Bindura Nickel Corporation

A Member of Kuvimba Mining House

AUDITED ABRIDGED FINANCIAL RESULTS

For the year ended 31 March 2022

Directors: M A Masunda (Chairman), *T Lusiyano (Managing Director), *P Maseva-Shayawabaya (Finance Director), M J Bronn, O Chimuka, S Chinyemba, C C Jinya (Dr), C D Malaba (Mrs), C G Meerholz, R Nhamo (Mrs), I Rukweza.**(*Executive)**

SALIENT FEATURES

Safety and COVID-19

- Zero fatalities and COVID-19 related deaths recorded.
- Two Lost Time Injuries recorded.
- A new record of 3.1 million fatality-free shifts achieved as at 31 March 2022.
- All employees fully vaccinated against COVID-19 during the year.

Operational

- Trojan Nickel Mine Shaft Re-deep Project (Phase 1) completed in April 2021, one month behind schedule.
- Poor underground mining mobile equipment availability resulted in inconsistent monthly production.
- Tonnes ore mined increased by 12%, while head grade decreased by 17% as transition to high-volume, low-grade strategy commenced.
- Nickel production decreased by 5% to 5,082 tonnes.
- Nickel sold decreased by 14% to 4,720 tonnes due to lower production and delayed signing of new offtake contract.
- Average LME Nickel price increased by 37% to US$ 20,600

Financial

- Increase in revenue by 25% to US$74.2 million.
- Profit Before Tax increased by 260% to US$11.0 million.
- Profit After Tax up 361% to US$8.1 million.
- CI unit cash cost increased by 43% to US$10 749 per tonne Nickel, mainly due to lower production.
- US$1.3 million cash generated from operations, 87% decrease on prior year.
- Loss in value of US$2.5 million due to export surrender and exchange rate disparities.

Capital Expenditure

- Capital expenditure of US$6.5 million as replacement of old and obsolete underground mining mobile equipment is accelerated.
- US$7 million in loans raised of which US$4 million was received post year end, for replacement of underground mining mobile equipment.

Other

- Company listing migrated from the Zimbabwe Stock Exchange to the Victoria Falls Stock Exchange.

The Board is pleased to report on the performance of the Company for the year ended 31 March 2022.

RESULTS SUMMARY

	Unit of Measure	12 months to 31 March 2022	12 Months to 31 March 2021	Variance (%)
Nickel in Concentrates produced	Tonnes	5,082	5,363	(5)
Nickel in Concentrates sold	Tonnes	4,720	5,496	(14)
Average LME Nickel price per tonne	US$	20,600	14,999	37
Revenue	US$	74,209,630	59,169,461	25
Profit Before Taxation	US$	11,004,808	3,056,109	284
Profit After Taxation	US$	8,062,245	1,748,298	468
C1 Unit Cash Cost per tonne Nickel	US$	10,749	7,540	(43)
C3 All in Sustaining Cost per tonne Nickel	US$	12,410	8,552	(45)

OPERATING ENVIRONMENT

The Zimbabwean economy grew by an estimated 6% during the 2021 calendar year, buoyed by a good 2020/21 agricultural season and improved export earnings arising from high commodity prices. However, the economy continued to be hampered by high inflation and persistent foreign currency shortages, despite the good export performance. While the commodity price boom has continued into 2022, partly aided by the uncertainty arising from the Russia-Ukraine war, Zimbabwe's economic prospects for calendar year 2022 are not as promising due to a poor 2021/22 agricultural season and the adverse impact of the high inflation and persistent foreign currency shortages.

COVID-19

In consonance with the overall national situation, the threat posed by COVID-19 has declined considerably, with the Company ending the year with the pandemic under control. All company employees were fully vaccinated during the year and no COVID-19 related deaths were recorded. The Company has however continued with preventative measures and control programmes to ensure the pandemic remains under control.

SAFETY, HEALTH AND ENVIRONMENT

There was an improvement in the Company's safety performance during the year, with two Lost Time Injuries recorded compared to five for the previous year. The Company achieved a new record of 3.1 million fatality-free shifts by 31 March 2022, the last fatality having been recorded in June 2015.

Safety remains a priority for the Board and Management, given the inherently hazardous nature of mining operations. The Company has a zero-tolerance policy towards injuries in the workplace. Safety, Health and Environmental (SHE) systems are continually being upgraded and improved to enhance performance. The main area of focus continues to be on instituting and deepening the desired safety culture in order to prevent accidents, in line with the Company's Zero Harm policy.

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

OPERATIONS

The year under review was a challenging one.

Commissioning of the Re-deep and Tie-in project was delayed by nearly one month, due to unforeseen technical challenges, resulting in only 4 days of production in April 2021. The project was, however, successfully completed and resulted in the intended benefits of reduced ore tramming distances, elimination of double handling and provision of access to deeper-lying mineral resources being achieved.

