

CHAMBER OF MINES



OF ZIMBABWE

OVERVIEW OF THE ZIMBABWE MINING SECTOR

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OUTLINE OF PRESENTATION

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1. INTRODUCTION

- ❑ Zimbabwe is host to about 60 minerals whose commercial profitability have been proved at one point or another.
- ❑ The sector is diversified in terms of minerals produced, the number of operating mines and dispersal of control over the mine production.
- ❑ The sector has strong linkages to local, regional and international value chains;
- ❑ There are more than 800 operating mines (large and small) around the country.

2. MINING AND THE ECONOMY

- ❑ Zimbabwe's mining sector is strategic to the national economy:
 - ❖ Contributes around 12- 15% to GDP;
 - ❖ Earns 60% of the country's foreign currency;
 - ❖ Attracts more than 50% of the FDI into the economy;
 - ❖ Employs over 45,000 people in large scale, and more than 500,000 in small scale and artisanal sector

3. GEOLOGY AND PROSPECTIVITY

- ❑ Zimbabwe has excellent geology, and is comparable to that of leading mining economies. We have a unique and highly prospective geological environment:
 - ❖ Expansive craton with high diamond prospectivity;
 - ❖ Widespread greenstone belts rich in precious metals, precious stones, base metals and industrial minerals;
 - ❖ 555km Great Dyke, main source of PGM's and about 20% of all gold production.
 - ❖ Precambrian sedimentary basins rich in placer gold and diamond deposits
 - ❖ Karoo basins rich in coal, coal bed methane gas (CBM), natural gas and uranium.
 - ❖ Metamorphic belts rich in pegmatite minerals such as lithium, tantalite, rare earth elements etc.

Major Minerals Exploited in Zimbabwe

Precious Metals	Precious Stones	Base Metals	Industrial Minerals	Hydrocarbons	Dimensional Stones
gold	diamonds	Copper & cobalt	asbestos	coal	Black granite
silver	emeralds	nickel	graphite	Cola bed methane gas	
platinum		tantalite	phosphate		
palladium		lithium	limestone		
Rhodium		Iron ore	feldspar		
		Chromium	magnesite		

- Other minerals that have been exploited include tin, aluminium, antimony and a variety of semi-precious stones.
- Zimbabwe also has some uranium deposits in the Zambezi Valley.

