



Murowa Diamonds

Sustainable
Development
Report

2018

Vision

We are a proudly Zimbabwean company that aims to become a large diversified regional company delivering sustainable shareholder wealth from natural resources.

Mission

To achieve success through:

- Optimization of existing business.
- Exploration of opportunities.
- Implementation of world-class operating standards.
- A culture of success.
- Recognition of our employees and communities.
- High standards of HSE management.

About this Report

Murowa Diamonds is proud to present the Sustainable Development Report for the 12 month period ending 31 December 2018. This report integrates financial and non-financial information pertinent to our operations and stakeholders.

The content of the report has been defined through an analysis of the significant economic, social and environmental topics to our internal and external stakeholders, providing a transparent account of how we have created value during the year. This report has been prepared in accordance with the The Global Reporting Initiative (GRI) standards: Core Option.

Reporting Boundary

The report covers information for Murowa Diamonds operations located in South Western Zimbabwe close to the town of Zvishavane. In this report unless otherwise noted references to "our", "we", "us", "the Company", "Murowa" refers to Murowa Diamonds Private Limited.

Reporting Frameworks

This report has been prepared in alignment of the following reporting guidelines:

- The Global Reporting Initiative (GRI) Standards.
- The National Code of Corporate Governance.

Assurance

KLM Chartered Accountants have provided independent assurance in respect of this Sustainability Report. A copy of KLM Chartered Accountants' assurance report is on page 68.

Forward-looking statements.

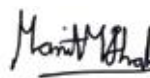
This document includes forward-looking statements that look to our future plans and targets towards sustainability. All statements other than those of historical fact are deemed as forward looking statements Readers are cautioned not to put undue reliance on forward looking statements.

We welcome any feedback and comments which can be emailed to Islam Chipango at info@murowadiamonds.com.

This report is also accessible online at <https://murowadiamonds.com/>



Lovemore Chihota
Chairman



Manit Shah
Chief Operating Officer

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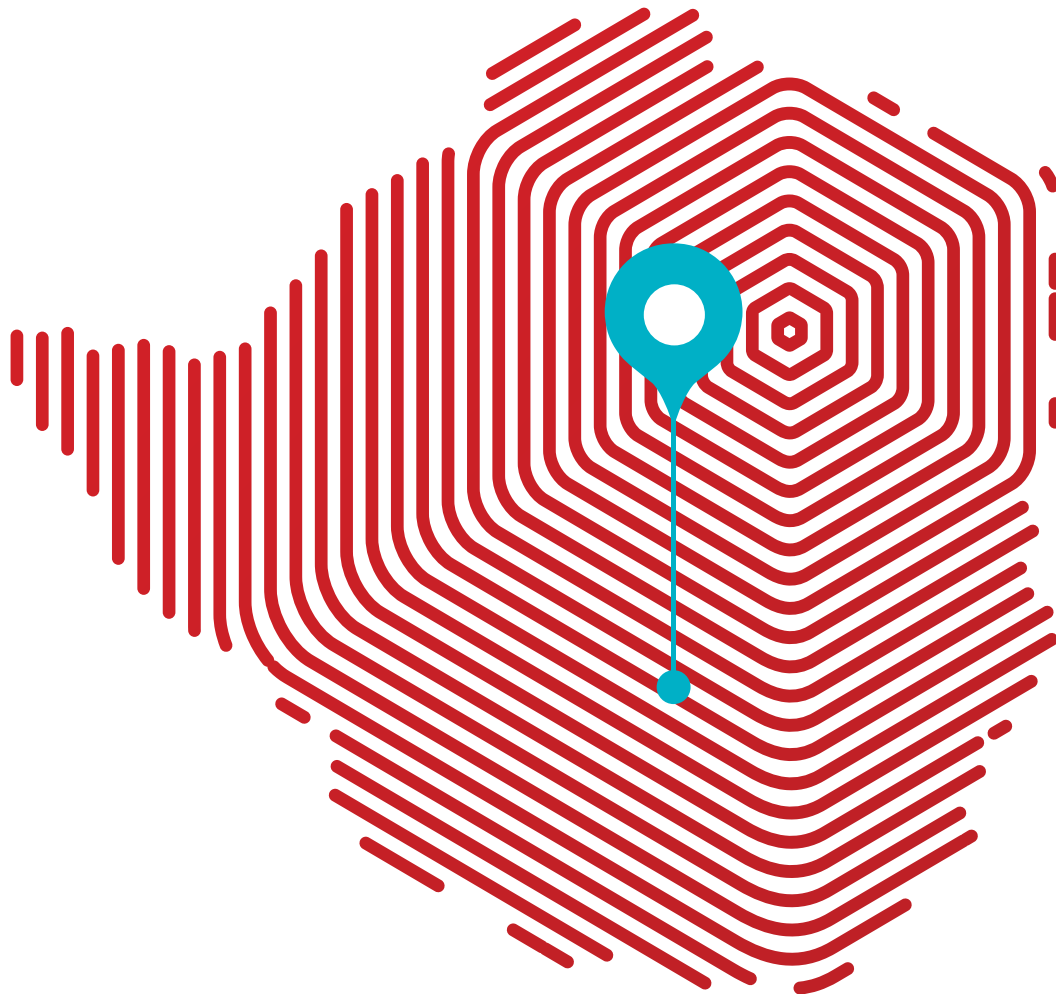
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BACKGROUND

Location

The Murowa Diamonds Mine is situated at 20°33'S, 30°29'E, in ward 18 of Runde Rural District Council in Zvishavane District of Zimbabwe in the heart of Chief Mazvihwa's jurisdiction.



Performance Highlights

2018 AT A GLANCE

OUR SUSTAINABLE DEVELOPMENT PROGRAMMES FOOTPRINT CONTINUED. Resuming our exploration activities at Sese in Masvingo Province has extended our Sustainable Development Programs Footprint



NO FATALITIES
in 14 years of operation.



NO SERIOUS INCIDENTS
occurred in 2018.



WE MAINTAINED OUR CERTIFICATION

ISO 14001:2015



43% EMPLOYMENT FROM THE LOCAL COMMUNITY out of a total of 713 employees.



WE CONTINUED TO UPHOLD THE HUMAN RIGHTS AND RESPECT OF ALL OUR STAKEHOLDERS and no breaches or violations were reported.

OVER 60% OF ALL OUR GOODS ARE PURCHASED LOCALLY



OUR TOTAL MATERIAL MINED WAS 5.8 MILLION TONNES which was above plan.



WE ACHIEVED A 2% DECREASE in energy consumption from 2017 to 2018.



WE SURPASSED THE 1,000,000 MILLION TONNES PROCESSED MARK which was 16% higher than our 2017 performance.



WE RECOVERED 720,000 CARATS of diamonds.

Highlights	2018	2017
Operations		
Total employees (number)	713	610
Quantity of diamonds sold (carats)	683,594	706,208
Finance		
Revenue (million)	83.86	79.64
Equity(cents)	35.9	24.9

MESSAGE FROM THE CHAIRMAN

Our commitment to sustainability has been relentless over the years with 2018 having been no exception.

As a medium sized diamond business we are aware of the high regard and expectations society has of us. We use this to drive our actions, achieve results and deliver on our promises.

In 2018, we maintained a fatality free operation, however experienced two Lost Time Injuries (LTIs) an increase from FY2017 where no injuries were recorded. These unfortunate incidents led us to pay particular attention to employee reinduction, leader support and visibility in the workplace.

Our successes would not have been possible without the dedication and commitment of the fantastic people that work for us. We value our employees and continued to offer equal opportunities and attractive remuneration throughout the year. We remained a major source of employment in our communities and the country at large which saw us employ 713 people from 610 FY2017. Our attention to diversity and inclusivity remained persistent and the appointment of the first ever woman on our board was a demonstration of the seriousness with which we take gender and diversity.

We have a duty and are obligated to our current and future generations to ensure we leave society and the environment better. We recorded improved operational performance including surpassing the one million tonnes

processed indicative of the credible efforts towards our sustainability goals. In 2018 we joined the global Diamond Producers Association in order to benchmark ourselves globally and participate in all industry related discourse.

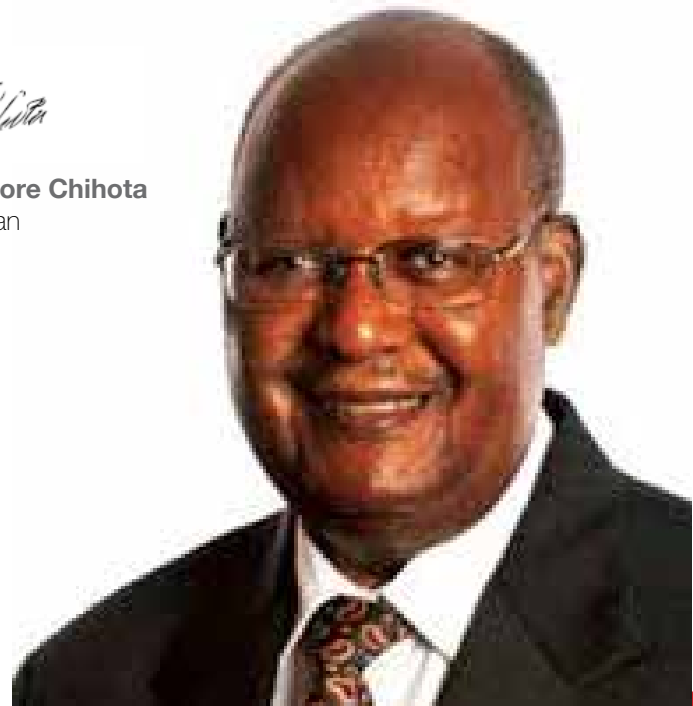
Exploration activities in the Masvingo Province at Sese resumed in a bid to explore growth options. As a responsible miner we took serious note of environmental concerns raised by communities at Sese. Urgent remedial action has been put in place to ensure all concerns were addressed.

In this report we give our readers and stakeholders an insight into our material topics each carefully identified by our business's sustainability champions using a consultative process.

I thank all interested and business partners for their support in 2018 and look forward to achieving even greater success in the year ahead.



Lovemore Chihota
Chairman



History Of Murowa Diamonds

In the early 1990s the Company conducted an exploration program in Zimbabwe focusing solely on diamonds. In 1997, this exploration came to fruition with the discovery of three diamond-bearing kimberlite pipes in the Murowa area.

Production from Murowa began in 2004. Its current name-plate capacity is approximately 1.2 million carats per annum of predominantly white, gem-quality diamonds.



1990

Initial exploration program began in Zimbabwe

1997

Three (3) diamond bearing kimberlite pipes discovered in the Murowa area

2004

Production commenced at our mine in Zvishavane

2000

- Feasibility studies commenced
- Pilot plant commissioned at Renco Mine

2009

We surpassed the 1.0 million carats (Mcts.) mark cumulative since Life of Mine (LOM)

2015

- We embarked on a brownfields process plant expansion study, code name "Project Sunrise"
- We surpassed the 3.0Mcts mark cumulative since LOM.

2017

We surpassed the 4.0Mcts mark cumulative since LOM.

2016

- Our processing capacity increased to 1.2M tonnes per annum (qualifying Murowa as a Tier 2 diamond mine.)
- We began Owner Mining after previously contracting out the activity.

2018

We resumed exploration of some key sites identified in the 1990's

Murowa Diamonds at a Glance

Murowa Diamonds is one of the leading diamond mines in Zimbabwe, we operate a 24 hour open pit mine situated in Ward 18 of Runde Rural District Council in the Zvishavane District of Zimbabwe. Our mine is in the heart of Chief Mazvihwa's jurisdiction. Our Operations are sorely based in Zimbabwe with the Headquarters located at Newlands in Harare. We unearth and process white gem diamonds

to meet the rising demand for this precious stone by consumers worldwide. The final diamonds we sell come out of an extensive production process. Our mining operations are conducted in a way that generates long term value to our shareholders while striving to make a sustainable and enduring positive impact to communities, employees and other stakeholders. The process below illustrates our diamond production flow:

Exploration

- Activities to find new viable ore deposits.
- Further define existing deposit.

Mining

- Involves excavation, drill and blast activities to unearth material which is loaded and hauled to the process plant.

Processing

- Crushing and Screening.
- Dense Medium Separation to produce a concentrate.

Sales

- Marketing and selling of diamonds.

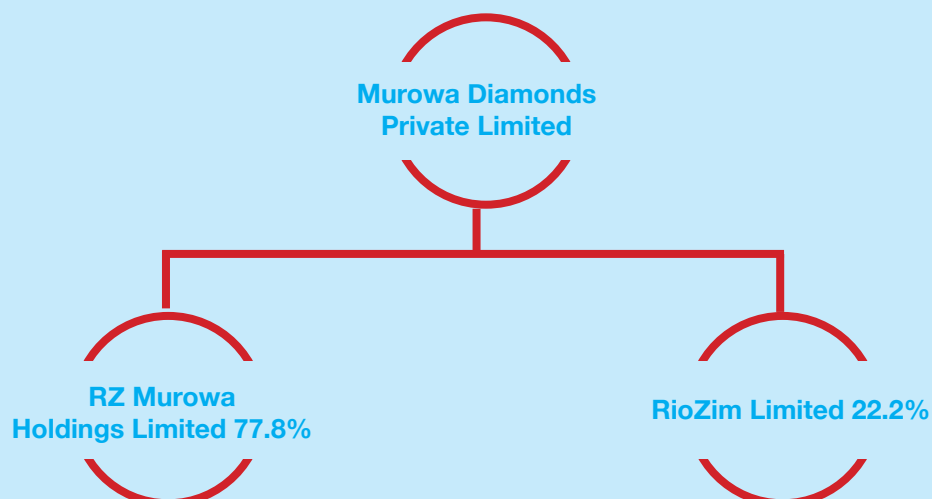
Sorting

- Segregation of stones into different value categories depending on size, shape, colour, and quality.

Recovery

- Obtaining diamonds from concentrate using x-ray technology and deep boiling to clean the diamonds.

Murowa Diamonds is owned in majority by RZ Murowa Holdings (77.8%) with independent mining operator RioZim owning 22.2% of the Company.



Our Markets

Murowa mine is endowed with valuable gems. Once brought to the surface, the story of these gems continues through the whole value chain from mine to market anchored on a strong culture of security and guaranteed unbroken chain of custody. This ensures that every recovered stone is accounted for until sold to the customer delivering value to intended beneficiaries.

Murowa rough diamonds are initially sized at our facilities in Harare then exported to Antwerp for onward sorting and selling to international customers at competitive prices and subsequently find their way to different parts of the world through Rio Tinto Diamonds (RTDnv)'s wide customer base and distribution channels delivering value to Murowa, the communities we operate in and the nation at large. In compliance with government legislation, 10% of our diamonds are extracted for selling within Zimbabwe to members of the local cutting and polishing industry through the Minerals Marketing Cooperation of Zimbabwe (MMCZ).

Our whole sales and marketing process is in alignment to the Kimberly process ensuring the elimination of conflict diamonds in our activities. During the reporting period, the local market was characterized by disparities between the US\$ and Bond note (local Zimbabwean currency) value and liquidity challenges which in turn affected the demand for Murowa goods. However, despite these challenges in the local market, Murowa is committed to playing a pivotal role in the future development of the local diamond manufacturing industry through supply of product for cutting and polishing as required by legislation.

Stakeholder engagements through productive dialogue with the MMCZ and other relevant authorities were intensified throughout 2018 to safeguard various services critical for the continuity and sustainability of the mine and the benefits it provides for its communities.

Building capacity for local sorting, sales and marketing

The local staff continues to benefit from RTDnv's wealth of experience and expertise. During the period, capacity development was mostly through extensive collaboration between Murowa Diamond's Harare office and RTDnv's Antwerp office.

Future plans are underway for RTDnv to offer onsite trainings in sorting and valuation to both Murowa and MMCZ sorting teams in Harare and conducting joint trips to major markets with both sales and marketing teams.

Local Diamond Beneficiation

Murowa ensured compliance to the government's national policy which requires all products to be cleaned to a specified minimum standard before export through the caustic fusion and acid cleaning facility at the mine.

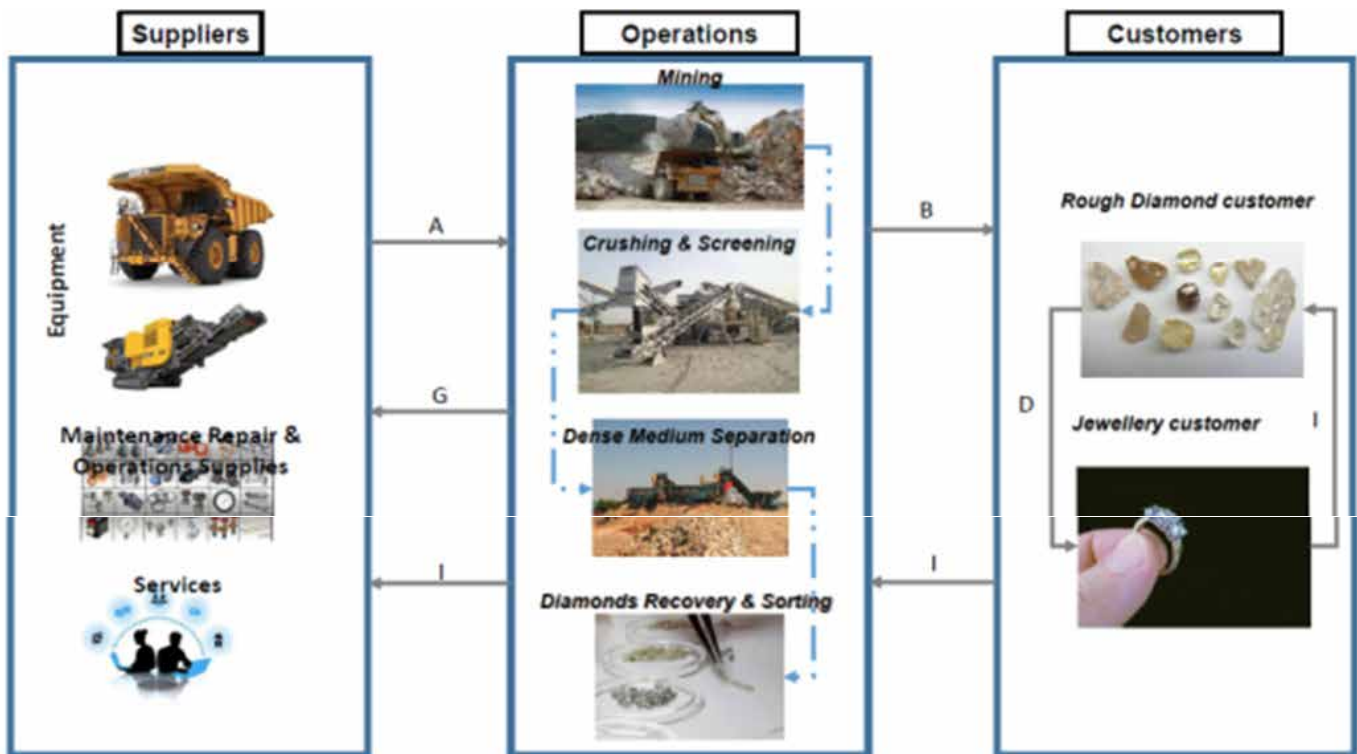
Murowa is thus part of the journey in building a viable and sustainable diamond manufacturing industry in Zimbabwe, anchored on sound fundamental business structures, ethics, principles and practices of the Kimberley Process Certification Scheme (KPCS).

