ZMDC

ZIMBABWE MINING DEVELOPMENT CORPORATION

"Unearthing the future"

ZMDC

Annual Report 2019

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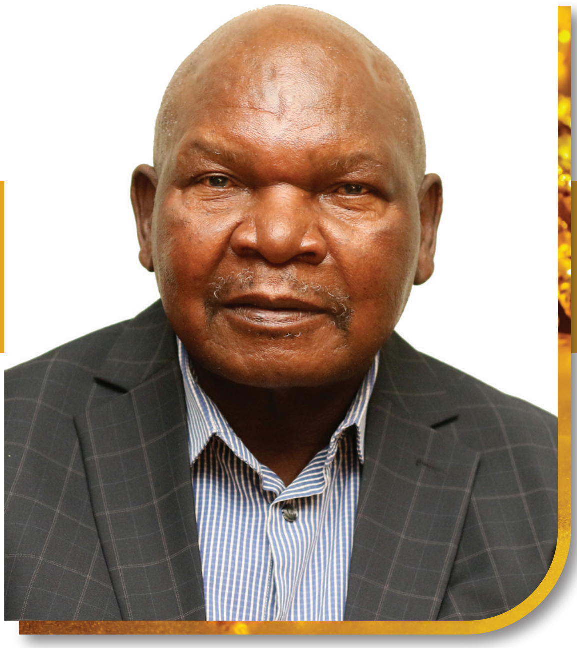


4 October 2021

The Honourable Minister,
Ministry of Mines and Mining Development
7th Floor,
Zimre Centre
Harare

Attention: Honourable Minister W. Chitando

RE: ANNUAL REPORT ON AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

On behalf of the Zimbabwe Mining Development Corporation, it is my great honour and privilege to present to you the Corporation's Annual Report and Financial Statements for the year ended 31 December 2019. This is in accordance with Section 39(2) of the Zimbabwe Mining Development Corporation Act (Chapter 21:08) and Section 49 of the Public Finance Management Act (Chapter 22:19). The currency used herein is Zimbabwean dollars (ZWL).

Yours sincerely,

PETER CHIMBOZA

MINING DEVELOPMENT BOARD CHAIRMAN

2.0 COMPANY PROFILE

Zimbabwe Mining Development Corporation (ZMDC)

REGISTERED OFFICE ADDRESS

6 Constantia Avenue
Strathaven
Harare

Telephone numbers: +263 242487014/20

BANKERS:

CBZ Bank
3rd Floor, Union House
60 Kwame Nkrumah Avenue
Harare

FBC Bank
6th Floor FBC Centre
45 Nelson Mandela Avenue
Harare

2.1 BACKGROUND

The Zimbabwe Mining Development Corporation (ZMDC) was established in 1982 by an Act of parliament Zimbabwe Mining Development Corporation Act [*Chapter 21:08*]. ZMDC is a wholly owned Government parastatal which falls under the ambit of the Ministry of Mines and Mining Development. The Mandate of ZMDC is;

- To invest in the mining industry in Zimbabwe on behalf of the State
- To plan, coordinate and implement mining development projects on behalf of the state
- To engage in prospecting, exploration, mining and mineral beneficiation programmes.
- To render assistance to persons engaged in and about to engage in mining
- To encourage and undertake the formation of mining cooperatives
- To advise the Minister on all matters connected with corporate investments in the mining industry and make recommendations for the proper coordination of all investment programs
- To review the general economic conditions and prospects of the mining industry and make recommendations for the proper coordination of all investment programmes
- To carry out any other functions and duties which may be imposed upon the Corporation by any enactment.

VISION

A sustainable USD600 Million mining house by 2023.

MISSION

To engage in sustainable mineral development and beneficiation for the benefit of all stakeholders.

CORE VALUES

Integrity	We shall not compromise on honesty at all times and we will uphold professionalism, trust, transparency, responsibility and ensuring safety, security and environmental care.
Teamwork	Pulling together to ensure common success. We believe each one of us has something to contribute and therefore will allow individuals to be innovative.
Commitment	Dedication and loyalty, putting the interests of ZMDC first
Continuous Improvement	Continuous and innovative improvement of our business processes and people.
Results Oriented	Focus on surpassing targets and deliver quality services on time.
Corporate Social Investment	Invest in the communities where we operate.

DIRECTORS AND EXECUTIVE MANAGEMENT PROFILES

Zimbabwe Mining Development Corporation is governed through the Board of Directors. The directors are accountable for the business strategy and performance of the Corporation. The day to day running of the Corporation is entrusted to executive management who are accountable to the board for execution of agreed strategy.

3.1 DIRECTORS

BOARD CHAIRMAN - PETER RINDAI CHIMBOZA

Mr Chimboza started his mining carrier at Zimbabwe Alloys-an Anglo American Company from 1980 to 1983 as a graduate trainee .In 1984 he joined Zimbabwe Iron and Steel Company (ZISCO) and later promoted to Coke works manager in 1985 and thereafter rose through the ranks to the position of Divisional manager Iron Making and later promoted to Production Executive in 1992 to 1993. He joined Industrial pipe and steel in 1994 as General Manager before moving to Zimbabwe mining and smelting company (Zimasco) as Metallurgical Services manager from 1995 to 2003. He joined Mimosa mining company from 2004 as General Manager and rose through the ranks to the position of Resident Director where he led the company extensive expansion programme. In 2016 he was appointed to Executive Director Mimosa Mining Company -which position he retired from in 2018.

Mr Chimboza is a holder of a Bachelor of Sciences Degree from the University of Luton -UNITED Kingdom. He is a member of the Engineering Council of Zimbabwe.

Mr Chimboza is the non-Executive Chairman of the Zimbabwe Mining Corporation and a board member for the Zimbabwe Consolidated Diamond Company.

DEPUTY CHAIRMAN
WELLINGTON PASIPAMIRE

CHARLES TAWHA

RICHARD JAURE

Mr Pasipamire is an investment banker, having served for more than 20 years in the banking sector in Zimbabwe in different senior management roles.

He started his career in 1994 within the Banking division of the Anglo- American Group Zimbabwe where his role included focus on treasury management and structured finance amongst other responsibilities. He was to move to NMB Bank in 1997, assuming a senior role within the Treasury division, before moving to Interfin Merchant Bank two years later as senior Treasurer for the Group. He was to spend two years at Interfin Merchant bank before c-founding Legend Asset Managers, as its founding Managing Director. He played a key role at the Asset management company and successfully concluded big ticket deals within the financial services sector. Mr Pasipamire left Legend Asset Managers in 2009 and co-founded Nyembesi Capital, an advisory services company where he still serves as the Executive Chairman. Mr Pasipamire is currently the Chairman of Zimbabwe Consolidated Diamond Company (ZCDC).

Mr Pasipamire is a CAIB member, affiliated to the institute of Bankers South Africa. He holds both a diploma and advanced diploma in treasury management and trade finance with the same institute. He also holds an MBA with Nottingham Trent University. Mr Pasipamire sits on several other boards.

Mr Tawha is an Engineer who has served in Government where he held the positions of Mining Engineer from 1 April 1990 and was appointed Senior Mining Engineer in April 1996 before being appointed as a Regional Mining Engineer in December 2007 and in 2010 was appointed the Chief Government Engineer.

Mr Tawha was previously responsible for regulating all mining operations and served as the Acting Director of Mining Promotion and Development where he, among other duties, coordinated the minerals policy planning and development as well as monitoring the marketing processes for both exports and imports and track performance of mining parastatals and State Enterprises. He is currently the Principal Director- Technical Services in the Ministry of Mines and Mining Development.

He previously served on the Infrastructural Development Bank of Zimbabwe and Zimbabwe School of Mines Boards and was also on the Organising Committee of the Southern Africa Institute of Mining and Metallurgy Zimbabwe Chapter. He is currently a Non-Executive Director of Zimbabwe Mining Development Corporation and a Board member of the Mining Affairs Board. He is also a Board member of Zimbabwe Consolidated Diamond Mining Company (ZCDC).

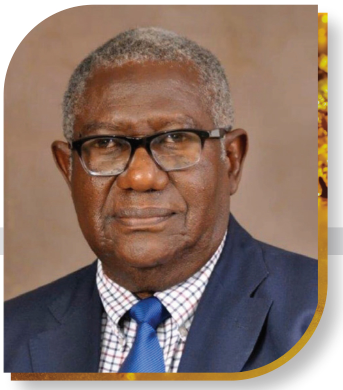
Mr Tawha holds a Bachelor of Science (Engineering) Honours Degree from the University of Zimbabwe.

Mr Jaure, a Chemist has headed various manufacturing companies in the country. He was the Managing Director of CAPS (Pvt) Ltd between 2001 and 2005. In 2010, Richard was appointed as the Group Chief Operations Officer of Medivision Holding, a post he held till 2012. Currently he is the Chief Executive Officer of ACA Chemicals (Pvt) Ltd and he has been at its helm since 2012. Mr Jaure currently sits as non-executive Director on the Zimbabwe Mining Development Corporation Board.

Mr Jaure obtained his (BSc) Chemistry from the University of Zimbabwe and later did his MBA during 2008 and 2011 with the same University. He is also a holder of a Quality Assurance Diploma.

REASON MANDIMIKA

SLAVA GRACE CHELLA



DAVID MURANGARI

Mr Mandimika is a Mining Engineer by profession and was the General Manager for Resource and Mining Division of Zimasco before his retirement in 2019.Reason's career dates back from 1987 to 1995 as Sabi Mine Manager. Sabi Mine is one of Zimbabwe Mining Development Corporation's subsidiaries. He left Sabi and joined Peak Mine (Zimasco) as Mine Manager from 1995 to 1999). He became the Senior Mining Engineer for Zimasco from 1997 to 1999. Mr Mandimika then left Zimasco for Mimosa as Senior Mine Manager from 1999 to 2000. From December 2000 to 2008 he was promoted to General Manager then to Mining Executive responsible for Shurugwi Division and Mining Technical Services (Zimasco) from 2008 to 2013 - Responsible for two underground and two open pit company owned and operated mines in and around Shurugwi and South Dyke, two open pit mines mined on contract by two independent companies and up to 80 small scale contractors working company claims along the southern region of Great Dyke. The job's critical role was to add value by ensuring that Zimasco's smelter operations in Kwekwe were stabilized by consistently supplying the right quantity and quality of ores timeously.

Mr Mandimika became General Manager for Reserve and Resource from 2013 to February 2018, General Manager for Resource and Mining Division Zimasco from March 2018 up to retirement in 2019.Mr Mandimika was hired back as the Consulting Mining Engineer for Zimasco (Pvt) Ltd from January 2019 a position he holds to date.

