

Zimbabwe Platinum Mines Limited



REPORT FOR THE QUARTER ENDED 30 JUNE 2004

HIGHLIGHTS

- Labour dispute by contractor employees disrupts Makwiro operations/resolved late June.
- Ore grade adversely affected by localised faulting.
- Expansion project conditionally approved by the Zimplats board

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

Ngezi Platinum Mine

		June Quarter 2004	March Quarter 2004	December Quarter 2003	September Quarter 2003
Production days		70	77	79	84
Total volume mined	BCMs (million)	1.8	1.9	1.9	2.1
Ore mined - opencast	Tonnes (000's)	409	458	534	538
Grade - opencast	4E (average) g/t	3.14	3.20	3.25	3.29
Ore mined - underground	Tonnes (000's)	61	48	39	36
Grade – underground	4E (average) g/t	3.23	3.49	3.42	3.23

Total volume mined was lower than budget due to the three week work stoppage by the employees of the mining contractor. The dispute has been resolved and all operations are back to normal. The labour dispute although not dramatically influencing the volume mined for the quarter, impacted adversely on the in-pit generated reserves.

The availability of the 165 mm drill rigs remains an area of concern. The additional rigs that were expected in May will now only be delivered in August.

Ore mined for the quarter was slightly under budget due to the mine utilising in-pit generated reserves during the period of the labour unrest. This could result in under budget ore mined in the next quarter.

The lower grade for the quarter was a result of serious faulting in some areas of the open pit and a requirement to process semi-oxidised material during the labour unrest. Normal ore grades are now being achieved.

The underground mine had a satisfactory quarter with ore mined well ahead of budget. Ore grade although above budget was disappointing compared with the previous two quarters due to a high level of dilution as a result of mining operations taking place in a particularly faulted area.

Safety

There was one LTI during the quarter when a mining contractor employee sustained a fracture on the right lower arm due to the sudden rotation of the drill rod spanner head he was holding.

Selous Metallurgical Complex

Concentrator

	June Quarter 2004	March Quarter 2004	December Quarter 2003	September Quarter 2003
Production days	84	91	84	89
Tonnes milled	494,541	531,584	452,022	528,181
Grade g/t	3.12	3.21	3.25	3.30
Recovery	82.00	83.1	83.0	82.69
Metal 4E ounces	40,743	45,617	39,224	46,305

Tonnes milled for the quarter were lower than budget primarily due to previously reported ore sizing/presentation and the labour unrest at Ngezi Mine. As indicated in the mining report, partially oxidised ore was treated in the quarter, impacting negatively on the grade and recovery. The lower throughput, grade and recovery resulted in the lower metal in concentrate production for the quarter.

Smelter

	June Quarter 2004	March Quarter 2004	December Quarter 2003	September Quarter 2003
Production days	92	91	91	50
Concentrate filtered – tonnes	17,094	19,461	17,710	18,289
Concentrate to furnace – tonnes	17,855	25,345	20,813	15,255
Recovery	99.4	99.3	99.3	99.3
Metal 4E ounces in matte	42,859	47,878	52,677	32,361
4E ounces per tonne concentrate	2.40	1.89	2.53	2.12

The smelter operated satisfactorily during the quarter and processed all available concentrate.

Metal Sales

	June Quarter 2004	March Quarter 2004	December Quarter 2003	September Quarter 2003
Platinum – ounces	21,172	25,195	21,607	16,324
Palladium – ounces	18,125	21,773	18,554	14,118
Gold – ounces	2,443	2,824	2,428	1,887
Rhodium – ounces	<u>1,919</u>	<u>2,336</u>	<u>1,959</u>	<u>1,507</u>
4E total – ounces	<u>43,659</u>	<u>52,129</u>	<u>44,549</u>	<u>33,836</u>
Nickel – tonnes	401	479	448	316
Copper – tonnes	290	328	315	220

Metal despatches for the quarter were in line with production.

Industrial Relations

All the employees of the mining contractor who took part in the three week work stoppage in June have returned to work and the situation has returned to normal. The incident resulted from a combination of a highly politicised working environment and some deficiencies in the management of labour relations.

NGEZI UNDERGROUND TRIAL MINE

Satisfactory progress continues to be made at the trial underground mine. It is encouraging to report that the planned monthly tonnage per "fleet unit" has been achieved for the full quarter.

NGEZI EXPANSION FEASIBILITY STUDY

The bankable feasibility study for the proposed underground mine and concentrator at Ngezi Mine has been completed. The board has considered and approved the project subject to certain conditions being met. In this regard, it is intended to convene a special general meeting of shareholders to consider and vote on corporate structure and funding issues relating to the project. 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	June Quarter 2004 US\$ 000's	March Quarter 2004 US\$ 000's	December Quarter 2003 US\$ 000's	September Quarter 2003 US\$ 000's
Revenue	26,866	34,909	23,219	14,873
Operating Cost	(18,818)	(19,709)	(16,029)	(11,948)
Operating Profit	8,048	15,200	7,190	2,925

The June quarter results reflect a return to near normal throughput following the processing of stockpiled material in the March quarter. The higher metal prices during the quarter positively impacted on revenue but this was off-set to some extent by increased operating costs.

Higher operating costs were a result of increased mining charges, higher duties on imported inputs as well as the impact of the artificially strong Zimbabwe dollar on local costs.

Cash and total cost of production	June Quarter 2004 US\$	March Quarter 2004 US\$	December Quarter 2003 US\$	September Quarter 2003 US\$
Cash cost of production per 4E ounce	422	345	315	310
Less by-product credits	(100)	(129)	(98)	(73)
Net cash cost per 4E ounce	322	217	217	238
Amortisation and depreciation	34	32	50	53
Total cost per 4E ounce *	356	249	267	290
Surplus per 4E ounce**	187	249	154	80

* (Net of by-product revenue)

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

Due to the higher cash cost and lower metal prices, surplus per 4E ounce for the quarter decreased by \$62 to \$187.

PGM PRICES

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

	June 2004 Quarter	March 2004 Quarter	December 2003 Quarter	September 2003 Quarter
Platinum	837	867	769	696
Palladium	261	243	201	192
Rhodium	832	630	500	503

Source: Johnson Matthey, monthly average price.

Gold	394	409	392	363
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Source: Monthly average of the daily London am/pm fixes.

EMPOWERMENT PLACEMENT

The empowerment shares were not issued in the quarter under review. The 15% placement has not been effected as Government requested a further review of the empowerment transaction. Zimplats is awaiting Government's formal notification to proceed.

INVESTMENT INFORMATION

Capital Structure

Major shareholders as at the end of June

Impala Platinum Holdings Limited	83.44%
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.