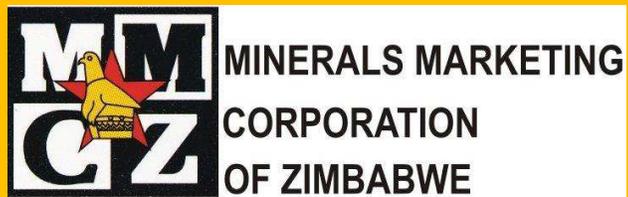




ZIMBABWE



FREQUENTLY ASKED QUESTIONS

MINISTRY OF MINES AND MINING DEVELOPMENT

“UNLOCKING OUR INVESTMENT POTENTIAL”

1. *Company's registration procedure, project approval and registration.*

- 1.1. All mineral rights are vested in the State.
- 1.2. Acquisition of mining title is simple, equitable and transparent.
- 1.3. Security of tenure is guaranteed.
- 1.4. The attached tables give a summary of the mining titles which, investors can apply for and the approval process.
- 1.5. The procedure for applying a mining title requires that the investment company be registered in Zimbabwe in terms of the Company's Act.
- 1.6. All new foreign investment into Zimbabwe require an Investment Certificate issued by the Zimbabwe Investment Authority (ZIA), prior to commencement of operations.

2. *What guarantees will be provided for maintaining investments and their return?*

- 2.1. The sacrosanct nature of private property and property rights is observed across all sectors of the economy, in conformity with best standards and international agreements we enter into with our international business partners.
- 2.2. The Act explicitly spells out procedures of maintaining mining rights, which guarantees security.

3. *Application Forms for an Investment Certificate.*

- 3.1. Application forms for the Zimbabwe Investment Certificate are available on: www.zia.co.zw

4. Mining taxation.

4.1. Royalty shall be calculated as a percentage of the gross fair market value of minerals produced and sold as follows:

Precious Stones	10%
Precious Metals	3.5%
Base Metals	2%
Industrial Minerals	2%
Coal Bed Methane Gas	2%
Coal	1%

4.2. Income tax on mining operations is levied at a flat rate of 15% for all minerals and all capital expenditure incurred exclusively for mining operations is deductible at a rate of 100%. Mining companies enjoy indefinite carry forward of their tax losses.

4.3. Investors are allowed to borrow locally for working capital purposes. Offshore borrowings require Reserve Bank approval and interest paid on borrowings of a debt to equity ratio of up to a maximum of 3 to 1 are tax deductible.

4.4. A rebate of duty shall be granted to a holder of a mining location in respect of specified goods which, during a specified period, are imported by a holder for use solely and exclusively for mining development operations by the holder.

5. *What are the mining investment concessions if any?*

- 5.1. A rebate on duty is granted on all capital goods imported for mining development operations and during the exploration phase of a mining project.
- 5.2. Mining companies are granted the right to market their minerals directly, in accordance with the provisions of the Minerals Marketing Corporation of Zimbabwe Act. This applies to all minerals except gold and silver.
- 5.3. There is no restriction on the amount of foreign currency brought into Zimbabwe. The foreign investment equity can be in the form of cash or capital equipment.
- 5.4. Operation of foreign currency accounts is permitted. Offshore Foreign Currency Accounts shall be granted to major mining projects upon application to the Reserve Bank of Zimbabwe
- 5.5. Investors can remit 100% of their dividends subject to Exchange Control approval.
- 5.6. On disinvestment, 100% repatriation of invested capital is allowed.
- 5.7. Investments of more than US\$100 Million qualify for Special Mining Lease, which allows investors to negotiate favourable concessions.

6. *Is there the possibility of gold marketing by the investor?*

- 6.1. Gold producers can market their gold bullion to customers of choice. The producers can export the gold and silver through their bankers and subject to exchange control approval.

7. *Is there a difference in the payment for placer gold and reef gold?*

- 7.1. Both alluvial gold and reef gold are sold at the same international price. The price only depends on the weight and purity of the gold after the refining process.

