

COUNTRIES ON THE MOVE

Zimbabwe

14 May 2018

ADVOCACY. INSIGHTS. CONNECTIONS.

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WELCOME AND OVERVIEW

Topics to be covered today



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Political Background and Mining History	<ul style="list-style-type: none">• [Bill]• [Bill]
Current Trajectory and Opportunities	<ul style="list-style-type: none">• [detail]• [detail]
Supportive legal framework / programmes	<ul style="list-style-type: none">• Developed framework / Easing of challenging laws• Investment Promotion Centre
Challenges	<ul style="list-style-type: none">• Reserve bank approvals / capital repatriation• Stability of legislation
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INTRODUCTION

Today's presenters



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C H A N C E



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OPEN FOR BUSINESS

General Information



- CAPITAL CITY – Harare
- Major Languages – English, Shona and Ndebele
- Currency – Multi-currency system
- Climate – Subtropical climate, rainy season from November to March
- Zimbabwe is well endowed with significant quantities of mineral, agricultural and human resources
- Mineral resources – most towns are built near mineral resources
- International Airports – Harare, Bulawayo and Victoria Falls
- Numerous mining companies currently in Zimbabwe
- West Australian School of Mines Alumni

ROBUST MINING ECONOMY

Foreign mining companies

JSE

- Impala Platinum South Africa

LSE

- Anglo American

TSX

- Caledonia

LSE

- Mwana Africa Plc

JSE

- Premier Portland Cement

ASX

- Zimplats

GEOLOGICAL INFORMATION

A few pointers – comprehensive information can be obtained at Geological Survey Department

Gold

- Gold in Zimbabwe mainly confined to hydrothermal vein and shear zone deposits found exclusively in rocks of Basement Complex age formed 2400 million years or more ago

Platinum

- Zimbabwe's Great Dyke, a linear early Proterozoic layered mafic-ultramafic intrusion trending over 550km at a maximum width of about 11kilometres, has the second largest platinum reserves in the world after the Bushveld Complex in South Africa

Diamonds

- Of late, discovery of diamondiferous Proterozoic conglomerates in Umkondo basin has led to opening of several diamond mines within the Chiadzwa area, e.g. Mbada, Marange Resources, and Anjin etc

GEOLOGICAL INFORMATION

Continued

Nickel

- Archean craton in rocks of komatitic composition (Trojan mine)
- Layered/unlayered mafic-ultramafic intrusive bodies (Empress, Madziwa Great dyke)
- Nickel laterite (northern Great Dyke hydrothermal shear zone)
- Deposits in serpentinite areas in greenstone belts with igneous complexes– huge potential in komatiite and laterite
- More than 30 nickel deposits are known

Copper

- Magondi Basin main producing area (over 150km)
- Similar copper deposits found in SE of Zim (Umkondo Basin)
- Several copper prospects occur in hydrothermal deposits in Archaean Greenstone Belts and in granite

Other

- Pegmatites ubiquitous in several geological environments especially on edges of greenstones and in metamorphic belts
- Source of variety of minerals incl tantalite, tin and wolframite, beryl, mica, feldspar and gemstones (emerald, aquamarine, chrysoberyl and alexandrite)



