

# Review of operations – Mimosa



## Key features

- Wedza V expansion commissioned
- Annual production down to 76 600oz of platinum-in-concentrate
- Problems with mill and power resolved

**Production:** Overall, production declined by 2.0% and 2.7% respectively to 76 600oz of platinum and 159 000oz of PGMs-in-concentrate respectively.

Tonnes milled increased marginally in FY2008 to 1.9Mt and 1.7Mt respectively (FY2007: 1.8Mt and 1.7Mt respectively). The 6% rise in tonnes mined was a result of increased mechanisation. Tonnes milled were affected by power outages in the second half of the year, the delay in the start up of Wedza Phase V and mechanical problems related to Wedza Phase IV mills.

A marginal decline in head grade to 3.57g/t (3PGE+Au) was recorded (FY2007: 3.66g/t), as a slightly lower grade zone was mined. Efforts to improve mining practice and reef identification in the second half of the year were successful.

The lower head grade resulted in a corresponding fall in metallurgical recoveries to 75.8% (FY2007: 77.7%). A secondary ball mill was down for 25 days owing to a major bearing failure. These problems have been resolved and a second mill will have its bearings replaced in November 2008.

Contractor and supply problems resulted in delays to modifications planned for the plant as part of the Wedza phase V expansion. However, commissioning had begun by year-end, although delivery of some items was still pending. The planned Wedza phase V design throughput, grind requirements and recoveries are achievable.

The mining aspects of the expansion proceeded according to plan. A significant stockpile of around 498 000t, equivalent to just over three months supply to the mill, is being maintained and will stand the operation in good stead in the coming year.

As part of an industry-wide initiative in Zimbabwe, a long-term agreement for the supply of power has been entered into with Cahora Bassa in Mozambique. This contract is denominated in US dollars.

## Mimosa key statistics

		FY2008	FY2007	% change
<b>Sales</b>	Rm	1 916	1 686	13.6
Platinum		847	687	23.3
Palladium		160	145	10.3
Rhodium		279	210	32.9
Nickel		468	491	(4.7)
Other		162	153	5.9
<b>Cost of sales</b>		(594)	(523)	(13.6)
Mining operations		(367)	(285)	(28.8)
Concentrating operations		(104)	(79)	(31.6)
Treatment charges		(86)	(88)	2.3
Amortisation		(61)	(64)	4.7
Increase/(decrease) in inventory		24	(7)	442.9
<b>Gross profit</b>		1 322	1 163	13.7
50% gross profit attributable to Implats		661	582	13.6
Inter-company adjustment *		(119)	5	(2 480)
<b>Gross profit in Implats group</b>		542	587	(7.7)
* Adjustment note: The adjustment relates to sales from Mimosa to the Implats group which at yearend was still in the pipeline.				
Gross margin	%	69.0	69.0	0.0
Other operating costs	Rm	(67)	(59)	(13.6)
Royalty expense		(46)	(39)	(17.9)
<b>Sales volumes in concentrate</b>				
Platinum	000oz	74.6	77.3	(3.5)
Palladium	000oz	57.0	58.5	(2.6)
Rhodium	000oz	5.9	6.0	(1.7)
Nickel	t	2 128	2 149	(1.0)
<b>Prices achieved in concentrate</b>				
Platinum	\$/oz	1 563	1 237	26.4
Palladium	\$/oz	386	343	12.3
Rhodium	\$/oz	6 449	4 864	32.6
Nickel	\$/t	30 256	31 763	(4.7)
<b>Exchange rate achieved</b>	R/\$	7.26	7.19	1.0
<b>Production</b>				
Tonnes milled ex-mine	000	1 732	1 692	2.4
Platinum-in-concentrate	000oz	76.6	78.2	(2.0)
Palladium-in-concentrate	000oz	58.1	59.5	(2.4)
Rhodium-in-concentrate	000oz	6.0	6.1	(1.6)
Nickel-in-concentrate	t	2 086	2 091	(0.2)
PGM-in-concentrate	000oz	158.9	163.3	(2.7)
<b>Total cost</b>	Rm	538	423	(27.2)
per tonne milled	R/t	311	250	(24.4)
	\$/t	43	35	(22.9)
per PGM ounce in concentrate	R/oz	3 386	2 590	(30.7)
	\$/oz	466	360	(29.4)
per platinum ounce in concentrate	R/oz	7 023	5 409	(29.8)
	\$/oz	967	752	(28.6)
net of revenue received from other metals	R/oz	(6 932)	(7 366)	5.9
<b>Capital expenditure</b>	Rm	289	113	155.8
	\$m	33	16	150.0

## *Review of operations – Mimosa (continued)*

**Costs:** Costs per tonne milled increased by 22.9% to \$43/t. The unit cost per platinum ounce produced was 28.6% higher as a result primarily of disparities between the Zimbabwean rate of inflation and exchange rate of the local currency. Nevertheless, Mimosa remains the lowest cost producer in the platinum industry.

**Capital:** Capital expenditure of \$33 million in FY2008 (FY2007: \$16 million) was spent largely on the Phase V expansion programme with the balance being spent on the normal operational expenditure replacement programme.

Capital expenditure of \$35 million planned for FY2009 incorporates the completion of the Phase V expansion project and the provision of additional housing for employees.

**Growth:** Exploratory drilling of the North Hill deposit has been delayed to FY2009, when 1 980 metres of drilling are planned. A detailed resource evaluation for the Wedza VI expansion is under way, prior to seeking board approval for a final feasibility study.

