



## Half-Year Results to 31 December 2014



### Key Points: Financial

- Revenue of \$113 million comparable to prior corresponding period (pcp)
- Group mine EBITDA higher at \$18 million (H1 2014: \$10 million) due to higher production and improved cost management
- Share of profit from JV entities: EBITDA \$27 million
- JV entities contributed a net loss of \$49 million after one off non-cash write downs of \$55 million
- Headline loss (before exceptional charges) of \$30 million at 2.07 cents per share (H1 2014: loss of \$22 million at 4.58 cents per share)
- Accounting net loss after tax (to IFRS) of \$57 million (3.93 cents per share) (H1 2014: loss of \$24 million at 2.89 cents per share)
- Mine operating net cash flow increased by \$5 million to a \$10 million inflow (H1 2014: inflow of \$5 million)
- Group cash balance at 31 December 2014 of \$164 million, with a further \$8 million attributable to Aquarius held in JV entities

### Key Points: Operational

- Significant improvement in Kroondal's safety performance with LTIFR improving to 0.62 from 0.99 in the pcp
- Mimosa's LTIFR of 0.05 makes it the safest underground Platinum mine in southern Africa
- Group attributable production increased by 5% to 175,831 PGM ounces (H1 2014: 168,014 PGM ounces)
  - Kroondal consistently producing at capacity levels with 8 consecutive quarters above 105,000 PGM ounces
  - Kroondal unit costs well controlled increasing by 1% in Rand terms and decreasing 7% in Dollar terms due to a weaker Rand
  - Production in H1 ahead of guidance
  - Mimosa performed strongly again, continuing to produce at capacity with a record H1 production
  - Mimosa unit costs down 7% compared to the pcp reflecting benefits of the rationalisation program implemented in FY2014
  - Mimosa PGM Dollar price remained weak with a marginal 2% increase compared to the pcp
  - Mimosa Q2 production of >60,000 PGM ounces (50% attributable to Aquarius) represents the highest ever quarterly production by Mimosa
  - PlatMile operation continues to build up production following the end of the strike in August 2014
- The average US Dollar PGM basket price of \$1,165 was in line with the pcp
- The average Rand basket price increased by 9% compared to the pcp due to a weaker Rand
- The Rand weakened by 9% on average against the US Dollar compared to the pcp

### Key Points: Strategic

- Disposal of the Kruidfontein prospecting rights for \$27 million was concluded in the half-year
- A recognition agreement has been concluded with AMCU at Kroondal
- Disposal of Everest mine for R450 million in cash - agreement signed 10 February 2015

Commenting on the results, Jean Nel, CEO of Aquarius Platinum, said:

*The Group's stated focus on operational improvements in the face of a very difficult operating, labour, political and social environment continued to yield results in the six months to December 2014. The six months under review was characterised by continued operational progress, improved safety performance, reduced costs and record production for the Group. In addition to excellent operating performances by both Kroondal and Mimosa, our incremental projects progressed satisfactorily during the half-year and the Group's balance sheet was strengthened following the sale of non-core assets. We continue to expect a difficult operating and metal price environment in the short term which directs our focus on operational efficiencies and responsible capital stewardship.*

## Financial results: Half-Year to 31 December 2014

Aquarius recorded a consolidated accounting net loss after tax (IFRS) of \$57 million (the Result) for the half-year (3.93 cents per share). The result included the following one off non-cash charges arising in joint venture entities:

- An impairment of the carrying value of Blue Ridge/Sheba's Ridge investment of \$26 million following termination of the agreement to sell the Company's indirect interests in Blue Ridge Platinum (Pty) Ltd and Sheba's Ridge Platinum (Pty) Ltd
- Discounting of the RBZ receivable due to Mimosa by \$28.5 million.

EBITDA from controlled entities was \$18 million, an \$8 million (83%) increase from the pcp. The increase in EBITDA was driven by higher Rand basket prices, increased production and continued costs discipline. Production attributable to Aquarius increased 5% to 175,831 PGM ounces.

## Profit & Production Summary

\* Includes \$28 million discounting of RBZ receivable and \$26 million impairment of Blue Ridge and Sheba's Ridge

	Aquarius operations	JV entities	Total	Consolidation adjustment	Aquarius Group
Mine EBITDA	\$18M	\$27M	\$45M	(\$27M)	\$18M
Revenue	\$113M	\$73M	\$186M	(\$73M)	\$113M
Cost of sales	(\$110M)	(\$55M)	(\$165M)	\$55M	(\$110M)
Net profit/(loss) after tax	(\$8M)	(\$49M) *	(\$57M)	-	(\$57M)
PGM ozs production	116,511	59,320	175,831	-	175,831

Revenue (PGM sales, interest) for the half-year of \$113 million was in line with the pcp with increased production offset by a \$7 million negative sales adjustment. Dollar prices remained unchanged to the pcp at \$1,165 per PGM ounce. In Rand terms, the PGM basket increased by 9% directly as a result of a weaker Rand which also decreased 9% to R10.94, compared to the pcp. In Zimbabwe, PGM prices were similarly subdued recording a 2% increase to \$1,164 compared to the pcp.