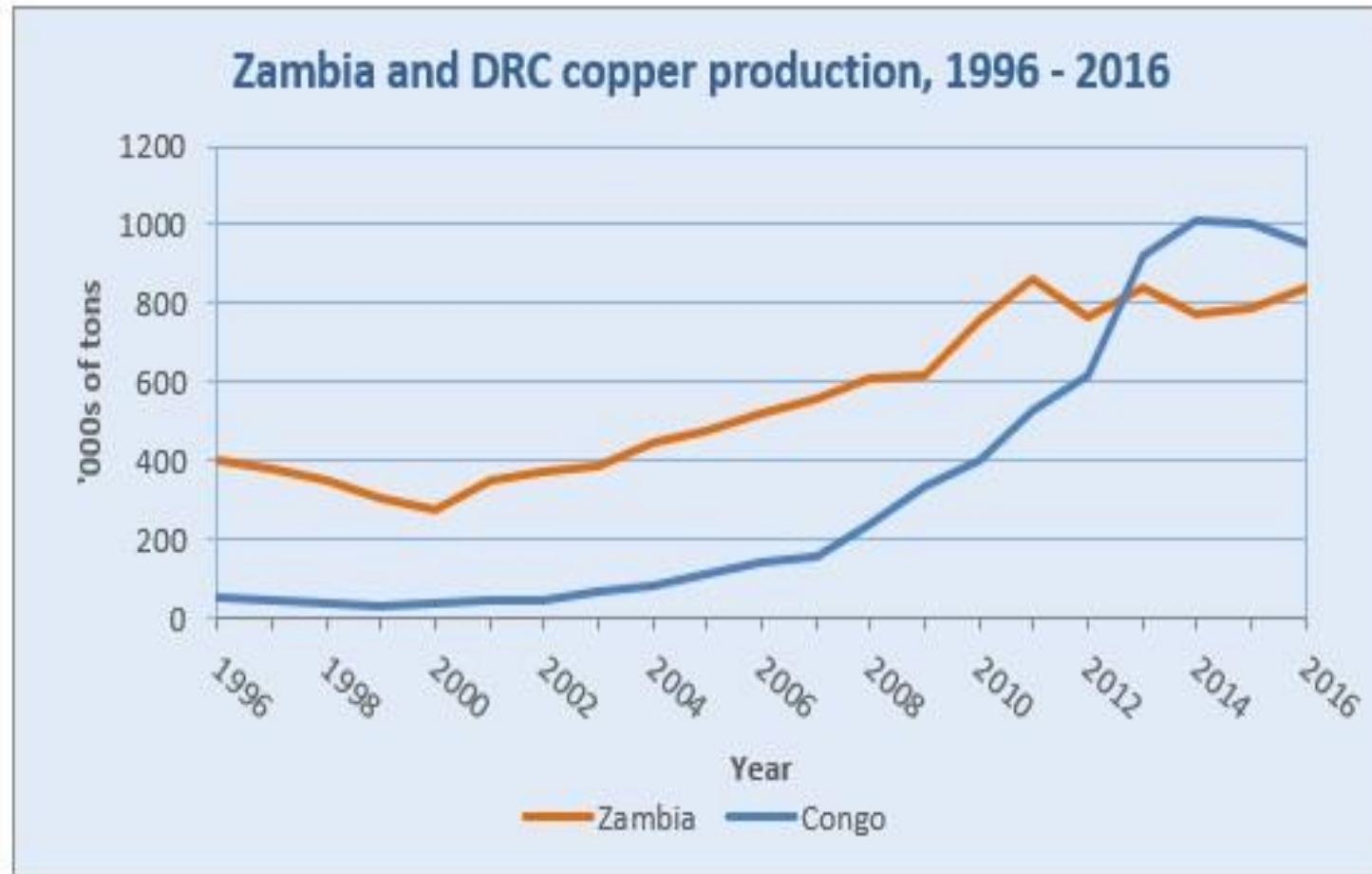
APPLICABLE LEGISLATION

Mining Sector

- ▼ Key legislation
 - ▼ Mines and Minerals Act Chapter 21:05
 - ▼ Explosives Regulations
 - ▼ Mining (General) Regulations
 - ▼ Mining (Managements and Safety) Regulations
 - ▼ Mining (Health and Sanitation) Regulations
 - ▼ Mines and Minerals (Custom Milling Plants) Regulations
 - ▼ Gold Trade Act
 - ▼ Precious Stones Trade Act
 - ▼ Environmental Management Act
 - ▼ Environmental Regulations
 - ▼ Forestry Act
 - ▼ Water Act
 - ▼ Zimbabwe National Water Authority Act
- ▼ Other legislation applying to businesses (e.g. Companies Act, the Sales Tax Act, Exchange Control Act, etc)

