for cobalt ores on world markets.

That's why the State, through the exercise of its monopoly, has set Entreprise Générale du Cobalt the objective of cleaning up the economy of the artisanal cobalt market and turning it into a real source of wealth for the Congo.



This human and social damage has affected a large number of our fellow citizens, especially vulnerable people such as pregnant women and children, who have been forced to take part in this artisanal activity, often in unworthy working conditions and for indecent economic returns.

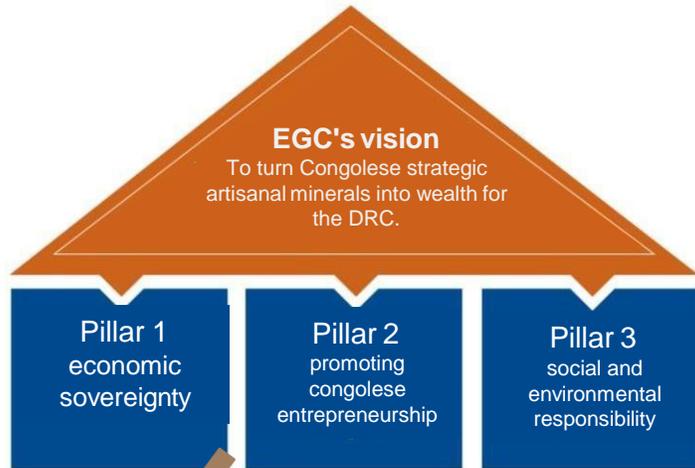
Substantial economic and financial losses for craftsmen and for the state, which is the victim of illegal production, export and trafficking of all kinds.

Reputation for the Republic as a whole, whose image has been severely damaged worldwide.



OUR MISSION

This vision is built around a mission embodied in three main pillars :



Value



PILLAR 1
The DRC's economic sovereignty over its strategic mineral resources

PILLAR 2
Promoting Congolese entrepreneurship

PILLAR 3
Social and environmental responsibility





OUR RESPONSIBLE SOURCING STANDARDS



EGC Responsible Sourcing Standard

March 2021

To ensure that every **STEP OF THE SUPPLY CHAIN** is carried out to the **HIGHEST STANDARDS** of social and environmental responsibility, we have developed **OUR RESPONSIBLE SUPPLY STANDARDS**.

Our standards are in line with **DRC LAWS AND REGULATIONS** and the **OECD GUIDE**.

Responsible sourcing standards will apply to diggers, cooperatives, EGC and buyers.

Checks for compliance with standards will be carried out on site by EGC, as well as by ARECOMS from a regulatory point of view.

These standards have been **PRESENTED TO AND ACCEPTED BY END BUYERS**. This guarantees **THE ACCEPTANCE OF CONGOLESE CRAFT COBALT BY THE INTERNATIONAL MARKET**.

We are convinced that our actions will have a lasting positive socio-economic impact on artisanal miners, their families and the surrounding communities.



CONTRIBUTION OF ENTREPRISE GÉNÉRALE DE COBALT



1 FOR THE DIGGERS

- Safety and security for diggers
- Improved working conditions
- Paying miners fair value for their production
- Community and social development (EGC social fund)

