RioZim Limited

REVIEWED GROUP INTERIM **FINANCIAL RESULTS**

For the half year ended 30 June 2020

CHAIRMAN'S STATEMENT

INTRODUCTION

The period was defined by the COVID-19 pandemic which irremediably disrupted the normal lives of people and businesses across the world. Global and regional economies experienced unprecedented challenges due to the virus. This added another dimension to the already challenging local operating environment. In an attempt to "flatten the curve", borders were closed, businesses were shut down and movement of people as well as some goods was greatly curtailed in the various states of lockdown.

As a Group, our primary focus has always been and remains the health and safety of our employees. In line with this goal, we have implemented a series of strict preventative measures to ensure that the health and safety of our employees and to reduce the risk of virus transmission in accordance with the Ministry of Health and World Health Organisation Guidelines.

I am pleased to announce that as a result of proactive and prudential management we have not had to make any employee redundant, nor furlough any staff due to the COVID-19 crisis. However, the consequences of the impact of the pandemic have been felt in all of the Group's operations which have suffered greatly. It is against this exceptional background that I present to you the Company's 2020 interim performance results.

Over and above the effects of COVID-19, the first half of the year presented a mix of factors that negatively affected the financial performance of the Group. The local currency continued its unprecedented depreciation against foreign currencies and this was further compounded by the conversion of the interbank exchange rate to a fixed rate in March 2020. Prices of local goods tracked rates in the alternative markets which resulted in heavy losses being borne by the Group as a portion of the Group's revenue was being received at an inferior fixed interbank exchange rate. Erratic power supply posed a big threat to the Group's operations as our mines experienced much lower than capacity running hours. The power supply situation however improved in quarter two, upon which production started to recover. The combined effect of the above factors resulted in the Group's production regressing by 39% from the same period last year.

The spread of the COVID-19 pandemic increased in Q2 2020 and this resulted in Government taking drastic measures to contain it. These measures included a total lockdown initially for 21 days, which period was further extended by 14 days upon expiry. Businesses were shut down during the lockdown save for essential services which included the Group. As such, operations continued albeit under the strict guidelines of the Ministry of Health and the World Health Organisation (WHO), which the Group followed rigorously to protect its employees and its surrounding communities. Whilst production activities continued to run relatively normal, the Company's supply chain for key consumables and services in both the local and foreign markets was affected by both the national lockdown and the closure of borders which negatively affected the free movement of cargo.

The Company's multi-million-dollar Biological Oxidation (BIOX) plant project was brought to a complete halt due to COVID-19 as all of the equipment manufacturers in South Africa and local contractors stopped operations in compliance with lockdown regulations. Funding initiatives that were being pursued by the Group were dampened as financiers took a conservative approach in the face of low visibility and an uncertain future because of the pandemic. The Group however continues to relentlessly pursue various funding options. Notwithstanding the challenges which characterised the period under review, some measures were introduced by the Government towards the end of the period which will have a positive bearing on the Group going into the second half of the year. The Nostro retention for large scale miners was reviewed upward from 55% to 70% with effect from the 26th of May 2020 whilst the fixed exchange rate was discontinued and replaced with a foreign currency auction determined rate from the 23rd of June 2020. The introduction of the auction system saw the rate moving from 25 to 57.36 on the inaugural auction held on that date. The interbank rate has since slowly moved upwards thereby reducing the gap with rates in the alternative markets. These initiatives will help narrow the extent to which the Group does not obtain full value for its gold produce.

GROUP PERFORMANCE

The Group recorded low production volumes of Gold at 586kg compared to the 962kg achieved in the comparative prior period. The low volumes were attributed to, amongst other challenges, acute power cuts which resulted in depressed milling throughput, persistent mill breakdowns and lower grade ore from One Step Mine. Resultantly, the Group's revenue was subdued at ZWL$616.4 million. The low volumes were however, partly offset by the favourable gold price which averaged US$1,713/oz; an increase of 27% from US$1,346/oz realised in the same prior period. The combined effect of low production attainment coupled with rising production costs however, weighed down the Company's performance closing the period with a loss of ZWL$77.4 million, a decline compared to a profit of ZWL$38.2 million realised in the same prior period.

