

## Appendix 4E





### Preliminary Final Report

Zimplats Holdings Limited

ARBN: 083 463 058

Australian Stock Exchange code: **ZIM**

### Results for the year ended 30 June 2016

			2016 US\$ 000	2015 US\$ 000
1.	Revenue	 16%	471 778	408 391
2.	Profit before income tax	 48%	29 354	56 138
3.	Income tax expense	 83%	(22 027)	(130 467)
4.	Profit/(loss) for the year attributable to shareholders	 110%	7 327	(74 329)

The audited financial statements of Zimplats Holdings Limited (the 'Company') and its subsidiaries (together the 'Group') for the year ended 30 June 2016, which include the independent auditor's report, will be released and made available on the Company's website ([www.zimplats.com](http://www.zimplats.com)).

Note: FY in this report refers to the financial year for the Group which ends on 30 June.

### Finance

- Revenue for the year increased by 16% from US\$408 million in FY2015 to US\$472 million despite the 53% increase in sales volumes for the four metals (platinum, palladium, rhodium and gold) (4E) from 381 849 ounces to 582 833 ounces. This was due to lower metal prices, which saw gross revenue per platinum ounce decrease from US\$2 167 to US\$1 638.
- Cost of sales increased by 24% from US\$316 million in FY2015 to US\$391 million, despite the 53% increase in 4E sales volumes, reflecting the benefit of the cost containment initiatives implemented in response to low metal prices.
- Administrative expenses decreased by 14% from US\$41.8 million in FY2015 to US\$35.9 million in the current year due to the successful implementation of various cost containment initiatives.
- Selling and distribution expenses increased by 126% from US\$2.3 million in FY2015 to US\$5.2 million in FY2016 largely due to the sale of concentrates which attract higher transport charges.
- Operating cash cost per platinum ounce improved by 23% from US\$1 551 in FY2015 to US\$1 197 in FY2016 benefiting from the 53% increase in platinum production (including metal in concentrate sold) and savings realised from cost containment initiatives.
- Insurance proceeds of US\$3.7 million, received in full and final settlement for the Bimha Mine claim were recognised in FY2016.
- The Group received a US\$1.1 million export incentive from the Reserve Bank of Zimbabwe (RBZ). In May 2016, the RBZ introduced an export incentive scheme to promote the export of goods and

services to enhance inflows of foreign currency. The Group was awarded a 2.5% export incentive on the export proceeds received in Zimbabwe for the month of May 2016.

- The prior year results benefited from the US\$95.8 million royalty overpayment refund as a result of 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 over which mining royalty provisions are applicable to the operating subsidiary.
- The prior year results were negatively affected by the write-off of assets worth US\$38.5 million (US\$22.9 million in respect of equipment from Bimha Mine, which was either damaged or rendered irretrievable by the collapse of a section of the underground working area, as well as US\$15.6 million costs incurred on the greenfield Phase 3A base metal refinery feasibility studies).

As a result of these factors, profit before income tax for the year decreased by 48% from US\$56.1 million in the prior year to US\$29.4 million.

- Income tax expense for the year improved by 83% to US\$22 million from US\$130.5 million in the previous year. Income tax in the previous year was higher than usual due to a US\$55.6 million additional profits tax (APT) adjustment in respect of prior periods arising from the disallowance of assessed income tax losses in computing APT and the US\$45.8 million APT on the refund of overpaid royalty. This resulted in a profit after tax for the year of US\$7.3 million compared to a US\$74 million loss recorded in the previous year.
- Net cash generated from operating activities decreased from US\$142.2 million in FY2015 to US\$36 million. Cash generated from operating activities in the previous year benefited from the royalty refund, which was used to offset some of the prior years' tax obligations.
- At the end of the year, the Group had bank borrowings of US\$109 million (30 June 2015: US\$82 million) and a cash balance of US\$55.7 million (30 June 2015: US\$73.5 million).

### **Safety, Health and Environment**

- The total number of lost-time injuries (LTIs) recorded in the year decreased from 12 in FY2015 (restated to include four injuries which in the past were classified as restricted work cases) to eight in FY2016. This resulted in the lost-time injury frequency rate (LTIFR) improving by 34% from 0.88 (restated to include restricted work cases) to 0.58.
- Management continued with the roll out of the integrated wellness programme that focuses on the reduction of HIV/AIDS and non-communicable diseases (NCDs). Unfortunately in the last quarter of the year, the external service provider of counselling and testing services scaled down its involvement in workplace programmes to concentrate on perceived high-risk areas in line with the national thrust. This resulted in a decrease in the number of HIV tests compared to the previous year. Management is in the process of identifying an alternative service provider to continue with this initiative. External service providers have proved to be more acceptable to employees and more effective in HIV/AIDS testing and counselling programmes, compared to internal providers.
- The rehabilitation of the closed open-pit mine continued as scheduled during the year. Approximately 77% of the disturbed areas had been rehabilitated by the end of the year compared to 69% as at the end of the previous year. Good progress was made in the rehabilitation of the tailings dams where a total of 16 hectares (FY2015: 2.5 hectares) were re-vegetated and a total of 2 700 trees were planted during the year.

