ABRIDGED AUDITED GROUP FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2019

RioZim Limited

CHAIRMAN'S STATEMENT

INTRODUCTION

The current year, 2019, was marked by various monetary and fiscal policy changes that had a significant impact on both the country's economy and the Company's business and operations. The operating environment continued to be challenging throughout the period, characterised by acute power supply deficits, foreign currency shortages and hyperinflation. After the discontinuance of the multi-currency system and the introduction of the Zimbabwean dollar as the mandatory sole legal tender within the country, the Zimbabwean dollar depreciated rapidly against other foreign currencies from then on, resulting in unmanageable escalation in the cost of local inputs. The acute shortage of foreign currency meant that certain purchases had to be made in Zimbabwe dollars at exorbitant prices.

The Company continued to receive only 55% of its gold receipts in USD whilst the remainder was paid in local currency at the inter-bank exchange rate. The foreign currency retention however falls short of the Company's operational and capital expenditure requirements considering that the Company is required to pay for electricity and fuel in USD over and above other local costs. Part of the salaries of employees are also paid in USD making it impossible to make ends meet. This means that the Company is perennially short of foreign currency to sustain its operations leave alone growth. The interbank rates were lower than rates in the alternative markets throughout the period by wide margins ranging from 50% to 75%, whilst prices for local inputs followed rates in the alternative markets. The huge premium between the interbank market rates and alternative market rates had a huge knock on effect on the Company's margins, as most of its local inputs are sourced at the prevailing alternative market rates. The other material impact of this system is that the Company only received some 75%-80% of the world price for its products with the rest being passed to the Reserve Bank of Zimbabwe (RBZ) in the form of cheaper foreign currency.

Group performance

The Group's production performance declined by 7% to 1 658 kgs of gold against the prior year's production of 1 792 kgs. The low production volumes were attributed to incessant power cuts of up to 18 hours per day, which hampered production at all of the Group's mines from Q2 2019. In addition to the power cuts, the Group also suffered from breakdowns on the mills section at its Cam & Motor plant. Consequently, revenue for the year was subdued at ZWL$577.1million. The Gold price was favourable throughout the period and averaged US$1 395/oz, 12% higher than an average price of US$1 247/oz recorded in prior year. This partly cushioned the Group's reduced revenue due to lower production volumes. The Group's gross margin declined to 2% compared to 18% achieved in the prior year which is reflective of the heavy premiums borne by the Company as a result of the disparity between the local component of the Group's revenue which is received at interbank rate against prices of local inputs which are pegged at alternative market rates.

Presentation currency

After the various currency changes during the year and the promulgation of SI 142 which put to an end the multi-currency regime and the mandatory use of the Zimbabwean dollar as the sole legal tender for all local transactions, the Company changed its presentation currency to Zimbabwean dollar (ZWL). The Group's functional currency however remained USD in line with IAS 21 "The Effect of Changes in the Foreign Exchange Rates" considerations. The Group used the interbank exchange rates (which is the only legal exchange rate in the country) to convert transactions and balances in foreign currencies to the Company's presentation currency, the Zimbabwean Dollar (ZWL). The interbank rate however, did not meet the definition of a market exchange rate as per IAS 21. As a result, an adverse opinion has been issued by the Auditors. This was however, a nation-wide phenomenon and is not restricted to our Company alone.

Gold businesses

Renco Mine – The mine produced 556kgs which is 6% lower than the comparative period production of 591kgs. The lower volumes are mainly as a result of inconsistent power supply to the Mine which significantly reduced plant running time and throughput.

Dalny Mine – The Mine experienced the worst power cuts losing up to 18 hours per day from Q2 2019. Resultantly, production regressed by 18% to 364kgs from 442kgs recorded in the same period in 2018. The mine carried out vigorous exploration within the Dalny Mining Complex and successfully opened new mining pits with higher grades, which lessened the effect of low throughput due to power cuts.

Cam & Motor Mine – The Mine achieved 738kgs, a 3% decline from 759kgs achieved in 2018. This low performance was attributed to persistent mill breakdowns during the year which forced the Mine to carry out major overhaul repairs including reworking the foundations of the mills in the second half of the year. The Mine also exhausted its oxide ores at its pits during Q3 2019 which resulted in the shift of mining activities to the Group's One Step Mine and hauling ore to the Cam & Motor plant, a distance of around 50 kms. Further, this was at lower grades which is characteristic of the ore composition at One Step Mine.

Biological Oxidation Plant (BIOX) Project

The Company re-embarked on the USD17 million capital project to construct the BIOX plant at Cam and Motor during Q4 2019, which had been earlier stalled due to lack of funds. The use of the BIOX technology is expected to increase production by at least 50%. Civil works for the project have progressed to 30% as at reporting date. Structural steel fabrications are in progress after deposit payments were made during the year. Mechanical installations phase is scheduled to start during Q2 2020. The BIOX plant was expected to be commissioned in the fourth quarter of 2020.

The commissioning timeline was however, highly dependent on the Company securing foreign currency, which is still the current biggest risk threatening the project.

The life of mineable resources at One Step to feed the Cam & Motor plant during the construction phase of the BIOX plant is around nine months, after which production at Cam & Motor will come to a complete halt if the BIOX plant is not commissioned within the set timelines. The Company is, however, looking at ways to continue exploration activities at One Step mine to extend the life of mineable resources and safeguard the going concern of the Group.

