

Zimplats Holdings Limited

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



ASX ANNOUNCEMENT
27 APRIL 2023

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2023

- 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

- Two lost-time injuries, including one fatality, were recorded during the quarter
- Mined volumes decreased by 4% compared to previous quarter and increased by 7% year-on-year
- Milled volumes decreased by 3% from previous quarter and increased by 10% year-on-year
- 6E (platinum, palladium, rhodium, ruthenium, iridium and gold) head grade and 6E metal in concentrate production declined by 3% and 9%, respectively, compared to the prior quarter
- 6E metal in final product decreased by 8% from prior quarter
- Cash costs of US\$869 per 6E ounce were 4% higher than the prior quarter.

SAFETY

It is with deep regret Zimplats reports a fatality at Mupani Mine during the quarter, and second lost-time injury at our smelter expansion and SO₂ abatement project. The two accidents are a setback on our journey towards zero harm.

On 8 February 2023, Mr. Henry Raki and his assistant were exposing lifters at Mupani Mine in preparation for charging a roadway. A rock wedge dislodged from the left edge of the face at a height of 2.4m and struck and fatally injured Mr. Raki. The board of directors and management team have extended their sincere condolences to the family, friends and colleagues of Mr Raki.

The two accidents were fully investigated, and remedial action plans are being implemented. The board and management team remain committed to achieving a zero-harm working environment for all employees and contractors. Management continues to proactively address critical and emerging risks, to restore and maintain a safe working environment.

PRODUCTION

		March quarter 2023	December quarter 2022	% change	March quarter 2022	% change
Mining						
Ore mined	Tonnes (000)	1 835	1 915	(4)	1 711	7
6E head grade	g/t	3.25	3.35	(3)	3.40	(4)
Processing						
Ore milled	Tonnes (000)	1 883	1 949	(3)	1 707	10
6E concentrator recovery	%	75.5	77.6	(3)	78.0	(3)
6E in concentrate	Ounces	148 488	163 187	(9)	145 476	2
Metal in final product						
Platinum	Ounces	68 273	74 200	(8)	67 762	1
Palladium	Ounces	57 792	62 743	(8)	58 030	-
Gold	Ounces	7 638	8 396	(9)	8 591	(11)
Rhodium	Ounces	5 702	6 183	(8)	6 050	(6)
Ruthenium	Ounces	5 942	6 531	(9)	5 573	7
Iridium	Ounces	2 908	3 233	(10)	2 535	15
6E total		148 254	161 286	(8)	148 541	-
Silver	Ounces	11 365	12 975	(12)	12 267	(7)
Nickel	Tonnes	1 420	1 546	(8)	1 383	3
Copper	Tonnes	1 051	1 150	(9)	1 036	1
Cobalt	Tonnes	15	19	(21)	17	(12)

Mined tonnage decreased by 4% from the prior quarter, mainly due to a decrease in number of operating days, from 92 in the prior quarter to 90. The prior year's performance was impacted by lower availability of trackless mining equipment at Mupfuti Mine, which has since been addressed.

Ore milled decreased by 3% from the prior quarter to 1.88 million tonnes, due to the decreased number of operating days in the period as well as the power outages suffered in the final month of the quarter. The year-on-year increase in milled volumes was due to the inclusion of tonnes milled at Ngezi's third concentrator plant, which was commissioned in September 2022.

6E head grade decreased by 3% from the prior quarter and was 4% lower year-on-year, largely due to an increase in tonnes milled from lower-grade stockpiles, dilution from mining across geological structures, and mining larger construction excavations.

6E metal in final product decreased by 8% from the prior quarter, largely because of lower 6E head grade, 6E concentrator recoveries and milled volumes, each of which declined by 3%. Year-on-year 6E metal in final product remained at similar levels as the 10% increase in tonnes milled was offset by lower head grades and recoveries, and the prior quarter benefitted from a larger release of concentrate inventory.

FINANCIAL

	March Quarter 2023	December Quarter 2022	% change	March quarter 2022	% change
Total operating cash costs (US\$000)	124 371	130 850	5	107 397	(16)
Transfer from closing stocks (US\$000)	4 568	4 518	(1)	4 260	(7)
Cash costs of metal produced (US\$000)	128 939	135 368	5	111 657	(15)
Operating cash costs per 6E ounce (US\$)	869	839	(4)	752	(16)

Total operating cash costs decreased by 5% from the prior quarter, mainly due to lower production volumes. A total of US\$4.6 million was transferred from operating costs — 2.5% of tonnes milled was taken from the stockpile and some concentrate inventory accumulated during the prior quarter was smelted in the period. As a result, the gross cash cost of metal produced decreased by 5% compared to the prior quarter. 6E unit costs increased by 4% to US\$869/oz from US\$839/oz in the prior quarter.

Year-on-year total operating costs increased by 16% mainly due to inflation, 7% increase in volumes mined and 10% increase in tonnes milled. The benefit of mined and milled volumes on unit costs was offset by decreases in 6E head grade and recoveries, resulting in a year-on-year unit cost increase of 16%.

EXPLORATION

US\$2.3 million was spent on exploration drilling during the quarter and US\$3.6 million was committed as at 31 March 2023. The exploration activities related mainly to surface diamond drilling to upgrade the Group's Mineral Resources, geotechnical assessments of the rock mass properties in support of current and future mining operations in ML37, and in support of technical studies currently ongoing in ML36. A total of 21 047 metres were drilled as part of the exploration work during the quarter.

MAJOR PROJECTS UPDATE

The development of Mupani Mine and the upgrade of Bimha Mine progressed as planned during the quarter. These projects replace Rukodzi Mine, which was depleted in FY2022, and the Ngwarati, and Mupfuti mines, which will be depleted in FY2025 and FY2028, respectively. Cumulatively, a total of US\$295.3 million has been spent on these projects, with an additional US\$73.5 million committed, against a project budget of US\$468 million.

A total of US\$4 million was spent on the Ngezi third concentrator plant during the quarter, bringing the project-to-date expenditure to US\$101.1 million, with a further US\$3.0 million committed as at end of the quarter, against a project budget of US\$104.1 million. The plant operated at design production capacity throughout the quarter.

Implementation of the US\$521 million smelter expansion and the SO₂ abatement plant project remains on track. The project progressed well during the quarter. A total of US\$66.6 million has been spent on the project to date, with a further US\$342.5 million committed.

Execution of the 35MW solar plant project at the Selous Metallurgical Complex progressed as planned during the quarter, with a total of US\$0.8 million spent and US\$35.8 million committed, against a budget of US\$37 million. This is the first of the project's four project implementation phases. The final phase is scheduled for completion in FY2027, at a total project cost estimate of US\$201 million.

Implementation of the base metal refinery refurbishment project progressed well during the quarter. A total of US\$4.6 million has been spent to date, with a further US\$20.2 million committed, 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 the 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 2975, Melbourne Vic 2001, Australia. Tel: +61 3 9415 4000, Fax: +61 3 9473 2500.

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