GOLD BUSINESSES

Renco Mine

The Mine produced 288kg; an 11% increase from the 259kg achieved in H1 2019. The increase in production is mainly attributable to improved plant availability as the plant breakdowns experienced in the comparative period were resolved.

Cam and Motor Mine

A total of 199kg was achieved compared to 489kg recorded in the prior period. Plant and machinery breakdowns negatively impacted throughput and gold output. To address the equipment challenges, the Company is in the process of various capacitation activities which include repairs, rehabilitation and replacement of components to enable the plant to achieve installed capacity. The future of the Mine remains hinged on the completion of the BIOX project in order to access higher grade ore at the Cam pits than is currently being processed from One Step Mine.

Dalny Mine

99kg was produced during the period under review, which is lower than the 215kg attained in the prior period. There were significant equipment challenges experienced in both the mining and plant processing sections of the Mine which are being rectified. Power supply challenges experienced during the period also hampered production performance.

BASE METALS BUSINESS

Empress Nickel Refinery (ENR) remained under care and maintenance during the review period. In the first quarter ENR focused on furnace relining and accumulating feed material for matte production.

DIAMONDS BUSINESS

Murowa produced 250kcts compared to 390kcts in the comparative prior period. Consequently, the Group realised a share of loss from the associate of ZWL$ 5.3million. The decline in production was as a result of a decrease in the ore grade as the mine extracted ore from a lower grade pit. Given the decrease in ore grade, the Company is working on expanding processing capacity to shift the operations to a low grade, high volume model. This project has stalled due to insufficient foreign currency and unavailability of funding to fast track and complete the project.

PROJECTS

178 MW Solar Project

The Company has received four Independent Power Producer (IPP) licences for the establishment of solar farms at Cam & Motor Mine, Renco Mine, Dalny Mine and Murowa Diamonds Mine. The Company has proceeded to apply for a Power Purchase Agreement (PPA) with ZETDC. Currently, the Company is in the process of selecting an Engineering Procurement and Construction (EPC) firm whilst discussions for funding are in progress. Financing will be the primary challenge.

SENGWA POWER STATION

A framework agreement for Phase 2 of the project, which entails expanding capacity from 700MW to a total of 2 800MW, was signed with the Investment Partner. The Company, in conjunction with its Investment Partner, is in discussions with a potential financier for a targeted highly structured financing arrangement for Sengwa Phase 1. Whilst these discussions have been promising, the impact of COVID-19 has delayed the conclusion of this engagement.

BIOX PROJECT

Project construction was negatively affected by the lockdowns in South Africa and locally. This delayed the manufacture of key components as factories were closed. Civil works were halted for all of the second quarter due to lock downs but work has commenced again in the second half of the year. Funding of the project still remains a major stumbling block to project progression and commissioning within the targeted timelines.

HEALTH AND SAFETY

The safety of our employees continues to be a key pillar of the Group. Safety protocols are mandated and encouraged through training, publications and bulletins, the code of conduct as well as review and corrective action when required. The COVID-19 pandemic has introduced a unique lens to our health and safety initiatives with all operations on high alert to ensure that employees are complying with sanitary protocols including exercising social distancing and rigorous personal hygiene measures.

OUTLOOK

Lockdown regulations across the world have steadily eased and it is anticipated that more restrictions will be lifted in the second half of the year which will allow free movement not only of people but of goods. This will be helpful in reducing lead times for our capital projects as well as consumables for current mining operations.

The Company remains focused on advancing the BIOX Project, Solar Power Project and Sengwa Power Project. These projects are hinged on an improvement in not only the local macroeconomic environment but also on containment of the COVID-19 pandemic which has resulted in most financiers adopting a wait and see approach due to the high level of uncertainty.

