

# **Aquarius Platinum Limited**

Financial Statements  
for the year ended 30 June 2007

# AQUARIUS PLATINUM LIMITED

## CORPORATE DIRECTORY

### Exempt Company Number

EC 26290

(Incorporated in Bermuda)

### Registered Office

Clarendon House

2 Church Street

Hamilton

Bermuda

### Board of Directors

Nicholas Sibley

Stuart Murray

Sir William Purves

David Dix

Edward Haslam

Tim Freshwater

Kofi Morna

Zwelakhe Mankazana (Alternate Director for Kofi Morna)

### Company Secretary

Willi Boehm

### Stock Exchange Listings

Aquarius Platinum Limited is listed on the Australian Stock Exchange (AQP.AX), the London Stock Exchange (AQP.L), and the JSE Securities Exchange South Africa (AQP.ZA).

### Share Registers

#### Australia

Computershare Investor Services  
Pty Limited  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth, Western Australia 6000

Telephone:+61 8 9323 2000

Facsimile:+61 8 9323 2033

#### United Kingdom

Computershare Investor  
Services Plc  
The Pavilions  
Bridgewater Road  
Bedminster Down  
Bristol BS99 7NH

Telephone:+44 870 702 0002

Facsimile:+44 870 703 6119

#### South Africa

Computershare Investor  
Services 2004 (Pty) Limited  
8<sup>th</sup> Floor  
70 Marshall Street  
Johannesburg, 2001  
South Africa

Telephone:+27 11 370 5000

Facsimile:+27 11 688 7707

### Internet Address

[www.aquariusplatinum.com](http://www.aquariusplatinum.com)

[info@aquariusplatinum.com](mailto:info@aquariusplatinum.com)

## Aquarius Platinum Limited - Directors' Report

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The directors of Aquarius Platinum Limited (Aquarius) provide hereunder their report as to the results and state of affairs of the group for the financial year ended 30 June 2007. The consolidated financial information is presented in US Dollars.

### DIRECTORS

The names of the directors of the parent entity in office during the financial year and until the date of this report are as follows:

#### **Nicholas T. Sibley, FCA**

##### *Non-executive Chairman*

Mr Sibley is a Chartered Accountant, a director of TanzaniteOne Ltd, Corney & Barrow Group Ltd and of two investment companies. He was formerly chairman of Wheelock Capital from 1994 to 1997, as well as executive chairman of Barclays de Zoete Wedd (Asia Pacific) Limited, from 1989 to 1993. Mr Sibley is a former managing director of Jardine Fleming Holdings Ltd and Barclays de Zoete Wedd Holdings Ltd. Mr Sibley was appointed to the Aquarius Platinum Board during October 1999 and assumed the Chairmanship in July 2002. Mr Sibley is a member of the Audit/Risk, Nomination and Remuneration & Succession Planning Committees of the Group.

#### **Stuart A. Murray B.Sc (Eng)**

##### *Chief Executive Officer*

Mr Murray joined Aquarius Platinum Limited during May 2001 and was appointed Chief Executive Officer in September 2001. He is also Chairman of Aquarius Platinum (South Africa) Pty Ltd, the Group's 54% owned subsidiary. After obtaining his degree in Chemical Engineering from Imperial College, London, Mr Murray commenced his career in 1984 with Impala Platinum Holdings Limited. Mr Murray is a member of the Nomination Committee and Executive Committee of AQP(SA).

#### **Patrick D. Quirk B.Com (Resigned 8 March 2007)**

##### *Non-executive Director*

Mr Quirk has had a long and successful career in the metals and mining sectors, operating in Zimbabwe, South Africa, the United Kingdom, Switzerland and Monaco. He was part of a consortium which purchased the Mimosa Platinum Mine from Union Carbide in 1993. Mr Quirk holds a commerce degree from Rhodes University, Grahamstown. Mr Quirk was appointed to the Aquarius Platinum Board during July 2002 and was a member of the Nomination Committee of the Group.

#### **Sir William Purves, CBE DSO GBM**

##### *Non-executive Director*

Sir William Purves joined the Hong Kong and Shanghai Banking Corporation in 1954 (now part of the HSBC Group) being appointed Chief Executive in 1986 and Group Chairman the following year. Following its acquisition in 1992, he also became Chairman of Midland Bank. He retired from the HSBC Group in 1998 after 44 years service. Sir William Purves is a non-executive director of a number of private companies and was a non-executive director of Shell Transport and Trading from 1993 to 2002. He was also a member of the Executive Council, Hong Kong's highest policy-making body. He was appointed a Commander of the Order of the British Empire in 1990 and was Knighted in 1993. Sir William Purves was appointed to the Aquarius Platinum Board during February 2004 and is Chairman of the Audit/Risk Committee, Senior Independent Director of the Company and a member of the Nomination Committee.

## Aquarius Platinum Limited - Directors' Report

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### **David R. Dix**

#### *Non-executive Director*

Mr Dix's background is in economics, law and taxation and he is a Barrister and Solicitor in the High Court of Australia. He has held various positions with Shell Australia Limited and worked for 16 years in Corporate Advisory at both Macquarie Bank Limited and UBS AG specialising in the mining industry, including Head of Resources for Asia Pacific and in London as Head of Mining. Mr Dix is Executive Chairman of Australian Oil Company, AED Oil Limited, a director of Centro Shopping America Trust and Chairman of Quadrem Limited, a company which provides eBusiness solutions to the resource sector. He brings to Aquarius a wealth of experience gained in the international business and resources communities. Mr Dix was appointed to the Aquarius Platinum Board during March 2004 and is a member of the Audit/Risk, and Nomination Committees.

### **G. Edward Haslam**

#### *Non-executive Director*

Mr Haslam joined Lonmin plc in 1981 and was appointed a director of Lonmin plc in 1999 and Chief Executive Officer in November 2000. He retired from Lonmin plc in April 2004. Mr Haslam is Chairman of Finnish Nickel Mining Company Talvivaara plc, which completed its listing on the LSE on June 1st 2007 and a Director of AIM listed Cluff Gold PLC. Mr Haslam was appointed to the Aquarius Platinum Board during May 2004 and is Chairman of the Remuneration & Succession Planning Committee and a member of the Audit/Risk, and Nomination Committees.

### **Zwelakhe Sisulu** (Resigned 6 February 2007)

#### *Non-executive Director*

Mr Sisulu commenced his career as a journalist in South Africa in the 1970's. A notable political correspondent, his writings and political activities led him to be placed under house arrest during the apartheid era, later returning to work as the editor of the New National Newspaper. In 1994 he joined the South African Broadcasting Corporation where he was CEO. He is currently Chairman of Savannah Resources (Pty) Ltd, Dirleton Minerals & Energy (Pty) Ltd, Executive Chairman of Afrimineral Holdings (Pty) Ltd and Universal Media (Pty) Ltd. Mr Sisulu was educated in Swaziland, Soweto and later at the INSEAD Institute in Paris and was a Nieman Fellow at Harvard University. Mr Sisulu holds numerous international awards for his work in human rights, as well as the Presidential Award of South Africa, awarded by Nelson Mandela in 1998. Mr Sisulu was appointed to the Aquarius Platinum Board during February 2005 and is a member of the Nomination Committee of the Group.

### **Tim Freshwater** (appointed 9 August 2006)

#### *Non-executive Director*

Mr Freshwater is a solicitor in the UK and Hong Kong and has been involved in Asian markets for over 30 years. Mr Freshwater, Vice Chairman of Goldman Sachs Asia, is also a Director of a number of companies, including Liu Chong Hing Bank Limited, Pacific Century Insurance Holdings Limited and Cosco Pacific Limited. He is a member of the board of directors of the Community Chest of Hong Kong.

## Aquarius Platinum Limited - Directors' Report

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**Kofi Morna** (appointed 6 February 2007)

*Non-executive Director*

Mr Morna is an Executive Director of Savannah Resources, the lead investor in the Savannah Consortium, Aquarius Platinum's BEE partner. Prior to joining Savannah Resources, Mr Morna worked with the International Finance Corporation as an Investment Officer, Gemini Consulting as a Senior Management Consultant and Schlumberger Oilfield Services as a Field Engineer. Mr Morna holds an MBA from the London Business School and a BS from Princeton University in the United States. He is also a director of LA Crushers and Mkhombi Services. Mr Morna joined the Board of AQP(SA) in February 2005

and was appointed to the Aquarius Platinum Board during February 2007. Mr Morna is a member of the Nomination Committee of the Group.

**Zwelakhe Mankazana** (appointed 6 February 2007)

*Alternate Director for Kofi Morna*

Mr Mankazana was appointed as Alternate Director for Mr Kofi Morna on the Aquarius Platinum Limited Board during February 2007. He is an Executive Director of Savannah Resources, the lead investor in the Savannah Consortium, Aquarius Platinum's BEE partner. Mr Mankazana holds an MSc in Economics from the Patrice Lumumba University of Friendship. In addition to his interests in mining, Mr Mankazana is also a director of South African mobile operator Cell C, Emerald Casinos and Resorts, New Millennium Telecommunications and Ubambo Investment Holdings Limited. He is involved in community development as a trustee on several development trusts. Mr Mankazana joined the Board of AQP(SA) in February 2005.

**Willi M.P. Boehm,**

*Company Secretary*

Mr Boehm joined Aquarius in June 1995. He has been with the Company since the commencement of its involvement in the platinum sector and is responsible for the Company's Corporate Affairs. He has 27 years experience.

### INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interest of the Directors in the shares and options of Aquarius Platinum were:

Director	Common Shares	Options exercisable at £2.54 per share up to 11 October 2011
N.T. Sibley	600,000	-
S.A Murray	369,955	139,910
Sir W. Purves	-	-
D.R. Dix	-	-
G.E Haslam	5,000	-
K Morna	-	-
T Freshwater	-	-
Z Mankazana	-	-

# Aquarius Platinum Limited - Directors' Report

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## PRINCIPAL ACTIVITIES

The principal activities of companies within the group during the financial year were mineral exploration, mine development, concentrate production and investment. During the year, the principal focus revolved around the operations of the Kroondal platinum mine, the Marikana platinum mine, the Mimosa platinum mine the Everest platinum mine and the Chrome Tailings Retreatment Plant.

## RESULTS OF OPERATIONS

The consolidated net profit of the group after provision for income tax and outside equity interests was \$187.223m (2006:\$85.630m).

## REVIEW OF OPERATIONS

Operational highlights during the year included:

- Group attributable production of 530,726 PGM ounces (2006: 447,693 PGM ounces), up 19%
- Kroondal production tons increased by development at new K5 Shaft
- Marikana production demonstrates potential as underground mining commences
- Everest delivers strong increases in production as underground operations ramp-up
- Mimosa delivers steady increase in production
- Chrome Tailings Re-treatment Program delivers modest increase of high margin production
- Increased focus on mine development to improve face availability flexibility and redundancy

Production of PGMs attributable to shareholders of Aquarius increased 19% to 530,726 PGM ounces from 447,693 PGM ounces. All mines recorded increased production, with the exception of Kroondal where Aquarius' attributable production was in line with the previous year.

In South Africa, the South African Department of Minerals and Energy (DME) approved AQP(SA)'s applications for the new order mining rights conversions in respect of all three of its mines: Kroondal, Marikana and Everest. Consequently, AQP(SA) is now in full compliance with the South African Mineral and Petroleum Resources Development Act 2002.

On 26th April 2007, Aquarius announced the completion of the acquisition of a 3.5% equity interest in AQP(SA) from SavCon for a cash consideration of ZAR 342.5 million, as first announced in November 2006.

As a result of the Transaction, Aquarius increased its ownership of AQP(SA) from 50.5% to 54%. The number of new Aquarius shares to which SavCon will be entitled in exchange for its equity interest of 26% in AQP(SA) will reduce proportionately by 2,918,590 shares to 21,680,952 shares. The conditions for ultimate disposal of SavCon's 26% in AQP(SA) and the take-up of its Aquarius shares in terms of the Final Phase remain unchanged.

The Everest Mine, completed in December 2005, continued its ramp up phase during the financial year and delivered strong increases in production.

The Chrome Tailing Retreatment Project (CTRP) operated profitably during the year despite variations in the feed grade and quality.

In Zimbabwe, Aquarius announced an approved low capital cost expansion to increase annual production capacity to 195,000 PGM ounces (100,000 platinum ounces in concentrate) at the Mimosa Platinum Mine. The expansion project, known as "Wedza Phase V", follows four earlier successful expansion projects at Mimosa, is expected to increase annual PGM production from 168,750 PGM ounces to 195,000 PGM ounces (Aquarius attributable 50%). It is due for completion by the end of the 2007 calendar year.

## **Aquarius Platinum Limited - Directors' Report**

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The Company announced on 6 October 2004 that it had been made aware that the Government of Zimbabwe's Ministry of Mines has released proposed draft regulations for the discussion with the industry that include proposed indigenous ownership levels for mines in Zimbabwe. These proposals included 20% indigenous ownership within 2 years, 25% indigenous ownership within 7 years and 30% indigenous ownership within 10 years of the approval of the regulations. Subsequent to 30 June 2007, the Government revised the draft regulations proposing 51% indigenous ownership. The Company as well as the Chamber of Mines in Zimbabwe has made representations to the Government with a view to arriving at mutually acceptable indigenous ownership levels. Currently a Bill is before the Zimbabwean Parliament and no decisions have been reached to date. The Company, subject to funding availability, views the original proposals of 2004 as achievable, but is sceptical of a mutually satisfactory outcome in respect of the current Bill's proposals.

### **Operating Results**

Aquarius recorded consolidated earnings for the year to 30 June 2007 of \$187.2 million equal to US 218.5 cents per share, a 119% increase in net profit over the previous year. The increase is attributed to a 19% increase in production to 530,726 PGM ounces attributable to Aquarius and an increase in the average 4E PGM basket price (Platinum, Palladium, Rhodium and Gold) for the Group to US\$1,293 per ounce in 2007 compared to US\$932 per ounce in 2006, and not least other metals produced as by-products – notably nickel, iridium and ruthenium.

