THE PROVIDER OF VALUABLE INTELLIGENCE TO THE ZIMBABWE MINING COMMUNITY

Mining ZIMBABWE

ISSUE 50

10 PRIORITIES FOR GETTING MINING MOVING IN 2022

Elton Gwatidzo *elected AMMZ President*

GOLD PERFOMANCE IN 2021

OVERVIEW: **HIGHLIGHTS OF THE MINING INDUSTRY IN 2021**

Eureka *reopening a milestone towards US$4 billion gold industry*

2022 Prospects: The good and the bad!

IT IS IMPORTANT TO FEED THE GOOSE THAT LAYS THE GOLDEN EGG

MINING PERSONALITY OF THE MONTH

JAMES BEARE

EUREKA, PICKSTONE PEERLESS MD

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ABOUT PUBLICATION

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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James Beare - I joined Dallaglio in 2019 to lead the team constructing Eureka mine and have since taken the position of Managing Director of Delta Gold Zimbabwe (Eureka mine) and Breckridge Investments (Pickstone Peerless mine).

The provider of valuable intelligence to the Zimbabwe mining community

THE CLEAR PERSPECTIVE

In 2015 Mining Zimbabwe was registered in South Africa and started operating with only two people and largely relied on correspondance writers.

With Zimbabwe being a hard sell due to its reputation it was surprising that multinational companies were interested in partnering the Mining Magazine as its popular known in mining circles. We printed our first issue in july 2016 with our first advertiser being the Germany and UK based RHEINTACHO Uk Ltd. a rotational speed, a crucial control quantity for mechanical processes giant.

Back home some companies started warming up to the magazine, its platforms and i remember getting a call from Curt of BSDS and lots more local companies. It was clear the dream needed to be taken home and the match that ignited the light was when President ED Mnangagwa came to SA for a meet Zimbabwean South African business people and he invited those who can, to come back home. We heeded the call and the rest is history.

We have managed to grow our online presence with our LinkedIn platform being one of the biggest in Zimbabwe. Our LinkedIn impressively boasts of highly qualified mining professionals and leaders in the global mining industry with the soft copy of our magazine usually getting over 1000 downloads in the first 30 minutes of being uploaded on that platform.

We have managed to stick to our mandate of being the provider of valuable intelligence to the Zimbabwe mining community and International players with interests in Zim mining keenly follow. We have also managed to get our print copies into all major retail outlets across the country.

As an independent publication we have and continue to highlight challenges in the Zimbabwe mining industry without compromise and to a certain extent we do see a bit of improvement in the mining Industry.

"WE STRONGLY BELIEVE HAPPY MINERS WILL DELIVER"

It is the Ministry of Mines and Mining Development, Reserve Bank of Zimbabwe and the MMCZ's duty to ensure the miner is happy and well served. Currently miners are not happy mainly due to reasons below

1. The 60/40 retention which is stiffling growth of large scale miners.
2. Late issuance of Mining titles.
3. Fidelity's current pricing
4. Poor funding of the Mining of Mines and Mining Development
5. The hijacking of already registered mines by individuals and companies that only surface when gold mines get high yields.
6. Semi-precious business is as good as non existent

I would like to thank all companies that have partnered us in our journey. We hope to have the pleasure of doing business with you forever. Happy 2022!

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President Mnangagwa speaks to James Beare the Eureka Mine Managing Director and his team at the official opening of the gold mine

Eureka reopening a milestone towards US$4 billion gold industry

The re-opening of the Eureka Gold Mine in Guruve adds momentum towards the government's position to see the gold sector contributing an annual revenue of US$4 Billion by 2023, Minister of Mines and Mining Development Hon Winston Chitando said.

Staff reporter

Chitando said the country anticipates hitting a 100 tonne gold production target by 2023 which Eureka is a significant player.

"Through the US$12 billion mining roadmap, we have a target of hitting the 100-tonne gold production by 2023. This will contribute to the attainment of an (Upper) middle income class economy by 2030.

"Eureka will be producing from zero to 1,6 tonnes per annum. It is now up and running after being commissioned by President Dr Emmerson Dambudzo Mnangagwa. We expect them to have increased their production by 2023.

"The reopening of Eureka is an inspiration towards our target, the mine which contributes significantly to towards the gold target," Minister Chitando said.

The owners Dallaglio Investments plans to produce an initial 140 kilogrammes of gold per month gradually increasing up to 200 kilogrammes per month positioning the mine to contribute significantly to the US$12 billion mining industry by 2023.

Eureka Gold Mine has already started showing signs that it has more to contribute to economic growth and development as its parent company (Victoria Falls Stock Exchange-listed company, Padenga Holdings) performance has been enhanced by mining operations particularly Eureka which is performing more than its sister mine Pickstone Peerless mine.

"The group's financial result for 2020 was driven by a solid contribution to revenue from Dallaglio with the mining business consolidated effective 1 January 2020," Padenga said in a commentary to its financial statements. Revenue for the group was US$71,3 million up from US$29,1 million in the prior period."

According to Mashonaland Central Minister of State in the president's office Hon Monica Mavhunga, Eureka mine has proven to be significant in the growth and development of the province as well as being important to the transformation of the economy of Zimbabwe to become an upper-middle-income economy by 2030.

"The impact on the resuscitation of Eureka gold mine has inflicted smiles on many and the social-economic life of the people of Guruve is set to improve. Exceedingly delighted that the mine has employed over 500 people with over 64 per cent of them being locally based. The company has also embarked on serious transformative programs for the local community under its corporate social responsibility," Mavhunga said.

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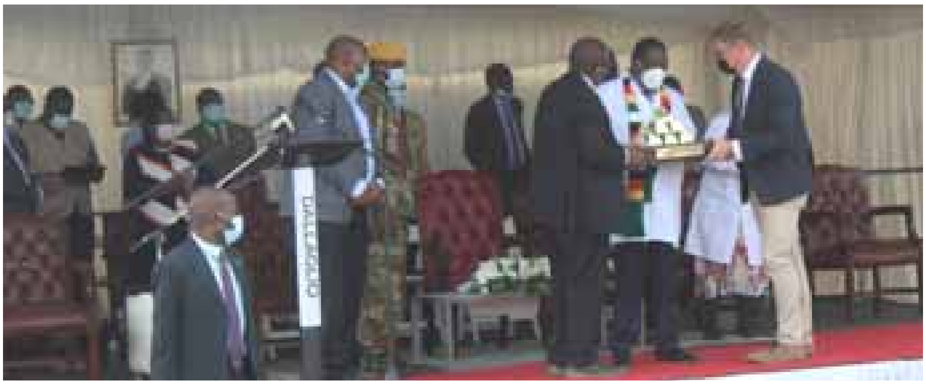
Eureka reopening a milestone towards US$4 billion gold industry



Eureka Mine, which employed over 400 workers at its peak, producing about 1,5 tonnes of gold per annum, had been idle for the past 20 years. An investment of nearly US$50 million by Dallaglio Investments, which purchased the mine from Delta Gold in 2018 and went on to re-design the mine and install new plant and equipment is considered significant to the achievement of the Mister of Mines and Mining Development national gold target where 100 tonnes annual production has been projected by 2023.

Eureka Gold Mine will initially operate as an open-pit mine and the ore body has been explored to a 650-metre depth producing 1.3 grams per tonne with the hope that as they mine deep, the grade will increase.

President Dr Emmerson Dambudzo Mnangagwa speaking at the reopening of the Eureka Gold Mine in October said that the government was open to dialogue with Eureka and other gold mines in a bid to increase gold production to achieve the set target.

The President emphasised that the country's mining sector should move towards beneficiation of mines as is espoused in the National Development Strategy-1 (NDS-1), as this would among other things create value chains that anchor the country's modernisation and industrialisation.

"My administration remains available to dialogue with all investors to ensure a consistent and predictable policy and ease of doing business environment. I, therefore, re-assure Eureka Mine and other investors throughout other sectors of the economy that my Government is a listening Government. Furthermore, the Zimbabwe Investment and Development Agency is capacitated to give requisite impetus to investments in the mining sector and the economy as a whole,"

"Such a scenario would see the sector providing critical feedstock into other wealth and job creation initiatives across all socio-economic sectors".

"Together in unity of purpose, we will realise sustainable win-win outcomes towards an upper-middle-income society by 2030."

"In line with our devolution and decentralisation agenda, the mining sector investments are exhorted to be pro-active by setting up contemporary corporate social responsibilities initiatives that dovetail with our present national development epoch and unique community realities.

"I, thus, challenge players throughout all sectors to be actively involved in fostering the economic growth and empowerment of communities around which they operate, be it in rural or urban areas. The private sector-led economic drive by my Government entails greater private and public sector collaboration for the speedy growth of Provincial GDPs.

"Let me reiterate that under my administration, Government, the private sector and other stakeholders will continue working together towards the modernisation, industrialisation and sustainable growth of our economy. In unity, we are achieving our set goals and targets. Brick by brick, stone upon stone, we are building the Zimbabwe we all want and deserve," President Mnangagwa concluded.

