

Min^{ing} NEWSWEEK

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03
18 - 24 May 2020

8

**REASONS WHY
GOLD RETENTION
SHOULD BE
REVISED
UPWARDS**

*Chinese owned
companies
neglecting Covid-19
regulations*

*Putting the Mining
sector economic
stimulus package
to effective use*

FLETCHER

THE SMALL-SCALE MINER MAKING A DIFFERENCE

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Mining Zimbabwe 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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The song that's always playing on repeat

Greetings our reader, welcome to this week's edition of Mining Newsweek.

We are proud to feature a small-scale miner on our cover for the first time since the debut of our publication. Although contributing most to the fiscus ASM are still viewed in a negative light and we hope our continued coverage of them will tell a true story that ASM are just fathers, Mothers, brothers, sisters working like everyone else to make a living.

Zimbabwe's gold deliveries to Fidelity Printers and Refiners (FPR) for the first quarter of 2020 dropped to 5,721.71 tonnes compared to 6,523.49 tonnes delivered in the same period last year, falling short of 801.78 tonnes.

Many factors are to blame for the drop but the significant explanation is a public secret or to bluntly put it, "A song that has been playing on repeat" since the lowering of the forex retention. As a dedicated publication with the biggest mining platforms in the country hardly a day passes without miners expressing disappointment in the current forex retention.

The fact that a miner gets more for his gold from the parallel market is a cause for

concern that should be addressed as a matter of urgency by the authorities.

As one avid follower put it, "The government loses twice when this happens, they lose the income from royalties and the disparity in exchange rates as well as the loss of taxes as the miner that goes to the black market isn't paying tax on his profits".

Many miners only submit a little to fidelity for record purposes whilst selling the bulk of their yellow metal to buyers who offer 100% hard cash.

Although this may equate to stealing from the government, the latter must do better to meet the miner halfway as miners buy 90% of their supplies in foreign currency and the current forex retention leaves the miner high and dry.

On page twenty we have listed eight reasons why the government should consider revising up the current gold retention rates. We hope you enjoy the article.

As usual we appreciate your feedback and input. If you would like to contribute please write to us at info@miningzimbabwe.com

EDITOR'S NOTE



facebook



Online Awards



Fidelity boss explain cash shortages



Fidelity Printers and Refiners General Manager Mr. Fredrick Kunaka said cash shortages from Fidelity Printers and Refiners gold buying centres were due current COVID-19 pandemic that has disrupted foreign currency inflows into the country and dismissed the allegations of forex misuse by Chinhoyi employees.

Miners have been complaining that the country's sole buyer is out of hard currency yet collecting gold advising miners to collect their funds at later dates. Some miners even went as far as accusing workers at the

Chinhoyi branch of misusing the money at the expense of miners.

Kunaka said, "We would like to reiterate that the current cash shortages have nothing to do with employees at our buying centres rather its due to the cash movement disruption brought about by the COVID 19 lockdown".

FPR has been diligently paying all the miners who deliver their gold using the formal channels and with the relaxation on the

lockdown measures, we are hoping we will start receiving cash and all payments will normalise.

The coronavirus COVID-19 is affecting over 200 countries in the world with countries resorting to restricting movements to combat the deadly disease.

This has disrupted world trade as many countries banned incoming and outgoing commercial or passenger flights. South African gold refiner RAND REFINERY stopped shipping gold to London on 30 March 2020 because of a lack of commercial flights, adding to the disruption that's upending the physical bullion market. However, business is set to improve as some countries have begun easing trade restrictions.



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Miners donate groceries in Kadoma



Kadoma Miners Association through, National Environment Awareness Trust (Neat) brought smiles to over a hundred families from Rimuka township in Kadoma when they donated food hampers worth thousands of USD.

By Rudairo Dickson Mapuranga

The donations came at a time many people in the country are struggling to make ends meet due to the lockdown measures which have affected many businesses especially the generality of Zimbabweans who survive



from hand to mouth.

According to the founder of NEAT who is also Zimbabwe Miners Federation (ZMF) Youth in Mining chairperson Mr. Timothy Chizuzu miners came up with this initiative to give people hope that there will always be life after the pandemic.

"The impact of Covid-19 is a horror to all the nations as it has crippled economies, negatively affecting the generality of the public. The pandemic might have crippled economics but won't kill our hope. The reason why we came up with this initiative, is a reminder to people that there is always life." He said.

Chizuzu said that his organisation (NEAT) approached the Kadoma Miners Association so that miners give back to the community.

"As an organisation, we approached the Kadoma Miners Association to extend a helping hand to donate grocery hampers to at least 100 families in Rimuka Kadoma." said Chizuzu.

NEAT managed to identify the disadvantaged and the needy through the help of community organisations such as Runyararo Children's Trust, PAPWC Zim, Action Children Plus, and other leaders in Rimuka.

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'Zim open for business' to benefit ASM



Last week the Minister of Mines and Mining Development Hon Winston Chitanda signed a Memorandum of Understanding (MoU) with Zimbabwe is Open for Business Forum Pvt (Ltd) towards increased investment for the mining sector.

Rudairo Dickson Mapuranga

According to the MoU, the two parties will work together in mutual interest to enable Zimbabweans to invest in the mining sector particularly the small to medium-scale.

"The partners shall capacitate Zimbabweans to engage in Junior mining ventures," reads the MoU in part.

This move of trying to enable Zimbabweans to invest in the mining sector has been embraced by miners particularly in the Artisanal and Small Scale mining sector who were long clamoring for better conditions and opportunities to invest in the mining industry without a hustle.

According to the MoU, the Ministry of Mines and Mining Development together with "Zimbabwe is Open for Business Forum" will exchange information on mineral quality and quantification in Zimbabwe as a way to promote investment in the sector.

"The partners shall share information for the purpose of working

together to contribute to investor involvement in the mining sector. In particular, the parties will exchange information on evaluation and profiling of mineral assets, capacity building for mineral resources development." The part of the MoU reads.

The partners also agreed to help each other look for alternative and sustainable exploration of mineral resource measures to attract both local and foreign investors. The two also agreed to profile all potential investors in the mining sector in a bid to attract them to invest.

"The partners shall capacitate sustainable exploration of mineral resources and profiles of potential investors" the MoU spelled in part.

It is a wide belief in the mining geological subsector that there is a lack of exploration in the country. As one renowned Geologist Kennedy Mtetwa put it, the country is "Hamstrung by lack of exploration". This, therefore, means that the move by the Ministry of Mines to capacitate exploration will go a long way in attracting investment in the mining industry.

