about this report

ANNUAL REPORT 2019

SCOPE AND BOUNDARY REPORT

This report covers the performance of Bindura Nickel Corporation's operations and exploration projects in Zimbabwe.

Where appropriate, historical information and information pertaining to the future are provided to offer context and to support an understanding of the business. However, this information should not be construed as forward-looking statements. To some extent we have explored circumstances that fall outside of the Company to enable us to provide some context for the opportunities and risks we face in delivering.

VALUE TO OUR SHAREHOLDERS

This report also contains our annual financial statements (AFS) for the year ended 31 March 2019.

All references to $ refer to US$ throughout this document.

AUDIENCE FOR OUR REPORT

This report is primarily intended for our shareholders, with whom we communicate on a regular basis. However, it will also be of interest to all our stakeholders including employees, customers, suppliers, communities, governmental organizations and investors.

RESPONSIBILITY FOR THIS REPORT

The Board of Bindura Nickel Corporation Limited holds collective responsibility for this report, which has been compiled by members of the management team as well as executive management. On behalf of the Board, the executive directors reviewed and commented on the content of this report and have vouched for its integrity. The Board considers this report to be balanced and accurate and, on the recommendation from the Audit Committee, approved this report on 24 June 2019.

annual report contents

BINDURA NICKEL
CORPORATION LIMITED

performance highlights

0 ZERO FATALITIES

+

16% **nickel price increase**
INCREASE IN AVERAGE NICKEL PRICE REALISED

1% **revenue increase**
REVENUE UP BY 1% YEAR ON YEAR TO US$54.0 MILLION (2018: US$53.6 MILLION)

131% **profit after tax increase**
PROFIT AFTER TAX: US$13.5 MILLION, UP 131% ON LAST YEAR'S US$5.8 MILLION

-

1% **nickel sales tonnage decrease**
DECREASE IN NICKEL SALES TONNAGE

5% **production decrease**
DROP IN NICKEL PRODUCTION

- **Capital expenditure of US$5.4 million (2018: US$4.6 million);**
- **Smelter Restart Project still at 83% complete;**
- **All Smelter Bond obligations for the year were met in full.**

vision and mission statement

vision

To be a fully integrated low cost world-class business, producing and selling finished nickel metal and associated by-products.

mission

To economically exploit our mineral resources in a safe and sustainable manner.

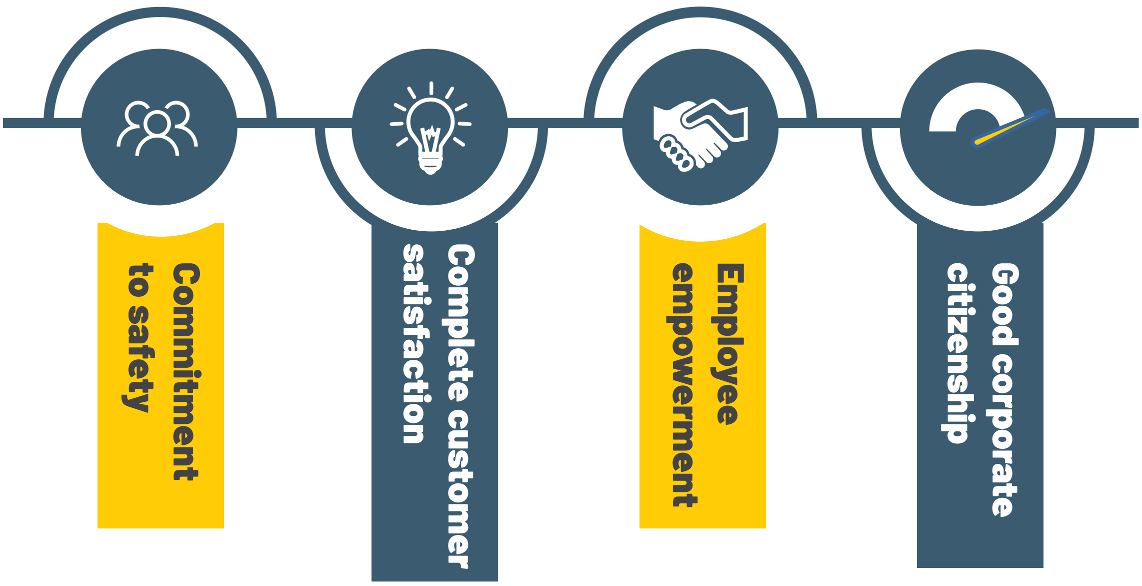
values statement

values

Commitment to safety
Complete customer satisfaction
Employee empowerment
Good corporate citizenship
Honesty
Integrity
Transparency
Respect
Quality

enablers

Zero harm policies
Quality management systems
Process based organisation
Equitable rewards to all stakeholders
Trust
We do what we say
Communication
Team work
Performance



company profile

BACKGROUND

The first nickel deposit was discovered at Trojan Mine, Bindura, in 1956. The first concentrate was produced in 1964. Bindura Nickel Corporation Limited (BNC) was established by the Anglo American Corporation Group in Zimbabwe in 1966. The smelter and refinery were constructed in 1968, while the first production of nickel cathode was achieved in the same year. The Company was listed on the Zimbabwe Stock Exchange in 1971.

BNC employed 965 permanent whilst the complement of contract personnel as at 31 March 2019 was 979 (2018: 862).

HOLDING COMPANY

The ultimate holding company is Asa Resource Group Plc., which acquired the majority shareholding in BNC from Anglo American Corporation Zimbabwe Limited in 2003. As at 31 March 2019, Asa Resource Group Plc.'s shareholding in BNC was 74.73%.

DIVISIONS OF BNC

BNC has three subsidiaries, namely Bindura Smelter and Refinery Limited (BSR), Hunter's Road Nickel Mine (Private) Limited (Hunter's Road) and Trojan Nickel Mine Limited (TNM). However, the assets and liabilities for all operations of the BNC Group are in TNM.

TNM has two mines, one at Bindura, approximately 90 kilometres north east of Harare (Trojan Mine) and one in Shangani near Insiza, approximately 60 kilometres south of the city of Gweru. BSR is situated approximately 2 kilometres from Trojan Mine.

Both BSR and Shangani Mine have been on care and maintenance since November 2008, while Trojan Mine restarted operations in October 2012 after nearly four years of care and maintenance.

BSR and Hunter's Road are currently not in operation, while Trojan Mine, a division of TNM, is the only operational unit. However, the smelter is undergoing refurbishment at an estimated total cost of US$26.5 million, of which US$20 million was successfully raised on the Zimbabwean market in March 2015, via a Corporate Bond Issue.

Hunter's Road is a deposit with an estimated 200kt of contained nickel. The deposit is situated between Gweru and Kwekwe, approximately 320 kilometres from Bindura. Hunter's Road is at an advanced project stage and represents a future growth opportunity for BNC.

BINDURA NICKEL CORPORATION LIMITED (BNC)

Ownership – Asa has a 74.73% stake

Entities 100% owned by BNC:

Trojan Nickel Mine Limited

Trojan Mine

- JORC compliant measured, indicated and inferred resource size 0.45 million tonnes of massive ores at a grade of 6.35% Ni and 6.35 million tonnes of disseminated ore at a grade of 0.76 % Ni equivalent to 76 700 tonnes of contained nickel.
- Proved and Probable Ore Reserves – 2.45 million tonnes at an average grade of 0.94 % Ni equivalent to 23 100 tonnes of contained nickel.
- Status – operational mine; restarted in 2012 following a $23m restructuring and recapitalisation programme, after a four year care and maintenance period
- FY2018 production – 6 620 tonnes (FY2017: 6 762 tonnes) nickel in concentrate, sold 6 470 tonnes (FY2017: 6 705 tonnes) nickel in concentrate

Shangani Mine

- Measured, indicated and inferred resource size – 12.03 million tonnes at an average grade of 0.56 % Ni equivalent to 68 000 tonnes of contained nickel.
- Status – mine on care and maintenance

Smelter

- Status – Smelter Restart Project is 83% complete
- Commissioning expected during the next financial year, subject to funding
- Smelter will have capacity to treat BNC and third party concentrate

Refinery

- Status - care and maintenance
- Feasibility studies to restart a section of the refinery are under consideration

Hunter's Road Project

- JORC compliant measured and indicated resource size – 200 404 tonnes of contained nickel
- Status – project on hold, funding options being considered

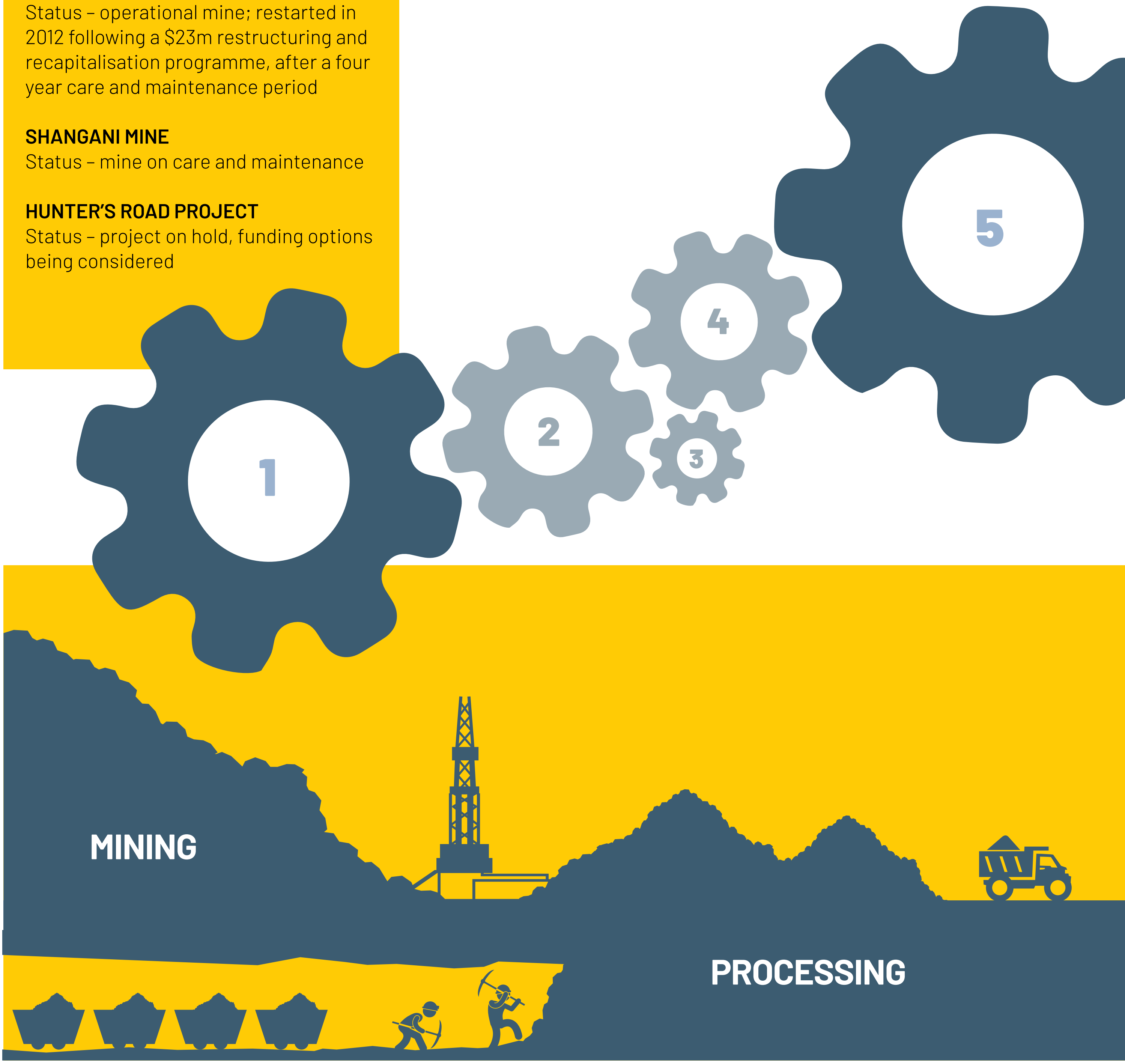
our value chain

MINING

TROJAN MINE
Status – operational mine; restarted in 2012 following a $23m restructuring and recapitalisation programme, after a four year care and maintenance period

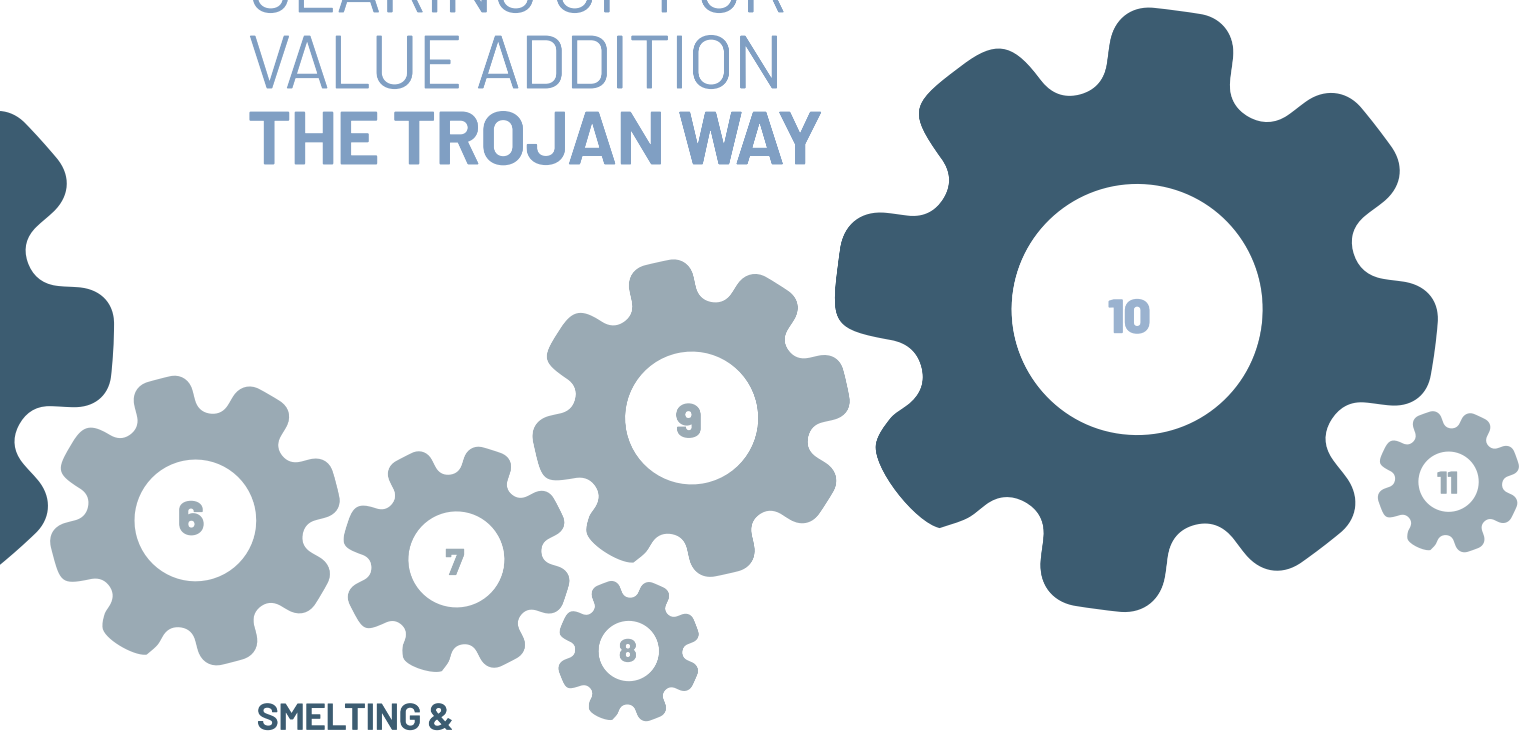
SHANGANI MINE
Status – mine on care and maintenance

HUNTER'S ROAD PROJECT
Status – project on hold, funding options being considered



Industrial uses of nickel sulphate include battery cathodes, electrolysis plating and electroplating. With development of electric and hybrid cars in the automotive industry, the demand for nickel sulphate is set to rise steadily in the medium to long term.

GEARING UP FOR VALUE ADDITION **THE TROJAN WAY**



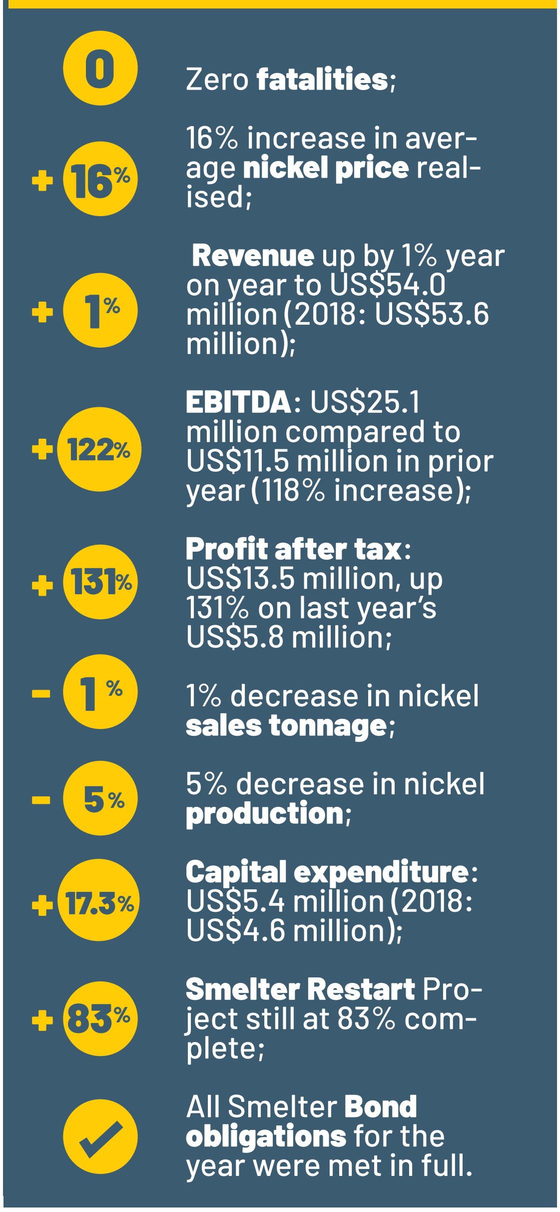
SMELTING & REFINING

Status – Smelter Restart Project is 83% complete. Commissioning expected during the next financial year, subject to funding.

DESPATCHING

SMELTING & REFINING

chairman's letter and report Cont'd



> **In line with the subdued growth in turnover and the year on year increase in cost of sales, gross profit decreased by 23% from US$18.9 million in the comparative period last year to US$14.5 million.**

MUCHADEYI ASHTON MASUNDA
Board Chairman

SAFETY

No fatalities were recorded at any of our operations or projects during the year.

The Board and Management take safety very seriously, given the inherently hazardous nature of mining. We have a zero tolerance to accidents. SHEQ systems are continually being developed and implemented to improve performance. The main area of focus on safety is to change the behaviour of employees in order to prevent or minimize accidents in line with the Corporation's zero harm goal

FINANCIAL RESULTS

Income statement

Nickel in concentrate sold amounted to 6 410 tonnes, compared to 6 470 tonnes sold in the comparative period last year.

In line with the increase in global nickel prices, the Company realised an average price for its nickel in concentrate sold of US$8 376 per tonne, compared to US$7 249 per tonne achieved in the comparative period last year.

The above fundamentals translated to an annual turnover of US$54.0 million (2018: US$53.6 million). Cost of sales increased by 14% year on year from US$34.7 million last year to US$39.5 million in the year under review, mainly due to an increase in local input costs.

In line with the subdued growth in turnover and the year on year increase in cost of sales, gross profit decreased by 23% from US$18.9 million in the comparative period last year to US$14.5 million. However, operating profit increased by 141% to US$21.3 million, compared to the prior year's achievement of US$8.9 million. This is mainly attributable to foreign currency exchange gains recognised on the introduction of the Zimbabwean Dollar. The Company realised a profit and total comprehensive income of US$13.5 million, compared to US$5.8 million in the prior year.

Balance sheet

Total equity increased by 29% year on year, in line with the increase in profit. Non-current liabilities of US$19.2 million decreased by 31.1%, mainly due to a decrease in interest bearing loans and borrowings. Current liabilities decreased by 37% from US$32.8 million to US$20.5 million, mainly due to a decrease in trade payables and interest bearing loans and borrowings respectively. Current assets decreased by 21% from US$28.1 million in the prior year to US$22.1 million, mainly driven by a decrease in cash and short term deposits. However, the net current asset position improved to a positive USD$1.5 million from a negative USD$4.7 million in the prior year.

Cash Flows

The Company maintained a number of overdraft facilities secured from local financial institutions in order to finance its working capital requirements. All commitments due to Bondholders at the September 2018 and March 2019 intervals respectively, were honoured.

