RioZim Limited

Audited Abridged Financial Results

For The Year Ended 31 December 2023

Head Office: RioZim Limited
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Telephone: +263 746141/9, 776085/91, 746089/95, +263 86 7700 7168,
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CHAIRMAN'S STATEMENT

INTRODUCTION

The Group's financial year was marked by the sad loss of the Company's major shareholder's representatives, and four of the Company's executives in a fatal plane crash which involved one of RZM Murowa Aviation's planes. This unfortunate accident cast a dark cloud on the 2023 financial year for the Company and we continue to mourn these dear departed colleagues.

It is with this heavy heart that I present to you the financial results for the Group for the year ended 31 December 2023.

The year began on a positive note, with an upward review of the nostro retention from 60% to 75%, which was a welcome boost to the Group as this partially alleviated the foreign currency shortages. The increased nostro retention was complemented by favourable gold prices that experienced an upward trend from the beginning of the year thus contributing to the revenue growth for the year. Despite the challenging operating environment, the Group's gold production remained resilient recording a 1% growth from prior year.

Notwithstanding the notable growth in production and favourable gold prices, the financial performance was weighed down by the macroeconomic environment which remained turbulent and challenging. The period was characterised by rising cost of production driven by inconsistent power supply and spiralling exchange rates which subsisted throughout the year. Resultantly, the Group recorded a net loss for the year.

GROUP PERFORMANCE

Production for the year was 940kg, which was a slight 1% increase from prior year production of 928kg. The subdued production volumes were due to persistent plant breakdowns largely experienced at Cam & Motor Mine, which struggled with breakdowns in its milling section resulting in reduced throughput. Dalny remained under full care and maintenance during the year. The gold price maintained its growth trajectory from the beginning of the year and averaged US$1 913/oz for the year which was a 8% increase from the prior year's average price of US$1 766/oz. The improvement in gold production and gold prices increased the Group's revenue during the year to ZW$216.1 billion compared to ZW$20.6 billion achieved in the prior year. The increase in exchange rates in the current year also contributed to the enormous increase in revenue in ZW$ terms compared to the prior year.

GOLD BUSINESS

Renco Mine

Renco Mine reinforced its "low grade-high volume" strategy in the current year, ultimately maximising its milled throughput. This yielded positive results as production rose by 10% to 441kg from 402kg recorded in the comparative year. The Company is focused on stabilising power supply at Renco which remains a production obstacle for the mine. In order to curb this problem, the mine continues to invest in additional generator capacity to limit the impact of power cuts on production. Renco Mine is also reviewing its power supply arrangements and will consider all opportunities and alternatives possible that will result in improvement in power supply to the mine.

Cam & Motor Mine

The mine's production was largely affected by continuous breakdowns on the milling section. Mill 2 experienced frequent down times resulting in low milling throughput. Mill 2 was eventually suspended for major refurbishment in the fourth quarter and repair works were still ongoing as at year-end. Consequently, gold production fell by 5% in the current period to 499kg compared to 527kg achieved in prior year. Whilst the mine is undergoing rehabilitation of its second mill to increase milling capacity, the mine was also focused on its pit development. Delayed pit development has affected the desired blending matrix of run of mine processed into the plant which had a significant negative impact on gold recoveries.

Dalny Mine

During the period under review, Dalny remained under care and maintenance yielding no gold production for the year. The mine is working on regulatory approvals for its envisaged small scale operations in an effort to generate cash flows which will partially fund the care and maintenance costs and reduce the overall cash flow impact to the Group.

BASE METALS BUSINESS

The Refinery remained under care and maintenance during the current year and contributed revenue of ZW$314.2 million in the current period which partially funded its care and maintenance costs. The key focus in the ensuing year is to resuscitate the oxygen generation section of the plant which has a potential of generating additional income for the Refinery.

CHROME BUSINESS

The legal dispute involving the Company's chrome claims in Darwendale still persisted in the courts as at year end. The Company is however, committed to pursuing an amicable resolution of the matter with all the stakeholders concerned.

DIAMOND BUSINESS

Production for the year at the Company's associate RZM Murowa (Private) Limited declined by 3% to 414 000 carats compared to 426 000 carats recorded in 2022. Mining activities from the pits remained suspended and material processed was obtained from the pre-mined low-grade tailings stockpiles. However, the achieved grades reduced in the current year due to the inhomogeneity of the stockpiles resulting in lower carats being achieved. The Group recorded a share of loss from the associate of ZW$5.4 billion in contrast to the share of profit of ZW$102.1 million in the prior year due to the reduced carats in the current year

ENERGY BUSINESS

The Company's energy projects mainly the 178 MW Solar Projects are now at funding stage after obtaining all the necessary regulatory approvals for these projects in prior years. The Company is currently engaging various potential funding partners in an effort to reach financial closure. Our stakeholders will be kept informed of any notable developments.

