



Bindura Nickel Corporation

A member of Kuvimba Mining House

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TRADING UPDATE FOR THE PERIOD APRIL TO JUNE 2022

1. Trading Environment

Despite the mineral driven boom in export earnings, the Zimbabwean economy has continued to experience significant headwinds. After peaking at 761% in August 2020, the year-on-year inflation rate had been on the decline, reaching a low of 50% in August 2021, before it started climbing up again, to reach 191% as at June 2022. Foreign currency remained in short supply, resulting in the significant devaluation of the Zimbabwe Dollar, thus putting more pressure on the prices of goods and services.

2. Safety, Health and Environment

As reported in the results announcement for the year to March 2022, the Company ended the year with the COVID-19 risk firmly under control and continuing to recede.

The Company's good safety performance continued, resulting in the achievement of 3,385,149 fatality-free shifts by the end of June 2022. No Lost Time Injuries ("LTIs") were recorded in the quarter, unchanged from the same period last year. The Company continues to comply with all applicable environmental legislation and remains ISO 14001:2015 and ISO 45001:2018 certified.

3. Performance for the Quarter Ended 30 June 2022

Tonnes ore mined for the quarter increased by 13% in comparison to the tonnes for the same period in the previous year mainly due to the delayed commissioning of the Re-deep Project attributable to unforeseen technical challenges. Ore head grade was 28% lower than the grade achieved in the same period last year, due to the declining massives strike length which led to

a reduction in the volume of massives, coupled with constraints on the rate of development due to underground mining mobile equipment challenges.

Tonnes ore milled increased by 16% in comparison to the corresponding period last year. This marks the transition to the low-grade high volume mining strategy which has been occasioned by declining massives volumes. Nickel in concentrate produced was 24% lower than for the same period last year, reflecting the lower grade of ore processed.

The high cost of maintaining the aged underground mining mobile equipment fleet as well as the increase in local operating costs, coupled with the lower nickel in concentrate production resulted in an increase in unit costs. The cash cost per tonne (“C1”) for the quarter was 58% up on the cost for the same period in the prior year, while the all-in-sustaining cost per tonne (“C3”) increased by 55%.

The average London Metal Exchange (“LME”) Nickel price of \$29,029 per tonne was 67% higher than the price of \$17,343 per tonne which was achieved in the comparative period in the previous year. The price improvement was attributable to the global high demand for Nickel.

Nickel in concentrate sales for the period were 14% lower than for the same period last year. The sales decreased due to a delay in the renewal of the off-take agreement, which expired in early March 2022. A new two-year contract was signed in early April 2022 and export shipments resumed in the following month.

As a result of the disproportionately high operating costs, the Company incurred a loss for the quarter.

4. Industrial Relations

BNC continued to enjoy a calm and amicable work environment, which was supported by frequent and open communication between the employer and employees.

5. Outlook for the Quarter Ending 30 September 2022

The LME average Nickel prices are expected to strengthen due to optimism surrounding the easing of lockdowns in China and an anticipated resultant improvement in economic activity, as well as the increasing demand for battery grade Nickel in electric vehicles. Nickel prices are therefore expected to be bullish for the remainder of calendar year 2022.

The acquisition of new underground mining mobile equipment to replace the old and unreliable units is under way. In addition, while awaiting delivery of new equipment, the Company is complementing the current fleet by hiring equipment from different service providers. Both the new and hired mobile equipment is expected to increase the availability of equipment and ultimately increase production.

By Order of the Board



C F Mukanganga
Company Secretary
5 August 2022

Directors: M A Masunda (Chairman), T Lusiyano (Managing Director), P Maseva-Shaywabaya (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.