OPERATIONS

Some 443 876 tonnes of ore were milled in the year under review, compared to 390 211 tonnes milled in the same period last year. The 14% increase was due to the improved availability of mining equipment following the introduction of two new LHDs and one rebuilt Dump Truck.

Head grade was 1.64% versus 1.89% in the same period last year. The decrease in grade was in line with the decision made to increase the mining of disseminated ore as opposed to massives, following the investment in new mining equipment referred to above. Recovery was 86.3%, compared to last year's achievement of 89.6%. The decline was in sympathy with the lower ore grade achieved.

Nickel production was 6 289 tonnes, which was lower than last year's output of 6 620 tonnes. The decline was in line with the lower ore grade achieved, year on year.

chairman's letter and report Cont'd

The all-in sustaining cost of producing nickel in concentrate increased from US$6 289 per tonne to US$6 610 per tonne, year on year. The increase was mainly attributable to the drastic increase in the prices of local inputs.

The industrial relations atmosphere was reasonably calm throughout the year, thanks to the ongoing proactive and constructive engagement of employees on all pertinent issues.

CAPITAL PROJECTS

Total capital expenditure for the year was US$5.4 million, mainly in respect of the following projects:

- Installation of steelworks for the loading station
- Sub-vertical Rock Winder mechanical and electrical control upgrades
- Decommissioning of services in the Service Winze shaft
- Civil works for the 44/0 Level spillage handling hoist

The Smelter Restart Project is still at 83% complete. The Project was put on hold due to the cash flow deficit arising mainly from the outturn on the LME nickel price, which has averaged US$12 000 per tonne since the Project commenced in 2015, compared to the average LME price of US$16 000 that was forecast then. With the promising global Nickel price outlook, plans are afoot to complete the Project in the near future.

The Refinery and Shangani Mine remained under care and maintenance.

OUTLOOK

The Market

The average LME nickel cash settlement price fell by 5.6% to US$12 388.34 per tonne (US$5.62 per pound) compared to US$13 278.84 (US$6.02 per pound) in the same period in 2018.

The nickel demand that was expected to come from the electronic vehicle ("EV") did not materialise as it was now realised that the demand had been premature. However, this demand is now expected to increase significantly by 2025.

Demand for nickel in the stainless steel sector was muted, despite an increase in the usage of nickel which was attributable to the production of high grade 300 series steel. Supply remained robust as more Indonesian mills either ramped up or came into production. Meanwhile, it is expected that there will be a reduction in supply as the Chinese environmental audits are under way, which are expected to result in the closure of some Nickel Pig Iron ("NPI") plants.

The five major nickel producers have reported a reduction in production. The market is expected to be in a supply deficit for the third year in a row. The market seems to be more responsive to the macro environment now than to fundamentals of supply and demand. The main factors in the macro environment include:

- the trade tensions between the United States of America ("USA") and the People's Republic of China;
- geopolitical tensions between the USA and Iran and
- the strengthening USA dollar

Consequently, investors are moving money out of commodities and are investing in such assets as gold.

DIVIDEND

Under the current circumstances, it is not feasible to declare a dividend for the period under review.

chairman’s letter and report Cont’d




CONTINGENCIES

Prior year tax dispute

It was reported in the previous year that the Company was involved in a tax dispute with the revenue authorities emanating from tax assessments which were issued in February 2018, amounting to an estimate of US$29 million. The assessments mainly related to historical issues pertaining to how the Company was structured many years ago, as well as issues arising from differences in the interpretation of standard commercial agreements in the mining industry.

Following further engagements with, and submissions to the revenue authorities during the year, the tax assessments were revised downwards to approximately US$14 million. Both parties agreed to declare a dispute in respect of the outstanding amount and to pursue the matter through the courts. The matter is now before the courts pending a hearing. Except for this disclosure, no provision has been made in this year’s financial statements with respect of this contingent liability. Based on legal advice received to date, the Company has acted within the provisions of the law. The Directors are still of the view that a positive resolution to this matter will be reached. At the time of reporting, the Company was not able to reasonably estimate the likely timing of resolution of the matter.

GOING CONCERN

In assessing the going concern position of the Group, the Directors have considered the current trading activities, funding position and projected funding requirements for the Group, particularly in respect of the main operating subsidiary, Trojan Nickel Mine Limited, for at least eighteen months from the date of approval of these financial statements.

While the Group earned a profit before taxation for the year ended 31 March 2019 amounting to US$18.3 million (2018: US$7.9 million), and while at that date its current assets exceeded current liabilities by US$1.5 million (2018: -US$4.7 million), its ability to continue as a going concern is dependent on its ability to generate positive cash flows.

chairman's letter and report Cont'd

The following factors constitute material conditions that require consideration in assessing the Group's ability to continue as a going concern.

- The Company's cash flows are highly dependent on the Nickel price. During the year, LME nickel prices remained subdued for the greater part of the year, but started picking up in the last quarter to average around US$12 885 per tonne for the year (2018: US$11 000 per tonne). Latest forecasts by analysts predict a steady increase in Nickel prices in the medium to long term owing to expected rise in demand for Nickel and Lithium particularly given the anticipated increase in the use of electric vehicles in developed countries.

- In assessing the future cash flows of the Group, the average Nickel prices have been assumed as follows: US$12 000 per tonne for the period April to December 2019, US$13 000 per tonne for the period January to March 2020 and US$16 625 per tonne for the period April 2020 to March 2021. These projections have been taken from a consensus forecast compiled by market analysts.

In addition to the Directors' assumptions regarding the Nickel price, the 18 month cash flow forecast for the Group from 1 July 2019 will depend on the following key assumptions:

- The availability of sufficient foreign currency. While the Group realises all its revenue in foreign currency (USD), it only retains 50% of the sale proceeds in foreign currency and the remaining 50% is surrendered to the Reserve Bank of Zimbabwe (RBZ) in exchange for the local currency, in line with the current Exchange Control Regulations. For the amount surrendered to RBZ, in the past, the Group was paid at a rate of 1:1 which represented a loss of value as the local currency was not at par with the USD. The regulations have limited the availability of foreign currency for the Company to meet its critical payments for the operations. The Group requires more foreign currency for the importation of specialised mining equipment and spares which are not readily available on the local market. Following the promulgation of SI 33 of 2019 and SI 142 of 2019 in February and June 2019 respectively, it is expected that the Company will realise true value from the compulsory exchange of its foreign currency with the local currency at the interbank rate.

The Directors consider it appropriate to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2019. It is the Directors' view that the Group will be in a position to finance future operations and settle any liabilities that may occur in the ordinary course of business.

APPRECIATION

The Board pays tribute to management and staff for their dedication and hard work during the year.

On Behalf of the Board
Bindura Nickel Corporation Limited

Muchadeyi Ashton Masunda
Board Chairman
18 July 2019

BINDURA NICKEL
CORPORATION LIMITED

ANNUAL
REPORT
2019

REFINING PLANS FOR FUTURE GROWTH **THE TROJAN WAY**

corporate governance

BOARD OF DIRECTORS AS AT 31 MARCH 2019

NON - EXECUTIVE DIRECTORS

MUCHADEYI "MUCH" ASHTON MASUNDA* (67)

NON-EXECUTIVE CHAIRMAN

(FROM 28 APRIL 2017)

Muchadeyi Masunda is an attorney with extensive experience in business, law and Alternative Dispute Resolution. He has served as Chairman, patron, trustee, president and/or director of a number of corporate, professional, educational, charitable and sports organizations nationally and internationally. He served as Mayor of Harare from 2008 to 2013. During the period 2010-2013, he served as Co-President of the United Cities & Local Governments (UCLG), representing Africa in the worldwide association of the Mayors and Governors of Local & Regional Authorities.

He is a member of the Advisory Committee of the BMW Guggenheim LAB, an international mobile laboratory focused on making cities more liveable, inclusive and capable of catering for the diverse interests of its citizens. He served for a considerable length of time on the panel of arbitrators for the International Court of Arbitration for Sport in Lausanne, Switzerland.

* Much is the Chairman of the Remuneration and Human Resources Committee and a member of the Audit Committee.

OLIVIER ALAIN BARBEAU* (45)

NON-EXECUTIVE DIRECTOR

Olivier Barbeau is registered as a chartered accountant in South Africa and Mauritius and has extensive advisory and corporate finance experience. He is the Managing Director of Moore Stephens in Johannesburg, and a member of the National Executive Committee. Olivier is a member of the Institute of Directors of South Africa as well as a Fellow of the Mauritius Institute of Directors.

Olivier's extensive experience in the mining sector has seen him initiate, develop and implement merger and acquisition transactions for both listed and unlisted companies across the African continent. His Mauritian interests have equipped him to advise several multinational businesses on their offshore structures and strategies.

* Olivier was appointed as a Non-executive Director on 3 September 2015 at the Annual General Meeting. He is the Chairman of the Audit Committee.

corporate governance

BOARD OF DIRECTORS AS AT 31 MARCH 2019

NON - EXECUTIVE DIRECTORS

OLIVER MANDISHONA CHIDAWU* (65)

NON-EXECUTIVE DIRECTOR

Oliver Chidawu is the Executive Chairman of Broadway Holdings Group, with investments in construction, mining, farming, property, infrastructural development and financial services in Botswana, Zambia and Zimbabwe.

He serves on various boards of listed and unlisted companies and has wide experience of both starting and operating new and established companies. He is a Fellow of the Zimbabwe Institution of Engineers.

* Oliver is the Chairman of the Corporate Social Responsibility and Safety, Health, Environment & Quality Committee and a member of the Remuneration and Human Resources Committee.

ALEX PETER DANSO (71)

NON-EXECUTIVE DIRECTOR

Mr Danso joined the Board of Directors as a Non-executive Director and Member of the Audit Committee on 30 November 2017. He is a renowned Consultant Urologist who runs a medical practice in Harare. He is an honorary lecturer in the departments of Anatomy and Surgery respectively at the University of Zimbabwe. He is the Chairman of the Board of Directors of Freda Rebecca Gold Mine Limited, a sister company to BNC. A Ghanaian national, Mr Danso is married to Dr Mary Danso, a linguist. They have two children and four grandchildren.

Over the years, Mr Danso has authored several medical publications in the diversity of his profession, mainly in Zimbabwe and Germany. In 2017, he was awarded the Distinguished Career Award of the Société International d'Urologie (SIU).

corporate governance

BOARD OF DIRECTORS AS AT 31 MARCH 2019

NON-EXECUTIVE DIRECTORS

TOINDEPI 'TOI' RETIAS MUGANYI (48)

NON-EXECUTIVE DIRECTOR

Toi Muganyi holds a BSc (Hons) Mining Engineering degree from the University of Zimbabwe. He has more than 22 years of metalliferous mining operating experience in Southern Africa including Botswana and Zimbabwe. The metals include gold, PGMs, nickel and copper.

He has prior technical and operating experience at Freda Rebecca Gold Mine acquired between 1996 and 2002 and at Bindura Nickel Corporation in 2003. He also obtained mine development, technical and operating experience with Mimosa Platinum from 2004 to 2007. Toi moved to Botswana where he was employed as production manager at Bamangwato Concessions Limited (BCL) and Mining Manager at African Copper Mine from 2007 to 2010. He re-joined Freda Rebecca Gold Mine Limited as General Manager in 2010.

He was appointed Executive Director in 2013 and Chief Executive Officer in 2017. In the same year, Toi was also appointed Group Chief Executive Officer of Asa Resource Group Plc, the ultimate majority shareholder of Freda Rebecca Gold Mine Limited.

He has gained experience with government and regulatory institutions and local communities in his roles as President of the Chamber of Mines of Zimbabwe, Board Chairman of Fidelity Printers and Refinery (Private) Limited and Board Member of the Bindura Community Share Ownership Trust (BCSOT).

Toi is a member of the Southern African Institute of Mining and Metallurgy and a golfer. He is married to Memory and they have two daughters and a son.

He has been a Non-executive Director, Member of the Safety, Health, Environment and Corporate Social Responsibility Committee and Member of the Remuneration and Human Resources Committee of BNC since 28 June 2017.

corporate governance

BOARD OF DIRECTORS AS AT 31 MARCH 2019

EXECUTIVE DIRECTORS

JOHANNES HENDRIKUS LAMBERTUS 'JAN' LAMPEN (56)

FINANCE DIRECTOR

Between October 2009 and 30 June 2016, Jan Lampen was the Finance Manager of Freda Rebecca Gold Mine Limited (Bindura, Zimbabwe), a subsidiary of Asa Resource Group Plc. He was promoted to Finance Director in April 2017. He is also the Finance Director of Asa Services (Zimbabwe) Limited and a non-executive director of Bindura Estates (Private) Limited. Both are subsidiaries of Asa Resource Group Plc. Jan holds a Bachelor of Commerce Degree from the University of Potchefstroom, Republic of South Africa.

Jan has worked in various capacities in accounting and finance, including the positions of financial accountant, management accountant, finance manager, chief financial officer and financial consultant. His experience dates back to 1985. Prior to joining Freda Rebecca Gold Mine, Jan worked in different industries including transport, mining and engineering in South Africa, Zambia and the Republic of Macedonia.

BATIRAI MANHANDO (50)

MANAGING DIRECTOR

Batirai Manhando was promoted to the position of Managing Director in November 2013 after having previously served as Chief Operating officer for nearly five years. He holds a Masters Degree in Business Administration and a BSc (Hons) in Metallurgical Engineering. He has vast experience, in excess of 25 years, in business leadership, operations management, project management and systems development and implementation, acquired within the mining industry.

He previously served in senior positions within the BNC concentrators, smelter and refinery, before his appointment as Chief Operating Officer in 2008. He has led teams in the planning and execution of major projects including six-in-line furnace rebuilds and process upgrades. He holds membership in the Southern African Institution of Mining and Metallurgy and the Institute of Directors Zimbabwe. He is the most recent past President of the Chamber of Mines of Zimbabwe.

corporate governance

COMPANY SECRETARY

CONRAD FUNGAI MUKANGANGA (60)

COMPANY SECRETARY

Conrad Mukanganga was appointed as Company Secretary of BNC in June 2012. He is a seasoned Corporate Governance practitioner with over 34 years of experience. Positions previously held by Conrad include Board Secretary, General Manager, Operations Director, Finance Manager, Mine Secretary and Internal Auditor across a wide range of business sectors in Zimbabwe including mining and FMCG.

Conrad holds a Bachelor of Accountancy (B Acc) Degree from the University of Zimbabwe and a Master of Business Leadership (MBL) Degree from the University of South Africa. He is an Associate Member of the Institute of Directors of Zimbabwe.

corporate governance

BOARD COMMTTEES AS AT 31 MARCH 2019

Bindura Nickel Corporation recognises the importance of sound corporate governance and the guidelines set out in the Principles of Good Corporate Governance and Code of Best Practice (the "Combined Code"). Whilst BNC is not obliged to comply with the Combined Code, the Board does intend to consider the Combined Code so far as is appropriate having regard to the size and nature of the various companies making up BNC. The Board will take such measures so far as practicable to comply with the Combined Code. BNC recognises the importance of the corporate governance guidelines set out in the Zimbabwe Code of Corporate Governance ("ZIMCODE").

The Board holds regular meetings several times in a year and is responsible for formulating, reviewing and approving BNC's strategy, planning, budgets, major items of capital expenditure, acquisitions, risk, human resource and environmental management.

BOARD COMMITTEES

BNC has established Audit, Remuneration and Corporate Social Responsibility & Safety, Health, Environment & Quality Committees, details of which are provided below:

Audit Committee

- Olivier Barbeau (Chairman)
- Alex Danso
- Muchadeyi Masunda

The Audit Committee meets at least twice a year and is responsible for ensuring that the financial performance of the Company is properly reported on and monitored. It liaises with the auditors and reviews the reports from the auditors relating to the accounts and internal control systems.

Remuneration Committee

- Muchadeyi Masunda (Chairman)
- Oliver Chidawu
- Toindepi Muganyi

The role of the Remuneration Committee is to recommend any new appointment of directors to the Board, based on the merits of the candidates and the relevance of their background and experience. It periodically reviews the structure, size and composition of the Board.

Safety, Health, Environment & Quality and Corporate Social Responsibility (SHEQ & CSR) Committee

- Oliver Chidawu (Chairman)
- Batirai Manhando
- Toindepi Muganyi

BNC's social and environmental responsibilities are driven by its commitment to ensure that there are sustainable synergies and socio-economic investments in and around the communities which are in the immediate vicinity of the corporation's operations and ancillary activities.

We have a zero harm policy and we shall continue to focus on safety in the workplace, as this is an ongoing commitment.

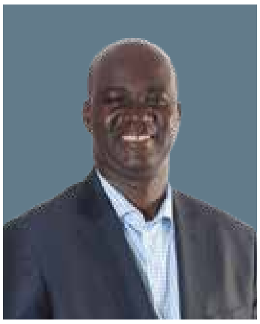
The SHEQ & CSR Committee's role is to continuously reinforce the Company's commitment to its employees and the environment in which they are employed. Reporting directly to the Board of Directors, this Committee will seek to ensure procedures and processes are in place to safeguard our employees in the workplace and the communities in which the Company operates.

The Committee will investigate BNC's impact on the environment and will be seeking to recommend ways of benefitting the areas in which it operates.

corporate governance

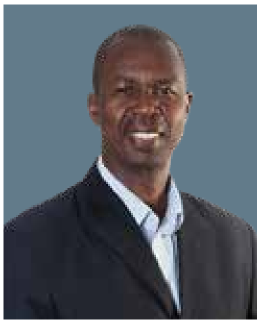
MANAGEMENT

B Manhando
Managing Director

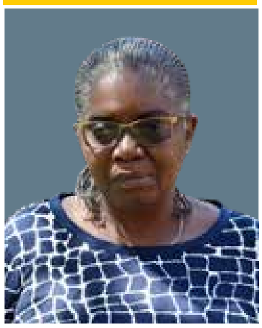


J H L Lampen
Finance Director

C F Mukanganga
Company Secretary



A Sikhosana
Marketing Manager



C Nkhoma
Process Manager

S Masvipe
Finance Manager

N Gwatura
Mining Manager

J Kasumba
Technical Services Manager

L Ambress
Group Engineering Manager

C Dube
Group Human Resources and Legal Services Manager

corporate governance

DIRECTORS' REPORT

The Directors are pleased to present the annual financial statements of Bindura Nickel Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2019.

Basis of presentation

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

Issued share capital

The issued share capital of the Company is made up of 1 239 656 591 ordinary shares of US$0.000010307 each.

	31 March 2019 US$	31 March 2018 US$
Issued and fully paid	12 778	12 778
Non-distributable reserves		
Share premium	32 291 208	32 291 208
Total non-distributable reserves	32 291 208	32 291 208
Distributable reserves		
The movement in distributable reserves is as follows:		
At 1 April	13 774 942	7 936 422
Profit for the year attributable to ordinary shareholders	13 467 811	5 838 520
At 31 March	27 242 753	13 774 942

Subsidiary companies operations

Trojan Nickel Mine restarted operations during the year ended 31 March 2013 while the Smelter and Refinery and Shangani Mine divisions remained on care and maintenance.

Property, plant and equipment

Capital expenditure amounted to US$ (6 980 614) (2018: US$4 566 476) during the period.

Group results	31 March 2019 US$	31 March 2018 US$
Profit before taxation	18 287 572	7 882 870
Taxation	(4 819 761)	(2 044 350)
Profit for the year	13 467 811	5 838 520

corporate governance

DIRECTORS' REPORT

DIVIDEND

No dividend was declared for the year.

THE DIRECTORS OF THE COMPANY AS AT 31 MARCH 2019 WERE:

Name	Position
B Manhando	Managing Director
J H L Lampen	Finance Director
M A Masunda	Non-executive Chairman
O A Barbeau	Non-executive Director
O M Chidawu	Non-executive Director
A P Danso	Non-executive Director
T R Muganyi	Non-executive Director

AUDITORS

Ernst &Young were reappointed as the Auditor during the year ended 31 March 2019 and will hold office until the conclusion of the Annual General Meeting at which shareholders will be requested to fix their remuneration for the past audit. In addition, shareholders will be requested to approve their re-appointment for the coming year.

By order of the Board
Bindura Nickel Corporation Limited

Mukanganga

C. F. Mukanganga
Company Secretary

18 July 2019

Remuneration Committee

The Remuneration Committee recommends any new appointment of directors to the Board, based on the merits of the candidates and the relevance of their background and experience. It periodically reviews the structure, size and composition of the Board.

In determining the remuneration of executive directors, the Remuneration Committee seeks to enable the Company to attract and retain executives of the highest calibre. The Committee also makes recommendations to the Board concerning the allocation of share options to employees. No director is permitted to participate in discussions or decisions concerning his own remuneration.

During the current year the Committee was chaired by non-executive director, Muchadeyi Masunda, with non-executive directors Oliver Chidawu and Toindepi Muganyi as members.

Remuneration Policy

The policy on directors' remuneration is that the overall remuneration package should be sufficiently competitive to attract and retain individuals of a quality capable of achieving BNC's objectives. The remuneration policy is designed such that individuals are remunerated on a basis that is appropriate to their position, experience and value to the Company. The Remuneration Committee determines the contract terms, basic salary and other remuneration for each of the executive directors, including performance related share options, bonuses, pension rights and any compensation payments.

