BINDURA NICKEL CORPORATION LIMITED

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

NOTICE TO SHAREHOLDERS

ABRIDGED AUDITED GROUP FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

OVERVIEW

Trojan Mine completed its second full year of production since the restart of operations in April 2013. Record production was achieved for the second year in succession at 7 306 tonnes of nickel. During the period a significant effort was put into the refurbishment of some of the mobile fleet, primarily drill rigs and LHDs (load haul and dump equipment). A further investment into three new drill rigs and two rebuilt dump trucks was made. This and the refurbishment program have provided a stable platform for the company to start achieving the necessary steady state output in the future.

An accelerated plan to refurbish, upgrade and restart the smelter was reviewed by an independent third party in April 2014. The capital requirement for this project is US$ 26.5 million. Funds for the project were raised through a private placement of a redeemable fixed rate secured bond (the Bond) of US$20 million. The Bond was fully subscribed and closed on 2 March 2015. The balance of funding required will come from cash generated through operations. The Board wishes to express its sincere gratitude to the various stakeholders including government ministries for their support in this regard.

The company's other assets i.e. the Refinery and Shangani Mine remain under care and maintenance.

Retained profit improved by US$11.2 million (239%) from a retained loss in prior year

FINANCIAL RESULTS

Income Statement

Turnover comprised 7 352 tonnes of nickel at a value of US$ 78.9 million (2014: 7 129 tonnes and US$ 65.0 million respectively). This represents an increase of 3% in tonnes sold and 21% in value sold compared to the prior period.

The average nickel price for the period was US$ 16 700 per tonne (2014: US$ 14 298 per tonne).

Cost of sales increased by 45% to US$42.8 million (2014: US$29.6 million). The increase over the prior period was a result of the investment in mobile equipment refurbishment, a year-on-year salary increase following increases implemented in January 2014, additional development cost as the development metres increased and an increase in the electricity tariff as an agreement for a commodity price linked tariff ended in December 2014. In the previous period, the company capitalised pre-start costs of US$ 3.4 million.

The Company achieved an operating profit for the year of US$15.9 million compared to US$17.3 million in the prior year. Profit after tax was US$11.2 million versus US$23.7 million recorded in the previous year.

During care and maintenance, the company incurred losses which led to a build-up of a significant accumulated tax loss. In terms of International Accounting Standard (IAS) 12 Income Taxes, the company recognized this asset for the year ended 31 March 2014. As the company records profits the tax loss is utilized and the asset is written back against income. Consequently, US$4.8 million was written back during the period under review.

Balance Sheet

Share capital increased during the year following the issue of 1.5 million shares in lieu of the settlement of certain legacy creditors. The continued profitability of the company resulted in a retained profit of US$6.5 million from a retained loss of US$4.7 million in the prior period.

Non-current liabilities increased by US$10.2 million. During the period under review, the company made loan prepayments amounting to US$6.4 million, compared to a prepayment of US$2 million made in the prior year. To date, an amount of $16.4 million has been received from Bond holders. The balance of $3.6 million was deferred by special arrangement, $1.5 milliion was received on 10 July 2015 and the balance will be received by the end of September 2015.

Current liabilities increased by US$4.8m compared to the prior period. The corporation started settling legacy trade creditors from June 2014 and is well on track to meet its obligations in this regard. These obligations will be settled by December 2016, while amounts due to employees following the agreement reached in September 2012 were settled by December 2014. Trade payables increased by US$ 1.4 million, due to creditors related to the Smelter project. Other payables decreased by US$6.5 million.

Non-current assets increased by US$2.3 million year on year. Property, plant and equipment increased due to capital expenditure on the Re-deep Project, additions to mobile equipment and work in progress capitalised on the smelter project. A deferred tax asset was raised in the prior year and an amount of US$2.5 million remained as an asset as at the end of the period.

Current assets increased by US$14.4 million, mainly due to an increased holding of stores stock to optimal levels, particularly on mobile plant spares and insurance spares. In addition, an excess provision for obsolete stores amounting to US$2.3 million was written back following the review of an impairment against stock raised in 2009.

Trade debtors and other receivables increased by US$2.3 million over the period mainly due to an increase in prepayments related to the smelter project. Cash on hand increased by US$7.7 million as a result of the funds received from the Bond issue

Cash flow

The company's operating cash flow before working capital movements was US$ 15.9 million (2014: US$ 17.3 million). This was utilized as follows: increase in inventory - US$ 4.3 million; debtors US$ 2.3 million and decrease in creditors US$ 4.7 million. US$ 9.5 million was spent on capital expenditure and US$ 6.4 million on prepayment of the shareholders' loan.