The aged and obsolete underground mining mobile equipment resulted in poor and inconsistent availabilities during the year under review and thus compromised production. In addition, significant challenges associated with changes in the massive orebody footprint were experienced in September and October 2021.

The changes in the massives resource footprint, coupled with the need to optimise the extraction of the entire mineral resource, necessitated the pre-planned transition from the low-volume, high-grade strategy to the new high-volume, low-grade strategy.

The combined effect of the above factors led to tonnes ore mined for the year totalling 463,338, which was 13% higher than the previous year's 412,605 tonnes.

Tonnes ore milled of 461,130 were 12% higher than last year's tonnage of 411,754, in tandem with the higher tonnage mined. In line with the new strategy, head grade declined to 1.30% from 1.52% for the prior year while recovery efficiency was 85.0% versus 85.9% for last year.

Consequently, Nickel in concentrate production declined by 5% to 5,082 tonnes from the previous year's 5,363 tonnes.

Unit cash cost of production (C1) increased by 43% to US$10,749 per tonne while the all-in-sustaining cost of production increased by 45% from US$8,552 per tonne for the prior year, to US$12,396 per tonne. The increase in unit production cost was mainly due to the decrease in Nickel production and the high cost of maintaining the old and obsolete underground mining equipment. The disparity between the official auction and parallel market rates continued to widen during the year. With local suppliers using the parallel market rates rather than the auction rates in their pricing models, the discrepancy in the two rates had an adverse impact on the Company's costs of local inputs.

Nickel sold for the year, amounted to 4,720 tonnes, 14% lower than prior year sales of 5,496 tonnes, reflecting the lower Nickel production. The Company's off-take contract expired in early March 2022, after requisite contracted Nickel concentrates had been delivered. Deliveries under the old contract were completed on 9 March 2022. Finalisation of a new two-year contract for the supply of 100,000 tonnes of Nickel concentrates took longer than anticipated. The contract was only signed and approved by the relevant regulatory authorities at the end of April 2022. Deliveries under the new contract commenced on 2 May 2022.

THE MARKET

The average London Metal Exchange (LME) Nickel price achieved during the year was US$20,600 per tonne, compared to US$14,999 per tonne the previous year. The 37% increase in the average Nickel price was driven by the global increase in the demand for the metal.

The Nickel price on the London Metal Exchange (LME) started the year at US$16,001 per tonne and progressively increased during the year, supported by strong demand from the stainless steel and electric vehicle sectors. In addition, global Nickel inventories were progressively declining during the course of the year. Nickel prices traded between US$16,000 and US$20,000 in the first three quarters of the financial year before a pronounced uptrend starting in January 2022. High energy prices, macro environmental fears over simmering geopolitical tensions between Russia and Ukraine, industrial growth from government stimulus in Europe and China, and expectations of demand increase from energy storage systems and electric vehicles, all supported prices.

Prices reached decade highs in March 2022 with a peak of US$42,995/t on the 7th after Russia's invasion of Ukraine heightened fears over supply disruptions when sanctions were imposed on Russia, upending global commodity markets. On 8 March 2022, prices on the LME Nickel contract temporarily breached the US$100,000 per tonne mark due to a short squeeze. The LME suspended trading on the Nickel contract and cancelled the day's trades. Trading resumed on 16 March 2022, after the LME had put in measures to control daily price changes. Prices stabilised within a narrow range although trading volumes were low as participants felt the prices on the LME were not supported by market fundamentals.

Fundamentals for Nickel remain strong as global stocks remain at low levels. The downward trend in LME inventories continues unabated, with stocks dwindling to 72,570 tonnes by the end of March 2022, in comparison to 259,182 tonnes on 1 April 2021.

TAX DISPUTE BETWEEN TROJAN NICKEL MINE LIMITED (TNML) AND THE ZIMBABWE REVENUE AUTHORITY (ZIMRA)

We previously reported that the Company, through its operating subsidiary, TNML, was involved in a dispute with the tax authorities emanating from tax assessments which were issued in February 2018 in respect of the 2009 to 2017 tax years. The dispute mainly related to historical issues concerning how the Company was restructured in 2004, as well as issues arising from differences in interpretation of standard commercial agreements in the mining industry.

