Bindura Nickel Corporation
A Member of Kuvimba Mining House

Abridged Audited Financial Results

For The Year Ended 31 March 2023


SCAN HERE

Muchadeyi Ashton Masunda Chairman

SAFETY AND COVID-19

- A new record of 3.7 million fatality-free shifts achieved.
- Three Lost Time Injuries recorded.
- COVID-19 cases remained under control during the year.

OPERATIONAL

- Tonnes ore milled decreased by 9%.
- Head grade decreased by 23%.
- Nickel production decreased by 37% to 3,180 tonnes.
- Nickel sold decreased by 34% to 3,095 tonnes.
- Average LME Nickel price increased by 24% to US$25,628 per tonne.

FINANCIAL

- Decrease in revenue by 33% to US$49.5 million.
- Loss before tax was US$24.2 million (FY2022: US$11 million profit before tax).
- Loss after tax was US$18.5 million (FY2022:US$8 million profit after tax).
- C1 unit cash cost increased by 70% to US$18,269 per tonne Nickel.
- Loss in value of US$2.4 million due to export surrender and exchange rate disparities.

CAPITAL EXPENDITURE

- Up 28% to US$8.3 million (FY2022: US$6.5 million)

RESULTS SUMMARY

	Unit of Measure	12 months to 31 March 2023	12 Months to 31 March 2022	Movement (%)
Nickel in concentrates produced	Tonnes	3,180	5,082	(37)
Nickel in concentrates sold	Tonnes	3,095	4,720	(34)
Average LME Nickel price per tonne	US$/t	25,628	20,602	24
Revenue	US$	49,516,639	74,209,630	(33)
(Loss)/profit before taxation	US$	(24,192,436)	11,004,808	(320)
(Loss)/profit after taxation	US$	(18,482,659)	8,062,245	(329)
CI Unit cash cost per tonne Nickel	US$/t	18,269	10,749	(70)
C3 All in sustaining cost per tonne Nickel	US$/t	21,841	12,410	(76)

OPERATING ENVIRONMENT

The global economy was adversely affected by prolonged inflationary pressures and high interest rates. Businesses experienced long delays in the delivery of goods and services, including machinery, equipment, and inputs such as spares, 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 Russia-Ukraine conflict. However, the commodity price boom that was experienced during the period under review helped, to some extent, counteract the adverse impacts of the above cost-aggravating factors.

The local operating environment was characterised by disparities between the official foreign exchange rates and the parallel market rates, high inflation, low domestic industrial capacity utilisation, foreign currency shortages, high cost of debt on both USD and ZWL loans, and high cost of electrical power. In spite of these challenges, the continued growth of the gross domestic product (GDP), anchored on key sectors such as mining, agriculture and construction, engendered hope for a quick recovery.

SAFETY, HEALTH, AND ENVIRONMENT

As part of the Company's pursuit of sustainable mining goals and initiatives, and given the inherently hazardous nature of mining operations, Safety, Health and Environmental (SHE) systems are continually being upgraded and improved to enhance sustainable operations. The main area of focus continues to be on instituting and deepening the desired SHE culture in order to prevent accidents, promote good health for employees and their surrounding communities, while minimising environmental harm, in line with the Company's Zero Harm policy.

In line with the foregoing, the Company ended the year with the COVID-19 pandemic under control and has, nevertheless, continued with preventative measures and control programs to ensure the pandemic remains under control.

A new record of 3.7 million fatality-free shifts was achieved as at 31 March 2023, with the last fatality having been recorded in June 2015. Three Lost Time Injuries were recorded in the year, versus two in the prior year.

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

OPERATIONS

The Company experienced numerous operational challenges which affected production during the year under review.

The mine was adversely affected by low underground mining mobile equipment availability due to obsolescence. The business was able to acquire four (4) new LHDs, in addition to face rigs, support rigs, and production long-hole rigs during the course of the year. However, the delivery of the equipment was delayed due to disruptions to global supply chains.

