BINDURA NICKEL CORPORATION LIMITED

("BNC", "the Corporation" or "the Company")

Bindura Nickel Corporation Limited

ABRIDGED UNAUDITED GROUP FINANCIAL RESULTS

For the half year ended 30 September 2016

HIGHLIGHTS

Highlights on the performance of the Company during the first 6 months are as follows:

- No fatalities were recorded during the period under review;
- Production increased by 23% to 3 420 tonnes;
- 19% reduction in average nickel price received to U$6 198 per tonne
- 9% increase in Revenue to US$22.5 million (H1 FY2016 US$20.6 million)
- 33% decrease in all-in sustaining costs;
- Gross profit improved by 261%;
- Profit after tax was US$1.2 million, versus a prior year loss of US$3.4 million;
- Capital expediture of US$ 4.2 million incurred during the period;
- Upgrade and refurbishment of Smelter on course;
- Cash flow challenges persisted - first Smelter Bond capital repayment deferred.

Nickel Production

	30 Sep 16 Tonnes	30 Sep 15 Tonnes
BNC production	3 420	2 791
BNC Nickel Sales in Concentrates	3 464	2 762

Abridged Group Statement of Comprehensive Income

for the half year ended 30 September 2016

	30 Sep 16 US$	30 Sep 15 US$
Turnover		
Nickel Concentrates	22 457 659	20 559 956
	22 457 659	20 559 956
Cost of sales	(14 318 944)	(18 304 939)
Gross Profit	**8 138 715**	**2 255 017**
Other Income	517 335	192 110
Marketing and distribution expenses	(3 782 347)	(3 462 904)
Administrative expenses	(2 639 041)	(3 093 045)
Operating Profit/(loss)	2 234 662	(4 108 822)
Net finance costs	(487 505)	(150 881)
Finance income	64 017	1 825
Finance expenses	(551 522)	(152 706)
Profit before taxation	1 747 157	(4 259 703)
Taxation	(562 912)	900 192
Profit/(loss) and total comprehensive income for the period	1 184 245	(3 359 511)
Basic and diluted earnings/(loss) per ordinary share (cents)	0.10	(0.27)

Abridged Group Statement of Financial Position

as at 30 September 2016

	Note	As at 30 Sep 2016 US$	As at 31 Mar 2016 US$
Equity and liabilities			
Share capital		12 778	12 778
Non-distributable reserves		32 291 208	32 291 208
Retained earnings		8 510 706	7 326 461
Total equity		**40 814 692**	**39 630 447**
Non-current liabilities			
Interest bearing loans & borrowings	7	15 405 344	13 866 774
Environmental rehabilitation provision		11 905 946	11 905 946
		27 311 290	25 772 720
Current liabilities			
Trade and other payables		6 594 265	5 740 735
Other payables		6 501 913	7 596 092
Provisions		3 594 927	3 516 965
Related party payables		2 074 141	1 509 811
Interest bearing loans & borrowings	7	15 575 594	14 680 664
		34 340 840	33 044 267
Total equity and liabilities		**102 466 822**	**98 447 434**
Assets			
Non-current assets	6	73 358 546	71 279 266
Current assets			
Inventories		6 869 721	7 012 107
Other financial Assets		3 428 411	3 427 479
Trade and other receivables		17 341 838	13 319 016
Cash and short term deposits		1 468 306	3 409 566
		29 108 276	27 168 168
Total assets		**102 466 822**	**98 447 434**