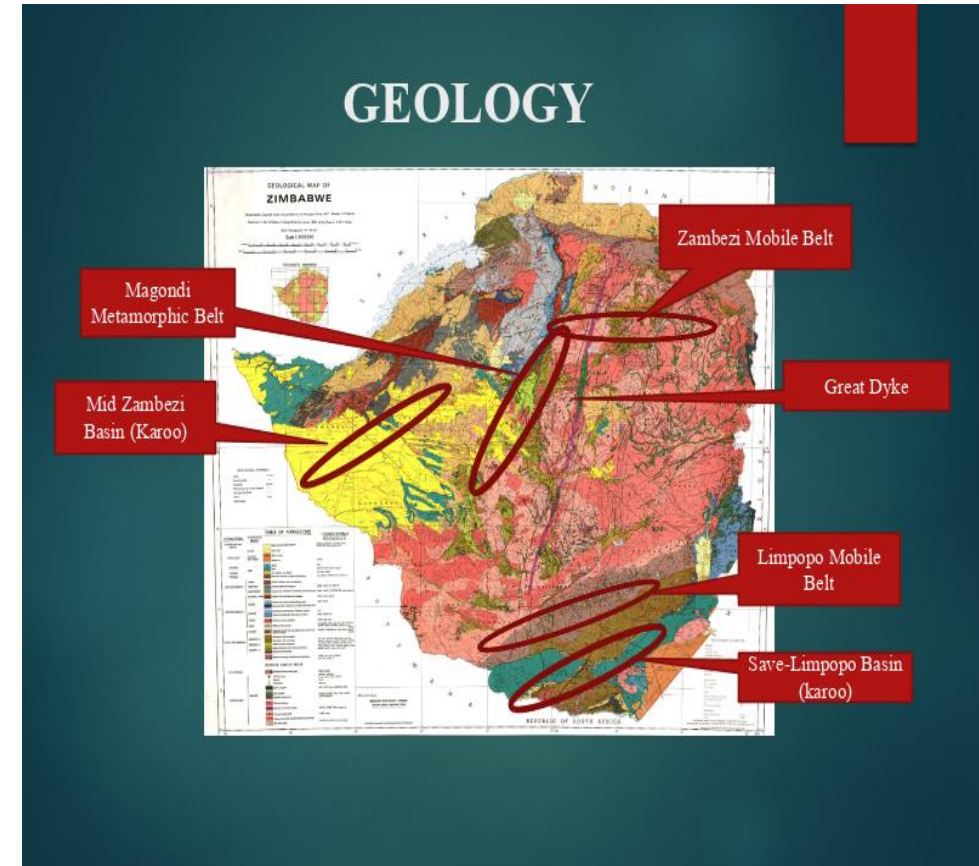
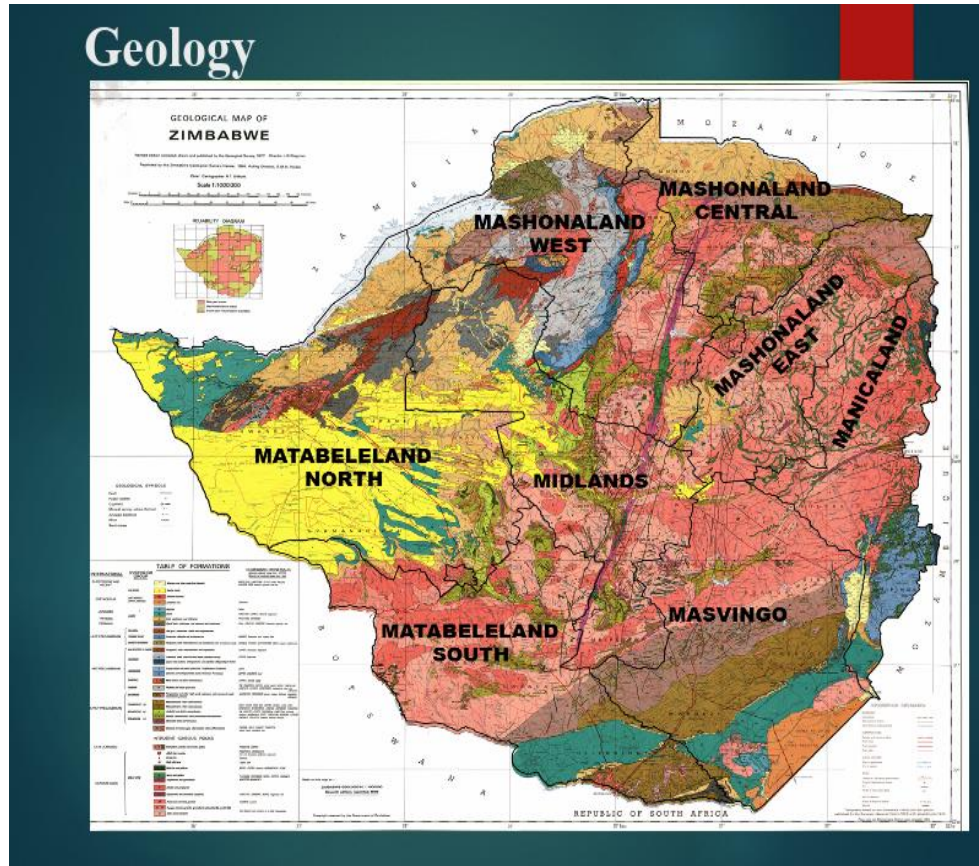
COMPARATIVE ANALYSIS

