

ASX PRELIMINARY FINAL REPORT

Appendix 4E

Zimplats Holdings Limited ARBN: 083 463 058 Australian Stock Exchange code: ZIM

Year ended 30 June 2020

| CONTENTS | PAGE |
|--|---------|
| Results for Announcement to the Market | 3 |
| Commentary on Results | 4 - 6 |
| Preliminary Consolidated Statement of Profit or Loss and | |
| Other Comprehensive Income | 7 |
| Preliminary Consolidated Statement of Financial Position | 8 |
| Preliminary Consolidated Statement of Changes in Equity | 9 |
| Preliminary Consolidated Statement of Cash Flows | 10 |
| Notes to the Preliminary Financial Statements | 11 - 16 |

This report covers the consolidated entity of Zimplats Holdings Limited (the 'Company') and its subsidiaries (together the 'Group'). The report is presented in United States Dollars (US\$).



RESULTS FOR ANNOUNCEMENT TO THE MARKET

Reporting period: 1 July 2019 to 30 June 2020 (FY2020)

Previous reporting period:

1 July 2018 to 30 June 2019 (FY2019)

| | | | FY2020 | FY2019 |
|----|---|--------------|-----------|----------|
| | | | US\$ 000 | US\$ 000 |
| 1. | Revenue | 1 38% | 868 912 | 630 987 |
| 2. | Profit before income tax | 1 82% | 374 230 | 205 314 |
| 3. | Income tax expense | 1 86% | (112 391) | (60 453) |
| 4. | Profit for the year attributable to members | 1 81% | 261 839 | 144 862 |
| 5. | Dividend per share (cents) | | 41.81 | 60.39 |

Net tangible asset backing

| | | FY2020 | FY2019 |
|----------------------------------|----------------|-----------|----------|
| Net tangible assets per security | 1 20.6% | US\$11.82 | US\$9.80 |

Notes

- FY in this report refers to the financial year for the Group which ends on 30 June.
- 6E (six elements) consists of platinum, palladium, rhodium, gold, ruthenium and iridium.

3

COMMENTARY ON RESULTS

FINANCE

Revenue increased by 38% to US\$868.9 million from US\$631 million in FY2019 mainly due to the increase in average prices of rhodium, palladium, gold and nickel. 6E ounces sold decreased by 3% from 573 009 ounces in FY2019 to 554 944 ounces in FY2020. This was mainly due to the *force majeure* notice issued by Impala Platinum Limited which resulted in the suspension of sales for more than a month in the final quarter of the year. The *force majeure* notice was in response to the COVID-19 pandemic induced lockdown in South Africa.

Cost of sales increased by 8% from US\$443.8 million in FY2019 to US\$480.4 million mainly due to the increase in sharebased compensation and depreciation expense. The increase in depreciation expense was due to the change in the estimation method of depreciation for surface and metallurgical assets from units of production to straight line as well as an increase in the asset base during the year.

Gross profit margin improved to 45% from 30% in FY2019 mainly due to the improvement in metal prices.

Operating cash cost per 6E ounce increased by 2% from US\$602 in FY2019 to US\$613 in FY2020 mainly due to inflation.

Profit before income tax for the year increased to US\$374.2 million from US\$205.3 million in FY2019.

Income tax expense for the year increased to US\$112.4 million from US\$60.5 million in FY2019 mainly driven by the increase in taxable profit.

Resultantly, profit after tax for the year increased to US\$261.8 million from US\$144.9 million in FY2019.

Net cash inflow from operating activities increased to US\$258.4 million from US\$241.5 million in FY2019. The Group paid dividends of US\$45 million (FY2019: US\$85 million) and repaid bank borrowings of US\$42.5 million (FY2019: US\$42.5 million). At year end, the Group had bank borrowings amounting to US\$7.2 million (FY2019: US\$42.5 million) and a cash balance of US\$135.8 million (FY2019: US\$67 million).

DIVIDEND

A final dividend for the year ended 30 June 2019, amounting to US\$45 million (equating to US\$0.42 per ordinary share), was declared and paid during the year to shareholders on record as at 26 September 2019.

In view of the economic uncertainty posed by the COVID-19 pandemic, the Company has considered it prudent not to declare a dividend for the year ended 30 June 2020 to preserve cash and maintain liquidity.

