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Z I M B A B W E

ISSUE
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2021

WHY GOLD SMUGGLING IS RIFE IN ZIMBABWE

Mining Personality of the month:
Eliakem Hove

Production costs going up in local
currency, miners call for review

Without value addition chrome
can still fetch Zim US\$1 billion

Platinum Giant records over
US\$0.5 billion in profits

Ministry working on reducing the
turn around time in the issuance
of Mining Titles: Chitando

ZIMPLATS spends US\$239 million
on local equipment suppliers

Freda Rebecca

key in achieving 100 tonnes gold target

Zim \$270 / SA R30

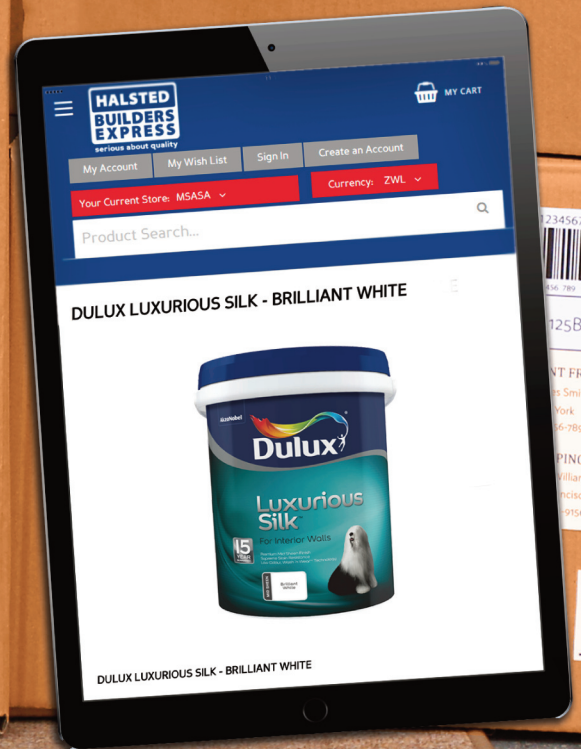


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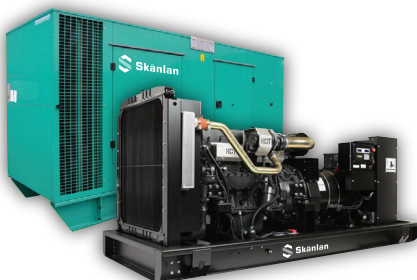
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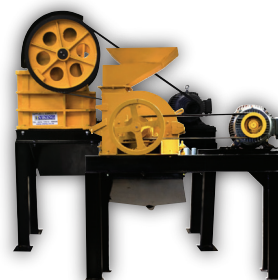
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Mining Zimbabwe is the premier source of Zimbabwe Mining News. Our core focus is the Zimbabwe Mining Industry, trends, new technologies being developed and used to improve this crucial sector, as well as new opportunities and investments arising from it. Mining Zimbabwe's sole purpose is growing and empowering the Mining Industry and highlighting all its challenges as well as putting forth expert solutions

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INSIDE MINING ZIMBABWE



Eliakem Hove: A Mining Engineer by profession with over 30 years in the Mining Industry encompassing senior operational, technical and production experience with various organizations

- 05 Freda Rebecca tour, what a Marvel!
- 08 Freda targets 280kgs gold monthly
- 09 Freda Rebecca key in achieving 100 tonnes gold target
- 12 Mining personality of the month: Freda Rebecca and Shamva gold mines MD Mr Eliakem Hove

- 24 Zimbabwe mining industry should start producing young millionaires
- 26 Miners should pull resources together to succeed
- 28 (EITI) and its Capacity to Effectively Curb Leakages in the Mining Sector in Zimbabwe

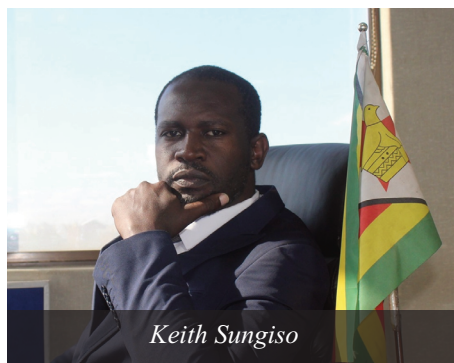


- 14 Freda Rebecca aims to increase the lifespan mine
- 16 Government moving rapidly to implement Cadastre system
- 18 Production costs going up in ZWL, miners call for review
- 20 Why gold smuggling is rife in Zimbabwe



- 32 Impacts of Covid-19 on the gold Mining sector of Zimbabwe
- 34 ZIMPLATS spends US\$239million on local equipment suppliers
- 34 Platinum Giant records over US\$0.5 billion in profits
- 35 MMCZ - an obstacle to the thriving of the semi-precious sector
- 36 Without value addition chrome can still fetch Zim US\$ billion
- 36 Zimbabwe School of Mines to set up a gemology center in Mutare
- 37 BNC in Six-year fatality-free shifts
- 37 Chitanda hands over new maps to Mash-central province
- 37 Ministry working on reducing the turn-around time in the issuance of Mining Titles: Chitanda

Freda Rebecca tour, what a Marvel!



Keith Sungiso

EDITOR'S NOTE

Welcome readers to this month's issue where as usual we cover pertinent issues in Zimbabwe's number one industry.

I hope this issue finds you in good health and keeping safe in these Covid-19 times.

Last month Mining Zimbabwe was privileged to be invited for a visit and a tour of Zimbabwe's biggest gold producer Freda Rebecca gold mine in Bindura Mashonaland central.

It was a great to experience first hand, mining progress and learn more about the gold production process at the mine.

We were invited into the gold processing room where we learnt that ordinary shoes cannot be worn as the soles will melt due to the intense heat in the room.

The Freda Rebecca health and safety team also highlighted safety measures employed at the site and evacuation in case of emergency.

We also had time for a question and answer segment with the Managing director Mr Eliakem Hove and in this issue we published an exclusive interview with

Freda Rebecca's boss on page 12.

This type of invitation to Media Houses especially to Specialists like Mining Zimbabwe is highly beneficial as among others as it creates an environment for effective stakeholder dialogue and its a clear use of transparency which in-turn builds trust.

"Under-engagement is the biggest risk."

We hope this was a beginning of regular interaction and more mines will extend such invitations that we gladly welcome.

Whether you are just an information junkie or a potential investor, this is the publication to read, we have all things mining covered for you all in one place. We would love to hear from you, so feel free to leave your comments on our social media pages and you can also write to us info@miningzimbabwe.com. Enjoy the read!

KS Sungiso





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Freda targets 280kgs gold monthly



For the next five years, Kuvimba Mining House owned gold producer, Freda Rebecca Gold Mine is aiming to produce 280-kilo grams of gold monthly.

Anerudo Mapuranga

This comes when the country is expecting the gold-producing sector to contribute US\$4 billion in annual revenue.

Through his vision for the country's economy to earn an upper-middle-income earner status by 2030, President Emmerson Dambudzo Mnangagwa hopes that the mining sector will generate US\$12 billion annually by 2023, a milestone

which Freda Rebecca is believed to significantly contribute.

So far, Freda has produced a record-breaking 311 kilogrammes of gold in June of 2021, which is an addition of 11 kilograms to the May gold submission where the country's biggest gold miner produced 300 kilograms.

In an interview after the tour of Freda Rebecca mine and gold processing centre, the mine's Managing Director Mr. Eliakem Hove said the gold mine is expanding its milling capacity in order to achieve a monthly outcome of 280 for the next five years.

"The plan going forward is basically to operate at an average of 280 kgs per month, yes we did achieve a 300kg record production but our monthly targets remain 280 kgs per month.

"In order to ensure that it is achieved, we are currently expanding milling capacities. We are looking forward to the next five years to be producing those numbers." Hove said.

The Minister of Mines and Mining Development Hon Winston Chitando has praised Freda Rebecca gold mine as an important player in the achievement of the Ministry's target to produce 100 tonnes of gold annually.

"Freda Rebecca is a very key player in the achievement of our US\$12 billion milestone and in the achievement of 100 tonnes of gold annually target.

"You may be aware that in June this year they produced 300 kgs of gold in one month, if you annualize it we are looking about 3.6 tonnes representing 3.6% of our production target," Minister Chitando concluded.

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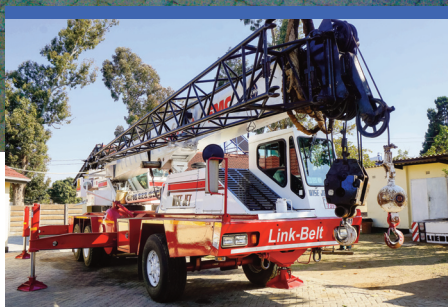
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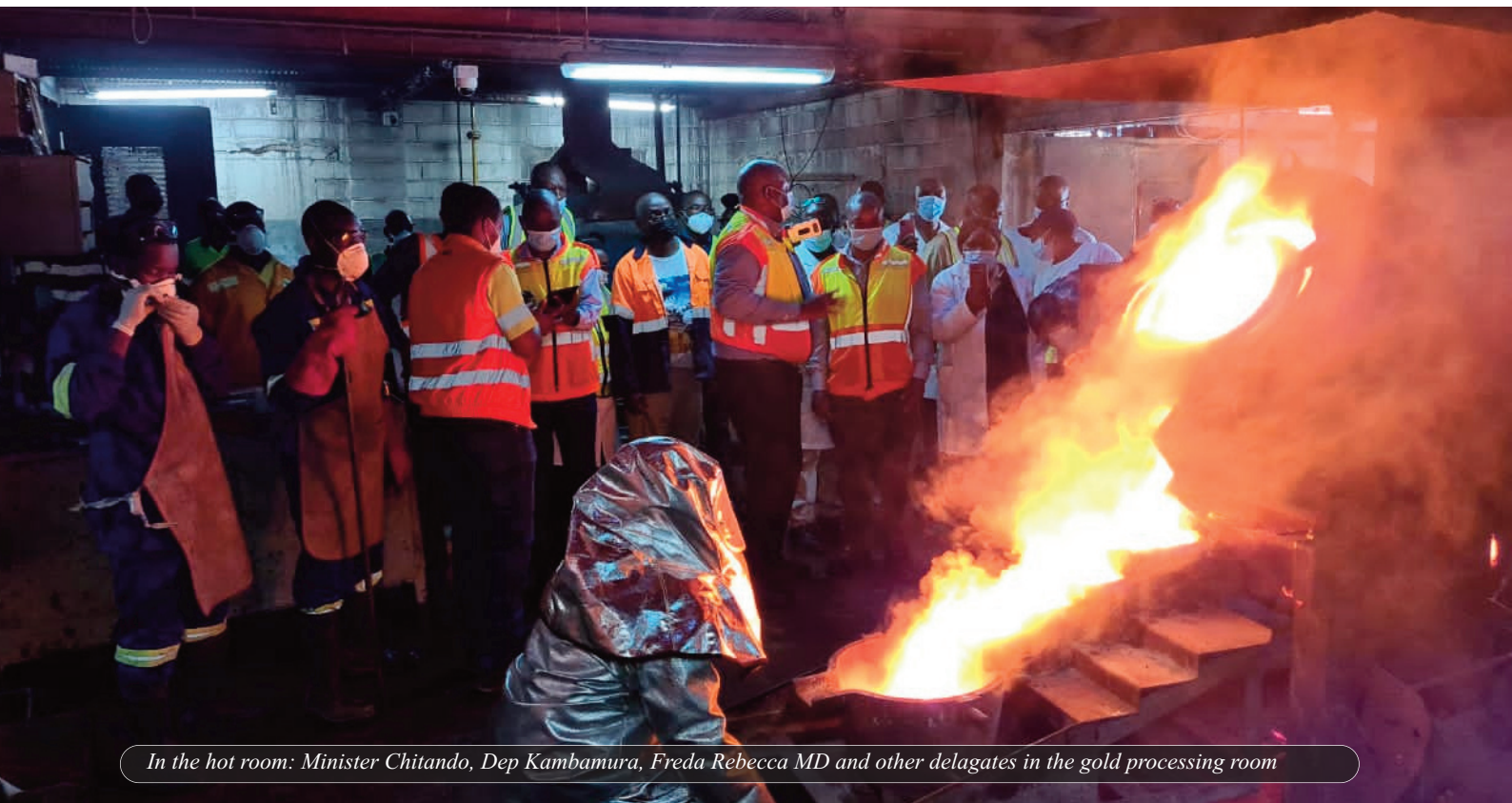
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Freda Rebecca key in achieving 100 tonnes target



In the hot room: Minister Chitando, Dep Kambamura, Freda Rebecca MD and other delegates in the gold processing room

Kuvimba Mining House-owned gold producer, Freda Rebecca is a significant player in the achievement of 100 tonnes actual gold production target, Minister of Mines and Mining Development Hon Winston Chitando has said.

