ANNUAL REPORT 2021

PADENGA

HOLDINGS LIMITED

OUR VISION:
To be the principal and preferred supplier of premium grade crocodilian skins to the luxury brand houses of the world.

To be Zimbabwe's leading gold mining company, creating value for our people now and in generations to come.

OUR MISSION STATEMENT:
We are producers of quality crocodilian skins and meat for supply to premium markets worldwide.

OUR VALUES
- Adherence to the five freedoms of Animal Welfare
- Pursuit of excellence
- To be the best
- Integrity
- Humility with confidence
- Respect
- Passion
- Fairness
- Discipline
- Team Spirit

About Our Report

Padenga Holdings Limited, a company listed on the Victoria Falls Stock Exchange (VFEX), presents its annual report for the year ended 31 December 2021.

This report integrates both financial and non-financial information necessary to inform our stakeholders on the Company's performance, including an overview of its social, environmental, and economic impacts. Padenga operates on the principle of continuous improvement not only in terms of operational and overall company performance, but also in terms of the individual performance of its employees. The Company strives to maximise the quality of the skins that it produces, and aims to be the principal supplier of premium grade crocodilian skins to the global market.

Through its subsidiary company Dallaglio Investments (Pvt) Ltd, Padenga is also committed to becoming the leading gold mining enterprise in Zimbabwe, creating value for its citizens now and in generations to come. Together we strive to innovate, explore, build, and operate gold mining assets to a world class standard.

On 1 January 2020 Padenga became the majority shareholder of Dallaglio Investments (Pvt) Ltd (Dallaglio), an investment holding company engaged in developing and operating large scale commercial gold mines in Zimbabwe. The Company owns 50.1% of the shares and as a result of this acquisition, Dallaglio is required to comply with Padenga's company policies, which includes reporting on the sustainability of its operations, as well as to the requirements of the Victoria Falls Stock Exchange (VFEX).

REPORTING FRAMEWORKS

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31). In reporting non-financial information, Padenga is guided by:

- ZWS ISO 26000 integrating, implementing and promoting socially responsible behaviour throughout the organization through its policies and practices and within its sphere of influence; identifying and engaging with stakeholders; and communicating commitments, performance and other information related to social responsibility.
- Listing Requirements of the Victoria Falls Stock Exchange (VFEX)
- Global Reporting Initiatives (GRI) Protocol
- The National Code of Corporate Governance in Zimbabwe (ZIMCODE)

REPORTING FRAMEWORKS (continued)

- Climate Change Disclosure Framework of the Carbon Disclosure Standards Board (CDSB) guided by ISO 14064-65-66: Greenhouse gas (GHG) quantification, reporting, verification, validation. GHG Emission = Activity *Emission Factor ghg using DEFRA Greenhouse gas reporting: conversion factors 2021 for Scope 1, while for Scope 2 www.emissionsfactors.com's IPCC calculation value of 0.729770333127 kgCO_{2e}/kWh for Zimbabwe have been used for this report.
- Business Reporting on Sustainable Development Goals (SDGs): Guide of GRI and United Nations Global Compact (UNGC): ISO 26000 and other relevant ISO standards (refer to ISO/SDGs linkage documents).
- King IV Report

REPORT BOUNDARIES

In defining the reporting boundaries, the 2021 Sustainability Report is divided into two sections. The first section will focus on Padenga's Crocodilian business while the second section will focus on the gold mining operations. By nature of their size, location and production volumes, together with the associated sustainability perspectives, the crocodile farming operations on Lake Kariba have received the primary focus by Padenga Management in the reporting period.

SUSTAINABILITY REPORTING DECLARATION

The sustainability information in this annual report was prepared using Zimbabwe standard ZWS ISO 26000:2010, the international ISO guidance standard adopted by Zimbabwe, providing the framework to integrate Social Responsibility ("SR") into the values and practices of the Group. It communicates the commitment, performance and relevant information on SR; a key component of sustainability. The information in this report may be used for the Global Reporting Initiative (GRI) protocol using the GRI/ISO 26000 linkage[1]. Black Crystal Consulting, an independent sustainability reporting consultant, performed an independent review of this report and the information therein, assessed the actual performance with site visits, and provided third-party assurance that all considerations were taken into account to ensure that the report complies in all material aspects with provisions of the selected standard and linkage requirements.

The applicable United Nations Sustainable Development Goals (SDGs) in relation to Padenga Holdings Limited are also presented as part of this report.

[1] GRI G4 Guidelines and ISO 26000:2010 How to use the GRI G4 Guidelines and ISO 26000 in conjunction (https://www.iso.org/iso/iso-gri-26000_2014-01-28.pdf)

PADENGA
HOLDINGS LIMITED

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The Padenga Holdings Limited Annual Report for FY 2021 and the Proxy Form for the Padenga AGM is available for download at http://www.padenga.com

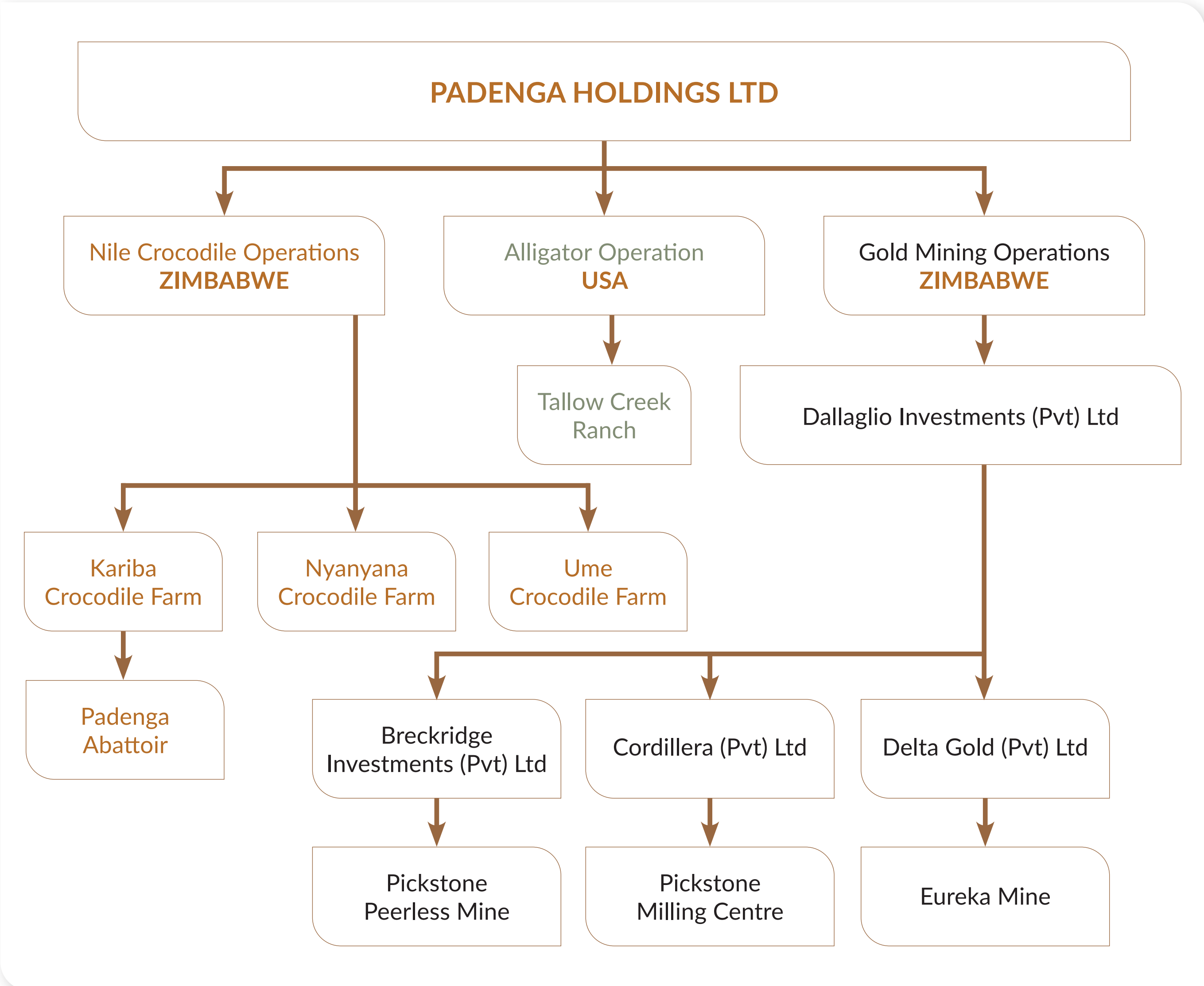
The Eleventh Annual General Meeting of Padenga Holdings Limited is to be held at the Royal Harare Golf Club, 5th Street extension, Harare, on Tuesday 14 June 2022 at 08h 15, also virtually via the link https://escrowagm.com/eagmZim/Login.aspx

STATEMENT FROM THE
CHIEF EXECUTIVE OFFICER, GARY SHARP

Welcome to Padenga's 2021 Annual Report

Despite 2021 being another challenging year globally, Padenga continued its commitment to implement sustainable business practices throughout the Company. With the Covid-19 pandemic remaining a dominant factor in daily lives, Padenga maintained its relationships with Providence Health & Wellness and the Ministry of Health and Child Care to provide continued health and welfare services to our staff and their dependants. Following the global rollout of Covid-19 vaccines in the second quarter of 2021, we encouraged our staff to be vaccinated to mitigate against serious clinical infection and hospitalisation. By the end of the year, all our staff, bar a couple on medical exemptions, had been successfully vaccinated. I wish to acknowledge the incredible support from management and staff of Providence Health & Wellness in facilitating a very successful Covid-19 surveillance and treatment strategy employed on the farms which undoubtedly contributed to minimum loss of life and effective treatment of those who contracted Covid-19.

Padenga continued to place emphasis on industry best practice and being compliant with international and national legislation as well as industry specific welfare standards. Padenga's three crocodile farms were certified to the elite standards set by the International Crocodilian Farmers Association (ICFA) in 2020, and the Company is proud to have been recertified during the scheduled re-evaluation audit inspection in 2021. Accreditation to international welfare, husbandry and sustainability standards by an independent and credible certification agency has become a mandatory requirement for the sale of skins to premium brand customers worldwide. From early 2022, non-farmer (trade) members of ICFA will commit to only purchasing skins from farms that have been certified to be compliant with a set of internationally recognised welfare standards.



A second year of the Covid-19 pandemic had its impacts on global economies, which in turn had an effect on Padenga's operations. The key challenges were a depressed global skin market that necessitated a re-evaluation of Padenga's production strategy. In what has become one of the largest disruptions to the industry ever, over-production of skins, revised grade stringencies, changing size and volume dynamics, depressed market conditions, and increased compliance demands all impacted on the ability to produce and sell skins profitably. Material volumes of largely low-quality skins exist on farms, in tanneries and with manufacturers worldwide, depressing both demand and prices. Padenga introduced material changes to its operational systems in order to maintain grade quality against evolving grade stringencies and to meet a requirement for generally smaller skins. The exclusive supply arrangement with Padenga's premium customer was revised to allow sales of skins to other high-end customers precipitating new marketing arrangements to facilitate this. With a multi-year production cycle these operational changes take time to be implemented across the board, but initial results were consistent with expectations and remain on track for improved quality outcomes. The other aspect of the business impacted by the consequences of the pandemic was that related to ensuring continuity of supply in regards to critical inputs procurement, delivery and storage. Feed raw materials in particular were in extremely short supply with long lead times on delivery, variability in the quality of products supplied, necessitating increased quality testing and increased costs of shipment and handling. Notwithstanding these challenges, appropriate measures were successfully implemented to ensure the continuity of the business.

During 2021 Padenga employed an average of 808 staff monthly; 96 more than in 2020. Of these 56% were in permanent employment and 60% were drawn from the local Mola Community. Padenga applauds the fact that an additional 9 members of staff reached the milestone of working for the Company for 25 years, which is a reflection of a positive and strong working environment. Our two clinics run by Providence Health & Wellness recorded a total of 6,000 visits over the year, emphasising the significance of these clinics in providing essential medical and wellness services to our staff, their families and members of the community.

PADENGA HOLDINGS LIMITED
As one of the world's leading suppliers of premium quality crocodilian skins, Padenga produced 50.5% of Zimbabwe's total annual wet-salted crocodile skin exports during 2021, and approximately 85% of the total export value of all wet-salted crocodile skins. The Company strives to maximise the quality of the skins that it produces, and aims to be the principal supplier of premium grade crocodilian skins to the global market. In addition, Padenga's Zimbabwean operation has historically produced crocodile meat from its export approved abattoir for sale to European markets. The Company currently operates three crocodile farms in northern Zimbabwe on the shores of Lake Kariba.

TALLOW CREEK RANCH
Padenga has a majority shareholding in Tallow Creek Ranch, an alligator farm operation, in southern Texas, in the United States of America (USA). The Company diversified its business into the production of an alternative crocodilian species in 2012 and has invested materially in developing an operation to world class standards.

DALLAGLIO INVESTMENTS (PVT) LTD
With a majority shareholding in Dallaglio Investments (Private) Limited, which is engaged in developing and operating large scale commercial gold mines domestically, Padenga is committed to becoming the leading gold mining enterprise in Zimbabwe. The Company strives to innovate, explore, build, and operate gold mining assets to 1st world standards.

STATEMENT FROM THE CHIEF EXECUTIVE OFFICER, GARY SHARP (continued)

The student scholarship programme, through which Padenga supports pupils financially throughout their school years, has continued to be a success. We were proud to observe that a fourth pupil supported by Padenga advanced into tertiary studies with the costs associated with the same continuing to be met by the Company. There are now four students in tertiary education programmes (two women and two men), with a further 37 pupils on full scholarship programmes at primary and secondary school level (14 girls and 23 boys). This initiative is a positive contribution towards uplifting the future capabilities of children from families in our local communities.

From an environmental perspective, the national grid tied solar array at the Nyanyana Crocodile Farm increased its production output by 72% over 2020 with a further increase anticipated when the final phase of the 1.2 MW array is commissioned in July 2022. We have started to report on the carbon footprint per crocodile skin produced and since 2018 there has been a pleasing downward trend in the amount of CO_2 emissions per skin produced. Through the production of renewable energy from our solar arrays at the Nyanyana Crocodile Farm and Ume Crocodile Farm, Padenga has also been able to save a total of 669 metric tonnes of CO_2 emissions, that would otherwise have been produced using either grid fed electricity or diesel fuel for generators.

I'm pleased to announce that Padenga received the ZimTrade Annual Exporter Award 2021 for the Hides & Skins sector.

Dallaglio Investments (Pvt) Ltd, engaged in developing and operating large scale commercial gold mines in Zimbabwe, is once again presented in this year's annual report. Padenga became a majority shareholder of Dallaglio in 2020, which means that Dallaglio is required to adhere to Padenga's company policies, which includes reporting on the sustainability of its operations.

With His Excellency Dr Emmerson Mnangagwa as the guest of honour, Dallaglio successfully recommissioned the Eureka Gold Mine on 21 October 2021. During the year, 420 staff were employed at the mine and we expect that number to increase in 2022. A further 465 staff were employed at Pickstone Peerless Mine and 43 at the Pickstone Milling Centre. A total of 928 men and women are in direct employment at the mines, not including the staff employed by the contractors Dallaglio works with at both mines. On average, 66% of those employed by Dallaglio are from the local communities.

From a community perspective, the Pickstone Milling Centre processed 22,023 tons of ore delivered to the mill by the small-scale mining community. This ore is transported to the crushing plant and then transferred to the main Pickstone Peerless processing plant. This inclusive business initiative provides invaluable support to the community around the mine. With 2021 being the second year of the Covid-19 pandemic, Dallaglio continued providing support through donations of Personal Protective Equipment (PPE) to local schools, health facilities and communities. Over the course of the second half of the year, all staff were vaccinated against Covid-19.

From an environmental perspective, 2021 was a tough year at Pickstone Peerless Mine as heavy rainfall caused the Mombe River to burst its banks and flood one of the main pits at the mine. In response to this, extensive flood mitigation and erosion control have been implemented.

With the challenge of developing sustainability reporting initiatives and benchmarks from scratch, Dallaglio has during 2021 started to make meaningful progress and is working towards publishing a stand-alone sustainability report in 2023.

Gary Sharp
CHIEF EXECUTIVE OFFICER

CORPORATE INFORMATION

Directorate & Management

BOARD

The primary responsibility of the Board is to discharge its fiduciary responsibility to the shareholders and the Group. The Board is accordingly, the highest policy organ of the Group and sets its strategy. Meeting quarterly, the Board receives and acts on key information pertaining to the operations of Padenga.

COMPOSITION

The Board consists of three executive directors and five non-executive directors, comprising a cross-section of professionals and major shareholder representatives. The non-executive directors of Padenga comprise individuals with proven track records and a wide range of different skills and experience, which they employ for the Group's benefit, and who also provide crucial independence and guidance in the Group's strategic decision-making.

DETAILS OF DIRECTORS & MANAGEMENT

The full names and positions of the Directors of Padenga as at 31st December 2021 are set out below:

DIRECTORS:	POSITION HELD:
Thembinkosi Nkosana Sibanda	Non-Executive Chairman
Gary John Sharp	Chief Executive Officer
Oliver Tendai Kamundimu	Chief Financial Officer
Michael John Fowler	Executive Director
Annie Mutsa Mazvita Madzara	Non-Executive Director
Jerome Caraguel	Non-Executive Director
Sternford Moyo	Non-Executive Director
Evlyn Mkondo	Non-Executive Director

(Thembinkosi Nkosana Sibanda was appointed Chairman on the 12th of September 2018)

(Jerome Caraguel was appointed as a Director on the 14th of March 2018)

(Sternford Moyo was appointed as a Director on the 1st of May 2019)

(Evlyn Mkondo was appointed as a Director on the 15th of June 2021)

CORPORATE INFORMATION

EXECUTIVE MANAGEMENT	POSITION HELD
Gary John Sharp	Chief Executive Officer
Oliver Tendai Kamundimu	Chief Financial Officer
Michael John Fowler	Executive Director
Charles Boddy	Operations Executive
Graeme Sharp	Management Executive
Jimmyson Kazangarare	General Manager Kariba Crocodile Farm
Prince Chapeyama	General Manager Nyanyana Crocodile Farm
Mike Ncube	General Manager Ume Crocodile Farm
Jeremiah Hunzwi	Abattoir Manager

DALLAGLIO EXECUTIVE MANAGEMENT	POSITION HELD
Marc Nicolle	Chief Executive Officer
Takudzwa Munyurwa	Chief Financial Officer

COMPANY SECRETARY AND REGISTERED OFFICE	TRANSFER SECRETARIES
Andrew Lorimer	Corpserve Share Transfer Secretaries
121 Borrowdale Road	2nd Floor ZB Centre
Gunhill	Corner First Street/Kwame Nkrumah Avenue
Harare	Harare
P O Box HG 633, Highlands	P O Box 2208
Harare	Harare
Zimbabwe	Zimbabwe

AUDITORS	LEGAL ADVISORS
Ernst & Young	Dube, Manikai & Hwacha
Chartered Accountants (Zimbabwe) Registered Public Auditors	Commercial Law Chambers
Angwa City	6th Floor Goldbridge Eastgate Complex
Corner Julius Nyerere/Kwame Nkrumah Avenue	Corner Sam Nujoma/Robert Mugabe Avenue
P O Box 702	P O Box 10400
Harare	Harare
Zimbabwe	Zimbabwe

PRINCIPAL BANKERS:

CBZ Bank Limited	**CABS**	**EcoBank**
Union House	Northend Close	Sam Levy Village
60 Kwame Nkrumah Avenue	Northridge Park	Borrowdale
Harare	Harare	Harare

FINANCIAL HIGHLIGHTS

THE DIRECTORS ARE PLEASED TO PRESENT THE AUDITED FINANCIAL RESULTS FOR PADENGA HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 US$	2020 US$
GROUP SUMMARY		
Revenue	78 466 352	71 605 783
Operating profit before depreciation, impairment, amortisation, and fair valuation adjustments	15 101 137	23 760 467
(Loss)/Profit before taxation	(6 437 410)	4 084 376
(Loss)/Profit attributable to shareholders	(5 319 617)	1 417 119
Cash generated from operating activities	15 502 776	6 591 503
Capital expenditure	22 995 127	28 485 688
Net Assets	80 229 963	87 424 650
SHARE PERFORMANCE		
Basic (loss)/earnings per share (cents)	(0.98)	0.26
Diluted (loss)/earnings per share (cents)	(0.98)	0.25
Basic headline (loss)/earnings per share (cents)	(0.99)	0.26
Diluted headline (loss)/earnings per share (cents)	(0.99)	0.25
Market price per share (cents)**	21.00	28.51
Number of shares in issue at reporting date	**541 593 440**	**541 593 440**
Market capitalisation (US$)**	**113 734 622**	**154 408 290**

** Padenga Holdings Limited was listed on Victoria Falls Stock Exchange (VFEX) on 9th July 2021 and the stocks are trading in United States Dollars. The price as at 31 December 2020 was quoted in ZWL and converted to US$ at the prevailing RBZ auction rate.

CHAIRMAN'S STATEMENT

DIRECTORS' RESPONSIBILITY

The Company's Directors are responsible for the preparation and fair presentation of the Group's financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies of the Group are consistent with those applied in the previous financial year.

FUNCTIONAL CURRENCY

The financial statements are presented in United States Dollar (US$), which is the functional and presentation currency of the entity.

AUDIT STATEMENT

These condensed financial results should be read in conjunction with the complete set of consolidated financial statements for the year ended 31 December 2021, which have been audited by Ernst & Young Chartered Accountants (Zimbabwe).

In all respects the financial results are consistent with IFRSs, other than a qualified opinion being issued arising from; continuing issues from prior years relating to non-compliance with International Financial Reporting Standards IAS 21- "The Effects of Changes in Foreign Exchange Rates in Prior Period", application of IAS 8 – "Accounting Policies, Changes in accounting estimates and errors", mainly correction of prior period's exchange rate due to non-availability of official market rates, application of IAS 29 "Financial Reporting in Hyperinflationary economies" in prior year on the Group's subsidiary mainly arising from non-compliance with IAS 21 which fed into IAS 29 computations and non-compliance with IFRS 3 in the prior period, which requires Management to establish the fair values of the net assets and fair values of the Non-Controlling Interests of an acquired subsidiary on the date of acquisition.

The external auditor has noted 4 key audit matters with respect to: Physical Verification of Biological Assets, Fair Valuation of Biological Assets, Valuation of Mineral Inventories, and Impairment of Non-Current Assets.

The auditor's independent report on the consolidated financial statements (from which these results were extracted) is available for inspection at the Company's registered office and is posted on the Company's website: www.padenga.com. The engagement partner for this audit opinion is Mr Walter Mupanguri (PAAB Practicing Number 367).

FINANCIAL

Consolidated Results

The Group recorded a turnover of US$78,466,352 in the period under review. This was a 10% increase over the US$71,605,783 recorded in prior year. The revenue contributions from the Group's business units were as follows: Dallaglio 66% (57% in FY20), Zimbabwe crocodiles 31% (38% in FY20) and Texas alligator operation 3% (5% in FY20). The solid Group revenue performance was largely driven by the exceptional contribution from the mining operations. This followed the on-time commissioning of the new Eureka gold mine in Guruve in October 2021. The Eureka gold mine achieved its plant nameplate capacity seven weeks earlier than forecast on the 25th of November 2021. The Group recorded EBITDA of US$15,101,137 for the year (US$23,760,467 in FY20).

The Group's export revenue from the crocodile farming division was subjected to statutory surrender requirements at 40%. By the end of the year the disparity between the auction rate and the alternative market rate had widened to approximately 2:1. This implied that on 40% of turnover, the Group would receive ZWL dollars at half the alternative market rate. The sum total of this statutory surrender was a 20% loss of purchasing power on the top line. The total loss for the Group during this period as a result of this situation, was calculated at US$9 million. The consequences of this on the viability of the business are not sustainable.

The Group made a fair valuation write down of US$3,441,013 (US$468,113 fair value gain in FY20) that arose mainly from the accumulation of stocks of those skins that the premium market no longer accepts. These skins will be sold to alternative markets during 2022 at prices appropriate for their sizes and grades. The interest expense for the Group increased significantly to US$10,138,637 (US$6,665,084 in FY20) due to enhanced borrowings that went towards the rehabilitation of the Eureka gold mine which is now in full production and contributed to the increased revenues reported.

The combined consequences of the 40% retention tax and the skins stock value write-down resulted in the Group declaring a loss before taxation of US$6,437,410 for the year (US$4,084,376 profit before taxation in FY20).

The volume of gold sold was 976kgs (722kgs FY20) with the volume growth largely coming from the newly commissioned Eureka gold mine. We sold a total of 55,341 skins compared to 72,244 skins in prior year 2020. The Zimbabwean operation sold 39,936 skins in the period under review (43,254 FY20) at increased prices. The number of skins sold in the period decreased against prior year because some of the harvested skins fell outside the required size categories specified by PHL's premium brand customer. The Texas alligator operation contributed 28% of the total skin volumes sold (40% FY20), of which the bulk were lower grade skins.

The Group generated cash amounting to US$15,502,776 (US$6 591 503 FY20) from operating activities for the year. This increase in cash inflow was achieved on the back of increased efficiencies in working capital management.

CHAIRMAN'S STATEMENT (continued)

Dallaglio Financials

The mining division made an operating profit of US$8,444,382 (US$18,138,329 in FY20). There was a 43% increase in operating costs against prior year mainly driven by pre-operating expenses incurred before commencement of commercial production at Eureka mine. Dallaglio resultantly recorded a loss before tax of US$4,337,858 in the period under review (US$7,114,740 profit FY20).

The mining business generated positive cash flows of US$10,112,478 (US$6,260,130 in FY20) from its operations that contributed to working capital relief.

Nile Crocodile Financials

The Padenga Zimbabwe crocodile business made an EBITDA profit of US$5,686,505. This was a 7% improvement over the US$5,323,528 recorded in prior year. This improved performance was driven by a 12% increase in the prices of skins sold. This resulted in a 7% improvement in our gross margins over prior year.

The crocodile business made a fair valuation write down of US$3,645,405 (US$412,344 fair value gain in FY20). This write down arose from the accumulation of stocks of those skins that the premium customer no longer accepts because of changing market dynamics. The operation resultantly made a loss before taxation of US$2,810,321 (US$1,755,414 profit before taxation in FY20).

The Zimbabwean crocodile operation generated US$5,205,270 in cash from operating activities for the period under review. This cash inflow was a consequence of efficient working capital management.

Alligator Financials

The Alligator operation recorded an operating loss of US$541,189 compared to an operating loss of US$3,641,081 for the prior comparative reporting period.

OPERATIONS

Mining Operation

Performance in the business improved significantly in the second half of the year. Eureka poured its first gold in July and achieved commercial production volumes in September 2021. The new mine was officially commissioned by His Excellency, President Emmerson Mnangagwa on the 21st of October 2021. At Pickstone, performance improved considerably in the second half of the year. This was driven by a revised open pit mine plan.

Nile Crocodile Operations

Over the year, the number of harvested skins exceeded set targets. A total of 55,136 skins were harvested; up from 46,961 harvested in the prior year. Skin quality was largely consistent with expectations, though a rigid adherence to contracted size volumes by the customer presented a challenge in full compliance.

The operation recorded 26,871 skins in inventory at the end of the period. Of these, 18,168 were skins that are not currently in demand by the premium market as they largely fall outside their desired size and quality dynamics. New markets have been sourced for the sale of these skins and they will be disposed of in 2022. Profitability was therefore negatively impacted by a reduction in fair valuation income for these stock skins in anticipation that it will take up to 12 months to move this stock at discounted prices.

Capital expenditure was considerably reduced against prior year. The main project implemented was the consolidation of wastewater discharge in preparation for primary treatment to be implemented in a phased program over the next five years. The resurfacing of pen floors with a long-lasting polyurethane floor covering continued on the farms.

The equipment that was ordered to complete phase 3 of the solar installation was finally received after Covid pandemic related supply interruptions and is now being installed. This will be operational by June 2022 bringing the plant to a total generation capacity of 1.2MW.

We closed the period with a total of 160,585 grower crocodiles on the ground compared to 148,042 at the end of December 2020.

Alligator Operations

A total of 15,405 skins were sold compared to 28,990 in the prior year. There were 1,185 breeders in the extensive breeder project. Egg numbers and fertility rates confirm that the majority of the breeder stock have not yet reached reproductive maturity. The extensive investigative actions to resolve the double scale and light cornification defects in the skins reported previously resulted in a considerable improvement in skin quality but was coincident with simultaneous tightening of skin grade standards by the market. With customers only accepting Grade 1 skins all other grades obtained were consigned to the low-quality market.

The Born 20 crop that we commenced harvesting in late 2021 was largely free of the two defects mentioned above and a plus 85% Grade 1 result was obtained on those skins presented for sale, confirming that these two quality defects have finally been resolved.

COVID-19 UPDATE

The impact of Covid-19 on businesses globally continued to be significant and lasting. Fortunately, operations at both the mines and farms in Zimbabwe were not materially impacted by lockdown restrictions introduced by Government as both were classified as essential service providers.

The onset of the Omicron variant in December 2021 reinfected a large number of employees at the crocodile operations despite a near 100% vaccination level having been achieved. Nearly 40%

CHAIRMAN'S STATEMENT (continued)

of the work force were on quarantine isolation at one stage but no adverse impact to operations occurred during the period with emergency plans for staff cover introduced as necessitated.

All Group businesses continue to implement the Covid-19 guidelines approved by the World Health Organisation and the Ministry of Health and Child Care to safeguard the health and welfare of staff and all other stakeholders.

SUSTAINABILITY AND GOOD HUSBANDRY PRACTICES

Business units within the Group are required to comply with the corporate governance framework defined in regard to Ethics and the Code of Conduct. Embedded within the Framework is the commitment to good corporate governance, observance of and adherence to international animal welfare norms, compliance with sustainability obligations and implementation of ethical business practices.

The Zimbabwean Farms underwent their prescribed annual surveillance audits in October 2021 which included seasonal processes that could not be evaluated in the initial certification inspection. They were all certified as fulfilling the standards of ICFA 1001:2019 (International Crocodilian Farmers Association). As of the end of 2021, the Padenga crocodile business was one of only two such organisations meeting compliance standards in Africa, and one of only 19 entities worldwide to achieve this standard. With demonstrated adherence to animal care, sustainability and best practice standards becoming non-negotiable pre-requisites for sales to premium brands this compliance certification positions the Group well for continued access to such markets.

Although reduced in scope because of the consequences of Covid-19, the Group continued its community outreach initiatives in those communities where our operations are located. Most of this community support was directed towards pandemic containment and mitigation efforts in support of the District Covid-19 Co-ordinating Committee.

PROSPECTS

The Group's primary focus is now directed towards a reduction in borrowings and thereby eliminating the high interest charge accruing.

Following the investment of US$20 million into Dallaglio Investments, the Group now has a stake in two gold mining units which after rehabilitation and expansion are both poised to contribute significantly to the Group's revenue and profits.

The Eureka Gold Mine which was commissioned during the last quarter of 2021 will contribute significantly to volume growth, having commenced production in the second half of last year. At Pickstone Peerless Mine, revised production methods are being implemented to fully restore the operation to profitability.

Gold volumes for the Dallaglio Group are therefore anticipated to increase 25% during 2022 with a concomitant 20% reduction in the all-in sustaining costs per ounce produced. This will increase margins and enhance profitability.

Several difficult years occasioned by adverse market conditions and changing customer dynamics, have negatively impacted the Crocodile Farming Division. Whereas supplying premium quality skins in constant volumes to the premium brand customer remains the primary focus of the Zimbabwe Crocodile operation, some reset in terms of quality has been necessitated by changing market conditions. Demand for those skins meeting the revised grade criteria is steady and prices for these remain firm. A higher proportion of skins are now consigned to the lower-tier market because of more stringent selection and this sector continues to be depressed because of both oversupply and a contraction in the second and third tier markets. In response, we trialled new operational initiatives directed at eliminating scarring during the life of the crocodile in 2021 and these have yielded extremely positive outcomes and give promise of a significant improvement in future skin quality. When achieved this will place the great

Above: Commissioning of Eureka Gold Mine.

CHAIRMAN'S STATEMENT (continued)

Left: Ceremony setup for the Commissioning of Eureka Gold Mine.

majority of Padenga's skin production into the sector of the market where demand continues at positive prices. These trial initiatives are being implemented across the enterprise from 2022 onwards. We therefore expect significantly improved quality in skins to be harvested in future. Early season harvesting is on budget and skin quality is consistent with expectations. We anticipate meeting our annual sales target and a return to profitability for this division in 2022.

The Alligator skins market remains depressed and oversupplied. Given the current volume of unsold stock skins of this species in the market and that of live alligators on farms, we anticipate this situation to persist for a minimum of four to five years. Whilst the quality of skins we produced in 2021 improved significantly, low demand and low sales volumes will result in below-par financials in this unit. Management are re-evaluating options for this unit, including moth-balling until market conditions justify a restart.

We remain confident in our strong fundamentals and we will continue to focus on preserving value while managing the risks triggered by the volatile external environment. The Group will return to profitability in 2022.

DIVIDEND

Due to the recent significant investments made and the need to reduce borrowings, the Group's cash resources are currently constrained. The Group will therefore not be paying a dividend for 2021.

T N Sibanda
CHAIRMAN
25 April 2022

CONDOLENCES

On behalf of the Board of Directors and staff members of the Group, I would like to extend our heartfelt condolences and deepest sympathies on the very sad loss of Jerome Caraguel on the 12th of March 2022. Jerome was appointed to the Padenga Board on the 14th of March 2018. Few people within the crocodilian industry had his depth of all round experience and knowledge and he conducted himself in a manner that solidified relationships with all he came into contact with. Jerome's wise counsel and guidance were invaluable to the Padenga Board and the Executive management and his contributions to the business are sincerely appreciated. He leaves a gap that will be difficult to fill and we sadly miss him.

APPRECIATION

On behalf of the Board of Directors, I thank the Group's Management and staff for their outstanding leadership and dedication during a year of extraordinary challenges. The commitment, despite the difficult operating environment experienced, to the success of the Group is greatly appreciated.

I also take this opportunity to thank the Group's valued customers, suppliers and various stakeholders for their continued support and trust.

CORPORATE GOVERNANCE AND MANAGEMENT APPROACH

Balancing the interests of all stakeholders continues to be a significant focus for Padenga. As such, Padenga continues to monitor and evaluate best practices critical for the sustainability and governance of the Company.

Our corporate governance values are ensuring that we observe principles and ethical practices guided by international best practices. Through adherence to these principles, the Board and management is able to carry out their responsibilities effectively, faithfully and in the best interests of the shareholders and stakeholders.

APPROACH TO GOVERNANCE

Our management philosophy is vested in the need to conduct the affairs of the Company with transparency, integrity, accountability and in accordance with generally acceptable corporate practices in the best interests of our shareholders and stakeholders. This enables our shareholders and stakeholders to derive assurance that in sustaining and adding value to Padenga's financial, relational and human capital investment, the Company is being managed ethically, according to prudently determined parameters and in compliance with best international parameters.

The Directors' endeavour to comply with the key principles of Corporate Governance which emphasise the need for well-balanced effective boards, strong risk management and internal control oversight and sound stakeholder relations. The Board, with the assistance of Board Committees, determines the most appropriate corporate governance practices for Padenga with the understanding that corporate governance is a continual improvement process which considers legal requirements, best practice, practicality, and affordability.

We continue to monitor and align codes of practices and conduct to the National Code on Corporate Governance Zimbabwe (ZIMCODE) and the Victoria Falls Stock Exchange Listing Rules.

Members of the Board, Management and Staff are responsible for upholding the goals and values to which Padenga aspires, namely: Integrity; Pursuit of Excellence; Respect; Passion; Fairness; Discipline; Humility with Confidence; To be the Best and Team Spirit.

COMMUNICATION WITH SHAREHOLDERS

We provide various platforms for our shareholders to communicate with the Board of Directors' and senior management. These platforms include the Annual General Meeting, notices to shareholders, press announcements of quarterly, interim, and year-end results, annual reporting to shareholders and exercise of shareholders' voting rights through proxy forms. Our website contains an array of operational, sustainability and financial information which can be easily accessed by shareholders and stakeholders.

ETHICS AND DECLARATION OF DIRECTORS' INTERESTS

Padenga believes that it is the responsibility of the Board and management to lead by following sound ethical business practices and values. Therefore, all Directors and management are required to declare interests which might be deemed in conflict with their contracts with the Company. Professional and ethical standards are an integral part of how the Company conducts its business affairs. Padenga recognises that investor and stakeholder perceptions are based on the way the Company, its Directors, management, and staff conduct business. Padenga strives to always achieve a high standard of integrity and business ethics.

BOARD OF DIRECTORS

Mr Sibanda was appointed Chairman of the Board, effective the 12 September 2018. Following the appointment of Ms Mkondo to the Board effective 15 June 2021, the Board comprises three executive Directors and five independent non-executive Directors. The Board is made up of individuals with proven track records and a wide range of skills and experience which they employ for the benefit of the Company. The Directors are allocated responsibilities in SubCommittees where they have strategic strengths. The Non-Executive Directors also provide crucial independence to the Company's strategic decision-making process and corporate governance practices.

The primary responsibility of the Board is to discharge its fiduciary duty to the shareholders and the Company. The Board is the highest policy organ of the Company and directs strategy. The Board meets quarterly to provide input and oversight to the strategic planning process and monitor operational performance. Padenga has adopted several practices to regulate the division of responsibilities between the Board and management. Namely:

- No more than 40% of the Directors on the Board are executive Directors with the non-executive Chairman being independent.
- The separation of the roles of the Chairman and the Chief Executive Officer.
- The Board sub-committees are chaired by independent Directors and have a majority of independent members.

CORPORATE GOVERNANCE AND MANAGEMENT APPROACH (continued)

AUDIT AND RISK COMMITTEE

Padenga has an Audit and Risk Committee, currently comprising of three independent Directors and one executive Director that assists the Board in fulfilment of its duties. An independent non-executive Director chairs the Committee. The Committee deals with compliance, internal control, and risk management. The Committee meets three times a year with the internal and external auditors to, inter alia, monitor the appropriateness of accounting policies, the effectiveness of systems of internal control and to consider the findings of the internal and external auditors. To ensure their independence and objectivity both the internal and external auditors have unrestricted access to the audit committee. The internal audit function is currently outsourced to external service providers and the internal audit Charter and work plans have been adopted and agreed by the Committee.

REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee comprises of two independent non-executive Directors and one executive Director and its mandate has two primary responsibilities. It evaluates and sanctions the appointment of, and remuneration packages for all Board Members, Executive Directors, and senior management. In doing so, the Committee assembles the structure and strategy related to the terms of employment for employees, management, and Board members, including compensation that aims to reward in a manner that seeks and retains talented individuals, and motivates employees to constantly seek to elevate and contribute to Padenga's success. The Committee is also responsible for orchestrating succession planning within the Company particularly that of Board members and senior management. Where necessary external remuneration advisors assist the Committee in determining the appropriate remuneration levels and practices.

SHARE DEALINGS

Directors, management, and staff are not permitted to deal directly or indirectly in shares of Padenga during:

- A closed period as defined by the Victoria Falls Stock Exchange Listing Requirements.
- Any period when they are aware of any negotiations which may affect the share price.
- Any period when they are in possession of price sensitive information not within the public domain.

PROFESSIONAL ADVICE

Padenga's policy where justifiable, entitles Directors to seek independent professional advice at the Company's expense in the furtherance of their duties or the advancement of the Company's business objectives.

REMUNERATION OF DIRECTORS

The Remuneration Committee determines the remuneration packages for the Executive Directors. These packages include a guaranteed salary as well as a performance related incentive, linked to the achievement of pre-set targets which considers the needs of the Company from time to time. Padenga also operates the 2017 Padenga Limited Share Option Scheme, a long-term incentive scheme designed to retain employees in the medium to long term, to focus their attention on longer term strategic goals and ensure sustained growth of the Company.

BOARD OF DIRECTORS

Thembinkosi Nkosana (Themba) Sibanda

Non-Executive Chairman (Appointed September 2018)

Thembinkosi graduated from the University of Zimbabwe in 1978 majoring in Accounting, and subsequently joined Barclays Bank of Botswana at its Head Office in Gaborone. Having returned to Zimbabwe in the early 1980's he completed his articles of clerkship, qualifying as a Chartered Accountant. He has remained in the same profession since, and has worked in compliance and audit for the past 34 years at Schmulian and Sibanda. Thembinkosi currently sits on various boards of Stock Exchange listed Companies. He currently chairs the Board of Edgars Stores Zimbabwe Limited. Thembinkosi is also a trustee of several organisations. Preceding his appointment as Non-Executive Chairman, Thembinkosi was a Non-Executive Director from November 2010.

Gary Sharp

Chief Executive Officer (Appointed November 2010)

Gary completed his tertiary education at the University of Zimbabwe, where he attained a Master of Science (Tropical Resource Ecology) degree in 1982. He served in the Terrestrial Branch of the Department of National Parks and Wildlife Management between 1979 and 1987. Gary's experience in the intensive husbandry of wildlife species dates back to 1988 when he joined the Lonrho Zimbabwe Group. He was engaged as Chief Executive Officer of what was then the Niloticus Division of Innscor in 2000. That entity unbundled from Innscor in November 2010 through a listing on the ZSE to become Padenga Holdings Limited and Gary has continued to serve as Chief Executive Officer since that date.

Oliver Kamundimu

Chief Financial Officer (Appointed November 2010)

Oliver completed his tertiary education at the University of Zimbabwe where he attained a Bachelor of Accountancy Honours degree. He served his articles of Clerkship with the then Coopers and Lybrand and qualified as a Chartered Accountant. Since that time, he has worked for Lonrho Africa Limited, and Manica Africa, heading up their audit departments. Oliver joined Innscor in 1999 and was tasked with setting up Innscor's internal audit department before leaving to join First Mutual Zimbabwe in 2001. He re-joined Innscor in 2004 as the Financial Director of their Niloticus Division and has continued in a similar position since the Company was separately listed in 2010.

