

# Interim Condensed Financial Results

For The Half Year Ended 30 September 2022

The Board is pleased to report on the performance of Bindura Nickel Corporation Limited (“BNC” or the “Company”) for the half-year ended 30 September 2022.

## SALIENT FEATURES

- Three (3) Lost Time Injuries (“LTIs”) recorded in the period.
- 1,918 tonnes of Nickel in concentrate produced, 25% lower than for the same period last year due to lower ore tonnage and ore grade processed.
- 2,146 tonnes of Nickel in concentrate sold, 16% lower than for the same period last year.
- C1 unit cash cost of US\$14,078 per tonne, compared to US\$9,045 per tonne for the same period last year due to the lower production and increase in operating costs

## RESULTS SUMMARY

|                                    | Unit of measure | 6 months to 30 September 2022 | 6 months to September 2021 | % Variance |
|------------------------------------|-----------------|-------------------------------|----------------------------|------------|
| Nickel in concentrate produced     | tonnes          | 1 918                         | 2 553                      | (25)       |
| Nickel in concentrate sold         | tonnes          | 2 146                         | 2 549                      | (16)       |
| Average LME nickel price per tonne | US\$            | 25 542                        | 18 234                     | 40         |
| Revenue                            | US\$            | 32 498 898                    | 35 260 965                 | (8)        |
| (Loss)/profit before taxation      | US\$            | (5 475 853)                   | 6 198 214                  | (188)      |
| (Loss)/profit after taxation       | US\$            | (5 372 928)                   | 5 846 974                  | (192)      |
| Capital expenditure                | US\$            | 3 478 592                     | 4 711 316                  | (26)       |
| C1 cash cost per tonne *           | US\$            | 14 078                        | 9 045                      | 56         |

### \*Definitions:

C1 cash cost: Cash operating, overheard and selling costs net of by-product revenue.

C2 production cost: C1 cost plus Depreciation and Environmental Rehabilitation provision.

C3 All-In-Sustaining cost: C2 cost plus royalties, borrowing costs, net exchange gains/losses, care & maintenance, and retrenchment costs.

## ECONOMIC OVERVIEW

The Economic activity in Zimbabwe slowed in the period, constrained by price and exchange rate volatility, poor investment, and limited structural change which continued to impede the country's economic growth. The transfer of new technology and investments in modernizing the economy were nevertheless constrained by the low level of foreign direct investment. The cost of manufacturing increased due to high inflation and fluctuating currency rates which, in turn, decreased incentives for investment. Inflation averaged 213% during the period and is projected to remain in triple digits for the rest of the current financial Year (“FY2023”).

The operating environment for the remainder of FY2023 is, therefore, expected to remain challenging.

## OPERATIONAL PERFORMANCE

### Safety, Health, Environment and Quality (“SHEQ”)

#### Safety

Safety performance in the first quarter of FY2023 was satisfactory with no LTIs recorded during that period. Safety performance receded in the second quarter with three (3) LTIs and thus, a total of three (3) LTIs recorded for the six (6) months ended 30 September 2022. The Board remains focused on ensuring that the workplace is safe and positive employee behavior is reinforced to eliminate injuries at work.

#### Operations

Nickel in concentrate production for the half-year to 30 September 2022 was 1,918 tonnes, which was 25% lower than the 2,553 tonnes produced in the same period last year. The decline was mainly due to the head grade of 1.03%, which was 18% lower than for the 6 months to September 2021. Recovery at 81% was 3.5% lower than in the previous year, in sympathy with the lower head grade.

Ore milled was 230,248 tonnes, which was 5% lower than the 241,325 tonnes milled in the same period last year, due to lower mined volumes. The Company's production performance has been negatively impacted by a decline in the footprint of the high grade massives resource which necessitated a rapid transition in the mining model from a low-volume, high-grade strategy to a low-grade, high-volume strategy. Unfortunately, the transition is behind schedule due to a delay in the delivery of new underground mining mobile equipment which is a prerequisite to the realization of the new mining strategy. The delay in the delivery of equipment was due to disruptions in the global supply chains, as a result of the protracted effects of the COVID-19 pandemic and the ongoing geo-political tensions related to the Russo-Ukraine conflict.

In line with its new mining strategy, the business continued with its capital expenditure/re-investment program, with specific emphasis on replacing the dilapidated and obsolete underground mining mobile equipment. The Company is expecting delivery of most of the acquired mining mobile equipment before the end of the calendar year 2022. The new equipment will enable the transition into the new mining strategy, leading to an anticipated upswing in ore volumes and a return to profitability in the second half of FY2023.

