

RioZim Limited Reviewed Group Interim Financial Results

For The Half Year Ended 30 June 2023

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CHAIRMAN'S STATEMENT

INTRODUCTION

The Group's resilience and successes over the year have been dependent on the shareholders' continuous support and investment into long-term sustainable capital projects in the business. The Group experienced a challenging first six months of the year marked by acute power cuts and foreign currency challenges. That notwithstanding, the Group managed to increase production output, driven by the BIOX Plant at Cam & Motor Mine and the 500 TPH Plant at RZM Murowa. Both plants were commissioned in the prior year and yielded positive returns in the current period.

The Government's positive interventions and more particularly, the upward review of the USD nostro retention for exporters to 75% from 60% at the beginning of the year partially cushioned the Group and complemented the output growth. However, despite the Group's efforts in growing output, the overall performance for the period was weighed down by incessant power cuts and high cost of production driven by spiralling cost of inputs which resulted in the Group closing the period in a net loss position. In spite of the challenges faced, the future of the Group, through the BIOX Plant and the 500 TPH Plant, is promising and the outlook looks positive.

GROUP PERFORMANCE

The Group's gold production recorded a 6% growth to 417kg from 393kg attained in the comparative prior year period. The growth in gold production resulted from increased volumes at Cam & Motor Mine driven by the recently installed BIOX Plant. Metal prices were favourable during the period as the gold price rose by 4% from an average price of US\$1 834/Oz in the same period in prior year to an average price of US\$1 910/Oz in the current period.

Revenue for the period was ZW\$49.96 billion in comparison to ZW\$4.76 billion recorded in the same period in the prior year. The increase in revenue was partly a result of increased gold output as well as exchange rates variation from the comparative prior period. The Group incurred a net loss for the period of ZW\$8.7 billion. Despite the growth in output in the current period, the cost base of the Group remained high due to the rising cost of inputs.

GOLD BUSINESS

Renco Mine

Gold production for Renco grew by 11% to 194kg during the period from 174kg recorded in the same period in the prior year. The growth in output is attributable to the successful shift to the 'high throughput low grade' strategy as grades continue to slide down.

Dalny Mine

Dalny operated under care and maintenance throughout the period. The future of the mine is dependent on resuscitation of underground operations after the open pit resources were exhausted in prior years. The underground project requires a huge investment and is scheduled to be pursued in the near future.

Cam & Motor Mine

After successful completion and commissioning of the BIOX Plant in the prior year, the key focus in the current period was optimisation and ramping up of production to plant capacity. As a result of the ramping up exercise, production leapfrogged by 6% to 223kg from 211kg achieved in the comparative prior year period.

After addressing all the notable teething challenges during the period, the forecast for the second half the year is positive and the Mine is set to continue on the growth trajectory achieved in the six-month period.

BASE METALS BUSINESS

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

CHROME BUSINESS

There has been no change on the Company's chrome claims in Darwendale as the court case is still pending finalisation.

DIAMOND BUSINESS

RZM Murowa, the Group's associate, recorded an 84% increase in production from 115 000 carats achieved in half year 2022, to 212 000 carats in the current period. This marked growth in production was stimulated by the recently installed 500 TPH Plant which was commissioned in the second half of the previous year. Despite some teething challenges that were encountered in the first quarter of the year, the overall performance of the plant for the period was satisfactory which enabled the ramping up of plant throughput.

The contribution from the associate towards the Group's profitability remains positive backed by the increased production output as share of profit from the associate increased from ZW\$83.8 million in comparative period to ZW\$413.9 million in the current period.

OUTLOOK

The stability and performance of the Group's two major projects, the BIOX Plant at Cam & Motor and the 500 TPH Plant at RZM Murowa, during the period provides confidence for a positive outlook in the second half of the year as the Group is set to continue sweating these two assets towards designed capacity.

Power supply remains a significant threat to the business as this will curtail plant running time. The Group installed back up power generators to mitigate the production losses occasioned by power cuts however, this comes with an increased cost of production.

The dynamic and challenging macro-economic environment remains an impediment to business growth and continues to have a negative effect on the operating performance of the Group.

