



MINING PROMOTION CORPORATION

# ANNUAL REPORT

# 2021







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## 1.0 Letter to the Minister of Mines & Mining Development

05 May 2023

The Honourable Minister  
Ministry of Mines and Mining Development  
7th Floor, Zimre Centre  
Harare

Attention: Honourable Minister W. Chitando

### **RE: ANNUAL REPORT ON AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

As required by Section 49 of the Public Finance Management Act (Chapter 22:19) and as read with Section 52 of the Mining Promotion Corporation Memorandum and Articles of Association, I have the pleasure of presenting the Annual Report and Financial statements of the Mining Promotion Corporation for the year ended 31 December 2021.

Yours faithfully,

-----  
Dr. N. J. MOYO  
BOARD CHAIRPERSON



## Mining Promotion Corporation Private Limited (MPC)

### REGISTERED OFFICE ADDRESS

90 Mutare Road  
MMCZ Building  
Msasa  
Harare

### BANKERS

**CBZ Bank**  
62 Mutare Road  
Destiny Electronics Building  
Msasa  
Harare



## 2.1 Background

The Mining Promotion Corporation (Pvt) Ltd is a state-owned enterprise that was first incorporated in 1967 in terms of the Companies Act, Chapter 223. The Company was established to carry out exploration and development for national strategic minerals. In the Mid 1980s to early 1990s, MPC carried out exploration work on ZMDC properties such as Jena, Sabi and Elvington gold mines as well as the Mhangura, Shackleton, Alaska, Cedric and Sanyati Copper mines.

### 2.2 MANDATE

The MPC is mandated to assist in the development of the mineral resources of the country by undertaking:

- » Prospecting, exploration and development work
- » Obtaining, analyzing and making available information concerning mineral properties and markets for minerals.
- » Carrying out research into new or improved processes for the production, extraction or processing of minerals and mineral substances.
- » Promoting or participating in mining operations (exploitation) of deposits or occurrences of minerals, mineral oils or natural gases and processing of the products of such operations.
- » To acquire and deal with grants, licenses, concessions, leases, options and rights of all kinds in respect of land supposed to contain minerals, mineral oils or natural gases.
- » To carry out any or all of the businesses of prospecting for mining, treating, refining, processing, or dealing in base minerals, precious metals, precious stones, and mineral substances of all kinds.

## 2.3 VISION, MISSION, VALUES

### VISION

To seek-out and enhance national mineral endowment through sustainable exploration and development.

### MISSION

To unlock and quantify the mineral wealth of the Country to result in the sustainable development of deposits to their full economic potential through diligent planning and consistent execution of strategies that benefit the Nation.



## CORPORATION'S VALUES

VALUE	MEANING
TRANSPARENCY	Sharing relevant information and acting in an open manner
INTEGRITY	Adherence to strict moral or ethical conduct
COMMITMENT	Accountability and dedication to one's work
INNOVATIVENESS	Original and creative thinking





## 3.0 DIRECTORS AND EXECUTIVE MANAGEMENT PROFILES

### 3.1 NON-EXECUTIVE DIRECTORS' PROFILES



**DR. Nomusa Jane Moyo**

**CHAIRPERSON**

**NM**

Dr Nomusa Moyo is the current Board Chairman for Mining Promotion Corporation. She is also the current Deputy General Manager – Corporate Affairs for MMCZ. **She is a holder of Doctorate degree in Laws (specialising in corporate governance), Master in Laws, Bachelor of Laws degree, Chartered Institute of Secretaries (CIS), Bsc Honours in Economics.**

She was the winner of the **2016 Unisa Doctorate Thesis Publication Award**. Dr Moyo joined the Department of Taxes as a Tax officer and rose through the ranks to the position of Principal Tax Officer before joining the Zimbabwe Revenue Authority at its inception in 2001. At ZIMRA she held the positions of Investigation Specialist, Chief Legal Officer and Head Legal Drafting before leaving for GMB in 2009. She briefly worked as Company Secretary at GMB and joined MMCZ in December 2009 as a Company Secretary.

Dr Moyo is a registered member of the **Law Society of Zimbabwe and an Associate Member of the Chartered Institute of Secretaries and Administrators**. She worked as a Member of the Chamber of Mines Human Resources Committee from 2016 to 2017. She is a part time lecturer at Midlands State University for Ethics and Corporate Governance.



**Mr. Forbes Mugumbate**

**DIRECTOR**

**FM**

Mr Forbes Mugumbate joined the Geological Survey in 1988, working in various sections, which gave him the experience that saw him rise through the ranks to become Regional Geologist in 1995; Deputy Director in 2003; Provincial Mining Director in 2015; and Director of the Geological Survey in 2019.

The nature his job has enabled him to acquire vast knowledge about the country's economic geology and mineral potential. This has culminated in compilation of several published and unpublished papers and notes, and has mentored several geologists. Mr Mugumbate has recently developed a new passion for geo-heritage which has seen him contributing several papers on this new field.

Mr Mugumbate is an honorary member, and past Chairman, of the Geological Society of Zimbabwe. He is also an associate member of the International Commission on the History of Geological Sciences (INHIGEO).

Mr Mugumbate has previously been seconded to important government assignments including to the Board of the Pan African Minerals Development Company (PAMDC), a mining company jointly owned by the Governments of Zimbabwe, Zambia, and South Africa; Board Member of the Zimbabwe Investment Authority; member of the Natural Sciences Standing Committee for UNESCO in Zimbabwe; Committee Member of the Research Council of Zimbabwe; Board Member of the Institute of Mining Research; and Assistant Administrator of the Shabani Mashava Mines (SSM) Put Ltd. under reconstruction.

Mr Mugumbate holds **BSc (General), BSc (Honours) Geology (UZ), MSc in Applied Structural Geology and Rock Mechanics (Imperial College of Science, Technology and Medicine, University of London).**



**MR. Godsawe Sibanda**

**DIRECTOR**

**GS**

Mr Godsawe Sibanda is a seasoned Geoscientist who is currently the **Principal Consultant for DeGlosol Zimbabwe (Put) Ltd.** He holds a **Masters of Science degree in Exploration Geophysics (NUST), BSc double major in Geology and Physics degree (UZ).** In his current position he has conducted work on several projects in Zimbabwe and the DRC.

He previously worked as Corporate Planning Manager Geology at Mbada Diamonds (Put) Ltd and was employed as Projects Managing Geologist at Skyview (Put) Ltd. Godsawe also worked as Geological Superintendant at Casmyn Mining Zimbabwe (Put) Ltd and also worked for a year in Zambia as Projects Managing Geologist at Caracle Creek International Consulting Inc. In his earlier career days he worked for Wachaz Design tech as an Exploration Geologist before Moving to Rio Zim (Put) Ltd where he was a Project Geologist.



## 3.2 EXECUTIVE MANAGEMENT PROFILES



**Tapiwa Allen Nyamutukwa**

**Acting C.E.O**

**TN**

Mr. Tapiwa Allen Nyamutukwa is an experienced Geoscientist with over 18 years of experience in the mining industry covering both mineral exploration and mine production. His experience covers strategic leadership, projects development and appraisals, and human capital management. He is currently the Acting Chief Executive Officer for the MPC.

He started his career as a graduate trainee with DeBeers Zimbabwe exploration in 2003, where he was exposed to diamonds exploration processes in Zimbabwe and diamonds mining in South Africa. Tapiwa left DeBeers in 2005 and joined RioZim's Renco Gold Mine as a Sectional Geologist (2006–2007).

He left Renco Gold Mine in 2007 to pursue an expatriate opportunity in Zambia, where he worked as a Production Geologist for the largest copper producer in Zambia at that time, Konkola Copper Mines (KCM) (2007–2011). Tapiwa moved to Rhodes University in South Africa (2012–2013) to pursue a fulltime **Master of Science in Exploration Geology degree**.

Whilst he was waiting to graduate, he was employed by the ZMDC as a Senior Exploration Geologist MPC (2013) where he joined a team that was responsible for resuscitating Company. He was appointed acting Chief Executive Officer for the MPC (2015 –current) and under this role, Tapiwa, managed to secure prospective ground for the MPC under reserved areas, commenced exploration activities, secured funding and recruitment of critical skills for the MPC.

He is a member of the Geological Society of Zimbabwe (GSZ) and Geological Society of South Africa (GSSA). Tapiwa obtained his **Bachelor of Science degree in geology and geography** from the University of Zimbabwe 2003 and has undertaken various professional development courses throughout his career.

Before joining MPC, he worked for Makomo Resources, a coal mine in Hwange as **Chief Geologist and Technical Services Manager** from 2011 to 2017 overseeing geological, planning, laboratory and surveying services. At Makomo resources he also carried out assessment of the company's gold and base metal prospects locally, and in Chunga (Tanzania) and Rehoboth EPL 1877 (Namibia). Prior to working for Makomo, he had worked as a geologist for Zimbabwe Geological Survey Department, where he was initially seconded to the mining and field geology sections.

He was later promoted to **Chief Geologist heading the Data Management Section**, where his duties involved digitalization of the Department's geological products, geological and mineral database designing and maintenance. These functions were intended to make geoscientific data easily accessible and retrievable to the investors, thus readily marketing the mineral potential of the country. The work involved extensive application of GIS and Remote Sensing of which he became proficient in software applications like Arcgis, Mapinfo, Erdas Imagine, Rockworks etc.



**Mr. Dickson Run'anga**

**ACCOUNTANT**

**DR**

Mr. Dickson Run'anga is an Accountant by profession. He started his career with M & L Manufacturers in Harare working as Accounts Clerk in 1996. He was appointed Accountant by Border Timbers Limited in 2002 as Estate and Sawmill Accountant until September 2003. In October 2003 he was appointed Director of Studies and worked there until January 2009. He acquired vast experience in Administration.

