

COVER STORY

Friedland's Revenge

The mining mogul's decision to partner with some of China's biggest players represents a conundrum for the West.

BY ISABELLA BORSHOFF — APRIL 10, 2022



Illustration by Luis Grañena

A little over a year ago, Robert M. Friedland, the eccentric founder of Ivanhoe Mines, sat down in his Singapore home to [record](#) the keynote address for the Association for Mineral Exploration's annual roundup, a fixture of the Canadian mining industry calendar. With his top button undone and his sleeves rolled up, the billionaire serial entrepreneur was in a decidedly good mood.

"You're going to be able to make more money in the next few years than you were able to do in the past," he told his virtual audience of industry peers.

As Friedland meandered through various topics — including how mining isn't just an "enterprise for old white guys from Canada" anymore and his determination that finding metal deep underground is "better than sex" — he kept circling back to the promise that very good things were in store for the mining industry. The renewable energy transition won't be achieved, he said, without the critical metals needed "to electrify the world economy," representing a kind of "revenge of the miners" — a vindication that, after decades of investor preoccupation with technology stocks, the world needs people like him to dig stuff out of the ground.

Friedland, who was college friends with Apple founder Steve Jobs, seemed ready to gloat. While critical metals like lithium, cobalt, and rare earths have hogged the spotlight on the clean energy stage, Friedland reminded his audience that much more was at stake than simply the inputs to an individual EV battery. With changes to how electrical energy is generated, distributed and stored, "The whole system has to be rebuilt top to bottom," he said.

Central to that rebuild — and the metal that Friedland stands to gain handsomely from — is copper. Since at least [2008](#), when Ivanhoe Mines discovered a huge copper reserve in the Democratic Republic of Congo (DRC), Friedland has intensified his promotion of what he

calls “the [green](#) metal” and its unique role in the energy transition.

Copper, after all, is a key input into wind turbines, solar panels, and EVs, and is a foundational component of the electricity transmission lines needed to connect these new technologies to the grid. A standard EV, for example, uses roughly four times as much copper as conventional gasoline vehicles, according to [Goldman Sachs](#) [📄](#). And the Biden administration’s goal of installing 30 gigawatts of offshore wind capacity by 2030 would alone require about 240 million tonnes of copper.¹

With the electric revolution seemingly around the corner, markets have finally caught up to Friedland. In May 2021, just four months after Friedland’s talk, copper prices [hit](#) an all-time high. Although they have cooled slightly since then, analysts expect consistently high prices in the coming years as companies scramble to keep up in the clean technology manufacturing race.

“It’s quite clear that in value terms, copper is going to be the most valuable thing. More valuable than cobalt and lithium,” says [Nikos Tsafos](#), an energy geopolitics expert at the Center for International and Strategic Studies in Washington.

Friedland seems to have timed things perfectly. Ivanhoe’s copper mine, Kamo-a-Kakula, is expected to be the [second](#) largest copper mine in the world, and began commercial production last summer. Already, in just nine months of production, it is [exceeding](#) expectations, pumping out 11 percent more copper than anticipated last year.

Extending Friedland’s victory lap is the [prediction](#) [📄](#) from the International Energy Agency that copper supply, including existing mines and those under construction, will only meet around 80 percent of the world’s needs by 2030.

“In the short term, we’ve had a big rise in the price of copper,” Friedland reportedly [told](#) the World Copper Conference in March. “But for the medium term, copper has really become a national security issue. It’s central for what we want to do with our economy.”

Friedland, who declined to be interviewed for this article, is a dual Canadian and American citizen. But it’s not always clear whose national security he is talking about.

Kamo-a-Kakula is a joint venture with Zijin Mining, one of China’s [largest mining companies](#), and it is backed by CITIC, China’s powerful state-owned conglomerate.² In fact, CITIC Metal is the largest individual shareholder in Ivanhoe Mines and has invested more than \$1 billion in the company, which also has a copper-zinc mine in the DRC as well as a major platinum-group metals project in South Africa. CITIC Metal’s president, Sun “Miles” Yufeng, [serves](#) as co-chairman of Ivanhoe Mines, alongside Friedland.