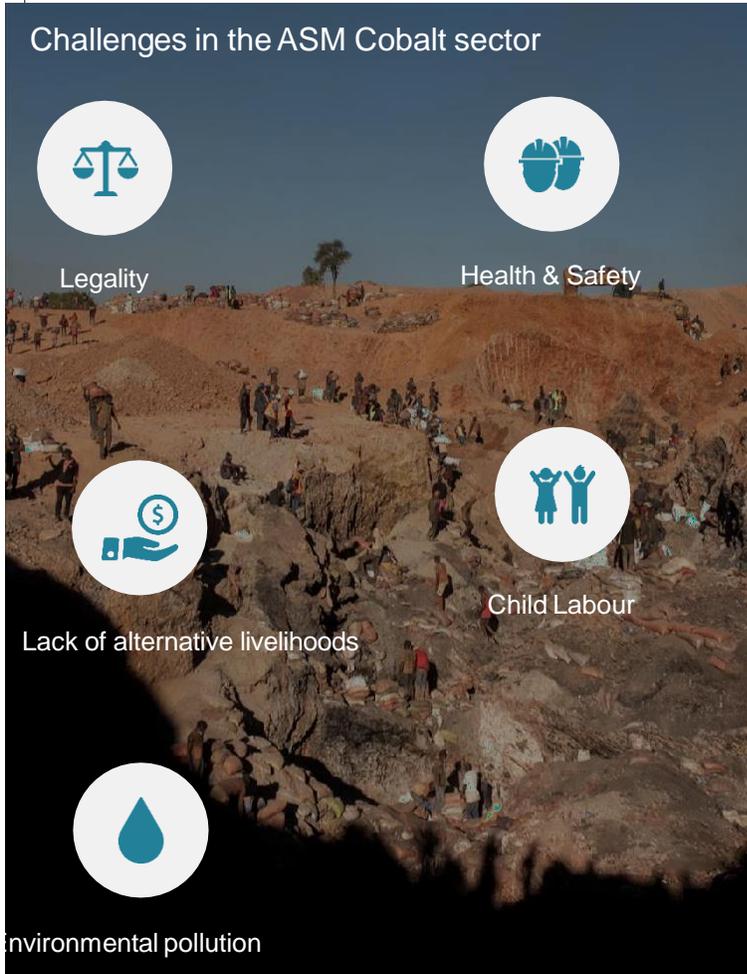
2 FOR COOPERATIVES

- Development of farm sites
- Financing of cooperative activities
- Payment of cooperatives according to their production (volume and grade)
- Certification of artisanal cobalt produced according to national and international standards (social, environmental)
- Marketing of ethical and responsible artisanal cobalt





Formalization improves the ASM sector by enhancing legal compliance, promoting responsible practices, and providing better livelihoods for miners.



ASM Formalization and Continuous Improvement

- Improves working conditions
- Combats child labor
- Promotes fairer trade
- Promotes better mining techniques, reducing pollution and unsafe working conditions
- Enables sustainable development of the surrounding communities
- Improves the control of public administration and the equitable distribution of sectoral revenues

