RIO ZIM

RioZim Limited

ANNUAL REPORT 2020

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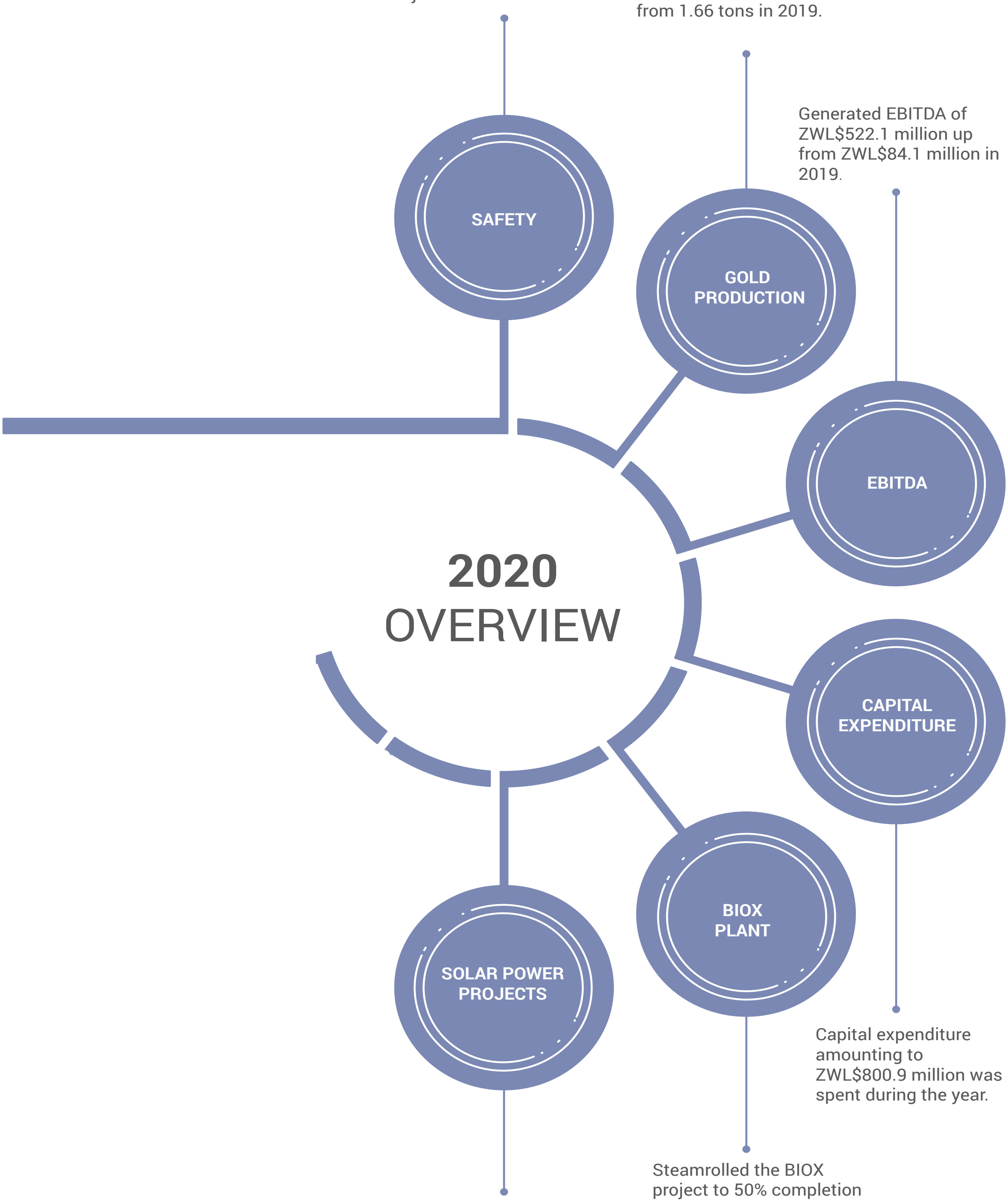
Overview

64% decline in Lost Time Injuries in 2020.

27% decline in gold production to 1.21 tons from 1.66 tons in 2019.

Generated EBITDA of ZWL$522.1 million up from ZWL$84.1 million in 2019.



Capital expenditure amounting to ZWL$800.9 million was spent during the year.

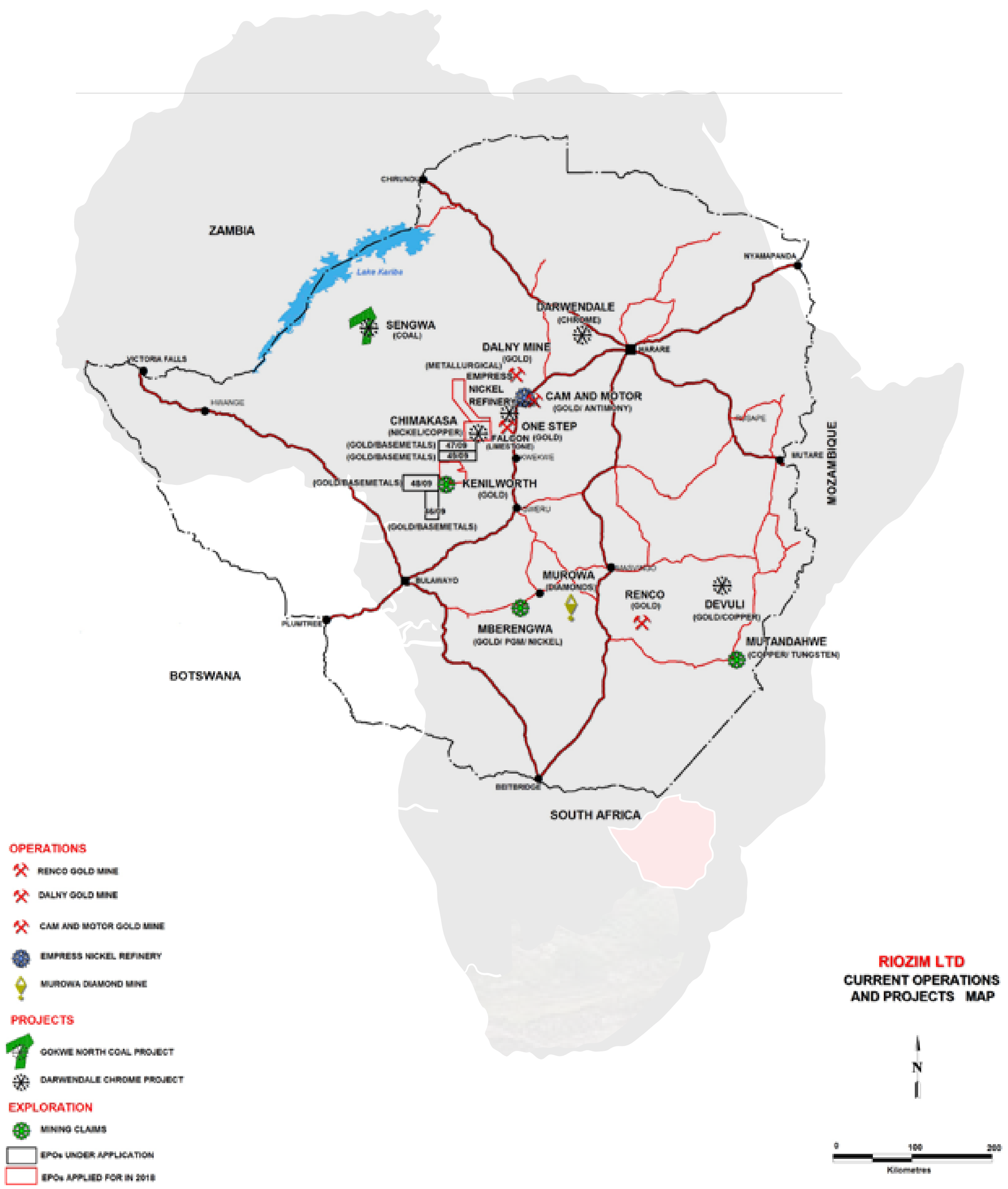
Steamrolled the BIOX project to 50% completion as at year end.

Secured power generation licences paving way for the development phase of the solar plants.

Our Operations at a glance

COMPANY OPERATIONS

In the year under review, the Group operated Renco mine located in Masvingo, Dalny mine based in Chakari, Cam & Motor mine, One-Step mine and Empress Nickel Refinery located in Kadoma. In addition, the Group holds a 50% interest in Sengwa Colliery (Private) Limited, a company with coal assets located in Gokwe North and a 22.2% interest in RZM Murowa (Private) Limited, a company with a diamond operation located in Zvishavane. The location of these operations as well as the Group's areas of interest are shown below:



Board of Directors

S R BEEBEEJAUN
Non - Executive Chairman

Fellow of the Chartered Institute of Insurance (UK), Winner of the H G Greening award, which rewards the first prize in all life subjects worldwide, Holder of a Licence – ès Sciences Economiques from University of Montpellier France, Alumnus of the Harvard Business School.

Appointed:
25 July 2012

C DENGU
Non -Executive Deputy Chairman

Fellow of the British Institute of Chartered Secretaries and Administrators (FCIS), Masters of Business Administration (MBA), Post Graduate Training in Advanced Financial Management Techniques for Public Enterprises from Strathclyde Graduate Business School, Senior Executive Program Africa (SEPA) from Harvard Business School.

Appointed:
6 November 2014

M M SHAH
Group Chief Executive Officer

Master's degree in Finance from London Metropolitan Business School (LMBS) and the London School of Economics, Member of the Institute of Chartered Accountants in India (ICAI) and the ISACA in the USA, Alumnus of the Harvard Business School.

Appointed:
8 July 2019

Board of Directors

G K JAIN
Non - Executive Director

B.A. in Economics from Hansraj College, Delhi University, India, M.A Jurisprudence from Oxford University, UK.

Appointed:
25 April 2018

M T SACHAK
Non - Executive Director

BSc in Chemical Engineering from University College London, BSc in Electrical Engineering from Florida Atlantic University, Masters of Business Administration (MBA) from Florida International University.

Appointed:
4 December 2013

I M SHARMA
Non - Executive Director

BA in Economics from the University of Wisconsin.

Appointed:
6 November 2014

R SWAMI
Chief Finance Officer

B. (Com) Honours Degree from St Xavier's College, University of Calcutta, CPA from American Institute of Certified Public Accountants, Associate member of the Institute of Chartered Accountants of India, Associate member of the Institute of Company Secretaries of India.

Appointed:
28 May 2020

Management Structure

GROUP CHIEF EXECUTIVE OFFICER

M M SHAH
CA (India), Msc Accounting & Finance (UK), Alumni of Harvard University

CHIEF FINANCE OFFICER

R SWAMI
ACA(India); ACS (India); CPA (USA) ; B.Com(Hons)

CHIEF OPERATIONS OFFICER

S K NAIK
Bsc Science (Geology, Physics,Math) ; M. Tech (Applied Geology); M. Tech (Mineral Exploration) (India)

CORPORATE AFFAIRS EXECUTIVE

Dr W GWATIRINGA
IOB (Z), IOB(SA),MBA, PHD

GENERAL COUNSEL AND COMPANY SECRETARY

T A CHIURAYI
LLBs (Hons) (UZ)

GROUP HUMAN RESOURCES MANAGER

J NJANIKE
Bsc Economics, IPMZ, LCCI Mngt, MBA

FINANCIAL CONTROLLER

C BENZA
CA (Z), CA (SA), BAcc (UZ), B Compt (Hons) (UNISA)

GROUP SUPPLY CHAIN MANAGER

L DUBE
HND Purchasing, Dip Bus Studies

CHIEF GEOLOGIST

P TAKAEDZA
Bsc Geology (UZ)

GENERAL MANAGER - Engineering Services

M MACHIKICHO
Bsc Mechanical Engineering (UZ)

SECRETARIES

RIOZIM MANAGEMENT SERVICES (PRIVATE) LIMITED

GENERAL MANAGER - Empress Nickel Refinery (ENR)

C KARIWO
Bsc Metallurgy (UK), Dip Mgt Dev (UNISA)

GENERAL MANAGER - Cam & Motor Mine

A MUTITI
Bsc (Hons) Mining Engineering (UZ), Masters in Business Adminstration (ZOU)

GENERAL MANAGER - Dalny Mine

I NYAMUKONDIWA
Bsc (Hons) Geology (UZ), Bsc General Geography and Geology (UZ)

GENERAL MANAGER - Renco Mine

T DUBE
Bsc Mining Engineering (Hons) (UZ), Msc Mining Engineering (Wits)

GENERAL MANAGER - RZM Murowa (Associate)

M NYAMHUNGA
Bsc Metallurgical Engineering (Hons) (UZ), MBA

GENERAL MANAGER - RioEnergy

S MHURIRO
African Leadership Program (Oxford), Dip Food & Bev Management; Dip Hospitality Management

RioZim Limited

Chairman's Statement

S R Beebeejaun - Chairman

> "Despite the unprecedented challenges induced by COVID-19, the Company managed to sustain its operations whilst safeguarding the jobs and health of our more than three thousand employees."

INTRODUCTION

The COVID-19 pandemic became a global crisis from the beginning of the year 2020 and invariably destabilised the normal socio-economic setting worldwide. Locally, the country was not spared and also suffered from the adverse effects of the COVID-19 pandemic which exacerbated the already difficult operating environment. Despite the unprecedented challenges induced by the COVID-19 pandemic, the Company remained resilient and managed to sustain its operations and ensure business continuity whilst safeguarding the jobs and health of our more than three thousand employees. With the advent of the COVID-19 pandemic, the Government instituted a cocktail of measures which included partial closure of borders, lockdowns and strict curfews in an attempt to curb the spread of the pandemic across the country. The mining industry however, including our Company, was designated as an essential service and exempted from some of the lockdown measures hence operations continued albeit under strict adherence to World Health Organisation (WHO) and Ministry of Health and Child Care guidelines and protocols.

The Central Bank introduced a mix of policy changes including the fixed exchange rate system at USD1:ZWL25 in the first quarter. The exchange rates in the unofficial alternative markets however, continued to trade at enormous premiums to the interbank rate which meant the Company was realising less than full value of its gold produce by wide margins which stifled the Company's profit margins. The review upwards by the Central Bank of the gold retention to 70%, coupled with the replacement of the fixed exchange rate with a foreign currency auction determined rate towards the end of the first half, were welcome developments which had a positive impact on the Company in the second half of the year. Unfortunately, on the 8th of January 2021, immediately after the end of the year under review, the gold retention was varied downwards to 60%. This has left the Company in an extremely challenging position arising out of the markedly reduced amount of requisite foreign currency required for the basic continuation of operations.

Notwithstanding the challenging operating environment and the shadow of the COVID-19 pandemic which marked the financial year, the Company managed to achieve a net profit for the year from a loss position in the prior year. I now present to you the Company's 2020 full year results.

Chairman's Statement (cont'd)

GROUP PERFORMANCE

The Company's gold production declined by 27% from 1.66tons achieved in the prior year to 1.21tons. Throughout the current year, the Group's flagship operation Cam & Motor mine carried out mining activities from the nearby One-Step mine hauling low grade ore to the Cam & Motor plant for processing. This resulted in a drastic fall in gold production compared to the prior year when the mine processed higher grade ore from its Cam pits. The gold price maintained a growth trend throughout the year recording a 27% growth from the prior year's average price of US$1 395/oz, to an average price of US$1 765/oz in the current year which counteracted the impact of lower production volumes. Revenue generated during the period was ZWL$3.1 billion in comparison to ZWL$577.1 million in the prior year. The exponential increase in revenue was a direct result of the depreciation of the local currency against the US dollar.


CAM sulphides pits

GOLD BUSINESS

Renco mine

Renco recorded a strong performance with aggregate gold output of 580kg – 4% above the prior year's gold output of 556kg. The increased gold output was at the back of higher milling throughput which was achieved as the mine implemented its 'high volume low grade' strategy which yielded positive results.

Dalny mine

The mine's gold production declined by 46% in the current year to 198kg from the comparative period production of 364kg. The mine suffered major breakdowns in the milling section of its ageing plant which directly impacted milled output. Dalny currently relies on near the surface open pitable ores which have lower grades that culminate in low production volumes. The medium to long term plan for the mine is to complete the dewatering and resuscitation of its underground shafts in order to access the higher grade ore that is deposited underground.

Cam & Motor mine

Production for the year closed at 427kg which was a sharp 42% decline compared to 738kg achieved in the prior year. The depletion of oxide ore resources at the mine necessitated the migration of mining operations to our nearby One-Step mine from where we are hauling ore to the Cam & Motor processing plant. The ore resources at One-Step mine have significantly lower grades than those at the Cam & Motor pits and this negatively affected production output. The mine is however, focused on completion of its BIOX plant project which will enable the resumption of mining and processing of high grade refractory sulphide ores from the Cam pits.

BIOX Plant Project

Progress on the BIOX project was negatively affected by the COVID-19 pandemic which brought the project to a standstill as key suppliers were affected by lockdowns and travel restrictions in the first half of the year. Project activities resumed in the second half of the year albeit at a slow pace after lockdown measures were eased. Despite the relaxation of lockdown measures, the movement of goods and people remained constrained due to the various COVID-19 restrictions and protocols that remained in place both locally and in South Africa, where most of the equipment suppliers are housed thereby limiting the smooth flow of project activities.

External funding for the project remained elusive throughout the year as lenders took a conservative approach in light of the uncertainties brought about by the COVID-19 pandemic. This left the Company primarily dependent on internally generated funding. Despite the funding and COVID-19 challenges, the Company managed to steamroll the project to bring civil works to near completion and managed to take delivery of the bulk of the equipment by year end. Installations commenced post year end and are progressing well. As at the reporting date, the Company was engaged in discussions with potential lenders to secure the remaining funding requirements to complete the project and the Company is hopeful of reaching financial closure. The Company remains optimistic of concluding and commissioning the BIOX Plant within the ensuing reporting year.

Chairman's Statement (cont'd)

BASE METALS BUSINESS

The Empress Nickel Refinery remained under care and maintenance throughout the period under review. The Refinery however, continued with cash generating projects to partially fund the care and maintenance costs whilst maintaining the integrity of the plant. Over and above the initiatives to identify sources of matte, the Company is also evaluating various alternatives to bring the Refinery back to normal production and our stakeholders will be kept appraised.

CHROME BUSINESS

The Company's chrome claims in Darwendale are still under a legal dispute and we await finalisation of the court case. The Company continues to monitor the chrome prices with the aim of resuming mining operations once the legal case has been finalised.

DIAMOND BUSINESS

The Group's associate, RZM Murowa (Private) Limited, produced 579 000 carats from 685 000 carats produced in the comparative period. The lower production in the current year is attributable predominantly to the processing of the low grade K2 resources after the high grade K1 resources were depleted in the prior year. The Associate continued to contribute positively to the Group's profitability with a share of profit of ZWL$494.8 million compared to ZWL$ 22.9 million in the prior year.

ENERGY BUSINESS

178 MW Solar Project

The Company obtained independent power producer (IPP) licenses for the solar power projects for each operating location. The Company is progressing with selecting an EPC contractor whilst awaiting finalisation of Power Purchase Agreements with ZETDC.

2 800 MW Sengwa Power Station

The efforts to secure financing to commence Phase 1 of the project were significantly hampered by the uncertainties presented by the COVID-19 pandemic. The Company is focused on advancing the financing arrangements in order to make positive progress on the power station.

OUTLOOK

The Group remains focused on ensuring the safety of its employees as the COVID-19 pandemic continues to evolve across all regions. This will be achieved primarily by observing WHO protocols and guidelines across all our operating locations among other initiatives. With the production and distribution of various vaccines, we are optimistic of gradually transitioning back to normalcy as the supply of vaccines increases.

The completion of the BIOX plant remains a key priority for the Company as we pursue value creation for all stakeholders. The success of this project will be pivotal for the sustenance of the Cam & Motor mine.

The Company will build on its exploration drive from the prior year in order to upgrade and increase confidence levels on all resources across all our mines in light of the declining grades at Renco, One-Step and Dalny mines.

Investments in exploration activities

Chairman's Statement (cont'd)

DIRECTORATE

Following the stepping down of Mr Bhekinkosi Nkomo from the position of Chief Executive Officer on 30 June 2020, Mr Manit Mukeshkumar Shah was appointed as CEO effective 1 July 2020. Bheki served the Company with distinction and our heartfelt appreciation goes out to him for his tremendous vision and leadership. We wish him continued success in his other endeavours. Manit was influential and spearheaded the Company operations in his previous various roles within the Company before his appointment to CEO. The Board is confident that in this new role, he will continue to scale the Company up to greater heights.

I wish to extend a warm welcome to Rajgopal Swami who was appointed to the Board as an Executive Director on 28 May 2020. Raj is currently the Chief Finance Officer and the Board is looking forward to his continued positive contribution to the Company. I would also like to thank Messrs Kurai Matsheza and John M. Chikura who retired from the Board on the 25th of September 2020 and 30th of September 2020 respectively, for their unwavering dedication and impeccable service to the Company throughout their tenure on the Board.

DIVIDENDS

After a detailed consideration of the Company's cash flow position, the Directors deemed it prudent not to declare Dividends for the period.

APPRECIATION

Once again, our Directors showed remarkable leadership in steering the Company through yet another difficult year which was marked by unprecedented challenges induced by the COVID-19 pandemic. I also wish to express my heartfelt appreciation to our Management and Staff whose immense sacrifice saw them remain courageous and committed to duty in spite of the impediments presented by the COVID-19 pandemic. We would also like to thank our valued stakeholders who continue to support us and contribute positively to the success of the Company.

S R Beebeejaun
Chairman
18 March 2021

BIOX plant project construction site.

Group Chief Executive Officer’s Review

“The Group closed the year with a net profit of ZWL$452.7million, a positive turnaround from the prior period’s reported loss of ZWL$581.4million.”

M M Shah - Group Chief Executive Officer

INTRODUCTION

The spread of the COVID-19 pandemic worsened in March 2020. This resulted in the Government declaring the pandemic a national disaster resulting in the introduction of lockdowns in the country from the 30th of March 2020. The pandemic brought unparalleled disruptions and suffering to businesses and the social lives of people. The mining industry including our Company was partially spared from the lockdowns as the mining industry was designated as an essential service and continued to operate under the strict adherence of World Health Organisation(WHO) guidelines.

