ZMDC

ZIMBABWE MINING DEVELOPMENT CORPORATION

"Unearthing the future"

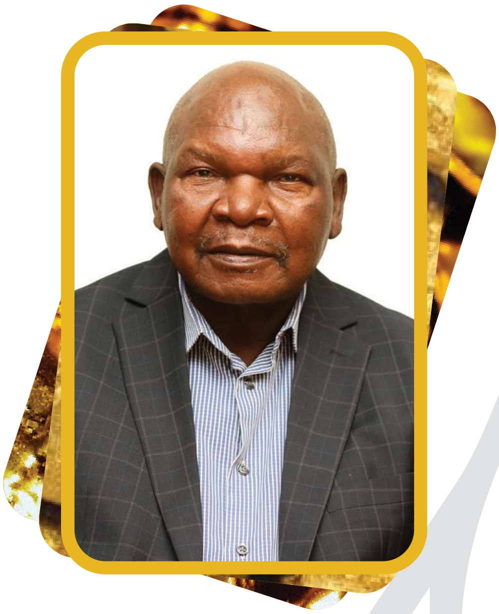
ZMDC

Annual Report 2021

TABLE OF CONTENTS

LETTER TO THE MINISTER OF MINES AND MINING DEVELOPMENT

1.0 LETTER TO THE MINISTER OF MINES AND MINING DEVELOPMENT



30 September 2022

The Honourable Minister,

Ministry of Mines and Mining Development

7th Floor,

Zimre Centre

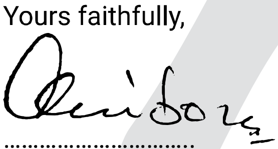
Harare

Attention: Honourable Minister W. Chitando

RE: ANNUAL REPORT ON AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

As required by Section 49 of the Public Finance Management Act (Chapter 22:19) as read with Section 39(2) of the Zimbabwe Mining Development Corporation Act (Chapter 21:08), I have the pleasure of presenting the Annual Report and Financial statements of the Zimbabwe Mining Development Corporation for the year ended 31 December 2021.

Yours faithfully,



……………………………

PETER CHIMBOZA

CHAIRMAN, MINING DEVELOPMENT BOARD

COMPANY PROFILE

2.0 COMPANY PROFILE

Zimbabwe Mining and 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

LEGAL ADVISORS

Sawyer & Mkushi
Legal practitioners
11th Floor Social Security Centre,
99 Park Lane Street
Harare

1.1 *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

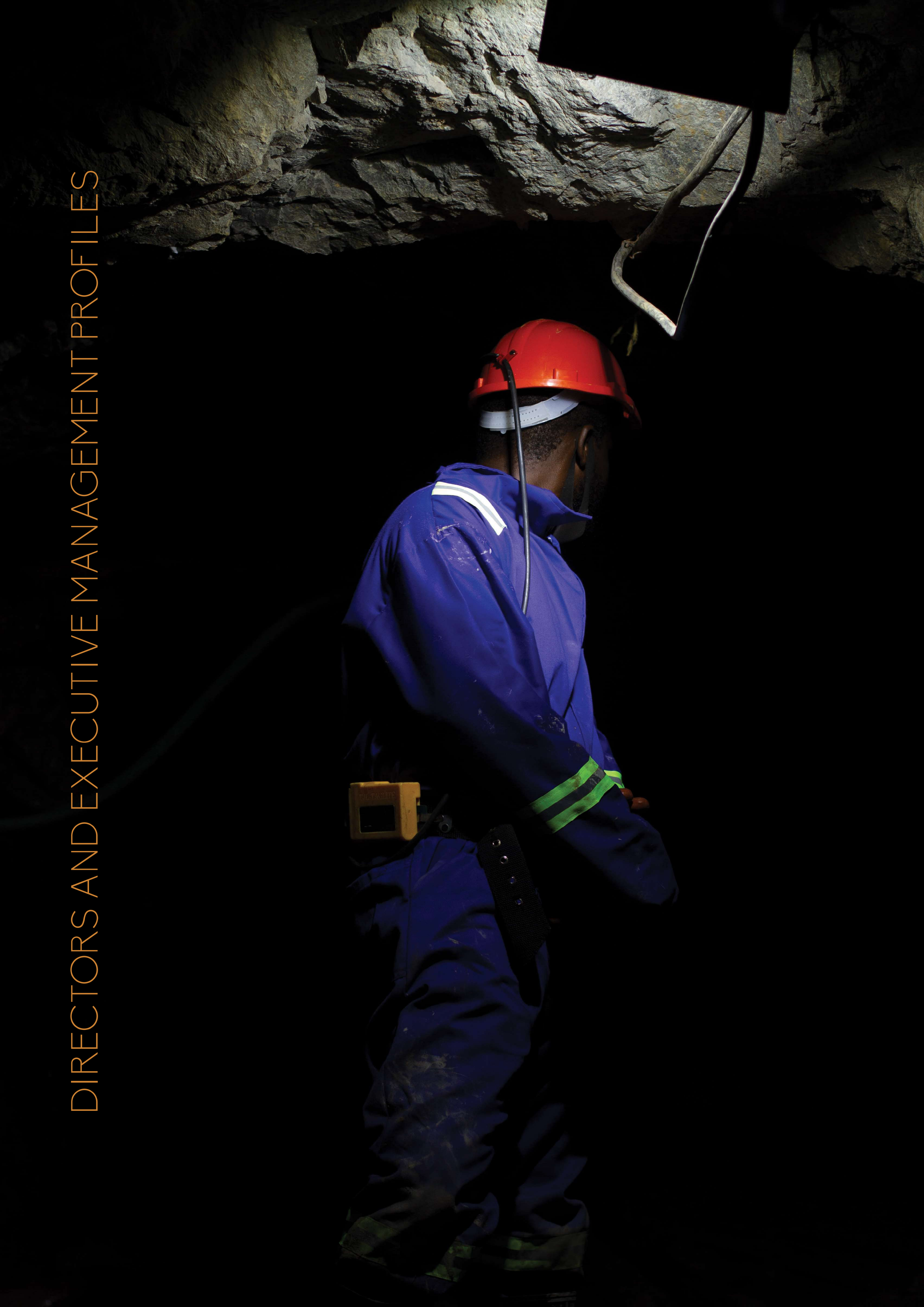
A sustainable USD600 Million mining house by 2023.

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.

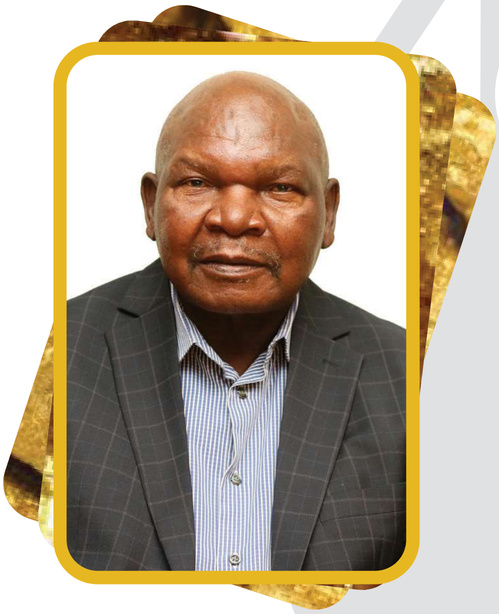


DIRECTORS AND EXECUTIVE MANAGEMENT PROFILES

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 Development Corporation and interim Non – Executive Board member for the Zimbabwe Consolidated Diamond Company.

DEPUTY CHAIRMAN - WELLINGTON PASIPAMIRE

Mr Wellington 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 co-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 interim-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 Wellington Pasipamire sits on several other boards.

CHARLES TAWHA

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 Chief 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 an interim Board member of Zimbabwe Consolidated Diamond Mining Company (ZCDC). Mr Tawha holds a Bachelor of Science (Engineering) Honours Degree from the University of Zimbabwe.

RICHARD JAURE

The late Mr Jaure was a Chemist by profession. He 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. He was the Chief Executive Officer of ACA Chemicals (Pvt) Ltd from 2012 till 2021. Mr Jaure was non-executive Director of Zimbabwe Mining Development Corporation Board in 2021 up to the time of his death in August 2021.

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 was also a holder of a Quality Assurance Diploma.

REASON MANDIMIKA

Mr R. 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 where he worked as Senior Mine Manager from 1999 to 2000. He rejoined Zimasco and from December 2000 to 2008 he was appointed General Manager for Shurugwi Division. Further to that he was then promoted to Mining Executive responsible for Shurugwi Division and Mining Technical Services (Zimasco) from 2008 to 2013 wherein he was 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 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.

SLAVA GRACE CHELLA

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 to 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 to 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 between 1999 and June 2020. She was the Acting Chairperson of the Deposit Protection Board between July 2005 and July 2007 and served 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) LTD) 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 an interim 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.

3.2 EXECUTIVE MANAGEMENT TEAM

GENERAL MANAGER - BLESSED CHITAMBIRA

Mr Blessed 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 - MR. 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 Law Officer with the Ministry of Justice, Legal and Parliamentary Affairs from 2002 to 2006. He joined ZIMRA as a Law Officer from 2006 to 2007. He left Zimra and joined Messrs Mugadza & Company Legal Practitioners as a Professional Assistant in 2007. 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 since November 2016 giving secretarial and legal advice to the Corporation's subsidiaries and joint ventures. 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.

Tinashe 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.

CHIEF FINANCE OFFICER - JONATHAN MAIWASHA

Mr Jonathan 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).

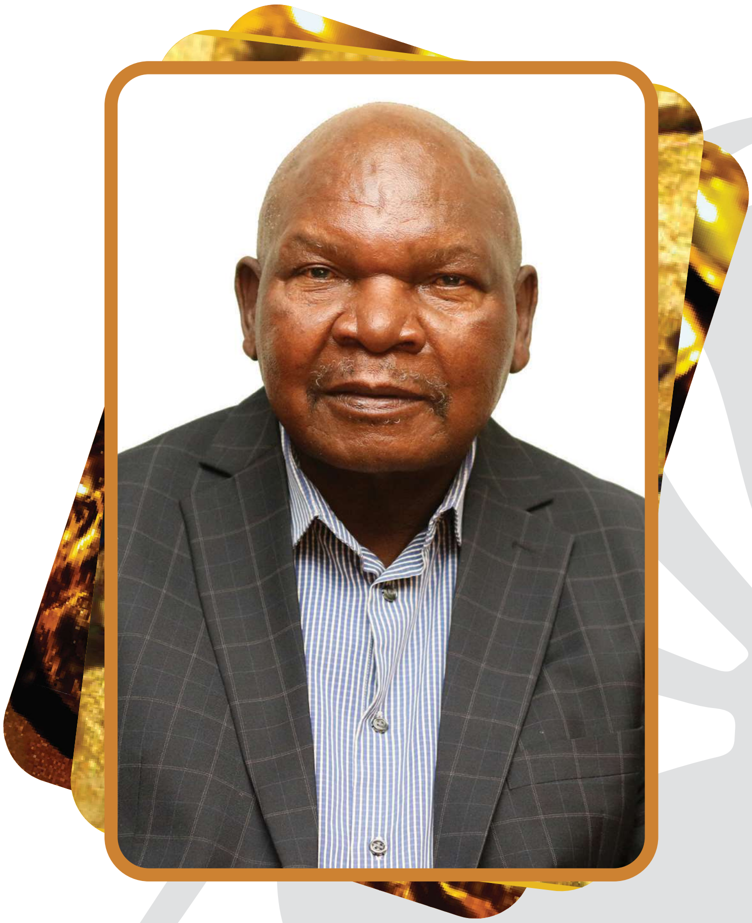
GROUP H.R. MANAGER - MR. GARIKAYI J. CHIMHINA

Mr Garikayi 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.