Nickel sales volume was 2,146 tonnes, which was lower than last year's sales of 2,549 tonnes. The average LME Nickel price of US\$25,542 per tonne was 40% higher than the previous year's price of US\$18,233 per tonne, reflecting the global increase in Nickel prices.

The C1 cash cost of US\$14,078 per tonne was 56% higher than the previous period's US\$9,045 per tonne, while the C3 All-In Sustaining cost of US\$16,913 per tonne was 63% higher than last year's unit cost of US\$10,364 per tonne. The increase was attributable to low production arising from the lower tonnage of ore milled and head grade resulting from poor equipment availabilities and the unexpected reduction of higher-grade ore sources. Costs were also affected by the adverse impact on local operating costs arising out of the disparity between the auction rates and unofficial foreign exchange rates that suppliers use in their pricing models, coupled with the high cost of maintaining the old and obsolete mining equipment.

In terms of the Exchange Control regulations, 40% of the Company's export revenue is compulsorily surrendered to the Reserve Bank of Zimbabwe for ZWL converted at the auction rate. For the six (6) months to September 2022, the ZWL auction rate devalued by 390% while the ZWL exchange rate on the unofficial parallel market, devalued by approximately 215%. The depreciation of the ZWL exchange rate over the period resulted in a net exchange rate loss of US\$1.5 million for the six (6) months.

## CAPITAL EXPENDITURE

The Company continued with its on-going program to replace old and obsolete underground mining mobile equipment. Total capital expenditure for the period amounted to US\$3.5 million.

## FINANCIAL RESULTS

### Income Statement

Revenue decreased by 8% from US\$35.3 million for the same period last year to US\$32.5 million, on account of low nickel sales volume during the period.

Cost of sales increased by 29% to US\$31.5 million, compared to US\$24.3 million for the same period last year. The increase in cost of sales was mainly as a result of the following factors:

- Increase in depreciation charges on capitalisation of assets.
- Increase in local operating costs which tend to be influenced more by the alternative market exchange rate, and
- high cost of maintaining the old and obsolete mining equipment.

Gross profit of US\$1.05 million was 90% lower than last year's figure of US\$10.9 million, in line with the decrease in Nickel sales volume.



- Average London Metal Exchange (“LME”) Nickel price of US\$25,542 per tonne, 40% higher than for same period last year.
- Revenue of US\$32.5 million, 8% lower than for the same period last year in line with the low production.
- Loss before tax of US\$5.5 million, down 188% on profit before tax of US\$6.2 million for the same period last year.
- Loss after tax of US\$5.4 million, 192% lower than for the same period last year.
- Equipment replacement continued with US\$3.5 million capital expenditure.

## FINANCIAL RESULTS (CONT'D)

### Income Statement (cont'd)

Administrative costs for the period of US\$3.5 million were 5% higher than the US\$3.3 million for the prior period mainly due to the following:

- Increase in loan arrangement fees as more loans were obtained.
- Increase in security costs
- Increase in Intermediated Money Transfer Tax (“IMTT”) rates

Net exchange loss for the period amounted to US\$1.5 million and was 2,132% higher than the US\$67,467 loss for the same period last year due to the unstable auction exchange rate during the half-year period under review.

Loss from operating activities of US\$4.9 million was achieved, compared to a profit of US\$6.6 million in the first half of last year, a decrease of 174%.

Total comprehensive loss for the period was US\$5.4 million, compared to total comprehensive income of US\$5.8 million for the same period last year, reflecting the negative impact of decreased nickel sales volume.

### Cash Flow Statement

Net cash flow utilised in operating activities amounted to US\$0.9 million, compared to cash flow generated from operating activites which amounted to US\$2.4 million for the same period last year. However, capital expenditure of US\$3.5 million and net cash inflows from financing activities of US\$6.9 million contributed to a net increase in cash and cash equivalents. Thus, the cash and cash equivalents balance at 30 September 2022, was a positive of US\$0.8 million.

## THE MARKET

The average LME cash settlement price for the half-year under review was \$25,542 per tonne which was 40% higher than for the same period last year (\$18,234 per tonne).

## OUTLOOK FOR THE YEAR ENDING 31 MARCH 2023

The focus during the remainder of the year will be on recovering the Nickel in concentrate production deficit and managing costs. The equipment recapitalization program will have a positive impact on the ore volumes the Company can produce and the rate of development underground, thus addressing the grade challenges, and ultimately the cashflows generated from operations.

