About This Report

RioZim Limited, a company listed on the Zimbabwe Stock Exchange (ZSE) since 1971, is pleased to present its annual report for the year ended 31 December 2021.

REPORTING SCOPE

The report contains information about the operations and exploration projects of RioZim Limited ("the Company") and its subsidiaries (together "the Group") in Zimbabwe. Any references in this report to ''our'', ''we'', ''us'', ''the Group'', "Company," "and RioZim" refers to RioZim Limited.

REPORTING FRAMEWORKS

This report was compiled with due consideration of the following regulatory requirements and reporting standards:

- Companies and Other Business Entities Act [Chapter 24:31];
- Zimbabwe Stock Exchange (ZSE) Listing Requirements; and
- International Financial Reporting Standards (IFRS).

DATA AND ASSURANCE

The financial statements were audited by Ernst & Young Chartered Accountants (Zimbabwe), in accordance with the International Auditing Standards (ISAs). The independent auditor's report is contained on pages 42 to 46.

REINSTATEMENTS

The Group did not make any reinstatements of data previously published.

CURRENCY

All references to $ refer to ZW$ throughout this report.

FORWARD LOOKING STATEMENT

This report may contain forward-looking statements which relate to the future performance and prospects of the Group. While these statements represent our judgements and future expectations, several known and unknown risks, uncertainties and other important factors may cause actual results to differ materially from our expectations. These include factors that could adversely affect our business and performance. Stakeholders are cautioned not to place undue reliance on any forward-looking statements contained herein. We do not undertake to update publicly or to release any revisions to these forward-looking statements, to reflect events or circumstances after the date of the publication of this report or to reflect the occurrence of unanticipated events.

FEEDBACK

We welcome your feedback on our annual report. If you have any suggestions on how we can improve our reporting or clarifications that you may need on any information provided in this report, please send your comments to Mr T Chiurayi, the Company Secretary on **Tawanda.Chiurayi@riozim.co.zw.**

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02 PERFORMANCE & OPERATIONAL REVIEWS

03 CORPORATE GOVERNANCE

The RioZim Annual Report is available on the following websites:

- **www.riozim.co.zw**

Members may also obtain a copy of the Annual Report from the office of the Transfer Secretaries.

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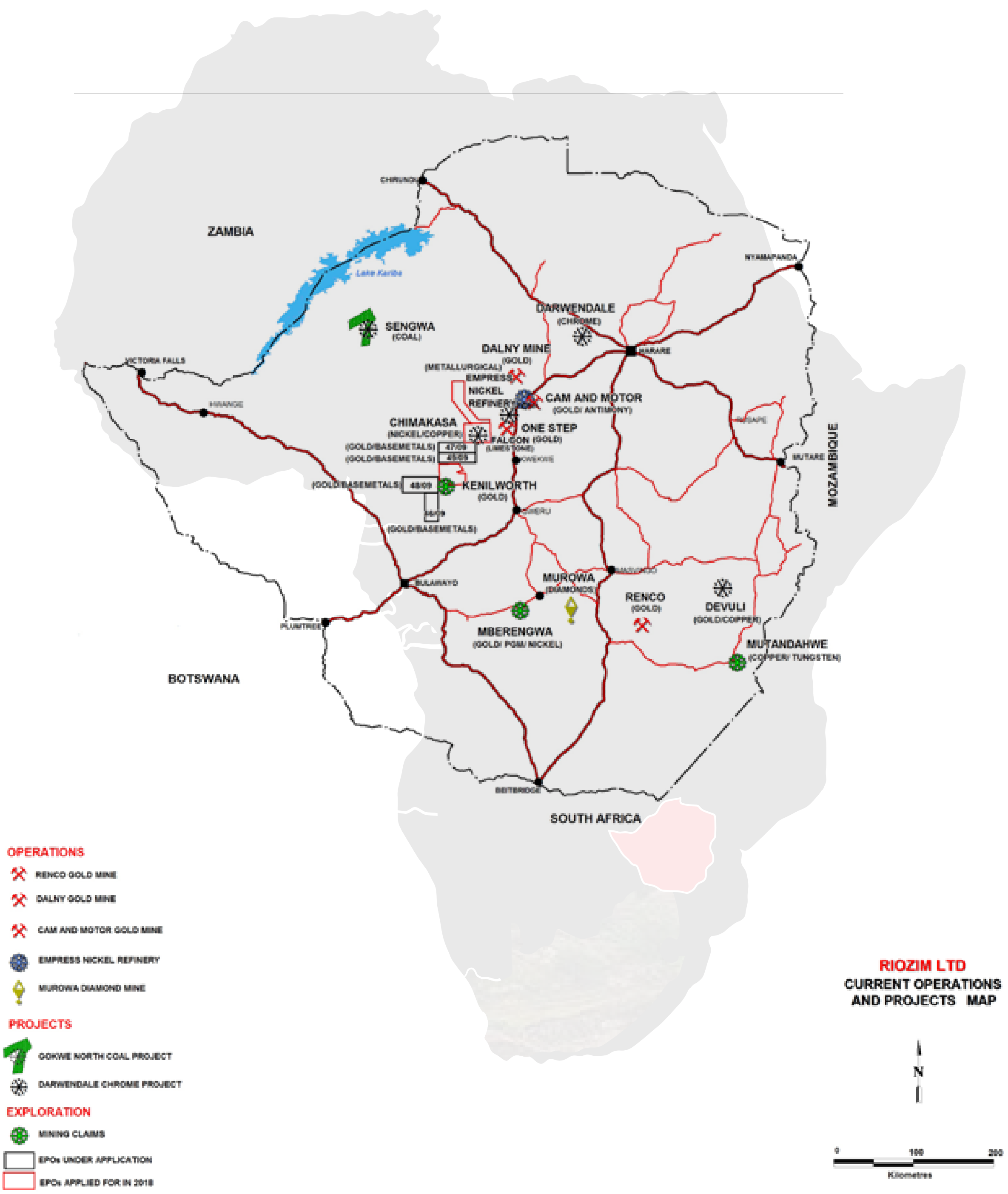
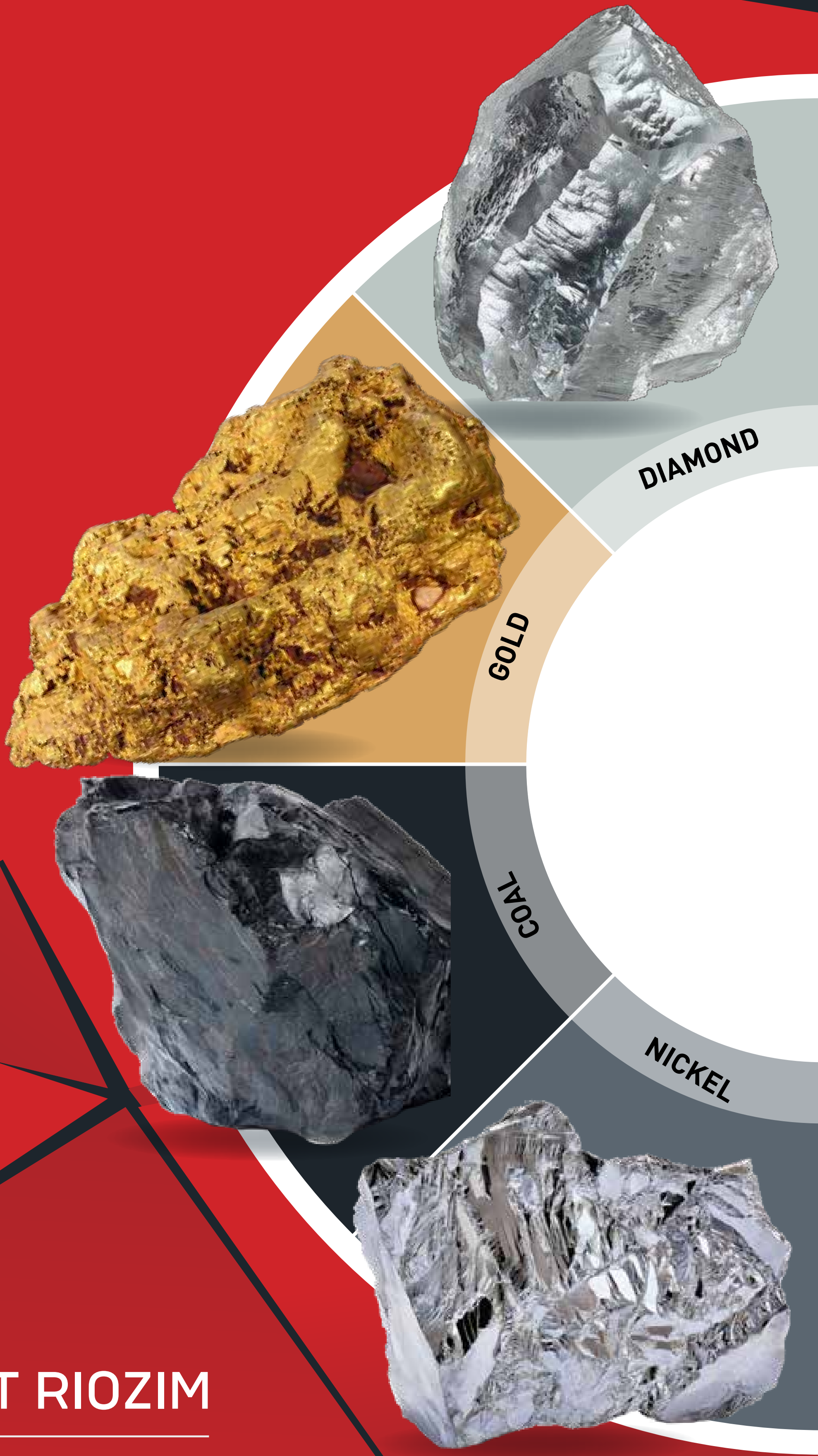
05 OTHER INFORMATION

Our Operations at a Glance

COMPANY OPERATIONS

In the year under review, the Group operated Renco Mine located in Masvingo, Dalny Mine based in Chakari, Cam & Motor Mine, One-Step Mine and Empress Nickel Refinery located in Kadoma. In addition, the Group holds a 50% interest in Sengwa Colliery (Private) Limited, a company with coal assets located in Gokwe North and a 22.2% interest in RZM Murowa (Private) Limited, a company with a diamond operation located in Zvishavane. The location of these operations as well as the Group's areas of interest are shown below:





01 ABOUT RIOZIM

Board Of Directors

S R Beebeejaun
NON - EXECUTIVE CHAIRMAN

Fellow of the Chartered Institute of Insurance (UK), Winner of the H G Greening award, which rewards the first prize in all life subjects worldwide, Holder of a Licence – ès Sciences Economiques from University of Montpellier France, Alumnus of the Harvard Business School.

Appointed:
25 July 2012

C Dengu
NON -EXECUTIVE DEPUTY CHAIRMAN

Fellow of the British Institute of Chartered Secretaries and Administrators (FCIS), Masters of Business Administration (MBA), Post Graduate Training in Advanced Financial Management Techniques for Public Enterprises from Strathclyde Graduate Business School, Senior Executive Program Africa (SEPA) from Harvard Business School.

Appointed:
6 November 2014

M M Shah
GROUP CHIEF EXECUTIVE OFFICER

Master's degree in Finance from London Metropolitan Business School (LMBS) and the London School of Economics, Member of the Institute of Chartered Accountants in India (ICAI) and the ISACA in the USA, Alumnus of the Harvard Business School.

Appointed:
8 July 2019

Board Of Directors

R Swami
CHIEF FINANCE OFFICER

B. (Com) Honours Degree from St Xavier's College, University of Calcutta, CPA from American Institute of Certified Public Accountants, Associate Member of the Institute of Chartered Accountants of India, Associate Member of the Institute of Company Secretaries of India.

Appointed:
25 April 2018

M T Sachak
NON -EXECUTIVE DIRECTOR

BSc in Chemical Engineering from University College London, BSc in Electrical Engineering from Florida Atlantic University, Masters of Business Administration (MBA) from Florida International University.

Appointed:
6 November 2014

M S Bindra
NON - EXECUTIVE DIRECTOR

Fellow Member of the Institute of Chartered Accountants of England and Wales (FCA) UK, Associate Member of the Institute of Chartered Accountants of India (ACA), Q.A Lead Auditor ISO-9001:2000 and ISO 10011 Moody International [IRCA] UK, Associate Member of the British Institute of Management.

Appointed:
18 June 2021

G K Jain
NON - EXECUTIVE DIRECTOR

B.A. in Economics from Hansraj College, Delhi University, India, M.A Jurisprudence from Oxford University, UK.

Appointed:
25 April 2018

Management Structure

M M SHAH
GROUP CHIEF
EXECUTIVE OFFICER

CA (India), M.Sc Accounting & Finance (UK), Alumni of Harvard University

R SWAMI
CHIEF FINANCE OFFICER

ACA(India); ACS (India); CPA (USA) ; B.Com(Hons)

S K NAIK
CHIEF OPERATIONS OFFICER

B.Sc Science (Geology, Physics,Math); M. Tech (Applied Geology); M. Tech (Mineral Exploration), (India)

T A CHIURAYI
GENERAL COUNSEL
& COMPANY SECRETARY

LLBs (Hons) (UZ), MBA

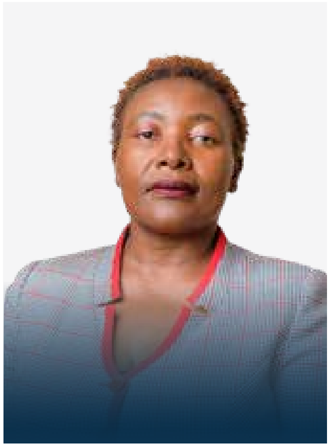
Management Structure (cont'd)

C BENZA
GROUP FINANCIAL CONTROLLER

CA (Z), CA (SA), BAcc (UZ), B Compt (Hons) (UNISA)

L DUBE
GROUP SUPPLY CHAIN MANAGER

HND Purchasing, Dip Bus Studies



J NJANIKE
GROUP HUMAN RESOURCES MANAGER

B.Sc Economics, IPMZ, LCCI Mngt, MBA

DR W GWATIRINGA
CORPORATE AFFAIRS EXECUTIVE

IOB (Z), IOB(SA),MBA, PHD

M MACHIKICHO
GENERAL MANAGER Engineering Services

B.Sc Mechanical Engineering (UZ)

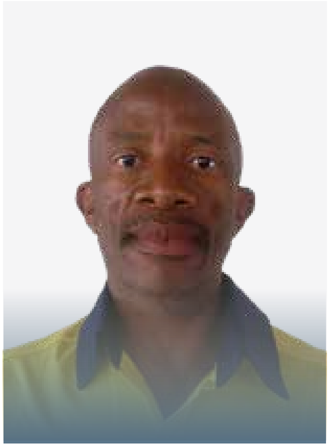
P TAKAEDZA
CHIEF GEOLOGIST

B.Sc Geology (UZ)

Management Structure

T DUBE
GENERAL MANAGER
Renco Mine

B.Sc Mining Engineering (Hons) (UZ), M.Sc Mining Engineering (Wits)



A MUTITI
GENERAL MANAGER
Cam & Motor Mine

B.Sc Mining Engineering (Hons) UZ, M.Sc Mining Engineering (Wits)

I NYAMUKONDIWA
GENERAL MANAGER
Dalny Mine

B.Sc (Hons) Geology (UZ), B.Sc General Geography and Geology (UZ)

M NYAMHUNGA
GENERAL MANAGER
RZM Murowa(Associate)

B.Sc Metallurgical Engineering (Hons) (UZ), MBA

S MHURIRO
GENERAL MANAGER
RioEnergy

African Leadership Program (Oxford), Dip Food & Bev Management; Dip Hospitality Management

C KARIWO
GENERAL MANAGER
Empress Nickel Refinery

B.Sc Metallurgy (UK), Dip Mgt Dev (UNISA)

02 PERFORMANCE & OPERATIONAL REVIEWS

Chairman's Statement

S R BEEBEEJAUN
Chairman

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 2021.

Chairman's Statement (cont'd)

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 2022 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 stop gap 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.

BIOX Plant under construction

Chairman's Statement (cont'd)

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 in the year successfully stabilised the plant.

One Step Mine

Gold production at One Step mine fel by 18% from the prior year production of 427kg to 351kg. The low gold output was attributable to lower grades which dropped from the prior year. The life of mine of One Step 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.

Commissioning of the BIOX Plant on the 14th of April 2022 by the President of the Republic of Zimbabwe H.E. Dr E.D. Mnangagwa.

Chairman's Statement (cont'd)

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. 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.

DIAMONDS 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.

Part of RZM Murowa operations

Chairman's Statement (cont'd)

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 forecasted to improve at Cam & Motor from Q2 2022 as Cam & Motor returns to producing from its high grade Cam & Motor 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

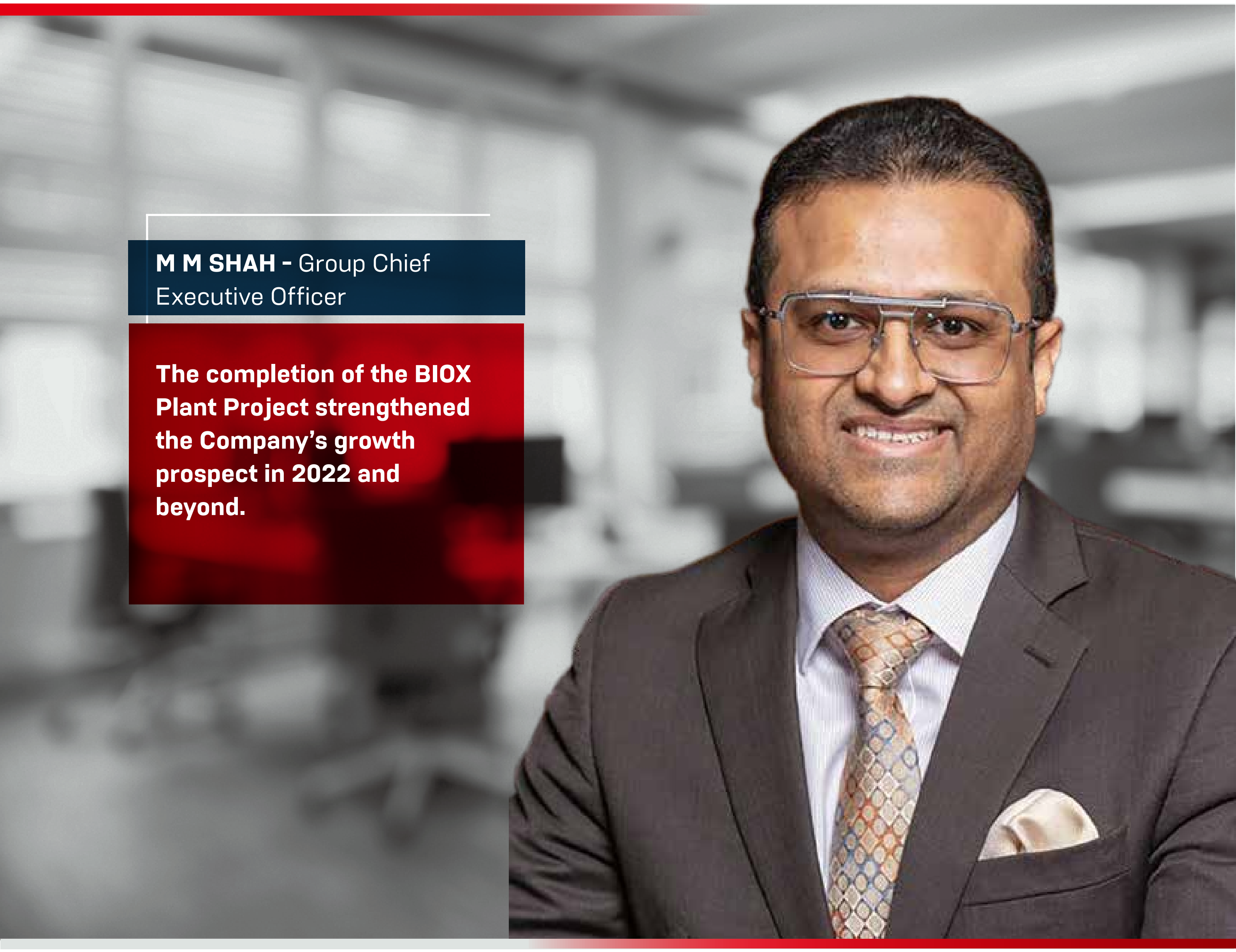
No dividends were declared for the period.

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

Group Chief Executive Officer's Review



M M SHAH - Group Chief Executive Officer

The completion of the BIOX Plant Project strengthened the Company's growth prospect in 2022 and beyond.

Group Chief Executive Officer's Review

INTRODUCTION

The government introduced a raft of measures during the year to counteract a mix of economic challenges that bedevilled the country during the year. At the beginning of the year lockdown restrictions were re-introduced after the emergence of the Omicron COVID-19 variant which was spreading across the country at an accelerated rate. The mining industry, including the Group, continued to operate under the guidance of World Health Organisation (WHO) and Ministry of Health and Child Care guidelines as it was exempted from some of the lockdown measures.

Further to the lockdown measures the government also introduced Statutory Instrument 127 of 2021, which enforced pricing and payment of local goods and services in both local and foreign currencies at the auction exchange rates. Despite the intended purpose by the authorities, prices of local inputs shot up increasing the cost base for businesses.

Foreign currency shortages for the Group worsened, after the nostro retention was revised downwards to 60% at the beginning of the year from 70% in the prior year. The planned timelines for the commissioning of the Project which was scheduled for commissioning in Q4 2021 were as a result extended to Q1 2022 due to inadequate foreign currency.

Due to these endogenous and exogenous factors which weighed down on the operations of the Group, gold production fell by 7% to 1.1tons for the year, from 1.2 tons achieved in prior year. Notwithstanding the favourable gold prices throughout the year which average 4% above prior year's average price at US$1 774/Oz, the Group recorded a net loss for the year of ZW$2.1billion from a net profit of ZW$452.7 million recorded in the prior year.

