



Riozim Limited

RIOZIM LIMITED REVIEWED GROUP INTERIM FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2022

REGISTERED OFFICE:

1 Kenilworth Road Highlands, Harare, Zimbabwe



CHAIRMAN'S STATEMENT

INTRODUCTION

The COVID-19 pandemic receded from the beginning of the year and as a result various economic activities which had been furloughed since the onset of the pandemic slowly recommenced. This came as a positive development for the economy as stringent border controls, travel restrictions and other mandatory protocols were gradually relaxed facilitating smooth movement of people and cargo.

Despite the positive strides in the free flow of economic activities, the operating environment remained bedevilled with structural challenges throughout the period, most notably amongst them were acute power shortages, spiralling exchange rates, unreasonable pricing distortions and huge foreign currency inadequacies. Notwithstanding the various mitigating initiatives put in place by the Group to counteract these challenges, the impact of these factors had a significant negative effect on the operating and financial performance of the Group. Consequently, the Group recorded a net loss for the six-month period.

GROUP PERFORMANCE

Gold production for the period declined by 30% to 393kg compared to 564kg achieved in the same period in the prior year. The subdued production was mainly attributable to the negligible production output at Dalny during the period coupled with under capacity utilisation at Cam & Motor after discontinuance of the One Step operation to pave way for the resumption of mining activities at Cam & Motor. Gold prices firmed up by 3% during the period and averaged US\$1 834/oz against an average price of US\$1 777/oz recorded in the comparative period.

Revenue generated during the period was ZW\$4.8 billion in comparison to ZW\$2.6 billion recorded in the prior year. In spite of the reduction in gold production, revenue increased due to the steep depreciation of the local currency against the United States dollar as the average exchange rate moved from US\$1:ZW\$88 in the six-month period in the prior year to US\$1:ZW\$176 in the current period. However, this had a counter-balancing effect with costs rising disproportionately higher than revenue. The low gold production volumes coupled with the adverse effect of exchange rates distortions on costs, plunged the Group into a net loss of ZW\$5.5 billion for the period under review.

GOLD BUSINESS

Renco Mine

The mine's production for the period fell by 37% to 174kg from 278kg achieved in the same period in prior year. The low gold production was a result of low milled tonnage arising from severe power challenges during the first quarter and lost production due to a month long labour dispute in the second quarter. The labour dispute was amicably resolved and industrial relations at the mine are now stable after the engagements and interventions by management.

Dalny Mine

Dalny mine suffered from unsustainable low grades from its pits which resulted in the mine suspending operations for the six-month period under review. A marginal 8kg of gold was produced for the period against 105kg produced in the comparative period when the mine was fully operational. The mine's underground shafts are currently flooded and will require an extensive dewatering exercise to bring them to mineable conditions. After careful consideration, the mine was put on full care and maintenance subsequent to period end and some small scale mining projects are being undertaken to sustain the care and maintenance costs.

Cam & Motor Mine

The primary focus at Cam & Motor during the period was the completion of the BIOX Plant Project and resumption of mining activities at the high grade Cam & Motor mine pits. Mining activities at One Step mine were therefore suspended from the beginning of year to pave way for a smooth transition back to mining and production from the Cam & Motor mine pits. Testing of the BIOX Plant and its separate components commenced in haste from the beginning of the year which brought the plant to completion at the end of the first quarter. Due to a mix of the discontinuance of One Step operations and testing of the BIOX Plant production for the period was depressed at 211kg even though this was a slight improvement from 181kg achieved in the comparative period.

BIOX Plant Project

The BIOX Plant was successfully completed and commissioned by His Excellency the President of The Republic of Zimbabwe Cde. E. D. Mnangagwa on the 14th of April 2022.

BASE METALS BUSINESS

The Empress Nickel Refinery continued under care and maintenance throughout the period.

CHROME BUSINESS

The Company's chrome claims in Darwendale remain under litigation pending finalisation in the courts.

