

**SPEECH BY THE HONOURABLE MINISTER OF MINES
AND MINING DEVELOPMENT, OBERT MOSES MPOFU, AT
THE WORLD DIAMOND COUNCIL 7TH ANNUAL MEETING
HELD IN ST PETERSBERG, RUSSIA ON 15 JULY 2010.**

PROTOCOL

Zimbabwe has a long history of diamond exploration dating back to 1903 when diamondiferous gravels were discovered at Somabula near Gweru. Subsequent search for the source of the diamonds led to the discovery of six Kimberlite bodies by 1910. Results from the six Kimberlite bodies were considered to be ‘greatly below payability’.

Exploration for diamonds relatively quietened during the next two decades.

Systematic exploration commenced in 1939 when De Beers undertook prospecting operations in many parts of Zimbabwe during the period 1939- 1941. This resulted in recovery of only 9 diamonds.. The result of the prospecting confirmed the earlier tests that the ground was not viable.

The diamond exploration success in the neighbouring Botswana and South Africa, the great producers of gem quality diamonds, made a positive impact on the diamond prospectivity of the country.

Eventually, a diamond mine, River Ranch, was discovered in a kimberlite pipe by De Beers in 1974 during an exploration programme covering the southern part of Zimbabwe. River Ranch, is located 12.5 km NW of Beitbridge. In 1991, the property was acquired by Auridiam. Production started in 1992, and operations were gradually scaled up, but the mine was closed in 1998 due to low diamond prices.

Diamond exploration in Zimbabwe significantly intensified during the period following the release of aeromagnetic data covering the whole country from late-1980s, and news of the commissioning of River Ranch diamond mine which caused a resumption of diamond exploration in many parts of the country.

Rio Tinto conducted an exploration programme that covered about a third of Zimbabwe. It took ten years and US\$37 million expenditure before there was confirmation of existence of a viable resource. Then there followed a feasibility study and subsequent commissioning of Murowa Diamond mine in August 2004.

To date, more than 140 kimberlites have been discovered but economic grades occur in two deposits; the River Ranch and the Murowa Diamond. M Rio Tinto conducted an exploration programme that covered about a third of Zimbabwe. It took ten years and US\$37 million expenditure before there was confirmation of existence of a viable resource. Then there followed a feasibility study and subsequent commissioning of Murowa Diamond mine in August 2004.

The diamondiferous Marange conglomerates were identified by De Beers Prospecting Limited at the end of 2003 in their prospecting area but they did not report the discovery to the Ministry of Mines until July 2006.. No primary sources for these diamonds have been identified to date. There is however a lot of evidence from the studies that De Beers conducted that the diamonds could have come from a very distal source. In their July 2006 report, De Beers concluded that the exceptionally poor quality of the diamonds they had recovered, together with the limited extent of the conglomerate made this diamond occurrence of no interest to them. De Beers' activities in this Prospecting Licence area had been focussed on the discovery of kimberlites.

De Beers had been carrying out diamond prospecting in the area from June 1996 to July 2006 when they applied for abandonment. The

abandonment of the area coincided with revelations of illegal diamond mining in the area. Prior to De Beers' abandonment of the area, a company called African Consolidated Resources (ACR) irregularly pegged numerous diamond claims without having done any prospecting. Moreover the same area was already under the Ministry of Mines Reservation since 2004. Such reservation allows prospecting and mining in the reserved area under a Special Grant title and not Claim title. ACR went on to buy diamonds from illegal miners.

When De Beers abandoned the area, the Government awarded a Special Grant (SG) to the Minerals Marketing Corporation of Zimbabwe (MMCZ) to control marketing of diamonds from illegal miners while at the same time put measures to stop illegal mining activities. The SG was then transferred to the Zimbabwe Mining Development Corporation (ZMDC) so that ZMDC could carry out feasibility study of the diamonds area. ZMDC conducted prospecting and some mining under a subsidiary company called Marange Resources under a very difficult environment featuring illegal miners and ACR.

Organised mining and complete security of the area was achieved when two large scale investors, Mbada and Canadile, were licenced to operate in the area at the end of 2009. A third mine will be commissioned soon

within the Chiadzwa area. More new diamond mines are expected to be opened in the near future within the basin.

Zimbabwe is currently producing diamonds from Murowa Diamonds in Zvishavane, River Ranch in Beit Bridge, and from Mbada and Canadile in Marange.

Zimbabwe has produced 3.8 million carats of diamonds valued at US\$174.8 million from 2003 to 2009. There are more diamonds that have been produced by the new companies in Marange. These companies were found to be compliant with KP minimum requirements according to the KP monitor sent to Zimbabwe in May 2010.

It is my desire and expectation that the World Diamond Council will be behind Zimbabwe in facilitating the already positive and transparent growth of the Zimbabwe Diamond Industry.

I Thank you.