

Zimplats Holdings Limited



HIGHLIGHTS

- Underground mine expansion capital project of US\$46 million approved.
- US\$3.94 million export incentives received.
- Three LTI's recorded during the quarter.
- Crusher breakdown resulted in 91 hours downtime.

SAFETY and ENVIRONMENT

It is disappointing to report that three Lost Time Incidents were recorded during the quarter, one at SMC and two at Ngezi Mine.

SMC retained its ISO 14001 accreditation, and work continues in achieving the same at the Ngezi Mine by mid 2006.

PRODUCTION – Zimbabwe Platinum Mines (Private) Limited

Ngezi Platinum Mine

		June Quarter 2005	March Quarter 2005	December Quarter 2004	September Quarter 2004
Production days		91*	91*	90*	73
Total volume mined	BCMs (million)	2.0	2.3	2.0	2.3
Ore mined – opencast	Tonnes (000's)	406	513	382	524
Grade – opencast	4E (average) g/t	3.20	3.22	3.22	3.16
Ore mined – underground	Tonnes (000's)	113	65	63	68
Grade – underground	4E (average) g/t	3.38	3.34	3.34	3.35

*** The increase in production days was a result of the introduction of a new shift system in terms of which the mine now has a seven day working week instead of the previous six day working week.**

Opencast ore mined was lower than the previous quarter due to a misfired blast that took approximately 10 days to rectify. The grade achieved was below expectation as a result of difficulties encountered in fault interpretations that resulted in some dilution from the hanging wall.

The underground mine has continued to operate satisfactorily. The late delivery and commissioning of mining fleets however resulted in the ore tonnage mined being 26% below plan. Two trackless fleets have now been delivered.

The crusher experienced major mechanical failures in June which resulted in 91 hours of production time being lost. The re-building of the crusher was completed in the first week of July.

Selous Metallurgical Complex

Concentrator

	June Quarter 2005	March Quarter 2005	December Quarter 2004	September Quarter 2004
Production days	91	85	84	92
Tonnes milled	538,771	495,577	498,577	525,356
Grade g/t	3.24	3.23	3.23	3.19
Recovery (%)	83.7	84.2	82.8	80.7
Metal 4E ounces	46,971	43,329	42,961	43,334

The concentrator operated satisfactorily during the period. Mill throughput for the quarter was however adversely affected by the crusher breakdown at Ngezi Mine. New liners were fitted to the SAG mill during the period when the crusher was non – operational, thereby saving on planned down time in July '05. The 4E recovery, although slightly lower than the previous quarter, was higher than expected due to the finer grind and on-going plant optimisation programmes.

Smelter

	June Quarter 2005	March Quarter 2005	December Quarter 2004	September Quarter 2004
Production days	91	91	92	92
Concentrate filtered – tonnes	18,936	17,939	17,810	19,810
Concentrate to furnace – tonnes	18,926	18,137	18,661	19,843
Recovery	99.4	99.4	99.3	99.3
Metal 4E ounces in matte	46,114	44,359	42,148	43,914
4E ounces per tonne concentrate	2.44	2.45	2.26	2.21

The smelter operated well with an overall running time of 96.9% and processed all available concentrates.

Metal Sales

	June Quarter 2005	March Quarter 2005	December Quarter 2004	September Quarter 2004
Platinum – ounces	21,583	20,370	20,106	21,289
Palladium – ounces	18,405	17,023	16,286	18,010
Gold – ounces	2,354	2,362	2,286	2,410
Rhodium – ounces	<u>2,065</u>	<u>1,867</u>	<u>1,819</u>	<u>1,979</u>
4E total – ounces	<u>44,407</u>	<u>41,622</u>	<u>40,497</u>	<u>43,687</u>
Nickel – tonnes	377	361	349	373
Copper – tonnes	256	247	250	263

Whilst overall dispatches were good, the transport contractor once again failed to move all the available matte resulting in 4 500 oz 4E being in stock at the end of the quarter. A long term solution to the matte transportation issue is currently under investigation.

