

Zimbabwe Platinum Mines Limited



REPORT FOR THE QUARTER ENDED 31 MARCH 2004

HIGHLIGHTS

- Steady production quarter
- Cash Flow generation has remained strong due to high metal prices.

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

Ngezi Platinum Mine

| | | March Quarter 2004 | December Quarter 2003 | September Quarter 2003 | June Quarter 2003 |
|-------------------------|------------------|--------------------------|-----------------------------|------------------------------|-------------------------|
| Production days | | 77 | 79 | 84 | 78 |
| Total volume mined | BCMs (million) | 1.9 | 1.9 | 2.1 | 2.1 |
| Ore mined - opencast | Tonnes (000's) | 458 | 534 | 538 | 474 |
| Grade - opencast | 4E (average) g/t | 3.20 | 3.25 | 3.29 | 3.25 |
| Ore mined - underground | Tonnes (000's) | 48 | 39 | 36 | |
| Grade - underground | 4E (average) g/t | 3.49 | 3.42 | 3.23 | |

Total volume mined was in line with budget despite difficult weather conditions towards the end of the quarter. There was an improvement in the availability of 165mm drill rigs and additional rigs are due on site in May which should further improve the operation.

The new East Box cut is targeted for completion in next quarter.

The ore mined was in line with budget with a lower tonnage planned due to the wet season. The lower grade in the quarter reflects the grade in-situ for areas mined.

The trial underground mine operated well in the quarter with an improved volume and grade.

Safety

There was one LTI during the quarter when a contract employee sustained minor burns on both legs due to the loosening of a faulty pump hose. The individual has recovered well and has subsequently returned to normal duties.

Selous Metallurgical Complex achieved 1 000 fatality free days in March 2004.

Selous Metallurgical Complex

Concentrator

| | March Quarter 2004 | December Quarter 2003 | September Quarter 2003 | June Quarter 2003 |
|-----------------|-----------------------------------|--------------------------------------|---------------------------------------|----------------------------------|
| Production days | 91 | 84 | 89 | 91 |
| Tonnes milled | 531,584 | 452,022 | 528,181 | 516,404 |
| Grade g/t | 3.21 | 3.25 | 3.30 | 3.25 |
| Recovery | 83.1 | 83.0 | 82.69 | 82.3 |
| Metal 4E ounces | 45,617 | 39,224 | 46,305 | 43,726 |

The concentrator operated satisfactorily in the quarter and record throughput was achieved. However, the ore sizing/presentation together with the Sag mill liner configuration and feed system remain a limiting factor to this operation and Management is confident that throughput will be further enhanced as a result of planned improvements that are scheduled to be effected over the next 12 months.

Smelter

| | March Quarter 2004 | December Quarter 2003 | September Quarter 2003 | June Quarter 2003 |
|---------------------------------|-----------------------------------|--------------------------------------|---------------------------------------|----------------------------------|
| Production days | 91 | 91 | 50 | 91 |
| Concentrate filtered – tonnes | 19,461 | 17,710 | 18,289 | 21,972 |
| Concentrate to furnace – tonnes | 25,345 | 20,813 | 15,255 | 24,219 |
| Recovery | 99.3 | 99.3 | 99.3 | 99.5 |
| Metal 4E ounces in matte | 47,878 | 52,677 | 32,361 | 52,024 |
| 4E ounces per tonne concentrate | 1.89 | 2.53 | 2.12 | 2.15 |

The smelter processed all available concentrate in the quarter. The drop in 4E ounces per tonne concentrate is a result of the processing low grade material recovered from stockpiles from the previous operation.

Metal Sales

| | March Quarter 2004 | December Quarter 2003 | September Quarter 2003 | June Quarter 2003 |
|--------------------------|-----------------------------------|--------------------------------------|---------------------------------------|----------------------------------|
| Platinum – ounces | 25,195 | 21,607 | 16,324 | 24,358 |
| Palladium – ounces | 21,773 | 18,554 | 14,118 | 21,269 |
| Gold – ounces | 2,824 | 2,428 | 1,887 | 2,779 |
| Rhodium – ounces | <u>2,336</u> | <u>1,959</u> | <u>1,507</u> | <u>2,273</u> |
| 4E total – ounces | <u>52,129</u> | <u>44,549</u> | <u>33,836</u> | <u>50,673</u> |
| Nickel – tonnes | 479 | 448 | 316 | 400 |
| Copper – tonnes | 328 | 315 | 220 | 281 |

The metal despatched in the quarter reflects the run of mine production and the reduction of stocks accumulated at the end of the last quarter.

