Please respond to:

☐ **Guernsey**
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Elizabeth House
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Tel: +44 1481 737217
Fax: +44 1481 738917
Reg.No. 34014
Email: info@zimplats.com
Website: www.zimplats.com

☐ **Sydney**
Representative Office
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20 Loftus Street
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Australia
Tel: +61 2 9252 7880/1
Fax: +61 2 9252 7882

ZIMPLATS
Member of the Implats Group

Our ref:PM-S/VFL/mar11

Your ref:

8 March 2011

The Australian Stock Exchange
Exchange Centre
Level 1, 20 Bridge Street
Sydney NSW 2000
AUSTRALIA

ATTENTION: STYN TIMMERMANS

PRICE QUERY: ZIMPLATS HOLDINGS LIMITED (THE "COMPANY")

Zimplats is in receipt of your 8th March 2011 query regarding the recent significant drop in the price of the Company's securities and responds as follows:

1. The Company is not aware of any factual information concerning it which has not yet been announced and which, if known, could be an explanation for the recent drop in the share price.

   However there continues to be intense media coverage in Zimbabwe on the country's Indigenisation and Empowerment Regulations, some of which is critical of both the mining sector generally and the Company, and which may therefore have had an effect on the share price. One such recent article is attached.

   Shareholders have been regularly advised that discussions with Government on Zimplats' empowerment proposals are still ongoing. There has been no change to this position.

2. The Company confirms that it is in compliance with the listing rules and in particular listing rule 3.1.

   The Company would like to emphasise that its majority shareholder, Impala Platinum Holdings Limited, is a long-term holder and not a seller of the securities that it holds.

For further information contact:

The Chief Finance Officer
Zimplats Holdings Limited
Telephone: +263 4 332591/3
Fax: +263 4 332496
Email: patrick.shayawabaya@zimplats.com

ASX Compliance Pty Limited
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www.asx.com.au

8 March 2011

Kathrine Brown
Investor Relations Manager
Zimplats Holdings Limited
Level 4, 20 Loftus Street
Sydney NSW 2000

By Email

Dear Kathrine,

Zimplats Holdings Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from a close on Thursday, 3 March 2011 of $15.99 to an intra-day low of $12.50 today.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

   Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

   Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change in the securities of the Company?

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at styn.timmermans@asx.com.au or by facsimile on facsimile number (02) 9241 7620. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 09:30 am AEDT tomorrow, Wednesday 9 March 2011.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

(sent electronically without signature)

Styn Timmermans
<u>Adviser, Listings (Sydney)</u>

Mining shareholding models need overhaul

By Darlington Musarurwa

ECONOMISTS have interminably tried to make sense of why most African countries, Zimbabwe included, continue to be mired in a state of underdevelopment despite having an abundance of mineral resources.

Such a paradox is puzzling in a country which boasts more than 44 mineral groups.

The country has the second largest platinum reserves in the world after South Africa, while Zimasco — the country's largest chrome producer — also has the second-largest chrome deposits after South Africa.

Though the Government is still scrounging in both local and international financial markets for money, mining houses continue to rake in huge amounts of money, at the same time evolving into islands of plenty.

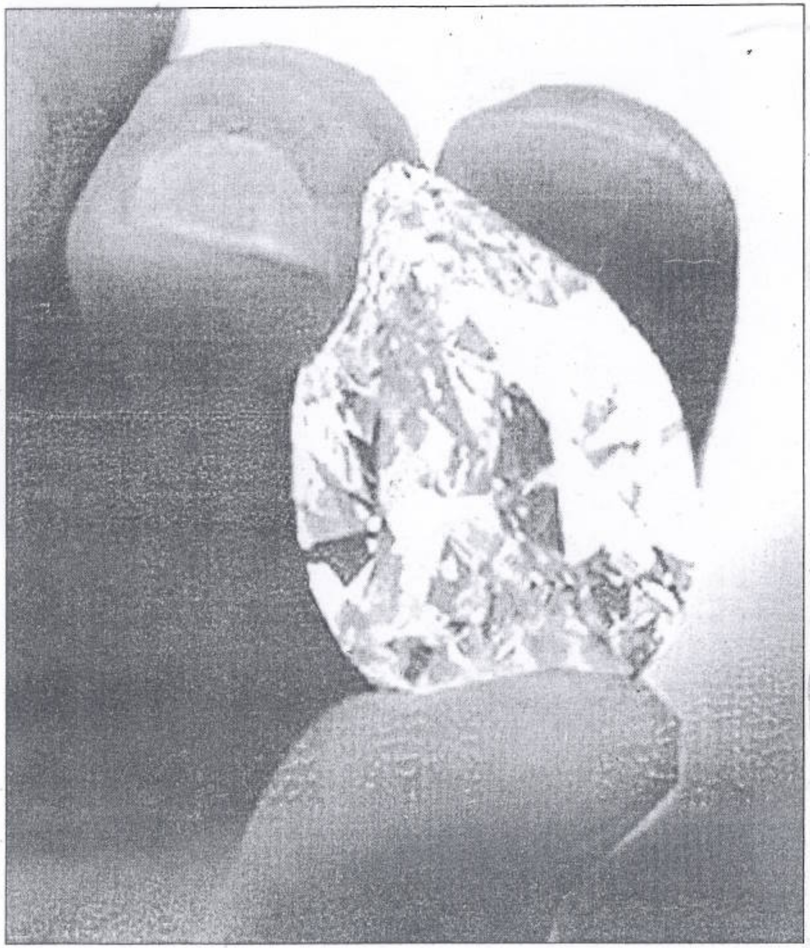
Notwithstanding reports that the mining sector advanced 47 percent in 2010 and is reported to have raked in US$1,1 billion last year, the money that has been accruing to the Government coffers has been negligible.

