RIOZIM LIMITED

AUDITED ABRIDGED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Head Office: RioZim Limited
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RioZim Limited

The RioZim Financial Results are available on the following websites:

www.riozim.co.zw
www.zse.co.zw

Members may also obtain a copy of the Financial Results from the QR Code .

CHAIRMAN'S STATEMENT

INTRODUCTION

The success of the Group this year is testament to the shareholders' continued dedication to the Group. By investing in excess of US$100million, the Group delivered two milestone high-tech expansion projects to secure the future of the Company, these being: the Biological Oxidation (BIOX) plant at Cam & Motor mine and Project Crown Jewel 500tph plant at RZM Murowa. These two multimillion dollar investments in the Company came in the face of a mix of macroeconomic adversities, power shortages and increased global uncertainty.

The BIOX plant was officially commissioned by His Excellency the President of the Republic of Zimbabwe Cde. E.D. Mnangagwa on the 14th of April 2022. This project will resuscitate mining operations and bring a new lease of life to Kadoma town and its surrounding communities.

Notwithstanding the positive contributions of these two projects to the Group's production, the Company continued to suffer from acute power supply challenges, which significantly weighed down the Group's efforts to increase production volumes. Foreign currency challenges and exchange rate distortions also continued to negatively impact the Group's profitability. The Group however, welcomes the efforts by the Government to address these challenges as shown by the upward revision of the United Stated dollar retention ratio from 60% to 75% subsequent to period end in February 2023.

GROUP PERFORMANCE

Gold production recorded a 17% decline to 929kg from 1122kg produced in the prior year. Subsequent to the commissioning of the BIOX plant at Cam & Motor mine, the Group focused on optimising the plant to bring it to name plate capacity and eliminating teething challenges hence production was subdued. Dalny was placed under full care and maintenance during the year, which exacerbated the decline in gold production for the current year. The gold price remained firm and fairly consistent from the prior year and averaged US$1 766/oz for the year compared to US$1 774/oz in the prior year. The Group's revenue for the year was ZW$20.6 billion, which was an exponential increase from the prior year's revenue of ZW$5.8 billion despite the decline in gold production mainly due to the depreciation of the local currency against the United States dollar.

GOLD BUSINESS

Renco Mine

Power supply challenges worsened at Renco mine in the current year which significantly cut back production running time. Resultantly, gold production dropped by 28% from prior year's production of 561kg to 402kg in the year under review. The Group is focusing on back-up generators to lessen the negative impact of acute power supply deficits to the mine despite the higher operating costs these come with.

Dalny Mine

Dalny was placed under full care and maintenance from the beginning of the year after it ran out of open pit resources that could be mined economically at sustainable grades. Consequently, there was no production during the current year which is in contrast to the 209kg produced in 2021 when the mine was fully operational. In order to reduce the cash flow impact of the fixed care and maintenance costs, the mine embarked on small scale mining operations, which were at an advanced stage as at year end.

One-Step Mine

The Group was focused on the resumption of mining operations at the Cam & Motor pits in preparation for the running of the BIOX plant which was at completion stage at the beginning of the year. Consequently, mining operations at One-Step were discontinued at the close of 2021 hence no gold was produced from One-Step in the current year. The Group continues to evaluate all available options for the future exploitation of its One-Step resource.

Cam & Motor Mine

Mining operations commenced from the refractory sulphide Cam & Motor pits as the year started to pave way for the commissioning and bringing into production the BIOX plant. The BIOX plant was successfully brought into production from February 2022 in test mode and successfully commissioned in April 2022. The plant experienced some teething challenges which were successfully resolved as the year progressed. The mine therefore, produced 527kg for the year thus achieving a 50% growth compared to 351kg produced from One-Step mining operations in the prior year. Despite this, the plant operated well below its capacity due to suppy challenges as with our other operations.

BASE METALS BUSINESS

The Refinery operated under care and maintenance throughout the period. There was no traction in the current year on the Company's efforts to secure raw material feed for the Refinery. Engagements to secure potential sources of raw material are continuing and our stakeholders will be kept informed. Meanwhile the Refinery continued with its various cash generating projects to maintain the integrity of the plant and to fund some of its care and maintenance costs.

CHROME BUSINESS

The legal dispute relating to the Company's chrome claims in Darwendale still awaited finalisation by the courts as at year end.

