



CENTRO DE INTEGRIDADE PÚBLICA  
Anticorrupção - Transparência - Integridade

# EXTRACTIVE INDUSTRY

Edition Nº 10 - 13th July 2022 - Free Distribution

## The spread of terrorist attacks to the south of Cabo Delgado compromises state revenues from the Extractive Industry

- The new incursions endanger some 61 projects in the mining sector

By: Rui Mate

### 1. Introduction

The spread of terrorist attacks to the south of Cabo Delgado is threatening the achievement of State revenue collection targets from the extractive sector. With the attack in early June in Ancuabe District, graphite mining companies Twigg Exploration & Mining and AMG Graphit Kropfmuhl suspended their transport and mining activities for security reasons. These companies contribute significantly to the State's revenue, with the company Twigg Exploration & Mining contributing around 173 million meticaís in taxes in the financial year 2020<sup>1</sup>.

### 2. State revenue collection for 2022 compromised

The bases for growth and contribution of the extractive sector for 2022 in the PESOE depend, among other factors, on the increase in graphite production by 128.6%, an increase in ruby production by 15% and an increase in gold production by 39%. However, the suspension of graphite projects is an indicator that the projections will not be achieved and, consequently, the volume of projected government revenue from the sector will be compromised.

In addition to the graffiti projects, the new incursions endanger some 61 projects (see annex 1) operating in the south of the province (see annex 2) which may represent unestimated losses of state revenue<sup>2</sup>.

Out of the companies listed in the attached table, Montepuez Rubi Mining, Twigg Exploration & Mining and GK Ancuabe Graphite Mine S.A. are of particular importance in the contribution structure, in terms of revenues for the State, to the extent that they are among the companies with a materiality level<sup>3</sup> to appear in the Extractive Industry Transparency Initiative (EITI) reports.

These three companies paid, in taxes to the State in 2020, approximately 1,368 million MT, 173 million MT and 16 million MT respectively, which corresponds to 27% of the total contribution of the mining sector<sup>4</sup>. Considering that 61 companies are at risk of paralyzing their activities due to the incursions of the insurgents, there is a need for the Government to review its revenue and growth projections and to adjust its revenue allocation priorities for the materialization of expenditure and above all to outline mechanisms to guarantee the continuity of projects that are of capital importance for the country's development.

1 Data from the 2020 EITI draft report

2 The difficulty of estimation lies in the scarcity of detailed data on the contribution of companies in the extractive sector. Only data from companies audited in the Extractive Industry Transparency Initiative (EITI) report are publicly available

3 Minimum amount of tax contribution channeled to the State, set by the Coordination Committee (CC), for a company to be considered eligible for the reconciliation process. In the case of Mozambique, a minimum of 30 million MT is currently set as the minimum tax contribution. However, given the significant role that certain companies have in the communities where they operate, the CC believes that some should also be part of the reconciliation process.

4 Data from the 2020 EITI draft report

\* In case of doubts, suggestions and questions related to this note, contact: [rui.mate@cipmoz.org](mailto:rui.mate@cipmoz.org)

# 1 After Total Energies more companies evoke “majeure force”

In early June 2022, the company Twigg Exploration & Mining, a wholly owned subsidiary of the Australian company Syrah Resources Limitada, suspended transport to its graphite mine in Cabo Delgado after terrorist attacks in Ancuabe resulted in its shares falling 15% on the Australian stock exchange. In the same sequence, due to the fall of its shares on the Australian stock exchange, Triton Minerals, with a graphite mining project in Ancuabe, also suspended its trading on the stock Exchange<sup>5</sup>.

The return of the transport, according to the statement of the company Syrah, is conditioned to ensure the safety of its employees and workers<sup>6</sup>. The attack that led to the suspension took place about 200 kilometres from the Balama project, but only 30/40 kilometres from National Road Number 1 which is the main transport route between Balama, Nacala and Pemba<sup>6</sup>.

The recent attacks taking place 100 kilometres from the provincial capital Pemba, with repercussions in some nearby districts, namely Metuge, Mecufi and Chiure<sup>7</sup>, led the German company AMG Graphit Kropfmuhl, owner of three graphite mining concessions in the districts of Ancuabe, Mecufi and Chiure, to apply the “force majeure” clause with a view to suspending its mining operations<sup>8</sup>.

