

# Zimplats Holdings Limited



## REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2018

### KEY FEATURES

- No fatalities recorded during the quarter
- The number of fatality free shifts worked increased from 8.8 million to 9.3 million
- One lost-time injury recorded during the quarter
- Tonnes mined and milled increased 4% and 6% respectively
- Four elements (platinum, palladium, gold and rhodium) (4E) production increased 7%
- Revenue increased 1% while gross revenue per 4E ounce decreased 8%
- Bimha Mine redevelopment and Mupani Mine development projects on schedule

### SAFETY

One lost-time injury was recorded during the quarter compared to nil in the previous quarter.

The Group achieved a safety milestone of 9.3 million fatality free shifts.

### PRODUCTION

		September Quarter 2018	June Quarter 2018	% Change	September Quarter 2017	% Change
<b>Mining</b>						
Ore mined	Tonnes (000)	1 629	1 564	4	1 832	( 11)
4E head grade	g/t	3.23	3.23	-	3.24	-
<b>Processing</b>						
Ore milled	Tonnes (000)	1 677	1 578	6	1 710	( 2)
4E recovery	%	81.0	80.9	-	80.8	-
<b>Metal in final product</b>						
Platinum	Ounces	69 825	65 629	6	68 923	1
Palladium	Ounces	56 727	53 262	7	57 028	( 1)
Gold	Ounces	7 797	7 213	8	7 299	7
Rhodium	Ounces	6 220	5 879	6	5 896	5
<b>4E total</b>	<b>Ounces</b>	<b>140 569</b>	<b>131 983</b>	<b>7</b>	<b>139 146</b>	<b>1</b>
Ruthenium	Ounces	5 382	5 075	6	5 341	1
Iridium	Ounces	2 549	2 363	8	2 378	7
Silver	Ounces	12 112	11 923	2	11 789	3
Nickel	Tonnes	1 358	1 271	7	1 302	4
Copper	Tonnes	962	907	6	999	( 4)
Cobalt	Tonnes	22	19	16	23	( 4)

The mines performed well during the quarter producing 4% more than the previous quarter, with all mines operating at design capacity. In the previous quarter, Bimha Mine was still ramping up production.

Tonnes milled increased by 6% from the previous quarter due to higher running time. Running time for the previous quarter was impacted by planned mill reline shutdowns.

The 4E head grade was maintained at 3.23g/t.

The furnace operated well during the quarter, smelting 34 600 tonnes of concentrate, 10% up from the 31 434 tonnes smelted in the previous quarter. This increase was largely due to higher smelter availability rates, with the previous quarter's availability rates impacted by the planned seven-day tap block inspection shutdown in May 2018.

Overall, 4E metal production in final product increased by 7% from the previous quarter, in line with the increase in the volume of ore milled.

4E metal sales for the quarter, at 141 005 ounces, were 9% higher than the previous quarter, mainly due to the increase in production.

## FINANCIAL

	September Quarter 2018 US\$000	June Quarter 2018 US\$000	% Change	September Quarter 2017 US\$000	% Change
Revenue	138 910	137 741	1	102 096	36
Net operating costs	(95 787)	(96 317)	1	(75 482)	(27)
<b>Profit from operations before royalties</b>	<b>43 123</b>	<b>41 424</b>	<b>4</b>	<b>26 614</b>	<b>62</b>
Royalties and commission	(5 721)	(4 232)	(35)	(2 542)	(125)
<b>Profit from operations after royalties</b>	<b>37 402</b>	<b>37 192</b>	<b>1</b>	<b>24 072</b>	<b>55</b>

The table below shows the analysis of revenue by metal.

Metal	September Quarter 2018 US\$000	June Quarter 2018 US\$000	% Change	September Quarter 2017 US\$000	% Change
Platinum	49 066	46 854	5	43 259	13
Palladium	48 988	45 240	8	35 187	39
Gold	8 180	8 300	(1)	6 152	33
Rhodium	14 005	14 694	(5)	4 345	222
<b>4E total</b>	<b>120 240</b>	<b>115 088</b>	<b>4</b>	<b>88 944</b>	<b>35</b>
Nickel	12 075	15 105	(20)	8 519	42
Copper	3 945	4 772	(17)	3 544	11
Iridium	1 640	2 009	(18)	781	110
Ruthenium	742	803	(8)	136	446
Cobalt	223	192	16	126	77
Silver	46	(229)	120	47	(2)
<b>Grand total</b>	<b>138 910</b>	<b>137 741</b>	<b>1</b>	<b>102 096</b>	<b>36</b>

Revenue increased by 1% from the previous quarter due to a 9% increase in the volume of 4E metal sold which was partly offset by the softening of metal prices (gross revenue per 4E ounce decreased by 8% from US\$1 067 to US\$985).

Net operating costs decreased marginally compared to the previous quarter. This was mainly due to the increase in costs as a result of higher production and sales volumes, partially offset by the recognition of a US\$9.6 million refund due from the Zimbabwe Revenue Authority (ZIMRA). The refund arose from a court ruling in favour of Zimplats in respect of penalties inappropriately levied by ZIMRA on the disputed customs duty rebates.

