



The Directors are pleased to present the **Audited Condensed Consolidated Financial Results** for the year ended 31 December 2021

Financial Highlights

For the year ended 31 December 2021

All figures in US\$	31 Dec 2021 Audited	31 Dec 2020 Restated
Group Summary		
Revenue	78 466 352	71 605 783
Operating profit before depreciation, amortisation, impairment and fair value adjustments (EBITDA)	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 operations	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

Directors’ Responsibility

The Company’s Directors are responsible for the preparation and fair presentation of the Group’s financial statements, of which this publication represents an extract. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). 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).

Performance Overview

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.



Eureka Gold Mine

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 foreign currency 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 \$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.

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 taxation 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 EBITDA 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\$1 755 419 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 Operations

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 the 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% of the workforce 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 will continue to implement the Covid-19 guidelines approved by the World Health Organisation and the Ministry of Health and Child Welfare 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 welfare, 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 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.

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 Carugel 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.

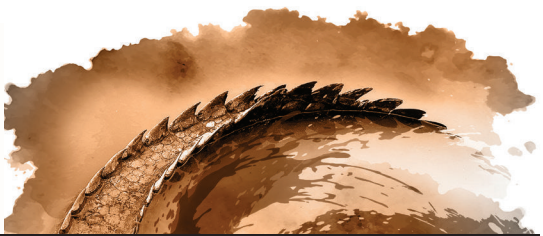
Appreciation

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.



T N Sibanda
Chairman
25 April, 2022



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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Year ended 31 December 2021 audited US\$	Year ended 31 December 2020 restated US\$
Revenue	78 466 352	71 605 783
Other income	677 531	1 809 488
Credit impairment losses	(3 387)	(5 762)
Financial income	4 783 487	11 457 959
Cost of goods sold	(49 330 279)	(44 145 557)
Employee benefits expense	(11 786 841)	(12 404 381)
Other operating costs	(7 705 726)	(4 557 063)
Operating profit before depreciation, amortisation, impairment and fair value adjustments	15 101 137	23 760 467
Depreciation and amortisation	(7 867 492)	(7 775 069)
Operating profit before interest and fair value adjustments	7 233 645	15 985 398
Fair value adjustments on biological assets	(3 441 013)	468 113
Profit before interest and tax	3 792 632	16 453 511
Monetary loss	-	(5 535 026)
Interest income	5 475	13 381
Interest payable - loans	(10 138 637)	(6 665 084)
Interest payable - leases	(96 880)	(182 406)
(Loss)/profit before tax	(6 437 410)	4 084 376
Income tax expense	(944 850)	(877 467) ^
(Loss)/profit for the period	(7 382 260)	3 206 909
Other comprehensive income	-	-
Total comprehensive (loss)/income for the period	(7 382 260)	3 206 909
(Loss)/profit for the period 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 period 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
Earnings per share (cents)		
Basic (loss)/earnings per share	(0.98)	0.26
Diluted (loss)/earnings per share	(0.98)	0.25
Basic headline (loss)/earnings per share	(0.99)	0.26
Diluted headline (loss)/earnings per share	(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 2.1).

Condensed Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	31 December 2021 audited US\$	31 December 20120 restated US\$
Net cash generated from operating activities	15 502 776	6 591 503
Interest received	5 475	13 381
Interest paid	(9 928 674)	(1 426 009)
Interest paid-leases	(42 723)	(1 310)
Taxation paid	(1 029 358)	(2 505 796)
Net cash generated from operations	4 507 496	2 671 769
Cash flow from investing activities		
Net cash outflow from 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	(16 387 817)	(27 611 289)
- expenditure on exploration and evaluation assets	(6 607 310)	(874 399)
- expenditure on non-current biological assets	(221 740)	(119 665)
- purchase of intangible assets	(174 704)	(121 289)
Net cash outflow before financing activities	(18 788 075)	(26 045 696)
Increase in borrowings	21 386 767	11 841 668
- proceeds from borrowings	42 708 545	13 680 508
- repayment of borrowings	(21 265 501)	(1 642 150)
- lease payments	(56 277)	(196 690)
Net cash inflow from financing activities	21 386 767	11 841 668
Net increase/(decrease) in cash and cash equivalents	2 598 692	(14 204 028)
Net foreign exchange difference	(206 043)	366 397
Effects of hyperinflation from subsidiary	-	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	6 343 767	3 951 118
CASH AND CASH EQUIVALENTS		
Made up as follows:		
Bank balances and cash	6 320 603	3 923 860
Short-term investments	23 164	27 258
	6 343 767	3 951 118