Ivanhoe’s Kamo-a-Kakula mine in the Democratic Republic of Congo. Credit: [Ivanhoe Mines](#)

Kamoa-Kakula's impressive initial output is going in equal parts to CITIC and Zijin, making China, which consumes close to [half](#) the world's copper, the key beneficiary of Friedland's Kamoa-Kakula discovery. According to Daniel Kunz, a mining executive who worked with Friedland in China, the relationships Friedland has built with influential Chinese businesspeople are "an overnight success that took [Friedland] 30 years to cultivate."

Indeed, the 71-year-old Friedland has done business deals with Chinese companies and the Chinese government since the 1980s, including some blockbusters, such as investing in the start-up precursor to Sina.com. In addition to a long-standing partnership with CITIC, he has collaborated with SASAC, which oversees China's state-owned enterprises, to [pursue](#) opportunities in China's green economy, and the government of Hubei Province to [deploy battery storage](#) via another company he chairs, [VRB Energy](#).³

A member of both the American and Canadian mining halls of fame, Friedland is one of the world's most important mining personalities — and he is capitalizing on China's renewable energy efforts.

"He's definitely — I hesitate to say unique — but almost unique in his capacity to make these world-scale [mining] projects come into being," says [David Paterson](#), an independent mining consultant at Emergent Advisory. "There's definitely an attitude of boldness."

While many analysts say copper's importance to national security is hyperbole — Friedland has a salesman's reputation, after all — his partnership with state-backed Chinese companies in the DRC does represent a broader conundrum for the West: copper is both increasingly important and increasingly difficult to mine.

Extracting copper from the ground is an emissions- and water-intensive process; in an investment climate where Environmental, Social and Governance (ESG) concerns are front of mind, companies are having to think harder about how to mine sustainably. On top of that, deposits in Chile and Peru, which together produce 40 percent of the world's copper, are declining in quality and coping with [increasing labor unrest](#). New, high-quality deposits are more likely to be found in less explored territory, like the DRC.

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— *Nikos Tsafos, an energy geopolitics expert at the Center for International and Strategic Studies*

But those places are less explored for a reason — namely, political risk. China, as Friedland knows, is willing to operate in such countries, while large western companies, in general, are not. In other words, as Kamoa copper pours into China's electrical grids and EVs, the U.S. and its allies have to figure out how to mine in more challenging conditions if they want to keep up.

THE GOLD GURU

Robert Martin Friedland might have just as easily ended up a spiritual leader rather than a mineral explorer and investor [worth](#) \$2.4 billion.⁴ Born in Chicago, the son of Holocaust survivors, he spent much of his youth immersed in the counterculture movement. In 1970, for instance, while studying at Bowdoin College, Friedland was arrested for dealing LSD in what [the Justice Department](#) called the largest drug bust in New England at the time (it was later set aside and expunged from his record).⁵

After a stint in federal prison, Friedland enrolled at Reed College, Oregon, in 1972, where

he ultimately graduated with a degree in political science. Although a latecomer to Reed, Friedland's magnetism quickly won him campus popularity and catapulted him to the class presidency.

"He was high energy, very engaging, extremely confident, and he was outspoken," recalls Elizabeth Holmes, a college friend who is now an accountant in the San Francisco Bay Area. Friedland traveled through India to study under famous gurus and used to dance, according to Holmes, "ecstatically" at a Krishna house in Portland.

Through a mutual interest in Eastern religions, Friedland befriended and went on to mentor Steve Jobs, the late founder of Apple, at Reed College, before Jobs dropped out. According to Jobs's roommate at the time, [Daniel Kottke](#), Friedland was "full of big talk, big ideas, big ambitions."

"He was very visible on campus... he was a recognizable figure because he had a big smile and long hair," remembers Kottke, who thinks Jobs "learned his charisma" from Friedland.