Royalty and commission expenses increased by 35% from the previous quarter due to higher average royalty rates. The royalty for the first two months of the previous quarter was based on the lower special mining lease rates.

Cash and total cost of production	September Quarter 2018 US\$	June Quarter 2018 US\$	% Change	September Quarter 2017 US\$	% Change
Cash cost per 4E ounce	609	647	6	614	1
Net cash cost per 4E ounce	477	471	(1)	480	1
Depreciation	144	114	(26)	118	(22)
Total cost per 4E ounce*	621	585	(6)	598	(4)
Gross revenue per 4E ounce	985	1 067	(8)	1 035	(5)

\*Net of by-product revenue.

Cash cost per 4E ounce decreased by 6% from the previous quarter mainly due to the increase in metal production volumes.

The net cash cost per 4E ounce increased by 1% from the previous quarter due to the decrease in by-product revenue, which was driven by the decrease in copper and nickel prices.

Depreciation per 4E ounce increased by 26% from the previous quarter mainly due to the adjustment made in the previous quarter after the life-of-mines were revised upwards.

Gross revenue per 4E ounce decreased by 8% from the previous quarter due to the general decrease in metal prices.

Total direct and indirect tax payments to the Government of Zimbabwe decreased to US\$13 million from the US\$60 million reported in the previous quarter. The additional profits tax for the year ended 30 June 2017 was paid in the previous quarter when it was due.

The average platinum, palladium, rhodium, gold and nickel prices realised were as follows:

#### METAL PRICES

	September Quarter 2018	June Quarter 2018	% Change	September Quarter 2017	% Change
Platinum (US\$ per oz)	779	904	( 14)	952	( 18)
Palladium (US\$ per oz)	954	978	( 2)	901	6
Rhodium (US\$ per oz)	2 486	2 088	19	1 034	140
Gold (US\$ per oz)	1 173	1 307	( 10)	1 278	( 8)
Nickel (US\$ per tonne)	11 484	14 463	( 21)	10 519	9

#### CAPITAL PROJECTS

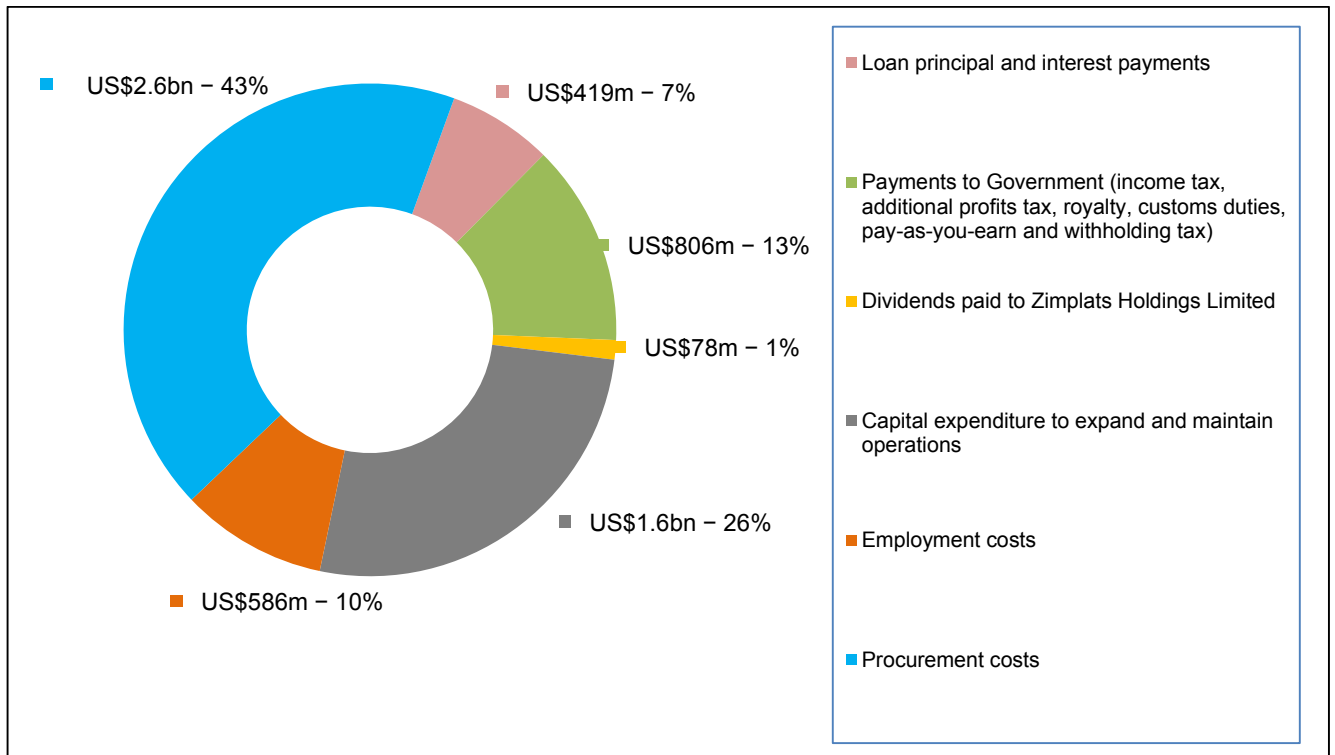
The installation of the north underground crusher and the ore-conveyancing system at Bimha Mine were completed during the quarter while the south underground crusher and ore-conveyancing system are scheduled for commissioning in May 2019. A total of US\$72 million had been spent as at 30 September 2018 against a budget of US\$101 million.

