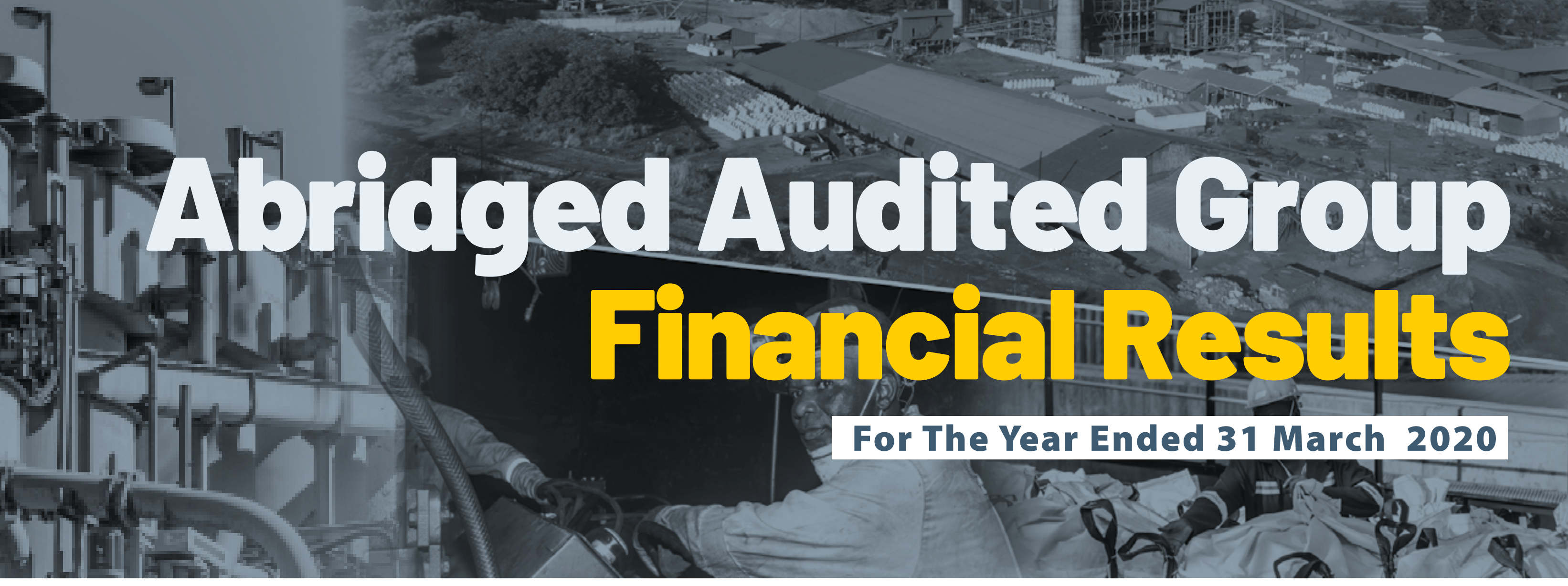


Abridged Audited Group Financial Results

For The Year Ended 31 March 2020

BINDURA NICKEL
CORPORATION LIMITED

COMMITTED TO CREATING VALUE

NOTICE TO SHAREHOLDERS

OVERVIEW

Highlights for the year under review are summarised below:

- **Zero fatalities;**
- **8% increase in average nickel price;**
- **Revenue down by 3% year on year to US$52.4 million (2019: US$54.0 million);**
- **EBITDA: US$6.5 million compared to US$24.8 million in prior year (73% decrease);**
- **Profit after tax: US$0.9 million, prior year loss after tax restated to US$0.3 million from a profit of US$13.5 million;**
- **11% decrease in nickel sales tonnage;**
- **9% decrease in nickel production;**
- **Capital expenditure: US$5.1 million (2019: US$5.4 million);**
- **Smelter Restart Project still at 83% complete;**
- **ZWL$15.0 million repaid to Bondholders cumulatively since inception. Balance is now ZWL$5 million.**
- **11.5 million Ordinary Shares issued to employees under the Share Option Scheme of 2016.**

SAFETY

No fatalities were recorded at any of our operations or projects during the year. A significant safety milestone was recognised in February 2020 when employees and invited stakeholders celebrated two million fatality free shifts, the last fatality having occurred in June 2015.

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

The Company sold 5 685 tonnes of nickel in concentrate compared to 6 410 tonnes sold in the comparative period last year. The 11% decrease in sales tonnage was in line with production which was lower than the prior year's output.

Global nickel prices improved during the period under review, leading to an 8% year-on-year increase in the average price realised by the Company for the sale of its nickel in concentrate.
In spite of the improved price performance, annual turnover of US$52.4 million was 1% lower than the US$54.0 million realised in the comparative period last year. This was in sync with the decrease in sales tonnage referred to above. Cost of sales decreased by 7% from US$40.3 million last year to US$37.7 million in the year under review, mainly due to lower production.

