Appendix 4D

Half Year Report
Zimplats Holdings Limited
ARBN: 083 463 058
Australian Stock Exchange code: **ZIM**

Results for announcement to the market

Reporting period: 1 July 2017 to 31 December 2017
Previous reporting period: 1 July 2016 to 31 December 2016

			2017 US$000	2016 US$000
1.	Revenue	↑ 20%	286 149	237 688
2.	Profit before income tax	↑ 65%	61 360	37 151
3.	Income tax expense	↑ 92%	(40 312)	(20 982)
4.	Profit for the half year attributable to shareholders	↑ 30%	21 048	16 169
5.	Dividend per share (cents)		-	-

Net tangible asset backing

		2017	2016
Net tangible assets per security	↑ 5%	US$9.42	US$8.95

The directors' report and the condensed consolidated interim financial statements of Zimplats Holdings Limited ('Zimplats' or the 'Company') and its subsidiaries (together the 'Group') for the half year ended 31 December 2017, which have been reviewed by auditors, have been released and are available on the Company's website (www.zimplats.com).

Commentary on results

Below are key highlights for the half year ended 31 December 2017.

Finance

- Revenue for the half year increased by 20% to US$286.1 million compared to the same period last year driven by the general increase in average metal prices. The gross revenue per platinum ounce for the half year at US$2 154 was 21% higher than the US$1 775 reported during the same period last year.
- Cost of sales at US$184 million was 3% higher than the same period last year's US$179 million mainly due to the higher labour and consumables costs partly offset by the decrease in depreciation arising from the conversion of Mupani Mine Mineral Resources to Ore Reserves.
- Resultantly, gross profit margin improved to 36% in the current half year compared to 25% in the prior period.
- Administrative expenses for the half year ended 31 December 2017 at US$23 million were 5% higher than US$22 million reported during the same period last year.
- Selling and distribution expenses for the half year at US$5.4 million were 54% higher than the same period last year mainly due to the 47% increase in sales of concentrates which attract higher transport charges.
- Royalty and commission expense for the half year increased by 20% from US$5.9 million reported in the same period last year to US$7 million in line with the increase in sales revenue.
- An impairment loss of US$2.2 million was recognised during the half year ended 31 December 2017 after new information emerged that a significant portion of a certain piece of land held by the Group is taken up by a freeway reservation.
- The half year ended 31 December 2017 benefited from export incentive of US$5.6 million (2016: US$6.6 million).
- Cash operating cost per platinum ounce produced increased by 11% to US$1 331 from US$1 197 reported in the same period last year due to the increase in selling expenses arising from the export of concentrates produced during the planned 46-day furnace reline shutdown, increase in labour costs and higher prices of certain consumables sourced from South Africa which were affected by the strengthening of the South African Rand against the United States Dollar.
- Resultantly, the Group recorded a profit before income tax for the half year of US$61.4 million compared to US$37.2 million in the same period last year. Income tax for the half year at US$40.3 million (2016: US$21 million) resulted in a profit after tax for the period of US$21 million compared to US$16.2 million attained in the same period last year.
- At 31 December 2017, the Group had bank borrowings of US$85 million (30 June 2017: US$109 million and 31 December 2016: US$85 million) and a cash balance of US$106.9 million (30 June 2017: US$70.3 million and 31 December 2016: US$52.6 million).

Safety, Health and Environment

- There were no fatalities reported during the half year increasing the number of fatality free shifts to 7.8 million as at 31 December 2017.
- Two lost-time injuries were reported during the half year resulting in a lost-time injury frequency rate of 0.26. The Group did not record any fatalities or lost-time injuries in the comparative period.
- The Group's employee wellness programmes have continued to be effective during the half year with turnout for voluntary counselling and testing increasing by 20% from the same period last year.

- Rehabilitation of the closed open-pit mine progressed well with 179 020 bulk cubic meters moved to cover the voids.

- The Group's water conservation programmes were effective in the half year with water recycled increasing to 35% from 34% recorded in the same period last year.

Operations

- Tonnes mined during the half year increased by 1% to 3.49 million tonnes compared to the same period last year mainly due to the ramping up of production at Mupfuti and Bimha mines.

- Tonnes milled increased by 1% to 3.33 million tonnes compared to the same period last year in line with improved ore supply highlighted above.

- Four elements (platinum, palladium, rhodium and gold) (4E) mill head grade at 3.24g/t remained unchanged from the same period last year reflecting sustained grade control.

- Platinum production for the half year marginally increased to 136 152 ounces from 135 824 ounces in the comparative period. 4E metal production for the half year increased to 275 224 ounces from 273 905 ounces due to higher mills throughput.

Capital Projects

- The Group spent a total of US$32.4 million on capital expenditure during the half year compared to US$25.1 million spent during the same period last year.

- The redevelopment of Bimha Mine remains on schedule to reach full production in April 2018. A total of US$46.8 million had been spent on the project as at 31 December 2017 against an approved total project budget of US$101 million.

- The development of Mupani Mine (the replacement mine for Ngwarati and Rukodzi mines) remains on schedule, targeting ore contact by May 2020 and full production in August 2025. A total of US$20.1 million had been spent on the project as at 31 December 2017 against an estimated total project cost of US$264 million.

Mineral Resources and Ore Reserves

- There have 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 2017.

- As previously reported, on 13 January 2017, the Government of Zimbabwe issued, through a Government Gazette Extraordinary, a preliminary notice in terms of which it gave fresh notice of its intention to compulsorily acquire land measuring 27 948 hectares within the operating subsidiary's special mining lease area. The operating subsidiary lodged an objection to the proposed acquisition. Following the objection being lodged, on 24 May 2017, the Government served the operating subsidiary with an order of compulsory acquisition and, on 26 June 2017, the Government filed a court application seeking confirmation of the acquisition. The operating subsidiary responded to the court application. The matter is pending in the courts but the operating subsidiary is also engaging the Government on the matter.

Dividend

- No dividend has been proposed for the half year ended 31 December 2017.