

# Zimplats Holdings Limited



## REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2006

### KEY FEATURES

- Revenue up 8% on previous quarter on the back of higher sales volumes and metal prices.
- Operating profit up 6% on previous quarter.
- Phase 1 Expansion project commenced and on schedule.
- Mining Lease extended to cover mining claims required for long-term expansion.
- No Lost Time Injury recorded during the quarter.

### SAFETY and ENVIRONMENT

Safety performance for the quarter was satisfactory with no Lost Time Injury recorded.

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

#### Ngezi Platinum Mine

		September Quarter 2006	June Quarter 2006	March Quarter 2006	December Quarter 2005
Production days		92	86	92	91
Total volume mined	BCMs (million)	1.9	1.4	1.5	1.8
Ore mined – opencast	Tonnes (000's)	322	280	303	431
Grade – opencast	4E (average) g/t	3.35	3.29	3.32	3.34
Ore mined – underground	Tonnes (000's)	254	206	196	177
Grade – underground	4E (average) g/t	3.68	3.53	3.48	3.62

Total opencast volumes mined were 35% above the previous quarter. This was due to the re-orientation of the pit to facilitate the mining of the southern end of the south box-cut.

Opencast ore production was 15% above the previous quarter. This is a planned increase in order to replenish the ore stock pile. Replenishment of the stock pile will continue in the second quarter until a level of one month's production is achieved.

The underground mine operated well during the period and consistently exceeded the target monthly production of 80 000 tonnes. Ore head grade was 4% above the previous quarter due to improved hanging and footwall profiles being achieved.

The new crusher was commissioned in August and operated satisfactorily during the period. Some minor issues however still need to be rectified and are being attended to by the contractor.

### **Selous Metallurgical Complex**

#### **Concentrator**

	<b>September Quarter 2006</b>	<b>June Quarter 2006</b>	<b>March Quarter 2006</b>	<b>December Quarter 2005</b>
Production days	92	86	92	87
Tonnes milled	544,026	486,527	537,673	487,570
Grade g/t	3.51	3.39	3.38	3.44
Recovery (%)	84.7	84.6	84.6	84.4
Metal 4E ounces	51,572	44,568	49,218	45,520

The concentrator performed satisfactorily during the period despite opencast ore size variability continuing to adversely affect mill throughput. Both mill grade and recovery were ahead of expectations.

Installation of the pebble crushing circuit is in progress. The commissioning of this crusher originally scheduled for October 2006 has been delayed to end of November as the installation is taking longer than anticipated. Once installed, it is anticipated that this unit will assist in improving mill throughput by eliminating variations in ore size.

#### **Smelter**

	<b>September Quarter 2006</b>	<b>June Quarter 2006</b>	<b>March Quarter 2006</b>	<b>December Quarter 2005</b>
Production days	92	90	92	91
Concentrate filtered – tonnes	16,202	14,644	17,005	16,061
Concentrate to furnace – tonnes	16,797	14,754	17,640	16,194
Recovery	99.4	99.4	99.4	99.4
Metal 4E ounces in matte	48,860	48,564	47,940	44,181
4E ounces per tonne concentrate	2.91	3.29	2.72	2.73

The Smelter operated satisfactorily during the period and processed all available concentrates.

## Metal Sales

	September Quarter 2006	June Quarter 2006	March Quarter 2006	December Quarter 2005
Platinum – ounces	25,990	22,073	22,338	22,421
Palladium – ounces	21,460	18,654	19,277	18,716
Gold – ounces	2,864	2,406	2,441	2,394
Rhodium – ounces	<u>2,353</u>	<u>2,032</u>	<u>1,992</u>	<u>2,003</u>
<b>4E total – ounces</b>	<b><u>52,667</u></b>	<b><u>45,164</u></b>	<b><u>46,048</u></b>	<b><u>45,533</u></b>
Nickel – tonnes	452	367	385	367
Copper – tonnes	302	251	263	260

Metal sales were 17% above the previous quarter as a result of accounting for metal in transit at the end of June.

## FINANCIAL – Zimbabwe Platinum Mines (Private) Limited

Operating cash flow	September Quarter 2006 US\$ 000's	June Quarter 2006 US\$ 000's	March Quarter 2006 US\$ 000's	December Quarter 2005 US\$ 000's
Revenue	56 279	52,095	41,043	38,376
Operating Costs	(29 460)	(26,744)	(23,812)	(24,811)
Operating Profit	26 819	25,351	17,231	13,565

Revenue for the quarter was 8% above the previous quarter reflecting the impact of higher sales volumes.

Operating costs were 10% up on the previous quarter mainly due to the higher sales volumes.

Operating profit at \$26.8 million was thus 6% above the previous quarter.

The majority of cash flows currently generated are being re-invested in the Phase 1 Expansion project. In addition, Zimplats is in the process of finalising a loan facility with Absa Bank of South Africa as part of the project funding package.

Cash and total cost of production	September Quarter 2006 US\$	June Quarter 2006 US\$	March Quarter 2006 US\$	December Quarter 2005 US\$
Cash cost of production per 4E ounce	474	536	462	467
Less by-product credits	(251)	(204)	(130)	(104)
Net cash cost per 4E ounce	223	332	332	363
Amortisation and depreciation	85	40	50	46
Total cost per 4E ounce *	308	372	382	409
Surplus per 4E ounce**	509	537	379	256

\*Net of by-product revenue.

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

Cash cost of production per 4E ounce was 12% lower than the previous quarter mainly due to the ore stock build-up referred to above. Net cash cost per 4E ounce (net of by-product revenue) also benefited from the higher base metal prices realised and was thus 32% lower than the previous quarter.

#### **PGM PRICES**

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

	<b>September Quarter 2006</b>	<b>June Quarter 2006</b>	<b>March Quarter 2006</b>	<b>December Quarter 2005</b>
Platinum	1 220	1 187	1 038	959
Palladium	327	349	292	242
Rhodium	4 698	4 970	3 475	2 898
Source: Johnson Matthey, monthly average price.				
Gold	627	628	551	484

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

#### **RELEASE OF GROUND AGREEMENT**

On 27 September 2006, the Government of Zimbabwe approved the extension of the Special Mining Lease to cover all of the company's remaining mining claims. This extension was in terms of the Release of Ground Agreement signed on 24 May 2006, and provides the security of tenure over mining claims required for the long-term expansion programme.

#### **ELECTRICITY SUPPLY**

An agreement has been signed with the Zimbabwe Electricity Supply Authority in terms of which the company pays for all its power in United States Dollars at a regionally competitive tariff in return for uninterrupted supply of power.

#### **PHASE 1 EXPANSION PROJECT**

Work on the new Portals 1 and 4, employee housing and related infrastructure has commenced and is progressing satisfactorily. The project is expected to cost US\$258 million and will increase annual platinum production by approximately 78%.

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

In terms of the agreement between Zimplats and the Government of Zimbabwe, Zimbabwe Platinum Mines (Private) Limited, the operating subsidiary was to be exempted from Non-Resident Shareholders' Tax. However, the Statutory Instrument to give effect to this exemption was not promulgated. The Government of Zimbabwe has now approved the retrospective exemption from Non-Resident Shareholders' Tax for the years 2001 to 2006.

## INVESTMENT INFORMATION

### Share price

The average share price for the quarter was A\$10.61

### Capital Structure

#### Major shareholders as at the end of September 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.