Mr Mandimika currently sits on the Zimbabwe Mining Development Board as a Non-Executive Director since 2018. He is the Chairman of the Technical Committee (ZMDC Mining Board). He holds a B. Sc. (Hons) Mining Engineering from Newcastle –upon-Tyne, UK, 1980, a Management Diploma – Unisa University, South Africa, Management Development Programme – University of South Africa and Advanced International Training Programme in Mining Technology – Lulea University of Technology, Sweden. He is also an Ordinary Member of the Southern African Institute of Mining and Metallurgy, The Association of Mine Managers of Zimbabwe and The Zimbabwe Institute of Engineers.

Mrs Chella started her career in 1974, when she worked as an Assistant Accountant at Mining Development Corporation of Zambia (Mindeco) before she joined Zambia National Provident Fund in 1975 as an internal auditor up to 1980. She moved to Anglo American Corporation Services Ltd where she served as an assistant accountant for a year before joining the Ministry of Finance and Economic Development as an Assistant Secretary in 1981-1982. She served as an accountant at the Minerals Marketing Corporation of Zimbabwe from 1983 before being appointed a financial controller in 1986 up to 1989. In 1991 she joined Climatec (Pvt) Ltd as a General Manager before being appointed Business Operations Director from 2001- 2004. She later joined Jerox Investments (Pvt) Ltd as a Managing Consultant.

Mrs Chella was the second Vice President of the Institute of Chartered Secretaries and Administrators Zimbabwe (ICSAZ) between 1997 and 1998, then became the first Vice President from 1999 to 2000. She was the representative of the Zimbabwe Institute of Chartered Secretaries and Administrators International from 2001 to 2005 and the Vice President on the Institute of Chartered Secretaries and Administrators International from January 2005 to December 2006. Due to her vast experience and passion for corporate governance issues, Mrs. Chella presented over seventeen papers on the subject to various workshops and conducted several training seminars for many organizations. She was a member of the steering Committee of National Code on Corporate Governance launched in 2015.

She previously served on various Boards among them, the Reserve Bank of Zimbabwe as a Non-Executive Director from July 2003 to May 2009, the University of Zimbabwe Graduate Management Board for MBA programs in October 1998 to May 2004 and Agribank as a Non-Executive Director of the Zimbabwe Power Company, from 2009 to 2012 in November 2015, she was appointed to the Board of the Zimbabwe Consolidated Diamond Company (ZCDC)(Pvt) and served as Acting Chairperson from 2017 to 2018.

Mrs Chella is currently a Non-Executive Director of the Zimbabwe Mining Development Corporation. She also sits on the Imara Assets Management Board having been appointed in August 2009 and the Board of the Quality Corporate Governance Centre/Trading as ZIMLEF where she was appointed in 2010. She is also a Board member of Zimbabwe Consolidated Diamond Mining Company (ZCDC).

Mrs Chella is a holder of a Masters' Degree in Business Administration (MBA) from the University of Zimbabwe. She is a member of the Chartered Institute of Secretaries and Administrators (ICSA) and was awarded the associateship in 1980 and fellowship in 1986. She is also a member of the Institute of Directors and was awarded the associateship in 2001 and fellowship in 2003.

The late Mr Murangari was a Geologist by profession. He started his career with the Ministry of Mines and Mining Development as the Harare Regional Director in 1980. He rose through the ladder within the Ministry to become Deputy Director-Geological Survey Department, a department responsible of mineral exploration monitoring, mapping, technical services, geoscientific data compilation and other duties. In 1985, Mr Murangari was elevated to Deputy Secretary for Mines, a position he held till 1988. He was appointed to Secretary of Mines in 1988 becoming the administrative head of the Ministry, serving this post till 1997. He joined the private sector and was the Deputy Chairman for Bindura Nickel Corporation and was also Chief Executive Officer for Bindura Nickel Corporation (2007 – 2013), Zimbabwe Chamber of Mines of Zimbabwe (1999 - 2007) and Trillion Zimbabwe (Pvt) Ltd (1997 - 1999).

Mr Murangari was a holder of a Master of Science Degree in Geology from the University of Colorado (1976) and a Bachelor of Science Degree in Geology & Chemistry from the University of Addis Ababa, Ethiopia (1966)

Mr Murangari had vast international working experience covering a number of mining companies in Zambia and the United States of America. He was the non-Executive Director of Zimbabwe Mining Development Corporation Board in 2019.

3.2 EXECUTIVE MANAGEMENT TEAM

GENERAL MANAGER
BLESSED CHITAMBIRA

Mr Chitambira is an experienced Metallurgical Engineer with over 24 years of postgraduate experience in mining and metallurgical processes. His experience covers strategic leadership in turning around organisations, project appraisals and manpower management. He Joined ZMDC as General Manager in June 2019.

He started his career as a graduate trainee with Rio Tinto Zimbabwe in 1996 where he was exposed to Renco Mine, Patchway mine, Empress Base Metal Refinery and Cam Dump retreatment operations.

He rose through the ranks in Rio Tinto from Plant Metallurgist at Cam Dump (1997 - 98), Smelter Superintendent (1999 - 2000) and Senior Metallurgist for Base Metal Refinery (2000 - 2002). Blessed left Rio Tinto in May 2002 and joined Zimasco in June 2002 as East Plant Furnaces Manager. He performed extremely well as East Plant Furnaces Manager and was promoted to Alloy Processing and Recovery Manager in 2003. He again rose through the ranks due to hard work and dedication from Raw Materials Manager to Production Manager before being appointed in February 2010 as the General Manager for Kwekwe Division responsible for production of 180,000 tonnes per annum of High Carbon Ferrochrome using five Submerged arc furnaces, a position he held for 8 years. He left Zimasco in 2018 and briefly worked as consultant for Zimbabwe Alloys A3 resuscitation project before joining ZMDC as General Manager in June 2019.

He is a member of the South African institute of Mining and Metallurgy (SAIMM). He obtained his Bachelor of science degree in Metallurgical Engineering from the University of Zimbabwe and has undertaken various professional development courses such a finance for non-Finance Managers at Wits Business school, ISO 9000 Quality management system and SAMTRAC safety management course.

COMPANY SECRETARY & LEGAL ADVISOR
TINASHE C. CHIPARO

Mr Chiparo is a registered legal practitioner and has extensive experience in Corporate legal affairs. Mr Chiparo started his career as a Senior Law Officer at the Ministry of Justice from 2002 to 2006, then started working at ZIMRA as a Law Officer from 2006 to 2007.

He left Zimra and joined Messrs Mugadza & Company Legal Practitioners as a Professional Assistant from 2007 - Dec 2008. He joined Messrs Sinyoro and Partners, Labour and Commercial Law Attorneys again as a Professional Assistant in 2008. He later joined ZMDC in 2009 as a Legal manager, before assuming the position of Company Secretary & Legal Advisor in an acting capacity in 2010. He was to assume the position of Chief Mines Secretary in 2016 before substantively assuming the position of Company Secretary & Legal Advisor.

He is currently heading the ZMDC Corporate & Legal Services department alone since November 2016 giving secretarial and legal advice to four of the Corporation's five subsidiaries. Working in this position has allowed him to gain invaluable experience of working in senior management and leadership positions that require high level of organisational skills and time management.

Mr Chiparo holds a Bachelor of Laws Honours Degree (LLBs) from the University of Zimbabwe 1998 – 2002 a Certificate in Legislative Drafting Course 2005 from the Judicial College of Zimbabwe, Certificate in Commercial Law Training Programme - 2011 from the International Senior Lawyers Project, Certificate in Commercial Contract Interpretation, Drafting & Management, (South Africa - 2011). He is also a Member of the Law Society of Zimbabwe.

ACTING CHIEF FINANCE OFFICER -
JONATHAN MAIWASHA

Mr Maiwasha is a seasoned accountant in the field of accountancy and finance. He started his career in 2003 as a trainee with Imara Stockbrokers. He joined Zimbabwe Mining Development Corporation (ZMDC) in 2006 as Assistant Accountant and worked in various capacities within the group and rose through the ranks to his current position.

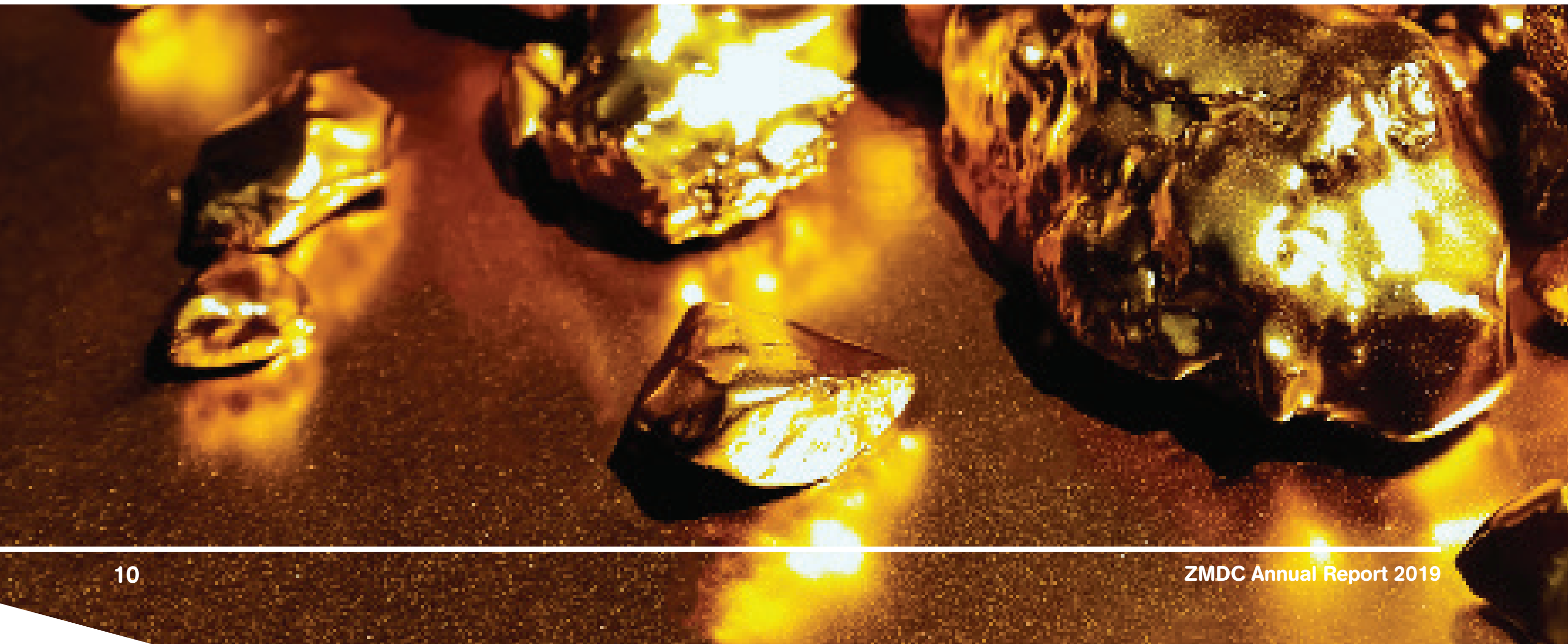
Mr Maiwasha is a holder of a MSc in Finance and Investment from Irish University Business School, BSc (Hons) Degree in Applied Accounting from Oxford Brookes University (UK), BCom (Hons) Degree in Finance from National University of Science and Technology (Zimbabwe), Executive Diploma in Business Leadership from Zimbabwe Institute of Management (Zimbabwe), Advanced Diploma in Accounting and Business from Association of Chartered Certified Accountants (UK), Executive Certificate in Treasury Management from University of Zimbabwe (Zimbabwe) and Certificate in Strategic Business Management from University of Cape Town (South Africa).

