



OPERATING ENVIRONMENT

The inflationary environment persisted through the period as prices of local inputs continued to soar right from the beginning of the year. This was exacerbated by a marked depreciation of the local currency throughout the quarter, making local inputs uneconomic and increasing demand for foreign currency as businesses leveraged on imports of raw materials to minimise increasing costs.

The nostro retention for exporters remained at 60% from the prior year and continues to be inadequate for business sustenance and expansion projects. Power supply challenges remained prevalent throughout the quarter, which resulted in under capacity utilisation and a high cost of production through use of expensive alternative power sources. The average gold price for the quarter was US\$1 820/oz; an increase of 4% from US\$1 745/oz recorded in the comparative period in 2021.

PRODUCTION PERFORMANCE

Gold Businesses

Cam & Motor Mine – The mine focused on the completion and testing of its Biological Oxidation (BIOX) Plant to bring it to commissioning stage. As a result, the mine suspended mining activities from its nearby One-Step mine to pave way for resumption of production from the Cam & Motor pits. The BIOX plant was successfully commissioned subsequent to period end, on the 14th of April 2022.

Gold production for the quarter was subdued at 34% below the same period in the prior year due to the testing of the BIOX Plant.

Dalny Mine – There was no gold production at Dalny mine throughout the period. The mine suffered from poor ground conditions and flooding of its pits which rendered mining activities insurmountable. The mine is scheduled to resume operations in the second quarter after dewatering of the pits.

Renco Mine – Power supply challenges persisted throughout the quarter which resulted in reduced plant throughput. Consequently, gold production declined by 21% compared to the same period in the prior year. Rehabilitation of the power infrastructure of the mine being carried out by ZETDC is progressing well despite delays due to logistical and insufficient resources.

Base Metals Business

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

Diamond Business

The Group's associate RZM Murowa (Private) Limited recorded a 49% decrease in production compared to the same period in the prior year due to processing low grade stock piles throughout the period.

The Associate's expansion project to upgrade the processing capacity of the plant is progressing well and is forecast for commissioning in the current financial year. The new plant will enable processing of high volume throughput at lower grades to sustain production.

OUTLOOK

Despite the challenging operating environment, the Group is optimistic about improving its fortunes through increased production from its multi-million dollar BIOX Plant which was commissioned subsequent to period end. The testing phase of the plant during the period produced positive results and the Group is confident of scaling up production from Q2 2022.

The COVID-19 pandemic prevalence rate significantly reduced during the period which provided a near normal operating and social environment in spite of the continued enforcement of the COVID-19 protocols. The Group however, remains alert across all its operations as the future remains uncertain.



By Order of the Board.

RioZim Management Services (Private) Limited (Secretaries)

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23 May 2022