



# GOLD

## Forecasts Show Modest Improvements in Growth

Zimbabwe's gold sector will register modest production growth over the coming years on the back of rising gold prices and expansion plans by junior miners.

**26 tons**

Current extraction rate per year

**13 mln tons**

Estimated resource of Gold in Zimbabwe



### Latest Developments

Zimbabwe's gold sector will see modest production growth over the coming years, supported by a gradual rise in gold prices. We forecast production to increase from 0.67moz in 2018 to 0.81moz by 2027. Over the first 10 months of 2017, Zimbabwe's gold production declined slightly by 0.8% to 0.58moz.

Under the new President Emmerson Mnangagwa, the Zimbabwean government will reportedly look to formalise the widespread small-scale gold mining operations across the country by providing an inexpensive permit and enabling miners to sell gold ore directly to refineries. Depending on the implementation, these reforms pose an upside risk to the country's gold production outlook. Over 2017, Canadian

miner Caledonia Mining reported an 11.0% y-o-y increase in gold production at the Blanket mine, to 56.1koz, due to higher grades. The firm also updated the mine's resources in November 2017, and will subsequently target a USD10mn expansion to extend the lifespan to 2031 and achieve production of 80koz annually by 2021.

### Structural Trends

#### Small Scale Miners Driving Market Expansion

Small-scale miners will drive Zimbabwe's gold production growth over the coming years, especially as the government decriminalised artisanal mining in 2013 and in January 2017 announced plans to scrap the 3% royalties imposed on gold producers. There is no