Friedland certainly had an impact on the young Jobs, who described Friedland to his biographer, Walter Isaacson, as having "turned me on to a different level of consciousness." During their friendship, Friedland ran an Oregon apple orchard owned by his wealthy Swiss uncle, and converted it into a functioning commune. Many friends worked there, including Jobs, and according to multiple sources, the experience later inspired him to name his company "Apple."



Portrait of Friedland, then the head of Galactic Resources Ltd., in 1984. Credit: Rick Eglinton/Toronto Star via [Getty Images](#)

But Friedland's experiment in communal living belied his entrepreneurial nature. Around this time, he acquired an investment property in Oregon that boasted an abandoned gold mine on site. The mine only had "fools gold," or pyrite, but it was enough to pique Friedland's interest. In 1979, he traded farming for mineral exploration and launched a gold mining company, Galactic Resources.

Ever the smooth talker, Friedland had no problem raising money for Galactic. Galactic and two affiliates had raised almost CAD\$300 million by 1988, according to an article in *The Globe and Mail's* monthly business magazine that year, and Friedland even persuaded Quebec's risk-averse pension fund to take a 10 percent stake in the company. As one investor quoted in the article said, "He stares you right in the eye and it's hard to believe that things won't work."

But when it came time to actually mine, the former hippie ran into some hurdles. Galactic's flagship project — the Summitville gold mine in Colorado — ended in controversy when toxic substances were found to be leaking into the Alamosa River. Friedland has vigorously [denied responsibility](#), and his eventual settlement with the U.S. and Colorado governments agreed "no one person or entity is solely responsible for the environmental problems or subsequent cleanup," noting the area had been a mine-site for over a hundred years.

But the incident still resulted in a new [nickname](#): Toxic Bob.⁶

Friedland — who'd given [up](#) all his corporate titles at Galactic Resources by 1990 — had other irons in the fire. In 1987, he founded [Ivanhoe Capital Corporation](#), the private company he still chairs today, which focused on investing in minerals, natural resources and telecommunications. He also made his first major industry break, discovering gold at the

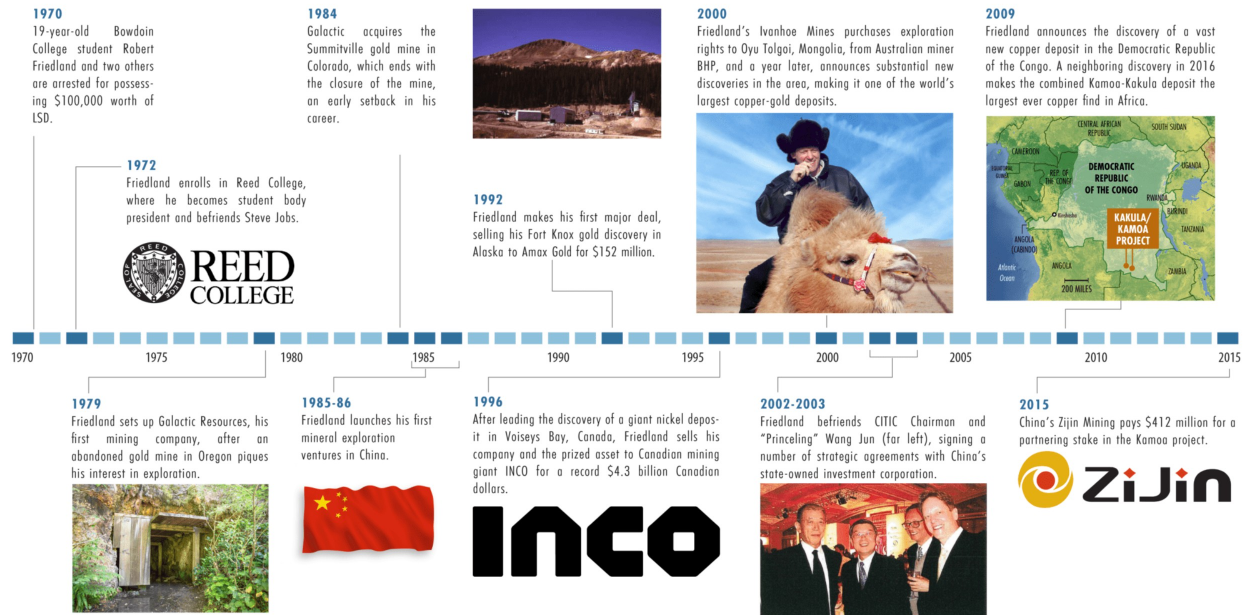
Fort Knox mine in Fairbanks, Alaska, in the late 1980s, and [selling](#) the asset to Amax Gold for \$152 million in 1992.