UPDATE ON DELAYS IN PAYMENTS OF GOLD RECEIPTS

Towards the end of the half year, we advised you our shareholders, on the delays being experienced by the Company in receiving its Nostro payments for gold deliveries from the Reserve Bank of Zimbabwe (RBZ) which resulted in stock outs of key raw materials to produce gold bullion. The delays have persisted subsequent to the period end and the Company is still owed a substantial amount. The Company however, has been receiving intermittent payments from the RBZ, which has enabled the Company to produce and deliver bullion, albeit inconsistently, to the extent to which the Company has adequate raw materials to produce gold bullion.

Engagements with the RBZ are continuing and the Company looks forward to its payments being regularised to enable the Group to produce gold bullion consistently without stock outs of raw materials.

DIRECTORATE

I would like to advise our valued shareholders that the Board appointed Mr Rajgopal Swami as an Executive Director on 29 May 2020. Raj has expertise in business turnaround with a proven track record in setting up, scaling up and heading business operations in alignment with organizational goals of revenue maximization and market leadership. Over the last 20 years, he has specialised in business development, strategic planning, business growth and expansion. His expertise and insight shall be valuable to the Group.

The Company further appointed Mr Manit Shah as the new Chief Executive Officer following the resignation of Mr Bhekinkosi Nkomo on the 30th of June 2020. Prior to his appointment as CEO, Manit was the Chief Operations Officer, a position he served with distinction. I wish him well in the new role.

APPRECIATION

I extend my gratitude to the Board for their unwavering support, direction and wise counsel as the Company navigates through these unprecedented times. To the management and staff of the Group, my sincere appreciation for your hard work and ingenuity as we work to grow this Company. Lastly, I acknowledge all our stakeholders including Government, suppliers, bankers and our surrounding communities who have supported the Company.

S R Beebeejaun
Chairman
27 August 2020

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2020

	Note	30 Jun 2020 Reviewed ZWL$000	30 Jun 2019 Reviewed ZWL$000
Revenue		616 443	136 685
Cost of sales		(583 592)	(77 933)
Gross profit		**32 851**	**58 752**
Administrative expenses		(160 576)	(26 612)
Other income		79 895	14 804
Operating (loss)/profit		**(47 830)**	**46 944**
Finance cost		(8 947)	(4 668)
Share of (loss)/profit from an associate		(5 349)	12 840
(Loss)/profit before taxation		**(62 126)**	**55 116**
Income tax expense		(15 308)	(16 940)
(Loss)/profit for the year		**(77 434)**	**38 176**
(Loss)/profit for the year attributable to:			
Equity holders of the parent		(76 832)	38 337
Non-controlling interests		(602)	(161)
		(77 434)	**38 176**
(Loss)/earnings per share (cents)			
Basic	9	(62.96)	31.42
Diluted	9	(62.96)	31.42

