

## **Zambia's Gold Rush Chaos Inhase on July 26, 2024 at 8:41 am**

by | Jul 26, 2024 | Uncategorized

### Hunters of Gold/Part I

President Hakainde Hichilema's plans to make Zambia a global gold-mining hub are being thwarted by two main players: illegal miners bent on exploiting the country's gold reserves and an influential private company, MakanDay can reveal.

By Chishaba Masengu and Charles Mafa

A dispute has arisen over gold exploration rights in Kabombo, an area in Rufunsa district, east of Lusaka. Various local cooperatives are staking their claim to the land – which is problematic enough – but what raises the most ire and concern is the power and influence exerted by mining company Gold Hunters over government oversight entities and gold deposits in the region.

In 2015 in the same area, a fierce land dispute erupted between Chief Shikabeta of Rufunsa in Lusaka Province and Chief Chembe of Luano district in Central Province over gold deposits, with both asserting ownership of the land. Despite being in different provinces, both chiefs claimed rights to the gold-rich area, leading to tension among their subjects.

The current tension is between Gold Hunters, a private company holding a small-scale mining licence in Kabombo, and several local cooperatives that were also granted artisanal mining licences for the same land. This overlap has heightened the dispute between the company and the local population.

A government-convened meeting was held on 8 July to address local concerns about ongoing disputes. At that meeting, local cooperative leaders questioned why Gold Hunters was exerting undue influence over the mines.

Chief Shikabeta's absence from the meeting was notable, prompting questions about his commitment to ensuring that his subjects would benefit from the minerals. It also supports allegations from his subjects about his having close ties with the company.

The chief refused to answer any questions from MakanDay, urging the journalist to appear before him at his palace in Rufunsa. He had initially asked for the questions, saying he would only respond later as he was on the road when contacted.

"I think we have never met each other before, and this is the first time you are talking to me on the phone. How do you expect me to answer such questions on the phone? If you have respect for me as a chief, you must come to the palace to talk, not on the phone," he said.

Back to the meeting. It was organised by Richard Mabena, District Commissioner for Rufunsa district. In attendance were Alex Mapushi, the Deputy Permanent Secretary of Lusaka

Province, and Carthbert Kateya, a cooperative officer in the Ministry of Small and Medium Enterprise Development.

Other attendees included Bishop John Mambo, who is Senior Headman Nyampande in Chief Mpanshya, and Charles Chibulo, the chairman for the Chief Mpanshya chiefdom.

Representatives of the Velos Group of Companies pledged up to \$20 million for a mining project, and Mosheberi Mining Limited committed over \$10 million in partnership with artisanal cooperatives.

Bishop Mambo revealed that some local and central government leaders had been compromised, and this had enabled private companies to exploit the situation with impunity.

“Gold Hunters has caused some problems. That’s where you can smell corruption. Let’s expose that. It’s for the good of the entire country,” he said. “We need to address this situation to avoid the emergence of small militias sprouting through this trade.”

A MakanDay investigation has found that although artisanal miners dominate the extraction of gold in Rufunsa, they often face exploitation from private interests, including Gold Hunters.

According to a source familiar with gold mining in Kabombo, another company was active in gold mining before the 2021 elections and was later succeeded by Gold Hunters.

The emergence of this company has drawn attention to extensive networks connected to illegal gold mining.

It is alleged that these networks involve politicians associated with former ruling party the Patriotic Front. It appears that some of these individuals have now been replaced or have established connections with officials linked to the ruling United Party for National Development.

“It appears that the same individuals [from the previous company] simply rebranded the company,” said a source.

### **Gold Hunters Mining Limited**

The majority shareholder in the company is Somali national Abdirahman Artan Isse, who holds 70% of the shares. Among the Zambian stakeholders, Chomba Shikabwali possesses 11.5% shares, Mike Simukama also holds 11.5%, and Alian Chipote has 7.3%, collectively constituting 30% of the shares.

The company, based in Northmead, Lusaka, was established on 27 January 2023. Its primary activities comprise the mining of non-ferrous metal ores and the wholesale trading of metals and metal ores.