Whatever reputational rehabilitation the Fort Knox discovery secured for Friedland, it was short-lived. A gold-mining venture in Venezuela — which Friedland had promoted tirelessly — turned up little of the precious metal; its share price crashed in 1994.

As one fund manager told *The Wall Street Journal* in 1995, when it came to most of Friedland's ventures, "we really haven't seen the goods delivered."

Robert Friedland's History

The eccentric billionaire mining tycoon Robert M. Friedland – who was a classmate and mentor to Steve Jobs, at Reed College – has for the past five decades explored the world seeking gold, copper, oil and other natural resources. He has also built a long-standing partnership with Chinese state-owned firms like Citic.



Design by Hiram Henriquez

For Friedland, however, there was no limit to second chances. While hunting for diamonds in remote Canada, prospectors working for one of Friedland's other companies, Diamond Fields Resources, stumbled on what they thought was a major metal deposit at Voisey's Bay, northeast of Montreal. Inhospitable conditions and the sheer scale of drilling required to confirm the find made pursuing the venture expensive, but according to a [book](#) detailing the discovery, Friedland pushed back against his partner and other senior management to keep drilling no matter the cost.

The gambit paid off: Voisey's Bay was billed as the biggest nickel find in decades, with sizable copper and cobalt reserves too. Friedland [promoted](#) Diamond Field's stock on the back of the discovery, and was chief architect of the ensuing bidding war over the company. In 1996, Canadian nickel mining company INCO paid \$4.3 billion Canadian dollars for Diamond Fields and its Voisey's Bay find — the largest takeover price [ever](#) paid for a mining asset.

Indeed, Friedland's willingness to drill anywhere, no matter how costly, politically complex or controversial, has shown results in places like Myanmar, Mongolia and the DRC. While most mining entrepreneurs dream of making a single "tier one" discovery (a large-scale, industry-defining mineral deposit) in the course of a career, Friedland has made [at least five](#).

And from those discoveries, Friedland also earned the nickname, the “Man with the Midas Touch.” According to [Rick Rule](#), who has known Friedland since the 1980s and is a major investor in Ivanhoe Mines, Friedland’s particular skill is selecting and motivating the technical experts he uses. “His ability to hire geologists, work them to death, and have them like the process, develop incredible loyalty to him and generate tremendous results from them, is, in my opinion, without rival,” Rule says.

Others who know Friedland describe his talent for story-telling and his propensity to weave weighty, almost planetary themes into the promotion of particular mining projects. By shining an existential light on a specific mineral deposit, he seems to rally investors, geologists and partners in much the same way he revved up his college friends about Eastern spirituality.

The effect, however, were sometimes temporary. As Jobs reflected to Isaacson: “Robert always portrayed himself as a spiritual person, but he crossed the line from being charismatic to being a con man. It was a strange thing to have one of the spiritual people in your young life turn out to be, symbolically and in reality, a gold miner.”

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— *Apple co-founder Steve Jobs, according to Walter Isaacson*

When Paterson, the independent consultant, first met Friedland at a conference in Sydney in the early 2000s, he says many investors were initially skeptical of the flamboyant billionaire.