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2020

	30 Jun 2020 Reviewed ZWL$000	30 Jun 2019 Reviewed ZWL$000
(Loss)/profit for the year	**(77 434)**	**38 176**
Other comprehensive income to be reclassified to profit and loss:		
Foreign currency translation exchange gains	1 446 782	553 154
Income tax effect	-	-
Net other comprehensive income to be reclassified to profit and loss	**1 446 782**	**553 154**
Other comprehensive income not to be reclassified to profit and loss	-	-
Total other comprehensive income for the year net of tax	**1 446 782**	**553 154**
Total comprehensive income for the period	**1 369 348**	**591 330**
Total comprehensive income attributable to:		
Equity holders of the parent	1 369 950	591 491
Non-controlling interests	(602)	(161)
	1 369 348	**591 330**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Note	30 Jun 2020 Reviewed ZWL$000	31 Dec 2019 Audited ZWL$000
ASSETS			
Non current assets			
Property, plant and equipment		2 727 333	957 601
Exploration and development assets		367 023	118 631
Right of use assets		505	809
Investment in associate companies		647 517	187 891
Fair value through other comprehensive income investments		664	664
Loans and receivables		1 491	1 251
Deferred tax assets		46 318	61 626
Total non-current assets		**3 790 851**	**1 328 473**
Current assets			
Inventories	5	1 100 498	277 560
Trade and other receivables		798 948	196 728
Loans and receivables		-	75
Cash and cash equivalents		69 629	32 467
Total current assets		**1 969 075**	**506 830**
Total assets		**5 759 926**	**1 835 303**
EQUITY & LIABILITIES			
Shareholders' equity			
Share capital		1 345	1 345
Share premium		20 789	20 789
Fair value through other comprehensive income reserve		608	608
Foreign currency translation reserve		2 813 092	1 366 310
Accumulated losses		(673 510)	(596 678)
Equity attributable to equity holders of the parent		**2 162 324**	**792 374**
Non-controlling interest		2 862	3 464
Total equity		**2 165 186**	**795 838**
Non-current liabilities			
Cumulative redeemable preference shares	7	33 434	33 434
Interest bearing loans and borrowings	8	841	5 072
Other payables	6	1 735 633	507 437
Provisions		278 976	77 674
Employee benefit liability		4 352	4 352
Lease liability		-	301
Total non-current liabilities		**2 053 236**	**628 270**
Current liabilities			
Trade and other payables	6	1 304 958	331 686
Interest-bearing loans and borrowings	8	235 919	78 571
Lease liability		627	938
Total current liabilities		**1 541 504**	**411 195**
Total liabilities		**3 594 740**	**1 039 465**
Total equity and liabilities		**5 759 926**	**1 835 303**

RioZim Limited

REVIEWED GROUP INTERIM **FINANCIAL RESULTS**

For the half year ended 30 June 2020

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2020

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
	Share capital ZWL$000	Share premium ZWL$000	Fair value through other comprehensive income reserve ZWL$000	Foreign currency translation reserve ZWL$000	Accumulated losses ZWL$000	Total shareholders equity ZWL$000	Non controlling interest ZWL$000	Total equity ZWL$000
Balance at 1 January 2019	**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	1 366 310	(4 329)	1 362 443	4 543	1 366 986
Balance as at 1 January 2020 (audited)	**1 345**	**20 789**	**608**	**1 366 310**	**(596 678)**	**792 374**	**3 464**	**795 838**
Loss for the period	-	-	-	-	(76 832)	(76 832)	(602)	(77 434)
Other comprehensive income/(loss) net of tax	-	-	-	1 446 782	-	1 446 782	-	1 446 782
Balance as at 30 June 2020 (reviewed)	**1 345**	**20 789**	**608**	**2 813 092**	**(673 510)**	**2 162 324**	**2 862**	**2 165 186**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

for the six months ended 30 June 2020

	30 Jun 2020 Reviewed ZWL$000	30 Jun 2019 Reviewed ZWL$000
Net cash flows generated from operating activities	**270 992**	**19 807**
Cashflows from investing activities		
Acquisition of property, plant and equipment	(277 346)	(6 421)
Investment in exploration and evaluation assets	(21 533)	(1 906)
Net cash used in investing activities	**(298 879)**	**(8 327)**
Cash flows from financing activities		
Inflows from borrowings	-	1 435
Repayment of borrowings	(1 111)	(2 520)
Interest paid	(587)	(455)
Net cash used in financing activities	**(1 698)**	**(1 540)**
Net (decrease)/increase in cash and cash equivalents for the period	(29 585)	9 940
Unrealised exchange gains on foreign currency cash balances	66 747	11 932
Cash and cash equivalents at beginning of the period at 1 Jan	32 467	117
Cash and cash equivalents at end of the period	**69 629**	**21 989**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2020

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 27 August 2020.

2. BASIS OF PREPARATION

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 cost 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.