Abridged Group Statement Of Cash Flows

for the half year ended 30 September 2016

	Note	30 Sep 16 US$	30 Sep 15 US$
Cash flows from operating activities			
Operating profit from operations before interest and taxation		2 234 662	(4 108 822)
Adjusted for:			
Depreciation of property plant and equipment		955 722	1 075 164
(Profit)/Loss on disposal of property, plant and equipment		(355 051)	-
Reversal of impairment		-	-
Operating cash flow before working capital changes		2 835 333	(3 033 658)
Decrease in inventories		142 386	826 490
Increase/(decrease) in trade and other receivables		(3 438 519)	76 196
Decrease in trade and other payables		(182 660)	(2 567 675)
Net cash flows from operations		**(643 460)**	**(4 698 647)**
Returns on investments and servicing of finance			
Interest received		63 085	1 825
Interest paid		(516 309)	(25 985)
		(453 224)	(24 160)
Net cash flows from operating activities		**(1 096 684)**	**(4 722 807)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(4 156 470)	(8 803 348)
Proceeds from sale of property, plant and equipment		182 015	-
Proceeds from investment disposal		731 591	-
Staff loans repaid		-	37 151
Net cash flows from investing activities		(3 242 864)	(8 766 197)
Net cash flows before financing activities		(4 339 548)	(13 489 004)
Cash flows from financing activities			
Long term loan repaid		-	(2 761 500)
Long term loan received		(555 641)	4 600 000
Net cash flows from financing activities		(555 641)	1 838 500
(Decrease) in cash and cash equivalents		(4 895 189)	(11 650 504)
Cash and cash equivalents at the beginning of the period		(3 646 098)	11 945 957
Cash and cash equivalents at the end of the period	8	**(8 541 287)**	**295 453**

Abridged Group Statement of Changes In Equity

for the half year ended 30 September 2016

	Share capital US$	Non-distributable reserves US$	Retained earnings US$	Total US$
Balances at 31 March 2015	**12 778**	**32 291 208**	**6 677 391**	**38 981 377**
Total loss and other comprehensive income for the period attributable to ordinary shareholders			(3 359 512)	(3 359 512)
Transactions with owners of the company recognised directly into equity				
Contributions by and distributions to owners of the company	-	-	-	-
Balances at 30 September 2015	12 778	32 291 208	3 317 879	35 621 865
Total profit and other comprehensive income for the year attributable to ordinary shareholders			4 008 582	4 008 582
Transactions with owners of the company recognised directly into equity				
Contributions by and distributions to owners of the company	-	-	-	-
Balances at 31 March 2016	**12 778**	**32 291 208**	**7 326 461**	**39 630 447**
Total profit and other comprehensive income for the year attributable to ordinary shareholders			1 184 245	1 184 245
Transactions with owners of the company recognised directly into equity				
Contributions by and distributions to owners of the company	-	-	-	-
Balances at 30 September 2016	**12 778**	**32 291 208**	**8 510 706**	**40 814 692**

Notes To The Abridged Group Financial Statements

for the half year ended 30 September 2016

1 Presentation

The abridged financial results are presented in United States dollars (US$), which is the Corporation's functional currency.

2 Principal group accounting policies

The financial statements from which the abridged results are extracted for the half year ended 30 September 2016, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the Zimbabwe Stock Exchange (ZSE) listings requirements and the Companies Act (Chapter 24:03).
All accounting policies have been applied consistently.

		30 Sep 2016	30 Sep 2015
3	**Earnings per share**		
	Earnings attributable to shareholders (US$)	1 184 245	(3 359 511)
	Weighted average number of shares	1 239 656 591	1 239 656 591
	Basic and diluted earnings/(loss) per share (cents)	0.10	(0.27)
4	**Capital expenditure**	4 156 470	8 803 348
5	**Capital commitments**		
	Authorised by Directors and contracted for	4 585 954	6 319 594

		30 Sep 2016 US$	31 Mar 2016 US$
6	**Non-current assets**		
	Property plant and equipment	71 981 063	68 780 315
	Long term investment	-	558 556
	Deferred Taxation	1 377 483	1 940 395
		73 358 546	71 279 266

7 Interest bearing loans and borrowings

	Non Current Portion 30 Sep 2016 US$	Non Current Portion 31 March 2016 US$	Current Portion 30 Sep 2016 US$	Current Portion 31 March 2016 US$
Related party Loan -Asa Resource Group Plc	958 680	923 468	-	-
Long term loans (Smelter bond and asset financing)	14 446 664	12 943 306	5 566 000	7 625 000
Bank overdraft	-	-	10 009 594	7 055 664
	15 405 344	**13 866 774**	**15 575 594**	**14 680 664**

Non current loans & borrowings

The Corporation raised US$20 million to finance the restart of the Smelter, through a 5 year Bond with a coupon rate of 10% per annum, secured by a guarantee from the major shareholder and bond trust deed independently managed by a trustee. The Corporation is in compliance with the covenants of the Bond. The Corporation also secured a US$1 million loan facility from a local financial institution, which carries an interest rate of 11% per annum and is secured by mortgage bonds over the Corporation's immovable property. Interest on the related party loan due to Asa Resource Group Plc is LIBOR plus 7% per annum.