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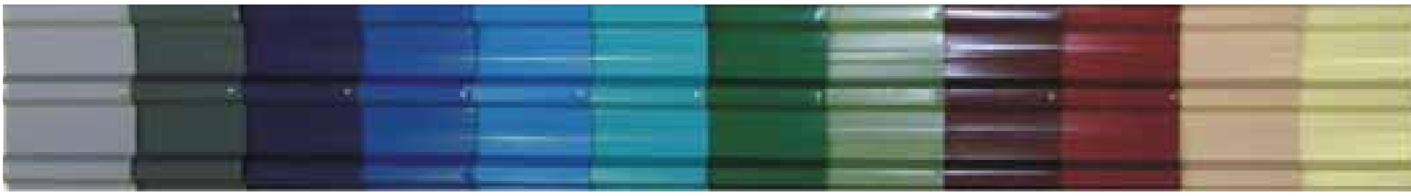

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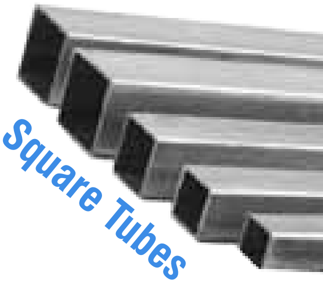

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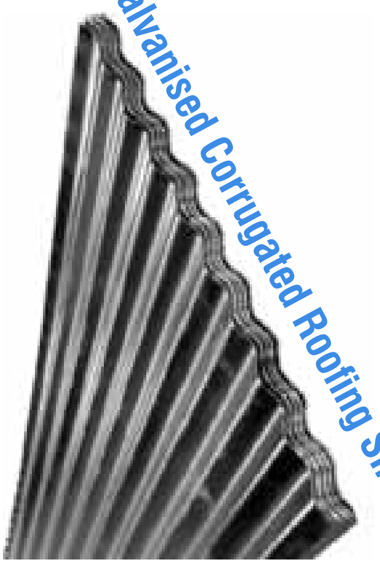

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Interview: James Beare Eureka, Pickstone Peerless mine MD


James Beare

On the 21st of October this year, Dallaglio owned Eureka Gold mine was officially commissioned by President Mnangagwa.

By Keith Sungiso

It was amazing to see a brand new State-of-the-art-plant which was a clear indicator that mine owners meant serious business. Eureka had been trending online and the commissioning was an event that was highly anticipated not just locally but globally. The event was attended by high-level delegates from across the Mining sector with many coming from as far as South Africa. I interviewed Eureka gold mine's youthful Managing Director Mr James Beare about this most promising new mine of 2021 and this is how the interaction went.

KS: Who is James Beare?

JB: I am a finance professional with a diverse 16 years of experience in a range of different industries. In Australia I worked with Deloitte in their management consulting arm, I moved into Oil and Gas as a cost engineer and then started businesses in food manufacturing, hospitality and telecommunications. I joined Dallaglio in 2019 to lead the team constructing Eureka mine and have since taken the position of Managing Director of Delta Gold Zimbabwe (Eureka mine) and Breckridge Investments (Pickstone Peerless mine). Both these companies are solely owned by Dallaglio Investments which is a subsidiary of Padenga Holdings Limited which is listed on the Victoria Falls stock exchange.

KS: Dallaglio Investments is considered by the Minister of Mines and Mining Development Winston Chitando as crucial in the attainment of 100 tonnes gold target by 2023. How much gold are you projecting to produce as a company by 2023?

JB: Eureka mine is projected to produce an average of 140kg of gold per month during its 9-year open pit life. The average grade of the mine increases at depth meaning higher production volumes towards the end of the pit life. At our Pickstone Peerless operation, we are planning to re-commission the underground mining operations in Q2 2023 which is another exciting project in our pipeline.

I joined Dallaglio in 2019 to lead the team constructing Eureka mine & have since taken the position of Managing Director of Delta Gold Zimbabwe (Eureka mine) & Breckridge Investments (Pickstone Peerless mine).

KS: Now that Exclusive Prospecting Orders (EPOs) are being approved unlike during the previous dispensation, does your company have any EPOs applied to increase its mining portfolio?

JB: Dallaglio has not positioned itself as an exploration company and does not hold any EPOs. Our focus is to develop established resources and build processing plants that do them justice.

KS: Currently, Eureka Mine is mining very low grades of 1.3 grams per tonne, is there hope that ore grades will increase?

JB: As mentioned earlier our grade does increase with depth and our average open pit grade is 1.6g/t.

KS: Eureka Mine is currently ingaging in the open cast mining method, in terms of environment and air pollution what are you currently doing to reduce dust in the neigh-bouring communities?

JB: Dust suppression in our mining operations is currently done by tractor-drawn waterbowsers on a daily basis. In our plant, we use a number of water and wind mitigating methods. We regularly consult our neighbouring communities to understand and reduce our impact to their environment and livelihoods.

Beare pauses for a picture at the Official opening of Eureka gold mine

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Interview: James Beare Eureka, Pickstone Peerless mine MD

James speaks to a collegue at Eureka gold mine

KS: Are you planning on purchasing any other mining assets?

JB: Dallaglio is working on developing its existing resources which include Giant and Blue Rock claims near Chegutu. In addition to these developments, we shall certainly be identifying acquisitions that align to the group's strategy of becoming Zimbabwe's leading gold miner.

KS: What benefits are you hoping to get from Victoria Falls Stock Exchange?

Beare (5th from right) with Collegues from Dallaglio at Eureka gold mine official opening event

JB: By listing on the Vic Falls exchange Padenga is looking to improve USD retention on its gold sales on incremental gold in line with RBZ Circular Number 4 of 2021.

KS: In terms of social corporate responsibility, what are you planning to do for the Guruve community so that everyone benefits?

JB: To date, Eureka mine has targeted its recruitment strategy to uplift the local community and employ from the surrounding community. A brick-making operation on-site employs women from the surrounding community as well as the mine making donations to schools, the Guruve hospital and the Rural district council. Going forward a targeted CSIR program focusing on education, health and clean drinking water shall be in place.

KS: You have one of the state of the art plants in the country tell us more about it

JB: I can't comment on how we compare to other Zimbabwean plants but I can say that the 93-95% gold recoveries we achieve at Eureka are testament to the team that designed and built the plant. The plant incorporates a Knelson concentrator circuit which collects our gravity gold, a 12MW diesel Genset backup power plant, a wet laboratory for fast assay results and numerous instrumentation feeding back to our integrated SCADA system giving live control of the plant to the operating team in the control room.

KS: What five key challenges would say are faced by large scale miners in Zimbabwe?

JB: Gold retention, utility power quality and availability, importation challenges for inputs, in-country skills and experience and access to capital markets.

KS: We have many students from Universities and technical institutions looking for work or attachment. How do they get in touch with Eureka or Dallaglio??

JB: By using the Contact us form at www.dallaglio.co.zw [1] or by emailing info@dallaglio.co.zw where their enquiry shall be passed onto the relevant department.

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?

JB: The major challenge faced by poor power availability is the impact it has on production. A short power cut or a trip related to a surge or dip in power from the local grid can lead to a plant-wide shut down. It can then take the team anywhere between 45mins to 1.5 hours to restart operations. Should these events become numerous the financial impact can be significant, not to mention the damage such events can have on the electrical equipment. //ENDS

Elton Gwatidzo elected AMMZ President


Mr President - Elton Gwatidzo

Elton Gwatidzo (EG) was in November 2021 elected the Association Of Mine Managers of Zimbabwe (AMMZ) President taking over from Tharisa's Engineer Coburn Katanda at the Annual General Meeting (AMMZ) held at Caribbea Bay Resort, Kariba.

Kelvin Sungiso

In a side interview Gwatidzo opened up about new appointment and his mining background and future prospects.

K.S: Congratulations on winning the elections. Can you tell us who is Elton Gwatidzo?

E.G: Elton Gwatidzo is a Mining Engineer by profession who is currently the mine manager of the Bulawayo mining company. I have been in the industry for the past 15 years spanning iron ore, limestone and mostly gold mining. I'm also actively involved in the Mine Rescue Association of Zimbabwe where I am the national coordinator responsible for all the planning and coordination of activities for the association. This is to ensure a lively emergency response system for the mining industry in the country.

K.S: What are the benefits of joining the Association of Mine Managers?

E.G: The Association of Mine Managers from its mandate, is the technical arm of the Chamber of Mines. As you are aware, the Chamber of Mines represents the interest of miners in the country and in that regard, the AMMZ works as a technical advisor to the chamber of mines hence in terms of benefits of joining this association, we put in our collective efforts, ideas and advice the industry on the issues that are technical in nature. You will realise that we work tirelessly with the academia, innovators and supply chain so that we ensure that the industry is well supported technically. In short, we share ideas which is the most important thing, we learn benchmarks from others who will be doing better than us and we also take time to educate others who will be nagging behind.

K.S: What advice would you give to young people who might want to choose a mining engineering profession?

E.G: Every profession is very beneficial to our economy. My advice to young people is that we need to leave a mark on this land, this economy and this country and I implore all young personnel to follow their career dreams so that they are recognised for the contributions which they give to the nation at large. Myself, I chose mining engineering partly because my father was an ex-Wenera so it is in the blood but I do have a passion for mining and I have been serving the mining industry diligently and it has also been taking care of me so I also encourage the youth to venture into mining.

I have been in the industry for the past 15 years spanning iron ore, limestone and mostly gold mining

K.S: What can you say about the future of mining in Zimbabwe?

E.G: Zimbabwe is currently under-explored in terms of the exploitation of resources. You will realise that long back, we used to have one coal mine and one iron mining company in the country but there is huge potential to open up that space. We have seen what is happening in Hwange, coal mining is taking a toll in terms of upscaling of production. You have seen Zambezi Gas, Makomo and other such entities. The same applies to the gold mining industry. We have seen quite a lot of exploration and investment engagements ongoing in the gold mining industry. We do have the potential for four additional platinum mines in this country that are yet to be in full production. Those are areas that the authorities need to take seriously, support so that they come into production and add on to the current industry base.

K.S: Is Zimbabwe ready for technology, artificial intelligence and the fourth industrial revolution?

E.G: Not yet. As Zimbabwe, we are still living behind on that front mostly because our academia has not been redesigned to accept the AI industry. Obviously, there are fears in terms of loss of employment but developing the AI will also bring in a new dimension in terms of the creation of employment. We are not yet ready, but we do have the potential. We see what is happening in terms of the number of institutions that have come on board. What we now need to do is to redesign their curriculum so that we can absorb the AI.

K.S: Recently at COP 26, there was a lot of talk on the ban of fossil fuel. What can Zimbabwe do to move with the rest of the world?

