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## CHAIRMAN'S STATEMENT

### INTRODUCTION

The operating environment throughout the year was challenging. It was characterised by significant exchange rate distortions, ongoing power supply deficits and policy changes amongst other challenges, which negatively impacted the operations of the Group. The COVID-19 pandemic presented further challenges to the already depressed macroeconomic environment as new variants emerged during the year.

The foreign currency retention was revised downwards to 60% in January 2021 from 70% in the prior year. This not only reduced the value realised for the Group's gold produce but also negatively impacted on the timeous execution of the Group's projects, which predominantly required foreign currency. The commissioning of the Biological Oxidation (BIOX) Plant Project that was forecasted for Q4 2021 was delayed and postponed to Q1 2022.

Despite the stability of the interbank rate, the comparative rates in the alternative market traded at huge premiums above the interbank rate during the period. This continued to put pressure on the Group's profitability as inputs tracked rates in the alternative market. The combination of a challenging operating environment and the delays on the completion of the BIOX Plant Project due to inadequate foreign currency resulted in the Company incurring a loss for the year. It is against this background that I present you with the financial results of the Company.

### GROUP PERFORMANCE

Gold production regressed by 7% from 1 205kg produced in the prior year to 1 122kg. Due to delays in the completion of the BIOX Plant Project, the lifespan of the stopgap One-Step mining operation was extended and continued to supply ore to the Cam & Motor plant. The grades, however, significantly dropped which resulted in subdued production. This impacted the Group's production as both Dalny and Renco recorded almost consistent production from the prior year. The gold price recorded a marginal 1% increase from the prior year to an average of US\$1 774/oz for the year compared to US\$1 765/oz in the prior year. Despite a 7% decline in gold production, the Group's revenue increased by 84% to ZW\$5.8 billion compared to the prior period's ZW\$3.1 billion primarily due to the depreciation of the local currency against the United States dollar.

### GOLD BUSINESS

#### Renco Mine

The mine operated at almost the same level of production as the prior year achieving 561kg of gold, 3% lower than 580kg produced in the prior year. The slight shortfall in gold output from the prior year was attributed to reduced plant throughput as a result of increased power cuts during the year.

#### Dalny Mine

Dalny achieved a 6% growth in gold production achieving 209kg of gold from 198kg produced in the prior year. The growth in gold production was due to increased plant throughput as plant improvements carried out during the year successfully stabilised the plant.

#### One-Step Mine

Gold production at One-Step mine fell by 18% from the prior year's production of 427kg to 351kg. The low gold output was attributable to lower grades which dropped from the prior year. The life of mine was extended during the year despite the grades deteriorating and mining operations continued for the full year. The One-Step ore was processed at the plant in Cam & Motor as had been happening in the previous year.

#### Cam & Motor Mine

There was no gold production from Cam & Motor mine during the year which was a carry forward from prior year as the mine continued with the construction of its BIOX Plant Project throughout the year. The completion of the BIOX Plant which was scheduled for the second half of the year was delayed due to inadequate foreign currency and COVID-19 pandemic induced challenges. Commissioning of the BIOX Plant Project would have enabled resumption of mining operations at the Cam & Motor high grade ore pits.

#### BIOX Plant Project

After obtaining the funding required for the completion of the BIOX Plant Project, the Company accelerated installations in the second half of the year to bring the plant to completion stage at the end of the year. Testing of the various equipment and components commenced subsequent to year end and the plant was successfully commissioned on the 14th of April 2022 by the President of the Republic of Zimbabwe H.E. Dr E.D. Mnangagwa.

### BASE METALS BUSINESS

The Refinery operated under care and maintenance throughout the period. 210tons of matte, 78tons of PGMs and 21tons of copper were produced. Revenue of ZW\$381 million was generated during the year from the projects at the Refinery which partially funded the care and maintenance costs. The Company continues to engage various stakeholders to identify sources of raw material to feed the Refinery to normal production capacity and our stakeholders will be kept apprised.