Record nickel production of 7 306 tonnes

MARKETS

The nickel market in the year under review was characterized by surprises and uncertainties. The market initially ran ahead of fundamentals in early 2014 after the introduction of the Indonesian ore export ban in January, which resulted in prices rising above US$21 000 per tonne, only to correct to the current price of around US$13 000 per tonne. The ban was initially expected to result in reduced nickel pig iron (NPI) production in China – a major source of nickel units. The reduction in NPI production was expected to lend support to nickel prices. NPI producers have not depleted their stockpiled high grade (Indonesian) ore as fast as originally thought as they were able to blend the ore with lower grade Philippines ore. Indonesian ore stockpiles in China still remain high at around 7 million tonnes.

In the last half of the year a number of NPI producers in China were shut down as that country tightened environmental standards. The closure of the plants, combined with the depletion of Indonesian ores, may result in lower NPI production.

The market remains bearish in the short term as investor confidence has been increasingly shaken by the global economy, a stronger US$ and falling oil prices.

Nickel's underlying fundamentals have been firming up and support for price is expected to come from the following factors:

- the stocks of Indonesian ore in China will eventually deplete and the lower grade Philippine ore will not be able to replace it
- slow progression of setting up smelters in Indonesian to replace the reduce Chinese nickel pig iron production
- analysts expect that there will be an increased demand for primary nickel units in Europe as a result of the anti-dumping duties on Chinese steel.

Analysts predict a metal price recovery by the end of the second quarter of 2015. They also forecast prices of around or below US$13 100 per tonne in the near term, an annual average price of US$15 000 per tonne for 2015 and US$17 750 per tonne for 2016.

OPERATIONS

In mining, efforts were focused on ensuring that the mobile fleet operates

Revenue increased by 21% to $78.9 million

efficiently and effectively. Three new drill rigs were purchased together with two dump trucks, while refurbishments and the rebuild of existing equipment were undertaken. This will assist the mining operation in achieving a steady rate of production in the future.

The processing plant is running well. The key focus is on optimizing its operations through a balance of recovery, magnesium oxide reduction and nickel throughput.

The shaft re-deepening project is ongoing and is on target for completion in the second quarter of 2015.

SAFETY, HEALTH AND ENVIRONMENT

The corporation strives for zero accidents and injuries. Employees have been trained in behaviour-based safety and intervention programs.

Unfortunately there were two fatalities during the period under review. Jim Tembo died as a result of injuries sustained in an underground accident on 5 November 2014, while Binwell Mazivazvose died from injuries sustained in an underground accident in the Re-deep Project on 31 March 2015. The directors wish to express their condolences to the families of the deceased.

In order to improve on readiness for emergency preparedness and response, the company participated in the Chamber of Mines First Aid Competitions.

HUMAN RESOURCES

The corporation's structures were reviewed to ensure optimal performance, efficiency and team work across all levels of staff.

The Performance Management System has been enhanced and key performance indicators in each department are being monitored, measured and incentivised to ensure that each component within the business adds to the overall business objectives.

Constructive engagement with the worker leadership is ongoing and continues to improve. The industrial relations climate is positive and progressive as issues are discussed at grassroots level in departmental liaison meetings and escalated to the Works' Council at company level. There is a continuous review of policies and procedures.

OUTLOOK

With the investment in mobile equipment over the past six months and the further investment in the third quarter, it is expected that the mining operations will reach a steady state going forward.

Nickel demand is forecast to improve in the short term. This will have a favourable impact on the nickel price going forward which bodes well for the corporation and its efforts to restart the smelter.

The smelter project has commenced, though it was stalled due to delays in the fundraising which adversely affected the company's ability to make firm commitments with suppliers. The project, which has a 9-12 month time horizon, will be completed in the first quarter of 2016.

The Re-deep Project will be concluded by the end of June 2015. To commission this project, there is the need to undergo a one month shut down, during which various upgrades will be made to the service winders in order to ensure their ongoing serviceability in the future.

Capital expenditure of US$9.5 million incurred

GOING CONCERN

The Directors have considered the current trading activities, funding position and projected funding requirements for the group, particularly for the Corporation's main operating subsidiary, Trojan Nickel Mine Limited, for at least eighteen months from the date of approval of these financial statements. The Directors consider it appropriate to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2015. It is the Directors' view that group will be in a position to finance future operations as well as complete the smelter project and settle any liabilities that may occur in the ordinary course of business.

While the Group earned a profit before taxation for the year ended 31 March 2015 amounting to US$ 15.9 million (2014: US$ 16.3 million), and at that date its total assets exceeded total liabilities by 39.0 million (2014: 27.8 million), its ability to continue as a going concern is dependent on its ability to generate positive cash flows.

The Corporation's cash flows are highly dependent on the nickel price. During the year, a significant drop in the nickel price was experienced from $17 375/tonne at the beginning of the year to $13 746/tonne at the end of the year. Analysts have been forecasting for some time that there will be a deficit in the supply of nickel and that this will see a recovery in the nickel price in the short to medium term.