Garikayi 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 gives me great pleasure on behalf of the Board and Management to report to you our valued stakeholders the Corporation's performance for the year ended 31 December 2021. The Corporation has travelled through a difficult journey characterised by poor capitalisation of its subsidiaries resulting in antiquated equipment due to illegal economic sanctions imposed on ZMDC. The Corporation is recovering after the Board and Management came up with a number of strategies which include Partial Privatisation as enshrined in the National Development Strategy 1 and Contract Mining and processing. These strategies are bearing fruit as set out in detail in the General manager's report. This should see a change in fortunes of ZMDC as the units under contract mining and processing come into operation by mid-year of 2022. The Corporation continued to contribute to the national fiscus and economy through foreign currency generation, royalties and employment creation.

The year under review was characterised by increased inflationary pressures, currency depreciation, wage pressures due to the decline in real income levels among other challenges caused by the difficult operating environment. The country also faced the effects of Covid 19 pandemic. This resulted in national lockdowns, decongestion of workplaces and spending in technology to accommodate working from home. This significantly affected the operating environment for the Corporation and was made worse by limited access to capital and sanctions imposed on the entity.

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 **350.95kg** against a budget of **462.62kg.** Sabi Mine produced **172.36 kg** against a budget of **239.04 kg**. Production was mainly affected by power outages during the first quarter as a result of load shedding. Production from Sabi Mine was further affected by poor ground conditions. Output from the two mines increased significantly in 2021 compared to 2020 where total production from the two mines was **523.31kg** compared to **444.6kg** for the same period. Other Joint Ventures and Subsidiaries which include Sandawana Mine, Elvington Mine and Zimbabwe Germany Graphite Mines were on care and maintenance during the year under review. Work is underway to resuscitate these mines through engagements with our partners. Sabi Mine remained under Judicial management during the period 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 **$975,016,977** compared to prior year operating loss of **$508,107,926.** The inflation adjusted profit before tax for the year was **$3,714,477,592** compared to a loss of **$8,807,826,590** recorded in 2020. The profit was mainly attributed to gain in the Group's monetary position of **$5,252,465,291.**

4.5 Outlook

The Corporation's performance continues to improve due to implementation of the Corporate strategy which is anchored on joint venture partnership and contract mining and processing arrangements. This should see the Corporation turning around the organisation by mid-2022. This strategy is being supported by an improvement in commodity prices due to the clean energy transition. The price of gold remained firm during the year under review and all the minerals in the Corporation's basket are on an upward trend. I would also like to reiterate the Board and Management's commitment to creating sustainable shared value through the minerals we produce so that ZMDC can create value and declare dividends for the benefit of our stakeholders.

Appreciation

On behalf of ZMDC, I would like to thank the board, management, employees, our partners, suppliers and all our keys stakeholders for their significant contribution and commitment towards our shared values and vision of our business. I also wish to thank the Government of Zimbabwe and the Ministry of Mines and Mining Development for the direction and valued support to the Corporation.

Peter Chimboza

BOARD CHAIRMAN

5.0 GENERAL MANAGER'S REPORT

5.1 OPERATING ENVIRONMENT

The economic environment in 2021 was better compared to the previous year despite the impact caused by the Covid 19 pandemic. The country felt the effects of the pandemic in various sectors of the economy as a result of national lockdowns which were aimed at saving life. The annual inflation rate closed the year at 60% from 363% at the beginning of the year according to the Ministry of Finance and Economic Development. Mining growth improved to 3.4% in 2021 according to Ministry of Finance and Economic Development compared to -4,7% in 2020.

Due to shortage of internal resources and long-term funding, the Corporation introduced Joint Venture partnerships that are centred on profit sharing agreements and Contract Mining partnerships that are anchored on product sharing agreements. This strategy will see a significant improvement in revenue generation and cashflows due to resuscitation of mines. The Corporation is targeting to resuscitate Mhangura, Alaska and Lynx operations in 2022.

5.2 OPERATIONS OVERVIEW

ZMDC had two subsidiaries namely Jena Mine and Sabi Mine that were operating in the year under review. Other subsidiaries which include Elvington Mine, Sandawana Mine and Lynx Mine were under care and maintenance. The Corporation continued with partial privatisation during the year under review and below is a list of ZMDC subsidiaries that have been partially privatised as enshrined in the National Development Strategy 1. Outstanding assets are Sanyati mine, Shackleton mine and Nickel claims. This is expected to be complete in 2022.

These Joint Ventures are now at various stages of implementation aimed at resuscitation of the mines or reopening of new mines. The table below summarises the entities that are under joint ventures, shareholding and status of the projects.

GENERAL MANAGER'S REPORT

LIST OF JOINT VENTURES AND STATUS UPDATES

No.	JV Name	Shareholding	Mineral	Title	Update
	Sinamatella Matabeleland north	ZMDC 40% Zhongxin Coking Co. Ltd 60%	Coal	Special Grant (SG) 5756	The ban on mining in National Parks stalled the project.
	Tswane (Pvt) Ltd Gwayi CBM, Matabeleland North	ZMDC 15% Tumagole 85%	Coal Bed Methane (CBM)	SG 5754	EIA approved and exploration work is in progress.
	Mbungu Resources Mbungu CBM Matabeleland North	ZMDC 15% Sakunda 85%	CBM	SG 5755	EIA process done and awaiting EMA certificate so that exploration work can start.
	Zimgold Fields (Pvt) Ltd Angwa, Mash West	ZMDC 30% Midlands Goldfields (Belarus) 70%	Gold	5 Special Grants	Project stalled by the ban on riverbed mining.
	Jena Gold Mine Silobela	ZMDC 15% Kuvimba Mining 85%	Gold	Mining Lease (ML) No. 18	Operating. Production currently at 35kg/month. Optimisation work to increase output is in progress.
	Elvington Gold Mine Chegutu, Mash West	ZMDC 15% Kuvimba Mining 85%	Gold	21 Blocks & Farming land	Under care and maintenance, however a Geologist is now onsite and is working on plan for the mine exploration and resuscitation.
	Sandawana Mine Mberengwa, Midlands	ZMDC 15% Kuvimba Mining House 75% Northbrooke 10%	Gold, Emeralds, Tantalite, Lithium	Mining Lease No. 3 & 54 Blocks & 6 Sites	Under care and maintenance. Funding for exploration secured and focus is on lithium deposits.
	Grand Sanyuan Alaska, Chinhoyi, Mash West	ZMDC 10% Rusununguko 10% Sanyuan 80%	Copper, Gold	Alaska Slag Dump	Installation of smelter is now complete and commissioning is in progress
	Lutope Kamativi, Matabeleland North	ZMDC 30% Cession Mining 70%	Tin, Lithium, Tantalite, Niobium, Beryllium, Mica	SG5651	Exploration is ongoing. Results received indicate values of lithium around 0.2% Li. An aeromagnetic survey over the entire area of Lutope has been done in order to identify more targets and results are positive.
	Kamativi Mining Company Matabeleland North	ZMDC (Kamativi) 15% PD Times 85%	Tin, Lithium, Tantalite, Niobium, Beryllium, Mica	Mining Lease No. 12	Exploration team is onsite. First stage drilling is almost complete centred on the open cast area. The idea is to resuscitate the mine in phases starting with open cast mining in 2023.
	Kamativi Tailings Company Matabeleland North	ZMDC 40% Jimbarta 60%	Tin, Lithium, Tantalite, Niobium, Beryllium, Mica	Dump	The Corporation is seeking to cancel agreement. Lintmar has appealed after they lost the case at the High Court and the matter is now before the Supreme Court. Set down for hearing is expected in the third legal calendar starting September 2022.

	Todal Mining (Pvt) Ltd Shurugwi, Midlands	ZMDC (Transminerals) 40% Lefever 60%	Nickel & Chrome	42 BM Blocks (31 Ni & 11 Cr)	Special Mining Lease pending. Feasibility study complete.
	Global Platinum Resources, Selous, Mash west.	ZMDC 20% Wanbao Rexco Limited (Hong Kong) of China 50% Old Stone 30%	Platinum Nickel	Hopewell Special Mining Lease No. 30, 85 Ni Blocks	Project at Prefeasibility stage. Wanbao Rexco mobilizing financial resources to progress to full feasibility. ZMDC is considering disposal of its shareholding in order to raise funding for other projects.
	Shin Zim Platinum (Pvt) Ltd Selous, Mash West	ZMDC 50% Global PS Mining Investments Company Ltd from UAE 50%	Platinum Nickel	31 Blocks 23 Ni + 8 Pt	Cancellation of the agreement is in progress due to non-performance from Global PS. Discussion for mutual termination is in progress.
	Afrisino Mining Resources (Pvt) Ltd Kanyemba Mash Central	ZMDC 30% CNNC Overseas Uranium Holding Ltd & New On Investment Ltd 70%	Uranium	SG 4886	Mobilisation of financial resources to clear outstanding inspection fees and resume exploration is underway
	Sabi Mine	ZMDC 45% Chandiwana Mines 55%	Gold	Mining Lease No. 20	Operating and production currently at 15kg/month. To ramp up production to 40 kg per month by end of the year 2022.

Gold production from the two operating entities were as follows:

5.2.1 Jena Mines

In 2021 Jena Mines production was **350.95 kg** of gold against a budget of **462.62 kg which** was a 129% increment from 2020 production of **272.0 kg**. The increase in production is attributed to reduced load shedding and installation of a second ball mill to increase production. Production was however affected by compressor breakdowns and load shedding during the first quarter. A total of **93,989 tonnes** were hoisted from the mine against a budget of **124,078 tonnes**. Tonnes milled were **136,918 tonnes** against a budget of **160,590 tonnes** at a grade of **3.0 g/t** against a budget of **3.3 g/t.**

5.2.2 Sabi Mine

Sabi Gold Mine operated under Judicial Management during the period under review and produced **172.36 kg** in 2021 against a budget of **239.04 kg**. This was a marginal decrease from 2020 production of **172.6kg**. A total of **97,054 tonnes** were milled against a budget of **116,150 tonnes** at a grade of **2.25g/t** against a budget of **2.34g/t**. Gold recovery was close to budget at 89.6% against a budget of 90%. Production was mainly affected by ZESA load shedding during the first quarter and poor ground stability encountered at 10 level during the fourth quarter. This also affected the head grade as the mine could not produce from the planned 10 level with good grades. The poor ground stability challenges were resolved with the assistance of a geo mechanics consultant from South Africa.

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 for exploration and mine development in order to resuscitate the mines.

5.2.4 HUMAN RESOURCES AND CORPORATE SOCIAL RESPONSIBILITY

The Corporation had a total staff compliment of 900 employees; Head Office and Mhangura (54), Sabi Gold mine (718) and Lynx Mine (128). The Corporation retrenched 13 employees from Head Office in November 2021 following a labour restructuring exercise. The main objective was to streamline the Head Office labour budget to be in line with partial privatisation strategy. The Government of Zimbabwe rolled out vaccination programme which the Corporation fully embraced and by end of the year 78% of employees at Head office were fully vaccinated. The Corporation remains committed to the health and safety of all employees and several Covid 19 intervention programmes were implemented during the year under review to prevent and manage Covid 19 infections.

There was no labour turnover from Senior management and NEC level employees. Industrial relations were cordial throughout the year.

The Corporation and its subsidiaries or joint venture partners are involved in the following areas in line with our thrust for Corporate Social Responsibility (CSR): provision of medical supplies and facilities, provision of clean water and borehole and industrial attachments to students from School of mines and Universities.

