



RioZim Limited

# REVIEWED GROUP INTERIM FINANCIAL RESULTS

For the half year ended 30 June 2021

## CHAIRMAN'S STATEMENT

### INTRODUCTION

The year opened with a subdued operating environment in the wake of a second wave of the COVID-19 pandemic. The Group continued to operate under the strict observance of the health and safety protocols established by the World Health Organisation and Ministry of Health and Child Care. The extensive vaccination programme rolled out by the Government provided a glimmer of hope in the containment of the pandemic.

Notwithstanding the stability of exchange rates on the auction market during the period, the rates in the alternative markets continued to trade at huge premiums and the gap continued to widen throughout the period putting pressure on the Company's margins. This was exacerbated by the reduction of the gold export proceeds from 70% to 60% in January 2021 which significantly strained funding of the Company's operations and projects that predominantly require foreign currency.

The promulgation of Statutory Instrument 127 of 2021 by the Government also added complexities on the pricing of local inputs, which despite the intended purpose, resulted in increased operational costs for businesses. The overall effect of the COVID-19 pandemic and a difficult operating environment adversely impacted the operating results of the Group for the half year period.

### GROUP PERFORMANCE

The Group produced 564kg of gold for the six months, which was a 4% decline from the same period prior year's production of 586kg. The depressed production was mainly attributable to the rain induced power outages and plant breakdowns experienced in the first quarter of 2021 which stifled plant throughput across the Group's mines. Gold prices remained relatively consistent with same period prior year prices and averaged US\$1 777/oz, a 4% increase against US\$1 713/oz. Revenue generated during the period was ZWL\$2.6 billion in comparison to ZWL\$616.4 million in the same period prior year.

The marked increase in revenue was a direct result of the depreciation of the local currency against the United States dollar. Resultantly, the lower production achieved led to a loss of ZWL\$1.5 billion compared to the same period prior year's loss of ZWL\$77.4 million.

### GOLD BUSINESS

#### Renco Mine

The half year's production for Renco mine dropped by 3% to 278kg from 288kg in the same period in the prior year. The reduced production is a result of lower than anticipated plant throughput arising from rain induced power outages in the first quarter.

#### Dalny Mine

Dalny mine achieved a 6% growth in production for the period at 105kg against the same period prior year's production of 99kg. The plant capacitation initiatives implemented during the period to mitigate processing bottlenecks yielded positive results as plant throughput and overall gold production improved.

#### Cam & Motor Mine

The mine suffered from incessant rains during the first quarter which made some of the mining areas in the mine's open pits inaccessible resulting in the mine obtaining lower grade ores than planned. Cam also experienced persistent rain induced breakdowns on its plant which also negatively affected plant throughput. Consequently, gold production for the period fell by 9% to 181kg compared to the prior period's 199kg.

#### BIOX Plant Project

The installations for the structural components of the BIOX Plant Project were at an advanced stage as at period end. The Company managed to secure funding for the completion of the BIOX project and all the activities necessary to commission the project are being accelerated. The flotation section, which was completed in prior years, is being test run in preparation for the commissioning of the plant.

Despite the delays experienced in the installations due to the COVID-19 related lockdowns and restrictions, the Company is confident of completing and commissioning the BIOX Plant Project before the 2021 financial year end.

### BASE METALS BUSINESS

The Empress Nickel Refinery remains under care and maintenance. The Company continues to explore various sources of consistent raw material supply to bring the Refinery back to full capacity.

### CHROME BUSINESS

Litigation involving the Company's chrome claims in Darwendale is pending in the courts. The Group however, remains committed to resuming its chrome operations after the conclusion of the court case.

### DIAMONDS BUSINESS

RZM Murowa (Private) Limited, the Group's Associate, produced 240 000 carats for the six-month period, representing a 4% decline from the comparative period's 250 000 carats. The low production volumes are a result of processing low grade ore from the K2 pit throughout the period after migration of mining activities from the depleted high grade K1 pit.

Despite the reduced carats production, the Associate sold more carats compared to prior year drawing from inventory, hence the share of profit from the associate rose to ZWL\$252.9 million from the prior period's share of loss of ZWL\$5.3 million. The associate's Crown Jewel Project which entails upscaling the plant processing capacity to sustain its operations with the low grade ore from the K2 pit is progressing well albeit with some challenges and delays being experienced as a result of COVID-19.

