



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF BUSINESS, ECONOMICS, AND ACCOUNTING

DEPARTMENT OF BUSINESS ADMINISTRATION AND MANAGEMENT

EXAMINATION PAPER

COURSE CODE : CBM401
COURSE TITLE : STRATEGIC MANAGEMENT
DURATION : 3 Hours
LEVEL : 4.1

01 JUL 2022

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. Use of silent, non-programmable calculators is allowed
3. Answer **COMPULSORY** case study question number **one (1)** and any other **three (3)** questions.
4. Begin each question on a new page.
5. The number of marks for each question or part question is shown in brackets []

QUESTION ONE

14th April 2022

By miningweekly.com

LONDON-listed Premier African Minerals, which is conducting a definitive feasibility study (DFS) on its Zulu lithium and tantalum project, in Fort Rixon, Zimbabwe, has accepted a subscription of £12-million before expenses from Suzhou TA&A Ultra Clean Technology that is sufficient to fully fund completion of the DFS and the additional resource work that is already under way.

CEO George Roach tells Mining Weekly that, owing to this subscription, the company is now fully funded and, at this time, sees no need to return to the capital market for any further funding. Moreover, this new investor is also the majority owner of Yibin Tianyi Lithium, a major and expanding producer of lithium hydroxide.

Roach notes that the subscription also provides assured take-off for whatever spodumene concentrate the Zulu project will produce. Outlining the rationale for Suzhou's investment, Roach explains that Suzhou wanted to secure access to spodumene concentrate in sufficient quantities to allow its subsidiary to expand its production threefold or more.

Meanwhile, with funding now received, Premier is able to accelerate the DFS and to add further optimisation that has not necessarily originally been budgeted for, Roach says. "We are advanced in terms of metallurgical testing and plant design and expect preliminary results for the DFS before the end of this year," he informs.

Thus far, he says, the original Zulu claims have been incorporated into an exclusive prospecting order that constitutes 20 000 ha that covers projected on-strike extensions and at depth. Importantly, Roach explains that Premier has agreed an exclusive negotiation period with Suzhou. This is to allow for a determination on mine construction, finance thereof, potential further processing in Zimbabwe and how to best deal with the 50% of the offtake that is not at this time committed to Suzhou, he elaborates.

"As the market is aware, lithium prices have jumped across the board over the past year on the back of heavy demand from the automotive sector.

“It certainly means an exciting time ahead for Premier and especially the Zulu lithium project to be at the forefront of what could possibly be described as the next upcycle in the mining industry,” comments Roach.

- a) Explain why CEO George Roach expresses that “... exciting time ahead for Premier...”. [10 marks]
- b) Outline the value-addition issues highlighted in this case above. [7 marks]
- c) Assuming that Premier African Minerals has extra money left after expending the £12-million from Suzhou TA&A Ultra Clean Technology, recommend any other strategic expansion moves that Premier African Minerals can make. [8 marks]

QUESTION TWO

- a) Explain how an organisation may be able to successfully establish beneficial cooperation in its industry. [8 marks]
- b) Why is profiling the immediate competitor important in strategic analysis? [8 marks]
- c) Show why the writings by Adam Smith fit the prescriptive approach to strategic management. [9 marks]

QUESTION THREE

Discuss how the functional level of an organisation may strategically contribute towards the competitive advantage of the organisation. [25 marks]

QUESTION FOUR

Discuss how the BCG matrix may help an organisation in making decisions about its product or business portfolio. [25 marks]

QUESTION FIVE

Critically analyse the strategic options that an organisation may employ in expending internationally. [25 marks]

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