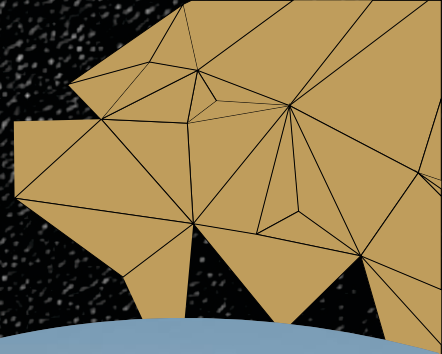


# ZMDC



**ZIMBABWE MINING  
DEVELOPMENT CORPORATION**

"Unearthing the future"



# ANNUAL REPORT 2022



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## 1.0 LETTER TO THE MINISTER OF MINES AND MINING DEVELOPMENT

31 October 2023

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

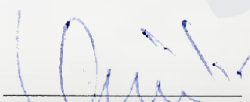


**Attention: Honourable Minister S. Zhemu**

**RE: ANNUAL REPORT ON AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2022**

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 Audited Statements of the Zimbabwe Mining Development Corporation for the year ended 31 December 2022.

Yours faithfully,



P Chimboza

**CHAIRMAN, MINING DEVELOPMENT BOARD**





## 2.0 COMPANY PROFILE



### Zimbabwe Mining Development Corporation (ZMDC)

#### Registered Office Address

6 Constantia Avenue, Strathaven, Harare

Telephone numbers: +263 242487014-20



#### LEGAL ADVISORS

Sawyer & Mkushi

Legal practitioners

11<sup>th</sup> Floor, Social Security Centre,

99 Park Lane Street

Harare

#### BANKERS:



CBZ Bank  
3<sup>rd</sup> Floor, Union House  
60 Kwame Nkrumah Avenue  
Harare



FBC Bank  
6<sup>th</sup> Floor, FBC Centre  
45 Nelson Mandela Avenue  
Harare



## 2.1 BACKGROUND

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

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





## VISION

A sustainable USD30 Million mining house by 2025.

## 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

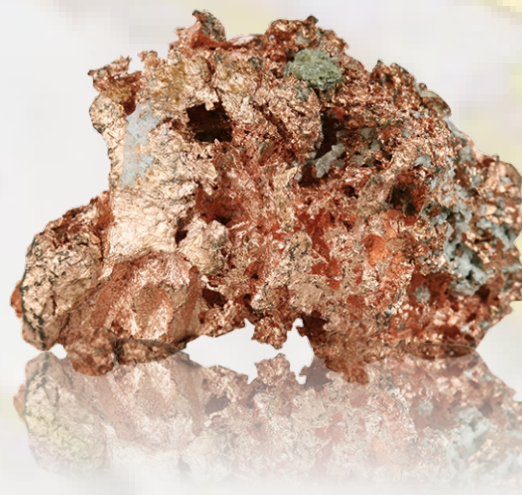


## 3.1 DIRECTORS AND EXECUTIVE MANAGEMENT PROFILES

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.



**BOARD CHAIRMAN**  
**PETER RINDAI CHIMBOZA**



**Mr Chimboza** started his mining career 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.

He 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.

He is the Non-Executive Chairman of the Zimbabwe Mining Development Corporation and former Board member of Zimbabwe Consolidated Diamond Company.





**DEPUTY CHAIRMAN**  
**WELLINGTON PASIPAMIRE**

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

He started his career in 1994 within the banking division of the Anglo- American Group Zimbabwe where his role included focus on treasury management and structured finance amongst other responsibilities. He was to 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 W Pasipamire is the immediate past Chairman for the Zimbabwe Consolidated Company and sits on several Boards in Zimbabwe.

He 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.



**CHARLES TAHWA**

**Mr Tawha** is an Engineer who has served in Government in various positions and is currently the Chief Director-Technical Services in the Ministry of Mines and Mining Development. He is a Non-Executive Director of Zimbabwe Mining Development Corporation and a Board member of the Mining Affairs Board.

He previously served on the Infrastructural Development Bank of Zimbabwe, Zimbabwe School of Mines Boards and was also on the Organising Committee of the Southern Africa Institute of Mining and Metallurgy Zimbabwe Chapter. He also served as an interim Board member of Zimbabwe Consolidated Diamond Mining Company (ZCDC). In the Ministry of Mines and Mining Development, 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 besides being responsible for regulating all mining operations for compliance also concurrently 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. Mr Tawha holds a Bachelor of Science (Engineering) Honours Degree from the University of Zimbabwe.





### REASON MANDIMIKA

**Mr Mandimika** is a Mining Engineer by profession and was the General Manager for Resource and Mining Division of Zimasco before his retirement in 2019.

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

He 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.

He was hired back as the Consulting Mining Engineer for Zimasco (Pvt) Ltd from January 2019 a position he holds to date.

He 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.





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 1981-1982. She served as an accountant at the Minerals Marketing Corporation of Zimbabwe from 1983 before being appointed a financial controller in 1986 up to 1989. In 1991 she joined Climatec (Pvt) Ltd as a General Manager before being appointed Business Operations Director from 2001- 2004. She later joined Jerox Investments (Pvt) Ltd as a Managing Consultant.

Mrs Chella was the second Vice President of the Institute of Chartered Secretaries and Administrators Zimbabwe (ICSAZ) between 1997 and 1998, then became the first Vice President from 1999 to 2000. She was the representative of the Zimbabwe Institute of Chartered Secretaries and Administrators International from 2001 to 2005 and the Vice President on the Institute of Chartered Secretaries and Administrators International from January 2005 to December 2006. Due to her vast experience and passion for corporate governance issues, Mrs Chella presented over seventeen papers on the subject to various workshops and conducted several training seminars for many organizations. She was a member of the steering Committee of National Code on Corporate Governance launched in 2015. She previously served on various Boards among them, the Reserve Bank of Zimbabwe as a Non-Executive Director from July 2003 to May 2009, the University of Zimbabwe Graduate Management Board for MBA programs in October 1998 to May 2004 and Agribank as a Non-Executive Director of the Zimbabwe Power Company, from 2009 to 2012 in November 2015, she was appointed to the Board of the Zimbabwe Consolidated Diamond Company (ZCDC) until 2021 and served as Acting Chairperson from 2017 to 2018.

She 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.



## 3.2 EXECUTIVE MANAGEMENT TEAM



GENERAL MANGER  
BLESSED CHITAMBIRA

**Mr Chitambira** is an experienced Metallurgical Engineer with over 25 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 Honours Degree in Metallurgical Engineering from the University of Zimbabwe and has undertaken various professional development courses such as a finance for non-Finance Managers at Wits Business school, ISO 9000 Quality management system and SAMTRAC safety management course.





COMPANY SECRETARY & LEGAL ADVISOR  
TINASHE C. CHIPARO

**Mr Chiparo** is a registered legal practitioner and has extensive experience in Corporate legal affairs. Mr Chiparo started his career as a Law Officer at 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 from 2007 - Dec 2008. He joined Messrs Sinyoro and Partners, Labour and Commercial Law Attorneys again as a Professional Assistant in 2008. He later joined ZMDC in 2009 as a Legal Manager, before assuming the position of Company Secretary & Legal Advisor in an acting capacity in 2010. He was to assume the position of Chief Mines Secretary in 2016 before substantively assuming the position of Company Secretary & Legal Advisor.

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

He 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.



**FINANCE MANAGER**  
**JONATHAN MAWAISHA**

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

He is a holder of an 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).



## 4.0 BOARD CHAIRMAN'S STATEMENT



### 4.1 Overview

It is my great honour on behalf of the Mining Development Board and Management to report to you our valued stakeholders the Corporation's performance for the year ended 31 December 2022. The Corporation continued to operate under difficult economic environment caused by illegal economic sanctions imposed on ZMDC. The Corporation is recovering after the Board and Management came up with several strategies which include Partial Privatisation as enshrined in the National Development Strategy 1 and Contract Mining and processing. To date, the Corporation has partially privatised all its subsidiaries which are now at different stages of exploration, mining, and processing.

These strategies are bearing fruit as set out in detail in the General manager's report and has resulted in resuscitation and capacitation of mines. This strategy has resulted in positive financial performance of ZMDC and should see a sustainable change of fortunes of ZMDC. The Corporation continued to contribute to the national fiscus and economy through foreign currency generation, payment of royalties and employment creation.

During the year under review, the operating environment 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. .

## 4.2 Organisational Changes

Necessitated by the partial privatisation strategy and the need to refocus the business, the Board restructured the Corporation and retrenched 13 employees including the Group HR Manager to streamline the corporate structure in line with this strategy. The Group HR Manager was replaced by a lower position of Human Resources Officer. The new organisational structure became effective on the 1<sup>st</sup> January 2022.