DIRECTORATE

The Board wishes to announce the resignation of Mr Mani M. Shah as the Chief Executive Officer of the Group from the 27th of April 2023. Mani was influential in steering the Group's milestone projects which have now come to fruition and the Board is grateful for his contribution to the success of the Group. The Board wishes him well in his future endeavours.

Mr. Rajgopal Swami was appointed as the Chief Executive Officer of the Group with effect from the 28th of April 2023. Raj has been part of the RioZim Group for several years as the Chief Finance Officer and has been an integral part in the success of the business. Mr. Atish Mangal was appointed as the Chief Finance Officer with effect from the 28th of April 2023.

The Board is also pleased to announce the appointment of Messrs. Grant R. Flanagan and Ajay P. Shanghavi as Non-Executive Directors with effect from the 28th of April 2023. Grant has over 20 years' experience specialising in the frontier and emerging market of Africa. Ajay is a Mechanical Engineer and Production Engineer by profession and also holds a Marketing, Computer and General Management diploma. These two will certainly bring necessary technical support and diversity to the Board.

Mr. Gopal K. Jain resigned as a Non-Executive Director with effect from the 27th of April 2023. The Board would like to thank Mr Jain for his valuable contribution to the Group.

DIVIDENDS

No dividends were declared for the period.

APPRECIATION

I would like to extend my appreciation to my esteemed Directors for their perseverance and commitment in transforming the fortunes of the Company. I am confident that the progress achieved under the Directors' oversight in the period under review will steer the Group back to profitability. I am also humbled by the continued dedication of our Management and resilience of our Employees towards the success of the Company. I further acknowledge all our valuable stakeholders who continue to support the Group.



S R BEEBEEJAUN
CHAIRMAN

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2023

	Note	30 Jun 2023 Reviewed ZW\$000	30 Jun 2022 Reviewed ZW\$000
Revenue	6	49 958 251	4 756 485
Cost of sales		(41 663 813)	(4 602 322)
Gross profit		8 294 438	154 163
Distribution and selling costs		(14 912)	-
Administrative expenses		(18 891 943)	(2 544 621)
Other income		916 340	98 668
Operating loss		(9 696 077)	(2 291 790)
Finance costs		(646 738)	(221 892)
Share of profit from an associate	13	413 890	83 813
Loss before tax		(9 928 925)	(2 429 869)
Income tax credit/(expense)		1 217 031	(3 039 249)
Loss for the period		(8 711 894)	(5 469 118)
Loss for the period attributable to:			
Owners of the parent		(8 698 200)	(5 463 730)
Non-controlling interests		(13 694)	(5 388)
		(8 711 894)	(5 469 118)
Loss per share (cents):			
Basic		(7 128)	(4 477)
Diluted basic		(7 128)	(4 477)
Headline		(7 128)	(4 477)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2023

	30 Jun 2023 Reviewed ZW\$000	30 Jun 2022 Reviewed ZW\$000
Loss for the period	(8 711 894)	(5 469 118)
Other comprehensive income to be reclassified to profit or loss:		
Foreign currency translation exchange gains	65 055 024	9 369 724
Net other comprehensive income to be reclassified to profit or loss	65 055 024	9 369 724
Other comprehensive income not to be reclassified to profit or loss	-	-
Total other comprehensive income for the period net of tax	65 055 024	9 369 724
Total comprehensive income for the period	56 343 130	3 900 606
Total comprehensive income attributable to:		
Equity holders of the parent	58 570 914	3 961 870
Non-controlling interests	(2 227 784)	(61 264)
	56 343 130	3 900 606

