

Zimplats Holdings Limited



REPORT FOR THE QUARTER ENDED 30 JUNE 2018

KEY FEATURES

- No fatalities or lost-time injuries were recorded during the quarter
- Commendable safety milestone of 8.8 million fatality-free shifts was achieved
- Tonnes mined were lower by 10% and tonnes milled decreased by 5%
- Decrease of 6% in four elements (platinum, palladium, gold and rhodium) (4E) production
- Revenue and gross revenue per 4E ounce decreased by 13% and 3% respectively
- Bimha Mine, which is under re-development, attained design production in April 2018 as planned
- Mupani Mine development project is on schedule
- Land within Zimplats' mining lease area was released to the Government of Zimbabwe
- Two separate mining leases were granted over the remaining two pieces of land replacing the special mining lease.

SAFETY

No lost-time injuries were recorded during the quarter compared to one in the previous quarter.

The Group achieved a safety milestone of 8.8 million fatality free shifts.

PRODUCTION

		June Quarter 2018	March Quarter 2018	% Change	June Quarter 2017	% Change
Mining						
Ore mined	Tonnes (000)	1 564	1 745	(10)	1 862	(16)
Head grade	4E g/t	3.23	3.23	-	3.24	-
Processing						
Ore milled	Tonnes (000)	1 578	1 659	(5)	1 844	(14)
Recovery	4E %	80.9	81.1	-	80.8	-
Metal in final product						
Platinum	Ounces	65 629	68 931	(5)	78 401	(16)
Palladium	Ounces	53 262	57 039	(7)	65 170	(18)
Gold	Ounces	7 213	7 480	(4)	8 188	(12)
Rhodium	Ounces	5 879	6 247	(6)	7 139	(18)
4E total	Ounces	131 983	139 697	(6)	158 898	(17)
Ruthenium	Ounces	5 075	5 359	(5)	6 241	(19)
Iridium	Ounces	2 363	2 537	(7)	2 973	(21)
Silver	Ounces	11 923	11 780	1	13 243	(10)
Nickel	Tonnes	1 271	1 280	(1)	1 462	(13)
Copper	Tonnes	907	933	(3)	1 116	(19)
Cobalt	Tonnes	19	20	(5)	18	6

		June Quarter 2018	March Quarter 2018	% Change	June Quarter 2017	% Change
Metal sales						
Platinum	Ounces	63 279	70 618	(10)	75 263	(16)
Palladium	Ounces	52 772	58 832	(10)	62 710	(16)
Gold	Ounces	7 376	7 638	(3)	8 152	(10)
Rhodium	Ounces	5 627	6 613	(15)	6 813	(17)
4E total	Ounces	129 054	143 701	(10)	152 938	(16)
Ruthenium	Ounces	5 016	5 494	(9)	6 123	(18)
Iridium	Ounces	2 344	2 555	(8)	2 917	(20)
Silver	Ounces	13 280	12 037	10	14 536	(9)
Nickel	Tonnes	1 240	1 300	(5)	1 402	(12)
Copper	Tonnes	975	947	3	1 069	(9)
Cobalt	Tonnes	13	20	(35)	19	(32)

Tonnes mined decreased by 10% from the previous quarter. This is as a result of the planned closure of the open-pit operation as Bimha Mine has now achieved design production capacity. With Bimha Mine now at design capacity, the Group is operating at Phase 2 underground mine design capacity, which is approximately 6.2 million tonnes per year.

Tonnes milled decreased by 5% from the previous quarter due to planned mill reline shutdowns at both concentrators during the quarter.

The 4E head grade was unchanged at 3.23g/t despite the closure of low-grade South Pit Mine due to the dilution from mining of underground workshops at Bimha Mine and faulting at Mupfuti Mine.

The furnace operated well during the quarter smelting 31 434 tonnes of concentrate, although this was down from the 34 165 tonnes smelted in the previous quarter. This decrease was largely due to a planned seven-day tap block inspection shutdown in May 2018. This shutdown is conducted once every six months.

Overall, 4E metal production in final product decreased by 6% from the previous quarter in line with the decrease in the volume of ore milled.

4E metal sales for the quarter at 129 054 ounces were 10% lower than the previous quarter mainly due to the decrease in production and metal inventory movement.

