

# Zimplats Holdings Limited



REPORT FOR THE QUARTER ENDED 30JUNE2011

## KEY FEATURES

- Unsatisfactory safety performance.
- Good operational and financial performance.
- Ngezi Phase II Expansion project implementation on schedule.

## SAFETY

Three lost time injuries were recorded in the quarter bringing the total for the year to eight, same as last year. Although there was no improvement in the year's safety performance, it is still considered to be world class and zero harm remains the company's goal.

## PRODUCTION – Zimbabwe Platinum Mines (Private) Limited

		June Quarter 2011	March Quarter 2011	% Change	June Quarter 2010	% Change
<b>Mining</b>						
Ore mined	Tonnes (000's)	1,138	1,062	7%	967	18%
Head grade	4E g/t	3.35	3.34	0%	3.37	-1%
<b>Processing</b>						
Ore milled	Tonnes (000's)	1,137	1,007	13%	1,074	6%
Recovery	4E%	82.7	82.6	0%	81.9	1%
Metal in concentrate	4E oz	101,200	89,260	13%	95,144	6%
Metal in converter matte	4E oz	103,874	84,007	24%	93,380	11%
Nickel	Tonnes	998	810	23%	898	11%
Copper	Tonnes	735	593	24%	647	14%
<b>Metal sales</b>						
4E	Oz	103,757	85,069	22%	90,418	15%
Nickel	Tonnes	980	803	22%	853	15%
Copper	Tonnes	717	586	22%	613	17%

Mining and milling operations performance was ahead of expectation and the previous quarter's performance.

Bimha Mine reached design production capacity in May 2011 as scheduled, and has been operating at that level since. As a result, ore mined was 7% and 18% higher than the previous quarter and same period last year

respectively. Grade control for the quarter was good with average head grade marginally above the previous quarter but 1% below same period last year, a result of the deteriorating ground conditions at Ngwarati and Rukodzi Mines.

Milled tonnage was 13% above the previous quarter reflecting higher running time and milling rates at both concentrators. In the previous quarter, both concentrators undertook five day maintenance shut downs. Metal production and sales volumes were higher than the previous quarter in line with higher throughput at the concentrators and the smelter. Concentrates stockpiled in the previous quarter when the smelter was down for periodic maintenance were processed in this quarter.

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

Operating Income Statement	June Quarter 2011 US\$ 000's	March Quarter 2011 US\$ 000's	% Change	June Quarter 2010 US\$ 000's	% Change
Revenue	146,849	130,539	12%	115,293	27%
Operating Costs	(77,253)	(64,959)	-19%	(58,820)	-31%
Operating Profit	69,596	65,580	6%	56,473	23%

Despite average prices realised for most of the metals being lower than the previous quarter, this was more than compensated for by the higher sales volumes. As a result, revenue at \$147 million was 12% above the previous quarter.

Operating costs were 19% above previous quarter in line with higher production and sales volumes. Significant increases in employment costs were also recorded in the quarter following the conclusion of the 2011 wage negotiations through an arbitration process. The arbitral awards ranging from 6% to 13% on industry grade minima have been implemented effective 1 January 2011. As a result, the operating margin at 47% was down from the previous quarter's 50% although the operating profit increased by 6% to \$70 million.

In comparison to the same period last year, operating costs increased by 31% due to higher production/sales volumes, higher fuel and employment costs.

Cash and total cost of production	June Quarter 2011 US\$	March Quarter 2011 US\$	% Change	June Quarter 2010 US\$	% Change
Cash cost of production per 4E ounce	642	702	9%	536	-20%
Net cash cost per 4E ounce	422	433	3%	325	-30%
Amortisation and depreciation	92	98	6%	83	-11%
Total cost per 4E ounce *	514	531	3%	408	-26%
Total revenue per 4E ounce	1,415	1,535	-8%	1,275	11%
Surplus per 4E ounce**	681	735	-7%	656	4%

Cash cost of production per 4E ounce was 9% below the previous quarter due to the higher production volumes and 20% above same period last year mainly due to higher employment and fuel costs.

\*Net of by-product revenue.