In February 2009 he moved to South Africa where he was employed by Freshstop Pty Ltd until January 2010 when he moved back to Zimbabwe. On his return he was appointed Finance Manager for Telecontract Put Ltd in February 2010. He acquired vast experience and skills for 11 and a half years until August 2021. He then moved to Mining Promotion Corporation where he was appointed Finance and

Administration Manager. Mr. Run'anga is a holder of **Southern Africa Association of Accountants Diploma (SAAA) (2000)** and **Institute of Chartered Secretaries and Administrators Diploma (ICSAZ) (2008)**.



**Tapiwa Mutetwa**

**PROJECT GEOLOGIST**

**TM**

Tapuwa Mutetwa has 28 years' experience as a geologist. He started his career in 1994 with De Beers. At De Beers he was involved in all aspects of diamond exploration. With De Beers he was seconded to South Africa, Gabon and Madagascar on short assignments. From 2007 to 2014 he worked for African Consolidated Resources (Put.) Ltd (ACR). At ACR he was involved in diamond, gold and nickel exploration.

He also worked in Zambia for ACR Zambia. He was involved in copper and rare earth exploration. In 2016 he joined the Zimbabwe Consolidated Diamond Company (ZCDC) where he was involved in exploration and mining geology in the Chigadzwa Diamond Fields in Marange District. From 2017 to date he is with the Mining Promotion Corporation where he is mostly involved in diamond exploration.

Tapuwa Mutetwa is a holder of a BSc degree in Geology from the University of Western Australia. He majored in Geology, and Physical and Inorganic chemistry. He has attended numerous technical and managerial courses.





**Munyaradzi A. Mukandi**

**PROJECT GEOLOGIST** **MM**

Mr Mukandi is a geologist with more than 25 years of experience as a geoscientist. He is a holder of a **Bsc. Honours in Geology degree**, and over the years has also acquired training in GIS and Remote Sensing, OSHEMAC, Ore reserve evaluation, and Sampling and Grade Control.

Mr Mukandi is currently working as a Project Geologist for Mining Promotion Corporation (Pvt) Ltd (MPC), a company he joined in 2017. At MPC, his main task has been gold exploration in the Shangani Greenstone Belt through target generation, geological mapping, geochemical sampling, trenching and directing geophysical surveys on generated targets. He has also performed evaluations for Ministry of Mines and Mining Development sister departments like MMCZ for chrome and Deford for manganese.



## 4.0 CHAIRPERSON'S STATEMENT

### 4.1 Overview

I am pleased, on behalf of the Board, management and staff to report to you, our valued stakeholders, the Corporation's performance for the year ending 31 December 2021. The Corporation continued to operate under difficult circumstances emanating from a low funding base. The Corporation relies on Government funding for its operations thus consistent adequate funding is critical.

To generate revenue for the Corporation, the Board and management renewed the drive for exploration partnerships and joint ventures. This culminated in reviewing projects that were already being advertised to the corporate world through the Zimbabwe Investment and Development Agency (ZIDA).

The year under review was characterised by increased inflationary pressures, currency depreciation, foreign currency shortages and wage pressures due to the decline in real income levels, among other challenges caused by the operating environment. This compounded challenges for the Corporation as it intended to acquire exploration equipment during the period.

### 4.2 Corporate Strategy

The Corporation embarked on a deliberate drive to regularise compliance with corporate governance statutes. This began with the Corporation conducting an external audit covering a three-year period from 2019 to 2021. The Corporation also advertised for the position of Chief Executive Officer towards the end of the year under review.

### 4.3 Operations Overview

The Corporation only conducted exploration work at Fort Rixon gold project during the first quarter of the year. Exploration work could not continue due to lack of funding emanating from delayed budgetary approvals. The budget could not be approved as the Corporation sought waiver to comply with section 20 of the Public Entities Corporate Governance Act (Chapter 10:31) which states that the staff costs to prior year revenue ratio should not exceed 30%.

The Corporation however managed to acquire 150 meters of BQ drill rods for its diamond drill rig and established a website. During the year under review the Corporation signed a memorandum of understanding with Terran Resources over an exploration area Block C in the Fort Rixon reserved area.



## 4.4 Outlook

The Corporation's performance is anticipated to improve significantly following implementation of its corporate strategy to engage in joint venture partnerships. This strategy is being supported by a boom in commodity prices and favourable Government policy driving the mining industry towards a USD 12 billion industry by year 2023.

The reserved areas present vast opportunities for exploration with potential to unlock large scale mining operations. The Board and management will continue to implement initiatives to improve the Corporation's financial position in the next coming years as well as looking at new opportunities in exploration under exclusive prospecting orders.

## 4.5 Appreciation

I would like to thank my fellow Board members for the support and dedication to the Corporation, management and staff for their commitments towards our shared values and vision for our business and all our stakeholders for the immense support. I also wish to thank the Ministry of Mines and Mining Development for the direction and invaluable support to the Corporation.

-----  
Dr. N. J. Moyo  
**Board Chairperson**



## 5.0 CHIEF EXECUTIVE OFFICER'S REPORT

### 5.1 Operating Environment

The economic environment recovered in 2021 anchored on increased industry capacity utilisation backed by relaxation of COVID-19 induced restrictions. Government efforts to stabilise inflation yielded positive results with inflation reducing from a peak of 838% in July 2020 to 60.7% at the closing of year 2021. The GDP is estimated to have grown by 5.8% in 2021 after contracting by 6.2% in 2020. The mining sector accounts for about 12 % of the country's GDP.

Government's thrust for the mining industry for the period is to generate USD 12 billion annually by year 2023. In support of this vision, the Corporation introduced exploration joint venture partnerships aimed at expanding exploration activities in reserved areas. It is anticipated that interest in exploration projects will increase during the third quarter 2023.

### 5.2 Operations Overview

The MPC had one exploration project, Fort Rixon, operating during the period under review. Exploration work was confined to a target area named Tsinda, where geological mapping and sampling results show potential for a low grade but potentially large-scale operation. The work program intended to cover a geophysics survey and diamond drilling.

### 5.3 Financial Performance Overview

#### 5.3.1 Financial highlights

The Corporation's financial statements are presented in Zimbabwean dollars (ZWL) in compliance with the Statutory Instrument 33 of 2019 and then adjusted for inflation. The inflation adjusted operating loss for the year was **\$13,405,987** compared to prior year operating loss of **\$3,067,497**. We are grateful to be having our final accounts audited every year, compared to prior periods where we could go for more than two years without audit.

#### 5.3.2 Financial highlights

The corporation made an overall inflation adjusted loss before tax of **\$1,908,393** for the year 2020, an 11% decrease from the reported loss of **\$2,133,908** for 2019.



### 5.3.3 Revenue

Total inflation adjusted revenue from operations stood at **\$13,270,012** as at 31 December 2021; **(2020: \$17,287,316)** and total historical revenue from operations for the 2020 financial year stood at **\$6,908,678** down from **\$3,685,428** recorded in 2019. Historical revenue was mainly from Exploration agreements which contributed **\$11,685,999** in 2021.

### 5.3.4 Expenditure

The Group incurred inflation adjusted operating and administration expenditures of **\$26,675,999** as at 2021; **(2020: \$20,354,813)** and historical total expenditure of **\$19,911,455** up from **\$5,529,324** incurred in 2020. The increase in the expenditure was mainly attributed to general price increases due to inflationary pressures and the weakening Zimbabwean Dollar.

### 5.3.5 Statement Of Profit Or Loss

The Corporation had an inflation adjusted loss after tax of **\$13,405,987** as at 31 December 2021; **(2020: Loss \$3,067,497)**, This was largely attributed to foreign exchange loss. The Corporation had a historical loss after tax of **\$10,092,918** as at December 2021; **(2020: Loss \$1,379,354)**.

### 5.3.6 Statement Of Financial Position

The Corporation's inflation adjusted financial position was **\$21 163 148** as at December 2021; **(2020: \$28,860,612)** and historical financial position at year end was **\$6,127,362** a decrease compared to 2020 figure of **\$8,047,504**. The decrease was as a result of depreciation of without having any additions for the year.

### 5.3.7 Statement Of Cash Flow

The Corporation's inflation adjusted cash inflow from operating activities after changes in operating working capital was **-\$3,5113,535** as at 2021; **(2020: \$7,698,847)** and historical inflow from operating activities was **\$1,685,489** which was a decline compared to 2020 cash flow figure of **\$5,566,317**. Inflation adjusted cash flow from investing activities generated a net outflow of **\$12,098** in the period under review.

In the financial period under review the Corporation's inflation adjusted cash and cash equivalents was **\$1,326,380**; **(2020: \$4,825,817)** and historical cash and cash equivalents was **\$1,326,380** as at 31 December 2021 compared to the opening cash and cash equivalents of **\$3,002,303** in 2020.



## 5.4 OUTLOOK

The Corporation's outlook is positive and is supported by the increase in commodity prices particularly lithium, copper and gold. The Corporation's lithium exclusive prospecting orders (Arcturus, Mutawatawa, Mazowe and Beatrice) have been targeted by several investors buoyed by the increased lithium commodity prices.

Demand for copper and gold areas within the Corporation's special grants is also on the rise. The Corporation is turning the corner and is forecasting increased exploration activities supported not only by increased commodity prices, but also by Government's vision to promote mineral exploration through capacitating the MPC under NDS 1. This deliberate thrust for exploration growth will certainly encourage other players in the industry to embark on large scale exploration projects that will contribute to the USD 12 Billion mining industry milestone by year 2023

## 5.5 APPRECIATION

I would like to thank my colleagues in management and our staff for their unwavering support during the year. I would also like to acknowledge my great indebtedness to the Mining Promotion Corporation Board, the Ministry of Mines and Mining Development and all stakeholders in the Government for their guidance and support.