### CHROME BUSINESS

The legal dispute relating to the Company's chrome claims in Darwendale remained under litigation as at year end and the Company continues to pursue the finalisation of the court case.

### DIAMOND BUSINESS

Diamond production for the Group's associate, RZM Murowa (Private) Limited, declined by 28% to 414 000 carats from 579 000 carats produced in the comparative year, 2020. The Associate processed material from the low grade stock piles with limited mining activities from the K2 pit. This was in contrast to the prior year whereby production was from the mining activities in the K2 pit, which has slightly better grades. The key focus for the Associate is completion of its Project Crown Jewel which entails increasing the current processing plant capacity to move to a 'low grade high volume' strategy in order to sustain production as it is currently processing low grades.

The Group's share of profit from the associate increased to ZW\$525.8million compared to ZW\$494.8 million in the prior year.

### ENERGY BUSINESS

#### 178 MW Solar Project

The Company concluded the Environmental Impact Assessments (EIAs) for all the proposed solar sites which are a prerequisite before the implementation of the solar projects at the various mines. Engagements with potential financiers are ongoing albeit at a slower pace due to the complexities brought about by the COVID-19 pandemic.

#### 2 800MW Sengwa Power Station

Due to a mix of considerations brought about by the COVID-19 pandemic, the Company has put up various financing options to attract potential investors into the project. Stakeholders will be kept abreast on the developments of the project.

### OUTLOOK

The BIOX Plant commissioning remained a priority for the Group. Subsequent to year end, testing of the plant components commenced in earnest with no major challenges being encountered. The commissioning of the BIOX Plant was completed on 14 April 2022. Production is forecast to improve as Cam & Motor returns to producing from its high grade pits.

The COVID-19 pandemic eased subsequent to period end as the Omicron variant, which emerged close to period end, was contained. Various countries began to relax the COVID-19 restrictions and protocols resulting in the movement of cargo and people across borders significantly improving. Despite a positive outlook, the Group will remain steadfast in its observance of the COVID-19 health protocols as prescribed by the World Health Organisation and Ministry of Health and Child Care from time to time.

### DIRECTORATE

Our Chairman Emeritus, Mr. Lovemore Chihota sadly passed away on the 2nd of July 2021. Mr. Chihota was dedicated to the Company since his appointment to the Board in 2014 and his death was a heart-breaking loss to the Company.

Mr. Manraj Singh Bindra was appointed as a Non-Executive Director on the 18th of June 2021. I welcome him and wish him a successful tenure.

### DIVIDENDS

No dividends were declared for the period.

### APPRECIATION

On behalf of the Board, I would like to extend my gratitude to my fellow Directors for their continued leadership and unreserved commitment to the Company during a difficult financial year. I would also like to thank our Management and Employees for their unwavering dedication and loyalty in spite of the challenges faced by the Company. To our valued stakeholders who continue to support us, we thank you.

### S R BEEBEEJAUN

#### CHAIRMAN

15 April 2022

## ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2021

	31 Dec 2021 Audited ZW\$000	31 Dec 2020 Audited ZW\$000
Revenue	5 768 667	3 135 077
Cost of sales	(5 747 486)	(2 028 676)
<b>Gross profit</b>	<b>21 181</b>	<b>1 106 401</b>
Distribution and selling costs	(16 093)	(778)
Administrative expenses	(1 894 868)	(758 333)
Loss on disposal of property, plant and equipment	(134)	-
Other income	135 701	115 438
<b>Operating (loss)/profit</b>	<b>(1 554 213)</b>	<b>462 728</b>
<b>Net finance costs</b>	<b>(129 451)</b>	<b>(49 600)</b>
Finance income	-	424
Finance costs	(129 451)	(50 024)
Share of profit from an associate	525 847	494 842
<b>(Loss)/profit before tax</b>	<b>(1 157 817)</b>	<b>907 970</b>
Income tax expense	(940 125)	(455 236)
<b>(Loss)/profit for the year</b>	<b>(2 097 942)</b>	<b>452 734</b>
<b>(Loss)/profit for the year attributable to:</b>		
Owners of the parent	(2 088 185)	456 309
Non-controlling interests	(9 757)	(3 575)
	<b>(2 097 942)</b>	<b>452 734</b>
<b>(Loss)/earnings per share (cents):</b>		
Basic	(1 711.21)	37393
Diluted basic	(1 711.21)	37393