Gross profit increased by 7% from US$13.7 million in the comparative period last year to US$14.7 million. This, to a large extent, is a reflection of the corresponding decrease in the cost of sales. However, operating profit decreased by 86% to US$2.8 million, compared to the prior year's achievement of US$20.2 million. This profit erosion was mainly attributable to reduction in the net foreign exchange gains recognised on the introduction of the Zimbabwean Dollar in the prior year amounting to US$17.0 million, versus US$0.5 million realised in the year under review. However, profit and total comprehensive income of US0.9 million, was higher than prior year restated amount due to a prior period error adjustment explained in detail on note 10.

Balance sheet

Total equity increased by 10% year-on-year. Non-current liabilities of US$30.0 million decreased by 4%, mainly due to a decrease in the long-term portion of interest bearing loans. Current liabilities decreased by 31% from US$20.5 million to US$14.2 million, mainly due to a decrease in the short-term portion of interest bearing loans and related party payables as a result of a write -off. Current assets decreased by 18%, mainly driven by a decrease in trade and other receivables.

In terms of the Company's Share Option Scheme (2016) ("the Scheme"), 11 474 206 ordinary shares were issued to beneficiaries of the Scheme during the year under review, resulting in the issued share capital increasing from 1 239 656 591 to 1 251 130 797 ordinary shares.

Cash Flows

The Company maintained a number of financing facilities secured from local financial institutions in order to finance its capital expenditure and working capital requirements. All commitments due to Bondholders at the September 2019 and March 2020 intervals respectively were honoured.

OPERATIONS

Ore milled in the year under review was 434 077 tonnes, compared to 443 876 tonnes milled in the same period last year. The 2% decrease was due to a decrease in grade. Head grade was 1.53% versus 1.64% in the same period last year. The decrease in grade was due to an increase in the mining of disseminated ore as opposed to massives, following the investment in new mining equipment. Recovery remained constant at 86.3%, year-on-year.

The nickel production of 5 720 tonnes was 9% lower than last year's output of 6 289 tonnes due to the lower ore grade and lower milled tonnage achieved respectively year-on-year.

The all-in sustaining cost of producing nickel in concentrate increased from US$6 610 per tonne in the prior year to US$7 606 per tonne mainly due to the decrease in production as well as the incessant increase in the prices of local inputs, which was fuelled by the sourcing of scarce foreign currency on the parallel market by local suppliers for the importation of inputs.
The industrial relations atmosphere remained largely calm throughout the year, due to the continued proactive and constructive engagement of employees on all pertinent issues.

CAPITAL PROJECTS

Total capital expenditure for the year was US$5.1 million, mainly in respect of the following projects:

- Shaft Re-deepening
- New dump trucks
- New LHDs
- Exploration drilling

The Smelter Restart Project is still at 83% complete while the Refinery and Shangani Mine remained under care and maintenance.

THE MARKET

Overview

The average LME nickel cash settlement price rose by 8.03% to US$13 919.48 per tonne (US$6.31 per pound) compared to US$12 884.88 (US$5.84 per pound) in the same period in 2019. The BNC sales and LME price performance by quarter respectively were as follows.

	Sales (tonnes)			LME Prices (US$ per tonne)		
Quarter	**2019**	**2020**	**% Increase/ (Decrease)**	**2019**	**2020**	**% Increase/ (Decrease)**
Q1	1 223.04	1 686.62	37.90	14 457.83	12 468.99	(13.76)
Q2	1 756.87	1 316.07	(25.09)	13 236.45	16 734.06	26.42
Q3	1 574.83	1 549.93	(1.58)	11 464.62	14 173.22	23.63
Q4	1 855.27	1 132.55	(38.95)	12 381.11	12 301.64	(0.64)
Total	6 410.01	5 685.17	(11.31)			
Average				**12 885.00**	**13 919.48**	**8.03**

The Market

In September 2019, LME nickel prices reached a high of US$18 620 per tonne, in anticipation of the Indonesian ore export ban, which eventually came into effect from 1st January 2020. The ban was expected to starve the market of approximately 12% of the global nickel supply which feeds into the Chinese nickel pig iron ("NPI") industry. However, the anticipated deficit did not materialise as mining companies in Indonesia ramped up production before their quotas expired thereby creating stockpiles in China. The Chinese stockpiles, coupled with a muted demand, led to a significant price correction. Market sentiment was also dampened by the macro-economic forces at play, viz the China-United States of America ("USA") trade wars and the conflict between Iran and the USA.

The major story of the year was the COVID-19 outbreak which began in Wuhan, China and quickly spread across the country, resulting in full or partial lockdowns to mitigate the spread of the coronavirus. This crippled the global supply chains and the logistics sector. The virus outbreak transcended borders and spread globally resulting in many countries going into lockdown in order to curb its spread. Market participants retreated to the traditional safe havens of gold and palladium as the risk appetite dried up.