The Company embarked on various capital raising initiatives during the year to fund the completion of the BIOX Plant which holds the future of Cam & Motor Mine. Among these initiatives include approaching the Company's bankers and other financial institutions and financiers both local and foreign for possible USD funding. Negotiations were at varying levels as at year end. As at reporting date, all the fund raising activities that the Company was pursuing were not yet binding and hence remain uncertain. This is further complicated by the outbreak of COVID-19, which has forced lockdowns in South Africa and Zimbabwe.

At the last Annual General Meeting, the Company sought to increase its authorised share capital in order to raise capital in USD. This resolution was opposed by Old Mutual. Since then the Company has been working with Old Mutual to find a solution that would allow the Company to raise capital in USD but has not been able to arrive at any conclusion due to Old Mutual's inability to raise USD to fund the capital project and its probable hesitance to be diluted.

Meanwhile, the Company's principal shareholders and their affiliates have funded the Company to the extent of USD11 million in the form of foreign currency loans which they are willing to convert to equity and bring further capital but are constrained by unavailability of sufficient authorised share capital as mentioned above. We continue to seek engagement with Old Mutual while factoring in the effects of this delay on the Company.

With the current foreign currency shortfalls bedeviling the Company due to inadequate foreign currency retention of only 55%, and the uncertainties on the BIOX funding, the Group's ability to fund its capital development and exploration activities at each mine is significantly in doubt. In this regard management prudently excluded the undeveloped resources in the estimation of the Life of Mines as at year end as these require funding for them to be brought to mineable reserves.

Base Metals business

The Empress Nickel Refinery (ENR) remained under care and maintenance throughout the year. Meanwhile engagements are continuing with various stakeholders for potential raw material offtake that can be effectively beneficiated at the Refinery. ENR continued with processing reverts into saleable matte and PGMs during the period so as to generate revenue to meet care and maintenance costs as well as continue preserving the integrity of the plant.

Chrome business

During the period there was no progress regarding the legal cases relating to some of the Company's chrome claims in the Darwendale area, which were included in the Cantonment area. The Company challenged the matter and it is still to be determined by the courts. The Company is currently pursuing closure of the legal cases, for it to be able to commence concrete mining plans after consideration of chrome prices.

Diamonds business

Murowa Diamonds (Private) Limited recorded a 7% regression in production to 685 000 carats from 740 244 carats produced in the comparative period in 2018. The low production was attributed to intermittent power supply which resulted in lost production running time. Despite the low volumes the Associate contributed positively to the Group with a share of profit from Associate of ZWL$22.9million.

Energy business

The Group remains focused on implementing its Power Projects to guarantee stable power supply to the Group's operations and supplement the national power supply deficits. The two major projects are the 178MW solar project and the Sengwa thermal power station.

178 MW Solar Project

After closure of an Engineering Procurement and Construction (EPC) partner in the prior year the Company is now focused on securing financial closure. The operating and economic environment has been very challenging making it difficult to attract long term funding and foreign direct investments into the country. The Company remains hopeful of reaching financial closure in the near future. Meanwhile ZERA has issued licenses for the first phase of 75 MW.

2 800 MW Sengwa Power Station

During the year the Company was focused on completing all the regulatory approvals and obtaining the necessary prerequisites for the project. These activities include completion of a power demand analysis study of the region by the EPC Partner, renewal of the Grid Impact Study, developing of a Conceptual study for the Sengwa town and commissioning of the Environmental Impact Assessment.

Sustainability

Mining is a highly competitive, capital and energy intensive, long-cycle industry that has major impacts, both positive and negative, on society and the environment. To deliver long-term sustainable success, the Group strives to meet its stakeholders' expectations by building mutually beneficial relationships with communities around its operations, protect the environment, and contributing positively to the fiscus. The Company through the RioZim Foundation Trust is engaged in several projects to ensure that the needs of the communities that we operate in are met. A major focus point for the Trust during the period under review was the assistance in the form of donations and basic commodities given to the communities affected by Cyclone Idai.

Outlook

The Group remains committed to pursuing growth opportunities which generate free cash flows and yield positive returns. To this end the Group will continue with its drive to invest in exploration activities and capital projects that will create long-term sustainable value for the Company.

The BIOX plant project at Cam and Motor Mine is underway and is scheduled to be commissioned in the fourth quarter, should the Company successfully secure the prerequisite foreign currency.

Power supply deficit remains a key risk across the Group's operations in spite of the slight improvement in the power supply in Q1 2020. To mitigate this risk, the Company has invested in generators that will be commissioned at Dalny and Renco Mines. These generators are expected to fully compliment power from the Power Utility by the end of Q2 2020.

In the long term, through its solar projects the Group is expected to be fully independent of the Power Utility.

COVID-19 Assessment

The Company has carried out a COVID-19 assessment to arrive at an understanding of its effects on our future business and cash flows. A probability weighted expected cash flow was worked out using four possible scenarios – positive, mild recession, medium recession and severe recession. It is prudent to bring to your attention that the results of this assessment shows that COVID-19 will have material negative effects on our future business prospects and revenue. Consequently, the Group's cash flows will come under severe stress going forward, however, the impact in monetary value terms is undeterminable and remains unknown. Coupled with this is the fact that in addition to earning only 55% of our receipts in Nostro, remittances of the Company's Nostro receipts from RBZ are continuously delayed. We are constantly engaging the RBZ to ensure that payments are brought up-to-date but this is another factor that may put pressure on our already strained cash flows.

