HWANGE

COLLIERY COMPANY LIMITED

HWANGE COLLIERY COMPANY LIMITED ANNUAL REPORT 2021

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To view the Online Annual Report please
visit our website at **wwww.hwangecolliery.net**

COMPANY
PROFILE

Hwange Colliery Company Limited (formerly Wankie Colliery Company Limited) whose history can be traced back to 1899 is a coal-mining company based in Hwange town, Matabeleland North Province in the north-western part of Zimbabwe.

The Company is organised into three divisions of mining, medical services and estates. The mining division incorporates opencast mining, underground mining, coal processing and coke production operations. The Company's medical services division provides medical care for Company staff and Hwange town. It operates a 6 ward hospital, three clinics, a dental surgery and a school of nursing. The Company's estates division provides staff housing, industrial, office and retail leasing, hospitality faclilities as well as recreational and sporting facilites in Hwange town. The division also leases out commercial office space in the Company-owned high-rise buildings in Harare and Bulawayo.

BUSINESS

The Company's principal activities are exploration, mining, processing of coal and the production of coke and related by-products. The Company is certified for three ISO systems (ISO 9001: 2015, ISO 14001: 2015 & ISO 45001: 2018) by the Standards Association of Zimbabwe (SAZ).

OPERATING ASSOCIATE AND JOINT VENTURE COMPANIES

Hwange Coal Gasification Company (Private) Limited
Clay Products (Private) Limited
Zimchem Refineries (Private) Limited

BUSINESS ASSOCIATIONS

Hwange Colliery Company Limited is a member of the following bodies:

- Chamber of Mines Zimbabwe (COMZ)
- Confederation of Zimbabwe Industries (CZI)
- Business Council on Sustainable Development in Zimbabwe (BCSDZ); and
- Marketers Association of Zimbabwe (MAZ)

STRATEGIC PRIORITY AREAS

The 2022 Corporate strategic objectives were agreed upon as follows:

1. To produce and process 3.916 million tonnes of coal.
2. To retain 100% of current customers and increase domestic market share by 2%. Grow exports revenue from current US$0.9M to US$1M per quarter.
3. To achieve a net profit of 29% by year end.
4. To maintain IBMS certification.
5. To achieve a Lost Time Injury Frequency Rate of less than 4.06 by year end.
6. To achieve 100% adherence to training and development plan.
7. Retain at least 99% of skills base by year end.

OUR PRODUCTS
AND MARKETS

HWANGE COMPANY PRODUCTS

Coal

The Company coal products are marketed in three (3) broad categories;

- Thermal Coal (HPS)
- Industrial Coal (HIC)
- Coking Coal (HCC)

Coke

Coke is marketed in four (4) distinct categories namely;

- Foundry coke (+80mm)
- Metallurgical coke (-80 +20mm)
- Coke peas (-30 +10mm)
- Coke breeze (-10mm)

OUR MARKET PRESENCE

OUR MARKET PRESENCE

Hwange Colliery Company Limited supplies the following markets with high quality Coal and Coke products.

- ZIMBABWE
- SOUTH AFRICA
- NAMIBIA
- ZAMBIA
- BOTSWANA
- MALAWI
- MOZAMBIQUE
- DRC

VISION
& MISSION STATEMENT

Vision

TO BE THE

NUMBER 1

IN COAL MINING AND PRODUCTION OF COAL RELATED PRODUCTS AT THE LEAST COST IN THE REGION

Mission

To provide competitive coal and coal related solutions to our customers using modern and efficient production techniques

PROUDLY
PROVIDING MORE THAN JUST COAL

Shared Values

- SAFETY
- INNOVATION
- TEAMWORK
- COMPETENCY
- EFFICIENCY
- EXECUTION

CORPORATE INFORMATION

NATURE OF ACTIVITI ES

The Company's principal activities are exploration, mining , processing of coal and the production of coke and related by-products in the north-western part of Zimbabwe, Hwange District, in the Matabeleland North Province. The Company is ISO 9001:2015 certified by the Standards Association of Zimbabwe (SAZ).

REGISTERED OFFICES

7th Floor Coal House
17 Nelson Mandela Avenue
P. O. Box 2870
Harare Zimbabwe

www.hwangecolliery.net

ADMINISTRATORS

Eng D. S. Sibanda	Administrator Effective 22 October 2020
Mr Munashe Shava	Assistant Administrator Effective 26 October 2018
Ms M. J. Remba	Assistant Administrator Effective 26 October 2018

BANKERS

BancABC
Stanbic Bank Limited
Ecobank
CBZ

EXECUTIVE MANAGEMENT

Blake Mhatiwa	Managing Director
Patrick Sana	Engineering Executive
Ray Munangwa	Support Services Executive
Chrispen Ncube	Finance Executive & Company Secretary

SHARE TRANSFER SECRETARIES

Corpserve (Private) Limited
2nd Floor ZB Centre
Cnr Kwame Nkrumah Avenue/First Street, Harare,
Zimbabwe

AUDITORS

Grant Thornton Chartered Accountants (Zimbabwe)
Camelsa Business Park
135 Enterprise Road Highlands
P O Box CY 2619
Harare, Zimbabwe
www.grantthornton.co.zw

ATTORNEYS

Chihambakwe Mutizwa and Partners.
Mawere Sibanda Legal Practitioners.
Majoko and Majoko Legal Practitioners.
Coghlan and Welsh Legal Practitioners.
Mashindi and Associates.
DMH Legal Practitioners.

CURRENCY OF FINANCIAL STATEMENTS

Zimbabwean dollars (ZWL)
Period of account: Year ended 31 December 2021

PROFILES OF ADMINISTRATOR
AND ASSISTANT ADMINISTRATORS

ENG. DALE SITUTU SIBANDA
ADMINISTRATOR

Appointed in October 2020, Eng. Dale Situtu Sibanda is a Mechanical Engineer with vast experience in the mining industry spanning over 3 decades. After completing his Engineering degree in 1980 from the University of Zimbabwe, Eng. D S Sibanda started his engineering career as a post graduate trainee for Triangle Limited in 1981. In 1984 he joined African Associated Mines where he rose through the ranks to be the Group Operations Director before leaving for the United Kingdom in 2005.

Between 2006 and 2018, Eng. D Sibanda was the Senior Risk Engineer for Zurich Financial Services, London where he was exposed to world class corporate governance, mine operations and risk management. Upon returning to Zimbabwe in 2018, he joined Grindale Engineering where he has served as Operations Director to date.

Eng. Sibanda holds a Bachelor of Science Engineering (Honours) degree from the University of Zimbabwe and a Master of Science (IAS) from City University, London. His professional recognitions include Fellow and Member of the Zimbabwe Institute of Engineers (FZweIE & MZweIE).

Appointed in 2018, Ms M.J. Remba is a legal practitioner who has served as Managing Partner of Dube, Manikai & Hwacha Legal Practitioners ("DMH"), a law firm ranked internationally as one of the top Business Law Firms in Zimbabwe. She is currently part of a team that renders continuing legal advice to multi-lateral lenders in facilities to the Government of Zimbabwe, financial institutions and companies in different sectors of the economy.

Ms Remba holds a Bachelor of Laws degree Honours from the University of Zimbabwe and is a member of the Law Society of Zimbabwe and the Zimbabwe Women Lawyers Association.

MS MUTSA MOLLIE JEAN REMBA
ASSISTANT ADMINISTRATOR

MR MUNASHE SHAVA
ASSISTANT ADMINISTRATOR

Mr Shava is a mining and mining start-up projects executive with a career spanning over 25 years. Munashe holds a Master of Science degree in Leadership and Change Management from Leeds University (UK) an advanced certificate in Project Management from the University of Cape Town, South Africa as well as a Mining Engineering diploma from the Zimbabwe School of Mines. He has also been the recipient of numerous Management and Business Leadership Awards.

PROFILES OF **MANAGMENT**

MANAGING DIRECTOR

MR BLAKE MHATIWA
MANAGING DIRECTOR

Blake is a seasoned executive with a decorated career spanning over 23 years in mining sector operations which include open pit mining, underground mining and construction. His set of skills include mine planning, new mine establishment, contract negotiations, mine expansion and contract mining projects.

Blake joined Hwange Colliery Company as a Business Consultant in 2021 from Mota-Engil Africa Zimbabwe branch where he was the Managing Director. He was subsequently appointed General Manager in January 2022, a position he held until his appointment as Managing Director. Prior to joining Hwange Colliery, Blake worked for Anglo Zimbabwe Gold division as operations manager between 2002 and 2005. He also worked as General Manager for Duration Gold Zimbabwe between 2006 and 2008 before joining Mota-Engil's Kayelekera Uranium mine project in Malawi, where he was General Manager overseeing their US$ 260 million dollar opencast mining contract. After successfully running the Malawi Project, Blake was appointed Managing director for Mota-Engil Zimbabwe from 2013 to 2020.

Blake holds a Master of Business Administration degree (MBA) from the National University of Science and Technology (NUST), a Bachelor of Science (BSc) Honours degree in Mining Engineering from the University of Zimbabwe, Strategic Management programmes from the North West University, Kellogg School of Business Management in Chicago - USA, Catholica University, and Lisbon School of Business and Economics in Lisbon Portugal, amongst his various professional qualifications. Blake is currently a Member of the Association of Mine Managers of Zimbabwe, a past Alternate Board Member Zimbabwe School of Mines Board, a past Vice Chairman Zimbabwe School of Mines Academic Committee, and a past Executive Committee Member of the Association of Mine Managers of Zimbabwe AMMZ.

COMPANY SECRETARY

Mr Chrispen Ncube is a proven finance and administration professional with over 16 years' managerial experience. His skills set includes financial strategy and planning, treasury, cost control, internal controls, stakeholder engagement and overall management of the finance and administration function.

Chrispen's professional career started in 2006 when he joined ferrochrome producer Zimasco (Private) Limited as a Trainee and rose through the ranks to become Financial Accountant at the Company's head office, from which he rose through various positions to Chief accountant and Operations Accountant of its Mutorashanga division in 2010 and 2012 respectively. Between 2014 and 2016 he took up an Internal Audit and Risk Officer position with Equity Properties before rejoining Zimasco in 2016 as Financial Accounting manager at its Kwekwe division, he was then promoted to a position of Finance and Administration Manager at its Shurugwi division a position he held until his move to Hwange Colliery Company Limited.

A full member of the Association of Certified Chartered Accountants (ACCA), Chrispen holds a Bachelor of Commerce Honours Degree in Accounting (2005), a Master of Commerce degree in Strategic Management and Corporate Governance (2015) both obtained from Midlands State University (MSU) as well as a Master of Commerce degree in Professional Accounting (2021) obtained from Great Zimbabwe University (GZU).

MR CHRISPEN NCUBE
FINANCE EXECUTIVE AND COMPANY SECRETARY

2021
OVERVIEW

SAFETY

Covid 19 prevention measures,
employee wellness and behaviour remains key
to safe production and the Company's 'zero harm' vision.

COAL PRODUCTION

49.5% increase to 2 026 472 tonnes.

HWANGE POWER STATION COAL DELIVERIES

11% increase to 733 102 tonnes.

FIXED MOBILE REPAIR

Repair on washing plant was
completed and commissioned in April 2021.

CAPITAL EXPENDITURE

Capital expenditure amounting to
ZWL$55.29 million was spent during the year.

COMPANY'S
STATUTORY REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

SHAREHOLDERS WITH 5% OR MORE SHARES

Name	Shareholding (Shares)	Percentage
Government of Zimbabwe	67 555 968	36.77%
Messina Investments Limited [NNR]	30 698 467	16.71%
Mittal Steel African Investments	17 777 034	9.68%
London Register	12 516 576	6.81%
National Social Security Authority	11 445 761	6.23%
Hamilton and Hamilton Trustees LTD-NNR	9 415 970	5.13%

SHARE CAPITAL

Authorised
As at 31 December 2021 the authorised share capital of the Company was 204 000 000 ordinary shares of USD 0.25 each.

Issued and fully paid up shares
The issued share as capital at 31 December 2021 was 183 720 699 ordinary shares of ZWL 0.25 each.

Options
The Administrator has control over the unissued ordinary shares amounting to 20 279 301 of ZWL 0.25 each which are set aside strictly for the Employee Share Option Scheme.

BORROWINGS
As at 31 December 2021 loans payable within one year amounted to ZWL 53.22 million (ZWL 241.16 million in 2020) .
The CBZ loan was settled.

PROPERTY, PLANT AND EQUIPMENT
Capital expenditure for the year ended 31 December 2021 was ZWL56.97 million (ZWL 301.50 million in 2020) while there were no receipts from disposal of property, plant and equipment (2020 – Nil):

The Company's total property, plant and equipment amounted to ZWL 17.41 billion (ZWL17.94 billion in 2020).

DIRECTORATE
The Board was divested of its powers on 26 October 2018 when the Company was placed under reconstruction in terms of section 4 of the Reconstruction of State-Indebted Insolvent Companies Act (Chapter 24:27).

APPOINTMENT OF ADMINISTRATOR
Hwange Colliery Company was placed under reconstruction in terms of section 4 of the Reconstruction of State-Indebted Insolvent Companies Act (Chapter 24:27) with effect from 26 October 2018. As a consequence Mr B. Moyo was appointed Administrator of the Company and was replaced in October 2020 after a 2 year tenure and was replaced by Eng D. S. Sibanda assisted by Ms Mutsa M. J. Remba and Mr Munashe Shava.

COMPANY'S STATUTORY REPORT (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

INCOME AND APPROPRIATIONS

Hwange Colliery Company Income and Appropriations Statements as at 31 December 2021 stood as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Profit/(Loss) before finance costs	57 722	2 106 168	(1 059 604)	(1 053 783)
Net finance charges	(126 891)	(78 195)	(108 862)	(28 499)
Share of profit from equity accounted investments	(5 622)	4 569	(1 414)	1 390
(Loss)/Profit before taxation	(74 791)	2 032 542	(1 169 880)	(1 080 892)
Taxation	103 395	709 105	80 125	441 157
Profit/(Loss) after taxation	28 604	2 741 647	(1 089 755)	(639 735)
Retained earnings/(Accumulated loss) brought forward	8 983 737	6 242 090	(1 167 879)	(528 147)
Retained earnings/(Accumulated loss) carried forward	9 012 341	8 983 737	(2 257 634)	(1 167 879)

AUDITORS

Members will be asked to re-appoint Messrs Grant Thornton Chartered Accountants (Zimbabwe) as auditors of the Company for the ensuing year and to fix their remuneration excluding Value Added Tax of ZWL 13.89 million (2020 – ZWL 4.1 million) for the financial year ended 31 December 2021.

STOCK EXCHANGES

The Company's Listing on the Zimbabwe Stock Exchange was suspended on 2 November 2018 and remains suspended.

BORROWINGS

The borrowings as at 31 December 2021 are summarised as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Authorised Borrowings				
Actual borrowings	236 488	542 532	236 488	337 527

The Company's Statutory Report was approved by the Administrator on 13 May 2022 and is signed by:

Eng. D.S Sibanda
ADMINISTRATOR
13 May 2022

B. Mhatiwa
MANAGING DIRECTOR
13 May 2022

ADMINISTRATOR'S STATEMENT AND LETTER

OVERVIEW

The operating economic environment for the year under review was fairly stable, with some price discovery challenges affecting the Company's input costs and profitability. Despite these challenges, the market was buoyed by a strong demand for both thermal and coking coal that positively pushed sales.

