

**TRADING UPDATE FOR THE THIRD QUARTER  
AND NINE MONTHS ENDED 31 DECEMBER 2022**

**1. Trading Environment**

The period under review was dominated by Government efforts to arrest the inflationary trend in the economy as well as the local currency depreciation. Bank lending rates were increased to 200% and 100% per annum for corporations and individuals respectively. This was aimed at restricting credit expansion, especially for consumption. This measure was also complemented by the introduction of gold coins to mop up excess liquidity in the economy, as part of the Reserve Bank of Zimbabwe's open market operations. As a result of the above measures, Zimbabwe's annual inflation rate declined from 255% in November 2022 to 243,8% in December 2022, while the hitherto widening gap between the unofficial and official foreign exchange rates began to narrow.

**2. Safety, Health and Environment**

As at 31 December 2022, the Company attained a major milestone by extending its fatality free shifts record to 3,612,205 with the last fatality having been recorded in June 2015. No Lost Time Injuries were recorded during the quarter ended 31 December 2022. 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 31 December 2022**

The Company's performance for the quarter was negatively impacted by a major breakdown that was experienced on Trojan Nickel Mine's Sub-vertical Rock Winder ("SVR") which is used to hoist material (ore and waste) from the underground mining operations. The breakdown occurred on 10 October 2022 following a seismic event which caused the SVR's centre bearing to overheat due to misalignment. The misalignment, which was caused by a force majeure event, resulted in damage to the hoist's currently operating bull gear, which led to the temporary stoppage of ore hoisting operations and, consequently, the production of Nickel concentrates. The SVR was

realigned and recommissioned on 30 November 2022. This gear is expected to be replaced in the second quarter of FY2024.

As a result of the SVR breakdown, ore mined was 49% lower than for the same period last year. Tonnes milled decreased by 48% in comparison to the corresponding period last year, in line with the decrease in tonnage mined. Ore head grade, at 0.74%, was 53% lower than for the same period last year, due to the lower proportion of high-grade massive ores in the tonnage mix. Nickel in concentrate produced was 80% lower than for the same period last year, reflecting the lower ore tonnage milled.

The average London Metal Exchange (“LME”) Nickel price of United States dollars (“US\$”) 25,349 per tonne was 28% higher than the price of US\$19,818 per tonne which was realised in the comparative period in the previous year. The price improvement was attributable to the global increase in the demand for Nickel. Nickel in concentrate sales for the period was 84% lower than for the same period last year, in line with the lower production.

#### **4. Performance for the Nine Months Ended 31 December 2022**

Tonnes ore mined decreased by 18% when compared to the corresponding period in the previous year as a result of the SVR breakdown and the delay in the delivery of the underground mining mobile equipment required for the transition from a high grade – low volume to a high volume – low grade mining strategy. The delay in the delivery of the 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. To date, the Company has taken delivery of one (1) Production Rig in August 2022, one (1) Dump Truck in September 2022 and four (4) Load, Haul and Dump machines (“LHDs”) in December 2022.

Tonnes ore milled decreased by 17% in line with the decrease in the tonnes ore mined. Head grade declined by 28% from the 1.35% recorded in the previous year due to the reduction in the footprint of the high grade massives. Nickel in concentrate produced was 44% lower than for the same period last year due to lower milled tonnage and grade of mined ore. The average LME Nickel price per tonne increased by 36% compared to the previous year’s price of US\$18,759 per tonne, reflecting the global increase in the demand for Nickel.

## 5. Outlook for the Quarter Ending 31 March 2023

### 5.1 The Market

Analysts expect the Nickel price to average US\$27,000 per tonne in the last quarter of FY2023 and to be above US\$25,000 per tonne in the calendar year 2023. In the short term, global Nickel prices are expected to remain under pressure as a surplus builds up in the market. Surpluses in excess of 200,000 tonnes of Nickel are forecast for the calendar years 2023 and 2024, though a long-term model forecasts a return to deficits in subsequent years. The market continues on the lookout for any developments as annual contracts are renegotiated and alternative suppliers sought amid weakening demand from Europe and the United States of America.

### 5.2 The Operations

The last quarter of Financial Year (“FY”) 2023 will be focused on ramping up ore volumes, increasing Nickel production, stabilising mining operations, and returning the business to profitability, in the aftermath of the above-mentioned SVR breakdown and its recommissioning. Tonnages of ore hoisted will, however, be within the constraints imposed by the SVR bull gear.

By Order of the Board



C F Mukanganga  
Company Secretary  
14 February 2023

**Directors:** M A Masunda (Chairman), T Lusiyano (Managing Director), M J Bronn, S Chinyemba, C C Jinya (Dr.), C D Malaba (Mrs),  
C G Meerholz, R Nhamo (Mrs), I Rukweza.