SAFETY, HEALTH AND ENVIRONMENT

Safety

The Group reported nine lost-time injuries in the year compared to seven (including the fatality) in FY2019 raising the lost-time injury frequency rate (LTIFR) to 0.59 compared to 0.45 in FY2019. As at the end of the year, the Group had accumulated 2.4 million shifts without a fatality. Total injuries on duty reduced from fourteen recorded in FY2019 to ten in the current year.

COMMENTARY ON RESULTS (CONTINUED)

Health

The Group's integrated occupational health and wellness programmes focusing on mental and physical wellbeing of employees and contractors performed well during the year. Occupational health surveillance screening continued to influence employee lifestyle changes through education and early detection of non-communicable diseases.

COVID-19 Response

FY2020 saw the advent of an unprecedented pandemic, COVID-19, which disrupted the way of life for both individuals and corporates. To minimise the impact of this pandemic on the health of employees and mining operations, the Group embarked on the following initiatives:

- 360 degrees review of procedures and practices to minimise the possible spread of the virus
- Capacitated the internal medical facilities to deal with COVID-19 cases at the workplace. This included facilities for screening, testing, quarantining, isolating and treatment
- Risk profiling to identify employees at high risk of severe disease was done and mitigating measures were implemented.

The COVID-19 mitigation measures implemented have so far been successful as the Group did not record any positive cases among its employees and contractors during the year.

Mental Health

An enhanced employee appreciation of the importance of professional counselling services together with COVID- 19 pandemic induced anxiety resulted in an increased utilisation of the counselling facilities at the mining and processing sites.

Malaria Control

The Group's malaria control programmes worked well during the year with no cases of local malaria transmission recorded at all the operations. Three positive malaria cases involving employees with a history of travel to malaria endemic areas in Zimbabwe were recorded during the year.

Environment

The Group's environmental management programmes continued to perform well for yet another year with no significant non-conformances reported from both internal and external audits.

The Group was audited for recertification to the environmental management standard (ISO 14001:2015) during the year and the certification was retained.

Water withdrawn from dams and underground increased by 4% from the previous year while water recycling decreased to 39% from 41% achieved in FY2019. The low rainfall and high temperature conditions experienced during the year have resulted in low water harvesting and low dam levels thereby increasing pressure on water supply in the catchments where Zimplats operations are located.

The installation of energy efficient equipment which included solar lighting and water heating continued during the year as part of the Group's energy efficiency and climate change response plan.

Rehabilitation of the closed open-pits and the tailings storage facilities progressed well with the re-vegetation of 2.5 hectares as was in the previous year.

Point source sulphur dioxide (SO₂) emissions decreased to 20 532 tonnes from 23 132 tonnes in FY2019 due to lower smelter running time following the 122 days furnace rebuild shutdown which started in June 2019. The Group installed a fugitive emissions capture system to reduce ground level SO₂ concentrations at the Selous Metallurgical Complex.

COMMENTARY ON RESULTS (CONTINUED)

OPERATIONS

Mining and milling operations performed very well during the year, producing 7.2 million tonnes (FY2019: 6.7 million tonnes) and 6.8 million tonnes (FY2019: 6.5 million tonnes) respectively.

The Group's 6E head grade at 3.48g/t, was the same as the previous year.

Ore mined and milled increased by 7% and 5% respectively from the previous year benefiting from ore from Mupani Mine and fleet productivity enhancement initiatives that began towards the end of FY2019 which have now been rolled out to all the underground mines.

The concentrator plants throughput was better than the previous year due to higher running time and milling rate. The Group's operations were not affected by the COVID-19 pandemic as all the mines and the processing plants continued operating throughout the year with no confirmed cases within the workforce.

Total 6E metal produced for the year (including metal sold as concentrate) increased marginally from 579 591 ounces in FY2019 to 580 178 ounces in FY2020.

CAPITAL PROJECTS

The Group spent a total of US\$104.2 million on capital projects (stay in business, replacement mines and expansion projects) compared to US\$115 million spent in FY2019.

Stay-in-business projects

A total of US\$69 million (FY2019: US\$82.5 million) was spent on stay-in-business projects during the year. This includes expenditure on Bimha Mine redevelopment and the furnace rebuild and improvements project.