Revenues from ordinary activities for the year rose 67% to \$710.8 million (comprising sales revenue of \$690 million and interest and other income of \$21 million) from \$426 million (sales revenue \$417 million and interest and other income of \$9 million). The increased revenue was due to a 19% increase in PGM production and a 39% increase in the average PGM basket price over the year.

The Group cash balance has increased by \$125.3 million since 30 June 2006 to \$287.7 million at 30 June 2007.

### **DIVIDENDS**

The 2006 final dividend of 18 US cents per common share was paid during October 2006. An interim dividend of 12 US cents per common share was paid during March 2007. The directors have declared a final dividend of 30 US cents per common share for the year ended 30 June 2007. The final dividend is payable on 5 October 2007.

### **SIGNIFICANT CHANGES IN THE GROUP'S STATE OF AFFAIRS**

The directors are not aware of any significant changes in the state of affairs of the group that occurred during the financial year, which has not been covered elsewhere in this annual report.

### **EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

The directors declared a dividend of \$0.30 per share on 8 August 2007. There have been no other reportable events subsequent to the end of the financial year.

### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

Other than matters referred to in this report, the directors make no comments regarding the likely developments in the operations of the group and the expected results of those operations in subsequent financial years. In the opinion of the directors, any further disclosures would prejudice the interests of the group.

## Aquarius Platinum Limited - Directors' Report

### ENVIRONMENTAL REGULATION AND PERFORMANCE

Companies within the Aquarius Platinum group are required, on cessation of mining operations, to rehabilitate the relevant mining area on which mining operations have been conducted. Mr Anton Wheeler, Managing Director of AQP(SA), is the officer responsible for compliance on these matters for all South African properties within the Group. Mr Alex Mhembere Managing Director of Mimosa Group of Companies in Zimbabwe, is the officer responsible on these matters for all Zimbabwean located properties within the Group. The company makes annual contributions to established trusts in order to provide for its obligations in respect of environmental rehabilitation. Environmental activities are continuously monitored to ensure that established criteria from each operations' environmental management programme, approved by relevant authorities, has been met. There have been no known significant breaches of any environmental conditions.

### MEETINGS OF DIRECTORS

The number of meetings of the board of directors of the parent entity held during the year ended 30 June 2007 and the number of meetings attended by each director are tabled below:

Director	Number of meetings held whilst in office				Number of meetings attended			
	Board	Remuneration & Succession Planning	Audit/Risk	Nomination	Board	Remuneration & Succession Planning	Audit & Risk Management	Nomination
N.T. Sibley	4	1	4	1	4	1	4	1
S.A. Murray	4	-	-	1	4	-	-	1
D.R. Dix	4	-	4	1	4	-	4	1
G.E. Haslam	4	1	4	1	4	1	3	1
P.D. Quirk <sup>(1)</sup>	3	-	-	-	3	-	-	-
Sir W. Purves	4	-	4	1	4	-	4	1
Z. Sisulu <sup>(1)</sup>	3	-	-	1	-	-	-	1
T. Freshwater <sup>(1)</sup>	4	-	-	1	4	-	-	1
K. Morna <sup>(1)</sup>	4	-	-	1	4	-	-	1
Z. Mankazana <sup>(1)</sup>	2	-	-	1	-	-	-	-

(1) Mr Z Sisulu retired as a Director on 6 February 2007 and Mr K. Morna was appointed as a Director on 6 February 2007. Mr Z. Mankazana was appointed Alternate Director for Mr K. Morna on 6 February 2007. Mr P. Quirk retired as a Director on 8 March 2007.

### DIRECTORS' AND OFFICERS' INSURANCE

During the year, the parent entity has paid an insurance premium in respect of a contract insuring against liability of current directors and officers. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability insurance contract, as such disclosure is prohibited under the terms of the contract.

### GOING CONCERN

The Directors are satisfied that the company has adequate financial resources to continue in operational existence for the foreseeable future. The financial statements have been prepared on the going concern basis.

## Aquarius Platinum Limited - Directors' Report

### DIRECTORS' AND EXECUTIVES' EMOLUMENTS

The Board is responsible for determining and reviewing compensation arrangements for the Directors and executive management. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on an annual basis by reference to industry and market conditions. In determining the nature and amount of officers' emoluments, the Board takes into consideration the Company's financial and operational performance.

Details of the nature and amount of each element of the emolument of each Director of the group and the top 5 executives in aggregate during the financial year are shown in the table below. Refer also Note 32 – Share Based Payment Plans and Note 33 – Related Party Disclosures for participation by the Directors' and the top 5 executives in the Company's Share Plan and Option Plan.

Director	Short Term							Post Employment	Total
	Board Fee	Remuneration Committee	Senior Independent Director	Audit/Risk Committee	Base Salary	Bonus	Share options	Retirement Benefits	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
N.T. Sibley	138,750	3,375	-	3,375	-	-	-	-	145,500
S.A. Murray	63,750	-	-	-	574,928	649,801	-	32,506	1,320,985
D.R. Dix	63,750	-	-	5,250	-	-	-	-	69,000
G.E. Haslam	66,000	7,500	-	5,250	-	-	-	-	78,750
Sir W. Purves	63,750	-	3,750	10,500	-	-	-	-	78,000
P.D. Quirk	45,000	-	-	-	-	-	-	-	45,000
Z. Sisulu	30,000	-	-	-	-	-	-	-	30,000
T.Freshwater	58,750	-	-	-	-	-	-	-	58,750
K.Morna	33,750	-	-	-	-	-	-	-	33,750
Z. Mankanzana	-	-	-	-	-	-	-	-	-
	563,500	10,875	3,750	24,375	574,928	649,801	-	32,506	1,859,735
Top 5 Executives*	-	-	-	-	916,468	15,238	99,620	189,906	1,221,232

\* The Top 5 Executives include 1 Australian based executive and 4 South African based executives.

Signed in accordance with a resolution of the directors.



Stuart Murray

Director

24 September 2007

## Aquarius Platinum Limited – Corporate Governance Statement

The following Statement sets out the governance practices of the Aquarius Platinum group.

The Board of Directors of Aquarius Platinum is responsible for the corporate governance of the group. The Board guides and monitors the business affairs of Aquarius Platinum on behalf of shareholders by whom they are elected and to whom they are accountable.

In accordance with the Australian Stock Exchange Corporate Governance Council's (the Council's) "Principles of Good Corporate Governance and Best Practice Recommendations" (the Recommendations), the company will disclose the extent to which it has followed the guidelines and any reasons for departure from these. The Board will continue to review and respond to corporate governance requirements. For further information on the corporate governance policies adopted by Aquarius Platinum, refer to our website [www.aquariusplatinum.com](http://www.aquariusplatinum.com)

### BOARD OF DIRECTORS

The Board is responsible for the overall management of the Company. It is governed by a Charter, a summary of which can be found on the Aquarius website at [www.aquariusplatinum.com](http://www.aquariusplatinum.com). Among other matters, the Charter sets out the framework for the management of the Company, the responsibilities of the Board, its direction, strategies and financial objectives and how they will be monitored.

In order to retain full and effective control over the company and monitor the executive management team, the Board meets regularly and at least on a quarterly basis. Details of Directors' attendance at these meetings is set out in the Directors' Report. In consultation with the Chief Executive Officer and the Company Secretary, the Chairman sets the agenda for these meetings. All Directors may add a matter to the agenda. Key executives of the Company contribute to board papers and are from time to time invited to attend Board meetings.

Each director has the right to seek independent professional advice on matters relating to their position as a director or committee member of the company at the company's expense, subject to prior approval of the Chairman, which shall not be unreasonably withheld.

The names of the Directors in office at the time of this Report and their relevant qualifications and experience are set out in the Directors' Report within this Annual Report. Their status as non-executive, executive or independent directors and tenure on the Board is set out in the table below.

<b>Board Structure</b>			
<b>Name of director in office at the date of this report:</b>	<b>Date appointed to office</b>	<b>Executive/ Non-executive</b>	<b>Independent</b>
N.T. Sibley – Chairman	26 October 1999	Non-executive	Yes
S.A. Murray – Chief Executive Officer	21 May 2001	Executive	No
D.R. Dix	31 March 2004	Non-executive	Yes
G.E. Haslam	1 May 2004	Non-executive	Yes
Sir W. Purves	10 February 2004	Non-executive	Yes
T. Freshwater	9 August 2006	Non-executive	Yes
K.Morna	6 February 2007	Non-executive	No
Z Mankazana	6 February 2007	Non-executive	No

## **Aquarius Platinum Limited – Corporate Governance Statement**

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The bye-laws of the company determine that the Board consists of not less than two and no more than nine directors. At the date of this report, the Board is comprised of seven directors, six of whom are non-executive directors, and one executive director, Mr Stuart Murray, Chief Executive Officer.

The division of responsibilities between the Chairman and the Chief Executive Officer is reviewed regularly and is defined below:

- The Chairman, Mr Nicholas Sibley, is responsible for leadership of the Board ensuring its members receive accurate, timely and clear information in order to facilitate effectiveness of its role.
- Mr Stuart Murray, Chief Executive Officer, leads executive management. He has been delegated responsibility by the Board for the day-to-day operation and administration of the Company. The Chief Executive Officer is assisted in managing the business of the Group by the Managing Director, the Executive Committee and the Board of Aquarius Platinum (South Africa) (Pty) Ltd. Mr Murray represents the Group's interests as a director of the Mimosa Group of companies which owns the Mimosa Platinum Mine in Zimbabwe.

### **INDEPENDENCE OF NON-EXECUTIVE DIRECTORS**

Independence of directors in essence means those directors independent of management and free of any business or other relationship that could, or could reasonably be perceived to, materially interfere with the exercise of unfettered and independent judgement.

In line with the ASX Principles of Good Corporate Governance and Best Practice Recommendations the Board has accepted the guidelines outlined below in determining the independence of non-executive directors. In accordance with these, all directors, with the exception of Mr Stuart Murray as CEO of the Company and Mr Kofi Morna, who represents SavCon's BEE interests, are deemed independent.

The Board has accepted the following definition of an independent director.

An Independent Director is someone who is not a member of management, is a non-executive director and who:

- a) is not a substantial shareholder (5%) of the company or an officer of, or otherwise associated directly with a substantial shareholder of the company;
- b) within the last three years has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment;
- c) within the last three years has not been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided;
- d) is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- e) has no material contractual relationship with the company or another group member other than as a director of the company;
- f) has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interest of the company; and
- g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interest of the company.

## **Aquarius Platinum Limited – Corporate Governance Statement**

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### **SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR**

The Senior Independent Non-Executive Director, Sir William Purves, is appointed by the Board.

### **COMPANY SECRETARY**

The Company Secretary, Mr Willi Boehm, is responsible for supporting the effectiveness of the Board by monitoring that Board policy and procedures are complied with, coordinating the flow of information within the Company and the completion and despatch of items for the Board and briefing materials. The Company Secretary is accountable to the Board on all governance matters. All directors have access to the services of the Company Secretary. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

### **SUCCESSION PLANNING**

The Board brings the range of skills, knowledge, international experience and expertise necessary to govern the Group, but it is aware of the need to ensure processes are in place to assist with succession planning, not only for the Board, but within senior management. The Board periodically assesses its balance of skills and those of the group in order to maintain an appropriate balance within the company.

### **INDUCTION TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT**

In order to assist new directors and key executives in fulfilling their duties and responsibilities within the company, an induction programme is provided by the Chief Executive Officer, which includes meetings with the executive team and visits to the operating sites of the company in South Africa and Zimbabwe. The program enables the new appointees to gain an understanding of the Company's financial, strategic, operational and risk management position. Full access to all documentation pertaining to the company is provided. It ensures new directors and key executives are aware of their rights, duties and responsibilities.

### **PERFORMANCE REVIEW**

The Board of Aquarius conducts a performance review of itself on an ongoing basis throughout the year. The size of the company and hands on management style requires an increased level of interaction between directors and executives throughout the year. Board members meet amongst themselves and with management both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance and of its key executives, provides the best guidance and value to the Group.

### **DIRECTORS' RETIREMENT AND RE-ELECTION**

Aquarius' bye-laws determine that at each Annual General Meeting, at least one third of the Board are retired by rotation, therefore holding their positions for no longer than three years. This period of time provides continuity. Non-executive directors are appointed for a three-year term and may be invited to seek reappointment. A Director appointed during the year is subject for election at the forthcoming Annual General Meeting. Pursuant to the bye-laws of the Company, the managing director is not subject to retirement by rotation.

### **SECURITIES TRADING POLICY**

The Board has adopted a policy covering dealings in securities by directors and relevant employees. The policy is designed to reinforce to shareholders, customers and the international community that Aquarius' directors and relevant employees are expected to comply with the law and best practice recommendations with regard to dealing in securities of the Company.

## **Aquarius Platinum Limited – Corporate Governance Statement**

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In addition to the Australian Stock Exchange Listing Rules, a director and relevant employees must comply with the Model Code on directors' dealings in securities, as set out in annexure 1 to Listing Rule 9 Chapter 16 of the Rules of the United Kingdom Listing Authority, a copy of which can be found on the Aquarius website at [www.aquariusplatinum.com](http://www.aquariusplatinum.com).

In addition to restrictions on dealing in "Closed Periods", a director and relevant employees must not deal in any securities of the Company on considerations of a short term nature and must take reasonable steps to prevent any dealings by, or on behalf of, any person connected with him in any securities of the Company on consideration of a short term nature. In line with the listing rules of the Australian Stock Exchange (ASX), the UK Listing Authority (LSE) and the JSE Securities Exchange South Africa (JSE), all dealings by directors in the securities of the Company are announced to the market.

### **COMMITTEES OF THE BOARD**

The Board has established three standing committees to assist in the execution of its responsibilities: the Audit/Risk Committee, the Remuneration & Succession Planning Committee, and the Nomination Committee. Other committees are formed from time to time to deal with specific matters.

In line with best practice, each of the committees operates under a Charter approved by the Board detailing their role, structure, responsibilities and membership requirements. Each of these Charters is reviewed annually by the Board and the respective committee. Summaries of the Remuneration & Succession Planning, Nomination Committee Charters and a complete Audit/Risk Committee Charter can be found on the Aquarius website at [www.aquariusplatinum.com](http://www.aquariusplatinum.com).

