Tapping into the emerging opportunities for growth, the Group entered into an agreement with Falcon Gold Zimbabwe Limited to acquire 100% of the issued ordinary shares of the Company in consideration of US$20 million in cash. This transaction is expected to be completed during the second quarter of 2017. The Company is confident that this transaction will provide a strong foundation for future growth.

In 2016, the Group focused on improving productivity and improving unit costs through process optimization. This has helped to reduce the cost of gold extraction and processing, thereby improving the Group’s gross margin. In addition, the Group has continued to invest in the expansion of its gold mining operations, with a focus on increasing production and gold recoveries. In the second quarter of 2017, the Company plans to expand its ore processing capacity by installing a flotation circuit to the Plant.

In terms of environmental sustainability, the Group is committed to implementing both internal and external solutions to reduce its environmental footprint. This includes the implementation of sustainable mining practices and the development of a social development program to empower and develop the communities in which the Company operates.

The Group’s Board Chairman, Mr. M Matimba, expressed his gratitude to the Company’s management and staff for their dedication and commitment to the Group’s success. He also thanked the Company’s shareholders and stakeholders for their continued support.

The Group’s Chief Executive Officer, Mr. S R Beebeejaun, highlighted the Group’s financial performance and its plans for future growth. He emphasized the importance of sustainable mining practices and the need for continued investment in exploration and development to ensure the Group’s long-term success.

The Group’s audited financial statements for the year ended 31 December 2016 are consolidated and abridged and are presented in this report. The financial statements have been prepared in accordance with the requirements of the Zimbabwe Companies Act, as amended, and the International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB). The financial statements include the results of the Group’s operations for the year ended 31 December 2016, as well as the comparative figures for the year ended 31 December 2015.

The Group’s revenue grew by 15% to US$65.2 million from US$56.5 million in 2015, despite the challenging economic environment. The Group’s gross profit margin improved to 80% from 77% in the prior year, reflecting the benefits of cost control and productivity improvements. The Group’s operating profit increased by 151% to US$2.5 million from US$1.0 million in 2015, due to increased production and higher gold prices.

The Group’s net profit after tax was US$2.5 million in 2016, compared to a loss of US$2.2 million in 2015. This improvement was driven by higher production and lower unit costs, as well as improved operational performance. The Group’s share of loss for the year decreased to US$8.7 million in 2016, from US$13.2 million in 2015, due to improved operational performance and cost control.

The Group’s asset base increased by 16% to US$110.7 million in 2016, compared to US$95.9 million in 2015. This increase was driven by the acquisition of new mining properties and the expansion of existing operations. The Group’s capital expenditure for the year was US$3.3 million, of which US$2.6 million was invested in the expansion of the gold mining operations.

The Group’s financial position remains strong, with a cash balance of US$5.9 million as at 31 December 2016, compared to US$2.0 million in 2015. The Group’s current assets increased by 15% to US$32.9 million in 2016, compared to US$28.7 million in 2015, due to increased production and higher gold prices.

In conclusion, the Group is well positioned for future growth through continued investment in exploration and development, improved productivity, and enhanced sustainability practices. The Group remains committed to leveraging its operational strengths to deliver superior returns for shareholders, employees, and the communities in which it operates.
For the year ended 31 December 2016

1. General information

RIOZIM Limited (the Company) and its subsidiaries (together the Group) is involved in mining and smelting operations of different businesses in Zimbabwe. The Group is therefore operating in a single segment.

The Company is a limited liability company incorporated and domiciled in Zimbabwe. The address of its registered office is 1 Kwekwe Road, Highlands.

The Company is listed on the Zimbabwe Stock Exchange.

The financial statements are presented in United States Dollars (US$), which is the functional currency of the parent company. They have been extracted from the full set of the consolidated financial statements which were prepared in accordance with the International Financial Reporting Standards, Statement of Comprehensive Income ("IFRIC") Interpretations, in addition to the annual financial statements were prepared in terms of the Zimbabwe Stock Exchange (ZSE) listing rules and Companies Act (Chapter 24:21).

The consolidated financial statements are presented by way of balance sheet, statement of profit or loss, statement of comprehensive income, statement of changes in equity, cash flow statement, and notes. The notes form an integral part of these financial statements.

These financial statements are presented in US dollars, which is the functional currency of the parent company, and have been extracted from the Group financial statements, as in the notes to the financial statements for the year ended 31 December 2016.

2. Basis of preparation

The consolidated financial statements are presented in United States Dollars (US$) and reflect the results of the RioGold (Private) Limited for the year ended 31 December 2016.

The Group is involved in the mining, processing and sale of gold and copper, and other minerals. The Group's primary resources are gold and copper, which are held for sale. The directors believe that the Group's future growth will come from the exploration and development of new gold, copper, platinum and other mineral resources and the processing of concentrates and by-products that are produced from the Group's existing mines.

The financial statements are based on estimates and assumptions that the directors believe to be reasonable. Actual results could differ from those estimates. The financial statements are prepared on the going concern basis, and in the opinion of the directors, the Group is likely to continue as a going concern.

3. Significant accounting policies

The financial statements have been prepared in accordance with the accounting policies adopted by the Group for the last annual financial statements and applicable amendments to IFRS 1.

4. Estimates

When preparing the abridged financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income or expenses. At the end of each period, management re-evaluates the appropriateness of these judgments, estimates and assumptions.

5. Property, Plant and Equipment

The plant and equipment comprise an assembly of mining equipment, machinery and plant, and is valued at cost. The plant and equipment are depreciated on a straight line basis for financial reporting purposes. The Group's remained on a sound financial footing, and in its ability to meet its financial obligations. The Group's cash flows are expected to continue to be positive to the Group's cash flows.

6. Exploration, Evaluation and Development Assets

The exploration and evaluation assets comprise exploration and evaluation costs related to the acquisition of new mining leases and concessions. The exploration and evaluation assets are evaluated for impairment at the end of each financial year. The evaluation for impairment is based on the estimated future cash inflows expected to be derived from the projects. The evaluation is based on the estimated future cash inflows expected to be derived from the projects.