Contents

Company Profile

BACKGROUND

Hwange Colliery Company Limited "the Company" (formerly Wankie Colliery Company Limited) is incorporated in the Republic of Zimbabwe and has a primary listing on the Zimbabwe Stock Exchange and secondary listings on the Johannesburg and London Stock Exchanges.

BUSINESS

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 9001:2008 certified 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

STRATEGIC PRIORITY AREAS

Hwange Colliery Company Limited's current corporate objectives are:

(1) Grow revenues and return to business **Profitability** from the current loss position to US$9m per month by 2021
(2) Ensure **Customer Service Excellence and increase sales volumes** to 835 000 Tons per month by 2021
(3) Improve Business **Operational Efficiency** to US$35 per ton by 2021
(4) Ensure Adquate **Systems and human capital capability** to 5 236 tons per man per annum by 2021
(5) To achieve **Safety Health and Environment (SHE) excellence** by maintaining lost time injury frequency rate (LTIFR) at less than 3 and lost time injury severity rate (LTISR) at less than 140;
(6) To adhere to **Good Corporate Governance principles;** and
(7) To **develop and retain critical skills competencies and employee motivation** to maintain competitiveness.

VISION

To Be Number 1 In Coal Mining And Production Of Coal Related Products At The Least Cost In The Region.

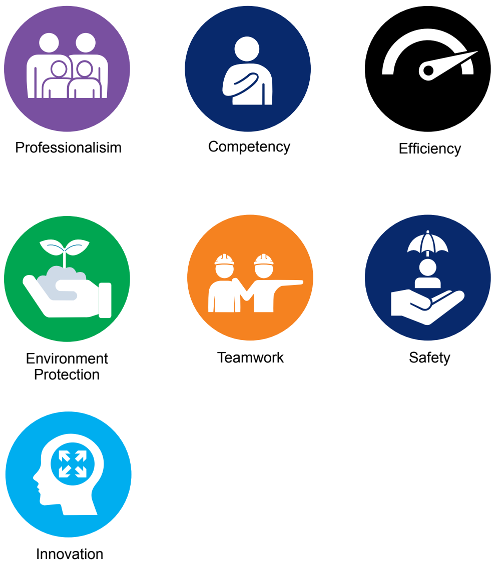
MISSION STATEMENT

To Provide Competitive Coal And Coal Related Solutions To Our Customers Using Modern And Efficient Production Techniques

SHARED VALUES

As the Company delivers on its mission it is guided by its core values which are as follows:

- Innovation
- Safety
- Efficiency
- Competency
- Teamwork
- Execution



Corporate Information

NATURE OF ACTIVITIES

The Company's principal activities are exploration mining and 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 9001:2008 certified by the Standards Association of Zimbabwe (SAZ).

DIRECTORS

J. Muskwe	**Acting Chairperson** Effective 15 December 2017
Dr C. Zinyemba	**Acting Managing Director** Appointed 26 October 2018
S. T. Makore	**Managing Director** Resigned 01 June 2018
S. Manamike	**Acting Managing Director** Appointed 01 June 2018 Resigned 26 October 2018
N. Masuku	**Non-Executive Director**
V. Vera	**Non-Executive Director**
E. N. Tome	**Non-Executive Director**

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).

MANAGEMENT

Dr C. Zinyemba	**Acting Managing Director**
Daniel Mbirikira	**Acting General Manager (Operations)**
Josiah Nduku	**Acting General Manager (Finance & Administration)**
Msekeli Maphosa	**Underground Mine Manager**
Rejoice Ndlovu	**Opencast Mine Manager**
Tafadzwa Masias	**Processing Manager**
Marvin Maseko	**Estates Manager**
Collen Munyamana	**Engineering Services Manager**
Butholezwe Dube	**SHEQ Manager**
Rugare Dhobbie	**Corporate Affairs Manager & Acting Company Secretary**
Sizani Chigumira	**Acting Finance Manager**
George Moyo	**Acting Mine Planning Manager**
Andrew Kondowe	**Acting Information Systems Manager**
Nairos Deredzai	**Acting Medical Services Manager**
Munyaradzi Sibanda	**Acting Human Resources Manager**
Tolani Kamocha	**Acting Strategic Resources Manager**
Ignatius Mudenda	**Acting Internal Audit Manager**
Morgan Gorerino	**Acting Training Co-Ordinator (Management)**

AUDITORS

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

ADMINISTRATOR

Bheki Moyo	**Administrator** Effective 26 October 2018
Mutsa M. J. Remba	**Assistant Administrator** Effective 26 October 2018
Munashe Shava	**Assistant Administrator** Effective 26 October 2018

BANKERS

BancABC
Stanbic Bank Limited
Ecobank
CBZ

SHARE TRANSFER SECRETARIES

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

ATTORNEYS

Chihambakwe Mutizwa and Partners
Mawere Sibanda Legal Practitioners
Majoko and Majoko Legal Practitioners
Coghlan and Welsh Legal Practitioners

CURRENCY OF FINANCIAL STATEMENTS

United States Dollar
Period of account: Year ended
31 December 2018

REGISTERED OFFICES

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

Corporate Information

MR. BEKITEMBA MOYO
ADMINISTRATOR

Mr. Bekitemba Moyo is a Co – founder and Director of DBF Capital Partners a $70 million private equity firm with operations in Southern Africa. Prior to the establishment of DBF, Beki was the Group Chief Financial Officer at ABC Holdings the parent Company of BancABC.

He is a seasoned banker with banking experience spanning over 20 years. Previously worked in Investment banking, Treasury, Risk, Operations and was also in charge of Group IT. His Banking career started at Stanbic Bank in Zimbabwe where he was employed as Chief Accountant.

Prior to joining the Banking world Beki trained and qualified as a Chartered Accountant with Deloitte and Touché where he quickly rose to Audit Manager.

He holds a Bachelor of Accountancy (Honours) degree from the University of Zimbabwe, a Master of Business Administration degree in Banking and Finance from University of Manchester and completed the Harvard Business School's Advanced Management Programme

DR C. ZINYEMBA
ACTING MANAGING DIRECTOR

Dr Zinyemba is a medical practitioner with a career spanning over -- years, he completed Medical Degree training as an Army Cadet in 1986 and did internship (junior Doctor) from 1987 to 1988 at Mpilo Hospital and United Bulawayo Hospitals. Between 1989 to 1994 he worked as a Medical Officer at the Army Referral Hospital at Mbizo Barracks rising to the rank of Major and Senior Medical Officer responsible for running the Medical Services of the Six Infantry Brigade. In 1994 he left the Army for Wankie Colliery Company where he worked as a Medical Officer before leaving to pursue private interests in 1999.

In 2011 Dr Zinyemba re-joined Hwange Colliery Company Limited Executive Management team as Medical Services Manager responsible for the Medical Services Division. On 05 October 2018 he was elevated to Acting Managing Director a position he holds to date.

Dr Zinyemba is a holder of an Executive Master of Business Administration Degree from the National University of Science and Technology (NUST) and is a full member of the College of Primary Care Physicians of Zimbabwe (CPCPZ) and an Associate Member of the Institute of Directors of Zimbabwe (IoDZ). He is married to Mary-Anne and has four children.

MS MUTSA MOLLIE JEAN REMBA
ASSISTANT ADMINISTRATOR

Ms. Mutsa Remba is a legal expert 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 between 2014 and 2018. Having a prosecutorial background with the Ministry of Justice prior to joining DMH, Mutsa is a capable commercial law litigator and has 12 years litigation experience in the High Court of Zimbabwe.

Mutsa has done work in commercial law, mining law and financial services law and has worked on reconstructions, corporate restructurings, business rescue operations as well as mergers and acquisitions, capital raising transactions and debt restructuring and schemes of arrangement.

Mutsa 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 Womens Lawyers Association.

MR MUNASHE SHAVA
ASSISTANT ADMINISTRATOR

Mr Shava is a mining and mining start-up projects executive with a career spanning over 25 years. Having completed a mining engineering diploma in 1993 Mr Shava joined Blanket Mine (now Kinross Gold) where he held the position of Mine Overseer. In 1997 he joined Anglo American Corporation where he was Senior Mining Superintendent at its AARDCOR Mines before leaving in 2002 to join Zimbabwe Platinum Mines as Senior Mining Engineer in charge of mining contracts and mine planning.

Between 2005 and 2014 Mr Shava held mine managerial positions with River Ranch Diamond mine NOVENTA LTD Mozambique Marange Resources and APEX Minerals. He is currently the Chief Operating Officer and Project Leader of Great Dyke Investments having joined in 2014.

Mr Shava 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 the Zimbabwe Institute of Management Manager of the Year Awards for 2014 and 2015 as well recipient of the Megafest Outstanding Man in Business and Business Leadership Awards for 2015.

Notice is hereby given that the **ninety sixth (96th) Annual General Meeting** (AGM) of Shareholders of Hwange Colliery Company Limited will be held at Royal Harare Golf Club 5th Street Extension Harare on **Friday 28 June 2019** at 10:30 am for the following business:

1. ORDINARY BUSINESS

1.1. To receive and consider the audited accounts and the reports of the directors and of the auditors for the year ended 31 December 2018.

1.2. To approve the Directors' fees for the year ended 31 December 2018 of **US$143 319.**

1.3. To approve the remuneration of the auditors for the year ended 31 December 2018 of **US$110 505.**

1.4. To elect auditors of the Company Grant Thornton Chartered Accountants (Zimbabwe) for the ensuing year.

2. SPECIAL BUSINESS

To consider and if deemed fit pass with or without modification the following additional resolutions:

2.1 Borrowing Powers

To obtain by an Ordinary Resolution the ratification of the Company's Borrowing Powers for the year ended 31 December 2018 (Per Article 60 of the Company's Articles of Association)

"THAT the Company's excess borrowings of **US$150 312 839** (One hundred and fifty million three hundred and twelve thousand eight hundred and thirty-nine dollars) in the financial year ended 31 December 2018 be and is hereby ratified."

3. OTHER BUSINESS

To transact such other business as may be transacted at an Annual General Meeting.

4. PROXIES

Members are notified that they are entitled to appoint one or more proxies to act in their alternative to attend and vote and speak in their place at the meeting. A proxy need not be a member of the Company. Proxies must be lodged at the registered office of the Company at least forty-eight hours before the meeting.