Democratic Republic of Congo, Zambia and Zimbabwe



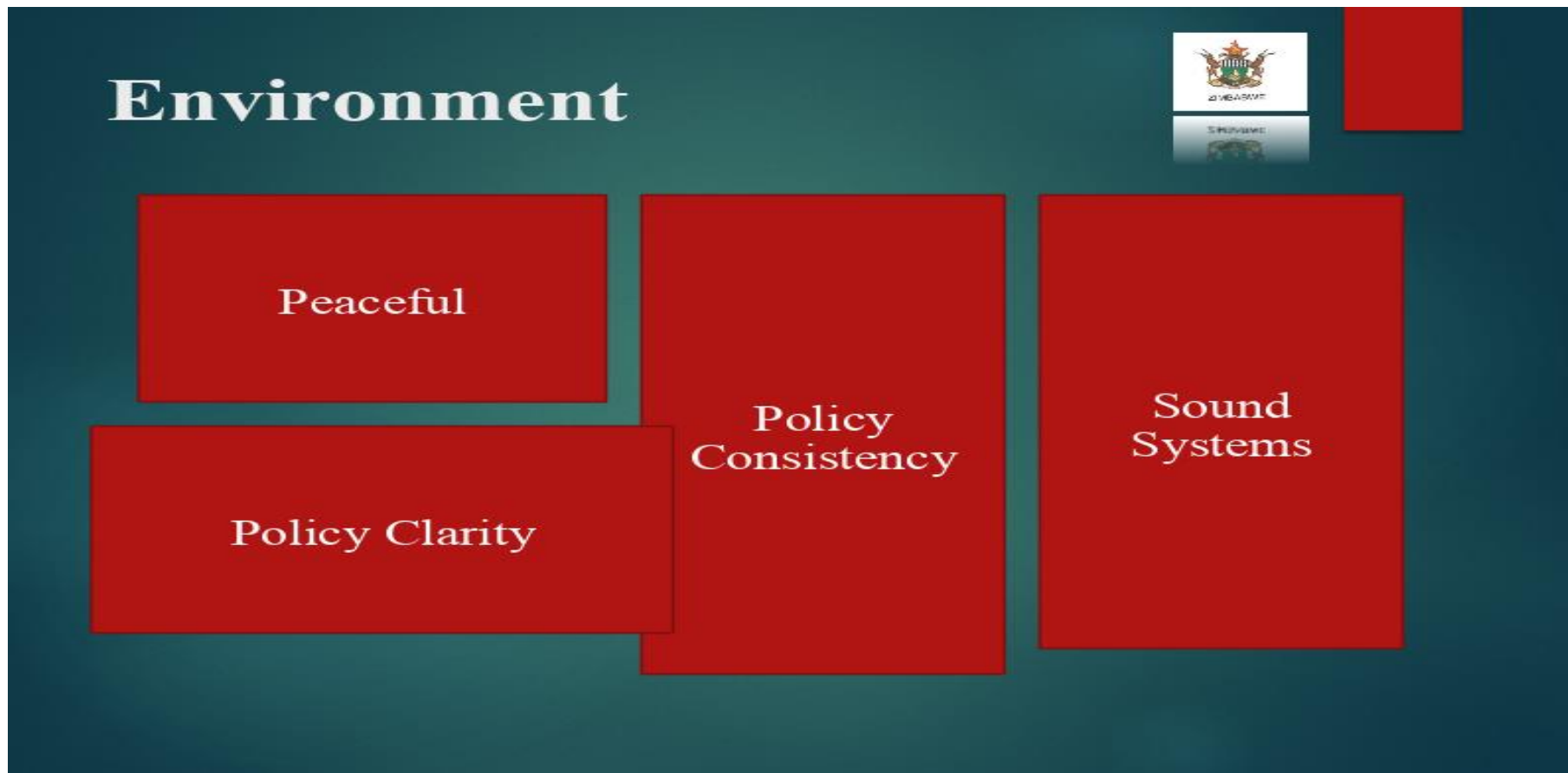
REGIONS OF ZIMBABWE

Significant geographical areas



[TITLE]

Source: Indaba 2018 Zimbabwe Minister of Mines – Honorable Mr Winston Chitando



GOLD AND PLATINUM REVENUES

Local revenue retention – source Zimbabwe Chamber of Mines

Sharing the Gold cake 2012-2015, 69% consumed locally

Category	US\$ Millions	% Share
Foreign Supplies	621	23%
Local Supplies	405	15%
Wages and Salaries	810	30%
Government (Duties , Royalties, taxes)	486	18%
Other Operating Expenses	162	6%
Shareholders (Divi)	216	8%