The development of Mupani Mine (the replacement for Ngwarati and Rukodzi mines) is ahead of schedule, targeting ore contact by August 2019 and full production in August 2025. A total of US\$46 million had been spent as at 30 September 2018 against an approved total project budget of US\$264 million.

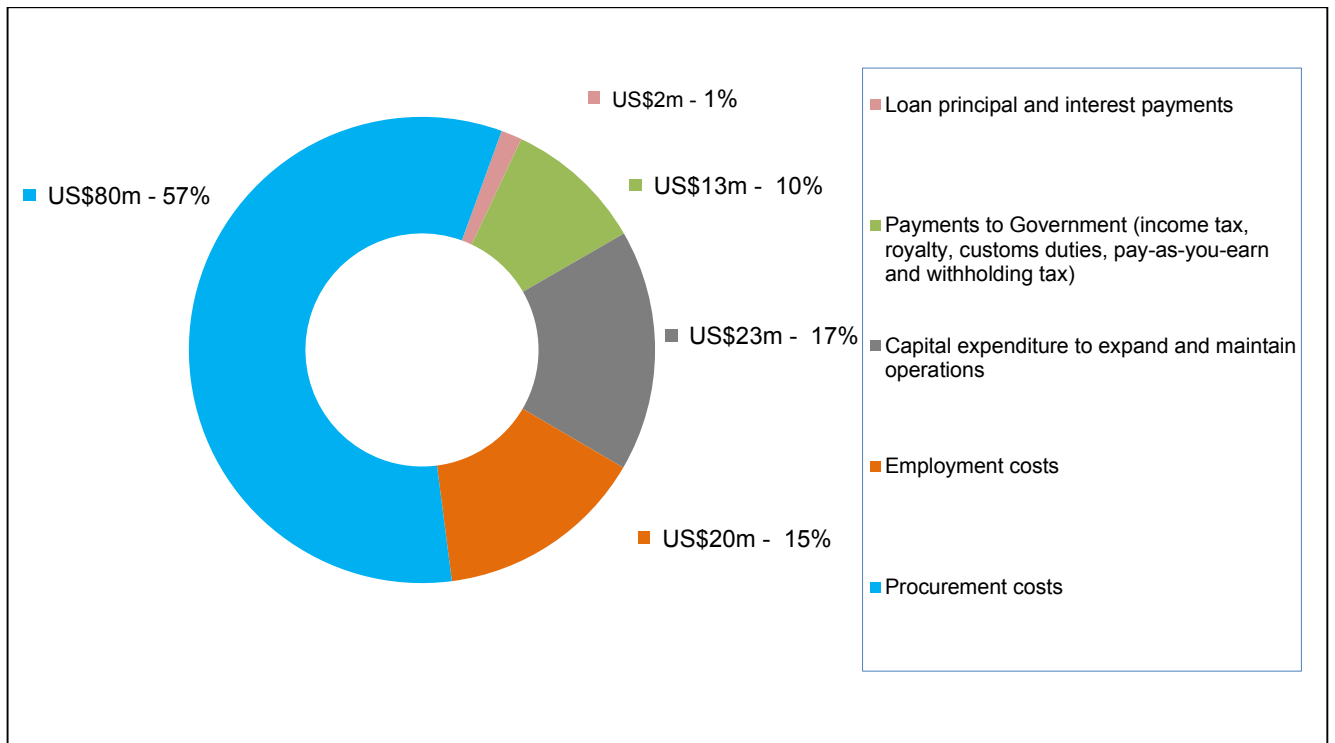
## CASH UTILISATION

The Group's mining activities are operated by Zimbabwe Platinum Mines (Private) Limited (the 'operating subsidiary').

### Zimbabwe Platinum Mines (Private) Limited - Cash utilisation – 1 July 2001 to 30 September 2018 (US\$ millions)



### Zimbabwe Platinum Mines (Private) Limited - Cash utilisation – quarter ended 30 September 2018 (US\$ millions)



## RESOLUTION OF OUTSTANDING ISSUES WITH GOVERNMENT

### Indigenisation and economic empowerment

Zimplats' operating subsidiary will continue to engage the Government of Zimbabwe regarding its indigenisation implementation plan.

## SHAREHOLDER INFORMATION

### Share price

The average share price for the quarter was AU\$6.08 (previous quarter: AU\$6.10).

### Major shareholders as at 30 September 2018:

Impala Platinum BV	87.00%
JP Morgan Nominees Australia Limited	5.38%
Citicorp Nominees Pty Limited	3.76%
HSBC Custody Nominees (Australia) Limited	2.21%

### Shareholder enquiries

Matters relating to 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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