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Will the Zimbabwe Government choose FDI over politically led plunder of gold at Redwing Mine?



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Namib Minerals Capital to restart Redwing Mine

In June 2018 a press release by Mazowe, Redwing, and How Mine announced a business agreement with Hennessy Capital Investment Corporation(HCVI). Nasdaq-listed HCVI has since merged with Namib Minerals in a US\$ 500 million deal that will see Namib Minerals taking over mining assets owned by Greenstone Corporation. The transaction is expected to result in Namib Minerals listing its ordinary shares and warrants on Nasdaq. On 4 December 2024, the company announced the filing of its registration statement with the US Securities Exchange Commission(SEC) for its proposed business combination. The listing will provide Namib Minerals access to a wider pool of investors and capital. In Zimbabwe, transactional proceeds will accelerate Namib's growth plans for Greenstone assets such as Mazowe, Redwing and How Mines. The registration statement indicates that Mazowe and Redwing mines have total measured and indicated resource estimates of 291koz at 7.77 g/t Au and 1,188koz at 3.83 g/t Au.

However, the quest by Namib Minerals to attract FDI to Zimbabwe by listing on the US stock market borders on Zimbabwe's investment climate. Redwing Gold Miner, Metallon Corporation(MC), decided to end all unsafe artisanal mining operations in January 2024 following the collapse of Tsapauta Adit which trapped 15 artisanal miners underground for 5 days. MC is a subsidiary of Namib Minerals. MC's decision has been aimed at securing its mineral assets and infrastructure to attract much needed foreign direct investment(FDI) that will restart formal mining at Redwing Mine. MC was also complying with the Ministry of Mines suspension order which categorically outlined that the mining method of shallow pits lacks oversight and was not compliant with mining management and safety regulations. The order declared that a better manageable mining arrangement needed to be adopted. FDI's normally follow an investment climate with rule of law and protection of property rights, regulatory stability and contract enforcement. A feasibility analysis report for full scale resuscitation of Redwing gold mining operations undertaken by experts from the Department of Metallurgy, University of Zimbabwe and Department of Mining Engineering at Manicaland State University was published in 2023. The results proved that the Redwing Mine project was economically viable with an internal rate of return as high as 71.9%. The report described current artisanal mining as "sterilizing an economically viable gold deposit by employing rudimentary mining techniques targeting high grades hence resuscitating the mine should be of national priority." Corporate rescue mining outfit Betterbrands and ZANU PF party functionaries that are undertaking unsystematic artisanal mining operations are resisting Metallon's decision amid growing lawlessness, plunder and loss of lives.

Political patronage, gold plunder and spiralling lawlessness

Investigations recently conducted by CRD indicate that over 4000 pits operating at Redwing Mine are largely controlled by Betterbrands and ZANU PF party functionaries. As little as 12 to 40 grams of gold is being delivered to Redwing Mine daily by these entities according to reliable sources. Most of it is being transported to illegal gold milling plants scattered around Penhalonga. The sources pointed out that Redwing Mine used to receive between 1.5 to 2kgs of gold daily before the increased outflow of gold ore to illegal milling plants. For the whole of last year, they got 46kgs of gold, a minimum figure they used to receive monthly from the mining syndicates. A ZANU PF inter district meeting held at Old West Redwing Mine compound on 6 January 2025 gave ZANU PF party functionaries the green light to sell gold ore from Redwing to outside millers. Manicaland Minister of State for Provincial Affairs and Devolution chaired the meeting according to an eyewitness account. The directive has further heightened mineral plunder and lawlessness around Redwing mining. Following the meeting, senior ZANU PF politicians in the provincial leadership have reportedly awarded themselves portions of Redwing Mine to extract and loot gold ore. Reliable sources informed CRD that last year Redwing Mine reported illegal mining activities by ZANU PF party functionaries to the Ministry of Mines who directed them to the police. The police sought an audience with the Minister of State over the illegal miners and immediate action to remove them was promised but never implemented. Strengthening access control by enclosing mining areas was one of the conditions set by the Environmental Management Agency(EMA) in 2023 to lift Betterbrands mining activities from suspension. CRD observed that fences erected by Betterbrands controlled syndicates in compliance with EMA requirements have since disappeared in most areas.