Obstacles sofar

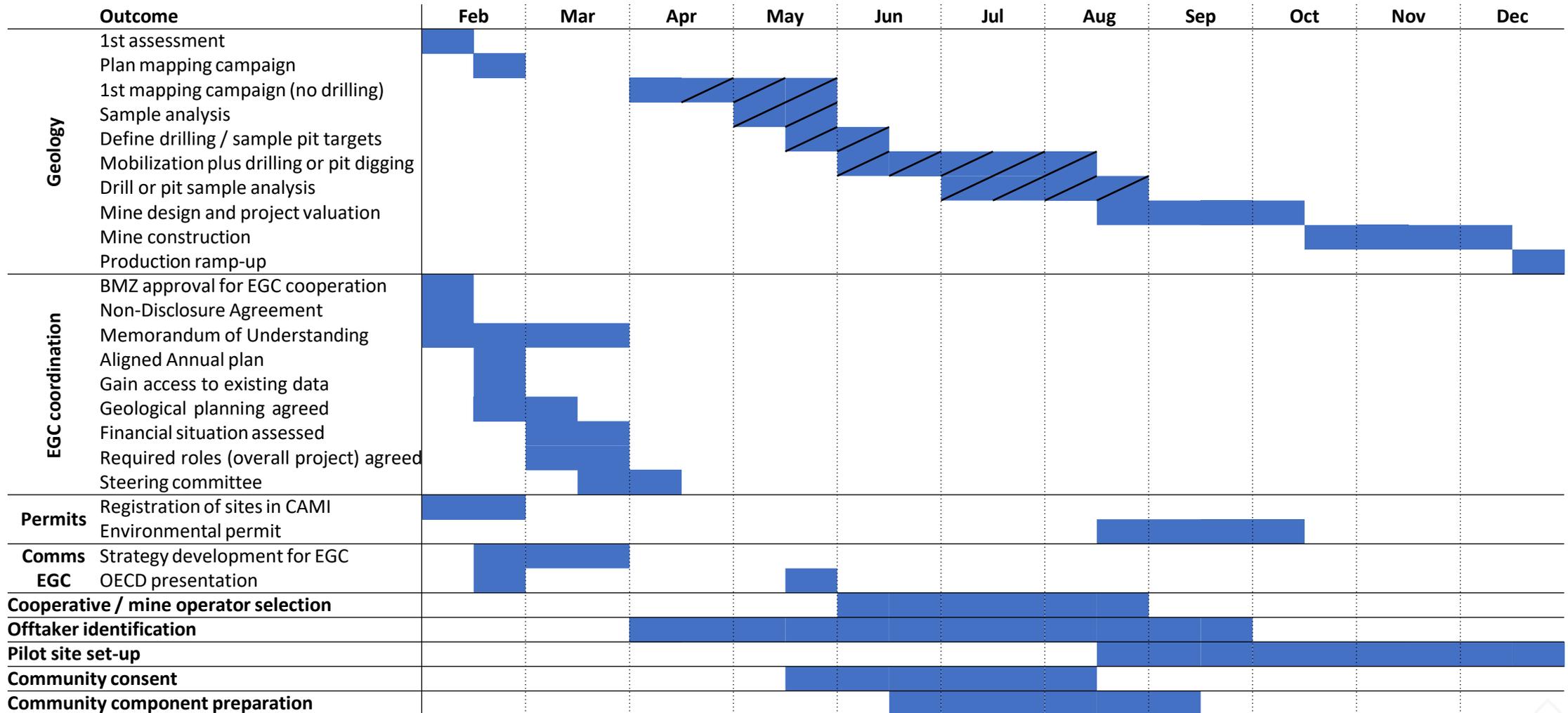
- Existing **ZEAs were undeveloped** and no public funds were available to develop these areas
- Most areas with **quality ore** are part of industrial mining concessions
- Previously **unclear legal requirements** put concession holders at risk of irrevocably losing control of the area awarded to the ASM cooperative

Recent developments

- **Operational model established** that overcomes legal pitfalls in order to ensure both normative and legal compliance, even on industrial concessions
- Gécamines and EGC signed an amodiation contract for **two pilot sites**. Five mining areas at two locations were leased to EGC for a period of 5 years.
- This agreement makes it possible to convert the respective sections of the concession into permits for small-scale mining, which paves the way for a **legal pilot mine**.

