



A member of Kuvimba Mining House

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Company Registration number: 552/1966

TRADING UPDATE FOR THE PERIOD APRIL TO JUNE 2021

Safety, Health, Environment and Quality

COVID-19 Pandemic

Bindura Nickel Corporation Limited (BNC) continued to adhere to COVID-19 preventative and control measures as well as health and safety requirements, as prescribed by the Government of Zimbabwe. In addition, BNC continued to adhere to best practice, in line with World Health Organisation (WHO) guidelines, in order to mitigate the impact of the COVID-19 pandemic. These initiatives have continued to support the smooth running of the Company.

The country experienced a surge in COVID-19 cases during the quarter and BNC was not spared. Pursuant to the Level IV national lockdown measures enunciated by the Government during the month of June 2021, the Company bolstered its preventative and control programmes. With the support of the Ministry of Health and Child Care, BNC embarked on a voluntary vaccination roll-out initiative, which targeted the employees of Trojan Nickel Mine and the community in which they live. The vaccination program is proceeding well, with a good uptake among employees and their dependants. The target is to reach herd immunity among members of the mine's community as more vaccines are availed.

Safety, Health and Environment

No fatalities have been recorded at Trojan Nickel Mine since 7 June 2015. However, the operation recorded 2 Lost Time Incidents (LTIs), one each for the months of April and May 2021 respectively. No injuries were recorded in the month of June 2021.

The Company continues to comply with all applicable environmental legislation and remains ISO 14001:2015 and ISO 45001:2018 certified.

Operational Update: Quarter ended 30 June 2021

Key Production Statistics

	Unit of measure	Quarter Ended 30 June 2021	Quarter Ended 31 March 2021	Quarter Ended 30 June 2020	Q2 FY2022 Outlook
Ni in concentrate produced	(t)	1,187	960	1,162	1,687
Ore milled	(t)	95,518	85,888	91,717	164,871
Head grade	(%)	1.45	1.34	1.49	1.23
Recovery	(%)	86.0	83.3	85.0	83.5
Ore mined	(t)	93,113	88,333	91,322	164,871
Development metres	(m)	324	278	395	1,364
Nickel sales	(t)	1,153	1,067	27	1,687
LME nickel price	(US\$/t)	17,343	17,625	12,197	17,900
Cash cost (C1)	(US\$/t)	9,371	12,910	7,310	6,343
All in sustaining cost (C3)	(US\$/t)	10,525	14,606	8,450	7,235

Production

During the period March to April 2021, a planned production stoppage came into effect to facilitate the completion of the Shaft Re-deep Tie-in Project, as well as the refurbishment of major components of the Concentrator Plant. Both were successfully completed. Production resumed at the end of April 2021, following the commissioning of these projects.

Despite there being no production for most of April 2021, tonnes milled in the quarter under review, were marginally higher than for the comparative period in FY2020. This was due to the loss of production during the latter period, occasioned by the operational restrictions imposed by the Government in response to the advent of the COVID-19 pandemic, coupled with the unavailability of massives in the production mix, which were in turn attributable to lagging development. Head grade, at 1.45%, was marginally lower than in the prior year. The recovery of 86.0% was higher, in the quarter under review, than the 85.0% achieved in the comparative period in the previous year, mainly due to the improved plant performance after the above-mentioned refurbishment exercise. Nickel in concentrates produced was marginally higher than the prior year's production in the comparative period, mainly due to the increase in tonnes milled.

The capital expenditure which has been directed towards the replacement of ageing and obsolete mobile underground mining equipment is expected to lead to the attainment of the Company's forecasts for the financial year ending 31 March 2022.

Nickel Sales

Sales tonnage for the quarter ended 30 June 2021 was significantly higher than the tonnage sold in the quarter ended 30 June 2020. In the latter period, the insignificant sales tonnage was attributable to the temporary suspension of sales, which was necessitated by the need to conclude a more favourable new off-take agreement with Zopco SA, a Switzerland based trading house, in place of the agreement with Glencore.

The average price of nickel on the London Metal Exchange (LME) was US\$17 343 per tonne during the quarter under review, compared to US\$12 197 per tonne, in the same period last

year, reflecting the positive impact of the increasing demand for clean energy. On a quarter-on-quarter basis, turnover for the quarter ended 30 June 2021 was, consequently, higher than the previous year's achievement.

Costs

Production for the quarter was only slightly higher than for the quarter to June 2020. However, the unit cost of production increased significantly due to the higher costs incurred in the quarter, as a result of the following:

- i. High cost of maintaining aged mobile mining equipment;
- ii. Non-recurring costs of refurbishing the concentrator plant during the planned shut-down;
- iii. Higher labour costs arising from the adjustment of employees' wages and salaries to align with industry levels as well as payment of performance bonuses;
- iv. Full selling expenses incurred whereas there were no selling expenses for the quarter to June 2020, which had no sales, as explained above; and
- v. The adverse impact on the cost of local inputs of the increasing disparity between the auction foreign exchange rate, at which the Company surrenders 40% of its revenue for Zimbabwe dollars, and the prevailing parallel market rate.

In addition, production for both Q1 FY2022 and Q1 FY2021 was approximately 15% lower than average, hence the fixed cost burden per tonne of nickel produced was higher than normal, thus contributing to the higher unit costs. The production for Q1 FY2022 was affected by the loss of most of the month of April 2021 due to the commissioning of the Re-deep Tie-in Project.

Industrial Relations

The Company continued to enjoy a peaceful and cordial industrial relations atmosphere which was underpinned by regular and transparent engagement between the employer and employees.

Outlook for the Quarter Ending 30 September 2021

The production of nickel in concentrate is on budget, year-to-date, as at 31 July 2021.

Development metres, tonnes mined, tonnes milled and nickel in concentrate production for the quarter ending September 2021 are all expected to be higher than achieved during the quarters ended 30 September 2020 and 30 June 2021 respectively.

The above outlook is in line with the Company's sustainable mining strategy which is anchored on a high volume-low grade mix of ore mined.

On the basis of the expected production and forecast nickel prices for the remainder of the year, a significantly improved profit performance for the year is forecast, compared to the prior year.

By Order of the Board

A handwritten signature in black ink, appearing to read 'C F Mukanganga', written in a cursive style.

C F Mukanganga
Company Secretary
5 August 2021

Directors: M A Masunda (Chairman), T Lusiyano (Managing Director), P Maseva-Shaywabaya (Finance Director), J C Behr, D H Brown, O Chimuka, C C Jinya (Dr), C D Malaba (Mrs), C G Meerholz, R Nhamo (Mrs).