### **AUDIT/RISK COMMITTEE**

The Audit/Risk Committee (the Committee) has been established to assist the Board of Aquarius in fulfilling its corporate governance and oversight responsibilities in relation to the company's financial reports and financial reporting process, internal control structure, risk management systems (financial and non-financial) and the external audit process. The Committee is governed by a charter approved by the Board.

The Committee consists of:

- four members;
- only non-executive directors;
- only independent directors; and
- an independent chairperson, who shall be nominated by the Board from time to time but who shall not be the chairperson of the Board.

The members of the Committee at the date of this report are as follows:

- Sir William Purves (Chairman)
- Mr Nicholas Sibley
- Mr David Dix
- Mr Edward Haslam

## **Aquarius Platinum Limited – Corporate Governance Statement**

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### **Qualifications of Audit/Risk Committee members:**

Sir William Purves is the Chairman of the Audit Committee and Senior Independent Director of the Company. Sir William joined the Hongkong and Shanghai Banking Corporation in 1954 (now part of the HSBC Group). He was appointed Chief Executive in 1986 and Group Chairman the following year.

Mr Sibley is a chartered accountant, a director of TanzaniteOne Ltd, Corney & Barrow Group Ltd and of two investment companies. He was formerly chairman of Wheelock Capital from 1994 to 1997, as well as executive chairman of Barclays de Zoete Wedd (Asia Pacific) Limited, from 1989 to 1993. Mr Sibley is a former managing director of Jardine Fleming Holdings Ltd.

Mr David Dix's background is in economics, law and taxation. He is a Barrister and Solicitor in the High Court of Australia. He has held positions with Shell Australia Limited, Macquarie Bank Limited and spent nine years with UBS Warburg, based in Melbourne as Head of Resources for Asia Pacific and London as Head of Mining. Mr Dix is Executive Chairman of Australian Oil Company, AED Oil Limited and Chairman of Quadrem Limited, a company which provides eBusiness solutions to the resource sector.

Mr Haslam is the former Chief Executive of Lonmin plc. He joined Lonmin in 1981, was appointed a director in 1999 and Chief Executive Officer in November 2000. He retired from Lonmin in April 2004. Mr Haslam is Chairman of HighRidge Resources plc, and a director of Cluff Gold plc.

The Board deems all members of the Committee have the relevant experience and understanding of accounting, financial issues and the mining industry to enable them to effectively oversee audit procedures.

The Committee reviews the performance of the external auditors on an annual basis and meets with them at least twice a year to:

- review the results and findings of the audit at year end and half year end and recommend their acceptance or otherwise to the Board; and
- review the results and findings of the audit, the appropriateness of provisions and estimates included in the financial results, the adequacy of accounting and financial controls, and to obtain feedback on the implementation of recommendations made.

The Committee receives regular reports from the external auditor on the critical policies and practices of the company, and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management.

The Committee assesses the company's structure, business and controls annually. It ensures the Board is made aware of internal control practices, risk management and compliance matters which may significantly impact upon the company in a timely manner.

The Committee meets when deemed necessary and at least twice a year. The Company Secretary acts as secretary of the Committee and distributes minutes to all Board members.

Details of attendance at Committee Meetings are set out in the Directors' Report.

## **Aquarius Platinum Limited – Corporate Governance Statement**

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### **REMUNERATION & SUCCESSION PLANNING COMMITTEE**

The members of the Remuneration and Succession Planning Committee (the Committee) at the date of this report are:

- Mr Edward Haslam (Chairman)
- Mr Nicholas Sibley

The Committee is governed by a charter approved by the Board, a summary of which is available on the Company's website [www.aquariusplatinum.com](http://www.aquariusplatinum.com). The Board deem all members of the Committee have the relevant experience and understanding to enable them to effectively oversee their responsibilities. The members of the Committee are non-executive directors, both of whom the Board consider independent.

The committee reviews compensation arrangements for the directors and the executive team. The committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality executive team. Such officers are given the opportunity to receive their base emoluments in a variety of forms including cash and fringe benefits such as motor vehicles. The nature and amount of directors' and officers' emoluments are linked to the company's financial and operational performance.

In carrying out its responsibilities, the Committee is authorised by the Board to secure the attendance of any person with relevant experience and expertise at Committee meetings, if it considers their attendance to be appropriate and to engage, at the Company's expense, outside legal or other professional advice or assistance on any matters within its charter or terms of reference.

The Committee reviews succession planning for key executive positions (other than executive Directors) to maintain an appropriate balance of skills, experience and expertise in the management of the Company. The Committee does not allow for retirement benefits of Non-executive Directors and Non-executive Directors are remunerated by way of an annual fee in the form of cash and do not receive options or bonus payments.

For details of remuneration of Directors and Executives please refer to the Directors' Report.

The Committee meets as necessary, but must meet at least once a year. The Company Secretary acts as secretary of the meetings and distributes minutes to all Board members. Details of attendance at Committee Meetings is set out in the Directors' Report.

### **NOMINATION COMMITTEE**

In order to fulfil the company's responsibility to shareholders to ensure that the composition, structure and operation of the Board is of the highest standard, the full Board of Aquarius acts as the Nomination Committee. The Board believes the input of all directors is essential due to their respective expertise and knowledge of the platinum industry and exposure to the markets in which the Group operates.

The Board is guided by a Charter, a summary of which is available on [www.aquariusplatinum.com](http://www.aquariusplatinum.com). The Board may at times take into consideration the advice of external consultants to assist with this process.

## **Aquarius Platinum Limited – Corporate Governance Statement**

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Meetings take place as often as necessary, but the Committee must meet at least once a year. The Company Secretary acts as secretary of the meetings and distributes minutes to all Board members.

Appointments are referred to shareholders at the next available opportunity for election in general meeting.

### **CONTINUOUS DISCLOSURE**

The Company has in place a Continuous Disclosure Policy, a summary of which is available on the website [www.aquariusplatinum.com](http://www.aquariusplatinum.com). The Policy is in line with the Australian Stock Exchange's guidance policy on timely and balanced disclosure. This outlines the company's commitment to disclosure, ensuring that timely and accurate information is provided to all shareholders and stakeholders. The Company Secretary is the nominated Communication Officer and is responsible for liaising with the Board to ensure that the Company complies with its continuous disclosure requirements.

A three member Disclosure Committee has been formed comprising the Chief Executive Officer, Mr Stuart Murray, the Company Secretary, Mr Willi Boehm and any one non-executive director. The Disclosure Committee is responsible for overseeing and coordinating the disclosure of information and announcements to the regulatory authorities, analysts, brokers, shareholders, the media and the public.

The Board regularly reviews the company's compliance with its continuous disclosure obligations.

### **COMMUNICATIONS WITH SHAREHOLDERS**

Shareholder communication is given high priority by the Company. In addition to statutory requirements, such as the Annual Report and Financial Statements for the half and full year, Aquarius Platinum maintains a website which contains announcements and quarterly reports which have been released to the listing authorities – the ASX, LSE and the JSE. Media articles and presentations are also placed on the website as they occur so they may be viewed by shareholders and prospective investors. Shareholders are able to contact the Company via the website at [info@aquariusplatinum.com](mailto:info@aquariusplatinum.com). Through the website, shareholders are also given the opportunity to provide an email address through which they are able to receive these documents. The Chief Executive Officer hosts web-casts for the half-year and full-year results, notification of these is provided to all on the website database.

### **MEETINGS**

Aquarius Platinum Notice of Meeting materials are distributed to shareholders with an accompanying explanatory memorandum. These documents present the business of the meeting clearly and concisely and are presented in a manner that will not mislead shareholders or the market as a whole. The Notice is despatched to shareholders in a timely manner providing at least 21 days notice pursuant to the bye-laws of the Company. Each notice includes the business of the meeting, details of the location, time and date of the meeting and proxy voting instructions are included.

Upon release of the Notice of Meeting and Explanatory Memorandum to the ASX, LSE and the JSE, a full text of the Notice of Meeting and Explanatory Memorandums is placed on the website of the Company at [www.aquariusplatinum.com](http://www.aquariusplatinum.com) for shareholders and other market participants who may consider investing in the company.

## Aquarius Platinum Limited – Corporate Governance Statement

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### CODE OF CONDUCT

The Aquarius Code of Conduct has been developed by the Board to provide a framework for all employees to conduct the business of the Company in an ethical and legal manner. It is important that the Company maintains its obligations to shareholders, the community, contractors and suppliers.

There are areas in which the Company must develop detailed policies in accordance with the requirements of local authorities and comply with local laws. To this end the Code of Conduct stands more as a set of principles developed by the Board to guide employees to act with integrity and make informed choices when communicating or acting on behalf of the Company.

The Board and management of the Company have a clear commitment to the Code of Conduct. A summary of The Code of Conduct is available on [www.aquariusplatinum.com](http://www.aquariusplatinum.com).

### CORPORATE GOVERNANCE COMPLIANCE

<b>Notification of Departure</b>
<b>Item 8.1: Performance evaluation of the Board and key executives</b>
<b>Explanation of Departure</b>
The Board of Aquarius conducts its performance review of itself on an ongoing basis throughout the year. The small size of the company and hands on management style requires an increased level of interaction between directors and executives throughout the year. Board members meet amongst themselves and with management both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance and of its key executives provides the best guidance and value to the Group.
<b>Item 9.1: Disclosure of remuneration policy and procedures</b>
<b>Explanation of Departure</b>
The Group operates in an industry that has a limited number of participants. The industry is under constant pressure from skills shortages and is exposed to a high level of staff poaching. To protect against this, the Company considers it imprudent to disclose the names and the exact value of the remuneration received by each of the top five non-director executives. However, in accordance with the ASX Principles of Good Corporate Governance, the Company advises that the total amount paid, as set out in the Directors' report, to the top 5 non-director executives includes payments in respect of salaries, non-cash benefits such as motor vehicles and superannuation contributions.

## Aquarius Platinum Limited

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### Consolidated Income Statement *for the year ended 30 June 2007*

	Note	2007 \$'000	2006 \$'000
Revenue	7	709,183	425,684
Cost of sales	7	(293,218)	(223,039)
Gross profit before amortisation of fair value uplifts		<b>415,965</b>	<b>202,645</b>
Amortisation of fair value uplifts of mining assets		(7,595)	(7,162)
Gross profit after amortisation of fair value uplifts of mining assets		408,370	195,483
Other income	7	2,586	14,113
Administrative costs	7	(8,972)	(8,052)
Other operating costs	7	(2,308)	913
Profit from operating activities		399,676	202,457
Finance costs	7	(15,218)	(10,383)
<b>Profit before income tax</b>		<b>384,458</b>	<b>192,074</b>
Income tax expense	8	(90,861)	(51,071)
<b>Net profit for the year</b>		<b>293,597</b>	<b>141,003</b>
<b>Attributable to:</b>			
Equity holders of the parent	28	187,223	85,630
Minority interest		106,374	55,373
		<b>293,597</b>	<b>141,003</b>
<b>Earnings per share</b>			
Basic earnings per share (cents per share)	9	218.51	100.87
Diluted earnings per share (cents per share)	9	216.50	99.12

## Aquarius Platinum Limited

### Consolidated Balance Sheet as at 30 June 2007

	Note	2007 \$'000	2006 \$'000
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Receivables	11	11,612	6,590
Available for sale investments	12	414	404
Property, plant and equipment	13	219,113	206,626
Mining assets	14	299,672	247,601
Total Non Current Assets		<b>530,811</b>	<b>461,221</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	16	287,663	162,425
Trade and other receivables	17	100,573	66,722
Available for sale investments	18	4	4
Inventories	19	26,123	19,823
Total Current Assets		<b>414,363</b>	<b>248,974</b>
<b>TOTAL ASSETS</b>		<b>945,174</b>	<b>710,195</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Issued capital	26	12,823	12,652
Reserves	27	126,202	147,653
Retained earnings	28	317,113	155,254
Equity Attributable to Equity Holders of the Parent		<b>456,138</b>	<b>315,559</b>
Minority Interest	29	<b>176,407</b>	<b>78,278</b>
<b>TOTAL EQUITY</b>		<b>632,545</b>	<b>393,837</b>
<b>NON CURRENT LIABILITIES</b>			
Payables	20	54,228	130,104
Interest bearing loans and borrowings	21	31,272	45,372
Deferred tax liabilities	8	103,378	73,311
Provisions	22	69,026	32,108
Total Non Current Liabilities		<b>257,904</b>	<b>280,895</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	23	44,715	32,852
Interest bearing loans and borrowings	24	4,583	29
Current tax liabilities	8	4,851	2,209
Provisions	25	576	373
Total Current Liabilities		<b>54,725</b>	<b>35,463</b>
<b>TOTAL LIABILITIES</b>		<b>312,629</b>	<b>316,358</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>945,174</b>	<b>710,195</b>

## Aquarius Platinum Limited

### Consolidated Cash Flow Statement *for the year ended 30 June 2007*

	Note	2007 \$'000	2006 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		654,238	402,837
Payments to suppliers and employees		(263,491)	(195,779)
Interest received		19,183	8,256
Interest and other finance costs paid		(11,511)	(8,668)
Other income		1,619	885
Income taxes paid		(59,251)	(32,000)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>340,787</b>	<b>175,531</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property plant & equipment and mine development costs		(57,169)	(111,059)
Payments for mine closure/rehabilitation costs		(3,612)	(1,821)
Payments for purchase of equity investments		(50,456)	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(111,237)</b>	<b>(112,880)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		5,972	7,192
Proceeds from borrowings		509	53,591
Repayment of share-plan loans		313	2,498
Repayment of borrowings		(87,974)	(26,973)
Dividends paid		(25,364)	(9,147)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(106,544)</b>	<b>27,161</b>
Net increase in cash held		123,006	89,812
Cash and cash equivalents at beginning of the financial year		162,425	75,251
Net foreign exchange differences		2,232	(2,638)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	16	<b>287,663</b>	<b>162,425</b>

## Aquarius Platinum Limited

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### Consolidated Statement of Recognised Income and Expenses *for the year ended 30 June 2007*

	<b>Note</b>	<b>2007</b> \$'000	<b>2006</b> \$'000
Foreign currency translation adjustments		5,488	(13,945)
Net gain/(loss) recognised directly in equity		5,488	(13,945)
Net profit for the year		293,597	141,003
<b>TOTAL RECOGNISED INCOME AND EXPENSES FOR THE YEAR</b>		<b>299,085</b>	<b>127,058</b>
Attributable to:			
Equity holders of the parent		190,186	78,100
Minority interest		108,899	48,958
<b>TOTAL RECOGNISED INCOME AND EXPENSES FOR THE YEAR</b>		<b>299,085</b>	<b>127,058</b>

# **Aquarius Platinum Limited**

## ***Notes to the consolidated financial statements at 30 June 2007***

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### **1. CORPORATE INFORMATION**

The consolidated financial statements of Aquarius Platinum Limited for the year ended 30 June 2007 were authorised for issue in accordance with a resolution of the directors on 24 September 2007. Aquarius Platinum Limited is a limited company incorporated and domiciled in Bermuda whose shares are publicly traded. The principal activities of the Group are described in the Directors' Report.