Total cash cost of production was \$97 million, down \$7 million despite a 3% increase in production at Kroondal. This was primarily due to good cost control and the weakening Rand which resulted in lower Dollar costs. Significantly, Kroondal recorded its eighth consecutive +105,000 PGM ounce production quarter, a record for the mine. This is particularly pleasing given the ongoing difficult operating conditions.

Cost per PGM ounce in Dollar terms in South Africa decreased 7% to \$870 but increased 1% in Rand terms due to an 8% weakening in the Rand/US Dollar exchange rate. In Zimbabwe the cash cost per PGM ounce was \$798, a 7% reduction demonstrating the impact of the rationalisation program completed at the mine in FY2014. Maintaining operating unit cost increases well within inflationary targets will continue to be a point of focus particularly in the ongoing low metal price environment.

Exchange rate movements continued to have a volatile effect on earnings. The Rand weakened significantly to average R10.94 to the US Dollar compared to R10.06 in the pcp. During the half-year, Aquarius recorded net foreign exchange losses of \$0.4 million comprising gains on sales adjustments and revaluation of cash, intercompany loans and pipeline debtors.

Administration costs of \$3 million were down \$1 million. Depreciation and amortisation for the year of \$13 million was lower despite increased production due to an increased resource base resulting from the extension of the Kroondal mine life.

Finance costs include \$3 million interest on convertible bonds and bank borrowings, \$2 million of non-cash interest arising from the unwinding of the debt portion of the convertible bond and \$3 million in non-cash interest arising from the unwinding of the net present value of the rehabilitation provisions of AQPSA.

### Cash balances

Group cash at 31 December 2014 was \$164 million, up \$27 million from June 2014. The increase in cash was mainly attributable to \$27 million of proceeds received on the sale of Kruidfontein. In addition to this, the Group paid \$12 million to fund its capital expenditure program, paid \$3 million in interest and received \$15 million of dividends from Mimosa.

Cash held at Mimosa and Blue Ridge which is no longer classified as group cash due to the adoption of equity accounting was \$16 million (100% basis).

### Sale of assets

Kruidfontein mining rights were sold for \$27 million. Aquarius retained the gross proceeds of the sale and satisfied settlement of the original vendors rights to 40% of the proceeds via the issue of 36,505,657 shares in Aquarius. An accounting profit of \$1.2 million was recorded after a non-cash adjustment of \$13 million resulting from the reversal of foreign exchange translation reserve following the sale of the entity.

Reconciliation of cash proceeds to accounting profit:

	\$M
Cash proceeds	26.8
Tax expense	(4.3)
Shares issued to original vendor	(8.0)
Reversal of foreign currency translation reserve on disposal *	(13.3)
<b>Accounting profit on sale</b>	<b>1.2</b>

\* The Kruidfontein asset, being held by a South African subsidiary with a Rand functional currency, has been translated to US dollars each month end since the original date of purchase, with any exchange differences going to the foreign currency translation reserve (FCTR). The Rand has devalued against the USD since the acquisition of Kruidfontein. In accordance with International Accounting Standards when a foreign operation is disposed of, the cumulative amount of foreign exchange differences contained within the Foreign Currency Translation Reserve is required to be reclassified through the Group's income statement. Accordingly the accounting profit on sale of Kruidfontein has been reduced by a non-cash amount of \$13.3 million, reflecting the reclassification of the cumulative amount of foreign exchange differences relating to Kruidfontein up to the date of disposal.

### Everest

Subsequent to half-year end, Aquarius announced on 10 February 2015 that it has entered into a conditional agreement to sell its Everest mine and related assets to Northam Platinum Limited for an amount of R450 million subject to the fulfilment of certain conditions precedent. A detailed release is available on the company's website.

### **Joint venture entities**

#### Mimosa

Mimosa recorded an EBITDA profit attributable to Aquarius of \$27 million and a net loss before tax of \$12 million. The result was achieved on production of 59,320 PGM ounces attributable to Aquarius. Despite consistent production, the 97% increase in EBITDA compared to the pcp was driven by higher production (up 9%), lower unit costs (down 7%) and a marginally higher PGM basket price (up 2%).

Cash held in Mimosa at 31 December 2014 was \$14 million (100%).

Mimosa's financial result is provided in the Group Financials table on page 5 and its operational performance is discussed under the Operating Review section of this announcement.

#### *RBZ receivable*

During the period under review the Directors have continued to assess progress of Zimbabwe's initiatives in relation to indigenisation and progress on the issue of Government backed securities to replace RBZ debt. In the case of the latter, draft legislation has been prepared but has not yet been passed by parliament. In addition, the IMF stated in November 2014 that it requires further changes to economic policy in Zimbabwe before it will support facilitating access to international capital markets by the Government of Zimbabwe.

Having considered the above the Directors believe concluding settlement of the RBZ debt via an indigenisation transaction or the creation of treasury bills as contemplated by the Government of Zimbabwe is now unlikely to occur within twelve months of the balance sheet date, despite the progress initiatives underway.

