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Government sub-contracts diamond mining at Marange

By [ZimSitRep_M](#) | June 24, 2016[0 Comment](#)Source: [Government sub-contracts diamond mining at Marange – The Zimbabwe Independent](#) June 24, 2016

GOVERNMENT’S hastily arranged Zimbabwe Consolidated Diamond Company (ZCDC) lacks capacity and resources to carry out diamond mining operations in the Marange region amid revelations that it has contracted Adlecraft Mining to mine on its behalf.

By Herbert Moyo

ZCDC was formed in March after government shut down seven mining firms namely Anjin, Mbada Diamonds, Marange Resources, Diamond Mining Company, Jinnan, Gye Nyame and Kusena in order to facilitate a merger in which it would have a 50% stake.

Mines ministry sources told the Zimbabwe Independent this week that ZCDC lacked the necessary equipment, hence the decision to bring in Adlecraft who are being paid for their services in diamonds rather than cash.

“Government rushed its decision to kick out the original mining companies, but its creation ZCDC is not working, hence the decision to rope in Adlecraft,” said one source.

“The two parties reached an agreement to bring in Adlecraft in February and this company has been mining on behalf of ZCDC. They receive payment in diamonds rather than cash.”

On Wednesday, Mines minister Walter Chidhakwa suggested that the companies’ refusal to enter into the merger with government in ZCDC was the reason why the company had limited capacity, hence the need to sub-contract.

He also said although he did not have information about the Adlecraft deal, there would be nothing unusual because “companies contract other companies every day”.

“I don’t know this particular company (Adlecraft), but companies contract other companies to extract ore and then that ore is processed by the equipment that belongs to the contracting company,” Chidhakwa said in an interview on Wednesday.

“ZCDC became wholly government-owned because we had decided that we couldn’t work with companies who refused to merge and whose licences had expired. Now given this context of expired licences and ZCDC acting on its own, do you think we would have immediately had several hundreds of millions of dollars to buy equipment?”

Chidhakwa said they then entered into negotiations with DMC’s Lebanese owners who had not taken government to court.

“But we only have processing equipment because DMC used to sub-contract the mining and when you sub-contract mining you would have to let your contractor use their equipment to bring the ore to your processing plant and pay them per tonnage for ore delivered,” Chidhakwa said.

“All the companies were doing that because sometimes it’s not feasible to buy and maintain your own equipment, but I need to find out about Adlecraft because the board doesn’t need to come to the minister to ask for permission to ask to sub-contract.”

ZCDC’s apparent challenges contrast sharply with the rosy picture Mines ministry permanent secretary Francis Gudyanga sought to portray last month during a presentation at the Chamber of Mines in Victoria Falls where he stated that (ZCDC) produced 387 551 diamond carats and sold 362 238 of them realising US\$19,7 million in gross turnover two months into operations.

“ZCDC has so far recorded positive performance in both volume and value for the first two months of its operation.

The major driver of performance is the technological transformation of processes through the fifth-generation XRT plant. Capacity upgrade is critical to protect both the revenue and margins going,” Gudyanga said.

The sources said the sales included diamonds that had been produced by the companies whose operations had been stopped.

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