In assessing the future cash flows of the group an average nickel price of US$ 13 667/tonne has been assumed for the period July 2015 to December 2015, and an average nickel price of US$ 17 250/tonne for the period January 2016 to December 2016. This forecast has been taken from a consensus forecast complied by Glencore International AG.

In addition to the directors' assumption regarding the nickel price, the 18 month cash flow forecast for the group from 1 July 2015 are based on the following key assumptions:

- Power accounts for 48% of the total operating costs for smelter at the current power tariff. In the past the company enjoyed a commodity linked tariff which expired in January 2015. Recently, chrome producers were able to reduce their power tariffs and the directors intend to commence discussions to reduce the power tariff for the smelter. The government has committed to assisting industry in driving competitiveness, and this commitment was demonstrated in successful negotiations in the chrome industry. Directors are confident that a reduction in the power tariff will be achieved and have included a reduced power tariff in their forecasts after March 2016.
- A total amount of US$ 3.6 million that was expected in terms of a bond holder's subscription agreement had not been received as at 31 March 2015. Of this amount, US$ 1.5 million was subsequently received on 10 July 2015 and a further US$ 2.1 million is expected by the end of September 2015, this has been confirmed by the bond holder. The directors have included this amount in the cash flow forecast.
- At 30 June 2015 the Group's cash on hand was US$ 2.8 million, and overdraft facilities of US$ 7 million and an asset facility of US$ 1 million were unutilised at that date. While the asset facility of US$ 1m has a tenor of two years, the overdraft facility of US$ 7 million expires in May 2016. The Directors are confident that this facility will be rolled over or replaced as the group has managed to achieve this in the past and have thus assumed that the facility will be available in their forecast.
- The smelter project is expected to be finalised in the first quarter of 2016, with first sale of leach alloy forecast in April 2016. While negotiations are underway with various parties for an off take agreement, the timing of the conclusion of such agreements is sensitive to the current state of the nickel market and directors will conclude such negotiations when appropriate. Further negotiations for the processing of third party concentrate have also commenced and such negotiations can be concluded once the off take agreement for the sale of leach alloy has been finalized. The directors have assumed that the negotiations will be successfully concluded by the time that the smelter project is completed.

Should these assumptions not be achieved, a material uncertainty will exist that may cast significant doubt on the ability of the Corporation and its subsidiaries to continue as going concerns, and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business.

DIVIDEND

In the light of 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.

By Order of the Board
Bindura Nickel Corporation Limited
C F Mukanganga
Company Secretary
26 June 2015

Gross profit increased by 2%

	31-Mar-15	31-Mar-14
Nickel production	Tonnes	Tonnes
BNC production	7,306	7,027
BNC Nickel Sales in Concentrates	7,352	7,129

ABRIDGED GROUP STATEMENT OF COMPREHENSIVE INCOME	31-Mar-15 US$	31-Mar-14 US$
Turnover		
Nickel Concentrates	78,872,123	65,011,248
	78,872,123	65,011,248
Cost of sales	(42,756,475)	(29,567,287)
Gross Profit	36,115,648	35,443,961
Other income	1,150,169	302,315
Marketing and distribution expenses	(13,135,282)	(13,992,624)
Administrative expenses	(8,266,852)	(4,451,399)
Operating Profit	15,863,683	17,302,253
Net finance costs	90,557	(934,995)
Profit before taxation	15,954,240	16,367,258
Taxation	(4,781,496)	7,305,487
Total profit and other comprehensive income for the year	11,172,744	23,672,745
Basic and diluted earnings per ordinary share (cents)	**0.9**	**1.9**

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION	Note	At 31-Mar-15 US$	At 31-Mar-14 US$
Equity and liabilities			
Share capital		12,778	12,762
Non-distributable reserves		32,468,396	32,422,263
Retained profit/(loss)		6,500,203	(4,672,541)
Total equity		38,981,377	27,762,484
Non-current liabilities			
Long term Liabilities	8	19,922,804	9,524,127
Environmental rehabilitation provision		11,798,820	11,963,226
		31,721,624	21,487,353
Current liabilities			
Trade payables		8,540,730	7,183,062
Other payables		10,699,297	17,150,615
Related party payables		1,339,318	1,012,404
		20,579,345	25,346,081
Total equity and liabilities		91,282,346	74,595,918
Assets			
Non-current assets	7	59,352,099	57,054,388
Current assets			
Inventories		9,147,562	4,796,483
Trade and other receivables		10,836,728	8,534,303
Cash and cash equivalents		11,945,957	4,210,744
		31,930,247	17,541,530
Total assets		91,282,346	74,595,918