DIAMOND BUSINESS

RZM Murowa (Private) Limited managed to successfully complete and bring to production its Project Crown Jewel 500tph plant in the second half of the year. The forecast production upside from the plant will however, only reflect subsequent to year end as focus in the current year was on stabilising and optimising the plant. Production for the year therefore, marginally increased by 3% to 426 000 carats compared to the 2021 production of 414 000 carats. There were no mining activities from the pits and material processed was obtained from the pre-mined low grade and tailings stock piles. The Associate continues to expand its exploration activities including detailed evaluations on extending the life of its pits to further extend life of mine. The Associate continues to contribute to the overall profitability of the Group as share of profit from the Associate was ZW$102.1 million whilst the prior year's profit contribution was ZW$525.8 million.

ENERGY BUSINESS

178MW Solar Project

Progress on the project had been stalled due to the COVID-19 pandemic with traction only recorded in obtaining all the regulatory requirements for the implementation of the solar projects across the Group's mines. The Group has since resumed engagements with various potential funding partners after the relaxation of the COVID-19 protocols worldwide. The Group remains optimistic of reaching financial closure for the solar projects.

2 800MW Sengwa Power Station

The Company continued its engagements with various stakeholders during the year for potential partnerships on this project and our stakeholders will be timely informed on any further developments.

OUTLOOK

The future prospects of the Group are underpinned on the successful performance of the BIOX plant at Cam & Motor mine and the 500tph plant at RZM Murowa once all the necessary teething challenges are addressed.

Plant recoveries are forecast to stabilise at Cam & Motor mine going forward as the mine has now gained considerable understanding of the operating modalities of the BIOX plant. The Group is also benefitting from the pool of skills from the various experts that were brought in to train our technicians.

Power supply remains a major threat to the Group's operations. The Group is focusing on back-up power generators across the mines albeit this will be at a significantly high operating cost. In the medium to long term, the Group continues to pursue its pipeline power projects, with particular focus on solar energy, which will be a lasting solution to the power challenges for the mines.

The COVID-19 pandemic has since eased after an increase in cases at the beginning of the year due to the emergence of the Omicron variant. The various protocols that were in place were relaxed allowing free movement of people and cargo both locally and across borders. Despite a positive outlook, the Group remains observant of the prevailing situation and has maintained strict health and safety controls across the Group.

DIRECTORATE

There were no changes in the directorate in the current year.

DIVIDENDS

No dividends were declared for the period.

APPRECIATION

I would like to extend my appreciation to my esteemed Directors for leading the Company through yet another difficult year. I am confident that the milestone projects achieved under the Directors' oversight in the current year will spearhead the Group back to profitability. The continued resilience and dedication of our Management and Employees to the Company is commendable. I further acknowledge the support the Company receives from our stakeholders; we sincerely value you.

S R BEEBEEJAUN
CHAIRMAN

ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2022

	Notes	31 Dec 2022 Audited ZW$000	31 Dec 2021 Audited ZW$000
Revenue		20 595 816	5 768 667
Cost of sales		(19 665 336)	(5 747 486)
Gross profit		**930 480**	**21 181**
Distribution and selling costs		(8 363)	(16 093)
Administrative expenses		(10 644 214)	(1 694 868)
Loss on disposal of property, plant and equipment		-	(134)
Other income		555 265	135 701
Operating loss		**(9 166 832)**	**(1 554 213)**
Finance costs		(1 396 788)	(129 451)
Share of profit from an associate		102 149	525 847
Loss before tax		**(10 461 471)**	**(1 157 817)**
Income tax expense		(9 579 151)	(940 125)
Loss for the year		**(20 040 622)**	**(2 097 942)**
Loss for the year attributable to:			
Owners of the parent		(19 988 335)	(2 088 185)
Non-controlling interests		(52 287)	(9 757)
		(20 040 622)	**(2 097 942)**
Loss per share (cents):			
Basic	8	(16 379.85)	(1 711.21)
Diluted basic	8	(16 379.85)	(1 711.21)

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

	31 Dec 2022 Audited ZW$000	31 Dec 2021 Audited ZW$000
Loss for the year	**(20 040 622)**	**(2 097 942)**
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss:		
Foreign currency translation gains	19 819 191	1 666 641
Net other comprehensive income to be reclassified to profit or loss	**19 819 191**	**1 666 641**
Other comprehensive income/(loss) not to be reclassified to profit or loss:		
Re-measurement losses on defined benefit plans	(214 217)	(1 531)
Income tax effect	52 954	378
Fair value gain on other comprehensive income investments	10 768	915
Income tax effect	(538)	(46)
Net other comprehensive loss not to be reclassified to profit or loss	**(151 033)**	**(284)**
Total other comprehensive income for the year, net of tax	**19 668 158**	**1 666 357**
Total comprehensive loss for the year	**(372 464)**	**(431 585)**
Total comprehensive loss attributable to:		
Owners of the parent	(114 746)	(394 845)
Non-controlling interests	(257 718)	(36 740)
	(372 464)	**(431 585)**