Michael Fowler

Executive Director (Appointed November 2010)

Michael has been involved with the companies that preceded Innscor since 1982 and has held a number of executive positions within the Innscor Group since his appointment as a Director in 1994, including a period during which he served as Group Chief Executive Officer. He currently sits on the Remuneration Committee of Innscor. At various stages he has been a Director of companies that previously constituted the Agro-Processing Division of Innscor (namely Niloticus Division and Colcom Holdings Limited), as well as National Foods Holdings Limited.

Annie Madzara

Non-Executive Director (Appointed November 2010)

Annie is an Environment and Development Professional with over 25 years of experience in the field, 13 of which have been in senior positions. Among her many qualifications, Annie holds a Natural and Aquatic Science qualification at Masters Level, a Master's in Business Administration Degree and a Masters in Development Studies. She has field and managerial experience from Public, Private and NGO sectors including Commercial Director at Parks and Wildlife Management Authority and managing the Environment and Climate Change Programme of the UNDP in Zimbabwe. She is a member of the African Forest Forum and a Fellow with the Leadership for Environment and Development (LEAD International).

Jerome Caraguel

Non-Executive Director (Appointed 14 March 2018 - Deceased 12 March 2022)

Jerome Caraguel is a French citizen with a Master of Economics degree from the University of Toulouse, France. He has worked in the exotic skins trade his entire career and has recently retired following a thirteen-year period as the Purchasing Director of Exotic Skins for top tier tanneries supplying the premium luxury brands. He serves on the Board of other crocodilian farming operations in both Australia and the USA and brings a wealth of experience about meeting the expectations of the high-end quality skin market.

Sternford Moyo

Non-Executive Director (Appointed 1 May 2019)

Qualifications: BL (Hons) and LLB (Distinction) Legal Practitioner, Conveyancer and Notary Public. Sternford Moyo graduated with a Batchelor of Law and a Batchelor of Laws degrees from the University of Zimbabwe. He joined Scanlen and Holderness in December 1981. He specializes in Mining, Corporate and Commercial Law. He is, among other positions held, a former President of the Law Society of Zimbabwe, former President of the SADC Lawyers Association, former Chairman of the African Regional Forum of the International Bar Association, former Chairperson of the Human Rights Institute of the International Bar Association and former Chairperson of Stanbic Bank Zimbabwe Limited. Currently, Sternford is Senior Partner of Scanlen & Holderness, Chairman of Schweppes Zimbabwe Limited and Director of PPC Zimbabwe Limited, WorselyParsons Zimbabwe (Pvt) Ltd and Alpha Media Holdings Limited. He is also a Trustee of the Johannesburg based Southern Africa Litigation Centre, Malilangwe Conservancy, and the London based EyeWitness Trust.

Evlyn (Eve) Mkondo

Non-Executive Director (Appointed 15 June 2021)

Evlyn is one of the most senior female Chartered Accountants in the country. She has worked for a number of companies, including Delta Corporation Limited, Star Africa Corporation Limited and African Consolidated Resources Limited, as Chief Financial Officer. She sits on the Boards of Schweppes Holdings Africa Limited, Standard Chartered Bank Zimbabwe Limited, First Mutual Holdings Limited and First Mutual Properties Limited and chairs their respective Board Audit Committees.

SUSTAINABILITY REPORT

During 2021 Padenga continued its commitment towards further improving the sustainability operations and practices within its businesses.

FACTS ON PADENGA HOLDINGS LIMITED 2021

	Zimbabwe Nile Crocodile *Crocodylus niloticus*	USA Alligator *Alligator mississippiensis*	PADENGA TOTAL	Year on Year Change: 2020 - 2021
Number of Skins Produced	55,136	13,399	68,535	5%
Quantity of Crocodile Meat Produced	295,656 kg	-	295,656 kg	23%
% Eggs from Wild Sources	26%	-	26%	7%
% Eggs from Domestic Stock	74%	-	74%	60%
Yearlings Purchased	-	6,880	6,880	-8%

ZIMBABWE OPERATIONS

- Padenga's Zimbabwean crocodile operation consists of three Nile crocodile (*Crocodylus niloticus*) farms located on the shores of Lake Kariba.
- All three Padenga crocodile farms have been audited and certified as compliant with the global standards established by the International Crocodilian Farmers' Association (ICFA). Apart from one other farm in South Africa, they are the only Nile crocodile farms that have been certified by ICFA to-date.
- Each farm operates as a standalone business unit and is managed as an independent cost profit centre, with the abattoir at the Kariba Crocodile Farm as a further independent business unit.

SUSTAINABILITY REPORT (continued)

KARIBA CROCODILE FARM

- Kariba Crocodile Farm (KCF) is the oldest of the three farms and operates as the mother farm, housing the Company's main support facilities as well as Padenga's abattoir.
- The farm is situated on land leased from the Zimbabwe Parks & Wildlife Management Authority (ZPWMA).
- The farm employs approximately 96 employees in permanent roles, and has the capacity to deliver up to 15,300 skins on an annual basis.

NYANYANA CROCODILE FARM

- Nyanyana Crocodile Farm (NCF) is the youngest of Padenga's farming operations and is located alongside the Kariba Crocodile Farm.
- This farm carries the responsibility for the incubation of all the domestic and wild eggs collected each year. The incubators use state of the art climate control software to ensure that optimal conditions are maintained throughout the incubation process.
- The farm is also situated on land leased from the ZPWMA.
- The farm employs approximately 94 staff members in permanent roles, and has an annual capacity of 15,300 skins.

UME CROCODILE FARM

- Ume Crocodile Farm (UCF) is situated at a remote location on the Ume River estuary, 65km across the Lake and west of KCF and NCF.
- UCF is located on land leased from the Nyaminyami Rural District Council (NRDC).
- Due to its remote location, the farm is off the national electricity grid and relies on both diesel generators and a 252 kWp solar energy plant as its energy sources.
- This remote location provides a reduced biosecurity and disease risk.
- 70% of Padenga's domestic breeder herd is housed at UCF within multiple pens designed to provide an optimal environment for the mature crocodiles.
- In terms of employee numbers UCF is the largest of the farms with approximately 123 staff engaged in permanent roles. The farm is identical to KCF and NCF in terms of pen space and therefore also has an annual production capacity of 15,300 skins.

SUSTAINABILITY REPORT (continued)

US OPERATION: TALLOW CREEK RANCH

- Tallow Creek Ranch (TCR) in Texas, USA is an alligator (*Alligator mississippiensis*) farming operation that is located approximately 110km east of Houston.
- TCR has a production capacity of 15,000 medium sized skins per annum.
- The farm employs a small permanent workforce of 16 employees, including four management and administrative members of staff. The Company engages additional short-term contract workers as dictated by its seasonal activities.
- Plans to have TCR audited for compliance with standards set by the International Crocodilian Farmers' Association (ICFA) during 2021 were deferred because of the Covid-19 pandemic and will be implemented during 2022.
- Trade in alligator skins in Texas is governed by the Convention on International Trade in Endangered Species (CITES), and is regulated by the Texas Parks and Wildlife Department which also conducts frequent animal welfare audits in compliance with the organisation's mandate

SUSTAINABILITY REPORT (continued)

KEY OBJECTIVES

The following key objectives are integral in further developing Padenga's 2021 sustainable development strategy:

- Continuing to produce top quality skins for premium luxury brands
- Adapting production operations to meet changing global market dynamics
- Maintaining international operational standards within its abattoir despite the absence of an export meat market because of restrictions globally on the importation of exotic meats during the Covid-19 pandemic
- Preparation of Tallow Creek Farm in the USA for certification compliance to the standards established by the International Crocodilian Farmer's Association (ICFA)
- Continuing to maintain Padenga's standing with international and local regulatory authorities:
    1. Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
    2. International Crocodilian Farmer's Association (ICFA)
    3. Zimbabwe Parks & Wildlife Management Authority (ZPWMA)
    4. The Crocodile Farmers Association of Zimbabwe (CFAZ)
    5. Texas Parks and Wildlife Department (TPWD)
- Continuing to meet the multiple expectations of international customers and end consumers
- Advancing the sustainability of the operation further by commencing a Life Cycle Assessment (LCA) on the environmental impacts of Padenga's operations
- Further increasing the percentage of domestic crocodile eggs produced
- Further reducing the level of phosphates in the pen discharge water
- Continuing its strong relationship with its key stakeholders

AWARDS PRESENTED TO PADENGA HOLDINGS LTD DURING 2021

- Winner of ZimTrade Annual Exporter Awards 2021 – Sector: Hides & Skins

INTERNATIONAL CROCODILIAN FARMERS' ASSOCIATION

The International Crocodilian Farmers' Association (ICFA) is a not-for-profit association, created to develop and improve crocodilian farming practices; with respect for animal welfare, the environment, people and local communities. ICFA is supported by major luxury brands, tanneries, manufacturers and business associations.

The association has developed and implemented an international standard certification (ICFA 1001:2019 Crocodilian Farming – Requirements) that focuses on sustainable farming and the welfare of animals at all stages of production. The ICFA Standards Development Committee comprised farmers, veterinarians, standards and certification specialists, regulators, and scientists with expertise in crocodilian production, animal welfare, and conservation.

www.internationalcrocodilian.com

SUSTAINABILITY REPORT (continued)

KEY SUSTAINABILITY SUCCESSES

Covid-19 pandemic support for staff and their dependents as well as the local community continued in 2021

- Through Padenga's two clinics – one at Kariba Crocodile Farm and the other at Ume Crocodile Farm – Padenga continued to provide support for its staff and their dependents during the second year of the Covid-19 pandemic.
- Extensive education and awareness initiatives conducted by farm clinicians supported by Padenga's health services provider, Providence Health & Wellness, resulted in near 100% vaccine uptake across the crocodile farms and a material reduction in patients presenting with severe Covid-19 complications.

International Crocodilian Farmers Association Standard (ICFA 1001:2019 Crocodilian Farming Requirements)

- Following initial certification in early 2020, the three Zimbabwean crocodile farms were re-certified by ICFA during late 2021.

Solar Power at Padenga

- Operation of the solar array at Ume Crocodile Farm (UCF) produced 65 MWh of power during 2021, thereby reducing the consumption of 20,343 litres of diesel, which would have otherwise been used to run the generators. This equates to a saving of 55 metric tonnes of CO_2 emissions, i.e. 55 tonnes CO_{2e}.
- The combination of the two solar installations at Ume Crocodile Farm and Nyanyana Crocodile Farm, resulted in a saving by Padenga of 669 tonnes CO_{2e} during the course of its 2021 operations.

Carbon Footprint per crocodile skin produced

- An analysis of the carbon footprint per crocodile skin produced since 2017, reflects a positive and continuous downward trend since 2018.

Four Scholarship Pupils in Tertiary Education

- A fourth scholarship pupil was accepted into tertiary education under the auspices of Padenga's scholarship scheme for underprivileged school children within its local communities. Three are attending local Universities (2 males; 1 female) whilst the other is enrolled at a polytechnical college (1 female). The Company continues to sponsor the costs of tertiary education for all four students, in addition to meeting the school fees of 37 scholars attending primary and secondary schools.

Traceability Implementation

- Padenga continued its initiatives towards tracking of each crocodile through RFID chipping to allow for individual animal management and traceability.
- An additional 23,168 hatchlings born in 2020 were microchipped in 2021 upon transfer from hatchling to rearing pens.

SUSTAINABILITY REPORT (continued)

KEY SUSTAINABILITY IMPACTS

IMPACT: COVID-19 PANDEMIC

- **Effects on stock supplies due to production and importation delays**
  Mitigation
  - In the face of long delivery delays, significant shortages of stock feed ingredients and rising prices, critical stock levels were increased on farms to provide four months cover.

- **Staff Health and Wellbeing**
  Mitigation
  - Provision of medical and clinical support services to staff and dependents through the two Padenga medical clinics
  - Padenga doubled the transport capacity for its staff for a second year running, having amended protocols to facilitate the requirement to social distance and wear PPE, e.g. masks whilst travelling to work.

IMPACT: DEPRESSED SKINS MARKET WORLDWIDE AND CHANGING MARKET DYNAMICS

- **Crocodile Operations**
  Mitigation
  - Adjusted production strategies in Zimbabwe in response to changing market dynamics:
    - Radically changed operational systems to achieve enhanced quality skins following changes to selection stringencies introduced by customers.
    - Harvested all livestock that exceeded the size requirements of the revised market
    - Improved feed formulations to resolve quality defects identified
    - Adjusted harvest strategies to produce more skins in the 30/34 cm size range as requested by the customer
- **Alligator Operation**
  - Wound down operations and production volumes at Tallow Creek Ranch as the depressed alligator skins market showed no signs of recovering

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The Sustainable Development Goals (SDGs) are 17 goals that all United Nations (UN) Member States have agreed to work towards achieving by the year 2030. They set out a universal call to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. They reaffirm the United Nations' international commitment to involve everyone to build a more sustainable, safer, more prosperous planet for the future of all humanity.

At Padenga the following nine SDGs have been identified as goals which the Company strives to fulfil through its actions.

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
13 CLIMATE ACTION
15 LIFE ON LAND
16 PEACE AND JUSTICE STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

To find out more, follow this link: https://sdgs.un.org/goals

SUSTAINABILITY REPORT (continued)

ORGANISATIONAL GOVERNANCE

16 PEACE AND JUSTICE STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

Padenga is committed to a Code of Corporate Practices and Conduct based on the principles laid down in the King IV Report and National Code on Corporate Governance Zimbabwe (ZIMCODE).

The Directors seek to conduct the affairs of the Company within the principles of transparency, integrity, and accountability to best serve the interests of shareholders, employees, and other stakeholders. This process gives the Company's shareholders the assurance that whilst protecting and adding value to its financial and human resource investments, the Company is being managed ethically and with the appropriate attention to risk management in accordance with best international practice.

Professional and ethical conduct and the highest standards of integrity are an integral part of how the Company conducts its business affairs. Padenga appreciates that investor and stakeholder perceptions are based on the manner in which the Company, its directors, management and staff conduct themselves in the execution of the business. The Company recognises that it must manage the various capitals of its business in a sustainable manner. Padenga considers natural, human, intellectual, financial, manufacturing, and social relations as capital input into its business model.

Ingrained in the Company's culture is the perspective that in order to be successful its operations must comply with Padenga's best practice guidelines. These are set out in written policies and manuals that are mandatory and part of the institutional framework, guided and overseen by the Company's executive management team and implemented by its operational management structures.

Padenga seeks to play its part in the global partnership for sustainable development by implementing measures to progressively reduce and minimise the direct and indirect social and environmental impacts within its control and encourage similar actions by others within its sphere of influence.

SUMMARY OF PADENGA'S LOCAL AND INTERNATIONAL LEVELS OF COMPLIANCE

	2018	2019	2020	2021
International Crocodilian Farmers Association	-	-	Audit and initial certification	Follow up Audit and re-certification
Bureau Veritas Audit carried out by an independent certification body	Compliant for two years		Compliant for two years	
CITES Permit	Compliant	Compliant	Compliant	Compliant
Environmental Management Act of Zimbabwe	Compliant	Compliant	Compliant	Compliant
Zimbabwe Parks & Wildlife Management Authority (ZPWMA) Regulations	Compliant	Compliant	Compliant	Compliant
Crocodile Farmers Association of Zimbabwe	Adherence to CFAZ Code of Good Practice. Membership renewed.	Adherence to CFAZ Code of Good Practice. Membership renewed.	Adherence to CFAZ Code of Good Practice. Membership renewed.	Adherence to CFAZ Code of Good Practice. Membership renewed.

STAKEHOLDER MANAGEMENT

Effective stakeholder management assists in the efficient creation of an improved operational environment, through engagements and consultation processes that enhance Padenga's operations. The Company values stakeholder recognition as a trustworthy and respected partner within the crocodilian industry and within its sphere of influence. Stakeholder engagement is an integral part of long-term value creation and sustainability at Padenga. With that objective in mind, constant dialogue with and feedback from its stakeholders regarding its activities is important in terms of building a constructive relationship going forward.

SUSTAINABILITY REPORT (continued)

STAKEHOLDER MANAGEMENT (continued)

During 2021, Padenga continued the implementation of a Stakeholder Engagements Plan (SEP) through which stakeholder engagement was mainstreamed into all operational departments and units. However, restrictions resulting from the Covid-19 pandemic meant that initiatives such as the perception surveys, which ascertained stakeholder perspectives of the operation, were not able to be conducted for a second year.

Padenga's primary engagements with its various stakeholder groups are detailed in the table below:

STAKEHOLDER ENGAGEMENT PLAN

STAKEHOLDER	PRIMARY ENGAGEMENT	IDENTIFIED FACTORS	STAKEHOLDER MANAGEMENT
Employees	• Internal communications • Code of conduct/ethics • Training and development • Safety policy procedures and program • Health and safety reviews • Employee engagement surveys • Employee suggestion initiatives • Grievance reporting procedures • Social Entertainment and Sports facilitation • Engagement with trade unions • Long service awards	• Competitive pay and remuneration • Development and career progression • Performance enabling environment • Work/Life balance • Health and Safety • Collective bargaining • Equal opportunity • Fair treatment • Engagement and inclusion • Regular communication • General Agriculture and Plantation Workers' Union of Zimbabwe (GAPWUZ)	• Padenga invests in developing its employees in an environment where they are treated with respect, their health and safety assured and their diversity valued. • Development, implementation and monitoring of human resource policy and procedures. • Training • Regular internal communications • Sensitive and responsive to staff welfare needs
Customers	• Market research • Customer satisfaction initiatives • Customer specific audits	• Upholding customer charter • Customer engagement • Safe quality products • Products produced in a sustainable manner • Sustainability reports • Bureau Veritas Audit • International Crocodilian Farmers Association Certification	• The Company upholds the rights of its customers in line with its customer charters ensuring that Padenga delivers premium quality products as per their requirements. • Rigorous quality checks on its products • Regular engagements with key customers • Customer support, complaint and dispute resolution • Audits carried out to confirm that skins sourced by Padenga's customers were responsibly produced as well as in compliance with best practice in respect of animal husbandry practices, animal welfare, biosecurity, facility security, meat processing, employee social conditions, worker safety, staff training and environmental conditions.
Investors	• Comprehensive annual report compliant with Victoria Falls Stock Exchange (VFEX) regulations • Annual General Meetings (AGM)	• Comprehensive but concise information on operations and future outlook at regular intervals • Accurate financial reporting	• Padenga commits to providing a balanced review of its performances and prospects in its communications with investors.

SUSTAINABILITY REPORT (continued)

STAKEHOLDER ENGAGEMENT PLAN (continued)

STAKEHOLDER	PRIMARY ENGAGEMENT	IDENTIFIED FACTORS	STAKEHOLDER MANAGEMENT
Investors (continued)	• Relationships with intermediaries • Investor presentations • One on One meetings with investors • Analyst presentations • Website updates	• Returns commensurate with risks assumed • Sound governance • Proactive risk management	• Improve profitability and returns year on year. • Improve governance oversight by the board. • Reports on its non-financials through its sustainability report by focusing on its social, environmental and economic impacts.
Industry, Government and Regulators	• Continuous dialogue with government ministries and representatives • Holding meetings, policy trend analyses and industry forums • Attending industry meetings • Regulatory compliance management	• Stability and growth of the export sector • Animal welfare • Responsible business practices • Alignment of Company's strategy to meet national priorities • Fair competition	• The Company is committed to meet the economic, social and environmental obligations in line with the country's development strategy. • Padenga facilitates scheduled and ad hoc regulatory compliance visits by Government veterinary inspectors as well as monthly inspections by public health officers • Compliant with international trade regulations, e.g. CITES. • The Company has fulfilled the certification requirements set by CFAZ for all Zimbabwean crocodile farms.
Community	• Local community engagement, media, social events and sponsorship • High degree of participation with its local community • Providing health support for its community • Providing educational support for its community	• Responsible business practices • Community development • Community empowerment • Employment, security and stability • Environmental protection	• Padenga engages with local communities to support economic activities providing opportunities and facilitating their socio-economic wellbeing. • The Company uses the United Nations' Sustainable Development Goals (SDGs) and ISO 26000 Guidance on Social Responsibility as guidelines.
Suppliers and service providers	• Regular meetings, written communications • Transparent bidding process • Relationship building	• Responsible business practices • Transparency in procurement process • Open communication • Timely payments • Business growth • Strategic partnerships	• Regular reviews of supplier reports. • We recognise excellence in service by our suppliers and look to support their growth through mutually rewarding partnerships. • Work with its suppliers and service providers to progressively improve the sustainability of the value chain within Padenga's sphere of influence.

SUSTAINABILITY REPORT (continued)

HUMAN RIGHTS

Padenga strives to fulfill the human rights expectations of its stakeholders, customers, and the crocodilian industry. The Company continues to comply with defined human rights regulations in accordance with the Constitution of Zimbabwe as well as applicable international standards and legislation.

Through values enshrined in various corporate policies including Padenga's Human Resources Manual, Padenga acknowledges the necessity for a commitment to avoiding violations of rights in respect of:

- freedom of association and the right to collective bargaining
- the elimination of compulsory labour
- the abolition of child labour
- the elimination of discrimination in respect of employment and occupation
- no employee shall be discriminated against on the basis of their race, colour, creed, sex, age, tribe, place of origin or political opinion

Padenga strives to make positive contributions to the promotion and realisation of the following rights for its staff and all stakeholders in relation to:

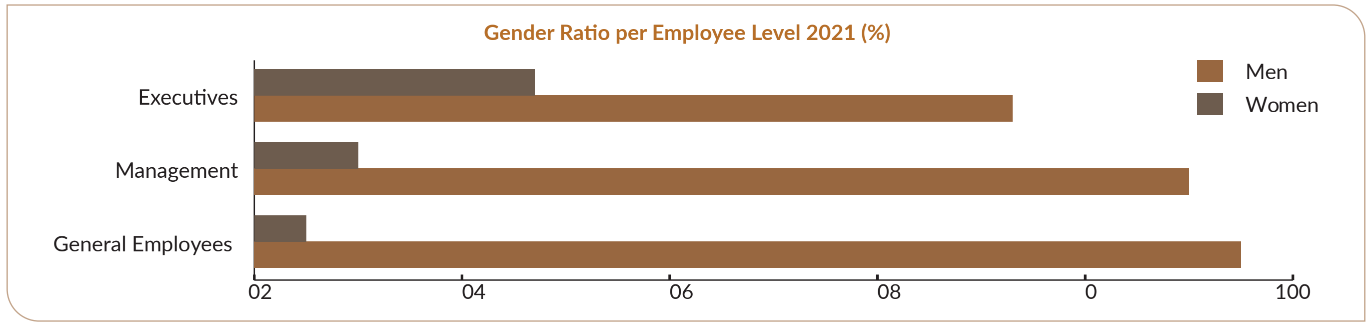
- Health (and safety) rights
- Freedom from child labour and forced employment
- The right to human dignity (in the workplace)
- Protection from inequality and discrimination
- The right to health
- The right to privacy
- The right to food
- A clean work environment that is not harmful to health
- The right to education
- The right to safe, clean, and potable water

Through Community Social Investment (CSI) initiatives involving technical, logistical, and material contributions, Padenga has continuously promoted the advancement of human rights within the local communities.

EMPLOYEE GENDER RATIO

At Padenga, consideration to the employee gender ratio is encapsulated in various policies providing for the equal treatment of men and women workers during recruitment, job assignment, training opportunities for advancement, compensation, and termination of employment. Company policies are explicit about maternity leave, non-discriminatory recruitment, and promotion as well as the prohibition of sexual harassment. On-going social dialogue enables identification of possible differential impacts on men and women concerning workplace and community safety and health.

During 2021, 6% of Padenga's total employees were women, with the highest representation being within executive level at 27% and 10 % at management level. 63% of the female staff engaged are in permanent employment. The nature of the work at the farms is very physical; therefore, most of the women employed at general staff level work in the quality control section.



SUSTAINABILITY REPORT (continued)

AVOIDANCE OF COMPLICITY

Risks of being complicit with human rights abuses exist for any business operation. Padenga's Group policies speak to the prevention of abuses of the rights listed under Principles earlier in this section and the Group has neither been directly nor indirectly associated with any cases involving human rights violations. The Company remains fully committed to the promotion of human rights.

In accordance with one of the pillars of the UNGPs, which is to ensure access to effective remedies for those impacted by business-related human rights abuses, Padenga developed a Community Complaints and Grievance Handling Procedure to proactively receive and manage complaints from its stakeholders. There have been no incidences of local litigation or community protests or unwanted social impacts instituted against Padenga at any time since its inception. To be proactive in identifying human rights risks, Padenga started the process of Human Rights Due Diligence (HRDD) as provided for by UNGPs. HRDD involves processes and activities through which businesses can reasonably identify, prevent, mitigate, and account for how they address their adverse human rights impacts.

Padenga engages the services of an independent private security company for its on-site security operations and provides material support to the Zimbabwe Republic Police (ZRP) for its district operations. A dedicated sub-committee meets weekly to review all security related matters across the business and including the provision of security services to off site management housing through roving security patrols and armed response services.

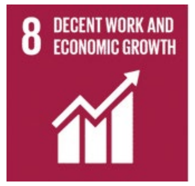
CIVIL AND POLITICAL RIGHTS

Padenga respects its employees' rights to enjoy those rights and freedoms expressed in the Bill of Rights within the Constitution of Zimbabwe, as well as those enshrined within international human rights legislation. Padenga continues as a business to remain apolitical but fully respects the personal political rights of its staff members as long as any political activities by staff are conducted separately and apart from the Company's business premises. Other rights referenced within Padenga's policies are the rights to:

- Dignity
- Work
- Administrative justice
- Health
- Privacy
- Assembly and association
- Conscience
- Information
- Language, culture, and marriage

SUSTAINABILITY REPORT (continued)

HUMAN CAPITAL



Padenga views its people as an essential part of its business and integral to creating and sustaining its culture, operational performance, and successes. This recognition of the value of its staff at all levels across the operation instils a healthy, rewarding and satisfying working environment – one in which everyone could contribute to the Company's success and in doing so being recognised for their individual performances.

Through employee engagement, personal growth and adherence to strong corporate values, the Company seeks to implement a culture of high-performance within its workforce. Senior management continuously provides direction and constantly reviews and realigns the operational systems to meet the current and future operational challenges.

Fundamental Principles and Rights at Work

Fundamental principles and rights at work are derived from the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work and are promoted through Padenga's corporate policies. These include the following:

- Labour rights
- Health and safety rights
- Freedom from child labour and forced employment
- The right to human dignity (in the workplace)
- Protection from inequality and discrimination
- Freedom of association and the effective recognition of the right to collective bargaining

The Padenga Human Resources Manual regulates all labour issues within the Company and reflects the Padenga Holdings Limited Charter.

The right to dignity in the workplace is expressly stipulated within the General Human Resource Policy statement "that the relationship between management and employees must at all times be based on courtesy, understanding and respect for the dignity of the person".

Equal work for equal pay is guaranteed by the Company Grading and Remuneration Policy.

Conditions of Work and Social Protection

Conditions of work are guided by the following:

- Grading and Remuneration Policy
- Guidelines on Benefits and Conditions of employment
- Industrial Relations Policy
- Health and Safety Policy
- Performance Management Policy
- Performance Management Guidelines
- Retirement Policy
- Termination other than Retirement Procedures

The intended benefits of these policies and procedures are to guarantee the welfare of staff and their security of tenure in the work place. Conditions of work, for instance, provide for leave benefits, medical aid, pension, travel and subsistence allowances, study assistance, assistance with payments of subscriptions for professional associations, staff loans, maternity leave and funeral assistance.

Padenga provides opportunities for individuals to advance their skills and qualifications through in-house training and education loans intended to not only advance the skills capability of the individuals, but also strengthening their commitment and contribution to the business.

SUSTAINABILITY REPORT (continued)

Padenga's Employee Numbers

The total number of employees, averaged over the year, came to 808 in 2021, 96 more than in 2020. 56 % of Padenga's workforce was permanently employed and on average 86 additional employees were recruited on short-term contracts to assist with maintenance of the crocodile pens during the winter months.

The table below shows, by operational unit, the number of employees averaged over the year. Ume Crocodile Farm employs the largest number of both permanent and contract staff to support its extraordinary logistical requirements.

Number of Permanent vs Contract Employees per Operational Unit

Location	Permanent	Contract	Total
Kariba Crocodile Farm	96	67	163
Nyanyana Crocodile Farm	94	63	157
Ume Crocodile Farm	123	99	222
Abattoir	23	32	55
Technical/ IT	44	86	130
Admin	74	7	81
TOTAL	454	354	808

Long Service Awards

Padenga's recognition of the value and contributions of its staff is acknowledged through the Company's Long Service Awards that are presented annually. In 2021, Padenga reached a new milestone with a further nine members of its staff being recognised for 25 years of service to the Company. Seven employees were rewarded for serving Padenga for 20 years and an additional seven employees received the 10 year service award.

Length of Service

	2017	2018	2019	2020	2021
10 years	21	31	14	15	7
20 years	12	8	26	25	7
25 years				9	9

As of 2021, 96 employees had each served 20 years or more with a further 181 employees having been employed for 10 or more years with the Company. Eighteen members of staff have reached the milestone of having worked for the Company for more than 25 years . This reinforces the strength of Padenga's human capital and the considerable investment over the years into developing and retaining skilled and experienced employees.

HEALTH AND SAFETY AT WORK

Employee Wellness

Employee wellness is an essential component of Padenga's operations, mainstreamed through various Company policies and stipulated in the Health, Safety and Environment (SHE) Policy whose objective is to:

- Provide a workplace that is injury-free and incident-free for all employees, visitors, and contractors
- Enhance the well-being of its employees and those local communities with which it is in contact
- Foster and maintain positive SHE cultures within the workplace
- Where practicable, minimise its impact on the local and global environment within which it operates.

Padenga has continued its successful partnership with Providence Health & Wellness in the provision of primary healthcare to its employees and their dependents as part of the Company's employee wellness programs, including advice and equipment on how to stay safe during the Covid-19 pandemic.

SUSTAINABILITY REPORT (continued)

HEALTH AND SAFETY AT WORK (continued)

All efforts are made to prevent injuries in the workplace and to reduce the incidences of ill-health whether work related or not. These efforts incorporate regular risk assessments to:

- Reduce injury and work-related illnesses
- Eliminate hazards in the workplace
- Maintain a safe and healthy work environment
- Provide a satisfactory assessment of health and safety risks
- Provide adequate training in the safe use of all plant and equipment

Pre-employment medical screening is undertaken to establish a baseline against which workplace injury and employee health can be measured and assessed. Appropriate personal protective clothing and equipment is guaranteed for all employees. A Safety, Health and Environment (SHE) Committee is responsible for ensuring Padenga's compliance with all local and national SHE regulations and coordinates the education and training of staff in relation to all aspects of SHE management. Third party stakeholders with regulatory authority and expertise in health and safety regularly monitor Padenga operations for compliance and to foster improvements.

Employee Safety

Padenga considers health and safety in its workplace as critical to its operations. Any injuries on duty are viewed seriously and receive due attention, with quarterly statistics reported at Board level. The implementation of continuous on-the-job retraining ensured there was strict adherence to clearly defined Standard Operating Procedures (SOPs). The Company's provision of personal protective clothing and equipment was deemed to be appropriate by the National Social Services Authority (NSSA) and the Department of Veterinary Services during their respective annual inspections of the Company's operations. No major concerns in respect of employee safety were raised during either of these inspections. These factors have contributed towards a continuation of the low incidence rate of work-related injuries at Padenga, notwithstanding the potentially hazardous work environment that prevails.

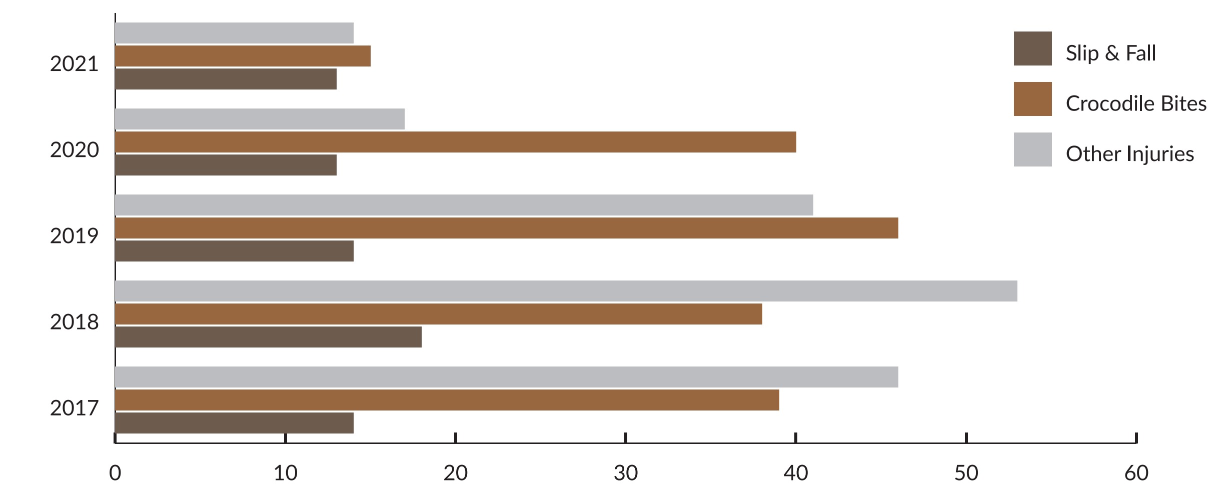
Following alterations to operational procedures, 2021 saw a further reduction in the number of job-related injuries reported. Of particular significance was a drop of 63% in the number of work place injuries involving crocodile bites to staff. There were once again no job-related fatalities during 2021.

Human Development and Training in the Work Place

Padenga considers learning and development a critical factor to the Company's continued success. It invests in the development of its employees' skills and knowledge to keep them motivated, technically sound, and best equipped to provide efficient and effective services. Staff man-power development is incorporated within the Company's Human Resources Policy providing for study leave; study assistance through study loans and the refund of tuition fees; together with meeting 100% of the membership fees of staff registered with professional institutes.

The strengthening of middle management staffing structures has been identified as one of the key areas of focus in sustaining the continued development of the organisation. This dovetails well with the Company's support for the continued development of its employee's skills levels and competencies.

Annual incidence & nature of job related injuries



SUSTAINABILITY REPORT (continued)

THE ENVIRONMENT

In upholding its responsibility on the environment as a natural capital, Padenga ensures that its operations comply with national environmental laws, as well as international best practice and standards. Throughout its operation there are continued efforts to fulfil the expectations of its international customers, as well as to maintain Padenga's standing with the local regulatory authorities, Zimbabwe Parks & Wildlife Management Authority (ZPWMA) and the Crocodile Farmers Association of Zimbabwe (CFAZ). In addition, Padenga is committed to compliance with the Environmental Management Act (Chapter 20:27) of Zimbabwe and accompanying regulations as well as local Town and District Council environmental bylaws. The Company's strategy is to identify environmental impacts from its operations, evaluate potential risk and take appropriate measures to control or mitigate the impacts.

All skins and meat produced and exported are in full compliance with prevailing legislation: CITES provision, the CFAZ Code of Practice and Regulations and ZPWMA regulations, Public Health and Veterinary Authorities of both Zimbabwe and the receiving countries.

BUSINESS INTELLIGENCE TOOLS

Padenga has made a substantial investment over time in the implementation of customised business intelligence tools to allow more accurate prediction and modelling of outcomes from specific operational scenarios. This permits a quick response to economic, climatic and related issues that could otherwise negatively affect the Company's performance. Pen-side capturing of operational information provides real-time data to management and is used to establish dashboard indicators that highlight immediately where variances exist against predicted targets, allowing for prompt response and correction.

Padenga has been RFID (Radio Frequency Identification) chipping livestock since 2019 to enable the management and traceability of individual animals. Through the RFID chipping, individual animals are assessed, allowing for improved monitoring of growth, health and condition and skin quality. During 2021, Padenga RFID chipped a further 23,168 hatchlings that were born in 2020 and will monitor each individual through to harvest. With similar numbers of stock RFID chipped in prior years, this makes the Padenga herd one of the most closely monitored crocodile crops in the industry with continuous data collection providing a wealth of husbandry information that drives operational decision making.

PHL LABORATORY

The PHL Laboratory, which opened in 2019, has met the standards of a Biosafety Level 2 Laboratory with the following testing capabilities:

- Polymerase Chain Reaction (PCR) based methods to identify viruses, bacteria, fungi, and vectors
- DNA and RNA sequencing to further identify species and molecular characterisation of pathogens
- Microbiology cultures and analysis
- Enzyme Linked Immuno Assays (ELISA-faecal glucocorticoids in assessment of animal well-being)
- Clinical biochemistry
- Haematology
- Colorimetry for liver minerals and effluent

SUSTAINABILITY REPORT (continued)

PHL LABORATORY (continued)

These laboratory capabilities have strengthened Padenga's ability to conduct internal testing for the purposes animal disease diagnostics, health screening and disease surveillance, biosecurity monitoring and scientific research into farms specific skin quality problems. This allows for the most expedient and accurate response to safeguarding animal health and welfare as well as improving product quality.

PREVENTION OF POLLUTION

Effluent and solid waste disposal are regulated through the Environmental Management Act Chapter 20:27, Section 60 and the Environmental Management (Effluent and Solid Waste Disposal) Regulations, Statutory Instrument number 6 of 2007.

Classification criteria are contained in Part III, section 6 of the Environmental Management (Effluent and Solid Waste Disposal) Regulations and are categorised as follows:

a. A blue licence in respect of a disposal is environmentally safe
b. A green licence in respect of a disposal is considered to present a low environmental hazard
c. A yellow licence in respect of a disposal is considered to present a medium environmental hazard
d. A red licence in respect of a disposal is considered to present a high environmental hazard

Effluent Management

Samples of the wastewater discharge from the farming operations were analysed quarterly by officials from the national Environmental Management Agency (EMA) to establish if the effluent was within levels defined in the Environmental Management (Effluent and Solid Waste Disposal) Regulations, Statutory Instrument number 6 of 2007.

Padenga worked with EMA during 2021 to specifically reduce the phosphate levels within its pen wastewater discharge. This initiative had been partially successful over the past 5 years.

Padenga Effluent Management

EMA Effluent Test Categorisation	2017	2018	2019	2020	2021
Red Category	50%	6%	50%	19%	24%
Yellow Category	45%	47%	42%	6%	38%
Green Category	5%	47%	8%	25%	38%
Blue Category	0%	0%	0%	50%	0%
	100%	100%	100%	100%	100%

These measures included the following:

- Increased flushing of pens with fresh water throughout the day which resulted in effluent dilution;
- Installation of a floating surface aerator to re-oxygenate the waste water at the end of the main NCF drain;
- Bio-degradation of any pollutant components;
- Establishment of a solids trap at the main discharge point (NCF main drain);
- More effective physical separation and extraction of feed waste and faecal matter from the pens before cleaning and flushing.
- The installation of two agitator pump units and consolidation of all effluent discharge from both Kariba and Nyanyana farms into a single outlet.

SUSTAINABILITY REPORT (continued)

Effluent Treatment Plant

Padenga is very conscious of its obligations in terms of both Zimbabwean environmental legislation and the concerns of its international market in respect of wastewater management. It therefore commissioned an engineering company to design an effluent treatment plant for the Kariba and Nyanyana Crocodile Farms and has received a design outline, budget and construction timelines for a multi-million-dollar treatment plant. Before committing to the construction of this facility, Padenga has received dispensation from EMA to construct a series of small pilot effluent treatment units to investigate alternative methodologies of wastewater treatment that are more in tune with the current socio-economic conditions in Zimbabwe. Deliverables include the use of wastewater to facilitate other forms of agricultural production as well as examining treatment solutions that do not adversely impact the livelihoods of significant numbers of local fishermen that daily rely on the nutrient enriched waters at the discharge point to catch and trade commercial quantities of fish.

The first phase of the effluent project commenced in August 2020 and involved the consolidation of seven discharge points at NCF and KCF into a perimeter catchment drain and two consolidation pumping stations discharging into a single waste point into the Lake. This consolidation initiative was necessary before any wastewater treatment options could be entertained as it was necessary to bring the multiple discharge drains into a single outlet. The new wastewater management system also provides a significant advantage from a biosecurity and vector control perspective.

The pilot projects referred to are to be implemented during 2022 and highlight Padenga's ongoing commitment to identify an appropriate environmental solution for its effluent treatment that is also socially, politically and economically acceptable.

Solid Waste Management

Managing solid waste and its disposal is a critical process that requires appropriate attention to ensure that disposal methods meet local environmental laws, together with statutory and international best practice and standards.

Padenga is committed to the Best Environmental Option (BEO) approach of the 4 Rs (Reduce, Re-use, Recycle and Recover) and the zero-waste philosophy to managing waste with the safe and responsible disposal of residual waste.

Padenga continues to maintain its non-hazardous waste management system through the segregation of the different types of waste material at multiple collection points across the farms. Legal compliance through the submission of quarterly environmental reports to EMA is being maintained and waste management accounting systems are still in the process of being implemented.

Padenga has its own landfill site for the solid waste that cannot be recycled or incinerated. Padenga's landfill site has continued to maintain its blue category rating (low environmental risk) by EMA.

Padenga Solid Waste Management

EMA Waste Test Categorisation	2017	2018	2019	2020	2021
Landfill Site Categorisation	Blue	Blue	Blue	Blue	Blue

Incinerator

In terms of the zero-waste philosophy and Best Environmental Option (BEO) approach, the final option of the 4 Rs is "Recover" where waste is incinerated to prevent it from having to be disposed of at a landfill. As part of its waste management plan, Padenga installed and commissioned an incinerator in 2020, with a design capacity to predominantly incinerate biological waste from the abattoir and feed plant that poses the highest biosecurity risk to the operation.

The objective is for Padenga to establish a waste management section that would prioritise the 4 Rs with incineration ("recover") as the final disposal option, but giving priority to recycling solutions in the first instance. Pandemic induced restrictions on regional travel during 2021 delayed the full capacitation of the incinerator but once it is functioning to its full capacity, the decommissioning of the existing landfill site will begin with full rehabilitation back to its natural state.

