

TRANS HEX GROUP LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1963/007579/06

Share code: TSX

ISIN: ZAE00018552

("Trans Hex" or the "Group")

AUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 AND DIVIDEND DECLARATION**FINANCIAL HEADLINES**

- Sales revenue increased by 35,1% to R939,7 million (2014: R695,7 million).
- Gross profit from South African land operations totalled R150,8 million (2014: R42,0 million).
- Impairments from Lower Orange River Operations amounted to R86,2 million (2014: nil).
- Proceeds from the disposal of the Group's 100% interest in Pioneer Minerals Proprietary Limited amounted to R35,0 million (2014: nil).
- Equity accounting profit from Somiluana amounted to R12,7 million (2014: nil).
- Equity accounting profit from West Coast Resources amounted to R123,3 million (2014: nil).
- Group profit after tax from continuing operations increased to R169,1 million (2014: loss of R5,1 million).
- Profit after tax from discontinued operations totalled R21,5 million (2014: R27,9 million).
- Group net profit increased to R190,6 million (2014: R22,7 million).
- The Group's net cash position at the end of the year was R407,2 million (2014: R397,6 million).
- Earnings per share increased by 160,4 cents to 181,1 cents (2014: 20,7 cents) and headline earnings per share increased by 68,8 cents to 78,6 cents (2014: 9,8 cents).
- Net asset value per share amounted to 630,0 cents (2014: 521,0 cents).

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	2015 R'000	2014 R'000
Continuing operations			
Sales revenue		939 685	695 730
Cost of goods sold		(788 847)	(653 736)
Gross profit		150 838	41 994
Share of results of associated companies	1	135 976	–
Royalties		(20 656)	(4 629)
Selling and administration costs		(75 899)	(71 620)
Mining profit/(loss)		190 259	(34 255)
Exploration costs		(2 171)	(3 762)
Other gains – net	2	53 369	21 407
Finance income		25 052	15 378
Finance costs		(4 705)	(4 995)
Impairment	3	(86 170)	–
Profit/(loss) before income tax		175 634	(6 227)
Income tax		(6 568)	1 112
Profit/(loss) for the year from continuing operations		169 066	(5 115)
Discontinued operations			
Profit for the year from discontinued operations	4	21 508	27 854
Profit for the year		190 574	22 739
Attributable to:			
Continuing operations		169 066	(5 115)
• Owners of the parent		169 950	(5 991)
• Non-controlling interest		(884)	876
Discontinued operations			
• Owners of the parent		21 508	27 854
		190 574	22 739
Earnings per share – basic and diluted (cents)			
• Continuing operations		160,8	(5,7)
• Discontinued operations		20,3	26,4
• Total		181,1	20,7
Shares in issue adjusted for treasury shares ('000)		105 699	105 699

	Notes	2015 R'000	2014 R'000
Headline earnings	5		
• Continuing operations		61 668	(17 459)
• Discontinued operations		21 508	27 854
• Total		<u>83 176</u>	<u>10 395</u>
Headline earnings per share (cents)			
• Continuing operations		58,3	(16,6)
• Discontinued operations		20,3	26,4
• Total		<u>78,6</u>	<u>9,8</u>
Average US\$ exchange rate		<u>11,05</u>	<u>10,20</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2015 R'000	2014 R'000
Profit for the year	190 574	22 739
Other comprehensive income net of tax:		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations	-	2 061
• Before-tax amount	-	2 863
• Tax expense	-	(802)
Items that may be subsequently reclassified to profit or loss		
Translation differences on foreign subsidiaries before and after tax	(17 529)	(8 560)
Reclassification of fair value adjustment on available-for-sale financial assets on disposal before and after tax	-	(37)
Reclassification of foreign currency differences on repayment of long-term receivables from foreign operations	(4 542)	-
Total comprehensive income for the year	<u>168 503</u>	<u>16 203</u>
Attributable to:		
• Owners of the parent	169 387	15 327
• Non-controlling interest	(884)	876
	<u>168 503</u>	<u>16 203</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2015 R'000	2014 R'000
ASSETS			
Non-current assets		466 682	391 393
Property, plant and equipment		152 184	279 000
Investment in associates	6	253 635	59 580
Investments held by environmental trust		57 431	52 813
Other financial assets		3 000	–
Deferred income tax assets		432	–
Current assets		553 003	560 378
Inventories	7	105 868	137 305
Trade and other receivables		37 205	21 670
Current income tax		2 750	3 853
Cash and cash equivalents		407 180	397 550
Total assets		1 019 685	951 771
EQUITY AND LIABILITIES			
Capital and reserves		665 742	549 231
Non-controlling interest		116	1 000
Non-current liabilities		117 065	148 488
Deferred income tax liabilities		8 632	46 138
Provisions		108 433	102 350
Current liabilities		236 762	253 052
Trade and other payables		117 268	126 263
Interest in joint ventures	4	119 450	125 188
Current income tax liabilities		44	320
Borrowings		–	1 281
Total equity and liabilities		1 019 685	951 771
Net asset value per share (cents)		630	521