Celebrating women's participation and achievements within the Group

Group Chief Executive Officer's Review

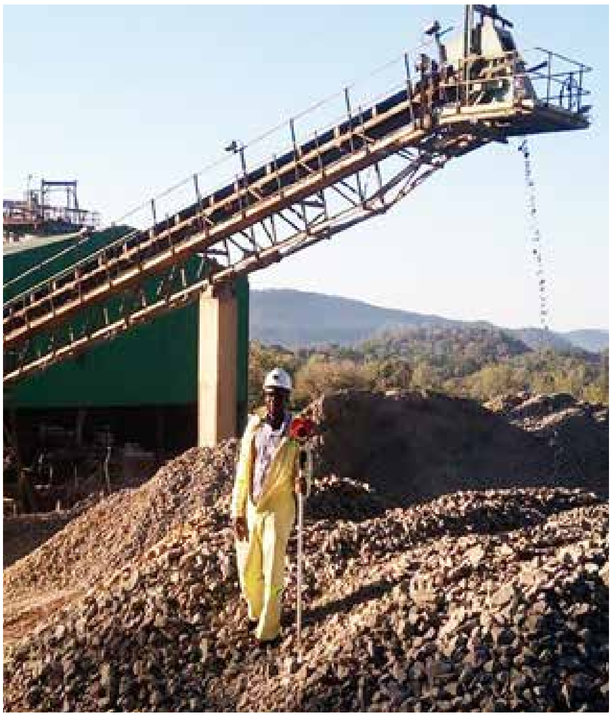
OPERATIONS REVIEW

Renco mine

The Mine produced 561kg which was 97% achievement of the prior year's production of 580kg. Power supply challenges which persisted throughout the year negatively affected plant milling throughput resulting in slightly lower gold production in the current year.

The installed generators at the mine minimised plant downtimes which cushioned production.

Head grade improved from comparative year underpinned on extensive exploration activities which opened favourable new mining areas during the year. In the medium to long term the mine is focused on increasing confidence levels of its resources in order to achieve consistent and sustainable production.



Part of Renco mine

The Renco mine resource statement as at 31 December 2021 is as below:

Renco mine resource statement	Tonnes	Grade (g/t)	Content (kg)
Proved Ore Reserves as at 31 December 2020	47 650	6.08	289 932
Plus generated during the year	26 230	3.96	103 994
Less depleted by mining during the year	16 510	3.59	59 270
Proved Ore Reserves as at 31 December 2021	**57 370**	**6.45**	**334 656**
Probable Ore Reserves as at 31 December 2020	**243 103**	**6.02**	**1 464 251**
Plus generated during the year	98 440	4.10	403 188
Less depleted by mining during the year	61 990	3.63	224 930
Probable Ore Reserves as at 31 December 2021	**279 553**	**6.45**	**1 642 509**
Total Ore Reserves as at 31 December 2021	**336 923**	**5.87**	**1 977 165**
Measured Mineral Resources as at 31 December 2020	**143 980**	**5.38**	**774 610**
Measured Mineral Resources as at 31 December 2021	**143 980**	**5.38**	**774 610**
Indicated Mineral Resources as at 31 December 2020	**1 939 105**	**5.34**	**10 347 599**
Indicated Mineral Resources as at 31 December 2021	**2 094 705**	**5.37**	**11 243 493**
Inferred Mineral Resources as at 31 December 2020	**2 633 242**	**8.39**	**22 098 151**
Inferred Mineral Resources as at 31 December 2021	**2 647 312**	**8.80**	**21 713 141**

Group Chief Executive Officer's Review (cont'd)

Cam & Motor mine

Production at Cam & Motor continued with a toll processing arrangement of ore from the Group's nearby One-Step mine as mining activities from the Cam pits remained suspended. The mine was focused on the construction of its Biological Oxidation (BIOX) Plant Project which after completion will process the refractory sulphide ores from the Cam & Motor pits.

Despite the challenges in securing funding to complete the BIOX Plant Project, the Group managed to conclude loan facilities with local financial institutions towards the close of the first half which paved way for accelerated project activities in the second half of the year. The emergence of the Omicron COVID-19 variant in the fourth quarter resulted in some delays in the manufacturing and shipment of the electrical components as most countries increased restrictions in the wake of the growing number of cases. Unfortunately, these electrical components, only arrived onsite towards the end of the reporting period, consequently final installations and testing of the equipment was pushed back to Q1 2022.

The testing phase subsequent to year end was successful and recorded positive results with no major challenges encountered. Commissioning of the BIOX Plant was eventually done on the 14th of April 2022. Gold production from the toll refining arrangement with sister mine, One-Step mine, declined by 18% for the period to 351kg compared to 427kg achieved in the prior year. The fall in gold production was solely attributed to depreciating ore grades at One-Step Mine than anticipated. The commissioning of the BIOX project will enable resumption of mining activities at the high grade Cam & Motor pits which will increase gold production.

Cam & Motor mine rescue training

Below is the Cam & Motor mine resource statement as at 31 December 2021.

Cam & Motor mine resource statement	Tonnes	Grade (g/t)	Content (kg)
Proved Ore Reserves as at 31 December 2020	**2 362 254**	**6.39**	**15 084 107**
Plus generated during the year	-	-	-
Less depleted by mining during the year	-	-	-
Proved Ore Reserves as at 31 December 2021	**2 362 254**	**6.39**	**15 084 107**
Probable Ore Reserves as at 31 December 2020	**379 424**	**4.28**	**1 623 935**
Plus generated during the year	-	-	-
Less depleted by mining during the year	**-**	**-**	**-**
Probable Ore Reserves as at 31 December 2021	**379 424**	**4.28**	**1 623 935**
Total Ore Reserves as at 31 December 2021	**2 741 678**	**6.09**	**16 708 042**
Measured Mineral Resources as at 31 December 2020	**817 993**	**4.77**	**3 904 153**
Measured Mineral Resources as at 31 December 2021	**704 059**	**5.27**	**3 713 779**
Indicated Mineral Resources as at 31 December 2020	**679 880**	**2.99**	**2 031 945**
Indicated Mineral Resources as at 31 December 2021	**679 880**	**2.99**	**2 031 945**
Inferred Mineral Resources as at 31 December 2020	**650 960**	**2.28**	**1 486 195**
Inferred Mineral Resources as at 31 December 2021	**960**	**2.28**	**1 486 195**

Group Chief Executive Officer's Review

Dalny mine

During the year, focus at Dalny was on plant stabilisation and enhancements to improve throughput and eliminate bottlenecks that affected production in prior year. The capacitation investments were mainly on the crushing and milling sections as new equipment and components were purchased to replace redundant components. As a result, plant throughput significantly improved in the current year and gold production rose by 6% to 209kg from 198kg achieved in the prior year.

The Mine successfully opened new pits during the year which guaranteed consistent ore feed to the plant at stable grades. The mine will continue to exploit open arabic resources around the vast Dalny Mining Complex in the short term with a long term view to develop and resuscitate underground operations.

Dalny Mine receiving a certificate from EMA

The following is the Dalny mine resource statement as at 31 December 2021.

Dalny mine resource statement	Tonnes	Grade (g/t)	Content (kg)
Proved Ore Reserves as at 31 December 2020	237 454	4.95	1 174 731
Plus generated during the year	-	-	-
Less depleted by mining during the year	-	-	-
Proved Ore Reserves as at 31 December 2021	**237 454**	**4.95**	**1 174 731**
Probable Ore Reserves as at 31 December 2020	274 328	4.65	1 274 972
Plus generated during the year	-	-	-
Less depleted by mining during the year	-	-	-
Probable Ore Reserves as at 31 December 2021	**274 328**	**4.65**	**1 274 972**
Total Ore Reserves as at 31 December 2021	**511 782**	**4.79**	**2 449 703**
Measured Mineral Resources as at 31 December 2020	**641 715**	**7.20**	**4 617 555**
Measured Mineral Resources as at 31 December 2021	**641 715**	**7.20**	**4 617 555**
Indicated Mineral Resources as at 31 December 2020	**1 006 656**	**4.59**	**4 624 658**
Indicated Mineral Resources as at 31 December 2021	**942 713**	**4.87**	**4 587 986**
Inferred Mineral Resources as at 31 December 2020	**531 481**	**3.70**	**1 966 752**
Inferred Mineral Resources as at 31 December 2021	**543 520**	**3.66**	**1 986 756**

Group Chief Executive Officer's Review (cont'd)

Empress Nickel Refinery (ENR)

The Refinery remained under care and maintenance throughout the year. The Refinery continued with processing its dumps to produce nickel matte and PGMs for export. Plant capacity utilisation was scaled up in the current year with a view to improve revenue generation and reduce the care and maintenance costs. Consequently, matte production increased to 210 tons from 184 tons recorded in prior year whilst PGMs production went up to 78 tons from 21 tons produced in the prior year.

Installations of a two tonne induction furnace which will enable the Refinery to process its low grade dumps were at an advanced stage as at year end. The new induction furnace will extend the life of the dump processing project as the current dumps were becoming predominantly low grade material which is uneconomic to process using the current Refinery without the Induction furnaces.

Associate – RZM Murowa (Private) Limited

In order to curtail production costs to sustain operations, the Associate suspended mining operations from its low grade K1 pits and moved to processing material from its pre-mined stock piles at lower grades. As a result, diamond production in the current year declined by 28% to 414 000 down from 568 200 carats produced in the prior year.

The cost savings achieved as a result of cutting back mining costs safeguarded the profitability of the Associate during the current year in the wake of low diamond production. This enabled the Associate to continue contributing positively to the Group as Share of Profit from an Associate rose from ZWL$494.8 million in the prior year to ZW$525.8million in the current year.

Installations for the Crown Jewel Project were advancing as at year end after having taken delivery of almost all the requisite equipment and components of the plant. Post year end focus was on putting together the electrical and piping sections for the new plant to ensure the plant can be brought to completion. Completion and commissioning is forecast for the second half of the year.

Part of the Crown Jewel plant project

Group Chief Executive Officer's Review

HUMAN RESOURCES

Our human capital remains at the forefront in driving the Group's strategic direction and propelling the Company to greater heights. In this regard, the Group prides itself in the work commitment and work ethic of its employees in driving the operations of the Group despite various challenges brought about by the harsh economic environment coupled with negative effects of COVID-19.

The Company therefore, continues to prioritise the welfare of its employees in order to not only retain its key skills but also to attract new talent to boost and diversify the skills pool across all our operations. Staff complement grew by 15% in the current year to 3 180 employees compared to a staff complement of 2 769 from the prior year.

Skills development is also our key focus to upgrade our employees in the various disciplines, therefore various training programmes for our employees are implemented both internally and externally for this purpose. Graduate traineeship, apprenticeships and on the job attachments are offered to students recruited from various tertiary institutions , vocational training centres, colleges and universties across the country.

CORPORATE SOCIAL RESPONSIBILITY

The Company aims to uplift the welfare of the communities in which the Company has operations as part of its sustainable development goals. Focus in the current year was mainly centred on support towards health facilities and drugs provision in the communities in the wake of the COVID-19 pandemic.

To complement the health systems, the Company prioritised provision of clean water to the communities through drilling and equipping boreholes to ensure clean water is accessible.

Commissioning of Medical Clinic in Zvishavane

Commissioning of Community Borehole in Chakari Area

Group Chief Executive Officer's Review (cont'd)

FUTURE PROSPECTS

The completion of the BIOX Plant Project strengthened the Company's growth prospects in 2022 and beyond. Testing of the BIOX Plant subsequent to year end began ardently which culminated in commissioning of the project on the 14th of April 2022.

All the other support activities which include ramping up the mining development of the current pits were also synchronised to ensure potential bottlenecks to the successful running of the BIOX Plant Project are eliminated. The testing phase in Q1 2022 yielded reasonable gold production which cemented the confidence level in the functionality of the BIOX technology and the Group is very optimistic of increased production volumes from Q2 2022.

APPRECIATION

Despite a challenging year, the Company once again showed resilience and sailed through another volatile year. I wish to extend my great appreciation to our staff which remained resolute and committed to the Company and to our Board for its continued selfless effort and remarkable leadership in steering the Company through a harsh operating environment. I also wish to thank all our stakeholders for their unparalleled support throughout the year.

M M Shah
Chief Executive Officer
18 March 2022


RIO ZIM
Renco Mine
COVID-19
Wear Your
Face Mask
AMBULANCE

Health, Safety & Environment

The Group has built its organisational culture by incorporating sustainability as one of the key centres of excellence and integrating it into the overall objectives of the Group. To this end, the Group has embraced the Sustainable Development Goals and uses this framework for strategic planning purposes. The year under review was a challenging year given the obstacles brought by the COVID-19 pandemic.

The Group continues to implore the dedication and attentiveness of its employees towards safe practices and observing the mandated protocols by the World Health Organisation to manage the spread of the pandemic at the work place and in the surrounding host communities.

The Group also offered various services to the communities it operates in to limit the spread of the virus. At Cam & Motor, the mine partnered with Kadoma City Council to provide free testing services, established community washing points and donated equipment to the Isolation centre facility. Despite the challenges, medical surveillance programmes, respiratory surveillance programmes and all the prescribed examinations were conducted across all operations. Any cases of exposure that were identified were followed up and successfully rehabilitated.

Renco mine management receiving a certificate from NSSA

Health, Safety & Environment (cont'd)

Health

Since the onset of the pandemic, the Group was classified as an essential service permitted to continue with operations during the lockdown periods, however, under strict adherence to the WHO guidelines. All mining locations in the Group managed to comply with the health and safety requirements and operated smoothly throughout the period.

There were isolated COVID-19 cases recorded within the Group which were not severe and the affected employees were rehabilitated successfully. Awareness campaigns and management programmes were timely implemented to curb the contraction and spread of the virus within the surrounding communities.

For the employees, various initiatives which include the working from home policy, thermal screening of employees, disinfection programmes, rigorous sanitisation and masking up proved effective.

At Renco mine, the World AIDS Day awareness was conducted at the mine and in the community. Due to the COVID-19 pandemic, new innovative ways of raising awareness were employed which included posting banners, putting on red ribbons and virtual sessions. This year's message was themed "Global Solidarity and Shared Responsibility, ending AIDS by 2030."

Safety during year under review

During the year under review, there were no fatalities recorded across all the operations, however, there was retrogression on the number of Lost Time Injuries which increased from 5 in the prior year to 12 in the current year.

The increase in the number of Lost Time Injuries was mainly attributed to the COVID-19 pandemic which limited employee interaction hence control measures such as training, on the job observations and planned inspections were not fully implemented.

All the other leading safety indicators were with target specifications. The Group undertook various interventions during the second half of the year when the pandemic had subsided to curb LTIs. These initiatives included internal auditing of the integrated management system and Safety, Health, Environment and Quality (SHEQ) Representatives training at Cam & Motor Mine. The group will continue to ensure adequate controls are available to maintain employee safety.

RioZim staff mobilising community members for a Clean-up campaign at Chakari Business Centre

Environment

Despite the pandemic, the Group maintained its forward momentum on environmental management. Various initiatives were carried out at all the locations to ensure both the working environment and our surrounding communities are free from pollutants.

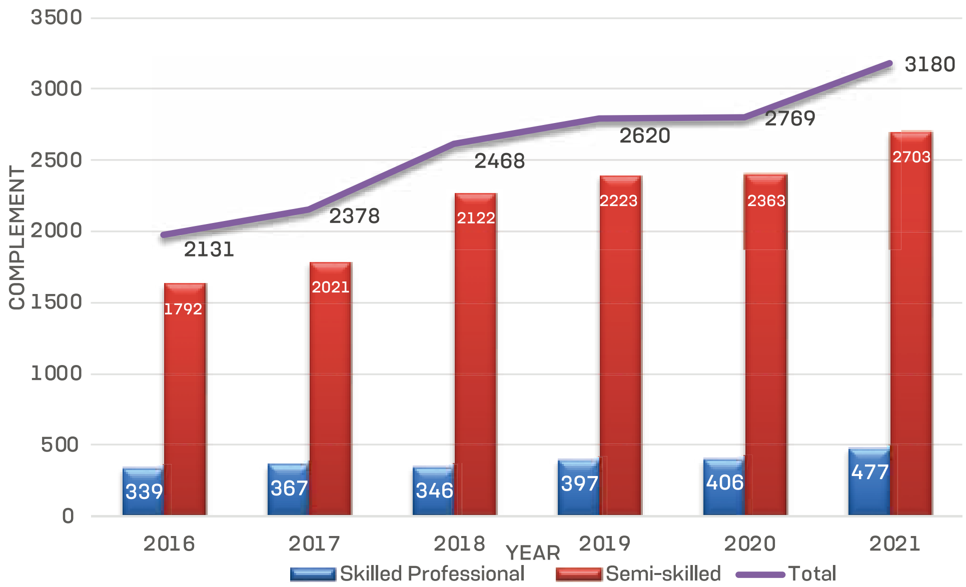
The Group commissioned the Environmental and Social Impact Assessments for the Solar farms for both Dalny mine and Cam & Motor mine which were approved during the period. This will ensure that the projects are constructed and operated in an environmentally friendly manner.

Dalny mine embarked on an Environmental Impact Assessment (EIA) addendum study that will cover 1/3 additional Open Pits and a Heap Leach Project. The study is progressing well and is set to be delivered in the first quarter of 2022.

At Renco mine, the National Tree Planting Day was celebrated in December, 2021 and 3 543 trees were planted .

The Group remains committed to the fight against Global warming and this has resulted in the establishment of various fossil fuel consumption reduction initiatives, with a special focus at Cam & Motor which has a significant number for every mobile equipment.

Labour Practices



Year	Permanent	Fixed Term	Total Complement
2016	1522	609	2131
2017	1487	891	2378
2018	1656	812	2468
2019	1616	1004	2620
2020	1609	1160	2769
2021	1626	1554	3180

INTRODUCTION

The Group closed the year with a total complement of 3180 compared to 2769 in 2020, comprising 1626 permanent employees and 1554 fixed term employees. The majority of the employees are in the semi to unskilled grouping at 85% whilst skilled workers form 15% of the workforce. The increase in the 2021 complement was mainly driven by the expansion project works at Cam & Motor.

Staff turnover declined to 5.46% in 2021 compared to 8.3% recorded in 2020, which is evidence of the effectiviness of the retention initiatives that have been implemented by the Group during the period under review.

Labour Practices (cont'd)

HUMAN CAPITAL

Welfare

The COVID-19 pandemic disrupted the traditional ways of dealing and interacting with employees. Employee wellbeing and mental health management became a priority in 2021. In that regard the Group put in place systems to deal with the psychological effects of the pandemic.

The Group recorded 145 COVID-19 cases and 3 fatalities in 2021. Various measures of decongesting the workplace were put in place and were implemented together with the strict enforcement of the COVID-19 prevention protocols that were reviewed from time to time by Health authorities.

The surrounding communities were capacitated in different ways through provision of requisite PPE, ambulances for critical cases, oxygen support systems and provision of medicines. The Group also partnered with the Government health departments in information dissemination and awareness campaigns.

Investing in Our People

In spite of the pandemic, the Group continued to develop Graduate and Learnership programs that facilitated the seamless filling in of new technical positions for the newly built BIOX Plant. A selected team of managers and supervisors were also put on rigorous training programmes and benchmarking tours in South Africa. This was done to develop and strengthen a capable and innovative talent pool.

The expansion projects undertaken by the Group gave the surrounding communities employment. At national level the Group also helped the enhancement of human capital skills through provision of industrial learning to students from tertiary institutions and development of technical skills through intensive apprenticeship training programmes at our various operations within the Group.

Industrial Relations Climate

Positive employee engagements as guided by the Group's communication policies produced a relatively calm industrial relations climate during the year. However, the low production figures recorded in the last quarter of 2021, which affected Group cash flows and ability to pay salaries on time, culminated in an industrial action at our Renco mine in December 2021. After cordial engagement with the workers, the industrial action was swiftly resolved with minimal disruption to operations.

Relocations

The Group continued with relocation of households within mining areas at Cam & Motor mine and Dalny mine. Engagements are continuing on an ongoing basis with the affected residents.

Before reallocation

After reallocation

03 CORPORATE GOVERNANCE

Report Of The Directors

INTRODUCTION

The Company faced another turbulent year, characterised by arbitrary exchange rate distortions, power supply deficits, and inconsistent policy changes which in combination weighed down the performance of the Group in the year under review. The aforementioned difficult operating environment was worsened by the COVID-19 pandemic which continued to evolve into new variants. The Company's multimillion BIOX Plant Project which was scheduled for commissioning before the end of the year was delayed due to inadequate foreign currency after the nostro retention was cut back to 60% from 70% in the prior year. A mix of these external and internal factors had a significant bearing on the financial performance of the Company during the period.

It is with this background that the Directors hereby present their report, together with the consolidated and separate financial statements of RioZim Limited and its subsidiaries (together the "Group") for the year ended 31 December 2021.

FINANCIAL RESULTS

The foreign currency auction system which was introduced in the prior year continued throughout the year under review and remained a reference for the determination of official exchange rates. The Group used the auction rates for recording transactions in the books of records and for reporting purposes, as the auction rate remained the only legal exchange rate in the country.

The Group recorded a net loss of ZW$2.10 billion for the year compared to a net profit of ZWL$452.7million recorded in the prior year.

Presentation Currency

The functional currency of the Group remained the USD in line with IAS21" The effect of changes in the foreign exchange rates" considerations whilst the Company's presentation currency is the Zimbabwean Dollar (ZW$).

Foreign currency denominated transactions and balances were translated to the presentation currency, the Zimbabwe Dollar (ZW$), at the applicable auction exchange rates as more fully explained in note 4.13.