FINANCIAL PERFORMANCE

Revenue improved by 31% from ZWL 7.2 billion in 2020 to ZWL 9.4 billion in 2021 on an inflation-adjusted basis. This was largely driven by a combination of an increase in sales of high value coking coal and regular product price adjustments done during the year, in line with market value.

Gross profit increased by 26% from ZW1.6 billion prior year to ZWL 2.1 billion in inflation adjusted terms this year. The Company posted a net profit of ZWL 28.6 million during the year and the decrease was mostly attributed to exchange rate impact on legacy debts. Legacy debts contributed ZWL 904 million of unrealised losses on inflation adjusted terms.

REVIEW OF OPERATIONS

The Company's production increased by 49.5% during the period under review. The sales volumes also increased by 39% compared to prior year. Operations were negatively affected by the prevalence of the COVID-19 pandemic, depressed cash flows to import spares and consumables as well as the depressed market for NPD (nuts, peas and duff) products. Going forward, the Company is targeting to increase coking coal production and sales, which will in turn increase capacity to discharge obligations to creditors as well as create a positive balance sheet in the medium term.

The strategic priorities for the Company's year were as follows:

a) Safety, Health, Environment and Quality

HCCL experienced a fatality free shift record for the period under review. The Company ran a successful COVID-19 awareness and vaccination programme, achieving 100% vaccination rate for both workers and the greater Hwange Community.

The Company did a detailed assessment on the 7 East underground fires and it has engaged a German-based company to do the fire control strategy.

The lost shift injury frequency rate improved due to new safety initiatives, such as increasing safety awareness campaigns, systems implementation and technology embracing. HCCL embraced a risk/opportunity-based approach to operations aimed at enhancing journey to zero harm. Top risks included Acid Mine Drainage, for which an Environmental Management Plan (EMP) to manage its effects is now in place. Likewise, robust measures aimed at reducing similar incidents related to non-communicable diseases were established through a Wellness policy.

b) Coal Production

During the period under review, focus was on increasing production and sales of high value coking coal. Raw coking coal and clean coking coal sales increased by 226% from 63 294 tonnes in 2020 to 206 564 tonnes in 2021. The coking coal sales volumes were, however, limited by washing capacity constraints and the Company redressed it by recommissioning a washing plant during the period under review.

c) Opencast Mining

Total coal mined by Opencast operations was 1 804 663 tonnes, a 53% increase in production from the previous year.

A total of 733,102 tonnes of coal was delivered to Hwange Power Station during the course of the year, which was an increase of 11% from previous year. Deliveries into the power station were, however, negatively affected by plant challenges in the power station and limited stock holding space.

d) Underground Mining

3 Main Underground Mine coal production was 27% higher than in the previous year. This was mainly because of improved operational funding and credit facility availed by spares suppliers.

e) Fixed and Mobile Plant Repair

Significant investment has been made in repairs and maintenance of the existing plant and equipment. Repair work on the Heavy Media Separation (HMS) washing plant was completed and the plant was recommissioned in April 2021.

f) Cost Control

The Company continues to put emphasis on a low-cost high productivity strategy. This has enabled the organisation to significantly reduce its costs to remain viable. Tight controls remain on costs and this has had positive impact on cash flows as well.

Raw coking coal and clean coking coal sales increased

Part of the Company's Heavy Media Separation (HMS) Plant.

ADMINISTRATOR'S
STATEMENT AND LETTER (CONT'D)

The Company Prioritises Employee Safety

OUTLOOK

Strategic plans to unearth the Company's potential are being developed and these include: -

a) Increasing the Volume of High Value Coking Coal

The Company has entered into an equipment mobilisation agreement for the Underground Mine, that will result in the company getting new underground mining equipment valued in excess of USD 15 million in the next two years. This arrangement will enable HCCL to increase production to 50 000 tonnes per month in the second half of 2022, then 100 000 tonnes per month first half of 2023 and 150 000 tonnes per month in the last quarter of year 2023 compared to the current production of 15 000 tonnes per month. In addition, Opencast operations at the JKL pit will continue to be capacitated in order to increase high value coking coal in the product mix, the target being to increase production to 90 000 tonnes per month by end of 2022. The Company also engaged a new mining contractor to increase high value coking coal with a target production of 20 000 tonnes per month.

b) Fixed Plant Repair and Restoration to Capacity

The main thrust as we move into 2022 is to ensure that we fully capacitate our opencast and underground mine by addressing all bottlenecks currently affecting the mining process.

The equipment mobilisation contract has a washing plant that will be located near the mining areas, this equipment will be commissioned during the first quarter of 2023. This will reduce hauling and processing costs. The organisation will also go on a vigorous proactive maintenance drive to continue to stabilise the current washing capacity at both the HMS plant and the Jig and Floatation plant.

c) Chaba Mine

The Company is at an advanced stage to engage a new mining contractor to increase thermal and industrial coal. This will result in increased monthly production by 40 000 towards the end of 2022. This will enable the Company to meet its demand of dry products.

ADMINISTRATOR'S
STATEMENT AND LETTER (CONT'D)

d) Coke Oven

The Company has engaged a contractor to resuscitate beehive coke ovens to produce high value foundry coke with high demand in the export market. The production is targeted to commence during the first quarter of 2022, and will generate about USD3.4 million in 2022.

e) Option Area and Lubimbi Development

The development of the Option Area and Lubimbi coal fields is planned for the medium term. The Company has therefore held stakeholder engagements at Lubimbi in preparation for the mining process. The Company is also looking at the prospects of electricity generation at Lubimbi to complement the mining process. Preparatory work towards mining Option Area has begun.

f) Increase of Export Sales Volumes

The Company aims to grow its market share of coking coal sales in neighbouring countries, as its coking coal and coke meet quality specifications in the ferro-chrome industries and smelters. Plans to develop dedicated solutions for the delivery of coking coal and coke products in the region are underway. The Company will continue in 2022 with the momentum it gathered at the end of 2021 on exports, after it was negatively affected by Covid- 19 during the first half of 2021.

ZSE LISTING

The Zimbabwe Stock Exchange suspension owing to Administration continues.

DIRECTORATE

There are no directors in place due to Administration.

DIVIDENDS

No dividends were declared during the year.

APPRECIATION

I would like to express my gratitude to my fellow administration team for their continued leadership and commitment to the Company. I would also like to thank management and employees for their dedication and continued loyalty to the organisation despite the challenges faced by the Company. I would also want to thank our valued stakeholders who supported the Company during the year.

ENG. D. S. SIBANDA (MR)
ADMINISTRATOR
13 May 2022

MANAGING DIRECTOR'S
OPERATIONAL REVIEW

B. MHATIWA
Managing Director

It is my privilege to present a review of the operations of Hwange Colliery Company Limited for the year ended 31 December 2021.

OVERVIEW

Highlights for the year under review are summarised below:

- **SAFETY :**
  COVID-19 prevention measures, employee wellness and behaviour remains key to safe production and the Company's 'zero harm' vision

- **COAL PRODUCTION :**
  49.5% increase to 2 026 472 tonnes

- **HWANGE POWER STATION COAL DELIVERIES :**
  11% increase to 733 102 tonnes

- **CAPITAL EXPENDITURE :**
  Capital expenditure amounting to ZWL$55.28million was spent during the year

MANAGING DIRECTOR'S
OPERATIONAL REVIEW (CONT'D)

INTRODUCTION

It is my privilege to present a review of the operations of Hwange Colliery Company Limited for the year ended 31 December 2021.

Safety, Health, Environment and Quality

HCCL continued its positive trend towards zero harm vision, which has played an integral part in improving productivity and worker moral during the year under review.

The Company did not record any fatality during the period under review. New initiatives to reduce the number of lost shift accidents were put in place. Focus was placed on leading indicators during the course of year 2021 giving rise to a progressive decline of lost shift accidents. Wellness programmes continued to play a key role in managing off-the-job incidents related to non-communicable diseases.

Risk management programmes were carried-out and periodically reviewed. HCCL embarked on a detailed assessment of underground fires at 7 East.

The aim of the assessment is to develop comprehensive strategy plans on containing and extinguishing the underground fires. Environmental Management Plans (EMPs) to manage aspects were put in place.

The organisation managed to close the year without any significant environmental management statutory requirements violations.

The three ISO systems (ISO 9001: 2015, ISO 14001: 2015 & ISO 45001: 2018) were successfully retained. HCCL's Integrated business management systems (IBMS) is working, suitable and adequate as it continues to support in attainment of business objectives.

Hwange Colliery leadership is alert to the demands and requirements of all our interested parties both external and internal. The IBMS will be our key vehicle to achieving customer satisfaction and compliance requirements in all our old and new projects. HCCL values and prioritises the SHEQ function and recognises its importance in all HCCL activities as a key driver towards sustainable development.

OUR RESERVES STATEMENT

Coal Resource, Reserve Statement As At 31 December 2021

	RESERVE (MT)	RESOURCE (MT)
OPENCAST		
JKL	1.3	13.3
Chaba	13.6	49.2
No.1 Pillars	6.6	7.3
No. 3 Pillars	0	51.5
TOTAL OPENCAST	21.5	121.3
UNDERGROUND		
3 Main	39.8	284.9
Option Area	0	344.2
Chaba West	0	75.2
Block F	0	16.8
TOTAL UNDERGROUND	**39.8**	**721.1**
GRAND TOTAL	**61.2**	**842.4**
COAL PRODUCTION		
3 Main Underground	-	221,808
JKL Pits	237,946	347,925
Contractor (Chaba Pits)	536,667	682,126
Total Coal Produced	**774,613**	**1,251,859**

MANAGING DIRECTOR'S
OPERATIONAL REVIEW (CONT'D)

OPERATIONS

Opencast

The total coal mined by opencast operations totalled 1 804 663 tonnes, a 53% increase in production from the previous year.

Total opencast production was 80% of the budget. Opencast production was impacted by flooding of pits during the first quarter. Consequently, there was accelerated development during the first quarter of 2021. Good steady-state coal production achieved as from second quarter eclipsed first quarter shortfall.

A total of 733,102 tonnes of coal was delivered to Hwange Power Station during the course of the year which was 11% increase from the previous year. Deliveries into the power station were negatively affected by limited stock holding space at ZPC for conveyor belt deliveries and general ZPC plant breakdowns. Plans are in place to sell thermal coal to a new Independent Power Producer (IPP) in 2022.

UNDERGROUND

3Main Underground Mine Run of Mine (RoM) coal production was 65.2% of the target. During the year, 221,808t of RoM coal was produced against a budget of 340,000t, an increase of 27% from 2020.

Major production constraints were persistent coal-face machines breakdowns. The Continuous Miner and Shuttle Cars continued to be unreliable as they are approaching end of life and will be due for replacement in order to stabilise underground production. Production was also slowed down by mining past faulted areas and geological structural discontinuities. Safety was prioritised in bad areas.

The major highlight for underground was the deal to acquire new Continuous Miners and to upgrade infrastructure. The 3Main Expansion Project is expected to kick-off in 2022. HCCL continued to greatly benefit from the credit facility being availed by the suppliers for the supply of strategic spares for the Continuous Miner.

PROJECTS

The Company went into a joint partnership with Traucom Investments for the production of foundry coke on a small scale using beehive ovens and production is projected to commence early first quarter 2022.

The Company is developing the Lubimbi East and West coalfields in Binga district and is finalising the Social and Environmental Impact Assessment report. The Company engaged Dinson Colliery under the 3Main definitive offtake and mobilisation agreement to capitalise and expand the

Hwange Colliery JKL pit

MANAGING DIRECTOR'S **OPERATIONAL REVIEW** (CONT'D)

An electrical engineer at the processing plant

3Main Underground Mine in order to increase coking coal production to meet Dinson's coking coal requirements and other HCCL customers.

Under the Option Area Mining Contract Agreement, Dinson Colliery will develop the Option Area to access additional coking coal for its expanding coke producing project geared for its steel making plant, DISCO in Chivhu and export markets.

The two projects with Dinson will be implemented beginning year 2022.

The Company is set to commence Underground pillar reclamation in mined out shallow areas in early 2022 in order to get more value from remnant coal in pillars.

The Company is set to treble production in its Chaba area by engaging a second contractor and ramping up production with the current contractor.

PROCESSING - METALLURGICAL OPERATIONS AND LOGISTICS

A total of 809 216 tons raw coal was processed at both Dry screening and No 2 plants against a target of 1 400 000 tons which is 57% attainment of the target. A total of 537 868 tons HIC/HCC was processed at Chaba and JKL plants during the year under review. This was against a target of 770 952 tons i.e. 70% target achievement.

Wash plants achieved 417 031 tonnes against a budget of 1 138 680 tonnes. The poor performance was mainly due to very old processing plants (more than 50 years old). These are due for replacement by more modern plants by first half of 2023.

The Wet Screens plant processed a total of 271 348 tons against a target of 770 952 tons i.e. 43% target achievement. The plant was also affected by low raw coal supply during the year under review.

MANAGING DIRECTOR'S **OPERATIONAL REVIEW** (CONT'D)

ESTATES DIVISION PERFORMANCE

Revenue for the year, including inter-segment sales, increased by 110% from ZWL 459.27 million in 2020 to ZWL 963.6 million in 2021 in inflation adjusted terms.

Total costs in 2021 were 181% higher than in 2020 at ZWL 733.41 as a result of the increase in labour costs, power costs and legacy cost adjustments.

Real Estate accounted for 72% of Estates division revenues as other segments suffered from the effects of COVID-19 induced restrictions.

Planned projects were negatively affected by the unfavourable economic environment and COVID-19-induced restrictions. The Division completed the Zimbabwe Open University Hwange Campus project and undertook major repairs on employee housing. Other projects in progress include the bypass project and the truck stop project.

Actions to improve the division's performance include:
- Increasing commercial space by engaging in BOOT arrangements with potential investors.
- Stringent debt collection to boost cash flows.
- Refurbishment of retail facilities to improve customer experience.
- Diversification of product ranges
- Engaging retail suppliers for consignment stock arrangements.

Part of the retail space provided by the Estates division

MANAGING DIRECTOR'S **OPERATIONAL REVIEW** (CONT'D)

MEDICAL SERVICES DIVISION

Revenue for 2021 was ZWL 179.74 million compared to ZWL 138.21 million in 2020 in inflation adjusted terms. This was due to two upward reviews of national medical services tariffs during the year in response to the inflationary environment.

A loss of ZWL 160.61 million was recorded for the financial year 2021 compared to a loss of ZWL 85.68 million in 2020 in inflation adjusted terms. This loss position was hugely contributed by salaries as they constituted circa 74% of the total expenditure. The loss was also as a result of local currency depreciation, increased input costs as suppliers pushed costs to consumers and hedged their sales against stock replenishment risks as well as salary adjustments to cushion employees.

The Company's Employee Wellness Programme continued into 2021, with the Annual Wellness Day Commemoration being held on 3 December 2021.

COVID-19 Response

The national COVID-19 mitigation measures continued throughout the period under review with the Company continuing to provide all required PPE, disinfectants, hand sanitizers and detergents.

The Company converted one of its clinics to an Isolation facility for critical COVID-19 cases requiring intensive care. The facility came handy in management of deserving cases with a total of 14 Critical COVID-19 admitted in 2021. Two cases lost their lives under intensive care, during the period under review.