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	2015 R'000	2014 R'000
Balance at 1 April	550 231	534 028
Total comprehensive income for the year	168 503	16 203
Dividends paid	(52 876)	–
Balance at end of year	665 858	550 231

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	2015 R'000	2014 R'000
Cash generated from operations	179 874	72 302
Movements in working capital	(6 783)	(11 404)
Income tax paid	(43 680)	(13 252)
Net cash generated from operating activities	129 411	47 646
Cash flows from investment activities	(65 624)	(7 691)
Property, plant and equipment		
• Proceeds from disposal	19	25 298
• Replacement	(38 263)	(31 638)
• Additional	(9 657)	(11 634)
Proceeds from disposal of investment	35 000	–
Proceeds from repayment of loan to Trans Hex Angola	7 477	10 283
Investments in associate	(57 200)	–
Investment in other financial assets	(3 000)	–
Cash flows from financing activities	(54 157)	(25 781)
Borrowings repaid	(1 281)	(25 781)
Dividends paid	(52 876)	–
Net increase in cash and cash equivalents	9 630	14 174
Cash and cash equivalents at beginning of year	397 550	383 376
Cash and cash equivalents at end of year	407 180	397 550

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2015 R'000	2014 R'000
1. Share of results of associated companies		
Consists of the following categories:		
• Somiluana – Sociedade Mineira, S.A.	12 715	–
The 33% investment in Somiluana is accounted for as an investment in an associate under the equity method.		
• West Coast Resources (Pty) Ltd	123 261	–
The 40% investment in West Coast Resources (previously known as Emerald Panther Investments 78 [Pty] Ltd) is accounted for as an investment in an associate under the equity method. Included in the profit is a gain of R132 million, being negative goodwill that arose as a result of the acquisition of assets and liabilities relating to Namaqualand Mines.		
	135 976	–
2. Other gains – net		
Other gains – net consist of the following categories:		
• Net foreign exchange gains	15 154	9 846
• Profit on sale of assets and investments	35 019	11 561
• Commission on sale of diamonds	3 195	–
	53 369	21 407

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

3. Impairment of assets

While conducting impairment reviews, the Group exercises judgement in making assumptions about future rough diamond prices, production volumes, ore reserves and resources included in the current life of mine plans, feasibility studies, future development and production costs, and macroeconomic factors such as inflation and discount rates. Value-in-use impairment models were prepared to assess mining assets for impairment.

The key assumptions used in performing the impairment tests by cash generating unit ("CGU") were as follows:

	2015	2014
Discount rate	13,42%	15,45%
Diamond price per carat	US\$1 292 – US\$1 679	US\$1 350 – US\$1 550
Forecasted US\$/ZAR exchange rate	R11,65/US\$ – R12,25/US\$	R10,65/US\$ – R11,35/US\$

The South African businesses consist of a number of CGUs that are represented by mining areas operated by the Group. Baken and Reuning are two separate CGUs that form part of the South African reporting segment. The recoverable values for each of these CGUs were derived from the value-in-use calculations performed, which was in excess of the fair value less costs to sell. The impairment charges and recoverable amounts relating to these CGUs are outlined below:

	Baken	Reuning	2015 R'000	2014 R'000
Carrying value pre-impairment	184 219	16 720	200 939	–
Recoverable amount	(113 195)	(1 574)	(114 769)	–
Impairment loss recognised	71 024	15 146	86 170	–
Impairment of property, plant and equipment				
• Mining plant and equipment			82 867	–
• Mine development costs			3 303	–
			86 170	–

4. Discontinued operations

On 5 October 2011, the Angolan Ministry of Geology, Mines and Industry revoked the mining rights of the Luarica and Fucaúma joint ventures as no mining activities had been performed at the sites for a period of three years as a result of the projects being placed under care and maintenance.

