

# Zimplats Holdings Limited



## REPORT FOR THE QUARTER ENDED 31 March 2013

### KEY FEATURES

- No lost time injuries recorded.
- Solid operational and financial performance.
- Improved profitability.
- Ngezi Phase II Expansion project implementation progressing on plan.

Safety performance for the quarter was excellent with no lost time injuries recorded. For the year to date the lost time injury frequency rate is 0.74 per million man hours worked. The improved performance for the quarter was achieved through the implementation of identified behaviour-based initiatives which are aimed at addressing work-related risks as well as a continued focus on mitigating the risks of major hazards.

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

		March Quarter 2013	December Quarter 2012	% Change	March Quarter 2012	% Change
<b>Mining</b>						
Ore mined	Tonnes (000's)	1,198	1,159	3	1,125	7
Head grade	4E g/t	3.34	3.36	(1)	3.33	0
<b>Processing</b>						
Ore milled	Tonnes (000's)	1,068	1,126	(5)	1,069	(0)
Recovery	4E%	83.0	82.6	1	82.3	1
Metal in concentrate	4E oz	95,341	100,515	(5)	94,321	1
Metal in converter matte	4E oz	126,268	20,863	505	90,557	39
Nickel	Tonnes	1,235	203	508	941	31
Copper	Tonnes	912	156	485	681	34
<b>Metal sales</b>						
Converter matte						
4E	Oz	129,479	15,559	732	89,979	44
Nickel	Tonnes	1,253	147	752	935	34
Copper	Tonnes	931	112	731	677	38
Concentrate						
4E	Oz	0	47,672	(100)	0	n/a
Nickel	Tonnes	0	506	(100)	0	n/a
Copper	Tonnes	0	373	(100)	0	n/a

Mining production for the quarter was 3 percent higher than previous quarter driven primarily by an improvement in underground equipment availability. However the head grade was 1 percent below plan due to the milling of lower grade ore from Mupfuti Mine which is still under development as part of the Ngezi Phase II expansion.

Ore milled was 5 percent lower than the previous quarter due to a planned seven day SAG mill reline shutdown at the SMC concentrator.

Concentrates which were stockpiled following the furnace outages in the December 2012 quarter as well as current production were smelted in the quarter under review. As a result, matte production and sales increased by 505 percent and 732 percent respectively.

## FINANCIAL – Zimbabwe Platinum Mines (Private) Limited

	March Quarter 2013 US\$ 000's	December Quarter 2012 US\$ 000's	% Change	March Quarter 2012 US\$ 000's	% Change
Revenue	169,268	82,994	104	128,211	32
Operating Costs*	(103,877)	(65,391)	(59)	(76,356)	(36)
Operating Profit	65,391	17,604	271	51,855	26

*\*Excluding share based payments, fair value adjustments, tax penalties and foreign exchange differences*

Revenue was 104 percent higher than previous quarter driven by higher sales volumes and improved metal prices. Operating costs were 59 percent higher than previous quarter in line with higher sales volumes. Consequently, an operating profit of US\$65 million was realised, 271 percent higher than the previous quarter.

Cash and total cost of production	March Quarter 2013 US\$	December Quarter 2012 US\$	% Change	March Quarter 2012 US\$	% Change
Cash cost per 4E ounce*	515	857	40	785	34
Net cash cost per 4E ounce	338	669	49	561	40
Amortisation and depreciation	89	133	33	102	13
Total cost per 4E ounce *	428	802	47	663	35
Total revenue per 4E ounce	1,307	1,313	(0)	1,425	(8)
Surplus per 4E ounce**	703	322	118	538	31

Cash cost per 4E ounce was 40 percent better than previous quarter reflecting the benefit of higher production volume on fixed costs.

\*Net of by-product revenue.

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

The company's local spend (excluding payments to government and related institutions) at US\$42 million or 57% of total payments, was in line with the company's commitment to supporting local industry. . Zimplats' fiscal contribution of US\$32 million, as calculated by direct and indirect taxes, during the quarter under review was 14 percent higher than the previous quarter and this was as a result of higher royalties and higher income tax in line with increased revenue and profitability.

## PGM PRICES

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

	March Quarter 2013	December Quarter 2012	% Change	March Quarter 2012	% Change
Platinum (US\$ per oz)	1,634	1,597	2	1,607	2
Palladium (US\$ per oz)	740	650	14	682	8
Rhodium (US\$ per oz)	1,138	1,067	7	1,376	(17)
Gold (US\$ per oz)	1,630	1,718	(5)	1,691	(4)
Nickel (US\$ per tonne)	17,305	16,921	2	19,662	(12)

## PHASE II EXPANSION

The construction and commissioning of the Ngezi Phase II Expansion Project progressed as planned during the quarter. Hot commissioning of the Phase II Ngezi front end crushing and milling circuits, the concentrator and associated tailings facility commenced subsequent to the quarter end. The new underground mine (Mupfuti) is on schedule to reach design production in March 2015.

## RESOLUTION OF OUTSTANDING ISSUES WITH GOVERNMENT

### Taxation

The Company's operating subsidiary, Zimbabwe Platinum Mines (Private) Limited, has lodged an appeal with the Special Court for Income Tax Appeals against the Commissioner-General's determination on the levying of a US\$1.5 million penalty on the prior years' tax liabilities. A review application has also been lodged with the High Court against the Commissioner-General's determination on the levying of US\$11 million interest on the prior years' tax liabilities. The basis for both the appeal and the review application is that the written undertakings which were issued by the Government in 2001, and on which the Company had placed reliance, constituted special circumstances which warrant the waiver of both the penalty and interest. In the meantime, payment of the prior years' tax liabilities has continued in terms of the agreed payment plan.

### Additional Profits Tax Court Case

The Special Court for Income Tax Appeals has not yet set a new date for the hearing of this case.

### RBZ Debt

There has been no further development on this issue.

### Indigenisation and Economic Empowerment

On 11 January 2013 the company concluded a non-binding term sheet in respect of proposed indigenisation implementations plans with the Government of Zimbabwe. In early March the company became aware of media reports pertaining to indigenisation implementation plans. These reports indicated that the Government of Zimbabwe had changed its stance in regard to the acceptance of these plans. We await official clarity in this regard.

### Land acquisition

In a separate development the Government of Zimbabwe through a Government Gazette Extraordinary dated 1 March 2013 indicated it intends to compulsory acquire 27 948 hectares or approximately 50 percent of the mining claims owned by Zimplats. The company lodged an objection on 27 March 2013.

## SHAREHOLDER INFORMATION

### Share price

The average share price for the quarter was AU\$9.82 (previous quarter: AU\$8.38).

### Capital Structure

#### Major shareholders as at 31 March 2013:

Impala Platinum Holdings Limited	87.00%
HSBC Custody Nominees (Australia) Ltd	5.43%
Merrill Lynch (Australia) Nominees Pty Ltd	1.35%

### 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.

#### Contact - Guernsey

Ms. Ceris Graham  
Tel: +44 1481 737 217  
Fax: +44 1481 738 917  
Email: carey.graham@careygroup.gg  
Website: www.zimplats.com

#### Contact - Australia

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

#### Contact - Zimbabwe

Mr. Stewart Mangoma  
Tel: +263 4 332 590  
Fax: +263 4 332 496  
Email: stewart.mangoma@zimplats.com