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Australian Stock Exchange Code ZIM

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**U R G E N T**

**TO:** ASX Announcements  
**FAX:** 1900 999 279  
**FROM:** Kathrine Brown  
**DATE:** 30<sup>th</sup> January 2004  
**SUBJECT:** Announcement

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Attached is the following ASX announcement. 'Report for the quarter ended 31 December 2003'. 6 pages in total, excluding this cover sheet. Please can you release this to the market?

Kathrine Brown  
Sydney Office Manager

PRODUCING PLATINUM IN ZIMBABWE

# Zimbabwe Platinum Mines Limited



REPORT FOR THE QUARTER ENDED 31 DECEMBER 2003

## HIGHLIGHTS

- Record 4E smelter production of 52,677 ounces.
- Reduced mass pull in concentrator without reducing recoveries.
- Continued good progress in trial underground mine and feasibility study.
- Strong cash flows continue.

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

#### Ngezi Platinum Mine

		December Quarter 2003	September Quarter 2003	June Quarter 2003	March Quarter 2003
Production days		79	84	78	78
Total volume mined	BCMs (million)	1.9	2.1	2.1	2.1
Ore mined - opencast	Tonnes (000's)	534	538	474	455
Grade - opencast	4E (average) g/t	3.25	3.29	3.25	3.23
Ore mined - underground	Tonnes (000's)	39	36		
Grade - underground	4E (average) g/t	3.42	3.38		

The availability of the two face shovels during the quarter improved; however, bulk waste mining volumes were negatively impacted by poor availability of the 165mm drill rigs.

A tighter drill pattern was introduced in the quarter to improve the fragmentation of the bulk waste material. It was assessed that the existing drilling fleet should be sufficient to undertake the additional metres. Unfortunately a high level of breakdown and the inability of the contractor to source replacement equipment timeously impacted on the mine programme and in particular the bulk waste movement.

At the time of reporting there has been an improvement in drill rig availability and additional drilling units are due in the next quarter. Three new excavators have assisted in moving the required mined volumes of ore.

The road train fleet, after an accident free 20 months of operation, had four incidents in the quarter. There were no injuries to personnel, but two horses were lost. Although temporary replacement rigs were received, the reduced capacity impacted on the ability to haul the targetted tonnage to the Selous plant. The situation was rectified by the end of the quarter. In order to reduce incidents of this nature, road train operations within the region are to be visited in order to learn from the experiences of other operators.

### **Safety**

There was one LTI during the quarter when a contract worker injured a kneecap when he fell off a drill rig. The worker has subsequently returned to normal duties.

### **Selous Metallurgical Complex**

#### **Concentrator**

	<b>December Quarter 2003</b>	<b>September Quarter 2003</b>	<b>June Quarter 2003</b>	<b>March Quarter 2003</b>
Production days	84	89	91	81
Tonnes milled	452,022	528,181	516,404	463,971
Grade g/t	3.25	3.30	3.25	3.21
Recovery	83.0	82.6	82.3	82.7
Metal 4E ounces	39,224	46,305	43,726	39,674

The total tonnage milled during the quarter was reduced by the SAG mill reline shutdown, ore haulage constraints and major conveyor belt replacements.

The total number of milling days in the quarter was reduced from 91 days to 84 days as a consequence of the SAG mill reline being re-scheduled to December 2003 from January 2004. Consequently, the March 2004 quarter milling days will be increased from 84 days to 91 days.

The reduced number of ounces produced through the concentrator reflects the lower milled volumes and grade, offset partially by an improved recovery.

#### **Smelter**

	<b>December Quarter 2003</b>	<b>September Quarter 2003</b>	<b>June Quarter 2003</b>	<b>March Quarter 2003</b>
Production days	91	50	91	89
Concentrate filtered – tonnes	17 710	18,289	21,972	22,850
Concentrate to furnace – tonnes	20,813	15,255	24,168	21,031
Recovery	99.3	99.3	99.5	99.7
Metal 4E ounces in matte	52,677	32,361	51,981	35,534
4E ounces per tonne concentrate	2.53	2.12	2.15	1.69

The 4E ounces in matte of 52,677 for the quarter represent the highest production through the furnace for any quarter. To reduce the volume of concentrate stockpiled during the taphole repairs to the smelter, the concentrator mass pull was reduced. Reducing the mass pull did not affect recoveries in the concentrator and resulted in the ounces per tonne of concentrate fed to the smelter increasing. This in turn increases the metal production capacity of the furnace and reduces electricity consumption per ounce of 4E produced.

As previously reported, Makwiro decided against selling concentrate as it was commercially advantageous to use the spare smelter capacity to reduce the concentrate built up during the smelter repair period. The increase in metal prices during the repair period enhanced the commercial decision not to sell concentrate.