The two also agreed to consult each other and exchange views on matters and activities of mutual interest in the respective areas of operations to empower miners and potential investors with the power to turnaround the economy of Zimbabwe by 2030.

The Ministry of Mines believes that the MoU will help them to unlock the value of minerals in Zimbabwe through serious marketing of the untapped resources. The partnership will also increase investment opportunities for both local and foreign investors.

There is hope in the mining sector that the MoU will help the mining sector increase revenue and foreign currency inflow thereby becoming instrumental to achieve the projected USD12 billion mining industry by 2023.

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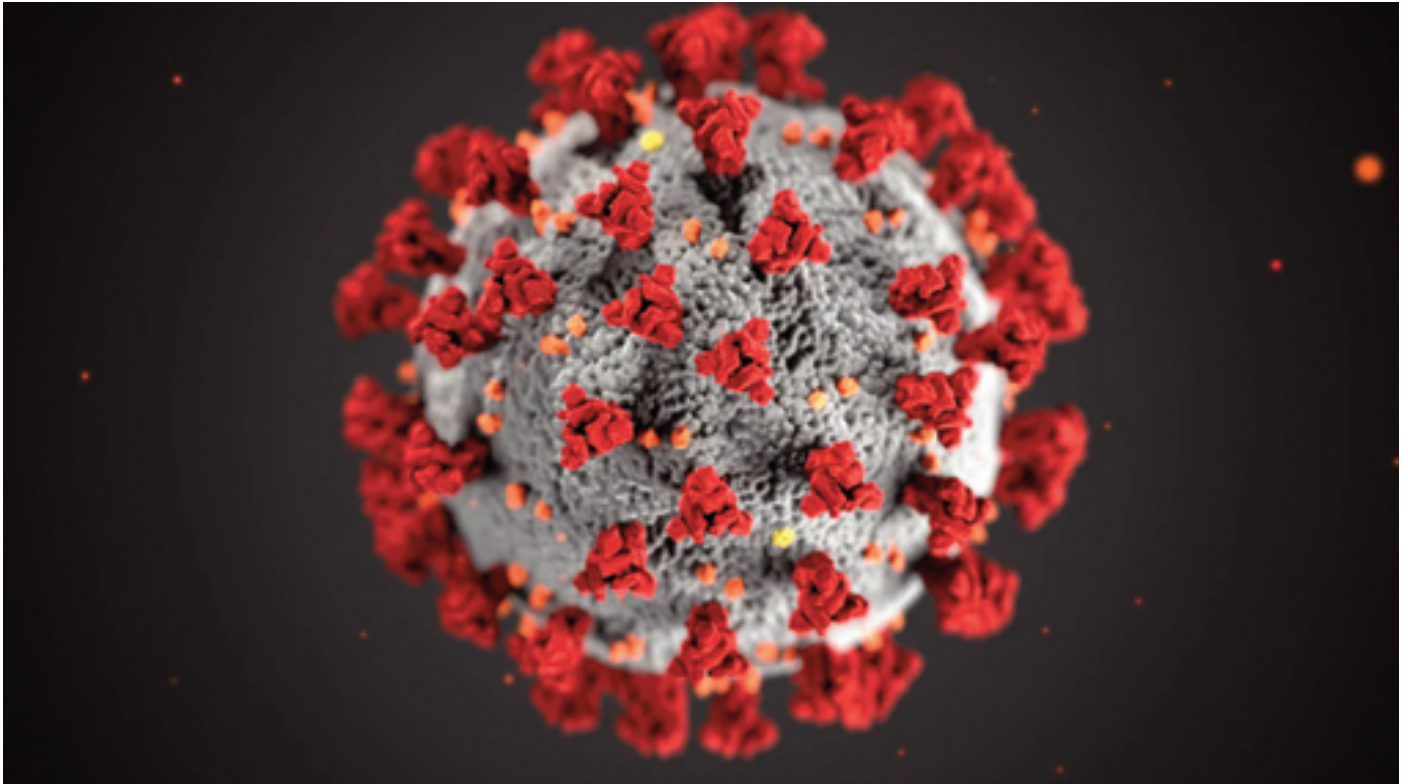
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Chinese owned companies neglecting Covid-19 regulations - report



Several Chinese-owned mining companies in Zimbabwe are reportedly not fully providing their employees with personal protective equipment (PPE) to protect them from COVID-19, a new report has revealed.

By Dumisani Nyoni

In its latest COVID-19 mining sector and communities' situational report, the Zimbabwe Environmental Law Association (ZELA) said the Chinese mining companies' compliance levels with safety and health standards were very low.

All the six surveyed mines were found wanting.

ZELA said in Marange diamond fields, Anjin Investments which used to be a joint venture between Anhui Foreign Economic Construction Group Company, ZMDC, and the military through a self-company is back in operation, although the current shareholding structure is not clear.

According to community monitors, there are some changes in terms of management and its operations as the company is said to be involved more in exploration than mining activities at this point.

"However, the plant department is said to be operational. It was reported that social distancing requirements in terms of the law are

not being observed as workers are working in close proximity," reads part of the report.

"It is reported that there are no regular safety and health meetings as required by law before commencing work on a daily basis as the Chinese do not believe in that."

Workers reported that no efforts were being made by managers to educate workers on social distancing at the mine sites or living quarters.

workers stay in fours per room, with some using bunk beds which defeat physical distancing."

"The Chinese management is not enforcing such requirements. As for transportation, workers are ferried in overcrowded open trucks to their workstations from offices. For accommodation, the Chinese have better accommodation facilities, while the rest of the workers stay in fours per room, with some using bunk beds which defeat physical distancing."

"Some workers complain about the poor condition of toilets at the mine, while ventilation in some rooms is said not to be up to standard. Workers are said to be given sub-standard disposable masks which are not the recommended N95 and not suitable for mining and some workers are not using the masks," it said. ZELA said the masks were used over and over again and end up being dirty.

Chinese owned companies neglecting Covid-19 regulations - report



"Complaints of inadequate and poor-quality safety shoes and work suits were also reported. Reports of employees working without contracts were also received. However, temperature checks are conducted."

At Zimberly Investment Hwange, another Chinese-owned company, ZELA said when the 21-day lockdown was declared workers at the mine in Hwange did not have access to running water to wash hands, no PPE and there were no toilets.

In terms of accommodation at the mine, five workers would share a small room which defeats the idea of social distancing.

ZELA had prepared to file an urgent Court Chamber Application seeking an order compelling the company to provide workers with adequate safety, health, and sanitation facilities.

Following some monitoring visits from the Hwange representative of the National Miners Workers Association of Zimbabwe and the threat of legal action, the company took steps to provide PPE to workers.