SUSTAINABILITY REPORT (continued)

Hazardous Waste

The establishment of a hazardous waste land treatment area is being investigated where mineral oils and coal dust can be biologically degraded. Investigation into the safe disposal of hazardous waste materials through incineration to ensure complete destruction is being undertaken. An Oil and Fuel Spill Policy is being developed and training to attend to accidental oil spills is planned. A Contaminated Zone Drainage Review is included in the design of a new fuel storage depot under consideration to ensure the potential for environmental contamination is minimised. Following a review conducted in terms of a Contaminated Zone Drainage overview, all three fuel depots on the Farms were bunded in order to control any spillage.

SUSTAINABLE RESOURCE USE

Electricity Conservation

Achieving energy efficiency remains a priority for Padenga since energy is a fundamental input in the Company's operations. Initiatives to further reduce the consumption of non-renewable electrical power during 2021 were compromised by the addition of consuming appliances (two wastewater consolidation pumping stations; incinerator) and a delay in the ability to offset electrical power following commissioning of the third phase of the solar installation because of Covid-19 pandemic induced materials supply problems. Consequently, there was an increase of 9% in electrical power consumption supplied by the national grid.

Electricity Consumption (Target 3,000 MWh)

	2017	2018	2019	2020	2021
Yearly Usage (MWh) (modified figures)	2,928	3,608	3,560	3,471	3,791
% Year-on-Year Energy Change	7%	23%	-1%	-2.50%	9%

Variable Frequency Drive units (VFD's) have been installed on all large electrical motors to minimise the start-up electrical load and to optimise water flow, thereby reducing electricity consumption. Separate energy meters have been installed at the feed plant and abattoir to analyse the power usage and react timeously to overconsumption. The generators have all been checked for load balancing and where necessary three phases have been relocated to ensure they deliver the same amperage across the board. Pumps at the effluent pumping station are on automatic float switches that dictate that pumping occurs in accordance with the flow rates of discharge water ensuring maximum efficiencies in terms of power consumption.

ENERGY EFFICIENCY

Solar Energy

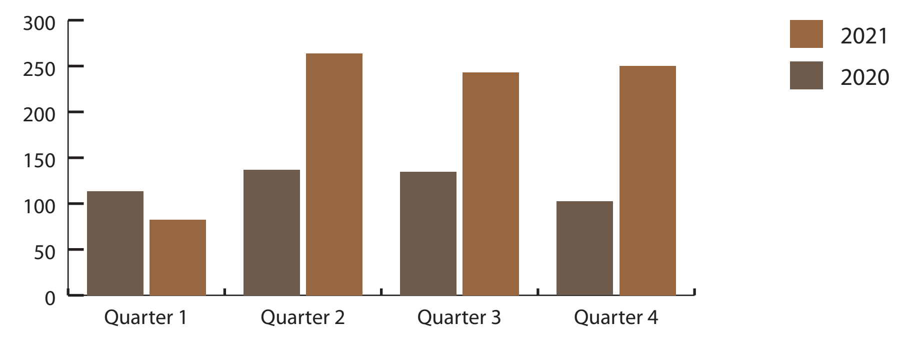
Padenga has made considerable investments into solar energy at both its Nyanyana Crocodile Farm (NCF) and Ume Crocodile Farm (UCF).

At NCF Padenga was unable to complete the installation and commissioning of its national grid tied 1.2 MW solar array that was scheduled for 2021. Phase 1 became operational in May 2019 and Phase 2 in November 2020, achieving two-thirds of the final design capacity. The completion of Phase 3 was impacted by Covid-19 related supply constraints and is now due to be commissioned in July 2022 with a final 470kWp coming on line at that time. All the electricity produced is fed directly into the national Zimbabwe Electricity Transmission and Distribution Company (ZETDC) grid. The energy fed into the grid is metered at the distribution room and a credit is raised by ZETDC for the energy generated.

A total of 840.25 MWh of electricity was produced at the NCF solar array during 2021, an increase of 72% over 2020. The graph below reflects the increase in renewable solar energy produced relative to 2020. This materially reduces both Padenga's annual electricity costs and its GHG emissions and makes the operation more environmentally sustainable.

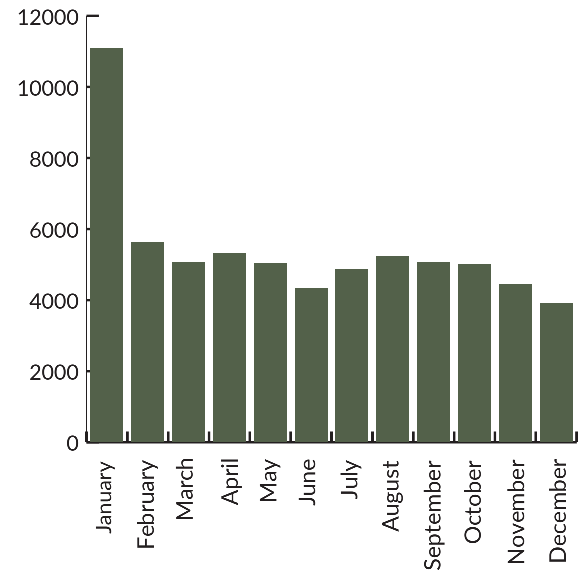
SUSTAINABILITY REPORT (continued)

Solar Electricity Produced per Quarter at NCF Solar Farm (MWh)

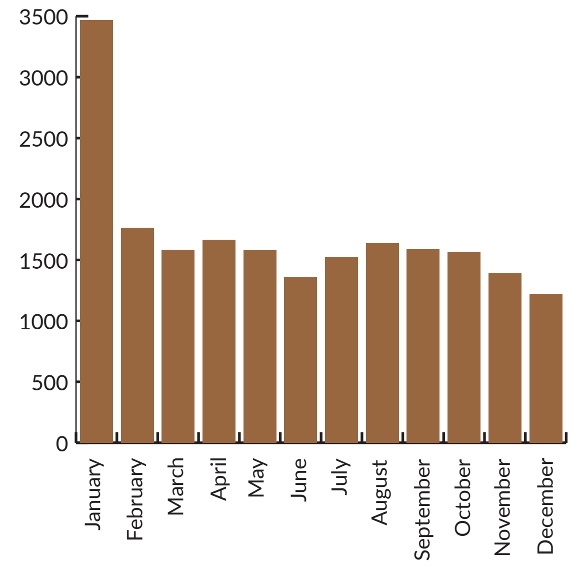


UCF by virtue of remote off-grid location has always relied on diesel generators to provide its electricity requirements. In order to reduce the farm's reliance on diesel, Padenga installed a 252kWp solar array in 2016. Despite one solar bank being out of commission for three months for repairs, the UCF solar array produced a total of 65 MWh of power during 2021. This equated to a saving of 20,343 litres of diesel for the generators.

Solar Production in kWh at Ume Crocodile Farm in 2021



Diesel in litres saved through Solar Production at Ume Crocodile Farm in 2021



January saw a significant increase in solar production as the summer rains were late and the conditions for solar production were optimal. An equipment breakdown resulted in a reduced output of solar power later in the year.

Demand Side Management

From a demand side management perspective, there were trade-offs which had to be considered in electricity management, especially given the increase in pen numbers constructed in order to reduce stocking densities as part of measures taken to further enhance animal welfare. Erratic seasonal inflows into Lake Kariba from the Upper Zambezi, together with higher regional power demand has resulted in increasingly erratic power supplies from the grid, making the use of on farm renewable energy more important. Investigations into the use of waste organic matter for heating water for specific areas of the operation continue.

SUSTAINABILITY REPORT (continued)

Water Usage

With crocodiles being aquatic reptiles, water is an essential part of the farming process. Lake water is abstracted, utilised on the farms and returned after treatment back into the lake. Analysis of data for Kariba Crocodile Farm for the period March 2021 to February 2022, confirms that 17% of the lake water extracted does not return into the lake and reflects the actual consumption of new water by the farms. This water either remains in the farm ponds and reservoirs, used on the grounds and gardens or evaporates due to the very high temperatures experienced in the Zambezi Valley.

Coal Usage

Annual coal usage at Padenga is a function of the prevailing winter temperatures as coal fires the water heaters that maintain an optimal temperature environment for the young hatchlings up to the age of nine months. The quantity of coal used is also dependent on the calorific value of the coal supplied and this is not always consistent with expectations. There was a 4% increase in coal consumption in 2021 because of the two factors mentioned above.

Padenga's Annual Coal Usage Analysis

		2017	2018	2019	2020	2021
Kariba Crocodile Farm	Actual Usage (kg)	410,894	356,800	345,150	351,339	371,479
Nyanyana Crocodile Farm	Actual Usage (kg)	546,720	492,813	461,040	447,680	450,700
Combined	Total actual (kg)	957,614	849,613	806,190	799,019	822,179
Combined	% - Yearly reduction	12%	-11%	-5%	-1%	3%

In the near term, coal usage will decrease following changes to operational procedures, with crocodile hatchlings being transferred earlier from heated hatchling pens. Padenga is currently investigating alternative energy sources to replace coal usage. The first of these is supplementary solar heating and secondly, a study has been commissioned into developing a biogas digester using abattoir and feed waste to provide renewable energy. Budgetary provisions for these feasibility studies have been made in 2022.

Diesel Usage

There was a marked increase in diesel usage in 2021 as a consequence of measures adopted to meet challenges experienced within the operating environment. These included:

- Two additional submersible pumps powered by diesel generators added at UCF to improve water flow for pond refilling and flushing as disease mitigation measures
- Enhancement of the vector control strategy necessitating two tractors committed to grass cutting on the floodplain to mitigate the risk of mosquito borne viral infections
- Increased usage of diesel back-up generators because of power outages experienced on the national electrical grid
- A doubling of the number of buses used for staff transport daily in order to comply with national protocols on staff distancing during the Covid-19 pandemic
- Commissioning of the diesel operated incinerator at NCF as part of initiatives to manage farm waste appropriately
- A three-month breakdown in part of the UCF solar array which compromised the ability to offset diesel used there with renewable energy
- The use of diesel as a chemical carrier in fogging machines used daily to combat mosquitoes in the environs surrounding the three farms

The intention remains to increase installed solar generation capacity at both NCF and UCF until a net zero usage of non-renewable energy is achieved. Sadly, few economic incentives are offered nationally to facilitate this objective and it remains a multi-year project dependent on affordability.

Total Diesel Consumption

	2017	2018	2019	2020	2021
Usage (Litres)	269,242	378,220	454,636	448,010	552,048
% Change	-13%	40%	20%	-1.50%	+23%

SUSTAINABILITY REPORT (continued)

Petrol Usage

In 2021 Padenga's petrol usage increased following a partial relaxing of Covid-19 pandemic restrictions on travel movement. The total quantity of petrol used increased by 21% relative to usage during the full pandemic year of 2020, but still reflected a reduction of 24% against the quantity used pre-pandemic in 2019.

Total Petrol Consumption

	2017	2018	2019	2020	2021
Usage (Litres)	25,262	24,728	27,817	17,599	21,240
% Year on Year Change	10%	-2%	12%	-37%	21%

CLIMATE CHANGE MITIGATION AND ADAPTATION

The effects of climate change have become a significant concern for all businesses globally. Padenga recognises that its operations produce Greenhouse Gas emissions and has been measuring and reporting on its carbon footprint since 2017. This has allowed the business to evaluate its progress on implementing measures to progressively reduce and minimise the direct and indirect emissions within its control and encourage similar actions within its sphere of influence.

Padenga anticipates that climate related changes affecting its crocodile farms in Zimbabwe would be rising average temperatures, increased storm intensity and the risk of low water levels in Lake Kariba due to variable rainfall patterns within its catchment area.

The Company also has to consider the effects of climate change on its supply chain, and in particular the continuing production of its feed raw materials. The new 1000m2 dry feed storage shed constructed in 2019 has already proved invaluable during the uncertainties induced by the Covid-19 pandemic, allowing Padenga to offset procurement delays by holding four months' supply of critical stocks for the business.

Padenga has focused its carbon footprint calculations on Scope 1 – its use of coal, diesel and petrol for its operations and Scope 2 – its national grid supplied electricity, which has been reduced since the commissioning of its grid tied solar farm at NCF in 2021. Further reductions in the amount of grid supplied electricity used at the northern farms will be achieved in 2022 when the third phase of the solar system is installed and commissioned. Those measures enabling Padenga to start calculating its Scope 3 carbon footprint are being put in place to allow the Company to start reporting on this from 2022 onwards.

SUSTAINABILITY REPORT (continued)

CARBON FOOTPRINT

When reporting on GHGs, there are three scopes of emission to be included in the calculations:

Scope 1 Calculations including emissions from direct fuel use
Scope 2 Calculations including emissions from indirect sources such as electricity
Scope 3 Calculations including indirect emissions not included in Scope 2, e.g. business travel, shipment of goods.

Padenga reports on its carbon footprint as follows:

- Scope 1 calculations: Application of the Department for Environment, Food and Rural Affairs (DEFRA) (United Kingdom)'s UK Government GHG (Greenhouse Gases) conversion factor for Company reporting for 2021. The data for the years 2017 to 2020 has been recalculated using the 2021 conversion factor in order to allow direct comparisons.
- Scope 2 calculations: Calculation for the period 2017 to 2021 is based on www.emissionsfactors.com's IPCC calculation value of 0.729770333127 kgCO_{2e}/kWh for Zimbabwe.

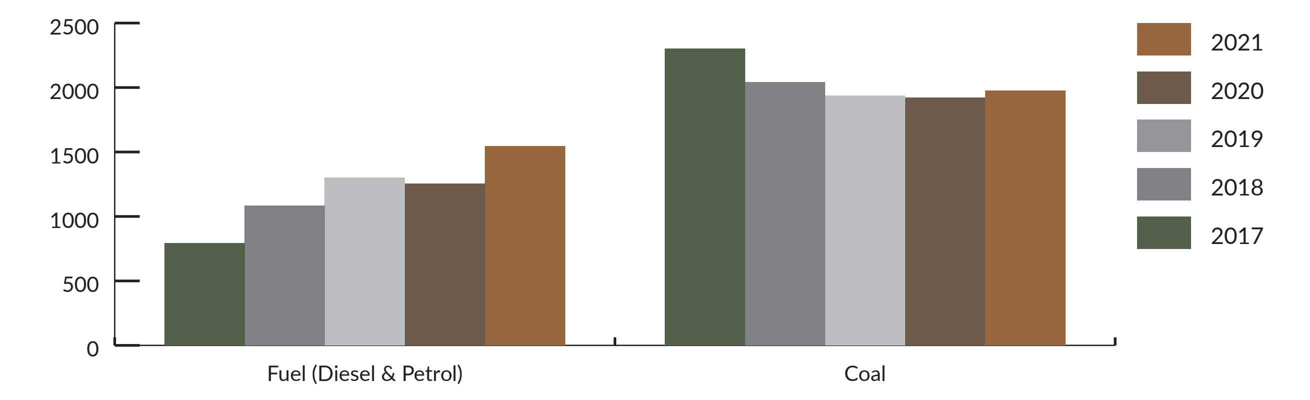
The carbon footprint data is presented as tonnes of carbon dioxide equivalent (tonnes CO_{2e}) which is the universal unit of measurement to indicate the global warming potential (GWP) of GHGs, expressed in terms of the GWP of one unit of carbon dioxide (CO_2). The GWPs used in the calculations of CO_{2e} are based on the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (AR4) over a 100-year period.

Scope 1: Direct Emissions

Scope 1 relates to direct emissions arising from business activities within a company's control and ownership.

Emissions Sources (CO_2)	Unit	2017	2018	2019	2020	2021
Fuel (Petrol/Diesel)	tonnes CO_{2e}	792	1 085	1 300	1 256	1 547
Coal	tonnes CO_{2e}	2 302	2 042	1 938	1 921	1 976
TOTAL	tonnes CO_{2e}	3 094	3 127	3 238	3 177	3 523

Scope 1: Total Direct Emissions (tonnes CO_{2e})



SUSTAINABILITY REPORT (continued)

CARBON FOOTPRINT (continued)

The Ume Crocodile Farm being situated in such a remote location, has never been connected to the national electricity grid and has been reliant on diesel to run its generators for power. With the solar array at UCF having produced 65 MWh during 2021, Padenga was able to save 20,343 litres of diesel, which equates to a saving of 55 metric tonnes of CO_2 emissions, i.e. 55 tonnes CO_{2e}.

Scope 2: Indirect Emissions

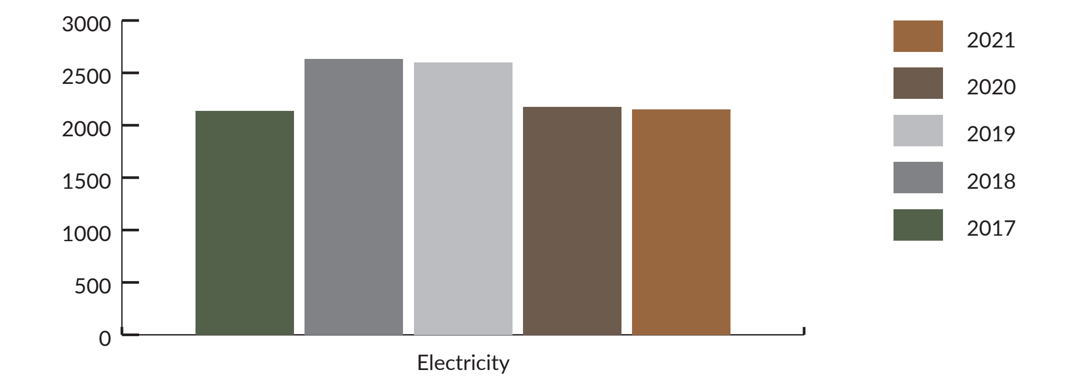
Scope 2 relates to indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling.

Emissions Sources (CO_2)	Unit	2017	2018	2019	2020	2021
Electricity	tonnes CO_{2e}	2,137	2,633	2,598	2,177	2,153

Padenga's solar array at NCF is grid tied, with the energy produced feeding directly into the national grid and thereby contributes directly towards a national saving in CO_2 emissions. In 2020, the NCF array produced 488 MWh of solar that equated to saving the national grid from producing 356 metric tonnes of CO_2 emissions that year. In 2021 the solar array at NCF increased capacity by 72% and produced 840 MWh of electricity. This equated to a further saving of 614 metric tonnes of CO_2 emissions.

These significant reductions in total indirect emissions relative to prior years are reflected in the graph below.

Scope 2: Total Indirect Emissions (tonnes CO_{2e})

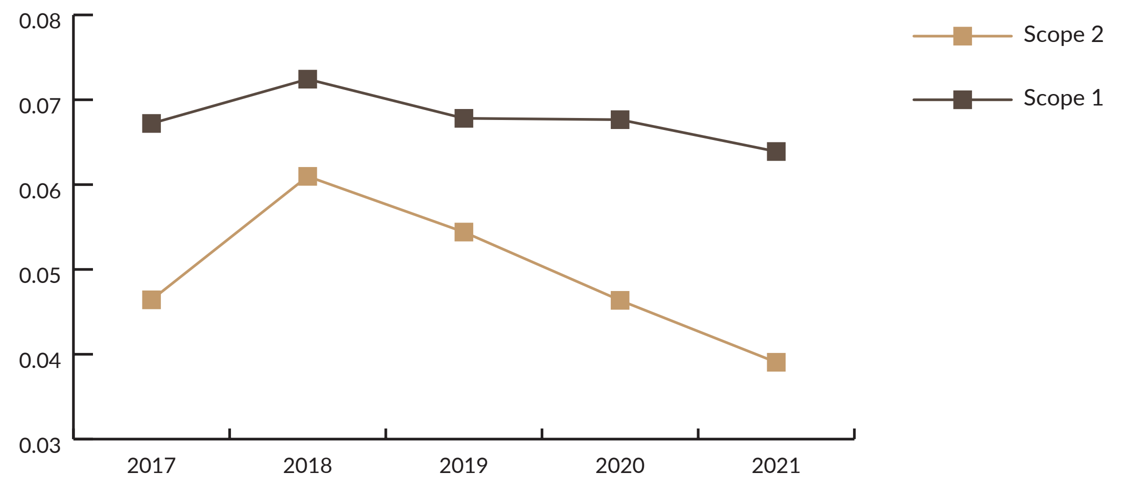


SUSTAINABILITY REPORT (continued)

Carbon Footprint per crocodile skin produced

By evaluating Padenga's entire process leading to production of crocodile skins, the Scope 1 and Scope 2 carbon footprint of the operation can also be expressed as the carbon footprint per individual crocodile skin produced. This minimises any distortion of data, such as the sources of the power used, the number of power cuts causing an increase in diesel usage to run generators or the increase in coal consumption due to colder winter temperatures. The chart below presents Padenga's Scope 1 and Scope 2 carbon footprint per skin produced, emphasising a positive downward trend since 2018.

Carbon Footprint for Scope 1 & 2 factors tonnes CO_{2e} per crocodile skin produced



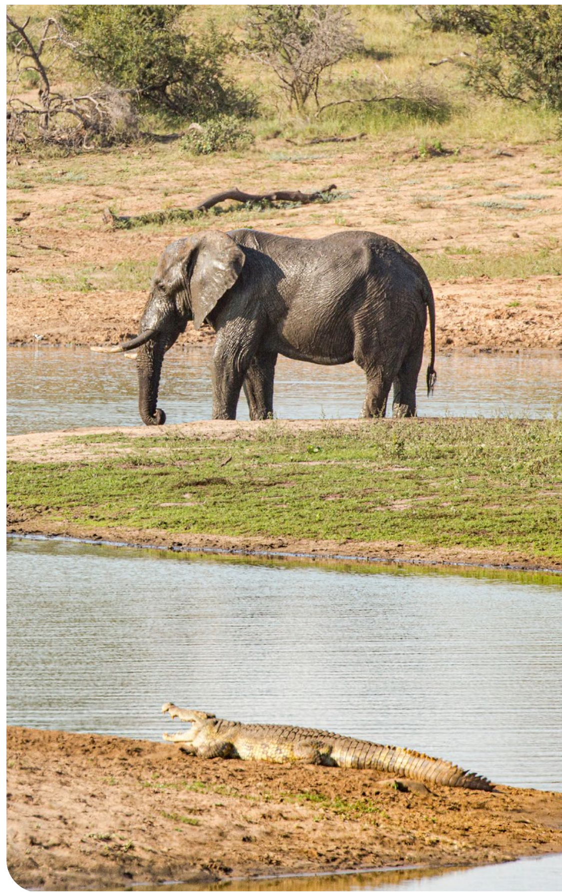
HAZARDOUS CHEMICAL SUBSTANCES: HANDLING AND STORAGE

A Chemical Compatibility System has been introduced to ensure the safe storage of hazardous chemical substances (HCS). All Padenga chemical storage areas follow a well-defined chemical compatibility matrix that helps guide segregation of incompatible chemicals to prevent any accidental mixing which could cause fire, explosion, or release of toxic gases.

The handling, storage and first aid training commensurate with this is undertaken to ensure safety of all employees exposed to any HCS. Material Safety Data Sheets (MSDS's) are obtained, retained, and reviewed annually with all those personnel that handle or may be in contact with any HCS. The first aid recommendations on all MSDS's are reviewed by first aiders, clinic personnel and employees handling the chemicals, and treatment requirements specific to the chemicals found on site are audited annually. Policies are in place to ensure safety showers; eye baths and first aid boxes are available close to the storage areas for HCS. Purchasing procedures are being developed to ensure protocols for buying hazardous substances are fully reviewed by management before purchase. In 2021 the primary oil and fuel storage facility was upgraded to ensure it is compliant with the Environmental Management Act, Chapter 20:27.

SUSTAINABILITY REPORT (continued)

PROTECTION AND RESTORATION OF THE NATURAL ENVIRONMENT



Conservation

Direct support by Padenga for the conservation activities of both the Zimbabwe Parks & Wildlife Management Authority (ZPWMA) and several non-profit conservation organisations during 2021 was reduced relative to prior years because of the funding priorities and initiatives directed towards mitigating the impact of the Covid-19 pandemic on the Company and its neighbouring communities. Those initiatives that were implemented in the period included:

- Awareness campaigns on the importance of the crocodile industry in promoting the conservation of the species particularly to rural communities situated along the shoreline.
- Limited financial and operational support to ZPWMA and to various conservation trusts working in collaboration with State conservation agencies in anti-poaching and countering illegal wildlife trade:
  - Tashinga Trust Initiative
  - Kariba Animal Welfare Fund Trust (KAWFT)

Wild Crocodile Population

Sustainable utilisation is one of the fundamental principles of wildlife conservation in Zimbabwe and the crocodile industry is an outstanding example of the success of these initiatives. Rural fishing communities along the Kariba shoreline interact frequently with wild crocodiles, which they view as a threat to human life and livestock as well as being competitors for the fish populations they depend on for their livelihood. Lake Kariba is also an important tourism and recreational area and the incidence of crocodile encounters increases in direct proportion to the number of boats and tourist activity on the lake. This all creates a conservation dilemma: how to conserve a species that is viewed as a direct threat to these enterprises.

ZPWMA has approached the problem by maintaining crocodile numbers in Lake Kariba at a relatively static level through the imposition of a sustainable wild egg collection quota each year, together with a conservation policy for the Nile crocodile that ensures that those rural communities most impacted by their interaction with wild crocodiles derive some compensatory benefit from revenue generated from utilisation of the species.

Female Nile crocodiles lay 35-45 eggs in a single clutch each season, and with an average density of 1.7 crocodiles/km shoreline, and a breeding life span of over 50 years, the annual egg production potential for Lake Kariba is considerable. Each year ZPWMA issues the Crocodile Farmers Association of Zimbabwe (CFAZ) with a permit authorizing the collection of crocodile eggs from the wild on the understanding that the revenue generated from egg levies is paid to the respective responsible authorities for the areas in which egg collection occurs. (Rural District Councils, Forestry Commission, ZPWMA and private landowners). CFAZ then issues wild egg collection permits to approved individual farms that are members of the organization. The process of egg collection, incubation and hatching is monitored by ZPWMA and veterinary officers to validate that the eggs are collected and incubated in an appropriate manner and that all applicable animal welfare norms are observed. Each farm submits collection and incubation data to CFAZ who then collates the information in their annual report which that is presented to ZPWMA and sent on to CITES.

Padenga's Wild Egg Collection

In 2021, Padenga collected 86% of the total number of wild eggs collected nationally by CFAZ members. This was a reflection of the challenging conditions facing the industry and other farms electing to forgo the relatively high costs of wild collection and relying on farm bred eggs. Padenga's wild egg collection occurred within the same permit areas as in 2020 – the Lake Kariba shoreline within the Charara Safari Area (ZPWMA Estate), including the river estuaries of the Nyaodza and Charara rivers, and a section of the Gache Gache estuary which falls under the Nyaminyami Rural District Council (NRDC). Ume Crocodile Farm collected along the shoreline of the Omay Communal Land which is administered by the same district council as well as the Sengwa river basin, west of Ume.

SUSTAINABILITY REPORT (continued)

Padenga's Wild Egg Collection (continued)

In 2021, 26% of Padenga's total crocodile eggs incubated were collected from the wild with the remainder were produced by Padenga's own breeding stock.

Long-term egg collection data for Lake Kariba for the period 1997-2020 maintained by CFAZ shows no significant decrease in annual egg numbers, indicating that the wild breeding population is healthy and remains at a constant level. This was endorsed by the results of crocodile aerial surveys undertaken by ZPWMA and CFAZ in 1993 and in 2016, which indicated that the overall Kariba population of wild crocodiles had not declined, and in fact within protected areas and estuaries, the population was very robust.

Domestic Egg Collection

In 2021, 74% of the total number of eggs that Padenga acquired, came from its mature domestic female breeders, which is an increase of 13%, as more of the younger breeders reached maturity.

ANIMAL WELFARE

Padenga adheres to a strict code of practice in respect of all aspects of animal husbandry on the farms. These incorporate the tenets encapsulated in the Five Freedoms of Animal Welfare set by the UK Farm Animal Welfare Council

- Freedom from hunger and thirst
- Freedom from discomfort
- Freedom from pain, injury, and disease
- Freedom to express normal behaviour
- Freedom from fear and distress

There is regular monitoring of animal welfare by the Company's senior management, overseen by independent veterinary experts.

A second on-farm veterinarian was appointed in 2021 to achieve the objective of having resident practitioners operating full time at both the Northern farms and UCF sites. These professionals carry direct responsibility for monitoring herd health and all aspects of animal welfare compliance.

Representatives from relevant government agencies conduct routine inspections of the Padenga operations to confirm compliance with the statutes. These include annual in-depth farm inspections by a state veterinary inspector who is well skilled to conduct such an assessment and to a recognised set of welfare and best practice standards.

During 2021, Padenga carried out reconstruction work on its pens across the three crocodile farms by replacing 430 floor surfaces with a long lasting, durable polyurethane finish that facilitates more thorough cleaning to improve biosecurity.

SUSTAINABILITY REPORT (continued)

FAIR OPERATING PRACTICES

Padenga's Code of Conduct defines its commitment to establishing fair business practices in line with its obligations as a responsible corporate entity. In addition to listening to stakeholders' opinions, the Company conducts its business activities transparently in order to be accountable. The Company seeks to achieve this thorough adherence to all rules and regulations, with the aim of promoting fair operating practices, and promoting a sustainable society. In short, Padenga will continue to be fair, truthful, honest, and timely in its actions in terms of compliance with its social responsibilities.

Anti-Corruption

Bribery and corruption not only destroy trust in a company, but can also be factors hindering the development of a country by exacerbating human rights violations, poverty, and environmental destruction. Padenga strives to prevent bribery and corruption by its staff members through the implementation of the Company's Code of Ethics.

Responsible Political Involvement

Padenga does not involve itself in political activities, political lobbying, or the funding of political parties. The Company's Code of Ethics prohibits the use of Company funds or Company assets for the promotion of any political candidate or political party. The posting of political campaign posters or the expression of party-political slogans within its premises or on motor vehicles or any other property belonging to the Company is also prohibited.

FAIR COMPETITION

In order to ensure fair and transparent business transactions, Padenga requires management and employees to fully understand and comply with laws and regulations governing competition in countries in which the Company operates. In Zimbabwe, the Company adheres to the Competition Act (Chapter 14:28) as administered by the Competition and Tariff Commission (CTC) that seeks to promote and maintain fair competition practices. Padenga also adheres to the Antitrust Laws in the United States of America. The Board is responsible for ensuring that the Company adheres to all relevant laws and regulations on fair competition. Company books and records are maintained in accordance with the Company's Accounting Principles and internal control procedures and no employee can falsify any Company record.

PROMOTING SOCIAL RESPONSIBILITY IN THE VALUE CHAIN

Padenga appreciates the wider sphere of influence of its operations and seeks to fulfil its environmental and social responsibility on issues such as community development and empowerment, human rights, and labour safety throughout its supply chain. The Company believes this is key to achieving sustainable, stable procurement services now and in the future, and is committed to working closely with supply-chain stakeholders to ensure its procurement processes are socially responsible. Padenga conducts rational procurement services in compliance with prevailing laws and regulations. Contractors and service providers are informed of and expected to operate within those regulations and standards appropriate to their services and to demonstrate seamless compliance.

Padenga's supply chain strategy is to ensure that all raw materials and resource procurement is conducted in a professional, transparent, and sustainable manner, meeting the standards and diligence expected of the Company. For example, all feed products are sent for laboratory analysis upon receipt to verify compliance with their stipulated specifications.
Padenga promotes social responsibility within its value chain through the following:

- the integration of ethical, social, environmental and gender equality criteria, and health and safety, in its purchasing, distribution and contracting policies and practices to improve compliance with social responsibility objectives;
- encouragement of other organisations to adopt similar policies, without indulging in anti-competitive behaviour in so doing;
- carrying out appropriate due diligence oversight and monitoring of those suppliers with which it has relationships, with a view to preventing compromise of the organisation's commitments to social responsibility;
- supporting small and medium sized organisations where practical, including raising awareness on issues of social responsibility and best practice and offering assistance (for example, technical, capacity building or other resources) to help them meet socially responsible objectives;

SUSTAINABILITY REPORT (continued)

- actively participating in raising the awareness of organisations with which it has relationships about the principles and issues inherent in social responsibility compliance; and
- promoting fair and practical treatment of the costs and benefits of implementing socially responsible practices throughout its value chain, including, where possible, enhancing the capacity of organisations in the value chain to meet socially responsible objectives. This includes appropriate purchasing practices, such as ensuring that fair prices are paid and that there are adequate delivery times and formal contracts.

CONSUMER ISSUES

Padenga's customers and consumers are key stakeholders of the Company. Padenga therefore provides customers with accurate product information using fair, transparent, and relevant marketing information in a bid to promote sustainable consumption. Padenga observes the health and safety considerations, dispute resolution and redress mechanisms, privacy protection and consideration of product and service needs of its customers.

PROTECTION OF CONSUMERS' HEALTH AND SAFETY

Meat packaged for export is produced, processed, tested, and shipped in accordance with the standards defined by the Public Health and Veterinary Authorities of both Zimbabwe and the receiving countries. This includes mandatory batch testing of meat to meet exacting bacteriology standards as well as full traceability on all meat products produced back to pen of origin. The Company has a Quality Assurance Manager who is responsible for ensuring that its products meet the stringent standards defined by the respective markets that they are sold into.

All skins produced and exported by Padenga occur in full accordance with prevailing CITES provisions, as well as in line with ZPWMA regulations. This validates that the skins are produced in accordance with the National Crocodile Policy for Zimbabwe and that the Ranching Model of production is an approved and sustainable production system that is endorsed by CITES.

With skins traceability becoming of increased significance in eliminating trade in illegal crocodilian skins worldwide, Padenga introduced RFID (Radio Frequency Identification) chipping, of all hatchlings in 2019 allowing full traceability of skins from hatch to market.

CONSUMER SERVICE, SUPPORT, COMPLAINT AND DISPUTE RESOLUTION

Customer service issues are of significance to Padenga and are consequently handled by the executive management team to ensure they receive the appropriate attention. Regular engagements with customers occur to get both feedback and an understanding of the expectations in respect of the quality of our products. Thus, all stakeholders have an appropriate channel available to them for complaint resolution.

SUSTAINABILITY REPORT (continued)

COMMUNITY INVOLVEMENT AND DEVELOPMENT

OVERVIEW

Padenga views community involvement and development as being a significant part of its ethos. The Company's focus is towards creating sustainable partnerships with communities in ways that bring long-term benefits and lead to community empowerment and economic independence. The Company supports those communities within which it operates as part of its commitment to good corporate citizenship.

COMMUNITY INVOLVEMENT

Padenga is very committed to its Community Involvement and Development Program within both the rural and urban areas that are adjacent to its farms. Recommendations have been made for the establishment of a social performance office that engages stakeholders, monitors social impacts, and risks, and implements redress mechanisms for identified social impacts that will allow Padenga to be more responsive to community issues and to be able to cover a larger footprint for its Community Social Investments (CSI) initiatives. To assist with its community improvement and development efforts, Padenga has identified key strategic partners who can contribute to the Company's stakeholder engagement and the effective implementation of CSI.

In addressing social, economic, and cultural needs within its sphere of influence, Padenga recognises the Community Chiefs as local leaders and custodians of traditional culture. The Chiefs and village Elders are therefore consulted during the planning and implementation of CSI initiatives to ensure that cultural values are neither eroded nor compromised. Senior staff engage with local communities to facilitate meetings and discussions with local chiefs to ensure compliance with traditional protocols and appropriate language use during the engagements.

As a community service, Padenga provides the citizens of the Mola community in the Omay Communal Land with free boat transport across the Lake to Kariba Town for access to health, social and administrative services, and to facilitate shopping and onward access to the Zimbabwean hinterland. The only alternative transport, which is provided by the local District Development Fund boats comes at a cost that most Mola community members find unaffordable.

EDUCATION AND CULTURE

Padenga traditionally supports educational development in the district through the following initiatives:

- Partnerships with both government and non-government organisations to facilitate an on-going program of educational infrastructure rehabilitation
- Providing support for local schools with the supply of learning materials
- Scholarships awarded to disadvantaged and qualifying students to meet the costs of primary, secondary and tertiary education
- Provision of sanitary ware to girls at rural schools within the district

Schools were closed nationwide during much of 2021 due to lockdowns to curb the Covid-19 pandemic, but once they reopened, Padenga facilitated the following:

- Since 2015, Padenga has supported the local community through various educational projects. This includes a special partnership with the US based organisation, Zambezi School Book Project, which promotes the establishment of libraries in rural schools through the donation of school and reference books. Padenga continued to support this project during 2021.
- Full scholarships covering all educational costs were awarded to 9 primary grade pupils, 28 secondary grade pupils and 4 students attending tertiary institutions.
- Provision of laptops to the four students at tertiary institutions to allow them to continue their studies remotely during the Covid-19 pandemic when in-person classes were cancelled.
- Donations of sanitary towels to school girls from disadvantaged and remote rural communities during the duration when schools reopened. This initiative included supplying 1,200 reusable sanitary towels to the school girls.

SUSTAINABILITY REPORT (continued)

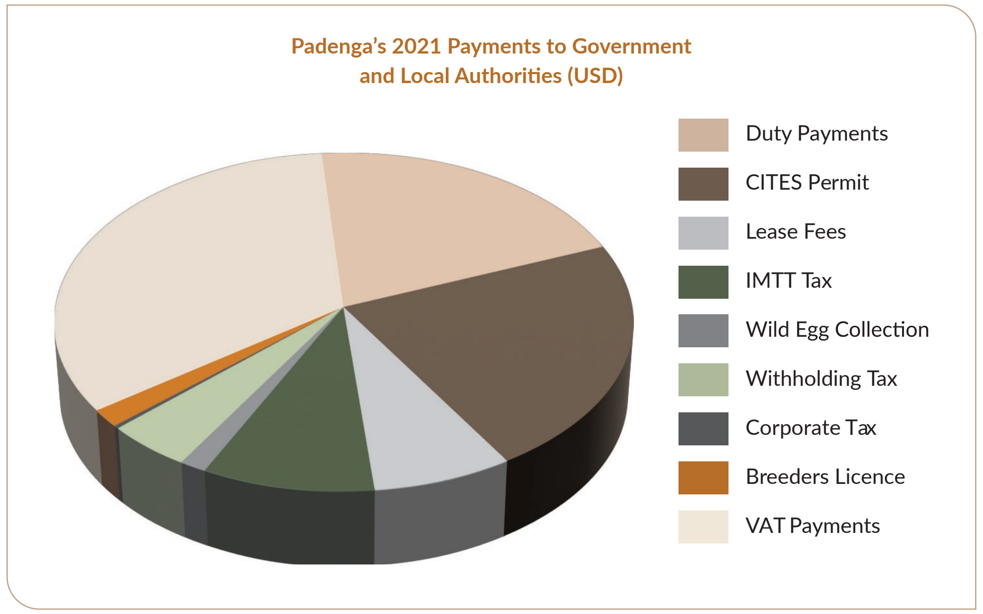
EMPLOYMENT CREATION AND SKILLS DEVELOPMENT

Padenga's most significant contribution to local communities occurs through employment creation. The Company deliberately prioritises the recruitment of local people when opportunities arise. In 2021, nearly 60% of the permanent staff and 35% of the contract staff employed by Padenga, were from the remote rural Mola community. This employment is estimated to support in excess of 3,000 immediate and extended family members and plays a significant role in creating disposable income within the area. Padenga is also considering facilitating the creation of downstream industries leading to community empowerment and will revisit this when it has the resources to address this appropriately.

WEALTH AND INCOME CREATION

Apart from uplifting rural communities and funding conservation activities by the Zimbabwe Parks & Wildlife Management Authority (ZPWMA), the Zimbabwean crocodile industry makes a significant financial contribution to the national economy through the payment of permit fees, local rates and taxes and long-term lease fees for the land on which the farms are situated. Padenga's total payments to the Zimbabwean Government and to Local Authorities for 2021 amounted to USD 2,207,684. Key contributions to the fiscal revenue in 2021 were through the payment of Value Added Tax (VAT) payments (34%), duty payments (20%) and a 2% fee levied against invoice value for the issuance of CITES export permits (22%).

ZPWMA receives additional payments for breeders' licences, land tenure leases as well as fees for the collection of wild eggs within the National Parks (ZPWMA)'s estate. The Nyaminyami Rural District Council (NRDC), within which Padenga operates, receives lease fees for NRDC owned land, plus levies for the wild eggs collected on communal land under its authority.



HEALTH

Padenga operates two clinics in conjunction with Providence Health & Wellness, the wellness section of Providence Human Capital. One clinic is on the northern farms and the other at Ume Crocodile Farm. Given the economic challenges being experienced nationally, government medical facilities face ever increasing challenges in sustaining the delivery of basic primary healthcare services to rural communities. The two Padenga clinics have therefore become important institutions in providing primary healthcare to employees, their dependents and to members of the extended community. The predominant health and wellness challenges within Padenga's areas of operations continued to be HIV/AIDS, malaria, bilharzia/schistosomiasis, and a range of other pathologies that have a low incidence but incur high treatment costs.