### **2. BASIS OF PREPARATION**

The consolidated financial statements have been prepared under the historical cost accounting convention except for available for sale investments that have been measured at fair value.

#### **Statement of Compliance**

The consolidated financial statements of Aquarius Platinum Limited and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial information is presented in US Dollars and has been rounded to the nearest thousand US Dollars unless otherwise stated.

#### **Basis of Consolidation**

The consolidated financial statements comprise the accounts of Aquarius, the parent company and its controlled subsidiaries, after the elimination of all material intercompany balances and transactions.

Subsidiaries are consolidated from the date the parent entity obtains control and continue to be consolidated until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated accounts include the results for the part of the reporting period during which the parent entity had control. A list of subsidiaries appears in Note 33(a).

Acquisitions are accounted for using the purchase method of accounting.

The accounts of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

Minority interest principally represents the interests in AQP(SA) not held by the Company.

Acquisition of minority interests are accounted for using the entity method, whereby, the difference between the consideration and the carrying value of the share of net assets acquired is recognised in equity.

### **3. CHANGES IN ACCOUNTING POLICIES**

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2006. The adoption of these new and revised Standards and Interpretations had no material effect on the financial performance or financial position of the group.

#### **4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

##### *Significant accounting judgements*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

- *Determination of mineral resources and ore reserves*

Aquarius estimates its mineral resources and ore reserves in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the 'JORC code'). The information on mineral resources and ore reserves was prepared by or under the supervision of Competent Persons as defined in the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values, deferred stripping costs and provisions for decommissioning and restoration.

##### *Significant accounting estimates and assumptions*

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

- *Impairment of capitalised exploration and evaluation expenditure*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved and probable mineral reserves, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

## Aquarius Platinum Limited

### Notes to the consolidated financial statements at 30 June 2007

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- *Impairment of capitalised mine development expenditure*

The future recoverability of capitalised mine development expenditure is dependent on a number of factors, including the level of proved and probable and mineral reserves.

To the extent that capitalised mine development expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

- *Impairment of property, plant and equipment*

Property, plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

In determining value in use, future cash flows are based on:

- Estimates of the quantities of economically recoverable ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Future production levels;
- Future commodity prices; and
- Future cash costs of production

Variations to the expected future cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which could in turn impact future financial results.

- *Restoration Provisions*

The group records the present value of the estimated cost of restoring operating locations in the period in which the obligation arises, which is typically at the commencement of production. The nature of the restoration activities includes the removal of facilities, abandonment of mine sites and rehabilitation of the affected areas. In most instances this arises many years in the future. The application of this policy necessarily requires judgmental estimates and assumptions regarding the date of abandonment, future environmental legislation, the engineering methodology adopted, future technologies to be used and the asset specific discount rates used to determine the present value of these cash flows.

## 5. SIGNIFICANT ACCOUNTING POLICIES

### (a) Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised at the trade date i.e. the date the group commits to purchase the asset.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using arm's length market transactions, reference to the current market value of another instrument, which is substantially the same, discounted cash flow analysis and option pricing models.

*Available for sale financial assets*

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as either financial assets at fair value through profit or loss, loans and receivables or held to maturity financial assets. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

*Held for trading*

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near future. After initial recognition, investments which are classified as held for trading are measured at fair value. Gains or losses on investments held for trading are recognised in income.

*Held to maturity*

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

**(b) Mining Assets**

Mining assets comprise exploration, evaluation and mine development costs and the cost of mineral properties acquired.

*Exploration and Evaluation Expenditure*

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method. Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and either:

- the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or

- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource has been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

*Impairment*

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised exploration and evaluation expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

*Mine Development Expenditure*

Mine development expenditure represents the costs incurred in preparing mines for production, and includes stripping and waste removal costs incurred before production commences. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the related mining leases. Once production commences, these costs are amortised using the units-of-production method based on the estimated economically recoverable reserves to which they relate or are written off if the mine property is abandoned. Development costs incurred to maintain production are expensed as incurred against the related production.

*Impairment*

The carrying value of capitalised mine development expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised mine development expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

**(c) Derecognition of Financial Assets and Liabilities**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

*Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**(d) Impairment of Financial Assets**

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

*Asset carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

*Assets carried at cost*

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

*Available-for-sale financial assets*

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

**(e) Foreign Currencies**

The consolidated financial statements are stated in US Dollars which is the Company's functional and presentation currency. Each entity in the group determines its own functional currency and items included in each entity are measured using that functional currency.

*Foreign currency transactions*

Transactions in foreign currencies are recorded in the applicable functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items are recorded in the applicable functional currency using the exchange rate at the date of the transaction. All exchange differences are taken to the income statement.

*Translation of financial reports of foreign operations*

The Mimosa Investments Limited group financial statements incorporate those of its controlled entities in Zimbabwe, which have been prepared using US Dollars as the functional currency. The functional currency of subsidiaries in South Africa is considered to be the South African Rand. The functional currency of subsidiaries in Australia is considered to be the Australian Dollar.

The assets and liabilities of these entities are translated to the group presentation currency at rates of exchange ruling at the balance sheet date. Income and expense items are translated at average exchange rates for the period. Any exchange differences are taken directly to the foreign currency translation reserve. On disposal of a foreign entity, cumulative deferred exchange differences are recognised in the income statement as part of the profit or loss on sale.

**(f) Property, Plant and Equipment**

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment in value. The carrying values are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable and where carrying values exceed their recoverable amount, assets are written down to their recoverable amount.

Property, plant and equipment, excluding land, is depreciated at rates based on the expected useful economic life of each item, using the straight line method. Mine plant is amortised using the lesser of its useful life or the life of the mine based on the straight-line or unit of production method respectively. Buildings and equipment, which includes vehicles and furniture, are depreciated on the straight-line basis at rates, which will reduce their book values to estimated residual values over their expected useful lives. Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. The major depreciation rates for all periods presented are:

- Buildings - 3 to 12.5 years
- Furniture and fittings - 3 to 5 years
- Plant and equipment, including assets held under lease - 3 to 13 years

An item of property plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

**(g) Revenue Recognition**

Revenue is recognised and measured at fair value to the extent that it is probable that the economic benefits will flow to the Aquarius Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Interest*

Revenue is recognised as the interest accrues on interest bearing cash deposits, using the effective interest method.

*Sale of Goods*

Revenue on sale of goods is recognised when risks and rewards of ownership of the goods have passed to the buyer.

*Dividends*

Revenue is recognised when the Group's right to receive the payment is established.

**(h) Income Taxes**

*Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

*Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**(i) Employee Entitlements**

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the balance date. Liabilities arising in respect of wages and salaries, annual leave and other benefits expected to be settled within twelve months of the balance date are measured at rates which are expected to be paid when the liability is settled.

All other employee entitlement liabilities are measured at the present value of estimated payments to be made in respect of services rendered up to reporting date.

Contributions for pensions and other post employment benefits to defined contribution plans are recognised in the income statement as incurred during the period in which employees render the related service.

**(j) Interest Bearing Loans and Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, all interest bearing loans and borrowings, other than liabilities held for trading, are subsequently measured at amortised cost using the effective interest method.

**(k) Borrowing costs**

Borrowing costs are recognised as expenses in the period in which they are incurred.

**(l) Trade and Other Payables**

Liabilities for trade and other payables, whether billed or not billed to the group, which are normally settled on 30-90 day terms, are carried at amortised cost.

**(m) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

**(n) Cash**

Cash and cash equivalents include cash on hand and in banks, and deposits at call which have an original maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**(o) Inventories**

Inventories comprise consumables, reagents, produce, packaging, chromite, reef ore stockpiled and concentrate awaiting further processing and are valued at the lower of cost and net realisable value. Cost (excluding produce and packaging) is determined on the weighted average method and includes direct mining expenditure and an appropriate proportion of overhead expenditure. The cost of produce and packaging is determined on the first-in-first-out method.

**(p) Trade and Other Receivables**

Trade receivables include actual invoiced sales of PGM concentrate as well as sales not yet invoiced for which deliveries have been made and the risks and rewards of ownership have passed. Sale of PGM concentrate is settled in USD based on the average market price of the month ruling up to three months after the month of delivery. The receivable amount calculated for the PGM concentrate delivered but not yet invoiced is based on fair value at the date of delivery.

Trade receivables are recognised at original invoice amount less an allowance for any uncollectible amounts.

Other receivables are stated at cost less any allowance for uncollectible amounts. An allowance is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

**(q) Provision for Mine Site Rehabilitation**

The provision for rehabilitation represents the cost of restoring site damage following initial disturbance. Increases in the provision are capitalised to deferred mining assets to the extent that the future benefits will arise. Cost incurred that related to an existing condition caused by past operations and do not have a future economic benefit are expensed.

Gross rehabilitation costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate the risk specific to the liability. The unwinding of the discount is recorded as an accretion charge within finance costs.

Rehabilitation costs capitalised to mining assets are amortised over the operating life of each mine using the units of production method based on estimated proven and probable mineral reserves. Expenditure on ongoing rehabilitation costs is brought to account when incurred.

In South Africa, annual contributions are made to an Environmental Rehabilitation Trust Fund, created in accordance with South African Statutory requirements, to fund the estimated cost of rehabilitation during and at the end of the life of a mine. The funds that have been paid into the trust fund plus the growth in the trust fund are shown as an asset on the balance sheet.

**(r) Share Capital**

Share capital is recognised at the fair value of the consideration received by the Company. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds

**(s) Leases**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Finance leases, which transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

**(t) Interest in Joint Ventures**

The group's interest in joint ventures is accounted for by proportionate consolidation, which involves recognising a proportionate share of the joint venture's assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line-by-line basis.

**(u) Impairment of Non Financial Assets**

The carrying amounts of the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated and the book value of the asset is written down to its recoverable amount. The recoverable amount is the higher of net selling price and value in use.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows and that is largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the income statement whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

**(v) Share-based Payment Transactions**

Employees (including senior executives) of the Group receive remuneration in the form of equity based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

## **Aquarius Platinum Limited**

### ***Notes to the consolidated financial statements at 30 June 2007***

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The Group currently has a Share Plan and an Option Plan for directors and employees. Loans made under the Share plan are treated as share based compensation under IFRS 2.

#### *Equity-settled transactions*

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial or Black & Scholes pricing model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Shares in the Group acquired on market and held by the Share Plan are included within the equity benefits reserve.

#### **(w) Earnings Per Share**

##### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

**Aquarius Platinum Limited**  
**Notes to the consolidated financial statements at 30 June 2007**

*Diluted earnings per share*

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

**(x) Dividends**

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

**(y) Future Accounting Standards**

Certain International Financial Reporting Standards and IFRIC Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended on 30 June 2007. The Directors have assessed the impact of the new standards or amended standards and interpretations (to the extent relevant to the Group) as follows:

	<b>Title</b>	<b>Impact on the Group</b>	<b>Operative Date</b>
IAS 1	Capital Disclosures Amendment	IAS 1 requires additional disclosures in relation to capital of the company	1 July 2007
IAS 23 Amendment	Borrowing costs (Revised)	IAS 23 requires borrowing costs to be capitalised if they are directly attributable to a qualifying asset. The Group's existing accounting policy will change.	1 July 2009
IFRS 7	Financial instruments- Disclosures	IFRS 7 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However the amendments will result in changes to the financial instrument disclosures included in the Group's financial report.	1 July 2007
IFRS 8	Operating segments	IFRS 8 is a disclosure standard so will have no direct impact on the amounts included in the Groups financial statements. However the new standard may have an impact on the segment disclosures included in the Group's financial report.	1 July 2009
IFRIC 8	Scope of IFRS 2	IFRIC 8 applies to all transactions in which the company cannot specifically identify goods or services received. IFRIC 8 is not expected to have a material impact on the group	1 July 2007
IFRIC 9	Reassessment of embedded derivative	This establishes that the existence of an embedded derivative should be determined at the date an entity first becomes party to the contract, with reassessment only if there is a change to the contract significantly modifies the cash flows. The Group adopts that the adoption this interpretation will have no impact on the group's financial statements	1 July 2007

## Aquarius Platinum Limited

### Notes to the consolidated financial statements at 30 June 2007

IFRIC 10	Interim Financial Reporting and impairment	The prohibitions on reversing impairment losses in IFRS 36 and IFRS 39 to take precedence over the more general statement in IFRS 34 is not expected to have any impact on the Group's financial report	1 July 2007
IFRIC 11	IFRS 2- Group and treasury share transactions	This is consistent with the Group's existing accounting policies for share-based payments so will have no impact.	1 July 2007
IFRIC 12	Service concession arrangement	As the Group currently has no service concession arrangements or public-private-partnerships (PPP), it is expected that this Interpretation will have no impact on its financial report.	1 July 2008
IFRIC 13	Customer Loyalty Programmes	The Group does not have any customer loyalty programmes and as such this is not expected to have any impact on the Group's financial report.	1 July 2008
IFRIC 14	IAS 19 – The Ceiling Availability of Economic Benefits and Minimum Funding Requirements	This interpretation will not have an impact on the Group's financial report.	1 July 2008

#### 6. SEGMENT INFORMATION

(a) Segment products and locations

The primary reporting format is determined to be geographical segments as the Group's risks and returns are predominantly affected by geographical location. The Group's operating companies are organised and managed separately according to their geographical location, with each segment representing the country of incorporation, operation and location of assets.

