

**PRESS RELEASE**

**MARANGE DIAMOND TRIAL TENDER IN ANTWERP**

**REPORT BY THE PERMANENT SECRETARY OF THE MINISTRY OF MINES AND MINING DEVELOPMENT,**

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**Introduction**

Over the past week, Antwerp hosted a diamond tender offering rough diamonds from five different diamond-producing companies from the Marange area in Zimbabwe, commissioned by the Government of Zimbabwe and facilitated by First Element, an independent and specialized service-providing company. The tender, the first one held in Antwerp since the European Union lifted the sanctions against the Zimbabwe Mining Development Corporation (ZMDC), is the result of high level meetings of the Zimbabwean officials and the Antwerp World Diamond Centre in Harare, Zimbabwe and Antwerp in November. The philosophy of this first trial tender of Marange goods was to enable the Zimbabwean Government and industry stakeholders to make a thorough assessment of the benefits of selling rough diamonds on the open Antwerp market through a ***trial tender***, alongside the regular tenders that are organized in Zimbabwe.

***Diamond tendering*** is one of the industry's main selling channels, similar to the auction principle. A rough diamond tender entails that rough goods are assorted in parcels, in most cases, containing diamonds of various sizes and qualities, ranging from gem and near gem quality, meaning diamonds that are suitable for jewelry manufacturing, up to industrial quality, such as diamond powder used for industrial equipment. Clients are invited, either through a public invitation or on a client list basis, to view the assortments in a specially designed facility that includes separate and discrete viewing rooms, specific security measures and all necessary equipment such as scales, magnifying equipment, adequate lighting etc. Clients can then view the goods in order to make an adequate assessment of the price they would be willing to pay for the entire (or part of a) parcel. If they decide to make a bid, they can place a bid in a sealed envelope. On the final day, all envelopes are opened, and the highest bid (above the 'reserve price') wins the tender for a particular parcel/assortement. Preparing rough diamonds for a tender is a matter that requires a great deal of skill and expertise and it involves optimal cleaning, sorting and selecting the composition of each parcel.

**Tender**

The ***goods*** that were offered in this trial tender included rough diamonds from Marange Resources, Diamond Mining Company (DMC), Anjin Investments, Jinan and Kusena Diamonds, totalling 279,723 carats. Each company offered their own separate assortments using their own assortment procedure, varying widely in quality and size, state of cleaning, sorting and composition of the parcels and classification standards.

The majority of the parcels offered, did not reflect a complete run-of-mine (or production footprint) of each individual mining operation. In other words, the composition of the goods did not represent a cross section of the goods range, from high to low quality, produced at any of the five mining operations. Overall, 89% of the goods offered consisted of low quality industrial goods. In general, goods weren't optimally cleaned, sorted and parcels were not ideally composed.

**Conclusion**

Overall, ***response*** to the tender was overwhelmingly positive; 115 clients attended the tender, a large number of those clients were well acquainted with the Marange goods and certain clients even visited more than once over the course of the tender. Compared to an average of ten to fifteen companies that are present at regular tenders in Zimbabwe, it is clear this trial tender was very well received in Antwerp.

In terms of results it is important to stress that a diamond tender is a business matter that involves a high degree of confidentiality and as a rule, detailed results are not disclosed. However, in accordance with the statements Zimbabwe's Minister of Mines and Mining Development, Hon. Chidakwa made recently, more specifically announcing full transparency on Zimbabwe's mining revenues and selling processes of rough diamonds, it is paramount to disclose as much information as possible on the results of this trial tender.

In total, this trial tender achieved a total sales value of US$10.7 million, consistent with expectations considering the composition of the individual parcels. In total, this first tender generated US$1.6 million for the Zimbabwean treasury, the designated fifteen percent royalty fee. Furthermore it is clear the assortments that actually did (closely) reflect the production footprint or run-of-mine, fetched prices that are significantly higher than average sales in Zimbabwe, going up 50% compared to average sales in Zimbabwe, demonstrating the high potential of selling goods on Antwerp's open market.

Above all, the trial tender has provided valuable insight and has resulted in tangible guidelines that will allow the Goverment of Zimbabwe to fully optimize a second, larger tender of Marange goods in the near future. The next sale is scheduled for 12 – 19 February 2014.