EXECUTIVE REMUNERATION PACKAGE

Basic salary and benefits

The policy is to review salary and benefits annually against competitive market data and analysis and, where necessary, adjust accordingly.

Share Options

BNC has a share option scheme which was approved by shareholders at an Annual General Meeting which was held on 26 September 2016. On 8 December 2017, 92 974 244 ordinary shares were alloted to eligible employees from this Scheme. This represents the maximum allotable shares, equivalent to 7,5% of the Company's issued shares amounting to 1 239 656 591.

Pensions

BNC operates a pension scheme, where employees and the Company make monthly contributions to the Mining Industry Pension Fund (MIPF).

Fees

The fees for non-executive directors are determined by the Board, having taken independent expert advice on appropriate levels and are reviewed on an annual basis, subject to approval by Shareholders at the next Annual General Meeting.

Service contracts

The service and employment contracts of the executive directors are not of a fixed duration and therefore have no unexpired terms. The Company's policy is for executive directors to have service and employment contracts with provision for termination of no longer than 12 months' notice. The non-executive directors do not have employment contracts.
Details of the contracts or appointment dates of the directors who held office in the course of the current year are as follows:

corporate governance

DIRECTORS' REMUNERATION REPORT (cont'd)

Details of the contracts or appointment dates of the directors who held office in the course of the current year are as follows:

Executive Directors	Date of appointment
Batirai Manhando	As Director 11 October 2006 As Managing Director 1 November 2013
Johannes Lampen	As Finance Director and Board member 3 September 2015

Non-executive Directors	Date of appointment
Olivier Barbeau	3 September 2015
Oliver Chidawu	1 August 2004
Muchadeyi Masunda	1 May 1986 As Chairman 28 April 2017
Toindepi Muganyi	28 June 2017
Alex Danso	30 November 2017

DIRECTORS' SHARE INTERESTS

Details of the share interests or beneficial interests of the directors who were in office during the current year or prior year are as follows:

	Ordinary shares of $0.03 each at 31 March 2019		Ordinary shares of $0.01 each at 31 March 2018	
	Number	%	Number	%
Batirai Manhando	1 222 985	0.10	1 222 985	0.10
Oliver M Chidawu	666 667	0.05	666 667	0.05
Muchadeyi A Masunda	666 667	0.05	666 667	0.05
Alex P Danso	95 526	0.01	95 526	0.01
Total	2 651 845	0.21	2 651 845	0.21

Note: The Company's register of directors' interests (which is also open to inspection) contains full details of the directors' shareholdings.

Signed on behalf of the Board:

J. H. L. Lampen
Finance Director
18 July 2019

corporate governance

STATEMENT OF DIRECTORS' RESPONSIBILITY

To The Shareholders Of Bindura Nickel Corporation

The directors are responsible for the maintenance of proper accounting records and the preparation, integrity and fair presentation of the financial statements of Bindura Nickel Corporation Limited (the "Group"). The financial statements presented on pages 43 to 97 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Zimbabwe Companies Act (Chapter 24:03) and include amounts based on judgements and estimates made by management.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors (the "Board") sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. The controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The financial statements have been audited by an independent firm, Ernst & Young Chartered Accountants (Zimbabwe) who have been given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board and committees of the Board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. Ernst &Young audit report is presented on page 43 to 97.

These financial statements were prepared by the Bindura Nickel Corporation Limited finance department under the supervision of the Finance Director, Mr Johannes Hendrikus Lambertus Lampen.

B. Manhando
Managing Director
18 July 2019

J. H. L. Lampen
Finance Director
18 July 2019

BINDURA NICKEL
CORPORATION LIMITED

ANNUAL
REPORT
2019

REFINING PLANS FOR FUTURE GROWTH **THE TROJAN WAY**

corporate governance

STATEMENT OF CORPORATE GOVERNANCE

The directors support the principles of good corporate governance. While not mandatory, the directors have implemented, where practical for a company of this size and nature, certain provisions of the principles of good governance and code of best practices set out in the Zimbabwe Corporate Governance Code. The disclosures presented herein are limited and are not intended to constitute a corporate governance statement as prescribed by the Disclosures and Transparency Rules or the Companies Act.

The Board regularly reviews key business risks, via a number of properly constituted committees, in addition to the financial risks facing the Company in the operations of the business.

The Board

The Corporation has a unitary Board that comprises executive and non-executive directors. All the directors bring to the Board a wide range of expertise as well as significant professional and commercial experience.

The Board meets, under the Chairmanship of a non-executive director, on a quarterly basis, to consider the results for the period, issues of strategic direction or policy, major acquisitions and disposals, approval of major capital expenditure and other matters having a material effect on the Corporation. Complete listing of all the matters reserved for decision by the Board has been agreed and is reviewed on a regular basis.

All non-executive directors are subject to retirement by rotation and re-election by shareholders at least once every three years in accordance with the Corporation's Articles of Association. The Board as a whole approves appointments of new directors.

The roles of Chairman and Managing Director are separate and all directors have access to the advice and services of the Company Secretary. The Company Secretary is responsible to the Board for ensuring that Board procedures are followed.

The total process of risk management, which includes a related system of internal control, is the responsibility of the Board. The Board is also responsible for ensuring that a risk assessment is undertaken at least quarterly and considers the significant exposures that the Group faces.

The Board Secretary maintains an attendance register of directors for all scheduled meetings during the year. Through the register, directors may assess the sufficiency of their devotion to the Group.

Audit Committee

The Audit Committee meets at least twice during the year and is responsible for ensuring that the financial performance of the Company is properly reported on and monitored, and for meeting the auditors and reviewing the auditors' reports relating to the

corporate governance

STATEMENT OF CORPORATE GOVERNANCE

accounts. The Committee also recommends the appointment of, and reviews the fees of, the external auditors. It meets once a year with the auditors without executive Board Members present. As at 31 March 2019, the Audit Committee comprised of three non-executive directors, Olivier Barbeau (Chairman) and members, Muchadeyi Masunda and Alex Danso. The Finance Director of the Company attends Audit Committee meetings by invitation.

Remuneration Committee

The Remuneration Committee meets at least twice per year. It reviews the performance of the executive directors and sets and reviews the scale, structure and basis of their remuneration and the terms of their service agreements paying due regard to the interest of shareholders as a whole and the performance of the Company.

The Committee also recommends any new appointment of directors to the Board, based on the merits of the candidates and the relevance of their background and experience. It periodically reviews the structure, size and composition of the Board.

As at 31 March 2019, non-executive director, Muchadeyi Masunda is Chairman of the Remuneration Committee with non-executive directors Oliver Chidawu and Toindepi Muganyi as members.

Safety, Health, Environment & Quality and Corporate Social Responsibility ("SHEQ &CSR) Committee

The role of the SHEQ & CSR Committee is firstly, to review corporate social responsibility projects and budgets, and to make recommendations to the Board on the aspects of the various projects in which the Company has an interest. Secondly, it is the Committee's responsibility to ensure that health, safety, environmental and quality objectives as well as those of the various projects in which the Company has an interest are set and met by the Company.

The Committee comprises at least three members and as at 31 March 2019, was chaired by Oliver Chidawu with Batirai Manhando and Toindepi Muganyi as members.

The Committee may from time to time invite other individuals to attend its meetings.

Internal Controls

The directors have overall responsibility for the Group's internal control effectiveness in safeguarding the assets of the Group. Internal control systems are designed to identify and mitigate the particular type of business, operational and safety risks to which the Group is exposed. Internal controls can only provide a reasonable, but not absolute assurance against material misstatements or loss.

The Board reviews the effectiveness of the internal controls through the Audit Committee and through executive management reporting to the Board. Business plans, budgets and authorisation limits for the approval of significant expenditure, including investments are appraised and approved by the Board. The Board also seeks to ensure that there is a proper organisational and management structure with clear responsibilities and accountability.

It is the Board's policy to ensure that the management structure and the quality and integrity of the personnel are compatible with the requirements of the Company.

The Company complies with the Zimbabwean Stock Exchange listing rules regarding dealings in the Company's shares and has adopted a share dealing code to ensure compliance by the directors and applicable employees.

Shareholder Relationships

During the year the Company met with shareholders at an annual general meeting which was held on 27 September 2018.

Analyst Briefings

The Corporation values the need for constant dialogue with its shareholders and various other stakeholder groups. To this end, the Corporation regularly holds Analyst Briefings where updates are presented on its strategies as well as operational and financial performances. The Company also regularly holds Bondholders' Briefings where participants in the $20 million Smelter Re-start Bond are informed of progress achieved towards the refurbishment of the smelter plant.

Principal Risks and Uncertainties

The principal risks and uncertainties to which BNC is exposed relate to changes in the market prices of nickel, resource and reserves risk, processing risk, environmental risk, mining and operating risk, energy risk, financing risk and political risk.

Metal price risk

Fluctuations in metal prices can clearly affect the profitability of mining operations. BNC seeks to protect itself from adverse fluctuations by investing in projects that can operate economically in lower metal price environments, and by controlling operating costs. BNC used no financial instruments or hedging products to fix metal prices in FY2019, though the directors have the power to do so should they deem it appropriate. The impact of the metal prices on the performance of the period is assessed in note 26 to the financial statements.

Resource and Reserve risk

There is a risk that estimates of Mineral Resources and Reserves overstate their economic potential. This uncertainty could give rise to a situation where a mine is, or becomes, commercially unviable. BNC manages this risk by ensuring that all Mineral Resource and Reserve estimates are calculated by reference to internationally accepted standards (in this case The Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves; 'JORC Code').

The information in this report that relates to Trojan Nickel Mine Mineral Resources or Ore Reserves is based on information compiled by Phillip Chiwundura, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM) and Geological Society of South Africa (GSSA). Phillip holds a B.Sc in Geology & Biological Science (UZ), a Master of Science in Engineering (M.Sc. Eng) through Witwatersrand University as well as an MBA through UNISA. Phillip is a 'Qualified Person' as defined in the AIM Rules. The AIM Rules refer to the parent company's regulatory requirements, as the parent company was listed on the London Stock Exchange up to its suspension from trading on 28 July 2017 and the subsequent cancellation of its membership on 28 January 2018. The Qualified Person consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Information about the Resources and Reserves is included in the Business Sector.

Processing risk

There is always the risk that the processing of ore to recover metal fails to deliver the expected recoveries, which may in turn effect projected profitability of the mine. However BNC's existing mining operation has a long history of economic production and the processing techniques used are well understood.

With regards to the Trojan Concentrator Plant, there is need to effect Mill 3 end shield repairs and trunnion replacement soon as the old repaired areas may fail and affect expected recoveries. While the Trojan concentrator is semi-automated, some of the instrumentation spares are becoming obsolete and the replacement of such spares is becoming a problem. This may affect delivery of spares and ultimately delivery of expected recoveries.

Also, the filter press consumables wear fast and are expensive. Delayed payment for spares can their delivery, which may result in downtimes that may impact negatively on sales.

Should BNC invest in new projects, the metallurgical processes are thoroughly tested and reviewed by independent consultants before any investment is made, thereby ensuring the safeguarding of the shareholders, as far as possible.

ENVIRONMENTAL RISKS

The operation's main environmental significant aspects includes, effluent discharge, Explosives Handling, Hydrocarbon Spillages, Sewer Handling, Lantana Camara eradication, water usage and Electricity usage. All these have running programmes which are reviewed monthly.

BNC went through a formal audit by DQS (German based organisation) and was certified to ISO 14001 Environmental standard.

Mining and operating risk

Mining is an inherently risky activity and can involve ground instability, underground fires, failure of machinery and human error. BNC makes every effort to ensure that these risks are minimized by ensuring that mining operations are professional, conducted with the highest possible degree of safety, efficiency and quality, that a high level of workforce training and education is maintained and by prompt reporting of incidents to management.

corporate governance

RISK MANAGEMENT REPORT

Information about the health and safety framework at BNC, which ensures minimization of this risk, is included in the Overview of Social and Environmental Responsibility. BNC aims to achieve zero harm to its people, assets and the environment in which it operates.

Energy risk

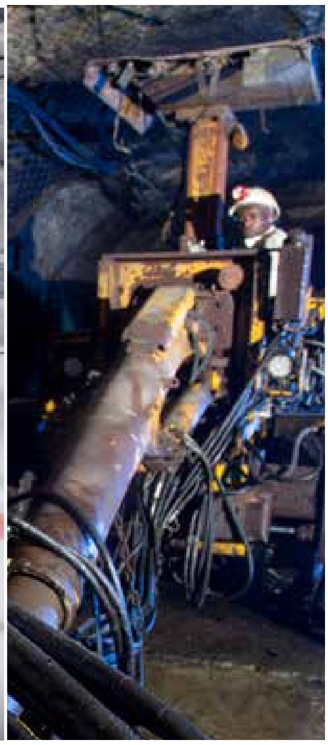
In the light of the problems experienced by the energy supplier, namely Zimbabwe Electricity Supply Authority (ZESA) in respect of the BNC operations, there is an inherent risk related to the consistency of supply of energy to the mine and the volatility of the price charged.

BNC makes every effort to ensure that this risk is mitigated, by investigating the option of its operations generating their own energy in-house, rather than purchasing it.

Financing risk

Mining is a capital-intensive business and there is a risk that if finance is not available for the development or further exploration of a project then the value of the project may not be realised. BNC's financing risk is linked to the availability of funding in the capital and debt markets which are impacted by perceptions of commodity and country risks.

BNC seeks to mitigate its financing risk by diversifying its sources of finance for the development of its projects.



corporate governance

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

WORKPLACE SAFETY

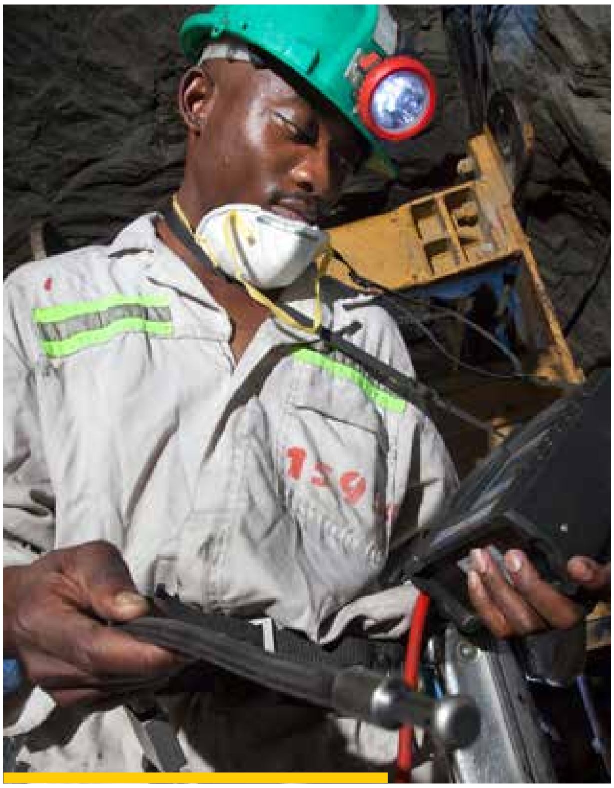
The Operation celebrated 1 392 Fatality Free Days since 2015. No LTI encountered during the year FY 2018/19. 5 NLTI were experienced.

Safety performance measured by the different indices improved over the 2018 performance. A Lost Time Injury Frequency Rate (LTIFR) of 0 was achieved during the year.

Visible Felt Leadership (VFLs), Planned Job Observations (PJOs), Behaviour Based Indicators (BBI), inspections, and audits promoted a robust safety culture within all operations. A platform to recognize and celebrate good safety performance through a rewarding system enhanced the safety performance.

Self-driven safety ownership culture among employees has resulted in a marked improvement on performance and in the driving the operation towards Zero Harm. "Safe individuals equals safe teams, equals safe operations".

An Occupational Health and Safety management system biased towards ISO 45001:2018 standard has been developed and is being implemented. During the year, the operation went through a rigorous auditing system by a formal third part DQS (German Based) and was certified to such a standard in March 2019. This milestone could not have been achieved without the involvement of both management and employees. This team effort and achievement will forever be celebrated by the organization. Well done!



EMPLOYEE AND COMMUNITY HEALTH

Occupational Health

BNC continued to progressively establish effective medical surveillance systems, linked to systematic exposure monitoring, compatible with ISO 45001:2018 standard requirements. It is pleasing to note that certification to such a standard was achieved during the year. The progressive collapse of public health services has led to increased dependence on the mine clinic by employees and dependents. The outsourcing of Trojan Mine Clinic has been a success. The quality of service is constantly monitored by the Company and has been satisfactory. The Clinic has expanded and its Maternity Wing has been refurbished. Only those cases with complications are now referred to external facilities. Obstetrician and gynaecological services improved and up to four patients can be in admission in the Maternity Wing at a time. The X-Ray, Ultra Sound Scan and Laboratory Services have saved employees the expense of seeking these services externally.

Service provision as test and examination results are quickly made available to the clinic's Medical Officer. Pre –employment and exit medical examinations are now being processed faster because of the additional services such as X-rays which previously had to be sought from outside. Occupational therapy continues to be provided by qualified clinic personnel who also work closely with company personnel in occupational health monitoring and education and partake in company safety audits.

The Clinic, in liaison with the SHE Department, has also revived the Hearing Conservation programme to manage employees with Noise induced hearing loss as noise is one of the top ten hazards affecting employees within various occupations. Outpatient services are satisfactory and the Clinic continues to offer dispensary and ambulance services, family planning services, counselling (Including HIV testing, counselling and related services).

Dental services are now available and the Dentists visit the Clinic on a weekly basis to attend to community needs saving employees and their dependants transport costs to access the services in Bindura town. The Clinic works closely with the Human Resources Department and outside agencies including the Ministry of Health and Child Care in the provision of community health education. It takes part in company awareness campaigns on the prevention of communicable diseases and education on the management of suspected cases of legally notifiable diseases. The clinic is equipped to make the required notifications in terms of the Public Health Act. It is equipped to be a management centre for any disease outbreaks that may occur in the Trojan Village. Education has been given to employees and their families on the prevention and management of diseases such as cholera and typhoid. The Clinic staff have taken part in health education campaigns in the Trojan Village which

corporate governance

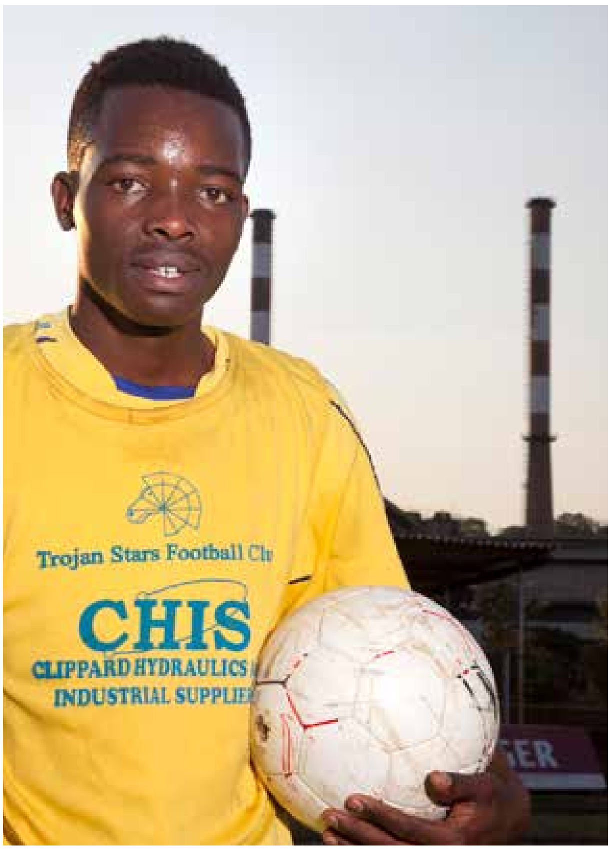
SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

have included meetings with residents on a section by section basis. Feedback is provided to Management on disease trends with recommendations on required interventions. Workplace peer educators on HIV / AIDS continue to receive support and education from the Clinic and outside agencies. They in turn are provided with opportunities to share information with other employees during safety talks and at other forums.

The District and National Aids Councils, ZAPSO and other NGOs and agencies, in liaison with the Human Resources Department, regularly provide education on HIV /AIDS, home based care of AIDS patients and emotional and material support to ill persons and families as resources become available to them.

EMPLOYMENT AND LABOUR RELATIONS

BNC continues to respect the interests of employees and stakeholders and maintains its status of being an employer of choice in the country. The company actively endeavours to create opportunities to improve the work environment which user friendly to employees" growth and to contribute to the well-being of employees. In this regard, the company maintained employee recognition schemes, performance bonuses as well as ensuring commitment to training programs in order to improve employee performance and satisfaction.