COVID-19 vaccination went on very well, with 100% of the workforce being vaccinated. Vaccination campaigns continue and the Government of Zimbabwe has since reviewed the age groups targeted by vaccination to include Primary School-going age groups of 12 years and above.

Of the 986 COVID-19 Cases recorded in 2021, 495 were HCCL employees, with the Medical Services Division accounting for the highest number of cases with 88 Health Care Workers testing positive between 1 Jan 2021 to 31 Dec 2021.

The organisation sadly lost 1 employee due to COVID 19, out of the 16 deaths recorded since the start of the pandemic.

Front entrance of Hwange Colliery Hospital

MANAGING DIRECTOR'S **OPERATIONAL REVIEW** (CONT'D)

APPRECIATION

Dr Charles Zinyemba who was the Company's Managing Director sadly passed away on the 8th of May 2022. His death was a heart-breaking loss to the Company and the Hwange community. The Company pays tribute to Dr Zinyemba for his dedication and hard work.

I take this opportunity to thank the Administrator and his team for their unrivalled commitment to the Company as they steered the Company throughout the turbulent year. I also take this opportunity to appreciate the hard work and resilience of our staff members that enabled the Company to overcome its challenges during the year.

My gratitude also goes to our suppliers, bankers and regulators, whose patience and support was overwhelming throughout the year.

B. MHATIWA (Mr)
MANAGING DIRECTOR
13 May 2022

CORPORATE **SUSTAINABILITY**

SUSTAINABILITY APPROACH

The Sustainbility Vision of the Company is to build a relationship of trust with local communities, society and stakeholders as good corporate citizens and to contribute to developing a sustainable society for future generations.

Hwange Colliery Company Limited remains commited to the core principles of sustainability several decades after establishing a SHE department whose core mission is to monitor, record and report on Safety, Health, and Environmental issues.

This SHE reporting platform provides an opportunity for the Company to increase its sphere of sustainability reporting to include other key impacts of our operations like Employees, Community Responsibility and the usage of Water and Energy.

SUSTAINABILITY IMPACTS

Safety, Health, Environment and Quality

HCCL values and prioritises the SHEQ function and recognises its importance in all HCCL activities as a key driver towards sustainable development.

HCCL continued its positive trend towards zero harm vision, which has played an integral part in improving productivity and worker moral during the year under review.

The Company did not record any fatality during the period under review. New initiatives to reduce the number of lost shift accidents were put in place. Focus was placed on leading indicators during the course of year 2021, giving rise to a progressive decline of lost shift accidents. Wellness programmes continued to play a key role in managing off-the-job incidents related to non-communicable diseases.

Risk management programmes were carried-out and periodically reviewed. HCCL embarked on a detailed assessment of underground fires at 7East.

The aim of the assessment is to develop comprehensive strategy plans on containing and extinguishing the underground fires.

Environmental Management Plans (EMPs) to manage aspects were put in place. The organisation managed to close the year without any significant environmental management statutory requirements violations.

The Sustainability Team at Hwange Colliery

CORPORATE
SUSTAINABILITY (CONT'D)

The three ISO systems (ISO 9001: 2015, ISO 14001: 2015 & ISO 45001: 2018) were successfully retained. HCCL's Integrated business management systems (IBMS) is working, suitable and adequate as it continues to support in attainment of business objectives.

The IBMS will be our key vehicle to achieving customer satisfaction and compliance requirements in all our old and new projects.

SUSTAINABILITY IMPACTS

Employees

The company's employees are a critical success factor as they provide the skills and labour to meet our objectives. We are committed to providing a conducive working environment, competitive remuneration as well as creating as many opportunities for on the job training as possible. We recognize the hidden societal and cultural norms that can hinder our staff from performing at their best.

The Company discourages any form of discrimination and harassment and upholds individual rights as provided in the Universal Declaration of Human Rights and International labour standards are upheld.

Our Human Capital objectives are :

- Promote a conducive work environment
- To improve conditions of service for employees
- Upgrade employee skills
- To encourage inclusion of women
- To encourage cultural diversity

Staff Training And Development

All professional staff practicing licences expiring December 2021 were renewed for 2022. Continuing professional development (CPD) points were amassed through webinars and on line workshops due to Covid19 lockdown measures which precluded face to face training. In-House/in service training, was limited to Infection control only due to lock down restrictions. Work arrangements which limited staff numbers at work at any given time were lifted at the end of Q2, 2021 and was replaced with staff taking leave days due as a measure to reduce leave liability.

By year end, there were 90 students in training at the School of Nursing. 26 students completed their RGN course successfully.

Environment monitoring at Hwange Colliery

Engineering Training at Hwange Colliery

CORPORATE
SUSTAINABILITY (CONT'D)

COVID-19 Response

HCCL hided a call by the government to ensure its staff as well as a significant number of the national population in Hwange were vaccinated. The company provided active cover and actual participation in the provision of Health Information on COVID-19 prevention and vaccination in the community.

As part of COVID-19 pandemic management, the organization provided treatment, follow up, surveillance, prevention of disease spread, training of health care workers, fumigation and supervision of burials.

In addition, Hwange Colliery Hospital assisted the Zimbabwe National Army (Hwange) 1.2 Infantry Battalion with labour for specimen collection for COVID-19 testing of their 183 Army Officers.


Hwange Colliery Mine Hospital

SUSTAINABILITY IMPACTS

Community Development

Water Provision

The Company drilled two boreholes in Makwa and Kasase communities under Chief Hwange as part of continued efforts to ensure the surrounding local communities have access to clean and portable water. Water and sanitation are key pillars under the Government's National Development Strategy 1 (NDS1:2021-2025), a comprehensive blueprint that guides Zimbabwe's vigorous drive to be an upper-middle-income economy by 2030.


One of the boreholes around the community funded by Hwange Colliery

CORPORATE **SUSTAINABILITY (CONT'D)**

Educational Development

Hwange Colliery Company administers six primary schools and one secondary school dotted throughout the Concession with a combined enrolment of 4,968 pupils. The Company also runs a bookshop, which services all schools and the community at large; as well as a carpentry workshop, that services the school's needs as well as the community at large. In addition, the Company provides access to a community reference library run at a subsidized cost.

The following projects were supported in the period under review.

- The Company donated a cash prize and a floating trophy for the overall best ND and HND Students at the 2021 Zimbabwe School of Mines (ZSM) graduation ceremony in 2021.
- A local school Lusumbami primary was assisted with material to kick-start of a small animal production unit project.
- Twenty-six nursing students successfully completed their training in 2021. Hwange Colliery's nursing school currently hosts 94 students.

CORPORATE
SUSTAINABILITY (CONT'D)

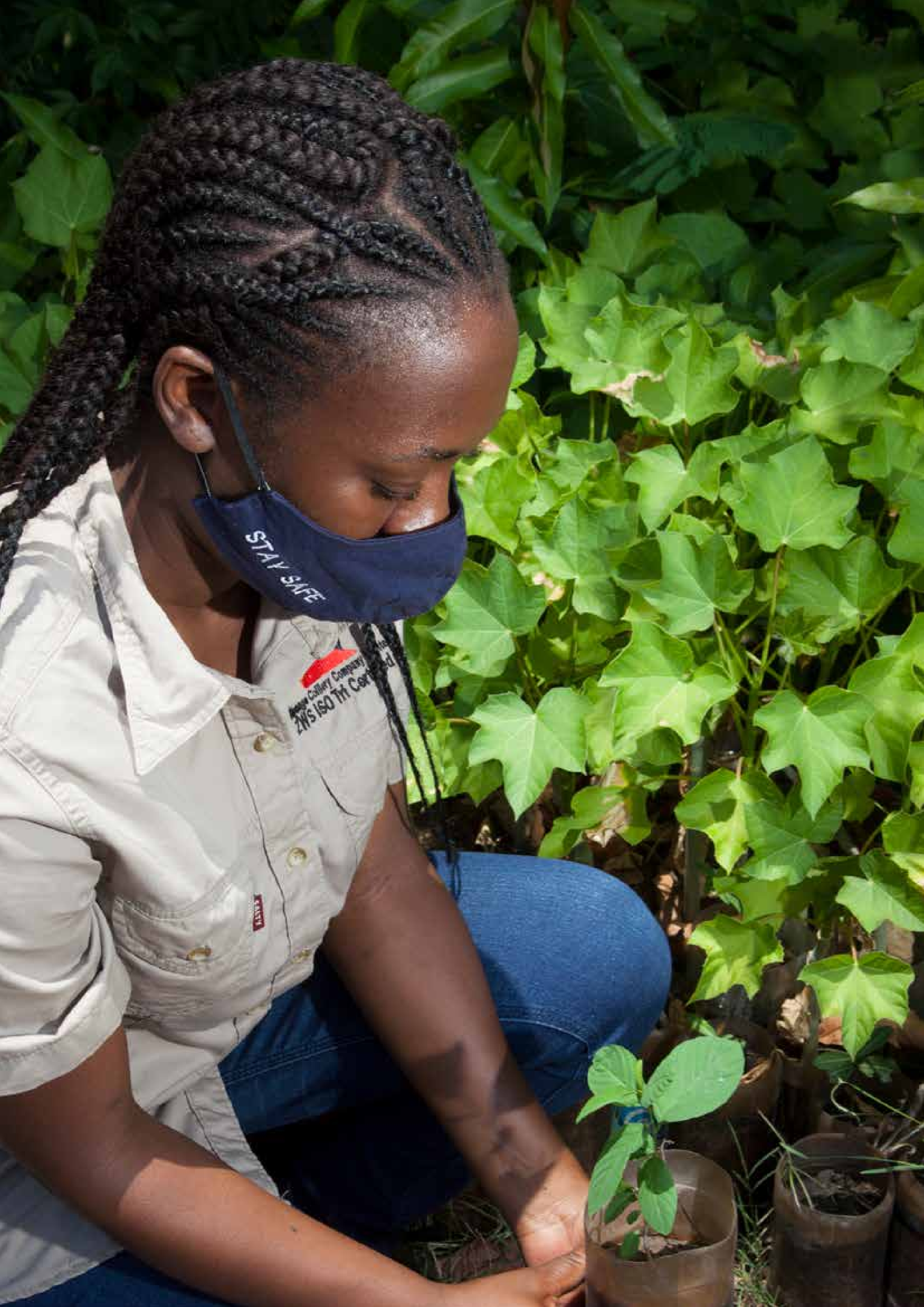
SUSTAINABILITY IMPACTS

Social Cohesion and Corporate Social Responsibility

Hwange Colliery Company Limited undertakes activities to meet stakeholder expectations through integrating social, ethical and environmental concerns alongside the main goals of revenue generation, profit, legal obligations and successfully navigating the Reconstruction/ Administration period, instituted in 2018 to save the organisation and ensure business continuity.

The Company ensured that various stakeholder initiatives and events with significant social impact received support as part of CSR. The following projects were supported in the period under review.

- Providing cooking coal and two mobile toilets for use during First Lady Amai Auxillia Mnangagwa's visit to Hwange District on the Ixhiba programme as part of community development.
- Providing the Lwendulu Hall to the department of Social Welfare for an interface meeting between disabled persons in the district and the parent ministry's directors.
- Providing the Colliery stadium, tents, mobile toilets, and chairs for the Independence Day, Heroes and Defence Forces celebrations as part of contributions towards social cohesion and nation building.
- Availing the Colliery Edmund Davies venue towards the Women Empowerment project workshop.
- Continued sponsorship of an acromegaly patient Charles Nyoni with accommodation and feeding as part of efforts to assist vulnerable community members in Hwange town.
- Providing funeral assistance to the late coal dump burn victim Alisha Muzvite's family in Dete and the late Kamandama widow Gogo Elina Muleya.
- Providing hampers and tokens of appreciation including cash as part of the annual disaster commemorations to widows and dependents of the 1972 Kamandama Mine disaster received.
- HCCL donated 6.5 tons of large cobbles to Jairos Jiri Association, a non-profit humanitarian and development vocational training organisation based in Bulawayo.


STAY SAFE

RESPONSIBILITIES OF ADMINISTRATOR
FOR THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

It is the Administrator's responsibility to ensure that the financial statements fairly present the state of affairs of the Company. The external auditors are responsible for independently reviewing and reporting on the financial statements.

The Administrators have assessed the ability of the Company to continue as a going concern and believes that the preparation of these financial statements on a going concern basis is still appropriate. However, the Administrator believes that under the current economic environment a continuous assessment of the ability of the Company to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

The financial statements set out in this report have been prepared by management in accordance with International Financial Reporting Standards (IFRS). They are based on appropriate accounting policies which are supported by reasonable prudent judgements and estimates.

The Administrators carried out an assessment on the effect of Covid 19 on the Company's operations and income streams and come to a conclusion that the impact is not material to affect the ability of the Company to continue as a going concern for the twelve months.

The Company's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on established written policies and procedures and all employees are required to maintain the highest ethical standards in ensuring that the Company's business practices are conducted in a manner which in all reasonable circumstances is above reproach. Issues that come to the attention of the Administrator have been addressed and the Administrator confirms that the system of accounting and internal control is operating in a satisfactory manner.

The Company's financial statements which are set out on pages 33 to 85 were in accordance with their responsibilities approved by the Administrator on 13 May 2022 and are signed on its behalf by:

Administrator
Eng D.S Sibanda
13 May 2022

Managing Director
B Mhatiwa
13 May 2022

The financial statements set out in this report were prepared under the supervison of:

Finance Executive & Company Secretary
C Ncube
13 May 2022

INDEPENDENT AUDITOR'S REPORT

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To the members of Hwange Colliery Company Limited

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the inflation adjusted financial statements of Hwange Colliery Company Limited as set out on pages 39 to 81, which comprise the inflation adjusted statement of financial position as at 31 December 2021, the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity and the inflation adjusted statement of cash flows for the year then ended, and the notes to the inflation adjusted financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the financial statements do not present fairly, in all material respects, the financial position of Hwange Colliery Company Limited as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Other Business Entities Act (Chapter 24.31).

Basis for Adverse Opinion

Non-compliance with International Accounting Standard 21 -The Effects of Changes in Foreign Exchange Rates

During the prior and current financial years, the foreign currency denominated transactions and balances of the Company were translated into ZWL using the interbank exchange rates/foreign currency auction rates which were not considered appropriate spot rates for translations as required by IAS 21. The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended 31 December 2021.

Had the financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially different. The effects of the non-compliance with the requirements of IAS 21 have been considered to be material and pervasive to the financial statements as a whole.
Non-compliance with International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies

INDEPENDENT AUDITORS'
REPORT (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors have applied the IAS 29 – Financial Reporting in Hyperinflationary Economies with effect from 1 January 2019 to 31 December 2021. However, its application was based on prior and current year's financial information which was not in compliance with IAS 21 as described above. Had the correct base numbers been used, most elements of the financial statements would have been materially different. The impact of the departure from the requirements of these standards is considered material and pervasive to the financial statements.

Limitation of scope

Included in the Company's inventory are amounts attributable to the medical services and estates divisions, which account for 2% and 10% of the inventory of the Company, respectively. There were inadequacies noted in relation to the record keeping and controls over inventory for the medical services and estates divisions. As a result, there were no satisfactory auditing procedures that we could perform to obtain reasonable assurance that inventories for the medical services and estates divisions were properly recorded. Accordingly, we were unable to determine whether any adjustments to the inventory amounts for medical services and estates divisions were necessary.