Accounting standards require that non-interest bearing receivables deemed to be long term be discounted using an effective interest rate to recognise the delay in receipt of funds. The Company has attempted to determine an appropriate discount rate, however due to the absence of ratings and public debt issues in Zimbabwe this process has proven problematic. In view of the difficulty involved in sourcing a reliable discount rate and the difficulty in reliably estimating the time frame to secure full settlement of the RBZ debt, Aquarius has recognised a non-cash expense of \$28.5m in the share of loss from joint ventures, equal to its share of the full amount of the RBZ receivable.

#### Blue Ridge and Sheba's Ridge

Blue Ridge and Sheba's Ridge recorded a net loss after tax of \$29 million. This result includes the \$26 impairment charge as well as care and maintenance and interest costs.

On 14 October 2014, the agreement to sell the Company's indirect interests in Blue Ridge Platinum (Pty) Ltd and Sheba's Ridge Platinum (Pty) Ltd was terminated. As a consequence the carrying amount of the Blue Ridge and Sheba's Ridge assets has been reviewed resulting in an impairment charge of \$26 million being included in the share of loss from joint venture entities.

Group Financials by Operation

	Kroondal	Marikana	Everest	Mimosa	PMR	Ridge	Corporate	Total	Reconciliation to Consolidated Information *	Consolidated
PGM ounces (4E) (attributable)	111,682	-	-	59,320	4,829	-	-	175,831		
<b>\$M</b>										
Revenue	106	-	-	73	4	-	3	186	(73)	113
Cost of sales - mining, processing & admin	(91)	(1)	(1)	(46)	(3)	-	-	(143)	47	(97)
Cost of sales - depreciation & amortisation	(10)	-	(1)	(9)	(1)	-	-	(22)	9	(13)
<b>Gross profit/(loss)</b>	<b>4</b>	<b>(1)</b>	<b>(2)</b>	<b>18</b>	<b>(1)</b>	<b>-</b>	<b>3</b>	<b>21</b>	<b>(17)</b>	<b>4</b>
Administrative costs	-	-	-	-	-	-	(3)	(3)	-	(3)
Foreign exchange gain/(loss)	6	-	-	-	-	-	(6)	-	-	-
Finance costs	-	-	-	-	-	-	(10)	(10)	2	(8)
Impairment losses	-	-	-	-	-	(26)	(1)	(27)	26	(1)
Profit on sale of assets	-	-	-	-	-	-	1	1	-	1
Community share ownership trust	-	-	-	(1)	-	-	-	(1)	1	-
Discounting of RBZ receivable	-	-	-	(29)	-	-	-	(29)	29	-
Share of loss from joint venture entities	-	-	-	-	-	-	-	-	(49)	(49)
<b>Profit/(loss) before income tax</b>	<b>10</b>	<b>(1)</b>	<b>(2)</b>	<b>(12)</b>	<b>(1)</b>	<b>(26)</b>	<b>(14)</b>	<b>(47)</b>	<b>(9)</b>	<b>(56)</b>

\* In the consolidated financial statements the Mimosa and Blue Ridge operating segments are accounted for using the equity method. The table above provides a reconciliation of the segment information to the IFRS financial statements.

**Aquarius Platinum Limited**  
**Consolidated Income Statement**  
**Half-Year ended 31 December 2014**  
**\$'000**

	Note	Half-Year Ended		Year Ended
		31/12/14	31/12/13	30/06/14
Attributable Production (PGM Ounces)		175,831	168,014	331,642
Revenue	(i)	113,263	113,173	233,056
Cost of sales (including D&A)	(ii)	(109,726)	(120,751)	(231,158)
<b>Gross profit/(loss)</b>		<b>3,537</b>	<b>(7,578)</b>	<b>1,898</b>
Other income		110	72	174
Administrative costs	(iii)	(3,238)	(4,336)	(7,353)
Foreign exchange (loss)/gain	(iv)	(403)	2,731	1,843
Finance costs	(v)	(7,814)	(15,295)	(28,091)
Impairment losses		(574)	(2,487)	(3,084)
Profit on repurchase of bonds		-	-	10,925
Profit/(loss) on sale of assets		1,126	(31)	653
Closure, transition and rehabilitation reversal		-	-	5,342
Share of (loss)/profit from joint venture entities	(vi)	(49,187)	166	5,055
<b>Loss before income tax</b>		<b>(56,443)</b>	<b>(26,758)</b>	<b>(12,638)</b>
Income tax (expense)/benefit		(293)	2,730	(544)
<b>Net loss for the period</b>		<b>(56,736)</b>	<b>(24,028)</b>	<b>(13,182)</b>
Non-controlling interests		95	12	(134)
<b>Loss attributable to equity holders of Aquarius Platinum Limited</b>		<b>(56,831)</b>	<b>(24,040)</b>	<b>(13,048)</b>
Loss per share (basic - cents)		(3.93)	(2.89)	(1.38)