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ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Notes	31 Dec 2022 Audited ZW$000	31 Dec 2021 Audited ZW$000
ASSETS			
Non-current assets			
Property, plant and equipment	9	47 891 528	8 319 842
Exploration, evaluation and development assets	10	8 679 608	1 078 280
Right of use asset		81 744	22 728
Investment in associate company		18 521 109	2 882 544
Employee benefit asset		-	200 284
Fair value through other comprehensive income investments	11	24 659	13 891
Total non-current assets		**75 198 648**	**12 517 569**
Current assets			
Inventories	5	9 565 620	1 520 076
Trade and other receivables		4 795 721	1 274 808
Cash and cash equivalents		394 558	84 437
Total current assets		**14 755 899**	**2 879 321**
Total assets		**89 954 547**	**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		23 403	13 173
Accumulated losses		(22 211 319)	(2 061 721)
Foreign currency translation reserve		26 027 656	6 003 034
Equity attributable to equity holders of the parent		**3 861 874**	**3 976 620**
Non-controlling interests		(290 808)	(33 090)
Total equity		**3 571 066**	**3 943 530**
Non-current liabilities			
Interest-bearing loans and borrowings	7	1 466 173	811 190
Mine rehabilitation provision		2 486 067	333 074
Other payables	6	20 706 978	3 288 201
Deferred tax liabilities		10 904 633	1 377 898
Employee benefit liability		169 321	-
Lease liabilities		94 463	13 417
Total non-current liabilities		**35 827 635**	**5 823 780**
Current liabilities			
Trade and other payables	6	42 312 856	4 534 473
Interest-bearing loans and borrowings	7	8 225 156	1 085 077
Lease liabilities		17 834	10 030
Total current liabilities		**50 555 846**	**5 629 580**
Total liabilities		**86 383 481**	**11 453 360**
Total liabilities and shareholders' equity		**89 954 547**	**15 396 890**