Rudairo Mapuranga

Through the US\$12 billion mining roadmap pioneered by Minister Chitando to help in the President's vision for the country becoming an upper-middle-income earner by 2030, gold is expected to fetch an annual revenue of US\$4 billion by 2023 while other minerals will fetch the remaining US\$8 billion.

According to the Minister, the US\$12 billion mining vision project, gold production in the country is expected to reach 100 tonnes by 2023 with Freda Rebecca proving that they have the capacity to produce 3.6 per cent of the set target.

"Freda Rebecca is a very key player in the achievement of our US\$12 billion milestone



and in the achievement of 100 tonnes of gold annually target. You may be aware that in June this year they produced 300 kgs of gold in one month, if you annualize it we are looking about 3.6 tonnes representing 3.6 percent of our production target," Minister Chitando said.

When Kuvimba took over last year, Freda Rebecca was producing 150 kgs of gold per month and officials say they are targeting to produce more than 300kgs per month in the next three years.

“

You may be aware that in June this year they produced 300 kgs of gold in one month, if you annualize it we are looking about 3.6 tonnes representing 3.6 percent of our production target," Minister Chitando said.

”

Freda Rebecca Mine general manager, Mr Eliakem Hove, attributed the stellar performance to massive re-investment done by Kuvimba at the mine.

He said that although the mine produced 300 kgs in May it was targeting a monthly output of 280 tonnes.

"The plan going forward is basically to operate at an average of 280 kgs per month, yes we did achieve a 300kg record production but our monthly target stand

at 280 kgs per month. In order to ensure that it is achieved, we are currently expanding milling capacities. We are looking forward to the next five years to be producing those numbers," Hove said.

Apart from Freda Rebecca, Kuvimba has two other gold mining assets, Shamva, and Jena Gold Mine, which are on target to produce 400kg and 75kg by December 2022 per month respectively.

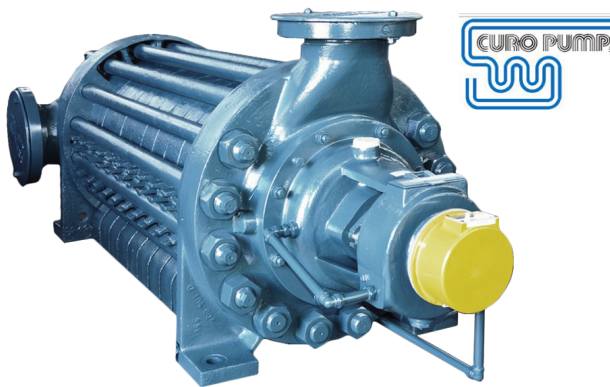
Currently, Shamva is producing 40 000 tonnes of gold ore per month while Jena's output stands at 28kg of gold. Kuvimba also has a stake in the Darwendale Platinum Project (Great Dyke Investments), Trojan Nickel Mine (Bindura Nickel Corporation), as well as in Zim Alloys Limited.



As part of its expansion drive, Kuvimba has been investing heavily in key machinery and assets at its mines.

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Mining personality of the month: Freda Rebecca & Shamva gold mines MD Mr A Hove



Mr Eliakem Hove

In August 2021 the Mining Zimbabwe team had a tour of Freda Rebecca gold one of the country's biggest gold producers. We couldn't help but marvel at the smooth operations, monster machinery and best of all the visit to the gold room where gold is processed and smelted into gold bars. What an experience!

By Keith Sungiso

We had the privilege of interviewing the Freda Rebecca boss Mr Eliakem Hove who gave us an insight on Freda Rebecca's mining operations and his view of Zimbabwe's mining industry. Here is how our interaction went.

KS: Thank you for having us Mr Hove, may you share a brief background of yourself

EH: I am a Mining Engineer by profession with over 30 years in the Mining Industry encompassing senior operational, technical and production experience with various organizations. I am currently the Managing Director of Freda Rebecca and Shamva Gold Mines. I have a vested interest in team-building and personnel development.

KS: You are running one of the country's biggest gold producing companies. What is your working day like

EH: Review of previous week performance, Planning of current week performance, Funding and Cashflow planning, Production momentum, Capital projects review, Critical stock review, Stakeholders' in the tray and much more.

KS: We understand that when Kuvimba Mining House took over Freda Rebecca Mine last year, the mine was producing about 150 kilogrammes of gold per month. Currently, how many kgs of gold are you producing per month?

EH: This financial year we have averaged 281kgs against an average budget of 248kgs. The highest performance was of course 311kg achieved in June.

KS: What is your 2021 target in terms of gold production?

EH: Our year runs from April to March. This current year is called FY2022 and it started last April. The target for FY2022 is 103,521Oz (3.22tons) which I am confident will be surpassed based on current performance.

KS: In terms of CAPEX, so far how much have you invested into the business? From 2010 to 2019

EH: We have invested US\$ 3.50 per ton milled in stay in business Capex (SIB). For FY 2020 -2021 we have invested over US\$20m and development Capex into Shamva and FRGM and we are looking forward to investing US\$26m more this year and over US\$180m into the Shamva Hill project in the next 2 years.

"I am a Mining Engineer by profession with over 30 years in the Mining Industry encompassing senior operational, technical and production experience with various organizations"

Eliakem Hove

KS: What are the major challenges are you facing as a mining company in Zimbabwe and how do you think those challenges could be solved?

EH: The main challenge we are facing is the cost creep that is coming through the discrepancy between the official ZWL: US rate and the alternate rate. Of course, our procurement strategy is to lean towards offshore procurement to mitigate this exchange risk but there are some local services and goods that we require as a mine. These are pegged at parallel rates most of the times as providers will be trying to mitigate the exchange risk.

The 60:40 split of proceeds is not favourable as the cost profile is dominated by offshore supply.

The impact of incremental incentives is yet to be implemented and the benefit for mature optimized mines will be minimal

Furthermore, limited access to forex auction by our service providers and contractors make it worse.

When we talk of changes we cannot afford not to mention the devilish Covid-19. Its effects are obvious. We have lost 2 employees already this current year

Access to capital and the cost of capital has remained a challenge for the operation.

Continued on next page>>



Hove (Centre) in the company of Mines and Mining Development Minister and his Deputy



Hove addresses delegates at a stellar event held in Bindura

KS: Some mining companies in Zimbabwe have been decrying power challenges. Are you also facing similar challenges? If so, could you tell us how you have been affected?

EH: Yes we have not been spared. Despite being on a ring-fenced tariff agreement with ZESA that guarantees continuity of electrical supply, load shedding does occur but only when the utility supply is seriously suppressed. Our major power supply challenges are infrastructural because of ageing powerline infrastructure and equipment. We are losing 200 milling hours per month on average.

KS: You recently dismissed the assertion that Freda Rebecca will be history in less than five years! What are your expansion plans?

AH: It is true that FRGM has a remaining life of Mine of about 5 years and our thrust is to find its replacement. Organically, we have claims in the form of Alice, Topsman and Savoy that we anticipate spending money on for more information and confidence. We will also look at re-optimising the pit. Our anticipation is we will have a bigger pit. The exercise to assess that has already begun.

Outside our claims, we are open to synergies with other near mine ore sources. Already we have Shamva mine which is hauling its ore to Freda. We will also consider partnerships with other near mine producers.

KS: As a primary gold producer, how are you supporting small-scale miners in the country?

EH: There is no clear formal engagement framework yet. We offer technical support when approached and emergency services in response to distress. The

biggest challenge that we face is the lack of organisation on the part of small-scale miners for us to offer significant support.

KS: We recently had a tour of your gold processing centre can you give our audience just a brief what happens in the hot room?

EH: In the "Gold Room" – this where we acid digest gold loaded wire wool from the elution section, calcine "i.e. dry" them at high temperature to allow some partial oxidation of the wire wool. The calcined wire wool is then mixed with chemical fluxes that will allow chemical removal of impurities when smelting at very high temperatures above 1200°C to give smelt gold bullion with a purity of between 65 to 85% gold.

It is true that FRGM has a remaining life of Mine of about 5 years and our thrust is to find its replacement"

- Eliakem Hove

KS: The 60/40 foreign retention seems to be a challenge on mine operations in Zimbabwe as operational costs are increasing. Any comments on that

EH: The 60/40 split is not sustainable as the USD cost proportions are over 60%. Engagements for the removal of the 20% surrender portion for local Nostro payments are ongoing as suppliers are hedging against this loss through price escalation. The retention split strains capability to self-finance capital projects.

KS: As Zimbabwe's largest gold operating mine what's your word of advice to those who say Zimbabwe is a bad investment destination?

EH: Zimbabwe is actually a good investment destination. It is the perception that requires changing to attract exploration and Greenfields investments. Opportunities to invest in brownfields, as well as existing operations, are available.

KS: What is Freda Rebecca doing to protect workers against COVID-19?

EH: We have implemented a Sound Covid-19 Management framework informed by WHO guidelines and MoHCCZ statutes are in place. We have established a Covid-19 screening centre which is currently busy with vaccinating employees and their

dependents for free. To date, the clinic has vaccinated 1557 people. Of those, 699 have been fully vaccinated.

The mine has recruited additional nurses to screen employees at all our entry points. We have also put measures to maintain social distances when transporting employees, and the mine has had to hire 5 by 75-seater buses since the advent of the pandemic.

In addition to the Covid-19 screening centre, we also established a fully manned and fully equipped isolation centre for the positive cases.

KS: The world is going digital and in Zimbabwe, we seem to be lagging. How are you doing as a mining company on Digitalization?

EH: We are trying to keep pace with the world trends. Our meetings are now done online. The security system is largely digital. Most process controls have gone digital. Data analytics is now on a digital platform. In a nutshell, we are at an acceptable level of digitalization. Labour compliment on IT has recently increased to show our seriousness on digitalization.

KS: How is your safety record in 2021?

EH: The safety performance for the operation is good. For FY2022, we have had 25 incidents of which 17 are property and equipment damage largely because we are a mechanized mine and therefore, we have a high density of mobile equipment. Only 3 are lost-time injuries. Our goal is zero harm to people, equipment and the environment.

KS: Despite the Zimbabwe Gold Mining industry being a multi-billion dollar industry, we do not have young millionaires in the industry (*or some keep it hush-hush*) what could be limiting the potential of young indigenous miners

EH: Equitable access to capital and resources has been a major challenge. The challenge has been taken and we should be seeing several upcoming young millionaires in future.

KS: Besides your busy work schedule what do you enjoy doing offwork?