The Company objected to the assessments but when the objection was dismissed by ZIMRA, it was obliged to pay the disputed tax liability of ZWL14,368,623 equivalent to US$1,272,485 at the time of payment, while seeking legal redress. An appeal was then filed at the Special Court for Income Tax Appeals (SCITA) by TNML. The matter was heard on 12 November 2020. Unfortunately, TNML lost the case for mis-citation of the respondent, ZIMRA. ZIMRA ought to have been cited as the Zimbabwe Revenue Authority and not The Commissioner General, ZIMRA. The appeal filed by TNML was, therefore, held to be invalid as the improper citation meant that there was no proper appeal before the court. Since the case was dismissed on the basis of a technicality and not on its merits, TNML refiled the appeal. A date for the appeal hearing is yet to be set. Since then, however, the Supreme Court has issued a judgement on a case that has some similarities to the TNML case. In that case, the Court ruled that group consolidated accounts cannot be submitted in support of tax self-assessments filed by a company. TNML is the only operating subsidiary in BNC and therefore generates all group revenues. Group consolidated accounts were thus submitted and accepted by ZIMRA, in support of the Company's tax self-assessments for the years in question. In the light of the Supreme Court decision, it is the considered view of our legal counsel that SCITA is likely to consider the tax self-assessments filed then as invalid and therefore dismiss our appeal, citing the Supreme Court decision. On the recommendation of legal counsel, we have accordingly withdrawn the case in the SCITA before a set down date for the appeal is given.

The withdrawal of the case means that the disputed tax liability of ZWL14,368,623 or US$1,272,485 that was previously disclosed as a contingent liability, has now been expensed through the Income Statement. As stated above, the amount had been paid soon after dismissal of the Company's objection to the assessments. There will, therefore, be no cash flow impact, arising from the withdrawal of the case.

INDUSTRIAL RELATIONS

Despite the challenging economic conditions prevailing in the country, the industrial relations atmosphere remained calm throughout the year. Management continued to proactively and constructively engage employees on all pertinent issues.

FINANCIAL RESULTS

Income Statement

Despite the decline in the volume of Nickel sold, revenue for the year ended 31 March 2022 increased by 25% to US$74.2 million, from the prior year's US$59.4 million. The increase in Nickel price more than compensated for the lower sales volume.

Cost of sales increased by 15% to US$51.4 million, compared to US$44.8 million for the prior year. The increase was as a result of the high cost of maintaining the old and obsolete underground mining mobile equipment, higher labour costs arising from reviews of wages during the year to align with the industry, as well as the inflationary pressure on local input costs.

A combination of the discrepancy between the auction foreign exchange rates and the rates prevailing on the alternative markets, coupled with the regulated surrender of 40% of the Company's export revenue in exchange for Zimbabwe Dollars at the auction rates, resulted in loss of value amounting to US$2.5 million for the year under review.

The Reserve Bank of Zimbabwe introduced an export incentive scheme in June 2021, applicable on incremental export revenues. In terms of the scheme, an 80% export retention applies on incremental revenues instead of the standard mining retention of 60%, while companies listed on the VFEX and those operating in Special Economic Zones, are permitted to retain 100% of the incremental revenues. The export incentive scheme, inclusive of the enhanced regime applicable to VFEX listed entities, resulted in the Company achieving an overall export retention marginally above the mandatory 60%.

Gross profit for the year amounted to US$22.8 million, which was 59% higher than the prior year's US$14.3 million, mainly due to the increase in revenue.

An operating profit of US$12.0 million was achieved, 263% higher than the US$3.3 million for the prior year also due to the increase in revenue. Net interest expense amounted to US$940,757, up from US$235,648 due to new loans accessed during the year. Profit before tax for the year was US$11.0 million, 260% above last year's US$3.1 million.

Income tax charge for the year amounted to US$3.0 million, giving an effective tax rate of 27% compared to the corporate tax rate of 24.75%. This was due to prepaid income tax of US$1.2 million on the tax dispute with ZIMRA, which was previously reported as a contingent liability but was recognized as an income tax expense in the current year, upon withdrawal of the appeal that had been lodged with the Special Court of Income Tax Appeals. Thus, profit after tax for the year amounted to US$8.1 million, 361% higher than the US$1.7 million recorded in the previous year, also reflecting the increase in revenue.

Balance Sheet

Total equity of US$60.1 million increased by 16% as a result of the profit achieved for the year. During the year under review, a total of 16,495,755 ordinary shares were issued to employees that were eligible to be allotted shares under the Share Option Scheme (2016). This resulted in an increase in the issued share capital of the Company from 1 272,732,638 to 1 289 228 393 ordinary shares as at 31 March 2022.

Current liabilities increased by 39% to US$25.7 million due to an increase in trade and other payables as well as working capital facilities in the form of bank overdrafts and short-term loans which at 31 March 2022 amounted to US$3.1 million. Subsequent to the year end, an additional US$4 million loan facility was secured as part funding of the programme to replace the old and obsolete underground mining mobile equipment.

Property, plant and equipment grew by 7% reflecting the capital expenditure incurred during the year, which included the acquisition of new exploration, face and support rigs which are part of the retooling exercise currently underway.