E.G: My opinion is that Zimbabwe is not yet at that point to move with the world in terms of the speed of movement to green energy. What we can do as a country is to exploit that fossil fuel that we are currently having and then the proceeds of that, we invest in green energy. That is the best solution otherwise, we can talk of green energy but there is an investment that is readily available for green energy so the investment from fossil fuel can work very well in capacitating green energy for the country.

K.S: As Elton Gwatidzo, what can the mining industry expect from you as the incoming mine managers president.

E.G: The first thing is collaboration. I look forward to being a team player in terms of advancing the interest of the nation, the interest of the Chamber of Mines, the interests of the mining industry as a whole and the interests of the Bulawayo mining company. I am part of the Zimbabwe School of Mines academic board so I also look forward to advancing the interest of academia in the country in terms of turning out skills for the mining industry in preparation for AI and innovation. In addition, I also have got a vision to ensure that even the laws of the country are aligned to the dynamics of the industry at large. Some of our laws were put in 1999 and obvious the landscape and innovation have changed hence there is a need for alignment. I will be working on that quite aggressively so that we align the country and we are able to follow others who are leading in this industry.

AMMZ membership increases by 50 per cent

Coburn Katanda addressing delegates at the 2021 AMMZ AGM

Membership of the Association of Mine Managers Zimbabwe (AMMZ) has increased by 50 per cent due to increased mining investment, the outgoing Association President for 2021 Coburn Katanda has said.

Anerudo Mapuranga

Speaking at the AMMZ annual general meeting in Kariba last month, Katanda said with the anticipated growth of the mining sector, there is a probability that the association's membership will also grow in 2022.

"The Association has witnessed growth in ordinary membership by more than 50% in 2021 compared to the prior year. This is an important development as growth in number represents growth in the relevance and influence of the Association.

"With the anticipated growth in the mining sector (Eureka started operating this year, Great Dyke, Karo Platinum Zimbabwe, Todal, Prospect Resources and many other projects are being developed) there is real potential to tap into potential members from new and expanding projects," Katanda said.

Katanda however said that mine operations during the year were challenging for mine managers as there was the inadequate power supply, lack of foreign currency, inflationary pressures among a host of challenges that required managers to exhibit multiple skills and competencies.

"The year 2020/21 was a challenging year for mining operations which demanded Mine managers exhibit multiple skills and competencies.

"The viability of many operations were under threat from inadequate allocations of foreign currency, interruptions in electricity supply, inflationary pressures that increase the cost of production, logistical constraints which restricted the movement of inputs and products to markets among other challenges," Katanda said.

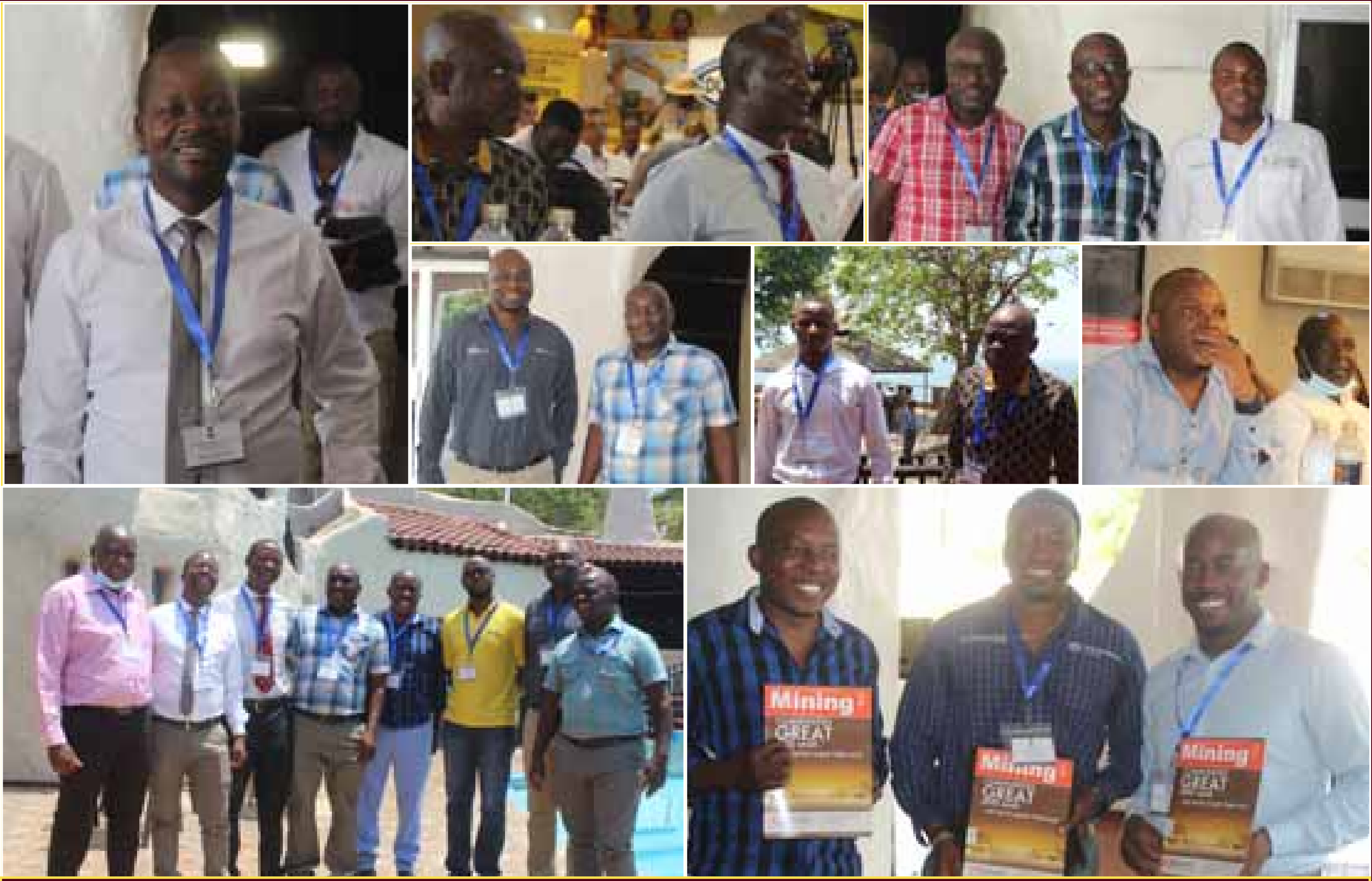
The former AMMZ President said his Association managed to engage industry players, mining houses and other Stakeholders through a dedicated Project Coordinator to get their proposed amendments for the Mining Regulations.

The process culminated in the development of bound documents with proposed amendments.

He said, what remains is to present the work that has to be done to the CoMZ EXCOM at their next meeting, and engagement of the Ministry of Mines and Mining Development to take the proposed amendments for legal drafting ahead of their adoption as part of the updated regulations.

Katanda said the Association will continue to drive the process through to the end, to create a more enabling environment for the Mine Manager to work effectively and safely.

Delegates in attendance at the AMMZ AGM 2021



ASSOCIATION OF MINE MANAGERS OF ZIMBABWE ANNUAL GENERAL MEETING 2021 IN PICTURES

OVERVIEW: 2021 highlights of the mining industry

From Chinese mining firms displacing villagers and setting up operations on sacred sites to bold moves by the government to enforce another ferrochrome exportation ban, 2021 has definitely been an eventful year for the mining sector.

Vongai Mbara

We take a look at key highlights, mining business confidence, local content and corporate social investments in the mining industry.

Notable among the positive sentiments include optimism about the international commodity price outlook that has been bullish throughout this year, as well as improvements in capacity utilisation and anticipated mineral output growth.

The downside threats include the continuing high-risk perception of the country which is likely to limit major investments in the sector, continuing infrastructure and energy deficits, problems with access to foreign currency and increasing costs of capital and operations.

By end of this year, the mining industry is expected to have an 11 per cent growth output due to new innovative programs in the sector.

“The mining sector this year is expected to grow by 11% as a result of robust programs which encompass increased exploration and expansion projects, resuscitation of closed mines and opening of new ventures as well as mineral beneficiation and value addition,” President Emmerson Mnangagwa said during the State of the Nation Address.

A key area that has recently been attracting public attention in the mining sector has been developments in the chrome subsector, where miners have complained about poor prices.

To deal with that, the government banned the exportation of raw chrome, encouraging local beneficiation.

Currently, the Minerals Marketing Corporation of Zimbabwe (MMCZ) is working to establish a minerals counter where the government will enforce standard market prices thus protecting chrome miners against poor prices and unscrupulous buyers.

The government also intends to amend the Mines and Minerals Act to make it more progressive and investor-friendly to attract more investment.

In addition, the Supreme Court ruled out that the Ministry of Mines and Mining Development (MMMD) cannot forfeit a mining claim in terms of Section 1260 of the Mines and Mineral Act, without first notifying the affected party and allowing them to make representation.

Furthermore, Guruve’s biggest gold mine, Eureka Mine was reopened this year through the government’s initiative to resuscitate closed but potentially productive mines.

The fiscal regime however continues to play a significant role and can either stifle or enable growth.

High royalty and beneficiation taxes, high environmental management levies and misaligned rural district council charges continue to undermine viability prospects. On the issue of access to foreign exchange, miners are not happy with the 60% retention which is viewed as inadequate to meet increasing operational costs.

Diamond producers have also raised concerns over 10% royalty for diamonds which they say is one of the highest in the world and is “undermining the viability of diamond producers”. The executives in the sub-sector expect the government to review the royalty in line with best practices.

A key input to mining operations is energy and indications are that on average, miners are facing six hours of power outage per day and this has serious repercussions on operations and output.

Accepting payment for electricity bills in local currency, for example, will have a significant positive impact on the sector and rehabilitation of dilapidating power infrastructure is critical.

On the other hand, Zimbabwe Electricity Supply Authority (ZESA) has threatened to switch off mining houses over a US$37 million legacy debt, which it blames for crippling the power utility’s operational efficiency.

So far, defunct giant steel manufacturer, Ziscosteel has been switched off.