By order of the Board

RUGARE DHOBBIE
ACTING COMPANY SECRETARY

1 June 2018

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 efferct from 26 October 2018. As a consequence Mr. B. Moyo was appointed administrator of the Company. Mr Moyo is assisted by Miss Mutsa M. J. Remba And Mr Munashe Shava.

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%
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 2017 the authorized share capital of the Company is 204 000 000 ordinary shares of USD 0.25 each.

Issued and fully paid up shares
The issued share capital at 31 December 2017 is 183 720 699 ordinary shares of USD 0.25 each.

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

BORROWINGS

As at 31 December 2017 no loans were payable within one year (USD12.396 million in 2016) .The decrease is attributed to the restructuring of all loans under the scheme of arrangement, particularly the Zimbabwe Asset Management Corporation. Further the Agribank loan was settled.

PROPERY PLANT & EQUIPMENT

Capital expenditure for the year ended 31 December 2017 was USD 1 707 063 (2016 - USD 102 142) while there were no receipts from disposal of property plant and equipment (2016 – USD 98 762)

The Company's total property plant and equipment amounted to USD 107 569 137 (USD 119 261 362 in 2016).

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).

INCOME AND APPROPRIATIONS

The Company's Income and Appropriations Statements as at 31 December 2018 stood as follows:

	2018 USD	2017 USD
Profit/(loss) before finance costs	(60 851 728)	(30 712 608)
Net finance charges	(17 614 462)	(13 062 019)
Share of profit from equity accounted investments	23 507	(63 113)
Profit/(loss) before taxation	(78 442 683)	(43 837 740)
Taxation	-	-
Profit/(loss) after taxation	(78 442 683)	(43 837 740)
Retained profit/(loss) for the year	(302 429 693)	(258 591 953)
Retained profit/(loss) carried forward	(380 872 376)	(302 429 693)

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 US$110 505 (2016 – US$97 399) for the financial year ended 31 December 2018.

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 2018 are summarized as follows:

	2018 USD	2017 USD
Authorised Borrowings		
Three times Shareholder's equity	-	-
Actual borrowings	-	151 303 807

The Company's Statutory Report (Directors' Report) was approved by the Administrator on .... 2019 and is signed by:

....

ADMINISTRATOR
B. MOYO

ACTING MANAGING DIRECTOR
DR C. ZINYEMBA

BHEKI MOYO
ADMINISTRATOR

On behalf of the administration team I present the audited financial results of Hwange Colliery Company Limited for the year ended 31 December 2018.

FINANCIAL PERFORMANCE

The Company's performance worsened in 2018 in comparison to the 2017 financial year. The loss for the year increased by 79% from US$43.8million recorded in 2017 to US$78.4million during the year under review.

Revenue increased by 27% from US$54.5 million in 2017 to US$69.1 million in 2018. This increase is attributed to increased sales volume from the 1.2 million tonnes recorded in 2017 to 1.5 million tonnes in 2018.

PERFORMANCE

The financial performance was poor against comparable period in 2017 despite increased production and sales volumes mainly as a result of the impairment of some assets as well as subdued coal prices against increased input costs. The company's performance for the period under review also fell short of budgetary targets. This was due to low production levels attributable to working capital constraints. Monthly production average was 150 000 tonnes compared to the budgeted monthly production of 300 000 tonnes. As a result the Company failed to meet the market demand.

Total sales tonnage was 1 522 209 tonnes against a budget of 3 541 860 compared to 1 288 485 and 3 607 799 respectively recorded in 2017. Cost of sales increased by 36% as a result of increased input cost which was driven by the parallel market exchange rate that was being used by most suppliers to charge their products in RTGS.

REVIEW OF OPERATIONS

As demonstrated by the improved sales and production volumes there are signs of recovery despite the widening of the loss position which was mainly a result of impairment of assets and stripping activity assets written off which contributed about $27m. The strategic priorities for the Company's year-end were the following;

a) **Increased production and sales.**
During the year under review the Company focused on increasing production and sales. Production increased to 1.79 million tonnes from the 1.2 million tonnes recorded in 2017 and sales increased to 1.5 million tonnes from the 1.2 million tonnes recorded in 2017.

b) **Open Cast Mining**
The Company's own open cast operation contributed 366 959 tonnes for the year which represents 20% of the total year end production and the contractor operation contributed 1 220 859 tonnes for the year which represents 68% of the total year end production. There is need to increase own production to over 50% of total production going forward. There were constraints in the logistics and processing section of the value chain which are being addressed. Coal movement was largely by road which is an expensive mode of transportation. The revival of the National Railways of Zimbabwe and our own conveyor belt to the power station will come as a solution to the logistical requirements for the product to reach to customers in a cost effective way. Efforts continue to be made to secure working capital.

c) **Optimisation of Underground Mine Operations**
The Company continued to optimise underground mine operations and managed to do over 35 000 tonnes for the best month and the aim is to increase production to 50 000 tonnes per month. While the full production of the underground mine operations were delayed its a sign towards recovery as production of high value products is set and the Company's capacity to generate export sales from coking coal and coke is enhanced. Foreign currency remained a challenge during the year as most of the underground equipment spares are imported from South Africa.

d) **Coke Production**
The Company is still pursuing takeover project of the Hwange Coal Gasification Company (HCGC) Coke oven battery pursuant to a BOOT Agreement with its Chinese partners in HCGC. Engagements remain in place to ensure that this is achieved without placing risk on the Company. The Company has placed more emphasis and attention on the building of its own coke oven battery going forward.

e) **Cost reduction**
The Company adopted a low cost high productivity strategy. This has enabled the Company to significantly reduce its costs. The employment costs have reduced owing to the short time working arrangement as well as revision of employment benefits in line with industry best practice as well as Company's capacity to pay. The strategy was however negatively affected by the macroeconomic environment which pushed prices of inputs up.

f) **Improve efficiencies and competitiveness**
As the Company increases the thrust on the core business of mining it will also look at ways of allowing other entities to assist in the running of town services such as road maintenance electrical power distribution and sewage treatment. The adoption of enterprise resource planning systems to automate the administration of the business will also improve efficiencies and lower the cost per ton of coal produced.

OUTLOOK

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

a) **Increasing the volume of high value and high margin coking coal**
The company will continue to focus more on underground mine operations and opencast operations at the JKL pit in order to increase high value coking coal in the product mix.

b) **Toll coking and replacement of Hwange Colliery's Coke Oven Battery**
The company will pursue toll coking arrangements with the available coke oven batteries in order to generate foreign currency from the export of coke in the medium to long term. The company will also consider options to construct own coke oven battery using the cheaper modern technologies.

c) **Fixed and mobile plant repair and restoration of full capacity**
As a mine that has operations spread-out on a wide geographic area it is important to use efficient means of transporting coal from the pits to the processing plants and the rail siding. Therefore the repair and full capacity restoration of the coal handling plant conveyor belts and the No 2 processing plant is a key enabler for high volume and least cost production. Urgent attention will be to increase excavators repair the HMS plant and acquire the third shuttle car for underground.

d) **Development of new Concessions**
The life of mine at the current open cast operations is estimated to be less than 10 years. Therefore the non-renewal of the Western Areas coal fields mining rights threatens the future of the company as well as the 25 year coal supply agreement which was signed with the Zimbabwe Power Company's Hwange Power Station Stage 3 expansion. These new developments require the company to plead for the renewal of the western areas or get alternative reserves around the current mining areas if there are any chances to supply stage 3 expansion with coal and also guarantee of the opencast mining operations to beyond 10 years.

e) **Increase volume of export sales**
Given the deliberate focus on increasing the mix of high value and margin coking coal and coke the Company will grow its market share in the neighbouring countries. Hwange

Colliery's coking coal and coke meets exacting quality specifications in the ferro-chrome industries and smelters. In collaboration with the National Railways of Zimbabwe the Company will develop dedicated solutions for the delivery of coking coal and coke products to customers in the region and within the country.

ZIMBABWE STOCK EXCHANGE LISTING

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

DIRECTORATE

During the year under review Hwange Colliery Company was placed under reconstruction in terms of section 4 of the Reconstruction of State-Indebted Insolvent Companies Act (Chapter 24:27). I was appointed as Administrator assisted by Mutsa Mollie Jean Remba & Munashe Shava.

Owing to the above Messrs Muskwe J Vera V Masuku N and Tome E.N ceased to be Non-Executive Directors of Hwange Colliery Company Limited with effect from 26 October 2018.

APPRECIATION

I would like to express my gratitude to the administration team management and Staff for their collective efforts and dedication to the Company.

B. MOYO (MR)
ADMINISTRATOR
26 April 2019


HWANGE

DR C. ZINYEMBA
ACTING MANAGING DIRECTOR

INTRODUCTION

It is my privelege to present the Operational Review for Hwange Colliery Company Limited for the year ended 31 December 2018.

SAFETY HEALTH ENVIRONMENT AND QUALITY

The Company's objective is zero harm to the environment people and equipment. During the period under review the milestone of 1.5 million fatality free hours was reached. Unfortunately the Company had a fatality in the last month of the year. This tragedy was investigated and further actions to learn and prevent the incident were recorded and disseminated. Pneumoconiosis coverage for the Company was more than 90% which is above the industry's average. Run-off water and storm water causes seasonal acid mine water drainage into the nearby Deka River. Monitoring of water pollution to the Deka River continued and stakeholder meetings were held to appraise coal mining companies and the community about the level of pollution into the river.

The Company has a Corporate Social Responsibility programme to install boreholes in the community which extract clean water for the community and livestock. The Company's certification for ISO 9001:2008 was approved by the Standards Association of Zimbabwe.

COAL & COKE PRODUCTION

During the year under review the Company focused on increasing production and sales. Production increased to 1.79 million tonnes from the 1.2 million tonnes recorded in 2017 and sales increased to 1.5 million tonnes from the 1.2 million tonnes recorded in 2017.

Open Cast Mining

The Company's own open cast operation contributed 366 959 tonnes for the year which represents 20% of the total year end production and the contractor operation contributed 1 220 859 tonnes for the year which represents 68% of the total year end production. There is need to increase own production to over 50% of total production going forward. There were constraints in the logistics and processing section of the value chain which are being addressed. Coal movement was largely by road which is an expensive mode of transportation. The revival of the National Railways of Zimbabwe and our own conveyor belt to the power station will come as a solution to the logistical requirements for the product to reach to customers in a cost effective way. Efforts continue to be made to secure working capital.