Supply Chain

Murowa Diamonds operates with support of a network of supply chain partners in its operations. The network comprises of:

- a) suppliers of equipment, maintenance and repair and operations supplies/materials and services.
- b) operations comprised of four distinct processes supported by Procurement, HR, IT and Finance.
- c) customers - demand for diamonds both rough and polished or as final product in jewellery provide the need to manage production and ensure low cost production.

In 2018 our procurement spend was US44 million and 69% of our goods and services were procured locally. We procured goods and services in 2018 from 364 suppliers, of which 277 were local suppliers. Adherence to our strict health, safety and environment and social requirements is a pre-requisite to contract acquisition awarding. Our HSEC policy guides our risk management in operational matters. This policy covers our commitment to adopting a precautionary approach to environmental challenges. This assists us to reduce or avoid negative impacts on the environment.



Directors



Lovemore Chihota
Chairman

Independent Non-Executive Director
BA (Hons) Morehouse (USA)
Appointed: 2015
Other commitments:
Board Chairman of RioZim.



Bhekinkosi Nkomo

Non-Executive Director
AMP Harvard (USA), CA (Z), CA (SA), BSc Acc (NUST)
Appointed: 2017
Other commitments:
RioZim Group CEO.



Mustafa Sachak

Independent Non-Executive Director
BSc Chemical Engineering UCL (U.K), BSc Electrical Engineering Florida Atlantic University (USA)
Appointed: 2015
Other commitments: CEO Masawara Insurance (TA Holdings).



Ethel Kuuya

Independent Non-Executive Director
Business Analytics Wharton (USA), MSc Strategic Management Derby (U.K)
Appointed: 1 May 2018
Other commitments:
Founder Advisory K, Crans Montana Forum New Leader, Business Advisory Board Member for Boost Enactus, Founder Yambuko Trust.



Saleem Rashid Beebeejaun

Non-Executive Director
AMP Harvard (USA), Licence – ès Sciences Economiques (France)
Appointed: 2015
Other commitments:
Nonexecutive director Warwick Private Bank Ltd, Pembani Remgro Infrastructure Fund, MAREF Fund.



Gopal Krishna Jain

Independent Non-Executive Director
B.A. in Economics from Hansraj College (India), M.A Jurisprudence Oxford University (U.K)
Appointed: 2018
Other commitments:
Member of the Bar Council of Delhi and the Supreme Court Bar Association.

Functions of the Board

The Board is responsible and accountable for providing the company with effective corporate governance, direction and control. The directors have a duty to exercise leadership, entrepreneurship, integrity and judgment, based on transparency, fairness, accountability and responsibility.

All directors subscribe to the directors' duties as outlined in the Companies Act and Articles of Association, duties for which they are jointly and severally answerable. All directors carry full fiduciary responsibility, and owe a duty of care and skill to the company.

The Board is responsible for adopting a corporate strategy, major plans of action, and major policies, as well as the monitoring of the operation's performance. This includes identifying risks which impact on the company's sustainability, and monitoring risk management and internal controls, compliance management, corporate governance, business plans, key performance indicators, non-financial criteria and annual budgets. Furthermore, the Board shoulders the responsibility for fostering and managing successful and productive stakeholder relationships.

Board meetings

The Board meets at least once per quarter with additional extraordinary meetings convened per the notifications prescribed in the Companies' Act and Articles of Association.

Board committees

In order for the Board to discharge its responsibilities in setting strategic direction and providing leadership, the Board has established the following committees:

- Audit and risk committee.
- Remuneration and Nominations committee.

These committees enable the Board to make informed decisions by dividing the workload among its members. This allows more focus on different aspects of the business and to debate the issues raised more intensively, based on their areas of expertise. Committees then take their proposals and recommendations to the Board for approval.

These committees operate under Board approved terms of reference which are reviewed by the Board annually.

Board Audit and Risk Committee

Committee Chair: M. T. Sachak

Members:	Terms of reference
M. T. Sachak S. R. Beebeejaun B. Nkomo	The Board Audit Committee reviews the effectiveness of the risk management process, the appropriateness of financial controls, and manages assurance activities through internal and external audits. This committee is also custodian of the company's standards of business conduct and ethics, and ensures compliance with all the relevant laws of Zimbabwe.

Remuneration and Nominations Committee

Committee Chair: M. T. Sachak

Members:	Terms of reference
M.T. Sachak B. Nkomo E. Kuuya	The committee assists the board by reviewing and making recommendations in the following key areas: <ul style="list-style-type: none"> • Establishing performance objectives for executive directors • Benchmarking remuneration practices against both local and international best practice • Reviewing of performance and remuneration of executive directors and senior management • Ensuring the effectiveness of the succession planning and talent management process • Making recommendations to assist management to achieve established objectives • Making recommendations to the board on fees for non-executive directors.

Board Attendance

Director	Main Board	Audit and Risk	Remuneration and Nominations
L. P. Chihota	4/4	-	-
B. Nkomo	4/4	4/4	3/3
S. R. Beebeejaun	2/4	2/4	-
M T Sachak	4/4	4/4	3/3
G.K. Jain	1/4	-	-
E. Kuuya	3/4	-	2/3

*- : Director not a member of this Committee

Corporate Governance

The Board is conscious of the role that corporate governance plays in the delivery of sustainable growth, and fully supports the highest levels of governance standards by ensuring that compact and sustainable governance processes and structures are in place. The Board is committed to our corporate values and:

- Recognizes that compliance with legal requirements is not always enough.
- Integrates our sustainable development strategy into business planning and reporting processes.
- Publicly reports our activities and performance.
- Is accountable for the process of risk management, internal audits and controls including external verification in our business processes.
- Ensures a disciplined and integrated approach to the economic, social and environmental aspects of our activities.
- Maintains best practice systems.
- Performs audits of processes, functions, systems and resolving identified weaknesses.
- Ensures that the business interacts with local communities in a manner that respects traditional cultures and laws.
- Provides resources for the training of all employees on our business code of ethics and acceptable practices.



Senior leadership team

Our experienced management team establishes and implements the company's strategies, plans, and policies:

1. Manit Shah- Chief Operating Officer (COO)
2. Masimba Nyamhunga – General Manager
3. Islam Chipango – Vice President Human Resources and Administration
4. Brian Ward – RioZim Group Head of Security
5. Olivia Dzawo – Senior Manager - Health, Safety and Environment & Projects
6. Tafadzwa Gova – Finance Manager

'The Murowa Way'

We maintain our good reputation through remaining committed to stakeholder engagement and sustainable development with continued focus on the socio-economic improvement of our communities and ultimately Zimbabwe.

Successful operation of our business requires good governance, whether it be complying with legal requirements or engaging with our stakeholders to understand their expectations in relation to our business.

Risk Management

Risk management is a fundamental part of the company and is at the centre of company activities.

This means a culture in which risk management is embedded in the daily management of the business.

A risk-based approach is applied as a fundamental part of strategic and operational planning. At operational level, line managers are fully responsible for the processes and all risks under their control. The risk management processes and systems are in line with internationally recognized best practice, and are able to evaluate all internal and external forms of business risk.

The Board acknowledges its overall responsibility for the process of risk management, as well as for reviewing its effectiveness. Executive management is accountable to the Board for designing, implementing and monitoring the process of risk management, as well as integrating it with the company's day-to-day activities.

'The Murowa Way' encapsulates Murowa's principles and code of ethics applicable to all our business partners. It helps ensure that our people reflect in their daily work the high standards and values we share. The business' operations are driven by our values.





Value Creation

The company remains committed to the objective of increased shareholder value by developing and growing a business that is consistent with its risk appetite and through building more effective risk management systems. Due care and diligence is key for all financial and non-financial decisions taken. The result of value creation has yielded results with increase in sales revenue and Asset base in 2018.

Protection of our reputation and Assets

A strong reputation is a valuable asset to the company. Through managing and controlling the risks incurred in the course of conducting business, the company protects its reputation. This means avoiding large concentrations of exposure of all kinds, as well as business deals that could represent tax, legal, regulatory, social, environmental or accounting risk.

As part of the fraud awareness and prevention program, the company makes it mandatory on an annual basis for its 'high exposure' employees to declare their business activities and offer full disclosure to enable conflict of interest assessments.

Financial statements

The directors are responsible for monitoring and approving the financial statements in order to ensure that they fairly represent the company's affairs and the profit or loss at the end of each financial year.

Company secretary

The company secretary, Zanudeen Makorie, is suitably qualified and has access to the company's resources to effectively execute his duties.

The independent auditors are responsible for expressing an opinion on the fairness with which these financial statements represent the company's financial position. The financial statements are prepared by management in accordance with International Financial Reporting Standards (IFRS) and in conformity to the provisions of the Zimbabwe Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI): SI 33/99 and SI 62/96.

Independence of external auditors

Independent auditors Ernst and Young audit Murowa Diamonds' annual financial statements whilst KLM CA (A Correspondent of Mazars) audited this Sustainable Development Report.

The company believes that the auditors observe the highest level of professional ethics and has no reason to suspect that they have not acted independently from the company. The Board Audit and Risk Committee has confirmed the independence of the external auditors for the reporting period.



Internal audit

The company obtains internal audit from the RioZim Group Internal Audit Department. The Internal audit department performs an independent appraisal with the full cooperation of the Board and management. Internal auditors have the authority to independently determine the scope and extent of work to be performed.

The objective of an internal audit is to assist executive management with the effective discharge of their responsibilities by examining and evaluating the company's activities, resultant business risks, and systems of internal control.

Assurance

It remains Murowa Diamonds' key mandate to undertake business with integrity, honesty and fairness at all times, building from a foundation of compliance with relevant laws and regulations and international standards.

Concurrently business must be in line with various RioZim Group and Murowa Diamonds' guidelines on leading business practices.

Various external assurance and verification processes are conducted throughout the year on much of our work.

- Ernst and Young (external audits)
- KLM CA (A Correspondent of Mazars)
- Environmental Management Agency of Zimbabwe (EMA) (Environment)
- Institute for Sustainability Africa (Sustainability Advisors).
- National Social Security Authority (occupational health and employee welfare)
- Ministry of Labour and Social Welfare (employment)
- Zimbabwe National Water Authority (water abstraction and discharge quality reviews)
- Ministry of Mines (compliance verification in respect of mining operation-related acts)
- Ministry of Finance (compliance verification in respect of finance Bills)
- Zimbabwe Revenue Authority (compliance in respect of the tax acts)
- Radiation Protection Authority of Zimbabwe (RPAZ).

Memberships, Certification and Compliance

International



Since 2003



Since 2008



Since 2018

Local



Since 2003



Since 2003

Our Model

Our commitment to sustainable development has remained relentless since mine inception in 2004. We have incorporated sustainability into our business strategy which is driven by operational successes, progress towards an environmentally friendly operation and prioritization of the wellbeing of our people. We place equal value on our community relations as society has a vested interest in the success of our business and can easily impact our bottom line. Our overall sustainability efforts are supported by strong governance structures.

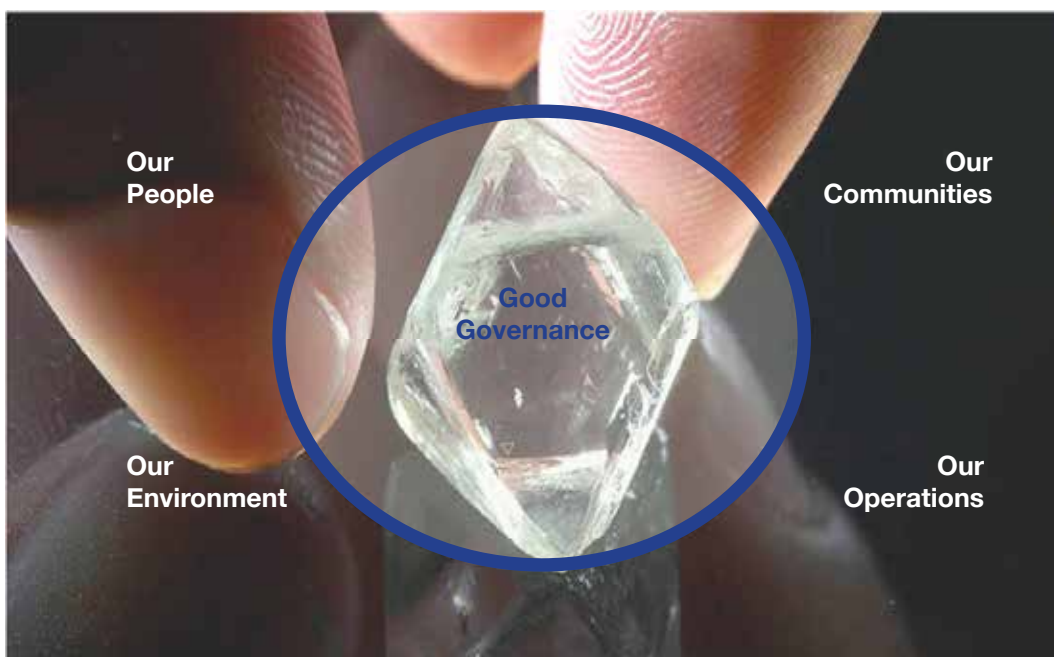
Sustainability Governance

The Board has the primary role of ensuring the company operates sustainably. It achieves this role through delegating responsibility to the audit and risk committee and ultimately the General Manager. The General Manager is supported by a team of sustainability champions who have a responsibility for the day to day management of sustainability issues.

Material Matters

Our reporting practice is guided by the GRI standards which requires us to be transparent about the topics that have significant impact on our business and stakeholders. We continuously review our material topics every year. Key to the materiality process is the stakeholder engagement process.

The process requires us to accommodate the interests of stakeholders helping identify risks and issues pertinent to our sustainability performance.



Our stakeholders

Our key stakeholders are considered as those that have significant impact on our business. They include employees, communities, suppliers, government, regulators and civil society organizations.

They hold the keys to our social license to operate and hence it is crucial for us to strengthen our relationships with them.

At Murowa Diamonds we appreciate that in order for the business to succeed we need to continue to pay close attention to our stakeholder relations and provide a listening ear at every given opportunity.

Our relations are guided by a robust stakeholder plan which is implemented following an intensive stakeholder mapping exercise carried out at the beginning of every year.

Stakeholder group	Material Issues Raise	Action/Responses	Method of Engagement	Frequency of Engagement
1. Employees	Eroded salaries Accommodation Transport	Salary adjustments Village expansion Procurement of a bus	Works Council meeting Employee engagement survey Briefings	Quarterly Once every two years
2. Communities	Dust emissions Cracking of houses Water pollution Community investment decrease Employment opportunities	Measuring and monitoring Engagement of consultants and government Expressed commitment Local employment policy	Town hall meetings Engagement of traditional leaders and liaison committees	Monthly
3. Civil society	Complaints on the organizations impacts Competition for water with communities.	Engagement with Civil Society Organizations (CSO) and Government to map way forward Drilling of boreholes	Town Hall meetings	Adhoc
4. Regulators & Government	Compliance issues Payments of statutory fees Forex retention	Rectification of deviations Still under consideration	Face to face meetings Specific meetings	Adhoc

Our Approach to Materiality

Our material matters assessment for this report was carried out by our sustainability champions who are cross functionally represented. The process involved an analysis of common material issues selected through a desk top review of industry trends, business priorities and stakeholder feedback. The issues were then tabled through line management right up to executive management who gave the final sign off on all issues reported.