EH: I'm an avid farmer specializing in poultry farming, piggery and free-range chickens. **Mining**

Freda Rebecca aims to increase the lifespan mine



Zimbabwe's current largest gold producer, Kuvimba Mining House's owned Freda Rebecca aims to increase its mine life which is sitting at 5 years, the mine Managing Director, Mr Eliakem Hove has said.

Rudairo Mapuranga

Freda Rebecca made headlines in June when it broke a 20-year production record after it churned out 300kg of the yellow metal in May this year alone.

According to Hove the mine intends to increase its mine through both organic and inorganic means to continue making a significant contribution to the achievement of the President's vision for the economy to achieve an upper-middle-income status by 2030.

"For Freda, we intend to increase the life of mine either by organic or inorganic that is by partnering other gold producers within our area, close to the mine. There are potential sites where we can get information and lengthen the life of the mine," Hove said.

Hove said his mine was working on upgrading mining methods to increase the life of the mine.

"If you look at the geological resource it is sitting at 8 years, there is work to upgrade and work to change our mining technology in order to extract. Freda has

always as a life of mine of 5 years for the last 20 years," he said.

The Freda Rebecca boss said their owners, Kuvimba Mining House were investing heavily in exploration aiming to resuscitate shutdown mines as well applying for Exclusive Prospecting Orders (EPO) to explore green fields deposits. "In terms of the group we are looking throughout the country to resuscitate other idle mines namely club and tiger in Kwekwe, Jena is also uprating, yes, we are looking at applying EPOs for other various minerals," Hove said.

Hove has hailed the work done by Kuvimba Mining House on the investment done by the giant to ensure that gold recoveries have improved.

"Freda Rebecca has always had a life of mine of 5 years for the last 20 years" - A. HOVE

Freda, according to Hove is currently expanding its milling capacity to improve gold out.

"The plan going forward is basically to operate at an average of 280 kgs per month, yes we did achieve a 300kg record production but our monthly targets remain 280 kgs per month. In order to ensure that it is achieved, we are currently

expanding milling capacities. We are looking forward to the next five years to be producing those numbers," he said.

The Minister of Mines and Mining Development Hon Winston Chitando has hailed Freda Rebecca as a significant player in the achievement of 100 tonnes actual gold production target.

He said that the company was investing in a CIP plant that will be available for small-scale producers to increase their mineral recovery.

"In addition to that they are investing in additional plant throughput, they are also investing in an oxygen plant which is being configured to make oxygen for medical purposes. But also very importantly they are investing in a CIP plant which will be available to the public for tone treatment of ore, miners in this area will be able to send their ore for tone treatment." Minister Chitando said. Early this year, Kuvimba Mining House announced that it was seeking to raise \$1 billion for its gold and platinum projects, including a gold mine that could produce 150,000 ounces a year, as well as exploration.

The country is aiming to see the mining industry contributing to an economic revival with the President seeking an annual revenue of US\$12 billion from the mining sector by 2023.



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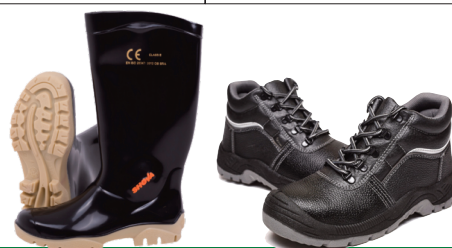


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Government moving rapidly to implement Cadastre system



The government is moving rapidly to implement the computerization of the country's register of mining rights and titles, the Minister of Mines and Mining Development Hon Winston Chitando has said.

Rudairo Mapuranga

The manual system has been criticized for being prone to manipulation and mistakes leading to double allocation of mining claims thereby creating unending disputes.

Due to the outdated and unreliable manual database, there has been widespread disputes over multiple mining ownership and claim boundaries.

The government through the Minister of Mines and Mining Development has rolled up new maps to all mining districts as an interim solution before the digital mining cadastral system goes live.

Minister Chitando said following the completion of a pilot project in Manicaland Province the government will quickly roll out to mining firms.

"We are moving rapidly and we have a pilot project taking place in Manicaland for the implementation of the cadaster system after which it will be rolled out to mining companies," Minister Chitando said.

The Rugged old system

Zimbabwe Environmental Law Association (ZELA) through a situational report released last month, said the government was taking too long to implement the computerization of mining rights and titles thereby

extending the span of disputes in the industry.

The organisation said the disputes are in most cases create violent confrontations associated with the mining sector of recent.

"Efforts by government to modernize the mining cadastre system the awarding and administration of mining rights and titles is moving in a very slow pace. Consequently, disputes are a common feature especially when gold rushes occur with two or more people claiming ownership over gold mining claims,"

"The disputes can easily spill into violence as people fight to secure access of prolific gold areas. The other problem is on registration of the mines. The Ministry of Mines and Mining Development is currently lagging behind, there is generally slow processing of mining titles."

"During the data collection period, some maps shown to members of the ZELA team were torn, while some have faded such that boundaries are redrawn by a pencil. This results in the shifting of blocks on paper/ map but not on the ground. Under such circumstances, one's block might encroach into another one on paper, hence causing conflicts," read the statement.

"This can only be rectified by Ministry Officials when they go on the ground to check coordinates. Such is the case in Chinhoyi and Midlands Province (Gweru office) among others. Double pegging of claims driven by corruption also fuels the violence as one can lose a claim they had for years because one was able to "bribe

and have a claim allocated to them, a challenge which ASM has failed to address despite speaking against it."

It is therefore of importance for the government to look into the issue of the cadastre system, increase the pace at which is being implemented to improve transparency fast in the industry.

Advantages of the cadastre system

The computer-based cadastre system is expected to enhance transparency and accountability in the administration of mining titles.

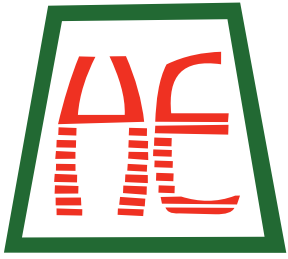
The cadastre system will have all records of interest in the land such as licence holders' rights, restrictions and government activities.

The computerised mining register is also expected to be the central database for the storage of information on applications and licences.

It is also expected to reduce processing time for the issuance of mining titles and other mining services in line with best practices across the globe.

Currently, mining licence separations are marked on the ground by metal stakes, concrete beacons, or some other fixed points surveyed using conventional methods such as theodolite or archaic methods involving tape and chains. This method has been criticized for breeding corruption in the allocation of titles.

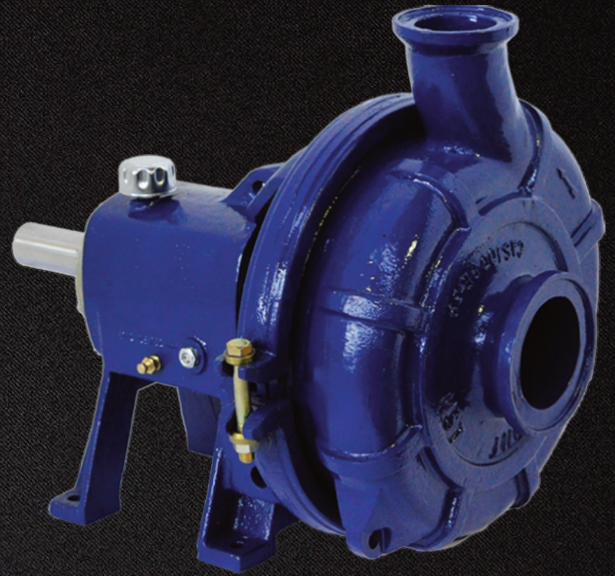
The cadastre system will therefore help curb corruption in the allocation of mining claims.



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Production costs going up in ZWL, miners call for review



The large-scale mining sector has been hard hit stubbornly by the cost of production, labour and materials due to the current foreign currency retention offered by the government which is not viable, Mining Zimbabwe has learnt.

Anerudo Mapuranga

The large-scale producers have lamented about the current foreign currency retention which is at 60% as the elephant in the room that is negatively impacting production significantly.

According to Freda Rebecca Managing Director Mr Eliakem Hove, primary producers were pushing for the government to give the miners 100% forex payment.

He said that the 40% Zimbabwean dollar component is aiding the increasing cost of production.



Akim Hove

"Our position as the Chamber as well as Freda Rebecca 60/40 is not adequate we would actually want 100%, worst case 80/20. The Zim dollar component increases your cost currently sitting around 60% when trading, 60/40 is putting pressure on our side," Hove said.

In a trading update, Bindura Nickel Corporation secretary Conrad Mukanganga said the adverse impact of the cost of local inputs and the increasing disparity between the auction foreign exchange rate, at which the company surrenders 40% of its revenue for Zimbabwe dollars, and the prevailing parallel market rate battered the miner.

He said the unit cost of production increased significantly due to the higher costs incurred in the quarter, as a result of the adverse impact on the cost of local inputs of the increasing disparity between the auction foreign exchange rate, at which the Company surrenders 40% of its revenue for Zimbabwe dollars, and the prevailing parallel market rate.

According to the Deputy Chairperson of the Geological Society of Zimbabwe Mr Kennedy Mtetwa operational costs in local currency are increasing due to high inflation on the parallel market and the

failure by the central bank to provide all suppliers with the required foreign currency.

"Production costs going up in ZWL yet exchange rate for 40% is staying the same," said Mtetwa

Recently, diversified mining group RioZim during the first quarter of 2021 said it did not benefit from a 12% increase in average gold prices due to the reduction of gold foreign currency retention threshold from 70 to 60% by the central bank.

The miner said the retention threshold impacted negatively on gold production by 10%.

"The Zim dollar component increases your cost currently sitting around 60% when trading, 60/40 is putting pressure on our side,"

A. Hove

Zimbabwean large scale miners are paid 60% of their gold submissions to Fidelity Printers and Refiners (FPR) in USD and 40% in the local currency which of late is on a downward trend on the parallel market. Equipment suppliers and local service providers peg their prices at the prevailing parallel market rates which currently is at ZWL160 against 1USD. The official Foreign Exchange Auction Trading System rate is currently pegged at ZWL86.0551 against 1USD as of 31/08/2021 a rate criticized for being unrealistic as foreign currency allocation isn't available to everyone.



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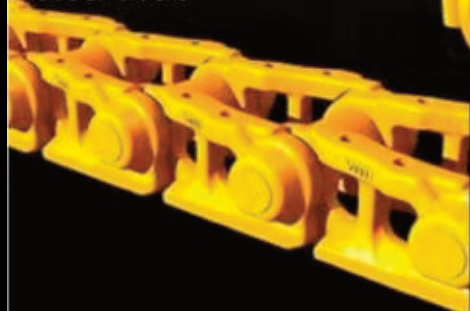
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Why gold smuggling is rife in Zimbabwe



The mining industry in Zimbabwe plays a significant role in the development of the country as it brings in foreign currency, contributes to government revenue and provides for infrastructure development.

Since 2009, the mining sector has become the fastest growing with both small-scale mining companies, artisanal miners and multinational companies taking part in the gold rush.

However, due to illicit financial flows, the southern African nation has been losing billions of dollars through gold smuggling into neighbouring South Africa, the United Arab Emirates among other countries.

For instance, just recently, a 33-year-old Zimbabwean man was arrested at O.R. Tambo International Airport in Johannesburg on May 8 2021 with smuggled gold worth R11 million (about US\$730,000).

Tashinga Masinire flew into one of Africa's busiest airports with 23 pieces of gold which he did not declare, and when challenged "he did not have any permit or licence to be in possession to transport gold."

Gold smuggling is estimated to cost Zimbabwe US\$100million each month, according to Home Affairs minister Kazembe Kazembe.