DIAMOND BUSINESS

The Group's associate produced 115 000 carats for the period which was 52% below the 240 000 carats produced in the comparative period. During the period the mine stopped mining operations and migrated to processing its vast low grade stock piled dumps. This initiative resulted in low carats production for the period as the current plant has a limited plant processing capacity of 190tph.

The Crown Jewel Project which will increase the processing capacity on the current plant by circa three fold progressed well during the period and was brought to completion stage by period end. The Plant was commissioned subsequent to period end and production has since commenced from the new plant.

Due to the low carats production the share of profit from the associate declined to ZW\$83.8 million from ZW\$252.9 million recorded in the comparative prior period.

ENERGY BUSINESS

178 MW Solar Project

The Company concluded all the regulatory requirements which are the prerequisites to the implementation of the solar projects across the Group's mines. Negotiations on funding arrangements with potential funders of the project which had stalled in the prior year due to COVID-19 uncertainties were recommenced during the period as the pandemic declined at a global scale.

2 800 MW Sengwa Power Station

The Company is in discussions with various stakeholders including various arms of government on a potential mutually beneficial arrangement on the implementation of this multi-million dollar project. All our stakeholders will be kept abreast of all developments on an ongoing basis.

OUTLOOK

The Company is set to ramp up production on the BIOX plant in the second half of the year which will take the Group to stable production and return to profitability. However the operating environment remains uncertain due to a massive shortage of foreign currency, shortage of power and lack of availability of consumables in local currency. That notwithstanding, the Company remains optimistic of a positive turnaround on the operating environment through the strenuous efforts that the Government is making on many fronts.

The Group has spent over USD 110 million on the BIOX plant and the 500 tph diamond processing plant much of which was borrowed in USD and has to be repaid in the same currency. With a mandatory liquidation of 40% the amount of foreign exchange remaining with the Group has consistently proved insufficient to sustain costs. Production is erratic owing to the lack of foreign currency to buy consumables or carry out repair and maintenance and production plant. The Company has resorted to borrowing from the major shareholder again in foreign currency and contingent plans are being prepared for further borrowings in the short term as and when required.

Despite the relaxation of the COVID-19 protocols by the Ministry of Health and Child Care during the period, the Group remains vigilant and alert to any potential threats to our employees and the communities we operate in. The Company continues with its vaccination drive among its employees and within the communities which will contribute towards achieving herd immunity.

DIRECTORATE

There were no changes to the Board of Directors during the period under review.

DIVIDENDS

After careful consideration of the Group's cash flow position there was no interim dividend declared during the period.

APPRECIATION

I would like to extend my sincere gratitude to my fellow Directors for their continued unrivalled commitment to the Company and their illustrious leadership in steering the Company during this immensely difficult period. I would also like to express my appreciation to our Management and Staff for their continued efforts and fortitude in the face of the adverse conditions that the Company is facing. I urge everyone to work together to the best of their abilities to turn the Company around.

S R BEEBEEJAUN
CHAIRMAN
25 August 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2022

	Note	30 Jun 2022 Reviewed ZW\$000	30 Jun 2021 Reviewed ZW\$000
Revenue	6	4 756 485	2 628 184
Cost of sales		(4 602 322)	(2 587 832)
Gross profit		154 163	40 352
Administrative expenses		(2 544 621)	(1 067 498)
Other income		98 668	76 240
Operating loss		(2 291 790)	(950 906)
Finance cost		(221 892)	(23 251)
Share of profit from an associate		83 813	252 891
Loss before taxation		(2 429 869)	(721 266)
Income tax expense		(3 039 249)	(758 440)
Loss for the year		(5 469 118)	(1 479 706)
Loss for the year attributable to:			
Equity holders of the parent		(5 463 730)	(1 478 204)
Non-controlling interests		(5 388)	(1 502)
		(5 469 118)	(1 479 706)
Loss per share (cents)			
Basic		(4 477)	(1 211)
Diluted		(4 477)	(1 211)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2022