Directorate

Following the retirement of Mr. Lovemore Pfupajena Chihota from the position of Chairman and Non-Executive Director of the Board on the 24th of June 2019, I was appointed as the Chairman effective that date. I want to thank Mr. Chihota for his leadership, he left us an outstanding legacy to build on.

I would like to congratulate Mr. Caleb Dengu on his appointment as Deputy Chairman of the Board on the 7th of August 2019. Mr Dengu has been a Non-Executive Member of the RioZim Board since 2014. The Board is confident that he will serve the Company with distinction.

I would also like to extend a warm welcome to Mr. John Mafungei Chikura who was appointed to the Board as Non-Executive Member on the 23rd of April 2019 and Mr. Manit Mukeshkumar Shah who was appointed to the Board as an Executive Director on the 7th of July 2019. The Board looks forward to benefitting from their contribution and wishes them all the best during their tenure on the Board.

Appreciation

I would like to express my sincerest gratefulness to my fellow Directors for their continued leadership and wise counsel in guiding the Company through the challenging economic and operating environment. The Company has remained a viable commercial enterprise under these difficult circumstances. On behalf of the Board, I would also like to extend our profound appreciation to our Management and Staff who have remained resolute in the face of innumerable challenges and have aligned themselves with the Company's vision.

S R Beebeejaun
Chairman
19 March 2020

ABRIDGED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2019

	Note	31 Dec 2019 Audited ZWL$000	31 Dec 2018 Audited ZWL$000
Revenue		577 132	75 414
Cost of sales		(562 926)	(62 000)
Gross profit		**14 206**	**13 414**
Distribution and selling expenses		(268)	(116)
Administrative expenses		(691 399)	(25 399)
Profit on disposal of property, plant and equipment		-	3 985
Other income		24 550	10 487
Operating (loss)/profit		**(652 911)**	**2 371**
Net finance cost		**(7 584)**	**(7 056)**
Finance income		1 188	35
Finance cost		(8 772)	(7 091)
Share of profit from an associate		22 908	1 515
Loss before taxation		**(637 587)**	**(3 170)**
Income tax credit		56 209	914
Loss for the year		**(581 378)**	**(2 256)**
Loss for the year attributable to:			
Owners of the parent		(581 030)	(2 224)
Non-controlling interests		(348)	(32)
		(581 378)	**(2 256)**
Loss per share:			
Basic	11	(476.16)	(1.82)
Diluted	11	(476.16)	(1.82)

ABRIDGED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2019

	31 Dec 2019 Audited ZWL$000	31 Dec 2018 Audited ZWL$000
Loss for the year	**(581 378)**	**(2 256)**
Other comprehensive income/(loss) to be reclassified to profit or loss:		
Foreign currency translation reserve	1 370 852	-
Fair value gain on other comprehensive income investments	486	7
Income tax effect	(24)	(2)
Net other comprehensive income to be reclassified to profit or loss	**1 371 314**	**5**
Other comprehensive income /(loss) not to be reclassified to profit or loss:		
Re-measurement losses on defined benefit plans	(4 329)	(282)
Net other comprehensive loss not to be reclassified to profit or loss	**(4 329)**	**(282)**
Total other comprehensive income/(loss) for the year, net of tax	**1 366 985**	**(277)**
Total comprehensive profit /(loss) for the year	**785 607**	**(2 533)**
Total comprehensive profit /(loss) attributable to:		
Equity holders of the parent	781 412	(2 501)
Non-controlling interests	4 195	(32)
	785 607	**(2 533)**

ABRIDGED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	Note	31 Dec 2019 Audited ZWL$000	31 Dec 2018 Audited ZWL$000
ASSETS			
Non-current assets			
Property, plant and equipment	5	957 601	70 753
Exploration and development assets	6	118 631	18 315
Right of use assets		809	-
Investment in associate companies		187 891	5 135
Fair value through other comprehensive income investments		664	178
Loans and receivables		1 251	-
Deferred tax assets		61 626	7 291
Total non-current assets		**1 328 473**	**101 672**
Current assets			
Inventories	7	277 560	40 411
Trade and other receivables		196 728	19 896
Loans and receivables		75	8
Cash and cash equivalents		32 467	117
Total current assets		**506 830**	**60 432**
Total assets		**1 835 303**	**162 104**
EQUITY & LIABILITIES			
Shareholders' equity			
Share capital		1 345	1 345
Share premium		20 789	20 789
Foreign currency translation reserve		1 366 310	-
Fair value through other comprehensive income reserve		608	146
Accumulated losses		(596 678)	(11 319)
Equity attributable to equity holders of the parent		**792 374**	**10 961**
Non-controlling interest		3 464	(731)
Total equity		**795 838**	**10 230**
Non-current liabilities			
Cumulative redeemable preference shares	9	33 434	33 434
Interest bearing loans and borrowings	10	5 072	6 396
Provisions		77 674	2 765
Other payables	8	507 437	30 259
Fixed term payables		-	7 900
Deferred tax liabilities		-	1 850
Employee benefit liability		4 352	947
Lease liability		301	-
Total non-current liabilities		**628 270**	**83 551**
Current liabilities			
Trade and other payables	8	331 686	45 595
Fixed term payables		-	996
Interest-bearing loans and borrowings	10	78 571	21 732
Lease liability		938	-
Total current liabilities		**411 195**	**68 323**
Total liabilities		**1 039 465**	**151 874**
Total equity and liabilities		**1 835 303**	**162 104**