Cumulative gold output for the first quarter of 2021 stood at 4 311kg, about 13% of the annual target and lower than the comparable period in 2020, largely weighed down by low deliveries from the Artisanal and Small-scale Gold sector

(ASGM), according to Finance minister Mthuli Ncube.

Large scale producers delivered about 2 291kg during the period under review, about 11.2% above the same period in 2020, while ASGM delivered 1 586kg, about 55.6% below the same period in 2020.

"This points to possible incidences of side marketing and smuggling (leakages) of our minerals," Ncube said in his mid-term budget review.

Why gold smuggling

There are several reasons why gold smuggling is rife in Zimbabwe. Kleptocracy, a broken gold pricing system, payment delays are among other main reasons.

FPR an arm of the central bank with a monopoly on buying, refining and exporting Zimbabwe's gold has a history of struggling to pay gold miners on time, citing foreign currency shortages.

Payments sometimes take weeks yet miners would want to buy consumables like fuel, explosives, detonators, drill steels, capped fuses, among others.

This, therefore, encourages miners to sell gold to smugglers who pay instantly.

FPR has tried to offer export incentives to miners, encouraging them to deliver as much gold as possible through the official channels with little success.

Gold miners are paid in US dollars, a much more stable currency than the ever

depreciating Zimbabwean dollar.

Miners were legally obliged to sell 40% of their earnings to the central bank at the official exchange rate but that obligation has been removed to lure miners to bring gold to FPR.

The Centre for Natural Resource Governance says poor gold prices offered by FPR were fueling smuggling. Hence, to curb smuggling, the issue of gold prices should be addressed.

The poor price is the result of FPR using a mix of United States dollars and Zimbabwean dollars to pay for precious metals.

"The main problem is that FPR underpays and sometimes pays late for gold. The body pays producers partially in U.S. dollars and partially in amounts of Zimbabwe dollars determined by the official exchange rate," says Crisis Group Africa Report titled: All That Glitters is Not Gold: Turmoil in Zimbabwe's Mining Sector.

"But in the open market, the Zimbabwe dollar is worth less than half its official value. The discrepancy creates a gap between the price FPR pays and the world gold price, which is denominated solely in U.S. dollars."

A report titled: Illicit gold markets in east and southern Africa by the Global Initiative Against Transnational Organized Crime (Global Initiative) reveals that gold buyers were selling between 10% and 30% of their gold to the FPR only to maintain their gold licences, with the rest being sold on the illicit market.



Major foreign buyers, often from South Africa, partner with Zimbabwean dealers to buy large quantities of gold on the illicit market, the report says.

Government officials have been also accused of having a hand in the illicit trade and smuggling gold out of the country. The other issue fueling gold smuggling is the delay by the government to issue out mining licenses. When someone is not licensed, he/she would not risk selling gold to FPR, for fear of being arrested.

A limited number of gold centres across the country also fuels gold smuggling. Chegutu a well-known hub of gold activity does not have an FPR buying centre relying mainly on gold buying agents who are also known to be proponents of gold leakages.

Miners would rather sell their gold on the illicit market rather than travel long distances searching for FPR gold centres. FPR should establish more gold centres across the country especially where gold activities are concentrated.

The Ministry of Mines and Mining Development last year revealed plans to establish gold centres across the country to curb illegal leakages of bullion and promote the official sale to the state buyer FPR.

But presenting his mid-term budget review, Ncube said so far only five sites for service centres have been established. The Zimbabwe Miners Federation has been calling on the government to expedite the setting up of gold service centres across the country to boost the

production of the yellow metal.

How gold leaves the country

Global Initiative says smugglers are hiding smaller quantities of gold in clothing and headdresses, while larger amounts are stowed away in car glove compartments, spare wheels and any other parts of a vehicle that can be modified for smuggling purposes.

"Similarly, in Southern Africa, gold is easily smuggled from Zimbabwe into South Africa. Porous land borders make it easy for criminal groups to cross into South Africa where laundering opportunities and transport services are more readily available," the report reads in part.

"While there are informal border crossings, the official Beitbridge border post remains a preferred route for gold smugglers. Smaller quantities of gold are hidden in clothing and headdresses, while larger amounts are stowed away in car glove compartments, spare wheels and any other parts of a vehicle that can be modified for smuggling purposes."

On the Zimbabwe-South Africa border, both bus drivers and truckers are reported to smuggle gold.

Bars weighing between five and 20 kilograms are stuffed underneath truck cabins, inside battery compartments and emptied gasoline tankers.

"As a result, some major buyers have invested in both gold and trucking. For example, certain major gold dealers in Harare have invested in the gas business,

enabling the use of gas haulage trucks with secret compartments to smuggle gold into South Africa," it said.

On the borders, there appears to be a lack of capacity and will to stop gold smuggling.

For example, in Zimbabwe, only luggage is subject to scans by customs officials so travellers without luggage are unlikely to be searched, the report says.

The report also reveals that larger smuggling operations will also involve collusion between criminal actors and border officials.

Nearly 40% of gold mined in Matabeleland is believed to be smuggled directly to South Africa, it said.

In 2015, the Reserve Bank of Zimbabwe (RBZ) reported that the border was contributing to "... the most [gold] leakages that the country has ever experienced."

The ease in which gold can be moved over the border makes it difficult to catch smugglers, Global Initiative says.

"It is reported that a smuggler will only be caught if the police have received a tip-off but they can easily pay a bribe to allow them to continue across the border."

Continued on next page>



In other instances, the report revealed that gold is moved to South Africa through Botswana to avoid the heavily congested Beitbridge crossing.

A significant and growing amount of gold is also believed to be flown out of Harare airport to international transit and destination hubs, particularly the UAE, China and India and, to a lesser extent, Russia.

This route is suspected to be used by more powerful gold dealers and political elites. "Indian buyers are allegedly the most likely to smuggle gold in this manner. There are also small gold flows between Zimbabwe and Mozambique in border regions, but the direction of the flows is unclear," the report says.

What can be done to curb gold smuggling
As part of the recommendations to curb

smuggling, the government must establish more gold centres across the country to curb illegal leakages of bullion and promote official sale to FPR.

RBZ governor John Mangudya recently revealed that Zimbabwe was drafting legislation that will compel small-scale gold miners to register their operations as the southern African nation seeks to curb gold smuggling.

Hopefully, this would help.

FPR should also offer competitive prices. Global Initiative suggests that criminal investigations should target the activities of key actors in the illicit gold trade, including senior government officials.

This could include increased support for financial intelligence units and financial investigations. By providing information and support, foreign governments and international law enforcement bodies can support efforts to identify and prosecute key individuals, companies and financial institutions linked to or involved in the illicit gold trade.

It also said law enforcement, including customs officials, can also target enforcement activity at major transit

points.

Because international airports are key bottleneck points in supply chains, effective policing there will have a significant impact on illicit gold flows, it said.

"In addition, smugglers tend to favour major border crossings when moving large amounts of gold. Targeting key road border crossings may therefore also reduce the ease with which gold is smuggled out of source countries."

"Private sector actors, in particular refinery and smelter-level programmes, should strive to responsibly source gold from source countries, as opposed to refusing to source product from high-risk areas or disengaging from artisanal and small-scale gold mining (ASGM) entirely," the report says.

It said increasing the number of ASGM sourcing options will help to grow and regularize responsible ASGM gold supply.

Global Initiative also recommended that enforcement should also focus on transit and trade hubs, particularly the strengthening of enforcement controls at airports.

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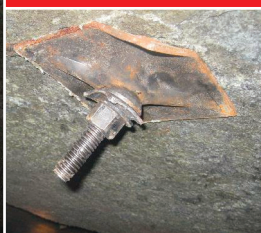
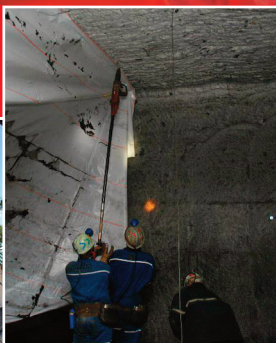
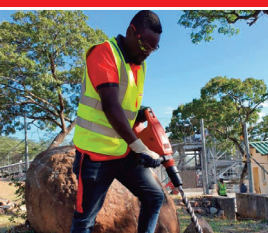
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The Zimbabwe mining industry should start producing young millionaires



ZIMBABWE boasts a long history of mining.

By Dumisani Nyoni

The southern African country is rich in natural resources with known occurrences of over 40 minerals; primarily gold, nickel and copper, but also coal, diamonds, platinum and chromite.

The yellow metal is one of the most mined minerals in the country, with over 4 000 recorded gold deposits, according to the Ministry of Mines and Mining Development.

The country has the second-largest high-grade chromium ores in the world, after South Africa, with reserves of approximately 10 billion tonnes.

Zimbabwe's Great Dyke, a linear early Proterozoic layered mafic-ultramafic intrusion trending over 550km at a maximum width of about 11kilometres, has the second-largest platinum reserves in the world after the Bushveld Complex in South Africa.

The Ministry of Mines says an estimate of 2.8 billion tonnes of Platinum Group Metal (PGM) ore at 4g/t is estimated to lie on the Dyke.

The Marange field is one the largest diamond producing fields in the world. However, despite all this, the country's huge geographic area filled with rich mineral resources has failed to provide a fertile ground for young millionaires in the mining industry.

The industry has also failed to produce any billionaire.

There are currently 2,755 billionaires in the world, according to Forbes' 2021 world's billionaires list, but no one from Zimbabwe's mining industry is listed there. Ian Saunders, according to the Trendrr's 2021 top 10 richest Zimbabweans, is the only person in the mining industry whose worth is approximately US\$590 million.



Ian Saunders

Saunders is currently the chairman of Falcon Gold Ltd and the CEO of New Dawn Mining Corporation since 2008. He has more than 20 years of experience in the

field of mining business and has been among the board members of five major companies-New Dawn Mining being the most influential and powerful.

Why are there no young millionaires in the mining industry?

Metals and mining, according to Mining.com, can be a very profitable business for individuals, but success can also come and go based on volatile commodity prices.

The average time to make a billion dollars in the sector, Mining.com says, is 16 years, compared to 21 years across all industries. According to Dr Albert Maipisi a Disaster Management Specialist with experience of working in central, local government and academia, the Zimbabwe mining industry is failing to create local billionaires particularly graduating from small scale and artisanal mining because of several issues.

"There are very limited incentives for the local entrepreneurs to invest. Serious people with the capacity to invest have taken the mining sector as insecure due to previous national policy inconsistency legacy which tampered with investment security.

Continued on next page>

"Lack of government or private sector-led investment capital which has caused the sector to rely on rudimentary tools for mining with limited access to more efficient modern technologies. Finally, billionaires are the owners of capital who are mostly foreign and they take their returns on investment to the areas they are domiciled. Where billionaires are not created in the sector is basically in Zimbabwe and not among investors who may be foreign owners of capital being invested locally and also siphoned internationally through both orthodox and unorthodox means," Dr Maipisi concluded.

Zimbabwe Prospectors Union (ZPU) president Samson Dzingwe cited unfair distribution of resources and wealth as well as poor mining policies as major reasons why there are no young millionaires in the country's mining sector.

"This also touches on the mining industry policies. We need more policies that empower the youth so that they can also grow in whatever they are doing in the mining industry. So it's all about distribution of resources which means they have to relook into the policies and make sure that they try to empower the young people who are into the mining industry rather than making things difficult for the youth that are in the mining industry,"

Dzingwe said.

"For instance, recently the Ministry of Mines increased the mining fees, which is unjustified, prohibitive, abortive and retrogressive in the attainment of the US\$12 billion economy. The same thing also touches on the youth which means they are being disempowered."

Through Statutory Instrument (SI) 185 of 2021 gazetted by the Ministry of Mines and Mining Development recently, registration for a precious metal block of gold was hiked to \$12 750 from \$1 000, while registration as an approved prospector was increased to \$255 000 from \$20 000.

