

Avima issues warning to investors considering partnering with Sangha Mining

BRAZZAVILLE, REPUBLIC OF THE CONGO, July 27, 2021 /EINPresswire.com/ -- It has been revealed in the press that Pierre Oba, the Minister of Mines of the Republic of Congo ("Congo"), has sent a comfort letter (the "Comfort Letter") to a company linked to the Congolese President's family, Sangha Mining ("Sangha"), regarding the alleged regularity of the transfer to Sangha of the mining licenses expropriated from international companies including Avima Fer ("Avima"). According to the press, Sangha intends to use the Comfort Letter to promote the Avima iron ore project to investors, including a Chinese consortium.

This comes as a backlash. Aside from showing that Sangha has not secured the necessary support from investors and is clearly worried about its ability to do so pursuant to a license that is tainted with illegality, this Comfort Letter is of no help to Sangha nor to any investors looking to participate in the project. A mere letter from the Congolese Government will not cure its illegal expropriation of several multi-billion-dollar mining assets.

Avima therefore trusts that investors looking to participate in a fundraising for the Avima project under the management of Sangha will not be fooled by the Comfort Letter.

Contrary to the Comfort Letter's unsubstantiated allegations, the Avima mining license was cancelled by the Congolese Government without reason and despite substantial international investment that had brought the Avima project close to first production. The Avima mining license was then illegally transferred to Sangha in direct breach of the Congolese Constitution, its mining code and international law.

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 in that respect or alternatively the return of the mining license. Avima has also issued warnings to Sangha, AustSino and several individuals involved in the illegal expropriation of the Avima mining licence.

Socrates Vasiliades, on behalf of Avima, commented:

"This is another step for Congo and its Government to try and force through an illegal deal. No letter of comfort issued by the Congolese Government to Sangha Mining will give industry investors the security they need to invest in a project tainted by illegality. The laws of Congo and

international law are clear on the issue.

These actions have now put the entire future of the country's iron ore industry at risk, and along with it, tens of thousands of jobs and billions of investment and development funding.

This is a clear signal that Congo's leadership has turned its back on international investors. It shows that Congo is no longer open for business and any investment in the country is at serious risk.

This is a major blow for Congo, its people and the region which will suffer knock-on effects as international investors opt for safer regions to invest."

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