ABRIDGED AUDITED GROUP
FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2019

RioZim Limited

ABRIDGED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
	Share capital ZWL$000	Share premium ZWL$000	Fair Value through other comprehensive income reserve ZWL$000	Accumulated losses ZWL$000	Foreign currency translation reserve ZWL$000	Total shareholders equity ZWL$000	Non controlling interest ZWL$000	Total equity ZWL$000
As at 1 January 2018	**1 345**	**20 789**	**141**	**(8 813)**	**-**	**13 462**	**(699)**	**12 763**
Loss for the year	-	-	-	(2 224)	-	(2 224)	(32)	(2 256)
Other comprehensive income /(loss) (net of tax)	-	-	5	(282)	-	(277)	-	(277)
Total comprehensive profit/(loss)	**-**	**-**	**5**	**(2 506)**	**-**	**(2 501)**	**(32)**	**(2 533)**
Balance as at 31 December 2018	**1 345**	**20 789**	**146**	**(11 319)**	**-**	**10 961**	**(731)**	**10 230**
Loss for the year	-	-	-	(581 030)	-	(581 030)	(348)	(581 378)
Other comprehensive income/(loss) (net of tax)	-	-	462	(4 329)	1 366 310	1 362 443	4 543	1 366 986
Total comprehensive profit/(loss)	**-**	**-**	**462**	**(585 359)**	**1 366 310**	**781 413**	**4 195**	**785 608**
Balance as at 31 December 2019	**1 345**	**20 789**	**608**	**(596 678)**	**1 366 310**	**792 374**	**3 464**	**795 838**

ABRIDGED STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

	31 Dec 2019 Audited ZWL$000	31 Dec 2018 Audited ZWL$000
Net cash flows generated from operating activities	**162 095**	**10 482**
Cash flows from investing activities		
Investment in exploration and evaluation assets	(26 357)	(2 249)
Acquisition of property, plant and equipment	(122 146)	(10 514)
Proceeds from disposal of property, plant and equipment	-	95
Proceeds from sale of investments	-	40
Net cash used in investing activities	**(148 503)**	**(12 628)**
Cash flows from financing activities		
Inflows from borrowings	6 635	8 614
Repayment of borrowings	(12 920)	(6 347)
Repayment of lease liability	(176)	-
Interest paid	(3 971)	(1 279)
Net cash (used in)/generated from financing activities	**(10 432)**	**988**
Net increase/(decrease) in cash and cash equivalents	3 160	(1 158)
Unrealised translation exchange gains on foreign currency balances	29 190	-
Cash and cash equivalents at beginning of the period	117	1 275
Cash and cash equivalents at end of the period	**32 467**	**117**
Represented by:		
Cash at bank and on hand	32 467	117

NOTES TO ABRIDGED FINANCIAL STATEMENTS

for the year ended 31 December 2019

1. GENERAL INFORMATION

RioZim Limited ('the Company') and its subsidiaries (together 'the Group') is involved in mining and metallurgical operations in different locations in Zimbabwe. The Group has mining operations and a metallurgical plant.

The Company is a limited liability company incorporated and domiciled in Zimbabwe. The address of its registered office is 1 Kenilworth Road, Newlands, Harare.

The Company is listed on the Zimbabwe Stock Exchange.

These consolidated abridged financial statements were authorised for issue by the Board of Directors on 19 March 2020.

2. BASIS OF PREPARATION

The Government issued SI 33 of 2019 on 22 February 2019 which prescribed an accounting treatment which was inconsistent with International Financial Reporting Standards (IFRS) IAS 21 "Effects of changes in foreign exchange rates" and the disclosure requirements of the Companies Act (Chapter 24:03). The Government also issued SI 41 of 2019 which prescribed that where International Financial Reporting Standards (IFRS) is not aligned to local laws, then local laws take precedence. Accordingly, in compliance with the requirements of SI 33 of 2019, it was impractical to comply with the full requirements of International Financial Reporting Standards (IFRS) due to noncompliance with IAS 21.

The consolidated abridged financial statements are presented in Zimbabwean Dollars (ZWL$), and all values are rounded to the nearest thousand (ZWL$000), except where otherwise indicated. The Group's functional currency is the United States Dollar (USD).

The consolidated abridged financial statements are based on statutory records that are maintained under the historical costs conventions as modified by measurement of certain financial assets at fair value. They do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019.

During the year, the Public Accountants and Auditors Board (PAAB) issued a pronouncement that factors and characteristics for the application of IAS 29 "Financial Reporting in Hyper-inflationary Economies" in Zimbabwe were met and therefore mandated IAS 29 to be applied in the preparation and presentation of financial statements of entities in Zimbabwe with effect from 1 July 2019. Hyper-inflation reporting is however, only applicable to entities whose functional currency is the currency in hyperinflation.

The Group's functional currency is USD, which is not a currency in hyper-inflation and therefore IAS 29 is not applicable to the financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated abridged financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements and applicable amendments to IFRS.