Patient attendance at the Padenga Clinics in 2021

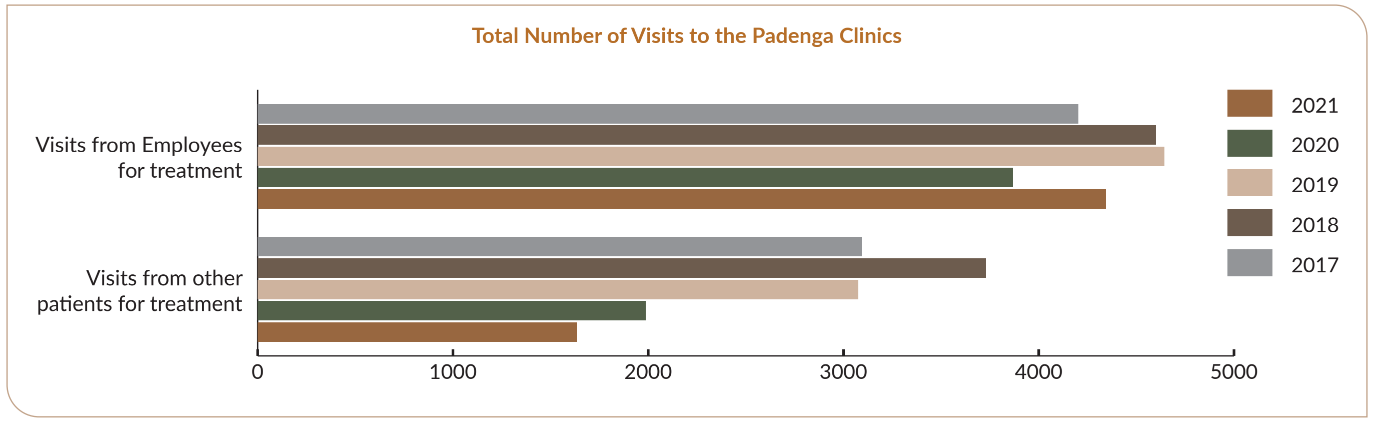
Clinic	Injuries at work	No of Visits from Employees for Treatment	No of Visits from Dependents for Treatment	No of Visits from the Community for Treatment	Total No of Visits for Treatment
Padenga Clinic at Ume Crocodile Farm	5	1 271	1 036	46	2 358
Padenga Clinic at Kariba Crocodile Farm	18	3 071	477	76	3 642

SUSTAINABILITY REPORT (continued)

HEALTH (continued)

The advantages conferred by attending Padenga's two clinics were:

- Both clinics are run by qualified and experienced nurse clinicians with a consultant doctor attending weekly;
- Padenga funds the treatment and medication expenses for all employees, their dependents and government employees based in the Company's area of operations;
- The Company runs Primary Health Care Education Programs and provides training of peer educators & First Aiders.
- Both clinics were equipped during the Covid-19 pandemic with advanced equipment appropriate for treatment of infected patients experiencing severe clinical symptoms (ventilators, oxygen supplementation masks, oximeters, lateral flow test kits and Antigen test kits)



Covid-19 Pandemic

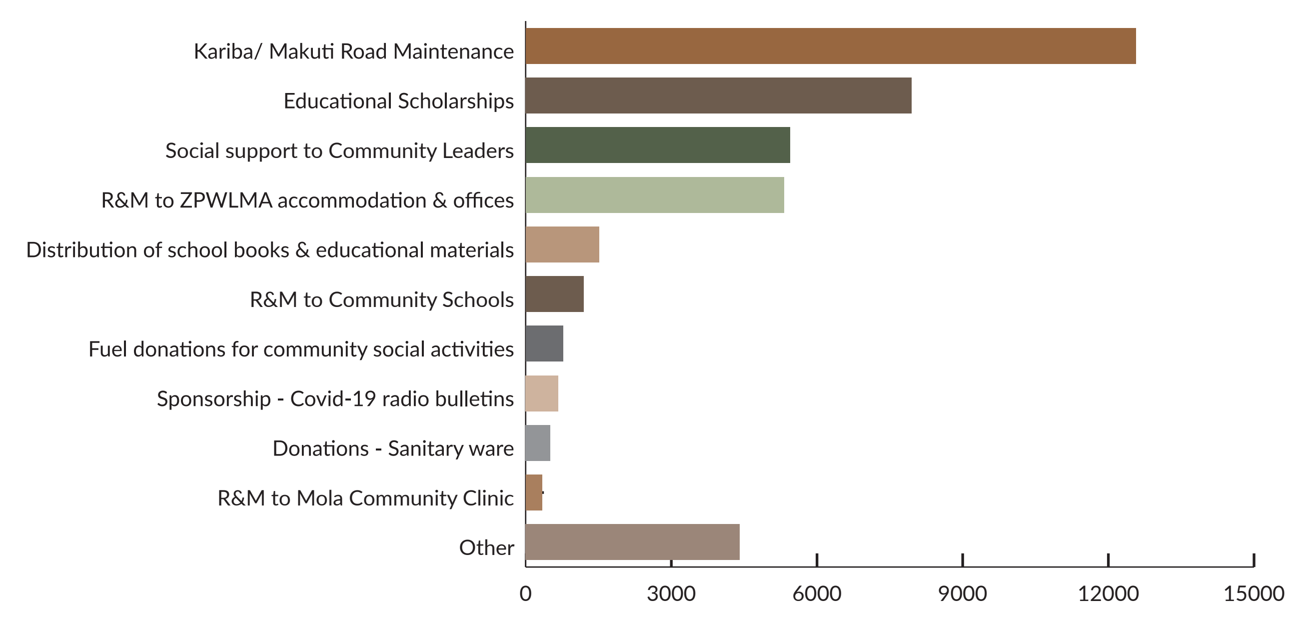
During 2021 Padenga continued to work together with Providence Health & Wellness and the Ministry of Health and Child Care in a coordinated response to the Covid-19 pandemic to ensure the welfare of both staff and their dependants. The Company enforced adherence to the World Health Organisation (WHO) prescribed precautionary measures, e.g. wearing face masks, social distancing, and frequent hand washing with soap. After Covid-19 vaccinations were approved in Zimbabwe, Padenga actively promoted the benefits of staff and family members being vaccinated against the virus. With support from the Ministry of Health and Child Care, all staff members were double vaccinated by the end of 2021.

Padenga performed daily surveillance checks throughout 2021 for symptoms of Covid-19 amongst staff and visitors and provided medical support to all patients with severe clinical symptoms. The medical high care centre established at KCF following the outbreak of Covid-19 in 2020 was sustained during the whole of 2021.

SUSTAINABILITY REPORT (continued)

SOCIAL INVESTMENT

With the bulk of its community social support initiatives during 2021 being directed towards Covid-19 mitigation and the provision of related consumables to schools and government agencies, funding for other traditional community social enterprises decreased relative to prior years. A total of USD 40,673 was spent during 2021 on the various social projects detailed in the graph below. The largest single contribution was towards the costs of mowing the verges of the main road from Makuti to Kariba to enhance the safety of motorists using this narrow, winding and dangerous road. Padenga has funded this annual initiative for more than 12 years now with every citizen, tourist and commercial transporter that has visited Kariba over that period benefitting from this benevolence.



KEY ACTIONS FOR 2022

With expectations of an improved socio-economic environment in 2022, Padenga, working together with an independent sustainability consultancy, has identified the following key actions for the year. These will further progress the Company's operations in terms of sustainability:

- Effluent management: Continued engagement with EMA on practical alternative wastewater discharge and treatment options that take into account future town and community expansion initiatives and best satisfy the expectations of a multitude of different stakeholders;
- Construct pilot effluent treatment facilities to proof various concepts in pursuit of the objectives above;
- Renewable energy: Complete construction of and commission the final phase of the grid-tied solar array to achieve a total output of 1.2 MW by July 2022;
- Investigate the feasibility of constructing a plant to utilize abattoir biological and feed waste to produce biogas as an alternative to coal use;
- Waste management: Work towards decommissioning the Company's dumpsite and returning the land to its natural state.

MEMBERSHIPS

Padenga is a member of the following organisations:

- International Crocodilian Farmers Association (ICFA)
- Crocodile Farmers Association of Zimbabwe (CFAZ)

SUSTAINABILITY REPORT (continued)

LEGISLATION

Padenga complies with the specific standards and regulations set by those industry related organisations and authorities that the Company operates within:

- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
- Crocodile Farmers Association of Zimbabwe (CFAZ)
- Environmental Management Agency (Zimbabwe) (EMA)
- General Agriculture & Plantation Workers' Union of Zimbabwe (GAPWUZ)
- International Crocodilian Farmers Association (ICFA)
- Texas Parks and Wildlife Management Authority (TPWLMA)
- UK Farm Animal Welfare Council
- United States Fish and Wildlife Services (USFWS)
- Zimbabwe Parks & Wildlife Management Authority (ZPWMA)

In addition, the Company is compliant with the following international and national environmental and animal health legislation:

International Legislation

- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
- European Regulations of Slaughter Procedures – Decree 93-119-ec_en

Zimbabwean Legislation

- Accident Prevention (Workers Compensation Scheme) Notice – Statutory Instrument 68 (of 1990)
- Animal Health Act (1961), Chapter 19:01 (Revised 1996)
- Animal Health (Movement of Game) Regulations
- Collective Bargaining Agreement: Agricultural Industry – Statutory Instrument 116 (of 2014)
- Competition Act (Chapter 14:28) as administered by the Competition and Tariff Commission (CTC)
- The Drugs Control Act Chapter 320
- Environmental Management Act, Chapter 20:27
- Environmental Management (Effluent & Solid Waste Disposal) Regulations, Statutory Instrument No. 6
- Environmental Management (Control of Hazardous Substances) General Regulations Statutory Instrument No. 268 of 2018
- Environmental Management (Environmental Impact Assessment & Ecosystems Regulations) Statutory Instrument No. 7 of 2007
- Factories and Workers Act (Chapter 14:08)
- Factories and Works (Registration & Control) Regulations, Government Notice 262 of 1976
- Fertilisers, Farm Seeds and Remedies Act (1996) Chapter 18:12
- Food & Food Standards Act (1971) Chapter 15:04
- Inland Waters Shipping Act
- Labour Act (Chapter 20:01)
- Labour Relations (HIV/ AIDS) Regulations – Statutory Instrument 105 (of 2014)
- Parks & Wild Life Act (1975), Chapter 14
- Pneumoconiosis Act (Chapter 15:08)
- Prevention of Cruelty to Animals Act (2001)
- Produce Export (Abattoir, Slaughter & Meat Hygiene) Regulations, 1984
- Public Health (Abattoir, Animal and Bird Slaughter and Meat Hygiene) Regulations, 1995
- Stock Trespass Act (1991), Chapter 19:14
- Veterinary Surgeons Act (1996), Chapter 27:15
- Water Act Chapter 20:24

To ensure compliance with the above, the Zimbabwean Department of Veterinary Services facilitates the following:

- Routine and ad hoc regulatory compliance visits to the Company's crocodile farms
- Monthly inspections of the Company's export approved crocodile abattoir.

DALLAGLIO

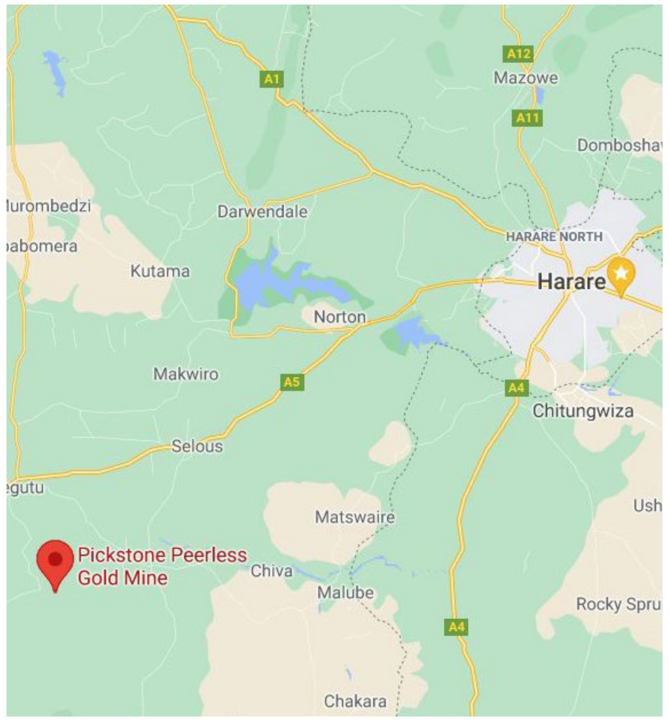
SUSTAINABILITY REPORT (continued)

DALLAGLIO INVESTMENTS (PRIVATE) LIMITED

Dallaglio develops and operates commercial scale Zimbabwean gold mines.

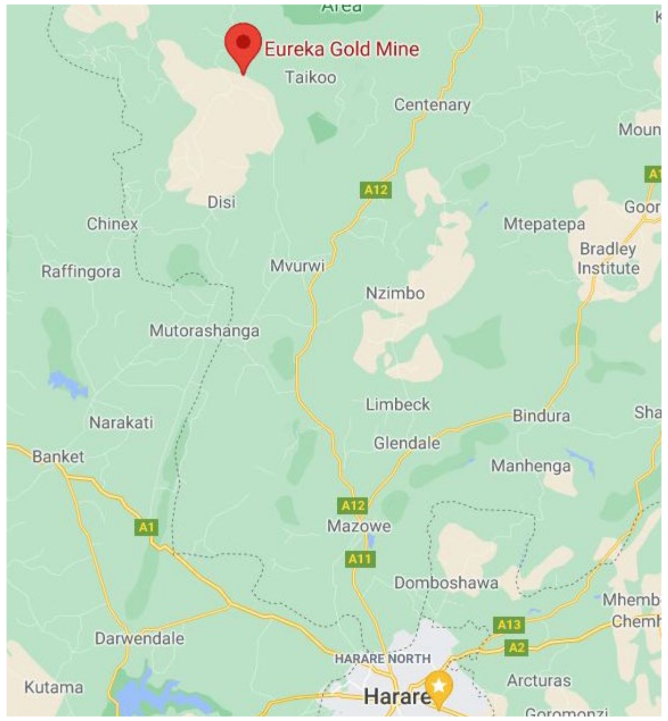
The Company was established in 2015 and owns 100% of the following mining assets:

PICKSTONE PEERLESS MINE



- Operating open pit gold mine
- Located south-east of the town of Chegutu
- 120 km south-west of Harare
- The mine was recommissioned by Dallaglio in 2015 after being dormant for a number of years.

EUREKA MINE



- Operating open pit gold mine
- Located east of the town of Guruve
- 150km north of Harare
- The mine was recommissioned on 21 October 2021 after being dormant for a number of years.

GIANT GOLD MINING CLAIMS

- A future development project, located near Pickstone Peerless Mine.

BLUE ROCK CLAIMS

- A future development project, located near Pickstone Peerless Mine.

DALLAGLIO

SUSTAINABILITY REPORT (continued)

FACTS ON DALLAGLIO INVESTMENTS (PVT) LIMITED 2021

	Pickstone Peerless Mine	Pickstone Milling Centre	Eureka Mine	TOTAL
Ore milled (tons)	371,719 tons	22,023 tons	390,498 tons	762,217 tons
Average grade of gram per ton	1.81g/t	1.64g/t	1.12g/t	
Gold smelted (kg)	537 kg	28 kg	411 kg	976 kg
Average recovery	72%	78%	93%	
Total number of employees	465	43	420	928
	415 men 50 women	42 men 1 woman	377 men 43 women	834 men 94 women
Employed from local communities	50%	83%	66%	

KEY SUSTAINABILITY SUCCESSES

Commissioning of the Eureka Gold Mine on 21 October 2021

- Dallaglio purchased Eureka Gold Mine in April 2018 with the successful recommissioning of the Mine on 21 October 2021. His Excellency Dr Emmerson Mnangagwa was the guest of honour with the ministerial delegation in attendance.
- A total investment of USD 55 million has been made and 411kg of smelted gold was produced in 2021.
- The plant has ramped up to achieve its full processing capacity of 100,000 tons/month, yielding 110-130kg per month of gold production in the initial 4 years, increasing to a monthly average of 140-150kg over the longer term.
- 277 of the employees at Eureka are from the local communities surrounding the mine.

DALLAGLIO

SUSTAINABILITY REPORT (continued)

KEY SUSTAINABILITY IMPACTS

Flooding at Pickstone Peerless in February 2021

- Due to significant rainfall in early February 2021, the Mombe River, which flows through Pickstone Peerless Mine, burst its banks and flooded one of the main pits at the mine, as well as the underground shaft and drive network.
- There was fortunately no loss of life and major equipment was also not damaged.
- However, the de-watering efforts and the lack of production came at a high cost.

Mitigation

- Following an extensive specialist survey report, flood mitigation and erosion control measures have been put in place, which included the widening and straightening of the river channel.

ORGANISATIONAL GOVERNANCE

Dallaglio is committed to a Code of Corporate Practices and Conduct based on the principles laid down in the National Code on Corporate Governance Zimbabwe (ZIMCODE).

The Directors are dedicated to conduct the affairs of the Company within the principles of transparency, integrity, and accountability to best serve the interests of shareholders, employees, and other stakeholders. This process gives the Company's shareholders the assurance that whilst protecting and adding value to its financial and human resource investments, the Company is being managed ethically and with the appropriate attention to risk management in accordance with best international practice.

Dallaglio has policies in place and regularly updates appropriate Standard Operating Procedures (SOPs) that are mandatory and part of the institutional framework, guided and overseen by the Company's executive management team and implemented by its operational management structures.

Dallaglio is currently working towards being certified for the International Management System Standards (MSS) of ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health & Safety Management).

STAKEHOLDER ENGAGEMENT

Dallaglio believes that engaging with its stakeholders will allow the Company to build a strong long-term relationship, enhancing its operations within the communities it operates as well as its wider sphere of influence. Placing high value on engaging with stakeholder groups such as its employees, contractors, financial institutions and Government. Dallaglio also appreciates the importance of building trusted relationships with key local stakeholders such as traditional leaders and their communities.

DALLAGLIO

SUSTAINABILITY REPORT (continued)

STAKEHOLDER GROUPS

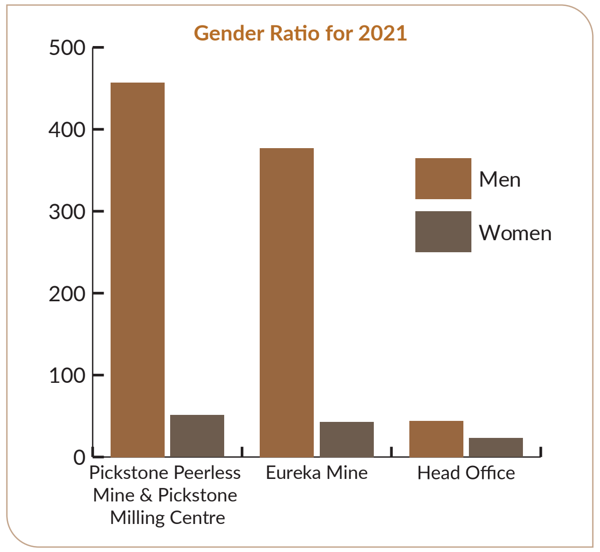
Employees	• National Employees Council (NEC) • Workers' Council • Associated Mine Workers Union of Zimbabwe	**Service Providers – Financial Institutions**	• CBZ Holdings • CABS • Ecobank
Contractors and Service Providers	• JR Goddard – mining equipment, e.g. excavators, dump trucks • KW Blasting – drilling and blasting • IntraChem – provision of explosives • Black Shark – security • Zimbabwe Electricity Transmission and Distribution Company (ZETDC) • Zimbabwe National Water Authority (ZINWA)	**Customer**	• Fidelity Gold Refinery (Pvt) Ltd
Government Ministries	• Chamber of Mines of Zimbabwe (COMZ) • The Ministers of State in the President's Office for Mashonaland West & Central respectively • Ministry of Energy and Power Development • Ministry of Finance and Economic Development • Ministry of Health and Child Care • Ministry of Higher and Tertiary Education (Registration of Apprentices) • Ministry of Home Affairs • Department of Immigration • Ministry of Lands, Agriculture, Water, Climate and Rural Development Settlement (District Lands Committee) • Ministry of Local Government & Public Works • Ministry of Mines and Mining Development • Ministry of Public Service, Labour and Social Welfare	**Government Regulators**	• Environmental Management Agency (EMA) • Forestry Commission • Mining Industry Pension Fund (MIPF) • National Social Security Authority (NSSA) • National Monuments & Museums of Zimbabwe (for relocations) • Reserve Bank of Zimbabwe (RBZ) • Zimbabwe Revenue Authority (ZIMRA)
District Level	• Chegutu & Guruve Rural District Councils • Chegutu, ward 25 Councillor (Pickstone) and • Guruve, ward 6 Councillor (Eureka) • District Development Coordinator's Office • Local Members of Parliament (MPs) • Zimbabwe Republic Police (ZRP) Chegutu and Guruve	**Local Communities**	• Community Development Committees (Village Development Committee (Vidco) and Ward Committee (Wadco)) • Traditional leaders • Local Clinics • Local schools • Surrounding Communities

DALLAGLIO

SUSTAINABILITY REPORT (continued)

HUMAN CAPITAL

Dallaglio is a key employer in the local communities surrounding both mines. The Eureka Gold Mine employed a total of 420 people in 2021, despite the mine only being commissioned in October 2021, while Pickstone Peerless employed 465 staff and 43 staff at the Pickstone Milling Centre. With mining being a labour-intensive job, the majority of employees are men, although 51 women were employed at Pickstone Peerless Mine & Pickstone Milling Centre (PMC) and 43 at Eureka Mine. Dallaglio does promote gender equality and endeavours to increasingly employ women. 34% of those employed at Dallaglio's Head Office in 2021 were women.



The health and safety of its employees is critical to Dallaglio. The Company's Safety, Health & Environment (SHE) Policy has been implemented at both mines and refresher training has been given. Dallaglio has also implemented the following:

- Regular planned Visible Felt Leadership (VFL) visits by management to workplaces, creating a platform for both management and employees to discuss daily safety challenges of the tasks at hand.
- Planned Task Observation (PTO) training as an extra safety precaution.
- Hazard Identification and Risk Assessment (HIRA) in Safety, a process which assists identifying risks which are not within acceptable limits.

Safety Record	PICKSTONE PEERLESS		EUREKA	
	2020	2021	2020	2021
Lost time injury (LTI)	5	3	-	2
Minor injuries	11	19	10	-
Fatalities	-	-	-	-

Dallaglio has Providence Mobile Clinics on site at both Pickstone Peerless and Eureka Mines. With Eureka Mine commissioned in October 2021, Dallaglio is planning to open a permanent Providence Clinic located at the Eureka Mine for its employees in 2022.

COMMUNITY INVOLVEMENT & DEVELOPMENT

Through its Community Social Investment Plan (CSIP), Dallaglio is committed to the empowerment, development and growth of disadvantaged communities. The key aim of a CSIP is to develop good, long-lasting relationships with stakeholders. Dallaglio has made a significant contribution towards developing the communities that surround the mines, as well as to the broader community development areas of the Zimbabwean economy, by focusing on education, healthcare and the environment.

Dallaglio is committed to a sound social responsibility program, which aims to be socially responsible for the development of the communities in which the Company's mines operate. Engaging in more sustainable initiatives, such as inclusive business, which benefits low-income communities and reduces poverty, while adhering to the Company's for-profit mandate, is key to Dallaglio's CSIP objectives.
Dallaglio's CSIP program aims to:

- Reduce poverty
- Increase education
- Promote gender equality and empowerment of women
- Improve general health and well-being
- Promote environmental sustainability

DALLAGLIO

SUSTAINABILITY REPORT (continued)

Milling Centre for the Small-Scale Mining Community

At Pickstone Peerless an inclusive business initiative is already in place through the Pickstone Milling Centre, constructed in October 2016 and with first production in April 2017. The need for a milling centre for the small-scale mining community was identified when an increase in small scale miners on the Blue Streak claims was realised.

The processing plant includes a small crushing circuit and six round mills with concentrators. The total budget value of this investment was USD 579,700. This plant allows the ore workings from small scale miners to be transported to the crushing plant, and then transferred to the main Pickstone Peerless processing plant. 22,023 tons of ore supplied by the informal miners were milled during 2021.

Community Social Investments

During 2021, Dallaglio engaged with its local communities through the following initiatives:

PICKSTONE PEERLESS	EUREKA
• Graded the road from Pickstone Peerless to Chegutu. • Donated groceries and water at the funeral of Headman Nyatsanga. • Constructed a Blair toilet at the Mafuti Clinic. • Donated 70 litres of fuel to assist with the construction of the maternity ward at the Mafuti Clinic outside Chegutu. • Supported the Traditional Leaders at their annual ceremony in Chegutu by donating food. • Helped with maintenance work at Shingirirai Secondary school to fix the school toilets.	• Provided an emergency donation of 12 anti-rabies vaccines for children in Guruve bitten by a dog infected with rabies. • Provided access to clean drinking water to neighbouring villagers by erecting a 5000-liter water tank at the perimeter of Eureka's management camp. • Procured two brick making machines for a women's brick making project in Guruve. • With the assistance of a local technician, repaired a bush pump borehole in Muroiwa Village near Guruve. • Donated Sasso breed chickens to women in Guruve to help them start up a business in selling eggs and chicken meat. • Repaired a borehole cylinder for Kahumwe Village near Guruve. • Helped with maintenance at the St Frances and Clare Secondary School, Guruve. • Continued to support the ZRP Guruve, e.g. donation of diesel for transportation.

Covid-19 Pandemic

During 2021, Dallaglio continued providing support for its workforce as well as the local communities within which the mines operate.

With the global introduction of the Covid-19 vaccine, Dallaglio focused on the vaccination of its workforce. To keep the mining community safe, Dallaglio introduced a Vaccination Permit Protocol on 1 September 2021, which was shared with the whole workforce and contractor companies. Access to the mines was only permitted with a vaccination certificate, exemption letter or a negative PCR test. Dallaglio partnered with Providence Health and Wellness and Bonvie Medical to carry out the vaccination programme and achieved a 100% vaccination rate at both mines by the end of the year.

Within the local communities, Dallaglio continued providing donations of PPE equipment to local schools, health facilities and communities. This also involved awareness campaigns within the communities, especially with the introduction of the Covid-19 vaccination.

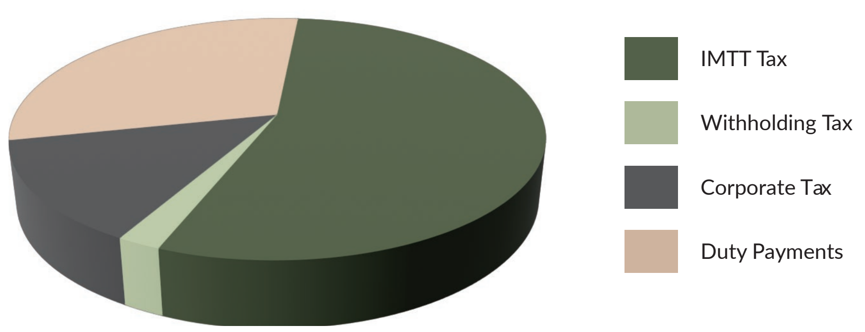
SUSTAINABILITY REPORT (continued)

WEALTH & INCOME CREATION

With Dallaglio running large scale mining operations, its mines provide significant economic benefit to the nation as follows:

- The recommissioning of Eureka Mine will contribute towards the Government's Vision 2030 Goal by producing 100 tons of gold annually.
- During 2021, Pickstone Peerless Mine produced 537kg of smelted gold, while 411kg were produced at Eureka and 28 kg at PMC. This would equate to an export value of USD 49.6 million. By 2025, Dallaglio is expected to produce 1,620 kg of smelted gold with an export value of USD 93 million – a significant increment to Zimbabwe's current annual production.
- Dallaglio's total payments to the Zimbabwean Government for 2021 was USD 1,623,923. The key contributions to the fiscal revenue were through the payment of IMTT Tax (54.66%), Duty Payments (29.69%), Corporate Tax (13.66%) and Withholding Tax (1.99%).

Dallaglio's Payments to Government in 2021 (%)



- The fact that 50% of those employed at the Pickstone Peerless Mine, 85% at the Pickstone Milling Centre and 66% at the Eureka Mine are from the local communities, demonstrates that Dallaglio is a key employer within the area of the mines.

Linkages within the domestic economy:
Recommissioning Eureka Mine created linkages within the domestic economy to enable other businesses and economic sectors to leverage off the development. According to Eureka Mine's Spatial Development Plan, the refurbishment of the mine involved procuring goods and services from local companies. This included:

- an estimated USD2.7 million of capital goods for the development phase, including civil and structural materials, CIL tanks, tools, consumables and subcontractor services;
- up to USD 12 million per year spent on local mining contractors in the open pit phase where drill, blast, load and haul contractors were hired;
- significant annual expenditure on locally procured consumables, e.g. welding rods, gas, grinding discs and PPE.

SUSTAINABILITY REPORT (continued)

THE ENVIRONMENT

With gold mining having a significant impact on the environment, during 2021 Dallaglio continued to adhere to the Zimbabwe Environmental Management Act, Chapter 20:27 and accompanying regulations as shown by the granting of the licences below based on the Environmental Management (Effluent and Solid Waste) Disposal Regulations Statutory Instrument number 6 of 2007, environmental discharge bands:

FACTS ON DALLAGLIO INVESTMENTS (PVT) LIMITED 2021

Environmental Discharge Bands	To prevent pollution, effluent and solid waste disposal are regulated through the Environmental Management (Effluent and Solid Waste Disposal) Regulations, Statutory Instrument number 6 of 2007. The discharge classification criteria are as follows: a. A blue licence in respect of a disposal is considered to be environmentally safe b. A green licence in respect of a disposal is considered to present a low environmental hazard c. A yellow licence in respect of a disposal is considered to present a medium environmental hazard d. A red licence in respect of a disposal is considered to present a high environmental hazard

	PICKSTONE PEERLESS	EUREKA
• Blue licence:	• Effluent disposal licence - mining • Effluent disposal licence (4 septic tanks) • Air emission licence for all 5 generators	• Air emission for generators • Solid Waste (mine waste rock) • Effluent disposal licence - septic tanks
• Yellow licences:	• Solid waste disposal (domestic waste) • Solid waste disposal (tailings dam/ slimes) • Pickstone effluent disposal licence • Effluent disposal for dewatering of Burnet Shaft • Air emission licence - elution	
• Red licences:	• Pickstone Peerless hazardous substance storage and use licence • Pickstone Peerless hazardous substance importation licence • Pickstone Peerless hazardous waste disposal licence	• Eureka hazardous substance storage and use licence • Pickstone hazardous substance importation licence • Eureka hazardous waste disposal licence • Eureka Solid waste disposal (tailings dam/ slimes)
Others	• Licence for Use of Ionising Radiation Apparatus • Private mobile radio licence	• Issued by Radiation Protection Authority of Zimbabwe (RPAZ), valid from 01/01/2020 to 31/12/2020.
Fines:	• None at Pickstone	• Sand abstraction • Environmental discharge - Corrective measures have been put in place to avoid future incidents.

DALLAGLIO

SUSTAINABILITY REPORT (continued)

GOING FORWARD

Dallaglio is committed to running its operations in a sustainable manner and will produce its own standalone sustainability report in 2022, by focusing in more detail on its environmental and social impacts.

LEGISLATION

Dallaglio is working towards being compliant with the specific standards and regulations set by the industry related organisations and authorities that the Company operates within:

International Legislation

- International Cyanide Management Code

Zimbabwean Legislation

- Accident Prevention (Workers Compensation Scheme) Notice – Statutory Instrument 68 (of 1990)
- Competition Act (Chapter 14:28) as administered by the Competition and Tariff Commission (CTC)
- Environmental Management Act, Chapter 20:27
- Environmental Management (Effluent & Solid Waste Disposal) Regulations, Statutory Instrument No. 6
- Environmental Management (Control of Hazardous Substances) General Regulations Statutory Instrument No. 268 of 2018
- Environmental Management (Environmental Impact Assessment & Ecosystems Regulations) Statutory Instrument No. 7 of 2007
- Explosives Regulations, 1989 (SI72)
- Factories and Workers Act (Chapter 14:08)
- Factories and Works (Registration & Control) Regulations, Government Notice 262 of 1976
- Forest Act Chapter 19:05
- Labour Act (Chapter 20:01)
- Labour Relations Act 28:01 of 1996 (Revised)
- Labour Relations (HIV/ AIDS) Regulations – Statutory Instrument 105 (of 2014)
- Mines and Minerals Act 21:05 of 1996 (Revised)
- Mining (Health and Sanitation) Regulations, 1990 (SI156)
- Mining (Management and Safety) Regulations, 1990 (SI 109)
- NSSA Act of 1989, Chapter 17: 04
- The Parks and Wildlife Act (Chapter 21:05) 1996 Revised Edition
- Pneumoconiosis Act (Chapter 15:08)
- The Public Health Act, (Chapter 15:09) 1996 Revised Edition
- Radiation Protection Act, Chapter 15:15
- The Rural Districts Councils Act, (Chapter 29:13) 1996 Revised Edition
- The Water Act, (Chapter 20:24) 1998

GLOSSARY OF TERMS

CFAZ	Crocodile Farmers Association of Zimbabwe
CIL	Carbon in leach
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CO_{2e}	Carbon Dioxide Equivalent
CSI	Community Social Investments
CSIP	Community Social Investment Plan
CTC	Competition & Tariff Commission
DSM	Demand side management
EMA	Environmental Management Agency
EMP	Environmental Management Plan
ESIA	Environmental & Social Impact Assessment
EY	Ernst & Young
GAPWUZ	General Agriculture & Plantation Workers' Union of Zimbabwe
GHG	Green House Gases
GRI	Global Reporting Initiative
GWP	Global Warming Potential
HCS	Hazardous Chemical Substances
HDPE	High Density Poly Ethylene (piping for water delivery system)
HRDD	Human Rights Due Diligence
ICFA	International Crocodilian Farmers Association
IFRS	International Financial Reporting Standards
ILO	International Labour Organisation
IMF	International Monetary Fund
IP	Intellectual Property
IPCC	International Panel of Climate Change
ISO	International Organization of Standardization
KAZA	Kavango Zambezi Trans frontier Conservation Area (KAZA TFCA)
KCF	Kariba Crocodile Farm
kWp	Kilowatt Peak
kWh	Kilowatt Hour
LTI	Lost Time Injury
MSDS	Material Safety Data Sheets
MW	Megawatt
NCF	Nyanyana Crocodile Farm
NEC	National Employment Council
NSSA	National Social Security Authority
POTRAZ	Postal and Telecommunications Regulatory Authority of Zimbabwe
RPAZ	Radiation Protection Authority of Zimbabwe
RDC	Rural District Council
R&M	Repair & Maintenance
SDGs	Sustainable Development Goals
SEP	Stakeholder Engagement Plan
SHE	Social, Health & Environment
SOPs	Standard Operating Procedure(s)
SR	Social Responsibility
UCF	Ume Crocodile Farm
UNGPs	United Nations Guiding Principles on Business & Humans Rights
USFWS	United States Fish & Wildlife Services
VFD	Variable Frequency Drives
VFEX	Victoria Falls Stock Exchange
VIDCO	Village Development Committee
VPSHR	Voluntary Principles on Security and Human Rights
WADCO	Ward Committee
WHT	Withholding Tax
WTO	World Trade Organisation
ZERA	Zimbabwe Energy Regulatory Authority
ZESA	Zimbabwe Electricity Supply Authority
ZETDC	Zimbabwe Electricity Distribution Company
ZINWA	Zimbabwe National Water Authority
ZPWMA	Zimbabwe Parks & Wildlife Management Authority
ZRP	Zimbabwe Republic Police

PADENGA

HOLDINGS LIMITED

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2021

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DIRECTORS' RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The Directors of the Company are required by the Companies and other Business Entities Act and the Victoria Falls Stock Exchange listing regulations to maintain adequate accounting records and to prepare financial statements that present a true and fair understanding of the situation of the Company and the Group at the end of each financial year, and of the profit or loss and cash flows for the period. In preparing the accompanying financial statements, generally accepted accounting practices have been followed. Suitable accounting policies have been used and consistently applied, and reasonable and prudent judgments and estimates have been made.

The principal accounting policies of the Group conform to International Financial Reporting Standards (IFRS) and are consistent with those applied in the previous year, except for any changes arising from revisions and updates in IFRS as outlined in section 3 of the financial statements (Accounting Policies). The principal accounting policies of the Group also conform to the applicable Company's Act regulations.

COMPLIANCE WITH IFRSS

The financial statements are prepared with the objective of complying fully with the IFRSs. Complying with IFRSs achieves consistency with the financial reporting framework adopted by the Group since 2010. Using a globally recognized reporting framework also facilitates understandability and comparability with similar businesses and allows consistency in the interpretation of the financial statements.

The consolidated financial statements referred to below in all material respects comply with the International Financial Reporting Standards (IFRS) for the financial position, financial performance, and cash flows of the Group in accordance except for the following:

- International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates in Prior Period due to continuing issues from prior years in respect of noncompliance with International Accounting Standard 21.
- Application of IAS 8 - Accounting Policies, Changes in accounting estimates and errors; mainly correction of prior exchange rate due to non- availability of official market rates.
- IAS 29 (Financial Reporting in Hyperinflationary economies) on the Group's subsidiary mainly arising from prior year non-compliance of IAS21 which feeds into IAS29 computation.
- In addition, the Group was non-compliant with the IFRS 3 paragraph 18 which requires Management to establish the fair values of the net assets and fair values of the Non-Controlling Interests (NCI) of an acquired subsidiary on the date of acquisition. This arose from the acquisition of Dallaglio in prior year.

Paragraph 2.12 of the Conceptual Framework for Financial Reporting (The Conceptual Framework) prescribes that for financial information to be useful, it "must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon." International Accounting Standard 10 (IAS10) "Events after the Reporting Period" also requires an entity to adjust the amounts recognised in its financial statements to reflect events after the reporting period that provide evidence of conditions that existed at the end of the reporting period.

Despite the effects of Covid-19 (outlined in 2.1) the Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

DIRECTORS' RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS (continued)

The Board recognizes and acknowledges its responsibility for the Group's systems of internal financial control. Padenga maintains internal controls and systems that are designed to safeguard the assets of the Group, prevent and detect errors, negligence and fraud and ensure the completeness and accuracy of the Group's records. The Group's Audit Committee has met the external auditors to discuss their reports relating to their work and an assessment of the relative strengths and weaknesses of critical

control areas and processes. No breakdowns in internal controls involving material loss were reported to the Directors in respect of the period under review.

The financial statements for the period ended 31 December 2021, which appear on pages 70 to 142 have been approved by the Board of Directors and are signed on its behalf by:

T N Sibanda
Chairman
25 April 2021

O T Kamundimu
Chief Finance Officer
25 April 2021

G J Sharp
Chief Executive Officer
25 April 2021

COMPANY SECRETARY'S CERTIFICATION

For the year ended 31 December 2021.

I certify that, to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies all such returns as are required to be lodged by the Company in terms of the Companies and Other Business Entities Act (Chapter 24:31) and all such returns are true, correct and up to date.

A D Lorimer
Company Secretary
Harare
25 April 2022

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Eleventh Annual Report together with the audited financial statements of the Group for the year ended 31 December 2021. In the report, "Group" refers to Padenga Holdings Limited and its subsidiary companies.

SHARE CAPITAL

At 31 December 2021, the authorised share capital of the Company was 800,000,000 ordinary shares, and the issued share capital was 541,593,440 (same for 2020) ordinary shares.

GROUP RESULTS	FY 2021 US$	FY 2020 US$
(Loss)/Profit before taxation	(6 437 410)	4 084 376
Taxation	(944 850)	(877 467)
Monetary loss	-	(5 535 026)
(Loss)/Profit for the year	**(7 382 260)**	**3 206 909**
(Loss)/Profit attributable to shareholders of the parent	**(5 319 617)**	**1 417 119**

DIVIDENDS

The Board has resolved not to pay a dividend for FY21. In making this decision, the Board has carefully considered its current and future cash flows, and the risks and potential variabilities introduced by Covid-19 in light of the subdued performance in the period under review.

RESERVES

The movement in the reserves of the Group are shown in the Statement of Profit or Loss and Other Comprehensive Income, Group Statements of Changes in Equity and in the Notes to the Financial Statements.

DIRECTORS AND THEIR INTERESTS

No Directors had, during or at the end of the year, any material interest in any contract of significance in relation to the Group's businesses. The beneficial interests of the Directors in the shares of the Company are given in Note 18 of the financial statements.

REPORT OF THE DIRECTORS (continued)

BOARD ATTENDANCE (FROM 1 JANUARY 2021 TO 31 DECEMBER 2021)

Name of Director	Main Board		Audit & Risk Committee		Remuneration & Nominations Committee	
	Attended	Possible	Attended	Possible	Attended	Possible
Jerome Charles Pierre Caraguel	3	4	2	3	N/A	N/A
Michael John Fowler	4	4	3	3	2	2
Oliver Tendai Kamundimu	4	4	3	3	2	2
Annie Mutsa Mazvita Madzara	4	4	3	3	2	2
Evlyn Mkondo	3*	3	2	2	N/A	N/A
Sternford Moyo	4	4	3	3	2	2
Gary John Sharp	4	4	3	3	2	2
Thembinkosi Nkosana Sibanda	4	4	3	3	2	2

*Ms Evlyn Mkondo was appointed as a Director with effect from 15 June 2021.

DIRECTORS' FEES

Members will be asked to approve payments of the Directors' fees in respect of the period ended 31 December 2021.

AUDITORS

Members will be asked to approve the remuneration of the auditors for the financial period ended 31 December 2021 and to appoint new auditors of the Company to hold office for the following year.

ANNUAL GENERAL MEETING

The Eleventh Annual General Meeting of the Company will be held at 08:15 hours on Tuesday 14th June 2022 at the Royal Harare Golf Club, 5th Street Extension, Harare as well as virtually via the link https://escrowagm.com/eagmZim/Login.aspx

For and on behalf of the Board.

T N Sibanda
Chairman
Harare
25 April 2021

G J Sharp
Chief Executive Officer
Harare
25 April 2021

REPORT OF THE INDEPENDENT AUDITORS

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way /
Kwame Nkrumah Avenue
P O Box 62 or 702
Harare
Zimbabwe

Tel: +263 4 750905-14 or 750979-83
Fax: +263 4 750707 or 773842
Email: admin@zw.ey.com
www.ey.com

Independent Auditor's Report

To the Members of Padenga Holdings Limited

Qualified opinion

We have audited the accompanying consolidated financial statements of Padenga Holdings Limited and its subsidiaries ("the Group"), as set out on pages 72 to 142, which comprise the consolidated statement of financial position as at 31 December 2021 and the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and explanatory notes.

In our opinion, except for the effects of the matter described in the Basis of Qualified Opinion section for our report, the accompanying financial statements present fairly in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Qualified opinion

Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates, IAS 8 - Accounting Polices, Changes in Accounting Estimates and Errors, IFRS 3 Business combinations

Matter 1: Exchange rates used in prior year

As explained in note 2 to the consolidated financial statements, the Group's functional and presentation currency is the United States Dollar (USD).

