RIOZIM LIMITED
AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021

RioZim Limited

Head Office: RioZim Limited
1 Kenilworth Road, Highlands, Harare. P O Box CY 1243, Causeway, Highlands, Harare, Zimbabwe
Telephone +263 746141/9, 776085/91, 746089/95, +263 86 7700 7168, Cell +263 77 215 8503-5, Fax: 746228.

CHAIRMAN'S STATEMENT

INTRODUCTION

The operating environment throughout the year was challenging. It was characterised by significant exchange rate distortions, ongoing power supply deficits and policy changes amongst other challenges, which negatively impacted the operations of the Group. The COVID-19 pandemic presented further challenges to the already depressed macroeconomic environment as new variants emerged during the year.

The foreign currency retention was revised downwards to 60% in January 2021 from 70% in the prior year. This not only reduced the value realised for the Group's gold produce but also negatively impacted on the timeous execution of the Group's projects, which predominantly required foreign currency. The commissioning of the Biological Oxidation (BIOX) Plant Project that was forecasted for Q4 2021 was delayed and postponed to Q1 2022.

Despite the stability of the interbank rate, the comparative rates in the alternative market traded at huge premiums above the interbank rate during the period. This continued to put pressure on the Group's profitability as inputs tracked rates in the alternative market. The combination of a challenging operating environment and the delays on the completion of the BIOX Plant Project due to inadequate foreign currency resulted in the Company incurring a loss for the year. It is against this background that I present you with the financial results of the Company.

GROUP PERFORMANCE

Gold production regressed by 7% from 1 205kg produced in the prior year to 1 122kg. Due to delays in the completion of the BIOX Plant Project, the lifespan of the stopgap One-Step mining operation was extended and continued to supply ore to the Cam & Motor plant. The grades, however, significantly dropped which resulted in subdued production. This impacted the Group's production as both Dalny and Renco recorded almost consistent production from the prior year. The gold price recorded a marginal 1% increase from the prior year to an average of US$1 774/oz for the year compared to US$1 765/oz in the prior year. Despite a 7% decline in gold production, the Group's revenue increased by 84% to ZW$5.8 billion compared to the prior period's ZW$3.1 billion primarily due to the depreciation of the local currency against the United States dollar.

GOLD BUSINESS

Renco Mine
The mine operated at almost the same level of production as the prior year achieving 561kg of gold, 3% lower than 580kg produced in the prior year. The slight shortfall in gold output from the prior year was attributed to reduced plant throughput as a result of increased power cuts during the year.

Dalny Mine
Dalny achieved a 6% growth in gold production achieving 209kg of gold from 198kg produced in the prior year. The growth in gold production was due to increased plant throughput as plant improvements carried out during the year successfully stabilised the plant.

One-Step Mine
Gold production at One-Step mine fell by 18% from the prior year's production of 427kg to 351kg. The low gold output was attributable to lower grades which dropped from the prior year. The life of mine was extended during the year despite the grades deteriorating and mining operations continued for the full year. The One-Step ore was processed at the plant in Cam & Motor as had been happening in the previous year.

Cam & Motor Mine
There was no gold production from Cam & Motor mine during the year which was a carry forward from prior year as the mine continued with the construction of its BIOX Plant Project throughout the year. The completion of the BIOX Plant which was scheduled for the second half of the year was delayed due to inadequate foreign currency and COVID-19 pandemic induced challenges. Commissioning of the BIOX Plant Project would have enabled resumption of mining operations at the Cam & Motor high grade ore pits.

BIOX Plant Project
After obtaining the funding required for the completion of the BIOX Plant Project, the Company accelerated installations in the second half of the year to bring the plant to completion stage at the end of the year. Testing of the various equipment and components commenced subsequent to year end and the plant was successfully commissioned on the 14th of April 2022 by the President of the Republic of Zimbabwe H.E. Dr E.D. Mnangagwa.

