On behalf of the Board of Directors, I present the unaudited financial results of Hwange Colliery Company Limited for the half year ended 30 June 2018.

The Company’s financial performance for the period under review improved in comparison to the same period in the 2017 financial year. The Company’s revenue increased by 62% to US$4.3 million from US$2.7 million in the comparable period last year from US$1.08 million in 2018. The increase in revenue is attributed to an increase in sales volume of 51% and increased prime grades in the sales mix. The loss decreased by 6% to US$323 thousand recorded in 2017 from US$34.5 million for the period under review.

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# Condensed Interim Financial Results

## Hwange Colliery Company Limited

For the Half Year Ended 30 June 2018

## Condensed Statement of Profit or Loss and Other Comprehensive Income

<table>
<thead>
<tr>
<th>6 months to 30 June 2018</th>
<th>6 months to 31 December 2017</th>
<th>Year to 31 December 2017</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Share of profit or loss</td>
<td>Share of attributable loss</td>
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<tr>
<td>Coal sales</td>
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<td>30 June 2018</td>
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<td>31 December 2017</td>
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</table>

## Notes to the Condensed Interim Financial Statements

1. Nature of operations

Hwange Colliery Company Limited is in business where principal activities include extraction, processing and distribution of coal and coal products and provision of support services, provision of services for rental and sales-related goods and services.

2. Basis of preparation of the condensed financial statements

The condensed financial information for the six months ended 30 June 2018 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed financial information for the year ended 31 December 2017 and the six months ended 30 June 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS). The condensed financial information for the year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS). Companies Act (Chapter 24:02) and the relevant statutory instruments (SI 33/99 and SI 62/96).

3. Significant accounting policies

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expense. Actual results may differ from these estimates.

4. Directors

In preparing the condensed interim financial statements, the significant judgements made by management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended 31 December 2017.

5. Reserve

Cash balances:

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6. Taxation

## Condensed Statement of Financial Position

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7. Balance Sheet 

8. Loss per share

### Basic loss per share

- Calculated by dividing the loss attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

### Diluted loss per share

- Calculated by dividing the loss attributable to shareholders by the weighted average number of ordinary shares in issue during the period, adjusted for the dilutive effect of warrants or convertible bonds.

### Weighted average number of ordinary shares

- For the six months ended 30 June 2018: 381,319,677
- For the year ended 31 December 2017: 387,333,333

9. Financial information

### Notes

- For further information, refer to the Notes to the Condensed Interim Financial Statements.
9.2 Investment in joint venture

The Company did not recognise losses for the period amounting to USD 146 254 (2017: USD 336 428) for Clay Products Refineries (Private) Limited. The investments are held a 44% voting and equity interest in Zimchem Holdings (Private) Limited, which holds a 49% voting and equity interest in Zimchem (Zimbabwe). The company's current liabilities exceeded its current assets by USD 17 677 138 as at 30 June 2018 (30 June 2017: USD 21 885 083). The loss on the disposal of the company's mining rights is mainly attributable to the loss onieved revenue in the period under review. The company's current assets are expected to exceed the present and future operating needs.

9.3 Investment in associates

The Company is also looking at disposing part of its housing stock and town infrastructure to reduce its operating costs. The following amount has been recognised in profit or loss:

9.4 Investment in joint ventures

The company's current liabilities exceeded its current assets by USD 17 677 138 as at 30 June 2018 (30 June 2017: USD 21 885 083). The loss on the disposal of the company's mining rights is mainly attributable to the loss onieved revenue in the period under review. The company's current assets are expected to exceed the present and future operating needs.

23 Financial risk management objectives and policies

For the purposes of statement of cash flows, cash and cash equivalents at the end of the period/year as shown in the statement of financial position includes:

6 Loss per share (continued)

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8 Investment property

12.2 Share options and share appreciation schemes

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8 Headnote provisions

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6 Share capital

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121 Financial instruments

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31 Events after the reporting date

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20 Segment reporting

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21 Segment information

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2017 Revenue

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