Mining Industry Prospects for 2025

incorporating

The State of the Mining Industry Survey Report

Sponsored by

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October 2024

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THE CHAMBER OF MINES

OF ZIMBABWE

The Chamber is established for the purpose of promoting, encouraging, protecting and fostering the mining industry and doing everything necessary and advisable for those objects.

Contents

Foreword by the President of the Chamber of Mines

The recent growth and prominence of the mining industry continue to generate debate among key stakeholders regarding the sector's contribution to the socioeconomic development of the country.

Realising the need to overcome the information asymmetries, the Chamber of Mines launched the State of the of the Mining Industry Survey Report in 2015.

Over the years, the State of the Mining Industry Survey report has emerged to become a prominent evidence-based study that has been useful in assessing the state and prospects for the mining industry. Most stakeholders have confirmed that the Report is rich in information and that they are using the survey findings in their decision making.

We believe that the report will continue to be useful to all stakeholders. The Chamber of Mines will continue working closely with the Ministry of Mines and Mining Development and other arms of Government in ensuring that the industry maximises its contribution to the socio-economic development of the country.

My best regards

Thomas Gono
President

Sponsor's Memo

The Chamber of Mines is once again proud to sponsor the State of the Mining Industry Survey Report, a data-driven empirical inquiry into the performance and prospects of the mining industry.

As per tradition, the Chamber of Mines engaged independent research Consultants to conduct the survey, covering the whole spectrum of research from the research design to the presentation of findings.

To ensure independence and objectivity, the Chamber of Mines' role was restricted to sponsoring and facilitating access to privileged data and information of our Members who formed a greater part of the respondents.

The Chamber remains committed to meeting the information needs of all stakeholders. It is my hope that the information in this Report will be valuable to all stakeholders. We continue to urge stakeholders to provide feedback to the Chamber of Mines secretariat to improve the coverage of issues that they believe is important and to improve the quality of the document.

We would like to thank the Survey Consultants led by Professor Albert Makochekanwa of the University of Zimbabwe for working hard to produce this Report. We welcome stakeholder feedback on this report for improvement of future editions.

Best regards,

Isaac Kwesu

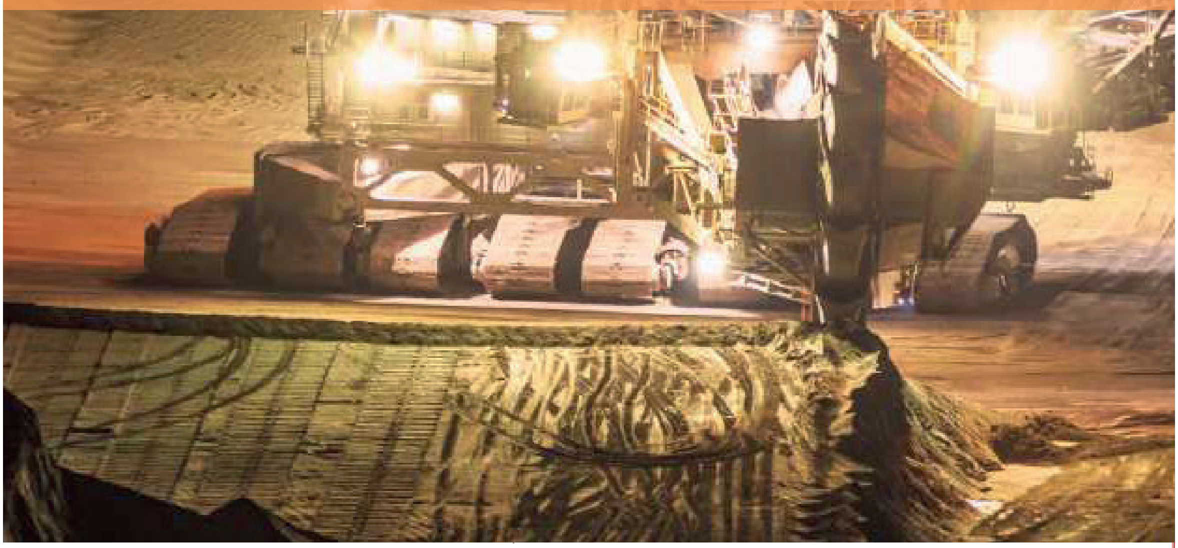
Chief Executive Officer

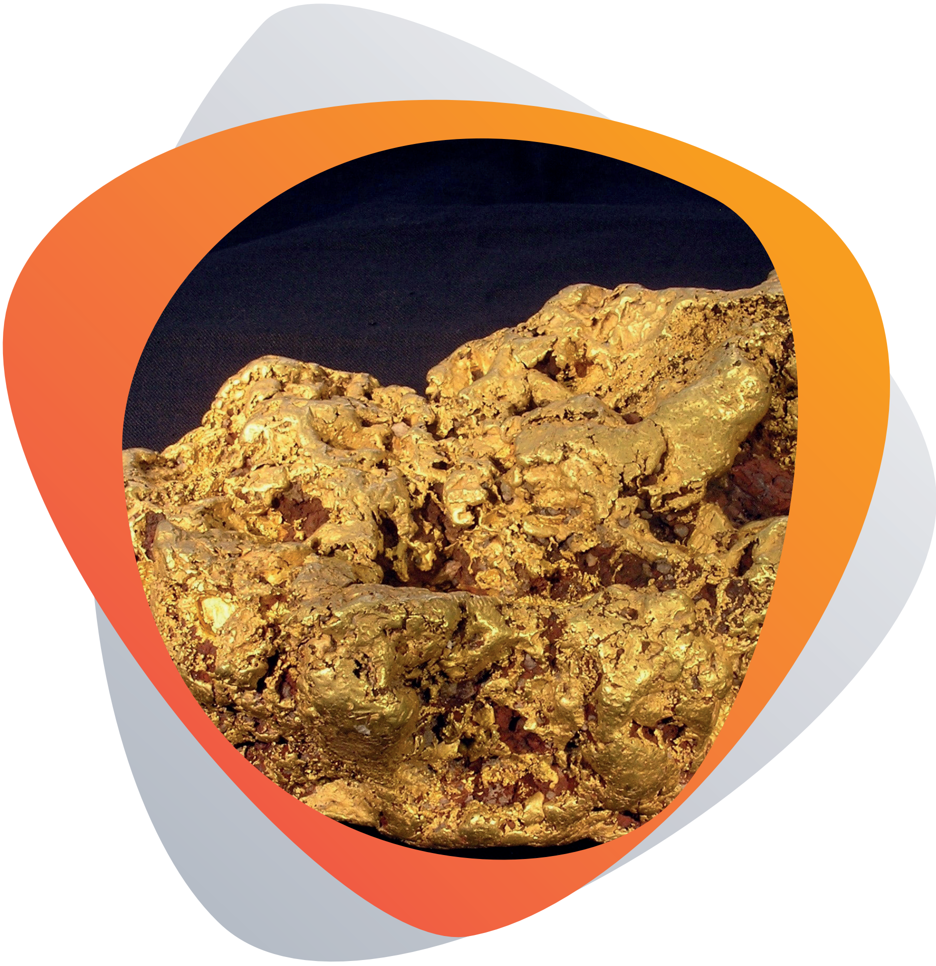
Our Mandate

The Chamber of Mines of Zimbabwe was established for the purpose of promoting, encouraging, protecting and fostering the mining industry and doing everything necessary and advisable for these objects.

Our Mission

We are committed to taking leadership position in Zimbabwean mining space, working with our members and stakeholders to deliver a safe, enduring, valued and profitable resources industry for Zimbabwe.





Executive Summary

Executive Summary

Mining business confidence increases

The MBCI for 2025 is positive (+5.4), which means that mining executives are generally confident about their businesses' prospects in 2025.

The positive MBCI was driven by variables such as commodity market outlook, mining industry growth.

Profitability of mining projects expected to decline

The measured profitability prospects index for 2025 is -0.7. Mining executives are generally pessimistic about profitability of their businesses in 2025 weighed down by anticipated high-cost structure and weak commodity price prospects.

Mineral revenues to increase

Mineral revenue is expected to increase by approximately 2% in 2024 and by around 10% to approximately US$6 billion in 2025 from about US$5.5 billion in 2024 on the back of improved output and some anticipated commodity price recovery in 2025.

Infrastructure and energy prospects weighed down by fragile and expensive power

The measured index for infrastructure prospects for 2025 is -5.3. This means that mining executives are expecting the infrastructure and energy situation to worsen in 2025 on the back of increasing demand and prospects for an increased tariff in 2024.

Commodity market conditions expected to improve

The measured index for commodity market outlook for 2025 is +13.1. This means that mining executives are generally optimistic about the prospects of improved commodity market conditions in 2025 and are anticipating commodity prices of key minerals to gradually pick up in 2025.

Capacity utilization set to reach 90%

Survey findings show that average capacity utilization for the mining industry is expected at 90% in 2025, up from 84% in 2024. Key sectors anticipated to drive the improvement in capacity utilization are gold, ferrochrome, and PGMs.

Investment environment expected to worsen.

The measured index for investment competitiveness for 2025 is -12.4. This means that mining executives are generally pessimistic about prospects for a competitive investment environment in 2025 citing unstable fiscal regime, uncertainty on mining policy and legislation and policy reversals

Mining fiscal framework expected to undermine production in 2024.

The measured index for mining fiscal regime prospects for 2025 is -5.9. This means that mining executives are generally pessimistic about the prospects for an optimal fiscal regime in 2025 citing a multiplicity of taxes, high royalty, beneficiation taxes, special capital gains tax and high fees and levies.

Access to foreign currency expected to worsen

The measured index for prospects for improved access to foreign exchange for 2025 is -29.4. This means that mining executives expect access to foreign currency to deteriorate in 2025. Respondent mining executives indicated that they were facing difficulties in accessing adequate foreign currency to meet their requirements.

Mining policy environment to remain challenging

The measured index for mining policy and legislation for 2025 is -5.7. This means that mining executives expect the mining policy and legislative environment to worsen in 2025. citing unstable policy environment and uncertainty surrounding the finalization of amendments to the Mines and Minerals Act, Economic Empowerment Bill, Local Content Implementation Framework

Mining sector employment to grow

The measured index for employment prospects for 2025 is +5.1. This means that in general, mining executives are positive about increasing employment numbers in 2025 and mining industry formal employment is expected to increase by around 3% in 2025 to 58,700, from 57,000 in 2024.