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

	Note	30 Jun 2023 Reviewed ZW\$000	31 Dec 2022 Audited ZW\$000
ASSETS			
Non-current assets			
Property, plant and equipment	8	382 641 272	47 891 528
Exploration, evaluation and development assets		71 821 753	8 679 608
Right of use asset		430 488	81 744
Investment in associate company	13	160 755 671	18 521 109
Fair value through other comprehensive income investments	9	24 659	24 659
Total non-current assets		615 673 843	75 198 648
Current assets			
Inventories	10	78 452 120	9 565 620
Trade and other receivables		40 529 003	4 795 721
Cash and cash equivalents		14 252 020	394 558
Total current assets		133 233 143	14 755 899
Total assets		748 906 986	89 954 547
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	23 403
Accumulated losses		(30 909 519)	(22 211 319)
Foreign currency translation reserve		93 296 770	26 027 656
Equity attributable to equity holders of the parent		62 432 788	3 861 874
Non-controlling interests		(2 518 562)	(290 808)
Total equity		59 914 226	3 571 066
Non-current liabilities			
Interest-bearing loans and borrowings	11	3 059 334	1 466 173
Mine rehabilitation provision		20 852 904	2 486 067
Other payables	12	173 679 431	20 706 978
Deferred tax liabilities		9 687 603	10 904 633
Employee benefit liability		169 321	169 321
Lease liability		-	94 463
Total non-current liabilities		207 448 593	35 827 635
Current liabilities			
Trade and other payables	12	416 861 921	42 312 856
Interest-bearing loans and borrowings	11	64 165 660	8 225 156
Lease liability		516 586	17 834
Total current liabilities		481 544 167	50 555 846
Total liabilities		688 992 760	86 383 481
Total liabilities and shareholders' equity		748 906 986	89 954 547

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For The Half Year Ended 30 June 2023



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2023

	Attributable To Equity Holders Of The Parent							
	Share capital	Share premium	Fair value through other comprehensive income reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total Equity
	ZW\$000	ZW\$000	ZW\$000	ZW\$000	ZW\$000	ZW\$000	ZW\$000	ZW\$000
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	(61 265)	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
Balance at 1 January 2023	1 345	20 789	23 403	26 027 656	(22 211 319)	3 861 874	(290 778)	3 571 096
Loss for the period	-	-	-	-	(8 698 200)	(8 698 200)	(13 694)	(8 711 894)
Other comprehensive income/(loss) net of tax	-	-	-	67 269 114	-	67 269 114	(2 214 090)	65 055 024
Total comprehensive income/(loss) net of tax	-	-	-	67 269 114	(8 698 200)	58 570 914	(2 227 784)	56 343 130
Balance as at 30 June 2023 (reviewed)	1 345	20 789	23 403	93 296 770	(30 909 519)	62 432 788	(2 518 562)	59 914 226

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2023

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 Group is a limited liability Group incorporated and domiciled in Zimbabwe. The address of its registered office is 1 Kenilworth Road, Highlands, Harare. The Group is listed on the Zimbabwe Stock Exchange. These condensed consolidated financial statements were authorised for issue by the Board of Directors on 15 September 2023.

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 (ZWS000), 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 cost 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 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 2023 was ZWS5 739.84 (31 December 2022: ZWS684.33).

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 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 2022.

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 2022 and applicable amendments to International Financial Reporting Standards (IFRS).

5 OPERATING SEGMENT INFORMATION

Management has determined the Group's operating segments based on the information reviewed by the Board for the purpose of allocating resources and assessing performance. The revenue, operating profit, assets and liabilities reported to the Board are measured consistently with those in the reported condensed consolidated financial statements.

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 refining facilities.

The Group 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 statements. However, the Group's financing (finance costs) and income taxes 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 following table presents revenue and profit information about the Group's operating segments for the six months ended 30 June 2023:

Six months ended 30 June 2023	Gold ZW\$000	Base Metals ZW\$000	Adjustments and eliminations ZW\$000	Consolidated ZW\$000
Revenue				
External customers	49 605 159	353 092	-	49 958 251
Results				
Segment profit/(loss)	(3 293 037)	(1 011 907)	(5 391 133)	(9 696 077)
Net finance cost	-	-	-	(646 738)
Share of associate profit	-	-	-	413 890
Income tax credit	-	-	-	1 217 031
Loss for the period				(8 711 894)
Other disclosures				
Depreciation	(4 840 105)	(308 406)	(188 246)	(5 336 757)
Amortisation of development costs	(1 002 429)	-	-	(1 002 429)
Segment assets (June 2023)	413 851 150	44 206 907	290 848 929	748 906 986
Segment liabilities (June 2023)	446 653 248	42 244 356	200 095 156	688 992 760
Capital expenditure (June 2023)	1 261 806	-	436 029	1 697 835