Financial results of equity accounted investments included in the financial statements not audited

As described in note 16 to these financial statements, the financial information for the Company's investments in the joint venture arrangement with Hwange Coal Gasification Company (Private) Limited was not availed for our review. In addition, the financial information for Zimchem Refiners (Private) Limited and Clay Products Limited was unaudited. Accordingly, we were unable to determine whether any adjustments might be necessary to the share of profit from equity accounted investments, and the effect this might have on the financial statements.

Valuation of investment properties and property, plant and equipment

The determination of fair values for property, plant and equipment presented in the financial statements is affected by the prevailing economic environment. These financial statements include property, plant and equipment that was revalued by independent professional valuers as at 31 December 2020. The property, plant and equipment valuations were determined in USD and then translated to ZWL at the interbank foreign exchange rate as at 31 December 2020.

Although the determined USD values as at 31 December 2020 reflected the fair value of the property, plant and equipment in USD as at that date, the converted ZWL fair values were not in compliance with IFRS 13 as they did not reflect the assumptions that market participants would apply in valuing similar items of property, plant and equipment in ZWL. No subsequent revaluations were done in the financial statements.

Going concern

In 2017, the Company entered into a Scheme of Arrangement with creditors (including foreign creditors) in-terms of which the amounts owed to creditors were converted into long term debt in the form of debentures, redeemable on or before end of December 2027.

Subsequent to this and as described in note 31 to these financial statements, Hwange Colliery Company Limited was placed under reconstruction in terms section 4 of the Reconstruction of State-Indebted Insolvent Companies Act (Chapter 24:27) in October 2018. This was done to allow for rescue of the Company from the financial difficulties it was facing, which at the time had resulted in the total liabilities of the Company exceeding its total assets. The Company's ability to honour its obligations in terms of the Scheme of Arrangement is dependent on the extent to which the Company would be able to successfully implement turnaround initiatives which would enable it to generate sufficient cash flows.

As more fully disclosed in **note 31** to these financial statements the Company's Administrator has amongst other turnaround initiatives:

- Continued with the implementation scheme of arrangement entered into with creditors.
- Entered into an equipment mobilisation agreement for the Underground Mine, that is expected to result in the Company getting new underground mining equipment.
- Developed a plan to fully capacitate the open cast mine through procurement of front-end loaders, increasing the haulage capacity as well as the capacity of the washing plant.
- Implemented tight cost control and working capital management measures.
- Engaged a contractor to resuscitate the Beehive Coke Ovens to produce foundry coke for the export market and is implementing measures to increase thermal and industrial coal production through contractors.

The ability of the Company to continue operating as a going concern is dependent on the success of the turnaround initiatives being pursued by the Company's Administrator.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with 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 judgement, were of most significance in our audit of the financial statements of the current year. 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 a separate opinion on these matters. In addition to the matters described in the Basis for Adverse Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2021

Key Audit Matter	**How our audit addressed the key Audit Matter**
Valuation of inventory for coal and coal related products	
The inventory of the Company includes coal and coal related products and most of the costs of production are fixed costs. The Company is currently operating at below full capacity and there is a risk that the unit cost of production exceeds the net realisable value of the coal and coal related products upon sale to customers. The Company sells coal fines to cement and brick manufactures and has included in its inventories, coal fines valued at ZWL 85 300 000 as at 31 December 2021. Coal fines are a by-product from crushing and processing of coal various sizes of coal products. The valuation of coal and coal related products has been considered a key audit matter.	• Our audit procedures included attendance at year-end physical inventory counts to observe how management and the experts/surveyors involved quantified the inventory. • We considered the competence of the surveyors as evidenced by certification, license or recognition by the appropriate professional board. • We reviewed the results of their reports, and sought to understand and corroborate the reasons for significant or unusual movements in inventory quantities. • We reviewed the methods and assumptions used by the experts. • We reviewed the most recent prices at which coal and coal related products had been sold to customers and verified whether the inventory was carried at the lower of cost and net realisable value. • Reviewed the financial statements to ascertain whether the inventory for coal and coal related products had been correctly classified as either current or non-current assets. • Inspected the financial statements to ascertain whether management had made appropriate disclosures with regards to coal and coal related products. • We are satisfied that coal and coal related products, including coal fines, have been properly classified and accounted for in the financial statements.

Key Audit Matter	How our audit addressed the key Audit Matter
Revenue recognition	
There is a presumed fraud risk with regards revenue recognition as guided by International Standard on Auditing (ISA 240: Revised). There is a risk that the revenue is presented at amounts higher than what has been actually generated by the Company. This is a significant risk and accordingly a key audit matter.	• Our audit procedures incorporated a combination of tests of the Company's controls relating to revenue recognition and the appropriateness of revenue recognition policies as well as substantive procedures in respect of testing the occurrence assertion. Our substantive procedures included but were not limited to the following: • Reviewed that revenue recognition criteria is appropriate and in line with the requirements of IFRS 15. • Performed cut-off tests on year end balances to ensure revenue is recognised in the correct period. • Tested design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of revenue transactions. • Identified key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review. • The results of our controls testing have been the basis for the nature and scoping of the additional test of details, which mainly consisted of testing individual transactions by reconciling them to external sources (supporting documentation). • Analytical procedures and assessed the reasonableness of explanations provided by management. • We satisfied ourselves that the revenue recognition is appropriate.

Key Audit Matter	How our audit addressed the key Audit Matter
IFRS 9 Expected credit risk allowance. The Company has Expected Credit Loss (ECL) allowance amounting to **ZWL110 706 276.6** (Refer to note 20 to the financial statements). This was considered area of focus as IFRS 9 is a complex accounting standard which requires management to exercise significant judgement using subjective assumptions when determining both timing and amounts of the impairment provision for trade receivables. Key areas of judgement included: • The interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the Company's expected credit loss model; • Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward looking macroeconomic factors (e.g. exchange rates, interest rates, gross domestic product growth, inflation); and The need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model.	• management's allowance for credit losses, which included the following: • We performed an assessment of the modelling techniques and methodology used against the requirements of IFRS 9; • We assessed and tested the material modelling assumptions with a focus on the: • Key modelling assumptions adopted by the Company; and • Reliability of the historical data collected. • We examined a sample of exposures and performed procedures to evaluate the: i. Timely identification of exposures with a significant deterioration in credit quality; and ii. Expected loss calculation for exposures assessed on an individual basis. • We assessed the accuracy of the disclosures in the financial statements. Based on our audit work performed, the assumptions used by management and the rates calculated were appropriate and reflected the current environment.

Other information

The Administrator is responsible for the other information. The other information comprises the Administrator's' Report which we obtained prior to the date of this auditors' report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism 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 Company'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 Company'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 Financial 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 Company 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.

INDEPENDENT AUDITORS' REPORT (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2021

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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 our 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.

Report on other legal and regulatory requirements

In our opinion, except for the non-compliance with International Accounting Standards as described in our Basis for Adverse Opinion, the Financial statements have been properly prepared in compliance with the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

The engagement partner on the audit resulting in this Independent auditor's report is Farai Chibisa.

Grant Thornton

Farai Chibisa
Partner

Registered Public Auditor (PAAB No: 0547)

Grant Thornton 2022
Chartered Accountants (Zimbabwe)
Registered Public Auditors

HARARE

STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Revenue	5	9 430 726	7 182 766	7 505 194	3 050 637
Cost of sales		(7 377 043)	(5 546 504)	(5 927 407)	(2 579 805)
Gross profit		2 053 683	1 636 262	1 577 787	470 832
Other income	7	52 357	190 090	44 178	112 553
Other losses and gains	8	(904 177)	(1 740 158)	(780 795)	(1 052 792)
Marketing costs		(49 333)	(27 451)	(40 878)	(11 586)
Administrative costs		(2 233 700)	(1 214 569)	(1 859 896)	(572 790)
Gain on net monetary position		1 138 892	3 261 994	-	-
Operating profit/(loss) before interest and tax		57 722	2 106 168	(1 059 604)	(1 053 783)
Finance costs	9	(126 891)	(78 195)	(108 862)	(28 499)
Share of (loss)/profit from equity accounted investments	10	(5 622)	4 569	(1 414)	1 390
Profit/(loss) before tax	11	(74 791)	2 032 542	(1 169 880)	(1 080 892)
Income tax credit	12	103 395	709 105	80 125	441 157
PROFIT/(LOSS) FOR THE YEAR		**28 604**	**2 741 647**	**(1 089 755)**	**(639 735)**
Other comprehensive income:					
Gain on revaluation property, plant and equipment		-	309 636	-	8 668 517
Tax effect on revaluation		-	(76 542)	-	(2 142 857)
		-	233 094	-	6 525 660
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**28 604**	**2 974 741**	**(1 089 755)**	**5 885 925**
Attributable earnings/(loss) per share	13.1	0.16	14.92	(5.93)	(3.48)
	13.2	0.16	14.92	(5.93)	(3.48)
Headline earnings/(loss) per share	13.3	0.20	14.89	(5.91)	(3.50)
	13.4	0.20	14.89	(5.91)	(3.50)

STATEMENT OF FINANCIAL POSITION

AST AT 31 DECEMBER 2021

	Notes	INFLATION ADJUSTED 2021 ZWL'000	INFLATION ADJUSTED 2020 ZWL'000	HISTORICAL COST 2021 ZWL'000	HISTORICAL COST 2020 ZWL'000
ASSETS					
Non current assets					
Property, plant and equipment	14	17 410 161	17 939 147	10 761 079	11 160 545
Investment property	15	1 193 379	1 160 663	458 433	442 075
Investments accounted for using the equity method	16	660 737	666 359	14 753	16 167
Intangible assets	17	-	6 620	-	53
Inventories - non current portion	18	319 551	422 945	4 945	6 545
		19 583 828	**20 195 734**	**11 239 210**	**11 625 385**
Current assets					
Inventories	19	1 441 310	1 181 439	1 156 729	558 404
Trade and other receivables	20	976 371	837 004	976 371	520 728
Cash and cash equivalents	22	100 518	102 508	100 518	63 774
		2 518 199	**2 120 951**	**2 233 618**	**1 142 906**
Total assets		**22 102 027**	**22 316 685**	**13 472 828**	**12 768 291**
EQUITY,RESERVES AND LIABILITIES					
Equity and reserves					
Share capital	23	3 250 783	3 250 783	45 962	45 962
Share premium	23.2	36 915	36 915	578	578
Non-distributable reserve	23.3	308 259	308 259	4 358	4 358
Revaluation reserve	23.4	233 094	233 094	8 357 425	8 357 425
Retained earnings/ (Accumulated losses)		9 012 341	8 983 737	(2 257 634)	(1 167 879)
		12 841 392	**12 812 788**	**6 150 689**	**7 240 444**
Non current liabilities					
Borrrowings	25.1	183 266	301 375	183 266	187 496
Long term creditors	26	2 771 114	2 950 773	2 771 114	1 835 774
Income tax liability	27	4 148	16 162	4 148	10 055
Deferred tax liability	12.3	4 069 825	4 173 220	2 131 329	2 211 454
		7 028 353	**7 441 530**	**5 089 857**	**4 244 779**
Current liabilities					
Borrowings	25.2	53 222	241 157	53 222	150 031
Trade and other payables	26	1 375 489	1 324 568	1 375 489	824 059
Provisions	28	803 571	496 642	803 571	308 978
		2 232 282	**2 062 367**	**2 232 282**	**1 283 068**
Total equity and liabilities		**22 102 027**	**22 316 685**	**13 472 828**	**12 768 291**

....
Sibanda D. S
Administrator

....
Mhatiwa B.
Managing Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

INFLATION ADJUSTED

	Share Capital ZWL'000	Share premium ZWL'000	Non-Distributable reserves ZWL'000	Revaluation reserves ZWL'000	Retained earnings Accumulated losses ZWL'000	Total ZWL'000
Balance at 1 January 2020	3 250 783	36 915	308 259	-	6 242 090	9 838 047
Total comprehensive income	-	-	-	233 094	2 741 647	2 974 741
Balance at 31 December 2020	3 250 783	36 915	308 259	233 094	8 983 737	12 812 788
Balance at 1 January 2021	3 250 783	36 915	308 259	233 094	8 983 737	12 812 788
Total comprehensive income	-	-	-	-	28 604	28 604
Balance at 31 December 2021	3 250 783	36 915	308 259	233 094	9 012 341	12 841 392

HISTORICAL COST

	Share Capital ZWL'000	Share premium ZWL'000	Non-Distributable reserves ZWL'000	Revaluation reserves ZWL'000	Accumulated losses ZWL'000	Total ZWL'000
Balance at 1 January 2020	45 962	578	4 358	1 831 765	(528 144)	1 354 519
Total comprehensive income	-	-	-	6 525 660	(639 735)	5 885 925
Balance at 31 December 2020	45 962	578	4 358	8 357 425	(1 167 879)	7 240 444
Balance at 1 January 2021	45 962	578	4 358	8 357 425	(1 167 879)	7 240 444
Total comprehensive income	-	-	-	-	(1 089 755)	(1 089 755)
Balance at 31 December 2021	45 962	578	4 358	8 357 425	(2 257 634)	6 150 689

STATEMENT OF CASH FLOWS

FOR THE YEAER ENDED 31 DECEMBER 2021

	Notes	INFLATION ADJUSTED 2021 ZWL'000	INFLATION ADJUSTED 2020 ZWL'000	HISTORICAL COST 2021 ZWL'000	HISTORICAL COST 2020 ZWL'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax		(74 791)	2 032 542	(1 169 880)	(1 080 892)
Adjustment for non-cash items:					
Foreign exchange loss		904 177	2 321 619	780 795	1 414 539
Finance costs	9	126 891	78 195	108 862	28 499
Impairment of assets		12 259	-	9 040	-
Depreciation	14	544 408	510 387	429 356	157 107
Fair value adjustment on investment property	15	-	(581 461)	-	(361 747)
Share of (profit)/loss from equity accounted investments	16.1	5 622	(4 569)	1 414	(1 390)
Amortisation	17	6 620	700	53	213
Allowance for credit losses	20	(37 134)	193 603	(37 134)	120 447
Gain on net monetary position		(1 138 892)	(3 261 994)	-	-
Operating cash flow before changes in working capital		**352 160**	**1 289 022**	**122 506**	**276 776**
Changes in working capital:					
(Increase) in inventory		(77 019)	(1 543 691)	(596 725)	(469 680)
Decrease in stripping activity asset		-	2 365	-	1 471
(Increase) in receivables		(139 367)	(1 290 123)	(418 509)	(392 531)
Increase in provisions		306 929	931 211	494 593	283 330
Increase in trade and other payables		50 921	2 128 491	551 430	647 612
Cash utilised in operating activities		(199 376)	1 517 275	153 295	346 978
Interest paid		(2 631)	(34 625)	(2 039)	(10 537)
Net cash flows utilised in operating activities		**(202 007)**	**1 482 650**	**151 256**	**336 441**
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment		(56 974)	(301 502)	(55 288)	(175 166)
CASH FLOWS FROM FINANCING ACTIVITIES					
increase/(Decrease) in long-term creditors		65 944	(756 365)	51 103	(230 129)
Proceeds from borrowings		-	336 909	-	197 765
Repayment of borrowings		(148 235)	(411 820)	(110 327)	(76 518)
Net cash flows generated from financing activities		**(82 291)**	**(831 276)**	**(59 224)**	**(108 882)**
Net decrease in cash and cash equivalents		(341 272)	349 872	36 744	52 393
Cash and cash equivalents at beginning of the year		102 508	18 293	63 774	11 381
Effects of inflation		339 282	(265 657)	-	-
Cash and cash equivalents at end of year	22	100 518	102 508	100 518	63 774

1 NATURE OF OPERATIONS AND GENERAL INFORMATION

Hwange Colliery Company Limited is a Company whose principal activities include extraction, processing and distribution of coal and coal products and provision of health services and various retail goods and services. Its activities are categorised into the following three (3) areas:

i) Mining - the extracting, processing and distribution of coal and coal products.

ii) Medical services - provides healthcare to staff members and the surrounding community.

iii) Estates - the division provides properties for rental and sell retail goods and services.