On artisanal and small-scale miners (ASM), there is need to formalise the sector and develop appropriate legislative tools especially on allocation of mining rights.

There is still growing conflicts between foreign mining companies and indigenous communities who are being evicted from their ancestral lands without compensation to pave way for mining operations.

Hundreds of villagers in different parts of the country have been evicted while others face displacement to make way for foreign firms since the beginning of the year.
The government has been called to participate in the peace-building journey by respecting the rights of the people of Zimbabwe as enshrined in the Bill of Rights.

The issue of capital inflows into the sector also remains a challenge due to subdued foreign direct investment into the economy as a whole.

According to the Chamber of Mines of Zimbabwe on the state of the mining industry survey report, most miners indicated that they are facing difficulties in raising external capital to fund their operations, with some reporting that they had put on hold some of their projects due to capital shortage.

On the issue of the mining policy environment, survey findings show that 74% of mining executives are expecting the mining policy environment to be sub-optimal, citing delays in finalising outstanding policy matters including a mineral development policy and mining cadastre.

Therefore, an enforceable, transparent and comprehensive regulatory framework for natural resource sectors is needed to ensure a stable and predictable policy environment that increases long-term investment in the sector

2022 Prospects: The good and the bad!

Ready to go under - Miners at Shamva gold mine prepare to go underground

Zimbabwe's mining industry is poised for growth and prospects for 2022 are looking positive thanks to improved capacity utilisation and anticipated increase in output.

Vongai Mbara

According to the State of the Mining Industry Report, the majority of executives in the mining sector are optimistic that the economy will grow in 2022 as most players are planning to expand operations going forward.

The survey findings show that about 55 % of respondents mining executives are expecting the economy to grow in 2022, while the remainder expects the economy either to remain the same or contract.

"Generally, mining executives are confident about the prospects for their businesses in 2022."

"Notable among the positive sentiments include optimism about commodity price outlook, improvement in capacity utilisation and anticipated mineral output growth," said the survey.

It said approximately 58 per cent of the respondents are planning to expand production by 40 per cent. Gold output is expected to increase by 21 per cent in 2022 to 35 000 tonnes while coal and diamond production will expand by 40 and 43 per cent respectively.

The survey also shows that capacity utilisation is expected to slightly increase to 83 per cent in 2022 from 80 per cent in 2021.

"Survey findings show that there are some new projects as well as existing operations that have been undertaken specifically in the gold and platinum industries that have potential to increase output in 2022," said the survey.

"Three gold mines indicated that they had just resumed operations in 2021 and would ramp up production in 2022.
"Seven other gold mines indicated that they are undertaking expansion projects at their operations. All platinum projects indicated that they are spending on capital projects with additional output expected in 2022."
In addition, the Mining Business Confidence Index (MBCI), which gauges confidence among local miners, is expected to increase to 17 next year, from 9 in 2021, the biggest jump in nearly four years.

The index scale ranges from -100 to +100, with the lowest score representing the least level of confidence and the biggest score representing the highest.

However, the index is still lower than the 21.9 scores that Zimbabwe hit late in 2017 when miners had their hopes up after the fall of the previous government.

Zimbabwe is targeting to grow revenue from minerals to US$12 billion by 2023 as it seeks to transform the country into an upper-middle-income economy by 2030. Gold exports are expected to reach US$4 billion while platinum exports would hit US$3 billion.

Diamond production is expected to increase to 11 million carats by 2023 driven by new investments.

Chrome and coal subsectors are expected to grow significantly in 2022 while platinum will continue to dominate the sector.

Major expansions are expected in the gold and platinum subsectors with expectations that gold output will reach 35 tonnes.

Capacity utilisation is expected to increase to 83% in 2022, a minuscule increase from 82% in 2021 mainly driven by gold and ferrochrome.

The Government is also focusing on value addition, enhanced investment within the sector, increased productivity, employment creation, growth in exports and foreign-currency generation.
On the capital expenditure, the majority of the miners are looking to spend retained earnings on various capital projects.

The Bad

A cluster of areas still require urgent attention in order to give miners the confidence to invest and expand their operations next year.

The issues of continuing infrastructure and energy deficits, problems with access to foreign currency and increasing costs of capital and operations need to be addressed.

According to the report, miners remain worried about investment competitiveness, access to capital, access to foreign exchange, mining policy environment and country risk.

They do not see any improvement in the investment environment They see the cost of capital remaining high, with the forex crisis and infrastructure deficits continuing.

While miners expect to be more profitable next year, profits will be lower than in 2021 as costs rise faster than revenue. The biggest costs will come from procurement (45%), labour (22%), and electricity (17%).

In addition, high taxes such as royalty beneficiation taxes, environmental management levies and rural district council charges will also continue to erode profitability.

Furthermore, Platinum and lithium miners, who are charged a tax for exporting raw minerals, say the charge is undermining the industry. ENDS///

Gold performance in 2021

The gold sector has become instrumental to the country's economic growth and development with the President of Zimbabwe Dr Emmerson Dambudzo Mnangagwa optimistic that the sector will contribute significantly, however, its performance since the US$12 billion industry was launched leaves a lot to be desired.

Rudairo Mapuranga

The President through the US$12 billion mining roadmap anticipates the mining sector will fetch an annual revenue of US$12 billion by 2023 with the gold industry required to produce 100 tonnes of gold annually or a sum of US$4 Billion by the same year.

Gold deliveries to the country's sole gold buyer and exporter Fidelity Gold Refiners (FGR) declined by 16 per cent and 43 per cent respectively in the year 2019 and 2020, as compared to the year 2018 an indication that the projected target deliveries (100 tonnes) might be an over-ambition.

As of 31 October 2021 total gold deliveries were at 21.99 tonnes with the FGR acting General Manager Mr Peter Magaramombe optimistic a total of approximately twenty-eight [28] tonnes is a possibility by 31 December 2021.

Although the price of gold has rallied during the pandemic, Zimbabwe's revenues from the precious metal have slumped. Gold production fell 30 per cent year-on-year to 3.98 tonnes in the first quarter of 2021, with earnings declining US$260m to US$200m.

Why deliveries and production have been declining from 2018 period?

In 2018, fidelity received a record 33.3 tonnes gold deliveries with the United States Geological Survey reporting that a total of 35.1 tonnes was produced in the country the same year.

The RBZ attributed the overall poor gold production in 2020 to COVID-19 lockdowns, suspected smuggling, fuel shortages, and antiquated technology.

Experts have pointed the rise in gold production from the period 2009-18 to currency stability coupled with 100 per cent forex retention which gave the miner increasing confidence to invest in the gold sector with a decline from 2018 attributed to policy inconsistency as well as poor foreign currency retention and rising inflation of the local currency.

Although gold is Zimbabwe's top export, exports of the yellow metal fell from US$1.64 billion in 2019 to US$981 million in 2020. The RBZ attributed the overall poor gold production in 2020 to COVID-19 lockdowns, suspected smuggling, fuel shortages, and antiquated technology.

Gold production and deliveries decline has been necessitated by the fact that Fidelity underpays producers for gold and sometimes pays late. The partial payment in US dollars denominations and partially in Zimbabwe dollars determined by the official exchange rate is a catalyst to poor production and suspected smuggling.
The 60/40 forex retention is designed to save the central bank foreign exchange, something it has been perennially short of. But in the open market, the Zimbabwe dollar is worth, less than half of its official value, creating huge losses to the large scale miner.

The discrepancy means Fidelity pays substantially less for gold than international buyers, who tend to pay all in US dollars. The black market, where sellers can get straight US dollar payments immediately, therefore becomes an attractive and most viable option.

Before May 2020, large scale miners were receiving 55 per cent of their payments in US dollars, later increasing to 70 per cent while small scale miners were receiving 70 per cent that later increased to 100 per cent spot but largely below international price. For large scale producers, foreign currency is now back to 60 per cent in US dollars with the remainder in local currency. The Chamber of Mines of Zimbabwe (COMZ), which is made up of mining companies and other industry bodies, has decried delays in payments from Fidelity saying they have been eroding producers' profits.

According to General Manager and Director of Caledonia Mining PLC owned Blanket Mine Mr Caxton Mangezi during Mines and Mining Development Parliamentary Portfolio Committee visit at the mine in November, the current foreign currency retention threshold for large scale gold miners which is standing at 60 per cent is not sustainable for the growth and development of the mining sector and might lead miners to a possible shutdown of operations. He said operation costs in local currency are increasing due to high inflation on the parallel market and the failure of the central bank to provide all suppliers with the required foreign currency

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auction rate. Mangezi said the retention was a form of tax itself which makes it difficult for operations as costs are always rising due to inflation.

"One of the challenges that we are facing as a mine has to do with the 60/40 per cent gold retention. You could find that there are some miners who could operate viably on a 60:40 basis but some of us could need 100 per cent forex retention due to the extent of our requirements. What we hope the Government takes notice that we comply with tax payments and as such once we also retain 100 per cent forex, that means we are also able to pay all our taxes in foreign currency," Mangezi said.

Steps by Fidelity to increase production and deliveries

Fidelity announced in mid-2021 that it will combat these underlying issues by allowing large-scale gold mining companies to export a portion of their bullion directly. The entity expects this measure to increase production by allowing companies to secure funding in the form of gold loans. The gold buying and exporting company hopes that direct payments will help prevent the illegal export of gold, estimated at US$1.2 billion per year by small-scale miners who extract most of the country's gold.

According to Magaramombe achieving the 100 tonnes gold production and the delivery target was possible but all stakeholders in the gold industry were supposed to work together to ensure that gold production increases at the same time deliveries to Fidelity increase.

He said that plans were in place for Fidelity to increase its presence in all active regions (more gold buying centres).

Magaramombe said FGR is in the process of finalising the mechanism that will result in purchasing 5 grams and below from the artisanal and small scale miners and implementation is set for the new year (2022) as a measure to mop all the gold mined by the ASM which sometimes ends up in the hands of smugglers.