### ENERGY BUSINESS

#### 178 MW Solar Project

During the period, the Company conducted the Environmental Impact Assessments (EIA) for all the proposed solar sites at our various mines which are a prerequisite before implementation of the solar projects. The EIAs are expected to be concluded in the second half of the year.

#### 2 800 MW Sengwa Power Station

As the COVID-19 pandemic continues to evolve across the world, financiers and lenders took a conservative approach making it difficult to bring financial closure for this project. However, engagements with potential financiers for the projects, remain alive despite the challenges and uncertainties brought about by the COVID-19 pandemic.

### OUTLOOK

The Company is focused on the completion and commissioning of its BIOX Plant Project before the close of the financial year as this project remains a key priority for the Group. All outstanding equipment deliveries were fast tracked subsequent to period end after payments of the final instalments and installations are continuing in earnest.

The COVID-19 lockdown continued subsequent to period end as positive cases remained prevalent. The Government increased investment in the vaccination programme as the country seeks to achieve herd immunity; this saw a substantial quantity of vaccines being received and the ratio of vaccinated people increasing significantly subsequent to period end.

The Group is also complementing the Government's vaccination drive within its employees and the communities it operates in through the establishment of vaccination centres at its mine clinics and vigorous awareness campaigns.

### DIRECTORATE

Mr Iqbal Meer Sharma ceased to be a director of the Board on the 8th of June 2021, his service to the Company during his tenure was commendable.

I welcome Mr Manraj Bindra who was appointed as a Non-Executive Director with effect from the 18th of June 2021. I look forward to his contribution and the wealth of experience he will bring to the Board and wish him a successful tenure.

It is with sadness that I also announce the passing on of our Chairman Emeritus, Mr Lovemore Chihota on the 2nd of July 2021. Mr Chihota was with the Company since his appointment to the Board in 2014 and I wish to extend my heartfelt condolences to his family, friends and the Company at large.

### DIVIDENDS

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

### APPRECIATION

I would like to thank our Directors for leading the Company throughout this volatile and challenging period. My immense gratitude also goes to our Management and Staff for their continued fortitude in the face of the numerous challenges presented by this pandemic.

**S R BEEBEJAUN**  
CHAIRMAN

22 September 2021

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2021

	30 Jun 2021	30 Jun 2020
	Reviewed	Reviewed
	ZWL\$000	ZWL\$000
Revenue	2 628 184	616 443
Cost of sales	(2 587 832)	(583 592)
<b>Gross profit</b>	<b>40 352</b>	<b>32 851</b>
Administrative expenses	(1 067 498)	(160 576)
Other income	76 240	79 895
<b>Operating loss</b>	<b>(950 906)</b>	<b>(47 830)</b>
Finance cost	(23 251)	(8 947)
Share of profit/(loss) from an associate	252 891	(5 349)
<b>Loss before taxation</b>	<b>(721 266)</b>	<b>(62 126)</b>
Income tax expense	(758 440)	(15 308)
<b>Loss for the period</b>	<b>(1 479 706)</b>	<b>(77 434)</b>
<b>Loss for the period attributable to:</b>		
Equity holders of the parent	(1 478 204)	(76 832)
Non-controlling interests	(1 502)	(602)
	<b>(1 479 706)</b>	<b>(77 434)</b>
<b>Loss per share (cents)</b>		
Basic	8	(62.96)
Diluted	8	(62.96)

## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2021

	30 Jun 2021	30 Jun 2020
	Reviewed	Reviewed
	ZWL\$000	ZWL\$000
<b>Loss for the period</b>	<b>(1 479 706)</b>	<b>(77 434)</b>
<b>Other comprehensive income to be reclassified to profit or loss:</b>		
Foreign currency translation exchange gains	134 521	1 446 782
<b>Net other comprehensive income to be reclassified to profit or loss</b>	<b>134 521</b>	<b>1 446 782</b>
Other comprehensive income not to be reclassified to profit or loss	-	-
<b>Total other comprehensive income for the year net of tax</b>	<b>134 521</b>	<b>1 446 782</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>(1 345 185)</b>	<b>1 369 348</b>
<b>Total comprehensive (loss)/income attributable to:</b>		
Equity holders of the parent	(1 343 683)	1 369 950
Non-controlling interests	(1 502)	(602)
	<b>(1 345 185)</b>	<b>1 369 348</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	30 Jun 2021	31 Dec 2020
	Reviewed	Audited
	ZWL\$000	ZWL\$000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	5 958 402	5 018 833
Exploration and development assets	661 414	563 423
Right of use assets	22 791	1 422
Investment in associate company	1 630 607	1 317 637
Employee benefit asset	214 633	214 633
Fair value through other comprehensive income investments	13 458	12 976
<b>Total non-current assets</b>	<b>8 501 305</b>	<b>7 128 924</b>
<b>Current assets</b>		
Inventories	1 562 880	1 427 751
Trade and other receivables	1 132 633	1 087 562
Cash and cash equivalents	142 788	94 794
<b>Total current assets</b>	<b>2 838 301</b>	<b>2 610 107</b>
<b>Total assets</b>	<b>11 339 606</b>	<b>9 739 031</b>
<b>EQUITY &amp; LIABILITIES</b>		
<b>Shareholders' equity</b>		
Share capital	1 345	1 345
Share premium	20 789	20 789
Foreign currency translation reserve	4 443 931	4 309 410
Fair value through other comprehensive income reserve	12 304	12 304
Accumulated (losses)/profits	(1 450 587)	27 617
<b>Equity attributable to equity holders of the parent</b>	<b>3 027 782</b>	<b>4 371 465</b>
Non-controlling interests	2 148	3 650
<b>Total equity</b>	<b>3 029 930</b>	<b>4 375 115</b>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	7	463 387
Provisions	268 683	267 077
Other payables	6	2 584 689
Deferred tax liabilities	1 205 723	447 283
Lease liability	13 236	-
<b>Total non-current liabilities</b>	<b>4 535 718</b>	<b>3 189 210</b>
<b>Current liabilities</b>		
Trade and other payables	6	3 259 425
Interest-bearing loans and borrowings	7	506 107
Lease liability	8 426	639
<b>Total current liabilities</b>	<b>3 773 958</b>	<b>2 174 706</b>
<b>Total liabilities</b>	<b>8 309 676</b>	<b>5 363 916</b>
<b>Total equity and liabilities</b>	<b>11 339 606</b>	<b>9 739 031</b>

# REVIEWED GROUP INTERIM FINANCIAL RESULTS

For the half year ended 30 June 2021



RioZim Limited

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2021

### ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

	Share capital ZWL\$000	Share premium ZWL\$000	Fair value through other comprehensive income reserve ZWL\$000	Foreign currency translation reserve ZWL\$000	Accumulated losses ZWL\$000	Total shareholders equity ZWL\$000	Non-controlling interests ZWL\$000	Total equity ZWL\$000
<b>Balance at 1 January 2020</b>	<b>1 345</b>	<b>20 789</b>	<b>608</b>	<b>1 365 240</b>	<b>(595 608)</b>	<b>792 374</b>	<b>3 464</b>	<b>795 838</b>
Profit/(loss) for the year	-	-	-	-	456 309	456 309	(3 575)	452 734
Other comprehensive income net of tax	-	-	11 696	2 944 170	166 916	3 122 782	3 761	3 126 543
<b>Balance as at 31 December 2020 (audited)</b>	<b>1 345</b>	<b>20 789</b>	<b>12 304</b>	<b>4 309 410</b>	<b>27 617</b>	<b>4 371 465</b>	<b>3 650</b>	<b>4 375 115</b>
Loss for the period	-	-	-	-	(1 478 204)	(1 478 204)	(1 502)	(1 479 706)
Other comprehensive income net of tax	-	-	-	134 521	-	134 521	-	134 521
<b>Total comprehensive income/(loss) net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>134 521</b>	<b>(1 478 204)</b>	<b>(1 343 683)</b>	<b>(1 502)</b>	<b>(1 345 185)</b>
<b>Balance as at 30 June 2021 (reviewed)</b>	<b>1 345</b>	<b>20 789</b>	<b>12 304</b>	<b>4 443 931</b>	<b>(1 450 587)</b>	<b>3 027 782</b>	<b>2 148</b>	<b>3 029 930</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