Production was also negatively impacted by an unexpected change in the ore body, leading to a severe decline in the high grade massives resource footprint. This change requires 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 the delays in the delivery of the new underground mining mobile equipment which is a prerequisite to the realization of the new mining strategy.

During the second half of the year ended 31 March 2023, the Company experienced additional operational challenges which exacerbated the situation. These included the following factors:

(i) Sub-vertical Rock Winder (SVR) breakdown, which was declared a force majeure event, resulting in the loss of October and November 2022 production months.
(ii) Limited hoisting capacity due to the damaged SVR bull gear which is expected to be replaced in August 2023. The SVR Winder continues to run at 60% of its capacity until the damaged bull gear is replaced in August 2023.
(iii) Protracted electrical power outages and general grid instability beginning in the month of February 2023, resulting in severe direct production losses, equipment damage, and recovery inefficiencies.

Against the backdrop of the above factors, ore hoisted for the year was 418,587 tonnes, which was 11% lower than the previous year's 463,338 tonnes.

Tonnes ore milled of 418,020 were 9% lower than last year's tonnage of 461,130, in tandem with the lower tonnage hoisted. Head grade declined to 0.96% from 1.30% for the prior year while recovery efficiency was 77.9% versus 85.0% for last year. Nickel in concentrate production declined by 37% to 3,180 tonnes from the previous year's 5,082 tonnes.

Unit cash cost of production (C1) increased by 70% to US$18,269 per tonne while the all-in-sustaining cost of production increased by 76% from US$12,410 per tonne for the prior year, to US$21,841 per tonne. The increase in unit production cost was mainly due to the decrease in Nickel production, the high cost of maintaining the old and obsolete underground mining mobile equipment and the increase in power tariffs during the year. 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 sales volume of 3,095 tonnes was 34% lower than the prior year's sales of 4,720 tonnes, in line with the lower Nickel production.

The average LME Nickel price achieved during the year was US$25,628 per tonne, compared to US$20,602 per tonne achieved in the previous year. The 24% increase in the average Nickel price reflected the global increase in the demand for the metal.

FINANCIAL RESULTS

Income Statement
Revenue was US$49.5 million, versus US$74.2 million in the prior year. The decrease was in line with reduced sales volume which was attributable to the lower production as detailed above.

Cost of sales increased by 18% to US$60.5 million, compared to US$51.4 million for the prior year. Cost of sales were heavily impacted by increases in power costs, high maintenance of aged equipment and the effect of exchange rate disparity.

A gross loss of US$11 million was realised in the year under review, compared to a gross profit of US$22.8 million in the previous year, mainly due to the reduced sales volume emanating from the lower production.

Income Statement (continued)
An operating loss of US$21.8 million was realised, versus the operating profit of US$11.9 million in FY2022.

The Company incurred losses before and after taxation of US$24.2 million and US$18.5 million respectively, which represented a decrease of 320% and 329% respectively, year-on-year.

Balance Sheet
Total equity of US$41.6 million decreased by 31% from US$60.1 million as a result of the loss incurred for the year.

The Company closed with a net liabilities position of US$13.4 million (2022: net current assets of US$8.4 million) due to operational challenges alluded to above. In addition, the Company increased its current borrowings by US$4.5 million from the comparable financial year.

CAPITAL EXPENDITURE

Total capital expenditure for the year amounted to US$8.3 million (FY2022: US$6.5 million). This was driven by the programme to replace the old and unreliable underground mining mobile equipment and was being funded from bank loans and internal cash flows.

BUSINESS DEVELOPMENT

The Company continued with the evaluation of the following projects, in order to extend the life of mine and to assess the feasibility of opening new mining operations in the future:

- Trojan Nickel Mine Down Dip Exploration and Extension;
- Kingston Hill Exploration;
- BSR Slag Dump Retreatment Project;
- Hunters Road Project.