GROUP HR MANAGER
GARIKAYI J. CHIMHINA

Mr Chimhina is a qualified Human Resources Manager with 11 years of experience. Adept in screening, interviewing, hiring and training as well as developing and implementing Human Resources strategies and initiatives aligned with the overall business strategy.

Mr Chimhina started his career as a teacher from 1996 to 2008. End of 2009 he then started his career as Human Resources Officer at Sabi Mine, was promoted that very year to Human Resources Executive up to 2012. In October 2012 he was promoted to Human Resources Development Manager ZMDC in charge of training and developing Human Resources for the ZMDC group up to December 2013. In January 2014 Mr Chimhina was promoted to Acting Group Human Resources Manager becoming substantive Group Human Resources Manager in 2015 to date. Between January 2017 to July 2018 Mr Chimhina held the position of Acting General Manager whilst a substantive General Manager was being sought.

Mr Chimhina holds a Master of Commerce in Strategic Management and Corporate Governance (Midlands State University); Bachelor of Commerce in Human Resources Management (Zimbabwe Open University); Bachelor of Education Degree (University of Pretoria); Diploma in Personnel Management (IPMZ); Diploma in Law - Conciliation and Arbitration (University of Zimbabwe); Diploma in Education (Gweru Teachers' College).



4.0 BOARD CHAIRMAN'S STATEMENT

4.1 Overview

It is my great honour to report to you our valued stakeholders the Corporation's performance for the year ending 31 December 2019. Our operations continued to operate under difficult economic environment caused by illegal economic sanctions imposed on ZMDC. In 2018, the board and management unpacked ZMDC by putting the mineral assets into clusters in order to attract investments. This process resulted in Partial privatisation of ZMDC's subsidiaries as enshrined in the National Development Strategy1. I am encouraged by the efforts made by our Board and management team in transforming ZMDC under the challenging operating environment. I would also like to reiterate ZMDC's commitment to turnaround the Corporation and create shareholder value in a sustainable manner for the benefit of all our stakeholders.

The year under review was characterised by the following changes in monetary and fiscal policy pronouncements:

- Legislation of RTGS as a local currency and introduction of exchange rate through Statutory Instrument - 33 of 2019.
- Introduction of interbank exchange rate through the Exchange Control Directive RU 28/2019.
- Re-introduction of the Zimbabwean dollar as the only legal tender for transactions in Zimbabwe through Statutory instrument 142 of 2019.
- Low Gold retention levels at 55% and liquidation of the 45% at lower exchange rate than that prevailing on the market.

The above measures impacted significantly on the operating environment of the Corporation and this was made worse by shortage of foreign currency.

4.2 Corporate Strategy

In line with earlier communication regarding Partial Privatisation Strategy, the Corporation put its mineral assets into clusters during the year under review in order to attract investments. These clusters are:

- Gold
- Platinum
- Base metals
- Precious stones and
- Energy Minerals

The process of Partial privatisation is still ongoing and to date 12 Assets out of the 14 assets identified in 2018 have been privatised. This process is expected to be complete by end of 2021 and when complete, a total of 21 assets will be under partial privatisation.

During the year under review, the government of Zimbabwe announced a Diamond Policy aimed at improving investments in the Diamond Mining Sector. This policy resulted in ZMDC divesting from ZCDC and transfer of shareholding of ZCDC to Defold Mining (Pvt) Ltd under the Ministry of Mines and Mining Development.

4.3 Operations Overview

The Corporation had two production units during the year under review and these were Jena Gold Mine and Sabi Gold Mine. Jena Mine produced 222kg while Sabi Mine produced 203kg. Production was mainly affected by incessant power outages due to load shedding and inadequate fuel supply. This in turn affected cash flow for the Corporation and its subsidiaries. Other Subsidiaries which include Sandawana mine, Elvington mine and Zimbabwe Germany Graphite Mines were on care and maintenance during the year under review.

4.4 Financial highlights (Inflation adjusted)

The Corporation's financial statements are presented in Zimbabwean dollars (ZWL) in compliance with the Statutory Instrument 33 of 2019 and then adjusted for inflation. The inflation adjusted operating loss for the year was **$81,332,392** compared to prior year operating loss of **$542,078,367.** The inflation adjusted profit before tax for the year was **$2,432,101,095** compared to loss of **$242,933,121** recorded in 2018 due to a monetary gain of **$1,785,986,448**.

4.5 Outlook

ZMDC is on a positive trajectory following the implementation of its Corporate strategy mentioned above and a boom in commodity prices due to the clean energy transition despite negative impacts of sanctions and Covid 19 pandemic. The price of gold has remained firm and all the minerals in the Corporation's basket are on an upward trend. This should see a change in fortunes for ZMDC as it implements its strategy. The Board and Management will continue to implement initiatives and strategies to improve the Corporation's financial position in the next coming years so that ZMDC continues to create value and declare dividends for the benefit of our stakeholders.

Appreciation

I would like to convey my gratitude to the Government of Zimbabwe, Ministry of Mines and Mining Development for the direction and support, my colleagues in the Mining Development Board, Management and staff and various stakeholders for their industrious efforts and immense contributions which made it possible for the Corporation to remain in existence during difficult times.

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PETER CHIMBOZA

MINING DEVELOPMENT BOARD CHAIRMAN

5.0 GENERAL MANAGER'S REPORT

GENERAL MANAGER - BLESSED CHITAMBIRA

5.1 Operating Environment

The hyper inflationary economic environment during the year under review had so many challenges. The country continued to experience shortages of foreign currency. The shortage of foreign currency resulted in fuel supply shortages and delays in payments for gold submitted to FPR thereby creating a back log and forcing mining companies to operate below capacity. The situation was compounded by excessive load shedding and rising costs arising from an inflationary business environment. ZMDC was not spared either and these challenges resulted in reduced output and under capacitation of ZMDC subsidiaries.

Gold price firmed up during the year and closed the year around US$1,440/oz.

The Corporation continues to work hand in hand with the Government in making our prime mandate of investing in the mining sector on behalf of the state a reality.

5.2 Operations Overview

ZMDC had two subsidiaries namely Jena Mine and Sabi Mine that were operating in the year under review. ZCDC was hived off during the year under review. The two subsidiaries operated safely and did not record any fatality during the year. Other subsidiaries were under care and maintenance. Gold production from the two entities were as follows:

5.2.1 Jena Mines

In 2019 Jena Mines produced 222 kg against a budget of 272kg which was a 16 % increment from 2018 production of 191.4 kg. The increase in production is attributed to recapitalisation of the Mine utilising a loan of $7 million acquired from Fidelity Printers which started in the last quarter of 2018. A total of 77,386 tonnes were hoisted from the mine against a budget of 100,440 Tonnes. Tonnes milled were 64,136 tonnes against a budget of 100,440 tonnes at a grade of 3.88g/t against a budget of 3.6g/t. Gold recovery was better than budget at 90% against a budget of 88%. Production was adversely affected by incessant load shedding and flooding induced by load shedding which contributed to 53% of the total available production time.

5.2.2 Sabi Mine

Sabi Gold Mine operated under judicial management in the period under review and produced 203 kg in 2019 against a budget of 362 kg. Production in 2018 was 204.7 kg. A total of 87,719 tonnes were milled against a budget of 132,836 tonnes at a grade of 2.71g/t against a budget of 3.0g/t. Gold recovery was better than budget at 86% against a budget of 85%. Production was affected by excessive load shedding accounting to 36% of the downtime.

5.2.3 Lynx Graphite Mine, Elvington Mine, Sandawana and Golden Kopje

There was no production from these mines. They were under care and maintenance. The three mines require capital injection in order to resuscitate the mines and they are part of the assets earmarked for Partial Privatisation.

5.2.4 Human Resources And Corporate Social Responsibility

The Corporation had a total staff compliment of 1,429 employees and recruited the General Manager Mr Chitambira during the second half of the year. The Corporate Secretary and Chief Finance Officer acted in those positions throughout the year.

The labour turnover was low for Senior management and NEC level employees as no critical staff left the organisation. Industrial relations remained good despite the difficult year.

In line with the Corporation's thrust for Corporate social responsibility, the Corporation engaged 38 attachment students from various universities whose disciplines included accounting, human resources management, supply chain management, metallurgy, engineering, survey, and mining. The students obtained the necessary industrial exposure to enable them to diligently execute their respective portfolios in line with their career paths.

5.3 FINANCIAL PERFORMANCE OVERVIEW

5.3.1 Financial highlights

The Corporation's financial statements are presented in Zimbabwean dollars (ZWL) in compliance with the Statutory instrument 33 of 2019 and then adjusted for inflation. The inflation adjusted operating loss for the year was **$81,332,392** compared to a loss of **$542,078,367** in 2018**.** The inflation adjusted profit before tax for the year was **$2,432,101,095** compared to a loss of **$242,933,121** recorded in 2018. This was largely attributed to monetary gain of **$1,785,986,448** recorded during the year.

5.3.2 Income

The group made an overall inflation adjusted profit before tax of **$2,432,101,095** for the year 2019, a 1,101% increase from the reported loss of **$242,933,121** for 2018.

5.3.3 Revenue

Total Inflation adjusted revenue stood at **$1,603 521 583** as at 31 December 2019; **(2018: $269,002,597)** and total historical revenue for the 2019 financial year stood at **$624,162,688** up from **$35,250,251** recorded in 2018. Historical revenue comprised gold proceeds of **$139, 004,935** in 2019 and **$17,425,097** in 2018. Gold revenue increased by **698%** from the 2018 figures.