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Tapiwa Allen Nyamutukwa  
**Acting Chief Executive Officer**

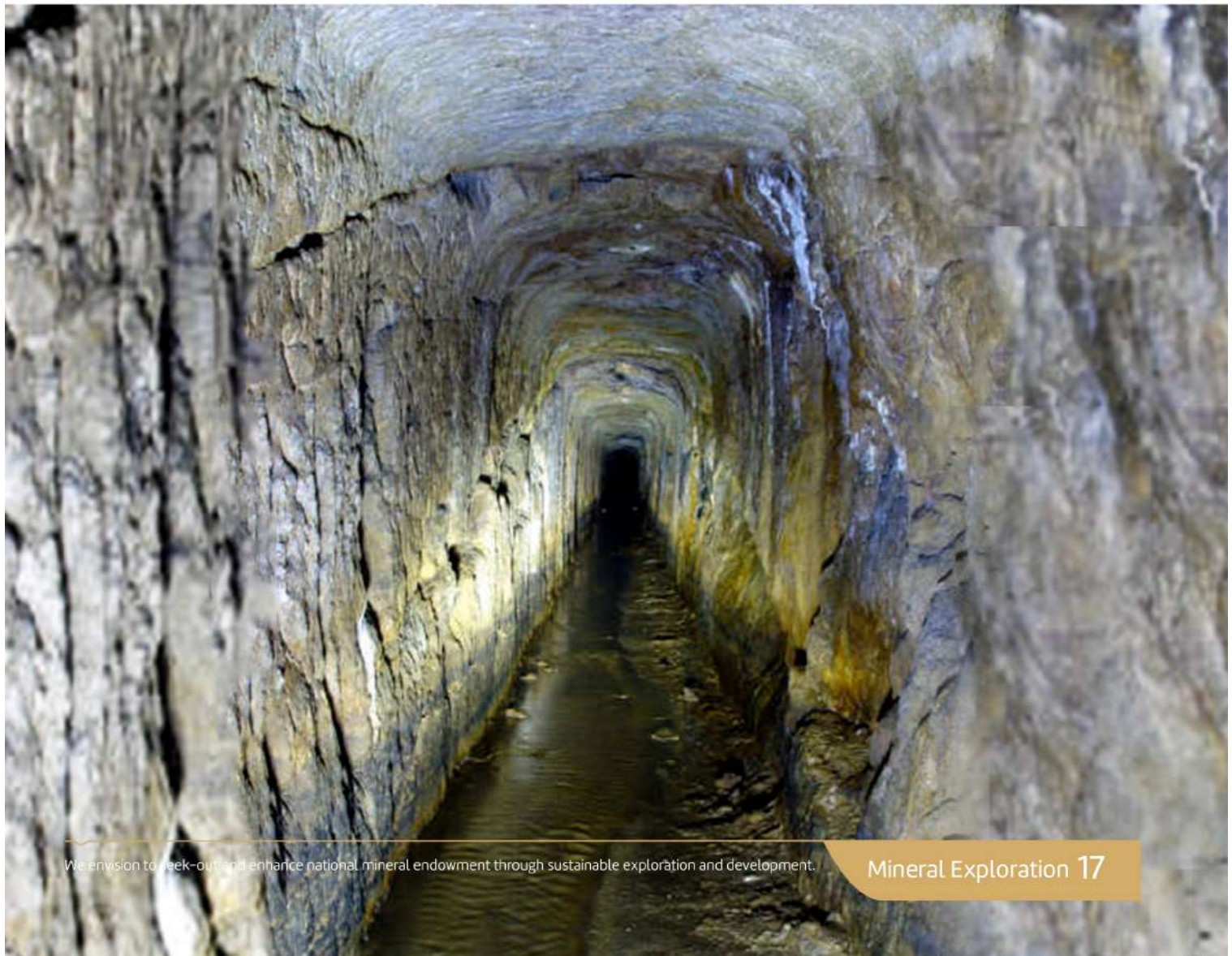


## RESERVED AREAS

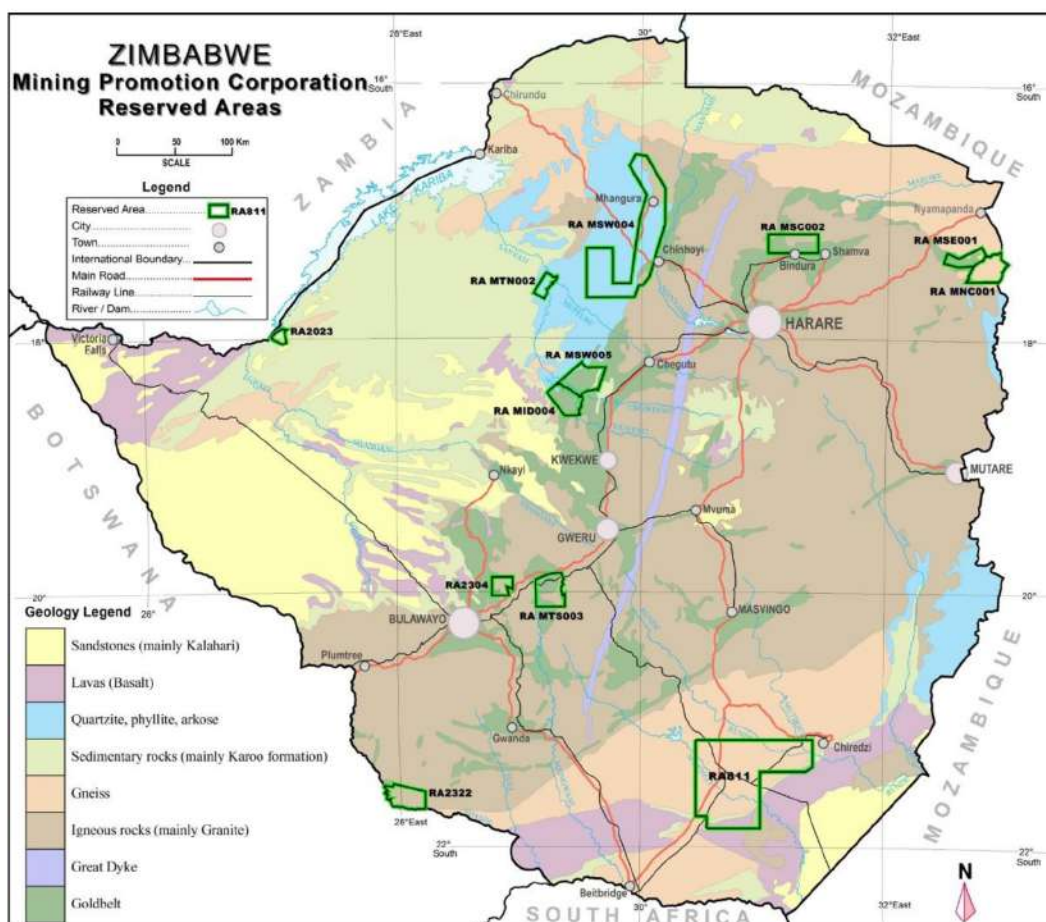
The Corporation is custodian to prospective mineral exploration ground secured under reserved areas. The reserved areas were selected as exploration targets based on geological setting, mineral occurrences, mining activities concentration and production history. Major mineral occurrences for gold, diamonds and copper-lead-zinc are covered within these areas.

**Table 1.** List of Gazetted Reserved Areas under the MPC

	Reserved Area	Mineral	Location	Area (Ha)
1	MTS 003	Gold	Matabeleland South (Fort Rixon area)	63,000
2	MSE 001	Gold	Mashonaland East (Makaha area)	34,050
3	MNC 001	Gold	Manicaland (Nyanga north area)	57,450
4	MSW 005	Gold	Mashonaland West (Munyati area)	65,900
5	MID 004	Gold	Midlands (Ngondoma area)	50,260
6	MSC 002	Gold	Mashonaland Central (Bindura area)	69,030
7	MTN 002	Diamond/Gold	Midlands (Queens mine area)	25,380
8	MSW 004	Copper-lead-zinc	Mashonaland West (Mhangura area)	324,600
9	MID 003	Copper	Midlands (Copper Queen area)	24,290







## RESERVED AREAS

The Corporation is awaiting approval of six exclusive prospecting orders (EPOs) which cover mainly lithium and gold areas. The EPO applications were strategically applied for targeting lithium demand and the need to achieve a **US\$12 billion**-dollar mining industry anchored mainly on gold production. The table contains information on the EPO applications.

**Table 2.** List of Exclusive Prospecting Order applications under the MPC

	EPO APP. No	Mineral	Name & Location	Area (Ha)
1	06/2019	Gold & Lithium	Mashonaland East (Mtawatawa)	20,000
2	07/2019	Gold & Base minerals	Mashonaland West (Manyame)	41,100
3	08/2019	Gold & Lithium	Mashonaland Central (Mazowe)	64,800
4	09/2019	Gold & Lithium	Mashonaland East (Arcturus)	52,600
5	10/2019	Gold & Lithium	Mashonaland Central (Mt Darwin)	31,800
6	11/2019	Gold & Lithium	Mashonaland East (Beatrice)	34,700



## CORPORATE STRATEGY

The Corporation continued to implement its Partial Privatization strategy in 2021 as enshrined in the National Development Strategy One (NDS1). This process is expected to be complete by end of 2025.

## OPERATIONS OVERVIEW

### 6.0 CORPORATE GOVERNANCE STATEMENT

Mining Promotion Corporation is controlled by a Board established in terms of section 4 of the Articles and Memorandum of Understanding. The Board should be comprised of not less than three and not more than six Non-Executive Directors and ex-officio Chief Executive Officer. The Directors are drawn from a diverse spectrum of professions and backgrounds and bring to the Corporation a wide range of expertise.

The Board's functions are governed by, among other Acts, the Articles and Memorandum of Understanding, Public Entities Corporate Governance Act and a Board Charter which help the Board to ensure that the necessary authority and procedures are in place to oversee the work of management and independent evaluation of MPC's business operations.