Optimisation of Underground Mine Operations

The Company continued to optimise underground mine operations and managed to do over 35 000 tonnes for the best month and the aim is to increase production to 50 000 tonnes per month. While the full production of the underground mine operations were delayed its a sign towards recovery as production of high value products is set and the Company's capacity to generate export sales from coking coal and coke is enhanced. Foreign currency remained a challenge during the year as most of the underground equipment spares are imported from South Africa.

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Cost reduction

The Company adopted a low cost high productivity strategy. This has enabled the Company to significantly reduce its costs. The employment costs have reduced owing to the short time working arrangement as well as revision of employment benefits in line with industry best practice as well as Company's capacity to pay. The strategy was however negatively affected by the macroeconomic environment which pushed prices of inputs up.

Improve efficiencies and competitiveness

As the Company increases the thrust on the core business of mining it will also look at ways of allowing other entities to assist in the running of town services such as road maintenance electrical power distribution and sewage treatment. The adoption of enterprise resource planning systems to automate the administration of the business will also improve efficiencies and lower the cost per ton of coal produced.

ESTATES DIVISION PERFORMANCE

Revenue grew by 34% to $9 5 million compared to the previous year. The revenue was generated from the following segments: real estate retail hospitality and education. It posted a profit of $1 4million compared to an operating profit $1 2million in the previous year. However even though the division was profitable it was in a negative cash position due to offset arrangements with debtors especially former employees. The division commenced initiatives to register a community trust which will administer recreational and sporting activities in the community with funding from the beerhalls and the sports facilities. During the financial period 2017 the division also embarked on a project to re-paint houses. The rehabilitation of the aerodrome was 90% complete at the end of the year. An Enterprise Resource Planning system suitable for a municipality is being considered for implementation. Valuation of the town infrastructure and the houses will be done in order to understand the underlying value of the assets that are generating the income.

MEDICAL SERVICES DIVISION PERFORMANCE

Revenue grew by 19% to $0.67 million compared to the previous year. However this division still reported a loss of $2 194 143 compared to an operating loss of $1 4million in the previous year. The Company contracted Cellmed to provide a medical aid service through a tender process. This service improved the division's cash flow and therefore availability of drugs and medication improved significantly by the end of the year. In addition the Company contracted Nyaradzo funeral services to provide funeral cover to employees and their dependants through a tender process. The cash position of the division improved with the introduction of the medical aid for the company. It could not fund the patient management system which is still required to run the operations efficiently.

LEGAL AND REGULATORY

As a good corporate citizen the company endeavours to meet national and regional laws and regulations. The areas of interest are safety competition corporate governance listing and disclosures environment labour and taxation. The Company's reputation is exposed if compliance with laws and regulations are not adhered to. The Company and or its officers have to be protected from penalties or criminal sanctions by conducting its business within the confines of the laws and regulations. During the year under review the Company did not record any material penalties and/ or litigations owing to the restructuring of its debts under the scheme.

The new government has made investor friendly changes in the indigenisation laws and more changes are expected when the Mines and Minerals Act is promulgated.

TRAINING AND SKILLS DEVELOPMENT

Hwange Colliery has always taken pride in its capacity and capability to provide training to youths. The following training statistics bear testimony to this fact:

CONCLUSION

I would like to express my gratitude to the administration team management and Staff for their collective efforts and dedication to the Company.

DR C. ZINYEMBA
ACTING MANAGING DIRECTOR

13 March 2018

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

for the year ended 31 December 2018

It is the Administrators' 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 Administrator has 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 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 confirm 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 10 to 58 were in accordance with their responsibilities approved by the Administrator on .... 2019 and are signed on its behalf by:

....
ADMINISTRATOR

....
ACTING MANAGING DIRECTOR

These Financial statements were prepared under the supervision of:

Josiah Nduku
Acting General Manager: Finance and Administration
Hwange Colliery Company Limited

Grant Thornton
Camelsa Business Park
135 Enterprise Road Highlands
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Zimbabwe

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E info@zw.gt.com
www.grantthornton.com

INDEPENDENT AUDITORS' REPORT

To the members of Hwange Colliery Company Limited

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the Financial statements of Hwange Colliery Company Limited as set out on pages 10 to 58 which comprise the statement of financial position as at 31 December 2018 and the statement of profit or loss and other comprehensive income the statement of changes in equity and the statement of cash flows for the year then ended and the notes to the 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 2018 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Going concern

As described in notes 34.1 and 34.2 to these financial statements the Company incurred a loss for the year of USD78 442 683 (2017: USD43 877 740) and as at 31 December 2018 the Company's total liabilities exceeded its total assets by USD290 024 645 (2017:USD211 581 962).
As more fully disclosed in note 34.4 to these financial statements the Company was placed under reconstruction in terms section 4 of the Reconstruction of State-Indebted Insolvent Companies Act (Chapter 24:27). This was done to rescue the company from the current difficulties which resulted in liabilities of the company exceeding assets which is technical insolvent.
The Company's administrator has initiated plans to address these and other challenges through the following amongst other turnaround initiatives:

- Implementation of cost control and working capital management system by allocating most of the cash resources towards the operations requirements.
- Putting in place a comprehensive production and sales plan which will be driven by own mining at 3 Main underground mine and JKL opencast mine.
- Continue with the scheme of arrangement agreed payment plan with creditors taking into consideration any adjustments in time lines after engagement with all creditors.

Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates

On 1 October 2018 the Reserve Bank of Zimbabwe (RBZ) issued a Monetary Policy Statement which directed banks to separate bank accounts into Real Time Gross Settlement Foreign Currency Accounts (RTGS FCAs) and Nostro FCAs.

As described in Note 39 to these financial statements during the year ended 31 December 2018 the Company transacted using a combination of Nostro FCA (USD) and RTGS FCA (electronic payments) including mobile money bond notes and coins. These financial statements have a mix of transactions and balances denominated at an exchange rate of 1:1 between the Nostro FCA (USD) and RTGS FCA including mobile money bond notes and coins.

The Company operated in a 'multi-tiered' pricing environment during the period under review where settlement of transactions was dependent on the mode of payment whether USD cash electronic payment mobile money or bond notes and coins. This 'multi-tiered' pricing environment resulted in transactions bearing similarities to what one would expect with transactions that are undertaken in different currencies to which IAS 21-The Effects of Changes in Foreign Exchange Rates would apply.

Subsequent to year-end as indicated in note 40 to these financial statements a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 22 February 2019. In addition SI 33/2019 fixed the exchange rate between the RTGS Dollar and the USD at 1:1 for the period up to its effective date.

The Company maintained its functional currency as the USD and has presented the financial statements in USD using an exchange rate of 1:1 in compliance with SI 33/2019. This constitutes a departure from the requirements of IAS 21. There was lack of consistency between the requirements of SI 33/2019 and IAS 21in that SI 33/2019 gives the USD as the functional currency at 1:1 with the RTGS dollar while IAS 21 requires that an assessment be made of the change in functional currency and financial statements be presented at a rate that approximates the market rate. As described in note 40 the Company had to be guided by SI 41/2019 which states that in the case of any inconsistency between a local pronouncement issued by the Board through a notice in the Government Gazette and any international standard the local pronouncement shall take precedence to the extent of the inconsistency. Had the financial statements been prepared in accordance with the requirements of IAS 21 many elements would have been materially affected. As a result the impact of the Company's inability to comply with IAS 21 has been determined as significant. The effects on the financial statements of the non-compliance with IAS 21 are considered material and pervasive to the financial statements taken as a whole.

The Directors have performed a sensitivity analysis of how different exchange rates would have impacted the financial statements as at 31 December 2018 and disclosed this sensitivity analysis in note 40 to the financial statements. These amounts presented may not reflect the opening balances in RTGS Dollars going forward.

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

As described in note 16 to these financial statements included in equity accounted investments are the Company's share of losses from its investments in associates and joint ventures namely; Clay Products Limited Zimchem Refiners (Private) Limited and Hwange Coal Gasification Company Limited. The financial statements of the associates and the joint venture company have not been audited. 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.

Financial support from the Government of Zimbabwe

Included in borrowings is an amount of USD 10 364 514 that was availed by the Government of Zimbabwe. We were not availed with documentation pertaining to this amount. Consequently we were unable to verify the classification and valuation of this amount received from the Government of Zimbabwe.

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.

Key Audit Matter	How our audit addressed the key Audit Matter
Allowance for credit losses The Company has trade receivables amounting to USD 33 414 497 and allowance for credit losses of USD 24 595 962 as disclosed in note 21 to the financial statements and form a major portion of the Company's assets. We considered this area a key audit matter as it requires the application of subjective assumptions and judgement by management.	• We reviewed the methodology and assumptions used in determining the allowance for credit losses by reference to internal and external evidence as well as the appropriateness of the process of making such estimates. • Performed an independent assessment of the allowance for credit losses and compared our results to the management estimate so as to ascertain the adequacy of allowance for credit losses. We considered management's judgement to be reasonable and we satisfied ourselves that the allowance for credit losses provided by the Company is adequate and appropriate.

Recognition of revenue	How our audit addressed the key Audit Matter
Revenue is a key measure used to evaluate the performance of the Company. ISA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements presumes that there are risks of fraud in revenue recognition and requires the auditor to treat those assessed risks of material misstatement due to fraud as significant risks. The material misstatement may arise as a result of revenue being presented at amounts higher than what has been generated by the Company. This is a significant risk and accordingly a key audit matter.	• We identified the occurrence completeness and cut-off of revenue as key focus areas of our audit. • Our audit procedures included testing of design existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of revenue transactions. • We identified key controls and tested these controls to obtain satisfaction that they were operating effectively throughout the year under review. • The results of our controls testing formed 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). • We performed analytical procedures and assessed the reasonableness of explanations provided by management. We satisfied ourselves that the Company's revenue recognition is adequate and appropriate.
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 USD 8 807 711 as at 31 December 2018. Coal fines are a by-product from crushing and processing of coal various sizes of coal products. There is no observable market to determine the fair value of coal fines and as a result there is a risk that the carrying amount of coal fines inventory may exceed the net realisable value. 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 valued and classified in the financial statements.