Increased outflows of gold ore from Redwing Mine have attracted illegal hammer millers to establish along Mutare River. CRD observed multitudes of artisanal miners streaming from the mine with sacks of gold ore towards various milling points in Mutare River. Mutare River borders Redwing Mine fields with residential areas of Penhalonga. Destroyed and abandoned without rehabilitation, the River has become a hub of alluvial gold panning and milling. Noise pollution from gold milling in Mutare River is deeply affecting Penhalonga residents. Moreover, these millers' increased use of chemicals such as mercury and cyanide is contaminating Mutare River, exposing people and the environment to serious health effects. In November 2024, CRD reported that Penhalonga alone was losing US\$158 million annually of potential revenue contribution to fiscus through leakages and illicit financial flows. The figure might have doubled as a result of accelerated mineral outflows from Redwing Mine.

Disregarding human lives for plunder.

Redwing Mine has become notorious for fatal mining incidences since the advent of large scale unsystematic artisanal mining operations in 2021. About 200 lives have been lost. CRD has been the leading voice for safe mining practices at Redwing. The government lacks the political will to address human carnage at Redwing Mine. President Mnangagwa launched the Responsible Mining Initiative in 2023 in response to growing criticism of his government's failure to address worst practices in the mining sector. He declared that his government was not going to "condone malpractices such as environmental degradation, mineral leakages and haphazard operations conducted outside legal provisions of the law" Haphazard mining operations at Redwing have since turned for the worse as a result of the political patronage system. The CRD banded together Penhalonga community voices to pressure government to suspend these mining operations in the past. However, greed and desire to sustain the patronage system have seen suspensions being lifted repeatedly without addressing safety issues. After the January 2024 mining incident government suspended mining operations at Redwing. Mining operations were temporarily stopped but resumed in areas controlled by Betterbrands and other ZANU PF mining syndicates. Reliable sources at Redwing informed CRD that as far as they know, the Ministry of Mines did not lift the suspension.

More people have been losing their lives when mining operations resumed in March 2024. A minimum of 14 fatal cases were mentioned. According to eyewitnesses, the majority of fatal incidences were not properly documented as bodies were being whisked away by mining syndicates to avoid public scrutiny and accountability. This practice violates section 268 of Mining Management and Safety Regulations 1990 which requires management to notify police and mining inspector at the quickest time. In cases where police and the inspector have been notified due process must be undertaken by the Ministry of Mines which will see criminal charges being leveled against responsible mining authorities. Reports gleaned by CRD indicate that substandard mining practices remain the major cause of fatalities. Thus miners were dying mostly from; blasting injuries as a result of inexperienced and improper blasting, suffocation from underground gases and falling head down in shafts approximately 40 metres deep, ground collapse, rock fall injuries and working without proper PPE, falling in unprotected pits, falling of hanging walls because shaft and tunnels are not timbered, allocation of pits on loose ground resulting in ground fall, falling in abandoned and unprotected pits among others.

The story of 19 year old Tadiwa Mlambo who died trying to rescue his father

02/09/2024

On the first of September 2024 Mr Takemore Mlambo of Zimunda Primary School, Biriri Chimanimani was working with his coworkers namely Clever Ngarivhume (42), Douglas Hambira (21), Rodwell Dzemura (41) and Batsirai at their pit in Zaina section under Betterbrands. At around 1800hrs the pit miners who were working underground holed into an old working. They then alerted co-workers who immediately hoisted them outside where they cooked and ate. It is said that the team notified their sponsor of the new development and they were advised not to continue mining until the next morning. The team however did not listen and hoisted Takemore Mlambo (deceased) into the pit which is approximately 40m deep. The team outside the pit noticed that Mlambo had taken time without communicating with them and suspected that he had been gassed. Rodwell Dzemura went and called Mr Mlambo's son Tadiwa Mlambo (19) (deceased) who worked at a neighbouring pit and told him they suspected that his father had been gassed. Tadiwa decided to be hoisted down in an attempt to rescue his father and got gassed along with his father. The two bodies were retrieved and brought to the surface.

Tapiwa's story is one among many harrowing stories of people losing their lives in unsafe mining pits at Redwing Mine. Inadequate supervision and substandard mining practices have seen inexperienced artisanal miners failing to comprehend hazards associated with mining and tragically losing their lives. Parliamentary Portfolio Committee of Mines and Mining Development and Parliamentary Portfolio Committee on Defence, Home Affairs and Security Services fact finding missions have produced reports condemning the mining practices at Redwing. Chief government mining engineer, Provincial office of the Ministry of Mines in Manicaland Province and other regulatory authorities such as the Environmental Management Agency are conscious that artisanal surface mining operations at Redwing Mine violate statutory instrument 109 of 1990(Management and Safety) Regulations, 190. Recommendations from these authorities have been recklessly abandoned. It cannot therefore be overemphasized that the mining operations are serving the political patronage system that prioritise plunder over the rule of law.

