

RIOZIM LIMITED UDITE **FINANCIAL** RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Head Office: RioZim Limited

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CHAIRMAN'S STATEMENT

INTRODUCTION

The operating environment throughout the year was challenging. It was characterised ENERGY BUSINESS 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 Our Chairman Emeritus, Mr. Lovemore Chihota sadly passed away on the 2nd of July 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

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 vear 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

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.

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
(Loss)/profit for the year	(2 097 942)	452 734
Other comprehensive income/(loss) to be reclassified to profit or loss:		
Foreign currency translation gains	1 666 641	2 947 931
Net other comprehensive income to be		
reclassified to profit or loss	1 666 641	2 947 931
Other comprehensive (loss)/income not to be		
reclassified to profit or loss:		
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)
Net other comprehensive (loss)/income not to be		
reclassified to profit or loss	(284)	178 612
Total other comprehensive incomefor the		
year, net of tax	1 666 357	3 126 543
Total comprehensive (loss)/income for the year	(431 585)	3 579 277
Total comprehensive (loss)/profit attributable to:		
Owners of the parent	(394 845)	3 579 091
Non-controlling interests	(36 740)	186
	(431 585)	3 579 277

ABRIDGED CONSOLIDATED STATEMENT **OF FINANCIAL POSITION**

as at 31 December 2021

		31 Dec 2021 Audited	31 Dec 2020 Audited
	Note	ZW\$000	ZW\$000
ASSETS			
Non-current assets			
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
Total non-current assets		12 517 569	7 128 924
Current assets			
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
Total current assets		2 879 321	2 610 107
Total assets		15 000 000	0 700 001
I OTAL ASSETS		15 396 890	9 739 031
EQUITY & LIABILITIES			
Shareholders' equity			
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
Equity attributable to equity holders			
of the parent		3 976 620	4 371 465
Non-controlling interests		(33 090)	3 650
Total equity		3 943 530	4 375 115
Non-current liabilities			
Interest bearing loans and borrowings	9	811 190	-
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	-
Total non-current liabilities		5 823 780	3 189 210
Current liabilities			
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
Total current liabilities		5 629 580	2 174 706
Total liabilities		11 453 360	5 363 916
Total equity and liabilities		15 396 890	9 739 031
Total equity and liabilities		T2 348 840	A \34 031

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 15 April 2022 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 appraised.

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.

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ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2021

	31 Dec 2021 Audited	31 Dec 2020 Audited
	ZW\$000	ZW\$000
Revenue	5 768 667	3 135 077
Cost of sales	(5 747 486)	(2 028 676)
Gross profit	21 181	1 106 401
Distribution and selling costs	(16 093)	(778)
Administrative expenses	(1 694 868)	(758 333)
Loss on disposal of property, plant and equipment	(134)	-
Other income	135 701	115 438
Operating (loss)/profit	(1 554 213)	462 728
Net finance costs	(129 451)	(49 600)
Finance income	-	424
Finance costs	(129 451)	(50 024)
Share of profit from an associate	525 847	494 842
(Loss)/profit before tax	(1 157 817)	907 970
Income tax expense	(940 125)	(455 236)
(Loss)/profit for the year	(2 097 942)	452 734
(Loss)/profit for the year attributable to:		
Owners of the parent	(2 088 185)	456 309
Non-controlling interests	(9 757)	(3 575)
	(2 097 942)	452 734
(Loss)/earnings per share (cents):		
Basic	(1 711.21)	373.93
Diluted basic	(1 711.21)	373.93



RIOZIM LIMITED AUDITE FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2021



ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021		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 shareholders equity ZW\$000	Non- controlling intrests ZW\$000	Total equity ZW\$000
Balance as at 1 January 2020	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
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

ABRIDGED CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended 31 December 2021

	31 Dec 2021 Audited ZW\$000	31 Dec 2020 Audited ZW\$000
Net cash flows from operating activities	1 612 717	814 186
Cash flows from investing activities		
Investment in exploration and evaluation assets	(490 884)	(37 256)
Additions to property, plant and equipment	(2 494 764)	(763 670)
Proceeds on disposal of property, plant and equipment	410	3 221
Net cash used in investing activities	(2 985 238)	(797 705)
Cash flow from financing activities Inflows from borrowings Repayment of borrowings Repayment of lease liability Net cash generated from/(used) in financing activities	1 364 431 (40 833) (5 337) 1 318 261	(44 162) (3 627) (47 789)
Net decrease in cash and cash equivalents Unrealised exchange gains on foreign	(54 260)	(31 308)
currency balances	43 903	93 635
Cash and cash equivalents at beginning of period	94 794	32 467
Cash and cash equivalents at 31 December	84 437	94 794
Represented by:	<i></i>	o. =o.
Cash at bank and on hand	84 437	94 794