“There was quite a lot of negative commentary about, you know, snake oil salesmen and this sort of thing,” says Paterson. “And then he got up and gave this talk... He is absolutely riveting in the way that he tells a story and how he engages the audience.” By the end of Friedland’s speech, Paterson says, “people who had an hour earlier been telling me how they thought this guy was a charlatan were up there swapping business cards.”

Friedland’s fascination with global trends — not to mention his capacity for reinvention — led him to decamp to Singapore, where he has lived since the mid-1990s. Friedland told *The Globe and Mail* in 1995 he’d chosen Singapore because “Asia will dominate the next century.” With his reputation still fragile in the North American mining community, however, he also cited his desire for a culture where successful entrepreneurs “don’t suffer attacks in the popular press” in an interview the same year with the *Vancouver Sun*.

By 2002, he told the *National Post*, a Canadian newspaper, that he’d “done business in 45 countries in the past five years. But in business life the only place that makes sense now is China.”

FRIENDS IN HIGH PLACES

It’s not entirely clear how, exactly, Friedland first began investing in China, but as according to an Ivanhoe spokesperson, his “many introductions into China, which include hundreds of people, began in the 1980s.” As early as 1985, according to a *Wall Street Journal* article, he had partnered — through Galactic Resources — with China’s Xinjiang Non-Ferrous Metals Corporation to explore for gold. Then, at some point in the early to mid 1990s, according to a Time magazine [article](#), Friedman hired Feng Tao, a young, Canada-educated Chinese entrepreneur who helped him purchase gold and diamond mining interests in China.⁷ The deal reportedly made Feng a millionaire, and Feng went on to

become one of China's most successful venture capitalists, founding New Margin Ventures in 1999.

Feng's younger brother, Feng Bo, who later became a pioneering Chinese venture capitalist himself, also ended up in a deal with Friedland. Feng Bo and the San Francisco-based investment firm Robertson Stephens were, along with Friedman, founding investors in the software company Beijing Stone Rich Sight Information Technology. In 1999, Beijing Stone Rich Sight merged with U.S.-based Sinanet to become Sina.com, one of China's premier internet startups and the birthplace of the popular blogging platform Weibo.⁸

Not all of Friedland's early Chinese "finders" ended up working out so well, however. Around 1994, according to a 1996 *Vancouver Sun* article, he started working with Bill Zheng, a Taiwanese fugitive who was wanted on charges ranging from fraud to kidnapping.⁹ Zheng reportedly helped broker a deal for Friedland and Canadian company Royal Plastics Group to sell DIY plastic houses to China's growing class of aspiring homeowners. The joint venture gave a 10 percent stake to the China Disabled Persons Federation, which at the time was run by Deng Pufang, the son of China's paramount leader, Deng Xiaoping. The connection to the Deng-led Federation was supposed to facilitate smoother regulatory approvals, Friedland told Canadian magazine *Maclean's* in 1996.

But the deal quickly went bust. In Friedland's own words, according to leaked tapes quoted in the *Vancouver Sun* article, Zheng "left me with ... smoking embers. That's all I've got. There was a partnership with a Chinese fund for handicapped that was supposed to deliver all kinds of wonderful shit, and all they did was screw us."

Still, Friedland seems to have seen value in the connection he'd made through Zheng. "[Zheng] really did introduce me to Deng Xiaoping's family," he reportedly said on the leaked audiotapes. "It really and truly happened. So he could be the devil incarnate, it doesn't matter."

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— *Robert Friedland*

A spokesperson for Friedland told *The Wire*, "We do not have any further comment in relation to the attached 1996-referenced *Vancouver Sun* article in terms of any brief business associations Mr. Friedland may have had with Mr. Bill Zheng ... nearly 30 years ago. We do not accept anything contained in that article as factual or true."

Despite dabbling in technology and property investments, most of Friedland's attention in China was focused on the fast-growing country's relatively undeveloped natural resource sector. China, after all, faced a problem: it was increasingly hungry for resources to fuel its booming economy but lacked the capital and technical expertise to get projects off the ground. That's where people like Friedland entered the picture.

