

Mining in Zimbabwe

Considerations for Swedish companies in the mining sector



THE MINING INDUSTRY IN ZIMBABWE

Foreword: Swedish Ambassador to Zimbabwe, H.E. Mr Per Lindgärde

The mining sector in Zimbabwe, much like in the broader Southern African region, has become a focal point of global interest. With its diverse array of minerals – including gold, platinum, diamonds, and lithium – Zimbabwe is emerging as a key player in the worldwide mining industry. Many stakeholders, including the government and its agencies, foreign investors, organisations, and development partners, recognise its critical role in driving the green transition and supporting economic development in the decades ahead.

While many interests converge in this space, the focus must be on ensuring Zimbabwe's rich mineral endowments become a win-win for investors, local communities, and the economy. Zimbabwe is a country rich in natural resources, brimming with human capital, and full of opportunities for growth.

However, unlocking this potential requires addressing significant challenges. This report highlights the strategic opportunities for Swedish companies, ranging from direct

investments in mining operations to the provision of advanced mining equipment and infrastructure development. At the same time, it underscores the challenges and considerations that companies must navigate when entering this promising market.

Swedish companies bring valuable perspectives, innovative technologies, and sustainable practices that can help Zimbabwe

“Zimbabwe is a country brimming with potential – rich in natural resources, human capital, and opportunities for growth.”

unlock its mining potential while ensuring widespread and long-lasting benefits. I hope this brief sparks a renewed interest in Zimbabwe and inspires you to explore the many opportunities it has to offer. We are here to support you every step of the way and stand ready to engage with you on this journey.



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ZIMBABWEAN MINING SECTOR

Mineral diversity, future demand for critical minerals, and recent reforms make Zimbabwe a key market for Swedish companies.

Zimbabwe's mining industry serves as a cornerstone of its economy, renowned for its abundant mineral wealth and immense potential for economic growth. With a diverse portfolio of resources – including gold, platinum, diamonds, and lithium – the country has attracted significant investment interest from both domestic and international stakeholders.

While historical challenges such as governance and infrastructure gaps have impacted the sector, recent reforms aimed at enhancing transparency and regulatory efficiency have ignited renewed optimism. These changes have spurred increased exploration activities and signalled a more investment-friendly environment. As Zimbabwe positions itself as a rising player in the global mining sector, stakeholders are prioritising sustainable practices and technological innovation to maximise the industry's contribution to national development and economic prosperity.

The local mining industry offers compelling opportunities for Swedish companies seeking to expand their global presence in mineral extraction, processing technologies, and sustainable mining practices. Zimbabwe's vast mineral resources, recent investor-focused reforms, and an improving regulatory landscape underscore the sector's readiness for significant growth. This report delves into key opportunities, challenges, and strategic considerations for Swedish companies looking to enter or expand in Zimbabwe's mining industry.

Strengths

Mining contributes about 11% of GDP and 60% of export earnings.

Diverse mineral landscape with over 40 different minerals.

Large precious metal and diamond reserves.

Skilled workforce.

Weaknesses

Inconsistent legislation (statutory instruments).

Infrastructure (transportation & energy) limitations.

Excessive government intervention.

Inflation and foreign currency shortages.

Opportunities

Direct investment in mining activities.

Supply of OEM underground mining equipment and transport infrastructure (railways).

Small-scale mining ventures, esp. gold.

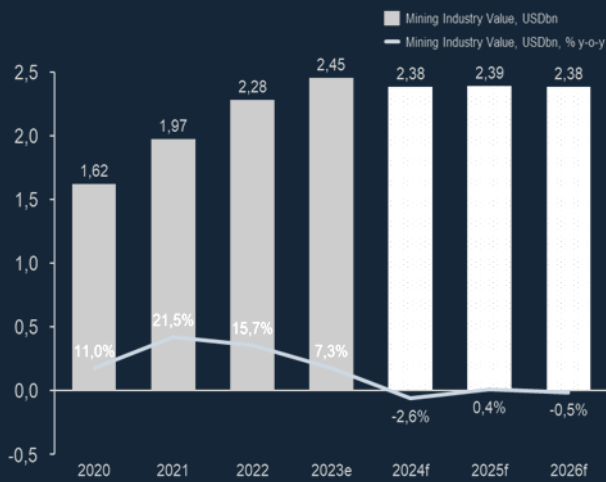
Increasing global platinum share.

Rare earth minerals beneficiation.

Threats

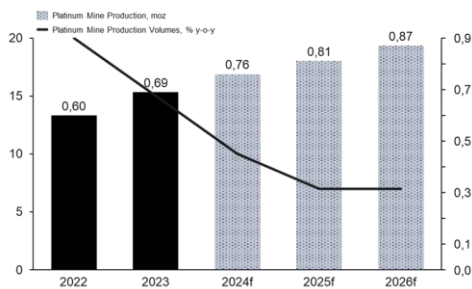
The diminishing diamond reserves near the Earth's surface may jeopardise specific projects due to significant cost escalation.

Government takeovers of privately owned mining land pose an ongoing risk.