BASE METALS BUSINESS

The Refinery operated under care and maintenance throughout the period. 210tons of matte, 78tons of PGMs and 21tons of copper were produced. Revenue of ZW$381 million was generated during the year from the projects at the Refinery which partially funded the care and maintenance costs. The Company continues to engage various stakeholders to identify sources of raw material to feed the Refinery to normal production capacity and our stakeholders will be kept appraised.

CHROME BUSINESS

The legal dispute relating to the Company's chrome claims in Darwendale remained under litigation as at year end and the Company continues to pursue the finalisation of the court case.

DIAMOND BUSINESS

Diamond production for the Group's associate, RZM Murowa (Private) Limited, declined by 28% to 414 000 carats from 579 000 carats produced in the comparative year, 2020. The Associate processed material from the low grade stock piles with limited mining activities in the K2 pit. This was in contrast to the prior year whereby production was from the mining activities in the K2 pit, which has slightly better grades. The key focus for the Associate is completion of its Project Crown Jewel which entails increasing the current processing plant capacity to move to a 'low grade high volume' strategy in order to sustain production as it is currently processing low grades.

The Group's share of profit from the associate increased to ZW$525.8million compared to ZW$494.8 million in the prior year.

ENERGY BUSINESS

178 MW Solar Project
The Company concluded the Environmental Impact Assessments (EIAs) for all the proposed solar sites which are a prerequisite before the implementation of the solar projects at the various mines. Engagements with potential financiers are ongoing albeit at a slower pace due to the complexities brought about by the COVID-19 pandemic.

2 800MW Sengwa Power Station
Due to a mix of considerations brought about by the COVID-19 pandemic, the Company has put up various financing options to attract potential investors into the project. Stakeholders will be kept abreast on the developments of the project.

OUTLOOK

The BIOX Plant commissioning remained a priority for the Group. Subsequent to year end, testing of the plant components commenced in earnest with no major challenges being encountered. The commissioning of the BIOX Plant was completed on 14 April 2022. Production is forecast to improve as Cam & Motor returns to producing from its high grade pits.

The COVID-19 pandemic eased subsequent to period end as the Omicron variant, which emerged close to period end, was contained. Various countries began to relax the COVID-19 restrictions and protocols resulting in the movement of cargo and people across borders significantly improving. Despite a positive outlook, the Group will remain steadfast in its observance of the COVID-19 health protocols as prescribed by the World Health Organisation and Ministry of Health and Child Care from time to time.

DIRECTORATE

Our Chairman Emeritus, Mr. Lovemore Chihota sadly passed away on the 2nd of July 2021. Mr. Chihota was dedicated to the Company since his appointment to the Board in 2014 and his death was a heart-breaking loss to the Company.

Mr. Manraj Singh Bindra was appointed as a Non-Executive Director on the 18th of June 2021. I welcome him and wish him a successful tenure.

DIVIDENDS

No dividends were declared for the period.

APPRECIATION

On behalf of the Board, I would like to extend my gratitude to my fellow Directors for their continued leadership and unreserved commitment to the Company during a difficult financial year. I would also like to thank our Management and Employees for their unwavering dedication and loyalty in spite of the challenges faced by the Company. To our valued stakeholders who continue to support us, we thank you.

S R BEEBEEJAUN
CHAIRMAN
15 April 2022

ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2021

	31 Dec 2021 Audited ZW$000	31 Dec 2020 Audited ZW$000
Revenue	5 768 667	3 135 077
Cost of sales	(5 747 486)	(2 028 676)
Gross profit	**21 181**	**1 106 401**
Distribution and selling costs	(16 093)	(778)
Administrative expenses	(1 694 868)	(758 333)
Loss on disposal of property,plant and equipment	(134)	-
Other income	135 701	115 438
Operating (loss)/profit	**(1 554 213)**	**462 728**
Net finance costs	**(129 451)**	**(49 600)**
Finance income	-	424
Finance costs	(129 451)	(50 024)
Share of profit from an associate	525 847	494 842
(Loss)/profit before tax	**(1 157 817)**	**907 970**
Income tax expense	(940 125)	(455 236)
(Loss)/profit for the year	**(2 097 942)**	**452 734**
(Loss)/profit for the year attributable to:		
Owners of the parent	(2 088 185)	456 309
Non-controlling interests	(9 757)	(3 575)
	(2 097 942)	**452 734**
(Loss)/earnings per share (cents):		
Basic	(1 711.21)	373.93
Diluted basic	(1 711.21)	373.93

