

Response to recent media reports on Venice Mine Complex, Zimbabwe

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Venice Mine Complex (VMC) is a complex of 8 mines located 28km South of Kadoma, to the West of the main Harare-Bulawayo road in Zimbabwe. Venice Mine started production in 1906 but was closed down in 2002 whilst under the management of Falcon Gold Zimbabwe Limited citing a lack of adequate exploration and development on the mine, deteriorating economic climate in Zimbabwe and a low gold price. It remained closed for 13 years until it was acquired by Maris in 2015, with a plan for reinvigoration in a phased approach.

Maris is very proud of the reinvigoration to date of the mine and what the team at VMC continues to achieve. Unfortunately there have recently been unfavourable articles in the media regarding former workers' housing. It is worthy of note that at no point during the investigation and publication of these articles was Maris or VMC approached for its opinion on the matters or given any right to respond. Both Maris and VMC believe that the company has behaved and continues to behave in an exemplary manner towards the surrounding community.

Response to media reporting

1: Occupation by former workers

The articles claim that police were brought in by Admeprint (misspelt in articles as Abminprint) to evict former workers from company housing. Since the collapse of the Zimbabwean economy following hyperinflation in 2008 there was a widespread increase in the informal commercial activity, including mining. The enforcement of the rule of law became politically targeted, resulting in certain activities and individuals being able to operate beyond the reach of the law. This was self-evident in the occupation of company housing by squatters (in the majority of cases these were not former workers) at VMC and the wide spread infringement on mining claims held by the company and the indigenous cooperatives to whom the company tributed mining rights.

Under the newly formed government of President Mnangagwa, the company can report a substantial change and improvement in local law enforcement in the area surrounding VMC. Lawlessness perpetrated by criminal elements is markedly reduced and the security of those around and within the VMC community has been greatly improved.

2: Retrenchment Compensation

The articles claim that Falcon Gold had made an agreement with former workers that the houses would be given to the workers permanently as part of retrenchment compensation.

VMC was held by Falcon Gold Mining Limited (Falgold) for several decades before its sale to Maris in 2015. Falgold, and consequently VMC, changed hands a number of times over the 8 years leading to its sale, as a result of the changing economic and political conditions in Zimbabwe and the wider impact of the global financial crisis of 2008/09. Falgold was taken over in 2007 by Central African Gold, an AIM listed Gold producer with assets in Zimbabwe. Central African Gold was subsequently taken over by New Dawn Mining in 2010 in a hostile takeover after running into severe financial difficulties. In turn New Dawn Mining delisted from the Toronto Stock Exchange in November 2013 as a cost cutting measure, and began disposing of smaller assets such as VMC in order to recapitalize its core mines. At this time, Falgold (under the ownership of New Dawn Mining) restructured the business and transferred VMC and its assets into a new shell company called Admeprint Marketing (Pty) Ltd. Maris subsequently acquired Admeprint and with it VMC.

At no point during these business upheavals were the houses offered to the former workers as retrenchment compensation. The mines had been closed for 13 years before VMC began re-building the business in 2015, the occupants had been living for this period illegally on the land. With the growth and development of the mine, mine housing is needed for mine workers, and hence squatters (the majority of who were not former workers) were encouraged to move from the mine housing.

Three local farmers had established small scale operations on the Venice mining claims and they were relocated and compensated by the company in collaboration with the Ministry of Mines in Zimbabwe.

3: Illegal activity

The articles suggest that part of the police involvement was to remove criminal elements in the area, including illegal gold mining. VMC has suffered from extensive illegal gold mining on its mining claims with up to 1,000 unlicensed miners operating on the claims in direct contravention with local laws.

The company did tribute out a number of mining claims to three local co-operatives, however all three were in breach of their agreement and one had their tribute agreement terminated in April 2017. Of the two remaining groups one is working in collaboration with the company, after the tribute expired and a new tribute was signed with the Venice Community, which has itself been plagued by the aforementioned illegal mining invasion.

The Zimbabwe authorities are working with the Mine to contain the illegal mining and other unlawful activities around the VMC properties. This was undertaken peacefully and has contributed greatly towards improving the peace and stability of the local area.

