



**PADENGA HOLDINGS LIMITED**

# Trading Update for the First Quarter (FY2024)

Padenga Holdings Limited (the Group) is pleased to issue its trading update for the first quarter ended 31 March 2024.

## Trading Environment

The first quarter under review remained challenging, characterized by increasing inflation rates, policy and currency changes. Mitigation measures continue to be in place and are constantly monitored by Management to ensure optimal operation of the business.

## OPERATIONAL PERFORMANCE

### Mining Operations

Gold sales in the three months to 31 March 2024 surpassed the prior year comparative period by 39% (751.6 kgs vs 541.4 kgs). This was achieved on the back of an increase in tonnes milled and mill feed grade. The tonnes milled increased by 7% to 457,440mt up from 427,702mt recorded for the same period last year. The increase was due to optimised plant throughput at Eureka Mine, as well as the addition of a new mill at Pickstone Peerless Mine. Mill feed grade also registered a 2% increase (1.47 g/mt vs 1.44g/mt).

The initial phase of the Pickstone Peerless Mine underground (PUG) project was officially commissioned by His Excellency, the President of the Republic of Zimbabwe Cde. Dr. E.D. Mnangagwa on 10 April 2024. Meanwhile, ore hoisting from PUG continued parallel to Phase 2 of the underground development.

### Nile Crocodile Operations

The Nile crocodile operations recorded a 34% decrease in skin harvest volumes during the three months ended 31 March 2024, compared to prior period (9,248 vs 14,096). The first quarter of 2023 benefited from the harvest of some 10,000 skins carried over from December 2022. Skin sales in the first quarter at 7,480 skins were 213% above the 2,392 skins sold for the comparative period. Sales in the quarter ensured the timely completion of the 2023/24 skin contract with the main customer and included an early contribution towards the 2024/25 skin contract ending 28 February 2025. The significant improvement in skin quality realized at the end of 2023 continued into the first quarter of 2024.

The annual rehabilitation of crocodile pens to improve skin quality began during the quarter and is set to be completed in the second quarter of the year. The commissioning of the phase 3 solar array at the northern farms to bring the solar plant operating capacity to a total of 1.2MW is now set for the second quarter of 2024. Capital expenditure during the 2024 financial

year will be headlined by the construction of the waste water treatment plant which has begun and is set to be completed by the end of the year.

## MARKET OUTLOOK

### Mining Operations

The gold price outlook appears firm for the remainder of the year with record prices recorded to date. The Group has embarked on further capital expenditure at Pickstone Peerless Mine for Phase 2 of the underground project in line with budget. Other projects earmarked for 2024 include the Pre-Leach Thickener and Solar Project at Eureka Mine.

Looking forward, the Group remains on track to increase gold production by expansion of the Pickstone underground mine cited above. The Group remains focused on initiatives to enhance grade, reduce operating costs and improve recoveries.

### Nile Crocodile Operations

Following an improvement in skin quality at optimal production levels in FY2023, the business is on course to fulfill its 2024/25 skin contract volumes to its primary customer within the FY2024 ahead of the contract end date of February 2025. Trading terms for the succeeding season are set to be negotiated in the third and fourth quarter, thus ensuring viability of the business in the short to medium term. The exotic skins luxury market continues to withstand the turbulent global economic environment and maintains its position as a significant player in this value chain, thereby also expanding its customer base. Meat exports are set to resume during the latter part of the current financial year.

The Group's Management continues on its drive to reduce borrowings and related interest costs to sustainable levels and to improve profitability, thus generating shareholder value growth.

Subsequent to the recent pronouncements in the RBZ's Monetary Policy Statement in April 2024, the Group anticipates to benefit from a stabilised local economic environment and will continue to pursue its objective of increasing export proceeds for the business operations and the country at large.

By order of the Board

AD Lorimer  
Company Secretary  
14 May 2024

Padenga Head Office  
121 Borrowdale Road  
Gun Hill, Harare

Directors: \*Themba Sibanda (Chairman)\*, Michael Fowler (Chief Executive Officer), Oliver Kamundimu (Chief Financial Officer), Eve Mkondo\*, Sternford Moyo\*, Mike Mudondo\* (\*Non-Executive)