Outlook

The world economy is effectively on hold, despite the efforts of several central banks to provide economic stimuli and fiscal support to citizens and corporations who have been adversely affected by the COVID-19 pandemic. The market's direction will depend on the demand/supply balance. The demand side will depend on how fast economies re-open. The supply side will depend on the extent of the total reduction in supply due to national lockdowns which have forced mining houses to either stop or reduce production.

DIVIDEND

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

CONTINGENCIES

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 approximately $14 million. The tax differences mainly related to historical issues concerning how the Company was structured many years ago, as well as issues arising from the varying interpretation of standard commercial agreements in the industry.

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.

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, 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 2020 amounting to US$2.3 million (2019: US$17.1 million) and while at that date its current assets exceeded current liabilities by US$3.9 million (2019: US$1.5 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 rose by 8.03% to settle at US$13 919 per tonne compared to US$12 885 per tonne in 2019. Latest forecasts by analysts predict a steady increase in Nickel prices in the medium to long term owing to an 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, average Nickel prices have been assumed as follows: US$12 000 per tonne for the period April to June 2020, US$13 600 per tonne for the period July to September 2020, US$14 200 per tonne for the period January 2021 to March 2021 and US$ 16 900 per tonne for the period April 2021 to March 2022. These projections have been taken from a consensus forecast compiled by market analysts.

In addition to the Directors' assumptions regarding the Nickel price, cash flow forecasts will depend on the following key assumptions:

- On 11 March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. In addition to global macroeconomic effects, the Novel Coronavirus (COVID-19) outbreak and any other related adverse public health developments will cause disruption to our operations and sales activities. Our suppliers, sub-contractors and customers have been and will be disrupted by worker absenteeism, quarantines and restrictions on our employees' ability to work, office and mine closures, disruptions to ports and other shipping infrastructure, border closures, or other travel or health-related restrictions. Depending on the magnitude of such effects on our operations or the operations of our suppliers, third-party distributors or sub-contractors, product shipments will be delayed, which could adversely affect our business, operations and customer relationships. It is the Directors' view that the disruptions caused by COVID-19 will not significantly affect operations.

  The Government declared a national lockdown on 30 March 2020 in order to curb the effect of COVID-19. The Group has been operating during the lockdown period in compliance with the lockdown regulations imposed by the Government. The Group has undertaken measures such as obtaining short-term financing to cover operational costs during the period in which disruptions to customer's ability to settle their obligations due to the lockdown were experienced. Some obligations due to lenders and suppliers were renegotiated to be settled at a later date when funds were received from customers. The Group does not expect significant challenges from customers in settling their obligations as funds are received shortly after delivering the goods to the customer.

- The availability of sufficient foreign currency. While the Group realises all its revenue in foreign currency (USD), it only retains a portion of the sale proceeds in foreign currency and the remaining portion 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, the Group is paid at the prevailing official exchange rate. 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. The RBZ has committed to increase the retention thresholds to assist in this regard.

  The Directors consider it appropriate to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2020. 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.

SHAREHOLDER AND BOARD CHANGES

As a result of the changes to the shareholding structure of the Company, whereby Asa Resource Group Plc ("Asa"), sold its entire shareholding in BNC, amounting to 74.73% of the issued shares of the Company to Sotic International Limited, a company registered in Mauritius, the following changes to the Board of Directors of the Company took place during and after the financial year:

Resignations

Messrs Olivier Alain Barbeau, Oliver Mandishona Chidawu, Alex Peter Danso and Toindepi Retias Muganyi (all Non-Executive Directors) and Mr Johannes Hendrikus Lambertus Lampen (Finance Director) resigned from the Board during the period October to December 2019. We take this opportunity to thank them all for their collective contribution to the affairs of the Company and Board. We wish them success in their future endeavours.

Appointments

Messrs Jozef Clifford Behr, Obey Chimuka and Christopher Fourie joined the Board as Non-Executive Directors on 1st November 2019 while Messrs Craig Gerald Meerholz and David Hugh Brown joined as Non-Executive Directors on 27th February 2020 and 1st April 2020 respectively. However, Mr Fourie resigned on 8th July 2020. We thank him for his contributions during his short stay and wish him success in his future endeavours.

Profiles of Latest Board Appointees

Craig Gerald Meerholz (39)
Craig Gerald Meerholz holds a Bachelor's Degree in Transport and Logistics (UNISA) and a Post Graduate Diploma in Business Administration from Milpark Business School, South Africa.