The Company is a limited liability Company incorporated and domiciled in Zimbabwe. It is listed primarily on the Zimbabwe Stock Exchange (ZSE), and has secondary listing on the Johannesburg Stock Exchange (JSE) and London Stock Exchange (LSE).

The company's financial statements were authorised for issue by the 13 May 2022.

Presentation currency

These financial statements are presented in Zimbabwean Dollars (ZWL) being the functional and reporting currency of the primary economic environment in which the Company operates.

2 STATEMENT OF COMPLIANCE

The abridged financial results of the Company have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs). The same accounting policies, presentation and methods followed in the abridged financial results are as applied in the Company latest annual financial statements. The Company partially complied with the International Financial Reporting Standards due to the requirement to comply with Statutory Instrument 33 of 2019.

IAS 29 'Financial Reporting in Hyper -Inflationary 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 unused to restate the financial statements at 31 December 2019, using a February 2019 base are as follows:

Date	Indices	Conversion Factor
31 December 2021	3977.46	1.000
31 December 2020	2474.51	1.607

2.1 Changes in accounting policy and disclosures

Other standards and ammendments that are not yet effective and have not been adopted early by the Company include:

STATEMENT OF **ACCOUNTING POLICIES** (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 STATEMENT OF COMPLIANCE (Cont'd.)

2.1 Changes in accounting policy and disclosures (Cont'd.)

2.1.1 Proceeds before intended use (Ammendments to IAS 16)

The IASB ('Board') has concluded that the cost of an asset includes any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. One of those costs is testing whether the asset is functioning properly.

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing an item of PPE to see if it is functioning properly). The proceeds from selling the output generated when the item of PPE is in the development phase, together with the costs of production, are now recognised in profit or loss. An entity will use IAS 2, 'Inventories', to measure the cost of the output generated. The cost of the output will not include depreciation of the PPE being tested, because depreciation only commences when the item of PPE is ready for its intended use and has moved to the production phase.

2.1.2 Onerous contracts- Cost of fulfilling a contract (Ammendments to IAS 37)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

2.1.3 Amendments to IAS 1, 'Presentation of financial statements' – Classification of liabilities as current or non-current

On 23 January 2020, the IASB issued a narrow-scope amendment to IAS 1 to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The amendment requires that liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights, since loans are rarely unconditional (for example, because the loan might contain covenants).he assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect classification.

3 SUMMARY OF ACCOUNTING POLICIES

3.1 Overall considerations

The financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below:

3.2 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

3 SUMMARY OF ACCOUNTING POLICIES (Cont'd.)

3.2 Foreign currency translation (Cont'd.)

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

In the Company's financial statements, all assets, liabilities and transactions of the entities with a functional currency other than the ZWL , are translated into ZWL.

3.3 Investment in associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method.

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognised at cost. The company's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The carrying amount of the investments is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income of the associate or joint venture. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of the assets and liabilities.

Unrealised gains/losses on transactions between the Company and its associates or joint ventures are eliminated to the extent of the Company's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

3.4 Revenue recognition

Revenue comprises revenue from the sale of goods and the rendering of services. Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts.

3.4.1 Sale of goods

Revenue represents sales of coal and related products and is recognised after the following:

To determine whether to recognise revenues, the Company follows a 5 step process:

1. Identifying the contract with the customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transactional price to the performance obligations
5. Recognising revenues when/as performance obligation(s) are satisfied.

3.4.2 Dividend income

Dividend revenue from investments is recognised when the Shareholder's right to receive payment has been established.

3 SUMMARY OF ACCOUNTING POLICIES (Cont'd.)

3.4 Revenue recognition (Cont'd.)

3.4.3 Interest income

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts, through the expected life of the financial asset to that asset's net carrying amount.

3.4.4 Rendering of services

Revenue from the rendering of services from the hospital, estates and investment property is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

3.5 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

3.6 Finance costs

Finance costs are reported on an accrual basis using the effective interest method.

3.7 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary Shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

3.9 Property, plant and equipment

Freehold land and buildings and property, plant and machinery are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to capital reserves in the Shareholders' equity. Decreases that offset previous increases of the same asset are charged against capital reserves directly in equity; all other decreases are charged to profit or loss. Each year the difference, between depreciation based on the revalued carrying amount of the asset charged to statement of comprehensive income and depreciation based on the asset's original cost, is transferred from "capital reserves" to "retained earnings".

3 SUMMARY OF ACCOUNTING POLICIES (Cont'd.)

3.9 Property, plant and equipment (Cont'd.)

3.9.1 Depreciation

Land, capital work in progress and pre-stripped overburden are not depreciated. All other property, plant and equipment are depreciated on a straight line basis or amortised at rates estimated to write-off the cost or valuation of such assets over their expected useful lives.

The expected useful lives are as follows:

Buildings	35 to 40 years
Permanent works	7 to 40 years
Plant, machinery and movable equipment	7 to 30 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3.9.2 Gains and losses on disposal

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income in profit or loss.

3.10 Intangible assets

Intangible assets include acquired mining rights and acquired and internally developed software used in production or administration that qualify for recognition as an intangible assets. They are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The following useful lives are applied:

Mining rights	- amortised over the estimated life of coal reserves
ERP and other software's	- 10 years

Amortisation charge for the year is included within 'depreciation, amortisation and impairment of non-financial assets'.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and install the specific software. Subsequent expenditure on brands is expensed as incurred. Costs associated with maintaining computer software, i.e. expenditure relating to patches and other minor updates as well as their installation, are expensed as incurred.

STATEMENT OF ACCOUNTING POLICIES (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF ACCOUNTING POLICIES (Cont'd.)

3.11 Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment, whenever events or changes in circumstances indicated that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset' s fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are Companyed at the lower levels for which there are separate identifiable cash flows (cash- generating units). Non-financial assets that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting date.

3.12 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value determined by external independent valuers'. Investment property is not subject to depreciation. Gains and losses arising from changes in the fair value of investment property are recognised in profit or loss.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss; any amounts on capital reserves relating to that investment property are transferred to retained earnings.

3.13 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

3.13.1 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

The Company's financial assets are marketable securities that are carried at market value, which is calculated by reference to quoted selling prices at the date of business on the reporting date.

3.13.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

3.13.3 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within "selling and marketing costs". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "selling and marketing costs" in profit or loss.

3 SUMMARY OF ACCOUNTING POLICIES (Cont'd.)

3.13 Financial assets (Cont'd.)

3.13.4 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the reporting date.

3.14 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of consumable stores is determined using the weighted average cost method. The cost of finished goods is determined on an average cost of production basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.15 Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where a Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

3.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

STATEMENT OF ACCOUNTING POLICIES (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF ACCOUNTING POLICIES (Cont'd.)

3.16 Current and deferred income tax (Cont'd.)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.17 Leases

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

3.18 Dividend distribution

Dividend distribution to the Company's Shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Shareholders.

3.19 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3 SUMMARY OF ACCOUNTING POLICIES (Cont'd.)

3.21 Employee benefits

3.21.1 Pension and retirement schemes

The Company is a member of the Mining Industry Pension Fund which is independently administered as a defined contribution scheme. All full time permanent employees are members and the scheme provides for contributions by both employer and employee. The Company's contributions to the defined contribution pension plans are charged to statement of profit or loss in the year to which they relate. The Company and all employees must contribute to the National Social Security Authority statutory pension and benefits scheme, which is a defined contribution scheme.

3.21.2 Equity compensation benefits

The stock option program allows employees to acquire shares in the Company. When the options are exercised equity is increased by the amount of the proceeds received.

3.21.3 Short-term employee benefits

Short term employee benefits, including holiday entitlement, are measured at an undiscounted amount and recognised as an expense in the profit or loss during the period in which the services are rendered. Short term benefits expected to be paid are recognised as a liability (accrued expense), after deducting any amount already paid.

3.22 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Short-term employee benefits include wages, salaries and social security contributions; short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the period in which the employees render the related employee service; profit-sharing and bonuses payable within twelve months after the end of the period in which the employees render the related service; and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees. The entity recognises the undiscounted amount of short-term employee benefits as an expense in profit or loss during the period in which the services are rendered. Short-term benefits expected to be paid are recognised as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be remote.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

STATEMENT OF ACCOUNTING POLICIES (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF ACCOUNTING POLICIES (Cont'd.)

3.22 Provisions(Cont'd.)

3.23.1 Rehabilitation and restoration costs
The Company recognises provisions for the restoration and rehabilitation of mined areas. The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration and rehabilitation provisions. Those estimates and assumptions deal with uncertainties such as: requirements of the relevant legal and regulatory framework; the magnitude of possible contamination and the timing, extent and costs of required restoration and rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the statement of financial position by adjusting the restoration and rehabilitation provision.

3.23 Segment reporting
The Company has three operating segments: the Mining, Medical Services and Estates. In identifying these operating segments, management generally follows the Company's service lines representing its main products and services.

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length basis.

For management purposes, the Company uses the same measurement policies as those used in its financial statements.

3.24 Related parties
For the purposes of these financial statements, a party is considered to be related to the Company if:

3.24.1 The party has the ability, directly or indirectly through one or more intermediaries, to control the Company or exercise significant influence over the Company in making financial and operating policy decisions, or has joint control over the Company;

3.24.2 The Company and the party are subject to common control;

3.24.3 The party is an associate of the Company or a joint venture in which the Company is a venturer;

3.24.4 The party is a member of key management personnel of the Company or the Company'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;

3.24.5 The party is a close family member of a party referred to in 4.23.1 or is an entity under the control, joint control or significant influence of such individuals; or

3.24.6 The party is a post-employment benefit plan which is for the benefit of employees of the Company or of any entity that is a related party of the Company.

5 REVENUE

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Mining	8 522 815	6 603 872	6 819 229	2 857 210
Medical services	171 514	137 408	134 207	56 034
Estates	736 397	441 486	551 758	137 393
	9 430 726	**7 182 766**	**7 505 194**	**3 050 637**

6 SEGMENT REPORTING

For management purposes, the Company is organised into divisions based on its products and services and has three reportable segments, as follows:

-The Mining Division, which mines and sells coal and coal products;
-The Medical services Division, which provides medical services; and
-The Estates Division, which leases property owned by the company.

No operating segments have been aggregated to form the above reportable operating segments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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6 SEGMENT REPORTING (cont'd)

INFLATION ADJUSTED

	Mining ZWL'000	Medical Services ZWL'000	Estates ZWL'000	Total ZWL'000
2021				
Revenue				
From external customers	8 522 815	171 514	736 397	9 430 726
From other segments	-	8 224	227 203	235 427
Segment revenues	8 522 815	179 738	963 600	9 666 153
Other income	24 648	6 662	21 048	52 358
Cost of sales	(6 386 917)	(305 426)	(684 700)	(7 377 043)
Marketing costs	(49 333)	-	-	(49 333)
Other gains and losses	(904 177)	-	-	(904 177)
Administration expenses	(1 927 812)	(33 361)	(272 527)	(2 233 700)
Gain on net monetary position	1 138 893	-	-	1 138 893
Segment operating profit/(loss)	418 117	(160 611)	(199 782)	57 724
Segment assets	**10 671 000**	**13 544**	**76 535**	**10 761 079**
2020				
Revenue				
From external customers	6 603 872	137 408	441 486	7 182 766
From other segments	-	804	17 780	18 584
Segment revenues	6 603 872	138 212	459 266	7 201 350
Other income	183 284	2 754	4 052	190 090
Cost of sales	(4 869 389)	(211 744)	(465 372)	(5 546 504)
Marketing costs	(27 451)	-	-	(27 451)
Other gains and losses	(1 740 158)	-	-	(1 740 158)
Administration expenses	(1 015 628)	(14 100)	(184 842)	(1 214 569)
Gain on net monetary position	3 261 997	-	-	3 261 997
Segment operating loss	2 396 528	(85 681)	(204 676)	2 106 171
Segment assets	**17 840 890**	**2 100 239**	**59 822 384**	**79 763 513**

6 SEGMENT REPORTING (Cont'd.)

HISTORICAL COST

	Mining ZWL'000	Medical Services ZWL'000	Estates ZWL'000	Total ZWL'000
2021				
Revenue				
From external customers	6 819 229	134 207	551 758	7 505 194
From other segments	-	8 224	227 203	235 427
Segment revenues	6 819 229	142 431	778 961	7 740 621
Other income	21 787	5 333	17 058	44 178
Cost of sales	(5 124 096)	(249 748)	(553 563)	(5 927 407)
Marketing costs	(40 878)	-	-	(40 878)
Other gains and losses	(781 117)	322	-	(780 795)
Administration expenses	(1 686 885)	6 832	(179 843)	(1 859 896)
Segment operating (loss)/profit	(791 960)	(94 830)	62 613	(1 059 604)
Segment assets	**10 671 000**	**13 544**	**76 535**	**10 761 079**
2020				
Revenue				
From external customers	2 857 210	56 034	137 393	3 050 637
From other segments	-	8 224	125 828	134 052
Segment revenues	2 857 210	64 258	263 221	3 184 689
Other income	110 379	1 056	1 119	112 554
Cost of sales	(2 291 679)	(97 656)	(190 470)	(2 579 805)
Marketing costs	(11 586)	-	-	(11 586)
Other gains and losses	(1 053 220)	69	360	(1 052 791)
Administration expenses	(487 661)	(6 762)	(78 365)	(572 788)
Segment operating loss	(876 557)	(39 035)	(4 135)	(1 053 779)
Segment assets	**19 786**	**1 307**	**59 822**	**80 915**

The Administrator currently identifies the Company's three business lines as its operating segments. These operating segments are monitored by the Company's Administrator and strategic decisions are made on the basis of adjusted segment operating results.

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 Mining ZWL'000	2010 Medical Services ZWL'000	Estates ZWL'000	Total ZWL'000
The Company's revenues from external customers are divided into the following geographical areas:				
Sales within Zimbabwe	9 161 979	7 014 652	7 278 985	2 966 796
Sales elsewhere in Sub-Saharan Africa	268 741	168 112	226 209	83 841
Total Revenue	**9 430 720**	**7 182 764**	**7 505 194**	**3 050 637**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

7 OTHER INCOME

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Rental income	21 048	4 936	17 061	1 145
Sale of scrap metal	3 741	8 473	2 662	4 296
Sundry income	27 568	176 681	24 455	107 112
	52 357	190 090	44 178	112 553

8 OTHER LOSSES AND GAINS

Fair value adjustment on investment property	-	581 461	-	361 747
Foreign exchange loss	(904 177)	(2 321 619)	(780 795)	(1 414 539)
	(904 177)	**(1 740 158)**	**(780 795)**	**(1 052 792)**

9 FINANCE COSTS

Interest on loans and overdrafts	126 891	78 195	108 862	28 499

Interest on loans and overdraft comprise of interest charged on the Government of Zimbabwe treasury bills at a rate of 7% per annum , ZAMCO and EXIM loan and finance lease facilities at an interest rate of 7% and LIBOR + 3.5% per annum respectively.

