

THE CHAMBER OF MINES



OF ZIMBABWE

# 2021 annual report



# 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	05
Chief Executive Officer's Review	06
Safety Health and Environment	9
Economic Affairs Review	10
Mining Affairs Review	12
Electricity and Energy	16
Mining Industry Labor and Manpower Matters	17
Mining Industry Pension Fund Report	20
Chamber of Mines Pension Enhancement Fund (COMPEF)	24
Zimbabwe School of Mines Report	26
Abridged Audited Financial Accounts	28

# Office Bearers



**Colin Chibafa** President



**Thomas Gono** Vice President



**John Musekiwa** Vice President



**Isaac Kwesu** Chief Executive Officer



**Elizabeth Nerwande**  
Immediate Past President





# Mining Industry Key Highlights

## Key Highlights

**3.4%** mining sector growth



**41%** growth in mineral exports



**51%** increase in gold production



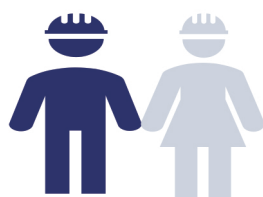
**58%** increase in diamond production



Mineral exports at  
**USD5.2 bn**

**(83%** of total national exports)

Capacity Utilisation up to  
**80%**



Mining industry formal employment up to  
**37,321**



Mining industry Covid-19 related deaths up to **28**



**6%** decline in mining related accidents

# Foreword by the President



**Colin Chibafa President**

In 2021, the Zimbabwe economy grew by 7.8% largely underpinned by strong performance in agriculture, manufacturing, and construction.

The economy is projected to grow by 5.5% in 2022. Notwithstanding the positive economic growth prospects, the operating environment continues to face challenges that include electricity supply deficits, forex exchange shortages and difficulties in raising capital based on lenders perception of Zimbabwean risk.

The mining industry, emerging from covid induced disruptions, rebounded by 3.4% in 2021 from a contraction of -9% in 2020. The recovery was largely driven by growth in gold (+50%) and diamond (+58%). Supported by firm commodity prices, the sector generated a record US\$5.2 billion in export earnings (83% of national exports), compared to US\$3.7 billion in 2020. For 2022, the sector is projected to grow by 8%, benefitting from favorable commodity prices and production ramp up across key minerals. Mineral export earnings are expected to surpass US\$5.5 billion in 2022.

The mining industry has remained a key pillar in the country's economic recovery, accounting for approximately 83% of national exports in 2021, directly employing more than 37 000 people and over 500 000 artisanal and small-scale miners. On the back of its strong linkages with other sectors in the economy, the formal mining industry indirectly generated in excess of 100,000 jobs in other sectors. The sector further contributed over 20% of its revenue to the fiscus.

Notwithstanding the above, the mining sector continues to perform below its full potential and the sector is poised to contribute

significantly to the US\$12 billion milestone if the challenges facing the sector are addressed. The challenges include access to adequate foreign currency, capital constraints, electricity outages and high cost of production. The Chamber of Mines of Zimbabwe continues its advocacy work with government to achieve a policy and legislative environment that will be conducive to the growth of the sector.

In line with the Chamber's thrust to improve information symmetry in the mining industry across all stake holders, the Chamber published the 2021 State of the Mining Industry Report which was launched in October 2021. The annual survey report has become a key source of information for mining policy formulation and has significantly assisted in the building of mutual trust between key mining stakeholders through provision of information.

Our industry has also remained conscious of its social footprint outside the primary mining activity and continues to approach the process of wage negotiations with a receptive mind-set while at the same time supporting our host communities, the underprivileged and the public at large through various Corporate Social Investment programmes.

Finally, let me take this opportunity to express my gratitude for the unwavering support received from all the Members, the Executive Committee and the Secretariat during the year. The Chamber will continue to lobby on pertinent issues with government and all our industry partners.

Colin Chibafa  
President



# Chief Executive Officer's Review



**Isaac Kwesu** Chief Executive Officer

In terms of the Chamber of Mines of Zimbabwe (the Chamber) Constitution, the Council must meet at least once a year. Accordingly, the Council Meeting and the 81st Annual General Meeting of the Chamber were held Virtually on 26 May 2021. The accompanying Annual Mining Conference was held on 2 – 4 June 2021, at Elephant Hills, Victoria Falls, with more than 300 delegates having attended the event. The Conference provided a platform for key stakeholders including Government, senior mining executives and investors to discuss pertinent issues in the mining industry

## Key Matters in the Mining Industry

In 2021, there were some positive developments in the mining sector. Several mining houses undertook expansion projects while a number of new mines in the gold, lithium and coal sectors were commissioned during the year. Supported by firm commodity prices, mining output grew by 3.4% in 2021, from -9% in 2020.

Despite the above, the mining sector continues to operate below its full potential with average capacity utilisation estimated at around 80% due to several challenges that include foreign exchange shortfalls, power deficits, high operating costs and capital shortages.

The Chamber of Mines engaged Authorities on these and other outstanding legislative and policy matters including Amendments to the Mines and Minerals Act, fiscal matters and Indigenization and Economic Empowerment.

### Foreign exchange shortfalls

A significant number of mines are facing foreign currency shortfalls to meet their operational requirements. With most mining companies in expansion mode, they now require more foreign currency to fund the capital projects including setting up beneficiation facilities.

Meanwhile, the measures that were announced by Government during May 2022 that seek to deal with exchange rate and price volatility

including introduction of the willing buyer-willing seller framework will go a long way in restoring value for exporters including mining companies. The Chamber will continue engaging Government on the matter.

### Payments for gold delivered to Fidelity Printers and Refiners

The payment situation for gold delivered to Fidelity Printers and Refineries generally improved in 2021 with isolated reports of payment delays. The Chamber of Mines continues to monitor the situation and engage for timeous payment for gold deliveries.

### Fiscal Framework for the Mining Sector

In the year under review, the Chamber of Mines continued to engage the Government for an optimal fiscal framework for the mining industry.

#### a) The export tax on unbeneficiated Platinum Group Metals

The deferment of the beneficiation tax on PGMs expired on 31 December 2021 triggering the collection of the tax by ZIMRA. In line with significant progress recorded by platinum producers in setting up beneficiation facilities, the Chamber successfully engaged Government on the matter, culminating in the suspension of the beneficiation tax pending finalization of consultations with a view of further deferment. The Chamber continues to engage Government to finalize this matter.

#### b) Export tax on minerals on unbeneficiated Lithium

For the greater part of the year under review, petalite continued to attract an export levy despite the fact that petalite (unlike spodumene) is fully beneficiated in country. The Chamber successfully engaged Government to remove export tax on fully beneficiated petalite. Petalite can now be exported without any export levy.



# Chief Executive Officer's Review

## c) Mining Fees and Charges

Some of the fees gazetted in 2021 and subsequently revised in 2022 remained high. The Chamber continues to engage Government to align the fees to regional benchmarks.

## d) Payment of taxes in foreign currency

In 2021, mining companies were paying royalty and some taxes in foreign currency. This situation further squeezed the available foreign currency to mining companies. Chamber engagements on the matter culminated in the Ministry of Finance, on 4 February 2022, announcing that mining companies would pay royalties, taxes and duties as follows: mining royalties (50:50); domestic taxes on export receipts (in line with retentions) and taxes on vehicle imports (50:50). Previously, royalties and export taxes were 100% taxed in foreign currency. Meanwhile, Government, through a Presidential Statement released on 7 May 2022, further announced that exporters would be allowed to pay more of their taxes in local currency. The proportions are to be announced in the course of the year. The Chamber is engaging Government and Reserve Bank of Zimbabwe.

## Amendments to the Mines and Minerals Act

The amendments to the Mines and Minerals Act remained outstanding during the year under review. The government is now targeting to finalise the amendments in 2022 and the Chamber will continue to engage the Ministry of Mines and Parliament for the expeditious finalisation of the Amendments.

## Amendments to the Gold Trade Act and Precious Stones Act

Amendments to the Gold Trade Act and Precious Stones Act remained outstanding during the period under review. The Ministry shared a copy of the draft Principles to the Amendment of the Gold Trade Act with stakeholders. The Chamber submitted comments and input on the Draft Principles for consideration by the Ministry of Mines. Meanwhile, principles for amendments to the Precious Stones Trade Act are yet to be developed. The Chamber will continue to engage the Ministry on these matters.

## Indigenisation and Economic Empowerment

The government, through a statement released on 2 February 2021 announced a Policy exempting the mining industry from complying with the equity threshold of the Indigenisation and Economic Empowerment Act. Regularization of this policy intent into Law, however, remained outstanding by the end of 2021. Meanwhile, it appears Government is considering introducing an Economic Empowerment Framework which is expected to replace the current Indigenization Law. The Chamber will continue to engage the Government and Authorities on this matter.

## Minerals Development Policy

During the period under review, the Ministry of Mines and Mining Development released a revised Minerals Development Policy in September 2021 for stakeholder comments. The revised document accommodated some proposals from the Chamber of Mines Submission. The Policy is expected to be finalized in 2022. Meanwhile, the Ministry of Mines and Mining Development is understood to be targeting to finalize all outstanding Mineral Specific Policies in 2022. The Chamber of Mines submitted proposals to the Mineral Specific Policies (including gold, PGMs, ferrochrome, coal and lithium) for consideration by the Ministry of Mines.

## Use it/ Lose it Principle

During 2021, the Ministry of Mines continued to enforce the “use it or lose it” principle as enshrined in the Mines and Minerals Act. The Chamber encouraged members to ensure that their mining titles are fully inspected as provided by the Act.

## Mining Cadastre Systems

The Ministry of Mines continued to develop the Mining Cadastre during the year under review. A pilot exercise based on mining titles in Mutare was undertaken. This exercise validated the system which has been extended to other parts of the country.

## Local Content Policy

Government directed the Chamber of Mines Joint Suppliers and Producers Committee to develop a Local Content Implementation Framework and local content thresholds proposals for the mining industry. Consultations to come up with the Local Content Implementation Framework for the mining industry were delayed due to funding challenges to finance a consultant to finalize the Matter. The Working Committee is exploring alternative funding mechanisms to finalise the matter before the end of 2022.

## Rural District Council (RDC) Levies

During the period under review, mining companies continued to face high and varying RDC Unit taxes. The Chamber engaged Government and RDCs on the matter. The matter is now being handled between the Minister of Mines and the Minister of Local Government. The Chamber will continue engaging Authorities for optimal and standardised RDC charges.

## Environmental Management Matters

The Chamber of Mines proposed Mine Closure Rehabilitation Insurance product was handed over by Government and is now under consideration as part of the amendments to the Mines and Minerals Act amendments. Meanwhile, the Radiation Protection Authority undertook Naturally Occurring Radiation Material (NORM) surveys





# Chief Executive Officer's Review

throughout the mining industry. Most mines were found to have NORM levels below the critical threshold exempting them from compliance with provisions of the NORM regulations.

## Coal Producer Viability Matters

During the period under review, coal producers faced several viability challenges including low coal price and foreign currency shortages which impacted negatively on the viability of coal producers. The Chamber engaged Government and ZESA to resolve these matters. ZESA and Government proposed some interventions to resolve the matters including provision of diesel, review of the coal price and a review of the foreign currency framework for the coal producers. The Chamber will continue engaging ZESA and Government to improve viability of coal producers.

## Membership

### Elections

In terms of the Constitution of the Chamber, Council elected the following as office bearers for the year 2021 /2022:

President	C. Chibafa
Vice President	T. Gono
Vice President	J. Musekiwa

### Executive Committee

Council appointed the Executive Committee for 2021 -2022, which comprised the following:

President	C. Chibafa
Vice President	T. Gono
Vice President	J. Musekiwa
Past President	E. Nerwande
Chief Executive Officer (Ex Officio)	I. Kwesu

Class A Representatives	Representative	Alternate
Anglo American Corporation	JP Maposa	C Chibafa
BNC	T Lusiyano	P Shayawabaya
Blanket Mine (Caledonia)	M Learmonth	P Dell
Bulawayo Mining Co.(How Mine)	K Chiota	A Matumbura
Freda Rebecca Gold Mine	E Hove	G Mapakame
Great Dyke Resources	M Shava/A Ivanov	P Chiwaka
Hwange Colliery	C Zinyemba	D Mbirikira
Mimosa	F Makoni	E Nerwande
MMCZ	TM Muzenda	M Chandawengerwa
Murowa Diamonds	T Gova	M Nyamhunga
New Dawn Mining	Q Nkomo	IR Saunders
Riozim	M Shah	
Zimasco	J Musekiwa	C Sadomba
Zimplats	A Mhembe	S Segula
ZCDC	M Mabhudhu	

## Class B Members

Bilboes/Panaf  
John Mack & Co.  
Duration Gold  
Todal Mining  
Bikita Minerals

## Class C Members

Zambezi Gas  
Old Nic Mine  
Samrec Vermiculite  
FA Stewart

## Class D Members

Golden Reef Mining

## Class E Members

KW Blasting

## Class F Members

Geological Society of Zimbabwe

## Class G Members

Vacant

## Chairpersons of Committees

Economic Development and Investment Committee	C Chibafa
Electricity and Power Development Committee	J Musekiwa
Finance Committee	F Makoni
Gold Producer	Q Nkomo
Indigenisation Committee	M Shava
Labour committee	T Gono
Legal Matters (General) Committee	P Mangwengwende
SHE Committee	K. Chihota
Suppliers Committee	A Mhembe
Platinum Producers Committee	A Mhembe
Coal Producers Committee	Vacant
Association of Mine Managers	C Katanda

## Co-opted Members

Two members were co-opted under Class B.