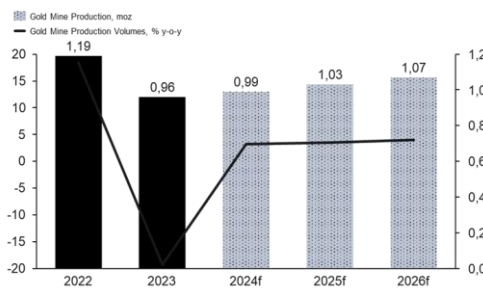
Zimbabwe possesses the world's second-biggest known platinum deposit and high-quality chromium ores, holding about 2.8 billion tons of PGMs and 10 billion tons of chromium ores. Mining makes up roughly 12% of the nation's gross domestic product and represents 60% of exports. Zimbabwe's mining industry will continue to grow in the future due to its abundant reserves of platinum, gold, diamond, and other valuable green transition resources, such as lithium, as well as increased investments and exploration efforts in the mining companies.

Zimbabwe Platinum Forecast (2022-2026)



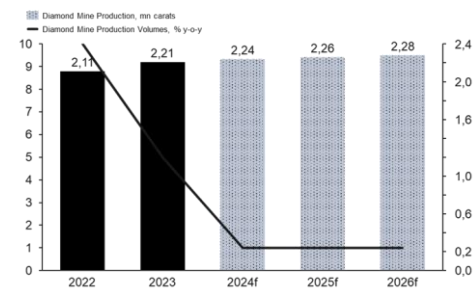
Zimbabwe possesses the world's second-biggest platinum reserves, following South Africa. Multiple expansions in capacity, including the platinum project expansion by Zimplats and investment in Karo Mining's Karo project, are expected to result in continuous growth in Zimbabwe's production of platinum group metals. The local platinum industry is expected to contribute USD 2 billion to total mining output.

Zimbabwe Gold Forecast (2022-2026)



From 2020 to 2023, total gold production rose from 25 to 39 tonnes annually. Expansion at Pickstone and Eureka Mines is anticipated to increase gold production, along with projects like Dallaglio. Currently, Zimbabwe's gold mines are experiencing challenges such as a lack of capital and reluctance of financial institutions to provide loans to small-scale miners without collateral as per banking regulations.

Zimbabwe Diamond Forecast (2022-2026)



Zimbabwe is positioned as the seventh largest diamond producer globally, generating more than 4 million carats annually valued at USD 420 million. Allowing more private players to compete in the diamond sector beyond the current four players will encourage fresh investments, boost growth, and improve productivity in the industry. Nevertheless, decreased investment in diamond mining is anticipated in the area due to changing consumer preferences favouring lab-grown diamonds.



Opportunities for Swedish Companies

- 1. Exploration and Mining Technology:** Swedish companies specializing in exploration technologies, including geological surveys, remote sensing, and mineral mapping, can leverage Zimbabwe's underexplored geological terrain. Advanced mining technologies for efficient extraction, such as automated machinery and digital solutions for real-time monitoring and data analytics, are increasingly in demand as Zimbabwe seeks to modernise its mining operations. Swedish connectivity solutions in collaboration with partners could also drive efficiencies and safety within the mining sector.
- 2. Mineral Processing and Refining:** With substantial reserves of PGMs, gold, and other minerals, there are opportunities for Swedish firms in mineral processing and refining technologies. Expertise in environmentally sustainable practices, water management solutions, and energy-efficient processes will be crucial as Zimbabwe aims to enhance value addition within its borders.
- 3. Infrastructure Development:** The mining industry in Zimbabwe requires significant infrastructure development, including roads, railways, power generation, and water supply. Swedish companies specializing in engineering, construction, and infrastructure development can contribute expertise in designing and implementing sustainable infrastructure projects that support mining operations and facilitate economic growth.
- 4. Environmental and Social Governance (ESG):** As global standards for ESG practices become more stringent, Swedish companies with expertise in environmental impact assessments, biodiversity conservation, community engagement, and corporate social responsibility (CSR) initiatives can play a pivotal role. Implementing responsible mining practices that prioritize environmental protection and social well-being will be critical to gaining and maintaining social license to operate in Zimbabwe.
- 5. Joint Ventures and Partnerships:** Collaborating with local Zimbabwean companies or international partners already established in the country can provide Swedish firms with local knowledge, regulatory insights, and operational efficiencies. Joint ventures offer a strategic pathway to navigate the complexities of the Zimbabwean mining landscape while sharing risks and leveraging complementary strengths.

Challenges and Considerations

- 1. Political and Regulatory Environment:** Despite recent reforms, Zimbabwe's political landscape and regulatory framework can still pose challenges related to policy consistency, bureaucratic inefficiencies, and legal uncertainties. Swedish companies should conduct thorough due diligence and seek legal counsel to navigate these complexities effectively.
- 2. Infrastructure Constraints:** Limited infrastructure, particularly in remote mining areas, poses logistical challenges for operations. Investing in infrastructure development projects or forming partnerships with local entities specializing in infrastructure can help mitigate these challenges.
- 3. Market Access and Logistics:** Zimbabwe's landlocked position and infrastructure limitations can impact market access and coordination for exporting minerals and importing equipment and supplies. Swedish companies should consider logistics solutions and partnerships with transportation providers to optimize supply chain efficiency.

Conclusion

The Zimbabwean mining industry offers diverse opportunities for Swedish companies across exploration, technology, processing, infrastructure, and sustainability sectors. With rich mineral resources, ongoing reforms, and increasing global demand for responsible mining practices, the sector presents a promising avenue for growth and investment. By navigating regulatory challenges, leveraging technological expertise, and fostering strategic partnerships, Swedish firms can contribute to the sustainable development of Zimbabwe's mining industry while achieving their business objectives.

In conclusion, Swedish companies keen on expanding into the Zimbabwean mining sector are well-positioned to capitalize on these opportunities and contribute to the sector's growth and development in a mutually beneficial manner.





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