

Zimplats Holdings Limited

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



QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 MARCH 2022

- 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

- There were no Covid-19 cases reported during the quarter.
- Two lost-time injuries, including a fatal injury, were recorded during the quarter under review.
- Mined tonnage increased by 2% from the prior quarter, while milled tonnage decreased by 1%.
- 6E (platinum, palladium, rhodium, ruthenium, iridium and gold) production increased by 6%.
- Cash cost per 6E ounce increased by 2% to US\$752/oz.

SAFETY

Zimplats achieved two million fatality free shifts during the quarter. However, two lost-time injuries, including a fatality, were reported in the period under review. On Wednesday, 23 March 2022, Mr Dean Nyamurenje, an artisan assistant, was fatally injured while working on a conveyor belt. The board of directors and management team have extended their sincere condolences to the family, friends, and colleagues of Mr Nyamurenje. The second lost-time injury for the quarter occurred at Mupani Mine.

The two accidents are a significant setback to our journey towards zero harm. They did, however, follow a 12-month period in which the team delivered an improved and fatality free operating result. Implementation of remedial action plans from the accident investigations is ongoing and Zimplats remains committed to the restoration and maintenance of a safe working environment for all its stakeholders including employees and contractors.

PRODUCTION

		March quarter 2022	December quarter 2021	% change	March quarter 2021	% change
Mining						
Ore mined	Tonnes (000)	1 711	1 682	2	1 746	(2)
6E head grade	g/t	3.40	3.39	-	3.39	-
Processing						
Ore milled	Tonnes (000)	1 707	1 729	(1)	1 700	-
6E concentrators recovery	%	78.0	77.9	-	74.3	5
Metal in final product						
Platinum	Ounces	67 762	64 396	5	63 326	7
Palladium	Ounces	58 030	54 742	6	53 425	9
Gold	Ounces	8 591	8 144	5	7 584	13
Rhodium	Ounces	6 050	5 762	5	5 514	10
Ruthenium	Ounces	5 573	5 318	5	4 958	12
Iridium	Ounces	2 535	2 406	5	2 286	11
6E total		148 541	140 768	6	137 093	8
Silver	Ounces	12 267	12 043	2	11 840	4
Nickel	Tonnes	1 383	1 284	8	1 223	13
Copper	Tonnes	1 036	964	7	949	9
Cobalt	Tonnes	17	17	-	21	(19)

Mined volumes improved by 2% quarter-on-quarter and were 2% weaker year-on-year. The year-on-year decrease was mainly due to lower trackless mining equipment availability at Mupfuti Mine during the current quarter which has since been addressed. The new trackless equipment maintenance service provider has now scaled up operations to optimum level.

6E head grade improved marginally to 3.40g/t from 3.39g/t.

Milled tonnes decreased marginally to 1.71 million tonnes due to fewer operating days than in the prior quarter. Milled volumes were however stable year-on-year.

6E metal in final product increased by 6% to 148 541 ounces from the prior quarter and increased by 8% year-on-year. Production benefitted from a positive smelter inventory movement and the treatment of concentrates stockpiled during the furnace shutdown in the prior quarter.

FINANCIAL

	March quarter 2022	December quarter 2021	% change	March quarter 2021	% change
Total operating cash costs (US\$000)	107 397	104 149	(3)	95 142	(13)
Transfer (from)/to closing stocks (US\$000)	4 260	(632)	(774)	2 245	(90)
Cash costs of metal produced (US\$000)	111 657	103 517	(8)	97 387	(15)
Operating cash costs per 6E ounce (US\$)	752	735	(2)	710	(6)

Total operating cash costs increased by 3% from the prior quarter, impacted by inflation on major production inputs. A total of US\$4.3 million was transferred from opening stocks to operating costs during the period as a result of the smelting of concentrates stockpiled during the routine furnace taphole inspection shutdown in the prior quarter. This resulted in the cost of metal produced rising by 8% versus the prior quarter. Volumes gains partly offset inflationary pressures and resulted in 2% increase in unit cost from US\$735/oz to US\$752/oz. Year-on-year unit cost increase of 6% reflected the mitigating benefit of higher production volumes on the 15% cost increase.

EXPLORATION

A total of US\$0.9 million was spent on exploration projects, with a further US\$1.8 million committed as at 31 March 2022. Exploration activities included mineral resource evaluation, comprising approximately 5 740 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

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 cumulative project expenditure of US\$241 million incurred and commitments of US\$130 million at period end, versus 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 (equivalent to circa 80 000 6E ounces) and is expected to be commissioned in August 2023.

The US\$521 million smelter expansion and SO₂ abatement plant projects have commenced and commitments for major contracts were made during the quarter. The project includes the construction of a 38MW furnace and establishment of an acid plant for the abatement of sulphur dioxide generated by the smelter operations.

The US\$37 million Phase 1 implementation of the 185MW solar project received board approval during the quarter. The 35MW Phase 1 plant at Selous Metallurgical Complex is scheduled for completion in FY2024. In total, the project has four implementation phases with the final phase scheduled for completion in FY2027 at an estimated total project cost of US\$201 million.

COVID-19 UPDATE

The Group recorded no new Covid-19 cases during the quarter under review, maintaining the total number of confirmed and fully recovered cases since the start of the pandemic at 76. The Group continues to diligently monitor and maintain prevention protocols in accordance with the Group's Covid-19 code of practice, which incorporates guidelines from the Ministry of Health and Child Care and World Health Organisation.

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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