Our most recent year end audit opinion was modified due to the impact of the use of inappropriate exchange rates to translated ZWL denominated transactions and balances to USD functional currency. The exchange rates did not meet IAS 21 requirements for a spot rate during the period 22 February 2019 to 22 June 2020. The misstatements could not be quantified as an IAS 21 compliant exchange rate was not available. While the matter is not recurring in current year, management has not restated the prior year consolidated financial statements in line with the requirements of IAS 8. Therefore, this matter continues to impact the following elements on the Consolidated Statement of financial position which comprise of material amounts from opening balances:

- Property, plant and equipment: USD 7 776 642 (2020: USD 24 088 899) included in the closing balance of USD 69 577 791 (2020: USD 58 494 615); and
- Deferred taxation liability: USD 6 842 154 (2020: USD7 259 630) included in the closing balance of USD11 994 664 (2020: USD 11 652 910).

As opening balances enter into the determination of performance, the following elements on the Consolidated Statement of profit or loss and Other Comprehensive income are misstated:

- Depreciation: USD 651 964 (2020: USD 1 362 078) included in total expense for the period of USD 5 510 876 (2020: USD 3 716 975).
- Income tax expense stated as USD 944 850 (2020: USD 877 467).

REPORT OF THE INDEPENDENT AUDITORS (continued)

Consequently, Non-controlling interest stated as USD 14 653 307 (2020: USD 16 715 950) and Retained earnings stated as USD 38 204 871 (2020: USD 43 524 488) on the Consolidated Statement of Changes in equity are impacted.

Further to the above, corresponding amounts for non-current lease liability, current lease liability, cost of sales and movement in lease liability on the consolidated financial statements remain misstated as they have not been corrected in terms of IAS 8. Therefore, our audit opinion on the current period's consolidated financial statements is also modified because of the possible effect of this matter on the comparability of the current period's consolidated financial statements.

Matter 2: Impact of non-compliance with IFRS 3- Business Combinations

Further contributing to our adverse opinion in prior year was the impact of non-compliance with IFRS 3. Effective 1 January 2020, the Group acquired and consolidated a subsidiary. However, the 'at acquisition' fair values of the acquired assets and assumed liabilities were not determined. Since no IAS 8 adjustments have been made, the matter continues to impact the following elements:

- Goodwill stated as USD 3 672 214 (2020: USD 3 672 214); and
- Non-controlling Interests of USD4 602 444 (2020: USD 4 602 444) included in the closing balance of USD 14 653 307 (2020: USD 16 715 950).

Matter 3: Consolidation of a subsidiary with underlying misstatements

In the prior year, the Group's consolidated financial statements were consolidated to include a subsidiary with underlying misstatements arising from the following matters:

a) Historical incorrect date of change in functional currency

In 2019, the subsidiary applied an incorrect date of change in functional currency of 22 February 2019 instead of 1 October 2018 which is a non-compliance with IAS 21. This had a consequential impact on the application of IAS 29- Financial Reporting in Hyperinflationary Economies. As management has not made IAS 8 adjustments to correct the prior year matter, the following amounts on the consolidated statement of financial position remain misstated as they comprise material amounts from opening balances:

- Property, plant and equipment: USD8 606 077 (2020: USD 10 757 597) included in the closing balance of USD 69 577 791 (2020: USD 58 494 615); and
- Deferred tax liability: USD 146 970 included in the closing balance of USD11 994 664 (2020: USD 11 652 910).

As opening balances enter into the determination of performance, the following elements on the Consolidated Statement of profit or loss and Other Comprehensive income are misstated:

- Cost of sales: USD 180 835 included in the closing balance of USD 49 330 279 (2020: USD 44 145 557).
- Depreciation USD 5 150 876 (2020: USD 3 716 975).
- Income tax expense USD 944 850 (2020: USD 877 467).

The misstatements above have resulted in a consequential impact on Retained earnings stated as USD 38 204 871 (2020: USD 43 524 488).

Further to the above, the corresponding amounts for Exploration and evaluation assets and Inventories on the consolidated financial statements remain misstated as they have not been corrected in terms of IAS 8. Therefore, our audit opinion on the current period's consolidated financial statements is also modified because of the possible effect of this matter on the comparability of the current period's consolidated financial statements.

b) Exchange rates used in prior year

Further, inappropriate exchange rates as described on matter 1 were used to translate foreign denominated transactions and balances to the subsidiary's functional currency of ZWL, as well as the translation of the subsidiary's inflation adjusted financial statements to the group's reporting currency of USD for consolidation purposes. This had a consequential impact on the application of IAS 29- Financial Reporting in Hyperinflationary Economies.

As management has not made IAS 8 adjustments to correct the prior year matter, opening balances translated to USD on 1 January 2021, the

REPORT OF THE INDEPENDENT AUDITORS (continued)

subsidiary's date of change in functional currency, as described on Note 4 remain impacted. Consequently, Property, plant and equipment: USD 6 398 593 (2020: USD 7 998 242) included in the closing balance USD 69 577 791 (USD58 494 615) and Deferred tax liabilities stated as USD11 994 664 (2020: USD 11 652 910) on the consolidated statement of financial position remain misstated as they still comprise of material amounts from opening balances.

As opening balances enter into the determination of performance, the following elements on the Consolidated Statement of profit or loss and Other Comprehensive income are misstated:

- Cost of Sales: USD 1 639 691 (2020: USD4 000 688) included in the closing balance of USD 49 330 279 (2020: USD 44 145 557); and
- Depreciation: USD 666 663 (2020: USD 453 148) relating to the misstated opening balances included in total expense for the period of USD5 150 876 (2020: USD 3 716 975).
- Income tax expense stated as USD 944 850 (2020: USD 877 467).

Further to the above, the corresponding amounts for Exploration and evaluation assets, Inventories, Revenue, Other income and Employee benefits expense on the consolidated financial statements remain misstated as they have not been corrected in terms of IAS 8. Therefore, our audit opinion on the current period's consolidated financial statements is also modified because of the possible effect of this matter on the comparability of the current period's consolidated financial statements.

The effects of the above departures from IFRS are material but not pervasive to the consolidated financial information.

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 consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matter(s) described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How the matter was addressed in the audit
Physical verification of biological assets Biological assets as disclosed in Note 15 to the financial statements are one of the key elements on the Group's consolidated statement of financial position. The key variables in the determination of the value as recorded in the financial statement are quantity and pricing. The crocodile and alligator livestock are reared in secure enclosures that incorporate physical and biosecurity controls to ensure the appropriate welfare of the animals.	Our principal audit procedures in this area involved: • Attending the year end biological asset verification and estimating the crocodiles in the pens and comparing the quantities with the accounting records for reasonableness. • Assessing the controls and the processes used by management with respect to estimating and recording the quantities of livestock at year end.

REPORT OF THE INDEPENDENT AUDITORS (continued)

Key Audit Matter	How the matter was addressed in the audit
Physical verification of biological assets (continued) Material disruption of the environment within which the livestock is raised is inconsistent with the norms of good husbandry and consequently water in the pens is not drained during the physical verification of stock numbers. The verification of crocodiles and alligators is done by getting into the pens and counting the livestock identified in the pens. Where counting cannot be done or where variances are noted from the stock count against expected numbers, management relies on its throughput reconciliations and farming records to determine the quantity of livestock as at year end. An acceptable range of losses of crocodiles/alligators is set and monitored on a regular basis. Accordingly, the physical verification of biological assets is a key audit matter due to the physical count considerations.	• Reviewing throughput reconciliations prepared by management and verifying the key inputs to underlying operational and accounting records to obtain reasonable assurance on existence of biological assets.
Fair valuation of biological assets The valuation of biological assets is a subjective process owing to the unique and specialized nature of the industry. The processes of cost accumulation and estimation of yields based on age of the crop with no industry benchmarks leaves room for significant judgement from management. The fair valuation of biological assets represents an area of significant estimate over a significant statement of financial position account. As disclosed in note 15 to the consolidated financial statements; the Group uses the income approach for valuation of crocodiles and alligators and the cost approach for the valuation of breeders; based on the following key assumptions: • The price per skin. • The premium meat yield per kilogram of crocodile and alligator; and • The replacement cost of breeders. Accordingly, the fair valuation of biological assets is a key audit matter due to the impact of the above assumptions to the value of biological assets.	Our principal audit procedures in this area involved: • Evaluating management's inputs and methodology used in the valuation model applying guidance from International Financial Reporting Standards. • Assessing the consistency of application of the valuation model and compared the inputs to both internal and external data. • Re-performing the valuation process using management's model and independently re-calculated the fair values per farm, livestock category and age band. • Inspecting the disclosures in the consolidated financial Statements for compliance with relevant accounting standards.
Valuation of mineral inventories Mining inventories represent one of the key elements on the Group's statement of financial position. At year end, crushed and uncrushed ore stockpiles are valued through a process of estimation and exercise of significant judgement. The determination of the volumes of material is based on the estimation of the volumes of material in the plant through quantity surveying techniques and applying the mineral content percentage determined.	Our principal audit procedures in this area involved: • Assessing the competency of the expert used in valuing the mineral inventories Breckridge's surveyor G. Zengenya and Delta Gold's surveyor Collet Ngulube to ascertain if audit could place reliance on their work. • Assessing the qualifications through the inspection of their CVs.

REPORT OF THE INDEPENDENT AUDITORS (continued)

Key Audit Matter	How the matter was addressed in the audit
Valuation of mineral inventories (continued) Estimation of the volumes is carried out by the Group's internal quantity surveying department. The estimation of the volumes of the ore and the valuation has been considered significant to our audit due to the complex way the volumes are determined which requires the involvement and reliance on experts. Accordingly, the valuation of mineral inventories is a key audit matter due to the complex processes described above.	• Reviewing the report of the expert involved in the estimation of the quantity of the mining inventories. • Comparing the quantity on the surveyor's mining report to quantity used by the client to ensure that the correct information was used in performing the valuation.
Impairment of Assets The current year commenced with lower-than-expected performance due to lower production at Pickstone Peerless Mine compared to budgets. The subdued performance could adversely affect the cash flows for the cash generating unit, which is a trigger for impairment considerations as the carrying values for the assets may not be recoverable over the life of the mine. Accordingly, the impairment of assets is a key audit matter due to the uncertainty and complexity involving models based on future cash flows which rely on assumptions that may not materialise.	Our principal audit procedures in this area involved: • Reviewing the impairment write up which states the budget assumptions which were used to develop cashflow forecasts over the life of the mine for reasonableness. • Involving our Internal EY experts SaT (Strategy and Transactions) to assess the reasonableness of the discount rates used in discounting the projected mine's cashflows based on the set methodologies. • Reviewing the disclosure made in the financial statements relating to the judgments involved in the impairment assessments.

Other Information

The other information consists of the Chairman's Statement, the Chief Executive Officer's Statement, Directors' Report and the Statement of Corporate Governance and Management Approach, which is expected to be made available to us after the date of this auditor's report. Other information does not include the consolidated financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, in the prior year, the Group did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates and IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors and in current year the Group did not comply with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. We have concluded that the other information is materially misstated for the same reasons with respect to the amounts or other items referred to in the basis of qualified opinion above.

Responsibilities of the Directors for the Consolidated Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors 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 the Directors 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the (consolidated) 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.

The engagement partner on the audit engagement resulting in this audit report on the consolidated financial statements is Mr Walter Mupanguri (PAAB Practicing Certificate Number 367).

Ernst & Young

Ernst & Young
CHARTERED ACCOUNTANTS (ZIMBABWE) REGISTERED PUBLIC AUDITORS
Harare
Date 28 April 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	31-Dec-2021 Audited US$	31-Dec-2020 Restated US$
Revenue	7	78 466 352	71 605 783
Other income	7.1	677 531	1 809 488
Financial income	8.3	4 783 487	11 457 959
Credit impairment losses	17	(3 387)	(5 762)
Cost of goods sold	7.1.1	(49 330 279)	(44 145 557)
Employee benefits expense	7.2.1	(11 786 841)	(12 404 381)
Other operating costs	7.2	(7 705 726)	(4 557 063)
Operating profit before depreciation, amortisation, impairment, and fair valuation adjustments		**15 101 137**	**23 760 467**
Depreciation	12	(5 150 876)	(3 716 975)
Depreciation– right of use assets	12.2	(1 461 186)	(175 813)
Amortisation - intangible assets	13.1	(1 255 430)	(3 882 281)
Operating profit before interest and fair value adjustments		**7 233 645**	**15 985 398**
Fair value adjustments on biological assets	15.3	(3 441 013)	468 113
Profit before interest and tax		**3 792 632**	**16 453 511**
Monetary loss	8.4	-	(5 535 026)
Interest income	8.1	5 475	13 381
Interest expense – loans	8.2	(10 138 637)	(6 665 084)
Interest expense - lease	8.2	(96 880)	(182 406)
(Loss)/Profit before tax		**(6 437 410)**	**4 084 376**
Income tax expense	9.1	(944 850)	(877 467)
(Loss)/Profit for the year		**(7 382 260)**	**3 206 909**
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		**(7 382 260)**	**3 206 909**
(Loss)/Profit for the year attributable to:			
Equity holders of the parent		(5 319 617)	1 417 119
Non-controlling interest		(2 062 643)	1 789 790
		(7 382 260)	**3 206 909**
Total comprehensive (loss)/income for the year attributable to:			
Equity holders of the parent		(5 319 617)	1 417 119
Non-controlling interest		(2 062 643)	1 789 790
		(7 382 260)	**3 206 909**
(Loss)/earnings per share (cents)			
Basic (loss)/earnings per share	6	(0.98)	0.26
Diluted (loss)/earnings per share	6	(0.98)	0.25
Basic headline (loss)/earnings per share	6	(0.99)	0.26
Diluted headline (loss)/earnings per share	6	(0.99)	0.25

^ The Group discovered that there were fair value adjustments on finished products that had not been adjusted for in the tax computations and dated back to 2019. This has now been corrected in the current presentation. (Refer to note 32).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2021

	Note	31-Dec-2021 Audited US$	31-Dec-2020 Restated US$	31-Dec-2019 Restated US$
ASSETS				
Non-current assets				
Property, plant, and equipment	12	69 577 791	58 494 615	24 088 899
Exploration and evaluation assets	14	6 938 427	1 320 757	-
Rehabilitation assets	14.1	1 723 074	1 536 945	-
Goodwill	1	3 672 214	3 672 214	-
Intangible assets	13	218 926	113 938	51 220
Right of use of assets	12.2	5 577 155	1 068 018	1 156 377
Biological assets	15.1	9 897 769	7 226 343	6 790 778
Deferred tax asset	9.2.3	2 366 838	2 631 117 #	1 171 510 #
		99 972 194	**76 063 947**	**33 258 784**
Current assets				
Biological assets	15.2	25 424 810	28 485 850	32 205 176
Mines Inventories	16.1	6 557 692	2 916 713 *	-
Inventories	16	16 112 051	19 529 366 *	12 566 854
Trade and other receivables	17	13 285 530	17 953 694	10 770 978
Current tax receivable	9.2.2	2 097 660	2 097 660	482 724
Cash and cash equivalents	11.2	6 343 767	3 951 118	9 366 759
		69 821 510	**74 934 401**	**65 392 491**
Total assets		**169 793 704**	**150 998 348**	**98 651 275**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	18.2	54 159	54 159	54 159
Share premium	18.6	27 004 245	27 004 245	27 004 245
Retained earnings		38 204 871	43 524 488	42 107 369
Share based payment reserve	18.4	377 244	189 671	2 099
Change in ownership reserve	18.7	(63 863)	(63 863)	(63 863)
Equity attributable to equity holders of the parent		**65 576 656**	**70 708 700**	**69 104 009**
Non-controlling interest	**26**	**14 653 307**	**16 715 950**	**(579 333)**
Total shareholders' equity		**80 229 963**	**87 424 650**	**68 524 676**
Non-current liabilities				
Interest-bearing borrowings	19.1	29 512 807	5 000 000	6 335 000
Lease liabilities	24.1	3 983 058	585 505	464 144
Mine rehabilitation provisions	14.2	2 480 308	1 926 083	-
Deferred tax liability	10	11 994 664	11 652 910 #	8 431 240 #
		47 970 837	**19 164 498**	**15 230 384**
Current liabilities				
Bank overdraft	19.4	729 110	7 252 118	-
Customer deposits	20.1	740 613	1 336 925	2 936 325
Interest-bearing borrowings	19.2	33 064 710	29 401 501	10 579 610
Trade and other payables	20	3 957 535	4 291 515	1 194 395
Lease liabilities	24.1	1 859 883	198 000	147 000
Provisions	21	65 983	63 530	38 885
Tax Payable	9.2	1 175 070	1 865 611	-
		41 592 904	**44 409 200**	**14 896 215**
Total liabilities		**89 563 741**	**63 573 698**	**30 126 599**
Total equity and liabilities		**169 793 704**	**150 998 348**	**98 651 275**

* At 31 December 2020, Mine Inventories (US$2 916 713) were reported under Inventories (US$22 446 079) (Refer to note 32).

For the year ended 31 December 2020, the deferred tax liability of US$9 021 793 included a deferred tax asset of US$2 631 117. For the year ended 31 December 2019, the deferred tax liability of US$7 259 730 included a deferred tax asset of US$1 171 510. The prior years' amounts have been separated in the current period's presentation (Refer to note 32).

O T Kamundimu
Chief Finance Officer
25 April 2022

G J Sharp
Chief Executive Officer
25 April 2022

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2021

	Share Capital	Share premium	Share Based Payment reserve	Change in Ownership Reserve	Retained Earnings	Total	Non-Controlling Interest	Total
	Note 18	Note 18	Note 18.4	Note 18.7			Note 26	
	US$	US$	US$	US$	US$	US$	US$	US$
Balance at 1 January 2020	**54 159**	**27 004 245**	**2 099**	**(63 863)**	**40 786 379**	**67 783 019**	**(579 333)**	**67 203 686**
Adjustment on correction of error (net of tax) Note 32	-	-	-	-	1 320 990	1 320 990	-	1 320 990
Balance at 1 January 2020 (restated)	**54 159**	**27 004 245**	**2 099**	**(63 863)**	**42 107 369**	**69 104 009**	**(579 333)**	**68 524 676**
Total Comprehensive Income	-	-	-	-	1 417 119	1 417 119	1 789 790	3 206 909
Non-controlling interest in Dallaglio	-	-	-	-	-	-	15 505 493	15 505 493
Share Based Payment scheme charge for the year	-	-	187 572	-	-	187 572	-	187 572
Balance at 31 December 2020 (restated)	**54 159**	**27 004 245**	**189 671**	**(63 863)**	**43 524 488**	**70 708 700**	**16 715 950**	**87 424 650**
Balance at 1 January 2021 (audited)	**54 159**	**27 004 245**	**189 671**	**(63 863)**	**43 524 488**	**70 708 700**	**16 715 950**	**87 424 650**
Total Comprehensive Loss	-	-	-	-	(5 319 617)	(5 319 617)	(2 062 643)	(7 382 260)
Share Based Payment scheme charge for the year	-	-	187 573	-	-	187 573	-	187 573
Balance at 31 December 2021 (audited)	**54 159**	**27 004 245**	**377 244**	**(63 863)**	**38 204 871**	**65 576 656**	**14 653 307**	**80 229 963**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	31-Dec-2020 Audited US$	31-Dec-2019 Restated US$
Cash generated from operations			
(Loss)/Profit before tax		(6 437 410)	4 084 376
Adjusted for non-cash items			
Depreciation	12	5 150 876	3 716 975
Depreciation – right of use assets	12.2	1 461 186	175 813
Amortisation of intangible assets	13.1	1 255 430	3 882 281
Net interest expense	8.2	10 230 042	6 834 109
Monetary loss	8.4	-	5 535 026
Unrealised exchange loss/(gain)	7.2.3	366 976	(12 183 435)
Deaths of biological assets	15.1	13 906	7 522
Fair value adjustment on biological assets	15.3	3 441 013	(468 113)
(Profit)/loss on disposal of property, plant, and equipment		(23 341)	224 880
Unwinding of rehabilitation provision	14.2	172 023	10 280
Share based option scheme adjustment	18.4	187 573	187 572
Inventory write offs	7.2.4	7 894	16 964
Provisions credited/(charged) to profit or loss		2 452	(3 514 200)
Cash generated from operations before working capital changes		**15 828 620**	**8 510 050**
Working capital changes			
Increase in inventories		(4 392 779)	(2 028 767)
Decrease in biological assets		1 317 657	514 018
Decrease/(increase) in receivables		4 410 882	(251 210)
Decrease in payables		(1 661 604)	(152 588)
Working capital changes		**(325 844)**	**(1 918 547)**
Cash generated from operating activities		**15 502 776**	**6 591 503**
Interest received	8.1	5 475	13 381
Interest paid - borrowings		(9 928 674)	(1 426 009)
Interest paid - leases		(42 723)	(1 310)
Taxation paid	9.2	(1 029 358)	(2 505 796)
Net cash generated from operations		**4 507 496**	**2 671 769**
Net cash utilised in investing activities		**(23 295 571)**	**(28 717 465)**
- proceeds on disposal of property, plant, and equipment		96 000	9 177
- purchase of property, plant, and equipment	12	(16 387 817)	(27 611 289)
- expenditure on exploration and evaluation of assets	14	(6 607 310)	(874 399)
- expenditure on non-current biological assets	15.1	(221 740)	(119 665)
- purchase of intangible assets	13	(174 704)	(121 289)
Net cash flow before financing activities		**(18 788 075)**	**(26 045 696)**
Net cash generated in financing activities		**21 386 767**	**11 841 668**
- proceeds from borrowings	19.3	42 708 545	13 680 508
- repayments of borrowings	19.3	(21 265 501)	(1 642 150)
- Lease payments	24.1	(56 277)	(196 690)
Net increase/(decrease) in cash and cash equivalents		**2 598 692**	**(14 204 028)**
Net foreign exchange difference	7.2.3	(206 043)	366 397
Effects of hyperinflation from subsidiary	19.3	-	8 421 990
Cash and cash equivalents at the beginning of the period		3 951 118	9 366 759
Cash and cash equivalents at the end of the period	**11.2**	**6 343 767**	**3 951 118**

ACCOUNTING POLICIES

For the year ended 31 December 2021

1 CORPORATE INFORMATION

The consolidated financial statements of Padenga Holdings Limited and its subsidiaries for the year ended 31 December 2021 were authorized for issue in accordance with a resolution of the Directors on 21 March 2022. Padenga Holdings Limited is a Limited Liability Company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Victoria Falls Stock Exchange. The principal activities of the Company and its subsidiaries (the Group) include the production and rearing of crocodiles and alligators, the sale of Nile crocodile and alligator skins and meat to local and International customers and gold mining. The registered office is located at 121 Borrowdale Road, Gunhill, Harare, Zimbabwe. Information on the Group's parent and other related party relationships is presented in Note 28.

Business Combinations

Information on prior year acquisition of Dallaglio Investments (Pvt) Limited

On 1 January 2020, the Group acquired a 50.1% stake in Dallaglio Investments Limited ("Dallaglio"), that specialises in mining. Dallaglio owns Delta Gold and Breckridge Investments. Delta Gold owns Eureka Gold Mine, a mining operation based in Guruve mining area, in the province of Mashonaland Central, Zimbabwe.

Breckridge Investments (Private) Limited ('Breckridge') owns Cordillera (Private) Limited ('Cordillera') whose primary business is the provision of custom milling and gold buying services to small scale gold miners in and around the Pickstone area in Chegutu, in the province of Mashonaland West, Zimbabwe.

The Group has applied: Amendments to IFRS 3 – Definition of a Business, issued in October 2018.

Assets acquired and liabilities assumed

The value of the identifiable assets and liabilities of Dallaglio Investments as at the date of acquisition were:

	Values recognised on acquisition US$
Assets	
Fixed assets	10 757 597
Exploration and evaluation assets	4 195 346
Rehabilitation asset	3 117 093
Goodwill	1 080 885
Inventory	4 517 426
Debtors	26 932 036
Bank balances	947 009
Total	**51 547 392**
Liabilities	
Overdraft	6 150 501
Creditors	1 770 829
Mine Rehabilitation Provision	3 355 930
Deferred Tax	2 702 878
Current Tax Liability	918 695
Loans third party	5 575 427
Total liabilities	**20 474 260**
Net Current assets	**31 073 132**
Non-controlling interest (49.9% of net assets)	(15 505 493)
	15 567 639
Goodwill arising on acquisition**	**3 672 214**
Purchase consideration	**19 239 853**

At acquisition, the value of trade receivables was $26 932 067. The carrying amount of trade receivables approximated present value and there was no counterparty credit risk.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

1 CORPORATE INFORMATION (continued)

	US$
Purchase consideration was paid as follows:	
Interest on fair valuation of purchase consideration	760 147
Payments January to June 2020	7 520 668
Payments July to December 2020	8 321 692
Less cash on acquisition of Dallaglio	(947 009)
Net cash on acquisition of subsidiary	**14 895 351**

The Group started consolidating Dallaglio financials from 1 January 2020 and its results are incorporated in the financial statements as at 31 December 2021.

The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

****Goodwill recognised**

At the time of acquisition, Dallaglio was producing around 65 kilogrammes of gold per month from Pickstone Peerless and, on this basis, was profitable. Dallaglio has also invested funds in pre-mining operations at Eureka, but further funding is required to take the mine through to production. Further to this, the Giant Claim (Mine that is in Guruve) will require additional funding.

Funding for these developments is predominantly required in hard currency, which is not readily available from the local market.

Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period is presented below:

Gross carrying amount	
At 1 January 2021	3 672 214
Movement	-
At 31 December 2021	**3 672 214**

Goodwill arising on acquisition of Dallaglio Investments (Pvt) Limited after having acquired a 50.1% stake in Dalllaglio Investments Limited ("Dallaglio").

Assessment of impairment of goodwill:

Goodwill is allocated to the mining business operating segment. The recoverable amount of the cash generating unit of US$ 34 620 210 has been determined based on value in use calculations. Budgeted operating cash flows for the mining business unit were projected and discounted at the group's weighted average pre-tax cost of capital. The impairment calculations performed indicated that the goodwill was not impaired.

The following key assumptions were made in determining the value in use of the mining business cash-generating unit:

i. A forecast horizon of five years was used. The forecast horizon comprises the five-year plan drafted in the first quarter of the 2021 financial year, where after a perpetuity growth rate of 5% is used.
ii. The values assigned to the five-year plan revenue and cost growth assumptions reflect current trends, anticipated market developments and management's experience.
iii. The key assumptions for the recoverable amount are the long-term growth rate and the discount rate.
iv. The long-term growth rate used is purely for the impairment testing of goodwill under IAS 36 – Impairment of Assets and does not reflect long-term planning assumptions used by the Group for investment proposals or for any other assessments.
v.. A discount rate of 17.98% per annum, being the Group's pre-tax weighted average cost of capital, was used. The Group's pre-tax weighted average cost of capital is deemed appropriate.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

1 CORPORATE INFORMATION (continued)

Goodwill impairment testing is a six step process

a. Dividing the entity into cash generating units or identifying the cash generating units
b. Allocating the goodwill to the cash generating unit(s)
c. Identifying the carrying amount of the cash generating unit assets
d. Estimating the future pre-tax cash flows of the cash generating unit under review
e. Identifying an appropriate discount rate and discounting the future cash flows
f. Comparing carrying value with value in use and recognizing impairment losses where applicable.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Dallaglio with those of the Group. The goodwill is not deductible for income tax purposes.

2 STATEMENT OF COMPLIANCE

Compliance with IFRSs

The financial statements are prepared with the objective of complying fully with the IFRSs. The financial statements have been prepared in compliance with the Companies and Other Business Entities Act (COBE) (Chapter 24:31). Complying with IFRSs achieves consistency with the financial reporting framework adopted by the Group since 2010. Using a globally recognized reporting framework also facilitates understandability and comparability with similar businesses and allows consistency in the interpretation of the financial statements.

The consolidated financial statements referred to above in all material respects comply with the International Financial Reporting Standards (IFRS) for the financial position, financial performance, and cash flows of the Group except for the following:

- International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates in Prior Period due to continuing issues from prior years in respect of non-compliance with International Accounting Standard 21,
- Application of IAS 8 - Accounting Policies, Changes in accounting estimates and errors; mainly correction of prior exchange rate due to non- availability of official market rates.
- IAS 29 (Financial Reporting in Hyperinflationary economies) on the Groups subsidiary mainly arising from non-compliance of IAS21 which feeds into IAS 29 computation.
- In addition, the Group was non-compliant with the IFRS 3 paragraph 18 which require Management to establish the fair values of the net assets and fair values of the Non-Controlling Interests (NCI) of an acquired subsidiary on the date of acquisition. This arose on the acquisition of Dallaglio in prior year.

According to IAS 21, if the primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash, an entity considers the following factors in determining its functional currency
the currency:

(a) that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled); and
(b) of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.
(c) the currency that mainly influences labour, material, and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled).
(d) the currency in which funds from financing activities (i.e. issuing debt and equity instruments) are generated.
(e) the currency in which receipts from operating activities are usually retained.

Given the context of the environment, management assessed whether there had been a change in the functional currency used by the Group. The assessment included consideration of whether the various modes of settlement may represent different forms of currency.
It was observed that whether cash, ZWL incentive payments, electronic money transfers or point of sale transactions, the unit of measure across all these payment modes remained US Dollars. Management therefore concluded that the US dollar is still the functional currency.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

2.1 Going Concern

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

The Covid-19 pandemic continues to pose an ongoing threat to business continuity as it impacts traditional markets in those countries that the business trades skins into. However, during the last quarter of FY2021, lockdown restrictions were relaxed globally. Tanneries in France and Italy have remained open with emphasis on processing skins exclusively for their top-tier customers. The skin sales order for 2021 was confirmed and delivered to the customer and the volumes are in line with prior periods. However, the full impact of the Covid-19 pandemic remains difficult to assess in the short term and the business is responding to the needs of its primary customer in order to sustain sales volumes and margins.

For the mining business global trade in gold has continued albeit at a minimal scale and this has led to an upsurge in gold prices as people seek refuge in gold due to uncertainties around currency stability. Locally, mining companies have been classified under essential services and therefore the Group's operations have continued unabated. In addition, the lockdown will not affect movement of essential imports as movement of cargo is not restricted. The Group's imports are mainly from South Africa.The Group continues to monitor wellness for its employees to mitigate the threat and safeguard the operations of the Group
The table below discusses the potential impacts on a line-by-line basis:

	IMPACT ON THE BUSINESS
Property, plant, and equipment	A significant drop in market prices considered may impact the business if not sustained. However, the business cycle is such that there is a three-year production period on which the effects can be detected after all harvest cycles have been exhausted. The gold prices firmed during the covid pandemic.
Intangible assets	Intangible assets do not constitute a significant amount on the balance sheet. These are software packages being used by the Group for the day-to-day management of the business. As the business is continuing, there is no significant impact on the intangible assets as the software will continue to be in use.
Right of use of assets	The right of use will not be impacted as the land is no longer suitable for any other use except for crocodile production. The Group has considered the impact of Covid-19 on right of use and concluded that there are no conditions for impairment as the use of land will not be significantly affected by the pandemic.
Biological assets - current & non-current	The accounting effects of the coronavirus on fair value measurements is significant. Covid-19 is a rapidly evolving situation. Expected cash flows are being affected as the industries in Europe continue to be closed for the greater part of the year. The direct impact is mainly feed, cleaning and treats which have been covered under inventories below.
Inventories	Considering Covid-19-related revenue declines or disrupted supply chains would affect the supply chain. In the case of the Group, stock holding is currently four months cover and major inputs are from South Africa where cargo has not been stopped. The business continues to receive constant supply of inventory. In addition, the Group does not have inventory items with short shelf lives or expiration dates, or specific seasonal inventories that are at the most risk of an impairment. There is no unplanned work stoppages or severe slowdowns due to labour or material shortages as the Group is in the essential services category and has been allowed to continue operating. Demand for finished products (Skins and meat) is concentrated towards the end of the year. Demand for gold is evenly spread during the year.
Receivables	After 31 December 2021, one of the Company's major trade receivable paid off the remaining balance in full. There are no anticipated disruptions.
Cash resources	The Group had an operating profit and positive cash flows from operations to 31 December 2021. The cash will sustain the business for the current season.
Lease liabilities	The lease liability will not be impacted as the land is no longer suitable for any other use except for crocodile production for the farming operations which is operating on leased land.
Interest bearing debt- third party	The Group has interest bearing debts falling due up to 2023. The earliest maturity date is 31 January 2022. There is currently no requirement to raise capital in order to continue its operations. To address its financing requirements, the Group will seek financing through debt and equity financing. The outcome of these matters cannot be predicted at this time.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

2.1 Going Concern (continued)

	IMPACT ON THE BUSINESS
Creditors, provisions, and taxation	Operations continued under the designation of essential services for both the farming and mining operation. There has been no compromise thus far, nor is any anticipated. The business will continue to honour the obligations outstanding as at 31 December 2021. There has been no change in creditors terms from 2020 to 2021.Taxation outstanding will be settled in 2022.

2.2 Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).
The consolidated financial statements have been prepared on a historical cost basis, except for biological assets that have been measured at fair value. The consolidated financial statements are presented in United States dollars (US$).

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.3 Basis of Consolidation

The consolidated financial statements comprise the financial statements of Padenga Holdings Limited and its subsidiaries as at 31 December 2021. The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtained control, and will continue to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent Group, using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure or rights to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is presumption that most of the voting rights result in control. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The relevant activities are those which significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary.
The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income and the statement of financial position from the date the Group gains control until the date the Group ceases to control the subsidiary. Where the Group's interest is less than 100 per cent, the interest attributable to outside shareholders is reflected in non-controlling interests (NCIs).

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

2.3 Basis of Consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders are stated at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. After the acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Any losses applicable to the non-controlling interests in excess of the non-controlling interest are allocated against the interest of the parent.

3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

3.1 Standards, Interpretations, and Amendments Effective During the Current Year

Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16.

Effective for annual periods beginning on or after 1 April 2021.

Key Requirement

In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic.
As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

Transition

Lessees will apply the amendment retrospectively, recognising the cumulative effect of initially applying it as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which they first apply the amendment. In the reporting period in which a lessee first applies the 2021 amendment, the lessee will not be required to disclose the information required by paragraph 28(f) of IAS 8.
In accordance with paragraph 2 of IFRS 16, a lessee is required to apply the relief consistently to eligible contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient before or after the amendment.

Expected Impact on Financial Statements

This ammendment had no impact on the consolidated financial statements of the Group.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

3.1 Standards, Interpretations, and Amendments Effective During the Current Year (continued)

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
Effective for annual periods beginning on or after 1 January 2021.

Key Requirements

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform.
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).
Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform.
The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred.
Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognised. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognised in profit or loss.
The practical expedient is also required for entities applying IFRS 4 that are using the exemption from IFRS 9 (and, therefore, apply IAS 39 Financial Instruments: Recognition and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Permitted changes include redefining the hedged risk to reference an RFR and redefining the description of the hedging instruments and/or the hedged items to reflect the RFR. Entities are allowed until the end of the reporting period, during which a modification required by IBOR reform is made, to complete the changes.
Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 and IAS 39 to measure and recognise hedge ineffectiveness.

Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR. The cash flow hedge reserve is released to profit or loss in the same period or periods in which the hedged cash flows based on the RFR affect profit or loss. For the IAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero. This relief applies when the exception to the retrospective assessment ends.
The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued. As items within the hedged group transition at different times from IBORs to RFRs, they will be transferred to sub-groups of instruments that reference RFRs as the hedged risk.

As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform. The phase two reliefs cease to apply once all changes have been made to financial instruments and hedging relationships, as required by IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. The relief allows entities upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

3.1 Standards, Interpretations, and Amendments Effective During the Current Year (continued)

Additional disclosures:
IFRS 7 Financial Instruments: Disclosures includes the following:

- How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform
- Disaggregated by each significant IBOR benchmark, quantitative information about financial instruments that have yet to transition to RFRs
- If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes

Transition

The amendments are mandatory, with earlier application permitted. Hedging relationships must be reinstated if the hedging relationship was discontinued solely due to changes required by IBOR reform and it would not have been discontinued if the phase two amendments had been applied at that time. While application is retrospective, an entity is not required to restate prior periods.

Impact

This amendment had no impact on the consolidated financial statements of the Group.

3.2 Standards, Interpretations and Amendments Issued but not yet Effective

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
Effective for annual periods beginning on or after 1 January 2024.

Key requirements

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current.
The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

Right to defer settlement

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.
Existence at the end of the reporting period
The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

Management expectations

IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period . That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.

Meaning of the term 'settlement'

The Board added two new paragraphs (paragraphs 76A and 76B) to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.
Settlement by way of an entity's own equity instruments is considered settlement for the purpose of classification of liabilities as current or non-current, with one exception.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

3.2 Standards, Interpretations and Amendments Issued but not yet Effective (continued)

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or noncurrent.
Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.

Impact

The amendments will have an impact on the Group financial statements, the impact cannot currently be ascertained. However, management will continue assessing the potential impact.

Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. It applies for annual reporting periods beginning on or after 1 January 2022.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

Effective for annual periods beginning on or after 1 January 2022.

Key Requirements

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'.
The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Transition

The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

Impact

The impact to the Group is expected to be minimum as there are no changes that have been affected to the current contracts with customers.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method.

Impact

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. The amendment is expected to have no impact to the Group as there are no Joint venture arrangements or associates where loss of control is anticipated.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

3.2 Standards, Interpretations and Amendments Issued but not yet Effective (continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

Impact

The amendments are not expected to have an impact on the Group.The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

Reference to the Conceptual Framework – Amendments to IFRS 3

Effective for annual periods beginning on or after 1 January 2022

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The ammendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately,instead of the Conceptual framework,to determine whether a present obligation exists at the acquisition date

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

Transition

The amendments must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards (March 2018).

Impact

The amendments are not expected to have material impact on the Group.

AIP IAS 41 Agriculture – Taxation in fair value measurements

- The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.
- An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

Impact

The amendments are expected to have an impact on the Group. The Group has elected not to early adopt the amendments.

Definition of Accounting Estimates - Amendments to IAS 8

Effective for annual periods beginning on or after 1 January 2023

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Changes in accounting estimates

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

Impact

Although the amendments are not expected to have a material impact on Padenga's financial statements, they should provide helpful guidance in determining whether changes are to be treated as changes in estimates, changes in policies or errors.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

3.2 Standards, Interpretations and Amendments Issued but not yet Effective (continued)

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

Effective for annual periods beginning on or after 1 January 2023

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policydisclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

Replacement of the term 'significant' with 'material'

In the absence of a definition of the term 'significant' in IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board.In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them.Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

Disclosure of standardised information

Although standardised information is less useful to users than entity-specific accounting policy information, the Board agreed that, in some circumstances, standardised accounting policy information may be needed for users to understand other material information in the financial statements. In those situations, standardised accounting policy information is material, and should be disclosed.The amendments to the PS also provide examples of situations when generic or standardised information summarising or duplicating the requirements of IFRS may be considered material accounting policy information.

Transition

Earlier application of the amendments to IAS 1 is permitted as long as this fact is disclosed. Since the amendments to the PS provide non-mandatory guidance on the application of the definition of material to accounting policy information, the Board concluded that transition requirements and an effective date for these amendments were not necessary.

Impact

The amendments are not expected to have material impact on the Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

Effective for annual periods beginning on or after 1 January 2023

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

Determining the tax base of assets and liabilities

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Changes to the initial recognition exception

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

Transition

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

Impact

The amendments are not expected to have material impact on the Group. The Group has elected not to early adopt the amendments. There are no other standards, amendments and /or interpretations issued but not yet effective that are expected to have a material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REVENUE

Revenue Recognition – Crocodiles and Alligators

The Group is in the business of production and selling of crocodile skins and meat to both the local and export markets. The Group also has a trading division that buys and sales various commodities. The Group recognises revenue from contracts with customers when the skins are collected by the customer from the farms and at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

Revenue, which excludes Value Added Tax and sales between Group companies, represents the invoiced value of goods and services supplied by the Group. The Group recognizes revenue when the customer obtains control of the goods according to the terms of the contracts. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as the principal or agent. The Group has concluded that it is acting as the principal in all its revenue arrangements.

Revenue Recognition – Mining

Sale of Gold

"Revenue is measured at the fair value of the consideration received or receivable in respect of the sale of gold bullion produced in the ordinary course of the Group's activities. The Group sells gold mined in Zimbabwe to its sole customer, Fidelity Printers and Refineries (Private) Limited. Prices will be based on market prices. Quantities of the gold are obtained from the gold declaration form produced by the Group and agreed by the two parties.

"Revenue will be recognised when the Group has fulfilled its performance obligations in terms of its agreement with its customer; that is, on the date that gold bullion is delivered to Fidelity Printers and Refineries (Private) Limited.

Sale of Goods

There are no significant changes to the Group's revenue recognition policy attributable to product sales. Revenue from sale of skins, meat and retail sales is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. For skin sales the normal credit term is 30 to 90 days upon delivery of goods. In determining the transaction price for the sale of skins, the Group considers the effects of variable consideration in the form of quality incentive.

Retail sales are agricultural farming implements imported by the Group for resale locally. Revenue from retail sales is recognized when the Group invoices and control passes on receipt of full payment. Payment is generally due at the time of invoicing.

Variable Consideration

The Group previously categorized variable consideration as quality incentive. Under IFRS 15, the quality incentive gives rise to variable consideration. The quality incentive is recognised as the difference between the prices achieved from skins delivered in the year and the guaranteed price. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

In determining the variable consideration, the group use the expected value method as this better predicts the amount of the consideration to which it will be entitled. The Group uses the expected value method in estimating the variable consideration for the sale of crocodile skins.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest Income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding amount and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend Income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (if it is probable that the economic benefits will flow to the Group) and the amount of revenue can be measured reliably.

EMPLOYEE BENEFITS

Short–term Benefits

The cost of all short-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid, and other contributions, are recognised during the period in which the employee renders the related service.