Condensed Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital audited US\$	Share Premium audited US\$	Change in ownership audited US\$	Share based option reserve audited US\$	Retained earnings audited US\$	Total US\$	Non - controlling Interest audited US\$	TOTAL restated US\$
Balance at 1 January 2020	54 159	27 004 245	(63 863)	2 099	40 786 379	67 783 019	(579 333)	67 203 686
Adjustment on correction of error (net of tax) Note 2.1	-	-	-	-	1 320 990	1 320 990	-	1 320 990
Balance at 1 January 2020 (restated)	54 159	27 004 245	(63 863)	2 099	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 subsidiary	-	-	-	-	-	-	15 505 493	15 505 493
Share based option charge for the year	-	-	-	187 572	-	187 572	-	187 572
Balance at 31 December 2020 (restated)	54 159	27 004 245	(63 863)	189 671	43 524 488	70 708 700	16 715 950	87 424 650
	Share capital audited US\$	Share premium audited US\$	Change in ownership audited US\$	Share based option reserve audited US\$	Retained earnings audited US\$	Total US\$	Non - controlling Interest audited US\$	TOTAL audited US\$
Balance at 1 January 2021 (audited)	54 159	27 004 245	(63 863)	189 671	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 option charge for the year	-	-	-	187 573	-	187 573	-	187 573
Balance at 31 December 2021 (audited)	54 159	27 004 245	(63 863)	377 244	38 204 871	65 576 656	14 653 307	80 229 963

Condensed Consolidated Statement of Financial Position

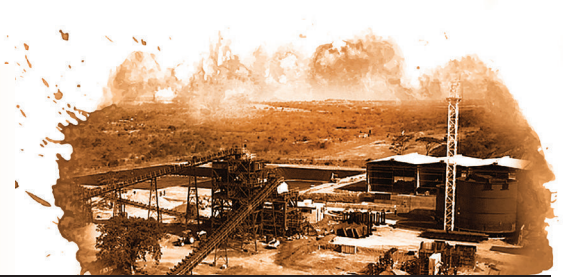
As at 31 December 2021

	Note	31 December 2021 audited US\$	31 December 2020 restated US\$	31 December 2019 restated US\$
ASSETS				
Non-current assets				
Property, plant and equipment	10.3	69 577 791	58 494 615	24 088 899
Exploration and evaluation assets		6 938 427	1 320 757	-
Rehabilitation assets		1 723 074	1 536 945	-
Goodwill		3 672 214	3 672 214	-
Intangible assets		218 926	113 938	51 220
Right of use assets		5 577 155	1 068 018	1 156 377
Biological assets		9 897 769	7 226 343	6 790 778
Deferred tax asset		2 366 838	2 631 117 *	1 171 510 *
		99 972 194	76 063 947	33 258 784
Current assets				
Biological assets		25 424 810	28 485 850	32 205 176
Mines inventories	9.1	6 557 692	2 916 713 #	-
Inventories	9	16 112 051	19 529 366 #	12 566 854
Current Tax receivable		2 097 660	2 097 660	482 724
Trade and other receivables		13 285 530	17 953 694	10 770 978
Cash and cash equivalents		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		54 159	54 159	54 159
Share premium		27 004 245	27 004 245	27 004 245
Share based payment reserve		377 244	189 671	2 099
Retained earnings		38 204 871	43 524 488	42 107 369
Change in ownership reserve		(63 863)	(63 863)	(63 863)
Equity attributed to equity holders of the parent		65 576 656	70 708 700	69 104 009
Non- controlling interest		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	12.1	29 512 807	5 000 000	6 335 000
Lease liabilities		3 983 058	585 505	464 144
Mine Rehabilitation Provisions		2 480 308	1 926 083	-
Deferred tax liabilities		11 994 664	11 652 910 *	8 431 240 *
		47 970 837	19 164 498	15 230 384
Current liabilities				
Bank overdraft		729 110	7 252 118	-
Customer deposits	11.1.2	740 613	1 336 925	2 936 325
Short-term interest bearing borrowings	12.2	33 064 710	29 401 501	10 579 610
Trade and other payables	11	3 957 535	4 291 515	1 194 395
Lease liabilities		1 859 883	198 000	147 000
Provisions	18	65 983	63 530	38 885
Tax payable		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 2.1).