Further to the COVID-19 pandemic which affected the Company during the period under review, the Government introduced some fiscal and monetary policies that also had a significant impact on the Company’s operations. The Central Bank mantained the interbank rate during the first half of the year. Contrary to the intended purpose of stabilising the exchange rates within the market, the alternative market rates soared unprecedentedly, widening the gap with the interbank rates. The Company received part of its sales proceeds from the Reserve Bank of Zimbabwe (RBZ) in the local currency at the interbank rates resulting in loss of monetary value as the Company absorbed the premium costs of sourcing local supplies priced at alternative market rates. On the 23rd of June 2020, the RBZ introduced the foreign currency auction system which provided businesses with a platform to access foreign currency at an auction determined exchange rate. This auction system improved accessibility of foreign currency which brought some stability in the exchange rates and narrowed the gap with the alternative market rates.

In the fourth quarter, the Intermediated Money Transfer Tax of 2% on Nostro domestic transactions was also introduced. This resulted in an increase in cost of inputs which adversely impacted profit margins.

The Company recorded a 27% decline in gold production to 1 205 kg from the prior year gold output of 1 658kg. The low gold production in the current year was attributed to processing of low grade ore at Cam & Motor mine; this was after mining activities were shifted to our nearby low grade One-Step mine as the Cam pits ores became more refractory. Plant breakdowns at Cam & Motor and Dalny mines also affected processing throughput during the year contributing to the low gold production.

The increase in gold price during the year coupled with strict cost control and rationalisation during the year resulted in the Group closing the year with a net profit of ZWL$452.7 million, which was a positive turnaround from the prior period’s reported loss of ZWL$581.4 million.

Group Chief Executive Officer's Review (cont'd)

OPERATIONS REVIEW

Renco mine

The mine produced 580kg of gold against the prior year's production of 556kg; a 4% increase. The increased output was a result of major repair works done on the processing plant which enabled processing of high volumes. The grade attained in the current year was on target and consistent with the prior year.

Despite the mine surpassing its prior year's gold production, rain induced power outages remained a challenge in the first quarter of the year. The mine is at an advanced stage of putting up standby generator capacity to compliment the inconsistent power supplies from the Power Utility.

Extensive exploration activities are also continuing at the mine to develop new mining areas as well as develop and open up new mining blocks. The exploration drive is focused on giving the mine more control of its grades to enable consistent production in the coming years.

The table below is the Renco mine resource statement as at 31 December 2020.

Part of Renco mine

Renco mine resource statement	Tonnes	Grade (g/t)	Content (kg)
Proved ore reserves as at 31 December 2019	**50 360**	**6.06**	**305**
Plus generated during the year	2 980	3.18	10
Less depleted by mining during the year	5 690	4.34	25
Proved ore reserves as at 31 December 2020	**47 650**	**6.08**	**290**
Probable ore reserves as at 31 December 2019	**233 877**	**5.98**	**1 399**
Plus generated during the year	42 796	4.53	194
Less depleted by mining during the year	33 570	3.83	129
Probable ore reserves as at 31 December 2020	**243 103**	**6.02**	**1 464**
Total ore reserves as at 31 December 2020	**290 753**	**6.03**	**1 754**
Measured mineral resources as at 31 December 2019	**143 980**	**5.38**	**775**
Measured mineral resources as at 31 December 2020	**143 980**	**5.38**	**775**
Indicated mineral resources as at 31 December 2019	**1 875 505**	**5.48**	**10 090**
Indicated mineral resources as at 31 December 2020	**1 939 105**	**5.34**	**10 348**
Inferred mineral resources as at 31 December 2019	**2 870 767**	**7.89**	**22 650**
Inferred mineral resources as at 31 December 2020	**2 633 242**	**8.39**	**22 098**

Group Chief Executive Officer's Review (cont'd)

Cam & Motor mine

Gold production declined by 42% to 427kg from the prior year's 738kg of gold. The depletion of oxides ores at the Cam pits forced the mine to process low grade ore oxides from One-Step resulting in the fall in gold production. The low plant availability also compounded the negative impact of processing low grades during the year contributing to the sharp decline in gold production.

The future of Cam is hinged on the successful completion and commissioning of the BIOX project, which will enable the mine to resume mining operations at its high grade Cam pits. The BIOX project was negatively impacted by the COVID-19 induced lockdowns and travel restrictions as suppliers and contractors were not exempted and experienced total shutdowns. Project activities resumed in the second half of the year after the relaxation of lockdowns. The civil works which were awarded to a local contractor were near completion as at the reporting date, which paved way for the commencement of installations at the beginning of the new year 2021. The engineering contractor from South Africa tasked with the fabrication, installation, testing and commissioning of the plant mobilised to site in January 2021 and commenced installations in earnest.

The COVID-19 pandemic coupled with the perceived high country risk jeopardised the Company's fundraising activities for the completion of the project. Despite the funding challenges affecting the smooth flow of project activities, the Company is committed to completing and commissioning the project in the second half of 2021.

CAM open pit mining activities

The table below is the Cam & Motor mine resource statement as at 31 December 2020.

Cam & Motor mine resource statement	Tonnes	Grade (g/t)	Content (kg)
Proved ore reserves as at 31 December 2019	2 379 213	6.33	15 060
Proved ore reserves as at 31 December 2020	2 379 213	6.33	15 060
Probable ore reserves as at 31 December 2019	379 424	4.28	1 624
Probable ore reserves as at 31 December 2020	379 424	4.28	1 624
Total ore reserves as at 31 December 2020	2 758 637	6.05	16 684
Measured mineral resources as at 31 December 2019	961 700	4.50	4 328
Measured mineral resources as at 31 December 2020	817 993	4.77	3 904
Indicated mineral resources as at 31 December 2019	679 880	2.99	2 033
Indicated mineral resources as at 31 December 2020	679 880	2.99	2 033
Inferred mineral resources as at 31 December 2019	650 960	2.28	1 484
Inferred mineral resources as at 31 December 2020	650 960	2.28	1 484

Group Chief Executive Officer's Review (cont'd)

Dalny mine

The period under review was characterised by plant breakdowns which led to lower throughput being processed by the mine. Resultantly, the mine achieved a modest 54% of the prior year's gold production of 364kg to record 198kg of gold for the year. A capacitation programme for the plants has been planned in 2021 to ramp up both mining and plant processing throughput.

The mine is also focused on the resuscitation of its underground operations which will bring consistency and stability to the ore grades as the mine's resources are primarily underground.

The table below is the Dalny mine resource statement as at 31 December 2020.

Dalny mine resource statement	Tonnes	Grade (g/t)	Content (kg)
Proved ore reserves as at 31 December 2019	237 454	4.94	1 173
Proved ore reserves as at 31 December 2020	237 454	4.94	1 173
Probable ore reserves as at 31 December 2019	274 328	4.65	1 276
Probable ore reserves as at 31 December 2020	274 328	4.65	1 276
Total ore reserves as at 31 December 2020	511 782	4.78	2 449
Measured mineral resources as at 31 December 2019	641 715	7.20	4 620
Measured mineral resources as at 31 December 2020	641 715	7.20	4 620
Indicated mineral resources as at 31 December 2019	1 142 408	4.28	4 890
Indicated mineral resources as at 31 December 2020	1 006 656	4.59	4 625
Inferred mineral resources as at 31 December 2019	427 810	4.21	1 801
Inferred mineral resources as at 31 December 2020	531 481	3.70	1 967

Empress Nickel Refinery (ENR)

The Refinery operated under care and maintenance throughout the year. Projects carried out by the Refinery to sustain care and maintenance costs during the year yielded 184 tons of matte and 21 tons of PGMs. Production was almost consistent with the prior year's 204 tons of matte and 20 tons of PGMs respectively.

Efforts to improve the furnace technology to increase matte production are currently underway which will see the Refinery increase the current capacity utilisation and cash flow generation.

Associate – RZM Murowa (Private) Limited

The closure of borders as part of the lockdown measures, resulted in the closure of diamond sales markets for an extended period during the year spanning from February to August 2020, had a negative impact on the Associate's cash flows. Consequently, the Associate downscaled its mining activities to sustain the subdued cash flows. As a result, the Associate recorded a 17% decline in diamond production to 568 200 carats from the prior year's 685 000 carats.

I am also saddened to report that a fatality incident was recorded at the K2 pit mining operations. The incident was thoroughly investigated with the assistance and support from the inspectorate department of the Ministry of Mines and Mining Development and necessary measures have been implemented to buttress the safety protocols at the mine.

Despite the setbacks encountered during the year, the Associate continued to operate profitably and increased its contribution to the Group as the Share of Profit from Associate rose from ZWL$29.8 million in prior year to ZWL$494.8 million. The increase was however, partially attributed to the depreciation of the Zimbabwean dollar against the United States dollar.

The Associate continues to conduct deep exploration drilling and underground evaluations on its K1 and K2 pits to delineate more resources that will extend the life of mine.

Group Chief Executive Officer's Review (cont'd)

Energy Projects – Solar

The Environmental Impact Assessments (EIAs) for the project are currently under way which will pave way for the construction phase of the solar plants. The Company commenced engagements for the Interconnection and Transmission Agreement and Power Purchase Agreements with ZETDC which are key to enable finalisation of the funding arrangements with potential financiers.

Energy Projects - Thermal

The Group is focused on the conclusion of the Environmental Impact Assessment for Sengwa which will cover the town, plant, transmission line and water pipeline.

Engagements with the potential EPC partners, Power China and CGGC on the financing arrangement are ongoing, however they have been dampened by restrictions imposed by the COVID-19 pandemic.

Human Resources

The Group remained committed to attracting and retaining staff across all our operations despite the operational challenges imposed by the COVID-19 pandemic. In the wake of the pandemic which wrecked businesses, the Company has not made redundant any of its employees from the prior year instead the Company marginally increased the staff complement by 6% to 2 769 from the previous year's 2 620. The Group will continue to implement various employee retention schemes and upscale its drive to nurture employee skills through graduate trainee programmes and support for professional and on the job trainings.

Corporate Social Responsibility

The Company aims to cement its presence through making positive contributions that have an impact to all the host communities in which the Company operates in and to the country at large. The Company's activities were however hampered by the adverse effects of the pandemic which limited movement within the communities.

The activities of the Company during the year were largely targeted towards strengthening the response to the COVID-19 pandemic in all our host communities. Noteworthy to mention is the Company's participation in the establishment of a COVID-19 treatment centre at St Anne's Hospital through financial contribution towards refurbishments and upgrading of the hospital's infrastructure to handle COVID-19 infections.

Future Prospects

With the COVID-19 pandemic continuing to evolve, the Company will continue to be vigilant in maintaining its health and safety protocols to protect our employees across all our operations.

In 2021, the Company's key focus is directed towards the commissioning of the BIOX project, the completion of which is imperative to revive the current low production volumes at Cam & Motor mine.

Engagements with the monetary authorities will continue in an effort to appeal for increased nostro retention to meet the foreign currency requirements of the Company.

The Company will also make concerted efforts towards the conclusion and obtaining the necessary EMA certifications which are prerequisites for the financial closure of both the 2 800 MW Sengwa Power Project and the 178 MW Solar Power Project.

Appreciation

I take this opportunity to appreciate the hard work and resilience of our staff members that enabled the Company to overcome this challenging year. I also take this opportunity to thank the Board for its unrivalled commitment to the Company as they steered the Company throughout the turbulent year. I also wish to extend my gratitude to our suppliers, bankers and regulators, whose patience and support was evident throughout the year.

M M Shah
Group Chief Executive Officer
Harare
18 March 2021

Cam & Motor mining operation.

Health, Safety & Environment

INTRODUCTION

The Group has built its organisational culture by incorporating sustainability as one of the key centres of excellence and integrating it into the overall objectives of the Group. To this end, the Group has embraced the Sustainable Development Goals and uses this framework for strategic planning purposes. The year under review was a challenging year given the obstacles brought by the COVID-19 pandemic. The Group continues to implore the dedication and attentiveness of its employees towards safe practices and observing the mandated protocols by the World Health Organisation to manage the spread of the pandemic at the work place and in the surrounding host communities.

The Group also offered various services to the communities it operates in to limit the spread of the virus. At Cam & Motor, the mine partnered with Kadoma City Council to provide free testing services, established community washing points and donated equipment to the Isolation centre facility. Despite the challenges, medical surveillance programmes, respiratory surveillance programmes and all the prescribed examinations were conducted across all operations. Any cases of exposure that were identified were followed up and successfully rehabilitated.

Health

Since the onset of the pandemic, the Group was classified as an essential service permitted to continue with operations during the lockdown periods, however, under strict adherence to the WHO guidelines. All mining locations in the Group managed to comply with the health and safety requirements and operated smoothly throughout the period. There were isolated COVID-19 cases recorded within the Group which were not severe and the affected employees were rehabilitated successfully. Awareness campaigns and management programmes were timely implemented to curb the contraction and spread of the virus within the surrounding communities. For the employees, various initiatives which include the working from home policy, thermal screening of employees, disinfection programmes, rigorous sanitisation and masking up proved effective.

At Renco mine, the World AIDS Day awareness was conducted at the mine and in the community. Due to the COVID-19 pandemic, new innovative ways of raising awareness were employed which included posting banners, putting on red ribbons and virtual sessions. This year's message was themed "Global Solidarity and Shared Responsibility, ending AIDS by 2030."

At Dalny mine, community clean-up campaigns were conducted to fight the spread of COVID-19 and other diseases. The campaign involved establishing waste collection points, physical cleaning of the community and educating the community. For sustainability, the mine enlisted the services of community health workers to keep increasing awareness in the community so that the WHO protocols become a way of life.

Health, Safety & Environment (cont'd)

Safety

The Group was committed to its strategic pillar of zero harm as the Group invested significantly in improving the health and safety of employees at the work place. There was a notable decline in Lost Time Injuries across the Group totalling 5 compared to 14 recorded in 2019. All the other leading indicators were within the target specifications.

Several initiatives were undertaken to continuously improve the safety culture across the operations with particular focus on the identification and development of departmental baseline risk registers and standard operating procedures. To buttress those efforts, the operations carried out HSE interactions and Planned Job Observations of all the activities. A positive correlation was noted between the scheduled efforts and the number of incidents in the various departments.

All operations executed their Business Continuity Plans which are an integral part of the Group's response to emergencies. The effectiveness of the emergency plans were put to the test through the response to the COVID-19 pandemic and the Company is satisfied with its emergency plans. All the operations conducted First Aid Training and Fire Fighting training to ensure consistency of skill and preparedness. The underground emergency response (PROTO) team conducted Workload and Heat Tolerance Tests during the year.

Part of clean water and sanitation facility in Chemukute, Kadoma.

Environment

The Group remained committed to sustainable development precepts through use of better technologies to protect the environment from its operations.

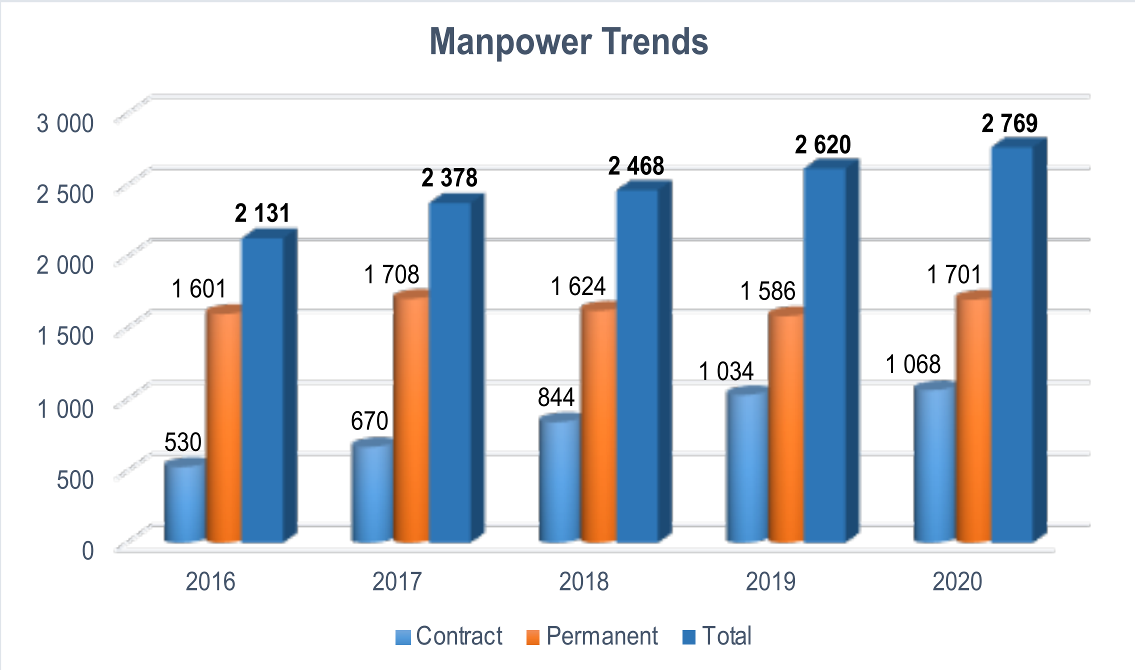
At all the locations, the National Tree Planting Day was observed with over 2 000 trees being planted mainly at the mine's tailings dumps as part of the rehabilitation efforts. Over 3 800 seedlings of both exotic and indigenous trees are currently being nursed at the tailings dump nurseries to ensure continuity of the tree planting programme.

National tree planting day

The Group complied with all the regulatory requirements including obtaining all the necessary licenses for the various processes during the period under review. For all the major projects, Environmental Impact Assessments (EIA) were conducted and approved in compliance with the Enviromental Management Act.

Clean up campaigns were conducted across the communities surrounding the Company's operations as part of the continued effort to provide communities with clean water and sanitation which is an intergral part of the Sustainable Development Goals. The communities have also been provided with the necessary facilities and correct methods of disposing waste.

Labour Practices



INTRODUCTION

The staff complement for the Group averaged 2 769 which represented a 6% growth from the prior year average of 2 620, made up of 1 701 permanent staff and 1 068 contract employees. The increase in the labour complement was attributable to the recruitment of employees engaged at Cam & Motor mine and Renco mine in support of expansion projects. The skilled workforce constituted 21% of the total work force whilst 79% was semi/unskilled.

HUMAN CAPITAL

Welfare

During the year under review, the COVID-19 pandemic affected the social well-being of our employees, as we adjusted to the 'new normal'. The Group recorded six (6) cases of COVID-19 infections and no fatalities. This low record of COVID-19 cases was achieved through a proactive approach towards the prevention of the spread of the pandemic brought about by aggressive awareness campaigns. The Company came up with a COVID-19 Policy at the onset of the pandemic which provided guidelines towards the prevention and containment of the pandemic. The policy provided for the formation of task forces for each location to spearhead Personal Protective Clothing issues and ensure compliance on hand washing, sanitisation, social distancing and other mandatory prevention measures recommended by the World Health Organisation.

The Company carried out community outreach programmes and awareness campaigns centred on COVID-19 prevention. The Company also provided personal protective equipment, medicines, and hand sanitizers to frontline employees within the communities the Company operates in towards the fight against the pandemic.

Investing in our People

The Company continued the enhancement of competencies through training and continuous development to strengthen and capacitate its employees. The Company invested in graduate training programmes and leadership development programmes for managers.

The Company continues to support the communities within which it operates by drawing labour from local communities. At national level the Company is also helping the enhancement of human capital skills through provision of industrial learning to students from tertiary institutions and development of technical skills through intensive apprenticeship training programmes at our various locations within the Group.

Industrial Relations Climate

The industrial relations climate was relatively calm during the year 2020. The Company took a proactive approach towards employee benefits and staff retention.

Report Of The Directors

INTRODUCTION

The year was marked by a difficult economic environment, worsened by the COVID-19 pandemic, which negatively affected operations and the supply chain of raw materials and services. The economic environment was characterised by mixed policy changes, unstable exchange rates and hyperinflation. The effect of the COVID-19 pandemic coupled with the challenging economic environment had a significant bearing on the financial performance of the Company during the period.

It is with this background that the Directors hereby present their report, together with the consolidated and separate financial statements of RioZim Limited and its subsidiaries (together the "Group") for the year ended 31 December 2020.

FINANCIAL RESULTS

During the first quarter of the year, the Reserve Bank of Zimbabwe introduced the fixed interbank exchange rate at an exchange rate of USD1:ZWL25. However, rates in the alternative markets traded at wide margins to the fixed exchange rate and local raw materials were pegged at the alternative market rates. The fixed exchange rate, therefore, was not reflective of the market exchange rates as per IAS 21 *"The effect of changes in the foreign exchange rates"* considerations. The interbank rates being the only legal exchange rates in the country were used for recording transactions in the books of records and for reporting purposes.

The Central Bank introduced the foreign currency auction system on the 23rd of June 2020 which would determine the interbank exchange rates weekly based on the weighted average rate calculated from the foreign currency auctioned for that week. Since the introduction of the foreign currency auction system, exchange rates stabilised and the gap with alternative rates narrowed throughout the second half of the year.

Despite the impact of a mix of the aforementioned factors, the Group achieved a net profit for the year of ZWL$452.7million against a net loss of ZWL$581.4million recorded in the prior year.

Presentation Currency

The Company's presentation currency remained the Zimbabwean Dollar (ZWL). The functional currency of the Group, however, was the USD in line with IAS21 *"The effect of changes in the foreign exchange rates"* considerations.

Statutory Instrument 33 of 2019 issued in the prior year prescribed an accounting treatment which was inconsistent with International Financial Reporting Standards (IFRS) IAS 21 *"The effects of changes in foreign exchange rates"* and the disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31). The effect of non-compliance with the requirements of IAS 21 in the prior year was, therefore, carried forward to the current year opening balances.

Foreign currency denominated balances and transactions of the Company were translated into the presentation currency, the Zimbabwe dollar (ZWL), at the applicable interbank exchange rates as more fully explained on note 4.13.

