# ZIMBABWE

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The value of mined production in Zimbabwe in the year 2000 was the lowest for at least ten years. At its 61st Annual General Meeting in May, the then president of Zimbabwe's Chamber of Mines ruefully noted that, with one exception, all of his predecessor's speeches over the past eight years had commenced with a comment along the lines that the year had been a difficult one for the mining sector. Given that the year 2000 was not merely bad but a disaster for the industry (as it was for all of Zimbabwe's productive sectors), this left his successor in 2001 with a very limited choice of opening gambits.

It is not possible to discuss the plight of the mining sector without reference to Zimbabwe's political woes. The determination of President Mugabe to cling to power in the face of a disillusioned electorate has given rise to near-anarchy. In February 2000 a referendum was held on a new constitution that would have given more power to Robert Mugabe and his party. It was convincingly defeated, despite unprecedented levels of pro-Mugabe propaganda. The event also crystallised support for an urban-based opposition party, the Movement for Democratic Change (MDC).

A general election was scheduled for June, in which, for the first time, ZANU(PF) faced a serious challenge in the form of MDC candidates. To whip up support, Mugabe played the race card, sending what were ostensibly veterans of the guerrilla war of the 1970s to seize white-owned farms for black resettlement. A major donor-funded resettlement programme had been agreed in 1998 to achieve this transfer legally, but this was disregarded from political necessity. The 'war veterans' (most of them far too young to have been participants) were also used to cow rural dwellers into voting for ZANU(PF). Despite this the outcome was that 62 mainly rural seats went to ZANU(PF) and 57 mainly urban ones to the MDC. (A further 30 seats are at the presidential discretion and these were used to ensured continued ZANU(PF) dominance in parliament). The MDC gave notice that it would contest the outcome in the courts of over half of the seats won by ZANU(PF) on the grounds of massive pre-election intimidation, an argument endorsed by independent observers.

Perhaps aware of the groundswell, a few days before the election Mugabe said in an interview with Britain's *Independent* newspaper that his government was eyeing foreign-owned firms, including some 400 British-controlled businesses, for possible seizure as part of his campaign to "africanise" his country's assets. He said that foreign-owned gold, copper, asbestos and iron mines face seizure once his government had completed the handover of white-owned land to landless blacks. "After land, now we must look at the mining sector," he said. "There must be Africans as owners, not just as workers," he added, saying there are "too many Britons" in Zimbabwe.

A few days later he made a qualified retraction of these threats, but the signal this sent led to a number of mines being invaded by war veterans, including Mazoe (gold), Ruenya (black granite) and Joyce (gold). Inflation (at over 60%) continued to erode workers wages, and in August there were strikes at 17 out of the 40 major mines in Zimbabwe, although the strikers were careful to make the distinction between their actions and those of the war veterans.

Compounding the sector's difficulties was the government's maintenance of a rigid exchange rate in defiance of a desperate shortage of hard currency. For gold producers this was particularly serious, as all mined bullion has to be sold to the Reserve Bank for Zimbabwe dollars at the official rate, while imported items have to be purchased with hard currency bought at the black market rate. By the year end this was running at about 80% higher than the official figure.

Coupled with a poor gold price, a diesel shortage and an understandable loss of investor confidence, this financial trap led to the closure of mines such as Maple Leaf, Eureka, Freda, Connemara and all those in the Reedbuck Resources group. Another casualty of the Zimbabwe Government's attitude was Anglo American's major Unki platinum project, which was put on hold following many months of negotiations over the fiscal regime it would be permitted to operate under. This was a serious loss, as its 120,000 oz of platinum group metals (PGM) and its 2,500 t of nickel and copper annually would have partly compensated for the 1999 closure of BHP's Hartley Platinum mine. During the year Lonmin's stable of gold mines was put on the market, but understandably attracted little interest.

Gold still represents about half the total value of Zimbabwe's mined products, but the hard-won gains of the past twenty years (during which time output crept up from 14 t/y to nearly double that) are fast being eroded, and output was down to 20 t in 2000. Informed guesses suggest that in 2001 it could be as low as 17 t. The clamour of producers for a relaxation of the exchange rate vice they were caught in was partially satisfied in April 2001, when the government re-instated a floor-price system for gold deliveries to the Reserve Bank, last in use in 1987. However, the benefit this gave (equivalent to about 32% on the official rate at a time when the black market premium was over 100%) is unlikely to cause many mines to re-open.