Key Highlights in Numbers

37% decrease
in accidents in 2024

Mineral Exports
US$5.5 billion for 2024
US$6 billion 2025

Capital expenditure for 2025
US$600 million

Employment to increase by 3% in 2025
to 58,700 from 57,000 in 2024

Payments to Government
US$960 million for 2024
US $1 billion for 2025

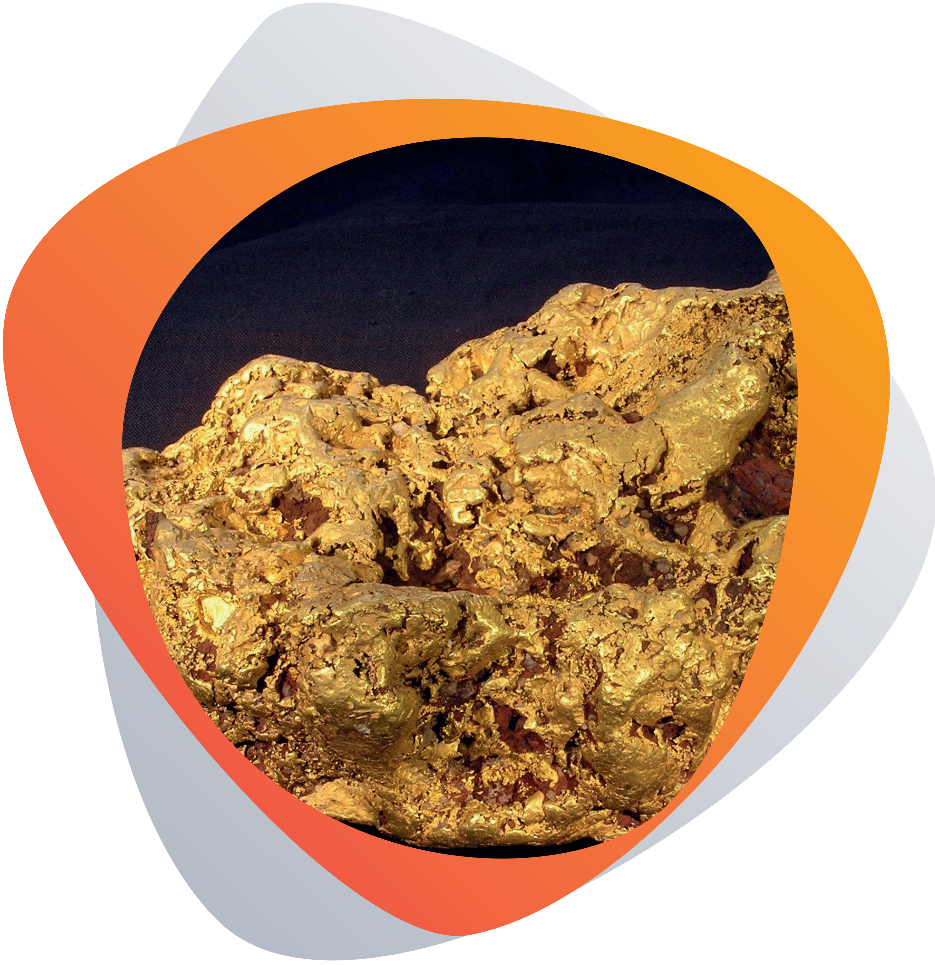
Payments to Suppliers
US$2 billion for 2024
US$ 2.3 billion for 2025

Mining sector output is expected to grow by around 7% in 2025

Lead Researchers

Dr . C . Pindiriri

Professor . A . Makochekanwa



Background and Methodology

Rationale and Justification

The State of the Mining Industry Survey and Business Confidence Reports were conceived in 2015 to provide a detailed account of the state of affairs in the mining industry vis-à-vis key performance opportunities, prospects and challenges in the mining sector. Since its inception, the report has become the main reliable source of the state of affairs on the performance and prospects of the mining industry.

The survey reports have assisted to bridge the information gap and provide leverage for government policy as well as strategic planning for other key stakeholders that include mining houses, investors, financiers, suppliers, labour and communities.

Methodology

The Survey Report is based on both primary and secondary data. The cluster sampling method was used to draw a sample from the population of mining operators and related institutions. Both qualitative and quantitative data were collected using administered questionnaires, interviews, secondary data reviews and field trips. The general response rate was around 95%, with the sample results representing to a large extent the general behaviour of the whole mining industry.

Mining Business Confidence Index (MBCI)

The mining business prospects are measured by the Mining Business Confidence Index (MBCI) which gauges the mining business sentiments (optimism or pessimism) about the prospects of the mining industry in the next 12 months. The 2025 MBCI was computed based on the sentiments of mining executives and investors based on the following variables:

1. Mineral output growth prospects
2. Expenditure on capital projects prospects
3. Commodity Market Outlook
4. Profitability prospects
5. Employment prospects
6. Investment competitiveness
7. Access to capital prospects
8. Mining fiscal regime prospects
9. Access to foreign exchange
10. Mining policy environment
11. Economic growth outlook
12. Infrastructure and energy prospects

Interpretation of the Mining Business Confidence Index

The MBCI is interpreted from a scale ranging from -100 to +100, with the lowest score representing the least level of confidence and the biggest score representing the highest level of confidence. A score of 0 to +100 indicates that mining executives are optimistic about the prospects of their businesses while a score of 0 to -100 indicates that mining executives are pessimistic about the prospects of their businesses.

Safety, Health and Environment

Safety Records for the Mining Industry

Survey findings show that safety records for the mining industry generally improved in 2024 compared to 2023.

Accidents

Survey findings show that there was a general decrease in accidents for the period January to August compared to the same period last year. A total of 79 fatal accidents were reported in the mining sector for the period January to August 2024, representing a 37% decrease from the 126 fatal accidents recorded during the same period in 2023. These accidents resulted in 89 fatalities. The distribution of fatal accidents and fatalities show a similar pattern, 11% occurred in large-scale operations, while small-scale and illegal operations accounted for 89%.

Fatal Accidents for the period January to August 2024

Category of mineral Producer	No. of Fatal Accidents	Fatalities
Large Scale	9	10
Small Scale and Illegal	70	79
Total	**79**	**89**
Contribution of large- scale accidents to total	11%	11%
Contribution of small and illegal	89%	89%

Source: Ministry of Mines and Mining Development

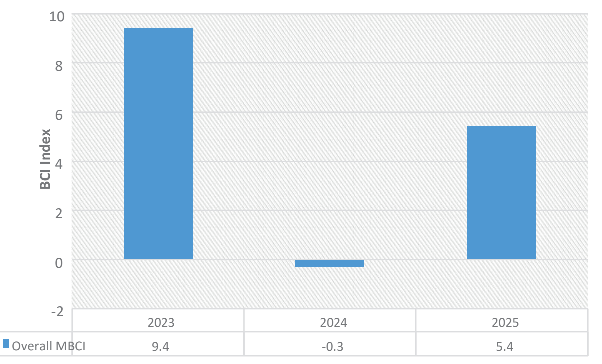
Mining Industry Initiatives to Promote Safety at Mines

Survey respondents indicated that, from the beginning of 2024, artisanal and small-scale miners were being trained on safety, health and environmental awareness by the Ministry of Mines and Mining Development, so they adopt sustainable and safe mining practices. Through its Safety, Health, and Environment Committee, the Chamber of Mines also reported that they continued to implement proactive initiatives aimed at continually improving safety outcomes in the mining sector, including SHE audits, First aid competitions, Mine rescue competitions, and SHE seminars and workshops.

The Overall Mining Business Prospects for 2025

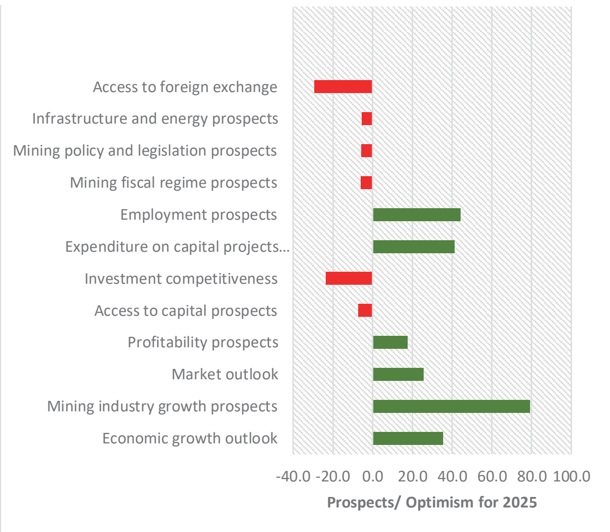
Mining Industry Prospects for 2025

The Mining Business Confidence Index (MBCI) gauges mining business sentiments (optimism or pessimism) about the mining industry's prospects in the next 12 months. The MBCI for 2025 is positive, which means that mining executives are generally confident about their businesses' prospects in 2025. The 5.4 confidence index for 2025 is an improvement from the -0.3 measured for 2024.



Source: 2024 Survey Data

The positive MBCI was driven by variables such as commodity market outlook, mining industry growth outlook, and expenditure on capital projects prospects. On the other variables such as access to foreign exchange, investment, competitiveness and infrastructure and energy prospects continued to weigh down the MBCI.



Source: 2024 Survey Data

Findings on measured variables

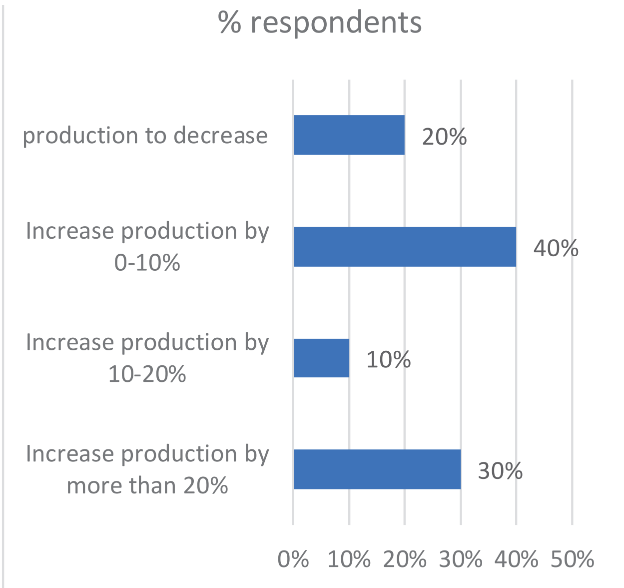
	2025	2024
Overall MBCI	**5.4**	**-0.3**
Economic growth outlook	8.7	1.3
Mining industry growth prospects	79.2	49
Market outlook	13.1	10
Profitability prospects	-0.7	-1.2
Access to capital prospects	-7.2	-5
Investment competitiveness	-12.4	-8.3
Expenditure on capital projects prospects	3.2	3
Employment prospects	5.1	3.6
Mining fiscal regime prospects	-5.9	-7.2
Mining policy and legislation prospects	-5.7	-4.1
Infrastructure and energy prospects	-5.3	25
Access to foreign exchange	-29.4	-29

Source: 2024 Survey Data

1. Mineral output growth prospects

The measured index for mineral output growth prospects for 2025 is 79.2. This means that respondent mining executives are generally optimistic about the prospects of ramping up production in 2025. Approximately 80% indicated that they will ramp up production by up to 20% in 2025.