Group Financial Results

	Dec 2020 ZWL$ 000	Dec 2019 ZWL$ 000
Revenue	3 135 077	577 132
Operating profit/(loss)	462 728	(652 911)
Profit/(loss) before tax	907 970	(637 587)
Income tax (expense)/credit	(455 236)	56 209
Profit/(loss) for the year	452 734	(581 378)
Total comprehensive income for the year	3 579 277	785 608
Dividends	-	-

Report Of The Directors (cont'd)

SHARE CAPITAL

	2020 No. of shares 000	2020 Nominal value ZWL$ 000	2019 No. of shares 000	2019 Nominal value ZWL$ 000
Authorised share capital				
Ordinary shares				
Ordinary shares of US$0.01 each	140 000	1 400	140 000	1 400
Special Dividend Share of a nominal value of US$124 876	0.001	125	0.001	125
	140 000	**1 525**	**140 000**	**1 525**
Preference shares				
Cumulative redemable fixed rate preference shares of US$0.01 each	**10 000**	**100**	**10 000**	**100**

Issued shares

	2020 No. of shares 000	2020 Nominal value ZWL $000	2019 No. of shares 000	2019 Nominal value ZWL $000
Ordinary shares				
Ordinary shares of a nominal value of US$0.01 each	122 030	1 220	122 030	1 220
Special Dividend Share of a nominal value of US$124 876	0.001	125	0.001	125
	122 030	**1 345**	**122 030**	**1 345**
Preference shares				
Cumulative redeemable fixed rate preference shares of US$0.01 each	-	-	**10 000**	**100**

Notes:
*The Cumulative redeemable preference shares were redeemed in full during the year.
**The entitlement to the Special Dividend expired 31 December 2013 and the share now ranks equally with other ordinary shares.

Unissued shares

	2020 No. of shares 000	2020 Nominal value ZWL$ 000	2019 No. of shares 000	2019 Nominal value ZWL$ 000
Ordinary shares of US$0.01 each	17 970	180	17 970	180
Cumulative redeemable fixed rate preference shares of US$0.01 each	10 000	100	-	-

At the 64th Annual General Meeting (AGM) the members renewed their authority to place 5% of the unissued ordinary shares under the control of the Directors until the next AGM. The Company will be seeking authority for renewal of the same resolution as contained in the Notice of shareholders convening the 65th AGM.

Report Of The Directors (cont'd)

BORROWING POWERS

In terms of the Company's Articles of Association, the Company's borrowings should be limited at any given time to twice the value of the funds that are attributable to the shareholders and any excess should be sanctioned by the Company at a General Meeting. As at balance sheet date, the Company was within the prescribed borrowing powers.

AUDITORS

Ernst and Young Chartered Accountants (Zimbabwe) have indicated their willingness to continue as the auditors of the RioZim Limited Group. Members will be asked to fix their remuneration for the past audit and confirm their re-appointment for the ensuing year at the 65th Annual General Meeting. In terms of Section 69(6) of SI 134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules, 2019, companies must change their audit partners every five years and their audit firm every ten years. Ernst & Young have been auditing RioZim Limited for the past 9 years and as such are still eligible in line with the laws and regulations.

DIRECTORATE

Composition

Following the stepping down of Mr Bhekinkosi Nkomo from the position of Chief Executive Officer on the 30th June 2020, Mr Manit Mukeshkumar Shah was appointed as CEO effective 1 July 2020. Mr Rajgopal Swami was appointed to the Board as an Executive Director on 28 May 2020 and is currently the Chief Finance Officer. The Group looks forward to their valuable contribution.

In the same year under review Messrs Kurai Matsheza and John M. Chikura retired from the Board on the 25th of September 2020 and 30th of September 2020 respectively. The Board appreciates their dedication and service to the Company throughout their tenure on the Board.

Directors' Remuneration

A resolution will be proposed at the Annual General Meeting to approve the Directors' remuneration amounting to ZW$5 548 000 for the period 1 January 2020 to 31 December 2020.

By order of the Board

RioZim Management Services (Private) Limited
(For Secretaries)
Per T A Chiurayi
18 March 2021

Directors' Responsibility for Financial Reporting

DIRECTORS' RESPONSIBILITIES

The Directors of RioZim Limited are responsible for preparing the financial statements and related information contained in this report in accordance with the applicable laws, regulations and International Financial Reporting Standards (IFRS). The financial statements should present fairly in all material respects, the financial position and the performance of the Group.

The Directors are required to:

- maintain internal controls that are necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed and;
- assess the going concern status of the Group.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time, the financial position of the Group and enable them to ensure that the financial statements comply with the Companies and Other Business Entities Act [Chapter 24:31]. The Directors also have the responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Compliance with International Financial Reporting Standards (IFRS), the Companies and Other Business Entities Act and Zimbabwe Stock Exchange (ZSE) Listing Requirements

The accompanying consolidated and separate financial statements, which have been prepared under the historical cost convention, are in agreement with the underlying books and records of the Group and the Zimbabwe Stock Exchange Listing Requirements. In the prior year, the Government issued SI 33 of 2019 on 22 February 2019 which prescribed an accounting treatment which was in conflict with International Financial Reporting Standards (IFRS) IAS 21 *"Effects of changes in foreign exchange rates"* and the Companies and Other Business Entities Act [Chapter 24:31]. SI 33 of 2019 prescribed an exchange rate of 1:1 for all assets and liabilities prior to or on that date between ZWL and the USD.

The Group applied SI 33 of 2019 in compliance with the law and also used the interbank exchange rates to convert transactions and balances from the Group's functional currency, the United States Dollar to the Group's presentation currency, the Zimbabwean Dollar (ZWL). The current year financial statements have not been reinstated for the impact of accounting treatments which were not in compliance with IAS 21 in the prior year as it was impractical to determine and quantify the potential impact.

On the 23rd of June 2020, the RBZ introduced the foreign currency auction system which determines the spot exchange rates. Since the introduction of the auction system the exchange rates stabilised and the exchange rate is accessible for foreign exchange.

In the first half of the year the interbank exchange rates seemed to be distorted and not in line with IAS 21. The Group however, continued to use these interbank exchange rates as they are the only legal rates in the country. In the second half the auction determined exchange rates were widely accepted to meet the requirements of IAS 21.

GOING CONCERN

The Company progressed the BIOX project to 50% completion as at year end, and discussions with a potential financier for funding the completion of the project were at an advanced stage. The BIOX plant is scheduled to be commissioned in H2 2021 which will enable Cam & Motor to increase production through processing its high grade sulphide resources.

In assessing the going concern status of the Group, the Directors took into consideration the Group's budgets, forecasts, and the commissioning of the BIOX plant project which will have a positive bearing on the future performance and cash flows of the Group. The forecasts show that the Group will be profitable and will generate positive cash flows.

The Company's shareholders, creditors and all other stakeholders also remain confident on the prospects of the Group and continue to offer their support. The Group, therefore will continue to operate as a going concern, and preparation of the accompanying financial statements on a going concern basis is still appropriate.

Directors' Responsibility for Financial Reporting (cont'd)

COVID-19 ASSESSMENT

The COVID-19 situation deteriorated subsequent to year end as the country battled a new variant of the virus with new infections and the number of fatalities rising on a daily basis. In order to contain the rapid wide spread of the virus, the Government declared a national lockdown for a period of 30 days from the 5th of January 2021 through enactment of SI 2021-10 - Public Health (COVID-19 Prevention, Containment and Treatment) (National Lockdown) (No. 2) (Amendment) Order, 2021 (No. 9). The lockdown was extended by two consecutive weeks to 28 February 2021. Businesses designated as essential services which included the mining industry were, however, exempted and continued to operate, albeit under strict adherence to the World Health Organisation (WHO) guidelines.

An assessment carried out by the Directors taking into consideration all possible outcomes, shows that COVID-19 will have a negative impact on the Group's cash flows in the future, however it is impractical to determine the monetary value as the future remains uncertain. Therefore, no adjustments were made to the amounts and disclosures in the financial statements.

SIGNIFICANT ASSUMPTIONS AND ESTIMATES

Life of Mine (LOM)

In estimating the Life of Mine the Directors consider both developed and undeveloped resources together with the future cash flow generation forecast for each mine. In the prior year Cam & Motor, the Group's major operation in production and cash flow terms, ran out of oxide ores at its pits, resulting in the migration of mining activities to One-Step mine. The BIOX plant which is the future of Cam & Motor mine was at 30% completion at year end 2019, requiring a further USD12million to complete the project and all the fundraising initiatives were not yet successful. The Group's ability to fund exploration and development of its undeveloped resources at all the mines were therefore in doubt. Consequently, the undeveloped resources were excluded from the LOM determination resulting in a significant decrease in LOM estimate for the prior year.

As at year end, the BIOX project had progressed to 50% completion and discussions with a potential financier for funding of the completion of the BIOX project were at an advanced stage. The project is now forecast to be commission in H2 2021. With the BIOX project, the Group will be able to generate adequate cash flows to fund exploration activities to develop its probable and indicated resources into minable reserves, therefore these categories have been included in the estimation of LOM. The LOMs have therefore increased significantly compared to prior year. Refer to note 4.6 for detailed explanation.

Valuation of ENR Metals WIP Inventory

In the prior year, the metals WIP inventory was written down to its net realisable value (NRV). The net realisable value was determined as the sale value of the metals in their current condition instead of the full recovery of the inventory through production, considering the long time lag the Refinery has been on care and maintenance due to inability to secure raw materials. The same assumptions have been applied in the current year. Refer to note 4.9 for the detailed explanation.

The Directors believe that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements. The financial statements for the year ended 31 December 2020 which appear on pages 35-94 have been approved by the Board of Directors and are signed on their behalf by:

S R Beebeejaun
Board Chairman
18 March 2021

R Swami
Chief Finance Officer
18 March 2021

Corporate Governance Statement

RioZim Limited is committed to maintaining good corporate governance principles as an integral part of the manner in which the Company conducts its business and deals with all its stakeholders. The principles of accountability, transparency, ethical management, independence, integrity and fairness are fundamental to the Company's corporate governance framework. The Company endeavours to improve its corporate governance systems towards alignment with the National Code on Corporate Governance Zimbabwe and the Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules, 2019.

The Board and Management ensure sound and effective corporate practices are implemented as they are fundamental to the smooth and transparent operation of a company, its ability to attract investment, protection of the rights of shareholders and stakeholders, and enhancement of shareholder value.

THE BOARD OF DIRECTORS

The Board provides leadership in directing the Company to achieve sustainable growth and acts in the best interest of the shareholders to create shareholder value. The main responsibilities of the Board include supporting good corporate governance, setting up the Company's policies, formulating and reviewing strategy, monitoring and assessing operational and financial performance, financial reporting, management of internal controls and promoting an ethical corporate culture.

All Directors have full access to Management and the Company Secretary for information required to discharge their responsibilities fully and effectively. The Board also has access to independent professional advice at any time, with prior request to the Company Secretary. The Board meets on a quarterly basis, however, it can be convened as and when needed for matters of urgency and importance. In the period under review there were a total of four (4) board meetings.

During the period under review the RioZim Limited Board comprised nine (9) Directors with seven (7) of the nine (9) Directors being non-executive including the Chairman. The post of Chairman and Chief Executive Officer of the Company are separate to ensure a clear distinction between the Chairman's responsibility of leading the Board and the Chief Executive Officer's responsibility to manage the Company's business. The majority of the Board comprises Non-Executive Directors which strengthens objectivity and independent decision making in driving the Group's strategy, performance and governance.

Subsequent to the retirement of Mr Kurai Matsheza on the 25th of September 2020 and Mr John M Chikura on the 30th of September 2020, the number of Non-Executive Directors reduced to five (5). Mr Manit Mukeshkumar Shah was appointed as Chief Executive Officer effective 1 July 2020 after Mr Bhekinkosi Nkomo stepped down on the 30th of June 2020. Mr Rajgopal Swami was appointed as an Executive Director on the 28th of May 2020 and is currently the Chief Finance Officer. The Board currently comprises seven (7) Directors.

Board Expertise

The Board and the committees have the appropriate balance of skills, expertise, competencies and knowledge of the Group and its operations to enable them to discharge their respective duties and responsibilities effectively. The Board is diverse in terms of age, education, qualifications, background, sector expertise and special skills. The Directors are drawn from a wide range of fields, ensuring broad based business skills, industrial expertise and experience. The Board based on the recommendations of the Remuneration and Nomination Committee has identified a criterion for Directors in the context of the businesses and sectors the Company operates in for effective functioning. The following core skills, expertise and competencies have been identified:

- Research and Innovation
- Human Resources and Communication
- Health, Safety and Environment
- Cross-Cultural Experience
- Business Management and Development
- Corporate Strategy and Planning

Corporate Governance Statement (cont'd)

Board Attendance

The following table details Directors' attendance of Board Meetings for the year ended 31 December 2020.

S R Beebeejaun	Non-Executive Director	4/4
C Dengu	Non-Executive Director	4/4
J M Chikura***	Non-Executive Director	3/3
G K Jain	Non-Executive Director	0/4
K Matsheza**	Non-Executive Director	3/3
M T Sachak	Non-Executive Director	4/4
I M Sharma	Non-Executive Director	4/4
B Nkomo*	Executive Director	2/2
M M Shah	Executive Director	4/4
R Swami	Executive Director	4/4

* Retired effective 30 June 2020

**Retired effective 25 September 2020

*** Retired effective 30 September 2020

BOARD COMMITTEES

In order to allocate due time and consideration to its vast responsibilities, the Board has delegated its specialised tasks to Committees. Strategic to the implementation of good corporate governance, the Company has maintained its four (4) Committees each with its own terms of reference as approved by the Board which include membership requirements, duties and reporting procedures. At the end of each Committee meeting, highlights of the proceedings are prepared and presented by the Chairman of each Committee to the main Board. The effectiveness of these Committees is evaluated by the Board on an annual basis. A comprehensive description of the four (4) Committees is provided below:

Audit and Risk Committee

The Audit and Risk Committee is a statutory committee of the Board appointed in terms of section 73(5) of Statutory Instrument 134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules, 2019 and section 219 of the Companies and Other Business Entities Act [Chapter 24:31]. In the year under review, the committee comprised three (3) Non-Executive Directors and was chaired by Mr K Matsheza, a Non-Executive Director, until the fourth quarter when Mr M T Sachak was appointed as Chairman. Executive Directors and the internal audit department may attend the meetings as invitees. The external auditors have unrestricted access to this committee.

The Committee is responsible for providing oversight in respect of the effectiveness of the Group's finance function, some of its duties include:

- reviewing internal controls, with reference to the findings of both internal and external auditors;
- reviewing important accounting issues;
- establishing appropriate risk and control policies to areas of risk identified by management; and
- assuring the integrity and reliability of financial statements.

In addition, the committee is also responsible for:

- the selection, remuneration, and terms of engagement of an external auditor, who, in its judgement, is independent of the company, subject to ratification by the shareholders;
- proposing, for approval by the shareholders, the engagement of that auditor upon such remuneration and other terms as it has determined to be reasonable;
- monitoring the independence of the company's external auditor and discharging the auditors' tasks; and
- reporting to the shareholders generally on the Committee's activities and matters of its greatest concern.

Corporate Governance Statement (cont'd)

Finance and Investment Committee

The Finance and Investment Committee comprised four (4) Non-Executive Directors with the Chief Executive Officer as an ex officio member. Mr M T Sachak chaired the committee which meets quarterly. The committee's main objective is to provide strategic and tactical review of the Company's finance and investments projects. Such reviews are cognisant of prevailing economic conditions and agreed internal performance targets.

Remuneration and Nomination Committee

The Committee is responsible for selecting, compensating, monitoring and replacing key executives and overseeing succession planning. The Remuneration and Nomination committee comprised three (3) Non-Executive Directors. The Chief Executive Officer, Chief Finance Officer and other management personnel may attend the meeting as invitees.

Mr M T Sachak was the Chairman of the Committee which meets not less than twice a year. The Committee ensures the Company has a competitive remuneration policy and governance framework which is aligned with the Company's strategic and organisational performance objectives. The policy is transparent with a remuneration framework that clearly differentiates between occupational levels of work and pay grades that facilitate remuneration benchmarking for each job within a skill pool.

Sustainable Development Committee

The objective of the Sustainable Development Committee is to oversee, on behalf of the Board, policies, processes and strategies designed to manage safety, health, environment, socio-political and supply chain practices. Its aim is to ensure that the Company is compliant with sustainable development responsibilities and strives to be a global leader in sustainable mining.

In the year under review, the Committee comprised four (4) Non-Executive Directors and was chaired by Mr K Matsheza until the fourth quarter when Mr I M Sharma was appointed Chairman. It meets not less than twice a year. All General Managers attend the meetings as well as the Corporate Affairs Executive. Sustainability within the RioZim Group spans all aspects of our business, and the Committee provides specific oversight of risks and opportunities in the following areas:

- Safety - the attainment of zero harm in the Company's operations and for those affected by the Company's operations including surrounding communities;

- Health and Wellbeing - occupational hygiene, community health and the health and wellbeing of the Company's employees, contractors and members of the surrounding community;

- Environment - protection of the environment, material stewardship, long term mine closure liabilities, management of legacy issues, water management and climate change;

- Social Impact Management and Socio-Economic Development - relationships with communities, community development, human rights, resettlement and housing;

- Social-Political Issues - contributions to national socio-political development, permitting long term economic development and land access; and

- Supply Chain - local and inclusive procurement, supplier assurance and the impact of procurement decisions on human health and the environment.

Corporate Governance Statement (cont'd)

BOARD COMMITTEES ATTENDANCE

The chart below details the attendance of Directors within the four (4) committees.

NAME	AUDIT AND RISK	FINANCE AND INVESTMENT	REMUNERATION AND NOMINATIONS	SUSTAINABLE DEVELOPMENT
S R Beebeejaun **Non-Executive Chairman**	N/A	N/A	N/A	N/A
C Dengu **Non-Executive Deputy Chairman**	4/4	4/4	2/2	N/A
J M Chikura **Non-Executive Director**	N/A	N/A	N/A	2/2
G K Jain **Non-Executive Director**	N/A	0/4	N/A	N/A
K Matsheza **Non-Executive Director**	3/3	3/3	2/2	2/2
I M Sharma **Non-Executive Director**	N/A	N/A	1/1	2/2
M T Sachak **Non-Executive Director**	4/4	4/4	3/3	2/2
B Nkomo **Chief Executive Officer**	N/A	N/A	N/A	N/A
M M Shah **Executive Director**	N/A	N/A	N/A	N/A
R Swami **Chief Finance Officer**	N/A	N/A	N/A	N/A

DECLARATION OF DIRECTORS OR EMPLOYEE INTERESTS

i) As provided by statute and in accordance with the principle of transparency, the Company observes a closed period one month prior to the end of the relevant accounting period, to the announcement of the interim or year-end results, as the case may be. During the closed period neither Directors nor officers of the Company may deal, either directly or indirectly, in the shares of the Company.

ii) Outside of the closed periods, Directors and officers of the Company must obtain prior written approval of the Company in order to deal in its shares.

iii) Directors and officers of the Company are obligated to declare any material interest they may have that may be deemed to be in conflict with their appointments.

During the year under review the following declarations were submitted:-

In accordance with section 213 of the Companies and Other Business Entities Act [Chapter 24:31], and as detailed in the Direct and Indirect Shareholding of Directors section of this report, Messrs C Dengu and M T Sachak declared that they had shares both directly and indirectly in the Company.

iv) In accordance with section 213 of the Companies and Other Business Entities Act, the Directors declared their other directorships including those held in subsidiaries of RioZim Limited.

v) In accordance with section 57 of the Companies and Other Business Entities Act, Mr C Dengu declared his interest as investment advisor for the Sengwa Power Project and the solar power projects, in terms of the contract entered into between RioZim and CDFT Capital, a Mauritian based company for which he is a non-resident shareholder and managing director.

Direct and Indirect Shareholding of Directors

As at 31 December 2020

Director's name	No. of Shares as at 31 December 2020
C Dengu**	187
M Sachak*	51 441
Total	**51 628**

*Mr M Sachak holds 51 441 shares in his personal capacity and an indirect shareholding through Triedward Investments (Private) Limited which owns 68 368 ordinary shares in RioZim Limited.

**Mr C Dengu holds 187 shares in his personal capacity and indirect shareholding through the Caleb Dengu Family Trust which owns 71 507 ordinary shares in RioZim Limited.

There were no changes in the above direct and indirect shareholding of Directors as at 8 April 2021, the date of publication of these financial statements.

As at 31 December 2019

Director's name	No. of Shares as at 31 December 2019
C Dengu	187
K Matsheza^	3 040
M Sachak*	51 441
Total	**54 668**

*Mr M Sachak held 51 441 shares in his personal capacity and an indirect shareholding through Triedward Investments (Private) Limited which owns 68 368 ordinary shares in RioZim Limited.

^Mr K Matsheza retired from the Board on 25 September 2020.

Building a better working world

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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 set out on pages 35 to 94, which comprise the consolidated and separate statements of financial position as at 31 December 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

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 2020, and their financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Adverse Opinion

<u>Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors</u>

Translation of transactions and balances to functional currency (Group and company)

As explained in note 4.12 to the consolidated and separate financial statements, the Group's functional currency is the United States Dollar (US$) and presentation currency is the Zimbabwean Dollar (ZWL).

The Group and Company translated Zimbabwean Dollar (ZWL) denominated transactions and balances into United States Dollars using the interbank rate for the period 1 January 2020 to 22 June 2020. 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 and separate financial statements was modified accordingly.

Therefore, the underlying USD used to determine the amount shown for accumulated profit/(loss) of ZWL'000 27 617 (2019: ZWL'000 (595 608) and non-controlling interest of ZWL'000 3 650 (2019: ZWL'000 3 464 on the consolidated and separate Statements of Financial Position at year end and all expense amounts on the consolidated and separate Statements of Profit or Loss and Comprehensive Income except for revenue, finance cost, finance income, foreign currency translation reserve and share of profit/(loss) from an associate are impacted.

Consolidation of an associate with underlying errors (Group)

In addition, the Investment in Associate on the consolidated statement of Financial Position of (ZWL'000) 1 317 637 (2019: ZWL'000 187 891) relates to the equity accounted results of a local associate whose functional currency is USD and whose financial results are affected by the prior year translation at an inappropriate exchange rate. Therefore, the equity accounted share of profit in the current year included in Share of profit from associate on the consolidated statement of Profit or Loss of (ZWL'000) 494 842) (2019: ZWL'000 22 908) is likely misstated as is the Investment in Associate. This matter also arose in the prior year and contributed to our prior year adverse opinion.

