RioZim Limited

RIOZIM LIMITED
ABRIDGED AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020

HIGHLIGHTS

REVENUE	GOLD PRODUCTION	NET PROFIT	BASE METALS	BIOX PLANT	SOLAR POWER PROJECTS
Revenue generated during the period was ZWL$ 3.1 billion.	Gold production declined by 27% from 1.66 tons to 1.21 tons.	The company achieved a net profit for the year from a loss position.	The Refinery continued with cash generating projects to partially fund the care and maintenance costs.	The Company managed to steamroll the project to bring civil works to near completion.	The Company obtained independent power producer (IPP) licenses for the solar power projects for each operating location.

CHAIRMAN'S STATEMENT

INTRODUCTION

The COVID-19 pandemic became a global crisis from the beginning of the year 2020, and invariably destabilised the normal socio-economic setting worldwide. Locally, the country was not spared and also suffered from the adverse effects of COVID-19 which exacerbated the already difficult operating environment. Despite the unprecedented challenges induced by the COVID-19 pandemic, the Company remained resilient and managed to sustain its operations and ensure business continuity whilst safeguarding the jobs and health of our more than three thousand employees. With the advent of the COVID-19 pandemic, the Government instituted a cocktail of measures which included partial closure of the borders, lockdowns and strict curfews in an attempt to curb the spread of the pandemic across the country. The mining industry however, including our Company, was designated as an essential service and exempted from some of the lockdown measures hence operations continued albeit under strict adherence to World Health Organisation (WHO) and Ministry of Health and Child Care guidelines and protocols.

The Central Bank introduced a mix of policy changes including the fixed exchange rate system at USD1:ZWL25 in the first quarter. The exchange rates in the unofficial alternative markets however, continued to trade at enormous premiums to the interbank rate which meant the Company was realising less than full value of its gold produce by wide margins which stifled the Company's profit margins. The review upwards by the Central Bank of the gold retention to 70%, coupled with the replacement of the fixed exchange rate with a foreign currency auction determined rate towards the end of the first half, were welcome developments which had a positive impact on the Company in the second half of the year. Unfortunately, on the 8th of January 2021, immediately after the end of the year under review, the gold retention was varied downwards to 60%. This has left the Company in an extremely challenging position arising out of the markedly reduced amount of requisite foreign currency required for the basic continuation of operations.

Notwithstanding the challenging operating environment and the shadow of COVID-19 which marked the financial year, the Company managed to achieve a net profit for the year from a loss position in the prior year. I now present to you the Company's 2020 full year results.

GROUP PERFORMANCE

The Company's gold production declined by 27% from 1.66tons achieved in the prior year to 1.21tons. Throughout the current year, the Group's flagship operation Cam & Motor Mine carried out mining activities from the nearby One Step Mine hauling low grade ore to the Cam & Motor plant for processing. This resulted in a drastic fall in gold production compared to the prior year when the Mine processed higher grade ore from its Cam pits. The gold price maintained a growth trend throughout the year recording a 27% growth from the prior year's average price of US$1 395/oz, to an average price of US$1 765/oz in the current year which counteracted the impact of lower production volumes. Revenue generated during the period was ZWL$3.1 billion in comparison to ZWL$577.1 million in the prior year. The exponential increase in revenue was a direct result of the depreciation of the local currency against the US dollar.

GOLD BUSINESS

Renco Mine

Renco recorded a strong performance with aggregate gold output of 580kgs – 4% above the prior year's gold output of 556kgs. The increased gold output was at the back of higher milling throughput which was achieved as the Mine implemented its 'high volume low grade' strategy which yielded positive results.

Dalny Mine

The Mine's gold production declined by 46% in the current year to 198kgs from the comparative period production of 364kg. The Mine suffered major breakdowns in the milling section of its ageing plant which directly impacted milled output. Dalny currently relies on near the surface open pitable ores which have lower grades that culminate in low production volumes. The medium to long term plan for the Mine is to complete the dewatering and resuscitation of its underground shafts in order to access the higher grade ore that is deposited underground.

Cam & Motor Mine

Production for the year closed at 427kg which was a sharp 42% decline compared to 738kg in the prior year. The depletion of oxide ore resources at the Mine necessitated the migration of mining operations to our nearby One Step Mine from where we are hauling ore to the Cam & Motor processing plant. The ore resources at One Step Mine have significantly lower grades than those at the Cam & Motor pits and this negatively affected production output. The Mine is however, focused on completion of its BIOX plant project which will enable the resumption of mining and processing of high grade refractory sulphide ores from the Cam pits.