## Senior Management Secretariat

Chief Executive Officer	I. Kwesu
Technical Affairs Manager	D.D. Matyanga
Economics, Policy and Investments Manager	P. Chitsuro
Finance Officer	A. Chimunye
Consultant	D. Verden

## Summing up

The Chamber will continue updating the Executive Committee and Council on key matters affecting the mining industry and their engagement strategies thereof.

Isaac Kwesu

## Chief Executive Officer



# Safety Health and Environment

### Covid 19

COVID19 remained an issue of concern in the mining industry during 2021, with emergence of new highly transmissible and fatal variants. Government responded by introducing restrictions through lockdowns. The Chamber of Mines successfully lobbied Government to allow mining companies to operate during lockdown albeit observing covid containment protocols. Meanwhile, the Government initiated a vaccination programme with the support of the private sector. The cumulative number of COVID-19 related deaths recorded at the end of 2021 was 35 of which 28 were recorded in 2021. The cumulative number of positive cases recorded in the mining industry for was 6 908., with 28 fatalities. The mining industry has been at the forefront of the vaccination program, with 90% mine employees having been fully vaccinated by end of 2021.

### Safety

The SHE Committee met regularly during the year. All activities that involve close human contact were suspended due to the unfolding COVID19. Thus, the SHE Audits, First Aid Competitions and Mine Rescue Competitions were suspended in 2021.

### Accidents

In 2021, the mining industry recorded 121 fatal accidents compared to 148 in 2020. The data numbers include accidents from small operations

and illegal mining operations. Of the 121 accidents reported during the year, 8 fatal accidents are attributed to members of the Chamber of Mines of Zimbabwe. The 121 fatal accidents resulted in 139 fatalities, with the accidents at illegal operations carrying the bulk of the multiple fatality accidents. About 42% of the fatal accidents reported were attributed to illegal operations a marginal decline compared to 48% reported in 2020. The mines affiliated to the Chamber of Mines contributed 7% of the total in 2021 compared to 3% in 2020.

### Causes of Accident

Out of the 139 fatalities reported in 2021, 66 were related to fall of ground, constituting 47% of the total an increase from 36.5% recorded in 2020. Shaft related accidents were the second largest contributor to fatal accidents in 2021 at 19% of total.

Table Causes of accidents (2020 – 2021)

Cause of Accident	2020	2021
Fall of Ground	54	66
Gassing	8	16
Shaft	18	27
Explosives	10	5
Surface	0	1
Machinery	8	0
Falling Material	25	0
Falling Down Excavations	10	0
Others	15	24
Total	148	139

Source: Chamber of Mines, Ministry of Mines

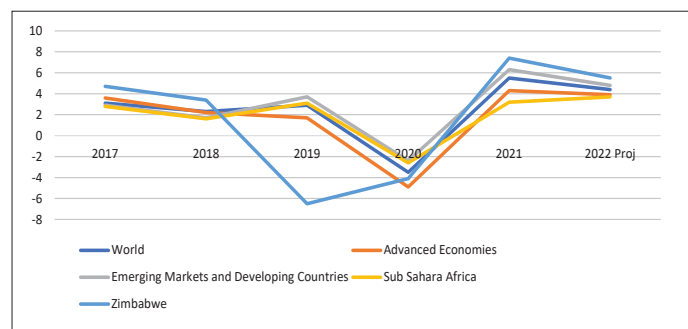


# Economic Affairs Review

## The Global Economy and Outlook

The global economy recovered in 2021, growing by 5.9%, compared to a covid pandemic induced contraction of 3.2% in 2020. Widespread vaccinations to contain the covid pandemic, as well as broad fiscal interventions across major global economies, resulted in the Euro Area, the United States and the Chinese Economy all growing by 8% in 2021, thus anchoring global economic recovery. In the outlook, global growth is anticipated to moderate to 4.9% in 2022. Risks to the global economic recovery are tilted to the downside, amidst the Ukraine crisis, emergence of new COVID-19 variants and supply chain disruptions, energy and food price volatility and high global inflation. These factors are anticipated to pull down the global economic growth for 2022 from the original forecasts.

### Global growth and outlook (%)



Source: IMF, Ministry of Finance and Economic Development

## Commodity price outlook

The strong global economic recovery in 2021 led to an upturn in most commodity prices as demand conditions improved across the globe. Gold prices firmed largely on the back of safe-haven demand for the metal. Supply disruptions for Platinum Group Metals (PGMs) in Russia and South Africa in 2021, against strong demand, helped bolster global PGM prices. The recovery from the Covid-19 downturn in China and other industrialized countries shored up demand for base metals, and hence supported their prices. In 2022, commodity markets are expected to remain bullish on the back of high uncertainty and restricted global supply in various markets emanating from the geological conflict in Europe. The anticipated global growth and attendant demand for base metals is expected to support high base metal prices.

### Price forecast for selected commodities (USD)

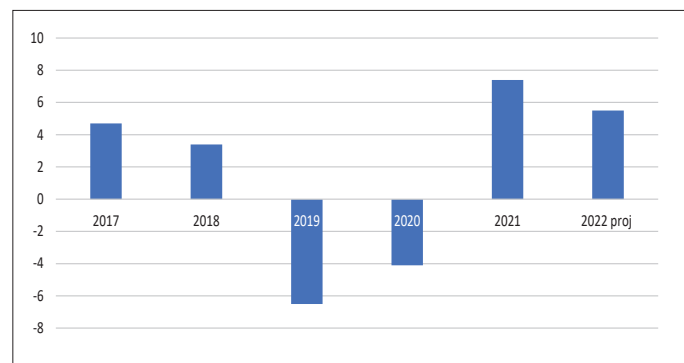
	2021	2022f
Gold/ounce	1,798	1,950
Platinum/ounce	1,098	1,500
Palladium/ounce	2,390	2,800
Nickel/ton	18,465	30,000

Source: World Bank, Trading Economics, Kitco, Chamber of Mines of Zimbabwe

## Zimbabwe Economic Outlook

The domestic economy recovered by 7.8% in 2021 (from a contraction of -4.1% in 2020) underpinned by strong rebound in agriculture (following bumper harvest in the 2020/21 agriculture season) and improved activities in other real sectors of mining, manufacturing, and construction. In 2022, government is projecting the economy to further grow by 5.5% supported by strong recovery in mining (8%), agriculture (5.1%), manufacturing (5.5%) and construction (17.4%). Downside risks that are expected to weigh down economic prospects for 2022 include poor rains (that have suppressed yields across the country), foreign exchange constraints, electricity shortages and high inflation.

### Economic growth projections (%)

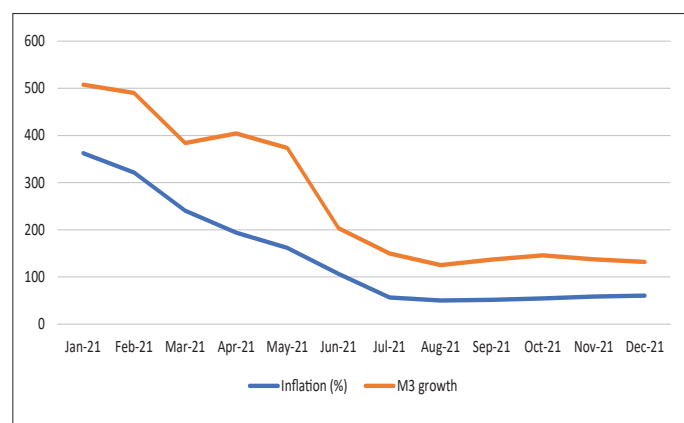


Source: ZIMSTAT, Ministry of Finance and Economic Development,

## Inflation, money supply and exchange rate developments

The economy largely experienced dissipating inflation pressures for the greater part of 2021, with annual inflation decelerating to 60.7% by December 2021, from 362.6% in January 2021. Month-on-month inflation remained in single digit levels, averaging 4% for the whole year. Inflation developments in the economy were largely influenced by money supply growth and exchange rate depreciation. Broad money supply (M3) growth decelerated from 508% in January 2021, to close the year at 131.8%.

### Inflation and Money Supply Growth (%)



Source: ZIMSTAT





# Economic Affairs Review

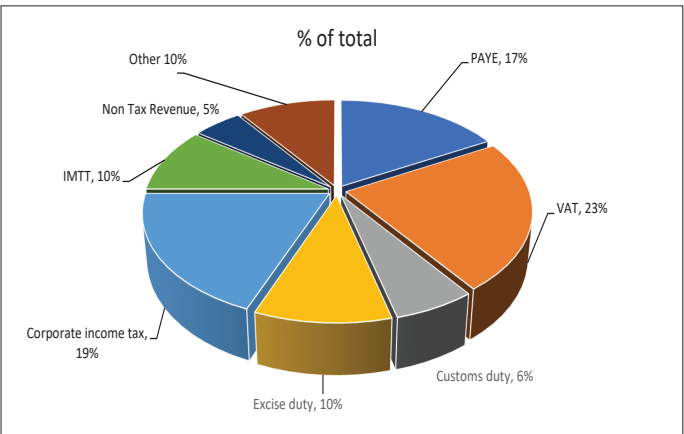
The exchange rate (both official and alternative) depreciated during the year, propping up inflation pressure in the economy. The auction rate depreciated from ZW\$82/USD at the beginning of January 2021, to ZW\$109/USD by end of December 2021. The parallel market rate depreciated from ZWL110/ USD in January 2021, to close the year at around ZWL220/ USD by end of December 2021. The ‘black market’ premium continued to influence price formation in the economy in 2021, with most prices of goods and services indexed to the parallel market rate.

In the outlook, inflation pressures are expected to emanate from anticipated widening parallel market premiums, high money supply growth, high food prices following a poor agriculture season and high energy prices.

### Fiscal Budget Performance

Preliminary Government numbers show that cumulative Government revenue collections for 2021 were ZWL \$478 billion, largely financed by issuance of treasury bills and SDR drawdowns. Government expenditure remained predominantly recurrent at around 68% of total expenditure.

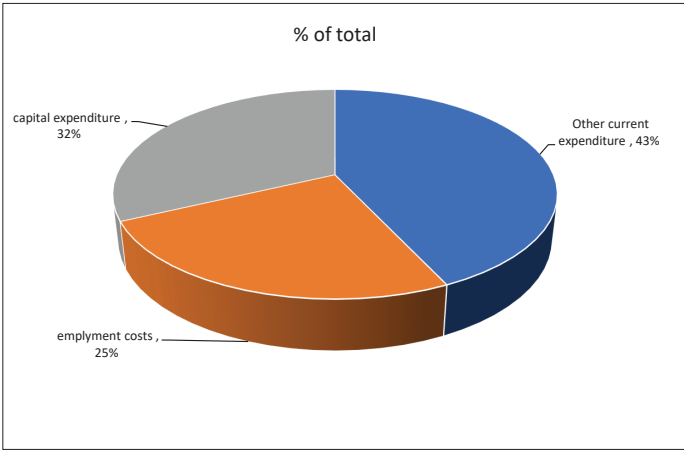
Sources of 2021 Fiscal Revenue (% of total Government revenue)



Source: Ministry of Finance and Economic Development

\*IMTT is Intermediate Money Transfer Tax

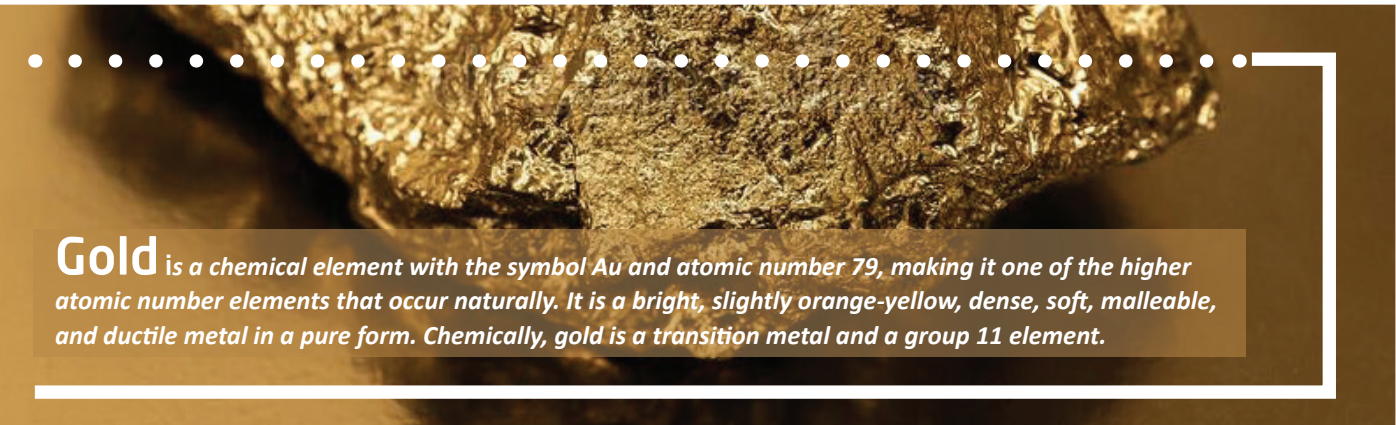
Government Expenditure Distribution (%) of total Government Expenditure 2021



Source: Ministry of Finance and Economic Development

### External sector developments

Cumulative merchandise exports for 2021 stood at US\$6.3 billion (compared to US\$4.9 billion in 2020) against merchandise imports of US\$5.74 billion (compared to US\$4.72 billion in 2020) culminating in a trade surplus of US\$600 million. Diaspora remittances increased by 42% to US\$1,4 billion in 2021. Mineral exports accounted for 80% of total national merchandise exports in 2021. In the outlook, export earnings are expected to further increase largely benefitting from anticipated improved mineral exports on the back of a rally in metal prices.