Good employee relations continued to be an area of significance for the company and this has been realized by open communication policies as well as improved consultation with employees. Employee participation has been prioritised through employee suggestion boxes where individuals have been rewarded for coming up with noble towards effective cost cutting initiatives. Works council meetings are being held religiously once every month and other communication forums such as liaison meetings are being maintained. Worker leadership was also trained in order to enhance its effectiveness in engagements with management. Essentially, this has helped in upholding the relationship that exists between employees and management and has enabled the company to resolve issues amicably.

One of the key results of these communication forums is the change of the mining shift system which is still on trial but has been yielding positive results in terms of productivity as well as employee work life balance. The company, during the year also embarked on a project to acquire stands for employees in the Patterson grades A3- C4 in a quest to empower them and improve their satisfaction.

Although the company has managed to successfully resolve a number of employee concerns through the regular channels, there still remains a number of disputes that arise from the Trojan Mine's care and maintenance era which are pending in the courts. The total labour complement as at 31 March 2019 was 979 (2018: 862).

COMMUNITY DEVELOPMENT

Bindura Nickel Corporation's commitment to CSR is based on the principle that corporate success and social well-being are interdependent and that the long-term interests of the organization are best served by improving the community in which we operate. The company's efforts were however severely hampered by financial constraints hence donations and other financial assistance were severely limited. Support and assistance was given mostly in kind.

One of the key priorities of the Company has been to ensure continued community development by economic empowerment of local contractors who were given first preference in the awarding of contracts during the period under review.

Groups of local women were also given contracts for cleaning of vacated low density houses and facilities, construction of fireguards around the plants and Trojan Village, as well as repair of roads and general village maintenance. This enabled BNC to continue contributing to the sustainable economic development of the communities within which it operates by as far as possible procuring goods locally, outsourcing goods and employing local labour where they meet the required attributes.

Outsourced facilities continued to be run by the service providers who were awarded tenders in 2016 and this has helped them become economically empowered whilst allowing the company to focus on its core business objectives. During the period under

corporate governance

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

review, the company extended donations to local educational and health institutions as well as local authorities and other organizations. Donations were however mainly in kind by form of namely fencing poles from the scrap yards, waste rock for road rehabilitation, gum poles from the Company's gum tree plantation, drums for use as refuse bins and for water storage. Support was also given to local authorities during national events which included the National Independence day as well as Heroes' day celebrations.

The Trojan Stadium continued to be availed free of charge for use by local sports teams and the Trojan Primary School.

Mushowani Stars, a provincial soccer team which was promoted to the ZIFA Premier League in the 2019 season, was granted use of Trojan Stadium as its home ground.

ENVIRONMENTAL IMPACT AND MITIGATION

The operation continues to work within the limits as stated in the Environmental Management Laws. The operation has different pieces of permits which it has complied with during the period under review. Zero discharge to the environment philosophy has been adopted. Effluent from the mine is directed to the Process Plant for reuse.

Rehabilitation of disturbed ecosystems is in progress to promote biodiversity. Planting of the Acacia species and Vertiva grass is in progress. Permit for the discharge point received and is in the Green Band.

BNC continues to adhere to the highest standards of locally and internationally accepted environmental practices. Consistent with the SHE Policy, measures were implemented to ensure every team member abides by environmental standards and ethics for protecting the environment.

The operation has a deliberate Mine closure plan, where mitigation measures are done to the satisfaction of both Internal and External Interested Parties. A Mine Closure Audit is done every two years to evaluate the set mitigation measures as well as the extent of allocation of resources to such operations. The aim remains to rehabilitate the environment for the benefit of the local community after mine closure.

Bindura Nickel Corporation Limited is a member of the Zimbabwe Chamber of Mines Association of Mine Managers and participated actively in the functions of the association.

ENVIRONMENTAL RISKS

The operation's main environmental significant aspects includes, effluent discharge, Explosives Handling, Hydrocarbon Spillages, Sewer Handling, Lantana Camara eradication, water usage and Electricity usage. All these have running programmes which are reviewed monthly.

BNC went through a formal audit by DQS(German based organisation) and was certified to ISO 14001 Environmental standard.

ANTI-BRIBERY AND CORRUPTION MEASURES

The Company has an effective Anti-Bribery and Corruption Policy. The Board takes a zero tolerance approach to bribery and corruption and will uphold all laws relevant to countering bribery and corruption. The Board expects the highest standard of personal and professional behaviors from all employees within the Group and from external contractors and third parties working or performing services on behalf of the Corporation.

The Board will not tolerate any incidence of bribery and will take action against anyone employed within the Group, or associated with the Group, who commits bribery. The Corporation's policy on bribery and corruption has been communicated to all employees and contractors. The Group regularly monitors and investigates all allegations of fraud and corruption and reports on all issues arising to the Board.

The Board also appointed one of its members to act as the Group's anti-bribery compliance officer who is the Group's Finance Director. He has the right to attend all meetings of the Committee at which any matters relating to the Committee's anti-bribery duties are under discussion.

SUPPLY CHAIN MANAGEMENT

Management has ensured continuity of supply of goods and services by 'in-housing' local small, budding suppliers and has added more suppliers as a way of promoting employment and economic activities for the local community.

The strategy of offering business premises to suppliers of goods, such as machining and rubber lining, has worked so well that new suppliers have been added in the past financial year. The mine is realizing some very positive benefits from this move, including

corporate governance

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

improved quality of materials, shorter lead times and lower end costs, whilst being able to grow close relationships with the suppliers. The mine performs on-site inspections of the business activities of suppliers and assists in lowering its overheads, such as rates and rent.

Economic challenges in Zimbabwe have caused larger companies to close down. However, this has created an opportunity for a number of small businesses, which the Group supports, to emerge. BNC is looking into sourcing good, used equipment overseas, which is cheaper than new equipment. This will assist the local businesses in opening up workshops that will serve the mines, minimizing risk in the near future, as the country's larger companies continue to close down.

In line with its focus on stimulating economic activity in Bindura, BNC is set to continue with the strategy of developing suppliers of mine-related goods and services. This has benefitted and will continue to benefit the local communities, with job creation, transfer of skills and continued training in various programmes, such as environmental awareness. Community members are also being equipped to run their own businesses through this initiative.

This Strategic Report was approved by the Board on 18 July 2019 and is signed on behalf of the members' by:

M.A. MASUNDA	J. H. L. Lampen
Chairman	**Finance Director**
18 July 2019	18 July 2019

Bindura Nickel Corporation Limited (BNC), based in Zimbabwe, is Africa's only fully integrated nickel producer. BNC includes the following assets: Trojan Mine, Shangani Mine, Hunter's Road Nickel Mine and the Bindura Smelter and Refinery (BSR) complex.

Currently, the primary industrial uses of nickel sulphate includes battery cathodes, electrolysis plating and electroplating. However, due to the development of electric and hybrid cars in the auto industry, the demand for nickel sulphate is set to rise steadily in the medium to long term. This presents an opportunity for the group as it looks at restarting the smelter in the short to medium term and the refinery.

The nickel market has experienced historically high inventories and low nickel prices over the past few years. Trojan has been well positioned to be able to respond to these challenges by reducing volumes and targeting higher grades (massives). The mine developed a new sustainable mine plan because of its ability to blend its higher-grade massives with the lower-grade disseminated ore - Trojan is one of the few nickel mine operations that has a combination of high-grade and low-grade ore occurring as distinct bodies

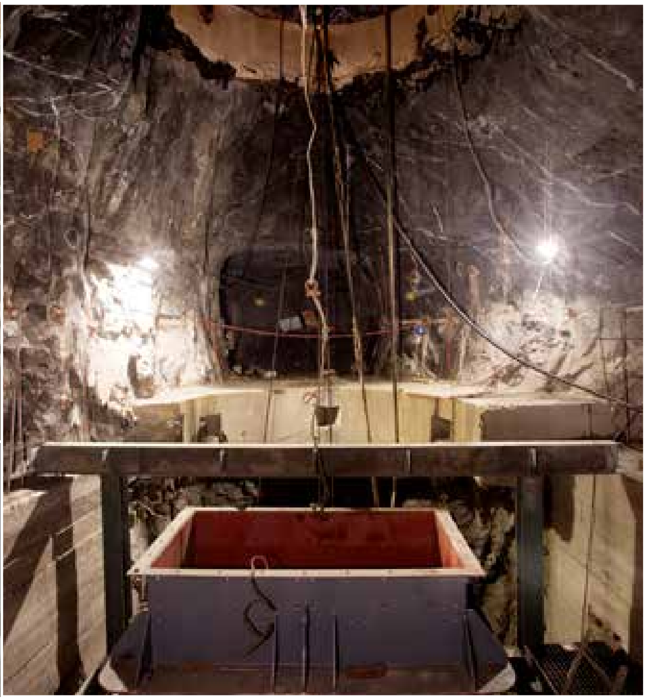
This enables the mine to remain viable when nickel prices are low. High grading is the process of mining the highest grade zones of the ore body to provide short-term economic benefit, on the assumption that the remaining areas of the ore body will be mined as the price increases. In reality, the remaining or surrounding ore often becomes marginally economic resulting in loss of metal to the reserve base.

Trojan mine's high grading is different from traditional high grading due to the nature of the resources where the high grade (massives) and the low grade (disseminated) are mined separately in a 'two-product' setup, with no or minimal resultant sterilization of low grade resources. It is important that shareholders appreciate Trojan's unique ability to swiftly adapt the mining ratio of the operation's higher-grade and lower-grade ore bodies to respond to changes in the nickel price. The current grade blend plan is at a massive to disseminated ratio of between 1:2.and 1:4. Previously, the blending had a massive to disseminated ratio of 1:6. The Company will adapt this strategy for maximum benefit as the nickel price strengthens again.

More efficient equipment usage, lower transport costs, and reductions in labour costs have all contributed to BNC having one of the most competitive cost bases in the industry. All of these measures have resulted in achieving improved head grades and optimised production volumes as well as a reduction of all-

business sector

NICKEL STRATEGY



in sustaining costs. In order to protect Trojan's life of mine, the Company has had to carefully manage the nickel ore it has extracted from the higher-grade massives. The Group initially implemented this strategy to ensure that the mine remains competitive when the nickel price is weak, and undertakes regular reviews to ensure long-term positive effect on the operation's performance.

The final phase of the Re-deepening Project is progressing. This involves the design, procurement, manufacture and delivery of spares to site for Sub-vertical Rock winder upgrade and will take at least 8 months. It will cost approximately $5 million to complete and will extend the rock hoist shaft system by 240m from 37/0 to 45/0 level. While this project is on-going, management has put in place measures to mitigate its impact on production through use of Service Winze infrastructure. This allows for the handling of waste from 41 level and 43 or 45 Level haulages and the hoisting of massives ore. The expected tie-in should be completed by approximately late March 2019. On completion, it will further improve efficiencies in ore movement and development rates, and allow access to explore for ore resources beyond 45/0 level, potentially providing higher grades in advance of the smelter restart.

The pace of progress of the Smelter Restart Project has been carefully managed to prioritize cash flow requirements. Project total cost is $30 million, and it is currently 83% complete. National project status gives BNC access to a number of incentives, including duty-free import of capital equipment and value added tax rebates on certain equipment. It is important to emphasize that the long-term strategic and economic value of the smelter is optimal when the nickel price is more elevated than it is at present (the original plan worked on a nickel price of $16,250/t). Operation of the smelter will require significant additional, costly power supplies and as well as other overall operating cost which have a major bearing on the smelter coming into operation. The current BNC smelter operating cost estimate was developed based on historical efficiencies and current costs of labour, materials and project power costs.

The Trojan Mine will supply about 36% of the smelter's capacity of 160,000t of nickel concentrate per annum. The Group is in ongoing discussions with several third-party tolling customers regarding opportunities to acquire additional concentrate and is reasonably confident about negotiations to date.

BNC's smelter will produce leach alloy, a purer form of nickel, which will significantly increase the current level of payability. BNC currently transports its concentrate from Bindura, Zimbabwe, to Durban, South Africa, for export, but once the smelter is in full production the savings on transport will be significant – a saving of about $5 million annually in transport costs. Longer-term, Bindura Smelter Refinery's (BSR) strategy is to fully integrate the Trojan Mine, Bindura Smelter and Refinery once again. When the nickel complex is fully operational, the BSR, with some process modifications, can produce nickel sulphate, cobalt sulphate and nickel cathode that generates high profitability for the organisation while achieving optimal transport costs than currently being archived when transporting concentrates. The global market for nickel sulphate as a product is far greater than it is for nickel concentrate, with Chinese demand particularly strong. When operating at optimum capacity, the BSR complex is a world-class asset capable of generating strong cash flows.

Once the smelter is in full production, BNC's percentage of the market prices will increase from current 65% to 85%, subject to contractual terms.

OPERATIONAL PERFORMANCE

The performance of Trojan for FY2018 was encouraging. Positives were recorded in strong recoveries, head grades with stable nickel production from lower milled tonnages.. Cost control remains the major focus area circa $6,000. For the year: C1 increased slightly by 11% to $5,838/t, but in line with FY2016 ($5,978). All-in-sustaining C3 costs in tandem with C1, was at $6,289, 12% higher that FY2017 but 3% lower than FY 2016.. Containing costs will be a continued focus, due to the fluctuating nickel prices.

The year's results were in part due to an adjusted mine plan driven by low Ni price in the first half of the year, where more massives and less disseminated ore were mined. However this plan is not sustainable in the long-term. Therefore, BNC management is reverting to its previously accepted plan to maintain a blend of massive and disseminated ores, which sustains the life of the mine.

BNC is also currently reassessing its business plan, with the view to improving the overall performance in the new financial year. This review has included looking into optimising systems and structures, mineral resources and equipment. Moving forward, the focus will be on cost controls and increasing equipment uptime, asset utilization and productivity targets.

BNC continues to explore conversations with third party nickel producers in the region. As the price of nickel recovers, more concentrate will come to the market and an off-take agreement with another producer will be positive for the economics of the smelter.

Historically, BSR processed concentrates from Trojan, other closed mines (Madziwa and Epoch) and Shangani Mine. However, Shangani remains on care and maintenance. At current prevailing nickel prices, the ore grade at Shangani is too low to be economically exploited. Therefore, the Group is currently exploring the possibility of leasing the land for commercial farming. The measured, indicated and inferred resource size of Shangani Mine is 67,870 tonnes of contained nickel.

Hunter's Road is in the pre-development stage. With power and water readily available, once it is operational, Hunter's Road will be mined as an open pit mine. The mine also has road and rail transport options easily available. The Hunter's Road deposit was discovered by means of a soil geochemical anomaly and was initially explored through trenches. Substantial drilling has subsequently been completed on the deposit to outline the ore body: this comprised 125 percussion holes, amounting to 4,620m and 183 diamond drill holes amounting to 41,041m drilled. Recent work on the project has involved modelling of the metallurgical domains identified. The indicated resource size is 200,404 tonnes of contained nickel. A development programme at the deposits is currently being explored. Strategic options are also being considered but, essentially, the project remains on hold pending funding options.

OUTLOOK

With operating costs being under control and with the smelter coming on stream, once the nickel price has normalized, it is reasonable to expect a positive future for BNC.

Trojan Mine Production		FY2019	FY2018	FY2017
Tonnes mined	(t)	444 240	378 824	432 843
Tonnes milled	(t)	443 876	390 211	440 619
Head grade	(%)	1.64	1.89	1.7
Recovery	(%)	86.3	89.6	88.8
Nickel in concentrate produced	(t)	6 289	6 620	6 762
Nickel in concentrate sold	(t)	6 410	6 470	6 705
Average realized price of nickel in concentrate	($/t)	8 376	7 249	6 519
Cash cost (C1) of nickel in concentrate	($/t)	6 652	5 838	5 367
All-in sustaining cost (C3) of nickel in concentrate	($/t)	6 610	6 289	5 627

business sector

NICKEL STRATEGY

BNC NICKEL MINERAL RESOURCES

The Mineral Resources estimates are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC code, 2012) as the minimum standard. The Mineral Resource estimates reported are inclusive of the Ore Reserves. The rounding of figures may cause computational discrepancies for totals.

BNC Mineral Resource Statement as at 31 March 2019

Operation		Tonnes (Mt)		Grade (%Ni)		Contained Nickel (kt)	
		2019	2018	2019	2018	2019	2018
	Classification	**Mt**	**Mt**	**%Ni**	**%Ni**	**Kt**	**Kt**
	Measured	2.11	2.10	1.00	0.92	21.0	19.3
	Indicated	1.85	1.12	0.96	1.22	17.8	13.7
	Measured and Indicated	3.96	3.23	0.98	1.02	38.8	33.0
Trojan Mine	Inferred	3.57	3.58	0.90	1.22	31.9	43.7
	Total	**7.53**	**6.81**	**0.94**	**1.13**	**70.7**	**76.7**
	Measured						
	Indicated	36.4	36.4	0.55	0.55	200	200
	Measured and Indicated	36.4	36.4	0.55	0.55	200	200
Hunter's Road Measured	Inferred						
	Total	**36.44**	**36.4**	**0.55**	**0.55**	**200**	**200**
	Measured	1.84	1.84	0.58	0.58	11	11
	Indicated	0.48	0.48	0.59	0.59	3	3
	Measured and Indicated	2.32	2.32	0.59	0.59	14	14
Shangani Mine	Inferred	9.71	9.71	0.56	0.56	54	54
	Total	**12.03**	**12.03**	**0.56**	**0.56**	**68**	**68**

Explanatory Notes

Trojan Mine

- The effective date for the Trojan Nickel Mine Mineral Resource statement is 31 March 2019.
- Mineral Resources are reported based on a 0.45%Ni cut-off grade.
- Mineral Resource tonnage increased by 11% following additional information obtained from 37L exploration drilling targeting the eastern side down dip extension of the Main orebody
- The grade and contained nickel metal decreased by 17% and 8% respectively due to depletion and a 33% decrease in the massive ore Mineral Resource tonnage. The drop in the massive orebody Mineral Resource tonnage was mainly due to reduction in the size of the footwall massive due to geological intrusions encountered below 39L. In addition, application of geological loss factor in order to take into consideration the existence of these geological features contributed to the reduction in the tonnage.
- Exploration drilling targeting the massive orebody down dip extension from 41L is expected to commence in May 2019. The drill holes will target areas between 45L and 52L.

Hunter's Road

- The effective date for Hunters Road Mineral Resource estimate is May 2006.
- Mineral Resource estimates were based on 0.40%Ni cut-off grade.
- The 36.4Mt Resource includes 2,377kt of resource which forms part of a 30m cap of oxide ore mineralisation
- In addition, in 1993, an Anglo American MinRED estimate showed 11,000kt grading 0.43% Ni approximately , 600m east of the West Ore body of Hunter's Road which is not included in the resource shown above.

Shangani Mine

- The Mine is on care and maintenance hence no Ore Reserves has been reported.
- Effective date for Shangani Mineral Resources is August 2008.
- The Mineral Resources estimates were reported based on a 0.35%Ni cut-off grade

REFINING PLANS FOR FUTURE GROWTH **THE TROJAN WAY**

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BINDURA NICKEL CORPORATION LIMITED

Report on the Audit of the Group and Company Financial Statements

Adverse Opinion

We have audited the consolidated financial statements of Bindura Nickel Corporation Limited (the Group) set out on pages 48 to 97, which comprise the consolidated and company statements of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated and company statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements do not present fairly the consolidated and company financial position of Bindura Nickel Corporation Limited as at 31 March 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Functional currency exchange rates

As explained in note 2 to the consolidated financial statements, the statements are presented in United States Dollars (US$) on the basis that the official exchange rate as at 31 March 2019 between the Real Time Gross Settlement Electronic Dollar (RTGS$) and the United States Dollar (US$) is 1: 2,94.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate foreign currency accounts (FCAs) into two categories, namely RTGS FCA and Nostro FCA during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US$ amounts. Subsequently, in February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar(RTGS$) and the interbank foreign exchange market.

These events triggered the need for entities to assess, among other things, whether the exchange rates used by the entities to translate transactions that occurred between 1 October 2018 and 31 March 2019 and closing balances as at 31 March 2019, where different modes of payment were used, were appropriate.

Based on International Financial Reporting Standards IAS 21 - The Effects of Changes in Foreign Exchange Rates ("IAS 21") "If exchangeability between two currencies is temporarily lacking, the rate used is the first subsequent rate at which exchanges could be made". In addition, paragraph 2.12 of the Conceptual Framework for Financial Reporting ("the Conceptual Framework") prescribes that for financial information to be useful, it "must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon."

We believe that transactions in the market indicated a differential rate between the two currencies despite the legal 1:1 RTGS$:US$ exchange rate before February 2019 and the interbank rate from 22 February 2019 to year end 31 March 2019. This impacts the basis for measuring transactions that occurred between 01 October and 31 March 2019, the valuation of assets and liabilities at year end as well as the accounting for foreign exchange differences.