*For the year ended 31 December 2020, the deferred asset 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 year amounts have been seperated in the current period's presentation. (Refer to note 2.1).





The Directors are pleased to present the **Audited Condensed Consolidated Financial Results** for the year ended 31 December 2021

Notes to the Condensed consolidated financial statements for the year ended 31 December 2021

1. Corporate information

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 registered office is located at 121 Borrowdale Road, Gunhill, Harare, Zimbabwe.

The Group has an 82.88% stake in Tallow Creek Ranch, an unlisted company based in Texas (United States of America) that specialises in alligator farming. The principal activity of the Company and its subsidiaries (the Group) include the production and rearing of crocodiles, alligators and the export of Nile crocodile and alligator skins and meat. The Group is also engaged in developing and operating large scale commercial gold mines in Zimbabwe, after having acquired a 50.1% stake in Dallaglio Investments Limited ("Dallaglio").

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:

	Value 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)
Total Net Assets acquired	15 567 639
Goodwill arising on acquisition**	3 672 214
Purchase consideration	19 239 853

At the date of the 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.

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 kilogram's 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
Acquisition of a subsidiary	-
At 31 December 2021	3 672 214

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

Goodwill impairment testing is a six step process as follows:

- 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

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.

At the date of the acquisition, the fair value of the trade receivables was US\$ 24 774 446. The carrying amount of trade receivables approximates present value and there is no counterparty credit risk.

2. Basis of Consolidation

The condensed 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 company, using consistent accounting policies except where stated.

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

2.1 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 the 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 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income extract The impact of restatement

	31 December 2020 As reported US\$	Adjustments US\$	As previously reported 31 December 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
Restated Condensed Consolidated Statement of Cash Flows extract			
The impact of restatement			
31 December 2020			
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 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 the current year's presentation. There was no impact to assets and liabilities.

	31 December 2020 As reported US\$	Adjustments US\$	As previously reported 31 December 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			
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

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:

	31 December 2020 US\$	31 December 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 equity: increase in equity		
Increase in retained earnings	337 930	1 320 990
	337 930	1 320 990
Net impact on equity	337 930	1 320 990

Impact on earnings per share

	31 December 2020 As reported	Adjustments	As previously reported 31 December 2020
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 current tax receivable SOFP

	31 December 2020 As reported US\$	Adjustments US\$	As previously reported 31 December 2020 US\$
Current tax receivable	2 097 660	1 658 920	438 740
31 December 2019			
Current tax receivable/(payable)	482 724	1 320 990	(836 266)



The Directors are pleased to present the **Audited Condensed Consolidated Financial Results** for the year ended 31 December 2021

Notes to the Condensed consolidated financial statements for the year ended 31 December 2021

3. Statement of compliance

The Group's condensed consolidated financial statements have been prepared in accordance with VFEX listing rules and in compliance with the requirements of 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.

4. Currency of reporting

The financial statements have been prepared in US\$.

5. Estimates

When preparing the full year financial results, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, results, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last financial statements for the year ended 31 December 2020.

6. Accounting policies

The principal accounting policies of the Group are consistent in all material respects with those applied in the previous financial year.

7. Operating segments

The following tables present information about the Group's operating segments for the year ended 31 December 2021.

	Padenga Zimbabwe US\$	TCR US\$	Dallaglio US\$	Adjustments and eliminations US\$	Total US\$
Revenue					
31 December 2021	24 707 479	2 369 263	51 389 610	-	78 466 352
31 December 2020	27 283 809	3 963 860	40 358 114	-	71 605 783

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

	Padenga Zimbabwe US\$	TCR US\$	Dallaglio US\$	Adjustments and eliminations US\$	Total US\$
Segment (loss)/profit					
31 December 2021	(3 411 839)	825 871	(4 416 898)	(379 394)	(7 382 260)
31 December 2020	1 381 413	(4 561 273)	5 151 663	1 235 106	3 206 909

There was no inter-segment revenue in the period.