**Gold** is a chemical element with the symbol Au and atomic number 79, making it one of the higher atomic number elements that occur naturally. It is a bright, slightly orange-yellow, dense, soft, malleable, and ductile metal in a pure form. Chemically, gold is a transition metal and a group 11 element.



# Mining Affairs Review

## Overview

During the period under review, the operating environment for the mining industry was predominantly challenging on the back of loss of value on the surrender portion of export proceeds, inadequate foreign exchange allocations, fragile power supply, capital constraints and high-cost structure. These challenges weighed down the full potential of the mining industry in 2021, with some minerals including PGMs, nickel and ferrochrome recording output declines compared to 2020.

## Mineral Output Performance 2020 and 2021

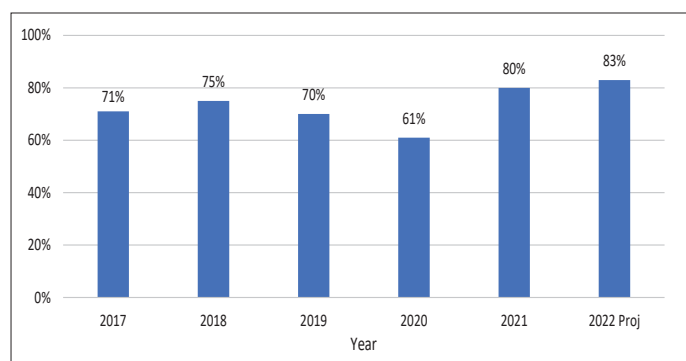
Mineral	2020	2021	Change
Gold (kg)	20,873	31,499	51%
Platinum (kg)	15,004	14,732	-2%
Palladium (kg)	12,890	12,232	-5%
Rhodium (kg)	1,367	1,334	-2%
Diamonds (cts)	2,670,458	4,224,301	58%
Chrome (MT)	1,272,139	1,244,355	-2%
Nickel (MT)	16,440	15,759	-4%
Copper (MT)	7,933	8,650	9%
Cobalt (MT)	554	1,609	191%
Coal (MT)	2,750,883	3,246,011	18%
HCFC (MT)	161,657	310,776	92%
Lithium (MT)	20,859	30,502	46%

Source: Ministry of Mines and Mining Development

## Capacity utilization

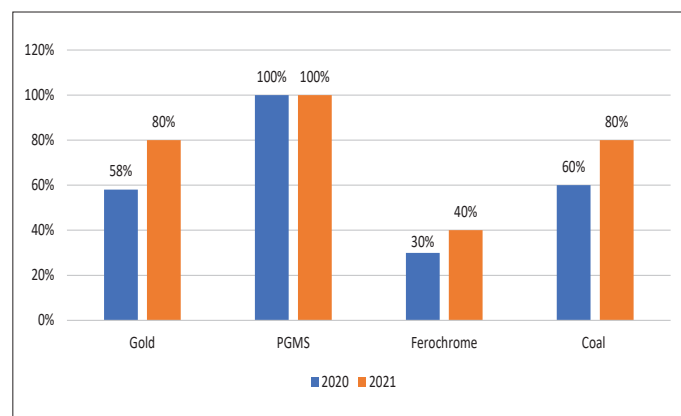
Average capacity utilization for the mining industry increased from 61% in 2020, to 80% in 2021. Notable increases in capacity utilization were in respect of gold (80% to 87%) and ferrochrome (40% to 60%), while full capacity utilization was maintained in the PGM sector. In 2022, average capacity utilization is expected to increase to 83%.

## Average capacity utilization for the mining industry



Source: 2021 State of Mining Industry Report

## Average capacity utilization for selected minerals

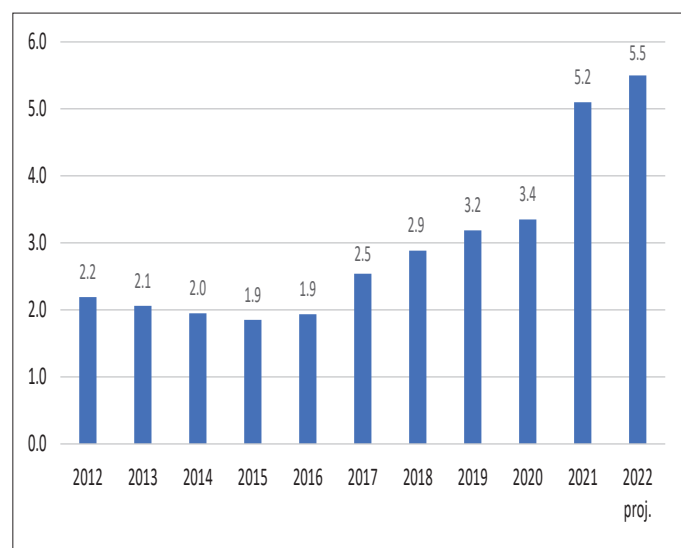


Source: 2021 State of Mining Industry Report

## Mineral Exports

Mineral exports increased to US\$5.2 billion in 2021, compared to US\$3.7 billion in 2020, largely driven by booming commodity prices. In 2022, mineral exports are expected to surpass US\$5.5 billion as the attractive prices are anticipated to persist throughout the year.

## Mineral exports (USD Billion)

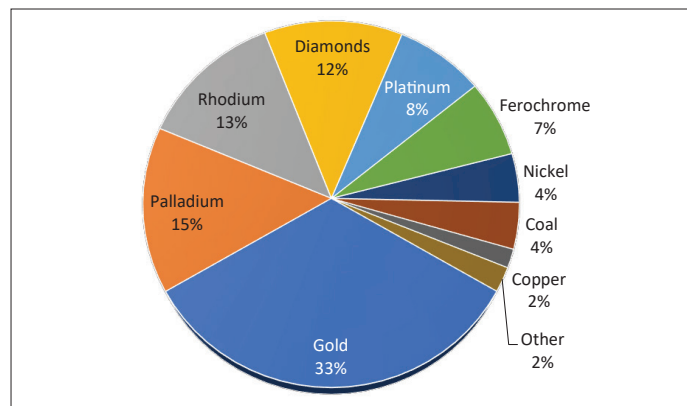


Source: RBZ and Chamber of Mines



# Mining Affairs Review

## Distribution of mineral revenue (2021)



Source: RBZ, Ministry of Mines, Chamber of Mines

## Concentration ratio of the top minerals

The top five minerals contributed 81% of mineral exports in 2021 compared to 86% in 2020, while the top 3 accounted for 61% in 2021, compared to 70% in 2020.

	2019	2020	2021
<b>Top 5 mineral</b>	82%	86%	81%
<b>Top 3 mineral</b>	67%	70%	61%

Source: RBZ: Chamber of Mines

## Gold

Gold output increased to 31.5 tons in 2021, compared to 20.9 tons in 2020, largely benefitting from an incentive framework introduced by Government in mid-2021. The implementation of the incentive framework saw monthly average gold deliveries more than doubling from 1.6 tons in the first 5 months of 2021, to approximately 3.3 tons in the rest of the year.

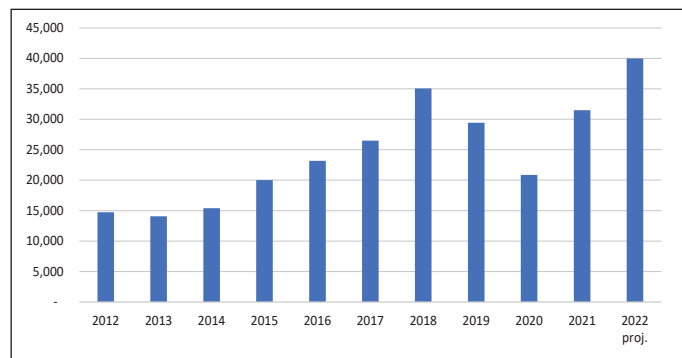
## Gold production by class (kgs)

	2020	2021	% Change
Large Scale Primary Producers	9,739	11,159	15
Small Scale Producers	9,314	18,471	98
Secondary Producers	1,821	1,869	3
<b>Total Gold Production</b>	<b>20,873</b>	<b>31,490</b>	<b>50</b>

Source: Fidelity Printers and Refineries, Chamber of Mines

Factors that continued to undermine the full potential of the gold industry include power outages (more pronounced for operations not connected to dedicated power lines), capital shortages (as gold producers cannot securitise their gold for raising capital), inadequate foreign currency allocations and loss of value on the surrender portion of export proceeds.

## Annual Gold Production (kgs)



Source: Chamber of Mines, FPR and ministry of Finance

In the outlook, with improved access to capital, gold production is projected to increase to 40 tons in 2022. This projection is underpinned by anticipated improved output on the back of capital projects with respects to Caledonia (Blanket Mine) central shaft completion; Freda Rebecca production ramp-up; Shamva Gold resumption; How Mine shaft sinking project; RioZim BIOX Plant Project; Pan African Mining dump retreatment project; Eureka Gold Mine plant completion; Golden Reef Mining ramp-up; Turk Mine main shaft upgrade and Golden Quarry Mine to ramp-up, among other projects in the gold industry.

## Platinum Group Metals (PGMs)

The three PGM operations of ZIMPLATS, Mimosa Mining Company and Unki Mines continued to operate at (near) full capacity utilization in 2021. PGMs production, however, declined across most of the metals in the basket: -2% for platinum (15,004 kg to 14,732 kg), -2% for palladium (12,890 kg to 12,619 kg) and -2% for rhodium (1,368 kg to 1,333 kg).

## Platinum Group Metals Output

	2015	2016	2017	2018	2019	2020	2021
Platinum\kg	12,564	15,110	14,257	14,703	13,857	15,004	14,732
Palladium\kg	10,138	12,222	11,822	12,094	11,640	12,890	12,619
Rhodium\kg	1,147	1,322	1,283	1,334	1,224	1,368	1,333
Iridium\kg	548	598	619	586	845	837	612
Ruthenium\kg	989	1,174	1,102	1,155	792	1,026	1,249

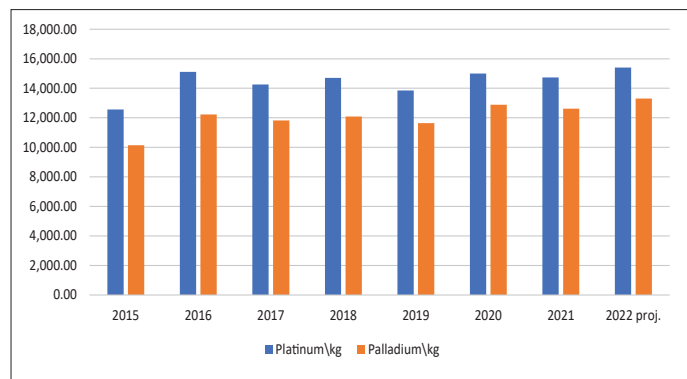
Source: Ministry of Mines, Chamber of Mines

In the outlook for 2022, Platinum output is expected to increase to 15,200 kg, while palladium is expected to increase to 13,200 kg in 2022.



# Mining Affairs Review

## Platinum and Palladium Output Projections



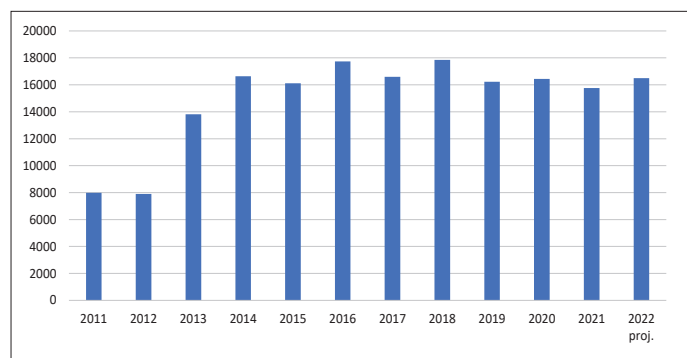
Source: Ministry of Mines, Chamber of Mines of Zimbabwe

The anticipated increases are expected to emanate from a number of capital projects being undertaken by the active players. Zimplats' approved a US\$1.8 billion capital investment which is expected to increase with growth projects, boost nameplate capacity and in-country processing capacity, with the establishment of an abatement facility; refurbishment of the mothballed base metal refinery; and a 185 MW solar plant. Mimosa Mining Company invested US\$40 million in capital projects in 2021 to expand mine life and production capacity. Some of the projects include plant optimisation and studies on the North Hill life-of-mine extensions. Unki Mine's debottlenecking project was completed and successfully integrated and is expected to deliver a strong production performance. The medium-term outlook for the PGM sector continues to be very optimistic with the projects under various stages of development. These include Bravura, Todal, Great Dyke Investments and Karo Platinum project.

## Nickel

Nickel production decreased to 15,759 tons in 2021, compared to 16,440 tons in 2020. A two – month production stoppage at Bindura Nickel Corporation in the first half of the year resulted nickel production for the year. BNC, the primary producer for nickel accounted for 30% of nickel output in 2021, while secondary PGMs producers contributed 70% of total nickel output in 2021.