FINANCIAL

	June Quarter 2018 US\$000	March Quarter 2018 US\$000	% Change	June Quarter 2017 US\$000	% Change
Revenue	137 741	158 655	(13)	143 595	(4)
Net operating costs	(96 317)	(90 190)	(7)	(109 696)	12
Profit from operations before royalties	41 424	68 465	(39)	33 899	22
Royalties and commission	(4 232)	(3 950)	(7)	(3 573)	(18)
Profit from operations after royalties	37 192	64 515	(42)	30 326	23

The table below shows the analysis of revenue by metal.

Metal	June Quarter 2018 US\$000	March Quarter 2018 US\$000	% Change	June Quarter 2017 US\$000	% Change
Platinum	46 854	64 633	(28)	61 830	(24)
Palladium	45 240	52 258	(13)	49 038	(8)
Gold	8 300	9 401	(12)	9 330	(11)
Rhodium	14 694	11 055	33	7 409	98
4E total	115 088	137 347	(16)	127 607	(10)
Nickel	15 105	14 389	5	9 375	61
Copper	4 772	4 563	5	4 454	7
Iridium	2 009	1 062	89	1 616	24
Ruthenium	803	671	20	286	181
Cobalt	192	272	(29)	186	3
Silver	(228)	351	(165)	71	(421)
Grand total	137 741	158 655	(13)	143 595	(4)

Revenue decreased by 13% from the previous quarter because of a 10% decrease in the volume of 4E metal sold and the softening of metal prices (gross revenue per 4E ounce decreased by 3% from US\$1 104 to US\$1 067).

Net operating costs increased by 7% compared to the previous quarter. The previous quarter's net operating costs benefitted from the recognition of income of US\$9.8 million in respect of treasury bills received in settlement of interest on the US\$34 million Reserve Bank of Zimbabwe advance. This was partly offset by the impact of the decrease in sales volumes on cost of sales and selling expenses.

Royalty and commission expenses increased by 7% from the previous quarter due to higher royalty rates when the operating subsidiary migrated from a special mining lease to an ordinary mining lease from 1 June 2018. This was partly offset by the decrease in revenue.

Cash and total cost of production	June Quarter 2018 US\$	March Quarter 2018 US\$	% Change	June Quarter 2017 US\$	% Change
Cash cost per 4E ounce	644	592	(9)	620	(4)
Net cash cost per 4E ounce	468	444	(5)	515	9
Amortisation and depreciation	114	115	1	112	(2)
Total cost per 4E ounce*	582	558	(4)	627	7
Gross revenue per 4E ounce	1 067	1 104	(3)	939	14

*Net of by-product revenue.

Cash cost per 4E ounce increased by 9% from the previous quarter mainly due to the 10% and 5% decrease in mining and processing production volumes respectively. This was in addition to a general increase in operating costs during the quarter.

Net cash cost per 4E ounce increased by 6% from the previous quarter due to the 9% increase in operating costs which was partly offset by the increase in by-product revenue per 4E ounce driven by the nickel price increase.

Gross revenue per 4E ounce decreased by 3% from the previous quarter due to decreases in platinum, palladium and gold prices.

Total payments to the Government of Zimbabwe in direct and indirect taxes increased to US\$60 million from the US\$17 million reported in the previous quarter. The increase was largely as a result of the payment of additional profits tax for the year ended 30 June 2017 which was payable during the quarter.

The average platinum, palladium, rhodium, gold and nickel prices realised were as follows:

METAL PRICES

	June Quarter 2018	March Quarter 2018	% Change	June Quarter 2017	% Change
Platinum (US\$ per oz)	904	978	(8)	941	(4)
Palladium (US\$ per oz)	978	1 035	(6)	819	19
Rhodium (US\$ per oz)	2 088	1 763	18	947	120
Gold (US\$ per oz)	1 307	1 330	(2)	1 257	4
Nickel (US\$ per tonne)	14 463	13 283	9	9 248	56