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 **$975,016,977** compared to prior year operating loss of **$508,107,926.** The inflation adjusted profit before tax for the year was **$3,714,477,592** compared to a loss of **$8,807,826,590** recorded in 2020. The profit was mainly attributed to gain in the Group's monetary position of **$5,252,465,291.**

5.3.2 FINANCIAL PERFORMANCE OVERVIEW

5.3.2 INCOME

The group made an overall inflation adjusted profit before tax of **$3,714,477,592** for the year 2021, a 142% increase from the reported loss of **$8,807,826,590** for 2020 due to the Group's gain in monetary position mentioned under section 5.3.1.

5.3.3 REVENUE

Total inflation adjusted revenue from operations stood at **$1,128,939,492** as at 31 December 2021; **(2020: $1,794,696,433)** and total historical revenue from operations for the 2021 financial year stood at **$898,108,969** up from **$503,156,706** recorded in 2020 due to increase in commodity prices in 2021. Historical revenue was mainly from gold proceeds which contributed **$850,572,591** in 2021. Gold revenue increased by **81%** from the 2020 figures as a result of increased gold output, improved gold price and movement in exchange rate.

5.3.4 EXPENDITURE

The Group incurred inflation adjusted operating and administration expenditures of **$2,179,788,552** as at 2021; **(2020; $2,537,969,217)** and historical total expenditure of **$1,768,150,231** up from **$771,200,261** incurred in 2020. The increase in the expenditure was mainly attributed to general price increases 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 **$6,288,768,116** as at 31 December 2021; compared to a loss of (**2020: $5,760,790,008),** This was largely attributed to gain in monetary position of **$5,252,465,291**. The Group had a historical loss after tax of **$1,205,140,969** as at December 2021; **(2020: ($1,343,715,497))** mainly due to finance cost and exchange losses as a result of weakening Zimbabwe Dollar.

5.3.6 STATEMENT OF FINANCIAL POSITION

The Group's inflation adjusted financial position was **$10,578,185,728** as at December 2021; **(2020: $4,599,923,443)** and historical financial position at year end was **$3,239,325,795** an increase compared to 2020 figure of **$1,130,990,568.** The increase was mainly due to revaluation of the Group's assets in the period under review.

5.3.7 STATEMENT OF CASH FLOW

The Group's inflation adjusted cash inflow from operating activities after changes in operating working capital was **$1,952,010,468** as at 2021; (2020: **$3,930,353,072)** and historical outflow from operating activities was **$540,772,681** which was an improvement compared to 2020 cash outflow figure of **$551,304,632.**

Inflation adjusted cashflow from investing activities generated a net outflow of **$4,270,549,085** in the period under review.

Cash inflow from financing activities was **$1,174,895,680** for the year under review.

In the financial period under review the Group's inflation adjusted cash and cash equivalents was **$7,078,700**; **(2020; $21,817,057**) and historical cash and cash equivalents was **$7,078,700** as at 31 December 2021 compared to the opening cash and cash equivalents of **$13,573,124** in 2020.

The Group managed to remit royalties in excess of **$42,528,629** to ZIMRA during the period under review.

5.4 OUTLOOK

The Corporation's outlook is positive and this is supported by stable commodity prices particularly gold, lithium and copper prices. The Corporation's copper projects (Alaska dump, Mhangura dump and United Kingdom) are coming on stream during the second quarter of 2022 and these should see an improvement in revenue generation from operations. Optimisation of Sabi gold production to 40kg per month through installation of a second ball mill will also increase revenue from operations. In addition, these projects will create more employment, improve contribution to the fiscus and the USD12 billion milestone by year 2023. The Corporation managed to clean the balance sheet and has managed to clear all the outstanding debts and loans. This position should see the Corporation being able to pay dividend to the shareholder in 2022.

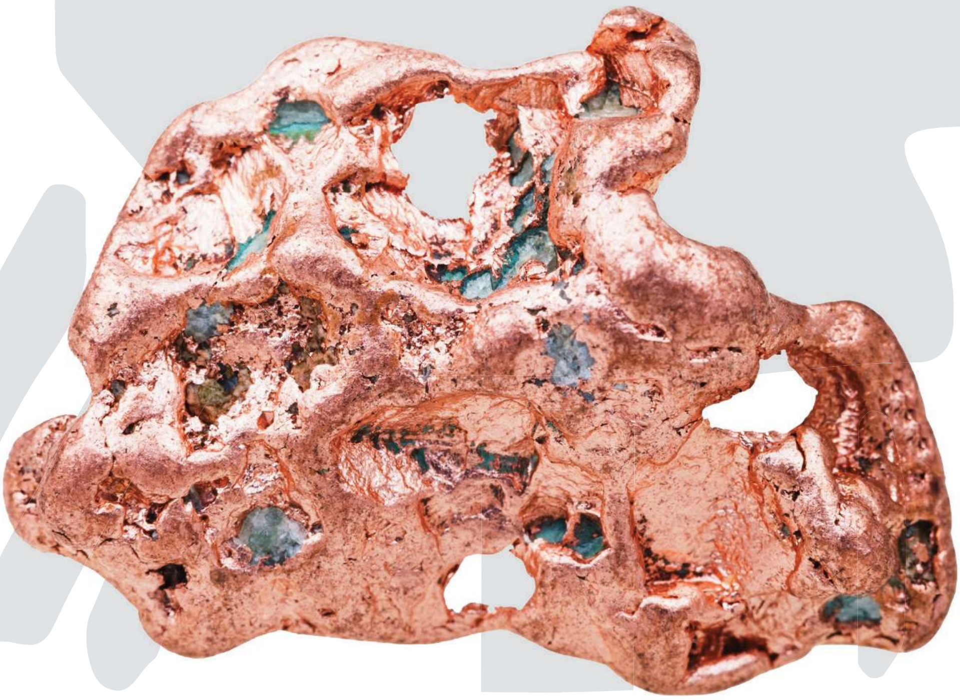
5.6 APPRECIATION

I would like to express my heartfelt gratitude to my colleagues in management and our staff for their unwavering support during the year. I would also like to acknowledge my great indebtedness to the Ministry of Mines and Mining Development, the Mining Development Board, and all stakeholders in Government for their guidance and support in our quest to unearth the future and create value for all our stakeholders.

Thank you all.

Blessed Chitambira

GENERAL MANAGER



CORPORATE GOVERNANCE STATEMENT

6.0 CORPORATE GOVERNANCE STATEMENT

Zimbabwe Mining Development Corporation is controlled by a Board established in terms of section 4 of the ZMDC Act. The board should be comprised of not less than five 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 help the Board to ensure that the necessary authority and procedures are in place to oversee the work of management and independent evaluation of 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 instruments. The Board 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, strategy implementation and to assess overall performance of the Corporation. In pursuing the Corporation's objectives, the Board and ZMDC staff have committed 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 2021 to 31 December 2021

- Reason Mandimika Chairman
- Charles Tawha 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 2021 to 31 December 2021

- Wellington Pasipamire Chairman
- Slava Chellah 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 2021 to 31 December 2021

- Slava Chellah 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 2021 to 31 December 2021

- 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. 2021 BOARD MEETINGS SCHEDULE

6.2.1 MAIN BOARD MEETINGS

DATE OF MEETING	P. Chimboza	W. Pasipamire	R. Jaure	S.G. Chella	R. Mandimika	C. Tawha
20/05/2021	✓	✓	✓	✓	✓	✓
26/08/2021	✓	✓	Deceased	✓	✓	✓
25/11/2021	✓	✓	Deceased	✓	✓	✓
15/03/2022	✓	✓	Deceased	✓	✓	✓

6.2.2 BOARD COMMITTEES' MEETINGS

1. TECHNICAL COMMITTEE

DATE OF MEETING	R. Mandimika	C. Tawha
26/04/2021	✓	✓
03/08/2021	✓	✓
26/10/2021	✓	✓
17/02/2022	✓	✓

2. FINANCE AND INVESTMENT COMMITTEE

DATE OF MEETING	W. Pasipamire	S. G. Chella
28/04/2021	✓	✓
04/08/2021	✓	✓
27/10/2021	✓	✓
16/02/2022	✓	✓

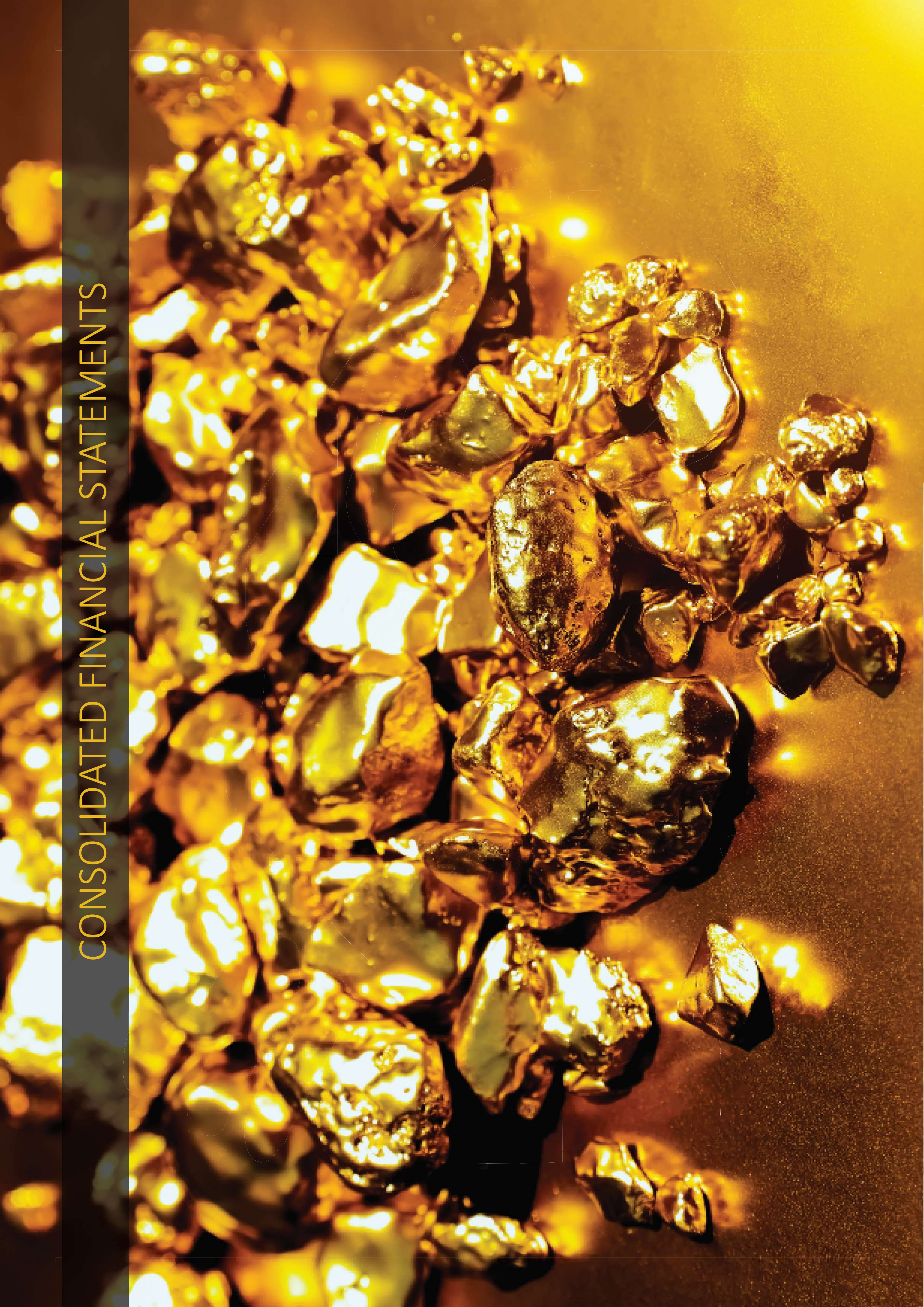
3. HUMAN RESOURCES COMMITTEE

DATE OF MEETING	S. G. Chella	R. Mandimika	R. Jaure
29/04/2021	✓	✓	✓
05/08/2021	✓	✓	✓
28/10/2021	✓	✓	Deceased
17/02/2022	✓	✓	Deceased

4. LEGAL, AUDIT AND RISK COMMITTEE

DATE OF MEETING	R. Jaure	C. Tawha	W. Pasipamire
30/04/2021	✓	Apologies	✓
06/08/2021	✓	✓	Apologies
29/10/2021	Deceased	✓	✓
18/02/2022	Deceased	✓	✓

CONSOLIDATED FINANCIAL STATEMENTS



Ralph Bomment.
Greenacre & Reynolds

ZIMBABWE MINING DEVELOPMENT CORPORATION

AUDITED CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

INDEX TO THE AUDITED CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

ZIMBABWE MINING DEVELOPMENT CORPORATION

AUDITED CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

CORPORATION INFORMATION

NATURE OF BUSINESS
Zimbabwe Mining Development Corporation is a corporation established by an Act of Parliament number 31 of 1982 to explore , mine, and process minerals. It is 100% owned by the government of Zimbabwe under the Ministry of Mines and Mining Development.