## Nickel output (tons)



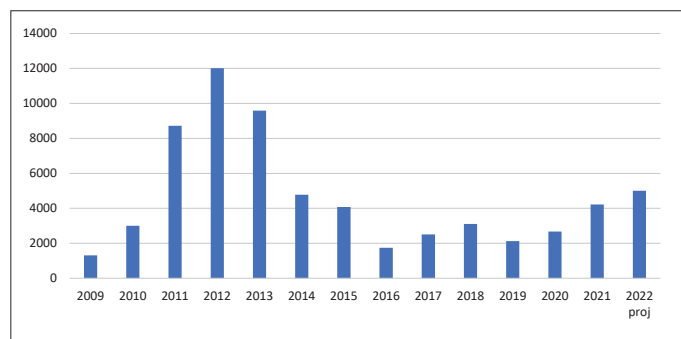
Source: Chamber of Mines and Ministry of Mines

In the outlook for 2022 and beyond, BNC's Trojan Mine Shaft Re-deepening Project and the transition from a low volume, high grade to a high volume-low grade strategy is expected to boost high value production. In the medium to long term, production is expected to increase with exploration works earmarked at Trojan Mine, Shangani Mine, the BSR facility, Hunters Road Project, Damba-Silwane as well as the Trojan Hill and Kingstone Hill Projects, while expansion projects at PGMs producers will add more nickel output in the outlook.

## Diamonds

Three operations produced consistently during the year under review to produce at total of 4.2 million carats in 2021, an increase of 58% compared to 2.6 million carats produced in 2020. In the outlook, production is expected to be boosted by Zimbabwe Consolidated Diamond Mining Company (ZCDC) Expansion Projects. Other projects including Rio Zim Murowa Diamonds Expansion Projects and ZCDC/ALROSA joint venture also expected to improve production.

## Diamond output (000 carats)



Source: Ministry of Mines and Mining Development

The high royalty rate remained the key issue of concern to the diamond industry during the year.

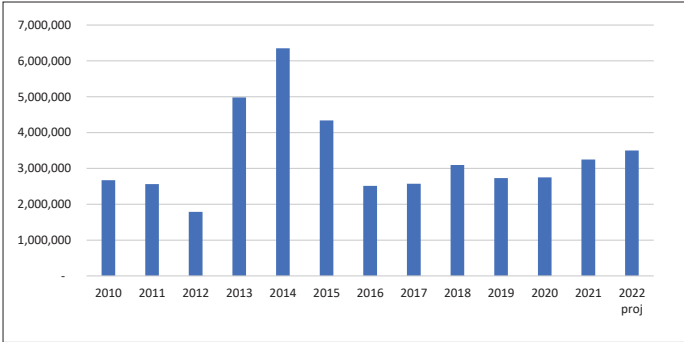
## Coal

Six coal producers were operational during the year producing a total of 3.246 million tons compared to 2.75 million tons in 2020. Production increased for the second successive year; however, it is still below the 6.3 million tons recorded in 2014. The potential of the coal sector was weighed down by low coal price, foreign currency shortages and high-cost structure. In the outlook, major production ramp-up is expected at Zambezi Gas and Hwange Colliery Company.



# Mining Affairs Review

Coal output (tons)



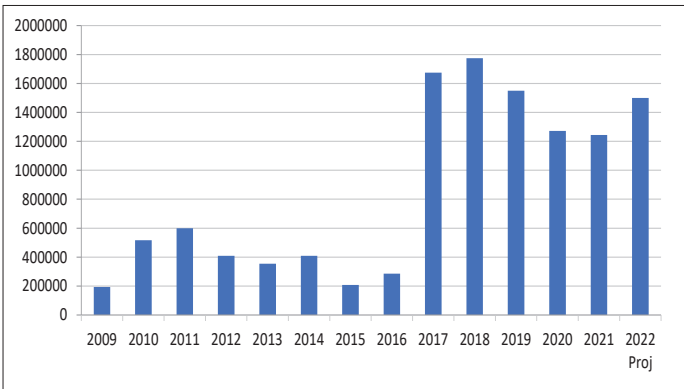
Source: Chamber of Mines and Ministry of Mines

Chrome and Ferrochrome

Chrome ore production declined to 1.24 million tons compared to 1.27 million tons recorded in 2020. Ferrochrome production however, increased by 92% from 161,657 tons in 2020 to 310,776 tons in 2021.

Chrome output is expected at 1.5 million tons in 2022, while HCF is anticipated at 400,000 tons. The ban on the export of chrome concentrates is expected to capacitate current smelters and move the sector up the value chain to maximise the value of the country's abundant chrome ore resources. Projects expected to boost production include Zimasco's six additional furnaces in Kwekwe and Mberengwa; Afrochine Smelting's new 2 x 12.5 MVA additional furnaces; and projects at Jin An Corporation Chrome Smelters.

Chrome ore output (tons)

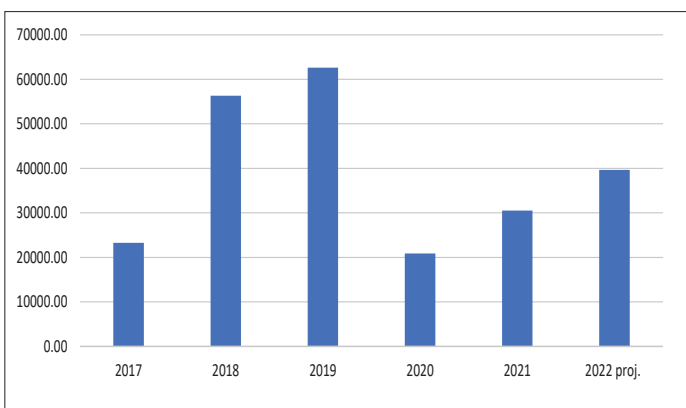


Source: Chamber of Mines and Ministry of Mines

Lithium

The lithium sector successfully engaged government during the year on the beneficiation tax resulting in the removal of the beneficiation tax on petalite. Bikita Minerals was the only lithium producer in the country in 2021. Annual production increased from 20,858 tons in 2020, to 30,502 tons in 2021.

Lithium output (tons)



Lithium projects under investigation included Prospect Lithium Zimbabwe, Zulu Lithium and Zimbabwe Lithium among others. Increased production of both spodumene and petalite is expected from Prospect Resources following completion of a Pilot Plant as well as Bikita Minerals beneficiated ore.

Iron Ore \ Asbestos

During the period under review, no iron-ore and asbestos production was recorded. Meanwhile, Government reported that there has been investor interest in the Mwenesi Iron project in Chivhu with some progress expected in 2022.

## LITHIUM

Certain lithium compounds, also known as lithium salts, are used as psychiatric medication, primarily for bipolar disorder and for major depressive disorder that does not improve following the use of antidepressants. In these disorders, it sometimes reduces the risk of suicide. Lithium is taken orally.





# Electricity and Energy

## Overview

The electricity supply situation remained predominantly fragile during the year, characterised by frequent breakdown of equipment at Hwange Power Station and poor-quality supply on the back of incessant rains. The situation at Hwange was also worsened by coal supply constraints hampered down by challenges in the coal sector.

## Power Supply Status

Power Supply status	MW
Hwange	0-450
Kariba	150-1050
Munyati	30
IPPs	0-35
Imports-Nampower	0-80
HCB	50
EDMn	50
Eskom	0-400
Total available including imports	1050-1400
Forecast Demand	1650

Source: Zimbabwe Power Company

## Imports

The country supplemented the supply deficits with import power from South Africa's power utility Eskom and Mozambique's Hydro Cahora Bassa (HCB) and ZESA has since engaged other power utilities from Zambia and Mozambique.

## Power Projects

In 2021, there were several power projects at various levels of implementation.

## Hwange 7 and 8

Work on the 600 MW Hwange 7 and 8 generating units was ongoing during the year, with Unit 7 expected to be completed before end of 2022 adding 300 MW into the national grid, while Unit 8 will be

finalized in the first half of 2023 with an additional 300 MW.

## Other Projects

There were a number of power projects, including solar, at various stages of implementation during the period under review. The projects are expected to add power to the national grid.

## Electricity supply situation for the mining industry

The mining industry was not spared from the fragile power supply situation in the country, with reports of power outages specifically for mining companies not connected to dedicated power lines. The mining industry requires an upwards of 450 MW of power. The Chamber engaged ZESA and Government on this matter throughout the year. Meanwhile, Government established the Energy Intensive User Group (EIUG) to facilitate direct importation of energy from primary producers and traders within the Southern African Power Pool (SAAP). The initiative was approved by ZESA and ZERA. A constitution for the EIUG was adopted, and board members were appointed, with the majority of them coming from mining companies. The Chamber of mines is engaging Government and ZESA on this matter.

## Electricity tariff

Mining companies were paying around US\$9.86/ KWh during the period under review. Meanwhile, ZESA increased the tariff to US\$10.63/ KWh effective 15 May 2022. The Chamber will continue engaging ZESA and Government for an optimal electricity tariff for the mining industry.

## Conclusion

In the outlook, the country's power supply situation remains a major risk to the mining industry, with the situation expected to remain challenging for the greater part of 2022.



## Electricity

*Fossil fuels have powered the mining industry for decades, but now electrification is helping to improve safety, lower costs and reduce emissions*

# Mining Industry Labor and Manpower Matters

## National Employment Council for the Mining Industry (NEC)

### NEC Meetings

A total of twenty-one meetings of the NEC, including meetings of Finance, Wage negotiations and Sub-technical committees, were held during the year.

### Council

Due to the advent of covid-19 pandemic, all 2021 meetings were done virtually. Some of the issues considered included -

#### *Appointment of Independent Chairman for 2021*

Mr Cleophas Kare was unanimously re-appointed for another year as the independent Chairman of Council. Mr Kare had shown growing competence in handling the affairs of Council, including the negotiations for 2020 which were of significance in achieving a settlement.

#### *Review of the Collective Bargaining Agreement (C.B.A)*

The S.I of 1992 is out-dated and is being amended to align it to the Labour Act and the National Constitution. The Council is also reviewing the C.B.A to incorporate some jobs that are not current within the C.B.A. The Council is amending C.B.A to incorporate the Child Labour laws as provided for in terms of ILO Convention NO. 182.

#### *Learnerships*

Despite the ongoing difficult economic position of the mining industry eighty-five learnerships were approved; sixty-four Hard Rock Miners and twenty-one being for Plant Operators.

#### *Exemptions*

There were fourteen applications approved for exemptions from paying the minimum wage, and five were disqualified.

#### *Adoption of Council Audited Accounts*

The audited accounts for 2020 were adopted by Council.

### Review of the Collective Bargaining Agreement

The principle Collective Bargaining Agreement was published in SI 150 of 1990, and a number of amendments were made since that time, principally on wage adjustments. It was agreed that a new agreement should be developed to take into account new statute provisions enacted by government, and compliance with international standards, including conventions published by the ILO and adopted by government.

A number of workshops and seminars were held on the issues to be considered. The two principles that guide any amendments are -

#### *Matters of Right*

These are issues provided for in terms of the existing legal framework,

generally in terms of the Labour Act and ancillary legislation. These could include, for example,

- The fundamental rights of employers and employees, including the freedom of association and collective bargaining.
- Provision of minimum conditions of service, including sickness benefits and maternity leave, annual leave, disciplinary matters
- Right to take collective job action
- Right to fair labour standards and practices

These are a requirement in terms of the Act, and any negotiations would be bound by those parameters, and any agreement would be within those limits.

These areas are prescribed and apart from the wording are defined

#### *Matters of Interest*

This is the area where employees (and employers) may negotiate for additional benefits, which are not a right. For example,

- Reduction in the hours of work
- Productivity bonuses
- Accommodation and schooling
- Additional benefits (transport, transport allowances, vehicles)
- Increases in wages

Some work has been done and the process is ongoing.

### Trade Union Activities

The Associated Mine Workers Union of Zimbabwe (AMWUZ), currently the only trade union registered for the NEC, is coming under increasing pressure from newly registered trade unions that have been registered by the Ministry of Public Service Labour and Social Welfare for the industry.

Currently there are nine active employee representative bodies (trade unions) in the mining sector. These are:

- i. Associated Mine Workers Union of Zimbabwe (AMWUZ)
- ii. National Union of Mines, Quarries, Iron and Steel of Zimbabwe (NUMQISZ)
- iii. Mine Workers Union of Zimbabwe
- iv. National Mine Workers union of Zimbabwe
- v. Black Granite, Quarries, Workers Union of Zimbabwe
- vi. Zimbabwe Diamond Workers Union
- vii. Solidarity Mine Workers Union of Zimbabwe
- viii. Progressive Mining and Allied Industries Workers Union of Zimbabwe
- ix. Zimbabwe Union of Mine Workers

The Constitution of the NEC for Mining was a voluntary agreement between the Chamber of Mines and the AMWUZ in terms of the Labour



# Mining Industry Labor and Manpower Matters

Act and does not give any automatic rights for other trade unions (or Employer Organisations) to participate. However, amendments to the Labour Act are expected to allow all registered trade unions to participate in the affairs of Council.

## Financial Report of Council for the year ended 31 December 2020

### Finance Committee Meetings

Two finance committee meetings were held during the year.

### Financial Highlights

Results for the year showed a marked improvement from the previous year. Historical revenue was up by 194% from previous year from ZWL21 380 676 to ZWL62 936 489. Historical expenditure was up by 92% from previous year by ZWL18,521,567 to ZWL38,654,642. Historical surplus for the year amounted to ZWL24,282,207 (61% gain on income), an increase of 1846% from the previous year

### Fixed Assets

The Council purchased 3 motor vehicles and boardroom furniture. It also bought office equipment.