The Group used interbank exchange rates to convert all transactions and balances from the Group's functional currency United States Dollar (USD) to the reporting currency Zimbabwean Dollar (ZWL). Interbank exchange rates are the only official and legal rates in the country. The interbank exchange rates however, did not meet the definition of market exchange rates as per the requirements of IAS 21 *"The effects of changes in foreign exchange rates"*.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

When preparing the interim consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the interim consolidated financial statements, including the key sources of estimation uncertainties were the same as those applied in the Group's annual financial statements for the year ended 31 December 2019.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated abridged financial statements have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2019 and applicable amendments to IFRS.

NOTES TO ABRIDGED FINANCIAL STATEMENTS (cont'd)

for the six months ended 30 June 2020

	30 Jun 2020 Reviewed ZWL$000	31 Dec 2019 Audited ZWL$000
5 INVENTORIES		
Stores and consumables	622 928	140 037
Ore stockpiles	18 585	10 390
Metals and minerals in concentrates and circuit	426 464	103 790
Finished metals	32 521	23 343
	1 100 498	**277 560**
6 TRADE AND OTHER PAYABLES		
Trade payables	367 295	92 210
Accruals	78 856	13 500
Leave pay liabilities	40 794	12 812
Other payables	818 013	213 164
	1 304 958	**331 686**
Non-current		
*Other payables	1 735 633	507 437

*Non-current Other payables relate to BCL Limited (in liquidation) liability which is under litigation which has been outstanding since 2016. The legal matter is not expected to be settled in the 12 months from the reporting period, therefore the amount owing has been classified under non-current.

7 CUMULATIVE REDEEMABLE PREFERENCE SHARES

	30 Jun 2020 Reviewed ZWL$000	31 Dec 2019 Audited ZWL$000
Cumulative Redeemable Preference Shares	33 434	33 434

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

There were no dividend payments during the period (June 2019: ZWL$ Nil). As at 30 June 2020 ZWL$ 10 820 885 (31 December 2019: ZWL$ 8 885 000) was due and payable.

The cumulative redeemable preference shares are carried at amortised cost.

8 INTEREST BEARING LOANS AND BORROWINGS

	Effective interest rate	Maturity Date	30 Jun 2020 ZWL$000	31 Dec 2019 ZWL$000
Current				
Bank loans (facility limit ZWL$10.0m)	10.9%	On scheduled dates	8 960	6 650
Term loans (facility limit ZWL$15.0m)	12.0%	On demand	9 642	2 656
Interest on cumulative redeemable preference shares		January 2021	10 821	8 885
Short term loan (Centametal AG)	12.5%	December 2019	206 496	60 380
			235 919	**78 571**
Non Current				
Bank loans	8.5%	On scheduled dates	841	5 072
			841	**5 072**

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.

9 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 profit attributable to the ordinary equity holders of the Group after adjusting for impact of dilutive instruments.

NOTES TO ABRIDGED FINANCIAL STATEMENTS (cont'd)

for the six months ended 30 June 2020

9 EARNINGS PER SHARE (cont'd)

Headline earnings per share
Headline earnings per share amounts are calculated by dividing the net profit 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.

	30 Jun 2020 Reviewed ZWL $000	30 Jun 2019 Reviewed ZWL $000
(Loss)/profit attributable to equity holders of the parent	**(76 832)**	**38 337**
Adjustment for headline earnings	-	-
Headline (loss)/profit	**(76 832)**	**38 337**
	000s	**000s**
Number of ordinary shares	122 030	122 030
Weighted average number of ordinary shares	**122 030**	**122 030**
(Loss)/earnings per share (cents)		
Basic	(62.96)	31.42
Diluted	(62.96)	31.42
Headline	(62.96)	31.42
Diluted headline	(62.96)	31.42

10 CAPITAL EXPENDITURE

	30 Jun 2020 Reviewed ZWL$000	31 Dec 2019 Audited ZWL$000
Acquisition of assets		
to maintain capacity	19 706	62 084
to increase capacity	279 173	86 419
	298 879	**148 503**
Commitment for capital expenditure		
contracts and orders placed	1 021 636	420 934
authorised by Directors but not contracted	170 617	112 624
	1 192 253	**533 588**

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

11 EVENTS AFTER REPORTING PERIOD

Subsequent to period end, the country experienced a spike in COVID-19 infections with rising number of deaths due to the pandemic. The Government introduced a cocktail of measures to curb the continued spread of the pandemic among them, introduction of a night curfew and reduced working hours whilst strict cross border controls were maintained.