Sharing the Platinum cake 2012 -2015 71% consumed locally

Category	US\$ Millions	% Share
Foreign Supplies	509	17%
Local Supplies and Capex	1396	44%
Wages and Salaries	425	14%
Government (Duties, Royalties , taxes)	400	13%
Other Operating Expenses	267	9%
Shareholders (Divi)	86	3%

MINING VOLUMES

Output 2001 – 2015

VOLUMES PRODUCED		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Asbestos	ton	136 327	167 954	147 209	104 457	122 041	96 956	84 520	11 489	4 971	2 031	—	30	614	—	—
Black granite	ton	385 532	415 394	190 372	58 662	—	—	—	—	—	—	—	—	—	—	—
Chrome	ton	780 150	749 339	637 099	668 391	667 199	700 001	614 559	442 584	193 674	516 776	599 079	408 476	355 142	408 422	208 328
Coal	ton	4 064 497	3 721 112	2 871 962	3 323 356	3 370 826	2 107 115	2 080 221	1 509 080	1 667 346	2 668 183	2 562 054	1 784 763	4 980 228	6 353 802	4 336 193
Cobalt	ton	95	87	79	59	304	26	29	28	39	58	174	195	319	358	355
Copper	ton	2 057	2 502	2 767	2 383	2 570	2 581	2 681	2 827	3 572	4 629	6 555	6 665	8 275	8 261	8 218
Feldspar	ton	1 055	728	816	79	—	—	—	—	—	—	—	—	—	—	—
Ferrosilicon	ton	16 848	—	—	987	4 882	1 024	3 097	1 612	603	—	—	—	—	—	—
Fireclay	ton	3 404	3 789	—	—	—	—	—	—	—	—	—	—	—	—	—
Flourspar	ton	—	500	—	—	—	—	—	—	—	—	—	—	—	—	—
Gold	kg	18 050	15 469	12 564	21 330	14 023	11 354	7 018	3 579	4 966	9 620	12 993	14 743	14 065	15 386	20 023
Graphite	ton	11 837	9 912	7 675	10 267	6 177	6 588	5 418	5 134	2 463	741	7 252	7 022	6 934	6 853	6 362
High carbon ferrochrome	ton	243 534	258 164	245 200	193 077	238 507	200 673	187 327	145 430	72 223	154 336	161 839	138 004	129 554	166 909	115 586
Iridium	kg	—	84	152	135	141	147	149	151	209	254	398	412	524	544	505
Iron ore	ton	360 862	271 812	366 737	228 731	363 048	104 459	79 109	2 919	—	28	—	—	—	—	—
Iron pyrite	ton	88 156	87 592	93 010	100 940	59 683	39 777	19 812	30 308	—	—	8 970	6 176	—	—	—
Kyanite	ton	9 682	6 140	5 707	1 467	—	—	—	—	—	—	—	—	—	—	—
Limestone	ton	3 798 956	5 057 573	10 150 806	4 918 102	35 575	—	—	—	—	—	—	—	—	—	—
Lithium minerals	ton	36 103	33 172	12 131	18 866	37 499	—	—	—	—	—	—	—	—	—	—
Low carbon ferrochrome	ton	6 307	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Magnesite	ton	2 439	2 366	1 333	842	893	939	1 814	2 549	449	—	169	—	—	—	—
Nickel	ton	8 145	8 092	9 516	10 217	9 220	8 825	8 582	6 354	4 858	6 133	7 992	7 899	14 058	16 633	16 109
Osmium	kg	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Palladium	kg	371	1 943	3 449	3 564	3 879	4 022	3 999	4 274	5 354	6 916	8 422	8 136	10 153	10 137	10 055
Phosphate	ton	87 880	107 854	95 496	105 271	71 505	65 838	46 106	21 051	—	56 656	46 047	33 774	6 100	—	—
Platinum	kg	519	2 306	4 270	4 438	4 833	4 998	5 086	5 495	6 849	8 639	10 827	10 524	13 066	12 483	12 564
Quartz rough	ton	28 162	8 654	8 382	—	4 300	—	—	—	—	—	—	—	—	—	—
Rhodium	ton	42	218	377	374	404	410	414	444	568	727	940	891	1 146	1 140	1 128
Ruthenium	kg	—	178	322	300	317	317	318	333	413	555	823	787	1 012	983	977
Silica	ton	14 544	16 411	14 857	48 999	18 871	—	—	—	—	—	—	—	—	—	—
Silver	kg	3 344	2 600	2 483	—	—	—	—	—	—	—	—	—	—	—	—
Slate	ton	435	13 213	5 652	1 588	—	—	—	—	—	—	—	—	—	—	—
Talc	ton	1 272	1 024	196	838	18	—	—	—	—	—	—	—	—	—	—
Tantalite	ton	30	481	231	46	—	—	—	—	—	—	—	—	—	—	—
Vermiculite	ton	11 632	23 803	20 016	27 150	24 826	13 421	17 395	16 123	3 211	—	—	—	—	—	—
Tonnes of Base Minerals		10 099 982	10 967 887	14 887 626	9 825 149	5 038 348	3 348 634	3 151 083	2 197 932	1 953 976	3 410 298	3 401 071	2 393 894	5 502 370	6 962 378	4 692 278
Kilograms of Precious Minerals		22 284	22 581	23 240	29 768	23 194	20 838	16 569	13 833	17 791	25 984	33 462	34 602	38 819	39 533	44 124