### Budgetary Performance

Council operated with a budget of ZWL79,772,189. Contributions receipts were 42% below budget (ZWL79,772,189 budget: ZWL62,936,849 actual). Expenditure was ZWL38,645,642 against a budget of ZWL79,772,189 resulting in an overall savings of ZWL24,291,207

The Accumulated Fund increased to ZWL38,827,955 from ZWL9,545,748 in previous year. Assets increased to ZWL26,610,743 from ZWL4,535,204 in previous year. Cash Resources increased to ZWL7,501,196 from ZWL3,885,636 in previous year

Revenue inflows of Council increased for the third year in succession as most mines settled arrear contributions and met current dues. Out of 570 mines registered about 380 contributed to the NEC on a regular basis during the year.

### Other Financial Matters

Arrear contributions amounting to approximately ZWL12,000,000 in respect of various mines remained unsettled at year end.

### Mining Industry Labour

As at 31 December 2021, records showed that at least 37,321 workers were employed in the mining industry, with a vast, but unknown number of unregistered small workers also operating in gold mining.

### Outlook

Prospective small miners continue to register with Council, and

some with the Chamber. Further increase in contributions revenue is expected as council continues to receive arrear contributions.

## Wage Agreement - 1 January 2021 to 31 December 2021

Wage negotiations for 2021 culminated in three salary reviews for the year culminating in a 69.4% wage increase for 2021.

Rates of Pay from 1 January 2021 to 31 March 2021 are shown below.

NATIONAL EMPLOYMENT COUNCIL FOR THE MINING INDUSTRY					
RATES OF PAY FROM 1 JANUARY 2021 TO 31 MARCH 2021					
GRADE	MINIMUM PER MONTH AS AT 31/12/2020	NEW MINIMUM PER MONTH AS AT 01/01/2021	PORTION OF MINIMUM PAYABLE IN USD AS AT 01/01/2021	NEW MINIMUM PER SHIFT	DOLLAR VALUE INCREASE
		ZWL	USD		ZWL
1	18,000.00	22,000.00	140.00	846.15	4,000.00
2	18,143.74	22,175.69	141.00	852.91	4,031.94
3	18,217.83	22,266.24	142.00	856.39	4,048.41
4	18,537.76	22,657.27	144.00	871.43	4,119.50
5	19,090.96	23,333.39	148.00	897.44	4,242.44
6	19,987.20	24,428.80	155.00	939.57	4,441.60
7	20,805.76	25,429.27	161.00	978.05	4,623.50
8	22,660.79	27,696.52	175.00	1,065.25	5,035.73
9	27,488.65	33,597.24	212.00	1,292.20	6,108.59
10	30,818.78	37,667.40	238.00	1,448.75	6,848.62
11	36,107.58	44,131.49	279.00	1,697.37	8,023.91
12	39,163.83	47,866.91	303.00	1,841.04	8,703.08
13	41,748.33	51,025.74	323.00	1,962.53	9,277.41
	INCREASE %	22.22000000%			

NATIONAL EMPLOYMENT COUNCIL FOR THE MINING INDUSTRY					
RATES OF PAY FROM 1 APRIL 2021 TO 30 JUNE 2021					
GRADE	MINIMUM PER MONTH AS AT 31/03/2021	NEW MINIMUM PER MONTH AS AT 01/04/2021	PORTION OF MINIMUM PAYABLE IN USD AS AT 01/04/2021	NEW MINIMUM PER SHIFT	DOLLAR VALUE INCREASE
		ZWL	USD	ZWL	ZWL
1	22,000.00	24,500.00	145.00	942.31	2,500.00
2	22,175.69	24,695.65	146.00	949.83	2,519.96
3	22,266.24	24,796.49	147.00	953.71	2,530.25
4	22,657.27	25,231.96	149.00	970.46	2,574.69
5	23,333.39	25,984.92	153.00	999.42	2,651.53
6	24,428.80	27,204.80	161.00	1,046.34	2,776.00
7	25,429.27	28,318.96	167.00	1,089.19	2,889.69
8	27,696.52	30,843.86	181.00	1,186.30	3,147.34
9	33,597.24	37,415.10	220.00	1,439.04	3,817.86
10	37,667.40	41,947.79	247.00	1,613.38	4,280.39
11	44,131.49	49,146.44	289.00	1,890.25	5,014.95
12	47,866.91	53,306.34	314.00	2,050.24	5,439.43
13	51,025.74	56,824.12	335.00	2,185.54	5,798.38
	INCREASE %			11.3636%	

NATIONAL EMPLOYMENT COUNCIL FOR THE MINING INDUSTRY					
RATES OF PAY FROM 1 JULY 2021 TO 31 DECEMBER 2021					
GRADE	MINIMUM PER MONTH AS AT 30/06/2021	NEW MINIMUM PER MONTH AS AT 01/07/2021	PORTION OF MINIMUM PAYABLE IN USD AS AT 01/07/2021	NEW MINIMUM PER SHIFT	DOLLAR VALUE INCREASE
		ZWL	USD		ZWL
1	24,500.00	30,500.00	192.98	1,173.08	6,000.00
2	24,695.65	30,743.56	194.52	1,182.44	6,047.91
3	24,796.49	30,869.10	195.31	1,187.27	6,072.61
4	25,231.96	31,411.22	198.74	1,208.12	6,179.26
5	25,984.92	32,348.57	204.67	1,244.18	6,363.65
6	27,204.80	33,867.20	214.28	1,302.58	6,662.40
7	28,318.96	35,254.22	223.06	1,355.93	6,935.26
8	30,843.86	38,397.46	242.95	1,476.83	7,553.60
9	37,415.10	46,577.98	294.71	1,791.46	9,162.88
10	41,947.79	52,220.72	330.41	2,008.49	10,272.93
11	49,146.44	61,182.30	387.11	2,353.17	12,035.86
12	53,306.34	66,360.95	419.88	2,552.34	13,054.61
13	56,824.12	70,740.23	447.59	2,720.78	13,916.11
	INCREASE %	24.48979592%			





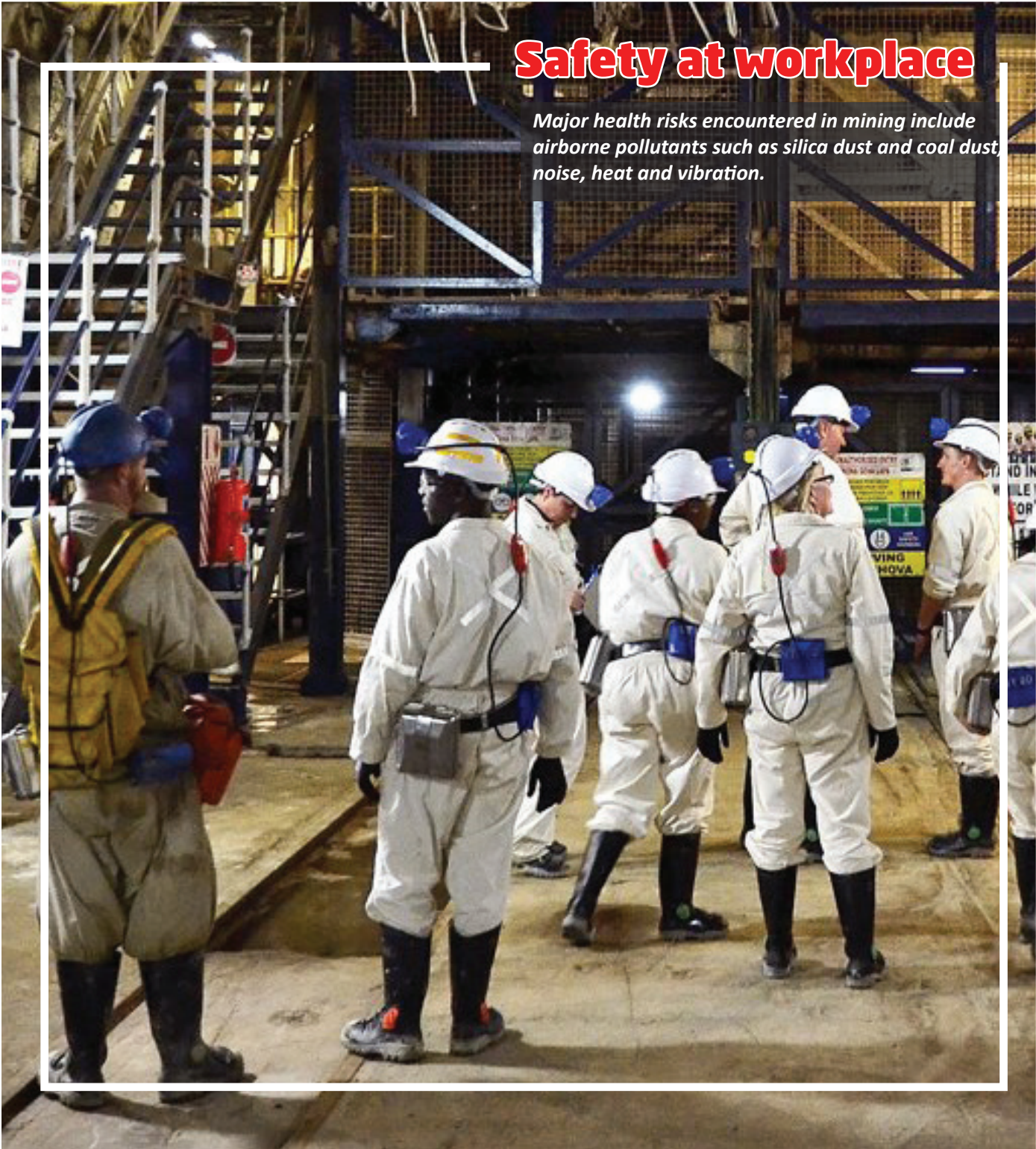
# Mining Industry Labor and Manpower Matters

Members were advised that should they not be in a position to pay the new increases they should apply to the NEC for an exemption in terms of the Collective Bargaining Agreement, as soon as possible.

**Technical Sub Committee**

Two meetings of the Technical Sub-committee were held in 2021. Most of the applications concerned exemptions from paying the new

minimum wage increases. The trade union party on the committee was, for the most part, sympathetic to the economic plight of the industry with most applications being approved. The committee members acted professionally by denouncing their respect interests but concentrated on the objectivity of the committee. Several company Codes of Conduct's were also approved.



## Safety at workplace

Major health risks encountered in mining include airborne pollutants such as silica dust and coal dust, noise, heat and vibration.



# Mining Industry Pension Fund Report

## Introduction

The operating environment in the year ended 31 December 2021 remained subdued on the back of Covid 19 pandemic, foreign currency shortages and inflationary pressures. Despite the tight operating environment, the Fund recorded positive performance. The positive performance was attributed to the value preservation strategy adopted by the Board which is skewed towards investments in real assets such as quoted equities and real estate. Although real estate recorded significant fair value gains, performance was depressed owing to low rentals, high voids and default rate which was compounded by the Covid 19 restrictions which affected most business operations. Fair value gains recorded by quoted equities as a result of the bull run on the ZSE also contributed to the positive returns recorded by the Fund.

## Financial Performance Overview (figures in ZWL)

The Fund recorded a surplus of \$22.67 billion during the year 2021 resulting in the accumulated fund of \$26.79 billion (before December 2021 actuarial adjustments) compared to \$4.12 billion for the year 2020.

## Summarized Income & Expenditure Statement for the Year Ended 31 December 2021

INCOME	2021 ZWL\$	Movement %	2020 ZWL\$
Pension Contributions (including interest)	2,674,394,358	174	977,513,913
Gross Rentals	349,263,210	131	151,325,614
Investments	346,033,799	351	76,741,706
Other	40,063,515	(52)	83,154,341
Fair Value Gains	23,780,412,756	155	9,334,225,026
TOTAL INCOME	27,190,167,638	156	10,622,960,600
EXPENDITURE			
Pension Benefits	392,423,527	(426)	74,650,165
Administration	356,095,959	(187)	123,916,117
Property Running	122,164,373	(276)	32,474,665
Provisions- Doubtful debts	706,070,034	(227)	216,072,926
Provisions- Actuarial Liabilities	2,946,700,000	58	7,007,600,000
TOTAL EXPENDITURE	4,523,453,894	39	7,454,713,873
Increase / (Decrease) in Fund	22,666,713,744	615	3,168,246,727
Accumulated Fund B/Fwd	4,124,733,514	331	956,486,788
Accumulated Fund as at 31.12.2021	26,791,447,258	550	4,124,733,514

## Income

Total annual income for the year 2021 at \$27.19 billion was 156% above \$10.62 billion recorded in 2020. This was underpinned by contributions at \$2.67 billion (10%), fixed property rental income at \$349.26 million (1%), investments income at \$346.03 million (1%), fair value gains \$23.78 billion (88%), and other income at \$10.38 million (0.01%). The other income was driven by interest on overdue contributions. The improvement in income was mainly attributed to the depreciation of the local currency against the USD as rentals are indexed to the USD while most mines are paying their employees in USD and remitting contributions to the Fund in ZWL\$ based on RBZ

foreign currency auction. Investments income driven by dividend income also contributed significantly to the growth in income.

## Expenditure

Total expenditure for the year 2021 at \$4.52 billion (before 2021 actuarial adjustments) was 39% below the 2020 expenditure of \$7.45 billion. Pension benefits at \$392.42 million were 426% above the prior year expenditure of \$74.65 mainly driven by actuarial bonuses declared during the year in respect of the December 2020 and June 2021 actuarial valuations. The pension benefits constituted 9% (1%:2020), administration expenses were 8% (2%:2020), property running expenses 3% (0.4%:2020), provision for bad debts 16% (3%:2020) while provisions for actuarial liabilities were 65% (94%:2020). Administration expenses at \$356.1 million (\$123.92 million: 2020) were 187% above the prior year due to inflationary pressures prevailing in the economy.