Production forecasts for 2025



Source: 2024 Survey Data

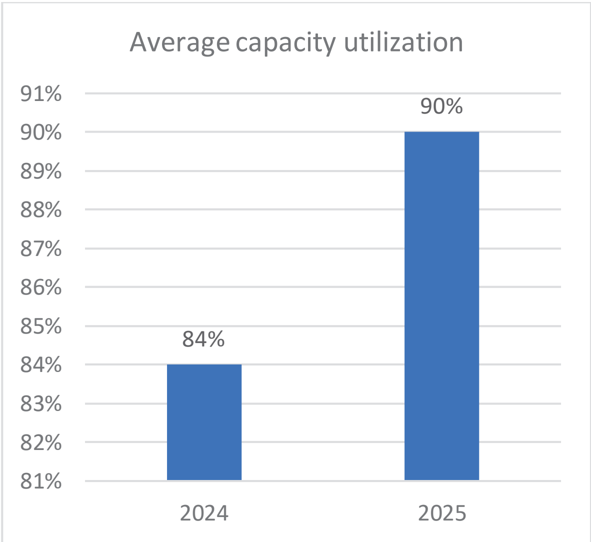
Further analysis of planned production targets show that the mining sector output is expected to grow by a weighted average of around 7% in 2025. Respondent mining executives indicated that the production targets will be largely anchored by ongoing expansion activities as well as new projects. Further analysis of the projections across mineral subsectors shows the following average output numbers for selected minerals, with all key minerals expected to record output increases in 2025, compared to 2024.

Projected Output performance for selected minerals			
Mineral	**2024(estimate)**	**2025 f**	**% Change**
Gold (Kg)	33,000	36,000	9%
Platinum (Kg)	18,800	19,500	4%
Palladium (Kg)	15,600	16,100	3%
Diamonds (Cts)	6,300,000	6,800,000	7%
Nickel (Mt)	15,600	16,000	3%
Coal (t)	5,000,000	5,500,000	10%
Chrome (Mt)	2,700,000	3,000,000	10%
Lithium (Mt)	3,575,000	5,000,000	32%

Source: 2024 Survey Data

Capacity Utilization Prospects

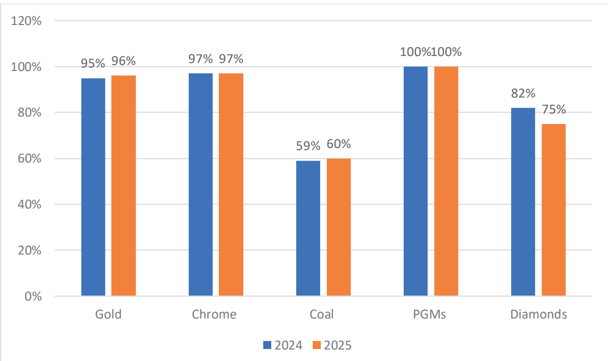
Survey findings show that average capacity utilization for the mining industry is expected at 90% in 2025, up from 84% in 2024.



Source: 2024 Survey Data

Some respondents indicated that they installed new capacity at their operations and were ramping up production towards achieving full capacity utilization.

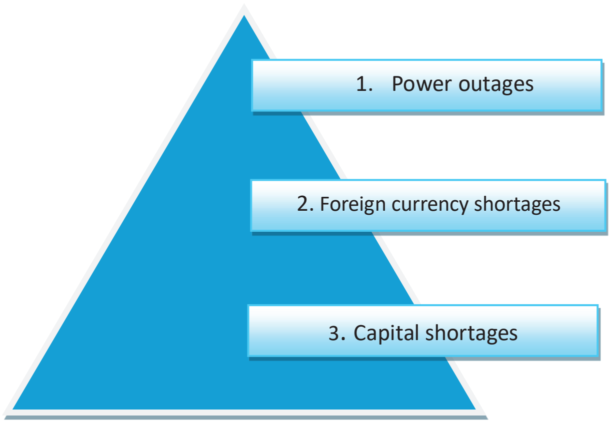
Average capacity utilization by sub-sector



Source: 2024 Survey Data

Production Constraints

Key constraints identified as undermining production prospects and capacity utilization are as below in order of severity.



Source: 2024 Survey Data

Power outages

Most respondent mining executives (100%) indicated that they were facing unscheduled power outages resulting in production stoppages and output losses. Analysis of survey data shows that the mining industry is losing up to 10% of potential output due to power outages.

Foreign currency shortages

Most mining companies 100% reported that they were facing foreign currency shortfalls to import critical inputs for production as well as procuring local inputs which are predominantly priced in foreign currency. Analysis of survey data shows that foreign currency shortfalls have resulted in production losses averaging 6%.

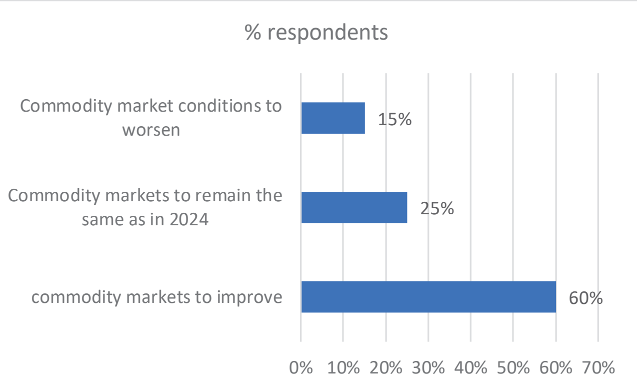
Capital shortages

Respondent mining executives indicated that they were facing funding constraints to implement their capital projects. They highlighted that they are funding their capital projects with internal resources with limited access to offshore financing due to perceived country risk.

2. Commodity Market Outlook

The measured index for commodity market outlook for 2025 is +13.1. This means that mining executives are generally optimistic about the prospects of improved commodity market conditions in2025. Analysis of survey data shows that the respondents in key minerals are anticipating commodity prices to gradually pick up in 2025.

Commodity market prospects



Source: 2024 Survey Data

Commodity price prospects

Gold producers are expecting gold prices to remain bullish increasing by an average of 12% in 2025. The findings show that PGMs producers expect PGM prices to gradually improve but remain significantly below recent peaks. Nickel producers expect prices to pick up by an average of 14% in 2025 while lithium producers expect an average price decline of 15% in 2025. Survey respondents' projections are somewhat aligned with other independent researchers whose average price forecasts are as below.

Price forecasts for key commodities

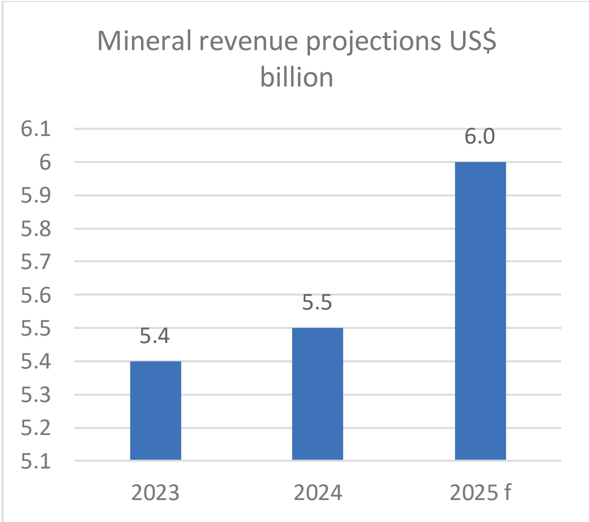
US$	2024 average	2025 f	% change
Gold/toz	2,600	2,900	12%
Platinum/toz	950	1,100	16%
Palladium/toz	1,030	1,200	16%
Nickel/mt	17,500	20,000	14%
Lithium/mt	13,000	11,000	-15%

Source: Pinksheet, IMF, Trading economics

Mineral Revenue Prospects

Analysis of survey data shows that, on average, mineral revenue will increase by approximately 2% in 2024. Further interrogation of revenue projections by respondent mining houses shows that mineral revenue for 2025 will increase by around 10% to approximately US$6 billion from about US$5.5 billion in 2024. Respondents cited prospects for improved output and some anticipated commodity price recovery in 2025 to boost mineral earnings.

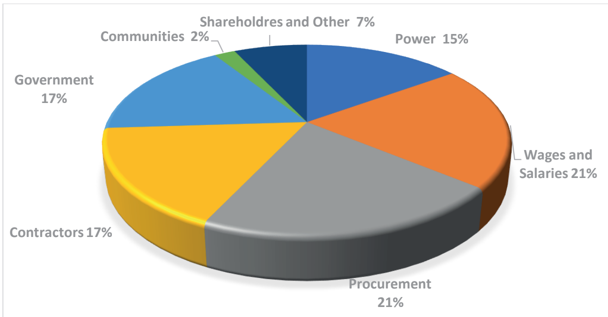
Mineral export (revenue) forecasts (US$ billion)



Source: 2024 Survey Data

Distribution of 2024 mineral revenue

Analysis of survey data show that procurement (excluding contractors) 21%, contractors 17%, Government taxes (17%), employment costs (21%) and power (15%) consume around 91% of mining companies' revenues.