Fees for registering a special mining grant rose to \$63 750 from \$500 while prospecting licences were increased to \$6 375, from \$1 000.

"So we need more policies that encourage empowerment, especially for the youth. This is what needs to be done. This is the reason, it's all about policies. We need policies that empower the youth in the mining industry. If they start doing that you will see many youth participating and growing and becoming rich in the mining industry," Dzingwe said.

In the past two years, the country has been pursuing a plan to transform the mining industry into the biggest contributor to the country's gross domestic product (GDP) by 2023.

A significant part of this is expected to come from small-scale miners, who have become the largest gold producers following the collapse of big mines under the weight of foreign currency and power shortages.

High fees, royalties and taxes have also been blamed for the big mine crises.
Way forward

With such huge occurrences of over 63 minerals, Zimbabwe's mining industry is capable of producing young millionaires. Government should just come up with policies that empower young people, and also make the business environment conducive for investment.

Mining is a capital-intensive industry involving long lead times to develop projects that demand a structured approach. As such, without adequate capital, the probability is high that the small-scale miners will fail to grow and the dream of becoming millionaires will wither away.


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Miners should pull resources together to succeed

IN many developing countries, ordinary people have come together to organise savings and credit schemes to increase their financial security. These schemes are used as a source of credit for the participants, who take turns to receive loans.

By Dumisani Nyoni

With artisanal and small-scale miners in Zimbabwe struggling to access capital for their operations, savings and credit schemes could also come in handy.

Mining is a capital-intensive industry involving long lead times to develop projects that demand a structured approach, from mine exploration to exit.

As such, without adequate capital, the probability is high that the artisanal and small-scale miners could only scratch the surface of an area which might, if properly developed, become a significant large-scale mineral producer.

In 1972, the United Nations released its publication, *Small-Scale Mining in the Developing Countries*, which identified access to finance as one of the major barriers for artisanal and small-scale miners.

According to PlanetGold May 2020 report titled: *Access to Finance Options for Artisanal and Small-Scale Mining*, savings and credit schemes could assist artisanal

and small-scale miners with finance to purchase equipment and mining consumables.

A good example of such scheme, the report says, is the Artisanal Mining Women's Empowerment Credit & Savings (AFECCOR) project formed in the Democratic Republic of Congo and coordinated by the Ottawa-based NGO IMPACT.

Under this scheme, miners are banding together to develop village savings schemes to access credit which are built around a local 'gold economy'.

"The project supports women and men in artisanal gold mining communities to access savings and credit in an effort to promote entrepreneurship and economic security. AFECCOR provides coaching and training on business skills, gender equality and literacy to male and female miners. These miners are then supposed to establish savings and loans in their communities and train other community members," the report reads in part.

"Every member contributes to the savings account. Loans are advanced to members from this pot. Interests on loans are reinvested to ensure there is growth in members' savings. By participating in the AFECCOR project, artisanal miners and community members decrease their reliance on informal credit networks that characterize the 'gold economy', where gold is used as currency to cover basic

needs, small businesses and mine site operations, often with unfavourable conditions," it said.

The report notes that well-organized and influential small-scale mining associations, such as the Zimbabwe Miners' Federation (ZMF), can bring about change very quickly, and in the context of delivering finance, new equipment and facilitating environmental improvement, can be a catalyst.

It said even the associations which have limited resources should not be discounted as agents of change.

"These groups have also been at the centre of local finance initiatives, skillfully positioning themselves with regularity to raise capital. Take, for example, the case of Tanzania, where, at the turn of the century, many ASM groups operating near Geita District in Tanzania began organizing themselves in ways that paralleled the Savings and Credit Cooperative Societies (SACCOS) model long rooted in the country's agricultural sector," it said.

The report said the Tupendane group in Rwamgasa in Tanzania, located 50 miles from Geita, was one such group, which registered on 13 June 2001 and by September 2005 had 40 members, raised US\$7000 through share sales, and used the interest gained through lenders to build a modern office.

Similarly, the report said the Mshike-Mshike group, which operated 25 km from Geita Town, registered on 5 August 2004 and had 18 – mostly unlicensed – members at the time, started their SACCOS with US\$940 raised through the sale of shares



Dosman Mangisi

ZMF spokesperson Dosman Mangisi said since mining was a capital intensive sector that needs more financing in doing exploration, production, extraction of ores, there was a need for local miners to work together.

"It's something that we expect also the locals here in Zimbabwe try to build their resources together and put their forces together which will give us a better image in the running of the economy," he said.

Mangisi said artisanal and small-scale miners needed to be educated on the importance of savings and credit schemes.

"Also the issue of economic policies within the financial sector where we need a stable currency is one of the key factors encouraging people to put resources together because people have been putting money in insurance and other investments but due to issues like inflation, changes of monetary policies, their confidence has weakened," he said.

"So there is a need whereby the government should also try to protect such investment. They must be registered and the government acknowledges that wherever changes in currency, the investments remain solid. It will build confidence with local players who are the legal miners so that they can put resources together and move for a common goal that is mining development."



Wellington Takavarasha

small-scale mining activities and also by designing funding tailor-made for the sector.

"Here in Zimbabwe, miners register syndicates. The reason why they register syndicates is so that they come up with a project. There is also pull up of the resources together but because mining is capital intensive, they will still require input from offshore so that they can be assisted," he said.



Wayne Williams

Yagden Engineering managing director Wayne Williams said his company tried to work with small-scale miners but some of them ended up defrauding him.

"A lot of miners don't have the money to put together because they don't use the money wisely with the gold. They will put a bit of money, then use it and then they go and dig again. I have done more than five projects trying to help these guys but eventually I lost all my money. I had borrowed the money from Fidelity Printers and Refiners and now I have to pay back the money," he said.



"So it's not only about putting your money together, it's about people not being greedy and understanding that it's not about just yourself, you have also got families that are involved. I have gone and set up and tried to do a joint venture with miners but the guys ended up stealing the gold and I got nothing."

"All I can do is to support as much as I can but now my money has even run out. I can only do so much but sometimes, you know the saying 'once bitten, twice shy.' That's how I am feeling now because every time I try to help someone else, they end up defrauding me. Gold makes people change," William said.

Yagden Engineering is well known for being the leading manufacturer of durable mining and agriculture equipment in Zimbabwe.

The company has been supporting artisanal and small-scale miners with various mining equipment such as concentrators, Bambazonke ball mills, generators, hammer mills and jaw crushers among others.

Apart from savings and credit schemes, artisanal and small-scale miners can access capital through commercial loans, credit or support schemes, State-supported mining funds (such as Gold Development Initiative Fund), direct grants, revolving funds, leasing schemes, blended finance, private equity financing, financing of ASM projects by downstream gold buyers, joint ventures among others.

The challenge is that some of the financial interventions may not be feasible options for artisanal and small-scale mining enterprises due to their elitist nature. But those, such as government-backed finance schemes, innovative impact investments or savings and credit schemes, may be considered.

Due to the persistent perception among financiers that artisanal and small-scale mining is a high-risk industry, continued intervention from public and philanthropic capital will likely be needed through blended finance models to offset risk for private sector financiers, according to PlanetGold.

Extractive Industries Transparency Initiative (EITI) and its Capacity to Effectively Curb Leakages in the Mining Sector in Zimbabwe



Lyman Mlambo

BACKGROUND

Zimbabwe is experiencing a significant level of mineral leakages, including illicit financial flows and smuggling of minerals, especially high-value and small-unit volume minerals such as gold and gemstones (both precious and semi-precious stones). This has had adverse effect on domestic resource mobilization efforts by the government to finance critical economic development programmes. Leakages are also a direct major threat to the success of the roadmap towards a US\$12 billion mining industry by 2023, achievement of the objectives of the National Development Strategy 2021-2025 (NDSI) and the 2030 vision of an upper-middle-income economy. It is estimated that the country is losing US\$100 million every month to gold smuggling, which translates to US\$1.2 billion a year. In the 2023 vision, the gold sector is projected to grow to US\$4 billion, and given that the estimated value of leakages is obviously an under-estimation, it is possible that the country is, in reality, already producing something close to the 2023 gold target.

The causes of leakages in the country are several. The marketing system is the first factor to consider. If the marketing system is very complicated in terms of procedures it discourages miners from following the formal marketing channels. Formal marketing also exposes the miner to marketing commissions, formal taxes like CIT and royalties, which if too high become push factors to miners towards side marketing. The second factor to consider is the level of local prices relative to international prices, foreign exchange retention levels, the efficiency of the payment process, especially given that part of the payment is in local currency

By Lyman Mlambo, Chairman of the Institute of Mining Research

which is losing purchasing power every day. The third factor is the level of informality in the sector, with the gemstone and gold sectors highly informal. Informality, besides creating many other problems related to environmental impacts, safety standards, social security standards, women rights, child labour, among others, is also associated with destructive exploitation due to inefficient mining and recovery methods, and lack of proper equipment and skills of the trade. It is also difficult for government and other agencies to render technical support, and for the formal financial sector to offer financial support, to a sector that is highly mobile, untitled and unorganized. The fourth factor is the lack of effective accounting for production and export due to institutional weaknesses.

Government and state entities in the mining sector, including the Ministry of Mines and Mining Development, Fidelity Printers and Refiners, Reserve Bank of Zimbabwe, and the Minerals Marketing Corporation of Zimbabwe have tried, at various stages and in various ways, to address the issues above. These efforts include decentralization of purchasing units (for gold), reducing taxes (especially royalties), indexing local prices to international prices, granting incentives tied to greater

country and the capacity of the country to efficiently and effectively support and regulate the sector. This article seeks to explain one global and popular transparency initiative, the steps that Zimbabwe has to go through to join it, the opportunities it offers in curbing leakages and the key success factors in its implementation. It is the Extractive Industries Transparency Initiative (EITI).

EITI and its Objectives

EITI is a voluntary global transparency and accountability initiative that seeks to achieve good mineral resource governance through information disclosure throughout the whole mineral supply chain. The information to be disclosed relate to, among others: **(i)** mining contracts and how they are awarded; **(ii)** the beneficial owners of mining companies (the actual people behind the companies); **(iii)** geological resources, their various categories and grades (measured, indicated and inferred), the various reserve (economic resource) categories and their grades (proven, probable and possible); **(iv)** exploration costs and the level of capital investments; **(v)** amount of ore produced and grades; **(vi)** type, amount and grade of processing-plant output (concentrate, matte, base metals, precious metals); **(vii)** operational costs and cost of sales; **(viii)** amount of minerals sold and the respective turnovers; **(ix)** various payments made by mining companies to government (in the form of dividends, royalties, taxes, fees, etc); and **(x)** mining-related revenue received by the government and how the government uses that revenue.

It is estimated that the country is losing US\$100 million every month to gold smuggling, which translates to US\$1.2 billion a year.



gold deliveries to the formal market, changing foreign exchange retention levels, financing acquisition of equipment through loan support, efforts to formalize the informal sector, render technical skills support, etc. However, one mechanism that promises to deal with leakages decisively and in the long-term has not been attempted. That is, the need to enhance the transparency and accountability of operations in the sector. There are huge positive implications of transparency and accountability on domestic resource mobilization, broad-based development of the

From the vast array of information required, it is clear that the adoption of EITI exposes any anomalies. It facilitates various accounting (and hence accountabilities) including (1) resource accounting, which indicates the extent to which a country is depleting its natural resource wealth; (2) government resource revenue accounting, which indicates if a government is replenishing resource wealth depleted by extraction through re-investment into alternative income-generating assets for

inter-generational equity and if the government is applying the mineral revenues to address regional development disparities to achieve intra-generational equity; and (3) mineral product and export accounting, which ensures that the country accurately accounts for the various range of minerals produced and exported including their amounts, grades and the respective export revenues received.