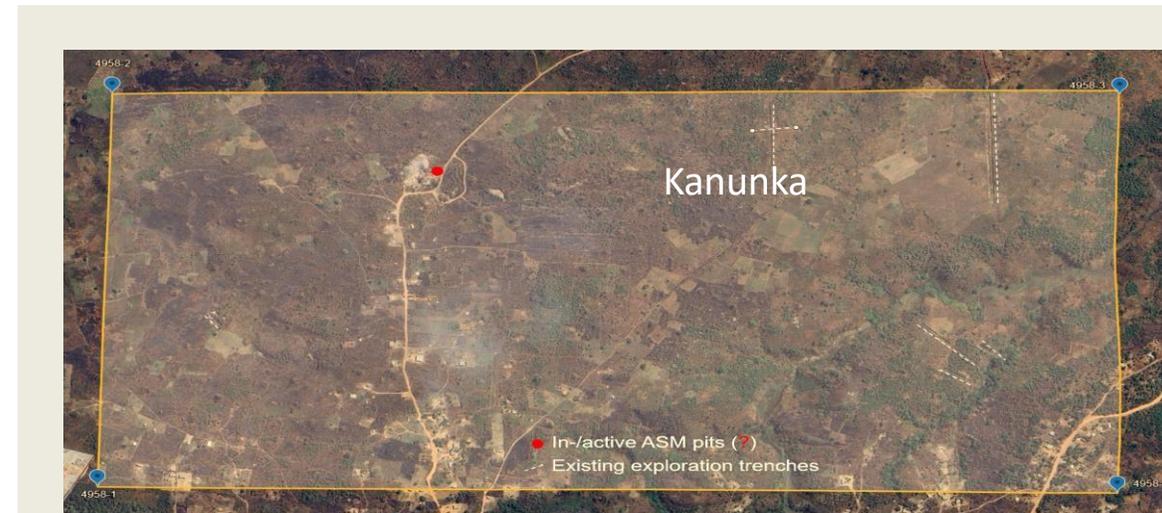
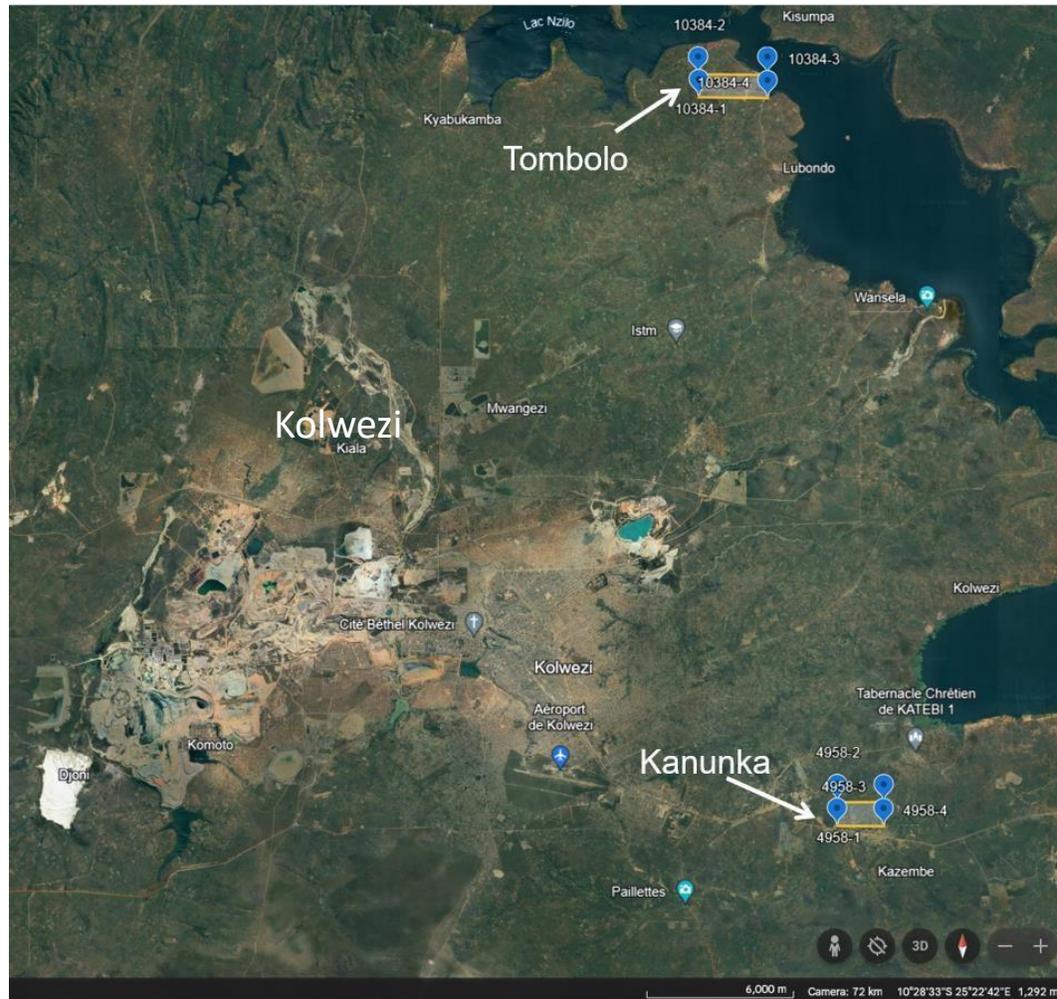