In the mid-1990s, Friedland was involved in Sunwing Energy, a Canadian oil and gas exploration company that was among the first foreign ventures in China's domestic petroleum industry. Sunwing entered into two production sharing partnerships with the China National Petroleum Corporation (CNPC), and Friedland's oil and gas-focused company, Ivanhoe Energy, acquired Sunwing in 1999.

Friedland's big mining break in China came in 2001, when his Vancouver-based Ivanhoe Mines acquired a stake in the Canadian company Pacific Minerals (later renamed Jinshan

Gold Mines), including the rights to a controlling share in the so-called “217 Gold” project in China’s Inner Mongolia region. In 2008, Friedland sold its shares in Jinshan to China National Gold for CAD\$217 million.

Over the years, the sheer scope of Friedland’s business activities in China — not to mention across the world — attracted the attention of some of China’s most influential businessmen. Most notably, Friedland developed a close relationship with Wang Jun, the son of Revolutionary leader Wang Zhen, one of the so-called Eight Elders of the Communist Party of China. From 1995–2006, Wang was chairman of CITIC, China’s state-owned investment firm, and when Beijing announced its “going out” policy — which encouraged Chinese firms to look overseas for investment opportunities, particularly in natural resources — CITIC turned to Friedland.

In 2002 and 2003, CITIC signed multiple strategic agreements with Ivanhoe Mines¹⁰ and Ivanhoe Energy (the parent company of Friedland’s oil and gas interests) to cooperate on exploration projects both within China and abroad. CITIC also took a stake in Sunwing’s main Chinese oil project in 2003, and three years later, converted that stake into Ivanhoe Energy shares.



Ivanhoe Mines Chairman Robert Friedland and then CITIC Group Chairman Wang Jun announcing a strategic partnership in 2003.
Credit: [Ivanhoe Mines](#)

“On a per-capita basis, for such a large country, we are really quite short of natural resources,”

Wang Jun [said](#) in 2003. “Ivanhoe has a very strong technical background. This is why we are so interested in them. With technology, we reduce risk.”

In exchange for Ivanhoe’s technical expertise and global connections, CITIC agreed to help Friedland increase his companies’ exposure to Asian capital markets, as well as work with him on a few specific projects, particularly in Mongolia and on his [controversial](#) Myanmar copper mine, which was attracting activist attention given the political regime at the time.

Very little appears to have materialized from these collaborations, however. When Wang died in 2019, at age 78, Friedland [published a tribute](#) to the man he said was “like a brother, a close friend, and most of all a mentor to me,” and lamented the fact that Ivanhoe Mines’ and CITIC’s early 2000s strategic partnership agreement “did not yield fruitful results during Wang Laoban’s tenure.”

Rather than expanding its Chinese and global footprint, Ivanhoe Energy came to face myriad problems, eventually going bankrupt in 2015. And Friedland lost control of Ivanhoe Mines in 2012, after Rio Tinto, the Anglo-Australian mining firm and Ivanhoe’s joint venture partner at the Oyu Tolgoi copper-gold mine in Mongolia, took a controlling stake in the company and changed its name to Turquoise Hill Resources.¹¹ Friedland resigned from the company, kept the rights to the Ivanhoe name, and turned his focus to his privately-owned Africa focused venture, Ivanplats, which had recently made the big copper discovery in the DRC and was preparing to go public on the Toronto Stock Exchange.

““ For years and years and years, Robert would go to both China and the Persian Gulf every three to four months, whether he had a deal or not... Whether or not he needed money, when he had a relationship, he kept the relationship. ””


— Rick Rule, a major investor in Ivanhoe Mines who has known Friedland since the 1980s

“He is certainly a difficult character,” says Paterson, who at the time worked for Rio Tinto in Mongolia. “He would arrive in Mongolia unannounced, and it always caused a flurry of excitement when he arrived, because he’s quite flamboyant and unpredictable. And he had lots of views on how the project was being managed right down to very minute details.”