"The last inspection conducted showed that the company is now complying with some of the COVID-19 measures including provision of PPE and social distancing. However, some workers are worried about the sub-standard quality of the PPE provided by the companies," the report reads.

"The situation at this mine requires constant monitoring. Government's lowering of standards on the quality of masks may also present problems to mine workers as it can be used by mining companies to justify the provision of poor-quality masks"

The report notes that at Hwange Coal Gasification Company,

workers were being transported in a lorry, overcrowded, and with no social distancing. Even at the workstation, no social distancing of workers was observed.

The mine did not even provide adequate water points at the mine for promoting sanitation and handwashing. Water for washing hands was being rationed.

South Mining, a Chinese coal mine operating in Hwange is reported to have very poor safety and health standards for workers.

"During the 21-day lockdown period, workers at the mine complained that they were ferried to work in a bus without observance of social distancing as they will be crowded on the bus. This was also the case at their workstations where they worked in close proximity," reads the report.

On Sunrise Chilota Cooperation, ZELA found out that when the lockdown was announced exempting coal mining companies, workers at Sunrise Chilota Cooperation were ordered to camp at the mine site.

Five men were sharing a small room and did not have access to toilets. The company did not provide workers with personal protective equipment and clothing. The Chinese managers told workers that if they do not stay at the mine site they would lose their jobs, ZELA said.

In Mutoko, Chinese granite mining companies namely Dingmao and Longrui also did not have adequate personal protective equipment.

"Only a few workers were given work suits. This exposes workers to contracting or spreading COVID-19 beyond the workplace," it said.

As at 16 May 2020, Zimbabwe had 44 confirmed cases, including 17 recoveries and four(4) deaths.

Globally, more than 302 000 people had succumbed to the disease from 4,44 million confirmed cases.

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Zimbabwe should adopt mineral 'safeguarding system'



The local government and Mining laws should be amended to create room to safeguard economic development and resuscitation through mining, Zimbabwe Prospectors Association Secretary-General Timothy Chizuzu has said.

By Rudairo Dickson Mapuranga

Speaking to Mining Zimbabwe, the innovative mining professional said some Zimbabwean laws are now archaic and they should be amended to suit our time. He went on to say that Chegutu Council's decision to cancel all mining claims at Lambourne farm to pave way for residential stands is backward and visionless.

"Some of our laws are archaic and we still have room to amend them. However, councils should also see this and try to be more developmental minded. The decision to forfeit mining claims by the Chegutu Council is undevelopmental." Chizuzu said.

Chizuzu went on saying that it was important for the country to adopt some of the measures in the United Kingdom mineral policy which focus on safeguarding the country's minerals by protecting areas where mineral sterilisation might occur and that the urban councils before turning land into residential stands should engage experts, taking into consideration that residential areas have no meaningful development to the national fiscus.

"Councils should engage all stakeholders and mineral experts to do due diligence and evaluate what will be a most profitable use of land and I would like to encourage all leaders, local councils and national leaders to think beyond themselves when making decisions that

promote sustainable development and that bring real value to the economy and the people at large," Chizuzu said.

He also said that it was high time local governance become innovative to know that most towns in the country were developed due to mining and Agriculture resources.

"Access to mineral resource data and information is necessary. Accompanying mineral safeguarding policies should be formulated to manage planning applications for development before creating residential areas. Taking note that most towns like Kadoma, Kwekwe, Zvishavane came to being because of mining we need to focus much on building our economy, and mining will create more economic linkage if managed well", he said.

Mining Zimbabwe contacted the Chegutu mayor his worship Henry Muchatibaya who said the council made plans and invited all stakeholders to meetings regarding the allocation of stands for housing and there was no objection.

"We have what we call masterplans. When we made master plans we invited all stakeholders for consultation meetings detailing our plan and no one objected. Our master plans are of 10km radius and there now just awaiting approval from the highest offices since there was no objection".

When contacted, former Lambourne farm owner, Mr James Lambourne said he spent over \$300k for exploration at the farm and it is rich in quality Limestone which is of high economic value.





Fetcher a small-scale miner making a difference

For those who are not familiar with the Mining industry if one hears about Small-scale miners or Makorokoza as they are mostly referred to, usually the first thing that comes to mind is violence, reveling, and alcohol abuse. Some are known to go as far as buying alcoholic beverages for everyone in drinking spots and bars where they will be drinking.

Little is spoken about the actual small-scale mine owner. These are the 'Corporate' or 'CEO's' of mine claims.

Mining Zimbabwe met with a small-scale gold miner Mr. Fletcher Mbizo at Moflegosh mine in Norton. Mr. Mbizo is a unique example of a gold miner making a difference in the community he is operating from.

He began operations at his mine in 2010 after getting a special grant with help from his partner Ms. Sheila Mabasa. As it is with most beginners they did not have enough to properly finance operations so they resorted to seeking sponsors and throughout the years worked with a number with most withdrawing when the going got tough.

"We got a special grant from the council and after that, we started looking for sponsors. Since then we have worked with various

sponsors some of whom sponsored us well but it is very difficult to find someone with adequate funds to sponsor. Those who came usually with-drew when problems arose" Fletcher Mbizo said.

Years later Moflegosh mine has drastically improved with mines in the vicinity and beyond also benefiting from it. The mine now has an operating horticulture site that supplies Norton with fresh produce.

The mine also operates Custom Milling and has cyanidation tanks that are used to process minerals by many mines in the Norton area and beyond.

Norton like Harare has challenges with a consistent supply of clean water. Fletcher's mine has made life easy for inhabitants of the Norton Police camp by

supplying running water for general use. Mining Zimbabwe witnessed Police officers busy weeding, watering their gardens using the water from the mine.

Fletcher's mine has made life easy for inhabitants of the Norton Police camp by supplying running water for general use





Another beneficiary is Mr. John Mushonga who grows various horticulture produce for sale. Mushonga was offered the land that was not in use at the mine by Fletcher which has created further jobs as Mushonga employs three people.

Fletcher said, "In regards to agriculture we have done the best we can. We have allowed people to farm on the piece of land we are currently not using and we provide a constant supply of water for irrigation and other uses".

Mushonga grows and supplies Norton with tomatoes and vegetables using drip irrigation from water supplied by Mbizo. The site is well known for fresh produce and maize contributing to the needs of Norton residents. Mushonga is now resident on-site with his family.

"I am into Horticulture and am thankful for the land I have been given for producing agricultural products. I produce tomatoes, vegetables, and lots more irrigating with water from the mine. The mine has helped me, my family and workers and we have been constantly supply Norton with fresh produce for years".