The Board gives direction to the Corporation through the setting of the overall strategy and approval of budget. The Board regularly reviews the Corporation's policies and procedures to ensure compliance and consistency with the principles enshrined in local and international corporate governance instruments.

The Board meets regularly, with a minimum of one scheduled meeting in every quarter of the year, to monitor and evaluate progress in the achievement of MPC's strategic objectives, strategy implementation and to assess overall performance of the Corporation. In pursuing the Corporation's objectives, the Board and MPC staff have committed to the highest level of Corporate Governance and strive to foster a culture that values and rewards exemplary ethical standards, personal and corporate integrity, and respect for others.

For the better exercise of its functions and powers, the Board has established a technical committee (in line with section 12 of the Articles and Memorandum of Understanding) which deals with specific issues in line with their terms of reference as determined by the Board.



## 6.1 MAIN BOARD

1 January 2021 to 31 December 2021

The main mandate of the Board is to assist the Corporation in fulfilling its oversight responsibilities with respect to the operational performance and operating risks, particularly regarding those areas where technical understanding is required.

This includes, inter alia, reviewing the Corporation's management of technical risks, annual budget as it relates to planned exploration, development and operation of the various mineral properties. It further receives regular updates from management on projects, area assessment and activities at the Corporation's mineral properties and evaluating the operational performance against budget.

The Main Board meets quarterly every year and the following meetings were in place during the year 2021 currently under review: –

### MAIN BOARD MEETINGS

Date of Meeting	Dr. N.J. Moyo	Mr. F. Mugumbate	Mr. G. Sibanda
23/03/2021	Present	Present	Present
20/08/2021	Present	Absent	Present
03/12/2021	Present	Absent	Present



## 7.0 FINANCIAL STATEMENTS

### Mining Promotion Corporation (Private) Limited

### Financial Statements for the year ended 31 December 2021

#### General information

<b>Nature of business</b>	<p>The Mining Promotion Corporation (Private) Limited (the Company, or the Corporation), registration number 160/67, was established in Zimbabwe in the year 1967.</p> <p>The main business of the Mining Promotion Corporation (Private) Limited as set out in its Memorandum and Articles of Association is to assist in the development of the mineral resources of the country by undertaking prospecting, exploration and development work. The operations of the entity are funded by government through grants. On completion of its exploration programs, the results/information is given to government and forms part of mineral resource database.</p>	
<b>Board of directors</b>	Nomusa Jane Moyo Forbes Mugumbate Godsave Sibanda Tapiwa Allen Nyamutukwa	[Chairperson] [Board Member] [Board Member] [Acting Chief Executive Officer]
<b>Registered office</b>	Mining Promotion Corporation (Private) Limited 90 Mutare Road MMCZ Building Msasa Harare	
<b>Financial statements</b>	These financial statements were prepared under the direction and supervision of the Accountant Mr. Dickson Run'anga	
<b>External auditors</b>	Rockstone Chartered Accountants 11 Edinburgh Borrowdale Harare Email: info@rockstone.co.zw Website: www.rockstone.co.zw	
<b>Bankers</b>	CBZ Bank Msasa Branch Harare	



# Mining Promotion Corporation (Private) Limited

## Financial Statements for the year ended 31 December 2021

### Directors' responsibility statement and approval

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The Directors are responsible for the maintenance of adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. The Directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the Company and the Company Administrator is required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on or the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors are satisfied that the Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

Financial Statements are prepared with the aim of complying with International Financial Reporting Standards (IFRS). The Directors assessed the ability of the Company to continue operating as a going concern and believe that the preparation of the financial statements on a going concern basis is still appropriate.

The external auditors are responsible for independently reviewing and reporting on the Company's financial statements. The financial statements have been examined by the Company's external auditors and their report is presented on pages 5 to 8.



The financial statements set out on pages 9 to 29, which have been prepared on the going concern basis, were approved by the Directors and were signed on their behalf by:

-----  
DIRECTOR

-----  
DIRECTOR

Date of Approval: 03 May 2022





## Report of the independent auditors

### To the board members of Mining Promotion Corporation (Private) Limited

#### Adverse Opinion

We have audited the accompanying financial statements of Mining Promotion Corporation (Private) Limited, set out on pages 9 to 29, which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters described in the basis for adverse opinion paragraph, the accompanying financial statements do not present fairly the financial position of the Mining Promotion Corporation (Private) Limited as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31) and relevant Statutory Instruments.

#### Basis for Adverse Opinion

The prior year financial statements for the year ended 31 December 2020 included an Adverse Opinion for non-compliance with International Accounting Standard (IAS) 21. The Company did not apply the requirements of IAS21, The Effects of Changes in Foreign Exchange Rates, in the year 2019 financial statements because of the unavailability of exchange rates in the period October 2018 to 22 February 2019. Transactions in Zimbabwe during that period had a three-tier pricing structure where a single product had different prices depending on the mode of payment, namely the United States Dollar cash, Bond Notes, electronic money or mobile money.

This resulted in transactions bearing similarities to what one would expect with transactions that are undertaken in different currencies to which IAS21, The Effects of Changes in Foreign Exchange Rates would apply. Statutory Instrument 133 of 2016, Statutory Instrument 33 of 2019 and monetary policy statement of 20 February 2019 all confirmed the parity of 1:1 between the United States dollar cash, Bond Notes, mobile money and electronic money. This presented difficulties in ascertaining the fair values of the Company's material assets and liabilities as at the reporting date. IAS21, The Effect of Changes in Foreign Exchange Rates, requires the use of spot rate in accounting for transactions. During the period, premiums and discounts were offered on the official exchange rate of 1:1 between the RTGS balances, Bond Notes and United States dollar cash.

Under International Financial Reporting Standards, the Company should have converted all transactions at spot rate. Had the entity applied the requirements of IAS21, all expense items in the statement of profit or loss and other comprehensive income and all current assets, current liabilities and non-current liabilities stated on the statement of financial position along with the consequential impacts to retained earnings of the prior year financial statements, which is presented as comparative information, would have been materially impacted. In the current year, the entity has not restated the opening balances to resolve the matters which resulted in the adverse audit report in the prior period and therefore the matter is continuing.



We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Mining Promotion Corporation (Private) Limited in accordance with the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe and we have fulfilled our other ethical responsibilities under these ethical requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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. The key audit matters noted below relate to the financial statements:

#### Revenue

The key audit matter	How we addressed the matter in our audit
<p>Revenue is a key performance measure for the Company.</p> <p>Due to the significant risk associated with the completeness of revenue recognition and the effort inputted by the audit team, the recognition of revenue is considered to be a key audit matter.</p>	<p>Our audit included considering the appropriateness of the company's accounting policies and assessing the company's compliance with those policies in accordance with the applicable financial reporting framework.</p> <p>Audit procedures performed by the audit team to reduce the significant risk include but not limited to:</p> <ul style="list-style-type: none"> <li>» Identifying the occurrence, completeness and cut-off of revenue</li> <li>» Testing a sample of transactions by reconciling them to external sources or supporting documentation</li> <li>» Identifying key controls and testing these controls to obtain satisfaction that they were operating effectively throughout the year under review</li> <li>» Carry out an income verification exercise with the Government of Zimbabwe and Minerals Marketing Corporation of Zimbabwe</li> </ul>

#### Other Information

The Directors are responsible for the other information. The other information comprises the Directors' statement. The other information does not include the financial statements and our auditor's opinion thereon. Our opinion on the financial statement does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit 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 the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.





**MINING PROMOTION CORPORATION**

*Mineral Exploration*



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

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the requirements of Mining Promotion Corporation (Private) Limited rules, 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing Mining Promotion Corporation (Private) Limited'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 judgment 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.

We 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 Mining Promotion Corporation (Private) Limited's internal control. We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We 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 Mining Promotion Corporation (Private) Limited'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 Mining Promotion Corporation (Private) Limited to cease to continue as a going concern.



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 Mining Promotion Corporation (Private) Limited to cease to continue as a going concern.

We 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. We obtain sufficient audit evidence regarding the financial information of Mining Promotion Corporation (Private) Limited or business activities of Mining Promotion Corporation (Private) Limited to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of Mining Promotion Corporation (Private) Limited's 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 legal and regulatory requirements**

The financial statements have been prepared in compliance with the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

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Rockstone Chartered Accountants

Engagement Partner: Pearce Janga

PAAB Practicing Certificate Number: 0609

Harare

Date: 03 May 2022





# MINING PROMOTION CORPORATION (PRIVATE) LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Inflation Adjusted		Historical Cost	
		2021	2020	2021	2020
		ZWL	ZWL	ZWL	ZWL
<b>ASSETS</b>					
<b>Non current assets</b>					
Property plant and equipment	4	19 782 054	24 025 610	4 746 267	5 045 049
Intangible assets	5	- 0.00	9 184	-	152
		<b>19 782 054</b>	<b>24 034 794</b>	<b>4 746 267</b>	<b>5 045 201</b>
<b>Current Assets</b>					
Trade and other receivables	6	47 000	-	47 000	-
Prepayments	7	7 714	-	7 714	-
Cash and cash equivalents		1 326 380	4 825 817	1 326 380	3 002 303
		<b>1 381 094</b>	<b>4 825 817</b>	<b>1 381 094</b>	<b>3 002 303</b>
<b>TOTAL ASSETS</b>		<b>21 163 148</b>	<b>28 860 612</b>	<b>6 127 362</b>	<b>8 047 504</b>
<b>RESERVES AND LIABILITIES</b>					
<b>Reserves</b>					
Share capital	8	17 611	17 611	249	249
Retained earnings		8 915 519	22 321 506	(6 102 905)	3 990 013
		<b>8 933 130</b>	<b>22 339 117</b>	<b>(6 102 656)</b>	<b>3 990 262</b>
<b>Non current liabilities</b>					
Deferred income	9	2 129 064	3 422 198	2 129 064	2 129 064
		<b>2 129 064</b>	<b>3 422 198</b>	<b>2 129 064</b>	<b>2 129 064</b>
<b>Current liabilities</b>					
Trade and other payables	10	7 845 095	2 438 546	7 845 095	1 517 101
Provisions	11	2 255 859	660 751	2 255 859	411 075
		<b>10 100 954</b>	<b>3 099 297</b>	<b>10 100 954</b>	<b>1 928 176</b>
<b>TOTAL RESERVES AND LIABILITIES</b>		<b>21 163 148</b>	<b>28 860 612</b>	<b>6 127 362</b>	<b>8 047 503</b>



