

# Zimplats Holdings Limited



## REPORT FOR THE QUARTER ENDED 31 MARCH 2006

### KEY FEATURES

- Metal prices have remained buoyant.
- Operating profit for the quarter up by 28%.
- Portal 2 Underground expansion project on schedule.
- 3 Lost Time Injuries recorded during the quarter.

### SAFETY and ENVIRONMENT

Safety performance has remained unsatisfactory with 3 Lost Time Injuries recorded during the quarter, thus bringing the year to date total to 8.

### PRODUCTION – Zimbabwe Platinum Mines (Private) Limited

#### Ngezi Platinum Mine

		March Quarter 2006	December Quarter 2005	September Quarter 2005	June Quarter 2005
Production days		92	91	92	91
Total volume mined	BCMs (million)	1.5	1.8	1.9	2.0
Ore mined – opencast	Tonnes (000's)	303	431	494	406
Grade – opencast	4E (average) g/t	3.32	3.34	3.23	3.20
Ore mined – underground	Tonnes (000's)	196	177	119	113
Grade – underground	4E (average) g/t	3.48	3.62	3.39	3.38

The lower open cast ore production is a reflection of both the planned reduction in open cast tonnage and the difficult mining conditions caused by heavy rains in February.

Underground ore production was in line with the expected output of three fully operational mining fleets. Training of personnel to operate the fourth mining fleet is on schedule and the fleet is set to be put to production in May upon commissioning of a new ore crusher and conveyor. This will bring the mine up to full capacity.

Underground head grade for the quarter was 4% lower than the previous quarter due to more roadway development, which resulted in increased dilution.

## Selous Metallurgical Complex

### Concentrator

	March Quarter 2006	December Quarter 2005	September Quarter 2005	June Quarter 2005
Production days	92	87	86	91
Tonnes milled	537,673	487,570	506,985	538,771
Grade g/t	3.38	3.44	3.27	3.24
Recovery (%)	84.6	84.4	83.8	83.7
Metal 4E ounces	49,218	45,520	44,647	46,971

Concentrator performance during the quarter was satisfactory. Variability in ore size distribution continued to negatively affect production. An international firm of consultants has been engaged to advice on how ore throughput can be improved and their recommendations are currently being implemented.

### Smelter

	March Quarter 2006	December Quarter 2005	September Quarter 2005	June Quarter 2005
Production days	92	91	89	91
Concentrate filtered – tonnes	17,005	16,061	16,202	18,936
Concentrate to furnace – tonnes	17,640	16,194	16,073	18,926
Recovery	99.4	99.4	99.4	99.4
Metal 4E ounces in matte	47,940	44,181	44,079	46,114
4E ounces per tonne concentrate	2.72	2.73	2.74	2.44

The smelter operated well during the quarter. The increase in metal production was a result of both the higher concentrate throughput and grade. Furnace efficiency was however adversely affected by unscheduled power cuts. This is an area of concern to management and discussions are currently underway with the Zimbabwe Electricity Supply Authority with the objective of ensuring a consistent supply of power to our operations.

### Metal Sales

	March Quarter 2006	December Quarter 2005	September Quarter 2005	June Quarter 2005
Platinum – ounces	22,338	22,421	22,623	21,583
Palladium – ounces	19,277	18,716	19,085	18,405
Gold – ounces	2,441	2,394	2,470	2,354
Rhodium – ounces	<u>1,992</u>	<u>2,003</u>	<u>2,036</u>	<u>2,065</u>
<b>4E total – ounces</b>	<b><u>46,048</u></b>	<b><u>45,533</u></b>	<b><u>46,214</u></b>	<b><u>44,407</u></b>
Nickel – tonnes	385	367	374	377
Copper – tonnes	263	260	256	256

Matte despatches for the quarter were satisfactory. A new matte transport contractor was engaged during the period and matte stocks on hand at the end of the quarter have since been cleared.

### **FINANCIAL – Zimbabwe Platinum Mines (Private) Limited**

<b>Operating cash flow</b>	<b>March Quarter 2006 US\$ 000's</b>	<b>December Quarter 2005 US\$ 000's</b>	<b>September Quarter 2005 US\$ 000's</b>	<b>June Quarter 2005 US\$ 000's</b>
Revenue	41,043	38,376	30,933	32,250
Operating Costs	(23,812)	(24,811)	(24,282)	(26,996)
Operating Profit	17,231	13,565	6,651	5,254

Revenue for the quarter was 7% higher than the previous quarter reflecting the impact of both higher metal prices and volumes.

Operating costs were 4% lower than the previous quarter due to effective cost management.

Operating costs include Royalties due to the Government of Zimbabwe in the sum of \$1,135 million, up 7% from the previous quarter's \$1,058 million.

Most of the funds generated from operations have been re-invested in the Portal 2 Underground Expansion Project which is scheduled to be completed in May 2006.

<b>Cash and total cost of production</b>	<b>March Quarter 2006 US\$</b>	<b>December Quarter 2005 US\$</b>	<b>September Quarter 2005 US\$</b>	<b>June Quarter 2005 US\$</b>
Cash cost of production per 4E ounce	462	467	468	518
Less by-product credits	(130)	(104)	(105)	(131)
Net cash cost per 4E ounce	332	363	363	387
Amortisation and depreciation	50	46	51	75
Total cost per 4E ounce *	382	409	414	462
Surplus per 4E ounce**	379	256	123	65

\*Net of by-product revenue.

\*\*Total Revenue, less total cost/Total 4E ounces.

The decrease in unit cost for the quarter is a reflection of the lower operating costs and higher by-product revenues.

## **PGM PRICES**

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

	<b>March 2006 Quarter</b>	<b>December 2005 Quarter</b>	<b>September 2005 Quarter</b>	<b>June 2005 Quarter</b>
Platinum	1 038	959	858	873
Palladium	292	242	179	193
Rhodium	3 475	2 898	2 069	1 633
Source: Johnson Matthey, monthly average price.				
Gold	551	484	419	421

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

## **GOVERNMENT PARTICIPATION IN THE PLATINUM SECTOR**

As previously advised, the Government of Zimbabwe has announced proposals for government participation in the mining sector in terms of which Government would have a 51% shareholding in platinum operations. Positive discussions have been held with the Government on this matter and management is confident that a mutually acceptable framework for empowerment and/or government participation in the company's shareholding structure can be agreed upon.

## **PORTAL 2 UNDERGROUND PROJECT**

Good progress has been made on the Portal 2 Underground Project, which is expected to be completed as scheduled in May 2006 and within the project cost budget.

## **NON-RESIDENT SHAREHOLDERS' TAX**

This matter remains unresolved. Government promulgation of the Statutory Instrument to give effect to the exemption from Non-Resident Shareholders' Tax on dividends is awaited.

## **UNDERGROUND EXPANSION PROGRAMME**

A bankable feasibility study to increase underground mining production in line with existing furnace capacity has been completed and will be submitted to the Zimplats board for consideration in May.

## INVESTMENT INFORMATION

### Share price

The average share price for the quarter was A\$5.91

### Capital Structure

#### Major shareholders as at the end of March 2006

Impala Platinum Holdings Limited	86.91%
Corporate Holdings Limited	3.20%
Mr. Adrian Vanderspuy	2.60%

### 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 3 9415 4000, Fax: +61 3 9473 2500.

### INFORMATION ON ZIMPLATS

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In the report Zimplats refers to Zimplats Holdings Limited and/or its subsidiaries.