

Speech by the Chairman of the Board of Directors at the Cobalt Congress

Guy-Robert Lukama Nkunzi, Gécamines's Chairman gave a keynote address at the Cobalt Congress in New York City.

On May 13, 2024, Gécamines Chairman Guy Robert Lukama gave a keynote address at the Cobalt Congress in New York City to discuss the Democratic Republic of Congo's essential role in the international cobalt supply chain.

In his remarks, Chairman Lukama emphasized that Gécamines is leading a proactive strategy to rethink the current, unbalanced cobalt supply chain and is seeking to enhance the DRC's presence across the supply chain to increase local capacity and promote economic development.

He highlighted Gecamines' recent signing of a strategic partnership with UMICORE as evidence of its commitment to "diversify refining sources by developing the value chain of all metals in the DRC."

An English translation of Chairman Lukama's address as prepared for delivery is included in full below:

Dear everyone,

It is a great pleasure for me today to speak in front of such an audience and hence formally sign the comeback of Gécamines to the Cobalt Institute as one of its pioneers, at a time the cobalt did not yet meet this qualification of "critical minerals."

I am happy to see that senior representatives from producing countries but also from consumers countries are joining this event. This demonstrates collective awareness and our responsibility to enhance a harmonious functioning of this market. Cobalt must be available to everyone and in such a way that its value and usefulness can be preserved over time.

I am honored to speak after Undersecretary of State José Fernandez, whose remarks demonstrate the importance of initiating a debate between all stakeholders for a more balanced market. I am also very happy to speak after the Representative of Indonesia, whose concerns, as we have heard, are quite common with ours.

My honor is great to see the options taken by my Government confirmed through the words of Her Excellency the Minister of Mines of Congo. There is undoubtedly a robust basis for implementing the reforms desired by all. And only the Cobalt Institute can offer us this independent and participatory meeting place.

I will not offend you by reminding you how much the Democratic Republic of Congo counts, or weighs, in the world production of cobalt: 139,840 tons of cobalt exported in 2023. What you may less be aware of is that Gécamines – through its partnerships – weighs more than half of this sum and tomorrow even more when its subsidiary, Entreprise Générale du Cobalt will have increased its activity on artisanal cobalt.

Unfortunately, despite this unique position in the world, in the Democratic Republic of Congo, and by construction in the Gécamines Group, we face a significant issue.

The Board of Directors that I lead and which was installed in March 2023 quickly found itself confronted with a worrying situation on the cobalt market, destructive in value and jobs, all the more ironic than the starting point of this production boom was mainly made up of the successive contributions of deposits to these partnerships.

The gap between what Gécamines and the State ultimately receive in terms of wealth creation, creation of long-term jobs, diversification of its economy, and what was expected in return for these massive transfers of deposits, combined with bold reforms of the regulatory framework, remains glaring.

Far from us the idea of questioning everything, but clearly the disorderly acceleration of the depletion of resources is of concern because it in no way

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corresponds to the fundamentals of global demand and the business plans backed by the feasibility studies submitted to the Congolese authorities.

Measures should therefore be taken in a coordinated manner between cobalt-producing countries so as not to deplete interest in cobalt. In the case of the DRC, urgency is required because the deep causes of the collapsing of prices, the unreasonable constitution of stocks of cobalt and the accentuation of investments in R&D to live without cobalt have their roots in the DRC.

Why in the DRC? Overexploitation compared to the feasibility studies submitted has contributed to accentuating the excess supply. Each day that passes, we empty our basement a little more of its non-renewable substance for an almost non-existent financial return. In doing so we ourselves are digging our grave, one of a missed opportunity, one of a unique opportunity offered to us as the world's leading cobalt-producing nation to contribute intelligently to the energy transition revolution.

The policy defined by the Board of Directors of Gécamines, and endorsed by its shareholder the State, therefore consists of promoting the mining production of Gécamines, its subsidiaries and its partnerships as best as possible and sustainably. The word “sustainably” is very important because we do not have a strategy based on the spot market price, nor than we have a strategy based on exported volumes.

We define objectives based on the fundamentals of global demand that Congolese production will encounter, taking into account changes in cobalt consumption behavior, participating in the value chain that our cobalt creates and favoring local processing or at least, in partnership with us.

It is therefore to get out of the current system, which is deeply unbalanced, that we have rethought our cobalt approach. The current system, which we are subjected to, even though the DRC remains for a short time in a situation of quasi-monopoly, is a system which is no longer based on the normal and healthy fundamentals of a metals market, we must together carry out healthy changes with the help of all players in the value chain.

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The facts are simple, they are the representation of excess supplies compared to expressed demand. Without doing much specific foresight and modeling, the arrival of Indonesian production and the gradual rise in the share of recycled cobalt in the industry consolidate volumes in the face of demand in the battery sector which has deeply evolved, with the emergence of the LFP battery, the permanent reduction in the weight of cobalt in the battery but also, and this is new, the slowdown in demand for electric vehicles with the attenuation of the tax incentives which accompanied the acquisition of these vehicles.