## Cash Flows

Total cash inflows for the year 2021 were \$2.78 billion compared to prior year collections \$995.55 million. Cash outflows amounted to \$1.15 billion for 2021 and were 231% above the year 2020 outflows of \$346.28 million.

Net investments amounted to \$1.31 billion split as quoted equities (\$898 million), money market investments (\$227.50 million), prescribed assets (\$10.80 million), real estate purchases and development (\$100.31million) and fixed income (\$67.65 million).

## Investments

The Fund's total assets inclusive of net current assets were estimated at \$37.84 billion as at 31 December 2021 (based on in-house computations as the 2021 actuarial valuation is underway) compared to \$15.04 billion (as per actuary' computations) in 2020. This represented an approximate increase of 152%. The investments portfolio posted a weighted return of 256.50% for the year ended 31 December 2021 (in house computation) compared to an aggregate return of 556% earned by the Fund in 2020, as calculated by the Actuary. The positive performance of the Fund was largely attributed to the value preservation strategy adopted by the Fund, which is premised on investing in real assets, thus the fair value gains had significant impact of Fund return.

## Summarised Fund Value Statement as at 31 December 2021

ASSETCLASS	2021	Movement	2020
	ZWL\$	%	ZWL\$
Real Estate	14,658,000,000	121	6,637,200,000
Quoted Equities	20,700,431,804	369	4,409,855,545
Unquoted Equities	734,159,797	212	235,216,599



# Mining Industry Pension Fund Report

Prescribed Assets	404,507,719	51	268,262,308
Guaranteed Fund investments	244,782,258	162	93,482,137
Money Market Investments	258,740,684	23476	1,097,489
Fixed Income	177,342,338	128	77,623,845
Net Current Assets	891,268,965	(73)	3,321,300,000
TOTALASSETS	38,069,233,566	153	15,044,037,922
Actuarial Liabilities	10,544,100,000	(10)	11,663,400,000
Surplus/Deficit	27,525,133,566	714	3,380,637,922
Funding Level**	361%		129%

## Real Estate Portfolio

The real estate portfolio valuation was done by Edinview Property Group (EPG) Global who valued the portfolio at \$14.66 billion as at 31 December 2021, up 121% from \$6.64 billion as at 31 December 2020. The increase was attributed to undeveloped stands purchased in 2021 and capital appreciation of existing properties. Property purchases for the year 2021 amounted to \$100.29 million while fair value gains amounted to \$7.92 billion for the period under review. Properties constituted 39% (44%:2020) of the total assets. Gross rental income increased by 131% to \$349.26 million in 2021 from \$151.33 million in 2020. The Fund closed the year with a void rate of 13.46%.

## Rental Debtors

For the year ended 31 December 2021, the Fund collected \$345.45 million in rentals compared to prior year collections of \$119 million. The outstanding rental debtors as at 31 December 2021 were \$118.60 million. Of the debtors, 38% were handed over and the Fund was pursuing recovery through the legal process, while the remaining 62% were being followed up and some were on payment plans. Tenants that had either been evicted or voluntarily vacated premises owed \$12.14 million which was equivalent to 10% of the outstanding amount.

## Listed Equities

At a market value of \$20.70 billion as at 31 December 2021, the listed equities portfolio increased by 369.41% from \$4.41 billion as at 31 December 2020. The growth was attributed to share purchases for the year totalling \$871.27 million while \$15.42 million was due to capital appreciation. Listed equities constituted 55% (29%:2020) of the total investments portfolio in market value terms. Of the total quoted equities portfolio, 93.71% (\$19.1 billion) was in respect of shares denominated in local currency and listed on the ZSE while 7.29% was in respect of foreign denominated shares valued at \$1.51 billion (US\$13,896,619.88). The foreign listed shares grew by 135.11%

from US\$5.91 million as at 31 December 2020 to USD\$13.90 due to new investments of US\$1 million and capital appreciation of US\$6.99 million. The USD denominated shares are converted to ZWL\$ at the RBZ foreign currency auction rate for reporting purposes.

An annual return of 353.84% (782%:2020) was recorded. Dividend income of \$255.158 million was received for the year under review, which was 454.87% up from \$45.99 million in 2020. This represented a dividend yield of 5.79%. This was mainly attributed to a number of blue-chip counters which declared dividends.

## Unlisted Equities

Unlisted equities investments, at a market value of \$734.16 million, translating to 2% of the total assets, registered a growth of 212% from \$235.22 million in 2020 due to the general increase in the valuation of the underlying companies. The Fund's private equity portfolio comprises of Old Mutual Zimbabwe Limited (21%), New Corporate Investments Seven representing Flamboyant Hotel in Masvingo (54%) and Twirlton Investments representing Kadoma Hotel and Conference Centre (25%) of the total unlisted equities portfolio. Dividends amounting to \$5.239 million were received and this translated to a dividend yield of 3.24%.

## Money Market

Money market investments closed the year at \$258.74 million up from \$1.10 million at the end of 2020. The money market investments were made up of USD placements (USD3.01 million) in respect of USD contributions. Money market investments constituted 1% of the total assets. A total of \$34.46 million was earned in interest. The Fund adopted a deliberate strategy to minimise exposure to monetary assets in local currency as they are prone to value erosion given the high inflation.

## Prescribed Assets

Investments in Prescribed Assets increased from \$268.26 million as at 31 December 2020 to \$404.51 as at 31 December 2021. This translated to 1% of total assets against the compliance threshold of 20%.

## Old Mutual Guaranteed Fund (OMGF)

The Fund's investment in the OMGF was valued at \$244.78 million as at 31 December 2021, up 162% over the 31 December 2020 market value of \$93.48 million. The OMGF declared a bonus of 163.81% for the year ended 31 December 2021 compared to 477.43% declared in the prior year.

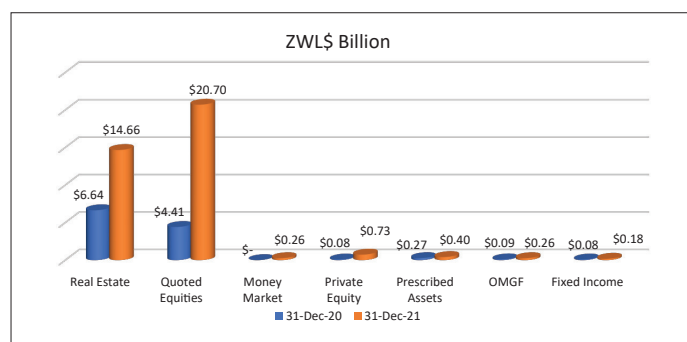


# Mining Industry Pension Fund Report

## Fixed Income

The Fund's investments in Fixed Income increased by 128% from ZWL\$77.62 million in 2020 to ZWL\$177.34 million in 2021. The fixed income investments are mainly made up of the Econet debentures and back up investments in respect of the MIPF Assisted Member Mortgage Scheme.

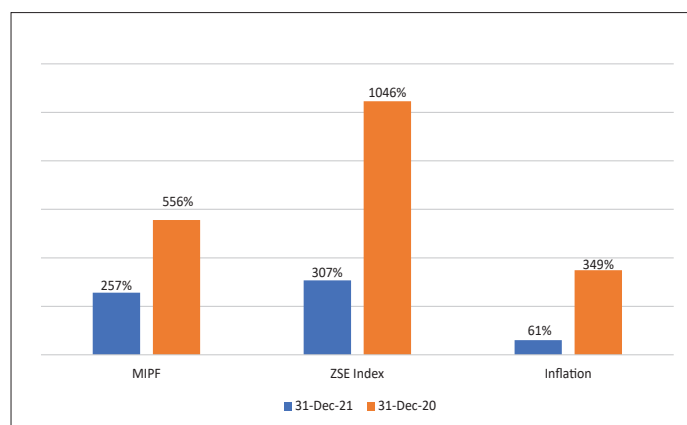
## Investments Market Values



## Gross Return

The Fund's gross return as at 31 December 2021 was 256.50% (in house calculation) against the prior year return of 556% as per Actuary's computation. The return was mainly attributed to fair value gains on real assets such as equities and fixed properties.

## Investments Return



## Operations

In terms of operations, the collection of pension contributions from member mines remained stable. The Fund collected \$2.06 billion against a total invoiced amount of \$2.61 billion for the year. This represented a collection rate of 80% compared to 80.5% in 2020. In terms of pension contributions, some mines are now making contributions in foreign currency. For the year 2021, a total of USD4.42 million (ZWL\$373.59 million) was invoiced in respect of 8 mines remitting contributions in foreign currency. A total of USD3.59 million (ZWL\$319.05 million) was received in respect of USD contributions invoiced. The contributions are converted to ZWL\$ using the RBZ foreign currency auction rate for reporting purposes.

## Contributions Debtors

Contribution debtors, including interest, were \$1.04 billion compared to \$382.13 million as at 31 December 2020. The twenty-nine (29) largest debtors with amounts in excess of \$1 million owed 86% of the contribution's debt.

## Fund Membership

Overall, the Fund's total membership grew by 1.15% to 86,935 as at 31 December 2021 from 85,949 as at 31 December 2020. The number of active members marginally decreased by 1.2% to 23,007 from 23,297, after 1,308 new members joined the Fund while 1,598 members exited the active membership category. Pensioners increased by 0.7% from 11,917 to 12,004 while deferred members increased by 2.34% from 50,735 to 51,924 during the year under review.

## New Mines Recruited

During the year under review, eight (8) new mines were recruited with a total membership of 431 compared to two (2) mines in 2020 with a total membership of 91. This was against a target recruitment of 3,080 members (3% of active members) for the year. The new members recruited in 2021 represented (1.9%) of total membership of 23,007 as at 31 December 2021.

## Retrenchments

For the year 2021, the Fund recorded 157 retrenchments from 35 mines compared to 127 retrenchments from 23 mines in 2020. The retrenchments cost \$16.63 million in 2020 against \$2.17 million for the 2020 retrenchments.

## Benefits Payment

For the year 2021, pension benefits expenditure was \$392.42 million compared to \$74.65 million in 2020. The growth in the expenditure was attributed to actuarial bonuses in respect of the December 2020 and June 2021 actuarial valuations.

## Mine Visits

As a result of the COVID 19 Public Health Regulations that restricted movement and gatherings in 2020 and 2021, the Fund only visited twenty-nine (29) out of a total of one hundred and forty-six (146) mines for purposes of information dissemination in 2021.

## Actuarial Valuation

The Fund is now carrying out Actuarial Valuations twice per year in compliance with the Insurance and Pensions Commission (IPEC) Revaluation Guideline. The requirements of the Guideline are also in line with the Fund's Board resolution to award periodic pension increases so as to cushion pensioners against the loss of values given the inflation and to distribute fair value gains to members. The Guideline also provides for the separation of the Fund's assets and liabilities in respect of the period up to December 2018 (Sub Account 1), period from January 2019 going forward in ZWL\$ (Sub Account 2) and USD contributions made from 2019 going forward (Sub Account 3). The Fund's Actuarial valuation as at 31 December 2021 is still



# Mining Industry Pension Fund Report

underway, thus the commentary is based on the June 2021 valuation.

The Actuarial Valuation of the Fund as at 30 June 2021 revealed that the market value of the Fund's assets increased from \$11.95 billion as at 31 December 2020 to \$18.84 billion as at 30 June 2021 and \$19.39 billion after adjusting for provisions on contributions arrears. Liabilities increased to \$11.67 billion as at 30 June 2021 from \$8.86 billion as at 31 December 2020. This resulted in the Fund recording a surplus of \$7.72 billion representing a funding level of 166.2% (128.98%:2020) before bonus declaration.

Based on the recommendations of the Actuary, the following bonuses and pension increases were approved by the Board of Trustees;

Issue	Membership Category	SA 1	SA 2	SA 3	Recommendation Interim Valuation June 2020
Bonus	Active, Deferred and Preserved members, Outstanding benefits and Suspended pension arrears	65.90%	91.20%	1.70%	For the 6-months to 30 June 2021 (pro-rated for exits before 30 June 2021)
Pension Increase	Current and Suspended Pensioners	62.30%	82.80%	n/a	With effect from 1 July 2021 (pro-rated for pensions commencing after 1 January 2021)
Additional Death Benefit increase	Active & Pensioners	65.90%	91.20%	n/a	For the 6-months to 30 June 2021 (pro-rated for exits before 30 June 2021)
Interim Bonus	Active, Deferred, Preserved, Outstanding, benefits, Suspended pension arrears.	0.00%	0.00%	0.00%	0% for exits after 30 June 2021

## Update of the MIPF Assisted Member Mortgage Scheme

As part of efforts by the Fund to create value and improve its product offering to Members, the Fund implemented the MIPF Assisted Member Mortgage Scheme effective from March 2018. The purpose of the scheme is to assist members prepare for retirement while they are still at work by acquiring residential properties without raising a deposit as required by the Building Societies in the case of walk in applicants. Members from mines that are up to date with remittance of pension contributions are able to access traditional mortgages or micro-mortgages through CABS, Nationals Building Society and FBC Building Society. A total of one hundred and eighteen (118) members have accessed loans totaling ZWL\$103.159 million since inception of the Scheme.