5.3.4 Expenditure

The Group incurred inflation adjusted expenditures of **$1,684,853,975** as at 2019; **(2018; $811,080,694)** and historical total expenditure of **$682,180,528**, up from **$101,051,532** incurred in 2018. The increase in the expenditure was mainly attributed to general price increase due to inflationary pressures and the weakening Zimbabwean Dollar.

5.3.5 Statement Of Profit Or Loss

The Group had an inflation adjusted profit after tax of **$2,432,101,095** as at 31 December 2019; **[2018:($242,933,121)],** This was largely attributed to monetary gain of **$1,785,986,448** recorded during the year. The Group had a historical loss after tax of **$313 044 510** as at December 2019; **[2018: ($70,308,873)]**.

5.3.6 Statement Of Financial Position

The Group's Inflation adjusted financial position was **$3,934,762,713** as at December 2019; **(2018: $2,592,187,466)** and historical financial position at year end was **$2,548,522,837** an increase compared to 2018 figure of **$320,465,357.** The increase was as a result of purchase of assets and revaluation of assets in 2019.

5.3.7 Statement Of Cash Flow

The Group's inflation adjusted cash outflow from operating activities after changes in non-cash operating working capital was **$1,170,443,782** as at 2019; **[2018: ($220,721,658)]** and historical outflow from operating activities was **$5,110,955** which was an improvement compared to 2018 cash flow outflow figure of **$92,543,235)**

Cash flow from investing activities generated a net outflow of **$274,567,491** in the period under review.

Cash generated from financing activities was **$1,389,367,879** for the year under review.

In the financial period under review the Group's inflation adjusted cash and cash equivalents was **$160 220 976**; **(2018; $52 711 144**) and historical cash and cash equivalents was **$160,220,976** as at 31 December 2019 compared to the opening cash and cash equivalents of **$8,398,989** in 2018.

The Group managed to remit royalties in excess of **$28,777,539** to ZIMRA during the period under review.

5.4 OUTLOOK

The Corporation's outlook is positive and the implementation of the Corporation strategy in line with the Partial privatisation as enshrined in the National Development Strategy 1 (NDS1) is expected to yield better results for the Corporation. This will result in increased revenue generation, employment creation and improved contribution to the fiscus thereby contributing to the USD12 billion milestone by year 2023.

5.6 APPRECIATION

I extend my sincere gratitude to our employees, my colleagues in management and our suppliers for their consistent and relentless contribution during the year despite difficulties encountered during the year. I would also like to acknowledge my great indebtedness to the Mining Development Board, the Ministry of Mines and Mining Development and all stakeholders in the Government for their guidance and support.

I thank you all.

BLESSED CHITAMBIRA

GENERAL MANAGER

6.0 CORPORATE GOVERNANCE STATEMENT

Zimbabwe Mining Development Corporation is controlled by a Board established in terms of section 4 of the ZMDC Act which should be comprised of not less than five members and not more than nine Non-Executive Directors and ex-officio General Manager. The Directors are drawn from a diverse spectrum of professions and backgrounds and bring to the Corporation a wide range of expertise. The Board's functions are governed by, among other Acts, the ZMDC Act, Public Entities Corporate Governance Act and a Board Charter which helps the Board to ensure that the Board has the necessary authority and procedures in place to oversee the work of the ZMDC Management and to exercise independence in evaluating ZMDC's business operations. The Board gives direction to the Corporation through the setting of the overall strategy and approval of budget.

The Board regularly reviews the Corporation's policies and procedures to ensure compliance and consistency with the principles enshrined in local and international corporate governance reports. The Board also meets regularly, with a minimum of one scheduled meeting in every quarter of the year, to monitor and evaluate progress in the achievement of ZMDC's strategic objectives and strategy implementation and to assess overall performance of the Corporation. In pursuing the Corporation's objectives, the Board and ZMDC staff have committed themselves to the highest level of Corporate Governance and strive to foster a culture that values and rewards exemplary ethical standards, personal and corporate integrity, and respect for others.

For the better exercise of its functions and powers, the Board has established committees (in line with section 12 of the ZMDC Act) which deals with specific issues in line with their terms of reference as determined by the Board. The Committees meet quarterly and report to the Board. The following committees were in place during the year under review: -

6.1 BOARD COMMITTEES AND COMPOSITIONS

6.1.1 Technical Committee

1 January 2019 to 31 December 2019

- Reason Mandimika - **Chairman**
- Charles Tawha - **Member**
- David Murangari - **Member**

The main mandate of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the operational performance and operating risks of the Corporation, particularly regarding those areas where technical understanding is required. This includes, inter alia, reviewing the Corporation's management of technical risks, annual budget as it relates to planned exploration, development and operation of the various mineral properties. It further receives regular updates from management on mining, processing, projects and construction activities at the Corporation's mineral properties and evaluating the operational performance against budget.

6.1.2 Finance and Investment Committee

1 January 2019 to 31 December 2019

- Wellington Pasipamire - **Chairman**
- Slava Chella - **Member**
- David Murangari - **Member**

The Finance and Investments Committee supervises the financial affairs of the Corporation to ensure long term stability and sustainability and that long-range planning and forecasting is undertaken to enable informed decisions on long term financial matters. It is responsible for approving the Corporation's budgets before submission to the Board. The Finance Committee also reviews and evaluates financial plans and results in stated strategies, objectives and plans.

6.1.3 Human Resources Committee

1 January 2019 to 31 December 2019

- Slava Chella - **Chairperson**
- Richard Jaure - **Member**
- Reason Mandimika - **Member**

The Human Resources Committee supports and advises the Board on human resources matters. It specifically monitors the Corporation's human resources strategy, formulates and reviews human resources policies and staff conditions of service.

6.1.4 Audit, Legal & Risk Committee

1 January 2019 to 31 December 2019

- Richard Jaure - **Chairman**
- Wellington Pasipamire - **Member**
- Charles Tawha - **Member**

The Audit, Risk and Legal Committee primarily assists the Board in carrying out its duties as they relate to the Corporation's accounting policies, internal controls, enterprise-wide risk, management and financial reporting practice. It is responsible for receiving and reviewing audited financial statements before submitting to the main board. On the legal side, the committee identifies legal risk areas and appoints and supervises external legal counsel, focuses on compliance issues, and considers and reviews the Corporation's business contracts.

6.2. 2019 BOARD MEETINGS SCHEDULE

6.2.1 MAIN BOARD MEETINGS

Date Of Meeting	P. Chimboza	W. Pasipamire	D. Murangari	R. Jaure	S. G. Chella	R. Mandimika	C. Tawha
11/04/2019	✓	✓	Apology	✓	✓	Apology	Apology
13/06/2019	✓	✓	Apology	✓	✓	✓	✓
03/10/2019	✓	✓	Apology	✓	✓	✓	✓
28/11/2019	✓	✓	Apology	✓	✓	Apology	Apology

6.2.2 BOARD COMMITTEES' MEETINGS

1. Technical Committee

Date Of Meeting	R. Mandimika	D. Murangari	C. Tawha
23/05/2019	✓	✓	✓
12/09/2019	✓	Apology	✓
08/11/2019	✓	Apology	✓

2. Finance And Investment Committee

Date Of Meeting	W. Pasipamire	S. G. Chella	D.E.H. Murangari
17/04/2019	✓	✓	✓
23/05/2019	✓	✓	Apology
05/11/2019	✓	✓	Apology
05/11/2019	✓	✓	Apology

3. Human Resources Committee

Date Of Meeting	S. G. Chella	R. Mandimika	R. Jaure
15/05/2019	✓	✓	✓
24/05/2019	✓	Apology	✓
03/09/2019	Apology	✓	✓
06/11/2019	✓	Apology	✓

4. Legal, Audit And Risk Committee

Date Of Meeting	R. Jaure	C. Tawha	W. Pasipamire
24/05/2019	✓	✓	✓
08/08/2019	✓	✓	Apology
13/09/2019	✓	Apology	✓
06/11/2019	✓	✓	✓

*“A sustainable **USD600 Million** mining house by 2023.*

FINANCIAL

STATEMENTS

31 December 2019

ZIMBABWE MINING DEVELOPMENT CORPORATION AND ITS SUBSIDIARIES

NATURE OF BUSINESS

The main business of the Zimbabwe Mining Development Corporation is investing in various entities which are in the mining sector on behalf of the Government of Zimbabwe.

DIRECTORS:

Chimboza P.	(Chairman)
Pasipamire W.	(Vice Chairman)
Chella S.	(Non Executive)
Jaure R.	(Non Executive)
Mandimika R.	(Non Executive)
Murangira D.	(Non Executive)
Tawha C.	(Non Executive)

SECRETARY:

Chiparo T.

REGISTERED OFFICE:

6 Constantia Avenue
Strathaven
HARARE

AUDITORS

Grant Thornton
Registered Public Auditors
Chartered Accountants (Zimbabwe)
Camelsa Business Park
135 Enterprise Road
Highlands

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements for the year ended 31 December 2019

It is the Directors' responsibility to ensure that the consolidated financial statements fairly present the state of affairs of the Corporation. The external auditors are responsible for independently reviewing and reporting on the consolidated financial statements.

The Directors have assessed the ability of the Corporation to continue as a going concern and believe that the preparation of these consolidated financial statements on a going concern basis is still appropriate. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the Corporation to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these consolidated financial statements.

The consolidated financial statements set out in this report have been prepared by management in accordance with International Financial Reporting Standards (IFRSs). They are based on appropriate accounting policies which are supported by reasonable prudent judgements and estimates.

The Corporation's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and reliability of the consolidated financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on established written policies and procedures and all employees are required to maintain the highest ethical standards in ensuring that the Corporation's business practices are conducted in a manner which in all reasonable circumstances is above reproach. Issues that come to the attention of the Directors have been addressed and the Directors confirm that the system of accounting and internal control is operating in a satisfactory manner.

The Corporation's consolidated financial statements which are set out on pages 8 to 32 were, in accordance with their responsibilities, approved by the Board of Directors on .... 2021 and are signed on its behalf by:

Chimboza P.	Chitambira B
Chairman	***General Manager***

INDEPENDENT AUDITORS' REPORT

Grant Thornton
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Causeway, Harare
Zimbabwe

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To the members of Zimbabwe Mining Development Corporation and its subsidiaries

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the consolidated financial statements of Zimbabwe Mining Development Corporation and its subsidiaries set out on pages 8 to 32, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, consolidated financial statements do not present fairly, in all material respects, the financial position of Zimbabwe Mining Development Corporation (Private) Limited and its subsidiaries as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of adverse opinion

Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates and International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies

Currency Accounts (RTGS FCAs) and Nostro FCAs. As described in note 30 to the financial statements, the economic environment during the year ended 31 December 2019 was characterised by 'multi-tiered' pricing, and the Group transacted predominantly in RTGS FCA (electronic payments), including mobile money, bond notes and coins.