# MINING PROMOTION CORPORATION (PRIVATE) LIMITED

## STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

AS AT 31 DECEMBER 2021

	Notes	Inflation Adjusted		Historical Cost	
		2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
<b>Revenue</b>					
Consulancy fees	12	-	1 157	-	720
Exploration Agreements fee	12	11 685 999	-	8 237 054	-
Revenue grant	13	1 283 000	17 282 238	1 283 000	6 906 927
Other income	14	301 013	3 921	298 483	1 031
		<b>13 270 012</b>	<b>17 287 316</b>	<b>9 818 537</b>	<b>6 908 678</b>
<b>Expenditure</b>					
Exploration expenses	15	(4 461 940)	( 674 827)	(3 360 709)	( 122 432)
Administration expenses	16	(9910 023)	(9803 595)	(4561 918)	(2044 337)
Employment expenses	17	(15 853 312)	(8 041 461)	(11 988 827)	(3 362 555)
Monetary gain/(loss)		3 549 275	(1 834 930)	-	-
		<b>(26 675 999)</b>	<b>(20 354 813)</b>	<b>(19 911 455)</b>	<b>(5 529 324)</b>
<b>Surplus for the year</b>		<b>(13 405 987)</b>	<b>(3 067 497)</b>	<b>(10 092 918)</b>	<b>1 379 354</b>
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income</b>		<b>(13 405 987)</b>	<b>(3 067 497)</b>	<b>(10 092 918)</b>	<b>1 379 354</b>



# MINING PROMOTION CORPORATION (PRIVATE) LIMITED

## STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2021

### Inflation Adjusted

	Share Capital ZWL	Retained earnings ZWL	Total ZWL
<b>Balance at 31 December 2020</b>	<u>10 956</u>	<u>13 886 959</u>	<u>13 897 915</u>
<b>Balance at 1 January 2020</b>	17 611	25 389 004	25 406 614
Total comprehensive income for the year		<u>(3 067 497)</u>	<u>(3 067 497)</u>
<b>Balance at 31 December 2020</b>	17 611	22 321 506	22 339 117
Total comprehensive income for the year		<u>(13 405 987)</u>	<u>(13 405 987)</u>
<b>Balance at 31 December 2021</b>	<u>17 611</u>	<u>8 915 519</u>	<u>8 933 130</u>

### Historical Cost

	Share Capital ZWL	Retained earnings ZWL	Total ZWL
<b>Balance at 1 January 2020</b>	249	2 610 659	2 610 908
Total comprehensive income for the year		<u>1 379 354</u>	<u>1 379 354</u>
<b>Balance at 31 December 2020</b>	<u>249</u>	<u>3 990 013</u>	<u>3 990 262</u>
<b>Balance at 1 January 2021</b>	249	3 990 013	3 990 262
Total comprehensive income for the year		<u>(10 092 918)</u>	<u>(10 092 918)</u>
<b>Balance at 31 December 2021</b>	<u>249</u>	<u>(6 102 905)</u>	<u>30 102 656</u>



# MINING PROMOTION CORPORATION (PRIVATE) LIMITED

## STATEMENT OF CASH FLOWS

AS AT 31 DECEMBER 2021

	Notes	Inflation Adjusted		Historical Cost	
		2021 USD	2020 USD	2021 USD	2020 USD
<b>Cashflows from operating activities</b>					
Surplus for the year		(13 405 987)	(3 067 497)	(10 092 918)	1 379 354
<b>Adjustment for non-cash items:</b>					
Increase in provisions		1 595 108	262 219	1 844 784	355 804
Depreciation and amortisation		4 252 741	5 638 922	298 934	323 552
Deffered income ammortised		-	-	-	-
Loss on disposal of assets		-	-	-	-
Interest income		(12 098)	(3 921)	(9 568)	(1 031)
<b>Operating cash flow before changes in working capital</b>		<b>(7 570 236)</b>	<b>2 829 723</b>	<b>(7 958 768)</b>	<b>2 057 678</b>
<b>Working capital changes</b>					
Decrease/(Increase) in trade and other receivables		(47 000)	-	(47 000)	-
Decrease in prepayments		(7 714)	-	(7 714)	-
Decrease/(increase) in trade and other payables		4 113 415	4 869 124	6 327 993	3 508 640
<b>Net cashflow from operating activities</b>		<b>(3511 535)</b>	<b>7 698 847</b>	<b>(1685 489)</b>	<b>5 566 318</b>
<b>Cashflows from investing activities</b>					
Acquisition of property, plant and equipment		-	(11 985 213)	-	(3 828 253)
Acquisition of intangible assets		-	-	-	-
Interest received		-	-	-	-
Interest income		12 098	3 921	9 568	1 031
		<b>12 098</b>	<b>(11 981 292)</b>	<b>9 568</b>	<b>(3 827 222)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>(3 499 437)</b>	<b>(4 282 445)</b>	<b>(1 675 921)</b>	<b>1 739 096</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>4 825 817</b>	<b>9 108 262</b>	<b>3 002 302</b>	<b>1 263 205</b>
<b>Cash and cash equivalents at the end of the year</b>	15	<b>1 326 380</b>	<b>4 825 817</b>	<b>1 326 381</b>	<b>3 002 302</b>



# ACCOUNTING POLICIES

## 01 NATURE OF BUSINESS

The main business of the Mining Promotion Corporation (Private) Limited as set out in its Memorandum and Articles of Association is to assist in the development of the mineral resources of the country by undertaking prospecting, exploration and development work. The operations of the entity are funded by government through grants. On completion of its exploration programs, the results/information is given to government and forms part of mineral resource database.

## 02 BASIS OF PREPARATION

### 2.1 BASIS OF MEASUREMENT

The financial statements of the Corporation are prepared under the historical cost convention except for the financial assets which are measured at fair value and are shown at revalued amounts

### 2.2 STATEMENT OF COMPLIANCE

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reports Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the requirements of the Companies and Other Business Entities Act (Chapter 24:31) and Statutory Instruments SI 33/99 and SI 62/96., except for the non-compliance with International Accounting Standards (IAS 21), The effect of Changes in Foreign Exchange Rates explained on note 2.1.1.

### 2.3 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Company are measured using the currency of primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Zimbabwean Dollars (ZWL), which is the Company's functional and presentation currency.

During the period October 2018 to February 2019, the Company operated in a multi-currency environment, the main currencies being the United States Dollars (USD) and quasi-currency instruments in form of electronic balances and bond notes which were officially pegged to the USD at an official exchange rate of 1:1. Multi-tier pricing in the market depending on the mode of payment (USD, bond note, mobile money or RTGS) and persistent shortages of foreign currency resulting in delays in settling foreign obligations at the official exchange rate, particularly subsequently to monetary policy changes in October 2018, triggered deliberations on whether the USD remained the functional currency for companies operating in Zimbabwe.

Given the environment that the Company is currently operating in, the directors assessed in terms on IAS 21, if there has been any change in the functional currency being used by the Company. In their assessment the Directors included those considerations of whether the various modes of settlement may represent different forms of currency. The following was considered:



- a)** On the 1st of October 2018, the Reserve bank of Zimbabwe (RBZ) through Exchange control Directive RT120/2018, directed all banks to ring-fence Nostro Foreign Currency (FCAs) by separating them into two categories, namely Real Time Gross Settlement (RTGS) FCAs for local RTGS transactions and Nostro FCAs for foreign currency transactions at a parity rate of 1:1.
- (b)** On the 22nd of February 2019 statutory Instrument 33 of 2019 (SI 33) was issued as an amendment to the Reserve Bank of Zimbabwe Act and it introduced a new currency named the RTGS Dollar at a base rate of USD1:ZWL\$2.5. Another Exchange Control Directive RU 28 of 2019 was issued at the time which introduced an interbank market for trading US\$ as well as other currencies in the multi-currency regime.
- (c)** On the June 24, 2019, the Government gazetted Statutory Instrument 142 of 2019 which outlawed the use of multi-currencies and compelled that all transactions be made in local currency (RTGS Dollar/ZWL).
- (d)** The Reserve Bank of Zimbabwe announced various interventions in response to the financial vulnerabilities caused by the Covid-19 pandemic. One the measures announced therein was the authorization of the use of free funds in paying for goods and services, in terms of Statutory Instrument 185 of 2020. The government of Zimbabwe issued Statutory Instruments 185 of 2020 which granted permission to display, quote or offer prices of all goods and services in both the Zimbabwean dollars and foreign currency at the interbank exchange rate.

As a result of these currency changes announced by the monetary authorities, the directors concluded that the Company's functional currency remains the Zimbabwean Dollar (ZWL) following its change from the United States Dollar (USD) with effect from 22 February 2019.

## 2.4 IAS 29 HYPERINFLATIONARY ECONOMICS

The Public Accountant and Auditors Board through its pronouncement 01/2019 provided guidance to all entities that report based on the International Financial Reporting Standards (IFRSs) on the application of Financial Reporting in Hyperinflationary Economies Standard (IAS29) in Zimbabwe. The pronouncement requires that companies that prepare and present financial statements for financial period ended on or after 1 July 2019 apply requirements of IAS29 "Financial Reporting in Hyperinflationary Economies".