We therefore have stocks that will accumulate even though this in no way corresponds to a desirable balance for everyone, both buyers and producers. If the fall in prices persists, Congolese mining operations, several of which are our JVs, will encounter profitability problems, which the rise in the price of copper will not necessarily compensate for.

Then, everything suggests that the refiners are now the ones who set the fundamentals. With the exception of certain operators with strong capital links with battery producers, the volume distortion between expressed demand and volumes amounts to gradually building up stocks outside the production jurisdiction. This could be similar to transfer price to the detriment of mining operations.

This concentration of power at the level of intermediary operators is not acceptable and becomes the possible speculative basis that we must all avoid together. Seeing the SMM index replacing the LBMA without the fundamentals justifying it, was a clear signal for us. The drop in cobalt prices is a result of the creation of stocks. For those who are almost vertically integrated, it is an inexpensive input, for others, it is the impossibility of developing any activity without being dependent on refineries.

This is an opportunity for us to highlight the recent announcements made by His Excellency the President of the Republic, Félix-Antoine Tshisekedi Tshilombo on the need to better control the marketing of cobalt in the DRC, because beyond the price, we are witnessing to an acceleration in the consumption of resources, unrelated to feasibility studies and the needs of

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global demand for the ecological transition. This harmful situation must be brought to an end. The DRC is not intended to be a free trade zone for global economic industry, but rather to become a space of equity with regard to its fair contribution made in this period of global energy transition.

From the above and to conclude, Gécamines expresses the hope that the Government will be able to launch a transparent and objective public policy for the proactive regulation of export flows in line with the needs of the expressed demand and in full synergy with countries which will now are important market player as Indonesia.

This is the purpose of the orientation given by the President of the Republic His Excellency Félix-Antoine Tshisekedi Tshilombo, during the Council of Ministers of February 9, 2024, to take the necessary measures to rationalize exports and preserve the value of cobalt on the markets. It seems clear to me that without a concerted and ambitious policy, the situation will not change to the detriment of most stakeholders and for the sole benefit of some.

I will not dwell on this subject which primarily concerns the State, but in which our company and its partner companies are interested in order to preserve or increase their turnover and therefore their profits.

At the same time, Gécamines has been promoting for more than a year now a proactive marketing strategy for Congolese production from its factories, its subsidiaries and its partnerships in order to achieve the best selling prices for its products, to ensure the availability of Congolese cobalt for all horizons and thus put an end to this implicit fatwa on its cobalt, considered Chinese or probably extracted with the help of children or any fragile person.

We refuse this unfair and penalizing storytelling and wish to offer everyone another experience for Congo cobalt. This policy has two main objectives. On the one hand, introduce more competition into the current market which is characterized by the consanguinity of the producer and the buyer, the two often being subsidiaries of the same group. On the other hand, to allow the DRC to choose its customers and therefore to use its position on the markets as an instrument of sovereignty.

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This approach will be disseminated across most of our JVs because it provides transparency in setting sales prices, avoids transfer price, accelerates the repayment of JV debts and makes it possible to discount a dividend payable to all shareholders.

Another area that is important to us is to quickly and fully operationalize EGC, our artisanal production trading subsidiary. Here too, we aim for transparency and the right price but Eric Kalala, EGC CEO, will be able to talk about it during the sessions in which he participates.

Our last axis is that of local transformation. We are of the opinion that cobalt should leave the Congo in a form directly compatible with the needs of the market, sulfate or metal and not necessarily that of refineries, hydroxide. You may have heard about it, Gécamines has just signed a partnership with UMICORE with a strong technological focus in the field of Germanium. What we did for germanium, we are ready to do for cobalt, that is to say, to diversify refining sources by developing the value chain of all metals in the DRC. There is no objective reason that 100% of the cobalt hydroxide produced in the DRC should go abroad to be refined.

As for Germanium, we are therefore keen to increase the added value of our national production, by promoting local processing which should also have a natural outlet since the agreement between the DRC and Zambia for the production of batteries in Africa, in partnership with the USA.

All these actions are short, medium and long term objectives, some dependent on third parties, the regulatory State and also consumer behavior. We are now agile, alert to the needs of the market that we refuse to submit to.

Ladies and gentlemen, As you see, we have clear ideas about what we want to achieve for our country and our company. Cobalt is a cause that deserves global attention. We have no enemies, only partners, from whom we ask to kindly respect our interests.

As the President of the Republic says, the DRC is a solution country in the great challenges that the world faces. Ecological challenge with our forests, food

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challenge with our arable land and the majestic Congo River, energy challenge with lithium, copper and cobalt in particular.

But if the DRC has a lot to contribute to the world, it is also essential that the world also contributes to it.

Thank you,

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