4. CURRENT PERFORMANCE

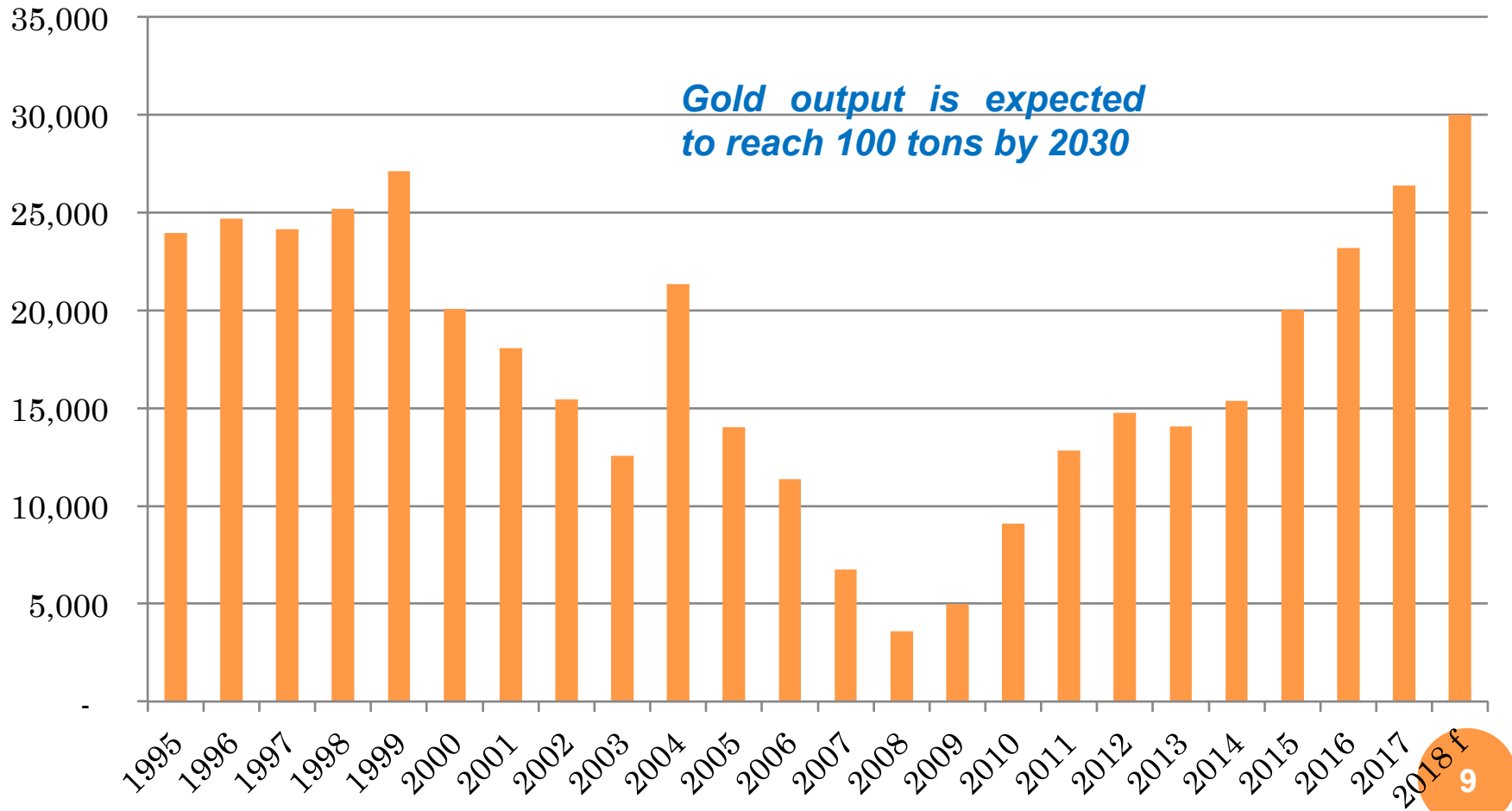
- The mining sector grew by 8.5% in 2017, underpinned by strong performance in gold (14%), diamond (44%), chrome (487%) and coal (16%).
- Gold, platinum, diamond, nickel and chrome account for 90% of total mineral revenue.
- In the outlook, the mining sector is projected to grow by around 10% in 2018.

MINERAL OUTPUT

	2017 Actual	2018 Proj	% change
Gold \kg	26,495	30,000	13%
Platinum \kg	14,257	15,500	9%
Diamond\ carats	2,507,862	3,500,000	40%
Nickel \t	16,617	17,800	7%
Palladium \kg	11,822	12,400	5%
Chrome\ t	1,692,000	2,000,000	18%
Coal\ t	2,928,036	4,500,000	54%

