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ISSUE

56

2022

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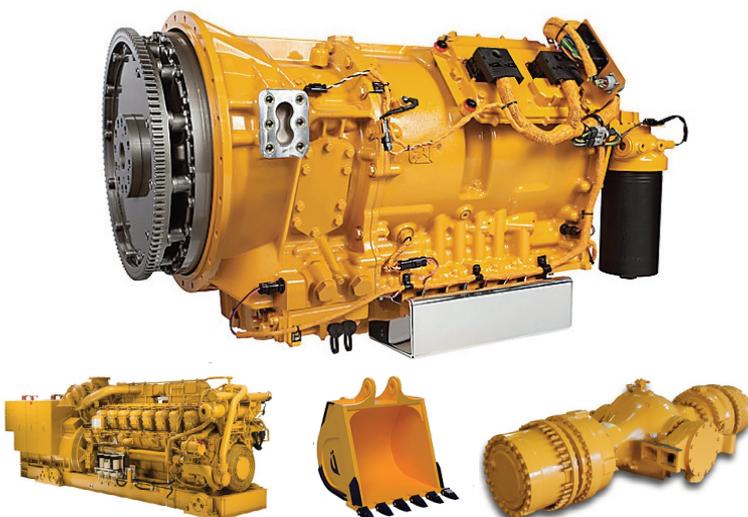


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**ABOUT PUBLICATION**

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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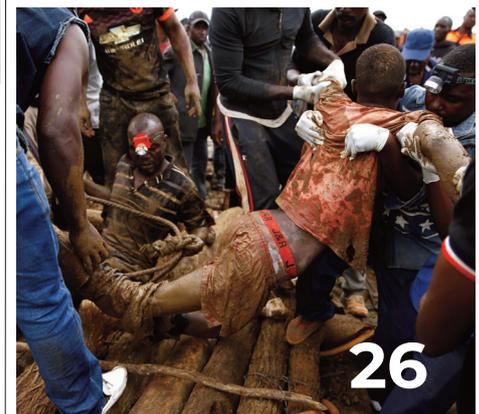
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# **BELL**

# Sometimes its what you can do for your country that is important



Last month from 9 to 12 May 2022 all roads led to Investing in African Mining Indaba (Mining Indaba) in Cape Town. The stellar event is Solely dedicated to the successful capitalisation and development of mining interests in Africa. Succeeding for over 27 years, Mining Indaba has a unique and widening perspective of the African mining industry, bringing together visionaries and innovators across the entire value chain.

It is the place where new business is sought and made. It is a place where companies prefer solutions, investors seek new opportunities and African countries have the chance to showcase their country's Mining investment opportunities.

At a time the country is pursuing a 12 Billion Mining Industry by 2023 target it was refreshing to see the Ministry of Mines and Mining Development and MMCZ showcasing Zimbabwe's potential.

Prominent Zimbabwean figures visited the Indaba and the Zimbabwe stand including Parliamentary Portfolio Committee Chairman Hon Edmond Mkaratigwa, Chamber of Mines of Zimbabwe (CoMZ) President Collin Chibafa, CoMZ Ceo Mr Isaac Kwesu, Zimbabwe Miners Federation (ZMF) President Ms Henrietta Rushwaya, Australia's Ambassador to Zimbabwe Ms Bronte Moules among many others.

We distributed Mining Zimbabwe issue 55 at Mining Indaba, an issue that had everything to do with national pride. It was the chance for the country to demonstrate

that Zimbabwe is a momentous player in the Mining World.

We invited Mining players and stakeholders in the country to participate in the issue and progressive companies, individuals, and the Ministry of Mines took the opportunity to support the vision.

We stood with pride seeing international visitors taking copy after copy of Mining Zimbabwe Magazine. Despite being a day late for the event all copies we took to the event were taken.

I would like to take this opportunity to extend gratitude to Kuvimba Mining House, Smart Building Solutions (SBS), well-wishers who sponsored flight tickets and the many private companies that heeded and participated in Mining Zimbabwe issue 55. Their efforts made it possible for Mining Zimbabwe to stand amongst world-renowned players and put the world on notice that mining in Zimbabwe is much more active and rising.. We hope partnerships will be birthed from the Indaba.

Despite not being named equipment suppliers and service providers are a key ingredient in the attainment of the 12 billion dollar industry by 2023. Their support truly demonstrates that sometimes it's not what your country can do for you but what you can do for your country that is important.

*RS Lungiso*



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ISAAC KWESU



# QUESTION & ANSWER

WITH THE CEO OF THE CHAMBER OF MINES

**The Minister of Mines and Mining Development has been calling for mining companies to invest in exploration in a bid to see the growth of mining, What is the status update of the Chamber so far?**

In the first quarter of 2022, there was strong interest in mineral exploration with over 125 applications submitted for processing. The interest is in precious metals, base minerals, Lithium, coal, and rare earth elements. About 28 EPOs were current during the first quarter of 2022 covering precious metals, base metals, industrial minerals, Lithium, and diamond among others.

**As the Chamber, which minerals are you eyeing to see the growth of mining in 2022?**

The prospects for firm mineral prices in 2022 are expected to provide an impetus for increased activities in the mining sector. All key minerals are expected to post

positive output growth in 2022 and achieve the Government target growth of 8%, with attendant benefits including improved foreign currency receipts, and other contributions to the economy. Gold and PGMs are anticipated to play a greater role in the growth of the sector in 2022.

**How has the industry performed in the first quarter of 2022? How do you see the mining industry outlook for 2022.**

The performance of the mining sector was encouraging in the first quarter of 2022, with most key minerals posting significant positive output growth compared to same period in 2021 as follows: gold, 86%; lithium, 83%; diamond, 51%; coal, 21%; PGMs, 13%; and nickel 13%. The prospects for the mining industry are positive in the outlook, with the sector anticipated to achieve the Government target growth of 8% in 2022.

Buoyed by favorable prices and capital projects that have been undertaken in the last few years, all key minerals are expected to record positive output growth in 2022, compared to 2021, with mineral exports expected to surpass US\$5 billion in 2022.

**What are the current hurdles the mining sector is experiencing despite an overall good performance?**

Notwithstanding the strong performance in the first quarter of 2022, the operating environment for the mining industry remains predominantly challenging on the back foreign exchange shortfalls, fragile power supply, capital shortages and a high-cost structure. These challenges are weighing down the full potential of the mining sector.

*In the first quarter of 2022, there was strong interest in mineral exploration with over 125 applications submitted for processing.*

*Continued on the next page>>*



Chamber of Mines of Zimbabwe Head office in Harare

**The government through the US\$12 billion mining roadmap expects the platinum subsector to contribute US\$3 billion annual revenue by 2023, what is its current performance?**

In the first quarter of 2022, PGMs sector recorded strong output growth averaging 13% compared to same period in 2021. The outlook for the PGMs sector is positive, with platinum output expected at 15.2 tons in 2022, up from 14.7 tons in 2021. Palladium output is expected at 13.2 tons, compared to 12.6 tons for the comparable periods. Capacity utilisation is anticipated to remain at around 100% with all three operating mines (Zimplats, Mimosa and Unki) planning to operate at almost full capacity as was the case in 2021. In the outlook, the current expansion projects at all operating mines, coupled with some progress at new projects including Great Dyke Investment, Todal and Karo Resources, are expected to result in improved PGMs output in the medium to long term.

**The government through the US\$12 billion mining roadmap expects the gold subsector to contribute US\$4 billion annual revenue by 2023, what is its current performance?**

Gold production for the first quarter of 2022 was at 8,168 kg, compared to 4,397 kg in the same period in 2021. The sector continues to benefit from favourable prices as well as an incentive framework introduced by Government in mid-2021. In the outlook, gold production is expected at 40 tons in 2022 with the market conditions that prevailed in 2021 expected to persist in 2022. Gold revenues are expected to reach US\$2 billion in 2022. Gold revenues are expected to reach US\$2.5 billion in 2022. Average capacity utilization for the gold industry is expected at 87% in 2022, up from 80% in 2021, with more than 80% of gold producers planning to increase production in 2022. There are several

projects that will feed into gold output in the outlook including projects at all major gold producers: Caledonia, Freda Rebecca, Bulawayo Mining Company and RioZim, among other key gold producers.

**Is the global mining sector affected by the Ukraine Russian war?**

The war in Ukraine may have had adverse impacts on global mineral supply with effects on the prices of some commodities. Russia and Ukraine have a considerable share in global commodity markets. The attendant supply-side disruptions emanating from the Ukraine Crisis have resulted in an upturn in commodity prices.