Group Financial Results

	Dec 2021 ZW$000	Dec 2020 ZW$000
Revenue	5 768 667	3 135 077
Operating (loss)/profit	(1 554 213)	462 728
(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
Total comprehensive		
(Loss)/profit for the year	(431 585)	3 579 769
Dividends	-	-

Dividends

The Company's dividend policy states that the Company's ability to declare and pay dividends is based on the Company's level of profitability, internal cash requirements, on-going capital expenditure requirements, financial prudence, any contractual, legal or regulatory restrictions on the payment of dividends by the Company, its tax position and any other factors considered relevant by the Directors.

After a detailed consideration in line with the above policy, the Directors deemed it prudent not to declare dividends for the period.

Report Of The Directors (cont'd)

SHARE CAPITAL

The Company's share structure has not changed as detailed in the table below:-

	2021		2020	
	No. of shares 000	Nominal value ZWL$000	No. of shares 000	Nominal value ZWL$000
Authorised share capital				
Ordinary shares				
Ordinary shares of US$0.01 each	140 000	1 400	140 000	1 400
Special Dividend Share of a nominal value of US$124 876	0.001	125	0.001	125
	140 000	**1 525**	**140 000**	**1 525**
Preference Shares				
Cumulative redeemable fixed rate preferences shares of US$0.01 each	10 000	100	10 000	100
Issued share capital				
Ordinary shares				
Ordinary shares of US$0.01 each	122 030	1 220	122 030	1 220
Special Dividend Share of a nominal value of US$124 876*	0.001	125	0.001	125
	122 030	**1 345**	**132 030**	**1 445**
Preference Shares				
Cumulative redeemable fixed rate preferences shares of US$0.01 each	-	-	-	-

Notes:

*The entitlement to the Special Dividend expired on 31 December 2013 and the share now ranks equally with other ordinary shares.

Unissued shares

	2021		2020	
	No. of shares 000	Nominal value ZWL$000	No. of shares 000	Nominal value ZWL$000
Ordinary shares of US$0.01 each	17 970	180	17 970	180
Cumulative redeemable fixed rate preference shares of US$0.01 each	10 000	100	10 000	100

At the 65th Annual General Meeting (AGM) the members renewed their authority to place 5% of the unissued ordinary shares under the control of the Directors until the next AGM. The Company will be seeking authority for renewal of the same resolution as contained in the Notice to shareholders convening the 66th AGM.

BORROWING POWERS

In terms of the Company's Articles of Association, the Company's borrowings should be limited at any given time to twice the value of the funds that are attributable to the shareholders and any excess should be sanctioned by the Company at a General Meeting. As at balance sheet date, the Company was within the prescribed borrowing powers.

Report Of The Directors (cont'd)

AUDITORS

In terms of Section 69(6) of SI 134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules, 2019, companies must change their audit partners every five years and their audit firm every ten years. Ernst & Young have been auditing RioZim Limited for the past 10 years and as such are no longer eligible in line with the laws and regulations.

Ernst and Young Chartered Accountants (Zimbabwe) have, therefore, retired as the auditors of the RioZim Limited Group. Members will be asked to fix their remuneration for the past and ultimate audit at the 66th Annual General Meeting.

Members will also appoint the new incoming auditors for the ensuing year at the 66th Annual General Meeting.

DIRECTORATE

Composition

Mr. Iqbal Meer Sharma ceased to be a Director on the 8th of June 2021 and subsequently, Mr. Manraj Singh Bindra was appointed as a Non-Executive Director on the 18th of June 2021.

Directors' Remuneration

A resolution will be proposed at the Annual General Meeting to approve the Directors' Remuneration amounting to ZW$7 772 000.00 for the period 1st January 2021 to 31st December 2021.

By order of the Board

RioZim Management Services (Private) Limited
(For Secretaries)
Per T A Chiurayi
31 March 2022

Directors' Responsibility for Financial Reporting

DIRECTORS' RESPONSIBILITIES

The Directors of RioZim Limited are responsible for preparing the financial statements and related information contained in this report in accordance with the applicable laws, regulations and International Financial Reporting Standards (IFRS). The financial statements should present fairly in all material respects, the financial position and the performance of the Group.

The Directors are required to:

- maintain internal controls that are necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed and;
- assess the going concern status of the Group.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time, the financial position of the Group and enable them to ensure that the financial statements comply with the Companies and Other Business Entities Act [Chapter 24.03]. The Directors also have the responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Compliance with International Financial Reporting Standards (IFRS), the Companies and Other Business Entities Act and Zimbabwe Stock Exchange (ZSE) Listing Requirements

The consolidated and separate 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), the disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31) and Zimbabwe Stock Exchange Listing Requirements.

The consolidated and separate financial statements have been prepared on a historical cost basis, except for certain financial assets that have been measured at fair value.

The Group used the auction exchange rates for all conversions in the current year. The auction exchange rates are widely accepted to meet the requirements of IAS 21.

GOING CONCERN

The Company progressed the BIOX project to completion stage as at year end. Subsequent to year end testing of the various components commenced with no major challenges encountered. The BIOX Plant was successfully commissioned on the 14th of April 2022 by His Excellency the President of the Republic of Zimbabwe Cde Dr ED Mnangagwa. The BIOX Plant will enable Cam & Motor to increase production through processing its high grade sulphide resources.

In assessing the going concern status of the Group the Directors took into consideration the Group's budgets, forecasts, and the commissioning of the BIOX plant project which will have a positive bearing on the future performance and cash flows of the Group. The forecasts show that the Group will be profitable and will generate positive cash flows.

The Company's shareholders, creditors and all other stakeholders also remain confident of the prospects of the Group and continue to offer their support. The Group will therefore, continue to operate as a going concern, and preparation of the accompanying financial statements on a going concern basis is still appropriate.

Directors' Responsibility for Financial Reporting (cont'd)

COVID-19 ASSESSMENT

Subsequent to period end, the COVID-19 pandemic eased as cases declined significantly. The Omicron variant which emerged towards year end was contained subsequent to period end as the number of cases decreased. The Government relaxed some of the COVID-19 restrictions and protocols including inland and cross border movement of people and cargo. Vaccines continue to be in adequate supply and easily accessible which contributed positively towards achieving herd immunity.

The Group however, continue to operate under 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.

SIGNIFICANT ASSUMPTIONS AND ESTIMATES

Life of Mine (LOM)

In estimating the Life of Mine the Directors considered both developed and undeveloped resources together with the future cash flow generation forecast for each mine. With the BIOX project which was commissioned on the 14th of April 2022, the Group will be able to generate adequate cash flows to fund exploration activities to develop its undeveloped probable and indicated resources into minable reserves, therefore, these categories have been included in the estimation of LOM. Refer to note 4.6 for detailed explanation.

Valuation of ENR Metals WIP Inventory

The metals WIP inventory is measured at the lower of cost and its net realisable value (NRV). The net realisable value is determined as the sale value of the metals in their current condition instead of the full recovery of the inventory through production considering the long time lag the Refinery has been on care and maintenance due to inability to secure raw materials. The same assumptions have been applied in the current year. Refer to note 4.9 for the detailed explanation.

The Directors believe that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements. The financial statements for the year ended 31 December 2021 which appear on pages 47-98 have been approved by the Board of Directors and are signed on their behalf by:

S R Beebeejaun
Board Chairman
31 March 2022

R Swami
Chief Finance Officer
31 March 2022

Corporate Governance Statement

The Group continued to uphold the general principles of good corporate governance being responsibility, accountability, transparency, ethical management and fairness. The Group adhered to best practices critical for business sustainability as sound and effective corporate practices are fundamental to the operation of a company and its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholder value. The Board adhered to good corporate governance as per recommendation of the National Code on Corporate Governance Zimbabwe (ZIMCODE) and the Security and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules.

The Board is pleased to report to its shareholders the manner in which corporate governance and best practices have been applied in the Group throughout the year under review.

BOARD RESPONSIBILITIES

The Board of Directors is committed to ensuring high standards of corporate governance, which it considers critical for the management of shareholder interests. The Board provides leadership to the Group and is responsible to shareholders for creating and delivering sustainable shareholder value through the management of the Group's business. The Board, both directly or through the operation of committees, sets and reviews the overall strategic projection and brings an independent judgment on all issues of performance, resources and standards of conduct. The Board is completely separate from management and its day-to-day running of the organisation. The Board works to maintain the direction and control of the Company through appraisal of goals for Executive Management, monitoring management performance against the set goals and liaising with internal and external auditors on the financial affairs of the Group. In all instances of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interests of the shareholders.

Board Composition

In the period under review, the Board comprised seven (7) members with five (5) of the seven (7) Directors being Non-Executive. Mr. Iqbal Meer Sharma ceased to be a Director on the 8th of June 2021, however, due to the appointment of Mr. Manraj Singh Bindra as a Non-Executive Director on the 18th of June 2021, the number of Non-Executive Directors remained the same. The position of Chairman and Chief Executive Officer are separate with the Chairman being an independent Non-Executive Director responsible for leading the Board and the Chief Executive Officer being responsible for the day-to-day management of the Company.

Board Expertise

The Board and the committees have the appropriate balance of skills, experience, independence and knowledge of the Group and its operations to enable them to discharge their respective duties and responsibilities effectively. The Board assesses each of the Directors against a specific criterion to decide whether they are in a position to exercise independent judgements and make decisions in the best interests of the Company's operations.

Board Attendances

The following table details Directors' attendance of Board Meetings for the year ended 31 December 2021.

S R Beebeejaun*	Non-Executive Director	3/3
C Dengu**	Non-Executive Director	3/3
M S Bindra	Non-Executive Director	0/2
G K Jain	Non-Executive Director	0/3
M T Sachak	Non-Executive Director	3/3
I M Sharma	Non-Executive Director	1/1
M M Shah	Executive Director	3/3
R Swami	Executive Director	3/3

***Chairman**

****Deputy Chairman**

Corporate Governance Statement (cont'd)

BOARD COMMITTEES

Audit, Risk, Finance and Investment Committee

In the year under review, the Audit, Risk, Finance and Investment Committee comprised three (3) Non-Executive Directors and Mr. M. T. Sachak chaired the Committee. Executive Directors, the external auditors and internal audit department attend the meetings as invitees. The Committee meets not less than twice a year.

The Committee is responsible for providing oversight in respect of the effectiveness of the Group's finance function. Some of the duties of the Committee include:

- reviewing internal controls, with reference to the findings of both internal and external auditors.
- reviewing important accounting issues.
- establishing appropriate risk and control policies to areas of risk identified by management.
- assuring the integrity and reliability of financial statements. The external auditors have unrestricted access to this committee.
- providing strategic and tactical review of the Company's finance and investment projects.

In addition, the Committee is also responsible for:

- the selection, remuneration and terms of engagement of an external auditor, who, in its judgements, is independent of the company, subject to ratification by the shareholders.
- monitoring the independence of the company's external auditor and discharging the auditors' tasks.
- reporting to the shareholders generally on its activities and on matters of its greatest concern.

Remuneration and Nomination Committee

In the year under review, the Remuneration and Nomination Committee comprised three (3) Non-Executive Directors and was chaired by Mr. M. T. Sachak. The Chief Executive Officer, Chief Finance Officer and other management personnel may attend meetings as invitees. The Committee meets not less than twice a year.

The Committee ensures the Company has a competitive remuneration policy and governance framework which is aligned with the Company's strategic and organisational performance objectives. The policy is transparent with a pay framework that clearly differentiates between occupational levels of work and pay grades that facilitate remuneration benchmarking for each job within the skills pool.

Sustainable Development Committee

In the year under review, the Committee comprised three (3) Non-Executive Directors and was chaired by Mr. C. Dengu. The Committee meets not less than twice a year. All mine managers attend the meetings as well as the Corporate Affairs Executive.

The objective of the Sustainable Development Committee is to oversee, on behalf of the Board, policies, processes and strategies designed to manage safety, health, environment, socio-political and supply chain practices. Its aim is to ensure that the Company is compliant with sustainable development responsibilities and strives to be a global leader in sustainable mining.

Sustainability within the RioZim Group spans all aspects of our business, for clarity the Committee provides specific oversight of risks and opportunities in the following areas:

Safety - the attainment of zero harm in our operations and for those affected by our operations including surrounding communities;

Health and wellbeing - occupational hygiene, community health, and the health and wellbeing of employees, contractors and members of the surrounding community;

Environment- protection of the environment, material stewardship, long term mine closure liabilities, management of legacy issues, water management and climate change;

Social impact management and socio-economic development- relationships with communities, community development, human rights, resettlement and housing;

Social - political issues-contributions to national socio-political development, permitting, long term economic development and land access; and

Supply chain - Both local and foreign inclusive procurement, supplier assurance and the impact of procurement decisions on human health and the environment and the impact of procurement decisions on human health and the environment.

Corporate Governance Statement (cont'd)

BOARD COMMITTEES ATTENDANCE

The chart below details the attendance of Directors within the Three (3) committees.

Name	Audit, Risk, Finance and Investment	Remuneration and Nomination	Sustainable Development
S R Beebeejaun Non-Executive Chairman	N/A	N/A	N/A
C Dengu Non-Executive Deputy Chairman	3/3	N/A	2/2
M S Bindra Non-Executive Director	N/A	1/1	1/1
G K Jain Non-Executive Director	0/3	0/2	N/A
M T Sachak Non-Executive Director	3/3	2/2	1/1
I M Sharma Non-Executive Director	N/A	1/1	1/1

DECLARATION OF DIRECTORS OR EMPLOYEE INTERESTS

i) As provided by statute and in accordance with the principle of transparency, the Company observes a closed period one month prior to the end of the relevant accounting period, to the announcement of the interim or year-end results, as the case may be. During the closed period neither Director nor officers of the Company may deal, either directly or indirectly, in the shares of the Company.

ii) Outside of the closed periods, Directors and officers of the Company must obtain prior written approval of the Company in order to deal in its shares.

iii) Directors and officers of the Company are obligated to declare any material interest they may have that may be deemed to be in conflict with their appointments.

iv) During the year under review the following declarations were submitted: -
In accordance with section 213 of the Companies and Other Business Entities Act [24:31], and as detailed in the Direct and Indirect Shareholding of Directors Messrs C. Dengu and M. T. Sachak declared that they had shares both directly and indirectly in the Company.

v) In accordance with section 213 of the Companies and Other Business Entities Act, the Directors declared their other directorships including those held in subsidiaries of RioZim Limited.

vi) In accordance with section 57 of the Companies and Other Business Entities Act, Mr. C. Dengu declared his interest as an investment advisor for the Sengwa Power Project and the Solar Power Projects, in terms of the contract entered into between RioZim Limited and CDFT Capital, a Mauritian based company for which he is a non-resident shareholder and managing director.

DIRECTORS REMUNERATION

Creating long-lasting shareholder value and the Company's long term financial performance are considered in the remuneration of the Directors. The Directors are remunerated appropriately in accordance with their responsibilities ensuring that such remuneration is in line with market requirements. The Shareholders decide on the remuneration of the Board of Directors annually at the Annual General Meeting.

Direct and Indirect Shareholding of Directors

As at 31 December 2021

Director's name	No. of Shares as at 31 December 2021
C Dengu*	187
M Sachak**	51 441
Total	**51 628**

* Mr. C. Dengu holds 187 ordinary shares in his personal capacity and indirect shareholding through the Caleb Dengu Family Trust which owns 71 507 ordinary shares in RioZim Limited.

**Mr. M.T. Sachak holds 51 441 ordinary shares in his personal capacity and an indirect shareholding through Triedward Investments (Private) Limited which owns 68 368 ordinary shares in RioZim Limited.

There were no changes in the above shareholding of Directors as at 5 May 2022, the date of publication of these financial statements

As at 31 December 2020

Director's name	No. of Shares as at 31 December 2020
C Dengu*	187
M Sachak**	51 441
Total	**51 628**

* Mr. C. Dengu held 187 ordinary shares in his personal capacity and indirect shareholding through the Caleb Dengu Family Trust which owns 71 507 ordinary shares in RioZim Limited.

**Mr M Sachak held 51 441 ordinary shares in his personal capacity and an indirect shareholding through Triedward Investments (Private) Limited which owns 68 368 ordinary shares in RioZim Limited.

04 FINANCIAL STATEMENTS

Building a better working world

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Independent Auditor's Report

To the Shareholders of RioZim Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Qualified Opinion
We have audited the consolidated and separate financial statements of RioZim Limited and its subsidiaries (the group) and company set out on pages 47 to 98, which comprise the consolidated and separate statements of financial position as at 31 December 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph, the financial statements present fairly, in all material respects the financial position of the group and company as at 31 December 2021, and financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for qualified opinion

Non-compliance with International Financial Reporting Standards (IFRS): International Accounting Standard (IAS) 21- *The Effects of Changes in Foreign Exchange Rates* in prior period and inappropriate application of IAS 8- *Accounting Policies, Changes in Accounting Estimates and Errors*

Impact of prior year modification on current period (Group and Company)
The Group used inappropriate exchange rates which did not meet IAS21 requirements for a spot rate from 1 January 2020 to 22 June 2020. The interbank exchange rate was used to translate foreign denominated transactions and balances to United States Dollars (USD) functional currency; however, the rate was not available for immediate delivery therefore not a spot rate in terms of IFRS. Further, the interbank exchange rates were used to translate all transactions from the United States Dollars (USD) functional currency to the ZWL reporting currency. The misstatements could however not be quantified as an appropriate exchange rate had not been identified.

Our prior year audit report for the year ended 31 December 2020 was therefore modified due to impact of these matters. Management has not made retrospective adjustments in terms of IAS 8 to correct these matters. As a result, corresponding amounts for all amounts on the Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and Separate Statement of Cashflows and Foreign currency translation reserve, Accumulated Profit, Non-controlling interest and Deferred Tax liability on the consolidated and Separate Statement of Financial Position remain impacted.

Our opinion on the current period's consolidated and separate financial statements is therefore modified because of the possible effects of the above matter on the comparability of the current period's figures and the corresponding figures.

Equity accounting of an associate with underlying errors (Group)
Further contributing to our adverse opinion in prior year was the equity accounting of an Investment in Associate with underlying errors. The associate has a functional currency of USD and its previous year's financial results had been misstated due to translation of foreign denominated transaction at an inappropriate exchange rate as described above. Therefore, the equity accounted share of profit in the prior year included in Share of profit from associate on the consolidated statement of Profit or Loss was misstated as was the Investment in Associate.

The matter has not been corrected through a restatement per IAS 8, therefore, the investment in associate stated at ZWL000' 2 882 544 (2020 ZWL000' 1 317 637) and accumulated losses stated at ZWL000' 2 061 721 (2020 ZWL000' 27 617 profit) remain misstated due to the closing balances at 31 December 2021 still comprising of material amounts from tainted opening balances. The misstatements could however not be quantified as an appropriate exchange rate had not been identified.

RioZim Limited

Non-compliance with International Financial Reporting Standards (IFRS): International Accounting Standard (IAS) 12- Income Taxes and non-application of IAS 8- *Accounting Policies, Changes in Accounting Estimates and Errors (Group and Company)*

As explained in Note 12 of the consolidated and separate financial statements, in computing deferred tax balances, Management changed the treatment of differences between the translated carrying amounts (accounting bases) of Property, Plant & Equipment (other than Capital Work in Progress) and the Income tax Values (ITVs) from permanent differences as reported in the year ended 31 December 2020 Financial statements to timing differences as at 31 December 2021.

According to IAS 12.47, this difference should have been treated as a timing difference from 31 December 2019. Management made prospective adjustments to correct this matter instead of retrospective adjustments which are required in terms of IAS 8. Additionally, as the error occurred before the earliest prior period presented, which is the 2020 financial year, the Group is required to restate the opening balances of assets, liabilities and equity for the earliest prior period presented. Hence, a third balance sheet is required to be presented. Consequently, the following prior year balances in the Consolidated and separate Statements of Financial Position are misstated:

- Accumulated Profits stated at (2020: ZWL'000 27,617)
- Deferred tax liability stated at (2020: ZWL'000 447,283)

As opening balances enter into the determination of performance, our audit opinion is modified in respect of the impact of these matters on the Statement of changes in equity, Income tax expense stated at ZWL'000 940 125 (2020: ZWL'000 455 236) and the Loss for the year stated at ZWL'000 2 097 942 (2020: ZWL'000 452 734 profit) on the Statement of Comprehensive Income.

The effects of the above departures from IFRS are material but not pervasive to the consolidated and separate financial statement.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Inflation adjusted consolidated Financial Statements* section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 34 in the financial statements which indicates that the Group and the Company incurred a net loss of ZWL'000 (2 097 942) and ZWL'000 (2 306 803) respectively during the year ended 31 December 2021, and as at that date, the Group's and Company's current liabilities exceeded current assets by ZWL'000 (2 750 260) and ZW'000 (2 308 734) respectively. As stated in Note 34, these conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key Audit maters are those that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion and the Material Uncertainty Related to Going Concern section, we have determined the matters described to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Quantification (existence) and Valuation of In-process metal inventory</td></tr>
<tr><td>In-process metal inventories as disclosed in Notes 4.9 and 18 to the consolidated financial statements are significant due to the magnitude of the balance of ZWL'000 424 248 which represent 3% of the group's total assets. Determination of the quantities of the in-process metal inventories involves estimation and the exercise of significant professional judgement. The quantification of the in-process metal inventories as guided by the experts engaged by the company is based on the estimation of the volume of material in the plant and applying metal content percentages as determined through assaying technics. Estimation of the Group's volumes is carried out by the Group's metallurgical department and is corroborated by an external metallurgist who performs an independent and concurrent verification process of the quantities on hand.

As the Empress Nickel Refinery continued to be under care and maintenance throughout the year under audit and post year end, there was minimum movement during the year.

Consistent with prior years, reliance was placed on the work of experts for the existence and valuation of in-process inventory.

The estimation of the volumes of in-process metal inventory was considered significant in our audit due to the complex way the volumes are determined which require involvement of experts.</td><td>Our procedures included the following:
▸ Attending and observing the year-end estimation process performed by the management experts (internal and external).

▸ We inquired and obtained representations from management experts on the recoverable/realisable quantities of in process inventories.