8. *Which are the local research, sample analysis and refining facilities?*

- 8.1. There are dedicated research institutions such as the Research Council of Zimbabwe and the Scientific and Industrial Research and Development Council (SIRDC).
- 8.2. The Metallurgy Department and the Institute of Mining Research are Government laboratories for mining research and fire assay, mineral dressing, wet chemistry, rock mechanics, carbon-sulphur analysis and analysis of coal and coal bed methane gas.
- 8.3. Other private laboratories which offer similar services are Antech Laboratory in Kwekwe, Hwange Colliery Company at Hwange, Zimlabs in Harare, Peacock and Simpson in Harare and Rio Zim in Kadoma.
- 8.4. Nickel is refined at Bindura Nickel Refinery and Empress Nickel Refinery. Chrome is smelted at Zimasco, Zimalloys, Maranatha, Wel Mining and Olikan smelters. A base metal refinery exists at the Selous Metallurgical Complex. There is a copper refinery at Alaska.
- 8.5. All gold is refined at Fidelity Printers and Refiners in Harare.
- 8.6. Facilities for cutting diamonds exist in Harare.

9. *Are there local facilities for servicing mining and metallurgical equipment?*

- 9.1. The country boasts of a well developed mining and equipment supply chain that will be able to service the mining industry.
- 9.2. Equipment is available from local manufacturers as well as from local suppliers who import equipment from outside the country and it is serviced by agents who offer comprehensive back up services.
- 9.3. There exist companies that manufacture stamp mills, crushers, ball mills, gravity concentrators and elution boilers.
- 9.4. The country boasts of a highly skilled, educated labour force.
- 9.5. The remuneration is industry driven.

10. What support services are available to an investor?

- 10.1. Developed infrastructure is at the place that allows accessibility throughout the country.
- 10.2. User-friendly, easily accessible geo-scientific databases are at the disposal of potential investors
- 10.3. Facilities for the provision of geological, engineering, metallurgical and marketing services are available.

11. How is indigenization and empowerment being effected on mining projects?

- 11.1. Investors are free to engage Government on a one on one basis. The Ministry is still consulting on the Indigenization and Empowerment issues.

12. Are mining companies compelled to conduct corporate social investments?

12.1. Mining investors are encouraged to be responsible corporate citizens in line with international best practices.

13. When will the amended Mines and Minerals Act be enforced?

13.1. A Consolidated version of the proposed amendments is ready. The document summarizes the principles of the proposed changes.

14. When will outstanding EPOs be granted?

14.1. All outstanding EPOs are under a review process.

15. Any areas for value addition and beneficiation?

15.1. Opportunities exist in stainless steel manufacturing, chrome ore processing, manufacturing of refractories, platinum refining, black granite polishing, cutting and polishing of gemstones and diamonds.

Ministry of Mines and Mining Development

Processing Steps for Exclusive Prospecting Orders

STAGE	RESPONSIBILITY			
	MAB Secretariat /Mining Law Division	Zimbabwe Geological Survey [ZGS]	MAB chaired by the Permanent Secretary	Minister/ President
1. Application Submission	<ol style="list-style-type: none"> Accepts and assigns Application Number in the format <i>Serial No./Year</i> [eg 01/09.....217/09.] Sends Application copy to ZGS 			
2. Application Verification		Checks on: <ul style="list-style-type: none"> Area for overlaps etc; Work programme Budget Company profile Minerals sought Technical expertise Expected results 		
3. Application Noting		Recommends Applications to be noted after above assessment.	Based on available information application is NOTED or REJECTED	
4. Application Gazettal	Mining Commissioner reserves area. Draft General notice sent to Attorney General for checking		MAB chairman publishes checked notice in Government Gazette for objections within 21 days.	
5. Application Consideration	Invites Company to appear before MAB for interview		<ol style="list-style-type: none"> Interview conducted Consideration for recommendation or rejection made. 	
6. Application recommendation and Approval	<ul style="list-style-type: none"> Assigns EPO No. eg 4886.... Prepares Cabinet minute to President, supporting memo and draft General Notice of Order. Draft Notice sent to AG's Office 			General Notice sent to Minister and then to President for APPROVAL or REJECTION.
7. EPO Gazettal	<ul style="list-style-type: none"> Approved General Notice sent for Gazettal. Approved Order sent to Applicant 			
8. EPO Work Monitoring	<ul style="list-style-type: none"> Receives Six-monthly progress reports. Sends copies to ZGS. 	<ul style="list-style-type: none"> Evaluates six-monthly reports. Visits exploration sites. Makes recommendations to MAB. Compiles geo-technical data from EPO's 	Accepts or rejects continuation of exploration work.	