The Group operates predominantly two geographical segments. Mining and exploration operations take place in South Africa and Zimbabwe, with administration functions in Australia and Bermuda.

The mining and exploration segment explores for and produces platinum group metals including platinum, palladium, rhodium and gold. The other business segment relates to general head office and corporate activities. The Group's geographical segments are based on the location of the Group's assets.

(b) Segment accounting policies

The group generally accounts for inter-segment revenues and transfers as if the transactions were to third parties at current market prices. Revenues are attributed to geographic areas based on the location of the assets producing the revenues.

Segment accounting policies are the same as the consolidated entity's policies.

# Aquarius Platinum Limited

## Notes to the consolidated financial statements at 30 June 2007

### (c) Geographical segments

30 June 2007	Bermuda	South Africa	Australia	Zimbabwe	Eliminations	Consolidated
External sales	-	572,813	-	117,187	-	690,000
Intersegment revenues	9,302	-	547	-	(9,849)	-
Segment revenue	9,302	572,813	547	117,187	(9,849)	690,000
Segment result	(2,589)	309,273	59	75,359	2,356	384,458
Income tax expense						(90,861)
Profit after tax						293,597
Minority Interest						(106,374)
Net Profit						187,223
Segment assets	157,262	638,570	4,498	144,844	-	945,174
Segment liabilities	20,932	283,532	632	7,533	-	312,629
Other segment information:						
Capital expenditure	-	56,286	-	7,276	-	63,562
Amortisation of fair value uplift	-	7,294	-	301	-	7,595
Amortisation and depreciation	-	28,789	20	3,039	-	31,848
Other non-cash expenses	47	(215)	16	(2,156)	-	(2,308)
<b>30 June 2006</b>	<b>Bermuda</b>	<b>South Africa</b>	<b>Australia</b>	<b>Zimbabwe</b>	<b>Eliminations</b>	<b>Consolidated</b>
External sales	-	349,192	-	68,236	-	417,428
Intersegment revenues	12,803	-	504	-	(13,307)	-
Segment revenue	12,803	349,192	504	68,236	(13,307)	417,428
Segment result	(2,942)	160,633	(1,096)	32,704	2,775	192,074
Income tax expense						(51,071)
Profit after tax						141,003
Minority Interest						(55,373)
Net Profit						85,630
Segment assets	61,299	541,799	24,731	82,366	-	710,795
Segment liabilities	24,364	282,225	374	9,395	-	316,358
Other segment information:						
Capital expenditure	-	93,950	-	8,846	-	102,796
Amortisation of fair value uplift	-	6,889	-	273	-	7,162
Amortisation and depreciation	-	18,749	25	2,881	-	21,655
Other non-cash expenses	8	819	(987)	1,073	-	913

**Aquarius Platinum Limited**  
**Notes to the consolidated financial statements at 30 June 2007**

(d) Business segments

<b>30 June 2007</b>	<b>Mining and Exploration</b>	<b>Corporate and Investment</b>	<b>Consolidated</b>
Segment revenue	690,000	-	690,000
Segment assets	783,414	161,760	945,174
Capital expenditure	63,562	-	63,562
<b>30 June 2006</b>			
Segment revenue	417,428	-	417,428
Segment assets	624,165	86,030	710,195
Capital expenditure	102,796	-	102,796

*Zimbabwe*

The Company announced on 6 October 2004 that it had been made aware that the Government of Zimbabwe's Ministry of Mines has released proposed draft regulations for the discussion with the industry that include proposed indigenous ownership levels for mines in Zimbabwe. These proposals included 20% indigenous ownership within 2 years, 25% indigenous ownership within 7 years and 30% indigenous ownership within 10 years of the approval of the regulations. Subsequent to 30 June 2007, the Government revised the draft regulations proposing 51% indigenous ownership. The Company as well as the Chamber of Mines in Zimbabwe has made representations to the Government with a view to arriving at mutually acceptable indigenous ownership levels. Currently a Bill is before the Zimbabwean Parliament and no decisions have been reached to date. The Company, subject to funding availability, views the original proposals of 2004 as achievable, but is sceptical of a mutually satisfactory outcome in respect of the current Bill's proposals.

	<b>2007</b> \$'000	<b>2006</b> \$'000
<b>7. Revenue and Expenses</b>		
<b>Revenue</b>		
Sale of mine products	690,000	417,428
Interest income	19,183	8,256
	<b>709,183</b>	<b>425,684</b>
<b>Other income</b>		
Foreign exchange gain on sales	967	13,228
Other	1,619	885
	<b>2,586</b>	<b>14,113</b>
<b>Cost of sales</b>		
Amortisation and depreciation	31,828	21,655
Cost of production	257,834	199,543
Royalties	3,556	1,841
	<b>293,218</b>	<b>223,039</b>

**Aquarius Platinum Limited****Notes to the consolidated financial statements at 30 June 2007**

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	<b>2007</b>	<b>2006</b>
	\$'000	\$'000
<b>Administrative costs</b>		
Advertising and promotion	237	207
Audit and accounting	548	274
Consulting fees	2,707	2,432
Directors' fees	617	583
Depreciation of plant and equipment	20	25
Share based payments	100	252
Legal fees	893	656
Printing and stationery	33	26
Rental on operating leases	124	110
Subscriptions and conferences	379	201
Telephone and facsimile	96	87
Travel	901	686
Wages, salaries and employee benefits	1,381	1,935
Other	936	578
	<b>8,972</b>	<b>8,052</b>
<b>Other operating costs</b>		
Foreign exchange (gain)/loss	2,308	(913)
	<b>2,308</b>	<b>(913)</b>
<b>Finance costs</b>		
Interest and borrowing costs	11,511	8,668
Accretion of mine-site rehabilitation liability	3,707	1,715
	<b>15,218</b>	<b>10,383</b>
<b>Staff costs</b>		
Salaries and wages	4,723	7,016
Provisions for employee entitlements	704	546
Superannuation	543	463
Share based payments	100	252
	<b>6,070</b>	<b>8,277</b>
<b>Depreciation and amortisation included in consolidated income statement</b>		
Depreciation	18,906	10,365
Amortisation of fair value uplift on mining assets	7,595	7,162
Amortisation of original cost of mining assets	12,942	11,290
	<b>39,443</b>	<b>28,817</b>

## Aquarius Platinum Limited

### Notes to the consolidated financial statements at 30 June 2007

	2007	2006
	\$'000	\$'000
<b>8. Income Tax</b>		
Major component of tax expense for the year:		
Current tax	60,573	26,098
Deferred tax	30,288	24,973
Income tax expense before minority interest	<u>90,861</u>	<u>51,071</u>
<p>As a Bermudan corporation, Aquarius has no tax liability under that jurisdiction with respect to income derived. Certain of its foreign derived income is subject to applicable tax in the countries from which such income is derived.</p>		
Amounts charged or credited directly to equity:		
Foreign exchange revaluation	<u>221</u>	<u>(5,451)</u>
<p>The group's effective tax rate in 2007 was 23.7% (2006: 26.6%). A reconciliation of income tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the group's effective income tax rate at years end is as follows:</p>		
Profit from ordinary activities before income tax	<u>384,458</u>	<u>192,074</u>
At the South African income tax rate of 29%	111,493	55,701
Lower Zimbabwe income tax rate of 15%	(10,375)	(2,975)
Lower Mauritius income tax rate of 15%	(218)	(33)
(Profit)/loss of parent company not subject to taxation	1,274	(2,194)
Foreign exchange adjustments	(12,408)	600
Foreign tax credit	364	-
Unrecognised tax losses	(318)	149
Income not assessable	(3,805)	(933)
Capital and incentive allowances	(176)	-
Expenditure not allowable for income tax purposes	1,943	1,140
Withholding tax on dividends and technical fees received	2,503	1,397
Under/(over) provision from prior year	584	(1,781)
At effective income tax rate of 23.7% (2006 26.6%)	<u>90,861</u>	<u>51,071</u>
<b>Current tax liabilities</b>		
Tax payable	<u>4,851</u>	<u>2,209</u>
<b>Deferred tax liabilities</b>		
Capital allowances	83,680	50,636
Fair value uplift on mining assets	20,890	22,909
Mine closure costs	1,119	7,586
Provision for mine site rehabilitation	(3,089)	(9,360)
Prepayments	3	25
Other	775	1,515
Deferred tax liability	<u>103,378</u>	<u>73,311</u>

# Aquarius Platinum Limited

## Notes to the consolidated financial statements at 30 June 2007

	2007	2006
	\$'000	\$'000
<b>Reconciliation of movement in deferred tax liabilities to tax expense</b>		
Balance of deferred tax liabilities at beginning of year	73,311	53,789
Foreign exchange revaluation of deferred tax liabilities	(221)	(5,451)
Deferred tax expense	30,288	24,973
Deferred tax liability	<u>103,378</u>	<u>73,311</u>

At 30 June 2007, the potential benefit of tax losses of a foreign subsidiary amounting to \$5.8m (2006: \$5.8m) has not been brought to account in these financial statements, as it is not probable that the benefit will flow to that entity.

### 9. Earnings Per Share

a) Basic earnings per share - cents per share	218.51	100.87
Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.		
b) Diluted earnings per share - cents per share	216.50	99.12
Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of shares outstanding during the year (after adjusting for the effects of dilutive options).		
(c) Reconciliations		
Net profit used in calculating basic and diluted earnings per share	<u>187,223</u>	<u>85,630</u>
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of shares used in the calculation of basic earnings per share	85,683,065	84,891,630
<u>Effect of dilutive securities</u>		
Share options	795,177	1,500,319
Adjusted weighted average number of shares used in the calculation of diluted earnings per share	<u>86,478,242</u>	<u>86,391,949</u>

### 10. Dividend Proposed or Declared

A final dividend of 30 cents (2006: \$0.18) per common share was declared for the current year on 8 August 2007. The dividend has not been recognised as a liability in the consolidated financial statements at 30 June 2007.

Total dividends paid during the 2007 financial year amounted to \$25,363,647. This consisted of a final 2006 dividend paid during October 2006 of \$15,208,180 (\$0.18 per share) and an interim dividend paid during March 2007 of \$10,155,466 (\$0.12 per share).

**Aquarius Platinum Limited**  
**Notes to the consolidated financial statements at 30 June 2007**

Total dividends paid during the 2006 financial year amounted to \$9,177,850. This consisted of a final 2005 dividend paid during October 2005 of \$4,145,656 (\$0.05 per share) and an interim dividend paid during March 2006 of \$5,032,194 (\$0.06 per share).

<b>2007</b>	<b>2006</b>
\$'000	\$'000

**11. Receivables – Non Current**

Amount due from joint venture participant for share of mine site closure costs

<u>11,612</u>	<u>6,590</u>
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Based on the first and second Notarial Pooling and Sharing agreements (PSA's) with Anglo Platinum, AQP(SA) holds a contractual right to recover 50% of the rehabilitation liability relating to environmental rehabilitation resulting from PSA operations from Rustenburg Platinum Mines Limited (RPM), where this rehabilitation relates to property owned by AQP(SA). Likewise RPM holds a contractual right to recover 50% of the rehabilitation liability relating to environmental rehabilitation resulting from PSA operations from AQP(SA), where the rehabilitation relates to property owned by RPM. Refer also Note 20 (b).

**12. Available for Sale Investments – Non Current**

Shares in other corporations

<u>414</u>	<u>404</u>
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Available for sale financial assets consist of investments in ordinary shares and therefore have no fixed maturity date or coupon rate.

**13. Property, Plant and Equipment**

	Land & Buildings	Plant & Equipment	Plant & Equipment Under Lease	Total
<b>30 June 2007</b>				
Beginning carrying value	9,850	192,257	4,519	206,626
Additions	6,143	3,440	6,238	15,821
Disposals	-	(208)	(28)	(236)
Depreciation	(790)	(14,791)	(3,325)	(18,906)
Transfers from mining assets	3,463	9,589	-	13,052
Net exchange differences	5	2,563	188	2,756
Closing carrying value	<u>18,671</u>	<u>192,850</u>	<u>7,592</u>	<u>219,113</u>
At cost	20,213	242,473	11,608	274,294
Accumulated depreciation	(1,542)	(49,623)	(4,016)	(55,181)
Closing carrying value	<u>18,671</u>	<u>192,850</u>	<u>7,592</u>	<u>219,113</u>

# Aquarius Platinum Limited

## Notes to the consolidated financial statements at 30 June 2007

	Land & Buildings	Plant & Equipment	Plant & Equipment Under Finance Lease	Total
<b>30 June 2006</b>				
Beginning carrying value	2,861	134,930	28	137,819
Additions	1,872	22,436	5,087	29,395
Disposals	-	-	-	-
Depreciation	(261)	(10,098)	(6)	(10,365)
Transfers from mining assets	5,388	58,088	-	63,476
Net exchange differences	(10)	(13,099)	(590)	(13,699)
Closing carrying value	<b>9,850</b>	<b>192,257</b>	<b>4,519</b>	<b>206,626</b>
At cost	10,600	226,479	4,543	241,622
Accumulated depreciation	(750)	(34,222)	(24)	(34,996)
Closing carrying value	<b>9,850</b>	<b>192,257</b>	<b>4,519</b>	<b>206,626</b>

Property, plant and equipment owned by AQP(SA) carried at \$172.9m serves as security for an interest bearing loan from Rand Merchant Bank Limited as described further in Note 21.

