

MOZAMBIQUE

By a Special Correspondent

Mozambique's steady growth over the last few years suffered a setback in 2000 owing to Cyclone Eline, which wreaked havoc in the south of the country, causing scores of deaths, displacing over 150,000 people and severely damaging the agricultural sector. GDP growth, which had been as high as 14.0% in 1997, and was at 7.3% in 1999, slumped to 2.1% in 2000 because of this factor.

Another worrying development was the threat of violence from disaffected members of the Renamo opposition. The Rome Peace Accord of 1992 which brought to an end the civil war between this group and the Frelimo government came under its severest stress to date following the general elections at the end of 1999. In these Frelimo won 133 seats and Renamo 117, the latter confirming their strong support in the centre and north of the country. However the Frelimo government, as in the past, refused to allocate Governorships to Renamo for those provinces which it dominated, and a serious estrangement developed between the two groups.

Matters came to a climax when Renamo organised a day of protest in November, claiming that the elections were fraudulent. This led to bloody clashes between Renamo and police in the centre and northern provinces in which 40 people died and over 100 were injured. A further 75 people suffocated to death in an overcrowded police cell.

The significance of these developments for the mining industry is that the Renamo-dominated provinces are those where generally either Archaean geology predominates, with greenstone belts and pegmatites, or with Cretaceous and Permian hydrocarbon resources. They are therefore prime exploration areas.

The most significant development during the year was the start-up of the Mozal aluminium smelter at Maputo. This is a US\$1.34 billion project with a planned output of 250,000 t/y. Commissioning was originally scheduled for December 2000, but the project was completed on budget and five months early, with the first metal being cast in June. The revenue from this will double Mozambique's hard currency earnings. Billiton, the main shareholder (47%) has already authorised a study into a second potline to double output.

While Mozal is not a mining project (Mozambique has limited bauxite resources, and the smelter uses alumina from the refinery at Worsely in Western Australia as its feedstock) its success gives confidence to other investors who are contemplating major developments in the country.

The most important of these is the Corridor Sands mineral sands project, in the district of Chibuto, in the southern province of Gaza. This is probably the world's largest unexploited titanium deposit, with at least 14,000 Mt at a cut-off grade of 6% total heavy minerals (THM). An output of 375,000 t/y of titania slags and nearly 200,000 t/y of high purity iron is planned, together with rutile and zircon.

This development has rather overshadowed the second major mineral sands project in Mozambique, Kenmare Resource's Moma (previously Congolone) Titanium in the northern province of Nampula. This has about a 1,000 Mt at 3.6% THM. Although the pre-feasibility study was only completed in February, it appeared robust enough for Kenmare to buy the plant from BHP's closed Beenup operation in Western Australia for A\$2.5 million and to raise £3.45 million from new shares to pay for the full feasibility study.

JCI's Beira HBI project, which was to produce high quality hot briquetted iron, using gas from the Pande gas field, was abandoned. It seems likely that this was derailed as a result of the reorganisation of JCI into a gold-focussed company and because of the dearth of suitable iron-ore sources.

The Pande gas field also features in the proposed billion dollar Maputo iron and steel project (MISP), which was to produce 4 Mt/y of iron from magnetite stockpiled at Phalaborwa, in South Africa. However, this too encountered difficulties. The Industrial Development Corp. of South Africa was a lead investor but withdrew, leaving its partner, Enron (which had the rights to the gas at the time) doubtful about its own commitment. However, Enron announced in March that it had assembled a new group of investors.

In October the Mozambican Government, state-owned National Hydrocarbon Co. (ENH), and the South African company SASOL, signed agreements on the joint development of both, as well for a gas pipeline to South Africa, which would also provide gas for the MISP scheme. Building of the pipeline is planned to start in June 2001, and will be concluded in 2004. The total length of the pipeline, from Temane to Secunda, will be 895 km.

The sagging gold price reduced interest in gold, but the Portuguese company TAMEGA has been granted a diamond prospecting licence in Niassa province. The company was granted the prospecting licence after preliminary seismic studies conducted in January. TAMEGA had also indicated an interest in prospecting for diamonds along the Limpopo and Pafuri rivers, in the south of the country.