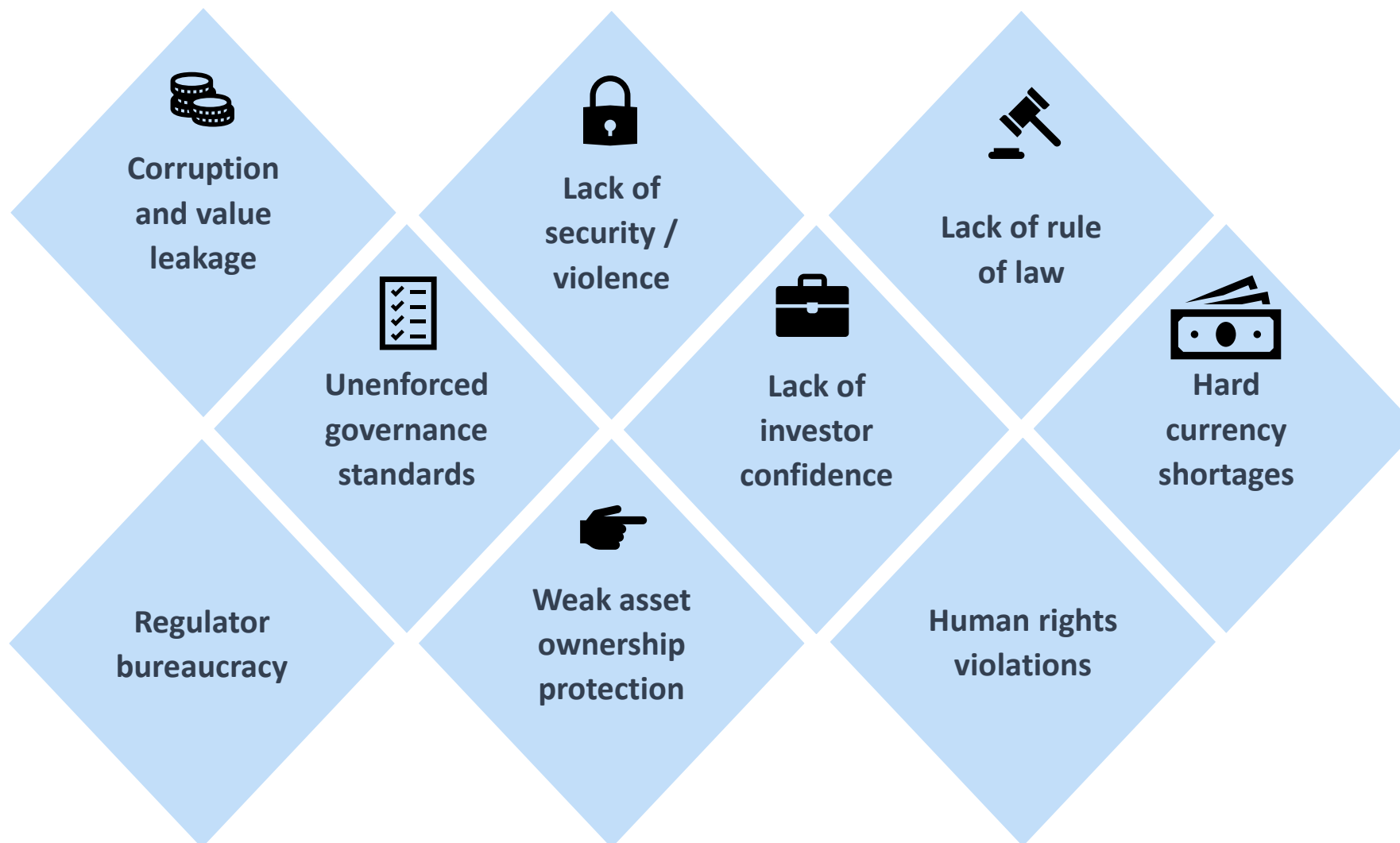
TROUBLED TIMES OVER SOLID FOUNDATIONS

Challenged, misused, repealed, renewed and raring to go



BARRIERS TO ENTRY

Legacy Challenges



EXCHANGE CONTROLS

Requirements and Practicalities

Exchange control approval required for various transactions (Reserve Bank Zimbabwe)

Foreign exchange accounts (FCA) permitted in Zimbabwe (USD, AUD, etc)

Export / local earnings segregated into different accounts (FCA Export / FCA Domestic)

Authorised dealers may enquire on sources of funds / corporate governance purposes

Exchange control requires certain export documents / remittances

Can make international payments from FCA Export Account

But can you? Why does Finance Act 2018 seek to liberalise foreign currency market?

PROMOTION AUTHORITY

Zimbabwe Investment Authority



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Purpose and Motivations

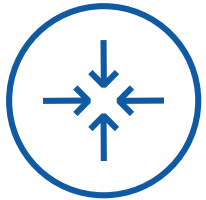
- 'One Stop Shop' to promote and facilitate foreign and local investment
- With lack of investment in exploration over last 10 years and mining contributing to 50% of Zim's foreign exchange earnings, highly motivated to assist
- Lists investment opportunities (links to EOI requests)
- Good source of investor related news

Commercial Considerations

- Recommended that foreign investors obtain Investment Licence
- Allows access to Government offered general (sector) and special (individually negotiated) incentives to sector
- Improves ease of doing business
- (Usually) genuinely helpful, practical and enthusiastic
- Does not afford concessions/protections (c.f. other regional investment centres)

NATIONAL INVESTMENT POLICY STATEMENT

January 2018 – President Munangagwa's Signal of Change



Objectives of new policy

- Restoration of investor and business confidence
- Outline transparent investment policy strategy
- Economic development through inward investment and in country value creation
- Showcase sectors (including mining)
- Identify and remove legislative barriers to entry
- Upgrade ZIA function
- Ratification of various BITs



Intended investor benefits

- Relief from indigenisation laws
- Adopt international best practices (incl effective protection of property, transparency, high standards of governance etc)
- Comply with legal obligations under bilateral, regional and international agreements
- Revival of special economic zones (promoting value add through special incentives)
- Reduction of bureaucratic procedures for investment