The financial statements of the group include balances and transactions denominated in RTGS$ that were not converted at an RTGS$: US$ exchange rate that reflects the economic substance of its value as required by International Financial Reporting Standards ("IFRS") between 01 October and 31 March 2019. This is because management applied the legal rate of 1:1 up to February 2019 as pronounced by Statutory Instrument 133 of 2016, Statutory Instrument 33 of 2019 and the Monetary Policy Statements of the 22nd of February 2018, 1st of October 2018 and 20th of February 2019. Management further applied Statutory Instrument 32 & 33 to the financials with all transactions in RTGS dollars for the month of March translated using the daily rates as per interbank rates and closing balances for monetary items in RTGS$ dollars translated to US$ at the interbank rate on 31 March 2019.Management have provided more information on their approach in Note 28 to the consolidated financial statements.

In terms of IAS 21, foreign currency monetary items shall be translated using the closing rate, non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. Foreign currency transactions shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Therefore, had a different RTGS$:US$ exchange rate been determined and applied by management, most of the account balances and the information provided by way of notes to the accompanying financial statements, would have been materially different. Specifically, the line items impacted in the Statement of Financial Position include trade and other receivables, cash and cash equivalents, non-current and current liabilities and all line items on the Statement of Profit or Loss and Other Comprehensive Income other than revenue.

Since opening and closing balances enter into the determination of the financial performance and cash flows, the statement of profit or loss and other comprehensive income, accumulated losses and the net cash flows from operating activities reported in the statement of cash flows are also impacted.

The effects of the departure from IFRS are therefore pervasive to the financial statements; however, this has not been quantified.

Non-compliance with IAS 36

In addition to the matter identified above we noted the matter described in note 10.5 relating to an impairment loss on the smelter assets which has not been recorded by management. In our opinion due to this matter, the financial statements do not present fairly, in all material respects, the financial position of Bindura Nickel Corporation Limited as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

The smelter plant has been on 83% stage refurbishment for 3 years and has not been generating cashflows. Although current plans ongoing at the entity are indicative of a drive to complete the smelter construction and operate it when nickel prices per tonne are averaging between $14 000 and $16 000, the nickel price is currently not within the required range and there is no evidence to suggest that the price will reach as high as $16 000. In addition, the electricity tariffs which are another key consideration for restart of the smelter, remain very high which could affect the cash flows that can be generated.

independent auditor's report cont'd

In terms of IAS 36 – Impairment of Assets, the smelter plant with a carrying amount of $ 35 545 382 included in Property, Plant and Equipment in the statement of financial position should be assessed for impairment and recorded at its recoverable amount. Management has prepared an assessment of the recoverable amount of the plant based on its fair value less costs to sell and this indicates an impairment loss of $6 683 083 at the end of the financial year, however this has not been recognized in the current year which constitutes a departure from IFRS. The impact of the impairment is material to the financial statements.

Had management recognised the impairment, an amount of $6 683 083 would have been required to write the Property, Plant and Equipment down to its fair value less cost to sell. Accordingly, the impairment expense in the statement of comprehensive income would have been increased by $6 683 083, and, net profit and shareholders' equity would have been reduced by the same amount respectively. The Group's property, plant and equipment balances in the statement of financial position should be $72 022 753.

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

Key Audit Matters

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements

Other Information

Other information consists of the Chairman's Letter and the Corporate Governance report. Other information does not include the Group and Company financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the Group and Company financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Group and Company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Group and Company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to comply with the referred standard.

independent auditor’s report cont’d

Responsibilities of the Directors for the Group and Company Financial Statements

The directors are responsible for the preparation and fair presentation of the Group and Company financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of the Group and Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Company financial statements, the directors are responsible for assessing the group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Group and Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Group and Company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group and Company financial statements.

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

- Identify and assess the risks of material misstatement of the Group and Company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Group and Company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Group and Company financial statements, including the disclosures, and whether the Group and Company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the Group and Company financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group and Company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Fungai Kuipa (PAAB Number 335).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Angwa City
Cnr Julius Nyerere Way/Kwame Nkrumah Avenue
P O Box 62 or 702
Harare

31 July 2019

group statement of profit or loss & other comprehensive income

FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 US$	2018 US$
Revenue	5	54 005 118	53 555 405
Cost of sales	6	(39 503 653)	(34 695 726)
Gross profit		14 501 465	18 859 679
Other income	5.1	6 147 590	1 992 903
Selling and distribution expenses		(7 255 285)	(7 157 293)
Administrative expenses		(9 020 627)	(4 827 610)
Net Exchange gain		16 975 945	-
Profit from operating activities	6	**21 349 088**	**8 867 679**
Net finance costs	7	(3 061 516)	(984 809)
Finance income		2 709	3 171
Finance costs		(3 064 225)	(987 980)
Profit before taxation		18 287 572	7 882 870
Taxation	8	(4 819 761)	(2 044 350)
		13 467 811	5 838 520
Other comprehensive income		-	-
Total profit and other comprehensive income for the year attributable to ordinary shareholders		**13 467 811**	**5 838 520**
Basic and diluted earnings per ordinary share (cents)	9	1.1	0.5

group statement of financial position

AS AT 31 MARCH 2019

	Note	2019 US$	2018 US$
ASSETS			
Non-current assets			
Property, plant and equipment	10	77 169 523	78 705 836
Loans	11	48 627	-
		77 218 150	78 705 836
Current assets			
Inventories	12	8 494 827	8 938 705
Trade and other receivables	13	13 187 723	14 825 734
Cash and short term deposits	14	379 986	4 318 673
		22 062 536	28 083 112
Total assets		**99 280 686**	**106 788 948**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	12 778	12 778
Share premium		32 291 208	32 291 208
Retained earnings		27 242 753	13 774 942
		59 546 739	46 078 928
Non-current liabilities			
Interest bearing borrowings	16	3 246 928	15 384 000
Environmental rehabilitation provision	17	10 232 959	11 626 107
Deferred Taxation	18	5 730 363	910 602
		19 210 250	27 920 709
Current liabilities			
Trade and other payables	19	14 984 224	17 040 257
Provisions	20	491 539	3 253 389
Interest bearing borrowings	16	5 047 934	12 495 665
		20 523 697	32 789 311
Total equity and liabilities		**99 280 686**	**106 788 948**

B. Manhando
Managing Director
18 July 2019

J. H. L. Lampen
Finance Director
18 July 2019

group statement of changes in equity

FOR THE YEAR ENDED 31 MARCH 2019

	Note	Share capital US$	Share premium US$	Retained earnings US$	Total US$
Balances as at 1 April 2017		12 778	32 291 208	7 936 422	40 240 408
Total comprehensive income for the year					
Total profit and other comprehensive income for the year attributable to ordinary shareholders		-	-	5 838 520	5 838 520
Balances as at 31 March 2018		12 778	32 291 208	13 774 942	46 078 928
Total comprehensive income for the year					
Total profit and other comprehensive income for the year attributable to ordinary shareholders		-	-	13 467 811	13 467 811
Balances as at 31 March 2019		12 778	32 291 208	27 242 753	59 546 739

group statement of cash flows

FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 US$	2018 US$
Cash flows from operating activities			
Profit from operations before interest, dividends and taxation		21 349 088	8 867 679
Adjusted for:			
Depreciation of property, plant and equipment	10.2	4 231 087	2 665 420
Unwinding of discount on rehabilitation provision	17	318 555	101 325
Exchange gain		(16 975 945)	-
Allowance for Doubtful debts	6	2 447 346	63 293
Profit on disposal of investment		(3 570 437)	-
Impairment loss	10.2	1 009 127	-
Operating cash flows before working capital changes		8 808 821	11 697 717
(Increase)/ Decrease in inventories		443 878	(2 009 988)
Increase in trade and other receivable		(2 743 550)	(3 468 259)
Increase in trade and other payables		2 214 528	2 199 408
Net cash flows from operations		8 723 677	8 418 878
Returns on investments and servicing of finance			
Interest received		2 709	3 171
Interest paid	16	(2 961 292)	(904 631)
		(2 958 583)	(901 460)
Net cash flows from operating activities		5 765 094	7 517 418
Cash flows from investing activities			
Purchase of property, plant and equipment	10.1	(5 415 605)	(4 566 476)
Staff loans issued	11	(48 627)	-
Purchase of investment		(2 791 435)	-
Proceeds from sale of investment		6 361 872	-
Net cash flows from investing activities		(1 893 795)	(4 566 476)
Net cash flows before financing activities		3 871 299	2 950 942
Cash flows from financing activities			
Interest bearing borrowings repaid	16	(6 034 238)	(4 869 542)
Interest bearing borrowings received		-	5 000 000
Net cash flows from financing activities		(6 034 238)	130 458
(Decrease)/increase in cash and cash equivalents		**(2 162 939)**	**3 081 400**
Net foreign exchange differences on cash and cash equivalents		2 829 337	-
Cash and cash equivalents at the beginning of the year		(2 679 504)	(5 760 904)
Cash and cash equivalents at the end of the year	14	(2 013 106)	(2 679 504)
Bank and cash balances		379 986	4 318 673
Bank overdraft		(2 393 092)	(6 998 177)
		(2 013 106)	(2 679 504)

company statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 31 MARCH 2019

	2019 US$	2018 US$
Administration costs	(118 358)	(76 709)
Loss before taxation	(118 358)	(76 709)
Taxation	-	-
Total loss and other comprehensive income for the year attributable to ordinary shareholders	**(118 358)**	**(76 709)**

company statement of financial position

AS AT 31 MARCH 2019

	Note	2019 US$	2018 US$
ASSETS			
Non-current assets			
Investments in subsidiary companies	21	32 302 934	32 302 934
Amounts due from subsidiary companies	21.1	1 462 875	1 581 233
Total assets		**33 765 809**	**33 884 167**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15.2	12 778	12 778
Share premium		32 291 208	32 291 208
Retained earnings		1 461 823	1 580 181
		33 765 809	33 884 167
Total equity and liabilities		**33 765 809**	**33 884 167**

B. Manhando
Managing Director
18 July 2019

J. H. L. Lampen
Finance Director
18 July 2019

company statement of changes in equity

FOR THE YEAR ENDED 31 MARCH 2019

	Share capital US$	Share premium US$	Retained earnings US$	Total US$
Balances as at 1 April 2017	12 778	32 291 208	1 656 890	33 960 876
Total comprehensive income for the year				
Loss and other comprehensive income for the year attributable to ordinary shareholders	-	-	(76 709)	(76 709)
Balances as at 31 March 2018	12 778	32 291 208	1 580 181	33 884 167
Total comprehensive income for the year				
Loss and other comprehensive income for the year attributable to ordinary shareholders	-	-	(118 358)	(118 358)
Balances as at 31 March 2019	12 778	32 291 208	1 461 823	33 765 809

company statement of cash flows

FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 US$	2018 US$
Cash flows from operating activities			
Loss from operations		(118 358)	(76 709)
Operating cashflows before working capital changes		(118 358)	(76 709)
Decrease in amounts due from subsidiary companies		118 358	76 709
Net cashflows from operations		-	-
Cash flows from investing activities		**-**	**-**
Cash flows from financing activities			
Shares issued		-	-
Net cash flows from financing activities		-	-
Net movement in cash and cash equivalents		**-**	**-**
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

summary of significant accounting policies

FOR THE YEAR ENDED 31 MARCH 2019

1. INCORPORATION AND ACTIVITIES

Bindura Nickel Corporation Limited (the "Group") is a limited liability company incorporated in Zimbabwe and is listed on the Zimbabwe Stock Exchange (ZSE). The ultimate shareholder of Bindura Nickel Corporation Limited is Asa Resource Group Plc. (formerly, Mwana Africa Plc.). The Group's registered address is Trojan Nickel Mine, Trojan Mine Road, P.O. Box 35, Bindura, Zimbabwe.

The consolidated financial statements of the Group as at and for the year ended 31 March 2019 comprise the Corporation and its subsidiaries (together referred to as the "Group"). The "Corporation" financial statements present the separate financial position, financial performance and cash flows of the Group.

The principal activities of the Group are the mining of nickel and the extraction of related by-products.

2. PRESENTATION

These financial statements are presented in United States dollars (US$), which is the Company's functional currency, rounded to the nearest dollar unless otherwise stated.

Statement of compliance

These annual financial statements were approved by the Board of Directors on 17 July 2019.

During the year, the Government issued SI 33 of 2019 on 22 February 2019 which introduced a new currency into the multi-currency basket in Zimbabwe known as the RTGS dollar (ZWL) trading at an interbank rate against other currencies. SI 33 of 2019 prescribed an accounting treatment which was inconsistent with International Financial Reporting Standards (IFRS) IAS 21 "Effects of changes in foreign exchange rates" and the disclosure requirements of the Companies Act (Chapter 24:03). The Government also issued SI 41 of 2019 which states that where there are inconstancies between IFRS and local law, the law takes precedence. Accordingly, in order to comply with the requirements of SI 33 of 2019, the Group did not comply with the full requirements of IFRS due to non-compliance with IAS21 as explained on note 28.

Basis of preparation

These financial statements are based on statutory records that are prepared under the historical cost convention. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3. SIGNIFICANT ESTIMATES AND JUDGEMENTS

Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

3. SIGNIFICANT ESTIMATES AND JUDGEMENTS (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Ore reserve and mineral resource estimates

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

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

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

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

- The carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the unit of production method, or where the useful life of the related assets change
- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities.
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

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

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements unless otherwise stated.

summary of significant accounting policies Cont'd

FOR THE YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ESTIMATES AND JUDGEMENTS (continued)

Ore reserve and mineral resource estimates (continued)

Property, plant and equipment (note 10); including:

Assets' useful lives and depreciation rates for property, plant and equipment and mineral interests

Depreciation, depletion and amortisation rates are calculated on a straight-line basis based on the estimated assets' useful lives. Should the assets' useful lives differ from the initial estimate, an adjustment would be made. The assets' useful lives are estimated based on the shorter of the life of the mine and the useful life of the specific component of the asset. The Group utilises independent asset valuators or internal experts to determine the residual value of property, plant and equipment assets, and any material movement in the residual value is accounted for as a change in estimate in terms of IAS 8.

Commencement of commercial/operating level production

As a mine or plant is developed and until it reaches an operating level that is consistent with the use intended by management, costs incurred are capitalised as property, plant and equipment. The Company exercises judgement to determine the commencement of commercial production that is defined as the date when a mine achieves a sustainable level of production that provides a basis for a reasonable expectation of profitability along with various qualitative factors including but not limited to the achievement of mechanical completion, whether production levels are sufficient to be at least capable of generating sustainable positive cash flow, and whether the product is of sufficient quality to be sold.

Deferred tax asset (note 18)

In assessing the probability of realising deferred tax assets management makes estimates related to expectations of future taxable income, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognised. Also, future changes in tax laws could limit the Company from realising the tax benefits from the deferred tax assets. The Company reassesses unrecognised deferred income tax assets at each reporting period.

Deferred tax assets and liabilities are measured at the tax rates applicable in the year the asset is expected to be recognised or liability settled using information from tax legislation available on reporting.

Inventories (note 12)

The assumptions used in the valuation of work-in-progress and finished goods inventories include estimates of nickel contained in the concentrates produced, recovery percentage and the estimation of the nickel price expected to be realised when the nickel is recovered. Inventories are valued at lower of cost or net realisable value in accordance with IAS 2 with inventory write-downs being expensed in the period of occurrence.

Rehabilitation provisions (note 17)

The cost estimates are updated annually during the life of the mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Rehabilitation liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at the present value of future rehabilitation costs required. Present value is determined based on the estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon rehabilitation of the mine site adjusted for inflation growth rate and changes in discount rate. Such estimates are subject to change based on changes in laws and regulations, technology and negotiations with regulatory authorities.

3. SIGNIFICANT ESTIMATES AND JUDGEMENTS (continued)

Provisions (note 20)

The use of estimates regarding the probability of the outflow of expected cash flows as well as whether the Company has an obligation which needs to be settled.

Going concern (note 28)

The directors assess the ability of the Group to continue as a going concern at the end of each financial year. The assessment involves making assumptions in the budgets and forecasts.

Contingencies (note 22)

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

Impairment (note 10.4)

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to dispose. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Functional Currency (note 28)

In 2009, the Government of Zimbabwe adopted the multi-currency system with the USD as the base currency. The shortage of foreign currency subsequent to the adoption of the multi-currency system brought about monetary policy measures including the introduction of bond notes and coins at parity with the US dollar in November 2016. In October 2018, the government put forward further measures to ring fence foreign currency by separating RTGS FCAs and Nostro FCAs and finally the introduction of the electronic RTGS dollar (ZWL) in February 2019 into the multi-currency basket. The determination of functional currency under this dynamic environment required management to exercise significant judgement.

summary of significant accounting policies Cont'd

FOR THE YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ESTIMATES AND JUDGEMENTS (continued)

IAS 21 (The Effects of Changes in Foreign Exchange Rates,) requires the Group to consider the following in determining the functional currency as one that (a) mainly influences sales prices for goods and services, (b) the currency of the country whose competitive forces and regulations mainly determine the sales price of its goods and services, and (c) the currency that mainly influences labour, material and other costs of providing goods and services. The US dollar was determined to be the functional and presentation currency. We translated transactions denominated in ZWL at the prevailing interbank rate on date of transaction (spot rate.)

4. SIGNIFICANT ACCOUNTING POLICIES

Pre-licence costs

Pre-licence costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
Specifically, the Group controls an investee if and only if the Group has all of the following:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Recognition and measurement

All items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Subsequent expenditure, including borrowing costs, are capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Exploration expenditure which meets asset recognition criteria is capitalised to mining assets. Costs related to property acquisitions, surface and mineral rights are capitalised to mining assets and are recorded at cost less accumulated amortisation and less any accumulated impairment losses. Borrowing costs are capitalised to qualifying mining assets.

Mining assets include plant, equipment and capitalised development costs incurred to develop new mining operations, define mineralisation in existing ore bodies and expand the capacity of the mine.

Smelter and refinery assets refer to plant and equipment that are specific to the smelting and refinery plants. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

- Repairs and maintenance are expensed in the year in which they are incurred and only expenditure that meets the recognition criteria of an asset and constitutes replacement of a significant component is recognised in the carrying amount of property plant and equipment.

Depreciation

Smelter and refinery assets are depreciated at varying rates on a straight line basis over their expected useful lives, which range from 5 to 40 years. Buildings are depreciated over 40 years. Mining assets are amortised on a straight line basis over the lesser of asset's useful life ranging between 3 to 7 years or life of the mine.

The lives of the mines as at 31 March 2019 were as follows:

• Hunter's Road	20 years
• Trojan Mine	9 years
• Shangani Mine	6 years

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period and adjusted prospectively, if appropriate.

summary of significant accounting policies Cont'd

FOR THE YEAR ENDED 31 MARCH 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss and other comprehensive income when the asset is derecognised.

Financial instruments

A Financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities – Recognition and derecognition

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (OCI), it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Group's financial assets include cash and cash equivalents, trade and other receivables and long term receivables (loans to employees).

The Group initially recognises loans and receivables on the date when they become party to a contract. All other financial assets and financial liabilities are initially recognised on the trade date.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or financial liabilities at amortised cost net of directly attributable transaction costs.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group derecognises a financial asset when the contractual rights to cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to the other party. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities – measurement

Financial Assets at amortised cost:

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and:
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortised cost are subsequently measured at amortised cost using effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes loans, other receivables and 'Cash and cash equivalents' which are classified under current assets except for maturities greater than 12 months after the reporting date which are classified under non-current assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments. Cash and cash equivalents are measured at amortised cost with any movement in the foreign currency denominated balances arising from changes in exchange rates, being recognised in profit or loss. In the statement of financial position, bank overdrafts are shown under current liabilities.

Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category applies to the Group`s trade receivables that are subject to provisional pricing (quotational period). The "Quotational Period (QP)" is the period after the physical shipment of goods during which the sales price is subject to change based on fluctuations in quoted commodity market prices up to the date of final settlement. The QP can be between one to three months.

summary of significant accounting policies Cont'd

FOR THE YEAR ENDED 31 MARCH 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Given the exposure to the commodity price, these provisionally priced trade receivables will fail the cash flow characteristics test within IFRS 9 and will be required to be measured at fair value through profit or loss from initial recognition until the date of settlement. Subsequent changes in fair value are recognised through profit or loss in each period. Changes in fair value over, and until the end of the QP, are estimated by reference to updated forward market prices as well as taking into account other relevant fair value considerations as set out in IFRS 13, including interest rate and credit risk adjustments.

Financial Liabilities at Amortized cost

The Group's loans and borrowings comprise interest-bearing loans and borrowings, fixed term payables and trade and other payables.

Loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are subsequently measured at amortised cost using the effective interest rate method.

Investments in Subsidiary Companies

Investments in subsidiaries are carried at cost, less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss

Share capital

Ordinary shares

Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related taxes.

Impairment of assets

Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

An allowance for expected credit losses (ECLs) is recognised when an impairment exists. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). Default events may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to dispose, an appropriate valuation model is used.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset. For assets an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development costs are capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to prepare the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred. Mining development costs are capitalised while prospecting expenditure is written off in the year it is incurred. When a decision is taken that a mining property is capable of commercial production, all further pre-production expenditure is capitalised.

