


IMPLATS
Distinctly Platinum

Annual Integrated Report **2016**


Our values

WE RESPECT

- all our stakeholders, including:
  - shareholders
  - employees and their representative bodies
  - communities in which we operate
  - regulatory bodies
  - suppliers and customers
  - directors and management
  - all other interested and affected parties
- the principles of the UN Global Compact
- the laws of the countries within which we operate
- company policies and procedures
- our place and way of work
- open and honest communication
- diversity of all our stakeholders
- risk management and continuous improvement philosophies

WE CARE

- for the health and safety of all our stakeholders
- for the preservation of natural resources
- for the environment in which we operate
- for the socio-economic well-being of the communities within which we operate

WE STRIVE TO DELIVER

- positive returns to our stakeholders through an operational excellence model
- a safe, productive and conducive working environment
- on our capital projects
- a fair working environment through equitable and competitive human capital practices
- on the development of our employees
- on our commitments to all our stakeholders
- quality products that meet or exceed our customers' expectations

Contents




Implats is one of the world's leading producers of platinum and associated platinum group metals (PGMs). Implats is structured around five mining operations and IRS, a toll refining business. Our operations are located on the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe, the two most significant PGM-bearing ore bodies in the world.

We have incorporated the following symbols indicating our strategies and objectives through this report:

Strategy

- Improve efficiencies through operational excellence and safe production
- Maintain our social licence to operate
- Maintain optionality and position for the future
- Investment through the cycle
- Cash conservation

Objectives

- Relentlessly drive the safety of our people
- Improve efficiencies through operational excellence
- Maintain our licence to operate
- Consistently deliver production targets
- Cash conservation

www.implats.co.za

Refers readers to information available elsewhere in this report

Feedback

We welcome your feedback to make sure we are covering the things that matter to you. Go to **www.implats.co.za** or email **investor@implats.co.za** for the feedback form, or scan the code on the left with your smart device.

About this Annual Integrated Report

Statement of commitment to good governance

The Implats board is committed to provide effective leadership to the Group. The board fully embraces the principle of ethical leadership in setting and implementing the strategy of the Group, guided by the principles of the King III Code on Corporate Governance (King III), the Companies Act, 2008, the JSE Listings Requirements and all other applicable laws, standards and codes. A compliance schedule to King III can be found at www.implats.co.za. In addition, the board takes full responsibility for the management, direction and performance of the Group by exercising independent judgement on all issues reserved for its review and approval while taking cognisance of the needs of all stakeholders.

The report seeks to provide a concise and balanced account to providers of capital of how Implats creates value over time.

This annual integrated report, compiled for Impala Platinum Holdings Limited (Implats) and its subsidiaries, provides information relating to risks, strategies, governance practices and performance for the financial year 1 July 2015 to 30 June 2016 including prospects thereafter.

In addition, information regarding the social, economic and environmental issues that have a material impact on the long-term success of the business and that are important to key stakeholders is provided. The report is targeted at existing and prospective stakeholders who wish to make an informed assessment of the Group's ability to create and sustain value; It focuses primarily on meeting the needs of shareholders, analysts and investors.

The notice to shareholders including the corporate governance report, abridged financials, audit committee report, social, transformation and remuneration committee report will be distributed separately to shareholders to comply with the Companies Act and the JSE Listings Requirements. The notice to shareholders should be read in due course in conjunction with this report.

In this report, production is reported in terms of platinum and platinum group metals (PGMs), which include platinum, palladium, rhodium, ruthenium and iridium as well as gold; when included these are referred to as 6E (4E excludes ruthenium and iridium). Both historical and forward looking information is provided.

Board approval

The board acknowledges its responsibility for the integrity of this report. The directors confirm they have collectively assessed the content and believe it addresses the material sustainability areas and is a fair representation of the integrated performance of the Group.

The audit committee, which has oversight responsibility for the annual integrated report, recommended the report for approval by the board of directors.

The board has therefore approved the 2016 annual integrated report for release to stakeholders.

Additional information regarding Implats is provided in the following reports, all of which are available at www.implats.co.za

Sustainable Development Report

- Detail on material economic, social and environmental performance
- GRI G4 core compliance
- Internal reporting guidelines in line with the UN Global Compacts
- Independent assurance report

Mineral Resource and Mineral Reserve Statement

- Conforms to the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC)
- Conforms to the Australasian Code for the Reporting of Mineral Resources and Ore Reserves (JORC)
- Been signed off by the competent persons

Annual Financial Statements

These documents were prepared according to International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides, Financial Reporting Pronouncements, the requirements of the South African Companies Act, the regulations of the JSE and recommendations of King III

Online

- Direct access to all our reports
- Our website has detailed investor, sustainability and business information

Overall assurance

The audit committee oversees the internal audit function, which operates as an independent objective assurance. It coordinates among other things, the combined assurance model to map the assurance provided enterprise-wide. This model is designed to ensure optimisation of the assurance provided over the key risks (top 20 strategic risks, top 10 of the topco (operational key risks)), risk management and the internal financial controls facing the Group.

The model presents the three lines of defence as described in King III, namely:

- First line of defence – line management;
- Second line of defence – risk management.
- Third line of defence – internal audit (compliant with the International standards for professional practice of Internal Auditing), external audit and external assurance providers.

The overall assurance provided covers our strategic business objectives, material sustainability focus areas (non-financial information) and the annual financial statements (AFS) section of the integrated report).

Furthermore legal compliance risk is monitored and assurance is achieved through a combination of internal, management based and/or external assurance.

Determining materiality and the reporting boundary

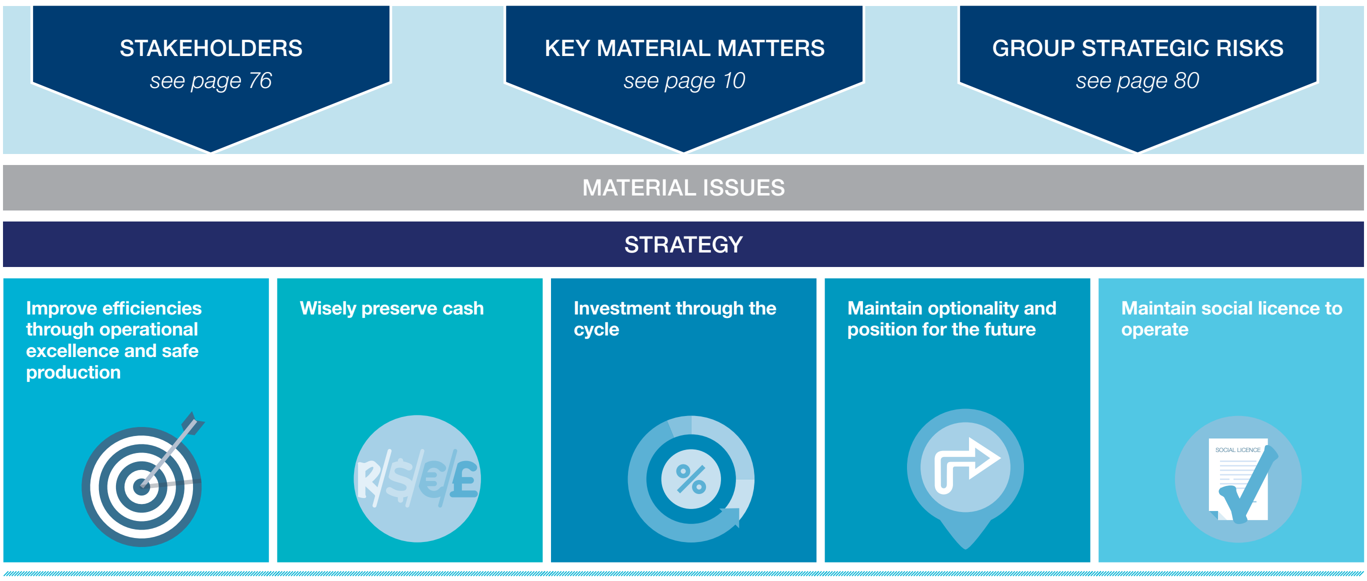
In line with good reporting practice, the content of our integrated and sustainable development reports is based on a materiality assessment. For the purposes of this report, items have only been taken into account and reported on, if the effects of these items have materially impacted strategy, governance, performance and prospects of the Group and its stakeholders.

Implats, has a listing on the JSE Limited (JSE) in South Africa, and a level 1 American Depositary Receipt programme in the United States of America. The Implats reporting boundary for this report, relating to financial and other information, includes five mining operations and Impala Refining Services (IRS), a toll refining business, situated in Springs. The mining operations consist of Impala, Zimplats and Marula, all subsidiaries, respectively operating in the western limb of the Bushveld Complex, the eastern limb of the Bushveld Complex and the Great Dyke in Zimbabwe. In addition, Implats has significant investments in Mimosa (Northern Zimbabwe – Mashonaland West Province) and Two Rivers (eastern limb Bushveld Complex).

These investments are accounted for as associates in the AFS and the Annual Integrated Report, except for safety stats which, for non-financial information, includes 100% of Mimosa safety performance. This method of consolidating safety stats has been applied consistently even though for financial information. Mimosa is now an associate.

Materiality determination and subsequently the reporting boundary, is informed by key stakeholder material matters, including items beyond the financial reporting entities, if these items have a significant effect on the Group's ability to create and sustain value over time.

Material matters relating to these stakeholders and material risks for the Group are set out on page 80 of the risk management, and on page 6 of the business model, where the relationships between stakeholders, risks, strategy, impacts, outcomes and operational objectives are depicted. These two sections of the report should be read in conjunction with the reporting boundary and materiality determination section of this report.

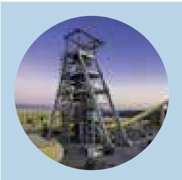


Group and management structure

Group structure

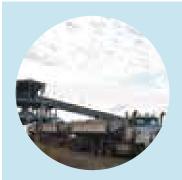
IMPALA PLATINUM HOLDINGS LIMITED

96% IMPALA



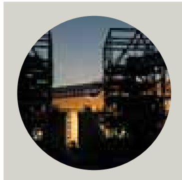
100% IRS – Impala Refining Services

87% ZIMPLATS

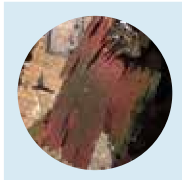


73% MARULA

50% MIMOSA



74% AFPLATS



49% TWO RIVERS

4% Employee share ownership trust

27%
- Tubatse Platinum (Pty) Ltd
- Mmakau Mining (Pty) Ltd
- Marula Community Trust

50% Sibanye Gold Ltd

26% Ba-Mogopa Platinum Investments (Pty) Ltd

51% African Rainbow Minerals Ltd

Committee structures

BOARD

- Audit committee #
- Social, transformation and remuneration committee #
- Health, safety, environment and risk committee
- Capital allocation and investment committee
- Nomination, governance and ethics committee

 # Statutory committees

EXCO

Terence Goodlace, Brenda Berlin, Gerhard Potgieter, Johan Theron, Mathias Sithole, Jon Andrews, Nelson Ndlala, Paul Finney, Alex Mhembere, Tebogo Llale

Board profiles

Independent non-executive directors

Mandla Gantsho 54 – Chairman
BCom (Hons), CTA, CA(SA), MSc, MPhil, PhD
Experience
Appointed in November 2010. Held senior executive positions in public and private sector organisations, including vice-president for infrastructure at the African Development Bank, CEO and MD of the Development Bank of Southern Africa. A former non-executive director of the SARB. Currently the chairman of Africa Rising Capital, Sasol Limited and Ithala Development Finance Corporation.

Peter Davey 63 (British)
BSc (Hons) Mining Engineering
Experience
Appointed to the board in July 2013 as an independent non-executive director. He was previously a resource analyst at various investment banks in the United Kingdom and he also has extensive production experience in the South African gold and platinum mining industry.

Hugh Cameron 65
BCom, BAcc, CA(SA)
Experience
Appointed to the board in November 2010 as an independent non-executive director and he was previously a partner at PricewaterhouseCoopers where he specialised in mining and headed up their global mining practice for a number of years. He is a director of Calgro M3 Holdings and a trustee of the Sishen Iron Ore Company Community Development Trust.

