

11 January 2013

## **ASX ANNOUNCEMENT**

**ZIMPLATS HOLDINGS LIMITED**  
**ABN 16 083 463 058**

### **INDIGENISATION IMPLEMENTATION PLAN UPDATE**

Zimplats Holdings Limited (“Zimplats”) is pleased to announce that it has concluded a term sheet in respect of proposed indigenisation implementation plans (“IIP”) with the Government of Zimbabwe (as represented by the Ministry of Youth Development, Indigenisation and Empowerment) .

The term sheet, which was signed today, stipulates the key terms, subject to certain conditions precedent, for the sale by Zimplats of an aggregate 51% equity ownership (“the Indigenisation Shares”) of its operating subsidiary, Zimbabwe Platinum Mines (Private) Limited (“ZPM”), to select indigenous entities (Indigenous Entities”) as set out below. Zimplats will retain the balance of 49% of ZPM and will continue with the management of ZPM.

The indigenous shareholders will be entitled to appoint directors to the board of ZPM.

The purchase price for the Indigenisation Shares, after taking into account the payment for the 2006 release of ground obligation (in lieu of indigenisation credits) is \$971 million (“the Transaction”).

Zimplats will facilitate the transaction by providing vendor funding to the indigenous entities at an interest rate of 10% per annum. The vendor financing will be repayable from 85% of the dividends declared by ZPM. The proceeds, as and when received by Zimplats will be declared as a dividend to shareholders or used as future funding for ZPM. Zimplats will hold as collateral against the Indigenous Entities debt, any Indigenisation Shares not fully paid for.

In terms of the IIP the following interests in Zimplats will be sold to the below parties, together constituting the Indigenous Entities referred to above:

- 10% to the Zimplats Mhondoro-Ngezi Chegutu Zvimba Community Share Ownership Trust for the benefit of communities surrounding the business operations.
- 10% to an employee share ownership trust for the benefit of all full time indigenous employees.
- 31% to the National Indigenisation & Economic Empowerment Fund (“NIEEF”).

Zimplats has agreed to provide seed capital to the Community Trust of an aggregate amount of US\$10.0 million. The first instalment of US\$3.3 was paid to the Community Trust in June 2012, with the subsequent two instalments being payable in financial year 2013 and 2014

respectively. These payments will be construed as Corporate Social Investment spending by ZPM for the purposes of the applicable law.

Should ZPM be required to raise funds in the future by equity subscriptions, then all parties are required to contribute their respective pro-rata share, failing which dilution is provided for.

The Transaction is subject to certain conditions precedent, including, amongst others:

- Zimplats, ZPM and the Indigenous Entities conclude definitive transaction agreements;
- the amendment of the 24 May 2006 Release of Ground Agreement ("ROGA") to provide for a payment by the Indigenous Entities to Zimplats of US\$153 million in settlement of the Governments outstanding ROGA obligations;
- that a certificate of compliance is issued confirming current and future compliance by each member of the Zimplats Holdings Group with applicable indigenisation laws and requirements following the implementation of the IIP;
- the parties obtain all necessary regulatory approvals, including Zimbabwe Exchange Control approval;
- the Zimplats Group entities obtain the requisite Board and Shareholder approvals required to implement the IIP; and
- an exemption being obtained for Zimbabwean withholding tax on interest paid by the indigenous entities to Zimplats under the vendor financing arrangements.

It was further agreed that by 30 June 2013 the Government would use its best endeavours in the utmost good faith to, amongst other things:

- amend the 2012 Mining Regulations in such a manner so as to reduce all ground rentals payable by Zimplats to the same levels as were in force immediately prior to the promulgation and coming into force of the 2012 regulations; and
- amend the Mining Agreement and fiscal terms currently applicable to Zimplats such that Additional Profits Tax and royalty rates are no worse than those granted/provided to any other Platinum Group Metal mining entity operating in Zimbabwe.

The parties have committed to co-operate to endeavour to fulfil the conditions precedent by 30 June 2013. The effective date of the Transaction will be the date on which the conditions precedent are fulfilled.

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