▸ We have obtained the reports of the management experts and our EY Technical Experts have reviewed the estimates of quantity of metals in process performed by management experts with specific focus on the following areas:
  ▸ The reasonableness of the assumptions applied.
  ▸ Consistency of the methods/processes used in comparison to prior years.
  ▸ Quantification of the metal as recorded in the financial statements.
  ▸ Review of management's theoretical throughput calculations and compare to the management expert's estimated quantities.
  ▸ We assessed the objectivity, competence, and capabilities of the management experts by reviewing their qualifications and professional experience with reference to the work that they perform for the Group.
  ▸ We will obtain representation from management that they have considered the process applied to estimate the existence and measurement of the matte in process.

▸ Reviewing the financial statements for adequacy of disclosures related to the estimate.</td></tr>
<tr><td colspan="2">Impairment considerations</td></tr>
<tr><td>The Group's mining assets comprise property, plant & equipment and exploration and evaluation & development costs. These assets constitute 81% of total assets as of 31 December 2021. As disclosed in note 4.7 to the financial statements, these assets are subject to an annual assessment for impairment by management.

In performing the impairment testing for its cash generating units, the group used various assumptions in respect of future market and economic conditions, metal price, inflation rates, discount rates and life of mine projections.

The annual impairment test was significant to the audit process due to the application of significant judgement involved in determining the value in use of each cash generating unit and assumptions on underlying industry, economic and other data used in the valuation models necessary to assess for impairment.</td><td>Our procedures involved:
▸ Assessing and testing the key assumptions, methodologies, the discount rate, and other data used by the Group in the impairment models.

▸ Comparing some of the assumptions such as future inflation and mineral prices to external data and involving valuation experts top review the appropriateness of discount rates and cashflow forecasts to be applied to the models.

▸ Assessing adequacy of the Group's disclosures included in Note 4.7 to the consolidated financial statements about those assumptions.</td></tr>
</table>

Independent Auditor's Report (Continued)

RioZim Limited

Other information

Other information consists of Our Operations at a glance, Board of Directors, Management Structure, Chairman's Statement, Group CEO's Review, Health, Safety & Environment, Labour Practices, Report of the Directors, Directors' Responsibility for Financial Reporting, Corporate Governance Statement, Direct and Indirect Shareholding of Directors, Top 20 Shareholders, Notice of the Annual General Meeting and Form of Proxy which are expected to be made available to us after the date of our audit report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. As described in the Basis for Qualified Opinion section above, the group and company did not comply with the requirements of International Accounting Standard (IAS) 21- The Effects of Changes in Foreign Exchange Rates, IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors and IAS 12- Income Taxes. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of (consolidated) and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the (consolidated) and separate financial statements, the directors are responsible for assessing the groups and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the (consolidated) and separate financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

RioZim Limited

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Walter Mupanguri (PAAB Practicing Certificate Number 367).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

30 April 2022

Statement Of Profit Or Loss

For The Year Ended 31 December 2021

		GROUP		COMPANY	
	Notes	**2021 ZW$000**	**2020 ZW$000**	**2021 ZW$000**	**2020 ZW$000**
Revenue	6	5 768 667	3 135 077	5 768 667	3 135 077
Cost of sales		(5 747 486)	(2 028 676)	(5 747 486)	(2 028 676)
Gross profit		**21 181**	**1 106 401**	**21 181**	**1 106 401**
Distribution and selling costs		(16 093)	(778)	(16 093)	(778)
Administrative expenses		(1 694 868)	(758 333)	(1 617 497)	(799 525)
Loss on disposal of property, plant and equipment		(134)	-	(134)	-
Other income	8	135 701	115 438	135 701	115 438
Operating (loss)/profit		**(1 554 213)**	**462 728**	**(1 476 842)**	**421 536**
Net finance costs		(129 451)	(49 600)	(112 354)	(29 493)
Finance income	9	-	424	-	424
Finance costs	10	(129 451)	(50 024)	(112 354)	(29 917)
Share of profit from an associate	11	525 847	494 842	-	-
(Loss)/profit before tax		**(1 157 817)**	**907 970**	**(1 589 196)**	**392 043**
Income tax expense	12	(940 125)	(455 236)	(717 609)	(435 511)
(Loss)/profit for the year		**(2 097 942)**	**452 734**	**(2 306 805)**	**(43 468)**
(Loss)/profit for the year attributable to:					
Owners of the parent		(2 088 185)	456 309	(2 306 805)	(43 468)
Non-controlling interests	22	(9 757)	(3 575)	-	-
		(2 097 942)	**452 734**	**(2 306 805)**	**(43 468)**
(Loss)/profit per share (cents):					
Basic	13	(1 711.21)	373.93	(1 890.36)	(35.62)
Diluted basic	13	(1 711.21)	373.93	(1 890.36)	(35.62)

Statement Of Other Comprehensive Income

For The Year Ended 31 December 2021

		GROUP		COMPANY	
	Notes	2021 ZW$000	2020 ZW$000	2021 ZW$000	2020 ZW$000
(Loss)/profit for the year		**(2 097 942)**	**452 734**	**(2 306 805)**	**(43 468)**
Other comprehensive income/(loss) to be reclassified to profit or loss:					
Foreign currency translation gains		1 666 641	2 947 931	524 072	2 347 591
Net other comprehensive income to be reclassified to profit or loss		**1 666 641**	**2 947 931**	**524 072**	**2 347 591**
Other comprehensive income/(loss) not to be reclassified to profit or loss:					
Re-measurement (losses)/gains on defined benefit plans	26	(1 531)	219 973	(1 531)	219 973
Income tax effect		378	(53 057)	378	(53 057)
Fair value gain on other comprehensive income investments	17.1	915	12 312	915	12 312
Income tax effect		(46)	(616)	(46)	(616)
Net other comprehensive (loss)/income not to be reclassified to profit or loss		**(284)**	**178 612**	**(284)**	**178 612**
Total other comprehensive income for the year, net of tax		**1 666 357**	**3 126 543**	**523 788**	**2 526 203**
Total comprehensive (loss)/income for the year		**(431 585)**	**3 579 277**	**(1 783 017)**	**2 482 735**
Total comprehensive (loss)/profit attributable to:					
Owners of the parent		(394 845)	3 579 091	(1 783 017)	2 482 735
Non-controlling interests	22	(36 740)	186	-	-
		(431 585)	**3 579 277**	**(1 783 017)**	**2 482 735**

Statement Of Financial Position

As At 31 December 2021

	Notes	GROUP 2021 ZW$000	GROUP 2020 ZW$000	COMPANY 2021 ZW$000	COMPANY 2020 ZW$000
ASSETS					
Non-current assets					
Property, plant and equipment	14	8 319 842	5 018 833	6 966 451	4 098 051
Exploration, evaluation and development assets	15	1 078 280	563 423	969 709	480 544
Right of use assets	16	22 728	1 422	22 728	1 422
Investment in subsidiaries	17.2	-	-	18 039	13 577
Investment in associate company	11	2 882 544	1 317 637	873 815	657 673
Employee benefit assets	26	200 284	214 633	200 284	214 633
Fair value through other comprehensive income investments	17.1	13 891	12 976	13 891	12 976
Total non-current assets		**12 517 569**	**7 128 924**	**9 064 917**	**5 478 876**
Current assets					
Inventories	18	1 520 076	1 427 751	1 468 675	1 377 287
Trade and other receivables	19	1 274 808	1 087 562	1 832 285	1 412 758
Cash and cash equivalents	20	84 437	94 794	84 328	94 713
Total current assets		**2 879 321**	**2 610 107**	**3 385 288**	**2 884 758**
Total assets		**15 396 890**	**9 739 031**	**12 450 205**	**8 363 634**
EQUITY & LIABILITIES					
Shareholders' equity					
Share capital	21.3	1 345	1 345	1 345	1 345
Share premium	21.3	20 789	20 789	20 789	20 789
Fair value through other comprehensive income reserve	21.4	13 173	12 304	13 173	12 304
Accumulated (losses)/profits	21.5	(2 061 721)	27 617	(2 757 004)	(449 046)
Foreign currency translation reserve	21.6	6 003 034	4 309 410	4 027 472	3 503 400
Equity attributable to equity holders of the parent		**3 976 620**	**4 371 465**	**1 305 775**	**3 088 792**
Non-controlling interests	22	(33 090)	3 650	-	-
Total equity		**3 943 530**	**4 375 115**	**1 305 775**	**3 088 792**
Non-current liabilities					
Interest-bearing loans and borrowings	23	811 190	-	811 190	-
Mine rehabilitation provision	24	333 074	267 077	191 368	138 408
Other payables	25.1	3 288 201	2 474 850	3 288 201	2 474 850
Deferred tax liabilities	12	1 377 898	447 283	1 146 233	438 135
Lease liabilities	25.2	13 417	-	13 417	-
Total non-current liabilities		**5 823 780**	**3 189 210**	**5 450 409**	**3 051 393**
Current liabilities					
Trade and other payables	25.1	4 534 473	1 879 583	4 598 914	1 928 326
Interest-bearing loans and borrowings	23	1 085 077	294 484	1 085 077	294 484
Lease liabilities	25.2	10 030	639	10 030	639
Total current liabilities		**5 629 580**	**2 174 706**	**5 694 021**	**2 223 449**
Total liabilities		**11 453 360**	**5 363 916**	**11 144 430**	**5 274 842**
Total liabilities and shareholders' equity		**15 396 890**	**9 739 031**	**12 450 205**	**8 363 634**

These financial statements were approved by the Board of Directors on 31 March 2022 and signed on its behalf by:

S R BEEBJAUN
Chairman
Harare
31 March 2022

R SWAMI
Chief Finance Officer
Harare
31 March 2022

Statement Of Changes In Equity

For The Year Ended 31 December 2021

GROUP

	Attributable to equity holders of the parent							
	Share capital [Note 21.3] ZW$000	Share premium [Note 21.3] ZW$000	Fair value through other comprehensive income reserve [Note 21.4] ZW$000	Accumulated losses [Note 21.5] ZW$000	Foreign currency translation reserve [Note 21.6] ZW$000	Total ZW$000	Non-controlling interests [Note 22] ZW$000	Total equity ZW$000
Balance as at 1 January 2020	**1 345**	**20 789**	**608**	**(595 608)**	**1 365 240**	**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	166 916	2 944 170	3 122 782	3 761	3 126 543
Total comprehensive income	**-**	**-**	**11 696**	**623 225**	**2 944 170**	**3 579 091**	**186**	**3 579 277**
Balance as at 31 December 2020	**1 345**	**20 789**	**12 304**	**27 617**	**4 309 410**	**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	(1 153)	1 693 624	1 693 340	(26 983)	1 666 357
Total comprehensive income /(loss)	**-**	**-**	**869**	**(2 089 338)**	**1 693 624**	**(394 845)**	**(36 740)**	**(431 585)**
Balance as at 31 December 2021	**1 345**	**20 789**	**13 173**	**(2 061 721)**	**6 003 034**	**3 976 620**	**(33 090)**	**3 943 530**

COMPANY

	Share capital [Note 21.3] ZW$000	Share premium [Note 21.3] ZW$000	Fair value through other comprehensive income reserve [Note 21.4] ZW$000	Accumulated losses [Note 21.5 ZW$000	Foreign currency translation reserve [Note 21.6] ZW$000	Total equity ZW$000
Balance as at 1 January 2020	**1 345**	**20 789**	**608**	**(572 494)**	**1 155 809**	**606 057**
Loss for the year	-	-	-	(43 468)	-	(43 468)
Other comprehensive income net of tax	-	-	11 696	166 916	2 347 591	2 526 203
Total comprehensive income	**-**	**-**	**11 696**	**123 448**	**2 347 591**	**2 482 735**
Balance as at 31 December 2020	**1 345**	**20 789**	**12 304**	**(449 046)**	**3 503 400**	**3 088 792**
Loss for the year	-	-	-	(2 306 805)	-	(2 306 805)
Other comprehensive income/(loss) net of tax	-	-	869	(1 153)	524 072	523 788
Total comprehensive income/(loss)	**-**	**-**	**869**	**(2 307 958)**	**524 072**	**(1 783 017)**
Balance as at 31 December 2021	**1 345**	**20 789**	**13 173**	**(2 757 004)**	**4 02 7 472**	**1 305 775**

RioZim Limited

Statement Of Cash Flows

For The Year Ended 31 December 2021

		GROUP		COMPANY	
		2021	2020	2021	2020
	Notes	ZW$000	ZW$000	ZW$000	ZW$000
Cash flows from operating activities					
(Loss)/profit before tax		(1 157 817)	907 970	(1 589 196)	392 043
Adjustments to add/(deduct) non-cash items:					
Finance costs	10	129 451	50 024	112 354	29 917
Finance income	9	-	(424)	-	(424)
Depreciation on property,plant and equipment	14	659 046	362 329	588 170	320 481
Impairment reversal of property,plant and equipment	14	-	(49 951)	-	(49 951)
Loss on disposal of property,plant and equipment		134	-	134	-
Write-down of inventory	18	1 226	47 198	1 226	47 198
Amortisation of exploration, evaluation and development assets	15	174 424	111 546	169 887	111 192
Depreciation on right of use of assets	16	8 368	4 413	8 368	4 413
Decrease in mine rehabilitation provision	24	(24 923)	(171 782)	(10 823)	(79 278)
Sundry income	8	-	(49 223)	-	(49 223)
Share of profit from an associate	11	(525 847)	(494 842)	-	-
Other non-cash (expenses)/income		(538)	3 266	(278)	5 357
Working capital adjustments:					
Change in inventories		(93 551)	(1 197 389)	(92 614)	(1 157 271)
Change in trade and other receivables		(187 246)	(841 537)	(103 189)	(777 893)
Change in trade and other payables		2 697 367	2 136 211	2 596 027	2 021 278
Interest paid		(58 199)	(3 623)	(58 199)	(3 623)
Tax paid	12	(9 178)	-	(9 178)	-
Net cash flows from operating activities		**1 612 717**	**814 186**	**1 612 689**	**814 216**
Cash flows from investing activities					
Investment in exploration and evaluation assets	15	(490 884)	(37 256)	(490 884)	(37 256)
Additions to property, plant and equipment	14	(2 494 764)	(763 670)	(2 494 764)	(763 670)
Proceeds on disposal of property,plant and equipment		410	3 221	410	3 221
Net cash used in investing activities		**(2 985 238)**	**(797 705)**	**(2 985 238)**	**(797 705)**
Cash flow from financing activities					
Inflows from borrowings		1 364 431	-	1 364 431	-
Repayment of borrowings		(40 833)	(44 162)	(40 833)	(44 162)
Repayment of lease liability		(5 337)	(3 627)	(5 337)	(3 627)
Net cash generated from/(used) in financing activities		**1 318 261**	**(47 789)**	**1 318 261**	**(47 789)**
Net decrease in cash and cash equivalents		(54 260)	(31 308)	(54 288)	(31 278)
Unrealised exchange gains on foreign currency balances		43 903	93 635	43 903	93 555
Cash and cash equivalents at beginning of period		94 794	32 467	94 713	32 436
Cash and cash equivalents at 31 December	20	**84 437**	**94 794**	**84 328**	**94 713**

Notes To The Financial Statements

For The Year Ended 31 December 2021

1. GENERAL INFORMATION

RioZim Limited ('the Company') and its subsidiaries (together 'the Group') are involved in exploration, 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 financial statements were authorised for issue by the Board of Directors on 31 March 2022.

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2. BASIS OF PREPARATION

2.1. Statement of compliance

The consolidated and separate 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), the disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31). The consolidated and separate financial statements have been prepared on a historical cost basis, except for certain financial assets that have been measured at fair value.

The consolidated and separate 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 has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of RioZim Limited and its subsidiaries as at 31 December 2021. Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has all of the following:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The relevant activities are those which significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. (Refer to note 22 for detailed disclosure on the Group's non-controlling interests) When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes To The Financial Statements

For The Year Ended 31 December 2021

2. BASIS OF PREPARATION (cont'd)

2.2 Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Investment in associate

An associate is an entity over which the Group has significant influence, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date (refer to note 11 for detailed disclosure on the Group's associate). Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3.2 Foreign currencies

The Group's consolidated and separate financial statements are presented in Zimbabwean Dollars, which is the Group's presentation currency. The Group's functional currency is the United States Dollars (refer to note 4.12 for the detailed description on the Group's functional currency). The Group does not have any foreign operations.

Transactions denominated in other currencies are initially recorded by the Group's entities in the Group's functional currency at the spot rates at the date the transaction first qualifies for recognition (refer to note 4.13 for the detailed description on exchange rates). Monetary assets and liabilities denominated in other currencies are translated at the functional currency spot rates of exchange at the reporting date.]
All exchange differences are recognised in profit or loss.

Non-monetary items that are measured at historical cost in other currencies are translated using the exchange rates at the dates of the initial transaction. Non-monetary items measured at fair value in another currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Notes To The Financial Statements

For The Year Ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.2. Foreign currencies(cont'd)

At the reporting date, the Group translates its items of income and expenses and financial position into the presentation currency using the following procedures:

- assets and liabilities for each statement of financial position presented including comparatives are translated at the closing rate;
- income and expenses for each statement of comprehensive income including comparatives is translated at exchange rates at the dates of the transactions;
- all resulting exchange differences are recognised in other comprehensive income.

3.3 Property, plant and equipment

i) Initial Recognition

Capital work in progress is stated at cost, net of accumulated impairment losses, if any. Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any.

The initial cost of an asset comprises its purchase price or construction cost, fair value of any other consideration given to acquire the asset and any costs directly attributable to bringing the asset into operation. Such costs also include the cost of replacing part of the plant and equipment and borrowing costs for construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use and rehabilitation obligation is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (Note 4) and provisions (Note 25) for further information about the recognised rehabilitation provision.

When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

ii) Subsequent measurement

Land and buildings comprise commercial premises, mine houses and offices. Land is not depreciated. Depreciation is calculated using the straight-line method over their estimated useful lives, as follows:

Furniture and fittings	3 - 8 years
Heavy mobile equipment	4 years
Motor vehicles	3 - 5 years
Plant and equipment shorter of economic life of asset and life of mine	

Freehold buildings 100 years

No depreciation is charged when the carrying amounts of items of property, plant and equipment are equal or less than their residual values or when the item has not yet been brought into use (e.g. capital work in progress).

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.5 Stripping (waste removal) costs

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a Unit of Production (UOP) method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Stripping activities undertaken during the production phase of a surface mine (production stripping) are accounted for as set out below:

After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping (as outlined above).

Notes To The Financial Statements

For The Year Ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Stripping (waste removal) costs (Cont'd)

Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a 'stripping activity asset', if the following criteria are met:

- future economic benefits (being improved access to the ore body) are probable.
- the component of the ore body for which access will be improved can be accurately identified.
- the costs associated with the improved access can be reliably measured.

If any of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred.

In identifying components of the ore body, the Group works closely with the mining operations personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons. These include, but are not limited to: the type of commodity, the geological characteristics of the ore body, the geographical location, and/or financial considerations. Given the nature of the Group's operations, components are generally either major pushbacks or phases and they generally form part of a larger investment decision which requires board approval.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of 'Exploration and development assets' in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently amortised using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less amortisation and any impairment losses.

3.6 Exploration, evaluation and development expenditure

3.6.1 Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Exploration and evaluation activity includes:

- Researching and analysing historical exploration data.
- Gathering exploration data through geophysical studies.
- Exploratory drilling and sampling.
- Determining and examining the volume and grade of the resource.
- Surveying, transportation and infrastructure requirements.
- Conducting market and finance studies.

License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the directors conclude that a future economic benefit is more likely than not to be realised. These costs include materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

If a project does not prove viable, all irrecoverable costs associated with the project are written off. When it is decided to proceed with development, any provisions made in previous years are reversed to the extent that the relevant costs are recoverable. If an undeveloped project is sold, any gain or loss is included in operating profit, such operations being a normal part of the Group's activities. Exploration and evaluation

Notes To The Financial Statements

For The Year Ended 31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Exploration, evaluation and development expenditure (cont'd)

3.6.1 Exploration and evaluation expenditure (cont'd)

expenditure is capitalised net of proceeds from the sale of ore extracted during the exploration and evaluation phase. Where these proceeds exceed the exploration and evaluation costs, any excess income is recognised in profit or loss.

Exploration and evaluation assets are subsequently measured at cost less accumulated impairment losses, up until the mine starts producing, after which the cost less any accumulated impairment losses will be amortised over the life of the mine concerned.

3.6.2 Development expenditure

If a project proves viable after the exploration and evaluation work completed to date supports the future development of a mine and such development receives appropriate approvals, all subsequent expenditure on the construction, installation or completion of infrastructure facilities including purchase cost of any machinery and equipment and any costs directly attributable to bringing the machinery and equipment into operation (freight, duties and taxes not recoverable from the tax authorities) are capitalised under 'Capital Work in Progress'.

Upon completion of the mine construction phase, the assets are transferred to 'Property, plant and equipment' if tangible, or to 'Exploration and development assets' if intangible. The items of property, plant and equipment and development costs are stated at cost, less accumulated depreciation/amortisation and accumulated impairment losses. The initial cost of the mine assets comprises purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs.

3.7 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset or cash generating unit (CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of at least five years or the expected useful life of the asset or CGU.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of accumulated depreciation/amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.8. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price.

Notes To The Financial Statements

For The Year Ended 31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8. Financial instruments(Cont'd)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and cash equivalents, trade and other receivables, and fair value through OCI investments.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is recognised as part of finance income in the statement of profit or loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

This category is the most relevant to the Group. The Group's financial assets at amortised cost includes 'Trade and other receivables' (not subject to provisional pricing) and 'Cash and cash equivalents' which are classified under current assets.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value i.e. where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

This category applies to the Group`s trade receivables with provisional pricing (quotational period). The "Quotational Period (QP)" is the period after the physical shipment of goods during which the sales price is subject to change based on fluctuations in quoted commodity market prices up to the date of final settlement. The QP can be between one to six months.