Alastair Macfarlane 65 (British)
MSc Mining Engineering
Experience
Appointed in December 2012. Extensive experience in senior and executive management positions in the mining industry, consults to many mining companies within the sector locally and internationally. Is a visiting senior lecturer at the University of the Witwatersrand; is chairman of the South African Mineral Asset Valuation Committee (SAMVAL) and chairs the international Mineral Asset Valuation Committee (IMVAL).

Babalwa Ngonyama 41
BCompt (Hons), CA(SA), MBA
Experience
Appointed in November 2010. She is the founding chairman of the African Women Chartered Accountants (AWCA). She is CEO of Sinayo Securities and also serves as a non-executive director on the boards of Barloworld Limited, Hollard Life Assurance Company, Clover Industries Limited, Group Five Limited and Aspen Pharmacare Holdings.

Nkosana Moyo 65 (Zimbabwean)
BSc (Hons) Physics, MBA, PhD
Experience
Appointed in March 2015. Previous Vice-President and COO of the African Development Bank. He was the managing partner for Actis in Africa and he was also senior adviser and associate for the International Finance Corporation. He is currently an independent non-executive director Old Mutual PLC.

Mpho Nkeli 51
BSc Environmental Studies, MBA
Experience
Appointed in April 2015. Previously director of Alexander Forbes, Vodacom SA, African Bank and Chairperson of the Commission for Employment Equity. She is currently a director of Search Partners International, she is an independent non-executive director of Life Healthcare.

Sydney Mufamadi 57
MSc and PhD Oriental and African Studies
Experience
Appointed in March 2015. Director of various subsidiary boards of Barclays Bank Africa Group in Mozambique and Tanzania, director of the School of Leadership at the University of Johannesburg. Chairman of Zimplats Holdings Ltd.

Bernard Swanepoel 55
BSc Mining Engineering and BCom (Hons)
Experience
Appointed in March 2015. Non-executive chairman of Village Main Reef, and serves as a non-executive director of Sanlam and African Rainbow Minerals.

Non-executive director

Albertinah Kekana 43
BCom, Higher Diploma in accounting, CA(SA)
Experience
Appointed in August 2013 as a non-executive director representing Royal Bafokeng Holdings (Pty) Limited (RBH). Currently CEO of RBH and serves as a non-executive director of RMB Holdings Limited and a non-executive director of Rand Merchant Insurance Holdings Limited.

Executive directors

Terence Goodlace 57
NHD Metalliferous Mining, BCom, MBA
Experience
Appointed to the board in August 2010. Former chief executive officer of Metorex Limited. Joined the board as an independent non-executive director and was appointed CEO on 1 June 2012. He is an independent non-executive director of Gold Fields Limited.

Brenda Berlin 51
BCom, BAcc CA(SA)
Experience
Appointed to the board in February 2011. Joined the Company in 2004 as commercial executive before being appointed as Group chief financial officer.

Our business model

How we create value

INPUTS

OUR CAPITALS

Human
- Our workforce
- Skills and training
- Social, ethics, transformation and remuneration practices

Financial
- Operating cashflow
- Equity funding
- Debt funding

Manufactured
- Mining rights, reserves infrastructure and resources
- Plant, property and equipment
- Utilities

Social and relationship
- Ethics and human rights
- Employee relations
- Organised labour
- Community relations
- Social licence to operate

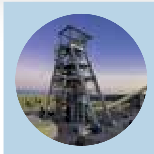
Intellectual
- Knowledge and procedures
- Risk and accounting systems
- R&D and IP
- Geological models
- People, HR, governance and safety systems

Natural
- Natural resources (land, air, water and biodiversity)
- Mineral Resources and Mineral Reserves

Improve efficiencies through operational excellence and safe production
(Various business plans on a page)

Investment through the cycle

Impala



MINES

CONCENTRATORS

SMELTERS

BASE METALS REFINERY

PLATINUM METALS REFINERY

SOCIAL LICENCE

Maintain our social licence to operate
(MPRDA compliant)

PROCESS

Strong balance sheet (cash exceeds debt)

STRATEGIC RESPONSES

Cash conservation
(ongoing cost reduction opportunities and capital cost controls)

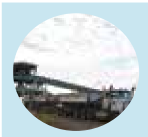
World-class refining assets and capability

IRS

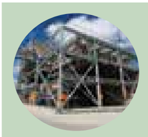
Ability to grow and maintain

Group mines

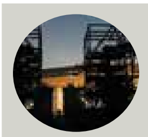
ZIMPLATS



MARULA



MIMOSA



TWO RIVERS

Group and third-party refining through use of Impala's spare capacity

Investment through the cycle
(Impala 16 and 20 Shaft complexes)

Maintain optionality and position for the future
(Impala 17 Shaft complex; Afplats Shaft complex and Zimplats new portals)

GROUP STRATEGIC RISKS

- Depressed PGM basket prices
- Non-delivery of production and productivity targets at Impala Rustenburg
- Weak balance sheet and cash flows (liquidity)
- Excessive taxation and levies at Zimbabwean operations
- Revenue impact of Section 54s
- A deterioration in safety perfoarmance
- Unavailability of secure and reliable power in South Africa and Zimbabwe
- Capital constraints affecting project delivery
- Employee relations climate
- Maintaining a social licence to operate

● Non-controllable
● Controllable
● Partially controllable

For risk management, refer to page 80

MATERIAL OPPORTUNITIES

Mining operations

- Grow/maintain production volumes of all mining operations
- Volumes have a significant impact due to high fixed cost base

IRS

- Opportunity to leverage spare capacity in world-class refining asset

Employee relations

- Build on industry-leading housing initiative in terms of which Implats has already spent R3,7 billion over the last eight years on employee housing in South Africa

VALUE ADDED STATEMENT

Value added statement for the year ended 30 June	**2016 Rm**
Revenue	16 976
Net cost of products and services	(9 503)
Value added by operations	7 473
Other net (expenditure)/income	132
Depreciation	(2 014)
Total value added	5 591
Applied as follows to:	
Employee benefits	5 009
Labour and other	5 147
Share-based payments	(138)
The state as direct taxes	284
Deferred tax	(841)
Royalty recipients	516
Providers of capital	693
Financing costs	620
Non-controlling interest	27
Dividends	46
Total value distributed	5 661
Reinvested in the Group	(70)
	5 591

POSITIVE AND NEGATIVE OUTCOMES

Human

- Injuries and fatalities (negative)
- Occupational health (NIHL) (negative)
- Skilled leaders and employees (positive)
- Economic empowerment of our people (positive)
- Equity and transformation (positive)

Social and relationship

- In-migration and constraints on infrastructure and social amenities (negative)
- Informal settlements (negative)
- Labour and social unrest (negative)
- Social investments (positive)
- Education, health and housing (positive)

Financial

- Shareholder and investor returns, (positive)
- Reinvestment of profits (positive)
- Contribution to tax revenues and economic growth for country (positive)

Intellectual

- Continuous improvement – safe and efficient operations (positive)
- Development of IP (positive)
- Business improvement (positive)
- R&D innovation (positive)

Manufactured

- Products that generate revenue and improve the environment (positive)
- Reinvestment in shafts, side stream beneficiation (positive)

Natural

- Generation of waste (negative)
- Pollution (air, water, land) and climate change (negative)
- Land availability and disturbance (negative)
- Conservation of natural resources through recycling, rehabilitation (positive)

● Positive ● Negative

PROCESS

OUTPUTS

trong balance sheet (cash exceeds debt)

STRATEGIC RESPONSES

Cash conservation
(ongoing cost reduction opportunities and capital cost controls)

R/$/€/£

orld-class refining
ssets and capability

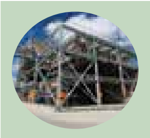
IRS

Ability to grow and maintain

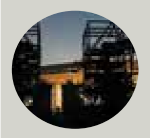
Mines

ZIMPLATS

MARULA



MIMOSA



TWO RIVERS

Group components and third-party refining through use of Impala's spare capability

- Platinum
- Palladium
- Rhodium
- Ruthenium
- Iridium
- Gold and silver

- Nickel powder or briquettes
- Cobalt powder
- Copper cathodes
- Chrome ore

%

Investment through the cycle
(Impala 16 and 20 Shaft complexes)

Maintain optionality and position for the future
(Impala 17 Shaft complex; Afplats Shaft complex and Zimplats new portals)

Performance linked to stakeholder needs

Implats measures its performance by identifying its stakeholders and their legitimate material issues and what must be done to address these needs. The risks involved are assessed, a strategy is determined and objectives are set to manage the risks and achieve

STAKEHOLDERS	KEY MATERIAL MATTERS	GROUP STRATEGIC RISKS	STRATEGY
For more information please refer to page 18 of 2016 Sustainability Report	*For more information please refer to page 20 of 2016 Sustainability Report*	*Summarised from page 80 of 2016 Annual Integrated Report*	
Employees	**Conditions of employment**	Depressed PGM basket prices	**Improve efficiencies through operational excellence and safe production**
Trade unions	**Safety and health initiatives**	Non-delivery of production and productivity targets at Impala Rustenburg	**Cash conservation**
Shareholders	**Transformation**	Weak balance sheet and cash flows (liquidity)	**Maintain our social licence to operate**
Investors	**Production and performance**	Excessive taxation and levies at Zimbabwean operations	**Investment through the cycle**
Government	**Discrimination**	Revenue impact of Section 54s	**Maintain optionality and position for the future**
Local land owners and communities	**Industrial relations climate**	A deterioration in safety performance	
Suppliers	**Situation in Zimbabwe**	Unavailability of secure and reliable power in South Africa and Zimbabwe	
Customers	**Future metal prices, and PGM supply and demand dynamics**	Employee relations climate	
	Cost control measures	Maintaining a social licence to operate	
	Capex programme		

Performance linked to stakeholder needs

the strategy: KPIs, against which performance is measured, are set taking into account the Group's stated vision and mission to determine performance for a wide range of stakeholders.

IMPLATS

FY2017 KPI overview – Business plan on a page

OPERATIONAL OBJECTIVE	IMPLATS PERFORMANCE TARGET FOR FY2017	KEY ACTIONS TO ACHIEVE THE PERFORMANCE TARGETS
Relentlessly drive the safety of our people	• Zero fatalities • LTIFR: 20% improvement on FY2016	• Embed three pillars of HSE strategy: People and Behaviour, Safety Environment, Practices • Implement new technology and 14 Shaft fire remedial actions across Group • Embed and drive Critical Safety Behaviour programme • Implement Critical Controls for major hazards and events • Attain OHSAS 18001 (ISO 45001) compliance at all operations in 2 years
Consistently deliver production targets	• Platinum > 1.5 million ounces	• Rustenburg: between 700 000 and 710 000oz in 2017, building up to 830 000 platinum ounces by 2020 • Marula: 90 000 platinum ounces in concentrate by 2017 • Zimplats: maintain 260 000 platinum ounces in matte • Two Rivers: maintain 175 000 platinum ounces in concentrate • Mimosa: maintain at 115 000 platinum ounces in concentrate
Improve efficiencies through operational excellence	• Costs per platinum ounce < R21 300	• Optimise mining efficiencies through productivity programmes • Continue with cost optimisation at all operations • Improve team performance through team mobilisation • Ramp up 16, and 20 Shafts • Optimise 1, 10, 11, 12 and 14 Shafts • Close 7 and 7A Shafts
Cash conservation	• Capital < R4.4 billion	• 17 Shaft on care and maintenance in BP2017 • Leeuwkop project to commence in FY2021 • Prioritise the ramp up of 16 and 20 Shafts at Rustenburg • Prioritise the re-establishment of Bimha at Zimplats • Rationalise and prioritise capital allocation across the Group • Maintain strong Group balance sheet
Maintain our licence to operate	• Rustenburg SO_2 at <16 tpd • Build a further 300 employee houses in Rustenburg • Complete high school and primary school at Platinum Village	• Increase and further improve direct engagement with employees, communities and other stakeholders • Deliver on Social and Labour Plan (SLP) commitments • Adhere to our commitments in the President's Framework Agreement • Reduce and manage constrained utility supplies • Align and position ourselves in terms of the National Development Plan (NDP)

Chairman's report

Implats, as part of its response plan, had the foresight to conduct a successful early strategic capital raising exercise, thus supporting its balance sheet and long-term strategic value proposition.