Friedland’s relationships with powerful Chinese officials and businessmen, however, remained strong, and he soon put them to use. Kamo-a-Kakula would require deep pockets, and although Friedland has [taken issue](#) with the notion that Western financing was uninterested in the project, many of the big Western mining companies are hesitant to set up shop in countries like the DRC.

In 2015, Zijin, one of China’s biggest mining companies, took a 9.9 percent stake in the newly renamed Ivanhoe Mines, and [paid](#) \$412 million to enter into a joint venture with Ivanhoe at Kamo-a-Kakula. According to Ivanhoe press materials, Zijin Chairman Chen Jinghe and Friedland had first met in the 1990s. (Zijin did not respond to requests for comment.)

“For years and years and years, Robert would go to both China and the Persian Gulf every three to four months, whether he had a deal or not,” says Rule, the investor. “Whether or not he needed money, when he had a relationship, he kept the relationship.”

Friedland kept the relationship with CITIC going, too, which did eventually bear fruit. In 2018, CITIC joined Zijin and took a 19.9 percent stake in Ivanhoe Mines for \$560 million. The next year, it paid \$465 million to up that stake to 29.9 percent — a significant [premium](#)  on Ivanhoe’s trading share price that signaled its confidence in the company and provided a cash infusion critical to Kamo-a-Kakula starting production.

Now, having injected more than \$1 billion into Ivanhoe Mines, CITIC and Zijin together control about 44 percent of the company and will split all the copper produced in the first phase of operations at Kamo-a-Kakula. ¹² Based on initial estimates, once Kamo-a reaches peak production, its copper alone could make 10 million EVs a year.

UNCOMFORTABLE CHOICES



Robert Friedland speaks at the Mines and Money Hong Kong conference in March 2011. Credit: Dale de la Rey/Bloomberg via [Getty Images](#)

While no one denies copper’s growing importance to the energy revolution, many analysts push back against Friedland’s hype, taking issue with the metal being

branded a national security issue. For starters, unlike other “critical” minerals — such as lithium, cobalt and rare earths, which are [listed](#) by the U.S. Geological Survey— copper is relatively geographically dispersed and projected increases in demand, while large, are an order of magnitude lower than for some other metals. According to the International Energy Agency, for instance, copper [demand](#) for clean technologies is forecast to triple by 2040 in a scenario consistent with the Paris Agreement’s temperature goals, while lithium demand increases more than 40-fold.

Given that copper markets are already well-established, Tsafos from CSIS, says supply and demand will likely “clear out” once there’s a price signal.

“We’ll probably be okay with copper,” agrees [Jordy Lee](#), from the Payne Institute of Public Policy at the Colorado School of Mines, who says he “doesn’t worry too much about shortages, because supply and demand models are very, very aggressive.”

Copper, he notes, is also “infinitely recyclable. Almost all these demand estimates are based on very static recycling numbers.”

Still, even if copper demand isn’t going to be “[psychedelic](#),” as Friedland is promising, analysts note that mining it is going to get harder, which will mean uncomfortable choices for both industry and consumers.

Indeed, Friedland’s not wrong when he talks about the current era as a kind of “revenge of the miners.” Many analysts say the U.S. and its allies are just now waking up to the sheer scale of minerals required to drive the energy transition, and the challenge of mining them in an environmentally and socially acceptable way.

“We’re going to need a lot more mines willing to do it sustainably,” says Lee. “Otherwise we’re just destroying the planet while we try to save it.”

Herein lies the rub: while the decarbonization of the global economy won’t happen without copper, copper mining itself is an energy-intensive process. At many mines, for instance, after drilling and exploding vast deposits to get copper ore out of the ground, hundreds of thousands of tonnes of rock are hauled off for processing in huge, gas-guzzling trucks. Next, the rock is machine-crushed, and eventually transported to a smelter, where extremely high temperatures turn the ore into molten liquid and allow the pure copper to be separated. Finally, an electric current removes any further impurities, and the copper is trucked and often shipped to its final destination.