On 20 February 2019, a Monetary Policy Statement was issued, denominating the existing RTGS balances, bond notes and coins in circulation as RTGS dollars in order to establish an exchange rate between the existing monetary balances and foreign currency. The RTGS dollars became part of the multi-currency system in Zimbabwe through the issuance of statutory instrument (S.I.) 33/2019, with an effective date of 22 February 2019. The statutory instrument provided that for accounting and other purposes, all assets and liabilities that were immediately before the effective date, valued and expressed in United States dollars shall on and after the effective date be deemed to be values in RTGS dollars at a rate of 1:1 to the United States dollar. This was not consistent with IAS 21 – The Effects of Changes in Foreign Exchange Rates which requires that an assessment be made of the change in functional currency and that financial statements be presented at a rate that approximates the market rate. The Group had to be guided by S.I. 41/2019 which states that in the case of any inconsistency between a local pronouncement issued by the Board through a notice in the Government Gazette and any international standard, the local pronouncement shall take precedence to the extent of the inconsistency.

In compliance with SI 33/2019, the Group maintained its functional currency as the USD from 1 January 2019 to 22 February 2019 using an exchange rate of 1:1 between the RTGS FCA and Nostro FCA. This constitutes a departure from the requirements of IAS 21 – The Effects of Changes in Foreign Exchange Rates. Had the consolidated financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially affected. As a result, the impact of the company's inability to comply with IAS 21 has been determined as significant. The effects on the consolidated financial statements of the non-compliance with IAS 21 are considered material and pervasive to the consolidated financial statements, taken as a whole.

On 11 October 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement relating to the application of IAS 29 – Financial Reporting in Hyperinflationary Economies. The PAAB advised that there is broad market consensus within the accounting and auditing professions that the factors and characteristics to apply the Financial Reporting in Hyperinflationary Economies Standard (IAS 29), in Zimbabwe had been met. The Directors have applied the IAS 29 – Financial Reporting in Hyperinflationary Economies with effect from 1 January 2019. However, as a result of the need to comply with the requirements of S.I. 33 of 2019, the changes in the general pricing power of the functional currency were applied on amounts that were not translated in terms of IAS 21 – The Effects of Changes in Foreign Exchange Rates for the period 1 January to 22 February 2019. This constitutes a departure from

Had the Group applied the requirements of IAS 21 and IAS 29, many of the elements of the consolidated financial statements would have been materially impacted and therefore the departure from the requirements of these standards is considered to be pervasive. The financial effects on the inflation adjusted consolidated financial statements of this departure have not been determined.

Fair value determination for assets, transactions and liabilities

The determination of fair values for assets presented in the financial statements is affected by the prevailing economic environment and may therefore be distorted. This may result in significant variations in fair values, depending on factors and assumptions used in the determination of the fair values.

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 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 (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

COVID 19 Outbreak

We draw attention to **note 31**, which describes the uncertainties related to the possible effects of the COVID-19 outbreak on the Group.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Chairman's Statement and Company Secretary's Certificate, as required by the Companies Act (Chapter 24:03), which we obtained prior to the date of this auditors' report. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated 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 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 Directors for the consolidated financial Statements

Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and in the manner required by the Companies Act (Chapter 24:03) and the relevant statutory instruments (SI33/99 and SI62/96) and for such internal control as is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation'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 management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 Corporation'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 Corporation to cease to continue as a going concern.
- 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 Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Corporation audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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, related safeguards.

Report on other legal and regulatory requirements

In our opinion, except for the effects of the matters described in the basis of adverse opinion, the financial statements have been properly prepared, in all material respects, in accordance with the accounting policies and comply with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments.

The engagement partner on the audit resulting in this independent auditor's report is Edmore Chimhowa.

Grant Thornton

Edmore Chimhowa
Partner

Registered Public Auditor (PAAB No: 0470)

28 September 2021

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

HARARE

Consolidated statement of financial position as at 31 December 2019

		Inflation Adjusted		Historical cost	
		2019	2018	2019	2018
ASSETS	**Note**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Non current assets					
Property, plant and equipment	4	1 568 934 304	860 753 806	1 266 994 604	98 968 398
Intangible assets	5	2 540 965	2 441 431	761 498	391 836
Deferred tax asset	7		402 262 373		56 365 805
Investment in subsidiaries Investment	8	181 746 111	181 746 111	20 770 109	20 770 109
Property	6	3 038 658		477 402	
Biological assets		22 560	22 560	2 500	2 500
Right of use assets	10	318 846		49 610	
Exploration and evaluation assets	12	57 419 699	39 223 075	20 989 877	4 464 457
Other receivables	26	77 007	450 661	77 007	72 552
		1 814 098 150	1 486 900 017	1 310 122 607	181 035 657
Current assets					
Inventory	9	1 542 695 526	956 082 287	660 431 193	115 680 957
Trade and other receivables	11	54 729 717	62 083 573	54 729 717	9 810 759
Related parties receivables	22.2	342 762 606		342 762 606	
Cash and bank	13	180 476 714	87 121 589	180 476 714	13 937 984
		2 120 664 563	1 105 287 449	1 238 400 230	139 429 700
Total assets		3 934 762 713	2 592 187 466	2 548 522 837	320 465 357
EQUITY AND LIABILITIES					
Equity					
Share capital	14				
Non distributable reserve		250 406 979	250 406 979	40 313 123	40 313 123
Shareholder's contribution		706 220 871	706 220 871	80 000 000	80 000 000
Revaluation reserve		454 450 496		850 952 676	
Accumulated loss		376 679 837	(1 300 693 111)	(563 198 925)	(251 869 954)
		1 787 758 183	(344 065 261)	408 066 874	(131 556 831)
Non controlling Interest		2 816 750	(2 251 661)	(396 630)	(362 496)
		1 790 574 933	(346 316 922)	407 670 244	(131 919 327)
Non current liabilities					
Loans and borrowings Environmental	15.1	299 962 547	732 966 229	299 962 547	115 067 072
rehabilitation provision Deferred tax	24	220 218 154	220 218 154	272 466 471	28 553 393
liability	7	401 946 620		346 363 116	
Post employment benefit liability	25	1 766 858	10 974 933	1 766 858	1 766 858
		923 894 179	964 159 316	920 558 992	145 387 323
Current liabilities					
Trade and other payables	16	627 709 075	892 555 653	627 709 075	135 509 332
Short term provision	23	85 452 116	314 421 980	85 452 116	50 472 704
Short term loans	15.2	314 564 844	677 067 957	314 564 844	107 204 009
Related party payables	22.3	36 167 037	25 558 802	36 167 037	3 389 356
Current tax payable		136 144 791	30 330 235	136 144 791	4 882 874
Bank overdraft	13	20 255 738	34 410 445	20 255 738	5 539 086
		1 220 293 601	1 974 345 072	1 220 293 601	306 997 361
		3 934 762 713	2 592 187 466	2 548 522 837	320 465 357

Chimboza P.
Chairman

Chitambira B
General Manager

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019

for the year ended 31 December 2019

		Inflation Adjusted		Historical cost	
	Note	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Revenue	17	1 531 268 071	258 579 894	575 550 784	34 794 664
Other income	18	72 253 512	10 422 703	48 611 904	455 587
Operating and administration expenses		(1 684 853 975)	(811 080 964)	(682 180 528)	(101 051 532)
Loss from operations		(81 332 392)	(542 078 367)	(58 017 840)	(65 801 281)
Finance costs	19	727 447 039	(196 248 369)	(6 623 842)	(25 025 872)
Gain on monetary position		1 785 986 448	495 393 615	-	-
Profit/(loss) for the year		2 432 101 095	(242 933 121)	(64 641 682)	(90 827 153)
Income tax	21	(764 502 777)	162 245 498	(248 402 828)	20 518 280
Profit/(loss) after tax		1 667 598 318	(80 687 623)	(313 044 510)	(70 308 873)
Other comprehensive income					
Revaluation of property, plant and equipment		600 156 712	-	1 126 133 571	-
Taxation		(145 706 216)	-	(275 180 895)	-
Other comprehensive income for the year, net of tax		454 450 496	-	850 952 676	-
Total comprehensive income/(loss) for the year, net of tax		2 122 048 814	(80 687 623)	537 908 166	(70 308 873)
Profit/(loss) attributable to:					
Owners of parent		1 662 529 907	(80 657 721)	(313 010 376)	(70 304 059)
Non-controlling interest		5 068 411	(29 902)	(34 134)	(4 814)
		1 667 598 318	(80 687 623)	(313 044 510)	(70 308 873)
Other comprehensive income/(loss) attributable to:					
Owners of parent		2 116 980 403	(80 657 721)	537 942 300	(70 304 059)
Non-controlling Interest		5 068 411	(29 902)	(34 134)	(4 814)
		2 122 048 814	(80 687 623)	537 908 166	(70 308 873)

Consolidated statement of changes in equity for the year ended 31 December 2019

Inflation adjusted

	Share capital ZWL	Shareholder Contribution ZWL	Non distributable reserve ZWL	Revaluation reserve ZWL	Accumulated loss ZWL	Non controlling interest ZWL	Total ZWL
Balance as at 1 January 2018		706 220 871	250 406 979		(1 220 035 390)	(2 221 759)	(265 629 299)
Total comprehensive loss for the year					(80 657 721)	(29 902)	(80 687 623)
Balance as at 31 December 2018		706 220 871	250 406 979		(1 300 693 111)	(2 251 661)	(346 316 922)
Balance as at 1 January 2019		706 220 871	250 406 979		(1 300 693 111)	(2 251 661)	(346 316 922)
Prior year adjustment*					14 843 041		14 843 041
Total comprehensive income for the year				454 450 496	1 662 529 907	5 068 411	2 122 048 814
Balance as at 31 December 2019		706 220 871	250 406 979	454 450 496	376 679 837	2 816 750	1 790 574 933

Historical cost

	Share capital ZWL	Shareholder Contribution ZWL	Non distributable reserve ZWL	Revaluation reserve	Accumulated loss ZWL	Non controlling interest ZWL	Total ZWL
Balance as at 1 January 2018		80 000 000	40 313 123		(181 565 895)	(357 682)	(61 610 454)
Total comprehensive loss for the year					(70 304 059)	(4 814)	(70 308 873)
Balance as at 31 December 2018		80 000 000	40 313 123		(251 869 954)	(362 496)	(131 919 327)
Balance as at 1 January 2019		80 000 000	40 313 123		(251 869 954)	(362 496)	(131 919 327)
Prior year adjustment*					1 681 405		1 681 405
Total comprehensive income/(loss) for the year				850 952 676	(313 010 376)	(34 134)	537 908 166
Balance as at 31 December 2019		80 000 000	40 313 123	850 952 676	(563 198 925)	(396 630)	407 670 244

*The prior year adjustment is as a result of restatement of ZCDC comprehensive income for the year 2018.