The Bimha Mine redevelopment is progressing according to plan. The south underground crusher and the ore-conveyance system were commissioned in December 2019. The Group aims to complete the outstanding underground workshops in the north and south sections in December 2020, which will complete the full scope of the project. During the year, US\$15 million was spent on this redevelopment project, bringing the total project expenditure to US\$98.8 million as of 30 June 2020 compared to a total project budget of US\$101 million.

The furnace rebuild and improvements project which commenced in FY2019 was completed and commissioned in the first half of FY2020. A total of US\$7.1 million was spent in FY2020 bringing the total expenditure to US\$20.4 million.

A total of US\$16.4 million (FY2019: US\$18.6 million) was spent on the replacement of trackless mining machinery including ancillary support equipment, in line with the current replacement philosophy.

Replacement mines

A total of US\$33.6 million was spent on replacement mines during the year, 20% higher than the US\$28.1 million spent in FY2019.

Development of Mupani Mine, a replacement mine for Rukodzi and Ngwarati mines which deplete in FY2022 and FY2024 respectively, is progressing well and on schedule. A total of US\$32.1 million was spent on this project during the year, taking the overall project cost to US\$99.5 million as at 30 June 2020. The mine is scheduled to reach full production of 2.2Mtpa in July 2024 at an estimated total project cost of US\$264 million.

Expansion projects

The revised Phase 2 expansion project is now substantially complete. A total of US\$1 million was spent on the Mupfuti Mine stockpile cover during the year bringing the project total expenditure to US\$463 million against an authorised budget of US\$492 million.

PRELIMINARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

| Note | 2020 s US\$ 000 | 2019 US\$ 000 |
|---|--------------------|------------------|
| Note | | 05\$ 000 |
| Revenue | 4 868 912 | 630 987 |
| Cost of sales | (480 358) | |
| Gross profit | 388 554 | 187 416 |
| Administrative expenses | (5 711) | (6 876) |
| Net foreign exchange transactions losses | 5 (4 830) | (20 197) |
| Other expenses | (1 371) | (492) |
| Other income | 6 609 | 46 447 |
| Finance income | 84 | 1 099 |
| Finance cost | (3 105) | (2 082) |
| Profit before income tax | 374 230 | 205 315 |
| Income tax expense | (112 391) | (60 453) |
| Profit for the year | 261 839 | 144 862 |
| Other comprehensive income for the year, net of tax | - | |
| Total comprehensive income for the year | 261 839 | 144 862 |
| Earnings per share | | |
| Basic earnings per share (cents) | 243 | 135 |
| Diluted earnings per share (cents) | 243 | 135 |

PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

| ASSETS Non-current assets Property, plant and equipment Other financial assets | | 2020 | 2019 |
|---|-------|-----------|-----------|
| Property, plant and equipment Other financial assets | Notes | US\$ 000 | US\$ 000 |
| Other financial assets | | | |
| | 7 | 1 161 152 | 1 141 380 |
| Current eccete | | 25 | 1 156 |
| Current aposto | | 1 161 177 | 1 142 536 |
| Current assets | | | |
| Inventories | | 91 892 | 55 560 |
| Prepayments | | 32 973 | 31 770 |
| Trade and other receivables | | 287 948 | 207 385 |
| Equity instruments at fair value through profit or loss | | 8 640 | - |
| Other financial assets | | 276 | 1 176 |
| Cash and cash equivalents | | 135 817 | 67 018 |
| | | 557 546 | 362 909 |
| Total assets | | 1 718 723 | 1 505 445 |
| | | | |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | | 10 763 | 10 763 |
| Share premium | | 89 166 | 89 166 |
| Retained earnings | | 1 172 070 | 955 231 |
| | | 1 271 999 | 1 055 160 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Provision for environmental rehabilitation | | 20 271 | 20 244 |
| Deferred tax | | 301 034 | 288 866 |
| Borrowings | 8 | 2 412 | - |
| Share-based compensation | | 2 008 | 5 148 |
| | | 325 725 | 314 258 |
| Current liabilities | | | |
| Trade and other payables | | 84 612 | 82 971 |
| Current tax payable | | 10 383 | 4 216 |
| Borrowings | 8 | 2 221 | 42 500 |
| Bank overdraft | 0 | 7 275 | - |
| Share based compensation | | 16 508 | 6 340 |
| | | 120 999 | 136 027 |
| Total equity and liabilities | | 1 718 723 | 1 505 445 |

PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

| | Share | Share | Retained | |
|---|----------|-----------------|-----------|-----------------|
| | capital | premium | earnings | Total |
| | US\$ 000 | US\$ 000 | US\$ 000 | US\$ 000 |
| | | | | |
| Balance as at 1 July 2018 | 10 763 | 89 166 | 895 370 | 995 299 |
| | | | | |
| Total comprehensive income for the year | - | - | 144 862 | 144 862 |
| Profit for the year | - | - | 144 862 | 144 862 |
| Other comprehensive income for the year | - | - | - | - |
| | | | | |
| Transactions with owners in their capacity as owners: | | | | |
| Dividends paid | - | - | (85 001) | (85 001) |
| | | | | |
| Balance as at 30 June 2019 | 10 763 | 89 166 | 955 231 | 1 055 160 |
| | | | | |
| Total comprehensive income for the year | - | - | 261 839 | 261 839 |
| Profit for the year | - | - | 261 839 | 261 839 |
| Other comprehensive income for the year | - | - | - | - |
| | | | | |
| Transactions with owners in their capacity as owners: | | | | |
| Dividends paid | - | - | (45 000) | (45 000) |
| | | | | |
| Balance as at 30 June 2020 | 10 763 | 89 166 | 1 172 070 | 1 271 999 |

PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

| | | 2020 | 2019 |
|---|-------|-----------|-----------|
| | Notes | US\$ 000 | US\$ 000 |
| Cash flows from operating activities | | | |
| Cash generated from operations | 9 | 364 052 | 289 045 |
| Finance costs paid | 8 | (2 895) | (6 296) |
| Share-based compensation payments | | (13 420) | (1 782) |
| Payments made for environmental rehabilitation | | (755) | (4 103) |
| Income taxes and withholding taxes paid | | (88 599) | (35 386) |
| Net cash inflow from operating activities | | 258 383 | 241 478 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 7 | (104 244) | (115 021) |
| Proceeds from disposal of property, plant and equipment | | 340 | 88 |
| Investment in equity instruments | | (9 129) | - |
| Finance income | | 84 | 1 099 |
| Net cash outflow from investing activities | | (112 949) | (113 834) |
| Cash flows from financing activities | | | |
| Repayments of borrowings | 8 | (42 500) | (42 500) |
| Lease payments | 8 | (1 687) | - |
| Dividends paid | | (45 000) | (85 001) |
| Net cash outflow from financing activities | | (89 187) | (127 501) |
| Net increase in cash and cash equivalents | | 56 247 | 143 |
| Cash and cash equivalents at beginning of the year | | 67 018 | 118 981 |
| Exchange gains/(losses) on cash and cash equivalents | | 5 277 | (52 106) |
| Cash and cash equivalents at the end of the year | | 128 542 | 67 018 |

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES, ESTIMATION METHODS AND MEASUREMENT BASES

The Group prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS.

The accounting policies adopted are consistent with those of the half year interim accounts and the previous financial year, except for the adoption of the new standards, IFRS 16 'Leases' and IFRIC 23 'Uncertainty over Income Tax Treatments'.

IFRS 16 - Leases

This standard became effective for periods beginning on or after 1 January 2019 and replaces IAS 17 Leases.

Transition

The Group adopted IFRS 16 on 1 July 2019 and applied the standard retrospectively making use of the simplified retrospective approach, under which a lessee does not restate comparative information. There was no financial impact on the opening retained earnings at 1 July 2019.

Historically, lease contracts were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, all lease contracts, except for leases pertaining to low-value assets and leases with a duration of 12 months or less, are recognised as right-of-use assets. The corresponding liability is also recognised from the date at which the leased asset is available for use by the Group.

The Group recognised lease liabilities in relation to leases which had previously been classified as service contracts or operating leases under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted by the lessee's incremental borrowing rate as at 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 9.6% (3 months LIBOR plus 7% per annum).