The prescription of unclaimed debts of R21,5 million (2014: R27,9 million) is included below.

Angolan joint ventures

Balance at beginning of year	125 188	134 798
Share of income from joint ventures	(21 508)	(27 854)
Profit before income tax	(21 508)	(27 854)
Taxation	–	–
Foreign exchange losses	15 770	18 244
Closing balance at end of year	119 450	125 188

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2015 R'000	2014 R'000
5. Reconciliation of headline earnings		
Continuing operations		
Profit/(loss) for the year	169 950	(5 991)
• Profit on sale of assets	(19)	(11 561)
• Taxation impact	5	93
• Profit on sale of investment	(35 000)	–
• Taxation impact	–	–
• Impairment of assets	86 170	–
• Taxation impact	(24 128)	–
• Foreign currency differences on repayment of long-term receivables from foreign operations reclassified to profit or loss	(4 542)	–
• Taxation impact	1 272	–
• Negative goodwill on assets acquired by associate	(132 040)	–
Headline earnings/(loss)	<u>61 668</u>	<u>(17 459)</u>
Discontinued operations		
Profit for the year	<u>21 508</u>	<u>27 854</u>
Headline earnings	<u>21 508</u>	<u>27 854</u>
6. Investment in associates		
• Loan to associate: Somiluana – Sociedade Mineira, S.A.	59 276	59 580
Balance at beginning of year	59 580	60 964
Repayment of loan amount	(7 477)	(10 283)
Foreign exchange differences	7 173	8 899
The loan to Somiluana represents a portion of the exploration costs previously incurred by the Group which is recoverable from the newly formed mining company. The loan does not form part of the net investment in the associate as settlement of the loan is considered likely to occur in the foreseeable future.		
• Investment in associate: Somiluana – Sociedade Mineira, S.A.	13 898	–
Balance at beginning of year	–	–
Share of results of associated company	12 715	–
Foreign exchange differences	1 183	–
The 33% investment in Somiluana is accounted for as an investment in an associate under the equity method. During 2014 the investment's liabilities exceeded its assets and, therefore, no equity accounted profit or loss was accounted for in the previous year.		
• Investment in associate: West Coast Resources (Pty) Ltd	180 461	–
Balance at beginning of year	–	–
Proportionate shareholder funding	52 000	–
Preferential loan	5 200	–
Share of results of associated company	123 261	–
Effective 28 October 2014, West Coast Resources (Pty) Ltd (previously known as Emerald Panther Investments 78 [Pty] Ltd), in which the Group holds a 40% interest, acquired assets and liabilities relating to Namaqualand Mines.		
	<u>253 635</u>	<u>59 580</u>

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2015 R'000	2014 R'000
7. Inventories		
Diamonds	99 456	117 689
Consumables	6 412	19 616
	<u>105 868</u>	<u>137 305</u>

Slow-moving stock to the value of R14,0 million (2014: R1,2 million) has been written off.

8. Capital commitments (including amounts authorised, but not yet contracted)	<u>66 528</u>	<u>62 655</u>
These commitments will be financed from the Group's own resources or with borrowed funds.		

9. Fair value estimation

Items carried at fair value are classified according to the fair value hierarchy, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Financial assets are classified as Level 1 according to the fair value hierarchy. Investments held by the environmental trust are the only financial assets carried at fair value, however, this fund consists primarily of cash and cash equivalents with the largest driver of the growth in the trust fund being attributable to interest received.