Consolidated statement of cash flows for the year ended 31 December 2019

		Inflation Adjusted		Historical cost	
	Note	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before taxation		2 432 101 095	(242 933 121)	(64 641 682)	(90 827 153)
Depreciation of property, plant and equipment	4	46 189 315	101 386 457	2 613 107	11 030 489
Amortisation of intangible assets	5	403 433	677 526	115 723	108 919
Net finance (Income)/costs	19	(727 447 039)	196 248 369	6 623 842	25 025 872
Decrease in provisions		(228 969 864)	(456 990)	278 892 490	(73 571)
Operating cash flows before working capital changes		1 522 276 940	54 922 241	223 603 480	(54 735 444)
Changes in working capital					
Increase in inventories		(586 613 239)	(451 650 087)	(544 750 236)	(72 711 334)
Decrease/(increase) in trade and other receivables		7 353 856	39 326 298	(44 918 958)	6 331 157
(Decrease)/increase in trade and other payables		(264 846 578)	137 055 801	492 199 743	22 064 670
Decrease in related party receivables		(342 762 606)		(342 762 606)	
Decrease in related party payables		10 608 235	(122 357 398)	32 777 681	(19 698 368)
Decrease/(increase) in long term receivables		373 654	939 950	(4 455)	151 323
Increase in long term payables		96 606 481	317 289 906	185 368 238	51 080 633
		442 996 743	(24 473 289)	1 512 887	(67 517 363)
Net finance income/(costs)	19	727 447 039	(196 248 369)	(6 623 842)	(25 025 872)
Cash utilised from operating activities		1 170 443 782	(220 721 658)	(5 110 955)	(92 543 235)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of plant and equipment	4	(274 525 053)	(210 721 151)	(70 339 023)	(20 551 835)
Proceeds from disposal of plant and equipment		215 459	69 768 044	27 503	2 439 424
Cash utilised in investing activities		(274 567 491)	(301 929 109)	(70 385 010)	(21 712 411)
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans received		1 389 367 879	490 000 979	227 318 043	78 885 460
Cash generated from financing activities		1 389 367 879	490 000 979	227 318 043	78 885 460
Increase/(decrease) in cash and cash equivalents		2 285 244 170	(32 649 788)	151 822 078	(35 370 186)
Net effect of inflation		(2 177 734 338)			
Cash and cash equivalents at the beginning of the year		52 711 144	85 360 932	8 398 898	43 769 084
Cash and cash equivalents at the end of the year	13	160 220 976	52 711 144	160 220 976	8 398 898

Statement of accounting policies for the year ended 31 December 2019

GENERAL INFORMATION

1.1 Nature of business

The main business of the Zimbabwe Mining Development Corporation is investing in various entities which are in the mining sector on behalf of the Government of Zimbabwe. It is 100% owned by the Government of Zimbabwe.
It is registered office is 6 Constantia Avenue, Strathaven, Harare ; Zimbabwe.

1.2 Currency

These consolidated financial statements are presented in Zimbabwe Dollars being the functional and reporting currency of the primary economic environment in which the Corporation operates.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards(IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations. The consolidated financial statements are based on statutory records that are maintained under the historical cost convention except for some items of property, plant and equipment which are carried at revalued amounts.

The consolidated financial statements include the financial statements of the Corporation and its subsidiaries. The Corporation's subsidiaries are entities in which it holds, directly or indirectly, more than 50% of the voting rights or where it exercises control. The effects of material inter-Corporation transactions and balances have been eliminated.

New Standards, amendments and interpretations to existing standards that are effective and have been adopted by the Corporation

IAS 29 'Financial Reporting in Hyperinflationary Economies'

The Corporation adopted IAS 29 – "Financial Reporting in Hyper -Inflationary Economies" effective 1 January 2019 as proclaimed by the local accounting regulatory board, Public Accountants and Auditors Board "PAAB". IAS 29 requires that the financial statements prepared in the currency of a hyper-inflationary economy be stated in terms of a measuring unit current at the balance sheet date. The restatement has been calculated by means of conversion factors derived from the consumer price index(CPI) prepared by the Reserve Bank Of Zimbabwe. The conversion factors used to restate the financial statements at 31 December 2019, using a February 2019 base are as follows:

Date	Conversion factor
31-Dec-19	
31-Dec-18	6.211

Statement of accounting policies for the year ended 31 December 2019

Foreign currency transactions and balances

The Group's investments in a joint arrangements are classified as joint ventures in which the Group has rights to shares of the arrangements' net assets rather than direct rights to underlying assets and obligations for underlying liabilities. Accordingly, if adopted today, these amendments would not have a material impact on the consolidated financial statements.
The amendments are effective for reporting periods beginning on or after 1 January 2016.

IFRS 9 'Financial Instruments' (2014)

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The Group's management are yet to assess the impact of IFRS 9 on these consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

Property, plant and equipment are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer, less accumulated depreciation and impairment losses. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Increase in the carrying amount arising on revaluation of property, plant and equipment are credited to a revaluation reserve through the statement of other comprehensive income. Decreases that offset previous increases of the same asset are charged against revaluation reserve in equity through other comprehensive income; all other decreases are charged to the profit or loss. The revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Summary of accounting policies

3.1 Overall considerations

These consolidated financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below:

Statement of accounting policies for the year ended 31 December 2019

3.2 Basis of consolidation(continued)

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2019. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December 2019.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

3.3 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of fair value of consideration transferred, the recognised amount of any non-controlling interest in the acquiree and acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on purchase) is recognised in profit or loss immediately.

Statement of accounting policies for the year ended 31 December 2019

3.4 Investment in subsidiaries

A subsidiary is an entity in which the company has power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the company has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.5 Revenue recognition

3.5.1 Dividend income

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

3.5.2 Management and resource depletion fees.

Management and resource depletion fees are recognised when the respective subsidiaries realize revenue for sale transactions concluded.

3.5.3 Revenue from sale of copper reverts

Revenue from sale of copper reverts is recognised when the transaction has been authorized by the Ministry of Mines and Mining Development and when significant risks and rewards of ownership have been transferred to the buyer by signing the sales agreement.

3.5.4 Interest income

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and effective interest rate applicable.

3.5.5 Rental income

Rental income is accrued on a straight-line basis, in accordance with the terms and conditions of the lease agreement.

Statement of accounting policies for the year ended 31 December 2019

3.6 Financial instruments

3.6.1 Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

3.6.1 Financial assets

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

3.6.1.1 Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g trade receivables). They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less allowance for credit losses.

3.6.1.2 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, other short term highly liquid investments readily convertible to known amounts of cash with original maturities of three months or less, and-for the purpose of the cash flow statement it includes bank overdraft.

3.6.1.3 Available-for-sale financial assets (Quoted)

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are initially and subsequently measured at fair value. Changes in the fair value are recognized in other comprehensive income and accumulated in the available for sale reserve. Where there is significant or prolonged decline in the fair value of an available for sale financial asset (which constitute objective evidence of impairment), the full amount of impairment, including any amount previously recognized in other comprehensive income, is recognized in profit or loss. Purchases and sales of available for sale financial assets are recognized on settlement date with any changes in fair value between trade date and settlement date being recognized in the available for sale reserve. On sale, the cumulative gain or loss recognized in other comprehensive income is reclassified from available for sale reserve to profit or loss.

Statement of accounting policies for the year ended 31 December 2019

3.6 Financial instruments (continued)

3.6.1.4 Available-for-sale financial assets (Unquoted)

The unquoted available for sale investments are initially and subsequently measured at cost less impairment losses.

3.6.1.5 De-recognition of financial assets

Investments are derecognized when the rights to receive cash flows from the investments have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership. Gains and losses are recognised in profit or loss when the financial assets are derecognized or impaired.

3.6.1.6 Impairment of financial assets

A financial asset is deemed to be impaired when its carrying amount is greater than its estimated receivable amount, and there is evidence to suggest that the impairment occurred subsequent to the initial recognition of the asset in the consolidated financial statements.

3.6.2 Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and bank overdrafts. These are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument.

Such liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

3.6.3 Fair value measurement hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

Investments are derecognized when the rights to receive cash flows from the investments have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership. Gains and losses are recognised in profit or loss when the financial assets are derecognized or impaired.

Statement of accounting policies for the year ended 31 December 2019

3.7 Post-employment benefits

3.7.1 Defined contribution schemes

The Group makes defined pension contributions to National Social Security Authority (NSSA) and the Mining Industry Development Fund (MIPF). These are charged to the profit or loss in the year to which they relate.

3.7.2 Defined benefit plan

The Parent manages ZMDC Pension Fund as a defined benefit plan. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried at intervals not exceeding three years.

Defined benefit plan surpluses and deficits are measured at:

The fair value of plan assets at the reporting date; less

Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus

Unrecognised past service costs; less

The effect of minimum funding requirements agreed with scheme trustees.

Remeasurements of the net defined obligation are recognised in other comprehensive income. The remeasurements include:

Actuarial gains and losses

Return on plan assets (interest exclusive)

Any asset ceiling effects (interest exclusive).

Service costs are recognised in profit or loss, and include current and past service costs as well as gains and losses.

Net interest expense (income) is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period.

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss. Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

3.8 Intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and any accumulated impairment losses. The Group has accounting software (SAP software system) which is amortised over the period in which benefits are expected to be obtained but not exceeding 10 years.

Exploration and evaluation assets are initially recognised at cost. The assets have a finite useful life. Amortisation is calculated using the units of production method.

Statement of accounting policies for the year ended 31 December 2019

3.9 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items.

Items of property, plant and equipment other than land and buildings are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Land is not depreciated. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives.

Depreciation is provided at the following rates on a straight line basis:

Buildings	40 years
Mining assets	10 years
Furniture, fittings and other equipment	10 years
Motor vehicles	5 years
Lab equipment	2 years
Land	not depreciated
Work in progress	not depreciated

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. The residual value of an asset is the estimated amount that would currently be obtained from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in condition expected at the end of its useful life. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment of property, plant and equipment

The carrying amount of property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Impairment loss is recognised directly through the statement of profit or loss and other comprehensive income when the carrying amounts of the assets exceed the fair values of the respective assets.

Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These gains and losses are included in profit or loss.

Statement of accounting policies for the year ended 31 December 2019

3.10 Inventories

Inventories are initially at cost and subsequently measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Cost of inventory comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and a reliable estimate of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

3.12 Joint ventures

Investments in equity accounted joint ventures are measured initially at cost and subsequently using the equity accounting method.