Given the exposure to the commodity price, these provisionally priced trade receivables will fail the SPPI test. As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements being recognised as 'gains/losses on provisionally priced trade receivables' in revenue. Changes in fair value over, and until the end of, the QP, are estimated by reference to updated forward market prices as well as taking into account relevant other fair value considerations as set out in IFRS 13, including interest rate and credit risk adjustments.

Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Notes To The Financial Statements

For The Year Ended 31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8. Financial instruments (cont'd)

i) Financial assets (cont'd)

Financial assets designated at fair value through OCI (equity investments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

After initial measurement, this category of financial assets is subsequently measured at fair value with unrealised gains or losses recognised in OCI. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.
Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's financial assets designated at fair value through OCI comprise equity investments.

De-recognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated and separate statement of financial position) when:

- The rights to receive cash flows from the asset have expired or;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either: (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group did not have any arrangements involving partial transfer of its rights to receive cash flows from a financial asset nor entered into any pass-through arrangements during the year.

Impairment of financial assets
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An allowance for expected credit losses (ECLs) is recognised for all debt instruments not held at fair value through profit or loss. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

Default events may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group takes into consideration its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial assets designated at fair value through OCI (equity investments)
Equity instruments designated at fair value through OCI are not subject to impairment assessment.

ii. Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or financial liabilities at amortised cost net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Notes To The Financial Statements

For The Year Ended 31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8. Financial instruments (cont'd)

ii) Financial liabilities (cont'd)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss. Fees paid on establishment of facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are subsequently measured at amortised cost using the effective interest rate method.

De-recognition

A financial liability is de-recognised when the associated obligation is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

3.9. Inventories

The Group's inventories include gold, nickel, copper, cobalt, Platinum Group of Metals (PGMs) in concentrate, metal and minerals in circuit, ore stockpiles, materials and spares.

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Write downs to net realisable value and inventory losses are expensed to profit and loss in the period in which they occur.

Cost is determined by using the weighted-average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation incurred in converting materials into finished goods, based on the normal production capacity. The cost of production is allocated to joint products using a ratio of weights at each month end. Separately identifiable costs of conversion of each metal are specifically allocated.

Materials and spares are valued at the lower of cost or net realisable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Taxable profit or assessed loss differs from profit/loss as reported in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

Notes To The Financial Statements

For The Year Ended 31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10. Taxation (cont'd)

ii) Deferred tax (cont'd)

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

iii) Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the tax authorities, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.11. Employee benefits

Pension and other post-employment benefits

The Group has both defined benefit and defined contribution pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee shall receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The cost of providing benefits under the defined benefit plan is determined annually by independent actuaries using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs.

Notes To The Financial Statements

For The Year Ended 31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11. Employee benefits (cont'd)

Pension and other post-employment benefits (cont'd)
Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation in profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income

3.12. Provisions

i) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance cost.

ii) Rehabilitation provision

The Group records a provision for rehabilitation costs for its mine facilities. Mine rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of the Group's facilities and mine properties. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas. The Group assesses its mine rehabilitation provision at each reporting date.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognised as part of the related inventory item.

Additional disturbances which arise due to further development/construction at the mine are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognised in profit or loss as extraction progresses.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognised as part of an asset measured in accordance with IAS 16.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss. If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature mines, the estimate for the revised mine assets net of rehabilitation provisions exceeds the recoverable value that portion of the increase is charged directly to profit or loss.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in profit or loss as part of finance costs. For closed sites, changes to estimated costs are recognised immediately in profit or loss.

The Group recognises the deferred tax asset in respect of the temporary difference on the rehabilitation provision and the corresponding deferred tax liability in respect of the temporary difference on a rehabilitation asset

3.13. Revenue from contracts with customers and other income

The Group is involved in mining and metallurgical operations and produces gold bullion and metals. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Control of goods or services is transferred generally when the product is physically loaded onto a vessel, train or other delivery mechanisms.

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Notes To The Financial Statements

For The Year Ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13. Revenue from contracts with customers and other income (cont'd)

a) Gold bullion sales

Revenue from gold bullion sales is brought to account when control of the gold bullion has been transferred to the buyer and selling prices are known or can be reasonably estimated. The Company sells all its gold bullion to a local buyer, therefore revenue is recognised when the gold bullion is physically delivered to the buyer.

b) Metal sales

The Group produces nickel, copper, Platinum Group of Metals(PGMs) and other metals in concentrate for sale to third parties. Metal sales are measured at the price agreed between RioZim and the buyer. Negotiations begin at London Metals Exchange (LME) market prices prevailing on the day of shipment. For the Group's metal in concentrate sales, the performance obligations are the delivery of the concentrate which is satisfied on the shipment date. The revenue is measured at the consideration to which the Group expects to be entitled in exchange for those metals.

Contract terms for the Group's sale of metal in concentrate to third parties allow for a sales value adjustment based on final assay results of the metal in concentrate by the customer to determine the final content. These are referred to as provisional pricing arrangements, and are such that the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (the quotation period (QP)). The provisional pricing arrangements based on initial assays give rise to variable consideration.

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty relating to the final assays is subsequently resolved. The Group estimates the amount of consideration to which it will be entitled in exchange for transferring metals in concentrate to the customer using provisional assays agreed by both parties. Adjustments to the sales value are done based on the final assays after final processing of the metal by the customer i.e. at the end of the QP. The period between provisional invoicing and final settlement can be between one to six months.

Revenue is recognised when control passes to the customer, which occurs at a point in time when the metal in concentrate is physically transferred onto a vessel, train, conveyor or other delivery mechanism. The revenue is measured at the amount to which the Group expects to be entitled, being the estimate of the price expected to be received at the end of the QP, and a corresponding trade receivable is recognised. The Group applies the practical expedient to not adjust the promised consideration for the effects of a significant financing component as the period between transfer of the metals to a customer and when the customer pays for the metals is one year or less.

For these provisional pricing arrangements, any future adjustments to the sales price based on movements in quoted market prices up to the date of final settlement over the QP are embedded within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15.

Other Income

a) Interest income

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in profit or loss.

b) Rental income

Rental income arising from operating leases on property, plant and equipment is accounted for on a straight-line basis over the lease terms and is included in other income in profit or loss.

c) Export incentives

Export incentives are recognised when gold and metal sales are completed and the export proceeds have been received by the Company. The incentives are a percentage of all export receipts and are paid by the Central Bank.

3.14. Fair value measurement

The Group measures financial instruments such as certain financial assets at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Notes To The Financial Statements

For The Year Ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Fair value measurement (cont'd)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described, as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- 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.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.15 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is current when it is either:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within 12 months after the reporting period.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when either:
- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within 12 months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.16 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. An arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of an identified asset and the arrangement conveys a right to control the use of the asset for a period of time, even if that asset is not explicitly specified in an arrangement.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets (refer to note 3.3 for useful lives of the Group's category of assets).

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Notes To The Financial Statements

For The Year Ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Leases (cont'd)

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to all its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value assets lease recognition exemption to leases of office equipment and other plant tooling that are considered to be low value.

Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds. Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the company's equity holders.

3.18 Adoption of new and revised accounting standards

i) New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations applied for the first time in 2021, but did not have an impact on the consolidated and separate financial statements of the Group have not been disclosed.

COVID-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

The Group has not received COVID-19-related rent concessions, therefore this amendment had no impact on the financial statements of the Group.

Notes To The Financial Statements

For The Year Ended 31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 Adoption of new and revised accounting standards (cont'd)

ii) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on its financial statements.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the Group.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The Group is currently assessing the impact the amendments will have on its financial statements.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The Group is currently assessing the impact the amendments will have on its financial statements.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Notes To The Financial Statements

For The Year Ended 31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 Adoption of new and revised accounting standards (cont'd)

ii) Standards issued but not yet effective (cont'd)

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

Notes To The Financial Statements

For The Year Ended 31 December 2021

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements.

4.1. Going concern

The Directors assess the ability of the Group to continue as a going concern at the end of each financial year. The assessment involves making assumptions in the budgets and forecasts. Refer to note 34 for more details.

4.2. Ore reserve and mineral resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data.

The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. The Group estimates and reports ore reserves in line with the principles contained in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (December 2012), which is prepared by the Joint Ore Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, known as the "JORC Code."

The JORC Code requires the use of reasonable investment assumptions, including:

- Future production estimates which include proved and probable reserves, resource estimates and committed expansions.
- Expected future commodity prices, based on current market price, forward prices and the Group's assessment of the long-term average price.
- Future cash costs of production, capital expenditure and rehabilitation obligations.

Consequently, management will form a view of forecast sales prices, based on current and long-term historical average price trends. For example, if current prices remain above long-term historical averages for an extended period of time, management may assume that lower prices will prevail in the future. As a result, those lower prices would be used to estimate reserves under the JORC Code. Lower price assumptions generally result in lower estimates of reserves.

As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of reserves may change. Such changes may impact the Group's reported financial position and results which include:

- The carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in profit or loss may change where charges are determined using the useful life of the related assets.
- Provisions for rehabilitation and environmental provisions may change where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

4.3. Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgements to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. The determination of a JORC resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in profit or loss in the period when the new information becomes available. Refer to note 15 for the carrying amount of exploration, evaluation and development assets.

4.4. Depreciation

The Group's management determines the useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on projected lives of these assets. Estimated economically recoverable reserves are used in determining the depreciation and/or amortisation of mine specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated production over the remaining life of mine. Each item's life, which is assessed annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located.

Notes To The Financial Statements

For The Year Ended 31 December 2021

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

4.4. Depreciation (cont'd)

These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Changes in estimates are accounted for prospectively. Refer to note 14 for the carrying amount of property, plant and equipment and accounting policy note 3.3 for the useful lives of property, plant and equipment.

4.5. Mine rehabilitation provision

The Group assesses its mine rehabilitation provision at each reporting date. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates (3% (2020: 3%)), and changes in discount rates (10% (2020: 10%)). These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Refer to Note 25 for the carrying amount of the provision for mine rehabilitation.

4.6. Life of Mine (LOM)

The Group estimates the LOM for its individual mines at each reporting date taking into consideration the reserves, measured and indicated resources, and specific circumstances of each mine. Inferred resources are excluded from the LOM determination. Management also considers the cash flow generation for each mine and each mine's ability to fund and develop measured and indicated resources into minable reserves for this category to be included in the LOM. Therefore, changes in circumstances for the different mines in each reporting period will impact the actual and future cash flow projections for each mine, which may impact the LOM estimation.

As at the reporting date, the Group's BIOX Plant Project at Cam & Motor mine, which will process the refractory sulphide resources at that mine had progressed to completion stage, with final installations and testing of various components having commenced. The project was fully funded to completion stage after the Group secured funding from local financial institutions during the year.

The Group encountered some delays on the shipment of the electrical components due to the emergence and widespread of the Omicron variant in Q4 2021 which brought back tighter border and port restrictions This resulted in the rescheduling of commissioning of the BIOX plant from the planned December 2021 to February 2022 with full production earmarked to start in March 2022. Therefore, as at reporting date, the sup-hide resources were included in the Life of Mine (LOM) for Cam & Motor mine.

Once the BIOX plant is commissioned and brought to production, the Company will generate sufficient cash resources to support the Group's capital projects and exploration activities including exploration activities at Renco Mine and Dalny Mine. Therefore, the measured and indicated resources category have been included in the LOM for all the Group's mining sites.

The LOM for each mine have therefore been estimated as below:

- Renco mine - 19.2 years (2020: 17.7 years)
- Cam & Motor mine – 6.2 years (2020: 6.73 years)
- Dalny mine – 8.7 years (2020: 10.5 years)

4.7. Impairment of non-financial assets

Impairment assessments require the use of estimates and assumptions such as long-term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, reserves and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs. In such circumstances, some or all of the carrying amount of the assets/CGUs may be further impaired or the impairment charge reduced with the impact recognised in profit or loss.

The assumptions made in calculating the value in use include:

- A forecast period which is linked to the life of mine (LOM) (refer to note 4.6):
- Average prices for the next ten years: Gold - US$1 600 per ounce, Nickel- US$15 000 per ton, Copper -US$9 000 per ton.
- Discount rate of 10% per annum.
- Inflation rate of 3% per annum.

4.8 Recovery of deferred tax assets

Judgement is required in determining whether deferred tax assets should be recognised in the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure and other capital management transactions) and judgements about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods. Refer to Note 12 for the carrying amount of deferred tax asset recognised

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

4.9 Inventories

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces is based on assay data, and the estimated recovery percentage is based on the expected processing method. Stockpile tonnages are verified by periodic surveys. Refer to Note 18 for the carrying amount of inventory.

Empress Nickel Refinery (ENR) has metal inventory in various stages of production. In process metal inventory quantities are determined by estimating the volumes of metal bearing material in the plant and applying the estimated contained metal percentages determined through assaying techniques. Estimation of the volumes is carried out by the Group's metallurgical department and assaying is done by the Chemists using methods that are believed to be appropriate for the different metals. At each reporting period management engages an external independent expert to corroborate the quantity and assays of the contained metals as determined by the internal metallurgists. Management therefore places reliance on the work done by the external experts to determine the final quantities and assays of the metals. The determination of both the volumes and the assays involves the exercise of significant professional judgements and the use of estimates. The plant has remained under care and maintenance and inventory from prior years has remained.

4.10 Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation. IAS 19 requires that the discount rate is set based on the market yield on high quality corporate bonds, or government bonds. In countries where there is no deep market in such bonds, the market yields (at the end of the reporting period) on government bonds shall be used. Zimbabwe does not have an active liquid market for corporate bonds or government bonds. However, corporate bonds which the Group obtained during the year for medium term maturities had yields averaging 10% per annum. The Group has used these medium term bonds as a reference in the absence of a liquid market for bond securities in the country, therefore a discount rate of 10% was used. Other key assumptions for pension obligations are based in part on current market conditions. Refer to Note 27 for the carrying amount of the defined benefit obligation and more information on the estimates and assumptions used.

4.11 Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgements and the use of estimates regarding the outcome of future events. Refer to note 32.

4.12 Functional currency

The country returned to a multi-currency system in prior year with both foreign currencies mainly USD and local ZWD being acceptable currencies of transacting.

The Group's sales revenue continues to be settled in the proportion of 60% United States Dollars and 40% in Zimbabwean Dollars, after the USD portion was revised downwards from 70% at the beginning of the year. With the continuous changes in the operating environment, the determination of the Group's functional currency requires significant judgement.

The Group takes into consideration IAS 21: "The Effects of Changes in Foreign Exchange Rates" - the currency that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled); the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services; and the currency that mainly influences labour, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled).

The Group determined that its functional currency remained USD.

4.13 Exchange rates

The Reserve Bank of Zimbabwe auction market determines the spot exchange rates between the Zimbabwean Dollar and foreign currencies. The auction market exchange rates are the only official and legal rates in the country. The prices of local inputs however, continued to indicate exchange rates in the alternative unofficial markets which were significantly higher than the auction exchange rates during the year. The Group adopted the auction exchange rates for conversion of all transactions and balances from the Group's functional currency, the United States Dollar to the Group's presentation currency, the Zimbabwean Dollar.

The auction exchange rates increased in the current year, closing the year at 108.67 compared to 81.79 as at 31 December 2020.
The movement in exchange rates resulted in significant movement in current year transactions and balances against the comparative year, 2020.

4.14. Determination of material partly-owned subsidiaries

The Group holds 50% interest in Sengwa Colliery (Private) Limited which is located in Gokwe North. RZM Murowa Holding (Private) Limited

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holds the remaining 50% interest. The Group has the majority representation on the board as well as the management contract.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

4.14. Determination of material partly-owned subsidiaries (cont'd)

Furthermore, the Group's approval is required for all operational decisions and based on this, management determined that in substance, the Group controls this entity with RZ Murowa Holding (Private) Limited constituting the non-controlling interest. Refer to Note 22 for the information on the material partly-owned subsidiaries.

4.15. Stripping (waste removal) costs

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset.

Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components.

These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Group considers that the ratio of the expected volume (e.g., in tonnes) of waste to be stripped for an expected volume (e.g., in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

Furthermore, judgements and estimates are also used to apply the UOP method in determining the depreciable lives of the stripping activity asset(s).

4.17. Incremental borrowing rate

The incremental borrowing rate (IBR) is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available for similar transactions or when they need to be adjusted to reflect the terms and conditions of that particular transaction.

The Group estimates the IBR using observable market interest rates on its interest bearing borrowing with financial institutions.

The Group cannot readily determine the interest rate implicit in its lease transactions, therefore, it uses the IBR.

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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 consolidated and separate 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 and separate financial statements. However, the Group's financing (finance costs and finance income), interests in associate (share of profit from associate) 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.

Year ended 31 December 2021	Gold ZW$000	Base Metals ZW$000	Adjustments & eliminations ZW$000	Consolidated ZW$000
Revenue				
External customers	5 406 245	362 422	-	5 768 667
Total revenue	**5 406 245**	**362 422**	**-**	**5 768 667**
Results				
Depreciation (note i)	(576 604)	(57 456)	(24 986)	(659 046)
Amortisation of development costs (note i)	(174 424)	-	-	(174 424)
Segment loss (note ii)	(390 367)	(257 607)	(906 239)	**(1 554 213)**
Net finance cost				(129 451)
Share of associate profit				525 847
Income tax expense				(940 125)
Loss for the year				**(2 097 942)**
Segment assets (note iii)	9 893 751	1 038 777	1 581 818	12 514 346
Segment liabilities (note iv)	1 738 068	4 036 764	5 678 528	11 453 360
Investment in an associate	-	-	2 882 544	2 882 544
Other disclosures				
Capital expenditure (note v)	2 485 765	44 120	455 763	2 985 648

i) Represents depreciation of property, plant and equipment and amortisation of development costs.
ii) Loss for each operating segment does not include net Head Office costs of ZW$906 239 000 which are managed on a Group basis.
iii) Segment assets do not include Defined employee benefit assets of ZW$200 284 000, Subsidiary assets of ZW$1 248 963 000 and Head Office assets of ZW$132 571 000 as these assets are managed on a Group basis.
iv) Segment liabilities do not include deferred tax liabilities of ZW$1 377 898 000, Interest-bearing loans and borrowings of ZW$1 896 267 000, Lease liabilities of ZW$23 448 000 and Sundry payables ZW$2 380 915 000 as these liabilities are managed on a Group basis.
v) Capital expenditure consists of additions to property, plant and equipment, mine properties, exploration, evaluation and development assets.

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5 OPERATING SEGMENT INFORMATION

Year ended 31 December 2020	Gold ZW$000	Base Metals ZW$000	Adjustments & eliminations ZW$000	Consolidated ZW$000
Revenue				
External customers	3 111 100	23 977	-	3 135 077
Total revenue	**3 111 100**	**23 977**	**-**	**3 135 077**
Results				
Depreciation (note i)	(306 473)	(44 832)	(11 024)	(362 329)
Reversal of impairment (note i)	49 951	-	-	49 951
Amortisation of development costs (note i)	(111 546)	-	-	(111 546)
Segment profit /(loss) (note ii)	856 930	(232 408)	(161 794)	**462 728**
Net finance cost				(49 600)
Share of associate profit				494 842
Income tax expense				(455 236)
Profit for the year				**452 734**
Segment assets (note iii)	5 750 941	993 315	1 677 138	8 421 394
Segment liabilities (note iv)	3 961 416	651 022	751 478	5 363 916
Investment in an associate	-	-	1 317 637	1 317 637
Other disclosures				
Capital expenditure (note v)	759 481	4 435	37 010	800 926

i) Represents depreciation and reversal of impairment of property, plant and equipment and amortisation of development costs.

ii) Profit/(loss) for each operating segment does not include net Head office costs of ZW$161 794 000 which are managed on a Group basis.

iii) Segment assets do not include Defined employee benefit assets of ZW$214 633 000, Subsidiary assets of ZW$ 1 170 216 000 and Head office assets of ZW$292 289 000 as these assets are managed on a Group basis.

iv) Segment liabilities do not include Deferred tax liabilities of ZW$447 283 000 and Interest-bearing loans and borrowings of ZW$294 484 000, Lease liabilities of US$639 000 and Sundry payables of ZW$9 072 000 as these liabilities are managed on a Group basis.

v) Capital expenditure consists of additions to property, plant and equipment, mine properties, exploration, evaluation and development assets.

Geographic information and information about major customers

All the Group's operations are located in Zimbabwe and they are situated in two geographic locations, Masvingo Province and Mashonaland West Province.

Revenue from one customer in the gold segment amounted to ZW$5 406 245 000 (2020:ZW$3 111 100 000) and revenue from customers in the base metals segment amounted to ZW$362 422 000 (2020: ZW$23 977 000).

Revenues from external customers are based on the locations of the customers:

The bulk of the base metals are purchased by the European market. Base metal sales to local buyers were nil (2020: Nil). Gold is solely purchased by Fidelity Printers and Refineries (Private) Limited of Zimbabwe.