## 4.3 Operations Overview

The Corporation had three production units during the year under review and these were Jena Gold Mine, Sabi Gold Mine and Mhangura Copper dump processing plant. Jena Mine produced **379.05 kg** against a budget of **544.36 kg**. Sabi Mine produced **209.34 kg** against a budget of **285.18 kg**. Mhangura processing plant came online during the 4<sup>th</sup> quarter of 2022 and produced **450 tonnes** of copper concentrates at **30%Cu**. Gold production was mainly affected by power outages because of ZESA load shedding. Production from Sabi Mine was further affected by low ore grade from both the open pit and underground mine due to poor flexibility caused by poor development during the first and second quarter of the year under review. Output from the two gold mines increased significantly in 2022 compared to 2021 where total production from the two mines was **588.39 kg** compared to **523.31 kg** for the same period. Other Subsidiaries which include Sandawana Mine, Elvington Mine and Zimbabwe Germany Graphite Mines were on care and maintenance during the year under review. Exploration work progressed very well on Kamativi Mining Company and the first phase of the mine is expected to be in operation in the fourth quarter of 2023.

Resuscitation of Sandawana Mine started towards the end of the fourth quarter with more emphasis on exploration for lithium and the results are encouraging. Lynx Mine and Sanyati Mine exploration will commence in 2024 with the view to start production in the last quarter of 2024.

## 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 profit for the year was **\$4,674,935,454** compared to prior year operating loss of **\$975,016,978**. The inflation adjusted profit before tax for the year was **\$8,125,341,641** compared to a loss of **\$8,252,503,911** recorded in 2021. The profit was further enhanced by foreign exchange gain and gain on the Group's monetary position of **\$3,469,883,430**.



## 4.5 Outlook

The Corporation's performance was better in 2022. The company made an operating profit in 2022 and this performance is projected to improve in 2023 and 2024 due to a number of projects which the Corporation is undertaking. These include ramping up of production at Sabi gold Mine through installation of the second ball mill, doubling of production at Mhangura dump processing plant and resuscitation of Golden Kopje Mine. This outlook should see the Corporation sustaining and improving its profitability in the next coming years. 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. The Board and Management will continue to implement initiatives and look for new opportunities to create sustainable shared value through the minerals we produce so that the Corporation can create value for the benefit of our stakeholders.

## 4.6 Appreciation

On behalf of **ZMDC**, I would like to thank the Mining Development Board, management, employees, our partners, suppliers and all our key stakeholders for their continued support and commitment towards our value creation, shared values, and corporate vision. 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.

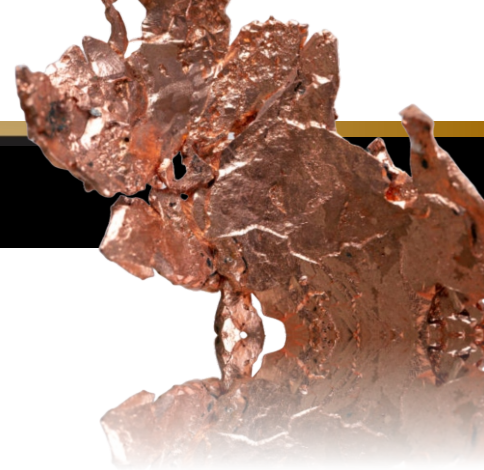


P Chimboza

**BOARD CHAIRMAN**



## 5.0 GENERAL MANAGER'S REPORT



### 5.1 Operating Environment

The economic environment in 2022 was better compared to the previous year. There was significant decline on the impact of Covid 19 pandemic and the Corporation observed Covid 19 guidelines throughout the year to save life. The exchange rate volatility and high inflation which resulted in macroeconomic instability continued to dodge the economy in 2022. The annual inflation rate closed the year at **193.4%** up from the previous year at **60.7%** according to the Ministry of Finance and Economic development. Mining sector remained resilient, and growth improved to **10%** in 2022 compared to prior year at **3.4%**. This was anchored by favourable commodity prices. Major risks to the mining operations include unstable power supply, capital constraints, foreign currency shortfalls, loss of value on the surrender portion of export proceeds and high cost of production

### 5.2 Operations Overview

**ZMDC** had three mining operations during the year under review namely Jena Mine, Sabi Mine and Mhangura dump processing under contract mining arrangement. Other subsidiaries which include Elvington Mine, Sandawana Mine and Lynx Mine were under care and maintenance. The Corporation continued with partial privatisation and completed the exercise with tenders on Sanyati Mine and Lynx Mine during the year under review. Below is a list of **ZMDC** subsidiaries that have been partially privatised as enshrined in the National development strategy 1. 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.



## LIST OF JOINT VENTURES AND STATUS UPDATES

NO.	JV NAME	SHAREHOLDING	MINERAL	TITLE	UPDATE
1	Sinamatella Matabeleland north	ZMDC 40% Zhongxin Coking Co. Ltd 60%	Coal	Special Grant (SG) 5756	The ban on mining in National Parks has stalled the project.
2	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. Drilling sites have been identified.
3	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.
4	Zimgold Fields (Pvt) Ltd Angwa, Mash West	ZMDC 30% Midlands Goldfields (Belarus) 70%	Gold	5 Special Grants	Project was temporarily stalled by the ban on riverbed mining but has resumed with pilot mining and processing in Mutare river.
5	Jena Gold Mine Silobela	ZMDC 15% Kuvimba Mining 85%	Gold	Mining Lease (ML) No. 18	Operating. Production currently at 32kg/month. Optimisation work to increase output is in progress.
6	Elvington Gold Mine Chegutu, Mash West	ZMDC 15% Kuvimba Mining 85%	Gold	21 Blocks & Farming land	Under care and maintenance.
7	Sandawana Mine Mberengwa, Midlands	ZMDC 15% Kuvimba Mining 85%	Gold, Emeralds, Tantalite, Lithium	Mining Lease No. 3 & 54 Blocks & 6 Sites	Exploration underway with emphasises on lithium deposits and results are quite encouraging with grades above 5% spodumene in some areas.
8	Grand Sanyuan Alaska, Chinhoyi, Mash West	ZMDC 10% Rusununguko 10% Sanyuan 80%	Copper, Gold	Alaska Slag Dump	Installation of smelter is complete now installing a concentrator to upgrade the feed to more than 5%. The concentrator to be running by end of April 2024.
9	Lutope Kamativi, Matabeleland North	ZMDC 30% Cession Mining 70%	Tin, Lithium, Tantalite, Niobium, Beryllium, Mica	SG5651	Exploration drilling and sampling is in progress.
10	Kamativi Mining Company Matabeleland North	ZMDC (Kamativi) 15% PD Times 85%	Tin, Lithium, Tantalite, Niobium, Beryllium, Mica	Mining Lease No. 12	Phase 1 and 2 exploration drilling is now complete. Mining on open cast has commenced and commissioning will be done in October 2023.

NO.	JV NAME	SHAREHOLDING	MINERAL	TITLE	UPDATE
11	Todal Mining (Pvt) Ltd Shurugwi, Midlands	ZMDC (Transminerals) 40% Lefever 60%	Nickel & Chrome	42 BM Blocks (31 Ni & 11 Cr)	Feasibility study complete. The asset was transferred to Defold Mining in 2022
12	Global Platinum Resources, Selous, Mash west.	ZMDC 20% Wanbao Rexco Limited (Hong Kong) of China 50% Old Stone 30% ZMDC 15% Sakunda 85%	Platinum  CBM	Nickel Hopewell Special Mining Lease No. 30, 85 Ni Blocks  SG 5755	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.
13	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	Discussion for mutual termination is in progress due to an impasse on the conditions precedent and Global PS is considering selling its stake.
14	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 conduct further drilling on the kanyemba tenements is in progress and drilling is expected to begin in the first quarter of 2024.
15	Sabi Mine	ZMDC 45% Chandiwana Mines 55%	Gold	Mining Lease No. 20	Production ramped up to 30kg from 15kg following the installation of the second ball mill.





## Gold production from the two operating entities were as follows:

### 5.2.1 Jena Mines

In 2022 Jena Mines production was **379.05 kg** of gold against a budget of **544.36 kg**. This was an increase of 8% from 2021 production of **350.95 kg**. The increase in production is attributed to reduced load shedding and improved plant availability. A total of **149,686 tonnes** were hoisted from the mine against a budget of **219,298 tonnes**. Tonnes milled were **167,337 tonnes** against a budget of **219,298 tonnes** at a grade of **2.84 g/t** against a budget of **3.2 g/t**. Throughput was mainly affected by compressor breakdowns. The compressors are now old and will be replaced in 2023.

### 5.2.2 Sabi Mine

Sabi Gold Mine produced **209.34 kg** in 2022 against a budget of **285.18 kg**. This was a significant increase from 2021 production of **172.36kg**. The increase was due to reduced ZESA load shedding and installation of the second ball mill in the fourth quarter of 2022. A total of **156,074 tonnes** were milled against a budget of **182,215 tonnes** at a grade of **1.68g/t** against a budget of **1.8g/t**. Gold recovery was close to budget at **80%** against a budget of **85%**.

### 5.2.3 MHANGURA DUMP PROCESSING

The Corporation managed to set up a dump processing plant at Mhangura. The plant was commissioned in the 3<sup>rd</sup> quarter of 2022 and managed to produce **450 tonnes** of copper concentrates at **30% Cu** during the year under review. The capacity of the plant will be doubled in the fourth quarter of 2023.

### 5.2.4 HUMAN RESOURCES AND CORPORATE SOCIAL RESPONSIBILITY

The Corporation had a total staff compliment of 807 employees: Head Office and Mhangura (54), Sabi Gold mine (625) and Lynx Mine (128). The Corporation retrenched 13 employees from Head Office following a labour restructuring exercise. The main objective was to streamline the Head Office labour budget to be in line with partial privatisation strategy.

