

Zimplats Holdings Limited



REPORT FOR THE QUARTER ENDED 31 DECEMBER 2018

KEY FEATURES

- No fatalities recorded during the quarter
- The number of fatality free shifts worked increased from 9.3 million to 9.75 million
- One lost-time injury recorded during the quarter
- Tonnes mined increased 3%
- Tonnes milled decreased 3%
- Four elements (platinum, palladium, gold and rhodium) (4E) production decreased 5%
- Revenue and gross revenue per 4E ounce increased 10% and 19% respectively
- Bimha Mine redevelopment on schedule
- Mupani Mine development ahead of schedule

SAFETY

One lost-time injury was recorded during the quarter, the same as the previous quarter.

The Group achieved a safety milestone of 9.75 million fatality free shifts.

PRODUCTION

		December quarter 2018	September quarter 2018	% Change	December quarter 2017	% Change
Mining						
Ore mined	Tonnes (000)	1 673	1 629	3	1 767	(5)
4E head grade	g/t	3.24	3.23	-	3.24	-
Processing						
Ore milled	Tonnes (000)	1 635	1 677	(3)	1 643	-
4E recovery	%	81.0	81.0	-	81.0	-
Metal in final product						
Platinum	Ounces	65 605	69 825	(6)	60 296	9
Palladium	Ounces	53 865	56 727	(5)	49 866	8
Gold	Ounces	7 776	7 797	-	6 478	20
Rhodium	Ounces	5 840	6 220	(6)	5 427	8
4E total	Ounces	133 086	140 569	(5)	122 067	9
Ruthenium	Ounces	4 972	5 382	(8)	4 717	5
Iridium	Ounces	2 452	2 549	(4)	2 241	9
Silver	Ounces	11 581	12 112	(4)	10 931	6
Nickel	Tonnes	1 278	1 358	(6)	1 119	14
Copper	Tonnes	918	962	(5)	849	8
Cobalt	Tonnes	18	22	(18)	16	13

Ore mined increased by 3% from the previous quarter mainly due to productivity improvement initiatives implemented during the quarter. However, production for the quarter decreased by 5% from the same period last year due to the closure of the South Pit Mine in March 2018.

Tonnes milled decreased by 3% from the previous quarter due to a lower milling rate and a decrease in the running time of the mills due to the planned SMC concentrator mill reline shutdown.

The 4E head grade improved to 3.24g/t from 3.23g/t in the previous quarter, reflecting consistent grade control at the mines.

Overall, 4E metal production in final product decreased by 5% from the previous quarter, in line with the decrease in the volume of concentrates smelted. Concentrates smelted decreased by 5% due to a routine seven-day furnace taphole inspection shutdown.

4E metal sales for the quarter, at 130 432 ounces, were 7% lower than the previous quarter, mainly due to the decrease in metal production and some negative adjustments to sales in the pipeline.

FINANCIAL

	December quarter 2018 US\$000	September quarter 2018 US\$000	% Change	December quarter 2017 US\$000	% Change
Revenue	152 934	138 910	10	184 052	(17)
Net operating costs	(82 639)	(95 787)	14	(138 785)	40
Profit from operations before royalties	70 295	43 123	63	45 267	55
Royalties and commission	(6 482)	(5 721)	(13)	(4 477)	(45)
Profit from operations after royalties	63 813	37 402	71	40 790	56

The table below shows the analysis of revenue by metal.

Metal	December quarter 2018 US\$000	September quarter 2018 US\$000	% Change	December quarter 2017 US\$000	% Change
Platinum	46 615	49 066	(5)	68 588	(32)
Palladium	66 902	48 988	37	67 712	(1)
Gold	9 007	8 180	10	10 732	(16)
Rhodium	13 665	14 005	(2)	12 867	6
4E total	136 189	120 239	13	159 899	(15)
Nickel	9 646	12 075	(20)	15 306	(37)
Copper	4 565	3 945	16	6 361	(28)
Iridium	1 609	1 640	(2)	1 272	26
Ruthenium	764	742	3	902	(15)
Cobalt	102	223	(54)	234	(56)
Silver	59	46	28	78	(24)
Grand total	152 934	138 910	10	184 052	(17)

Revenue increased by 10% from the previous quarter due to an increase in metal prices (gross revenue per 4E ounce increased by 19% to US\$1 173 from US\$985), which was partly offset by a 7% reduction in volume of 4E metal sold.

Net operating costs decreased by 14% compared to the previous quarter mainly due to the decrease in sales volumes and an increase in export incentive.

Royalty and commission expenses increased by 13% from the previous quarter due to the increase in sales revenue (driven mainly by palladium and gold).