Trade and other payables	How our audit addressed the key Audit Matter
Understatement of payables • The company has been failing to settle its creditors as they fall due. As at 31 December 2018 the Company had payables amounting to USD 251 155 273. There is a risk that the payables are understated due to non-recognition of interest charges by suppliers on overdue amounts. This is a significant risk and accordingly a key audit matter.	• Reviewed the creditors' reconciliation statements prepared by management. • Obtained confirmations directly from creditors with material balances as at 31 December 2018. • Ensured that management adjusted the ledger balances to reflect the effect of the differences between the confirmed balances and those in the ledger. • Vouched a sample of cash disbursements recorded just after year end to receiving reports and invoices from suppliers. We are satisfied that the trade and other payables as at 31 December 2018 are fairly stated.
Income taxes and deferred tax In the context of our audit of the Company's financial statements income taxes and deferred tax were considered to be key audit matters because they entail significant management judgement as summarized below. **Income taxes:** • The assessment process for income taxes is complex and the amounts involved are material to the financial statements taken as a whole. • In determining the amounts to be taxed the Company makes judgements and estimates in relation to tax issues. **Deferred tax:** The Company has a significant amount of deferred tax assets mainly resulting from net operating losses. The risk exists that future profits will not be sufficient to fully recover the deferred tax assets. This is a significant risk and accordingly a key audit matter.	• We involved our tax specialist to evaluate the recognition and measurement of tax liabilities. • We tested the completeness and accuracy of the amounts reported for current tax through review of correspondence with tax authorities and tax returns submitted during the year. • In this area our audit procedures included among others using our own tax specialists to assist us in assessing the appropriateness of the level of deferred tax liability balance recognized in the balance sheet. • We mainly focused on the long-term forecasts and critically assessed the assumptions and judgements included in these forecasts by considering the historical accuracy of forecasts and the sensitivities of the profit forecasts. Based on the procedures performed we consider management's key assumptions to be within a reasonable range. We also assessed the adequacy of the tax disclosures in the financial statements.

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.
- 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 Standard (IAS) 21-The Effect of Changes in Foreign Exchange Rates the Financial statements have been properly prepared in compliance with the requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments SI 33/99 and SI 62/96.

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

FARAI CHIBISA
PARTNER
Registered Public Auditor (PAAB No: 0547)

Statement Of Profit Or Loss And Other Comprehensive Income

for the year ended 31 December 2018

	Notes	2018 USD	2017 USD
Revenue	5	69 144 019	54 497 858
Cost of sales		(72 540 235)	(53 150 059)
Gross (loss)/profit		(3 396 216)	1 347 799
Other income	7	1 312 918	795 358
Other gains and losses	8	-	(3 609)
Marketing costs		(584 759)	(1 232 479)
Administrative costs		(32 261 863)	(25 098 637)
Impairment of assets	14	(19 607 454)	-
Care and maintenance		(6 314 355)	-
Loss on disposal of treasury bills		-	(6 521 040)
Operating loss before interest and tax		(60 851 728)	(30 712 608)
Finance costs	9	(17 614 462)	(13 062 019)
Share of profit/(loss) from equity accounted investments	10	23 507	(63 113)
Loss before tax	11	(78 442 683)	(43 837 740)
Income tax expense	12	-	-
LOSS FOR THE YEAR		(78 442 683)	(43 837 740)
Other comprehensive income:			
Share of other comprehensive income of equity accounted investments net of tax		-	-
Other comprehensive income net of tax		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(78 442 683)	(43 837 740)
Attributable loss per share - basic	13.1	(0.43)	(0.24)
- diluted	13.2	(0.43)	(0.24)
Headline loss per share - basic	13.3	(0.31)	(0.20)
- diluted	13.4	(0.31)	(0.20)

Statement Of Financial Position

as at 31 December 2018

	Notes	2017 USD	2016 USD
ASSETS			
Non current assets			
Property plant and equipment	14	80 135 517	107 569 137
Investment property	15	4 490 000	4 490 000
Investments accounted for using the equity method	16	14 776 538	14 753 031
Intangible assets	17	486 448	699 311
Inventories - non current portion	18	6 812 230	8 138 714
Stripping activity asset	19	1 471 273	-
		108 172 006	135 650 193
Current assets			
Stripping activity asset		-	8 871 563
Inventories	20	16 948 244	13 413 017
Trade and other receivables	21	31 914 245	31 427 775
Cash and cash equivalents	23	1 562 699	8 864 181
		50 425 188	62 576 536
Total assets		158 597 194	198 226 729
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	25.1	45 962 789	45 962 789
Share premium	25.2	577 956	577 956
Non-distributable reserve	25.3	4 358 468	4 358 468
Revaluation reserve	25.4	39 948 518	39 948 518
Accumulated losses		(380 872 376)	(302 429 693)
		(290 024 645)	(211 581 962)
Non current liabilities			
Finance lease liability	27	500 000	600 000
Borrowings	28.1	169 393 312	150 312 838
Long term creditors	29	212 511 251	210 226 850
Income tax liability	31	10 054 850	10 054 850
Deferred tax liability	12.4	-	-
		392 459 413	371 194 538
Current liabilities			
Finance lease liability	27	811 190	390 969
Borrowings	28.2	545 455	-
Trade and other payables	29	38 644 022	24 364 013
Provisions	30	16 161 759	13 859 171
		56 162 426	38 614 153
Total equity and liabilities		158 597 194	198 226 729

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B. MOYO
ADMINISTRATOR

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DR C. ZINYEMBA
ACTING MANAGING DIRECTOR

capital	Share premium USD	Share reserves USD	Non-distributable reserve USD	Revaluation losses USD	Accumulated Total USD	USD
Balance at 1 January 2016	45 962 789	577 956	4 358 468	39 948 518	(258 591 953)	(167 744 222)
Total comprehensive loss for the year	-	-	-	-	(43 837 740)	(43 837 740)
Balance at 31 December 2016	45 962 789	577 956	4 358 468	39 948 518	(302 429 693)	(211 581 962)
Balance at 1 January 2017	45 962 789	577 956	4 358 468	39 948 518	(302 429 693)	(211 581 962)
Total comprehensive loss for the year	-	-	-	-	(78 442 683)	(78 442 683)
Balance at 31 December 2017	45 962 789	577 956	4 358 468	39 948 518	(380 872 376)	(290 024 645)

Statement Of Cash Flows

for the year ended 31 December 2018

	Notes	2018 USD	2017 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(78 442 683)	(43 837 740)
Adjustment for non-cash items:			
Foreign exchange gain/(loss)		-	3 609
Insurance claim	7	(304 243)	(129)
Finance costs	9	17 614 462	13 062 019
Impairment of assets	14	19 607 454	-
Inventory write down of spares products		3 408 769	-
Depreciation	14	11 993 174	13 399 288
Share of (profit)/loss from equity accounted investments		(23 507)	63 113
Amortisation	17	212 863	269 530
Treasury bills discount reversal		(892 349)	-
Discount received		(441 721)	(1 756 767)
Operating cash flow before changes in working capital		(27 267 781)	(18 797 077)
Changes in working capital:			
(Increase)/decrease in inventory		(2 208 743)	2 895 528
Decrease/(increase) in stripping activity asset		7 400 290	(8 871 563)
Increase in receivables		(486 470)	(13 132 468)
Increase in provisions		2 302 588	2 695 829
Increase/(decrease) in trade and other payables		14 280 009	(212 673 109)
Cash utilised in operating activities		(5 980 107)	(247 882 860)
Interest paid		(1 254 171)	-
Net cash flows utilised in operating activities		(7 234 278)	(247 882 860)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property plant and equipment		(4 167 008)	(1 707 063)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease)/increase in long-term creditors		(5 896 901)	210 226 850
Proceeds from borrowings		12 789 048	52 284 000
Repayment of borrowings		(2 792 343)	(4 335 506)
Proceeds from insurance		-	129
Net cash flows generated from financing activities		4 099 804	258 175 473
Net decrease in cash and cash equivalents		(7 301 482)	8 585 550
Cash and cash equivalents at beginning of the year		8 864 181	278 631
Cash and cash equivalents at end of year		1 562 699	8 864 181

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 grouped 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 XXX XXXth April 2019.

Functional and presentation currency

These financial statements are presented in United States Dollars being the functional and reporting currency of the primary economic environment in which the Company operates. The continued constrained exchangeability between the United States Dollars and Real Time Gross Settlement or Bond notes and coins require application of IAS 21: The Effects of Changes in Foreign Currency Rates. However the Company was not able to comply with the requirements of this standard due to the need to adhere to the requirements of Statutory Instrument 33 of 2019.

Use of estimates and judgements - Determination of the functional currency

In 2009 the Government introduced the multi-currency regime. The united state dollar (USD) became the principal trading currency and was accepted as both the functional and presentation currency by most entities in Zimbabwe including the Company. Due to the shortages of foreign currency which started in 2016 the Reserve Bank Of Zimbabwe introduced significant monetary and exchange control policies between 2016 to date . The following are some of the major policies introduced:

1 Introduction of government directives to open the Real Time Gross Settlement System (RTGS) to use other currencies (i.e. ZAR etc.) and the requirement for entities to further adopt and embrace multi-currencies.

2 Introduction of $200 million worth of bond notes in addition to the bond coins initially issued at 1:1 rate to the USD.

3 Promulgation of new legislation in the form of statutory instruments 122A of 2017 that defines currency to include bond notes and coins only for the purposes of the regulations. Statutory Instrument 122A of 2017 was crafted with the objective of curbing illegal dealings in currency and giving the police special powers to confiscate the currency notes.

4 Priority listing of foreign payments which brought an impact on the timimg of settlement of foreign payables.

5 The seperation of RTG FCA accounts and Nostro FCA accounts with effect from 15 October 2018.

The shortage of cash and funded Nostro bank accounts saw the emergence of different prices for goods and services settled via Real time Gross Settlement System (RTGS) Point of sale (POS) and mobile money. As a result of this and other factors the directors had to make an assessment to determine whether the use of the USD as the Company's functional currency is still appropriate and are the financial statements complying with the guidelines of IAS 21 . The different modes of settlement does not result in change in functional currency. The Administrator concluded that the USD is still the functional currency for the Company and the RTGS$ for year under review was pegged at 1:1 with the US$.

2 STATEMENT OF COMPLIANCE

The abridged financial results of the Company have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and International Accounting Standards (IASB).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's partiall complied with the International Financial Reporting Standards due to the requirements to comply with Statutory Instrument 33 of 2019.