DIRECTORS

Chimboza P	(Board Chairman)
Pasipamire W	(Board Vice Chairman)
Chitambira B	(General Manager)
Chella S	(Non-Executive Director)
Jaure R	(Non-Executive Director)(Deceased 16 August 2021)
Mandimika R	(Non-Executive Director)
Tahwa C	(Non-Executive Director)

SECRETARY
Chiparo T

REGISTERED OFFICE
6 Constantia Avenue
Strathaven
Harare

INDEPENDENT EXTERNAL AUDITORS
Ralph Bomment Greenacre and Reynolds
A Correspondent Firm of RSM International
143 Chiremba Road
Queensdale
Harare
Tel +263 242 571 988

The Consolidated Inflation Adjusted Financial Statements are presented in the Zimbabwean Dollars (ZWL)

RESPONSIBILITIES OF DIRECTORS AND APPROVAL OF THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

The Directors are required to maintain adequate accounting records and are responsible for the content and integrity of the Consolidated Inflation Adjusted Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Audited Annual Inflation Adjusted Financial Statements fairly present the state of affairs of the Corporation and are prepared in conformity with the International Financial Reporting Standards and in a manner required by the Companies and Other Business Entities Act (Chapter 24:31).

The Directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the Corporation and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Corporation and all employees are required to maintain the highest ethical standards in ensuring the Corporation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Corporation is on identifying, assessing, managing and monitoring all known forms of risk across the Corporation. While operating risk cannot be fully eliminated, the Corporation endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Directors are 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 and the directors intend to liquidate or cease operations or have no realistic alternative but to do so.

The Directors have reviewed the Corporation's Cash Flow forecast for the year ending 31 December 2022 and, in the light of this review and the current financial position, they are satisfied that the Corporation has access to adequate resources to continue in operational existence for the foreseeable future.

The Audited Annual Inflation Adjusted Financial Statements set out on pages **7 to 45**, which have been prepared on the going concern basis, were approved by the directors on 14/10/2022 and were signed on their behalf by:

Chimboza P
Board Chairman

Chitambira B
General Manager

The preparer of the consolidated inflation Adjusted Financial Statements is Mr. J Maiwasha who is the Finance Manager for the Zimbabwe Mining Development Corporation.

Mr. J Maiwasha
Finance Manager

14/10/**2022**

TO THE SHAREHOLDERS OF ZIMBABWE MINING DEVELOPMENT CORPORATION

Adverse Opinion

We have audited the Consolidated Inflation Adjusted Financial Statements of the Zimbabwe Mining Development Corporation as set out on pages **7 to 45**, which comprise the Consolidated Inflation Adjusted Statement of Financial Position as at 31 December 2021, the Consolidated Inflation Adjusted Statement of Profit or Loss and Other Comprehensive Income, Consolidated Inflation Adjusted statement of Cash Flows, Consolidated Inflation Adjusted Statement of Changes in Equity for the year and the Notes to the Consolidated Inflation Adjusted Financial Statements, which include a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying Consolidated Inflation Adjusted Financial Statements do not present fairly the financial position of the Corporation as at 31 December 2021, and of its financial performance and its Cash Flows for the year then ended in accordance with International Financial Reporting Standards (IFRS's) and in a manner required by the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Adverse Opinion

Non-compliance to International Accounting Standards 21 (IAS 21) – "Effects of Exchange rates"
ZMDC changed its functional currency from USD to ZWL following the promulgation of statutory instrument 33 of 2019. This was not consistent with IAS 21, in which compliance would have resulted in the reassessment of the functional currency at a date earlier than 22 February 2019. In addition, during the period under review, the foreign currency denominated transactions and balances were translated into ZWL using the official interbank exchange rate which is not considered an appropriate spot rate for transactions as required by IAS 21.

In 2021, management presented the Financial Statements in the Zimbabwean Dollars (ZWL) although the functional currency of the Corporation is the United States Dollars (USD). The Corporation's sales, cost of sales, expenses are predominantly in the United States Dollars. The Financial Statements which are denominated in the United States Dollars (USD) which would have required presentation of the Financial Statements in that currency. As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded elements making up the Statement of Profit and Loss, Statement of Cash Flows and Statement of Financial Position.

Non-compliance with International Accounting Standards 28 (IAS 28), Investments in Associates and Joint Ventures – International Financial Reporting Standards 11 (IFRS 11) Joint Arrangements.
IAS 28 and IFRS 11 required the Corporation to recognize interests in joint ventures and associates in its Financial Statements at cost or at fair value. The Corporation did not recognize its shareholding in Todal Mining (Private) Limited Golden Kopje (Private) Limited, Global Platinum Resources (Private) Limited and Northridge Platinum. We were also unable to obtain audited Financial Statements for Sandawana Mines (Private) Limited, Mineral Development (Private) Limited (Elvington Mine) and Jena Mines (Private) Limited. We were unable **to** determine the financial effects of non-compliance on the Financial Statements.

Non-compliance to IAS 8, prior period errors in the accounting for investment in Joint Ventures and Associates.
Management has not made retrospective adjustments in terms of IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors to correct the above matters. Consequently, many corresponding amounts on the Consolidated Inflation Adjusted Financial Statements are misstated, impacting comparability of the current period numbers Therefore, the matters continue to impact the Consolidated Inflation Adjusted Statement of Financial Position. Our opinion was modified appropriately.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded elements making up the Statement of Profit and Loss, Statement of Cash Flows and Statement of Financial Position.

We conducted our audit in accordance with International Standards on Auditing (ISA's). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Consolidated Inflation Adjusted Financial Statements section of our report. We are independent of Zimbabwe Mining Development Corporation accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Consolidated Inflation Adjusted Financial Statements and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon and we do not provide separate opinion on these matters. In the current year there were no key audit matters.

Responsibilities of management and those charged with governance for the Consolidated Inflation Adjusted Financial Statements
Management is responsible for the preparation and fair presentation of the Consolidated Inflation Adjusted Financial Statements in accordance with IFRS's, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error. In preparing the Consolidated Inflation Adjusted 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. Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the Consolidated Inflation Adjusted Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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 ISA's 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 Financial Statements.

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

- Identify and assess the risks of material misstatement of the 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 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.

Auditor's responsibilities for the audit of the Consolidated Inflation Adjusted Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation. 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 the 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.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the Consolidated Inflation Adjusted Financial Statements of Zimbabwe Mining Development Company have been prepared in a manner required by the Companies and Other Business Entities Act (Chapter 24:31), the Mines and Minerals Act (Chapter 21:05); and in compliance with other relevant laws and regulations.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Thamsanqa M. Siwela CA (Z); CA (S.A) Public Accountants and Auditors Board registration number 0476, South African Institute of Chartered Accountants registration number 20050719 and Institute of Chartered Accountants Zimbabwe registration number M3435.

Ralph Bomment Greenacre & Reynolds 17/10/2022

Mr. Thamsanqa M. Siwela CA (Z); CA (S.A)
Ralph Bomment, Greenacre and Reynolds
A Correspondent Firm of RSM International
143 Chiremba Road
Queensdale
Harare

RALPH BOMMENT
Greenacre & Reynolds
17 OCT 2022
Registered Public Auditors
Zimbabwe

INFLATION ADJUSTED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
Revenue	5	1 128 939 492	1 794 696 433	898 108 969	503 156 706
Other income	6	75 832 083	235 164 858	60 538 191	61 581 485
Operating and administration expenses		(2179 788 552)	(2 537 969 217)	(1768 150 231)	(771 200 261)
Loss from operations		**(975 016 977)**	**(508 107 926)**	**(809 503 071)**	**(206 462 070)**
Finance costs	8	(27 398 092)	(165 619 883)	(24 794 616)	(70 008 163)
Foreign exchange loss		(535 965 214)	(6 125 735 116)	(525 490 335)	(1 162 955 558)
Prior period adjustment		392 584	-	-	-
Gain on monetary position		5 252 465 291	(2 008 363 665)	-	-
(Loss)/profit for the year		**3 714 477 592**	**(8 807 826 590)**	**(1 359 788 022)**	**(1 439 425 791)**
Income tax	9	2 574 290 524	3 047 036 582	154 647 053	95 710 294
(Loss)/profit after tax		**6 288 768 116**	**(5 760 790 008)**	**(1 205 140 969)**	**(1 343 715 497)**
Other comprehensive income					
Re-measurement of defined benefit plan		-	(5 822 484)	-	(3 622 363)
Revaluation of non-current assets		1 639 575 205	1 320 432 331	1 675 244 915	853 978 138
Taxation		(368 601 527)	(318 804 267)	(374 679 074)	(240 005 218)
After tax comprehensive income		**1 270 973 678**	**995 805 580**	**1 300 565 841**	**610 350 557**
Total comprehensive (loss)/income for the year, net of tax		**7 559 741 794**	**(4 764 984 428)**	**95 424 872**	**(733 364 940)**
(Loss)/income attributable to:					
Owners of parent		6 288 768 116	(5 760 790 008)	(1 205 140 969)	(1 343 715 497)
		6 288 768 116	**(5 760 790 008)**	**(1 205 140 969)**	**(1 343 715 497)**
(Loss)/income attributable to:					
Owners of parent		7 559 741 794	(4 764 984 428)	95 424 872	(733 364 940)
Non-controlling Interest		-	-	-	-
		7 559 741 794	**(4 764 984 428)**	**95 424 872**	**(733 364 940)**
		==========	==========	==========	==========