- Nickel rallied almost 60% in Q1 2022, its biggest quarterly gain since 2003.
- Nickel futures topped the \$100,000 mark in early March leading to a temporary halt in trading on London Metal Exchange.
- EU natural gas shot by over 40% in Q1 2022 while Brent oil breached the \$100/barrel bound by the end of February 2022.
- Gold rose by 8% ending Q1 2022 at US\$1,942/ounce- its best quarterly performance since Q2 2020
- Palladium increased from US\$2,034/ounce in January to US\$2358/ounce in March.

**In light of mine accidents spiking in the Small-scale and Artisanal mining sector, what is the status of the Mine Rescue Association?**

The Mine Rescue Association decided to resume in-person training. This was motivated by the need to enhance the capacity to respond to call out cases in the mining industry. In addition to the need to enhance capacity, the Mine Rescue Association is mobilising resources to refurbish the training facilities at Gaths and Shabanie. Requests for support in refurbishing the facilities were sent out to mines.

**How many fatal accidents did the mining sector experience during the first quarter of 2022?**

The mining industry recorded 43 fatal accidents during the period January to March 2022. Of these accidents, 21 accidents were recorded in informal mining operations. Of the 22 accidents reported in informal mining operations, 6 were recorded at mines affiliated with the Chamber of Mines.

**Power supply has been a hurdle for the growth and development of the mining sector, what is the current state of power in the mining industry?**

The electricity supply for the sector remained fragile with most mining companies not connected to dedicated power lines reporting power outages in the first quarter of 2022. The mining sector is working closely with Government in exploring alternative power solutions and the sector is part of the government's newly established Energy Intensive User Group (EIUG). This will facilitate the direct importation of energy from primary producers and traders within the Southern African Power Pool (SAAP). The initiative was approved by ZESA and ZERA. A constitution for the EIUG was adopted, and board members were appointed, with the majority of them coming from mining corporations.

**In terms of Safety, Health and Environment, what was the status of the industry during the quarter ended 31 March 2022?**

The new cases of COVID-19 in the mining industry continue to decline with average weekly cases at 60. The cumulative number of deaths at the end of March 2022 was 44, with the deaths to positive cases ratio at 0.55%.



Mr Isaac Kwesu

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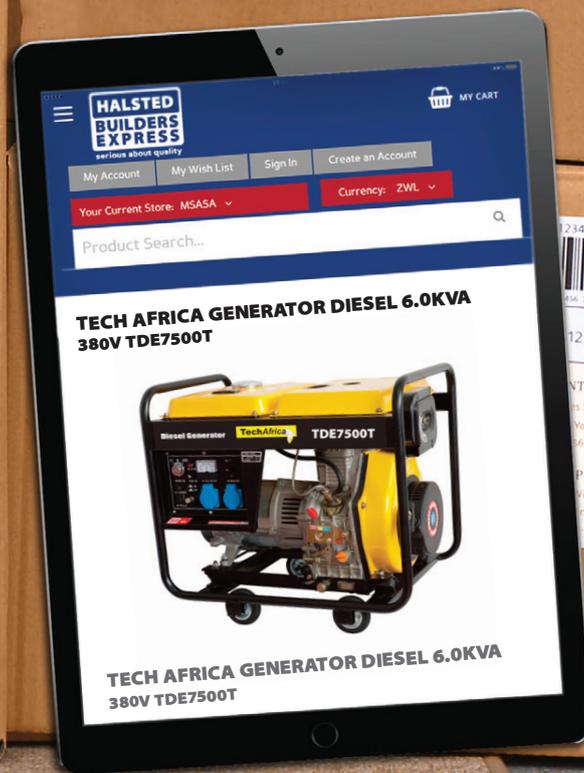
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# Empress Nickel generates \$381 million in 2021



***RioZim base metals refinery, Empress Nickel Refinery (ENR) generated total revenue of ZW\$381 million in 2021 as the operations were under care and maintenance throughout the year.***

Anerudo Mapuranga

ENR has been RioZim's best performer, contributing an average of 77 per cent of the group's total revenue with RioZim confident that it will increase the refinery's capacity.

According to RioZim through its Financial Report for the year ended 31 December 2021 the Kadoma based refinery's revenue for the year was partially used to fund the care and maintenance costs. The company also said that it was engaging various stakeholders to identify sources of raw material to feed the Refinery to normal production capacity.

During the year, the refinery produced 210 tonnes of matte, 78 tonnes of PGMs and 21 tonnes of copper.

"The Refinery operated under care and maintenance throughout the period. 210 tons of matte, 78 tons of PGMs and 21 tons of copper were produced. Revenue of ZW\$381 million was generated during the

year from the projects at the Refinery which partially funded the care and maintenance costs. The Company continues to engage various stakeholders to identify sources of raw material to feed the Refinery to normal production capacity and our stakeholders will be kept apprised," the company said.

The Zimbabwe Stock Exchange-listed diversified mining company has been exploring various ways to upgrade ENR as the plant is a strategic asset with the



potential to contribute significantly to the economy.

*RioZim base metals refinery, Empress Nickel Refinery (ENR) generated total revenue of ZW\$381 million*

The company has been exploring various methods of upgrading the refinery so that it is also able to beneficiate lithium concentrate in light of the huge investor appetite to exploit lithium in the country.

Lithium has become a much sought-after mineral not only in Zimbabwe but globally as the automotive industry moves towards electric cars, which, among other things, use lithium batteries.

According to energy experts, global supplies of lithium used to make EV batteries will fall short of projections for demand to more than triple by 2025 if prices do not rebound to fund expansions. Value addition is therefore important as it will bring more investment into lithium mining and exploration.

Lithium's vital role in electric-vehicle batteries means automakers, miners and investors are racing to figure out how much supply the world will need in the coming years — and also how much it's going to get.

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# Huge potential for hydrocarbon zones in Muzarabani



***Australia Stock Exchange-listed oil and gas exploration company Invictus Energy sees potential for multiple stacked hydrocarbon-bearing zones within the Mukuyu prospect formerly Muzarabani prospect.***

Anerudo Mapuranga

Invictus said its Seismic inversion results and quantitative analysis (QA) studies indicate strong potential for hydrocarbons within the Mukuyu structure.

A hydrocarbon is an organic compound consisting of hydrogen and carbon found in crude oil, natural gas, and coal. Hydrocarbons are highly combustible and the main energy source of the world. Its uses consist of gasoline, jet fuel, propane, kerosene, and diesel, to name just a few.

Further quantitative analysis (QA) studies continue to provide support for the presence of potential hydrocarbons in the Mukuyu structure. The results from a seismic inversion/QA study indicate that the section immediately below the Horizon 200 target is likely to comprise multiple stacked hydrocarbon-bearing zones, ranging in thickness from 40 to 80m. Accordingly, this has necessitated an update to the drilling program to include a diverter system for the shallow sections of

the Mukuyu-1 well.

Last month, the company announced identifying an 'extensive' amplitude anomaly at the Horizon 200 level. The announcement detailed a positive correlation between the amplitude extent (up to 16 kilometres along strike and 15 kilometres along dip) and structural closure.

The oil and gas explorer said this fit to structure is regarded as a 'very strong attribute' for any prospect and a potential direct hydrocarbon indicator (DHI) which is an anomalous type of seismic amplitude that may occur due to the presence of hydrocarbons.

Additional studies from the seismic interpretation showed the 500 Horizon Target demonstrates an extensive flat spot across the southern flank of the structure which can supposedly be seen as further validation for hydrocarbon potential.

Further positive indicators for the potential presence of hydrocarbons can be shown by interval velocity data. The company said there's a clear lens of lower interval velocity at the 500 – 600 level which seems to be uniquely associated with the extent of the Mukuyu structure.

Invictus said this is a very positive encouragement for the presence of a significant gas interval within the Mukuyu structure.

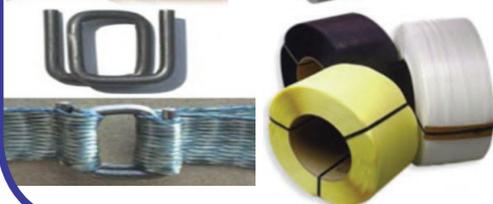
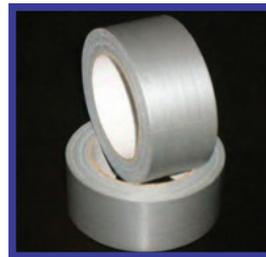
"The Cabora Bassa 2021 Seismic Survey data continues to deliver results ahead of the 2-well drilling program scheduled to commence in July.