It is clear that, with such transparency, illicit financial flows which prejudice mineral-rich countries revenue, including any form of profit shifting practices are exposed and can be prevented. Examples of these practices include transfer pricing (mispricing or under-pricing that can happen between mining companies and their related foreign entities), re-invoicing (involving shifting profits to tax havens) and thin capitalization (which involves high-interest debt financing by foreign-related companies so as to artificially bloat local mining costs and reduce taxable profits). It will be clear if the general citizenry is benefitting from mineral extraction. The public disclosure of all processes and information effectively closes loopholes for corruption and any rent-seeking behaviours. Information also promotes public debate and the capacity of the public to influence policies on the extractive sector. These accountabilities (including environmental accountability), public debate and public influence of policy including on expenditure of revenue in the extractive sector, are the ultimate objectives of transparency and accountability initiatives. It is clear that the objectives of EITI completely align with the need to curb leakages in the mining sector in Zimbabwe.

The Genesis of EITI

The development of the Extractive Industries Transparency Initiative is associated with Civil Society Organizations' campaign to reduce or eliminate corruption, conflicts and resource curse syndromes in resource-rich countries by disclosure of company payments to governments. It has, over time, expanded to become a global voluntary standard looking at a broader set of indicators as partly detailed in the above section. It is implemented by the World Bank (WB) and International Monetary Fund (IMF), endorsed by African Union (AU), European Union (EU) and United Nations (UN), and overseen by many governments, industry players from various countries, and Civil Society Organizations comprising an EITI Board. The launching of EITI coincided

with the 2002 World Summit on Sustainable Development Goals hosted by South Africa. Several African countries, several mining companies across the globe, industry associations, investors and non-governmental organizations were involved in its formation. Some of the African countries involved included Nigeria, Mozambique, Ghana, Sierra Leone, Equatorial Guinea and the Democratic Republic of Congo (DRC). The number of countries applying the EITI Standard had grown to 52 by 2019, 46 of which were African countries. More than 80 of the world's biggest mining companies were already participating.

How to Join EITI

For a country to be considered compliant with the EITI Standard it should go through 12 steps divided into two categories. The first seven steps constitute the country's preparation to apply for candidate membership, and these are: **(i)** government appoints a senior official competent with the various transparency and accountability standards, and in particular, EITI, to lead the process; **(ii)** government, with the guidance of the appointed senior official, establishes an EITI National Secretariat; **(iii)** the EITI National Secretariat holds multi-stakeholder workshops explaining EITI, resulting in the establishment of a multi-stakeholder group (MSG) to be approved by Cabinet, comprising government, mining industry, CSO and community representatives, which will oversee the EITI implementation process; **(iv)** the MSG formulates the country's EITI implementation objectives, which are guided by the detailed EITI Standard; **(v)** the MSG establishes the workplan to achieve the set objectives; **(vi)** the MSG produces EITI reports in accordance with the EITI Standard; and **(vii)** the MSG disseminates the EITI reports and organizes public debates on the reports so that the public has an opportunity to comment on the report and contribute to formulation of optimal policies on extractive sector governance.

After the MSG demonstrates full functionality, then the country embarks on the last five steps: **(viii)** the country (government) then applies for candidate membership, which application is endorsed by the MSG; **(ix)** if the application is successful, the country becomes a candidate country whose EITI implementation would now be monitored by the global EITI Board, and starts producing annual EITI reports that are disseminated and debated nationally; **(x)**

the country then submits its first EITI report to the EITI Board within 18 months of candidature; **(xi)** within two and a half years after candidature, the country prepares stipulated documents, data and self-assessment reports, and submit them to the EITI Board for validation of full compliance (that is, assessment of implementation progress and implementation outcomes); and **(xii)** depending on the outcome of the validation process (which could involve the EITI Board visiting the country), the country is promoted to compliant status (where there is meaningful progress), is suspended for some time (where inadequate progress is noted) during which time it corrects its implementation record in preparation for another validation (but it remains a candidate country), or the country is delisted in the case where there is no progress at all. There are standards on environmental reporting, state-owned entity transparency, gender reporting, commodity reporting, et cetera, particular to EITI. World Bank's doing business index and human rights index and several other indicators consistent with transparency, accountability and sustainability are also considered.

How Adopting EITI Would Help Curb Leakages in the Mining Sector in Zimbabwe

EITI is gaining increasing global acceptance as best practice in mineral resource governance including public and private micro-management. International financial institutions and development agencies have also been persuaded that transparency and accountability is necessary if resource extraction is to effectively anchor economic recovery and broad-based economic development in Zimbabwe going into the future. This has been buttressed by the dynamics in the resource market which are now inclined towards responsible sourcing, mining and commodity traceability. Transparency in government and the mining industry automatically brings with it the confidence of the public in government's policy making and management in the sector as well as the social licence for the mining industry.



There are certain specific advantages to Zimbabwe in adopting EITI. In the first instance it enhances the budgetary process as the Ministry of Finance and Economic Development can easily forecast revenue and avoid the usual overestimations and the need for budget revisions, normally downwards. Implementation of EITI in Zimbabwe would curb leakages and improve the capacity of government to mobilize resources domestically in that:

a) EITI facilitates effective mineral accounting at the production and marketing (including export) stages;

b) Public disclosure of contracting processes and contracts in the sector will address the endemic corruption in contract awarding in the country, which is attributed to the secretive nature of contracts;

c) EITI will open this country to various other accountability standards that can effectively complement the anti-corruption laws and institutions in the country like the Zimbabwe Anti-Corruption Commission (ZACC). In the same vein, the discharge of court cases involving illicit dealings in the sector will be expedited through easy access to evidential information;

d) EITI will facilitate the implementation of initiatives in the Ministry of Mines and Mining Development to improve title management and eliminate conflicts (the cadastre), given the amount of information that the initiative can make available. This will also positively expose the country to other technologies that are more tamper-proof than the cadastre and can provide real time data;

e) The financial assistance that come with joining the initiative will be handy in addressing the country's financial constraints associated with regulation and monitoring of extractive activities by government. Examples include the budget

constraints on undertaking inspections, as well as purchase of tracking equipment, and quantity or quality measurement facilities like weighbridges and state-of-the-art assay facilities;

f) EITI addresses all areas that are associated with opacity which, in Zimbabwe, includes the artisanal mining sector. Efforts to implement EITI will require the formalization of the artisanal mining sector in the short-to-medium term, which will in turn complement the already existing government agenda to formalize the sector;

g) Implementation of EITI involves public scrutiny of transactions and that has the effect of improving the efficiency and effectiveness of public financial management systems, which enhances the capacity of government to mitigate corruption and illicit trade in both ministries and state entities that interact with the sector;

h) Enhanced coordination efficiency and trust among stakeholders, which are engendered by the process of implementing EITI, close the loopholes for corruption that are normally created by institutional discordance; and

i) Adoption of EITI will speak well of Zimbabwe's commitment to ethical practice and that will attract big ethical investors and eliminate the dubious investors who tend to fuel the illicit activities.

Key Success Factors in Implementation of EITI in Zimbabwe

It would be very prudent and noble for Zimbabwe to take decisive steps towards joining EITI. Given that mining is currently the main anchor of the economy, there is no better way for government to

demonstrate its serious commitment to develop this country and better the welfare of its citizens in a broad-based and sustainable manner than to actively seek optimal mineral resource governance. It would be a strong and clear message that the country no longer tolerates corruption and other illicit activities. The country would be joining the community of nations in Africa and other continents which are acting in line with the demands of market dynamics and modern thinking. To be successful in this quest certain key success factors should be taken into account. These include:

- In line with EITI Standard 2019, the pronouncement to join EITI to be made by the highest office in the land or his designate;

- Prioritization of trust building among stakeholders;

- Incorporation of EITI in national mining policy and creation of a specific legal instrument (an Act) to back the initiative;

- Budget provision by the Treasury towards implementation of the initiative;

Transparency in government and the mining industry automatically brings with it the confidence of the public in government's policy making and management in the sector as well as the social licence for the mining industry.

- Participating CSO representatives to demonstrate technical competence on the initiative;

- CSOs to be cohesive and inclusive in their participation;

- Technical capacity building of members of the MSG and its Secretariat in line with the demands of every stage of the initiative; and

- Institutional capacity building targeting Ministries, departments and parastatals concerned with the implementation of the initiative.



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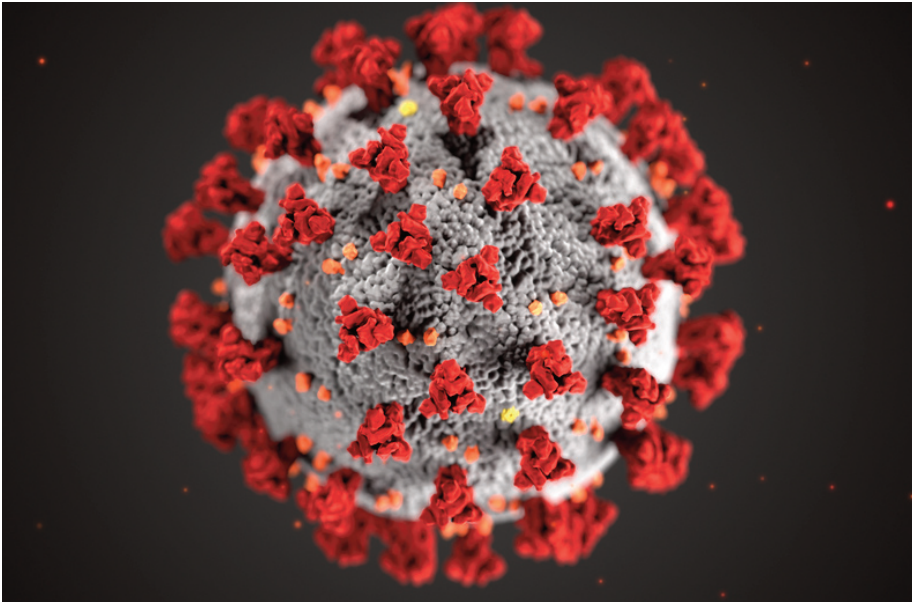
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Impact of Covid-19 on the gold Mining sector of Zimbabwe



By The Professor

The Covid-19 3rd wave has claimed more lives as it continues to ravage the population of Zimbabwe. Businesses have since closed and some downsizing their employees leading to more job losses. The mining sector in Zimbabwe has stood the test of time and continues to be the backbone of the country's economy in terms of exports and foreign currency generation. However, the sector has been negatively affected in terms of production, Occupational safety performance, costs and cooperate image. The article explores such effects and the possible solutions to such, with a critical analysis of such measures. Major reference has been drawn from the Gold mining sector in the Mashonaland West Province which has seen a surge in Covid-19 cases during the 3rd wave period.

Occupational safety

The net effect of a stretched labour force is fatigue to the remaining employees. After employees are sent home, companies are left with no option but to re-assign responsibilities to those who will be fit for duty. This approach will at times force employees to work beyond an 8-hour normal shift. This creates an unsafe condition where some employees find it difficult to adapt and cope with work demands. The rate of accidents and net injury frequency rates have significantly increased due to the aforementioned cause. The burden is still on the employer to meet medical bills to ensure the injured recover the shortest possible space of time. In addition, Covid-19 has led to a compromise in the way risk assessments are being done since there is a need to reduce physical contact and sharing of

paperwork and tools. Therefore, risk assessments, audits and inspections have been compromised exposing the workforce to workplace hazards.