	GROUP		COMPANY	
	2021 ZW$000	2020 ZW$000	2021 ZW$000	2020 ZW$000
Zimbabwe	5 406 245	3 111 100	5 406 245	3 111 100
External customers				
Europe	362 422	23 977	362 422	23 977
Total revenue per statement of profit or loss	**5 768 667**	**3 135 077**	**5 768 667**	**3 135 077**

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6 REVENUE

	GROUP 2021 ZW$000	GROUP 2020 ZW$000	COMPANY 2021 ZW$000	COMPANY 2020 ZW$000
Gold	5 406 245	3 111 100	5 406 245	3 111 100
Base Metals	381 027	40 176	381 027	40 176
Change in the value of provisionally priced trade receivables	(18 605)	(16 199)	(18 605)	(16 199)
Total revenue	**5 768 667**	**3 135 077**	**5 768 667**	**3 135 077**

7 OPERATING PROFIT

	GROUP 2021 ZW$000	GROUP 2020 ZW$000	COMPANY 2021 ZW$000	COMPANY 2020 ZW$000
Operating profit is stated after charging:				
Employee benefits:				
-Salaries and Wages	(1 755 820)	(978 797)	(1 755 820)	(978 797)
-Pension costs	(125 961)	(19 875)	(125 961)	(19 875)
-Other	(544 891)	(89 588)	(544 891)	(89 588)
Audit remuneration:				
-Current year	(15 281)	(809)	(15 281)	(809)
-Prior year	(14 554)	(7 450)	(14 554)	(7 450)
Exploration and claims costs	(1 278)	(25 786)	(1 278)	(25 786)
Net interest costs on defined benefit fund	(12 817)	(988)	(12 817)	(988)
Directors' emoluments	(7 772)	(5 548)	(7 772)	(5 548)
Lease expense for short term leases	(131 405)	(150 380)	(131 405)	(150 380)
Write down of inventory	(1 226)	(47 198)	(1 226)	(47 198)
Depreciation (Note 14)	(659 046)	(362 329)	(588 170)	(320 481)
Amortisation (Note 15)	(174 424)	(111 546)	(169 887)	(111 192)
Depreciation on right of use asset (Note 16)	(8 368)	(4 413)	(8 368)	(4 413)
Reversal of impairment (Note 14)	-	49 951	-	49 951
Loss on disposal of property,plant and equipment	(134)	-	(134)	-

These costs include items included in cost of sales

8 OTHER INCOME

	GROUP 2021 ZW$000	GROUP 2020 ZW$000	COMPANY 2021 ZW$000	COMPANY 2020 ZW$000
Income from rentals, clinic and clubs	24 704	4 323	24 704	4 323
Export incentives	-	61 892	-	61 892
Sundry income	110 997	49 223	110 997	49 223
	135 701	**115 438**	**135 701**	**115 438**

The export incentives were paid by the Reserve Bank of Zimbabwe to large scale gold producers at sliding rates up to 25% of the gold price. The export incentives were however discontinued in May 2020.

Sundry income includes management fees from associate and scrap sales

9 FINANCE INCOME

	GROUP 2021 ZW$000	GROUP 2020 ZW$000	COMPANY 2021 ZW$000	COMPANY 2020 ZW$000
Interest income from short term investments	-	424	-	424
	-	**424**	**-**	**424**

10 FINANCE COST

	GROUP 2021 ZW$000	GROUP 2020 ZW$000	COMPANY 2021 ZW$000	COMPANY 2020 ZW$000
Interest on loans and borrowings	46 185	1 159	46 185	1 159
Interest on lease liability	3 864	415	3 864	415
Interest on cumulative redeemable preference shares	-	1 672	-	1 672
Interest on fixed term payables	8 150	377	8 150	377
Unwinding of discount on mine rehabilitation provision	32 403	37 884	15 306	17 777
Interest cost from defined benefit plans	12 818	988	12 818	988
Interest on other payables	26 031	7 529	26 031	7 529
	129 451	**50 024**	**112 354**	**29 917**

The average cost of debt for 2021 was 10% per annum (2020 : 3%).

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11 INVESTMENT IN ASSOCIATE

The Group has a 22.2% (2020: 22.2%) interest in RZM Murowa Diamonds (Private) Limited, 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 RZM Murowa Diamonds (Private) Limited is accounted for using the equity method in the consolidated financial statements. The financial period of the associate is the same as that of the Group. The Group trades with RZM Murowa Diamonds (Private) Limited on an arms length basis and there are no restrictions that affect trading between the entities.

The following table illustrates the summarised financial information of RZM Murowa Diamonds (Private) Limited:

	2021 ZW$000	2020 ZW$000
Summarised statement of financial position:		
Current assets	6 790 890	5 013 192
Non-current assets	10 226 273	3 038 910
Current liabilities	(2 513 286)	(696 661)
Non-current liabilities	(2 064 753)	(1 830 563)
Equity	**12 439 124**	**5 524 878**
Share of net assets	2 761 486	1 226 523
Reconciliation of carrying amount of investments to share of net assets:		
Share of net assets	2 761 486	1 226 523
Impact of deemed cost on currency conversion	121 058	91 114
Carrying amount of the investment	**2 882 544**	**1 317 637**
Summarised statement of profit or loss		
Revenue	8 111 642	5 197 776
Cost of sales	(3 157 851)	(2 423 205)
Administrative and selling & distribution expenses	(2 909 802)	(117 707)
Finance costs	(34 416)	(439 022)
Profit before tax	**2 009 573**	**2 217 842**
Income tax credit	359 106	11 176
Profit for the year	**2 368 679**	**2 229 018**
Other comprehensive income	-	-
Total comprehensive income	**2 368 679**	**2 229 018**
Group's share of profit for the year	525 847	494 842
Carrying amount of the investment:		
At 1 January	1 317 637	187 891
Foreign currency translation gains	1 039 060	634 904
Share of profit for the year	525 847	494 842
At 31 December	**2 882 544**	**1 317 637**

Investment in associate is accounted for at cost at company level. The fair value of the investment estimates its carrying amount.

The reconciliation of the cost of the investment in associate is shown below:

	2021	2020
At 1 January	**657 673**	**134 848**
Foreign currency translation gains	216 142	522 825
At 31 December	**873 815**	**657 673**

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

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12 INCOME TAX

The major components of income tax expense are as follows :

	GROUP		COMPANY	
	2021 ZW$000	2020 ZW$000	2021 ZW$000	2020 ZW$000
Profit or loss				
Current income tax:	9 178	-	9 178	-
Deferred tax:				
Relating to origination and reversal of temporary differences	930 947	455 236	708 431	435 511
Income tax expense reported in the statement of profit or loss	**940 125**	**455 236**	**717 609**	**435 511**
Other comprehensive income (OCI)				
Deferred tax related to items recognised in OCI during the year:				
Re-measurement (losses) /gains on defined benefit plans	(378)	53 057	(378)	53 057
Fair value gains on Fair value through other comprehensive income investments	46	616	46	616
Income tax (credit)/expense reported in income statement and OCI	**(332)**	**53 673**	**(332)**	**53 673**

Reconciliation of tax expense and the accounting profit multiplied by RioZim' s domestic tax rate for the years ended 31 December 2021 and 2020:

	2021 ZW$000	2020 ZW$000	2021 ZW$000	2020 ZW$000
(Loss)/profit before tax	(1 157 817)	907 970	(1 589 194)	392 043
At RioZim' s statutory income tax rate of 24.72% (2020: 24.72%)	(286 212)	224 450	(392 849)	96 913
Tax effects of:				
- Associate results reported net of tax	(129 989)	(122 325)	-	-
-Non-deductible expenses	1 354 423	372 792	1 071 980	327 846
-Non-taxable income	-	(15 300)	-	(15 300)
-Other	1 903	(4 381)	38 478	26 052
Income tax expense	**940 125**	**455 236**	**717 609**	**435 511**

Non-deductible expenses relate to permanent differences arising from expenses not allowable for tax and foreign currency translation gains or losses which are not allowable for tax.

DEFERRED TAX

	GROUP				COMPANY			
	Consolidated statement of financial position		Consolidated statement of comprehensive income		Statement of financial position		Statement of comprehensive income	
	2021 ZW$000	2020 ZW$000	2021 ZW$000	2020 ZWL$000	2021 ZW$000	2020 ZW$000	2021 ZW$000	2020 ZW$000
Deferred tax relates to the following:								
Exploration and evaluation assets	(266 551)	(40 847)	(225 704)	(39 098)	(239 712)	(60 354)	(179 358)	(58 859)
Property, plant and equipment	(1 402 494)	(385 365)	(1 017 129)	(343 651)	(1 126 307)	(345 684)	(780 622)	(305 597)
Other	(5 586)	2866	(8 452)	2 766	(35 498)	(7 089)	(28 409)	(3 187)
Investment in associate	(144 127)	(45 139)	(98 988)	(39 793)	(144 127)	(9 184)	(134 943)	(8 782)
Losses available for offset against future taxable income	402 238	8 432	393 806	(35 623)	395 819	2 982	392 837	(37 864)
Provisions	38 622	12 770	25 852	(53 510)	3 592	(18 806)	22 398	(74 895)
Net deferred tax liabilities	**(1 377 898)**	**(447 283)**			**(1 146 233)**	**(438 135)**		
Deferred income tax expense			**(930 615)**	**(508 909)**			**(708 097)**	**(489 184)**

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12 INCOME TAX (cont'd)

Deferred Tax (cont'd)

Reflected in the consolidated statement of financial position as follows:

	GROUP		COMPANY	
	2021 ZW$000	2020 ZW$000	2021 ZW$000	2020 ZW$000
Deferred tax assets	-	-	-	-
Deferred tax liabilities	(1 377 898)	(447 283)	(1 146 233)	(438 135)
Deferred tax (net)	**(1 377 898)**	**(447 283)**	**(1 146 233)**	**(438 135)**
Reconciliation of deferred tax liabilities (net)				
Opening 1 January	(447 283)	61 626	(438 134)	51 049
Tax expense recognised in profit or loss	(930 947)	(455 236)	(708 431)	(435 511)
Tax (credit)/expense recognised in OCI	332	(53 673)	332	(53 673)
Closing balance as at 31 December	**(1 377 898)**	**(447 283)**	**(1 146 233)**	**(438 135)**

In computing deferred tax balances, the Group changed the treatment of differences between the translated carrying amounts (accounting bases) of Property, Plant & Equipment (other than Capital Work In Progress) for assets that were converted to ZWL at 1:1 through SI 33 of 2019 and the Income Tax Values (ITVs) from permanent differences as reported in the year ended 31 December 2020 financial statements to timing differences as at 31 December 2021.

Tax losses

Deferred income tax assets are recognised for the carry forward of tax losses to the extent that it is probable that taxable profits will be available against which the tax losses can be utilised. Tax losses are carried forward indefinitely. The Group is scheduled to commission its BIOX Plant Project at Cam & Motor mine in the first quarter of 2022 which will increase production for the mine and the Group. Therefore the Group forecast to generate future taxable profits to utilise its carry forward tax losses.

As at reporting date, the Group had no unrecognised tax losses carried forward. The carry forward tax losses as at period end are as follows:

Accumulated tax losses	1 627 176	34 110	1 601 210	12 064
Recognised tax losses for which a deferred tax asset has been recognised	(1 627 176)	(34 110)	(1 601 210)	(12 064)
Unutilised tax losses for which no deferred tax asset has been recognised	-	-	-	-

13 EARNINGS PER SHARE

Basic earnings/(loss) per share amounts are calculated by dividing the net profit/(loss) attributable to the ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year excluding treasury shares.

Diluted earnings/(loss) per share amounts are calculated by dividing the net profit/(loss) attributable to the ordinary equity holders of the Group after adjusting for impact of dilutive instruments.

Headline earnings/(loss) per share amounts are calculated by dividing the net profit/(loss) attributable to ordinary equity holders of the Group adjusted for profits, losses and items of capital nature that do not form part of the ordinary activities of the Group.

The following reflects the income and share data used in the earnings per share computations:

	2021 ZW$000	2020 ZW$000	2021 ZW$000	2020 ZW$000
(Loss)/profit attributable to equity holders of the parent for basic earnings	(2 088 185)	456 309	(2 306 805)	(43 468)
Adjustment for headline earnings				
Loss on disposal of property,plant and equipment	134	-	134	-
Reversal of impairment of capital work in progress	-	(49 951)	-	(49 951)
Headline (loss)/earnings	**(2 088 051)**	**406 358**	**(2 306 671)**	**(93 419)**
Weighted average number of ordinary shares for earnings per share				
Number of issued shares as at 31 December	122 030	122 030	122 030	122 030
Weighted average number of ordinary shares	122 030	122 030	122 030	122 030

There were no dilutive instruments during the period, therefore the weighted average number of ordinary shares was the same for basic, diluted and headline earnings per share.

(Loss)/earnings per share (cents)				
Basic	(1 711.21)	373.93	(1 890.36)	(35.62)
Diluted basic	(1 711.21)	373.93	(1 890.36)	(35.62)
Headline	(1 711.10)	333.00	(1 890.25)	(76.55)
Diluted Headline	(1 711.10)	333.00	(1 890.25)	(76.55)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

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For The Year Ended 31 December 2021

14 PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and buildings ZW$000	Plant and equipment ZW$000	Heavy mobile equipment ZW$000	Capital work In progress ZW$000	Motor vehicles ZW$000	Furniture and fittings ZW$000	Total ZW$000
Cost							
At 1 January 2020	**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)
Foreign currency translation exchange gain	1 690 148	1 162 921	168 120	601 502	11 223	39 679	3 673 593
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**	**5 701 077**
Additions	2 169	162 629	229 750	2 069 365	25 277	5 574	2 494 764
Transfers	-	-	-	(186 043)	-	-	(186 043)
Disposals	-	-	-	-	(2 283)	-	(2 283)
Foreign currency translation exchange gain/(loss)	750 374	(2 872)	217 622	681 100	35 409	(29 755)	1 651 878
At 31 December 2021	**2 984 661**	**1 863 378**	**815 333**	**3 871 809**	**77 112**	**47 100**	**9 659 393**
Accumulated depreciation							
At 1 January 2020	**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
Impairment reversal	-	-	-	(49 951)	-	-	(49 951)
Disposals	-	-	-	-	-	(4)	(4)
At 31 December 2020	**148 262**	**352 302**	**153 741**	**-**	**18 685**	**9 254**	**682 244**
Depreciation charge for the year	89 082	310 749	226 057	-	22 753	10 405	659 046
Disposals	-	-	-	-	(1 739)	-	(1 739)
At 31 December 2021	**237 344**	**663 051**	**379 798**	**-**	**39 699**	**19 659**	**1 339 551**
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**
COMPANY							
Cost							
At 1 January 2020	**385 852**	**404 568**	**115 804**	**155 133**	**6 764**	**15 848**	**1 083 969**
Additions	-	10 421	111 094	623 815	3 501	14 839	763 670
Transfers	-	11 562	-	(73 078)	-	1 084	(60 432)
Foreign currency translation exchange gain	1 220 614	759 025	281 401	601 526	11 001	39 858	2 913 425
Disposals	-	-	-	-	(3 020)	(205)	(3 225)
At 31 December 2020	**1 606 466**	**1 185 576**	**508 299**	**1 307 396**	**18 246**	**71 424**	**4 697 407**
Additions	2 169	162 629	229 750	2 069 365	25 277	5 574	2 494 764
Transfers	-	-	-	(186 043)	-	-	(186 043)
Disposals	-	-	-	-	(2 283)	-	(2 283)
Foreign currency translation exchange gain	492 323	252 592	78 540	319 960	35 292	(30 314)	1 148 393
At 31 December 2021	**2 100 958**	**1 600 797**	**816 589**	**3 510 678**	**76 532**	**46 684**	**8 152 238**
Accumulated depreciation							
At 1 January 2020	**67 126**	**181 780**	**22 109**	**49 951**	**4 579**	**3 285**	**328 830**
Depreciation charge for the year	25 047	144 525	131 632	-	13 541	5 736	320 481
Impairment reversal	-	-	-	(49 951)	-	-	(49 951)
Disposals	-	-	-	-	-	(4)	(4)
At 31 December 2020	**92 173**	**326 305**	**153 741**	**-**	**18 120**	**9 017**	**599 356**
Depreciation charge for the year	45 286	282 424	227 313	-	22 739	10 408	588 170
Impairment	-	-	-	-		-	-
Disposals	-	-	-	-	(1 739)	-	(1 739)
At 31 December 2021	**137 459**	**608 729**	**381 054**	**-**	**39 120**	**19 425**	**1 185 787**
Net book value							
At 31 December 2020	**1 514 293**	**859 271**	**354 558**	**1 307 396**	**126**	**62 407**	**4 098 051**
At 31 December 2021	**1 963 499**	**992 068**	**435 535**	**3 510 678**	**37 412**	**27 259**	**6 966 451**

Group depreciation expense of ZW$634 059 000 (2020:ZW$130 422 000) has been charged in 'cost of sales' and ZW$24 987 000 (2020: ZW$231 907 000) in 'administrative expenses'.

There were no immovable property that was secured against a bank loan.

BIOX Plant Project

The Group commenced construction of its Biological Oxidation (BIOX) Plant at Cam & Motor Mine in 2019 which will process the complex resources at that mine. The project required significant funding of approximately US$30million to successfully bring the plant to completion and use. The Group has incurred construction costs amounting to ZW$2 683 000 000 as at 2021 reporting date which were capitalised under Capital Work in Progress assets. The Group, despite some funding challenges in prior years, managed to progress the project to completion stage at year end after securing funding to complete the project from local financial institutions during the year. Testing of various components commenced subsequent to period end and commissioning of the project is scheduled for Q1 2022. There were no indications of impairment identified on the BIOX project and all costs capitalised have been recognised under Capital work in progress.

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For The Year Ended 31 December 2021

15 EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS

GROUP	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	417 916	490 884
Transfers	-	186 043	186 043
Foreign currency translation exchange gain	-	12 354	12 354
At 31 December 2021	**144 098**	**1 384 333**	**1 528 431**
Amortisation			
At 1 January 2020	**71 130**	**93 051**	**164 181**
Amortisation for the year	-	111 546	111 546
At 31 December 2020	**71 130**	**204 597**	**275 727**
Amortisation for the year	-	174 424	174 424
At 31 December 2021	**71 130**	**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**
COMPANY			
Cost			
At 1 January 2020	**71 130**	**193 885**	**265 015**
Additions	-	37 256	37 256
Transfers	-	60 432	60 432
Foreign currency translation exchange gain	-	392 555	392 555
At 31 December 2020	**71 130**	**684 128**	**755 258**
Additions	72 968	417 916	490 884
Transfers	-	186 043	186 043
Foreign currency translation exchange loss	-	(17 875)	(17 875)
At 31 December 2021	**144 098**	**1 270 212**	**1 414 310**
Amortisation			
At 1 January 2020	**71 130**	**92 392**	**163 522**
Amortisation for the year	-	111 192	111 192
At 31 December 2020	**71 130**	**203 584**	**274 714**
Amortisation for the year	-	169 887	169 887
At 31 December 2021	**71 130**	**373 471**	**444 601**
Carrying amount			
At 31 December 2020	**-**	**480 544**	**480 544**
At 31 December 2021	**72 968**	**896 741**	**969 709**

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For The Year Ended 31 December 2021

16 RIGHT OF USE ASSETS

GROUP	Land and buildings ZW$000	Total ZW$000
Cost		
At 1 January 2020	1 415	1 415
Additions	338	338
Foreign currency translation exchange gain	4 688	4 688
At 31 December 2020	**6 441**	**6 441**
Additions	29 207	29 207
Foreign currency translation exchange gain	467	467
At 31 December 2021	**36 115**	**36 115**
Depreciation		
At 1 January 2020	**606**	**606**
Depreciation for the year	4 413	4 413
At 31 December 2020	**5 019**	**5 019**
Depreciation for the year	8 368	8 368
At 31 December 2021	**13 387**	**13,387**
Carrying amount		
At 31 December 2020	**1 422**	**1 422**
At 31 December 2021	**22 728**	**22 728**
COMPANY		
Cost		
At 1 January 2020	**1 415**	**1 415**
Additions	338	338
Foreign currency translation exchange Gain	4 688	4 688
At 31 December 2020	**6 441**	**6 441**
Additions	29 207	29 207
Foreign currency translation exchange Gain	467	467
At 31 December 2021	**36 115**	**36 115**
Depreciation		
At 1 January 2020	**606**	**606**
Depreciation for the year	4 413	4 413
At 31 December 2020	**5 019**	**5 019**
Depreciation for the year	8 368	8 368
At 31 December 2021	**13 387**	**13 387**
Carrying amount		
At 31 December 2020	**1 422**	**1 422**
At 31 December 2021	**22 728**	**22 728**

The Group leases a building from RioZim Pension Fund and the lease expires in April 2024.

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For The Year Ended 31 December 2021

17 INVESTMENTS

17.1 FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME INVESTMENTS

	GROUP		COMPANY	
	2021 ZW$000	2020 ZW$000	2021 ZW$000	2020 ZW$000
At 1 January	12 976	664	12 976	664
Fair value gain	915	12 312	915	12 312
At 31 December	**13 891**	**12 976**	**13 891**	**12 976**

The fair value through other comprehensive income equity instruments comprise of the Group's investment of 1.553% in a medical investment company.

The investment in the medical company which is non-listed is carried at fair value. The value of the investment is based on non-market observable information.

17.2 INVESTMENTS IN SUBSIDIARIES

Shares at cost (all 100% held unless indicated otherwise)

Sengwa Colliery (Private) Limited (50%)	8 802	6 625
RioBasemetals Limited	5 977	4 498
RioChrome Limited	1 304	981
RioGold (Private) Limited*	-	-
RioZim Management Services (Private) Limited	217	164
Rio Tinto Properties Limited	1 630	1 227
RioZim Basemetals Holdings*	-	-
RioZim Development Limited*	-	-
RM Enterprises (Private) Limited*	-	-
RioDiamonds (Private) Limited*	-	-
Rutala Mine (Private) Limited *	-	-
Sengwa Power Station (Private) Limited*	-	-
RioEnergy (Private) Limited*	109	82
	18 039	**13 577**

*These investments are recorded at nil as the nominal value is negligible.

18 INVENTORIES

	GROUP		COMPANY	
	2021 ZW$000	2020 ZW$000	2021 ZW$000	2020 ZW$000
Stores and consumables	1 013 891	845 079	962 490	794 614
Ore stockpiles	81 937	38 605	81 937	38 605
Metals and minerals in concentrates and circuit	377 411	465 222	377 411	465 222
Finished metals	46 837	78 845	46 837	78 846
	1 520 076	**1 427 751**	**1 468 675**	**1 377 287**

Inventories amounting to ZW$1 274 229 000 (2020: ZW$524 508 000) were recognised as an expense in cost of sales.