The Group recognizes the expected cost of bonuses only when the Group has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Retirement Benefit Funds

Retirement benefits are provided for Group employees through an independently administered defined contribution fund and contributions to the National Social Security Authority (NSSA) Scheme.

Payments to the defined contribution fund and to the NSSA scheme are recognised as an expense when they fall due, which is when the employee renders the service.

Other Long–term Benefits

Other long-term benefits are recognised as an expense when an obligation arises. The Group had no other long-term benefit commitments during the year.

Termination Benefits

The Group recognizes termination benefits as a liability and an expense at the earlier of when:

a) the offer of termination cannot be withdrawn or

b) when the related restructuring costs are recognised under IAS 37 Provisions, Contingent Liabilities and Contingents Assets.

The Group had no termination benefit commitments during the year.

Provision for Leave Pay

Leave pay for employees is provided based on leave days accumulated at an expected rate of payment.

Measurement

Short-term Employee Benefits

All short-term employee benefits are measured at cost.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FUNCTIONAL CURRENCY

Following the official introduction of the ZWL Dollar as a currency in Zimbabwe alongside the basket of existing currencies, businesses faced the prospect of a change in their functional currency to ZWL Dollars. The Group reassessed the functional currency and concluded that its functional currency is still US$ for the period ending 31 December 2021.

In the beginning of the year subsidiary-Dallaglio changed its functional currency into US$. In coming up with the functional currency Dallaglio considered the following:

- The currency that mainly influences sales prices for goods and services.
- The currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.
- The currency that mainly influences, material and other costs of providing goods or services.
- The currency in which funds from financing activities are generated.
- The currency in which receipts from operating activities are usually retained.

As an exporter earning most of its income in United States Dollars, denominating its pricing with reference to global market prices, Dallaglio has adopted the United States Dollar (US$) as the functional and presentation currency in line with the requirements IAS21.

HYPERINFLATION - APPLICATION OF IAS 29

Zimbabwe is a hyper-inflationary economy for accounting periods ending after 1 July 2019. Paragraph 4 of IAS 29 states that it is preferable for all entities that report in the currency of a hyper-inflationary economy to apply the standard at the same date. IAS 29 is applied as if the economy had always been hyper-inflationary. IAS 29 requires financial statements of an entity whose functional currency is the currency of a hyper-inflationary country to be restated into the current purchasing power at the end of the reporting period. Dallaglio's functional currency in 2020 was ZWL, therefore, transactions in 2020 and non-monetary balances at the end of the period were restated to reflect a price index that is current at the balance sheet date.

The Group considers paragraph 43 of IAS 21, which requires the financial statements of a subsidiary entity that has the functional currency of a hyper-inflationary economy to be restated in accordance with IAS 29 before being included in the consolidated financial statements. In 2021 Dallaglio adopted US$ as the functional and presentation currency so IAS29 is no longer applicable.

BUSINESS COMBINATIONS

Recognition

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. Applying the acquisition method requires (a) identifying the acquirer; (b) determining the acquisition date; (c) recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non–controlling interest in the acquiree; and (d) recognizing and measuring goodwill or a gain from a bargain purchase.

At Acquisition – Measurement

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a business is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non–controlling interest in the acquiree at the proportionate share of the acquiree 's identifiable net assets. Acquisition costs incurred are expensed. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS3 (revised) are first assessed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date and recognised at their fair value as at the acquisition date, except for non–current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 "Non–current Assets Held-for-Sale and Discontinued Operations "which are recognised and measured at fair value less costs of disposal.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9 and movements in contingent considerations are recorded in profit or loss.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Acquisition of interests from non-controlling interest

Acquisitions of non-controlling interests in subsidiaries without change in control are accounted for as transactions between shareholders. There is no re-measurement to fair value of net assets acquired that were previously attributable to non-controlling interests. The profit or loss on the transaction is accounted for in equity and is not recognised in profit or loss.

LEASES

At inception, the Group assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset. Short term leases are for a period of 12 months and below. The long-term leases are for contracts which are above 12 months up to 20 years.

Leased Assets

The Group recognises right of use (ROU) asset. The ROU is depreciated over the shorter of the lease term or the useful life of the underlying asset. Depreciation is done on a straight-line basis.

IFRS 16.24: The cost of the right-of-use asset shall comprise:

(a) The amount of the initial measurement of the lease liability.

(b) Any lease payments made at or before the commencement date less any lease incentives received.

(c) Any initial direct costs to be incurred by the lessee.

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or because of having used the underlying asst during a particular period.

ROU assets are presented separately on the face of statement of financial position.

Leased Liabilities

The Group recognises a lease liability at the commencement of the lease. Lease payments generally includes fixed payments and variable payments that depends on an index (such as inflation).

IFRS 16.27: At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) Fixed payments (including in substance fixed payments as described in paragraph B42), less any lease incentives receivable.

(b) Variable lease payments that depends on an index or a rate, initially measured using the index or rate as at the commencement date (as described in paragraph 28).

(c) Amounts expected to be payable by the lessee under the residual value guarantees.

(d) The exercise price of a purchase option if the Group is reasonably certain to exercise that option (assessed considering the factors described in paragraphs B37 -B40).

(e) Payments of penalties for the terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability. At the commencement of the lease, the Group measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If the rate cannot be readily determined, the Group use the Group's incremental borrowing rate.

The weighted average incremental rate was 14.95% and was applied on three leases. One lease was discounted using a rate implicit in the contract of 12.93%.

Lease liability is presented separately on the face of statement of financial position and the lease liability is included in the headings current and non-current liabilities.

Low Value and Short-term Leases

The Group has elected not to recognize ROU assets and liabilities for the leases where the total lease term is less than or equal to 12 months, or for leases of low value with a threshold of below US$5,000 per year. Lease expenses for low value leases are recognised in the statement of profit or loss and other comprehensive income.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment are stated at cost which comprises of the purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs excluding the costs of day-to-day servicing, less accumulated depreciation, and accumulated impairment losses. Such costs include the cost of replacing part of the plant and equipment. When significant parts of property and equipment require replacement in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when major inspection is performed, its costs are recognised in the carrying amount of plant and equipment as replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as they are incurred.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold property is carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the expected useful lives of the assets such that the cost is reduced to the residual values of the assets over the useful lives of the assets. The various rates of depreciation are listed below:

Freehold property	2% -2.5%
Leasehold improvements	5% - 10% limited to the lease period
Plant, fittings, and equipment	3% - 33%
Vehicles	10% - 30%

Freehold properties are Group owned buildings not built on leased land. Leasehold Improvements relate to infrastructure that has been built on the leased farms which includes crocodile pens and storage barns for inventory. Due to the nature of the leasehold improvements these have been assessed to have shorter useful lives than freehold property. In addition, the depreciation rates are limited to the remaining lease period which includes the renewal period. Further details of the lease terms have been provided in Note 24.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed by the Group, and prospectively adjusted if necessary, on an annual basis. Depreciation is not charged when the carrying amount of an item of property, plant and equipment becomes equal or less than the residual value.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the profit or loss in the year the asset is derecognized.

Capital Work in Progress

Expenditure is transferred from 'Exploration and evaluation assets' to Property, plant, and equipment once the work completed to date supports the future development of the property and such development receives appropriate approvals.

After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised in capital work in progress. Development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the mine. Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalised, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognised in the statement of profit or loss and other comprehensive income. After production starts, all assets included in capital work in progress are then transferred to 'Plant and Machinery which is also a sub-category of 'Property, Plant and Equipment'.

Major Maintenance and Repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset, or part of an asset, that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalised.

Where part of the asset was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. All other day-to-day maintenance and repairs costs are expensed as incurred.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

Pre-operating Costs

Pre-production expenditure, including evaluation costs incurred to establish or expand productive capacity and to support and maintain that productive capacity is capitalised as property, plant, and equipment. The recognition of pre-production expenditure including evaluation costs in the carrying amount of an asset ceases when the item is in the location and condition necessary to operate as intended by management. Any net income earned while the item is not yet capable of operating as intended reduces the capitalised amount.

Interest on general or specific borrowings to finance the establishment or expansion of mining and processing assets is capitalised during the construction phase. When general and/or specific borrowings are utilised to fund qualifying capital expenditure, such borrowing costs attributable to the capital expenditure are capitalised from the point at which the capital expenditure and related borrowing costs are incurred until completion of construction. Actual interest, net of any temporary income, on specific borrowings is capitalised. Interest on general borrowings is capitalised at the weighted average cost of the debt on qualifying expenditure, limited to actual interest incurred.

Mining Claims

Mining claims are the right to extract minerals from a tract of public land. Mining claims not expensed are not depreciated until a claim is explored and a mine is operational. Depreciation is based on the units-of-production method. Expenditure on mining exploration in new areas of interest is charged against income as incurred. Costs related to property acquisitions, surface and mineral rights are capitalised to mining assets and are recorded at cost less accumulated depreciation and any impairment losses.

EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation (E&E) activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and Evaluation activity includes:

- Researching and analysing historical 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.

Once the legal right to explore has been acquired, E&E expenditure is charged to profit or loss as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

E&E expenditure incurred on licences where a JORC-compliant resource (Joint Ore Resource Code) has not yet been established is expensed as incurred until sufficient evaluation has occurred in order to establish a JORC-compliant resource. Costs expensed during this phase are included in other operating expenses in the statement of profit or loss and other comprehensive income.

Initial recognition and measurement

Once the legal right to explore has been acquired, E&E expenditure is charged to profit or loss as incurred, unless the Group concluded that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

E&E expenditure incurred on licences where a JORC-compliant resource has not yet been established is expensed as incurred until sufficient evaluation has occurred in order to establish a JORC-compliant resource. Costs expensed during this phase are included in other operating expenses in the statement of profit or loss and other comprehensive income.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Upon the establishment of a JORC-compliant resource (at which point, the Group considers it probable that economic benefits will be realised), the Group capitalises any further evaluation expenditure incurred for the particular licence as E&E assets up to the point when a JORC-compliant reserve is established. Capitalised E&E expenditure is considered to be a tangible asset. Exploration and evaluation assets acquired in a business combination are initially recognised at fair value, including resources and exploration potential that is considered to represent value beyond proven and probable reserves. Similarly, the costs associated with acquiring an E&E asset (that does not represent a business) are also capitalised. Exploration and evaluation assets are specifically traced with respect to the assets that they arose from. Once all E&E activities for a particular asset or project have been exhausted, a uniquely identified E&E asset is recognised.

Subsequent measurement

E&E assets are subsequently measured at cost less accumulated amortisation and impairment. Once JORC-compliant reserves are established and development sanctioned, E&E assets are tested for impairment. No amortisation is charged for E&E assets in progress.

Amortisation of E&E assets

Amortisation of E&E assets will commence when the underlying asset satisfies all the conditions in order to operate in a manner intended by management. This is ususlly when the asset starts commercial production. Amortisation is calculated over the life of specifically identified/underlying assets as spelt through the mine plan. No amortisation is charged for E&E assets until the underlying asset reaches the manner intended by management.

Impairment and derecognition

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount. One or more of the following facts and circumstances could indicate that an impairment test is required:

(a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

(b) substantive expenditure on further exploration for the evaluation of mineral recources in the specific area is neither budgeted nor planned;

(c) exploration for and evaluation of mineral resources in the specific area have not led to discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in this specific area; and

(d) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

INTANGIBLE ASSETS

Intangible assets acquired separately are initially measured and recognised at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is charged to profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and are assessed for impairment whenever there is an indication that the intangible assets are impaired. The amortisation expense and impairment losses on intangible assets are recognised in profit or loss in the period in which they occur.

The group intangible assets relate mainly to IT system and software. The assets are amortised over 6 years. Intangible assets with indefinite useful lives are not amortised but are assessed for indication for impairment annually.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognized.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Apart from trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section Revenue from contracts with customers. (IFRS 15).

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Subsequent Measurement

Subsequent measurement of financial instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.
- Trade and other receivables are subsequently measured at their amortised cost. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Cash and cash equivalents are measured at amortised cost.

The Group adopted the simplified approach for the assessment of expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience, adjusting for forward looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain circumstances the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovery the contractual cash flows.

De-recognition of Financial Assets

A financial asset is de-recognised when either:

(i) The rights to receive cash flows from the asset have expired, or

(ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL LIABILITIES

Financial liabilities include trade and other accounts payable, and interest-bearing loans and these are initially measured at fair value including transaction costs and subsequently at amortised cost. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at armortised costs.
All financial liabilities are recognised initially at armortised cost and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

De-recognition of Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Impairment of Financial Assets Impairment IFRS 9 - Expected credit loses

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises lifetime expected losses on all these assets without the need to identify significant increases in credit risk (i.e. no distinction is needed between 12-month and lifetime expected credit losses). However, not all trade receivables, contract assets or lease receivables are short term . The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
The Group has considered Expected credit losses through selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.
Refer to Note 17.1 for the carrying amount of trade and other receivables and more information on the impairment of trade and other receivables.

Impairment of Non-financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment of Non-financial Assets

Impairment of For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGU's (cash-generating unit) recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

GOODWILL

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for NCI (non-controlling interest) over the fair value of the identifiable net assets acquired and liabilities assumed). If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in statement of profit or loss and other comprehensive income.

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount including goodwill, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

SHARE-BASED PAYMENTS

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled Transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 18.4. That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Change in Ownership reserve

This reserve arose in 2017 on acquisition of additional interest in the Tallow Creek Ranch subsidiary, which brought the parent's shareholding to 82.88%.The change in shareholding was a result of the capital injection on the equity attributable to owners of the parent.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share Premium Reserve

The Group has a share premium reserve that arose on the issue of 541 593 440 shares to shareholders of Innscor Africa Limited at the date of unbundling and seperate listing in 2010.

Share Capital

Share capital represents the nominal or par value of shares that have been issued.

Retained Earnings

Retained earnings includes all current and prior period retained profits.
All other reserves are as stated in the consolidated statement of changes in equity.

PROVISIONS

General Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.
Provisions are classified as current liabilities unless the Group has an unconditional right to postpone settlement of the liability for at least 12 months after the balance sheet date.

Biological Assets

Biological assets are living animals that are managed by the Group. Agricultural produce is the harvested product of the biological asset at the point of harvest. Thereafter, product is classified as inventory. There are two classes of biological assets, grower stock and breeder stock.

The biological assets of the Group comprise of crocodile and alligator livestock. At initial recognition, biological assets are valued at fair value and where fair value cannot be reliably measured, they are valued at historical cost. Fair value for breeders is determined using the cost approach by reference to the prevailing replacement cost per unit of inputs required to bring the breeders to maturity. Fair value of the grower stock is determined by reference to the average theoretical life span of the crocodile and alligator stock and the prevailing market prices. The stock is evaluated in terms of its respective life span at the reporting date and consideration given to the different saleable products that could be derived from crocodiles and alligators of each age group at the time. On that basis, an indicative value is established using the prevailing local and international market prices for the respective products. Fair value movements of the biological assets are recognised in profit or loss.

Fair Value Measurement

The Group measures non-financial assets such as biological assets at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to /by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.
For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

INVENTORIES

Inventories are assets (i) held-for-sale in the ordinary course of the business; (ii) in the process of production for such sale; (iii) to be consumed in the production process or the rendering of services or (iv) Gold bullion, gold, and ore stockpiles.
The main categories of inventory recognised in the financial statements are (i) Finished goods – skins & meat, (ii) Raw materials and packaging (iii) Consumables and (i) Gold bullion, Gold, and ore stock piles.

Inventories are stated at the lower of cost and estimated net realisable value. The cost is established on a weighted average basis. Cost represents the cost of materials and where appropriate, direct labour and manufacturing overheads.
Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs of completion and the estimated costs necessary to make the sale.

Agricultural produce harvested from biological assets is measured at fair value less cost to sell at the point of harvest. The fair value less cost to sell determined becomes the cost of the agricultural produce for subsequent measurement.

CUSTOMER DEPOSITS

Customer deposits are advances received from customers for future delivery of goods. The goods are in the form of hatchlings, crocodile, and alligator skins. The revenue will be realised upon delivery of the goods.

TAXES

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the relevant tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.
Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss.

Deferred Income Tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred income tax liabilities are recognised for all taxable temporary differences except:
Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income tax (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except: 'where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or losses.

Deferred income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss. Deferred income tax assets and deferred income tax liabilities are offset, if legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Royalties, resource rent tax and revenue-based taxes

In addition to corporate income taxes, the Group's consolidated financial statements also include, and recognise as taxes on income, other types of taxes on net income.

Royalties, resource rent taxes and revenue-based taxes are accounted for under IAS 12 when they have the characteristics of an income tax. This is the case when they are imposed under government authority and the amount payable is based on taxable income — rather than physical quantities produced or as a percentage of revenue — after adjustment for temporary differences. For such arrangements, current and deferred income tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements and other types of taxes that do not satisfy these criteria are recognised as current provisions and included in cost of sales. The resource rent taxes payable by the Group meet the criteria to be treated as part of income taxes.

Value added tax

Revenues, expenses, and assets are recognised net of the amount of Value Added Tax except:
- Where the Value Added Tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case the Value Added Tax is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of Value Added Tax included.

The net amount of the Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Group's Chief Executive.

Key Management

Key management includes executive directors and divisional management as outlined on page 8 of the annual report.

Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property, plant, and equipment each year taking into consideration previous experience, technology changes and the local operating environment. No change to the useful lives has been considered necessary during the period. Residual values will be reassessed each year and adjustments for depreciation will be done in future periods if there is an indication of impairment in value. Refer note 12 for the carrying amount of property, plant, and equipment (PPE) and the PPE accounting policy note for the useful lives of PPE.

At 31 December 2021, intangible assets comprising of the computer software had an average remaining useful life of one year. The business intelligence system and advanced manufacturing software had an average remaining useful life of one and half years.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REHABILITATION ASSETS

The Group recognise in full the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities.

A liability is raised and the corresponding adjustment is taken to the value of the asset.

The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming, and revegetating affected areas.
Mine rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of, the Group's facilities and mine properties. The Group assesses its mine rehabilitation asset at each reporting date.

However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain.

REHABILITATION LIABILITY

The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred up to 2034, which is when the producing mine properties are expected to cease operations. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to consider any material changes to the assumptions.

The Groups recognises a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognised as part of the related inventory item. Additional disturbances that arise due to further development/construction at the mine are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Costs related to the restoration of site damage (after the start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognised in profit or loss as extraction progresses.

4.1 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

EXPLORATION AND EVALUATION EXPENDITURE

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year:

Exploration and evaluation (E&E) activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Dallaglio applies the area of interest method when accounting for E&E costs. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Once the legal right to explore has been acquired, E&E expenditure is charged to profit or loss as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors. In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

ACCOUNTING POLICIES (continued)

For the year ended 31 December 2021

4.1 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

E&E expenditure incurred on licences where a JORC-compliant resource has not yet been established is expensed as incurred until sufficient evaluation has occurred in order to establish a JORC-compliant resource. Costs expensed during this phase are included in 'Other operating expenses' in the statement of profit or loss and other comprehensive income. Upon the establishment of a JORC-compliant resource (at which point, the Group considers it probable that economic benefits will be realised), the Group capitalises any further evaluation expenditure incurred for the licence as E&E assets up to the point when a JORC- compliant reserve is established. Capitalised E&E expenditure is a tangible asset.

Exploration and evaluation assets acquired in a business combination are initially recognised at fair value, including resources and exploration potential that is considered to represent value beyond proven and probable reserves. Similarly, the costs associated with acquiring an E&E asset (that does not represent a business) are also capitalised. and development is sanctioned, E&E assets are tested for impairment and transferred to 'Mines under construction' which is a sub-category of 'Mine properties'. No amortisation is charged during the E&E phase.

Fair valuation of biological assets – crocodiles

The Group assumes that all hatchlings are born on 31 December every year and that the average theoretical lifespan of a crocodile is 32 months. The fair value calculation is performed only when the crop reaches 18 months of age, before that point the fair value is based on the costs incurred to date. The skin price used in the fair value calculation is that for the average 1st grade price of skins prevailing as at year end. A crocodile at slaughter yields an average of 5.12kg of premium quality meat which is suitable for sale to the export and local markets.

Fair valuation of biological assets – alligators

The Group assumes that all incoming livestock is born on 1 October every year and that the average theoretical lifespan of an alligator is 12 months. The fair value calculation is performed only when the crop reaches 8 months of age. The skin price used in the fair value calculation is that for the prices prevailing as at year end. An alligator at slaughter yields an average of 2.1kgs of premium quality meat.

Fair valuation of biological assets – breeders

Fair value for breeders is determined using the cost approach by reference to the prevailing replacement cost per unit of inputs required to bring the breeders to maturity.

Refer to Note 15 for the carrying amount of biological assets and the estimates and assumptions applied in determining the fair values of biological assets.

Ore reserve and mineral resource estimates

Ore reserves and mineral resource estimates are estimates of the number of ore that can be economically and legally extracted from the Group's mining properties. Such reserves and mineral resource estimates and changes to these may impact the Group's reported financial position and results, in the following way:

- Capitalised stripping costs recognised in the statement of financial position, as either part of mine properties or inventory or charged to profit or loss, may change due to changes in stripping ratios
- The carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows. (the impact on goodwill is limited to impairment).
- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the Unit of Production (UOP) method, or where the useful life of the related assets change
- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

4.1 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

The Group estimates and reports ore reserves and mineral resources in line with the principles contained in the Joint Ore Resource Code (JORC) for Reporting Exploration Results, Mineral Resources and Ore Reserves. The JORC Code requires the use of reasonable investment assumptions, including:

- Future production estimates, which include proved and probable reserves, resource estimates and committed expansions
- Expected future commodity prices, based on current market prices, forward prices, and the Group's assessment of the long-term average price
- Future cash costs of production, capital expenditure and rehabilitation obligations

Consequently, management will form a view of forecast sales prices based on current and long-term historical average price trends. For example, if current prices remain above long-term historical averages for an extended period, management may assume that lower prices will prevail in the future. As a result, those lower prices would be used to estimate ore reserves and mineral resources under the JORC Code. Lower price assumptions generally result in lower estimates of reserves.

As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of ore reserves and mineral resources may change.

Inventories - Gold bullion

Gold bullion, gold and ore stockpiles are physically measured or estimated and valued at the lower of cost or net realisable value. Net realisable value is the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

If the ore stockpile is not expected to be processed in 12 months after the reporting date, it is included in non-current assets and the net realisable value is calculated on a discounted cash flow basis. Cost is determined by using the weighted-average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods, based on the normal production capacity. The cost of production is allocated to joint products on a volume basis at each month end. Separately identifiable costs of conversion of gold specifically allocated.

Pre-operating costs

Pre-production expenditure, including evaluation costs incurred to establish or expand productive capacity and to support and maintain that productive capacity is capitalised as property, plant, and equipment. The recognition of pre-production expenditure including evaluation costs in the carrying amount of an asset ceases when the item is in the location and condition necessary to operate as intended by management. Any net income earned while the item is not yet capable of operating as intended reduces the capitalised amount.

5. INTEREST IN TALLOW CREEK RANCH (TCR)

The shareholding in Tallow Creek Ranch has remained at 82.88% since the last capital injection of US$ 3 600 000 into the subsidiary in 2017.

Interest in Dallaglio Investments Limited

The Group acquired a shareholding of 50.1% in the subsidiary in 2020 for a consideration of US$ 19 239 853.

6. EARNINGS PER SHARE

	31-Dec-2021 US$	31-Dec-2020 US$
Net (loss)/profit attributable to ordinary equity holders of the parent	(5 319 617)	1 417 119
Weighted average number of ordinary shares for basic earnings per share	541 593 440	541 593 440
Weighted average number of ordinary shares adjusted for the effect of dilution	557 841 242	557 841 242
Basic (loss)/earnings per share (US cents)	(0.98)	0.26
Diluted (loss)/earnings per share (US cents)	(0.98)	0.25
Basic headline (loss)/earnings per share (US cents)	(0.99)	0.26
Diluted headline (loss)/earnings per share (US cents)	(0.99)	0.25

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

6. EARNINGS PER SHARE (continued)

Basic earnings basis

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares in circulation during the period.

Fully diluted earnings basis

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Headline earnings basis

Headline earnings per share is calculated by dividing the headline earnings (after taking out profits from non-core activities like profit on disposal of fixed assets and interest income) for the year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	31-Dec-2021 US$	31-Dec-2020 US$
(Loss)/Profit attributable to ordinary equity holders of the parent:	(5 319 617)	1 417 119
Non-Core activities:		
Loss/(profit) on disposal of equipment and intangible assets	(23 341)	9 461
Interest income	(5 475)	(13 381)
Headline (loss)/earnings	**(5 348 433)**	**1 413 199**

Weighted volumes	31-Dec-2021 Volumes	31-Dec-2020 Volumes
Weighted average number of ordinary shares for basic earnings per share	541 593 440	541 593 440
Weighted Average number of ordinary shares adjusted for the effect of dilution at the beginning of the period	557 841 242	547 009 374
Share options:	-	10 831 868
Weighted average number of shares adjusted for the effect of dilution at the end of the period	557 841 242	557 841 242
Basic Headline (loss)/earnings per share (US cents)	(0.99)	0.26
Diluted Headline (loss)/earnings per share (US cents)	(0.99)	0.25

In December 2021, the Group discovered that the disclosure of share options had erroneously been stated as 5 415 934 instead of 10 831 868, resulting in the weighted average number of shares at the end of the period to be 557 841 242, instead of the 552 425 308 previously reported.

6.1 DIVIDENDS

Dividends paid per share are based on the ordinary number of shares in issue on the effective date of declaration and entitlement of the ordinary shares to the dividend. There was no dividend declared in 2021. (2020: Nil). No interim dividend was declared.

The Board has resolved not to pay a dividend for FY21. In making this decision, the Board has carefully considered its current and future cash flows, and the risks and potential variabilities introduced by Covid-19 in light of the subdued performance in the period under review.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

7. REVENUE

	31-Dec-2021 US$	31-Dec-2020 US$
Skins Sales	26 586 896	27 800 241
Meat Sales local	489 846	126 212
Retail Sales	-	3 321 216
Gold deliveries	51 389 610	40 358 114
Total Revenue	**78 466 352**	**71 605 783**

The mining business sold 976 kgs of gold in the year ending 31 December 2021 (2020: 722 kgs).The crocodile and alligator business sold less skins in 2021 compared to 2020. Padenga Zimbabwe sold 39,936 skins (2020-43,254 skins) and TCR sold 15,405 skins (2020-28,990 skins).

In 2021, the Group did not export any meat due to Covid-19 restrictions on travel and gatherings, which resulted in closure of most restaurants. In 2020, there was a credit note on meat export sales relating to the year 2019 that was erroneously recorded under revenue. This has now been reclassified to other overheads (Refer to note 32).

Reconciliation of disaggregated revenue to segmental revenue:

	31-Dec-2021				31-Dec-2020			
	TOTAL	Padenga Zimbabwe	Tallow Creek	Dallaglio	TOTAL	Padenga Zimbabwe	Tallow Creek	Dallaglio
Skins exports	**26 586 896**	24 380 973	2 205 923	-	**27 800 241**	23 846 132	3 954 109	-
"Meat Sales - local"	**489 846**	326 506	163 340	-	**126 212**	126 212	-	-
Retail Sales	-	-	-	-	**3 321 216**	3 311 465	9 751	-
Gold deliveries	**51 389 610**	-	-	51 389 610	**40 358 114**	-	-	40 358 114
Total Revenue	**78 466 352**	**24 707 479**	**2 369 263**	**51 389 610**	**71 605 783**	**27 283 809**	**3 963 860**	**40 358 114**

7.1 OTHER INCOME

	31-Dec-2020 US$	31-Dec-2019 US$
Export incentive	-	1 324 170
Scrap sales	538 245	485 318
Profit on asset disposal	23 341	-
Paycheck Protection Program grant (PPP)	115 945	-
	677 531	**1 809 488**

Export incentive for 2020 relates to the Government grant, being 5% of export proceeds for the year awarded in the form of ZWL payments. The export incentive was mainly on the mining division and it was discontinued in 2020.

Scrap sales are made to staff.

Paycheck Protection Program Grant relates to US Government grant that was not to be refunded as the funds were used for the designated purpose of retaining staff in employment during Covid-19 crisis. It was received by Tallow Creek Ranch in 2021 to cushion the employer and the employee from the negative effects of Covid-19.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

7.1.1. COST OF GOODS SOLD	31-Dec-2021 US$	31-Dec-2020 US$
Livestock Additions	1 177 575	3 537 297
Feed	5 128 666	6 391 382
Cleaning and treatments	458 570	576 227
Fuel and energy	417 805	548 094
Staff costs	952 809	1 093 526
Retail cost of sales	-	2 237 075
Gold deliveries cost of sales	41 194 854	29 761 956
	49 330 279	**44 145 557**

Cost of sales relates to the cost of the skins and gold deliveries from the mining division. In 2021 we did not have retail cost of sales. The cost of skins sold is made up of costs accumulated throughout the life of the crocodiles and alligators. These costs are livestock additions (cost of eggs), feed, cleaning & treats, fuel & energy and staff costs. In 2021, there were no retail cost of sales since there were no retail sales.

The total cost of sales is up 11.7% compared to prior year as the Dallaglio commissioned Eureka in the period under review. The mining business has a higher cost of sales of US$41 194 854 (US$29 761 956 -2020) bringing the total cost of sales for the Group to US$49 330 279 from US$ 44 145 557 in prior year.

7.2. OTHER OPERATING COSTS		
Salt and packaging material	492 392	468 813
Fuel and energy-administration	894 283	840 052
Repairs and maintenance	1 072 678	923 688
Other overheads	5 141 725	2 148 200
Short term leases	104 648	176 310
	7 705 726	**4 557 063**

In 2020, there was an amount of US$3 832 027 that was erroneously classified as other overheads which related to amortisation. This has now been reclassified to amortisation (Refer to note 32).

In 2020, there was a credit note on meat export sales of US$217 730 for sales relating to the year 2019 that was erroneously recorded under revenue. This has now been reclassified to other overheads (Refer to note 32).

7.2.1 EMPLOYEE BENEFITS EXPENSE		
Wages and salaries	11 342 109	12 016 364
Social security cost	139 360	91 558
Share-based payment expense	187 573	187 572
Medical aid	42 674	36 640
Pension	75 125	72 247
	11 786 841	**12 404 381**

7.2.2 DIRECTOR EMOLUMENTS		
Fees	152 305	125 951
Salaries	745 867	1 392 817
	898 172	**1 518 768**

Included in wages and salaries in note 7.2.1 is US$745 867 for 2021 that was paid to executive directors (2020-US$1 392 817)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

7.2.3 FOREIGN EXCHANGE LOSSES AND (GAINS)	31-Dec-2021 US$	31-Dec-2020 US$
Exchange losses/(gains) unrealised	366 976	(12 183 435)
Exchange losses/(gains) realised on translation of bank balances	206 043	(366 397)

7.2.4 WRITE OFFS		
Included in other operating costs are:		
Stock losses written off	7 894	16 964
Deaths of breeders (note 15.1)	13 907	7 522
The write offs are included in other overheads (see note 7.2)		

8 INTEREST

8.1 INTEREST INCOME		
Interest income from short term investments	3 648	4 393
Interest income from staff loans	1 827	8 988
Total interest income	**5 475**	**13 381**

8.2 INTEREST EXPENSE	31-Dec-21 US$	31-Dec-20 US$
Interest on loans	10 138 637	6 665 084
Lease interest expense	96 880	182 406
Interest on loans and overdrafts	10 235 518	6 847 490
Net Interest	**10 230 043**	**6 834 109**

8.3 FINANCIAL INCOME		
Financial income	4 783 487	11 457 959
	4 783 487	11 457 959

Financial income mainly comprises foreign exchanges and US$1 473 616 relates to an interest reversal extended by a financial institution that advanced loans to our Group businesses.

8.4 MONETARY LOSS	31-Dec-21 US$	31-Dec-20 US$
Net monetary loss	-	5 535 026
	-	**5 535 026**

The monetary loss was recognised at Dallaglio upon application of IAS 29 in the year ended 31 December 2020. Dallaglio's functional currency changed from ZWL to USD effective 1 January 2021, hence the monetary loss was recognised at Dallaglio upon application of IAS 29 in the year ended 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

		31-Dec-21 US$	31-Dec-20 US$
9	TAXATION		
9.1	INCOME TAX EXPENSE		
	Current income tax:		
	Current income tax charge	341 634	2 598 744
	Adjustments in respect of current income tax of previous year's assessed loss	-	(776 138)
	Deferred income tax:	-	
	Deferred tax charge/(credit) on assessed losses for the year	264 279	(1 459 607)
	Effect of movement in exchange rates	(2 817)	(4 325)
	Deferred tax charge	341 754	518 793
	Current Tax (credit)/charge	**944 850**	**877 467**
9.2.	TAXATION PAID		
9.2.1	Income tax payable at the beginning of the period	**1 865 611**	**838 265**
	Tax liability on acquisition of subsidiary	-	918 695
	Effect of movement in exchange rates	(2 817)	(4 324)
	Current income tax charge	341 634	2 598 212
	Amount paid	(1 029 358)	(2 485 237)
	Current tax payable	**1 175 070**	**1 865 611**
9.2.2	Current tax receivable at the beginning of the period	(2 097 660)	-
	Current tax receivable before restatement	-	(438 740)
	Current income tax credit	-	(337 930)
	Prior year restatement	-	(1 320 990)
	Current tax receivable	**(2 097 660)**	**(2 097 660)**
9.2.3	DEFERRED TAX ASSET		
	Opening balance as at the beginning of the period	(2 631 117)	(1 171 510)
	Deferred tax charge/(credit) on assessed losses for the year	264 279	(1 459 607)
		(2 366 838)	**(2 631 117)**

The Deferred tax asset arose from the losses made in the past few years by Tallow Creek Ranch. The Group believes that it is probable that the deferred tax assets will be recovered when the business becomes profitable.

9.3	RECONCILIATION OF RATE OF TAXATION		
	Statutory rate of taxation, inclusive of AIDS levy	(24.72)	24.72
	Effect of expenses not deductible for tax	34.46	2.00
	Effect of exempt income	(0.09)	(0.18)
	Effect of different tax rate on foreign subsidiary	5.03	(5.06)
	Effective rate	**14.68**	**21.48**

Expenses not deductible for tax include research and development, interest on loan obtained to capitalise foreign subsidiary and donations. Exempt income is for bank interest.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

		31-Dec-21 US$	31-Dec-20 US$
10	NET DEFERRED TAX LIABILITIES		
	Reconciliation		
	Opening balance as at the beginning of the period	11 652 910	8 431 240
	Deferred tax on acquisition of subsidiary	-	2 702 878
	Release to profit or loss	341 754	518 792
		11 994 664	**11 652 910**
	Accelerated depreciation for tax purposes	15 014 542	6 007 358
	Deferred tax arising from Lease liabilities and Right of Use of Assets	(36 958)	264 015
	Deferred tax arising from assessed loss	(9 766 712)	-
	Deferred tax on biological assets	4 961 520	4 869 683
	Deferred tax on exploration and evaluation assets	2 172 911	301 284
	Deferred tax on intangible assets	29 714	3 058
	Provisions	(502 254)	(57 742)
	Unrealised exchange profit	121 901	265 254
		11 994 664	11 652 910

Please refer to note 32 regarding restatement.

11	CASH FLOW INFORMATION		
11.1	DIVIDEND PAID		
	There were no dividends declared and paid in 2020 and 2021	-	-
11.2	CASH AND CASH EQUIVALENTS		
	Made up as follows:		
	Bank balances and cash on hand (US$)	6 049 859	707 757
	Bank balances and cash on hand (ZWL)	270 744	3 216 104
	Money market short term deposits (ZWL)	23 164	27 257
	Cash and cash equivalents	**6 343 767**	**3 951 118**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

11.3 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES 31 DECEMBER 2021 IN US$ LOANS

Interest-bearing borrowings	Non-Current borrowings	Current borrowings	Overdraft	Total
Opening Balance 1 January 2021	5 000 000	29 401 501	7 252 118	**41 653 619**
Loan received	24 512 808	18 195 737	-	**42 708 545**
Interest expense	828 451	9 310 186	-	**10 138 637**
Interest paid	(828 452)	(9 100 222)	-	**(9 928 674)**
Repayments	-	(14 742 493)	(6 523 008)	**(21 265 501)**
Total Loans from financing activities	**29 512 807**	**33 064 709**	**729 110**	**63 306 626**

Changes in liabilities arising from financing activities 31 December 2020 in US$ loans

Interest-bearing borrowings	Non-Current borrowings	Current borrowings	Overdraft	Total
Opening Balance 1 January 2020	6 335 000	10 579 610	-	16 914 610
Loan received	5 000 000	7 578 892	1 101 617	13 680 509
Loans on acquisition	-	5 575 425	6 150 501	11 725 926
Deferred consideration	-	4 157 640	-	4 157 640
Monetary gain	-	(8 421 991)	-	(8 421 991)
Interest expense	-	6 665 084	-	6 665 084
Interest paid	-	(1 426 009)	-	(1 426 009)
Payments	-	(1 642 150)	-	(1 642 150)
Transfer from non-current to current	(6 335 000)	6 335 000	-	-
Total Loans from financing activities	**5 000 000**	**29 401 501**	**7 252 118**	**41 653 619**

LEASES	Current leases	Non -current Leases	Total
Opening Balance 1 January 2021	198 000	585 505	783 505
New lease during the year	1 572 425	3 489 132	5 061 557
Interest accrual	42 723	54 157	96 880
Lease payments during the year	(56 277)	-	(56 277)
Interest payment	(42 723)	-	(42 723)
Transfer from non-current to current	145 735	(145 735)	-
Closing balances as at 31 December 2021	**1 859 883**	**3 983 059**	**5 842 942**

	Current leases	Non -current Leases	Total
Opening Balance 1 January 2020	147 000	464 144	611 144
New lease during the year	37 290	87 375	124 665
Changes due to re-assessments	-	63 290	63 290
Interest payment	(1 310)	-	(1 310)
Lease payments during the year	(196 690)	-	(196 690)
Interest accruals	66 139	116 267	182 406
Transfer from non-current to current	145 571	-145 571	-
Closing balances as at 31 December 2020	**198 000**	**585 505**	**783 505**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

Changes in liabilities arising from financing activities 31 December 2021 in US$ (continued)

	31-Dec-20	New loans/ leases	Payments	Loans on Acquisition	Interest Accrual	Monetary Gain	Deferred consider-ation	Reclass-ification	31-Dec-21
Current interest-bearing borrowings	29 401 501	18 195 737	(23 842 715)	-	9 310 186	-	-	-	33 064 709
Current lease liabilities	198 000	1 572 425	(99 000)	-	42 723	-	-	145 735	1 859 883
Overdraft	7 252 118	-	(6 523 008)	-	-	-	-	-	729 110
Non-current interest-bearing borrowings	5 000 000	24 512 808	(828 452)	-	828 451	-	-	-	29 512 807
Non-current lease liabilities	585 505	3 489 132	-	-	54 157	-	-	(145 735)	3 983 059
Total liabilities from financing activities	**42 437 124**	**47 770 102**	**(31 293 175)**	-	**10 235 517**	-	-	-	**69 149 568**

Changes in liabilities arising from financing activities 31 December 2020 in US$

	31-Dec-19	New loans/ leases	Payments	Loans on Acquisition	Interest Accrual	Monetary Gain	Deferred consider-ation	Reclass-ification	31-Dec-20
Current interest-bearing borrowings	10 579 610	7 578 892	(3 068 158)	5 575 425	6 665 083	(8 421 991)	4 157 640	6 335 000	29 401 501
Current lease liabilities	147 000	35 980	(196 690)	-	66 139	-	-	145 571	198 000
Overdraft	-	1 101 617	-	6 150 501	-	-	-	-	7 252 118
Non-current interest-bearing borrowings	6 335 000	5 000 000	-	-	-	-	-	(6 335 000)	5 000 000
Non-current lease liabilities	464 144	87 375	-	-	116 267	-	-	(82 281)	585 505
Total liabilities from financing activities	**17 525 754**	**13 803 864**	**(3 264 848)**	**11 725 926**	**6 847 489**	**(8 421 991)**	**4 157 640**	**63 290**	**42 437 124**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

12 PROPERTY, PLANT AND EQUIPMENT COST

Cost	Freehold Property US$	Leasehold Improvements US$	Plant, Fittings & Equipment US$	Motor Vehicles US$	Total US$
At 1 January 2020	4 082 107	25 877 559	7 466 200	1 688 007	39 113 873
Additions	976 468	2 540 047	23 697 924	396 850	27 611 289
Transfers	-	(669 426)	618 988	50 438	-
Acquired subsidiary	262 105	-	10 274 545	220 946	10 757 596
Disposals	-	(24 976)	(316 419)	(93 256)	(434 651)
At 31 December 2020	5 320 680	27 723 204	41 741 238	2 262 985	77 048 107
Additions	213 455	1 383 007	14 663 191	128 164	16 387 817
Transfers				(81 106)	(81 106)
Disposals	-	-	(77 172)	(168 984)	(246 156)
At 31 December 2021	**5 534 135**	**29 106 211**	**56 327 257**	**2 141 059**	**93 108 662**
Depreciation					
At 1 January 2020	(946 948)	(10 172 436)	(2 631 851)	(1 273 740)	(15 024 975)
Disposals	-	24 976	88 484	87 134	200 594
Impairment	(10 648) *	-	(1 489) *	-	(12 137) *
Charge for the year	(222 654)	(1 341 189)	(1 928 627)	(224 505)	(3 716 975)
At 31 December 2020	**(1 180 250)**	**(11 488 649)**	**(4 473 483)**	**(1 411 111)**	**(18 553 493)**
Disposals	-	-	75 404	98 094	173 498
Charge for the year	(228 753)	(1 380 660)	(3 305 645)	(235 818)	(5 150 876)
At 31 December 2021	**(1 409 003)**	**(12 869 309)**	**(7 703 724)**	**(1 548 835)**	**(23 530 871)**
Net carrying amount:					
At 31 December 2020	**4 140 431**	**16 234 555**	**37 267 755**	**851 874**	**58 494 615**
At 31 December 2021	**4 125 132**	**16 236 902**	**48 623 533**	**592 224**	**69 577 791**

*Impairment relates to property, plant and equipment that were impaired after an accident in 2020.