Presentation Currency Translation (Group and company)
Further to the above, for the first half year to 22 June 2020 Company and Group management translated the consolidated and separate statement of profit or loss, consolidated and separate statements of changes in equity and consolidated and separate statements of cashflows from the functional USD to presentation ZWL currency using the rates noted in the matter above which we disagree with. This final matter would impact all amounts on the consolidated and separate statements of profit or loss and other comprehensive income, cashflows and changes equity. Consequently, accumulated profit/(loss), foreign currency translation reserve and non-controlling interests on the consolidated and separate statements of financial position would have been materially different. This matter also arose in the prior year and contributed to our prior year adverse opinion.

Overall
As the matters are from prior year and as no restatements have been made to the prior year consolidated and separate financial statements:

Corresponding numbers relating to all line items except for share capital and share premium remain misstated on the consolidated and separate Statements of Financial Position; all amounts on the consolidated and separate Statements of Profit or loss and other Comprehensive income and amounts, Cash Flows and Changes in Equity. Our opinion on the current year'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 year'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.

In addition, the following amounts on the consolidated and separate statements of financial position are impacted as they still comprise of material amounts from opening balances:

- Investment in associate company (ZWL'000) 1 317 637
- Accumulated profit/(loss) (ZWL'000) 27 617
- Non-controlling interest (ZWL'000) 3 650
- Deferred tax liability (ZWL'000) 447 283
- Other Payables (ZWL'000) 2 474 850

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 described 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 Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with these requirements and the 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

Other information consists of the Chairman's Statement, The Chief Executive Officer's Business Report, the Directors' Report and the Statement of Corporate Governance which are expected to be made available to us after the date of our audit report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. 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 and Other Business Entities Act (Chapter 24:31), 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's 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 and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the (consolidated) and separate financial statements 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 skepticism 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'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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 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, actions taken to eliminate threats or safeguards applied.

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 year 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.

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

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Audit
Harare

5 April 2021

RioZim Limited

Statement Of Profit Or Loss

For The Year Ended 31 December 2020

		GROUP		COMPANY	
	Notes	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Revenue	6	3 135 077	577 132	3 135 077	577 132
Cost of sales		(2 028 676)	(562 926)	(2 028 676)	(562 926)
Gross profit		**1 106 401**	**14 206**	**1 106 401**	**14 206**
Distribution and selling costs		(778)	(268)	(778)	(268)
Administrative expenses		(758 333)	(691 399)	(799 525)	(633 618)
Other income	8	115 438	24 550	115 438	24 550
Operating profit/(loss)		**462 728**	**(652 911)**	**421 536**	**(595 130)**
Net finance costs		(49 600)	(7 584)	(29 493)	(5 049)
Finance income	9	424	1 188	424	1 188
Finance costs	10	(50 024)	(8 772)	(29 917)	(6 237)
Share of profit from an associate	11	494 842	22 908	-	-
Profit/(loss) before tax		**907 970**	**(637 587)**	**392 043**	**(600 179)**
Income tax (expense)/credit	12	(455 236)	56 209	(435 511)	44 054
Profit/(loss) for the year		**452 734**	**(581 378)**	**(43 468)**	**(556 125)**
Profit/(loss) for the year attributable to:					
Owners of the parent		456 309	(581 030)	(43 468)	(556 125)
Non-controlling interests	22	(3 575)	(348)	-	-
		452 734	**(581 378)**	**(43 468)**	**(556 125)**
Earnings/(loss) per share (cents):					
Basic	13	373.93	(476.14)	(35.62)	(455.73)
Diluted basic	13	373.93	(476.14)	(35.62)	(455.73)

Statement Of Other Comprehensive Income

For The Year Ended 31 December 2020

	Notes	GROUP 2020 ZWL$ 000	GROUP 2019 ZWL$ 000	COMPANY 2020 ZWL$ 000	COMPANY 2019 ZWL$ 000
Profit/(loss) for the year		452 734	(581 378)	(43 468)	(556 125)
Other comprehensive income/(loss) to be reclassified to profit or loss:					
Foreign currency translation gains		2 947 931	1 369 783	2 347 591	1 155 809
Net other comprehensive income to be reclassified to profit or loss		**2 947 931**	**1 369 783**	**2 347 591**	**1 155 809**
Other comprehensive income/(loss) not to be reclassified to profit or loss:					
Re-measurement gains/(losses) on defined benefit plans	27	219 973	(4 329)	219 973	(4 329)
Income tax effect	12	(53 057)	1 070	(53 057)	1 070
Fair value gain on other comprehensive income investments	17.1	12 312	486	12 312	486
Income tax effect	12	(616)	(24)	(616)	(24)
Net other comprehensive income/(loss) not to be reclassified to profit or loss		**178 612**	**(2 797)**	**178 612**	**(2 797)**
Total other comprehensive income for the year, net of tax		**3 126 543**	**1 366 986**	**2 526 203**	**1 153 012**
Total comprehensive income for the year		**3 579 277**	**785 608**	**2 482 735**	**596 887**
Total comprehensive income attributable to:					
Owners of the parent		3 579 091	781 413	2 482 735	596 887
Non-controlling interests	22	186	4 195	-	-
		3 579 277	**785 608**	**2 482 735**	**596 887**

RioZim Limited

Statement Of Financial Position

As At 31 December 2020

	Notes	GROUP 2020 ZWL$ 000	GROUP 2019 ZWL$ 000	COMPANY 2020 ZWL$ 000	COMPANY 2019 ZWL$ 000
ASSETS					
Non-current assets					
Property, plant and equipment	14	5 018 833	957 601	4 098 051	755 139
Exploration, evaluation and development assets	15	563 423	118 631	480 544	101 493
Right of use assets	16	1 422	809	1 422	809
Investment in subsidiaries	17.2	-	-	13 577	2 784
Investment in associate company	11	1 317 637	187 891	657 673	134 848
Employee benefit asset	27	214 633	-	214 633	-
Fair value through other comprehensive income investments	17.1	12 976	664	12 976	664
Loans and receivables	17.3	-	1 251	-	1 251
Deferred tax assets	12	-	61 626	-	51 049
Total non-current assets		**7 128 924**	**1 328 473**	**5 478 876**	**1 048 037**
Current assets					
Inventories	18	1 427 751	277 560	1 377 287	267 214
Trade and other receivables	19	1 087 562	196 728	1 412 758	260 371
Loans and receivables	17.3	-	75	-	75
Cash and cash equivalents	20	94 794	32 467	94 713	32 436
Total current assets		**2 610 107**	**506 830**	**2 884 758**	**560 096**
Total assets		**9 739 031**	**1 835 303**	**8 363 634**	**1 608 133**
EQUITY & LIABILITIES					
Shareholders' equity					
Share capital	21.3	1 345	1 345	1 345	1 345
Share premium	21.3	20 789	20 789	20 789	20 789
Foreign currency translation reserve		4 309 410	1 365 240	3 503 400	1 155 809
Fair value through other comprehensive income reserve	21.4	12 304	608	12 304	608
Accumulated profits/(losses)	21.5	27 617	(595 608)	(449 046)	(572 494)
Equity attributable to equity holders of the parent		**4 371 465**	**792 374**	**3 088 792**	**606 057**
Non-controlling interests	22	3 650	3 464	-	-
Total equity		**4 375 115**	**795 838**	**3 088 792**	**606 057**
Non-current liabilities					
Cumulative redeemable preference shares	23	-	33 434	-	33 434
Interest-bearing loans and borrowings	24	-	5 072	-	5 072
Provisions	25	267 077	77 674	138 408	36 447
Other payables	26.1	2 474 850	507 437	2 474 850	507 437
Deferred tax liabilities	12	447 283	-	438 135	-
Employee benefit liability	27	-	4 352	-	4 352
Lease liabilities	26.2	-	301	-	301
Total non-current liabilities		**3 189 210**	**628 270**	**3 051 393**	**587 043**
Current liabilities					
Trade and other payables	26.1	1 879 583	331 686	1 928 326	335 524
Interest-bearing loans and borrowings	24	294 484	78 571	294 484	78 571
Lease liabilities	26.2	639	938	639	938
Total current liabilities		**2 174 706**	**411 195**	**2 223 449**	**415 033**
Total liabilities		**5 363 916**	**1 039 465**	**5 274 842**	**1 002 076**
Total liabilities and shareholders' equity		**9 739 031**	**1 835 303**	**8 363 634**	**1 608 133**

These financial statements were approved by the Board of Directors on 18 March 2021 and signed on its behalf by:

S R BEEBJAUN
Chairman
Harare
18 March 2021

R SWAMI
Chief Finance Officer
Harare
18 March 2021

Statement Of Changes In Equity

For The Year Ended 31 December 2020

GROUP

	Attributable to equity holders of the parent							
	Share capital [Note 21.3] ZWL$ 000	Share premium [Note 21.3] ZWL$ 000	Fair value through other comprehensive income reserve [Note 21.4] ZWL$ 000	Foreign currency translation reserve ZWL$ 000	Accumulated profits [Note 21.5] ZWL$ 000	Total ZWL$ 000	Non controlling interests [Note 22] ZWL$ 000	Total equity ZWL$ 000
Balance as 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	1 365 240	(3 259)	1 362 443	4 543	1 366 986
Total comprehensive income/(loss)	-	-	462	1 365 240	(584 289)	781 413	4 195	785 608
Balance as at 31 December 2019	1 345	20 789	608	1 365 240	(595 608)	792 374	3 464	795 838
Profit/(loss) for the year	-	-	-	-	456 309	456 309	(3 575)	452 734
Other comprehensive income net of tax	-	-	11 696	2 944 170	166 916	3 122 782	3 761	3 126 543
Total comprehensive income	-	-	11 696	2 944 170	623 225	3 579 091	186	3 579 277
Balance as at 31 December 2020	1 345	20 789	12 304	4 309 410	27 617	4 371 465	3 650	4 375 115

COMPANY

	Share capital [Note 21.3] ZWL$ 000	Share premium [Note 21.3] ZWL$ 000	Foreign currency translation reserve ZWL$ 000	Fair value through other comprehensive income reserve [Note 21.4] ZWL$ 000	Accumulated losses [Note 21.5] ZWL$ 000	Total equity ZWL$ 000
Balance as at 1 January 2019	1 345	20 789	-	146	(13 110)	9 170
Loss for the year	-	-	-	-	(556 125)	(556 125)
Other comprehensive income/(loss) net of tax	-	-	1 155 809	462	(3 259)	1 153 012
Total comprehensive income/(loss)	-	-	1 155 809	462	(559 384)	596 887
Balance as at 31 December 2019	1 345	20 789	1 155 809	608	(572 494)	606 057
Loss for the year	-	-	-	-	(43 468)	(43 468)
Other comprehensive income net of tax	-	-	2 347 591	11 696	166 916	2 526 203
Total comprehensive income	-	-	2 347 591	11 696	123 448	2 482 735
Balance as at 31 December 2020	1 345	20 789	3 503 400	12 304	(449 046)	3 088 792

Statement Of Cash Flows

For The Year Ended 31 December 2020

	Notes	GROUP 2020 ZWL$ 000	GROUP 2019 ZWL$ 000	COMPANY 2020 ZWL$ 000	COMPANY 2019 ZWL$ 000
Cash flows from operating activities					
Profit/(loss) before tax		907 970	(637 587)	392 043	(600 179)
Adjustments to add/(deduct) non-cash items:					
Finance costs	10	50 024	8 772	29 917	6 237
Finance income	9	(424)	(1 188)	(424)	(1 188)
Depreciation of property,plant and equipment	14	362 329	295 887	320 481	254 703
Impairment (reversal)/charge on property, plant and equipment	14	(49 951)	49 951	(49 951)	49 951
Write-down of inventory	7	47 198	211 987	47 198	211 987
Amortisation of exploration, evaluation and development assets	15	111 546	158 914	111 192	158 264
Depreciation of right of use of assets	16	4 413	606	4 413	606
(Decrease)/Increase in mine rehabilitation provision	25	(171 782)	18 556	(79 278)	3 645
Sundry income	8	(49 223)	(19 878)	(49 223)	(19 878)
Share of profit from an associate	11	(494 842)	(22 908)	-	-
Other non-cash (expenses)/income		6 487	(10 866)	8 578	175
Working capital adjustments:					
Change in inventories		(1 197 389)	(449 136)	(1 157 271)	(439 447)
Change in trade and other receivables		(841 537)	(176 832)	(777 893)	(223 869)
Change in trade and other payables		2 136 211	735 817	2 021 278	761 061
Interest paid		(3 623)	(3 971)	(3 623)	(3 971)
Net cash flows from operating activities		**817 407**	**158 124**	**817 437**	**158 097**
Cash flows from investing activities					
Investment in exploration and evaluation assets	15	(37 256)	(26 357)	(37 256)	(26 357)
Additions to property, plant and equipment	14	(763 670)	(122 146)	(763 670)	(122 146)
Net cash used in investing activities		**(800 926)**	**(148 503)**	**(800 926)**	**(148 503)**
Cash flow from financing activities					
Inflows from borrowings		-	6 635	-	6 635
Repayment of borrowings		(44 162)	(12 920)	(44 162)	(12 920)
Repayment of lease liabilities		(3 627)	(176)	(3 627)	(176)
Net cash generated from/(used) in financing activities		**(47 789)**	**(6 461)**	**(47 789)**	**(6 461)**
Net (decrease)/increase in cash and cash equivalents		(31 308)	3 160	(31 278)	3 133
Unrealised exchange gains on foreign currency balances		93 635	29 190	93 555	29 190
Cash and cash equivalents at the beginning of the period		32 467	117	32 436	113
Cash and cash equivalents at 31 December	20	**94 794**	**32 467**	**94 713**	**32 436**

Notes To The Financial Statements

For The Year Ended 31 December 2020

1. GENERAL INFORMATION

RioZim Limited ('the Company') and its subsidiaries (together 'the Group') are involved in exploration, 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, Highlands, Harare.

The Company is listed on the Zimbabwe Stock Exchange. These financial statements were authorised for issue by the Board of Directors on 18 March 2021.

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Statutory Instrument 33 of 2019 issued in prior year 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 and Other Business Entities Act (Chapter 24:31). Subsequently the Government also issued Statutory Instrument 41 of 2019 which prescribed that where International Financial Reporting Standards is not aligned to local laws, then local laws take precedence. Therefore, the effect of non-compliance with the requirements of IAS 21 in prior year was carried forward to current year opening balances. Accordingly, it was impractical to comply with the full requirements of International Financial Reporting Standards which is the Group's reporting framework. The consolidated and separate financial statements have been prepared on a historical cost basis, except for certain financial assets that have been measured at fair value.

The consolidated and separate financial statements are presented in Zimbabwean Dollars (ZWL), and all values are rounded to the nearest thousand (ZWL$000), except where otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of RioZim Limited and its subsidiaries as at 31 December 2020. Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The relevant activities are those which significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. (Refer to note 22 for detailed disclosure on the Group's non-controlling interests) When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

2. BASIS OF PREPARATION (cont'd)

2.2 Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Investment in associate

An associate is an entity over which the Group has significant influence, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date (Refer to note 11 for detailed disclosure on the Group's associate). Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3.2 Foreign currencies

The Group's consolidated and separate financial statements are presented in Zimbabwean Dollars, which is the Group's presentation currency. The Group's functional currency is the United States Dollars (refer to note 4.11 for the detailed description on the Group's functional currency). The Group does not have any foreign operations.

Transactions denominated in other currencies are initially recorded by the Group's entities in the Group's functional currency at the spot rates at the date the transaction first qualifies for recognition (refer to note 4.13 for the detailed description on exchange rates). Monetary assets and liabilities denominated in other currencies are translated at the functional currency spot rates of exchange at the reporting date. All exchange differences are recognised in profit or loss.

Non-monetary items that are measured at historical cost in other currencies are translated using the exchange rates at the dates of the initial transaction. Non-monetary items measured at fair value in another other currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Foreign currencies (cont'd)

In determining the spot exchange rate to use on initial recognition of the related asset and expense (or part of it), the date of the transaction is the date on which the Group initially recognises the non-monetary asset. If there are multiple payments, the Group determines the transaction date for each payment.

At the reporting date, the Group translates its items of income and expenses and financial position into the presentation currency using the following procedures:

- assets and liabilities for each statement of financial position presented including comparatives is translated at the closing rate;
- income and expenses for each statement of comprehensive income including comparatives is translated at exchange rates at the dates of the transactions;
- all resulting exchange differences are recognised in other comprehensive income.

3.3 Property, plant and equipment

i) Initial Recognition

Capital work in progress is stated at cost, net of accumulated impairment losses, if any. Upon completion, the assets are transferred into "Property, plant and equipment". Items of property, plant and equipment and producing mine are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included in property, plant and equipment.

When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (Note 4) and provisions (Note 25) for further information about the recognised decommissioning provision.

ii) Subsequent measurement

Land and buildings comprise commercial premises, mine houses and offices. Land is not depreciated. Depreciation is calculated using the straight-line method over their estimated useful lives, as follows:

Furniture and fittings	3 - 8 years
Heavy mobile equipment	4 years
Motor vehicles	3 - 5 years
Plant and equipment	shorter of economic life of asset and life of mine
Freehold buildings	100 years

No depreciation is charged when the carrying amounts of items of property, plant and equipment are equal or less than their residual values or when the item has not yet been brought into use (e.g. capital work in progress). An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Stripping (waste removal) costs

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a Unit of Production (UOP) method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Stripping activities undertaken during the production phase of a surface mine (production stripping) are accounted for as set out below:

After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping (as outlined above).

Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a 'stripping activity asset', if the following criteria are met:

- future economic benefits (being improved access to the ore body) are probable.
- the component of the ore body for which access will be improved can be accurately identified.
- the costs associated with the improved access can be reliably measured.

If any of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred.

In identifying components of the ore body, the Group works closely with the mining operations personnel to analyse the mine plans for each mining operation. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons, which include, but are not limited to: the type of commodity, the geological characteristics of the ore body, the geographical location, and/or financial considerations. Given the nature of the Group's operations, components are generally either major pushbacks or phases and they generally form part of a larger investment decision which requires board approval.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of 'Exploration and development assets' in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently amortised using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less amortisation and any impairment losses.

3.5 Exploration, evaluation and development expenditure

3.5.1 Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Exploration, evaluation and development expenditure (cont'd)

3.5.1 Exploration and evaluation expenditure (cont'd)

Exploration and evaluation activities includes:

- Researching and analysing historical exploration data.
- Gathering exploration data through geophysical studies.
- Exploratory drilling and sampling.
- Determining and examining the volume and grade of the resource.
- Surveying, transportation and infrastructure requirements.
- Conducting market and finance studies.

License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the Directors conclude that a future economic benefit is more likely than not to be realised. These costs include materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

If a project does not prove viable, all irrecoverable costs associated with the project are written off. When it is decided to proceed with development, any provisions made in previous years are reversed to the extent that the relevant costs are recoverable. If an undeveloped project is sold, any gain or loss is included in operating profit, such operations being a normal part of the Group's activities. Exploration and evaluation expenditure is capitalised net of proceeds from the sale of ore extracted during the exploration and evaluation phase. Where these proceeds exceed the exploration and evaluation costs, any excess income is recognised in profit or loss.

Exploration and evaluation assets are subsequently measured at cost less accumulated impairment losses, up until the mine starts producing, after which the cost less any accumulated impairment losses will be amortised over the life of the mine concerned.

3.5.2 Development expenditure

If a project proves viable after the exploration and evaluation work completed to date supports the future development of a mine and such development receives appropriate approvals, all subsequent expenditure on the construction, installation or completion of infrastructure facilities including purchase cost of any machinery and equipment and any costs directly attributable to bringing the machinery and equipment into operation (freight, duties and taxes not recoverable from the tax authorities) are capitalised under 'Capital Work in Progress'.

Upon completion of the mine construction phase, the assets are transferred to 'Property, plant and equipment' if tangible, or to 'Exploration and development assets' if intangible. The items of property, plant and equipment and development costs are stated at cost, less accumulated depreciation/amortisation and accumulated impairment losses. The initial cost of the mine assets comprises purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs.

3.6 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset or cash generating unit (CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

In calculating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of at least five years or the expected useful life of the asset or CGU.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Impairment of non-financial assets (cont'd)

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of accumulated depreciation/amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

3.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and cash equivalents, trade and other receivables, and fair value through OCI investments.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is recognised as part of finance income in the statement of profit or loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

This category is the most relevant to the Group. The Group's financial assets at amortised cost includes 'Trade and other receivables' (not subject to provisional pricing) and 'Cash and cash equivalents' which are classified under current assets.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Financial instruments (cont'd)

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value i.e. where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category applies to the Group`s trade receivables with provisional pricing (quotational period). The "Quotational Period (QP)" is the period after the physical shipment of goods during which the sales price is subject to change based on fluctuations in quoted commodity market prices up to the date of final settlement. The QP can be between one to six months.

Given the exposure to the commodity price, these provisionally priced trade receivables will fail the SPPI test. As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements being recognised in 'fair value gains/losses on provisionally priced trade receivables' in the statement of profit or loss. Changes in fair value over, and until the end of, the QP, are estimated by reference to updated forward market prices as well as taking into account relevant other fair value considerations as set out in IFRS 13, including interest rate and credit risk adjustments.

Financial assets designated at fair value through OCI (equity investments)

The Group's financial assets designated at fair value through OCI comprise equity investments. The Group elected to classify irrevocably its non-listed equity investments under this category.

After initial measurement, this category of financial assets is subsequently measured at fair value with unrealised gains or losses recognised in OCI. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e.removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either: (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group did not have any arrangements involving partial transfer of its rights to receive cash flows from a financial asset nor entered into any pass-through arrangements during the year.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Financial instruments (cont'd)

i) Financial assets (cont'd)

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An allowance for expected credit losses (ECLs) is recognised for all debt instruments not held at fair value through profit or loss. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

Default events may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group takes into consideration its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial assets designated at fair value through OCI (equity investments)

Equity instruments designated at fair value through OCI are not subject to impairment assessment.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or financial liabilities at amortised cost net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost

The Group's loans and borrowings comprise interest-bearing loans and borrowings and trade and other payables.

Loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Fees paid on establishment of facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are subsequently measured at amortised cost using the effective interest rate method.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Financial instruments (cont'd)

iii) Financial liabilities (cont'd)

Derecognition

A financial liability is derecognised when the associated obligation is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

3.8 Inventories

Gold, nickel, copper, cobalt, Platinum Group of Metals (PGMs) in concentrate, metal and minerals in circuit and ore stockpiles are physically measured or estimated and valued at the lower of cost and net realisable value. Net realisable value is the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to bring the product to sale. Write downs to net realisable value and inventory losses are expensed to profit or loss in the period in which they occur.

Cost is determined by using the weighted-average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation incurred in converting materials into finished goods, based on the normal production capacity. The cost of production is allocated to joint products using a ratio of weights at each month end. Separately identifiable costs of conversion of each metal are specifically allocated.

Materials and supplies are valued at the lower of cost or net realisable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

3.9 Taxation

i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Taxable profit or assessed loss differs from profit/loss as reported in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arragements, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Taxation (cont'd)

ii) Deferred tax (cont'd)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

iii) Value Added Tax (VAT)

Revenue, expenses and assets are recognised net of the amount of VAT except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the tax authorities, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.10 Employee benefits

Pension and other post-employment benefits

The Group has both defined benefit and defined contribution pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee shall receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The cost of providing benefits under the defined benefit plan is determined annually by independent actuaries using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, (excluding amounts included in net interest on the net defined benefit asset or liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit asset or liability), are recognised in OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Employee benefits (cont'd)

Pension and other post-employment benefits (cont'd)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation in profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income

3.11 Provisions

i) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance cost.

ii) Rehabilitation provision

Mine rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of the Group's facilities and mine properties. The Group assesses its mine rehabilitation provision at each reporting date. The Group recognises a rehabilitation provision where it has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognised as part of the related inventory item.

Additional disturbances which arise due to further development/construction at the mine are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognised in profit or loss as extraction progresses.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognised as part of an asset measured in accordance with IAS 16.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss. If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature mines, the estimate for the revised mine assets net of rehabilitation provisions exceeds the recoverable value that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in profit or loss as part of finance costs. For closed sites, changes to estimated costs are recognised immediately in profit or loss.

The Group recognises the deferred tax asset in respect of the temporary difference on the decommissioning liability and the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Revenue from contracts with customers and other income

The Group is involved in mining and metallurgical operations and produces gold and metals. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Control of goods or services is transferred generally when the product is physically loaded onto a vessel, train or other delivery mechanism.

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

a) Gold bullion sales

Revenue from gold bullion sales is brought to account when control of the gold bullion has been transferred to the buyer and selling prices are known or can be reasonably estimated. The Company sells all its gold bullion to a local buyer, therefore revenue is recognised when the gold bullion is physically delivered to the buyer.

b) Nickel, copper and other minerals in concentrate sales

The Group produces nickel, copper and other minerals in concentrate for sale to third parties. Metal sales are measured at the price agreed between RioZim and the buyer. Negotiations begin at London Metals Exchange (LME) market prices prevailing on the shipment date. For the Group's metal in concentrate sales, the performance obligations are the delivery of the concentrate which is satisfied on the shipment date. The revenue is measured at the consideration to which the Group expects to be entitled in exchange for those metals.

Contract terms for the Group's sale of metal in concentrate to third parties allow for a price adjustment based on final assay results of the metal in concentrate by the customer to determine the final content. These are referred to as provisional pricing arrangements, and are such that the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (the quotation period (QP)). The provisional pricing arrangements based on initial assays give rise to variable consideration.

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty relating to the final assays is subsequently resolved. The Group estimates the amount of consideration to which it will be entitled in exchange for transferring metals in concentrate to the customer using provisional assays agreed by both parties. Adjustments to the sales price are done based on the final assays after final processing of the metal by the customer i.e. at the end of the QP. The period between provisional invoicing and final settlement can be between one to six months.

Revenue is recognised when control passes to the customer, which occurs at a point in time when the metal in concentrate is physically transferred onto a vessel, train, conveyor or other delivery mechanism. Revenue is measured at the amount to which the Group expects to be entitled, being the estimate of the price expected to be received at the end of the QP, and a corresponding trade receivable is recognised. The Group applies the practical expedient to not adjust the promised consideration for the effects of a significant financing component as the period between transfer of the metals to a customer and when the customer pays for the metals is one year or less.

For these provisional pricing arrangements, any future adjustments to the sales price based on movements in quoted market prices up to the date of final settlement over the QP are embedded within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15.

3.13 Other Income

a) Interest income

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in profit or loss.

b) Rental income

Rental income arising from operating leases on property, plant and equipment is accounted for on a straight-line basis over the lease terms and is included in other income in profit or loss.

c) Export incentives

Export incentives are recognised when gold and metal sales are completed and the export proceeds have been received by the Company. The incentives are a percentage of all gold sales and are paid by the Central Bank.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Fair value measurement

The Group measures financial instruments such as certain financial assets at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described, as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.15 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is either:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within 12 months after the reporting period.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when either:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within 12 months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. An arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, even if that asset is not explicitly specified in an arrangement.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets (refer to note 3.3 for useful lives of the Group's category of assets).

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to all its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value assets lease recognition exemption to all its assets that are considered to be low value.

Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as income in the period in which they are earned.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds. Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the company's equity holders.

3.19 Adoption of new and revised accounting standards

i) New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations applied for the first time in 2020, but did not have an impact on the consolidated and separate financial statements of the Group have not been disclosed.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Group.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.19 Adoption of new and revised accounting standards (cont'd)

ii) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on its financial statements.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the Group.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The Group is currently assessing the impact the amendments will have on its financial statements.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The Group is currently assessing the impact the amendments will have on its financial statements.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.19 Adoption of new and revised accounting standards (cont'd)

ii) Standards issued but not yet effective (cont'd)

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements.

4.1 Going concern

The Directors assess the ability of the Group to continue as a going concern at the end of each financial year. The assessment involves making assumptions in the budgets and forecasts. Refer to note 34 for more details.

4.2 Ore reserve and mineral resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data.

The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. The Group estimates and reports ore reserves in line with the principles contained in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (December 2012), which is prepared by the Joint Ore Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, known as the "JORC Code." .

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS(cont'd)

4.2 Ore reserve and mineral resource estimates (cont'd)

The JORC Code requires the use of reasonable investment assumptions, including:

- Future production estimates — which include proved and probable reserves, resource estimates and committed expansions.
- Expected future commodity prices, based on current market price, forward prices and the Group's assessment of the long-term average price.
- Future cash costs of production, capital expenditure and rehabilitation obligations.

Consequently, management will form a view of forecast sales prices, based on current and long-term historical average price trends, for example, if current prices remain above long-term historical averages for an extended period of time, management may assume that lower prices will prevail in the future. As a result, those lower prices would be used to estimate reserves under the JORC Code. Lower price assumptions generally result in lower estimates of reserves.

As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of reserves may change. Such changes may impact the Group's reported financial position and results which include:

- The carrying value of exploration and evaluation assets, mine properties and property and plant and equipment may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in profit or loss may change where charges are determined using the useful life of the related assets.
- Provisions for rehabilitation and environmental provisions may change where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

4.3 Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. The determination of a JORC resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e. measured, indicated or inferred). The estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in profit or loss in the period when the new information becomes available. Refer to note 15 for the carrying amount of exploration, evaluation and development assets.

4.4 Depreciation

The Group's management determines the useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on projected lives of these assets. Estimated economically recoverable reserves are used in determining the depreciation and/or amortisation of mine specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated production over the remaining life of mine. Each item's life, which is assessed annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Changes in estimates are accounted for prospectively. Refer to note 14 for the carrying amount of property, plant and equipment and accounting policy note 3.3 for the useful lives of property, plant and equipment.

4.5 Mine rehabilitation provision

The Group assesses its mine rehabilitation provision at each reporting date. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates (3% (2019: 3%)), and changes in discount rates (10% (2019: 10%)). These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Refer to Note 25 for the carrying amount of the provision for mine rehabilitation.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

4.6 Life of Mine (LOM)

The Group estimates the LOM for its individual mines at each reporting date taking into consideration the reserves, measured and indicated resources, and specific circumstances of each mine. Inferred resources are excluded from the LOM determination. Management also considers the cash flow generation for each mine and each mine's ability to fund and develop measured and indicated resources into minable reserves for this category to be included in the LOM. Therefore, changes in circumstances for the different mines in each reporting period will impact the actual and future cash flow projections for each mine, which may impact the LOM estimation.

In the prior year, the Group commenced its BIOX plant project at Cam & Motor mine, which will treat the refractory sulphide resources at that mine. As at year end, the overall project had progressed to 50% completion, whilst civils were almost complete at 95%. Mobilisation by the main Engineering contractor for installations of the structural and plant components was in progress as at year end. The Company has to date funded the project through internally generated cash flows. As at year end, total funding of US$8million is required to complete the project.

The Group was at an advanced stage of finalising a loan facility with one of the local financial institutions for financing for the completion of the BIOX project. The Group forecasts to commission BIOX plant in 2021 which will enable the mine to process its sulphide resources. With the BIOX plant, the Company will generate sufficient cash resources to support the Group's capital projects and exploration activities.

Therefore, as at reporting date, the Life of Mine (LOM) for Cam & Motor has been revised to include the sulphide resources which will be processed with the commissioning of the BIOX plant. Furthermore, management has reasonable expectation that sufficient cash flows will be generated to fund exploration activities at Renco Mine and Dalny Mine that will be sufficient to develop resources into mineable ores. Consequently, the LOM for Dalny Mine and Renco Mine have been revised to include measured and indicated resources at reporting date.

The LOM for each mine have therefore been estimated as below:

- 17.7 years for Renco Mine (2019: 1.5years)
- 6.73 year for Cam & Motor Mine (2019: 0.75years)
- 10.5 years for Dalny Mine (2019: 2years)

The effect of the change in LOM on the statement of profit or loss is as below:

	ZWL$ 000
Reversal of rehabilitation provision (Refer to note 25)	(171 782)

4.7 Impairment of non-financial assets

Impairment assessments require the use of estimates and assumptions such as long-term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, reserves and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs. In such circumstances, some or all of the carrying amount of the assets/CGUs may be further impaired or the impairment charge reduced with the impact recognised in profit or loss.

The assumptions made in calculating the value in use include:

- A forecast period which is linked to the life of mine (LOM) (refer to note 4.6):
- Average prices for the next five years: Gold - US$1 500 per ounce, Nickel- US$12 500 per ton, Copper -US$6 000 per ton.
- Discount rate of 10% per annum.
- Inflation rate of 3% per annum.

4.8 Recovery of deferred tax assets

Judgement is required in determining whether deferred tax assets should be recognised in the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable income in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods. Refer to Note 12 for the carrying amount of deferred tax asset recognised
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Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

4.9 Inventories

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces is based on assay data, and the estimated recovery percentage is based on the expected processing method. Stockpile tonnages are verified by periodic surveys. Refer to Note 18 for the carrying amount of inventory.

Empress Nickel Refinery (ENR) has metal inventory in various stages of production. In process metal inventory quantities are determined by estimating the volumes of metal bearing material in the plant and applying the estimated contained metal percentages determined through assaying techniques. Estimation of the volumes is carried out by the Group's metallurgical department and assaying is done by the Chemists using methods that are believed to be appropriate for the different metals. At each reporting period management engages an external independent expert to corroborate the quantity and assays of the contained metals as determined by the internal metallurgists. Management therefore places reliance on the work done by the external experts to determine the final quantities and assays of the metals. The determination of both the volumes and the assays involves the exercise of significant professional judgements and the use of estimates. The plant has remained under care and maintenance and inventory from prior years has remained.

4.10 Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation. IAS 19 requires that the discount rate is set based on the market yield on high quality corporate bonds, or government bonds. In countries where there is no deep market in such bonds, the market yields (at the end of the reporting period) on government bonds shall be used. Key assumptions for pension obligations are based in part on current market conditions. Refer to Note 27 for the carrying amount of the defined benefit obligation and more information on the estimates and assumptions used.

4.11 Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events. Refer to note 32.

4.12 Functional currency

The current financial year started with ZWL being a mono currency for use on all local transactions in the country after the promulgation of Statutory Instrument 142 of 2019 in June 2019. However, in April 2020, the Government enacted Statutory Instrument 85 of 2020 which allowed payment of goods and services in foreign currency using free funds. This put to an end the mono currency system that was in place and re-introduced the use of multi currencies in paying for goods and services.

The Group's gold revenue was settled in the proportion of 55% in United States Dollars and 45% in Zimbabwean Dollars in the first quarter, the USD portion was however increased to 70% in the second quarter. With the continuous changes in the operating environment, the determination of the Group's functional currency requires significant judgement.

The Group takes into consideration IAS 21: *"The Effects of Changes in Foreign Exchange Rates"* considerations i.e. the currency that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled); the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services; and the currency that mainly influences labour, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled).

The Group determined that its functional currency remained USD.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

4.13 Exchange rates

The interbank market determines the spot exchange rates between the Zimbabwean Dollar and foreign currencies. The interbank market exchange rates are the only official and legal rates in the country. The prices of local inputs however, continued to indicate exchange rates in the alternative unofficial markets which were significantly higher than the interbank exchange rates during the year. The Group adopted the interbank exchange rates for conversion of all transactions and balances from the Group's functional currency, the United States Dollar to the Group's presentation currency, the Zimbabwean Dollar.

The interbank exchange rates have exponentially increased in the current year, closing the year at 81.79 compared to 16.77 as at 31 December 2019. The movement in exchange rates resulted in significant movement in the reported current year transactions and balances against the comparative year, 2019.

4.14 Determination of material partly-owned subsidiaries

The Group holds 50% interest in Sengwa Colliery (Private) Limited which is located in Gokwe North. RZM Murowa Holding (Private) Limited holds the remaining 50% interest. The Group has the majority representation on the board as well as the management contract.

Furthermore, the Group's approval is required for all operational decisions and based on this, management determined that in substance, the Group controls this entity with RZM Murowa Holding (Private) Limited constituting the non-controlling interest. Refer to Note 22 for the information on the material partly-owned subsidiaries.

4.15 Stripping (waste removal) costs

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset.

Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g. in tonnes) of waste to be stripped and ore to be mined in each of these components.

These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons, which include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

4.16 Stripping (waste removal) costs

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Group considers that the ratio of the expected volume (in tonnes) of waste to be stripped for an expected volume (in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

Furthermore, judgements and estimates are also used to apply the UOP method in determining the depreciable lives of the stripping activity asset(s).

4.17 Incremental borrowing rate

The incremental borrowing rate (IBR) is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available for similar transactions or when they need to be adjusted to reflect the terms and conditions of that particular transaction.

The Group estimates the IBR using observable market interest rates on its interest bearing borrowing with financial institutions.

The Group cannot readily determine the interest rate implicit in its lease transactions, therefore, it uses the IBR.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

5. OPERATING SEGMENT INFORMATION

Management has determined the Group's operating segments based on the information reviewed by the Board for the purpose of allocating resources and assessing performance. The revenue, operating profit, assets and liabilities reported to the Board are measured consistently with those in the reported financial statements.

Gold segment

This operating segment develops and mines gold that is ultimately sold as gold bullion.

Base metals segment

This operating segment comprises of base metals refining facilities.

The Group management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements. However, the Group's financing (finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Year ended 31 December 2020

	Gold ZWL$ 000	Base Metals ZWL$ 000	Adjustments and eliminations ZWL$ 000	Consolidated ZWL$ 000
Revenue				
External customers	3 111 100	23 977	-	3 135 077
Total revenue	**3 111 100**	**23 977**	**-**	**3 135 077**
Results				
Depreciation *(note i)*	(306 473)	(44 832)	(11 024)	(362 329)
Impairment reversal *(note i)*	49 951	-	-	49 951
Amortisation *(note i)*	(111 546)	-	-	(111 546)
Segment profit/(loss) *(note ii)*	**856 930**	**(232 408)**	**(161 794)**	**462 728**
Net finance cost				(49 600)
Share of associate profit				494 842
Income tax expense				(455 236)
Profit for the year				**452 734**
Segment assets *(note iii)*	5 750 941	993 315	2 994 775	9 739 031
Segment liabilities *(note iv)*	3 961 416	651 022	751 478	5 363 916
Investment in an associate	-	-	1 317 637	1 317 637
Other disclosures				
Capital expenditure *(note v)*	759 481	4 435	37 010	800 926

i) Represents depreciation and reversal of impairment of property, plant and equipment and amortisation of development costs.

ii) Profit/(loss) for each operating segment does not include net finance costs of ZWL$49 600 000.

iii) Segment assets do not include Defined employee benefit assets of ZWL$214 633 000, subsidiary assets of ZWL$ 1 170 216 000 and Head Office assets of ZWL$1 824 970 000 as these assets are managed on a Group basis.

iv) Segment liabilities do not include deferred tax liabilities of ZWL$447 283 000 and interest-bearing loans and borrowings of ZWL$294 484 000 as these liabilities are managed on a Group basis.

v) Capital expenditure consists of additions to property, plant and equipment, mine properties, exploration, evaluation and development assets.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

5. OPERATING SEGMENT INFORMATION (cont'd)

Year ended 31 December 2019

	Gold ZWL$ 000	Base Metals ZWL$ 000	Adjustments and eliminations ZWL$ 000	Consolidated ZWL$ 000
Revenue				
External customers	568 404	8 728	-	577 132
Total revenue	**568 404**	**8 728**	**-**	**577 132**
Results				
Depreciation *(note i)*	(292 842)	(562)	(2 483)	(295 887)
Impairment *(note i)*	(49 951)	-	-	(49 951)
Amortisation of development costs *(note i)*	(158 914)	-	-	(158 914)
Segment profit/(loss) *(note ii)*	**(328 765)**	**(221 371)**	**(102 775)**	**(652 911)**
Net finance cost				(7 584)
Share of associate profit				22 908
Income tax credit				56 209
Loss for the year				**(581 378)**
Segment assets *(note iii)*	954 626	541 774	338 903	1 835 303
Segment liabilities *(note iv)*	45 365	594 934	399 166	1 039 465
Investment in an associate	-	-	187 891	187 891
Other disclosures				
Capital expenditure *(note v)*	139 300	4 435	4 768	148 503

i) Represents depreciation and impairment of property, plant and equipment and amortisation of development costs.
ii) Profit/(loss) for each operating segment does not include net finance costs of ZWL$7 584 000.
iii) Segment assets do not include deferred tax assets of ZWL$61 626 000, subsidiary assets of ZWL$19 708 000, and Head office assets of ZWL$257 569 000 as these assets are managed on a Group basis.
iv) Segment liabilities do not include interest-bearing loans and borrowings of ZWL$117 077 000 and other payables of ZWL$282 089 000 as these liabilities are managed on a Group basis.
v) Capital expenditure consists of additions to property, plant and equipment, mine properties, exploration, evaluation and development assets.

Geographic information and information about major customers

All the Group's operations are located in Zimbabwe and they are situated in two geographic locations, Masvingo Province and Mashonaland West Province.

Revenue from one customer in the gold segment amounted to ZWL$3 111 100 000 (2019:ZWL$568 404 000) and revenue from customers in the base metals segment amounted to ZWL$23 977 000 (2019: ZWL$8 728 000).

Revenues from external customers are based on the locations of the customers:

The bulk of the base metals are purchased by the European market. Base metal sales to local buyers were nil (2019: Nil). Gold is purchased solely by Fidelity Printers and Refineries (Private) Limited of Zimbabwe.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

5. OPERATING SEGMENT INFORMATION (cont'd)

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Zimbabwe	3 111 100	568 404	3 111 100	568 404
External customers				
Europe	23 977	8 728	23 977	8 728
Total revenue per statement of profit or loss	**3 135 077**	**577 132**	**3 135 077**	**577 132**

6. REVENUE

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Gold	3 111 100	568 404	3 111 100	568 404
Base Metals	40 176	2 078	40 176	2 078
Change in the value of provisionally priced trade receivables	(16 199)	6 650	(16 199)	6 650
	3 135 077	**577 132**	**3 135 077**	**577 132**

7. OPERATING PROFIT

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Operating profit/(loss) is stated after (charging)/crediting:				
Employee benefits:				
-Salaries and wages	(978 797)	(61 557)	(978 797)	(61 557)
-Pension costs	(19 875)	(2 134)	(19 875)	(2 134)
-Other	(89 588)	(35 466)	(89 588)	(35 466)
Audit remuneration:				
-Current year	(809)	(179)	(809)	(179)
-Prior year	(7 450)	(1 517)	(7 450)	(1 517)
Exploration and claims costs	(25 786)	(2 618)	(25 786)	(2 618)
Directors' emoluments	(5 548)	(1 386)	(5 548)	(1 386)
Lease expense for short term leases	(150 380)	(38 228)	(150 380)	(38 228)
Write down of inventory	(47 198)	(211 987)	(47 198)	(211 987)
Depreciation *(Note 14)*	(362 329)	(295 887)	(362 329)	(254 703)
Impairment reversal/(charge) *(Note 14)*	49 951	(49 951)	49 951	(49 951)
Amortisation *(Note 15)*	(111 546)	(158 914)	(111 546)	(158 264)
Depreciation on right of use assets *(Note 16)*	(4 413)	(606)	(4 413)	(606)

These costs include items included in cost of sales

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

8. OTHER INCOME

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Income from rentals, clinic and clubs	4 323	3 788	4 323	3 788
Export incentives	61 892	884	61 892	884
Sundry income	49 223	19 878	49 223	19 878
	115 438	**24 550**	**115 438**	**24 550**

The export incentives which were discontinued in February 2019 by the Reserve Bank of Zimbabwe were re-introduced in March 2020 and were paid to large scale gold producers at sliding rates upto 25% of the gold price. The export incentives were however scrapped again in May 2020.