The upward price review (100% USD cash to small scale miners) and reduction of royalty to 1% for small scale miners and artisanal miners has played a major role in boosting gold deliveries from the two groups.

Currently, there are no delays in payments that were previously experienced as a result of excessive scrutiny by foreign banks whenever FGR was suspected to be dealing with red-flagged institutions or individuals resulting in the company managing to achieve an encouraging gold turnout.

FGR according to Magaramombe has already identified areas where gold buying centres will be established in the coming year to enhance accessibility and convenience to artisanal and small scale mining groups.

He said FGR has plans to open its buying centres seven days a week to enhance the convenience and reduce potential leakages upon relaxation of COVID – 19 restrictions.

Outside of the Msasa Head Office, FGR currently has eleven gold buying centres strategically located to buy gold produced in those regions that are Kadoma, Kwekwe, Chinhoyi, Bindura, Masvingo, Mutare, Zvishavane, Gweru, Bulawayo, Filabusi and Gwanda.

Fidelity is also eying the government to budget US$50 million into the gold sector through the Gold Development Imitative Fund (GDIF) in an effort to achieve the US$4 billion gold sector by 2023. The GDIF seeks consideration for the allocation of funding under the 2022 National Budget through the assistance of the Portfolio Committee of Mines and Mining Development. The Total Funding Requirement is US$50 million for the year 2022.

This will be allocated as follows: - ***Artisanal Miners, Small Scale Miners and Gold Value Chain Players - US$20 million.*** Approximately 150 miners are expected to benefit from this funding while Medium and Large-Scale Miners – US$30 million. As at end of October 2021, the GDIF had an outstanding funding pipeline consisting of proposed transactions amounting to just above US$20 million. This amount is a fraction of the aggregate gold industry funding demand which is currently standing at USD 1 billion annually for the next 5 years (Zimbabwe Chamber of Mines, 2019).

Conclusion

Although gold production and deliveries to the country's sole buyer and exporter have shown an upward trend during the year 2021 compared to the previous year, production and deliveries have not been encouraging to the president's vision to see the sector becoming a US$4 billion earner by 2023.

Zimplats invests over US$0.5 billion into exploration

ZIMPLATS CEO Mr Alex Mhembere

Zimbabwe's biggest platinum producer, Zimplats has invested US$516 towards maintaining current production levels through mine replacements and upgrades, the company Chief Executive Officer Alex Mhembere said.

Rudairo Mapuranga

The mine replacement and upgrades funding is part of the US$1.8 billion Capex plan which has been approved by the company body of directors for over a 10 year period.

The capital investment strategy according to Mhembere will be implemented over 10 years beginning in 2021, with US$1.2 billion already approved for implementation.

Zimplats Chief said the company invested US$969 million in expanding production levels through growth projects, including the development of a new mine and increased processing capacity, which will boost nameplate capacity from 6.7 million tonnes per annum to 8.8 million tonnes per annum and in-country processing capacity to 380 000 tonnes of concentrate per year, and the establishment of an abatement facility to mitigate sulphuric dioxide emissions emanating from the current and expanded smelting capacity.

US$201 million has been invested towards a 185MW solar plant to augment power supplies and enhance ESG performance metrics to maintain Zimplats licence to operate while US$100 million will go towards refurbishing the mothballed base metal refinery, to further beneficiate converter matte.

Mhembere said the funding of the projects is expected to come from internally generated resources.

Lithium boost and potential growth in Zimbabwe

Exploration in progress at Mirrorplex Litthium near Shamva

The lithium revolution has been necessitated by the proliferation of Lithium-ion batteries which are duped the energy future especially this time when the world is moving towards clean and efficient energy.

Rudairo Mapuranga

Lithium prices are continuing to rise on the strength of the Chinese market Demand for the materials used in electric cars and renewable-energy storage has soared while supply has struggled to keep up, this gives Zimbabwe the chance to shine on the international stage promoting lithium popularity.

GlobalData predicted the price of lithium carbonate to rise worldwide, from over US$10,000 in 2020 to nearly US$14,000 by 2024.

According to the African Mining Market, Zimbabwe's lithium deposits are the largest in Africa and the country will become one of the world's largest lithium exporters due to the growing world demand for rechargeable batteries. The government says the country will meet 20 per cent of the world's total demand for lithium when it fully exploits its known lithium resources. Four major lithium projects are currently under development. Zimbabwe is on the path to ensuring that the lithium sector in the country becomes a US$0.5 billion industry by 2023, and the country hopes that the sector has the potential to supply 20 per cent of the world's lithium demand thereby improving the country's economy
.

Currently, Zimbabwe is the fifth-largest lithium producer with only one producing mining company, Bikita minerals while companies like Prospect Resources and Premier African Minerals are moving to create world-class lithium producing mines.

Lithium activities

Lithium production during the year 2021 has not been encouraging towards the achievement of President Dr Emmerson Dambudzo Mnangagwa for the mining sector to become a US$12 billion sector by 2023 with lithium expected to play a pivotal role in earning half a billion for the country because the country's only producer Bikita Minerals has been under care and maintenance for the majority of the year. However, there has been hope for the rising of the sector in 2022 as Prospect Resources has commenced production and has shipped its first 25-tonne container of technical grade petalite concentrate from the Arcadia Pilot Plant to offtake partner Sibelco in August. According to the company Managing Director Sam Hosack, the company through its first Pilot plant export is focused on showcasing Arcadia's petalite to new and existing markets.

According to the Deputy Minister of Mines and Mining Development Hon Polite Kambamura, Prospect is already working on the establishment of a beneficiation plant as evidenced by the pilot plant which they have already constructed on-site making Prospect's Arcadia lithium mine an important actor in the lithium revolution in the country and the world at large.

George Roach

During the year, Premier African Minerals' Zulu lithium project Exclusive Prospecting Order (EPO) was approved by the President which gave the miner leeway to explore the quantity and quality of lithium within its tenets.

Premier African Minerals Chief Executive Officer Mr George Roach said following observations from preliminary drilling at its Zulu lithium project it expects to substantially add to the existing resource estimate.

Continued on the next page

"We continue to make good progress and visible mineralised intersections in core from drilling in the main zone continue to add confidence to the original 20.1 million tonnes inferred resource estimate already declared on 6 June 2017. At the same time, preliminary drilling in the first two-step out zones has now been completed and based on visible intersections and observations by our geological team at the site, and subject to assay and modelling, we do expect that this will add substantially to the existing resource estimate. The step-out zones drilled to date form extensions to the main ore body and had not formed part of the original resource estimate.

"Our sample preparation team at Zulu has been strengthened with a second core cutting and management team and the commissioning of a second primary laboratory crusher. It is worth noting that whilst the act of analysing a prepared sample using the LIBS system is a matter of seconds, the accuracy, repeatability and confidence in that analysis is entirely dependent on the quality of the sample prepared. Considerable time, effort and expertise goes into this, over and above the care and effort associated with drilling through particularly abrasive wide intersections of pegmatite." Roach said.

Also, MIRRORPLEX (Pvt) Limited owned Shamva lithium project has received promising first batch results for its second drilling phase from SGS labs in South Africa.

The project which is poised to become Zimbabwe's biggest hard rock lithium resource received encouraging results cementing its potential to grow into a world-class lithium mine.

From the first batch of 100 sample assays, 33 samples are over 1% Li_2O, max 2% and 12 samples over 0.5% Li_2O at the same time 16 samples over 100g/t Ta, max 1.385 Kg while Ta values correlate with Li_2O % >1%.

First drilling results from 240 Rock Chip samples taken from the exposed Bonnyvale pegmatite body at the Shamva Lithium Project provides high-grade lithium assay results up to 3.13% Li_2O and surface sampling at the Loch Ness prospect at the project has revealed two more pegmatites containing high Li_2O grades up to 4.82% Li_2O.

Lithium production and performance is proving to be heading in the right direction although production for 2021 might not be encouraging 2022 looks hopeful for those in the lithium mining and market.

VFEX prospect partner, DCGX wins two MENA awards

Dubai Gold and Commodities Exchange (DCGX) CEO Les Male

Dubai Gold and Commodities Exchange (DCGX) which recently signed a strategic Memorandum of Understanding (MoU) with Victoria Falls Stock Exchange (VFEX) aimed at strengthening bilateral cooperation has won has been named as 'Exchange of the Year' and 'Clearing House of the Year' at the prestigious FOW Global Investor MENA Awards 2020.

Anerudo Mapuranga

According to the company Chief Executive Officer Mr Les Male, for the third year in a row DCGX was awarded the 'Exchange of the Year – Middle East and Africa' award in recognition of its stellar performance over the last 12 months, in which the company broke numerous records for trading volume, national growth and open interest.

"As we celebrate our fifteenth anniversary, we are thrilled to win this prestigious award for a third year running. After an excellent performance during the last twelve months, it is an honour to receive this recognition from our peers. While 2020 was a year unlike any other, it reinforced our commitment to providing members with a range of products to better manage their risks effectively. Collectively, our strategic focus remains on diversifying our product offerings to meet market participants' needs and expanding our membership base. We believe we can continue contributing to the development of the UAE's Islamic finance sector. We are excited to win the Global Investor MENA 2020 Award and look forward to next year," he said.

Over this period, the DGCX traded nearly 20 million contracts, cleared by the Dubai Commodities Clearing Corporation (DCCC) – a 100% owned DGCX subsidiary with a notional value exceeding $826 billion.

Daily, DGCX trades between $1.5 and $4 billion of underlying notional value across four key asset classes: FX, Equities, Hydrocarbons and Metals.

Daily, DGCX trades between $1.5 and $4 billion of underlying notional value across four key asset classes: FX, Equities, Hydrocarbons and Metals.

Since its inception in 2005, the DGCX has been responsible for a number of important market-first milestones. In 2018, the DGCX launched the Middle East's first-ever Sharia Compliant Spot Gold Contract, which has seen record trading.