Inventory and consumables

Inventory of nickel and consumables are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. The costs are determined on the following basis:

summary of significant accounting policies Cont'd

FOR THE YEAR ENDED 31 MARCH 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory (own production):	-	weighted average cost of production.
Inventory (externally sourced):	-	weighted purchase cost plus additional cost on processing.
Consumables:	-	weighted average cost.
Ore milled:	-	weighted average cost of production.Employee benefits

Short term benefits

Short term employee benefits are expensed as the relevant service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are expensed at the earlier of when the Group can no-longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted

Bonus plans

The group recognises a liability and an expense for bonuses based on a formula that takes into consideration production and safety performance. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Revenue recognition

The Group produces nickel, copper and other minerals in concentrate for sale to third parties. Metal sales are measured at the price agreed between BNC and the buyer. Negotiations begin at London Metals Exchange (LME) market prices prevailing on the day. For the Group's metal in concentrate sales, the performance obligations are the delivery of the concentrate which is satisfied on the date of dispatch from the mine (FCA Mine Gate Incoterms,) and "Freight and Insurance," which is satisfied over time until the goods arrive at the port of shipment. The revenue is measured at the consideration to which the Group expects to be entitled in exchange for those metals.

Contract terms for the Group's sale of metal in concentrate to third parties allow for a price adjustment based on final assay results of the metal in concentrate by the customer to determine the final content. These are referred to as provisional pricing arrangements, and are such that the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (the quotation period (QP)). The provisional pricing arrangements based on initial assays give rise to variable consideration.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty relating to the final assays is subsequently resolved. The Group estimates the amount of consideration to which it will be entitled in exchange for transferring metals in concentrate to the customer using provisional assays agreed by both parties. Adjustments to the sales price are done based on the final assays after final processing of the metal by the customer i.e. at the end of the QP. The period between provisional invoicing and final settlement can be between one to three months.

Revenue is recognised when control passes to the customer, which occurs at a point in time when the metal in concentrate reaches the mine gate (FCA Mine gate.) The revenue is measured at the amount which the Group expects to be entitled, being the estimate of the price expected to be received at the end of the QP, and a corresponding trade receivable is recognised.

The Group applies the practical expedient not to adjust the promised consideration for the effects of a significant financing component as the period between transfer of the metals to a customer and when the customer pays for the metals is one year or less.

For these provisional pricing arrangements, any future adjustments to the sales price based on movements in quoted market prices up to the date of final settlement over the QP are embedded within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15.

Amounts arising from the volume adjustment constitute a variable consideration and thus recognised as revenue from contracts with customers and amounts arising from fair value price adjustment are not included in revenue from contracts with customers as they constitute a financial instrument receivable.

Export incentive is recognised when the Group's right to receive the export incentive has been established.

Interest income is accrued on a time basis by reference to the principal outstanding applying the effective interest rate.

Taxation

Current Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting, and any adjustment to tax payable in respect of previous years.

summary of significant accounting policies Cont'd

FOR THE YEAR ENDED 31 MARCH 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Taxation

Deferred tax liabilities are recognised for all taxable temporary differences, unless the deferred tax liability arises from:

- Goodwill for which amortisation is not deductible for tax purposes or
- The initial recognition of an asset or liability in a transaction which:
- is not a business combination, and
- at the time of the transaction affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is calculated based on the tax rates that are expected to apply to the period when the asset or liability is settled. The effect on deferred tax of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to the items previously recognised directly in equity or other comprehensive income.

The deferred tax effect of items directly affecting equity or other comprehensive income is recorded directly against equity or other comprehensive income respectively.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax liabilities in respect of taxable temporary differences associated with investments in subsidiaries are not recognised as the timing of the reversal of the temporary differences can be controlled by the parent and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets in respect of deductible temporary differences associated with investments in subsidiaries are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Value Added Tax

Expenses and assets are recognised net of the amount of value added tax except:

- Where the value added tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

The Group and the Company's consolidated financial statements are presented in United States dollars, which is also the functional currency for the Group and the Company.

Foreign currency transactions are translated to the functional currency of Group companies at the exchange rates ruling on the date of the transaction. Subsequent to that, all foreign currency denominated monetary assets and liabilities are translated to the functional currency at each reporting date, using the exchange rates ruling at that date.

Foreign exchange gains or losses that results from the translation of monetary assets and liabilities at the reporting date and from settlement of foreign denominated assets and liabilities are recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

Rehabilitation Provision

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production. Costs are estimated on the basis of a formal closure plan and local regulatory requirements. These provisions are subject to regular review.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is expensed.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature mines, the estimate for the revised mine assets net of rehabilitation provisions exceeds the recoverable value that portion of the increase is charged directly to expense. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments of the time value of money and the risks specific to the liability.

The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs. For closed sites, changes to estimated costs are recognised immediately in profit or loss.

summary of significant accounting policies Cont'd

FOR THE YEAR ENDED 31 MARCH 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset in line with the initial recognition exemption provided in IAS12.

Improvements and amendments to standards

Only improvements and amendments that are reasonably applicable to the entity are shown:

i) New and revised standards and interpretations adopted in the current period

There were a number of amendments and improvements to standards that became effective for the Group in the current year some of which had no material effect on the reported amounts and disclosures. During the year, the Group applied IFRS9 and IFRS15 for the first time, the nature of changes with regards to the implementation of these standards is outlined below. All other accounting policies adopted are consistent with those of prior years. The Group has not had early adoption of any standards not yet effective.

IFRS 15 – Revenue from Contracts with Customers

The standard must be applied on all revenue transactions arising from contracts with customers, its application began 1 April 2018 as the effective date was 1 January 2018 and allowance was given to implement on commencement of an entity's annual period. Revenue is recognised in accordance with IFRS15 when control of a good or service transfers to a customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for the transfer. The standard outlines treatment of incremental costs of obtaining a contract and costs directly attributable to the fulfilment of a contract. The disclosure requirements include enhanced and extensive disclosures about revenue to allow better understanding of the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

Overall Impact:

The Group's income stream (revenue from contracts with customers) is made up of sale of Nickel concentrates. A comprehensive analysis of the impact of the new standard was undertaken basing on a review of the contract terms. The results of the analysis showed no deviation from the accounting treatment of Revenue under IAS 18 and therefore no adjustments were made to prior period aggregate comparative figures, however, disclosure requirements were met retrospectively. The amount and timing of revenue recognition is the same under IFRS 15 and IAS 18, as the entity sells concentrates under FCA Incoterms with the delivery being upon exit from the entity's premises (FCA Mine Gate.)

Revenue will continue to be recognised at the time of passing on of control (delivery) which is at the mine's premises and this is in line with IFRS15 as well as being the same treatment with IAS18. In accounting for revenue, the standard stipulates 5 steps to be followed.

Contracts exist with the Group's customers which have been approved by both parties, have commercial substance, there is a probability that the Group will collect consideration for the exchange and each party can identify its rights to goods and services being transferred.

The Group's performance obligations are to deliver concentrate under FCA Mine Gate terms as per the assays in the contracts. The transaction price is determined by market forces on the London Metal Exchange (LME,) it is therefore observable.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Improvements and amendments to standards

ii) New and revised standards and interpretations adopted in the current period (continued)

There was no impact on the Financial Statements in aggregate as the treatment of revenue and associated freight costs was consistent with IAS18 treatment therefore no adjustments were made to comparable figures.

The Group uses provisional pricing on sale of concentrates based on initial assays which pricing arrangements give rise to variable consideration. The Group estimates the amount of consideration to which it will be entitled for transfer of nickel concentrate to the customer using provisional assays from the Group's experts. Adjustments to the sales price are done based on assays agreed by both parties within a period of 90 - 120 days. Revenue recognition under IFRS15 in relation to variable consideration is the same as IAS18 recognition. It will be the impact of the requirements of IFRS9 that will lead to a change in the Group's accounting, refer to IFRS9 discussion below. At the end of the Quotational Period, final settlement is done on the basis of LME prices and final assays agreed by all parties.

IFRS 9 Financial Instruments – classification and measurement

The standard brings together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group has applied IFRS 9 with the initial application date of 1 April 2018. There were no material impacts on the comparative balances other than a change in classification and measurement of some receivables and the reclassification of the gain/loss on provisionally priced trade receivables. There was no impact on hedging as the Group does not apply hedge accounting. The assessed effects are:

Classification and Measurement

The Group's classification and measurement requirements with regards to financial assets have changed. IFRS 9 recognises financial assets as either classified as amortised cost, fair value through profit or loss or fair value through other comprehensive income. For debt instruments, the classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' (SPPI) on the principal amount outstanding.

An assessment of the Group's business model was made as of the date of initial application, 1 April 2018, for financial instruments held by the Group on transition. The assessment of whether contractual cash flows on debt instruments are SPPI was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Group other than to change the presentation of balances relating to provisionally priced sales.

Trade receivables subject to provisional pricing are measured at fair value through profit or loss as changes in price during the quotational period will be recognised through the Statement of Profit or Loss and Other comprehensive income until the settlement of the receivable. There was no material impact on the financial statements. The impact of IFRS9 is mainly on presentation and disclosure.

Financial Liabilities

The Group has not designated any financial liabilities at fair value through profit or loss. There are no changes in classification and measurement of the Group's financial liabilities.

summary of significant accounting policies Cont'd

FOR THE YEAR ENDED 31 MARCH 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment:

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets in the scope of IFRS 15.

All of the Group's trade receivables are held at fair value through profit or loss in the scope of IFRS 15. All other receivables which the Group measures at amortized cost are short term (i.e less than 12 months) and the Group has credit rating and credit management policies in place. The change to a forward looking ECL approach does not result in material impact on the amounts recognised in the Financial Statements.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. The Group applied the ammendment prospectively to all assets, expenses and income in its scope that are initially recognised in the current year. There was no impact to the comparative information as the Group's accounting treatment has been in line with the interpretation.

Improvements and amendments to standards

iii) New and revised accounting standards, amendments and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2019 and have not been applied in preparing these financial statements and these have been listed below:

IFRS 16 – Leases

IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value e.g. computers. Lessors continue to classify leases as operating lease or finance lease. IFRS 16 will replace all existing IFRS lease requirements. (Effective for annual periods beginning on or after 1 January 2019)

Lessees will also be required to re-measure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments.) The lessee will generally recognise the amount of re-measurement of the lease liability as an adjustment to the right of use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases, i.e. operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosure than under IAS 17.

The impact on the Group will be minimal as there are no long term lease arrangements that meet the recognition requirements of right of use assets under finance leases.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Improvements and amendments to standards (continued)

(iii) New and revised accounting standards and interpretations not yet effective (continued)

IAS 23 Borrowing costs - eligible for capitalisation

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. The amendments are applicable for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply interpretation from its effective date. The Group's application of the Interpretation may affect its consolidated financial statements and the required disclosures. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

notes to the financial statements

FOR THE YEAR ENDED 31 MARCH 2019

5. REVENUE

	2019 tonnage	2018 tonnage	2019 US$	2018 US$
Nickel	-	-	1 207	429
Nickel in concentrates	6 410	6 470	55 318 313	51 801 359
Fair value (loss)/gain on Fair Value adjustment (Trade Receivables)	-	-	(1,314,402)	1,753,617
Total	**-**	**-**	**54 005 118**	**53 555 405**

Revenue from one major customer of the Group represents approximately US$54 million (2018: US$52 million) of the Group's total revenue.

Revenue is further disaggregated as follows:

Revenue	2019 US$	2018 US$
- Nickel concentrate	48 748 380	48 342 441
- Freight and insurance	5 256 738	5 212 964
Total	**54 005 118**	**53 555 405**

5.1 Other income

Profit on disposal of property, plant and equipment	-	-
Profit on disposal of investments	3 570 436	-
Sale of scrap	596 489	786 178
Other	436 228	129 111
Export incentive income	1 544 437	1 077 614
	6 147 590	1 992 903

During the year, the Group benefitted from the export incentive scheme introduced by the Reserve Bank of Zimbabwe in May 2016. The income recognised in respect of the export incentive at a rate of 2.5% (increased to 5% from November 2018) of exports was $1 544 437. The Export incentive was however discontinued on 20 February 2019. Scrap sales relates to sale of redundant materials while 'Other' relates to the sale of excess stores materials. Profit on disposal of investments relates to gain realised from the trade in treasury bills during the year.

6. PROFIT FROM OPERATING ACTIVITIES

	2019 US$	2018 US$
Profit from operating activities is arrived at after taking into account the following:		
Auditors' remuneration	65 000	60 000
Depreciation of property, plant and equipment (note 10.2)	3 762 070	2 382 524
Environmental rehabilitation asset amortization (note 10.2)	469 017	282 896
Environmental rehabilitation provision		
- Finance Cost	318 555	101 325
Net exchange foreign gain	(16 975 945)	-
Doubtful debts provision (note 13)	2 447 346	63 293
Remuneration of Directors	186 000	145 233
Staff costs	12 142 714	10 781 393

Included in administration costs are costs relating to care and maintenance for Shangani Mine amounting to US$374 301 (2018: US$ US$318 5325).

7. NET FINANCE INCOME/ (COSTS)

	2019 US$	2018 US$
Finance income		
Interest received	2 709	3 171
	2 709	3 171

Interest received comprise interest received from deposits held with financial institutions.

	2019 US$	2018 US$
Finance expenses		
Interest expense on other interest bearing borrowings	(2 961 292)	(904 631)
Interest on Asa Resource Group Plc. loan (note 15)	(102 933)	(83 349)
	(3 064 225)	(987 980)
Net finance (costs)	(3 061 516)	(984 809)

notes to the financial statements Cont'd

FOR THE YEAR ENDED 31 MARCH 2019

8. INCOME TAX

	2019 US$	2018 US$
Current income tax	-	-
Deferred tax (note 18)	4 819 961	2 044 350
	4 819 761	2 044 350
Reconciliation of tax charge		
Profit before tax	18 287 572	7 882 870
Notional tax based on current tax rates at 25.75% (2017: 25.75%)	4 709 050	2 029 839
Additional taxation/ (taxation savings) resulting from:		
- non-deductible expenses	1 428 488	292 813
- exempt income	(1 317 777)	(278 302)
	4 819 761	2 044 350

9. BASIC AND DILUTED EARNINGS PER ORDINARY SHARE

The calculation of the basic earnings per share has been based on the following profit attributable to the ordinary equity holders and weighted average number of ordinary shares outstanding for the Group.

	2019 US$	2018 US$
Profit attributable to ordinary shareholders (basic and diluted)		
Profit for the year attributable to owners of the Group	13 467 811	5 838 520
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 31 March	1 239 656 591	1 239 656 591
Effect of shares issued during the year	-	-
	1 239 656 591	1 239 656 591
Basic and diluted earnings per ordinary share (cents)	1.1	0.5

10 PROPERTY, PLANT AND EQUIPMENT

		Land and Buildings US$	Smelter and refinery plant and equipment US$	Mining assets progress US$	Capital Work in US$	Total US$
10.1	**Cost/valuation**					
	At 31 March 2017	**7 119 938**	**22 474 230**	**55 416 041**	**39 140 933**	**124 151 142**
	Additions	-	-	219 922	4 346 554	4 566 476
	Disposals	-	-	(494 453)	-	(494 453)
	Change in Rehabilitation asset (Note 10.8)	-	-	1 392 190	-	1 392 190
	At 31 March 2018	7 119 938	22 474 230	56 533 700	43 487 487	129 615 355
	Additions	-	-	1 685 747	3 729 858	5 415 605
	Change in Rehabilitation Asset (Note 10.8)	-	-	(1 711 704)	-	(1 711 704)
	At 31 March 2019	**7 119 938**	**22 474 230**	**56 507 743**	**47 217 345**	**133 319 256**
10.2	**Depreciation**					
	At 31 March 2017	**3 857 192**	**12 203 045**	**32 678 315**	**-**	**48 738 552**
	Disposals	-	-	(494 453)	-	(494 453)
	Current year charge	108 464	50 171	2 223 889	-	2 382 524
	At 31 March 2018	**3 965 656**	**12 253 216**	**34 690 647**	**-**	**50 909 519**
	Current year charge	261 135	-	3 500 935	-	3 762 070
	Rehabilitation Asset (Note 10.8)	-	-	469 017	-	469 017
	Impairment loss (note 10.4)	-	-	-	1 009 127	1 009 127
	At 31 March 2019	**4 226 791**	**12 253 216**	**38 660 599**	**1 009 127**	**56 149 733**
10.3	**Carrying amount :**					
	At 31 March 2019	**2 893 147**	**10 221 014**	**17 847 144**	**46 208 218**	**77 169 523**
	At 31 March 2018	**3 154 282**	**10 221 014**	**21 843 053**	**43 487 487**	**78 705 836**

notes to the financial statements Cont'd

FOR THE YEAR ENDED 31 MARCH 2019

10. PROPERTY, PLANT AND EQUIPMENT (continued)

10.4 The Directors conducted a review of the carrying amount of the Group's property, plant and equipment in terms of the Group's accounting policy in order to assess if further impairment of the carrying amount was necessary. The Group's projected cash flows discounted reflects that no impairment to the carrying amount reflected is necessary in the current year except for USD$1m relating to Hunters Road assets. In determining the value in use for the purpose of assessing the impairment, the Group used the following assumptions:

Discount Rate: 16.39% (2018: 15.59%)

Nickel Prices: $16 146 (2018: $ 14 993)

Life of Mine: 9 years (2018: 9 years)

The recoverable amounts of cash generating units and individual assets are determined based on the higher of value in use computations and fair value less costs to dispose.

10.5.1 Smelting assets are not being depreciated as they are still under construction. The gross carrying amount of the smelting assets is US$33.9m which is work in progress. The smelting assets have not been commissioned for use as intended by management and are therefore not being depreciated.

10.5.2 The Group carried out an impairment review in respect of the smelter asset, this was done by incorporating independent valuation to determine fair value less costs to sell and exercising fair judgement. While the recoverable amount of the asset could not be easily determined using value in use due to unfavourable commodity prices during the year and absence of offtake agreements; it is the view of management that the conditions will improve and the project will resume in the near future. There are ongoing discussions with various interested parties for the continuation of the project, meanwhile commodity prices have started firming up and there is opportunity to secure better power arrangements through negotiations with Government authorities. The Government is committed to assisting the industry in driving competitiveness as evidenced in the chrome industry and various other concessions for export entities. It is for these reasons that the Group did not impair the smelter asset, which is work in progress.

10.6 Property plant and equipment includes assets which are encumbered by the following:

(i) Mortgage bonds on property (included in land and buildings) as a security for a US$7 million working capital overdraft facility and US$5 million asset financing facility with a local financial institution (note 16)

(ii) The Group is in the process of finalising a settlement deal with its employees and former employees to offset its liabilities worth US$2 million against its property (also included in Land and buildings). The settlement deal will involve transferring some of the Group's assets to the employees and former employees involved.

10.7 Borrowing costs capitalized during the year were NIL (2018: US$2 058 098.) This is in relation to borrowing costs incurred on the Smelter Restart Bond at the rate of 10% per annum (note 16) issued specifically to fund the refurbishment of the Smelter. Capitalization of borrowing costs was suspended as the project was put on hold.

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	2019 US$	2018 US$
10.8 Rehabilitation asset		
At 1 April	3 938 255	2 828 961
Change in estimate (note 17)	(1 711 704)	1 392 190
Amortisation	(469 017)	(282 896)
At 31 March	1 757 534	3 938 255

The rehabilitation asset represents the net present value of estimated future decommissioning costs that are capitalised and it is connected to the rehabilitation provision (note 17). These estimates are reviewed annually and discounted using a pre-tax rate that reflects current market assessments of the time value of money. The discount rate represents the risk free rate. Any increases in such revised estimates are capitalised to rehabilitation asset while decreases in estimates are recognised by recording a credit to the asset.

11. LOANS

	31 Mar-19	31 Mar-18
Loans to employees	48 627	-

These represents amounts due from employees in respect of vehicle loans.

12. INVENTORIES

	2019 US$	2018 US$
Nickel in concentrates	815 954	1 343 210
Consumables	7 678 873	7 595 495
	8 494 827	8 938 705

The cost of inventories for the Group recognised as an expense and included in 'Cost of Sales' amount to US$14.8 million (2018: US$ US$12.6 million)

In 2019, there was no write down of inventories (2018: nil).

notes to the financial statements Cont'd

FOR THE YEAR ENDED 31 MARCH 2019

13. TRADE AND OTHER RECEIVABLES

	2019 US$	2018 US$
Trade (Note 13.1)	5 152 289	7 545 031
Prepayments	6 623 229	4 754 604
Other	1 334 116	2 420 204
Related party - Mwana Properties (Private) Limited	36 046	105 895
Related party – Freda Rebecca Gold Mine Ltd	42 042	-
	13 187 722	14 825 734

13.1 Trade receivables

	2019 US$	2018 US$
Trade receivables (not subject to provisional pricing)	238 305	5 996 786
Trade receivables (subject to provisional pricing) (Note 13.2)	4 913 984	1 548 245
	5 152 289	7 545 031

Trade and other receivables are non-interest-bearing and are generally on terms of 30 to 180 days. These terms are normal in the industry and hence the trade and other receivables carrying amount is considered equal to fair value. Receivables from the related parties are current and will be settled during the course of the next financial year. Other receivables consists of mainly Value Added Tax refunds receivable and sundry debtors. Included in other receivables is an amount of $612,500.00 2019, (2018: $50,000.00) paid to the Zimbabwe Revenue Authority as a deposit for a tax investigation. Prepayments are shown net of $2 447 346 prepaid to mainly Smelter Project suppliers which was provided for due to doubtful recoverability. As at 31 March 2019, there were no trade receivables that were past due.