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

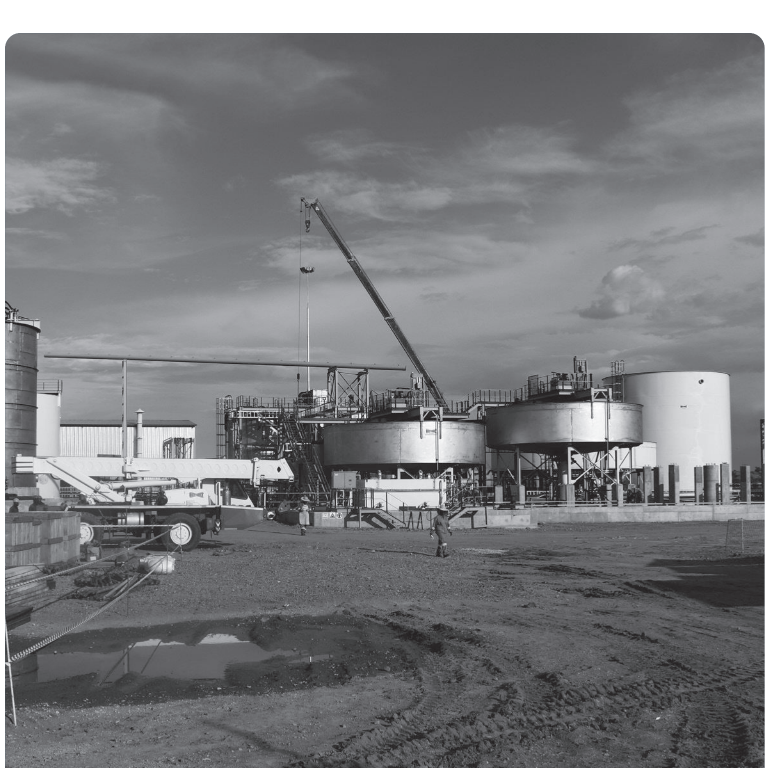
for the year ended 31 December 2022

	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 ZW$000	Non-controlling intrests ZW$000	Total equity ZW$000
Balance as 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 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**
Loss for the year	-	-	-	-	(19 988 335)	(19 988 335)	(52 287)	(20 040 622)
Other comprehensive income/(loss) net of tax	-	-	10 230	20 024 622	(161 263)	19 873 589	(205 431)	19 668 158
Total comprehensive income/(loss)	**-**	**-**	**10 230**	**20 024 622**	**(20 149 598)**	**(114 746)**	**(257 718)**	**(372 464)**
Balance as at 31 December 2022	**1 345**	**20 789**	**23 403**	**26 027 656**	**(22 211 319)**	**3 861 874**	**(290 808)**	**3 571 066**

ABRIDGED CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 31 December 2022

	Notes	31 Dec 2022 Audited ZW$000	31 Dec 2021 Audited ZW$000
Net cash flows from operating activities		**7 352 781**	**1 612 717**
Cash flows from investing activities			
Investment in exploration and evaluation assets	10	(1 869 390)	(490 884)
Additions to property, plant and equipment	9	(2 456 696)	(2 494 764)
Proceeds on disposal of property, plant and equipment		-	410
Net cash used in investing activities		**(4 326 086)**	**(2 985 238)**
Cash flow from financing activities		**-**	**-**
Inflows from borrowings		362 695	1 364 431
Repayment of borrowings		(3 296 061)	(40 833)
Repayment of lease liability		(47 474)	(5 337)
Net cash (used)/generated from financing activities		**(2 980 840)**	**1 318 261**
Net increase/(decrease) in cash and cash equivalents		45 855	(54 260)
Unrealised exchange gains on foreign currency balances		264 266	43 903
Cash and cash equivalents at beginning of period		84 437	94 794
Cash and cash equivalents at 31 December		**394 558**	**84 437**
Represented by:			
Cash at bank and on hand		394 558	84 437



NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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, Newlands, Harare.

The Company is listed on the Zimbabwe Stock Exchange.

The responsibility for the preparation of these abridged consolidated financial statements is that of the Board. These abridged consolidated financial statements were therefore, authorised for issue by the Board of Directors on 31 March 2023.

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

For the year ended 31 December 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), 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 2022.

The consolidated abridged financial statements are presented in Zimbabwean dollars (ZWL), 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 interbank exchange rates for conversions from the Group's functional currency USD to the presentation currency ZWL. The closing interbank exchange rate as at 31 December 2022 was 684.33 (2021: 108.67).

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 judgements, 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 judgements, estimates and assumptions made by management.

	31 Dec 2022 Audited ZW$000	31 Dec 2021 Audited ZW$000
5. INVENTORIES		
Stores and consumables	6 418 250	1 013 891
Ore stockpiles	730 302	81 937
Metals and minerals in concentrates and circuit	2 241 194	377 411
Finished metals	175 874	46 837
	9 565 620	**1 520 076**

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

For the year ended 31 December 2022

	31 Dec 2022 Audited ZW$000	31 Dec 2021 Audited ZW$000
6. TRADE AND OTHER PAYABLES		
Trade payables	5 515 700	1 092 460
Other payables	35 056 220	3 178 706
Leave pay liabilities	1 740 936	263 307
	42 312 856	**4 534 473**
Non-current		
Other payables	20 706 978	3 288 201
	20 706 978	**3 288 201**

7. INTEREST-BEARING LOANS AND BORROWINGS

	Effective Intrest rate %	Maturity	31 Dec 2022 Audited ZW$000	31 Dec 2021 Audited ZW$000
Current				
Bank loans				
(facility limit US$15.5m)	10%	On scheduled dates	5 761 220	693 812
Other term loan	0%	December 2019*	2 463 936	391 265
			8 225 156	**1 085 077**
Non-current				
Bank loans	10%	On scheduled dates	1 466 173	811 190
			1 466 173	**811 190**

* These facilities matured and are overdue.

Security
Bank loans were secured by revenue assignment agreement in respect of gold proceeds and some item of property, plant and equipment. All other interest bearing loans are unsecured.

8. 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.

