

AFRICA RISK CONSULTING

Zimbabwe Briefing January 2025

Zimbabwe Summary 13 January 2024

President Emmerson Mnangagwa (2017-present) signs the amended Finance Act into law on 31 December 2024, enacting a 2% levy on the gross value of lithium, block granite, quarry stones, uncut and cut diamonds sold locally or abroad. The Commercial Farmers Union (CFU) and the Southern African Commercial Alliance (SACA) request urgent talks with the finance ministry over delays in the payment of compensation for their expropriated land. Gold miners defy rising costs and regulatory challenges to deliver a record 36.48 tonnes of gold in 2024, with most of the output coming from small-scale miners.

New 2% mineral tax comes into force as platinum producers delay projects

President **Emmerson Mnangagwa** (2017-present) on 31 December 2024 signed into effect the amended **Finance Act**, enacting a 2% levy on the gross value of lithium, block granite, quarry stones, uncut and cut diamonds sold locally or abroad. The levy, which officially came into effect on 1 January, must be paid in the currency of trade.¹

The provision is part of government's efforts to increase revenue collected from the country's mineral resources. The new levy is an increase on the 1% that was previously charged. Also outlined in the act is several other provisions aimed at increasing mineral revenues, including:

- Prohibiting the acquisition or transfer of mining title to entities that are not registered for tax purposes;
- Setting penalties for those that fail to timeously remit mining royalties to the government. Those found guilty are liable to spend up to six months in prison.
- If royalties are not remitted by the required deadline, interest will accrue at a rate determined by the finance ministry.²

The levy also coincides with the government's new 5% export tax on unrefined platinum exports in a bid to push miners to beneficiate the base metal locally. Platinum miners currently process the metal into concentrates and mattes, which they export to refineries in **South Africa**. First introduced in 2014 at 15% but postponed several times to give miners time to set up refineries and later reduced to 5%, the export tax is part of government plans to push beneficiation of minerals locally with similar plans earmarked for other minerals such as lithium.³

Zimbabwe has three platinum producers:

- **Zimplats** - a unit of South Africa's **Implats**;
- **Mimosa** - jointly owned by South Africa's **Sibanye -Stillwater** and Implats; and
- **Unki** - owned by **United Kingdom**-headquartered **Anglo American**.

¹ The Herald, 7 Jan 2025

² The Herald, 10 Jan 2025

³ Newswire, 11 Nov 2024

Zimplats and Unki have smelters to process and convert platinum into mattes with the former having recently commissioned a new smelter. Zimplats has also budgeted \$190m on its base metal refinery, which would also refine mattes from other local producers, but has only spent \$29m on the refinery, delaying further spending in response to the collapse in platinum prices. The government now wants that refinery done and the implementation of the tax will add pressure on Zimplats to complete the plant.

Zimplats pause on its project is only one example of such delays due to weaker platinum prices. **Karo Mining**, a subsidiary of Cyprus-based **Tharisa Holdings**, has pushed back the start of production at its new \$391m platinum mine to the second half of 2026 due to weak global commodity prices. Construction of the mine, located on the **Great Dyke** in **Selous (Mashonaland West Province)**, started in December 2022 and commissioning was initially expected in July 2024. However, Karo moved this date to June 2025 last year before pushing it back again as talks continue over funding.⁴

Karo has said it is at an advanced stage to secure \$225m in debt funding for the completion of the construction of its platinum mine with about \$31.2m coming through an equity partner. It has also fully utilised a \$65m equity line availed by Tharisa Holdings for the project. In a statement accompanying financial results for the year ended 30 September 2024, Karo noted that the project workstreams have been divided into smaller commitments to ensure continued development aligned with funding availability.⁵

When complete, Karo will produce up to 194,000 ounces of Platinum Group Metals (PGMs) per year. This would make it Zimbabwe's third largest platinum mine after Zimplats and increase the country's platinum output by 20%. But the fall of PGMs price on the global market means the national platinum output increase will not be realised immediately as projects are delayed across the industry.

A **Chamber of Mines of Zimbabwe (COMZ)** survey released at the end of 2024 indicated that the industry expects profits to decline on the back of anticipated high costs of production. Costs of production are expected to increase by an average of 8% in 2025 while miners expect energy needs to grow to 800MW per day in 2025 from 600MW last year. Despite these concerns, miners are confident of a rebound in global commodity prices in 2025 following the surge in gold prices last year.⁶ Miners expects revenues to increase 10% to \$6 billion from \$5.5 billion in 2024 and approximately 80% of respondents expect to increase production in 2025 by an average of 20%.

Former farmers engage government over delayed compensation

The **Commercial Farmers Union (CFU)** and the **Southern African Commercial Alliance (SACA)** on 10 December wrote a letter to the finance ministry requesting urgent talks with the government over delays in the payment of compensation for expropriated land, with the CFU claiming that the government has failed to pay part of \$331m in compensation but has reimbursed other farmers who were not part of the initial deal.