In determining the expected credit losses, the Group uses the credit matrix based on the types and days past due of outstanding receivables and credit worthiness of the customers.

There were no other doubtful debts except for the prepayments mentioned above, at the reporting date. The expected credit losses as at 31 March 2019 was nil (2018: Nil), therefore all receivables were assessed as receivable.

13.2 Trade receivables (subject to provisional pricing) (Note 13.1)

Trade receivables (subject to provisional pricing) are non-interest bearing but are exposed to future commodity price movements over the Quotational Period (QP) hence fail SPPI test and are measured at fair value until the date of settlement. The trade receivables are initially measured at the amount which the Group expects to be entitled, being the estimate of the price expected to be received at the end of the QP. The provisional invoiced sale (based on the price at the beginning of the month of shipment) is received when the Nickel concentrates leave the Mine gate. Final settlement is done after 90 to 120 days and is based on agreed final assays and average nickel prices for the month following the month of initial invoicing.

The change in the value of these trade receivables of -US$ 1 314 402 (2018: US$ 1 753 617) has been recognised in the profit or loss during the year as part of revenue.

14. CASH AND CASH EQUIVALENTS

	2019 US$	2018 US$
Cash and short term deposits	379 986	4 318 673
Bank overdraft (note 16.6)	(2 393 092)	(6 998 177)
	(2 013 106)	(2 679 504)

15. SHARE CAPITAL

15.1 Authorised:

	2019 US$	2018 US$
3 000 000 000 ordinary shares at US$0.000 010 307	30 921	30 921

15.2 Issued and fully paid:

	2019 Shares	2018 Shares	2019 US$	2018 US$
At 1 April	1 239 656 591	1 239 656 591	12 778	12 778
Ordinary shares issued				
At 31 March	1 239 656 591	1 239 656 591	12 778	12 778

15.3 During the year, the Group did not issue ordinary shares (2018: nil)

15.4 Subject to the right of the shareholders to take up new shares in proportion to their existing holdings and to Section 183 of the Companies Act (Chapter 24:03), unissued shares are under the control of the Directors.

16. INTEREST BEARING LOANS & BORROWINGS

	2019 US$	2018 US$
16.1 Non-current portion		
Asa Resource Group Plc. (US$10 million loan facility) (16.3)		
- Loan balance	982 541	1 079 608
Asset financing loan (16.5)	585 845	4 583 334
Smelter Restart Bond (16.4)	1 678 542	9 721 058
	3 246 928	15 384 000
16.2 Current portion		
Asset financing loan (16.5)	976 300	497 488
Smelter Restart Bond (16.4)	1 678 542	5 000 000
Bank overdraft (16.6)	2 393 092	6 998 177
	5 047 934	12 495 665

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FOR THE YEAR ENDED 31 MARCH 2019

16.3 Asa Resource Group Plc. Loan (US$10 million loan facility)

The Company secured a shareholders loan facility amounting to US$10 million from its major shareholder, Asa Resource Group Plc., in June 2011. The purpose of the loan was to assist with the payment of care and maintenance expenditure while funding for the restart of Trojan Nickel Mine was being secured.

The loan is repayable on the tenth anniversary following the date of first drawdown (first drawdown date is October 2011) against the loan. The loan is, therefore, repayable by September 2021. Alternatively, the lender may, at any time whilst the loan or part thereof remains outstanding, convert the amount then outstanding to ordinary shares in the Company at an issue price of ten US cents per share provided the relevant regulatory approvals have been met. In terms of the loan agreement the company may repay the loan account without penalty at any time prior to the repayment date.

Interest accrues at US$ London Interbank Offered Rate (LIBOR) plus seven hundred basis points (seven percent), accruing monthly in arrears.
The loan is secured by movable assets valued at US$18.8 million (2017: US$21.8 million).
During the year US$200 000 (2018: nil) was repaid.

On the face of the financial statements, the outstanding loan is shown together with its accumulated interest.

	2019 US$	2018 US$
Long term Loan (Asa Resource Group Plc.)	982 541	1 079 608
	982 541	1 079 608

16.4 Smelter Restart Loan ($20 million bond)

On 2 March 2015 the Company allotted $20 million to subscribers of the Smelter Restart bond in terms of its bond information memorandum dated 24 November 2014. The bond was fully subscribed and paid up as at 31 March 2017. The terms of the bond are:-

- Redeemable fixed rate (10% per annum) bond with a five year tenor.
- The bond carries a coupon rate of ten percent per annum payable semi-annually in arrears after 12 months.
- The capital is repayable in eight equal instalments starting 1 September 2017 (revised from 1 September 2016)
- The bond is secured by a guarantee from Asa Resource Group Plc.
- The principal amount and coupon has been securitised by the bond trust deed independently managed by a trustee and includes a guarantee by Asa Resource Group Plc. in favour of the trustee guaranteeing the principal and the accrued interest.
- The bond has been accorded prescribed asset status in terms of Section 26 of the Insurance Act (Chapter 24:07) and section 18 of the Pension and Provident Funds Act (Chapter 24:09).
- The bond has been accorded liquid asset status by the Reserve Bank of Zimbabwe
- A capital repayment of ZWL5 000 000 (2018: $5 000 000) was made during the year.
- The underlying loan is denominated in ZWL

16. INTEREST BEARING LOANS & BORROWINGS (continued)

16.5 Asset financing Loan ($5 million loan facility)

- The Company secured a new loan facility amounting to $5 million from a local financial institution in February 2018. The purpose of the loan was to purchase new and refurbished mining equipment for Trojan Nickel Mine. The facility had a tenure of 36 months and carries an interest rate of 10%.The facility has a 12 month moratorium on capital repayments is secured by a registered bond over property owned by the Company. The underlying loan is denominated in ZWL.

16.6 Bank overdraft

- In May 2018 the company successfully, renewed its US$7 million working capital overdraft facility with a local financial institution. The facility has a tenure of 12 months, but it is subject to renewal at its anniversary. The working capital facility carries an interest rate of 9.5% per annum and it is secured by mortgage bonds over property owned by the Company. The facility was fully utilised as at 31 March 2019. The underlying loan is denominated in ZWL.

16.7 Changes in interest-bearing loans and borrowings arising from financing activities.

2019

	1-Apr-18 US$	Interest accrued US$	Cash Flows US$	Other US$	31-Mar-19 US$
Current interest-bearing loans and borrowings	12 495 665	2 961 292	(2 830 834)	(7 578 189)	5 047 934
Non-Current Interest-bearing loans and borrowings	15 384 000	102 933	(6 164 697)	(6 075 308)	3 246 928
	27 879 665	**3 064 225**	**(8 995 531)**	**(13 653 497)**	**8 294 862**

2018

	1-Apr-17 US$	Interest accrued US$	Cash Flows US$	Other US$	31-Mar-18 US$
Current interest-bearing loans and borrowings	12 681 840	904 632	(774 173)	103 366	12 495 665
Non-Current Interest-bearing loans and borrowings	15 534 220	83 348		(233 568)	15 384 000
	27 796 060	**987 980**	**(774 173)**	**(130 202)**	**27 879 665**

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FOR THE YEAR ENDED 31 MARCH 2019

17. ENVIRONMENTAL REHABILITATION PROVISION

	2019 US$	2018 US$
At 1 April	11 626 107	10 132 592
Unwinding of discount	318 555	101 325
Change in estimate recognised as part of asset (note 10.8)	(1 711 704)	1 392 190
At 31 March	10 232 958	11 626 107
Significant assumptions used in calculating the provision:		
Discount rate	3%	2.74%
Inflation rate	2%	3.71%
Life of mine (years)	9	9

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

The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred up to 2028, which is when the producing mine is expected to cease operations.

The rehabilitation provision was ascertained by independent consultants. The process involved the review of the existing closure plan and its associated costs taking into account relevant changes. Compliance with legal and other regulations pertaining to mine closure rehabilitation requirements was evaluated. The review also included technical evaluation of the closure plans and processes. The charge to the profit or loss and the increase in the value of the capitalised asset during the year were mainly due to the change in discount and inflation rates. Management believes that these estimates are reasonable. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions.

Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future nickel prices, which are inherently uncertain.

18. DEFERRED TAXATION

Analysis of deferred tax liability as at 31 March 2019

	Balance at 31 March 2018 US$	Recognised in profit or loss US$	Balance at 31 March 2019 US$
Property, plant and Equipment	20 117 451	305 013	20 422 464
Exchange differences	(25 793)	3 668 545	3 642 752
Leave Provision	-	(293 370)	(293 370)
Assessable tax losses	(19 181 056)	1 139 573	(18 041 483)
	910 602	4 819 761	5 730 363

Analysis of deferred tax asset as at 31 March 2018:

	Balance at 31 March 2017 US$	Recognised in profit or loss US$	Balance at 31 March 2018 US$
Property, plant and Equipment	19 627 929	489 522	20 117 451
Exchange differences	(27 559)	1 766	(25 793)
Prepayments	1 085 738	(1 085 738)	-
Assessable tax losses	(21 819 856)	2 638 800	(19 181 056)
	(1 133 748)	2 044 350	910 602

Deferred tax liabilities have been recognised in respect of taxable temporary differences amounting to US$22 253 834 (2018: US$3 536 317). As at year end, the Group had assessed tax losses amounting to US$70 064 010 (2018: US$74 489 535)

19. TRADE AND OTHER PAYABLES

	2019 US$	2018 US$
Trade payables	4 948 886	7 060 534
Other payables	5 800 910	5 992 902
Employee payables	4 666 209	3 876 107
Marketing payables	601 256	616 717
Retrenchment	240 059	705 242
Sundry payables	293 386	794 836
Related parties (note 24.4)	4 234 428	3 986 821
	14 984 224	17 040 257

Trade and other payables are non-interest bearing and are normally settled within 30- 90 days.

Related party payables are also non-interest bearing and will be settled within the course of the following financial year.

notes to the financial statements Cont'd

FOR THE YEAR ENDED 31 MARCH 2019

20. PROVISIONS

	Provisions at the beginning US$	Additional provisions US$	Foreign Exchange (Gain)	Amounts settled US$	Provisions at the end US$
2019					
Legal	1 444 440	-	(952 901)	-	491 539
Back pays	1 317 617	(1 317 617)	-	-	-
Other	491 332	(491 332)	-	-	-
	3 253 389	(1 808 949)	(952 901)	-	491 539
2018					
Legal	1 586 306	-	-	(141 866)	1 444 440
Back pays	1 412 117	-	-	(94 500)	1 317 617
Other	564 002	71 315	-	(143 985)	491 332
	3 562 426	71 315	-	(380 352)	3 253 389

Legal provisions relate to litigation claims leveled against the company by mainly former employees. Back pay and terminal benefits previously reported as provisions have been reclassified to employee payables. Other provisions are mainly made up of terminal benefits.

21. INVESTMENTS IN SUBSIDIARY COMPANIES

	2019 US$	2018 US$
Trojan Nickel Mine Limited	32 302 249	32 302 249
BSR Limited	685	685
	32 302 934	32 302 934

The subsidiaries are all incorporated in Zimbabwe and the principal place of business is in Zimbabwe. Shareholding in the respective subsidiaries is held as follows:

Name of Company	2019 % holding	2018 % holding	Principal place of business
Trojan Nickel Mine Limited	100%	100%	Bindura
BSR Limited (currently dormant)	100%	100%	Bindura

The Company's investments are carried at cost.

21.1 AMOUNTS DUE FROM SUBSIDIARY COMPANIES

	2019 US$	2018 US$
Trojan Nickel Mine Limited	1 462 875	1 581 233
	1 462 875	1 581 233

The amount due from subsidiary company is unsecured and non-interest bearing.

22. COMMITMENTS AND CONTINGENCIES

	2019 US$	2018 US$
Capital commitments		
Contracted	7 031 529	5 663 368
Authorised but not contracted	-	-
	7 031 529	5 663 368

The capital expenditure is to be financed from internal resources and existing facilities.

Contingencies

The Group monitors potential contingent liabilities, including those relating to taxation, environmental rehabilitation on an ongoing basis. Where there are contingent liabilities the Group provides the required disclosures in the financial statements and where there are provisions, the Group records a liability in the financial statements.

Prior year tax dispute

It was reported in the previous year that the Company was involved in a tax dispute with the tax authorities emanating from tax assessments which were issued in February 2018, amounting to an estimate of $29 million. The tax differences were mainly relating to historical issues to do with how the company was structured many years ago, as well as issues arising from varying interpretation of standard commercial agreements in the industry.

Following further engagements and submissions to the tax authorities during the year, the estimated tax amount was revised downwards to approximately $14 million. For the outstanding amount, both parties agreed to declare a dispute and pursue the matter through the courts. The matter is now before the courts pending hearing. Except for this disclosure, no provision has been made in this year's financial statements with respect of this contingent liability. Based on legal advice received to date, the Company has acted within the statutes of the law. The directors are still of the view that a positive resolution will be reached. At the time of reporting, the Company could not reasonably estimate the likely timing of resolution of the matter.

23. PENSIONS AND RETIREMENT SCHEMES

Mining Industry Pension Fund

The fund is administered by the Mining Industry Pension Fund. Benefits provided by this fund are determined by reference to contributions made by the employer and the employee, thus is a defined contribution fund.

National Social Security Authority Scheme

This is a defined contribution plan enacted under the National Social Security Act, 1989. Both the Group and employees contribute to the scheme. The Group's contributions to the schemes are charged to profit or loss.

	2019 US$	2018 US$
Pension costs recognised in profit or loss:		
Mining Industry Pension Fund	506 771	526 898
National Social Security Authority	242 393	243 405
	749 164	770 303

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FOR THE YEAR ENDED 31 MARCH 2019

24. RELATED PARTY TRANSACTIONS

The Company, in the ordinary course of business, enters into various sales, purchase, service and investment transactions with associates and other entities in which the holding company, Asa Resource Group Plc., has a material interest.

24.1 Identification of related parties

The following is a list of related parties of the Company as at 31 March 2019:

Subsidiaries

Trojan Nickel Mine Limited

BSR Limited (currently dormant)

Key management personnel

Directors

Name	Position	
B Manhando	Managing Director	
J H L Lampen	Finance Director	
M A Masunda	Chairman	
O A Barbeau	Non-executive Director	
O M Chidawu	Non-executive Director	
A P Danso	Non-Executive Director	
T R Munganyi	Non-executive Director	
Other		
CF Mukanganga	Company Secretary	
A Sikhosana	Marketing Manager	
S Rusere	Mine Manager	(up to 30 November 2018)
C Nkhoma	Process Manager	
S Masvipe	Finance Manager	
N Gwatura	Mining Manager	
J Kasumba	Technical Services Manager	
L Ambress	Group Engineering Manager	
C Dube	Group Human Resources and Legal Services Manager	

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

24. RELATED PARTY TRANSACTIONS (continued)

24.1 Identification of related parties (continued)

Key management personnel compensation	2019 US$	2018 US$
Short term employee benefits	1 167 525	1 119 900
	1 167 525	1 119 900

List of related party entities

- Asa Resource Group Plc. – ultimate parent company.
- Zimnick Limited – parent company.
- African Gold Zimbabwe (Private) Limited, Mwana Gold (Zimbabwe) Limited, Mwana Properties (Private) Limited, Bindura Estates (Private) Limited, Mwana Mining (Zimbabwe) Limited, Mwana Africa (Mauritius) Limited, Asa Resource (Zimbabwe) Limited, Freda Rebecca Gold Mine (Private) Limited and Freda Rebecca Holdings (Private) Limited – fellow subsidiaries.
- Maligreen Joint Venture – joint venture between Asa Resource Group Plc., Greenline Enterprises Ltd and Pan African Mining (Private) Limited.

24.2 Transactions

	2019 US$	2018 US$
Asa Resource Group Plc.		
- management fees charged	1 270 709	1 241 660
Freda Rebecca Gold Mine Limited		
- production consumables purchased	436,228	717 836
- milling equipment sold	233 326	755 734
Technical fees paid to D E H Murangari	122 580	81 768

24.3 Amounts owing from related parties

Name of company	Relationship	2019	2018
Mwana Properties (Private) Limited	Common control	36 046	105 895
Freda Rebecca Gold Mine Ltd	Common control	42 042	-
		78 088	105 895

Receivables from the related parties are current and will be settled during the course of the next financial year and are included in Trade and Other Receivables. No collateral is held in respect of these receivables and no interest is being charged. No impairment has been recognized as management has assessed the receivables as recoverable.

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FOR THE YEAR ENDED 31 MARCH 2019

24.4 Amounts owing to related parties

Name of company	Relationship	2019 US$	2018 US$
Asa Resource Group Plc.*	Holding company	4 140 620	2 730 603
Asa Resource Group Plc. (note 16.3)	Holding company	982 541	1 079 608
Asa Services (Zimbabwe) Limited*	Common control	61 043	845 806
Greenline Enterprises Limited*	Common control	32 764	80 496
Freda Rebecca Gold Mine Ltd*	Common control	-	329 916
		5 216 968	5 066 429

*The related party balances are included in Trade and other payables in the statement of financial position.

Refer to note 16.3 in respect of the terms of the loan with Asa Resource Group Plc. Payables to the related parties are current and will be settled during the course of the next financial year.

25. SEGMENTAL REPORTING

Management have determined that the entity operates with only one reportable segment (both in terms of business and geography) whose principal activities are mining of nickel and the extraction of related by products. All the operations of the business are located in Zimbabwe. Revenue for the Group is derived from that single geographical area and most of it is received from one customer (note 5).

26. TREASURY AND FINANCIAL RISK MANAGEMENT

26.1 Currency risk

The Group finances operations by a mixture of retained profits and financial instruments denominated in both United States dollars and foreign currencies. The Group operates a central treasury function, the objective being to minimise funding costs and minimise financial risk. The main risks arising from the Group's financial instruments are currency risk, interest rate risk, credit risk and liquidity and cash flow risks. The Group does not use derivative financial instruments for speculative purposes.

26.1 Currency risk

The Group undertakes certain transactions denominated in currencies other than the United States dollar (US$), hence exposure to exchange rate fluctuations arises. The currency giving rise to the currency risks is primarily the South African Rand (ZAR) and the RTGS dollar (ZWL). Currency risk is, as far as possible, managed by hedging foreign currency denominated liabilities with foreign currency denominated liquid assets.

The Group's exposure to foreign currency risk was as follows based on respective foreign currency amounts:

	Receivables	Payables	Net exposure
31 March 2019			
ZAR	-	3 744 132	(3 744 132)
ZWL		9 036 029	(9 036 029)
31 March 2018			
ZAR	-	2 452 830	(2 452 830)

26. TREASURY AND FINANCIAL RISK MANAGEMENT (continued)

26.1 Currency risk (continued)

Sensitivity analysis

The before tax effects on profit or loss of the Group, of a 10% (2018: 10%) depreciation and appreciation in the United States dollar against the following currencies, to the cross exchange rates as at 31 March 2019, are reflected below.

	Exchange rate	Equity US$	Profit or loss US$
31 March 2019			
ZAR (Appreciation)	13.02	(28 754)	(28 754)
ZAR (Depreciation)	15.91	23 526	23 526
ZWL (Appreciation)	2.64	(341 753)	(341 753)
ZWL (Depreciation)	3.23	279 616	279 616
31 March 2018			
ZAR (Appreciation)	10.63	(23 071)	(23 071)
ZAR (Depreciation)	12.99	18 876	18 876

There is no effect on equity.

26.2 Interest rate risk

The interest rates for both interest receivable and payable from/to local financial institutions are generally pegged on fixed interest rates and therefore do not expose the Group to interest rate risk.

The Group finances its operations through a mixture of retained earnings and borrowings. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. The Group policy is to keep as much of its borrowings as possible at a fixed rate of interest.

At the reporting date the interest rate profile of the Group's variable interest bearing financial instruments was as follows:

	2019 US$	2018 US$
Variable rate instruments		
Financial liabilities	982 541	1 079 608

At 31 March 2019, if the interest rate had increased/ (decreased) by 1%, the pre-tax profit would have been US$ 9 925 lower/higher (2018: US$10 905).

notes to the financial statements Cont'd

FOR THE YEAR ENDED 31 MARCH 2019

26. TREASURY AND FINANCIAL RISK MANAGEMENT (continued)

26.3 Commodity price risk

For the 2019 financial year, the Group's earnings were mainly exposed to changes in prices of nickel. A 10% increase or decrease in the nickel price would have increased/ (decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2018.

