

Zimplats Holdings Limited



REPORT FOR THE QUARTER ENDED 31 December 2013

KEY FEATURES

- Good safety performance with no Lost Time Injury (LTI) recorded in the quarter.
- Satisfactory operational and cost performance.
- A furnace blow out incident occurred on 17 December 2013.
- Profitability affected by lower sales volumes and metal prices.
- Ngezi Phase II Expansion project implementation progressing well.
- The Indigenisation Implementation Plan is currently under review.

SAFETY

Safety performance for the quarter was good with no LTI recorded across the operations. This resulted in a 55% improvement in the lost time injury frequency rate (LTIFR) to 0.14 per million man hours worked from 0.31 in the previous quarter. The implementation of a range of safety initiatives in order to create a safe working environment and attain zero harm will continue to be prioritised.

PRODUCTION – Zimbabwe Platinum Mines (Private) Limited

		December Quarter 2013	September Quarter 2013	% Change	December Quarter 2012	% Change
Mining						
Ore mined	Tonnes (000's)	1,387	1,294	7	1,159	20
Head grade	4E g/t	3.28	3.25	1	3.36	(2)
Processing						
Ore milled	Tonnes (000's)	1,472	1,509	(2)	1,126	31
Recovery	4E%	81.7	82.0	(0)	82.6	(1)
Metal in concentrate	4E oz	126,710	129,346	(2)	100,515	26
Metal in converter matte	4E oz	113,198	119,821	(6)	20,863	443
Nickel	Tonnes	1,111	1,244	(11)	203	447
Copper	Tonnes	817	915	(11)	156	424
Metal sales						
In converter matte						
4E	Oz	114,247	118,908	(4)	15,559	634
Nickel	Tonnes	1,136	1,244	(9)	147	675
Copper	Tonnes	843	910	(7)	112	652
In concentrate						
4E	Oz	0	0	n/a	47,672	n/a
Nickel	Tonnes	0	0	n/a	506	n/a
Copper	Tonnes	0	0	n/a	373	n/a

Tonnes mined increased by 7% from the prior quarter mainly due to the introduction of an additional production fleet at Mupfuti Mine and production improvements at Bimha Mine which was affected by the shear zone (Mutambara Shear) in the previous quarter. Short-term contingency plans have been identified and implemented at Bimha Mine to manage the shear zone while work on long-term stabilisation measures is on-going.

Milling and metal in concentrate production were impacted by the shutdown of the Ngezi concentrator ball mill for relining and decreased by 2% from the previous quarter.

An explosion at the smelter on 17 December 2013 resulted in a tap block blow out and eruption of molten material from the furnace. Repairs were completed and the furnace was back on full power by 24 December 2013. As a consequence metal in converter matte was 6% lower than the previous quarter. Lost production should be recovered by end of the financial year.

4E recovery remained largely unchanged at 81.7%.

FINANCIAL – Zimbabwe Platinum Mines (Private) Limited

	December Quarter 2013 US\$ 000's	September Quarter 2013 US\$ 000's	% Change	December Quarter 2012 US\$ 000's	% Change
Revenue	125,951	145,532	(13)	82,994	52
Operating Costs*	(105,407)	(105,696)	0	(65,391)	(61)
Operating Profit	20,554	39,836	(48)	17,604	17

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

Revenue decreased by 13% from the previous quarter impacted by lower sales volumes and a reduction in metal prices. Consequently, an operating profit of \$20.6 million was realised, 48% lower than the previous quarter.

Cash and total cost of production	December Quarter 2013 US\$	September Quarter 2013 US\$	% Change	December Quarter 2012 US\$	% Change
Cash cost per 4E ounce	691	685	(1)	857	19
Net cash cost per 4E ounce	541	525	(3)	669	19
Amortisation and depreciation	126	110	(15)	133	5
Total cost per 4E ounce *	667	635	(5)	802	17
Total revenue per 4E ounce	1,102	1,224	(10)	1,313	(16)

*Net of by-product revenue.

Cash cost per 4E ounce was 1% higher than the previous quarter, reflecting the impact of lower production volumes (metal in converter matte).

The company's local spend (excluding payments to government and related institutions) increased by 43% to US\$60 million. Total payments to government in direct and indirect taxes decreased by 9% from US\$32 million to US\$29 million compared to previous quarter. This was mainly due to the lower revenues recorded in the current quarter.

PGM PRICES

The average PGM, gold and nickel prices are as follows:

	December Quarter 2013	September Quarter 2013	% Change	December Quarter 2012	% Change
Platinum (US\$ per oz)	1,398	1,456	(4)	1,597	(12)
Palladium (US\$ per oz)	725	724	0	650	12
Rhodium (US\$ per oz)	918	983	(7)	1,067	(14)
Gold (US\$ per oz)	1,272	1,329	(4)	1,718	(26)
Nickel (US\$ per tonne)	13,901	13,919	0	16,921	(18)

EXPANSION

Development of the new underground mine (Mupfuti) remains on schedule to reach design production in early 2015. There are now three production fleets after the introduction of an additional fleet this quarter.

RESOLUTION OF OUTSTANDING ISSUES WITH GOVERNMENT

Taxation Issues

The operating subsidiary's appeals against the tax penalty and the review of the interest on prior years' tax liabilities are still pending in the courts. The prior years' tax liabilities as agreed with the tax authorities have now been fully paid.

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

The Government of Zimbabwe has, as communicated in the 2014 Budget Statement, expressed its intention to take over the Reserve Bank of Zimbabwe's (RBZ) debt through the issue of 5 year Government paper (bond) which guarantees an annual return of 5%.

Indigenisation and Economic Empowerment

The company is engaged in discussions with the Minister of Youth Development, Indigenisation and Empowerment with regard to the company's indigenisation implementation plan.

SHAREHOLDER INFORMATION

Share price

The average share price for the quarter was AU\$7.30 (previous quarter: AU\$7.16).

Capital Structure

Major shareholders as at 30 June 2013:

Impala Platinum Holdings Limited	87.00%
HSBC Custody Nominees (Australia) Ltd	5.43%
Citicorp Nominees Pty Ltd	1.57%

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.

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