10. Segment information**Operating segments**

Twelve months ended 31 March 2015	Continuing			Discontinued Angola
	South Africa	Angola	Total	
Carats sold	62 819	-	62 819	-
	<u>R'000</u>	<u>R'000</u>	<u>R'000</u>	<u>R'000</u>
Revenue	939 685	-	939 685	-
Cost of goods sold	(788 847)	-	(788 847)	-
Gross profit	150 838	-	150 838	-
Share of results of associated companies	123 261	12 715	135 976	-
Royalties	(20 656)	-	(20 656)	-
Selling and administration costs	(66 368)	(9 531)	(75 899)	-
Mining profit	187 075	3 184	190 259	-
Exploration costs	(2 171)	-	(2 171)	-
Other gains – net	54 159	(790)	53 369	-
Profit for the year from discontinued operations	-	-	-	21 508
Finance income	25 052	-	25 052	-
Finance costs	(4 705)	-	(4 705)	-
Impairment of assets	(86 170)	-	(86 170)	-
Profit before income tax	<u>173 240</u>	<u>2 394</u>	<u>175 634</u>	<u>21 508</u>
Depreciation included in the above	(88 542)	(24)	(88 566)	-
Net assets/(liabilities)	694 658	90 625	785 283	(119 425)
Capital expenditure	47 920	-	47 920	-
Net asset value per share (cents)	<u>657</u>	<u>86</u>	<u>743</u>	<u>(113)</u>

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

10. Segment information (continued)

Operating segments

Twelve months ended 31 March 2014	Continuing			Discontinued
	South Africa	Angola	Total	Angola
	R'000	R'000	R'000	R'000
Carats sold	55 083	–	55 083	–
Revenue	695 730	–	695 730	–
Cost of goods sold	(653 736)	–	(653 736)	–
Gross profit	41 994	–	41 994	–
Royalties	(4 629)	–	(4 629)	–
Selling and administration costs	(63 059)	(8 561)	(71 620)	–
Mining loss	(25 694)	(8 561)	(34 255)	–
Exploration costs	(3 762)	–	(3 762)	–
Other gains – net	10 176	11 231	21 407	–
Profit for the year from discontinued operations	–	–	–	27 854
Finance income	15 378	–	15 378	–
Finance costs	(4 995)	–	(4 995)	–
(Loss)/profit before income tax	(8 897)	2 670	(6 227)	27 854
Depreciation included in the above	(90 379)	(334)	(90 713)	–
Net assets/(liabilities)	588 500	86 919	675 419	(125 188)
Capital expenditure	43 261	11	43 272	–
Net asset value per share (cents)	562	77	639	(118)

Revenue from transactions with certain customers can amount to 10% or more of total revenue. During the period under review, no individual customer was responsible for aggregate sales in excess of 10% of revenue.

11. Mineral resources and mineral reserves

Total carats in reserve at Baken Mine decreased by 53%, or 75 118 carats, year-on-year mainly as a result of lower than expected diamond prices, higher unit costs and depletion through production. Total carats in reserve at Bloeddrif Mine increased by 4,6% to 37 441 carats as a result of favourable diamond prices being realised for the larger stones that Bloeddrif produces. Total carats in reserve at Somiluana Mine decreased by 49% as a result of lower than expected diamond prices and higher operational costs.

12. Contingent liabilities

There have been no material changes to contingent liabilities previously reported in the Integrated Annual Report.

13. Events after the reporting period

No events which may have a material effect on the Group occurred between the reporting date and the issuing of this announcement.

14. Accounting policies

The condensed consolidated financial statements are prepared in accordance with the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act applicable to condensed financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts; the measurement and recognition requirements of International Financial Reporting Standards (“IFRS”), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standard Council, and to also, as a minimum, contain the information required by IAS 34, “Interim Financial Reporting”.

The accounting policies applied in the preparation of the consolidated financial statements from which the condensed consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

15. Preparation of financial statements

The preparation of the condensed consolidated financial statements was supervised by the Financial Director, IP Hestermann CA(SA).

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**16. Report of independent auditor**

These condensed consolidated financial statements for the year ended 31 March 2015 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these condensed consolidated financial statements were derived.

A copy of the Auditor's Report on the condensed consolidated financial statements and of the Auditor's Report on the annual consolidated financial statements are available for inspection at Trans Hex's registered office, together with the financial statements identified in the respective Auditor's Reports.

The Auditor's Report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the Auditor's Report together with the accompanying financial information from the issuer's registered office.

OVERVIEW

In this commentary, results are compared with the 12 months of the 2014 financial year (in brackets).

Sales revenue from the South African operations increased by 35,1% in Rand terms from R695,7 million in 2014 to R939,7 million in 2015 as a result of a 9,3% increase in average prices as well as a 14,0% increase in carats sold. Revenue was also positively affected by an 8,4% weakening in the Rand. The average price increased from US\$1 238 per carat in 2014 to US\$1 353 per carat in 2015 due to an increase in average stone size.