Current assets increased by 65% to US$34.1 million due to an increase in trade debtors, outstanding VAT Refunds and unsold Nickel stocks. The VAT Refunds balance as at 31 March 2022 amounted to US$5.2 million (FY2021: US$2.2 million). ZIMRA are taking much longer to process VAT Refunds, resulting in the average age of the refunds increasing to 467 days (FY2021: 242 days).

In spite of the above mentioned issues, the group balance sheet remains strong, with a sustainable level of borrowings.

Cash Flows

Cash generated from operations amounted to US$1.3 million, down from US$10.4 million due to the increase in debtors and inventories referred to above. Capital expenditure for the year amounted to US$6.5 million. Net loans raised amounted to US$2.6 million while net interest paid was US$940,757. Consequently, at the close of the year under review, there was a negative cash balance of US$1.3 million, compared to a positive cash balance of US$1.9 million at the end of the previous year.

CAPITAL EXPENDITURE

Total capital expenditure for the year amounted to US$6.5 million (FY2021: US$8.9 million). Subject to funding, being available, the programme to replace the old and unreliable underground mining mobile equipment is expected to take at least two years to complete. The programme will be funded from a mix of internal cash flows and external loans.

BUSINESS DEVELOPMENT

Evaluation of the following projects which are expected to have significant bearing on the future of the Company, is currently underway and will be completed during the year to 31 March 2023.

Trojan Nickel Mine Down Dip Exploration and Extension

This project is aimed at further down dip exploration of the massives orebody beyond 59 Level, in order to increase the life of mine beyond 10 years. This will be coupled with the execution of the second phase of shaft re-deepening project to access the deeper high-grade resources.

Kingston Hill Exploration

Kingston Hill is a potentially open pitable low-grade deposit located 4 kilometres from the current Trojan Nickel Mine. Exploration work has started, which is aimed at evaluating a potential ore resource. If proved viable, this ore resource will significantly enhance the mining capacity of the Company, while extending the life of mine.

BSR Slag Dump Retreatment Project

Test work is in progress to establish the extent to which a slag dump of approximately 3 million tonnes, which accumulated on site at Trojan Nickel Mine over the years could be treated for the recovery of Nickel, Copper and Cobalt. If proved viable, the project will potentially generate additional revenue for the Company.

Hunters Road Project

Review of the project is currently underway, with the objective of progressing the project to the next stages, if proved viable on technical, economic, safety and sustainability criteria. This Project is expected to generate additional ore resources for the Company, thus significantly increasing the capacity of the business.

Smelter and Refinery

Preliminary discussions have been held with interested parties on possible partnerships towards the resuscitation of the Smelter and Refinery plants.

MIGRATION FROM THE ZIMBABWE STOCK EXCHANGE ("ZSE") TO THE VICTORIA FALLS STOCK EXCHANGE ("VFEX")

The Company's shares were delisted from the ZSE on 15 December 2021 and BNC became the fourth company to be listed on the VFEX on the 17th of the same month. While trading volumes on the ZSE have generally been low, BNC had, as at 31 March 2022, contributed 97% of the total 96 million shares traded since the Company made its debut.

Since migration to the VFEX, the Company has been realising improved export retentions from the enhanced export retention scheme applicable to companies listed on that bourse.

OUTLOOK FOR FY2023

The LME Cash settlement price of Nickel averaged US$33,298 per tonne in the month of April 2022. Although the recent 'short squeeze' became topical globally, the LME Nickel price had already been on a steady upward trend due to healthy fundamentals but, after trading in a narrow range for the whole of April 2022, prices fell to around US$28,400 per tonne in early May 2022. This was due to the increased dominance of negative macro-environmental factors, including a firm dollar, tighter liquidity conditions and concerns over the slowdown in the Chinese economy due to COVID-19 induced lockdowns and trade disruptions, as well as tight liquidity, which are expected to adversely affect global manufacturing and metal demand.

Analysts forecast that Nickel prices will drift lower in the near term. Prices are, however, expected to recover from the third quarter with the price rebound from current low levels likely to be aided by Nickel's tight fundamentals and supply disruption threats. Although a number of projects are expected to come online during the year to increase Nickel supply, there is still uncertainty on the timing of the availability of the new supplies to the market.

The global electrification agenda and the shift to greener forms of energy are likely to support Nickel prices in the medium to long term. Prices will be supported by global infrastructural spending if previously set targets are met. It is envisaged that a resolution of the conflict in Ukraine will likely be bullish for Nickel as more infrastructural spending will be needed to rebuild the country after the scourge of war. While there will always be some volatility in the Nickel market, the underlying forces that drive it are positive for the long term.