APPLICATION FOR MINING TITLE

TITLE (Part of Act)	AREA	Minerals	APPLICANT REQUIREMENT	LENGTH OF TENURE
Ordinary / Special prospecting licence (IV)	<ul style="list-style-type: none"> • 10ha precious metal/stone • 25ha base metal 	All	<ul style="list-style-type: none"> • Any person above the age of 18 years and permanently resident in Zimbabwe • A company duly registered in Zimbabwe 	2 years
Exclusive Prospecting Order (VI)	<ul style="list-style-type: none"> • 65 000ha • Any defined area (including Reserved) 	All	<ul style="list-style-type: none"> • Any person 	Initial period of 3 years Renewable for maximum period of another 3 years
Mining Lease (VIII)	Amalgamation of contiguous mining location	All	<ul style="list-style-type: none"> • Holder of registered mining location 	Perpetual Annual renewal
Special Mining Lease (IX)	As Mining Lease	All	<ul style="list-style-type: none"> • Holder of registered mining location • Investment in Forex exceeding US\$100 million • Mine output intended for export 	Perpetual Annual renewal
Special Grant (XIX)	Any defined area	All	<ul style="list-style-type: none"> • Any person • Area to be situated in reserved ground 	Perpetual Annual renewal
Special Grant under Part XX of (XX)	20 000Ha	Coal, Mineral Oils, Natural Gas Uranium	<ul style="list-style-type: none"> • Any person • Area to be situated in reserved ground • Intention to mine Coal, Mineral Oils, Natural Gas • Full information on <ul style="list-style-type: none"> ○ Financial status ○ Technical expertise 	Perpetual Annual renewal

DETAILS REQUIRED IN APPLICATION OF MINING TITLE

TITLE (Part of Act)	APPLICATION DETAILS REQUIRED	Approving Authority	PROCESSING PERIOD
Ordinary / Special prospecting licence (IV)	<ul style="list-style-type: none"> • Full name and address • Payment of appropriate fees • For individuals <ul style="list-style-type: none"> ○ Applicant to be 18 years ○ National ID Card required For companies – Certificate of registration 	Mining Commissioner	Instant (over the counter)
Exclusive Prospecting Order (VI)	<ul style="list-style-type: none"> • Proposed works programme • Area description • Certificate of incorporation • Details of Directors • Company shareholding structure 	President	3 months
Mining Lease (VIII)	<ul style="list-style-type: none"> • List of minerals to be mined • Sketch plan of area • Details of reef blocks in the area • List of mining locations contained • Name and address of land owner 	Mining Affairs Board	3 months
Special Mining Lease (IX)	<ul style="list-style-type: none"> • List of minerals to be mined • Sketch plan of area • Details of reef blocks in the area • List of mining locations contained • Name and address of land owner • Development plan • Operation plan of proposed mine 	Mining Affairs Board	3 months
Special Grant (XIX)	<ul style="list-style-type: none"> • Sketch plan of area • Work programme 	Secretary for Mines and MD	2 months
Special Grant under Part XX	<ul style="list-style-type: none"> • Full information of financial status • Full information of technical expertise • Particulars of guarantees • Mineral to be mined • Sketch plan of area • For a company, full names, • nationality of directors • Work programme 	President	3 months