The target for the pilot site launch is end of the 2024.





Five mining blocks on two permits - PE4958 (Kanunka)/PE10384 (Tombolo) - have been amodiated to EGC by Gécamines in early February.





EXPLORATION CAMPAIGN – Progress to date

Progress to date

More than 400 rock and soil samples have been collected.

Preliminary environmental impact study

pH measurements in water bodies underway
The team is organizing stakeholder engagement with community leaders in Kanunka in anticipation of the starting of the mapping and sampling campaign on the PE4958.

Geology image



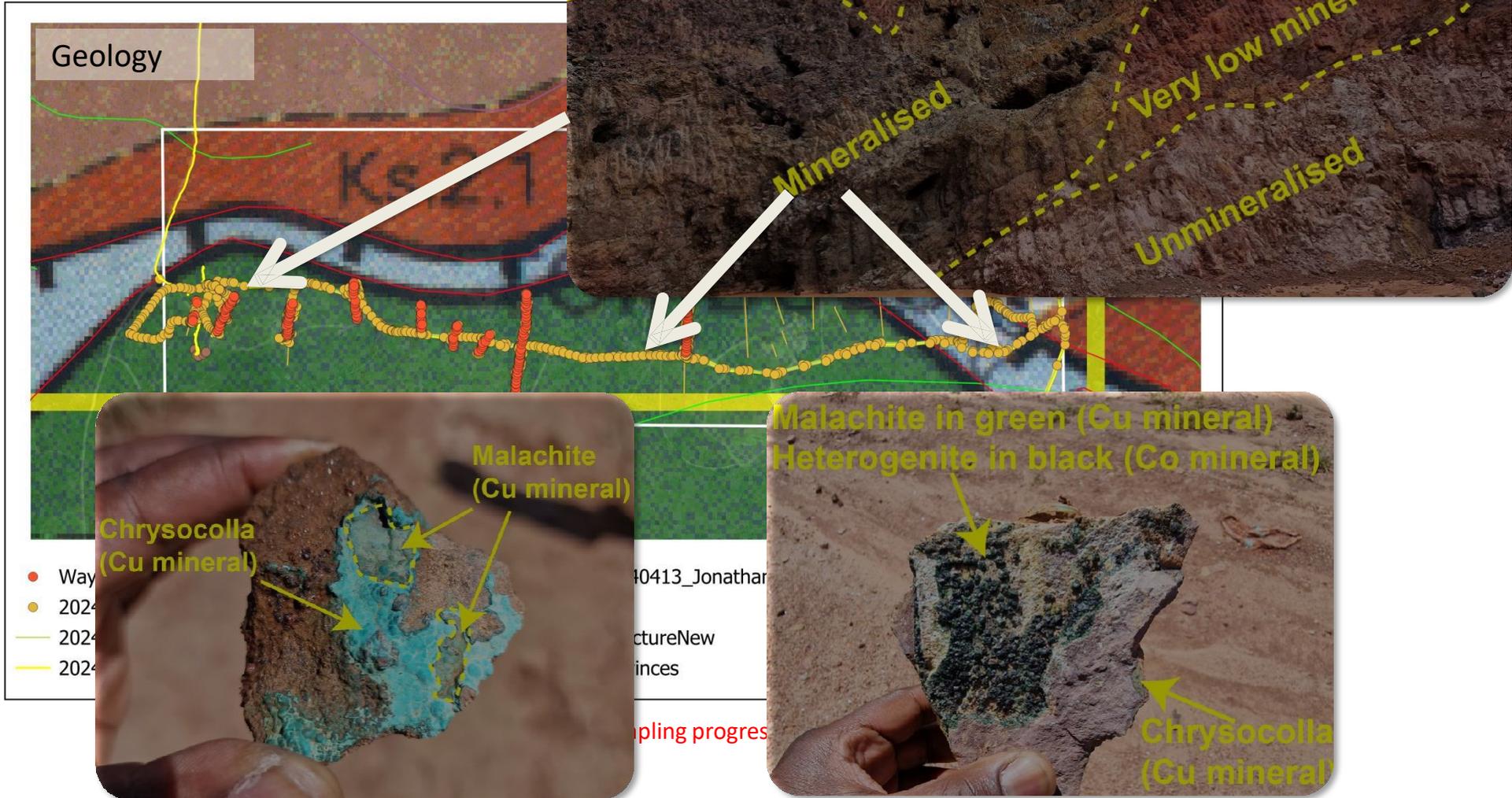
- Waypoints_Tombolo_20240411-20240422 — waypoints
- 20240422_JeffK — track_points
- 20240422_JeffK — tracks
- 20240413_JonathanH — tracks
- 20240413_JonathanH — waypoints
- C4D
- StructureNew
- provinces
- LithoStructuralStructure
- LithoStructuralIcons
- LithoStructuralIntrusives
- Existing_trenches