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AUDITED ABRIDGED FINANCIAL RESULTS

For the year ended 31 March 2022

DIVIDEND

The Board has not declared a dividend for the period under review. The Company's current priority is to replace underground mining mobile equipment which is critical for the future and for consistent levels of production, particularly so in light of the on-going transition from the high-grade, low-volume strategy to the low-grade, high-volume strategy envisaged from FY2023 onwards.

BOARD CHANGES

The following changes to the Board of Directors of the Company which took place during the financial year, have been previously reported on:

Resignation

Mr. Jozef Clifford Behr resigned as Non-Executive Director with effect from 30 September 2021. I thank Mr. Behr for his contributions during his tenure on the Board.

Appointments

- Mr. Patrick Maseva-Shayawabaya joined the Company in the executive position of Finance Director, with effect from 1 April 2021.
- Mr. Michiel Jakobus Bronn joined the Board as Non-Executive Director on 1 October 2021.
- Messrs. Simbarashe Chinyemba and Innocent Rukweza were appointed as Non-Executive Directors with effect from 21 March 2022.

I welcome the appointees to the Board and look forward to their contributions in Board deliberations.

The Late Mr. David Hugh Brown

It is with a deep sense of shock and sorrow that we received the news of the passing on of Mr. David Hugh Brown, in South Africa, on Sunday 19 June 2022. He would have turned 60 years old on the 7th of August 2022.

David joined the Board of BNC as a Non-Executive Director on the 1st of April 2020, upon appointment as Chief Executive Officer of Kuvimba Mining House and became a member of the Audit and Risk Committee soon thereafter.

David contributed immensely to deliberations at the BNC Board and Committee meetings and will be sorely missed.

May his dear soul rest in eternal peace.

APPRECIATION

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

On Behalf of the Board
Bindura Nickel Corporation Limited

M A Masunda
Chairman
23 June 2022

PRODUCTION AND SALES

	31-Mar-22 Tonnes	31-Mar-21 Tonnes
Nickel production		
BNC production	5,082	5,363
BNC Nickel Sales in Concentrates	4,720	5,496

ABRIDGED GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2022

	Note	31-Mar-22 US$	31-Mar-21 US$
Turnover			
Nickel Concentrates	3	74,209,630	59,169,461
Cost of sales		(51,419,892)	(44,873,096)
Gross Profit		22,789,738	14,296,365
Other Income		211,294	689,483
Marketing and distribution expenses		(2,295,380)	(1,769,598)
Administrative expenses		(7,911,659)	(7,497,830)
Net foreign exchange gain		(848,428)	(2,426,663)
Operating Profit		**11,945,565**	**3,291,757**
Net finance costs		(940,757)	(235,648)
Finance income		12,641	132
Finance expenses		(953,398)	(235,780)
Profit before taxation		**11,004,808**	**3,056,109**
Taxation		(2,942,563)	(1,307,811)
Profit and total comprehensive income for the year		**8,062,245**	**1,748,298**
Basic earnings per ordinary share (cents)	4	**0.631**	**0.139**
Diluted earnings per ordinary share (cents)	4	**0.619**	**0.136**

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Note	As at 31 -Mar-22 US$	As at 31-Mar-21 US$
Equity and liabilities			
Share capital		13,289	13,119
Non-distributable reserves		32,345,476	32,339,248
Capital contribution		2,631,877	2,631,877
Share based payments reserves	5	-	2,478,023
Retained earnings		25,128,321	14,488,079
Total equity		**60,118,963**	**51,950,346**
Non-current liabilities			
Environmental rehabilitation provision		13,901,936	9,936,830
Deferred taxation		19,450,434	20,270,935
Lease liability		50,486	11,757
Interest bearing borrowings	8	1,073,568	-
		34,476,424	**30,219,522**
Current liabilities			
Trade payables	7	21,276,687	18,506,347
Provisions		12,654	35,822
Interest bearing loans & borrowings	8	3,115,138	-
Lease liability		22,486	943
Income tax payable		1,315,652	-
		25,742,617	18,543,112
Total equity and liabilities		**120,338,004**	**100,712,980**
Assets			
Non-current assets	9	86,073,427	80,071,425
Loans		125,100	-
		86,198,527	80,071,425
Current assets			
Inventories		14,671,960	9,553,707
Trade and other receivables	10	19,240,767	9,150,750
Cash and short term deposits		226,750	1,937,098
		34,139,477	20,641,555
Total assets		**120,338,004**	**100,712,980**