Mandla Gantsho
Chairman

The year in summary

For some years now, the platinum sector has been operating in a challenging environment, occasioned by, among other issues, a depressed and uncertain metals market and demanding operating, labour and social conditions. All of these factors have unavoidably impacted the Group in the year under review.

Implats has been proactive in its approach to these challenges and the response plan it put in place to mitigate the "lower-for-longer" price environment, has already yielded significant savings and improved operational resilience. This will further benefit the business in coming years.

By its very nature, the industry presents inherent safety risks and challenges. During the year, the Group experienced its lowest ever 12-month moving average fatal-injury frequency rate, and for a nine-month period in 2015 the South African operations reported zero fatal incidents. However, this was marred by the subsequent tragic loss of 11 lives. We deeply mourn all lives lost at Implats' operations and we remain cognisant that the realisation of our safety objectives will materialise only as a result of a sustained

Chairman's report

and ongoing effort. Health and safety remain our priorities, and involves every person in our organisation, the leadership of our representative employee bodies, and government. The board and management will not rest until every workplace is free of all serious and fatal accidents.

The 2016 financial year saw increased regulatory uncertainty – in South Africa as well as Zimbabwe – while the drought affecting both countries also impacted our employees and their families in terms of resource constraints. In Zimbabwe specifically, access to reliable power has been a major challenge as that country secures much of its electricity from hydro-electric sources.

In an environment where many balance sheets across the minerals industry remain constrained and access to capital difficult, Implats, as part of its response plan, had the foresight to conduct a successful early strategic capital raising exercise, thus supporting its balance sheet and long-term strategic value proposition. In addition, the Group also extended the quantum and tenure of its existing debt facilities, providing further balance sheet strength and flexibility in a volatile and uncertain market.

The changing PGM market

Platinum is expected to remain in deficit this year as car makers and other industrial users continue to boost demand and supply remains stagnant. This fundamental supply/demand tightness is expected to support dollar prices for platinum and palladium markets. The recent price recovery may well indicate that we have reached the bottom of the market, and in spite of the recent volatility, Implats expects the gains to extend through 2017 as growing automobile sales and stricter environmental rules around the world support the metal industry.

However, risks remain and PGM prices could continue to be affected by numerous factors, including: inventory drawdown by South African producers; surface stocks covering fundamental market deficits; a strong US dollar; uncertain and stagnant global economic growth; bearish sentiments due to a slowing Chinese economy; and further shocks to the global economic system as a result of Brexit and/or contagion to other jurisdictions.

50 720
employees including contractors

R512m
spent on training and development

We will continue to actively support initiatives that promote the broader use of PGMs, boosting demand for platinum bridal and non-bridal jewellery demand in China and India, developing exchange traded fund (ETF) investments in diverse geographical locations and growing investor demand and appetite to hold the physical metal. The growth in the fuel cell market, while still small, is an exciting and promising future market segment.

Chairman's report

The regulatory context

Large scale capital investment in the mining industry require policy and regulatory certainty. As such, regulatory developments in South Africa and Zimbabwe remain worrying.

In South Africa, the promulgation of the Minerals and Petroleum Resources Development Amendment Bill (MPRDA), is much delayed – adding to investor uncertainty. The key issues yet to be resolved include the failure of the Bill to separate mining from upstream petroleum; export restrictions the Bill has placed on strategic minerals; and provisions that appear to give the Minister of Mineral Resources undue legislative powers.

In addition, we have participated in the work of the Mining Industry Growth Development and Employment Task Team, where critical issues impacting the South African mining industry over recent times are being examined. These include revisions and extension of targets contained in the new 2010 Mining Charter. Implats has paid close attention to the requirements of the 2010 Mining Charter and we believe that the Group has met and surpassed all the revised key targets. As such, Implats has empowered each mining operation through meaningful broad-based local community and employee ownership and made significant industry-leading investments in improving employee living conditions.

As a member of the Chamber of Mines (CoM), Implats will continue to actively engage the South African government on all issues that are inhibiting the growth, sustainability and transformation of the mining sector.

In Zimbabwe, the Presidential Statement issued in April 2016 sought to clarify the government's position on the indigenisation and economic empowerment policy but caused further uncertainty. Discussions are ongoing to clarify certain aspects of this statement.

The liquidity crisis in the country remains a concern and is being actively monitored by the Zimbabwean management teams.

Engaging our people

Implats is acutely aware of the changing socio-political environment facing mining companies today. The low economic growth rate has resulted in greater hardship, increased unemployment in mining communities and the cost of living rising faster than inflation. This socio-economic reality is compounded by heightened political contestation, increasing service delivery protests and a rise in youth activism challenging traditional leadership structures in communities.

Implats has put in place targeted employee and community initiatives that build trust and foster a shared vision as well as a social compact with our stakeholders. These include employee equity ownership schemes, industry-leading housing and accommodation strategy, skills development programmes, local employment and procurement and social investment. Over the last year, we invested R300 million in our surrounding communities in South Africa, and over US$11 million in Zimbabwe, including building over 400 houses to improve the living

Chairman's report

conditions of many of our employees. Over the last eight years, the Company has invested more than R3.7 billion in accommodation around the South African operations providing almost 3 000 houses for employee ownership.

Conclusion and appreciation

Implats continues to believe in the long-term fundamentals of the PGM market. The implementation of the response plan over the past year has resulted in a stronger, more resilient and more sustainable Group. We have continued to invest through the cycle, have a strong balance sheet and are well positioned for long-term sustainable stakeholder value creation.

I thank my fellow board members for their commitment to the Group and its stakeholders and for their support to me during my first year as Chairman.

On behalf of the board of directors of Implats, I extend our sincere appreciation to Mr Terence Goodlace, the outgoing CEO, for his outstanding contribution, dedication and commitment to all aspects of the business and his strong visible leadership in often trying circumstances. We pay tribute to Terence for the six years he has spent on the Implats board of directors, of which the initial two were as a non-executive director and the last four years as CEO and executive director.

I also extend my sincere appreciation to my predecessor, Dr Khotso Mokhele for his leadership during his tenure as Chairman, and to Ms Thandi Orleyn, Ms Almorie Maule and Mr Brett Nagle for their outstanding contribution as directors before their retirement from the board during the year under review.

Finally, I wish to thank our management and employees for their contribution to the ongoing viability of Implats.

Mandla Gantsho
Chairman

Our operations – Key features for the Group

Our operations – Key features for the Group

The quality and diversity of the Group's assets and people are becoming a clear value differentiator with strong operational execution across the Group. Zimplats, Marula Two Rivers and Mimosa delivered remarkable operational performances in an extremely challenging operating environment, all setting new production records. Impala Rustenburg restored operational performance in the first half of the year in line with our strategy to reposition the Lease Area, but regrettably two major safety incidents in the second half of the financial year impaired its overall result.

SAFETY

- Record 8.0 million fatality-free shifts at South African operations
- Safety incidents at Mimosa and Impala's 14 and 1 Shafts impact safe production aspirations

MARKET

- Platinum and palladium markets will remain in fundamental deficit during 2016
- Demand growth combined with faltering supply will drive higher PGM basket prices in the medium term

OPERATIONAL

- Gross refined platinum 13% higher at 1.44 million ounces
- Safety incidents and related stoppages impact performance at Impala

EARNINGS

- Headline earnings per share decreased by 67% to 12 cents

DIVIDEND

- No dividend declared for the year

RESPONSE PLAN

- The Group continues to prioritise shorter-term cash preservation and profitability enhancement measures to mitigate lower-for-longer PGM prices

BALANCE SHEET

- Group equity raise of R4 billion successfully executed in October 2015 to sustain capital commitments and long-term value creation
- Quantum and tenure of debt facilities extended to further strengthen balance sheet

Well trained and skilled workforce
R512m spent on training and development (Zimbabwe **US$4.9m**)

Group FIFR **0.091**
Group LTIFR **6.49**

Number of employees including contractors
50 720

Wage bill of
R10 708m

Financial health of Company
R2 731m net cash generated from operating activities

Procurement of **R8.1bn** in South Africa from businesses and suppliers (**US$336m** at Zimplats in Zimbabwe)

All taxes and royalties paid in South Africa **R2 137.7m** (in Zimbabwe **US$45.9m**)

Total liabilities
R26 560m

PGMs produced
2 908Moz

Maintenance expenditure on property, plant and equipment
R1 825m

Revenue generated
R35 932m

An investment of **R104.6m*** in South Africa in our surrounding communities (**US$4.7m*** in Zimbabwe)

Local procurement spent in South Africa
R6.1bn with companies of >25% BEE ownership

Small business
supported

Improved living conditions **R236m** spent on housing in SA (in Zimbabwe **US$1.1m** spent on housing)

Spend on modernisation
R174m
(safety technical initiatives)

Group employee turnover rate
8.2%

Capital expenditure
R3 560m

CO_2 intensity (Scope 1)
0.2072 tonnes/tonne milled

Energy intensity
0.9405 GJ/tonne milled

Direct SO_2 intensity
0.0017 tonnes/tonne milled

Water intensity
0.0025Mℓ/tonne milled

41% of total water consumed is recycled

* *Community investment spend excludes housing.*

Our operations

Implats contributes around one-quarter of global platinum output.

South Africa

Impala

FIFR **0.102**
TIFR **14.15**
Refined Pt production **626 900oz**
Headline loss **R1 288 million**
Net cash from operating activities **R1 293 million**
Capital expenditure **R2 490 million**
Attributable Pt ounces **54.5Moz** (Mineral Resources)
Number of employees **40 477**

Impala, Implats' 96% owned primary operational unit, has operations situated on the western limb of the world-renowned Bushveld Complex near Rustenburg in South Africa. This operation comprises a 13 shaft mining complex and concentrating and smelting plants. The base and precious metal refineries are situated in Springs, east of Johannesburg.

Marula

FIFR **nil**
TIFR **20.3**
Pt Production **77 700oz***
Headline loss **R468 million**
Net cash used in operating activities **R463 million**
Capital expenditure **R89 million**
Attributable Pt ounces **7.9Moz** (Mineral Resources)
Number of employees **4 800**

Marula is 73% owned by Implats and is one of the first operations to have been developed on the relatively under-exploited eastern limb of the Bushveld Complex in South Africa. Marula is located in the Limpopo province, some 50 kilometres north west of Burgersfort.

** In concentrate*

Two Rivers*

Pt production **185 900oz****
Attributable Pt ounces **12.3Moz** (Mineral Resources)

Two Rivers is a joint venture between African Rainbow Minerals (51%) and Implats (49%). The operation is situated on the southern part of the eastern limb of the Bushveld Igneous Complex some 35 kilometres south-west of Burgersfort in Mpumalanga, South Africa.

** Non-managed*
*** In concentrate*

IRS

Refined Pt production **811 500oz**
Headline earnings **R1 434 million**
Net cash from operating activities **R368 million**

Zimbabwe

Zimplats

FIFR **nil**
TIFR **1.01**
Pt production **289 800oz***
Headline earnings **R102 million**
Net cash from operating activities **R1 567 million**
Capital expenditure **R981 million**
Attributable Pt ounces **94.8Moz** (Mineral Resources)
Number of employees **5 443**

Zimplats is 87% owned by Implats and its operations are situated on the Zimbabwean Great Dyke south-west of Harare. Zimplats operates four underground mines and a concentrator at Ngezi. The Selous Metallurgical Complex (SMC), located some 77 kilometres north of the underground operations, comprises a concentrator and a smelter.