BIOX Plant Project

Progress on the BIOX project was negatively affected by the COVID-19 pandemic which brought the project to a standstill as key suppliers were affected by lockdowns and travel restrictions in the first half of the year. Project activities resumed in the second half of the year albeit at a slow pace after lockdown measures were eased. Despite the relaxation of lockdown measures, the movement of goods and people remained constrained due to the various COVID-19 restrictions and protocols that remained in place both locally and in South Africa where most of the equipment suppliers are housed thereby limiting the smooth flow of project activities.

External funding for the project remained elusive throughout the year as lenders took a conservative approach in light of the uncertainties brought about by the COVID-19 pandemic. This left the Company primarily dependent on internally generated funding. Despite the funding and COVID-19 challenges, the Company managed to steamroll the project to bring civil works to near completion and managed to take delivery of the bulk of the equipment by year end. Installations commenced post year end and are progressing well. As at the reporting date, the Company was engaged in discussions with potential lenders to secure the remaining funding requirements to complete the project and the Company is hopeful of reaching financial closure. The Company remains optimistic of concluding and commissioning the BIOX Plant within the ensuing reporting year.

BASE METALS BUSINESS

The Empress Nickel Refinery remained under care and maintenance throughout the period under review. The Refinery however, continued with cash generating projects to partially fund the care and maintenance costs whilst maintaining the integrity of the plant. Over and above the initiatives to identify sources of matte, the Company is also evaluating various alternatives to bring the Refinery back to normal production and our stakeholders will be kept appraised.

CHROME BUSINESS

The Company's chrome claims in Darwendale are still under a legal dispute and we await finalisation of the court case. The Company continues to monitor the chrome prices with the aim of resumption of mining operations once the legal case has been finalised.

DIAMONDS BUSINESS

The Group's associate, RZM Murowa (Private) Limited, produced 579 000 carats from 685 000 carats produced in the comparative period. The lower production in the current year is attributable predominantly to the processing of the low grade K2 resources after the high grade K1 resources had been depleted in the prior year. The Associate continued to contribute positively to the Group's profitability with a share of profit of ZWL$494.8 million compared to ZWL$ 22.9 million in the prior year.

ENERGY BUSINESS

178 MW Solar Project

The Company obtained independent power producer (IPP) licenses for the solar power projects for each operating location. The Company is progressing with selecting an EPC contractor whilst awaiting finalisation of Power Purchase Agreements with ZETDC.

2 800 MW Sengwa Power Station

The efforts to secure financing to commence Phase 1 of the project were significantly hampered by the uncertainties presented by the COVID-19 pandemic. The Company is focused on advancing the financing arrangements in order to make positive progress on the power station.

OUTLOOK

The Group remains focused on ensuring the safety of its employees as the COVID-19 pandemic continues to evolve across all regions. This will be achieved primarily by observing WHO protocols and guidelines across all our operating locations among other initiatives. With the production and distribution of various vaccines, we are optimistic of gradually transitioning back to normalcy as the supply of vaccines increases.

The completion of the BIOX plant remains a key priority for the Company as we pursue value creation for all stakeholders. The success of this project will be pivotal for the sustenance of the Cam & Motor mine. The Company will build on its exploration drive from the prior year in order to upgrade and increase confidence levels on all resources across all our mines in light of the declining grades at Renco, One Step and Dalny mines.

DIRECTORATE

Following the stepping down of Mr Bhekinkosi Nkomo from the position of Chief Executive Officer on 30 June 2020, Mr Manit Mukeshkumar Shah was appointed as CEO effective 1 July 2020. Bheki served the Company with distinction and our heartfelt appreciation goes out to him for his tremendous vision and leadership. We wish him continued success in his other endeavours.

Manit was influential and spearheaded the Company operations in his previous various roles within the Company before his appointment to CEO. The Board is confident that in this new role, he will continue to scale the Company up to greater heights.

I wish to extend a warm welcome to Rajgopal Swami who was appointed to the Board as an Executive Director on 28 May 2020. Raj is currently the Chief Finance Officer and the Board is looking forward to his continued positive contribution to the Company.

I would also like to thank Messrs Kurai Matsheza and John M. Chikura who retired from the Board on the 25th of September 2020 and 30th of September 2020 respectively, for their unwavering dedication and impeccable service to the Company throughout their tenure on the Board.

DIVIDENDS

After a detailed consideration of the Company's cash flow position, the Directors have deemed it prudent not to declare Dividends for the period.