Material Topics:

Economic



- Economic Performance
- Indirect Economic Impacts
- Procurement Practices

Environmental



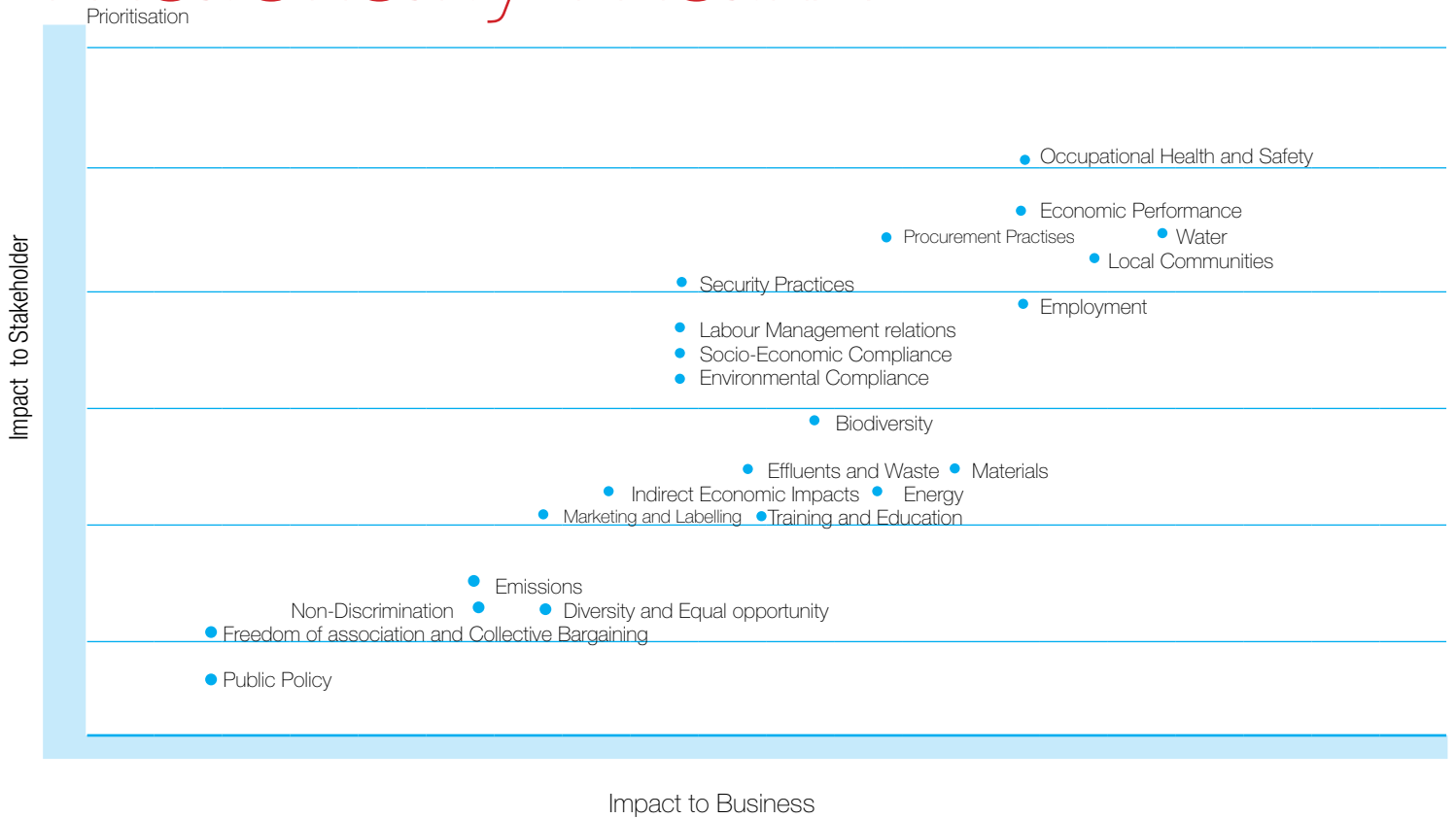
- Energy
- Water
- Biodiversity
- Emissions
- Materials
- Effluents and Waste
- Environmental Compliance

Social



- Employment
- Labour/Management Relations
- Occupational Health and Safety
- Training and Education
- Diversity and Equal Opportunity
- Non-discrimination
- Freedom of Association and Collective Bargaining
- Security Practices
- Local Communities
- Socio-economic Compliance
- Public Policy
- Marketing and Labeling

Materiality Matrix





Occupational Health and Safety

Murowa Diamonds runs a comprehensive Health, Safety and Environment Management System (HSE MS) which is premised on 17 management elements designed to deal with specific risks in various business areas.

Hazard Identification and Risk Management

Murrowa Diamonds utilises a three tier approach to Hazard Identification and Risk Management. This ranges from conducting pre-task risk assessments before performing routine work tasks to planned exercises covering entire departments or assigning loss of life scores to hazards associated with very high levels of risk that may lead to fatalities or loss of limb. The organisation identifies the Hazards/Aspect and Risk/Impacts associated with its activities, products and services. Hazard identification and risk assessment is carried whenever there are new activities and processes as well as for pre-existing activities and processes. They are carried out by all employees at all levels. The process is initiated with the identification of hazards and their corresponding risks in the respective work areas. All hazards and aspects related to the organisation's operations and products must be adequately understood and correctly prioritised in terms of their actual or potential impacts.

Level 1 Risk Assessment	Level 2 Risk Assessment	Level 3 Risk Assessment
<p>Pre-task risk assessments carried out before commencing low risk, routine and new tasks. Most tasks and activities carried out within the organisation are analysed using these two methods. A level 1 risk assessment may take the form of a Take 5, Hazard Identification Risk Assessment (HIRA) or Permit to Work (PTW).</p>	<p>Qualitative area based risk assessments conducted to identify imminent hazards for specific work areas and Similar Exposure Groups (SEGs). The identified hazards are recorded in departmental risk registers, which are compiled during the planning process and reviewed annually, or whenever new risks are introduced. The risk assessment is based on a product of maximum reasonable consequence and maximum reasonable outcome.</p>	<p>A quantitative risk assessment, which is conducted as and when necessary. It is conducted for risks that could potentially result in loss of life. A potential loss of life score is assigned to all identified risks in this category and a ranked risk register is compiled for all such risks.</p>

Incident investigation

All our incidents are investigated to a level of detail appropriate to the actual consequence and Maximum Reasonable Outcome (MRO) in order to find the immediate and root causes and contributing factors of the incident.

Various methods are used to gather admissible evidence in order to devise the appropriate corrective and preventive actions to ensure that the incident does not reoccur – both at the site of the specific incident and throughout the entire organisation, thereby reducing losses. In order to achieve this, corrective actions should aim at the highest possible level of the hierarchy of control, with the highest level being elimination of the associated hazards. It is important to ensure that corrective actions, once implemented, do not introduce any new hazards or increase employee exposure to risk.

Occupational Health Management Services

All employees and contractors are required to undergo pre-employment, periodical and exit medical assessments. These help to identify any occupational exposures to workplace stressors that can result in ill-health and mitigate through health intervention programs. Upon termination of employment or separation, exit medical assessments are conducted in order to assess any exposures to workplace during the course of their employment.



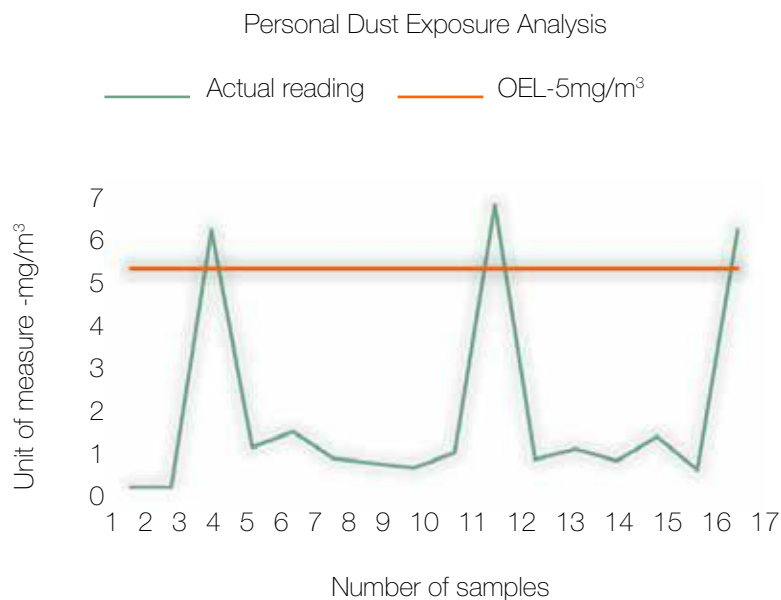
Table 1 shows the workplace stressors that are routinely monitored at set intervals and reported using various platforms:

Table 1: Occupational Hygiene Stressors

Occupational Hygiene Stressor/Exposure	Monitoring Parameters	Occupational Exposure Limit
Personal Dust	Inhalable Dust	10 mg/m ³
Personal Noise	Noise level in decibels(dB)	85 dB
Radiation Monitoring	Ionising radiation	20 mSv/year Skin Dose (41.7mSv) Deep dose (1.7 mSv)

Personal Dust monitoring

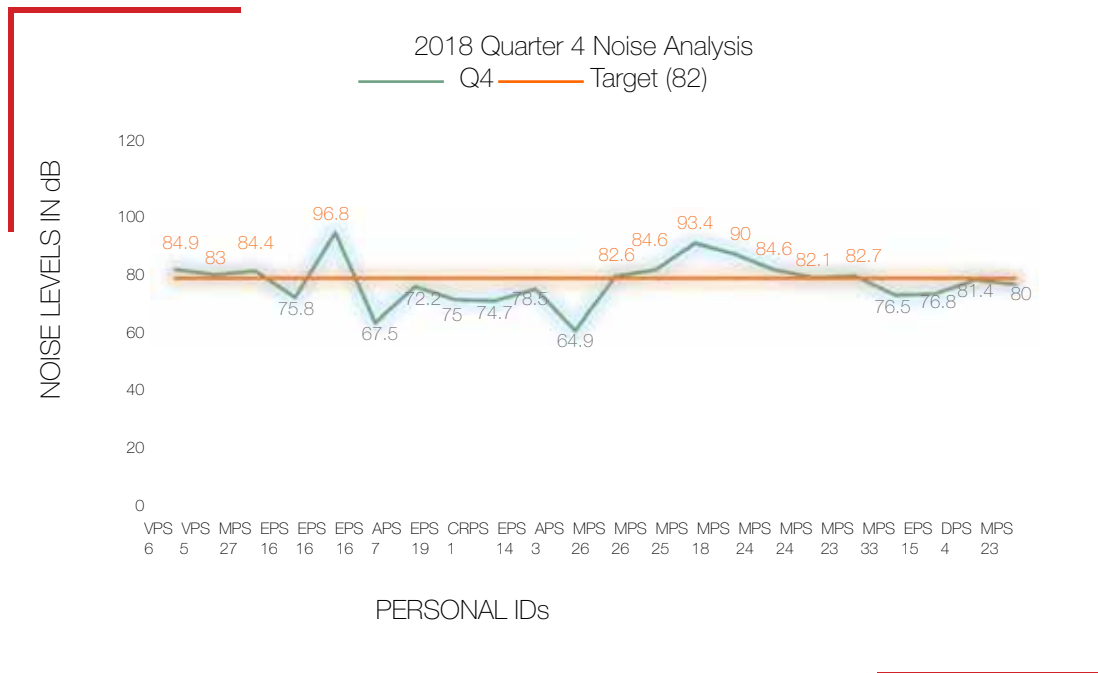
Personal dust monitoring surveys are carried out every two years by external service providers such as Technon International. This is in addition to internal monitoring which is carried out quarterly.



Employees whose readings were above the occupational exposure limit were informed and measures such as dust suppression and personal protective equipment (PPE) usage were taken to minimise dust exposure and ensure protection against its effects. These surveys are linked to periodical and post-employment medical surveillance.

Noise Monitoring

Monitoring is carried out using the Casella noise badge attached to individual employees who are allocated unique personal ID's as shown in the graph below.



Evaluation of systems and methods for managing exposure limits

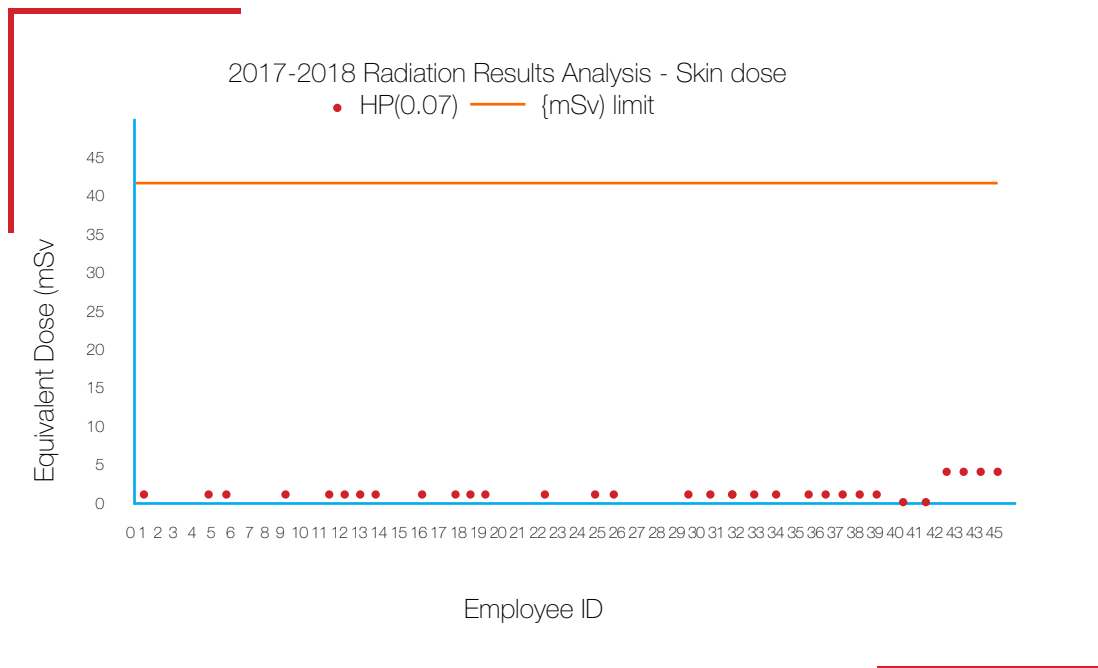
The methods employed by Murowa Diamonds for managing exposure limits are guided by the Southern African Institute for Occupational Hygiene (SAIOH), as well as the American Conference of Governmental Industrial Hygienists (ACGIH) and include:

- identifying occupational stressors through walkabouts and reports from employees;
- conducting routine and/or targeted surveys using regularly serviced and calibrated equipment;
- educating employees on the effects of occupational exposures;
- informing employees with exposure exceeding occupational exposure limits and mandating the use of personal protective equipment (PPE) for such employees;
- employing various control measures according to the Hierarchy of Controls (elimination, substitution, engineering, administrative controls, PPE) in order to reduce risk to As Low As Reasonably Practicable (ALARP)

The effectiveness of these methods is assessed through the use of the Health, Safety and Environment System (HSE MS). This provides for scheduling surveys, as well as reporting, interpreting and trending of results. In addition, routine audits are carried out – which are used to measure compliance to the set criteria and assess the impact of preventive and corrective measures. During the reporting period, no audit findings related to occupational health monitoring were raised, no breaches or penalties were incurred by the organisation and no occupational illnesses were detected in both current and former employees. This shows that the current systems and methods are suitable to the organisation's context and effective for managing exposure limits.

Radiation Safety

The requirements of the Radiation Protection Act mandates us to ensure radiation safety on site. As a result, the organisation liaises with the Radiation Protection Authority of Zimbabwe (RPAZ) the regulator to implement a radiation protection programme for all employees potentially exposed to radiation. Radiation risk at our workplace is controlled through using the radiation protection principles as stated under the Radiation Protection Act of Zimbabwe – reduction in distance and exposure time from the source of radiation for all employees and usage of shielding, as well as training and awareness and the use of signage. Radiation sources at Murowa Diamonds include a baggage scanner, density meters and X-ray machines for recovery of diamonds. Routine dosimetry monitoring has confirmed that there is no exposure beyond natural background radiation levels for all employees in such occupations at Murowa Diamonds as shown in the graph below:



Wellness Programme

In 2018 we continued to run a Wellness Programme to ensure the continued good health of all employees and contractors. The programme is open to all employees and contractors on a voluntary basis and provides a platform for tracking an individual's health status through routine wellness measurements and the provision of advice on health and wellness-related matters. The programme entails fatigue management; diet and nutrition; exercises and weight management; stress management and chronic diseases surveillance (hypertension, diabetes and asthma). Uptake has improved over the years due to an increase in awareness and health campaigns carried out. The number of employees who joined the Wellness programme increased by 37.4% in 2018. The launch of the Control of Incapacitating Diseases (COID) programme prompted a 360% increase in the number of participants for diabetes and hypertension check-ups from 20 to 92 people. The increase is largely attributed to campaigns by the Peer Educators who are also involved in conducting wellness measurements.



Percentage increase in wellness programme visits by year

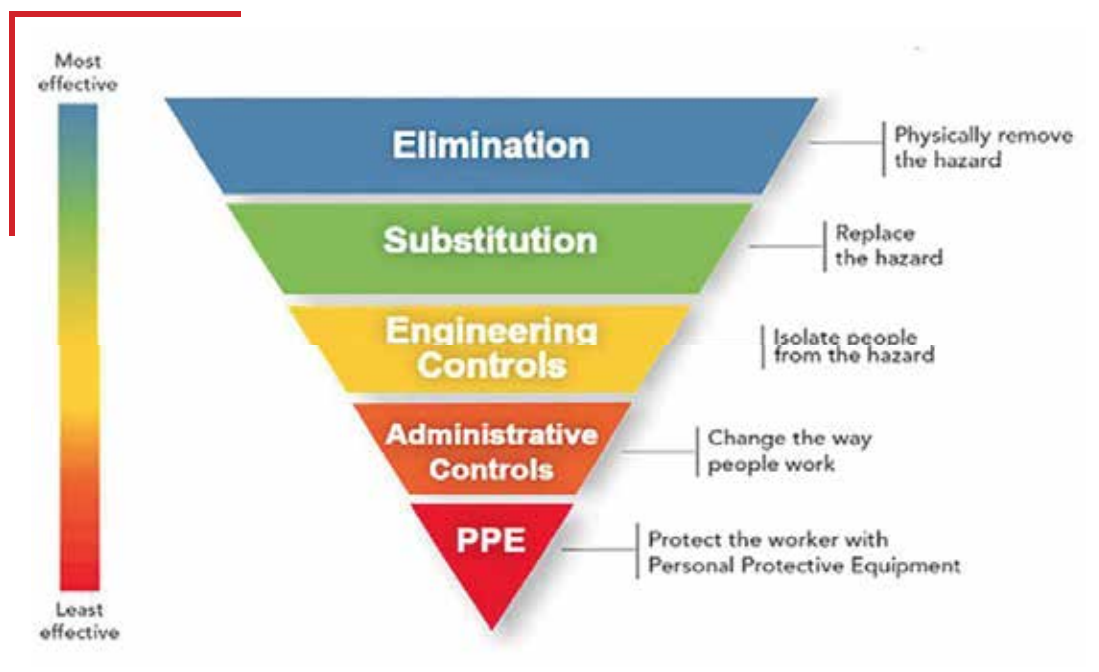


Training on occupational health and safety

Having competent personnel is key in meeting the requirements of the HSE management system and HSEC policy. This begins by ensuring that all people employed by an organisation possess the necessary competence required to carry out their function. Competence may come in the form of educational qualifications, training or from experience acquired doing the same or similar jobs. In addition to the training an employee already possesses before taking on their role, further training is a vital part of professional development. This is delivered after gap analysis identified during and after audits, due to changes in process or with the assistance of line management. Training may also be used to improve understanding of the organisation's HSE requirements and to reinforce concepts in order to ensure that employees carry out tasks related to their jobs in ways compatible with the organisation's HSE MS.