The MakanDay Centre for Investigative Journalism's attempts to offer Gold Hunters a right of reply and to obtain an explanation from them have been unsuccessful. When company representatives met with a MakanDay journalist on 8 July, they resorted to threats and intimidation, accusing the journalist of being sent by individuals opposed to Gold Hunters.

### **Local concerns**

Adding to the complexity of mining operations is the government's directive for local cooperatives to partner with investors, the aim being to benefit communities in mining areas.

According to a source in Rufunsa, some of the local cooperatives partnering with Gold Hunters were allegedly set up by the company itself. MakanDay has not independently verified this claim.

It appears that certain government officials within President Hakainde Hichilema's administration are now backing the company.

During a ceremony held in Rufunsa on 12 June, attended by Minister of Lusaka Province Sheal Mulyata and other senior officials, Minister of Mines Paul Kabuswe issued artisanal mining licences to several cooperatives. Interestingly, some officials at the event were encouraging cooperatives not associated with Gold Hunters to collaborate with the company.

Artisanal miners allege that Gold Hunters wields considerable power and continues to exploit artisanal miners by using them as cheap labour. This contravenes government policy, which is aimed at empowering artisanal mining through the formation of cooperatives.

### **Mining cadastre map portal**

A review of the [Zambia mining cadastre map portal](https://portals.landfolio.com/zambia/) (<https://portals.landfolio.com/zambia/>) reveals that Gold Hunters holds a maximum of five licences, including three small-scale exploration licences, one small-scale processing licence, and a small-scale mining licence for Rufunsa district.

Further inspection of the portal indicates that, besides other licences applied for and granted nine months later in March 2023, Gold Hunters applied for its mining licence on 18 March 2024, and remarkably, obtained it four weeks later on 17 April.

This action blatantly disregards the 90-day rule process, which mandates that an environmental impact assessment be conducted before mining can commence.

### **Huge contrast**

In contrast, the portal shows that the state-owned Zambia Consolidated Copper Mines – Investments Holdings (ZCCM-IH) applied for a similar licence on 11 September 2023 and only received approval nine months later on 7 May 2024.

The company has now been granted a licence to conduct explorations in an area called Kamwasha in Rufunsa, about 100km from Kabombo.

### **Government's silence on mining licence approval**

The Ministry of Mines and Minerals Development has not responded to MakanDay's request for comment on several questions, including the expedited approval of Gold Hunters' mining licence.

ZCCM-IH's gold subsidiary, the Zambia Gold Company, was founded in 2020. It was established to bolster the development of Zambia's gold sector and broaden the mining portfolio of the state-owned company, which has traditionally focused on copper.

Its responsibilities include the exploration, processing and marketing of mineral resources, with the primary objective being to sell gold to the Bank of Zambia. This strategic move aims to bolster the kwacha by augmenting gold reserves.

According to ZCCM-IH public relations officer Loisa Mbatha-Kakoma, the company intends to apply the same operational model to the Kasenseli gold mine in Mwinilunga once the mine starts operations later this year.

The operational model involves collaborating with artisanal miners to facilitate safe gold mining.

Mbatha-Kakoma detailed ZCCM-IH's plan to partner with the Ministry of Mines in order to evaluate the artisanal mining sector and aid miners in forming cooperatives to obtain artisanal licences.

"This time, it will be at different levels that we intend to partner with small-scale licence holders to explore and develop mines. We also intend to undertake gold aggregation from artisanal miners, which means the formalisation of the sub-sector," she explained.

She said the fact that Zambia Gold Company now owned its own licences (without partnerships) would give ZCCM-IH more operational leverage.

Additionally, the company aims to collaborate with the Ministry of Commerce to procure appropriate mining equipment for these cooperatives and facilitate the sale of their gold through Zambia Gold Company.

In pursuing this initiative, ZCCM-IH will encounter competition from private entities like those in Rufunsa, as well as from artisanal miners themselves, who may prioritise financial gain over safety, sometimes at the cost of their wellbeing – and even their lives.

### **Hunters of Gold/Part II**

By Chishaba Masengu and Charles Mafa

Despite difficulties such as the rugged road leading to Kabombo gold mine, hundreds of gold dealers continue to access the area in Rufunsa district.

Until 2013, Kabombo, an area next to Luano Valley, was infamous, known for the notorious Mailoni brothers, serial killers who terrorised locals and hindered development efforts in the entire area.