On Covid 19 pandemic, the Corporation fully embraced the Government of Zimbabwe's vaccination programme resulting in all employees being vaccinated at Head Office. The Corporation remains committed to the health and safety of all employees and during the year under review several Covid 19 intervention programmes were implemented 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 joint venture partners continue to participate 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 profit for the year was **\$4,674,935,454** compared to prior year operating loss of **\$975,016,978**. The inflation adjusted profit before tax for the year was **\$8,125,341,641** compared to a loss of **\$8,252,503,911** recorded in 2021. The profit was further enhanced by foreign exchange gain and gain on the Group's monetary position of **\$3,469,883,430**.

### 5.3.2 FINANCIAL PERFORMANCE OVERVIEW

#### 5.3.2 INCOME

The group made an overall inflation adjusted profit before tax of **\$8,125,341,641** for the year 2022, a 202% increase from the reported loss of **\$8,252,503,911** for 2021 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 **\$1,401,416,108** as at 31 December 2022; **(2021: \$1,128,939,492)** and total historical revenue from operations for the 2022 financial year stood at **\$575,781,412** down from **\$898,108,969** recorded in 2021. Historical revenue was mainly from gold proceeds which contributed **\$340,858,965** in 2022. Gold revenue attributed to ZMDC was lower in the year under review following partial privatisation of Sabi mine.





### 5.3.4 EXPENDITURE

The Group incurred inflation adjusted operating and administration expenditures of **\$2,245,116,524** as at **2022; (2021: \$2,179,788,553)** and historical total expenditure of **\$1,137,064,248** down from **\$1,768,150,232** incurred in 2021. The historical cost included Sabi mine which was partially privatised in 2022.

### 5.3.5 STATEMENT OF PROFIT OR LOSS

The Group had an inflation adjusted profit after tax of **\$8,064,276,918** as at 31 December 2022; compared to a loss of **(2021: \$8,238,786,820)**, This was enhanced by a gain in monetary position of **\$3,469,883,430**. The Group had a historical profit after tax of **\$3,589,801,337** as at December 2022; **(2021: (\$1,362,825,128))**.

### 5.3.6 STATEMENT OF FINANCIAL POSITION

The Group's inflation adjusted financial position was **\$11,100,552,797** as at December 2022; **(2021: \$10,685,138,177)** and historical financial position at year end was **\$7,139,097,027** an increase compared to 2021 figure of **\$3,239,325,795**. The increase was because of 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 **\$5,694,432,209** as at **2022; (2021: \$10,014,971,034)** and historical outflow from operating activities was **\$2,027,456,685** which was an increase compared to 2021 cash flow outflow figure of **\$540,772,680**.

Inflation adjusted cashflow from investing activities generated a net outflow of **\$90,363,849** in the period under review.

In the financial period under review the Group's inflation adjusted cash and cash equivalents was **\$7,231,618; (2021: \$7,078,700)** and historical cash and cash equivalents was **\$7,231,618** as at 31 December 2022 compared to the opening cash and cash equivalents of **\$7,078,700** in 2021.

The Group managed to remit royalties amounting to **\$1,107,663,535** to ZIMRA during the period under review.



Cash outflow from financing activities was **\$1,946,997,757** for the year under review.

In the financial period under review the Group's inflation adjusted cash and cash equivalents was **\$7,231,618; (2021; \$7,078,700)** and historical cash and cash equivalents was **\$7,231,618** as at 31 December 2022 compared to the opening cash and cash equivalents of **\$7,078,700** in 2021.

The Group managed to remit royalties amounting to **\$1,107,663,535** to ZIMRA during the period under review.

## 5.4 OUTLOOK

### • Gold Sector

The outlook is positive, and this is supported by stable commodity prices particularly gold, lithium, and copper prices. Production from Sabi is expected to reach **420 kg** per annum due to installation of the ball mill and stable underground development. The mine is also working on a solar project that will stabilise power availability. The Corporation is resuscitating Golden Kopje Mine in 2024 starting with Heap leach production to produce **270 kg** per annum.

### • Copper sector

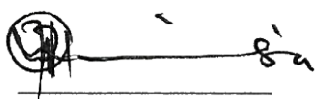
Mhangura dump processing is expected to double production in 2024 following installation of the tertiary (cone) crusher and the second ball mill to **3,600 tonnes** per annum thereby increasing the Corporation's revenue significantly. Other copper projects like Alaska Slag dump processing, UK/Dombodzvuku and Chidzikwe are also expected to be online in 2024.

The coming in of these projects will also create more employment and improved contribution to the fiscus. The Corporation managed to post a profit in the year under review and is expected to continue in this trajectory in the next coming year.

## 5.5 APPRECIATION

I would like to express my appreciation for the unwavering support from all my colleagues in management and our staff during the year. I would also like to acknowledge my appreciation to the Mining Development Board, the Ministry of Mines and Mining Development and all stakeholders in Government for their guidance and support in our pursuit to unearth the future and value creation for all our stakeholders.

*Thank you all.*



**B CHITAMBIRA**  
**GENERAL MANAGER**



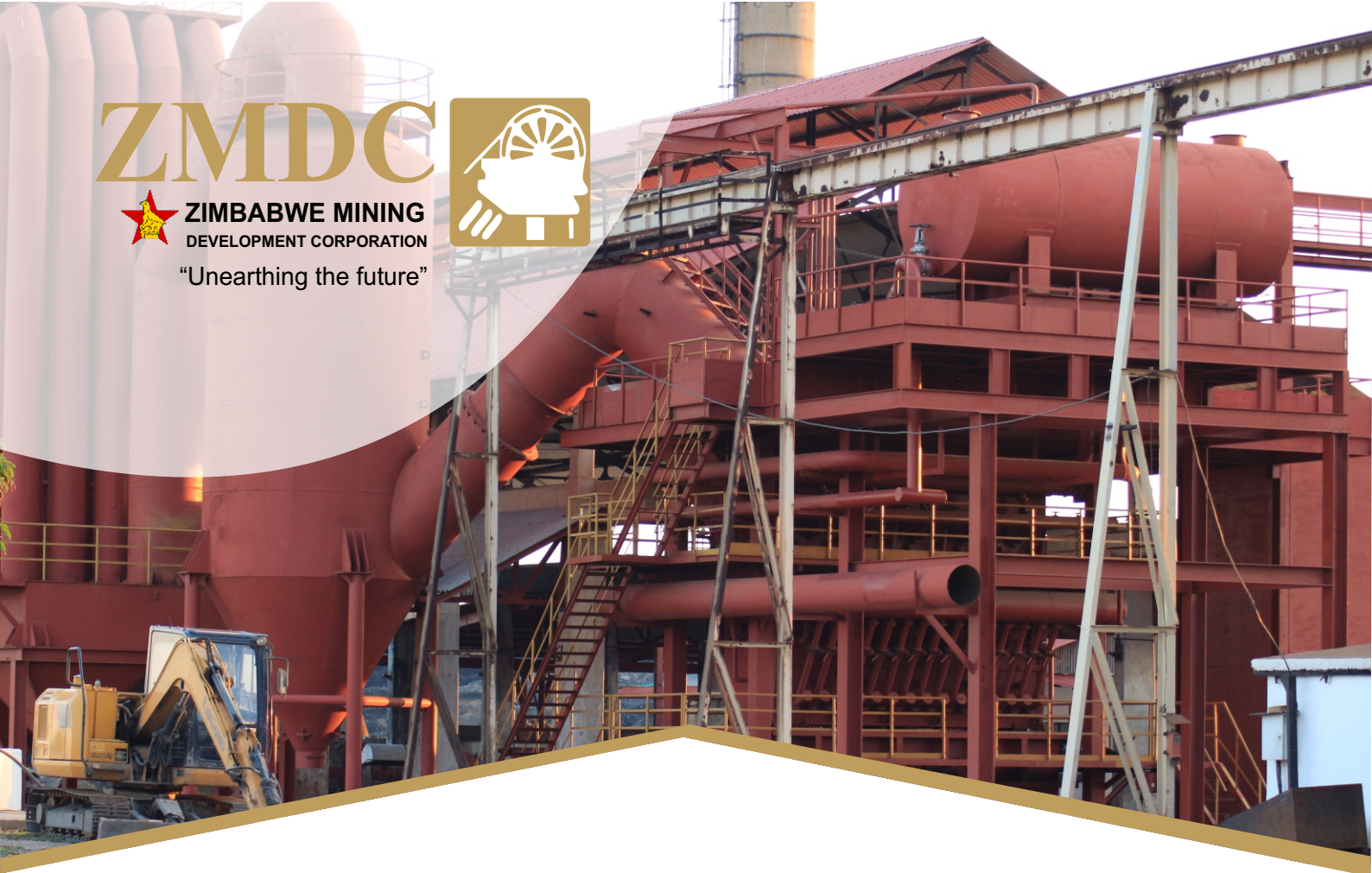


# ZMDC



**ZIMBABWE MINING  
DEVELOPMENT CORPORATION**

"Unearthing the future"