ABRIDGED GROUP STATEMENT OF CASHFLOWS	31-Mar-15 US$	31-Mar-14 US$
Cash flows from operating activities		
Profit from operations before interest and taxation	15,863,683	17,302,253
Adjusted for:		
Depreciation of property, plant and equipment	2,209,027	1,512,581
Environmental rehabilitation costs	(76,576)	(663,133)
Loss/(profit) on disposal of property, plant and equipment	6,201	(5,667)
Operating cash flow before working capital changes	18,002,335	18,146,034
Increase in inventories	(4,351,079)	(1,848,594)
Increase in trade and other receivables	(2,302,425)	(2,383,595)
Decrease in trade and other payables	(4,720,587)	(5,923,099)
Net cash flows from operations	6,628,244	7,990,746
Returns on investments and servicing of finance		
Interest received	716,448	225,677
Interest paid	(147,664)	(544,231)
Exchange (loss) / gains	(72,055)	150,038
	496,729	(168,516)
Net cash flows from operating activities	7,124,973	7,822,230
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,467,710)	(7,053,312)
Proceeds from sale of property, plant and equipment	123,732	5,667
Net cash flows from investing activities	(9,343,978)	(7,047,645)
Net cash flows before financing activities	(2,219,005)	774,585
Cash flows from financing activities		
Staff loans (issued)/received	(38,288)	867
Long term loan repaid	(6,407,494)	(2,000,000)
Long term loan received	16,400,000	-
Net cash flows from financing activities	9,954,218	(1,999,133)
Increase/(decrease) in cash and cash equivalents	7,735,213	(1,224,548)
Cash and cash equivalents at the beginning of the year	4,210,744	5,435,292
Cash and cash equivalents at the end of the year	11,945,957	4,210,744

Smelter Bond of US$20 million fully subscribed

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY	Share capital US$	Non-distributable reserves US$	Retained earnings US$	Total US$
Balances at 31 March 2013	12,474	31,585,412	(28,345,286)	3,252,600
Total profit and other comprehensive income for the year attributable to ordinary shareholders	-	-	23,672,745	23,672,745
Transactions with owners of the company recognised direclty into equity				
Contributions by and distributions to owners of the company	288	836,851	-	837,139
Balances at 31 March 2014	12,762	32,422,263	(4,672,541)	27,762,484
Total profit and other comprehensive income for the year attributable to ordinary shareholders			11,172,744	11,172,744
Transactions with owners of the company recognised direclty into equity				
Contributions by and distributions to owners of the company	16	46,133	-	46,149
Balances at 31 March 2015	12,778	32,468,396	6,500,203	38,981,377

NOTES TO THE ABRIDGED GROUP FINANCIAL STATEMENTS

1 Presentation

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

2 Principal group accounting policies

The financial results for the year ended 31 March 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS's), the Zimbabwe Stock Exchange (ZSE) listings requirements and the Companies Act (Chaper 24:03). All accounting policies have been applied consistently.

3 Audit of financial statements

The Group auditors, KPMG Chartered Accountants (Zimbabwe) have expressed an unqualified opinion on the Group financial statements. The signed financial statements are available for inspection at the Company's registered office.

		'31 March 2015	'31 March 2014
4	**Earnings per share**		
	Earnings attributable to shareholders (US$)	11,172,744	23,672,745
	Weighted average number of shares	1,239,530,154	1,220,442,884
	Basic and diluted earnings/per share (cents)	0.9	1.9
5	**Capital expenditure**	9,467,710	7,053,312
6	**Capital commitments**		
	Authorised by Directors and contracted for	3,965,099	973,219

		'31 March 2015 US$	'31 March 2014 US$
7	**Non-current assets**		
	Property, plant and equipment	56,227,891	49,186,972
	Loans	41,661	3,373
	Long term investment	558,556	558,556
	Deferred Taxation	2,523,991	7,305,487
		59,352,099	57,054,388
8	**Long term liabilities**		
	Related party Loan	1,592,506	8,000,000
	Loan interest payable	1,930,298	1,524,127
	Long term loan	16,400,000	-
		19,922,804	9,524,127

9 Comparatives for the prior year have been restated where additional disclosures in the income statement have been made.

10	**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 1 April 2014 and 31 March 2015	(1,538,313)
	Private placement shares not yet issued as at 31 March 2015	**70,557,066**

By order of the Board
Bindura Nickel Corporation Limited
CF Mukanganga
Company Secretary
26 June 2015

Directors: *K K Mpinga (Chairman) (DRC), *D E H Murangari (Deputy Chairman), B Manhando (Managing Director), *J P Arthur, *O M Chidawu, H Jacobs, *N Kudenga, *Y C Kwan, T Mashungupa, *M A Masunda, *I S Cochrane (Alternate Director)
*(non executive)

Registered address: Trojan Nickel Mine, Trojan Mine Road, P.O. Box 35, Bindura, Zimbabwe.