

Avima Exposes Plans of Company Linked to President to Illegally Market and Sell the Avima License

BRAZZAVILLE, REPUBLIC OF THE CONGO, June 15, 2021 /EINPresswire.com/ -- MEDIA RELEASE

Avima Iron Ore Limited ("Avima"), whose Avima mining license was illegally expropriated by the Republic of the Congo ("Congo"), has been informed that the Avima license is now being marketed to investors by Sangha Mining, a company with no track record that has been reported to be associated with the President of Congo. The Avima license was transferred to Sangha Mining in 2020 after it was unlawfully expropriated from Avima.

Avima has also been informed that Sangha Mining is marketing the Avima asset along with other neighboring iron ore licenses which were transferred to Sangha Mining.

In late 2020, the Congolese Government canceled the Avima iron ore mining license without legal merit. On the same day, the Avima license, along with other iron ore licenses, were all transferred to Sangha Mining, a company which has been reported to be linked to the President's family, raising further concerns of irregularities and the legitimacy of the Government's actions.

Avima has commenced international arbitration proceedings against Congo for its losses following the expropriation of the Avima mining license. Avima is claiming US\$27 billion in damages arising from the expropriation of the Avima mining license or alternatively the return of its mining license so Avima can carry out the production programme as planned. Avima was scheduled to commence first production in January this year.

Avima has been informed that Sangha Mining has outlined plans to invest US\$10 billion to bring the illegally acquired Avima license to a 100 million tons per annum operation. Based on available information, Sangha Mining however does not seem to have a balance sheet of US\$10 billion, nor does its management team have the relevant background, expertise or track record in developing large scale mining projects or raising finance for a mega project like Avima.

Avima is currently reviewing various individuals implicated in the illegal attempts by Sangha Mining to appropriate the Avima project.

Socrates Vasiliades, on behalf of Avima, commented:

"Sangha Mining's attempts to market the Avima license demonstrate the management team's lack of understanding of the industry and the issues they, and companies like them, will face when trying to sell illegally acquired assets.

Both the Congolese Government and Sangha Mining have failed to recognize that iron ore is simply not a black-market commodity. At today's prices, a 150,000 MT shipment of iron ore will cost US\$37.5 million. Customers will not invest this level of capital without undertaking substantial due diligence – this would include due diligence on the political and economic stability of the host country, the background and ability of the owners and operators, and the acquisition process of the licenses.

These actions will be catastrophic for the country's future. Not only will this bring a halt to international investment and support from institutions like global development banks, but it will also leave a world class deposit like Avima stranded – without a market to legitimately sell into a large-scale, multi-billion dollar project will not proceed."

Socrates Vasiliades
Avima Iron Ore Limited
[email us here](#)

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