	Note	30 Jun 2022 Reviewed ZW\$000	30 Jun 2021 Reviewed ZW\$000
Loss for the year		(5 469 118)	(1 479 706)
Other comprehensive income to be reclassified to profit or loss:			
Foreign currency translation exchange gains		9 369 724	134 521
Income tax effect		-	-
Net other comprehensive income to be reclassified to profit or loss		9 369 724	134 521
Other comprehensive income not to be reclassified to profit or loss		-	-
Total other comprehensive income for the year net of tax		9 369 724	134 521
Total comprehensive income/(loss) for the period		3 900 606	(1 345 185)
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		3 961 870	(1 343 683)
Non-controlling interests		(61 264)	(1 502)
		3 900 606	(1 345 185)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

	Note	30 Jun 2022 Reviewed ZW\$000	31 Dec 2021 Audited ZW\$000
ASSETS			
Non-current assets			
Property, plant and equipment	10	27 460 442	8 319 842
Exploration and development assets		3 706 322	1 078 280
Right of use assets		60 967	22 728
Investment in associate	11	8 248 565	2 882 544
Employee benefit assets		200 284	200 284
Fair value through other comprehensive income investments	13	13 891	13 891
Total non-current assets		39 690 471	12 517 569
Current assets			
Inventories	7	5 429 786	1 520 076
Trade and other receivables		3 361 675	1 274 808
Cash and cash equivalents		304 692	84 437
Total current assets		9 096 153	2 879 321
Total assets		48 786 624	15 396 890
EQUITY & LIABILITIES			
Shareholders' equity			
Share capital		1 345	1 345
Share premium		20 789	20 789
Fair value through other comprehensive income reserve		13 173	13 173
Foreign currency translation reserve		15 428 634	6 003 034
Accumulated losses		(7 525 451)	(2 061 721)
Equity attributable to equity holders of the parent		7 938 490	3 976 620
Non-controlling interests		(94 354)	(33 090)
Total equity		7 844 136	3 943 530
Non-current liabilities			
Interest-bearing loans and borrowings	9	1 828 405	811 190
Provisions		1 199 363	333 074
Other payables	8	11 224 726	3 288 201
Deferred tax liabilities		4 417 147	1 377 898
Lease liability		58 946	13 417
Total non-current liabilities		18 728 587	5 823 780
Current liabilities			
Trade and other payables	8	17 540 083	4 534 473
Interest-bearing loans and borrowings	9	4 649 039	1 085 077
Lease liability		24 779	10 030
Total current liabilities		22 213 901	5 629 580
Total liabilities		40 942 488	11 453 360
Total equity and liabilities		48 786 624	15 396 890



Riozim Limited

RIOZIM LIMITED REVIEWED GROUP INTERIM FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2022

REGISTERED OFFICE:

1 Kenilworth Road Highlands, Harare, Zimbabwe



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2022

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

	Share capital ZWS\$000	Share premium ZWS\$000	Fair value through other comprehensive income reserve ZWS\$000	Foreign currency translation reserve ZWS\$000	Accumulated losses ZWS\$000	Total shareholders equity ZWS\$000	Non-controlling interests ZWS\$000	Total equity ZWS\$000
Balance at 1 January 2021	1 345	20 789	12 304	4 309 410	27 617	4 371 465	3 650	4 375 115
Loss for the period	-	-	-	-	(1 478 204)	(1 478 204)	(1 502)	(1 479 706)
Other comprehensive income net of tax	-	-	-	134 521	-	134 521	-	134 521
Total comprehensive income/(loss) net of tax	-	-	-	134 521	(1 478 204)	(1 343 683)	(1 502)	(1 345 185)
Balance as at 30 June 2021 (reviewed)	1 345	20 789	12 304	4 443 931	(1 450 587)	3 027 782	2 148	3 029 930
Balance at 1 January 2022	1 345	20 789	13 173	6 003 034	(2 061 721)	3 976 620	(33 090)	3 943 530
Loss for the period	-	-	-	-	(5 463 730)	(5 463 730)	(5 388)	(5 469 118)
Other comprehensive income/(loss) net of tax	-	-	-	9 425 600	-	9 425 600	(55 876)	9 369 724
Total comprehensive income/(loss) net of tax	-	-	-	9 425 600	(5 463 730)	3 961 870	(61 264)	3 900 606
Balance as at 30 June 2022 (reviewed)	1 345	20 789	13 173	15 428 634	(7 525 451)	7 938 490	(94 354)	7 844 136

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2022

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 condensed consolidated financial statements were authorised for issue by the Board of Directors on 25 August 2022.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and in accordance with International Accounting Standard 34 *Interim Financial Reporting* and the disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31).