Safety, Health and Environment practitioners are seized in adopting the 4th Industrial Revolution as a way of incorporating hazard identification and risk assessments; planned job observations; inspections and audits which are proactive tools of workplace accident reduction. However, this has been slowed by the level of technology and skill that the majority of companies have.

Production

Covid-19 has negatively affected production among mining companies in Zimbabwe and beyond. This is attributed to shifts that are lost when employees are sent home for self-isolation. The deadly disease affects every employee despite the level of skill, expertise and value at work. Some companies in Mashonaland West province which is hard hit have 10-20% of their workforce sent home for self-isolation after testing positive. This will place a burden on the employer who is finding it difficult in replacing skills.

Health

The majority of returning employees have shown a 40% decrease in body weight. Even after testing negative on returning to work, clinical data shows that employees will have residual symptoms like coughing, headache and weakness of joints. This has a net effect on their performance at work. It takes time for them to fully recover from the devastating complications.

Costs

Companies have incurred extra costs in a bid to prevent, contain and treatment of Covid-19 patients. For instance, mines have to procure Anti-gen Covid-19 test kits which are going for USD 8-10 on average on the market. With an average complement of 400-1000 employees who require testing at regular intervals. Approximately USD 8,000-16,000 is used in a single month for the purchase of these ant-gen test kits alone. These costs are further exacerbated with the accompanying PPE (gowns, head and leg covers, safety glasses/ shields, gloves among other PPE) for the front line employees who are involved in testing. It is important to note that these costs are even more to mining companies that do not own their Clinics but relying on external services which are even more expensive.

Company reputation/ image

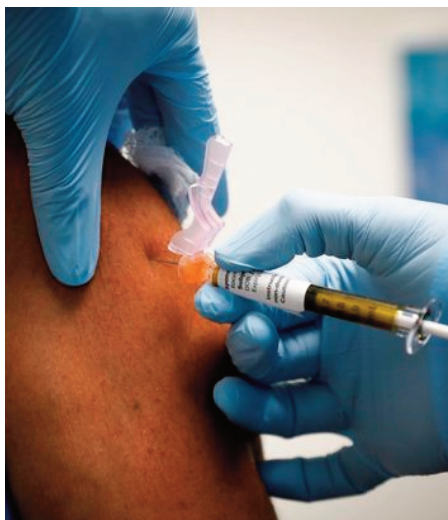
Stakeholders are shunning companies with high prevalence of Covid-19 cases. This has become a new norm and measurement of responsibility and accountability. Stakeholders, in this case, include critical spares, reagents and mining consumables. Mining companies are therefore trying, by all means, to implement Covid-19 protocols as a way of giving assurance to external parties. Covid-19 data and statistics in this regard are suppressed to save the cooperate image.

Viable solutions

Vaccination as a solution?

Vaccination has since provided hope to the majority of entities such that they are moving from an encouraging to an indirect force approach in pushing their employees to get vaccinated. The paradigm is drastically migrating from 'No Mask No Entry' to a 'No Jab No Job'. Mining companies are vying for 100% compliance to vaccination. Strategic approaches include:

- o Incorporating vaccination in the recruitment process, vaccinated candidates have an added advantage to land jobs over unvaccinated ones.
- o Awareness regarding those who are unvaccinated as posing risk to their vaccinated counterparts. In the event of contracting Covid-19, an unvaccinated employee meets their medical costs and it is regarded as unpaid sick off
- o Vaccination statistics as a measure of Heads of Departments KPI.



o Vaccination as part of terms and conditions on contract renewal. This has put the majority of employees who are contractors with no choice as they need to secure their jobs.

Decongestion and remote working

Decongestion of the workplace has proved to be a viable option for tertiary industries to a greater extent. However, in the mining environment (extraction industry), the nature of work will require one to be in the field and at mine premises. Tasks such as attending to crushing, milling and Carbon in Leach sections will require employees to be physically available for the continuity of the process to achieve quality and safe results. Results have shown that the approach works mostly with respective departments like Finance and Administration, Human Resources, Information Technology and related services. This contrast with Engineering, Mining, Technical Services and Plant departments. The situation is also influenced by the technological advancement of the mining business where some companies have automated Processes, some have traditional methods of extracting precious minerals.

Statistics from most mining companies have shown more Covid-19 confirmed cases (3:5) among employees who cannot suit the remote working approach. These are most at risk than their Office counter-

parts. Therefore, it can be concluded that decongestion and remote working works for the safety of Management and senior office bearers as compared to their shop floor counterparts.

Sanitization, good hygiene practices and fumigation

These have been adopted as basic prevention measures against Covid-19. At every mine, these have become mandatory measures in the fight against the pandemic. Their effectiveness is yet to be known. However, the United States of America Food and Drug Administration, Centre for Disease Control and the World Health Organization have all recommended the use of these detergents. However, the market has been flooded with fake products of hand sanitisers which have a negative effect on the user. Some people have reportedly suffered from skin infection and damage after use. The end-user is advised to buy from reputable retail shops, pharmacies and Government outlets which sell approved products.

Screening of employees

Temperature screening has been a common and widely adopted proactive measure. However, its effectiveness leaves more questions. One mine Clinic reliable information from Mashonaland West Province in Kadoma District indicated that none of the confirmed cases ever recorded a temperature reading above 38 degrees Celsius yet these individuals will test positive after showing symptoms. The message put across was for employees not to report for duty if they feel unwell, presenting Covid-19 symptoms but to seek medical attention and get tested. Body temperature normally increases during the advanced stages of the Covid-19 delta variant leaving temperature screening less effective.

In an attempt to overcome this abnormality, companies, with the help of medical practitioners have adopted a thorough contact tracing approach to test

all those who have come into contact with confirmed cases.

Corporate Social Responsibility and Covid-19 Response

The pandemic has brought a challenge to mining companies that operated in mining towns, villages and locations. Data from one mine in the midlands province indicates that the community in which they operate have recorded more confirmed cases than their employees. This is mainly because companies have put in place measures to prevent the pandemic at the workplace than in the community they operate. This has a negative effect on the company corporate image and this has also exposed their employees as they interact more with the members of the community.

In response to this, mining companies have to lead the fight against Covid-19 partnering with the community leadership and the Government, offering services like vaccination, testing, treatment, awareness, provision of face masks and providing psycho-social support to the members of the affected population. It is the responsibility of mining companies to spare a budget using the Community Share Ownership Trust approach to assist the community since it also affects their business continuity.

Conclusion

The employer has a duty to play in ensuring a safe working environment. To date, mining companies have continued to offer the essential service to the economy of the country due to measures they are taking in fighting Covid-19 at the workplace. The Government needs to act swiftly in proposing a Statutory Instrument that protects the rights of the employer and the employee on vaccination such that no litigation costs are incurred in the future to both parties. Mining companies also need to step up their CSR in assisting the community in which they operate for the safety of the company's image, the community members and employees.

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ZIMPLATS spends US\$239mil on local equipment suppliers



Zimbabwe's most preformation and largest platinum producer, Zimplats Holding Limited spent 56% of equipment supply and consumables on local suppliers as part of its responsibility to empower local communities, the group owners Impala Platinum Holdings Limited (Implats) said.

Anerudo Mapuranga

According to Implats, the company prioritises constructive and beneficial relationships as well as sustainable socio-economic development in mine-host communities.

Implats said Zimplats spent US\$239 with

Zimbabwe local suppliers while South African companies spent over R4.4 billion. "In South Africa, the Group spent R126 million on community development initiatives, a further R212 million on the Group's industry-leading housing development and R719 million on skills development. R3.5 billion was spent with local-tiered suppliers with >25% black ownership and US\$239 million (or 56% of discretionary spend) was spent with local suppliers in Zimbabwe.

In Canada, supplies to the value of C\$39 million were procured from Indigenous communities in the areas of the mine's operations," Implats said.

During the financial year ended June 30, 2021, Zimplats spent US\$159.1 million on capital projects including stay-in-business, replacement and expansion ' projects compared to US\$104 spent in the previous year.

Revenue for Zimplats increased 56% to US\$1.4bn in the period under the review, largely due to the increase in the prevailing average metal prices during the year.

Despite the 2% decline in volumes sold, the cost of sales increased by 14% to US\$546.7m primarily due to an increase in revenue indexed expenses resulting from the higher revenue achieved in the year.

Operating cash cost per 6E ounce increased by 8% to US\$661 per ounce from US\$613 per ounce in 2020.

The gross profit margin increased to 60% from 45% in 2020 primarily due to higher metal prices while income tax expense increased to US\$237.4m on higher profitability.

As a result, profit after tax stood at US\$563.1m while net cash generated from operating activities increased to US\$453.1m.

Platinum Giant records over US\$0.5 billion in profits

Australian Stock Exchange-listed platinum mining giant, Zimplats Holdings has recorded US\$563.1 million in profit after tax during the financial year ended June 30, 2021, compared to US\$261.8 million recorded in the previous year.

Rudairo Mapuranga

Zimbabwe's biggest platinum producer has recorded a gross profit margin increase to 60% compared to 45% during the financial year ended June 30, 2020. According to the group, operation cash cost per ounce increased by 8% mainly due to a deterioration in 6E head grade and recovery, an increase in revenue-indexed expenditure, and Covid-19 administration costs.

A final dividend for the year ended 30 June 2020, amounting to US\$44 million (equating to 41 US cents per share) was declared in November 2020 and paid on 3 December 2020 to security holders on record as of 17 November 2020.

"Operating cash cost per 6E ounce increased by 8% to US\$661 per ounce (FY2020: US\$613 per ounce). This increase was mainly due to a deterioration in 6E head grade and recovery, an increase in revenue-indexed expenditure and Covid-19 administration costs.

"The gross profit margin increased to 60% (FY2020: 45%) primarily due to higher metal prices.

"The income tax expense increased to US\$237.4 million (FY2020: US\$112.4 million) on higher profitability

"As a result, profit after tax increased to US\$563.1 million (FY2020: US\$261.8 million).

"Net cash generated from operating activities increased to US\$453.1 million

(FY2020: US\$258.4 million)." The company said.

An interim dividend for the half-year ended 31 December 2020, amounting to US\$45 million (equating to 42 US cents per share) was declared in February 2021 and paid on 5 March 2021 to security holders on record as of 19 February 2021. Following the end of the financial year, the board of directors declared a final dividend for the year ended 30 June 2021 amounting to US\$85 million (equating to 79 US cents per share) to security holders on record as at 20 August 2021. The dividend will be paid on 3 September 2021.

In February 2021, the Group disposed of its wholly-owned subsidiary, Baydonhill Investments (Private) Limited, a property-owning company, for a consideration of US\$3.3 million. The gain on disposal of the subsidiary, amounting to US\$58 000, is included in profit for the year in the consolidated statement of profit or loss and other comprehensive income.

MMCZ - an obstacle to the thriving of the semi-precious sector



Zimbabwe Gemstones Association (ZGA) Chairperson, Mr Walter Kawara has said the Minerals Marketing Corporation of Zimbabwe (MMCZ) is standing as an obstacle for the gemstone sector to reach its full potential.

Shantel Chisango

Speaking at the ZGA first meeting held in Harare recently, Kawara stated that the

MMCZ must relax the export policy so that the gemstone mining sector can flourish. "It has been a major challenge for the sector to make a great change because of the MMCZ export policy," said Kawara. He further said that for any industry to thrive the policy has to be accommodating.

Kawara went on to say that the Precious and Semi-Precious Stones Act should be revised because it has been unfair to the locals.

"The challenge I have been facing is the Act itself, the emerald, aquamarine all emanate from the same family, but when it comes to classification at law they are put in different categories, being classified as precious yet they are found

at the same mine where you are getting aquamarine."

Moreover, he stated that the government is being unfair on gemstones miners, making them extract quartz, rubies, yet prohibiting them from mining diamonds, reserving them for foreign companies like Alrosa and De Beers.