In the joint letter, the CFU said it was concerned over payments the government has made to another group of farmers, known as the **Property and Farm Compensation Association (PROFCA)**.⁷ This group was formed by farmers willing to accept government payment in bonds

⁴ Newswire, 7 Jan 2025

⁵ Newsday, 6 Jan 2025

⁶ Newswire, 10 Oct 2024

⁷ Bloomberg, 17 Dec 2024

for their farm improvements. The CFU letter said many of its members are now destitute as they have not received any funds from the \$35m allocated in the 2024 budget:

“Your ministry appears to have exclusively provided for the PROFCA agreement and disregarded the broader pool of GCD claimants, many of whom are now destitute and have had their dignity taken away whilst being owed significant compensation.”⁸

Zimbabwe says it is not compensating the farmers for the actual land, but only for assets that were on the farms. Under an accord signed in 2020, the government agreed to compensate about 4,000 farmers but it has repeatedly missed payment deadlines. The government expects the deal to cost \$3.5 billion over as many as ten years. The government has identified at least 439 former landowners as beneficiaries for the financial settlement of \$331m, according to the **African Development Bank (AfDB)**.

Zimbabwe’s financial constraints are likely behind the lack of payments. Zimbabwe has been locked out of the global financial system for more than two decades after defaulting on external loans and has had little room in its budget to accommodate the compensation scheme.

Small-scale miners drive record gold output in 2024

Zimbabwe’s sole authorised gold buyer **Fidelity Gold Refinery (FGR)** reported on 3 January that gold miners delivered a record 36.48 tonnes of gold in 2024, 21% more than in 2023 and outweighing the previous record of 35.6 tonnes set in 2022. The 2024 figure was driven by a 27% increase in deliveries from small-scale miners and an 11.4% growth from larger miners.⁹

Sales from smaller miners dipped by 23% in 2023 due to delayed payments from Fidelity but faster payments in 2024 and the removal of VAT on gold sales mid-year encouraged producers to sell more gold to Fidelity.

On the other hand, large-scale producers also registered significant growth with **Dallaglio**, the gold mining unit of **Victoria Stock Exchange**- listed **Padenga Holdings**, produced 2,025kg in the nine months to September, up 22%. **Jersey**-based **Caledonia Mining** produced 1,610kg up to September and has projected full-year output of around 2,200kg for 2024. State-owned **Kuvimba Mining House**, the country’s biggest producer, said earlier in 2024 that it expected to produce 3,500kg.¹⁰

International gold prices rose 27% in 2024 helping miners ramp up production. Despite the record production, miners say rising costs and a harsh operating environment also constrained production from reaching its full potential.

Planner

3-6 Feb 2025 **Cape Town (South Africa)** Mining Indaba 2025

Mar 2025 **Harare (Zimbabwe) Reserve Bank of Zimbabwe (RBZ)** (central bank) **Monetary Policy Committee** decision

Jul 2025 **Harare (Zimbabwe)** Mid-Term Budget Review

28 Nov 2025 (**South Africa**) Expiry of special residence permits for Zimbabweans living in South Africa

⁸ Newswire, 17 Dec 2024

⁹ Newswire, 3 Jan 2025

¹⁰ The Herald, 7 Jan 2025

Chronology

8 Jan 2025 **Harare (Zimbabwe)** *The Herald*. **The Zimbabwe Electricity Transmission and Distribution Company (ZETDC)** says several international firms have submitted bids to construct three large-scale power storage facilities with a combined 1800MW;

7 Jan 2025 **Harare (Zimbabwe)** *Newsday*. The **Zimbabwe Chamber Mines** projects the mining sector to grow by an average of 7% in 2025, reaching \$6 billion in exports, up from \$5.4 billion last year, driven by a strong recovery in gold, platinum group metals (PGMs) and diamonds;

7 Jan 2025 **Harare (Zimbabwe)** *Mining Zimbabwe*. The **Zimbabwe Miners Federation (ZMF)** targets 40 tonnes of gold production in 2025 after achieving a 21% jump in gold deliveries to 36.48 tonnes in 2024;

7 Jan 2025 **Harare (Zimbabwe)** *Bloomberg*. The **Zimbabwe National Chamber of Commerce (ZNCC)** CEO **Christopher Mugaga** warns that companies should brace for further exchange-rate volatility this year following a shock devaluation of the nation's bullion-backed currency in September last year;

6 Jan 2025 **Harare (Zimbabwe)** *The Herald*. **United Kingdom's Contango Holdings** receives its first royalty payment for its **Muchesu** coal project in **Binga (Matabeleland North Province)**, marking a pivotal moment in the company's journey to unlock value in its two billion tonne coal resource;

6 Jan 2025 **Harare (Zimbabwe)** *Newswire*. President **Emmerson Mnangagwa** extends General **Philip Valerio Sibanda's** term of office as commander of the **Zimbabwe Defence Forces (ZDF)** until 23 November 2025. Sibanda turned 70 on 24 December, reaching retirement age;