Statistics from the Ministry of Finance indicate that despite the buoyant metal prices, Treasury managed to collect a mere US$20,7 million in revenues from mineral sales of US$594 million in the nine months ended September 2010.

Such has been the country's economic architecture that foreign mining houses have been the beneficiaries of the country's non-renewable resources at the expense of the Government, which has had to rely on stipends from the mining houses in the form of corporate taxes and meagre royalties.

An analysis of Zimplats annual reports since it began operations in the country in 2001 clearly shows how Government has had to rely on crumbs from the miners' table.

In 2002, only US$618 000 found its way into the Government coffers from US$16,5 million that was generated at the mine, while in 2003 only US$4,5 million found its way into the State's purse compared to US$71 million in turnover.



FOREIGNERS are benefiting from the country's abundant mineral resources at the expense of locals.

Perhaps, the most obscene development was in 2008 at the height of the country's economic challenges when the miner managed to generate US$294 million, with only US$21 million being paid to the Treasury in the form of taxes.

During the period the company had recorded an after-tax profit of US$124 million.

Put simply, Government continued to smart from the economic crisis while Zimplats continued to gluttonously reap from the country platinum mineral resources.

The 2010 annual report released recently indicates that the miner continues to grow in size and stature.

Revenues in the period rose to US$403 million from US$120 million a year ago and net profit soared to US$122 million.

Only US$44 million was paid in taxes.

Overall, over the 10-year period that the firm has been mining in Zimbabwe, Government got a little above US$100 million of the US$1,6 billion that has been generated as revenues.

But what has been worrying policymakers of late is that most of the profits are repatriated to South Africa, where majority shareholder Impala Platinum (Implats), with a 87 percent stake, is domiciled.

In essence, the call for reforms in the mining sector from the mining houses over the years, foreign currency retention and review of some of the taxes have instead benefited foreign shareholders at the expense of the Government.

Besides enjoying a huge chunk of the cake from operations, Zimplats continues to lobby — aggressively so — for exemption from some of the obligations that are due to the local authorities.

Currently, the company wants to drag the Government to court for failing to honour an agreement that it struck in 2001 with the then Minister of Mines, Mr Edward Chindori-Chininga, over exemption from paying the Additional Profit Tax, which is moulded along the lines of the windfall profit tax.

Reputable auditing firm Alex Stewart International (ASI), which was engaged by the Reserve Bank of Zimbabwe (RBZ), noted the platinum miner owed the Government a total of US$240 million over non-payment and late payment of the APT, including interest.

However, the figure was reviewed to US$28 million.

But the local economy continues to be prejudiced in so many ways.

Affirmative Action Group president Mr Supa Mandiwanzira said early last year if Zimplats had been banking its revenues on the local market, the funds could have been pooled in the local banking system and used as support to business, which is presently being hamstrung by liquidity shortages.

The Zimplats model cuts across virtually all the mining activities and sectors such as gold and chrome mining.

Considering that the first and second diamond auction from Chiadzwa in August and September last year managed to generate US$85 million, it becomes unquestionable that there is something wrong with the current economic structure where Government is not considered a shareholder and yet technically it owns share capital through the resources in the ground.

