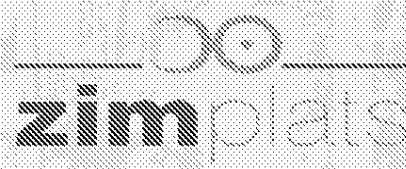


# Zimbabwe Platinum Mines Limited



REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2003

## HIGHLIGHTS

- Metal sales reduced during quarter due to furnace breakdown.
- Positive cash flow notwithstanding reduced metal sales.
- Implats' offer to minorities increases its shareholding in Zimplats to 81.9%.
- Heads of Agreement signed with empowerment consortium.
- No lost-time injuries recorded during the quarter.
- Good progress on trial underground mining and associated feasibility study.

### **PRODUCTION – Makwiro Platinum Mines (Private) Limited – “Makwiro”**

Makwiro is 70% owned by Zimplats and 30% by Impala Platinum Holdings Limited.

#### *Ngezi Platinum Mine*

		September Quarter 2003	June Quarter 2003	March Quarter 2003	December Quarter 2002
Production days		84	78	78	78
Total volume mined	BCMs (million)	2.1	2.1	2.1	2.3
Ore mined - opencast	Tonnes (000's)	538	474	455	545
Grade - opencast	4E (average) g/t	3.29	3.25	3.23	3.19
Ore mined - underground	Tonnes (000's)	36			
Grade - underground	4E (average) g/t	3.38			

Mechanical difficulties with the two face shovels continued to impact negatively on the total volumes mined. Three new excavators are due on site during the coming quarter to assist in mining the required ore and waste volumes. Regrettably, procedural requirements at the border have delayed the movement of mining equipment in and out of Zimbabwe, thereby impacting negatively on the mining contractor's performance.

Revised blasting procedures have improved the size of the ore delivered to the mill, which in turn has increased mill throughput.

Road train availability has been negatively affected by engine mechanical problems and the loss, by fire, of one road train. Replacement engines and additional units are being sourced by the haulage contractor to address this situation.

### *Selous Metallurgical Complex*

#### **Concentrator**

	<b>September Quarter 2003</b>	<b>June Quarter 2003</b>	<b>March Quarter 2003</b>	<b>December Quarter 2002</b>
Production days	89	91	81	83
Tonnes milled	528,181	516,404	463,971	461,710
Grade g/t	3.30	3.25	3.21	3.18
Recovery	82.6	82.3	82.7	82.5
Metal 4E ounces	46,305	43,726	39,674	39,122

The average daily milling tonnage for the quarter of 5,934 tonnes is the highest achieved to date, on a sustained basis. The improvement is due to an improved engineering availability, a major component being the improved quality and design of the SAG mill liners, and the better ore fragmentation from the new blasting procedures.

A SAG mill reline scheduled for December 2003 is expected to reduce 4E production by approximately 3,600 ounces for the quarter ended December.

#### **Smelter**

	<b>September Quarter 2003</b>	<b>June Quarter 2003</b>	<b>March Quarter 2003</b>	<b>December Quarter 2002</b>
Production days	50	91	89	91
Concentrate filtered – tonnes	18,289	21,972	22,850	21,282
Concentrate to furnace – tonnes	15,255	24,168	21,031	22,819
Recovery	99.3	99.5	99.7	98.4
Metal 4E ounces in matte	32,361	51,981	35,534	41,290

The reduced production days reflects the tap hole breakout referred to in the June quarterly report. The furnace was offline for a total of 42 days, 35 days to repair, and 7 days to reheat the furnace to enable production to recommence.

As a consequence of the furnace breakdown a commercial decision was made to high-grade and stockpile the concentrate instead of seeking to sell concentrate. The reduced revenue from the sale of concentrate, the higher volumes to transport and the capacity constraints in the South African smelters were the main considerations for the decision to stockpile concentrate until the furnace resumed operation.

At the end of September 2003, 6,387 tonnes of concentrate were in stock instead of the normal 1,500 tonnes. The excess concentrate stockpile is scheduled to be processed by the end of December 2003.

### Metal Sales

	September Quarter 2003	June Quarter 2003	March Quarter 2003	December Quarter 2002
Platinum – ounces	16,324	24,358	17,693	19,373
Palladium – ounces	14,118	21,269	15,142	16,870
Gold – ounces	1,887	2,773	1,961	2,131
Rhodium – ounces	<u>1,507</u>	<u>2,273</u>	<u>1,656</u>	<u>1,831</u>
<b>4E total – ounces</b>	<b>33,836</b>	<b>50,673</b>	<b>36,452</b>	<b>40,205</b>
Nickel – tonnes	316	400	306	335
Copper – tonnes	220	281	219	233

The furnace breakdown from 12 July 2003 to 21 August 2003 reduced the amount of metal available for despatch to Impala Refining Services Limited.

The concentrate stockpile reduction process commenced in earnest in September 2003, resulting in an additional 6,696 ounces 4E above budget being despatched for the month.

### Security

Subsequent to the end of the quarter, a total of 56 tonnes of converter matte, valued at approximately US\$2 million, was hijacked in South Africa whilst en route to Impala's facilities at Rustenburg. Fortunately there were no injuries to personnel. The cargo has not been located, but is covered by insurance. Investigations by the insurers and police are underway.

### NGEZI UNDERGROUND TRIAL MINE

The underground trial mine performed to expectations during the quarter. Ore processed from the mine averaged 3.38 g/t 4E, an increase of 6% on the previous quarter. This grade is now in line with anticipated reserve grade.