## CORPORATE GOVERNANCE STATEMENT



**Kamativi Mining Company**

## 6.0 CORPORATE GOVERNANCE STATEMENT

Zimbabwe Mining Development Corporation is controlled by a Board established in terms of section 4 of the ZMDC Act [Chapter 21:08]. 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 [Chapter 10:31] 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 2022 to 31 December 2022

- |                    |          |
|--------------------|----------|
| • 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 2022 to 31 December 2022

- |                         |          |
|-------------------------|----------|
| • Wellington Pasipamire | Chairman |
| • Slava Chella          | 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 2022 to 31 December 2022

- |                    |             |
|--------------------|-------------|
| • Slava Chella     | Chairperson |
| • 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 2022 to 31 December 2022

- |                         |   |
|-------------------------|---|
| • Charles Tawha         | Chairman  |
| • Reason Mandimika      | Member  |
| • Wellington Pasipamire | Member (ceased to be a member effective 6 <sup>th</sup> of May 2022 by virtue of 2021 AGM resolution as he is a member of the Finance and Investment Committee) |

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	S.G.Chella	R.Mandimika	C.Tawha
24/04/2022	✓	✓	✓	✓	✓

First Extra Ordinary 2022					
17/05/2022 Second Extra Ordinary 2022	✓	✓	✓	✓	✓
26/05/2022	✓	✓	✓	✓	✗
17/11/2022	✓	✓	✓	✓	✓
07/03/2023	✓	✓	✓	✓	✓

### 6.2.2 BOARD COMMITTEES' MEETINGS

#### 1. Technical Committee

DATE OF MEETING	R. Mandimika	C. Tahwa
03/05/2022	✓	✓
26/08/2022	✓	✓
31/10/2022	✓	✓
15/02/2023	✓	✓

#### 2. Finance And Investment Committee

DATE OF MEETING	W. Pasipamire	S.G Chella
04/05/2022	✓	✓
16/08/2022	✓	✓
02/11/2022	✓	✓
15/02/2023	✓	✓

#### 3. Human Resources Committee

DATE OF MEETING	S.G Chella	R.Mandimika
05/05/2022	✓	✓
17/08/2022	✓	✓
01/11/2022	✓	✓
16/02/2023	✓	✓

#### 4. Legal, Audit And Risk Committee

DATE OF MEETING	R. Mandimika	C. Tawha	W. Pasipamire
05/05/2022	✓	Apologies	✓
26/08/2022	✓	✓	Ceased to be a member in compliance with AGM 2021 resolution.
31/10/2022	✓	✓	✗
16/02/2023	✓	✓	✗





# FINANCIAL





# STATEMENTS

*31 December 2022*



# ZMDC



**ZIMBABWE MINING  
DEVELOPMENT CORPORATION**



"Unearthing the future"

## Ralph Bomment.

■ ■ Greenacre & Reynolds ■ ■

**ZIMBABWE MINING DEVELOPMENT CORPORATION  
CONSOLIDATED AUDITED INFLATION ADJUSTED FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**



## Ralph Bomment.

■ ■ Greenacre & Reynolds ■ ■

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Tel: +263 292 261 054  
Cell: +263 772 137 974 | +263 714 842 657  
100A S. Parirenyatwa Street, Bulawayo

## **INDEX TO THE CONSOLIDATED AUDITED INFLATION ADJUSTED FINANCIAL STATEMENTS**

Corporation Information

Responsibilities of Directors and Approval of the Consolidated Inflation Adjusted Financial Statements

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Consolidated Inflation Adjusted Statement of Financial Position

Consolidated Inflation Adjusted Statement of Profit or Loss and Other Comprehensive Income

Consolidated Inflation Adjusted Statement of Changes in Equity

Consolidated Inflation Adjusted Statement of Cash Flows

Consolidated Inflation Adjusted Notes to the Financial Statements



## CORPORATION INFORMATION

### NATURE OF BUSINESS

Zimbabwe Mining Development Corporation Group 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. G	(Non-Executive Director)
Mandimika R	(Non-Executive Director)
Tawha C	(Non-Executive Director)

#### SECRETARY

Chiparo T

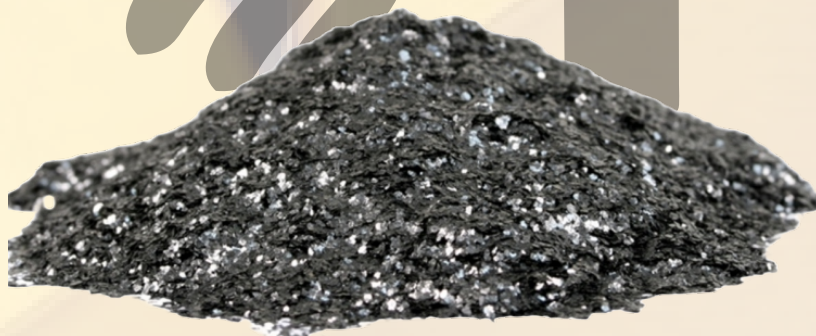
#### REGISTERED OFFICE

6 Constantia Avenue  
Strathaven  
Harare

#### INDEPENDENT EXTERNAL AUDITORS

Ralph Bomment Greenacre and Reynolds  
Registered Public Auditors (Zimbabwe)  
100 A Samuel Parirenyatwa Street  
Between 9th and 10th Avenues  
Bulawayo  
Tel +263 (29)2261101/2261085

*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

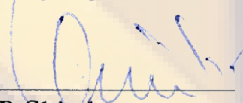
The Directors are required to maintain adequate accounting records and are responsible for the content and integrity of the Consolidated Inflation Adjusted Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Audited Annual Inflation 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).

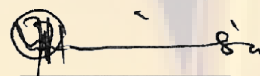
The Directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the Corporation and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Directors set standards 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 that 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.

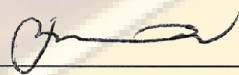
The Directors have reviewed the Corporation's cash flow forecast for the year ending 31 December 2023 and, in the light of this review and the current financial position, they are satisfied that the Corporation has access to adequate resources to continue in operational existence for the foreseeable future.

The Audited Annual Inflation Adjusted Financial Statements set out on pages 6 to 39, which have been prepared on the going concern basis, were approved by the directors on 10 / 11 /2023 and were signed on their behalf by:

  
P Chimboza  
Board Chairperson

  
B Chitambira  
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.

  
J Maiwasha  
Finance Manager

10 / 11 /2023



# INDEPENDENT AUDITOR'S REPORT

Ralph Bomment.

Greenacre & Reynolds

100 A Samuel Parirenyatwa Street  
Between 9<sup>th</sup> and 10<sup>th</sup> Avenues  
Bulawayo

## TO THE SHAREHOLDERS OF ZIMBABWE MINING DEVELOPMENT CORPORATION

### Adverse Opinion

We have audited the consolidated financial statements of Zimbabwe Mining Development Corporation as set out on pages 6 to 39, which comprise the consolidated inflation adjusted statement of financial position as at 31 December 2022, 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 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 inflation adjusted financial statements do not present fairly the financial position of the Corporation as at 31 December 2022, 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 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 2022, 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. Our opinion was modified appropriately.

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 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 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.

## INDEPENDENT AUDITOR'S REPORT

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 Inflation Adjusted financial statements in accordance with IFRS's, and for such internal control as management determines is necessary to enable the preparation of statements that are free from material misstatement, whether due to fraud or error. In preparing the 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.



- 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.

# INDEPENDENT AUDITOR'S REPORT

Ralph Bomment.

Greenacre & Reynolds

## Report on Other Legal and Regulatory Requirements

In our opinion, consolidated the Inflation Adjusted Financial Statements of Zimbabwe Mining Development Corporation have been prepared in a manner required by the Zimbabwe Mining Development Corporation Act (Chapter 21:08), Companies and Other Business Entities Act (Chapter 24:31), and 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.



---

Thamsanqa M Siwela CA (Z); CA (S.A)  
Ralph Bomment, Greenacre & Reynolds  
Registered Public Auditors (Zimbabwe)  
100 A Samuel Parirenyatwa Street  
Between 9<sup>th</sup> and 10<sup>th</sup> Avenues  
Bulawayo

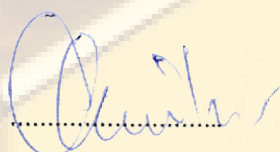
13 / 11 / 2023




**ZIMBABWE MINING DEVELOPMENT CORPORATION**  
**AUDITED CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**Inflation Adjusted Statement Of Financial Position**