## Conversion of the Fund from Hybrid to Pure Defined Contribution (DC)

The Fund reviewed its structure to pure DC structure from the hybrid structure effective 1 January 2021 and it went live on the pure DC scheme on 1 December 2021. The conversion was carried out in order to address the Fund's solvency and funding risks which emanated from the Fund guaranteeing pension purchased for life while the Fund Rules had no provision as to how any funding gap would be covered in the event of poor financial performance. The conversion addressed the funding and solvency risks as the Fund is now able to match its assets and liabilities through;

- ceasing to guarantee pension purchased as pension will now be purchased at retirement rather than on receipt of contributions and
- declaring negative bonuses in the event of the Fund recording adverse performance.

As part of the conversion milestones, the Fund engaged all key stakeholders which include the Chamber of Mines Zimbabwe, Associated Mine Workers Union of Zimbabwe, National Employment Council Mining, pensioners and members explaining the rationale for the conversion and financial implications to members. The implications included among others protection of members' accrued benefits. Further updates to members are provided during mine visits.

## Corporate Governance

All Board and Committee meetings were held as scheduled. The 2020 year-end and the June 2021 audit and Actuarial Valuations were carried out and completed without any issues of concern being raised. The 2022 operating budget was finalised and approved by the Board in December 2022.

## Chamber of Mines Pension Enhancement Fund (COMPEF)

The COMPEF investments portfolio was valued at \$2.96 billion as at 31 December 2021 and was invested 23.98% in quoted equities, 5.64% in the money market, 17.47% as cash in bank and 52.87% in real estate. The average monthly payment from COMPEF in 2021 was \$678.04 and was paid over and above the monthly pension. Comparatively, the average monthly payment from COMPEF in 2020 was \$134.22. The COMPEF payout is \$1,185.89 per month effective December 2021.

## Conclusion

The Fund remains focused on its value preservation given the high inflation prevailing in the economy. Focus will be skewed in favour of developing part of the land bank so as to unlock value for the Fund's members. In addition strategies aimed at improving contributions, rentals and operating costs collections and sweating the assets will be implemented so as to grow the Fund. To this end, the Fund has reduced exposure in near cash assets such as money market investments and is focusing on real assets such as quoted equities and immovable properties. Real assets are expected to hold value in an inflationary environment. Furthermore, the Fund has been focusing on cost containment measures given the tight operating environment.





# Chamber of Mines Pension Enhancement Fund (COMPEF)

## Introduction

This report is a summary of the Chamber of Mines Pension Enhancement Fund's performance for the year ended 31 December 2021 that covers the financial and investments performance, corporate governance and outlook.

## 2021 Performance

### Financial Performance (figures in ZWL)

Total income for the year 2021 was \$1.782 billion compared to \$805.673 million for the prior year. The current year income was mainly driven by fair value gains on investments assets \$1.352 billion, (2020:\$670.172 million), contribution income \$378.105 million (2020:\$128.319 million) and investments income \$40.687 million (2020:\$1.829 million). Total income was made up of contributions (21%), fair value gains (76%) while rental and other investments income constituted 3%.

Cumulative expenditure for the year 2021 amounted to \$215.215 million (2020:\$51.552 million). COMPEF pay outs to pensioners amounted to \$85.283 million (2020:\$16.822 million) which was 407% above the 2020 pay outs. These accounted for 40% (2020:33%) of total expenditure, while provisions for bad debts accounted for 57% (2020:64%). Administration expenses for the year at \$1.597 million constituted 1% of total expenditure and property running expenses of \$5.187 million contributed 2% of total expenditure.

Cumulatively, the fund recorded a surplus of \$1.551 billion against the prior year surplus of \$754.121 million mainly due to fair value gains on fixed property and quoted equities. Resultantly, the fund value grew from \$952.884 million in 2020 to \$2.504 billion as at 31 December 2021.

### Income and Expenditure Statement for the Year Ended 31 December 2021

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Income	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Employer Contributions	482,674,178	298,777,847	378,105,375	128,318,962
Investments Income	47,792,237	3,565,918	41,306,790	1,926,835
Fair Value Gain on Investments Assets	790,563,432	1,077,216,994	1,351,925,335	670,172,875
Rental Income	13,393,068	10,675,403	10,481,960	5,156,505
Other Income	1,005,716	408,687	923,329	169,971
<b>Total Income</b>	<b>1,335,428,631</b>	<b>1,390,644,849</b>	<b>1,782,742,789</b>	<b>805,745,148</b>
Expenditure				
Monthly pension pay-outs	106,567,555	43,747,335	85,281,562	16,822,898
Administration Costs	2,551,414	2,277,357	2,221,460	1,268,650
Property Running Expenses	6,393,571	1,277,041	4,971,204	693,274
Provisions for bad debts	123,149,605	52,784,509	123,149,605	32,839,016
Net Monetary Loss	108,402,130	711,482,321		
<b>Total Expenditure</b>	<b>347,064,275</b>	<b>811,568,563</b>	<b>215,623,831</b>	<b>51,623,838</b>
<b>Increase/(Decrease) in Fund</b>	<b>988,364,356</b>	<b>579,076,286</b>	<b>1,567,118,958</b>	<b>754,121,310</b>
Accumulated Fund B/Fwd	1,531,638,129	952,561,843	952,883,527	198,762,217
<b>Accumulated Fund as at 31.12.2021</b>	<b>2,520,002,485</b>	<b>1,531,638,129</b>	<b>2,520,002,485</b>	<b>952,883,527</b>

### Contributions Income and Debtors

Collection of COMPEF contributions remained depressed due to the challenges being faced by the mining sector which had a negative impact on some of the mines' ability to remit the dues to the fund. Cumulative contributions debtors increased by 299% to \$215.260 million as at 31 December 2021 from \$72.070 million as at 31 December 2020. Total contributions received during the year 2021, at \$234.874 million were 271% above 2020 collections of \$87.77 million. This translated to a collection rate of 62.12% (2020:68.40%) of invoiced contributions. The significant increase in collections was attributed to the quarterly review of salaries in the mining sector as well as the indexing of salaries against the US Dollar by some employers who are then remitting contributions to the fund based on the interbank foreign exchange rate.

### Investments

The COMPEF portfolio had 23.98% exposure in quoted equities, 5.64% in money market, 52.87% in fixed properties, 17.47% in cash and 0.04% in fixed income. The COMPEF asset allocation portfolio is summarised below.

### COMPEF Portfolio Asset Allocation as at 31 December, 2021

Asset Allocation	31 Dec'20	Exposure	31 Dec'21	Exposure	Targeted
	\$	%	\$	%	
Equities Mkt Value	110,951,588.11	11.72	709,716,897.04	23.98	30%
Money Market	-	0.00	166,909,342.00	5.64	-
Cash	22,398,779.00	2.37	517,281,285.00	17.47	-
Fixed Income	13,117.00	0.00	1,120,506.00	0.04	-
Real Estate	812,959,000.00	85.91	1,565,203,000.00	52.87	70%
<b>Total</b>	<b>946,322,484.11</b>	<b>100.00</b>	<b>2,960,231,030.23</b>	<b>100.00</b>	<b>100%</b>

Investments performance highlights for the year ended 31 December 2021 were as follows:

- Total weighted return for the year under review was estimated at 195.22% with quoted equities contributing a weighted return of 141.74% and fixed properties 48.93%.
- The COMPEF quoted equities portfolio posted a return of 572.86% for the year 2021 compared to 483.58% for 2020 against 307.21% return posted by the benchmark industrial index. The marked performance was due to gains in Delta, Econet and Innscor during the period under review which saw the blue chips and the top ten index perform above other indices. The Top Ten index recorded a good performance during the year 2021 after posting a return of 307.51%.
- Total dividends received for the year 2021 amounted to \$11.667 million compared to \$1.514 million for the prior year.



# Chamber of Mines Pension Enhancement Fund (COMPEF)

## COMPEF Equities Portfolio Performance Comparison: 2021

Index/Fund	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	YTD
Industrial Index	-8.26%	63.06%	67.84%	38.34%	39.08%	26.10%	307.21%
COMPEF/ Equities	-12.36%	55.11%	103.85%	32.28%	65.48%	50.79%	572.86%

The top five COMPEF equities portfolio exposures for the year ended 31 December 2021 were as represented below.

### Top Five Quoted Equities Exposures

Rank	Counter	Portfolio Weight %
1	Econet	46.22
2	Delta	30.30
3	Innsco	21.59
4	Old Mutual	1.13
5	Nedbank	0.33
<b>Total</b>		<b>99.56</b>

New funds will be channelled towards quoted equities and real estate development so as to achieve the target portfolio mix of 70% in real estate and 30% in quoted equities.

### Rental Income and Debtors

The COMPEF rent generating properties comprise of one industrial building (Stand 50 A Willowvale), one commercial building (26 Kaguvu

Street) and three residential units in Imba Mumadokero which are tenanted. Rental income of \$10.482 million was generated from the properties compared to \$5.16 million for 2020. Rent debtors amounted to \$1.760 million in respect of 36-38 Kaguvu Street and three units in Imba Mumadokero. The debtors are on payment plan which they are adhering to.

### Corporate Governance

#### a. Board Meetings

Three Board meetings were held in 2021.

#### b. 2021 Year-end Audit

The 2021 year - end audit was completed and the accounts are being finalised for consideration and approval by the COMPEF Board.

### Outlook

The current market conditions are characterised by accelerating inflation, foreign currency shortages, exchange rate disparities, power cuts, negative real interest rates and general low investor confidence. The inflationary pressures and currency depreciation may continue to affect investment performance. To this end, the COMPEF Board will continue to pursue a value preservation strategy while taking advantage of any growth opportunities which might arise.

## Health and Safety

Mine safety is achieved through the identification and minimization of hazards that include environmental and equipment-based factors.

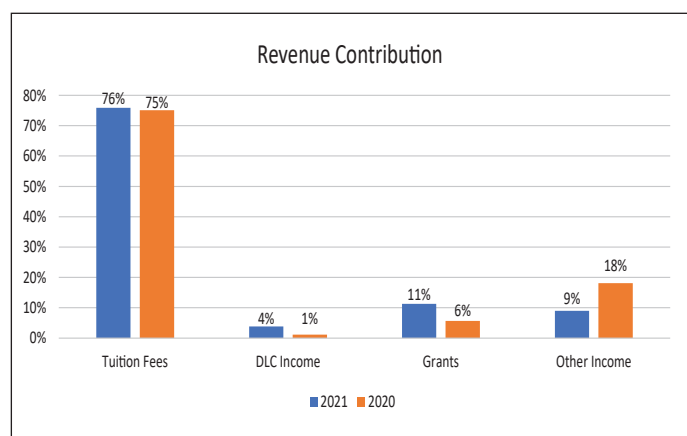
# Zimbabwe School of Mines Report

## General Financial Overview

The Zimbabwe School of Mines (ZSM) continued to operate in a difficult economic environment, largely on the back of COVID-19 related regulations. ZSM embraced the “new normal” by strategically launching blended learning - 80% virtual and 20% face-to-face. Commencing 2021 value preservation was by invoicing fees in USD – payable in the currency of choice at appropriate conversions. Foreign currency reserves comprised 90% of the ZSM funds by the close of the financial period 2021 as a result of prepaid fees for 2022.

ZSM cash flows were adversely affected by eroded disposable incomes and depressed general economic activity in the lockdowns. The management of the school remains positive that the situation will improve in the FY2022, owing to several initiatives including commercializing the Assay Laboratory, and Business Development, a newly established department to increase revenue.

## Financial Performance Analysis for FY2021



- Tuition fees contribution increased from 75% to 76% in 2021, reflecting that the school fees were the major source of income as there were low grants from stakeholders and short courses.
- Grants from the Chamber of Mines amounted to \$130,642 while Government Grant amounted to \$55,218 resulting in an 11% contribution to total Income.
- Revenue contribution from short courses improved to 4% as a result of the introduction of blended courses earmarked for mine-employees.

## Training and operations

### Enrolment Statistics

The school has an estimated enrolment of 1021 students and about 32% are female students. The school has various courses running under the ZSM Examination Board and HEXCO as below.

Level	Geology	Mining	Survey	Metallurgy	Met-Assay	MVEE	Total
<b>ZSM</b>							
D1					33	31	64
D2					55	34	89
D3					21	16	37
D1 Blended	11	14	4	5			34
D2 Blended	8	19	7	11			45
HD				11			11
<b>HEXCO</b>							
ND1	60	63	60	62			245
ND2	68	81	66	76			291
ND3	39	58	52	46	10		205
<b>Total</b>	<b>186</b>	<b>235</b>	<b>189</b>	<b>211</b>	<b>119</b>	<b>81</b>	<b>1021</b>

## Attachment & Industrial Relations Report

The school has had a backlog of unattached students due to low uptake of students during the period 2020 and 2021, on the back of the COVID 19 pandemic. Most mining companies have managed to take for attachment and the School is appealing for more students to be absorbed by mining companies.

Course	Attached	Unattached	Total
Met Assaying	33	16	49
Mine Ventilation	17	17	34
Geology	37	36	73
Metallurgy	51	25	76
Mining	60	21	81
Survey	47	21	68

The following new courses were developed and will be offered in August 2022;

- Diploma in Mining Engineering: Shaft Technician
- Executive Diploma in Mine Management
- Certificate in Small Scale Management

## Curriculum Development Consultations

The school is currently carrying out stakeholder consultation for the development of the following courses:

- Higher Diploma in Oil and Gas Engineering
- Certificate in Gemmology
- Certificate in Gem Cutting and Polishing (Lapidary)
- Certificate in Jewellery Design and Manufacturing
- Certificate in Mine Health and Safety
- Diploma in Mine Health and Safety
- Courses in the foundry and Physical Metallurgy area

The curriculum of these courses incorporates new technology that takes account of automation and mechanisation.