The price of Nickel, which was initially forecast to be US\$21,000 per tonne for FY2023, has of late been on an upward trajectory, reaching the US\$29,000 per tonne mark. Should this higher price continue to obtain into the near future, the Company will be able to significantly recover from some of the financial losses incurred to date.

On the other hand, there is a likelihood that Nickel prices may be pressured downward by negative macro dynamics such as the global monetary policy tightening, a Chinese economic downturn, the increased likelihood of a global economic recession and, heightened geopolitical tensions.

On the fundamental side, the global nickel supply-demand balance in the second half of FY2023 is expected to be a 37 kilo-tonnes surplus as Indonesia supply growth outpaces demand. Demand is expected to be lower because of the high energy prices that have seen smelters curtail production both in Asia and Europe.

The average LME Nickel price is forecast at US\$21,700 per tonne in the second half of FY2023 and to be above US\$23,000 per tonne in the calendar year 2023.

## DIVIDEND

The Board has determined that, under the current circumstances, it is not feasible to declare a dividend for the period under review.

## DIRECTORATE CHANGES

Mr. Patrick Maseva-Shayawabaya resigned from the Board on 31 August 2022 to take up a new appointment as the Managing Director of Freda Rebecca Gold Mine Limited (“FRGM”) with effect from 1 September 2022. Both BNC and FRGM are amongst the leading members of the Kuvimba Mining House Group. He had joined the Board on 1 April 2021 as the Finance Director. During his tenure at BNC, he managed to transform the Company's financial and administrative systems to a higher level of effectiveness and discipline. He successfully oversaw the implementation of programs aimed at maintaining and enhancing a corrupt-free operating environment, characterised by transparency, honesty and ethical business conduct by both employees and other stakeholders.

In addition, he was also in charge of the process that saw the Company migrating its listing from the Zimbabwe Stock Exchange to the Victoria Falls Stock Exchange on 17 December 2021. We thank Mr. Maseva-Shayawabaya for the comprehensive service that he provided to the Company during his tenure as Finance Director. We wish Mr. Maseva-Shayawabaya success in his new assignment. To ensure continuity in the running of BNC's financial affairs, Mr. Simon Masvipe, the long-serving Finance Manager of the Company, was appointed as the Acting Finance Director until further notice. We wish Mr. Masvipe well in this acting role.

Mr. Obey Chimuka resigned from the Board with effect from 13 December 2022. He stated in his resignation notice that he had resigned “due to changes in my personal circumstances”. He had joined the Board on 1 November 2019 as a Non-Executive Director and served on the Safety, Health, Environment, Quality and Corporate Social Responsibility (“SHEQ & CSR”) Committee as its Chairman, and on the Nominations, Human Resources and Remuneration (“NHR & REMCO”) Committee as a Committee member. We thank Mr. Chimuka for his contribution to the affairs of the Company. We wish Mr. Chimuka success in his future endeavours.

## APPRECIATION

The Board pays tribute to Management and all employees of the Company for their dedication and hard work during this period.

On behalf of the Board  
Bindura Nickel Corporation Limited

### M.A. MASUNDA

#### CHAIRMAN

15 December 2022

## INDEPENDENT EXTERNAL AUDITORS REVIEW CONCLUSION

These interim condensed consolidated financial statements for the six months ended 30 September 2022 have been reviewed by Messrs. Grant Thornton Chartered Accountants (Zimbabwe) and a modified review conclusion was issued thereon. This review conclusion is qualified with respect to non-compliance with International Accounting Standard (IAS) 21 'The Effects of Changes in Foreign Exchange Rates'. The review conclusion has been made available to Management and Those Charged with Governance of the Group. The Independent Review Report on the interim condensed consolidated financial statements is available for inspection at the Group's registered office. The Engagement Partner on the review resulting in this review conclusion is Trevor Mungwazi (PAAB Number 0622).