4. ESTIMATES

When preparing the consolidated abridged financial statements, management undertakes a number of significant judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Key areas affected include recovery of deferred tax assets, measurement of metals and minerals in concentrates and circuit, ore reserves and mineral resource estimates. The actual results may differ from the judgments, estimates and assumptions made by management.

NOTES TO ABRIDGED FINANCIAL STATEMENTS (CONT'D)

for the year ended 31 December 2019

5 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings ZWL $000	Plant and equipment ZWL $000	Heavy mobile equipment ZWL $000	Capital work in progress ZWL $000	Motor vehicles ZWL $000	Furniture & fittings ZWL $000	Total ZWL $000
Cost							
At 1 January 2018	**35 583**	**42 775**	**-**	**5 336**	**1 750**	**1 099**	**86 543**
Additions	140	2 913	5 801	1 022	83	555	10 514
Acquisition of subsidiary	-	(858)	858	-	-	-	-
Transfers	-	-	(2 201)	-	(71)	-	(2 272)
At 31 December 2018	**35 723**	**44 830**	**4 458**	**6 358**	**1 762**	**1 654**	**94 785**
Additions	311	19 606	34 298	62 084	3 766	2 081	122 146
Foreign currency translation exchange gain	505 936	454 281	49 991	86 706	1 477	12 149	1 110 540
At 31 December 2019	**541 970**	**518 717**	**88 747**	**155 148**	**7 005**	**15 884**	**1 327 471**
Accumulated depreciation							
At 1 January 2018	**3 293**	**13 353**	**-**	**-**	**1 448**	**716**	**18 810**
Depreciation charge for the year	973	3 414	691	-	219	161	5 458
Transfers	-	(70)	70	-	-	-	-
Disposals	-	-	(223)	-	(13)	-	(236)
At 31 December 2018	**4 266**	**16 697**	**538**	**-**	**1 654**	**877**	**24 032**
Depreciation charge for the year	94 039	174 771	21 571	-	3 047	2 459	295 887
Impairment	-	-	-	49 951	-	-	49 951
At 31 December 2019	**98 305**	**191 468**	**22 109**	**49 951**	**4 701**	**3 336**	**369 870**
Net book value							
At 31 December 2018	**31 457**	**28 133**	**3 920**	**6 358**	**108**	**777**	**70 753**
At 31 December 2019	**443 665**	**327 249**	**66 638**	**105 197**	**2 304**	**12 548**	**957 601**

During the year, there was a change in Life of Mine estimate which resulted in accelerated depreciation of ZWL$207 121 000 and impairment of BIOX capital work in progress of ZWL$49 951 000 which have been charged to profit and loss.

6 EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS

	Exploration and evaluation assets ZWL $000	Development costs ZWL $000	Total exploration, evaluation and development assets ZWL $000
Cost			
At 1 January 2018	**6 411**	**14 922**	**21 333**
Additions	-	2 249	2 249
At 31 December 2018	**6 411**	**17 171**	**23 582**
Additions	-	26 357	26 357
Foreign currency translation exchange gain	64 719	168 154	232 873
At 31 December 2019	**71 130**	**211 682**	**282 812**
Amortisation			
At 1 January 2018	-	3 947	3 947
Amortisation for the year	-	1 320	1 320
At 31 December 2018	**-**	**5 267**	**5 267**
Amortisation for the year	71 130	87 784	158 914
At 31 December 2019	**71 130**	**93 051**	**164 181**
Carrying amount			
At 31 December 2018	**6 411**	**11 904**	**18 315**
At 31 December 2019	**-**	**118 631**	**118 631**

7 INVENTORIES

	31 Dec 2019 Audited ZWL $000	31 Dec 2018 Audited ZWL $000
Stores and consumables	140 037	6 818
Ore stockpiles	10 390	1 063
Metals and minerals in concentrates and circuit	103 790	32 155
Finished metals	23 343	375
	277 560	**40 411**

Metals and minerals in concentrates and circuit at the Empress Nickel Refinery (ENR) amounting to ZWL$211 986 000 was written off during the year due to a change in estimate on the recoverability of the inventory.

8 TRADE AND OTHER PAYABLES

	31 Dec 2019 Audited ZWL $000	31 Dec 2018 Audited ZWL $000
Current		
Trade payables	92 210	24 492
Other payables	234 227	18 483
Leave pay liabilities	5 249	2 620
	331 686	**45 595**
Non-current		
Other payables	507 437	30 259
	507 437	**30 259**

NOTES TO ABRIDGED FINANCIAL STATEMENTS (CONT'D)

for the year ended 31 December 2019

9 CUMULATIVE REDEEMABLE PREFERENCE SHARES

	31 Dec 2019 Audited ZWL $000	31 Dec 2018 Audited ZWL $000
	33 434	**33 434**

The cumulative redeemable preference shares were issued to Zimbabwe Asset Management Corporation (Private) Limited (ZAMCO) on 22 January 2016.

The preferences shares are unsecured, non-voting and non-tradable, entitle the holder thereof to receive a fixed dividend of 9% per annum which dividend shall be payable on a bi-annual basis and are redeemable by the Company in part or in whole, at cost, on or before the fifth anniversary of the issue date or not more than 180 days from the fifth anniversary of the issue date.

The cumulative redeemable preference shares are carried at amortised cost.