At the end of the December 2003 quarter, the concentrate stockpile which existed at the start of the quarter had been processed by the smelter.

### Metal Sales

	<b>December Quarter 2003</b>	<b>September Quarter 2003</b>	<b>June Quarter 2003</b>	<b>March Quarter 2003</b>
Platinum – ounces	21,607	16,324	24,358	17,693
Palladium – ounces	18,554	14,118	21,269	15,142
Gold – ounces	2,428	1,887	2,773	1,961
Rhodium – ounces	<u>1,959</u>	<u>1,507</u>	<u>2,273</u>	<u>1,656</u>
<b>4E total – ounces</b>	<b><u>44,549</u></b>	<b><u>33,836</u></b>	<b><u>50,673</u></b>	<b><u>36,452</u></b>
Nickel – tonnes	448	316	400	306
Copper – tonnes	315	220	281	219

The metal despatched during the quarter did not match the high level of production from the smelter as a consequence of the interruption to the transport of matte caused by the hijacking of two trucks of matte during the quarter. In addition, the Christmas and New Year holiday period restricted the volume of matte transported to the refinery. As a consequence, matte stocks at quarter end were higher than normal, containing approximately 6,800 ounces 4E.

This matte has been exported during the first month of the following quarter.

### Security

The 56 tonnes of matte representing approximately U.S\$1,6 million of revenue to Makwiro, stolen during the previous quarter has not been recovered. Improved security measures are in place and further improvements are being evaluated at present.

The insurance claim is expected to be settled by early February 2004.

**NGEZI UNDERGROUND TRIAL MINE**

Good progress continues to be made at the trial underground mine at Ngezi. Tonnages and grade are both up on the previous quarter. The focus during the quarter has been to improve skills and prepare the shafts for the introduction of trucking. Delivery of the first specially designed rig is due in February.

The company will continue to prove-up mining parameters to support the project over the next quarter.

**NGEZI EXPANSION FEASIBILITY STUDY**

Good progress continues to be made on the bankable feasibility study for the proposed underground mine and concentrator at Ngezi. Value engineering is now underway in order to ensure the lowest appropriate cost is achieved for the development of the mine and concentrator.

The bankable feasibility study is to be subjected to a full third party review before presentation to the Zimplats Board for funding approval.

The N.M. Rothschild & Sons (Australia) Limited recommendation on the future structure of Zimplats is close to completion. It is expected to be reviewed by management and the board of Zimplats during this quarter.

**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 December quarter, which is 70% attributable to Zimplats, is tabled below:

Operating cash flow	December Quarter 2003 US\$ 000's	September Quarter 2003 US\$ 000's	June Quarter 2003 US\$ 000's	March Quarter 2003 US\$ 000's
Revenue	23,219	14,873	21,133	16,187
Operating Cost	16,029	11,948	15,377	9,948
Operating Profit	7,190	2,925	5,756	6,239

The improved revenue and operating profit for the quarter is the consequence of the increased matte production through processing stockpiled concentrates, higher metal prices, and improved cost controls

Strong cash flows will ensure that the next loan repayment to Absa in March 2004 will be met and that the company has sufficient finances available to meet operational and approved capital requirements.

Cash and total cost of production	December Quarter 2003 US\$	September Quarter 2003 US\$	June Quarter 2003 US\$	March Quarter 2003 US\$
Cash cost of production per 4E ounce	315	310	304	304
Less by-product credits	(98)	(73)	(65)	(62)
Net cash cost per 4E ounce	217	237	239	242
Amortisation and depreciation	50	53	36	43
Total cost per 4E ounce *	267	290	275	285
Surplus per 4E ounce**	153	80	141	159

\* (Net of by-product revenue)

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

The improved surplus per 4E ounce is due to the higher metal prices, improved cost controls, and higher furnace throughput.

#### PGM PRICES

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

	December 2003 Quarter	September 2003 Quarter	June 2003 Quarter	March 2002 Quarter
Platinum	769	696	648	665
Palladium	201	192	172	247
Rhodium	500	503	521	597

Source: Johnson Matthey, monthly average price.

Gold	392	363	328	345
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Source: Monthly average of the daily London am/pm fixes.

**EMPOWERMENT PLACEMENT**

The Empowerment Placement shares were not issued during the quarter. Various financial structures are currently being reviewed to give effect to this transaction.

**INVESTMENT INFORMATION****Capital Structure**

As at the 31 December 2003, 92 764 489 fully paid and quoted shares were on issue.

**Major shareholders**

Impala Platinum Holdings Limited	82.34%
Corporate Holdings Limited	3.71%
Mr. Adrian Vanderspuy	2.99%

**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.

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