# Interim Condensed Financial Results

For The Half Year Ended 30 September 2022

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2022

|  | Notes | REVIEWED<br>30 SEPTEMBER<br>2022<br>US\$ | REVIEWED<br>30 SEPTEMBER<br>2022<br>US\$ |
|--|-------|--|--|
| Revenue  | 4     | 32 498 898                               | 35 260 965                               |
| Cost of sales                                    |       | (31 451 280)                             | (24 316 345)                             |
| Gross Profit                                     |       | 1 047 618                                | 10 944 620                               |
| Other income                                     |       | 95 033                                   | 141 091                                  |
| Selling and distribution expenses                |       | (1 020 127)                              | (1 111 196)                              |
| Administrative expenses                          |       | (3 500 338)                              | (3 326 402)                              |
| Net exchange loss                                |       | (1 506 460)                              | (67 467)                                 |
| Exchange gains                                   |       | 3 306 686                                | 3 268 101                                |
| Exchange losses                                  |       | (4 813 146)                              | (3 335 568)                              |
| (Loss)/profit from operating activities          |       | (4 884 274)                              | 6 580 646                                |
| Net finance costs                                |       | (591 579)                                | (382 432)                                |
| Finance income based on effective interest rate  |       | 25 622                                   | 37                                       |
| Finance costs                                    |       | (617 201)                                | (382 469)                                |
| (Loss)/profit before taxation                    |       | (5 475 853)                              | 6 198 214                                |
| Taxation   | 6     | 102 925                                  | (351 240)                                |
| (Loss)/profit for the period                     |       | (5 372 928)                              | 5 846 974                                |
| Total comprehensive (loss)/income for the period |       | (5 372 928)                              | 5 846 974                                |
| Basic earnings per ordinary share (cents)        |       | (0.44)                                   | 0.46                                     |
| Diluted earnings per ordinary share (cents)      |       | (0.41)                                   | 0.46                                     |
| Headline earnings per ordinary share (cents)     |       | (0.41)                                   | 0.46                                     |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

|  | Notes | REVIEWED<br>30 SEPTEMBER<br>2022<br>US\$ | AUDITED<br>31 MARCH<br>2022<br>US\$ |
|--|-------|--|-------------------------------------|
| ASSETS                                 |       |  |                                     |
| Non-current assets                     |       |  |                                     |
| Property, plant and equipment          | 7     | 86 735 182                               | 85 985 611                          |
| Right of use asset                     |       | 71 350                                   | 87 816                              |
| Loans                                  |       | 659 585                                  | 125 100                             |
|  |       | 87 466 117                               | 86 198 527                          |
| Current assets                         |       |  |                                     |
| Inventories                            |       | 10 963 432                               | 14 671 960                          |
| Trade and other receivables            | 8     | 21 116 769                               | 19 240 767                          |
| Cash and short-term deposits           |       | 816 273                                  | 226 750                             |
|  |       | 32 896 474                               | 34 139 477                          |
| Total assets                           |       | 120 362 591                              | 120 338 004                         |
| EQUITY AND LIABILITIES                 |       |  |                                     |
| Capital and reserves                   |       |  |                                     |
| Share capital                          | 9     | 13 309                                   | 13 289                              |
| Share premium                          |       | 32 345 781                               | 32 345 476                          |
| Capital contribution                   |       | 2 631 877                                | 2 631 877                           |
| Retained earnings                      |       | 19 755 393                               | 25 128 321                          |
|  |       | 54 746 360                               | 60 118 963                          |
| Non-current liabilities                |       |  |                                     |
| Environmental rehabilitation provision |       | 14 024 380                               | 13 901 936                          |
| Deferred taxation                      |       | 19 347 508                               | 19 450 434                          |
| Lease liability                        |       | 38 362                                   | 50 486                              |
| Interest bearing borrowing             |       | 5 662 589                                | 1 073 568                           |
|  |       | 39 072 839                               | 34 476 424                          |
| Current liabilities                    |       |  |                                     |
| Trade and other payables               | 10    | 21 306 548                               | 21 276 687                          |
| Provisions                             |       | 2 898                                    | 12 654                              |
| Lease liability                        |       | 23 744                                   | 22 486                              |
| Short term borrowings                  |       | 3 894 550                                | 3 115 138                           |
| Income tax payable                     |       | 1 315 652                                | 1 315 652                           |
|  |       | 26 543 392                               | 25 742 617                          |
| Total equity and liabilities           |       | 120 362 591                              | 120 338 004                         |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2022

|   | Share<br>capital<br>US\$ | Share<br>premium<br>US\$ | Capital<br>contribution<br>US\$ | Retained<br>earnings<br>US\$ | Total<br>US\$ |
|---|--------------------------|--------------------------|---------------------------------|------------------------------|---------------|
| Balances as at 1 April 2022             | 13 289                   | 32 345 476               | 2 631 877                       | 25 128 321                   | 60 118 963    |
| Issue of shares                         | 20                       | 305                      | -                               | -                            | 325           |
| Total comprehensive loss for the period | -                        | -                        | -                               | (5 372 928)                  | (5 372 928)   |
| Balances as at 30 September 2022        | 13 309                   | 32 345 781               | 2 631 877                       | 19 755 393                   | 54 746 360    |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2021