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

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

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

for the year ended 31 December 2021

5. PROPERTY, PLANT AND EQUIPMENT 2020

	Land and buildings ZW\$000	Plant and equipment ZW\$000	•••	in progress		Furniture and fittings ZW\$000	Tota ZW\$000
Cost							
At 1 January 2020	541 970	518 717	88 747	155 148	7 005	15 884	1 327 47
Additions	-	10 421	111 094	623 815	3 501	14 839	763 67
Transfers	-	11 562	-	(73 078)	-	1 084	(60 432
Foreign currency translation							
exchange gain	1 690 148	1 162 921	168 120	601 502	11 223	39 679	3 673 59
Disposals	-	-	-	-	(3 020)	(205)	(3 225
At 31 December 2020	2 232 118	1 703 621	367 961	1 307 387	18 709	71 281	5 701 07
Additions	2 169	162 629	229 750	2 069 365	25 276	5 574	2 494 76
Transfers	-	-	-	(186 043)	-	-	(186 043
Disposals	-	-	-	-	(2 282)	-	(2 282
Foreign currency translation							
exchange gain/(loss)	750 374	(2 872)	217 622	681 100	35 409	(29 755)	1 651 87
At 31 December 2021	2 984 661	1 863 378	815 333	3 871 809	77 112	47 100	9 659 39
Accumulated depreciation							
At 1 January 2020	98 305	191 468	22 109	49 951	4 701	3 336	369 87
Depreciation charge for							
the year	49 957	160 834	131 632	-	13 984	5 922	362 32
Impairment reversal	-	-	-	(49 951)	-	-	(49 951
Disposals	-	-	-	-	-	(4)	(4
At 31 December 2020	148 262	352 302	153 741	-	18 685	9 254	682 24
Depreciation charge for							
the year	89 082	310 749	226 057	-	22 753	10 405	659 04
Disposals	-	-	-	-	(1 739)	-	(1 739
At 31 December 2021	237 344	663 051	379 798	-	39 699	19 659	1 339 55

Net book value							
At 31 December 2020	2 083 856	1 351 319	214 220	1 307 387	24	62 027	5 018 833
At 31 December 2021	2 747 317	1 200 327	435 535	3 871 809	37 413	27 441	8 319 842

6 EXPLORATION EVALUATION AND DEVELOPMENT ASSETS

9. INTEREST-BEARING LOANS AND BORROWINGS

	ective st rate		31 Dec 2021 Audited	31 Dec 2020 Audited
	%	Maturity	ZW\$000	ZW\$000
Current				
Bank loans (facility limit US\$15.5m)	10%	On scheduled dates	693 812	-
Other term loan (Centametal AG)	0%	December 2019*	391 265	294 484
			1 085 077	294 484
Non-current				
Bank loans	10%	On scheduled dates	811 190	-
			811 190	-

* These facilities matured and are overdue

Security

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

10. CAPITAL COMMITMENT

	2021 Audited ZW\$000	2020 Audited ZW\$000
Contracts and orders placed	217 332	1 074 025
Authorised by Directors but not contracted	1 291 495	1 822 894
	1 508 827	2 896 919

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

11. SUBSEQUENT EVENTS

The COVID-19 pandemic eased subsequent to period end as infections declined significantly. The Omicron variant which emerged towards year end, was contained as the number of infections curve flattened whilst deaths decreased. The government relaxed some of the COVID-19 restrictions including inland and cross border movement of people and cargo. Vaccines continued to be in adequate supply and easily accessible which is contributing positively towards achieving herd immunity.

The Group however, continue to operate under the strict adherence to the guidelines of the Ministry of Health and Child Care and World Health Organisation (WHO) to protect its employees from the spread of COVID-19

Despite the progress achieved to date in managing the COVID-19 pandemic, the future remains uncertain and the Group will continue to monitor the situation going forward.

Post period end, testing of the various BIOX Plant Project equipment and components commenced and major challenges were encountered. The BIOX Plant was commissioned on the 14th of April 2022 by the President of the Republic of Zimbabwe H.E. Dr E.D. Mnangagwa and production started at reduced capacity as the plant is being optimised. The Plant is expected to reach full capacity production from Q3 2022 which is expected to increase gold production at Cam & Motor mine and improve the cash flows of the Group

12. GOING CONCERN

As at the reporting date, the Group's current liabilities exceeded current assets by ZW\$2 750.9 million (2020: current assets exceeded current liabilities by ZW\$435.4 million) and the Group reported a net loss for the period of ZW\$2 0979 million (2020: net profit of ZW\$452.7 million). The Group's performance was mainly affected by low production at Cam & Motor mine which recorded lower grades than planned from its One-Step mine where the mine relied for ore supply to the Cam & Motor plant throughout the year. As a result, the Group has not been able to generate sufficient cash flows to settle short-term borrowings due to external parties.