for the six months ended 30 June 2021

	30 Jun 2021 Reviewed ZWL\$000	30 Jun 2020 Reviewed ZWL\$000
<b>Net cash flows generated from operating activities</b>	<b>102 624</b>	<b>270 405</b>
<b>Cashflows from investing activities</b>		
Acquisition of property, plant and equipment	(832 652)	(277 346)
Investment in exploration and evaluation assets	(42 702)	(21 533)
<b>Net cash used in investing activities</b>	<b>(875 354)</b>	<b>(298 879)</b>
<b>Cash flows from financing activities</b>		
Inflows from borrowings	683 360	-
Repayment of borrowings	-	(1 111)
Repayment of lease liability	(3 752)	-
<b>Net cash generated / (used) in financing activities</b>	<b>679 608</b>	<b>(1 111)</b>
Net decrease in cash and cash equivalents for the period	(93 122)	(29 585)
Unrealised exchange gains on foreign currency cash balances	141 116	66 747
Cash and cash equivalents at beginning of the period	94 794	32 467
<b>Cash and cash equivalents at end of the period</b>	<b>142 788</b>	<b>69 629</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2021

### 1. GENERAL INFORMATION

RioZim Limited ('the Company') and its subsidiaries (together 'the Group') is involved in mining and metallurgical operations in different locations in Zimbabwe. The Group has mining operations and a 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 condensed consolidated financial statements were authorised for issue by the Board of Directors on 22 September 2021.

### 2. BASIS OF PREPARATION

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

The condensed consolidated financial statements are based on statutory records that are maintained under the historical costs conventions as modified by measurement of certain financial assets at fair value. They do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

The Group used auction exchange rates to convert all transaction and balances from the Group's functional currency United States Dollar (US\$) to the reporting currency Zimbabwean Dollar (ZWL). Auction exchange rates are the only official and legal rates in the country. The closing interbank exchange rate as at 30 June 2021 was 85.42 (31 December 2020: 81.79).

In 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement that factors and characteristics for the application of IAS 29 "Financial Reporting in Hyper-Inflationary Economies" in Zimbabwe were met and therefore mandated IAS 29 to be applied in the preparation and presentation of financial statements for entities in Zimbabwe. Hyper-inflation financial reporting is however, applicable to entities whose functional currency is the currency in hyper-inflation.

The Group's functional currency is USD, which is not a currency in hyper-inflation and therefore IAS 29 is not applicable to the financial statements of the Group.

### 3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

When preparing the interim condensed consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated. The judgements, estimates and assumptions applied in the interim condensed consolidated financial statements, including the key sources of estimation uncertainties were the same as those applied in the Group's annual financial statements for the year ended 31 December 2020.

### 4. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2020 and applicable amendments to IFRS.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

for the six months ended 30 June 2021

### 5. INVENTORIES

	30 Jun 2021 Reviewed ZWL\$000	31 Dec 2020 Audited ZWL\$000
Stores and consumables	982 205	845 079
Ore stockpiles	28 584	38 605
Metals and minerals in concentrates and circuit	422 001	465 222
Finished metals	130 090	78 845
	<b>1 562 880</b>	<b>1 427 751</b>

### 6. TRADE AND OTHER PAYABLES

	30 Jun 2021 Reviewed ZWL\$000	31 Dec 2020 Audited ZWL\$000
<b>Current</b>		
Trade payables	881 260	549 347
Accruals	172 574	50 792
Leave pay liabilities	199 604	103 301
Statutory liabilities	219 182	62 079
Other payables	1 786 805	1 114 064
	<b>3 259 425</b>	<b>1 879 583</b>

Current other payables include balances owed to the associate and sundry creditors

### Non-current

Other payables*	2 584 689	2 474 850
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\*Non-current Other payables relate to BCL Limited (in liquidation) liability which is under litigation which has been outstanding since 2016. The legal matter is not expected to be settled in the 12 months from the reporting period, therefore the amount owing has been classified under non-current liabilities.