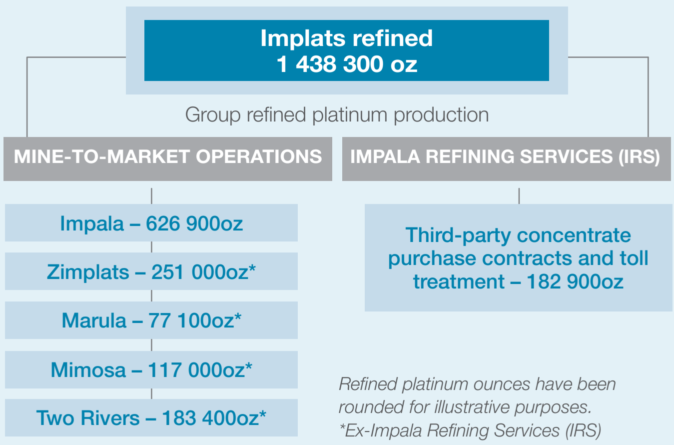
** In matte*

Mimosa*

FIFR **0.246**
TIFR **1.97**
Pt production **119 700oz****
Attributable Pt ounces **3.6Moz** (Mineral Resources)

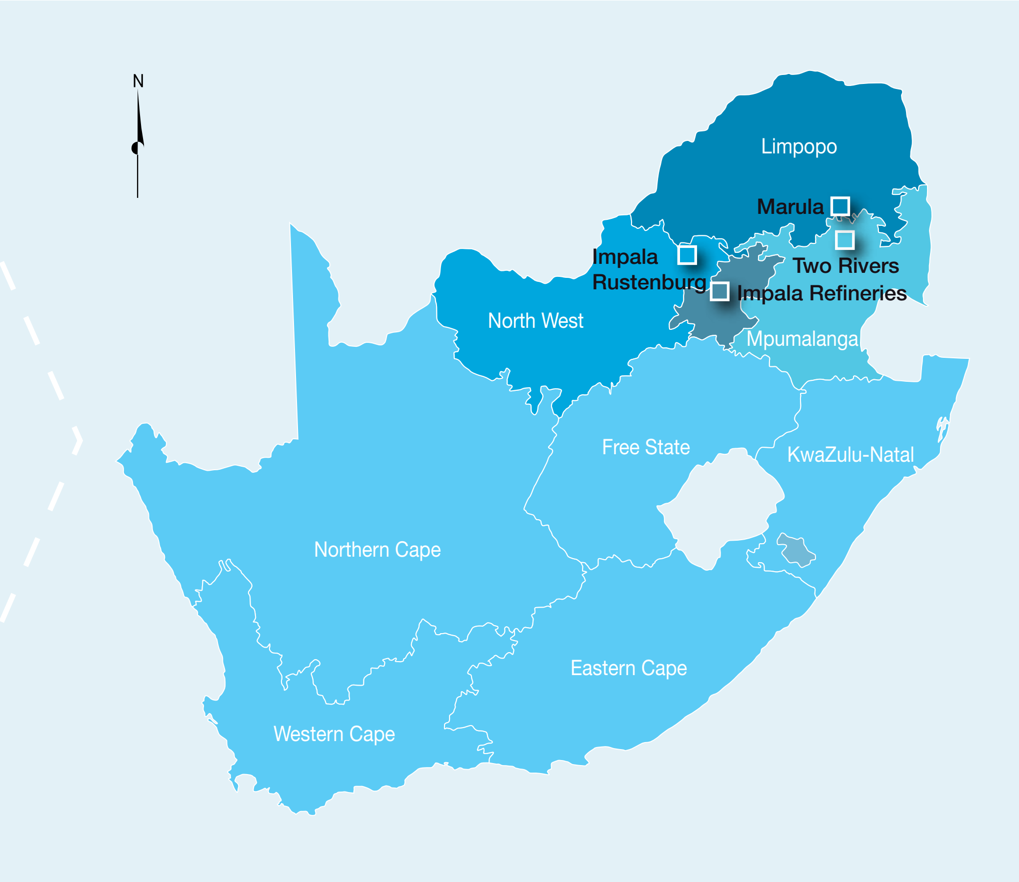
Mimosa is jointly held by Implats and Sibanye. Its operations are located on the Wedza Geological Complex on the Zimbabwean Great Dyke, 150 kilometres east of Bulawayo. The operation comprises a shallow underground mine, accessed by a decline shaft, and a concentrator.

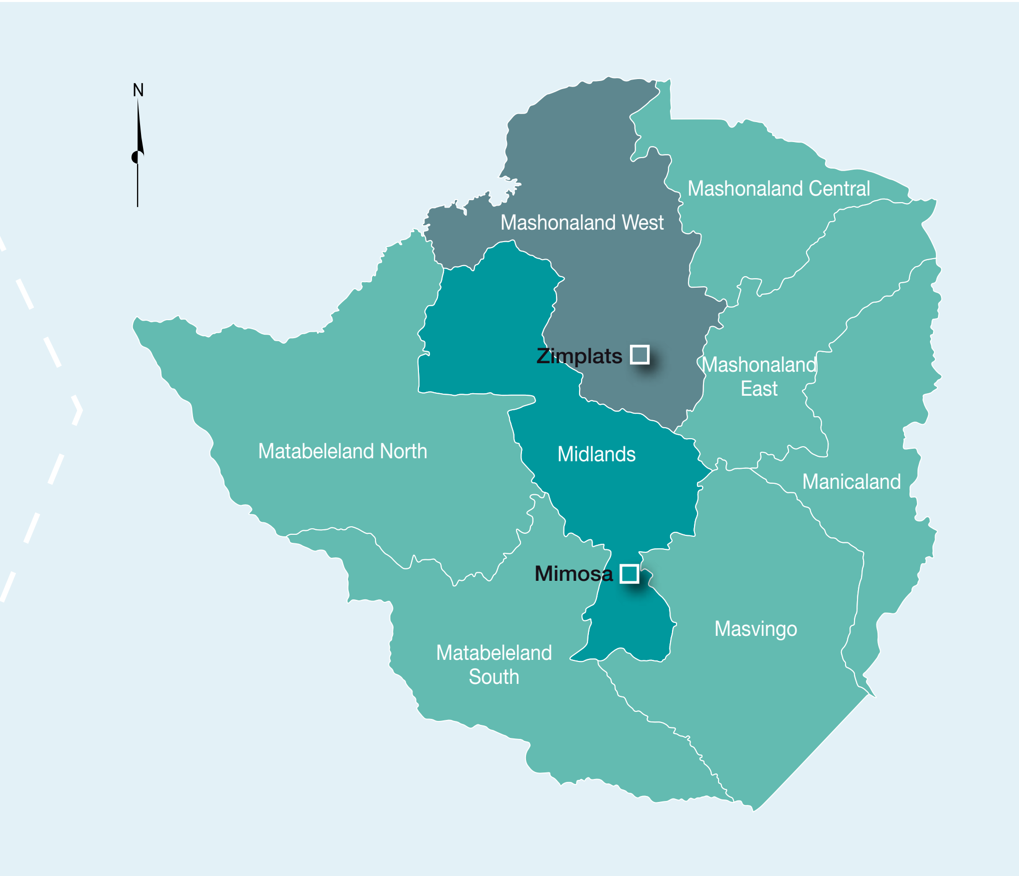
** Non-managed*
*** In concentrate*



Refined platinum ounces have been rounded for illustrative purposes.
**Ex-Impala Refining Services (IRS)*

Our operations





Total Implats

FIFR **0.091**

TIFR **12.31**

Refined Pt production **1 438 300oz**

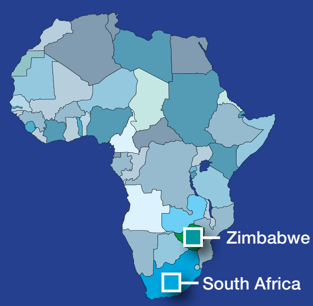
Headline earnings **R83 million**

Net cash from operating activities **R2 731 million**

Capital expenditure **R3 560 million**

Attributable Pt ounces **194Moz**
(mineral resources)

Number of employees **50 720**



PGMs are a relatively rare commodity – only around 500 tonnes (excluding recycling) are produced annually, of which less than 230 tonnes are platinum – yet they play a progressively more important role in everyday life, such as autocatalysts to control vehicle emissions, in the production of LCD glass and as hardeners in dental alloy. PGMs – primarily platinum, and the associated by-products, palladium, rhodium, ruthenium, iridium and gold usually occur in association with nickel and copper.

Business environment

Globally, the mining and minerals sector has faced a challenging few years characterised by depressed commodity prices, sluggish GDP growth rates across developed and emerging markets, rising production costs and high levels of exchange rate volatility. The reduction in economic activity, rising geopolitical tensions and economic uncertainty in many regions, compounded by the recent Brexit vote in the UK, has heightened pressure on governments across the world. There has been increased pressure in particular on resource-dependent middle-income countries, many of which are seeking to extract greater value from resource companies in an effort to deliver on the social expectations of an increasingly frustrated electorate.

These pressures on the global mining sector have been accompanied by market challenges specific to the platinum industry, as well as by the difficult operating conditions in South Africa and Zimbabwe. In the context of subdued global PGM prices, platinum miners are facing heightened stakeholder expectations on a range of fronts: neighbouring communities are making increasingly vocal demands for economic opportunities and improved local service delivery; governments continue to push for rapid transformation, indigenisation and employment creation; labour unions exert pressure for higher wages and jostle for power; while a cautious investment community maintains its call for enhanced cost efficiencies, capital management and dividends. Regulatory uncertainty continues in South Africa and Zimbabwe and the region faces ongoing challenges in electricity supply, pressure on water availability following the El Niño drought, rising input costs, depreciating local currencies and liquidity at Zimplats.

Business context

Stakeholder expectations

Our stakeholder landscape is characterised by:

- A challenging labour relations environment as a result of workplace and social wage issues. Specific initiatives focus on:
  - Ensuring safe and effective people
  - Managing organised labour
  - Embedding effective employee relations
- Developing a shared vision and social compact with local communities in a shifting socio-political environment
- Prudent stewardship and continuous investment into the business to ensure value for shareholders.

Regulatory environment

The sector has significant potential to contribute to economic growth through ongoing engagement and involvement, particularly with regard to:

- Further clarity around the new Mining Charter
- Meeting the imperatives of the NDP, the Industrial Policy Framework and the President's Framework Agreement for a sustainable mining industry.

The industry supports the Zimbabwean government's attempts to grow its local economy and dialogue between producers and regulators continues.

Metal prices

In the near term prices will continue to be impacted by:

- Global economic factors including recovery in Europe, potential contraction in China and the risk of further geo-political conflict
- Currency uncertainty around US dollar strength and falling resource prices
- Surface stock drawdown which continues to cap rand basket prices
- Prices are expected to improve in the long-term as metal inventories erode and supportive market fundamentals start to dominate.

PGM market

Market fundamentals remain sound despite prevailing low dollar PGM prices

- Demand is supported by:
  - Ongoing urbanisation in emerging economies (China and India) with rising consumer spend in the automotive and jewellery sectors
  - Growing global automotive sales
  - Stricter emission regulations
  - An emerging hydrogen economy.
- Supply continues to be constrained by:
  - Labour and safety interruptions
  - Limited access to power/energy supply
  - Persistently low dollar metal prices and reduced capital investment by producers.

Access to resources

The success of the industry is dependent on:

- Access to quality Mineral Reserves and Mineral Resources
- Its ability to manage constrained power and water supplies and the development of optionality to mitigate impacts.

Business environment

Despite continued risk to global economic growth, growing fundamental supply/demand tightness will support dollar prices for both platinum and palladium.

The global macroeconomic picture remains uncertain

Uncertainty about how the global economy will grow this year and next remains. This is reflected in the continued growth downgrades by the International Monetary Fund (IMF). The IMF's release of its World Economic Outlook update in July 2016 highlighted a modest 3.1% baseline projection for global growth in 2016. However, this was a 0.3% downward revision relative to the January 2016 update and 0.5% down against the October 2015 report. Economic growth is projected to strengthen in 2017 to 3.4%, driven primarily by emerging markets and developing economies, as conditions in stressed economies start to gradually normalise. However, the uncertainty caused by the Brexit vote may lead to lower economic growth in general.