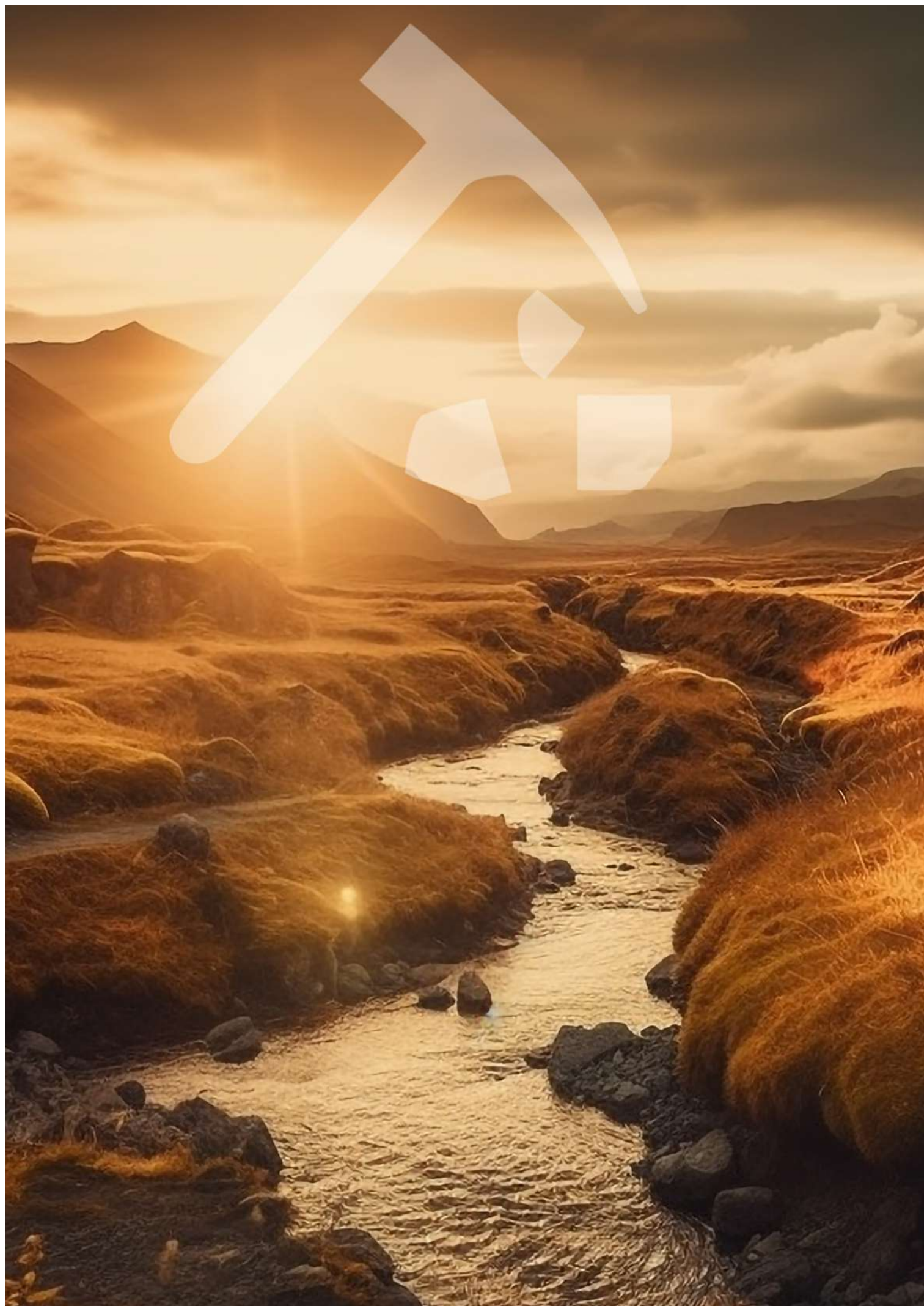
The historical amounts were restated at the end of the reporting period to reflect the general change in purchasing power of the reporting currency (ZWL). Professional judgment was used and appropriate adjustments were made to historical financial statements in preparing financial statements which are IAS29 compliant.

### SOURCES OF PRICE INDEX

Indices used were obtained from the Zimbabwe Statistical Office for the period February 2019 to December 2021.

Year	Indices	Conversion factor
December 2019	551.63	7.21
December 2020	2,474.51	1.61
December 2021	3,977.50	1.00







## 2.5 ACCOUNTING JUDGEMENTS, ASSUMPTIONS & ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities income and expenses. Actual results may differ from these estimates. Estimates are underlying assumptions reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Significant Judgements include the following:

### 2.5.1 Useful lives and residual values of property, plant and equipment

The Corporation also assesses useful lives and residual values of property, plant and equipment each year taking into account past experience and technology changes. The depreciation rates are set out in note 3.1.2 and no changes to these useful lives have been considered necessary during the year. Management has set residual values for all classes for property, plant and equipment at zero.

### 2.5.2 Impairment and provisioning policies

At the reporting date, the Corporation reviews the carrying amounts of its assets to determine whether there is an indication that those assets suffered any impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment is treated as a revaluation decrease.

In the event that in subsequent periods – an asset that has been subject to an impairment loss is no longer considered to be impaired, the value is restored and the gain is recognised in the statement of comprehensive income. The restoration is limited to the value which would have been recorded had the impairment adjustment not taken place.

## 2.6 New Standards, amendments and Interpretations

Applicable new and revised standards and interpretations effective for annual periods beginning at the start of the current year:

IFRS 16: Leases for annual periods beginning on or after 1 January 2019 – In January 2016, the International Accounting Standards Board (IASB) issued IFRS 16 “Leases”, the new standard on lease contracts that will replace the old IAS 17 “Leases”. IFRS 16 is effective for reporting periods beginning on or after 1 January 2019 for IFRS reporters.

This standard will have a significant impact on any the Company leases, which will include elimination of a distinction between operating and finance leases for lessees, a new lease asset (representing the right to use the leased item for the lease term) and lease liability (representing the obligation to pay rentals) are recognised for all leases. However, IFRS 16 does not require a lessee to recognise assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets. The lessor’s accounting does not change.

New Standards, amendments and interpretations issued but not effective The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these standards, if applicable when they become effective.



## IFRS 17 Insurance Contracts – effective 1 January 2023

IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

**Key requirements** – The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The Company is not an insurance company and does not issue insurance contracts. Therefore, the standard is not expected to have a major impact on the group financial statements.

### 3.0 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are consistent with those applied in prior years and are set out below.

#### 3.1 Property, plant and equipment

Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, or depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.

##### 3.1.2 Depreciation

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each class of property, plant and equipment. Management views this method as the likely basis that closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Property, plant and equipment are stated at revalued amounts less accumulated depreciation. The residual values and useful lives of all assets are assessed at the end of each year and if the residual value as determined at year end is greater than the carrying amount as at that date no depreciation will be charged to the asset. If the residual value is less, then the carrying amount should be depreciated over the revised remaining life of the asset on a straight-line basis. The estimated useful lives for the current and comparative period are as follows:

• <b>Computer Equipment</b>	<b>3 Years</b>
• <b>Office Equipment</b>	<b>3 Years</b>
• <b>Furniture and Fittings</b>	<b>10 Years</b>
• <b>Plant and Equipment</b>	<b>10 Years</b>

No changes to the useful lives have been considered necessary during the year. Management has set residual values of all classes of property, plant and equipment at zero.



### 3.1.3 Revaluation

There was no revaluation carried out on items of property, plant and equipment for the period.

## 3.2 INTANGIBLE ASSETS

### 3.2.1 Recognition and measurement

Externally acquired intangible assets are initially recognised at cost and subsequently at cost less accumulated amortization and any accumulated impairment losses. The Corporation has a Geological Software (ArcGIS) and Sage Pastel software which is amortized over the period in which benefits are expected to be obtained but not exceeding 10 years. The estimated useful lives of intangible assets with finite lives are as follows:

- **Software**     **3 Years**

## 3.3 PROVISIONS

Provisions are recognised when the Corporation has a present obligation (legal and constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

## 01 FINANCIAL INSTRUMENTS

The main business of the Mining Promotion Corporation (Private) Limited as set out in its Memorandum and Articles of Association is to assist in the development of the mineral resources of the country by undertaking prospecting, exploration and development work. The operations of the entity are funded by government through grants. On completion of its exploration programs, the results/information is given to government and forms part of mineral resource database.

## IFRS 17 Insurance Contracts – effective 1 January 2023

- » Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortized cost at fair value through other comprehensive income); or
- » Designated at fair value through profit and loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- » Mandatorily at fair value through profit and loss.







## FINANCIAL LIABILITIES

- Amortized cost; or
- Mandatorily at fair value through profit and loss. (this applies to contingent consideration in a business combination or to liabilities which are held for trading ); or
- Designated at fair value through profit and loss. ( this classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit and loss).

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Company are presented as below:

## TRADE AND OTHER RECEIVABLE

### CLASSIFICATION

Trade and other receivables, excluding, when subsequently measured at amortized cost. Applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortized cost. They have been classified in this manner because their contractual terms gives rise, on specified date to cash flows that are solely payments of principal and interest on the principal outstanding, and the Company's business model is to collect the contractual cash flows on trade and other receivables.

### APPLICATION OF THE EFFECTIVE INTEREST METHOD

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income. The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortized cost before adjusting for a loss allowance.
- If a receivable is purchased or originated as credit-impaired, then a credit-impaired, then the effective interest rate is applied to the amortized cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortized cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount



## TRADE AND OTHER RECEIVABLES DENOMINATED IN FOREIGN CURRENCY

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the US\$ equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains and losses are recognized in the profit or loss in other operating gains (losses)

### IMPAIRMENT

The Company measures the loss allowance for trade and other receivables at an amount equal to lifetime losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other payables in totality

An impairment gain or loss is recognized in the profit or loss with the corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operation expenses in profit or loss as a movement in credit loss allowance.