ABRIDGED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2021

	31 Dec 2021 Audited ZW$000	31 Dec 2020 Audited ZW$000
(Loss)/profit for the year	**(2 097 942)**	**452 734**
Other comprehensive income/(loss) to be reclassified to profit or loss:		
Foreign currency translation gains	1 666 641	2 947 931
Net other comprehensive income to be reclassified to profit or loss	**1 666 641**	**2 947 931**
Other comprehensive (loss)/income not to be reclassified to profit or loss:		
Re-measurement (losses)/gains on defined benefit plans	(1 531)	219 973
Income tax effect	378	(53 057)
Fair value gain on other comprehensive income investments	915	12 312
Income tax effect	(46)	(616)
Net other comprehensive (loss)/income not to be reclassified to profit or loss	**(284)**	**178 612**
Total other comprehensive incomefor the year, net of tax	**1 666 357**	**3 126 543**
Total comprehensive (loss)/income for the year	**(431 585)**	**3 579 277**
Total comprehensive (loss)/profit attributable to:		
Owners of the parent	(394 845)	3 579 091
Non-controlling interests	(36 740)	186
	(431 585)	**3 579 277**

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

	Note	31 Dec 2021 Audited ZW$000	31 Dec 2020 Audited ZW$000
ASSETS			
Non-current assets			
Property, plant and equipment	5	8 319 842	5 018 833
Exploration, evaluation and development assets	6	1 078 280	563 423
Right of use asset		22 728	1 422
Investment in associate company		2 882 544	1 317 637
Employee benefit asset		200 284	214 633
Fair value through other comprehensive income investments		13 891	12 976
Total non-current assets		**12 517 569**	**7 128 924**
Current assets			
Inventories	7	1 520 076	1 427 751
Trade and other receivables		1 274 808	1 087 562
Cash and cash equivalents		84 437	94 794
Total current assets		**2 879 321**	**2 610 107**
Total assets		**15 396 890**	**9 739 031**
EQUITY & LIABILITIES			
Shareholders' equity			
Share capital		1 345	1 345
Share premium		20 789	20 789
Foreign currency translation reserve		6 003 034	4 309 410
Fair value through other comprehensive income reserve		13 173	12 304
Accumulated (losses)/profits		(2 061 721)	27 617
Equity attributable to equity holders of the parent		**3 976 620**	**4 371 465**
Non-controlling interests		(33 090)	3 650
Total equity		**3 943 530**	**4 375 115**
Non-current liabilities			
Interest bearing loans and borrowings	9	811 190	-
Provisions		333 074	267 077
Other payables	8	3 288 201	2 474 850
Deferred tax liabilities		1 377 898	447 283
Lease liabilities		13 417	-
Total non-current liabilities		**5 823 780**	**3 189 210**
Current liabilities			
Trade and other payables	8	4 534 473	1 879 583
Interest-bearing loans and borrowings	9	1 085 077	294 484
Lease liabilities		10 030	639
Total current liabilities		**5 629 580**	**2 174 706**
Total liabilities		**11 453 360**	**5 363 916**
Total equity and liabilities		**15 396 890**	**9 739 031**

DIRECTORS: S R Beebeejaun (Chairman), C Dengu (Deputy Chairman), M M Shah* (Chief Executive Officer), M S Bindra, G K Jain, M T Sachak, R Swami* - Executive*