Showing his concern over the matter, Kawara stated that the act says one cannot have a licence to extract emerald and diamonds but can get an aquamarine one.

He added that by prohibiting locals from extracting minerals such as diamonds and emeralds, the government is simply promoting a black market of minerals.



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Without value addition chrome can still fetch Zim US\$1 billion

Last month, the mining sector woke up to the news that the export of raw chrome has been banned with the government ordering miners to sell their chrome to local smelters for value addition.

Rudairo Mapuranga

The country holds the second-largest known chrome ore reserves after South Africa, which in October last year announced it was imposing a chrome ore export tax to boost local ferrochrome producers.

Chrome has the potential to fetch the country over a billion in annual revenue aiding to the President's vision for the mining sector to become a US\$12 billion sector by 2023.

Why ban when there is no enough?

Although Zimbabwe has the second-largest chrome reserves in the whole world which happen to be of high grade compared to that of South Africa, the country has failed to produce to the level of South Africa even coming behind Finland, Kazakhstan, Turkey, and India.

The country produced 300,926 tonnes of chrome ore in the first quarter of this year, compared with 353,669 tonnes during the same period of 2020.

Total export earnings from chrome ore and ferrochrome, a key ingredient in the production of steel, was \$231.5 million last year, down from \$266 million the previous year.

Zimbabwe has produced nearly an average of 1 million tonnes of chrome annually for the last 4 years with countries like South Africa producing 16 million, Kazakhstan producing 6.7 million tonnes, Turkey 6.3 million tonnes, India 4 million tonnes while Finland producing 2.4 million tonnes.

South Africa in 2019 supplied 12.5 million tonnes of chrome ore to China which is 83% of China's total chrome imports getting over US\$1 billion in chrome exports only to China. The measure by South Africa to improve its domestic ferrochrome industry through tax exports is commendable because it was done by a country already capacitated to produce enough for domestic consumption.

The Zimbabwean chrome mining sector

is still in its infancy with the majority of the miners operating at micro-level. The best option for scale-scale chrome miners to grow is mainly through exporting raw chrome to expand and fund their mining operations.

Local smelters should meet competition

In their view, the government according to Senator Mutsvagwa sees the export of raw being a challenge to operating chrome smelters, which could soon face insufficient feedstock if chrome mining capacity did not increase.

"In light of the need to safeguard the needs of the ferrochrome industry, Cabinet approved a total ban of exports of raw chrome ore with immediate effect,"

"The ban will capacitate current smelters and maximise the value chain to be realised from the country's abundant resources," Mutsvagwa said.

Ignorant of the fact that local chrome smelters have been exploiting miners buying the steelmaking commodity at very ridiculous amounts the government still decided to side with the Microcosm of the macrocosm. The local smelters are the reason why chrome miners are not growing to sufficiently feed local smelting, the idea of the government empowering abusers will destroy the chrome mining sector with a likely chance of miners abandoning the chrome mining ventures.

Is exporting raw minerals a problem?

The government should realize that exporting raw minerals cannot be a problem as long as the money is channelled towards mining growth and development through funding exploration.

At the moment beneficiation and value addition are at an academic level. The developed world is exporting raw and semi-processed minerals. Iron ore is Australia's largest source of export revenue, worth approximately US\$85 billion in 2017.

The government needs to rethink its decision to see that they have just destroyed a rising industry again. The country has 30 billion tonnes of chrome in reserves with the non-recognizable steel industry.

Zimbabwe School of Mines to set up a gemology center in Mutare

The Zimbabwe School of Mines (ZSM) has been allocated land by the Mutare City Council to construct a state-of-the-art Gemology Centre.

Shantel T Chisango

The facility will offer training courses in diamond cutting and polishing value chain among many others.

Speaking in a meeting with Zimbabwe Gemstones Association (ZGA), ZSM Mining Engineer Mr January commended the Ministry of Mines and Mining Development for granting the establishment of the centre.

Mr. January emphasized that polishing and cutting experience is what is lacking in the gemstone industry hence the need for a gemology centre.

"We realised that there are diamonds and gemstones, yes, but the skills are not there in terms of cutting and polishing, so those are the courses that need to be done," said January.

The centre will be sub-divided into four sections: the School of Gemology, which will offer training courses across the value chain, the Diamond Manufacturing and Lapidary which will house cutting and polishing companies, the Jewellery Blacksmith and Manufacturing for blacksmiths and manufacturers, as well as Ancillary Services that will house all supporting businesses.

Mr January also acknowledged that funding has been coming through the government for the construction of the training centre.

He added that it was through their vast research that they were able to identify some key players in the coloured gemstones industry which also led them to discover the existence of ZGA. During the meeting, members of ZGA applauded the initiative of the gemology training centre in Mutare, however concerns over other gemstones players who are in other provinces were raised.

They said that every province must have a gemology training centre so that value addition of minerals can be done in the area where they are extracted.

BNC in Six-year fatality-free shifts

ZIMBABWE Stock Exchange-listed nickel producer Bindura Nickel Corporation (BNC) has not recorded fatalities at its Trojan Nickel Mine since 2015, the company secretary Mr. Conrad Mukanganga has said.

Rudairo Mapuranga

Mukanganga through the BNC trading update for the period April to June 2021 released in August, the company recorded two lost time incidents with no injuries recorded during June 2021.

"No fatalities have been recorded at Trojan Nickel Mine since 7 June 2015. However, the operation recorded 2 Lost Time Incidents (LTIs), one each for April and May 2021 respectively. No injuries were recorded in June 2021," Mukanganga said.

The company's sales according to the trading update rose by 8% to 1 153 tonnes during the quarter ended June 30, 2021, from 1 067 tonnes in the previous quarter.

Its secretary said the average price of nickel on the London Metal Exchange was US\$17 343 per tonne compared to US\$12 197 per

tonne in the same period last year.

BNC said this reflects the positive impact of the increasing demand for clean energy. "Sales tonnage for the quarter ended 30 June 2021 was significantly higher than the tonnage sold in the quarter ended 30 June 2020.



**BINDURA NICKEL
CORPORATION LIMITED**

"In the latter period, the insignificant sales tonnage was attributable to the temporary suspension of sales, which was necessitated by the need to conclude a more favourable new off-take agreement with Zopco SA, a Switzerland based trading house, in place of the agreement with Glencore," it said.

"On a quarter-on-quarter basis, turnover for the quarter ended 30 June 2021 was, consequently, higher than the previous year's achievement," he said.

Ministry working on reducing the turn around time in the issuance of Mining Titles: Chitando

Mines and Mining Development Minister Winston Chitando said his ministry endeavours to increase the issuing of mining titles to support the \$12 billion mining industry by 2021.

Shantel Chisango

Speaking at the launch of maps reprinting in Mashonaland Central Province held at Bindura Mines and Mining Development Ministry offices, Chitando stated that increased level of administering mining claims is one of the major steps in achieving the \$12 billion vision.

"As we achieve the \$12 billion milestone, what it entails amongst other things is increased issuance of mining titles and increased level of administration of mining claims," the Minister said.

Chitando further stated that one of the major keys in issuing mining claims in any province is the maps.

He went on to say that it is on the basis of those maps that the mining titles are determined and awarded to miners.

During his speech, he handed over 14 new printed maps to the Bindura Mines

Ministry team replacing the old, worn-out ones that were in use at the offices.

Handing over the new maps, the Minister stated that the old maps were the reason why there was double allocation of claims and leading to disputes which sometimes turn violent.

The snail's pace issuance of mining titles is the single greatest challenge for aspiring miners and a catalyst for illegal mining

"The fact that the old maps were not as legible and that in some cases caused some errors," Chitando said.

Bindura province required 14 maps, which is one of the enablers for efficient service delivery to all miners, said Chitando.

The snail's pace issuance of mining titles is the single greatest challenge for aspiring miners and a catalyst for illegal mining.

Mining titles in areas like Mashwest, Midlands, Mashcentral take years to be processed which forces applicants to start mining without the requisite paperwork. This in-turn creates an environment where a miner will not risk arrest selling the "stolen gold" to the country's sole gold buyer Fidelity Printers and Refiners (FPR) a development that has led to a thriving parallel market.

Chitando hands over new maps to Mashcentral province

In an effort to resolve mining disputes the Minister of Mines and Mining Development Hon Winston Chitando handed over 14 new maps to Mashonaland Central province.

Anerudo Mapuranga

The state of mining maps in Zimbabwe has been in shambles during the previous dispensation with claim ownership disputes rising nearly on daily basis due to torn maps.

Minister Hon Chitando has been working to reduce concession disputes creating various mechanisms the earliest being the issuance of new maps to all the provinces in the country with nearly 500 maps ready to be distributed to all provinces.

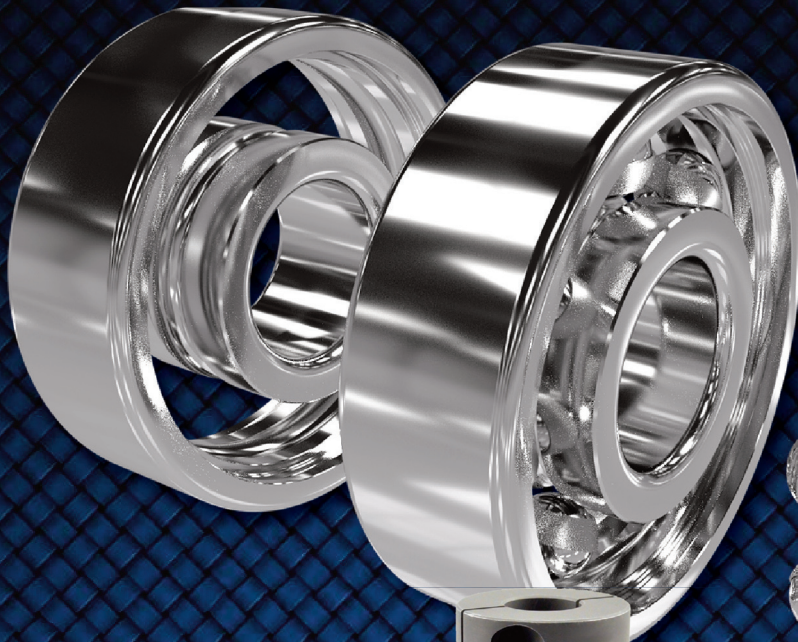
"Some of the disputes have been caused by tattered maps, we have come up with mechanisms ensuring that all disputes are resolved timeously and amicably. "The province requested that for them to do their work efficiently they need 14 maps. We are therefore handing these maps to them ensuring that the US\$12 Billion milestone is achieved," Minister Chitando said.

The Minister is also in the process of digitalizing the allocation of mining claims after a successful pilot project in Manicaland where he spearheaded the adopting the cadastre system which he touted as a solution to double allocation and corruption in the allocation of mining claims. The computer-based cadastre system is expected to enhance transparency and accountability in the administration of mining titles.

The cadastre system will have all records of interest in the land such as licence holders' rights, restrictions, and government activities. The computerised mining register is also expected to be the central database for the storage of information on applications and licences.

It is also expected to reduce processing time for the issuance of mining titles and other mining services in line with best practices across the globe. Currently, mining licence separations are marked on the ground by metal stakes, concrete beacons or some other fixed points surveyed using conventional methods such as theodolite or archaic methods involving tape and chains.

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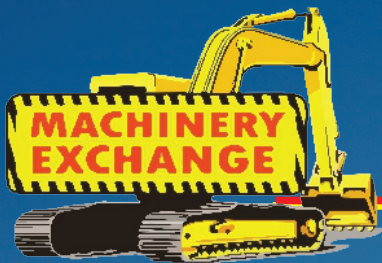
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