Following the death of the trio at the hands of the Zambia Army, the government pledged to bring development and civilisation to the region. However, this promise has yet to materialise.

Situated south of the Mkushi district and to the east of Kabwe town, the Kabombo and Luano areas are rich in gold, copper, zinc, silver and other minerals.

Scuppering the exploration potential for these resources are illegal artisanal miners, who are busy exploiting the abundant gold deposits, particularly in the areas of Chiefs Mbosha and Kanyensha of the Lala-speaking people.

Additionally, these miners operate in Chief Shikabeta's area in Rufunsa, where a MakanDay journalist recently conducted an investigation, as mentioned in Part I.

"Some individuals have left the comfort of their homes and families to reside here for months, searching tirelessly for gold deposits," explained my guide, using the pseudonym John Chola.

Chola said these miners set up tents around the mining craters and crevices, forming part of a larger community of miners in makeshift market camps where processing and trading take place.

After what felt like an eternity of navigating bumpy terrain, punctuated by challenges like pit stops to fix a broken car bumper and seemingly endless negotiations for directions, Chola and I finally arrived at what appeared to be a broad expanse of blue tents.

This place is one of three market camps in the area. It's known as 'baby market', while the neighbouring two camps are referred to as the new and old markets.

Returning to the makeshift miners' compound, Chola brought along his colleague, Eric Ng'onga, a local illegal artisanal miner in his 40s. Ng'onga was eager to meet me. I was posing as an investor interested in investing in the artisanal mining business.

Apparently, Ng'onga was previously a gold miner in Mumbwa district but chose to relocate to Rufunsa.

He said he relocated to Luano because the gold in the area was much heavier and more valuable than what was found in other parts of Zambia.

"You have to invest K6 000 (about \$233) to acquire dynamite from a Lusaka-based Chinese businessman specialising in quarry excavation mining. He's known as '70-70'. While no one

holds an authorised licence in Zambia to supply dynamite, 70-70 is the exception,” Ng’onga explained.

He possesses a quarry excavation licence for his factory, located around the Zingalume area in Lusaka. However, authorities are unaware of his simultaneous gold-mining operations in Zambia.

According to Ng’onga, the dynamite is essential for blasting unexplored sections of the gold mine, exposing mineral trails for exploration.

The tents, functioning as gold milling depots, house women pounding gold ore in traditional metal mortars, constituting part of the supply chain.

“Miners entrust the ore to these women after extracting it from the pit, preferring this method over milling machines provided by a company called Gold Hunters as the machines fail to grind the ore to a fine silt. Consequently, some gold ore remains unrefined,” said Chola.