OUTLOOK

1. Nickel Prices Outlook
The Company's cash flows are highly dependent on the Nickel price.

Base metal prices have firmed since the previous financial year, with Nickel prices increasing by 24% during the year under review compared to prior year. The most recent forecasts by analysts predict a steady increase in Nickel prices in the medium to long-term, owing to an expected rise in demand for Nickel and Lithium (energy metals), particularly given the anticipated increase in the use of electric vehicles. In assessing the future cash flows of the Company, Nickel prices have been assumed to average US$23,500 per tonne for the period April 2023 to March 2024. These projections have been taken from a consensus forecast compiled by market analysts.

2. Operational Outlook
To address the operational challenges that have been referred to above, during the new financial year and beyond, the Company is implementing a number of measures, which include the following:

- Expediting the transition in the mining model from a low-volume, high-grade strategy to a high-volume, low-grade strategy.
- Replacement of the damaged SVR bull gear in August 2023. A replacement bull gear, similar in size and duty to the existing one, was identified in South Africa and is currently undergoing refurbishment. The fully refurbished bull gear is expected to be ready for installation in August 2023.
- Ensuring consistent equipment availability and accelerating underground development using the acquired new and rented equipment. The delivery of the new equipment during the period under review is expected to improve overall equipment availability in the ensuing year. In addition, plans are afoot to augment the current fleet in the new financial year by a combination of hiring and acquiring of additional mining equipment, and
- Implementing various cost containment and cash-saving initiatives to ensure the business remains cost effective.

In addition to the above initiatives, the Company's parent Kuvimba Mining House (KMH) has put in place a support structure to cover working capital gaps and ensure the business is adequately funded.

DIVIDEND

The Directors have resolved not to declare any dividend in response to the losses and the need to retain cash for capitalisation of the business.

DIRECTORATE

The following changes took place during the financial year:

Resignations
- Mr. Patrick Maseva-Shayawabaya resigned as the Finance Director of the Company with effect from 31 August 2022, to take up the position of Managing Director at a sister company; and
- Messrs. Obey Chimuka and Michiel Jakobus Bronn resigned as Non-Executive Directors with effect from 13 December 2022 and 31 March 2023 respectively.

I thank all the three Directors for their contributions during their tenure on the Board.

Appointment
Mr. Believemore Dirorimwe joined the Company in the executive position of Finance Director, with effect from 1 May 2023.

I welcome Believemore to the Board and look forward to his contributions to the Company.

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
27 June 2023

Bindura Nickel Corporation
A Member of Kuvimba Mining House

Abridged Audited Financial Results

For The Year Ended 31 March 2023

PRODUCTION AND SALES

	31-Mar-23 Tonnes	31-Mar-22 Tonnes
Production	3,180	5,082
Nickel Sales in Concentrates	3,095	4,720

ABRIDGED GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2023

	Note	31-Mar-23 US$	31-Mar-22 US$
Revenue		**49 516 639**	**74 209 630**
Cost of sales		(60 528 323)	(51 419 892)
Gross (loss)/profit		**(11 011 684)**	**22 789 738**
Other Income		402 406	211 294
Marketing and distribution expenses		(1 547 245)	(2 295 380)
Administrative expenses		(7 118 533)	(7 911 659)
Net foreign exchange loss		(2 520 150)	(848 428)
Operating (loss)/profit		**(21 795 206)**	**11 945 565**
Net finance costs		(2 397 230)	(940 757)
Finance income		56 716	12 641
Finance expenses		(2 453 946)	(953 398)
(Loss)/profit before taxation		**(24 192 436)**	**11 004 808**
Income tax credit/(expense)		5 709 777	(2 942 563)
Total comprehensive (loss)/income for the year		**(18 482 659)**	**8 062 245**
Basic (loss)/earnings per ordinary share (cents)	4	**(1.432)**	**0.631**
Diluted (loss)/earnings per ordinary share (cents)	4	**(1.407)**	**0.619**
Headline (loss)/earnings per ordinary share (cents)	4	**(1.432)**	**0.631**

