

# RIOZIM LIMITED TRADING UPDATE 1ST QUARTER 2023

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## OPERATING ENVIRONMENT

The operating environment continued to be challenging throughout the quarter as inflation and exchange rates depreciated. Power supply challenges also worsened as the country experienced acute load shedding, which negatively impacted productive industries as alternative power sources come at a high cost of production, putting pressure on profitability and business sustenance.

The nostro retention for exporters was reviewed upwards effective February 2023 to 75% from 60%. The upward review of the nostro retention was a welcome development considering that operating expenses and capital expenditure necessary for business continuity now predominantly require USD. The gold price continued on an upward trend from the beginning of the quarter and crossed the US\$2 000/oz mark towards the end of the quarter, partially cushioning gold miners against the rising cost of production. Overall, the average gold price for the quarter was US\$1 858/oz, which was a marginal increase from the average price of US\$1 820/oz recorded in the comparative period in 2022.

The key issues however, continue to be load shedding and surrender of foreign currency.

## PRODUCTION PERFORMANCE

### Gold Businesses

**Cam & Motor Mine** – Production increased by 92% from the comparative prior year's first quarter. This was on the back of the Biological Oxidation (BIOX) plant that came into operation in Q2 2022, which has enabled the mine to upscale production volumes.

Despite the notable improvement in production from the prior year, production from the BIOX plant is currently operating below name plate plant capacity and the focus in the current year is to continue upscaling production to the full capacity of the plant.

**Dalny Mine** – The mine operated under full care and maintenance throughout the quarter. The mine embarked on small scale mining operations to reduce the cash flow impact of the fixed care and maintenance costs and production is expected from Q2, 2023

**Renco Mine** – Production fell by 2% from the same period in the prior year. Power supply challenges worsened during the quarter due to load shedding and unstable power infrastructure. The mine is focused on stabilising power supply to the mine to achieve stable production and various initiatives are being pursued including, among other efforts, investment in additional generators to increase capacity and coverage of the key activities in the mine's production critical path.

### 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 20% increase in production compared to the same period in the prior year due to increased throughput and plant capacity after commissioning the 500tph plant in Q3 2022. The mine continues to process material from its low grade stock piles. The mine is also expanding its exploration activities which are mainly centred on extending the life of its pits with a view to resuscitate mining operations in the current pits.

### Outlook

The Group's focus during the year is to stabilise power supply across all its operations to ensure consistent plant throughput. The Group continues to invest in alternative power supply albeit coming at a higher cost of production.

Exploration remains at the centre of the Group's expansion drive hence the Group is focused on expanding its exploration activities across the Group's resource portfolios and upgrading the resources of the producing mines to increase the confidence levels.



By Order of the Board.

**RioZim Management Services (Private) Limited (Secretaries)**

**Per TA. Chiurayi**

18 May 2023