OUTLOOK

After the various interventions on the stabilisation of the 500TPH Plant at RZM Murowa in the current year, the key focus is on extending the Life of Mine. Extensive exploration and development work is planned in the ensuing year to delineate more open pit resources to extend the life of the pits and complement the existing stockpiles.

At Cam & Motor, improving plant uptime is a key priority to stabilise milling throughput which was a major hindrance in the current period. Refurbishment of the mills remains on the critical path to bring the plant to a stable state. Concerted efforts will also be made towards other key sections of the plant which have been impacting plant efficiencies and gold recoveries.

Power supply remains a major threat to production at Renco mine and resolution of this issue will go a long way in bringing production to plan. The Company is focused on finding alternative sources of power supply including adding generator capacity amongst other initiatives.

The future of the Group looks positive as these initiatives are set to stabilise production and bring the Group back to profitability.

DIRECTORATE

Messrs G R Flanagan and A P Shanghavi were appointed as Non-Executive Directors on 28th April 2023 subsequent to the resignation of Messrs M M Shah and G K Jain as Chief Executive Officer and Non-Executive Director respectively.

DIVIDENDS

No dividends were declared for the period.

APPRECIATION

I am deeply humbled and indebted for the tireless efforts of the Directors, who worked towards the survival and success of our Company during this difficult period. In addition, I extend my profound acknowledgement to our Management and Employees who are our most precious assets and pillars of success of this Company. Their continuous hard work and commitment to the Company's vision has been exceptional. The Company would not have thrived thus far without the continuous support of our various key stakeholders, and their valuable contribution to the Company is greatly appreciated.

S R BEEBEEJAUN
CHAIRMAN

ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Note	2023 Audited ZW$000	2022 Audited ZW$000
Revenue		216 073 992	20 595 816
Cost of sales		(190 687 752)	(19 665 336)
Gross profit		**25 386 240**	**930 480**
Distribution and selling costs		(82 482)	(8 363)
Administrative expenses		(90 562 949)	(10 644 214)
Other income		3 935 070	555 265
Operating loss		**(61 324 121)**	**(9 166 832)**
Finance costs		(13 045 815)	(1 396 788)
Share of (loss)/profit from an associate		(5 368 069)	102 149
Loss before tax		**(79 738 005)**	**(10 461 471)**
Income tax expense		(16 067 082)	(9 579 151)
Loss for the year		**(95 805 087)**	**(20 040 622)**
Loss for the year attributable to:			
Owners of the parent		(95 686 232)	(19 988 335)
Non-controlling interests		(118 855)	(52 287)
		(95 805 087)	**(20 040 622)**
Loss per share (cents):			
Basic	8	(78 412.06)	(16 379.85)
Diluted basic	8	(78 412.06)	(16 379.85)

ABRIDGED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 Audited ZW$000	2022 Audited ZW$000
Loss for the year	**(95 805 087)**	**(20 040 622)**
Other comprehensive income		
Other comprehensive income/(loss) to be reclassified to profit or loss:		
Foreign currency translation gains	76 555 306	19 819 191
Net other comprehensive income to be reclassified to profit or loss	**76 555 306**	**19 819 191**
Other comprehensive income/(loss) not to be reclassified to profit or loss:		
Re-measurement gains/(losses) on defined benefit plans	11 173 191	(214 217)
Income tax effect	(2 762 013)	52 954
Fair value gain on other comprehensive income investments	1 582 971	10 768
Income tax effect	(79 149)	(538)
Net other comprehensive income/(loss)not to be reclassified to profit or loss	**9 915 000**	**(151 033)**
Total other comprehensive income for the year, net of tax	**86 470 306**	**19 668 158**
Total comprehensive loss for the year	**(9 334 781)**	**(372 464)**
Total comprehensive loss attributable to:		
Owners of the parent	(8 127 706)	(114 746)
Non-controlling interests	(1 207 075)	(257 718)
	(9 334 781)	**(372 464)**

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ABRIDGED CONSOLIDATED **STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2023