"The multiple seismic anomalies evident in the Mukuyu prospect across our numerous stacked target horizons, which also demonstrate structural conformance, is highly encouraging and provides us with increased confidence in delivering a successful exploration outcome.

"The drilling campaign is taking shape with the Exalo Rig 202 preparing for mobilisation to Zimbabwe and long lead items arriving at our warehouse.

"The Mukuyu-1 wellpad construction is anticipated to be completed in the next few weeks and we are also continuing to make progress on the selection of the second well location for the upcoming campaign," the company Managing Director Scott Macmillan said.

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# Blanket Mine solar project in the final phase



***Victoria Falls Stock Exchange (VFEX) listed gold-focused miner, Caledonia Mining Corporation's Blanket Mine's 12 MW solar project is expected to be operational within the next few months.***

Rudairo Mapuranga

"The 12MWac solar project is now in the final phase of construction and is expected to be operational within the next few months," the company said.

According to Caledonia Chief Executive Officer Steve Curtis, the project is expected to provide approximately 27% of Blanket mine's average daily electrical demand and reduce Blanket's dependence on-grid and diesel power.

"To improve energy-supply security and minimise the effect of our operation on the natural environment, Caledonia is constructing a 12 MWac solar plant at Blanket. This project is expected to provide approximately 27% of Blanket's average daily electrical demand, and reduce Blanket's dependence on grid and diesel power," Curtis said.

Last year through its Chief Financial Officer Mr John Mark Learmonth Caledonia said electricity problems are a major operating difficulty in Zimbabwe.

The mining firm which has been performing significantly at its sole mine, Blanket mine in Gwanda has had stronger cash flow and is hopeful that it will play a leading role in the achievement of the projected annual gold production target by 2023 in which the yellow metal is expected to rack in US\$4 Billion annually by the year 2023.

However, according to the company, a combination of power outages becomes a challenge towards the achievements of the target as operational costs increase.

"The only significant operating difficulty in Zimbabwe remains electricity and it's a combination of power outages, if not just straightforward shutdowns, we are just asked to reduce our power consumption in which case then we have to use the standby diesel generator," Learmonth said.

The Company's diesel consumption increased by 41% in the year due to the generator running time increases as a result of a deterioration in the grid supply.

Recognising the economic, environmental, and logistical challenges of running large-scale diesel generators for extended periods, Caledonia is constructing a 12 MWac solar plant.

Caledonia has contracted Voltalia, an international renewables specialist, to construct a 12 MWac solar plant which will exclusively supply Blanket. At a construction cost of approximately \$12 million, with an additional \$2 million for expenses which include - designs, tender process, obtaining licenses, site clearance, etc. The plant is expected to provide all of Blanket's minimum electricity demands during daylight hours and approximately 27% of Blanket's total electricity requirement during an average 24-hour period. Blanket will continue to rely on the grid and generators to provide additional power during daylight hours and at night.

Battery power is currently too expensive to justify its use to augment the solar plant, but the Company will continue to monitor this situation as battery technology develops. The Company will also evaluate a further phase for the solar project to provide Blanket's peak demand during daylight hours, but this will require an agreement between the Company and the Zimbabwe authorities regarding the treatment of power that will be generated by a second phase that is surplus to Blanket's requirements.

# Business Interruption Insurance considerations

One of the most important insurance covers for a mine is Business Interruption (Gross Profit) insurance. This cover primarily enables a mine to claim for the impact on insured Gross profit due to lost production because of physical damage to insured property or other key external events, such as damage at a supplier's or customer's premises. Increasingly businesses are also getting contingent business interruption cover often triggered by non-physical damage events. The intention is to restore the business to the same financial position as if the loss had not occurred.

But why does a mining company need to purchase business interruption insurance if production will be done later and the ore is still in the ground?

For instance, if there is an incident that delays production for six months, the entire mine plan will be pushed back. Metal prices may change during the downtime hence affecting the income of the mine when it eventually restarts operations. Further other fixed costs will continue to be incurred.

Business Interruption insurance protects

the earnings and cash flow of the mine allowing it to meet standing obligations like plant maintenance, salaries and gross profit projections during the downtime period.

What are some of the considerations in coming up with an adequate insured limit.

A proper business interruption limit is not a thumb-suck figure. A proper process of calculating it is required to ensure that when the loss occurs the cover is adequate to protect the mine. As Firstlink, we guide clients through this process which entails a number of issues like:

- Determining the maximum length of time that your business maybe down (indemnity period) by considering the worst-case scenario. You have to consider a variety of factors, such as building regulations and necessary permits required before return to full operations and the level of stockpile available.
- Calculating expected gross revenues and gross profits of the mine over the indemnity period. Considerations are made of the performance of the mine over the past 12 to 36 months adjusted for business growth/decline, inflation rates,

metal prices and other similar factors.

- Factoring in possible savings during the indemnity period. These are expenses which will not be incurred because of the property loss.
- Determining the impact on your operations of insurable losses at key suppliers of equipment or key customers. e.g. a coal mine's gross profit can be negatively impacted if a power plant client has a fire loss that disrupts their coal purchases for a long period.
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# Mining Cadastre to push exploration



*The initiative of the mining cadastre system currently spearheaded by the government through the Ministry of Mines and Mining Development will help the country attract exploration investment as data will be readily available, a mining expert has hinted.*

Rudairo Mapuranga

Zimbabwe although hyped to be rich in mineral resources remains hamstrung by lack of exploration. A search through the available works always forms the first stage in the exploration of any mineral, Baseline geological, geophysical, geochemical, and Remote sensing data is necessary at this stage.

According to the Chamber of Mines Chief Executive Officer Mr Isaac Kwesu, the cadastre system will help the country in identifying areas that are explored, under-explored and as well as documenting activities currently taking place.



Mr Isaac Kwesu

“The initiative through the mining cadastre which is currently being spearheaded by the government will help Zimbabwe know all coordinates that have been explored, underexplored as well as ensuring that new pegs that are currently been initiated are put into documentation. The mine cadastre system will go a long way in ensuring that the coordination of exploration activities becomes easier,” Kwesu said.



Minister Winston Chitando

There has been a call by mining stakeholders to encourage investment in mining and exploration activities to hype the US\$12 billion mining sector by 2023.

Speaking at the Zimbabwe Mining promotional Conference at the Dubai Expo last year the Minister of Mines and Mining Development Hon Winston Chitando said the country’s mining sector was a huge capital uplift therefore it was of significance for investors to bank their money into mineral exploration for huge returns.

“Those who have the appetite for exploration, Zimbabwe is the place, and there is a huge opportunity for a capital uplift. Zimbabwe is a mature mine economy, we have got a functional system for the export of the product. The importation of capital goods and we have a functional system for the importation of raw materials. All these make Zimbabwe a successful mining destination,” Minister Chitando said.

According to figures released by the renowned Consulting Groups in the past, Zimbabwe’s spending on exploration is “the lowest among leading mining countries”. Between 1989 and 2017 Zimbabwe’s share of the global exploration budget fell from 0.2 per cent to 0 per cent.

Globally, around 10 per cent of all capital expenditure in mining goes towards exploration, in Zimbabwe, it is near 0 per cent. The country is not really replacing the minerals that it is mining.

The Geological Society of Zimbabwe (GZS) Chairperson Kennedy Mtetwa has been on record sighting that exploration was key to establishing new world-class mines calling for the government to timeously issue Exclusive Prospecting Orders (EPOs).

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# Dallaglio plans mine rehabilitation funding



*Eureka Mine Plant in Guruve*

**Focused gold miner, Dallaglio Investment has created a roadmap which will see the gold miner raising funds for the future cost of rehabilitating its mining sites.**

Rudairo Mapuranga

The gold miner understands that the social and economic impact of mine closure are significant and underlines the importance of early preparation. This is because mines may also close prematurely, for example through low commodity prices, regulatory changes, technical challenges or social conflict – not just depletion of reserves. This has therefore made the company plan for rehabilitation on time.

“The company makes full provisions for the future cost of rehabilitation mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities.” Padenga Board Chairman Thembhikosi Sibanda said through the group Audited Condensed Consolidated Financial Results for the year ended 31 December 2021.

According to Sibanda Dallaglio will raise rehabilitation funds up-to 2034 when its mines will have exhausted their life.