5. MINERAL POTENTIAL

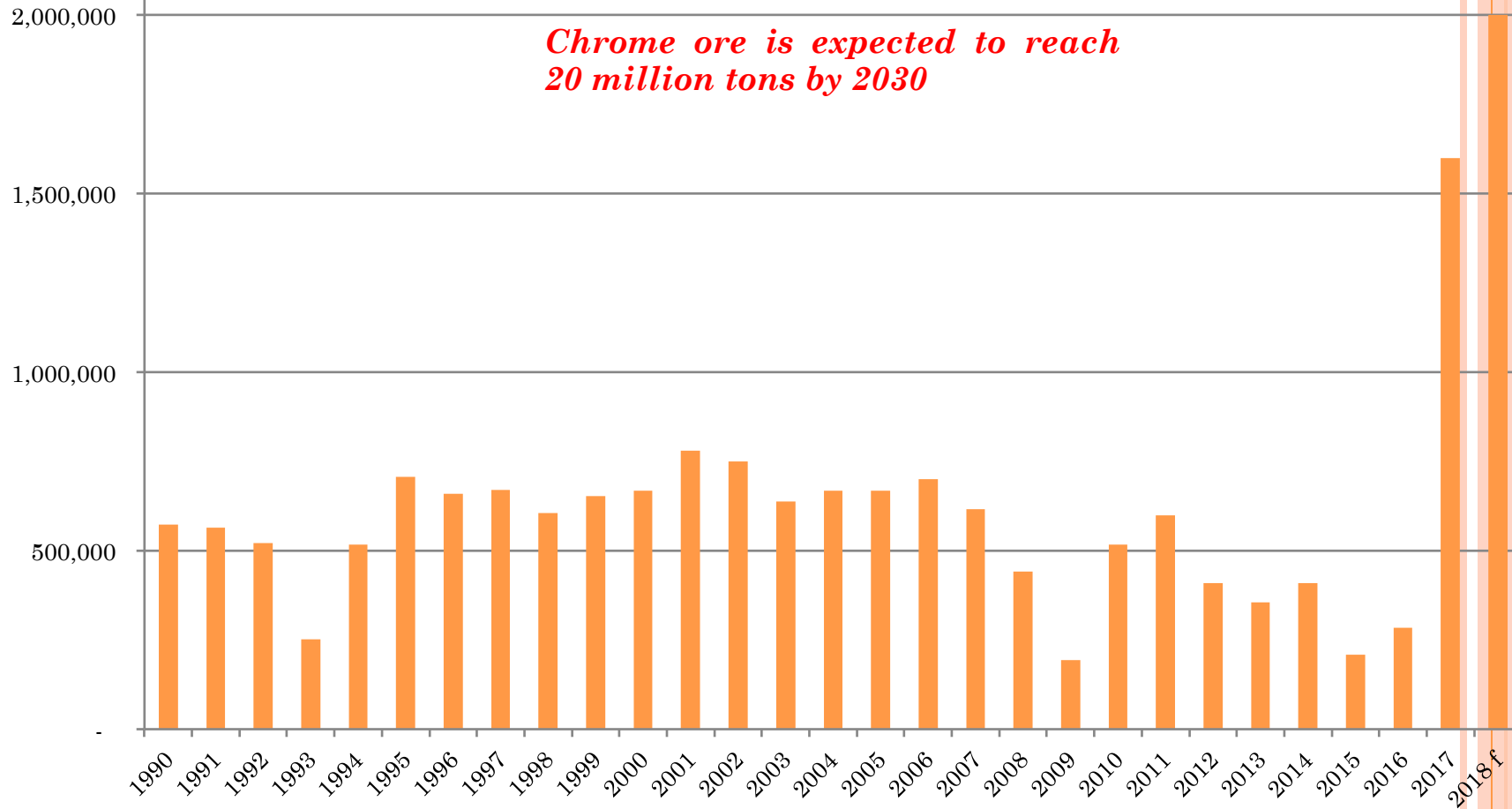
Gold kg



GOLD

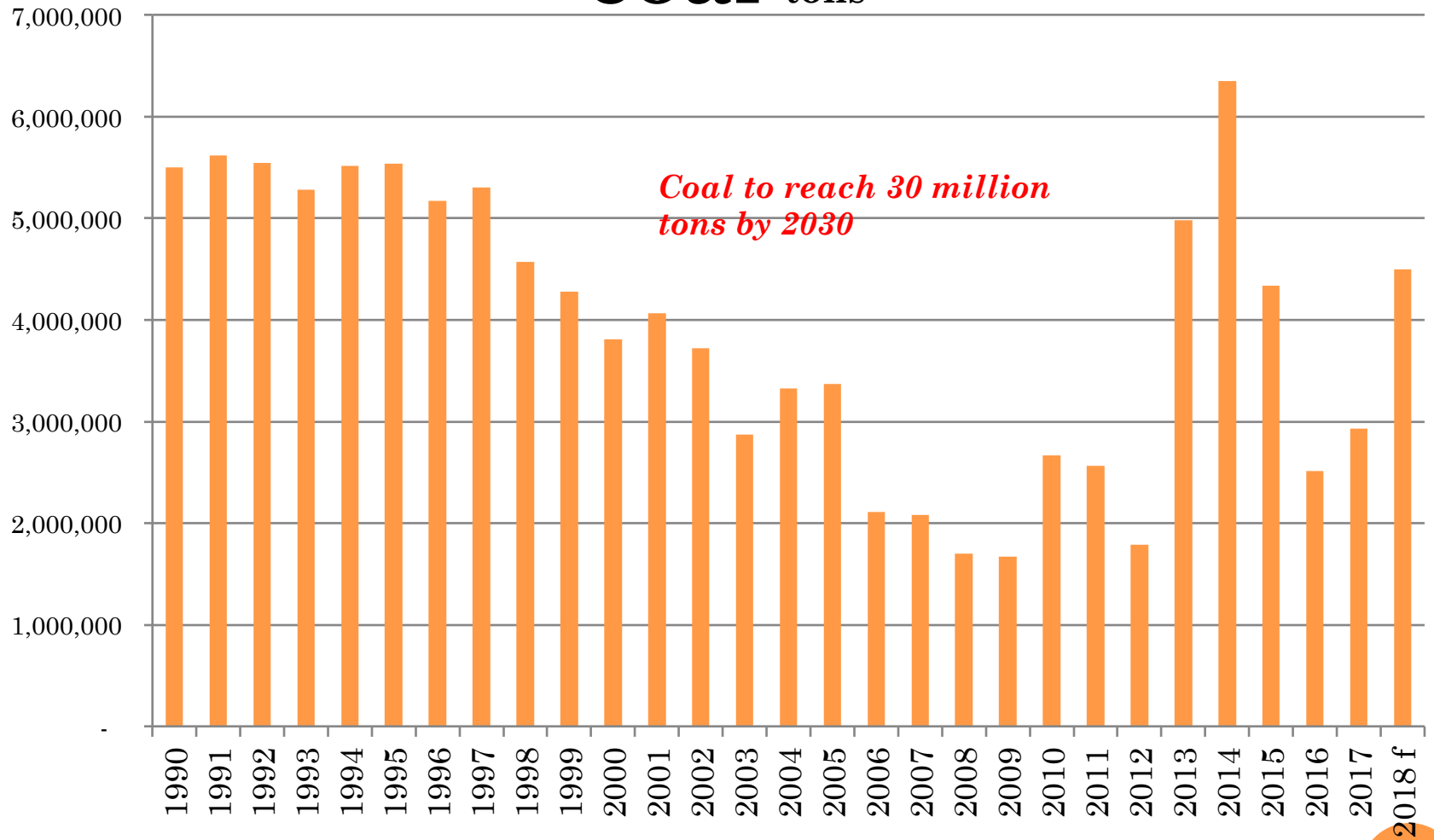
- ❑ Over 4 000 recorded gold deposits, nearly all of them located on ancient workings.
- ❑ More than 90% of gold deposits in Zimbabwe are associated with greenstone belts which are considered to be some of the richest in the world.

