

Zimplats Holdings Limited



REPORT FOR THE QUARTER ENDED 31 DECEMBER 2010

KEY FEATURES

- Two lost time injuries recorded
- Good operational performance
- Excellent financial performance
- ISO certifications retained

SAFETY HEALTH AND ENVIRONMENT

Safety performance for the quarter was below expectation with two lost time injuries recorded to bring the year to date total to three. The two lost time injuries both involved fall of ground at two of the mines. The two cases have been investigated in full and remedial action plans implemented.

Following audits undertaken in December 2010, Zimplats retained its ISO 9001:2008 and OHSAS 18001:2007 and ISO 14001:2004 certifications.

PRODUCTION – Zimbabwe Platinum Mines (Private) Limited

		December Quarter 2010	September Quarter 2010	June Quarter 2010	March Quarter 2010
Mining					
Ore mined – underground	Tonnes (000's)	1,021	1,016	967	917
Head grade	4E g/t	3.37	3.35	3.37	3.37
Processing					
Ore milled	Tonnes (000's)	1,036	1,043	1,074	1,053
Recovery	4E%	82.8	81.9	81.9	82.3
Metal in concentrate	4E oz	92,964	91,934	95,144	93,845
Metal in converter matte	4E oz	90,623	89,284	93,380	92,985
Nickel	Tonnes	850	861	898	884
Copper	Tonnes	606	621	647	632
Metal sales					
4E	Oz	90,017	89,440	90,418	93,842
Nickel	Tonnes	841	857	853	890
Copper	Tonnes	592	613	613	632

Mining operations were in line with expectations whilst milling operations were slightly lower.

Ore mined was marginally higher than the previous quarter reflecting the on-going ramp up of production at Bimha Mine.

The difference between the mined and milled tonnes is made up from the ore stock pile specifically created for that purpose while the Bimha Mine ramps up.

The SMC concentrator had an unscheduled 11 day shutdown due to a problem of low pressure on the SAG mill discharge end bearing. The problem has been resolved and the plant has operated satisfactorily since. As a result, ore milled was 1% lower than the previous quarter.

Concentrator recoveries were 1% above the previous quarter due to higher ore grade and improvements made on the Ngezi concentrator flotation circuit. This resulted in metal produced and sold being 1% above the previous quarter.

FINANCIAL – Zimbabwe Platinum Mines (Private) Limited

Operating Income Statement	December Quarter 2010 US\$ 000's	September Quarter 2010 US\$ 000's	June Quarter 2010 US\$ 000's	March Quarter 2010 US\$ 000's
Revenue	139,869	110,098	115,293	116,633
Operating Costs	(65,127)	(61,102)	(58,820)	(59,622)
Operating Profit	74,742	48,996	56,473	57,011

Revenue was 27% above the previous quarter reflecting improved metal prices and higher sales volumes. Operating costs were 7% up on the previous quarter due to higher sales volumes, higher royalties payable in line with higher sales revenue and increase in employment costs following conclusion of the 2010 wage negotiations. Consequently an operating profit of US\$75 million was realised, a 53% improvement on the previous quarter.

Cash and total cost of production	December Quarter 2010 US\$	September Quarter 2010 US\$	June Quarter 2010 US\$	March Quarter 2010 US\$
Cash cost of production per 4E ounce	636	599	536	561
Net cash cost per 4E ounce	385	387	325	365
Amortisation and depreciation	91	92	83	77
Total cost per 4E ounce *	476	479	408	444
Total revenue per 4E ounce	1,554	1,231	1,275	1,243
Surplus per 4E ounce**	827	540	656	605

Cash cost of production per 4E ounce was 6% above previous quarter due to the reasons detailed above.

**Net of by-product revenue.*

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

PGM PRICES

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

	December 2010 Quarter	September 2010 Quarter	June 2010 Quarter	March 2010 Quarter
Platinum (USD per oz)	1,701	1,560	1,644	1,565
Palladium (USD per oz)	679	497	501	442
Rhodium (USD per oz)	2,323	2,289	2,707	2,568
Gold (USD per oz)	1,389	1,212	1,224	1,049
Nickel (USD per tonne)	23,602	21,187	22,469	19,953

PGM prices have continued to improve reflecting improved market sentiment as well the impact of production constraints in South Africa, the leading producer.

EXPANSION

As reported previously, Bimha Mine remains on schedule to reach design production capacity of 2mtpa in May 2011 with mine development work scheduled to be completed in December of the same year.

Implementation of Ngezi Phase II Project is going according to plan.

RESOLUTION OF OUTSTANDING ISSUES WITH GOVERNMENT

RBZ Debt

The Government has not yet commenced the Parliamentary process that should ultimately lead to the government assuming the RBZ debt.

Additional Profits Tax (APT)

Shareholders are aware of the long drawn dispute between Zimplats and the Government on whether or not Zimplats was liable for APT in view of the written undertakings given by Government in 2001 that the company would be exempted from the tax. In the event, Zimplats had grudgingly accepted that as Government had not promulgated the legislation to give legal effect to the promised exemption, the company was liable for APT. Accordingly, Zimplats accepted an APT assessment of \$23.5 million issued by the Zimbabwe Revenue Authority (ZIMRA) in 2009 in respect of the period 2001 to 2007 and has paid the assessed amount in full.

In December 2010, the audit section of ZIMRA reviewed the APT assessment and concluded that the deduction of income tax assessed losses in the derivation of net cash receipts, on which APT is chargeable if positive, was incorrect. ZIMRA has thus proceeded to issue an amended APT assessment in which they disallowed the deduction of income tax assessed losses. The effect of the disallowance is to increase the APT liability to \$50.4 million, an increase of \$26.9 million.

Management and the company's tax advisers strongly believe that the ZIMRA interpretation of the deduction provisions of the 22nd and 23rd Schedules of the Income Tax Act is incorrect and accordingly, an objection to the amended assessment has been lodged. A response to the objection is yet to be received.

In the event that the response to the objection is negative, it is the board's intention to seek legal redress.

Indigenisation and Economic Empowerment

Discussions with Government on Zimplats' empowerment proposals are still on-going.

SHAREHOLDER INFORMATION

Share price

The average share price for the quarter was A\$13.61 (previous quarter: A\$11.26).

Capital Structure

Major shareholders as at 30 June 2010:

Impala Platinum Holdings Limited	87.00%
HSBC Custody Nominees (Australia) Ltd	4.34%
Merrill Lynch (Australia) Nominees Pty Ltd	2.82%

Caution

Shareholders are advised to exercise caution in their share dealings due to the uncertain conditions prevailing in Zimbabwe.

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.