Fetcher and his partner currently employ over 15 people and he hopes to expand Moflegosh mine which he says will create more jobs for the



community. He said to have an improved output the government must provide equipment and much-needed expertise.

Fletcher's mine has made life easy for inhabitants of the Norton Police camp and Horticulture projects by constantly pumping running water for general use

Putting the Mining sector economic stimulus package to effective use



President Emmerson Mnangagwa

In lieu of the burden that has been set upon the Mining Sector, and the Zimbabwean economy at large, by the Covid-19 pandemic, His Excellency, President Emmerson Mnangagwa, on 1 May 2020, announced a Zwl\$18 billion Economic Stimulus Package which is hoped to cushion domestic businesses and keep the economy invigorated through the slump.

By: Daniel Nhepera

According to a document generated by the Chamber of Mines of Zimbabwe in March 2020, the mining sector is likely to take revenue losses in excess of US\$400 million in the second quarter of 2020 alone. This would be a substantial loss, equating to 14.8% of the total mineral earnings achieved in 2019 (US\$2.7 billion) and 10% of the forecasted mineral earnings for 2020 (US\$4 billion).

Notwithstanding the fact that the mining sector has consistently been Zimbabwe's biggest foreign currency earner (averaging above 60% in the past three years), the sector was only apportioned 5.6% of the Stimulus Package, Zwl\$1 billion. According to details given by Government, the mining sector package will go towards financing the completion of development works on the Mining Cadastre system - a computerized system for the management of all mining-related administrative tasks. The fund will also buttress efforts towards the resuscitation defunct gold mines, the reduction of application fees and annual rentals, and the ring-fencing fuel and power for the mining sector.

It is of note that the announcement of the Stimulus Package by Gov-

ernment does not infer a specially designated Zwl\$1 billion kitty in wait at the Reserve Bank of Zimbabwe to be drawn down by mining companies. As it happens, the Government may have to make the funds available, in tranches, through domestic or foreign borrowing, or the printing of money. Although likely to encumber Zimbabwe's already strained debt overhang, foreign borrowing is rather the blueprint in times of such strife, with Nigeria and South Africa already in talks with the various International Financial Institutions over rescue packages of US\$6.9 billion and US\$4 billion, respectively. Avenues to foreign loans are not as straight forward for Zimbabwe, however, and so Government will be at straits to come forth with the Economic Stimulus Package. It is therefore within all mining sector stakeholders' interests for the mining portion of the Stimulus Package to be put to effective and strategic use to achieve the intended objectives of giving respite to mining companies while also permeating welfare relief to the Zimbabwean citizenry.

This resolve raises a need to interrogate whether the use of the Stimulus Package in funding the completion of works on the Mining Cadastre system bares the promise of immediate and necessary monetary or welfare gains. Although the system will go far in improving the ease of doing business in the mining sector, while also crucially providing security of mining title, which will cultivate more appetite for mining investments in Zimbabwe, the gains from these advancements may not be immediately tangible, nor quantifiable. It is also curious as to why the Cadastre system, whose developer was since identified and reportedly funded in 2016, has taken so long to complete. In 2019, there was a further commitment made by Treasury to avail US\$2 million for completion of the project, which was then promised to be ready by 2021. It, therefore, comes as a surprise that the Ministry of Mines and Mining Development is again seeking to finance the Cadastre system with funds from the Stimulus Package.

In comparison, the South Africa Department of Mineral Resources' online platform, the South African Mineral Resources Administration System (Samrad), was announced, designed, built, and rolled out all in the same year, 2011. The building process came with the benefit of an audit of all prospecting and mining rights in the country as part of the data clean-up process, something which would be most welcome in Zimbabwe given the numerous double-pegging disputes that provincial mining offices are perpetually flustered with. Mining stakeholders and prospective miners in South Africa enjoy the convenience of remotely viewing the locality of all mining

Continued on next page...



applications, rights, and permits made and held in South Africa, thereby allowing for applications to be submitted and administrative processes to be handled electronically.

Creditably, Government has identified the need to ring-fence fuel and power for the mining sector, which is up the alley of necessities fundamental to keeping the mining sector ticking in the midst of depressed markets. Along with the ring-fencing of fuel and power, the availing of funds to sustain the importation of mining consumables, equipment, machinery, and spares, for both running operations as well as capital projects is equally imperative. This would assist in maintaining mining operations at current levels, guaranteeing mineral exports for Government, albeit at the mercy of depressed global prices.



In this light, recollections can be made to the Mining Continuation Reserve (MCR) and the Mining Projects Fund (MPF) which were administered by the Reserve Bank of Zimbabwe on behalf of the Government



between 1980 and 1990. The purpose of the funds was to ring-fence foreign currency allocations to the mining sector for the purchase of mining inputs, mining consumables and spares (MCF), as well as financing the establishment of capital projects (MPF). Although perpetually underfunded, the funds are still credited for sustaining the mining sector in Zimbabwe in a period where mining was in recovery following the 1970s dip on account of the War of Liberation. The funds also assisted in sustained gold exports through the spectacular peak and trough of gold prices between 1980 and 1986.

Offering such support to the mining sector would however require the Stimulus Package to be availed in foreign currency for the most part. This is where pitfalls may appear. This fate is dependent on Government's source for the Stimulus Package funds, and with the likelihood being that

the funds will either be from domestic borrowing or quantitative easing, there is not much promise of the mining sector rescue fund being presented in foreign currency.

Nonetheless, there is still an opportunity for the Government to make impactful use of the Stimulus Package, in domestic currency, as a means to improving the welfare of communities directly within the catchment of operational mines. This may be achieved by placing policy for the mines, large scale or small, to engage more with local upstream and downstream business, while Government simultaneously finances and provides support to the businesses for them to meet the supply requirements of the mines in quantity and quality. Indeed it is peculiar that this approach would look to intensify the welfare benefits of mines on local communities without actually providing financial support to the mines

Putting the Mining sector economic stimulus package to effective use

themselves, but empirical studies have provided backing to the proposition.

"One such study was a 2013 paper on Yanacocha, a large scale gold mine in Peru considered to be the fourth biggest gold mine in the world. The authors of the study identified that following passing of a national local content policy by the Peruvian Government in the year 2000, there was a massive improvement in household level welfare for residents within a 100 kilometre radius of the gold mine. This was following an upsurge in demand for products and services provided by locally owned businesses, such as high and low skilled workers, cleaning materials, catering, protective gear, chemicals and construction products, among others. By measurement, a 10% increase in the mine's demand for local inputs was found to correlate with a 1.7% increase in real income per capita within the mine's catchment area. Such findings are the basis of the push for a mining sector local content policy in Zimbabwe which has been valiantly pursued by the Confederation of Zimbabwe Industries.