**Notes on the Consolidated Income Statement**

- (i) Revenue of \$113 million is comparable to the pcg despite higher production due to \$7 million of negative sales adjustments.
- (ii) Cost of sales were 9% lower due to a 9% weakening of the Rand compared to the pcg. In Rand terms, unit costs increased 1% per PGM ounce in South Africa.
- (iii) Relates to group administration costs inclusive of costs associated with business development activities, regulatory compliance, legal and financial advisory.
- (iv) Foreign exchange includes gains/losses on cash, intercompany loans, pipeline debtors and sales adjustments due to the movement of the Dollar against other currencies.
- (v) Finance costs include \$3 million interest on convertible bonds and bank borrowings, \$2 million of non-cash interest arising from the unwinding of the debt portion of the convertible bond and \$3 million in non-cash interest arising from the unwinding of the net present value of the rehabilitation provisions of AQPSA.
- (vi) Share of (loss)/profit from joint venture entities comprises operating profit of \$5 million offset by impairment of Blue Ridge/Sheba's Ridge of \$26 million and discounting of the RBZ receivable of \$28.5 million.

**Aquarius Platinum Limited**  
**Consolidated Cash Flow Statement**  
**Half-year ended 31 December 2014**  
**\$'000**

	Note	Half-year ended		Year ended
		31/12/14	31/12/13	30/06/14
Net operating cash inflow	(i)	10,310	4,706	21,092
Net investing cash inflow/(outflow)	(ii)	14,754	(10,989)	(27,224)
Net financing cash inflow	(iii)	9,329	9,912	62,271
<b>Net increase in cash held</b>		<b>34,393</b>	<b>3,629</b>	<b>56,139</b>
Opening cash balance		136,820	77,773	77,773
Exchange rate movement on cash	(iv)	(7,002)	1,596	2,908
<b>Closing cash balance</b>		<b>164,211</b>	<b>82,998</b>	<b>136,820</b>

**Notes on the Consolidated Cash Flow Statement**

- (i) Includes \$108 million inflow from sales, \$101 million paid to suppliers and \$3 million interest received.
- (ii) Includes \$27 million proceeds from the sale of Kruidfontein and \$12 million of payments for property, plant & equipment and mine development costs.
- (iii) Includes \$3 million interest paid, \$6 million proceeds from borrowings, \$7 million repayment of borrowings and \$15 million dividends from Mimosa.
- (iv) Reflects movement of other currencies against the Dollar.

**Aquarius Platinum Limited**  
**Consolidated Balance Sheet**  
**At 31 December 2014**  
**\$'000**

	Note	Half-year ended		Year ended
		31/12/14	31/12/13	30/06/14
<b>Assets</b>				
Cash assets		164,211	82,998	136,820
Current receivables	(i)	27,551	22,901	30,104
Other current assets	(ii)	16,590	16,704	15,246
Mining assets	(iii)	198,870	211,024	209,211
Intangible asset	(iv)	49,230	55,696	54,499
Investments in joint venture entities	(v)	152,437	204,817	230,410
Other non-current assets	(vi)	41,944	67,085	41,185
<b>Total assets</b>		<b>650,833</b>	<b>661,225</b>	<b>717,475</b>
<b>Liabilities</b>				
Current liabilities	(vii)	155,287	35,822	40,123
Non-current interest-bearing liabilities	(viii)	2,207	274,194	118,919
Other non-current liabilities	(ix)	80,497	93,466	84,665
<b>Total liabilities</b>		<b>237,991</b>	<b>403,482</b>	<b>243,707</b>
<b>Net assets</b>		<b>412,842</b>	<b>257,743</b>	<b>473,768</b>
<b>Equity</b>				
Issued capital		75,098	24,408	73,216
Treasury shares		(25,871)	(27,331)	(26,239)
Reserves		775,186	626,417	781,692
Accumulated losses		(417,281)	(371,442)	(360,450)
<b>Total equity attributable to equity holders of Aquarius Platinum Limited</b>		<b>407,132</b>	<b>252,052</b>	<b>468,219</b>
Non-controlling interests	(x)	5,710	5,691	5,549
<b>Total equity</b>		<b>412,842</b>	<b>257,743</b>	<b>473,768</b>

**Notes on the Consolidated Balance Sheet**

- (i) Reflects debtors receivable on PGM concentrate sales.
- (ii) Reflects PGM concentrate inventories, reef stockpiles and consumables stores.
- (iii) Represents mining assets, plant and equipment at Kroondal, Marikana and Everest.
- (iv) Includes intangibles relating to contract value acquired on the acquisition of equity interest in Platinum Mile Resources (Pty) Ltd.
- (v) Reflects investments in joint venture entities - Mimosa, Blue Ridge and Sheba's Ridge.
- (vi) Includes the recoverable portion of rehabilitation provision from Anglo Platinum of \$9 million, receivable of \$6 million representing the net realizable value of Ridge assets, investments in rehabilitation trusts of \$14 million and AQPSA deferred tax asset of \$13 million.
- (vii) Includes convertible notes due December 2015 of \$120 million, creditors and other payables of \$26 million, AQPSA equipment leases of \$2 million, income tax payable of \$3 million and provisions of \$4 million.
- (viii) Represents AQPSA equipment leases and now excludes convertible notes.
- (ix) Includes deferred tax liabilities of \$16 million, provision for closure costs of \$63 million and rehabilitation obligations on P&SA1 and P&SA2 structures of \$2 million.
- (x) Non-controlling interests reflects the 8.3% outside equity interest of Platmile Resources (Pty) Ltd.