Despite the global macroeconomic uncertainty, overall demand for PGMs from major sectors remained healthy during 2015 and continued to hold its ground during the first half of 2016. Secondary PGM supply was affected by the low PGM and steel price environment, which led to some hoarding by collectors.

Primary PGM supply continues to be at risk due to the continued lack of capital investment and the challenging mining environment in southern Africa. The low price environment has meant some unprofitable shafts have been closed, while challenges in terms of Section 54 safety stoppages, the increasing cost of production and tragic safety incidents remain.

Market performance

The platinum and palladium markets remained in a fundamental deficit during 2015, while the rhodium market showed a small surplus. For platinum and palladium, the fundamental deficits have remained since 2012, driven by healthy demand being unmet by both primary and secondary supply as accumulated above ground stocks continued to satisfy the market. The rhodium surplus in 2015 was mainly driven by major producers and traders selling their holdings to the automotive and industrial sectors during the year. For all three metals, these trends continued during the first half of 2016 and are expected to continue during the second half. Platinum and palladium markets are expected to remain in fundamental deficit during 2016 and the rhodium market is expected to remain in surplus. Accumulated above ground stocks will continue to provide some measure of support during this period

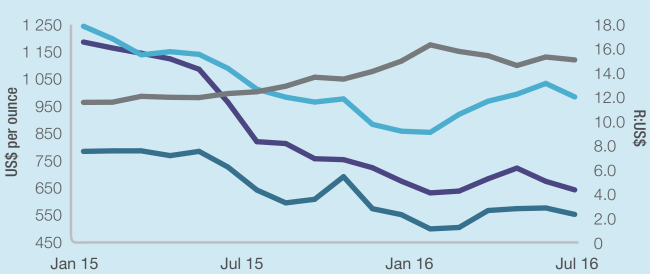
Platinum prices started Implats' financial year – July 2015 – at US$1 085 per ounce and continued their decline reaching a low of US$814 per ounce in January 2016. This was driven by the pervasive negative sentiment towards industrial metals, rather than their fundamentals. However, prices bounced back after January 2016, to reach US$1 084 per ounce during May 2016. The price increase was on the back of positive investor sentiment, healthy demand and tight supply conditions from South Africa during the first quarter of calendar year 2016. Platinum sponge shortages during this period mainly affected the premium paid for sponge over ingots and did not sustain any upward price movement and prices closed lower at US$999 per ounce at the end of June 2016. At the last practicable date of this Annual Integrated Report the Pt price was US$1 076 per oz.

Palladium prices opened the financial year at US$687 per ounce reaching a high of US$723 per ounce in September 2015 – a level not reached again during the period under review. Palladium closed the financial year at US$589 after reaching a low of US$465 per ounce in January 2016. As with platinum, the palladium price tracked macroeconomic factors, in particular the news of the cooling Chinese economy and negative investor sentiment, rather than demonstrating the metal's fundamentals. At the last practicable date of this Annual Integrated Report the Pd price was US$692 per oz.

In contrast to platinum and palladium, rhodium prices reflected market fundamentals of supply and demand throughout the period under review. The overall price of rhodium declined from US$813 per ounce in July 2015, to close at US$650 per ounce at the end of June 2016 on the back of a generally oversupplied market.

The 23% depreciation of the rand/dollar exchange rate and some restricted appreciation of prices post January 2016 did support rand prices for PGMs, giving partial relief to cash-constrained South African platinum miners.

Metal price



Source:

Business environment

Automotive

Overall, 2015 was a relatively positive year for the global automotive industry, which achieved 1.8% growth for light-duty vehicle sales, reaching 88 million units. This was the slowest growth rate since 2009 due to declines in units sold in Japan, South America and Russia. However, these declines were offset by record sales in North America, Western Europe and China. Concerns over the sustainability of diesel demand in Western Europe have proven to be largely unfounded and sales remain robust. Diesel is a key part of automakers' strategy in meeting stringent carbon dioxide emissions targets. Issues around the "cheat devices" have served to tighten emissions test protocols, potentially boosting PGM demand in this application.

The first half year-to-date sales in North America, Western Europe and China were similarly encouraging at growth rates of 1.4%, 8.4% and 9.2% respectively. However, growing concerns about financial volatility in these markets may result in the second half being flatter, with estimated global light-duty vehicle sales reaching 90 million units in 2016.

Light-duty vehicle sales

Millions	**2016 (Forecast growth) %**	**2016 (Forecast)**	2015	2014
North America*	**2.0**	**17.8**	17.4	16.5
Western Europe*	**5.0**	**13.9**	13.2	12.1
China#	**6.0**	**22.5**	21.2	19.7
Japan^	**(10.0)**	**4.6**	5.1	5.6
Rest of the world*	**1.0**	**31.5**	31.2	32.5
	2.4	**90.2**	88.1	86.5

*Source: * LMC Automotive*
 # CAAM
^ Internal

Despite the ongoing substitution of platinum with palladium in gasoline and some diesel autocatalysts, platinum demand continued to benefit from growing use in light- and heavy-duty diesel vehicles, which exceeded 3.2 million ounces in 2015. The growth in vehicle sales and the substitution of platinum by palladium resulted in palladium demand from the automotive sector reaching 7.7 million ounces in 2015. For rhodium, the use in autocatalysts amounted to 0.83 million ounces during 2015 – autocatalyst thrifting was offset by increased requirements for rhodium in diesel vehicles.

Business environment

Jewellery

The 2015 PGI retail barometer showed the economic slow-down in China affecting the jewellery industry, resulting in Chinese platinum jewellery demand declining by 4% during 2015. This was partially offset by growth in other regions. India recorded a 24% increase on the back of the "Platinum Day of Love" programme and better market penetration, while the "Evara" programme drove demand for bridal gifting for both men and women. The 10% growth in the US was largely driven by low platinum prices, which incentivised manufacturers and retailers to stock and sell platinum. The 2.7% growth seen in Japan was due to the trend of bridal couples buying matching platinum wedding rings, while non-bridal platinum demand benefited from an increase in purchases of heavier items, such as necklaces and pendants. Global platinum jewellery demand declined by just 5 000 ounces, reaching 3.025 million ounces during 2015.

The first half of 2016 has been challenging, especially in China where retailers experienced a slow start during the first quarter due largely to a short sales season caused by an overlap of the Chinese New Year and Valentine's Day. Despite robust sales in the US, Japanese earthquakes affected consumer spending, while an Indian manufacturer strike also impacted sales. However, sales are expected to recover in the second half of the year.

Industrial

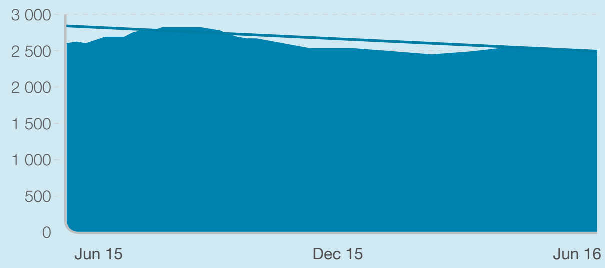
Industrial demand remained healthy in 2015 and into the first half of 2016, driven largely by chemical, electrical and fuel cell applications. Industrial demand amounted to 2 million platinum ounces, 1.95 million palladium ounces and 0.16 million rhodium ounces.

The first half of 2016 saw moderate gains in demand for platinum from the industrial sector, driven by growth in new plants and plant expansions in the petroleum industry and by projects in the chemicals and glass sectors. Palladium demand during the first half of the year remained comparatively flat, while demand for rhodium was moderately higher.

Investment

Platinum and palladium ETF sales in the second half of 2015 continued during the first half of 2016. For platinum, the global net liquidations amounted to 40 000 ounces, primarily due to South African funds liquidating 160 000 ounces during the first half of 2016. This was on the back of rand weakness, which prompted profit-taking, with some investors swapping into producer equities, as seen in share price gains and the high level of trading volumes during the first half of 2016.

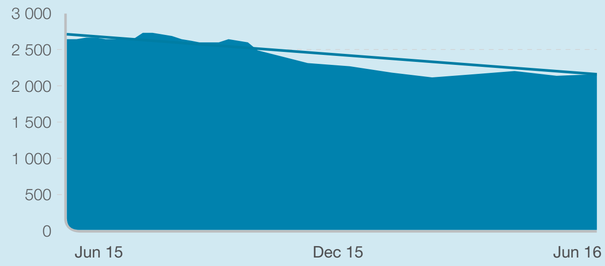
Platinum ETF investment
('000z)



Source: HSBC

There were net ETF liquidations of 130 000 palladium ounces during the first half of 2016. These liquidations were more pronounced than platinum due to concerns about the Chinese economy and its effect on palladium demand.

Palladium ETF investment
('000z)



Source: HSBC

Business environment

The wider spread of gold to platinum prices and falling local platinum prices continued to generate general public interest in buying platinum mini-bars in Japan during the first half of the year. The 325 000 ounces bought offset liquidations in the platinum ETFs.

Changes in NYMEX/TOCOM positioning were divergent during the first half of the year. While platinum increased by 140 000 ounces, palladium declined by 375 000 ounces. The increase in the platinum net position was driven by reductions in shorts, while the decline in the palladium net position was due to reductions in long positions and increased short positions on NYMEX. The short positioning in palladium remains high relative to historic levels and is expected to drive palladium prices in the medium term.

Outlook

In our view, the platinum and palladium markets will remain in fundamental deficit during 2016 – the fifth year in a row. Rhodium will remain in a small fundamental surplus.

We expect growth in automotive and industrial demand for platinum and palladium, with relatively flat demand from the jewellery sector. The demand will not be fully met by primary and secondary supply. We expect, in the low price environment, that recycling will remain sluggish. In addition, primary South African producers now have less flexibility to supplement supplies with metal from stocks as these have been depleted to supplement cash flows. We expect diminishing above-ground stocks to continue to satisfy fundamental deficits during 2016.

The continued and growing preference for palladium over platinum in gasoline and diesel catalyst systems remains a concern. The current use on some gasoline systems is at a ratio of 7:1 Pd:Pt and higher, while global supply is at a ratio of around 1.2:1 Pd:Pt – a significant mismatch. Our view is that the palladium market will remain in a significant fundamental deficit over the next 10 years. Above-ground liquid stocks and increasing autocatalyst recycling are not expected to sufficiently cover the deficits. Absent any expected increase in primary supply, the picture is clearly not sustainable.

Platinum

Platinum demand (excluding investment) is expected to grow at 1.3% in 2016 driven by modest growth in automotive and industrial applications, while jewellery demand is expected to remain relatively subdued. Primary and secondary supplies are not expected to fully match the growth in demand, hence we expect platinum to be in fundamental deficit in 2016.

Platinum supply/demand outlook

’000toz	2016 (Forecast)	2015
Demand		
Automotive	**3 350**	3 295
Jewellery	**3 025**	3 025
Industrial	**2 050**	2 000
Investment	**285**	220
Total demand	**8 710**	8 540
Supply		
South Africa	**3 985**	4 210
Zimbabwe	**450**	415
North America	**360**	320
Recycle	**2 220**	1 955
Russian sales	**680**	700
Others	**115**	100
Total supply	**7 810**	7 700
Movement in stocks	**(900)**	(840)

Source: Internal Implats

Business environment

Palladium

We expect relatively flat palladium demand during 2016 compared to 2015, if palladium investment is excluded. As with platinum, primary and secondary supplies of palladium are not expected to meet demand, hence we expect palladium to be in a fundamental deficit in 2016.