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	As at 31 -Mar-23 US$	As at 31-Mar-22 US$
ASSETS			
Non-current assets			
Property, plant and equipment	8	85 032 563	86 073 427
Loans		433 858	125 100
		85 466 421	86 198 527
Current assets			
Inventories		11 074 850	14 671 960
Trade and other receivables	9	12 356 402	19 240 767
Cash and short term deposits		676 486	226 750
Financial assets		1 300 000	-
		25 407 738	34 139 477
Total assets		**110 874 159**	**120 338 004**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		13 309	13 289
Share premium		32 345 781	32 345 476
Capital contribution		2 631 877	2 631 877
Retained earnings		6 645 662	25 128 321
		41 636 629	60 118 963
Non-current liabilities			
Interest bearing borrowings	7	6 100 659	1 073 568
Environmental rehabilitation provision		10 595 985	13 901 936
Deferred tax liability		13 740 657	19 450 434
Lease liability		17 040	50 486
		30 454 341	34 476 424
Current liabilities			
Trade and other payables	6	29 809 892	21 276 687
Provisions		2 898	12 654
Provisional income tax		1 308 724	1 315 652
Lease liability		48 572	22 486
Interest bearing loans and borrowings	7	7 613 103	3 115 138
		38 783 189	25 742 617
Total equity and liabilities		**110 874 159**	**120 338 004**

ABRIDGED GROUP STATEMENT OF CASH FLOWS

for the year ended 31 March 2023

	Notes	31 -Mar-23 US$	31-Mar-22 US$
Cash flows from operating activities			
(Loss)/profit from operations before taxation		(24 192 436)	11 004 808
Adjustments for:			
Net finance costs		2 397 230	940 757
Depreciation of property, plant and equipment and rehabilitation asset amortisation		5 834 199	4 407 823
Share based payment expense		-	99 974
Unrealised exchange losses		2 673 980	546 933
Expected credit loss		389 582	55 058
Provision for obsolete stock		847 107	474 728
Operating cash flow before working capital changes		**(12 050 338)**	**17 530 081**
Decrease/(increase) in inventories		1 589 743	(5 592 981)
Decrease/(increase) in trade and other receivables		6 376 211	(12 577 164)
Increase in trade and other payables		8 533 205	1 963 588
		4 448 821	**1 323 524**
Net finance costs		**(2 152 342)**	**(839 308)**
Interest received		56 716	12 641
Interest paid		(2 209 058)	(851 949)
Tax paid		(6 928)	-
Net cash flows from operating activities		**2 289 551**	**484 216**
Cash flows from investing activities			
Purchase of property, plant and equipment		(8 344 174)	(6 470 414)
Purchase of treasury bills		(1 300 000)	-
Staff loans issued		(575 283)	(151 920)
Staff loans repaid		113 696	-
Net cash flows from investing activities		**(10 105 761)**	**(6 622 334)**
Net cash flows before financing activities		(7 816 210)	(6 138 118)
Cash flows from financing activities			
Issue of shares		325	6 398
Interest bearing borrowings repaid		(3 047 560)	(2 984 595)
Interest bearing borrowings received		10 900 000	5 633 295
Principal paid on lease liability		(7 360)	(15 482)
Net cash flows from financing activities		**7 845 405**	**2 639 616**
Increase/(decrease) in cash and cash equivalents		29 195	(3 498 502)
Net foreign exchange differences on cash and cash equivalents		(408 364)	248 147
Cash and cash equivalents at the beginning of the year		(1 313 257)	1 937 098
Cash and cash equivalents at the end of the year		**(1 692 426)**	**(1 313 257)**
Cash and cash equivalents represented by:			
Bank and cash balances		676 486	226 750
Bank overdraft		(2 368 912)	(1 540 007)
		(1 692 426)	**(1 313 257)**