In applying the simplified retrospective approach, the Group has applied the following practical expedients permitted by the standard:

- · The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- · Reliance on previous assessments on whether leases are onerous
- Leases with a remaining term of 12 months or less from the date of application have been accounted for as short-term leases
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement Contains a Lease.

The Group's leasing activities

The Group had two leases deemed as material as at 30 June 2020, as follows:

Ore and concentrate haulage

The Group has a contract for the provision of services relating to the transportation of ore and concentrate between Ngezi and the Selous Metallurgical Complex. The contract has a period of five years from 1 November 2017 to 31 October 2022. As at 30 June 2020, the present value of the lease liability was US\$4.3 million.

Borrowdale Office Park

The lessor and Zimplats entered into a lease agreement in which Zimplats leases premises measuring 1 146m2 - situated at stand 19308, Borrowdale Office Park – 1st Floor, South block, Borrowdale, Harare for the purposes of administration offices. The lease contract was initially for five years to November 2018 and provides for an extension for further two years. The contract was extended to 30 November 2020. As at 30 June 2020, the present value of the lease liability was US\$0.3 million.

IFRIC 23 - Uncertainty over Income Tax Treatment

There has been no material impact on the Group's financial statements.

The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially reported, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2. DETAILS OF CONTROLLED ENTITIES

There are no entities over which control has been gained or lost during the year.

3. JOINT VENTURES

There are no joint venture entities.