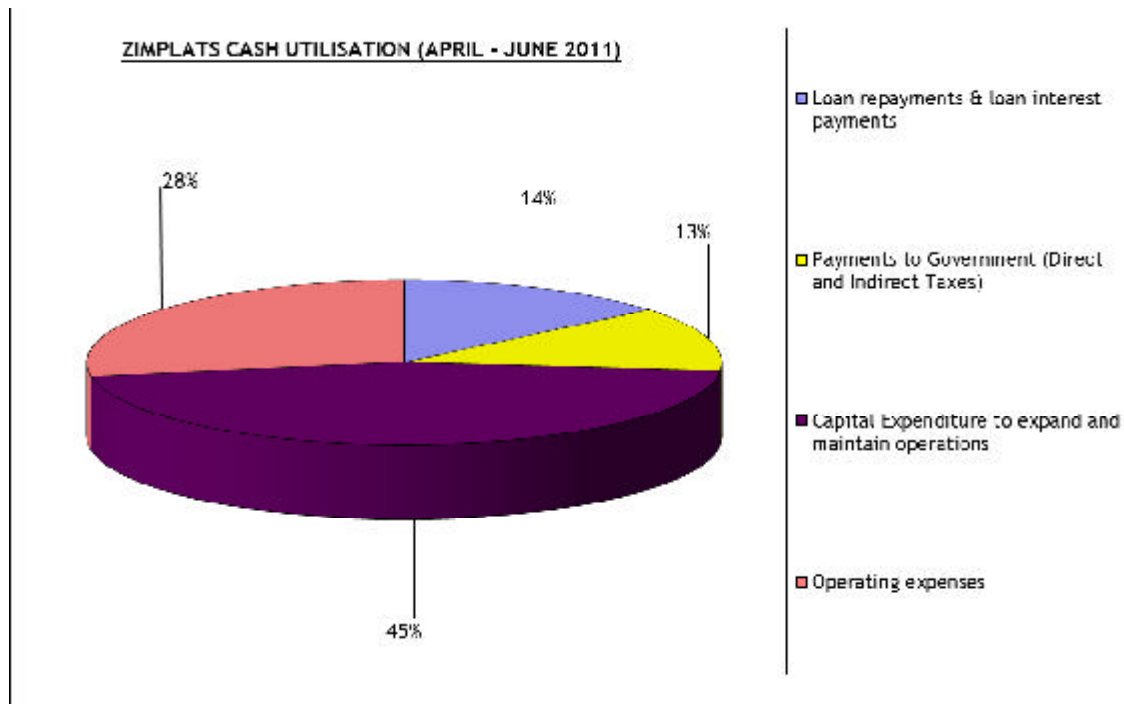
\*\* Total Revenue, less total cost/Total 4E ounces.

The recovery that has so far been recorded in the Zimbabwe manufacturing and service sectors since the dollarization of the economy in February 2009, has enabled the company to source more of its goods and services locally. This has resulted in the company's local spend (excluding payments to government and related

institutions) increasing from 16% of total expenditure in the year to June 2010 to 48% in the year to June 2011. The percentage and amount of local spend is expected to increase as the Ngezi Phase II Expansion project unfolds with many contracts having been awarded to local companies which are either controlled by indigenous Zimbabweans or in which indigenous Zimbabweans have significant shareholdings.

For the quarter and year to June 2011, Zimplats contributed to the fiscus, \$13.3 million and \$40.7 million respectively in direct and indirect taxes.

During the quarter to June 2011, Zimbabwe Platinum Mines (Private) Limited received a total of \$101 million in cash of which \$65 million was from metal sales and \$36 million was an off-shore loan draw down. The cash available was used as follows:



Zimplats remains actively involved in social development activities whose objective is the upliftment of the wellbeing of the communities around the company's operations. The highlight for the quarter was the official handover to the school authorities, of Nyangwene Primary School, in Mhondoro, a function that was presided over by one of the country's Vice Presidents. Zimplats rebuilt and furnished the school after it was almost completely destroyed during a rain storm in early 2010. The total cost of rebuilding and furnishing the school amounted to \$400 000.

### PGM PRICES

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

	June Quarter 2011	March Quarter 2011	% Change	June Quarter 2010	% Change
Platinum (USD per oz)	1,783	1,794	-1%	1,644	8%
Palladium (USD per oz)	759	792	-4%	501	51%
Rhodium (USD per oz)	2,095	2,353	-11%	2,707	-23%
Gold (USD per oz)	1,505	1,385	9%	1,224	23%
Nickel (USD per tonne)	24,294	26,900	-10%	22,469	8%

Metal prices have weakened compared to the previous quarter reflecting market concerns with regards to economic stability of some European countries.

## EXPANSION

Bimha Mine reached design production capacity of 2mtpa in May 2011 and has operated at that level since.

Implementation of Ngezi Phase II Project is going according to plan with many of the project contractors already well established on site.

## RESOLUTION OF OUTSTANDING ISSUES WITH GOVERNMENT

### RBZ Debt

There have been no further developments on this issue.

### Indigenisation and Economic Empowerment

The operating subsidiary, Zimbabwe Platinum Mines (Private) Limited, submitted its indigenisation proposals to government by due date. A response from government on the proposals is awaited.

## SHAREHOLDER INFORMATION

### Share price

The average share price for the quarter was A\$12.08 (previous quarter: A\$13.61).

### Capital Structure

#### Major shareholders as at 30 June 2011:

Impala Platinum Holdings Limited	87.00%
HSBC Custody Nominees (Australia) Ltd	4.87%
Merrill Lynch (Australia) Nominees Pty Ltd	2.53%

### 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, GPO Box 7054, Sydney NSW 1115, Australia. Tel: +61 3 9415 4000, Fax: +61 3 9473 2500.

## INFORMATION ON ZIMPLATS

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