The following tables present assets and liabilities of the Group's operating segments as at 31 December 2021.

	Padenga Zimbabwe US\$	TCR US\$	Dallaglio US\$	Adjustments and eliminations US\$	Total US\$
Segment assets					
31 December 2021	102 015 921	5 489 499	80 664 087	(18 375 803)	169 793 704
31 December 2020	103 439 330	7 230 810	56 801 874	(16 473 666)	150 998 348
Segment liabilities					
31 December 2021	30 600 677	9 008 851	50 460 697	(506 484)	89 563 741
31 December 2020	30 458 117	11 576 033	22 181 664	(642 116)	63 573 698

Classification of the segments is based on the type of production. (Crocodiles, Alligators and Mining).

	31 December 2021 audited US\$	31 December 2020 restated US\$
8. Capital expenditure for the year	22 995 127	28 485 688
Capital expenditure commitment		
Authorized but not yet contracted	26 087 163	1 663 376
The capital expenditure will be financed from the Group's own resources and borrowing facilities.		
9. Inventories		
Crocodile and Alligator		
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
9.1 Mines Inventories		
Finished goods - Gold Bullion	1 139 006	995 529
Work in progress - orestocks	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\$5 418 686 (2020 - US\$ 1 921 184).

10. Fair value measurements

10.1 Fair value of financial instruments

The estimated net fair values of all financial instruments, approximates the carrying amounts shown in the financial statements.

10.2 Fair value of Biological assets

Fair value of the Biological assets 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 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 movements of the biological assets are recognised in profit or loss.

Valuation Technique

- The Harvesting stock of crocodiles and alligators is valued using the income approach. Fair value price is determined from the price the Group sells at the point of harvesting to the market.
- 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, Rearings	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 \$0.79 to \$4.00, Meat yield per crocodile 5.12 kgs	Price per skin US\$ 160 - US\$ 760, Age 1 - 3 years, Meat Price/kg \$0.79 to \$4.00, Meat yield per crocodile 5.12 kgs
Alligators Harvesting stock	Yearlings, Rearings	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.

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\$	Level 2 US\$	Level 3 US\$	Total US\$	Fair value gain/(loss) US\$
Harvesting Alligators	-	-	639 465	639 465	118 525
Harvesting Crocodiles	-	-	24 785 346	24 785 346	(2 042 404)
Breeders (including Alligators)	-	-	9 897 768	9 897 768	(1 517 134)
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

10.3 Property plant and equipment

During the year ended 31 December 2021, the Group acquired assets with a cost of US\$22 995 127 (31 December 2020 US\$28 485 688). Dallaglio acquired exploration and evaluation assets with a cost of US\$6 607 310 during the year, which is included in the PPE additions. No borrowing costs were capitalised during the year ended 31 December 2021 (31 December 2020 US\$Nil). The financial information relating to property, plant and equipment is summarised below:

	31 December 2021 audited US\$	31 December 2020 restated US\$
Opening balance as at 1 January	58 494 615	24 088 898
Additions	16 387 817	27 699 006
Acquired through acquisition of subsidiary	-	10 757 597
Disposals	(153 765)	(321 467)
Depreciation	(5 150 876)	(3 717 282)
Impairment	-	(12 137)
Closing balance as at 31 December	69 577 791	58 494 615



The Directors are pleased to present the **Audited Condensed Consolidated Financial Results** for the year ended 31 December 2021

Notes to the Condensed consolidated financial statements for the year ended 31 December 2021

11. Trade and other payables

	31 December 2021 audited US\$	31 December 2020 restated US\$
Payables	3 856 436	1 942 786
Other payables	101 099	2 348 729
	3 957 535	4 291 515

11.1 Customer deposits

11.1.1 Non-current customer deposits

11.1.2 Current customer deposits

Customer deposits mainly relate to advances received. Performance obligations are satisfied within 12 months from date of receipt. For 2020 and 2021 the Group did not satisfy the performance obligation due to Covid-19 restrictions.