10 SHARE OF LOSSES FROM EQUITY ACCOUNTED INVESTMENTS

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Included in this amount is the Company's share of loss after tax from:				
Clay Products (Private) Limited	(5 622)	4 569	(1 414)	1 390
Zimchem Refineries(Private) Limited	-	-	-	-
Hwange Coal Gasification Company	-	-	-	-
	(5 622)	4 569	(1 414)	1 390

Audited financial information for Hwange Coal Gasification Company, Zimchem (Private) Limited and Clay products (Private) Limited were not available at the date of publication.

11 PROFIT/(LOSS) BEFORE TAX

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Profit/(loss) before tax for the year has been arrived at after charging the following:				
Expected credit losses	(37 134)	237 589	(37 134)	120 447
Amortisation	6 620	700	53	213
Audit fees	16 909	10 053	13 894	4 166
Depreciation on property, plant and equipment (note 14)	544 408	510 387	429 356	157 107
Impairment of assets (note 14)	15 259	-	9 040	-
Admin fees	282 922	215 483	225 156	91 519
- Executive Directors	25 267	18 674	15 122	4 704
Employee benefits expense (note 11.1)	2 686 777	2 476 982	1 454 739	519 210
11.1 Employee benefits expense				
Salaries and other contributions	1 782 492	1 625 606	1 381 339	494 605
Contribution to Mining Industry Pension Fund	883 166	840 554	57 034	21 312
Contribution to National Social Security Authority	21 119	10 822	16 366	3 293
	2 686 777	**2 476 982**	**1 454 739**	**519 210**

Employee benefit expense amounting to ZWL 781 316 000 (2020: ZWL 328 038 000) was charged directly to cost of sales. In the inflation adjusted accounts, an amount of ZWL 1 078 156 000 (2020: ZWL 978 217 000) was charged to cost of sales.

12 INCOME TAX

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
12.1 Current tax:				
Current tax	-	-	-	-
Deferred tax	(103 395)	(709 105)	(80 125)	(441 157)
Income tax (credit)	(103 395)	(709 105)	(80 125)	(441 157)
12.2 Tax reconciliation:				
(Loss) /Profit before tax	(74 791)	2 032 542	(1 169 880)	(1 080 892)
Notional tax thereon at a rate of 24.72%	(18 511)	503 054	(289 545)	(267 521)
Tax effect of:				
- Income not subject to tax	(14 099)	(1 534 294)	(13 678)	(139 828)
- Expenses not deductible in determining tax	373 075	1 109 816	300 327	366 844
Effect of assessed loss on taxable income	(443 860)	(787 681)	(77 229)	(400 652)
Income tax (credit)	(103 395)	(709 105)	(80 125)	(441 157)

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12.3 Deferred tax movement

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 LZWL'000	2021 ZWL'000	2020 ZWL'000
Balance at 1 January	4 173 220	4 805 783	2 211 454	509 754
Movement through other comprehensive income	-	76 542	-	2 142 857
Movement through profit/loss	(103 395)	(709 105)	(80 125)	(441 157)
Balance at 31 December	4 069 825	4 173 220	2 131 329	2 211 454

The amounts recognised in other comprehensive income relate to the revaluation of property,plant and equipment

12.4 Deferred tax liabilities:

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 LZWL'000	2021 ZWL'000	2020 ZWL'000
Capital allowances and other				
Balance at 1 January	4 960 133	4 849 872	700 019	631 422
Movement	2 131 329	110 261	2 131 329	68 597
Balance at 31 December	7 091 462	4 960 133	2 831 348	700 019

12.5 Deferred tax assets:

Assessed loss				
Balance at 1 January	(558 202)	(44 089)	(441 157)	(121 668)
Movement	(319 847)	514 113	361 032	(319 489)
Credit/(debit) to other comprehensive income	-	-	-	-
Balance at 31 December	(878 049)	(558 202)	(80 125)	(441 157)

As at year end, the Company had cumulative historic assessed tax losses amounting to ZWL 156 987 000 (2020: ZWL 34 697 000).

13 PROFIT/(LOSS) PER SHARE

13.1 Basic

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 LZWL'000	2021 ZWL'000	2020 ZWL'000
Profit/(loss) attributable to shareholders	28 604	2 741 647	(1 089 755)	(639 735)
Weighted average number of ordinary shares in issue	183 721	183 721	183 721	183 721
Basic earnings/(loss) per share	0.16	14.92	(5.93)	(3.48)

Basic earnings/(loss) per share is calculated by dividing the loss attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

13.2 Diluted

For earnings/(loss) per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares being share options granted to employees.

The earnings/(loss) used in the calculation of all diluted loss per share measures are the same as those for the equivalent basic loss per share measures, as outlined above.

In the diluted earnings/(loss) per share the share options calculation is done to determine the number of shares that could have been acquired (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the "unpurchased" shares to be added to the ordinary shares outstanding for the purpose of computing the dilution; for the share option calculation no adjustment is made to earnings/(loss).

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 LZWL'000	2021 ZWL'000	2020 ZWL'000
Earnings/(loss) used to determine diluted earnings/(loss) per share	28 604	2 741 647	(1 089 755)	(639 735)
Weighted average number of ordinary shares in issues	183 721	183 721	183 721	183 721
Diluted earnings/(loss) per share	0.16	14.92	(5.93)	(3.48)

NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

13 PROFIT/(LOSS) PER SHARE (Cont'd.)

13.3 Earnings/(loss) per share

Headline earnings/(loss) per share excludes all items of a capital nature and represents an after tax amount. It is calculated by dividing the headline earnings/(loss) shown below by the number of shares in issue during the year:

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
IAS 33 -Loss for the year	28 604	2 741 647	(1 089 755)	(639 735)
Non - recurring items:				
Proceeds on sale of scrap	(3 741)	(8 473)	(2 662)	(4 296)
Impairment of assets/(reversal)	15 259	-	9 040	-
Tax effect of the above	(2 851)	2 097	(1 579)	1 063
Headline earnings/(loss)	37 271	2 735 271	(1 084 956)	(642 968)
Weighted average number of ordinary shares in issue	183 721	183 721	183 721	183 721
Headline earnings/(loss) per share	**0.20**	**14.89**	**(5.91)**	**(3.50)**

13.4 Diluted headline earnings/(loss) per share

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Profit/(loss) used to determine diluted headline loss per share	37 271	2 735 271	(1 084 956)	(642 968)
Weighted average number of ordinary shares in issue	183 721	183 721	183 721	183 721
Diluted headline loss per share	**0.20**	**14.89**	**(5.91)**	**(3.50)**

14 PROPERTY, PLANT AND EQUIPMENT

INFLATION ADJUSTED

	Freehold land and buildings ZWL'000	Plant machinery and movables ZWL'000	Motor vehicles ZWL'000	Capital work in progress ZWL'000	Total ZWL'000
Year Ended 31 December 2021					
Cost/Gross carrying amount					
Balance at 1 January	13 436 876	5 670 783	280 845	180 559	19 569 063
Additions	-	22 327	28 655	5 992	56 974
Reclassification of assets	-	(26 056)	-	(237)	(26 293)
Balance as at 31 December	13 436 876	5 667 054	309 500	186 314	19 599 744
Depreciation and impairment					
Balance at 1 January	453 322	1 114 769	44 872	16 953	1 629 916
Depreciation charge for the year	365 219	141 472	37 717	-	544 408
Impairment	-	-	-	15 259	15 259
Balance as at 31 December	818 541	1 256 241	82 589	32 212	2 189 583
Carrying amount as at 31 December	12 618 335	4 410 813	226 911	154 102	17 410 161
Year ended 31 December 2020					
Cost/ gross carrying amount					
Balance at 1 January	13 216 582	5 448 797	230 207	62 339	18 957 925
Revaluation	220 294	86 402	2 940	-	309 636
Additions	-	135 584	47 698	118 220	301 502
Balance as at 31 December	13 436 876	5 670 783	280 845	180 559	19 569 063
Depreciation and impairment					
Balance at 1 January	282 583	796 632	23 361	16 953	1 119 529
Depreciation charge for the year	170 739	318 137	21 511	-	510 387
Balance as at 31 December	453 322	1 114 769	44 872	16 953	1 629 916
Carrying amount at 31 December	12 983 554	4 556 014	235 973	163 606	17 939 147

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14 PROPERTY, PLANT AND EQUIPMENT (Cont'd.)

	HISTORICAL COST				
	Freehold land and buildings ZWL'000	Plant machinery and movables ZWL'000	Motor vehicles ZWL'000	Capital work in progress ZWL'000	Total ZWL'000
Year Ended 31 December 2021					
Cost/Gross carrying amount					
Balance at 1 January	10 389 096	847 212	154 414	82 195	11 472 917
Additions	6 459	18 760	24 077	5 992	55 288
Reclassification of assets	-	(16 121)	-	(237)	(16 358)
Balance as at 31 December	**10 395 555**	**849 851**	**178 491**	**87 950**	**11 511 847**
Depreciation and impairment					
Balance at 1 January	91 748	208 411	9 862	2 351	312 372
Depreciation charge for the year	288 036	111 574	29 746	-	429 356
Impairment	-	-	-	9 040	9 040
Balance as at 31 December	379 784	319 985	39 608	11 391	750 768
Carrying amount at 31 December	**10 015 771**	**529 866**	**138 883**	**76 559**	**10 761 079**
Year ended 31 December 2020					
Cost/ gross carrying amount					
Balance at 1 January	1 832 979	755 682	31 927	8 646	2 629 234
Additions	-	75 172	26 445	73 549	175 166
Revaluation	8 556 117	16 358	96 042	-	8 668 517
Balance as at 31 December	10 389 096	847 212	154 414	82 195	11 472 917
Depreciation and impairment					
Balance at 1 January	39 191	110 483	3 240	2 351	155 265
Depreciation charge for the year	52 557	97 928	6 622	-	157 107
Balance as at 31 December	91 748	208 411	9 862	2 351	312 372
Carrying amount at 31 December	**10 297 348**	**638 801**	**144 552**	**79 844**	**11 160 545**

15 INVESTMENT PROPERTY

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Valuation at 1 January	1 160 663	579 202	442 075	80 328
Reclassification of assets	32 716	-	16 358	-
Fair value gains (included in other gains and losses)	-	581 461	-	361 747
At 31 December	1 193 379	1 160 663	458 433	442 075

Investment property is comprised of as follows:

Land situated at Lot 7 of Stand 2185, Salisbury Township Harare with an administration building thereon.
Land situated at Stand 555, Bulawayo Township Bulawayo with an administration building thereon.
Land situated at Stand 701 Bulawayo Township with a residential building thereon.
Land situated at Stand 690 Bulawayo Township with a residential building thereon.
Land situated at Stand 384, Marvel Township, Bulawayo with a residential building thereon.

Note 29.1 sets out how the fair value of the investment properties has been determined.

15.1 The following amount has been recognised in the statement of comprehensive income:

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Rental income	21 048	4 936	17 061	1 145

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Investments in associates (note 16.1)	-	5 622	-	1 414
Investments in joint venture (note 16.2)	660 737	660 737	14 753	14 753
	660 737	666 359	14 753	16 167

16.1 Investments in associates

	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Carrying amount as at 1 January	5 622	1 053	1 414	24
Share of (loss) /profit	(5 622)	4 569	(1 414)	1 390
Carrying amount as at 31 December	**-**	**5 622**	**-**	**1 414**

The Company holds a 49% voting and equity interest in Clay Products (Private) Limited. Hwange Colliery Company Limited also holds a 44% voting and equity interest in Zimchem Refineries (Private) Limited. The investments are accounted for under the equity method.

The shares are not publicly listed on a stock exchange and hence published price quotes are not available. The aggregate amounts of certain financial information of the associates can be summarised as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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16 Investments accounted for using the equity method (Cont'd.)

16.1 Investments in associates (Cont'd.)

	CLAY PRODUCTS		ZIMCHEM	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Assets	60 226	38 792	224 819	80 713
Liabilities	68 521	36 097	799 925	570 510
Revenues	148 563	72 640	131 297	74 592
Profit/(loss) for the year	(5 836)	4 549	(20 293)	(18 016)
Loss for the year attributable to Hwange Colliery Company Limited	(2 860)	2 235	(8 929)	(7 927)

The Company did not recognise its share of losses for the year amounting to ZWL 8 928 757 (2020: ZWL 7 927 000) loss for Zimchem Refiners (Private) Limited and ZWL 1 446 031 000 (2020: ZWL Nil) for Clay Products as the share of cumulative losses exceed the carrying amount of the investment in the associate even with the current year profit.

Dividends are subject to the approval of at least 51% of all shareholders of the associates. The Company did not receive dividends during the 2021 and 2020 financial years.

The Company has not incurred any contingent liabilities or other commitments relating to the investment in associates.

*Unaudited financial information for associates has been included in these financial statements as the audited financial information was not available.

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Carrying amount as at 1 January	**660 737**	**660 737**	**14 753**	**14 753**

16.2 Investment in joint venture

Hwange Coal Gasification Company (Private) Limited is the only jointly controlled entity and the ultimate ownership interest is 25%. Hwange Colliery Company Limited's investment in the joint venture is being acquired on a piecemeal basis. The investment in the joint venture has been accounted for using the equity method.

The aggregate amounts relating to Hwange Coal Gasification Company are as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Non-current assets	2 108 621	2 108 621	47 082	47 082
Current assets	1 635 876	1 635 876	36 526	36 526
Total assets	3 744 497	3 744 497	83 608	83 608
Non-current liabilities	1 195 261	1 195 261	26 688	26 688
Current liabilities	377 564	377 564	8 430	8 430
Total liabilities	1 572 825	1 572 825	35 118	35 118

17 INTANGIBLE ASSETS

	INFLATION ADJUSTED			
	Exploration and evaluation asset ZWL'000	Mining rights ZWL'000	ERP development and other software ZWL'000	Total ZWL'000
2021				
Cost/ Gross carrying amount				
Balance at 1 January 2021	345	8 957	90 855	100 157
Balance at 31 December 2021	345	8 957	90 855	100 157
Amortisation and impairment				
Balance at 1 January 2021	345	8 360	84 832	93 537
Amortisation	-	597	6 023	6 620
Balance at 31 December 2021	345	8 957	90 855	100 157
Carrying amount 31 December 2021	**-**	**-**	**-**	**-**
2020				
Cost/ Gross carrying amount				
Balance at 1 January 2020	345	8 957	90 855	100 157
Balance at 31 December 2020	345	8 957	90 855	100 157
Amortisation and impairment				
Balance at 1 January 2020	-	8 327	84 165	92 492
Amortisation	345	33	667	1 045
Balance at 31 December 2020	345	8 360	84 832	93 537
Carrying amount 31 December 2020	**-**	**597**	**6 023**	**6 620**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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17 INTANGIBLE ASSETS (Cont'd.)

