

# Zimplats Holdings Limited



## REPORT FOR THE QUARTER ENDED 30 June 2013

### KEY FEATURES

- Two lost time injuries recorded.
- Good operational performance.
- Revenue and profitability affected by depressed metal prices.
- Ngezi Phase II concentrator commissioned successfully in the quarter.
- Discussions on the Indigenisation plan on-going.

### SAFETY

Safety performance for the quarter worsened marginally compared to the last quarter with two lost time injuries recorded. The creation of a safe working environment through systematically working to continuously develop and evaluate the way of working and approach to safety will remain a major priority.

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

		June Quarter 2013	March Quarter 2013	% Change	June Quarter 2012	% Change
<b>Mining</b>						
Ore mined	Tonnes (000)	1,226	1,198	2	1,172	5
Head grade	4E g/t	3.26	3.34	(3)	3.28	(1)
<b>Processing</b>						
Ore milled	Tonnes (000)	1,434	1,068	34	1,153	24
Recovery	4E%	82.9	83.0	(0)	82.4	1
Metal in concentrate	4E oz	124,782	95,341	31	100,409	24
Metal in converter matte	4E oz	124,237	126,268	(2)	100,798	23
Nickel	Tonnes	1,261	1,235	2	1,030	22
Copper	Tonnes	958	912	5	746	28
<b>Metal sales (converter matte)</b>						
4E	Oz	118,416	129,479	(9)	102,098	16
Nickel	Tonnes	1,236	1,253	(1)	1,036	19
Copper	Tonnes	955	931	3	746	28

Mining production improved by 2 percent from the previous quarter. Head grade was affected by milling lower grade ore from Mupfuti mine and Ngwarati stockpile.

The Ngezi Phase II concentrator plant was successfully commissioned in April 2013. Consequently, ore milled and metal in concentrate production were increased by 34 percent and 31 percent from the previous quarter respectively.

However, metal in converter matte was 2 percent lower than the previous period as metal in concentrate stockpiled in the first half of the year due to the furnace fire, was smelted in the third quarter.

4E metal sales were 9 percent lower than the previous quarter due to the lower production and an increase in converter matte inventory.

## FINANCIAL – Zimbabwe Platinum Mines (Private) Limited

	June Quarter 2013 US\$ 000's	March Quarter 2013 US\$ 000's	% Change	June Quarter 2012 US\$ 000's	% Change
Revenue	125,891	169,268	(26)	114,428	10
Operating Costs*	(103,412)	(103,877)	0	(89,543)	(15)
Operating Profit	22,479	65,391	(66)	24,884	(10)

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

Revenue was 26 percent lower than the previous quarter due to the drop in sales volumes and a decrease in metal prices. Operating costs remained largely unchanged resulting in an operating profit of US\$22.5 million, 66 percent down from the previous period.

Cash and total cost of production	June Quarter 2013 US\$	March Quarter 2013 US\$	% Change	June Quarter 2012 US\$	% Change
Cash cost per 4E ounce	592	515	(15)	608	3
Net cash cost per 4E ounce	441	338	(30)	436	(1)
Amortisation and depreciation	137	89	(54)	137	(1)
Total cost per 4E ounce *	578	428	(35)	572	(1)
Total revenue per 4E ounce	1,063	1,307	(19)	1,121	(5)

Cash cost per 4E ounce was 15 percent higher than previous quarter driven by lower production volumes, an increase in the effective electricity tariff and a provision made for obsolete stocks at year end. Previous quarter cost performance benefitted from smelting concentrates stockpiled during the furnace outages experienced in the first half of the year.

Amortisation and depreciation cost increased following the commissioning of the Ngezi Phase II concentrator and other components of the Phase II Project in April 2013.

Revenue per 4E ounce decreased by 19 percent due to the decline in metal prices.

*\*Net of by-product revenue.*

The company's local spend (excluding payments to government and related institutions) increased from US\$42 million or 57 percent of total payments to US\$49 million or 66 percent of total payments in line with the company's commitment to the development of local industry. Zimplats paid US\$30 million to the government in direct and indirect taxes, 6 percent lower than the previous quarter due to a reduction in corporate tax payments arising from the lower metal prices.

## PGM PRICES

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

	June Quarter 2013	March Quarter 2013	% Change	June Quarter 2012	% Change
Platinum (US\$ per oz)	1,471	1,634	(10)	1,501	(2)
Palladium (US\$ per oz)	711	740	(4)	629	13%
Rhodium (US\$ per oz)	1,117	1,138	(2)	1,270	(17)
Gold (US\$ per oz)	1,413	1,630	(13)	1,610	(12)
Nickel (US\$ per tonne)	14,949	17,305	(14)	17,149	(13)

## PHASE II EXPANSION

The Ngezi Phase II concentrator was successfully commissioned in the quarter and has achieved design capacity. Development of the new underground mine (Mupfuti) remains on schedule to reach full production in early 2015.

## RESOLUTION OF OUTSTANDING ISSUES WITH GOVERNMENT

## Taxation

The operating subsidiary's appeal regarding the penalty and review of prior year tax interest liabilities of US\$1.5 million and US\$11 million respectively, have not yet been heard by the respective courts. Payment of prior year's tax liabilities has continued in terms of the agreed 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

Discussions with the Government on the indigenisation plan are on-going.

## SHAREHOLDER INFORMATION

### Share price

The average share price for the quarter was AU\$8.85 (previous quarter: AU\$9.82).

### Capital Structure

#### Major shareholders as at 30 June 2013:

Impala Platinum Holdings Limited	87.00%
HSBC Custody Nominees (Australia) Ltd	5.44%
JP Morgan Nominees (Australia) Ltd	1.53%

### 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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