“The rehabilitation provision represents the present value of rehabilitation costs

relating to mine sites which are expected to be incurred up to 2034 which is when the producing mine properties are expected to cease operations. These provisions have been created based on the company's internal estimates assumptions based on the current economic environment have been made which management believes are reasonable basis upon which to estimate the future liability.

“These estimates are reviewed regularly to take into account any material changes to assumptions. However, actual rehabilitation costs will ultimately depend upon market future market prices for necessary rehabilitation works required that will reflect conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This in turn will depend upon future gold prices which are inherently uncertain,” Sibanda said.

In international standards, Mine sites should provide adequate financial assurance for mine closure, taking into account considerations such as post-mining land use, stakeholder objectives and regulatory requirements. Closure costs are most often substantially incurred after the mine is no longer generating revenue. Consequently, financial provisions for closure must either

be set aside by the company prior to or during active operations, provided by other revenue streams or made available through the security of other assets. The choice of financial assurance option may depend on regulatory requirements. The closure planning process should prepare cost estimates suitable for the stage of closure planning and design, increasing in detail as the closure of the site approaches and more engineering detail becomes available.

Dallaglio Investments is engaged in developing and operating Zimbabwean large scale commercial gold mines.

Its founding shareholders were guided by the principle that we do not find mines, we build them. In 2015, the company refurbished Pickstone Peerless mine and brought it back to life. This gold mine had not been operational for 44 years. The process plant was designed and built in-house, a testament to the skills and experience the company has in its people. After the success in bringing Pickstone Peerless back to life, the company have embarked on an even more challenging refurbishment of the Eureka Mine located near Guruve. Once operational Eureka will be one of the largest and most technologically advanced mines in Zimbabwe.

# Renco Mine production declines due to power cuts



**Zimbabwe Stock Exchange-listed miner RioZim Limited owned gold mine Renco Mine production declined by 3 per cent in 2021 due to reduced plant throughput as a result of increased power cuts.**

Miners have been lamenting over electricity challenges citing that the problem has ripple effects on mineral production targets. The government through the National Development Strategy\_1 (NDS\_1) is expecting the mining sector to fetch an annual revenue of US\$12 Billion by 2023.

According to RioZim Financial Report for the year ended 31 December 2021, the Masvingo based gold mine production was at 561 kgs from 580 kgs the previous year.

“The mine operated at almost the same level of production as the prior year, achieving 561kg of gold, 3% lower than 580kg produced in the prior year. The slight shortfall in gold output from the prior year was attributed to reduced plant throughput as a result of increased power cuts during the year,” the statement reads.

RioZim gold production, according to the statement, regressed by 7 per cent from 1 205kg produced in the prior year to 1 122kg. Due to delays in the completion of the BIOX Plant Project, the lifespan of the stop-

gap One-Step mining operation was extended and continued to supply ore to the Cam & Motor plant.

The grades, however, significantly dropped which resulted in subdued production. This impacted the Group's production as both Dalny and Renco recorded almost consistent production from the prior year. The gold price recorded a marginal 1 per cent increase from the prior year to an average of US\$1 774/oz for the year compared to US\$1 765/oz in the prior year. Despite a 7 per cent decline in gold production, the Group's revenue increased by 84 per cent to ZW\$5.8 billion compared to the prior period's ZW\$3.1 billion primarily due to the depreciation of the local currency against the United States dollar.

## Dalny Mine

Dalny achieved a 6 per cent growth in gold production achieving 209kg of gold from 198kg produced in the prior year. The growth in gold production was due to increased plant throughput as plant improvements carried out during the year successfully stabilized the plant.

## One-Step Mine

Gold production at One-Step mine fell by 18 per cent from the prior year's production

of 427kg to 351kg. The low gold output was attributable to lower grades which dropped from the prior year. The life of mine was extended during the year despite the grades deteriorating and mining operations continued for the full year. The One-Step ore was processed at the plant in Cam & Motor as had been happening in the previous year.

## Cam & Motor Mine

There was no gold production from Cam & Motor mine during the year which was a carry forward from the prior year as the mine continued with the construction of its BIOX Plant Project throughout the year. The completion of the BIOX Plant which was scheduled for the second half of the year was delayed due to inadequate foreign currency and COVID-19 pandemic induced challenges. Commissioning of the BIOX Plant Project would have enabled the resumption of mining operations at the Cam & Motor high-grade ore pits.



# Sustainability of the US\$12 billion mining industry



***While the achievement of the US\$12 billion mining industry by 2023 is within reach as the growth of the mining sector has been a phenomenon, the visibility of communities benefiting from the growth of the industry is still blindfolded.***

The mining industry is of strategic importance to the country's short to medium-term growth plans. The government intends to grow mineral shipments from mining to US\$12 billion by 2023 from US\$2,7 billion in 2017. Last year the sector nearly achieved over US\$5 billion in revenue with projections for 2022 set at US\$8 billion and prospects indicating that the sector has the potential to surpass the target.

While the sector has been identified as a key industry for the attainment of National Development Strategy 1 (NDS1) goals, the impact of some mining operations in the country has become a cause for concern with many not adhering to Environment, Social and Governance (ESG) goals.

Communities in the mineral-rich parts of Zimbabwe have been expressing concern over increasing environmental and infrastructure degradation in mining

communities, saying mining companies are leaving trails of open pits which are now death traps for humans and livestock.

In a 2020 report on Extractive Sector and Sustainable Economic Development, by the Zimbabwe Environmental Law Association (ZELA) the majority of citizens are wallowing in abject poverty and social and economic deprivation. This is quite evident in mining host communities which are not deriving any meaningful benefits from the resources extracted in their areas. Instead of realizing social and economic justice from mining activities in their areas, mining host communities are left with ecological debt, entrenched poverty and inequalities in various forms.



*President Mnangagwa*

The research revealed that large companies exploiting mineral resources are making minimal efforts to plough benefits back into communities. This is largely attributed to the lack of a legal framework that obligates mining companies to practice corporate social responsibility in Zimbabwe.

President Emmerson Dambudzo Mnangagwa speaking at the inaugural Mining Excellence Awards this year called on mining companies to empower their host communities through conducting programs that ensure sustainable poverty alleviation and responsible mining.

"I commend some within the mining sector for the outstanding Corporate Social Responsibility programs, particularly as we shift from the welfare — handouts — approach to broad-based and inclusive empowerment.

*Continued on the next page* \_\_\_\_\_

# Sustainability of the US\$12 billion mining industry

"I thus, challenge more mining companies to complement Government efforts in the development of communities where they operate from, through implementing empowering Corporate Social Responsibility initiatives.

"These must be anchored on structured development programmes and projects that resonate with our quest of leaving no one and no- place behind.

"The mining sector should also strive for greater sustainability, competitiveness, and modernisation as we grow the economy," the President said.

Zimbabwe is in the process of reviewing mining laws and policies to ensure communities benefit from their resources and to improve transparency in the sector.

Hon Edmond Mukaratigwa, Chairperson of the Portfolio Committee on Mines and Minerals Development, said the National Development Strategy\_1 (NDS-1) a government 5-year plan designed for the country to achieve the President's vision to see the economy become an upper middle-income economy guides towards

the sustainability of our resources to the development of communities.

"Actually, the reason for the national strategy is to guide national programmes and projects which will achieve implementation progress on community benefits from the mining sector," Hon Mkaratigwa said.

According to Mkaratigwa, there are three stages of benefits the country derives from the US\$12 Billion mining vision. The first one is the national purse through taxes which are collected from companies. The second option is around employment and downstream income on the market where the industry prioritizes the promotion of indigenous markets. The third-tier deals with community benefits in the realm of share ownership trusts aimed at direct community benefit. He said the first two or three aspects are already being realized although the level may still be low since some of the companies are still growing hence maximum benefits may be realized in the longer term.

"On the third aspect, yes, I agree that still much has to be done. Unfortunately, it is a

chicken and egg relationship too, hence a strategy is there but still has to be operationalized, with timing and full conceptualisation of the whole operational environment being at the centre of the whole issue and implementation process," Hon Mkaratigwa said.

He said there was consensus on the need to review the mining laws in Zimbabwe, particularly the principal Act the Mines and Minerals Act.

"One key anchor of the plan is a review of the Mines and Minerals Amendment Bill. The previous indigenization laws have been shunned because of an array of reasons, and market-based incentives are what we mainly advocate for. Nevertheless, we have to create an enabling environment through the laws as we are constantly making progress in Parliament, in the media and on all other platforms such as workshops and public engagements. The Bill should unblock any of these uncertainties and other grey areas in the mining sector as it offers another chance for Zimbabwe to deal with its problems taking note of the existing context," Mkaratigwa concluded.