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2023

	Share capital US$	Share premium US$	Capital contribution US$	Share based payments reserve US$	Retained earnings US$	Total US$
Balances at 1 April 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	-	-	-	(2 557 997)	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**
Issue of shares	20	305	-	-	-	325
Share-based payment expense	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-
Total comprehensive income for the year						
Total profit and other comprehensive income for the year attributable to ordinary shareholders	-	-	-	-	(18 482 659)	(18 482 659)
Balances at 31 March 2023	**13 309**	**32 345 781**	**2 631 877**	**-**	**6 645 662**	**41 636 629**

NOTES TO THE ABRIDGED GROUP FINANCIAL STATEMENTS

for the year ended 31 March 2023

1 **Presentation Currency**
The abridged financial results are presented in United States dollars (US$), which is the Group'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 2023.

NOTES TO THE ABRIDGED GROUP FINANCIAL STATEMENTS (cont'd)

for the year ended 31 March 2023

3 Revenue

	2023 tonnage	2022 tonnage	2023 US$	2022 US$
Nickel	-	-	-	-
Nickel in Concentrates	3 095	4 720	53 479 233	68 822 054
Revenue from contract with customers			53 479 233	68 822 054
Provisional pricing adjustment:				
Fair value adjustment (trade receivables)			(3 962 594)	5 387 576
Fair value gains			801 728	5 849 985
Fair value losses			(4 764 322)	(462 409)
Total			49 516 639	74 209 630

Revenue from one major customer of the Group represents US$ 49,516,639 (2022: US$74,209,630) of the Group's total revenue.

4 Earnings Per Share

The calculation of the basic loss per share attributable to the ordinary equity holders and weighted average number of shares outstanding for the Group.

	31 Mar-23	31 Mar-22
(Loss)/earnings attributable to shareholders (basic and diluted)	(18 482 659)	8 062 245
Headline (loss)/earnings	(18 482 659)	8 062 245
Weighted average number of shares -basic earnings per share	1 290 681 590	1 276 783 627
Weighted average number of shares -diluted earnings per share	1 313 850 277	1 301 850 901
Basic (loss)/earnings per share (cents)	(1.432)	0.631
Diluted (loss)/earnings per share (cents)	(1.407)	0.619
Headline (loss)/earnings per share (cents)	(1.432)	0.631

5 Capital Commitments

	31 Mar-23 US$	31 Mar-22 US$
Authorised by Directors and contracted for	2 772 960	3 991 426

6 Trade and Other Payables

	31 Mar-23 US$	31 Mar-22 US$
Trade payables	10 594 113	11 050 963
Other payables	12 152 087	6 761 198
Related party payables	7 063 692	3 464 526
	29 809 892	21 276 687

Trade and other payables are non-interest bearing and are normally settled within 30- 90 days.
Related party payables are also non-interest bearing and will be settled within the course of the following financial year.

7 Interest Bearing Loans and Borrowings

	Non-current portion	
	31 Mar-23 US$	31 Mar-22 US$
Loans from financial institutions	**6 100 659**	**1 073 568**

	Current portion	
	31 Mar-23 US$	31 Mar-22 US$
Loans from financial institutions	4 412 629	743 569
Kuvimba Mining House	831 562	831 562
Bank overdraft	2 368 912	1 540 007
	7 613 103	**3 115 138**

The average cost of borrowings was 11% and these are secured by mortgage bonds over property owned by the Group.

