

ANGOLA

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Generally speaking, the year 2000 did not bring significant changes in Angolan mining. Activity, once again, was dominated by diamond extraction, although some improvements were made in the ornamental stone sector, especially in the exploitation of black granite. As is well known, in Angola, apart from the oil sector, systematic mineral exploration has never taken place on a large scale. Nevertheless, some information is available on various minerals, and it is important to point out that Angola is located in a favourable region for minerals, namely the southwest Africa mineralised belt.

Based on this knowledge, potential mining projects have been identified for: phosphates in the provinces of Zaire and Cabinda; iron ore in Cassinga and Cassala-Kitungo; ornamental stone in Huila and Namibe; copper in Mavoio, Tetelo and Alto Zambeze; and the exploration and exploitation of underground water in Huila, Namibe and Cunene Provinces.

In terms of mineral exploitation, as a first priority 11 mining areas can be defined for resources including diamonds, phosphate rock, ornamental stone, copper, gypsum, sulphur, diatomite, quartz, gold and fluorite. At the present time, however, Angolan mining activity is largely confined to diamonds and ornamental stone. The lack of security in those areas where the major mineral occurrences are known (as a result of the war with UNITA rebels) has added to the apathy of those government authorities responsible for the mining sector.

With regard to the extraction of ornamental stone, the areas where this occurs are relatively stable. The same cannot be said for the diamond-mining areas. For example, in the Cuango region, where a huge number of illegal diggers remain, the operations of Sociedade de Desenvolvimento Mineiro (SDM) have been

severely curtailed and the future of legitimate alluvial diamond mining is at risk.

Despite this, diamond sales continue to be made through Ascorp, which started activity in the middle of 1998, and the Ministry of Geology and Mines is still set on the idea of reducing the existing concession areas of some companies which continue to hold mining rights.

Diamonds

Companies involved in Angola's formal diamond-mining sector last year included: Soc. Mineira do Lucapa (SML), SDM, Soc. Mineira do Catoca (Catoca), Kalonda Joint Venture, Chitotolo Joint Venture, Luo Project, Mufuto Norte Project, Marsantos Ltda, Afrominerios Ltda and Coerm. The last three are exploiting alluvials on the Chiumbe river-bed and use small gravel pumps, hence their output is not very significant compared with the other operators. Diamond exports by the formal sector over the past five years are shown in the following table, together with estimated exports by the informal sector.

Production volume and export revenues have been increasing as a result of the maturity of some projects, namely Catoca, Chitotolo and Mufuto Norte.

Exports of rough diamonds in 1995 totalled 671,900 ct worth US\$161.41 million. Last year, exports amounted to 4,014,000 ct worth US\$739 million. Of this production, 70% derived from Catoca, the only mine in Angola which exploits kimberlite, and where management and security is relatively stable. Also, reference should be made to the Chitotolo alluvial diamond-mining project, which has operated under relatively stable security conditions despite the security problems facing many other alluvial operations. The venture has proved socially helpful in the Nzagi mining area since 1996.

Angola's Diamond Exports

	1998	1999	2000
FORMAL			
'000 ct	na	2,132.9	2,749.8
US\$ million	na	296.2	368.0
Average price (US\$/ct)	-	160.0	130
INFORMAL			
'000 ct	na	1,439.2	1,264.2
US\$ million	na	313.6	371.0
Average price (US\$/ct)	-	210.0	290.0
TOTAL ('000 ct)	2,715.8	3,572.2	4,014.0
TOTAL (US\$ million)	424.9	609.8	739.0
Average price (US\$/ct)	150.0	170.0	184.0

na: not available

Source: Ministry of Geology and Mines

Regarding the average price received for rough diamond exports, the average price received in 2000 was 57% lower than the average received in 1995. Nevertheless, when compared to the 1999 price, there was an improvement of 22%. Generally speaking, however, the average price for diamond exports has been decreasing since 1997. The average price received was US\$260/ct in 1996 and US\$130/ct in 2000. The decrease in the average price received for Catoca rough could be one of the reasons.

For the informal market in 2000, the average price received was much the same as in 1996 and better than in 1997.

Ornamental Stone/Dimension Stone

The exploitation of ornamental stone in Angola was stimulated 25 years ago under a 1976 government decree. Within two years, exports of black granite to Japan, the Netherlands and Spain had reached 2,082 m³, and in the following years some 300 m³ were exported to Japan. After several efforts to organise the sector, a joint venture, Rorangol, was formed in 1989 between the state-owned company Roremina and a Portuguese company Marmida SA. Subsequently, another company, Angorocha, was created by Roremina and a Portuguese company, Multirochas (a

subsidiary of Sociedade Portuguesa de Empreendimentos. In addition to these companies, a private company was established, Angostone Lda. Multirochas subsequently became the majority shareholder in Angostone.

During the year 2000, the production of black granite totalled 8,500 m³ and exports amounted to 7,200 m³ worth around US\$2.16 billion. More than 70% of production was by Angostone.

There was an increase of 74% in exports compared to 1999 and a significant increase in the average price per cubic metre offered by the market. It is considered that the use of diamond wire rather than explosives to cut blocks would enhance the quality of the stone, and could increase the value of exports to as much as US\$350/m³.

An important factor that could further encourage the ornamental stone sector would be closer co-operation between the producers and the Namibe Harbour Authority and the Namibe Railway Co. Cost structures could be adjusted accordingly, in order to be competitive with other ports and railways. For the past three years, the producers, whose operations are located in the Thicuatite region, have been relying on road haulage, with resultant serious losses for the railway company.

This year, black granite production could increase. A new private producer has been established, Metarocha Ltda, and has initiated a US\$3 million project which was scheduled to begin production in July this year at an annual rate of 1,000 m³, rising to 6,000 m³ in 2005. Metarocha is reportedly exploiting a variety of anorthosite characterised by interstitial magnetite and ilmenite.

Angola's Black Granite exports

	1999	2000
Export (cubic metres)	4,136.5	7,200
Value (US\$/m ³)	722,961.60	2,160,000.00
Average Price (US\$/m ³)	174.77	300.00

Source: Ministry of Geology and Mines