Sundry income includes management fees from associate and scrap sales

9. FINANCE INCOME

	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
Interest income from defined benefit plans	-	924	-	924
Interest income from short term investments	424	264	424	264
	424	**1 188**	**424**	**1 188**

10. FINANCE COST

	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
Interest on loans and borrowings	1 159	419	1 159	419
Interest on lease liabilities	415	137	415	137
Interest on cumulative redeemable preference shares	1 672	3 561	1 672	3 561
Interest on fixed term payables	377	126	377	126
Unwinding of discount on mine rehabilitation provision	37 884	4 529	17 777	1 994
Interest cost on defined benefit plans	988	-	988	-
Interest on other payables	7 529	-	7 529	-
	50 024	**8 772**	**29 917**	**6 237**

The average cost of debt for 2020 was 3% (2019: 6%) per annum.

11. INVESTMENT IN ASSOCIATE

The Group has a 22.2% (2019: 22.2%) interest in RZM Murowa (Private) Limited, an unlisted diamond mining company, operating in Zimbabwe.

The Group's interest in RZM Murowa (Private) Limited is accounted for using the equity method in the consolidated financial statements. The financial period for the associate is the same as that of the Group.

Summarised financial information of RZM Murowa (Private) Limited:

	2020 ZWL$ 000	2019 ZWL$ 000
Summarised statement of financial position:		
Non-current assets	5 013 192	1 082 369
Current assets	3 038 910	594 949
Current liabilities	(696 661)	(605 967)
Non-current liabilities	(1 830 563)	(309 148)
Equity	**5 524 878**	**762 203**
Share of net assets	1 226 523	169 209
Reconciliation of carrying amount of investments to share of net assets:		
Share of net assets	1 226 523	169 209
Impact of deemed cost on currency conversion	91 114	18 682
Carrying amount of the investment	**1 317 637**	**187 891**

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

11. INVESTMENT IN ASSOCIATE (cont'd)

Summarised financial information of RZM Murowa (Private) Limited: (cont'd)

	2020 ZWL$ 000	2019 ZWL$ 000
Summarised statement of profit or loss		
Revenue	5 197 776	643 086
Cost of sales	(2 423 205)	(359 467)
Administrative and selling & distribution expenses	(117 707)	(297 685)
Finance (costs)/income	(439 022)	142 069
Profit before tax	**2 217 842**	**128 003**
Income tax credit/(expense)	11 176	(24 814)
Profit for the year	**2 229 018**	**103 189**
Other comprehensive income	-	-
Total comprehensive income	**2 229 018**	**103 189**
Group's share of profit for the year	494 842	22 908
Reconciliation of carrying amount of the investment:		
At 1 January	**187 891**	**5 135**
Foreign currency translation gains	634 904	159 848
Share of profit for the year	494 842	22 908
At 31 December	**1 317 637**	**187 891**

The fair value of the investment estimates its carrying amount.

Investment in associate is accounted for at cost at company level.

	2020 ZWL$ 000	2019 ZWL$ 000
Reconciliation of cost of the investment in associate		
At 1 January	**134 848**	**8 041**
Foreign currency translation gains	522 825	126 807
At 31 December	**657 673**	**134 848**

The Group has performed an impairment assessment of its investment in associate and concluded that the investment is not impaired.

12. INCOME TAX

The major components of income tax expense/(credit) are as follows :

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Profit or loss				
Deferred tax:				
Relating to origination and reversal of temporary differences	455 236	(56 209)	435 511	(44 054)
Income tax expense/(credit)	**455 236**	**(56 209)**	**435 511**	**(44 054)**
Other comprehensive income (OCI)				
Deferred tax:				
Re-measurement gains/(losses) on defined benefit plans	53 057	(1 070)	53 057	(1 070)
Fair value gains on Fair value through other comprehensive income investments	616	24	616	24
Income tax expense/(credit)	**53 673**	**(1 046)**	**53 673**	**(1 046)**

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

12. INCOME TAX (cont'd)

Reconciliation of tax expense/(credit) and the accounting profit multiplied by RioZim' s domestic tax rate:

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Profit/(loss) before tax	907 970	(637 587)	392 043	(600 179)
At RioZim' s statutory income tax rate of 24.72% (2019: 25.75%)	224 450	(164 179)	96 913	(154 546)
Tax effects of:				
- Associate results reported net of tax	(122 325)	(5 899)	-	-
-Non-deductible expenses*	372 792	118 642	327 846	118 642
Tax rate adjustment**	-	(6 567)	-	(6 182)
Utilisation of/(unrecognised) tax losses	-	(4 874)	-	(2 248)
-Non-taxable income	(15 300)	(336)	(15 300)	(336)
-Other	(4 381)	7 004	26 052	616
Tax expense/(credit)	**455 236**	**(56 209)**	**435 511**	**(44 054)**

*Non-deductible expenses relate to permanent differences arising from expenses not allowable for tax and foreign currency translation gains or losses which are not allowable for tax.

**The Government reviewed the corporate tax rate in the current year to 24.72% (2019: 25.75%). The pronouncements were however made in the prior year, with subsequent enactment in the current year. Deferred tax was computed based on the revised tax rate of 24.72% in prior year.

DEFERRED INCOME TAX

	GROUP				COMPANY			
	Consolidated statement of financial position		Consolidated statement of comprehensive income		Statement of financial position		Statement of comprehensive income	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Deferred tax relates to the following:								
Exploration and evaluation assets	(40 847)	(1 749)	(39 098)	2 967	(60 354)	(1 495)	(58 859)	2 946
Property, plant and equipment	(385 365)	(41 714)	(343 651)	(23 243)	(345 684)	(40 087)	(305 597)	(25 913)
Investment in associate	(45 139)	(5 346)	(39 793)	(5 603)	(9 184)	(402)	(8 782)	-
Tax losses available for offset against future taxable income	8 432	44 055	(35 623)	17 729	2 982	40 846	(37 864)	16 113
Provisions	12 770	66 280	(53 510)	64 621	(18 806)	56 089	(74 895)	54 887
Other	2 866	100	2 766	784	(7 089)	(3 902)	(3 187)	(2 933)
Net deferred tax (liabilities)/assets	**(447 283)**	**61 626**			**(438 135)**	**51 049**		
Deferred income tax (expense)/credit			**(508 909)**	**57 255**			**(489 184)**	**45 100**

Reflected in the statement of financial position as follows:

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Deferred tax assets	-	61 626	-	51 049
Deferred tax liabilities	(447 283)	-	(438 135)	-
Deferred tax (liabilities)/assets (net)	**(447 283)**	**61 626**	**(438 135)**	**51 049**
Reconciliation of deferred tax assets/(liabilities), net				
Opening 1 January	61 626	4 371	51 049	5 949
Tax (charge)/credit during the period recognised in profit or loss	(455 236)	56 209	(435 511)	44 054
Tax (charge)/credit during the period recognised in OCI	(53 673)	1 046	(53 673)	1 046
Closing balance as at 31 December	**(447 283)**	**61 626**	**(438 135)**	**51 049**

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

12. INCOME TAX (cont'd)

Tax losses

Deferred income tax assets are recognised for the carry forward of unused tax losses to the extent that it is probable that taxable profits will be available against which the unused tax losses can be utilised. Tax losses are carried forward indefinitely.

As at reporting date, the Group had no unrecognised tax losses carried forward. The tax losses are as follows:

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Accumulated tax losses	34 110	178 217	12 064	165 233
Recognised tax losses for which a deferred tax asset has been recognised	(34 110)	(178 217)	(12 064)	(165 233)
Unutilised tax losses for which no deferred tax asset has been recognised	-	-	-	-

Based on the business plans and strategies established which include commissioning of the BIOX Plant at Cam which will increase production through processing of high grade sulphides at CAM, the Group will generate additional taxable profits in which the tax losses can be utilised.

13. EARNINGS PER SHARE

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

Headline earnings per share amounts are calculated by dividing the net profit/(loss) attributable to ordinay equity holders of the Group adjusted for profits or losses from 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 earnings per share computations:

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Profit/(loss) attributable to equity holders of the parent for basic earnings	456 309	(581 030)	(43 468)	(556 125)
Adjustment for headline earnings				
Impairment (reversal)/charge of capital work in progress	(49 951)	49 951	(49 951)	49 951
Headline earnings/(loss)	**406 358**	**(531 079)**	**(93 419)**	**(506 174)**
Weighted average number of ordinary shares for earnings per share				
Number of issued shares	**'000**	**'000**	**'000**	**'000**
As at 31 December	122 030	122 030	122 030	122 030
Weighted average number of ordinary shares	122 030	122 030	122 030	122 030
Earnings/(loss) per share (cents)				
Basic	373.93	(476.14)	(35.62)	(455.73)
Diluted basic	373.93	(476.14)	(35.62)	(455.73)
Headline	333.00	(435.20)	(76.55)	(414.79)
Diluted Headline	333.00	(435.20)	(76.55)	(414.79)

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.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

14. PROPERTY, PLANT AND EQUIPMENT

GROUP	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 2019	**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**
Additions	-	10 421	111 094	623 815	3 501	14 839	763 670
Transfers	-	11 562	-	(73 078)	-	1 084	(60 432)
Disposals	-	-	-	-	(3 020)	(205)	(3 225)
Foreign currency translation exchange gain	1 690 148	1 162 921	168 120	601 502	11 223	39 683	3 673 597
At 31 December 2020	**2 232 118**	**1 703 621**	**367 961**	**1 307 387**	**18 709**	**71 285**	**5 701 081**
Accumulated depreciation							
At 1 January 2019	**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**
Depreciation charge for the year	49 957	160 834	131 632	-	13 984	5 922	362 329
Impairment reversal	-	-	-	(49 951)	-	-	(49 951)
At 31 December 2020	**148 262**	**352 302**	**153 741**	**-**	**18 685**	**9 258**	**682 248**
Net book value							
At 31 December 2019	**443 665**	**327 249**	**66 638**	**105 197**	**2 304**	**12 548**	**957 601**
At 31 December 2020	**2 083 856**	**1 351 319**	**214 220**	**1 307 387**	**24**	**62 027**	**5 018 833**

COMPANY	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 2019	**26 860**	**38 913**	**4 458**	**6 357**	**1 728**	**1 629**	**79 945**
Additions	311	19 606	34 298	62 084	3 766	2 081	122 146
Foreign currency translation exchange gain	358 681	346 049	77 048	86 692	1 270	12 138	881 878
At 31 December 2019	**385 852**	**404 568**	**115 804**	**155 133**	**6 764**	**15 848**	**1 083 969**
Additions	-	10 421	111 094	623 815	3 501	14 839	763 670
Transfers	-	11 562	-	(73 078)	-	1 084	(60 432)
Disposals	-	-	-	-	(3 020)	(205)	(3 225)
Foreign currency translation exchange gain	1 220 614	759 025	281 401	601 526	11 001	39 862	2 913 429
At 31 December 2020	**1 606 466**	**1 185 576**	**508 299**	**1 307 396**	**18 246**	**71 428**	**4 697 411**
Accumulated depreciation							
At 1 January 2019	**5 039**	**16 107**	**538**	**-**	**1 638**	**854**	**24 176**
Depreciation charge for the year	62 087	165 673	21 571	-	2 941	2 431	254 703
Impairment	-	-	-	49 951	-	-	49 951
At 31 December 2019	**67 126**	**181 780**	**22 109**	**49 951**	**4 579**	**3 285**	**328 830**
Depreciation charge for the year	25 047	144 525	131 632	-	13 541	5 736	320 481
Impairment reversal	-	-	-	(49 951)	-	-	(49 951)
At 31 December 2020	**92 173**	**326 305**	**153 741**	**-**	**18 120**	**9 021**	**599 360**
Net book value			-				
At 31 December 2019	**318 726**	**222 788**	**93 695**	**105 182**	**2 185**	**12 563**	**755 139**
At 31 December 2020	**1 514 293**	**859 271**	**354 558**	**1 307 396**	**126**	**62 407**	**4 098 051**

Group depreciation expense of ZWL$130 422 000 (2019: ZWL$117 068 000) has been charged in 'cost of sales' and ZWL$231 907 000 (2019: ZWL$178 819 000) in 'administrative expenses'.

There were no immovable property that was secured against a bank loan.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Impairment reversal

In the prior year, the Group commenced construction of its Biological Oxidation (BIOX) Plant at Cam & Motor and as at year end 2019 construction was at 30% completion, mainly made up of civil works .The project required at least US$12million in total to successfully bring the plant to completion and use. The Group had incurred construction costs amounting to ZWL$49 951 000 as at 31 December 2019 which were capitalised under Capital Work in Progress assets. The Group however, faced funding challenges for the project and the initiatives to raise the required funding were uncertain as no binding agreements with potential financiers were in place. Therefore the completion of the BIOX project was significantly in doubt, which presented an indication of impairment of the BIOX capital work in progress assets.

The BIOX Plant is a separately identifiable cash generating unit (CGU) from the Cam & Motor plant as it can be used independently of the Cam & Motor assets to generate cash flows independent from the other Cam & Motor assets, i.e. toll treat arrangements for concentrates from other mines. The recoverable amount of the BIOX plant CGU was determined based on fair value less costs to sale, which was determined as ZWL$nil considering the civil works are not saleable to a third party. The BIOX Plant only made up of uncompleted civil works as at 31 December 2019, was not in a state to be used to generate cash flows, therefore the value in use was determined as ZWL$nil. The carrying amount of the BIOX plant 'Capital work in progress' assets was therefore written down to its recoverable amount of ZWL$nil, resulting in an impairment loss of ZWL$49 951 000 in 2019.

During the year, the Company managed to continue funding the BIOX plant using internally generated resources, and progressed the project to 50% completion as at year end. The project however, required a further US$8 million to completion. The Company was at an advanced stage with a local financial institution for a loan facility for funding the completion of the BIOX project amounting to US$8 million as at 31 December 2020 and expect to drawdown in the next financial period. Civil works were almost complete as at year end whilst all the major components and equipment for the plant had been delivered to site from the various project contractors. Mobilisation for commencement of installations by the lead Engineering contractor was in progress as at year end.

The securing of funding to complete the BIOX project represent a change in conditions which resulted in impairment in prior year as the completion of the BIOX project is now more probable as at 31 December 2020.

The recoverable amount of the BIOX has been determined based on Fair value less cost to sale which has been estimated as the carrying value of the BIOX Capital Work in Progress assets as at year end. The impairment loss previously recognised of ZWL$49 951 000 was reversed and has been included in administration costs.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

15. EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS

	Exploration and evaluation assets ZWL$ 000	Development assets ZWL$ 000	Total exploration, evaluation and development assets ZWL$ 000
GROUP			
Cost			
At 1 January 2019	**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**
Additions	-	37 256	37 256
Transfers	-	60 432	60 432
Foreign currency translation exchange gain	-	458 650	458 650
At 31 December 2020	**71 130**	**768 020**	**839 150**
Amortisation			
At 1 January 2019	**-**	**5 267**	**5 267**
Amortisation for the year	71 130	87 784	158 914
At 31 December 2019	**71 130**	**93 051**	**164 181**
Amortisation for the year	-	111 546	111 546
At 31 December 2020	**71 130**	**204 597**	**275 727**
Carrying amount			
At 31 December 2019	**-**	**118 631**	**118 631**
At 31 December 2020	**-**	**563 423**	**563 423**
COMPANY			
Cost			
At 1 January 2019	**6 411**	**16 096**	**22 507**
Additions	-	26 357	26 357
Foreign currency translation exchange gain	64 719	151 432	216 151
At 31 December 2019	**71 130**	**193 885**	**265 015**
Additions	-	37 256	37 256
Transfers	-	60 432	60 432
Foreign currency translation exchange gain	-	392 555	392 555
At 31 December 2020	**71 130**	**684 128**	**755 258**
Amortisation			
At 1 January 2019	**-**	**5 258**	**5 258**
Amortisation for the year	71 130	87 134	158 264
At 31 December 2019	**71 130**	**92 392**	**163 522**
Amortisation for the year	-	111 192	111 192
At 31 December 2020	**71 130**	**203 584**	**274 714**
Carrying amount			
At 31 December 2019	**-**	**101 493**	**101 493**
At 31 December 2020	**-**	**480 544**	**480 544**

Amortisation for the year includes evaluation and development costs relating to the Group's One Step mine amounting to ZWL$8 508 000 (2019: ZWL$71 130 000) which were amortised in full during the year. The Mine's life of mine based on the developed minable resources is estimated at less than one year.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

16. RIGHT OF USE ASSETS

	Land and buildings ZWL$ 000	Total ZWL$ 000
GROUP		
Cost		
At 1 January 2019	1 415	1 415
Additions	-	-
At 31 December 2019	1 415	1 415
Additions	338	338
Foreign currency translation exchange gain	4 688	4 688
At 31 December 2020	6 441	6 441
Accumulated depreciation		
At 1 January 2019	-	-
Depreciation for the year	606	606
At 31 December 2019	606	606
Depreciation for the year	4 413	4 413
At 31 December 2020	5 019	5 019
Carrying amount		
At 31 December 2019	809	809
At 31 December 2020	1 422	1 422
COMPANY		
Cost		
At 1 January 2019	1 415	1 415
Additions	-	-
At 31 December 2019	1 415	1 415
Additions	338	338
Foreign currency translation exchange gain	4 688	4 688
At 31 December 2020	6 441	6 441
Accumulated depreciation		
At 1 January 2019	-	-
Depreciation for the year	606	606
At 31 December 2019	606	606
Depreciation for the year	4 413	4 413
At 31 December 2020	5 019	5 019
Carrying amount		
At 31 December 2019	809	809
At 31 December 2020	1 422	1 422

The Group leases a building from RioZim Pension Fund and the lease expires in April 2021.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

17. INVESTMENTS

17.1 Fair value through other comprehensive income investments

`	GROUP 2020 ZWL$ 000	GROUP 2019 ZWL$ 000	COMPANY 2020 ZWL$ 000	COMPANY 2019 ZWL$ 000
At 1 January	664	178	664	178
Fair value adjustment	12 312	486	12 312	486
At 31 December	**12 976**	**664**	**12 976**	**664**

The fair value through other comprehensive income equity instruments comprise of the Group's investment of 1.553% in a medical investment company.

The investment in the medical company which is non-listed is carried at fair value. The value of the investment is based on non-market observable information.

17.2 Investments in subsidiaries

`	GROUP 2020 ZWL$ 000	GROUP 2019 ZWL$ 000	COMPANY 2020 ZWL$ 000	COMPANY 2019 ZWL$ 000
Shares at cost (all 100% held unless indicated otherwise)				
Sengwa Colliery (Private) Limited (50%)	-	-	6 625	1 358
RioBase Metals Limited	-	-	4 498	922
RioChrome (Private) Limited	-	-	981	201
RioGold (Private) Limited	-	-	-	-
RioZim Management Services (Private) Limited	-	-	164	34
Rio Tinto Properties Limited	-	-	1 227	252
RioBase Metals Holdings (Private) Limited	-	-	-	-
RioZim Development Limited	-	-	-	-
RM Enterprises (Private) Limited	-	-	-	-
RioDiamonds (Private) Limited	-	-	-	-
Rutala Mines (Private) Limited	-	-	-	-
Sengwa Power Station (Private) Limited	-	-	-	-
RioEnergy (Private) Limited	-	-	82	17
	-	**-**	**13 577**	**2 784**

17.3 Loans and receivables

	GROUP 2020 ZWL$ 000	GROUP 2019 ZWL$ 000	COMPANY 2020 ZWL$ 000	COMPANY 2019 ZWL$ 000
Current				
As at 1 January	**75**	**8**	**75**	**8**
Interest income	79	67	79	67
Disposals	(154)	-	(154)	-
As at 31 December	**-**	**75**	**-**	**75**

The current loans and receivables consisted of treasury bills. The treasury bills were settled during the year.

	GROUP 2020 ZWL$ 000	GROUP 2019 ZWL$ 000	COMPANY 2020 ZWL$ 000	COMPANY 2019 ZWL$ 000
Non-current				
At 1 January	**1 251**	**-**	**1 251**	**-**
Additions	-	11 592	-	11 592
Interest income	345	197	345	197
Disposals	(1 596)	(10 538)	(1 596)	(10 538)
At 31 December	**-**	**1 251**	**-**	**1 251**

Non-current Loans and receivables comprised of treasury bills. In prior year, the Company purchased treasury bills from its Associate, RZM Murowa (Pvt) Limited with a face value of ZWL$22million, coupon 5% p.a., maturity April 2022. The treasury bills were purchased at a market discount rate of 47.309%. During the year, the Group settled some of its creditors using the treasury bills.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

18. INVENTORIES

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Stores and consumables	845 079	140 037	794 614	129 691
Ore stockpiles	38 605	10 390	38 605	10 390
Metals and minerals in concentrates and circuit	465 222	103 790	465 222	103 790
Finished metals	78 845	23 343	78 846	23 343
	1 427 751	**277 560**	**1 377 287**	**267 214**

During the year, ZWL$524 508 000 (2019: ZWL$186 009 000) was recognised as an expense for inventories. This is recognised in cost of sales.

Metals and minerals in concentrates and circuit at the Empress Nickel Refinery amounting to ZWL$47 198 000 (2019: ZWL$211 987 000) was written off during the year and this is included in administration expenses.

19. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Trade and other receivables (not subject to provisional pricing)	989 987	165 234	1 315 183	228 877
Trade receivables (subject to provisional pricing)	97 575	31 494	97 575	31 494
	1 087 562	**196 728**	**1 412 758**	**260 371**

19.1 Trade and other receivables (not subject to provisional pricing)

Trade receivables	303 196	17 390	303 196	17 390
Other receivables and prepayments	686 791	147 844	1 011 987	211 487
	989 987	**165 234**	**1 315 183**	**228 877**

Trade and other receivables (not subject to provisional pricing) are non-interest bearing and are generally on terms of 30 days to 120 days. These terms are normal in the mining industry and hence the trade and other receivables carrying amount is considered equal to fair value.

In determining the expected credit loses, the Group uses a credit matrix based on the types and ages of the outstanding receivables and their creditworthiness. There were no doubtful debts at the reporting date. The expected credit loss as at 31 December 2020 was nil (2019:Nil) therefore all receivables were assessed as recoverable.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of all receivables mentioned above.