The Plight of Redwing Mine Workers

The resuscitation of Redwing Mine's formal mining operations will see over 260 workers returning to gainful employment. As of March 2019 when Redwing shut down mining operations, workers had salary accruals backdated from 2013. Efforts

by workers to resuscitate mining operations through corporate rescue and recover salary arrears owed by Redwing Mine opened floodgates to predatory mining outfits that have left them further disenfranchised. The workers fought a protracted battle in the courts to remove Redwing Mine from corporate rescue. Despite securing court victory, corporate rescue mining outfits such as Betterbrands have remained at Redwing Mine. Their presence at Redwing has been bolstered by the invasion of other ZANU PF mining syndicates who answer only to their political patronage system. As a result of mineral plunder by these mining outfits, Redwing Mine cannot derive income to sustain their workers hence many are on forced leave without salaries. Workers interviewed by CRD indicated that their sister company How Mine is assisting Redwing Mine only on a care and maintenance basis. At least US\$11 million in capital injection is required to resuscitate formal operations at Redwing and rekindle the livelihoods of workers who depend on the mine. How will Redwing Mine attract FDI in the face of ongoing plunder and destruction of Redwing mining assets? The question worries Redwing Mine workers more.

Background to Redwing Mine seizure

The supreme court ruling of 5 September 2022 ended corporate rescue mining agreements at Redwing Gold Mine in Zimbabwe. Since the favourable court outcome, restoring formal mining operations has been a political minefield for Metallon Corporation, the leaseholder for Redwing Mine. Application for corporate rescue made by Redwing Mine workers in 2019 was seized by entry-level gold mining companies owned by political elites. Suddenly, Redwing Mine was turned into a battleground by these companies fighting each other for control of the mine. Scot Sakupwanya's Betterbrands elbowed the other two, Propedack and Prime Royal Africa, to take over the mine. Without resources and experience to resuscitate underground mining, Betterbrands opted for subsistence surface mining. He invited over 4000 artisanal miners to open pits across the 1254 hectares of Redwing Mine concession marking the beginning of worst mining practices. Sakupwanya is a ZANU PF politician and controversial gold buyer fingered in the Aljazeera documentary for using gold for money laundering.

Conclusion

Ongoing plunder and stripping of Redwing Mine resources by the political patronage system reflect a government that doesn't respect property rights and the rule of law. The government adopted the "Zimbabwe is Open for Business" policy in 2018 to attract FDI. Zimbabwe also created the Zimbabwe Investment and Development Agency (ZIDA) a one stop shop to promote both domestic and foreign direct investors. In line with the Open for Business mantra, President Mnangagwa launched a US\$ 12 billion mining industry revenue target to be achieved through rapid exploration, resuscitation of closed mines, value addition and beneficiation

among others. The policy was also in line with government's 2030 vision of attaining upper middle income economy by 2030. The government recognised that citizen participation, responsiveness of public institutions, rule of law, devolution and constitutionalism were some of the cardinal values to attract FDI important for attaining Vision 2030. By promising to project a well governed mining sector “which is ethically inclusive, environmentally friendly and socially responsible”, the government was aligning the mining sector to the values of Vision 2030. These values were to be galvanized by policy reforms as enunciated in the National Development Strategy running from 2021 to 2025. NDSI as a vehicle to drive the 2030 vision recognised that weak governance policies were a limiting factor to achieve sustainability in the mining sector.

The government however failed to legislate reforms in mining and local government sectors to achieve NDS1 targets in line with the goal of Vision 2030. Policy inconsistencies and centralization of power have opened floodgates for political patronage fueling corruption, lawlessness and worst mining practices degrading human rights. The positioning of Redwing Mine for FDI including other potential investment destinations in the mining sector is a welcome development. It requires government to replace the political patronage economy with an investment climate that embeds constitutionalism, the rule of law and respect for property rights. In the interim, a multistakeholder approach can go a long way in achieving responsible and sustainable mining practices at Redwing Mine.