ABRIDGED GROUP STATEMENT OF CASH FLOWS

for the year ended 31 March 2022

	31 -Mar-22 US$	31-Mar-21 US$
Cash flows from operating activities		
Operating profit from operations before interest and taxation	**11,004,808**	**3,056,109**
Adjusted for:		
Depreciation of property, plant and equipment	4,407,823	4,662,924
Net finance costs	940,757	235,648
Unrealised foreign exchange gain	546,933	2,047,702
Profit on disposal on investments	-	(550,000)
Share based payments	99,974	339,668
Provision for expected credit losses	55,058	4,228
Provision for obsolete inventory	474,728	105,402
Related party receivables written off	-	126,184
Increase in provision	-	13,495
Operating cash flow before working capital changes	**17,530,081**	**10,041,360**
Decrease /(Increase) in inventories	(5,592,981)	661,572
(Increase)/ Decrease in trade and other receivables	(12,577,164)	(1,173,592)
Increase in trade and other payables	1,963,588	836,636
Net cash flows from operations	**1,323,524**	**10,365,976**
Returns on investments and servicing of finance		
Interest received	12,641	132
Interest paid	(851,949)	(192,152)
Tax paid	-	(2,359,390)
	(839,308)	**(2,551,410)**
Net cash flows from operating activities	**484,216**	**7,814,566**
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,470,413)	(8,873,904)
Staff loans	(151,920)	-
Purchase of investments	-	(250,000)
Proceeds from sale of investments	-	800,000
Net cash flows from investing activities	**(6,622,333)**	**(8,323,904)**
Net cash flows before financing activities	**(6,138,117)**	**(509,338)**
Cash flows from financing activities		
Long term loan repaid	(2,984,595)	(4,403,916)
Long term loan received	5,633,294	5,122,131
Lease payments	(15,482)	(16,667)
Proceeds from issue of shares	6,398	11,592
Net cash flows from financing activities	2,639,615	713,140
Increase in cash and cash equivalents	**(3,498,502)**	**203,802**
Net foreign exchange differences on cash and cash equivalents	248,147	1,171,151
Cash and cash equivalents at the beginning of the year	1,937,098	562,145
Cash and cash equivalents at the end of the year	(1,313,257)	1,937,098

Cash and cash equivalents represented by:

	US$	US$
Bank and cash balances	226,750	1,937,098
Bank overdraft	(1,540,007)	-
	(1,313,257)	1,937,098

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2022

	Share capital US$	Share premium reserves US$	Capital Contribution US$	Share based payments reserves US$	Retained earnings US$	Total US$
Balances at 1 April 2020	**12,896**	**32,327,879**	**2,631,877**	**2,138,355**	**12,739,781**	**49,850,788**
Issue of shares	223	11,369	-	-	-	11,592
Share-based payment expense		-	-	339,668	-	339,668
Total comprehensive income for the year Total profit and other comprehensive income for the year attributable to ordinary shareholders	-	-	-	-	1,748,298	1,748,298
Balances at 31 March 2021	**13,119**	**32,339,248**	**2,631,877**	**2,478,023**	**14,488,079**	**51,950,346**
Issue of shares	170	6,228	-	-	-	6,398
Share-based payment expense		-	-	99,974	-	99,974
Transfer to retained earnings	-	-	-	(2,577,997)	2,577,997	-
Total comprehensive income for the year Total profit and other comprehensive income for the year attributable to ordinary shareholders	-	-	-	-	8,062,245	8,062,245
Balances at 31 March 2022	**13,289**	**32,345,476**	**2,631,877**	**-**	**25,128,321**	**60,118,963**

NOTES TO THE ABRIDGED GROUP FINANCIAL STATEMENTS

for the year ended 31 March 2022

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 2022.

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

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AUDITED ABRIDGED FINANCIAL RESULTS

For the year ended 31 March 2022

Directors: M A Masunda (Chairman), *T Lusiyano (Managing Director), *P Maseva-Shayawabaya (Finance Director), M J Bronn, O Chimuka, S Chinyemba, C C Jinya (Dr), C D Malaba (Mrs), C G Meerholz, R Nhamo (Mrs), I Rukweza.**(*Executive)**

NOTES TO THE ABRIDGED GROUP FINANCIAL STATEMENTS

for the year ended 31 March 2022

3 Revenue

	2022 tonnage	2021 tonnage	2022 US$	2021 US$
Nickel	-	-	-	-
Nickel in concentrates	4,720	5,496	68,822,054	57,825,721
Revenue from contract with customers			**68,822,054**	**57,825,721**
Provisional pricing adjustment				
Fair value gain/(loss) on				
Fair value adjustment (Trade Receivables)			5,387,576	1,343,740
Fair value gains			5,849,985	1,930,018
Fair value losses			(462,409)	(586,278)
Total			**74,209,630**	**59,169,461**

Revenue from one major customer of the Group represents US$ 74,209,630 (2021: US$59,169,461) of the Group's total revenue.