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# ESG Principles critical for a sustainable economy



Dr Abednego KB Chigwada

## 1. SCOPE

### Background to ESG thrust

The global buzz word is now Environmental, Social and Governance (ESG) and any economy with a vision to sustainably grow or develop cannot ignore embracing the principles of ESG. At a global level, the ESG agenda is taking centre stage and getting the attention it deserves. There's global agreement on what is needed for a sustainable society as informed by the United Nations Sustainable Goals (17 SDGs). This to me is a culmination of being humane and good stewards of what is within our control. This article tries to engage all stakeholders to a common rallying point where our potential of being winners is enhanced. More than 100 countries perceive the carbon neutrality by 2050 as the end game to addressing climate change. Let us unbundle the principles of ESG for us to clearly come up with key milestones required to tackle the social decay in our universe.

## ESG principles

These principles are applicable to any entity.

### 2. STATEMENT OF INTENT AND PURPOSE

The ESG Principles provide a framework for integrating ESG issues into our business practices.

Every nation must embrace the belief that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). Cognizant of this, ESG nation specific ESG principles should be crafted and applied to provide guidance on the management of ESG risks across the value chain.

### 3. OBJECTIVE

The purpose of this document is to provide ESG principles applicable to business entities.

### 4. ESG PRINCIPLES

Consistent with its fiduciary responsibilities, each nation should commit to the following ESG principles

- Principle 1: Incorporate ESG issues into investment analysis and decision-making processes
- Principle 2: Be active owners and incorporate ESG issues into their ownership policies and practices
- Principle 3: Seek appropriate disclosure on ESG issues by the entities in which we invest
- Principle 4: Promote acceptance and implementation of the Principles across its

investments

- Principle 5: Work to enhance their effectiveness in implementing the Principles
- Principle 6: Report on their activities and progress towards implementing the Principles.
- Principle 7: Think global and act local. Infuse the exogenous knowledge systems with indigenous knowledge systems
- Principle 8: Develop and nurture the national GENE.
- Principle 9: Capture data with integrity and deploy centre of excellency
- Principle 10: Ethics and honesty should be a norm

### Principle 1 : Incorporate ESG issues into investment analysis and decision-making processes

#### Possible actions:

- Address ESG issues in investment policy statements
- Support development of ESG-related tools, metrics, and analyses
- Assess the capabilities of internal investment partners to incorporate ESG issues
- Assess the capabilities of external investment partners to incorporate ESG issues
- Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis
- Encourage academic and other research on this theme
- Advocate ESG training for investment professionals

*Continued on the nex page>>*



## Principle 2: Incorporate ESG issues in policy formulation and practices

### Possible actions:

- Develop and disclose an active ownership policy consistent with the Principles
- Exercise voting rights or monitor compliance with voting policy (if outsourced)
- Develop an engagement capability (either directly or through outsourcing)
- Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights)
- File shareholder resolutions consistent with long-term ESG considerations
- Engage with partners on ESG issues
- Participate in collaborative engagement initiatives
- Ask investment partners to undertake and report on ESG-related engagement.

## Principle 3: Appropriate disclosure on ESG issues by the entities in which we invest

### Possible actions:

- Ask for standardised reporting on ESG issues (using tools such as the Global Reporting Initiative)
- Ask for ESG issues to be integrated within annual financial reports
- Ask for information from business entities regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact)
- Support shareholder initiatives and resolutions promoting ESG disclosure.

## Principle 4: Acceptance and implementation of the Principles within the operations

### Possible actions:

- Include Principles-related requirements in requests for proposals (RFPs).
- Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate).
- Communicate ESG expectations to investment service providers
- Revisit relationships with service providers that fail to meet ESG expectations
- Support the development of tools for benchmarking ESG integration

- Support regulatory or policy developments that enable implementation of the Principles.

## Principle 5: Work together to enhance our effectiveness in implementing the Principles

### Possible actions:

- Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning.
- Collectively address relevant emerging issues.
- Develop or support appropriate collaborative initiatives.

## Principle 6: Reporting on activities and progress towards implementing the Principles.

### Possible actions:

- Disclose how ESG issues are integrated within investment practices
- Disclose active ownership activities (voting, engagement, and/or policy dialogue)
- Disclose what is required from service providers in relation to the Principles
- Communicate with beneficiaries about ESG issues and the Principles
- Report on progress and/or achievements relating to the Principles using a comply-or-explain approach
- Seek to determine the impact of the Principles
- Make use of reporting to raise awareness among a broader group of stakeholders
- Support regulatory or policy developments that enable implementation of the Principles.

## Principle 7: Globalization of the Economy

### Possible actions:

- Endeavour to research on global trends with a view of localising them for ownership
- Embrace the practice of conducting business according to both local and global considerations
- Have tendencies toward homogeneity and centralization so that they appear alongside tendencies toward heterogeneity and decentralisation.

## Principle 8: Develop and nurture the national GENE

### Possible actions:

- Grounding of every Endeavour to research on global trends with a view of localising them for ownership. An Integral approach that considers all spectrums must be considered
- Emerge with practices of conducting business according to both local and global considerations
- Navigate with tendencies toward homogeneity and centralization so that they appear alongside tendencies toward heterogeneity and decentralisation.
- Effecting with collaboration that considers the holistic spectrum of the economy

## Principle 9: Capture data with integrity and deploy centre of excellency

### Possible actions:

- Explore technology that captures credible data
- Audit and have continual improvements
- Create independent data interpretation measures
- Avoid blame culture and invest in appropriate technology

## Principle 10: Ethics and honesty should be Norm

### Possible actions:

- Good corporate Governance
- Be a learning nation that believes in safeguarding the interest of all stakeholders
- Be accommodative of groups irrespective of affiliation, gender, etc.
- Do not waiver from the agreed principles that presents central shared values
- Collective responsibility should shape the national interest

These Principles should be reviewed at agreed intervals or as and when required.

I give all the respect and acknowledge all who provided documented and undocumented information that assisted me to unleash my passion for a better world

**Documented by Dr Abednego KB Chigwada**     **Date: 01.04.2021**  
**Advisory Director: Global Mining Sustainability.**

# Time to take ASM safety seriously to avert avoidable accidents



*A worker rescued after being trapped in a flooded shaft at battlefields in Kadoma*

***Despite it being an important source of livelihood for millions of people around the world, Artisanal and small-scale mining has become a cause for concern in Zimbabwe, in light of the increase in the number of accidents at these establishments.***

Prince Sunduzani

Safety experts argue that most of the accidents were avoidable had safety measures been followed as ascribed in the minerals act.

Artisanal and small-scale mining itself can expose miners to numerous health and safety hazards as many groups operate informally and do not comply with occupational health and safety protocols.

The rudimentary processing practices and unregulated activities, often performed at informal mine sites, make artisanal mining a magnet for occupational health and safety risks.

Often lacking proper technical training and access to finance for safety equipment, it is common to find artisanal

miners foregoing basic safety measures while working in poor conditions to obtain gold.

Every year, tragic accidents happen in that sector and these accidents should spur different groups to action to safeguard human life.



Just this month alone, seven died at Bucks Mine in Colleen Bawn when they plunged down a 200-meter shaft after a rope from