### WRITE OFF POLICY

The Company writes off a receivable when there is information indicating the counterparty in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

### CREDIT RISK

Details of credit risk are included in the trade and other receivables note.

### DE-RECOGNITION

Refer to the de-recognition section of the accounting policy for the policies related to de-recognition. Any gains or losses arising on the de-recognition of trade and other receivables is included in profit or loss in the de-recognition gains (losses) on financial assets at amortized cost line item



## TRADE AND OTHER PAYABLES

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortized cost.

### Recognition and measurement

They are recognized when the Company becomes a party to the contractual provisions and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future value cash payments (including all fees and points paid or received that form an integral part of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest methods results in the recognition of interest expense, then it is included in the profit or loss on finance costs.

Trade and other payables expose the Company to liquidity risk and possibly to interest rate risk.

### Trade and other payables denominated in foreign currency

When trade payables are denominated in foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the US Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains (losses).

### De-recognition

Refer to the “de-recognition” section of the accounting policy for the policies and processes related to de-recognition.

### Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

### Money market instruments

Money market instruments are generally fixed rate and are measured at amortised cost using the effective interest rate method.

### Quoted Investments

Quoted investments are investments in shares trading on the stock Exchange for trading purposes. These investments are recognized at fair value through profit and loss. The share values are determined in line with IFRS 13 level 1 Fair value measurement. Details of the fair valuation are on specific notes.

### Unquoted Investments

Unquoted investments are investments in shares that are not trading on Stock Exchange for trading purposes. The shares are recognized at fair value through profit and loss. The share values are determined in line with the IFRS 13 Level 2 Fair value measurement. Details of the fair valuation are on specific notes.



## FINANCIAL LIABILITIES

### De-recognition

#### Financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

#### Financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

### Reclassification

#### Financial assets

The Company only reclassifies affected financial assets if there is any change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not stated.

The reclassification date is at the beginning of the first reporting period following the change in business models which necessitates a reclassification.

#### Financial Liabilities

Financial Liabilities are not reclassified

### 3.5 Revenue

The Company recognises revenue by following the principles of the five-step model in terms of the IFRS 15 – Revenue from contracts with customers and the model is illustrated below:

Step 1 Identification of the contract (s) with customers

Step 2 Identification of separate performance obligations in the contract

Step 3 Determination of the transaction price

Step 4 Allocation of the transaction price to separate performance obligation in the contract

Step 5 Recognition of the revenue when (or as) the Company satisfies a performance obligation

Revenue mainly comprises the fair value of the consideration received or receivable from the rendering of services in the ordinary course of the Company's activities. The Company recognises revenue when it transfers control over a good or service to a customer.

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



### 3.6 Grants

Government grants are not recognised until there is a reasonable assurance that the grants will be received. Government grants are recognised in the revenue and expenditure statement on a systematic basis over the periods in which the Corporation recognizes as expenses and the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Corporation should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to the revenue and expenditure statement on systematic and rational basis over the useful lives of the related assets.

Government grants that are receivables as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related costs are recognised in the revenue and expenditure statement in the period in which they become receivable.

### 3.7 Exploration and evaluation costs

All pre-license and exploration costs, including geological and geographical costs, labour, Mineral Resource, and exploratory drilling cost, are expensed as incurred, until it is concluded that a future economic benefit will more likely than not be realised. In evaluating if expenditures meet this criterion to be capitalized, several different sources of information are used depending on the level of exploration. While the criterion for concluding that expenditure should be capitalized is always probable, the information used to make that determination depends on the level of exploration:

- Costs of Greenfields sites, being those where the Corporation does not have any mineral deposits which are already being mined or developed under the planned method of extraction, are expensed as incurred until the Corporation is able to demonstrate that future economic benefits are probable, which generally will be the establishment of proved and probable Ore Reserve at this location;
- Costs on brownfield sites, being those adjacent to mineral deposits which are already being mined or developed under the planned method of extraction, are expensed as incurred until the Corporation is able to demonstrate that future economic benefits are probable, which generally will be the establishment of increased inclusive proved and probable Ore Reserve after which the expenditure is capitalized as mine development cost; and
- Costs relating to extensions of mineral deposits, which are already being mined or developed including expenditure on the definition of mineralization of such mineral deposits, are capitalized as a mine development cost.

#### Exploration and evaluation activities include:

- Researching and analysing historical and exploration data.
- Gathering exploration data through geophysical studies.
- Exploratory drilling and sampling.
- Determining and examining the volume and grade of the resource.
- Surveying transportation and infrastructure requirements.
- Conducting market and finance studies.

### 3.8 Foreign currencies

The functional and presentation currency is the Zimbabwean Dollars (ZWL). In preparing the financial statements, transactions in currencies other than the Corporation's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each period, monetary items carried at fair value are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.



Exchange differences on monetary items are recognised in the revenue and expenditure statement in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest cost on those foreign currency borrowings; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which are recognised initially in other comprehensive income and reclassified from equity to the revenue and expenditure statement on repayment of the monetary items.

### **3.9 CORPORATE TAX**

In terms of paragraph 2(a) of the Third Schedule of the Income Tax Act [Chapter 23:06] the Corporation's receipts and accruals are exempt from the Income Tax. However, the Corporation is not exempted from capital gains and withholding tax.

### **3.11 POST EMPLOYMENT BENEFITS**

The Corporation makes defined contributions to National Social Security (NSSA) and the Mining Industry Pension Fund (MIPF). These are charged to the profit and loss in the year to which they relate.

### **3.10 EMPLOYEE BENEFITS**

Employee benefits are the consideration given by the Corporation in exchange for services rendered by employees. Benefits earned by employees under normal employment terms including salaries, bonuses and leave pay are expensed as earned and accordingly provisions are made for unpaid bonuses and leave pay

### **3.12 RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial and operating decisions. The Company has related party relationships with its key management, the company directors, Ministry of Mines and Mineral Development, Minerals Marketing Corporation of Zimbabwe and Zimbabwe Mining Development Corporation.



# MINING PROMOTION CORPORATION (PRIVATE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 DECEMBER 2021

#### Inflation Adjusted

#### 4 Property, plant and equipment

	Plant & machinery ZWL	Exploration Equipment ZWL	Solar Equipment ZWL	Computer Equipment ZWL	Furniture & fittings ZWL	Cellphone & Accessories ZWL	Motor Vehicles ZWL	Total 2019 ZWL	Total 2018 ZWL	
Opening carrying amount 31.12.2020	12 908 897	11 769	146 935	-	0.00	1 649 860	36 666	9 271 483	24 025 610	17 265 035
Gross carrying amount	14 963 803	13 077	238 274	3 395 799	2 435 542	560 235	12 093 238	33 699 967	21 714 752	
Accumulated depreciation	(2 054 906)	(1 308)	(91 338)	(3 395 799)	(785 682)	(523 569)	(2 821 756)	(9 674 357)	(4 449 717)	
Additions at cost	-	-	-	-	-	-	-	-	-	11 985 213
Disposals	-	-	-	-	-	-	-	-	-	-
Gross carrying amount	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	(1 496 380)	(654)	(47 655)	-	(243 554)	(36 666)	(2 418 648)	(4 243 557)	(5 224 638)	
Closing carrying amount 31.12.2021	11 412 516	11 116	99 281	0.00	1 406 306	0.00	6 852 835	19 782 054	24 025 610	
Gross carrying amount	14 963 803	13 077	238 274	3 395 799	2 435 542	560 235	12 093 238	10 467 976	33 699 965	
Accumulated depreciation	(3 551 287)	(1 962)	(138 993)	(3 395 799)	(1 029 236)	(560 235)	(5 240 403)	(8 111 101)	(9 674 355)	

\*There are no assets currently pledged as security by the Company.

#### Historical Cost

#### 4 Property, plant and equipment

	Plant & machinery ZWL	Exploration Equipment ZWL	Solar Equipment ZWL	Computer Equipment ZWL	Furniture & fittings ZWL	Cellphone & Accessories ZWL	Motor Vehicles ZWL	Total 2019 ZWL	Total 2018 ZWL
Closing carrying amount 31.12.2020	3 861 527	635	5 146	0.20	25 790	774	1 151 176	5 045 049	1 533 883
Gross carrying amount	3 874 951	687	8 549	55 059	37 999	8 060	1 438 970	5 424 275	1 596 021
Accumulated depreciation	(13 424)	(52)	(3 403)	(55 059)	(12 209)	(7 286)	(287 794)	(379 224)	(62 138)
Additions at cost	-	-	-	-	-	-	-	-	3 828 253
Disposals	-	-	-	-	-	-	-	-	-
Gross carrying amount	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	(4 670)	(34)	(1 710)	-	(3 800)	(774)	(287 794)	(298 782)	(317 086)
Closing carrying amount 31.12.2021	3 856 858	601	3 437	-	21 990	-	863 382	4 746 267	5 045 050
Gross carrying amount	3 874 951	687	8 549	55 059	37 999	8 060	1 438 970	5 424 275	5 424 274
Accumulated depreciation	(18 093)	(86)	(5 112)	(55 059)	(16 008)	(8 060)	(575 588)	(678 006)	(379 224)

\*There are no assets currently pledged as security by the Company.