3.13 Subsidiaries

Investments in unconsolidated subsidiaries are measured initially at cost and subsequently at cost less impairment losses.

3.14 Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates as at the date of the initial transactions.

3.15 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest rate method, except if they are directly attributable to the acquisition, construction or production of a qualifying asset then they are capitalized to the cost of the asset.

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

4 Property, plant and equipment

Inflation adjusted

	Land and buildings ZWL	Plant and machinery ZWL	Motor vehicles ZWL	Mining Assets ZWL	Computer equipment ZWL	Work in progress ZWL	Furniture and office equipment ZWL	Total ZWL
Cost/Valuation								
At 1 January 2018	73 868 018	568 523 000	28 361 110	5 076 323	518 196	139 639 354	5 201 155	821 187 156
Additions	10 670 338	130 248 680	15 996 242		214 488	51 510 467	2 080 936	210 721 151
Depreciation for the year	(6 103 265)	(93 173 043)	(958 029)	(885 448)	(165 124)		(101 548)	(101 386 457)
Disposals		(68 624 185)	(1 063 290)	(70 874)	(4 688)		(5 007)	(69 768 044)
At 31 December 2018	78 435 091	536 974 452	42 336 033	4 120 001	562 872	191 149 821	7 175 536	860 753 806
At January 2019	78 435 091	536 974 452	42 336 033	4 120 001	562 872	191 149 821	7 175 536	860 753 806
Additions	4 846 961	50 764 330	1 591 726		402 164	215 851 533	1 068 339	274 525 053
Transfers		22 107 699				(22 107 699)		
Revaluation/(impairment) Depreciation	151 024 055	332 054 200	1 184 338		(26 507)		(1 055 182)	483 180 904
for the year Reclassification to	(63 802)	(44 355 266)	(1 091 505)	(359 627)	(195 139)		(123 976)	(46 189 315)
Investment Property Disposals	(3 120 685)							(3 120 685)
		(29 123)	(34 481)				(151 855)	(215 459)
	231 121 620	897 516 292	43 986 111	3 760 374	743 390	384 893 655	6 912 862	1 568 934 304

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

4 Property, plant and equipment

Historical cost

Cost/Valuation	Land and buildings ZWL	Plant and machinery ZWL	Motor vehicles ZWL	Mining Assets ZWL	Computer equipment ZWL	Work in progress ZWL	Furniture and office equipment ZWL	Total ZWL
At 1 January 2018	12 842 904	60 512 443	2 717 466	816 756	29 414	14 478 703	488 790	91 886 476
Additions	1 227 487	16 726 516	1 741 966		32 911	581 278	241 677	20 551 835
Depreciation for the year	(975 917)	(8 357 676)	(1 322 469)	(142 594)	(26 583)		(205 250)	(11 030 489)
Disposals		(2 426 073)	(380)	(11 410)	(755)		(806)	(2 439 424)
At 31 December 2018	13 094 474	66 455 210	3 136 583	662 752	34 987	15 059 981	524 411	98 968 398
At January 2019	13 094 474	66 455 210	3 136 583	662 752	34 987	15 059 981	524 411	98 968 398
Additions	2 416 581	19 777 916	1 341 390	41 083	148 170	46 049 543	564 340	70 339 023
Transfers		8 221 270				(8 221 270)		
Revaluation	201 038 764	856 349 158	37 572 088		383 142		5 487 041	1 100 830 193
Depreciation for the year	(91 420)	(2 014 251)	(182 802)	(118 235)	(65 947)		(140 452)	(2 613 107)
Reclassification to Investment Property	(502 400)							(502 400)
Disposals		(3 299)	(7 002)				(17 202)	(27 503)
At 31 December 2019	215 955 999	948 786 004	41 860 257	585 600	500 352	52 888 254	6 418 138	1 266 994 604

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

		Inflation Adjusted		Historical cost	
		2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
5	**Intangible assets**				
	Net Present Value				
	Transfer from property, plant and equipment	2 441 431	3 118 957	391 836	500 755
	Additions	257 897		73 490	
	Revaluation	245 070		411 895	
	Impairment				
	Closing balance	2 944 398	3 118 957	877 221	500 755
	Amortisation				
	Charge for the year	(403 433)	(677 526)	(115 723)	(108 919)
	Net book value	2 540 965	2 441 431	761 498	391 836
6	**Investment property**				
	Transfer from property, plant and equipment	3 120 685		502 400	
	Depreciation charge for the year	(82 027)		(24 998)	
	Closing Balance	3 038 658		477 402	
	No Investment property was guaranteed as security towards the company's loans and liabilities in 2019.				
7	**Deferred tax (liability)/asset**				
	Fair value adjustment on investment				
	Opening balance	402 262 373	240 016 875	56 365 805	35 847 525
	Movement through profit and loss	145 390 463	162 245 498	(127 548 026)	20 518 280
	Movement through other comprehensive income	(145 706 216)		(275 180 895)	
	Closing balance	(401 946 620)	402 262 373	(346 363 116)	56 365 805
8	**Investment in subsidiaries**				
	Investment in Lynx mine	2 944 916	2 944 916	474 103	474 103
	Investment in DTZ	178 799 841	178 799 841	20 295 856	20 295 856
	Investment in Anmark	1 354	1 354	150	150
	Investment in subsidiaries	181 746 111	181 746 111	20 770 109	20 770 109
9	**Inventory**				
	Emeralds	55 892	55 892	8 998	8 998
	Diamonds - finished goods	887 918 594	819 686 449	386 660 215	98 656 302
	Spares and consumables	142 123 064	49 051 234	50 541 918	6 316 629
	Work In Progress	512 597 976	87 288 712	223 220 062	10 699 028
		1 542 695 526	956 082 287	660 431 193	115 680 957

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

	Inflation Adjusted		Historical cost	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
10 Right of use asset				
Buildings	347 095		61 915	
Accumulated depreciation	(28 249)		(12 305)	
	318 846		49 610	
11 Trade and other receivables				
Trade receivables	5 277 477	6 717 537	5 277 477	1 398 792
Other	51 548 006	70 371 549	51 548 006	11 893 816
	56 825 483	77 089 086	56 825 483	13 292 608
Less: Allowance for credit losses	(2 095 766)	(15 005 513)	(2 095 766)	(3 481 849)
Trade receivables-net	54 729 717	62 083 573	54 729 717	9 810 759
	54 729 717	62 083 573	54 729 717	9 810 759
As at 31 December 2019 trade and other receivables of ZWL 54 729 717 (2018: ZWL 9 810 759) were past due but not impaired.				
Movement in the allowance for credit losses for trade receivables is as follows:				
Opening balance	15 005 513	14 583 010	3 481 849	2 209 547
Movement for the year	(1 386 083)	422 503	(1 386 083)	1 272 302
Effects of inflation	(11 523 664)			
Closing balance	2 095 766	15 005 513	2 095 766	3 481 849
12 Exploration and evaluation assets				
At Cost				
Cost 1 January	39 223 075	36 600 109	4 464 457	4 165 287
Additions	18 196 624	6 153 020	16 525 420	699 096
Writeoff		(3 530 054)		(399 926)
At 31 December	57 419 699	39 223 075	20 989 877	4 464 457
13 Cash and cash equivalents				
For the purposes of the statement of cashflows, cash and cash equivalents comprise of:				
Cash and bank	180 476 714	87 121 589	180 476 714	13 937 984
Bank overdraft	(20 255 738)	(34 410 445)	(20 255 738)	(5 539 086)
Cash and cash equivalents	160 220 976	52 711 144	160 220 976	8 398 898

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

		Inflation adjusted		Historical cost	
		2019	2018	2019	2018
		ZWL	ZWL	ZWL	ZWL
14	**Share capital**				
	Authorised share capital				
	180 000 000 ordinary shares of ZWL 1 each	180 000 000	180 000 000	180 000 000	180 000 000
	Issued				
	44 000 000 ordinary shares of ZWL 1 each				
	The unissued shares are under the control of the directors subject to restrictions imposed by the Companies Act (Chapter 24:03).				
15					
15.1	**Long term**				
	Reserve Bank of Zimbabwe	119 772 322	573 222 772	119 772 322	92 264 456
	FBC Bank		43 488 124		7 001 791
	Fidelity Printers	4 520 285	40 350 098	4 520 285	6 495 304
	Chandiwana	175 669 940	75 905 235	175 669 940	9 305 521
		299 962 547	732 966 229	299 962 547	115 067 072
15.2	**Short term**				
	CBZ Bank Limited	10 101 839	56 629 612	10 101 839	9 116 819
	RBZ	186 611 468	550 002 205	186 611 468	88 528 739
	Chandiwana	113 577 980	46 386 780	113 577 980	5 686 737
	Fidelity Printers	4 273 557	24 049 360	4 273 557	3 871 714
		314 564 844	677 067 957	314 564 844	107 204 009

The loans relate to the following facilities:

Reserve Bank of Zimbabwe

The facilities are secured against diamond inventory and accrue interest at rates of between 9 and 9.5% per annum. The facilities are repaid in quarterly instalments.

CBZ Bank Limited

The loan facility with CBZ Bank Limited accrues interest at 13% per annum. It is repayable over 2 years and expired on 31 October 2015. The Corporation has undertaken to deposit all business proceeds through accounts held with CBZ Bank Limited as security for the loan.

Fidelity Printers

The loan facility was granted on 15 July 2018 and accrues an interest of 10% per annum and is repayable over 3 years. The purpose of the loan is to assist artisinal miners to increase gold output. The loan will be repaid through gold deposits to FPR from Bubi Milling Centre.

Chandiwana

The loan balance is secured by equipment bought by Chandiwana Mines Private Limited at Kimberworth Private Limited t/a Sabi Gold Mine. The loan bears interest at 8.33% per annum and compounded monthly. The lender has confirmed that the principal amount of the loan will not be called within 12 months after reporting date.