| 4. REVENUE 821 814 Revenue from contracts with customers 821 814 Revenue from movements in commodity prices 47 098 868 912 868 912 The Group derives its revenue from the following metal products: 388 366 Platinum 195 999 Rhodium 195 999 Rhodium 52 506 Gold 44 993 Copper 15 286 Ruthenium 8 251 Iridium 2 865 Silver 247 Cobalt 237 868 912 912 | US\$ 000 597 688 33 299 630 987 |
|---|--|
| Revenue from contracts with customers 821 814 Revenue from movements in commodity prices 868 912 The Group derives its revenue from the following metal products: 888 366 Palladium 388 366 Platinum 195 999 Rhodium 160 162 Nickel 52 506 Gold 44 993 Copper 15 286 Ruthenium 8 251 Iridium 2 865 Silver 247 Cobalt 237 868 912 912 | 33 299 |
| Revenue from movements in commodity prices 47 098 868 912 868 912 The Group derives its revenue from the following metal products: 388 366 Palladium 195 999 Rhodium 160 162 Nickel 52 506 Gold 44 993 Copper 15 286 Ruthenium 8 251 Iridium 2 865 Silver 247 Cobalt 237 868 912 868 912 | 33 299 |
| The Group derives its revenue from the following metal products: 868 912 Palladium 388 366 Platinum 195 999 Rhodium 160 162 Nickel 52 506 Gold 44 993 Copper 15 286 Ruthenium 8 251 Iridium 2 865 Silver 247 Cobalt 237 868 912 868 912 | |
| The Group derives its revenue from the following metal products: 388 366 Palladium 388 366 Platinum 195 999 Rhodium 160 162 Nickel 52 506 Gold 44 993 Copper 15 286 Ruthenium 8 251 Iridium 2 865 Silver 247 Cobalt 237 868 912 868 912 | 630 987 |
| Palladium388 366Platinum195 999Rhodium160 162Nickel52 506Gold44 993Copper15 286Ruthenium8 251Iridium2 865Silver247Cobalt237868 9125.NET FOREIGN EXCHANGE TRANSACTIONS LOSSESUnrealised foreign exchange (gains)/losses on the translation of monetary assets and liabilities (net):(9 196) | |
| Platinum195 999Rhodium160 162Nickel52 506Gold44 993Copper15 286Ruthenium8 251Iridium2 865Silver247Cobalt237868 9125.NET FOREIGN EXCHANGE TRANSACTIONS LOSSESUnrealised foreign exchange (gains)/losses on the translation of monetary assets and liabilities (net):(9 196) | |
| Rhodium160 162Nickel52 506Gold44 993Copper15 286Ruthenium8 251Iridium2 865Silver247Cobalt237868 9125.NET FOREIGN EXCHANGE TRANSACTIONS LOSSES Unrealised foreign exchange (gains)/losses on the translation of monetary assets and liabilities (net):(9 196) | 264 330 |
| Nickel52 506Gold44 993Copper15 286Ruthenium8 251Iridium2 865Silver247Cobalt237868 9125. NET FOREIGN EXCHANGE TRANSACTIONS LOSSESUnrealised foreign exchange (gains)/losses on the translation of monetary assets and liabilities (net):(9 196) | 194 901 |
| Gold44 993Copper15 286Ruthenium8 251Iridium2 865Silver247Cobalt237868 9125. NET FOREIGN EXCHANGE TRANSACTIONS LOSSESUnrealised foreign exchange (gains)/losses on the translation of monetary assets and liabilities (net):(9 196) | 53 316 |
| Copper15 286Ruthenium8 251Iridium2 865Silver247Cobalt237868 9125. NET FOREIGN EXCHANGE TRANSACTIONS LOSSESUnrealised foreign exchange (gains)/losses on the translation of monetary assets and liabilities (net):(9 196) | 47 676 |
| Ruthenium 8 251 Iridium 2 865 Silver 247 Cobalt 237 868 912 5. NET FOREIGN EXCHANGE TRANSACTIONS LOSSES Unrealised foreign exchange (gains)/losses on the translation of monetary assets and liabilities (net): (9 196) | 36 993 |
| Iridium 2 865 Silver 247 Cobalt 237 868 912 868 912 5. NET FOREIGN EXCHANGE TRANSACTIONS LOSSES 9196) Unrealised foreign exchange (gains)/losses on the translation of monetary assets and liabilities (net): (9 196) | 17 308 |
| Silver 247 Cobalt 237 868 912 868 912 5. NET FOREIGN EXCHANGE TRANSACTIONS LOSSES Unrealised foreign exchange (gains)/losses on the translation of monetary assets and liabilities (net): (9 196) | 9 600 |
| Cobalt 237 868 912 868 912 5. NET FOREIGN EXCHANGE TRANSACTIONS LOSSES Unrealised foreign exchange (gains)/losses on the translation of monetary assets and liabilities (net): (9 196) | 6 173 |
| 5. NET FOREIGN EXCHANGE TRANSACTIONS LOSSES Unrealised foreign exchange (gains)/losses on the translation of monetary assets and liabilities (net): (9 196) | 223 |
| 5. NET FOREIGN EXCHANGE TRANSACTIONS LOSSES Unrealised foreign exchange (gains)/losses on the translation of monetary assets and liabilities (net): (9 196) | 467 |
| Unrealised foreign exchange (gains)/losses on the translation of monetary assets and liabilities (net): (9 196) | 630 987 |
| Unrealised foreign exchange (gains)/losses on the translation of monetary assets and liabilities (net): (9 196) | |
| of monetary assets and liabilities (net): (9 196) | |
| | (17 588) |
| | 3 594 |
| Trade and other payables (1 725) | (9 903) |
| Current income tax liabilities (5 456) | (11 279) |
| Cash and cash equivalents (5 277) | - |
| Realised foreign exchange losses/(gains) on translation of | |
| monetary assets and liabilities (net): 14 026 | 37 785 |
| Trade and other receivables 7 937 | 19 856 |
| Trade and other payables 4 026 | 2 142 |
| | (36 319) |
| Cash and cash equivalents 2 063 | 52 106 |
| Foreign currency exchange transactions losses (net) 4830 | 20 197 |
| For the purposes of the statement of cash flows, the foreign | |
| currency exchange adjustment comprises of: | |
| | (17 588) |
| | (36 319) |
| Cash and cash equivalents - | |
| Foreign currency exchange adjustment (9 196) | 52 106 |

| | | 2020 | 2019 |
|----|-------------------------------------|----------|----------|
| | | US\$ 000 | US\$ 000 |
| 6. | OTHER OPERATING INCOME | | |
| | Export incentive (a) | - | 36 352 |
| | Customs duty rebate fine refund (b) | - | 9 554 |
| | Other income | 609 | 541 |
| | | | |
| | | 609 | 46 447 |