The red dots indicate the sampling progression in the trenches as of April 24th.



EXPLORATION CAMPAIGN – Progress to date

Evidence of mineralisation in the active ASM pits in Tombolo





EXPLORATION CAMPAIGN

- The samples batch for Tombolo is currently to ship to the laboratory for analyses early May.
- Mapping and sampling campaign in Kanunka is expected to start immediately after the campaign in Tombolo is completed.





EXPLORATION CAMPAIGN – Next steps

- Once all samples have been analyzed and result received, production of the geological map at large scale and overlain geochemistry.
- Tentative of defining the outline of the deposit from the outcropping geology.
- Refining and reducing grid for geological mapping and possibly more sampling in specific zone of interest.





EXPLORATION CAMPAIGN – Next steps, Drilling

- Drilling contractor should be identified as soon as possible, and draft agreement prepared for ~2000 meters in diamond drilling (total estimated).
- If lithostratigraphy and structure is no very complex, the drilling contractor should have provision for reverse circulation drilling which will be cheaper and therefore allow for drilling >2000 meters.
- Deadline to secure diamond drilling contractor will be 31st May 2024.
- Drill rig mobilization will be first week of June 2024.





EXPLORATION CAMPAIGN – Next steps, Drilling

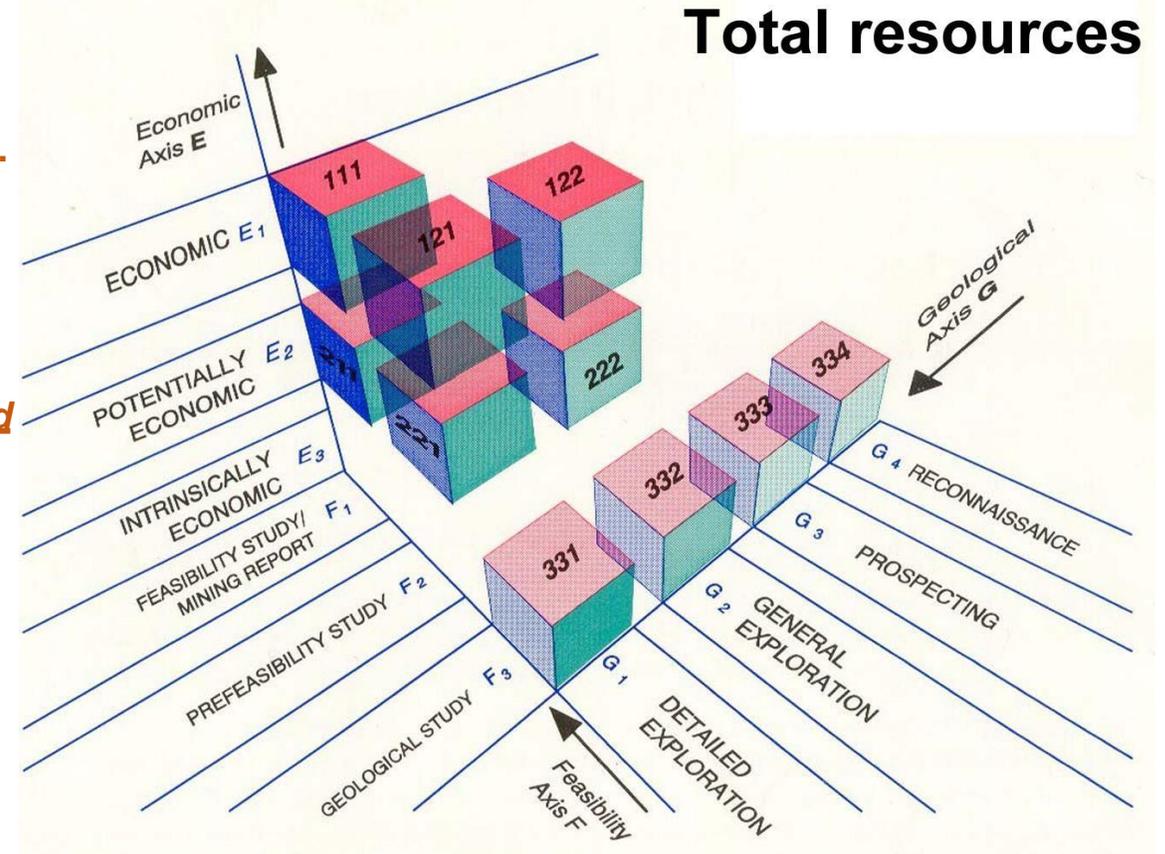
- First batch of drilling samples will be available for lab analyses by June 30th.
- Geotechnical studies on drill core to be conducted to test the rock for competency and compression.
- Geophysical survey, only if deemed necessary. Electromag. or one or two IP lines which can be followed up by drilling.
- Generate cross section with geology and geochemistry as well as geotechnical .
- Tentative for 3D modelling of deposit and first resource and reserve estimation.
- Decision for further work – which will include – Planning for mine development and design, possibly additional drilling.





ESTIMATION OF RESOURCES AND RESERVES

- We emphasize ethical and responsible production and aligning ourselves with international standards by including ESG criteria.
- The technical report of resources and reserves will be carried out following international standards, either JORC (Australian) or the Canadian national instrument (NI43-101). TBC at a later stage.
- In addition to this, we will classify resources and reserves by aligning ourselves with the UNFC* framework (acronym for the United Nations Classification of Resources and Reserves, which is an essential tool for evaluating the maturity and viability of resource projects in a standardized and strategic manner).
- This will be the first time in the world that such an exercise has been carried out on an artisanal mining project which aims to quickly move to small, semi-mechanized mines.