The desire to achieve Zero

Murowa Diamonds has taken a proactive approach in relation to prevention and mitigation of occupational health and safety impacts across the business. The main focus is to ensure ZERO Harm to all employees and this is only achievable through proactive hazard identification and risk mitigation. The business has operational controls which consist of documented processes, procedures and equipment that are in place in order to ensure that the risks and impacts identified as having the potential to impact Health, Safety and Environment (HSE) performance are reduced to As Low As Reasonably Practicable" (ALARP). Risks identified as having a residual risk of "high" or "critical" are managed through critical control monitoring plans (CCMPs), which are audited from time to time. The diagram below illustrates the hierarchy of controls:



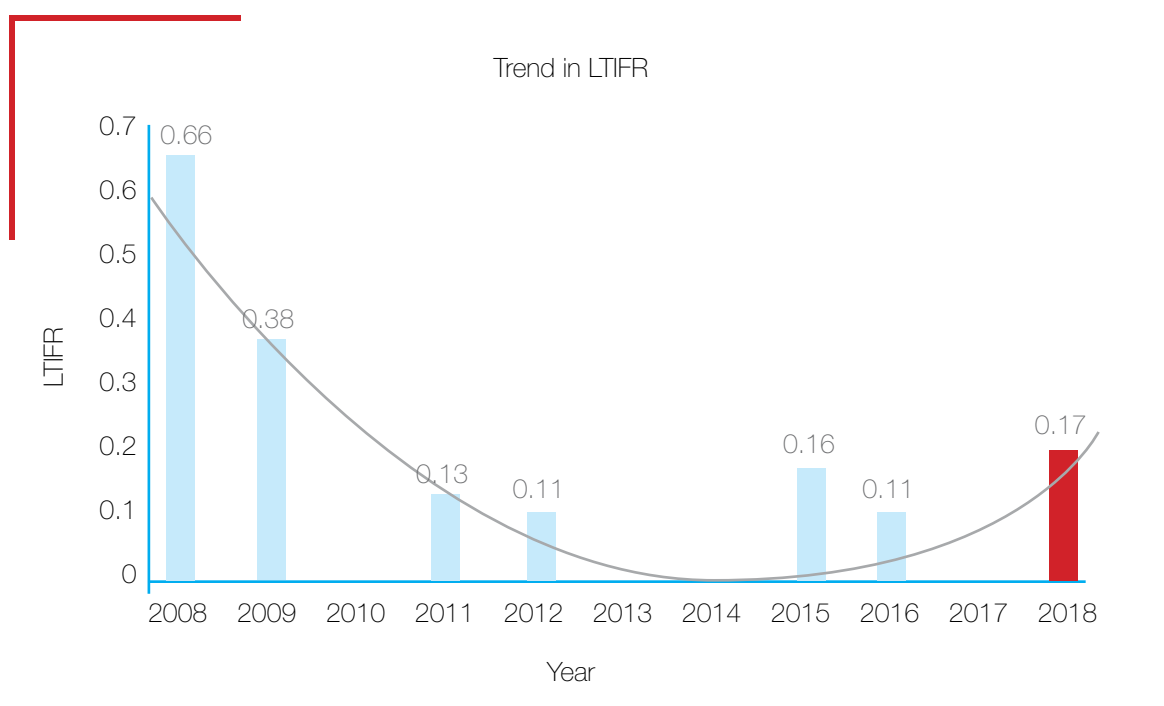
Managing Work-related Injuries

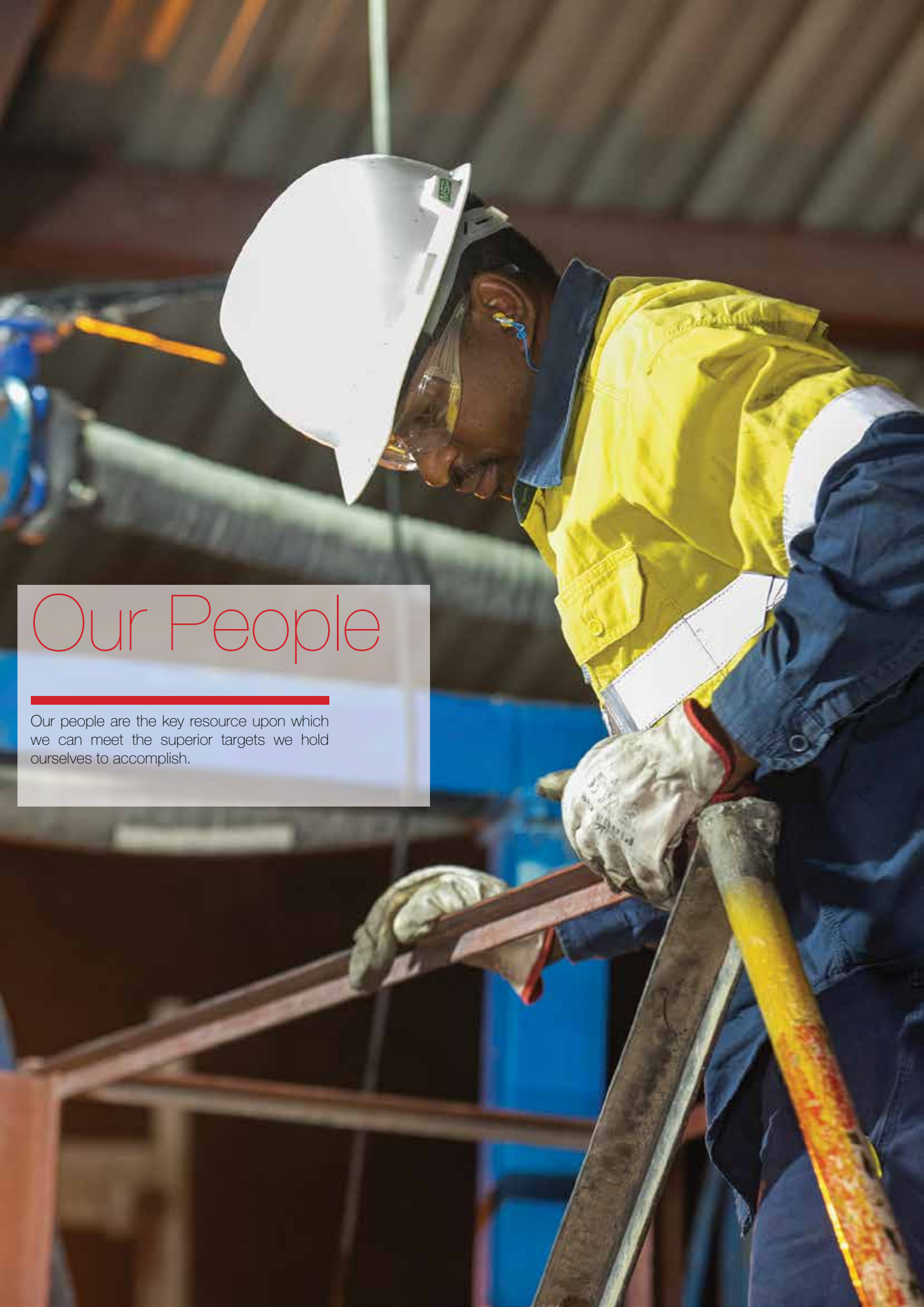
Category	2017	2018
Lost Time Injury (LTI)	0	2
Medical Treatment Case (MTC)	0	1
First Aid Case (FAC)	1	4
LTIFR	0.00	0.17
AIFR	0.00	0.26

During the reporting period, there was a marked increase in the Lost Time Injury Frequency Rate (LTIFR), which is an indicator of the number incidents which resulted in injuries. An assessment of these incidents was conducted – which indicated that the major root causes for these incidents were inadequate risk assessment and failure to follow laid down procedures. In response, the organisation put in place initiatives which will be implemented throughout 2019 to improve safety performance. These include:

1. Kiken Yochi approach to reinforce hazard identification, prediction and effective controls
2. REFOCUS program to uplift safe production and nip in the bud complacency
3. Fines and Breaches System to enforce compliance with legal and other requirements
4. Online HSE suggestion platform for contribution of ideas for continual improvement

In addition, the business will also join the global community in launching Vision Zero at an organisational level.





Our People

Our people are the key resource upon which we can meet the superior targets we hold ourselves to accomplish.

Our People

As Murowa Diamonds we take pride in our diverse and engaged workforce. We realise the importance of an engaged workforce providing an environment where every team member feels truly valued. In 2018 the turnover for our direct employees was 2.36%.

Employees can directly discuss any issues concerning their work experience with their Line Management. Further, there was engagement with employees at Works Council level during the year strengthening the employment relationship. Since commencement of operations Murowa Diamonds has not had any industrial action owing to continued engagement of employees at all levels. Third party company employees are key to our operations. We therefore require our contractor companies to observe minimum Human Resources best practices.

We strive to have a competitive remuneration packages compliant with the Collective Bargaining Agreement and performance related incentives. In 2018, our remuneration has been higher than the Mining Industry Collective Bargaining Agreement prescribed rates. The Murowa board approved the continuation of the productivity based remuneration in 2018 for all levels of employees.

In 2018 we had 713 employees, an increase of 21.5% from 2017. Of these, 70% were direct employees of Murowa Diamonds with the remainder 30% being Third Party Company employees. There was a significant increase in direct employees, reflecting the strengthening of the change of the business model to owner mining and owner drilling and blasting which was once done through a third party contractor.

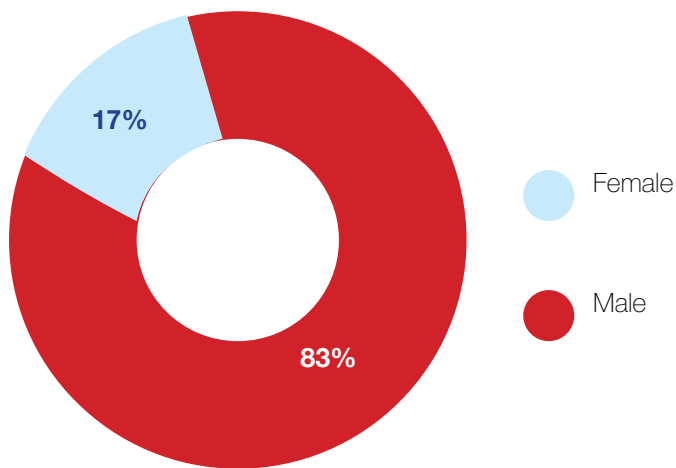
Employee Category	2018		2017
	Male	Female	Total
Total employees (Count)	591	122	610
Permanent	133	37	160
Direct Fixed Term Contractors	271	33	251
Trainees/Apprentices**	19	7	22
Indirect Contractors**	168	45	177

**Direct Contractors: Employed directly by Murowa Diamonds on fixed term contracts

** Indirect Contractors: Employed by companies contracted by Murowa Diamonds

Gender Diversity (FTE)

In 2018, 17% of our total employees were females



Gender & Local Employment	2018		
	2018	2017	% Change
Total employees (Count)	713	610	16.89%
Male employees (Count)	591	494	19.64%
Female employees(count)	122	116	5.17%
Local Community employees	307	277	10.83%
Other	406	333	21.92%

Beyond the legal provision of 98 days maternity leave, the company allows additional 90 days paid breastfeeding leave for direct female employees based at the mine.

The Senior Leadership Team of five is represented by one female (20%)

Case Study

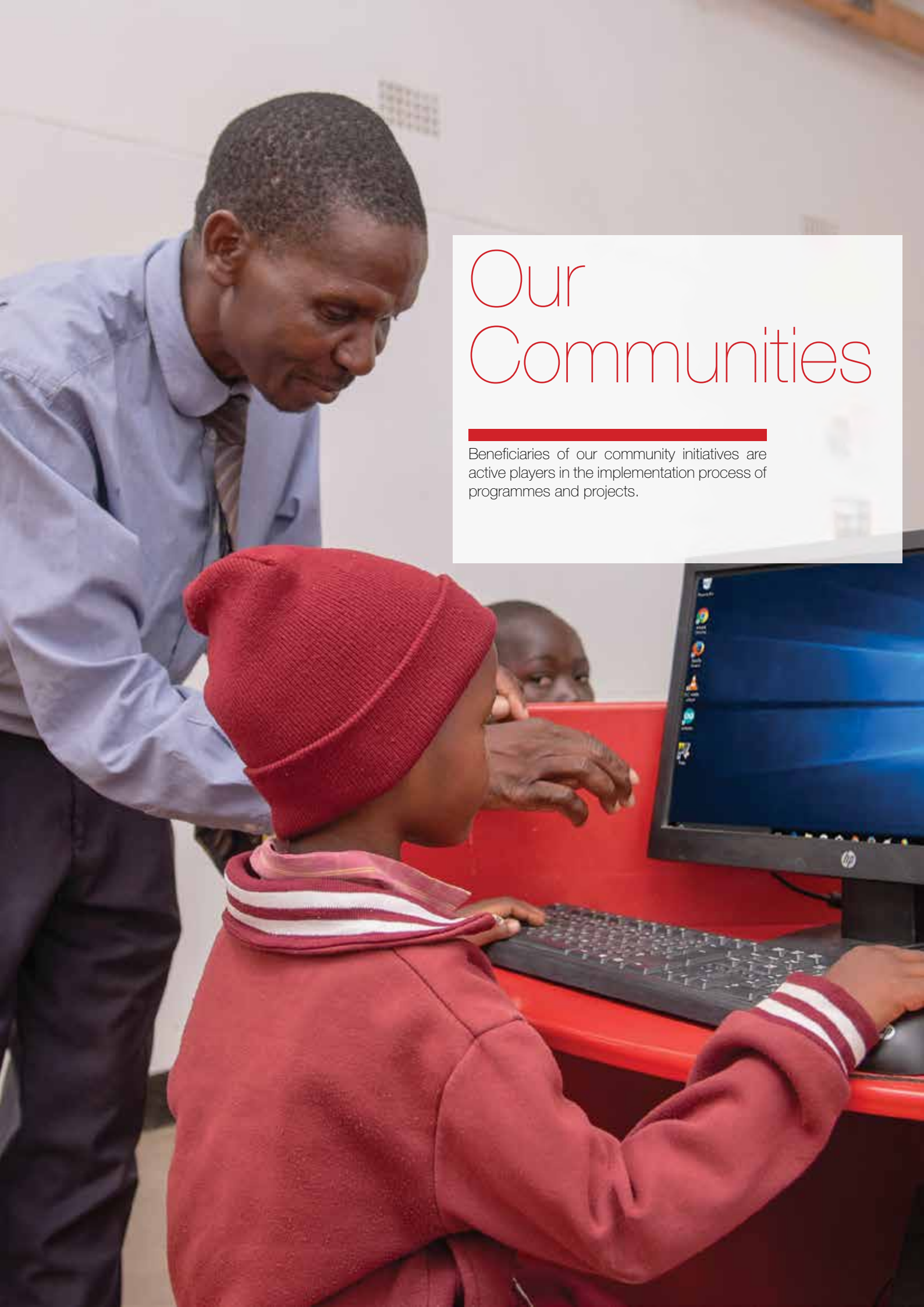
Women challenging the status quo and thriving

The Mining industry has been traditionally male dominated. However, not for Vongai Zitsenga who has delivered consistently in her role as a Mining Production Foreman. Vongai joined Murowa Diamonds in 2016; a pivotal period in the history of the company as there was a change of the business model from contract mining to owner mining. Initially, she joined on a fixed term contract. Having proven herself, she was eventually appointed on a permanent basis on 1 February 2018.

"I have always had a passion for being in an operational mining role. I was the first female employee in a supervisory role in Mining Production at Murowa Diamonds." Prior to joining Murowa Diamonds, Vongai had working experience in the diamond mining industry. "Despite my prior work experience in the mining industry, coming to Murowa could not have been at a better time." The transition from contract mining to owner mining meant more focus was on the performance of the Mining Department. Furthermore, there was an influx of new team members within a short period of time in the department from various backgrounds. "As the Production Foreman in charge of a shift of 32 team members, you have to be fair and firm and ensuring you take care of the safety and manage team dynamics and deliver on the set targets" A holder of a diploma in Mining, Vongai is currently studying for a Degree in Mining Engineering with a local university. She also holds the statutory Full blasting licence, the highest such requirement.

The road has not been smooth though for her. "Not many people were convinced with my choice to study Mining. This shows the need for more mentorship, positive female influence and success stories in the industry to encourage more women to pursue careers in Mining. For my Mining Engineering studies, I have been able to benefit from the Study Assistance Policy"





Our Communities

Beneficiaries of our community initiatives are active players in the implementation process of programmes and projects.

OVERVIEW

Murowa Diamonds is located in a dry, remote area with many socio- economic needs, lack of infrastructure and job opportunities which have all led to high expectations and demands. As a result we recognize that Sustainable Development programming is an integral component of our business and to this end we have voluntarily invested in impactful development programmes since the inception of our mine in 2004. All our community interventions are guided by our Health, Safety, Environment and Communities (HSEC) Policy.

Central to our sustainability efforts is the alignment to the United Nations Sustainable Development Goals. Beneficiaries of our community initiatives are active players in the implementation process of programmes and projects. Testimony to this assertion is our project identification process which is carried out through interactive engagements with community members to ascertain their development priorities. This ensures communities are empowered to become self reliant and custodians of their own development.

In 2018 the boundary of our developmental programmes extended from supporting communities at Mutambi, Mhototi, Murowa, Indaba (Zvishavane District) and Davira (Chivi) to include Sese (Chivi) where the Company resumed exploration activities. Programmes focused on capacity building/skills transfer, business development/economic empowerment, community health (HIV/AIDS), education and infrastructure development.

Our community relations policy firmly states that:

- Communities participate in any project before we can partner in its implementation and thereby eliminating any dependency syndrome and yielding sustainability
- We work through Community Relations Committees and provide a listening ear to community priorities and undertake projects agreed upon by both parties
- No programme is imposed by us, allowing for a successful joint ownership of all projects.
- Long term sustainability vs short term relief
- Communal benefit as opposed to individual benefit.

Our Community Investment programmes are premised on public-private partnerships (PPP). By working together in this way, we ensure that our social investment programs are not only targeted in the areas of greatest need but also that they are done in a way that is aimed at creating long term sustainable livelihoods.

During the year obtaining support for the resumption of exploration activities at Sese in Chivi was a key focus area. Although no formal discussion structures were in place the Company held various consultations at Provincial, District and community level. However the community complaints raised indicated there is need for intensive outreach programmes in order to get buy-in for the programme which, if successful, could bring the much needed development to Sese.

OUR 2018 IMPACT AREAS:

Education

Support for community education remained pivotal to our sustainability efforts during the year under review. We continued our interventions to support the beneficiaries of our Education Assistance Programme by paying their fees and sponsored the Zvishavane District prize giving ceremonies in celebration of achievements in the education sector.

The provision of improved learning environments including the construction of new classrooms, the supply of furniture and textbooks, teacher refresher courses and improved school administration remains an important focus of the Murowa Diamonds' educational development activities.