**OPERATING REVIEW**

This section contains summarised operating reviews of each of the Company’s operations. Full operating statistics are provided on page 17 of this report, and other updates relevant to all operations can be found under Corporate Matters on page 16. In addition, further detail on each of the operations can be obtained from the quarterly and half-year reports released by the Company throughout the financial year, which are available on the Company’s website at [www.aquariusplatinum.com](http://www.aquariusplatinum.com).

**AQUARIUS PLATINUM (SOUTH AFRICA) (PTY) LTD (“AQPSA”) (Aquarius Platinum - 100%)**

**P&SA 1 at Kroondal (AQPSA – 50%)**

- 12-month rolling average DIIR improved by 37% to 0.62 per 200,000 man hours from 0.99 the previous year
- Production improved by 3% to 3.8 million tonnes
- Volumes processed increased to 3.7m tonnes
- Head grade deteriorated slightly to 2.39 g/t from 2.4g/t
- Recoveries increased by 1% to 79%
- PGM production increased by 3% to 223,363 PGM ounces
- Revenue increased by 8% to R2.3 billion compared to the previous financial year due improved production coupled with 9% weakening in the Rand Dollar exchange rate
- Mining cash costs increased by 1% to R542 per tonne (making Kroondal the most efficient underground platinum mine in South Africa on a R/t basis), and costs per PGM ounce increased by 1% to R8,963
- Kroondal’s cash margin for the period rose from 10% to 13%

**Commentary – Kroondal**

**Safety, Health and Environment**

As previously reported, regrettably a fatal incident occurred on 11 October 2014 when Mr Pedro Tafulane Nhabinde, a Team Leader at Kwezi Shaft, tragically lost his life whilst barring during safe declaration. Our deepest condolences go to his family and friends.

The Kroondal operations ended the half-year with an improved DIIR compared to the pcp.

**Operations**

Production for the half-year improved by 3% to 3.8 million tonnes. During the half-year, the Kroondal work force maintained a positive outlook with open communication channels on all levels. A recognition agreement was concluded with AMCU in early January 2015. Negotiations were conducted in a mature manner which management would like to commend AMCU for.

**Operating Cash Costs**

Cash costs at Kroondal increased by 1% to R8,963 per 4E ounce.

**AQPSA Operating costs per ounce (R/oz)**

	4E (Pt+Pd+Rh+Au)	6E (Pt+Pd+Rh+Ir+Ru+Au)	6E net of by-products (Ni&Cu)
<b>Kroondal</b>	8,963	7,355	7,150

**AQPSA Capital expenditure**

Stay-in-business capital expenditure was in line with the mine plan and mobile equipment replacement schedule.

<i>(R'000 unless otherwise stated)</i>	<b>Kroondal (100% basis)</b>	
	<i>Total</i>	<i>Per 4E oz</i>
Ongoing Infrastructure Establishment	202,215	905
Project Capital (K6 shaft)	11,914	53
Mobile Equipment	48,334	216
<b>Total</b>	<b>262,463</b>	<b>1,175</b>

**P&SA2 at Marikana (Aquarius Platinum – 50%)**

Given the continuing low Rand PGM basket prices, Marikana continues on care and maintenance until further notice.

**Everest Mine**

Similarly the Everest mine remained on care and maintenance during the half-year. Everest will continue to be on care and maintenance until the Competition Commission approval for the sale of Everest to Northam has been obtained, at which time responsibility for Everest related costs will become the responsibility of Northam.

### **MIMOSA INVESTMENTS (Aquarius Platinum - 50%)**

#### **Mimosa Platinum Mine**

- 12-month rolling average DIIR improved to 0.05 per 200,000 man hours from 0.10 in the previous corresponding half year
- Production increased by 5% to 1.3 million tonnes
- Volumes processed increased by 5% to 1.3 million tonnes
- Head grade was constant at 3.64g/t
- Recoveries improved slightly to 78%
- PGM production increased by 9% to 118,641 PGM ounces
- Revenue decreased by 26% to \$146 million due to lower metal prices and sales adjustments of \$7 million
- Mining cash costs decreased 7% to \$70 per tonne, and PGM ounce cost decreased by 7% to \$798
- Mimosa's cash margin for the period increased to 35% from 18%

#### **Commentary**

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

No fatalities occurred at Mimosa during the half-year. One lost-time injury was reported during the period in line with improvement in DIIR.

##### ***Operations***

The Mimosa mine operated very well during the year, enjoying cordial industrial relations and meeting most of its production targets.

##### **Regulatory and fiscal environment**

During the half-year, the Zimbabwean political and regulatory environment remained uncertain in a number of respects. Significant regulatory issues are as follows:

##### ***Indigenisation***

Mimosa continued to interact with the Ministry of Indigenisation and Ministry of Mines to work towards a sustainable solution but to date no agreements or definitive terms have been agreed between Mimosa and the Ministry of Indigenisation.