He is an Executive Director of Sotic International Limited and has vast experience as a Global Base Metals Trader, including the position of Head of Africa for Zopco, a Start-up Trading House mainly focused on African Base Metals. He has previously held the position of Head of Africa for Trafigura, a large global commodity trading company registered in Switzerland. He has also acquired considerable experience in the management of road freight logistics.

David Hugh Brown (58)
David Hugh Brown is a member of the Institute of Chartered Accountants (South Africa). He holds a Bachelor of Commerce Degree from the University of Cape Town.
He is the Group Chief Executive Officer of Sotic International Limited. Previously, he has served as Chief Executive Officer and Chief Finance Officer of Impala Platinum Holdings Limited respectively. He has vast experience as an Accountant, Finance Director and Financial Consultant, acquired in various international private sector institutions, including financial services, consultancy and energy.

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

M A Masunda
Board Chairman
4 September 2020

NICKEL PRODUCTION AND SALES

Nickel production	31-Mar-20 Tonnes	31-Mar-19 Tonnes
BNC production	5 721	6 289
BNC Nickel Sales in Concentrates	5 685	6 410

ABRIDGED GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2020

	Note	31-Mar-20 US$	RESTATED 31-Mar-19 US$
Turnover			
Nickel Concentrates		52,354,635	54,005,118
Cost of sales	10.1	(37,664,050)	(40,287,304)
Gross Profit		**14,690,585**	**13,717,814**
Other Income		279,414	6,147,590
Marketing and distribution expenses		(6,242,199)	(7,255,285)
Administrative expenses		(6,382,059)	(9,404,768)
Net foreign exchange gain		457,387	16,975,945
Operating Profit		**2,803,128**	**20,181,296**
Net finance costs		(470,511)	(3,061,516)
Finance income		28,938	2,709
Finance expenses		(499,449)	(3,064,225)
Profit before taxation		**2,332,617**	**17,119,780**
Taxation	10.2	(1,445,980)	(17,372,845)
Profit/(loss) and total comprehensive income for the year		**886,637**	**(253,065)**
Basic earnings per ordinary share (cents)		**0.071**	**(0.020)**
Diluted earnings per ordinary share (cents)		**0.069**	**(0.020)**
Headline earnings per share (cents)		**0.255**	**(0.020)**

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Note	As at 31-Mar-20 US$	RESTATED As at 31-Mar-19 US$	RESTATED As at 01-Apr-18 US$
Equity and liabilities				
Share capital		12,896	12,778	12,778
Non-distributable reserves		32,327,879	32,291,208	32,291,208
Capital contribution	9	2,631,877	-	-
Share based payments reserves	10.1	2,138,355	1,026,261	242,610
Retained earnings	10	12,739,781	11,853,144	12,106,209
Total equity		**49,850,788**	**45,183,391**	**44,652,805**
Non-current liabilities				
Interest bearing loans & borrowings	7	-	3,246,928	15,384,000
Environmental rehabilitation provision		9,943,733	10,232,959	11,626,107
Deferred taxation		19,979,099	17,788,866	416,021
Lease liability		36,324	-	-
		29,959,156	**31,268,753**	**27,426,128**
Current liabilities				
Trade payables		5,003,238	4,948,886	7,060,534
Other payables		6,671,707	5,800,910	5,992,902
Provisions		79,271	491,539	3,253,389
Related party payables		1,107,557	4,234,428	3,986,821
Interest bearing loans & borrowings	7	1,118,267	5,047,934	12,495,665
Lease liability		5,348	-	-
Income tax payable		168,486	-	-
		14,153,874	20,523,697	32,789,311
Total equity and liabilities		**93,963,818**	**96,975,841**	**104,868,244**
Assets				
Non-current assets	6	75,904,707	74,913,305	76,785,132
Current assets				
Inventories		10,215,279	8,494,827	8,938,705
Trade and other receivables		7,119,769	13,187,723	14,825,734
Cash and short term deposits		724,063	379,986	4,318,673
		18,059,111	**22,062,536**	**28,083,112**
Total assets		**93,963,818**	**96,975,841**	**104,868,244**