The condensed consolidated financial statements are presented in Zimbabwean Dollars (ZWS), and all values are rounded to the nearest thousand (ZWS\$000), except where otherwise indicated. The Group's functional currency is the United States Dollar (US\$).

The condensed 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 Group used interbank exchange rates to convert all transaction and balances from the Group's functional currency United States Dollar (US\$) to the reporting currency Zimbabwean Dollar (ZWS). The closing interbank exchange rate as at 30 June 2022 was 370.96 (31 December 2021: 108.67).

In 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement that factors and characteristics for the application of IAS 29 "Financial Reporting in Hyper-Inflationary Economies" in Zimbabwe were met and therefore 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.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

When preparing the condensed consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated. The judgements, estimates and assumptions applied in the interim condensed consolidated financial statements, including the key sources of estimation uncertainties were the same as those applied in the Group's annual financial statements for the year ended 31 December 2021.

4. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2021 and applicable amendments to International Financial Reporting Standards (IFRS).

5. OPERATING SEGMENTS

Management has determined the Group's operating segments based on the information reviewed by the Board of Directors for the purpose of allocating resources and assessing performance.

The Group's 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 consolidated financial information. However, the Group's financing (including finance costs and finance income), income taxes and share of profit from an associate 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.

The Group's operating segments are as follows:

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 (Nickel, Copper and PGM's) producing assets.

The following table presents revenue and profit information about the Group's operating segments for the six months ended 30 June 2022:

Six months ended 30 June 2022:	Gold ZWS\$000	Base Metals ZWS\$000	Adjustment ZWS\$000	Consolidated ZWS\$000
Revenue				
External customers	4 728 469	28 016	-	4 756 485
Results				
Segment loss	(1 122 159)	(353 311)	(816 320)	(2 291 790)
Finance cost				(221 892)
Share of profit from an associate				83 813
Income tax expense				(3 039 249)
Loss for the period				(5 469 118)
Depreciation	(795 312)	(52 769)	(17 139)	(865 220)
Amortisation of development costs	(103 263)	-	-	(103 263)
Capital expenditure	252 851	3 629	40 105	296 585
Six months ended 30 June 2021				
Revenue				
External customers	2 618 184	-	-	2 628 184
Results				
Segment loss	(328 727)	(173 254)	(448 925)	(950 906)
Finance cost				(23 251)
Share of profit from an associate				252 891
Income tax expense				(758 440)
Loss for the period				(1 479 706)
Depreciation	(249 684)	(29 497)	(10 695)	(289 876)
Amortisation of development costs	(67 864)	-	-	(67 864)
Capital expenditure	1 126 695	6 605	67 997	1 201 297

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

for the six months ended 30 June 2022

	Note	30 Jun 2022 Reviewed ZWS\$000	30 Jun 2021 Reviewed ZWS\$000
Net cash flows from operating activities		419 755	102 624
Cash flows from investing activities			
Investment in exploration and evaluation assets		(174 341)	(42 702)
Additions to property, plant and equipment	10	(122 244)	(832 652)
Net cash used in investing activities		(296 585)	(875 354)
Cash flow from financing activities			
Inflows from borrowings		196 609	683 360
Repayment of borrowings		(157 875)	-
Lease liability paid		-	(3 752)
Net cash generated from financing activities		38 734	679 608
Net increase/(decrease) in cash and cash equivalents		26 362	(93 122)
Unrealised exchange gains on foreign currency balances		135 542	141 116
Cash and cash equivalents at beginning of period		142 788	94 794
Cash and cash equivalents at 30 June		304 692	142 788

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

5. OPERATING SEGMENTS (CONT'D)

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2022.

