

RIOZIM LIMITED

THIRD QUARTER TRADING UPDATE

For the three months ended 30 September 2020

OPERATING ENVIRONMENT

The inflationary operating environment persisted into the third quarter and still continues to drive up the cost of production and erode operating margins. Even though the foreign currency auction system has played a significant role in stabilising the interbank exchange rate, prices of materials continued to trade at a premium to this rate.

The quarter also saw a renewed wave of the COVID-19 pandemic with an increase in the number of cases and number of deaths. The Government swiftly tightened the lockdown measures in order to curb the spread of the virus. The Group remained steadfast in its health and safety protocols and adherence to the operating guidelines as recommended by the Ministry of Health and Child Care and World Health Organisation to protect its employees and stakeholders from the pandemic.

Power supply was fairly stable during the quarter. The Group continued to process lower grade ores from its One Step Mine to sustain operations at the Group's Cam and Motor Mine. Due to the low production at Cam and Motor, the Group's gold production for the quarter trailed by 9% from the comparative period last year. The gold price maintained its upward trajectory averaging US\$1 879/oz for the quarter, which was 29% above the average price of US\$1 457/oz for the same period last year. This helped to partly absorb the negative impact of the low production and increased costs during this period.

PRODUCTION PERFORMANCE

Gold businesses

Cam & Motor Mine – The Mine continued with processing low grade ores from its One Step Mine throughout the quarter. Resultantly, the Mine's production went down by 8% from the same period last year when the Mine produced from high grade ores at its Cam pits.

Civil works and steel fabrications for the Biological Oxidation (BIOX) plant project progressed timidly during the quarter. Delivery of structural and steel components from the project's contractors in South Africa faced significant delays due to lack of foreign currency funding.

Dalny Mine – Dalny Mine suffered multiple breakdowns from its ageing plant, which negatively affected production throughput. Consequently, production fell by 37% compared to the same period in 2019.

Renco Mine – Renco exceeded its 2019 comparative period production by 5% owing to improved milling throughput. The mine benefited from its 'high volume low grade' strategy which was implemented throughout the quarter which resulted in increased gold production.

Base Metals business

The Empress Nickel Refinery (ENR) remained under care and maintenance throughout the quarter.

Diamond business

The Group's associate Murowa Diamonds (Private) Limited recorded a 2% decrease in production compared to Q3 2019. The reduction in diamond production was attributable to processing ore from K1 pits which are of low grade whilst in the same period last year, the Mine was processing from high grade K2 pits.

Outlook

The COVID-19 pandemic continues to evolve, however, positive moves are being recorded as borders are being opened across the world, which is contributing to improved movement of people and cargo. Locally, the lockdown restrictions are being relaxed, as working hours were normalised, and borders have been opened. The number of new cases has also subsided which has contributed to increased movement of people and goods.

The delays on the payment of the Company's gold receipts by the Reserve Bank of Zimbabwe (RBZ), carried on throughout the quarter which severely strained the working capital and cash flows of the Group and greatly hampered production. The Company continues to engage the RBZ for a resolution of its delayed receipts.

The Company is also pursuing various funding options for its BIOX project albeit in a difficult operating environment which has been compounded by the uncertainties brought about by the COVID-19 pandemic as lenders and financiers are taking a conservative approach on lending.

By Order of the Board.

RioZim Management Services (Private) Limited (Secretaries)



Per T.A Chiurayi

13 October 2020