



Trading Update for the Third Quarter (FY2022)

Padenga Holdings Limited is pleased to issue its trading update for the third quarter ended 30 September 2022.

Trading Environment

During the third quarter, tight monetary measures were introduced by the authorities and they have started yielding positive results as evidenced by the stabilization of exchange rates and the slow down in inflation for the larger part of the quarter. Globally, commodity prices however remained high, mainly due to the adverse effects of the Russia-Ukraine war and climate disasters.

Operational Performance

Dallaglio Mining Group

Gold sales volumes for the nine months to September 2022 increased by 195% to 1,480kgs from 501kgs in the comparative period. The significant increase was mainly attributable to the minimal contribution from Eureka gold mine in prior year, having only started commercial production in September 2021. In the prior period, the flooding effects in the 2020/21 rainy season experienced at Pickstone mine resulted in low production output.

Zimbabwe Crocodile Operation

The Nile crocodile operation in Zimbabwe recorded a 44% increase in skin sales volumes in the nine months, compared to prior period (17,319 vs 12,036). 40% of the current year sales volumes, were from carry over stock skins from prior year sold to newly sourced markets.



Year to date, 18,530 skins were harvested compared to 22,903 skins in the prior year. Initiatives directed at improving skin quality implemented in response to the recent market evolutions continued to yield positive results, towards meeting the top tier customer's quality expectations.

No export meat production occurred over the period under review as the stringency of the European protocols for crocodile meat testing has significantly tightened, making compliance difficult. Industry initiatives are in process to obtain dispensation from the revised EU testing protocols in order for meat exports to resume. Volume of meat sold locally amounted to 147 tons (150 tons FY21).

United States Operation - Tallow Creek Ranch

As previously reported, in July 2022 the Group concluded an Asset Purchase Agreement (APA) with an off shore equity group for the sale of the operating assets of the alligator business. The disposal of this loss making operation will in the long term preserve shareholder value and maximise management focus on the continuing operations.

Market outlook

Notwithstanding the global gold price fluctuations experienced, the price of gold is projected to remain high for the rest of the year. Volumes are also expected to continue growing at a steady rate, as production

is augmented by capital projects currently underway at Pickstone mine to resuscitate underground mine operations as the open pit mine approaches its end of life. The project is expected to be complete at the end of the first quarter in 2023.

The crocodile operation remains focused on producing high quality skins that are consistent with premium market expectations. Initiatives are constantly being implemented and improved to ensure constant production of grade 1 blemish free skins.

Alternative markets have been located for the stock skins not meeting the premium market size and quality expectations. The current stock is expected to be sold and delivered by the end of 2023.

Management continues on a drive to reduce borrowings and efficiently monitoring and managing working capital requirements for the Group. The Group consistently reviews and implements strategies that achieve business continuity and growth.

T N Sibanda

Chairman

11 November 2022