3 CHANGE IN ACCOUNTING POLICIES

3.1 New and revised IFRS affecting amounts reported and/or disclosures in the financial statements.

In the current year the Company applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018. The amended standards described below did not have a material impact on the financial position or performance of the Company:-

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on hedge accounting classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

When adopting IFRS 9 the Company has opted not to restate prior periods. There were no differences arising from the adoption of IFRS 9 in relation to classification measurement and impairment are recognised in retained earnings.

3.2 New Standards amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

IFRS 16 'Leases'

IFRS 16 will replace IAS 17 and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability. IFRS 16 is effective from periods beginning on or after 1 January 2019. Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information. However in order to determine the impact the Company is in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition.
- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are or contain a lease as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices.
- assessing their current disclosures for finance leases (Note 28) and operating leases as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets.
- determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions.

4 SUMMARY OF ACCOUNTING POLICIES

4.1 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:

4.2 Investment in associates and joint ventures

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

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.

4.3 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.

4.3.1 Sale of goods

Revenue from sale of coal and related products is recognised when the Company has transferred to the buyer the significant risks and rewards of ownership generally when the customer has taken undisputed delivery of the goods.

4.3.2 Dividend income

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

4 SUMMARY OF ACCOUNTING POLICIES (continued)

4.3.3 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.

4.3.4 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.

4.4 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.

4.5 Finance costs

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

4.6 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.

4.7 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''.

4.7.1 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.

4.7.2 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.

4 SUMMARY OF ACCOUNTING POLICIES (continued)

4.8 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.

4.9 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 grouped 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.

4.10 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.

4.11 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.

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.

4.11.2 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.

4.11.3 Trade receivables

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows considering the potential for default at any point during the life of the financial instrument. In calculating the expected credit loss the Company uses its historical experience credit risk and credit profile of each receivable is considered on an individual basis external indicators and forward-looking information is used to calculate the expected credit losses. 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.

4.11.4 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.

4 SUMMARY OF ACCOUNTING POLICIES (continued)

4.12 Stripping activity asset

Stripping asset activity represents the cost of overburden removed to expose coal and is capitalised during the course of development. The portion relating to reserves expected to be mined in the next twelve months (12) is transferred to current assets and is charged to cost of production as the coal is mined whilst the portion that is expected to be mined after twenty four (24) months is recognised under non-current assets as other assets.

After initial recognition the stripping activity asset is carried at cost less depreciation and impairment losses.

4.13 Inventories

In the ordinary course of business less applicable variable selling expenses.

4.14 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.

4.15 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.

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.

4.16 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.

4 SUMMARY OF ACCOUNTING POLICIES (continued)

4.17 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.

18 Trade payables

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

4.19 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.

4.20 Employee benefits

4.20.1 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.

4.20.2 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.

4.20.3 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.

4.21 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

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.

4.21.1 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.

4 SUMMARY OF ACCOUNTING POLICIES (continued)

4.22 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

4.23 Related parties

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

4.23.1 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;

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

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

4.23.4 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;

4.23.5 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

4.23.6 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.

Close family members of an individual are those family members who may be expected to influence or be influenced by that individual in their dealings with the entity.

	2018 USD	2017 USD
5 REVENUE		
Mining	56 787 889	44 292 950
Medical services	2 045 280	668 434
Estates	10 310 850	9 536 474
	69 144 019	54 497 858

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.

6 SEGMENT REPORTING (continued)

Segment information for the reporting period is as follows:

	Mining USD	Medical Services USD	Estates USD	Total USD
2018				
Revenue				
From external customers	56 787 889	2 045 280	10 310 850	69 144 019
From other segments	-	144 770	464 906	609 676
Segment revenues	56 787 889	2 190 050	10 775 756	69 753 695
Other income	1 142 886	74 555	95 477	1 312 918
Cost of sales	(61 860 149)	(3 281 341)	(7 398 745)	(72 540 235)
Marketing costs	(584 759)	-	-	(584 759)
Care and maintenance	(6 314 355)	-	-	(6 314 355)
Administration expenses	(29 433 864)	(220 666)	(2 607 333)	(32 261 863)
Segment operating (loss)/profit	(40 262 352)	(1 237 402)	865 155	(40 634 599)
Segment assets	94 302 313	-	-	94 302 313
2017				
Revenue				
From external customers	44 292 950	668 434	9 536 474	54 497 858
From other segments	-	1 327 596	540 728	1 868 324
Segment revenues	44 292 950	1 996 030	10 077 202	56 366 182
Other income	615 105	68 880	111 370	795 355
Cost of sales	(42 626 226)	(2 482 362)	(8 041 472)	(53 150 059)
Balance carried forward	2 281 829	(417 451)	2 147 100	4 011 478
Marketing costs	(1 232 479)	-	-	(1 232 479)
Other gains/losses	(3 609)	-	-	(3 609)
Redundancy costs	(3 914 047)	(159 418)	(308 599)	(4 382 064)
Loss od disposal of Treasury bills	(6 521 040)	-	-	(6 521 040)
Care and maintenance	(3 988 663)	-	-	(3 988 663)
Administration expenses	(16 214 826)	(332 744)	(2 048 659)	(18 596 229)
Segment operating loss	(29 592 835)	(909 614)	(210 158)	(30 712 607)
Segment assets	106 838 702	-	3 740	106 842 442

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

	2018 USD	2017 USD
The Company's revenues from external customers are divided into the following geographical areas:		
Sales within Zimbabwe	66 786 802	51 970 674
Sales elsewhere in Sub-Saharan Africa	2 357 217	2 527 184
Total revenue	69 144 019	54 497 858

		2018 USD	2017 USD
7	**OTHER INCOME**		
	Insurance claims	304 243	129
	Rental income	465 525	528 879
	Sale of scrap metal	241 624	90 037
	Sundry income	301 526	176 313
		1 312 918	795 358
8	**OTHER GAINS AND LOSSES**		
	Foreign exchange loss	-	3 609
9	**FINANCE COSTS**		
	Interest on loans and overdrafts	17 485 367	12 884 362
	Interest on leases	129	177 657
		17 614 462	13 062 019

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

Included in this amount is the Company's share of loss after tax from:

	2018 USD	2017 USD
Clay Products (Private) Limited	23 507	(63 113)
Hwange Coal Gasification Company	-	-
	2 507	(63 113)

The share of loss of Zimchem Refiners (Private) Limited amounting to USD 189 704 was not recorded in these financial statements as the cumulative share of losses exceeds the carrying amount of the investment in the associate.

Unaudited financial information for Clay Products (Private) Limited and Zimchem Refiners (Private) Limited has been included in these financial statements as the audited financial information was not available.

11 LOSS BEFORE TAX

Loss before tax for the year has been arrived at after charging the following:

	2018 USD	2017 USD
Expected credit losses	1 164 968	2 891 699
Amortisation	212 863	269 530
Annual licence fees - mining rights	-	125 000
Audit fees	110 505	110 505
Depreciation on property plant and equipment (note 15)	11 993 174	13 399 288
Impairment of assets (note 15)	19 607 454	-
Directors' emoluments:		
- Executive Directors	441 065	439 606
- Non-Executive Directors	71 370	143 319
Employee benefits expense (note 12.1)	19 094 941	26 783 564
Retrenchment package	-	2 346 042
Loss on disposal of Treasury bills	-	6 521 040

		2018 USD	2017 USD
11	**LOSS BEFORE TAX**		
11.1	**Employee benefits expense**		
	Salaries and other contributions	17 816 032	25 175 753
	Contribution to Mining Industry Pension Fund	974 373	1 056 360
	Contribution to National Social Security Authority	304 536	551 451
		19 094 941	26 783 564
	Employee benefit expense amounting to USD 6 694 782 (2017: USD 11 558 294) was charged directly to cost of sales.		
12	**INCOME TAX**		
12.1	**Current tax:**		
	Current tax	-	-
	Deferred tax	-	-
	Income tax (credit)/expense	-	-
12.2	**Tax reconciliation:**		
	Loss before tax	(78 442 683)	(43 837 740)
	Notional tax thereon at a rate of 25.75%	(20 198 991)	(11 288 218)
	Tax effect of:		
	Non deductible/(taxable) items		
	- Income not subject to tax	(95 556)	(128 217)
	- Expenses not deductible in determining tax	12 292 224	9 068 174
	Unrecognised tax losses	8 002 323	2 348 261
	Tax (credit)/expense	-	-
12.3	**Deferred tax movement**		
	Balance at 1 January	-	-
	Debit/(credit) to profit or loss	-	-
	Balance at 31 December	-	-
12.4	**Deferred tax liabilities:**		
	Capital allowances and other		
	Balance at 1 January	18 006 111	22 541 304
	(Credit)/debit to profit or loss	12 128 138	(4 535 193)
	Balance at 31 December	30 134 249	18 006 111

		2018 USD	2017 USD
12.5	**Deferred tax assets:**		
	Assessed loss		
	Balance at 1 January	(18 006 111)	(22 541 304)
	Debit to profit or loss	(12 128 138)	4 535 193
	Balance at 31 December	(30 134 249)	(18 006 111)

As at year end the Company had assessed tax losses amounting to USD 269 952 889 (2017: USD 238 224 811). The Company has a history of recent losses and the deferred tax asset recognised in relation to the assessed loss has been limited to USD 30 134 249 being the cumulative taxable temporary differences as at 31 December 2018.

The unrecognised assessed loss of USD 145 926 679 will be recognised in future when sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the Company. The unrecognised tax losses are carried forward indefinitely.

13 LOSS PER SHARE

		2018 USD	2017 USD
13.1	**Basic**		
	Loss attributable to shareholders	(78 442 683)	(43 837 740)
	Weighted average number of ordinary shares in issue	183 720 699	183 720 699
	Basic loss per share	(0.43)	(0.24)

Basic 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 diluted 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 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 diluted 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 profit.