Abstract as the approach may be, effective deployment of the local

content policy may be one means by which Government may make the most of the relief funds it garners, towards the objective of improving and sustaining the welfare of Zimbabwean citizens, particularly in mining areas. The mining areas are largely in the hinterlands all the same, where welfare relief is most needed. Combined with the adoption of appropriate variations of the Mining Continuation Reserve and Mining Projects Fund, there is scope for Government to see to the effective use of the Economic Stimulus Package in the mining sector."



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CONTAINA WISE

Demystifying community entitlement of mining proceeds In Zimbabwe



Celebrations at workshop for community monitors in Chiadzwa organised by ZELA in 2016

There is a general challenge in Zimbabwe regarding the relationship between some mining companies and communities in which they are situated.

Edmond Mkaratigwa (MBA in Energy and Sustainability and Chairperson of the Parliamentary Portfolio Committee on Mines and Mining Development) & Albert Maipisi (PhD in Disaster Management).

The debate rages around whether mining companies are doing reasonably enough in their efforts of ploughing back part of exploited natural resource proceeds to communities in which they exist. The community has been defined as the area of operations cognisant that the society is catered for through tax obligations remitted and boosting the fiscus annually. Voices continue to rise from local communities and most thriving mining companies also have voluntary initiatives through which they give back to or support communities. Those initiatives are commonly known as Corporate Social Responsibility or Corporate Social Investment programmes whatever the nomenclature.

The debate rages around whether mining companies are doing reasonably enough in their efforts of ploughing back part of exploited natural resource proceeds to communities in which they exist. The community has been defined as the area of operations cognisant that the society is catered for through tax obligations remitted and boosting the fiscus annually. Voices continue to rise from local communities and most thriving mining companies also have voluntary initiatives through which they give back to or support communities. Those initiatives are commonly known as Corporate Social Responsibility or Corporate Social Investment programmes whatever the nomenclature.

Advances in calls demanding for something more meaningful from

mining companies are increasing. Non-governmental organisations, community-based organisations and particularly the more educated hailing from those communities are increasingly registering dissatisfaction. With the advent of the social media platforms and specifically in their Whatsapp groups and on group Facebook platforms, they are debating. Insightfully, some of these groups have more rights conscious participants in them domiciled in the country or foreign lands, with varied experiential exposures. Communities are getting more enlightened and to some extent are raising pertinent issues regarding the nature of their relationship with mining companies operating in their surroundings as well as expectations.

Other groups are still holed in support of the old dreaded Indigenisation and Empowerment Act utopia while others have a more liberal mind yet desiring to see an improvement from the prevailing. The major standpoints raised in support of the views converge on common concerns. Minds meet on the realisation that there are rampant environmental damages as a result of the nature of mining works. Especially through the cutting of trees, pollution of both air and natural water resource bodies, noise as well as shocks to property as a result of mine blasts. In the same vein, land used for mining is viewed as could have been used for other community livelihood options. Yes some have their own employed in the mines while others always demand their employment in spite of their professional capacities. Further, social services infrastructure for health, water, and sanitation among others, have to some extent been improved or established through local existence and 'providence' of those corporates.

Access to more social services such as education has been improved to some, while the mass gathering as a result of the existence of mines has further created thriving and sustainable business hubs. In one group discussion, it was raised that there was a looming clash between a mine and the community. The clash emanated from the view that the mine has been buying vegetables from the nearby urban area for its canteens yet those were produced in abundance by local farmers in the rural community surrounding the mine. The observation raised tempers although some among the social group members were of the legal opinion that mining companies are private entities hence can buy from whichever market in the choice world. It is true but the social license of some of those companies is already being weakened whether the community will implement options that they agreed to consider for

Demystifying community entitlement of mining proceeds In Zimbabwe

addressing that perceived anomaly or not.

In the same vein, the fact that mines are operating using heavy equipment and machinery with employees believed to be modestly rewarded and driving state of the art cars paints another image in the minds of poor communities surrounding the mines as well as their sympathisers who may be living outside that community permanently or temporarily. It is not easily understood by the ordinary person that mines as entities sometimes fail to have excess resources to plough back to those communities as social responsibility or investment. The same case was also witnessed where a mining company had a debt obligation it was servicing for around five years. The company has previously been an ardent corporate social responsibility or investment implementer. Due to business downs and turns, and the around five-year loan obligation for recapitalisation and expansion, it could not fulfill the expectation that was already planted and blossoming among the community members. That set the company on a sad plinth because all else on site is viewed as normal yet the books of accounts are silently speaking differently.

The dilemma around the immediate last case pierces the veil of current corporate social responsibility or investment approaches too. The approaches appear not durable and unsustainable, which restores the mind in some communities that the Indigenisation Act had its other bright than dim side alone. On the other hand, the case of vegetables which were procured from an urban market than locally raises the debate around which season was being referred to. Interrogation on seasonality goes back to the nature of rural community gardens which are usually seasonally productive. In that mind, whereas initiatives are in place and sometimes gardens established through corporate social responsibility or investment initiatives, the picture painted is that they are also not sustainable.

The two cases reveal weaknesses in the sustainability of the vehicle that funds the corporate social responsibility or investment initiatives as well as failure to establish sustainable livelihoods in the mining communities. Where corporate social responsibility and investment has been implemented more religiously, it has curbed appetite for governments and local communities to implement more radical demands on companies to implement more durable initiatives. The failure of these companies to implement such initiatives is sometimes perceivably attributed by communities, to corrupt or weak government leadership yet market economies

should be freer as people get in business and choose investment destinations by their own choice. Nonetheless, it is not known what the growing consciousness of those communities means for the future of mining investment in Zimbabwe.

Questions often raised in those platforms further delves into the state of Community Share Ownership Schemes previously established in different mining communities in Zimbabwe. Ironically, the share ownership is all about equity participation, and yet there are no dividends hence the mystery being demystified. In many cases, it has not been clear whether these vehicles are still funded although some perceive the share certificates issued thereof were mere billboards. Questions arise again on what was happening to the prior funds invested in the schemes. Nevertheless, there are different views and perceptions postulated from different quarters although in the broader context accusations and mudslinging takes centre stage.

Dynamics on changes in mode and mechanisms for ploughing back to the communities have created that fog and friction but the core fact remains. It is the community demanding for what they perceive as their share from the corporates which have presumably accepted that demand by initiating those corporate social responsibility and investment initiatives. In South Africa and India where the community has been aggressive, violent, mobilised, and conscious, more market-based initiatives for securing mining companies' social licenses have been advanced and implemented. Further, the fact that mining companies are implementing their initiatives at company level is also shifting to trusts that are more of investment vehicles which are remarkably sustainable and whose life span over many years post-mining. Where a group of mining companies establishes a trust, they have managed to invest their finances in line with their different company philanthropic philosophies and missions yet with a small high-tech administration team dedicated for that purpose.