HISTORICAL COST

	Exploration and evaluation asset ZWL'000	Mining rights ZWL'000	ERP development and other software ZWL'000	Total ZWL'000
2021				
Cost/ Gross carrying amount				
Balance at 1 January 2021	8	200	2 029	2 237
Balance at 31 December 2021	8	200	2 029	2 237
Amortisation and impairment				
Balance at 1 January 2021	8	191	1 985	2 184
Amortisation	-	9	44	53
Balance at 31 December 2021	8	200	2 029	2 237
Carrying amount 31 December 2021	**-**	**-**	**-**	**-**
2020				
Cost/ Gross carrying amount				
Balance at 1 January 2020	8	200	2 029	2 237
Additions	-	-	-	-
Balance at 31 December 2020	8	200	2 029	2 237
Amortisation and impairment				
Balance at 1 January 2020	-	181	1 782	1 963
Amortisation	-	10	203	213
Impairment	8	-	-	8
Balance at 31 December 2020	8	191	1 985	2 184
Carrying amount 31 December 2020	**-**	**9**	**44**	**53**

The Company has an enterprise resource planning (ERP) software that supports the administration and control of the Company. Mining rights comprise coal mining claims which are yet to be mined. No intangible assets have been pledged as security for liabilities.

17.1 Mining rights

The Company has four (4) mining concessions, Hwange option area, Hwange Concession, Lubimbi East and Lubimbi West. The special grants, Lubimbi East and Lubimbi West measure 9 648, 4 200 and 10 995 hectares of minable area respectively and were awarded by the Government of Zimbabwe on 31 July 2015. These Concessions will increase the life of the mine by an estimated 50 years.

18 INVENTORIES NON-CURRENT PORTION

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Balance at 1 January	422 945	436 607	6 545	8 274
Sales	(103 394)	(13 662)	(1 600)	(1 729)
Balance at 31 December	319 551	422 945	4 945	6 545
Balance at end of year is classified as follows:				
Non-current portion	319 551	422 945	4 945	6 545
Current portion (included in inventories note 19)	85 300	111 730	1 320	1 729
	404 851	534 675	6 265	8 274

The Company accumulated coal fines over the years for which an active market was identified in 2009. Coal fines in excess of the average annual uptake of the product have been classified as non-current assets.

No coal fines were written down in 2021: ZWL nil (2020: ZWL nil).

19 INVENTORIES

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Raw materials/consumables	392 094	320 181	191 493	90 369
Finished goods				
- Coal	963 916	749 528	963 916	466 306
- Coal fines (note 18)	85 300	111 730	1 320	1 729
	1 441 310	1 181 439	1 156 729	558 404

During the year ended 31 December 2021, a total of ZWL 55 962 918 (2020: ZWL55 115 169.75) worth of inventories was included in profit and loss as an expense resulting from write down of inventories to net realisable value.

No reversal of previous write-downs was recognised as a reduction of expense in 2021: nil (2020: nil)

20 TRADE AND OTHER RECEIVABLES

Trade receivables, gross	656 026	924 194	656 026	574 972
Allowance for credit losses	(110 706)	(237 633)	(110 706)	(147 840)
Trade receivables, net	545 320	686 561	545 320	427 132
Other receivables	431 051	150 443	431 051	93 596
	976 371	837 004	976 371	520 728

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Included in trade receivables is an amount of ZWL 62 743 043 (2020: ZWL 21 539 736) relating to related party receivables (note 21.2).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 TRADE AND OTHER RECEIVABLES (Cont'd.)

The Company adopted IFRS 9 "Financial instrustment" from 1 January 2018 which resulted in changes in the accouting policy on trade receivables. The Company elected the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, the credit risk and credit profile of each receivable was considered on an individual basis.

All of the Company's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an increase in allowance for credit losses of ZWL 110 706 277(2020:ZWL 147 840 000) has been recognised. The current year ECL reduced as result of more debtors during the last quarter of the year majority of these were in December which has a lower probability of default.

The movement in the allowance for credit losses can be reconciled as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Balance 1 January	147 840	44 030	147 840	27 393
(Decrease)/Increase in allowance for credit losses	(37 134)	193 603	(37 134)	120 447
Balance 31 December	110 706	237 633	110 706	147 840

The table below describes the credit loss allowanced recognised on balance sheet.

21 RELATED PARTY DISCLOSURES

21.1 Related party relationships

The Company's related parties include associates, joint ventures and key management as described below:

Related party	Relationship	Nature of Transactions
Hwange Coal Gasification Company	Joint venture company	Sale of goods
Clay Products (Private) Limited	Associate company	Sale of goods
Zimchem Refineries (Private) Limited	Associate company	Sale of goods
Executive Management	Key management personnel	Remuneration, loans and advances
Dube, Manikai & Hwacha Legal Practitioners ("DMH")	Assistant Admin employer	Legal Services

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.Outstanding balances are usually settled in cash.

21.2 Related party balances and transactions

Included in the trade receivable and trade payable balances are related party balances that resulted from transactions that occurred between Hwange Colliery Company Limited and its related parties.

21 RELATED PARTY DISCLOSURES

21.2 Related party balances and transactions

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Related party receivables:				
Hwange Coal Gasification Company	62 493 298	34 242 879	62 493 298	21 303 645
Clay Products (Private) Limited	-	-	-	-
Zimchem Refineries (Private) Limited	249 745	379 439	249 745	236 062
	62 743 043	34 622 318	62 743 043	21 539 707
Related party payables:				
Hwange Coal Gasification Company	-	6 973 859		4 338 672
Clay Products (Private) Limited	1 448 210		1 448 210	
Zimchem Refineries (Private) Limited	-	422 943		263 127
	1 448 210	7 396 802	1 448 210	4 601 799

Transactions with Hwange Coal Gasification Company (HCGC)

HCCL sells coking coal to HCGC in the ordinary course of business. During the year ended 31 December 2021, HCCL sold coking coal worth ZWL 119 538 950.00 (2020: ZWL26 325 378.00) to HCGC.

Transactions with Clay Products (Private) Limited

HCCL sells coal and coal products to Clay Products (Private) Limited in the ordinary course of business. During the year ended 31 December 2021, HCCL sold coal products worth ZWL 5 369 625.00 (2020: ZWL 3 120 819.00) to Clay Products.

Transactions with Zimchem Refineries (Private) Limited

HCCL sales coal and coal products to Zimchem Refineries (Private) Limited and purchases chemicals from the associate company in the ordinary course of business. During the year ended 31 December 2021, HCCL sold coal products worth ZWL 431 757.00 (2020: ZWL 146 520.00) to Zimchem Refineries.

Loans from shareholders

Included in the non-current portion of the balance relating to borrowings (note 27), are loans issued by the Government of Zimbabwe through the Ministry of Finance and Economic Development in December 2016 as part of the ongoing restructuring plan. The loan is as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Government of Zimbabwe (note 27)	177 137	269 797	177 137	167 850

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 Related party disclosures (Cont'd.)

21.3 Transactions with key management personnel

Key management of the Company are the executive members of HCCL's board of directors and senior management personnel. Key management personnel's remuneration includes the following expenses:

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Short-term employee benefits:				
Salaries including bonuses	468 285	468 285	291 336	291 336
Other benefits and allowances	746 076	746 076	464 159	464 159
	1 214 361	1 214 361	755 495	755 495
Post-employment benefits:				
Defined contribution pension plans	489 937	489 937	304 806	304 806
Total remuneration	1 704 298	1 704 298	1 060 301	1 060 301

22 CASH AND CASH EQUIVALENTS

For purposes of statement of cash flows, cash and cash equivalents include cash on hand and in banks net of outstanding bank overdrafts.

Bank and cash balances	100 518	102 508	100 518	63 774

23 SHARE CAPITAL AND RESERVES

23.1 Authorised

204 000 000 Ordinary shares of ZWL0.25 each	3 607 046	3 607 046	51 000	51 000
Issued and fully paid				
110 237 432 Ordinary shares of ZWL0.25 each	1 949 174	1 949 174	27 559	27 559
5 925 699 Ordinary shares issued under share option scheme	107 083	107 083	1 514	1 514
67 557 568 "A" Ordinary shares of ZWL0.25 each	1 194 526	1 194 526	16 889	16 889
	3 250 783	3 250 783	45 962	45 962

23.2 Share premium

Balance at 1 January	36 915	36 915	578	578
Movement for the year	-	-	-	-
Balance at 31 December	36 915	36 915	578	578

The share premium is as a result of employee share options exercised in 2012 and 2013.

23 SHARE CAPITAL AND RESERVES (CONT'D.)

23.3 Non-distributable reserve

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Balance at 1 January	308 259	308 259	4 358	4 358
Movement for the year	-	-	-	-
Balance at 31 December	308 259	308 259	4 358	4 358

The non-distributable reserve is attributable to the net effect of the restatement of assets and liabilities previously denominated in Zimbabwean dollars on 21 January 2009. The assets and liabilities were restated to the United States Dollars using the guidance issued by the Public Accountants and Auditors Board and Zimbabwe Stock Exchange in 2009.

23.4 Revaluation reserve

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Balance at 1 January	233 094	-	8 357 425	1 831 765
Movements during the year		233 094	-	6 525 660
Balance at 31 December	233 094	233 094	8 357 425	8 357 425

24.5 Employee share option scheme

As at 31 December 2021, the Company maintained an employee share option scheme known as the "Hwange Colliery Company Limited Share Option Scheme." The scheme is designed to attract and retain employees. Share options under this scheme are allocated annually to employees if a specified period of service has been completed. The period of service ranges from 1 to 5 years depending on the employee's grade. Upon vesting, each option allows the holder to purchase ordinary shares at a discount of 80% of the market price determined at grant date.

During the year ended 31 December 2021 no shares (2020: nil) were allocated to employees under the employee share option scheme.

23.6 Borrowing powers

In terms of the Articles of Association paragraph 60, registered with the Registrar of Companies on 21 April 1992, the total borrowing powers of the company may not, without the sanction of a General Meeting, exceed an amount equal to three (3) times the aggregate of the nominal amount of the issued and paid up capital and the capital and revenue reserves of the Company.

The Company failed to comply with the borrowing powers in accordance with the Company's Articles of Association.

NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

24 DIRECTORS' REMUNERATION

Remuneration of the Company's directors disclosed is pursuant to Section 8.63(I) of the JSE Listing requirements. The directors' remuneration for the year ended 31 December 2020 was as follows:

	Salary ZWL'000	Retirement and medical contributions ZWL'000	Other benefits and allowances ZWL'000	2021 Total ZWL'000	2020 Total ZWL'000	2021 Total ZWL'000	2020 Total ZWL'000
Executive Director							
DR. C. Zinyemba Managing Director(Appointed September 2021)	10 501	763	3 858	25 267	11 618	15 122	4 706
	10 501	763	3 858	25 267	11 618	15 122	4 706

In accordance with the Reconstruction of State-Indebted Insolvent Companies Act [Chapter 24:27] (No 27 of 2004), the board ceased to exist on the 26th of October 2018 when Hwange Colliery Company was placed on Administration.

25 BORROWINGS

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
25.1 Long-term loans				
Reserve Bank of Zimbabwe	-	6 705	-	4 171
Government of Zimbabwe	177 137	269 797	177 137	167 850
Zimbabwe Asset Management Corporation (ZAMCO)	6 129	24 873	6 129	15 475
	183 266	301 375	183 266	187 496**25.2**
Short-term loans				
Loinette	-	63 275	-	39 365
CBZ	-	92 334	-	57 444
Pick n Pay	53 222	85 548	53 222	53 222
	53 222	241 157	53 222	150 031

25.3 Borrowing terms

Export Import Bank of India (EXIM)
This is a USD 13 005 760 (principal and interest) loan guaranteed by the Reserve Bank of Zimbabwe, taken for the purposes of financing the purchase of coal mining equipment. Interest is charged at a rate of LIBOR + 3.5 % p.a. The Governement of Zimbabwe took over the loan in February 2019.

25 BORROWINGS (cont'd)

25.3 Borrowing terms (cont'd)

Government of Zimbabwe

As part of the ongoing restructuring plan, the Government of Zimbabwe through the Ministry of Finance and Economic Development issued treasury bills of USD 41 million and USD 18.216 million in settlement of the Mota Engil and RBZ/PTA Bank loan, respectively. The Government of Zimbabwe has agreed that the Government support be treated as a loan payable over 15 years with a 7% interest per annum in accordance with the provisions of the scheme of arrangement.

An additional USD 52.3 million worth of treasury bills were issued towards the Scheme of Arrangement bringing the total support from the Government of Zimbabwe to USD 111.5 million worth of treasury bills, as approved by the Ministry of Finance and Economic Development.

Zimbabwe Asset Management Corporation (ZAMCO)

Zimbabwe Asset Management Corporation (ZAMCO) took over ZWL 16 201 625 (principal and interest) outstanding on the BancABC loan on 1 September 2015 in a debt restructuring exercise. However, this amount was converted through the scheme of arrangement to a debenture amounting to ZWL 15 571 475 from 14 December 2017. The interest is charged on the debenture at the rate of 7% per annum on the daily debit balance and compounded semi annually. The maturity date for the debenture is 14 December 2025.

26 TRADE AND OTHER PAYABLES- LONG TERM

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	**2020 ZWL'000**	**2021 ZWL'000**	**2020 ZWL'000**
Trade	2 771 114	2 950 773	2 771 114	1 835 774
Other	-	-		
	2 771 114	2 950 773	2 771 114	1 835 774
Trade and other payables-Current				
Trade	1 077 678	775 912	1 077 678	482 721
Other	297 811	548 656	297 811	341 338
	1 375 489	1 324 568	1 375 489	824 059
27 INCOME TAX LIABILITY				
Balance at 1 January	10 055	16 162	10 055	10 055
Movement	(5 907)	-	(5 907)	-
Balance at 31 December	4 148	16 162	4 148	10 055

NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

28 PROVISIONS

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Provision for rehabilitation (note 28.1)	212 662	292 332	212 662	181 870
Other provisions (note 28.2)	590 909	204 310	590 909	127 108
	803 571	496 642	803 571	308 978

28.1 Other provisions

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
At 1 January	181 870	21 007	181 870	13 070
Charged to profit or loss:				
Additional provisions made during the year	30 792	271 325	30 792	168 800
At 31 December	212 662	292 332	212 662	181 870

The Company has an obligation to undertake rehabilitation and restoration when environmental disturbance is caused by the ongoing mining activities. The provision for rehabilitation costs recognised in these financial statements relates to previously mined areas.

The rehabilitation provision included in the financial statements is an estimate of the cost that will be incurred for the rehabilitation and restoration of the environment. The Administrators are aware of the Company's responsibility for the rehabilitation and restoration of the environment and have come up with an estimate of the costs that would be incurred to rehabilitate and restore the mined areas.