	2018 USD	2017 USD
Loss used to determine diluted loss per share	(78 442 683)	(43 837 740)
Weighted average number of ordinary shares in issues	183 720 699	183 720 699
Diluted loss per share	(0.43)	(0.24)

		2018 USD	2017 USD
13.3	**Headline loss per share**		
	Headline loss per share excludes all items of a capital nature and represents an after tax amount. It is calculated by dividing the headline loss shown below by the number of shares in issue during the year:		
	IAS 33 - Loss for the year	(78 442 683)	(43 837 740)
	Non - recurring items:		
	Proceeds on sale of scrap	(241 624)	(90 037)
	Retrenchement costs	-	4 382 064
	Impairment of assets	19 607 454	-
	Stripping activity asset impairment	7 400 290	-
	Loss on disposal of Treasury Bills	(892 350)	6 521 040
	Tax effect of the above	(4 756 921)	(2 260 089)
	Headline loss	(57 325 834)	(35 284 762)
	Weighted average number of ordinary shares in issue	183 720 699	183 720 699
	Headline loss per share	(0.31)	(0.19)
13.4	**Diluted headline loss per share**		
	Loss used to determine diluted headline loss per share	(57 325 834)	(35 284 762)
	Weighted average number of ordinary shares in issue	183 720 699	183 720 699
	Diluted headline loss per share	(0.31)	(0.19)

HWANGE COLLIERY COMPANY LIMITED (Under Reconstruction)

14 PROPERTY PLANT AND EQUIPMENT

	Freehold land and buildings USD	Plant machinery and movables USD	Motor vehicles USD	Capital work in progress USD	Total USD
YEAR ENDED 31 DECEMBER 2018					
Cost/gross carrying amount					
Balance at 1 January	102 833 842	116 385 108	3 254 621	4 330 295	226 803 866
Additions	-	2 164 405	73 044	1 929 559	4 167 008
Reclassification of assets	-	963 858	-	(963 858)	-
Balance 31 December	102 833 842	119 513 371	3 327 665	5 295 996	230 970 874
Depreciation and impairment					
Balance at 1 January	34 069 979	82 362 925	2 801 825	-	119 234 729
Depreciation charge for the year	2 709 600	9 164 346	119 228	-	11 993 174
Impairment	-	17 256 246	-	2 351 208	19 607 454
Balance 31 December	36 779 579	108 783 517	2 921 053	2 351 208	150 835 357
Carrying amount 31 December	66 054 263	10 729 854	406 612	2 944 788	80 135 517
YEAR ENDED 31 DECEMBER 2017					
Cost/ gross carrying amount					
Balance at 1 January	102 833 842	116 385 108	2 937 602	2 940 251	225 096 803
Additions	-	-	317 019	1 390 044	1 707 063
Balance 31 December	102 833 842	116 385 108	3 254 621	4 330 295	226 803 866
Depreciation and impairment					
Balance at 1 January	31 159 879	72 011 531	2 664 031	-	105 835 441
Depreciation charge for the year	2 910 100	10 351 394	137 794	-	13 399 288
Balance 31 December	34 069 979	82 362 925	2 801 825	-	119 234 729
Carrying amount 31 December	68 763 863	34 022 183	452 796	4 330 295	107 569 137

14.1 Finance lease arrangements

The Company has certain property that is held under a finance lease arrangement. As at 31 December 2018 the carrying amount of the property is USD 670 930 (2017: USD 720 921) included in freehold land and buildings. Finance lease liabilities are secured by the related assets held under finance leases. Future minimum lease payments at 31 December were as follows:

	Minimum lease payments due			
	Within 1 year USD	1 to 5 years USD	After 5 years USD	Total USD
31 December 2018				
Principal repayments	500 000	100 000	400 000	1 000 000
Finance charges accrued	311 190	-	-	311 190
Total	811 190	100 000	400 000	1 311 190
31 December 2017				
Principal repayments	400 000	100 000	500 000	1 000 000
Finance charges accrued	(9 031)	-	-	(9 031)
Total	390 969	100 000	500 000	990 969

	2018 USD	2017 USD
15 INVESTMENT PROPERTY		
Valuation at 1 January	4 490 000	4 490 000
Fair value gains (included in other gains and losses)	-	-
At 31 December	4 490 000	4 490 000

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.
Note 32.1 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:

	2018 USD	2017 USD
Rental income	465 525	528 879

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2018 USD	2017 USD
Investments in associates (note 16.1)	23 507	-
Investments in joint venture (note 16.2)	14 753 031	14 753 031
	14 776 538	14 753 031

	2018 USD	2017 USD
16.1 Investments in associates		
Carrying amount as at 1 January	-	63 113
Share of profit/(loss)	23 507	(63 113)
Carrying amount as at 31 December	23 507	-

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:

	Clay Products		Zimchem	
	2018 USD	2017 USD	2018 USD	2017 USD
Assets	2 818 092	2 827 176	1 504 009	1 984 009
Liabilities	3 684 070	3 741 126	6 714 802	6 285 979
Revenues	1309 254	570 198	1 171 729	1 411 335
Profit/(loss) for the year	47 973	(387 152)	(908 823)	(1 354 292)
Loss for the year attributable to Hwange Colliery Company Limited	23 507	(189 704)	(399 882)	(595 888)

The Company did not recognise its share of losses for the year amounting to USD 399 882 (2017: USD 595 888) for Zimchem Refiners (Private) Limited as the share of cumulative losses exceed the carrying amount of the investment in the associate.

The Company recognised a share of profit for the year amounting to USD 23 507 (2017: USD 189 704 loss) for Clay Products (Private) Limited.

Dividends are subject to the approval of at least 51% of all shareholders of the associates. The Company did not receive dividends during the 2018 and 2017 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.

	2018 USD	2017 USD
16.2 Investments in joint venture		
Carrying amount as at 1 January	14 753 031	14 753 031
Additional investment	-	-
Share of loss	-	(1 197 355)
Dividends received	-	-
Carrying amount as at 31 December	14 753 031	14 753 031

16.3 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:

	2018 USD	2017 USD
Non-current assets	47081554	47 081 554
Current assets	36526062	36 526 062
Total assets	83 607 616	83 607 616
Non-current liabilities	26 687 951	26 687 951
Current liabilities	8 430 295	8 430 295
Total liabilities	35 118 246	35 118 246

	Exploration and evaluation asset USD	Mining rights USD	ERP development and other software USD	Total USD
17 INTANGIBLE ASSETS				
2018				
Cost/ Gross carrying amount				
Balance at 1 January 2018	7 705	200 000	2 028 630	2 236 335
Additions	-	-	-	-
Balance at 31 December 2018	7 705	200 000	2 028 630	2 236 335
Amortisation and impairment				
Balance at 1 January 2018	-	161 112	1 375 912	1 537 024
Amortisation	-	10 000	202 863	212 863
Balance at 31 December 2018	-	171 112	1 578 775	1 749 887
Carrying amount 31 December 2018	7 705	28 888	449 855	486 448
2017				
Cost/ Gross carrying amount				
Balance at 1 January 2017	7 705	200 000	2 028 630	2 236 335
Additions	-	-	-	-
Balance at 31 December 2017	7 705	200 000	2 028 630	2 236 335
Amortisation and impairment				
Balance at 1 January 2017	-	94 445	1 173 049	1 267 494
Amortisation	-	66 667	202 863	269 530
Balance at 31 December 2017	-	161 112	1 375 912	1 537 024
Carrying amount 31 December 2017	7 705	38 888	652 718	699 311

The Company has an enterprise resource planning (ERP) software that supports the administration and control of the Company. Some modules for mine planning and marketing are still to be developed. 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.

		2018 USD	2017 USD
18	**INVENTORIES - NON CURRENT PORTION**		
	Balance at 1 January	9 732 259	10 683 011
	Additions to stockpiles	281 260	-
	Sales	(1 205 808)	(950 752)
	Balance at 31 December	8 807 711	9 732 259
	Balance at end of year is classified as follows:		
	Non-current portion	6 812 230	8 138 714
	Current portion (included in inventories)	1 995 481	1 593 545
		8 807 711	9 732 259

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 2018 (2017: USD nil).

		2018 USD	2017 USD
19	**STRIPPING ACTIVITY ASSET**		
	Balance at 1 January	8 871 563	-
	Current year pre-stripping costs	-	8 871 563
	Provision for impairment	(7 400 290)	-
	Balance at 31 December	1 471 273	8 871 563
	Balance at end of year allocated as follows:		
	Non-current assets	1 471 273	-
	Current assets	-	8 871 563
	Balance at end of year	1 471 273	8 871 563
20	**INVENTORIES**		
	Raw materials/consumables	6 150 610	9 144 097
	Finished goods		
	- Coal	8 802 153	2 675 375
	- Coal fines (note 18)	1 995 481	1 593 545
		16 948 244	13 413 017

During the year ended 31 December 2018 a total of USD 3 408 769 (2017: USD 307 544) 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 2018 (2017: nil)

	2018 USD	2017 USD
21 TRADE AND OTHER RECEIVABLES		
Trade receivables gross	33 414 497	45 444 344
Allowance for credit losses	(24 595 962)	(23 430 994)
Trade receivables net	8 818 535	22 013 350
Other receivables	23 095 710	9 414 425
	31 914 245	31 427 775

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 USD 7 023 510 (2017: USD 15 518 203) relating to related party receivables (note 22.2).

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 a decrease in allowance for credit losses of USD 1 164 968 (2017:USD 2 891 699 increase) has been recognised.

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

	2018 USD	2017 USD
Balance 1 January	23 430 994	20 539 295
Increase in allowance for credit losses	1 164 968	2 891 699
Balance 31 December	24 595 962	23 430 994

22 RELATED PARTY DISCLOSURES

22.1 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

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.

22.2 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.

	2018 USD	2017 USD
Related party receivables:		
Hwange Coal Gasification Company	6 731 667	15 229 281
Clay Products (Private) Limited	53 766	53 341
Zimchem Refineries (Private) Limited	238 077	235 581
	7 023 510	15 518 203
Related party payables:		
Hwange Coal Gasification Company	4 338 672	14 011 004
Zimchem Refineries (Private) Limited	24 639	39 666
	4 363 311	14 050 670

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 2018 HCCL sold coking coking coal worth USD 5 549 868 (2017: USD 4 833 006) 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 2018 HCCL sold coal products worth USD 62 533 (2017: USD 7 705) 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 2018 HCCL sold coal products worth USD 26 645 (2017: USD 19 481) to Zimchem Refineries.

Loans from shareholders

Included in the non-current portion of the balance relating to borrowings (note 28) 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:

	2018 USD	2017 USD
Government of Zimbabwe (note 28)	138 174 513	119 955 416

22.3 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:

	2018 USD	2017 USD
Short-term employee benefits:		
Salaries including bonuses	2 372 367	1 737 733
Other benefits and allowances	1 003 119	1 425 184
	3 375 486	3 162 917
Post-employment benefits:		
Defined contribution pension plans	184 492	122 273
Total remuneration	3 559 978	3 285 191

23 CASH AND CASH EQUIVALENTS

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

	2018 USD	2017 USD
Bank and cash balances	1 562 699	8 864 181
Bank overdrafts	-	-
	1 562 699	8 864 181

24 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 USD	2017 USD
Listed equity securities - held for trading - Zimbabwe		
- Fair value as at 1 January	-	4 645
- fair value adjustment	-	(4 645)
Fair value	-	-

Fair value adjustment on financial assets at fair value through profit or loss are presented within 'operating activities'.

