

THE CHAMBER OF MINES



OF ZIMBABWE

Quarterly Review

Q1 2025



KEY HIGHLIGHTS

Global economic outlook deteriorates



**Domestic economy stabilizes as
inflation pressures dissipate**



Mineral output subdued



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OF ZIMBABWE

Chamber of Mines
20 Mount Pleasant Drive, Mount Pleasant, Harare.

Global economic outlook deteriorates in Trump trade war

The Trump administration's tariff policies risk undermining global economic growth, with supply and demand shocks projected to lower global GDP growth to around 2.4% in 2025, down from the initial projection of around 3.3%. The tariff hikes, akin to a tax, have pushed the average effective tax rate to approximately 25% in 2025, the highest since 1943. As a result, rising prices are expected to fuel inflation, increase unemployment, reduce real incomes, and suppress consumer spending. While the U.S. may experience short-term economic disruption, the most severe and lasting effects will be felt in low- to middle-income economies, which are particularly vulnerable due to currency depreciation, rising borrowing costs, and constrained fiscal space leading to forced austerity. These dynamics collectively set the stage for a manufactured global recession, undermining investment, trade, and economic stability worldwide.

Bearish outlook for commodity markets

Commodity markets have not been spared from the fallout of protectionist trade policies and the broader economic uncertainty. The imposition of tariffs and slowing global demand have weighed heavily on industrial commodities such as nickel, palladium and platinum. Meanwhile, the rising uncertainty and the threat of a global recession has benefited safe-haven assets like gold. As investors seek to hedge against inflation, currency volatility, and geopolitical risk, demand for gold has surged, driving up prices to an all-time high average of US\$ 2,952 per ounce in the period under review. In the outlook, we expect the Commodity Price Index to continue on a downward trend slowing down by approximately 5% in 2025, after a year-on-year decline of 3% in 2024. The projected decline is the lowest since 2020.

Commodities	Jan-Apr 2025	Sept-Dec 2024	Jan-Apr 2024
Nickel(\$/mt)	15,464	16,003	17,011
Gold (\$/troy oz)	2,952	2,640	2,137
Platinum (\$/troy oz)	967	968	917
Palladium (\$/troy oz)	957	992	990
Rhodium (\$/troy oz)	5,065	4,644	4,572
Coal(\$/mt)	107	139	129
Lithium(\$/mt)	10,555	10,619	14,629

Source: Pink-sheet, Kitco, Trading Economics

Subdued domestic mineral output performance in the first quarter

Mineral production in the first quarter of 2025 declined across most key minerals compared to the same quarter last year, with significant drops recorded in lithium (-60%), diamonds (-45%), nickel (-23%), chrome (-21%), and PGMs, Platinum (-16%), Palladium (-17%), and Rhodium (-10%). The subdued performance was driven by operational challenges (foreign capital shortfalls,

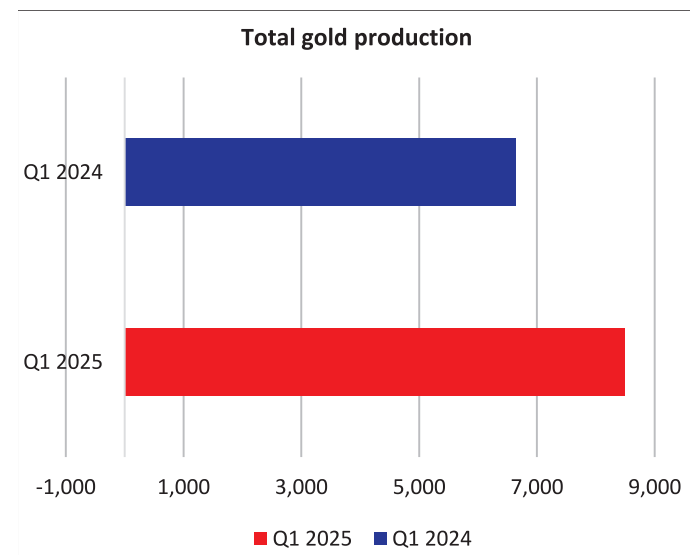
high-cost structure and capital constraints), market volatility, and reduced global demand amidst global trade wars. In the outlook for 2025, we anticipate output recovery in most key minerals to achieve the 2025 production targets.