South African production increased by 18,4% to 61 688 carats (2014: 52 081 carats). The average grade at the Lower Orange River Operations ("LOR") increased by 39,3% to 1,29 carats/100 m³ (2014: 0,92 carats/100 m³) due to the mining of extensions to scour areas at both Baken and Bloeddrif mines. The increase was partly offset by a 16,6% decrease in volumes treated.

The cost of goods sold increased to R788,8 million (2014: R653,7 million), mainly due to an increase in contractors fees (Remhoogte – R78,8 million), maintenance, other inflationary increases and a negative change in stock movement of R22,6 million. The LOR unit cost of production increased by 23,6% due to a 16,6% reduction in volumes treated and an increase in operating costs.

Gross profit for the South African operations amounted to R150,8 million (2014: R42,0 million).

Impairment charges at LOR amounted to R86,2 million.

Proceeds from the disposal of the Group's 100% interest in Pioneer Minerals Proprietary Limited amounted to R35,0 million.

West Coast Resources' equity accounted profit contributed R123,3 million mainly due to assets acquired in a business combination measured at fair value, as it relates to the Namaqualand Mines transaction.

The South African operations achieved a profit before tax of R173,2 million (2014: loss of R8,9 million).

In Angola, production at Somiluana Mine, in which Trans Hex holds a 33% stake, amounted to 94 483 carats (2014: 72 041 carats) due to a 16,9% increase in grade and a 12,2% increase in gravel treated. Total sales amounted to US\$43,9 million at an average price of US\$458 per carat (2014: sales of US\$32,4 million at an average price of US\$478 per carat). Repayments of US\$343 000 were made to Trans Hex against the outstanding investment amount and the Group received US\$297 000 in dividends. The balance of cash generated was retained to develop the Mine.

Profit from the Angolan continuing operations amounted to R2,4 million (2014: profit of R2,7 million), consisting of Somiluana's equity accounted profit of R12,7 million less head office costs of R10,3 million.

The Group reports an after-tax profit for the year from continuing operations of R169,1 million (2014: loss of R5,1 million).

Profit from the discontinued Luarica and Fucaúma operations amounted to R21,5 million (2014: R27,9 million).

The Group therefore reports a profit for the year of R190,6 million (2014: R22,7 million).

Cash and cash equivalents at the end of the reporting period amounted to R407,2 million (2014: R397,6 million).

OPERATING PERFORMANCE

Detailed project information (unaudited)	Twelve months ended 31 March 2015				Twelve months ended 31 March 2014			
	Average grade per 100 m ³	Carats produced	Average carats per stone	Average price per carat achieved (US\$)	Average grade per 100 m ³	Carats produced	Average carats per stone	Average price per carat achieved US\$
South Africa								
Baken	1,34	43 534	1,22	1 261	0,96	35 637	1,31	1 320
Bloeddrif	1,36	6 081	2,21	2 055	0,94	4 174	1,17	1 018
Reuning	0,34	696	2,77	2 491	0,67	3 456	2,86	2 058
Remhoogte	–	4 241	3,12	2 272	–	–	–	–
Shallow water	–	7 136	0,33	518	–	8 814	0,32	487
Total South Africa	1,29	61 688	1,00	1 353	0,92	52 081	0,87	1 238
Angola								
Somiluana	27,99	94 483	0,53	458	23,95	72 041	0,60	478

Note: Average grade in South Africa is calculated excluding Remhoogte and shallow water production.

South Africa

During the year under review stripping of overburden in the main channel at Baken continued with results being better than expected, including an increase in the average grade to 1,34 carats/100 m³ (2014: 0,96 carats/100 m³), while the average price of Baken stones decreased slightly to US\$1 261 per carat (2014: US\$1 320 per carat) due to a decrease in average stone size from 1,31 carats per stone in 2014 to 1,22 carats per stone in 2015.

Results at Bloeddrif Mine were positively affected by an increase in average grade and a significant increase in average stone size from 1,17 carats per stone in 2014 to 2,21 carats per stone in 2015.

Due to the grade of gravel dropping below the threshold for economical mining, Reuning Mine, which includes Suidhek and Jakkalsberg, was decommissioned in November 2014.

During the period a contractor commenced sampling and mining operations at Remhoogte and after exercising an option to buy the mining right, as announced on SENS on 18 July 2014, it was transferred in December 2014.