Chrome ore tons



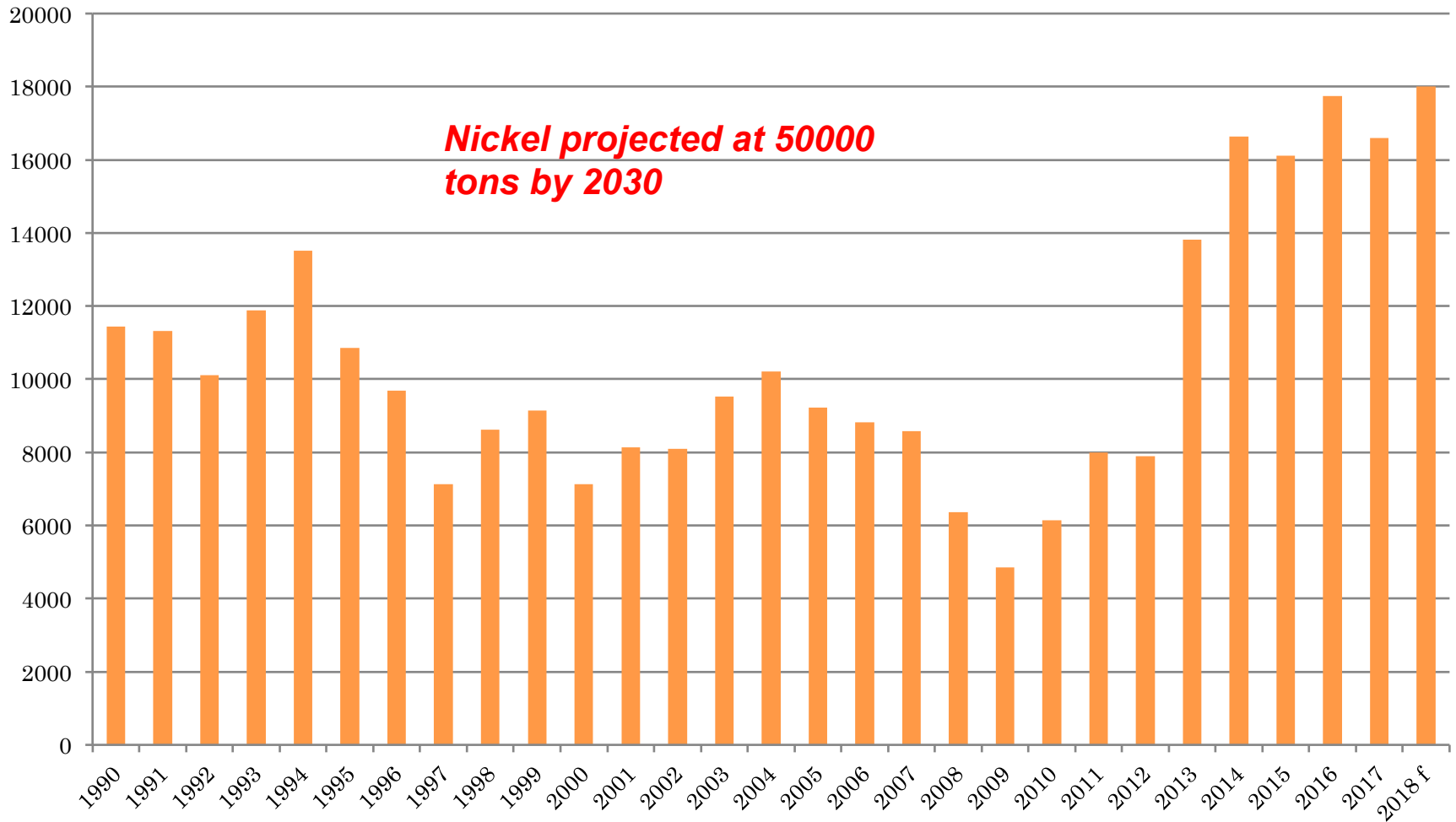
Zimbabwe hosts one of the world's largest resources of high grade metallurgical quality chromite along the Great Dyke and the Greenstone belts