ZIMBABWE MINING DEVELOPMENT CORPORATION

AUDITED CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

INFLATION ADJUSTED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
Non-current assets					
Property, plant and equipment	10	10 251 164 299	4 397 538 308	2 954 532 234	1 045 111 944
Intangible assets	11	1 120 000	148 569	1 120 000	134 866
Investment in subsidiaries	12	21 243 894	21 243 894	474 253	474 253
Biological assets		-	87 840	-	1 350
Right of use assets	13	231 704	15 386 035	231 704	1 309 197
Exploration and evaluation assets		22 646 024	22 646 024	3 137 830	3 137 830
		10 296 405 921	**4 457 050 670**	**2 959 496 021**	**1 050 169 440**
Current assets					
Inventory	14	105 190 802	69 986 049	103 240 769	35 552 126
Trade and other receivables	15	138 416 190	41 639 724	138 416 190	25 829 194
Related parties receivables	16.2	17 989 961	9 429 943	17 989 961	5 866 684
Prepayments		13 104 154	-	13 104 154	-
Cash and bank	17	7 078 700	21 817 057	7 078 700	13 573 124
		281 779 807	**142 872 772**	**279 829 774**	**80 821 128**
Total assets		**10 578 185 728**	**4 599 923 443**	**3 239 325 795**	**1 130 990 568**
EQUITY AND LIABILITIES					
Equity					
Share capital	18	-	-	-	-
Non distributable reserve		1 378 489 779	1 378 489 779	28 268 870	28 268 870
Revaluation reserve		2 974 087 970	1 703 114 292	2 066 556 734	765 990 893
Accumulated loss		872 207 314	(5 416 560 802)	(2 965 601 852)	(1 760 460 883)
		5 224 785 063	**(2 334 956 731)**	**(870 776 248)**	**(966 201 420)**
Non-current liabilities					
Loans and borrowings	20.1	1 946 997 757	1 242 549 777	1 946 997 757	773 031 953
Environmental rehabilitation provision		214 387 394	137 986 174	202 204 668	79 360 961
Deferred tax liability	9	1 612 206 994	3 817 895 993	384 364 358	164 496 004
Post-employment benefit liability	22	8 662 480	8 662 480	5 389 220	5 389 220
		3 782 254 626	**5 207 094 425**	**2 538 956 004**	**1 022 278 138**
Current liabilities					
Trade and other payables	21	1 138 716 302	280 440 936	1 138 716 302	174 471 726
Short term provision		-	1 180 246	-	734 271
Short term loans	20.2	406 471 313	1 103 371 156	406 471 313	686 444 258
Related party payables	16.3	9 874 285	317 743 292	9 874 285	197 678 775
Current tax payable		16 084 138	25 050 118	16 084 138	15 584 520
		1 571 146 039	**1 727 785 749**	**1 571 146 039**	**1 074 913 550**
Total equity and liabilities		**10 578 185 728**	**4 599 923 443**	**3 239 325 795**	**1 130 990 568**

Chimboza P
Board Chairman

Chitambira B
General Manager

ZIMBABWE MINING DEVELOPMENT CORPORATION

AUDITED CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

INFLATION ADJUSTED STATEMENT OF CHANGES IN EQUITY

HISTORICAL COST

	Share capital	Non distributable reserve	Revaluation reserve	Accumulated loss	Non controlling interest	Total
	ZWL	ZWL		ZWL	ZWL	ZWL
Balance as at 1 January 2020	-	40 313 123	850 952 676	(563 198 925)	(396 930)	327 669 944
Total comprehensive income/(loss) for the year	-	-	610 350 557	(1 343 715 497)	-	(733 364 940)
De-recognition of privatised entities	-	(12 044 253)	(695 312 340)	146 453 539	396 630	(560 506 424)
Balance as at December 2020	**-**	**28 268 870**	**765 990 893**	**(1 760 460 883)**	**-**	**(966 201 420)**
Balance as at 1 January 2021	-	28 268 870	765 990 893	(1 760 460 883)	-	(966 201 120)
Total comprehensive income/(loss) for the year			1 300 565 841	(1 205 140 969)	-	95 424 872
Balance as at December 2020	**-**	**28 268 870**	**2 066 556 734**	**(2 965 601 852)**	**-**	**(870 776 248)**

ZIMBABWE MINING DEVELOPMENT CORPORATION

AUDITED CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

INFLATION ADJUSTED STATEMENT OF CHANGES IN EQUITY

INFLATION ADJUSTED

	Share Capital	Non distributable reserve	Revaluation reserve	Accumulated loss	Non controlling interest	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Balance as at 1 January 2020	-	1 805 543 976	3 276 787 087	2 716 026 579	20 310 001	12 910 829 389
Movement for the year	-	-	995 805 580	(5 760 790 008)	-	(4 764 984 428)
De-recognition of privatised entities	-	(427 054 197)	(2 569 478 375)	(2 371 797 372)	(20 310 001)	(10 480 801 691)
Balance as at 31 December 2020	**-**	**1 378 489 779**	**1 703 114 292**	**(5 416 560 802)**	**-**	**(2 334 956 731)**
Balance as at 1 January 2021	-	1 378 489 779	1 703 114 292	(5416 560 802)	-	(2334 956 731)
Movement for the year	-		1 270 973 678	6 288 768 116	-	7 559 741 794
Balance as at 31 December 2021	**-**	**1 378 489 779**	**2 974 087 970**	**872 207 314**	**-**	**5 224 785 063**

INFLATION ADJUSTED STATEMENT OF CASH FLOWS

	Note	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historic Cost 2021 ZWL	Historic Cost 2020 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/profit before taxation		3 714 477 592	(8 807 826 591)	(1 359 788 022)	(1 439 425 791)
Depreciation of plant and equipment	**10**	55 316 971	134 619 520	27 625 172	86 012 845
Amortisation of intangible assets	**11**	109 916	403 593	85 179	13 536
Net finance costs/(income)	8	27 398 092	165 619 883	24 794 616	70 008 163
Exchange gain		-	5 608 548	-	3 489 266
Increase/(decrease) in provisions		-	2 064 850 084	-	277 823 355
Cash flows before working		**3 797 302 571**	**(6 436 724 963)**	**(1 307 283 055)**	**(1 002 078 626)**
Changes in working capital					
Decrease/(increase) in inventories		(35 204 753)	11 053 524 265	(67 688 641)	624 879 065
Decrease/(increase) in trade and other receivables		(96 776 466)	352 985 503	(112 586 996)	28 900 523
(Decrease)/increase in trade and other payables		849 309 386	(4 245 616 379)	964 744 194	(453 237 349)
Decrease/(increase) in related party receivables		(8 560 018)	2 455 641 771	(12 123 277)	336 895 922
Increase in related party payables		(307 869 007)	-	(187 804 490)	161 511 738
Decrease in long term receivables		(13 104 154)	555 254	(13 104 154)	77 007
Increase/(decrease) in long term payables		(2205 688 998)	915 607 504	219 868 354	(178 244 750)
		1 979 408 560	4 095 972 955	(515 978 065)	(481 296 469)
Net finance (costs)/income	8	(27 398 092)	(165 619 883)	(24 794 616)	(70 008 163)
Cash utilised from operating activities		**1 952 010 468**	**3 930 353 072**	**(540 772 681)**	**(551 304 632)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of plant and equipment	**10**	(4 270 549 085)	(63 878 220)	(264 815 200)	(30 040 686)
Disposal of plant and equipment		-	26 923	-	457
Cash utilised in investing activities		**(4 270 549 085)**	**(63 851 296)**	**(264 815 200)**	**(30 040 229)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans (repaid)/received		1 174 895 680	(13 075 063)	799 093 456	498 292 065
Cash flows from financing activities		**1 174 895 680**	**(13 075 063)**	**799 093 456**	**498 292 065**
Increase/(decrease) in cash and cash equivalents		**(1 143 642 937)**	**3 853 426 712**	**(6 494 424)**	**(83 052 796)**
Effects on cash flows on privatised entities		-	-	-	(63 595 056)
Net effect of inflation		1 128 904 580	(4 089 144 337)	-	-
Cash and cash equivalents at the beginning of the year		21 817 057	257 534 682	13 573 124	160 220 976
Cash and cash equivalents at the end of the year	**17**	**7 078 700**	**21 817 057**	**7 078 700**	**13 573 124**

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

1 Nature of business

Zimbabwe Mining Development Corporation is a corporation established by an Act of Parliament number 31 of 1982 to explore mine and process minerals. It is 100% owned by the Government of Zimbabwe under the Ministry of Mines and Mining Development. Its registered office is 6 Constantia Avenue, Strathaven Harare.

1.1 Summary of significant accounting policies

The principal accounting policies set out below have been consistently followed in all material respects and comply with International Financial Reporting Standards except for non-compliance with IAS 21, IAS 28, IFRS 3, IFRS 10 and IFRS 11.

1.2 Presentation currency

These Consolidated Inflation Adjusted Financial Statements are presented in Zimbabwe Dollars (ZWL) being the functional and reporting currency of the primary economic environment assessed by management.

1.3 Basis of preparation

The financial results of the Corporation have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs). The Corporation partially complied with the International Financial Reporting Standards due to the requirement to comply with Statutory Instrument 33 of 2019. The Financial Statements are based on statutory records that are maintained under the historical cost convention as modified by the revaluation of property, plant and equipment and investment property.

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The significant accounting policies that have been used in the preparation of these Consolidated Inflation Adjusted Financial Statements are summarized below. The Consolidated Inflation Adjusted 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 below:

1.4 Statement of compliance

The financial results of the Corporation have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) except for non-compliance with IAS 8, IAS 21 and IAS 28.

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2 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 2020, using a February 2019 base are as follows:

Period	Index	Conversion Factor
31-Dec-2021	3,977.46	1.000
31-Dec-2020	2,474.51	1.607

2.1 Summary of accounting policies

These Financial Statements have been prepared using the significant accounting policies and measurements bases summarised below:

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of minerals the ordinary course of the Corporation's activities. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts and after eliminating sales within the Corporation. Revenue is recognised as follows:

To determine whether to recognise revenue, the Corporation follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Corporation satisfies performance obligations by transferring the promised goods or services to its customers.

The Corporation recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the Statement of Financial Position. Similarly, if the Corporation satisfies a performance obligation before it receives the consideration, the Corporation recognises either a contract asset or a receivable in its Statement of Financial Position, depending on whether something other than the passage of time is required before the consideration is due.

2.2.1 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.

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2.2 Management and resource depletion fees

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

2.2.3 Revenue from chrome sales

Revenue from chrome sales was recognised from production realised in the month and the price per tonnage was agreed upon in the joint venture contract.

2.2.4 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.

2.2.5 Interest income

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

2.2.6 Rental income

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

2.3 Taxation

Income tax on the accounting profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement

2.3.1 Current tax

Current tax is the expected tax payable on the taxable income for the year, using rates enacted or substantially enacted at the Statement of Financial Position date and any adjustments to tax payable in respect of previous years.

2.3.2 Deferred taxation

Deferred income tax is provided for, using the balance sheet approach, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax asset or liability.

Under this method the Corporation is required to make provision for deferred income taxes on the revaluation of certain non-current assets and, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base. Provision for taxes, mainly withholding taxes, which could arise on remittance of retained earnings, principally to subsidiaries, is only made where there is a current intention to remit such earnings.

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.2 Deferred taxation (continued)

The principal temporary differences arise from depreciation on property and equipment, revaluations of certain non-current assets, provisions for pensions and other post-retirement benefits and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be made against which the unused tax losses can be utilised.

2.4 Property and equipment

Property and equipment is initially recorded at cost. Land and buildings are subsequently shown at fair value, based on valuations by external independent values, less subsequent depreciation for property. All other property and equipment is stated at historical cost or valuation less accumulated depreciation.

2.4.1 Depreciation

The depreciation rates are as follows:

Asset	Rate
Buildings	40 years
Plant and machinery	10 years
Fixtures and fittings	10 years
Computer and other equipment	3 years
Laptops	2 years
Motor vehicles	5 years
Office Equipment	10 years

2.4.2 Impairment

The carrying amounts of the Corporation's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. An impairment loss is recognised in the statement of comprehensive income.

2.4.3 De-recognition 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.

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4.4 Intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and any accumulated impairment losses. The Corporation 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.

2.4.5 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.

2.5 Financial instruments

2.5.1 Classification

Trading instruments

Trading instruments are those that the Corporation principally holds for the purpose of short-term profit making.

Originated loans and receivables

Originated loans and receivables are loans and receivables created by the Corporation providing money to a debtor than those created with the intention of short-term profit taking. Originated loans and receivables comprise loans and advances to banks and customers other than purchased loans as well as bonds purchased at original.

Held-to-maturity assets

Financial assets with fixed or determinable payments and fixed maturity that the Corporation has the intent and ability to hold to maturity. These include certain purchased loans and advances to banks and customers and certain debt investments.

