

MOZAMBIQUE

By a Special Contributor

Mozambique is one of the world's poorest countries – 168th out of 174 countries on the United Nations' Human Development Index. National GDP *per capita* was US\$205 in the year 2001, well below the average for sub-Saharan Africa (US\$480).

Agriculture accounts for about 26% of GDP, employs 83% of the labour force and – before the commissioning of the Mozal aluminium smelter near Maputo – accounted for 80% of Mozambique's exports. BHP Billiton is the principal Mozal shareholder, but this is an industrial, not a mining operation. This successful venture uses electricity from South Africa and alumina from Australia to produce 500,000 t/y of aluminium.

The country has significant oil, gas and hydroelectric resources but its mineral inheritance is small; mining activity in Mozambique has always been – and continues to be – a very limited contributor to national GDP. The official value of mineral production in 2001 (the last year for which official data are available) was under US\$1.0 million (Table 1).

Although at peace, and with substantial World Bank, IMF and other donor commitments to assist in its development, Mozambique is a country that is still scarred by the civil war that lasted from 1984 until its settlement in the Rome Peace Accord of 1992. The two factions, Frelimo (in government since independence from Portugal in 1975) and Renamo, nowadays do battle only in the National Assembly. However, the political temperature is rising as the general election of 2003 approaches. The opposition is a force to be reckoned with: in the general elections of 1999 Renamo won 117 seats to Frelimo's 133. As to who will be the likely winner, opinion in Maputo, the capital at the country's southernmost extremity, as well as in Renamo's strongholds in the north, is that the opposition has a very good chance of winning power this time.

For the mining industry, the strong support Renamo enjoys in the centre and northern provinces of the country is a matter of importance, as this area has the greenstone belts, pegmatites and coal that make up the bulk of the country's known mineral resources.

However, Mozambique's immediate mining future rests principally on the Corridor Sands scheme, at the mouth of the Limpopo River in the southern province of Gaza, about 190 km north of Maputo. This was discovered in 1997 and Australia's WMC took an option on it in 2000. It has at least 14,000 Mt of ilmenite-rich sands at a total heavy mineral grade of 4.9%.

WMC exercised its option in January 2003, and plans to spend US\$500 million on the mine plant and infrastructure. The plant centres on three 37 MW

closed DC arc furnaces. These will have an output of up to 400,000 t/y of sulphate and chloride titanium dioxide slag, with a by-product output of nearly 200,000 t/y of iron, together with rutile and zircon. Environmental approval for the project was granted in September 2002.

A second major mineral sands project is Kenmare Resource's Moma development in the northern province of Nampula. This contains about 1,000 Mt at 3.6% heavy minerals, although the ilmenite is of an exceptionally high grade. Kenmare has secured a mining licence and tax-free zone status for the project, and it plans to export a pure, high-grade ilmenite.

The development of the Teman gas field and the construction of an 895 km pipeline, from near Vilancoulos on the southern coastline to Secunda in South Africa progressed throughout 2002. The South African synthetic fuel giant, Sasol, is implementing the project in conjunction with subsidiaries of EHN, the state oil company. Sasol plans to use the gas to supplement coal in its oil-from-coal plant and for distribution through Sasol's existing customer network.

Apart from some interest by BHP Billiton, a number of junior companies are currently active in Mozambique. African Eagle is evaluating a gold prospect at Majele and a nickel discovery at Muaza. Camec, a company, which has an operating mine in Namibia and significant tantalum interests in Zimbabwe, has also recently established Mozambique Mineral Exploration Ltda in Mozambique. Through this, it is undertaking an exploration programme in conjunction with a buying operation in the tantalum-rich Zambesia Province in the north of the country.

Table 1. Mineral Production

Product	Unit	Output in 2001	Unit value in 2001, US\$*	Total value in 2001, US\$	
Marble (blocks)	m ³	320	2,944	118	37,677
Marble (slabs)	m ³	15,303	214	9	130,749
Bauxite	t	8,592	1,025	41	352,345
Gold	kg	22	127,217	5089	111,951
Bentonite (milled)	t	254	997	40	10,126
Bentonite (lump)	t	1,357	412	16	22,374
Aquamarine	kg	46	46,419	1857	85,968
Tourmaline	kg	18	3,560	142	2,592
Coal	t	27,600	178	7	196,510
* Using an exchange rate of US\$1 = MT25,000			Total value		950,292