AUDITED

RIOZIM LIMITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2021

RioZim Limited

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

	Share capital ZW$000	Share premium ZW$000	Fair value through other comprehensive income reserve ZW$000	Foreign currency translation reserve ZW$000	Accumulated losses ZW$000	Total shareholders equity ZW$000	Non-controlling intrests ZW$000	Total equity ZW$000
Balance as at 1 January 2020	**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**
Loss for the year	-	-	-	-	(2 088 185)	(2 088 185)	(9 757)	(2 097 942)
Other comprehensive income/(loss) net of tax	-	-	869	1 693 624	(1 153)	1 693 340	(26 983)	1 666 357
Total comprehensive income / (loss)	**-**	**-**	**869**	**1 693 624**	**(2 089 338)**	**(394 845)**	**(36 740)**	**(431 585)**
Balance as at 31 December 2021	**1 345**	**20 789**	**13 173**	**6 003 034**	**(2 061 721)**	**3 976 620**	**(33 090)**	**3 943 530**

ABRIDGED CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended 31 December 2021

	31 Dec 2021 Audited ZW$000	31 Dec 2020 Audited ZW$000
Net cash flows from operating activities	**1 612 717**	**814 186**
Cash flows from investing activities		
Investment in exploration and evaluation assets	(490 884)	(37 256)
Additions to property, plant and equipment	(2 494 764)	(763 670)
Proceeds on disposal of property, plant and equipment	410	3 221
Net cash used in investing activities	**(2 985 238)**	**(797 705)**
Cash flow from financing activities		
Inflows from borrowings	1 364 431	-
Repayment of borrowings	(40 833)	(44 162)
Repayment of lease liability	(5 337)	(3 627)
Net cash generated from/(used) in financing activities	**1 318 261**	**(47 789)**
Net decrease in cash and cash equivalents	**(54 260)**	**(31 308)**
Unrealised exchange gains on foreign currency balances	43 903	93 635
Cash and cash equivalents at beginning of period	94 794	32 467
Cash and cash equivalents at 31 December	**84 437**	**94 794**
Represented by:		
Cash at bank and on hand	84 437	94 794

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. GENERAL INFORMATION

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

The Company is a limited liability company incorporated and domiciled in Zimbabwe. The address of its registered office is 1 Kenilworth Road, Highlands, Harare. The Company is listed on the Zimbabwe Stock Exchange.

These abridged consolidated financial statements were authorised for issue by the Board of Directors on 31 March 2022.

2. BASIS OF PREPARATION

The abridged consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31). The abridged consolidated financial statements are based on statutory records that are maintained under the historical costs conventions as modified by measurement of certain financial assets at fair value. They do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021.

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

The Public Accountants and Auditors Board (PAAB) pronounced in 2019 that factors and characteristics for the application of IAS 29 "Financial Reporting in Hyper-Inflationary Economies" in Zimbabwe were met and mandated IAS 29 to be applied in the preparation and presentation of financial statements for entities in Zimbabwe. Hyper-inflation financial reporting is however, applicable to entities whose functional currency is the currency in hyper-inflation.

The Group's functional currency is USD, which is not a currency in hyper-inflation and therefore IAS 29 is not applicable to the financial statements of the Group. The Group applied auction exchange rates for conversions from the Group's functional currency USD to the presentation currency ZWL. The closing auction exchange rate as at 31 December 2021 was 108.67 (2020: 81.79).