|   | Share<br>capital<br>US\$ | Share<br>premium<br>US\$ | Capital<br>contribution<br>US\$ | Share-based<br>payment<br>reserve<br>US\$ | Retained<br>earnings<br>US\$ | Total<br>US\$ |
|---|--------------------------|--------------------------|---------------------------------|---|------------------------------|---------------|
| Balances as at 1 April 2021               | 13 119                   | 32 339 248               | 2 631 877                       | 2 478 023                                 | 14 488 079                   | 51 950 346    |
| Issue of shares                           | 70                       | 14 771                   | -                               | -   | -                            | 14 841        |
| Share-based payment expense               | -                        | -                        | -                               | 76 521                                    | -                            | 76 521        |
| Total comprehensive income for the period | -                        | -                        | -                               | -   | 5 846 974                    | 5 846 974     |
| Balances as at 30 September 2021          | 13 189                   | 32 354 019               | 2 631 877                       | 2 554 544                                 | 20 335 053                   | 57 888 682    |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2022

|   | NOTES | REVIEWED<br>30 SEPTEMBER<br>2022<br>US\$ | REVIEWED<br>30 SEPTEMBER<br>2021<br>US\$ |
|---|-------|--|--|
| Cash flows from operating activities                          |       |  |  |
| (Loss)/profit before taxation                                 |       | (5 475 853)                              | 6 198 214                                |
| Adjusted for:   |       |  |  |
| Depreciation of property, plant and equipment                 |       | 2 745 487                                | 2 576 959                                |
| Net unrealised exchange loss/(gain)                           |       | 1 667 114                                | (213 828)                                |
| Share-based payments expense                                  |       | -  | 76 521                                   |
| Expected credit losses  |       | (38 817)                                 | 2 354                                    |
| Net finance costs   |       | 591 579                                  | 382 432                                  |
| Operating cash flows before working capital changes           |       | (510 490)                                | 9 022 652                                |
| Decrease/(increase) in inventories                            |       | 3 708 528                                | (1 577 167)                              |
| Increase in trade and other receivables                       |       | (4 491 681)                              | (6 444 550)                              |
| Increase in trade and other payables                          |       | 373 851                                  | 1 362 641                                |
| Net cash flows from operations                                |       | (919 792)                                | 2 363 576                                |
| Returns on investments and servicing of finance               |       |  |  |
| Interest received   |       | 25 622                                   | 37                                       |
| Interest paid   |       | (490 912)                                | (331 743)                                |
| Net cash flows on investments and servicing of finance        |       | (465 290)                                | (331 706)                                |
| Net cash flows from operating activities                      |       | (1 385 082)                              | 2 031 870                                |
| Cash flows from investing activities                          |       |  |  |
| Purchase of property, plant and equipment                     |       | (3 478 592)                              | (4 711 316)                              |
| Staff loans issued  |       | (655 056)                                | -  |
| Net cash flows from investing activities                      |       | (4 133 648)                              | (4 711 316)                              |
| Net cash flows before financing activities                    |       | (5 518 730)                              | (2 679 446)                              |
| Cash flows from financing activities                          |       |  |  |
| Issue of shares   |       | 325                                      | 14 841                                   |
| Interest bearing loans repaid                                 | 11    | (3 711 957)                              | (1 091 725)                              |
| Interest bearing borrowings received                          | 11    | 10 620 396                               | 1 500 000                                |
| Principal paid on lease liability                             | 11    | (14 712)                                 | (9 615)                                  |
| Net cash flows from financing activities                      |       | 6 894 052                                | 413 501                                  |
| Increase/(decrease) in cash and cash equivalents              |       | 1 375 322                                | (2 265 945)                              |
| Net foreign exchange differences on cash and cash equivalents |       | 754 208                                  | (133 707)                                |
| Cash and cash equivalents at the beginning of the period      |       | (1 313 257)                              | 1 937 098                                |
| Cash and cash equivalents at the end of the period            |       | 816 273                                  | (462 554)                                |
| Cash and cash equivalents represented by:                     |       |  |  |
| Bank and cash balances  |       | 816 273                                  | 1 000 945                                |
| Bank overdraft  |       | -  | (1 463 499)                              |
|   |       | 816 273                                  | (462 554)                                |

## SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2022

### 1 INCORPORATION AND ACTIVITIES

Bindura Nickel Corporation Limited (the “Group”) is a limited liability company incorporated in Zimbabwe and is listed on the Victoria Falls Stock Exchange (VFEX). The ultimate majority shareholder of Bindura Nickel Corporation Limited is Kuvimba Mining House (Private) Limited. The Group's registered address is Trojan Nickel Mine, Number 1 Trojan Mine Road, P.O. Box 35, Bindura, Zimbabwe.