28.2 Other provisions

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Death benefits	44 353	24 470	44 353	15 224
NRZ provision	261 301	-	261 301	-
Leave pay and bonus provisions	285 255	179 840	285 255	111 884
	590 909	204 310	590 909	127 108

31 FAIR VALUE MEASUREMENT

31.3 Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2021:

	INFLATION ADJUSTED			
31 December 2021	**Level 1 ZWL'000**	**Level 2 ZWL'000**	**Level 3 ZWL'000**	**Total ZWL'000**
Investment property				
Land situated in Harare with an administration building	327 160	-	-	327 160
Land situated in Bulawayo with an administration building	106 327	-	-	106 327
Land situated at Stand 384, Marvel Township, Bulawayo with a residential building thereon.	26 293	-	-	26 293
Land situated in Bulawayo with a residential building	4 907	-	-	4 907
Land situated in Bulawayo with a residential building	3 681	-	-	3 681
	468 368	-	-	468 368
31 December 2020				
Investment property:				
Land situated in Harare with an administration building	525 868	-	-	525 868
Land situated in Bulawayo with an administration building	170 907	-	-	170 907
Land situated in Bulawayo with a residential building	7 888	-	-	7 888
Land situated in Bulawayo with a residential building	5 916	-	-	5 916
	710 579	-	-	710 579

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2020:

	HISTORICAL COST			
31 December 2021	**Level 1 ZWL'000**	**Level 2 ZWL'000**	**Level 3 ZWL'000**	**Total ZWL'000**
Investment property:				
Land situated in Harare with an administration building	327 160	-	-	327 160
Land situated in Bulawayo with an administration building	106 327	-	-	106 327
Land situated at Stand 384, Marvel Township, Bulawayo with a residential building thereon.	16 358	-	-	16 358
Land situated in Bulawayo with a residential building	4 907	-	-	4 907
Land situated in Bulawayo with a residential building	3 681	-	-	3 681
	458 433	-	-	458 433
31 December 2020				
Investment property:				
Land situated in Harare with an administration building	327 160	-	-	327 160
Land situated in Bulawayo with an administration building	106 327	-	-	106 327
Land situated in Bulawayo with a residential building	4 907	-	-	4 907
Land situated in Bulawayo with a residential building	3 681	-	-	3 681
	442 075		-	442 075

The investment properties were valued on 31 December 2020 by Messrs Capital Valuation, an independent, professionally qualified valuer. The fair value was determined based on current prices in an active market for similar property in the same location and condition. A fair value gain of ZWL 361 746 650 was realised in 2020 as a result of the independent valuation exercise. Management determined that the effect of changes in fair values between the valuation report date and reporting date is immaterial.

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FOR THE YEAR ENDED 31 DECEMBER 2021

30 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments 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.

30.1 Accounting judgements

Current and deferred tax

The Company is subject to income tax; significant judgment is required in determining the provision. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company 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 judgment areas) differs from management estimates, the Company will need to increase the income and deferred tax liability if unfavourable or decrease the income and deferred tax liability if favourable.

30.2 Accounting estimates and assumptions

The Company 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:

Property, plant and equipment.

Items of property, plant and equipment are depreciated over their estimated useful lives taking into account residual values where appropriate. The useful lives and the residual values are re-assessed annually and may vary due to factors such as technological innovation and maintenance programmes in place.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

31 GOING CONCERN

The Company is experiencing the following challenges which have an effect on its ability to continue operating as a going concern:

31.1 Low machine availability

The Company experienced low machine availability mainly as a result of technical challenges faced in operating the equipment and indaquate working capital.

In view of the above, the Administrator has assessed the ability of the Company to continue to operate as a going concern and are of the view that the preparation of these financial statements on a going concern basis is appropriate as supported by the following plans which are intended to address these challenges:

31 GOING CONCERN (Cont'd)

Hwange under reconstruction

In October 2018 Hwange Colliery Company was put under reconstruction in terms of section 4 of the reconstruction of State-Indebted Insolvent Companies Act (chapter 24:27). This was done to rescue the company from the difficulties the company was facing. The company has managed to overcome bottlenecks, clear most of its legacy debts and increase production and sales.

31.1 Comprehensive production and sales plan

The company has put in place strategies to increase production and sales. It entered into an equipment mobilisation agreement, that will result in the company getting new equipment in excess of USD 15 million in the next two years. This plan will see 3 main underground mine producing an average of 50 000 MT per month of high value coking from June 2022. In addition the agreement has a washing plant to increase the washing capacity of high value coking coal. The JKL opencast will continue to be capacitated with the target to increase production to 90 000 MT per Month by end of 2022.

The company went into a joint partnership to produce foundry coke on a small scale using beehive ovens and production is projected to commence in March 2022. The company has also enaged two mining contfactors to increase both thermal and industrial coal , this will increase monthly production by 20 000 MT from March 2022 and an additional 40 000 MT towards the end of 2022.

The sales plan will be driven by the sale of high value coking coal to mainly coke batteries and industry. The company has capacity and market to produce and sell a minimum of 45 000 MT of coking coal locally. The company is still pursuing the efforts of penetrating the Southern Africa market which has potential for 30 000 MT of coking coal and will bring in the much needed foreign currency. The company is currently putting in place a mechanism to raise significant amounts of foreign currency from both exports and domestic sales. The foreign currency will be used to fund working capital and capital projects that are required to increase production to 135 000 MT for HCCL's own mining.

31.2 Cost control and working capital management strategies

The company will also continue with the already implemented tight cost control and working capital management system which is allocating most of the cash resources towards the operations requirements. This will ensure that the company will only spend what they have generated. This will be achieved by ensuring that most customers will be paying upfront on all their orders and also paying most creditors upfront. This will stop the ballooning of liabilities which has pushed the company into negative net current assets position.

31.3 Continuing with the scheme of arrangement

The company will continue with the scheme of arrangement agreed payment plan to creditors although the time lines maybe are adjusted a bit through engagements with all the creditors.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

32 FINANCIAL INSTRUMENTS BY CATEGORY

31 December 2021

	Loans and receivables ZWL'000	Total ZWL'000
Assets as per statement of financial position		
Trade and other receivables	976 371	976 371
Cash and cash equivalents	100 518	100 518
Total	**1 076 889**	**1 076 889**

	Other financial liabilities at amortised cost ZWL'000	Total ZWL'000
Liabilities as per statement of financial position		
Borrowings (excluding finance lease liabilities)	236 488	236 488
Trade and other payables	1 375 489	1 375 489
Total	**1 611 977**	**1 611 977**

31 December 2020

	Loans and receivables ZWL'000	Total ZWL'000
Assets as per statement of financial position		
Trade and other receivables	520 728	520 728
Cash and cash equivalents	63 774	63 774
Total	**584 502**	**584 502**

	Other financial liabilities at amortised cost ZWL'000	Total ZWL'000
Liabilities as per statement of financial position		
Borrowings (excluding finance lease liabilities)	337 528	337 528
Trade and other payables	824 058	824 058
Total	**1 161 586**	**1 161 586**

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise finance lease liabilities, loans payable, bank overdrafts and trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash and short term deposits, which arise directly from its operations. Exposure to credit, interest rate and currency risk arises in the normal course of Company's business and these are main risks arising from the Company`s financial instruments.

The Administrator reviews and agrees policies for managing each of these risks which are summarised below:

33.1 Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The Company assumes foreign credit risk only on customers approved by the Administrator and follows credit review procedures for local credit customers.

Investments are allowed only in liquid securities and only with approved financial institutions. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amounts of each financial asset in the statement of financial position.

33.2 Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long and short term debt obligations and bank overdrafts. The Company's policy is to manage its interest cost using fixed rate debts.

33.3 Currency risk

The Company is exposed to foreign currency risk on transactions that are denominated in a currency other than the Zimbabwean Dollar. The currency giving rise to this risk is primarily the South African Rand.

In respect of all monetary assets and liabilities held in currencies other than the Zimbabwean Dollar, the Company ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Company's exposure to foreign currency changes is not significant.

33.4 Liquidity risk

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd.)

33.4 Liquidity risk (Cont'd.)

The table below summarises the maturity profile of the Company's financial liabilities at the year end based on contractual undiscounted payments.

	CURRENT	NON-CURRENT
	within 6 months ZWL'000	1 to 5 years ZWL'000
At 31 December 2021		
Trade and other payables	1 375 489	2 771 114
Finance lease liabilities		
Loans payable	53 222	183 266
	1 428 711	2 954 380
At 31 December 2020		
Trade and other payables	824 058	1 835 774
Loans payable	150 032	187 496
	974 090	2 023 270

The Company's capital management objectives are designed to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. The Company monitors capital on the basis of the carrying amount of debt finance as a portion of the Company's total debt plus equity finance as presented on the face of the statement of financial position. Management's goal in capital management is to maintain a debt capital-to-overall financing ratio of 1 : 2. This is in line with the Company's covenants resulting from the debt finances it has taken out.

The Company sets the amount of debt capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the 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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

34 CAPITAL FOR THE REPORTING PERIOD UNDER REVIEW IS SUMMARISED AS FOLLOWS:

	2021 ZWL'000	2020 ZWL'000
Debt capital	236 488	337 527
Equity capital	6 150 689	7 240 444
Debt capital	236 488	337 527
Overall financing (debt + equity)	6 387 177	7 577 971
Debt capital-to-overall financing ratio	**4%**	**4%**

35 CONTINGENT LIABILITIES

35.1 Significant litigation cases

There is a case at High Court in which Palehouse made an application for leave to sue HCCL for unlawful termination of an agreement. Whilst HCCL has fair prospects of success on appeal, if it however is unsuccessful it stands to suffer a loss of an estimated amount of US$40 000 000.

36 FAIR VALUE DETERMINATION OF TRANSACTIONS, ASSETS AND LIABILITIES

The determination of fair values presented in the financial statements is affected by the prevailing economic environment. During the course of the year the Company traded in both local ZWL$ and in foreign currency. The official rate between the US dollar and ZWL$ balances was pegged officially at auction rate from January 2021 to December 2021.

37 ADMINISTRATION

The Government on the 17th of October 2020 granted a reconstruction order for Hwange Colliery Company Limited under the Reconstruction of State-Indebted Insolvent Companies Act [Chapter 24:27] (No 27 of 2004).

37.1 The following were appointed:

Mr. Dale Situtu Sibanda	Administrator
Ms. Mutsa Mollie Jean Remba	Assistant Administrator
Mr. Munashe Shava	Assistant Administrator

38 COVID-19

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of Government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

39 EVENTS AFTER THE REPORTING DATE

Subsequent to year end, and at the time of finalising the financial statements, the Russian invasion of Ukraine has had a significant impact on commodity prices, including increases oil, gas, other commodities (copper,steel etc) and gold prices. The oil price is a driver for a number of input costs for the Company including diesel and transport costs.

Management considered the impact of the high inflationary environment in the business planning process used to determine the 2022 operational plan and guidance. However, further significant increases in oil, gas and other commodity prices could have an adverse effect on the Company's business operating results (including increased all in costs) and financial conditions.

The war in Ukraine with its implication and effects on the global economic performance could impact the need for fossil fuel if the war continues to escalate and may possibly result in potential new foreign customers.

FIVE
YEAR RECORD
FOR THE YEAR ENDED 31 DECEMBER 2021

	12 Months December 2021	12 Months December 2020	12 Months December 2019	12 months December 2018	12 Months December 2017
SHARE PERFORMANCE					
Shares in issue	183 720 699	183 720 699	183 720 699	183 720 699	183 720 699
Net asset value per share (cents)	3 348.00	3 941.01	737.27	55.76	86.88
Loss per share (cents)	(5.93)	(3.48)	(0.5)	(0.43)	(0.24)
Share price at 31 December (cents)	-	-	-	-	3
Number of Shareholders	4 332	4 332	4 332	4 332	4 332
Results					
Turnover ($ZWL)	7 505 194 000	3 050 638 037	422 227 974	69 144 019	54 497 858
Loss after tax ($ZWL)	(1 089 755 000)	(639 733 724)	(91 109 521)	(78 442 683)	(43 837 740)
Sales					
Coal tonnes	1 866 126	1 344 109	1 220 698	1 523 619	1 274 707
Coke tonnes	6 965	3 679	44	263	13 779
Financial Ratios					
Issued share capital ($ZWL)	45 962 789	45 962 789	45 962 789	45 962 789	45 962 789
Total reserves ($ZWL)	6 104 727 000	7 194 482 047	1 308 553 424	(335 987 434)	(257 544 751)
Shareholders' equity ($ZWL)	6 150 689 000	7 240 022 395	1 354 516 213	(290 024 645)	(211 581 962)
Deferred taxation ($ZWL)	2 131 329 000	2 211 454 328	509 753 956	-	-
Long term liabilities ($ZWL)	5 089 857 000	4 244 779 245	1 248 526 152	392 459 413	371 194 538
Current assets to current liablities	1.0:1	0.89:1	1.13:1	0.89:1	1.62:1
Acid test (current assets excluding stock to current liabilities)	0.48:1	0.46:1	0.69:1	0.59:1	0.59:1
Long and medium term liabilities as a percentage of shareholders' equity (%)	83%	59%	92%	135%	175%
Number of employees	1 970	1 997	2 022	2 043	2 043

TOP 20
SHAREHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2021

RANK	NAMES	TAX	INDUSTRY	SHARES	PERCENTAGE
1	GOVERNMENT OF ZIMBABWE	GOV	GOV	67 555 968	36.77
2	MESSINA INVESTMENTS LIMITED (NNR)	FC	FC	30 510 331	16.61
3	MITTAL STEEL AFRICAN INVESTMENTS	FC	FC	17 777 034	9.68
4	LONDON REGISTER	NNR	NNR	12 516 576	6.81
5	NATIONAL SOCIAL SECURITY AUTHORITY	PF	PF	11 445 761	6.23
6	HAMILTON & HAMILTON TRUSTEES LTD-NNR	FC	FC	9 415 970	5.13
7	JOHANNESBURG REGISTER	NNR	NNR	3 316 258	1.81
8	MR NICHOLAS RHODES HAMILTON-NNR	NNR	NNR	2 865 346	1.56
9	LOCAL AUTHORITIES PENSION FUND	PF	PF	1 854 571	1.01
10	STANBIC NOMINEES (PVT) LTD	LC	LN	1 260 852	0.69
11	TANRANGE INVESTMENTS (PVT) LTD	LR	LC	1 035 332	0.56
12	GURAMATUNHU FAMILY TRUST	LR	INV	1 008 458	0.55
13	ALEXANDER SETH HAMILTON	LR	LR	1 000 000	0.54
14	EUGENIE BRITANNIA HAMILTON	LR	LR	1 000 000	0.54
15	MAXMILIAN RHETT HAMILTON	LR	LR	1 000 000	0.54
16	ORRIE LINCOLN HAMILTON	LR	LR	1 000 000	0.54
17	RICHMOND LOUIS HAMILTON	LC	LR	1 000 000	0.54
18	NEPSON MOYO	TR	LR	749 884	0.41
19	TANVEST PRIVATE LIMITED	PF	LC	689 616	0.38
20	THOMPSON KAMBA	LR	LR	500 796	0.27
	Selected Shares			167 502 753	91.17
	Non - Selected Shares			16 217 946	8.83
	Issued Shares			183 720 699	100.00

The Company's Listing on the Zimbabwe Stock Exchange was suspended on 2 November 2018 and remains suspended.

NOTES

REGISTERED OFFICE

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P. O. Box 2870 Harare, Zimbabwe
pacosec@hrehwange.co.zw

MAIN OPERATIONS

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Tel: 263 - 81 - 23101/7, 23401/9
Fax: 263 - 81 - 22727, 23052/95

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P.O. Box 2316 TA, Bulawayo, Zimbabwe
Tel: 263 - 9- 72444/8, 79264, 23052/95,
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To view the Online Annual Report, please visit our website at **www.hwangecolliery.net**