10 INTEREST BEARING LOANS AND BORROWINGS

	Effective interest rate %	Maturity	31 Dec 2019 Audited ZWL $000	31 Dec 2018 Audited ZWL $000
Current				
Bank loans (facility limit US$7.0m)	26%	On scheduled dates	6 650	5 885
Other bank loans	15%	On demand	-	6 673
Term loans (facility limit US$1.0m)	12%	On demand	2 656	141
Debentures (facility limit US$1.93m)	13%	March 2017*	-	186
Interest on cumulative redeemable preference shares	0%	December 2019*	8 885	5 324
Long term loan (Centametal AG)	13%	December 2019	60 380	3 523
			78 571	**21 732**
Non-current				
Bank loans	26%	On scheduled dates	5 072	6 396
Long term loan (Centametal AG)	12.5%	December 2019	-	-
			5 072	**6 396**

Security

Bank loans are secured by revenue assignment agreements in respect of gold proceeds as well as a mortgage bond over an immovable property.

All other interest bearing loans and borrowings are unsecured.

11 EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share amounts are calculated by dividing the net profit attributable to the ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year excluding treasury shares.

Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the net loss attributable to the ordinary equity holders of the Group after adjusting for impact of dilutive instruments.

Headline earnings per share

Headline earnings per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Group adjusted for profits, losses and items of capital nature that do not form part of the ordinary activities of the Group.

The following reflects the income and share data used in the loss per share computations:

	31 Dec 2019 Audited ZWL $000	31 Dec 2018 Audited ZWL $000
Loss attributable to equity holders of the parent for basic earnings	(581 030)	(2 224)
Adjustment for headline earnings		
Gains on disposal of property, plant and equipment	-	(3 985)
Headline loss	**(581 030)**	**(6 209)**
Weighted average number of ordinary shares for loss per share	**'000**	**'000**
Number of issued shares	**122 030**	**122 030**
Weighted average number of ordinary shares	**122 030**	**122 030**
Loss per share (cents)		
Basic	(476.64)	(1.82)
Diluted basic	(476.64)	(1.82)
Headline	(476.64)	(5.09)
Diluted Headline	(476.64)	(5.09)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

12 CAPITAL COMMITMENT

	31 Dec 2019 Audited ZWL $000	31 Dec 2018 Audited ZWL $000
Contracts and orders placed	420 934	1 843
Authorised by Directors but not contracted	112 624	33 928
	533 558	**35 771**

The capital expenditure is to be financed out of the Group's own resources and borrowings where necessary.

13. SUBSEQUENT EVENTS

The Corona virus pandemic, which began in China late in 2019 continued to evolve beyond the reporting date 31 December 2019. On 30 January 2020, the World Health Organisation (WHO) declared the outbreak a "Public Health Emergency of International Concern". Since then, there has been a worldwide spread with new infections occurring at an unprecedented rate. Various measures continue to be taken and imposed by most countries to try and curb the spreading of the virus. A number of countries have imposed a total lock down and stringent border controls.

At national level, the Government of Zimbabwe declared COVID-19 a national disaster. On the 27th of March 2020, the Government ordered a 21-day national lockdown from the 30th of March 2020 through Statutory Instrument 83 of 2020 Public Health (COVID 19) Prevention, Containment and Treatment (National Lockdown), which would result in the total shut down of most businesses save for essential services. The lockdown was extended by a further 14 days. The Group's mining operations were exempted from shutting down and continue to operate normally. The Group took various measures that were necessary to protect its employees and the communities surrounding its operations which included awareness and prevention campaigns as well as intensive hygiene and social distancing protocols.

The COVID 19 pandemic has had a huge negative impact globally, at country level and for individual businesses. This may also have a negative impact on the Company going into the future as supply chain of raw materials might be disrupted, commodity markets may suffer and critical service providers may suffer viability challenges.

As at the date of approval of the financial statements, there has been no significant impact on the Company's operations as a result of the pandemic, and therefore, it was impractical to determine and quantify the potential impact on the Company's future operations and cash flows due to insufficient information as the future remains unforeseeable. Therefore, no adjustment has been made to the amounts of income, expenses, assets and liabilities presented in the financial statements. The Company will continue to actively monitor the situation in this uncertain time so that it can react swiftly to any possible outcome.

14. GOING CONCERN

The power supply situation to the Group's mines deteriorated in the second half of the year, which resulted in a fall in production volumes by 28% from the first half production where power supply was stable. Cam and Motor Mine, the Group's flagship operation ran out of oxide ores at its pits, leaving the Mine with predominantly refractory sulphides resources, which require the BIOX plant for processing. As a result, the Group opened its nearby One Step Mine as a bridging gap, hauling ore to the Cam and Motor plant for processing albeit at lower grades and higher cost of production.

As at the reporting date, the Group required circa USD12 million in foreign currency to complete its BIOX plant which was at 30% complete. The Group continued to receive 55% of its gold proceeds in USD during the year, however this fell short of the Group's foreign currency requirements considering the Group's operational expenditure is circa 60% in USD after fuel and power were mandatorily denominated and payable in USD for miners, whilst BIOX project funding requirements are 80% in USD.

