The Company today, issues out the following trading update for the second half of 2014 and 12 months to 31 December 2014:

The second half of the year experienced a slowdown in the macro-economic fundamentals and tight liquidity conditions persisted. The mining sector was further impacted by declining gold and other metal prices. In 2014, the average gold prices declined by more than 10% against the 2013 average prices. On the other hand the base metals prices remained at subdued levels experienced in 2013.

The matte supply at Empress Nickel Refinery (ENR) continued to be erratic and in short supply thereby seriously constraining the Group's performance for the second half of the year. After declaring a series of force majeures in the first six months of 2014, the sole supplier of matte went on a scheduled maintenance shutdown in the third quarter in an effort to address the challenges in the smelter section of their plant. Even after the maintenance shutdown, the challenges persisted to the fourth quarter resulting in only 30% of the annual contractual matte supplies being received and the Refinery operating at 25% capacity. This resulted in further losses being experienced in the second half of the year.

Whilst the Group is engaged in initiatives that will mitigate the concentration risk of dependence on one matte supplier, such engagements are only likely to start yielding results in the second half of 2015.

In the second half of the year, gold production at Renco mine decreased marginally by 0.5% though the annual production increased by 6% against 2013. The production was adversely affected by lower than anticipated tonnages and ore grade. In addition the mine’s performance was adversely affected by the continued weakening of gold prices especially in the fourth quarter of the year. However, from October 2014 the effect of declining gold prices was partially neutralized by a welcome reduction in the gold royalty levy from 7% to 5%.

Against this background the Group expects to report an increased operating loss for the financial year ended 31 December 2014 over the loss that was reported in June 2014. The net loss position of the Group will be further worsened by finance charges incurred on the Group’s exposure.

The full year final results are expected to be published on the 27th of March 2015.

The Group's previous financial statements and other company reports are available on the Company website www.riozim.co.zw

By order of the Board
RioZim Management Services (Private) Limited (Secretaries)
Per S Omarsah

16 February 2015