

CENTRAL AFRICAN REPUBLIC

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The Central African Republic (CAR) has experienced more than its share of turmoil recently. Conflict with rebels has intensified and in March, 2003, rebels captured the capital, Bangui. Their leader, General Francois Bozize, declared himself the new president, dissolved the legislature, and suspended the constitution. In a radio address introducing him as 'head of state', General Bozize said he seized power due to the mismanagement of the country and its inability to carry out its domestic responsibilities. The rebel attack began while President Ange-Felix Patasse was visiting Niger for a meeting of African heads of state. He apparently flew to Cameroon after the meeting and remained there under tight security.

General Bozize has promised a speedy reconstruction and said he would replace the National Assembly with a transitional national council drawn from political parties, former heads of state, and others including human rights groups. He also promised to hold elections, although he did not indicate when, and said he planned to ask the World Bank and International Monetary Fund for 'post-conflict aid'. He has promised to reconcile divisions within the country, overhaul government bureaucracy and fight AIDS. A curfew was imposed on Bangui and the airport was also taken over by General Bozize.

Congolese insurgents who had helped Patasse repulse an October attack by General Bozize returned home. The CAR had been fighting Bozize supporters since October 2002 when they invaded the capital. French troops are long gone and Libya withdrew its troops in January 2003, while peacekeeping troops from CEMAC, the Economic and Monetary Community of Central African States, began street patrols in Bangui a few days earlier.

Despite these upheavals, the CAR is endowed with abundant natural resources and its once elegant capital even used to be considered a pleasant posting for the French. More recently, this landlocked country in the heart of the continent and famous for its diamonds has been fighting for its survival. Payroll problems have been crucial. The half dozen coup attempts in as many years were often due to unpaid military wages. Public service workers have not been paid for almost three years and teachers have extended their strike indefinitely for the same reason. The country is also facing a potentially disastrous agricultural season with a chronic lack of seeds. Because of insecurity in the northern part of the country the UN World Food Programme has been unable to reach almost 5,400 internally-displaced persons targeted for emergency relief and CAR refugees have fled to the Congo and southern Chad.

Not surprisingly then, the CAR is one of the world's least developed countries. With just over three million people, it has one of the lowest population densities in Africa and an over-sized bureaucracy as well as a limited

resource-based economy, with a declining annual per capita income of US\$260 (2002). The landlocked nation is overwhelmingly agrarian, with the vast bulk of the population engaged in subsistence farming and 55% of the country's GDP arising from agriculture. Principal crops include cotton, food crops (cassava, yams, bananas, maize), coffee, and tobacco. Reported sales of largely uncut diamonds make up nearly 60% of export earnings. Most mining in the CAR is limited to artisanal mining of diamonds and gold, mostly in the regions of Berbérati, Upper Kotto, and Sangha. About 80,000 autonomous artisanal miners form the base for the mining activity in the country. Mining companies, in order to optimise their investment, often let such miners exploit large pieces of land within their properties. The artisanal miners sell their production to about 160 certified collecting agents who, in turn, sell this production to two purchasing offices located in Bangui.

The mining sector in the CAR only contributes 4% to national GDP, although this figure is suspect, owing to the amount of smuggling taking place. For example, official statistics indicate that the CAR produced around 360,000 ct of diamond in 2001/2002, although Antwerp's diamond exchange alone records imports of approximately 900,000 ct from the landlocked country. Since the UN embargo on 'conflict diamonds', the number of diamond-buying bureaus in the capital Bangui has mushroomed and dealers, undeterred by local upheavals, say that business is booming. Under the current situation, the country's President issues licences to mine or trade in diamonds, but it is an inefficient system and the government would much prefer formal mines instead of the country's traditional unlicensed prospectors. Consequently, new labour and investment codes are being instigated, as well as new rules for awarding licences and the establishment of a certificate of origin system. This has failed to encourage investors wary of the political instability in the country.

Gold is the other commercial hope for the CAR. Artisanal activity is focussed on two outcropping greenstone belts, the Bandas and the Bogoin-Boali, which produces only about a tonne per year. On the exploration front, Canada's AXMIN Inc. (formerly Asquith Resources Inc.), a gold exploration company with properties across Africa including Burkina Faso, Mali, Ghana, Senegal and Tanzania, holds the largest land position on the Archaean greenstone belt in the CAR, probably an extension of the Kibalian belt in the Democratic Republic of Congo that hosts the Kilo-Moto gold deposits. AXMIN holds a 100% interest in the 2,000 km² Bambari permit. To date, with just 20% of the belt explored, the area has yielded four major gold prospects -- Louba, Passandro, Ndassima, and Ao.

Exploration at the Passandro Project Area has delineated seven substantial gold targets within a 5 km radius including the Main Zone and French Camp prospects where gold-bearing structures of economic significance have been identified by reverse circulation (RC) drilling. In the Main Zone, some 7,000 m of RC drilling has delineated 1.6 km of continuous mineralisation open at depth and along strike. There are multiple parallel gold zones over a 100-300 m wide corridor with widths of 2-15 m and an average composite grade of 2.9 g/t Au. At the French Camp, some 1,000 m of RC drilling encountered over 480 m of continuous mineralisation, open at depth and along strike, indicated

multiple gold-bearing zones, over widths up to 15 m with average composite grade of 3.2 g/t Au. In the Baceta prospect, 3.5 km northwest of French Camp, 28 rotary air blast (RAB) holes were drilled on three lines to test a 1.2 km soil anomaly. At the Ngodo prospect, 2 km northwest of French Camp, 29 RAB holes drilled on two lines to test a 1.2 km soil anomaly identified a 20-40 m wide gold halo. At the Ngetepe prospect, 1.2 km southeast of French Camp, 18 RAB holes drilled on two lines testing an 800 m soil anomaly identified a 20-40 m wide gold halo. The highly prospective ground and the prospect of a new Mining Code in the CAR could create a window of opportunity despite some of the regional unrest.

AXMIN's Topa iron ore discovery was made on the northern part of the Bambari property and might attract a bigger partner for other ventures. The Bambari permit was amended to include the exclusive rights to explore for both ferrous and base metals. Grab samples returned an average Fe content of 66.7% along with the values of up to 0.6% of phosphorus, potassium, silicon, aluminium and manganese.

Other mineral possibilities in the CAR include salt deposits, copper, tin, limestone and dolomite, manganese, uranium, kaolin (at Bimbo near Bangui, exploited to make bricks, and at Bombabia), kyanite, graphite, lignite, monazite, ilmenite and rutile, nickel and chrome anomalies, and the small-scale mining of quartz crystals.

Hydroelectric plants based in Boali provide much of the country's limited electrical supply. Fuel supplies must be barged in via the Ubangui River or trucked overland through Cameroon, resulting in frequent shortages of gasoline, diesel, and jet fuel. The CAR's transportation and communication network is limited. The country has only 650 km of paved road, limited international, and no domestic air service (except charters), and does not possess a railroad. Commercial traffic on the Ubangui River is impossible from December to May or June, and conflict in the region has sometimes prevented shipments from moving between Kinshasa and Bangui. The telephone system functions, albeit imperfectly. Four radio stations currently operate in the CAR, as well as one television station. Numerous newspapers and pamphlets are published on a regular basis, and one company has begun providing an Internet service.