coal tons

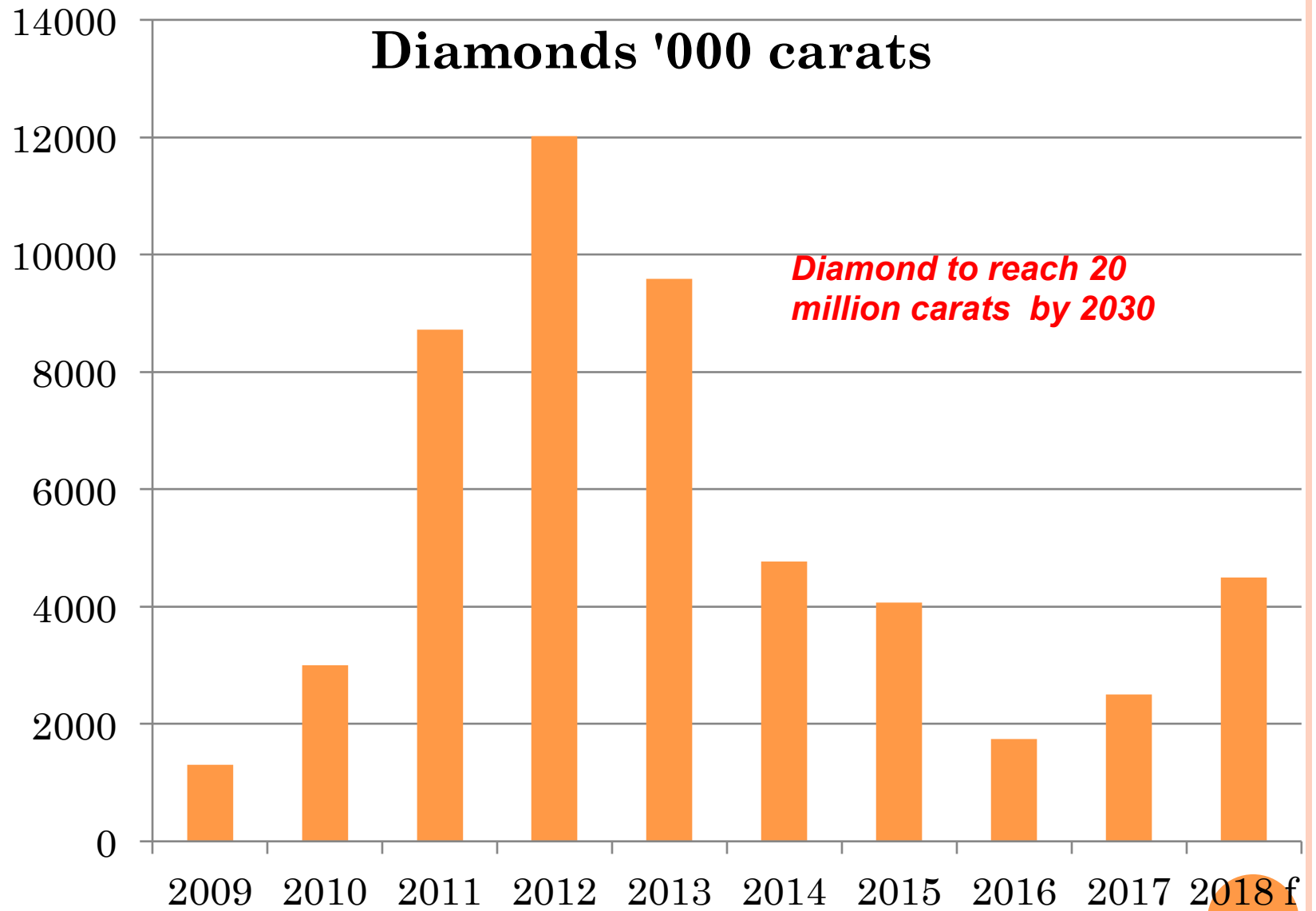


□ Zimbabwe hosts large reserves of both thermal and coking coal in the mid-Zambezi Basin and the Save-Limpopo Basin, with >26 billion coal resource