##### ***15% Export Levy on un-beneficiated PGMs***

In the 2015 National Budget Statement, the Minister proposed the deferment of the 15% export levy on un-beneficiated platinum to January 2017. However, the Finance Act (No 3) of 2014 which gives legal effect to the budget proposals did not include the deferment of the 15% tax on un-beneficiated PGMs. This effectively meant that the tax was not legally suspended, and if implemented, will have a significant impact on the company. The company is engaging the authorities in consultation with the Chamber of Mines to seek clarity on the issue.

##### ***Royalties***

The proposal to render royalties payable by Mimosa non-deductible for income tax purposes was implemented with effect from the year of assessment beginning on 1 January 2014, and therefore impacted Mimosa from the start of the 2014 financial year on 1 July 2013. This position has remained in the 2015 national budget. It has and will continue to negatively impact the company. The financial impact of the non-deductibility of royalties was \$4.2 million for the financial year to June 2014 and \$2.6 million for the half-year to December 2014, 50% of which is attributable to Aquarius.

##### ***New Income Tax Act***

The proposed new Income Tax Bill was gazetted in November 2012. However, the President raised reservations which Parliament is still considering. The income tax rate has remained at 25% of taxable income. However, the new Finance Act (No3) 2014 introduced an Aids levy (3%) on corporate tax for mining companies. Previously, mining companies were exempt from the Aids Levy. This effectively increased the corporate tax rate from 25% to 25.75%.

**Operating Cash Costs**

Operating costs decreased by 7% from the pcp mainly as a result of the impact of increased production as well as the benefits emanating from labour cost savings following the labour rationalisation exercise carried out during the last half of prior year.

**Operating cash costs per ounce (\$/oz)**

	4E (Pt+Pd+Rh+Au)	6E (Pt+Pd+Rh+Ir+Ru+Au)	4E net of by-products (Ni, Cu & Co)
Mimosa	798	753	540

**Capital expenditure**

Stay in business capital expenditure at Mimosa was \$13.8 million (\$117 per PGM ounce), spent mainly on mobile equipment, drill rigs, LHDs, the conveyor belt extension and down dip development.

**TAILINGS OPERATIONS**

**Platinum Mile (Aquarius Platinum – 91.7%)**

- Material processed was 2,374m tonnes
- Recoveries were 11%
- Production amounted to 4,829 PGM ounces
- Cash costs were R7,985 per PGM ounce.
- Revenue was R46 million
- The cash margin for the period was 13%

**Commentary**

**Platinum Mile:**

The operation resumed production after the devastating strikes in the platinum sector during August 2014. For this reason no meaningful comparison can be inferred by comparing half-year results to those of prior periods.

It is expected that Anglo Platinum will start the commissioning of their Waterval East and West dump re-treatment project. This project could result in some 280,000 tons of additional feed being treated at the operation. Current estimates are that commissioning of this project will start during the first half of 2015. The increase in feed volumes and efficiency improvements at the operation should result in increased production yields for the rest of the ensuing financial year.

**Operating cash costs per ounce (R/oz)**

	<b>4E (Pt+Pd+Rh+Au)</b>	<b>6E (Pt+Pd+Rh+Ir+Ru+Au)</b>	<b>4E net of by-products (Ni, Cu&amp; Co)</b>
<b>PMR</b>	7,985	6,832	6,323

**Chromite Tailings Retreatment Plant (CTRP) (Aquarius Platinum - 50%)**

This operation remains on care and maintenance.

## **CORPORATE MATTERS**

### **Changes to Board responsibilities**

Nicholas Sibley, who has been a Director since 1999 and Chairman since 2002 retires from the Board of Aquarius with effect from 28 February 2015. Sir Nigel Rudd, who was appointed to the Board with effect from 1 November 2014 as Chairman designate, will assume the Chairmanship.

The Board of Aquarius would like to extend its deepest gratitude to Mr. Sibley for his many years to service to the Company. His contribution during this tenure was enormous. We wish him the very best in his retirement.

*More information on all corporate matters can be found at [www.aquariusplatinum.com](http://www.aquariusplatinum.com)*

