

Gaming the System

How a Canadian Mining Giant Undermined
the Law in the DRC

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THE SENTRY

SUMMARY

The multibillion-dollar Canadian mining company Ivanhoe Mines Ltd. says it's poised to become the world's second-largest copper producer after 2024, thanks to its flagship mine in the Democratic Republic of Congo (DRC). However, along the 25-year road to success, there have been worrying signs of corruption. In recent years, a top Ivanhoe executive arranged to share a potentially lucrative cut of local subsidiaries with Théophas Mahuku, the architect of the business holdings of Zoé Kabila, brother to former President Joseph Kabila—doing so just as the Congolese government took apparently illegal actions that preserved the heart of one of Ivanhoe's "key assets."

This has allowed the publicly traded company to hold on to exploration licenses that, by law, it should have surrendered years ago, having apparently only recognized their value right before they were due to expire. Ivanhoe has since heavily promoted these assets on international stock markets, reportedly entertaining at least one major partnership concerning them, which suggests that the company sought to raise capital by flouting Congolese law. These findings and the concerns they raise are not wholly new. Canadian police searched Ivanhoe's Vancouver, British Columbia, offices last year, and court documents indicate that police are scrutinizing the possibility of bribery in the company's relationship with the DRC's national power authority.

In the post-Kabila era, Ivanhoe has apparently continued aligning itself with powerful insiders. In hidden camera videos obtained by the news media, a former top advisor to President Félix Tshisekedi recently boasted of his personal business with Ivanhoe and offered to help unidentified individuals route secret political contributions, among other things. Ivanhoe told reporters that it operated according to stringent anticorruption policies while the advisor, Vidiye Tshimanga, has denied any wrongdoing. Ivanhoe declined to answer most of The Sentry's detailed questions but said any inference of corruption or malfeasance was "simply incorrect."

SUMMARY OF RECOMMENDATIONS

- **The Canadian and United States governments** should review the findings presented in this report and open investigations into any potential securities or criminal law violations.
- **Financial institutions** should review transactions executed on behalf of Ivanhoe and other companies mentioned in this report to identify any behavior that could form the basis of a suspicious transaction report to local financial intelligence units (FIUs).
- **Ivanhoe Mines Ltd.** should commission an independent and thorough internal investigation and take all necessary measures to come into legal compliance, including sanctioning any executive or staff member found to be in breach of legal or ethical obligations.
- **The Congolese government** should investigate the findings presented in this report and, if appropriate, initiate proceedings.

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