Available-for-sale assets

Financial assets that are not held for trading purposes, originated by the Corporation, or held to maturity. Available-for-sale instruments include money market placements and certain debt and equity investments.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5.2 Recognition

The Corporation recognises financial assets held for trading and available-for-sale assets on the date it commits to purchase the assets. From this date any gains and losses arising from changes in fair value of the assets are recognised. Held-to-maturity loans and originated loans and receivables are recognised on the day they are transferred to the Corporation.
Financial instruments are ordinarily measured at cost, including transaction costs.

Subsequent to initial recognition all trading instruments and all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment.

All non-trading financial liabilities, originated loans and receivables and held to maturity assets are measured at amortised cost less impairment losses. Amortised cost is calculated on the basis of the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

2.5.3 Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the Statement of Financial Position date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the Statement of Financial Position date for an instrument with similar terms and conditions.

2.5.4 Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of available-for-sale assets are recognised in other comprehensive income. When the financial assets are sold, collected or otherwise disposed of, the cumulative gain or loss recognised in equity in transferred to the income statement. Gains and losses arising from a change in the fair value of trading instruments are recognised in the income statement. Held to maturity loans and originated loans and receivables are recognised on the day they are transferred to the Corporation.

2.5.5 Derecognition

A financial asset is derecognised when the Corporation loses control over the contractual rights that comprise the asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished. Available-for-sale assets and assets held for trading that are sold are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the Corporation commits to sell the assets.

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5.5 Derecognition (continued)

The Corporation uses the specific identification method to determine the gain or loss on derecognition. Held-to-maturity instruments and originated loans and receivables are derecognised on the day they are transferred by the Corporation.

2.5.6 Securities borrowing and lending business.

Investments lent under securities lending arrangements continue to be recognised in the Statement of Financial Position and are measured in accordance with the accounting policy for assets held for trading or available-for-sale as appropriate. Cash collateral received in respect of securities lent is recognised as liabilities to either banks or customers. Investments borrowed under securities borrowing agreements are not recognised.

Cash collateral placements in respect of securities borrowed are recognised under loans and advances to either banks or customers. Income and expenses arising from the securities borrowing and lending business are recognised on an accrual over the period of the transactions and are included in the interest income or expense.

2.5.7 Repurchase agreements

The Corporation enters into purchases (sales) of the investments under agreements to resell (repurchase) identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised in loans to either banks or customers. The receivables are shown as collateralised by the underlying security. Investments sold under repurchase agreements continue to be recognised in the Statement of Financial Position and are measured in accordance with the accounting policy for either assets held for trading or available-for-sale as appropriate. The proceeds from the sale of the investments are reported as liabilities to either banks or customers. The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction and is included in interest.

2.5.8 Interest rate risk

The Corporation's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Corporation's business strategies.

2.5.9 Credit risk

The Corporation's credit exposure, at the reporting date, from financial instruments held or issued for trading purposes is represented by the fair value of instruments with a positive fair value at that date, as reported on the Statement of Financial Position date. The credit risk on liquid funds and derivative financial instruments is limited because counterparties are banks with high credit-ratings. The Corporation has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5.10 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:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

2.6 Related parties

For the purposes of these Consolidated Inflation Adjusted Financial Statements, a party is considered to be related to the Corporation if:

2.6.1 The party has te ability, directly or indirectly through one or more intermediaries, to control the Corporation or exercise significant influence over the Corporation in making financial and operating policy decisions, or has joint control over the Corporation;

2.6.2 The Corporation and the party are subject to common control;

2.6.3 The party is an associate of the Corporation or a joint venture in which the Corporation is a venturer;

2.6.4 The party is a member of key management personnel of the Corporation or the Corporation's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

2.6.5 The party is a close family member of a party referred to in 2.1.1 or is an entity under the control, joint control or significant influence of such individuals; or

2.6.7 The party is a post-employment benefit plan which is for the benefit of employees of the Corporation or of any entity that is a related party of the Corporation.

2.6.8 Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3 Employee benefits

3.1 National Social Security Authority Scheme

This scheme was promulgated under the National Social Security Act of 1989. The Corporation's obligation under the scheme is limited to specific contributions as legislated from time to time, which are presently 4,5% of pensionable emoluments.

Provisions are recognised when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligations can be made.

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the reporting date.

Post-employment benefits

3.1.1 Defined contribution schemes

The Corporation 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.

3.1.2 Defined benefit plan

The Corporation manages ZMDC Pension Fund which is 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 on curtailments.

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1.3 Defined benefit plan (continued)

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.

3.2 Joint ventures

Investments in equity accounted joint ventures are measured initially at cost and subsequently at cost less impairment losses.

3.3 Subsidiaries

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

3.4 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.

3.4.1 Provisions

Provisions are recognised when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

3.4.2 Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions

The Corporation makes assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4.3 Current and deferred tax

The Corporation is subject to income tax; significant judgement is required in determining the provision. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Corporation recognises liabilities for anticipated tax assessment based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Where the actual final outcome (on the judgement areas) differs from management estimates, the Corporation will need to increase the income and deferred tax liability if unfavourable or decrease the income and deferred tax liability if favourable.

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

4.1 NEW STANDARDS INTRODUCED

IFRS 17 Insurance contracts: effective January 2021
IFRS 17- 'Insurance Contracts' requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021

Amendments to IFRS 9, IFRS 7 and IFRS 16 effective January 2021
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred

Amendment to IFRS 16- Covid-19 Related Rent Concessions beyond 30 June 2021. effective 1 April 2021
Lessees will apply the amendment retrospectively, recognizing the cumulative effect of initially applying it as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which they first apply the amendment.

In the reporting period in which a lessee first applies the 2021 amendment, the lessee will not be required to disclose the information required by paragraph 28(f) of IAS 8. In accordance with paragraph 2 of IFRS 16, a lessee is required to apply the relief consistently to eligible contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient before or after the amendment.

IFRS 10 and IAS 28(amendments) sale or contribution of assets between an investor and its associate or joint Venture effective date yet to be set by IASB effective 1 January 2020.
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture

Amendments to IAS 1 and IAS8 definition of material: effective 01 January 2020
The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS standards. The concept of obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other standards and the conceptual framework that contain a definition of material or refer to the term material to ensure consistency.

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

4.1 NEW STANDARDS INTRODUCED (CONTINUED)

Amendments to References to the Conceptual Framework in IFRS Standards : effective 01 January 2020

Together with the revised conceptual framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised conceptual framework. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020 with early application permitted

Amendments to IAS 1 and IAS 8 definition of Material: Effective 01 January 2020

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS standards. The concept of obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other standards and the conceptual framework that contain a definition of material or refer to the term material to ensure consistency. Impact on the Corporation: Immaterial

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

4.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgment at the date of the Financial Statements.

Judgments

In the process of applying the Corporation's accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant effect on the amounts recognized in the Financial Statements. The Directors are of the opinion that the Statement of Financial Position represents a true and fair position of the Corporation.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Corporation based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about the future developments, however, may change due to market changes or circumstances arising beyond the control of the Corporation. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values of property, plant and equipment

The Corporation assesses useful lives and residual values of property and equipment each year taking into consideration past experience, technology changes and the local operating environment. Residual values were reassessed during the year and were still In line with those determined

Valuation of Inventory

The Corporation uses the Average Cost Method to value its inventory and management judgment will have to be exercised in estimating the recoverability of the inventory values.

Calculating depreciation and amortization expenses: The calculation of depreciation and amortization requires management to estimate the expected useful lives of its assets.

Allowance for inventory damage or shrinkage and the allowance for bad debts: The calculations of these amounts will require use of management estimates based on prior experience.

Impairment of financial instruments

The Corporation reviews its receivables' portfolio regularly to assess the likelihood of impairment. This requires an estimation of the amounts that are irrecoverable. The Corporation assesses its trade receivables and/or loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recognized in profit or loss, the Corporation makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from an asset.

Mine rehabilitation provision

The Corporation makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities. These provisions are created based on the Corporation's internal estimates. Assumptions based on the current economic environment are made, which management believes are a reasonable basis upon which to estimate the future liability.

Impairment of non-financial assets

The Corporation assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

	Notes	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
5 REVENUE FROM OPERATIONS					
Gold sales		1 074 823 146	1 704 624 952	850 572 591	470 147 636
Copper sales		21 834 061	-	21 834 061	-
Graphite		1 676 927	1 228 194	1 175 140	675 338
Rentals		822 428	1 119 231	652 312	308 650
Management fees		27 308 827	77 787 002	21 839 688	26 642 026
Chrome and copper		2 474 103	9 937 054	2 035 177	5 383 056
		1 128 939 492	**1 794 696 433**	**898 108 969**	**503 156 706**
6 OTHER INCOME					
Rental revenue		5 068 305	2 837 264	4 026 746	1 151 688
Scrap sales		1 896 992	5 088 098	1 343 410	2 973 079
Other		68 866 786	227 239 496	55 168 035	57 456 718
		75 832 083	**235 164 858**	**60 538 191**	**61 581 485**

7 PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations for the year has been arrived at after charging the following :

	Notes	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
Staff Cost		627 387 482	346 778 763	534 335 218	149 292 128
Depreciation		55 316 974	134 216 488	27 859 185	85 530 221
Amortization of intangible Asset		109 916	345 728	85 179	13 536
Audit Fees		5 126 669	14 172 323	4 845 461	5 707 829
Directors' Emoluments	7.1	3 578 833	3 459 466	2 771 346	2 199 621
7.1 Directors' emoluments					
Fees		2 090 919	2 001 241	1 597 850	1 683 745
Other		1 487 914	1 458 225	1 173 496	515 876
		3 578 833	**3 459 466**	**2 771 346**	**2 199 621**
8 FINANCE COSTS					
Finance costs		**27 398 092**	**165 619 883**	**24 794 616**	**70 008 163**

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
9 INCOME TAX EXPENSE				
Group				
Current tax	-	-	-	-
Deferred tax **(Note 9.1)**	2 574 290 524	3 047 036 582	154 647 053	95 710 294
	2 574 290 524	**3 047 036 582**	**154 647 053**	**95 710 294**

9.1 DEFERRED TAX (LIABILITY)/ASSET

Reconciliation				
Opening balance	(3 817 895 993)	(6 546 128 308)	(164 496 004)	(20 201 080)
Other adjustments	-	-	163 667	-
Movement through profit or loss	2 574 290 524	3 047 036 582	154 647 053	95 710 294
Movement through OCI	(368 601 527)	(318 804 267)	(374 679 074)	(240 005 218)
Deferred tax (liability)/asset	**(1 612 206 994)**	**(3 817 895 993)**	**(384 364 358)**	**(164 496 004)**

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT – HISTORICAL COST

	Land and buildings	Plant and machinery	Motor vehicles	Mining Assets	Computer equipment	Work in progress	Furniture and office equipment	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
At January 2020	215 955 999	948 786 004	41 860 257	585 600	500 352	52 888 254	6 418 138	1 266 994 604
Additions	-	7 442 065	-	-	2 176 440	18 687 705	1 734 476	30 040 686
Depreciation for the year	(32 713 947)	(34 702 578)	(11 053 108)	(122 625)	(509 224)	-	(6 911 363)	(86 012 845)
Revaluation	487 762 881	335 761 824	17 218 863	-	109 780	-	13 124 790	853 978 138
Transfers of Marange assets	-	-	231 010	-	-	-	-	231 010
Disposals	-	-	-	-	(457)	-	-	(457)
De-recognition of privatised entities	(99 609 176)	(860 436 186)	(37 801 598)	(203 016)	(92 402)	(17 717 750)	(4 259 064)	(1 020 119 192)
At December 2020	**571 395 757**	**396 851 129**	**10 455 424**	**259 959**	**2 184 489**	**53 858 209**	**10 106 977**	**1 045 111 944**
At January 2021	571 395 757	396 851 129	10 455 424	259 959	2 184 489	53 858 209	10 106 977	1 045 111 944
Additions	1 446 908	19 419 431	1 673 912	-	3 815 047	238 459 902	-	264 815 200
Depreciation for the year	(9 316 807)	(14 138 394)	(2 437 700)	-	(569 437)	-	(1 162 834)	(27 625 172)
Revaluation	584 680 463	1 081 325 500	1 994 731	-	1 180 229	-	4 993 680	1 674 174 603
Disposals	(1 347)	-	(150 702)	(234 010)	(60 264)	-	(1 498 018)	(1 944 341)
At December 2021	**1 148 204 974**	**1 483 457 666**	**11 535 665**	**25 949**	**6 550 064**	**292 318 111**	**12 439 805**	**2 954 532 234**