Illegal mining contributes nothing formally to national or state revenues, has no formal mechanism of returning benefit to the community, and provides only sporadic employment for community members. By contrast, VMC is committed to the social and economic development of the community. The tax and royalty payments VMC makes to the national and local governments are a significant source of revenue for each, and go to fund infrastructure and social programs in the region. In addition to these payments, VMC has built a primary and a secondary school, both of which are situated on the mine. VMC also sponsors the local football teams, and provides water and power infrastructure to the local community.

Furthermore, unregulated illegal mining activity can have a detrimental effect on the environment. By contrast, VMC is environmental incident free. VMC has a comprehensive environmental management system to monitor the effects of its operations on the environment and address any issues. VMC complies with local and international regulations, including IFC (International Finance Corporation, part of the World Bank Group) Performance Standards on measuring, mitigating and reporting environmental impact, as well as IFC Environmental, Health and Safety Guidelines for Mining. VMC has signed up to a European code on cyanide handling and usage and manages a complete closed water reticulation system.

4: Mining rights

The articles suggest that the former workers should not only be given housing but also be given mining rights to earn a living from the land. VMC has a sophisticated process to reinvigorate the region, requiring large scale operations not possible for small holder miners. The first phase is the establishment of a 40,000 ton/month Carbon in Leach (CIL) tailings retreatment operation to treat the 2.1 million tons of tailings material. The second phase would bring the satellite mines that are near surface and that have non-refractory gold resources into production, largely using existing infrastructure. The third phase would return the main Venice mine to full production, including significant investment in additional infrastructure.

Currently, VMC is one of the largest private sector employers in the region, with over 90% of its 189 employees being drawn from the local community. This number is rapidly growing. Small scale mining, as suggested in the article, could not achieve this level of employment or production to reinvigorate the local region economically and socially. Furthermore, small scale mining cannot manage the sophisticated health and safety and environmental procedures than a larger mining operation can, to protect workers, communities and the environment. VMC complies with local and international regulations, including IFC (International Finance Corporation, part of the World Bank Group) Environmental, Health and Safety Guidelines for Mining.

Maris hopes that this response addresses some of the concerns outlined in the recent media articles regarding former worker housing at VMC, and continues to extend its welcome to any concerned individuals to visit VMC to gain a greater understanding of its operations.

About Venice Mine Complex (VMC)

Venice Mine Complex (VMC) is a complex of mines in Zimbabwe with extensive underground and surface infrastructure and over 100 years of recorded production. Venice Mine started production in 1906 and has produced over 20 tons (650,000oz) of Gold throughout its life. VMC was closed down in 2002 whilst under the management of Falcon Gold Zimbabwe Limited.

VMC was acquired by Maris in 2015, with a plan for reinvigoration in a phased approach. VMC is committed to the social and economic improvement of the region in which it operates, as well as the environmental protection of the area. The company actively supports the local community and complies with local and international regulations, including the IFC Performance Standards on measuring, mitigating and reporting its environmental and social impact.

www.venicemines.com

About Maris

Maris is an investment holding company that is diversified across eight African countries and actively invests in four key strategic domains; Property Services, Business Services, Mining, and Agriculture and Forestry. Maris currently has 20 holdings in which it has a controlling interest. The group brings distinctive capabilities with a Management Team and Board with extensive operational and management experience in emerging and frontier markets, widespread networks both globally and within key markets, and a rigorous investment approach developed through decades of global investment experience.

Maris has a strong focus on social responsibility in each of the areas in which it operates. Maris believes that one of the most critical ways of protecting an investment for the long term is through building a very close association with the local community, particularly in very remote areas. Maris adheres to the IFC performance standards throughout its businesses and through its people, community and environmental programmes it works to maximise the environmental and social benefit of its investments, alongside returns to shareholders.

Maris Limited is headquartered in Mauritius. Its companies are supported from the office in Nairobi that is home to its investment, operations, finance, procurement, and human resource functions, and additional offices in Maputo and London.

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