APPRECIATION

Once again, our Directors showed remarkable leadership in steering the Company through yet another difficult year which was marked by unprecedented challenges induced by the COVID-19 pandemic. I also wish to express my heartfelt appreciation to our Management and Staff whose immense sacrifice saw them remain courageous and committed to duty in spite of the impediments presented by the COVID-19 pandemic. We would also like to thank our valued stakeholders who continue to support us and contribute positively to the success of the Company.

S R BEEBEEJAUN
CHAIRMAN
18 March 2021

ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2020

	31 Dec 2020 Audited ZWL$000	31 Dec 2019 Audited ZWL$000
Revenue	3 135 077	577 132
Cost of sales	(2 028 676)	(562 926)
Gross profit	**1 106 401**	**14 206**
Distribution and selling costs	(778)	(268)
Administrative expenses	(758 333)	(691 399)
Other income	115 438	24 550
Operating profit/(loss)	**462 728**	**(652 911)**
Net finance costs	**(49 600)**	**(7 584)**
Finance income	424	1 188
Finance costs	(50 024)	(8 772)
Share of profit from an associate	494 842	22 908
Profit/(loss) before tax	**907 970**	**(637 587)**
Income tax (expense)/credit	(455 236)	56 209
Profit/(loss) for the year	**452 734**	**(581 378)**
Profit/(loss) for the year attributable to:		
Owners of the parent	456 309	(581 030)
Non-controlling interests	(3 575)	(348)
	452 734	**(581 378)**
Earnings/(loss) per share (cents):		
Basic	373.93	(476.14)
Diluted basic	373.93	(476.14)

ABRIDGED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020

	31 Dec 2020 Audited ZWL$000	31 Dec 2019 Audited ZWL$000
Profit/(loss) for the year	**452 734**	**(581 378)**
Other comprehensive income/(loss) to be reclassified to profit or loss:		
Foreign Currency Translation Reserve	2 947 931	1 369 783
Net other comprehensive income to be reclassified to profit or loss	**2 947 931**	**1 369 783**
Other comprehensive income/(loss) not to be reclassified to profit or loss:		
Re-measurement gains/ (losses) on defined benefit plans	219 973	(4 329)
Income tax effect	(53 057)	1 070
Fair value gain on other comprehensive income investments	12 312	486
Income tax effect	(616)	(24)
Net other comprehensive income/(loss) not to be reclassified to profit or loss	**178 612**	**(2 797)**
Total other comprehensive income for the year, net of tax	**3 126 543**	**1 366 986**
Total comprehensive income for the year	**3 579 277**	**785 608**
Total comprehensive profit attributable to:		
Owners of the parent	3 579 091	781 413
Non-controlling interests	186	4 195
	3 579 277	**785 608**

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Note	31 Dec 2020 Audited ZWL$000	31 Dec 2019 Audited ZWL$000
ASSETS			
Non-current assets			
Property, plant and equipment	5	5 018 833	957 601
Exploration, evaluation and development assets	6	563 423	118 631
Right of use asset		1 422	809
Investment in associate company		1 317 637	187 891
Employee benefit asset		214 633	-
Fair value through other comprehensive income investments		12 976	664
Loans and receivables		-	1 251
Deferred tax assets		-	61 626
Total non-current assets		**7 128 924**	**1 328 473**
Current assets			
Inventories	7	1 427 751	277 560
Trade and other receivables		1 087 562	196 728
Loans and receivables		-	75
Cash and cash equivalents		94 794	32 467
Total current assets		**2 610 107**	**506 830**
Total assets		**9 739 031**	**1 835 303**
EQUITY & LIABILITIES			
Shareholders' equity			
Share capital		1 345	1 345
Share premium		20 789	20 789
Foreign currency translation reserve		4 309 410	1 365 240
Fair value through other comprehensive income reserve		12 304	608
Accumulated profits/ (losses)		27 617	(595 608)
Equity attributable to equity holders of the parent		**4 371 465**	**792 374**
Non-controlling interests		3 650	3 464
Total equity		**4 375 115**	**795 838**
Non-current liabilities			
Cumulative redeemable preference shares	9	-	33 434
Interest bearing loans and borrowings		-	5 072
Provisions		267 077	77 674
Other payables	8	2 474 850	507 437
Deferred tax liabilities		447 283	-
Employee benefit liability		-	4 352
Lease liabilities		-	301
Total non-current liabilities		**3 189 210**	**628 270**
Current liabilities			
Trade and other payables	8	1 879 583	331 686
Interest-bearing loans and borrowings		294 484	78 571
Lease liabilities		639	938
Total current liabilities		**2 174 706**	**411 195**
Total liabilities		**5 363 916**	**1 039 465**
Total equity and liabilities		**9 739 031**	**1 835 303**