Palladium supply/demand outlook

’000toz	2016 (Forecast)	2015
Demand		
Automotive	**7 730**	7 700
Industrial	**1 940**	1 950
Investment	**(130)**	(660)
Jewellery	**100**	130
Total demand	**9 640**	9 120
Supply		
South Africa	**2 290**	2 350
Zimbabwe	**420**	400
North America	**955**	930
Russian sales	**2 400**	2 605
Recycle	**2 930**	2 510
Others	**100**	120
Total supply	**9 095**	8 915
Movement in stocks	**(545)**	(205)

Source: Internal Implats

Rhodium

Growing automotive and industrial demand, especially in the Asian markets, should be modestly positive for rhodium demand in 2016. The availability of the metal in the market should keep rhodium in surplus during 2016.

Rhodium supply/demand outlook

’000toz	2016 (Forecast)	2015
Demand		
Automotive	**830**	820
Industrial	**170**	160
Investment	**—**	(5)
Total demand	**1 000**	975
Supply		
South Africa	**600**	610
Zimbabwe	**40**	35
North America	**25**	25
Russian sales	**65**	65
Recycle	**345**	280
Others	**5**	5
Total supply	**1 080**	1 020
Movement in stocks	**80**	45

Source: Internal Implats

Chief executive officer's review

Implats will continue its cash preservation initiatives as well as the drive to enhance productivity and profitability. The Group continues to invest in its operations and will mechanise and optimise through the downturn to ensure it is well positioned for the future.

Terence Goodlace
Chief executive officer

Q Has the team managed to create a safe production environment in 2016?

A Safety has improved considerably in recent years. During the first half of this financial year the Group achieved its lowest ever 12-month moving average fatal-injury frequency rate of 0.024 per million man-hours worked. Between 13 April 2015 and 24 November 2015 the South African operations reported zero fatal incidents resulting in 210 fatality-free calendar days, which equates to over eight million fatality-free shifts – a truly remarkable performance.

Other noteworthy achievements include Rustenburg Services, which has worked more than 11 million shifts without a fatal incident, Zimplats with more than five million and Two Rivers with three million. Marula and Impala's 4, 11 and 20 Shafts have each worked more than two million shifts without incident. Other safety millionaires include 6, 7, 10 and 16 Shafts and Mineral Processing.

Despite this improvement, the achievements were overshadowed by the tragic loss of 11 lives at our operations during the year – two at Mimosa in Zimbabwe, three at Impala Rustenburg's 1 Shaft and six at 14 Shaft. Losing colleagues is a devastating blow that reverberates across the Group and we extend our sincere condolences to their families and friends. The incidents at Mimosa and 14 and 1 Shafts were unprecedented and unusual – despite all our programmes to drive zero harm – and has brought into stark focus the risks around critical safety behaviours and the need to inculcate an independent safety culture and attitude in every single employee.

We continue to work closely with all stakeholders including our own employees, organised labour and the Department of Mineral Resources (DMR) in pursuit of achieving safe production and zero harm across all operations.

Chief executive officer's review

Good progress has been made in advancing safety improvements across all the pillars of our safety strategy, namely person and behaviour, safety practices and the safety environment, particularly in terms of new technology and engineering solutions and systems.

However, our analysis of the fatal and lost-time injuries has shown that human failure remains a significant factor in these incidents and our focus emphasises improvements to the person and behavioural pillars in particular. This is about ensuring employees have the right skills, team work, knowledge, motivation, attitudes and abilities to achieve zero harm. We are striving to shift our safety culture from one of dependence on supervision to ensure compliance with safety rules and procedures, to an interdependent culture where all employees look after their own and others' safety. This has and will continue to entail the urgent roll out of safe production rules and critical safety behaviours, health and safety leadership assessments, supervisory leadership training courses, safety representative training and further team mobilisation. More than half of all production teams have been through the team mobilisation training over the past two years and we aim to continue this invaluable five-day training course at a rate of five teams per week.

Q What were the key features of this year's performance?

A The platinum sector continues to be challenged by a low dollar PGM price environment. Implats' proactive response plan to the lower-for-longer PGM price scenario, introduced in February 2015, has shown positive results during the year and the Group continues to prioritise shorter-term cash preservation and profitability enhancement measures. In addition, Implats' balance sheet was strengthened through a successful R4 billion equity-raising exercise, the proceeds of which are ear-marked for completing the 16 and 20 Shaft complexes in Rustenburg. Subsequent to the year-end the Group also extended the quantum and tenure of its existing debt facilities to provide further flexibility.

The diverse geographical nature and scope of the Group's assets are becoming ever-more advantageous to its operating profile and operational performances improved across the Group. Zimplats, Mimosa, Marula and Two Rivers all achieved their best ever output and operational performances. Zimplats restored platinum output to design capacity following successful open-pit mining and the build-up of mechanised production from the Bimha mine. Production at Marula during the first half of the year improved by 13%. However, the second half was disrupted by sporadic community unrest, which affected tonnages and ounces. The operation continues to perform well and, in the last two months of the financial year, which were uninterrupted, Marula achieved efficiencies that would achieve the targeted 90 000 ounces of platinum on an annualised basis.

Impala Rustenburg managed a reasonable performance in the first half of the year, but two major safety incidents affected its overall performance. A conveyor belt fire at the 14 Shaft complex resulted in the loss of productive capacity from the bottom trackless section of the mine. Full productive capacity will be restored in March 2017 when all rehabilitation activities are completed. It is planned to commence trackless mining from this section from November 2016 as and when conveyor and associated ancillary services are restored. Meanwhile, the fall-of-ground incident at 1 Shaft and the subsequent search for the missing employees resulted in multiple safety interruptions.

Implats remains cash generative, ending the period under review with R2 731 million free cash from operations, despite operating in a period when rand metal prices were low. The South African operations were cash positive, after taking into account capital expenditure on 16 and 20 Shaft, this performance was assisted by the considerable financial contribution from Impala Refining Services (IRS).

Q How has your approach to stakeholder engagement changed over the years?

A Direct engagement with employees, communities and other key stakeholders has been a key focus during the year and we are continuously stepping up our engagement. We value our stakeholders – we listen carefully to and prioritise their needs. We aim to match these developmental needs with the resources available to us. The current reality, however, is that the needs far outstrip our available resources.

There is growing social discontent and a crisis of expectations is emerging, particularly in communities surrounding mining sector activity, with devastating consequences. This year Implats has seen much higher levels of violent community unrest and demonstrations that have led to mineworker intimidation, production interruptions and damage to mine infrastructure.

At the heart of this crisis is an information and trust breakdown between mining companies and their key stakeholders. To reclaim trust and goodwill, it is vital that mining companies secure new and innovative ways to engage more effectively and proactively with key stakeholders.

That said, the platinum belt strikes three years ago exposed fault lines that allowed the sector to engage and collectively solve pressing challenges. Implats' relations with labour, in particular, is a lot sounder and more advanced than before and the trust relationship is much improved.

Chief executive officer's review

It is vital that Implats continues to share information and create an environment where stakeholders are informed, feel valued and are able to collaborate with company representatives.

In an environment where violence and protest action have often made it difficult to engage stakeholders directly, new communication channels and technology need to be incorporated to augment more traditional strategies to engage with large, diverse, widely-distributed and often politicised and/or radicalised stakeholder groups.

We have structured and prioritised strategic stakeholder engagement and communication actions and projects across the Group, based on internal stakeholder mapping and risk assessment intelligence.

Q Has Implats' response plan to the low PGM price environment borne fruit?

A The response plan is showing positive results. First communicated in February 2015, Implats' response plan targeted operational savings of R930 million in the 2016 financial year. This was then increased by a further targeted saving of R640 million (to give a total operating cost reduction of R1.6 billion in 2016). The key strategic objectives included cost optimisation, reprioritising and rescheduling of capital expenditure, implementing the Impala Lease Area strategy and strengthening the Group balance sheet.

Various initiatives to improve mining efficiencies and reduce operating costs realised a saving of approximately R1.4 billion for the year against the target of R1.6 billion, of which R0.9 was realised at Impala. Key components included: R286 million as a result of reduced staffing; R306 million as a result of contract renegotiations and improved consumption; R97 million on reduced overtime; and R241 million on higher efficiencies, deferred development and renewals.

Our capital budget was reduced by R1.3 billion to R4.2 billion for 2016 following further curtailments at 17 Shaft and targeted reductions at Impala Rustenburg, Marula and Zimplats. Over the year, R1.3 billion was spent on 16 and 20 Shafts and R981 million at Zimplats. R3.56 billion capital has been spent across the Group, resulting in a R1.9 billion deferment on capital expenditure.

Once the Impala Lease Area strategy has been fully implemented, the Lease Area will have transformed into a more concentrated mining operation with access to new, modern shaft complexes making better use of the invested fixed cost base, with higher mining efficiencies and lower unit costs. Both 8 Shaft and the 12 Shaft mechanised sections were closed as planned in 2016. As at year-end, overall labour numbers at Impala Rustenburg were reduced by approximately 3 360 people through the planned closures of these operations, initiatives targeting contractor efficiencies and labour optimisation through natural attrition. In addition, contractor employment has reduced from 11 302 to 9 531 and own employees from 32 536 to 30 946 – job losses have been mitigated as far as possible by transfers to 16 and 20 Shafts and the reclassification of employees to other occupations.

In terms of the balance sheet, Group debt facilities were increased in February 2016 from R3.5 billion to R4.0 billion available until December 2017. Subsequent to year-end the Group amended R3.25 billion of these facilities to a revised quantum of R4.0 billion available until 2021. The enhanced liquidity will enable Implats to address upcoming debt maturities as well as the ongoing needs of the business. The R4 billion equity-raising successfully completed in October 2015 is being spent to complete 16 and 20 Shafts.

Q What are the opportunities and focus areas for Implats going forward?

A The forecast for fundamental deficits in PGMs over the medium- to long-term will have a positive effect on PGM prices given the challenges constraining primary supply. In the short term, however, PGM prices are expected to remain subdued, largely due to the uncertain global economic outlook and prevailing negative sentiment on most resources in general – and particularly due to the slowing Chinese economy.

Implats will continue its cash preservation initiatives as well as the drive to enhance productivity and profitability. The Group continues to invest in its operations and will mechanise and optimise through the downturn to ensure that it is well positioned for the future. All operations are performing extremely well and efforts are apace to restore Impala Rustenburg to its full potential.

Implats remains resolute in achieving zero harm goals to ensure the safety and well-being of every employee. Following the fire at Impala Rustenburg's 14 Shaft, the upper conventional section of the mine has been reopened. The lower trackless and conventional mining sections remain closed and mining crews have been re-deployed. The repair plan to return the shaft to full production is expected to be completed by March 2017. This had a 39 000 platinum ounce production impact in 2016 and is expected to have a further 45 000 impact in 2017. Production estimate for Impala is between 700 000 and 710 000 platinum ounces for 2017, after which the previous guidance of building up to 830 000 platinum ounces by 2020 remains.

Production guidance for the other operations remains unchanged for the coming year – Zimplats 260 000 platinum ounces in matte and Marula,

Chief executive officer's review

Two Rivers and Mimosa 90 000, 175 000 and 115 000 platinum ounces in concentrate respectively.

Unit costs are expected to be approximately R21 300 per platinum ounces and capital should be contained to R4.4 billion in 2017.

The challenging economic, operational and social framework in which we operate serves to highlight the importance of maintaining a strong focus on the sustainability of our business and delivering on our commitment to the safe and responsible production of PGMs, while making a meaningful contribution to our communities. An ethos of respect and care in the way we do business is integral to realising our vision of being the world's best platinum-producing company that delivers superior returns to all our stakeholders.

Q This is your last year-end statement to Implats' shareholders.

A Yes, I have given notice of my decision to resign with effect from 1 December 2016. I chose, in close consultation with the Group Chairman, to give a long notice period to allow for a seamless and smooth hand-over period.

I will spend my last six months at Implats leading the ongoing implementation of all of our safety initiatives as well as the response plan to ensure that it continues to make good progress and that the Group emerges more resilient and robust from the difficult trading and operating environment. I leave behind a strong board and an experienced executive team to lead this process to its conclusion.

I wish to thank shareholders for their continuing support and express my deepest gratitude to every single one of our employees who give of their best – day in and day out. Implats is not in the business of mining – but rather, with such a large workforce, we are in the business of people. Now, more than ever, we need to focus on our people.

