

Zimplats Holdings Limited



REPORT FOR THE QUARTER ENDED 30 JUNE 2006

KEY FEATURES

- Record revenue of \$52 million realised on the back of increased metal prices.
- Operating profit for the quarter up 47%.
- Portal 2 Underground expansion project substantially complete and operating satisfactorily. Project capital cost within budget.
- One Lost Time Injury recorded during the quarter.

SAFETY and ENVIRONMENT

One Lost Time Injury was recorded during the quarter bringing the year to date total to nine. Safety performance remains an area of concern to management.

However, it is pleasing to report that Zimplats has enjoyed a fatality-free year to June 2006.

PRODUCTION – Zimbabwe Platinum Mines (Private) Limited

Ngezi Platinum Mine

		June Quarter 2006	March Quarter 2006	December Quarter 2005	September Quarter 2005
Production days		86	92	91	92
Total volume mined	BCMs (million)	1.4	1.5	1.8	1.9
Ore mined – opencast	Tonnes (000's)	280	303	431	494
Grade – opencast	4E (average) g/t	3.29	3.32	3.34	3.23
Ore mined – underground	Tonnes (000's)	206	196	177	119
Grade – underground	4E (average) g/t	3.53	3.48	3.62	3.39

The decrease in open cast ore tonnage is in line with the planned substitution of open cast production with lower cost underground ore.

The fourth underground fleet commenced operation in May. Production immediately thereafter was however adversely affected by poor equipment availabilities as well as the delay in commissioning of the crusher/conveyor plant.

The fleets are now achieving production targets and the crusher/conveyor plant has been commissioned.

Selous Metallurgical Complex

Concentrator

	June Quarter 2006	March Quarter 2006	December Quarter 2005	September Quarter 2005
Production days	86	92	87	86
Tonnes milled	486,527	537,673	487,570	506,985
Grade g/t	3.39	3.38	3.44	3.27
Recovery (%)	84.6	84.6	84.4	83.8
Metal 4E ounces	44,568	49,218	45,520	44,647

Concentrator performance continued to be negatively affected by variability in open cast ore size distribution. A scheduled four day mill re-line was brought forward due to excessive liner wear and this also contributed to the lower milled tonnes.

To address the problem of ore size variability and its consequent impact on mill throughput, a pebble crushing circuit is being installed. The circuit is scheduled to be commissioned in October and is expected to increase mill throughput by 5%.

Smelter

	June Quarter 2006	March Quarter 2006	December Quarter 2005	September Quarter 2005
Production days	90	92	91	89
Concentrate filtered – tonnes	14,644	17,005	16,061	16,202
Concentrate to furnace – tonnes	14,754	17,640	16,194	16,073
Recovery	99.4	99.4	99.4	99.4
Metal 4E ounces in matte	48,564	47,940	44,181	44,079
4E ounces per tonne concentrate	3.29	2.72	2.73	2.74

The smelter performed satisfactorily and processed all available concentrates. The lower volume processed reflects the higher concentrate grade.

Despite unscheduled load-shedding of power by the Zimbabwe Electricity Supply Authority (ZESA), all power reductions for now are being absorbed fully through utilising the smelter's surplus capacity without affecting production. Negotiations with ZESA to ensure a more consistent supply of power to our operations in the short to medium term have progressed well. It is expected that an agreement will be signed shortly.

However, electricity supply will remain a key area of concern and concerted efforts through engagements with the authorities will continue to ensure the expansion programme is not affected.

Metal Sales

	June Quarter 2006	March Quarter 2006	December Quarter 2005	September Quarter 2005
Platinum – ounces	22,073	22,338	22,421	22,623
Palladium – ounces	18,654	19,277	18,716	19,085
Gold – ounces	2,406	2,441	2,394	2,470
Rhodium – ounces	<u>2,032</u>	<u>1,992</u>	<u>2,003</u>	<u>2,036</u>
4E total – ounces	<u>45,164</u>	<u>46,048</u>	<u>45,533</u>	<u>46,214</u>
Nickel – tonnes	367	385	367	374
Copper – tonnes	251	263	260	256

Two trucks were in transit at year end and will be booked to July 2006.

FINANCIAL – Zimbabwe Platinum Mines (Private) Limited

Operating cash flow	June Quarter 2006 US\$ 000's	March Quarter 2006 US\$ 000's	December Quarter 2005 US\$ 000's	September Quarter 2005 US\$ 000's
Revenue	52,095	41,043	38,376	30,933
Operating Costs	(26,744)	(23,812)	(24,811)	(24,282)
Operating Profit	25,351	17,231	13,565	6,651

Revenue was 27% up on the previous quarter despite lower volumes despatched reflecting higher metal prices, which have remained buoyant.

Operating costs were 12% higher than the previous quarter mainly due to employee wages/salaries adjustments effected to retain skills, increase in royalties in line with turnover and the accelerated open pit rehabilitation. The accelerated rehabilitation programme is a result of the planned closure of the open cast operations in the third quarter of FY 2008.

The higher revenue adequately compensated for the increase in operating costs, hence operating profit was 47% up on the previous quarter.

Cash and total cost of production	June Quarter 2006 US\$	March Quarter 2006 US\$	December Quarter 2005 US\$	September Quarter 2005 US\$
Cash cost of production per 4E ounce	536	462	467	468
Less by-product credits	(204)	(130)	(104)	(105)
Net cash cost per 4E ounce	332	332	363	363
Amortisation and depreciation	40	50	46	51
Total cost per 4E ounce *	372	382	409	414
Surplus per 4E ounce**	537	379	256	123

Cash cost of production was 16% above the previous quarter for the reasons outlined above. The company however benefited from the increase in metal prices and thus by-product credits per 4E ounce increased by 57%. Consequently, net cash cost per 4E ounce remained unchanged at \$332.

*Net of by-product revenue.

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

PGM PRICES

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

	June 2006 Quarter	March 2006 Quarter	December 2005 Quarter	September 2005 Quarter
Platinum	1 187	1 038	959	858
Palladium	349	292	242	179
Rhodium	4 970	3 475	2 898	2 069

Source: Johnson Matthey, monthly average price.

Gold	628	551	484	419
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Source: Monthly average of the daily London am/pm fixes.

RELEASE OF GROUND AGREEMENT

As previously advised, an agreement has been entered into with the Government of Zimbabwe in terms of which 36% of the company's mining claims have been released for possible development by other participants in return for empowerment credits and/or cash. The company is, through this agreement, in the process of formalising the security of the resource required for its long-term expansion.

PORTAL 2 UNDERGROUND PROJECT

The Portal 2 underground project has been substantially completed and the mine is now operating at design capacity and is also achieving all planned outputs. The project cost is expected to be well within the project budget.

NON-RESIDENT SHAREHOLDERS' TAX

This matter remains unresolved. Promulgation of the Statutory Instrument to give effect to the exemption from Non-Resident Shareholders' Tax on dividends is still awaited. Verbal assurances have been given by the concerned authorities that the process of promulgating the Statutory Instrument is in progress.

UNDERGROUND EXPANSION PROGRAMME

The board has approved Phase 1 of the company's long-term expansion programme in the sum of \$258 million. This project will involve the development of 2 new underground mines, a concentrator and related support infrastructure at Ngezi. The project is expected to be completed in 2010, and will increase annual platinum production to 160 000 ounces.

INVESTMENT INFORMATION

Share price

The average share price for the quarter was A\$7.85

Capital Structure

Major shareholders as at the end of March 2006

Impala Platinum Holdings Limited	87.00%
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.

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