RioZim Limited

RIOZIM LIMITED
ABRIDGED AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
	Share capital ZWL$000	Share premium ZWL$000	Fair value through other comprehensive income reserve ZWL$000	Foreign currency translation reserve ZWL$000	Accumulated profits ZWL$000	Total shareholders equity ZWL$000	Non controlling interests ZWL$000	Total equity ZWL$000
Balance as at 1 January 2019	**1 345**	**20 789**	**146**	**-**	**(11 319)**	**10 961**	**(731)**	**10 230**
Loss for the year	-	-	-	-	(581 030)	(581 030)	(348)	(581 378)
Other comprehensive income/(loss) net of tax	-	-	462	1 365 240	(3 259)	1 362 443	4 543	1 366 986
Total comprehensive income/(loss)	**-**	**-**	**462**	**1 365 240**	**(584 289)**	**781 413**	**4 195**	**785 608**
Balance as at 31 December 2019	**1 345**	**20 789**	**608**	**1 365 240**	**(595 608)**	**792 374**	**3 464**	**795 838**
Profit/(loss) for the year	-	-	-	-	456 309	456 309	(3 575)	452 734
Other comprehensive income net of tax	-	-	11 696	2 944 170	166 916	3 122 782	3 761	3 126 543
Total comprehensive income	**-**	**-**	**11 696**	**2 944 170**	**623 225**	**3 579 091**	**186**	**3 579 277**
Balance as at 31 December 2020	**1 345**	**20 789**	**12 304**	**4 309 410**	**27 617**	**4 371 465**	**3 650**	**4 375 115**

ABRIDGED CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended 31 December 2020

	31 Dec 2020 Audited ZWL$000	31 Dec 2019 Audited ZWL$000
Net cash flows from operating activities	**817 407**	**158 124**
Cash flows from investing activities		
Investment in exploration and evaluation assets	(37 256)	(26 357)
Additions to property, plant and equipment	(763 670)	(122 146)
Net cash used in investing activities	**(800 926)**	**(148 503)**
Cash flow from financing activities		
Inflows from borrowings	-	6 635
Repayment of borrowings	(44 162)	(12 920)
Repayment of lease liabilities	(3 627)	(176)
Net cash used in financing activities	**(47 789)**	**(6 461)**
Net (decrease)/increase in cash and cash equivalents	(31 308)	3 160
Unrealised exchange gains on foreign currency balances	93 635	29 190
Cash and cash equivalents at beginning of period	32 467	117
Cash and cash equivalents at 31 December	**94 794**	**32 467**
Represented by:		
Cash at bank and on hand	94 794	32 467

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

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 consolidated abridged financial statements were authorised for issue by the Board of Directors on 18 March 2021.

2. BASIS OF PREPARATION

The Statutory Instrument 33 of 2019 issued in the prior year prescribed an accounting treatment which was inconsistent with International Financial Reporting Standards (IFRS) IAS 21 *"Effects of changes in foreign exchange rates"* and the disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31). Subsequently the Government also issued SI 41 of 2019 which prescribed that where International Financial Reporting Standards (IFRS) are not aligned to local laws, then local laws take precedence. Therefore, the effect of non-compliance with the requirements of IAS 21 in the prior year had a carry forward effect on current year opening balances. Accordingly, it was impractical to comply with the full requirements of International Financial Reporting Standards (IFRS) which is the Group's reporting framework.

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

The consolidated abridged 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 2020.

In prior year, 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. The closing interbank exchange rate as at 31 December 2020 was 81.79 (2019: 16.77).

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated abridged financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements and the applicable amendments to International Financial Reporting Standards (IFRS).

4. ESTIMATES

When preparing the consolidated abridged financial statements, management undertakes a number of significant judgments, 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 judgments, estimates and assumptions made by management.