	Share capital ZW$000	Share premium ZW$000	Fair value through other comprehensive income reserve ZW$000	Foreign currency translation reserve ZW$000	Accumulated losses ZW$000	Total ZW$000	Non-controlling interests ZW$000	Total Equity ZW$000
	Attributable To Equity Holders Of The Parent							
Balance as at 1 January 2022	**1 345**	**20 789**	**13 173**	**6 003 034**	**(2 061 721)**	**3 976 620**	**(33 090)**	**3 943 530**
Loss for the year	-	-	-	-	(19 988 335)	(19 988 335)	(52 287)	(20 040 622)
Other comprehensive income/(loss) net of tax	-	-	10 230	20 024 622	(161 263)	19 873 589	(205 431)	19 668 158
Total comprehensive income/(loss)	**-**	**-**	**10 230**	**20 024 622**	**(20 149 598)**	**(114 746)**	**(257 718)**	**(372 464)**
Balance as at 31 December 2022	**1 345**	**20 789**	**23 403**	**26 027 656**	**(22 211 319)**	**3 861 874**	**(290 808)**	**3 571 066**
Loss for the year	-	-	-	-	(95 686 232)	(95 686 232)	(118 855)	(95 805 087)
Other comprehensive income/(loss) net of tax	-	-	1 503 822	77 643 526	8 411 178	87 558 526	(1 088 220)	86 470 306
Total comprehensive income / (loss)	**-**	**-**	**1 503 822**	**77 643 526**	**(87 275 054)**	**(8 127 706)**	**(1 207 075)**	**(9 334 781)**
Balance as at 31 December 2023	**1 345**	**20 789**	**1 527 225**	**103 671 182**	**(109 486 373)**	**(4 265 832)**	**(1 497 883)**	**(5 763 715)**

ABRIDGED CONSOLIDATED **STATEMENTS OF FINANCIAL POSITION**

As at 31 December 2023

	Note	2023 Audited ZW$000	2022 Audited ZW$000
ASSETS			
Non-current assets			
Property, plant and equipment	9	385 798 718	47 891 528
Exploration, evaluation and development assets	10	79 404 093	8 679 608
Right of use asset		217 710	81 744
Investment in associate company		165 177 051	18 521 109
Employee benefit asset		10 730 477	-
Fair value through other comprehensive income investments		1 607 630	24 659
Total non-current assets		**642 935 679**	**75 198 648**
Current assets			
Inventories	5	67 292 329	9 565 620
Trade and other receivables		48 694 571	4 795 721
Cash and cash equivalents		948 837	394 558
Total current assets		**116 935 737**	**14 755 899**
Total assets		**759 871 416**	**89 954 547**
EQUITY & LIABILITIES			
Shareholders' equity			
Share capital		1 345	1 345
Share premium		20 789	20 789
Fair value through other comprehensive income reserve		1 527 225	23 403
Accumulated losses		(109 486 373)	(22 211 319)
Foreign currency translation reserve		103 671 182	26 027 656
Equity attributable to equity holders of the parent		**(4 265 832)**	**3 861 874**
Non-controlling interests		(1 497 883)	(290 808)
Total equity		**(5 763 715)**	**3 571 066**
Non-current liabilities			
Interest-bearing loans and borrowings	7	-	1 466 173
Mine rehabilitation provision		21 264 987	2 486 067
Other payables	6	184 720 215	20 706 978
Deferred tax liabilities		24 130 552	10 904 633
Employee benefit liability		-	169 321
Lease liability		-	94 463
Total non-current liabilities		**230 115 754**	**35 827 635**
Current liabilities			
Trade and other payables	6	482 731 863	42 312 856
Interest-bearing loans and borrowings	7	52 262 508	8 225 156
Lease liability		525 006	17 834
Total current liabilities		**535 519 377**	**50 555 846**
Total liabilities		**765 635 131**	**86 383 481**
Total liabilities and shareholders' equity		**759 871 416**	**89 954 547**

ABRIDGED CONSOLIDATED **STATEMENT OF CASH FLOWS**

For the year ended 31 December 2023

	Note	2023 Audited ZW$000	2022 Audited ZW$000
Net cash flows from operating activities		**26 165 574**	**7 352 781**
Cash flows from investing activities			
Investment in exploration and evaluation assets	10	(2 953 302)	(1 869 390)
Additions to property, plant and equipment	9	(4 234 527)	(2 456 696)
Net cash used in investing activities		**(7 187 829)**	**(4 326 086)**
Cash flow from financing activities			
Inflows from borrowings		3 034 266	362 695
Repayment of borrowings		(22 224 681)	(3 296 061)
Repayment of lease liability		(311 770)	(47 474)
Net cash used in financing activities		**(19 502 185)**	**(2 980 840)**
Net (decrease)/increase in cash and cash equivalents		(524 440)	45 855
Unrealised exchange gains on foreign currency balances		1 078 719	264 266
Cash and cash equivalents at beginning of period		394 558	84 437
Cash and cash equivalents at 31 December		**948 837**	**394 558**

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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, Newlands, Harare. The Company is listed on the Zimbabwe Stock Exchange.