Metals and minerals in concentrates and circuit at the Empress Nickel Refinery amounting to ZW$1 226 182 (2020: ZW$47 198 000) was written off during the year. This is included in administration expenses.

Notes To The Financial Statements

For The Year Ended 31 December 2021

19 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2021 ZW$000	**2020 ZW$000**	**2021 ZW$000**	**2020 ZW$000**
Trade and other receivables (not subject to provisional pricing)	1 196 674	989 987	1 754 151	1 315 183
Trade receivables (subject to provisional pricing)	78 134	97 575	78 134	97 575
	1 274 808	**1 087 562**	**1 832 285**	**1 412 758**

19.1 Trade and other receivables (not subject to provisional pricing)

	GROUP 2021 ZW$000	GROUP 2020 ZW$000	COMPANY 2021 ZW$000	COMPANY 2020 ZW$000
Trade receivables	543	303 196	543	303 196
Other receivables and prepayments	1 196 131	686 791	1 753 608	1 011 987
	1 196 674	**989 987**	**1 754 151**	**1 315 183**

Trade and other receivables (not subject to provisional pricing) are non-interest bearing and are generally on terms of 30 days to 120 days. These terms are normal in the mining industry and hence the trade and other receivables carrying amount is considered equal to its fair value.

In determining the expected credit loses, the Group uses a credit matrix based on the types and ages of the outstanding receivables and their creditworthiness.

There were no doubtful debts at the reporting date. The expected credit loss as at 31 December 2021 was nil (2020:Nil) therefore all receivables were assessed as recoverable.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of all receivables mentioned above.

Refer to note 29 (b) on credit risk of trade and other receivables, which explains how the Group manages and measures credit quality of trade and other receivables that are neither past due nor impaired.

19.2 Trade receivables (subject to provisional pricing)

	GROUP		COMPANY	
	2021 ZW$000	**2020 ZW$000**	**2021 ZW$000**	**2020 ZW$000**
Trade receivables (subject to provisional pricing)	**78 134**	**97 575**	**78 134**	**97 575**

The Group has entered into provisional pricing sales arrangement with some of its metals in concentrates customers. Trade receivables (subject to provisional pricing) are non-interest bearing, and are exposed to future commodity price movements over the Quotational Period and, hence, fail the SPPI test and are measured at fair value up until the date of settlement. Final settlement value is based on final dry weight, agreed assays and final prices which are determined at the end of the quotational period which is usually between 60 to 180 days after date of shipment. The quotational period is the period after the physical shipment of goods during which the price and grade of minerals sold is subject to change due to fluctuations in commodity prices and also upon testing by the counterparty of the mineral content.

The change in the fair value of these trade receivables of (ZW$18 605 000) (2020: (ZW$16 199 000) has been recognised as part of revenue.

20 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2021 ZW$000	**2020 ZW$000**	**2021 ZW$000**	**2020 ZW$000**
Cash at bank and on hand	84 437	94 794	84 328	94 713
Cash and cash equivalents	**84 437**	**94 794**	**84 328**	**94 713**

Notes To The Financial Statements

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21 SHARE CAPITAL AND RESERVES

21.1 Authorised Share Capital

	2021 No of Shares 000	2021 Nominal value ZW$000	2020 No of Shares 000	2020 Nominal value ZW$000
Ordinary shares				
Ordinary shares of US$0.01 each	140 000	1 400	140 000	1 400
Special Dividend Share of a nominal value of US$124 876	0.001	125	0.001	125
	140 000	**1 525**	**140 000**	**1 525**
Preference shares				
Cumulative redeemable fixed rate preference shares of US$0.01 each	**10 000**	**100**	**10 000**	**100**

21.2 Issued share capital

	2021 No of Shares 000	2021 Nominal value ZW$000	2020 No of Shares 000	2020 Nominal value ZW$000
Ordinary shares				
Ordinary shares of US$0.01 each	122 030	1 220	122 030	1 220
Special Dividend Share of a nominal value of US$124 876	0.001	125	0.001	125
	122 030	**1 345**	**122 030**	**1 345**
Preference shares				
Cumulative redeemable fixed rate preference shares of US$0.01 each	-	-	-	-

Special dividend share

Following the restructuring of the Group in 2004, RioZim Limited's 12 487 582 ordinary shares were converted into one special dividend share. The holder of the special dividend share had a right to cash dividends of RioZim's share in RZM Murowa (Private) Limited dividends for a period of ten years ending 31 December 2013. The entitlement to the special dividend has lapsed and the special dividend share now ranks equally with other ordinary shares but does not have voting rights.

21.3 Issued share capital and share premium

	GROUP 2021 ZW$000	GROUP 2020 ZW$000	COMPANY 2021 ZW$000	COMPANY 2020 ZW$000
Share capital	1 345	1 345	1 345	1 345
Share premium	20 789	20 789	20 789	20 789
Issued share capital	**22 134**	**22 134**	**22 134**	**22 134**

The share capital reserve is used to recognise the nominal value of the issued shares. The share premium reserve is used to record the premium above the par value for issued shares.

21.4 Fair value through other comprehensive income reserve

	GROUP 2021 ZW$000	GROUP 2020 ZW$000	COMPANY 2021 ZW$000	COMPANY 2020 ZW$000
At 1 January	**12 304**	**608**	**12 304**	**608**
Fair value gain on Fair value through other comprehensive income investments	869	11 696	869	11 696
At 31 December	**13 173**	**12 304**	**13 173**	**12 304**

The fair value through other comprehensive income reserve comprises the fair value adjustment of the Group's investment in a private medical company. The Group holds 136 000 ordinary shares of the medical company.

21.5 Accumulated (losses)/profits

	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
At 1 January	**27 617**	**(595 608)**	**(449 046)**	**(572 494)**
(Loss)/ Profit for the year	(2 088 185)	456 309	(2 306 805)	(43 468)
Other comprehensive (loss)/ income	(1 153)	166 916	(1 153)	166 916
At 31 December	**(2 061 721)**	**27 617**	**(2 757 004)**	**(449 046)**

Accumulated profits reserve records all undistributed profits saved by the business to handle future expansion and to handle any future losses when incurred. When losses incurred exceed profits the reserve will go into an accumulated loss position.

Notes To The Financial Statements

For The Year Ended 31 December 2021

21 SHARE CAPITAL AND RESERVES (cont'd)

21.6 Foreign translation reserve

	GROUP		COMPANY	
	2021 ZW$000	2020 ZW$000	2021 ZW$000	2020 ZW$000
At 1 January	**4 309 410**	**1 365 240**	**3 503 400**	**1 155 809**
Other comprehensive income	1 693 624	2 944 170	524 072	2 347 591
At 31 December	**6 003 034**	**4 309 410**	**4 027 472**	**3 503 400**

The foreign currency translation reserve records the accumulated foreign exchange differences arising from the translation of the financial statements from the Group's functional currency the United States dollar (US$) to the Group's presentation currency the Zimbabwean dollar (ZW$)

22 MATERIAL PARTLY OWNED SUBSIDIARIES

Non-controlling interests records the net interest of minority shareholders in the Group's subsidiaries where the Group does not have 100% shareholding.

Financial information of subsidiaries that have material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interest

	Country of incorporation	2021	2020
Sengwa Colliery (Private) Limited	Zimbabwe	50%	50%
Principal place of business for Sengwa Colliery is Midlands province in Zimbabwe.		**ZW$000**	**ZW$000**
Accumulated balances of material non-controlling interest		(33 090)	3 650
Loss allocated to material non-controlling interest		(9 757)	(3 575)
Total comprehensive (loss)/income allocated to material non-controlling interest:		(36 740)	186
Summarised statement of profit or loss for the year end 31 December			
Administrative expenses		(3 919)	(8 910)
Income tax (expense)/credit		(15 595)	1 760
Loss for the year		**(19 514)**	**(7 150)**
Other comprehensive (loss)/income		(53 966)	7 522
Total comprehensive (loss)/income		**(73 480)**	**372**
Loss for the year attributable to:			
Equity holders of the parent		(9 757)	(3 575)
Non-controlling interests		(9 757)	(3 575)
Total comprehensive (loss)/profit attributable to:			
Equity holders of the parent		(36 740)	186
Non-controlling interests		(36 740)	186
Summarised statement of financial position as at 31 December			
Current assets		1 847	43
Non-current assets		70 636	53 193
Current liabilities		(134 968)	(45 366)
Non-current liabilities		(3 695)	(570)
Total equity		**(66 180)**	**7 300**
Attributable to:			
Equity holders of the parent		(33 090)	3 650
Non-controlling interests		(33 090)	3 650
		(66 180)	**7 300**
Summarised cashflow information for the year ended 31 December			
Operating		(3 919)	(8 910)
Working capital changes		3 919	8 910
Net decrease in cash and cash equivalents		**-**	**-**

Notes To The Financial Statements

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23 INTEREST-BEARING LOANS AND BORROWINGS

GROUP & COMPANY	Effective interest rate %	Maturity	2021 ZW$000	2020 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 (refer below on Centametal loan).

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 (31 December 2020 : US$3 600 000) and has been recorded at amortised value of ZW$391 265 000 (2020: ZW$294 484 000). The loan is under a legal dispute and is pending finalisation by the courts.

Security
Bank loans were secured by revenue assignment agreements in respect of gold proceeds.

All other interest bearing loans and borrowings are unsecured.

Total interest expense for the year on interest-bearing loans and borrowings is ZW$46 185 000 (2020: ZW$2 831 000).

Changes In Interest-Bearing Loans And Borrowings Arising From Financing Activities

GROUP AND COMPANY

2021	1 January ZW$000	Interest accrued ZW$000	Net Cash flows ZW$000	Foreign currency translation exchange gain ZW$000	Other ZW$000	31 December ZW$000
Current Interest -bearing loans and borrowings	294 484	46 185	466 223	278 186	-	1 085 078
Non-current Interest -bearing loans and borrowings	-	-	811 190	-	-	811 190
Lease liabilities	639	3 864	(9 201)	5 429	22 716	23 447
	295 123	**50 049**	**1 268 212**	**283 615**	**22 716**	**1 919 715**
2020						
Current Interest -bearing loans and borrowings	78 571	2 831	(8 865)	221 947	-	294 484
Non-current Interest -bearing loans and borrowings	38 506	-	(38 506)	-	-	-
Lease liabilities	1 239	415	(4 041)	2 653	373	639
	118 316	**3 246**	**(51 412)**	**224 600**	**373**	**295 123**

Notes To The Financial Statements

For The Year Ended 31 December 2021

24 MINE REHABILITATION PROVISION

	Note	GROUP 2021 ZW$000	GROUP 2020 ZW$000	COMPANY 2021 ZW$000	COMPANY 2020 ZW$000
Balance as at 1 January		267 077	77 674	138 408	36 447
Unwinding of discount	10	32 403	37 884	15 306	17 777
Foreign currency translation loss		58 517	323 301	48 477	163 462
Recognised in profit or loss		(24 923)	(171 782)	(10 823)	(79 278)
Balance as at 31 December		**333 074**	**267 077**	**191 368**	**138 408**

Rehabilitation provision

The Group makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis from the time of developing the mines and installing and using those facilities. The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred over the useful life of the mine (LOM). These provisions have been created based on RioZim' s internal estimates (refer to note 4.6 on LOM estimates).

Assumptions based on the current economic environment have been made, which Directors believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account of any material changes to the assumptions.

However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain.

The provision was calculated using the following assumptions:	**2021**	**2020**
Inflation rate	3%	3%
Life of mine - Renco mine (years)	19.2	19.7
Life of mine - Cam & Motor mine (years)	6.2	6.8
Life of mine - Dalny mine (years)	8.7	89
Interest rate	10%	10%
Future value closure costs (ZW$000)	537 541	562 253
Present value recognised in Statement of Financial Position (ZW$000)	333 074	267 077

25 PAYABLES

	GROUP 2021 ZW$000	GROUP 2020 ZW$000	COMPANY 2021 ZW$000	COMPANY 2020 ZW$000
25.1 Trade and other payables				
Current				
Trade payables	1 092 460	549 347	1 092 460	549 291
Accruals	149 421	50 792	146 813	48 848
Leave pay liabilities	263 307	103 301	263 307	103 222
Statutory liabilities	437 940	62 079	436 745	61 261
Sundry payables	2 591 345	1 114 064	2 659 589	1 165 704
	4 534 473	**1 879 583**	**4 598 914**	**1 928 326**

Sundry payables include advances from an associate company, amounts due for corporate services and consultancy.

Terms and conditions of the financial liabilities:

Trade and other payables are in the ordinary course of business, generally non-interest bearing and are normally settled on 30 - 90 day terms.

Non Current				
Other liabilities	**3 288 201**	**2 474 850**	**3 288 201**	**2 474 850**

Non-current other liabilities 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 total amount owing has been classified under non-current.

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25.2 Lease liabilities

	GROUP		COMPANY	
	2021 ZW$000	2020 ZW$000	2021 ZW$000	2020 ZW$000
As at 1 January	**639**	**1 239**	**639**	**1 239**
Additions	22 716	373	22 716	373
Interest	3 864	415	3 864	415
Foreign currency translation loss	5 429	2 653	5 429	2 653
Payments	(9 201)	(4 041)	(9 201)	(4 041)
Balance as at 31 December	**23 447**	**639**	**23 447**	**639**
Split as follows:				
Current	10 030	639	10 030	639
Non-current	13 417	-	13 417	-
	23 447	**639**	**23 447**	**639**

The company leases office buildings from RioZim Pension Fund and the initial lease expired in April 2021. The lease was however, extended by 3 years to April 2024.

26. PENSION AND OTHER POST-EMPLOYMENT BENEFIT PLANS

Pensions benefits are provided for all employees through the Mining Industry Pension Fund, NSSA and RioZim Pension Fund. Both the employer and employees contribute to the funds.

Description of the pensions and other post-employment benefit plans
The Mining Industry Pension Fund is a defined contribution fund.

The Company and all employees also contribute to the National Social Security Authority, a social security scheme. The National Social Security Authority Scheme was promulgated under the NSSA Act 1989. The Group's obligations under the scheme are limited to specific contributions as legislated from time to time and are presently 3.5% (2020: 3.5%) of pensionable emoluments up to a capped limit determined for each month per employee.

RioZim Pension Fund (Defined benefit plan)
The Company operates a defined benefit plan for some of the permanent pensionable employees. The plan is a funded final salary pension plan which provides benefits to employees in the form of a monthly pension. The level of benefits provided depends on members' length of service and their salary at retirement or earlier death or termination from employment. The fund has the legal form of a foundation and it is governed by the Board of Trustees. The Board of Trustees consists of employer and employee representatives and is responsible for the administration of the plan assets and for the definition of the investment strategy.

The fund is actuarially valued every year and the last valuation was done in March 2022 for the position as at 31 December 2021.

Changes in defined benefit obligations and fair value of plan assets
The following tables summarise the components of net benefit expense recognised in the statement of comprehensive income and the funded status and amounts recognised in the statement of financial position for the respective plans:

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26 PENSION AND OTHER POST-EMPLOYMENT BENEFIT PLANS (cont'd)

Changes in the defined benefit obligation and fair value of plan assets :

2021

	PENSION COST CHARGED TO PROFIT OR LOSS				REMEASUREMENT GAINS/(LOSSES) IN OTHER COMPREHENSIVE INCOME (OCI)						
	31 Dec 2020 ZW$000	Service cost ZW$000	Net interest expense ZW$000	Sub-total included in profit or loss ZW$000	Benefits paid ZW$000	Actuarial changes arising from changes in demographic assumptions ZW$000	Actuarial changes arising from changes in financial assumptions ZW$000	Experience adjustments ZW$000	Sub-total included in OCI ZW$000	Contributions ZW$000	31 Dec 2021 ZW$000
Defined benefit obligations	(162 425)	-	(12 818)	(12 818)	4 064	-	-	(85 315)	(85 315)	-	(256 494)
Fair value of plan assets	377 058	-	-	-	(4 064)	-	-	83 784	83 784	-	456 778
Benefit liability	**214 633**	**-**	**(12 818)**	**(12 818)**	**-**	**-**	**-**	**(1 531)**	**(1 531)**	**-**	**200 284**

2020

	PENSION COST CHARGED TO PROFIT OR LOSS				REMEASUREMENT GAINS/(LOSSES) IN OTHER COMPREHENSIVE INCOME (OCI)						
	31 Dec 2019 ZW$000	Service cost ZW$000	Net interest expense ZW$000	Sub-total included in profit or loss ZW$000	Benefits paid ZW$000	Actuarial changes arising from changes in demographic assumptions ZW$000	Actuarial changes arising from changes in financial assumptions ZW$000	Experience adjustments ZW$000	Sub-total included in OCI ZW$000	Contributions ZW$000	31 Dec 2020 ZWL$000
Defined benefit obligations	(7 603)	-	(988)	(988)	1 971	-	-	(155 805)	(155 805)	-	(162 425)
Fair value of plan assets	3 251	-	-	-	(1 971)	-	-	375 778	375 778	-	377 058
Benefit liability	**(4 352)**	**-**	**(988)**	**(988)**	**-**	**-**	**-**	**219 973**	**219 973**	**-**	**214 633**

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For The Year Ended 31 December 2021

26. PENSION AND OTHER POST-EMPLOYMENT BENEFIT PLANS (cont'd)

The major categories of plan assets and the fair values of the total plan assets are as follows:

	GROUP		COMPANY	
	2021 ZW$000	2020 ZW$000	2021 ZW$000	2020 ZW$000
Prescribed assets & approved holdings	38	46	38	46
Equity instruments	69 685	17 991	69 685	17 991
Property	380 466	353 450	380 466	353 450
Other	6 589	5 571	6 589	5 571
	456 778	**377 058**	**456 778**	**377 058**

A proportion of the plan assets is invested in property market 83% (2020: 94%) and the plan assets can be negatively affected by a significant fall in the property market.

Pension plan assets include shares in the company's ordinary shares of Nil (2020:Nil) which are valued at 31 December 2021 at ZW$Nil (2020: ZW$Nil).

Effect of the defined benefit plan on the entity's future cash flows:
Expected contributions to post-employment benefit for the year ending 31 December 2021 were ZW$Nil. The fund no longer has active members and is now a closed fund hence no future contributions are expected.

Key assumptions and quantitative sensitivity analysis
The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rate of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. The retirement mortality of Zimbabwean schemes follow the A24/29 mortality table and this has been used in the assumptions.

Mortality rates used for pre-retirement are consistent with the experience of the actuarial company.

Pensioner's post retirement mortality was assumed to be in line with the A(55) Ultimate mortality tables.

Future salary increases and pension increases are based on expected future inflation rate.

The key assumptions and their sensitivity analysis are discussed further below:

	2021	2020
Discount rate	8.50%	8.00%
Inflation rate	8.50%	8.00%
Future salary increase	3.50%	13.00%
Return on plan asset	13.50%	8.00%
Future pension increase	4.00%	8.00%

Notes To The Financial Statements

For The Year Ended 31 December 2021

26. PENSION AND OTHER POST-EMPLOYMENT BENEFIT PLANS (cont'd)

A quantitative sensitivity analysis for significant assumptions is shown below:

	Discount rate		Salaries		Life expectancy	
Sensitivity level	1% increase ZW$000	1% decrease ZW$000	1% increase ZW$000	1% decrease ZW$000	1% increase ZW$000	1% decrease ZW$000
31 December 2021	16 900	(19 241)	-	-	3 859	(4 167)
31 December 2020	10 887	(12 483)	(13 698)	11 911	2 677	(2 891)

*The fund no longer has active members and is now a closed fund hence no future salaries are applicable

The sensitivity of the defined benefit obligation to significant actuarial assumptions has been calculated using the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) used when calculating the pension liability recognised within the statement of financial position.

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

27. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties.

	Services /Purchases from related parties ZW$000	Services/Sales to related parties ZW$000	Advances from related parties ZW$000	Management fees charged by related parties ZW$000	Amount owed to related parties ZW$000
Associate					
RZM Murowa (Private) Limited					
2021	-	124 198	478 000	-	1 944 930
2020	-	79 214	-	-	708 710
Shareholders					
GemRioZim Investments Limited					
2021	-	-	-	187 266	375 156
2020	-	-	-	99 856	383 268
RioZim Pension Fund					
2021	9 136	-	-	-	1 216
2020	4 011	-	-	-	1 660
Directors fees					
2021	7 772	-	-	-	6 893
2020	5 548	-	-	-	3 681

*Amounts owed by related parties are included in trade and other receivables in the statement of financial position.

Notes To The Financial Statements

For The Year Ended 31 December 2021

27. RELATED PARTY TRANSACTIONS (cont'd)

Terms and conditions of transactions with related parties

Transactions with RZM Murowa (Private) Limited (Murowa)

Management fees

RioZim Limited provides administration services to Murowa under 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 and are payable quarterly.

Hire of heavy mobile equipment

RioZim Limited entered into a lease agreement for the lease of heavy mobile equipment with Murowa for its Dalny mine and Cam & motor mine commencing 1 August 2020 for a period of one year. The lease however expired and was not renewed. The lease rentals amount to US$291 604 (excel VAT) per month. The equipment leased included three Excavators, two ADTs, Dozer and Front End Loader.

Transactions with Gem RioZim Investments Limited

Management fees

Management fees are for advisory and consultation services which are rendered by GemRioZim Investments Limited. The management fees are charged at 1% of the net turnover of RioZim Group including turnover from affiliate companies and recoveries for running expenses and subsistence fees. The fees under the agreement are charged at a rate of 1.5% of turnover and are payable quarterly.

All related party outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

Transactions with RioZim Pension Fund

Lease of office space

RioZim Limited has a commercial lease for its Head office space from the RioZim Pension Fund. The principal lease expired on 30 April 2021 and was renewed for a three year lease term to 30 April 2024. Lease rentals are payable monthly in advance at US$8 672.00 per month.

