

# Zimplats Holdings Limited



## REPORT FOR THE QUARTER ENDED 31 MARCH 2010

### KEY FEATURES

- One lost time injury recorded.
- Excellent operational and financial performances.
- Technical approval of the Ngezi Phase II Expansion project.

### SAFETY

Safety performance was unsatisfactory with one lost time injury recorded. Subsequent to quarter end, three more lost time injuries were recorded bringing the year to date lost time injuries to six.

### PRODUCTION – Zimbabwe Platinum Mines (Private) Limited

		March Quarter 2010	December Quarter 2009	September Quarter 2009	June Quarter 2009
<b>Mining</b>					
Ore mined	Tonnes (000's)	917	863	797	677
Head grade	4E g/t	3.37	3.34	3.32	3.38
<b>Processing</b>					
Ore milled	Tonnes (000's)	1,053	1,100	869	541
Recovery	4E%	82.3	80.9	80.6	83.7
4E in concentrate	Oz	93,845	94,670	74,389	49,028
4E in converter matte	Oz	92,985	91,463	72,027	47,746
Nickel in converter matte	Tonnes	884	802	597	400
Copper in converter matte	Tonnes	632	573	426	296
<b>Metal sales</b>					
4E	Oz	93,842	90,081	71,261	48,391
Nickel	Tonnes	890	794	594	398
Copper	Tonnes	632	566	420	304

It is gratifying to note that both mining and process operations recorded exceptional performances well above expectations.

Ore mined was 6% higher than the previous quarter as ramping up of production at Portal 4 (Bimha Mine) continued.

Ore milled was 4% lower than the previous quarter due to a planned SMC concentrator maintenance shutdown. 4E recovery at 82.3% was 2% above prior quarter reflecting an improved performance at the Ngezi plant due to on-going plant optimisation.

The smelter operated well during the quarter processing all available concentrates and consequently, 4E metal produced was 2% above the previous quarter. The increase in base metals produced was a result of the increase in tonnage milled from Bimha Mine, which geologically has a higher base metal content.

4E metal sales volume was higher than production as well as the previous quarter, mainly due to pipeline stock adjustments.

### FINANCIAL – Zimbabwe Platinum Mines (Private) Limited

Operating Income Statement	March Quarter 2010 US\$ 000's	December Quarter 2009 US\$ 000's	September Quarter 2009 US\$ 000's	June Quarter 2009 US\$ 000's
Revenue	116,633	107,425	64,602	44,082
Operating Costs	(59,622)	(57,404)	(43,875)	(39,039)
Operating Profit	57,011	50,021	20,727	5,043

Revenue for the quarter was 9% higher than the previous quarter reflecting the higher sales volumes and improved metal prices. Operating costs increased by 4% in line with the higher sales volume. As a result, an operating profit of US\$57 million was recorded, 14% above the previous quarter.

Cash and total cost of production	March Quarter 2010 US\$	December Quarter 2009 US\$	September Quarter 2009 US\$	June Quarter 2009 US\$
Cash cost of production per 4E ounce	561	559	560	853
Net cash cost per 4E ounce	365	393	410	713
Amortisation and depreciation	77	78	72	34
Total cost per 4E ounce *	442	471	482	747
Total revenue per 4E ounce	1,243	1,193	907	911
Surplus per 4E ounce**	605	556	274	24

Cash cost of production per 4E ounce remained largely unchanged from the previous quarter. By product revenue and total revenue per 4E ounce were 17% and 3% up on the previous quarter respectively reflecting the increase in metal prices.

\*Net of by-product revenue.

\*\* Total Revenue, less total cost/Total 4E ounces.