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. ESTIMATES

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

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

for the year ended 31 December 2021

5. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings ZW$000	Plant and equipment ZW$000	Heavy mobile equipment ZW$000	Capital work in progress ZW$000	Motor vehicles ZW$000	Furniture and fittings ZW$000	Total ZW$000
Cost							
At 1 January 2020	**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)
Foreign currency translation exchange gain	1 690 148	1 162 921	168 120	601 502	11 223	39 679	3 673 593
Disposals	-	-	-	-	(3 020)	(205)	(3 225)
At 31 December 2020	**2 232 118**	**1 703 621**	**367 961**	**1 307 387**	**18 709**	**71 281**	**5 701 077**
Additions	2 169	162 629	229 750	2 069 365	25 276	5 574	2 494 763
Transfers	-	-	-	(186 043)	-	-	(186 043)
Disposals	-	-	-	-	(2 282)	-	(2 282)
Foreign currency translation exchange gain/(loss)	750 374	(2 872)	217 622	681 100	35 409	(29 755)	1 651 878
At 31 December 2021	**2 984 661**	**1 863 378**	**815 333**	**3 871 809**	**77 112**	**47 100**	**9 659 393**
Accumulated depreciation							
At 1 January 2020	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)
Disposals	-	-	-	-	-	(4)	(4)
At 31 December 2020	**148 262**	**352 302**	**153 741**	**-**	**18 685**	**9 254**	**682 244**
Depreciation charge for the year	89 082	310 749	226 057	-	22 753	10 405	659 046
Disposals	-	-	-	-	(1 739)	-	(1 739)
At 31 December 2021	**237 344**	**663 051**	**379 798**	**-**	**39 699**	**19 659**	**1 339 551**
Net book value							
At 31 December 2020	**2 083 856**	**1 351 319**	**214 220**	**1 307 387**	**24**	**62 027**	**5 018 833**
At 31 December 2021	**2 747 317**	**1 200 327**	**435 535**	**3 871 809**	**37 413**	**27 441**	**8 319 842**

6. EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS

	Exploration and evaluation assets ZW$000	Development costs ZW$000	Total exploration evaluation and development assets ZW$000
Cost			
At 1 January 2020	**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**
Additions	72 968	417 917	490 885
Transfers	-	186 043	186 043
Foreign currency translation exchange gain	-	12 353	12 353
At 31 December 2021	**144 098**	**1 384 333**	**1 528 431**
Amortisation			
At 1 January 2020	**71 130**	**93 051**	**164 181**
Amortisation for the year	-	111 546	111 546
At 31 December 2020	**71 130**	**204 597**	**275 727**
Amortisation for the year	-	174 424	174 424
At 31 December 2021	**71 130**	**379 021**	**450 151**
Carrying amount			
At 31 December 2020	**-**	**563 423**	**563 423**
At 31 December 2021	**72 968**	**1 005 312**	**1 078 280**

7. INVENTORIES

	31 Dec 2021 Audited ZW$000	31 Dec 2020 Audited ZW$000
Stores and consumables	1 013 891	845 079
Ore stockpiles	81 937	38 605
Metals and minerals in concentrates and circuit	377 411	465 222
Finished metals	46 837	78 845
	1 520 076	**1 427 751**

8. TRADE AND OTHER PAYABLES

	31 Dec 2021 Audited ZW$000	31 Dec 2020 Audited ZW$000
Current		
Trade payables	1 092 460	549 347
Other payables	3 178 706	1 226 935
Leave pay liabilities	263 307	103 301
	4 534 473	**1 879 583**
Non-current		
Other payables	3 288 201	2 474 850
	3 288 201	**2 474 850**

9. INTEREST-BEARING LOANS AND BORROWINGS

	Effective Intrest rate %	Maturity	31 Dec 2021 Audited ZW$000	31 Dec 2020 Audited ZW$000
Current				
Bank loans (facility limit US$15.5m)	10%	On scheduled dates	693 812	-
Other term loan (Centametal AG)	0%	December 2019*	391 265	294 484
			1 085 077	**294 484**
Non-current				
Bank loans	10%	On scheduled dates	811 190	-
			811 190	**-**

* These facilities matured and are overdue.

Security

Bank loans were secured by revenue assignment agreements in respect of gold proceeds. All other interest bearing loans and borrowings are unsecured.

10. CAPITAL COMMITMENT

	2021 Audited ZW$000	2020 Audited ZW$000
Contracts and orders placed	217 332	1 074 025
Authorised by Directors but not contracted	1 291 495	1 822 894
	1 508 827	**2 896 919**

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

11. SUBSEQUENT EVENTS

The COVID-19 pandemic eased subsequent to period end as infections declined significantly. The Omicron variant which emerged towards year end, was contained as the number of infections curve flattened whilst deaths decreased. The government relaxed some of the COVID-19 restrictions including inland and cross border movement of people and cargo. Vaccines continued to be in adequate supply and easily accessible which is contributing positively towards achieving herd immunity.