Building a Sustainable Road Safety Culture

According to the World Health Organisation (2015), Road Safety can also be described as the measures taken to reduce the risk of road traffic injuries and deaths.

Through our community consultative process we identified the risk of Early Childhood Development (ECD) learners (who tend to be very excitable) being prone to accidents on community access roads. Reckless motorists do not care how they drive past schools and

other community settlements. The volumes of traffic and speeds on community access roads has increased since we began operations. It was therefore important to model safe road behaviour and to encourage a shared commitment to road safety from an early age by tailor making a road safety programme targeting ECD learners.

Murowa Diamonds partnered the Traffic Safety Council of Zimbabwe in implementation of this program with the permission of the Ministry of Education. Gwemombe, Mhototi, Baradzamwa and Murowa Primary Schools where targeted for the initiative. A total of 366 ECD learners received practical training and were presented with reflective bibs for high visibility. The bibs were branded with safety messages and will be worn as part of uniform.

Running in tandem with the ECD training was a 'train the trainer' that will ensure the longevity of school road safety. To this end 26 instructors attended a two day Road Safety train the trainer course.

Road safety education improves knowledge of the road safety and provisions of the Road Traffic Act and Regulations.



Improved Food Security (Agriculture)

Partnerships: Community, government through the department of Agritex

Investments to date: seed, fertilizers micro-irrigation schemes, crop production, epiculture, agro-forestry, livestock enhancement (Heifer Project) and dip tank construction.

Our surrounding communities are located in natural region five with an average rainfall ranging between 450-600mm per year with very infertile soils. The region experiences erratic rainfall patterns with a number of drought years. Without specific interventions, community members staying in these areas realise negligible food reserves.

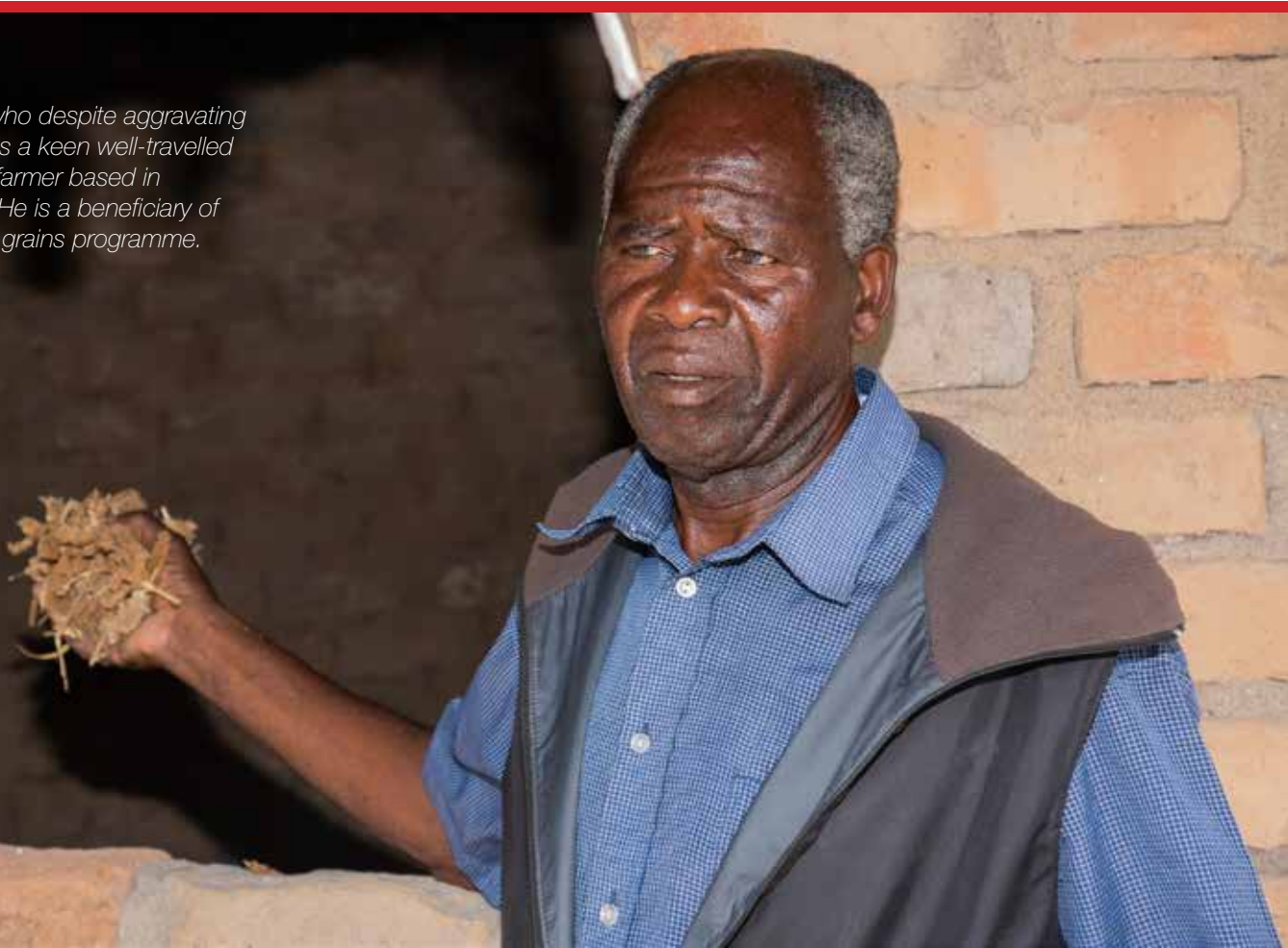
In 2014, Murowa Diamonds and permanent partner Agritex launched a programme that promoted the growing of small grains. The programme aimed at improving food security at household level through increased production of small grains which are suitable for dry areas

and have a better storage period. To ensure the sustainability of the programme, farmers were required to return twice the amount of seed for subsequent distribution to other farmers. At the beginning of 2018, the community took full ownership of the programme with Agritex providing technical expertise.

Despite initial successes, the programme suffered major setbacks due to a drought that caused large-scale crop failure in our surrounding communities posing a serious threat to food security.



Boas Mawara who despite aggravating circumstances is a keen well-travelled and respected farmer based in Murowa Ward. He is a beneficiary of Murowa's small grains programme.



Madododo Garden:

'Women are the backbone of the development of rural and national economies.

Madododo garden under Headman Madzoke, lies on 1 hectare of arable land adjacent to a community access road and nearby stream. 45 women belong to the cooperative which is one of the eight community gardens that currently supplies a variety of vegetables to the mine. The garden is a source of household income and nutrition. The cooperative has big plans including utilizing advancing water harnessing capabilities. The co-operative also markets its produce to individuals at household level.

While Murowa mine has been a major market for locally grown produce, efforts have been taken to ensure that the local community doesn't become too dependent on the mine as its primary market.

Supporting Self Sustaining Communities

Broad based economic empowerment in the form of business partnerships, employment, training, procurement and business development is one of Murowa Diamonds' key sustainable development program pillars.

Through the various economic empowerment initiatives Murowa has been able to contribute to the long term benefit of the region.

Economic empowerment is insurance for any rural community. In 2018 we continued to pay attention to local employment, local procurement, capacity building, skills transfer and strengthening of small to medium businesses. This is a very practical way of driving long-term employment and sustainability.

Ensuring SMEs are geared for the future

During the year we renewed contracts for all four SMEs that provide services to the mine. In addition a fifth SME was added to the suppliers of services to the mine. These SMEs were taken through a one day intensive workshop which helped them strengthen their operations. Their role in economic development, professional conduct, business ethics, quality service delivery, branding, communication, contractor, financial, HSE, human resource management and technology and innovation were interrogated during the one day intensive session. Mine professionals and subject matter experts facilitated discussions on the day. It is anticipated that the training will up skill the enterprises to promote market linkages, encourage innovation and professional conduct.

Murowa Diamonds continues to work to identify more community linked business opportunities. It has a deliberate policy of providing work contracts locally in the community, Zvishavane town and nationally.



Providing Sought After Employment Opportunities

Murwa Diamonds continues to be the largest employer in our communities, with 43% of the total labour force being recruited from communities provided they have the right qualifications and experience. It considers local employment as strategic and recognizes the importance of participation by the local employees in the mining industry outside of skilled jobs. Our deliberate local employment policy means that contract work is spread fairly across the community in order to militate against complaints and ensure each deserving community member has a chance of employment. It is also a way of sharing wealth in the community. A community committee and traditional leaders safeguard the selection and recruitment process. The policy has positive spin offs for many families, economically empowering them to be able to financially resource aspects of their lives.

Additionally these fixed term employees are exposed to the industrial revolution through their interface with mining technology, good governance systems, business processes and understanding of the diamond mining value chain. Before they begin work, candidates go through a thorough induction process that can last up to two weeks ensuring that they are health, safety and environmentally conscious before they begin work.

At the end of their three months contracts, recruits are armed with knowledge that can be used in a cross section of industries whilst providing us with a pool of candidates when permanent positions arise.

In 2018, community members at Sese benefitted from the employment opportunities after the resumption of our exploration activities. Individuals were employed to be drilling assistants a skill they can use anywhere in the region.

Rachel Marufu is a recipient of the mine's local employment policy that provides three months contracts. The mother of one has been able to support not only her daughter but extended family support and built a house.



Building a Skills Base for Future Generations

Factory Shell Becomes Operational

The Factory Shell infrastructure at Murowa Ward was established to incubate small businesses, provide training and ultimately become a commercial hub in the Mazvihwa and Zvishavane areas.

In March 2018 during a visit by the Parliamentary Portfolio Committee on Mines and Energy, the facility was officially handed over to the local community giving them full ownership. The immediate course of action was to set up governance and administration structures to ensure that the set objectives were met.

A constitution was drafted which outlined the following roles and responsibilities:

Factory Shell Board: The Board will have overall oversight of the Factory Shell operations. Members include traditional leadership. The Board will ensure the upholding of the community's trust and achievement of the objectives of the Factory Shell. It will not be involved in the day to day management of the Factory Shell.

Managing Company: A locally selected enterprise responsible for the day to day running of the Factory Shell.

Small to Medium Enterprises (SMEs):

Selected SMEs will be required to fulfill the objectives of the Factory Shell, which is to improve the livelihoods in Murowa Ward and training of people from the local community. The SMEs will be directly answerable to the Managing Company.

Murowa Diamonds: Having invested in the construction and tooling of the Factory Shell, Murowa Diamonds will have a vested interest in the success of the project. The Company will no longer be involved in the day to day running of the Factory Shell but will provide advisory services including the facilitation and interaction with other organisations that can help the institution grow. The Board, the Managing Company and the SMEs will provide quarterly updates to Murowa Diamonds.



Economic Empowerment

FACTORY SHELL CHALLENGES

- Teething problems to kick start the training of students
- Inadequate technical support to ensure real value is obtained.

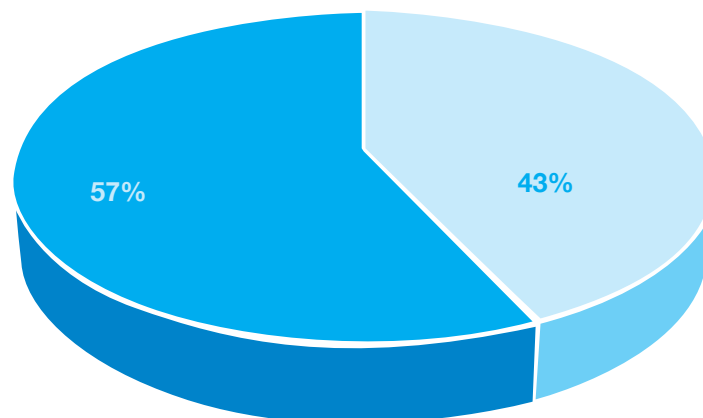
Going forward the forging of strategic partnerships will be essential in ensuring successful outcomes.

Murowa Diamonds takes pride in giving employment opportunities to the local communities

2018 FACTORY SHELL SUCCESSES:

- Constitution of a Board comprising of traditional leaders
- Selection of Makhov as the Managing Company to run day to day activities of the board
- 6 SMEs selected to operate in the Factory Shell
- Selection of 23 students to undertake a one year programme
- Companies and students taken through Security, Health, Safety and Environment and Engineering inductions carried out by professionals from the mine.
- Murowa Diamonds facilitated training for SMEs including the Department of Small to Medium Scale Enterprises
- Manufacturing of number of goods like building materials, animal drawn carts.

In 2018, 43% of the total employees were from the local Community. They were employed directly and by Third Party Companies.



The majority of 3rd Party Companies are SMEs that were formed from the local community.

■ Other

■ Local Community

A woman with dark, curly hair, wearing a white uniform, is looking down at a large stack of papers on a desk. She is holding a blue pen in her right hand. The background shows a wall with various posters and notices.

Improved Community Health

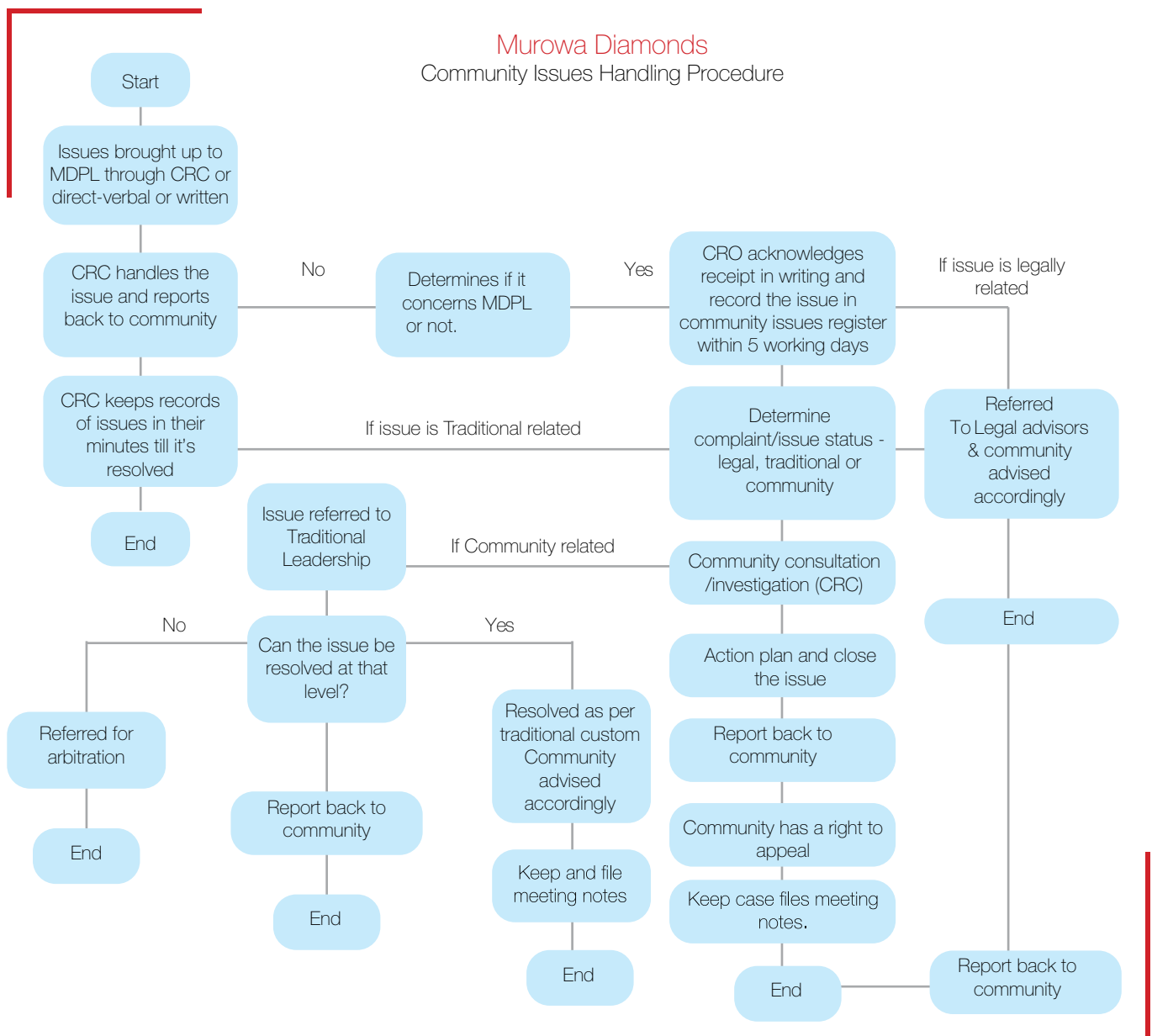
Murowa Diamonds upholds Human Health, Safety and Environment in high regard and endeavours to take a proactive approach to such matters even in neighbouring communities. Interventions continued in the provision of essential services that promote health, prevent diseases and deliver health care services to marginalized communities who ordinarily are unable to afford the services. In 2018, the company funded medical practitioner continued to provide medical surveillance and treatment at Murowa, Mutambi, and Vugwi and Gudo clinics all in the Mazvihwa area of Zvishavane District.

In September 2018, the business pro-actively responded to a national cholera pandemic by supplying a drug contingency to community clinics in our footprint as a precautionary measure. Fortunately no cases of the disease were detected in Zvishavane District. Community members participated in some of the Company's health promotion activities held in November 2018. The popular Mhototi Marathon not only fostered the good health and well-being of community members but was an essential building block for community relations.

Community Complaints/ Issues management

As per our Murowa Diamonds' communities standard we ensured that all communities and issues were handled as per our 'operational level' grievance handling procedure (flowchart below).

In 2018 seven (7) complaints were recorded in the company's complaints register. The majority of complaints were registered by community members at the Sese Exploration site as seen in the table (some complaints detailed in the Environment Compliance section).



In 2018 seven (7) complaints were recorded in the company's complaints register. The majority of complaints were registered by community members at the Sese Exploration site as seen in the table.