3 Jan 2025 **Harare (Zimbabwe)** *The Herald*. President **Emmerson Mnangagwa** swaps cabinet ministers with **July Moyo** reassigned to become the energy and power development minister while **Ezekiel Moyo** assumes the role of public service, labour and social welfare minister;

2 Jan 2025 **Harare (Zimbabwe)** *Newsday*. **Australia's Invictus Energy** announces that the second tranche of its \$10m capital-raising initiative for its **Cabora Bassa** oil and gas project has been oversubscribed by institutional investors by over \$2m;

2 Jan 2025 **Bulawayo (Zimbabwe)** *Newswire*. **Botswana-based retailer, Choppies Enterprises** exits Zimbabwe selling its operations to **SaiMart**, a company owned by deputy industry minister, **Raj Modi**;

31 Dec 2024 **Harare (Zimbabwe)** *VOA News*. President **Emmerson Mnangagwa**, who has not signed death warrants for those facing capital sentences since he came to power in 2017, signs the death penalty abolition bill into law;

31 Dec 2024 **Harare (Zimbabwe)** *Newsday*. Acting chief secretary in the office of the president and cabinet, **George Charamba** announces that President **Emmerson Mnangagwa** starts his month-long annual vacation and will be back in office in early February;

30 Dec 2024 **Harare (Zimbabwe)** *Zimbabwe Mail*. **South African** agriculture and agri-processing firm, **Tongaat Hulett Limited (THL)**, is preparing to offload its Zimbabwe operations to the owners of the South African investment consortium **Vision Group** who are buying the group in a deal worth \$330.05m;

28 Dec 2024 **Harare (Zimbabwe)** *Newsday*. **Zimbabwe National Statistics Agency (ZIMSTAT)** reports monthly inflation rate slowed significantly to 3.7% in December 2024, down from 11.7% in November;

27 Dec 2024 **Harare (Zimbabwe)** *VOA*. Government officials confirm that Zimbabwe is working with **Russia** and the **International Atomic Energy Agency** to establish a nuclear energy power plant to address chronic power shortages;

24 Dec 2024 **Harare (Zimbabwe)** *Newsday*. The country's second-largest cement maker, **Khayah Cement Limited** is placed under corporate rescue to protect it from possible liquidation as the producer feels the impact of **United States (US)** sanctions placed on companies and persons linked to its major shareholder, **Fossil Mines (Pvt) Limited**;

23 Dec 2024 **Harare (Zimbabwe)** *Newsday*. **United Kingdom**-based **Kavango Resources Plc** is set to raise \$8.2m meant for developing gold mines at its **Hillside Project** and for further exploration in Zimbabwe and **Botswana**;

21 Dec 2024 **Harare (Zimbabwe)** *Newswire*. State-owned **Kuvimba Mining House (KMH)** announces the appointment of **Trevor Barnard** as its new substantive Chief Executive Officer (CEO), effective December;

18 Dec 2024 **Harare (Zimbabwe)** *Zimlive*. The **Reserve Bank of Zimbabwe (RBZ)** grants **Mukuru Financial Services Zimbabwe Limited** a deposit-taking microfinance institution licence allowing it to offer loans to individuals and SMEs;

18 Dec 2024 **Harare (Zimbabwe)** *Newswire*. **United Kingdom**-headquartered **Marula Mining**, which has been seeking lithium and copper mining opportunities in Zimbabwe, stops exploration and project acquisition activities in the country after failing to secure opportunities that met its expectations;

17 Dec 2024 **Harare (Zimbabwe)** *Newswire*. Zimbabwe's sovereign wealth fund, the **Mutapa Investment Fund**, turns to **Africa Export-Import Bank** to help raise up to \$50m for the technical support it needs to turn state assets into bankable investments;

13 Dec 2024 **Harare (Zimbabwe)** *Newswire*. The country's biggest bank, **CBZ Ltd** says it's not ending its ambitions to build a regional financial giant after competition regulators turned down its plans to take over **First Mutual Limited**;

12 Dec 2024 **Harare (Zimbabwe)** *Zimbabwe Mail*. Construction at the **Zimbabwe Cyber City** in **Mount Hampden**, located just outside Harare, is back on track, with the completion of over 50 luxury villas expected by next year;

10 Dec 2024 **Harare (Zimbabwe)** *Construction Review Online*. Energy minister **Edgar Moyo** announces the **Africa Export-Import Bank** has provided \$250m in funding for ongoing feasibility studies for Zimbabwe and **Zambia's** plan to build a floating solar farm on **Lake Kariba** in a project spearheaded by the **Zambezi River Authority (ZRA)**;

9 Dec 2024 **Harare (Zimbabwe)** *mining.com*. **United States**-based **Namib Minerals** is set to become the next **Nasdaq**-listed gold miner following the filing of its registration statement with the **Securities and Exchange Commission** for its proposed merger with special purpose acquisition company **Hennessy Capital Investment Corp.**;

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