**2007**  
\$'000                      **2006**  
\$'000

### 14. Mining Assets

Comprising deferred exploration and evaluation costs, mine development costs and mineral properties as follows:

Mining tenements	157,412	157,104
Accumulated amortisation	(47,960)	(39,556)
	<u>109,452</u>	<u>117,548</u>
Development costs	223,913	153,439
Accumulated amortisation	(33,693)	(23,386)
	<u>190,220</u>	<u>130,053</u>
	<b><u>299,672</u></b>	<b><u>247,601</u></b>

#### Reconciliation of mining assets:

Opening balance	247,601	271,050
Additions/expenditure incurred during the year	47,741	73,401
Provision for rehabilitation provision increment	34,228	8,222
Amortisation and depreciation charges	(20,537)	(18,452)
Transfers (to)/from property, plant & equipment	(13,052)	(63,476)
Net exchange differences	3,691	(23,144)
Closing balance	<b><u>299,672</u></b>	<b><u>247,601</u></b>

**Aquarius Platinum Limited**  
**Notes to the consolidated financial statements at 30 June 2007**

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In accordance with the Group's policy on mining assets, the directors have reviewed the carrying value of mineral exploration tenements as at 30 June 2007. The value of the mineral exploration tenements is carried forward as an asset provided the rights to tenure of the area of interest is current and either:

- the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage, which permits a reasonable assessment of the existence, or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

AQP(SA) has established Environmental Rehabilitation Trusts into which the Company makes annual contributions in order to provide for its obligations in respect of environmental rehabilitation. Refer Note 22. AQP(SA) also contributes to the Rustenburg Platinum Mines Rehabilitation Trust in order to provide for the obligations in respect of environmental rehabilitation for part of the jointly controlled operation's obligation incurred in the Notarial Pooling and Sharing Agreements.

**15. Interest in Joint Ventures**

The group has the following interest in joint ventures:

- a 50% interest in two joint ventures each referred to as the "Notarial Pooling & Sharing Agreements". The principal activities of the joint ventures is to extend the Kroondal mine over the boundary of the properties covering the Kroondal mine and expand the Marikana mine operations through mineral rights contributed by Anglo Platinum through its subsidiary, Rustenburg Platinum Mines Ltd.
- a 50% interest in Mimosa Investments Limited, which owns and operates the Mimosa mine and a 50% interest in a joint venture known as the "Chrome Tailings Retreatment Project".

The group's share of the assets, liabilities, revenue and expenses of the joint ventures which are included in the consolidated financial statements, are as follows:

	<b>2007</b>	<b>2006</b>
	\$'000	\$'000
Current assets	238,509	138,836
Non current assets	148,902	110,733
	<u>387,411</u>	<u>249,569</u>
Current liabilities	(32,345)	(23,154)
Non current liabilities	(1,462)	(2,416)
	<u>353,604</u>	<u>223,999</u>
Revenue	485,749	322,673
Cost of sales	(186,436)	(149,419)
Administration and other expenses	(2,437)	1,643
Interest received	5,579	2,801
Interest expense	(740)	(1,090)
Profit before income tax	<u>301,715</u>	<u>176,608</u>
Income tax expense	(3,018)	(5,324)
Net profit before minority interests	<u><b>298,697</b></u>	<u><b>171,284</b></u>

**Aquarius Platinum Limited**  
**Notes to the consolidated financial statements at 30 June 2007**

	<b>2007</b>	<b>2006</b>
	\$'000	\$'000
<b>16. Cash</b>		
Cash at bank	216,069	134,351
Short term deposits	71,594	28,074
	<u><b>287,663</b></u>	<u><b>162,425</b></u>

The interest rate earned from cash at bank and short-term deposits ranged from 4.5% to 6.5% per annum. Short term deposits have maturity dates of three months or less.

**17. Trade and Other Receivables**

Trade receivables	98,617	64,430
Other receivables	1,956	2,292
	<u><b>100,573</b></u>	<u><b>66,722</b></u>

Trade receivables have been reduced by an amount of:

- \$82.375m (2006: \$65.786m) relating to the pre-financing by Implats of delivered PGM concentrates. This amount is subject to interest at the London Inter-Bank Offered Rate (LIBOR) plus 1%. It is repayable in 3 instalments during July, August and September 2007.
- \$38.518m (2006: \$26.741m) relating to the pre-financing by Rustenburg Platinum Mines Limited of delivered PGM concentrates. This amount is subject to interest at the Johannesburg Interbank Acceptance Rate (JIBAR) plus 2.75%. It is repayable in 3 instalments during July, August and September 2007.

Included in trade receivables is an amount of \$26.550m relating to the sale of concentrate by Mimosa. Following a decree by the Zimbabwean Government, Mimosa is required to repatriate 40% of US dollar sales into Zimbabwean dollars. The Company anticipates that much of this will be utilised in meeting local production costs. Remaining holdings of Zimbabwean currency will be subject to revaluation as required.

**18. Available for Sale Investments – Current**

Shares quoted on prescribed stock exchange	4	4
	<u><b>4</b></u>	<u><b>4</b></u>

Available for sale financial assets consist of investments in ordinary shares and therefore have no fixed maturity date or coupon rate.

**19. Inventories**

Ore stockpiled at cost	7,059	4,099
PGM concentrates at cost	2,115	2,293
Consumables at cost	16,949	13,431
	<u><b>26,123</b></u>	<u><b>19,823</b></u>

Inventories to the value of \$13.39m (2006: 8.01m) serve as security for the loan from Rand Merchant Bank Limited. Refer Note 21(a).

## Aquarius Platinum Limited

### Notes to the consolidated financial statements at 30 June 2007

	2007	2006
	\$'000	\$'000
<b>20. Payables (Non-Current)</b>		
Loans – other corporations (unsecured) (a)	52,007	128,843
Amount due to joint venture participant in respect of mine closure costs (b)	2,221	1,261
	<u>54,228</u>	<u>130,104</u>

(a) Loans – other corporations refers to non-interest bearing shareholder loans payable by AQP(SA) totalling ZAR 368,000,000 (2006: ZAR 936,702,193). The loans are denominated and repayable in ZAR and have no fixed terms of repayment. These loans rank pari passu with the other shareholder loans and are subordinate to the Rand Merchant Bank Limited loan referred to at Note 21(a).

(b) Based on the first and second Notarial Pooling and Sharing agreements (PSA) with Anglo Platinum, AQP(SA) holds a contractual right to recover 50% of the rehabilitation liability relating to environmental rehabilitation resulting from PSA operations from Rustenburg Platinum Mines Limited (RPM), where this rehabilitation relates to property owned by AQP(SA). Likewise RPM holds a contractual right to recover 50% of the rehabilitation liability relating to environmental rehabilitation resulting from PSA operations from AQP(SA), where the rehabilitation relates to property owned by RPM. Refer also Note 11.

### 21. Interest-Bearing Loans and Borrowings (Non-Current)

ZAR loan facility (a)	6,893	6,709
USD loan facility (a)	19,976	19,515
Loan – other corporation (unsecured)	-	13,755
Other secured loans (b)	343	346
Finance lease liabilities	4,060	5,047
	<u>31,272</u>	<u>45,372</u>
<b>Total facility available:</b>		
Rand Merchant Bank loan facility	63,595	61,897
	<u>63,595</u>	<u>61,897</u>
<b>Unused facility available:</b>		
Rand Merchant Bank loan facility	36,726	35,673
	<u>36,726</u>	<u>35,673</u>

(a) The loans from Rand Merchant Bank Limited bear interest and are secured as follows:

- Interest is incurred at 190 basis points over Johannesburg Interbank Acceptance Rate (JIBAR) and London Inter-Bank Offered Rate (LIBOR) for the Rand and US Dollar tranches respectively. Interest is paid on a quarterly basis.
- The loan is secured by a first ranking fixed and floating charge over all assets of the company. AQP has also provided a guarantee limited to its shareholding in AQP(SA) as security.

## Aquarius Platinum Limited

### Notes to the consolidated financial statements at 30 June 2007

- The loan from Rand Merchant Bank Limited is a revolving credit facility comprising a ZAR450 million loan facility, a R200 million standby facility, and a R50 million guarantee facility. The facility can be reapportioned semi-annually between Rand and US dollars subject to at least 25% of the facility being denominated in ZAR. The total available facility reduces equally over twelve instalments bi-annually commencing 30 June 2006. Loan repayments are only required to the extent that the amount drawn exceeds the available facility.
- (b) Other secured loan of ZAR2,337,999 (2006: 2,450,203) is payable to the Land and Agricultural Bank of South Africa by a subsidiary, TKO Investment Holdings Ltd. The loan bears interest at 11.5% and is repayable in annual instalments of ZAR398,7467 on 15 June each year. The loan is secured by a first mortgage bond on all the fixed properties amounting to ZAR2,337,999 within the TKO group and cross guarantees between all the companies in the TKO group.
- (d) Finance lease obligations are capitalised at an effective interest rate of LIBOR plus 2% with a lease term of between 12 and 48 months.

The interest bearing and interest free loans (referred to at Note 20(a)) rank pari passu with the other shareholder loans and are subordinate to the Rand Merchant Bank Limited loan

	<b>2007</b>	<b>2006</b>
	\$'000	\$'000
<b>22. Provisions (Non-Current)</b>		
Provision for mine site rehabilitation	68,949	32,057
Employee entitlements	77	51
	<b>69,026</b>	<b>32,108</b>
Movement in provision:		
Balance at beginning of the year	32,108	24,526
Additional provision for employee entitlements	26	52
Additional mine site closure costs provided	35,949	9,499
Payments for minesite closure cost	(3,612)	(1,821)
Interest adjustment due to accretion in mine-site rehabilitation liability	3,707	1,715
Net exchange differences	848	(1,863)
Balance at end of year	<b>69,026</b>	<b>32,108</b>

The mines for which the provision has been raised are expected to have remaining mine lives in the range of 13 to beyond 30 years.

#### *Provision for mine site rehabilitation*

The provision for rehabilitation represents the cost of restoring site damage following initial disturbance. Increases in the provision are capitalised to deferred mining assets to the extent that the future benefits will arise. Cost incurred that related to an existing condition caused by past operations and do not have a future economic benefit are expensed.

#### *Provision for employee entitlements*

The provision for employee entitlements represents accrued employee leave entitlements.

**Aquarius Platinum Limited**  
**Notes to the consolidated financial statements at 30 June 2007**

	<b>2007</b>	<b>2006</b>
	\$'000	\$'000
<b>23. Trade and Other Payables (Current)</b>		
Trade payables	43,747	31,722
Amounts owing to former shareholders	9	9
Other payables – other corporations	959	1,121
	<b>44,715</b>	<b>32,852</b>

Trade and other payables are predominantly denominated and repayable in ZAR and USD and located in South Africa and Zimbabwe.

**24. Interest Bearing Loans and Borrowings (Current)**

Lease liabilities	4,049	29
Loans – other corporations (unsecured) (a)	534	-
	<b>4,583</b>	<b>29</b>

(a) Loans – other corporations refers to an amount payable during July 2007 to the African Banking Corporation of Botswana. The rate of interest on the loan is 10.82%.

**25. Provisions (Current)**

Provision for employee entitlements	<b>576</b>	<b>373</b>
Movement in provision:		
Balance at beginning of the year	373	330
Additional provision	195	64
Net exchange differences	8	(21)
Balance at end of year	<b>576</b>	<b>373</b>

*Provision for employee entitlements*

The provision for employee entitlements represents accrued employee leave entitlements.

**26. Issued Capital**

**a) Authorised capital**

530,000,000 (2006: 530,000,000) common shares with a par value of \$0.15 each	79,500	79,500
5 (2006: 5) "A" class shares with a par value of \$2,400 each	12	12
50,000,000 (2006: 50,000,000) preference shares with a par value of \$0.15 each	7,500	7,500
	<b>87,012</b>	<b>87,012</b>

**Aquarius Platinum Limited**  
**Notes to the consolidated financial statements at 30 June 2007**

	<b>2007</b>	<b>2006</b>
	\$'000	\$'000
<b>b) Issued capital</b>		
85,485,101 (2006: 84,348,225) common shares of \$0.15 each fully paid	<u>12,823</u>	<u>12,652</u>
<b>Movement in issued capital:</b>		
Balance at beginning of year (84,348,225 common shares)	12,652	12,413
Issued on exercise of share options 1,136,876 (2006: 1,594,333 common shares)	171	239
Balance at end of year (85,485,101 common shares)	<u>12,823</u>	<u>12,652</u>

**Terms and Conditions of Issued Capital**

Common shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Preference shares, when issued, have rights and restrictions attaching to them as determined by the Board, in accordance with the Bye-Laws of the Company.

**Options**

For information regarding the Company's Option Plans, refer Note 32.

**Black Economic Empowerment (BEE) Transaction**

*South Africa*

The BEE transaction announced to shareholders on 26th July 2004 and approved by shareholders in Special General Meeting on 11th October 2004 was formally executed with the receipt of ZAR860 million in cash by the Aquarius Group on the 29th October 2004.

The transaction has two key components, the first of which is complete.

The first step saw the BEE consortium, led by Savannah Resources (Pty) Limited (Savcon), subscribe for a 29.5% shareholding in the enlarged share capital of AQP(SA) as follows:

- Savcon were issued with 400 shares in AQP(SA) for cash of \$38,192,616 (ZAR234,544,678) and shareholder loans of \$97,439,401 (R598,385,104). The terms and conditions of the loans are as follows:
  - I. a loan of ZAR498,385,104 that is unsecured, subordinated to AQP(SA)'s third party debt, is interest free, has no fixed terms of repayment and ranks pari passu with the other shareholder loans; and
  - II. a loan of ZAR100,000,000 that is unsecured, subordinated to AQP(SA)'s third party debt, bears interest at a rate of 12.745% per annum, has no fixed terms of repayment and ranks pari passu with the other shareholder loans.
- Aquarius also agreed to sell 13 AQP(SA) shares to Savcon for \$4,445,028 (ZAR27,070,218).

**Aquarius Platinum Limited**  
**Notes to the consolidated financial statements at 30 June 2007**

Concurrently Impala Platinum Holdings Limited (Impala) acquired an additional holding in AQP(SA) from Aquarius to increase their shareholding to 20% in AQP(SA) following the dilution resulting from the issue of the new shares in AQP(SA) to the BEE consortium. Aquarius agreed to sell 30 AQP(SA) shares to Impala for \$11,471,938 (ZAR71,500,000). This was settled by the cession of ZAR71,500,000 of interest bearing loan account to Aquarius.