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT – INFLATION ADJUSTED

	Land and buildings	Plant and machinery	Motor vehicles	Mining Assets	Computer equipment	Work in progress	Furniture and office equipment	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
At January 2020	1 666 488 091	6 471 485 503	317 159 122	27 113 944	5 360 169	2 775 251 803	49 844 764	11 312 703 396
Revaluation/(impairment)	733 449 661	733 449 661	733 449 661	733 449 661	733 449 661	733 449 661	733 449 661	9 534 845 587
Depreciation for the year	(53 538 699)	(53 538 699)	(53 538 699)	(53 538 699)	(53 538 699)	(53 538 699)	(53 538 699)	(696 003 087)
Derecognition of privatised entities	(781 466 219)	(6 016 799 908)	(952 397 615)	(687 755 100)	(679 285 647)	(1 855 739 312)	(701 098 017)	(15 754 007 587)
At 31 December 2020	**1 564 932 834**	**1 134 596 556**	**44 672 468**	**19 269 805**	**5 985 483**	**1 599 423 453**	**28 657 709**	**4 397 538 308**
At January 2021	1 564 932 834	1 134 596 556	44 672 468	19 269 805	5 985 483	1 599 423 453	28 657 709	4 397 538 308
Additions	1 783 229 706	1 874 323 191	96 713 266	-	15 618 626	426 605 516	74 058 780	4 270 549 085
Depreciation for the year	(16 791 141)	(26 341 384)	(8 627 935)	(338 407)	(1 182 235)	-	(2 035 869)	(55 316 971)
Revaluation	552 290 415	1 079 563 538	1 069 322	-	692 119	-	4 884 483	1 638 499 877
Disposals	-	-	(106 000)	-	-	-	-	(106 000)
At December 2021	**3 883 661 814**	**4 062 141 901**	**133 721 121**	**18 931 398**	**21 113 993**	**2 026 028 969**	**105 565 103**	**10 251 164 299**

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

11 INTANGIBLE ASSETS

	Inflation Adjusted 2021 ZWL	Historical Cost 2021 ZWL
Gross carrying amount		
Balance at 1 January 2021	148 569	134 867
Revaluation	1 081 347	1 070 312
Closing amount at 31 December 2021	**1 229 916**	**1 205 179**
Amortisation		
Carrying Amount as at 1 January 2021	1 229 916	1 205 179
Amortisation	(109 916)	(85 179)
Closing carrying amount at 31 December 2021	**1 120 000**	**1 120 000**
Balance at 1 January 2020	14 852 644	280 414
Revaluation	(14 358 347)	(132 012)
Closing amount at 31 December 2020	**494 297**	**148 402**
Amortisation and impairment		
Carrying Amount as at 1 January 2020	494 297	148 402
Amortisation	(345 728)	(13 536)
Closing carrying amount at 31 December 2020	**148 569**	**134 866**

Intangible assets consist of the SAP Enterprise Resource Planning software which was brought into use on 1 August 2012, the software is being amortised over 10 years. The Intangible asset is SAP software which has a useful life of 10 years and is depreciated on a straight line basis.

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
12 INVESTMENT IN SUBSIDIARIES				
Investment in Lynx mine	21 234 134	21 234 134	474 103	474 103
Anmack	9 760	9 760	150	150
	21 243894	**21 243894**	**474 253**	**474 253**
13 RIGHT OF USE ASSET				
Buildings	17 875 222	17 875 222	1 983 729	1 983 729
Accumulated depreciation	(17 643 518)	(2 489 187)	(1 752 025)	(674 532)
	231 704	15 386 035	231 704	1 309 197
14 INVENTORIES				
Spares and Consumables	**105 190 802**	**69 986 049**	**103 240 769**	**35 552 126**
15 TRADE AND OTHER RECEIVABLES				
Trade receivables	19 296 911	10 005 566	19 296 911	6 148 522
Other	119 649 315	34 872 194	119 649 315	21 695 163
	138 946 226	**44 877 760**	**138 946 226**	**27 843 685**
Allowance for credit losses	(530 036)	(3 238 036)	(530 036)	(2 014 491)
	138 416 190	**41 639 724**	**138 416 190**	**25 829 194**

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

16 RELATED PARTY TRANSACTIONS AND BALANCES

Related party	Nature of relationship
Global Platinum Resources (Private) Limited	Associate
Mining Promotion Corporation (Private) Limited	Associate
Zimbabwe German Graphite Mines (Private) Limited	Wholly owned subsidiary
Elvington Mine (Private) Limited	Associate
Golden Kopje (Private) Limited	Associate
Kimberworth Investments (Private) Limited	Wholly owned subsidiary
Protea Court (Private) Limited	Wholly owned subsidiary
Sandawana Mines (Private) Limited	Associate
Jena Mines (Private) Limited	Associate
Todal Mining (Private) Limited	Joint Venture
Mr. B. Chitambira	Key management
Mr. J. Maiwasha	Key management
Mr. T. Chiparo	Key management
Mr. G. Chimhina	Key management

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

16 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

The following represent transactions with related parties during the year:

16.1 Transactions with related parties

The following represent transactions with related parties during the year:

Related party	Nature of transactions
Anjin Investments (Private) Limited	Management fees and special depletion fees
Diamond Mining Corporation (Private) Limited	Management fees and special depletion fees
Elvington Mine (Private) Limited	Management fees
Golden Kopje (Private) Limited	Management fees
Jena Mines (Private) Limited	Management fees
Jinan Mining (Private) Limited	Management fees and special depletion fees
Kimberworth Investments (Private) Limited	Management fees
Kusena Diamonds (Private) Limited	Management fees and financing
Marange Resources (Private) Limited	Management fees and special depletion fees
Mbada Diamonds (Private) Limited	Management fees and special depletion fees
Mining Promotion Corporation (Private) Limited	Financing
Protea Court (Private) Limited	Rentals
Sandawana Mines (Private) Limited	Management fees
Zimbabwe German Graphite Mines	Financing

	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
16.2 Related party receivables				
Mbada Diamonds (Private) Limited	7 148 435	11 490 193	7 148 435	7 148 435
Kusena Diamonds (Private) Limited	6 040 104	9 708 693	6 040 104	6 040 104
Marange Resources (Private) Limited	26 450 900	42 436 061	26 450 900	26 400 899
Jena Mines (Private) Limited	6 885 222	5 151 651	6 885 222	3 205 015
Shabani and Mashava Mines (Private) Limited	16 812 611	27 024 117	16 812 611	16 812 611
Oldstone (Private) Limited	700 000	1 125 160	700 000	700 000
Anjin Investments (Private) Limited	675 896	1 086 416	675 896	675 896
Mining Promotions Corporation	2 079 000	3 341 726	2 079 000	2 079 000
Glassfinish Investments (Private) Limited	40 000 000	64 294 873	40 000 000	40 000 000
Anmark	2 777 083	-	2 777 083	-
Bubi	1 636 336	6 133 736	1 636 336	3 816 003
Moral capital	27 831	44 735	27 831	27 831
BIT Minerals	592 137	951 785	592 137	592 137
Allowance for credit losses	(93 835 594)	(163 359 203)	(93 835 594)	(101 631 247)
	17 989 961	**9 429 943**	**17 989 961**	**5 866 684**

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

		Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
16.2	**Related party receivables(continued)**				

All amounts are short term. The net carrying value of related party receivables is considered a reasonable approximation of fair value. All related party receivables have been reviewed for indicators of impairment. During the year, a total amount of ZWL 2 132 250 was included in profit and loss as a decrease in the allowance relating to credit losses.

The movement in the allowance for credit losses can be reconciled as follows:

	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
Balance as at 1 January	**120 140 901**	**627 164 229**	**120 140 901**	**86 980 047**
(Decrease)/increase in allowance for credit losses	(93 835 594)	(163 359 203)	(93 835 594)	(101 631 247)
Balance as at 31 December	**17 989 961**	**9 429 943**	**17 989 961**	**5 866 684**
	========	========	========	========

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
16 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)				
16.3 Related party payables				
Grand Sunyani	8 187 650	2 842 113	8 187 650	1 768 174
Landela	1 686 635	13 160 598	1 686 635	8 187 650
Judical Manager	-	301 644 004	-	187 662 867
Renco Mine	-	43 721	-	27 200
Ministry of Mines	-	51 730	-	32 183
Lomagundi Smelting	-	1 127	-	701
	9 874 285	**317 743 292**	**9 874 285**	**197 678 775**
	=======	=======	=======	=======

16.4 Transactions with key management

Key management are employees who have authority, are responsible for planning, directing and controlling the activities of the Corporation. Key management personnel's remuneration includes the following expenses:
Short-term employee benefits:

	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
Salaries	2 792 474	8 160 344	2 273 243	2 675 469
Other short-term benefits	22 217 285	25 166 535	17 358 818	10 725 967
	25 009 759	**33 326 879**	**19 632 061**	**13 401 436**
	=======	=======	=======	=======

17 CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the Statement of Financial Position as follows:

	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
Cash at bank	**7 078 700**	**21 817 057**	**7 078 700**	**13 573 124**
	=======	=======	=======	=======

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
18 SHARE CAPITAL				
Authorised share capital				
180 000 000 ordinary shares of ZWL 1 each	1 297 878 825	1 297 878 825	180 000000	180 000 000
Issued				
44 000 000 ordinary shares of ZWL 0.00000001 each	-	-	-	-

Subject to the limitations imposed by the Companies and Other Business Entities Act (Chapter 24:31), the Articles of Association permit the directors to allot the unissued share capital at their discretion

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

19 RETIREMENT BENEFITS

19.1 ZMDC Pension Fund

Certain eligible employees of the Corporation 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.

The assets and liabilities of the Fund relating to the Corporation cannot be separated from the total for the whole Group. The most recent actuarial valuation was carried out for year 2020 for the whole Group fund and revealed that the fund was adequately funded:

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

Valuation rate of interest:	
In preretirement period	8% pa
In post-retirement period	7% pa
Rate of salary escalation	6% pa

Contributions during the year were as follows:

Post-employment benefit liability

	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
Present value of obligation	8 662 480	66 437 535	5 389 225	41 333 022
Fair value of plan assets	-	(57 775055)	-	(35 943 802)
	8 662 480	**8 662 480**	**5 389 225**	**5 389 220**
Reconciliation of defined benefit obligation				
Opening balance	41 333 022	5 178 248	41 333 022	5 178 248
Movement	-	36 154 774	-	36 154 774
Closing balance	**41 333 022**	**41 333 022**	**41 333 022**	**41 333 022**
Reconciliation of defined benefit assets				
Opening balance	35 943 802	15 303 003	35 943 802	3 411 390
Movement	-	20 640 799	-	32 532 412
Closing balance	**35 943 802**	**35 943 802**	**35 943 802**	**35 943 802**

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

		Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
20	**LOANS AND BORROWINGS**				
20.1	**Long term loans and borrowings**				
	Chandiwana	**1 946 997 757**	**1 242 549 777**	**1 946 997 757**	**773 031 953**
		========	========	=======	========
20.2	**Short term loans**				
	CBZ Bank Limited	-	18 210 267	-	11 329 219
	FPR	2 112 946	6 899 827	2 112 946	4 292 614
	ZCDC	1 000 000	1 607 372	1 000 000	1 000 000
	RBZ	2 000 000	3 214 744	2 000 000	2 000 000
	Chandiwana	401 358 367	1 073 438 947	401 358 367	667 822 425
		406 471 313	**1 103 371 156**	**406 471 313**	**686 444 258**
		=======	========	=======	========

20.3 The short-term loans relate to the following facilities:

FPR

The loan facility with FPR 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.