West Coast Resources (Pty) Ltd, South Africa

Operations in Namaqualand commenced in December 2014 with the construction of a final recovery plant at Kleinzee. The plant was commissioned during March 2015.

Somiluana – Sociedade Mineira, S.A., Angola

Mining and exploration activities during the period remained focused on the east bank of the Luana River where the grades and diamond values continue to exceed resource estimations.

OUTLOOK

Lower Orange River Operations

Stripping operations in the Baken central channel will continue until the economically viable gravel in the main channel has been exhausted which is expected to be towards the end of the 2016 financial year. Thereafter mining activities will focus on shallow deposits and lower grade stockpiles.

Steady performance at Bloeddrif Mine is expected to continue.

South African production for the 2016 financial year is expected to be in the order of 53 000 carats, compared to 2015 actual production of 61 688 carats.

West Coast Resources (Pty) Ltd, South Africa

The final recovery plant at Kleinzee is currently in operation and is sampling and mining final recovery tailings.

At Mitchell's Bay, exploration drilling is underway and a bulk sampling plant at Koingnaas will be sampling ahead of production. The construction of a production treatment plant is due to be completed towards the end of the calendar year.

Net revenue from the treatment of the small remaining tonnages of final recovery tailings is not expected to cover project operational expenditure during the 2016 financial year. As this project is still in a start-up phase, a loss is expected for the 2016 financial year.

Somiluana – Sociedade Mineira, S.A., Angola

In Angola, Somiluana Mine continues to increase its production capacity through the reinvestment of surplus internal cash flows. Due to the encouraging results and in order to speed up the expansion of the production footprint, external funding is being considered. Production results and geological work through drilling and bulk testing indicate that carat production for the 2016 financial year will surpass the 94 000 carats achieved in 2015.

During the 2015 financial year, cumulative profits since the exploration phase exceeded the exploration costs previously expensed and a R12,7 million profit was recognised. This does not represent a full year's profit and an increase in the profit from this project for 2016 is therefore expected.

Market

Trans Hex production realised firm prices in certain categories, but did encounter a drop in prices, particularly for the mid-range and lower-end stones. This weakening was in line with a softening of global prices towards the end of the financial year due to tight liquidity and thin trading margins. With diamond fundamentals remaining strong, the market is set to recover in the year ahead.

Demand for Trans Hex production is anticipated to increase towards the end of the calendar year in line with expected market trends.

DIVIDEND

Following the successful completion of the acquisition of Namaqualand Mines, the Board declared a once-off special cash dividend of 50 cents per share on 3 November 2014 which was paid to shareholders on 1 December 2014.

Notice is hereby given of a cash dividend of 10 cents per share (the "Dividend").

In accordance with the JSE Limited Listings Requirements the following additional information is disclosed:

- the Dividend has been declared out of income reserves;
- the local dividend tax rate is 15%;
- the gross local dividend amount is 10 cents per ordinary share for shareholders exempt from dividend tax;
- the net local dividend amount is 8,5 cents per ordinary share for shareholders liable to pay dividend tax;
- the Group currently has 106 051 275 shares in issue; and
- the Group's income tax reference number is 9775/125/71/0.

The Dividend will be paid on Monday, 29 June 2015, to shareholders recorded in the register of the Group at the close of business on the record date being Friday, 26 June 2015.

The salient dates relating to the Dividend are as follows:

Last day to trade cum dividend	Friday, 19 June 2015
Shares commence trading ex-dividend	Monday, 22 June 2015
Record date	Friday, 26 June 2015
Payment date of the Dividend	Monday, 29 June 2015

Share certificates may not be dematerialised or rematerialised between Monday, 22 June 2015 and Friday, 26 June 2015, both days inclusive.

By order of the Board

BR van Rooyen
Chairman

L Delport
Chief Executive Officer

Parow
29 May 2015

REGISTERED OFFICE

405 Voortrekker Road, Parow 7500
PO Box 723, Parow 7499

JSE SPONSOR

One Capital

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd

DIRECTORATE

BR van Rooyen (Chairman), L Delport (Chief Executive Officer), IP Hestermann (Financial Director), AR Martin, T de Bruyn, BP Lekubo, DR Wolstenholme, GM van Heerden (Company Secretary)