Statistical Information	100% of Operations	Kroondal P&SA1			Mimosa			Platinum Mile		
	Unit	6 mths Dec-14	6 mths Dec-13	% Change Year on Year	6 mths Dec-14	6 mths Dec-13	% Change Year on Year	6 mths Dec-14	6 mths Dec-13	% Change Year on Year
Safety										
DIIIR	Per 200,000 man hrs	0.62	0.99	37	0.05	0.10	46	0.00	0.00	0
Revenue and Revenue Drivers										
Gross revenue	R m in SA/\$m in Zim	2,303	2,124	8	146	116	26	46	47	-2
PGM basket Price	\$/oz	1,165	1,164	0	1,154	1,127	2	1,108	1,133	-2
Gross cash margin	%	13	10	31	35	18	95	13	22	-41
Nickel Price	\$/lb	7.79	6.31	23	8.11	5.98	36	7.41	6.27	18
Copper Price	\$/lb	3.09	3.23	-4	3.09	3.03	2	2.91	3.17	-8
Ave R/\$ rate		10.94	10.06	9	-	-	0	10.16	10.16	0
Cash Costs On-Mine										
Per ROM ton	R/ton	542	534	1	-	-	0	16	17	-3
	\$/ton	50	53	-7	70	75	-7	2	2	-3
Per PGM (3E+Au)	R/oz	8,963	8,849	1	-	-	0	7,985	6,830	17
	\$/oz	819	880	-7	798	854	-7	786	672	17
Per PGE (5E+Au)	R/oz	7,355	7,267	1	-	-	0	6,835	5,919	15
	\$/oz	672	723	-7	753	807	-7	673	583	15
Capital Expenditure										
Current/Sustaining 100%	R'000s	202,215	187,460	8	-	-	0	-	-	0
	\$'000s	18,478	18,639	-1	13,850	15,314	-10	-	-	0
Expansion 100%	R'000s	-	-	-	-	-	-	1,479	-	-
	\$'000s	-	-	-	194	2,267	-	146	-	-
Mining and Production										
Underground	ROM ton '000s	3,820	3,718	3	1,318	1,255	5	nm	nm	0
Open Pit	ROM ton '000s	-	-	-	-	-	-	-	-	-
Total	ROM ton '000s	3,820	3,718	3	1,318	1,255	5	2,374	2,177	9
Plant Head	g/t PGM	2.39	2.40	-0	3.64	3.64	-0	0.58	0.68	-15
Recoveries	%	79	78	1	78	77	1	11	11	0
Platinum	Ozs	130,151	126,740	3	59,143	54,167	9	2,831	3,090	-8
Palladium	Ozs	67,938	65,621	4	46,280	42,287	9	1,425	1,641	-13
Rhodium	Ozs	24,151	23,265	4	5,021	4,621	9	427	450	-5
Gold	Ozs	1,123	1,118	0	8,197	7,557	8	144	144	0
Total PGM (3E+Au)	Ozs	223,363	216,744	3	118,641	108,633	9	4,829	5,325	-9
Total PGE (5E+Au)	Ozs	272,223	263,920	3	125,669	115,004	9	5,642	6,144	-8
Nickel	Tons	244	221	10	1,727	1,584	9	24	32	-25
Copper	Tons	116	105	10	1,357	1,265	7	9	13	-28
Chromite (000)	Tons '000s	233	252	-8	-	-	0	nm	nm	0

## **Aquarius Platinum Limited**

Incorporated in Bermuda

Exempt company number 26290

### **Board of Directors**

Nicholas Sibley	Non-executive Chairman
Sir Nigel Rudd	Chairman Designate
Jean Nel	Chief Executive Officer
David Dix	Non-executive
Tim Freshwater	Non-executive (Senior Independent Director)
Edward Haslam	Non-executive
Kofi Morna	Non-executive
Zwelakhe Mankazana	Non-executive
Sonja de Bruyn Sebotsa	Non-executive

### **Audit/Risk Committee**

David Dix (Chairman)  
Tim Freshwater  
Edward Haslam  
Kofi Morna  
Sir Nigel Rudd  
Nicholas Sibley

### **Remuneration Committee**

Edward Haslam (Chairman)  
David Dix  
Zwelakhe Mankazana  
Sir Nigel Rudd  
Nicholas Sibley

### **Nomination Committee**

Sonja de Bruyn Sebotsa (Chairman)  
Edward Haslam  
Tim Freshwater  
Kofi Morna  
Sir Nigel Rudd  
Willi Boehm

### **Chief Operating Officer**

Robert Schroder

### **Company Secretary**

Willi Boehm

### **AQPSA Management**

Robert Schroder	Managing Director
Jean Nel	Executive Director
Wessel Phumo	General Manager: Kroondal

### **Mimosa Mine Management**

Winston Chitando	Chairman
Peter Chimboza	Resident Director
Fungai Makoni	Managing Director

### **Platinum Mile Management**

Richard Atkinson	Managing Director
Paul Swart	Financial Director

## Issued capital

At 31 December 2014, the Company had on issue 1,501,979,560 fully paid common shares.

Substantial shareholders 31 December 2014	Number of shares	Percentage
HSBC Custody Nominees (Australia) Limited	98,959,287	6.59
JP Morgan Nominees Australia Limited	59,886,092	3.99

**Primary Listing:** Australian Securities Exchange (AQP.AX)

**Premium Listing:** London Stock Exchange (AQP.L)

**Secondary Listing:** JSE Limited (AQP.ZA)

## Trading Information

ISIN number BMG0440M1284

ADR ISIN number US03840M2089

Convertible bond ISIN number XS0470482067

Broker (LSE)	Broker (ASX)	Sponsor (JSE)
<b>Barclays</b> 5 The North Colonnade Canary Wharf London E14 4BB Telephone: +44 (0) 20 7623 2323	<b>Euroz Securities</b> Level 18 Alluvion 58 Mounts Bay Road, Perth WA 6000 Telephone: +61 (0) 8 9488 1400	<b>Rand Merchant Bank</b> (A division of FirstRand Bank Limited) 1 Merchant Place Cnr of Rivonia Rd and Fredman Drive, Sandton 2196 Johannesburg South Africa