ABRIDGED GROUP STATEMENT OF CASH FLOWS

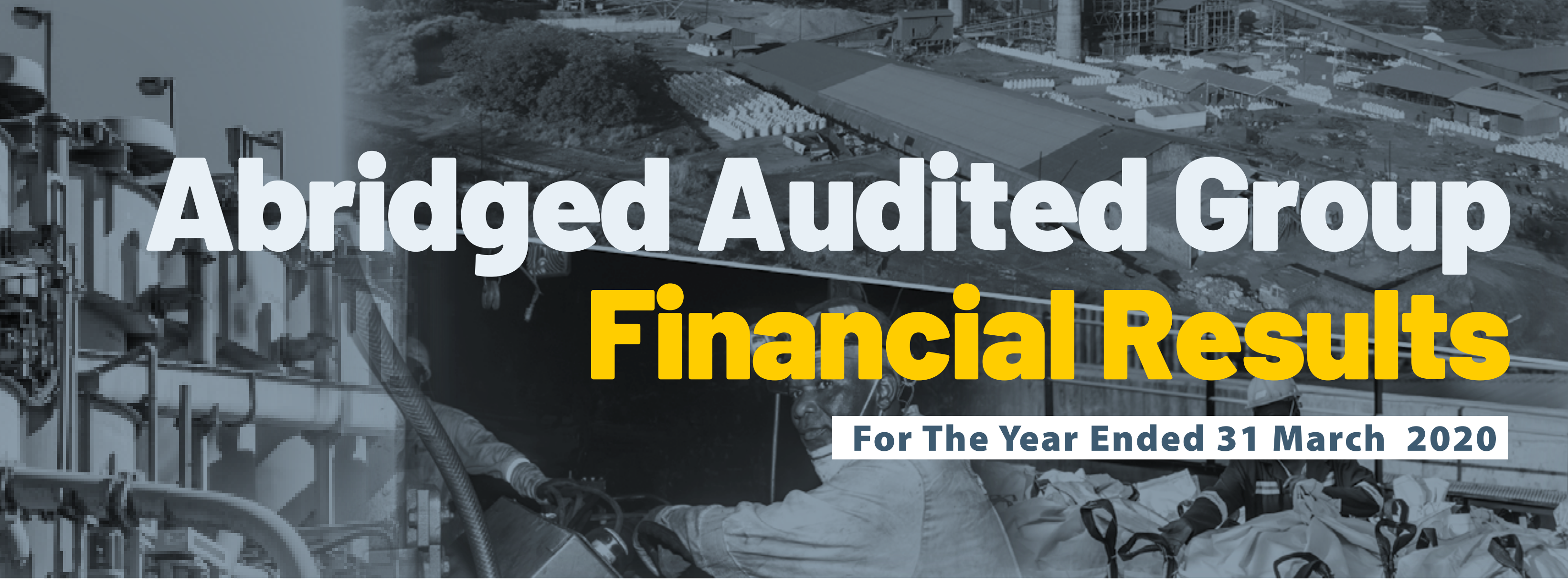
for the year ended 31 March 2020

	Note	31-Mar-20 US$	RESTATED 31-Mar-19 US$
Cash flows from operating activities			
Operating profit from operations before interest and taxation		2,803,128	20,181,296
Adjusted for:			
Depreciation of property, plant and equipment		3,684,962	4,615,228
Change in environmental rehabilitation provision		-	318,555
Unrealised foreign exchange gain		(457,387)	(16,975,945)
Allowance for doubtful debts		-	2,447,346
Loss on prepayments		602,337	-
Profit on disposal on investments		-	(3,570,437)
Impairment loss		-	1,009,127
Share based payments		1,112,094	783,651
Operating cash flow before working capital changes		7,745,134	8,808,821
(Increase) /Decrease in inventories		(1,720,452)	443,878
Decrease/ (Increase) in trade and other receivables		678,248	(2,743,550)
Increase in trade and other payables		1,972,648	2,214,528
Net cash flows from operations		**8,675,578**	**8,723,677**
Returns on investments and servicing of finance			
Interest received		28,938	2,709
Interest paid		(297,263)	(2,961,292)
		(268,325)	(2,958,583)
Net cash flows from operating activities		**8,407,253**	**5,765,094**
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,115,425)	(5,415,605)
Staff loans		48,627	(48,627)
Purchase of investments		-	(2,791,435)
Proceeds from sale of investments		-	6,361,872
Net cash flows from investing activities		(5,066,798)	(1,893,795)
Net cash flows before financing activities		3,340,455	3,871,299
Cash flows from financing activities			
Long term loan repaid		(1,852,894)	(6,034,238)
Long term loan received		1,000,000	-
Lease payments		(2,042)	-
Issue of shares proceeds		36,789	-
Net cash flows from financing activities		(818,147)	(6,034,238)
Increase in cash and cash equivalents		2,522,308	(2,162,939)
Net foreign exchange differences on cash and cash equivalents		52,943	2,829,337
Cash and cash equivalents at the beginning of the year		(2,013,106)	(2,679,504)
Cash and cash equivalents at the end of the year		**562,145**	**(2,013,106)**

Cash and cash equivalents represented by:

	US$	US$
Bank and cash balances	724,063	379,986
Bank overdraft	(161,918)	(2,393,092)
	562,145	**(2,013,106)**

Directors: M A Masunda (Chairman), B Manhando (Managing Director), J C Behr, D H Brown, O Chimuka, C G Meerholz.