8 Property, Plant and Equipment

	Land and buildings US$	Smelter and refinery plant and equipment US$	Mining assets US$	Capital work in progress US$	Total US$
Cost					
At 1 April 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**
Additions	-	-	7 231 244	1 112 930	8 344 174
At 31 March 2023	**8 042 626**	**22 474 230**	**80 526 030**	**54 585 002**	**165 627 888**
Depreciation					
At 1 April 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**
Current year charge	311 489	384 141	4 470 358	-	5 165 988
Rehabiliation asset amortisation			668 211	-	668 211
Change in rehabilitation asset			3 550 839		3 550 839
At 31 March 2023	**5 087 529**	**16 094 625**	**58 404 044**	**1 009 127**	**80 595 325**
Carrying amount:					
At 31 March 2023	**2 955 097**	**6 379 605**	**22 121 986**	**53 575 875**	**85 032 563**
At 31 March 2022	**3 266 586**	**6 763 746**	**23 580 150**	**52 462 945**	**86 073 427**

NOTES TO THE ABRIDGED GROUP FINANCIAL STATEMENTS (cont'd)

for the year ended 31 March 2023

9 Trade and Other Receivables

	31 Mar-23 US$	31 Mar-22 US$
Trade receivables (subject to provisional pricing)	5 780 176	4 839 172
Trade receivables (not subject to provisional pricing)	243 084	3 760 015
Less provision for expected credit losses	(448 868)	(59 286)
Trade receivables- net	**5 574 392**	**8 539 901**
Prepayments	2 249 742	5 324 765
Income tax prepayment	-	-
Value added tax	4 163 134	5 167 984
Other receivables	38 812	140 380
Related party receivables	150 673	40 917
Loans receivables	179 649	26 820
	12 356 402	**19 240 767**