AGGRIEVED PARTY	GRIEVANCE	RESOLUTION
Madzoke Community – Murowa Ward	Community member alleged that road works by the company altered the drainage system causing a galley in their field.	The gully was reclaimed after a thorough investigation which determined that it was caused by heavy rains received in the area.
Sese Community Members	Some members claimed there was no initial meeting / engagement with the communities prior to commencement of operations by Murowa diamonds in the area.	Meeting was held with Provincial Minister, Ministry of Mines, District officials and local leadership.
Sese Community Members	A landowner who had previously given written consent for work on her field alleged she had not been consulted.	The farmer was reengaged in the presence of the Councillor, Headmen and the village head and matter resolved.
Sese Community Members	The workers compound at the school is perceived by the community members as inappropriately located, because of the hazards associated with the girl child.	The exploration site is a closed fenced camp. Murowa Diamonds is protective of human and child rights particularly the girl child. Company policy does not allow employees to interact with school children and officials outside work related activities. School authorities can confirm the above.
Sese Community Members	Community members alleged that exploration activities were drying up water sources.	Twelve boreholes were drilled. Six for community primary use and six for commercial purposes.
Sese Community Member	Community members felt the exploration site was unsafe and not adequately protected.	In addition to existing barricades, mesh wire was installed and physical barricades erected.
Sese Community Members	Community members were concerned about noise levels from drilling equipment.	A noise survey was conducted and results showed that levels were far below acceptable limit.

Security and Human Rights

The nature of the extractive industry requires us to uphold the highest standards of Human Rights.



We are aware of the broad context of Human Rights and as it relates to the industry. Our Security and Protection Services Department are the custodians of the protection of human and physical assets as well as our product. In doing so all Operators are well trained and very conscious of the potential impact their day to day operations may have on human rights.

Extract from Our Security Policy:

“The Murowa Diamonds Security and Diamond control policy aligns with the international Human Rights guidelines articulated in ‘The Murowa Way’, Personal Privacy and local legislation. By complying with these systems and following these procedures, we ensure that all our people and our product remain well protected in the interests of all stakeholders.”

SEARCHES

- These are conducted professionally, thoroughly and with due regards to dignity of the person concerned, regardless of status, religion, race or sex.
- Carried out by two operators of the same gender as the person being searched or by one operator and one Murowa Diamonds employee both of the same gender as the person being searched.
- 36,000 searches FY2018 and out of all these searches no infringements of human rights were encountered.

SURVEILLANCE

- The surveillance operator is required to be very familiar with Zimbabwean Legislation regarding surveillance and data protection as laid down in the Constitution of Zimbabwe with particular attention being paid to the fundamental Human Rights.
- Surveillance operators are required to understand the ethical use of surveillance system which must be used in a way that cannot damage the integrity of the professional reputation of Murowa Diamonds.
- In 2018, the surveillance department did not infringe on any privacy of individuals.
- No surveillance cameras are installed in our high risk area security search room.
- The recorded footage is kept for 30 days with strict confidence.

MINE LEASE PERIMETER

- If trespassers are found in the lease area and they resist arrest, security personnel should avoid the use of force to effect an arrest of the trespasser.
- No force was used by the department on any offenders during the year 2018 and whenever offenders are arrested they are handed over to the Police for further processing. We only assist police with information.
- We have a strong relationship with our community and we get much of our information and intelligence from it.

Our Environment

The Precautionary Principle

Murowa Diamonds is committed to managing all environmental aspects related to its operations in a manner that is planned, controlled, monitored, recorded and auditable. As a result, the organisation uses internationally acknowledged Environmental Management System (EMS) ISO 14001:2015 standard to which it has been certified since 2008. This standard provides guidance for the development and implementation of our integrated health, safety and environment management system (HSEMS) in a manner that is conducive to continual performance improvement. Our HSEMS is modelled on a risk based preventive approach, which begins with conducting an Environmental Impact Assessment (EIA) prior to any mining activity. The exercise identified significant aspects and impacts and an Environmental Management Plan was developed which outlines management controls for all the significant aspects and impacts. The Precautionary Principle is applied to the management of environmental aspects whose associated impacts may not be readily determined due to a lack of scientific evidence. This allows the organisation to avoid inadvertently causing harm such as climate change or downstream effects that may be difficult to foresee.

All aspects that may affect employees, visitors, contractors and/or the natural environment are assessed using a 5 x 5 risk matrix based on likelihood and possible consequence. All impacts are managed using the hierarchy of controls – elimination, substitution, engineering, administrative controls and personal protective equipment (PPE). Some of the specific measures used in the management of environmental aspects include greenhouse gas accounting, employment of energy saving initiatives, green procurement (used to assess a potential supplier's approach to health, safety and the environment), conducting pre-task and departmental hazard identification and risk assessments

(HIRA), limits on water withdrawal through water agreements with regulatory authorities, regular testing of effluent and drinking water for chemicals and minerals to monitor any changes that may be brought about by the mine's operations, waste management – including recycling, raising awareness on environmental issues and conducting biodiversity surveys.

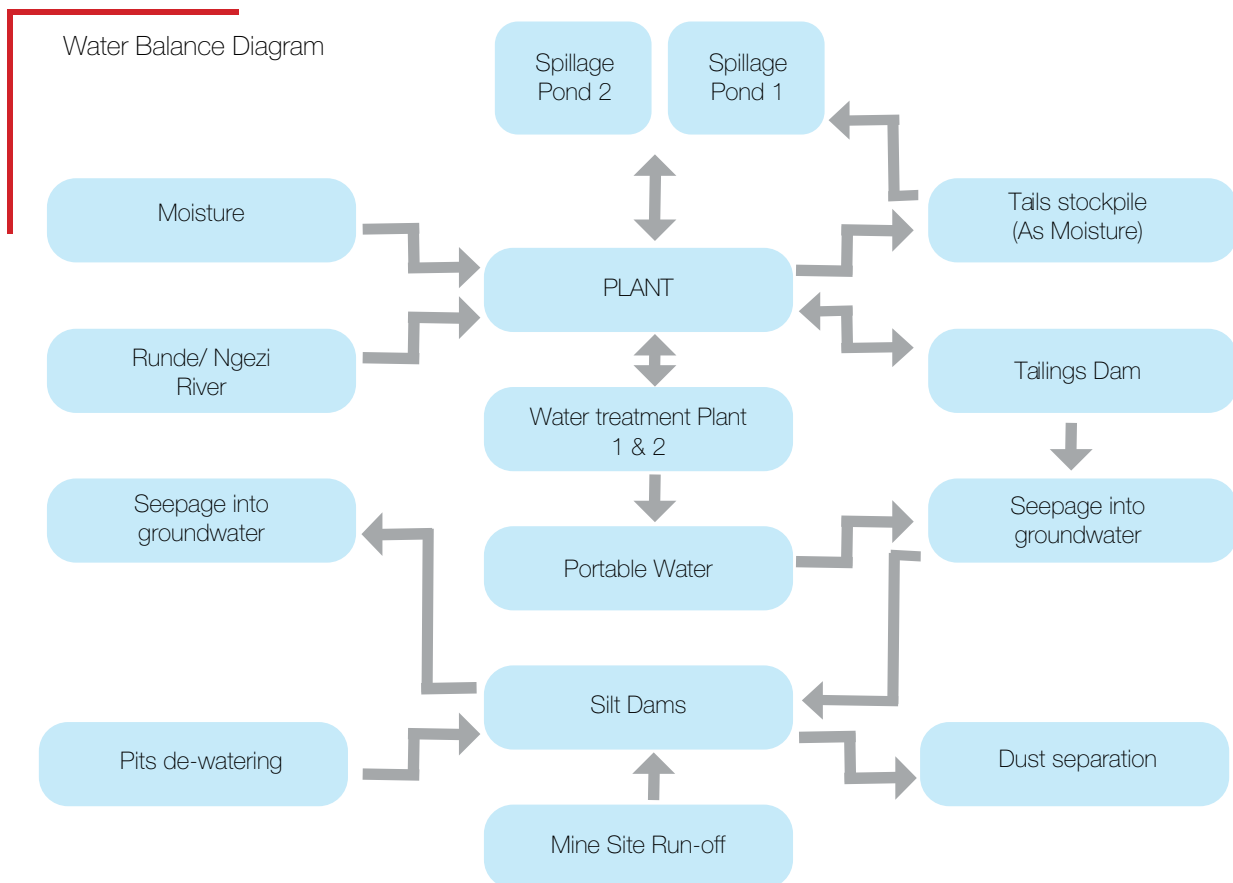
Water

“Diamonds processing is water based, hence water is an essential commodity in the business”

Murowa Diamonds Mine is located approximately 18km north (upstream) of the Runde River's confluence with the Ngezi River in Natural Regions IV and V, which are characterised by low and erratic rainfall and as such the area is classified as water stressed. Water therefore becomes a cross cutting issue and critical shared resource and potential source of conflict.

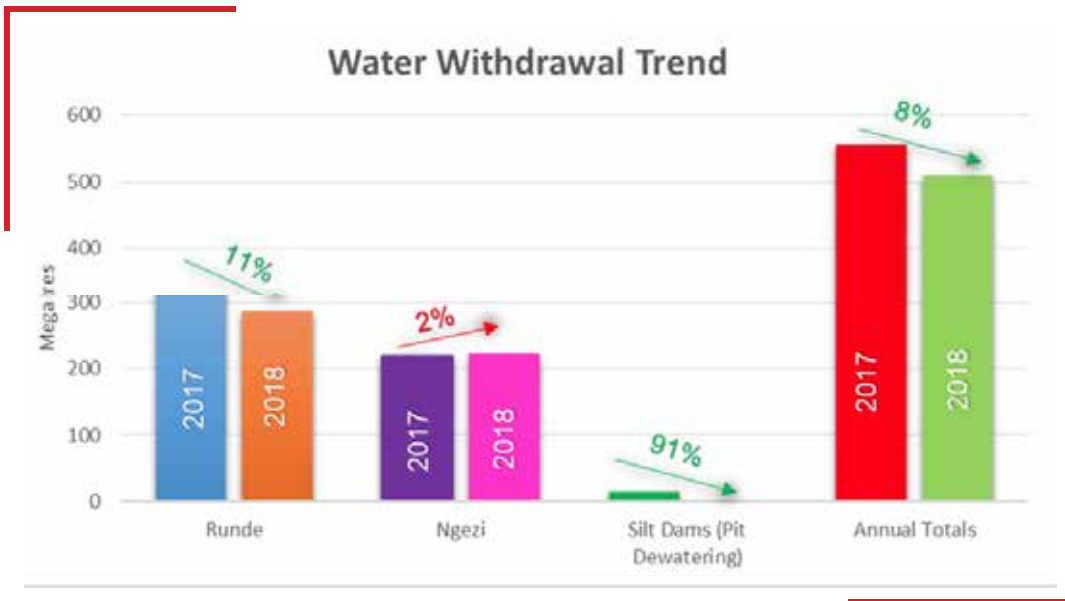
Management Approach

The mine being in a water stressed area and having a high demand for water for diamond extraction, the organisation has made reduction of fresh water (water from Ngezi and Runde rivers) abstraction one of its key performance indicators (KPI's). Thus the focus is on reuse and recycling of water from the tailings dam and pit dewatering. Annual fresh water consumption targets are set based on a combination of tonnes of ore expected to be processed, actual averages previously obtained, expected efficiencies in the planning period and the organisation's goals with regards to water usage. Water used within the mine site is contained within a closed loop system which prevents the discharge of excess water into the surrounding natural water sources.



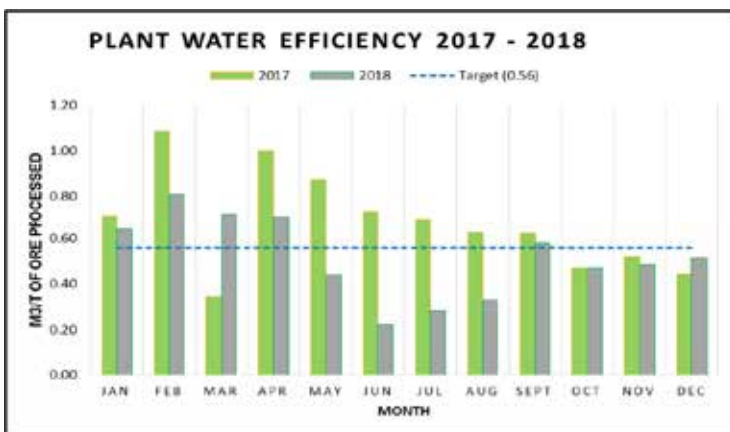
Our Performance

In 2018 the water efficiency average was 0.52m³/ton of ore processed which was an improvement as compared to 2017 which had an average of 0.67m³/ton of ore processed which translates to 23% water efficiency improvement. Water efficiency improvement is attributed to improved recycling efforts from the tailings sump and the spillage pond located outside the Process Plant hence minimising the raw water consumption. The diagram below illustrates water efficiency comparisons of 2017 and 2018.



Water withdrawal

The main water sources for the mine are the Ngezi and Runde rivers. Water accessed from the Ngezi River during dry months is released from a dam located approximately 200 kilometres upstream and then pumped to the mine site via a 14 kilometre pipeline. The business may access up to 800 mega litres from Ngezi and is allowed to store up to 3 500 mega litres of water in Runde weir. The business is currently withdrawing approximately 12.6% of the maximum volume allowed. In addition, ground water from pit dewatering is used for activities such as dust suppression in the pits and haul roads around the mine.



Key Sustainability Initiatives at the Process Plant

An overflow pond was commissioned in May 2018 to capture all process water flows from the plant for recycle and hence reduce demand on fresh water consumption. Subsequent positive impact on fresh water consumption from 0.61m³ of water/tonne to 0.50m³ of water/tonne of ore processed for 2017 and 2018 respectively.

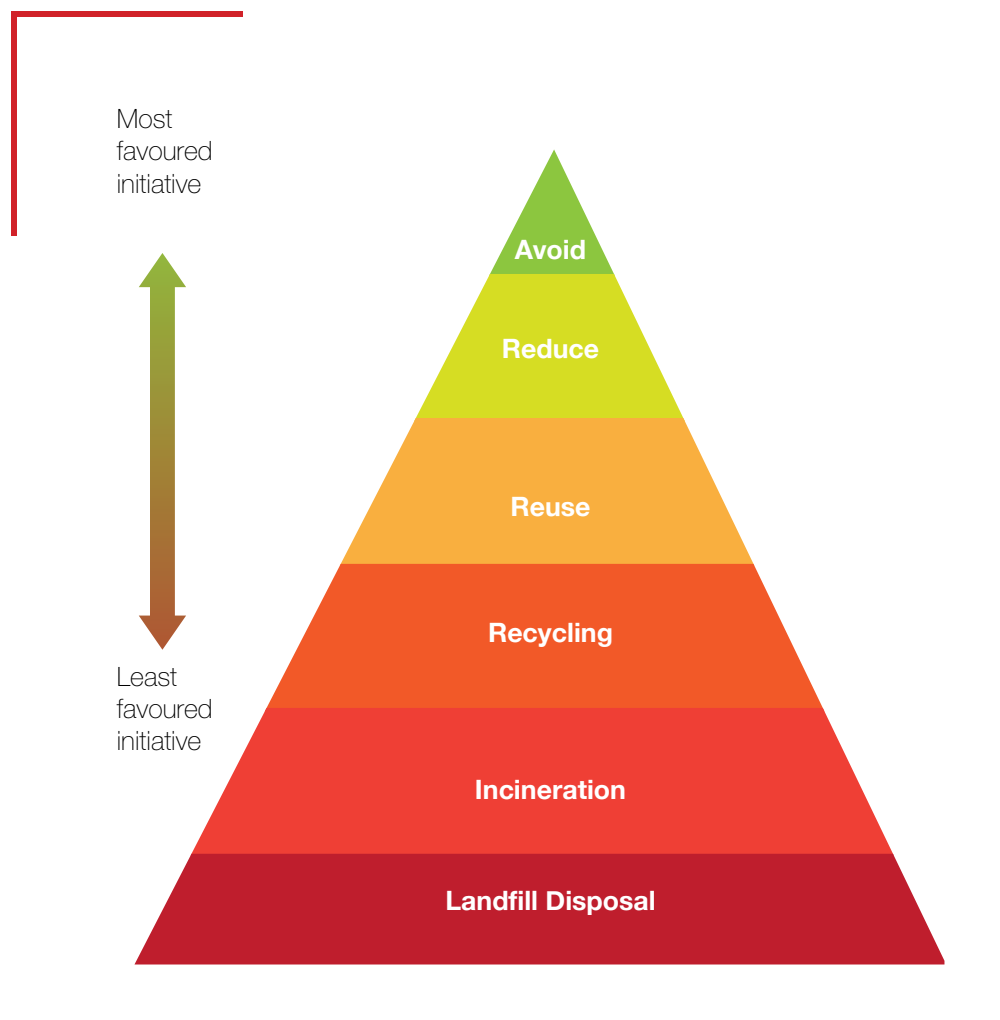
Waste Management

Management Approach

Various forms of waste are generated from business processes and activities, and thus Murowa Diamonds applies the waste management hierarchy illustrated below in order to successfully manage its waste following the Waste Management Plan. Murowa Diamonds generates Mineral and Non-mineral waste.

Mineral Waste Management

Mineral waste is generated from our three mining pits (K1, K2 and K3) and the Process Plant. Waste rocks generated from the pits are stockpiled at the waste rock dumps. Mineral waste from the Process Plant activities is split into coarse tailings which are stockpiled at the coarse tailings stockpile and process tailings/slimes which are stored at the tailings dam facility. Coarse tailings are stockpiled for future reprocessing in the Process Plant. Water is recovered at the tailings dam facility and recycled back to the Process Plant.



Rehabilitation

Waste rock dumps and tailings dam are rehabilitated to restore the natural environment that existed prior to the commencement of mining activities. Rehabilitation pilot studies were conducted at the tailings dam facility to ensure that at mine closure tried and tested indigenous grass and tree species are planted to support and restore the facility to a natural state that existed before establishment of the mine. Top soil from land clearance for mining activities and infrastructure development is stored separately so that it is utilised for rehabilitation purposes of the waste rock dumps.

Non-Mineral Waste Management

Waste segregation is one of the key areas in the waste management plan. Effective waste segregation ensures that all types of waste are properly separated and disposed of in an appropriate manner by licenced waste collectors. All waste is segregated at the mine site into five categories: plastic, ordinary paper, scrap metal, biodegradable and hazardous waste. Plastic, ordinary paper, cardboard and scrap metal is recycled through third parties, while hazardous waste is stored at the mine site in banded areas before disposal by incineration. Biodegradable waste is buried in a compacted clay lined landfill, while some is composted for landscaping.

