

Zimplats Holdings Limited

(ASX CODE: ZIM)
(ARBN: 083 463 058)



ASX ANNOUNCEMENT
31 JANUARY 2022

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

- This ASX announcement was approved and authorised for release by the board of directors of Zimplats Holdings Limited ('Zimplats' or the 'Company')
- The report covers the consolidated entity of Zimplats and its subsidiaries (together the 'Group')
- The report is presented in United States dollars (US\$)
- FY in this report refers to the Group's financial year, which ends on 30 June.

KEY FEATURES

- 19 new Covid-19 cases were recorded during the quarter, all of whom have fully recovered
- One lost-time injury was recorded during the period
- Mined tonnage decreased by 7% from the prior quarter, while milled tonnage increased by 3%
- 6E (platinum, palladium, rhodium, ruthenium, iridium and gold) production decreased by 2%
- Cash costs per 6E ounce increased by 8% to US\$735/oz.

SAFETY

One lost-time injury was recorded during the period under review, unchanged from the prior quarter.

The Zimplats board of directors and management team remain committed to ensuring a safe working environment for all employees and contractors. A safety recovery plan is being implemented to ensure the Group restores its safety performance geared towards the achievement of the zero-harm target.

PRODUCTION

		December quarter 2021	September quarter 2021	% change	December quarter 2020	% change
Mining						
Ore mined	Tonnes (000)	1 682	1 808	(7)	1 810	(7)
6E head grade	g/t	3.39	3.45	(2)	3.48	(3)
Processing						
Ore milled	Tonnes (000)	1 729	1 677	3	1 684	3
6E recovery	%	77.9	77.6	-	79.2	(2)
Metal in final product						
Platinum	Ounces	64 396	65 499	(2)	66 965	(4)
Palladium	Ounces	54 742	55 895	(2)	57 553	(5)
Gold	Ounces	8 144	7 803	4	7 839	4
Rhodium	Ounces	5 762	5 932	(3)	5 968	(3)
Ruthenium	Ounces	5 318	5 423	(2)	5 400	(2)
Iridium	Ounces	2 406	2 509	(4)	2 562	(6)
6E total	Ounces	140 768	143 061	(2)	146 287	(4)
Silver	Ounces	12 043	12 049	-	11 617	4
Nickel	Tonnes	1 284	1 276	1	1 200	7
Copper	Tonnes	964	968	-	947	2
Cobalt	Tonnes	17	14	21	15	13

Mined tonnage decreased 7% both quarter-on-quarter and year-on-year. This was mainly due to production disruptions at Mupfuti Mine during a changeover of trackless mining equipment service provider. The process has since been completed.

6E head grade decreased 2% to 3.39 g/t from the prior quarter, largely due to the impact of ore mix as increased volumes of lower grade ore were milled from the Mupani Mine development stockpile.

Milled tonnes increased by 3% quarter-on-quarter and year-on-year due to higher running time at the concentrator plants. The previous quarter's milled volumes were affected by the planned concentrator mill reline shutdown at the Selous Metallurgical Complex.

6E metal in final product decreased by 2% to 140 768 ounces from the prior quarter, impacted by the lower head grade notwithstanding the higher tonnes milled. On a year-on-year basis, metal in final product decreased by 4% driven by lower head grade and a decrease in concentrator recoveries. Recoveries were adversely affected by the 2% decrease in head grade.

FINANCIAL

	December quarter 2021	September quarter 2021	% change	December quarter 2020	% change
Total operating cash costs (US\$000)	104 149	100 372	(4)	96 542	(8)
Transfer to closing stocks (US\$000)	(632)	(3 104)	(80)	(1 779)	(64)
Cash costs of metal produced (US\$000)	103 517	97 268	(6)	(94 763)	(9)
Operating cash costs per 6E ounce (US\$)	735	680	(8)	648	(13)

Total operating cash costs increased by 4% from the prior quarter, driven mainly by increased prices of some major consumables. A total of US\$0.6 million was transferred from operating costs to closing stocks during the quarter largely due to concentrate stockpiled during the routine furnace taphole inspection shutdown. The combination of lower production volumes and higher operating costs resulted in an 8% quarter-on-quarter and a 13% year-on-year increase in operating cash costs to US\$735 per 6E ounce.

EXPLORATION

A total of US\$1.3 million was spent on exploration projects, with a further US\$1.5 million committed as at 31 December 2021. Exploration activities included mineral resource evaluation, comprising approximately 13 464 metres of surface diamond drilling over existing projects on the two mining leases. Exploration activities increased geological and geotechnical confidence in production schedules.

MAJOR PROJECTS UPDATE

In November 2021, the board of directors approved a US\$521 million capital expenditure project to construct a new 38MW furnace and establish an acid plant for the abatement of sulphur dioxide generated by the smelter operations. Implementation of this project will increase smelting capacity from the current 132 000 tonnes to 380 000 tonnes of concentrate per year. The expanded smelter complex will have capacity for toll treatment of third-party material. The acid plant, in addition to reducing point-source sulphur dioxide emissions, will produce sulphuric acid – a vital feedstock in the manufacture of fertiliser.

Implementation of the Mupani Mine development project, the upgrade of Bimha Mine and the construction of the third concentrator plant progressed according to plan during the quarter, with project-to-date expenditure of US\$211 million and commitments of US\$131 million at period end, against a combined budget of US\$562 million. The Mupani Mine development and Bimha Mine upgrade are replacement mines for Rukodzi, Ngwarati, and Mupfuti mines, which will be depleted in FY2022, FY2025 and FY2028, respectively. Commissioning of the third concentrator plant will increase milling capacity by 0.9 million tonnes per year and is expected to be completed in FY2023.

The bankable feasibility study for the 185 MW solar project was completed and Independent Power Producer (IPP) licenses were issued by the regulator.

COVID-19 UPDATE

The Group recorded 19 positive Covid-19 cases during the quarter, bringing the total number of confirmed cases since the start of the pandemic to 76. Affected employees were managed in accordance with the Group's Covid-19 code of practice, which incorporates protocols from the Zimbabwe Ministry of Health and Child Care and the World Health Organisation. There were no operational disruptions caused by the Covid-19 pandemic.

SHAREHOLDER INFORMATION

Shareholder enquiries

Matters relating to 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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