The responsibility for the preparation of these abridged consolidated financial statements is that of the Board. These abridged consolidated financial statements were therefore, authorised for issue by the Board of Directors on 28 March 2024.

2. BASIS OF PREPARATION

The abridged consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31). The abridged consolidated financial statements are based on statutory records that are maintained under the historical costs conventions as modified by measurement of certain financial assets at fair value. They do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

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

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

For the year ended 31 December 2023

2. BASIS OF PREPARATION (CONT'D)

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

The Group's functional currency is USD, which is not a currency in hyper-inflation and therefore IAS 29 is not applicable to the financial statements of the Group. The Group applied interbank exchange rates for conversions from the Group's functional currency USD to the presentation currency ZW$. The closing interbank exchange rate as at 31 December 2023 was 6 104.72 (2022: 684.33).

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. ESTIMATES

When preparing the abridged consolidated financial statements, management undertakes a number of significant judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Key areas affected include, measurement of metals and minerals in concentrates and circuit, ore reserves and mineral resource estimates. The actual results may differ from the judgements, estimates and assumptions made by management.

			2023 Audited ZW$000	2022 Audited ZW$000
5 INVENTORIES				
Stores and consumables			51 425 112	6 418 250
Ore stockpiles			6 514 786	730 302
Metals and minerals in concentrates and circuit			7 783 518	2 241 194
Finished metals			1 568 913	175 874
			67 292 329	**9 565 620**
6 TRADE AND OTHER PAYABLES				
Trade payables			73 460 603	5 515 700
Other payables			395 482 040	35 056 220
Leave pay liabilities			13 789 220	1 740 936
			482 731 863	**42 312 856**
Non-Current				
Other payables			184 720 215	20 706 978
			184 720 215	**20 706 978**
7 INTEREST-BEARING LOANS AND BORROWINGS				
	Effective interest rate %	**Maturity**		
Current				
Bank loans (facility limit US$15.5m)	10%	On scheduled dates	30 285 516	5 761 220
Other term loan	0%	December 2019*	21 976 992	2 463 936
			52 262 508	**8 225 156**
Non-current				
Bank loans	10%	On scheduled dates	-	1 466 173
			-	**1 466 173**

*These facilities matured and are overdue.

Security

Bank loans were secured by revenue assignment agreements in respect of gold proceeds and some items of property, plant and equipment

All other interest bearing loans and borrowings are unsecured.

8 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 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.

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

	2023 Audited ZW$000	2022 Audited ZW$000
Loss attributable to equity holders of the parent for basic earnings	**(95 686 232)**	**(19 988 335)**
Weighted average number of ordinary shares for earnings per share		
	000	**000**
Number of issued shares as at 31 December	122 030	122 030
Weighted average number of ordinary shares	**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 per share (cents)		
Basic	(78 412.06)	(16 379.85)
Diluted basic	(78 412.06)	(16 379.85)

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.