10 Events After the Reporting Period

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

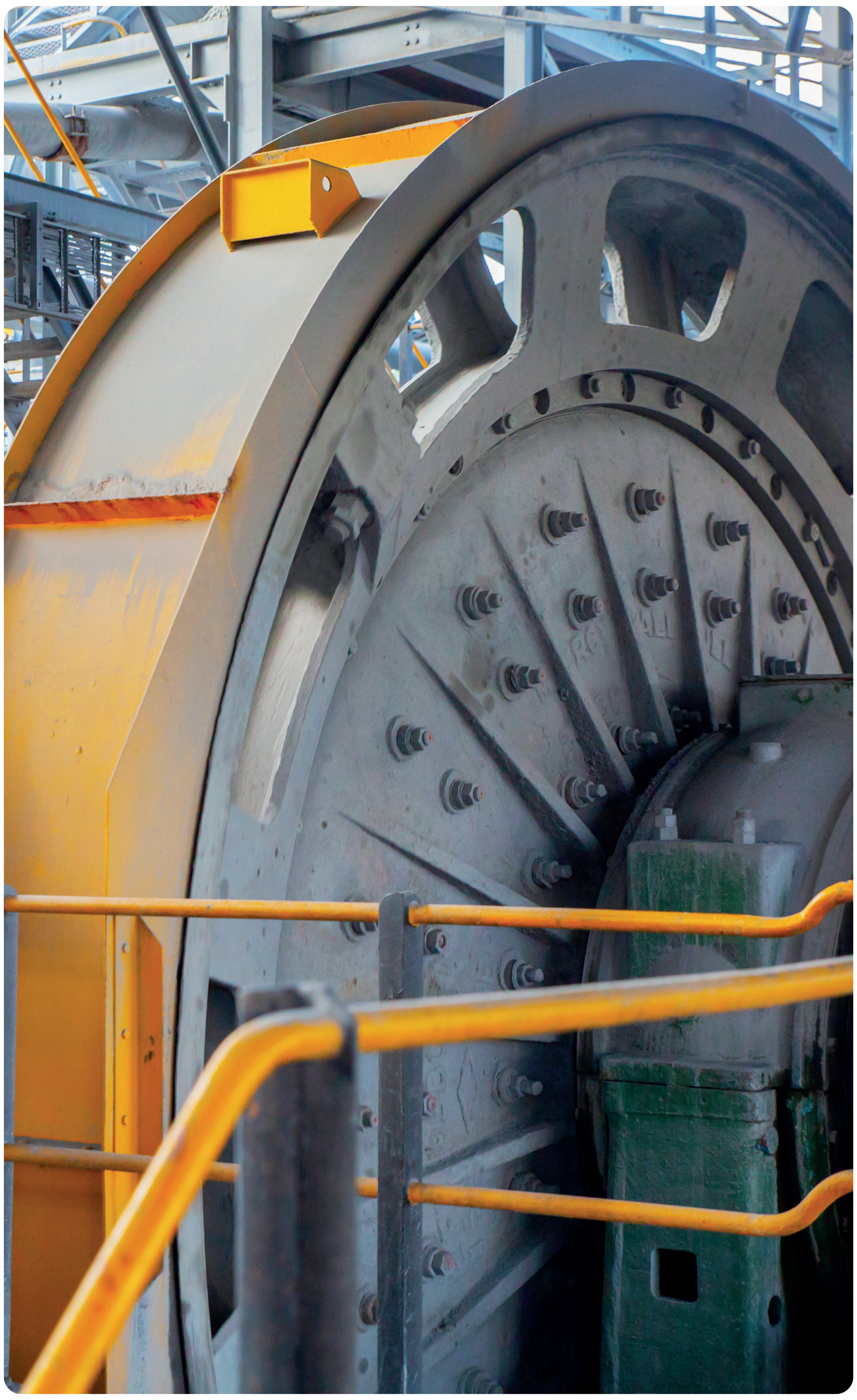
Auditor's Statement

These abridged Group financial statements derived from the audited Group financial statements of Bindura Nickel Corporation Limited "the Group" for the financial year ended 31 March 2023, should be read together with the complete set of audited Group financial statements, for the year ended 31 March 2023, which have been audited by Grant Thornton Chartered Accountants (Zimbabwe) and the auditor's report signed by Trevor Mungwazi, Registered Public Auditor 0622.

A qualified opinion has been issued on the audited Group financial statements, for the year then ended. The qualified opinion was issued regarding the residual effects of the non-compliance with *IAS 21 - The Effects of Changes in Foreign Exchange Rates and non-compliance with International Accounting Standard (IAS) 8 - Accounting Policies, Changes in Accounting Estimates.* There is a section on material uncertainty related to going concern. The opinion is not modified in respect of this matter.

The auditor's report includes a section on key audit matters outlining matters that in the auditor's professional judgement, were of most significance in the audit of the Group financial statements. The key audit matters were with respect to the valuation of inventory for nickel concentrates and impairment of assets.

The auditor's report on the Group financial statements and the full set of the audited Group financial statements, is available for inspection at the Company's registered office and the auditor's report has been lodged with the Victoria Falls Stock Exchange.



INDEPENDENT AUDITOR'S REPORT

Grant Thornton
Camelsa Business Park
135 Enterprise Road, Highlands
PO Box CY 2619
Causeway, Harare
Zimbabwe

T +263 (242) 442511-4
F +263 (242) 442517 / 496985
E info@zw.gt.com
www.grantthornton.co.zw

To the members of Bindura Nickel Corporation Limited

Report on the Audit of the Group and Company Financial Statements

Qualified Opinion

We have audited the Group and Company financial statements of Bindura Nickel Corporation Limited set out on pages 9 to 57, which comprise the Group and Company statements of financial position as at 31 March 2023, 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 the notes to the Group and Company financial statements, including a summary of significant accounting policies.

In our opinion, except for the matter described in the *Basis for Qualified Opinion* section of our report, the Group and Company financial statements present fairly, in all material respects, the financial position of Bindura Nickel Corporation Limited as at 31 March 2023, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates in the prior financial years and International Accounting Standard (IAS) 8 - Accounting Policies, Changes in Accounting Estimates and Errors

During the prior financial years, the foreign currency denominated transactions and balances of the Group and Company were translated into USD using the interbank exchange rates which were not considered appropriate spot rates for translations as required by IAS 21, '*The Effects* *of Changes in Foreign Exchange Rates'.* The opinion on the prior year Group and Company financial statements was modified in respect of this matter and the misstatements have not been corrected in the Group and Company financial statements for the year ended 31 March 2023.