The Group however, continue to operate under the strict adherence to the guidelines of the Ministry of Health and Child Care and World Health Organisation (WHO) to protect its employees from the spread of COVID-19.

Despite the progress achieved to date in managing the COVID-19 pandemic, the future remains uncertain and the Group will continue to monitor the situation going forward.

Post period end, testing of the various BIOX Plant Project equipment and components commenced and major challenges were encountered. The BIOX Plant was commissioned on the 14th of April 2022 by the President of the Republic of Zimbabwe H.E. Dr E.D. Mnangagwa and production started at reduced capacity as the plant is being optimised. The Plant is expected to reach full capacity production from Q3 2022 which is expected to increase gold production at Cam & Motor mine and improve the cash flows of the Group.

12. GOING CONCERN

As at the reporting date, the Group's current liabilities exceeded current assets by ZW$2 750.9 million (2020: current assets exceeded current liabilities by ZW$435.4 million) and the Group reported a net loss for the period of ZW$2 097.9 million (2020: net profit of ZW$452.7 million). The Group's performance was mainly affected by low production at Cam & Motor mine which recorded lower grades than planned from its One-Step mine where the mine relied for ore supply to the Cam & Motor plant throughout the year. As a result, the Group has not been able to generate sufficient cash flows to settle short-term borrowings due to external parties.

Furthermore, in the continuing economic environment characterised by a disparity between the official exchange rate and parallel exchange rate, costs continue to increase, exerting pressure on the Group's cash flows, and resultantly settlement of suppliers.

The future of Cam & Motor mine is hinged on the successful implementation and operation of the BIOX plant project which will enable the Mine to process its high-grade refractory sulphide resources. This plant went into trial production from February 2022 and was successfully commissioned on the 14th of April 2022. The budgeted gold production is still lower than the actual gold production for the first quarter. The future cash flow forecasts are dependent on the level of gold production from this BIOX plant. Therefore, whilst production is budgeted to increase going forward, there is a material uncertainty that the budgeted production levels will be achieved.

The net loss, negative accumulated losses and a negative working capital position 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 secured funding to complete the BIOX project at Cam & Motor mine during the period. All the major components and equipment were received on site as at year end and installations were at completion stage with testing of the various components in preparation for commissioning having commenced. Commissioning of the BIOX Plant was completed on 14 April 2022. Production is forecast to increase at Cam & Motor after commissioning of the BIOX plant which will turnaround the Group to profitability and a positive working capital position.
- The Group forecasts to discontinue the haulage of low grade ore from One-Step to the Cam & Motor plant and migrate mining operations to the high grade Cam & Motor pits, which will result in cost savings and contribute positively to the profitability and cash flows for the Group.
- Installations of an induction furnace which was purchased during the period at ENR were ongoing as at period end. The induction furnace will enable the Refinery to increase production through treatment of low grade material from its dumps and contribute positively to the working capital of the Group.
- 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.

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.

13. AUDITOR'S STATEMENT

These abridged consolidated financial statements have been audited by Ernst & Young Chartered Accountants (Zimbabwe) and a qualified audit opinion issued thereon due to non-compliance with International Financial Reporting Standards (IFRS): International Accounting Standard (IAS) 21- The Effects of Changes in Foreign Exchange Rates, International Accounting Standard (IAS) 12- Income Taxes and IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

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

Building a better working world

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

Tel: +263 24 2750905-14 or 2750979-83
Fax: +263 24 2750707 or 2773842
Email: admin@zw.ey.com
www.ey.com

Independent Auditor's Report

To the Shareholders of RioZim Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Qualified Opinion

We have audited the consolidated and separate financial statements of RioZim Limited and its subsidiaries (the group) and company set out on pages 14 to 92, which comprise the consolidated and separate statements of financial position as at 31 December 2021, 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, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph, the financial statements present fairly, in all material respects the financial position of the group and company as at 31 December 2021, and financial performance and cash flows for the period 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 qualified opinion