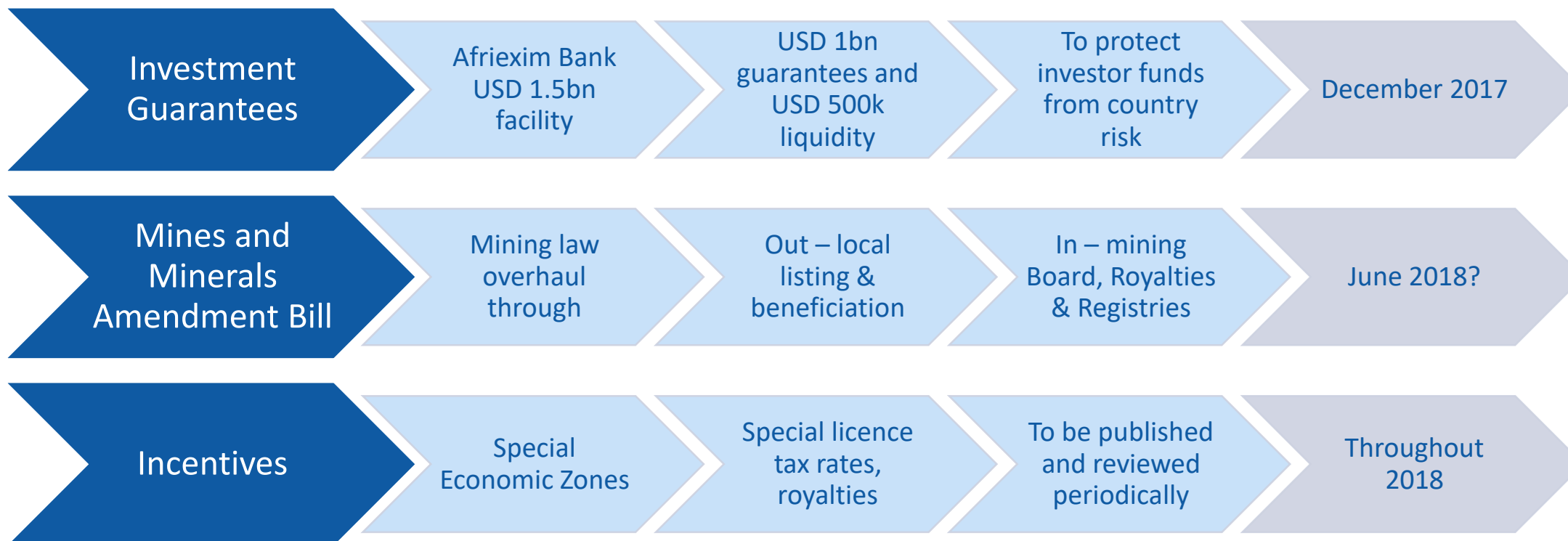
THE FOUNDATION LAID FOR THE FUTURE

Embedding strengths to secure foreign investment



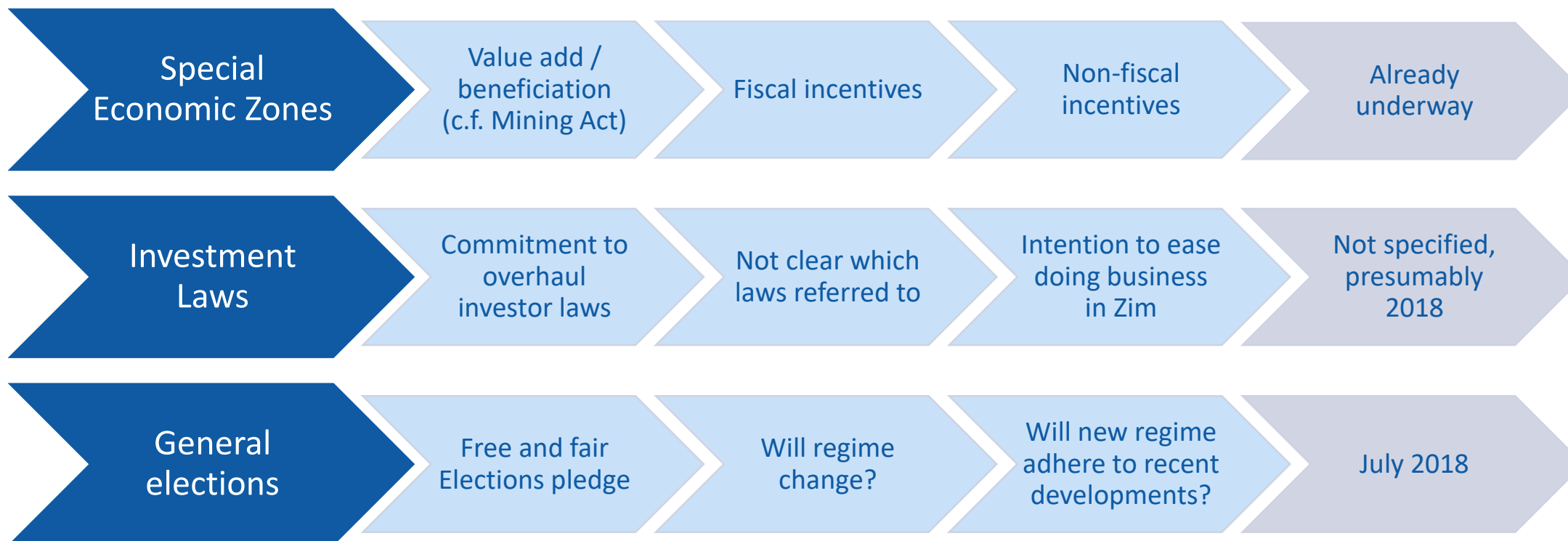
LOOKING TO THE FUTURE

Positive changes afoot



LOOKING TO THE FUTURE

Positive changes afoot continued





ZIMBABWE IS OPEN FOR BUSINESS

Zimbabwe is too rich to remain poor



C L I F F O R D
C H A N C E

‘Zimbabwe is confronting its past head-on. We are ready to embrace the world. Zimbabwe is open for business.’

*- SB Moyo, Zimbabwe’s Minister of Foreign Affairs
and International Trade*



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