Written by Edmond Mkaratigwa (MBA in Energy and Sustainability and Chairperson of the Parliamentary Portfolio Committee on Mines and Mining Development) & Albert Maipisi (PhD in Disaster Management).

Published ideas are entirely views of the two authors as academics and cannot be attributed to their positions.

Eight reasons why gold retention should be revised upwards



THE Reserve Bank of Zimbabwe (RBZ), through its February 2019 monetary policy statement, reduced the 70/30% gold retention threshold to 55/45% for all miners, a move which was, however, described by miners as unprogressive in many ways.

By Dumisani Nyoni

For instance, the miners argued that the service providers and input suppliers were demanding forex which the central bank was depriving them of. In this article, we will discuss at least eight reasons why gold retention should be revised upwards.

Inputs readily available in forex



Miners who spoke to Mining Zimbabwe said the central bank should revise gold retention upwards as all inputs were readily available in forex.

"Imagine using US\$300 input cost; sell your gold for US\$200, the other US\$100 is given in RTGS at 1:25. If you want to buy forex in order to break even at the prevailing parallel market rate, you are already running at a deficit. Most small-scale miners are shouldered out as they cannot buy the same inputs they would have used," one miner said.

"All inputs are in forex, those in RTGS are rated at the parallel market rate that leads simply to a serious loss or dealing with the parallel market," another one said.

In its latest COVID-19 mining sector and communities situational report, the Zimbabwe Environmental Law Association (ZELA) said in Mberengwa, equipment suppliers and lessors where miners hire pumps, compressors and jackhammers hiked prices.

Demoralises miners

Miners said the decision by the apex bank to impose a 55% retention threshold was akin to killing the goose that lays the golden eggs. For instance, in 2019 following the

introduction of the 55% retention threshold, Zimbabwe failed to meet its gold production target of 40 tons it had set for the year.

The country's gold output fell 17% in 2019 to 27.66 tonnes, down from 2018's 33.29 tonnes, according to the central bank, contributing about 37% to minerals exports, down from 43% recorded in the previous year.

The decline was attributed to the unpopular foreign currency retention threshold, among other challenges, according to Deputy Minister of Mines and Mining Development Polite Kambamura.

Kambamura said the threshold was demoralising gold miners.

At the time, Zimbabwe Miners Federation spokesperson Dosman Mangisi also concurred that "the reviewing downwards of the thresholds impacted negatively on the mining sector because it made it difficult for miners to procure supplies, plant, and equipment, most of which is imported."

Eight reasons why gold retention should be revised upwards

Help curb gold smuggling

With the 70% forex retention, a range of between 20 and 30 tonnes of gold was said to have been smuggled to South Africa in 2018.

What more with the 55%? It means tonnes and tonnes of gold are finding their way to South Africa and other countries offering better prices.

As such, there is a need for the government to come up with smart ways discouraging smuggling of gold and one of them is offering miners at least 80% or 100% foreign currency retention threshold, miners say.

US\$ is a stable currency

Miners also argue that US\$ is a stable currency compared to the RTGS which is not stable. When the RTGS dollar was introduced, late February 2019, the Reserve Bank of Zimbabwe put an official rate of RTGS\$2.5: US\$1. Now the rate is standing at RTGS\$45: US\$1 in the parallel market and RTGS\$25: US\$1 at the official exchange rate.

"It is not easy to plan with RTGS because the currency is not stable. It loses value now and then," another miner said.

Service providers demand forex

Many service providers are demanding forex payment, making the life of a miner who gets 45% in local currency, difficult.

"The other reason simply put is that milling charges and milling ores are as well in forex or gold. You will find out that milling and transport charges cost more than the cost of production itself (explosives, diesel, food and other related costs)," a miner said.

In Mberengwa, ZELA said equipment suppliers and lessors where miners hire pumps, compressors and jackhammers, hiked prices. In Shurugwi, prices of hiring pumps and compressors have reportedly gone up from US\$50 per day to US\$80 per day.

Workers need to be paid in forex

Recently, the Zimbabwe Diamond and Allied Minerals Workers' Union wrote to the government seeking to be allowed to bargain for salaries in line with the forex retention threshold. The union asked to be exempted and be allowed to demand salaries

or wages in line with what the employers are retaining, meaning out of the paltry 55% forex retention, a certain percent should now go towards wages.

This, miners said, was not feasible unless the government reviews the retention threshold upwards.

Fuel sold in forex



ZELA said access to fuel continues to be a challenge because suppliers are only accepting bond notes in cash, while Fidelity Printers and Refiners, the gold buying government arm, is making payments in US dollars and bank transfer.

"Fuel can only be purchased by exchanging the US dollars or bank balance for bond notes. As a result, the cost of fuel is high," reads part of the report.

Small-scale gold miners need forex to buy fuel, JCBs, compressors, generators, and spare parts among other requirements. Miners need fuel for generators and other machines for dewatering processes. Hence, without enough forex, mining business is curtailed.

High forex demand

The central bank recently declared that the United States Dollar can now be used to pay for goods and services in local transactions as part of measures to deal with the coronavirus (Covid-19) epidemic. However, this automatically gave rise in demand for forex and the gold industry in Zimbabwe is much driven by foreign currency, one miner opined.

Therefore, it is economically prudent for the central bank to give miners full value for their product, lest the sector collapses. Miners also argued that the exchange rate is not practical considering that it's paid electronically and that all major mining requirements are transacted by the greenback.