Changes in fair values of financial assets at fair value through profit or loss are recorded in profit or loss.

The fair value of all equity securities is based on their current bid prices in an active market.

25 SHARE CAPITAL AND RESERVES

	2018 USD	2017 USD
25.1 Authorised		
204 000 000 Ordinary shares of USD0.25 each	51 000 000	51 000 000
Issued and fully paid		
110 237 432 Ordinary shares of USD0.25 each	27 559 358	27 559 358
5 925 699 Ordinary shares issued under share option scheme	1 514 039	1 514 039
67 557 568 "A" Ordinary shares of USD0.25 each	16 889 392	16 889 392
	45 962 789	45 962 789
25.2 Share premium		
Balance at 1 January	577 956	577 956
Movements during the year	-	-
Balance at 31 December	577 956	577 956

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

	2018 USD	2017 USD
25.3 Non-distributable reserve		
Balance at 1 January	4 358 468	4 358 468
Transfer within the reserves	-	-
Balance at 31 December	4 358 468	4 358 468

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.

		2018 USD	2017 USD
25.4	**Revaluation reserve**		
	Balance at 1 January	39 948 518	39 948 518
	Movements during the year	-	-
	Balance at 31 December	39 948 518	39 948 518

The movement in the revaluation reserve is attributable to the revaluation of the Company's investment properties perfomed by Messrs Dawn Properies on 31 December 2011.

25.5 Employee share option scheme

As at 31 December 2018 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 2018 no shares (2017: nil) were allocated to employees under the employee share option scheme.

25.6 Directors' interests

At 31 December 2018 the current Directors did not hold any beneficial and non-beneficial ordinary shares in the Company.

25.7 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.

As at 31 December 2018 total borrowings amounted to USD 169 972 515 (2017: USD 150 312 838). As a result of the negative equity the borrowings will need to be sanctioned at an Annual General meeting.

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

25 DIRECTORS' REMUNERATION

Remuneration of the Company's Directors' disclosed is pursuant to Section 8.63(l) of the JSE Listing requirements. The Directors' remuneration for the year ended 31 December 2018 was as follows:

Executive Director	Salary USD	Retirement and medical contributions USD	Other benefits and allowances USD	2018 Total USD	2017 Total USD
Mr. S.T. Makore - Managing Director (Appointed 1 June 2014)	247 104	19 628	172 874	439 606	327 451

Non-Executive

Directors	Fees USD	Board meetings USD	Audit committee USD	Human Resources committee USD	Marketing committee USD	Technical committee USD	Other USD	2018 Total USD	2017 Total USD
Mrs. J. Muskwe Acting Chairman (Appointed 07/12/2017)	13 500	1 200	-	750	900	-	4 244	20 594	26 308
Mr. W. Chitando (Chairman) (Resigned 11/12/2017)	1 210	1 200	600	750	900	150	4 855	29 665	19 622
Mr. J. Chininga (Resigned 19/05/2016)	-	-	-	-	-	-	-	-	7 910
Mr. V. Vera	16 500	1 500	450	-	750	300	4 244	23 744	28 573
Mr. W. Kutekwatekwa (Resigned 18/07/2017)	9 540	900	450	450	-	750	4 244	16 334	15 667
Mrs. N. Masuku (Appointed 13/05/2016)	4 730	1 500	750	-	-	900	4 244	22 124	14 872
Mr. A. Ngapo (Resigned 28/07/2017)	7 740	900	-	-	-	-	4 244	12 884	375
Mr E. N Tome (Appointed 24/03/2017)	11 520	1 200	600	-	750	600	3 304	17 974	-
Mr. S. Chibanguza (Resigned 29 February 2016)	-	-	-	-	-	-	-	-	500
	94 740	8 400	2 850	1 950	3 300	2 700	29 379	143 319	113 827

		2018 USD	2017 USD
27	**FINANCE LEASE LIABILITY**		
	Non-current	500 000	600 000
	Current	811 190	390 969
		1 311 190	990 969
	The finance lease liability carrying amount is disclosed as follows:		
27.1	**OK Zimbabwe**		
	Long term portion	500 000	600 000
	Add: Short term portion	811 190	390 969
		1 311 190	990 969
	Finance lease liability		
	Principal	1 000 000	1 000 000
	Accrued interest	311 190	(9 031)
		1 311 190	990 969

This OK Zimbabwe lease is a Build Operate and Transfer agreement for the establishment of a supermarket building which OK Zimbabwe funded the construction of the building for its own occupation for a period of nine years and eleven months. The estimated cost of construction is USD 1 000 000 and the interest rate is 10 % per annum.

		2018 USD	2017 USD
28	**BORROWINGS**		
28.1	**Long term loans**		
	Export Import Bank of India (EXIM)	14 430 000	13 703 666
	Government of Zimbabwe	138 174 513	119 955 416
	Zimbabwe Asset Management Corporation (ZAMCO)	16 788 799	16 653 756
		169 393 312	150 312 838
	less - Current portion of long term loans	-	-
		169 393 312	150 312 838
28.2	**Short term loans**		
	CBZ	545 455	-

28.3 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.

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 USD 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 USD 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.

		2018 USD	2017 USD
29	**TRADE AND OTHER PAYABLES - CURRENT**		
	Trade	16 478 846	9 382 539
	Other	22 165 176	14 981 474
		38 644 022	24 364 013
	Trade and other payables-Long term		
	Trade	89 873 683	73 277 839
	Other	122 637 568	136 949 011
		212 511 251	210 226 850
30	**PROVISIONS**		
	Provision for rehabilitation (note 30.1)	8 683 675	7 217 507
	Other provisions (note 30.2)	7 478 084	6 641 664
		16 161 759	13 859 171
30.1	**Provision for rehabilitation**		
	At 1 January	7 217 507	6 371 883
	Charged to profit or loss:		
	Additional provisions made during the year	1 466 168	845 624
	At 31 December	8 683 675	7 217 507

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 Directors 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.

		2018 USD	2017 USD
30.2	**Other provisions**		
	Death benefits	4 095 801	3 528 558
	Leave pay and bonus provisions	3 382 283	3 113 106
		7 478 084	6 641 664
31	**Income tax liability**		
	Balance at 1 January	10 054 850	10 054 850
	Movement	-	-
	Balance at 31 December	10 054 850	10 054 850

32 FAIR VALUE MEASUREMENT

32.1 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 2017:

31 December 2018	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Investment property:				
Land situated in Harare with an administration building	3 400 000	-	-	3 400 000
Land situated in Bulawayo with an administration building	1 000 000	-	-	1 000 000
Land situated in Bulawayo with a residential building	50 000	-	-	50 000
Land situated in Bulawayo with a residential building	40 000	-	-	40 000
	4 490 000	-	-	4 490 000

31 December 2017	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Investment property:				
Land situated in Harare with an administration building.	3 400 000	-	-	3 400 000
Land situated in Bulawayo with an administration building.	1 000 000	-	-	1 000 000
Land situated in Bulawayo with a residential building.	50 000	-	-	50 000
Land situated in Bulawayo with a residential building.	40 000	-	-	40 000
	4 490 000	-	-	4 490 000

The investment properties were valued on 31 December 2016 by Messrs Dawn Properties 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 USD790 000 was realised in 2016 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.

33 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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.

33.1 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

33.2 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.

34 GOING CONCERN

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

34.1 Recurring losses

The Company incurred a loss for the year of USD 78 442 683 (2017 : USD 43 837 740). The increase in the reported loss by the Company is mainly attributable to non recurring expenditure recognised by the company through the impairement of assets amounting to USD 19 607 454 . Production volumes increased from 1 280 829 tonnes in 2017 to 1 791 977 tonnes in 2018.

34.2 Negative equity

As at 31 December 2018 the Company's total liabilities exceeded total assets resulting in a negative equity position of USD 290 024 645 (2017: USD 211 581 962). This is attributable to recurring losses which eroded the capital and reserves.

34.3 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 Directors have 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:

34.4 Hwange placed under reconstruction

Hwange Colliery Company has been placed under reconstruction in terms section 4 of the reconstruction of State-Indebted Insolvent Companies Act (chapter 24:27). This was done to rescue the company from the current difficulties which resulted in liabilities of the company exceeding assets which is technical insolvent. This is expected to give a professional and fresh approach to try and give the company a chance to overcome the bottlenecks which were centered on poor production and sales volumes

Comprehensive production and sales plan

"The company has put in place a comprehensive production and sales plan which will be driven by own mining at 3 Main underground mine and JKL opencast mine. This plan will see 3 Main producing an average of 35 000 MT per month of high value coking coal in the first half of 2019 and will increase production to 40 000 MT in July and to 50 000 MT in October 2019. JKL operation will produce an average of 70 000 MT per month in the first half of 2019 and increase the volumes to 120 000 in the 2nd half. This will be 50% power coal and 50% high value coking coal. The mining contractor is also expected to produce 100 000 MT per month as from July 2019. This will be 50% industrial coal and 50% power coal. This production plan will see the company shifting away from the traditional approach of relying more on the contractor capacity than its own."

"The sales plan will be driven by the sale of high value coking coal to mainly coke batteries and industry. The company is also planning to start producing coke by the second half of 2019 through toll coking. The company has capacity and market to produce and sale a minimum of 45 000 MT of coking coal locally. The company have also made significant steps towards penetrating the southern market which has potential for 30 000 MT of coking coal and 10 000 MT of industrial coal which will bring the much needed foreign currency. The company has put 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 170 000 MT for HCCL own mining."

"The key projects that are expected to stabilize production to the planned level of 170 000 MT for HCCL own mining is the acquisition of 2 excavators for opencast and a third shuttle car for 3 Main. The projects will be funded mainly from the internally generated resources through the sale of coking coal and some prepayment arrangements with some key customers."

Cost control and working capital management strategies

The company is also going to implement a very tight cost control and working capital management system by 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.

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 adjusted a bit through engagements with all the creditors. This strategy will see the company reversing the gross loss in 2019 and start moving towards profitability."