Quarterly output for selected minerals

Mineral	Q1 2025	Q1 2024	2025 Proj
Gold (kgs)	8,980	6,638	42,000
Platinum (kgs)	4,177	4,987	19,600
Palladium (kgs)	3,414	4,136	16,000
Rhodium (kgs)	394	437	1,800
Diamonds (cts)	782,649	1,417,150	5,506,220
Chrome (MT)	465,639	591,218	2,700,000
Nickel (MT)	3,097	4,046	15,580
Coal (MT)	1,688,429	1,047,279	6,377,200
Lithium (MT)	358,468	902,899	3,262,600

Source: Ministry of Mines

Meanwhile, gold production surged by 35% to 8,496 kg during the first quarter of 2025, up from 6,638 kg recorded during the same period last year. Gold exports increased to approximately US\$395 million, a 30% increase from around US\$300 million recorded in the same period last year. We anticipate gold output to reach 42 tons in 2025 driven by new and expansion projects in the sector, on the back of bullish gold prices.



Gold production by class

	Q1 2025	Q4 2024	Q1 2024
Large scale producers/kg	2,726	3,186	3,143
Small Scale producers/kg	5,771	9,028	2,902
Total (Kg)	8,496	12,214	6,045

Source: COMZ

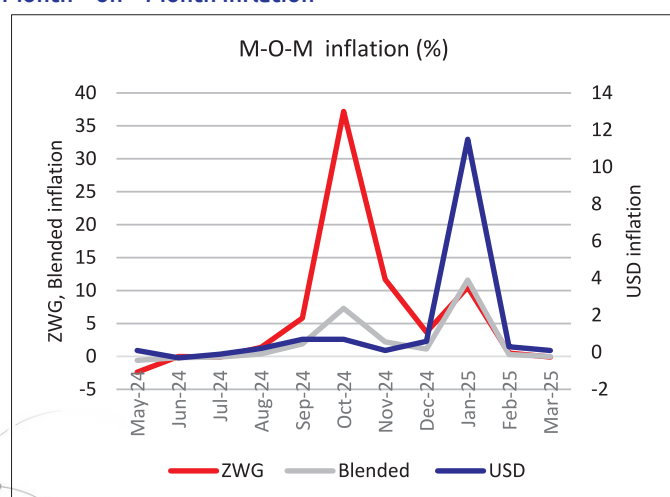
Anticipated recovery in the domestic economy

In 2025, Zimbabwe's domestic economic performance is projected to see significant growth of around 6%, a substantial increase from the estimated 2% growth in 2024. Notwithstanding the global shocks affecting several countries, a rebound in agriculture (13%), mining (6%), increased electricity generation and export receipts is expected to spur growth for Zimbabwe's economy.

Inflation pressures ease as Government maintains tight monetary policy stance

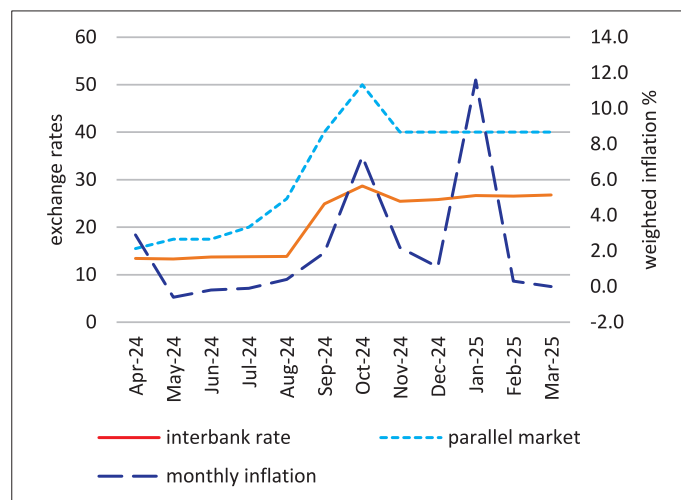
The Government, through the 2025 Monetary Policy Statement announced in February 2025, committed to maintaining a tight monetary policy stance aimed at stabilizing the exchange rate and inflation. These measures have already seen relative exchange rate stability during the quarter under review, with foreign currency premiums shrinking to as low as 12%. Subsequently, weighted month-on-month inflation slowed down significantly, from a peak of 11.6% in January 2025 to 0% by March 2025. In the outlook for 2025, we expect inflation and the exchange rate to remain generally stable as the Government enhances the implementation of its stabilization measures.

Month – on – Month Inflation



Source: RBZ

Inflation and exchange rates



RBZ

Update on Chamber engagement initiatives

During the period under review, the Chamber continued to engage Government and authorities on all legislative and policy matters including the following: electricity and energy; monetary and foreign exchange; fiscal and tax matters; labour matters, Mines and Minerals Act; and Indigenisation and Economic Empowerment.