4 Earnings per share

	31 Mar-22	31 Mar-21
Earnings attributable to shareholders (US$) (basic and diluted)	8,062,245	1,748,298
Headline earnings	8,062,245	1,748,298
Weighted average number of shares -basic earnings per share	1,276,783,627	1,255,301,343
Weighted average number of shares -diluted earnings per share	1,301,850,901	1,286,052,070
Basic earnings per share (cents)	0.631	0.139
Diluted earnings per share (cents)	0.619	0.136
Headline earnings per share (cents)	0.631	0.139

5 Share-based payment reserve

The Group operates an equity-settled based share option scheme for employees which was approved by shareholders. Employees are eligible to participate in the BNC share option scheme, the only vesting condition being that the individual remain an employee of the Group over the vesting period. The options are forfeited when the employee leaves the Group or if the options are not exercised within 10 years from the date of grant. The exercise price of the options is based on the market price of the shares on the grant date.

	2022 Weighted average price (cents)	2022 Number	2021 Weighted average price (cents)	2021 Number
Outstanding at 1 April	**4.3**	**32,544,808**	**4.3**	**64,146,649**
Forfeited	4.3	(5,288,612)	4.3	-
Exercised during the year	4.3	(16,495,755)	4.3	(21,601,841)
Outstanding at 31 March	**4.3**	**10,760,441**	**4.3**	**32,544,808**

During the year, the share-based payment reserve amounting to US$2,577,977 was transferred to retained earnings as all share options had vested.

6 Capital commitments

Authorised by Directors and contracted for (US$)	**3,991,426**	**5,932,626**

7 Trade and other payables

	31 Mar-22 US$	31 Mar-21 US$
Trade payables	11,050,963	9,954,519
Other payables	6,761,198	6,248,811
Related party payables	3,464,526	2,303,017
	21,276,687	**18,506,347**

8 Interest bearing loans and borrowings

Non-current portion	31 Mar-22 US$	31 Mar-21 US$
Loans from financial institutions	**1,073,568**	**-**

Current portion	31 Mar-22 US$	31 Mar-21 US$
Loans from financial institutions	743,569	-
Freda Rebecca Holdings (Pvt) Ltd	831,562	-
Bank overdraft	1,540,007	-
	3,115,138	**-**

NOTES TO THE ABRIDGED GROUP FINANCIAL STATEMENTS

for the year ended 31 March 2022

9 Property, plant and equipment

	Land and buildings and equipment US$	Smelter and refinery plant US$	Mining assets US$	Capital work in progress US$	Total US$
Cost					
At 1 April 2020	**7,178,224**	**22,474,230**	**58,805,535**	**49,586,258**	**138,044,247**
Additions	-	-	2,438,973	6,4349	318,873,904
Change in rehabilitation asset	-	-	(44,262)	-	(44,262)
At 31 March 2021	**7,178,224**	**22,474,230**	**61,200,246**	**56,021,189**	**146,873,889**
Additions	-	-	3,160,308	3,310,106	6,470,414
Transfer	788,648	-	5,070,575	(5,859,223)	-
Lease modification	75,754	-	-	-	75,754
Change in rehabilitation asset	-	-	3,863,657	-	3,863,657
At 31 March 2022	**8,042,626**	**22,474,230**	**73,294,786**	**53,472,072**	**157,283,714**
Depreciation					
At 1 April 2020	**4,333,764**	**14,942,202**	**41,854,447**	**1,009,127**	**62,139,540**
Current year charge	130,787	384,141	4,008,805	-	4,523,733
Rehabilitation asset	-	-	139,191	-	139,191
At 31 March 2021	**4,464,551**	**15,326,343**	**46,002,443**	**1,009,127**	**66,802,464**
Current year charge	311,489	384,141	3,595,933	-	4,291,563
Rehabilitation asset	-	-	116,260	-	116,260
At 31 March 2022	**4,776,040**	**15,710,484**	**49,714,636**	**1,009,127**	**71,210,287**
Carrying amount:					
At 31 March 2022	**3,266,586**	**6,763,746**	**23,580,150**	**52,462,945**	**86,073,427**
At 31 March 2021	**2,713,673**	**7,147,887**	**15,197,803**	**55,012,062**	**80,071,425**

10 Trade and other receivables

	31 Mar-22 US$	31 Mar-21 US$
Trade receivables (subject to provisional pricing)	4,839,172	756,651
Trade receivables (not subject to provisional pricing)	3,760,015	377,667
Less provision for expected credit losses	(59,286)	(4,228)
Trade receivables- net	**8,539,901**	**1,130,090**
Prepayments	5,324,765	4,500,580
Income tax prepayment	-	1,174,927
Value Added Tax	5,167,984	2,238,753
Other receivables	140,380	101,923
Related party receivables	40,917	4,477
Loans	26,820	-
	19,240,767	**9,150,750**

11 Events after the reporting period

There are no events which have occurred after the reporting period which would be material to the consolidated financial statements.