## PGM PRICES

The average pgm, gold and nickel prices for the past four quarters are as follows:

	<b>March 2010 Quarter</b>	<b>December 2009 Quarter</b>	<b>September 2009 Quarter</b>	<b>June 2009 Quarter</b>
Platinum (USD per oz)	1,565	1,393	1,237	1,225
Palladium (USD per oz)	442	349	273	248
Rhodium (USD per oz)	2,568	2,000	1,608	1,467
Gold (USD per oz)	1,049	1,102	958	948
Nickel (USD per tonne)	19,953	17,695	17,522	14,956

Metal prices continued their upward trend in the quarter in line with economic recovery in the major world economies as well as continued and increased investor interest in PGM's.

## EXPANSION

Development of Bimha Mine remains on course for completion by May 2011.

The board of directors has approved the technical aspects of the proposed Ngezi Phase II expansion project at an estimated cost of US\$445 million. The project will consist of a 2 mtpa underground mine, 2 mtpa concentrator module, 35 000 megalitre dam, 9 kilometre ore overland conveyor and 1 125 employee houses. The project will result in annual platinum production increasing from 180 000 ounces to 270 000 ounces and 1 000 new jobs being created. Project commencement is however dependant on finalisation of the following:

1. Compliance issues regarding the Indigenisation and Economic Empowerment Act and the accompanying regulations that were recently gazetted. Management submitted the company's proposals, which are based on existing agreements with the Government of Zimbabwe, to the relevant authorities. A response is still awaited.
2. A mutually acceptable arrangement with government regarding the US\$34 million advance that Zimplats is owed by the Reserve Bank of Zimbabwe.
3. The on-going discussions with the relevant authorities regarding the Additional Profits Tax (APT) provisions of the Income Tax Act. It is Zimplats' view that the APT rates in the Income Tax Act, which have not been adjusted since 1996, have become punitive and are now inconsistent with the original objective of the Act.

Discussions on all the above issues are on-going with the relevant government authorities. It is however not possible to give a timeline for the conclusion of the discussions.

## RESOLUTION OF OUTSTANDING ISSUES WITH GOVERNMENT

### **Additional Profits Tax (APT)**

The Government of Zimbabwe has ruled that Zimplats is liable for APT despite the written undertakings given to the company in 2001 that this would not be the case. The board and shareholders feel very strongly about the negation of undertakings given by government to Zimplats. Despite this, the board has resolved not to seek legal redress on this matter and accordingly, most of the APT liability in respect of the 2007 year in the sum of US\$23.5 million has been paid and the full amount due will be paid by the end of May 2010. There are no APT liabilities in respect of the 2008, 2009 and 2010 tax years.

## SHAREHOLDER INFORMATION

### Share price

The average share price for the quarter was A\$12.16 (previous quarter: A\$10.82).

### Capital Structure

#### Major shareholders as at 31 March 2010:

Impala Platinum Holdings Limited	87.00%
HSBC Custody Nominees (Australia) Ltd	3.71%
Merrill Lynch (Australia) Nominees Pty Ltd	3.55%

### Caution

Shareholders are advised to exercise caution in their share dealings due to the uncertain conditions prevailing in Zimbabwe.

### Shareholder enquiries

Matters relating to the shareholdings should be directed to the share registry at: Computershare Registry Services Pty Ltd, 452 Johnston Street, Abbotsford VIC3067, Australia. Tel: +61 3 9415 4000, Fax: +61 3 9473 2500.

## INFORMATION ON ZIMPLATS

### Contact - Guernsey

Ms. Ceris Graham  
Tel: +44 1481 737 217  
Fax: +44 1481 738 917  
Email: info@zimplats.com

### Contact - Australia

Ms. Kathrine Brown  
Tel: +61 2 9252 7880  
Fax: +61 2 9252 7882  
Email: kathrine.brown@zimplats.com.au

### Contact - Zimbabwe

Mr. Patrick Maseva-Shayawabaya  
Tel: +263 4 332 590  
Fax: +263 4 332 496  
Email: pshayawabaya@zimplats.co.zw

Website: [www.zimplats.com](http://www.zimplats.com)

In the report Zimplats refers to Zimplats Holdings Limited and/or its subsidiaries.