Most recently, the DGCX launched the Weekly INR Futures Contract and the region's first including FX Rolling Futures Contracts, comprising the Euro, Pound Sterling and Australian Dollar against the US Dollar, to provide market participants with greater short-term hedging opportunities.

Looking to the future, the vision of the DGCX Group is to become the exchange and clearinghouse of choice in the region, with a vast network of partnerships that improve and upgrade the quality of its products and services.

ZIF strategise to make metal Foundries a US$12 billion industry contributor

The Zimbabwe Institute of Foundries (ZIF) through the Metal Casting Indaba held in Bulawayo on the 11th of December 2021 formulated strategies to make the metal casting sector a contributor to the US$12billion industry by 2023.

Rudairo Mapuranga

The sector which has the potential to directly benefit over 3 million people in the country was sinking to the abyss by the collapse of Zisco Steel since the sector depended on steel from Zisco tomanufacture mining, industry and agricultural equipment.

According to ZIF Chief Operations Officer Mr Dosman Mangisi there is potential for the metal foundries to become a US$12 billion contributor if there is a willingness from the government to ensure that steel together with desirable policies is available for the sustainability of the industry.

"The metal casting sector has an input of US$1.5 billion to the country's economy, a contribution of 8.9 per cent to the GDP Initially, there were no figures but currently, 350 000 tonnes and we are thriving to increase to 80 per cent that is close to a million tonnes the foundry industry triples the gold sector combined of large scale and small scale, the numbers do not lie.

"If the resources are available and the ease of doing business implemented, the sector has the potential to triple the gold projected target, currently at US$1 billion and operating at less capacity," Mangisi said.

"The metal casting sector has an input of US$1.5 billion to the country's economy, a contribution of 8.9 per cent to the GDP

According to Mangisi, on the global level, markets for metal castings are increasingly becoming competitive and manufacturers are placing greater emphasis on the rapid production of high quality and competitively priced castings delivered in time. Advanced manufacturing using automation and robots for quality and high volume castings is now being used and specialized casting/ melting technologies like investment casting, lost foam casting, suction casting, squeeze casting, rapid solidification, casting of metal matrix composites and levitation melting are now well used. The foundry manufacturing technology in Zimbabwe is lagging and casting technology is mainly restricted to sand, permanent, die and pressure casting and the manufacturing steps are manual thereby compromising product quality and productivity. For the Zimbabwean foundry industry to become competitive and maintain a viable industry, these challenges must be overcome.

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The Deputy Minister of Mines and Mining Development Dr Polite Kambamura speaking at the indaba said the government was very keen on supporting the metal casting industry in its quest to become a US$12 billion sector.
Kambamura said his Ministry as part of the government initiative was going to suspend the export of scrap metal used for casting as well as engaging ferrochrome producers and smelters in an endeavour to make sure that steel is readily available for the industry.

"We are not only going to suspend the export of scrap but also we are going to discuss with ferrochrome producers, we have five smelters that are operational in the country. We are also going to discuss with coke producers so that there is a quota which is left for local beneficiation and the local industry.

"We did that in the diamond sector and that led to the coming up of companies like Aurex Jewellery which does beneficiation of diamonds. So, we are going to bring that to Cabinet and see that the policy is communicated to the producers for the benefit of you guys, but when we do that do not disappoint us, we are trying to support the wild goose that is laying golden eggs so that you continue to lay the golden eggs."

"We are going to implement what we have agreed here and set it in motion so that we revive the country's foundry industry and enhance its contribution to various sectors of the economy," Dr Kambamura said.

In his speech read on his behalf by Deputy Minister Kambamura, Mines and Mining Development Minister Winston Chitando said the indaba hosted by the Zimbabwe Institute of Foundries (ZIF)'s theme, "Value Addition and Beneficiation is key" fitted well into the Government's current economic thrust.

"This theme fits well into Government's current economic policy thrust under the National Development Strategy 1 (NDS1). Under NDS1 implementation phase, beneficiation and value addition of our economic minerals is key and ultimately feed into the attainment of Vision 2030 of Zimbabwe becoming an upper-middle-income economy," said Minister Chitando

Currently, minerals account for more than 70 per cent of the country's foreign currency earnings."

Minister Chitando said the resuscitation of the metal casting industry was beneficial for the sector that relies on foundry particularly mining and engineering sectors.

He said according to the Industrial Development Corporation of Zimbabwe, mining companies in the country consume more than 1 000 tonnes of steel balls for ball mills valued at more than US$1 million and most of the steel balls were imported by the mining industry every year.

The Minister said the foundry manufacturing technology in Zimbabwe was lagging with processing ore still manually operated thus negatively impacting on the product quality.

10 PRIORITIES FOR GETTING MINING MOVING IN 2022

The government through the Minister of Mines and Mining Development Hon Winston Chitando is optimistic that the mining sector has all it takes to resuscitate the economy of Zimbabwe with the sector becoming a US$12 billion annual earner by 2023.

Rudairo Mapuranga

The country's mining sector is recovering significantly after decades of isolation caused by the draconian laws of indigenization that had the "jewel of Africa" be labelled as a no-go area for investment. The coming in of Hon Chitando as the Mines Minister inspired investment, ignited hope and had the Ministry receiving calls for mining concessions from different corners of the country and the world at large. The hope Chitando inspired marked the beginning of a new era leading to the optimism that the sector has the potential to achieve the US$12 billion roadmap. As an old Chinese proverb says "it's Easy to Destroy but Hard to Build", the recovery is in motion, but a lot needs to be done to get the desired results. The following are priorities for getting Mining Moving in 2022 to achieve the US$12 billion industry.

1) Prioritise mining cadastre system

Currently, the Ministry of Mines and Mining Development is flooded with several running disputes caused by over-pegging and double allocation of mining titles created by unscrupulous peggers, torn out and missing maps which at times results in chaos leading to very low production due to disputes. The government should ensure the provision of equitable opportunities and an enabling business environment for both local, international and foreign direct investments. The cadastre system is therefore critical in spearheading the growth and development of the mining industry because the computerized cadastre Portal will be open for registrations for existing mineral titleholders who will have a period to verify and validate their mineral titles. Once verified, registered users will be able to view their portfolios and provide feedback on title data. Online applications and other portfolio management functionality will commence after the inauguration of the 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.

The Honorable Minister grab the bull by the ball by putting a stop to corruption by making it mandatory for the mining commissioners to issue certificates within two months of application

2) Value addition and beneficiation

It is a good thing we are living in a time where our government has put in place a timed and price tagged vision. It gives us hope for a glamorous economic future, but most importantly, it forces us to make various checks and controls as a nation because the bar has been set high.

So, this is a check measure that, we need value addition because we have a target to reach. You will realize that Value addition isn't a one-man band, it is backed by various aspects for it to be sound, most of which have always been raised as pending issues. We can talk of:

a) Policy - clearly, we can't run away from the fact that reformation of policies that govern Mining and Mineral handling is long overdue. With our target vision, Policy reforms will always be a checkpoint that requires urgent control. The dynamics of the global economy and industry has long changed; hence, we need to move with time. For instance, putting in place a financial policy that puts trade of value-added material at an advantage. Much work has been done to Chanel investors to extraction, it is high time investments are pushed up the value chain to value addition and policies can be tailored to do that.

b) Digitalization - is one way that will undoubtedly develop new value chains, as well as strengthen existing ones. In its wholesome, digitalization will lower the unit costs of production, information exchange and transactions. But this again relies on policies to close the global digital divide. Before firm things of starting value addition in Zimbabwe it things of the challenges, such as cost of capital, electricity, unreliable power supply, lack of available credit, lack of relevant skill, high prices of raw materials and poor customs and logistics. Reformation of Policy doesn't only need to address these challenges, but also build digital capabilities and manage inclusive digital transformation in value addition or industrialization.

The government should thus, prioritize access to ICT goods and services, foster innovation and research, and update laws on data localization, protection and intellectual property rights. More this, the government should focus its efforts towards basic road infrastructure, as well as investment in developing electronic address systems and digital identities, building digital consumer trust and digital customs.

c) Skills development - in 2016 we heard of a diamond cutting and polishing program that was fully backed by the government. Collaboration was between the government and the school of Mines, students expected to go to China in their second year for exposure. That sounded brilliant for an idea, but we never heard of a follow-through 5 years later. Those are such programs we would want the government to initiate, but most importantly to follow through because one day the skill gap will affect the nation and it could be too late to recover from the knockout.

d) Public and Private Sector collaboration- effective two-way communication between government and private sector is always important. Private sectors are in existence to profit, public sectors are in existence to ensure quality service and overall development of the nation. The collaboration will help the government to understand how it can support private sectors to move into the business of value addition to produce quality in a sustained and favourable environment. That's when subsidies come into play to support the effectiveness of top-down engagements.

3) Encourage Mines to list on stock exchange Through listing on stock exchanges like the Victoria Falls stock exchange, mining companies both small and large who have been lamenting over lack of capital can undertake capital raisings and can approach the world's capital markets in various ways. A mining company both local and foreign-owned can access major global finance hubs and capital from a deep pool of investors around the world. An initial public offering (IPO) can help a company raise its profile with customers, suppliers and the media, as well as provide it with an opportunity to improve internal systems and controls and increase the general operating efficiency of the business as it prepares to comply with the relevant regulatory scheme for public companies. The listing also helps mining companies to be transparent thereby reducing smuggling.

4) Efficiency on mining titles

The Ministry has been struggling to issue mining titles on time, a situation that has been breeding illegal miners, reducing the flow of gold through formal channels like the Fidelity Printers and Refiners. The process takes several years in some mining provinces, with torn and obscure maps causing several mining disputes. The Ministry of Mines has also of late been dogged by allegations that officials are involved in corrupt activities over the issuance of mining rights and pegging for claims. There is therefore a need by the minister to put efficiency and transparency means in the issuance of mining certificates if the cadastre is taking long. For example, there have been several corruption reports whereby Provincial Mining Directors (PMDs), though armed with full knowledge on the ownership of mine claims in the country, deliberately re-allocate mine claim certificates to their loyal syndicates who either give them cash upfront or a percentage of the loot. It is therefore of importance if the Honorable Minister grab the bull by the ball by putting a stop to corruption by making it mandatory for the mining commissioners to issue certificates within two months of application, this helps mining move at the same time reducing allegations of corruption.