		Inflation Adjusted		#	Historical cost	
		2022	2021 ZWL		2022	2021 ZWL
<b>ASSETS</b>	<b>Note</b>					
<b>Non current assets</b>						
Property, plant and equipment	10	6 075 316 419	10 251 164 299		5 206 808 147	2 954 532 234
Intangible assets	11	3 387 453	1 120 000		6 670 684	1 120 000
Investment in subsidiaries	12	4 421 758 723	72 994 414		1 350 345 954	474 253
Right of use assets	13	-	231 704		-	231 704
Exploration and evaluation assets		-	77 847 953		-	3 137 830
		<b>10 500 462 595</b>	<b>10 403 358 370</b>		<b>6 563 824 785</b>	<b>2 959 496 021</b>
<b>Current assets</b>						
Inventory	14	25 280 582	105 190 802		462 622	103 240 769
Trade and other receivables	15	306 762 787	138 416 190		306 762 787	138 416 190
Related parties receivables	16,2	260 815 215	17 989 961		260 815 215	17 989 961
Prepayments		-	13 104 154		-	13 104 154
Cash and bank	17	7 231 618	7 078 700		7 231 618	7 078 700
		<b>600 090 202</b>	<b>281 779 807</b>		<b>575 272 242</b>	<b>279 829 774</b>
<b>Total assets</b>		<b>11 100 552 797</b>	<b>10 685 138 177</b>		<b>7 139 097 027</b>	<b>3 239 325 795</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Share capital	18	-	-		-	-
Non distributable reserve		1 667 666 937	3 335 018 179		(9 023 988)	28 268 870
Revaluation reserve		8 677 880 762	12 231 910 412		4 532 840 407	2 224 240 895
Accumulated loss		(2 109 849 438)	(10 235 191 079)		466 515 326	(3 123 286 011)
		<b>8 235 698 261</b>	<b>5 331 737 512</b>		<b>4 990 331 745</b>	<b>(870 776 246)</b>
<b>Non current liabilities</b>						
Loans and borrowings	20,1	-	1 946 997 757		-	1 946 997 757
Environmental rehabilitation provision	22	49 434 245	214 387 394		370 323	202 204 668
Deferred tax liability	9	385 490 030	1 612 206 996		966 902 894	384 364 358
Post employment benefit liability	23	1 760 597 215	8 662 480		512 159 019	5 389 220
		<b>2 195 521 490</b>	<b>3 782 254 627</b>		<b>1 479 432 236</b>	<b>2 538 956 003</b>
<b>Current liabilities</b>						
Trade and other payables	21	565 399 117	1 138 716 302		565 399 117	1 138 716 302
Short term loans	20,2	3 000 000	406 471 313		3 000 000	406 471 313
Related party payables	16,3	100 915 050	9 874 285		100 915 050	9 874 285
Current tax payable		18 879	16 084 138		18 879	16 084 138
		<b>669 333 046</b>	<b>1 571 146 038</b>		<b>669 333 046</b>	<b>1 571 146 038</b>
<b>Total equity and liabilities</b>		<b>11 100 552 797</b>	<b>10 685 138 177</b>		<b>7 139 097 027</b>	<b>3 239 325 795</b>



Board Chairman



General Manager

**ZIMBABWE MINING DEVELOPMENT CORPORATION**  
**AUDITED CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**Inflation Adjusted Statement Of Profit Or Loss And  
Other Comprehensive Income**

	Note	Inflation Adjusted		Historical cost	
		2022	2021 ZWL	2022	2021 ZWL
Revenue	5	1 401 416 108	1 128 939 492	575 781 412	898 108 969
Other income	6	5 518 635 870	75 832 083	4 177 978 365	60 538 191
Operating and administration expenses		(2 245 116 524)	(2 179 788 553)	(1 137 064 248)	(1 768 150 232)
<b>Profit/ (Loss) from operations</b>		<b>4 674 935 454</b>	<b>(975 016 978)</b>	<b>3 616 695 529</b>	<b>(809 503 072)</b>
Finance costs	8	(30 728 564)	(27 398 092)	(10 104 825)	(24 794 616)
Foreign exchange gain		11 251 321	( 535 965 214)	11 251 321	( 525 490 335)
Prior Period Adjustment					
Gain on monetary position		3 469 883 430	(6 714 123 627)		-
<b>(Loss)/profit for the year</b>		<b>8 125 341 641</b>	<b>(8 252 503 911)</b>	<b>3 617 842 025</b>	<b>(1 359 788 023)</b>
Income tax	9	(61 064 723)	13 717 091	(28 040 688)	(3 037 105)
<b>(Loss)/profit after tax</b>		<b>8 064 276 918</b>	<b>(8 238 786 820)</b>	<b>3 589 801 337</b>	<b>(1 362 825 128)</b>
<b>Other comprehensive income</b>					
Remeasurement of defined benefit plan		(1 730 819 083)	-	(506 769 794)	-
Revaluation of property, plant and equipment		(2 681 522 196)	1 639 575 205	3 400 053 546	1 675 244 915
Taxation		858 311 629	(368 601 527)	(584 684 240)	(374 679 074)
<b>Other comprehensive income for the year, net of tax</b>		<b>(3 554 029 650)</b>	<b>1 270 973 678</b>	<b>2 308 599 512</b>	<b>1 300 565 841</b>
<b>Total comprehensive (loss)/income for the year, net of tax</b>		<b>4 510 247 268</b>	<b>(6 967 813 142)</b>	<b>5 898 400 849</b>	<b>(62 259 287)</b>
<b>(Loss)/income attributable to:</b>					
Owners of parent		8 064 276 918	(8 238 786 820)	3 589 801 337	(1 362 825 128)
<b>Other comprehensive (loss)/income attributable to:</b>		<b>8 064 276 918</b>	<b>(8 238 786 820)</b>	<b>3 589 801 337</b>	<b>(1 362 825 128)</b>
Owners of parent		4 510 247 268	(6 967 813 142)	5 898 400 849	(62 259 287)
Non-controlling Interest					
		<b>4 510 247 268</b>	<b>(6 967 813 142)</b>	<b>5 898 400 849</b>	<b>(62 259 287)</b>



# ZIMBABWE MINING DEVELOPMENT CORPORATION

## AUDITED CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### INFLATION ADJUSTED STATEMENT OF CHANGES IN EQUITY

	Inflation adjusted				
	Share capital	Non distributable reserve	Revaluation reserve	Accumulated loss	Non controlling interest
					Total
Balance as at 1 January 2021	-	3 335 018 179	10 960 936 734	(1 996 404 259)	12 299 550 654
Movement for the year	-	-	1 270 973 678	(8 238 786 820)	(6 967 813 142)
Derecognition of privatised entities	-	-	-	-	-
<b>Balance as at 31 December 2021</b>	<b>-</b>	<b>3 335 018 179</b>	<b>12 231 910 412</b>	<b>(10 235 191 079)</b>	<b>5 331 737 512</b>
Balance as at 1 January 2022	-	3 335 018 179	12 231 910 412	(10 235 191 079)	5 331 737 512
Movement for the year	-	(1667 351 242)	(3554 029 650)	-	(5 221 380 892)
Profit for the year for the year	-	-	-	8 125 341 641	8 125 341 641
<b>Balance as at 31 December 2022</b>	<b>-</b>	<b>1 667 666 937</b>	<b>8 677 880 762</b>	<b>(2 109 849 438)</b>	<b>8 235 698 261</b>
	Historical cost				
	Share capital	Non distributable reserve	Revaluation reserve	Accumulated loss	Non controlling interest
					Total
Balance as at 1 January 2021	-	28 268 870	765 990 893	(1 760 460 883)	(966 201 120)
Movement for the year	-	-	1 458 250 002	(1 362 825 128)	95 424 874
<b>Balance as at 31 December 2021</b>	<b>-</b>	<b>28 268 870</b>	<b>2 224 240 895</b>	<b>(3 123 286 011)</b>	<b>(870 776 246)</b>
Balance as at 1 January 2022	-	28 268 870	2 224 240 895	(3 123 286 011)	(870 776 246)
Movement for the year	-	(37 292 858)	2 308 599 512	-	2 271 306 654
Profit for the year for the year	-	-	-	3 589 801 337	3 589 801 337
<b>Balance as at 31 December 2022</b>	<b>-</b>	<b>(9 023 988)</b>	<b>4 532 840 407</b>	<b>466 515 326</b>	<b>4 990 331 745</b>

**ZIMBABWE MINING DEVELOPMENT CORPORATION**  
**AUDITED CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**INFLATION ADJUSTED STATEMENT OF CASH FLOWS**