Terence Goodlace
Chief executive officer

Chief financial officer's report

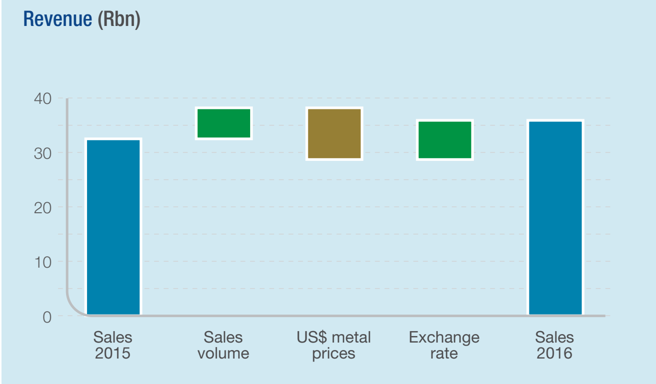
During the year under review, the Group has continued to focus on cost reduction and strengthening the balance sheet to ensure sustainability and the completion of key capital projects respectively.

Financial summary and statistics

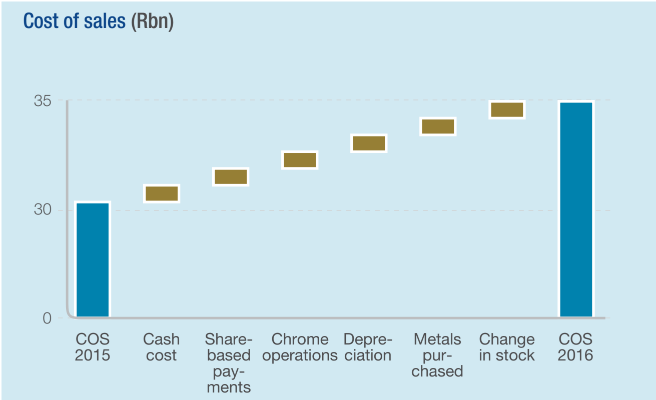
Summary statement of comprehensive income
for the year ended 30 June 2016

	2016 Rm	2015 Rm
Revenue	**35 932**	32 477
Less: Cost of sales	**(35 928)**	(30 849)
Gross (loss)/profit	**4**	1 628
Other operating income	**647**	953
Other operating expenses	**(198)**	(1 338)
Impairment	**(307)**	(5 847)
Royalty (expense)/income	**(516)**	575
Loss from operations	**(370)**	(4 029)
Other	**(230)**	(327)
Income tax	**557**	217
Loss for the period	**(43)**	(4 139)
Other comprehensive income		
Other	**(11)**	(10)
Exchange differences on translation	**2 380**	1 495
Total comprehensive income	**2 326**	(2 654)
Headline earnings (cps)	**12**	36

Revenue (Volume/price/exchange)



Cost of sales



Other operating expenses

Other operating expenses were higher in the previous year due to R808 million being transferred from cost of sales due to it being non-production costs incurred during the ramp-up after the strike and higher asset scrapping in 2015.

Impairment

In 2015 the R5.8 billion impairment charge related to 17 Shaft, Afplats and Imbasa/Inkosi. Impairments in the current year relate mainly to the 12 Shaft (mechanised) section which was shut before the half year.

Royalty

In 2015, the royalties were affected by the Zimplats court case, which resulted in a credit of R1.2 billion in that year.

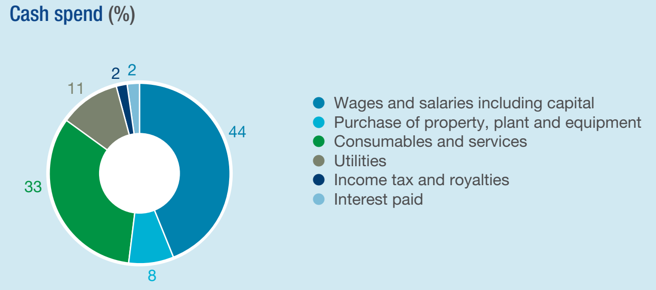
Income tax

The tax shield was impacted by R509 million prior year adjustment for the deductibility of the previously written off amount due by A1.

Chief financial officer's report

Consolidated statement of cash flow
for the year ended 30 June 2016

	2016 Rm	2015 Rm
Cash flow from operating activities	**2 731**	2 328
Cash flow from investing activities	**(2 920)**	(3 845)
Cash flow from financing activities	**4 215**	(276)
Cash and cash equivalents – end of year	**6 788**	2 597
Net cash/(debt) excluding leases	**19**	(3 464)



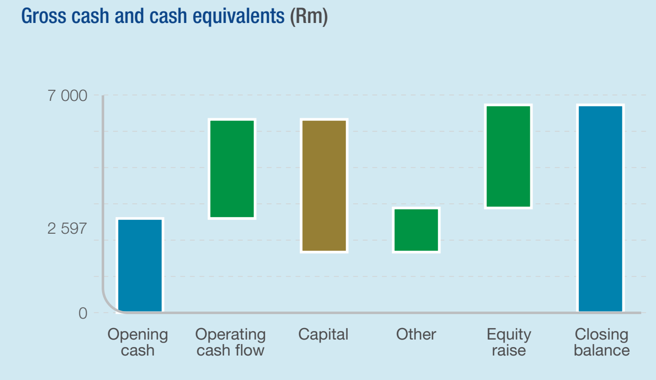
Equity raising
During the year under review, the Group has continued to focus on cost reduction and strengthening the balance sheet to ensure sustainability and the completion of key capital projects respectively.

To secure the key capital projects at Impala, the Group successfully executed a R4.0 billion equity raising in October 2015 via an accelerated book build process.

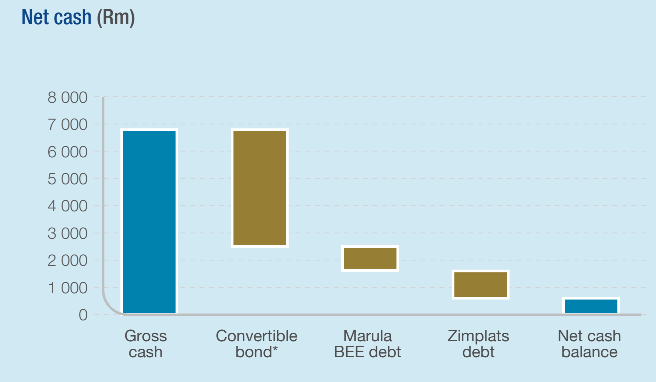
In addition, subsequent to the year-end the Group extended the quantum and tenure of its existing debt facilities from certain of its local relationship banking institutions in order to further strengthen its balance sheet.

Implats has amended R3.25 billion of its existing debt facilities, which were previously available until December 2017, to a revised quantum of R4.0 billion available until 2021. All other debt facilities remain in place. The enhanced liquidity provides comfort that Implats is able to address upcoming debt maturities as well as the ongoing needs of the business.

Gross cash and cash equivalents



Net cash



* *Net of cross currency interest rate swap.*

Additional financial information – Group

Consolidated statement of financial position
as at 30 June 2016

	2016 Rm	2015 Rm
Assets		
Non-current assets		
Property, plant and equipment	**49 722**	47 248
Exploration and evaluation assets	**385**	385
Investment property	**173**	—
Investment in equity-accounted entities	**3 342**	3 172
Deferred tax	**37**	—
Other financial assets	**312**	146
Derivative financial instrument	**1 137**	630
Prepayments	**10 180**	10 378
	65 288	61 959
Current assets		
Inventories	**8 202**	8 125
Trade and other receivables	**3 605**	3 751
Other financial assets	**12**	35
Prepayments	**1 121**	748
Cash and cash equivalents	**6 788**	2 597
	19 728	15 256
Total assets	**85 016**	77 215
Equity and liabilities		
Equity		
Share capital	**19 547**	15 733
Retained earnings	**31 200**	31 271
Other components of equity	**5 161**	3 100
Equity attributable to owners of the Company	**55 908**	50 104
Non-controlling interest	**2 548**	2 258
Total equity	**58 456**	52 362
Liabilities		
Non-current liabilities		
Deferred tax	**8 574**	8 695
Borrowings	**8 715**	7 366
Other financial liabilities	**—**	57
Sundry liabilities	**443**	377
Provisions	**1 082**	848
	18 814	17 343
Current liabilities		
Trade and other payables	**6 382**	6 057
Current tax payable	**645**	636
Borrowings	**564**	710
Other financial liabilities	**66**	17
Sundry liabilities	**89**	90
	7 746	7 510
Total liabilities	**26 560**	24 853
Total equity and liabilities	**85 016**	77 215

More information on the Implats Annual Financial Statements 2016 is available at www.implats.co.za.

Additional financial information – Group

Consolidated statement of profit or loss and other comprehensive income
for the period 30 June 2016

	2016 Rm	2015 Rm
Revenue	**35 932**	32 477
Cost of sales	**(35 928)**	(30 849)
Gross profit	**4**	1 628
Other operating income	**647**	953
Other operating expenses	**(198)**	(1 338)
Impairment	**(307)**	(5 847)
Royalty (expense)/income	**(516)**	575
Loss from operations	**(370)**	(4 029)
Finance income	**369**	135
Finance cost	**(705)**	(419)
Net foreign exchange transaction losses	**(549)**	(287)
Other income	**547**	266
Other expenses	**(154)**	(399)
Share of profit of equity-accounted entities	**262**	377
Loss before tax	**(600)**	(4 356)
Income tax income	**557**	217
Loss for the year	**(43)**	(4 139)
Other comprehensive income/(loss), comprising items that may subsequently be reclassified to profit or loss:		
Available-for-sale financial assets	**(7)**	(27)
Deferred tax thereon	**—**	(2)
Share of other comprehensive income of equity-accounted entities	**342**	239
Deferred tax thereon	**(34)**	(23)
Exchange differences on translating foreign operations	**2 380**	1 495
Deferred tax thereon	**(311)**	(195)
Other comprehensive income/(loss), comprising items that will not subsequently be reclassified to profit or loss:		
Actuarial loss on post-employment medical benefit	**(1)**	(2)
Deferred tax thereon	**—**	—
Total comprehensive income/(loss)	**2 326**	(2 654)
Profit/(loss) attributable to:		
Owners of the Company	**(70)**	(3 663)
Non-controlling interest	**27**	(476)
	(43)	(4 139)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**1 990**	(2 372)
Non-controlling interest	**336**	(282)
	2 326	(2 654)
Earnings per share (cents per share)		
Basic	**(10)**	(603)
Diluted	**(10)**	(603)

More information on the Implats Annual Financial Statements 2016 is available at www.implats.co.za.

Additional financial information – Group

Consolidated statement of cash flows for the period 30 June 2016	**2016 Rm**	2015 Rm
Cash flows from operating activities		
Cash generated from operations	**4 216**	3 100
Exploration costs	**(13)**	(33)
Finance cost	**(589)**	(338)
Income tax paid	**(883)**	(401)
Net cash from operating activities	**2 731**	2 328
Cash flows from investing activities		
Purchase of property, plant and equipment	**(3 658)**	(4 508)
Proceeds from sale of property, plant and equipment	**42**	42
Purchase of available-for-sale financial assets	**(152)**	—
Purchase of held-to-maturity financial assets	**(70)**	—
Proceeds from available-for-sale financial assets	**23**	—
Proceeds from held-to-maturity financial assets	**40**	—
Loans granted	**(2)**	(61)
Loan repayments received	**24**	19
Finance income	**394**	141
Dividends received	**439**	522
Net cash used in investing activities	**(2 920)**	(3 845)
Cash flows from financing activities		
Issue of ordinary shares, net of transaction cost	**3 902**	1
Shares purchased – Long-term Incentive Plan	**(17)**	(3)
Repayments of borrowings	**(13)**	(344)
Proceeds from borrowings	**389**	80
Dividends paid to non-controlling interest	**(46)**	(10)
Net cash used in financing activities	**4 215**	(276)
Net increase/(decrease) in cash and cash equivalents	**4 026**	(1 793)
Cash and cash equivalents at the beginning of the year	**2 597**	4 305
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	**165**	85
Cash and cash equivalents at the end of the year	**6 788**	2 597

More information on the Implats Annual Financial Statements 2016 is available at www.implats.co.za.