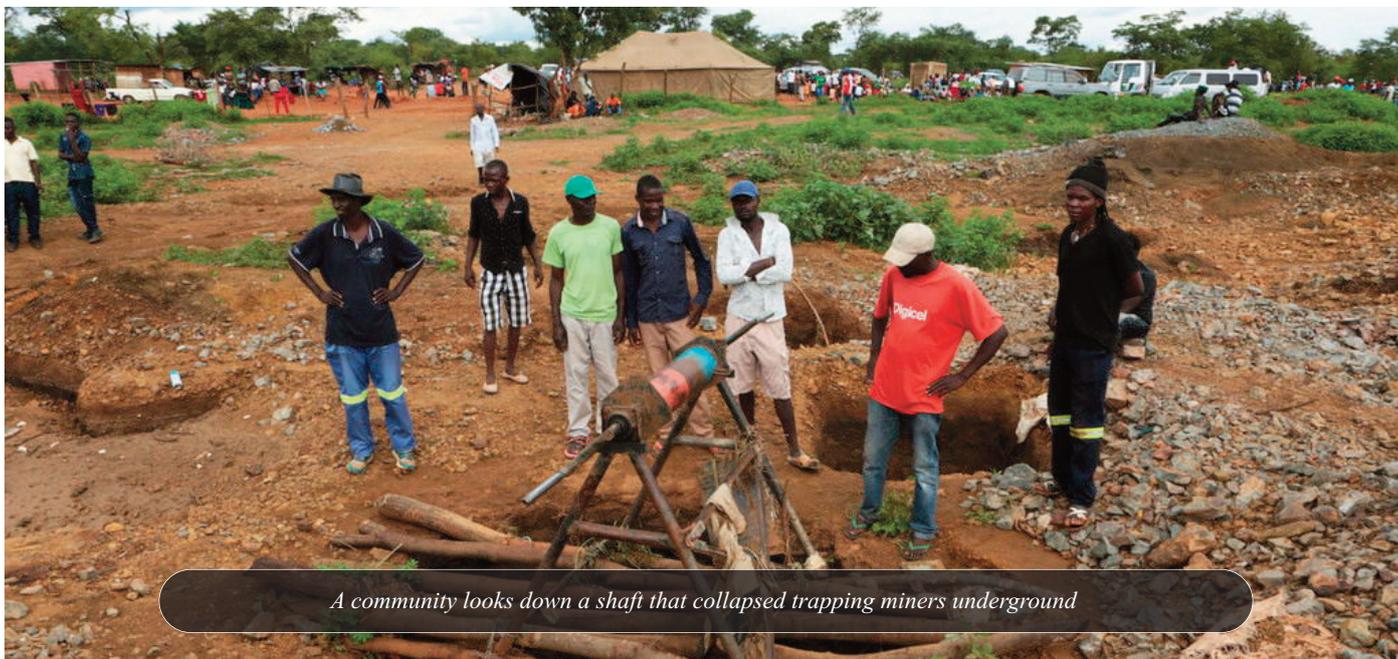
a winch snapped.

Mining groups say the mine owners are to blame because this accident was something that could have been avoided if regular checks had been done on the winch to see if it was still fit for purpose.

However, this problem is not peculiar to Bucks mine; it is more like a pandemic along with several small scale miners in the country.

Reports state that a total of 84 people died in 2020 due to mining accidents in the Midlands province alone. Most accidents take place in uninspected and unsafe mines where artisanal miners work without supervision as they search for gold.

Some of these fatalities include the Chinhoyi Eldorado Mine incident, the Battlefield (Kadoma 2019) which claimed 28 Miners, the Mazowe Mine incident which claimed eight Miners, Wonderer Mine collapse which trapped 50 Miners and the Nugget Mine collapse which claimed eight Miners. The Esigodini Mine, the Task Mine collapse, Mutare Premier Mine and the Mazowe Mine accident are some of the



*A community looks down a shaft that collapsed trapping miners underground*

The Parliamentary Portfolio Committee on Mines and Mining Development, last year, raised concern over the increasing level of mining accidents, especially in the artisanal and small-scale mining sector.

The committee, according to media reports noted that in some mines, safety mechanisms were absent and some operate without any safety plans or personal protective equipment.

It says such mines are primarily worried about maximizing profits, casting a blind eye on the safety and welfare of the miners.

The Zimbabwe Miners Federation ZMF, an association which represents small scale miners admitted that some of their members are not adhering to safety protocol.

The association says that the Bucks mine accident showed them that most ASMs lack knowledge on health and safety.

It emerged that most miners are not taking this important factor seriously.

The Zimbabwe Diamond and Allied Minerals Workers Union called on authorities to invest more in safety and health education.

It also reiterated the ZMF's sentiments that safety regulations are not being observed.

"We have said time and again that safety regulations are not observed in the small scale mines and artisanal mining. This could have been avoided at all costs had proper safety standards been practised. People and employees must know that lives of Mineworkers matter first before

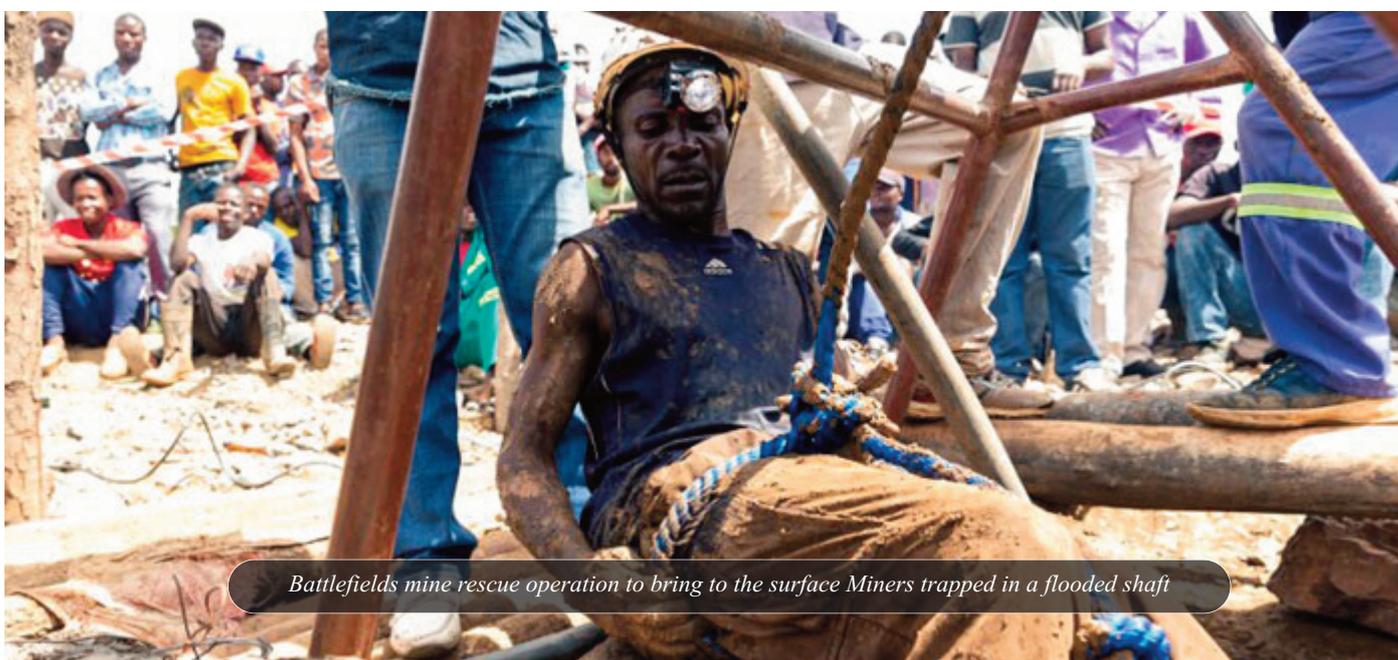
profits and their own interests. We further call the authority to invest more in education and awareness of miners on Safety and Health in the Mining Industry," said ZDAMWU Chairperson.

There is a need to start taking this matter seriously because there will be continued loss of life if no action is taken.

An all stakeholder approach to this problem is needed.

Mine owners, disused mine owners and mining associations should take centre stage to safeguard human life.

The Government on the other hand should enforce the regulations on safety as this will lessen the number of lives lost through such accidents.



*Battlefields mine rescue operation to bring to the surface Miners trapped in a flooded shaft*

# Overview of the mining sector



*Hon Edmond Mkaratigwa addressing delegates at the recently held overview of the Mining sector held from the 27 - 29th of May 2022*

***Prospects for the mining industry remain positive, with the sector expected to register significant growth this year, spurred by increased capacity utilisation, and investment in mining infrastructure, although a number of outstanding issues need to be addressed for this growth to be realised.***

Prince Sunduzani and Rudairo Mapuranga

The sector, which has been tipped to grow to about 12 billion dollars by the end of next year, is envisaged to maintain a growth trajectory, Chamber of Mines of Zimbabwe (CoMZ), Parliamentary Portfolio on Mines and Mining Development and the Ministry of Mines and Mining Development have opined.

Some of the programmes expected to drive this growth include increased exploration, resuscitation of closed mines, the opening of new mines, expansion of existing mining projects, mineral beneficiation and value addition.

According to the CoMZ, the average capacity utilisation for the gold industry is expected at 87% in 2022 up from 80% in 2021.