		Inflation Adjusted		Historical cost	
	Note	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/profit before taxation		8 125 341 641	(8 252 503 911)	3 617 842 025	(1 359 788 023)
Depreciation of property, plant and equipment	4	( 253 325 247)	55 316 971	37 121 548	27 625 172
Amortisation of intangible assets	5	-	109 916	-	85 179
Net finance costs/(income)	19	30 728 564	27 398 092	10 104 825	24 794 616
Share of Loss		241 713 367	-	241 713 367	-
Increase/(decrease) in provisions			-		-
Operating cash flows before working capital changes		8 144 458 325	(8 169 678 932)	3 906 781 765	(1 307 283 056)
Changes in working capital					
Decrease/(increase) in inventories		79 910 220	( 35 204 753)	102 778 147	( 67 688 641)
Decrease/(increase) in trade and other receivables		( 168 346 597)	( 96 776 466)	( 168 346 597)	( 112 586 996)
(Decrease)/increase in trade and other payables		(589 382 444)	849 309 386	(589 382 444)	964 744 196
Decrease/(increase) in related party receivables		(242 825 254)	(8 560 018)	( 242 825 254)	(12 123 277)
Increase in related party payables		91 040 765	(307 869 007)	91 040 765	(187 804 490)
Decrease in long term receivables		13 104 154	(13 104 154)	13 104 154	(13 104 154)
Increase/(decrease) in long term payables		(1 586 733 137)	(2 205 688 998)	(1 059 523 767)	219 868 354
		5 741 226 032	(9 987 572 942)	2 053 626 769	(515 978 064)
Net finance (costs)/income	19	(30 728 564)	(27 398 092)	(10 104 825)	(24 794 616)
Income tax paid		( 16 065 259)		( 16 065 259)	
Realised exchange gain					
Cash utilised from operating activities		5 694 432 209	(10 014 971 034)	2 027 456 685	(540 772 680)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of plant and equipment	4	( 90 363 849)	(4 270 549 085)	(80 306 010)	(264 815 200)
Proceeds from disposal of plant and equipment		-	-	-	-
Cash utilised in investing activities		( 90 363 849)	(4 270 549 085)	(80 306 010)	(264 815 200)
CASH FLOWS FROM FINANCING ACTIVITIES					
Shareholders' contribution					
Loans (repaid)/received		(1 946 997 757)	1 174 895 680	(1 946 997 757)	799 093 456
Loan paid					
Cash generated from financing activities		(1 946 997 757)	1 174 895 680	(1 946 997 757)	799 093 456
Increase/(decrease) in cash and cash equivalents		3 657 070 603	(13 110 624 439)	152 918	(6 494 424)
Effects on cashflows on privatised entities		-		-	
Net effect of inflation		(3 656 917 685)	8 999 622 315		
Cash and cash equivalents at the beginning of the year		7 078 700	4 118 080 824	7 078 700	13 573 124
Cash and cash equivalents at the end of the year	17	7 231 618	7 078 700	7 231 618	7 078 700

### 1. Nature of business

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

#### 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 IAS21, IAS28, 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 recognised 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 financial statements are summarised below. The 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). The Corporation partially complied with the International Financial Reporting Standards due to the requirement to comply with Statutory Instrument 33 of 2019



# NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

## 2. Ias 29 'financial Reporting In Hyperinflationary Economies'

The Company 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 2022, using a December 2021 base are as follows:

Period	Index Conversion	Factor
31-Dec-2022	13672,91	1,000
31-Dec-2021	3977,46	3,438

### 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 stands 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 Group 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.

#### 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 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.

#### 2.3.2 Deferred taxation (continued)

The principal temporary differences arise from depreciation on property and equipment, revaluations of certain noncurrent 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 rate 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 Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognised 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.

### 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.

### 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 is 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.

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.

### 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 financial statements, a party is considered to be related to the Corporation if:

- 2.6.1 The party has the 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.

## 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 three per cent of pensionable emoluments. Remeasurements of the net defined obligation are recognised in other comprehensive income. The remeasurements include:

Service costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments. 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 as a defined benefit plan. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried at intervals not exceeding three years.

Defined benefit plan surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date; less
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus Unrecognised past service costs; less
- The effect of minimum funding requirements agreed with scheme trustees. Remeasurements of the net defined obligation are recognised in other comprehensive income. The remeasurements include:

- Actuarial gains and losses
- Return on plan assets (interest exclusive)
- Any asset ceiling effects (interest exclusive).

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

#### 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.

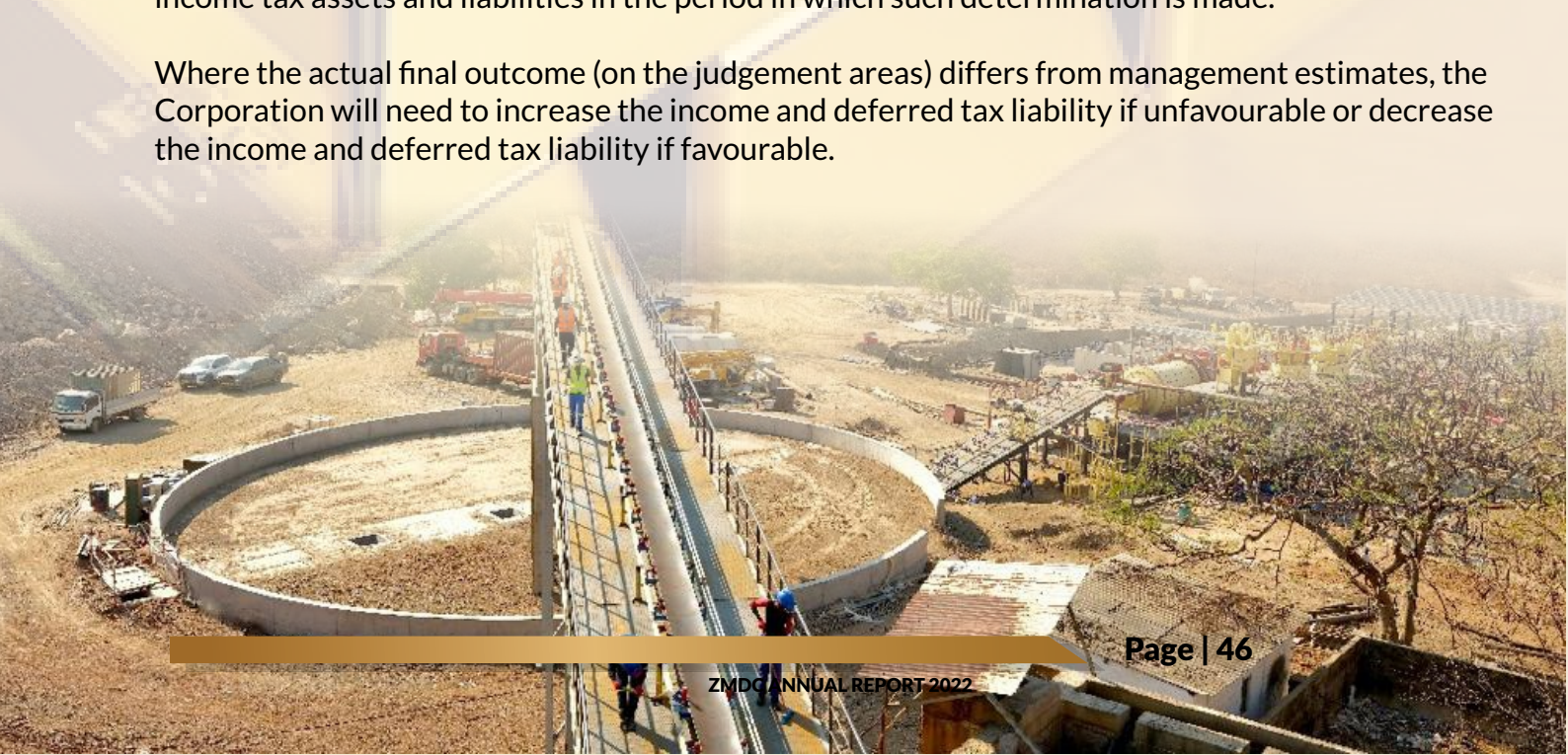
#### **3.4.2 Critical accounting estimates and judgments**

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. 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:

#### **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

	Notes	Inflation Adjusted		Historical	
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>5 REVENUE FROM OPERATIONS</b>					
Gold sales		1 030 854 817	1 074 823 146	340 858 965	850 572 591
Copper Sales		299 006 059	21 834 061	198 028 147	21 834 062
Graphite		11 975 268	1 676 927	10 331 684	1 175 140
Rentals		9 230 485	822 428	6 778 732	652 312
Management Fees		50 349 479	27 308 827	19 783 884	21 839 688
Chrome and copper			2 474 103		2 035 176
		<b>1 401 416 108</b>	<b>1 128 939 492</b>	<b>575 781 412</b>	<b>898 108 969</b>
<b>6 OTHER INCOME</b>					
Rental income		28 809 101	5 068 305	21 511 800	4 026 746
Scrap sales		8 552 778	1 896 991	2 620 943	1 343 410
Sundry revenue		5 481 273 991	68 866 787	4 153 845 622	55 168 035
		<b>5 518 635 870</b>	<b>75 832 083</b>	<b>4 177 978 365</b>	<b>60 538 191</b>
<b>7 PROFIT/ (LOSS) FROM OPERATIONS</b>					
Profit/(loss) from operations for the year has been arrived at after charging the following:					
Staff Costs		975 680 159	627 387 482	506 192 225	534 335 218
Depreciation		213 096 081	55 316 974	37 121 548	27 859 185
Amortisation of intangible assets		-	109 916	-	85 179
Audit fees		712 100	5 126 669	712 100	4 845 461
Directors' emoluments	<b>7,1</b>	14 013 312	3 578 833	10 184 177	2 771 346
<b>7,1 Directors' emoluments</b>					
Fees		7 905 305	2 090 919	5 840 333	1 597 850
Other		6 108 007	1 487 914	4 343 844	1 173 496
		<b>14 013 312</b>	<b>3 578 833</b>	<b>10 184 177</b>	<b>2 771 346</b>
<b>8 NET FINANCE COSTS</b>					
Interest received		30 728 564	27 398 092	10 104 825	24 794 616
Interest expense		<b>30 728 564</b>	<b>27 398 092</b>	<b>10 104 825</b>	<b>24 794 616</b>