# MINING PROMOTION CORPORATION (PRIVATE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2021

Inflation Adjusted				
5	Intangible Assets	ArcGIS Software ZWL	Sage Evolution ZWL	Total 2021 ZWL
				Total 2020 ZWL
	Opening carrying amount	0.00	9 184	9 184
	Gross carrying amount	1 616 304	165 315	1 781 619
	Accumulated amortisation	(1 616 304)	(156 131)	(1 772 435)
	Additions	-	-	-
	Amortisation charge for the year	-	(9 184)	(9 184)
	Closing carrying amount	-	0.00	0.00
	Gross carrying amount	1 616 304	165 315	1 781 619
	Accumulated amortisation	(1 616 304)	(165 315)	(1 772 435)
Historical Cost				
5	Intangible Assets	ArcGIS Software ZWL	Sage Evolution ZWL	Total 2021 ZWL
				Total 2020 ZWL
	Opening carrying amount	-	152	152
	Gross carrying amount	24 700	2 601	27 301
	Accumulated amortisation	(24 700)	(2 449)	(27 149)
	Additions	-	-	-
	Amortisation charge for the year	-	(152)	(152)
	Closing carrying amount	-	-	-
	Gross carrying amount	24 700	2 601	27 301
	Accumulated amortisation	(24 700)	(2 601)	(27 149)
6	Trade and other receivables	Inflation Adjusted		Historical Cost
		2 021	2 020	2 021
	Amounts due from shareholders	-	-	-
	Staff debtors	47 000	-	47 000
		47 000	-	47 000
7	Cash and cash equivalents			
	Bank balances	1 326 371	4 825 803	1 326 371
	Cash on hand	9	14	9
	Total	1 326 380	4 825 817	1 326 380



# MINING PROMOTION CORPORATION (PRIVATE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2021

	Inflation Adjusted		Historical Cost	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
<b>8 Share Capital</b>				
<b>Authorised share capital</b>				
20,000 "A" Ordinary shares and 480,000 "B" Ordinary shares of \$0.002 each	70 726	70 726	1 000	1 000
<b>Issued share capital</b>				
4,375 "A" Ordinary shares and 119,925 "B" Ordinary shares of \$0.002	17 611	17 611	249	249
<b>9 Deferred Income</b>				
Opening balance	2 129 064		2 129 064	-
Additions	-	3 422 198	-	2 129 064
Amortisation	-		-	-
Deferred income	2 129 064	3 422 198	2 129 064	2 129 064
<b>10 Trade and other payables</b>				
Trade payables	2 057 957	1 196 429	2 057 957	744 338
PAYE	2 296 858	612 165	2 296 858	380 849
Medical aid	206 386	54 262	206 386	33 758
MIPF	965 908	421 171	965 908	262 025
NSSA	182 277	79 267	182 277	49 315
ZIMDEF	121 943	49 024	121 943	30 499
Net salaries	1 954 492	-	1 954 492	-
Standard levy	57 266	23 004	57 266	14 311
Director's fees	1 812	2 913	1 812	1 812
Withholding tax	194	312	194	194
Staff creditors	-	-	-	-
<b>Total</b>	<b>7 845 095</b>	<b>2 438 546</b>	<b>7 845 095</b>	<b>1 517 101</b>
<b>11 Provisions</b>				
Leave pay provision	2 255 859	660 751	2 255 859	411 075
	2 255 859	660 751	2 255 859	411 075



# MINING PROMOTION CORPORATION (PRIVATE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2021

		Inflation Adjusted		Historical Cost	
		2021	2020	2021	2020
		ZWL	ZWL	ZWL	ZWL
<b>12</b>	<b>Revenue from operations</b>				
	Consulancy fees	-	1 157	-	720
	Exploration Agreements fee	11 685 999	-	8 237 054	-
		<b>11 685 999</b>	<b>1 157</b>	<b>8 237 054</b>	<b>720</b>
<b>13</b>	<b>Revenue - grant</b>				
	Revenue grant - MMCZ	-	17 282 238	-	6 906 927
	Revenue grant - Government of Zimbabwe	1 283 000	-	1 283 000	-
		<b>1 283 000</b>	<b>17 282 238</b>	<b>1 283 000</b>	<b>6 906 927</b>
<b>13.1</b>	<b>Grant</b>				
	Revenue grant	1 283 000	17 282 238	1 283 000	6 906 927
	Capital grant	-	-	-	-
		<b>1 283 000</b>	<b>17 282 238</b>	<b>1 283 000</b>	<b>6 906 927</b>
<b>14</b>	<b>Other income</b>				
	Interest earned	12 098	3 921	9 568	1 031
	Amortisation of deferred income	-	-	-	-
	Other income	-	-	-	-
	Realised exchange gain	288 915	-	288 915	-
	Donation - rental	-	-	-	-
		<b>301 013</b>	<b>3 921</b>	<b>298 483</b>	<b>1 031</b>



# MINING PROMOTION CORPORATION (PRIVATE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2021

	Inflation Adjusted		Historical	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
<b>15 Exploration expenses</b>				
Exploration consumables	1 702	-	1 200	-
Geological mapping and survey	-	-	-	-
Electricity and water	-	-	-	-
Packaging - sample bags	-	-	-	-
Assay analysis	19 578	-	13 800	-
Tenements permits	-	-	-	-
Casual labour	486 738	165 761	354 635	49 290
Tools and accessories	772 325	987	646 829	140
Repairs and maintenance - field equipment	43 221	-	29 990	-
Repairs and maintenance - motor vehicles	535 358	-	426 816	-
Fuels and oils	2 603 016	448 522	1 887 438	64 559
Equipment and hire	-	59 557	-	8 444
	<u>4 461 940</u>	<u>674 827</u>	<u>3 360 709</u>	<u>122 432</u>
<b>16 Administration expenses</b>				
Audit fees	53 744	-	43 120	-
Bank charges	541 170	420 840	419 525	120 891
Board expenses	-	-	-	-
Board sitting allowances	670 416	522 512	499 192	322 448
Protective clothing	-	73 300	-	40 640
Depreciation and amortisation charge	4 252 741	5 638 922	298 934	323 552
Loss on disposals	-	-	-	-
Vehicle hire	-	-	-	-
Printing and stationery	57 329	15 166	41 785	4 849
Office cleaning and consumables	-	-	-	-
Softwares and licenses	287 349	94 338	233 656	41 540
EIA permit	-	-	-	-
Fuels and oils	14 580	149 507	14 580	21 520
Repairs and maintenance - computers	1 640	-	1 156	-
Repairs and maintenance - motor vehicles	-	-	-	-
Repairs and maintenance - other	-	-	-	-
Consultancy	-	8 007	-	1 440
Recruitment and advertising	209 480	-	171 450	-
Fines and penalties	-	-	-	-
Internet subscriptions	398 489	366 761	358 751	151 373
Rentals and rates	1 326 982	1 241 968	1 036 688	743 046
Telephone and postages	-	23 922	-	7 500
Training and conferences	50 400	124 706	44 225	17 680
Travel and subsistence	241 429	45 830	232 632	8 040
Other expenses	1 804 274	1 077 815	1 166 225	239 819
Loss due to fraud	-	-	-	-
	<u>9 910 023</u>	<u>9 803 595</u>	<u>4 561 918</u>	<u>2 044 337</u>
<b>17 Employment expenses</b>				
Salaries	14 258 203	7 765 134	10 144 043	3 004 751
Increase in leave provision	1 595 108	262 219	1 844 784	355 804
Medical expenses	-	14 107	-	2 000
Funeral expenses	-	-	-	-
	<u>15 853 312</u>	<u>8 041 461</u>	<u>11 988 827</u>	<u>3 362 555</u>



# MINING PROMOTION CORPORATION (PRIVATE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2021

### 18 Related parties

The following are related parties of the company

18.1 Related party	Nature of relationship
Ministry of Mines and Mining Development	95% shareholder
Zimbabwe Mining Development Corporation	5% shareholder
Minerals and Marketing Corporation of Zimbabwe	Common control

	Inflation Adjusted		Historical	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
<b>18.2 Related Party transactions</b>				
<b>Revenue grants</b>				
MMCZ	-	17 282 238	-	6 906 927
Government of Zimbabwe	1 283 000	-	1 283 000	-
	<u>1 283 000</u>	<u>17 282 238</u>	<u>1 283 000</u>	<u>6 906 927</u>
<b>Non-executive directors board fees</b>				
Chairman				
Vice chairman				
Board members				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Non-executive directors allowances</b>				
Chairman				
Vice chairman				
Board members				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Executive directors remuneration</b>				
Chief executive officer				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Rent and rates paid to ZMDC</b>				
Rent and rates	1 326 982	1 241 968	1 036 688	743 046

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## Financial Statements for the year ended 31 December 2021

### Notes to the financial statements

#### 19 Financial risk management overview

The Company has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Credit risk
- Operational risk

#### 19.1 Risk management framework

The board of directors has responsibility for the establishment and oversight of the Company's risk management framework. The board of directors is responsible for developing and monitoring the Company's risk management policies.

#### 19.2 Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

#### 19.3 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's receivables from customers and investment activities.

#### 19.4 Operational risk

Mineral exploration requires high investment, sustained cash inflow, and considerable time with inherent high risk. The Company after massive investments might not find an economic deposit. The Company manages operational risk through procedure guidelines, staff training, segregation of duties and business continuity management.

#### 20 Going concern

Owing to the global pandemic of Covid-19, the Government of the Republic of Zimbabwe introduced a lockdown in the country on 27 March 2020. The lockdown has since been declared indefinite and it is not clear when this lockdown will be lifted. The effect of the lockdown has been the slowing down of business activities of the Company. The Directors have assessed the ability of the entity to continue operating as a going concern and believe that preparation of these financial statements on a going concern is still appropriate given the measures that have put in place by the Government of Zimbabwe and the world at large to combat the pandemic.

The Company has taken several steps to further strengthen its financial position and maintain liquidity and flexibility. The Company is undertaking the following initiatives to manage this material uncertainty: suspending unnecessary capital expenditure, reviewing operating expenses, concentrating on digital delivery channels, adjustment of certain aspects of operations to protect employees and stakeholders while still meeting stakeholders' needs.



The consolidated financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

## **21 SUBSEQUENT EVENTS**

There were no significant subsequent events after the reporting date that warranted disclosure.



**MINING PROMOTION CORPORATION**

*M i n e r a l E x p l o r a t i o n*