

Appendix 4D

Half Year Report

Zimplats Holdings Limited

ARBN: 083 463 058

Australian Stock Exchange code: **ZIM**

Half year ended 31 December 2015

Results for announcement to the market

			2015 US\$ 000	2014 US\$ 000
1.	Revenue	12% ↓	204,393	233,526
2.	Profit before income tax	88% ↓	553	4,710
3.	(Loss)/profit for the year attributable to members	116% ↓	(617)	3,914

The directors' report and financial statements of Zimplats Holdings Limited and its subsidiaries ("together the Group") for the half year ended 31 December 2015, which have been reviewed by auditors, have been released and are available on the company's website (www.zimplats.com).

Finance

- Revenue for the half year decreased by 12% to US\$204.4 million compared to the same period last year mainly due to the collapse in metal prices despite the increase in sales volumes (for example, platinum sales increased from 103 092 ounces to 128 431 ounces). The gross revenue per platinum ounce of US\$1 591 for the half year was 30% lower than US\$2 265 reported during the same period last year.
- Cost of sales of US\$185.7 million was 14% higher than the same period last year's US\$162.4 million mainly due to the increase in sales volumes. Gross profit margins deteriorated from 30% in the prior period to 9% in the current half year mainly due to lower metal prices. This was however partly offset by the impact of price reductions achieved on consumables and procurement contracts.
- Administrative expenses for the half year ended 31 December 2015 at US\$15.0 million were 30% lower than the US\$21.4 million reported during the same period last year due to cost saving initiatives in response to the decrease in metal prices.
- Royalty and commission expense of US\$5.1 million reported for the half year ended 31 December 2015 was 72% lower than the US\$17.8 million reported for the same period last year. The decrease was mainly due to the revenue decline and The High Court of Zimbabwe judgment in the case involving a dispute between Zimbabwe Platinum Mines (Private) Limited (the 'operating subsidiary') and the Zimbabwe Revenue Authority (ZIMRA) over which mining royalty provisions are applicable to the operating subsidiary. The judge ruled that the royalty provisions in the operating subsidiary's mining agreement take precedence over the royalty provisions set out in the Finance Act (Chapter 23:04) and that accordingly the operating subsidiary is liable to pay royalties at the rate of 2.5% of the value of all minerals produced and not at the higher Finance Act rates.
- A full and final settlement of US\$4.2 million was confirmed as receivable by the Group's insurers in respect of certain property, plant and equipment which were damaged as a result of the partial collapse of Bimha Mine in 2014.

- Cash operating cost per platinum ounce produced decreased by 17% to US\$1 235 compared to the same period in the prior year due to stringent cost management measures adopted following the collapse in metal prices.
- Consequently, profit before income tax for the period amounted to US\$0.6 million, 88% lower than US\$4.7 million achieved in the same period last year, largely due to the drop in metal prices. Taxation for the half year at US\$1.2 million (2014: US\$0.8 million) resulted in a loss after tax for the period of US\$0.6 million compared to a profit of US\$3.9 million recorded in the same period last year.
- Net cash inflows from operating activities for the period decreased from US\$107.8 million recorded during the same period last year to US\$6.5 million mainly due to the impact of lower metal prices and the furnace breakout which occurred in May 2015 on sales proceeds.
- At the end of the half year, the Group had bank borrowings of US\$101 million (30 June 2015: US\$82.0 million) and a cash balance of US\$58.9 million (30 June 2015: US\$73.5 million).

Safety, Health and Environment

- Three lost-time injuries (LTIs) were reported during the half year compared to four incurred during the same period last year resulting in the lost-time injury frequency rate (LTIFR) improving from 0.59 to 0.44.
- The Group's employee wellness programmes (including non-communicable diseases) were effective during the half year as demonstrated by a 25% increase in the turnout for voluntary counseling and testing.
- The rehabilitation of the closed open-pit mine is progressing well with approximately 76% of the pit rehabilitated by the end of the half year under review.
- The Group's water conservation programmes were affected by the delayed rainfall which led to return water dams for both Ngezi and Selous Metallurgical Complex (SMC) concentrators running empty resulting in no water to recycle.

Operations

- Tonnes mined for the half year increased by 30% to 3.27 million tonnes compared to the same period last year mainly due to the ore supply contribution from the Ngezi South open-pit mining (which started in the quarter ended 30 June 2015) of 423 000 tonnes and increased production from underground mines following the redeployment of fleets from the collapsed Bimha Mine. Ore mined in the comparative period was lower owing to the Bimha Mine closure in August 2014 as a precautionary measure to safeguard employees and assets following the subsidence of ground and continued deterioration of ground conditions in a section of the mine.
- Consequently, tonnes milled increased by 26% to 3.12 million tonnes compared to the same period last year owing to improved ore supply as highlighted above.
- Four elements (platinum, palladium, rhodium and gold) (4E) mill head grade at 3.223g/t was 1% lower than the previous year's 3.253g/t mainly due to barren geological intrusions, internal dilution arising from mining across areas affected by faulting and lower grade ore from the Ngezi South open-pit.
- Platinum and 4E metal production for the half year at 130 342 ounces and 262 749 ounces were 27% and 26% above the same period last year respectively due to higher mills throughput.

Capital Projects

- The Ngezi Phase 2 expansion project implementation is progressing well with a total of US\$447 million of the project budget having been spent as at 31 December 2015. Implementation of the outstanding components of the Phase 2 expansion project remains on schedule for overall project completion in 2016.
- A total of US\$12.2 million was spent on the refurbishment of the SMC base metal refinery (BMR) project and US\$9.9 million was committed as at 31 December 2015.
- Bimha Mine re-development is on schedule to reach full production in April 2018 as planned.
- The Group spent a total of US\$27.2 million on capital expenditure during the half year under review compared to US\$49.4 million in the same period last year.
- The impact of the declining metal prices on cash flows has resulted in the reprioritisation of capital projects with some projects being deferred to future periods.

Mineral Resources and Ore Reserves

- There has been no material changes in the Group's mineral resources and ore reserves compared to those reported in the annual integrated report for the financial year ended 30 June 2015.

Dividend

- A dividend of US\$13 million (equating to US\$0.1208 per share) for the year ended 30 June 2015 was declared and paid during the half year ended 31 December 2015 to shareholders on record as at 7 September 2015.
- No dividend has been proposed for the half year ended 31 December 2015.

This report is based on accounts which have been reviewed by auditors.