12. Interest bearing borrowings

12.1 Non-current interest bearing borrowings

	Year repayable 2023		
Unsecured			
Foreign long term borrowings	11 434 485		5 000 000
Local long term borrowings	18 078 322		-
	29 512 807		5 000 000

12.2 Current interest bearing borrowings

	Year repayable (December 2022)		
Secured			
Foreign short-term borrowings	up to -365days	10 994 927	29 401 501
Local short-term borrowings	up to -365days	22 069 783	-
		33 064 710	29 401 501

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 facility is secured by first charge over certain of the Group's property, plant and equipment, trade receivables and biological assets. The Group has a short-term facility with a rate of interest for local operations ranging between 10% and 60% whilst for the foreign operation ranges from 6-12%.

Borrowing powers

In terms of the Company's Articles of Association, the Group may, with previous sanction of an ordinary resolution of the company in a general meeting, borrow, on the determination of the Directors, amounts that do not exceed the aggregate total equity.

13. Earnings per share

	31 December 2021 audited US\$	31 December 2020 restated US\$
(Loss)/profit for the period attributable to: Equity holders of the parent	(5 319 617)	1 417 119
Less non-core activities (Loss)/Profit on disposal of property, plant and equipment and intangible assets Interest income	(23 341) (5 475)	9 461 (13 381)
Headline (loss)/earnings	(5 348 433)	1 413 199
Earnings per share (cents)		
Basic (loss)/earnings per share	(0.98)	0.26
Diluted (loss)/earnings per share	(0.98)	0.25
Basic headline (loss)/earnings per share	(0.99)	0.26
Headline (loss)/earnings per share	(0.99)	0.25

13. Earnings per share

Weighted average number of ordinary shares for basic earnings per share	541 593 440	541 593 440
Weighted average shares in issue at the beginning	557 841 242	547 009 374
Share options	-	10 831 868
Weighted average shares in issue at the end (Diluted and Headline)	557 841 242	557 841 242

Basic earnings basis

The calculation is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue for the full year. Earnings per share for the year ending 31 December 2021 was US\$-0.98 (US\$0.26, 31 December 2020).

Fully diluted earnings basis

The calculation is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue after adjusting to assume conversion of share options not yet exercised and convertible instruments. There were 10 831 868 instruments with a dilutive effect at the end of the period. Fully diluted earnings per share for the year ending 31 December 2021 was US\$-0.98 (US\$0.25, 31 December 2020).

Headline earnings basis

Headline earnings comprise of basic earnings attributable to equity holders of the parent adjusted for profits, losses and items of capital nature that do not form part of the ordinary activities of the Group, net of the respective tax effects and share of non controlling interests, as applicable. Headline Earnings per share for the year ending 31 December 2021 was US\$-0.99 (US\$0.25, 31 December 2020).

14. Contingent liabilities

The Group had no contingent liabilities at 31 December 2021.

15. 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 concluded that its functional currency is US\$ for the year ended 31 December 2021.

Up until 31 December 2020, the financial statements for the mining division were based in a ZWL as the functional currency. Monetary assets and liabilities denominated in foreign currencies were translated at the functional currency spot rates of exchange at the reporting date. All differences were taken to the statement of profit or loss and other comprehensive income.

Non-monetary items that were measured at historical cost in a foreign currency were translated using the exchange rates at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency were translated using the exchange rates at the date when the fair value was determined.

As from 1 January 2021, the mining division changed the functional currency from ZWL to US\$, due to the following reasons:

- a) Revenue is earned is more in US\$ than ZWL (60% US\$ and 40% ZWL). ZWL revenue is indexed to US\$ hence making the US\$ the underlying driver for ZWL revenue.
- b) Costs are mostly paid in US\$, whilst the ZWL payments are mostly linked to US\$ using the foreign currency exchange rate.
- c) Borrowings are mostly in US\$ (59% US\$ and 41% ZWL).
- d) On 7 January 2021, the Government of Zimbabwe scrapped the mandatory liquidation of foreign currency receipts that are more than 60 days old.

16. Events 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 year 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 publication. However, there is the impact of Covid-19 as outlined below.