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

for the six months ended 30 June 2023

	Note	30 Jun 2023 Reviewed ZW\$000	30 Jun 2022 Reviewed ZW\$000
Net cash flows from operating activities		12 174 618	419 755
Cash flows from investing activities			
Investment in exploration and evaluation assets	8	(646 725)	(174 341)
Additions to property, plant and equipment		(1 051 109)	(122 244)
Net cash used in investing activities		(1 697 834)	(296 585)
Cash flows from financing activities			
Inflows from borrowings		-	196 609
Repayment of borrowings		(5 705 043)	(157 875)
Repayment of lease liability		(53 646)	-
Net cash used in financing activities		(5 758 689)	38 734
Net increase in cash and cash equivalents		4 718 093	26 362
Unrealised exchange gains on foreign currency balances		9 139 369	135 542
Cash and cash equivalents at beginning of period		394 558	142 788
Cash and cash equivalents at 30 June 2023		14 252 020	304 692

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

for the six months ended 30 June 2023

Six months ended 30 June 2022	Gold ZW\$000	Base Metals ZW\$000	Adjustments and eliminations ZW\$000	Consolidated ZW\$000
Revenue				
External customers	4 728 469	28 016	-	4 756 485
Results				
Segment profit/(loss)	(1 122 159)	(353 311)	(816 320)	(2 291 790)
Net finance cost	-	-	-	(221 892)
Share of associate profit	-	-	-	83 813
Income tax expense	-	-	-	(3 039 249)
Loss for the period				(5 469 118)
Other disclosures				
Depreciation	(795 312)	(52 769)	(17 139)	(865 220)
Amortisation of development costs	(103 263)	-	-	(103 263)
Segment assets (June 2022)	32 747 837	3 199 500	12 893 287	48 786 624
Segment liabilities (June 2022)	6 244 981	13 499 347	21 198 160	40 942 488
Capital expenditure (June 2022)	1 126 695	6 605	67 997	1 201 297

Finance costs and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on an overall Group basis. Taxes, interest bearing liabilities and certain assets such as Fair Value Through Other Comprehensive Income Investments, investments in associates, Financial assets at Amortised Cost and cash and cash equivalents are not allocated to those segments as they are also managed on an overall Group basis. These are included in adjustments and eliminations in the segment disclosures.

6 REVENUE

	30 Jun 2023 Reviewed ZW\$000	30 Jun 2022 Reviewed ZW\$000
Gold	49 605 159	4 728 469
Base metals	353 092	28 016
Total revenue	49 958 251	4 756 485

7 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

	Level 1 ZW\$000	Level 2 ZW\$000	Level 3 ZW\$000
30 June 2023			
FVOCI investments	-	-	24 659
Trade receivables (subject to provisional pricing)	-	243 563	-
Impact of level 3 measurements on Other Comprehensive Income	-	-	-
31 December 2022			
FVOCI investments	-	-	24 659
Impact of level 3 measurements on Other Comprehensive Income	-	-	10 768

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.

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

for the six months ended 30 June 2023

7 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES cont'd

Description of valuation technique used and key inputs to valuation of the trade receivables

Type of financial instrument	Fair value as at:		Valuation Technique	Significant inputs
	30 June 2023 ZWS000	31 Dec 2022 ZWS000		
Trade receivables (subject to provisional pricing)	243 563	-	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 2023 that was used to calculate the fair value.