Non-compliance with International Financial Reporting Standards (IFRS): International Accounting Standard (IAS) 21- *The Effects of Changes in Foreign Exchange Rates* in prior period and inappropriate application of IAS 8- *Accounting Policies, Changes in Accounting Estimates and Errors*

Impact of prior year modification on current period (Group and Company)
The Group used inappropriate exchange rates which did not meet IAS21 requirements for a spot rate from 1 January 2020 to 22 June 2020. The interbank exchange rate was used to translate foreign denominated transactions and balances to United States Dollars (USD) functional currency; however, the rate was not available for immediate delivery therefore not a spot rate in terms of IFRS. Further, the interbank exchange rates were used to translate all transactions from the United States Dollars (USD) functional currency to the ZWL reporting currency. The misstatements could however not be quantified as an appropriate exchange rate had not been identified.

Our prior year audit report for the year ended 31 December 2020 was therefore modified due to impact of these matters. Management has not made retrospective adjustments in terms of IAS 8 to correct these matters. As a result, corresponding amounts for all amounts on the Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and Separate Statement of Cashflows and Foreign currency translation reserve, Accumulated Profit, Non-controlling interest and Deferred Tax liability on the consolidated and Separate Statement of Financial Position remain impacted.

Our opinion on the current period's consolidated and separate financial statements is therefore modified because of the possible effects of the above matter on the comparability of the current period's figures and the corresponding figures.

Equity accounting of an associate with underlying errors (Group)
Further contributing to our adverse opinion in prior year was the equity accounting of an Investment in Associate with underlying errors. The associate has a functional currency of USD and its previous year's financial results had been misstated due to translation of foreign denominated transaction at an inappropriate exchange rate as described above. Therefore, the equity accounted share of profit in the prior year included in Share of profit from associate on the consolidated statement of Profit or Loss was misstated as was the Investment in Associate.

The matter has not been corrected through a restatement per IAS 8, therefore, the investment in associate stated at ZWL000' 2 882 544 (2020 ZWL000' 1 317 637) and accumulated losses stated at ZWL000' 2 061 721 (2020 ZWL000' 27 617 profit) remain misstated due to the closing balances at 31 December 2021 still comprising of material amounts from tainted opening balances. The misstatements could however not be quantified as an appropriate exchange rate had not been identified.

Non-compliance with International Financial Reporting Standards (IFRS): International Accounting Standard (IAS) 12- Income Taxes and non-application of IAS 8- *Accounting Policies, Changes in Accounting Estimates and Errors (Group and Company)*

As explained in Note 12 of the consolidated and separate financial statements, in computing deferred tax balances, Management changed the treatment of differences between the translated carrying amounts (accounting bases) of Property, Plant & Equipment (other than Capital Work in Progress) and the Income tax Values (ITVs) from permanent differences as reported in the year ended 31 December 2020 Financial statements to timing differences as at 31 December 2021.

According to IAS 12.47, this difference should have been treated as a timing difference from 31 December 2019. Management made prospective adjustments to correct this matter instead of retrospective adjustments which are required in terms of IAS 8. Additionally, as the error occurred before the earliest prior period presented, which is the 2020 financial year, the Group is required to restate the opening balances of assets, liabilities and equity for the earliest prior period presented. Hence, a third balance sheet is required to be presented. Consequently, the following prior year balances in the Consolidated and separate Statements of Financial Position are misstated:

- Accumulated Profits stated at (2020: ZWL'000 27,617)
- Deferred tax liability stated at (2020: ZWL'000 447,283)

As opening balances enter into the determination of performance, our audit opinion is modified in respect of the impact of these matters on the Statement of changes in equity, Income tax expense stated at ZWL'000 940 125 (2020: ZWL'000 455 236) and the Loss for the year stated at ZWL'000 2 097 942 (2020: ZWL'000 452 734 profit) on the Statement of Comprehensive Income.

The effects of the above departures from IFRS are material but not pervasive to the consolidated and separate financial statement.