FINANCIAL – Zimbabwe Platinum Mines (Private) Limited

Operating cash flow	June Quarter 2005 US\$ 000's	March Quarter 2005 US\$ 000's	December Quarter 2004 US\$ 000's	September Quarter 2004 US\$ 000's
Revenue	*32,250	*26,116	28,333	25,784
Operating Costs	(26,996)	(21,300)	(24,284)	(19,574)
Operating Profit	*5,254	*4,816	4,049	6,210

*Excludes export incentive –see below.

The revenue for the period reflects higher volumes of sales as well as the continued high metal prices.

The level of operating costs for the period is largely a reflection of the higher sales volumes as well as an amortisation charge of \$1.7 million arising from the accelerated write-off of the capitalised opencast mine establishment costs. This is in recognition of the shortened life of the opencast operation, which is expected to cease operations in 2008. In addition, the company has continued to experience huge increases in Zimbabwe dollar denominated costs due to the managed exchange rate.

The Zimbabwe dollar was devalued in May 2005 by 45% and has since been devalued by a further 94%. This will provide some reprieve from escalating local costs provided the currency is allowed to devalue in line with inflation. The inflation rate is expected to continue to rise in the short term. The year on year inflation rate to June 2005 was 164%.

The increase in local costs has to a large degree been mitigated by export incentives received from the central bank. A total of \$3.94 million in export incentives was received during the quarter. This was in respect of the period July to December 2004. The incentives for the period to June 2005 are awaited. The export incentives have not been allocated to costs of production and have been included in sundry income thus positively impacting on net profit.

On 21 July 2005, in conjunction with the adjustment of the exchange rate, the Reserve Bank abolished the export incentive scheme. It is difficult to quantify the impact this will have on company profits as this will be dependant upon the extent to which the exchange rate will devalue in line with inflation.

Cash and total cost of production	June Quarter 2005 US\$	March Quarter 2005 US\$	December Quarter 2004 US\$	September Quarter 2004 US\$
Cash cost of production per 4E ounce	518	474	552	405
Less by-product credits	(131)	(110)	(116)	(115)
Net cash cost per 4E ounce	387	364	436	290
Amortisation and depreciation	75	37	40	33
Total cost per 4E ounce *	462	401	476	323
Surplus per 4E ounce**	65	116	108	153

* (Net of by-product revenue)

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

The increase in cash costs for the quarter reflects mainly the impact of the managed exchange rate on Zimbabwe dollar denominated costs. The export incentive receipts have not been credited against the cash operating costs.

The increase in by-product revenue was due to the higher base metal prices realised during the quarter.

The amortisation/depreciation charge for the quarter was higher than normal due to the accelerated write-off of the capitalised opencast mine establishment costs referred to above.

Without accounting for export incentives in production costs, the combination of the above factors resulted in a significant reduction in the surplus per 4E ounce to \$65.

PGM PRICES

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

	June 2005 Quarter	March 2005 Quarter	December 2004 Quarter	September 2004 Quarter
Platinum	873	866	852	838
Palladium	193	191	210	218
Rhodium	1 633	1 523	1 302	1 155
Source: Johnson Matthey, monthly average price.				
Gold	421	427	434	408

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

EMPOWERMENT PLACEMENT

Discussions with Nkululeko-Rusununguko Mining Company of Zimbabwe (Private) Limited (NRMC) on the empowerment placement are on-going. Finalisation of this transaction is dependant upon NRMC securing the funds for the purchase of the shares.

PORTAL 2 UNDERGROUND PROJECT

As previously reported, the board has approved capital expenditure in the sum of US\$46 million to extend the existing underground mine at Ngezi Mine as part of the company's transition from opencast operations to underground mining.

Work on the project has commenced and satisfactory progress has been made in raising the loan finance required. The project is expected to be completed by May 2006, at which point the Ngezi underground mine is expected to be producing at a rate of 960 000 tonnes/annum ore. The increase in lower cost underground ore will substitute for current opencast ore, but overall production tonnage will not be affected.

INVESTMENT INFORMATION

Share price

The average share price for the quarter was A\$2.84.

Capital Structure

Major shareholders as at the end of June 2005

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 2 8234 5222, Fax: +61 2 8234 5070.

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