Source: 2024 Survey Data

Sharing the US$5.5 billion generated in 2024

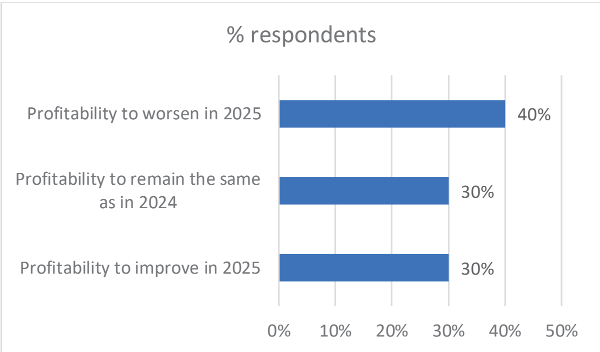
	2024 US$
Procurement	1,155,000,000
Contractors	935,000,000
Government taxes	935,000,000
Wages and salaries	1,155,000,000
Power	825,000,000
Communities	11,000,000
Shareholders and Other	385,000,000

Source: 2024 Survey Data

3. Profitability Prospects for the Mining Industry

The measured profitability prospects index for 2025 is -0.7. This means that mining executives are generally pessimistic about profitability of their businesses in 2025. Survey findings show that about 40% of respondents, indicated that their profitability will worsen in 2025, citing anticipated high-cost structure and weak commodity price prospects.

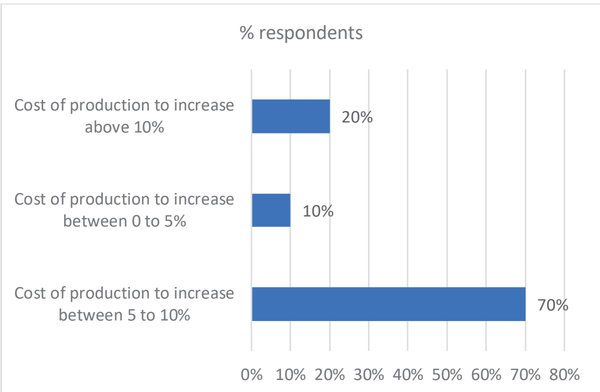
Profitability prospects



Source: 2024 Survey Data

Cost of production/ Mining industry cost drivers

Analysis of survey responses shows that mining executives are expecting their costs to increase by an average of 8% in 2025. Approximately 70% of respondents indicated that their cost of production will increase by between 5% and 10% in 2025. About 20% of respondents indicated that their cost of production will increase by over 10% while 10% indicated that their cost of production will increase by between 0% and 5%.



Source: 2024 Survey Data

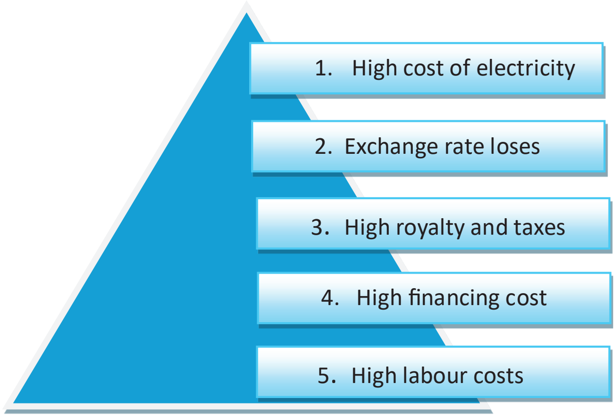
Further analysis of survey data on mining industry cost structure shows the following average cost of production forecasts.

Production cost/unit

Mineral	2023	2024	2025 proj
Gold($/oz)	1,632	1,305	1,520
PGMs ($/oz)	1,032	1,081	1,150
Ferrochrome (USc/lb.Cr)	124.7	124.6	134.5
Coal($/mt)	40	40	41

Source: 2024 Survey Data

Respondents cited the following to be major cost drivers by order of severity of impact:



Source: 2024 Survey Data

Cost of electricity

Most survey respondents (95%) indicated that the current electricity tariff framework is suboptimal highlighting that it is unaffordable and uncompetitive compared to regional averages. Survey findings show that mining executives are generally concerned about the high electricity tariff which is pegged at USc14.21/KWh with a peak tariff of around USc19/KWh. They also indicated that during power outages they resort to diesel powered generators which are expensive to run and have an implied tariff exceeding USc30/kwh.

Analysis of electricity tariffs for selected jurisdictions with significant mining activities show the following average business tariffs:

Business tariffs for selected countries

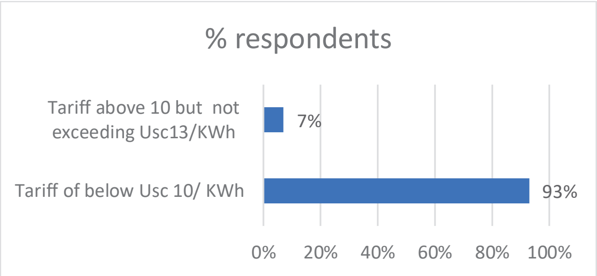
Country	Business Tariff USc/kWh
Botswana	11.4
Canada	9.4
DRC	9.5
Namibia	7.79
Ghana	5.8
Morocco	9.8
Mozambique	8
Tanzania	10.1
South Africa	9.2
Zambia	5.3
Zimbabwe	**14.21**
Regional Average	**7.8**

Source: Statista, IEA

Recommended tariff

In terms of tariff tolerance, about 93% of mining executives indicated that they would accommodate a tariff of less than USc10/kwh while 7% indicated that they would tolerate a tariff of above USc10/kwh but not exceeding USc13/kwh. Analysis of tariff proposals show that the average recommended tariff for the mining industry is around USc8.75/kwh.

Recommended tariff proposals



Source: 2024 Survey Data

Exchange rate losses

Survey findings show that respondent mining executives were losing almost half of their mandatory 25% surrender portion of export proceeds due to exchange rate disparities. They further indicated that the 25% surrender portion is liquidated at the official exchange rate at a time actual input costs are valued at the parallel market rate which, in some instances is double the official rate. They reported that the loss arising from the parallel market premiums is a direct cost and is akin to a tax on exporters gross proceeds.

Labor Costs

Respondent mining executives indicated that wage costs increased by an average of 4% in 2024 and are anticipating further increase in 2025. They highlighted that they are expecting wage demand pressures emanating from the loss of value of the local unit and exchange rate disparities. They also indicated that labour unions are demanding full payment of wages in USD, which will negatively affect foreign exchange available for operations.

Mining industry initiatives to contain costs

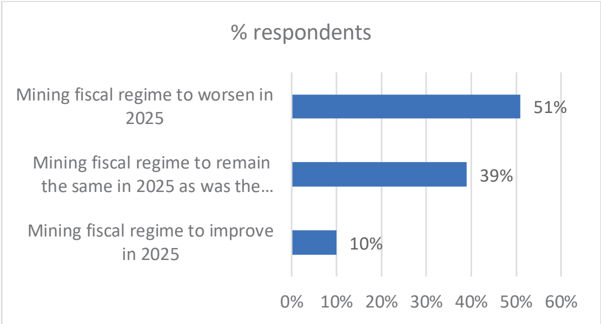
Mining executives indicated that they are taking the following initiatives to contain their cost of production:

- Deferring some capital projects,
- Improving efficiencies
- Rationalization and optimization of procurement
- Freezing on hiring and multi-tasking where possible
- Labor optimization

4. Mining Fiscal Framework

The measured index for mining fiscal regime prospects for 2025 is -5.9. This means that mining executives are generally pessimistic about the prospects for an optimal fiscal regime in 2025. The measured index for 2025 is lower than the +12.5 recorded for 2024. Most mining executives, about (90%), indicated that the fiscal framework for the mining industry is suboptimal, citing a multiplicity of taxes, high royalty, beneficiation taxes, special capital gains tax and high fees and levies.

Mining fiscal regime



Source: 2024 Survey Data

Royalty

Respondents in the PGMs, diamond and lithium sectors indicated that the royalty is too high impacting negatively on the viability of the subsectors. Analysis of regional royalty levels shows that Zimbabwe's royalty levels are higher compared to regional counterparts.

Royalty recommendations

The majority of respondents recommended a price-linked royalty arguing that it will go a long way in balancing Government revenue and mining sector viability.

Royalty comparison by country and mineral

Country	Gold	Lithium	Diamond	Base Metals	Platinum
South Africa	Not mineral specific, dependent on profit with a min. of 0.5% up to a max. of 7% for unrefined and 5% for refined.				
Angola	5%	3.75%	5%	3%	-
Zambia	2%	5%	5%	5%	-
DRC	2%	3.5%	-	2.5%	-
Botswana	3%	5%	3%	10%	-
Tanzania	3%	5%	5%	-	-
Zimbabwe	Large scale: 3%-5% Small scale- 1%	5%	10%	2%	7%

Source: PWC, IMF

Beneficiation tax on PGMs concentrates

The executives in the PGMs sector indicated that the Government deferred beneficiation tax on PGMs concentrates to 1 January 2025. They reported that as agreed with the Government, they signed commitment letters to utilize existing facilities from those that have excess capacity. They therefore recommended that the beneficiation tax on concentrates be aligned to the agreed PGMs beneficiation roadmap and timelines.

Beneficiation tax on lithium

Respondent executives in the lithium sector reported that the beneficiation tax on lithium was deferred pending engagements with the government to agree on a beneficiation roadmap for the lithium industry.

Special capital gains tax

Respondent mining executives indicated that the Special Capital Gains Tax is suboptimal. They raised the following concerns on the Special capital gains tax:

- Application of the tax in retrospect
- The 20% rate is high and unaffordable
- The tax is applied to the buyer and not the seller as per best practice
- The tax is levied on gross proceeds and not on gain

Most junior mining companies reported that this tax has forced them to put on hold exploration projects for discovering new assets.

Recommendations on SCGT

Respondent executives underscored the need to review the SCGT framework to single out only those transactions where the parties had not complied with the laws and regulations at the time the mineral rights transfer was concluded and penalize them in line with that legislation that prevailed at the time.

Environmental levies

Most mining executives, about 80%, indicated that the environmental levies are suboptimal. They indicated that the EIA levy framework of 0.8% with upwards of 1.2% of the total project cost is high and uncompetitive.

Recommendation on levies

Survey respondents recommended that the EIA levies must be aligned to regional averages which do not exceed US$ 10,000. Majority of respondent mining executives recommended the adoption of an insurance based Environmental Rehabilitation Fund as opposed to a levy on their gross revenue.

Mining fees

Respondent mining executives reported that some mining fees and charges including ground rental fees were high and unaffordable, impacting negatively on the viability of mining projects. **They recommended that the high fees be reduced and aligned to regional averages.**

Rural District Council (RDC) levies

Most mining executives, 90%, indicated that RDC levies are high compared to regional averages and vary across different rural district councils. They noted that the formula used to calculate these levies is not standardized, and the implied unit charges are disproportionately high. **They recommended that RDC levies be reduced and standardized across mineral subsectors and districts.**

Effective tax for the mining industry

The majority of respondent mining executives, (90%), indicated that the effective tax for the mining industry is generally high. Analysis of total tax and profitability data submitted by mining companies shows that the effective tax rate for the mining industry is around 69%. Survey respondents indicated that this level of taxation is unsustainable, as it diverts a significant portion of capital intended for reinvestment in capital projects. They also cited that mining companies have predominantly been relying on retained earnings to fund their capital projects and argued that the high effective tax is reducing available retained earnings for reinvestment into capital projects.