Nickel tons



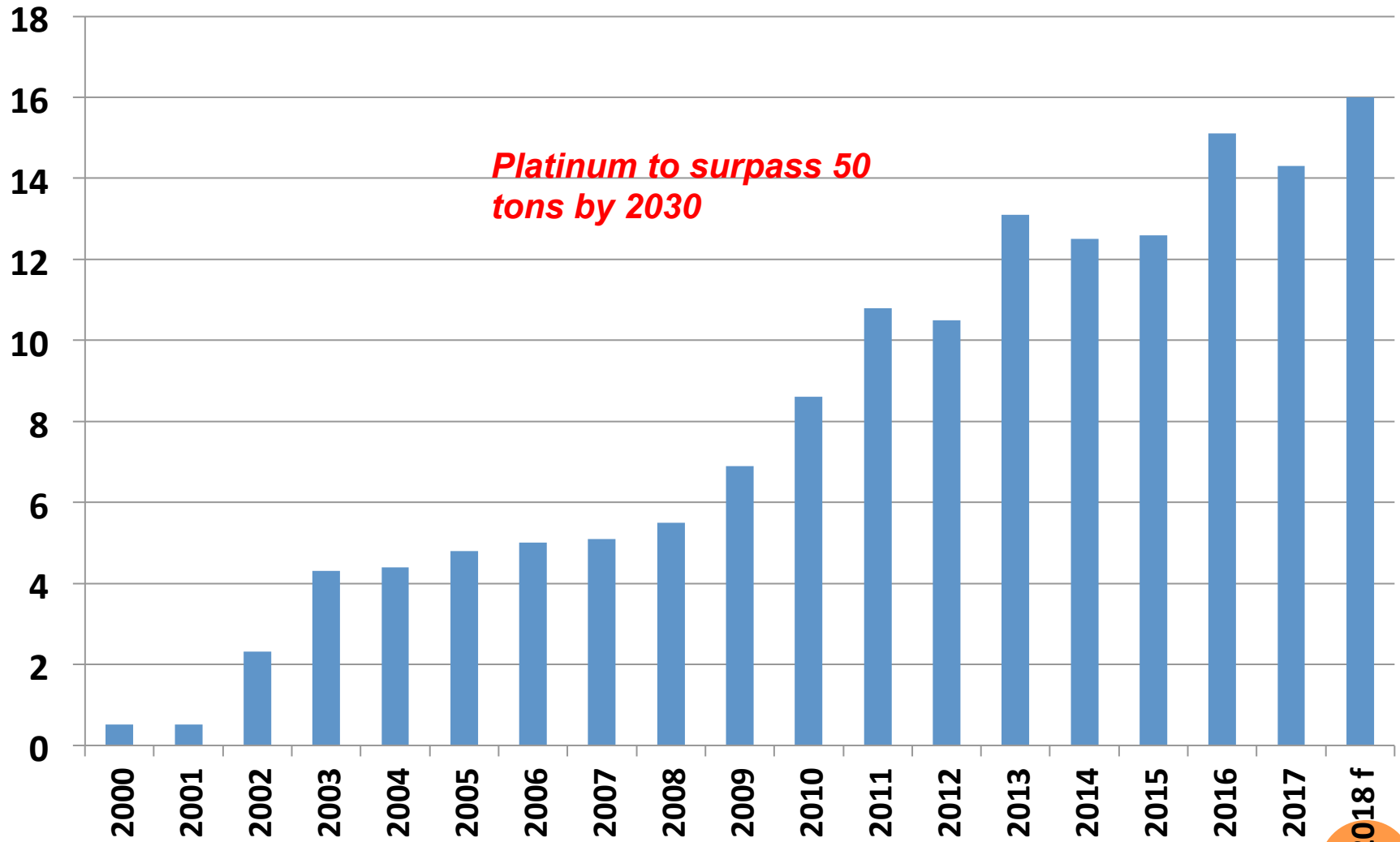
□ Country has high nickel prospectivity with more than 30 deposits having been discovered.



DIAMONDS

- ❑ The Zimbabwe craton is comparable to the Kaapvaal, the Siberia, the Slave, and the Congo cratons; and has huge potential for economic kimberlites.
- ❑ At least 160 kimberlites have been discovered in Zimbabwe, most of which are yet to be evaluated

Platinum tons



PLATINUM

- ❑ Zimbabwe hosts the second largest platinum group metals resource in the world on the Great Dyke.
- ❑ Potential outside the Great Dyke has not yet been investigated.

LITHIUM

- ❑ The country hosts some of the world's largest lithium deposits. Projects that have come on stream include Bikita Minerals, Masvingo Province and Arcadia Lithium Project, Goromonzi, Mashonaland East Province, which potentially is a major world lithium deposit.

COAL BED METHANE

- ❑ The country's deep-seated coal deposits offer huge opportunities for CBM development.
- ❑ Conservative estimates for the Lupane area indicates gas resources far in excess of 100million cubic metres.

6. MARKETING OF MINERALS

- The Minerals Marketing Corporation of Zimbabwe is the sole agent for the selling and marketing of other minerals produced in Zimbabwe other than gold and silver.
- Gold and silver are marketed through Fidelity Printers and Refineries, a 100% subsidiary of the Reserve Bank of Zimbabwe.

7. INVESTMENT OPPORTUNITIES

- ❑ Country has huge, highly diversified mineral endowment;
- ❑ Investment opportunities exist:
 - Across entire mining value:
 - Exploration;
 - Mining;
 - Beneficiation; and
 - Marketing
 - Across linkages with entire economy:
 - Value addition ;
 - Support services such as supplies of mining equipment and consumables, financial services, management and technical consultancy services.