Some bright spots remained. Having failed to find a buyer, the rump of Lonmin's interests in Zimbabwe, the Independence Mining group, is pressing ahead with expansion plans for Arcturus, Shamva and How, and the new Maligreen heap leach (a JV between Cluff Gold Mines and Pan African Mining) has been very profitable. The Canadian junior Conquest Resources acquired the mines and prospects of African Gold and have entered into an option agreement to evaluate and acquire the Glencairn group of prospects in the vicinity of the Cam and Motor mine. There have also been a number of what analysts call 'bottom-feeders' sniffing around for bargains.

Gold usually represents about half the value of Zimbabwe's mined products, followed by nickel, asbestos and coal. However, of these only asbestos had a good year, with the year 2000 output climbing back to above the 1997 figure, and indeed above the production at the beginning of the decade. For a mineral that is such a hostage to fortune, this is an excellent achievement. On the other hand nickel production fell by over 20% following the exhaustion of the Madziwa mine and the country's sole coal mine, Wankie colliery, had its lowest output since 1987. The situation there was exacerbated by the perennial problem of railway bottlenecks.

Another casualty during the year was the government-owned Mhangura copper mine. The demise of this operation, an ageing underground mine with a mill feed grade of 0.5% copper and no significant resource (let alone reserves) left, was hardly unexpected; financially it has been technically bankrupt for many years, but the political will was lacking to close the mine

Despite adversity, some sections of the industry thrived. The star performer was black granite, an unlikely candidate, but this mineral, which had almost no production ten years ago, grew in output by over 300% between 1999 and 2000. In value it now ranks fifth, coming after gold, asbestos, coal and nickel.

The main hope for the future is the Ngezi/SMC platinum project. This has arisen partly from BHP's closed Hartley Platinum mine, through the medium of Zimplats, which was spun off from Australia's Delta Gold, the junior partner in that project. SMC stands for Selous Metallurgical Complex, which is the concentrator, smelter and refinery of the Hartley mine. However, the Ngezi operation will be an open-cast operation on the Great Dyke, about 70 km south of the SMC, with an initial output of 2.2 Mt of ore, leading to a production of about 200,000 oz of PGMs and gold.

A curious feature of the project is that the all the ore will be trucked for 77 km along a major purpose-built tarmac road to the concentrator at the SMC, rather than the concentrator being moved to the mine. It is believed that this was a result of a government desire to keep all the SMC components together against a re-opening of Hartley Platinum. All going well, a new concentrator will be built at Ngezi at a later stage, and there are proposals then to open a similar open cast mine to the north of the SMC to take up the capacity that will become available there.

**Mine Production in Zimbabwe (Principal Minerals and Metals)**

| Mineral/Metal | 1999 | 2000 |
|---|---|---|
| Asbestos (t) | 115,221 | 151,954 |
| Chromite (t) | 640,735 | 668,043 |
| Coal (raised) (t) | 4,977,355 | 3,986,202 |
| Cobalt oxide (t) | 129 | 79 |
| Copper (t) | 4,977 | 3,143 |
| Diamonds (ct) | 45,324 | 23,028 |
| Emeralds (rough) (g) | 21,221 | 33,299 |
| Gold (kg) | 27,666 | 22,007 |
| Graphite (t) | 12,321 | 11,838 |
| Iron ore (t) | 598,650 | 450,636 |
| Iron Pyrites (t) | 55,472 | 69,119 |
| Limestone (t) | 1,549,632 | 1,978,868 |
| Lithium Minerals (t) | 36,671 | 37,914 |
| Nickel (t) | 9,594 | 7,122 |
| Platinum (kg) | 479 | 504 |
| Palladium (kg) | 342 | 360 |
| Phosphate (t) | 125,790 | 110,012 |
| Silver (kg) | 4,983 | 3,799 |
| Black Granite (t) | 123,540 | 512,515 |
| **Total Value Million Z$** | **15,673** | **19,063** |
| Exchange rate* US$/Z$ | 38.30 | 55.00 |
| US$ Total Value US$ | 409,226,798 | 346,605,696 |

*Official rate