	30 Jun 2023 Reviewed ZWS000	31 Dec 2022 Audited ZWS000
Total assets	2 909 022	2 909 022
Total liabilities	(1 321 168)	(1 321 168)
Net asset value	1 587 854	1 587 854
Fair value of investment (1.553%)	24 659	24 659

8 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings ZWS000	Plant and equipment ZWS000	Heavy mobile equipment ZWS000	Capital work in progress ZWS000	Motor vehicles ZWS000	Furniture and fittings ZWS000	Total ZWS000
Cost							
At 31 December 2021	2 984 661	1 863 378	815 334	3 871 809	77 112	47 100	9 659 393
Additions	-	360 165	-	2 033 303	38 464	24 764	2 456 696
Additions - Mine rehabilitation provision	-	379 647	-	-	-	-	379 647
Transfers*	-	21 700 411	(118 706)	(23 457 457)	118 706	-	(1 757 046)
Foreign currency translation exchange gain/(loss)	13 746 714	5 831 459	1 950 453	19 337 834	(64 933)	426 265	41 227 792
At 31 December 2022	16 731 375	30 135 060	2 647 081	1 785 489	169 349	498 129	51 966 483
Additions	-	664 768	-	202 453	-	183 888	1 051 109
Foreign currency translation exchange gain/(loss)	117 215 218	201 981 059	7 121 710	9 271 157	219 223	3 227 025	338 688 437
At 30 June 2023	133 946 593	232 780 887	9 768 791	11 259 099	388 572	3 909 043	392 052 985
Accumulated Depreciation							
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	2 735 405
At 31 December 2022	608 805	1 958 775	1 322 386	-	125 595	59 394	4 074 956
Depreciation charge for the year	596 690	3 810 208	840 873	-	32 822	56 164	5 336 757
At 30 June 2023	1 205 495	5 768 983	2 163 259	-	158 418	115 557	9 411 713
Net book value							
At 31 December 2022	16 122 570	28 176 285	1 324 694	1 785 489	43 753	438 736	47 891 528
At 30 June 2023	132 741 097	227 011 904	7 605 532	11 259 099	230 154	3 793 485	382 641 272

9 RELATED PARTY TRANSACTIONS

	Rentals charged by related parties ZWS000	Services charged to related parties ZWS000	Loans from related parties ZWS000	Services charged by related parties ZWS000	Amount owed by related parties* ZWS000	Amount owed to related parties ^A ZWS000
Associate						
RZM Murowa (Pvt) Ltd						
Jun 2023	-	968 250	14 788 669	-	-	299 468 005
Dec 2022	-	505 574	11 053 166	-	-	28 684 683
Shareholders						
GEM RioZim Investments Limited						
Jun 2023	-	-	-	1 194 601	-	15 823 350
Dec 2022	-	-	-	585 299	-	1 752 953
RioZim Pension Fund						
Jun 2023	71 642	-	-	-	-	516 260
Dec 2022	43 671	-	-	-	-	27 180
Directors fees						
Jun 2023	-	-	-	174 805	-	1 236 572
Dec 2022	-	-	-	163 258	-	154 737

Amount owed to related parties are included in trade and other payables in the statement of financial position. All related party outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

Terms and conditions of transactions with related parties

Transactions with RZM Murowa (Private) Limited (RZM Murowa)

Management fees

RioZim Limited provides administration services to RZM Murowa under a service level agreement.

These administrative services include corporate in-house legal services, human resources consultation and management, corporate secretarial services, IT support services, procurement services, technical consultation, internal audit services and any other services as agreed by the parties in writing. The fees under this agreement are 1.5% of turnover.

Transactions with GEM RioZim Investments Limited Management fees

Management fees are for advisory and consultation services which are rendered by GEM RioZim Investments Limited. The management fees are charged at 1% of the net turnover of RioZim including turnover from affiliate companies and recoveries for running expenses and subsistence fees.

Lease of space

RioZim Limited leases its Head Office from RioZim Pension Fund. The lease is managed by an independent third party and will expire on 30 April 2024.

