

Trading Update for the First Quarter (FY2023)

Padenga Holdings Limited is pleased to issue its trading update for the first quarter ended 31 March 2023.

TRADING ENVIRONMENT

The quarter under review was characterized by tight monetary measures. Notwithstanding the decline in inflation rates during the quarter, the local currency continued depreciating against the greenback. The exchange rate as determined by the official Auction was 687.28 to one USD at the beginning of the quarter and had moved to 929.86 to the US unit by the end of the quarter.

OPERATIONAL PERFORMANCE

Mining Operations

Gold sales volumes for the three months to 31 March 2023 increased by 19% to 541kgs from 453kgs in the comparative prior year period. This significant increase was attributable to higher tonnage processed through the mills, higher grades that were mined during the quarter and a higher recovery rate compared to the same period last year.

Eureka Mine achieved a 10% increase in through put compared to Q1 2022 as a result of continuous process optimisation, whilst an improvement in grade was achieved on the back of geological work conducted in 2022 to improve the understanding of the resource model. At Pickstone Peerless Mine, improved grades were realised out of the Peerless pit which was the predominant source of ore this quarter.

Crocodile Operations

The Nile crocodile operations recorded a 45% increase in skin harvest volumes during the first quarter of 2023, compared to prior period (14,096 vs 9,733) as strategies to improve skin quality is bearing fruit. Skin sales in the quarter at 2,392 skins were below the 5,070 skins sold in the prior year. However, in April the business sold 10,000 skins to its top tier customer and is on course to achieving its sales targets for the year. A decision was made to extend the production season to the end of February annually to incorporate the full summer period and will contribute towards finishing skins to the increased quality standards demanded by the market.

The sale of stock skins from prior years is continuing with the expectation that these will be fully disposed of by the end of the current financial year.

Capital projects during the year are mainly focused on the rehabilitation of crocodile pens which is central to improvement of skin quality. The 2023 rehabilitation program has started and is on schedule. The installation of the phase 3 solar array at the northern farms to bring the solar plant operating capacity to a total of 1.2MW has been concluded with commissioning works underway for completion by the end of July 2023.

Market outlook

Commercial production from the Pickstone underground project, which is the main capital expenditure project this year, is expected to commence in late Q3 2023. Gold production volumes are forecast to remain stable in Q2 and increase thereafter on the back of commencement of higher-grade ore feed from the Pickstone underground operation.

The international gold spot price has continued to be firm since the end of Q1 and is projected to remain so for the remainder of 2023.

The crocodile operation continues with its initiatives to produce high quality skins that are consistent with premium market expectations. The business has successfully concluded new contract negotiations with customers that ensure the future viability of the business. The exotic skins luxury market remains extremely resilient in the current global economic environment, and the operation is well positioned to remain a significant player in this value chain.

The Group's Management is focused on generating value growth for shareholders, notwithstanding the prevailing economic conditions which remain complex and challenging.



T N Sibanda

Chairman

15 May 2023