## ABRIDGED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021

	31 Dec 2021 Audited ZW\$000	31 Dec 2020 Audited ZW\$000
<b>(Loss)/profit for the year</b>	<b>(2 097 942)</b>	<b>452 734</b>
<b>Other comprehensive income/(loss) to be reclassified to profit or loss:</b>		
Foreign currency translation gains	1 666 641	2 947 931
<b>Net other comprehensive income to be reclassified to profit or loss</b>	<b>1 666 641</b>	<b>2 947 931</b>
<b>Other comprehensive (loss)/income not to be reclassified to profit or loss:</b>		
Re-measurement (losses)/gains on defined benefit plans	(1 531)	219 973
Income tax effect	378	(53 057)
Fair value gain on other comprehensive income investments	915	12 312
Income tax effect	(46)	(616)
<b>Net other comprehensive (loss)/income not to be reclassified to profit or loss</b>	<b>(284)</b>	<b>178 612</b>
<b>Total other comprehensive income for the year, net of tax</b>	<b>1 666 357</b>	<b>3 126 543</b>
<b>Total comprehensive (loss)/income for the year</b>	<b>(431 585)</b>	<b>3 579 277</b>
<b>Total comprehensive (loss)/profit attributable to:</b>		
Owners of the parent	(394 845)	3 579 091
Non-controlling interests	(36 740)	186
	<b>(431 585)</b>	<b>3 579 277</b>

## ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Note	31 Dec 2021 Audited ZW\$000	31 Dec 2020 Audited ZW\$000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	8 319 842	5 018 833
Exploration, evaluation and development assets	6	1 078 280	563 423
Right of use asset		22 728	1 422
Investment in associate company		2 882 544	1 317 637
Employee benefit asset		200 284	214 633
Fair value through other comprehensive income investments		13 891	12 976
<b>Total non-current assets</b>		<b>12 517 569</b>	<b>7 128 924</b>
<b>Current assets</b>			
Inventories	7	1 520 076	1 427 751
Trade and other receivables		1 274 808	1 087 562
Cash and cash equivalents		84 437	94 794
<b>Total current assets</b>		<b>2 879 321</b>	<b>2 610 107</b>
<b>Total assets</b>		<b>15 396 890</b>	<b>9 739 031</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital		1 345	1 345
Share premium		20 789	20 789
Foreign currency translation reserve		6 003 034	4 309 410
Fair value through other comprehensive income reserve		13 173	12 304
Accumulated (losses)/profits		(2 061 721)	27 617
<b>Equity attributable to equity holders of the parent</b>		<b>3 976 620</b>	<b>4 371 465</b>
Non-controlling interests		(33 090)	3 650
<b>Total equity</b>		<b>3 943 530</b>	<b>4 375 115</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	9	611 190	-
Provisions		333 074	267 077
Other payables	8	3 288 201	2 474 850
Deferred tax liabilities		1 377 898	447 283
Lease liabilities		13 417	-
<b>Total non-current liabilities</b>		<b>5 823 780</b>	<b>3 189 210</b>
<b>Current liabilities</b>			
Trade and other payables	8	4 534 473	1 879 583
Interest-bearing loans and borrowings	9	1 085 077	294 484
Lease liabilities		10 030	639
<b>Total current liabilities</b>		<b>5 629 580</b>	<b>2 174 706</b>
<b>Total liabilities</b>		<b>11 453 360</b>	<b>5 363 916</b>
<b>Total equity and liabilities</b>		<b>15 396 890</b>	<b>9 739 031</b>