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 Inflation adjusted consolidated Financial Statements* section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' 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 qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 34 in the financial statements which indicates that the Group and the Company incurred a net loss of ZWL'000 (2 097 942) and ZWL'000 (2 306 803) respectively during the year ended 31 December 2021, and as at that date, the Group's and Company's current liabilities exceeded current assets by ZWL'000 (2 750 260) and ZW'000 (2 308 734) respectively. As stated in Note 34, these conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key Audit maters are those that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion and the Material Uncertainty Related to Going Concern section, we have determined the matters described to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Quantification (existence) and Valuation of In-process metal inventory	
In-process metal inventories as disclosed in Notes 4.9 and 18 to the consolidated financial statements are significant due to the magnitude of the balance of ZWL'000 424 248 which represent 3% of the group's total assets. Determination of the quantities of the in-process metal inventories involves estimation and the exercise of significant professional judgement. The quantification of the in-process metal inventories as guided by the experts engaged by the company is based on the estimation of the volume of material in the plant and applying metal content percentages as determined through assaying technics. Estimation of the Group's volumes is carried out by the Group's metallurgical department and is corroborated by an external metallurgist who performs an independent and concurrent verification process of the quantities on hand.	Our procedures included the following: ▸ Attending and observing the year-end estimation process performed by the management experts (internal and external). ▸ We inquired and obtained representations from management experts on the recoverable/realisable quantities of in process inventories. ▸ We have obtained the reports of the management experts and our EY Technical Experts have reviewed the estimates of quantity of metals in process performed by management experts with specific focus on the following areas: ▸ The reasonableness of the assumptions applied.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Quantification (existence) and Valuation of In-process metal inventory</td></tr>
<tr><td>As the Empress Nickel Refinery continued to be under care and maintenance throughout the year under audit and post year end, there was minimum movement during the year.

Consistent with prior years, reliance was placed on the work of experts for the existence and valuation of in-process inventory.

The estimation of the volumes of in-process metal inventory was considered significant in our audit due to the complex way the volumes are determined which require involvement of experts.</td><td>‣ Consistency of the methods/processes used in comparison to prior years.

‣ Quantification of the metal as recorded in the financial statements.

‣ Review of management's theoretical throughput calculations and compare to the management expert's estimated quantities.

‣ We assessed the objectivity, competence, and capabilities of the management experts by reviewing their qualifications and professional experience with reference to the work that they perform for the Group.

‣ We will obtain representation from management that they have considered the process applied to estimate the existence and measurement of the matte in process.

‣ Reviewing the financial statements for adequacy of disclosures related to the estimate.</td></tr>
<tr><td colspan="2">Impairment considerations</td></tr>
<tr><td>The Group's mining assets comprise property, plant & equipment and exploration and evaluation & development costs. These assets constitute 81% of total assets as of 31 December 2021. As disclosed in note 4.7 to the financial statements, these assets are subject to an annual assessment for impairment by management.

In performing the impairment testing for its cash generating units, the group used various assumptions in respect of future market and economic conditions, metal price, inflation rates, discount rates and life of mine projections.

The annual impairment test was significant to the audit process due to the application of significant judgement involved in determining the value in use of each cash generating unit and assumptions on underlying industry, economic and other data used in the valuation models necessary to assess for impairment.</td><td>Our procedures involved:

‣ Assessing and testing the key assumptions, methodologies, the discount rate, and other data used by the Group in the impairment models.

‣ Comparing some of the assumptions such as future inflation and mineral prices to external data and involving valuation experts top review the appropriateness of discount rates and cashflow forecasts to be applied to the models.

‣ Assessing adequacy of the Group's disclosures included in Note 4.7 to the consolidated financial statements about those assumptions.</td></tr>
</table>

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 Qualified Opinion section above, the group and company did not comply with the requirements of International Accounting Standard (IAS) 21- The Effects of Changes in Foreign Exchange Rates, IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors and IAS 12- Income Taxes. 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 groups 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.

RioZim Limited

- 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

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

30 April 2022