35 FINANCIAL INSTRUMENTS BY CATEGORY

31 December 2018

	Loans and receivables USD	Financial assets at fair value through profit or loss USD	Total USD
Assets as per statement of financial position			
Trade and other receivables	31 914 245	-	31 914 245
Cash and cash equivalents	1 562 699	-	1 562 699
Total	33 476 944	-	33 476 944

	financial liabilities at fair value through profit or loss USD	Other financial liabilities at amortised cost USD	Total USD
Liabilities as per statement of financial position			
Borrowings (excluding finance lease liabilities)	-	169 938 767	169 938 767
Finance lease liabilities	-	1 311 190	1 311 190
Trade and other payables	-	38 644 022	38 644 022
Total	-	209 893 979	209 893 979

	Loans and receivables USD	Financial assets at fair value through profit or loss USD	Total USD
Assets as per statement of financial position			
Trade and other receivables	31 427 775	-	31 427 775
Cash and cash equivalents	8 864 181	-	8 864 181
Total	40 291 956	-	40 291 956

	financial liabilities at fair value through profit or loss USD	Other financial liabilities at amortised cost USD	Total USD
Liabilities as per statement of financial position			
Borrowings (excluding finance lease liabilities)	-	150 312 838	150 312 838
Finance lease liabilities	-	990 969	990 969
Trade and other payables	-	24 364 013	24 364 013
Total	-	179 667 820	179 667 820

36 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:

36.1 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.

36.2 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.

36.3 Currency risk

The Company is exposed to foreign currency risk on transactions that are denominated in a currency other than the United States 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 United States 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.

36.4 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.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was not adequately met for the reporting periods. Funding for long-term liquidity needs is not readily available on the market due to tight liquidity on the local and regional financial markets.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables do not exceed the current cash outflow requirements. Cash flows from trade and other receivables are all collectible within six months and trade and other payables are contractually due within six months.

36.4 Liquidity risk

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 USD	6 to 12 months USD	1 to 5 years USD	Later than 5 years USD
At 31 December 2018				
Trade and other payables	38 644 022	-	212 511 251	-
Finance lease liabilities	811 190	-	500 000	-
Loans payable	545 455	-	169 393 312	-
	40 000 667	-	382 404 563	-
At 31 December 2017				
Trade and other payables	24 364 013	-	210 226 850	-
Finance lease liabilities	390 969	-	600 000	-
Loans payable	-	-	150 312 838	-
	24 754 982	-	361 139 688	-

37 CAPITAL MANAGEMENT POLICIES AND PROCEDURE

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.

Capital for the reporting period under review is summarised as follows:

	2018 USD	2017 USD
Debt capital	171 249 957	151 303 807
Equity capital	(290 024 645)	(211 581 962)
Debt capital	171 249 957	151 303 807
Overall financing (debt + equity)	(118 774 688)	(60 278 155)
Debt capital-to-overall financing ratio	(144%)	(251%)

38 CONTINGENT LIABILITIES

38.1 Significant litigation cases
Litigation cases have been included in the value of cases pending judgement at the courts in note 34 above.

39 OPERATING ENVIRONMENT

In 2017 the economic environment had started to show signs of distortions where a 'multi-tiered' pricing regime was creeping into the economy in which similar goods and services were being priced differently depending on the mode of payment whether USD cash electronic payment mobile money or bond notes and coins.

The 2018 operating environment was characterised by significant monetary and fiscal policy reforms that commenced in October 2018.

Distortions in the foreign exchange market negatively affected the economic environment resulting in the proliferation of the 'multi-tiered' pricing where settlement of transactions was depending on the mode of payment whether USD cash electronic payment mobile money or bond notes and coins.

During the year the company predominantly transacted in RTGS FCA (electronic payments) including mobile money bond notes and coins.

40 EVENTS AFTER THE REPORTING DATE

On 20 February 2019 the Reserve Bank of Zimbabe (RBZ) Governor announced a new Monetary Policy Statement whose highlights were as follows:

40.1 The denomination of RTGS balances bond notes and coins collectively as RTGS dollars "RTGS $" and subsequent inclusion of RTGS dollars as part of the multi-currency sytsem.

40.2 RTGS dollars to be used by all entities (including government) and individuals in Zimbabwe for purposes of pricing goods and services record debts accounting and settlement of domestic transactions.

40.3 The establishment of an inter-bank foreign exchange market where the exchange rate would be determined by market forces.

On 22 February 2019 Statutory Instrument 33 of 2019 was issued. The statutory instrument prescribed the accounting for RTGS balances and bond notes and USD transactions as well as the related conversions. It also gave effect to the introduction of the RTGS dollar as legal tender. In terms of this statutory instrument "for accounting and other purposes" certain assets and liabilities on the effective date would be deemed to be RTGS dollars at a rate of 1:1 to the USD and would become opening RTGS dollar values from the effective date. Following this the Directors adopted the RTGS dollar as its functional and reporting currency with effect from 22 February 2019.

Adjusting event
The announcement of the Monetary Policy Statement on 20 February 2019 and the subsequent issuance of 'SI 33/2019' on 22 February 2019 were considered by management to be adjusting events after the reporting period which in terms of IAS 10 - Events after the reporting period would require adjustments to the financial statements. However 'SI 33/2019' prescribed specific accounting treatment for assets and liabilities which was not consistent with International Financial Reporting Standards (IFRSs) In the light of the lack of consistency between the requirements of IFRSs and 'SI 33/2019' management were guided by 'SI 41/2019' which states that in the case of any inconsistency between a local pronouncement issued by the Board through a notice in the Government Gazette and any international standard the local pronouncement shall take precedence to the extent of the inconsistency. Management have therefore prepared these financial statements in USD and applied a rate of 1:1 between USD.

Five Year Record

for the year ended 31 December 2018

	12 Months December 2018	12 Months December 2017	12 Months December 2016	12 months December 2015	12 Months December 2014
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)	55.76	86.88	(48.12)	(26.00)	21
Loss per share (cents)	(0.43)	(0.24)	(0.63)	(0.63)	(0.21)
Share price at 31 December (cents)	-	3	3	3	5
Number of shareholders	4 332	4 332	4 332	4 332	4 358
Results					
Turnover ($'US)	69 144 019	54 497 858	39 911 465	67 576 220	83 918 846
Profit/(Loss) after tax ($US)	(78 442 683)	(43 837 740)	(89 909 990)	(115 056 773)	(37 865 885)
Sales					
Coal tonnes	1 523 619	1 274 707	910 105	1 504 400	1 706 798
Coke tonnes	263	13 779	3 293	53 874	79 708
Tar - kgs					
Benzole products - litres					
Coke oven gas - normal cubic metres					
Financial ratios					
Issued share capital ($US)	45 962 789	45 962 789	45 962 789	45 962 789	45 962 789
Total reserves ($US)	(335 987 434)	(257 544 751)	(214 284 967)	(124 374 977)	(9 318 204)
Shareholders' equity ($US)	(290 024 645)	(211 581 962)	(167 744 222)	(77 834 232)	37 222 541
Deferred taxation ($US)					9 367 557
Long term liabilities ($US)	392 459 413	371 194 538	79 334 350	29 659 003	800 000
Current assets to current liabilities	0.89:1	1.62:1	0.12:1	0.23:1	0.42:1
Acid test (current assets excluding stock to current liabilities)	0.59:1	1.04:1	0.07:1	0.11:1	0.18:1
Long and medium term liabilities as a percentage of shareholders' equity (%)	135%	175%	47%	0	2
Number of employees	2 043	2 035	2 117	2 659	2 778

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.

Proxy Form

For use at the Ninety sixth (96th) Annual General meeting of the Company to be held at Royal Harare Golf Club 5th Street Extension Harare on Friday 28 June 2019 at 10:30 am

The Secretary
Hwange Colliery Company Limited
7th Floor Coal House
17 Nelson Mandela Avenue
HARARE
Zimbabwe

or by post to
The Secretary
Hwange Colliery Company Limited
P O Box 2870
HARARE
Zimbabwe

I/We ____of ___________________________

______________________________________ being the registered holders of ______________shares in Hwange Colliery Company Limited do hereby appoint:-
1.____ or failing him/her
2.____ or failing him/her the Chairman of the Annual General Meeting as my/our proxy to vote on my/our behalf at the **Ninety sixth (96th)** Annual General Meeting of the Company which to be held at Royal Harare Golf Club 5th Street Extension Harare on **Friday 28 June 2019** at 10:30 am and at any adjournment thereof and to vote for me/us on my/our behalf or to abstain from voting as indicated below:

	FOR	AGAINST	ABSTAIN
ORDINARY BUSINESS			
1. Adoption of 2018 audited financial statements			
2. Approval of Directors' Fees – 2018			
3.1. Approval of auditors remuneration – 2018			
3.2 Re - appointment of auditors			
SPECIAL BUSINESS			
4.1 Ratification of Borrowing Powers - 2018			

Signature

Date

NOTES OF PROXY FORM

1. A Shareholder entitled to attend and vote may insert the name/s of one or more proxy/ies or the names of two alternative proxies of the Shareholder's choice in the space provided with or without deleting "the Chairman of the Annual General Meeting". Any such proxy the proxy will be exercised by the chairman of the meeting.
2. The person whose name appears first on the proxy form and is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A proxy is entitled to one vote by a show of hands by a poll one vote in respect of each share held. A Shareholder's instructions to the proxy must be indicated in the appropriate space.
4. If a Shareholder does not indicate on this interment that his proxy is to vote in favour of or against any resolution or abstain from voting or gives contradictory instructions or should any further resolutions or any amendment/s which may be properly put before the Annual General Meeting be proposed the proxy shall be entitled to vote as he/she thinks fit.
5. Any alteration or correction made to this form must be initialized by the signatory/ies.
6. The completion and lodging of this form will not preclude a Shareholder from attending the Annual general Meeting and speaking and voting in person thereat to the exclusion of any proxy/ies appointed in terms hereof should such Shareholder wish to do so.
7. Forms of proxy must be lodged with or posted to the Secretary Hwange Colliery Company Limited to be received no later than 48 hours before the time fixed for the meeting.
8. The Chairman of the meeting may accept or reject any proxy form which is completed and/or received other than in accordance with these instructions

CHANGE OF ADDRESS
If the address on the envelop of this letter is incorrect or has changed please fill in the correct details below and return to the Secretary.

NAME ____

ADDRESS ____