1. Electricity and energy matters

Power supply situation

During the period under review, electricity supply to mining companies remained stable, with no major power outages having been reported. Isolated power outages that were reported were attributable to transmission faults and grid disruptions due to rainfall and thunderstorm activities. The Chamber continues to engage for prioritization of mining companies for available power.

Electricity tariff

The electricity tariff for mining companies remained high and unsustainable, impacting negatively on viability. Meanwhile, the Chamber has sought Government's intervention in ensuring that ZESA releases mining companies from power supply contracts to allow them to access cheaper alternative power from platforms such as IEUG. Government has committed to assist on this matter and the Chamber will follow up on this matter.

Alternative power supply

The Electricity and Power Development Committee of the Chamber received proposals from GEnergy, Grid Power, Lafrica Energy, Genesis Energy, Unifyd Energy and SOLARX Power on alternative power solutions for the mining industry. Interested Members are encouraged to engage these independent power providers for further enquiries while the Chamber continues to seek for more alternative power solutions to supplement available power for mining companies.

2. Monetary and foreign exchange matters

Foreign exchange retention review

The Government, through the 2025 Monetary Policy Statement announced on 6 February 2025, reduced foreign currency retentions from 75% to 70%. The downward review came at a time the Chamber was engaging RBZ for adequate retention on the back of disproportionate pressure on retentions as suppliers of goods and services, including some Government departments are demanding payments exclusively in foreign currency. Following the announcement of the new Monetary Policy Statement, the Chamber met with the RBZ Governor on 19 March 2025 where it appealed for the Governor's intervention in securing home for the surrender portion of export proceeds through payment of electricity bills and taxes in line with the prevailing retention framework. The Chamber continues to engage on this matter.

Loss of value on the surrender portion of export proceeds

Foreign exchange premiums have narrowed in recent months, following some exchange rate stability driven by ongoing monetary and foreign exchange reforms by the RBZ and Government. Meanwhile, RBZ has introduced a US Dollar Denominated Deposit Facility (USDDDF) for the 5% export surrender portion, allowing on-demand withdrawals at the interbank rate. The Chamber continues to advocate for an increased portion of taxes, including royalties, to be payable in local currency.

3. Fiscal matters

Beneficiation Tax on PGMs

Information gathered from Platinum Producers shows that ZIMRA is demanding payment of beneficiation tax on any exported PGMs concentrates. This is notwithstanding PGMs producers having achieved beneficiation milestones set out in the MOU signed between Zimplats and Government that has seen Zimplats starting to toll-process concentrates from Mimosa. The Chamber, with the assistance of the Minister of Mines, are engaging with the Minister of Finance to allow excess concentrates to be exported without paying taxes

during the time Zimplats rump up its smelting capacity or any period of technical challenges that include power outages.

Beneficiation Tax on Lithium

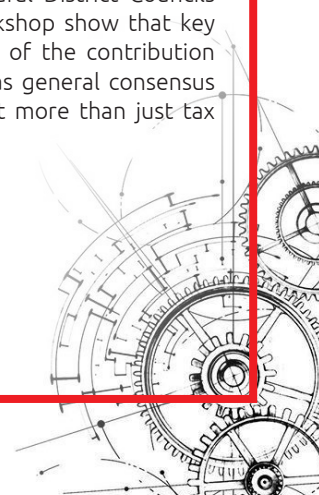
In the period under review, ZIMRA started demanding payment of the 5% beneficiation tax on lithium concentrates (lithium that is not beneficiated to lithium carbonate). Meanwhile, Lithium Producers, Ministry of Mines and Ministry of Finance agreed on lithium sulphate as the minimum beneficiation threshold for Zimbabwean lithium industry, not lithium carbonate as previously announced. This followed submissions by lithium producers that lithium carbonate is best efficiently produced using brines while lithium sulphate can be economically produced from the country's hard rock lithium resource. Producers have already started developing beneficiation facilities that are scheduled to be completed between 2026/2027, in line with the roadmap agreed upon with the Ministry of Mines. Meanwhile, and considering the above, ZIMRA, Ministry of Mines and Ministry of Finance are currently working on technical and legislative matters to defer VAT on unbeneficiated lithium up until 2026/2027.

Special Capital Gains Tax

The Government, through the 2025 National Budget Statement removed the retrospective application of the SCGT on transfer of mineral rights. The Minister further announced that the SCGT would apply only to transactions effected after 31 December 2023. Following the Government's announcement, the Chamber has been engaging the Ministry of Finance and the Ministry of Mines on key outstanding issues regarding the Special Capital Gains Tax, including the high tax rate of 20% and its application to the buyer rather than the seller. The Chamber continues to engage Government to resolve this matter.

