

NEWS RELEASE

Expansion of Underground Mining Operations at Zimplats

The Board of Directors of Zimplats has approved capital expenditure of US\$46 million to extend the existing underground mine at Ngezi as part of the company's transition from opencast operations to underground mining.

This transition will see underground mining tonnage rise from the current 240 000 tonnes per annum to 960 000 tonnes per annum, substituting the higher cost opencast tonnage from the existing Ngezi opencast mine.

The need to substitute underground ore for opencast ore has become a key short-term objective in view of the significant cost differential between the two mining methods, and following the successful operation of the trial underground mine at Ngezi. Overall production will remain at a similar level.

The project will be financed largely through internal funds supplemented by loan finance, the terms of which are subject to the approval of the Reserve Bank of Zimbabwe. Following the approval of the loan finance, the project will commence immediately and is expected to be completed by June 2006.

In addition to expanding the underground operations, this expenditure allows for part of the necessary infrastructure that will be required by the overall expansion of the operations. While progress has been made on some of the conditions precedent required for the expansion, resolution of the outstanding conditions is pending formalization by the relevant authorities.

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