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Minerals and Location found in Zimbabwe

Agate	Nyamandhlovu, Chikomba, Lupane
Aluminum	Mutare, Nyanga, Mwenezi
Amazonite	Nyamandhlovu, Rushinga
Amethyst	Nyamandhlovu, Hurungwe, Hwange, Makonde, Lupan
Antimony	Kwekwe, Bubi, Mberengwa, Kadoma, Shurugwi
Arsenic	Bubi, Shurugwi, Mutare, Gwanda
Asbestos	Masvingo, Gwanda, Matobo, Mberengwa, Insiza, Makonde, Umzingwane
Aventurine	Masvingo, Beitbridge
Barites	Kwekwe, Mwenezi
Beryl	Hurungwe, Kariba, Goromonzi, Harare, Mudzi, Rushinga, Mutoko, Bindura, Marondera, Gutu, Buhera, Bikita, Chegutu, Hwange, Mberengwa, Gweru
Bismuth	Gwanda, Insiza, Goromonzi, Hwange
Cesium	Mudzi, Bikita, Goromonzi
Calcite	Hwange, Bindura, Chiredzi, Mwenezi
Chromium	Mberengwa, Guruve, Makonde, Gweru, Kwekwe, Shurugwi, Chegutu, Kadoma, Gwanda, Insiza, Masvingo, Chirumanzu
Citrine	Marondera, Harare, Goromonzi
Clay	Harare, Bulawayo, Gwanda, Gweru
Coal	Gokwe, Chiredzi, Beitbridge, Mwenezi, Hwange, Lupane, Binga, Kariba, Hurungwe, Bikita
Cobalt	Kwekwe, Insiza, Shamva, Bubi, Bindura
Copper	Makonde, Kadoma, Mutare, Chirumanzu, Chegutu, Kwekwe, Shurugwi, Beitbridge, Gokwe, Bindura, Chipinge, Bikita, Insiza, Makonde, Harare, Bulawayo, Shamva, Chiredzi, Nkayi, Mudzi, Chegutu, Bindura, Kwekwe, Hurungwe, Bubi, Makonde, Bikita, Gwanda, Masvingo.
Cordierite	Hurungwe, Beitbridge, Chimanimani, Rushinga, Makuti
Corundum	Beitbridge, Chiredzi, Shurugwi, Marondera, Mberengwa, Mazowe, Rushinga, Insiza, Goromonzi, Wedza, Makoni
Diamond	Gweru, Bubi, Beitbridge, Binga, Mwenezi, Mutare, Chivi
Diatomite	Hurungwe
Dolomite	Mutare, Beitbridge, Makonde, Mudzi, Masvingo, Rushinga.
Emerald	Gutu, Masvingo, Insiza, Mberengwa, Hurungwe.
Feldspar	Harare, Bikita, Umzingwane, Goromonzi
Fireclay	Hwange, Chiredzi, Kwekwe, Lupane, Nkayi, Kadoma, Kwekwe
Flint clay	Mwenezi, Beitbridge
Fluorite	Hwange, Guruve, Binga
Garnet	Beitbridge, Hurungwe, Mudzi, Guruve, Rushinga, Marondera
Graphite	Hwange, Hurungwe, Kariba, Makonde
Gypsum	Beitbridge
Gold	Every district in Zimbabwe
Iron	Kwekwe, Mberengwa, Harare, Kwekwe, Buhera, Gweru, Charter, Chiredzi, Masvingo, Mazowe, Kadoma.

Minerals and Location found in Zimbabwe

Jade	Masvingo
Kaolin	Kwekwe, Mutare, Bubi, Hwange, Kadoma, Mazowe, Harare, Umzingwane, Nkayi, Chegutu
Kainite	Hurungwe, Nyanga, Mudzi, Rushinga
Lead	Mberengwa, Kwekwe, Gokwe, Mutare, Wedza, Hwange
Limestone	Mberengwa, Gwanda, Bindura, Shamva, Mazowe, Kadoma, Umzingwane, Gweru, Chegutu, Chimanimani, Mudzi, Harare, Hurungwe
Lithium	Goromonzi, Mudzi, Buhera, Bikita, Chegutu, Hwange, Harare, Insiza, Rushinga, Mutoko, Mutare, Hwange
Magnetite	Gwanda, Nyanga, Kadoma, Mwenezi, Insiza, Buhera, Mberengwa, Beitbridge, Gweru
Manganese	Kwekwe, Gweru, Makonde, Mberengwa
Mercury	Bubi, Kadoma
Mica	Hurungwe, Rushinga, Kariba, Hwange
Molybdenum	Kwekwe, Insiza, Shurugwi, Makonde, Chipinge, Gweru, Mutare
Mtorolite	Guruve, Mutare
Nickel	Bubi, Makonde, Kwekwe, Insiza, Guruve, Shamva, Shurugwi, Matobo, Chegutu, Bindura, Gweru.
Ochre	Gweru, Kwekwe
Palladium	Kwekwe, Makonde, Shurugwi, Chegutu
Phosphate	Buhera
Platinum	Kwekwe, Makonde, Shurugwi, Chegutu, Centenary
Pyrite	Shurugwi, Gwanda, Mazowe, Kadoma, Bulilimangwe, Shamva, Hwange.
Salt	Mwenezi
Sapphire	Mudzi
Selenium	Makonde
Silica	Gweru, Kwekwe, Makonde, Chegutu, Gokwe, Harare, Goromonzi
Sillimanite	Hurungwe
Silver	Makoni, Makonde, Kwekwe
Talc	Bubi, Guruve, Insiza, Nyanga, Mutare, Mt Darwin, Mberengwa, Goromonzi, Mutoko, Wedza, Kwekwe, Makoni
Tantalum	Hurungwe, Guruve, Kariba, Mudzi, Mutoko, Shamva, Bindura, Harare, Goromonzi, Murehwa, Mt Darwin, Rushinga, Mazowe, Marondera, Gutu, Masvingo, Buhera, Bikita, Mutare, Hwange, Chivhu, Mberengwa, Chimanimani, Makoni, Insiza
Tin	Hurungwe, Mudzi, Shamva, Bindura, Goromonzi, Harare, Rushinga, Mt Darwin, Nyanga, Gutu, Bikita, Hwange, Masvingo, Mutare
Topaz	Hurungwe, Gweru, Mutare
Tungsten	Hurungwe, Kariba, Shamva, Mazowe, Rushinga, Bindura, Guruve, Mt Darwin, Harare, Mudzi, Goromonzi, Bulawayo, Insiza, Matobo, Gwanda, Umzingwane, Bubi, Buhera, Mberengwa, Kadoma, Bikita, Shurugwi, Mutare, Chipinge, Chegutu, Kwekwe, Chiredzi, Wedza, Gweru, Hwange, Masvingo, Makoni
Vanadium	Mt Darwin, Guruve, Bulawayo
Vermiculite	Buhera, Mudzi
Zinc	Kwekwe, Gokwe, Nyanga

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Implications of the COVID-19 and the recent lockdown lift on the Zim Artisanal and Small-Scale Mining (ASM) sector.



Initially, the ASGM sector had been rendered non-essential, and operators were placed under lockdown with other non-critical sectors.

By Pact Zimbabwe

However, miners and other stakeholders advocated for an exception, articulating the sustainability challenges arising from the lockdown, and the pivotal role occupied by mining in economic development. Over 200 miners applied for exemption through the umbrella small-scale mining body Zimbabwe Miners Federation (ZMF), and the exemption was granted. However, now all mining operations have been granted permission to operate.