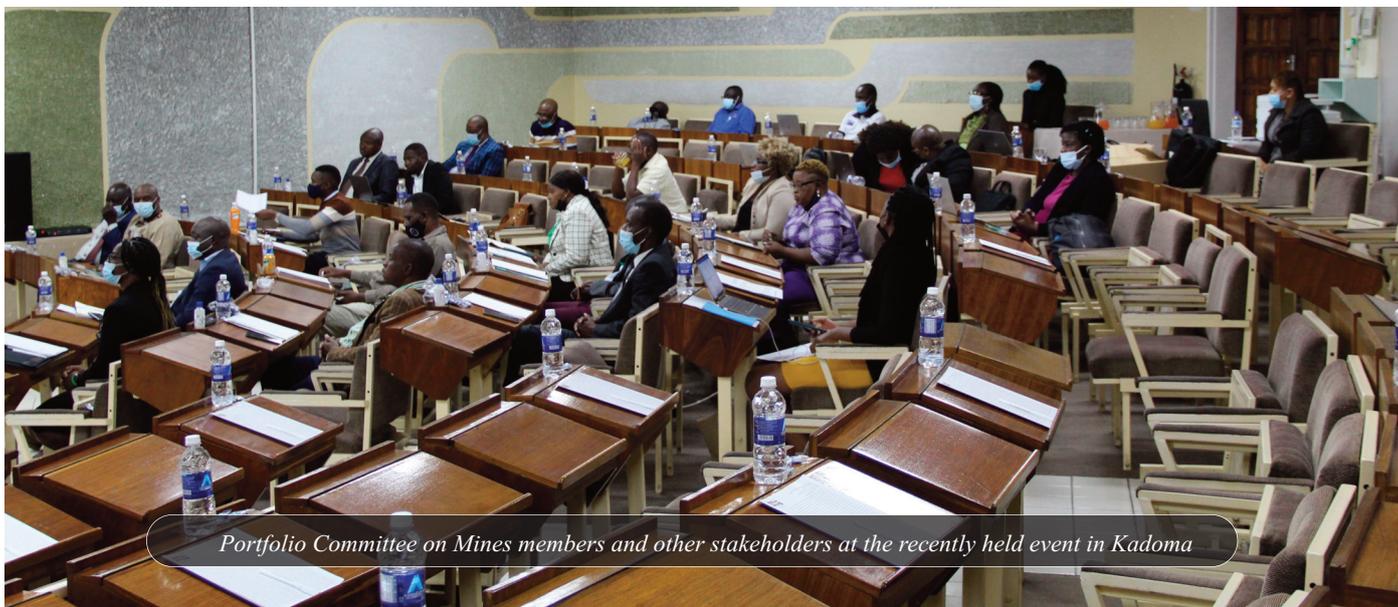
This emerged during presentations on the outlook of the Zimbabwean Mining Industry, at the capacity building

workshop for the Portfolio Committee on Mines and Mining Development held from 27 – 29th of May 2022 in Kadoma, which debuted the portfolio on mines.

Speaking at the event Parliamentary Portfolio on Mines and Mining Development Chairperson Hon Edmond Mkaratigwa said the mining sector has become the key economic driver in the country in terms of its contribution to the Gross Domestic Product, Exports, Fiscal revenue, Foreign Direct Investment (FDI) and employment.

It is estimated that the mining sector contributes 9% to the country's Gross Domestic Product (GDP), 60% of export receipts, 11% of fiscal revenue, 50 % of investment, 35 000 jobs directly created in the primary mining sector and 70 000 indirectly created in the upstream and downstream industries. The mining sector is further envisaged to contribute USD12 billion by 2023, which in turn will enable the country to attain its vision of being an upper middle-income economy by 2023.

However, Hon Mkaratigwa said the government's expectation from the sector, especially as regards fiscal contribution, is much higher than the current performance of the mining sector.



*Portfolio Committee on Mines members and other stakeholders at the recently held event in Kadoma*

"It has to be acknowledged that the mining sector is facing a number of challenges that include power shortage, skills flight, inadequate capital to capitalize on operations and fluctuations in commodity prices. In spite of these challenges, the mining sector continues to be a major source of investment in the country, and from the inception of the new political dispensation in 2017, the mining sector has received billions worth of investments in the platinum, gold, chrome, lithium and chrome sectors." He said.

He also noted it is important to finalise the amendments to the Mines and Minerals Act which has taken over two decades.

Hon Mkaratigwa said the bill needs to be brought to finality so that the nation does not continue to suffer from the resource curse where only a few benefits from the country's resources.

Onsimo Mazai Moyo, the permanent Secretary of the ministry of mines said the

growth of the sector will be backed by the rise in commodity prices given the geopolitical landscape which has seen the world is sanctioning Russia, one of the largest producers of Platinum.

He said Government is seized with resuscitation of old mines, opening of closed mines, and expansion of existing mines to increase capacity utilization.

"The geo-political conflict between Russia and Ukraine is having positive spinoffs on metal prices with gold, pgms and some base metals such as nickel already surging above the 2021 average.

The main minerals that are going to lead growth of the mining sector include gold, platinum group metals (PGMs), chrome and ferrochrome, nickel, diamonds, lithium, copper, coal and hydrocarbons," said Mr Moyo.

He also said the government was going to continue with their support of the

small-scale miners who are responsible for contributing over 60 percent of the country's gold deliveries.

"Government, through the Ministry of Mines and Mining Development, supports small-scale miners through the provision of equipment through the Mining Industry Loan Fund. The Ministry is facilitating the setting up of private sector-led Gold Service Centres. These centres will provide mining equipment and gold ore processing facilities to the small-scale miners," said Mr Moyo.

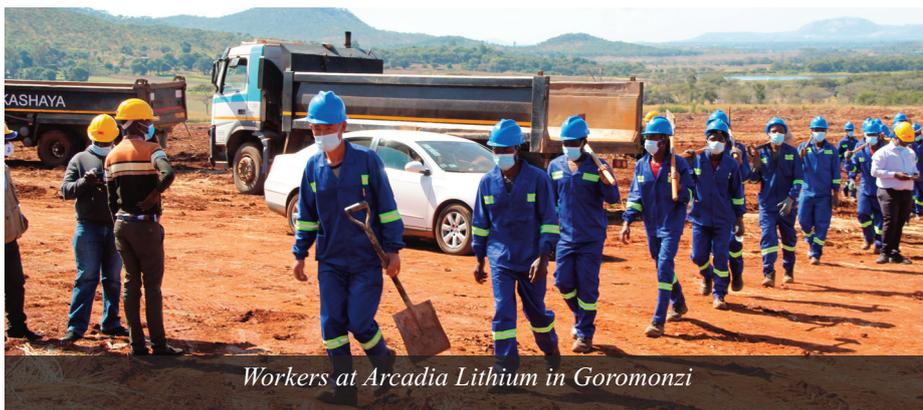
"Government is making strides towards the implementation of the computerized mining title management system (computerized mining Cadastre)."

Moyo however, noted the mining sector is faced with a number of challenges, which include, inadequate foreign currency allocations, loss of value on the surrendered portion of export proceeds and fragile electricity supply .



*Mines and Mining Development Permanent secretary Mr O. Moyo*

# Goromonzi community happy with Huayou Cobalt CSR initiative



Workers at Arcadia Lithium in Goromonzi

**The communities in Goromonzi District have praised Shanghai Stock Exchange-listed global battery maker, Huayou Cobalt for having an exemplary Corporate Social Responsibility (CSR) policy which has seen the community benefiting significantly through the establishment of the Arcadia Lithium Mine.**

Rudairo Mapuranga

Huayou bought Prospect Lithium Zimbabwe (PLZ) the company which owns Arcadia Lithium mine with a total of US\$422 million, the company eyes Arcadia to become the world's leading lithium producer.

President Emmerson Dambudzo Mnangagwa has been calling on mining companies to empower their host communities through conducting programs that ensure sustainable poverty alleviation and responsible mining. This has led Huayou to be geared to promote the Goromonzi community through a water-holding and working CSR policy.

Speaking at the inaugural media tour of the Arcadia Lithium project in Goromonzi on Monday Goromonzi Rural District Council Chairperson for the Human Resources and Development Committee Councilor Never Gotora said the Goromonzi community was enchanted by Huayou Cobalt CSR work which has seen many benefiting with the prospects proving that more is going to come.

"I'm very delighted because the PLZ people have always made promises that they meet. They managed to build a block at our local school and they have managed to maintain our roads, and there are a lot of promises and pledges which they are currently undertaking proving that they are very true to their word," Councilor

Gotora.

A resident of Goromonzi District speaking to Mining Zimbabwe on the sidelines of the tour said the community was enthralled by the coming in of Huayou as the new investors at Arcadia because it has seen the Chinese owned mine employing more of its workers from the District.