The current shareholding and investment model in the mining sector gives credence to research by two North American economic experts Paul Baran and Paul Sweezy and Latin American researcher Andre Gundar Frank, who noted that underdevelopment and poverty are primarily, but not entirely, the function of the accumulation and expansion of capital in and from the Western industrial societies or developed countries (the North) to developing countries (the South).

They claimed that the movement of capital from the developed countries to the developing countries sparked off a reverse flow of surplus value from the developing countries, which in turn leads to the further accumulation and expansion in and from the developed countries.

"The two-way movement of capital and surplus value renders it impossible to even understand, much less resolve, the development problems of the South (developing countries) except in terms of their integration into the world economic system dominated by Western capital. Poverty and capital are in a symbiotic relationship. Neither can be understood except in relation to the other because they are interdependent," noted the two North American experts.

There are concerns that despite the country possessing huge mineral deposits, it will not be able to carry out its development agenda meaningfully if it doesn't control the means of production, i.e. the resources.

The Chiadzwa model, which is different from the Botswana and Namibia models, has begun to inform the local empowerment agenda.

Government is presently getting huge dividends from mining activity in Chiadzwa.

Worryingly, mining activity in key sectors of the economy is being controlled by foreign mining houses, which essentially means that revenues and locally produced mineral resources are benefiting foreign companies and countries.

Zimplats was established by Delta Gold Limited (Delta) in 1998 to take over its platinum interests and in May 1999 the company purchased BHP's interests in the Hartley Platinum and the Mhondoro Platinum joint ventures, which included a concentrator and smelter.

Zimplats then initiated the Ngezi/SMC project in 2001 and the first converter matte was exported in April 2002.

In 2001, Implats acquired 30 percent shareholding in Zimplats from Delta in a joint venture with Absa Bank Limited of South Africa (ABSA) and it held pre-emptive rights over Absa's 15 percent stake as well as a 30 percent direct stake in the then Makwiro Platinum (Pvt) Limited. The remaining 70 percent was held by Zimplats.

Subsequently, in August 2002, the group acquired a further 21 percent stake in Zimplats from Aurion Gold and in June 2003 purchased Absa's 15 percent stake.

Implats subsequently made an unconditional cash offer to minority shareholders in Zimplats, thereby shoring up its stake to 87 percent. In chrome mining, the biggest miner, Zimasco, is 92 percent owned by Sinosteel Corp, China's biggest chrome importer.

Sinosteel has also an option to buy the remaining 8 percent of ZCE over the next two-and-a-half years.

Similarly, in gold production, South African businessman's Mzi Khumalo owns Metallon Gold, which produces half of the country's gold output.

Gold produced at the company's How, Arcturus, Mazowe, Shamva, Redwing mines is sent to a South African refiner, while dividends accruing from operations are also remitted across the Limpopo.

Unki Platinum Mine, which is expected to begin production this year, is controlled by Anglo Platinum.

The recently enacted Indigenisation and Economic Empowerment Act has given Government a route to recourse and the leverage to review some of the anomalies that are inherent in mining deals between the country and foreign mining companies.

Finance Minister Mr Tendai Biti indicated last week that almost 80 percent of the deals that were struck after Independence are exploitative and needed to be re-negotiated and revamped.

But in re-negotiations it is believed that Government must also stake its claim to shareholding through the local mineral resource.

The system governing the issuance and administration of Special Grants need also to be reviewed as some have been using SGs for speculative purposes on the financial markets.

Furthermore, social responsibility programmes being undertaken by the mines need to be least considered as empowerment credits as some of the investments have been targeted at infrastructure that have a direct bearing on the smooth and efficient operation of the mines.

For example, roads and houses for workers strategic to mining operations cannot be considered as empowerment credits.

That is why Government or indigenous business-people must get majority shareholding in the mining houses.

Only through the creation of a sovereign wealth fund sapping resources from the country's mineral wealth can the country be able to benefit from its vast mineral resources.

By gaining critical financial mass through ownership and investment in the mining sector, Government can then be able to gain the wherewithal that is needed to acquire technology required for both the mining sector and industry.

China, the fastest growing economy in the world, has been able to use this model successfully.

With key investments in production, the Chinese have been able to augment revenue streams and create an investment chest that is used to make strategic investments on the global market.

The review in the ownership architecture is urgent lest the country will continue to talk about its mineral wealth to no avail. There is no reason why Zimbabwe has to beg for financial resources considering how rich the Zimbabwean soil is both in terms of fertility and minerals.