Effective tax for the mining industry

	2023	*2024*
Revenue	US$ 5.6 billion	US$ 5.4 billion
Profit before tax	24%	25%
Payments to Government	18%	17%
Effective tax rate (calculated as payments to the Government divided by profit before tax)	76%	69%

Source: 2024 Survey Data

Inter Country Comparison - Effective Tax 2023

Further analysis of effective tax data in the region shows that the effective tax for Zimbabwe is higher than regional and international averages.

	Effective Tax Rate
Western Australia	31
Chile	39
China	33
South Africa	44
Peru	57
Brazil	58
Ghana	56
DRC	61
Zambia	60
Zimbabwe*	69%

**2024*

Source: Australian Aid

5. Infrastructure and energy prospects

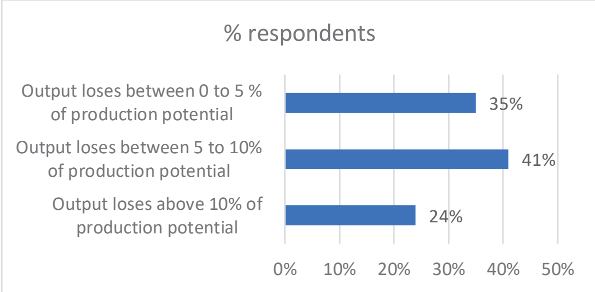
The measured index for infrastructure prospects for 2025 is -5.3. This means that mining executives are expecting the infrastructure and energy situation to worsen in 2025.

Power supply

Almost all respondents (99%) reported that power supply was generally fragile with most mining executives reporting that they were experiencing unscheduled power outages averaging around 8 hours per day. Ferrochrome producers indicated that they were directed to reduce their power demand from the grid by 10 MW. Respondent executives reported that they sometimes receive poor quality electricity which is characterized by incidences of high and low voltage. In the outlook for 2025, mining executives are expecting the power situation to further deteriorate.

Output losses due to power outages

Almost all respondents indicated that power outages were resulting in production stoppages and output losses. About 76% reported that they were losing up to 10% of their production potential while 24% indicated that they were losing more than 10% of production potential.



Source: 2024 Survey Data

Analysis of survey data show that the mining industry is estimated to have a lost of around US$ 500 million of potential revenue due to output losses arising from power outages.

Recommendation on power supply

All respondent executives underscored the need to prioritize mining companies for available power to minimize production stoppages and output losses. They further recommended the following:

- Incentivize private power projects including tax incentives to support investments in Independent Power Projects that supplement available power
- ZESA should release mining companies from long-term power supply contracts, allowing them to source alternative power from private independent providers like Intensive Energy User's Group
- Expediting the licensing of Independent Power Producers (IPPs) and addressing bottlenecks relating to wheeling of power.

Power Demand and Energy Usage

Analysis of survey data shows that the mining industry is currently consuming approximately 600 MW of power. In the outlook for 2025, survey data shows that the mining industry's electricity demand is expected to increase by about 18% in 2025 to around 700 MW, while diesel consumption is expected to increase by 12%.

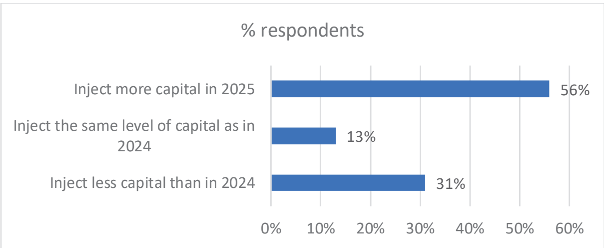
Prepaid metering for mining companies

Mining companies noted the ongoing migration to prepaid metering systems. Respondent mining executives raised concerns on the requirement to make a three-month prepayment based on the average monthly bill. They argued that this requirement would squeeze their cash flows. Respondent executives recommended a "pay-as-you-go" model instead of a security deposit framework.

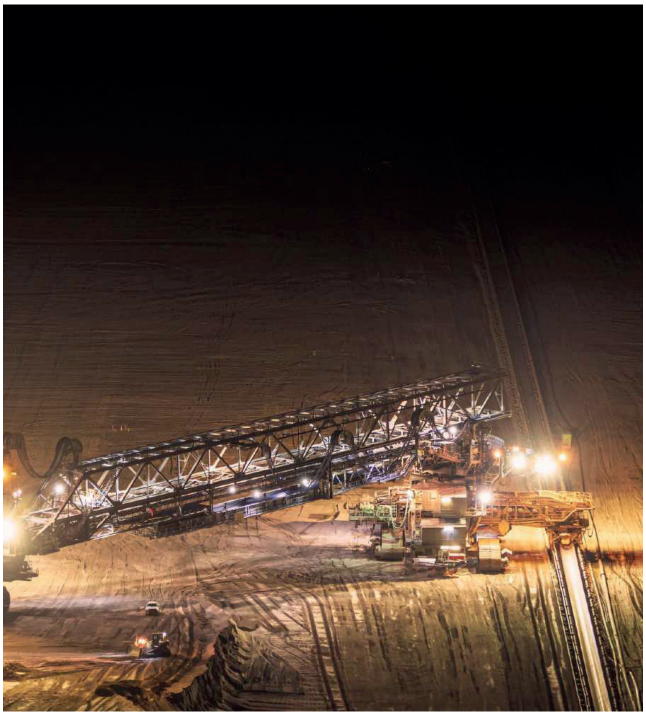
6. Prospects for Capital Expenditure

The measured index for prospects for expenditure on capital expenditure is +3.2. This means that mining executives are generally optimistic about spending on capital projects in 2025. About 56% of respondent executives indicated that they would spend more capital in 2025 compared to 2024, while 13% are planning to inject the same level of capital as in 2024. Approximately 31% of respondents indicated that while they will inject some capital in 2025, the level of capital expenditure will be less than that for 2024.

Expenditure on capital projects



Source: 2024 Survey Data



Selected Capital Projects in the Mining Industry

Company	Project Scope	Amount spent in 2024 (USD$)	Expected amount to be spent in 2025	Expected date of Completion	Expected impact on current level of production (%)
Gold Industry Capital Projects					
1. Freda Rebecca	Tailing storage facility extension	2,500,777	11,800,000	July 2025	Sustain current levels
	Exploration		2,000,000	March 2025	
2. Eureka Gold Mine	Plant thickener	3,069,620.42	-	November 2024	2%
	Power factor correction	103,693	_	November 2024	0.01%
	1. Tailing storage facilities (TSF)	4,621,632	4,001,920	March 2025	Sustain Current Production
3. Shamva Mine	Exploring drilling	366,000	560,000	November2024	Roadmap towards a strategic goal of achieving a production of 200kt of pr month
4. Blanket Mine	Expansion Project	30,800,000		December 2024	7%
	Future Projects		27,000000	December 2025	5%
5. Golden Valley	Plant	600,000	400,000	ongoing	-
	Solar	2,500,000		December 2024	-
	Clinic	800,000	200,000	June 2024	_
6. New Dawn	Elution plant	410,000	_	October2024	10%
	20 L track upgrade	110,000.00		August 2024	8%
7. Old Nick Mine		300,000			
8. Bulawayo Mining Company	Expansion projects -ramp up	300,000	4,500,000	December 2024	18%
9. Pixton and Peerless	Expansion	14,500,000	15,500,000	January 2025	26%
Coal Industry Capital Projects					
1. Zambezi Gas	Coke Oven	180,000	450,000	October 2025	60%
2. Hwange Colliery	3 Main Maintenance	2,000,000	17,000,000	2025	13%
	Battery Oven Reuscitation	5,000,000	3.1 million	2025	100%
Ferrochrome Industry Capital Projects					
1. Afrochine Smelting	2 smelters	56,030	22,662,964	2026	Increased by 28%
2. Zimasco	Mines Exploration	3,000,000	3,000,000	2025	Sustain feed for ferrochrome production.
	19m01 Ngezi 3 D24 Underground Mine	312,280	43,243	October 2025	2,500 t/ month lumpy Ore
	22M04 Three D23 Winch Mines	74,777	41,564	November 2024	900 tonnes per month (3 Winch Mines) (Lumpy ore)
	21m02 Two D24 Winch Mines	78,889	49,589	December 2024	900 tonnes per month (2 Winch Mines) (Lumpy ore)
Platinum Group Metals Capital Projects					
1. Mimosa Mining Company	Tailings Storage Facility Development	79,000,000	2,100,000	September 2024	Life of mine extension

Company	Project Scope	Amount spent in 2024 (USD$)	Expected amount to be spent in 2025	Expected date of Completion	Expected impact on current level of production (%)
2. Unki Mines	Open Pit	500,000	500,000	2026	1%
	Solar project	50,000	200,000	2027	0%
Lithium Industry Capital Projects					
Bikita minerals	Flotation plant	30,000,000	0	31 December 2024	3%
	smelters	0	100,000,000	31December 2025	95%
Sandawana	Lithium concentrate Processing plant	N/A	280,000,000	March 2026	100% at 500,000 tonnes of concentrate
Diamond Industry Capital Projects					
ZCDC	**Deep boiling facility**	**387,000**	_	November 2024	_

Mining Industry Capital Requirements (US$)

	Total (US$)
PGMs	69,000,000
Gold	100,000,000
Lithium	380,000,000
Ferrochrome	30,000,000
Coal	21,000,000
Total	600,000,000

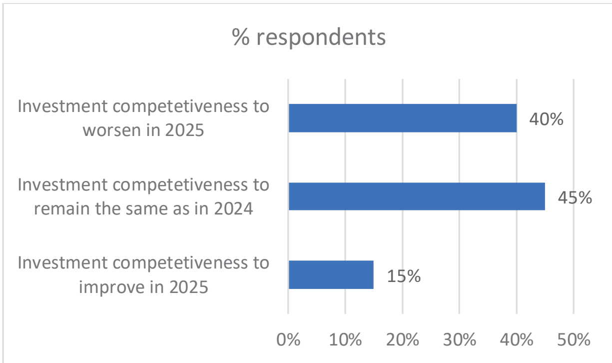
Source: 2023 Survey Data

7. Investment Competitiveness

The measured index for investment competitiveness for 2025 is -12.4. This means that mining executives are pessimistic about prospects for a competitive investment environment in 2025. Approximately 85% of respondent mining executives expect the investment environment to either worsen or remain uncompetitive as was the case for 2024. Survey respondents cited the following constraints as undermining investment competitiveness in the mining sector:

- Anticipated unstable fiscal regime
- Uncertainty on mining policy and legislation.
- Policy reversals

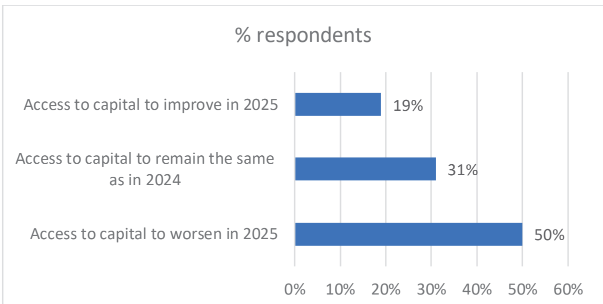
Investment competitiveness prospects



Source: 2024 Survey Data

8. Access to Capital

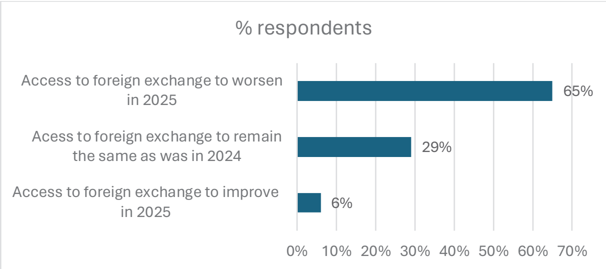
The measured index for prospects to access capital for 2025 is -7.2. This means that mining executives are pessimistic about prospects for improved access to capital in 2025. Approximately 50% of respondent executives expect worsening access to capital while 31% expect access to capital to remain the same as was in 2024



Source: 2024 Survey Data

9. Access to Foreign Exchange

The measured index for prospects for improved access to foreign exchange for 2025 is -29.4. This means that mining executives expect access to foreign currency to deteriorate in 2025. Respondent mining executives indicated that they were facing difficulties in accessing adequate foreign currency to meet their requirements. In the outlook, the majority of respondents, 94%, reported that they expect access to foreign currency to either worsen or remain depressed as was the case in 2024 while 6% of respondent executives indicated that they expect access to foreign currency to be better in 2025.



Source: 2024 Survey Data

Foreign exchange retentions

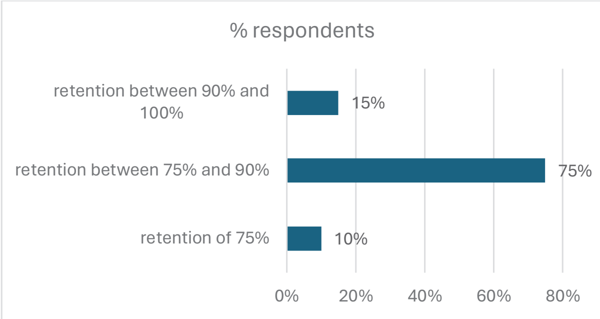
All mining executives (100%) indicated that the current 75% foreign currency retention is inadequate to meet their operational requirements and funding of expansion projects. Respondents in PGMs, lithium and base metals highlighted that the 75% retention is now being applied on a shrinking base as mineral revenues were subdued due to softening commodity prices. Respondents further reported that the retentions were under pressure from the following:

- Payment of electricity wholly in foreign currency.
- Most suppliers of goods and services now demanding payment for goods and services exclusively in foreign currency,
- Labor unions now demanding payment of wages wholly in foreign currency.
- High royalty payable wholly in foreign currency.

Recommended retention levels

Further analysis of survey data shows that the average foreign exchange retention that meets the mining industry's foreign currency requirements is at least 85%.

Proposals on retention levels



Source: 2024 Survey Data

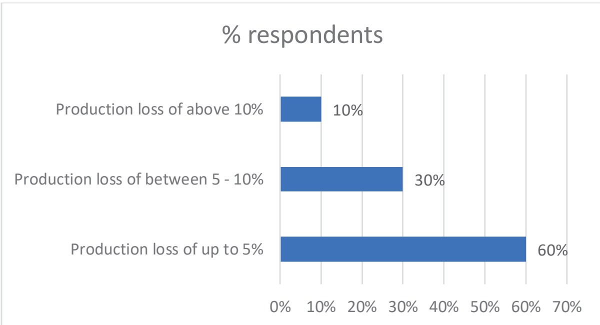
Reasons cited by respondents for the need for increased retentions

- Increased demand for payments in foreign currency
- Procurement of equipment for expansion projects
- Increase in demand for payments in foreign currency by local suppliers

Impact of foreign currency shortfalls on production

Analysis of survey responses shows that foreign currency shortfalls resulted in production losses averaging 6%.

Production losses due to forex shortages



Source: 2024 Survey Data

Surrender portion of export proceeds

Almost all respondent mining executives (98%) indicated that they are required to surrender 25% of their export proceeds to Government in exchange for ZWG, liquidated at the prevailing official exchange rate. Of major concern to respondents is that they source local inputs that are priced at significantly depreciated parallel market rates, while their surrender portion is liquidated at the overvalued official exchange rate.

Analysis of the exchange rates show that the parallel market premium widened for the greater part of 2024 to as high as 100%. These exchange rate disparities have resulted in the loss of value of the surrender portion by an upwards of 50%.

Survey respondents indicated that the 50% loss in the value of the surrender portion is akin to approximately 12% tax on exporters' gross proceeds.

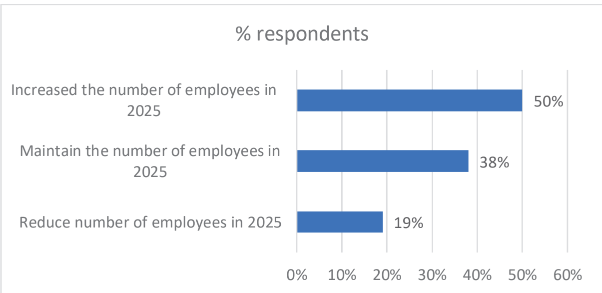
Recommendation on surrender portion of export proceeds

Respondent mining executives underscored the need for fair compensation for the surrender portion through the following:

- Creating home for ZWG balances through increased portion of taxes and statutory obligations payable in ZWG.
- Ensuring that major suppliers accept ZWG payments at the official exchange rate.

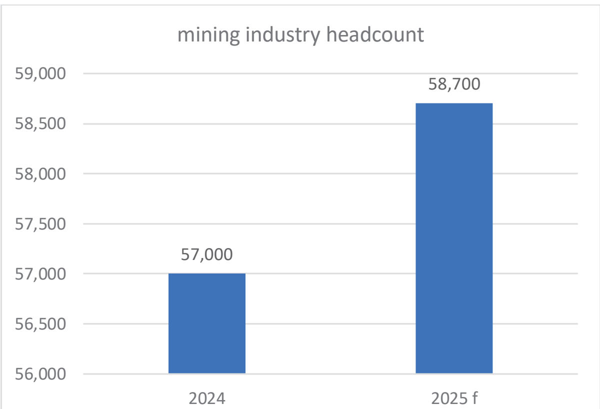
10. Employment Prospects

The measured index for employment prospects for 2025 is +5.1. This means that in general, mining executives are positive about increasing employment numbers in 2025. Approximately 50% of mining executives indicated that they plan to increase the number of employees in 2025 citing ongoing expansion projects to drive increased hirings. About 38% are expecting to maintain the same level of employment in 2025.



Source: 2024 Survey Data

Further analysis of survey data shows that mining industry formal employment is expected to increase by around 3% in 2025 to 58,700, from 57,000 in 2024.

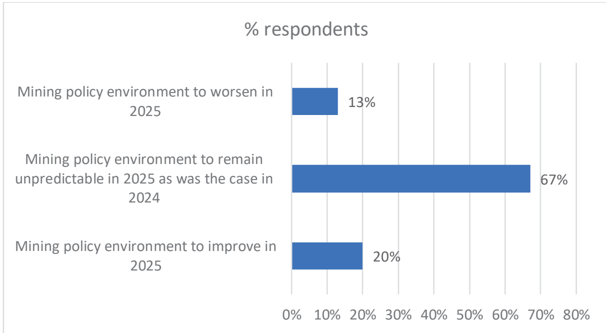


Source: 2024 Survey Data

11. Mining Policy and Legislation

The measured index for mining policy and legislation for 2025 is -5.7. This means that mining executives expect the mining policy and legislative environment to worsen in 2025. They cited unstable policy environment and uncertainty surrounding the finalization of amendments to the Mines and Minerals Act, Economic Empowerment Bill, Local Content Implementation Framework, as key areas of concern. As the case in 2024, the majority of the respondents ,67%, expect the mining policy environment to remain unpredictable in 2025 as was the case in 2024.

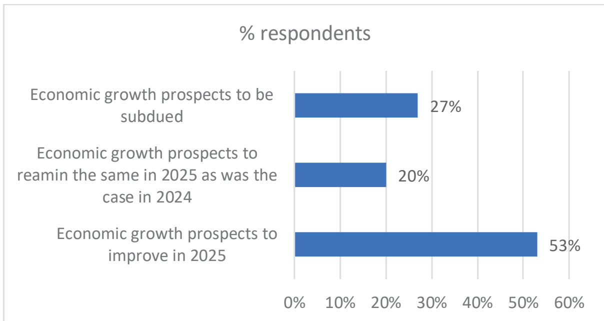
Prospects for improved mining policy framework



Source: 2024 Survey Data

12. Economic Growth Prospects

The measured index for economic growth prospects for 2025 is +5.7. This means that mining executives are optimistic about the prospects for economic growth in 2025. Approximately 73% of the respondents are anticipating the economy to either maintain the same growth trajectory or improve in 2025 while 27 % expect economic activities to be subdued in 2025.



Source: 2024 Survey Data

Beneficiation and Value Addition in the Mining Industry

Beneficiation and value addition in the PGMs sector

Information gathered from platinum producers show that two of the current active producers are exporting PGMs matte, while one producer is exporting PGMs concentrates. As agreed with Government, Zimplats is progressing in constructing additional smelters and refurbishment of its base metal refinery. Respondent PGMs executives indicated that they remain committed to beneficiate their material in country with their counterpart mining houses with excess capacity.