### 7. INTEREST-BEARING LOANS AND BORROWINGS

	Effective interest rate	Maturity Date	30 Jun 2021 Reviewed ZWL\$000	31 Dec 2020 Audited ZWL\$000
<b>Current</b>				
Bank loans				
(facility limit US\$8.0m)	12.5%	May 2024	198 595	-
Term loan (Centametal AG)	0%	Dec 2019	307 512	294 484
			<b>506 107</b>	<b>294 484</b>
<b>Non-current</b>				
Bank loans	12.5%	May 2024	463 387	-
			<b>463 387</b>	<b>-</b>

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

All other interest-bearing loans and borrowings are unsecured.

### 8. EARNINGS PER SHARE

#### Basic earnings per share

Basic earnings 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 per share

Diluted earnings 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 per share

Headline earnings 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:

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

for the year ended 30 June 2021

### 8. EARNINGS PER SHARE (CONT'D)

	30 Jun 2021 Reviewed ZWL \$000	30 Jun 2020 Reviewed ZWL \$000
Loss attributable to equity holders of the parent for basic earnings	(1 478 204)	(76 832)
Adjustments for headline earnings	-	-
<b>Headline earnings</b>	<b>(1 478 204)</b>	<b>(76 832)</b>
<b>Weighted average number of ordinary shares for earnings per share</b>	<b>122 030</b>	<b>122 030</b>
<b>Loss per share (cents)</b>		
Basic	(1 211.34)	(62.96)
Diluted	(1 211.34)	(62.96)
Headline	(1 211.34)	(62.96)
Diluted Headline	(1 211.34)	(62.96)

### 9. CAPITAL COMMITMENTS

	30 Jun 2021 Reviewed ZWL\$000	31 Dec 2020 Audited ZWL\$000
Contracts and orders placed	386 390	1 074 025
Authorised by Directors but not contracted	1 496 734	1 822 895
	<b>1 883 124</b>	<b>2 896 920</b>

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

### 10. EVENTS AFTER REPORTING PERIOD

Subsequent to period end, the country remained under lockdown as the COVID-19 infections continued to rise and the number of deaths due to the pandemic remained high. The Government implemented a number of measures which includes fast tracking the vaccination programme. A significant number of vaccines were procured as the government seeks to achieve herd immunity.

The Company however, continued to operate uninterrupted albeit under the strict guidelines of the Ministry of Health and Child Care and World Health Organisation (WHO) as the mining industry including the Group is classified as an essential service. The Group continues to intensify its health and safety protocols at its operations to protect its employees from the spread of COVID-19.

The Group remains positive that the vaccination programme being spearheaded by the Government will yield positive results and will see the restrictions and lockdown being relaxed.

The future however remains uncertain and the Group will continue to monitor the situation going forward.

### 11. GOING CONCERN

As at the reporting date the Group's current liabilities exceeded current assets by ZWL\$935.7 million (December 2020: current assets exceeded current liabilities by ZWL\$435.4 million) and the Group reported a net loss for the period of ZWL\$1.5 billion (June 2020 (ZWL\$ 77.4 million)). The Group's operations were significantly impacted by rain induced power cuts and plant break downs in the first quarter. These factors ordinarily indicate the existence of a material uncertainty on the Group's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The following matters, which support the appropriateness of the going concern assumption in the preparation of the financial statements of the Group, have been considered by the Directors:

- The Group secured funding to complete the BIOX project at Cam & Motor mine during the period. Installations of equipment and various components of the BIOX Plant were at an advanced stage at period end and continued subsequent to period end. Commissioning of the Project is scheduled for Q4 2021. Production is forecast to increase at Cam & Motor mine after commissioning of the BIOX Plant which will improve profitability and the working capital position of the Group.
- The Group is in the process of installing generators at its mines to complement inadequate power supplies from the power utility. This will increase plant uptime and gold production.
- 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 which will contribute positively to the working capital of the Group.

The Directors believe that the Group will continue to operate as a going concern and preparation of the financial statements on a going concern basis is still appropriate. This basis assumes that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

### AUDITOR'S STATEMENT

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

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

Directors: S R Beebejaun (Chairman), C Dengu (Deputy Chairman), \*M M Shah (Chief Executive Officer), M S Bindra, G K Jain, M T Sachak, \*R Swami - Executive\*