The following reflects the income and share data used in the earnings per share computations:

	31 Dec 2022 Audited ZW$000	31 Dec 2021 Audited ZW$000
Loss attributable to equity holders of the parent for basic earnings	(19 988 335)	(2 088 185)
Adjustment Headline earnings		
Loss on disposal of property,plant and equipment	-	134
Headline loss	**(19 988 335)**	**(2 088 051)**
Weighted average number of ordinary shares for earnings per share		
	000'	000'
Number of issued shares as at 31 December	122 030	122 030
Weighted average number of ordinary shares	122 030	122 030

There were no dilutive instruments during the period, therefore the weighted average number of ordinary shares was the same for basic and diluted earnings per share.

Loss per share (cents)		
Basic	(16 379.85)	(1 711.21)
Diluted basic	(16 379.85)	(1 711.21)

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 ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2022

9. 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 2021	**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	25 277	5 574	2 494 764
Transfers	-	-	-	(186 043)	-	-	(186 043)
Disposals	-	-	-	-	(2 283)	-	(2 283)
Foreign currency translation exchange gain	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	-	360 165	-	2 033 303	38 464	24 764	2 456 696
Transfers	-	22 080 058	(118 706)	(23 457 457)	118 706	-	(1 377 399)
Foreign currency translation exchange gain	13 746 714	5 831 459	1 950 453	19 337 834	(64 933)	426 266	41 227 793
At 31 December 2022	**16 731 375**	**30 135 060**	**2 647 080**	**1 785 489**	**169 349**	**498 130**	**51 966 483**
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 year	371 461	1 295 724	942 588	-	85 896	39 735	2 735 404
At 31 December 2022	**608 805**	**1 958 775**	**1 322 386**	**-**	**125 595**	**59 394**	**4 074 955**
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 31 December 2022	**16 122 570**	**28 176 285**	**1 324 694**	**1 785 489**	**43 754**	**438 736**	**47 891 528**

10. 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 2021	**71 130**	**768 020**	**839 150**
Additions	72 968	417 916	490 884
Transfers	-	186 043	186 043
Foreign currency translation exchange gain	-	12 354	12 354
At 31 December 2021	**144 098**	**1 384 333**	**1 528 431**
Additions	1 582 712	286 678	1 869 390
Transfers	-	1 377 399	1 377 399
Foreign currency translation exchange gain	447 543	4 704 606	5 152 149
At 31 December 2022	**2 174 353**	**7 753 016**	**9 927 369**
Amortisation			
At 1 January 2021	**71 130**	**204 597**	**275 727**
Amortisation for the year	-	174 424	174 424
At 31 December 2021	**71 130**	**379 021**	**450 151**
Amortisation for the year	-	797 610	797 610
At 31 December 2022	**71 130**	**1 176 631**	**1 247 761**
Carrying amount			
At 31 December 2021	**72 968**	**1 005 312**	**1 078 280**
At 31 December 2022	**2 103 223**	**6 576 385**	**8 679 608**

11. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

11.1 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: 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	Level 1 ZW$000	Level 2 ZW$000	Level 3 ZW$000
2022			
FVOCI investments	-	-	24 659
Impact of level 3 measurements on Other Comprehensive Income			10 768
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

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

11.2 Valuation techniques

Trade receivables (subject to provisional pricing)
The Group have trade receivables (subject to provisional pricing) arising from provisional pricing sales arrangements which the Group enters 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 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 2022 ZW$000	2021 ZW$000	Valuation Technique	Significant inputs
Trade receivables (subject to provisional pricing)	-	78 134	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.

	31 Dec 2022 ZW$000	31 Dec 2021 ZW$000
Total assets	2 909 022	1 272 126
Total liabilities	(1 321 168)	(377 653)
Net asset value	**1 587 854**	**894 473**
Fair value of investment (1.553%)	**24 659**	**13 891**

12.EVENTS AFTER THE REPORTING PERIOD

Subsequent to period end, the portion of sales revenue received in USD for exporters including the Group's mineral exports was increased to 75% with effect from February 2023 from 60% which prevailed at period end. This was a positive development as it will increase the availability of foreign currency for the Group, which was already short considering the Group's requirements including funding of its projects.

AUDITOR'S STATEMENT

The abridged consolidated financial results should be read in conjunction with the complete set of financial statements of RioZim Limited for the year ended 31 December 2022, which have been audited by Mazars Public Auditors and Accountants (Zimbabwe), signed by Lovemore Kamuzangaza, PAAB Practicing Certificate number 0425 and an unqualified opinion issued there on. The auditor's report for the year then ended carries a key audit matter, outlining the audit process that required significant attention to the auditor relating to impairment of assets.

