



BINDURA NICKEL CORPORATION LIMITED

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Company Registration number: 552/1966

TRADING UPDATE FOR THE PERIOD OCTOBER TO DECEMBER 2020

1. Safety, Health, Environment and Quality

Bindura Nickel Corporation Limited (“BNC” or “the Company”) continued with its efforts to combat the spread of the COVID-19 pandemic among employees and the community in which it exists and operates. Regrettably, one Lost Time Incident (“LTI”) was registered in December 2020. The injured person has since fully recovered and is back at work.

1.1 COVID-19 Summary and Overview

The Company faced a formidable threat to health and safety due to the burgeoning number of COVID-19 cases nationally and internationally. In response to this emergency, the Company has stepped up measures to combat the effects of the pandemic. In order to adequately address the health and safety requirements of the newly enacted law for preventing the spread of COVID-19 (Statutory Instrument 10 of 2021), the Company bolstered the existing initiatives aimed at implementing specific preventative and control measures, in compliance with the guidelines set by the Ministry of Health and Child Care, and the World Health Organisation (WHO).

The following were some of the measures that were implemented:

- (i) Screening of people by temperature measuring and sanitisation at key entry points to workplaces;
 - (ii) Preliminary Rapid Diagnostic Test (“RDT”) Antigen testing on index cases and contact tracing to understand the virus burden on the mine and community;
 - (iii) PCR confirmatory testing to confirm the RDT testing methodology;
 - (iv) Holding of meetings on virtual platforms and on telephones;
 - (v) Fumigation of all workplaces at least four times per week. Mining mobile equipment and transportation systems are fumigated multiple times daily;
 - (vi) Combined efforts with other critical stakeholders on awareness campaigns, masking, social distancing, washing of hands and the banning of gatherings;
 - (vii) Working from home for those who are not directly involved in production, in order to decongest the workplace.
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2. Key Performance Statistics for the Quarter Ended 31 December 2020

		Quarter Ended 31 Dec 2020	Quarter Ended 31 Dec 2019	YTD 31 Dec 2020	Q4FY2021 Outlook 31 March 2021
Development metres	(m)	355	295	1 125	606
Tonnes mined	(t)	116 525	107 036	324 272	78 714
Tonnes milled	(t)	116 713	107 247	325 866	78 714
Head grade	(%)	1.47	1.60	1.56	1.57
Recovery	(%)	86.2	86.5	86.4	85.5
Ni in conc. produced	(t)	1 474	1 489	4 403	1 056
Nickel sales	(t)	1 864	1 550	4 430	1 202
LME Nickel Price	(US\$/t)	15 941	15 362	14 123	16 500
Cash cost (C1)	(US\$/t)	6 967	6 805	6 368	8 073
All in sustaining cost (C3)	(US\$/t)	8 049	7 650	7 231	9 138

3. Performance for the Quarter Ended 31 December 2020

A 20% improvement in development metres was achieved as 355 metres were advanced during the quarter ended 31 December 2020 (Q3FY2020: 295 metres).

Head grade decreased by 8% while Recovery remained constant versus the corresponding period in the previous year.

Tonnes mined increased by 9% to 116 525 (Q3 FY2020:107 036) as the mine recovered from the effects of the slow down induced by the COVID-19 lockdown in April and May 2020. Tonnes milled increased similarly (9%) when compared to the corresponding period last year, in line with the increase in tonnes mined.

Production of nickel in concentrate of 1 474 tonnes was 1% lower than the output achieved in the same period last year (1 489 tonnes).

The Company sold 1 864 tonnes of nickel in concentrate in the quarter under review, which was 20% higher than the sales tonnage achieved in the quarter ended 31 December 2019. The sales performance was in sync with the improved production during the same period.

The average London Metal Exchange (“LME”) cash settlement price for the quarter ended 31 December 2020 rose by 4% to US\$15,940.82 per tonne (US\$7.23 per pound) in comparison to the price of US\$15 371.17 per tonne (US\$6.97 per tonne) in the corresponding quarter in 2019. The increase in prices was in response to a number of bullish factors that were price supportive, including the confidence in the recently elected Joe Biden administration in the USA, the approval and subsequent roll-out of the

COVID-19 vaccine, as well as the sizeable growth in the Chinese stainless steel and electric vehicle (EV) sales.

However, nickel produced in the quarter ended 31 December 2020 amounting to 1 474 tonnes, was 390 tonnes (21%) lower than the 1 864 tonnes sold in the same quarter, due to the depletion of inventory that had built up during the prior quarter.

The All-in Sustaining Cost (“AISC”) of US\$8 049 per tonne went up by 5% when compared to the AISC for the same period in the prior year. The increase was a reflection of the inflationary pressure on local operating costs during the reporting period.

4. Performance for the Nine Months Ended 31 December 2020

The base metal complex performed well in the calendar year 2020 with the nickel cash price gaining 17% since January 2020. Price weakness was observed from March to May 2020 when COVID-19 lockdowns were at their peak, before strengthening as the year progressed.

The year-to-date turnover increased by 8% when compared to the corresponding period in the previous year, in line with the improved LME nickel prices. However, EBITDA and Profit after taxation were both stagnant due to the moderate year on year cost increases reported above.

Capital expenditure for the nine months ended 31 December 2020 was US\$4.7 million compared to US\$4.6 million spent in the comparative period in 2019. During this reporting period Trojan Nickel Mine took delivery of an underground production drill rig and loading equipment which will lead to improved production performance.

5. Industrial Relations

The Company continued to enjoy peaceful and cordial industrial relations, buoyed by the regular and transparent engagement between the employer and employees.

6. Outlook for the Quarter Ending 31 March 2021

6.1 Market Outlook

Market supply remained tight due to disruptions in ore shipments from the Philippines, caused by the monsoon season. In overall terms, the market remains bullish, though some analysts believe the market has outpaced fundamentals - LME stocks remain high and thus remain susceptible to a downward correction as the metals appear overbought. The International Nickel Study Group predicts a 200 000 tonne increase in demand for refined nickel as well as a supply surplus of 68 000 tonnes for the year 2021. Positive rhetoric from the EV sector is likely to stimulate speculative buying in the short term. However, this is not expected to provide a large enough demand boost to sustain the high prices for the next five years. Other bearish factors include reductions in Chinese stimulus funding and government subsidies in 2021, the resurgence of COVID-19 cases which could usher in the return of the economically damaging lockdowns, leading to lower investor confidence.

6.2 Overall Company Outlook

The Company is not anticipating an improved operational and financial performance for the quarter ending 31 March 2021 due to a planned short production stoppage that is intended to facilitate the Trojan Shaft Re-deepening tie-in Project.

However, in the immediate aftermath of the Re-deepening Project commissioning, production will be ramped up to more than 60 000 tonnes of ore per month, particularly in respect of the mining of disseminated ore. The Company's operational and financial performance is expected to improve due to the consummation of this critical project.

7. Bondholders

All obligations to Bondholders are up to date. The final payment of the Bond will be made at the end of February 2021. We wish to thank all Bondholders and the Bond Trustee for their support throughout the period that the Company was indebted to them.

8. Board Reconstitution

Efforts will continue to further strengthen the Board of Directors and its Committees, in line with best practice in Good Corporate Governance, and in compliance with statutory and regulatory requirements.

By Order of the Board



C F Mukanganga
Company Secretary
29 January 2021

Directors: M A Masunda (Chairman), T Lusiyano (Managing Director), J C Behr, D H Brown,
O Chimuka, C D Malaba (Mrs), C G Meerholz, R Nhamo (Mrs).