Our Performance

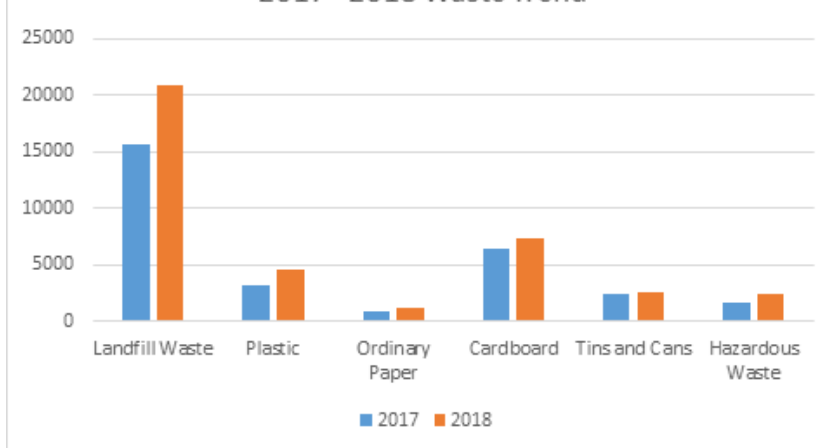
Mineral Waste Management

Process tailings/slimes deposited at the tailings dam from the Process Plant were 95 984 tonnes in 2018 as compared to 100 210 tonnes in 2017 which is a 4.2% decrease and improvement from the previous year. Waste rocks dumped at the waste dumps in 2017 had a volume of 2 242 225m³ as compared to 2018 which recorded a volume of 1 405 887m³ which translates to a 37.3% reduction in waste rocks dumped at the waste dumps.

Non-mineral Waste Management

There was 29% increase in total waste quantities in 2018 as compared to 2017. A major contributor was a 5 273kg increase in biodegradable waste sent to the landfill in 2018, which was attributed to an increase in the total number of employees. On a month to month basis waste sent for disposal to the landfill consistently remained below the legal limit (2000kg/month) for the entire year. 9.1% of the total waste collected in 2018 was recycled through third parties. New waste segregation bins were also created using old Ferro silicon (FeSi) drums and old oil drums were used to create waste bins which were donated to the local community for public use. Additional measures to reduce waste generation and increase recycled quantities will be introduced in 2019.

2017 - 2018 Waste Trend



Effluent Management

Management Approach

Effluent discharge is generated through various processes and includes sewage, process water, tailings dam discharge, water from pit dewatering and water used for cleaning both heavy and light vehicles. Different disposal methods are selected for each type of effluent, based on the hazards to employees, contractors, visitors and the local community, as well as impacts to the surrounding natural environment. All effluent discharge is analysed on a quarterly basis for parameters determined by the national regulator Environmental Management Agency (EMA), during the licensing process. Priority substances of concern for which effluent discharges are tested include: chloride, sulphates, ammonia, phosphate, oil and grease, iron and manganese. The results are communicated to EMA as part of the quarterly report compiled by the organisation. Any parameters found to be above the stipulated limits in a specific time period are investigated and a corrective action plan must be formulated based on the identified root cause.

Our Performance

The table below reveals the effluent discharge sources, disposal method, treatment methods, receiving water body and volume comparison for 2017 and 2018.

Effluent Discharge Source	Disposal Method	Treatment Method	Receiving Water Body	Volume (m3)	
				2017	2018
Process Water	Tailings dam	Filtration and sedimentation	Surface water (recycling pond)	1,285.3	551.9
Ablutions; Domestic usage	Septic tank and soak away	Anaerobic digestion; Attached growth system; Filtration	Groundwater	35,221	37,239
Pit dewatering	Silt dam	Filtration and sedimentation	Surface water	143,480.4m ³	234,749.2m ³
Wash bays	Oil separator and soak away	Filtration and sedimentation	Groundwater	126	126
Silt dams	Dust Suppression	Sedimentation	Ground water	66,850	58,350

Assessment of Performance and Management Approach

Assessment of performance is conducted through monitoring of Key Performance Indicators (KPIs) determined for each key parameter at the planning stage using the process approach. These KPIs are monitored through various methods, including daily Lean meetings, monthly performance reports, quarterly steering committee and annual management review meetings. These platforms provide a mechanism for assessing whether measured parameters are within legal and internal limits and targets, determining measures to be taken to correct any parameters which are outside of specified limits and assessing the suitability, adequacy and effectiveness of any such measures and the resources allocated to them. The outcomes of these processes provide insight on the effectiveness of the management approach being used by the organisation.

In 2018, the organisation saw a reduced number of repeat audit findings, all parameters were within legal limits, internal targets were largely met, no significant spillages (more than 20litres) occurred and no legal penalties were incurred. This shows that the management approach with regards to these areas proved to be effective, although there is room for improvement in terms of consistently meeting set internal targets for water and energy consumption.

Environmental Compliance

Through its HSEC policy, Murowa Diamonds is committed to ensuring compliance with all applicable legal and other requirements, as well as the organisation's own procedures, policies and work practices. The business is ISO14001:2015 certified and has maintained certification since 2008. Surveillance and recertification audits are conducted annually and every three years respectively by the certifying body. In order to ensure legal compliance, Environmental Management Agency (EMA) carries out quarterly inspections and the business is affiliated to trade associations such as the Chamber of Mines of Zimbabwe and Business Council for Sustainable Development Zimbabwe (BCSDZ) which provide best practice solutions.

The major legal statutes that bind the organisation are SI 109 – Mine Management and Safety Regulations, the Environmental Management Act and the Radiation Protection Act. Legal authorities and government agencies such as the Ministry of Mines, Environmental Management Agency (EMA), the National Social Security Authority (NSSA) and the Radiation Protection Authority of Zimbabwe (RPAZ) conduct legal compliance audits and inspections. Certain aspects of compliance, for example: noise and dust exposure, as well as effluent discharge are tracked regularly through monitoring and measurement activities. Applications for licences and permits are submitted at intervals specified by the regulatory authorities to ensure the organisation's continuing compliance.

Our Performance

The organisation did not receive any fines, sanctions, breaches and/or penalties from regulatory authorities during the reporting period and still strives to remain compliant with relevant applicable legal and other requirements.

Energy and Emissions

The hard nature of the ore resource requires the employment of energy intensive mining and processing methods to liberate the diamonds. Major energy sources in use are electricity and diesel fuel. Energy consumption is among the business' top four environmental aspects and consequently all employees are made aware of the impacts of inefficient use of energy and conservation measures are implemented and various activities performed to save energy and reduce the resulting GHG emissions. This diamond liberation process also encompasses the use of a variety of Greenhouse Gas (GHG) emitting inputs and outputs, which are classified as direct and indirect emitters. Direct emitters are as a result of combustion that takes place within the Murowa Diamonds operations, whereas indirect emitters are as a result of combustion that is not part of, but is influenced by the Murowa Diamonds operations.

Our Performance

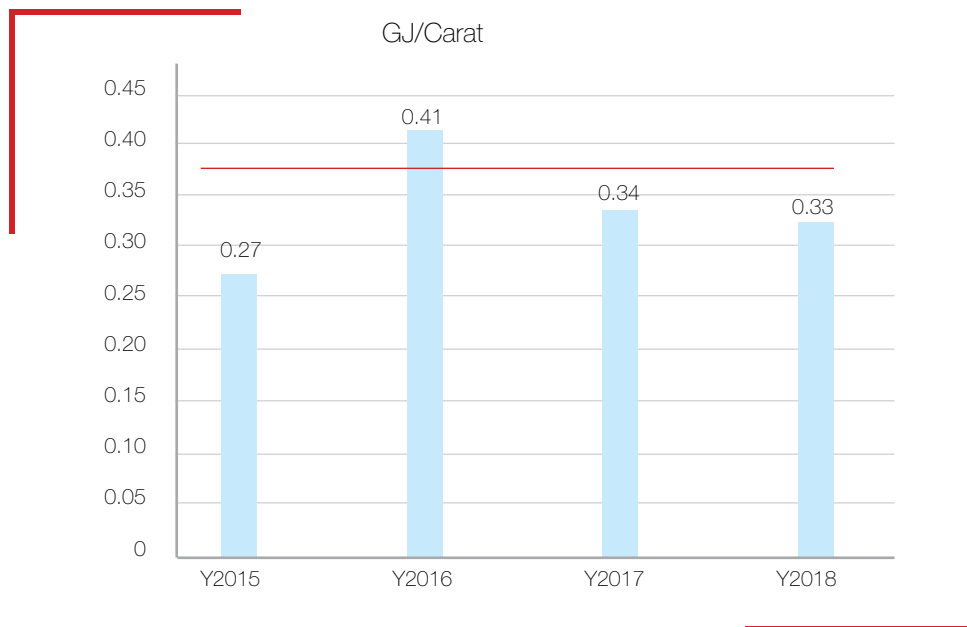
Energy Source	Classification	2017		2018	
		Consumption	Energy Value (GJ)	Consumption	Energy Value (GJ)
Diesel (litres)	Non – renewable	5,234,637.00	203,437.92	5,247,114.00	196,038.6
Jet Fuel (litres)	Non – renewable	120,335.00	6,714	71,773.08	2,677.136
Electricity (KWh)	Non – renewable	9,788,000.00	35,236.80	11,728,800.00	42,223.7
Total (GJ)		245,388.72		240,939.40	

**Conversion factors source: Intergovernmental Panel on Climate Change (IPCC), International Energy Agency (IEA)

The table above shows that there was a 2% decrease in the total energy consumption in 2018 as compared to 2017. Although electricity consumption increased by 20%, it only contributes 15-17% of the total energy consumption in comparison to diesel that contributes 82-84%.

GHG Emissions

The GHG of focus for this report is carbon dioxide (CO₂) gas measured in tonnes of CO₂ emitted. The primary sources are converted to tonnes of CO₂ through respective conversion factors in line with the ISO 14067:2018 GHG emissions standards. For the purposes of this report, the GHG emission sources that will be reported are detailed in the table below:



		GHG Source	Type of Gas Emitted
Inputs	Diesel	Heavy mobile equipment, light vehicles, Generators, Lighting plants	CO ₂
	Electricity	Generators	CO ₂
	Jet Fuel	Plane	CO ₂
	Explosives	Blasting operations	CO ₂

The total emission for 2018 was 3% greater than that of 2017 due to Process Plant upgrades. Reduced jet fuel consumption is attributed to a reduction in air travel in 2018, due to an overhaul of one of the aircraft.

Various initiatives towards GHG emissions reduction continue to be implemented within the business, for example:

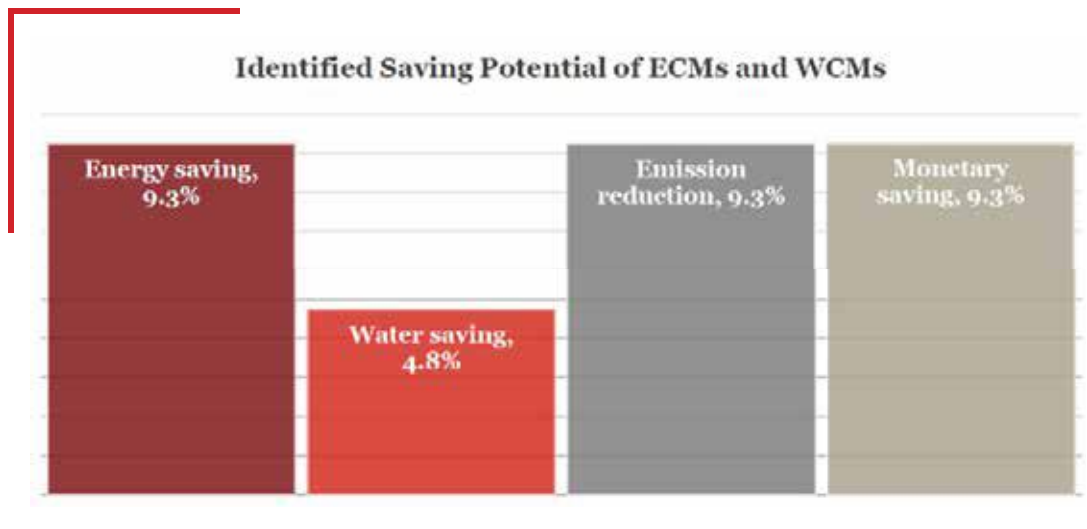
- **Use of energy efficient lights** – LED lights are now being used to substitute incandescent lights, which convert less than 5% of the energy they use into visible light.
- **Use of energy efficient equipment** – All electric motors that are being used in the process plant expansion and upgrades are of premium efficiency (IE3 class) and will result in reduction of energy consumption. Air conditioners with smart inverter compressors that result in 60% energy savings are being installed in new buildings and infrastructure.
- **Use of renewable energy** – Solar geysers are being installed in all new residential blocks in order to reduce energy consumption.
- **Powder factor management** – Explosives contribute to 27% of the GHG emissions thus the organisation has set a target for the powder factor, which is the amount of explosives (Kg) per bank cubic meter (BCM) of rock material. The target is 0.8kg/BCM and is monitored monthly to ensure reduced GHG emissions from explosives.

In May 2018 Murowa was selected for an energy and water audit carried out by UNIDO-CTCN. The audit took place in September of 2018 and aimed at identifying the preliminary areas for energy and water saving potential and techno-economic feasibility.

Outcomes:

- 23 recommendations identified, including renewable energy
- Potential for process plant to save 1,046,715kWh of electricity and 25,691m annually
- Annual energy and water saving estimated to be 9.3% and 4.8% respectively
- Total annual reduction in GHG emissions estimated at 648 tonnes of CO₂.





The Climate Technology Centre and Network (CTCN) promotes the accelerated development and transfer of climate technologies at the request of developing countries for energy-efficient, low carbon and climate-resilient development. It provides technology solutions, capacity building and advice on policy, legal and regulatory frameworks tailored to the needs of individual countries. CTCN is the operational arm of the United Nations Framework Convention on Climate Change (UNFCCC) Technology Mechanism and is hosted by the United Nations Industrial Development Organization (UNIDO) and the United Nations Environment.

Source: <https://www.unido.org>

Biodiversity Management

Murowa Diamonds employs a strategy of Net Positive Impact (NPI), which involves integrating biodiversity conservation into operational activities. This means ensuring that the organisation's actions have positive effects on biodiversity features and thus positive impacts should outweigh the inevitable negative effects of the physical disturbances and impacts associated with mining and mineral processing. A biodiversity assessment was conducted as part of the operations Environmental Impact Assessment (EIA) and additional assessments have been conducted subsequently.

Land clearance activities must be approved after conducting an assessment of the area to be cleared. Any endangered species such as aloes are to be transplanted to a reasonably protected habitat, as close to their original locality as possible. Any land clearance must be reported on a quarterly basis to the Environmental Management

Agency (EMA). The organisation also carries out environmental activities that raise awareness on waste management and pollution prevention.

Protection of indigenous flora and fauna is significant and thus, killing of endangered species and other animals around the mine is strictly prohibited. World Environment Day commemorations are held at the Mine Site every year, following the international theme. We established a nursery where indigenous flora to be used for rehabilitation are grown and employees participate in National Tree Planting Day every year. The Tailings Dam Rehabilitation Project conducted field trials to assess different indigenous species' response to varying soil conditions and water quality so as to ascertain the species that can adapt to the environment created by the sediments deposited into the tailings dam in preparation for mine closure. This will enable the organisation to restore disturbed areas to a state that is as similar as possible to the environment that existed before mining commenced.

Significant impacts of activities, products, and services on biodiversity

The table below highlights the aspects related to Murowa Diamond Mine's products and activities which may significantly impact biodiversity and controls implemented by the organisation:

	Aspect	Impact	Control
1.	Dust	<ul style="list-style-type: none"> • Air pollution • Disturbed plant growth by settling on leaves, thus disrupting food chains. • Settling in water bodies may change water chemistry and lead to pollution 	<ul style="list-style-type: none"> • Dust suppression • Imposition of speed limit within the Mine Site and on access roads • Management of blasting patterns
2.	Hazardous & Non-hazardous waste	<ul style="list-style-type: none"> • Landfills release pollutants into the soil, water and air • Animals ingesting waste • Changes to water chemistry, leading to destruction of habitats, eutrophication and proliferation of invasive species. 	<ul style="list-style-type: none"> • Waste segregation • Use of the three R's – Reduce, Reuse & recycle • waste, compacted clay lined land fills.
3.	Resource usage	<ul style="list-style-type: none"> • Green House Gas (GHG) emissions, leading to global warming and climate change • Water shortage - impacting aquatic life • Air pollution. 	<ul style="list-style-type: none"> • Switching off power loads when not in use, use of energy saver bulbs • Recycling and reuse of process water • Fixing leaks • Minimising resource usage • Trip planning, vehicle & generator maintenance.
4.	Land clearance	<ul style="list-style-type: none"> • Destruction of ecosystems • Loss of habitats • Reduction in carbon sink. 	<ul style="list-style-type: none"> • Clearing land only when it's necessary • Use of land clearance permit • Indigenous tree planting
5.	Oil and chemical spills	<ul style="list-style-type: none"> • Land pollution • Surface and ground water pollution leading to changes in water chemistry • Creation of toxic environments for flora and fauna. 	<ul style="list-style-type: none"> • Bunding walls for oil drums • Use of spill kits and drip trays • Excavation of contaminated soils
6.	Effluent – tails slurry from the plant	<ul style="list-style-type: none"> • Surface water contamination, • Eutrophication (addition of nutrients to water bodies that leads to excessive growth of vegetation). 	<ul style="list-style-type: none"> • Water reuse & recycling • Use of pit dewatering and silt dams.
7.	Use of explosives	<ul style="list-style-type: none"> • Environmental noise & vibration – leading to migration of certain species. 	<ul style="list-style-type: none"> • Management of blasting frequency and blasting bench sizes.
8.	Fire	<ul style="list-style-type: none"> • GHG emissions- global warming, • Loss of biodiversity. 	<ul style="list-style-type: none"> • Fireguards • Fire-fighting equipment • Fire-fighting training • Emergency drills • Smoking zones.

Protecting Endangered Species

The following protected species were noted during the most recent biodiversity survey conducted at the Mine Site:

	Taxa	Species (Latin Name)	Species (Common Name)	IUCN Listing	National Listing	Level of Endemism
1.	Bird (Aves)	Coturnix chinensis	Blue Quail	Least Concern (LC)	Nil	Widespread
2.	Flora (Plants)	Aloe tauri	Aloe	Not Listed	Specially Protected	Widespread
3.	Flora (Plants)	Aloe cryptopoda	Aloe	Not Listed	Specially Protected	Widespread
4.	Mammals	Proteles cristatus	Aardwolf	Least Concern	Nil	Not Known
5.	Mammals	Manis temminckii	Ground Pangolin	Least Concern	Critically Endangered	Widespread
6.	Herpetofauna	Python sabae	African Rock Python	Not Listed	Vulnerable	Widespread

Three Aloe species are present at the water treatment site, the residential village, and the tailings

facility site. No Aloe species in the region are in danger of extinction, however, all Aloe species are specially protected plants under Section 48 of the Seventh Schedule of the National Parks and Wildlife Act. African Rock Pythons are listed on appendix 2 of CITES (Conservation on International Trade of Endangered Species) and hence are legally protected. They are sometimes sighted in various areas of the mine site, for example: the residential village,

tailings facility site and areas adjacent to the mining workshop. Where possible, African rock pythons are captured and relocated by National Parks and Wildlife. Other protected species are not commonly sighted within the Mine Site area.