Abridged Audited Group Financial Results

For The Year Ended 31 March 2020

BINDURA NICKEL CORPORATION LIMITED

COMMITTED TO CREATING VALUE

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2020

	Note	Share capital US$	Share premium reserves US$	Capital Contribution US$	Share based payments reserves US$	Retained earnings US$	Total US$
Balances as at 1 April 2018		**12,778**	**32,291,208**	**-**	**-**	**13,774,942**	**46,078,928**
Prior period error	10	-	-	-	242,610	(1,668,733)	(1,426,123)
Balances as at 1 April 2018 - Restated		**12,778**	**32,291,208**	**-**	**242,610**	**12,106,209**	**44,652,805**
Total comprehensive income for the year							
Total profit and other comprehensive income for the year attributable to ordinary shareholders - previously reported		-	-	-	-	13,467,811	
Adjusted for							
Prior period error	10	-	-	-	783,651	(13,720,876)	783,651
Loss and other comprehensive income for the year attributable to ordinary shareholders - restated		-	-	-	-	(253,065)	(253,065)
Balances at 31 March 2019		**12,778**	**32,291,208**	**-**	**1,026,261**	**11,853,144**	**45,183,391**
Issue of shares		118	36,671	-	-	-	36,789
Share-based payment expense		-	-	-	1,112,094	-	1,112,094
Total comprehensive income for the year							
Total profit and other comprehensive income for the year attributable to ordinary shareholders		-	-	-	-	886,637	886,637
Forgiveness of related party payables	9	-	-	2,631,877	-	-	2,631,877
Balances at 31 March 2020		**12,896**	**32,327,879**	**2,631,877**	**2,138,355**	**12,739,781**	**49,850,788**

NOTES TO THE ABRIDGED GROUP FINANCIAL STATEMENTS

1 Presentation
The abridged financial results are presented in United States dollars (US$), which is the company's functional currency.

2 Principal group accounting policies
Accounting policies have been applied consistently as in prior years. There was no significant impact arising from adoption of new and revised standards applicable for the period ending 31 March 2020.

The auditor's report on these financial statements is available for inspection at the Company's registered office

3 Earnings per share

	31 Mar-20	31 Mar-19 RESTATED
Earnings attributable to shareholders (US$)	886,637	(253,065)
Weighted average number of shares - basic earnings per share	1,242,535,091	1,239,656,591
Basic earnings per share (cents)	0.071	(0.020)
Weighted average number of shares - diluted earnings per share	1,286,055,070	1,248,521,824
Diluted earnings per share (cents)	0.069	(0.020)

4 Capital expenditure (US$)

	31 Mar-20	31 Mar-19
Capital expenditure (US$)	5,115,425	5,415,605

5 Capital commitments

	31 Mar-20	31 Mar-19
Authorised by Directors and contracted for (US$)	6,512,448	7,031,529

6 Non-current assets

	31 Mar-20 US$	31 Mar-19 US$
Property, plant and equipment	75,904,707	74,864,678
Staff loans	-	48,627
	75,904,707	74,913,305

7 Interest bearing loans and borrowings

	Non current portion		Current portion	
	31 Mar-20 US$	31 Mar-19 US$	31 Mar-20 US$	31 Mar-19 US$
Related party Loan -Asa Resource Group Plc	-	982,541	-	-
Loans (Smelter bond and asset financing)	-	2,264,387	956,349	2,654,842
Bank overdraft	-	-	161,918	2,393,092
	-	3,246,928	1,118,267	5,047,934

8 Loans & borrowings
The Company raised ZWL$ 20 million in 2015 to finance the restart of the Smelter, through a 5 year Bond with a coupon rate of 10% per annum, secured by a guarantee from the major shareholder and bond trust deed independently managed by a trustee. The Company is in compliance with the covenants of the Bond Trust Deed as amendend and agreed with the bond holders. Interest on the related party, Asa Resource Group Plc is LIBOR plus 7%.

Included in the interest loans and borrowings, is the balance of the ZWL$ 5 million asset financing facility which was raised in 2018 to finance capital projects necessary for the business sustenance and expansion. The facility is secured by property title deeds and has an interest rate of of 33.5% per annum. In addition, US$ 1 million was raised during the year to finance capital expenditure. The facility carries an interest rate of 9.5% and is secured by mortgage bonds over property owned by the Company.

Bank Overdraft facility
In July 2019 the Company obtained a ZWL$ 7 million working capital overdraft facility with a local financial institution.
The facility has a tenor of 12 months, but it is subject to renewal at its anniversary. The working capital facility carried an interest rate of 18.5% per annum and it is secured by mortgage bonds over property owned by the Company.

9 Related party payables

During the year the parent company Sotic International wrote off related party balances amounting to US$3 544 616 (2019:nil) owed by the Group. The amount was recognised as a capital contirbution by the parent company net of tax.

