ZIMBABWE 2011 ANNUAL REPORT TO KIMBERLEY PROCESS CERTIFICATION SCHEME

A. Institutional Framework

The Ministry of Mines and Mining Development is the responsible authority for the implementation of the KPCS in Zimbabwe.

The contact person and official Coordinator to deal with the implementation of the KPCS is as follows:

Mr. John Makandwa
Regional Minerals Development Officer
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Exporting and Importing Authorities

In 2011, the Minerals Marketing Corporation of Zimbabwe (MMCZ) and the Zimbabwe Revenue Authority (ZIMRA) remained as the appointed Exporting Authority and Importing Authority respectively.

B Legal Framework

Zimbabwe's legislation and regulations for the implementation of the Kimberley Process Certification Scheme

In 2011, there were no changes to legislation and regulations governing the implementation of the KPCS in Zimbabwe.

However, there was preliminary drafting of a Diamond Policy during the reporting period.

C. Import and Export Regime

Zimbabwe did not experience any fraudulent certificates in 2011, and has never experienced fraudulent certificates since the commencement of the KPCS in 2003.

Import Regime

During 2011, Zimbabwe's import regime remained the same as last reported.

Rough diamond imports were only received in Zimbabwe during the 1st Quarter in 2011. Only two imports were received from China (Hong Kong) and Belgium each, and one re-import.

There were no rough diamond imports into Zimbabwe in the Q2, Q3 and Q4 periods of 2011.

With regards to the Brussels Declaration, Zimbabwe, like all years before, did not experience rough diamond imports from Cote d'Ivoire.

Export Regime

The export regime remained as reported in 2010.

A total of 148 KP Certificates were issued for a total volume of 7,154,445.40 carats of rough diamonds exported in 2011.

Countries of destination for the exported rough diamonds and the KP Certificates were as follows:

COUNTRY OF DESTINATION	NUMBER OF KP CERTIFICATES ISSUED
Angola	2
Belgium	15
China	4
India	3
Israel	18
Lebanon	2
South Africa	32
South Korea	1
Tanzania	7
United Arab Emirates	64
TOTAL	**148**

In 2011, KP Certificates issued were from ZW000135 to ZW000324. Out of the KP Certificates issued, 44 were cancelled for various reasons stated in the table below.

REASON FOR CANCELLATION	KP CERTIFICATE	NUMBER OF KP CERTIFICATES CANCELLED
Cancelled during completion	ZW000169, ZW000196, ZW000255, ZW000274, ZW000280 to ZW000286 and ZW000314 to ZW000316	14
Documents expired before dispatch	ZW000118 to ZW000120, ZW000123, ZW000124, ZW000127, ZW000137 and ZW000177	8
Goods reconsigned	ZW000138, ZW000143, ZW000154, ZW000155 to ZW000157, ZW000235 to ZW000237, ZW000241, ZW000247, ZW000248, ZW000265 to ZW000268	18
Sale cancelled	ZW000129, ZW000136,	4

	ZW000139 and ZW000140	
TOTAL		**44**

The year 2011 remained a difficult year for rough diamond exports from Zimbabwe due to protracted restrictions on exports of diamonds produced from the Marange area, leading to the cancellation of many KP Certificates.

Despite the Administrative Decision on Zimbabwe [Marange] of 1 November 2011 adopted by the Kinshasa plenary meeting that allows rough diamond exports from the Marange area, the export process still remains constrained by sanctions imposed on the country by some KP Participant states.

D. System of Internal Controls and Industry Self Regulation

As per statutory requirements, all diamond mining companies declared their production and submitted returns to the Ministry of Mines and Mining Development.

The Ministry of Mines and Mining Development, through the MMCZ and the Minerals Unit, continued to monitor diamond mining and handling sites to record production and track the diamonds in the value chain until the first point of export.

Monitoring teams continued to be permanently stationed on mining sites, Sort Houses and relevant rough diamond handling facilities throughout the reporting period.

The Ministry continued verifying applications for rough diamond exports by diamond producers against declared production and stocks before authorising and issuing an export permit.

As per national guidelines, the Exporting Authority only issued KP Certificates on diamonds from a registered source of origin and with a valid export permit issued by the Ministry of Mines and Mining Development as the Regulating Authority. The Exporting Authority is well versed with the footprints of diamonds produced in Zimbabwe including from the Marange diamond field.

The Exporting Authority also continued with valuation of the rough diamonds before the export permit was issued by the Regulating Authority.

The Exporting Authority continued with issuance of KP Certificates for rough diamond shipments. The KP Certificate is issued at the end of all export preparatory procedures for rough diamonds.

The Zimbabwe Republic Police (ZRP) and the Zimbabwe Revenue Authority (ZIMRA) continued with border control efforts along the borderline with Mozambique, and continued to cooperate with their Mozambican counterparts.

E. Statistics

Zimbabwe reported all trade statistics for all reporting Quarters, and both semi-annual periods (H1 and H2) in 2011.

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F. Miscellaneous

During the reporting period, the two kimberlite diamond mines, Murowa and River Ranch continued producing and exporting. The operators of River Ranch Mine also changed their company name from River Ranch (Pvt) Ltd to Limpopo Mineral Resources.

In 2011, commercialisation of the Marange diamond field continued, with Mbada Diamonds and Marange Resources having attained KP compliance. On 17 November 2011, Anjin Investments was verified KP compliant by the KP Monitoring Team with regards to the Kinshasa Administrative Decision on Marange [Zimbabwe].

By the end of December 2011, Diamond Mining Corporation (DMC) was ready to host the KP Monitoring Team for verification of its compliance with KP minimum requirements. The company commenced trial mining from August 2011.

Sino-Zim, the 5th licensed company continued carrying out exploration during the reporting period.

DTZ – OZGEO continued with exploration work at Chimanimani and operated an exploration plant on site.

The companies continued with risk-driven continuous improvement of security and diamond accounting systems.

During the reporting period, the Somabula area remained without activity as the gravels there are known to be uneconomic.

In 2011, rough diamond production in Zimbabwe during the reporting period approximated 8674729.43 carats.

Commercial production was from Murowa, Limpopo Mineral Resources (River Ranch Ltd), Mbada, Marange Resources and Anjin while DMC and DTZ - OZGEO recovered some diamonds during trial mining and feasibility studies respectively.

During the reporting period, mining activities in the Marange area were also characterised by removal of fairly thick overburden and hard rock mining and crushing of ores as opposed to largely simple alluvial operations in 2010.

G. Infringements

In 2011, 99 accused persons were arrested for illegal possession of rough diamonds resulting in the recovery of 1205.56 carats.

ANNEX to the Guidelines: Checklist of Minimum Requirements for Certificates According to Annex I of the KPCS document

Zimbabwe complied with minimum requirements for KP Certificates as indicated in the table below:

Each Certificate bears the title "Kimberley Process Certificate" and the following statement: "The rough diamonds in this shipment have been handled in accordance with the provisions of the Kimberley Process Certification Scheme for rough diamonds"	**YES**
Country of origin for shipment of parcels of unmixed (i.e. from the same) origin	**YES**
Certificates issued in English or English translation is incorporated	**YES**
Tamper and forgery resistant	**YES**
Date of issue and expiry	**YES**
Issuing authority	**YES**
Identification of exporter and importer	**YES**
Carat weight/mass	**YES**
Value in US$	**YES**
Number of parcels in shipment	**YES**
Relevant Harmonised Commodity Description and Coding System	**YES**

MINISTRY OF MINES AND MINING DEVELOPMENT, ZIMBABWE
MARCH 2012