5) **Payments from Fidelity**

Complacency by Fidelity Printers in pricing, payment method and period, encourages stiff competition from black or parallel

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markets. Fidelity Printers and Refiners, especially during the lockdown period, regularly ran out of cash, paying miners after weeks. This disrupted some mining operations with some ASM opting to sell their gold to any buyer they see as long as a fair price is on offer leading to the smuggling of the yellow metal. It is of importance for the Minister to engage the Ministry of Finance and Economic Development to pay the miner on the spot when they deliver because delayed payment has dire consequences on mining operations.

6) 100 per cent forex for large scale miners

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, 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 per cent of its revenue for Zimbabwe dollars, and the prevailing parallel market rate battered the miner. Operational costs in local currency are increasing due to high inflation on the parallel market and the failure of the central bank to provide all suppliers with the required foreign currency. It is therefore of significance if the Minister approaches his counter the Minister of Finance Prof Mthuli Ncube to address the problem created by the 60/40 foreign currency retention. It is of importance if miners are given 100 per cent foreign currency for the time being.

7) Fund exploration and issue or reject EPOs on time

The issuance of Exclusive Prospecting Order (EPOs) for the country to discover world-class deposits is of paramount importance for the mining industry to achieve the President's projected US$12 billion mining annual revenue by 2023. Globally, to replace minerals that the country is mining, around 10 per cent of all capital expenditure in mining goes towards exploration, however, in Zimbabwe, it is near to 0 per cent with the Finance Ministry throwing up the ridiculous budget for exploration. The structure of the mining industry in Zimbabwe is highly skewed. There is a gap between hundreds of small-scale mines and a few large mines. There are many small mines with the potential to develop into medium and large-scale.

It is clear that Zimbabwe has lagged behind the rest of the world in terms of mining, Zimbabwe used to be one of the largest producers of gold in Africa but currently, it is nearly close to nowhere because no new deposits are being found like in other countries in Africa. The rewards of successful exploration and development can be large if a mineral deposit is discovered, evaluated, and developed into a mine. For a mining company, successful exploration and development lead to increased profits. this means the country needs to consider investing in exploration through issuing more EPOs if the country is to achieve the projected US$12 Billion mining sector.

The country's laws do not compel companies to delineate certain resources before mining, and as a result, resources at many mineral deposits are not known. The majority of mines operate at zero reserves or usually only calculate reserves a few months ahead of production. Small-scale producers who dominate the industry do not have the capacity to delineate reserves. However, many mines have been intermittently worked for nearly 100 years on this basis without being exhausted. This suggests that there are substantial mineral reserves at many deposits, most of which have only been sporadically worked. It is therefore of importance for Minister Chitando to prioritize exploration if the US$12 billion mining industry is to be achieved.

8) Revive MMCZ

The Minerals Marketing Corporation of Zimbabwe (MMCZ) needs to improve its regulations on exports and trading of some minerals in Zimbabwe, the process of exporting minerals through MMCZ take a long time resulting in a delay of business.

It is of importance for MMCZ to broaden some of the Zimbabwean mineral markets by creating both a virtual and a physical market where buyers and sellers would meet for transactions under its supervision. Miners are of the view that the MMCZ act should be redone to suit the current world trend and economics.

It is, therefore, the writers' views that MMCZ must be partially privatized and be listed on the stock exchange to raise money and obviously the government gets diluted to less than the controlling shareholder this help the corporation to rethink strategies of making money because it will be operating like a business, not just a government parastatal.

9) Introduce three-tier mining fees

Several artisanal and small-scale miners have expressed concern that mining fees are too high and prohibit the local people from investing in the mining sector considering the current economic turmoil we are in. The miners are of the view that those without money should be allowed to venture into the mining industry for the development and growth of our economy. The government should therefore distinguish the licensing fees for the ASM sector and Large-Scale Sector, Locals and Foreigners like its regional peers such as Zambia. It is also of importance for the Minister of Mines to prioritise the local mining investors and give them incentives to formalise mining operations as higher fees could promote illegal mining. The government through the mines bill should consider formulating different registration regimes for artisanal and small-scale miners since the group is mainly characterised by vulnerable groups seeking a source of livelihood. Attention should be on developing the sector rather than formulating and manipulating regulations.

10) Currency must be free-floating and tradable.

A floating exchange rate is a regime where the currency price of a nation is set by the forex market based on supply and demand relative to other currencies. This is in contrast to a fixed exchange rate, in which the government entirely or predominantly determines the rate.A currency's level has a direct impact on the following aspects of the economy. According to economics online, a The currency's level has a direct impact on the following aspects of the economy, Merchandise trade, this refers to a nation's international trade or its exports and imports. In general terms, a weaker currency will stimulate exports and make imports more expensive, thereby decreasing a nation's trade deficit (or increasing surplus) over time).

Economic growth;

Capital Flows Foreign capital tends to flow into countries that have strong governments, dynamic economies, and stable currencies, therefore, a nation needs to have a relatively stable currency to Attract investment capital from foreign investors. Zimbabwe needs to have a relatively stable currency to attract investment capital from foreign investors.

IT IS IMPORTANT TO FEED THE GOOSE THAT LAYS THE GOLDEN EGG:

THE MINING SECTOR IS SUCH GOOSE IN ZIMBABWE.

LYMAN MLAMBO, CHAIRMAN OF THE INSTITUTE OF MINING RESEARCH

BACKGROUND

There is no better background to this discourse than a juxtaposition of the government vision against the prospects for the mining industry for the next year as perceived by the industry itself. The prospects should positively align with the vision. The roadmap towards achievement of the US$12 Billion Mining Industry by 2023 remains a clear short-term benchmark. It is important to address the red areas in the 2021 State of the Mining Industry Report which include investment competitiveness, access to and cost of capital, foreign exchange allocations, mining policy environment, the country risk profile and infrastructure deficits. These are perceptions and expectations and are not necessarily factual, but unfortunately, whether they are wrong or right, these perceptions drive business decisions and therefore, what eventually actually happens.

It is also important to ensure that the positive expectations are also realized including output growths, expansion of CAPEX, price benefit outlook (through policies that effectively index net receipts to international price movements), profitability prospects, employment prospects, the mining fiscal regime, and expected macroeconomic growth. These positive expectations are closely linked and one would surmise that they are mainly anchored by the exogenous international price trend factor. The translation of international price boom into local mining industry competitiveness is defined by the local fiscal regime, since all countries are facing the same prices. The global mining industry is experiencing a price boom currently. From the 2021 State of the Mining Industry Report, the index for the mining fiscal regime is positive, but it is very low at 1.8 (given the scale goes up to +100) and it has also gone down from its previous level of 5.6.

It is important to address the red areas in the 2021 State of the Mining Industry Report which include investment competitiveness, access to and cost of capital, foreign exchange allocations, mining policy

While the whole mining business confidence index (MBCI) for 2022 has gone up to 17.0 from the previous level of 9.8, indicating an improved positive general expectation of industry executives considering all decision variables, the MBCI is very low (it is far below the 'slightly more confident' level of +50 and the 'much more confident' level of +100). Thus, the overall confidence level is only marginally positive, implying the positive actual improvements in output in 2022 will only be marginal (narrow). At the end of the day, it looks like government needs to put all the key variables composing the MBCI on the radar, including ensuring that industry actually benefits significantly from the price boom. Feeding the goose that lays the golden egg remains the most critical agenda in light of the US$12 Billion Roadmap and the expressed industry perceptions.

Minister of Finance Professor Mthuli Ncube after presenting the 2022 budget in Harare

. It should not be business as usual as that will only result in marginal improvements while the 2023 year is fast approaching. The year 2022 is actually a critical year in terms of making definite progress towards achieving the 2023 target – clear quantitative progress should be made in 2022, so that 2023 does not leave us holding on to excuses for failure. How to feed the goose that lays the golden egg remains the question.

THE KEY TO FEEDING THE GOOSE

The fiscal decisions of government around the mining sector as a whole remain key in feeding the goose that lays the golden egg. The Ministry should be well resourced to play its regulatory and supportive role to the mining industry, while the industry should be incentivised to be highly viable and highly productive.

The 2022 Budget Allocations

In the 2022 budget statement the Ministry of Mines and Mining Development was allocated only $3 billion out of a total national budget of $927.3 billion (the figures were retrieved from local publications respectively on 07 December 2021). That is equivalent to 0.3% of the national budget. This is extremely insignificant compared to other Ministries such as

- **Agriculture $124 billion,**
- **Health and Education each $117.7 billion,**
- **Defence $61.5 billion,**
- **OPC $32.3 billion,**
- **Women $4.7 billion and**
- **Youths $7.8 billion.**

This is shocking considering the economic contribution of the mining industry which the Ministry of Mines and Mining Development regulates and supports. For example, recently on 27 October 2021, the Governor of the Reserve Bank of Zimbabwe intimated at the launch of the 2021 State of the Mining Industry Report that mining contributed 78% of the Zimbabwe national foreign exchange between January and 25 October 2021. Clearly the Mining industry is being used as a cash cow for other sectors that do not themselves contribute anything remotely significant compared to mining. While that may not be necessarily an issue per se, it becomes one where the Ministry of Mines and Mining Development is struggling to meet its mandate to continue offering adequate regulatory and support services to an industry that is expected to grow to US$12 billion by 2023 and also to anchor both the medium-term plan (NDS1) and the long-term vision 2030.