## **Operations**

- Following the precautionary closure of production operations at Bimha Mine in August 2014, the response plan to mitigate the loss in production, which included the redeployment of fleets, resuscitation of the discontinued open-pit operations and the redevelopment of Bimha Mine, was successfully implemented resulting in record run of mine ore production of 6.6 million tonnes in FY2016 (FY2015: 5.2 million tonnes).
- The redevelopment of Bimha Mine is on schedule to achieve design capacity by the fourth quarter of FY2018. Ore production from this mine increased from 350 000 tonnes in FY2015 to 442 000 tonnes in FY2016.
- Ground monitoring systems instituted at all the underground mines recorded no ground movements except where some activity was reported in the old footprint of Bimha Mine. The general conditions in the new footprint are stable.
- The South Pit Mine performed ahead of expectation, producing 874 000 tonnes in the year (FY2015: 106 000 tonnes). This mine will continue to bridge the ore supply gap until such time when the underground mines are producing at the Phase 2 design capacity of 6.2 million tonnes per annum.
- A total of 135 843 tonnes of concentrate (FY2015: 119 500 tonnes) were smelted during the year to produce 269 547 ounces of platinum in converter matte, which is 42% higher than the 190 027 ounces achieved in the previous year. 4E metal production for the year increased from 383 962 ounces in FY2015 to 541 396 ounces in FY2016. A further 20 863 ounces of platinum (41 775 ounces of 4E) was realised from the sale of 11 413 tonnes of concentrates stockpiled in the previous year due to the furnace break-out incident. As a consequence, total platinum ounces produced and sold in the year increased from 190 027 and 188 760 ounces in FY2015 to 290 410 ounces and 288 063 ounces, respectively, in FY2016.

## **Capital Projects**

- Implementation of the Ngezi Phase 2 Expansion Project is progressing well and project completion is targeted in FY2017. A total of US\$453 million has been spent to date on this project against a budget of US\$492 million.
- The Group remains committed to exploring, extracting and beneficiating Zimplats' Mineral Resources. To this end, feasibility plans are being advanced to expand the mining footprint through the potential development of a new mining portal (Portal 6) to replace Rukodzi and Ngwarati mines, which are being depleted. In addition, the Group conducted feasibility studies for the construction of a second furnace to reduce the beneficiation risk.
- The Group commenced the refurbishment of the Selous Metallurgical Complex base metal refinery (BMR) in FY2015 with a view to commissioning it in July 2016. The implementation of this project has been affected by cash availability in a low metal price environment, which has persisted since 2015. As a result, US\$22 million has been spent to date against a budget of US\$131 million.
- A total of US\$27 million was spent on expansion projects during the year compared to US\$38 million in the previous year.
- A total of US\$42 million was spent on stay in business projects during the year compared to US\$47 million in the previous year.

### **Mineral Resources and Ore Reserves**

- Mineral Resources as at 30 June 2016 of approximately 109 million ounces of platinum were 0.6% higher than the prior year. This was mainly driven by updated Portal 6 Mineral Resource estimates arising from the bankable feasibility study.
- Mineral Resources increased by 1% in tonnage, while there was no change in the 4E grade.
- The numeric modelling exercise carried out by independent geotechnical engineers was completed during the year and new pillar layouts were adopted for Mupfuti Mine, Bimha Mine and future projects. The revised pillar layouts have extraction ratios of between 66% and 68% which have been applied to the Mineral Resources within the full footprint of Mupfuti Mine, Bimha Mine and future projects.
- Ore Reserves estimates as at 30 June 2016 of approximately 111.5 million tonnes were 38% higher than the prior year due to the inclusion of P4 North (Bimha Mine extension) in the Ore Reserves.
- The Ore Reserves 4E grade decreased from 3.36 grams per tonne to 3.31 grams per tonne due to the dilution from the inclusion of P4 North in the Ore Reserves.

### **Dividend**

- No dividend has been proposed for the year ended 30 June 2016.
- A final dividend of US\$13 million, equating to US\$0.1208 per ordinary share for the year ended 30 June 2015, was declared and paid during the year ended 30 June 2016 to shareholders on record at 7 September 2015.