Impact of the Corona Virus 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.

17. 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 below.

	31 December 2021 audited US\$	31 December 2020 restated US\$
Transactions		
Innscore Africa Limited Pension Fund	68 387	3 878
Dallaglio Investments Limited	4 157 640	15 842 360
	4 226 027	15 846 238

18. Provisions

	Padenga Zimbabwe US\$	Dallaglio US\$	Total US\$
Provisions - current			
31 December 2021	65 983	-	65 983
31 December 2020	63 530	-	63 530
Provisions - non current			
31 December 2021	-	2 480 308	2 480 308
31 December 2020	-	1 926 083	1 926 083

All current provisions relate to short-term employee benefits accruals. All non-current provisions relate to future expected costs to restore the environment after the end of mining activities or at closure of the mine. The expected costs are assessed by environmental experts.

19. Rehabilitation asset

The Company makes full provision for 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.

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 Company'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 take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon market future market prices for the necessary rehabilitation works required that will reflect 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.

Mine rehabilitation costs will be incurred by the Company either while operating, or at the end of the operating life of, the Company's facilities and mine properties. The Company assesses its mine rehabilitation provision at each reporting date. The Company 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 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.

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 (subsequent to 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.

20. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on 25 April 2022.



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 70 to 132, 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 Policies, 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 1549 (2020: USD 7 259 630) included in the closing balance of USD 11 994 664 (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:

Independent Auditor's Report (Continued)

Padenga Holdings Limited

- 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).
- Taxation stated as USD 944 850 (2020: USD 877 467).

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 USD 4 602 444 (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: USD 8 606 077 (2020: USD 10 757 597) included in the closing balance of USD 69 577 791 (2020: USD 58 494 615); and
- Deferred tax liabilities: USD 146 970 included in the closing balance of USD 11 994 664 (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).
- Taxation 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).

Independent Auditor's Report (Continued)

Padenga Holdings Limited

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 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).
- Taxation 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 expenses 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.

Independent Auditor's Report (Continued)

Padenga Holdings Limited

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
<p>Physical verification of biological assets</p> <p>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.</p> <p>The crocodile and alligator livestock are reared in secure enclosures that incorporate physical and biosecurity controls to ensure the appropriate welfare of the animals. 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.</p> <p>An acceptable range of losses of crocodiles/alligators is set and monitored on a regular basis.</p> <p>Accordingly, the physical verification of biological assets is a key audit matter due to the physical count considerations.</p>	<p>Our principal audit procedures in this area involved:</p> <ul style="list-style-type: none">• 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.• 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.

Independent Auditor's Report (Continued)

Padenga Holdings Limited

Key Audit Matter	How the matter was addressed in the audit
<p>Fair valuation of biological assets</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • The price per skin. • The premium meat yield per kilogram of crocodile and alligator; and • The replacement cost of breeders. <p>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.</p>	<p>Our principal audit procedures in this area involved:</p> <ul style="list-style-type: none"> • 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.
<p>Valuation of mineral inventories</p> <p>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. 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.</p>	<p>Our principal audit procedures in this area involved:</p> <ul style="list-style-type: none"> • Assessing the competency of the expert used in valuing the mineral inventories Breckridge's surveyor G. Zenganya 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. • 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

Independent Auditor's Report (Continued)

Padenga Holdings Limited

Accordingly, the valuation of mineral inventories is a key audit matter due to the complex processes described above.	correct information was used in performing the valuation.
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Key Audit Matter	How the matter was addressed in the audit
<p>Impairment of Assets</p> <p>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.</p> <p>Accordingly, the impairment of assets is a key audit matter due to the uncertainty and complexity involving models based on future cash flows which are rely on assumptions that may not materialise.</p>	<p>Our principal audit procedures in this area involved:</p> <ul style="list-style-type: none">• Reviewing the impairment write up which states the budge 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 judgements involved in the impairment assessments.

Other information

Other information consists of the Directors' report and the Chairman's Statement which we obtained prior to the date of this report and the Chief Executive Officer's Business report which is expected to be made available to us after that date. 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-Accoutning 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.

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.

Independent Auditor's Report (Continued)

Padenga Holdings Limited

- 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
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

Date 28 April 2022