In 2020, there was an amount of US$41 093 that was erroneously classified as depreciation, as well as a loss on disposal of property, plant and equipment of US$215 419. This has now been correctly classified (Refer to note 32).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

12 PROPERTY, PLANT AND EQUIPMENT COST (continued)

Group's fully depreciated assets in use in US$

Asset Code	Initial Cost	Accumulated Depreciation	Net carrying amount
Vehicles & Boats			
Boats	245 093	245 093	-
Vehicles	713 361	713 361	-
Total Vehicle and Boats	**958 454**	**958 454**	**-**
Leasehold	1 560 393	1 560 393	-
Total leasehold	**1 560 393**	**1 560 393**	**-**
Plant and equipment			
Office Equipment	6 701	6 701	-
Furniture Fixtures & Fittings	3 053	3 053	-
Computer Equipment	182 439	182 439	-
Plant & Equipment	669 438	669 438	-
Radios	902	902	-
Total plant and equipment	**862 533**	**862 533**	**-**
Property, Plant and equipment	**3 381 380**	**3 381 380**	**-**

The Group had assets with an initial cost of US$ 3 381 380 (2020 - US$ 3 780 199) which were fully depreciated but still in use.

12.1 SECURITY

There was no property plant and equipment pledged as security against the Group's borrowing facility.

12.2 RIGHT OF USE OF ASSETS

Cost	31-Dec-21 US$ Leasehold Property	31-Dec-20 US$ Leasehold Property
At the beginning of the period	1 493 238	1 156 377
Additions and adjustments	5 970 323	336 861
At the end of the period	**7 463 561**	**1 493 238**
Amortisation		
At the beginning of the period	(425 220)	(185 401)
Adjustments on lease changes	-	(64 005)
Charge for the year	(1 461 186)	(175 814)
At the end of the period	**(1 886 406)**	**(425 220)**
Carrying Amount		
At the end of the period	**5 577 155**	**1 068 018**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

13 INTANGIBLE ASSETS

	Purchasing System US$	SAP Business 1 US$	Pastel Evolution System US$	Other Intangible Assets US$	Total US$
Carrying Amount					
At 1 January 2020	5 334	31 074	7 083	7 730	51 221
Additions	-	57 853	-	14 025	71 878
Amortisation charge for the year	(1 488)	-	(2 024)	(5 649)	(9 161)
Net Carrying amount 31 December 2020	**3 846**	**88 927**	**5 059**	**16 106**	**113 938**
Additions	-	9 791	-	164 913	174 704
Amortisation charge for the year	(1 580)	-	(1 586)	(66 550)	(69 716)
Net Carrying amount 31 December 2021	**2 266**	**98 718**	**3 473**	**114 469**	**218 926**

Intangible assets pertain to computer software. Included in other intangible assets is Diligent Software and Xperdyte. The Group uses the expected usage of the asset to determine the useful life of intangible assets. At 31 December 2021 the computer software had an average remaining useful life of one year. The business intelligence system and advanced manufacturing software had an average remaining useful life of one and half years.

SAP Business 1 has no amortisation for the period as the software is currently work in progress and has not yet been commissioned. The Group performed its annual impairment test in December 2021 . The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2021, the market capitalisation of the Group was above the book value of its equity, indicating that there was no potential impairment of the assets of the operating segments.

13.1 AMORTISATION COSTS

	31-Dec-2021 US$	31-Dec-2020 US$
Intangible Assets	(69 716)	(9 161)
Exploration and evaluation assets (see note 14)	(989 640)	(3 749 030)
Rehabilitation asset (see note 14.1)	(196 073)	(124 090)
Total Amortisation costs 31 December	**(1 255 430)**	**(3 882 281)**

The Group performed its annual impairment assessment as at 31 December 2021 and there were no indications of impairment in intangible assets.

In 2020, there was an amount of US$3 832 027 that was erroneously classified as other overheads which related to amortisation. This has now been correctly classified (Refer to note 32).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

14 EXPLORATION AND EVALUATION ASSETS

	31-Dec-2021 US$	31-Dec-2020 US$
At the beginning of the period	1 320 757	-
At acquisition	-	4 195 388
Additions	6 607 310	874 399
Amortisation	(989 640)	(3 749 030)
Total exploration costs capitalised	**6 938 427**	**1 320 757**

Exploration and evaluation (E&E) activity involves the search for mineral resources the determination of technical feasibility and the assessment of commercial viability of an identified resource.
Exploration additions consists of the estimated fair value attributable to exploration work carried out during the period.
Mineral resources acquired are not subject to amortisation until they are included in the life-of-mine plan and production has commenced.
In 2020, additions of US$874 399 for E&E assets were erroneously included under property, plant and equipment additions. This has now been correctly classified (Refer to note 32).

14.1 REHABILITATION ASSETS AND LIABILITIES

Rehabilitation asset	31-Dec-2021 US$	31-Dec-2020 US$
Opening balance	1 536 945	-
Mine rehabilitation asset at acquisition	-	3 117 093
Foreign currency translation loss	-	(1 456 058)
Additional provision	382 202	-
Amortisation	(196 073)	(124 090)
Total rehabilitation costs capitalised	**1 723 074**	**1 536 945**

Rehabilitation asset relates to the present value of rehabilitation costs relating to mine sites, when the producing mine properties are expected to cease operations.
The change in provision was due to the change in estimate of the life of mine as a result of the new Eureka mine, which was assessesed commercially viable and went active in July 2021.

14.2 REHABILITATION ASSETS AND LIABILITIES (CONTINUED)

	31-Dec-2021 US$	31-Dec-2020 US$
At the beginning of the period	1 926 083	-
Mine rehabilitation provisions on acquisitions	-	3 355 930
Foreign currency translation loss	-	(1 440 127)
Change in provision	382 202	-
Unwinding of discount	172 023	10 280
At the end of the period	**2 480 308**	**1 926 083**

These provisions relate to future expected costs to restore the environment after the end of mining activities or at closure of the mine. The expected cost is assessed by environmental experts.
The change in provision was due to the change in estimate of the life of mine as a result of the new Eureka mine, which was assessed commercially viable and went active in July 2021.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

15 BIOLOGICAL ASSETS

Reconciliation of opening and closing carrying amounts

15.1 NON-CURRENT BIOLOGICAL ASSETS - BREEDER CROCODILES AND ALLIGATORS

	31-Dec-2021 US$	31-Dec-2020 US$
At the beginning of the period	7 226 343	6 790 778
Expenditure on non-current biological assets	188 241	119 664
Transfer of expenditure from current biological assets	33 499	-
Fair value adjustment	2 463 592	323 423
Deaths of breeders	(13 906)	(7 522)
At the end of the period	**9 897 769**	**7 226 343**

Total expenditure of `US$221 740 comprises of expenditure on non-current biological assets US$188 241 and transfer of expenditure from current bilological assets US$33 499.

At 31 December, the Group had the following number of live animals within non-current biological assets:

Mature crocodiles	3 669	3 898
Immature crocodiles	1 498	1 161
Immature alligators	1 185	1 206

15.2 CURRENT BIOLOGICAL ASSETS – HARVESTING CROCODILES AND ALLIGATORS

At the beginning of the period	28 485 850	32 205 176
Slaughter (transfer to inventories)	(3 507 211)	(12 608 715)
Expenditure relating to births	239 121	859 288
Expenditure on current biological assets	6 145 154	7 885 411
Transfer to non – current biological	(33 499)	-
Fair value adjustment	(5 904 605)	144 690
At the end of the period	**25 424 810**	**28 485 850**

At 31 December 2020 the Group had the following number of live animals within current biological assets:	31-Dec-2021 US$	31-Dec-2020 US$
Crocodiles	160 585	148 042
Alligators	5 841	13 420

27% of the crocodiles are aged between 2 to 3yrs. Approximately 46 000 crocodiles and 5 841 alligators will be harvested in 2022. The Group harvested 54 355 animals compared to 78 916 in the last period.

A portion of the biological assets has been pledged as collateral against the Group's borrowing facility with the bank. Biological assets are pledged as security amount to US$20 000 000. At the end of the period the Group had utilised US$15.7 million of the facility.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

15.3 FAIR VALUE DISCLOSURES

Valuation Process

The Group's Executive Committee determines the policies and procedures for fair value measurement of biological assets. The Management Accountant prepares the computation monthly and the information is reviewed by the Finance Manager. The Executive Committee verifies major inputs applied to the latest valuation by agreeing the information in the computation to contracts and other relevant documents. At the half year and at the end of the year the Chief Financial Officer presents the valuation results to the Audit Committee and the Group's independent auditors. This includes discussion of the major assumptions used in the valuation.

Valuation Technique

1. The Harvesting stock of crocodiles and alligators is valued using the income approach.Fair value is determined from the price the Group sells at the point of harvesting to the market.
2. The breeders are valued using the cost approach. The fair value is determined based on the current replacement costs of a breeder as at year end being the current costs needed to produce a breeder of similar age maturity and condition as at the year end.

Type		Valuation technique	Significant unobservable Inputs (Level 3)	Quantitative information 2021	Quantitative information 2020
Crocodiles Harvesting stock	Yearlings Rearing's	Income approach. The valuation model is determined by reference to the average theoretical life span of the crocodile stock and prevailing market prices of the skin and meat. The fair value is based on the value of the skin and meat.	Price per skin Quality grading Age of crocodiles Price per kg of meat. Meat yield per crocodile	Price per skin US$ 160 – US$ 760 Age 1 – 3 years Meat Price/kg US$0.79 to US$4 Meat yield per crocodile 5.12 kgs	Price per skin US$ 160 – US$ 760 Age 1 – 3 years Meat Price/kg US$0.79 to US$4 Meat yield per crocodile 5.12 kgs
Alligators Harvesting stock	Yearlings Rearing's	Income approach. The valuation model is determined by reference to the average theoretical life span of the alligator stock and prevailing market prices. The fair value is based on the value of the skin and meat.	Price per skin Quality grading Age of alligators Price per kg of meat. Meat yield per alligator	Price per skin US$ 50 – US$ 200 Age 1 – 2 years Meat prices not assessed as there were no meat sales during the year	Price per skin US$ 50 – US$ 200 Age 1 – 2 years Meat prices not assessed as there were no meat sales during the year
Crocodiles and Alligators	Breeders	Cost approach. The valuation model is determined by reference to the average theoretical life span of the breeding stock and current replacement cost.	Replacement cost of hatchlings plus inputs at current costs up to maturity. Age of the breeders	Replacement cost per breeder US$ 900 – US$ 1 500 Age 7 – 41 years.	Replacement cost per breeder US$ 900 – US$ 1 500 Age 7 – 41 years.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

15.3 FAIR VALUE DISCLOSURES (CONTINUED)

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of biological assets by the valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Fair Value Hierarchy- 31 December 2021

	Level 1 US$	Level2 US$	Level 3 US$	Total US$	Fair value gain/(loss) US$
Harvesting Alligators	-	-	639 465	639 465	110 362
Harvesting Crocodiles	-	-	24 785 345	24 785 345	(6 014 967)
Breeders (including Alligators)	-	-	9 897 769	9 897 769	2 463 592
Total	-	-	**35 322 579**	**35 322 579**	**(3 441 013)**

Fair Value Hierarchy- 31 December 2020

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$	Fair value gain US$
Harvesting Alligators	-	-	1 401 012	1 401 012	(34 769)
Harvesting Crocodiles	-	-	27 084 838	27 084 838	179 459
Breeders (Including Alligators)	-	-	7 226 343	7 226 343	323 423
Total	-	-	**35 712 193**	**35 712 193**	**468 113**

Sensitivity Analysis

The fair value of Harvesting crocodiles and alligators is most sensitive to the price and quality of the skin and to the age of the crop. An increase or decrease in the price of the skin will result in an increase or decrease in the fair value of the Harvesting crocodile and alligator stock. An improvement in quality will result in an increase in fair value of the Harvesting crocodile and alligator stock whilst a decrease in quality will result in a reduction in their fair value. A change in age profile towards maturity will result in an increase in fair value of the crocodile and alligator stock.

The fair value of the breeder stock is most sensitive to movements in replacement costs of inputs and to the age variation of the animals. An increase in the price of inputs will result in an increase in the fair value of the breeders whilst a decrease in the price of inputs will result in a decrease in fair value of the breeders. A change in age variation towards maturity will result in an increase in fair value of the breeders.
The table below presents the sensitivity of profit or loss before tax due to changes in market price (crocodiles and alligators). The sensitivities presented are favourable movements. If the sensitivity variables were unfavourable the negative impact on profit would be of a similar magnitude.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

15.3 FAIR VALUE DISCLOSURES (CONTINUED)

	% Change	Effect on profit before tax US$
Crocodiles		
Fair value less costs to sell	-	180 449
Alligators		
Fair value less costs to sell	-	3 311
Breeders		
Fair value less costs to sell	-	246 359

We have not done sensitivity analysis on quality as the quality parameters are subjective and difficult to determine.

Biological Assets Risk Management Policies

Biological assets are live animals that are managed by the Group. Agricultural produce is the harvested product obtained from the biological asset. The Biological assets of the Group comprise of live crocodiles and alligators. These biological assets are exposed to various risks which include disease or infection outbreaks and price fluctuations. The Group has put in place measures and controls to mitigate losses from the above risks. These measures and controls include inter alia a very comprehensive biosecurity program across the operations insurance against theft and unnatural deaths vaccination to prevent widespread disease and infections continuing comprehensive herd health monitoring programs and formal marketing contracts that include a regular evaluation of prices and an assessment of market trends.

15.4 COMMITMENTS FOR THE DEVELOPMENT OR ACQUISITION OF BIOLOGICAL ASSETS

The Group had not committed itself to acquiring any biological assets as at 31 December 2021 (2020: none).

16 INVENTORIES

	31-Dec-2021 US$	31-Dec-2020 US$
Raw materials consumables and packaging	9 271 833	10 451 543
Finished goods – skins and meat	6 840 218	9 077 823
	16 112 051	**19 529 366**

There were stock losses written off from inventories and recognised as an expense in 2021 of US$7 894 (2020: US$16 964). The write down is mainly due to obsolesence. There were no inventories pledged as security against borrowings.

16.1 MINES INVENTORIES

	31-Dec-2020 US$	31-Dec-2019 US$
Finished goods – Gold Bullion	1 139 006	995 529
Work in progress - Ore Stocks	5 418 686	1 921 184
	6 557 692	**2 916 713**

At 31 December, crushed and uncrushed ore stockpiles are valued through a process of estimation of the volumes of material in the plant through quantity surveying techniques and applying the mineral content percentage determined. This process is done by qualified experts and the value was US$5 418 685 (2020 - US$ 1 921 184).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

17 TRADE AND OTHER RECEIVABLES

	31-Dec-2020 US$	31-Dec-2019 US$
Trade receivables	5 458 601	7 989 821
Staff receivables	110 363	174 802
VAT Refund	5 415 995	5 577 353
Prepayments and other receivables	2 300 571	4 211 718
	13 285 530	**17 953 694**

Trade receivables are non-interest bearing and are generally on 30-day terms. Credit terms for other receivables vary per transaction but do not exceed 60 days. As at 31 December 2021 there were no trade receivables that were past due.

The loss allowance provision as at 31 December 2021 is determined as shown in note 17.1 and incorporates forward-looking information.

17.1 As at 31 December 2021 the age analysis of trade and staff receivables was as follows:

	Credit loss rate	Total	Neither past due nor impaired	Past due but not impaired		
				30 – 60 days	60 – 90 days	More than 90 days
		US$	US$	US$	US$	US$
Trade receivables	0.052724%	5 458 601	5 458 601	-	-	-
Staff receivables	0.461204%	110 363	110 363	-	-	-
Trade Loss allowance		2 878				
Staff Loss allowance		509				
Total Loss allowance		**3 387**	-	-	-	-

As at 31 December 2020 the age analysis of trade and staff receivables was as follows:

	Credit loss rate	Total	Neither past due nor impaired	Past due but not impaired		
				30 – 60 days	60 – 90 days	More than 90 days
		US$	US$	US$	US$	US$
Trade receivables	0.054200%	7 989 821	7 989 821	-	-	-
Staff receivables	0.417500%	174 802	175 333	-	-	-
Trade Loss allowance		4 331				
Staff Loss allowance		732				
Total Loss allowance		5 762	-	-	-	-
Total Loss allowance		**3 387**	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

17.1 As at 31 December 2021 the age analysis of trade and staff receivables was as follows:

Trade and staff receivables disclosed above were neither past due nor impaired at the end of the reporting period. The Group conducts due diligence assessments on the Companies and their Directors and on an annual basis credit terms are renewed and are subject to credit verification procedures. In addition, the balances are monitored on an on-going basis with the result that the receivables are recoverable. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are a result of modelling based on days past due. The calculation reflects the probability-weighted outcome of the time value for money and reasonable and supportable information that is available at the reporting date about past events current conditions and forecast of future economic conditions. The provision matrix is initially based on Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward- looking information. For instance, if forecast economic conditions (i.e. inflation unemployment) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector the historical default rates are adjusted. At the reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between the historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of the economic conditions. The Group has had no default or written-off past due trade receivables historically.

As at 31 December 2021 an assessment for expected credit losses was done on trade and staff receivables. The ECL computation in 2021 resulted in a loss allowance of US$3 387 (2020 -US$5 762). Note 29.4 on credit risk of trade receivables explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

18 ORDINARY SHARE CAPITAL

		31-Dec-2021 US$	31-Dec-2020 US$
18.1	**Authorised**		
	800 000 000 (2019: 800 000 000) ordinary shares of US$0.0001 each	80 000	80 000
18.2	**Issued and fully paid**		
	541 593 440 (2019: 541 593 440) ordinary shares of US$0.0001 each	54 159	54 159
	Total issued share capital	**54 159**	**54 159**
18.3	**Unissued shares**		
	Unissued to be held in reserve under control of Directors (258 406 560 shares of US$0.0001 each)	25 841	25 841

18.4 Padenga Holdings Share Ownership Scheme

The Scheme is intended as an incentive to Employees to identify themselves more closely with the activities of the Group and to promote its continued growth and profitability by giving them the opportunity of acquiring shares in the Group. The terms of the scheme are as follows:

Terms of the option scheme:

Maximum shares:

The maximum number of shares available under the scheme is limited to 54 159 344 shares.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

18.4 Padenga Holdings Share Ownership Scheme (continued)

Determination of fair value of services received

The Group has two share option schemes under which options to subscribe for the Group's shares have been granted to certain senior executives and certain other employees.

- As stipulated by IFRS 2, equity-settled options are valued as at the grant date. Padenga Holdings Limited (PHL) share options are equity-settled in nature and therefore the share options are valued as at the grant date being the 11th of March 2019.
- The share options are exercisable at any point on or after the vesting date and therefore display characteristics of American-style call options.
- The shares are dividend-paying and we have determined that it is optimal to exercise share options at the earliest possible date being the vesting date because the value of the rights decrease over time due to the periodic dividend payments. We therefore concluded that these options were like the call options because a rational investor would exercise on vesting date and therefore allowing for the use of the Black-Scholes Model which we adopted as our methodology.
- The share options have been valued in US Dollars and therefore converted the exercise price and current share price to US Dollars using the Interbank Auction rates according to the Reserve Bank of Zimbabwe on the applicable dates. Before 9 July 2021, the shares were traded in ZWL on the Zimbabwe Stock Exchange (ZSE).

There are no cash settlement alternatives.

Employee Awards

Share option awards are based on the financial performance of the Group and the performance and contribution to the success of the Group by the Employee.

Vesting period:

The vesting period is as follows:

a) 50% of the total number of Options vests at the expiry of three years; and

b) 100% of the total number of Options vests at the expiry of four years unless otherwise determined by the Board.

Option Price:

The Option price shall not be less than the highest of the 45-day volume weighted average price of Padenga Holdings Limited shares as stated in the daily quotation sheet issued by the Victoria Falls Stock Exchange, (prior to 9 July 2021, Zimbabwe Stock Exchange) immediately preceding the offer date or the nominal value of the shares.

Lapse of Options:

Insofar as it has not previously been exercised an option shall lapse upon the earliest of 24 (twenty-four) months from the date on which the option may first be exercised.

Maximum Number of shares available under the scheme

Shares Issued in 2019	5 415 934
Shares Issued in 2020	5 415 934
Vesting period	3 & 4 years from grant date
Vesting dates for shares granted in 2019	11 March 2022 and 11 March 2023
Vesting dates for shares granted in 2020	24 March 2023 and 24 March 2024

The Company has no legal or constructive obligation to purchase or settle the options in cash.

Movements in the number of share options outstanding is as follows:

Details of outstanding share options are as follows:

Number of shares	Financial year of option grant	Financial Year in which options vest	Exercise price in US cents per share option	Share Price "fair value" at 31 December	Fair value of shares US$
2 707 967	Dec-19	Mar-22	0.0003874	0.00040	1 050
2 707 967	Dec-19	Mar-23	0.0003876	0.00040	1 050
2 707 967	Dec-20	Mar-23	0.1140283	0.11400	308 785
2 707 967	Dec-20	Mar-24	0.1250000	0.12500	338 578

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

18.4 PADENGA HOLDINGS SHARE OWNERSHIP SCHEME (CONTINUED)

The fair value of options granted during the prior periods was determined using the Black-Scholes Model. The significant inputs into the model were average share of 0.0004 US cent at the grant date exercise price shown above share price volatility of 54.89 % dividend yield of 1.94% an expected option life of three years and an annual risk-free interest rate of 10.47%. The expected volatility of the share price was determined by considering the historical volatility of the Padenga Holdings Limited share price.

Grant of options - vesting period 3-4 years

Year of Grant	2019	2019	2020	2020
Share Options - cumulative number of shares issued to date	2 707 967	2 707 967	2 707 967	2 707 967
Value of share (US$ cents)	0.0003874	0.0003876	0.1140283	0.1250000
	1 049	1 050	308 785	338 578

Grant of Options - Vesting Period 3 / 4 Years	Granted in 2019		Granted in FY 2020	
	Vesting 3 years	Vesting 4 years	Vesting 3 years	Vesting 4 years
Year of vesting	2022	2023	2023	2024
	US$	US$	US$	US$
	50%	50%	50%	50%
Share Options - number of shares	2 707 967	2 707 967	2 707 967	2 707 967
Value of Shares (US$ cents)	0.0003874	0.0003876	0.1140283	0.1250000
Total stock option compensation	1 049	1 050	308 785	338 578
Vesting period	3	4	3	4
Cumulative expense at end of year	1 049	1 050	102 928	84 644
Stock option compensation expense for the year	1 049	1 050	102 928	84 644
Stock option compensation expense for the year	**1 049**	**1 050**	**102 928**	**84 644**

Workings for actual Share Options issued to date in FY2021

Share Options - number of shares issued in FY2020	5 415 934
Value of Shares (US$ cents)	0.0003876
Cumulative stock option compensation in FY2020	**2 099**
Share Options - number of shares issued in FY2020	5 415 934
Value of Shares (US$ cents)	0.0346
Cumulative stock option compensation in FY2020	**187 572**
Total cumulative option compensation in FY 2020	189 671
Share Options - number of shares issued in FY2020	5 415 934
Value of Shares (US$ cents)	0.0346
Cumulative stock option compensation in FY2021	**187 573**
Total cumulative option compensation in FY 2021	377 244

The share option expense included in profit or loss for the year US$ 187 573 (2020 -US$187 572).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

18.5 DIRECTORS' SHAREHOLDING

The Directors held directly and indirectly the following number of shares:	31-Dec-2021	%	31-Dec-2020	%
Oliver Tendai Kamundimu	113 200	0.02%	113 200	0.02%
Gary John Sharp	1 317 500	0.24%	1 317 500	0.24%
Michael John Fowler	112 508 810	20.77%	112 508 810	20.77%
	113 939 510	**21.03%**	**113 939 510**	**21.03%**

There were no changes in the Director's interests after 31 December 2021 and up to the date of this report.

18.6 Share premium of US$27 004 245 (2020: US$27 004 245) arose on issue of 541 593 440 shares to shareholders of Innscor Africa Limited at the date of unbundling and separate listing in 2010.

18.7 CHANGE IN OWNERSHIP RESERVE

	31-Dec-2020 US$	31-Dec-2019 US$
Change in ownership reserve at the beginning of the period	(63 863)	(63 863)
Change in ownership reserve at the end of the period	**(63 863)**	**(63 863)**

There was no movement in the year 2021.

19 INTEREST-BEARING BORROWINGS

19.1 LONG-TERM FINANCING UNSECURED

	Rate of Interest	Year repayable	31-Dec-2021 US$	31-Dec-2020 US$
Foreign interest -bearing borrowings	6% - 8%	2023	11 434 485	5 000 000
Local interest -bearing borrowings	10% - 12%	2023	18 078 322	-
Balance			**29 512 807**	**5 000 000**

19.2 SHORT-TERM FINANCING SECURED

Foreign short-term borrowings	6% - 12%	up to 365 days	10 994 927	29 401 501
Local short-term borrowings	40% - 59%	up to 365 days	22 069 783	-
Balance			**33 064 710**	**29 401 501**

19.3 RECONCILIATION OF INTEREST-BEARING BORROWINGS POSITION

	31-Dec-2021 US$	31-Dec-2020 US$
Opening interest-bearing borrowings position	41 653 619	16 914 610
New loans	42 708 545	13 680 508
Arising from acquisition of subsidiary	-	5 575 425
Overdraft on acquisition of subsidiary	-	6 150 501
Deferred consideration on acquisition of subsidiary	-	19 239 853
Payments made towards acquisition of subsidiary	-	(15 842 360)
Interest expense	10 138 637	6 665 083
Interest paid	(9 928 674)	(1 426 009)
Loan repayments	(21 265 501)	(1 642 150)
Monetary gain	-	(8 421 990)
Interest on discounted deferred consideration	-	760 147
Closing interest-bearing borrowings position	**63 306 626**	**41 653 619**

Summary of Interest-Bearing Borrowings / Overdraft Position	31-Dec-2021 US$	31-Dec-2020 US$
Interest-bearing borrowings	11 434 485	5 000 000
Short term bearing borrowings	33 064 710	29 401 501
Bank Overdraft	729 110	7 252 118
Closing interest-bearing borrowings/overdraft position	**45 228 305**	**41 653 619**

The loan repayments of US$21 265 501 include US$ 2 149 304 which relates to the repayments of loans at Dallaglio.

The total loan balances include overdraft facility of US$729 110 which is disclosed separately on note 19.4.

Included in the interest-bearing borrowings, is an amount of US$9 893 378 due to Southern African Trade Finance Limited (US$5 734 321) and Sub Sahara Retail Investments Limited (US$4 159 057) which were due to be settled as at 31 December 2021. These borrowings have been rolled over to a future date on the same terms and conditions prevailing on 31 December 2021.

Reconciliation of deferred consideration**		
Deferred Consideration at acquisition	4 157 640	19 239 853
Payments made to date	(4 157 640)	(15 842 360)
Deferred consideration at 31 December 2020	-	3 397 493
Interest on fair valuation of purchase consideration	-	760 147
Closing deferred consideration	-	**4 157 640**

19.3 RECONCILIATION OF INTEREST-BEARING BORROWINGS / OVERDRAFT POSITION (CONTINUED)

Short term borrowings form part of the core borrowings of the Group and are renewed on maturity in terms of on-going facilities negotiated with the relevant financial institutions. The Group has a US$20 million facility which is secured by first charge over certain of the Group's biological assets. The Group has a short-term ZWL facility with a rate of interest for local operations ranging between 40% and 59% whilst for the foreign operation ranges from 6-12%.

The total new loans acquired during the year ended 31 December 2021 were US$ 42 708 545 (2020 -US$13 680 508).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

19.3 RECONCILIATION OF INTEREST-BEARING BORROWINGS/ OVERDRAFT POSITION (CONTINUED)

Borrowing powers

In terms of the Company's Articles of Association the Group may with previous sanction of an ordinary resolution of the Group in a general meeting borrow on the determination of the Directors amounts that do not exceed the aggregate total equity. The Group is within its borrowing limits.

19.4 BANK OVERDRAFT

	31-Dec-2021 US$	31-Dec-2020 US$
Overdraft at acquisition	-	(6 150 501)
Bank overdraft for the year	(729 110)	(1 101 617)
Total Bank overdraft	**(729 110)**	**(7 252 118)**

The Group has a current overdraft arrangement with a local bank to finance the working capital requirements.

20 TRADE AND OTHER PAYABLES

	31-Dec-2021 US$	31-Dec-2020 US$
Trade payables	3 856 436	1 942 786
Other payables	101 099	2 348 729
	3 957 535	**4 291 515**

Trade payables are non-interest bearing and are normally settled within 30 days. Other payables are non-interest bearing and have varying settlement terms.

20.1 CUSTOMER DEPOSITS

	31-Dec-2021 US$	31-Dec-2020 US$
Current Contract Liabilities		
Amounts included in contract liabilities at the beginning of the year	1 336 925	2 936 325
Performance obligation satisfied during the year	(596 312)	(1 599 400)
	740 613	**1 336 925**

Customer deposits mainly relate to advances received. Performance obligations are satisfied within 12 months from date of receipt. For 2021, the Group did not fully satisfy the performance obligation due to Covid-19 restrictions.

21 SHORT TERM EMPLOYEE BENEFITS ACCRUALS

	31-Dec-2021 US$	31-Dec-2020 US$
Current Provisions		
At the beginning of the period	63 530	38 885
Arising during the year	58 448	35 843
Utilised	(55 995)	(11 198)
As at the end of the period	**65 983**	**63 530**

All provisions relate to short-term employee benefits accruals.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

22 CONTINGENT LIABILITIES

The Group had no contingent liabilities at 31 December 2021 (Nil in 2020).

23 CAPITAL EXPENDITURE COMMITMENTS

	31-Dec-2021 US$	31-Dec-2020 US$
Authorised but not yet contracted	26 087 163	1 663 376
	26 087 163	**1 663 376**

The capital expenditure will mainly be for Breckridge underground mine project and resurfacing of pens on the farms. This will be financed from the Group's own resources and borrowing facilities.

24 LEASE LIABILITY

Short-Term Lease Agreements

These are lease agreements entered into by the Group for purposes of staff accommodation. The contracts are signed for a period of 12 months with a 3 month notice period by either party. If an employee leaves employment by way of resignation, the employee gives the company 3 months' notice. This is also the same period applied by the Group to terminate the lease. The Group makes payments on a monthly basis.

An assessment on the value of the leases has shown that the maximum lease period is within 12 months which make them short term lease.

Based on the above assessments the Group has concluded that these leases are short term leases and have been accounted for through profit and loss.

In 2021 low value leases expensed amounted to US$ 104 168. In financial year 2020 US$ 144 810 was expensed.

24.1 LONG-TERM LEASE AGREEMENTS

Leases include leases of certain buildings and land upon which the Group's farms are located. The remaining lease terms vary between 6 and 9 years with options to renew for periods that range from 10 to 20 years. Renewal is reasonably certain to be exercised as the land is not available for use for any other purpose other than crocodile rearing and extensive construction of pens was done during the years. This is not a significant judgment area as the renewals are specified in the contracts.

	31-Dec-2021 US$	31-Dec-2020 US$
Lease Liabilities		
Current Liabilities		
Lease Liabilities	1 859 883	198 000
Non-current liabilities		
Lease Liabilities	3 983 058	585 505
Total Lease liabilities recognised in SFP	**5 842 941**	**783 505**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

24.1 LONG-TERM LEASE AGREEMENTS (continued)

	31-Dec-2021 US$	31-Dec-2020 US$
Lease Liabilities		
At the beginning of the period	783 505	611 144
Additions	5 061 557	48 890
Accretion of interest	96 880	321 471
Payments	(99 000)	(198 000)
At the end of the period	**5 842 942**	**783 505**
Current	1 859 883	198 000
Non-Current	3 983 058	585 505

24.2 LEASE PAYMENTS TO BE MADE IN FUTURE (FUTURE CASH OUTFLOWS)

Payable within one year	1 859 883	198 000
Payable between two and five years	4 059 275	594 000
Payable after five years	1 566 000	198 000
	7 485 158	**990 000**

25 SEGMENTAL INFORMATION

Operating segments

For management purposes the Group is organized into business units based on the type of product namely crocodiles', alligators, and mineral output. Segmental reporting based on the type of products or business activity within a particular economic and geographical environment. Crocodile farming is based in Zimbabwe Alligator farming is based in the United States of America and Mining is based in Zimbabwe. The revenue operating profit assets and liabilities reported to the board are measured consistently with that in the reported consolidated financial statements.

	Zimbabwe US$	USA US$	Dallaglio US$	Adjustments US$	Consolidated US$
Revenue					
31-Dec-2021	24 707 479	2 369 263	51 389 610	-	78 466 352
31-Dec-2020	27 283 809	3 963 860	40 358 114	-	71 605 783
(Loss)/Profit for the Period					
31-Dec-2021	(3 411 852)	825 871	(4 416 898)	(379 381)	(7 382 260)
31-Dec-2020	1 381 413	(4 561 273)	5 151 663	1 235 106	3 206 909

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

25 SEGMENTAL INFORMATION (CONTINUED)

	Zimbabwe US$	USA US$	Dallaglio US$	Adjustments US$	Consolidated US$
Depreciation and Amortisation					
31-Dec-2021	2 343 869	253 910	5 269 713	-	7 867 491
31-Dec-2020	2 272 150	253 431	5 249 488	-	7 775 069
Interest Expense Loans And Leases					
31-Dec-2021	2 513 028	57 034	7 512 527	152 928	10 235 517
31-Dec-2020	1 721 691	722 529	4 140 378	262 892.00	6 847 490
(Loss)/Profit Before Tax					
31-Dec-2021	(2 810 321)	825 871	(4 337 858)	(115 102)	(6 437 410)
31-Dec-2020	1 755 414	(4 561 273)	7 114 740	(224 505)	4 084 376
Total Segment Assets					
31-Dec-2021	102 015 921	5 489 499	80 664 087	(18 375 803)	169 793 704
31-Dec-2020	103 439 330	7 230 810	56 801 874	(16 473 666)	150 998 348
Segment Liabilities					
31-Dec-2021	30 600 677	9 008 851	50 460 697	(506 484)	89 563 741
31-Dec-2020	30 458 117	11 576 033	22 181 664	(642 116)	63 573 698

There was no inter-segment revenue for the period.

Aggregate amount of cash flows that represent increases in operating capacity

	Zimbabwe US$	USA US$	Dallaglio US$	Adjustments US$	Consolidated US$
Expansion capital expenditure					
31-Dec-2021	1 340 158	-	14 008 430	-	15 348 588
31-Dec-2020	1 328 875	-	23 273 035	-	24 601 910
Maintenance capital expenditure					
31-Dec-2021	278 354	6 570	754 305	-	1 039 229
31-Dec-2020	1 674 575	23 018	1 311 786	-	3 009 379

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

25 SEGMENTAL INFORMATION (CONTINUED)

Aggregate amount of cash flows from operating, investing, and financing activities

	Zimbabwe US$	USA US$	Dallaglio US$	Adjustments US$	Consolidated US$
Cashflow from Operating Activities					
31-Dec-2021	5 205 270	197 210	10 112 478	(12 182)	15 502 776
31-Dec-2020	7 359 774	(1 641 304)	6 260 130	(5 387 097)	6 591 503
Cashflow From Investing Activities					
31-Dec-2021	(1 800 468)	(62 711)	(21 432 392)	-	(23 295 571)
31-Dec-2020	(23 121 243)	(87 593)	(25 508 629)	20 000 000	(28 717 465)
Cashflow from Financing Activities					
31-Dec-2021	1 100 065	(124 989)	20 411 691	-	21 386 767
31-Dec-2020	10 028 885	1 626 537	18 581 620	(18 395 374)	11 841 668

26 MATERIAL PARTLY-OWNED SUBSIDIARIES

The Group holds an 82.88% (2020: 82.88%) interest in Tallow Creek Ranch an unlisted company based in Texas (United States of America) that specialises in alligator farming.

The Group also holds an 50.1% (2020: 50.1%) interest in Dallaglio Investments Limited an unlisted company based in Harare (Zimbabwe) that specialises in gold mining.

Alligator Farming Subsidiary

Financial information of the subsidiary is provided below:

Proportion of equity interest held by non-controlling interests (NCI):		31-Dec-2021 US$	31-Dec-2020 US$
Name	**Country of incorporation and operation**	**2020**	**2019**
Tallow Creek Ranch	USA	17.12%	17.12%
Accumulated balances of non-controlling interest:		(1 218 834)	(1 360 223)
Profit/(Loss) allocated to non-controlling interest:		141 389	(780 890)

The summarized financial information for this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Reconciliation of NCI of subsidiary (Tallow Creek Ranch)		
Opening balance of NCI	(1 360 223)	(579 333)
Share of profits for NCI for the current year	141 389	**(780 890)**
Closing NCI as at December 2021	**(1 218 834)**	**(1 360 223)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

26 MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTINUED)

The summarized financial information for this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

	31-Dec-2021 US$	31-Dec-2020 US$	
Summarized statement of profit or loss:			
Revenue	2 369 263	3 963 860	
Other income	1 589 561	38 200	
Cost of sales	(2 599 778)	(6 504 657)	
Administrative expenses	(680 529)	(1 391 916)	
Fair value adjustment	204 393	55 769	
Finance costs	(57 039)	(722 529)	
Profit/(Loss) before tax	825 871	(4 561 273)	
Income tax expense	-	-	
Profit/(Loss) for the year	**825 871**	**(4 561 273)**	
Total comprehensive income/(loss)	**825 871**	**(4 561 273)**	
Attributable to non-controlling interests	141 389	(780 890)	
Summarized statement of financial position:			
Inventories, biological assets, trade receivables and cash and bank balances	2 548 434	4 042 403	
Property, plant and equipment	2 941 065	3 188 405	
Trade customer deposits and other payables	(1 507 302)	(3 949 495)	
Interest-bearing borrowings – Non-Current	(6 400 000)	(6 400 000)	
Interest-bearing borrowings - Current	(1 101 548)	(1 226 537)	
	(3 519 351)	**(4 345 224)**	
Total equity			
Attributable to:			
Equity holders of parent	(2 300 517)	(2 985 001)	#
Non-Controlling interest	(1 218 834)	(1 360 223)	#
Summarized cash flow information			
Operating	197 210	(1 641 303)	
Investing	(62 711)	(87 593)	
Financing	(124 989)	1 626 537	
Net increase/(decrease) in cash and cash equivalents	**9 510**	**(102 359)**	

In the 2020 annual financial statements, total equity was erroneously disclosed as being attributable to equity holders of the parent. This has now been corrected to show the portion attributable to NCI (Refer to note 32).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

26 MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTINUED)

Mining Subsidiary

Financial information of the subsidiary is provided below:

Proportion of equity interest held by non-controlling interests:		31-Dec-2021 US$	31-Dec-2020 US$
Name	Country of incorporation and operation		
Dallaglio Investments	Harare	49.90%	49.90%
Opening non-controlling interest		18 076 173	-
Non-controlling interest at Acquisition		-	15 505 493
(Loss)/Profit allocated to non-controlling interest:		**(2 204 032)**	**2 570 680**
Accumulated balances of non-controlling interest		**15 872 141**	**18 076 173**

The summarized financial information for this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

	31-Dec-2021 US$	31-Dec-2020 US$	
Summarized statement of profit or loss:			
Revenue	51 389 610	40 358 114	
Cost of sales	(41 194 854)	(29 761 957)	
Administrative expenses	(10 386 235)	(6 743 681)	
Exchange gain	3 366 148	7 402 642	
Finance costs	(7 512 527)	(4 140 378)	
(Loss)/Profit before tax	(4 337 858)	7 114 740	
Income tax expense	(79 040)	(1 963 077)	
(Loss)/Profit for the year	**(4 416 898)**	**5 151 663**	
Total comprehensive (loss)/income	**(4 416 898)**	**5 151 663**	
Attributable to non-controlling interests	(2 204 032)	2 570 680	
Summarized statement of financial position:			
Inventories, trade receivables and cash and bank balances	35 102 183	22 534 029	
Property, plant and equipment	45 561 904	33 727 845	
Trade and other payables	(17 541 076)	(10 248 967)	
Interest-bearing borrowings	(32 919 621)	(11 392 697)	
Total equity	**30 203 390**	**34 620 210**	
Attributable to:			
Equity holders of parent	15 131 898	17 344 725	#
Non-controlling interest	15 071 492	17 275 485	#
Summarized cash flow information:			
Operating	10 112 478	6 260 130	
Investing	(21 432 392)	(24 480 995)	
Financing	20 411 691	18 581 620	
Net increase in cash and cash equivalents	**9 091 777**	**360 755**	

In the 2020 annual financial statements, total equity was erroneously disclosed as being attributable to equity holders of the parent. This has now been corrected to show the portion attributable to NCI (Refer to note 32).

PADENGA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

26 MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTINUED)

* Total assets for Dallaglio of US$ 80 664 087 (2020: US$ 56 261 874) (Note 25) is made up of inventories, mines inventories, trade receivables and cash balances US$35 102 183 (2020: US$22 534 029) and property plant and equipment US$45 561 904 (2020: US$33 727 845).

Goodwill of US$ 3 672 214 is allocated to Dallaglio cash generating unit as a segment.

27 PENSION FUNDS

27.1 INNSCOR AFRICA LIMITED PENSION FUND

This is a self-administered defined contribution fund. Employees of the Group are eligible to become members of the fund. Contributions are at the rate of 14% of pensionable emoluments of which members pay 50%.

27.2 NATIONAL SOCIAL SECURITY AUTHORITY SCHEME

The scheme was established and is administered in terms of statutory Instrument 393 of 1993. Introduced in 1994, the Pension and Other Benefits Scheme is a defined contribution plan based on a 50/50 contribution from the employers and employees and limited to specific contributions legislated from time to time. With effect from 1 June 2021, the effective contribution rate was reviewed to 75% of the previous month's total consumption poverty line published by the Zimbabwe National Statistics Agency, ("ZIMSTAT") for both the employee and employer.