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

### 2 PRESENTATION

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

#### 2.1 Statement of compliance

These interim condensed consolidated financial statements were approved by the Board of Directors on 15 December 2022.

#### 2.2 Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and the Victoria Falls Stock Exchange listing rules. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2022 annual report.

#### 2.3 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2022, except for the adoption of new standards effective as of 1 April 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.





Bindura Nickel Corporation

A Member of Kuvimba Mining House

# Interim Condensed Financial Results

For The Half Year Ended 30 September 2022

## SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES (cont'd)

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2022

### 3 SIGNIFICANT GROUP ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in its interim condensed consolidated financial statements as in its 2022 annual financial statements.

#### Use of estimates and judgements

The judgments, estimates and assumptions applied in the interim condensed consolidated financial statements, including the key sources of estimation thereof, were the same as those applied in the Group's annual financial statements for the year ended 31 March 2022.

### 4 REVENUE

|   | 30 September<br>2022<br>tonnage | 30 September<br>2021<br>tonnage | 30 September<br>2022<br>US\$ | 30 September<br>2021<br>US\$ |
|---|---------------------------------|---------------------------------|------------------------------|------------------------------|
| Nickel in concentrates                      | 2 146                           | 2 549                           | 36 558 762                   | 33 339 557                   |
| <b>Revenue from contract with customers</b> |                                 |                                 | <b>36 558 762</b>            | <b>33 339 557</b>            |
| <b>Provisional pricing adjustment</b>       |                                 |                                 |                              |                              |
| Fair value adjustment on trade receivables  |                                 |                                 | (4 059 864)                  | 2 115 808                    |
| Fair value gains                            |                                 |                                 | 170 235                      | 2 409 796                    |
| Fair value losses                           |                                 |                                 | (4 230 099)                  | (293 988)                    |
| <b>Total</b>                                |                                 |                                 | <b>32 498 898</b>            | <b>35 260 965</b>            |

### 5 (LOSS)/PROFIT FROM OPERATING ACTIVITIES

|  | 30 September<br>2022<br>US\$ | 30 September<br>2021<br>US\$ |
|--|------------------------------|------------------------------|
| (Loss)/profit from operating activities is arrived at after taking into account the following: |                              |                              |
| Depreciation of property, plant and equipment  | 2 745 487                    | 2 576 959                    |
| Exchange gain  | (3 306 686)                  | (3 268 101)                  |
| Exchange losses  | 4 813 146                    | 3 335 568                    |
| <b>INCOME TAX</b>  |                              |                              |
| Current income tax   | -                            | 672 569                      |
| Current income tax   | 102 925                      | (321 329)                    |
| Deferred tax   | 102 925                      | 351 240                      |

### 7 PROPERTY, PLANT AND EQUIPMENT

During the half year ended 30 September 2022, the Group acquired assets with a cost of US\$3 478 592 (30 September 2021: US\$4 711 316). No assets were disposed during the half year (30 September 2021: nil).

### 8 TRADE AND OTHER RECEIVABLES

|  | 30 September<br>2022<br>US\$ | 31 March<br>2022<br>US\$ |
|--|------------------------------|--------------------------|
| Trade receivables (not subject to provisional pricing) | 10 070 588                   | 4 839 172                |
| Trade receivables (subject to provisional pricing)     | 449 381                      | 3 760 015                |
| Expected credit losses                                 | (20 470)                     | (59 286)                 |
| Trade receivables net                                  | 10 499 499                   | 8 539 901                |
| Prepayments  | 6 917 912                    | 5 324 765                |
| Other receivables                                      | 150 709                      | 140 380                  |
| Value Added Tax  | 3 283 601                    | 5 167 984                |
| Related party receivables                              | 117 657                      | 40 917                   |
| Loans  | 147 391                      | 26 820                   |
| <b>Total trade and other receivables</b>               | <b>21 116 769</b>            | <b>19 240 767</b>        |