On 26 April 2007 the Company announced the acquisition of a 3.5% equity interest in AQP(SA) from Savcon for a cash consideration of ZAR342.5 million following the receipt of a Section 11(1) Consent from the South African Department of Minerals and Energy. As a result of the transaction Aquarius increased its ownership interest AQP(SA) from 50.5% to 54%. The difference between the consideration of \$33.148m and the book value of the interest acquired has been treated as an equity transaction. Refer Note 27d.

Currently, the shareholdings in AQP(SA) are as follows:

- 54% interest by Aquarius;
- 26% by the Savcon; and
- 20% held by Impala.

The second step of the transaction will in time and subject to the conditions detailed in the notice of meeting to shareholders dated 17th September 2004, see Savcon sell its 26% holding in AQP(SA) along with cession of all of their claims in respect of the above loans in exchange for 21,680,952 new Aquarius shares.

Following this exchange, Aquarius will hold 80% of AQP(SA) and Savcon constituent members will hold approximately 23% of the enlarged share capital of Aquarius.

If the final component of the transaction were not to proceed, the ownership structure of AQP(SA) as detailed above would remain unchanged.

	<b>2007</b>	<b>2006</b>
	\$'000	\$'000
<b>27. Reserves</b>		
Share premium reserve	149,423	143,621
Foreign exchange reserve	(988)	(6,476)
Equity benefits reserve	351	(56)
Equity reserve	(22,584)	10,564
	<b>126,202</b>	<b>147,653</b>
<b>Movement in reserves:</b>		
a) Share premium reserve		
Balance at beginning of year	143,621	136,669
Premium on common shares issued on exercise of share options	5,802	6,952
Balance at end of year	<b>149,423</b>	<b>143,621</b>

The share premium reserve is used to record the premium arising on the issue of shares calculated as the difference between the issue price and the par value of \$0.15 per share.

**Aquarius Platinum Limited**  
**Notes to the consolidated financial statements at 30 June 2007**

	<b>2007</b>	<b>2006</b>
	\$'000	\$'000
b) Foreign currency translation reserve		
Balance at beginning of year	(6,476)	7,469
Gain/(loss) on translation of foreign subsidiaries	5,488	(13,945)
Balance at end of year	<b>(988)</b>	<b>(6,476)</b>

The foreign currency translation reserve is used to record currency differences arising from the translation of the financial statements of foreign operations

c) Equity benefits reserve		
Balance at beginning of year	(56)	(2,928)
Value of equity benefits granted to employees	100	252
Repayment of employee share plan loans	307	2,620
Balance at end of year	<b>351</b>	<b>(56)</b>

The equity benefits reserve is used to record the value of equity benefits granted to employees and the value of shares reserved under the share plan.

d) Equity reserve		
Balance at beginning of year	10,564	10,564
Premium paid on acquisition of additional 3.5% equity interest in AQP(SA)	(33,148)	-
Balance at end of year	<b>(22,584)</b>	<b>10,564</b>

The equity reserve is used to record gains and losses associated with transactions with minority shareholders where the Group maintains control of the subsidiary.

**28. Retained Earnings**

Balance at beginning of the year	155,254	78,801
Final dividend paid	(15,208)	(4,146)
Interim dividend paid	(10,156)	(5,031)
Net profit for the year	187,223	85,630
Balance at end of year	<b>317,113</b>	<b>155,254</b>

**29. Minority Interest**

Reconciliation of outside equity interests in subsidiaries:

Balance at beginning of the year	78,278	32,573
Share in post acquisition equity movements of AQP(SA)	98,129	45,705
Balance at end of year	<b>176,407</b>	<b>78,278</b>

Minority interest comprises:

Issued capital	-	-
Reserves	11,383	8,302
Retained earnings	165,024	69,976
	<b>176,407</b>	<b>78,278</b>

Minority interest relates to a 46.0% (2006: 49.5%) interest in Aquarius Platinum (South Africa) Pty Limited and its subsidiaries.

## Aquarius Platinum Limited

### Notes to the consolidated financial statements at 30 June 2007

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#### 30. Contingent Liabilities

The mining contract dispute between the company and Moolman Mining South Africa ("MMSA") that originally arose over the interpretation of the contract price adjustment formula in the contract known as the "rise and fall" which determined mining costs, has not been settled. AQP(SA) resiled from the mining contract in December 2005 on the basis of misrepresentation by MMSA. MMSA submitted a total claim on the termination of the contract of ZAR472m (\$66.70 million) including an amount in respect of the "rise and fall" after AQP(SA) issued summons against MMSA for ZAR964m (\$136.2 million) for damages emanating from misrepresentation. The company has served a plea to MMSA's counter claim. APQSA does not believe that there are any amounts owing to MMSA as the company has been advised by its legal representatives that the misrepresentation by MMSA results in no amounts whatsoever being payable by the company to MMSA. Accordingly, counsel has advised the Group that it is not probable that the action by MMSA will succeed and therefore no provision for liability has been provided for in the financial statement

	<b>2007</b>	<b>2006</b>
	\$'000	\$'000

#### 31. Expenditure Commitments

##### a) Operating lease (non cancellable)

Not later than 1 year	68	68
Later than 1 year but not later than 5 years	119	137
	<b>187</b>	<b>205</b>

##### b) Finance Lease commitments

Not later than 1 year	4,366	2,450
Later than 1 year but not later than 5 years	4,131	2,955
Total minimum, lease payments	8,497	5,405
less future finance charges	(388)	(329)
Present value of minimum lease payments	<b>8,109</b>	<b>5,076</b>

Disclosed in the consolidated accounts as:

Current interest bearing liability (Note 24)	4,049	29
Non-current interest bearing liability (Note 21)	4,060	5,047
	<b>8,109</b>	<b>5,076</b>

##### c) Capital expenditure (non cancellable)

	101,071	70,364
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These commitments represent contractual commitments relating to development activities at the Everest, Marikana and Kroondal projects and include AQP(SA)'s share of capital expenditure associated with the capital development of those mines.

**Aquarius Platinum Limited**  
**Notes to the consolidated financial statements at 30 June 2007**

**32. Share Based Payment Plans**

**Directors' and Employees' Share and Option Plans**

Aquarius has a Share Plan and an Option Plan ("Plans") for directors and employees. The Remuneration Committee administers the Company's Plans, which were established pursuant to a resolution passed at the Annual General Meeting of Aquarius held on 3 December 2001. Participation in the Plans will be at the discretion of the remuneration committee, having regard to:

- a) the seniority of the participant and the position the participant occupies with the company or subsidiary;
- b) the length of service of the participant with the company or subsidiary;
- c) the record of employment of the participant with the company or subsidiary;
- d) the potential contribution of the participant to the growth and profitability of the company or subsidiary; and
- e) any other matters which the committee considers relevant.

**Option Plan**

Options granted under the Option Plan may not be transferred without written approval from the Board of Directors. Each option entitles the holder to one fully paid common share, which ranks equally in all respects with other shares on issue. The option exercise price approximates the fair value of the shares at the date of offer, being the average of the last sold prices on the LSE in the five dealing days prior to the offer date. No person entitled to exercise options has any right by virtue of the option to participate in any share issue of the company or any related body corporate. Information with respect to the number of options granted under the Option Plan is as follows:

Options	Balance at beginning of year	Number of Options			Balance at end of year
		Granted	Forfeited	Exercised	
Exercise price of £2.50, granted 24 October 2001, expiring 24 October 2011 (a) (i)	99,000	-	-	99,000 (iv)	-
Exercise price of £3.32, granted 21 November 2003, expiring 21 November 2013 (a) (i)	301,667	-	13,334	194,999 (v)	93,334
Exercise price of £2.54, granted 11 June 2004, expiring 11 June 2011 (a) (ii)	1,093,967	-	27,207	578,280 (vi)	488,480
Exercise price of £2.54, granted 11 October 2004, expiring 11 October 2011 (a) (iii)	209,865	-	-	69,955 (vii)	139,910
Exercise price of £2.92, granted 20 October 2004, expiring 20 October 2011 (a) (iii)	479,605	-	67,036	194,642 (viii)	217,927
Exercise price of £3.32, granted 2 August 2005, expiring 2 August 2012 (b) (ii) (ix)	78,965	-	-	-	78,965
Exercise price of £7.01, granted 26 May 2006, expiring 26 May 2013 (b) (ii) (x)	80,036	-	-	-	80,036
<b>Total</b>	<b>2,343,105</b>	<b>-</b>	<b>107,577</b>	<b>1,136,876</b>	<b>1,098,652</b>
Options Exercisable	300,111				97,848

(a) Options vested on grant date

(b) Options vested in accordance with Note (ii) below.

## **Aquarius Platinum Limited**

### **Notes to the consolidated financial statements at 30 June 2007**

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- (i) Options granted under the Option Plan are exercisable on the following terms:
  - a) After 12 months have lapsed from the acceptance date, in respect of not more than one-third of the total number of those options;
  - b) After 24 months have lapsed from the acceptance date, in respect of not more than two-thirds of the total number of those options; and
  - c) After 36 months have lapsed from the acceptance date, in respect of the balance of those options.
- (ii) Options granted under the Option Plan are exercisable on the following terms:
  - a) After 36 months have lapsed from the acceptance date, in respect of not more than one-third of the total number of those options;
  - b) After 48 months have lapsed from the acceptance date, in respect of not more than two-thirds of the total number of those options; and
  - c) After 60 months have lapsed from the acceptance date, in respect of the balance of those options.
- (iii) Options granted under the Option Plan are exercisable on the following terms:
  - a) After 30 months have lapsed from the date of grant, in respect of not more than one-third of the total number of those options;
  - b) After 42 months have lapsed from the date of grant, in respect of not more than two-thirds of the total number of those options; and
  - c) After 54 months have lapsed from the date of grant, in respect of the balance of those options.
- (iv) The weighted average share price at the date of exercise for the options exercised is £12.89
- (v) The weighted average share price at the date of exercise for the options exercised is £9.32
- (vi) The weighted average share price at the date of exercise for the options exercised is £15.37
- (vii) The weighted average share price at the date of exercise for the options exercised is £15.30
- (viii) The weighted average share price at the date of exercise for the options exercised is £15.36
- (ix) Options granted during the 2006 financial year have been valued at £1.09 per option using a Black & Scholes option-pricing model which utilised the following variables: option exercise price - £3.32, dividend yield – 1.1%, expected volatility of share price - 38%, risk free rate - 4.33% and the time to maturity of the option - 7 years
- (x) Options granted during the 2006 financial year have been valued at £3.67 per option using a Black & Scholes option-pricing model which utilised the following variables: option exercise price - £7.01, dividend yield – 0.91%, expected volatility of share price - 42%, risk free rate - 4.65% and the time to maturity of the option - 7 years.

The weighted average remaining contractual life for Options outstanding at the end of the financial year is 4.5 years (2006: 5.5 years).

#### **Share Plan**

Shares issued under the Share Plan may not be transferred without written approval from the Board of Directors.

The shares are unlisted and the company retains control of the shares until they are exercised.

Shares are issued at fair value, which is determined as the average of the last sold prices on the LSE in the five dealing days prior to the offer date. The shares issued are common shares, which carry one vote per share without restriction and an entitlement to dividends. The purchase of shares is funded by an interest-free loan, which is repayable on or before five years after the shares have been issued. The amount repayable is the lesser of the issue price of the shares and the last sale price of the shares at the repayment date.

**Aquarius Platinum Limited**  
**Notes to the consolidated financial statements at 30 June 2007**

Dividends payable on shares issued under the Share Plan are offset against the value of any loans receivable. The plan is accounted for as an option award.

Information with respect to the number of shares granted under the employee Share Plan is as follows:

Shares	2007		2006	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Balance at beginning of year	50,000	£3.43	630,000	£2.64
- granted	-	-	-	-
- forfeited	-	-	-	-
- exercised *	(50,000)	£3.43	(580,000)	£2.58
Balance at end of year	-	-	50,000	£3.43
Exercisable at beginning of year	50,000	£3.43	630,000	£2.65
Exercisable at end of year	-	-	50,000	£3.43

\* The weighted average share price at exercise date at £9.75 (2006: £6.61).

Further information on the terms and conditions of the Share and Option Plans are available on request.

**Pensions and Other Post Employment Benefit Plans**

Employer entities within the Group participate in defined contribution pension plans for eligible employees in accordance with the applicable laws in their country of domicile. Contributions made by the Group ranged from 8% to 20% of the employees' base salary.

**2007**  
\$'000

**2006**  
\$'000

**33. Related Party Disclosures**

**Compensation of Directors and key management personnel of the group:**

Compensation of Directors:

Short term benefits	1,827	1,983
Post employment pension benefits	33	34
	<b>1,860</b>	<b>2,017</b>

Compensation of key executives:

Short term benefits	931	1,356
Post employment pension benefits	190	164
Share based payments	100	-
	<b>1,221</b>	<b>1,520</b>

Total remuneration of Directors and executives of the Company in respect of the financial year

**3,081**                      **3,537**

**Aquarius Platinum Limited**  
**Notes to the consolidated financial statements at 30 June 2007**

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Mr S.A. Murray is entitled to:

- 139,910 options exercisable at £2.54 per share expiring 11 October 2011. The options vest in three even tranches on 11 June 2007, 11 June 2008 and 11 June 2009. These have been valued at £1.17 using a Black & Scholes option-pricing model, which utilised the following variables: option exercise price - £2.54, dividend yield – 1.1%, expected volatility of share price - 38%, risk free rate - 4.81% and the time to maturity of the option - 7 years. The remaining contractual life for the options outstanding is 3.3 years. During the year 69,955 options were exercised, total consideration received by the Group was £177,685.