Key management compensation

Key management includes Executive Directors, members of the Executive Committee, the Company Secretary and Head of Internal Audit. The compensation paid or payable to key management for employee services is shown below:

	2021 ZW$000	2020 ZW$000
Salaries and other short term employee benefits	99 865	49 906
Contributions to defined contribution plans	1 986	1 039
	101 851	**50 945**

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28. FINANCIAL RISK MANAGEMENT

28.1 Financial risk management and policies

The Group's principal financial liabilities, comprise of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, cash and short-term deposits that derive directly from its operations. The Group also holds Fair Value through Other Comprehensive Income investments(FVOCI).

The Group is exposed to various financial risks: market risk (including currency risk, interest rate risk, and commodity price risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the Group's financial performance.

Risk management is carried out by senior management under the appropriate financial risk governance framework and policies approved by the Board of Directors. Management identifies, evaluates and manages financial risks in close cooperation with the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings and equity investments.

i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency). The Group is exposed to foreign exchange risk arising primarily with respect to the South African Rand and the Zimbabwean Dollar.

The Group's policy is to adopt a non-speculative approach to manage risk while maximising profits. Exposure to exchange rate fluctuations is monitored by management. At 31 December 2021, if the United States Dollar had weakened/strengthened by 10% against the South African Rand with all other variables held constant, post-tax loss for the year would have been ZW$37 081 696 (2020: ZW$23 139 192) lower / ZW$30 339 569 (2020: ZW$18 932 066) higher, whilst if the United States Dollar had weakened/strengthened by 10% against the Zimbabwean Dollar with all other variables held constant, post-tax loss for the year would have been ZW$61 573 887 (2020: ZW$12 129 993) lower / ZW$50 378 645 (2020: ZW$9 924 540) higher, mainly as a result of foreign exchange losses/gains on translation of South African Rand and Zimbabwean Dollar denominated trade payables respectively. There is no impact on equity.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has no interest bearing assets. The Group's interest rate risk arises from loans and borrowings at variable interest rates.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the simulations performed, the impact on post-tax loss of a 1% shift would be a maximum decrease/increase of ZW$18 963 000 (2020: ZW$2 945 000). The simulation is done on an annual basis to verify that the maximum loss potential is within the limit given by the management. There is no impact on equity.

(iii) Commodity price risk

The Group is exposed to commodity price risk in relation to its metal sales of gold, nickel, copper and PGMs whose prices are determined by international market forces.

Notes To The Financial Statements

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28. FINANCIAL RISK MANAGEMENT (cont'd)

28.1 Financial risk management and policies (cont'd)

(a) Market risk (cont'd)

(iii) Commodity price risk (cont'd)

The table below summarises the impact of an increase/decrease in the prices of the commodities on the Group's post tax loss for the year. The analysis is based on the assumption that the commodities prices increase/decrease by 5% with all other variables held constant.

Commodity	Impact on post tax loss 2021 ZW$000	Impact on post tax profit 2020 ZW$000
Nickel	2 731	1 337
Copper	1 664	899
Cobalt	90	145
Gold	1 476	1 126
Silver	415	6 088
Platinum	1 485	131
Palladium	16 655	571

There is no impact on equity.

(b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities primarily trade receivables and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed through the Group's established policy, procedures and controls relating to customer credit risk management. The Group trades only with recognised creditworthy third parties.

Outstanding customer receivables are regularly monitored and an impairment analysis is performed at each reporting date on an individual customer basis.

The Group principally sells its gold bullion to one customer whilst its other metal products are sold to a selected few customers. Management is of the view that there is a low risk of default due to the following reasons:

a) The Group's major customers are reputable companies which do not have any history of default.
b) All gold bullion balances as at 31 December were settled subsequent to year end whilst other metals debtors were not yet settled as at the approval date of the financial statements, due to extended time for finalisation of final assays.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets

Other Receivables

The Group enters into transactions with related party companies within the Group, therefore the Group's other receivables comprise of balances owed from related parties. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount as per the statement of financial position. Credit risk is managed through set-off arrangements with balances owed to the related parties therefore the risk of default is low.

An assessment of expected credit losses relating to related party receivables is undertaken upon initial recognition and each financial year by examining the financial position of the related party and the market in which the related party operates applying the general approach of the ECL impairment model of IFRS 9.

Notes To The Financial Statements

For The Year Ended 31 December 2021

28. FINANCIAL RISK MANAGEMENT (cont'd)

28.1 Financial risk management and policies (cont'd)

Cash and cash equivalents

Cash at banks earns interest at floating rates based on daily bank deposit rates. Bank deposits are made for short periods usually for less than a month, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The Group deposits cash surpluses only with major banks of high-quality credit standing to mitigate financial loss through a counterparty's potential failure to make payments.

Maximum exposure to credit risk

The carrying amount of the financial assets included in the consolidated and separate Statement of Financial Position represent the Group's exposure to credit risk in relation to those assets.

(c) Liquidity risk

The Group applies prudent liquidity risk management by maintaining a balance between continuity of funding and flexibility through the use of bank loans and lease contracts. Due to the dynamic nature of the underlying businesses, management aims at maintaining adequate cash balances and committed credit facilities available to mitigate any potential shortage of funds. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The table below analyses the Group's non-derivative financial assets and liabilities in relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The liabilities include both interest and principal cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2021			2020		
	Less than 1 year ZW$000	From 1-3 years ZW$000	More than 3 years ZW$000	Less than 1 year ZW$000	From 1-3 years ZW$000	More than 3 years ZW$000
GROUP						
Assets						
Cash and cash equivalents	84 437	-	-	94 794	-	-
Trade and other receivables	1 274 808	-	-	1 087 562	-	-
Fair value through other comprehensive income investments	-	-	13 891	-	-	12 976
Total	**1 359 245**	**-**	**13 891**	**1 182 356**	**-**	**12 976**
Liabilities						
Trade and other payables	4 534 473	-	-	1 879 583	-	-
Other Payables	-	3 288 201		-	2 474 850	
Lease liabilities	11 309	15 078	-	3 476	-	-
Interest bearing loans and borrowings	1 422 635	833 901	-	294 484	-	-
Total	**5 968 417**	**4 137 180**	**-**	**2 177 543**	**2 474 850**	**-**
Liquidity gap	**(4 609 172)**	**(4 137 180)**	**13 891**	**(995 187)**	**(2 474 850)**	**12 976**

The liquidity gap will be managed through cash flows from operations.

Notes To The Financial Statements

For The Year Ended 31 December 2021

28. FINANCIAL RISK MANAGEMENT (cont'd)

28.1 Financial risk management and policies (cont'd)

(a) Credit risk (cont'd)

(iii)Liquidity risk (cont'd)

	2021			2020		
	Less than 1 year ZW$000	**From 1-3 years ZW$000**	**More than 3 years ZW$000**	**Less than 1 year ZW$000**	**From 1-3 years ZW$000**	**More than 3 years ZW$000**
COMPANY						
Assets						
Cash and cash equivalents	84 328	-	-	94 713	-	-
Trade and other receivables	1 832 285	-	-	1 412 758	-	-
Fair value through other comprehensive income investments	-	-	13 891	-	-	12 976
Total	**1 916 613**	**-**	**13 891**	**1 507 471**	**-**	12 976
Liabilities						
Trade and other payables	4 598 914	-	-	1 928 326	-	-
Other Payables	-	3 288 201		-	2 474 850	
Lease liabilities	11 309	15 078	-	3 476	-	-
Interest bearing loans and borrowings	1 422 635	833 901	-	294 484	-	-
Total	**6 032 858**	**4 137 180**	**-**	**2 226 286**	**2 474 850**	
Liquidity gap	**(4 116 245)**	**(4 137 180)**	**13 891**	**(718 815)**	**(2 474 850)**	**12 976**

The liquidity gap will be managed through cash flows from operations.

28.2 Capital risk management

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Statement of Financial Position plus net debt.

The gearing ratio at 31 December 2021 was as follows:

	GROUP		COMPANY	
	2021 ZW$000	**2020 ZW$000**	**2021 ZW$000**	**2020 ZW$000**
Total borrowings	1 896 267	294 484	1 896 267	294 484
Less Cash and cash equivalents	(84 437)	(94 794)	(84 328)	(94 713)
Net debt	**1 811 830**	**199 690**	**1 811 939**	**199 771**
Total equity	3 943 530	4 375 115	1 305 775	3 088 792
Total capital	**5 755 360**	**4 574 805**	**3 117 714**	**3 288 563**
Gearing ratio (%)	31%	4%	58%	6%

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29. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value of trade receivables, interest bearing borrowings and all other receivables and payables approximates their carrying amount. The fair value of FVOCI investments is based non-market observable information.

29.1 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) 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
2021			
FVOCI investments	-	-	13 891
Trade receivables (subject to provisional pricing)	-	78 134	-
Impact of level 3 measurements on Other Comprehensive Income	-	915	-
2020			
FVOCI investments	-	-	12 976
Trade receivables (subject to provisional pricing)	-	97 575	-
Impact of level 3 measurements on Other Comprehensive Income	-	12 312	-

There were no transfers in or transfers out of Level 3 and Level 2 financial instruments.

Trade receivables (subject to provisional pricing)

The Group have 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 ranging between 60 days to 180 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.

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

Type of financial instrument	Fair value as at 31 December		Valuation technique	Significant inputs
	2021 ZW$000	2020 ZW$000		
Trade receivables (subject to provisional pricing)	78 134	97 575	DCF	Estimated future commodity prices. Quantities and final assays

Notes To The Financial Statements

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29. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

29.2 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 that was used to calculate the fair value.

	2021 ZW$000	2020 ZW$000
Total assets	1 272 126	1 013 204
Total liabilities	(377 653)	(177 662)
Net asset value	**894 473**	**835 542**
Fair value of investment (1.553%)	**13 891**	**12 976**

30 COMMITMENTS

30.1 Lease commitments

Group and Company as lessee

The Group has a commercial lease for its Head office space with a tenure of three years with a renewal option. There are no restrictions placed upon the Group by entering into this lease.

Set out below are the carrying amounts of the right-of-use assets:

	LAND AND BUILDINGS	
	2021 ZW$000	2020 ZW$000
As at 31 December	22 728	1 422
Set out below are the carrying amounts of lease liabilities:		
As at 31 December	23 448	639
The following are the amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets	8 368	4 413
Interest expense	3 864	415

Short term leases

The Group also had certain lease of heavy mobile equipment with a lease term of 12 months. The Group applies the 'short-term lease' recognition exemptions for these leases. The lease however expired in July 2021

Future minimum rentals payable under the short term leases as at 31 December are as follows:

	2021 ZW$000	2020 ZW$000
Payable within one year	-	166 952

RioZim Limited

Notes To The Financial Statements

For The Year Ended 31 December 2021

30. COMMITMENTS (cont'd)

30.1 Lease commitments (cont'd)

Group and Company as lessor

The Group has commercial property leases on its property portfolio consisting of the Group's surplus office, recreational facilities and residential buildings. These leases have terms of 1 year. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2021 ZW$000	2020 ZW$000
Receivable within one year	3 934	2 961
30.2 Capital commitments		
Contracts and orders placed	217 332	1 074 025
Authorised by Directors but not contracted	1 291 495	1 822 895
Total	**1 508 827**	**2 896 920**

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

31. CONTINGENT LIABILITIES

In the ordinary course of business, the Group is involved in a number of litigation cases for which the Group is defending and is confident that there are no liabilities that will arise from these cases.

32. EVENTS AFTER THE REPORTING PERIOD

Subsequent to period end, the COVID-19 pandemic eased as infections declined significantly. The Omicron variant which emerged towards period end, was contained subsequent to period end as the number of infections curve flattened whilst deaths lessened. The government relaxed some of the COVID-19 restrictions and protocols including inland and cross border movement of people and cargo. Vaccinations continue to be in adequate supply and easily accessible which contributed 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-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. No major challenges were encountered. The BIOX Plant was successfully commissioned on 14 April 2022 and production started at reduced capacity as the plant is being optimised. The Plant is expected to reach full capacity production after commissioning therefore gold production and cashflows are forecast to improve at Cam and Motor mine.

Notes To The Financial Statements

For The Year Ended 31 December 2021

33. 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$2 097.9 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 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.

Furthermore, in the continuing economic environment characterised by a disparity between the official 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 in 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 mine 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.

05 OTHER INFORMATION

Top 20 Shareholders

As At 31 December 2021

Rank	Names	Shares	Percentage
1	GEM RIOZIM INVESTMENTS LTD	53 711 268	44.01
2	RZM MUROWA (PVT) LTD	41 934 024	34.36
3	RIOZIM FOUNDATION CO (PVT) LTD	6 003 579	4.92
4	MEGA MARKET (PVT) LTD	3 704 663	3.04
5	CHARTERHOUSE 3 LTD	2 315 129	1.90
6	GLS PHOENIX LIMITED	2 069 829	1.70
7	LEONARD LICHT	1 923 736	1.58
8	STANBIC NOMINEES (PVT) LTD.	1 645 071	1.35
9	SANJAYKUMAR PATEL	908 377	0.74
10	GURAMATUNHU FAMILY TRUST	395 013	0.32
11	LOCAL AUTHORITIES PENSION FUND	361 637	0.30
12	GOOD PALM INVESTMENTS PL	318 300	0.26
13	TFS NOMINEES (PVT) LTD	294 892	0.24
14	THE SEED TRUST	268 494	0.22
15	NIKHIL SURESHLAL BHULABHAI	192 740	0.16
16	ZWM NOM PVT LTD-CORP CLIENTS	181 477	0.15
17	NSSA - NATIONAL PENSION SCHEME	164 537	0.13
18	OLD MUTUAL LIFE ASS CO ZIM LTD	156 168	0.13
19	ZWM NOMINEES (PVT) LTD	154 657	0.13
20	PUBLIC SERVICE COMMISS PF-ABC	131 120	0.11
	Selected Shares	116 834 711	95.75
	Non - Selected Shares	5 194 759	4.25
	Issued Shares	122 029 470	100.00

Notice Of The Annual General Meeting

Annual General Meeting Virtual link: https://escrowagm.com/eagmZim/Login.aspx

Notice is hereby given that the 66th Annual General Meeting of members will be held virtually on Thursday, 8 December 2022 at 10.30 hours for the purpose of transacting the following business: -

A. ORDINARY BUSINESS

1. Financial Statements

To receive, consider and adopt the Financial Statements for the year ended 31 December 2021 together with the Report of the Directors and Auditors thereon.

2. Appointment of Directors

2.1 To confirm the appointment of Mr. M.S. Bindra by the Board of Directors on the 18th of June 2021 in terms of Article 22 of the Company's Articles of Association.

2.2 To re-appoint directors by individual resolutions in terms of section 201 of the Companies and Other Business Entities Act [Chapter 24:31].

a) Mr. C. Dengu retires by rotation in terms of Article 23 of the Company's Articles of Association and being eligible offers himself for re-appointment.

b) Mr. M.T. Sachak retires by rotation in terms of Article 23 of the Company's Articles of Association and being eligible offers himself for re-appointment.

c) Mr. M.S. Bindra retires by rotation in terms of Article 23 of the Company's Articles of Association and being eligible offers himself for re-appointment.

3. Directors Remuneration

To approve the remuneration of the Directors for the year ended 31 December 2021.
(NOTE: In terms of Section 3 of Practice Note 4 issued by the ZSE on the 17th of January 2020, the Directors' Remuneration Report shall be available for inspection by members at the registered office of the Company.)

4. Auditor's Fees and Appointment

a) To approve the remuneration of the Auditor for the financial year ended 31 December 2021.

b) To appoint an Auditor for the ensuing year until the conclusion of the next Annual General Meeting. KLM Chartered Accountants being eligible, offer themselves for election as the Auditor of the Company.
(NOTE: In terms of Section 69(6) of SI 134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules, 2019, companies must change their audit partners every five years and their audit firm every ten years. KLM Chartered Accountants have been auditing RioZim Limited for the past 4 months and as such are compliant with the laws and regulations.)

B. SPECIAL BUSINESS

1. Placing 5% of authorised unissued shares under the control of the Directors

To consider, and if deemed fit, pass with or without modification the following ordinary resolution: -
"THAT up to 5% of the authorised unissued ordinary shares of the Company be placed under the control of Directors, until the next Annual General Meeting, to be issued, subject to the requirement of the Company's Memorandum and Articles of Association and the Zimbabwe Stock Exchange Listing Requirements."

C. ANY OTHER BUSINESS

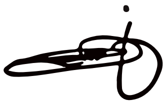
1. To transact any other business as may be transacted at an Annual General Meeting.

D. APPOINTMENT OF PROXY:

i) In terms of the Companies and Other Business Entities Act [Chapter 24:31], a member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on its/his/her behalf. A proxy need not be a member of the Company.

ii) Proxy forms must be deposited at the registered office of the Company or at the office of the Transfer Secretaries (Corpserve Registrars (Private) Limited, Second Floor, ZB Centre, Corner First Street and Kwame Nkrumah Avenue, Harare) not less than 48 (forty-eight) hours before the time appointed for the holding of the meeting.

By Order of the Board
RioZim Management Services (Private) Limited (Secretaries)
Per T. A. Chiurayi



Note:
Members may request a copy of the 2021 Annual Report from the registered office of the Company or from the office of the Transfer Secretaries. The 2021 Annual Report is also available for download from the Company's website www.riozim.co.zw.

Form Of Proxy

As At 31 December 2021

For use at the Annual General Meeting ("AGM") of RioZim Limited to be held virtually on Thursday the 8th of December 2022 at 10:30 hours.

I/We.. (Name/s in block letters)

Of...
Being a member of RioZim Limited ("the Company")

Being the registered holder(s) of.. Ordinary shares in the Company

Hereby appoint...of...
Address

....

Or failing him/her..of...
Address

....

Or failing him/her, the Chairman of the meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company as specified above and any adjournments thereof, and vote for me/us on my/our behalf or abstain from voting.
I/We instruct my/our proxy or proxies to vote as follows:

Do hereby record my votes for the resolutions to be submitted as follows:		Please mark the appropriate box with "X" next to each resolution. Alterations made to your initial response should be signed.	
	IN FAVOUR	AGAINST	ABSTAIN
ORDINARY BUSINESS			
1. Financial Statements To receive, consider and adopt the Financial Statements for the year ended 31 December 2021 together with the Report of the Directors and Auditors thereon.			
2. Directorate **2.1** To approve the appointment of Mr. M.S. Bindra by the Board of Directors on the 18th of June 2021 in terms of Article 22 of the Company's Articles of Association.			
2.2 To re-elect directors by individual resolutions in terms of section 201 of the Companies and Other Business Entities Act [Chapter 24:31].			
b) Mr G K Jain retires by rotation in terms of Article 95 and 96 of the Company's Articles of Association and being eligible offers himself for re-election.			
b) Mr. M.T. Sachak retires by rotation in terms of Article 23 of the Company's Articles of Association and being eligible offers himself for re-appointment.			
4. Auditors Fees and Appointments			
c) Mr. M.S. Bindra retires by rotation in terms of Article 23 of the Company's Articles of Association and being eligible offers himself for re-appointment.			
3. Directors Remuneration To approve the remuneration of the Directors for the year ended 31 December 2021.			
4. Auditor's Fees and Appointments			
a) To approve the remuneration of the Auditor for the financial year ended 31 December 2021.			
b) To appoint an Auditor for the ensuing year until the conclusion of the next Annual General Meeting. KLM Chartered Accountants being eligible, offer themselves for election as the auditor of the Company.			

RioZim Limited

Form Of Proxy

As At 31 December 2021

Do hereby record my votes for the resolutions to be submitted as follows:		Please mark the appropriate box with "X" next to each resolution. Alterations made to your initial response should be signed.	
	IN FAVOUR	AGAINST	ABSTAIN
SPECIAL BUSINESS			
To consider and adopt, with or without amendment, the following resolutions:			
1. Placing 5% of authorised unissued shares under the control of the Directors To consider, and if deemed fit, pass with or without modification the following ordinary resolution: -"THAT up to 5% of the authorised unissued ordinary shares of the Company be placed under the control of Directors, until the next Annual General Meeting, to be issued, subject to the requirement of the Company's Memorandum of Articles of Association and the Zimbabwe Stock Exchange Listing Requirements."			

Signed this...Day of...2022

Signature of member...

Notes To Proxy

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

It is important that this information is read before completing the Proxy form.

- In terms section 171 of the Companies and Other Business Entities Act [Chapter 24:31] a member of the Company is entitled to appoint one or more proxies to act in the alternative, to attend and vote and speak instead of him. A proxy need not be a member of the Company.

- A deletion of any printed matter and the completion of any blank spaces need not be signed or initialed. Any alteration or correction must be initialed by the signatory/ies. The proxy form must be signed and dated for it to be valid.
- In accordance with Article 43 of the Company's Articles of Association, instruments of proxy must be deposited at the registered office of the Company addressed to the Company Secretary or at the office of the Transfer Secretaries not less than 48 (forty-eight) hours before the time appointed for holding the meeting.
- Documentary evidence establishing the authority of a person signing this form of proxy must be deposited together with the proxy form not less than 48 (forty-eight) hours before the meeting. The Chairman shall be entitled to decline or accept the authority of a person signing the proxy form:

  a) under a power of attorney
  b) on behalf of a company
  c) in a representative capacity

  which is completed and received other than in accordance with these notes.

- If two or more proxies appointed in the alternate attend the meeting, then that person attending the meeting whose name appears first on the proxy form shall be regarded as the validly appointed proxy.

- When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.

- This is a GENERAL PROXY allowing the proxy to vote on behalf of the shareholder/member on the resolution properly proposed for the meetings and or any other business that may properly come before the meetings. The proxy can vote as he/she sees fit FOR or AGAINST a resolution unless given additional specific written directions as to how to vote on specific resolutions in which case those directions must be filed together with this General Proxy.

- The completion and lodging of this form of proxy will not preclude the members who grants this proxy form from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms of the proxy form should such member wish to do so. In the event of such personal attendance the proxy form will be revoked.

Transfer Secretaries
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Cnr 1st and Kwame Nkrumah Avenue
Harare
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