The power supply deficits and the foreign currency shortages have a huge impact on the Group's production and sustenance and therefore, these factors ordinarily could indicate the existence of a material uncertainty on the Group's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The following matters, which support the appropriateness of the going concern assumption in the preparation of the financial statements of the Group, have been considered by the Directors:

- Post year end the Group commissioned backup generators at Dalny Mine whilst deposits for generators for Renco were made. The back-up generators are expected to complement the erratic power supplies from the Power Utility thereby guaranteeing sufficient production to ensure financial viability and liquidity in the short to medium term. Production losses due to power supply will therefore be reduced which will boost the Group's profits and cash flows. In the medium to long term the Group's solar projects are progressing well which once fully installed will result in the Group being independent of the Power Utility.

- The Group managed to generate net earnings, as represented by EBITDA of ZWL$84.1million (2018: ZWL$2.4million) being generated in 2019. It is expected that, despite uncertainties regarding availability of ore and the timelines for completion of BIOX, the Company will continue to reach at least break even positions in the next few years.

- The Group is in discussions with different financial institutions which have expressed interest in providing funding for the BIOX project and negotiations are at varying stages. The expectation of reaching financial closure within the time frame required to complete BIOX on time is low but Management is putting in place different contingency plans for ensuring BIOX implementation.

- Management also expects that the earnings will further improve at the back of the following initiatives:

    - Further exploration at One Step aimed at delineating more mineable resources thereby extending the life of mine at One Step and allowing more time for the completion of the BIOX plant.
    - Opening of more open pit resources at Dalny mine which will increase production and improve cash flows.
    - Cost cutting and rationalisation initiatives across the Group
    - ENR to continue with projects that will generate sufficient cash flows to meet its care and maintenance costs.

- The Group will also continue engaging the Monetary authorities for a higher percentage of its foreign currency that it generates from selling of its gold with specific focus on additional foreign currency earmarked for capital expenditure and projects funding. Negotiations with the monetary authorities are in progress.

The Directors therefore believe that the preparation of the financial statements on a going concern basis is still appropriate. This basis assumes that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

AUDITOR'S STATEMENT

These financial results should be read in conjunction with the full set of financial statements for the year ended 31 December 2019, which have been audited by Ernst & Young Chartered Accountants (Zimbabwe).

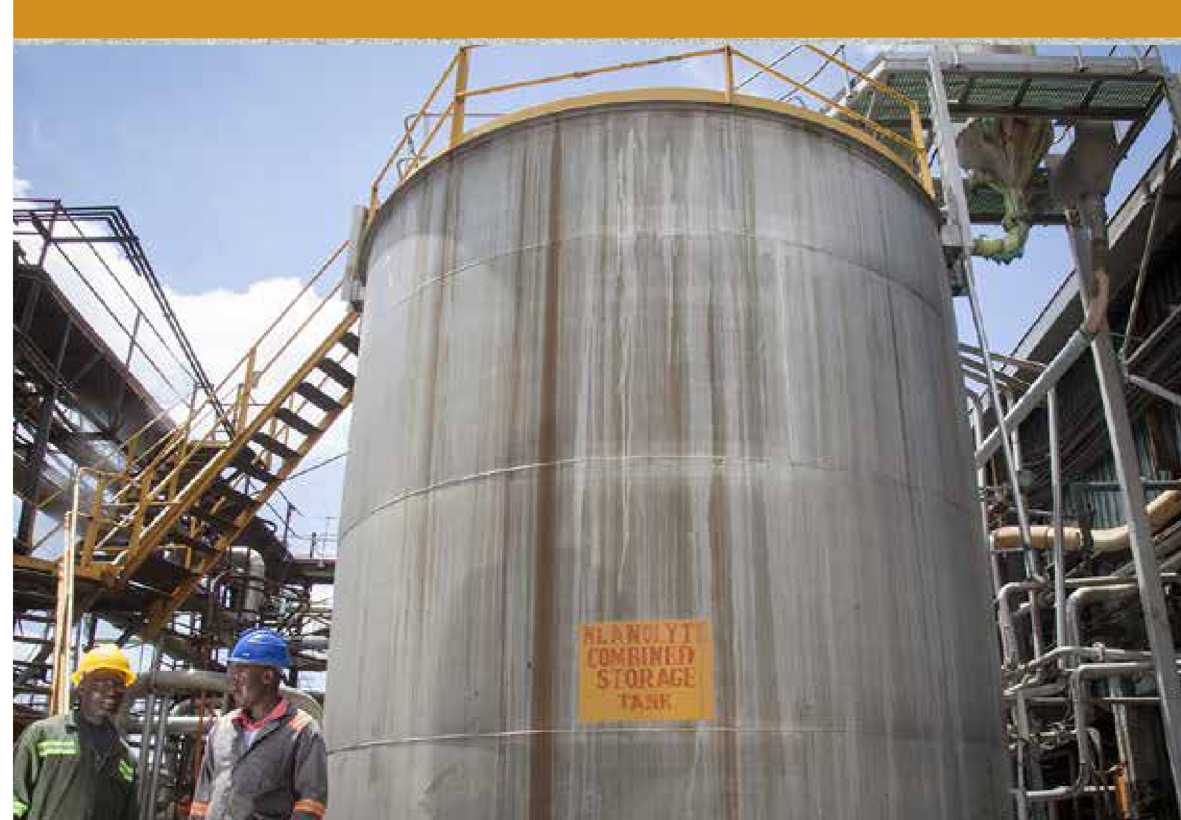
An adverse audit opinion has been issued thereon in respect of non-compliance with the requirements of International Financial Reporting Standards IAS 21: "The Effects of Foreign Exchange Rates" in the current and prior year as well as non-compliance with IAS 8:" Accounting Policies, Changes in Accounting Estimates & Errors" in the current year.