Bank Overdraft facilty

In June 2015, the Corporation successfully secured a US$ 7 million working capital overdraft facility with a local financial institution. The facility has a tenor of 12 months, but it was renewed on its anniversary by another 12 months. The working capital facility carries an interest rate of 11% per annum and it is secured by mortgage bonds over property owned by the Corporation. In addition, the Corporation negotiated a US$3 million working capital facility which is secured by Treasury Bills. The facility will expire on the maturity of Treasury bills in February 2017.

		30 Sep 2016 US$	30 Sep 2015 US$
8	**Cash and cash equivalents**		
	Cash and short term deposits	1 468 306	2 376 059
	Bank overdraft	(10 009 594)	(2 080 606)
		(8 541 288)	**295 453**

9	**Analysis of private placement shares**	
	Ordinary shares approved for private placement at the 2013 AGM	**100 000 000**
	Less ordinary shares issued as at 31 March 2014	(27 904 621)
	Less ordinary shares issued between April 2014 and 31 March 2015	(1 538 313)
	Private placement shares not yet issued as at 30 September 2016	**70 557 066**

By order of the Board

C F Mukanganga
Company Secretary
28 November 2016

Notice To Shareholders

FINANCIAL RESULTS

Income statement

The Company sold 3 464 tonnes of nickel concentrate compared to 2 762 tonnes achieved in the comparative period last year. The 25% increase in tonnes sold translated to a 9% increase in revenue to US$22.4 million, versus US$20.6 million in the prior year. The improved performance was anchored on a 23% increase in production (3 420 tonnes in the half year ended 30 September 2016, compared to 2 791 tonnes in the previous year). This achievement was possible in spite of the 19% decrease in the average nickel price received for the period to US$6 198 per tonne (half year ended 30 September 2015: US$7 654 per tonne).

The various cost management initiatives previously reported culminated in a 22% decrease in Cost of sales to US$14.3 million versus US$18.3 million recorded in the comparative period last year. Cash costs decreased by 34% to US$5 216 per tonne (US$7 864 per tonne in the prior year), while the all-in sustaining costs decreased by 33% to US$5 759 per tonne (US$8 601 per tonne in the prior year). The decrease was attributable to cost containment measures as well as improved production.

Gross profit improved by 261% to US$8.1 million compared to US$2.3 million in the same period last year.

The Company has reversed the prior year's Operating loss of US$4.1 million to an Operating profit of US$2.2 million, representing a significant improvement on performance. Profit before taxation was US1.7 million compared to a Loss before taxation of US$4.3 million in the prior year. Profit after taxation of US$1.2 million was recorded, versus a Loss after taxation of US$3.4 million incurred in the comparative period last year.

Balance sheet

The improved profitability resulted in retained earnings of US$8.5 million compared to US $7.3 million reported at year–end.

Cash Flows

The Company has now fully utilized the US$20 million raised from the Smelter Bond, towards the Smelter Restart Project. All outstanding Smelter Project work, as well as other projects and working capital requirements were funded from the Company's existing financing facilities and internally generated, albeit limited, cash resources.

The first instalment of the Smelter Bond capital repayments fell due on 1 September 2016. However, due to cash flow constraints, the Company was not able to meet this obligation, though the interest liability which fell due on the same date was settled. With the approval of Bondholders, the capital instalment was deferred by twelve months to 1 September 2017. We thank Bondholders for supporting this decision. Measures are in place to ensure that the instalment arrears and future Bond repayment commitments will be met as they fall due.

OPERATIONS

The mine milled 205 290 tonnes of ore, compared to 231 224 tonnes in the prior year. Head grade was 1.9% versus 1.4% in the same period last year. Recovery was 88.1%, which was better than last year's achievement of 85.8%.

Production of nickel concentrate increased by 20% in the second quarter of the period under review to 1 866 tonnes, versus 1 555 tonnes in the first quarter. This was primarily due to an increase in average head grade and recoveries. Hoisting improved in the second quarter , mainly due to increased scooping and fixed plant availability. Mining constraints in the second quarter included low availability of LHDs and dump trucks. In June 2016, a decision was taken to outsource development to a contractor, in order to improve performance, which was lagging behind, thus negatively affecting ore source availability.