Our Economic Performance

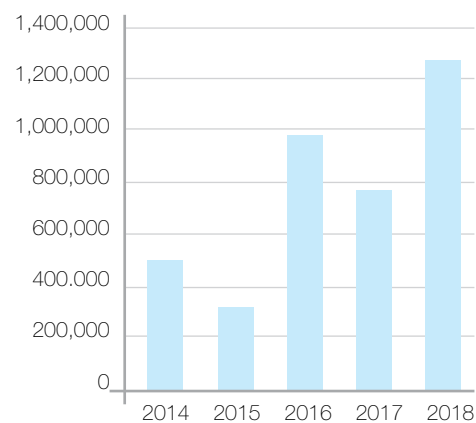
How we generate and distribute economic value is of fundamental interest to our stakeholders. The need for transparency around this material topic is essential as it is a key input in stakeholder decision making processes and helps us to manage expectations.

Our Economic performance defines our funding of commitments to stakeholders which include operating and employee costs, procurement, taxes and community investments. This value is driven by our optimized operational performance right across our value chain, rigorous capital analysis and cost management strategies.

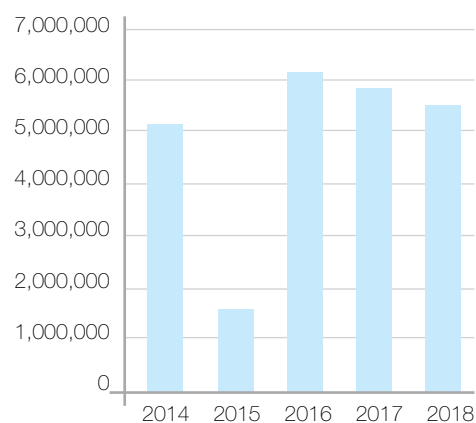
The success of operations activities during FY2018 were propelled by improved machine availability, optimized performance following our plant expansion, innovation and sound business strategies.

During the year the company resumed Greenfield exploration at Sese in the Masvingo Province and Brownfield exploration activities within our mine estate in order to explore growth opportunities and increase the current life of mine.

Ore Mined 2014 - 2018 (tonnes)



Total Mined Material 2014 - 2018 (tonnes)



On the mining production front, we continued to register successes.

In a mechanized mining set-up like at Murowa, mining production statistics are mainly driven by equipment availability and the owner mining strategy adopted by the Company has seen significant investment in Heavy Mobile Equipment as a way to sustain production volumes. It is also important to note that over these previous two years under review while the Company has been ensuring adequate ore production to supply the processing plant, even more focus was being put on waste stripping to ensure sustainable production going forward.

CASE STUDY:

Embracing technology for Safe Mining Production.

In line with global innovation trends in the mining industry, we introduced Proximity Detection Systems (PDS) to improve safety in mobile mining equipment.

The system was implemented in a bid to curb the increasing number of vehicle to vehicle, Heavy Mobile Equipment (HME) to HME and HME to vehicle collisions on our mine site.

The system was installed on 50% of mine site light vehicles and HMEs alerting the operator/driver of an oncoming vehicle whenever the vehicle is within a 50 metre radius by sounding an alarm and informing the Driver/operator the direction and distance of the approaching vehicle.

Implementation of this system has brought upon positive results through significantly reducing collision related incidents from its time of implementation in 2017. This in turn has reduced incident costs and incidents related downtime in addition to re-assuring employees of their safety.

Resuming our Exploration Programme

In 1995 to 1998 Murowa Diamonds conducted exploration work within the Murowa and Sese areas. The work started as desktop studies which resulted in Murowa and Sese being target areas.

Exploration work which resumed in 2018 is focused on further developing the Sese kimberlites into mineral resource or reserve categories while further investigating all the other exploration targets within our tenements into kimberlite discoveries.

Inroads at Sese Exploration site:

- Employment Creation
 - Drilling crews recruited from the local community.
 - Geophysics team recruited and trained to equip with life skills.
- Investments
 - Diamond drill rigs
 - Ground magnetic equipment
- Complying with environmental regulations and best practices in drilling.
 - Use of environmentally friendly processes
 - Minimum to no clearance of vegetation
 - Site rehabilitations after drilling and trenching
 - Continuous engagement with district leaders, traditional leaders and community members
 - Initial community disgruntlement
 - Obtained landowners consent to carry out activities
 - Six boreholes drilled and equipped to address water problems.

Achieving Operational Milestones

Murowa has a processing plant comprising of crushing and screening, dense media separation and final recovery through use of X-ray equipment. Total ore processed from 2014 to 2018 has been on the increase in the backdrop of improved plant utilization and optimization work. In 2018 we commissioned our Wet Flush project part of 'Project Sunrise' to support the increased processing capacity and enables wet-crushing and minimizes the reduction in production during the wet season.

Total ore processed increased from 590,244 tonnes in 2014 to 876,130 tonnes of ore processed during the 2017 production year. In 2018 we had much to celebrate as we surpassed the one million tonnes processed mark. This translated into a 16% increase in total ore processed was realised resulting in 1,018,776 tonnes of ore being processed.



Diamond recovery is the nexus of our operations and results from 2014 to 2018 have shown an upward trend as a result of increased total ore processed. Total recovered carats increased from 0.5M carats to 0.7M carats in 2018 with peak production amounting to 0.8M carats recovered over the 2017 production year.

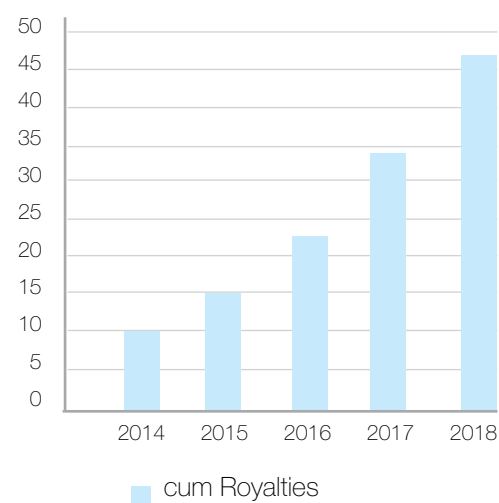
Economic Value Generated

We cannot undertake any meaningful steps if we do not measure our economic performance. In 2018 our contribution to fiscal revenue showed an upward trend with significant inflows into our provincial and national economies. A substantial share was in the form of royalties, taxes paid to revenue authorities, employee costs, local procurement and community social investment. Additionally the company generated the much needed foreign exchange to bolster the economy. To buttress our economic performance the business undertook cost saving strategies and work on increasing tonnes mined and processed and carats recovered.

Indicator	2018	2017	2016
Revenue (million)	83.86	79.64	47.45
Employee wages (million)	15.22	11.51	10.25
Payments to government (million)	15.64	16.27	10.90
Community investments (million)	0.25	1.31	1.20

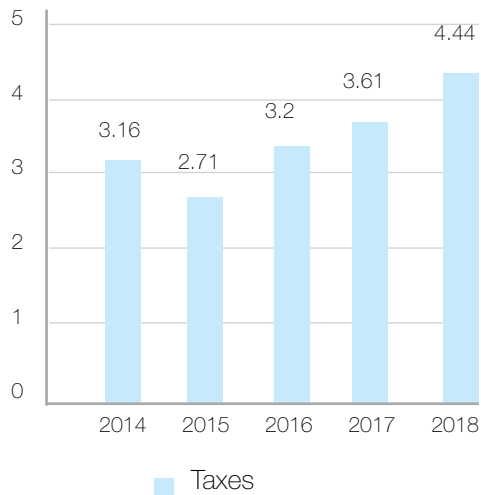
Murowa's cumulative contributions through government royalties increased from US\$10m in 2014 to USD47m in 2018.

Cumulative Royalties (USD \$m)

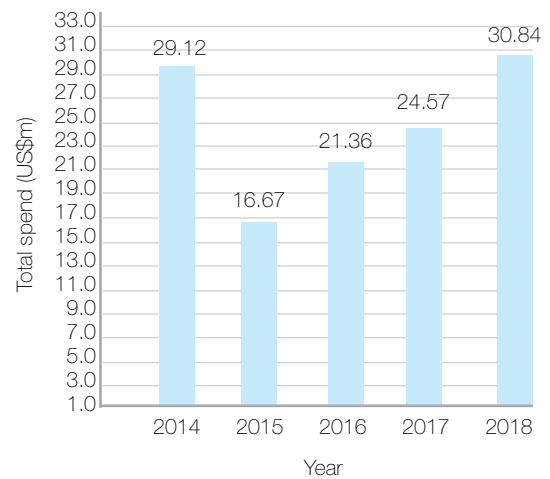


Pay As You Earn (PAYE), Withholding taxes and Duties. These are transactional related taxes which increase in line with the salaries, imported services and imported goods.

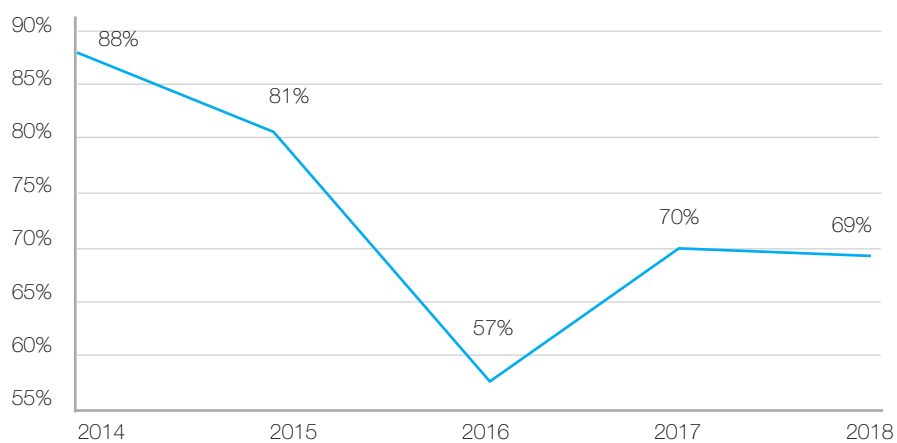
Taxes – (USD –Millions)



Spend USD Millions (Local)



Local Spend % of total spend



Murowa Diamonds promotes local procurement without compromising on the quality. There has been an upward trend from 2015 on the local spend. Within the local procurement Murowa also supports community SMEs who provide a basket of services to the business.

The majority of spend over the years has been largely on capital expenditure as the business has been growing hence the downward trend on local spend to total spend.

The Company also continued its support of national enterprises and other local companies and in excess of 60 per cent of our goods and services are procured locally.

GRI Content Index

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
GRI 101: Foundation 2016					
General Disclosures					
GRI 102: General					
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	102-4 Location of operations	5			
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	102-29 Identifying and managing economic, environmental, and social impacts	21			
	102-32 Highest governance body's role in sustainability reporting	21			
	102-36 Process for determining remuneration	14			
Stakeholder engagement					
	102-40 List of stakeholder groups	22			
	102-41 Collective bargaining agreements	35			87% employees are covered by collective bargaining agreements
	102-42 Identifying and selecting stakeholders	22			
	102-43 Approach to stakeholder engagement	22			
	102-44 Key topics and concerns raised	22			
Reporting practice					
	102-45 Entities included in the consolidated financial statements	N/A			Murowa has no separate entities.
	102-46 Defining report content and topic Boundaries	3, 9			
	102-47 List of material topics	23			
	102-48 Restatements of information	N/A			No information provided in this report has been restated
	102-49 Changes in reporting	N/A			This is the first Sustainable Development report for Murowa Diamonds in accordance with the GRI standards
	102-50 Reporting period	3			
	102-51 Date of most recent report	N/A			
	102-52 Reporting cycle	3			
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GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	51	
	303-2 Management of water discharge-related impacts	52-55	
	303-3 Water withdrawal	52	
Biodiversity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	3, 21, 58	
	103-2 The management approach and its components	58-59	
	103-3 Evaluation of the management approach	60	
GRI 304: Biodiversity 2016	IUCN Red List species and national conservation list species with habitats in areas affected by operations	60	
Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	3, 21, 56	
	103-2 The management approach and its components	56-57	
	103-3 Evaluation of the management approach	57	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	57	
	305-2 Energy indirect (Scope 2) GHG emissions	57	
	305-5 Reduction of GHG emissions	57	Emissions increased
GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission Part Omitted Reason Explanation
Material Topics			
200 series (Economic topics)			
Effluents and Waste			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	3, 21, 53	
	103-2 The management approach and its components	53-54	
	103-3 Evaluation of the management approach	53-55	
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	55	
	306-2 Waste by type and disposal method	53-55	
	306-3 Significant spills	N/A	No material spillages recorded.
Environmental Compliance			

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	3, 21, 55	
	103-2 The management approach and its components	55	
	103-3 Evaluation of the management approach	55	
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	55	
400 series (Social topics)			
Employment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	3, 21, 34,35	
	103-2 The management approach and its components	35	
	103-3 Evaluation of the management approach	35	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	35	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	N/A	Considered for next report
	401-3 Parental leave	35	
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	3, 21, 25-26	
	103-2 The management approach and its components	26-32	
	103-3 Evaluation of the management approach	28-32	
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	32	
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	3,21,34-35	
	103-2 The management approach and its components	35	
	103-3 Evaluation of the management approach	36	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	36	
Security Practices			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	3, 21, 49-50	
	103-2 The management approach and its components	50	
	103-3 Evaluation of the management approach	50	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	50	Specific figures to be included in next report.
Local Communities			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	3, 21, 38-39	
	103-2 The management approach and its components	39-46	
	103-3 Evaluation of the management approach	40-46	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	39-46	
	413-2 Operations with significant actual and potential negative impacts on local communities	45-46	



A CORRESPONDENT OF MAZARS

Independent Limited Assurance Report in relation to Murowa Diamonds (Private) Limited's 2018 Sustainable Development Report.

To the Board of Directors of Murowa Diamonds (Private) Limited ('Murowa')

Our Conclusion

Based on the procedures performed and evidence obtained, we are not aware of any material misstatements in the Murowa Diamonds' Sustainable Development Report 2018 for the year ended 31 December 2018 ('Sustainability Report 2018'), which is prepared in accordance with Global Reporting Initiative (GRI) Standards (Core Option) and the basis of preparation as disclosed in the Sustainability Report 2018.

Criteria used as the basis of reporting

The criteria used as the basis of reporting include the GRI Standards published by the Global Reporting Initiative (GRI) and the basis of preparation disclosed in the Sustainable Development Report 2018 prepared by the Directors and Management of Murowa Diamonds (Private) Limited.

Basis of Conclusions

We conducted our work in accordance with International Standard on Assurance Engagements ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information. In gathering evidence for our conclusions, our limited assurance procedures comprised:

- Interviews with senior management and relevant staff at corporate and mining site;
- Assessment of the suitability and application of the criteria in respect of the disclosed information;
- Evaluation of the design and implementation of key systems, processes and controls for collecting, managing and reporting information within the Sustainable Development Report 2018;
- Risk analysis, including print and social media searches, to validate the completeness of Murowa's own materiality assessment and to determine the scope of assurance testing at corporate and operating sites;
- Agreeing the information included in the Sustainable Development Report 2018 to relevant underlying sources on a sample basis in accordance with the International Standard on Auditing ISA 530 Audit Sampling and Other Means of Testing;
- An assessment that the information reported was in accordance with the GRI Standards Core level of disclosures.

Our work has not covered case studies.

Accordingly we have:

- Used our professional judgement to plan and perform the engagement to obtain limited assurance that Murowa Diamonds' Sustainable Development Report 2018 is free from material misstatement, whether due to fraud or error;
- Considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness;
- Ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies.

How we define limited and reasonable assurance

Limited assurance consists primarily of enquiries and analytical procedures as de-scribed above. The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Reasonable assurance is a high level of assurance but, due to the use of sampling techniques, it is not a guarantee that it will always detect a material misstatement when it exists.

Murowa Diamonds' Responsibility

Murowa Diamonds is responsible for:

- Determining the criteria appropriate to meet its needs;
- The preparation and fair presentation of the Sustainable Development Report in accordance with the Criteria set out above;
- Determining its GRI level of disclosures in accordance with the GRI Standards;
- Selection of methods used in the Criteria.
- Establishment and maintenance of internal controls relevant to the preparation and presentation of the Sustainable Development Report that is free from material mis-statement, whether due to fraud or error; and
- Selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Sustainable Development Report based on our assurance engagement conducted in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000') and the terms of reference for this engagement as agreed with Murowa.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion, and, as such, do not provide all of the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on our judgement including the risk of material misstatement of the Sustainable Development Report, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within information technology systems, which would have been performed under a reasonable assurance engagement. No conclusion is expressed as to whether management's selected methods are appropriate for the purpose described above.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Use of this Assurance Report

This report has been prepared for Murowa Diamonds (Private) Limited. We disclaim any assumption of responsibility for any reliance on this report, to any person other than Murowa Diamonds (Private) Limited, or for any other purpose than that for which it was prepared.

Our independence and quality control

We have complied with the independence and other relevant ethical requirements of the Code of Ethics for Professional Accountants of the International Federation of Accountants, and the applicable requirements of the International Standard on Quality Control 1 to maintain a comprehensive system of quality control.

Positive Observations and Opportunities for Improvement

A number of opportunities for improvement related to data collation and raw data aggregation and calculation processes have been communicated to management. This does not affect our conclusions expressed above.



Lovemore Kamuzangaza

Registered Auditor

PAAB Practising Certificate Number 0425

For and behalf of KLMCA (Zimbabwe), a correspondent of Mazars

42 Ray-Amm Road, Eastlea

HARARE

Corporate Information

The company is incorporated and domiciled in Zimbabwe.

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Auditors - Financials

Ernst and Young Chartered Accountants
Zimbabwe

Auditors - Sustainable Development Report

KLM (A correspondent of Mazars)
Chartered Accountants Zimbabwe

Sustainability Advisors

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Harare, Zimbabwe

Legal Advisors

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