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

for the six months ended 30 June 2023

10 INVENTORIES

	30 Jun 2023 Reviewed ZWS000	31 Dec 2022 Audited ZWS000
Stores and consumables	51 044 388	6 418 250
Ore stockpiles	7 134 620	730 302
Metals and minerals in concentrates and circuit	18 797 973	2 241 194
Finished metals	1 475 139	175 874
	78 452 120	9 565 620

Inventory write-down during the period amounted to Nil (Dec 2022 : ZWS267 622 000)

11 INTEREST-BEARING LOANS AND BORROWINGS

	Effective Interest rate %	Maturity	30 Jun 2023 Reviewed ZWS000	31 Dec 2022 Audited ZWS000
Current				
Bank loans (facility limit US\$15.5m)	10%	On scheduled dates	43 499 440	5 761 220
Long term loan (Centametal AG)	0%	December 2019*	20 666 220	2 463 936
			64 165 660	8 225 156
Non-current				
Bank loans (facility limit US\$15.5m)	10%	On scheduled dates	3 059 334	1 466 173
			3 059 334	1 466 173

* These facilities matured and are overdue (refer below on Centametal loan)

Security

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

Centametal loan

This loan was repayable in equal monthly instalments of US\$100 000 commencing on 1 July 2014 ending December 2019. The loan is interest free and is unsecured. The outstanding principal loan amount is US\$3 600 000 (Dec 2022 : US\$3 600 000) and has been recorded at amortised value of ZWS20 666 220 000 (Dec 2022 : ZWS 2 463 936 000). The loan is under a legal dispute and is pending finalisation by the courts.

12 TRADE AND OTHER PAYABLES

	30 Jun 2023 Reviewed ZWS000	31 Dec 2022 Audited ZWS000
Current		
Trade payables	49 433 851	5 515 700
Accruals	16 413 977	1 684 820
Leave pay liabilities	13 841 601	1 740 936
Statutory liabilities	10 722 019	1 366 607
Other payables	326 450 473	32 004 793
	416 861 921	42 312 856
Other payables include mostly the amount due to associate Group(RZM Murowa Private Limited)		
Non-current		
Other payables	173 679 431	20 706 978
	173 679 431	20 706 978

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 next 12 months from the reporting period, therefore the amount owing of ZWS173 679 431 000 has been classified under non-current.

Terms and conditions of the above financial liabilities are in the ordinary course of business:

Trade and other payables are generally non-interest bearing and are normally settled on 30- 90 day terms.

13 INVESTMENT IN ASSOCIATE

The Group has a 22.2% (Dec 2022: 22.2%) interest in RZM Murowa (Private) Limited (Murowa), 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 produced which are gold and basemetals.

The Group's interest in Murowa 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 Murowa on an arm's length basis and there are no restrictions affect trading between the entities.

The following table illustrates the summarised carrying amount of the investment in associate Murowa :

	30 June 2023 Reviewed ZWS000	31 Dec 2022 Audited ZWS000
Carrying amount of the investment		
At 1 January	18 521 109	2 882 544
Foreign currency translation gains	141 820 672	15 536 416
Share of profit for the period	413 890	102 149
At 30 June 2023	160 755 671	18 521 109

The Group has performed an impairment assessment of its investment in associate and concluded that the investment is not impaired.

14 EVENTS AFTER REPORTING PERIOD

There were no events that occurred after the reporting period end and the date when the financial statements were authorised for issue that require adjustments to the reported amounts or disclosures.

AUDITOR'S STATEMENT

These interim condensed consolidated financial statements have been reviewed by Mazars 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).



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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of RioZim Limited and its subsidiaries "the Group" as at 30 June 2023 and the related interim consolidated statement of profit and loss and other comprehensive income, interim consolidated statement of changes in equity and interim 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 interim 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 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 consolidated financial information is 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 interim consolidated financial information does not present fairly, in all material respects, the financial position of the entity as at 30 June 2023, 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 18 of the Group interim consolidated financial information, which indicates that the Group's current liabilities exceeding current assets by ZW\$ (348,311,024,000) (December 2022: ZW\$ (35,799,947,000) and the Group reported a net loss of ZW\$ (8,711,894,000) (June 2022: ZW\$ (5,469,118,000). As stated in note 18, 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.

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Lovemore Kamuzangaza
Registered Auditor
PAAB Practicing Certificate Number 0425

Mazars in Zimbabwe
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5 October 2023