	31-Dec-2021 US$	31-Dec-2020 US$
27.3 PENSION COSTS RECOGNISED AS AN EXPENSE FOR THE YEAR:		
Innscor Africa Limited Pension Fund	68 387	3 878
National Social Security Authority Scheme	287 926	91 558
	356 313	**95 436**

Pension costs are recognised in profit and loss under staff costs. Padenga recognised NSSA of US$ 66 283 while Dallaglio recognised US$221 643 in financial year 2021.(2020-Padenga US$15 268 and Dallaglio US$76 290).

28 RELATED PARTY DISCLOSURES

Related party activities consist of transactions between Padenga Holdings Limited its subsidiaries, key management personnel and other parties that meet the definition of related party. The transactions between the Company and its subsidiaries have been eliminated on consolidation.

Details of transactions between Group companies and other related parties are disclosed in note 28.1.

28.1 TRANSACTIONS	31-Dec-2021 US$	31-Dec-2020 US$
Innscor Africa Limited Pension Fund	68 387	3 878
Dallaglio	4 157 640	15 842 360
	4 226 027	**15 846 238**

Between January 2020 and December 2020, the Group advanced US$15,842,360 to Dallaglio as part payment in an acquisition transaction which gave Padenga Holdings a shareholding of 50.1% in the mining company - Dallaglio. In 2021 the transaction was completed through settling the deferred consideration of US$4,157,640. Total consideration was US$20,000,000.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

28.2 COMPENSATION OF KEY MANAGEMENT PERSONNEL

	31-Dec-2021 US$	31-Dec-2020 US$
The remuneration of Directors and key members of management during the year was as follows:		
Short-term benefits	5 571 012	4 227 284
Post-employment benefits	25 906	9 646
	5 596 918	**4 236 930**

As at 31 December 2021 Key management staff owed the company US$97 819 (2020: US$175 333). Interest is being charged at 6% - 8%.

Term and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Amounts outstanding at the period end are unsecured and settlement occurs in cash. There have been no guarantees provided for or received for any related party receivables or payables for the period ended 31 December 2021. The Group has not recorded any impairment of receivables relating to amounts owed by related parties.

28.3 TRANSACTIONS WITH DIRECTORS

The Group has leased a property from a company in which some of the Directors have either a financial or custodial interest. The lease is undertaken on an arm's length basis.

	31-Dec-2021 US$	31-Dec-2020 US$
Lease payments	42 000	64 513
	42 000	**64 513**

The Group also has a contract with one of the major shareholders for marketing activities mainly for skin prices negotiations.

	31-Dec-2021 US$	31-Dec-2020 US$
Marketing fees paid	232 201	442 110
	232 201	**442 110**

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise bank loans trade and other payables,lease liabilities and overdrafts. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group's principal financial assets include trade and other receivables and cash and cash equivalents. The main risks arising from the Group's financial instruments are interest rate risk liquidity risk foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarized below. The carrying amounts for the group's financial assets approximate their fair values.

29.1 INTEREST RATE RISK MANAGEMENT

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to maintain borrowings at fixed rates of interest of not more than 15%. for foreign loans and not more than 60%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

29.1 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group invests in money market instruments which are subject to changes in interest rates on the local money markets. The Group's policy is to adopt a non-speculative approach to managing interest rate risk and only invests in instruments that are approved by the executive committee. The Group's policy is to manage its interest cost by limiting exposure to overdrafts and where borrowings are required to borrow at favourable and fixed rates of interest.

The sensitivity of the Group's profit before tax to changes in interest rates on its material exposures is as disclosed on Note 29.2 below. The Directors at the reporting date were not aware of any information or events that may have a significant impact on the reported profit and loss of the Group.

29.2 INTEREST RATE SENSITIVITY ANALYSIS

The following table demonstrates sensitivity to possible changes in interest rates on short and long-term borrowings. There is an immaterial impact on the Group's equity.

Effect on profit before tax	31-Dec-2021 US$	31-Dec-2020 US$
Increase of 3%	307 066	205 425
Decrease of 3%	(307 066)	(205 425)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment showing a significantly lower volatility.

29.3 FOREIGN CURRENCY RISK

The Group operates globally which gives rise to a risk that income and cash flows may be adversely affected by fluctuations in foreign currency exchange rates. The Group is primarily exposed to the Rand, ZWL Dollar and Euro but also transacts in other foreign currencies. The Group currently does not use financial instruments to hedge these risks. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures. Such exposure arises from the sale or purchases by the Group in currencies other than the unit's functional currency. The Group limits exposure to exchange rate fluctuations by either pre-paying for purchases or retaining stock until the foreign currency to settle the related liability has been secured. The carrying amounts in US$ of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

31-Dec-2021	Liabilities	Assets	Net exposure
Currency			
South African Rand	(748 433)	-	(748 433)
ZWL	(288 219)	2 673 050	2 384 831
	(1 036 652)	**2 673 050**	**1 636 398**

31-Dec-2020	Liabilities	Assets	Net exposure
Currency			
South African Rand	(21 891)	-	(21 891)
ZWL	(1 570 387)	1 373 443	(196 944)
Euro	-	4 986 846	4 986 846
	(1 592 278)	**6 360 289**	**4 768 011**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

29.3.1 FOREIGN CURRENCY SENSITIVITY

The following table demonstrates sensitivity to a reasonably likely change in the Rand and ZWL exchange rate of the Group's profit before tax due to changes in the fair value of monetary assets and liabilities (with all other variables held constant). The Group's exposure to foreign currency changes for all other currencies is not material. There is no impact on the Group's equity.

Effect on profit before tax of change in exchange rate	31-Dec-2021 US$	31-Dec-2020 US$
+ 5% (Rand)	(37 422)	(1 095)
- 5% (Rand)	37 422	1 095
+ 5% (Euro)	n/a	249 342
- 5% (Euro)	n/a	(249 342)
+5% (ZWL)	119 242	(9 847)
-5% (ZWL)	(119 242)	9 847

In December 2021, the Group discovered that the effects on profit before tax in exchange rate were not correctly disclosed in 2020. These have now been corrected (Refer to note 32).

29.4 CREDIT RISK

The Group trades only with recognized creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit credit terms are specified contractually within the regulations by the Reserve Bank of Zimbabwe. The Group evaluates its customers on a yearly basis.

With respect to credit risk arising from the other financial assets of the Group which comprise cash and cash equivalents the Group's exposure to credit risk arises from default of the counterparty. The maximum exposure to credit risk is equal to the carrying amount of the trade and other receivables (excluding prepayments) and cash and cash equivalents as per statement of financial position. The credit risk on liquid funds is limited because counter parties are banks with high credit ratings assigned by international credit-rating agencies. There is a concentration of credit risk as the Group trades mainly with one customer, thus a simplified approach is applied.

The expected credit loss recorded for the period was US$ 3 387 (2020-US$ 5 762) and the provision was made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

29.5 LIQUIDITY RISK

The Group's objective is to maintain a balance between continuity of funding through a well-managed portfolio of short-term investments and/or flexibility using bank overdrafts and interest-bearing borrowings. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing in the next 12 months can be rolled over with existing lenders. The table below summarizes the maturity profile of the Group's financial assets and liabilities:

	Within 3 months US$	3-12 months US$	1 – 2 Years US$	2 – 3 Years US$	More than 3 Years US$	Total US$
2021						
Liabilities						
Interest bearing borrowings	-	33 064 709	32 464 088	-	-	65 528 797
Interest on interest bearing borrowings	-		3 246 409	-	-	3 246 409
Overdraft	729 110	-	-	-	-	729 110
Lease Liabilities	-	1 859 883	1 014 819	1 014 819	3 595 638	7 485 158
Trade and other payables	3 957 535	-	-	-	-	3 957 535
TOTAL	**4 686 645**	**34 924 592**	**36 725 316**	**1 014 819**	**3 595 638**	**80 947 009**
Assets						
Trade and other receivables	13 285 530	-	-	-	-	13 285 530
Cash and cash equivalents	6 343 767	-	-	-	-	6 343 767
TOTAL	**19 629 297**	**-**	**-**	**-**	**-**	**19 629 297**
2020						
Liabilities						
Interest bearing borrowings	-	28 976 356	5 000 000	-	-	33 976 356
Interest on interest bearing borrowings	-	2 378 701	400 000	-	-	2 810 701
Overdraft		7 252 118	-	-	-	7 252 118
Lease Liabilities	-	198 000	223 601	223 601	447 203	1 092 406
Trade and other payables	4 291 515	-	-	-	-	4 291 515
TOTAL	**4 291 515**	**38 805 175**	**5 623 601**	**223 601**	**447 203**	**49 423 096**
Assets						
Trade and other receivables	17 954 225	-	-	-	-	17 954 225
Cash and cash equivalents	3 951 118	-	-	-	-	3 951 118
TOTAL	**21 905 343**	**-**	**-**	**-**	**-**	**21 905 343**

Trade and other payables exclude customer deposits.

The overdraft in current year US$729 110 was secured under different terms with a shorter tenure than that secured in 2020 (US$7 252 118).

The US$7 252 118 facility for 2020 was fully repaid at 31 March 2021.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

30 FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated net fair values of all financial instruments approximate the carrying amounts shown in the financial statements.

31 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support the business and maximize shareholder value.

The Group manages its capital structure, and adjusts it considering changes in the economic environment. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return on capital to shareholders or issue new shares.

Capital comprises all components of equity excluding non-controlling interests. No changes were made to the objectives policies or processes during the period ended 31 December 2021. The Group monitors capital using a gearing ratio which is calculated as the proportion of net debt (comprising borrowings as offset by cash and bank balances) to equity.

	31-Dec-2021 US$	31-Dec-2020 US$
Long-term borrowings	29 512 807	5 000 000
Short-term borrowings	33 793 820	36 653 619
Less cash and cash equivalents	(6 343 767)	(3 951 118)
Net debt	**56 962 860**	**37 702 501**
Total equity	80 229 963	87 424 650
Equity and net debt	**137 192 823**	**125 127 151**
Gearing ratio	41.52%	30.13%

Reconciliation of the borrowings is covered under Note 19.3.

32 CORRECTION OF PRIOR PERIOD ERRORS AT 31 DECEMBER 2021

a) In December 2021, the Group discovered that there were some balances that had been incorrectly classified on the face of the financial statements for the year ended 31 December 2020, mainly due to first time consolidation of Dallaglio. The balances have been restated as shown below, and the restatement has no impact on the profit for the period and shareholders' equity.

Restated Consolidated Statement of Profit or Loss and Other Comprehensive Income extract

The impact of restatement 31 December 2020

	31-Dec-2020 as Reported US$	Adjustments US$	As previously reported 31-Dec-2020 US$
Revenue	71 605 783	217 730	71 388 053
Other operating costs	(4 557 063)	3 614 297	(8 171 360)
Amortisation	(3 882 281)	(3 832 027)	(50 254)
	63 166 439	**-**	**63 166 439**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

32 CORRECTION OF PRIOR PERIOD ERRORS AT 31 DECEMBER 2021 (continued)

Restated Consolidated Statement of Cash Flows Extract

The impact of restatement 31 December 2020

	31-Dec-2020 as Reported US$	Adjustments US$	As previously reported 31-Dec-2020 US$
Depreciation	3 716 975	(41 093)	3 758 068
Amortisation of intangible assets	3 882 281	3 873 120	9 161
Loss on disposal of property, plant, and equipment	224 880	215 419	9 461
Provisions charged to profit or loss	(3 514 200)	(3 019 810)	(494 390)
Unwinding of rehabilitation provision	(10 280)	(10 280)	-
Decrease in payables	(152 588)	10 280	(162 868)
Purchase of property, plant and equipment	(27 611 289)	(153 237)	(27 458 052)
Expenditure on exploration and evaluation of assets	(874 399)	(874 399)	-
	(24 338 620)	**-**	**(24 338 620)**

b) The Group discovered that in December 2020, and December 2019, the deferred tax asset had incorrectly been offset against the deferred tax liabilities.
This affected total assets and total liabilities and has been corrected in the current period's presentation. Inventories at 31 December 2020 included Mines inventories. These have now been reclassified for purposes of better disclosure in current year's presentation. There was no impact to assets and liabilities.

Restated Consolidated Statement of Financial Position Extract

The impact of restatement 31 December 2020

	31-Dec-2020 as Reported US$	Adjustments US$	As previously reported 31-Dec-2020 US$
Deferred tax asset	(2 631 117)	(2 631 117)	-
Deferred tax liabilities	11 652 910	2 631 117	9 021 793
Mines Inventories	2 916 713	2 916 713	-
Inventories	19 529 366	(2 916 713)	22 446 079
	31 467 872	**-**	**31 467 872**

31 December 2019

	31-Dec-2020 as Reported US$	Adjustments US$	As previously reported 31-Dec-2020 US$
Deferred tax asset	(1 171 510)	(1 171 510)	-
Deferred tax liabilities	8 431 240	1 171 510	7 259 730
	7 259 730	**-**	**7 259 730**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

32 CORRECTION OF PRIOR PERIOD ERRORS AT 31 DECEMBER 2021 (continued)

c) In addition, the Group discovered that there were fair value adjustments on finished products that had not been adjusted for in the tax computations and dated back to 2019. The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:
The error correction in the statement of profit or loss had an impact on the income tax expense and headline earnings per share as previously reported at 31 December 2020. As such, the Statement of Financial Position shows 3 years for the retrospective adjustments that were made. The current tax receivable line in the Statement of Financial Position was also affected as shown below

Restated Consolidated Statement of Financial Position Extract

The impact of restatement 31 December 2020

	31-Dec-2020 US$	31-Dec-2019 US$
Impact on tax expense		
Decrease in Income tax expense	337 930	1 320 990
Increase in profit for the year	**337 930**	**1 320 990**
Attributable to:		
Equity holders of the parent	337 930	1 320 990
Non-controlling interests (NCI)*	-	-

*No NCI as this relates to a 100% owned subsidiary

Impact on earnings per share	31-Dec-2020 as Reported US$	Adjustments US$	As previously reported 31-Dec-2020 US$
Earnings per share (cents)			
Basic earnings per share	0.26	0.06	0.20
Diluted earnings per share	0.25	0.05	0.20
Basic headline earnings per share	0.26	0.07	0.19
Diluted headline earnings per share	0.25	0.25	-

Impact on equity: Increase in equity	31-Dec-2020 US$	31-Dec-2019 US$
Increase in Retained earnings	(337 930)	(1 320 990)
Cumulative impact on Retained earnings	**(337 930)**	**(1 320 990)**
	(1 658 920)	(1 320 990)
Cumulative net impact on equity	**(1 658 920)**	**(1 320 990)**

Impact on current tax receivable SOFP 31 December 2020	31-Dec-2020 as Reported US$	Adjustments US$	As previously reported 31-Dec-2020 US$
Current tax receivable	2 097 660	1 658 920	438 740

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

32 CORRECTION OF PRIOR PERIOD ERRORS AT 31 DECEMBER 2021 (continued)

Impact on current tax receivable SOFP 31 December 2019	31-Dec-2019 as Reported US$	Adjustments US$	As previously reported 31-Dec-2019 US$
Current tax receivable/(payable)	482 724	1 320 990	(838 266)

d) In addition, the Group discovered that the equity attributable to NCI for Dallaglio for 2020 was not disclosed, and this has now been correctly disclosed as shown below:
This was purely a disclosure error and had no impact on the financial statements

Statement of profit or loss	31-Dec-2020 as Reported US$	Adjustments US$	As previously reported 31-Dec-2020 US$
Total equity			
Attributable to:			
Equity holders of parent	(2 985 001)	1 360 223	(4 345 224)
Non-controlling interest	(1 360 223)	(1 360 223)	
	(4 345 224)	**-**	**(4 345 224)**

Statement of Financial Position	31-Dec-2020 as Reported US$	Adjustments US$	As previously reported 31-Dec-2020 US$
Total equity			
Attributable to:			
Equity holders of parent	17 344 725	(17 275 485)	34 620 210
Non-controlling interest	17 275 485	17 275 485	
	34 620 210	**-**	**34 620 210**

e) Foreign Currency Sensitivity

The Group discovered that the disclosure of 2020 changes in foreign currency sensitivity was not correct. This has now been corrected in current year as follows:

Effect on profit before tax of change in exchange rate	31-Dec-2020 as Reported US$	Adjustments US$	As previously reported 31-Dec-2020 US$
+ 5% (Rand)	(1 095)	5 435	(6 530)
- 5% (Rand)	1 095	(5 435)	6 530
+ 5% (Euro)	249 342	213 989	35 353
- 5% (Euro)	(249 342)	(213 989)	(35 353)
+5% (ZWL)	(9 847)	(82 060)	72 213
-5% (ZWL)	9 847	82 060	(72 213)
	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

33 EVENTS OCCURRING AFTER REPORTING PERIOD

Events after the reporting period are those events favourable and unfavourable that occur between the end of the reporting period and the date when the financial statements are authorised for use. The Group assessed its functional currency at year end and concluded that its still appropriate to use the US$. There were no adjusting events after the reporting date at the time of issuing this annual report. However, there is the impact of Covid-19 as outlined below:

Impact of the Covid-19

The local farming and mining operations were not greatly affected in terms of day to day business activities since they were both considered to be essential service providers. The Omicron variant that affected staff members in the last month of the financial year recorded less numbers in 2022 so far. The Group continues to closely monitor the trends and has maintained facilities that are now administering the booster vaccine to employees. The financial impact of Covid-19 could not be determined at the time of reporting.

34 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on 25 April 2022.

COMPANY STATEMENTS OF FINANCIAL POSITION

For the year ended 31 December 2021 (Restated)

	Note	31-Dec-2021 US$	31-Dec-2020 (restated) US$	31-Dec-2019 (restated) US$
ASSETS				
Non-current assets				
Property plant and equipment	I.	21 074 822	21 578 365	20 670 080
Intangible assets	II.	122 783	113 938	51 220
Right of use assets	III.	823 072	1 068 018	1 156 377
Investments	IV.	23 388 619	23 388 619	3 936 690
Biological assets	V.	8 373 655	5 830 332	5 549 880
Total non-current assets		**53 782 952**	**51 979 272**	**31 364 247**
Current assets				
Biological assets	VI.	24 785 345	27 084 838	27 813 048
Inventories	VII	11 744 822	13 586 089	10 831 615
Taxation	VIII	2 097 123	2 097 123	483 265
Trade and other receivables	IX	5 844 865	8 398 082	10 220 196
Cash and cash equivalents	X	3 760 814	1 952 316	7 037 236
Total current assets		**48 232 969**	**53 118 448**	**56 385 361**
Total assets		**102 015 921**	**105 097 720**	**87 749 608**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	XI.	54 159	54 159	54 159
Non-distributable reserves		27 004 245	27 004 245	27 004 245
Share based payment scheme		377 245	189 671	2 099
Distributable reserves		43 979 595	47 391 527	46 010 109
Share capital and reserves		**71 415 244**	**74 639 602**	**73 070 612**
Non-current liabilities				
Deferred tax liability	XII.	9 212 342	8 879 669	8 431 240
Lease Liabilities	XIII.	367 783	585 505	471 143
Interest bearing debt – third party	XIV.	6 889 520	5 000 000	900 000
		16 469 645	**14 465 174**	**9 802 384**
Current liabilities				
Overdraft		-	705 774	-
Interest bearing debt – third party	XV.	11 773 451	10 134 421	4 008 855
Lease Liabilities	XIII.	355 500	198 000	140 000
Trade and Other payables	XVI.	2 002 081	4 954 749	727 758
Taxation	VIII.	-	-	-
		14 131 032	**15 992 944**	**4 876 613**
Total liabilities		**30 600 677**	**30 458 118**	**14 678 996**
Total equity and liabilities		**102 015 921**	**105 097 720**	**87 749 608**

The company made tax adjustments relating to fair valuation of skins and this resulted in restatement of prior year figures, thus the presentation of three Statements of Financial Position (Refer to note 32).

NOTES OF THE COMPANY STATEMENTS OF FINANCIAL POSITION

For the year ended 31 December 2021

I. PROPERTY PLANT AND EQUIPMENT

Cost	Freehold Property US$	Leasehold Improvements US$	Plant Fittings & Equipment US$	Motor Vehicles US$	Total US$
At 1 January 2020	**80 086**	**25 877 559**	**6 845 409**	**1 614 355**	**34 417 409**
Additions	-	2 540 047	424 242	39 168	3 003 457
Reallocations	-	(669 426)	618 988	50 438	-
Disposals	-	(24 976)	(316 419)	(93 256)	(434 651)
At 31 December 2020	**80 086**	**27 723 204**	**7 572 220**	**1 610 705**	**36 986 215**
Additions	-	1 383 007	228 514	6 990	1 618 511
Disposals	-	-	(77 161)	(68 170)	(145 332)
At 31 December 2021	**80 086**	**29 106 211**	**7 723 573**	**1 549 525**	**38 459 394**

Depreciation	Freehold Property US$	Leasehold Improvements US$	Plant Fittings & Equipment US$	Motor Vehicles US$	Total US$
At 1 January 2020	**(24 945)**	**(10 172 868)**	**(2 321 929)**	**(1 227 587)**	**(13 747 329)**
Disposals	-	24 976	314 551	87 134	426 661
Charge for the year	(3 302)	(1 341 195)	(578 088)	(164 597)	(2 087 182)
At 31 December 2020	**(28 247)**	**(11 489 087)**	**(2 585 466)**	**(1 305 050)**	**(15 407 850)**
Disposals			75 393	68 170	143 564
Charge for the year	(3 302)	(1 380 660)	(609 025)	(127 298)	(2 120 285)
At 31 December 2021	**(31 549)**	**(12 869 747)**	**(3 119 098)**	**(1 364 177)**	**(17 384 572)**
Net carrying amount:					
At 31 December 2020	**51 839**	**16 234 117**	**4 986 760**	**305 655**	**21 578 365**
At 31 December 2021	**48 537**	**16 236 464**	**4 604 474**	**185 347**	**21 074 822**

II. INTANGIBLE ASSETS

	Purchasing System US$	SAP Business 1 US$	Pastel Evolution System US$	Other Intangible Assets US$	Total US$
Carrying Amount At 1 January 2020	5 334	31 074	7 081	7 730	51 219
Additions	-	57 855	-	14 025	71 880
Amortisation charge for the year	(1 488)	-	(2 025)	(5 649)	(9 162)
Net Carrying amount 31 December 2020	**3 846**	**88 929**	**5 057**	**16 106**	**113 938**
Additions	-	9 792		6 566	16 358
Amortisation charge for the year	(1 579)	-	(1 586)	(4 349)	(7 513)
Net Carrying amount 31 December 2021	**2 267**	**98 721**	**3 471**	**18 323**	**122 783**

NOTES OF THE COMPANY STATEMENTS OF FINANCIAL POSITION (continued)

For the year ended 31 December 2021

III. RIGHT OF USE ASSET

Cost	31-Dec-2021 Leasehold Property US$	31-Dec-2020 Leasehold Property US$
At 1 January	1 493 238	1 156 377
Additions	-	336 861
At 31 December	**1 493 238**	**1 493 238**
Depreciation		
At 1 January	(425 220)	(185 401)
Adjustments of lease charges	(28 877)	(64 005)
Amortisation charge for the year	(216 069)	(175 814)
At 31 December	**(670 166)**	**(425 220)**
At 31 December	**823 072**	**1 068 018**

IV. INVESTMENTS

	31-Dec-2021 US$	31-Dec-2020 US$
At the beginning of the period	23 388 619	3 388 619
Investment in Dallaglio	-	20 000 000
At the end of the period	**23 388 619**	**23 388 619**

The Group acquired 50.1% stake in mining business at 1st of January 2020 for a consideration of US$ 20 000 000. This is in addition to 17.12% investment in Tallow Creek Ranch, a USA based alligator farming business.

V. BIOLOGICAL ASSETS (NON-CURRENT)

	31-Dec-2021 US$	31-Dec-2020 US$
At the beginning of the period	5 830 332	5 549 880
Expenditure on non-current biological assets	132 100	55 089
Transfer from Current biological assets	33 499	-
Fair value adjustment	2 377 724	232 885
Deaths of non-current biological assets	-	(7 522)
At the end of the period	**8 373 655**	**5 830 332**

Non-current biological assets relate to mature and immature breeders.
The Company had a total of 5 167 breeders composed of 3 669 mature breeders and 1 498 immature breeders.

NOTES OF THE COMPANY STATEMENTS OF FINANCIAL POSITION (continued)

For the year ended 31 December 2021

VI. BIOLOGICAL ASSETS (CURRENT)

	31-Dec-2021 US$	31-Dec-2020 US$
At the beginning of the period	27 084 838	27 813 048
Slaughter (transfer to inventory)	(7 300 976)	(5 522 488)
Births	236 990	246 975
Transfer to Non-Current Biological assets	(33 499)	-
Expenditure on current biological assets	7 019 195	6 178 776
Fair value adjustment	(1 853 746)	(1 185 147)
Deaths of current biological assets	(367 457)	(446 326)
At the end of the period	**24 785 345**	**27 084 838**

Current biological assets relate to harvesting crops.

VII. INVENTORIES

	31-Dec-2021 US$	31-Dec-2020 US$
Raw materials and consumables	5 044 022	4 853 160
Finished goods – skins and meat	6 700 800	8 732 929
	11 744 822	13 586 089

There were stock losses written off from inventories and recognised as an expense in 2021 of $7 894 (2020: $16 694). There were no inventories pledged as security against borrowings.

VIII. TAXATION

Taxation Paid	31-Dec-2021 US$	31-Dec-2020 US$
Income tax refundable at the beginning of the period	(2 097 123)	(483 260)
Current income tax charge		(74 426)
Income tax amount paid	-	(1 539 437)
Current tax refundable	**(2 097 123)**	**(2 097 123)**

IX. TRADE AND OTHER RECEIVABLES

	31-Dec-2021 US$	31-Dec-2020 US$
Trade receivables	3 250 398	5 293 843
Prepayments and other receivables	2 594 467	3 104 239
	5 844 865	8 398 082

Other receivables mainly comprise VAT Refunds,prepayments and staff loans.
Trade receivables are non-interest bearing and are generally on 30-day terms.
Credit terms for other receivables vary per transaction but do not exceed 60 days.
As at 31 December 2021 there was provision for expected losses of US$ 3 387 (2020-US$5 762) on total receivables.

NOTES OF THE COMPANY STATEMENTS OF FINANCIAL POSITION (continued)

For the year ended 31 December 2021

X. CASH AND CASH EQUIVALENTS

Made up as follows:	31-Dec-2021 US$	31-Dec-2020 US$
Bank balances and cash on hand US$	3 466 906	707 756
Bank balances (ZWL)	270 744	1 217 302
Money market short term deposits (ZWL)	23 164	27 258
Cash and cash equivalents	**3 760 814**	**1 952 316**

Short-term deposits have been placed at an average rate of interest of 6.5 % per annum maturity period is 3 months.

XI. SHARE CAPITAL

Refer to Note 18.

XII. DEFERRED TAX LIABILITY

	31-Dec-2021 US$	31-Dec-2020 US$
Opening balance as at the beginning of the period	8 879 669	8 431 203
Release to profit or loss	332 673	448 466
Closing balance at the end of the period	**9 212 342**	**8 879 669**
Analysis of deferred tax liability		
Accelerated depreciation for tax purposes	4 171 820	4 280 708
Deferred tax arising from Lease liabilities and Right of Use of Assets	53 412	58 952
Fair value adjustments on biological assets	5 184 352	4 591 930
Deferred tax arising from assessed loss	-	-
Provisions	(81 326)	(57 742)
Deferred tax on intangible assets	5 948	6 852
Unrealised exchange loss	(121 864)	(1 068)
	9 212 342	8 879 632

XIII. NON -CURRENT INTEREST-BEARING DEBT – THIRD PARTY

Long-term interest debt	6 889 520	5 000 000

This relates to a long-term portion of the new loan facility obtained in 2020 to fund the acquisition of the mining business. The loan interest rate is 8% and has a 3-year term. Repayment will be in 2023.

XIV. CURRENT INTEREST-BEARING DEBT – THIRD PARTY

Short-term interest debt	11 773 451	10 134 421

Current interest-bearing debt repayable in December 2021.

NOTES OF THE COMPANY STATEMENTS OF FINANCIAL POSITION (continued)

For the year ended 31 December 2021

XV. TRADE AND OTHER PAYABLES

	31-Dec-2021 US$	31-Dec-2020 US$
Trade payables	1 704 167	58 408
Accruals	231 936	675 136
Deferred consideration	-	4 157 640
Provisions	65 978	63 565
Total	**2 002 081**	**4 954 749**

Trade payables are non-interest bearing and are normally settled within 30 days. Other payables are non-interest bearing and have varying settlement terms.

XVI LEASE LIABILITIES

	31-Dec-2021 US$	31-Dec-2020 US$
Current Liabilities		
Lease Liabilities	355 500	198 000
Non-current Liabilities		
Lease Liabilities	367 783	585 505
Total Lease liabilities recognised in SFP	**723 283**	**783 505**

	31-Dec-2021 US$	31-Dec-2020 US$
Lease Liabilities		
Opening balance	783 505	611 144
Accretion of interest	51 501	371 671
Lease interest payments	(42 723)	(1 310)
Payments	(69 000)	(198 000)
Closing Balance	**723 283**	**783 505**
Current	355 500	198 000
Non-Current	367 783	585 505
Total Lease Liabilities	**723 283**	**783 505**

SHAREHOLDERS ANALYSIS

For the year ended 31 December 2021

Size of Shareholding	Number of Shareholders	Shareholders %	Issued Shares	Share %
1-5000	3 790	79.7	2 668 718	0.49
5001-10000	215	4.5	1 578 751	0.29
10001-25000	217	4.6	3 535 749	0.65
25001-50000	133	2.8	4 687 445	0.87
50001-100000	125	2.6	9 028 501	1.67
100001-200000	95	2.0	13 159 930	2.43
200001-500000	79	1.7	23 958 860	4.42
500001-1000000	48	1.0	33 444 273	6.18
1000001 and Above	53	1.1	449 531 213	83.00
	4 755	**100**	**541 593 440**	**100**

Trade Classification				
Local Companies	1446	30.41	391 107 491	30.41
Local Nominee	172	3.62	45 605 357	3.62
Fund Managers	94	1.98	32 493 338	1.98
Pension Funds	74	1.56	31 066 094	1.56
Charitable	29	0.61	20 823 326	0.61
Local Individual Resident	2656	55.86	8 801 817	55.86
New Non Resident	53	1.11	5 710 565	1.11
Insurance Companies	33	0.69	3 141 323	0.69
Trusts	19	0.40	1 211 989	0.40
Other Investments & Trust	113	2.38	902 808	2.38
Banks	2	0.04	450 750	0.04
Deceased Estates	51	1.07	116 838	1.07
Foreign Individual Resident	6	0.13	71 147	0.13
Government / Quasi	2	0.04	65 236	0.04
Foreign Nominee	2	0.04	17 987	0.04
Foreign Companies	**3**	**0.06**	**7 374**	**0.06**
Total	**4 755**	**100**	**541 593 440**	**100**

Top Ten Shareholders		
ZMD Investments (Pvt) Ltd	119 754 476	22.11
H M Barbour (Pvt) Ltd	105 896 539	19.55
Stanbic Nominees (Pvt) Ltd	47 754 888	8.82
Old Mutual Life Ass Co Zim Ltd	24 012 777	4.43
Sarcor Investments (Pvt) Ltd	22 480 658	4.15
NSSA - Workers Compensation If	20 020 951	3.70
NSSA - National Pension Scheme	16 360 557	3.02
SCB Nominees 033663900002	16 102 595	2.97
Pharaoh Limited	15 059 175	2.78
Other	154 150 824	28.46
Total	**541 593 440**	**100**

SHAREHOLDERS CALENDAR

For the year ended 31 December 2021

Eleventh Annual General Meeting	14 June, 2022
End of First Half of 2022 Financial Year	30 June, 2022
Publication of Interim Report for First Half of 2022 Financial Year	30 September, 2022
End of 2022 Financial Year	31 December, 2022
Annual Report Published for 2022 Financial Year	23 May, 2023
Twelfth Annual General Meeting	13 June, 2023

Registered Office:

Padenga Holdings Limited
121 Borrowdale Road
Gunhill
Harare
Zimbabwe

P O Box HG 633, Highlands
Harare
Zimbabwe

Transfer Secretaries:

Corpserve Share Transfer Secretaries
2nd Floor ZB Centre
Cnr First Street/Kwame Nkrumah Avenue
Harare
Zimbabwe

P O Box 2208
Harare
Zimbabwe

Tel: +263 4 751559/61 or +263 4 758193
Fax: +263 4 752629

NOTICE OF ANNUAL GENERAL MEETING

For the year ended 31 December 2021

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of Padenga Holdings Limited is to be held at the Royal Harare Golf Club, 5th Street extension, Harare, on Tuesday 14 June 2022 at 08h15, as well as virtually via the link https://escrowagm.com/eagmZim/Login.aspx for the purpose of transacting the following business below: -

Ordinary Business

1. To receive, approve and adopt the Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2021.

2. To re - elect the following Director, Mr M. J. Fowler, who retires by rotation in terms of the Articles of Association of the Company and, being eligible, offers himself for re-election. Mr Fowler has held a number of executive positions within the Innscor Africa Limited Group, including a period during which he served as Group Chief Executive Officer, and he is a highly experienced Director of companies.

3. To re - elect the following Director, Mrs A. M. M. Madzara, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers herself for re-election. Mrs Madzara is an Environment and Development Professional with over 25 years of experience in the field.

4. To approve the appointment of Ms E. Mkondo, who was appointed as a Director of the Company with effect from 15 June 2021, and who in terms of the Articles of Association of the Company is required to retire from the Board at the Annual General Meeting and being eligible, offers herself for re-election. Ms Mkondo is a Chartered Accountant with experience on the Boards of several public companies.

5. To approve the Directors' remuneration for the financial year ended 31 December 2021.

   (NOTE: In terms of Section 3 of Practice Note 4 issued by the ZSE on 17th January 2020, the Padenga Directors' Remuneration Report shall be available for inspection by Padenga shareholders at the registered office of the Company.)

6. To approve the remuneration of the outgoing Auditors, Messrs Ernst & Young, for the past audit.

7. To appoint Messrs KPMG as the Auditors of the Company until the conclusion of the next Annual General Meeting.

   (NOTE: As Messrs Ernst & Young have served as Auditors of the Company for more than 10 years, it is proposed that they be replaced by Messrs KPMG in terms of Section 191 (11) of the Companies and Other Business Entities Act (Chapter 24:31) and by Section 69 (6) of the VFEX Listing Requirements (SI 134/2019). Ernst & Young has been the auditor of the Company since it was listed on the ZSE in October 2010.)

Special Business

8. Approval of Share Buy – Back

   To consider and, if deemed fit, to pass with or without modification, the following special resolution: "That the Company authorises in advance, in terms of the Companies and Other Business Entities Act (Cap 24:31) and the VFEX Listing Requirements, the purchase by the Company of its own shares upon such terms and conditions and in such amounts as the Directors of the Company may from time to time determine and such authority hereby specifies that: -

   i. the authority in terms of this resolution shall expire on the date of the Company's next Annual General Meeting; and
   ii. acquisitions shall be of ordinary shares which, in the aggregate in any one financial year, shall not exceed 10% (ten per centum) of the Company's issued ordinary share capital; and
   iii. the maximum and minimum prices, respectively, at which such ordinary shares may be acquired will not be more than 5% (five per centum) above and 5% (five per centum) below the weighted average of the market price at which such ordinary shares are traded on the VFEX, as determined over the 5 (five) business days immediately preceding the date of purchase of such ordinary shares by the Company; and
   iv. a press announcement will be published as soon as the Company has acquired ordinary shares constituting, on a cumulative basis in the period between annual general meetings, 3% (three per centum) of the number of ordinary shares in issue prior to the acquisition; and
   v. if during the subsistence of this resolution the Company is unable to declare and pay a cash dividend then this resolution shall be of no force and effect."

(NOTE: In terms of this resolution, the Directors are seeking authority to allow use of the Company's available cash resources to purchase its own shares in the market in terms of the Companies and Other Business Entities Act and the regulations of the VFEX, for treasury purposes. The Directors will only exercise the authority if they believe that to do so would be in the best interests of shareholders generally. In exercising this authority, the Directors will duly consider following such repurchase, the ability of the Company to pay its debts in the ordinary course of business, the maintenance of an excess of assets over liabilities, and for the Company and Group, the adequacy of ordinary capital and reserves as well as working capital.)

NOTICE OF ANNUAL GENERAL MEETING (continued)

For the year ended 31 December 2021

9. Approval of Loans to Directors

   To resolve as an ordinary resolution, with or without amendments: - "That the Company be and is hereby authorised to make any loan to any Executive Director or to enter into any guarantee or provide any security in connection with a loan to such Executive Director for the purpose of enabling him to properly perform his duty as an officer of the Company, as may be determined by the Remuneration Committee of the Board of Directors, provided that the amount of the loan or the extent of the guarantee or security shall not exceed the annual remuneration of that Director."

Any Other Business

10. To transact any other business competent to be dealt with at an Annual General Meeting

Proxies

In terms of the Companies and Other Business Entities Act (Cap 24:31), a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company. Proxy forms should be forwarded to reach the office of the Company Secretary at least 48 (forty-eight) hours before the commencement of the meeting.

Covid-19 Measures

Due to the public health measures adopted by Government to combat the spread of the Covid-19 virus, all requisite steps will be taken to protect the health and safety of shareholders and attendees at the Annual General meeting, including the following: -

i. Entry to the venue will be restricted to the number permissible by law, and seating will be arranged appropriately.
ii. Registration will commence 30 minutes before the meeting starts, and shareholders are encouraged to register early to avoid congestion at the registration desk.
iii. Temperature checks will be conducted at points of entry to the venue.
iv. No-one will be permitted entry without a face mask.
v. Alcohol-based hand sanitisers will be placed in strategic locations to ensure attendees properly sanitise their hands as they arrive and leave the venue.
vi. Contact details of attendees will be collected to assist in contact tracing in the unlikely event of infections.
vii. Attendees are encouraged to ask questions formally during the meeting and to ensure minimal interactions before and after the formal proceedings.
viii. In order to reduce social contact, it is regretted that no refreshments will be provided before and after the meeting.

Members who may not physically be able to attend the meeting shall be able to do so via the eAGM platform and such members are requested to register using the link above, at least 48 (forty-eight) hours before the commencement of the meeting or to inform the Share Transfer Secretaries to make appropriate arrangements.

BY ORDER OF THE BOARD

A.D. LORIMER
GROUP COMPANY SECRETARY
121 BORROWDALE ROAD
GUN HILL
HARARE

24 May 2022

FORM OF PROXY 11th ANNUAL GENERAL MEETING

PADENGA HOLDINGS LIMITED

I /We, ______________________________ (full names) of ______________________________

______________________________(full address) being the registered holder/s of

______________________________ ordinary shares in PADENGA HOLDINGS LIMITED, do hereby appoint:

______________________________ (full names) of ______________________________

______________________________(full address) or failing him/her the

Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held on 14 JUNE 2022 at 08.15 am and at any adjournment thereof.

I/We instruct my/our proxy or proxies to vote in the following way:
(Please mark the appropriate box with an "X" next to each resolution)

	ORDINARY BUSINESS	For	Against	Abstain
1	THAT the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2021 be adopted.			
2	THAT Mr M. J. Fowler be re-elected as a Director of the Company in terms of the Articles of Association.			
3	THAT Mrs A. M. M. Madzara be re-elected as a Director of the Company in terms of the Articles of Association.			
4	THAT Ms E. Mkondo be re-elected as a Director of the Company in terms of the Articles of Association.			
5	THAT the remuneration of the Directors be confirmed.			
6	THAT the remuneration of the Auditors, Ernst and Young, for the past audit be confirmed.			
7	THAT Messrs KPMG be appointed as Auditors of the Company for the following year until the conclusion of the next Annual General Meeting.			
	SPECIAL BUSINESS			
8	As a Special Resolution THAT the Company be authorised in terms of Section 129 of the Companies and Other Business Entities Act (Chapter 24:31) to purchase its own shares, subject to certain conditions.			
9	THAT the Company be authorised to make loans to Executive Directors in terms of Section 208 of the Companies and Other Business Entities Act (Chapter 24:31), subject to certain conditions.			

Details of the above resolutions are set out in the Notice of the Annual General Meeting.

Signed this ______________________day of ____________________ 2022.

____
SIGNATURE OF SHAREHOLDER

NOTES:
1. In terms of Section 171 of the Companies and Other Business Entities Act (Chapter 24:31), a member of the Company is entitled to appoint one or more persons to act in the alternative as his proxy, to attend and vote and speak in his stead. A proxy need not be a shareholder of the Company.
2. Unless otherwise instructed, the proxy will vote as he/she thinks fit.
3. This proxy form must be deposited at the Registered Office of the Company to be received by the Company Secretary not less than 48 hours before the meeting.
4. The proxy form must be signed and dated for it to be valid. Any alterations or corrections to this form must be initialled.
5. Anyone signing this proxy form in a representative capacity must be authorised to do so. Please stamp this form with your company or organisation's stamp and enclose proof of authorisation.
6. The return of this proxy form will not prevent you from attending the meeting and voting in person. However, should this happen, the proxy will be revoked.

The Padenga Holdings Limited Annual Report for FY 2021 and the Proxy Form for the Padenga AGM is available for download at http://www.padenga.com

Harare Office: 121 Borrowdale Road, Gunhill, Harare | P.O. Box HG 633, Highlands, Harare, Zimbabwe
Operations: 135 Lagoon Drive, Kariba | P.O. Box 55, Kariba, Zimbabwe | Website: www.padenga.com

PROUDLY ZIMBABWEAN

PADENGA
HOLDINGS LIMITED

HARARE OFFICE
121 Borrowdale Road, Gunhill,
P O Box HG 633, Highlands, Harare, Zimbabwe.
Tel: + 263 (242) 291 6048 / 291 7745 / 291 6137

OPERATIONS
135 Lagoon Drive,
P O Box 55, Kariba,
Zimbabwe