

Zimplats Holdings Limited



REPORT FOR THE QUARTER ENDED 31 DECEMBER 2012

KEY FEATURES

- Six lost time injuries recorded.
- Operational and cost performance affected by furnace outages.
- Reduced profitability due to lower sales volumes.
- Ngezi Phase II Expansion project implementation progressing well.
- Indigenisation plan agreed and signed off.

SAFETY

Safety performance was poor with six lost time injuries recorded during the period, bringing the total to ten for the year. Programmes have been initiated to improve at risk behaviour through the implementation of identified behaviour based initiatives.

PRODUCTION – Zimbabwe Platinum Mines (Private) Limited

		December Quarter 2012	September Quarter 2012	% Change	December Quarter 2011	% Change
Mining						
Ore mined	Tonnes (000's)	1,159	1,212	(4)	1,134	2
Head grade	4E g/t	3.36	3.31	2	3.30	2
Processing						
Ore milled	Tonnes (000's)	1,126	1,056	7	1,110	1
Recovery	4E%	82.6	82.4	0	82.5	0
Metal in concentrate	4E oz	100,515	93,160	8	97,174	3
Metal in converter matte	4E oz	20,863	60,659	(66)	92,613	(77)
Nickel	Tonnes	203	601	(66)	942	(78)
Copper	Tonnes	156	439	(64)	685	(77)
Metal sales						
Converter matte						
4E	Oz	15,559	63,011	(75)	93,001	(83)
Nickel	Tonnes	147	623	(76)	933	(84)
Copper	Tonnes	112	455	(75)	672	(83)
Concentrate						
4E	Oz	47,672	14,712	224	0	n/a
Nickel	Tonnes	506	137	270	0	n/a
Copper	Tonnes	373	100	274	0	n/a

Mining production declined 4% from the previous quarter due to low equipment availabilities and bad ground conditions. Grade control was maintained with head grade improving by 2% on the prior quarter.

Both concentrators performed ahead of expectation with ore milled and metal in concentrate production increasing by 7% and 8% respectively, a reflection of improved running time and head grade. September quarter production was affected by planned concentrator maintenance shutdowns.

Following the furnace rebuild in the previous quarter, the furnace caught fire on the 10th of November 2012 causing extensive damage to the slipping and paste floors. Consequently it was down for 21 days for repairs which were completed on 1 December 2012. However, the furnace experienced a run-out on the 10th of December, repairs of which were completed by 13 December 2012. The concentrates generated during the furnace downtime were stockpiled and will be smelted in the second half of the year. As a result, 4E metal in converter matte production and sales were 66% and 75% lower than the previous quarter respectively. Concentrate sales increased by 224% due to the dispatch of concentrates during the furnace rebuild.

FINANCIAL – Zimbabwe Platinum Mines (Private) Limited

Operating Income Statement	December Quarter 2012 US\$ 000's	September Quarter 2012 US\$ 000's	% Change	December Quarter 2011 US\$ 000's	% Change
Revenue	82,994	93,495	(11)	97,376	(15)
Operating Costs*	(65,391)	(71,825)	9	(78,154)	16
Operating Profit	17,604	21,670	(19)	19,222	(8)

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

Revenue was 11% lower than previous quarter as a result of lower sales volumes. Operating costs decreased by 9% from the previous quarter in line with the lower sales volume. As a result, operating profit amounted to \$18 million, 19% lower than the previous quarter.

Cash and total cost of production	December Quarter 2012 US\$	September Quarter 2012 US\$	% Change	December Quarter 2011 US\$	% Change
Cash cost of production per 4E ounce	857	806	(6)	777	(10)
Net cash cost per 4E ounce	669	635	(5)	605	(11)
Amortisation and depreciation	133	152	12	102	(30)
Total cost per 4E ounce *	802	787	(2)	707	(13)
Total revenue per 4E ounce	1,313	1,203	9	1,047	25
Surplus per 4E ounce**	322	245	31	168	92

*Net of by-product revenue.

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

Cash cost of production per 4E ounce rose 6% from the previous quarter, reflecting the lower metal production.

The company's local spend (excluding payments to government and related institutions) amounted to \$58 million or 71% of total payments, in line with the company's commitment to supporting local industry.

Zimplats' contribution to the fiscus, in direct and indirect taxes, for the quarter at \$28 million was 60% higher than previous quarter owing mainly to part settlement of the prior years tax liabilities.

PGM PRICES

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

	December Quarter 2012	September Quarter 2012	% Change	December Quarter 2011	% Change
Platinum (USD per oz)	1,597	1,499	7	1,533	4
Palladium (USD per oz)	650	612	6	629	3
Rhodium (USD per oz)	1,067	1,095	(3)	1,511	(29)
Gold (USD per oz)	1,718	1,654	4	1,686	2
Nickel (USD per tonne)	16,921	16,341	4	18,304	(8)

Metal prices improved as the market responded to supply restrictions arising from industrial relations problems experienced by the major PGM producers in South Africa.

EXPANSION

Implementation of the Ngezi Phase II Expansion Project progressed well in the quarter. The concentrator is on schedule to be commissioned in April 2013. Development of the 2mtpa underground mine is progressing well with the mine expected to reach full production by March 2015.

RESOLUTION OF OUTSTANDING ISSUES WITH GOVERNMENT

Taxation Issues

The Commissioner-General of ZIMRA has responded to the company's objection to the levying of penalty and interest on the prior years' tax liabilities. In his response, the Commissioner-General reduced the penalty levied from 8% to 5% of principal tax but dismissed the objection to the levying of interest. Following the Commissioner-General's decision, a penalty of US\$1.5 million and interest of US\$11 million is payable to ZIMRA. A decision on whether or not to appeal the Commissioner-General's determination will be made shortly. In the meantime, payment of the principal tax liabilities has continued in terms of an 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

Government is yet to indicate when and the terms under which it would assume the \$34 million debt due by the RBZ to the operating subsidiary.

Indigenisation and Economic Empowerment

Subsequent to the end of the quarter, an agreement was entered into with the Government on the indigenisation plan for the wholly-owned subsidiary, Zimbabwe Platinum Mines (Private) Limited in terms of which 51% of the company's equity would be sold to three indigenous entities at US\$971 million payable from dividends due to the entities. The equity will be sold to three entities as follows:

Community Share Ownership Trust	- 10%
Employee Share Ownership Trust	- 10%
National Indigenisation and Economic Empowerment Fund	- 31%

Zimplats will facilitate the transaction by providing vendor funding to the indigenous entities at an interest rate of 10% per annum. The vendor funding will be repayable from 85% of the dividends declared by the operating subsidiary.

SHAREHOLDER INFORMATION

Share price

The average share price for the quarter was AU\$8.38 (previous quarter: A\$7.98).

Capital Structure

Major shareholders as at 31 December 2012:

Impala Platinum Holdings Limited	87.00%
HSBC Custody Nominees (Australia) Ltd	5.34%
National Nominees Limited	1.47%

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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