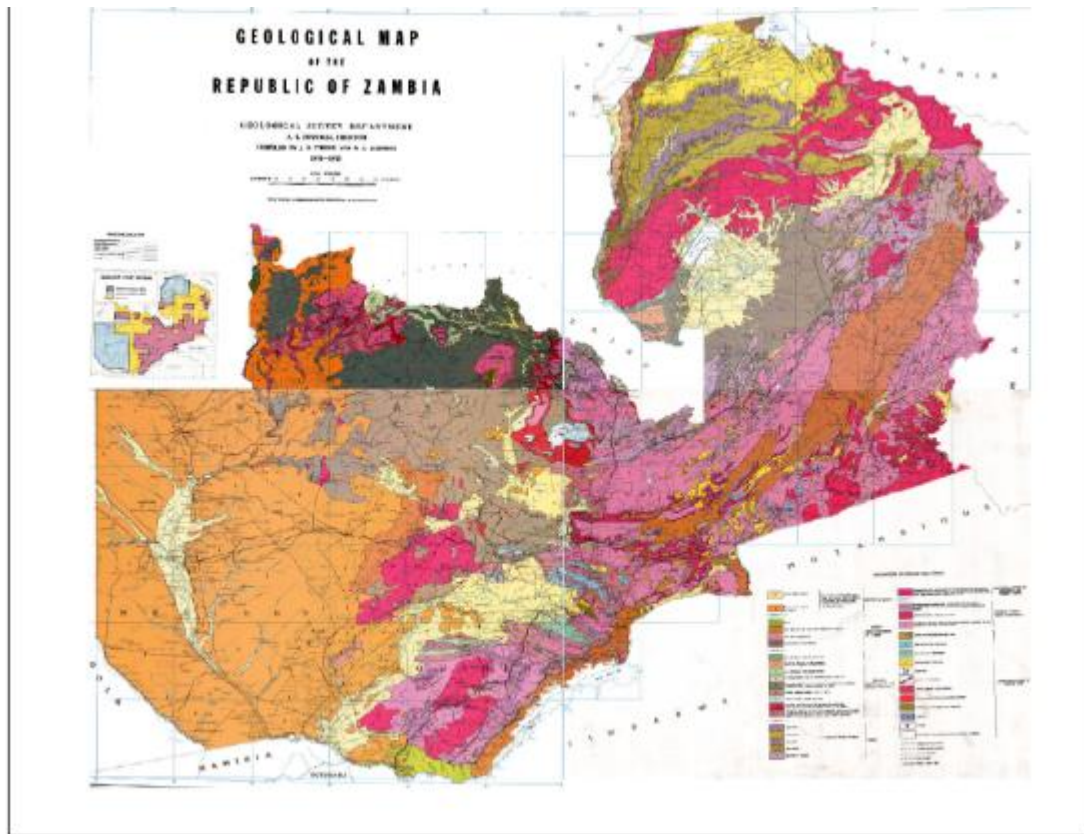
MakanDay has established that the makeshift camp operates unauthorised milling bays and a buyers’ market due to miners feeling exploited by Gold Hunters, which allegedly levies a 40% tax on each gold transaction with artisanal miners. Supposedly, part of this tax goes towards paying royalties to the chief.

Gold Hunters, the licensed company within Kabombo’s mines, wields significant control over the gold trade.

Miners allege that the company imposes a mandatory fixed price of K1 000 (\$38) per gram, subject to a 40% tax, resulting in miners receiving K600 (\$23) per transaction. Conversely, ‘illegal’ gold traders in the camp offer a better deal of K1 100 (\$42) per gram without taxation.

Moreover, miners claim that the local chief, Chief Shikabeta, receives monthly payments of K1 000 (\$38) from illegal market camp processing depots, in addition to a portion of the 40% milling tax from Gold Hunters on each gold-processing transaction.

## No response from Chief Shikabeta and the company



MakanDay reached out to both the company and Chief Shikabeta, but neither responded.

At the depot, where the gold is extracted from ore, sieved gold ore is mixed with mercury, which condenses available gold particles. As the mercury-coated particles settle, the fire roasting process transforms them into yellowish gold.

“After 10 minutes, this tiny gold speck,” said Ng’onga, placing it in my palm, “is worth K500 (\$19).” Ng’onga boasts of miners making substantial profits, recalling the day he spent K5



000 (\$194) on alcohol and gifts for friends.

“Even young boys here earn around K2 000 (\$77) on a good day. They’re disinterested in schooling, believing they’ve already achieved success,” he said.

Camps lack educational opportunities as there are no learning centres nearby – the closest school is about 28km away. Some miners deem the distance to be unreasonable when they can earn within the mines.

### **An encounter with a teenage miner**



Lameck Benzu, a boy in his mid-teens, was spotted milling around the camp. When questioned why he was not interested in getting an education, he simply chuckled and dismissed the question. Benzu appeared unwell, saying he was taking a rest and had refrained from mining on that day.



The camp may not have been sanctioned by government as a legal settlement, but there are government services provided through mobile health services. There is also a heavy police presence to provide security.

If these services are available, why then has government not formalised the camp and provided artisanal miners with mining tools? This is what we asked the Ministry of Mines

and Minerals Development, , but it is yet to respond.



The parting words of Chola, the guide, resonate: “You don’t need anything like a licence; all you have to do is go to the mining site with an experienced local traditional surveyor, who will help you spot the gold deposit trail. The surveyor will assist you in selecting a potential mining line which you can then begin to explore and excavate.”

These insights not only reveal the accessibility and importance of gold mining for the local community but also highlight the challenges faced by communities in Zambia – especially during this time of ongoing drought and poor agricultural harvests, which are exacerbating the hunger crisis afflicting the nation.

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