9 INCOME TAX EXPENSE

Group

	Notes	Inflation Adjusted 2022 ZWL	2021 ZWL	Historical 2022 ZWL	2021 ZWL
Current tax		(61 064 723)	13 717 091	28 040 688	( 3 037 105)
Deferred tax	(Note 9.1)	108 724 471	2 560 573 433	( 584 684 240)	157 684 158
		<b>47 659 748</b>	<b>2 574 290 524</b>	<b>( 556 643 552)</b>	<b>154 647 053</b>

9.1 DEFERRED TAX (LIABILITY)/ ASSET

Reconciliation					
Opening Balance		(1 612 206 996)	(3 817 895 993)	( 384 364 358)	( 164 496 004)
Other adjustments		1 091 725 649	-	2 492 636 044	163 667
Movement through profit or loss		47 659 748	2 574 290 524	( 556 684 552)	154 647 053
Movement through OCI		858 311 629	( 368 601 527)	( 584 684 240)	( 374 679 074)
Deferred tax (liability) / asset		<b>385 490 030</b>	<b>(1 612 206 996)</b>	<b>966 902 894</b>	<b>( 384 364 358)</b>

10 PROPERTY PLANT AND EQUIPMENT

	Historical cost								
	Land and buildings ZWL	Plant and machinery ZWL	Motor vehicles ZWL	Mining Assets ZWL	Computer equipment ZWL	Work in progress ZWL	Furniture and office equipment ZWL	Surveillance ZWL	Total ZWL
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
	Land and buildings ZWL	Plant and machinery ZWL	Motor vehicles ZWL	Mining Assets ZWL	Computer equipment ZWL	Work in progress ZWL	Furniture and office equipment ZWL	Surveillance ZWL	Total ZWL
At January 2022	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
Additions		5 293 960	72 570 102		1 788 409		-	653 539	80 306 010
Depreciation for the year	(13 309 040)	(20 553 849)	(2 138 670)		(445 981)		( 674 008)		(37 121 548)
Revaluation	3 339 692 348	10 653 833	35 445 006		9 558 575		2 613 744		3 397 963 506
Disposals	(496 695 932)	(381 505 181)	(7 336 996)		(4 456 283)	(292 318 111)	(6 559 552)		(1 188 872 055)
At December 2022	3 977 892 350	1 097 346 429	110 075 107	25 949	12 994 784	-	7 819 989	653 539	5 206 808 147

10 PROPERTY PLANT AND EQUIPMENT

	Inflation adjusted								
	Land and buildings ZWL	Plant and machinery ZWL	Motor vehicles ZWL	Mining Assets ZWL	Computer equipment ZWL	Work in progress ZWL	Furniture and office equipment ZWL	Surveillance ZWL	Total ZWL
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
	Land and buildings ZWL	Plant and machinery ZWL	Motor vehicles ZWL	Mining Assets ZWL	Computer equipment ZWL	Work in progress ZWL	Furniture and office equipment ZWL	Surveillance ZWL	Total ZWL
At January 2022	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
Additions	-	6 609 695	83 100 615		(1 359 710)		(101 952 221)	653 539	90 363 849
Depreciation for the year	(83 471 074)	(60 021 831)	(6 520 411)		(1 359 710)		(101 952 221)		(253 325 247)
Revaluation	3 757 454 983	(2676 991 999)	(59 125 620)		7 748 780		66 049 080		1 095 135 224
Disposals	(1 707 441 326)	(1 311 461 742)	(25 221 648)	-	(15 318 913)	(2 026 028 969)	(22 549 108)		(5 108 021 706)
At December 2022	5 850 204 397	20 276 024	125 954 057	18 931 398	12 184 150	-	47 112 854	653 539	6 075 316 419

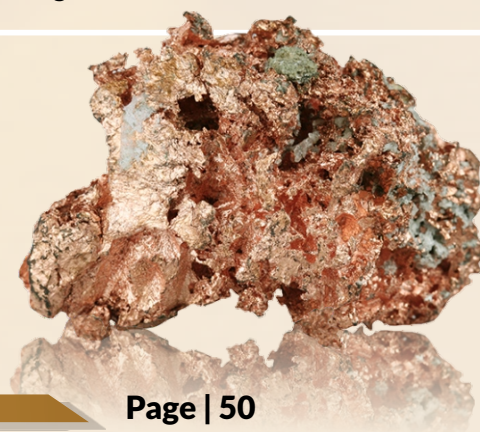


**ZIMBABWE MINING DEVELOPMENT CORPORATION**  
**AUDITED CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Inflation Adjusted		Historical cost	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>11 INTANGIBLE ASSETS</b>				
<b>Net Present Value</b>				
Opening Balance	1 120 000	148 569	1 120 000	134 866
Additions				
Revaluation	2 267 453	1 081 347	5 550 684	1 070 313
Removal of privatised assets				
<b>Closing balance</b>	<b>3 387 453</b>	<b>1 229 916</b>	<b>6 670 684</b>	<b>1 205 179</b>
<b>Amortisation</b>				
Charge for the year	-	(109 916)	-	(85 179)
<b>Net book value</b>	<b>3 387 453</b>	<b>1 120 000</b>	<b>6 670 684</b>	<b>1 120 000</b>
	Inflation Adjusted		Historical cost	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>12 INVESTMENT IN SUBSIDIARIES</b>				
Investment in Lynx mine	72 994 414	72 984 654	474 103	474 103
Investment in Kimberworth (Anmark)	4 348 764 309	9 760	1 349 871 851	150
<b>Investment in subsidiaries</b>	<b>4 421 758 723</b>	<b>72 994 414</b>	<b>1 350 345 954</b>	<b>474 253</b>
<b>13 RIGHT OF USE ASSET</b>				
Buildings	-	17 875 222	-	1 983 729
Accumulated depreciation	-	(17 643 518)	-	(1 752 025)
	<b>-</b>	<b>231 704</b>	<b>-</b>	<b>231 704</b>
<b>14 INVENTORIES</b>				
Spares and consumables	25 280 582	105 190 802	462 622	103 240 769
<b>15 TRADE AND OTHER RECEIVABLES</b>				
Trade receivables	303 765 164	19 296 911	303 765 164	19 296 911
Other	3 396 829	119 649 315	3 396 829	119 649 315
	307 161 993	138 946 226	307 161 993	138 946 226
Less: Allowance for credit losses	( 399 206)	( 530 036)	( 399 206)	( 530 036)
<b>Trade receivables-net</b>	<b>306 762 787</b>	<b>138 416 190</b>	<b>306 762 787</b>	<b>138 416 190</b>

## 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
16,1 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



## 16. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

16,2	Related party receivables	Inflation Adjusted		Historical cost	
		2022	2021	2022	2021
		ZWL	ZWL	ZWL	ZWL
	Mbada Diamonds (Private) Limited	7 148 435	7 148 435	7 148 435	7 148 435
	Kusena Diamonds (Private) Limited	6 040 104	6 040 104	6 040 104	6 040 104
	Marange Resources (Private) Limited	64 948 372	26 450 900	64 948 372	26 450 900
	Jena Mines (Private) Limited	127 831 176	6 885 222	127 831 176	6 885 222
	Shabani and Mashava Mines (Private) Limited	-	16 812 611	-	16 812 611
	Oldstone (Private) Limited	700 000	700 000	700 000	700 000
	Anjin Investments (Private) Limited	675 896	675 896	675 896	675 896
	Mining Promotions Corporation	2 079 000	2 079 000	2 079 000	2 079 000
	Milling Centers	1 577 353		1 577 353	
	Glassfinish Investments (Private) Limited	40 000 000	40 000 000	40 000 000	40 000 000
	Anmark	130 422 237	2 777 083	130 422 237	2 777 083
	Bubi	392 311	1 636 336	392 311	1 636 336
	Moral capital	27 831	27 831	27 831	27 831
	BIT Minerals	592 137	592 137	592 137	592 137
	Allowance for credit losses	(121 619 637)	(93 835 594)	(121 619 637)	(93 835 594)
		<b>260 815 215</b>	<b>17 989 961</b>	<b>260 815 215</b>	<b>17 989 961</b>

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 ZWL27 784 043 was included in profit and loss as a decrease in the allowance relating to credit losses.

### Allowance for Credit Losses Reconciliation

Opening Balance	382 434 851	111 825 555	382 434 851	111 825 555
(Decrease)/ Increase in allowance for credit losses	(121 619 637)	(93 835 594)	(121 619 637)	(93 835 594)
Closing Balance	<b>260 815 214</b>	<b>17 989 961</b>	<b>260 815 214</b>	<b>17 989 961</b>



## 16. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

	Inflation Adjusted		Historical cost	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>16,3 Related party payables</b>				
Grand Sanyuan	68 433 390	8 187 650	68 433 390	8 187 650
Landela	1 506 246	1 686 635	1 506 246	1 686 635
Zhijiu Mining	20 530 017	-	20 530 017	-
Niagara Mining	10 265 009	-	10 265 009	-
Jena Mines	180 388	-	180 388	-
	<b>100 915 050</b>	<b>9 874 285</b>	<b>100 915 050</b>	<b>9 874 285</b>
<b>16,4 Transactions with Key Management</b>				
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				
Salaries	314 282 457	2 792 474	91 424 997	2 273 243
Other short term benefits	62 412 564	22 217 285	18 155 860	17 358 818
	<b>376 695 021</b>	<b>25 009 759</b>	<b>109 580 857</b>	<b>19 632 061</b>
<b>17 CASH AND CASH EQUIVALENTS</b>				
For the purposes of the statement of cashflows, cash and cash equivalents comprise of:				
Cash and bank	7 231 618	7 078 700	7 231 618	7 078 700
Bank overdraft	-	-	-	-
Cash and cash equivalents	<b>7 231 618</b>	<b>7 078 700</b>	<b>7 231 618</b>	<b>7 078 700</b>

**18 Share capital**

**Authorised share capital**

180 000 000 ordinary shares of ZWL 1 each

**Issued**

44 000 000 ordinary shares of ZWL 1 each

The unissued shares are under the control of the directors subject to restrictions imposed by the Companies and Other Business Entities Act (Chapter 24:31).