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

for the year ended 31 December 2020

5 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings ZWL$000	Plant and equipment ZWL$000	Heavy Mobile Equipment ZWL$000	Capital Work In Progress ZWL$000	Motor vehicles ZWL$000	Furniture and fittings ZWL$000	Total ZWL$000
Cost							
At 1 January 2019	35 723	44 830	4 458	6 358	1 762	1 654	94 785
Additions	311	19 606	34 298	62 084	3 766	2 081	122 146
Foreign currency translation exchange gain	505 936	454 281	49 991	86 706	1 477	12 149	1 110 540
At 31 December 2019	**541 970**	**518 717**	**88 747**	**155 148**	**7 005**	**15 884**	**1 327 471**
Additions	-	10 421	111 094	623 815	3 501	14 839	763 670
Transfers	-	11 562	-	(73 078)	-	1 084	(60 432)
Disposals	-	-	-	-	(3 020)	(205)	(3 225)
Foreign currency translation exchange gain	1 690 148	1 162 921	168 120	601 502	11 223	39 683	3 673 597
At 31 December 2020	**2 232 118**	**1 703 621**	**367 961**	**1 307 387**	**18 709**	**71 285**	**5 701 081**
Accumulated Depreciation							
At 1 January 2019	4 266	16 697	538	-	1 654	877	24 032
Depreciation charge for the year	94 039	174 771	21 571	-	3 047	2 459	295 887
Impairment	-	-	-	49 951	-	-	49 951
At 31 December 2019	**98 305**	**191 468**	**22 109**	**49 951**	**4 701**	**3 336**	**369 870**
Depreciation charge for the year	49 957	160 834	131 632	-	13 984	5 922	362 329
Reversal of impairment	-	-	-	(49 951)	-	-	(49 951)
At 31 December 2020	**148 262**	**352 302**	**153 741**	**-**	**18 685**	**9 258**	**682 248**
Net book value							
At 31 December 2019	**443 665**	**327 249**	**66 638**	**105 197**	**2 304**	**12 548**	**957 601**
At 31 December 2020	**2 083 856**	**1 351 319**	**214 220**	**1 307 387**	**24**	**62 027**	**5 018 833**

6 EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS

	Exploration and evaluation assets ZWL$000	Development costs ZWL$000	Total exploration evaluation and development assets ZWL$000
Cost			
At 1 January 2019	**6 411**	**17 171**	**23 582**
Additions	-	26 357	26 357
Foreign currency translation exchange gain	64 719	168 154	232 873
At 31 December 2019	**71 130**	**211 682**	**282 812**
Additions	-	37 256	37 256
Transfers	-	60 431	60 431
Foreign currency translation exchange gain	-	458 651	458 651
At 31 December 2020	**71 130**	**768 020**	**839 150**
Amortisation			
At 1 January 2019	-	5 267	5 267
Amortisation for the year	71 130	87 784	158 914
At 31 December 2019	**71 130**	**93 051**	**164 181**
Amortisation for the year	-	111 546	111 546
At 31 December 2020	**71 130**	**204 597**	**275 727**
Carrying amount			
At 31 December 2019	**-**	**118 631**	**118 631**
At 31 December 2020	**-**	**563 423**	**563 423**

	31 Dec 2020 Audited ZWL$000	31 Dec 2019 Audited ZWL$000
7 INVENTORIES		
Stores and consumables	845 079	140 037
Ore stockpiles	38 605	10 390
Metals and minerals in concentrates and circuit	465 222	103 790
Finished metals	78 845	23 343
	1 427 751	**277 560**
8 TRADE AND OTHER PAYABLES		
Trade payables	549 347	92 210
Other payables	1 226 935	234 227
Leave pay liabilities	103 301	5 249
	1 879 583	**331 686**
Non-current		
Other payables	2 474 850	507 437
	2 474 850	**507 437**
9 CUMULATIVE REDEEMABLE PREFERENCE SHARES		
Cumulative Redeemable Preference Shares	**-**	**33 434**

The cumulative redeemable preference shares were issued to Zimbabwe Asset Management Corporation (Private) Limited (ZAMCO) on 22 January 2016.

The preferences shares were unsecured, non-voting and non-tradable, entitled the holder thereof to receive a fixed dividend of 9% per annum which dividend was payable on a bi-annual basis and were redeemable by the Company in part or in whole, at cost, on or before the fifth anniversary of the issue date or not more than 180 days from the fifth anniversary of the issue date.

The cumulative redeemable preference shares were redeemed in full during the year.

10 CAPITAL COMMITMENTS

Contracts and orders placed	1 074 025	420 934
Authorised by Directors but not contracted	1 822 894	112 624
	2 896 919	**533 558**

The capital expenditure is to be financed out of the Group's own resources and borrowings where necessary.