The auditor's report on the financial statements is available for inspection at the Company's registered office and the same has been lodged with the Zimbabwe Stock Exchange.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RIOZIM LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of RioZim Limited set out on pages 12 to 89 which comprise the consolidated and separate statements of financial position as at 31 December 2022, the consolidated and separate statements of profit or loss, 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, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 December 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for opinion

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 Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our 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 opinion.

Material Uncertainty relates to Going Concern

We draw attention to note 34 of the consolidated and separate financial statements, which indicates that the group's current liabilities exceed its current assets by ZW$35,799,947,000 (December 2021:ZW$2,750,260,000) and the Group reported a net loss of ZW$20,040,622,000 (December 2021: ZW$2,097,942,000). The Company's current liabilities exceed current assets ZW$32,906,834,000 (December 2021; ZW$2,308,734,000) and the Company made a loss of ZW$18,355,491,000 (December 2021; ZW$2,306,805,000). As stated in note 34, 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 and Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. All key audit matters relate to the consolidated and separate financial statements. The following key audit matters were identified during the year.

Key audit matter	How the matter was addressed
Impairment assessment of property, plant and equipment Impairment assessment is an area of focus for management due to volatile commodity prices which leaves the industry exposed to adverse economic conditions and uncertainty on whether the positive trends observed during the year are sustainable. Consequently, management performed an impairment assessment of property, plant and equipment. Management performed impairment assessments to determine the recoverable amount of the cash-generating unit ("CGU"), which includes both the Group's and the Company's property, plant and equipment. The Group is regarded as the CGU as its operations are vertically integrated and are managed as a single entity. The recoverable amount for property, plant and equipment was based on a combination of the discounted cash flow model and valuation of resources (in situ resources) that are not included in the existing life-of- mine plans. The assumptions which were used for cash flow forecasts and in situ resources valuations are based on future results and expected market and economic conditions. The most significant assumptions in these forecasts and valuations are production volumes, costs of production, capital expenditure, forecasts for metal prices, and long-term real discount rates. The impairment assessment was a matter of most significance to our current year audit due to significant management judgement involved in the valuations to determine the recoverable amount of the assets. No impairment loss was recognised as the estimated recoverable value is greater than the carrying value of the assets	In testing the future cash flows, our audit procedures included, amongst others, the following: • We tested the future cash flows by comparing the forecast to current performance, and our knowledge of the business; and • We tested the accuracy of the impairment model used by management by performing an independent recalculation and comparing our results with those of management. The key assumptions used by management in their impairment assessment were subjected to audit procedures as follows: • We confirmed the qualifications and experience of the persons involved in the assessments. • We compared production volumes per the life-of-mine plan assumption to the reserves and resource statement signed by the Group's Competent Person and to actual production volumes of the current year and no material differences were noted. As part of this assessment, we evaluated other assumptions and methods that are significant to their work for their relevance and reasonableness. • We assessed the reasonableness of management's life-of-mine plan, operating and capital costs as well as unit costs incurred by comparing them to

	historical forecasts, current operational results, and existing contracts in place. Based on the work performed, we found these forecasts to be reasonable. • We tested the reasonableness of the inflation rate applied on costs and metal prices in the impairment model by comparing it to current rates and market forecasts. Based on the work performed, we found the rate used by management to be reasonable.

Other matter

The financial statements of the Group and Company for the year ended 31 December 2021 were audited by another auditor who expressed a qualified opinion on those statements on 30 April 2022.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled RioZim Limited Annual Report for the year ended 31 December 2022, which includes the Report of the Directors, Statement of Directors' Responsibility ,Corporate Governance Statement, Direct and Indirect Shareholding of Directors, Chairman's Statement, Group Chief Executive Officer Review, Health, Safety and Environment information, Labour Practices, Shareholder Split, Notice of the Annual General Meeting and the proxy form which are expected to be received after the date of this report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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 that we 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.

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 (IFRS) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal controls 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 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 or 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 as a whole 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 judgment and maintain professional scepticism throughout the planning and performance of 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's 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 and the company'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 and separate 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 and/or the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 and separate 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 also communicated with them all relationships and other matters that may reasonably be thought to negatively impact 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 period 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 responsible for the audit resulting in this independent auditor's report is Lovemore Kamuzangaza.

Mazars

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Lovemore Kamuzangaza
Registered Auditor

PAAB Practising Certificate Number
0425
For and behalf of Mazars Zimbabwe
27 Clyde Road, Eastlea
HARARE

28 April 2023