	Gold ZWS\$000	Base Metals ZWS\$000	Adjustments ZWS\$000	Consolidated ZWS\$000
Operating assets				
30 June 2022	32 747 837	3 199 500	12 893 287	48 786 624
31 December 2021	9 893 751	1 038 777	4 464 362	15 396 890
Operating liabilities				
30 June 2022	6 244 981	13 499 347	21 198 160	40 942 488
31 December 2021	1 738 068	4 036 764	5 678 528	11 453 360

Interest-bearing liabilities and certain assets such as Fair Value Through Other Comprehensive Income Investments, Investments in Associate and cash and cash equivalents are not allocated to segments as they are also managed on a Group basis. These are included in adjustments in the segment disclosures.

6. REVENUE

Gold
Base metals
Total revenue

	30 Jun 2022 Reviewed ZWS\$000	30 Jun 2021 Reviewed ZWS\$000
Gold	4 728 469	2 628 184
Base metals	28 016	-
Total revenue	4 756 485	2 628 184

7. INVENTORIES

Stores and consumables
Ore stockpiles
Metals and minerals in concentrates and circuit
Finished metals

	30 Jun 2022 Reviewed ZWS\$000	31 Dec 2021 Audited ZWS\$000
Stores and consumables	3 296 025	1 013 891
Ore stockpiles	526 346	81 937
Metals and minerals in concentrates and circuit	1 474 611	377 411
Finished metals	132 804	46 837
Total	5 429 786	1 520 076

Inventory written-down during the period amounted to nil (Jun 2021: Nil)

8. TRADE AND OTHER PAYABLES

Current
Trade payables
Accruals
Leave pay liabilities
Statutory liabilities
Other payables

	30 Jun 2022 Reviewed ZWS\$000	31 Dec 2021 Audited ZWS\$000
Trade payables	3 743 881	1 092 460
Accruals	991 790	149 421
Leave pay liabilities	927 558	263 307
Statutory liabilities	537 521	437 940
Other payables	11 339 333	2 591 345
Total	17 540 083	4 534 473

Current other payables include balances owed to related parties and sundry creditors.

Non-current

Other payables*

Other payables*	11 224 726	3 288 201
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*Non-current Other payables relate to BCL Limited (in liquidation) liability which is under litigation which has been outstanding since 2016. The legal matter is not expected to be settled in the 12 months from the reporting period, therefore the amount owing has been classified under non-current.

9. INTEREST-BEARING LOANS AND BORROWINGS

Effective interest rate

Maturity Date

Current

Bank loans
(facility limit US\$16.0m)
Term loan

	30 Jun 2022 Reviewed ZWS\$000	31 Dec 2021 Audited ZWS\$000
Bank loans (facility limit US\$16.0m)	3 313 402	693 812
Term loan	1 335 637	391 265
Total	4 649 039	1 085 077

Non-current

Bank loans

Bank loans	1 828 405	811 190
Total	1 828 405	811 190

Security

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



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FOR THE HALF YEAR ENDED 30 JUNE 2022

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1 Kenilworth Road Highlands, Harare, Zimbabwe



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

for the six months ended 30 June 2022

10. PROPERTY, PLANT AND EQUIPMENT

Cost	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
At 1 January 2021	2 232 118	1 703 621	367 961	1 307 387	18 709	71 281	5 701 077
Additions	2 189	162 629	229 750	2 069 365	25 276	5 574	2 494 763
Transfers	-	-	-	(186 043)	-	-	(186 043)
Foreign currency translation exchange gain	-	-	-	-	(2 282)	-	(2 282)
Disposals	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
Additions	-	6 032	-	97 445	10 846	7 921	122 244
Transfers	-	10 041 977	(64 348)	(10 041 977)	64 348	-	-
Foreign currency translation exchange gain	6 278 258	5 294 238	882 537	7 220 772	(22 977)	230 749	19 883 577
At 30 June 2022	9 262 919	17 205 625	1 633 522	1 148 049	129 329	285 770	29 665 214
Accumulated depreciation							
At 1 January 2021	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
Depreciation charge for the period	107 557	475 318	244 670	-	25 470	12 206	865 221
At 30 June 2022	344 901	1 138 369	624 468	-	65 169	31 865	2 204 772
Net book value							
At 31 December 2021	2 747 317	1 200 327	435 535	3 871 809	37 413	27 441	8 319 842
At 30 June 2022	8 918 018	16 067 256	1 009 054	1 148 049	64 160	253 905	27 460 442