CAPITAL PROJECTS

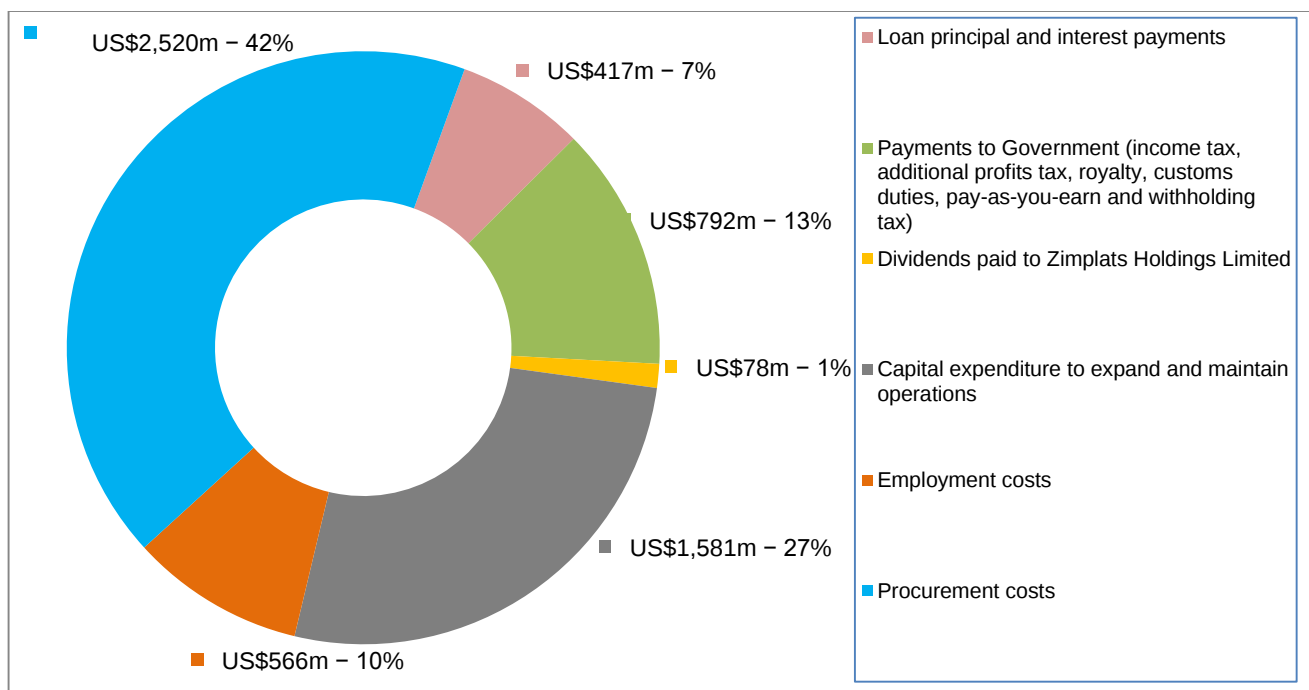
Bimha Mine attained design production in April 2018. The north crusher and ore conveyancing system is targeted for completion in August 2018 while the south crusher and ore conveyancing system is scheduled for commissioning in May 2019. A total of US\$66.2 million has been spent and US\$14.4 million has been committed as at 30 June 2018 against a budget of US\$101 million.

The development of Mupani Mine (the replacement for Ngwarati and Rukodzi mines) is ahead of schedule, targeting ore contact by August 2019 and full production in August 2025. A total of US\$37.8 million had been spent and US\$18.7 million committed for the project as at 30 June 2018 against an approved total project budget of US\$264 million.