11. SUBSEQUENT EVENTS

The COVID-19 situation worsened subsequent to year end as the country battled a new variant of the virus with new infections and number of deaths rising on a daily basis. In order to contain the rapid wide spread of the virus, the Government declared a national lock down for a period of 30 days from the 5th of January 2021 through enactment of SI 10 of 2021 - Public Health (COVID-19 Prevention, Containment and Treatment) (National Lockdown) (No. 2) (Amendment) Order, 2021 (No. 9). The lockdown was extended by two consecutive two-week periods to 28 February 2021. However, businesses designated as essential services which included the mining industry were exempted and continued to operate, albeit under strict adherence to the World Health Organisation (WHO) guidelines.

The Group extended its various measures that were necessary to protect its employees and the communities surrounding its operations which included extensive testing and screening of employees, awareness and prevention campaigns as well as intensive sanitisation, hygiene and social distancing protocols.

The COVID-19 pandemic continues to have a huge negative impact on individual businesses which has a knock on effect on the Group as some of its suppliers and service providers are faced with viability challenges. The Group has also suffered from disruptions on the supply chain of raw materials as cross border controls and restrictions continue to be stringent in different countries as a result of the pandemic. Gold prices however, remain favorable which has cushioned the Group from other negative impacts of the pandemic.

As at the date of approval of the financial statements, there has been minimal disruption of the Group's operations as a result of the pandemic, and therefore, it was impractical to quantify the potential financial impact on the Group's current and future operations and cash flows. As a result, no adjustment has been made to the amounts of income, expenses, assets and liabilities presented in the financial statements. The Group will continue to actively monitor the situation as the pandemic continues to evolve and will take appropriate actions as necessary.

On the 8th of January 2021, the Reserve Bank of Zimbabwe reviewed the nostro retention on export proceeds to 60% from the 70% as at the reporting date. The downward review of the retention will reduce the available foreign currency for the Group to fund its raw materials and capital expenditure requirements which predominantly require foreign currency. The Group will however implement working capital management strategies to adapt to the reduced foreign currency and ensure continuity of operations.

12. GOING CONCERN

The Group's flagship operation, Cam & Motor mine migrated mining operations to its nearby One Step mine hauling and processing low grade ore after it ran out of oxide ores at its Cam pits, which resulted in Group production contracting by 27% in the current year. The future of Cam & Motor mine is hinged on the successful completion of the BIOX plant project which will enable the mine to process its high grade refractory sulphide resources. As at the reporting date, the Group required USD8 million in foreign currency to complete the BIOX plant project.

The Group's production will continue to be significantly hampered by processing of lower grade ores from One Step mine which may not sustain the Group if the BIOX plant project is not completed and commissioned. 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:

- The Group progressed the BIOX project to 50% as at year end and discussions with a potential financier of the funding for the completion of the project were at an advanced stage as at year end. The BIOX plant is scheduled to be commissioned in the second half of the year which will enable Cam & Motor mine to increase production through processing its high grade sulphide resources.
- The Group managed to generate net earnings, as represented by EBITDA of ZWL$522.1 million (2019: ZWL$84.1 million). The EBIDTA will be utilised to fund the necessary maintenance and sustaining capital expenditure to guarantee the continuity of operations.
- Power availability challenges eased after improved power supplies from the Zimbabwe Electricity Supply Authority (ZESA) in the second half of the year, resulting in reduced plant down times. Furthermore, the installed generators at Dalny mine and Renco mine will cushion the Group in the event of power cuts, therefore production is forecast to be consistent going forward.
- Extensive exploration across the Group aimed at upgrading the Group's resources into reserves and minable resources, which will give more control on the grades and positively contribute to increased production.
- An induction furnace is forecast to be installed at ENR in 2021 which will enable the Refinery to increase production through treatment of its dumps that will improve its cash flows to meet care and maintenance costs.

The Directors therefore believe that the 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 financial results should be read in conjunction with the full set of financial statements for the year ended 31 December 2020, which have been audited by Ernst & Young Chartered Accountants (Zimbabwe).

An adverse audit opinion has been issued thereon in respect of non-compliance with the requirements of International Financial Reporting Standards IAS 21: *"The Effects of Foreign Exchange Rates"* in the current and prior year as well as non-compliance with IAS 8: *"Accounting Policies, Changes in Accounting Estimates & Errors"* in the current year.

The auditor's report on these financial statements is available for inspection at the Company's registered office. The engagement partner on the audit resulting in the independent auditor's report is Walter Mupanguri (PAAB Practicing Certificate Number 367).