CBZ Bank

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.

RBZ

The loan was granted to ZMDC in July 2012, for the purchase of SMM Holdings (UK). There is no interest and repayment period for the loan in the loan agreement.

ZCDC

The loan facility was granted to ZMDC by ZCDC. The purpose of the loan was to fund the Corporation's working capital. The interest rate for the loan was 10% and there is no tenure of the loan in the loan agreement.

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.

		Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
21	**Trade and other payables**				
	Trade payables	316 323 402	12 459 893	316 323 402	7 751 718
	Other payables	822 392 900	267 981 043	822 392 900	166 720 008
		1 138 716 302	**280 440 936**	**1 138 716 302**	**174 471 726**
		========	=======	========	========

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
22 POST-EMPLOYMENT BENEFITS				
Post-employment benefit liability	**8 662 480**	**8 662 480**	**5 389 220**	**5 389 220**
	=======	=======	=======	=======

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%
Rate of salary escalation	9%
Allowance for future pension increases	5%
Rate of dividend and rent growth	4%

23 FINANCIAL INSTRUMENTS - RISK MANAGEMENT

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

1. Credit risk
2. Liquidity risk
3. Interest risk

In common with all other businesses, the Corporation is exposed to risks that arise from its use of financial instruments. This note describes the Corporation'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 Consolidated Inflation Adjusted Financial Statements.

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

23 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

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

Principal financial instruments

The principal financial instruments used by the Corporation, from which financial instruments risk arises , are as follows:

1. Trade and other receivables
2. Bank and cash balances
3. Available for sale investments
4. Loans and borrowings
5. Trade and other payables
6. Bank overdraft

General objectives, policies and processes

The Board has overall responsibility for the determination of the Corporation's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Corporation's finance function. The Corporation's internal auditors also review the risk management policies and processes and report their findings to the Legal, Risk and Audit Committee.

23.1 Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Corporation 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 Corporation 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 15.

23.2 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 Corporation faces, the Corporation's policy has been throughout the year ended 31 December 2021, to maintain substantial unutilized facilities as well as significant liquid resources. Borrowing facilities are negotiated with approved financial institutions at acceptable interest rates.

24 MANAGEMENT OF CAPITAL

The Corporation'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 Corporation comprises of issued share capital, non-distributable reserves, available for sale reserve and retained earnings.

The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Corporation pays dividends from profits and they are paid if resources are available to do so.
The Corporation sets the amount of capital it requires in proportion to risk. The Corporation 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 Corporation may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Corporation's capital is made up of the following:	2021 ZWL	2020 ZWL
Share capital	-	-
Non distributable reserve	12 941 231	12 941 231
Accumulated losses	(69 944 989)	(62 550 174)
	(57 003 758)	**(49 608 943)**

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

25 CONTINGENT LIABILITIES

Legal cases

i. Amari Case
The Corporation cancelled a joint venture agreement with Amari due to alleged misrepresentations made by Amari. Amari 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, US$49 million in penalties plus interest. The corporation is currently engaged with Amari for an out of Court settlement through the assumption, by the State, the award as a public debt whereupon payment modalities will be agreed between the State, ZMDC and the Ministry of Mines and Mining Development.

ii. Grandwell (Mbada Diamonds) Case
The Corporation, together with Zimbabwe Consolidated Diamonds Company (ZCDC) and Ministry of Mines and Mining Development received a US$378 million lawsuit for damages from Grandwell for the cancellation of the mining activities in Marange. The matter is still before the courts for hearing and now awaits a trial date.

iii. Canadile Miners Case
The Canadile matter in which Mr Kurotwi is claimingUS$17,650 million restitution of mining equipment cash, legal fees and 1,4 million carats of diamonds.

iv. Jimbata Case
The matter between Jimbata and ZMDC/ Kamativi Tins Mines which is before the Supreme Court has a potential liability of US$1 million being compensation for expenses incurred in the exploration of the dump.

Statutory obligations

The Corporation has a significant obligation arising from non-remittance of statutory obligations to ZIMRA, MIPF, ZMDC, NSSA, ZIMDEF and Ministry of industry and commerce. Below is a summary of statutory obligations that have been recognised in the Statement of Financial Position**:**

	2021	**2020**
	ZWL	**ZWL**
Zimbabwe Revenue Authority	76 031 510	52 347 619
Mining Industry Pension Fund	100 286	3 195 000
National Social Security Authority	39 808	215 015
Zimbabwe Manpower Development Fund	674 005	422 677
	76 845 609	**56 180 311**

In cases of non-remittance of statutory obligations penalties and interests are chargeable.

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

26 GOING CONCERN

The Directors have assessed the ability of the Corporation to continue operating as a going concern, and based on the Corporation's vast mineral resources and untapped potential the directors believe that the preparation of these Consolidated Inflation Adjusted Financial Statements on a going concern basis is still appropriate.

At the balance sheet date , the Corporation's total Consolidated Inflation Adjusted current liabilities exceeded its total Consolidated Inflation Adjusted current assets by ZWL 1 289 366 232 as at 31 December 2021 (2020 : ZWL 1 584 912 977). The Consolidated Inflation Adjusted retained earnings for the year ended 31 December 2021 was ZWL 872 207 314 (2020: Accumulated loss ZWL 5 416 560 802).

Covid-19 pandemic

Since 31 December 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The Corporation has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2021 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Corporation for future periods.

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

27 APPLICATION OF IAS 21 – THE EFFECTS OF CHANGES IN EXCHANGE RATES

The following Interpretations refer to IAS 21:

SIC 7 Introduction of the Euro
SIC 11 Foreign exchange- Capitalization of Losses Resulting from Severe Currency Devaluations
SIC 19 Reporting currency – Measurement and Presentation of Financial Statements under IAS 21 and IAS 29
SIC 30 Reporting currency- Translation from measurement currency to presentation currency
IFRIC 16 Hedges of a Net Investment in a Foreign Operation

In prior year 2020, the Corporation transacted using a combination of United States Dollars (USD), bond notes and bond coins. An acute shortage of USD cash, other foreign currencies, bond notes and bond coins in the country, resulted in an increase in the use of different modes of payment for goods and services, such as settlement through the Real Time Gross Settlement (RTGS) system and mobile money platforms. The RTGS system was employed as a mode of electronic settlement intended to be representative of physical currency. During the year 2020, there was a significant divergence in market perception of the relative values between bond notes, bond coins, mobile money settlements and RTGS settlements in comparison to the USD.

Subsequent to 2018 year-end, a currency called the Zimbabwean Dollar (ZWL) was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 22 February 2019 and there was an amendment to this

Statutory through SI 85 of March 2020 which stipulated that any person may pay for goods and services chargeable in Zimbabwe dollars, in foreign currency using his or her free funds at the ruling rate on the date of payment.

Since the day of introduction of these statutory, the Corporation has been using a combination of currencies. The Directors have acknowledged that the rates in between the operating currencies were not at par and have since restated their Financial Statements for the year ended 31 December 2021 to conform to the requirements of IAS 21.

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

28 IMPLEMENTATION OF IAS 29 – FINANCIAL REPORTING IN HYPER INFLATIONARY ECONOMIES

Income and expenses for each statement of comprehensive income presented were translated at the exchange rate at the date of the transactions. With the translations that have been done by the directors, these changes will thus not be applied on future periods and there are no other transitional provisions that might have an effect on the future periods.

IAS 1 paragraph 40A required the Corporation to present a third Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative Financial Statements required if:

- The entity applies an accounting policy retrospectively, makes a retrospective restatement of items in its Financial Statements or reclassifies items in its Financial Statements

The retrospective application, retrospective restatement or the reclassification has a material effect on the information in the Statement of Financial Position at the beginning of the preceding period

In circumstances described in 40 A of IAS 1, the Corporation was to present three statements of financial position as at:

- The end of the current period;
- The end of the preceding period and;
- The beginning of the preceding period.

The standard has been amended by the following IFRS's:

- IAS 21-The Effects of Changes in Foreign Exchange Rates
- IAS 1-Presentation of Financial Statements

The following Interpretation refers to IAS 29:
IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (issued November 2005).

In October 2018, the Zimbabwean currency was re-introduced so that other currencies are no longer legal tender. The national currency is now bond notes and their electronic equivalent, the RTGS$, which is known as the Zimbabwe dollar (ZWL)

Inflation has increased significantly since the return of the national currency, and cumulative inflation since October 2018 has exceeded 100%. Qualitative indicators such as prices, interest and wages linked to a price index and cumulative inflation over three years of around 100% or more, also support the conclusion that Zimbabwe is now a hyper-inflationary economy for accounting purposes, for periods ending after July 1, 2019. The same conditions have continued to prevail under the current financial year : 2021

The general populations opt for the purchase of property or assets rather than holding cash as it loses value. This characteristic is witnessed by the population investing in acquisition of assets for example buildings and live stocks. The retention of value is witnessed by pegging of these assets to the United States Dollar.

Zimbabwe had been using a multi-currency system until June 2019 when the Government of Zimbabwe made an announcement to re-dollarize the economy with its own currency known and the Zimbabwean dollar, being the sole legal tender. Being a net importer, the home currency of the country of export is required. The fundamentals of business lead to a trader in Zimbabwe pricing those goods in line with the cost incurred from the country of export adding freight, customs and mark-up in order to make a profit. This means that most traders in Zimbabwe sourcing inputs for their businesses would quote the prices of their products in line with the price of the inputs from the country of export, this is in foreign currency

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

28 IMPLEMENTATION OF IAS 29 – FINANCIAL REPORTING IN HYPER INFLATIONARY ECONOMIES (CONT'D)

The Directors have concluded that the functional currency is the Zimbabwean dollar and hence there was need to apply the translation procedures applicable to the new functional currency using the exchange rate at the date of change and restate mounts that need to be restated in line with IAS 21.

The Directors have restated the Financial Statements and comparatives for the year ended 31 December 2021 for the changes in the general purchasing power of the reporting currency in compliance the IFRS's.

29 SUBSEQUENT EVENTS

Corona Virus pandemic

On the 1st of January 2022 SI 2022-001 Public Health (COVID-19 Prevention, Containment and Treatment) (National Lockdown) (No. 2) (Amendment) Order, 2022 (No. 38) was legislated to extend the lockdown from 2021 by 14 days to curb the spread of the Omicron Variant. The regulations resulted in delays in the schools opening and this was further extended by 21 Days on 14 January 2022. The inland borders remained open only to returning residents, outgoing non-residents and cargo, however air travel remained open for both residents and non-residents with a mandatory 10-day isolation period. The government's responses to combating the pandemic are continually being reviewed.

As at 29 January 2022, Zimbabwe had 229 415 confirmed Covid-19 cases, 5 333 deaths and 218 172 recoveries. As at that date, the World Health Organization stated that over 346 million confirmed cases and over 5.5 million deaths have been reported worldwide. It was also reported that the Covid-19 vaccination has surpassed 1 billion doses worldwide, however the impact of the pandemic to the Corporation's operations in the long run will depend on certain developments, including the duration of the spread if the corona virus, impact on customers, suppliers and employees and government interventions, all which are uncertain and cannot be predicted with precision.

NOTES

NOTES

NOTES

NOTES

NOTES

NOTES

ZMDC

ZIMBABWE MINING
DEVELOPMENT CORPORATION