Beneficiation and value addition in the lithium sector

All current lithium producers indicated that they are exporting lithium concentrates in line with the current Government policy. Respondents in the lithium sector indicated that they agreed with Government for establishment of beneficiation facilities that result in the production of lithium sulphate. The lithium producers further highlighted that they are currently working with the Ministry of Mines in developing a lithium beneficiation roadmap that will see the construction of the beneficiation facilities within reasonable timelines in line with best practice beneficiation project life cycle.

Local Content in the Mining Industry

All respondent mining executives indicated that they were engaged in local content development and local empowerment initiatives. The initiatives that were cited are outlined below.

	Initiatives
Local Procurement and Supplier Development programs	• 90 % of respondents indicated that they have inhouse procurement policies that deliberately promote local content participation based on cost of sales. Local procurement now accounts for around 70% of the total procurement budget and locally manufactured products account for 17% of total procurement. • About 70% respondent executives indicated that they were undertaking Supplier Development Programmes. Some of the initiatives include the following: a) Upgrading manufacturing infrastructure and supporting them in procurement of machinery to enhance their production efficiencies. b) Assist in improving the quality of products. c) Providing nostro support for local enterprises supplying critical mining spares and consumables. d) Providing offtake arrangements for SMEs to mobilize funding. e) Offering Start-up Capital and Training: Offering start-up capital and training/technical support for community business projects, such as chicken farming, textile production, and dressmaking. f) Provision of Collateral: Providing collateral to SMEs to help them access finance from financial institutions. g) Collaborating with local manufacturers on quality improvement initiatives to ensure they meet mine specifications. h) Technology Transfer through sharing technology and knowledge with local suppliers and partners to enhance their participation in the value chain.
Local Employment and skills Development	All mining executives indicated that they are promoting local employment and skills development at their operations. Some of the initiatives that were identified by respondent executives are as follows: a) Deliberate employment of indigenous Zimbabweans – mining industry average of 95% indigenous Zimbabweans and 15% from local communities. b) Apprenticeship Programs to provide practical training and experience.
	c) Collaborating with educational institutions: Partnering with local universities and technical colleges to develop curricula and training programs aligned with company needs. Survey findings show that mining companies have been providing attachment for students from institutions of higher learning that provide mining related programs. Further analysis of survey data show that appreciate 6% of the total workforce are student on attachment and graduate trainee.

Issues raised on local content development

Mining executives cited the following as undermining local content in the mining industry:

- Poor quality products,
- Long delivery timelines,
- High cost,
- Lack of credit facilities, and
- Lack of after sale backup.

Respondent supplier executives highlighted the following issues as undermining their capacity to service the mining industry:

- Preference for foreign products,
- Poor payment turnaround,
- Poor stock management by some mining companies

Corporate Social Investment Programmes in the Mining Industry

Survey findings show that mining companies are spending on average 2% of their revenues on community development through the following areas:

- Infrastructure development (Roads, bridges, dams, boreholes).
- Support for education programs (Infrastructure development and refurbishment, procurement of books and learning materials and payment of fees for disadvantaged members of community, solar installations for back-up power, drilling and solar equipping of schools' boreholes, schoolteachers and school development committees trainings).
- Community clean water projects including borehole drilling and installations.
- Support to the health sector (refurbishing and building health delivery infrastructure and equipment support, Health and Well-being Programs)
- Support to agriculture (irrigation infrastructure, input support schemes, and other initiatives).
- Support to sport (soccer e.g. FC Platinum, Ngezi F.C, Hwange Colliery FC, and Manica Diamonds FC.
- Small scale miners' development and training.

Indigenization and Economic Empowerment

Mining executives noted that Government published an Economic Empowerment Bill that when finalized will replace the Equity Indigenization Act. They indicated that their companies are already implementing initiatives that are aligned to the provisions of the Economic Empowerment Bill. They further indicated that they have since submitted proposals that are centered around local content and community development programs. Respondents pledged their full support for the Government's thrust and committed to ongoing engagement with Government to ensure the Economic Empowerment Bill is optimally designed for mutual benefit

Responsible Mining & Environmental, Social & Governance Matters

Survey findings show that mining companies plan to spend an average of approximately 9% of their revenues on Environmental, Social, and Governance (ESG) in 2025. The ESG matters that were identified by respondents include the following:

- Cleaner production technology,
- Investment in renewable energy, and
- Reforestation and rehabilitation programs averaged

ESG policies in the mining industry

Survey findings also show that approximately 67% of respondent mining executives have an ESG policy that guides their investments and operations, while 33% reported that they were working on compiling ESG policies for 2025. Further analysis of the survey data show that some mining companies are compliant with the following international ESG standards:

- GRI standards
- IFRS and IFC standards
- ISO 14001: 2015, ISO 9001:2015 and ISO 45001:2018
- IRMA certificates

Approach towards ESG matters

Most mining executives (98%) highlighted that in pursuit to create a sustainable future for all, they are mitigating mining operations negative impacts through investing in areas including cleaner production technology, investment in renewable energy and reforestation and rehabilitation programs.

ESG matter	Initiatives
Cleaner Production Technology	Some of the initiatives that were reported as being undertaken by mining companies to ensure cleaner production technology include the following:
	• Developing decarbonization processes to transition to low-carbon mining
	• Exploring opportunities for carbon capture, utilization, and storage technologies.
	• Setting targets to reduce greenhouse gas (GHG) emissions and adopt carbon offsetting strategies where feasible.
Investment in renewable energy	• Investment in renewable energy sources e.g solar and energy efficiency measures
	• Implementing water conservation and recycling initiatives
Reforestation and rehabilitation programs	• Developing biodiversity action plans
	• Implementing progressive land rehabilitation and restoration programmes
	• Partnering with conservation organizations to protect critical habitats
	• Protecting and restoring ecosystems affected by operations
	• Avoiding mining and mitigating negative impacts on endangered species.
Employee Health, Safety, and Wellbeing/ Labour rights	• Strengthening safety management systems and promote a strong safety culture • Providing comprehensive health and wellness programs for employees • Investing in technology and training to enhance safety and operational efficiency. • Ensuring compliance with labor laws and international labor standards. • Promoting fair labor practices, including safe working conditions, fair wages, and freedom of association • Addressing workplace diversity and inclusion
Other	• Implementing comprehensive waste management and recycling programmes • Exploring more opportunities to reuse, repurpose, and recover value from mining waste streams • Engaging with suppliers and customers to promote circular economy principles • Establishing strong relationships with local communities • Supporting community development in areas including health, education and infrastructure • Requiring suppliers to adhere to ESG standards • Promoting ethical and sustainable sourcing practices • Women empowerment • Building recreational and entertainment facilities • Students' attachment placement

The Policy Brief

Introduction

This policy brief responds to the key findings of the State of the Mining Industry Survey and accordingly must be read in conjunction with the Main Report. The main objective of this brief is to inform policy on strategic issues emanating from the Survey. The Brief is also meant to stimulate debate among key stakeholders on relevant matters that promote growth, development, and sustainability of the mining industry.

Mining Sector Perception on Policy Environment

Responses from key stakeholders reveal the mining industry policy is predominantly uncompetitive, unpredictable, uncertain and inconsistent. Approximately 80% of respondents indicated that the mining policy environment is uncompetitive, unstable and unpredictable. Key areas of concern as cited by the mining executives are frequent policy reversals, unstable macroeconomic policy environment, and uncertainty surrounding the finalization of amendments to the Mines and Minerals Act, Economic Empowerment Bill and Local Content Implementation Framework.

Respondent mining executives are generally agreeable to the principles that guide key policies such as beneficiation and empowerment policies.

Issues by policy category

Respondents identified the following major legislative and policy matters that influence mining sector performance:

1. Energy and infrastructure
2. Foreign exchange and monetary policy
3. Fiscal and tax policies
4. Beneficiation policy
5. Indigenisation and empowerment policy
6. Local content policy
7. Investment policy
8. Mining policy
9. Labour policy
10. Legislative matters
    a. Mines and Minerals Act
    b. Gold Trade Act
    c. Precious Stones Trade Act

1. Energy and infrastructure policy

All respondents expressed concern about infrastructure challenges, such as an fragile power supply, high electricity costs, and inadequate rail, road, and water services, which are undermining the performance of the mining industry.

1.1 Electricity supply

Current situation

Almost all respondents (99%) reported that power supply was generally fragile with most mining executives reporting that they were experiencing unscheduled power outages averaging around 8 hours per day. In the outlook for 2025, mining executives are expecting the power supply situation to further deteriorate.

Recommendations

Respondent mining executives recommended the following:

- Prioritize mining companies for available power
- Incentivize private power projects including tax incentives to support investments in Independent Power Projects that supplement available power
- ZESA should release mining companies from long-term power supply contracts, allowing them to source alternative power from private independent providers like Intensive Energy User's Group
- Expediting the licensing of Independent Power Producers (IPPs) and addressing bottlenecks relating to wheeling of power.

1.2 Cost of electricity

Current situation

The majority of survey respondents (73%) indicated that the current electricity tariff framework is suboptimal highlighting that it is uncompetitive compared to regional averages. Mining executives expressed concerned about the high electricity tariff pegged at USc14.21/KWh with a peak tariff of around USc19/KWh. They also indicated that they are using diesel powered generators during power outages with an implied tariff exceeding USc 30/kwh. Further analysis of the tariff situation shows that on average, mining companies are facing a blended tariff of around USc 18/kwh. Respondents also noted with concern that the tariff is paid wholly in foreign currency.

Recommendations

Survey findings show that the average recommended tariff for the mining industry is approximately USc 8.75/kwh. Mining executives further recommended that the electricity tariff be paid in line with foreign exchange retention level.

2. Foreign exchange and monetary policy

2.1. Foreign exchange retentions

Current situation

All mining executives (100%) indicated that the current 75% foreign currency retention is inadequate to meet their operational requirements and funding of expansion projects. Further, the 75% retention is now being applied on a shrinking base as mineral revenues were subdued due to softening commodity prices. Respondents further reported that the retentions were under pressure from the following:

- Payment of electricity wholly in foreign currency.
- Most suppliers of goods and services now demanding payment for goods and services exclusively in foreign currency,
- Labor unions now demanding payment of wages wholly in foreign currency.
- High royalty payable wholly in foreign currency

Recommendations

Survey respondents recommended an average minimum foreign exchange retention of 85% which is in line with mining companies' operational requirements as well as funding for capital projects.

