

Petra Diamonds suspends operations at Tanzania mine as government probes industry

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Petra Diamonds has suspended operations at one of its mines in Tanzania and said a number of “key personnel” are being questioned by authorities amid a government investigation into malpractice in the country’s diamond sector.

The company said a parcel of diamonds from its Williamson mine has been blocked from export to its marketing office in Antwerp, and said operations at the mine have been stopped “for health and safety and security reasons” while its personnel “cooperate” with authorities.

The company said “the grounds upon which these actions have been taken have not been formally made known to the company as yet”, but said the actions were connected with recent media reports about a parliamentary investigation into the Tanzanian diamond sector.

Two government ministers resigned last week after an investigation found irregularities in contracts surrounding the Williamson mine, which is 75 per cent owned by Petra and 25 per cent owned by the government.

Petra said:

All operations related to the mine are conducted in a transparent manner and in full compliance with legislation in Tanzania and the Kimberley Process. The government has complete oversight of the diamonds produced at the mine, which are physically controlled by a number of different government representatives in conjunction with Petra from the point of recovery until the point of sale.

It added that the company is not responsible for provisional valuations of diamond parcels made before they are exported.

In an effort to illustrate that its diamonds have been handled appropriately, Petra has published a series of certificates, invoices and receipts related to the blocked parcel on its website.

Petra's documentation values the 71.7k carat parcel at \$14.8m, but the government on Saturday said the package was worth \$29.5m, and [accused the miner of under-declaring](#) its mineral exports.

The accusations against Petra echo similar complaints about London-listed gold miner Acacia, which has been locked in a dispute with President John Magufuli's government for more than six months.

Acacia announced last week that it would [reduce operations](#) at one of its own key mines after failing to resolve its dispute, which has seen it banned from exporting unprocessed ore. The government has accused Acacia of systematically mis-reporting exports, and hit the company with a [\\$190bn tax bill](#) – a figure worth four times the country's annual economic output.