"We are very excited to have Huayou as the new investors of this project, they are showing signs of improving our community. Recently, the company called everyone in this ward who is interested to join the plant construction team. They just need our IDs and names then we start working. We are blessed to have people who are willing to empower the community in such a manner," said Tanaka Murape of Goromonzi Community Development and Emancipation Association.

The Headmistress of Vhuta Primary school which received funding from PLZ said she was very excited with the presence and coming in of Huayou in Goromonzi because the lives of pupils at her school are changing for the better. She said Huayou has also built staff quarters and is in the process of building more.

"PZL built a block at our school and furnished it very well, they are also in the process of building a block that was initially started by the community but due to lack of funds, it was abandoned. We are very excited to have PLZ in our community," said Sibongile Chikengezha the School head.

Speaking at the tour the company's CSR consultant Mr Paul Chimbodza said that even though Arcadia is not yet producing Huayou is focused on developing the community that it operates in and believes that it can only do that through a

consultative process.

He said that a CSR committee has already been put in place and has gathered from the local people what they urgently want to see improved.

Chimbodza said the company has already put up funding with the building of a classroom block at Vhuta Primary School completed and handed over. He said the company has also pledged to do more for the school in accordance with its requirements.

"The community gave us their wish list which we have captured and we are using that wish list going forward. We have started in a small way even though we are not in production yet, we have our local school, we had to intervene thereby giving them a classroom block, we furnished it and there are plans to do another block. We will also attend staff housing at the school.

"One of the major issues in terms of community expectation is the issue of employment, the policy is that as practical as possible we will hire all labour requirements from the community. Goromonzi District comprises 25 wards and we have given each councillor in the wards a template in which we are capturing a database of what skills are there in the community. This is the template that we are going to draw our labour requirements from.

"We are also going to do a 13 km road down to Goromonzi growth point and our management team is working with the Ministry of Transport because this is a national road.

"We have got another initiative in the education sector where we are putting together for approval by our relevant system and a body for scholarships. We need to make sure that local people are supported in the educational sector. We are going to be doing intervention also in the agriculture sector.

"We want Arcadia to be a shining example of how business and communities can uplift each other," Paul Chimbodza said.

# Construction of lithium battery-grade plant at Arcadia not feasible



***Shanghai Stock Exchange-listed leading player in Li-ion material player Huayou Cobalt has said that the establishment of a converter for the production of battery-grade lithium carbonate at Arcadia Lithium Mine is not feasible at the moment due to the shortage of supporting and auxiliary materials.***

Rudairo Mapuranga

The company said that the establishment of a converter needs green or renewable power, natural gas, food-grade carbon dioxide, and first-class sodium carbonate among other auxiliary and supporting materials which are in short supply in Zimbabwe and Africa at large.

“For each ton of battery-grade lithium carbonate production, it needs 2,800 kWh of green (renewable) power, 500-6000m<sup>3</sup> of natural gas, 2.2 tons of concentrated sulfuric acid (98.5%), 2 tons of first-class sodium carbonate, 20 kg of first-class sodium hydroxide, 4 tons of heavy calcium

powder, and 1.6 tons of food-grade carbon dioxide.

“There is a chronic shortage of these supporting and auxiliary materials in Africa, and the costs incurred by importation would be huge and unaffordable. It is worthy to note that processing enterprises will be uncompetitive in a global market without cost-competitive inputs i.e raw materials, gas and power and first-class sodium carbonate,” Zimbabwe Arcadia General Manager Haijun Zhu said.

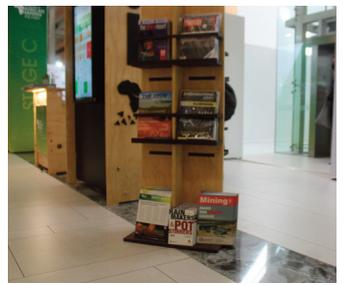
The company said that there was however a possibility that a converter for the production of battery-grade lithium carbonate can be established provided that subject to the availability of supporting and auxiliary materials.

“it is well understood that the first five-year plan (NDS-1) OF THE NATIONAL DEVELOPMENT STRATEGY formulated by the Zimbabwean government sets out

macro objectives to enhance and advance the value add and efficiency of the mining industry. The extension of the lithium value chain, however, is a gradual process, which requires the relevant enabling industrial environment, infrastructure, raw materials, and technical competence to be present in order to create a competitive position in the lithium value chain.

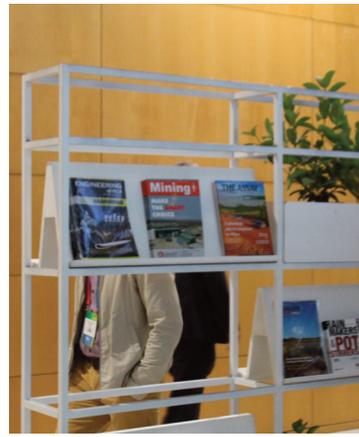
“The construction of a lithium carbonate/battery-grade (99.5%) production plant under Arcadia Project is economically and technically not feasible and impractical in the circumstances,” the company said.

The company does not directly export the mined ore but invests a huge amount of money to build a modern and high-tech concentrator to process the ore. The large-scale investment not only drives the development of the local economy and creates a large number of employment opportunities but also contributes value to the improvement of local equipment level.

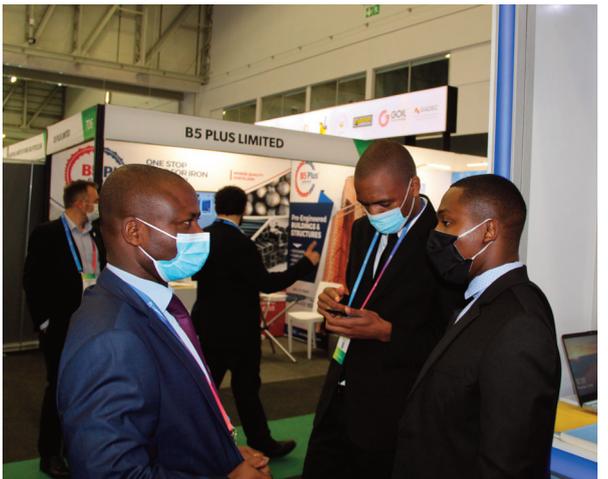


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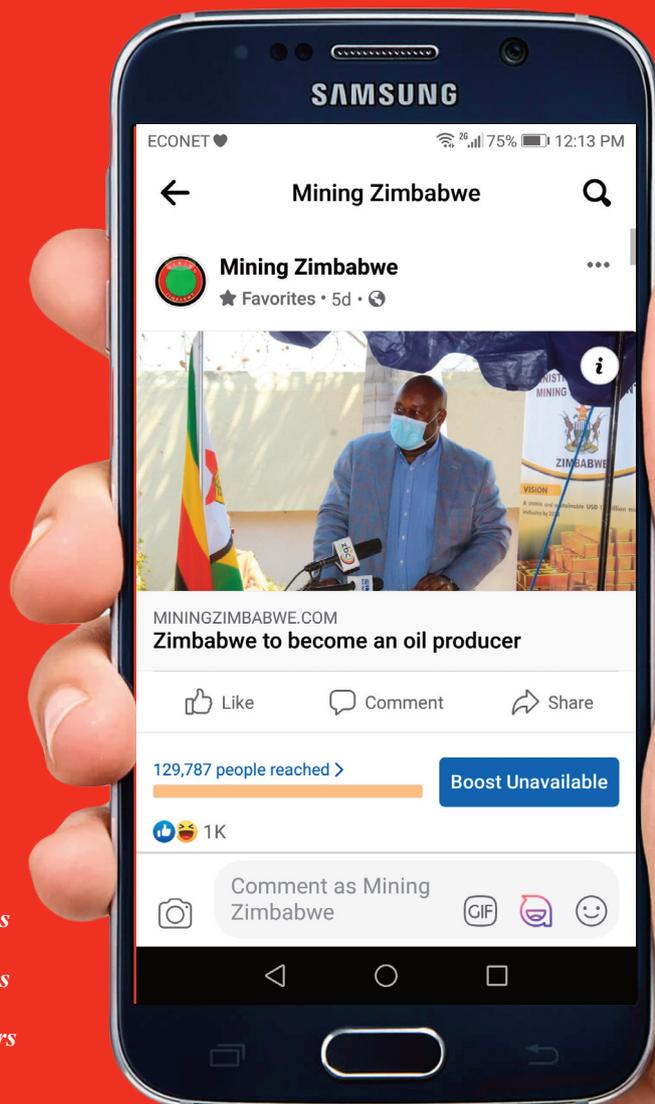
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