> “
> - ***Mines $4 billion***
> - ***Agriculture $124 billion,***
> - ***Health and Education each $117.7 billion,***
> - ***Defence $61.5 billion,***
> - ***OPC $32.3 billion,***
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> ”

Diversity of the minerals in the country implies the necessity of diversity and quantity of skills and capacities in the Ministry of Mines and Mining Development. The Ministry and its state entities that superintend and support a performing industry should be on top of their game in all respects. Examples include:

(i) exploration technology and skills;
(ii) research;
(iii) capacity including necessary equipment to inspect operational standards of the sector;
(iv) beneficiation and value addition skills;
(v) effective marketing skills that go beyond simple client database development and processing of transactions;
(vi) negotiation skills that could result in win-win agreements;
(viii) capacity to implement the Local Content Strategy in the sector, particularly financing strategies for upstream and downstream industries as well as development of procurement plans for each project in the industry;
(ix) mineral resource and metallurgical accounting skills and facilities, to curtail illicit financial flows and smuggling; and
(x) skills to manage mineral revenue in order to achieve broad-based and sustainable development characterized by intragenerational and intergenerational equity and economic transformation (industrialization). While the author notes that some allocations to specific projects in the ministry were made, these could not even start to give a picture of a state-of-the-art mining sector service and support delivery. The author had the benefit of observing one of the best such service in the world in a country that is not as endowed as Zimbabwe in terms of minerals.

The Ministry and its entities, without any doubt, should be able to handle both the softer (including good mineral resource governance) and harder issues of the sector. That way, mining will not only grow, but foster broad-based economic development that is felt by the common man in the street, and that is capable of diversifying and industrializing Zimbabwe. Most developed economies industrialized on the back of judicious exploitation and application of their mineral resources and revenues. It cannot be judicious if the concerned Ministry is disabled. The author is not necessarily the Ministry's advocate, but one who just states a well-tested growth and development model. Even the salaries of mining professionals in the Ministry should be in tandem with the demonstrated importance of the industry they supervise. This subsection does not in any way contradict the thrust that mining growth should be private led. This is the subject of the next sub-section.

Continued on the next page

Mining Industry Competitiveness: The Mining Fiscal Regime

The mining fiscal regime is one of the most critical components of a mining investment environment. The issue of balance between government revenue and fiscal competitiveness remains key. An intensive critical review of the taxation regime is essential in efforts to establish a competitive environment, even as it represents a micro-element of the policy environment that directly impacts the decision variables of the industry. The author will not delve into the discourse on taxation best practices, which should be implemented at this time in the context of the short-term target, medium-term plan and long-term vision. There is, however, a need to review the mining fiscal regime for two key parameters: royalties and effective tax rate.

Royalties should maintain the price incentive rather than dim it. It should be according to the ability to pay and that is only possible when it is profit-based rather than gross revenue-based or output-based. Taxing profit does not disincentivise business because this is already money over and above costs unless it reduces the profit below 'normal profit' (which covers the opportunity cost of choosing mining business rather than other businesses). However, taxing gross revenue (cost + profit) has a lot of problems. Firstly, it taxes even the cost of production which does not make sense (it negates the very meaning of taxation as payment to government for providing public goods/services including an environment to do business). Secondly, it results in double taxation of profit when we later apply the profit tax (corporate income tax). Thirdly, it taxes even loss-making mines since it is simply based on gross sales. It is worse when the basis for royalties is output rather than gross revenue, as this ignores the movements in prices, which heavily and negatively affects mines when the price is going down (and needless to say, disadvantages government when the price is going up). Many countries in the region including South Africa are applying some form of profit-based royalty. Also, royalties should not be too high as they are currently in some mineral sub-sectors (such as platinum and diamonds) compared to other countries in the region. When royalties are both gross-revenue based and high, they sterilize resources, so that the resources become uneconomic to exploit.

Effective tax as a whole should be reasonable enough to maintain optimal taxation (balance between the interests of government and those of industry). The effective tax rate is the total amount of tax paid (putting all different kinds of taxes and charges together exacted by central and local governments and other state entities) as a percentage of profit. When the effective tax rate is very low and rising government mining revenue grows almost exponentially (as business incentive is very high). As the rate continues to grow government revenue continues to grow more from the higher rate than from growth in mining output. As the rate continues to increase the disincentive effect starts to significantly affect mining output and profit, so that government revenue picks, and beyond that point, it goes down. The effective tax rate that gives the maximum government revenue is the optimal tax rate. It is optimal in that it achieves maximum domestic resource mobilization without killing industry incentive, yet beyond which it does kill incentive and resultantly goes down. Thus, the optimal tax rate would be the thin-edge effective rate we need to achieve by a prudent combination of tax/fee heads and rates to achieve the best balance between government tax revenue and industry competitiveness. This could be determined by trial and error with several iterations or by using expert skills of econometrics. However, appreciating the principle itself is good enough guide for policy decisions on number of tax heads and rates. The tax regime in Zimbabwe has maintained high tax burden and cost of compliance because of its multiplicity of tax heads and collecting agencies and the high rates especially on royalties for some minerals. The effective tax rate is estimated at 65% compared to other countries in the region where it is significantly lower.

Conclusion

It is important to feed the goose that lays the golden egg, which goose comprises the mining industry and the Ministry of Mines and Mining Development (which provides regulatory and support services to the industry). Judging by the 2022 budget allocations, it is apparent that this is the least of the concerns of the budgetary authorities. Why is the brief yet emphatic discussion on the fiscal regime important now? Because with time passing, and overall mining sector growth and mineral-specific outputs less than the projections of the Transitional Stabilization programme (TSP) and latter projections (see the TSP projections, the USD12 Billion Mining Industry Roadmap and the 2021 National Budget Statement), we might not achieve US$12 Billion by end of 2023 (effectively two years from now). If US$12 billion is achieved after 2023, that will affect the achievement of the objectives of the National Development Strategy 1 (2021-2025) and the Vision 2030 of an upper middle-income economy.

Why is the former brief yet emphatic discussion on 2022 budget allocation to the Ministry of Mines and Mining Development important now? Vision 2030, whose essence is the betterment of the economic welfare of the common citizen, is not achieved by growth alone (industry competitiveness), but by development (equity in sharing of the benefits of growth as well as general national industrialization). The latter (development) is achieved by governance instruments or thrusts highly linked to the Ministry of Mines and Mining Development. These include, among others:

(i) The Minerals Development Policy;
(ii) Mines and Minerals Act;
(iv) Cadastre;
(v) thrust on deliberate economic empowerment of the disadvantaged including the women, youth, the disabled, etc;
(vi) Review of Precious Stones Trade Act to, for example, hopefully reduce top-level discretion (Ministerial and Permanent-Secretary's discretion) that is not subject to judicial review, hence susceptible to corruption;
(vii) transparency and accountability in all the activities of the industry;
(viii) capacitation of inspectors and oversight institutions in the sector; and
(ix) prudent mining revenue management that takes into account intragenerational and intergenerational development in line with the SADC Mining Protocol, SADC Vision 2050, Africa Mining Vision, and even the higher continental vision Agenda 2063 (the Africa We Want).

BNC spends US$4.7 million on mine redevelopment

Zimbabwe Stock Exchange ZSE listed nickel mining company, Bindura Nickel Corporation utilised a total capital expenditure of US$4.7 million for the half-year ended 30 September 2021, the company chairperson Engineer Muchadeyi Masunda has said.

Staff reporter

Through the company's Interim Condensed Financial Results For The Half Year Ended 30 September 2021, Masunda said the company used US$1.2 million to buy a new exploration drill rig, a Load, Haul and Dump (LHD) machine and also on major rebuilds of existing LHDs and rigs while a total of US$1.1 million was spent on Haulage and Ramp developments to provide operational access to deeper resources.

"The Company continued with its on-going programme to replace old and obsolete mobile mining equipment. Total capital expenditure for the period was US$4.7 million of which US$1.2 million was spent on a new exploration drill rig, a Load, Haul and Dump (LHD) machine and also on major rebuilds of existing LHDs and rigs. A total of US$1.1 million was spent on Haulage and Ramp developments to provide operational access to deeper resources.

"The sub-vertical Rock Winder was upgraded at a cost US$448,000 while US$402,000 was spent on the refurbishment of the Concentrator.

"Both were carried out in April 2021 during the Shaft Re-deepening shut down," Masunda said.

Masunda said BNC was confident of the growth of his company due to strong global demand for nickel, the company is therefore expecting significant growth in nickel sales and revenue next year.

The company recorded a registered marginal 0,27 per cent in sales to 2549 tonnes from 2 556 tonnes over the prior comparable period last year.

The company however said the 40 per cent export retention and the depreciating Zimbabwe dollar triggered a loss of US$1,2 million during the half-year ended September 30, 2021.

Under the export retention scheme, companies are required by the Reserve Bank of Zimbabwe (RBZ) to surrender 40 per cent of their proceeds for local currency at the official exchange rate.

This is despite a 15 per cent growth in nickel ore milled tonnes to 241 325 from 209 153, attributable to the newly introduced approach of low-grade high volume strategy which moves away from high-grade low volume strategy.

The decline in nickel sales came at a time when global nickel prices jumped to reach a seven-year high of $18 234 per tonne translating to a 38 per cent growth from the prior year's US$13 214 per tonne.

During the period under review, there was a jump in global nickel demand driven by a 142 000 tonnes deficit recorded in the first eight months of the year.

According to Masunda, a net cash flow generated from operating activities amounted to US$2.0 million, compared to a negative US$0.3 million for the same period last year. However, capital expenditure of US$4.7 million and net cash inflows from financing activities of US$0.4 million resulted in a net decrease in cash and cash equivalents of US$2.3 million. Thus, the cash and cash equivalents balance at 30 September 2021, was a negative US$0.5 million.

Meanwhile in the 2022 budget statement the Ministry of Mines and Mining Development was allocated only $3 billion out of a total national budget of $927.3 billion (the figures were retrieved from local publications respectively on 07 December 2021). That is equivalent to 0.3% of the national budget. This is extremely insignificant compared to other Ministries such as

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Engineer Muchadeyi Masunda