The higher levels of nickel/copper are a result of a deliberate strategy to mine a higher percentage of the hanging wall thereby recovering higher volumes of base metals and taking advantage of the current high prices for these products.

Insurance Claim

The insurance claim for the 56 tonnes of matte stolen in South Africa whilst on route to Implats' refinery was settled in the quarter under review.

NGEZI UNDERGROUND TRIAL MINE

Good progress continues to be made at the trial underground mine. There is now a high level of confidence that all parameters in terms of the planned expansion can be achieved. The first of the specially designed haulage rigs was commissioned in March.

NGEZI EXPANSION FEASIBILITY STUDY

Good progress continues to be made on the bankable feasibility study for the proposed underground mine and concentrator at Ngezi. The value engineering and full third party reviews have been completed. Board approval will be sought in the next quarter. However, the recent 'white paper' on amendments to the Mines and Minerals Bill has created uncertainties and assurances will be sought from the Government of Zimbabwe prior to project implementation.

Financial advisors, N M Rothschild & Sons, have concluded a report which recommends a rationalisation of the Zimplats/Makwiro structure so as to optimise the financing of future expansions as well as to ensure that future operations can be progressed in the most efficient manner.

The management of both Zimplats and Implats will consider the recommendations of the report in detail and shareholders will be advised of developments in due course.

RESERVES AND RESOURCES

There has been no change to the Ore Reserve and Mineral Resource statement during the quarter other than normal mine depletion.

FINANCIAL

| Operating cash flow | March Quarter 2004 US\$ 000's | December Quarter 2003 US\$ 000's | September Quarter 2003 US\$ 000's | June Quarter 2003 US\$ 000's |
|---------------------|--|---|--|---------------------------------------|
| Revenue | 34,909 | 23,219 | 14,873 | 21,133 |
| Operating Cost | (19,709) | (16,029) | (11,948) | (15,377) |
| Operating Profit | 15,200 | 7,190 | 2,925 | 5,756 |

The improved revenue and operating profit for the quarter was a result of higher volume sales and metal prices. There have been significant increases in Zimbabwe dollar denominated costs due to the strengthening of the currency following the introduction of a new foreign exchange auction system in January 2004.

The penultimate instalment of the Absa loan amounting to \$8 million was paid in March 2004 as scheduled.

| Cash and total cost of production | March Quarter 2004 US\$ | December Quarter 2003 US\$ | September Quarter 2003 US\$ | June Quarter 2003 US\$ |
|--------------------------------------|----------------------------------|-------------------------------------|--------------------------------------|---------------------------------|
| Cash cost of production per 4E ounce | 345 | 315 | 310 | 304 |
| Less by-product credits | (129) | (98) | (73) | (65) |
| Net cash cost per 4E ounce | 217 | 217 | 238 | 240 |
| Amortisation and depreciation | 32 | 50 | 53 | 36 |
| Total cost per 4E ounce * | 249 | 267 | 290 | 276 |
| Surplus per 4E ounce** | 249 | 154 | 80 | 141 |

* (Net of by-product revenue)

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

The higher cash cost for the quarter was a consequence of the increase in Zimbabwe dollar denominated costs. Net cash cost however remained unchanged and surplus per 4E ounce improved due to the higher by-product revenues.

PGM PRICES

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

| | March 2004 Quarter | December 2003 Quarter | September 2003 Quarter | June 2003 Quarter |
|-----------|-----------------------------------|--------------------------------------|---------------------------------------|----------------------------------|
| Platinum | 867 | 769 | 696 | 648 |
| Palladium | 243 | 201 | 192 | 172 |
| Rhodium | 630 | 500 | 503 | 521 |

Source: Johnson Matthey, monthly average price.

| | | | | |
|------|-----|-----|-----|-----|
| Gold | 409 | 392 | 363 | 328 |
|------|-----|-----|-----|-----|

Source: Monthly average of the daily London am/pm fixes.

The empowerment shares were not issued in the quarter under review. Agreement has been reached with the Needgate Consortium to take up the 15% placement and is conditional upon final Government approval. This transaction is currently in the hands of Government awaiting approval.

INVESTMENT INFORMATION

Capital Structure

Major shareholders

| | |
|----------------------------------|--------|
| Impala Platinum Holdings Limited | 82.60% |
| 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.