Ivanhoe Mines claims Kamoakakula is already the lowest emitting major copper mine in the world, thanks to a partnership with the DRC’s state-owned energy company to refurbish several hydropower plants and connect them to the mine, supplying it with renewable hydroelectricity. Kamoakakula’s copper ore also has impressive “grade,” or quality, which makes extracting and processing the copper cheaper, easier and less energy intensive, essentially because they can get more metal for every tonne of rock.

“The average ore grades [at Kamoakakula] are an order of magnitude higher than those found at new projects in Latin America,” says [Nick Pickens](#), research director at Wood Mackenzie, a research and consulting firm, who notes Kamoakakula is “an incredible project.”

Despite the presence of high quality resource deposits like Kamoakakula, many large Western mining companies have judged the reputational and financial risks associated with operating in the DRC — one of the least developed countries in the world, with well-documented [corruption](#) and [child labor](#) concerns — as too high. Only a handful still operate there, including Glencore, the Anglo-Swiss multinational, and Canada’s Barrick Gold.

Increasing pressure on the ESG front reinforces their reticence, according to Lee, from the Payne Institute. Mining companies, he says, “are considered one of the worst industries in the world from an environmental perspective. Add that to mining in these sketchy areas, and

it's kind of a nightmare for them. Also, from a financial perspective, how do they know they're going to get the return? Especially in these areas that are riskier than others."

Friedland, of course, says mining in the Congo is "no riskier than anywhere else." But by teaming up with state-backed Chinese companies, he's chosen partners that are both familiar with the terrain (China has been involved on the ground in the DRC since the early 2000s) and financially protected enough to weather any unforeseen storms.

As Friedland has [argued](#), "If I'm an American company, I'm like John the Baptist eating honey and locusts out in the desert having visions — I'm on my own. And I think that's going to have to change."

Some analysts agree.

"The U.S. needs to figure out — companies and governments need to figure out — how they can get involved in these developing economies with large mineral resources," says Lee, from the Payne Institute. "That's what China figured out a long time ago."

In February, the U.S. Department of Energy released [a report](#) entitled "America's Strategy to Secure the Supply Chain for a Robust Clean Energy Transition." It foreshadows a number of new policies, including the use of federal procurement levers to provide demand certainty for businesses and provision of financial assistance for American mining companies overseas.

While Lee says it's a "good start" and "something we've desperately needed for some time," he thinks more can be done for the government to show "We'll have your back if something goes wrong' — the U.S. doesn't really do any of that."

It may not have to. In the wake of Ivanhoe's success so far in the DRC, Australian mining giant BHP, the biggest mining company in the world by market capitalization, is [rumored to](#) be in talks with Friedland over a copper deposit he owns adjacent to Kamao-Kakula; BHP has also signaled a willingness to contemplate "[tougher](#) jurisdictions" in the race for energy transition metals.

Paterson, the mining consultant, is more circumspect. "There are real opportunities in Africa," he says, "but I don't think companies are going to be rushing into countries like Congo ... There's a lot of reputation risk out there for any company that operates in a country like the DRC."

To Friedland, for now at least, what the world's mining behemoths choose to do is irrelevant. In Zijin Mining and CITIC Metal, he's got partners with deep pockets, diplomatic clout and demand for his output for decades to come.



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● COVER STORY



Pole Position

BY EYCK FREYMAN

In public, Chinese diplomats and climate negotiators deny that they see any link between climate change and geopolitics. But there is a deeply cynical consensus within China's academic and policy communities that climate change creates geopolitical opportunities that China can exploit — and must exploit before its rivals do. Greenland was the proof of concept for this strategy. And it caught the U.S. flat-footed.

● THE BIG PICTURE



Transsion's Triumph

BY GARRETT O'BRIEN

A look at Transsion's monumental growth, unique marketing strategies and future growth potential.

● Q & A



Jörg Wuttke on China's Self-Destruction

BY ANDREW PEAPLE

The EU Chamber of Commerce in China president talks about China's self-inflicted problems; how he gets away with being so outspoken; and why he believes in China's comeback gene.



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