9.1 Analysis of private placement shares

Ordinary shares approved for private placement at the 2013 AGM	100,000,000
Ordinary shares issued as at 31 March 2014	(27,904,621)
Ordinary shares issued between April 2014 and 31 March 2015	(1,538,313)
Private placement shares not yet issued as at 31 March 2020	**70,557,066**

9.2 Analysis of Employee Share Scheme

Ordinary shares approved for BNC Share Option Scheme at the 2016 AGM	**92,974,244**
Ordinary shares issued during the year ended 31 March 2020	(11,474,206)
BNC Share Option Scheme shares not yet issued as at 31 March 2020	**81,500,038**

10 Prior period error adjustment

10.1 Share based payments
In 2017, Bindura Nickel Corporation awarded equity settled share options to employees of its subsidiary Trojan Nickel Mine Ltd. The Group did not recognise the share-based payment expense, and equity relating to the share options in the consolidated financial statements. The employee benefit expense and equity were consequently understated in the consolidated financial statements. The comparative amounts for 2019 and 2018 have been restated.
The effect of the restatement on the consolidated financial statements is summarised below.

	31 Mar-19 US$	01 Apr-18 US$
Increase in cost of sales	(783,651)	-
Decrease in retained earnings	(783,651)	(242,610)
Increase in share-based payment reserve	783,651	242,610

10.2 Assessed losses
In February 2019, a statutory instrument S.I. 33 of 2019 was introduced which specified that for accounting and other purposes, all assets and liabilities that were immediately before the effective date valued in United States Dollars shall on and after the effective date be deemed to be valued in RTGS dollars at a rate of 1:1. The Group had accumulated assessed losses amounting to $74,489,535 as at 31 March 2019 on which a deferred tax asset was recognised on the basis the amount was denominated in USD instead of ZWL. The deferred tax asset was recognised in error at a translation rate of 1:1 instead of at the prevailing rate of 2.94. In the absence of issued guidelines over the treatment of take on assessed losses by companies whose functional currency is USD, a prudent view was taken to adjust the deferred taxation, in retrospect. The deferred tax expense and deferred tax liability were consequently understated. The comparative amounts for 2019 have been restated. The effect of the restatement is summarised below.

	31 Mar-19 US$
Increase in deferred tax liability	(12,652,001)
Increase in taxation expense	(12,652,001)
Decrease in retained earnings	(12,652,001)

10.3 Depreciation of Smelting assets under refurbishment
The carrying amount of property, plant and equipment has been restated for the effect of a prior period error. The Group ceased depreciating its Smelter plant and equipment on 31 March 2013 when the plant was undergoing refurbishment. Property, plant and equipment is depreciated utilising the straight line method. Depreciation of the Smelter plant and equipment should not have ceased on the basis that the Smelter was undergoing refurbishment since the Group depreciates its assets utilising the straight line method. Depreciation was understated whilst property, plant and equipment and equity were consequently overstated. The comparative amounts for 2019 and 2018 have been restated. The effect of the restatement is summarised below.

	31 Mar-19 US$	01 Apr-18 US$
Decrease in property, plant and equipment	(384,141)	(1,920,704)
Decrease in deferred tax liability	98,916	494,581
Increase in administrative expenses	(384,141)	-
Decrease in taxation expense	98,916	-
Decrease in retained earnings	(285,225)	(1,426,123)

AUDITOR'S STATEMENT

These financial results should be read in conjunction with the full set of financial statements for the year ended 31 March 2020, which have been audited by Ernst & Young Chartered Accountants (Zimbabwe). An adverse audit opinion has been issued thereon in respect of non-compliance with the requirements of International Financial Reporting Standards (IAS 21): "The Effects of Changes in Foreign Exchange Rates" in the current and prior year as well as non-compliance with IAS 8:" Accounting Policies, Changes in Accounting Estimates & Errors" in the current year. The auditor's report also includes an emphasis of matter section on prior period errors relating to share-based scheme, accounting for the assessed losses in line with Statutory Instrument 33 of 2019 and smelter depreciation. There were no key audit matters. The auditor's report on these financial statements is available for inspection at the Company's registered office.

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

By order of the Board

Mukanganga

C F Mukanganga
Company Secretary
4 September 2020

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BINDURA NICKEL CORPORATION LIMITED

Report on the Audit of the Group and Company Financial Statements

Adverse Opinion

We have audited the consolidated and company financial statements of Bindura Nickel Corporation Limited (the Group) set out on pages 9 to 62, which comprise the consolidated and company statements of financial position as at 31 March 2020, and the consolidated and company statement of profit or loss and other comprehensive income, the consolidated and company statement of changes in equity and the consolidated and company 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 and company financial statements do not present fairly the consolidated and company financial position of Bindura Nickel Corporation Limited as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with International Financial Reporting Standards IAS 21- *The Effects of Changes in Foreign Exchange Rates* in Prior Period and Inappropriate Application of IAS 8- *Accounting Policies, Changes in Accounting Estimates and Errors*

As explained in note 3 to the consolidated and separate financial statements, the group and company's functional and reporting currency is the United States Dollar (US$). The financial statements are presented on the basis that the official exchange rate as at 31 March 2020 between the Real Time Gross Settlement Electronic Dollar/ Zimbabwean Dollar (RTGS$/ ZWL) and the United States Dollar (US$) is 1: 25.