	2019 US$'000'	2018 US$'000'
Effect on equity and results:		
Effect on 10% decrease in nickel price on profit before tax	(5 401)	(5 355)
Effect on 10% increase in nickel price on profit before tax	5 401	5 355

26.4 Credit risk

Credit risk arises on cash and cash equivalents and trade receivables. The risk in respect of cash and cash equivalents is managed by only investing with financially sound institutions and by setting prudent exposure limits for each institution. The risk arising on trade receivables is managed through normal credit limits, continual review and exception reporting. Adequate provision is made for doubtful debts.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The maximum exposure to credit risk at the reporting date was as follows:

	2019 US$	2018 US$
Carrying amount		
Third party trade receivables	5 152 289	7 545 031
Group trade receivables	78 088	105 895
Other receivables	1 334 116	2 420 204
Cash and cash equivalents	379 986	4 318 673
Total Loans and receivables	6 944 479	14 389 803

The Group's trade receivables are mainly due from one customer. There were no impairment losses against trade receivables at 31 March 2019. Other receivables are shown net of $2 447 346 (2018: US$63 293), being amount written off due to doubtful recoverability.

The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the amount is considered irrecoverable and is written off against the financial asset directly. At the reporting date no trade receivables were past due.

It is the view of management that there is low risk of default as the entity deals with one major customer who is reputable and has no history of default. Furthermore the majority of the balance was current and was settled subsequent to year end.

26. TREASURY AND FINANCIAL RISK MANAGEMENT (continued)

26.6 Liquidity risk

In order to mitigate any liquidity risk that the Group may face, the Group's policy has been, throughout the year ended 31 March 2019, to renegotiate facilities in line with working capital requirements.

In addition to the Asa Resource Group Plc. loan, the US$20 million bond (note 16) and the US$7 million overdraft facility which was renewed, the Group successfully negotiated a US$5 million Asset financing facility with a local financial institution.

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount US$	Contractual cash flows US$	0-12 months US$	12 months or more US$
31 March 2019				
Non-derivative financial Liabilities				
Amounts owing to related parties	4 234 428	4 234 428	4 234 428	-
Trade payables	4 948 886	4 948 886	4 948 886	-
Other payables	5 800 910	5 800 910	5 800 910	-
Interest bearing borrowings	8 294 863	10 038 496	5 919 751	4 118 745
	23 279 087	25 022 720	20 903 975	4 118 745
31 March 2018				
Non-derivative financial liabilities				
Amounts owing to related parties	3 986 821	3 986 821	3 986 821	-
Trade payables	7 060 534	7 060 534	7 060 534	-
Other payables	5 992 902	5 992 902	5 992 902	-
Interest bearing borrowings	27 879 665	31 556 056	15 785 492	15 770 564
	44 919 922	48 596 313	32 825 749	15 770 564

The above non-derivative financial liabilities are all classified as financial liabilities measured at amortised cost. The Group had no derivative financial liabilities at 31 March 2019 (2018: nil).

notes to the financial statements Cont'd

FOR THE YEAR ENDED 31 MARCH 2019

26. TREASURY AND FINANCIAL RISK MANAGEMENT (continued)

26.8 Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Group monitors capital using a gearing ratio, which is net debt divided by the aggregate of equity and net debt. The Group's policy is to keep the gearing ratio between 20% and 50%. The Group includes in its net debt, interest-bearing loans and borrowings, trade and other payables, less cash and short-term deposits. In addition, the Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. Due to the prevailing operating economic conditions, the Board of Directors has set any net positive return in each operating period as acceptable in terms of maintenance of capital. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

	2019 US$	2018 US$
Gearing		
Interest bearing borrowings	8 294 862	27 879 665
Accounts payable and accrued liabilities	15 475 763	20 293 646
Less cash and short-term deposits	(379 986)	(4 318 673)
Net debt	23 390 639	43 854 638
Equity	59 546 739	46 078 928
Capital and net debt	**82 937 378**	**89 933 566**
Gearing ratio	**28%**	**49%**
Profit (Loss) from operating activities	4 373 143	8 968 914
Equity	59 546 739	46 078 928
Return on capital (Equity)	**7%**	**19%**

27. Fair value of financial assets and liabilities

The Fair value of trade receivables, interest bearing borrowings and all other receivables and payables approximates their carrying amount.

27.1 Fair value hierarchy

The Group used the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

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

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

27. Fair value of financial assets and liabilities (continued)

27.1 Fair value hierarchy (continued)

Recurring fair value measurements

2019	Level 1	Level 2	Level 3
Trade receivables (subject to provisional pricing)		1 753 617	
2018			
Trade receivables (subject to provisional pricing)		1 314 402	

27.2 Valuation techniques

In 2019, the Group had trade receivables (subject to provisional pricing) arising from provisional pricing sales arrangements which the Group entered into with some of its metals in concentrate customers. Final settlement value would be based on final dry weight, agreed assays and final prices which were to be determined at the end of the Quotational Period (QP), usually 60 days after date of shipment. The QP is the period after the physical shipment of goods during which the price and grade of mineral sold is subject to change due to fluctuations in commodity prices.

Description of valuation technique used and key inputs to valuation of the trade receivables.

Type of financial instrument	2019 US$	2018 US$	Valuation technique	Significant inputs-
Trade receivables (subject to provisional pricing)	1 753 617	1 314 402	DCF	Estimated future commodity prices. Quantities and final assays

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FOR THE YEAR ENDED 31 MARCH 2019

28. Functional currency

In 2009, the Government of Zimbabwe introduced the multi-currency system with the United States Dollar (US) as its base currency. As such, the Group has used the US dollar as its functional and presentation currency to date. As a result of foreign currency shortages on the market, there was increase in the use of electronic settlement platforms namely Real Time Gross Settlement (RTGS) platforms. A monetary measure was introduced in October 2018 directing the separation of Local FC accounts from Nostro (foreign currency backed,) FC accounts at par (at a rate of 1:1.) This created inflationary pressure evidenced by increases in prices of local goods and services as business and other consumers competed for hard currency.

In February 2019, the Government through another policy measure, issued a statutory instrument (SI 33 of 2019) introducing the electronic RTGS dollar (ZWL) with physical denomination in the form of bond notes and coins at a base rate of 1:2.5 in favour of the US dollar. The introduction of the currency and its addition to the multi-currency basket brought about the interbank market which was to function on a willing buyer, willing seller basis. The enacting instrument gave a legal requirement for the accounting treatment of local assets and liabilities denominated in USD to be transferred to the RTGS dollar (ZWL) at parity (1:1.)

The Directors were thus required to assess whether there was a change in the Group's functional currency as well as to assess the appropriateness of rates of exchange used during the period in accordance with IAS21 as follows:

IAS 21 "The Effects of Changes in Foreign Exchange Rates" requires that transactions and balances denominated in foreign currency should be presented at market exchange rates. A market rate is one which is legal, observable and accessible.

October 2018 to February 2019:
The Group maintained a rate of 1:1 which was prescribed by the Government in compliance with the law.

March 2019:
The Group utilised rates available from the Reserve Bank of Zimbabwe Interbank market. The rate from the Reserve bank is the legal rate; it is also an observable rate; however, the rate is not accessible to the market.

Consequently, the Group has not fully complied with the requirements of IAS 21. The Group however chose; for expedience, to comply with the law as the Government issued SI 41 of 2019 [Public Accountants and Auditors (Prescription of International Standards) Regulations] which directs entities to give precedence to the law over reporting standards in circumstances where there are inconsistencies between the two.

While the Group prepares its Financial Statements to comply with International Financial Reporting Standards, full compliance with certain International Financial Reporting Standards was not possible due to the above factors. For avoidance of doubt, the company did not fully comply with IAS 21 (The Effects of Changes in Foreign Exchange Rates) to the extent that is described above, in order to comply with the requirements of the law. In light of this, the Group's Independent Auditors, Ernst and Young, have issued an adverse opinion on the financial statements for the year ended 31 March 2019 as outlined in the Audit opinion.

29. GOING CONCERN

In assessing the going concern position of the Group, the Directors have considered the current trading activities, funding position and projected funding requirements for the Group, particularly in respect of the main operating subsidiary, Trojan Nickel Mine Limited, for at least eighteen months from the date of approval of these financial statements.

While the Group earned a profit before taxation for the year ended 31 March 2019 amounting to US$18.3 million (2018: US$7.9 million), and while at that date its current assets exceeded current liabilities by US$1.5 million (2018: -US$4.7 million), its ability to continue as a going concern is dependent on its ability to generate positive cash flows.

The following factors constitute material conditions that require consideration in assessing the Group's ability to continue as a going concern.

- The Company's cash flows are highly dependent on the Nickel price. During the year, LME nickel prices remained subdued for the greater part of the year, but started picking up in the last quarter to average around US$12 885 per tonne for the year (2018: US$11 000 per tonne). Latest forecasts by analysts predict a steady increase in Nickel prices in the medium to long term owing to expected rise in demand for Nickel and Lithium particularly given the anticipated increase in the use of electric vehicles in developed countries.

- In assessing the future cash flows of the Group, an average Nickel prices have been assumed as follows: US$12 000 per tonne for the period April to December 2019, US$13 000 per tonne for the period January to March 2020 and US$16 625 per tonne for the period April 2020 to March 2021. These projections have been taken from a consensus forecast compiled by market analysts.

In addition to the Directors' assumptions regarding the Nickel price, the 18 month cash flow forecast for the Group from 1 July 2019 will depend on the following key assumptions:

- The availability of sufficient foreign currency. While the Group realises all its revenue in foreign currency (USD), it only retains 50% of the sale proceeds in foreign currency and the remaining 50% is surrendered to the Reserve Bank of Zimbabwe (RBZ) in exchange for the local currency, in line with the current Exchange Control regulations. For the amount surrendered to RBZ, in the past, the Group was paid at a rate of 1:1 which represented a loss of value as the local currency was not at par with the USD. The regulations have limited the availability of foreign currency for the Company to meet its critical payments for the operations. The Group requires more foreign currency for the importation of specialised mining equipment and spares which are not readily available on the local market. Following the promulgation of SI 33 of 2019 and SI 142 of 2019 in February and June 2019 respectively, it is expected that the Company will realise true value from the compulsory exchange of its foreign currency with the local currency at the interbank rate.

The Directors consider it appropriate to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2019. It is the Directors' view that the Group will be in a position to finance future operations and settle any liabilities that may occur in the ordinary course of business.

30. EVENTS AFTER THE REPORTING DATE

30.1 Introduction of SI 142 of 2019

On the 24th of June 2019, the Government of Zimbabwe introduced SI 142 of 2019 [Reserve Bank of Zimbabwe (Legal Tender) Regulations.] The statutory instrument abolished the multi-currency system in favour of the Zimbabwean dollar as the sole currency for legal tender in Zimbabwe. The instrument also outlaws the use of the US dollar for settlement of local obligations. The announcement does not have any adjusting effect on the financial position and results as at 31 March 2019. While this is a non-adjusting event, it will need to be considered in future determination of functional currency of the Group.

top 20 shareholders

FOR THE YEAR ENDED 31 MARCH 2019

Rank	Names	Shares	% of Total
1	ZIMNICK LIMITED	700 036 240	56.47
2	MWANA AFRICA HOLDINGS (PTY) LTD	194 658 696	15.70
3	NATIONAL SOCIAL SECURITY AUTHORITY	87 195 817	7.03
4	MELLOFIELDDE CHEMICALS (PVT)LTD	45 155 867	3.64
5	STANBIC NOMINEES (PVT)LTD	34 139 623	2.75
6	ASA RESOURCE GROUP PLC	31 666 667	2.55
7	ENGINEERING AND ELECTRICAL SUPPLIES	8 475 864	0.68
8	ABC ASSET MANAGEMENT (PVT)LTD	8 764 181	0.71
9	EGASIS INVESTMENTS	6 695 972	0.54
10	SUNCOLD INVESTMENTS (PVT) LTD	5 370 943	0.43
11	STANDARD CHARTERED NOMINEES (PVT)LTD	6 178 920	0.50
12	TANVEST (PVT)LTD	4 401 882	0.36
13	STANBIC NOMINEES (PVT)LTD - NNR.	4 406 928	0.36
14	AMBASSADOR MWANA NANGA MAWAMPANGA	4 366 405	0.35
15	GLOWSURGE ENTERPRISES	3 485 230	0.28
16	TURNER, ROY	3 273 912	0.26
17	SECURICO SERVICES	3 083 368	0.25
18	KANYONGANISE PAUL	3 052 614	0.25
19	NICAL (PVT)LTD	2 625 334	0.21
20	CBZ HOLDINGS LIMITED - PLATINUM	2 453 099	0.20
	Total	1 159 487 562	93.53
	Other shareholders	80 169 029	6.47
	Total number of shares	1 239 656 591	100

notice to shareholders

Notice is hereby given that the fifty-third Annual General Meeting ("AGM") of members of Bindura Nickel Corporation Limited ("the Company") will be held at Chapman Golf Club, Samora Machel Avenue East, Eastlea, Harare on **Thursday, 26 September 2019** at 9.00 am for the purpose of transacting the following business:

ORDINARY BUSINESS

1. Financial Statements and Reports

To receive, consider and adopt the Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 March 2019.

2. Directorate

2.1 To re-elect the following Directors who retire by rotation and, being eligible, offer themselves for re-election in terms of Articles 100 and 101 of the Company's Articles of Association:

- Mr Olivier Alain Barbeau
- Mr Toindepi Retias Muganyi

2.2 To approve the remuneration of the Directors for the year ended 31 March 2019.

3. Auditors

3.1 To confirm the appointment of Ernst & Young Chartered Accountants (Zimbabwe) as Auditors to hold office until the conclusion of the next Annual General Meeting.

3.2 To fix the remuneration of the Auditors for the past audit.

4. Special Business

4.1 Amendments to the Articles of Association of the Company

To consider and, if deemed fit, to pass, with or without amendments, the following resolutions:

4.1.1 As Special Resolutions

(i) That, wherever the Articles of Association of the Company currently refer to "the Companies Act (Chapter 190)" this be and is hereby amended to read "the Companies Act (Chapter 24.03)";

(ii) That Article 44 be and is hereby amended by the addition of the words:

" Notice to be given by advertisement to the members shall also be published online and should have the same effect with the advertisement in the newspapers circulating within the district";

(iii) That Article 147(a) be and is hereby amended so that it reads as follows:

'

'A notice or document shall be served by the Company upon any member either in written format or by electronic means, including the delivery of readable optical disc data, and may be served by the Company either:

a) Personally; or
b) By delivering it through the post in a prepaid envelope or wrapper addressed to such member at his registered address;
c) By electronic transmission to the registered electronic mail address of the member, as the case may be";

notice to shareholders Cont'd

(iv) That Article 148 be and is hereby amended to read as follows:

"

Any member shall notify the Company in writing of an address which shall be his registered address for the purposes of the last preceding Article and of his registered electronic mail address for the purposes of the same Article and, in the case of a member who has notified the Company of both his registered address and of his registered electronic mail address, it shall be at the discretion of the Company as to which address is used for the purposes of service of any notice";

(v) That Article 149 be and is hereby amended by the addition of the following sentence:
"Notice to be given by advertisement to the members shall also be published online and should have the same effect with the advertisement in the newspapers circulating within the district";

(vi) That Article 153 be and is hereby amended by the deletion of the words:
"Any notice or document sent by post to any member in pursuance of these presents"
and the substitution thereof with: "Any notice or document duly served as provided in these Articles".

4.2 Amendment to the BNC Share Option Scheme (2016)

To consider and, if deemed fit, to pass, with or without amendments, the following resolution:

4.2.1 As an Ordinary Resolution

That Bindura Nickel Corporation Limited Share Option Scheme (2016) be and is hereby amended by adding another subsection to subsection 5.1 so that the clause reads as follows:
"Subject to Rule 5, Rule 6 and Rule 8, a participant to whom an Option has been granted under the Scheme shall only be entitled to exercise the Option in part as follows:

(i) On the second anniversary of the Date of Grant, the Participant shall be entitled to purchase up to one half (1/2) of the Shares offered to him under the Option Scheme;

(ii) On the third anniversary of the Date of Grant, the Participant shall be entitled to purchase up to one quarter (1/4) of the Shares offered to him under the Option Scheme;

(iii) On the fourth anniversary of the Date of Grant, the Participant shall be entitled to purchase up to one quarter (1/4) of the Shares offered to him under the Option Scheme".

5. Any Other Business

To transact such other business as may be dealt with at an AGM.

EXPLANATORY NOTES

A. RESOLUTIONS 4.1: PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

1. The proposed amendments to the Articles of Association, in terms of Article 161 and section 20 of the Companies Act (24.03) are subject to the approval of Shareholders by way of special resolutions.

2. The Bindura Nickel Corporation Limited Articles of Association refer to the old Companies Act (Chapter 190) which is now outdated. The Articles need to be aligned to the current Companies Act (Chapter 24:03).

3. Some articles are no longer applicable to the current environment and may be an impediment to the alighnment of the Company to the modern and ever-changing world.

4. Effort was also made to align the Articles with the best in Corporate Governance practices as well as to comply with the new Listing Rules of the Zimbabwe Stock Exchange.

5. These articles 44, 147(a), 148, 149, 151 and 153 read together are hereby amended in due cognisance of the advancements which have occured in information communication technology. In addition, there is need to manage printing and postage costs as the Company would be sending electronic documents instead of physical documents. Documents sent to Shareholders electronically reach their recipients sooner than if they are sent by postal services. Electronic storage of such documents offers greater convenience through easier access, storage and retrieval.

B. RESOLUTION 4.2: PROPOSED AMENDMENTS TO THE BNC SHARE OPTION SCHEME (2016)

The main reason for proposing the above-mentioned amendments is to improve the attractiveness of the Bindura Nickel Corporation Limited Share Option Scheme (2016) as an incentive or reward to its designated beneficiaries.

Beneficiaries will, after the amendments, be able to exercise more of their options with effect from the second anniversary of the Date of Grant, than they would, if the amendments did not take place.

As from the date of the first exercise of the Share Options under the Company's Share Options Scheme (2016), the designated beneficiaries will be entitled, if they so choose, to exercise their options in full within a period of three, instead of four years as is currently the case under th e existing rules.

In terms of the Companies Act (Chapter 24:03), a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company. Proxy forms must be lodged with the Secretaries not less than forty-eight hours before the time for holding the meeting.

BY ORDER OF THE BOARD
Bindura Nickel Corporation Limited

Mukanganga

C. F. Mukanganga
Company Secretary

3 September 2019

corporate information

COMPANY REGISTRATION, DIRECTORS' AND CORPORATE ADVISOR INFORMATION

REGISTRATION NUMBER

552/66

REGISTERED AND CORPORATE OFFICES

Bindura Nickel Corporation Limited
Trojan Mine Road
Bindura, Zimbabwe

Tel: +263 (0) 66 210 6231-6/7951-66/7821-27
Fax: +263 (0) 66 210 7572/7189/7184/7577/6004

DIRECTORS AS AT 31 MARCH 2019

B Manhando	Managing Director
J H L Lampen	Finance Director
O A Barbeau	Non-executive Director
O M Chidawu	Non-executive Director
A P Danso	Non-executive Director
M A Masunda	Non-executive Director (Chairman)
T R Muganyi	Non-executive Director

COMPANY SECRETARY

C F Mukanganga

AUDITORS

Ernst & Young Chartered Accountants
Angwa City, Corner Julius Nyerere Way & Kwame Nkrumah Avenue
Harare, Zimbabwe

BANKERS

CBZ Bank Limited
Ecobank Zimbabwe Limited
Stanbic Bank Zimbabwe Limited
Standard Chartered Bank Zimbabwe Limited

INVESTOR RELATIONS

Email: cmukanganga@bnc.co.zw

SHARE TRANSFER SECRETARIES

First Transfer Secretaries (Private) Limited
1 Armagh Avenue
Eastlea, Harare
Zimbabwe

SHARE PRICE INFORMATION AS AT 31 MARCH 2019

Exchange:	Zimbabwe Stock Exchange
Shares in issue:	1 239 656 591
Share price:	US$0.0634
Market capitalization:	US$78 594 228

form of proxy

I/We..

(full names)

of ....

(full address)

being the registered holder of..

ordinary shares in BINDURA NICKEL CORPORATION LIMITED, hereby appoint:

....

(full names)

of ....

(full address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us at the Fifty Third Annual General Meeting of the Company to be held on Thursday, **Thursday, 26 September 2019** and at any adjournment thereof.

Signed................................day of 2019

....

SIGNATURE OF SHAREHOLDER

NOTE:

A member entitled to attend and vote at the meeting may appoint any person or persons to attend in his/her stead. A proxy need not be a member of the Company. Proxies must be lodged with the Secretaries at least forty-eight hours before the meeting.

CHANGE OF ADDRESS ADVICE

The attention of Shareholders is drawn to the necessity of keeping the Transfer Secretaries advised of any changes of name and/or address.

Shareholder's name in full (block letters)

....

New address (block letters)

....

....

Shareholder's signature: ....