*United Nations Resource Framework Classification (UNFC) with the different UNFC categories for **environmental-socio-economic viability (E axis), technical feasibility (F axis) and degree of confidence in the estimate quantities of materials (G axis)**



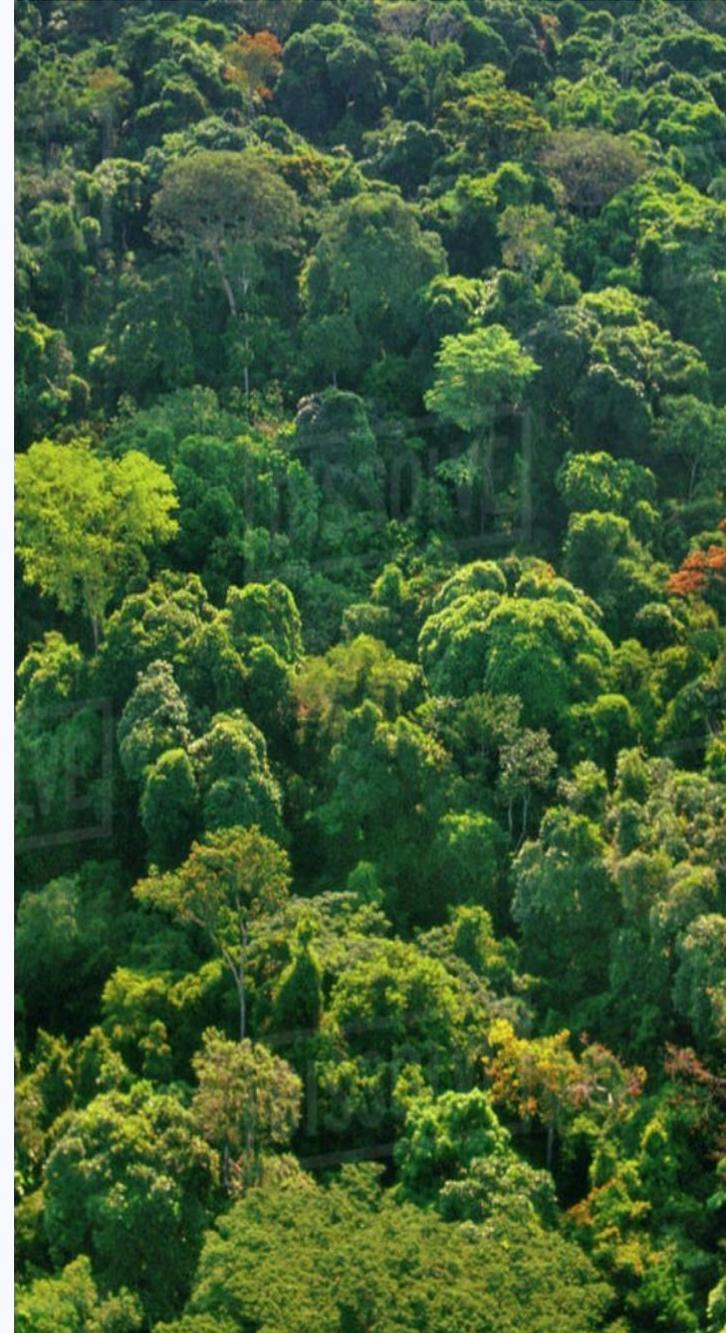
The Path Forward for the Democratic Republic of Congo - EGC

EGC faces significant challenges: *poverty, financial and technical resources, etc* in navigating the path ahead.

Strategic partners of EGC on developing pilot test:
Agencies of DRC Government (**Gécamines, CEEC, SAEMAPE, CPTCM**), German government (**GIZ / C4D**),
US Government USAID ATI Project with FCA, RMI.

Open project – discussion with industrial mines and end users

Implementation of **ARECOMS** – REGULATION BETTER CONTROL ON OUR PRODUCTION





Piloting a viable business case enables scaling – which is the key to the transformation of the ASM sector in the DRC.



Looking ahead we aim at

- Proving the business case of responsible ASM and developing a blueprint to operationalize new sites
- Gaining **additional partners such as OECD, European Union, downstream companies, traders, and mining companies**
- Achieving better market integration that provides sufficient economic incentives to offset the additional costs of responsible ASM mining
- Expanding to additional mine sites and communities and establishing a **solid ASM supply chain in the DRC**

Contact



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ENTREPRISE
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THANKS!