Refer to note 29 (b) on credit risk of trade and other receivables, which explains how the Group manages and measures credit quality of trade and other receivables that are neither past due nor impaired.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

19. TRADE AND OTHER RECEIVABLES (cont'd)

19.2 Trade receivables (subject to provisional pricing)

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Trade receivables (subject to provisional pricing)	97 575	31 494	97 575	31 494
	97 575	**31 494**	**97 575**	**31 494**

The Group has entered into provisional pricing sales arrangements with some of its metals in concentrates customers. Trade receivables (subject to provisional pricing) are non-interest bearing, and are exposed to future commodity price movements over the Quotational Period and, hence, fail the SPPI test and are measured at fair value up until the date of settlement. Final settlement value is based on final dry weight, agreed assays and final prices which are determined at the end of the quotational period which is usually between 60 to 180 days after date of shipment. The quotational period is the period after the physical shipment of goods during which the price and grade of minerals sold is subject to change due to fluctuations in commodity prices and also upon testing by the counterparty of the mineral content.

The change in the fair value of these trade receivables of (ZWL$16 199 000) (2019: ZWL$6 650 000) has been recognised as part of revenue.

20. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Cash at bank and on hand	94 794	32 467	94 713	32 436
	94 794	**32 467**	**94 713**	**32 436**

21. SHARE CAPITAL AND RESERVES

21.1 Share capital

	2020		2019	
	No. of shares 000	Nominal value ZWL$ 000	No. of shares 000	Nominal value ZWL$ 000
Authorised share capital				
Ordinary shares				
Ordinary shares of US$0.01 each	140 000	1 400	140 000	1 400
Special Dividend Share of a nominal value of US$124 876	0.001	125	0.001	125
	140 000	**1 525**	**140 000**	**1 525**
Preference shares				
Cumulative redemable fixed rate preference shares of US$0.01 each	**10 000**	**100**	**10 000**	**100**

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

21. SHARE CAPITAL AND RESERVES (cont'd)

21.2 Issued Shares

	2020		2019	
	No. of shares 000	Nominal value ZWL $000	No. of shares 000	Nominal value ZWL $000
Ordinary shares				
Ordinary shares of a nominal value of US$0.01 each	122 030	1 220	122 030	1 220
Special Dividend Share of a nominal value of US$124 876	0.001	125	0.001	125
	122 030	1 345	122 030	1 345
Preference shares				
Cumulative redeemable fixed rate preference shares of US$0.01 each	-	-	10 000	100

Special dividend share

Following the restructuring of the Group in 2004, RioZim Limited's 12 487 582 ordinary shares were converted into one special dividend share. The holder of the special dividend share had a right to cash dividends of RioZim's share in Murowa dividends for a period of ten years ending 31 December 2013. The entitlement to the special dividend lapsed and the special dividend share now ranks equally with other ordinary shares but does not have voting rights.

Cumulative redeemable preference shares

The preference shares were redeemed in full during the year.

21.3 Issued share capital and share premium

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Share capital	1 345	1 345	1 345	1 345
Share premium	20 789	20 789	20 789	20 789
Issued share capital	22 134	22 134	22 134	22 134

21.4 Fair value through other comprehensive income reserve

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
At 1 January	608	146	608	146
Fair value gain on fair value through other comprehensive income investments	11 696	462	11 696	462
At 31 December	12 304	608	12 304	608

The fair value through other comprehensive income reserve comprises the fair value adjustment of the Group's investment in a private medical company. The Group holds 136 000 ordinary shares of the medical company.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

21. SHARE CAPITAL AND RESERVES (cont'd)

21.5 Accumulated profits/(losses)

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Opening balance 1 January	**(595 608)**	**(11 319)**	**(572 494)**	**(13 110)**
Profit/(loss) for the year	456 309	(581 030)	(43 468)	(556 125)
Other comprehensive income/(loss)	166 916	(3 259)	166 916	(3 259)
As at 31 December	**27 617**	**(595 608)**	**(449 046)**	**(572 494)**

22. MATERIAL PARTLY OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interest

	Country of Incorporation	2020 ZWL$ 000	2019 ZWL$ 000
Sengwa Colliery (Private) Limited	Zimbabwe	50%	50%
Principal place of business for Sengwa Colliery is Midlands province in Zimbabwe.			
Accumulated balances of material non-controlling interest:		3 650	3 464
Loss allocated to material non-controlling interest:		(3 575)	(348)
Total comprehensive income allocated to material non-controlling interest:		186	4 195
Summarised statement of profit or loss for the year end 31 December			
Administrative expenses		(8 910)	(853)
Income tax credit		1 760	157
Loss for the year		**(7 150)**	**(696)**
Other comprehensive income		7 522	9 086
Total comprehensive income		**372**	**8 390**
Loss for the year attributable to:			
Equity holders of the parent		(3 575)	(348)
Non-controlling interests		(3 575)	(348)
		(7 150)	**(696)**
Total comprehensive income attributable to:			
Equity holders of the parent		186	4 195
Non-controlling interests		186	4 195
		372	**8 390**
Summarised statement of financial position as at 31 December			
Current assets		43	43
Non-current assets		53 193	10 736
Current liabilities		(45 366)	(3 281)
Non-current liabilities		(570)	(570)
Total equity		**7 300**	**6 928**
Attributable to:			
Equity holders of the parent		3 650	3 464
Non-controlling interests		3 650	3 464
		7 300	**6 928**
Summarised cashflow information for the year ended 31 December			
Operating activities		(8 910)	(853)
Working capital changes		8 910	853
Net increase/(decrease) in cash and cash equivalents		-	-

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

23. CUMULATIVE REDEEMABLE PREFERENCE SHARES

	GROUP 2020 ZWL$ 000	GROUP 2019 ZWL$ 000	COMPANY 2020 ZWL$ 000	COMPANY 2019 ZWL$ 000
Non-current liabilities				
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 preferences shares were unsecured , non-voting and non-tradable, they entitled the holder a fixed dividend of 9% per annum payable on a bi-annual basis. The preference shares were redeemed in full during the year.

24. INTEREST-BEARING LOANS AND BORROWINGS

	Effective interest rate %	Maturity	2020 ZWL$ 000	2019 ZWL$ 000
GROUP				
Current				
Bank loans (facility limit ZWL$7.0m)	26%	On scheduled dates	-	6 650
Term loans (facility limit ZWL$1.0m)	12%	On demand	-	2 656
Interest on cumulative redeemable preference shares	0%	December 2019	-	8 885
Other term loan (Centametal AG)	0%	December 2019*	294 484	60 380
			294 484	**78 571**
Non-current				
Bank loans	26%	On scheduled dates	-	5 072
			-	**5 072**

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

24. INTEREST-BEARING LOANS AND BORROWINGS (cont'd)

	Effective interest rate %	Maturity	2020 ZWL$ 000	2019 ZWL$ 000
COMPANY				
Current				
Bank loans (facility limit ZWL$7.0m)	26%	On scheduled dates	-	6 650
Term loans (facility limit ZWL$1.0m)	12%	On demand	-	2 656
Interest on cumulative redeemable preference shares	0%	December 2019	-	8 885
Other term loan (Centametal AG)	0%	December 2019*	294 484	60 380
			294 484	**78 571**
Non-current				
Bank loans	26%	On scheduled dates	-	5 072
			-	**5 072**

* These facilities matured and are overdue (refer below on Centametal loan)

Security

Bank loans were secured by revenue assignment agreements in respect of gold proceeds and a mortgage bond over an immovable property (ZWL$20 879 000). The bank loans were settled during the year and the security was discharged.

Centametal loan

This loan was repayable in equal monthly instalments of US$100 000 commencing on 1 July 2014 ending December 2019. The loan is interest free and unsecured. The outstanding principal loan amount is US$3 600 000 (2019 : US$3 600 000) and has been recorded at an amortised value of ZWL$294 484 000 (2019: ZWL$60 380 000). The loan is under a legal dispute and is pending finalisation by the courts.

Total interest expense for the year on interest-bearing loans and borrowings is ZWL$2 831 000 (2019: ZWL$3 980 000)

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

24. INTEREST-BEARING LOANS AND BORROWINGS (cont'd)

Changes in interest-bearing loans and borrowings arising from financing activities

	1 January ZWL$ 000	Interest accrued ZWL$ 000	Net Cash flows ZWL$ 000	Foreign currency translation exchange gain ZWL$000	Other ZWL$ 000	31 December ZWL$ 000
2020						
Current interest -bearing loans and borrowings	78 571	2 831	(8 865)	221 947	-	294 484
Non-current interest -bearing loans and borrowings	38 506	-	(38 506)	-	-	-
Lease liabilities	1 239	415	(4 041)	2 653	373	639
	118 316	**3 246**	**(51 412)**	**224 600**	**373**	**295 123**
2019						
Current interest -bearing loans and borrowings	21 732	645	(8 941)	59 135	6 000	78 571
Non-current interest -bearing loans and borrowings	39 830	3 335	(1 324)	-	(3 335)	38 506
Lease liabilities	1 415	137	(313)	-	-	1 239
	62 977	**4 117**	**(10 578)**	**59 135**	**2 665**	**118 316**

25. MINE REHABILITATION PROVISION

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Balance as at 1 January	**77 674**	**2 765**	**36 447**	**1 216**
Unwinding of discount	37 884	4 529	17 777	1 994
Foreign currency translation loss	323 301	51 824	163 462	29 592
Recognised in profit or loss	(171 782)	18 556	(79 278)	3 645
Balance as at 31 December	**267 077**	**77 674**	**138 408**	**36 447**

The Group makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis from the time of developing the mines and installing and using those facilities. The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred over the useful life of the mine (LOM). These provisions have been created based on RioZim' s internal estimates (refer to note 4.6 on LOM estimates).

Assumptions based on the current economic environment have been made, which Directors believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions.

However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

25. MINE REHABILITATION PROVISION (cont'd)

	2020	2019
The provision was calculated using the following assumptions:		
Inflation rate	3%	3%
Life of mine - Renco mine (years)	19.7	1.5
Life of mine - Cam & Motor mine (years)	6.8	0.75
Life of mine - Dalny mine (years)	8.9	2.14
Interest rate	10%	10%
Future value closure costs (ZWL$000)	562 253	84 393
Present value recognised in Statement of Financial Position (ZWL$000)	267 077	77 674

26. PAYABLES

26.1 Trade and other payables

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Current				
Trade payables	549 347	92 210	549 291	88 797
Accruals	50 792	13 500	48 848	13 092
Leave pay liabilities	103 301	5 249	103 222	4 419
Statutory liabilities	62 079	7 563	61 261	7 377
Sundry payables	1 114 064	213 164	1 165 704	221 839
	1 879 583	**331 686**	**1 928 326**	**335 524**

Sundry payables include amounts due for corporate services and consultancy.

	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
Non-current				
Other payables	2 474 850	507 437	2 474 850	507 437
	2 474 850	**507 437**	**2 474 850**	**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 within the next 12 months from the reporting period, therefore the total amount owing has been classified under non-current.

Terms and conditions of the above financial liabilities are in the ordinary course of business:

Trade and other payables are generally non-interest bearing and are normally settled on 30- 90 day terms.

26.2 Lease liabilities

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Balance as at 1 January	**1 239**	**1 415**	**1 239**	**1 415**
Additions	373	-	373	-
Interest	415	137	415	137
Foreign currency translation loss	2 653	-	2 653	-
Payments	(4 041)	(313)	(4 041)	(313)
Balance as at 31 December	**639**	**1 239**	**639**	**1 239**
Split as follows:				
Non-current	-	301	-	301
Current	639	938	639	938
	639	**1 239**	**639**	**1 239**

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

27. PENSION AND OTHER POST-EMPLOYMENT BENEFIT PLANS

Pensions benefits are provided for all employees through the Mining Industry Pension Fund (MIPF), National Social Security Authority (NSSA) and RioZim Pension Fund . Both the employer and employees contribute to the funds.

Description of the pensions and other post-employment benefit plans

DEFINED CONTRIBUTION PLANS

Mining Industry Pension Fund (MIPF)

The MIPF was set up through a Statutory Instrument for the benefit of employees in the mining industry. The Group's obligations are limited to the mandatory contributions to MIPF which are presently 15% of the pensionable emoluments per month for each employee.

National Social Security Authority (NSSA)

The Company and all employees also contribute to the NSSA, a social security scheme. The NSSA Scheme was promulgated under the NSSA Act 1989. The Group's obligations under the scheme are limited to specific contributions as legislated from time to time and are presently 3.5% of pensionable emoluments per month for each employee up to a maximum of ZWL$700 per month per employee.

DEFINED BENEFIT PLANS

RioZim pension fund

The Company operates a defined benefit plan for some of the permanent pensionable employees. The plan is a funded final salary pension plan which provides benefits to employees in the form of a monthly pension. The level of benefits provided depends on members' length of service and their salary at retirement or earlier death or termination from employment. The fund has the legal form of a foundation and it is governed by a Board of Trustees . The Board of Trustees consists of employer and employee representatives and is responsible for the administration of the plan assets and for the definition of the investment strategy.

The pension fund is actuarially valued every year and the last valuation was done in February 2021 for the position as at 31 December 2020.

Changes in defined benefit obligations and fair value of plan assets

The following tables summarise the components of net benefit expense recognised in the statement of comprehensive income and the funded status and amounts recognised in the statement of financial position for the respective plans:

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

27 . PENSION AND OTHER POST-EMPLOYMENT BENEFIT PLANS (cont'd)

2020 changes in the defined benefit obligation and fair value of plan assets :

	Pension cost charged to profit or loss					Remeasurement gains/(losses) in other comprehensive income (OCI)					
	31 Dec 2019 ZWL$ 000	Service cost ZWL$ 000	Net interest expense ZWL$ 000	Sub-total included in profit or loss ZWL$ 000	Benefits paid ZWL$ 000	Actuarial changes arising from changes in demographic assumptions ZWL$ 000	Actuarial changes arising from changes in financial assumptions ZWL$ 000	Experience adjustments ZWL$ 000	Sub-total included in OCI ZWL$ 000	Contributions ZWL$ 000	31 Dec 2020 ZWL$ 000
Defined benefit obligations	(7 603)	-	(988)	(988)	1 971	-	-	(155 805)	(155 805)	-	(162 425)
Fair value of plan assets	3 251	-	-	-	(1 971)	-	-	375 778	375 778	-	377 058
Benefit (liability)/asset	**(4 352)**	**-**	**(988)**	**(988)**	**-**	**-**	**-**	**219 973**	**219 973**	**-**	**214 633**

2019 changes in the defined benefit obligation and fair value of plan assets :

	Pension cost charged to profit or loss					Remeasurement gains/(losses) in other comprehensive income (OCI)					
	31 Dec 2018 ZWL$ 000	Service cost ZWL$ 000	Net interest income ZWL$ 000	Sub-total included in profit or loss ZWL$ 000	Benefits paid ZWL$ 000	Actuarial changes arising from changes in demographic assumptions ZWL$ 000	Actuarial changes arising from changes in financial assumptions ZWL$ 000	Experience adjustments ZWL$ 000	Sub-total included in OCI ZWL$ 000	Contributions ZWL$ 000	31 Dec 2019 ZWL$ 000
Defined benefit obligations	(6 691)	-	(439)	(439)	840	-	-	(1 313)	(1 313)	-	(7 603)
Fair value of plan assets	5 744	-	1 363	1 363	(840)	-	-	(3 016)	(3 016)	-	3 251
Benefit liability	**(947)**	**-**	**924**	**924**	**-**	**-**	**-**	**(4 329)**	**(4 329)**	**-**	**(4 352)**

27. PENSION AND OTHER POST-EMPLOYMENT BENEFIT PLANS (cont'd)

The major categories of plan assets and the fair values of the total plan assets are as follows:

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Prescribed assets and approved holdings	46	39	46	39
Equity instruments	17 991	1 864	17 991	1 864
Property	353 450	709	353 450	709
Cash and cash equivalents	95	32	95	32
Other	5 476	607	5 476	607
	377 058	3 251	377 058	3 251

A significant proportion of the plan assets is invested in the property market at 94% (2019: 22%) and the plan assets can be negatively affected by a significant fall in the property market. Pension plan assets does not include shares in the company's ordinary shares (2019: Nil).

Effect of the defined benefit plan on the entity's future cash flows:

Expected contributions to post-employment benefit for the year ending 31 December 2020 are ZWL$Nil.

In the prior year, the Fund applied for voluntary liquidation and the approval for liquidation was granted by the Industry and Pension Commission (IPEC) and a liquidator was appointed. The liquidation processes were suspended during the year due to COVID-19.

Key assumptions and quantitative sensitivity analysis

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. The retirement mortality of Zimbabwean schemes follow the A24/29 mortality table and this has been used in the assumptions.Mortality rates used for pre-retirement are consistent with the experience of the actuarial company. Pensioner's post retirement mortality was assumed to be in line with the A(55) Ultimate mortality tables.

Future salary increases and pension increases are based on expected future inflation rate.

The key assumptions and their sensitivity analysis are shown below:

	2020	2019
Discount rate	8%	8%
Inflation rate	8%	8%
Future salary increase	13%	13%
Return on plan asset	8%	8%
Future pension increase	8%	8%

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

27. PENSION AND OTHER POST-EMPLOYMENT BENEFIT PLANS (cont'd)

A quantitative sensitivity analysis for significant assumptions is shown below:

	Discount rate		Salaries		Life expectancy	
Sensitivity level	1% increase ZWL$ 000	1% decrease ZWL$ 000	1% increase ZWL$ 000	1% decrease ZWL$ 000	1% increase ZWL$ 000	1% decrease ZWL$ 000
31 December 2020	10 887	(12 483)	(13 698)	11 911	2 677	(2 891)
31 December 2019	(532)	607	-	-	319	(335)

The sensitivity of the defined benefit obligation to significant actuarial assumptions has been calculated using the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) used when calculating the pension liability recognised within the statement of financial position.

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

28. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties.

	Contributions to related parties ZWL$ 000	Services/ purchases from parties ZWL$ 000	Services/ sales to related parties ZWL$ 000	Loans from related parties ZWL$ 000	Management fees charged by related parties ZWL$ 000	*Amount owed by related parties ZWL$ 000	^Amount owed to related parties ZWL$ 000
Associate							
RZM Murowa (Private) Limited							
2020	-	-	79 214	-	-	-	708 710
2019	-	38 228	15 526	31 299	-	9 884	165 751
Shareholders							
GemRioZim Investments Limited							
2020	-	-	-	-	99 856	-	383 268
2019	-	-	-	-	14 195	-	67 820
RioZim Pension Fund (Refer to Note 27)							
2020	-	4 011	-	-	-	-	1 660
2019	-	455	-	-	-	-	1 157
Directors fees							
2020	-	6 797	-	-	-	-	3 681
2019	-	1 386	-	-	-	-	1 442

*Amounts owed by related parties are included in trade and other receivables in the statement of financial position.

^Amount owed to related parties are included in trade and other payables in the statement of financial position.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

28. RELATED PARTY TRANSACTIONS (cont'd)

Terms and conditions of transactions with related parties

Transactions with RZM Murowa (Private) Limited (Murowa)

Management fees

RioZim Limited provides administration services to Murowa under a service level agreement which came into effect on 1 January 2016 and has a tenure of 5 years. These administrative services include corporate in-house legal services, human resources consultation, corporate secretarial services, information technology support services, procurement services, technical consultation, internal audit services and any other services as agreed by the parties in writing. The fees under this agreement are 1.5% of turnover and are payable quarterly.

Hire of heavy mobile equipment

RioZim Limited entered into a lease agreement for the lease of heavy mobile equipment with Murowa at its Dalny mine and Cam & Motor mine commencing 1 August 2020 for a period of one year. The lease rentals amount to US$291 604 (excel VAT) per month. The equipment being leased include three Excavators, two Articulated Dump Trucks, Dozer and Front End Loader.

Transactions with Gem RioZim Investments Limited

Management fees

Management fees are for advisory and consultation services which are rendered by GemRioZim Investments Limited. The management fees are charged at 1% of the net turnover of RioZim Group including turnover from affiliate companies and recoveries for running expenses and subsistence fees.

All related party outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

Key management compensation

Key management includes executive directors, members of the executive committee, the Company Secretary and Head of Internal Audit. The compensation paid or payable to key management for employee services is shown below:

	2020 ZWL$ 000	2019 ZWL$ 000
Salaries and other short term employee benefits	49 906	5 703
Pension contributions to defined contribution plans	1 039	163
	50 945	**5 866**

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

29. FINANCIAL RISK MANAGEMENT

29.1 Financial risk management and policies

The Group's financial liabilities comprises loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's financial assets include trade and other receivables and cash and short-term deposits that derive directly from its operations. The Group also holds Fair Value through other comprehensive income investments(FVOCI).

The Group is exposed to various financial risks: market risk (including currency risk, interest rate risk, and commodity price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the Group's financial performance.

Risk management is carried out by senior management under policies approved by the Board of Directors. Management identifies, evaluates and manages financial risks in close cooperation with the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks; interest rate risk, currency risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings and FVOCI investments.

i) Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the South African Rand and the Zimbabwean Dollar. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency).

The Group's policy is to adopt a non-speculative approach to manage risk while maximising profits. Exposure to exchange rate fluctuations is monitored by management. At 31 December 2020, if the United States Dollar had weakened/strengthened by 10% against the South African Rand with all other variables held constant, post-tax profit for the year would have been ZWL$23 139 192 (2019: ZWL$3 302 131) lower / ZWL$18 932 066 (2019: ZWL$2 701 743) higher, whilst if the United States Dollar had weakened/strengthened by 10% against the Zimbabwean Dollar with all other variables held constant, post-tax profit for the year would have been ZWL$12 129 993 (2019: ZWL$2 993 576) lower / ZWL$9 924 540 (2019: ZWL$2 449 290) higher, mainly as a result of foreign exchange losses/gains on translation of South African Rand and Zimbabwean Dollar denominated trade payables respectively. There is no impact on equity.

(ii) Interest rate risk

The Group has no interest bearing assets. The Group's interest rate risk arises from loans and borrowings. Loans and borrowings issued at variable rates expose the Group to interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing arrangements. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the simulations performed, the impact on post-tax profit of a 1% shift would be a maximum decrease/increase of ZWL$2 945 000 (2019: ZWL$1 171 000). The simulation is done on an annual basis to verify that the maximum loss potential is within the limit given by the management. There is no impact on equity.

(iii) Commodity price risk

The Group is exposed to commodity price risk in relation to its products of gold, nickel, copper and PGMs whose prices are determined by international market forces.