2.2. Surrender portion of export earnings

Current situation

Almost all respondent mining executives (99%) indicated that they are required to surrender 25% of their export proceeds to Government in exchange for ZWG, liquidated at the prevailing official exchange rate. Of major concern to respondents was that they source local inputs that are priced at significantly depreciated parallel market rates, while their surrender portion is liquidated at the overvalued official exchange rate. Analysis of the exchange rates show that the parallel market premium widened for the greater part of 2024 to as high as 100%. These exchange rate disparities have resulted in the loss of value of the surrender portion by an upwards of 50%. Survey respondents indicated that the 50% loss in the value of the surrender portion is akin to approximately 12% tax on exporters' gross proceeds, impacting negatively on the viability of mining projects.

Recommendations

Respondent mining executives underscored the need for fair compensation for the surrender portion through the following:

- Creating home for ZWG balances through increased portion of taxes and statutory obligations payable in ZWG.
- Ensuring that major suppliers accept ZWG payments at the official exchange rate.

3. Fiscal policy

Current status

Mining executives (90%) indicated that the fiscal framework for the mining industry is suboptimal citing multiplicity of taxes, high royalty, beneficiation taxes, retrospective special capital gains tax and high mining fees and levies. They also expect the fiscal framework to worsen in 2025 highlighting increase in pressure from stakeholders on the perceived contribution of mining to the economy.

3.1. High royalty

Current status

Respondents in the PGMs, diamond and lithium bemoaned the high royalty that is impacting on the viability of the subsectors. Analysis of regional royalty levels show that Zimbabwe royalty levels are higher compared to regional counterparts.

Recommendations

Mining executives recommended the following:

- Platinum royalty of 2.5% with a cap of 5% in line with price movements.
- Lithium royalty of 2% with a cap of 3% in line with price movements
- Diamond royalty of 7% in line with prevailing diamond prices.

3.2. Beneficiation taxes

Beneficiation tax on PGMs concentrates

Current status

The executives in the PGMs sector indicated that the Government deferred beneficiation tax on PGMs concentrates to 1 January 2025. They reported that as agreed with the Government, they signed commitment letters to utilize existing facilities from those that have excess capacity.

Recommendation

Respondent executives recommended that that the beneficiation tax on concentrates be aligned to the agreed PGMs beneficiation roadmap and timelines.

Beneficiation tax on lithium

Current status

Respondent executives in the lithium sector reported that the beneficiation tax on lithium was deferred pending engagements with the government to agree on a beneficiation roadmap for the lithium industry.

Recommendation

Lithium producers recommended deferment of the beneficiation tax on lithium concentrates to align with agreed lithium beneficiation roadmap.

3.3. Special capital gains tax

Current status

Almost all respondents (99%) indicated that the Special Capital Gains Tax is suboptimal. Of major concern to mining executives is the application of the tax in retrospect, backdated 10 years, even in cases where titles were forfeited or abandoned. Mining executives also highlighted that the current 20% rate is excessively high compared to other mining jurisdictions, where rates typically range from 4% to 7%. Respondents were of the view that the SCGT framework is contrary to best practice because it places an obligation on the buyer to pay Capital Gains Tax which by its nature should be paid by a seller who would have benefitted from the capital gain. It is also applied on revenue, contrary to best practice where it is applied on the actual gain.

Most junior mining companies reported that this tax has forced them to put on hold exploration projects which will dampen investments in discovering new assets, with adverse implications on the prospects for the mining industry in the medium to long term.

Recommendations

Respondent executives underscored the need to review the SCGT framework to single out only those transactions where the parties had not complied with the laws and regulations at the time the mineral rights transfer was concluded and penalize them in line with that legislation that prevailed at the time.

3.4. Mining fees and charges

Current situation

About 63% respondent mining executives reported that some mining fees and charges were high and unaffordable, impacting negatively on viability of mining projects.

Recommendations

Respondent mining executives recommended that the high fees must be reduced and aligned to regional averages.

3.5. Rural District Council Levies

Current situation

Most mining executives, 90%, indicated that RDC levies are high compared to regional averages and vary across different rural district councils. They noted that the formula used to calculate these levies is not standardized, and the implied unit charges are disproportionately high.

Recommendation

Mining executives recommended that RDC levies be reduced and standardized across mineral subsectors and districts.

3.6. Environmental levies

Current situation

Approximately 80% of respondent mining executives indicated that the environmental levies are suboptimal.

Environmental Impact Assessment Levy

Respondent mining executives bemoaned the EIA levy framework of 0.8% with an upwards of 1.2% of total project cost as too high and uncompetitive compared to regional averages. They indicated that EIA is administrative and, just like in other mining jurisdictions, should not be levied on project cost, but be a fixed administrative levy.

Recommendation

Respondent executives recommended that EIA should not be levied on project cost, but be a fixed administrative levy.

Environmental Rehabilitation levy

Mining executives also expressed concern about the 2% environmental rehabilitation levy levied on gross proceeds, indicating that it is too high and a huge contingent liability compromising the ongoing concern of mining companies.

Recommendation

Respondent mining executives recommended an insurance-based fund, with contributions based on the extent of the deemed damage to the environment.

4. Investment Policy

Current status

Approximately 85% of respondent mining executives expect the investment environment to either worsen or remain the same as was the case for 2024. Survey respondents cited the following constraints as undermining investment competitiveness in the mining sector:

- Anticipated unstable fiscal regime
- Uncertainty on mining policy and legislation.
- Policy reversals

Recommendations

Respondent mining executives recommended the following:

- Reduce the cost of doing business in the mining sector
- Minimize policy reversals.

5. Indigenization and Economic Empowerment policy

Current status

Almost all respondent mining executives (99%) commended the Government for its intention to replace the equity-based Indigenization Act with the proposed Economic Empowerment Bill. The respondents acknowledged receiving the gazetted Bill and have since submitted their proposals to the Government through the Chamber of Mines.

Executives expressed appreciation for the shift towards an economic empowerment framework that emphasizes local content, supplier development programs, and broader local participation in the value chain, which they believe offers greater benefits compared to the equity model. They noted that the equity model, where dividends depend on company performance, may offer limited benefits during periods of underperformance. In contrast, participation in the value chain provides immediate and sustainable advantages for local stakeholders. Mining executives further highlighted that their companies are already implemented initiatives to support local enterprise development and local empowerment. Respondents cited their full support for the Government's thrust and committed to ongoing engagement to ensure the Economic Empowerment Bill is optimally designed for mutual benefit

Recommendations

The following were recommended:

- Regularize the Government policy thrust of exempting mining companies from the equity model of indigenization to bring clarity on the matter.
- Expedite the finalization of the empowerment framework to replace the Indigenization Act to attract investments in the mining sector.

6. Mining Legislation and Policy

Current status

Mining executives are generally pessimistic about prospects for an improved mining policy and legislative environment in 2025. Most respondents (80%) expect the legislative policy environment to either worsen or remain unpredictable as was the case in 2024 citing frequent policy reversals, unstable macroeconomic policy environment, and uncertainty surrounding the finalization of amendments to the Mines and Minerals Act, Economic Empowerment Bill, Local Content Implementation Framework as key areas of concern.

Recommendations

Respondent executives recommended the Government should expedite finalization of amendments to the Mines and Minerals Act, Economic Empowerment Bill and Local Content Implementation Framework.

7. Local content policy

Current status

In general, mining executives are supportive of the Government's Local Content Strategy. Almost all mining executive respondents (99%) indicated that they were engaged in local content development and local empowerment initiatives. The initiatives that were cited included Local Procurement and Supplier Development programs and Local Employment and skills development.

Recommendations

The mining executives underscored the need to align the local content implementation framework for the mining sector in line with ongoing local content initiatives.

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Key matters that require Government attention

Thematic area	Current situation	Impact on mining projects	Responsible Authority	Support Government Department
1. Foreign exchange matters	• 75% retention inadequate to meet mining companies' operational requirements and funding of capital projects. • The retentions under pressure from increasing demands for payments in foreign currency including electricity bills wholly paid in forex, some taxes and statutory payments paid in forex and increased royalty and electricity bills	• Slowdown in project implementation • Working capital constraints (input shortages resulting in production disruptions)	Reserve Bank of Zimbabwe	• Ministry of Finance, Ministry of Mines
	• Loss of value on the surrender portion of export proceeds due to exchange rate disparities	• Reduced (discounted cash flows)- surrender portion liquidated at official rate and actual cost indexed to the parallel market rate. • Reduced viability	Reserve Bank of Zimbabwe	Ministry of Finance, Ministry of Mines
2. Fiscal and tax matters	• High royalty for platinum, and diamond	•Increase in cost of production impacting on the viability of mining projects.	Ministry of Finance	Ministry of Mines
	• Special Capital Gains Tax	• Increase the cost of doing business • Dampens exploration spend	Ministry of Finance	Ministry of Mines
	• Export tax on PGMs and lithium concentrates	• Increase in cost of production impacting on the viability of mining projects.	Ministry of Finance	Ministry of Mines
	• High RDC levies	• Increase in cost of production impacting on the viability of mining projects.	Ministry of Local Government	Ministry of Mines

	• High environmental charges	• Increase in cost of production impact-ing on the viability of mining projects.	EMA	Ministry of Environment, Ministry of Mines
3. Infrastructure and energy matters	• Fragile power supply coupled with increasing demand from new and expansion projects that will demand additional power	• Risk of power outages resulting in production stoppages and output losses	• ZESA	Ministry of Energy, Ministry of Mines
	• Electricity tariff of 14.21/ KWh is high and unaffordable.	• High cost of production impacting negatively on viability of mining projects	ZESA	ZERA, Ministry of Energy, Ministry of Mines
4. Indigenization on and Economic Empowerment	• Regularization of emption of mining sector from equity model yet to be regularized. • Proposed empowerment model remains outstanding	• Lack of clarity on indigenization impacting negatively on capital inflows. • Slowdown in project implementation.=	Ministry of Industry	Ministry of mines
5. Local Content Policy	• Local Content Implementation Framework for the mining industry remains outstanding	• Lack of clarity on local content thresholds	Ministry of Industry	Ministry of Mines
6. Legislative matters	• Finalization of amendments to the Mines and Minerals Act, Economic Empowerment Bill and Local Content Implementation Framework	• Outdated pieces of legislation not supportive of the growth and development of the mining sector.	Ministry of Mines	Parliament of Zimbabwe

Notes

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