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

For the year ended 31 December 2023

9 PROPERTY, PLANT AND EQUIPMENT

	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 2022	**2 984 661**	**1 863 378**	**815 333**	**3 871 809**	**77 112**	**47 100**	**9 659 393**
Additions	-	360 165	-	2 033 303	38 464	24 764	2 456 696
Additions - Mine rehabilitation provision	-	379 647	-	-	-	-	379 647
Transfers	-	22 080 058	(118 706)	(23 457 457)	118 706	-	(1 377 399)
Foreign currency translation exchange gain	21 563 711	31 382 625	7 033 783	19 337 834	1 613 183	1 347 846	82 278 982
At 31 December 2022	**24 548 372**	**56 065 873**	**7 730 410**	**1 785 489**	**1 847 465**	**1 419 710**	**93 397 319**
Additions	-	663 291	-	1 691 881	1 774 022	105 333	4 234 527
Transfers	-	6 633 077	-	(6 633 077)	-	-	-
Foreign currency translation exchange gain	194 440 914	444 283 874	61 230 453	14 827 541	14 776 516	11 573 293	741 132 591
At 31 December 2023	**218 989 286**	**507 646 115**	**68 960 863**	**11 671 834**	**18 398 003**	**13 098 336**	**838 764 437**
Accumulated Depreciation							
At 1 January 2022	**237 344**	**663 051**	**379 798**	**-**	**39 699**	**19 659**	**1 339 551**
Depreciation charge for the year	371 461	1 295 724	942 588	-	85 896	39 735	2 735 404
Foreign currency translation exchange loss	7 816 997	25 930 813	5 083 329	-	1 678 117	921 580	41 430 836
At 31 December 2022	**8 425 802**	**27 889 588**	**6 405 715**	**-**	**1 803 712**	**980 974**	**45 505 791**
Depreciation charge for the year	2 823 248	18 286 755	3 371 118	-	572 158	280 573	25 333 852
Foreign currency translation exchange loss	69 155 331	236 560 252	53 623 777	-	14 776 508	8 010 208	382 126 076
At 31 December 2023	**80 404 381**	**282 736 595**	**63 400 610**	**-**	**17 152 378**	**9 271 755**	**452 965 719**
Net book value							
At 31 December 2022	**16 122 570**	**28 176 285**	**1 324 695**	**1 785 489**	**43 753**	**438 736**	**47 891 528**
At 31 December 2023	**138 584 905**	**224 909 520**	**5 560 253**	**11 671 834**	**1 245 625**	**3 826 581**	**385 798 718**

10 EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS

	Exploration & evaluation assets ZW$000	Development costs ZW$000	Total exploration, evaluation and development assets ZW$000
Cost			
At 1 January 2022	**144 098**	**1 384 333**	**1 528 431**
Additions	1 582 712	286 678	1 869 390
Transfers	-	1 377 399	1 377 399
Foreign currency translation exchange gain	4 763 376	15 663 225	20 426 601
At 31 December 2022	**6 490 186**	**18 711 635**	**25 201 821**
Additions	2 736 987	216 315	2 953 302
Foreign currency translation exchange gain	57 466 893	149 019 002	206 485 895
At 31 December 2023	**66 694 066**	**167 946 952**	**234 641 018**
Accumulated Amortisation			
At 1 January 2022	**71 130**	**379 021**	**450 151**
Amortisation for the year	-	797 610	797 610
Foreign currency translation exchange loss	4 316 544	10 957 908	15 274 452
At 31 December 2022	**4 387 674**	**12 134 539**	**16 522 213**
Amortisation for the year	-	4 229 760	4 229 760
Foreign currency translation exchange loss	34 749 686	99 735 266	134 484 952
At 31 December 2023	**39 137 360**	**116 099 565**	**155 236 925**
Carrying amount			
At 31 December 2022	**2 102 512**	**6 577 096**	**8 679 608**
At 31 December 2023	**27 556 706**	**51 847 387**	**79 404 093**

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

For the year ended 31 December 2023

11. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of these financial statements there were no events after the reporting period that were material to require separate disclosure in these financial statements.

12. 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 on non market observable information.

12.1 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

	Level 1	Level 2	Level 3
Recurring fair value measurements	**ZW$000**	**ZW$000**	**ZW$000**
2023			
FVOCI investments	-	-	1 607 630
Trade receivables (subject to provisional pricing)	-	78 809	-
Impact of level 3 measurements on Other Comprehensive Income	-	-	337 856
2022			
FVOCI investments	-	-	24 659
Trade receivables (subject to provisional pricing)	-	-	-
Impact of level 3 measurements on Other Comprehensive Income			10 768

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

12.2 Valuation techniques

Trade receivables (subject to provisional pricing)

The Group has 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.

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

For the year ended 31 December 2023

12. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT'D)

12.2 Valuation techniques (cont'd)

Trade receivables (subject to provisional pricing) (cont'd)

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
	2023	**2022**		
	ZW$000	**ZW$000**		
Trade receivables (subject to provisional pricing)	(76 043)	-	DCF	Estimated future commodity prices.

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.

	2023 Audited ZW$000	2022 Audited ZW$000
Total assets	116 148 403	2 909 022
Total liabilities	(12 630 666)	(1 321 168)
Net asset value	**103 517 737**	**1 587 854**
Fair value of investment (1.553%)	1 607 630	24 659

AUDITOR'S STATEMENT

The abridged consolidated financial results should be read in conjunction with the complete set of financial statements of RioZim Limited for the year ended 31 December 2023, which have been audited by Mazars Public Auditors and Accountants (Zimbabwe), signed by Lovemore Kamuzangaza, PAAB Practicing Certificate number 0425 and an unqualified opinion issued there on. The auditor's report for the year then ended carries a key audit matter, outlining the audit process that required significant attention to the auditor relating to impairment of assets.