Cash and total cost of production	December quarter 2018 US\$	September quarter 2018 US\$	% Change	December quarter 2017 US\$	% Change
Cash cost per 4E ounce	649	609	(7)	704	8
Net cash cost per 4E ounce*	520	477	(9)	562	7
Depreciation per 4E ounce	115	144	20	117	2
Total cost per 4E ounce*	635	621	(2)	679	6
Gross revenue per 4E ounce	1 173	985	19	1 078	9

*Net of by-product revenue.

Cash cost per 4E ounce increased by 7% from the previous quarter mainly due to the decrease in metal production volumes.

The net cash cost per 4E ounce increased by 9% from the previous quarter due to the 5% and 2% decrease in production and by-product revenue, respectively.

Amortisation and depreciation cost per 4E ounce decreased by 20% from the previous quarter mainly due to the decrease in depreciation expense arising from the annual review of estimated useful lives of some assets in the previous quarter.

Gross revenue per 4E ounce increased by 19% from the previous quarter largely due to the increase in the prices of platinum, palladium and gold.

Total direct and indirect tax payments to the Government of Zimbabwe increased to US\$16 million from the US\$13 million reported in the previous quarter.

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

METAL PRICES

	December quarter 2018	September quarter 2018	% Change	December quarter 2017	% Change
Platinum (US\$ per oz)	823	779	6	920	(11)
Palladium (US\$ per oz)	1 156	954	21	992	17
Rhodium (US\$ per oz)	2 457	2 486	(1)	1 363	80
Gold (US\$ per oz)	1 228	1 173	5	1 275	(4)
Nickel (US\$ per tonne)	11 469	11 484	-	11 572	(1)

CAPITAL PROJECTS

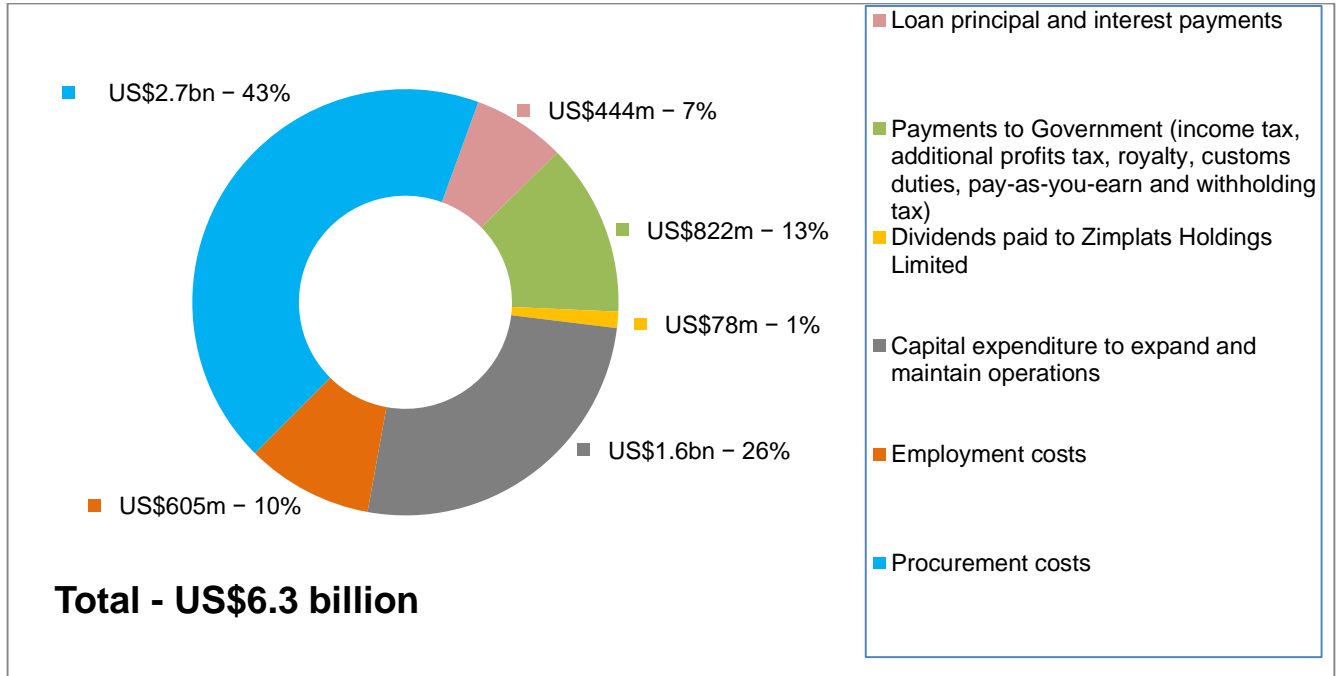
The redevelopment of Bimha Mine remains on schedule. Installation of the north underground crusher and the ore-conveyancing system were completed during the quarter. The south underground crusher and ore-conveyancing system are scheduled for commissioning in August 2019. A total of US\$76 million had been spent as at 31 December 2018 against a total project 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\$51 million had been spent as at 31 December 2018 against a total project budget of US\$264 million.