## Aquarius Platinum (South Africa) (Proprietary) Ltd

100% owned

(Incorporated in the Republic of South Africa)

Registration Number 2000/000341/07

1st Floor, Block C, Rosebank Office Park, 181 Jan Smuts Avenue, Rosebank, South Africa

Postal Address: PO Box 7840, Centurion, 0046, South Africa

Telephone: +27 (0)10 001 2848

Facsimile: +27 (0)12 001 2070

## Aquarius Platinum Corporate Services Pty Ltd

100% Owned

(Incorporated in Australia)

ACN 094 425 555

Level 4, Suite 5, South Shore Centre, 85 The Esplanade, South Perth WA 6151, Australia

Postal Address: PO Box 485, South Perth, WA 6951, Australia

Telephone: +61 (0)8 9367 5211

Facsimile: +61 (0)8 9367 5233

Email: info@aquariusplatinum.com

**For further information please visit [www.aquariusplatinum.com](http://www.aquariusplatinum.com) or contact:**

**In the United Kingdom and South Africa:**

Jean Nel

+27 (0)10 001 2848

**In Australia:**

Willi Boehm

+61 (0) 8 9367 5211

## Glossary

<b>A\$</b>	Australian Dollar
<b>Aquarius or AQP</b>	Aquarius Platinum Limited
<b>AQPSA</b>	Aquarius Platinum (South Africa) (Pty) Ltd
<b>ACS(SA)</b>	Aquarius Platinum (SA) Corporate Services (Pty) Ltd
<b>BEE</b>	Black Economic Empowerment
<b>BRPM</b>	Blue Ridge Platinum Mine
<b>CTRP</b>	Chrome Tailings Retreatment Operation. Consortium comprising Aquarius Platinum (SA) (Corporate Services) (Pty) Limited (ASACS), Ivanhoe Nickel and Platinum Limited and Sylvania South Africa (Pty) Ltd (SLVSA).
<b>DIFR</b>	Disabling injury frequency rate, being the number of lost-time injuries expressed as a rate per 1,000,000 man-hours worked
<b>DIIR</b>	Disabling injury incidence rate, being the number of lost-time injuries expressed as a rate per 200,000 man-hours worked
<b>DME</b>	formerly South African Government Department of Minerals and Energy
<b>DMR</b>	South African Government Department of Mineral Resources, formerly the DME
<b>Dollar or \$</b>	United States Dollar
<b>Everest</b>	Everest Platinum Mine
<b>Great Dyke Reef</b>	A PGE-bearing layer within the Great Dyke Complex in Zimbabwe
<b>GoZ</b>	Government of Zimbabwe
<b>g/t</b>	Grams per tonne, measurement unit of grade (1g/t = 1 part per million)
<b>JORC code</b>	Australasian code for reporting of Mineral Resources and Ore Reserves
<b>JSE</b>	Johannesburg Stock Exchange
<b>Kroondal</b>	Kroondal Platinum Mine or P&SA1 at Kroondal
<b>LHD</b>	Load haul dump machine
<b>LTIFR</b>	Lost Time Injury Frequency Rate
<b>Marikana</b>	Marikana Platinum Mine or P&SA2 at Marikana
<b>Mimosa</b>	Mimosa Mining Company (Private) Limited
<b>NUM</b>	National Union of Mineworkers
<b>nm</b>	Not measured
<b>pcp</b>	previous corresponding period
<b>PGE(s) (6E)</b>	Platinum group elements plus gold. Five metallic elements commonly found together which constitute the platinoids (excluding Os (osmium)). These are Pt (platinum), Pd (palladium), Rh (rhodium), Ru (ruthenium), Ir (iridium) plus Au (gold)
<b>PGM(s) (4E)</b>	Platinum group metals plus gold. Aquarius reports PGMs as comprising Pt+Pd+Rh plus Au (gold) with Pt, Pd and Rh being the most economic platinoids in the UG2 Reef
<b>PlatMile</b>	Platinum Mile Resources (Pty) Ltd
<b>PSA1</b>	Pooling & Sharing Agreement between AQPSA and RPM Ltd on Kroondal
<b>PSA2</b>	Pooling & Sharing Agreement between AQPSA and RPM Ltd on Marikana
<b>R or Rand</b>	South African Rand
<b>Ridge</b>	Ridge Mining Limited
<b>RBZ</b>	Reserve Bank of Zimbabwe
<b>ROM</b>	Run of mine. The ore from mining which is fed to the concentrator plant. This is usually a mixture of UG2 ore and waste.
<b>RPM Limited</b>	Rustenburg Platinum Mines Limited, a subsidiary of Anglo Platinum Limited
<b>Tonne</b>	1 metric tonne (1,000kg)
<b>TARP</b>	Trigger Action Response Procedure
<b>UG2 Reef</b>	A PGE-bearing chromite layer within the Critical Zone of the Bushveld Complex