11. INVESTMENT IN ASSOCIATE

The Group has a 22.2% (2021: 22.2%) interest in Murowa Diamonds (Private) Limited, an unlisted diamonds mining company, operating in Zimbabwe. The associate is strategic to the Group as it brings diversity to the Group's major minerals which are gold and base metals.

The Group's interest in RZM Murowa Diamonds (Private) Limited is accounted for using the equity method in the condensed consolidated financial statements. The financial period for the associate is the same as that of the Group. The Group trades with RZM Murowa Diamonds (Private) Limited on an arm's length basis and there are no restrictions that affect trading between the entities.

Carrying amount of the investment

At 1 January
Foreign currency translation gains
Share of profit from an associate for the period

	June 2022 ZW\$000	Dec 2021 ZW\$000
	2 882 544	1 317 637
	5 282 208	1 039 060
	83 813	525 847
	8 248 565	2 882 544

12. RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions that have been entered into with related parties during six months ended 30 June 2022.

	Rentals charged from related parties ZW\$000	Services charged to related parties ZW\$000	Loans from related parties ZW\$000	Services charged by related parties ZW\$000
RZM Murowa (Private) Limited				
Jun 2022	-	91 212	1 281 969	-
Jun 2021	-	56 168	360 767	-
GEM RioZim Investments Limited				
Jun 2022	-	-	-	122 388
Jun 2021	-	-	-	77 408
RioZim Pension Fund				
Jun 2022	11 136	-	-	-
Jun 2021	4 364	-	-	-
Directors Fees				
Jun 2022	-	-	-	6 952
Jun 2021	-	-	-	7 772

The following table provides balances with related parties as at 30 June 2022:

	Amount owed by related parties ZW\$000	Amount owed to related parties* ZW\$000
RZM Murowa (Private) Limited		
Jun 2022	-	9 709 341
Dec 2021	-	1 944 930
GEM RioZim Investments Limited		
Jun 2022	-	1 027 164
Dec 2021	-	375 156
RioZim Pension Fund		
Jun 2022	-	18 417
Dec 2021	-	1 216
Directors Fees		
Jun 2022	-	25 927
Dec 2021	-	6 893

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

13. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value of FVOCI investments, trade receivables, interest bearing borrowings and all other receivables and payables approximates their carrying amount.

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) 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.

Recurring fair value measurements

30 June 2022
FVOCI investments
Trade receivables (subject to provisional pricing)
Impact of level 3 measurements on Other Comprehensive Income

	Level 1 ZW\$000	Level 2 ZW\$000	Level 3 ZW\$000
	-	-	13 891
	-	68 244	-
	-	-	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

13. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT'D)

Recurring fair value measurements (cont'd)	Level 1 ZW\$000	Level 2 ZW\$000	Level 3 ZW\$000
31 December 2021			
FVOCI investments	-	-	13 891
Trade receivables (subject to provisional pricing)	-	78 134	-
Impact of level 3 measurements on Other Comprehensive Income	-	-	915

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

Trade receivables (subject to provisional pricing)

The Group had 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 were to be determined at the end of the Quotational Period (QP), usually 60 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: 30 June 2022 ZW\$000	31 Dec 2021 ZW\$000	Valuation Technique	Significant inputs
Trade receivables (subject to provisional pricing)	68 244	78 134	DCF	Estimated future commodity prices. Quantities and final assays

Valuation techniques

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 as at 30 June 2022 that was used to calculate the fair value.