The shutdown of AMG Graphit Kropfmuhl puts at risk the achievement of the Government’s revenue collection targets for 2022, which means that the forecast in the 2022 Economic and Social Plan and State Budget (PESOE), that the extractive sector will grow by 4.1% in 2022, may not be achieved. Equally, the terrorists’ actions jeopardise other projects located in the southern region of Cabo Delgado whose contribution to state revenues from the extractives sector is significant. Over the past 15 years, the revenue contribution to the state from the extractives sector has averaged 8%.

## 2 Conclusion

As predicted by CIP, in the document of the Conjuncture Analysis and Economic and Social Outlook for 2022<sup>9</sup>, the Government’s perspectives in relation to the growth of the extractive sector for 2022 ignored the possible spread of war in Cabo Delgado which it was assumed could affect other extractive projects. The recent attacks in the south of the province, specifically in the Ancuabe district, which led the German company AMG Graphit Kropfmuhl (GK) to allege force majeure to suspend its mining operations and the suspension of transport to and from its mining area by the company Twigg Exploration & Mining, show the need for the Government to review its revenue and growth projections for the sector and to adjust its revenue allocation priorities for expenditure materialisation and, above all, to outline mechanisms in order to ensure the continuity of projects that are of capital importance for the country’s development.

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5 <https://www.voportugues.com/a/syrah-suspende-transportes-para-a-sua-mina-em-cabo-delgado-ap%C3%B3s-segundo-ataque-em-ancuabe/6610441.html>

6 Idem

7 <https://www.dw.com/pt-002/cabo-delgado-novos-ataques-s%C3%A3o-resultado-da-fuga-dos-rebeldes-diz-governador/a-62214044>

8 <https://zitamar.com/cabo-delgado-graphite-mine-declares-force-majeure-following-ancuabe-attacks/>

9 <https://www.cipmoz.org/wp-content/uploads/2022/02/Ana%CC%81lise-da-Conjuntura.pdf>

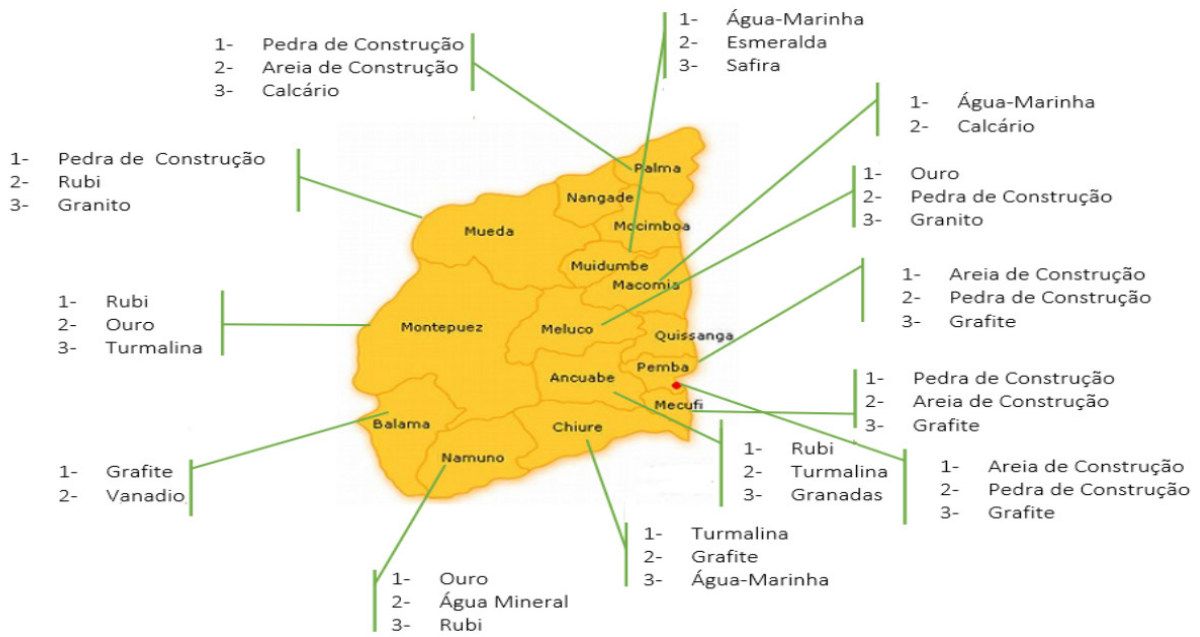
*Annex 1: List of mining concessions in the districts of Montepuez, Meluco, Mecufi, Chiure at risk of shutting down*

