

BURUNDI

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The Arusha peace process, a regional initiative aimed at ending the civil war which has been ravaging Burundi for the past nine years, has been completed by the signing of an agreement by 19 parties and the formation of a broad-based government of national unity. However, the end of the process did not mean the end of the conflict since the parties involved were forced to sign a peace agreement without a ceasefire, not even a temporary truce. It is in this context of neither war nor peace that the activities related to the country's mining industry particularly in the nickel, coltan, gold and industrial minerals resource sectors went ahead.

Nickel

Force majeure was maintained on the Musongati laterite nickel project. However a positive development is anticipated in the near future. Andover Resources NL, a wholly-owned subsidiary of Australia-based Argosy Minerals Inc. holds an exploration licence over the Musongati nickel deposit in accordance with a mining convention signed with the state of Burundi back in 1998. Under the terms of the convention, Andover Resources had to complete a US\$15 million feasibility study for the production of 45,000 t; 7,500 t and 2,500 t per annum of refined nickel, cobalt and copper respectively. Since April 2000, Andover has declared force majeure for security reasons. By April 2002, the project will have been on hold for two consecutive years, if nothing happens in the mean time. Things are likely to happen for a number of reasons, particularly the following:

First, the signing of the peace agreement and the formation of a broad-based government of national unity will presumably have a positive impact on the internal security situation or at least on how such a situation is perceived by the international community. Second, the newly appointed Minister of Mines, Mr Mathias

Hitimana, who has a business rather than a civil service background, will probably push harder than his predecessor for the resumption of the feasibility study. Last but not least, the provisions of the convention between the state of Burundi and Andover Resources NL allow the former to unilaterally terminate it if force majeure is maintained for three consecutive years. Andover does not wish that to happen. Consequently, it is anticipated that the company will lift the status of force majeure sometime during its third year which starts in May 2002. The fact the Andover management was prompt to congratulate the new minister and propose a meeting to brief him "on the best way to develop the Musongati project" strongly suggest that the feasibility study will resume soon.

Coltan Export Statistics (kg-concentrate)

Company	Exported quantities
1.COMEBU	45,211
2.EWRI	44,816
3.ALCOMETAL	19,038
4.JESHUA	5,050
5.AFRANET	3,999
6.HAMZA	3,150
7.SODITREX	2,014
TOTAL	123,278

Coltan

During the year 2000, the high price of tantalum oxide concentrates paid to artisanal miners had created an unprecedented rush into the business of mining and/or trading of columbo-tantalite (coltan) in the Great Lakes region as a whole, Burundi included. By year's end, no less than 24 companies had applied for, and been granted, mining and trading licences. At the beginning of 2001, the average price of tantalum oxide concentrates which had been consistently maintained

above the US\$100/kg mark fell sharply to around US\$20-30/kg. Most entrepreneurs pulled out of the business as a result. Only seven companies pursued their activities, with export figures tabulated above.

Gold

Artisanal mining and trading of gold has been known in Burundi for decades. However, the trading business has been interrupted for the past couple of years owing to the shutdown of Affmet, an off-shore company which had been intermittently operating since 1992. In spite of Affmet's closure, some gold panning activity has been going ahead, the small quantities of minerals thus produced finding their unlawful way into neighbouring countries or being sold to jewellers in Bujumbura, the capital city. Interbee, a newly set up company has been granted a gold trading licence and, for the first year of operation, achieved a substantial export figure of 415 Kg.

Gold deposits and exploration prospects in the northeastern province of Muyinga have been reserved for Burundi Mining Co., Buminco, a joint venture between the state and local private investors. It has held an exclusive exploration/mining permit over the entire province since 1989. Still in the development stage after 13 years of existence, Buminco has always experienced financial problems as exploration expenses have escalated over the years and the

company is yet to produce the first gold bar. A mineral processing pilot plant was installed, thanks to a loan secured from the PTA Bank, in an attempt to generate some financial resources. Unfortunately, the plant failed to work for technical reasons, which worsened the company's financial situation since it was anticipated that sales proceeds from the pilot plant output would be utilised to pay back the loan. The company's directors are now looking into the feasibility of exporting wolframite, which occurs on the Muyinga property, as a temporary alternative.

Industrial Minerals

The country's industrial minerals sector comprises the mining of peat, dolomitic limestone and kaolin. Peat is used to replace firewood in large communities mainly army barracks and jails. The annual production is 10,000 t of dry peat. Resources of dolomitic limestone are virtually unlimited. Lime is burned and used for construction or to improve acid soils. Kaolin was mined by Fadi and Extrafar, two pesticide manufacturers. The Office des Cultures Industrielles du Burundi, the parastatal in charge of the coffee-growing activity all over the country and the only major purchaser of pesticide shifted from locally manufactured powder pesticide to imported liquid pesticide thus driving both Fadi and Extrafar out of business. As a result, last year Burundi failed to mine a single tonne of kaolin for the first time in a decade.