

Zimplats Holdings Limited

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



ASX ANNOUNCEMENT
30 JANUARY 2023

QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 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

- Three lost-time injuries (including one fatality) were recorded during the quarter
- No new Covid-19 positive cases were recorded during the quarter
- Mined and milled volumes increased by 1% and 13% respectively from the prior quarter
- 6E (platinum, palladium, rhodium, ruthenium, iridium and gold) head grade declined by 2% compared to the prior quarter and 6E metal in concentrate increased by 10%
- 6E metal in final production increased by 16% from prior quarter
- Cash costs of US\$839 per 6E ounce were 5% higher than the prior quarter.

SAFETY

Zimplats reports a disheartening retracement in safety in the period under review, versus the lost-time-injury free prior quarter.

On 20 December 2022, Lydia Gore and three other employees were exposing lifters at Bimha Mine in the presence of their Team Leader. A wedge measuring 0.6m x 0.4m x 0.35m and weighing approximately 80kg dislodged from the face striking Ms Gore on the leg. She fell, sustaining fractures to her leg and forearm. Regrettably, while admitted in hospital, Ms Gore's medical condition deteriorated, and she succumbed to injury induced complications in Harare on 25 December 2022. Our hearts and prayers are with Ms Gore's family, friends, and colleagues during this difficult time.

Two further lost-time injuries were recorded during the quarter. Zimplats board and management remain committed to ensuring a safe working environment for all employees and contractors. To this end, all three accidents were fully investigated, and remedial action plans were developed and are being implemented.

Aligned to its values of respect and care, Zimplats carried out a survey on gender-based violence both within and outside the workplace. While the results of the survey are well within global trends, there were opportunities for improvement that were identified. The company shall be pursuing these as part of ongoing efforts to ensure a workplace culture that embraces diversity and all aspects of safety, including psychological safety for all employees.

PRODUCTION

		December quarter 2022	September quarter 2022	% change	December quarter 2021	% change
Mining						
Ore mined	Tonnes (000)	1 915	1 889	1	1 675	14
6E head grade	g/t	3.35	3.41	(2)	3.39	(1)
Processing						
Ore milled	Tonnes (000)	1 949	1 731	13	1 729	13
6E concentrators recovery	%	77.6	77.9	-	77.9	-
6E in concentrate	Ounces	163 187	147 846	10	146 864	11
Metal in final product						
Platinum	Ounces	74 200	64 092	16	64 396	15
Palladium	Ounces	62 743	54 660	15	54 742	15
Gold	Ounces	8 396	7 236	16	8 144	3
Rhodium	Ounces	6 183	5 344	16	5 762	7
Ruthenium	Ounces	6 531	5 463	20	5 318	23
Iridium	Ounces	3 233	2 656	22	2 406	34
6E total		161 286	139 451	16	140 768	15
Silver	Ounces	12 975	12 760	2	12 043	8
Nickel	Tonnes	1 546	1 314	18	1 284	20
Copper	Tonnes	1 150	979	17	964	66
Cobalt	Tonnes	19	18	6	17	12

Mined volumes increased by 1% from the prior quarter and was 14% higher year-on-year, with strong operational performances across the mines. Mined volumes in the quarter ended 31 December 2021 were adversely impacted by production disruptions at Mupfuti Mine during a changeover of the trackless mining equipment service provider.

Ore milled increased by 13% from the prior quarter to 1.95 million tonnes. Milled volumes benefitted from higher installed capacity following the commissioning of the Ngezi third concentrator plant in September 2022. The plant achieved nameplate capacity in the period under review.

6E head grade decreased by 2% from the prior quarter and was 1% lower year-on-year. This was due to increased contribution of lower grade development ore from the Mupani Mine stockpile.

6E metal in final product increased by 16% from the prior quarter and was 15% higher year-on-year, reflecting the benefit of higher concentrator volumes and the impact of inventory accumulation during the scheduled furnace reline in the prior quarter.

FINANCIAL

	December quarter 2022	September quarter 2022	% change	December quarter 2021	% change
Total operating cash costs (US\$000)	130 850	116 020	(13)	104 149	(27)
Transfer from/(to) closing stocks (US\$000)	4 518	(4 314)	(205)	(632)	(815)
Cash costs of metal produced (US\$000)	135 368	111 706	(21)	103 517	(32)
Operating cash costs per 6E ounce (US\$)	839	801	(5)	735	(15)

Total operating cash costs increased by 13% from the prior quarter, due primarily to higher production volumes, inflationary pressures and a 42% increase in the power tariff. A total of US\$4.5 million was transferred from operating costs as milled throughput exceeded mined volumes and some concentrate inventory accumulated during the prior quarter was smelted in the period. This resulted in the gross cost of metal produced increasing by 21% compared to the prior quarter. 6E unit costs increased by 5% to US\$839/oz from US\$801/oz in the prior quarter and were 15% higher year-on-year.

EXPLORATION

US\$1.4 million was spent on exploration projects, with a further US\$4.7 million committed as at 31 December 2022. Exploration activities included mineral resource evaluation, comprising approximately 7 968 metres of surface diamond drilling on mining lease ML 36.

MAJOR PROJECTS UPDATE

Development of Mupani Mine and the upgrade of Bimha Mine (to replace Rukodzi which was depleted in FY2022, Ngwarati, and Mupfuti mines, which will be depleted in FY2025 and FY2028 respectively), progressed well during the quarter. A total of US\$274.6 million has been spent on the project to date. US\$71.9 million has been committed against a project budget of US\$468 million.

The Ngezi third concentrator plant, which will increase milling capacity by 0.9 million tonnes per year (equivalent to circa 80 000 6E ounces) was commissioned in September 2022. Cumulative project expenditure as at the end of the quarter amounted to US\$97.1 million, with US\$5.8 million committed against a project budget of US\$104.1 million. The plant ramped up production to nameplate capacity during the quarter.

Implementation of the US\$521 million smelter expansion and the SO₂ abatement plant project remains on track, with US\$49.8 million spent and US\$242.9 million committed at quarter end.

Execution of the 35MW solar plant project which is Phase 1 of Zimplats' 185 MW solar project progressed during the quarter with a total of US\$0.8 million spent and US\$0.4million committed against a budget of US\$37 million. The engineering, procurement and construction contract was awarded during the quarter. The solar plant is being constructed at Selous Metallurgical Complex and is targeted for completion in FY2024. Overall, the project has four implementation phases with the last phase scheduled for completion in FY2027 at a total estimated project cost of US\$201 million.

During the quarter, the board approved the refurbishment of the mothballed base metal refinery (BMR) at Selous Metallurgical Complex. The BMR is designed to process an equivalent 5 200 tonnes of nickel and associated base metals contained in converter matte. The project is in the initial stage of implementation. A total of US\$0.3m has been committed with no expenditure recorded to date against a budget of US\$189.9 million.

COVID-19 UPDATE

There were no reported Covid-19 cases during the quarter. The Group's Covid-19 code of practice, which incorporates guidelines from the Ministry of Health and Child Care and World Health Organisation continues to guide the Group's prevention and management of Covid-19.

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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