- a) In May 2016, the Reserve Bank of Zimbabwe ("RBZ") introduced an export incentive scheme to promote the export of goods and services for the Zimbabwean economy to benefit from the liquidity derived from exports. The Group was initially entitled to a 2.5% export incentive on the export proceeds received in Zimbabwe. During the year ended 30 June 2019, the export incentive was revised from 2.5% to 5% backdated to the period from 1 January 2018 to 30 September 2018 and further increased to 10% from October 2018 onwards. The RBZ discontinued the export incentive scheme with effect from 21 February 2019 following the introduction of the Real Time Gross Settlement Dollar as an electronic currency and the interbank foreign currency market.
- b) The written judgment in the customs duties matter was issued by the High Court of Zimbabwe on 12 September 2018. The presiding judge ruled that the Zimbabwe Revenue Authority ("ZIMRA") was not entitled to impose the fines that it had levied on the Group's main operating subsidiary, Zimbabwe Platinum Mines (Private) Limited. As the Group had previously settled the disputed liabilities on a without prejudice basis pending the determination of the court case, the net impact of the judgment was that ZIMRA was required to refund to the Group the amount of the fines imposed of US\$9.6 million.

| | | 30 June 2020 US\$ 000 | 30 June 2019 US\$ 000 |
|----|---|-----------------------------|-----------------------------|
| 7. | PROPERTY, PLANT AND EQUIPMENT | | |
| | Opening net book amount | 1 141 380 | 1 086 705 |
| | Additions | 104 244 | 115 021 |
| | Right-of-use assets capitalised* (note 8) | 6 320 | - |
| | Borrowing costs capitalised | 1 734 | 6 296 |
| | Environmental rehabilitation asset adjustment | (1 162) | (122) |
| | Disposals | (2 368) | (18 308) |
| | Accumulated depreciation on disposals | 2 022 | 18 071 |
| | Depreciation charge | (91 018) | (66 283) |
| | Closing net book amount | 1 161 152 | 1 141 380 |

*Mobile equipment of US\$6 million and land and buildings of US\$0.3 million were capitalised during the year, following the adoption of IFRS 16 (note 1).

14

| | | 2020 | 2019 |
|----|--|----------|-----------------|
| | | US\$ 000 | US\$ 000 |
| 8. | BORROWINGS | | |
| | Non-current | | |
| | Lease liability | 2 221 | - |
| | | | |
| | Current | | |
| | Lease liability | 2 412 | - |
| | Bank borrowings | - | 42 500 |
| | | 2 412 | 42 500 |
| | | | |
| | Total | 4 633 | 42 500 |
| | | | |
| | The movement in borrowings is as follows: | | |
| | At the beginning of the year | 42 500 | 85 000 |
| | Leases capitalised (note 7) | 6 320 | - |
| | Interest accrued | 2 895 | 6 296 |
| | Repayments | (47 082) | (48 796) |
| | Capital: Bank borrowings | (42 500) | (42 500) |
| | Capital: Lease liability | (1 687) | - |
| | Interest | (2 895) | (6 296) |
| | At the end of the year | 4 633 | 42 500 |
| 9. | CASH GENERATED FROM OPERATIONS | | |
| 9. | Cash flows from operating activities | | |
| | Profit before income tax | 374 230 | 205 315 |
| | Adjustments for: | 374 230 | 205 515 |
| | Depreciation | 91 018 | 66 283 |
| | Provision for obsolete inventories | 1 736 | |
| | | | (585) 12 209 |
| | Provision for share-based compensation | 20 448 | |
| | Foreign currency exchange adjustment (note 5) | (9 196) | (1 801) |
| | Loss on disposal of property, plant and equipment | 6 | 149 |
| | Loss on re-measurement of equity instruments at fair value Finance income | 489 | - |
| | | (84) | (1 099) |
| | Finance costs | 3 105 | 2 082 |
| | Changes in operating assets and liabilities | (00.000) | 7.040 |
| | (Increase)/decrease in inventories | (38 068) | 7 810 |
| | (Increase)/decrease in prepayments | (1 203) | 18 131 |
| | Increase in trade and other receivables | (83 825) | (31 427) |
| | Decrease in other financial assets | 2 031 | 122 |
| | Increase in trade and other payables | 3 365 | 11 856 |
| | Cash generated from operations | 364 052 | 289 045 |

10 CONTINGENT LIABILITIES AND UNCERTAIN TAX MATTERS

10.1 Contingent liabilities

At year-end the Group had contingent liabilities in respect of matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