Ord.	Participants	Minerals	Geographical Reference
1	Africa Rare Metal Mining Development Co, Limitada	Graphite, Gold	Montepuez, Mapupulo, Mirate, Montepuez
2	AncuabeMining, Limitada	Associated Minerals, Ruby	Ancuabe, Mesa; Cabo Delgado
3	António Aleixo Romeu Rodrigues	Construction stone	Chiure, Chiure Velho, Ocua; Nampula, Eráti, Namapa
4	Atalaia Ruby Mining, Limitada	Ruby, Tourmaline	Ancuabe, Mesa; Montepuez, Namanhumbir
5	Ayleek Indústria, Limitada	Construction stone	Mecufi, Murrebue
6	Bolder, SA	Construction Stone and Sand	Mecufi, Mecufi, Murrebue; Pemba, Mize
7	Cabo Delgado Inertes e Minerais, Sociedade Unipessoal, Limitada	Construction Sand	Mecufi, Murrebue
8	Campos de Joia, Limitada	Ruby, Sapphire	Montepuez, Mirate, Montepuez
9	CCFM-Minerais, S.A	Precious Stone, Semi-Precious Stone, Ruby	Montepuez, Mirate, Montepuez, Namanhumbir
10	China Gemas Sociedade Unipessoal, Limitada	Aquamarine, Garnets, Ruby, Tourmaline	Ancuabe, Mesa; Cabo Delgado
11	CMS - Consolidated Mining Services, S.A	Granite	Ancuabe, Metoro; Mecufi, Murrebue
12	CONSULTEC - Consultores Associados, Limitada		Montepuez, Montepuez
13	Cosec. Lda	Graphite, Base Metals	Montepuez, Mapupulo, Mirate
14	CRL - Investimentos, Lda	Ruby	Montepuez, Montepuez
15	Damodar Ferro, Lda	Marble	Montepuez, Montepuez
16	Damodar Ferro, Lda	Iron, Graphite, Base Metals, Gold	Chiure, Mazeze
17	DombeyaMineração, Limitada	Graphite, Base Metals	Chiure, Mazeze
18	Eastern Ruby Mining Limitada	Aquamarine, Corundum, Garnets, Ruby, Tourmaline	Ancuabe, Mesa; Chiure, Katapua
19	Empresa Moçambicana de Exploração Mineira, SA (0%)	Marbles	Montepuez, Montepuez
20	GK Ancuabe Graphite Mine S.A.	Graphite	Ancuabe, Ancuabe, Metoro; Cabo Delgado
21	Grafex, Lda	Graphite	Ancuabe, Ancuabe, Metoro; Pemba, Metuge
22	Grafite Kropfmuehl de Moçambique, Lda	Graphite, Associated Minerals	Ancuabe, Metoro; Chiure, Mazeze; Mecufi, Mecufi, Murrebue
23	Green Energy&Minerals Lda	Graphite, Vanadium	Montepuez, Mirate
24	HelinMiningCO.Lda	Granite, Building Stone	Meluco, Meluco; Mueda, Chapa
25	Holamale, Limitada	Construction Stone	Ancuabe, Metoro; Cabo Delgado
26	IbraMoz, SA	Aquamarine, Corundum, Garnets, Quartz, Ruby, Sapphire, Tourmaline	Montepuez, Montepuez
27	Khensane Moçambique - Sociedade Unipessoal, Limitada	Garnets, Gold, Ruby, Tourmaline	Montepuez, Montepuez
28	Lulo MiningCompany, Limitada	Aquamarine, Garnets, Quartz, Tourmaline	Chiure, Ocua; Erati, Namapa; Nampula
29	Lurio Ruby Mining, Lda	Aquamarine, Corundum, Garnets, Associated minerals, Ruby, Tourmaline	Ancuabe, Mesa; Montepuez, Namanhumbir
30	MAB MINING, LIMITADA	Grenades	Ancuabe, Mesa; Cabo Delgado
31	Marmonte S.A.R.L.	Marbles	Montepuez, Montepuez
32	Marsar Dimensional Stones, SA	Marbles	Montepuez, Montepuez
33	MegarumaMining, Limitada	Corundum, Garnets, Related Minerals, Tourmaline	Montepuez, Montepuez, Namanhumbir
34	Milling& Gold Bread 2, Limitada	Gold and Related Minerals	Montepuez, Nairoto
35	Montepuez Ruby Mining, Limitada	Aquamarine, Garnets, Ruby, Tourmaline	Ancuabe, Mesa; Montepuez, Namanhumbir
36	Moon Mining, S.A	Gold	Montepuez, Mirate