The Group's mining operations were granted exemptions by the Government since March 2020 when lockdown restrictions were implemented and the Company continues to operate normally subsequent to period end. The Group continues to adhere to the strict guidelines of the Ministry of Health and World Health Organisation (WHO) to protect its employees from the spread of COVID-19.

The gold price continued with a positive growth trajectory subsequent to period end and reached an all-time high price of US$2000/Oz in August 2020. The gold price is forecast to continue holding in the short term despite the unpredictability of commodity prices.

The future however, remains uncertain and the Group will continue to monitor the situation going forward.

12 GOING CONCERN

The Directors believe that the Group will continue to operate as a going concern and 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 abridged financial statements have been reviewed by Ernst & Young Chartered Accountants (Zimbabwe) and an adverse review conclusion issued thereon due to non-compliance with International Accounting Standard 21 *"The Effects of Changes in Foreign Exchange Rates"* and *IAS 8:"Accounting Policies, Changes in Accounting Estimates & Errors"*.

The reviewer's report is available for inspection at the Group's registered office. The engagement partner for the review is Walter Mupanguri (PAAB Practicing Number 367).

Ernst & Young
Chartered Accountants (Zimbabwe)
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Independent Auditor's Report

To the Members of RioZim Limited

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of RioZim Limited as set out on pages 5 to 27 that comprise the interim condensed consolidated statement of financial position as at 30 June 2020, the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six month period then ended, the notes to the interim condensed consolidated financial statements which include a summary of significant accounting policies and other explanatory information.

Directors responsibility

The Group Directors are responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards (IFRS) IAS 34: Interim Financial Reporting and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

Auditor's responsibility

Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Adverse Conclusion

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 2 to the interim condensed consolidated financial statements, the group's functional currency is the United States Dollar (US$) and presentation currency is the Zimbabwean Dollar (ZWL).

The Group translated Zimbabwean Dollar (ZWL) denominated transactions and balances into United States Dollars using the interbank rate. The exchange rates used for the translation did not meet the definition of a spot exchange rate as per IAS 21, as they were not available for immediate delivery. This matter arose in the prior year and our opinion on the prior year consolidated financial statements was modified accordingly. We believe that events in the market continue to evidence that transactions in the market indicate a different rate between the two currencies despite the previous legal 1:1 ZWL: US$ exchange rate or the interbank exchange rates available thereafter.

As in the prior year this impacted the closing amounts for Current Assets, Current Liabilities and Non-Current Liabilities on the consolidated Statements of Financial Position at period end and all expense amounts on the consolidated Statements of Profit or Loss and Statements of Comprehensive Income. In addition, at period end 30 June 2020 group management translated the interim condensed consolidated financial statements from the functional USD to presentation ZWL currency using these rates. This final matter would impact all amounts on the interim condensed consolidated financial statements.

Finally, as the matter is from prior year and as no restatement has been made to the prior year misstatement:

- Corresponding numbers relating to all line items remain misstated on the Statement of Financial Position; all line items on the Statements of Comprehensive income and amounts shown for Cash Flows, Profit or Loss and Changes in Equity. Our conclusion on the current period's interim condensed consolidated 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 conclusion 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.

Had the correct rates 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 interim condensed consolidated financial statements

Adverse Conclusion

Based on our review, due to the significance of the matters discussed in the Basis for Adverse Conclusion paragraph, the interim financial information does not present fairly the interim condensed consolidated financial position of RioZim Limited as at 30 June 2020, and their consolidated performance and cash flows for the period then ended in accordance with International Financial Reporting Standards.

The engagement partner on the review resulting in this independent review conclusion is Walter Mupanguri (PAAB Practicing Certificate Number 367).

Ernst & Young

ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS

Harare

21 September 2020