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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 abridged consolidated financial statements were authorised for issue by the Board of Directors on 31 March 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) and 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 2021.

The consolidated abridged financial statements are presented in Zimbabwean dollars (ZW\$), 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 auction exchange rates for conversions from the Group's functional currency USD to the presentation currency ZWL. The closing auction exchange rate as at 31 December 2021 was 108.67 (2020: 81.79).

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 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.

	Exploration and evaluation assets ZW\$000	Development costs ZW\$000	Total exploration evaluation and development assets ZW\$000
Cost			
At 1 January 2020	71 130	211 682	282 812
Additions	-	37 256	37 256
Transfers	-	60 432	60 432
Foreign currency translation exchange gain	-	458 650	458 650
At 31 December 2020	71 130	768 020	839 150
Additions	72 968	417 917	490 885
Transfers	-	186 043	186 043
Foreign currency translation exchange gain	-	12 353	12 353
At 31 December 2021	144 098	1 384 333	1 528 431
Amortisation			
	71 130	93 051	164 181
At 1 January 2020 Amortisation for the year	/1 130	93 051 111 546	164 181
At 31 December 2020	71 130	204 597	275 727
	/1 130		
Amortisation for the year At 31 December 2021	71 130	174 424 379 021	174 424 450 151
AL 31 December 2021	/1130	379 021	450 151
Carrying amount			
At 31 December 2020	-	563 423	563 423
At 31 December 2021	72 968	1 005 312	1 078 280
		31 Dec 2021	31 Dec 2020
		Audited	Audited
		ZW\$000	ZW\$000
INVENTORIES			
Stores and consumables		1 013 891	845 079

	1 520 076	1 427 751
Finished metals	46 837	78 845
Metals and minerals in concentrates and circuit	377 411	465 222
Ore stockpiles	81 937	38 605
Stores and consumables	1 013 891	845 079

8. TRADE AND OTHER PAYABLES

Current		
Trade payables	1 092 460	549 347
Other payables	3 178 706	1 226 935
Leave pay liabilities	263 307	103 301
	4 534 473	1 879 583
Non-current		
Other payables	3 288 201	2 474 850
	3 288 201	2 474 850

exchange rate and parallel exchange rate, costs continue to increase, exerting pressure on the Group's cash flows, and resultantly settlement of suppliers.

The future of Cam & Motor mine is hinged on the successful implementation and operation of the BIOX plant project which will enable the Mine to process its high-grade refractory sulphide resources. This plant went into trial production from February 2022 and was successfully commissioned on the 14th of April 2022. The budgeted gold production is still lower than the actual gold production for the first quarter. The future cash flow forecasts are dependent on the level of gold production from this BIOX plant. Therefore, whilst production is budgeted to increase going forward, there is a material uncertainty that the budgeted production levels will be achieved.

The net loss, negative accumulated losses and a negative working capital position 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 secured funding to complete the BIOX project at Cam & Motor mine during the period. All the major components and equipment were received on site as at year end and installations were at completion stage with testing of the various components in preparation for commissioning having commenced. Commissioning of the BIOX Plant was completed on 14 April 2022. Production is forecast to increase at Cam & Motor after commissioning of the BIOX plant which will turnaround the Group to profitability and a positive working capital position.
- The Group forecasts to discontinue the haulage of low grade ore from One-Step to the Cam & Motor plant and migrate mining operations to the high grade Cam & Motor pits, which will result in cost savings and contribute positively to the profitability and cash flows for the Group.
- · Installations of an induction furnace which was purchased during the period at ENR were ongoing as at period end. The induction furnace will enable the Refinery to increase production through treatment of low grade material from its dumps and contribute positively to the working capital of the Group.
- · 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.

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.

13. AUDITOR'S STATEMENT

These abridged consolidated financial statements have been audited by Ernst & Young Chartered Accountants (Zimbabwe) and a qualified audit opinion issued thereon due to non-compliance with International Financial Reporting Standards (IFRS): International Accounting Standard (IAS) 21- The Effects of Changes in Foreign Exchange Rates, International Accounting Standard (IAS) 12- Income Taxes and IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

The auditor's report is available for inspection at the Group's registered office. The engagement partner for the audit is Walter Mupanguri (PAAB Practicing Number 367).