Inflation adjusted		Historical cost	
2022	2021	2022	2021
ZWL	ZWL	ZWL	ZWL
1 297 878 825	1 297 878 825	180 000 000	180 000 000
-	-	-	-

## **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 2021 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

In post retirement period

Rate of salary escalation

Contributions during the year were as follows:

Post employment benefit liability

	<b>Inflation adjusted</b>		<b>Historical cost</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>ZWL</b>	<b>ZWL</b>	<b>ZWL</b>	<b>ZWL</b>
Present value of obligation	1 760 597 215	29 778 132	512 159 019	5 389 225
Fair value of plan assets		-		
	<b>1 760 597 215</b>	<b>29 778 132</b>	<b>512 159 019</b>	<b>5 389 225</b>
<b>Reconciliation of defined benefit obligation</b>				
Opening balance	142 086 346	142 086 346	41 333 022	41 333 022
Movement	3 143 754 430	-	914 520 466	-
<b>Closing balance</b>	<b>3 285 840 776</b>	<b>142 086 346</b>	<b>955 853 488</b>	<b>41 333 022</b>
<b>Reconciliation of defined benefit assets</b>				
Opening balance	123 560 370	123 560 370	35 943 802	35 943 802
Movement	1 401 683 192	-	407 750 667	-
<b>Closing balance</b>	<b>1 525 243 562</b>	<b>123 560 370</b>	<b>443 694 469</b>	<b>35 943 802</b>



## 20. LOANS AND BORROWINGS

	Inflation adjusted		Historical cost	
	2022	2021	2022	2021
<b>20,1 Long term</b>				
Chandiwana		1 946 997 757		1 946 997 757
	-	1 946 997 757	-	1 946 997 757
<b>20,2 Short term loans</b>				
RBZ	2 000 000	2 000 000	2 000 000	2 000 000
ZCDC	1 000 000	1 000 000	1 000 000	1 000 000
Chandiwana	-	401 358 367	-	401 358 367
Fidelity Printers	-	2 112 946	-	2 112 946
	<b>3 000 000</b>	<b>406 471 313</b>	<b>3 000 000</b>	<b>406 471 313</b>

### 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 artisanal miners to increase gold output. The loan will be repaid through gold deposits to FPR from Bubi Milling Centre. The loan was repaid in 2022.

### 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.

### 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.

## 21 Trade and other payables

Trade payables	55 499 063	316 323 402	55 499 063	316 323 402
Other Payables	509 900 054	822 392 900	509 900 054	822 392 900
	<b>565 399 117</b>	<b>1 138 716 302</b>	<b>565 399 117</b>	<b>1 138 716 302</b>

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FOR THE YEAR ENDED 31 DECEMBER 2022**

Inflation Adjusted		Historical cost	
2022	2021	2022	2021
ZWL	ZWL	ZWL	ZWL

**22 ENVIRONMENTAL REHABILITATION PROVISION**

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

Opening balance	214 387 394	137 986 174	202 204 668	79 360 961
Movement through profit	(164 953 149)	76 401 220	(201 834 345)	122 843 707
Write off of privatised assets				
<b>Carrying amount at the year end</b>	<b>49 434 245</b>	<b>214 387 394</b>	<b>370 323</b>	<b>202 204 668</b>

**23 POST EMPLOYMENT BENEFITS**

Post employment benefit liability

<b>1 760 597 215</b>	<b>8 662 480</b>	<b>512 159 019</b>	<b>5 389 225</b>
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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%

## 24 . FINANCIAL INSTRUMENTS- RISK MANAGEMENT

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

- Credit risk
- Liquidity risk

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

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

### Principal financial instruments

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

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdraft
- Fixed rate loans

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

### 24,1 Liquidity risk management

This is the risk of insufficient liquid funds being available to cover commitments. In order to mitigate any liquidity risk that the Group faces, the Group's policy has been throughout the year ended 31 December 2020, to maintain substantial unutilised facilities as well as significant liquid resources. Borrowing facilities are negotiated with approved financial institutions at acceptable interest rates. The liquidity risk exposure in relation to financial liabilities are set out below.

Financial liabilities	Up to 3 months	Between 3 and 12 months	Between 12 and 24 months
	ZWL	ZWL	ZWL
Loans and borrowings	3 000 000	3 000 000	2 353 469 070
Trade and other payables	565 399 117	565 399 117	1 138 716 302

### Interest rate risk management

Interest rate risk is the risk that fluctuating interest rates will unfavourably affect the Group's earnings and the value of its assets, liabilities and capital. The Group held interest bearing liabilities as at 31 December 2021 as disclosed herein. However, interest rates are fixed and, therefore, a sensitivity analysis has not been performed.

### 24,2 Foreign exchange risk

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

### 24,3 Financial instruments not measured at fair value

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



## 25. MANAGEMENT OF CAPITAL

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

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

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

The Group's capital is made up of the Shareholder's contribution

Non distributable reserve

Accumulated profit/(loss)

	Inflation adjusted		Historical cost	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Shareholder's contribution				
Non distributable reserve	1667 666 937	3335 018 179	(9 023 988)	28 268 870
Accumulated profit/(loss)	(2 109 849 438)	(10 235 191 079)	466 515 326	(3 123 286 011)
	<u>( 442 182 501)</u>	<u>(6 900 172 900)</u>	<u>457 491 338</u>	<u>(3 095 017 141)</u>

## 26. CONTINGENT LIABILITIES

### 26,1 Legal cases

#### 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, USD 48 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.

#### Grandwell 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.

#### Canadile Miners Case

The Canadile matter in which Mr Kurotwi is claiming restitution of mining equipment cash, legal fees and 1,4 million carats of diamonds. The matter is still pending and a pre-trial conference date is still to be convened.

### 26,2 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:

	2022 ZWL	2021 ZWL
Zimbabwe Revenue Authority	15 791 013	76 031 510
Mining Industry Pension Fund	6 844 799	100 286
National Social Security Authority	1 467 487	39 808
Zimbabwe Manpower Development	2 657 731	674 005
	<hr/>	<hr/>
	26 761 030	76 845 609

## 27 . GOING CONCERN

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

### Net Profit/ loss after tax

During the year ended 31 December 2022, the Group incurred an inflation adjusted profit after tax of **ZWL 8 064 276 918 (2021: loss of ZWL 8 238 786 820)** and historical profit of **ZWL 3 589 801 337** as at 31 December 2022 **(2021: loss of ZWL 1 362 825 128)**.

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 instruments, 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 2022 to conform to the requirements of IAS 21.



## 28. APPLICATION OF IAS21-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 Devaluation

sSIC 19 Reporting currency – Measurement and

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 ("SI33/19") with an effective date of 22 February 2019 and there was an amendment to this Statutory Instrument 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 instruments, 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 2022 to conform to the requirements of IAS 21.

## 29. TRANSACTIONS WITH RELATED PARTIES ON TRANSFERS OF SUBSIDIARIES AND INVESTMENTS

The Corporation holds mining assets on behalf of the Government of Zimbabwe. In National Development Strategic 1 (NDS1), the Corporation is mandated to partially privatize its entities in order to attract investment. The process of partial privatization is in progress.

The transfer of assets has not been for an economic gain but for purposes of meeting requirements of NDS1 requirements. Therefore no due diligence has been applied on transactions. However, due to economic sanctions on ZMDC, the assets are being transferred to Defold Mining (Private) Limited in order fully operationalize them. Defold Mining (Private) Limited is another entity under the Ministry of Mines and Mining Development. The following are the mining assets being transferred:

1. Kamativi Tin Mine (Private) Ltd
2. Jena Mines (Private) Limited
3. Sandawana Mines (Private) Limited
5. Todal Mining (Private) Limited
4. Mineral Development (Private) Limited (Elvington Mine)

### Other Investments

#### i. Kimberworth Investments T/A Sabi Gold Mine

Kimberworth Investments entered into a Joint Venture with Chandiwana Mines to form Anmack (Private) Limited wherein the shareholding is 45% and 55% respectively.

#### ii. Diamond Mining Corporation (DMC)

Pursuant to the Government Diamond Policy consolidation in 2016, DMC, a 50-50 diamond Joint Venture Company between ZMDC and Purediam DMCC accepted the consolidation which resulted in Purediam disposing off its 50% share to ZMDC.

All the subsidiaries which were not consolidated only hold claims and no other assets or liabilities.









# ZMDC



**ZIMBABWE MINING  
DEVELOPMENT CORPORATION**



“Unearthing the future”