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

	Inflation Adjusted		Historical cost	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
16 Trade and other payables				
Trade	129 631 129	220 176 690	129 631 129	27 984 664
Other	498 077 946	672 378 963	498 077 946	107 524 668
	627 709 075	892 555 653	627 709 075	135 509 332
17 Revenue				
Gold sales Diamond	575 678 192	118 718 375	139 004 935	17 425 097
Graphite	934 582 564	135 732 563	420 466 906	17 166 860
Rentals		677 432		161 407
Chrome and copper	131 839	256 537	40 000	41 300
	20 875 476	3 194 987	16 038 943	
	1 531 268 071	258 579 894	575 550 784	34 794 664
18 Other income				
Rental income	405 877	393 191	161 021	63 300
Scrap sales	17 950	302 385	3 397	48 681
Sundry revenue	71 829 685	9 727 127	48 447 486	343 606
	72 253 512	10 422 703	48 611 904	455 587
19 Net finance costs				
Exchange gain	904 193 748		42 216 119	
Interest received	1 030 063		795 913	
Interest expense	(177 776 772)	(196 248 369)	(49 635 874)	(25 025 872)
	727 447 039	(196 248 369)	(6 623 842)	(25 025 872)
21 Income tax expense				
Group				
Current tax	(283 040 744)	162 245 498	(125 811 304)	20 518 280
Deferred tax	(481 462 033)		(122 591 524)	
	(764 502 777)	162 245 498	(248 402 828)	20 518 280

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

22 Related party information

Related party companies in the financial statements refer to companies with common direct or indirect shareholders, subsidiaries, associates and key management personnel.

22.1 Related parties

Related party	Relationship
Ministry of Mines and Mining Development	Shareholder
Kimberworth Investments (Private) Limited	Wholly owned subsidiary
Minerals Development (Private) Limited Shabani	Wholly owned subsidiary
and Mashava Mines (Private) Limited ZMDC	Subsidiary
Pension Fund	Pension fund
Diamond Mining Corporation (Private) Limited	Joint venture
Gye Nyame (Private) Limited	Joint venture
Jinan Mining (Private) Limited	Joint venture
Todal Mining (Private) Limited	Joint venture
Mbada Diamonds (Private) Limited	Joint venture
Zimbabwe German Graphite Mines (Private) Ltd	Joint venture

	Inflation Adjusted		Historical cost	
	2019 ZWL	**2018 ZWL**	**2019 ZWL**	**2018 ZWL**
22.2 Related party receivables				
Mbada Diamonds (Private) Limited	7 148 435	44 402 889	7 148 435	7 148 435
Kusena Diamonds (Private) Limited	5 342 854	32 775 568	5 342 854	5 276 549
Marange Resources (Private) Limited	37 511 733	143 067 046	37 511 733	23 029 847
Shabani and Mashava Mines (Private) Oldstone	16 812 611	104 432 438	16 812 611	16 812 611
(Private) Limited	700 000	4 348 088	700 000	700 000
Anjin Investments (Private) Limited	675 896	4 198 364	675 896	675 896
Purediam	272 830 431	40 615 748	272 830 431	6 537 497
Mining Promotions Corporation	2 079 000	12 913 820	2 079 000	2 079 000
Golden Kopje (Private) Limited	19 987	124 150	19 987	19 987
Glassfinish Investments (Private) Limited	40 000 000	248 462 153	40 000 000	40 000 000
Diamond Mining Corporation (Private) Minerals	3 517 580	27 217 359	3 517 580	4 380 901
Marketing Corporation of	39 000		39 000	
Jinan (Private) Limited	42 995	267 066	42 995	42 995
Allowance for credit losses	(43 957 916)	(662 824 689)	(43 957 916)	(106 703 718)
	342 762 606		342 762 606	
22.3 Related party payables				
Judicial Manager	36 139 136	15 557 345	36 139 136	1 907 236
Renco Mine	27 200	221 874	27 200	27 200
Ministry of Mines		9 773 865		1 454 219
Lomagudi Smelting	701	5 718	701	701
	36 167 037	25 558 802	36 167 037	3 389 356

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

	Inflation Adjusted		Historical cost	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
23 Short term provision				
Other	616 000	848 355	616 000	
Provision for doubtful debts	2 286 206		2 286 206	
Special Grant	46 106 558	283 634 409	46 106 558	45 653 698
Audit fees	1 149 080	263 277	1 149 080	42 377
Perfomance bonus		16 520 177		2 659 082
Leave pay	35 294 272	13 155 762	35 294 272	2 117 547
	85 452 116	314 421 980	85 452 116	50 472 704

24 Environmental rehabilitation provision

The carrying amounts and the movements in the provision account are as follows:

	Inflation Adjusted 2019 ZWL	Inflation Adjusted 2018 ZWL	Historical cost 2019 ZWL	Historical cost 2018 ZWL
Opening balance	220 218 154	177 967 093	28 553 393	26 964 711
Movement through profit		42 251 061	243 913 078	1 588 682
Carrying amount at the year end 25	220 218 154	220 218 154	272 466 471	28 553 393
Defined benefit scheme	1 766 858	10 974 933	1 766 858	1 766 858

Employees of the Group are members of the ZMDC Pension Fund which is a defined benefit plan administered by Trustees. The pension fund is funded by payments from employees and the corporation taking into account the recommendations of independent qualified actuaries.

Actuarial assumptions

The principal actuarial assumptions used in the report were as follows:

Valuation rate of interest	10%	per annum
Rate of salary escalation	9%	per annum
Allowance for future pension	5%	per annum
increases Rate of dividend and rent	4%	per annum

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

	Inflation Adjusted		Historical cost	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
26 Other receivables				
Staff housing	77 007	450 661	77 007	72 552

27 Financial instruments - Risk management

The Group is exposed through its operations to the following financial risks:

· Credit risk

· Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group from which financial instrument risk arises are as follows:

·Trade receivables

·Cash and cash equivalents

·Trade and other payables

·Bank overdraft

·Fixed rate loans

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from trade and other receivables. The credit risk with respect to trade and other receivables is limited to contractual obligations by debtors. It is Group's policy, to assess the credit risk of new customers before entering contracts. Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 16. Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The Group's cash and cash equivalents are placed with high quality financial institutions.

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

28 Liquidity risk management

This is the risk of insufficient liquid funds being available to cover commitments. In order to mitigate any liquidity risk that the Group faces, the Group's policy has been throughout the year ended 31 December 2019, to maintain substantial unutilised facilities as well as significant liquid resources. Borrowing facilities are negotiated with approved financial institutions at acceptable interest rates. The liquidity risk exposure in relation to financial liabilities are set out below.

Financial liabilities	Up to 3 months	Between 3 and 12 months	Between 12 and 24 months
	ZWL	ZWL	ZWL
Loans and borrowings	614 527 391	614 527 391	222 271 081
Bank overdraft	20 255 738	20 255 738	5 539 086
Trade and other payables	627 709 075	627 709 075	135 509 332

Interest rate risk management

Interest rate risk is the risk that fluctuating interest rates will unfavourably affect the Group's earnings and the value of its assets, liabilities and capital. The Group held interest bearing liabilities as at 31 December 2019 as disclosed herein. However, interest rates are fixed and, therefore, a sensitivity analysis has not been performed.

28.1 Foreign exchange risk

Foreign exchange risk arises when individual Group enters into transactions denominated in a currency other than its functional currency. The Group's policy is, where possible, to settle liabilities denominated in its functional currency with the cash generated from its own operations in that currency. Where the Group has liabilities denominated in a currency other than its functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

28.2 Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables. Due to their short term nature, their carrying values approximates their fair value.

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

29 Management of capital

The Group's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders and benefits to other stakeholders. The capital of the Group comprise issued share capital, non distributable reserves, available for sale reserve and retained earnings.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Group pays dividends from profits and they are paid if resources are available to do so.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

	Inflation adjusted		Historical cost	
	201 9 ZW L	2018 ZWL	2019 ZWL	2018 ZWL
The Group's capital is made				
Shareholder's contribution	706 220 871	706 220 871	80 000 000	80 000 000
Non distributable reserve	250 406 979	250 406 979	40 313 123	40 313 123
Accumulated loss	(1 201 542 155)	(1 300 693 111)	(563 198 925)	(251 869 954)
	(244 914 305)	(344 065 261)	(442 885 802)	(131 556 831)

30 Contingent liabilities

Legal cases

The Parent cancelled a joint venture agreement with Amari due to alleged misrepresentations made by Amari. Amari has invoked the dispute resolution clause and referred the matter for arbitration to the International Court of Arbitration in Paris. The International Court of Arbitration in Paris awarded, Amari, USD 48 million in penalties but the Parent lodged an appeal on 12 June 2014 to reverse the award.

Proceedings were instituted in the US courts (the Southern District Court of New York) for a declaratory judgement to have the corporation together with MMCZ, Agribank, ZB bank and ZIMRE Properties declared as alter egoes or instrumentalities of the government of Zimbabwe and therefore liable for an arbitration award of USD 40 million plus interest in favour of Funnekotter and others which the company obtained against the government of Zimbabwe. The award related to Zimbabwe farms that Funnekotter and other Dutch Nationals had been utilising in terms of the agreement involving the Zimbabwe and Dutch governments, despite the said agreements the farms were taken over by Zimbabwe nationals and subsequently gazetted.

An appeal was made by African Consolidated Resources which is still pending at the supreme court against the high court's judgement rescinding an earlier judgement which compelled the corporation to surrender diamond claims in Marange which fall within the claims initially registered in African Consolidated Resources' favour and to account for all diamonds mined there at a value of 129 400 diamond carats.

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

29 Contingent liabilities(continued)

Legal cases (continued)

The ultimate outcome of the above matters cannot presently be determined, and management has not been able to reliably estimate a provision to the extent of the potential financial losses arising from the pending legal case.

30 Going concern

The Directors have assessed the ability of the Group to continue operating and believe that the preparation of these financial statements on a going concern basis is still appropriate.

Net Profit/ loss after tax

During the year ended 31 December 2019, the Group incurred an inflations adjusted profit/(loss) after tax of ZWL 1 667 598 318, (2018: loss of ZWL 80 687 623) and historical loss of ZWL 313 044 510 as at 31 December 2019 (2018: loss of ZWL 70 308 873).

Litigation cases

The Parent had litigation claims levelled against it during the year. The value of significant legal cases for Zimbabwe Mining Development Corporation as at 31 December 2019 is as follows:

	ZWL	Carats
Cases for which judgement has been passed against the corporation Shareholder's contribution	88 000 000	129 400
Total value of litigation cases	88 000 000	129 400

31 Events after reporting date

His Excellency President Emmerson Mnangagwa on 17 March 2020 declared the outbreak of the Coronavirus as a National Disaster. The Group was considered to be offering essential service according to SI 83 of 2020 and therefore continued to operate cautiously during the lockdown period which commenced on 31 March 2020. In addition to the threat to public health, social disruption and the wellbeing of our workers, COVID-19 has profoundly affected the business operations. Operations are affected by the pandemic as some key service providers and customers are closed during the lockdown period and specialists from some regions were isolated due to travel restrictions. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on its customers, employees and vendors all of which are uncertain and cannot be predicted. The Group will comply with all Government directives and has already taken a proactive approach in its response to the outbreak and in ensuring the safety of workers and the sustainability of the business. The number of staff present at work has been reduced to only those that are critical to the operation of power plants and implementation of key projects.


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