Operations concentrated on finalising drill and blast patterns and ground support requirements. Some further refinement in these two areas is anticipated in the coming quarter.

It is planned to introduce ore-haulage trucks into the trial underground mine in the coming quarter to reduce the haul distance for the LHDs. The portal entrances are currently being re-configured in order to maximise the trucks efficiency. An order for a low profile 30t truck has been placed.

## NGEZI EXPANSION FEASIBILITY STUDY

A change in scope for the feasibility study was approved by the board during the quarter. This is due to technical risk issues associated with the smelter. A full explanation of this issue is provided in the annual report.

In summary the bankable study is being based on the following inputs:

1. A 1 mtpa underground mechanised room and pillar mine.
2. A single stream 1.5 mtpa concentrator at Ngezi.
3. Associated infrastructure to support this development.

The throughput of the expanded operation will then average 3.0 mtpa to produce approximately 270,000 ounces of 4E per annum.

The bankable study will be presented for board consideration early in the New Year.

In preparation for the commencement of negotiations to secure financing for the proposed new mine, N M Rothschild & Sons (Australia) Limited has been mandated to advise Zimplats on an appropriate corporate structure regarding the Zimplats 70% interest in Makwiro and its 100% ownership of the mineral resources to be mined.

## RESERVES AND RESOURCES

There has been no change to the Ore Reserve and Mineral Resource statement during the quarter.

## EXPLORATION

No further exploration work was undertaken during the quarter as all efforts by the project team are currently focussed on the feasibility study for the proposed underground mine.

## FINANCIAL

The Makwiro revenue and operating cost for the September quarter, which is 70% attributable to Zimplats, is tabled below:

Operating cash flow	September Quarter 2003 US\$ 000's	June Quarter 2003 US\$ 000's	March Quarter 2003 US\$ 000's	December Quarter 2002 US\$ 000's
Revenue	14,873	21,133	16,187	17,244
Operating Cost	11,948	15,377	9,948	9,021
Operating Profit	2,925	5,756	6,239	8,223

The reduced production during the quarter negatively impacted on Makwiro's revenue. The operating cash flow was, however, still positive and the company was able to make its second loan repayment of US\$8.6 million to Absa Bank Limited. The company remains cash positive and cash flow forecasts indicate that the third repayment in March 2004 will be easily met.

<b>Cash and total cost of production</b>	<b>September Quarter 2003 US\$</b>	<b>June Quarter 2003 US\$</b>	<b>March Quarter 2003 US\$</b>	<b>December Quarter 2002 US\$</b>
Cash cost of production per 4E ounce	310	304	304	250
Less by-product credits	(73)	(65)	(62)	(42)
Net cash cost per 4E ounce	237	239	242	208
Amortisation and depreciation	53	36	43	36
Total cost per 4E ounce	290	275	285	244
Surplus per 4E ounce*	80	141	159	186

\*(Revenue, less total cost per 4E ounce).

The reduced revenue per 4E ounce is a consequence of the factors listed below:

- The lower metal production due to the furnace breakdown.
- Dollarisation (US) of the Zimbabwe economy resulting in input costs being charged in US\$ and not Z\$, e.g. electricity and fuel.
- Increased mining costs due to contractual rise and fall provisions in the mining contract.

#### **PGM PRICES**

The average pgm and gold prices for the past 4 quarters are as follows:

	<b>September 2003 Quarter</b>	<b>June 2003 Quarter</b>	<b>March 2003 Quarter</b>	<b>December 2002 Quarter</b>
Platinum	696	648	665	598
Palladium	192	172	247	244
Rhodium	503	521	597	598

Source: Johnson Matthey, monthly average price.

Gold	363	328	345	333
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Source: Monthly average of the daily London am/pm fixes.

## **EMPOWERMENT PLACEMENT**

As advised in the ASX announcement on the 23 September 2003, Zimplats has signed a heads of agreement with a local empowerment consortium, Grassroots Investments. The consortium consists of Zimbabwean nationals, private companies, a trust to be established on behalf of communities where mining and processing is undertaken, and the Zimbabwe Mining Development Corporation.

Finance for the share placement has been secured from a South African commercial bank, which has the support of Implats. A total of 13,390,423 shares, representing 14.6% of Zimplats issued share capital prior to dilution, is to be issued at a price of A\$3.47 per share. The placement shares are expected to be issued during the December quarter.

## **OFFER TO MINORITIES**

The Impala Platinum Holdings Limited (Implats) offer to minorities at A\$4.08 per share closed on the 11 September 2003. As at the end of the September quarter the Implats group held approximately 81.9% of the issued shares of Zimplats. A total of 92,764,489 shares are now in issue.

The Zimplats share register as at the 24 September 2003 reflects the total number of shareholders being 696.

## **INVESTMENT INFORMATION**

### **Capital Structure**

As at the 30 September 2003, 92 764 489 fully paid and quoted shares were on issue.

### **Major shareholders**

Impala Platinum Holdings Limited	81.86%
Mr Adrian Vanderspuy	4.28%
Corporate Holdings Limited	2.42%

### **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 2 8234 5222, Fax: +61 2 8234 5070.

## **INFORMATION ON ZIMPLATS**

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In the report Zimplats refers to Zimbabwe Platinum Mines Limited and/or its subsidiaries.