### 9 SHARE CAPITAL

|  | 30 September<br>2022<br>US\$ | 31 March<br>2022<br>US\$ |
|--|------------------------------|--------------------------|
| <b>9.1 Authorised:</b>                             |                              |                          |
| 3 000 000 000 ordinary shares at US\$0.000 010 307 | 30 921                       | 30 921                   |

|                        | 30 September<br>2022<br>Shares | 31 March<br>2022<br>Shares | 30 September<br>2022<br>US\$ | 31 March<br>2022<br>US\$ |
|------------------------|--------------------------------|----------------------------|------------------------------|--------------------------|
| At beginning           | 1 289 228 393                  | 1 272 732 638              | 13 289                       | 113 119                  |
| Ordinary shares issued | 1 868 155                      | 16 495 755                 | 20                           | 170                      |
| At End                 | 1 291 096 548                  | 1 289 228 393              | 13 309                       | 13 289                   |

During the half-year, employees exercised their rights to purchase shares as part of an employee share option scheme. A total of 1 868 155 shares were purchased at a nominal value of US\$0.000 010 307 at an average price of US\$0.0002 per share.

### 10 TRADE AND OTHER PAYABLES

|                        | 30 September<br>2022<br>US\$ | 31 March<br>2022<br>US\$ |
|------------------------|------------------------------|--------------------------|
| Trade payables         | 8 454 297                    | 11 050 963               |
| Other payables         | 8 176 105                    | 6 761 198                |
| Employee payables      | 4 585 154                    | 3 189 634                |
| Marketing payables     | 236 471                      | 265 263                  |
| Leave pay accrual      | 1 447 896                    | 1 442 940                |
| Retrenchment           | 811 974                      | 811 974                  |
| Sundry payables        | 1 096 610                    | 1 051 387                |
| Related party payables | 4 676 146                    | 3 464 526                |
| <b>Total</b>           | <b>21 306 548</b>            | <b>21 276 687</b>        |

Sundry payables are liabilities incurred which are not directly related to the production of nickel concentrate such as audit fees and director's fees. Employee payables are employee related liabilities and statutory deductions such as NEC, NSSA, medical aid and pensions.

## SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES (cont'd)

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2022

### 11 CHANGES ARISING FROM FINANCING ACTIVITIES

30 September 2022

|                       | 1-Apr-22<br>US\$ | Cash inflows<br>US\$ | Cash outflows<br>US\$ | Other<br>US\$ | 30-Sep-22<br>US\$ |
|-----------------------|------------------|----------------------|-----------------------|---------------|-------------------|
| Short term borrowings | 2 648 699        | 10 620 396           | (3 711 957)           | -             | 9 557 139         |
| Leases                | 72 972           | -                    | (14 712)              | 3 846         | 62 106            |

30 September 2021

|                       | 1-Apr-21<br>US\$ | Cash inflows<br>US\$ | Cash outflows<br>US\$ | Other<br>US\$ | 30-Sep-21<br>US\$ |
|-----------------------|------------------|----------------------|-----------------------|---------------|-------------------|
| Short term borrowings | -                | 1 500 000            | (1 091 725)           | -             | 408 275           |
| Leases                | 12 700           | -                    | (9 615)               | 75 755        | 78 840            |

Interest bearing borrowings excludes bank overdraft which are included in cash and cash equivalents for cash flow statement purposes.

### 12 RELATED PARTY TRANSACTIONS

|                                     | 30 September<br>2022<br>US\$ | 30 September<br>2021<br>US\$ |
|-------------------------------------|------------------------------|------------------------------|
| <b>Transactions</b>                 |                              |                              |
| Freda Rebecca Gold Mine Ltd         |                              |                              |
| Shamva Mining Company (Pvt) Ltd     | (919 912)                    | (253 862)                    |
| Jena Mines (Pvt) Ltd                | -                            | 57 239                       |
| Bevco Management Services (Pvt) Ltd | 781                          | -                            |
|                                     | 380 519                      | -                            |

#### Key management personnel compensation

|                              | 30 September<br>2022<br>US\$ | 30 September<br>2021<br>US\$ |
|------------------------------|------------------------------|------------------------------|
| Short term employee benefits | 1 128 091                    | 1 140 300                    |
| Share-based payment expense  | -                            | 42 677                       |
| Post-employment benefits     | 65 478                       | 37 038                       |
| <b>Total</b>                 | <b>1 193 569</b>             | <b>1 220 015</b>             |

