

Zimplats Holdings Limited



REPORT FOR THE QUARTER ENDED 31 DECEMBER 2008

KEY FEATURES

- Unsatisfactory safety performance.
- ISO 9001:2008 and OHSAS 18001: 2007 certifications attained.
- Excellent mining and processing performance.
- Treatment of concentrates stockpiled during furnace repair shutdown completed.
- Metal prices continued to decline.
- Satisfactory progress on Ngezi Phase 1 expansion project.

SAFETY

Three lost time injuries were recorded in the quarter bringing the year to date total to six.

Although the number of lost time injuries has remained unchanged, there has been satisfactory improvement in overall safety performance with a very significant reduction in total number of recorded injuries. This was a result of increased management focus on safety issues.

The company attained the ISO 9001:2008 and OHSAS 18001:2007 certifications, which given the current economic climate represents a significant achievement.

PRODUCTION – Zimbabwe Platinum Mines (Private) Limited

		December Quarter 2008	September Quarter 2008	June Quarter 2008	March Quarter 2008
Mining					
Ore mined – opencast	Tonnes (000's)	258	270	244	295
Ore mined – underground	Tonnes (000's)	492	370	347	276
Total ore mined	Tonnes (000's)	750	640	591	571
Overall mine grade	4E g/t	3.30	3.21	3.23	3.23
Processing					
Ore milled	Tonnes (000's)	562	520	570	525
Mill grade	4E g/t	3.30	3.21	3.23	3.23
Recovery	4E%	83.8	82.1	82.3	82.4
Metal in concentrate	4E oz	49,656	44,383	48,889	45,220
Metal in converter matte	4E oz	59,397	33,765	50,917	55,700
Metal sales					
4E sales	Oz	61,030	32,879	50,255	56,105
Nickel	Tonnes	502	295	427	420
Copper	Tonnes	356	203	299	294

Mining and processing operations for the quarter were excellent.

Open pit mining operations ceased in November 2008 as scheduled, in line with the cash preservation and cost saving measures adopted in response to the slump in metal prices. Ramping up of production from the underground mines to replace open pit ore is progressing well.

Treatment of concentrates stockpiled during the furnace repair shutdown was completed in the quarter resulting in record 4E metal production and sales of 59 397 oz and 61 030 oz respectively.

FINANCIAL – Zimbabwe Platinum Mines (Private) Limited

	December Quarter 2008 US\$ 000's	September Quarter 2008 US\$ 000's	June Quarter 2008 US\$ 000's	March Quarter 2008 US\$ 000's
Operating cash flow				
Revenue	25,742	15,360	93,060	101,951
Operating Costs	(37,351)	(31,996)	(43,518)	(46,664)
Operating (Loss)/Profit	(11,610)	(16,636)	49,542	55,287

Despite record metal volume sales, revenue for the quarter amounted to only US\$25.7 million due to the continued fall in metal prices and also the consequent pipeline revenue adjustments amounting to US\$14.3 million.

Operating costs were 17% up despite production being 76% above the previous quarter due to cost containment strategies implemented as well as the favourable impact on input costs of the fall in commodity prices.

Consequently, an operating loss of US\$11.6 million was incurred.

	December Quarter 2008 US\$	September Quarter 2008 US\$	June Quarter 2008 US\$	March Quarter 2008 US\$
Cash and total cost of production				
Cash cost of production per 4E ounce	514	906	801	668
Less by-product credits	(57)	(149)	(182)	(258)
Net cash cost per 4E ounce	457	757	619	410
Amortisation and depreciation	106	97	87	174
Total cost per 4E ounce*	563	854	706	584
(Deficit)/surplus per 4E ounce**	(199)	(535)	963	974

Cash cost of production per 4E ounce was 43% down on the previous quarter for the reasons outlined above as well as the impact of higher metal production.

*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 2008 Quarter	September 2008 Quarter	June 2008 Quarter	March 2008 Quarter
Platinum (USD per oz)	859	1,551	2,044	1,748
Palladium (USD per oz)	190	334	452	377
Rhodium (USD per oz)	1,688	6,786	9,786	7,037
Gold (USD per oz)	785	868	890	892
Nickel (USD per tonne)	10,838	18,953	22,539	27,980

NGEZI PHASE 1 EXPANSION PROJECT

Satisfactory progress has been made on the implementation of the Ngezi Phase 1 Expansion project.

The development of one of the two new underground mines was completed in September 2008 and the mine is expected to achieve design production capacity by June 2009. The Ngezi concentrator is scheduled to be commissioned in April 2009 with full production to be achieved also by end of June 2009.

Due to the significant fall in metal prices, the company will have a cash deficit of US\$22 million and management are reviewing various sources of finance.

SOCIO- POLITICAL ENVIRONMENT

Negotiations on the formation of an inclusive government are still continuing. Following the recently concluded Pretoria SADC Summit, there are positive sentiments that the three main political parties are now agreed, in principle, on the formation of the inclusive government by mid February 2009.

The Zimbabwean economy has largely dollarized with most suppliers of goods and services resorting to invoicing in foreign currency. Meanwhile the government has unveiled a US\$ based national budget for 2009 in line with the dollarization of the economy. Whilst this will be welcomed by most people in the country particularly the working class, there are strong fears regarding the government's ability to raise hard currency to fund the budget. Ultimately the government may be forced to implement unfavourable policies on exporters to raise hard currency that in the end may make it difficult to operate the business viably.

ALEX STEWART INTERNATIONAL LLC AUDIT

Shareholders were previously advised that the Reserve Bank of Zimbabwe (RBZ) had engaged Alex Stewart International to carry out an audit on the operating subsidiary, Zimbabwe Platinum (Private) Limited. In their report ASI highlighted that the operating subsidiary owed the fiscus a substantial amount in unpaid Additional Profits Tax (APT). The company refuted the ASI finding that the company is liable for APT in light of existing agreements between Zimplats and the Government of Zimbabwe, in terms of which specific undertakings were given that APT would not be payable. Shareholders are now being advised that the RBZ has instructed the Zimbabwe Revenue Authority to claim the purported amount for APT from the operating subsidiary. Management will continue to treat

this issue as work in progress and discussions with the relevant Government authorities are on-going. Shareholders will be advised accordingly of any material developments.

DIRECTORATE

Shareholders are aware that Mr. Much Masunda was appointed a director of the company and Chairman of the operating subsidiary on 1 February 2007.

In July 2008, Mr. Masunda accepted an invitation to serve as an independent Non-Executive Mayor of the City of Harare. The board accepted Mr. Masunda's appointment as being non-political which is consistent with the group's apolitical policy.

Share price

The average share price for the quarter was A\$7.52 (previous quarter: A\$11.08).

Capital Structure

Major shareholders as at 31 December 2008:

Impala Platinum Holdings Limited	87.00%
Corporate Holdings Limited	3.14%
Mr. Adrian Vanderspuy	2.60%

Caution

Shareholders are advised to exercise extreme caution in their share dealings due to the very 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.