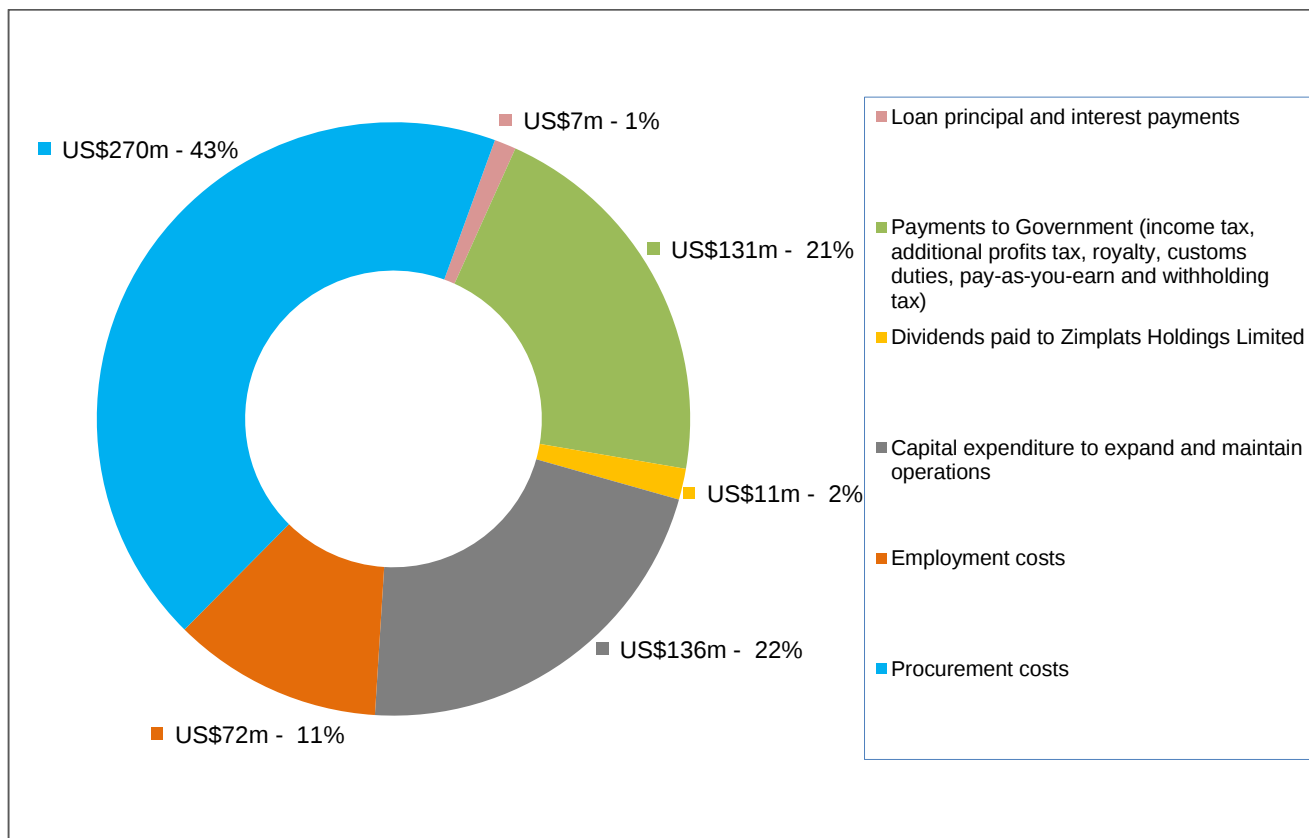
CASH UTILISATION

The Group's mining activities are operated by Zimbabwe Platinum Mines (Private) Limited (the 'operating subsidiary').

Zimbabwe Platinum Mines (Private) Limited - Cash utilisation – 1 July 2001 to 30 June 2018 (US\$ millions)



Zimbabwe Platinum Mines (Private) Limited - Cash utilisation – for the year ended 30 June 2018 (US\$ millions)



RESOLUTION OF OUTSTANDING ISSUES WITH GOVERNMENT

Indigenisation and economic empowerment

Zimplats' operating subsidiary will continue to engage the Government of Zimbabwe regarding its indigenisation implementation plan.

Acquisition of a portion of the mining lease area

As advised by the company in an announcement issued on 6 June 2018, the matter concerning the proposed compulsory acquisition of a portion of Zimplats' mining lease area, as well as the security of Zimplats' mining tenure, was resolved amicably between Zimplats, through its operating subsidiary, and the Government of Zimbabwe to the mutual benefit of both parties.

Zimplats agreed to release land to the Government measuring 23 903 hectares within Zimplats' mining lease area in support of the Government's efforts to enable participation by other investors in the platinum mining industry in Zimbabwe. Following this release of ground, the operating subsidiary applied for and was granted with effect from 31 May 2018, two separate mining leases over the remaining two pieces of land measuring 6 605 hectares and 18 027 hectares respectively. These mining leases replaced the special mining lease which was due for renewal in August 2019.

The two mining leases issued to the operating subsidiary are valid for the life of mine of Zimplats' mining operations and they secure the operating subsidiary's mining tenure.

SHAREHOLDER INFORMATION

Share price

The average share price for the quarter was AU\$6.10 (previous quarter: AU\$6.78).

Major shareholders as at 30 June 2018:

Impala Platinum BV	87.00%
JP Morgan Nominees Australia Limited	5.38%
Citicorp Nominees Pty Limited	3.76%
HSBC Custody Nominees (Australia) Limited	2.21%

Shareholder enquiries

Matters relating to shareholdings should be directed to the share registry at: Computershare Registry Services Pty Ltd, GPO Box 7054, Sydney NSW 1115, Australia. Tel: +61 3 9415 4000, Fax: +61 3 9473 2500.

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