# Zimbabwe School of Mines Report

## E-Learning update

The school is utilising Google Classroom and Moodle for teaching and learning. The school is currently carrying hybrid teaching modalities with lectures being done both online and face to face.

## Short Courses

In 2021 the school ran seventeen courses resulting in 759 learners being trained. The Massive Open Online Course (MOOC) managed to attract 356 participants, from 8 countries. The MOOC was launched on 1 May 2021. The MOOC project is continuing to achieve its goals of showcasing the school's teaching excellence, making mining knowledge resources accessible and building institutional capacity for online education. While varying with courses, the 69:31 gender ratio in favour of males was achieved, except for the Advanced Certificate in Mineral Processing course which was attended by 100% females.

The school currently has a portfolio of 14 online courses and 10 face to face courses that are currently being offered. The school also offers customized training in modules requested by clients.

## Key Academic Strategic Matters

The school has tendered to acquire Virtual Reality and Simulation equipment Drone Technology. Currently capacitating the Business Development and Innovation Department to be able to carry out research. The school has a SHEQ officer in charge of SHEQ issues.

## Human Resources Report

The school gladly announces new executive appointments as follows:

### Finance Manager, Ms Sithembile Sibanda

Ms Sithembile Sibanda holds a Master of Business Administration (MBA) from the National University of Science and Technology (NUST), a Bachelor of Commerce Honours in Business Economics and a Bachelor of Commerce in Accounting from the University of Fort Hare

(UFH). She has vast experience in the fields of Accounting & Finance, Taxation, Auditing, Business Operating Systems and Strategy.

### Head HR & Administration, Mr Garikayi Chimhina

Mr Garikayi Chimhina holds a Master of Commerce in Strategic Management and Corporate Governance (Midlands State University), and a Bachelor of Commerce in Human Resources Management degree (Zimbabwe Open University). Garikayi holds various Diplomas in Human Capital development and is an expert in screening, interviewing, hiring and training as well as developing and implementing Human Resources strategies and initiatives aligned with the overall business strategy. He was at the helm of a large mining group in Zimbabwe until he joined the School in April 2021.

### Mr Martin January, Training & Operations Manager

Martin January is a Mining Professional with over seventeen (17) years of experience in the mining industry. He is a holder of a BSc Honours Degree in Mining Engineering from the University of Zimbabwe and a Masters in Business Administration at NUST. He has a vast knowledge of the industry as he has worked both in the public and private sectors of the mining industry. He has experience in the Gold, Platinum, Asbestos, Limestone, Chrome and coal mining which he acquired in various roles in the mining industry

We are confident of the wealth of experience they are bringing to the organization. We wish them every success in their new positions.

## Construction update

Construction of the ZSM Gemology Centre in Mutare Phase 1A construction is at 96% complete comprising of construction of Access Road, Boundary Wall, Gate House, Perimeter Fencing, Borehole Drilling & Installation. This shall be followed by Phase 1B comprising the construction of the Gemology Building commencing on 1<sup>st</sup> May 2022.





# Abridged Audited Financial Accounts

## Auditor's Statement

The abridged version of the financial results should be read in conjunction with the full set of Financial Statements for the year ended 31 December 2021, which have been audited by PNA Chartered Accountants. A qualified opinion was issued thereon because of non-compliance with International Accounting Standard 21 (The Effects of Changes in Foreign Exchange Rates) and IFRS13 on Valuation of Property and Equipment. The auditor's report on these financial statements is available for inspection at the Chamber's registered office.

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		Inflation Adjusted		Historical Cost	
		2021 ZWL \$	2020 ZWL \$	2021 ZWL \$	2020 ZWL \$
<b>ASSETS</b>	<b>Notes</b>				
<b>Non Current Assets</b>					
Property and Equipment	7	96 375 452	69 557 199	54 604 476	4 736 933
		<b>96 375 452</b>	<b>69 557 199</b>	<b>54 604 476</b>	<b>4 736 933</b>
<b>Current Assets</b>					
Inventories	8	2 020 494	222 331	1 592 653	138 319
Accounts Receivables	9	3 443 324	1 848 019	3 443 324	1 149 715
Held for Trading Investments	10	154 031	293 130	154 031	127 468
Cash and Cash Equivalents	11	26 389 572	22 005 618	26 389 572	13 690 434
		<b>32 007 421</b>	<b>24 369 098</b>	<b>31 579 580</b>	<b>15 105 936</b>
<b>Total Assets</b>		<b>128 382 873</b>	<b>93 926 297</b>	<b>86 184 056</b>	<b>19 842 869</b>
<b>RESERVES AND LIABILITIES</b>					
<b>Reserves</b>					
Accumulated Funds		29 931 185	40 660 230	(9 990 176)	(9 346 264)
Capital Reserves	12	14 188 586	14 188 586	857 210	857 210
Revaluation reserve		42 395 513	-	53 449 433	4 020 510
		<b>86 515 284</b>	<b>54 848 816</b>	<b>44 316 467</b>	<b>(4 468 544)</b>
<b>Current Liabilities</b>					
Accounts Payables	13	41 620 124	38 669 192	41 620 124	24 057 403
Subscriptions in Advance	13	247 465	408 289	247 465	254 010
		<b>41 867 589</b>	<b>39 077 481</b>	<b>41 867 589</b>	<b>24 311 413</b>
<b>Total Reserves and Liabilities</b>		<b>128 382 873</b>	<b>93 926 297</b>	<b>86 184 056</b>	<b>19 842 869</b>

C CHIBAFU (PRESIDENT)

I KWESU (CHIEF EXECUTIVE OFFICER)

Date: 30 May 2022



# Abridged Audited Financial Accounts

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Inflation Adjusted		Historical Cost	
		2021 ZWL \$	2020 ZWL \$	2021 ZWL \$	2020 ZWL \$
Revenue	4	136 148 123	72 241 234	107 318 628	44 943 698
Other operating income	5	168 621 987	125 670 932	132 916 120	83 367 855
<b>Total Income</b>		<b>304 770 110</b>	<b>197 912 166</b>	<b>240 234 748</b>	<b>128 311 553</b>
Operating expenses	6	(333 065 934)	(247 334 764)	(248 762 878)	(144 474 648)
<b>Operating (Deficit)</b>		<b>(28 295 824)</b>	<b>(49 422 598)</b>	<b>(8 528 130)</b>	<b>(16 163 095)</b>
Fair Value Adjustment on held for trading investments	10	( 139 099)	179 574	26 563	111 719
Financing Income - Interest Received		1 563	30 206	1 232	18 792
Foreign Currency Revaluation		9 966 930	11 064 112	7 856 423	6 883 356
Monetary gain		7 737 385	82 070 287	-	-
<b>(Deficit) / Surplus for the year</b>		<b>(10 729 045)</b>	<b>43 921 581</b>	<b>( 643 912)</b>	<b>(9 149 228)</b>
<b>Other Comprehensive Income</b>					
Property, plant and equipment revaluations		43 790 145	-	49 428 923	-
<b>Total Comprehensive income for the year</b>		<b>33 061 100</b>	<b>43 921 581</b>	<b>48 785 011</b>	<b>(9 149 228)</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

		Inflation Adjusted		Historical Cost	
	Notes	2021 ZWL \$	2020 ZWL \$	2021 ZWL \$	2020 ZWL \$
<b>Operating Activities:</b>					
Surplus/(Deficit) for the year		(10 729 045)	43 921 581	( 643 912)	(9 149 228)
Depreciation	7	18 817 370	17 039 843	2 156 065	1 200 443
Profit/(Loss) on disposal of equipment		19 169	( 196 712)	15 110	( 122 381)
Interest received		( 1 563)	( 30 206)	( 1 232)	( 18 792)
Fair Value Adjustment on trading investments	10	139 099	( 179 574)	( 26 563)	( 111 719)
<b>Net Cash outflow before investment in working capital</b>		<b>8 245 030</b>	<b>60 554 932</b>	<b>1 499 468</b>	<b>(8 201 677)</b>
<b>Working Capital Changes</b>					
Accounts receivables (increase)		(1 595 305)	(1 415 389)	(2 293 609)	( 880 561)
Inventories (increase)		(1 798 163)	( 169 994)	(1 454 334)	( 105 759)
Accounts payables increase/(decrease)	13	2 950 932	(40 970 135)	17 562 749	22 243 206
Other current liabilities increase/(decrease)		( 160 824)	41 256	( 6 545)	25 667
<b>Net Cash in-flow from operations</b>		<b>7 641 670</b>	<b>18 040 670</b>	<b>15 307 729</b>	<b>13 080 876</b>
Interest receivable		1 563	30 206	1 232	18 792
<b>Net cash inflow from operations</b>		<b>7 643 233</b>	<b>18 070 876</b>	<b>15 308 961</b>	<b>13 099 668</b>
<b>Net cashflows from investing activities</b>					
Purchase of property and equipment		(3 240 110)	(2 096 140)	(2 609 823)	( 832 186)
Proceeds from disposal of equipment		( 19 169)	196 713	-	122 382
<b>Net cash outflow in investing Activities</b>		<b>(3 259 279)</b>	<b>(1 899 427)</b>	<b>(2 609 823)</b>	<b>( 709 804)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>4 383 954</b>	<b>16 171 449</b>	<b>12 699 138</b>	<b>12 389 864</b>
Cash and cash equivalents at the beginning of the year		22 005 618	5 834 169	13 690 434	1 300 570
<b>Cash and cash equivalents at the end of the year</b>		<b>26 389 572</b>	<b>22 005 618</b>	<b>26 389 572</b>	<b>13 690 434</b>



# Abridged Audited Financial Accounts

## 1 GENERAL INFORMATION

The Chamber of Mines of Zimbabwe is a private voluntary organisation which was incorporated in terms of the Chamber of Mines of Zimbabwe Incorporation (Private) Act [Chapter 21:02] to represent the mining companies of Zimbabwe. The Chamber is also registered in terms of the Labour Act [Chapter 28:01] to represent or advance the interests of any employers or groups thereof in the mining industry in respect of matters relating to employment.

The Chamber is domiciled in Zimbabwe, with its registered offices at 20 Mt Pleasant Drive, Harare.

## 2 ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these financial statements, which are set out below, have been consistently followed in all material aspects.

### 2.1 Basis of Preparation and Presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards; ("IFRS") except for the effects of IAS 16 which have not been fully complied with. The Council did not fully comply with IFRS 13 Fair value to the extent that is described in the auditors opinion. In light of this failure to fully comply with the requirements of IFRS 13, the Council's Independent Auditors, PNA Chartered Accountants have issued a qualified opinion on the financial statements for the year ended 31 December 2021.

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

#### 2.1.2 Functional Currency

The Chamber changed its functional currency from the US Dollar to the Zimbabwe (ZWL \$). In February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019, which introduced a new currency Zimbabwe (ZWL \$) and an interbank exchange rate between the US Dollar and the Zimbabwe (ZWL \$). With effect from 23 of February 2019, the Chamber adopted the Zimbabwe (ZWL \$) as its functional currency.

#### 2.1.3 Hyperinflationary Reporting

##### Basis for preparation

These financial statements have been prepared on the inflation adjusted basis in accordance with International Accounting Standard 29 Financial Reporting in Hyperinflation Economies . In terms of International Financial Reporting Standards and the

provisions of IAS 29, the adjusted financial statements constitute the primary financial statements. Whilst the historical cost financial statements are the basis of computation of the adjusted financial statements and in terms of IAS 29 their presentation is discouraged, they are nonetheless presented as supplementary information.

International Accounting Standard 29 Financial Reporting in Hyperinflationary Economies requires that the financial statements be prepared in terms of a measuring unit current at the reporting date with the comparative information being restated in the same manner. The restatement of the historical cost information was based on the conversion factors derived from the movements in the Consumer Price Index (CPI) in Zimbabwe as sourced from the Zimbabwe National Statistical Agency (ZIMSTATS).

The indices and conversion factors have been applied to the historical cost of transactions and balances as follows:

Period	Index	Conversion factor
31-Dec-21	3977.48	1.00
31-Dec-20	2474.51	1.61

The key procedures applied in the restatement process are as follows:

- Items in the statement of profit or loss and other comprehensive income are restated by applying the relevant monthly conversion factor.
- Monetary assets and liabilities at the reporting date are not restated since they are already stated in terms of the measuring unit current at the reporting date.
- Non-monetary assets and liabilities that are not carried at current cost and components of shareholders equity are restated using the indices in terms of the measuring unit, current at the latest reporting date (31 December 2021). Non-monetary assets and liabilities that are carried at amounts current at the reporting date, that is at fair value, are not restated.
- Income and expenditure in the statement of profit and loss and other comprehensive income was restated from the month in which the income or expenditure was recorded.
- Deferred tax is provided in respect of temporary differences arising from the restatement of assets and liabilities.
- The net effect of the inflation adjustments on the net monetary position of the Chamber is included in the statement of profit or loss and other comprehensive income as a monetary gain or loss.



# Notes

[illegible]



## Notes

This image shows a blank sheet of white paper with horizontal ruling lines. At the very top, there is a narrow band filled with diagonal hatching. Below this band, there are approximately 20 evenly spaced horizontal grey lines extending across the width of the page, providing a template for writing or drawing.

# Notes

This image shows a blank sheet of white paper with horizontal ruling lines. At the very top, there is a rectangular section filled with diagonal hatching, serving as a header or title area. Below this header, the rest of the page is white and contains approximately 20 evenly spaced horizontal grey lines for writing. The lines extend across the full width of the page.





Annual Report 2021