Approval of financial statements

These Consolidated Financial Statements were approved by the Board of Directors on 23 June 2022.

By order of the Board

C F Mukanganga
Company Secretary
30 June 2022

Auditor's Statement

Our auditors Messrs Ernst & Young have issued a qualified opinion on these financials statements due to non-compliance with IFRS in the prior period.

In all respects the financial results are compliant with IFRSs, other than the qualified opinion; arising from continuing issues from prior year relating to non-compliance with International Financial Reporting Standards IAS 21 "The Effects of Changes in Foreign Exchange Rates" in and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" arising from the use of the interbank rate that was used to translate Zimbabwe dollar denominated transactions to United States dollars for the period 1 April 2020 to 22 June 2020 prior to introduction of the Foreign Exchange Auction Trading System. The interbank exchange rates used for the translation did not meet the definition of a spot exchange rate as per IAS 21, as they were not available for immediate delivery.

The external auditor has noted one Key Audit Matter for the current year relating to the "Impairment of Non-Financial Assets".

The engagement partner for this audit opinion is Mr Walter Mupanguri (PAAB Practising Number 367)

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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

Qualified Opinion on Group and Company Financial Statements

We have audited the group and company financial statements of Bindura Nickel Corporation Limited (the consolidated and separate) set out on pages 70 to 119, which comprise the group and company statements of financial position as at 31 March 2022, and the group and company statements of profit or loss and other comprehensive income, the group and company statements of changes in equity and the group and company statements of cash flows for the year then ended, and notes to the group and company financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying group and company financial statements present fairly, in all material respects, the financial position of the Group and Company as at 31 March 2022, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion on Group and Company Financial Statements

Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates and inappropriate application of IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors

Exchange rates used in prior year

As explained in Note 2 to the group financial statements, the group's functional and presentation currency is the United States Dollar (US$), the Group and Company translated Zimbabwean Dollar (ZWL) denominated transactions and balances into United States Dollars using the interbank rate for the period 1 April 2020 to 22 June 2020 prior to introduction of the Foreign Exchange Auction Trading System. The interbank exchange rates used for the translation did not meet the definition of a spot exchange rate as per IAS 21, as they were not available for immediate delivery. Our audit opinion on the Group and Company financial statements for the period ended 31 March 2021 was therefore modified accordingly.

As no restatements have been made to correct the prior year misstatements in terms of IAS 8, the following corresponding numbers remain impacted:

Group Profit or Loss and Other Comprehensive Income:

All amounts except for revenue and finance costs.

Independent Auditor's Report (Continued)

Bindura Nickel Corporation Limited

Group Statement of Financial Position:

- Inventory
- Income Tax Prepayment
- Deferred Taxation
- Retained Earnings

Company Statement of Financial Position:

- Retained earnings

Our opinion on the current period's Group and Company financial statements is therefore modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

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 Group and Company Financial Statements* section of our report. We are independent of the group and company in accordance with the International 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 qualified opinion on the group and company financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matter(s) described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How our audit addressed the matter
Impairment of Non-Financial Assets	
► We have identified the following factors which give rise to risk of impairment of BNC as a cash generating unit;	• We assessed management's process for the determination of key inputs into the impairment assessment and assess the accounting policy and whether this complies with IFRS.

Key Audit Matter	How our audit addressed the matter
Impairment of Non-Financial Assets	
• Given the volatility of nickel prices there is a risk that Trojan Nickel Mine's recoverable amount over the life of the mine might be lower than the carrying value of assets. • The Smelter refurbishment project has remained at 83% complete over the few years. There is a risk that the smelter assets' recoverable amount may be lower than it's carrying value given the absence of cash generating activity pending completion and commissioning of the smelter. • In addition, the electricity tariffs remain very high which could affect the cash flows that can be generated. • The Hunter's Road Project has some capitalized assets and development costs which need to be assessed for impairment given that there have been no active plans to further develop this resource. • Determining the appropriate discount rate in such a distorted market requires application of significant judgement.	• We reviewed reasonableness of management's key assumptions in the impairment assessments for each CGU. • We involved our valuations team to assist us in assessing the reasonableness of the discount rate applied in the impairment models We involved our valuations team to assist in assessing the reasonableness of the fair value as determined for the Smelter CGU since the DCF model is not appropriate.

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 Qualified Opinion section above, the Group and Company did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates in prior year and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. We have concluded that the other information is materially misstated for the same reasons.

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 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 levhel 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 skepticism 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Walter Mupanguri (PAAB Number 367).

Ernst & Young.

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

30 June 2022