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 out FCA RTGS Accounts from the FCA Nostro US$ Accounts 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. In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTG$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (which comprises RTGS$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

We believe that events in the market and subsequent promulgation of the ZWL as a formal currency evidenced that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 ZWL: US$ exchange rate and this occurred effective 1 October 2018.

INDEPENDENT AUDITOR'S REPORT (Continued)

BINDURA NICKEL CORPORATION LIMITED

The consolidated and separate financial statements of the group and company for the year ended 31 March 2020 included balances and transactions denominated in ZWL/ RTGS that were not converted to US$ at a ZWL/RTGS: US$ exchange rate that reflects the economic substance of its value as required by IFRS as the group and the company continued to use the 1:1 rate after October to convert ZWL/RTGS transactions which were included in all expense items in the consolidated and separate Statements of Comprehensive Income and all Current Assets, Current Liabilities and Non-Current Liabilities stated on the Statements of Financial Position along with the consequential impacts to Accumulated Profit. Further to that, management performed all translations after the 22nd of February 2019 at the interbank rate which was also not appropriate as it does not meet the IAS 21 requirements of a spot rate i.e. a rate that is accessible for immediate delivery.

In respect of the above matter we issued an adverse opinion in the prior year as the effects of the departure from IFRS were pervasive to the consolidated and separate financial statements but could not be quantified owing to the nature of the matter.

Management did not make retrospective adjustments to the group or separate financial statements (prior period errors) in terms of International Financial Reporting Standards – IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors.

Therefore, management has not restated the opening balances to resolve the matters which resulted in the adverse audit report in the prior period and therefore the matter is continuing.

As a result of these matters:

- Corresponding numbers relating to current assets, current and non-current liabilities, retained earnings, expenses and taxation remain misstated on the Group Statement of Financial Position; Group Statement of Comprehensive income; Group statement of Changes in Equity; and Group Statement of Cashflow.
- Corresponding numbers relating to amounts due from subsidiary companies, retained earnings and administrative expenses remain misstated on the company's statement of financial position; Statement of Comprehensive income; Statement of Changes in Equity and Statement of Cashflow.
- As opening balances enter into the determination of cash flows, performance and position, our current year opinion is modified in respect of the impact of these matters on the Group and company's Statements of Cash Flows, Statements of Profit or Loss and Statements of Changes in Equity.

Our opinion on the current period's consolidated and separate financial statements is therefore also modified because of the possible effects of the above matter on the comparability of the current period's figures and the corresponding figures.

The Group continued translating ZWL denominated transactions into the functional currency using the interbank rate. In addition, at year end 31 March 2020 group management translated monetary assets and liabilities denominated in RTGS$/ZWL to the USD functional and reporting currency in both the consolidated and separate financial statements using these rates. As in the prior year this impacted the closing amounts for all Current Assets, all Current Liabilities, Deferred tax , Lease liability and Accumulated profits on the consolidated Statement of Financial Position at year end, Amounts due from subsidiary companies and accumulated profits on the separate Statement of financial position, and all expense amounts on the consolidated and separate Statements of Comprehensive Income. The quantum of this cannot be determined owing to the lack of information as to the rates being available.

INDEPENDENT AUDITOR'S REPORT (Continued)

BINDURA NICKEL CORPORATION LIMITED

The effects of the above departures from IFRS are therefore material and pervasive to the consolidated and separate financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further descried in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Society 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 in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Emphasis of matter

We draw your attention to note 23 to the financial statements which describes prior period errors that have been recorded in the financial statements relating to the share-based scheme and accounting for the assessed losses in line with Statutory Instrument 33 of 2019. We also draw your attention to note 10.4 which describes the impairment assessment relating to the smelter assets. We are not further modifying our opinion in respect of these matters.

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.

Other Information

Other information consists of the Chairman's Letter and Report and the Directors' Report which we obtained prior to the date of this report and the Corporate Governance report which is expected to be available to us after that date. 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* and IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*. 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 (Continued)

BINDURA NICKEL CORPORATION LIMITED

Responsibilities of the Directors for the Group and Company Financial Statements. Responsibilities of the Directors for the Consolidated 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 and Other Business Entities Act (Chapter 24:31), 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.

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INDEPENDENT AUDITOR'S REPORT (Continued)

BINDURA NICKEL CORPORATION LIMITED

- 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 and Other Business Entities Act (Chapter 24:31).

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

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

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07 September 2020