37	MozGems Montepuez, Limitada	Associated Minerals, Ruby	Montepuez, Montepuez, Namanhumbir
38	MozaMinerals Montepuez, Limitada	Associated Minerals, Ruby	Ancuabe, Mesa; Cabo Delgado
39	Mozambican Ruby, Limitada	Corundum, Tourmaline	Montepuez, Mirate, Montepuez
40	MRW Mozambique, Limitada	Marbles	Montepuez, Montepuez
41	MwiritiMining Limitada	Gold and Related Minerals	Meluco, Meluco; Montepuez, Mirate, Nairoto, Namanhumbir
42	NamanhumbireGems, Limitada	Associated Minerals, Ruby	Montepuez, Montepuez, Namanhumbir
43	Novo MegarumaMining, Limitada	Corundum, Garnets, Tourmaline	Ancuabe, Mesa; Chiure, Katapua; Montepuez, Montepuez, Namanhumbir
44	Ovahana Minerais, Limitada	Corundum, Graphite, Garnets, Associated Minerals, Ruby, Tourmaline, Vanadium	Montepuez, Mirate, Montepuez
45	Palmeira Mining, Limitada	Associated Minerals, Ruby	Ancuabe, Mesa
46	Patel MiningPrivilege, Limitada	Marbles	Montepuez, Mirate, Montepuez
47	Pay Diamond Mineração e Comércio, Lda	Associated Minerals, Ruby, Tourmaline	Montepuez, Nairoto
48	Pedreira de Cabo Delgado, Limitada	Construction stone	Ancuabe, Ancuabe; Cabo Delgado
49	Quintos Mineração, Limitada	Associated Minerals, Ruby	Ancuabe, Ancuabe, Mesa, Metoro; Cabo Delgado
50	Rio BuziResources, Limitada	Aquamarine, Corundum, Ruby, Tourmaline	Ancuabe, Mesa; Chiure, Chiure, Katapua
51	Rovuma Resources, Lda	Lead, Copper, Graphite, Nickel, Gold, Silver, Zinc	Montepuez, Mirate, Nairoto
52	Rogério Arcari, Limitada	Aquamarine, Tourmaline	Chiure, Namogelia
53	Secarp Industrial, Ltd	Sand	Cidade_De_Pemba, Cidade_De_Pemba; Mecufi, Murrebue
54	SLR, Mining, Lda	Ruby, Assorted Minerals, Precious stones, Semi-precious stones	Montepuez, Montepuez
55	Tamar, Limitada	Marbles	Montepuez, Montepuez
56	Socoçadas, Limitada	Associated Minerals, Ruby	Ancuabe, Ancuabe, Mesa; Cabo Delgado
57	SucessInvestiment -5, Limitada	Ornamental Rocks	Montepuez, Mapupulo, Montepuez
58	Sulbrita, Limitada	Construction Stone	Mecufi, Murrebue
59	SunMining, Limitada	Iron, Graphite, Gold, Ruby	Ancuabe, Mesa; Cabo Delgado
60	SuniResources SA	Graphite, Vanadium	Montepuez, Mirate
61	Tchaumba Minerais S.A	Graphite	Montepuez, Mirate

Source: INAMI

*Annex 2: Distribution of production of the main minerals per district in Cabo Delgado province*



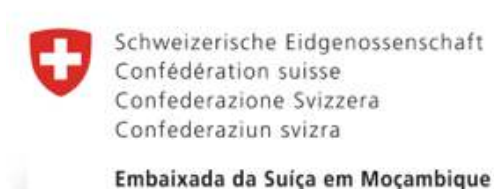
Source: Produced by the author with data from INAMI

Considering Annex 2, we can predict that with the spread of incursions in the south of the province, the projects located in the districts of Montepuez, Meluco, Mecufi, Chiure may be the next ones to suffer paralysis. We are talking specifically about the projects of about 61 companies.



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