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, *'Accounting Policies, Changes in Accounting Estimates and Errors'*, the retained earnings as at 31 March 2023 may contain misstatements. Our opinion on the current year Group and Company financial statements is modified because of the residual effects of non-compliance with IAS 21 on the retained earnings of the Group and Company financial statements.

The effects of the above non-compliance with the requirements of IAS 21 have been considered to be material but not pervasive to the Group and Company financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described 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 in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to **note 34** to the Group financial statements which indicates that the Group incurred an operating loss before tax of **USD 24 192 436** for the year ended 31 March 2023, and as at that date, the Group's current liabilities exceeded its current assets by **USD 13 375 451.** This indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group and Company financial statements of the current year. These matters were addressed in the context of our audit of the Group and Company financial statements as a whole, and in forming the opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for Qualified Opinion* section and *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report:

Areas of focus	How our audit addressed the key audit matter
Valuation of inventory for nickel concentrates The inventory of the Group includes nickel concentrates and most of the costs of production are fixed costs. The Group is currently operating at below full capacity and there is a risk that the unit cost of production exceeds the net realisable value of the nickel concentrates upon sale to customers. The Group exports its nickel concentrates to ZOPCO and has included in its inventories, nickel concentrates valued at USD 2 196 715 as at 31 March 2023. The valuation of nickel concentrates has been considered a key audit matter.	• Our audit procedures included attendance at year-end physical inventory counts to observe how management quantified the inventory. • We reviewed the most recent prices at which nickel concentrates were pegged at on the London Metal Exchange (LME) and verified whether the inventory was carried at the lower of cost and net realisable value. • Reviewed the Group financial statements to ascertain whether the inventory for nickel concentrates had been correctly classified. • Inspected the Group financial statements to ascertain whether management had made appropriate disclosures with regards to the nickel concentrates. • We are satisfied that nickel concentrates have been valued appropriately and accounted for correctly in the Group financial statements
Impairment of smelter and refinery plant (IAS 36 *'Impairment of assets'*) As at 31 March 2023, the Group's smelter and refinery plant had a carrying amount of USD 6 379 605 and work in progress attributable to the smelter and refinery plant amounting to USD 23 999 008. Due to the significant use of judgement involved in the impairment assessment and determination of the impairment loss, we consider this to be a key audit matter.	• Obtained an understanding of the management's control procedures of impairment assessment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. • We assessed management's process for the determination of key inputs into the impairment assessment. • Reviewed the accounting policy to ascertain whether it complied with IFRS. • We reviewed the reasonableness of management's key assumptions in the

	impairment assessment of the smelter and refinery plant. • Reviewed the disclosure made in the financial statements relating to the judgements involved in the impairment assessment.

Other information

The Directors are responsible for the other information. The other information comprises the 'Corporate information', 'Directors' report, 'Corporate governance', 'Chairman's report', and 'Managing Director's report', which we obtained prior to the date of this auditor's report. The other information does not include the Group and Company financial statements and our auditor's report thereon. Our opinion on the Group and Company financial statements does not cover the other information and we do not express any form of assurance or 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 that we 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. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Group and Company Financial Statements

Management is responsible for the preparation and fair presentation of the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal controls as management determines is necessary to enable the preparation of 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, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 level 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 scepticism 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 management.
- Conclude on the appropriateness of management's 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 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's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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 year 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.

Report on other legal and regulatory requirements

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the Group and Company financial statements have been properly prepared in compliance with the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

The Engagement Partner on the audit resulting in this independent auditor's report is Trevor Mungwazi.

Grant Thornton

Trevor Mungwazi
Partner

Registered Public Auditor (PAAB No: 0622)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

29 June 2023

HARARE