The table below summarises the impact of increase/decrease in the prices of the commodities on the Group's post tax profit for the year. The analysis is based on the assumption that the commodity prices increase/decrease by 5% with all other variables held constant.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

29. FINANCIAL RISK MANAGEMENT (cont'd)

29.1 Financial risk management and policies (cont'd)

(a) Market risk (cont'd)

(iii) Commodity price risk (cont'd)

Commodity	Impact on post tax profit 2020 ZWL$ 000	Impact on post tax loss 2019 ZWL$ 000
Nickel	1 337	870
Copper	899	382
Cobalt	145	2 751
Gold	1 126	59 993
Platinum	131	18
Palladium	571	103
Silver	6 088	877
Rhodium	244	-

There is no impact on equity.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities primarily trade receivables and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed through the Group's established policy, procedures and controls relating to customer credit risk management. The Group trades only with recognised creditworthy third parties.

Outstanding customer receivables are regularly monitored and an impairment analysis is performed at each reporting date on an individual customer basis.

The Group principally sells all its gold bullion to one customer whilst its base metal products are sold to a selected few customers. Management is of the view that there is a low risk of default due to the following reasons:

a) The Group's major customers are reputable companies which do not have any history of default.
b) All gold bullion balances as at 31 December were settled subsequent to year end whilst other metals debtors were not yet settled as at the approval date of the financial statements, due to extended time for finalisation of final assays.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets

Other Receivables

The Group also enters into transactions with related party companies within the Group. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount as per the statement of financial position. Credit risk is managed through collateral security for high value transactions and set-off arrangements with balances owed to the counterparties, therefore the risk of default is low. An assessment of the expected credit losses relating to related party receivables is undertaken upon initial recognition and each financial year by examining the financial position of the related party and the market in which the related party operates applying the general approach of the ECL impairment model of IFRS 9.

Cash and cash equivalents

Cash at banks earns interest at floating rates based on daily bank deposit rates. Bank deposits are made for short periods usually for less than a month, depending on the immediate cash requirements of the Group. The Group deposits cash surpluses only with major banks of high-quality credit standing to mitigate financial loss through a counterparty's potential failure to make payments.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

29. FINANCIAL RISK MANAGEMENT (cont'd)

29.1 Financial risk management and policies (cont'd)

(b) Credit risk (cont'd)

Maximum exposure to credit risk

The carrying amount of the financial assets included in the Statement of Financial Position represent the Group's exposure to credit risk in relation to those assets.

(c) Liquidity risk

The Group applies prudent liquidity risk management by maintaining a balance between continuity of funding and flexibility through the use of bank loans, preference shares, and lease contracts. Due to the dynamic nature of the underlying businesses, management aims at maintaining adequate cash balances and committed credit facilities available to close out any liquidity gap. The Group therefore, assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The table below analyses the Group's non-derivative financial assets and liabilities in relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The liabilities include both interest and principal cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2020			2019		
	Less than 1 year ZWL$ 000	From 1-3 years ZWL$ 000	More than 3 years ZWL$ 000	Less than 1 year ZWL$ 000	From 1-3 years ZWL$ 000	More than 3 years ZWL$ 000
Assets						
Cash and cash equivalents	94 794	-	-	32 467	-	-
Trade and other receivables	1 087 562	-	-	196 728	-	-
Loans and receivables	-	-	-	175	2 000	-
Total	**1 182 356**	**-**	**-**	**229 370**	**2 000**	**-**
Liabilities						
Cumulative redeemable preference shares	-	-	-	9 108	36 812	-
Trade and other payables	1 879 583	2 474 850	-	331 686	507 437	-
Lease liabilities	3 476	-	-	1 958	340	-
Interest bearing loans and borrowings	294 484	-	-	70 079	5 373	-
Total	**2 177 543**	**2 474 850**	**-**	**412 831**	**549 962**	**-**
Liquidity gap	**(995 187)**	**(2 474 850)**	**-**	**(183 461)**	**(547 962)**	**-**

The liquidity gap will be managed through cash flows from operations.

29.2 Capital risk management

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown on the Statement of Financial Position) less cash and bank. Total capital is calculated as equity as shown in the Statement of Financial Position plus net debt.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

29. FINANCIAL RISK MANAGEMENT (cont'd)

29.2 Capital risk management (cont'd)

The gearing ratio as at reporting date was as follows:

	GROUP		COMPANY	
	2020 ZWL$ 000	2019 ZWL$ 000	2020 ZWL$ 000	2019 ZWL$ 000
Total borrowings including preference shares	294 484	117 077	294 484	117 077
Cash and cash equivalent	(94 794)	(32 467)	(94 713)	(32 436)
Net debt	**199 690**	**84 610**	**199 771**	**84 641**
Total equity	4 375 115	795 838	3 088 792	606 057
Total capital	**4 574 805**	**880 448**	**3 288 563**	**690 698**
Gearing ratio (%)	**4%**	**10%**	**6%**	**12%**

30. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value of trade receivables, interest bearing loans and borrowings and all other receivables and payables approximates their carrying amount. The fair value of FVOCI investments is based on non-market observable information.

30.1 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable either directly or indirectly.
Level 3: techniques that use inputs that have significant effect on the recorded fair value that are not based on observable market data.

Recurring fair value measurements

	Level 1 ZWL$ 000	Level 2 ZWL$ 000	Level 3 ZWL$ 000
2020			
FVOCI investments	-	-	12 976
Trade receivables (subject to provisional pricing)	-	97 575	-
Impact of level 3 measurements on Other Comprehensive Income	-	-	12 312
2019			
FVOCI investments	-	-	664
Trade receivables (subject to provisional pricing)	-	31 494	-
Impact of level 3 measurements on Other Comprehensive Income	-	-	486

There were no transfers in or transfers out of Level 3 and Level 2 financial instruments.

Discount rates is one of the unobservable inputs the Group estimates which has a significant bearing on the fair value of its Level 3 financial instruments. An increase/decrease of 5% in the estimated discount rate used by the Group would result in the value of the financial instruments being different by ZWL$261 116 (2019: ZWL$133 929) lower and ZWL$319 120 (2019: ZWL$168 321) higher respectively.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

30. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (cont'd)

30.2 Valuation techniques

Trade receivables (subject to provisional pricing)

The Group has trade receivables (subject to provisional pricing) arising from provisional pricing sales arrangements which the Group entered into with some of its metals in concentrate customers. Final settlement value would be based on final dry weight, agreed assays and final prices which are determined at the end of the Quotational Period (QP), usually ranging between 60 days to 180 days after date of shipment. The QP is the period after the physical shipment of goods during which the price and grade of mineral sold is subject to change due to fluctuations in commodity prices.

Description of valuation technique used and key inputs to valuation of the trade receivables.

Type of financial instrument	Fair value as at 31 December		Valuation technique	Significant inputs
	2020 ZWL$ 000	2019 ZWL$ 000		
Trade receivables (subject to provisional pricing)	97 575	31 494	DCF	Estimated future commodity prices. Quantities and final assays

Fair value through other comprehensive income (FVOCI) investments

The fair value of the FVOCI investments has been determined using the net asset value (NAV) of the investee. Management has evaluated and believes that NAV provides the most reliable and reasonable fair value after taking into account of the information available, the nature and operations of the investee and the purpose of the Group's investment in the investee.

The shares of the investee are not publicly traded and there are no other similar companies in the same market whose shares are publicly traded. Furthermore, the investee does not have a history of declaring dividends. The Group does not have access to the investee's future plans and budgets given the size of its shareholding in the investee. After considering the above factors and the materiality of the investment, management believes that NAV gives the best estimate of the investment's fair value.

Below is the financial information of the investee that was used to calculate the fair value.

	2020 ZWL$ 000	2019 ZWL$ 000
Total assets	1 013 204	70 921
Total liabilities	(177 662)	(28 120)
Net asset value	**835 542**	**42 801**
Fair value of investment (1.553%)	**12 976**	**664**

RioZim Limited

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

31. COMMITMENTS

31.1 Lease commitments

Group as lessee

The Group has a commercial lease for its Head Office space with a tenure of three years. The lease expires in April 2021 with a renewal option.

There are no restrictions placed upon the Group by entering into this lease.

Set out below are the carrying amounts of right-of-use assets:

	Land and buildings	
	2020 ZWL$ 000	2019 ZWL$ 000
Right of use assets	1 422	809
Set out below are the carrying amounts of lease liabilities:		
Lease liabilities	639	1 239
The following are the amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets	4 413	606
Interest expense on lease liabilities	415	137

Short term leases

The Group also has certain leases of heavy mobile equipment with lease terms of 12 months. The Group applies the 'short-term lease' recognition exemptions for these leases.

	2020 ZWL$ 000	2019 ZWL$ 000
Future minimum rentals payable under the short term leases as at 31 December are as follows:		
Payable within one year	166 952	24 451
The following are the amounts recognised in profit or loss relating to short term leases:		
Short term lease expenses	150 380	38 228

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

31. COMMITMENTS (cont'd)

31.1 Lease commitments (cont'd)

Group as a lessor

The Group has commercial property leases on its property portfolio consisting of the Group's surplus office, recreational facilities and residential buildings. These leases have terms of 1 year. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2020 ZWL$ 000	2019 ZWL$ 000
Receivable within one year	2 961	309

31.2 Capital commitments

	2020 ZWL$ 000	2019 ZWL$ 000
Contracts and orders placed	1 074 025	420 934
Authorised by Directors but not contracted	1 822 895	112 624
	2 896 920	**533 558**

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

32. CONTINGENT LIABILITIES

In the ordinary course of business, the Group is involved in a number of litigation cases for which the Group is defending and is confident that there are no liabilities that will arise from these cases.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

33. EVENTS AFTER THE REPORTING PERIOD

The COVID-19 situation worsened subsequent to year end as the country battled a new variant of the virus with new infections and number of deaths rising on a daily basis. In order to contain the rapid wide spread of the virus, the Government declared a national lockdown for a period of 30 days from the 5th of January 2021 through enactment of SI 10 of 2021 - Public Health (COVID-19 Prevention, Containment and Treatment) (National Lockdown) (No. 2) (Amendment) Order, 2021 (No. 9). The lockdown was extended by two consecutive two-week periods to 28 February 2021. However, businesses designated as essential services which included the mining industry were exempted and continued to operate, albeit under strict adherence to the World Health Organisation (WHO) guidelines.

The Group extended its various measures that were necessary to protect its employees and the communities surrounding its operations which included extensive testing and screening of employees, awareness and prevention campaigns as well as intensive sanitisation, hygiene and social distancing protocols.

The COVID-19 pandemic continues to have a huge negative impact on individual businesses which has a knock on effect on the Group as some of its suppliers and service providers are faced with viability challenges. The Group has also suffered from disruptions on the supply chain of raw materials as cross border controls and restrictions continue to be stringent in different countries as a result of the pandemic. Gold prices however, remain favorable which has cushioned the Group from other negative impacts of the pandemic.

As at the date of approval of the financial statements, there has been minimal disruption of the Group's operations as a result of the pandemic, and therefore, it was impractical to quantify the potential financial impact on the Group's current and future operations and cash flows. As a result, no adjustment has been made to the amounts of income, expenses, assets and liabilities presented in the financial statements. The Group will continue to actively monitor the situation as the pandemic continues to evolve and will take appropriate actions as necessary.

On the 8th of January 2021, the Reserve Bank of Zimbabwe reviewed the nostro retention on export proceeds to 60% from the 70% as at the reporting date. The downward review of the retention will reduce the available foreign currency for the Group to fund its raw materials and capital expenditure requirements which predominantly require foreign currency. The Group will however implement working capital management strategies to adapt to the reduced foreign currency and ensure continuity of operations.

Notes To The Financial Statements (cont'd)

For The Year Ended 31 December 2020

34. GOING CONCERN

The Group's flagship operation, Cam & Motor mine migrated mining operations to its nearby One Step mine hauling and processing low grade ore after it ran out of oxide ores at its Cam pits, which resulted in Group production contracting by 27% in the current year. The future of Cam & Motor mine is hinged on the successful completion of the BIOX plant project which will enable the mine to process its high grade refractory sulphide resources. As at the reporting date, the Group required US$8 million in foreign currency to complete the BIOX plant project.

The Group's production will continue to be significantly hampered by processing of lower grade ores from One Step mine which may not sustain the Group if the BIOX plant project is not completed and commissioned. These factors ordinarily 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:

- The Group progressed the BIOX project to 50% completion as at year end and discussions with a potential financier of the funding for the completion of the project were at an advanced stage as at year end. The BIOX plant is scheduled to be commissioned in the second half of the year which will enable Cam & Motor mine to increase production through processing its high grade sulphide resources.

- The Group managed to generate net earnings, as represented by EBITDA of ZWL$522.1 million (2019: ZWL$84.1 million). The EBIDTA will be utilised to fund the necessary maintenance and sustaining capital expenditure to guarantee the continuity of operations.

- Power availability challenges eased after improved power supplies from the Zimbabwe Electricity Supply Authority (ZESA) in the second half of the year, resulting in reduced plant down times. Furthermore, the installed generators at Dalny mine and Renco mine will cushion the Group in the event of power cuts, therefore production is forecast to be consistent going forward.

- Extensive exploration across the Group aimed at upgrading the Group's resources into reserves and minable resources, which will give more control on the grades and positively contribute to increased production.

- An induction furnace is forecast to be installed at ENR in 2021 which will enable the Refinery to increase production through treatment of its dumps that will improve its cash flows to meet care and maintenance costs.

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.

RioZim Limited

Top 20 Shareholders

As At 31 December 2020

Rank	Names	Shares	Percentage
1	GEM RIOZIM INVESTMENTS LTD	53 711 268	44.01
2	RZM MUROWA (PVT) LTD	41 934 024	34.36
3	RIOZIM FOUNDATION CO (PVT) LTD	6 003 579	4.92
4	MEGA MARKET (PVT) LTD	3 704 663	3.04
5	CHARTERHOUSE 3 LTD	2 315 129	1.90
6	GLS PHOENIX LIMITED	2 069 829	1.70
7	LEONARD LICHT	1 923 736	1.58
8	STANBIC NOMINEES (PVT) LTD.	1 645 071	1.35
9	SANJAYKUMAR PATEL	908 377	0.74
10	GURAMATUNHU FAMILY TRUST	395 013	0.32
11	LOCAL AUTHORITIES PENSION FUND	361 637	0.30
12	GOOD PALM INVESTMENTS PL	318 300	0.26
13	TFS NOMINEES (PVT) LTD	294 892	0.24
14	THE SEED TRUST	268 494	0.22
15	NIKHIL SURESHLAL BHULABHAI	192 740	0.16
16	ZWM NOM PVT LTD-CORP CLIENTS	181 477	0.15
17	NSSA - NATIONAL PENSION SCHEME	164 537	0.13
18	OLD MUTUAL LIFE ASS CO ZIM LTD	156 168	0.13
19	ZWM NOMINEES (PVT) LTD	154 657	0.13
20	PUBLIC SERVICE COMMISS PF-ABC	131 120	0.11
	Selected Shares	**116 834 711**	**95.75**
	Non - Selected Shares	**5 194 759**	**4.25**
	Issued Shares	**122 029 470**	**100.00**

Notice Of The Annual General Meeting

Annual General Meeting Virtual Link: https://escrowagm.com/eagmZim/Login.aspx

Notice is hereby given that the 65th Annual General Meeting of members will be held virtually on Friday, 4 June 2021 at 10.30 hours for the purpose of transacting the following business: -

A. ORDINARY BUSINESS

1. Financial Statements

To receive, consider and adopt the Financial Statements for the year ended 31 December 2020 together with the Report of the Directors and Auditors thereon.

2. Directorate

To re-elect directors by individual resolutions in terms of section 201 of the Companies and Other Business Entities Act [Chapter 24:31].

a) Mr S R Beebeejaun retires by rotation in terms of Article 95 and 96 of the Company's Articles of Association and being eligible offers himself for re-election.
b) Mr G K Jain retires by rotation in terms of Article 95 and 96 of the Company's Articles of Association and being eligible offers himself for re-election.

3. Directors Remuneration

To approve the remuneration of the Directors for the year ended 31 December 2020.
(NOTE: In terms of Section 3 of Practice Note 4 issued by the ZSE on the 17th of January 2020, the Director's Remuneration Report shall be available for inspection by members at the registered office of the Company.)

4. Auditors Fees and Appointments

a) To approve the remuneration of the Auditors for the financial year ended 31 December 2020.
b) To appoint auditors for the ensuing year until the conclusion of the next Annual General Meeting. Ernst & Young Chartered Accountants (Zimbabwe) retire and being eligible, offer themselves for re-election as auditors of the Company.
(NOTE: In terms of Section 69(6) of SI 134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules, 2019, companies must change their audit partners every five years and their audit firm every ten years. Ernst & Young have been auditing RioZim Limited for the past 9 years and as such are compliant with the laws and regulations.)

B. SPECIAL BUSINESS

1. Placing 5% of authorised unissued shares under the control of the Directors

To consider, and if deemed fit, pass with or without modification the following ordinary resolution: -
"THAT up to 5% of the authorised unissued ordinary shares of the Company be placed under the control of Directors, until the next Annual General Meeting, to be issued, subject to the requirement of the Company's Memorandum and Articles of Association and the Zimbabwe Stock Exchange Listing Requirements."

C. ANY OTHER BUSINESS

1. To transact any other business as may be transacted at an Annual General Meeting.

D. APPOINTMENT OF PROXY:

i) In terms of the Companies and Other Business Entities Act [Chapter 24:31], a member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
ii) Proxy forms must be deposited at the registered office of the Company or at the office of the Transfer Secretaries (Corpserve Registrars (Private) Limited, Second Floor, ZB Centre, Corner First Street and Kwame Nkrumah Avenue, Harare) not less than 48 (forty-eight) hours before the time appointed for the holding of the meeting.

Note:

a) Members may request a copy of the 2020 Annual Report from the registered office of the Company or from the office of the Transfer Secretaries. The 2020 Annual Report is also available for download from the Company's website www.riozim.co.zw.

Form Of Proxy

For use at the Annual General Meeting ("AGM") of RioZim Limited to be held virtually on Friday the 4th of June 2021 at 10:30 hours.

I/We.. (Name/s in block letters)

Of...
Being a member of RioZim Limited ("the Company")

Being the registered holder(s) of.. Ordinary shares in the Company

Hereby appoint...of..
Address

....

Or failing him/her...of..
Address

....

Or failing him/her, the Chairman of the meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company as specified above and any adjournments thereof, and vote for me/us on my/our behalf or abstain from voting.
I/We instruct my/our proxy or proxies to vote as follows:

Do hereby record my votes for the resolutions to be submitted as follows:	Please mark the appropriate box with "X" next to each resolution. Alterations made to your initial response should be signed.		
	IN FAVOUR	AGAINST	ABSTAIN
ORDINARY BUSINESS			
1. Financial Statements To receive, consider and adopt the Financial Statements for the year ended 31st December 2020 together with the Report of the Directors and Auditors thereon.			
2. Directorate To re-elect directors by individual resolutions in terms of section 201 of the Companies and Other Business Entities Act [Chapter 24:31]..			
a) Mr S R Beebeejaun retires by rotation in terms of Article 95 and 96 of the Company's Articles of Association and being eligible offers himself for re-election.			
b) Mr G K Jain retires by rotation in terms of Article 95 and 96 of the Company's Articles of Association and being eligible offers himself for re-election.			
3. Directors Remuneration To approve the remuneration of the Directors for the year ended 31st December 2020.			
4. Auditors Fees and Appointments			
a) To approve the remuneration of the Auditors for the financial year ended 31st December 2020.			
b) To appoint auditors for the ensuing year until the conclusion of the next Annual General Meeting. Ernst & Young Chartered Accountants (Zimbabwe) retire and being eligible, offer themselves for re-election as auditors of the Company.			
SPECIAL BUSINESS			
To consider and adopt, with or without amendment, the following resolutions:			
1. Placing 5% of authorised unissued shares under the control of the Directors To consider, and if deemed fit, pass with or without modification the following ordinary resolution: -"THAT up to 5% of the authorised unissued ordinary shares of the Company be placed under the control of Directors, until the next Annual General Meeting, to be issued, subject to the requirement of the Company's Memorandum of Articles of Association and the Zimbabwe Stock Exchange Listing Requirements."			

Signed this...Day of...2021

Signature of member...

Notes To Proxy

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

It is important that this information is read before completing the Proxy form.

- In terms section 171 of the Companies and Other Business Entities Act [Chapter 24:32] a member of the Company is entitled to appoint one or more proxies to act in the alternative, to attend and vote and speak instead of him. A proxy need not be a member of the Company.

- A deletion of any printed matter and the completion of any blank spaces need not be signed or initialed. Any alteration or correction must be initialed by the signatory/ies. The proxy form must be signed and dated for it to be valid.

- In accordance with Article 73 of the Company's Articles of Association, instruments of proxy must be deposited at the registered office of the Company addressed to the Company Secretary or at the office of the Transfer Secretaries (specified overleaf) not less than 48 (forty-eight) hours before the time appointed for holding the meeting.

- Documentary evidence establishing the authority of a person signing this form of proxy must be deposited together with the proxy form not less than 48 (forty-eight) hours before the meeting. The Chairman shall be entitled to decline or accept the authority of a person signing the proxy form:

  a) under a power of attorney
  b) on behalf of a company
  c) in a representative capacity

  which is completed and received other than in accordance with these notes.

- If two or more proxies appointed in the alternate attend the meeting, then that person attending the meeting whose name appears first on the proxy form shall be regarded as the validly appointed proxy.

- When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.

- This is a GENERAL PROXY allowing the proxy to vote on behalf of the shareholder/member's behalf on the resolution properly proposed for the meetings and or any other business that may properly come before the meetings. The proxy can vote as he/she sees fit FOR or AGAINST a resolution unless given specific written directions as to how to vote on specific resolutions on this General Proxy.

- The completion and lodging of this form of proxy will not preclude the members who grants this proxy form from attending the meeting and speaking and voting in person to the exclusion of any proxy appointed in terms of the proxy form should such member wish to do so. In the event of such personal attendance the proxy form will be revoked.

Transfer Secretaries
Corpserve Registrars (Private) Limited
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Cnr 1st and Kwame Nkrumah Avenue
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RioZim Limited

To view the Online Annual Report, please visit our website at www.riozim.co.zw