The Top 5 Executives are entitled to:

- 145,879 options exercisable at £2.54 per share up to 11 June 2011. The options vest evenly 11 June 2007, 11 June 2008 and 11 June 2009. These have been valued at £1.17 per option using a Black & Scholes option-pricing model which utilised the following variables: option exercise price - £2.54, dividend yield – 1.1%, expected volatility of share price - 38%, risk free rate - 4.81% and the time to maturity of the option - 7 years. The remaining contractual life for the options outstanding is 4.0 years.
- 50,098 options exercisable at £2.92 per share up to 20 October 2011. The options vest evenly on 20 October 2007, 20 October 2008 and 20 October 2009. These have been valued at £1.43 per option using a Black & Scholes option-pricing model which utilised the following variables: option exercise price - £2.50, dividend yield – 1.1%, expected volatility of share price - 61%, risk free rate - 4.73% and the time to maturity of the option – 7 years. The remaining contractual life for the options outstanding is 4.3 years.
- 80,036 options exercisable at £7.01 per share up to 26 May 2013. The options vest evenly on 26 May 2009, 26 May 2010 and 26 May 2011. These have been valued at £2.54 per option using a Black & Scholes option-pricing model which utilised the following variables: option exercise price - £7.01, dividend yield – 1.1%, expected volatility of share price - 38%, risk free rate - 4.3% and the time to maturity of the option – 7 years. The remaining contractual life for the options outstanding is 5.9 years.

**Related Parties**

**a) Subsidiary Companies**

Details of subsidiary companies are as follows:

Name	Country of incorporation	% Equity Interest	
		2007	2006
Aquarius Platinum (Australia) Limited	Australia	100%	100%
Aquarius Platinum Corporate Services Pty Ltd	Australia	100%	100%
Aquarius Platinum (South Africa) (Pty) Ltd	South Africa	54%	50.5%
Kroondal Platinum Mines Limited	South Africa	100%	100%
Malfeb (Pty) Ltd	South Africa	100%	100%
Magaliesburg Properties (Pty) Limited	South Africa	54%	50.5%
Aquarius Platinum (SA) Corporate Services (Proprietary) Limited	South Africa	100%	100%
TKO Investment Holdings Ltd	South Africa	54%	50.5%
TKO Farming Enterprises (Pty) Limited	South Africa	54%	50.5%
TKO Properties (Pty) Limited	South Africa	54%	50.5%
Natal Kiwi Orchards (Pty) Limited	South Africa	54%	50.5%
SA Kiwifruit Industries (Pty) Limited	South Africa	54%	50.5%

**Aquarius Platinum Limited**  
**Notes to the consolidated financial statements at 30 June 2007**

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**b) Jointly Controlled Entities**

Details of jointly controlled entities are as follows:

Name	Country of Incorporation	% Equity Interest	
		2007	2006
Mimosa Investments Limited	Mauritius	50%	50%
Mimosa Holdings (Private) Limited	Zimbabwe	50%	50%
Mimosa Mining Company (Private) Limited	Zimbabwe	50%	50%

**c) Transactions within the Group**

During the financial year, unsecured loan advances were made by subsidiaries within the Group and between subsidiaries and the parent entity. Certain such loans carried a discounted rate of interest. Intra-entity loan balances have been eliminated in the financial statements of the Group.

**d) Other Related Party Transactions**

AQP(SA) has a related party relationship with Impala Platinum Holdings Limited and Impala Refining Services Limited. Impala Platinum Holdings Limited is a 20% shareholder in AQP(SA). During the year Impala Refining Services Limited, a subsidiary of Impala Platinum Holdings Limited purchased concentrate from AQP(SA) amounting to ZAR 2,765,369,462 (2006: ZAR 1,510,514,389). Amounts owing at year-end are disclosed at Note 17.

**34. Financial Risk Management Objectives and Policies**

Exposure to foreign currency, interest rate, commodity price and credit risk arises in the normal course of the group's business. No derivative financial instruments are used to reduce the exposure to fluctuations in foreign exchange rates, interest rates and movements in the metal prices.

The carrying amount of recognised financial instruments approximates their net fair value.

**Interest rate risk**

The group's exposure to changes in interest rates relates primarily to cash holdings and long-term debt obligations with loans that are subject to floating interest rates. This includes exposure to interest rate cash flow risk as a change in the interest rate will not result in a corresponding change in the borrowings fair value.

**Foreign currency risk**

The group is exposed to foreign exchange movements on its net investment in foreign subsidiaries and on assets and liabilities held in foreign currencies. As a result, movements in exchange rates can affect the group's balance sheet significantly.

The group also has transactional foreign exchange exposures. Sale of PGM concentrate by AQP(SA) and Mimosa is priced in USD based on the average market price of the month ruling three months after the month of delivery.

Following a decree by the Zimbabwean Government, Mimosa is required to repatriate 40% of US dollar sales into Zimbabwean dollars. The Company anticipates that much of this will be utilised in meeting local production costs. Remaining holdings of Zimbabwean currency will be subject to revaluation as required.

**Credit risk**

Credit risk arising from the inability of a counterparty to meet its obligations under the terms of a contract with the group relates mainly to trade receivables which are settled three months after the month of delivery. The group's maximum exposure to credit risk in the event the counterparty fails to perform its obligations as at 30 June 2007 is the carrying amount of trade receivables in the balance sheet. The group believes that such risk, however, is minimal in view of the credit worthiness of the counterparty.

The group's maximum exposure to credit risk at 30 June 2007 in relation to each class of recognised financial assets is the carrying amount of these assets as indicated in the balance sheet.

**Liquidity risk**

At year end, twenty eight percent of all of the long and short-term borrowings were due to mature within five years. Short-term flexibility is achieved by re-negotiating the repayment terms of existing borrowings and by having loans which are interest free with no fixed terms of repayment and which make up more than seventy percent of the outstanding borrowings balance.

**Commodity price risk**

The group is exposed to price risk as a result of changes in the market price of metals.

**Fair Value**

Except for the shareholder loans which are interest free with no fixed terms of repayment the fair value of the financial assets and financial liabilities approximates their carrying amount at balance sheet date.

**35. Events After Balance Sheet Date**

The directors declared a dividend of \$0.30 per share on 8 August 2007. There have been no other events after balance date.

**36. Auditor's Remuneration**

Amounts received or due and receivable by Ernst & Young for:

	<b>2007</b>	<b>2006</b>
	\$'000	\$'000
- an audit or review of the financial report of the company and any other entity in the consolidated group	403	206
- other services in relation to the company and any other entity in the consolidated group	145	68
	<b>548</b>	<b>274</b>

**Aquarius Platinum Limited**  
***Directors' Declaration***

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In accordance with a resolution of the Board of Directors of Aquarius Platinum Limited, I state that:

In the opinion of the Directors:

- a) the financial statements and notes of the consolidated entity:
  - I. give a true and fair view of the financial position as at 30 June 2007 and the performance for the year ended on that date of the consolidated entity; and
  - II. comply with International Accounting Standards; and
  
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Stuart Murray  
Director

24 September 2007

## **Independent Audit Report to Members of Aquarius Platinum Limited**

We have audited the accompanying financial report of Aquarius Platinum Limited and the entities it controlled (“the Group”) during the year ended 30 June 2007, which comprises the consolidated balance sheet as at 30 June 2007 and the consolidated income statement, consolidated statement of recognised income and expenses and consolidated cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors’ declaration.

### *Directors’ Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of this financial report in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor’s Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity’s preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

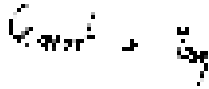
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence*

We are independent of the company, and have met the independence requirements of Australian and International professional ethical pronouncements.

*Opinion*

In our opinion, the consolidated financial report presents fairly in all material respects the financial position of the Group as of 30 June 2007, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



Ernst & Young



V W Tidy

Partner

Perth

Date: 24 September 2007

## **Aquarius Platinum Limited**

### ***Additional Shareholder Information***

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The following information was reflected in the Company's registers and other records as at 6 September 2007.

#### **Distribution of Shareholders**

	Ordinary Shares Number of Holders
1 - 1,000	3,323
1,001 - 5,000	565
5,001 - 10,000	116
10,001 - 100,000	221
100,001 - and over	123
<b>TOTAL</b>	<b>4,348</b>

There were 55 holders of ordinary shares holding less than a marketable parcel.

#### **SUBSTANTIAL SHAREHOLDERS**

The following shareholders have a substantial shareholding in the Company:

<b>Shareholder</b>	<b>Number of shares</b>	
	<b>Fully paid shares</b>	<b>%</b>
Impala Platinum Holdings Ltd	7,127,276	8.33
Nutraco Nominees Limited	5,663,940	6.62

#### **Voting Rights**

Only the shares carry voting rights, which upon a poll are one vote for each share held.

**Aquarius Platinum Limited**  
**Additional Shareholder Information**

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**Twenty largest holders of fully paid shares**

<b>Shareholder</b>	<b>No. of shares</b>	<b>%</b>
1 Impala Platinum Holdings Ltd.	7,127,276	8.33
2 Nutraco Nominees Limited	5,663,940	6.62
3 State Street Nominees Limited (4545)	3,717,648	4.35
4 HSBC Global Custody Nominee (UK) Limited (357206)	2,435,573	2.85
5 The Bank of New York (Nominees) Limited	2,377,032	2.78
6 Vidacos Nominees Limited (5437)	2,307,349	2.70
7 ANZ Nominees Limited (Cash Income A/C)	2,009,112	2.35
8 Cooperatieve Centrale Raiffeisen-Boerenleenbank BA (RABO1)	1,880,653	2.20
9 Nortrust Nominees Limited (FIDLEND)	1,830,000	2.15
10 HSBC Custody Nominees (Australia) Limited	1,672,417	1.96
11 Vidacos Nominees Limited (FGN)	1,417,639	1.66
12 Chase Nominees Limited	1,403,961	1.64
13 State Street Nominees Limited (SS01)	1,371,753	1.60
14 National Nominees Limited	1,215,457	1.42
15 State Street Nominees Limited (OMO1)	1,202,524	1.41
16 Chase Nominees Limited (USRESLD)	1,157,110	1.35
17 Prudential Client HSBC GIS Nominee (UK) Limited (PAC)	1,154,500	1.35
18 State Street Nominees Limited (OMO2)	1,137,939	1.33
19 JP Morgan Nominees Australia Limited	1,114,866	1.30
20 Vidacos Nominees Limited (SLO32)	1,107,847	1.30
<b>Top 20 Shareholders</b>	<b>43,313,596</b>	<b>50.65</b>
<b>Other Shareholders</b>	<b>42,197,826</b>	<b>49.35</b>
<b>Total</b>	<b>85,511,422</b>	<b>100.00</b>

## **Aquarius Platinum Limited**

### ***Additional Shareholder Information***

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#### **INCORPORATION AND GENERAL INFORMATION**

The Company was incorporated in Bermuda as an exempted company and is subject to Bermudian law.

In Australia, the Company is registered as a foreign company under the Australian Corporations Act (registration no. ARBN 087 577 893). It is not subject to Chapter 6 of the Australian Corporations Act dealing with the acquisition of shares (including substantial shareholdings and takeovers). However, the Company has inserted into its bye-laws some restrictions on the ability to acquire shares in the Company. These sections of the bye-laws reflect the restrictions on acquisitions of shares contained in Parts 6.1 and 6.2 of the Australian Corporations Act. The Company has undertaken to comply with the Listing Rules of the ASX.

Bermuda law does not impose any limitation on the acquisition of securities in the Company.

#### **CORPORATE INFORMATION**

The consolidated financial statements for Aquarius for the year ended 30 June 2007 were authorised for issue in accordance with a resolution of the directors on 24 September 2007. Aquarius is a limited company incorporated and registered as an “exempted company” in Bermuda. As an “exempted company”, Aquarius is authorised to carry on business outside Bermuda but may not (except in certain circumstances) carry on business within Bermuda.

The consolidated financial statements have been presented using United States Dollars as the reporting and measurement currency. The USD is traded at par with the Bermuda Dollar and accepted as the currency of Bermuda’s main industries.

The registered office of Aquarius is located at Clarendon House, 2 Church Street, Hamilton, Bermuda.

During the year, the principal activities of the Aquarius Group, which comprises Aquarius and its consolidated subsidiaries, were exploration, development and acquisition of PGM projects, and mining of PGM.

The Group predominantly operates in two countries and employed 56 employees as at 30 June 2007 (2006: 55).

## **Aquarius Platinum Limited**

### ***Additional Shareholder Information***

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#### **GLOSSARY OF TERMS**

The following definitions apply throughout the annual financial statements:

<b>Aquarius</b>	Aquarius Platinum Limited, the parent entity, a company incorporated in Bermuda with registration number EC 26290
<b>AQP(SA)</b>	Aquarius Platinum (South Africa) (Proprietary) Limited (registration number 2000/000341/07), a company incorporated in the Republic of South Africa and a controlled entity of Aquarius
<b>AQS</b>	Aquarius Platinum (Australia) Limited (A.B.N. 007 870 699), a company incorporated in Australia and a wholly owned subsidiary of Aquarius
<b>ASX</b>	Australian Stock Exchange
<b>AUD</b>	Australian Dollar
<b>GBP</b>	Great British Pound
<b>Implats</b>	Impala Platinum Holdings Limited (registration number 1957/001979/06), a company incorporated in the Republic of South Africa
<b>JSE</b>	JSE Securities Exchange South Africa
<b>KPM</b>	Kroondal Platinum Mines Limited (registration number 77/02213/06), a company incorporated in the Republic of South Africa and a controlled entity of Aquarius
<b>MIL</b>	Mimosa Investments Limited (registration number 26645/6593), a company incorporated in the Republic of Mauritius and a jointly controlled entity of Aquarius and Implats (formerly known as ZCE Platinum Limited)
<b>Mimosa</b>	Mimosa Mining Company (Private) Limited, a company incorporated in Zimbabwe
<b>LSE</b>	London Stock Exchange
<b>PGM</b>	Platinum group metals comprising mainly platinum, palladium, rhodium and gold
<b>P&amp;SA1</b>	Pooling & Sharing Agreement between AQP(SA) and RPM Ltd on Kroondal
<b>P&amp;SA2</b>	Pooling & Sharing Agreement between AQP(SA) and RPM Ltd on Marikana
<b>TKO</b>	TKO Investment Holdings Limited, a company incorporated in the Republic of South Africa and a controlled entity of AQP(SA)
<b>USD</b>	United States Dollar
<b>ZAR</b>	South African Rand
<b>ZWD</b>	Zimbabwe Dollar