10.2 Uncertain tax matters

The Group has historically filed, and continues to file, all required income tax returns and to pay the taxes reasonably determined to be due. The fiscal legislation in Zimbabwe is volatile, highly complex and subject to interpretation. From time to time, the Group is subject to a review of its historic income tax returns and in connection with such reviews, disputes can arise with the Zimbabwe Revenue Authority ('ZIMRA') over the interpretation and/or application of certain legislation. Significant judgement is required in determining the provision for income taxes due to the complexity and differences of interpretation of fiscal legislation, and application which may require determination through the courts. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for anticipated tax audit issues and uncertain tax positions based on estimates of whether additional taxes will be due. The assessment is based on objective, unbiased interpretation of the fiscal legislation, informed by specialist independent tax and legal advice. Where, ZIMRA as the tax authority makes an assessment that differs from that determined and initially recorded by the company, such difference in computation will impact the income tax expenses and liabilities in the period in which such determination is made.

Irrespective of whether potential economic outflows of matters have been assessed as probable or possible, individually significant matters are included below to the extent that disclosure does not prejudice the Group.

10.2.1 Matters before the courts

The Group filed legal proceedings in the Special Court for Income Tax Appeals and the Supreme Court of Zimbabwe in relation to various historical income tax matters and these cases are pending in the courts. The Group has on a without prejudice basis settled the disputed liabilities involved in these cases and therefore, no further liabilities will arise in respect of these disputed tax matters.

10.2.2 Payment of taxes in foreign currency

In accordance with the legislation governing the payment of taxes, the Group's operating subsidiary, Zimbabwe Platinum Mines (Private) Limited, is required to pay taxes in accordance with the laws of Zimbabwe, specifically the Income Tax Act (Chapter 23:06), as read with the Finance Act (Chapter 23:04).

Through a Public Notice 26 of 2019 published on 19 June 2019, the tax authorities, introduced a computation formula which would consequently require an apportionment of income tax payment between local and foreign currency. The Group has been lawfully computing and effecting payment of income taxes in local currency in settlement of tax liabilities. Expert view on this matter is that settlement of these taxes in this manner by the Group is in full discharge of its obligations. It is however recognised that the tax authorities, may hold a different interpretation of the fiscal legislation as read with the public notices available to guide tax payers.

This difference in interpretation may result in uncertainty associated with the payment of taxes in foreign currency, with the resultant effect that, it is possible that at a future date, on conclusion of the matter, the final outcome may vary significantly and may impact financial results in the year in which such a determination is made. In the absence of a legal basis upon which to base the potential determination, the Group is unable to quantify at this stage, what the potential impact of the above could be.

11. EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the statement of financial position date that have a bearing on the understanding of these financial statements.

12. AUDIT STATUS

This report is based on financial statements which are in the process of being audited by Deloitte & Touche (Zimbabwe).

The Group's ASX Market Announcement that was released on 27 February 2020 for the half year ended 31 December contained a qualified audit opinion emanating from the potential unquantified carry over effects of the qualified opinion issued on the financial statements for the year ended 30 June 2019 ('Annual Accounts').

The basis for the qualified opinion was set out in detail in the Annual Accounts, refer to the Independent Auditor's Report on pages 118 to 125 read together with the relevant critical estimates and judgments in note 4(f) on pages 157 and 158 of the Annual Accounts. In summary, the qualified opinion in the Annual Accounts related to the impact on International Accounting Standard 21, 'The Effects of Changes in Foreign Exchange Rates' ("IAS 21") of monetary policy amendments that saw the introduction of Real Time Gross Settlement as a new local currency being inserted in the Exchange Control regulations, thereby redefining foreign and local currencies accepted as legal tender in Zimbabwe. On 1 October 2018, companies were then compelled to separate Real Time Gross Settlement transactions from foreign currency transactions notwithstanding that they were once officially at par.

The Group quantified the potential carryover impact of the inventory and property plant and equipment, that gave rise to the qualification of the previous year audit opinion, and now determined that the amounts involved were not material resulting in no adjustment being passed in these preliminary financial statements. In addition, the Group is of the view that the modified opinion should not be carried forward beyond FY2020 based on materiality. The current auditors, Deloitte & Touche are yet to conclude on the matter.



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