	30 June 2022 Reviewed ZW\$000	31 Dec 2021 Audited ZW\$000
Total assets	1 272 126	1 272 126
Total liabilities	(377 653)	(377 653)
Net asset value	894 473	894 473
Fair value of investment (1.553%)	13 891	13 891

14. EVENTS AFTER REPORTING PERIOD

Subsequent to period end, Dalny mine was placed under full care and maintenance after its operations were suspended for the six-month period under review as the grades for the mine's pits became unsustainable to mine. The mine's shafts are currently flooded and an extensive dewatering exercise has to be carried out to enable resuscitation of underground operations, albeit this requires substantial capital investment. In the face of the current foreign currency shortages, the Group has not been able to raise the requisite financing required to embark on the underground operations, and this remains a project to be pursued once foreign currency availability and accessibility improves. In the interim the mine embarked on small scale mining activities to sustain its care and maintenance costs.

COVID-19 restrictions continued to be relaxed subsequent to period end as evidenced by removal of the mandatory wearing of masks for fully vaccinated people. The future however remains uncertain and the Group will continue to monitor the situation going forward.

15. GOING CONCERN

As at the reporting date the Group's current liabilities exceeded current assets by ZW\$13.1 billion (December 2021: ZW\$2.7 billion) and the Group reported a net loss for the period of ZW\$5.4 billion (June 2021: ZW\$1.5 billion). The Group's gold production for the period was subdued as operations were significantly impacted by suspension of operations at Dalny mine and One Step operations which negatively affected production volumes at Dalny and Cam & Motor mine respectively. 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:

- After successful commissioning of the BIOX Plant in April 2022, the Group is set to ramp up production at Cam & Motor mine in the second half of the year. The expected increase in gold production volumes will take the Group back to profitability and generating positive cash flows.
- The Group is forecast to install an additional ball mill at Renco in the short term which will increase the current plant processing capacity by 30%. The increased throughput will enable the Mine to increase gold production volumes even at lower grades.
- The Group continue to receive substantial financial support from its major shareholders through shareholder loans to stabilise working capital.
- Cost saving initiatives continue to be pursued across the Group which will contribute positively to the Group's profitability.

The Directors believe that the Group will continue to operate as a going concern and preparation of the financial statements on a going concern basis is still appropriate. This basis assumes that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

AUDITOR'S STATEMENT

These interim condensed consolidated financial statements have been reviewed by KLMCA Registered Public Auditors and an unqualified review conclusion was issued thereon.

The reviewer's report is available for inspection at the Group's registered office. The engagement partner for the review is Lovemore Kamuzangaza (PAAB Practising Number 0425).

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF RIOZIM LIMITED

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of RioZim Limited and its subsidiaries "the Group" as at 30 June 2022 and the related condensed consolidated statement of profit and loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility

The Directors are responsible for the preparation and presentation of these interim consolidated financial information in accordance with International Accounting Standard (IAS) 34 – "Interim Financial Reporting" and for such internal control as the directors determine is necessary to enable the preparation of condensed consolidated interim financial information that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express a conclusion on this interim condensed consolidated financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410 – "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim condensed consolidated financial information are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements. A review of interim financial information in accordance with ISRE 2410 is a limited assurance engagement.

We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluating the evidence obtained. The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial information does not present fairly, in all material respects, the financial position of the entity as at 30 June 2022, and of its financial performance and its cashflows for the six month period then ended in accordance with IAS 34 – "Interim Financial Reporting".

Material Uncertainty Related to Going Concern

We draw attention to note 15 of the Group Interim condensed consolidated financial information, which indicates that the Group's current liabilities exceed its current assets by ZWL\$13.1 billion (December 2021: ZWL\$2.7 Billion) and the Group reported a net loss of ZWL\$5.4 billion (June 2021: ZWL\$1.5

billion). As stated in note 15, these conditions, along with the other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as going concern. Our review conclusion is not qualified in respect of this matter.



Lovemore Kamuzangaza

Registered Auditor

PAAB Practicing Certificate Number 0425

KLMCA Registered Public Auditors

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