The auditor's report on the financial statements is available for inspection at the Company's registered office and the same has been lodged with the Zimbabwe Stock Exchange.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RIOZIM LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of RioZim Limited set out on pages 12 to 89 which comprise the consolidated and separate statements of financial position as at 31 December 2023, the consolidated and separate statements of profit or loss, 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 material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 December 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for opinion

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 Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our 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 opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 31 of the consolidated and separate financial statements, which indicates that the group incurred a net loss of ZW$95,805,087,000 for the year ended 31 December 2023 (2022: ZW$20,040,622,000 and, as at that date, that the group's current liabilities exceed its current assets by ZW$ 418,583,640,000 (2022: ZW$35,799,947,000), the group's total liabilities exceed its total assets by ZW$5,763,715,000 (2022: ZW$(3,571,066,000)) and the group had accumulated losses of ZW$109,486,373,000 (2022: ZW$22,211,319,000).

The company incurred a net loss of ZW$72,095,369,000 for the year ended 31 December 2023 (2022; ZW$18,355,491,000) and, as at that date, the company's current liabilities exceed its current assets by

ZW$383,652,702,000 (December 2022; ZW$32,906,834,000) and the company had accumulated losses of ZW$84,957,949,000 (2022: ZW$ 21,164,205,000).

As stated in note 31, these conditions, along with the 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 concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How we addressed the key audit matter
Impairment assessment of property, plant, and equipment (note 13) As at 31 December 2023, the consolidated and separate statement of financial position included property, plant and equipment of ZW$385,798,718,000 and ZW$331,452,328,000 respectively. At the end of each reporting period, management exercises judgement in determining whether there is any indication of impairment of its cash-generating units (CGUs), which includes the Group and Company's property, plant and equipment, as disclosed in note 13 to the financial statements. If any such indicators exist, management estimates the recoverable amount of the property, plant and equipment in the relevant CGU. The Group is considered the Cash Generating Unit (CGU) because its operations are vertically integrated and managed as a single entity. The recoverable amount for property, plant, and equipment was determined using a combination of the discounted cash flow model and valuation of resources (in situ resources) that are not included in the existing life-of-mine plans. During the 2023 financial year end as at 31 December 2023, management assessed there were no impairments required for any CGU. The nature of impairment assessments involves the use of estimates and judgement and the uncertainty associated with these estimates and judgements means that there is a significant chance of a material adjustment to the reported value of the related items in the next financial year and therefore the related items may be	Our procedures included, but were not limited to: • Compared the future projected cash flows used against actual financial results achieved for the year. • Re-calculated the carrying value to ensure mathematical accuracy. • Compared the production volumes per the life-of-mine plan assumption to the reserves and resource statement to the actual production volumes achieved for the year. • Reviewed the appropriateness and reasonability of assumptions made in the projected cash flow forecasts. • Compared management's life-of-mine plan, operating and capital costs as well as unit costs incurred to historical forecasts, current operational results, and existing contracts in place. • Tested the reasonability of assumptions used and sensitivity analysis with reference to industry related published data. • Assessed the adequacy of the disclosures in the financial statements

realised at amounts that differ from the estimates recorded at 31 December 2023. As a result, we considered the impairment testing and the related disclosures to be a key audit matter.	

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled RioZim Limited Annual Report for the year ended 31 December 2023, which includes the Report of the Directors, Statement of Directors' Responsibility ,Corporate Governance Statement, Direct and Indirect Shareholding of Directors, Chairman's Statement, Group Chief Executive Officer Review, Health, Safety and Environment information, Labour Practices, Shareholder Split, Notice of the Annual General Meeting and the proxy form which we obtained prior to the date of this report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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 that we 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.

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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal controls 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 group 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 or 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 as a whole 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 judgment and maintain professional scepticism throughout the planning and performance of 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 and the company'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 and separate 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 and/or the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 and separate 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 also communicated with them all relationships and other matters that may reasonably be thought to negatively impact 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 period 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 responsible for the audit resulting in this independent auditor's report is Lovemore Kamuzangaza.

Mazars

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Lovemore Kamuzangaza
Registered Auditor

PAAB Practising Certificate Number 0425
For and behalf of Mazars Zimbabwe
27 Clyde Road, Eastlea
HARARE

3 MAY 2024