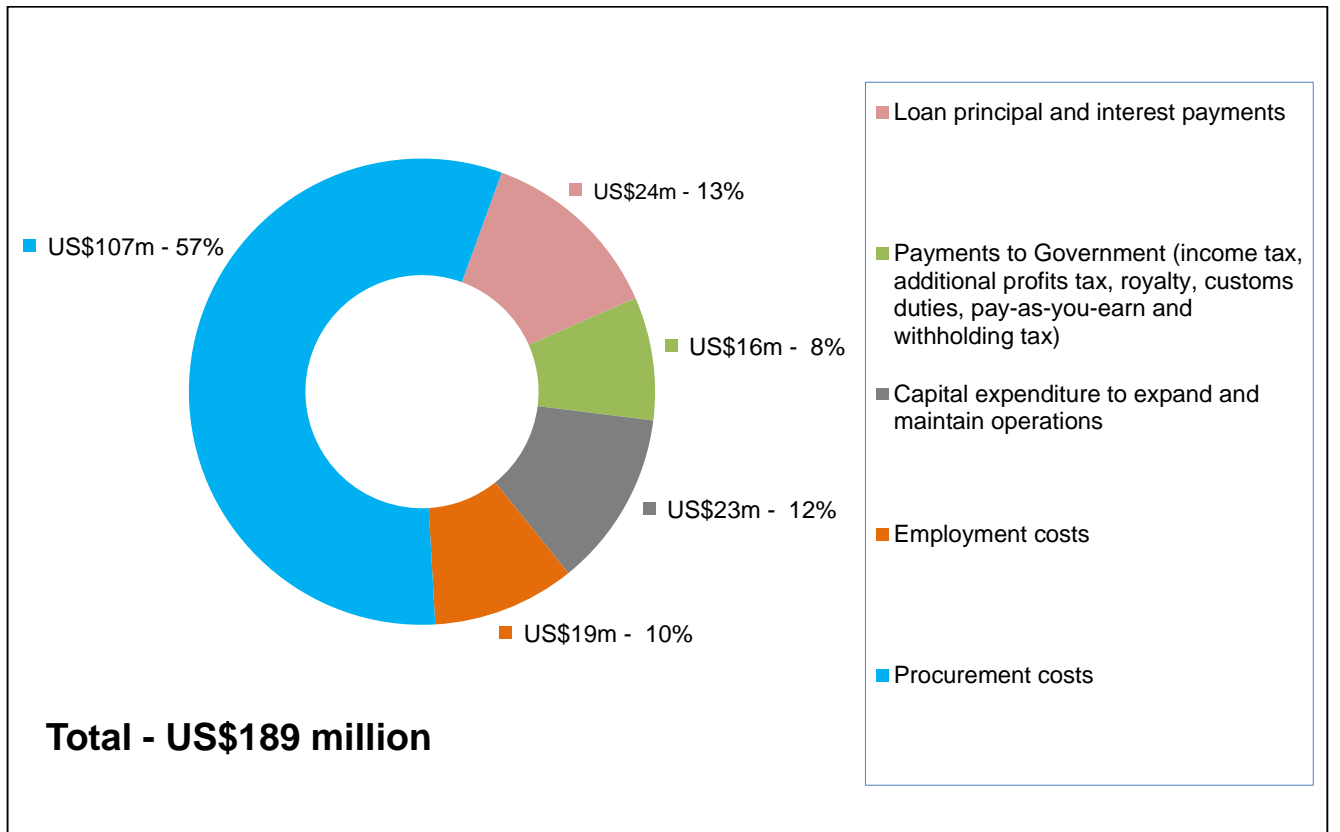
CASH UTILISATION

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 31 December 2018 (US\$ millions)



Zimbabwe Platinum Mines (Private) Limited - Cash utilisation – quarter ended 31 December 2018 (US\$ millions)



RESOLUTION OF OUTSTANDING ISSUES WITH GOVERNMENT

Indigenisation and economic empowerment

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

SHAREHOLDER INFORMATION

Share price

The average share price for the quarter was AU\$6.26 (previous quarter: AU\$6.08).

Major shareholders as at 30 September 2018:

Impala Platinum BV	87.00%
JP Morgan Nominees Australia Limited	5.07%
Citicorp Nominees Pty Limited	4.04%
HSBC Custody Nominees (Australia) Limited	2.25%

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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