The London Metal Exchange cash settlement price for the period was US$9 541.92 per tonne (actual achieved: US$6 198 per tonne) compared to US$11 787.32 per tonne (actual achieved: US$7 654 per tonne.) in the same period last year.

Industrial relations remained calm throughout the period under review, due to ongoing efforts to constructively engage employees on all pertinent issues.

CAPITAL PROJECTS

Progress on the Shaft Re-deepening Project was adversely affected by funding constraints which were exacerbated by unfavourable nickel prices during the period. Expenditure to date on the Shaft Re-deepening Project is US$13.9 million. An estimated additional US $5.1 million is expected to be spent before completion of the Project. Commissioning is targeted to take place in the year ending 31 March 2019.

On the Smelter Restart Project, cash flow challenges have caused delays in meeting some payment obligations. However, committed expenditure to date is US$19.5 million. Project progress has reached 71% of the completion target.

The Company's other assets, namely the Refinery and Shangani Mine remain under care and maintenance.

OUTLOOK

Operational Performance

The Board and Management take safety very seriously, given the inherently hazardous nature of mining. We have a zero tolerance to accidents. Safety, Health, Environment and Quality (SHEQ) systems are being developed and implemented to improve performance. The main area of focus on safety is to change the behaviour of employees in order to prevent or minimize accidents in line with the Corporation's zero harm goal.

Production is expected to improve in the third quarter as equipment availability also improves. The development contractor is putting in place measures that will ensure a sustained improvement in performance. Availability of additional sources of high grade ore (massives) is expected to increase production in the third quarter.

The effectiveness of the Company's labour structure has improved since the previously reported restructure. Further cost management measures are expected to result in an even leaner labour structure going forward. The months of September and October 2016 were both profitable.

The Market

The average LME cash settlement price plunged 19.05% to $9 541.92/t ($4.32/lb.) compared to $11 787.32/t ($5.35/lb.) for the same period in 2015. Nickel prices have remained depressed due to the historical high nickel stocks, lack of producer supply cuts and replacement of Indonesian ore by Philippine ore. LME nickel prices fell to seven year lows before regaining to a nine month high in July 2016, supported by speculation of supply cuts in the Philippines.

This country supplies 24% of the global nickel demand and had previously sustained Nickel Pig iron production in China as it came in as a substitute for the Indonesian ore after the ore export ban. The market is keeping an eye on the developments in the Philippines after a new government ordered an environmental audit of all mines. To date, approximately eighteen nickel mines have either been shut down or are on notice for suspension. It is expected that more mines will be closed over the next six months. Small scale miners that mushroomed and capitalized on the supply deficit created after the Indonesian ore export ban of January 2014 have been hardest hit. There seems to be a growing enthusiasm for a complete suspension of ore exports in Philippines (like the Indonesian ore export ban of January 2014). On the other hand, Indonesian smelters as well as other nickel producers have been ramping up production in a bid to reduce cost per tonne. There are still large stocks of nickel in and off exchanges and from the Chinese smelters that are coming back into production. The Myanmar government is also considering giving one of its top ferronickel producers (producing ferronickel at 30% nickel) a permit to export its production that it had stockpiled for the past two years. Indonesia is considering allowing nickel miners that have committed to building smelters the right to export concentrate. If Indonesia restarts ore exports there will be an increase in metal availability.

The ongoing uncertainty around mine production in the Philippines has the potential to disrupt China's refined nickel production but could be instrumental in restoring demand-supply balance in global nickel industry over next few months. Latest INSG data shows the market was in deficit for the first half calendar year 2016 and is expected to balance in the second half of the year. Fundamental and technical view supports that nickel could be entering into a bull cycle. The main producers of nickel (Jinchuan, Eramet and Glencore) and INSG expect the market to be in a deficit from 2016, increasing in the year 2017. Demand is expected to increase due to the recovery of stainless steel production in China and demand from new energy vehicles. Demand for alternative forms of nickel: pure nickel, nickel pig iron, nickel salt and processed nickel products has also improved.

DIVIDEND

Under the current circumstances, it is not feasible to declare a dividend for the period under review.

APPRECIATION

The Board pays tribute to management and staff for their dedication and hard work during the year.

On Behalf of the Board
Bindura Nickel Corporation Limited

Yim Chiu Kwan
Board Chairman
28 November 2016