The auditor's report on these financial statements is available for inspection at the Company's registered office. The engagement partner on the audit resulting in the independent auditor's report is Walter Mupanguri (PAAB Practicing Certificate Number 367).

RioZim Limited

ABRIDGED AUDITED GROUP FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2019



Building a better
working world

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way /
Kwame Nkrumah Avenue
P O Box 62 or 702
Harare
Zimbabwe

Tel: +263 4 750905-14 or 750979-83
Fax: +263 4 750707 or 773842
Email: admin@zw.ey.com
www.ey.com

Independent Auditor's Report

To the Shareholders of RioZim Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Adverse Opinion

We have audited the consolidated and separate financial statements of RioZim Limited and its subsidiaries (the group) and company, as set out on pages 13 to 92, which comprise the consolidated and separate statement of financial position as at 31 December 2019, and the consolidated and separate statement of comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated and separate financial statements do not present fairly the financial position of the group and company as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates in Prior Period and Inappropriate Application of IAS 8

As explained in note 4.12 to the consolidated and separate financial statements, the group and company's functional currency is the United States Dollar (US$) and presentation currency is the Zimbabwean Dollar (ZWL). The latter was changed during the reporting period and the prior year financial statements reflected a USD presentation currency.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out FCA RTGS Accounts from the FCA Nostro US$ Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US$ amounts. In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTG$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (which comprises RTGS$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

We believe that events in the market and subsequent promulgation of the ZWL as a formal currency evidenced that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 ZWL: US$ exchange rate and this occurred effective 1 October 2018.

The consolidated and separate financial statements of the group and company included balances and transactions denominated in ZWL/ RTGS that were not converted to US$ at a ZWL/RTGS: US$ exchange rate that reflects the economic substance of its value as required by IFRS as the entity continued to use the 1:1 rate after 1 October to convert ZWL/RTGS transactions which were included in all expense items in the consolidated and separate Statement of Comprehensive Income and all Current Assets, Current Liabilities and Non-Current Liabilities stated on the consolidated and separate Statement of Financial Position along with the consequential impacts to Accumulated Profits and Non-Controlling Interest.

In respect of the above matter we issued an adverse opinion in the prior year as the effects of the departure from IFRS were pervasive to the consolidated and separate financial statements but could not be quantified owing to the nature of the matter.

Management did not make retrospective adjustments to the consolidated or separate financial statements (prior period errors) in terms of *International Financial Reporting Standards – IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors.*

Therefore, management has not restated the opening balances to resolve the matters which resulted in the adverse audit report in the prior period and therefore the matter is continuing.

As a result of these matters:

- Corresponding numbers relating to Current Assets, Current Liabilities, Non-Current Liabilities, Accumulated Profit and Non-Controlling Interest remain misstated on the Statements of Financial Position; all expenses line items on Statements of Comprehensive income and amounts shown for Cash Flows Profit and Changes in Equity. Our opinion on the current period's consolidated and separate financial statements is therefore also modified because of the possible effects of the above matter on the comparability of the current period's figures and the corresponding figures.

- As opening balances enter into the determination of cash flows and performance our current year opinion is modified in respect of the impact of these matters on the Statements of Cash Flows, Expenses on the Statements of Profit or Loss and Statements of Changes in Equity.

Exchange rates used in current year (Non-compliance with IAS 21)

During the year management translated ZWL denominated transactions into the functional currency using the interbank rate. As in the prior year this impacted the closing amounts for Current Assets, Current Liabilities and Non-Current Liabilities on the consolidated and separate Statements of Financial Position at year end and all expense amounts on the consolidated and separate Statements of Comprehensive Income. In addition, at year end 31 December 2019 group management translated the consolidated and separate financial statements from the functional (USD) to presentation (ZWL) currency using these rates. This final matter would impact all amounts on the consolidated and separate financial statements.

The exchange rates used for the translations do not meet the definition of a spot exchange rate as per IAS.

The IFRS interpretations Committee concluded in their September 2018 paper that the closing rate is the rate to which an entity would have access at the end of the reporting period through a legal exchange mechanism.

We therefore believe that the exchange rates for transactions and balances between the US$ and the RTGS$/ZWL used by the group and company did not meet the criteria for appropriate exchange rates in terms of IFRS as defined above. Had the correct rate been used all balances and amounts would have been materially different owing to the combination of both matters impacting all balances, amounts and disclosed items. The quantum of this cannot be determined owing to the lack of information as to the rates being available.

The effects of the above departures from IFRS are therefore material and pervasive to the consolidated and separate financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further descried in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters
Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information
The directors are responsible for the other information. The other information comprises the Chairman's Statement, The Chief Executive Officer's Business Report, the Directors' Report and the Statement of Corporate Governance and Responsibility, but does not include the consolidated and separate financial statements and our auditor's report thereon. Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. The Chairman's Statement, The Chief Executive Officer's Business Report, the Directors' Report and the Statement of Corporate Governance and Responsibility is expected to be made available to us after the date of this auditor's report.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the group and company did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements
The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated and separate financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Walter Mupanguri (PAAB Practicing Certificate Number 367).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

Date: 29 April 2020