Royalty for platinum, lithium and diamond

Royalty for platinum, lithium and diamond have remained high. Meanwhile, in order to manage negative perceptions about the contribution of the mining sector, that has resulted in royalty for some minerals being increased, the Chamber organized and facilitated a multi-stakeholder technical scoping workshop on the economic contribution of the mining sector. The Workshop was held on the 10 - 11 of April in Kadoma. The workshop aimed to build consensus on all aspects of the sector's contribution to the economy. Participants were drawn from key stakeholders that include Parliament, the Ministry of Mines, the Ministry of Finance, the Ministry of Local Government, the Office of the President and Cabinet (OPC), RBZ, MMCZ, ZIMRA, FGR and Rural District Councils (RDCs). Preliminary findings of the Workshop show that key stakeholders had narrow understanding of the contribution of the sector to the economy. There was general consensus that mining companies were doing a lot more than just tax



payments to central Government. A Report and contribution working template is being compiled by Consultants (ZEPARU) ahead of a validation Workshop that will be held on a date to be advised. The Consultants will also present the Workshop resolutions and way forward in the Main Conference during the Annual Mining Conference to be held on 21 – 24 May 2025, Victoria Falls.

Computation of Royalty on lithium exports

ZIMRA is charging royalty on lithium concentrates using value of lithium salts that are produced in China not on the lithium concentrates exported by Zimbabwe (Spodumene, petalite, etc). To note, no lithium producer is currently exporting lithium salts e.g Lithium carbonate. This situation is emanating from conflicting positions governing the export on base minerals and provisions of the Finance Act. In line with best practice, the Chamber appealed to Government for charging of royalties on the lithium mineral bearing products that are being exported and not the value of lithium salts that are being refined in China. The Chamber continues to engage Government on this matter.

4. Indigenization and Economic Empowerment

Regularisation of the policy intent to exempt mining companies from complying with the equity threshold of the Indigenisation and Economic Empowerment Act remained outstanding during the period under review. Meanwhile, the draft Economic Empowerment Bill was approved by cabinet. Once finalized, the bill will replace the current Indigenisation and Economic Empowerment Act. The thrust of the new Bill is on broader empowerment of communities compared to equity models of Indigenisation. The Chamber has since submitted proposals into the new Bill. Related to the same, the Ministry of Industry and Commerce directed the Chamber of Mines to lead the process of developing the Economic Empowerment Implementation Framework for the mining sector. The Chamber was also nominated on the National Steering Committee driving the Economic Empowerment and Local Content Strategy. The Chamber Joint Suppliers and Producers Committee is the mining industry platform assisting in developing the implementation frameworks of these new policies.

5. Local Content in the Mining Industry

The Chamber is engaging Government for a local content framework for the mining industry that encompasses ongoing local content and local empowerment initiatives being undertaken by mining companies including local enterprise development, local procurement, local employment and local skills development. The Chamber continues to engage the Government for an optimal local content and empowerment framework for the mining industry.

6. Mines and Minerals Act

The Mines and Minerals Act Amendment Bill is still under review at the Attorney General's office.

7. Labor Matters

Wage negotiations for 2025 were successfully concluded in April as follows:

- A 4% increase on the 2024 salary (USD\$372), for the first half of 2025 (Jan to June 2025)
- For the second half of 2025, a 5 % increase on the 2024 minimum wage of (US\$372)
- The forex payment structure was maintained at 68/32
- Mines that may not afford the increase to apply for exemptions through NEC and those that receive their revenue in local currency are allowed to pay local currency

Safety Health and Environment

Occupational Safety

The mining sector recorded 42 fatal accidents during the first quarter of 2025, resulting in 53 fatalities and 17 injuries. Most of the accidents (39) occurred at small-scale mines, while 3 were recorded at large-scale mines. During the same period last year, 35 fatal accidents were reported, resulting in 40 fatalities.

Fatal Accidents Statistics by Province analysis

Province	Accidents	Fatalities	Injuries
Mashonaland Central	7	11	7
Mashonaland West	8	8	0
Mashonaland East	7	9	4
Midlands	9	14	6
Manicaland	2	2	0
Matabeleland South	8	8	0
Masvingo	1	1	0
Total	42	53	17

Source: Ministry of Mines and Mining Development

The Midlands Province recorded the highest number of fatal accidents and fatalities, while Mashonaland West and Matabeleland South recorded the second-highest number of accidents. Notably, Mashonaland Central recorded seven fatal accidents but had the second-highest number of fatalities.