MINING COMMISSIONERS' FEES STRUCTURE AS FROM MAY 2009

PROSPECTING LICENSES	US\$	
Ordinary Prospecting License	50	
Special Prospecting License	100	
Duplicate Prospecting License	100	
REGISTRATIONS		
Precious Minerals	50	per block of 10 ha
Base Metals	75	per block of 25 ha
Special Base	100	per block of 26 - 150 ha
Site	20	per site, max 40 ha
Special Grant (Under Part XIX) Registration	50	
Special Grant (Under Part XX) Registration	20 000	
Mining S.G. Rental	20	per ha
E. P. O. Refundable Deposit	-	per ha (Still Z\$0.12 in the Act)
Duplicate Cert. of Registration	100	
Fresh Certificate of Registration	100	
Revocation Fees	100	
Cert of Reg. After Transfer	200	
CRAP Registration	500	
CRAP Renewal	250	
Duplicate CRAP	100	
INSPECTIONS		
By Work: 1st Inspection	2	per 5 ha
Survey: 2 nd	4	per 5 ha
By Payment (Base Only)	10	per 5 ha
Annual Fees	4	per 5 ha
Protection	5	Each period of 2 months
Search Fees	2	per hour
Mining lease	4	per 5 claims
Site	4	per 5 claims
Certificate of Ownership	15	per block
Ore Removal permit	10	
Custom Milling permit	1000	

MMCZ website FAQ

Q Who is MMCZ

A MMCZ is a wholly owned government parastatal with the exclusive mandate of selling and marketing all minerals produced in Zimbabwe except gold and silver

Q How do I buy rough diamonds from Zimbabwe

A MMCZ is the appointed Exporting Authority by the Government of Zimbabwe, under the KPCS, to be responsible for handling the exports of all diamonds from Zimbabwe. As such the MMCZ requires all potential rough diamonds buyers to fulfill certain requirements to qualify for the purchase of Zimbabwean diamonds.

You need to register with MMCZ by going through a client vetting and registration process. Our Monitoring and Inspectorate department are tasked with this due process.

Q What steps am I required to fulfill before I can buy other minerals

A Different minerals have different processes.

Q. How do I know and ensure that my production / ore meets my minimum expectations in terms of weights and quality?

A. Sampling, weighing of the consignments are done through the department of Metallurgy (a sister organisation to MMCZ) in the presence of representatives of supplier and buyer.

Collected and sealed samples are analyzed by mutually agreed assay laboratories.

Q. How do I ensure material safety and security after S/W/A

A. All consignments are sealed in suitable packaging (drums, containers) after sampling and weighing and kept at a mutually agreed storage facility/warehouse

Q. How do I select granite blocks that are of the right quality I want?

A. MMCZ facilitates provision of samples from all dimension stone producers. Customers are free to come and do a physical selection of blocks at quarries or depots

Q. Which are the ports of exit normally used to move granite stones from Zimbabwe

A. Most dimension stones are exported through BEIRA port in Mozambique due to its proximity and dedicated space allocated to handle such exports. Other ports that can be used are Maputo (Mozambique), Durban (South Africa) and Walvis Bay (Namibia)

Q. Do I need to register for an account to buy any other minerals

A. As part of the process of Knowing Your Customer, the MMCZ requires customers to provide profiles of their organisation(s). An account is created for you to buy minerals that are of interest to your organisation.

Q. I found a mineral during prospecting, what steps do I take

A MMCZ assists in identification of minerals but the Geological Survey (a sister organisation to MMCZ under the MMMD) is mandated to carry out mineral identification in greater detail.

Registration of title to claims through the MMMD is required before commercial exploitation and export of the mineral through MMCZ.

MMCZ provides advisory services to positively identified minerals in terms of their market demand, prices, and volumes required by buyers.

Q What forms of taxes and royalties does MMCZ and Government take when I export a mineral consignment.

A Currently there are three deductions made on gross invoice values as per current government Acts and Statutes , that is, VAT on exports in terms of the VAT (tax acts), Royalties on production according to the Royalties Act and MMCZ statutory commission in terms of the MMCZ Act. The quantum of royalties depends on the type of mineral and a schedule of percent deduction is available on request