|   | 30 September<br>2022<br>US\$ | 31 March<br>2022<br>US\$ |
|---|------------------------------|--------------------------|
| <b>Amounts owing from related parties</b> |                              |                          |
| <b>Name of company</b>                    |                              |                          |
| Jena Mines (Pvt) Ltd                      | 11 493                       | 10 712                   |
| Shamva Mining Company (Pvt) Ltd           | 30 205                       | 30 205                   |
| Zimbabwe Alloys Chrome (Pvt) Ltd          | 75 959                       | -                        |
| <b>Total</b>                              | <b>117 657</b>               | <b>40 917</b>            |
| Kuvimba Mining House (Pvt) Ltd*           | 863 834                      | 802 140                  |
| Greenline Enterprise (Pvt) Ltd*           | 2 502                        | 2 502                    |
| Freda Rebecca Gold Mine Ltd*              | 1 475 045                    | 555 133                  |
| Bevco Management Services (Pvt) Ltd*      | 2 334 763                    | 2 104 751                |
| Freda Rebecca Holdings (Pvt) Ltd#         | 1 271 958                    | 831 562                  |
| <b>Total</b>                              | <b>5 948 102</b>             | <b>4 296 088</b>         |

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

# The related party balance is included in short term borrowings in the statement of financial position.

### 13 SEGMENTAL REPORTING

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

### 14 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

#### Fair value hierarchy

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

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

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

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

| 30 September 2022                                | Level 1 | Level 2   | Level 3 |
|--|---------|-----------|---------|
| Trade receivables subject to provisional pricing |         | 449 381   |         |
|  |         |           |         |
| <b>31 March 2022</b>                             |         |           |         |
| Trade receivables subject to provisional pricing |         | 3 760 015 |         |

#### Valuation techniques

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

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

| Type of financial instrument                       | 30 September<br>2022 | 31 March<br>2022 | Valuation<br>technique | Significant inputs  |
|--|----------------------|------------------|------------------------|---|
| Trade receivables (subject to provisional pricing) | 449 381              | 3 760 015        | DCF                    | Estimated future commodity prices. Quantities and final assays. |

### 15 EVENTS AFTER THE REPORTING PERIOD

#### 15.1 Approval of interim financial statements

These interim condensed consolidated financial statements were approved by the Board of Directors on 15 December 2022.

#### 15.2 Subvertical Rock Winder breakdown

During early October 2022, the Company experienced a breakdown of the Subvertical Rock Winder ("SVR") which hoists ore from underground for processing at the Concentrator plant. The breakdown had resulted in the temporary stoppage of ore hoisting operations and, consequently, the production of Nickel concentrates. The Subvertical Rock Winder has since been repaired and resumed hoisting ore from underground on 30 November 2022.

By order of the Board

**C F MUKANGANGA**  
**COMPANY SECRETARY**  
15 December 2022

## **REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Grant Thornton**  
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**To the members of Bindura Nickel Corporation Limited**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Bindura Nickel Corporation Limited as at 30 September 2022 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended, and a summary of significant group accounting policies and other explanatory notes.

### **Responsibilities of Management and Those Charged with Governance for the interim condensed consolidated financial statements**

Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and the Group's accounting policies, this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of interim condensed consolidated financial statements that are free of material misstatement whether due to fraud or error.

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Basis for Qualified Conclusion

### *Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates*

A modified conclusion and a modified opinion were issued on the interim condensed consolidated financial statements for the six months ended 30 September 2021 and on the consolidated financial statements for the year ended 31 March 2022, respectively. This was due to the use of foreign currency exchange rates that were not considered to be appropriate spot rates for translation of foreign currency denominated transactions and balances, as required by IAS 21, ‘*The Effects of Changes in Foreign Exchange Rates*’.

As the non-compliance with IAS 21 is from prior financial years and there have been no restatements to the prior year financial statements in accordance with IAS 8, the retained earnings as at 30 September 2022 may contain misstatements. As a result, our review conclusion on the interim condensed consolidated financial statements is modified because of the residual effects of the non-compliance with IAS 21.

## Qualified Conclusion

Based on our review, except for the effects of the matter described in the *Basis for Qualified Conclusion* section above, nothing has come to our attention which causes us to believe that the accompanying interim condensed consolidated financial statements do not present, in all material respects, the financial position of Bindura Nickel Corporation Limited as at 30 September 2022, its financial performance and its cash flows for the six months ended in accordance with International Financial Reporting Standards (IFRSs).

The engagement partner on the review engagement resulting in this independent review conclusion is Trevor Mungwazi.

Grant Thornton

Trevor Mungwazi  
**Partner**

Registered Public Auditor (PAAB No: 0622)

**Grant Thornton**  
Chartered Accountants (Zimbabwe)  
Registered Public Auditors

**HARARE**

21 December ..... 2022