Reportable accidents analysis by cause

Fall of Ground (FoG) is the leading hazard, accounting for 36% of fatal accidents. Shaft accidents were the second-most prevalent cause, responsible for 17% of the accidents, while the third-most common cause was falling down excavations. Residual causes accounted for 33%, with specific causes detailed in the table below.

Reportable Accidents by source/cause.

Cause	Number of Accidents
Fall of ground	15
Machinery	4
Falling down excavation	6
Sundry	4
Gassing	1
Shaft accidents	7
Drowning	3
Electrocution	2
Total	42

To manage Falls of Ground (FoG) accidents, the Chamber's SHE Committee has made FoG an area of increased focus in the 2025 SHE audits protocol. Mines will be held to higher standards in the auditing of their safety systems. This strategic approach is intended to encourage mines to put greater effort into the management of Falls of Ground accidents.

SHE Audits

Plans for the 2025 SHE audits progressed during the quarter. The pre-audit workshop was successfully held, and work on constituting the audit teams was initiated. Nineteen mining operations have confirmed their interest in participating. However, there is a need for more members to take part in the audits to ensure a more representative sample that can influence the overall outcome. The audit teams will comprise officials from EMA, SAZ, and the Ministry of Mines, along with SHE practitioners from member mines. As part of the Chamber of Mines' ongoing efforts to drive continuous improvement in safety systems, these audits will play a crucial role in reinforcing the industry's commitment to excellence in safety performance.

Mine Rescue

The Mine Rescue Association held its Annual General Meeting in Bulawayo at the Zimbabwe School of Mines on 28 March 2025, where a call for collaboration with key national structures, including CGME, the Civil Protection Unit, ZRP Sub-Aqua Unit, Fire Brigade, Ambulance Services, and EMA was emphasized.

The aim is to leverage resources and expertise in emergency response situations, ensuring a unified approach to disaster management. The Mine Rescue Association of Zimbabwe (MRAZ) also plans to re-engage with the International Mine Rescue Association to rejoin its network. During the first quarter of 2025, the Association did not respond to any call-out incidents.

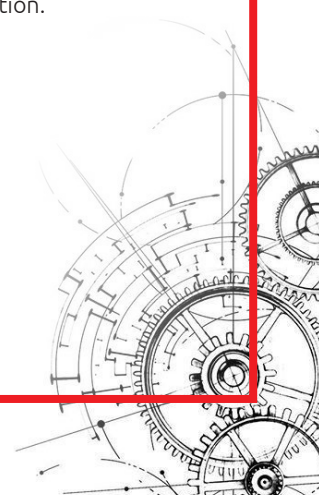
Chamber of Mines Events

Scoping Workshop on Mining Contributions to the Economy

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Zimbabwe ESG Framework – Scoping Exercise

The Chamber facilitated an ESG framework scoping exercise from 14 to 15 April 2025 at the Holiday Inn in Mutare to initiate the development of a voluntary Environmental, Social, and Governance (ESG) framework aimed at promoting responsible mining practices. The workshop brought together participants from government agencies, civic society, and mining companies, including major producers such as ZCDC, Freda Rebecca, and all PGM operators. Key presentations from Insaf, government departments, mining companies, and ZELA highlighted the importance of ESG beyond compliance emphasizing its role in uplifting communities and promoting sustainable development. The workshop proposed adopting a framework that includes economic components and recommended that the Chamber implement mandatory ESG reporting for members with minimum disclosure requirements. The consultant is expected to submit a draft framework by end of May for member review and final adoption.



Upcoming Events

Chamber of Mines Annual General Meeting and Annual Mining Conference

The programme includes key events such as:

- The AGM and Council Meeting on 21 May 2025
- Gold and PGMs Symposiums on 22 May 2025.
- Main Conference on 23 May 2025 at Elephant Hills
- Golf Tournament on 24 May 2025

This year's annual mining conference, running under the theme "Unlocking Growth Potential for the Zimbabwe Mining

Industry," features a strong blend of regional and international speakers with vast experience in all thematic areas to be discussed during the conference. Each symposium will be graced by a keynote speaker. We have introduced mineral-specific sessions within the main conference, such as coal to have in-depth discussions on the prospects of the coal and fossils sector. In terms of topical issues, we have chosen to integrate both economic and social dimensions of the sector by having a session on contribution of the mining industry on contribution of the mining industry and ESG (Environmental, Social, and Governance) matters.



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