EXPLORATION

- ❑ Little exploration outside rediscovering 6000 ancient workings has been done.
- ❑ Although about 60- 65 % of the country has been mapped in terms of geological characteristics or rock formations (and mineral potential), exploration to discover mineral deposits for detailed follow-up has not been done, therefore, tremendous exploration scope exists (for discovery of new and old minerals).

OPPORTUNITIES IN THE INPUTS AND SUPPLIES SECTOR

- Key subsectors with strong linkages with the mining industry include:

Subsector	Product range	Current Capacity Utilisation
Engineering, iron and steel	Plant and equipment, and iron and steel products	30%
Chemical products and Reagents	Chemical products	40%
Protective clothing and general consumables	Protective clothing products	50%

- *The presence of excess capacity in the upstream sector provides opportunities for joint venture arrangements in resuscitating of closed manufacturing companies.*

FUNDING GAP FOR THE ZIMBABWE MINING INDUSTRY

- The Zimbabwe mining industry has a funding gap of around US\$11 billion to optimise production.

	USD million
Gold	900
Platinum	7,000
Diamond	500
Nickel	220
Chrome	410
Coal	300
Lithium	250
Asbestos	150
Iron and Steel	800
Other e.g. Coal Bed Methane etc	570
Total	11,100

8. LEGISLATIVE AND POLICY DEVELOPMENTS IN THE ZIMBABWE MINING INDUSTRY

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Indigenization and economic Empowerment Policy

- ❑ Government, through the 2018 Finance Act has exempted all minerals, except diamond and platinum from complying with the Indigenisation Law.
- ❑ Indigenisation thresholds for platinum and diamond were retained at 51%/ 49%.

Mines and Minerals Act

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- Government is in the process of amending the Mines and Minerals Act
- The Amendments seek to simplify and modernise the country's key Mining Law.
- The process is expected to be finalised by end of June 2018.

Minerals Development Policy

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- ❑ Government is developing a Minerals Development Policy to guide the growth and development of the mining industry.
- ❑ The Chamber of Mines is participating in the process. The Policy is expected to be finalised during the year.

9. MINING FISCAL AND TAX INCENTIVES

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Royalty

Royalty is calculated as a percentage of the gross fair market value of minerals produced and sold as follows:

- | | |
|------------------------|----------------------------------------|
| □ Precious Stones | 15% |
| □ Gold- large scale | 3% on incremental output and cap of 5% |
| □ Gold -small scale | 1% |
| □ Platinum | 2.5% |
| □ Base Metals | 2% |
| □ Industrial Minerals | 2% |
| □ Coal Bed Methane Gas | 2% |
| □ Coal | 1% |

INCOME TAX AND ALLOWANCES

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- Income tax on mining operations is levied at :
 - ▣ 25% for ordinary title holder and
 - ▣ 15% for Special Mining Lease holders

- All capital expenditure incurred exclusively for mining operations is deductible at a rate of 100%.

- Mining companies enjoy indefinite carry forward of their tax losses.

- Investors are allowed to borrow locally for working capital purposes.

CAPITAL AND DIVIDENDS FLOWS

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- There is no restriction on the amount of foreign currency brought into Zimbabwe, the foreign investment equity can be in the form of cash or capital equipment.
- Investments of more than US\$100 Million qualify for Special Mining Lease, which allows investors to negotiate for favourable concessions.
- There is no restriction on dividend remittances and on disinvestment

Established support institutions

- There are well established business organizations and professional bodies
 - ▣ Chamber of Mines of Zimbabwe
 - ▣ Zimbabwe Miners Federation
 - ▣ Southern African Institute of Mining and Metallurgy
 - ▣ Association of Mine Managers of Zimbabwe
 - ▣ Association of Mine Engineers of Zimbabwe
 - ▣ Association of Mine Surveyors of Zimbabwe
 - ▣ Geological Society

10. CONCLUSION

- Zimbabwe's mining sector presents many competitive opportunities:
 - Highly prospective geological environment comparable to that of major mining countries;
 - Abundance of diverse minerals;
 - Availability of a highly qualified labor force that is willing to work;
 - Attractive investment incentives;
 - Availability of infrastructure;
 - Commitment to competitive operating environment;

NOW IS THE OPPORTUNE TIME TO INVEST

ZIMBABWE IS OPEN FOR BUSINESS

THANK YOU