COVID-19 has had an impact on international gold prices which have been moving positively since the last week of March. The price of gold per ounce has steadily risen to a new peak of over USD 1 700 in over five years, with the precious metal regaining popularity as a store of value in the face of a depressed investor market and global economic recession. Unfortunately, other aspects of the mineral supply chain have not had such positive effects. Mining equipment spares are difficult and expensive to procure as a result of the global lockdown.

The effects of the lockdown include limited to no access to mercury in some districts of Zimbabwe. Where it is available, mercury may cost up to USD 10 per teaspoon, resulting in increased costs of operations. Reduced use of Mercury has however benefited the country in terms of adherence to the Minamata Convention, whose provisions aim to restrict the trade in mercury to curb rising global emissions.

Linked to the above, Pact Zimbabwe has made efforts to pilot a prototype mercury-free plant to service the ASGM community, in partnership with the government of Zimbabwe led by the Ministry of Mines and Mining Development in collaboration with EMA, United

Nations Development Program (UNDP) and the Zimbabwe Environmental Lawyers Association (ZELA). Unfortunately, work on this has been stalled by the COVID-19 pandemic.

An opportunity for the sector also exists in Fidelity Printers and Refiners (FPR) being able to re-examine its ASM gold buying model and forex retention policy, given reduced parallel market activity. FPR, however, needs to ensure its agents are operating per the WHO guidelines and that they have the resources to procure all the gold being mined leading to an improved fiscus.

Food insecurity is a growing concern among artisanal and small-scale miners as well as communities sustained by mining, with most still living from hand to mouth. Unfortunately, many of the miners do not qualify for the government-led food assistance programs. When viewed through the lens of Occupational Health and Safety (OHS), the confined and close working conditions inherent in mining increase the risk of infection among artisanal and small-scale miners and their surrounding communities. Most ASM sites are characterized by poorly ventilated, labour-intensive operations with a significant workforce suffering unknowingly and knowingly from respiratory diseases like tuberculosis and silicosis. The latter further compromising their immune system.

Some informal elements within the sector are highly nomadic, posing dangers as well to the broader ASM community. Traders, appearing higher in the gold supply chain are not excluded, exacerbating the risk thereof as they move from mine to mine to buy gold in exchange for hard cash. What makes the ASM crisis further unique is that most of the workforce have no health insurance coverage and the sector is in dire need of support to pull through successfully amidst the COVID crisis.

Given the discussion above, Pact Zimbabwe makes the following proposals for basic precautionary measures to be adopted by the general ASM populace:

Please note that this list is neither exhaustive nor does it replace any medical advice. It merely serves as a tool to contextualise how best AMs can mine safely in the face of the COVID-19 health threat. It can serve as foundation to the initiative to develop Standard Operation Procedures in the face of a COVID-19 lockdown. All other non-COVID related safety measure still need to be observed to avoid production downtime and fatalities which will further exacerbate the crisis.

Implications of the COVID-19 and the recent lockdown lift on the Zim Artisanal and Small-Scale Mining (ASM) sector.

1. If not already in place, set up a Safety Health and Environment (SHE) Committee comprising of a few employee representatives to identify and close any gaps relating to all health and safety problems encountered at the work-site. This can be achieved through constant monitoring for adherence to laid out SHE procedures. In addition, a COVID-19 committee can be set up to maximize effective COVID-19 risk management by focusing on any COVID-19 matters of concern. Both committees' roles are to facilitate information sharing and communication with the SHE Committee.
2. Institute mandatory temperature screenings of the workforce to detect infections early. Consider procuring at least one thermo-scanner and seek advice from your local medical facility on how to interpret the readings.
3. Always keep a record of personnel on the various shifts on-site in case any contact tracing needs to be carried out. This is also an important step towards formalizing the mining operations.
4. Create a supportive environment that encourages the workforce to disclose if any of their contacts are being treated for COVID-19 or if they suspect anyone under their care to be showing initial signs of suffering from the disease.
5. Before any work shift begins, everyone present should participate in daily Safety, Health, and Environment talks that prioritize the issue of the COVID-19 pandemic. Ensure everyone fully comprehends everything to do with the disease including its management.
6. Mine personnel are encouraged to wear recommended re-usable/washable face masks to avoid unknowingly inhaling the virus or unknowingly spreading the virus during the incubation period as a carrier. If store-bought masks are hard to get, multi-layered face cloths are recommended by the Centers for Disease Control and Prevention (CDC). It is important to know that not all mask types are recommended. These masks should always be tightly, or else appropriately worn and great care must be taken not to accidentally touch your mouth, eyes, and nose when removing as the virus might be trapped on exterior surfaces. Immediately wash hands with soap and running water after removing
7. Wherever possible miners should practice social distancing at the workplace and minimize sharing and exchanging of equipment with out good hygiene practices. This might entail downsizing operations to minimize crowding at any given time. Or if previously one shift was operational, miners can split the workforce into manageable shifts throughout the 24-hour production cycle. This promotes social distancing and reduces the transmission rate.
8. Prepare an emergency response plan. This entails having a designated isolation area and a readily accessible emergency medical contacts of ambulance services or designating a vehicle to be used to ferry the victim to seek medical attention and immediately fumigate all premises that might have been toured by the victim within the past 24-48 hours before temporarily restricting entry to those.
9. Disinfect yourself after spending considerable time in a crowded place by removing and laundering all your outdoor Personal Protective wear and immediately taking a bath with soap and water.
10. Have in strategic places, running water and soap (whether laundry, bath, or detergent soap). In instances where soap and running water are not easily accessible have in place a good supply of an alcohol-based hand sanitizer, however, this should never replace hand-washing with soap and running water.
11. Appoint a team or individual who disinfects surfaces (including chairs, light switches, tables, door handles, counter tops, doors, toilets, sinks, taps, etc) and equipment throughout the shift. Disinfecting methods should depend on the equipment or surface under consideration but generally soap, household disinfectant, bleach, or ultraviolet lights should serve the function.
12. Social distancing regulations must always be maintained.
13. As far as possible discourage visitors at the mine and this can be conveyed using simple visible posters and signage. If it is not possible to eliminate visitors, make all necessary measures to screen them for high temperatures, and sanitize them at point of entry. Remind them with the aid of signs to observe high levels of hygiene throughout their visit. Remember to document all visitors in a logbook for security purposes and contact tracing if necessary. Pact Zimbabwe stands in solidarity with the nation and the artisanal and small-scale mining community. Pact has maintained an open dialogue with its shareholders and provided technical advice on how to keep safe during the COVID-19