Group performance against strategy and KPIs

(refer: Business plan on a page – Page 11)

		2016	2015	2014	2013	2012
Operating statistics						
Gross refined production						
Platinum	(000oz)	**1 438**	1 276	1 178	1 582	1 448
Palladium	(000oz)	**885**	792	710	1 020	950
Rhodium	(000oz)	**185**	172	157	220	210
Nickel	(000t)	**17**	15.9	13.9	16	15.4
IRS metal returned (toll refined)						
Platinum	(000oz)	**0**	0	94	189	121
Palladium	(000oz)	**2**	1	28	190	148
Rhodium	(000oz)	**0**	0	9	36	25
Nickel	(000t)	**3.5**	3.3	3.2	3.2	3.1
Sales volumes						
Platinum	(000oz)	**1 512**	1 273	1 197	1 333	1 368
Palladium	(000oz)	**906**	789	767	859	765
Rhodium	(000oz)	**197**	165	147	176	183
Nickel	(000t)	**14.2**	11.6	10.7	14.7	13.9
Prices achieved						
Platinum	(US$/oz)	**961**	1 241	1 423	1 551	1 614
Palladium	(US$/oz)	**586**	804	737	676	687
Rhodium	(US$/oz)	**735**	1 187	1 000	1 143	1 601
Nickel	(US$/t)	**9 483**	15 458	14 644	16 437	19 513
Consolidated statistics						
Average exchange rate achieved	(R/US$)	**14.39**	11.41	10.36	8.81	7.70
Closing exchange rate for period	(R/US$)	**14.69**	12.17	10.64	9.88	8.17
Revenue per platinum ounce sold	(US$/oz)	**1 627**	2 199	2 299	2 505	2 576
	(R/oz)	**23 413**	25 091	23 818	22 069	19 844
Tonnes milled ex mine	(000t)	**18 426**	16 024	13 916	17 209	16 626
PGM refined production	(000oz)	**2 908**	2 618	2 370	3 233	3 016
Group unit cost per platinum ounce	(R/oz)	**21 731**	22 222	19 431	16 526	13 466
	(US$/oz)	**1 507**	1 947	1 874	1 874	1 739
Headline earnings	(Rm)	**83**	221	523	1 994	4 160
Gross profit margin	(%)	**–**	5	11	16	21
Capital expenditure	(Rm)	**3 560**	4 287	4 345	6 134	7 786
Cash net of debt/(debt net of cash)**	(Rm)	**19**	(3 464)	(3 482)	(3 366)	(2 320)
				(1 768)	(1 878)	(995)
Cash generated from operations	(Rm)	**2 731**	2 328	4 096	5 582	4 441
Key non-financial performance						
Fatality injury frequency rate	(pmmhw*)	**0.091**	0.058	0.043	0.065	0.087
Lost-time injury frequency rate	(pmmhw*)	**6.49**	5.27	6.10	5.80	5.91
Total injury frequency rate	(pmmhw*)	**12.31**	9.78	11.90	10.91	11.19
Employees (including contractors)	(no)	**50 720**	54 036	54 986	56 393	61 218
Employee turnover	(%)	**8**	5	5	6	10
HDSA in management	(%)	**53**	51	50	48	48
Energy intensity	(GJ/tonnes milled)	**0.941**	0.995	1.034	0.955	0.986
Water intensity	(Mℓ/tonnes milled)	**0.003**	0.003	0.003	0.002	0.002
Total CO_2 intensity	(t/tonnes milled)	**0.207**	0.209	0.218	0.220	0.223
Total direct SO_2 intensity	(t/tonnes milled)	**0.002**	0.002	0.002	0.001	0.001
% water recycled	(water recycled/ water consumed)	**41**	36	39	38	37
Share performance						
Headline earnings per share	(cents)	**12**	36	86	329	681
Closing share price	(R)	**47**	54	107	93	135
Market capitalisation	(R billion)	**35**	34	68	59	85

* *pmmhw – per million man-hours worked.*

** *Net of cross currency interest rate swap.*

Operational review – Impala

The key focus is to transform the Impala Lease Area into a more concentrated mining operation with access to new, modern shaft complexes making better use of the invested fixed cost base, with higher mining efficiencies, lower unit costs and improved safe production performance.


20 Shaft, Impala.

KEY FEATURES

- Major safety incidents at 1 and 14 Shafts with loss of life and production impacts
- Significant cost savings implemented
- Unit cost impacted by low production volumes in FY2016

RISKS

- Safety and labour related work stoppages
- Low metal prices
- Non delivery of productivity targets

OPPORTUNITIES

- Two large new mining complexes ramping up
- Further cost savings and efficiency improvements
- Potential to reduce unit cost significantly

Operational review – Impala

Manufactured capital

Safety

Impala's safety performance deteriorated over the year with nine fatalities in five separate safety-related incidents at Impala Rustenburg. After a good start to the year, in which the operation achieved its best ever fatal-injury frequency rate of 0.24 per million man-hours worked, the safety performance was devastatingly impacted by safety-related events at 1 and 14 Shafts in which these nine workers tragically and regrettably sustained fatal injuries.

On 24 November 2015, Mr Oraile John Sethibang died in a fall-of-ground incident at 14 Shaft and in a separate fall-of-ground incident, Mr Jerome Nkosiphendule Zweni passed away on 12 December 2015. Four mine workers – Mr Stephen Johnny Kgari, Mr Mosala George Moloele, Mr Tshotlego Rantisiripana Moyo and Mr Mosielele Johannes Sesimane – were tragically overcome by smoke inhalation at the same shaft while making their way to safety after an underground fire on 22 January 2016.

At 1 Shaft, Mr Vuyani Jackson Kajani died following a scraper incident on 7 January 2016. Mr Ohemile Moses Maamogwa and Mr Tanki Samuel Lepitikoe were fatally injured in a fall-of-ground incident in the mining stope on which they were working on 17 May 2016.

The families of the deceased have all received counselling and assistance from the Company during these trying times and our shared pain stands as a stark reminder that, while we have all made significant safe production improvements, much still needs to be done to achieve our shared goal of zero harm.

In this journey, our focus remains on inculcating critical safe behaviours in all our workers, supported by effective safety leadership, compliance with leading safety practices and creating an inherently safe working environment.

Leadership development programmes, team mobilisation training programmes, critical safe behaviour controls and trigger action response protocols to immediately withdraw from all potentially dangerous situations continue to receive priority and have all been progressed during the year.

Operational performance

Production during the period under review was materially affected by the unprecedented safety events, specifically the underground fire at 14 Shaft and the fall-of-ground incident at 1 Shaft.

On 22 January 2016 an underground fire at 14 Shaft caused extensive damage to the conveyor infrastructure in the decline shaft. While stoping and development activities recommenced in the upper sections in February 2016, the lower mechanised and conventional mining sections remain closed. The repair process has been optimised and the decline is expected to be completely restored by the end of March 2017. Consequently, platinum production in 2016 was impacted by approximately 39 000 ounces, with a further expected impact of 45 000 ounces in 2017. The repair cost and business interruption associated with this incident will be recovered from our insurance providers, subject to the provisions of the insurance policy. To date, a total of R415 million has been received, of which R120 million was for property damage and the balance of R295 million was for business interruption.

The fall-of-ground incident at 1 Shaft in May 2016 also significantly impacted production. Two employees were initially reported missing and were subsequently found fatally injured two days and two weeks respectively after the incident. Search and rescue teams worked around the clock in extremely dangerous conditions to find and recover the mine workers, after which production remained suspended for a further prolonged period to re-establish and secure all related safety protocols.

Both 8 Shaft and the 12 Shaft mechanised sections, which were identified as loss-making in the low price environment, were closed as planned at the end of December 2015. Together these areas contributed 22 600 platinum ounces to Impala's production in the first half of 2016.

Despite these impacts, good progress was made during the year with the commissioning and ramp-up of two new large underground mining operations, 16 Shaft and 20 Shaft. Together, these new shafts produced 82 900 platinum ounces in 2016, with planned output of 310 000 platinum ounces expected in 2020. In terms of productivity improvements, the focus remains on reducing under-performing mining teams and increasing available mining face length through ore reserve development and construction.

Mineable face length for conventional mining crews has been a key focus at the operation over a number of years given that it provides the best measure for ore reserve flexibility. At June 2015 the mineable face was 22km and this has been maintained on average for 2016 despite the closure of 8 Shaft in December 2015. This allowed an average of 545 stoping teams to be deployed at the operation during the year (531 at the start of the year and 555 at year-end). This will be increased to 594 teams during 2017.

Milled throughput improved by 12.1% to 10.32 million tonnes (2015: 9.20 million tonnes) and refined platinum production increased by 9.0% to 626 900 ounces (2015: 575 200 ounces).

Human capital

Labour relations

A stable and constructive employee relations environment remains critical to the ability of our human capital to consistently deliver on planned performance.

Operational review – Impala

To this end, the completion of a new wage agreement with the recognised labour representatives, effective from 1 July 2016, is vital. Following the previous wage negotiation process in 2014, which was affected by a five-month strike, management has developed a comprehensive wage negotiation and engagement strategy aimed at mitigating the risks associated with this process. Initiatives include much higher levels of direct employee engagement, in which information is openly shared and frontline supervisors are empowered to resolve emerging people challenges at the lowest possible level. Shared values of respect and care are inculcated through all Impala's deliberations with employees and union representatives.

Impala continues to prioritise internal talent development and foster a new, dynamic and sustainable partnership with employees and their union representatives to ensure its people are treated with respect, fairly rewarded for their contributions, empowered to raise their concerns, equipped to safely discharge their daily duties and able to deliver on organisational goals.

Health

In 2016, 49 cases of noise-induced hearing loss were diagnosed, compared to 32 in 2015. Sound suppression equipment remains a focus.

The HIV prevalence rate is estimated at 23% based on available data for the Impala Rustenburg operation. During the year, Impala undertook 8 845 voluntary counselling and testing (VCT) of employees (2015: 9 855). A total of 6 891 employees participated in company-funded and managed HIV wellness programmes (2015: 6 140), of whom 4 843 (2015: 4 429) received antiretroviral therapy (ART).

Skills and training

Where skilled miners, shift supervisors and mine overseers are in place, there is a culture of satisfactory performance. Optimising team output and productivity, developing talent pipelines and maintaining an inflow of requisite skills remains key – as is investing in developing effective leadership skills and capacity.

Based on the outcome of ongoing training needs analyses, the Company has identified specific training requirements and relevant training interventions. During the year under review, team mobilisation and team training, supervisory and technical leadership and shop steward capacity building received specific attention. Through these interventions, Impala aims to capacitate and empower its people with the skills and knowledge they require to fulfil their specific roles and responsibilities in the organisation, with due regard of the Company rules, policies, processes, procedures and practises.

During 2016, 96 teams attended team mobilisation, while 178 supervisors participated in supervisory programmes. All D and E level production managers attended ZIP training in 2015 and 25 supervisors were trained in 2016. Some 437 health and safety representatives were trained in the relevant skills. Skills development expenditure amounted to R424 million (2015: R456 million), representing 5.28% of payroll.

Social and relationship capital

Communities

Targeted social investments aimed at building sustainable and supported local communities remain vital. For the 2016 year we invested R105 million in socio-economic development projects for our South African operations, inclusive of our SLP commitments.

An additional R236 million was spent on improving accommodation and living conditions of our employees. Our flagship accommodation project, the development of houses for our Impala Rustenburg and Impala Springs employees, continued and 80 new houses were completed, 67 of which were allocated to employees.

Enterprise development initiatives helped to create or sustain around 33 jobs in small black-owned companies.
We continue to fund a number of education projects, including contributions to bursaries, learnerships, novice training, mentorship and sports programmes.

Natural capital

Impala Rustenburg has retained its ISO 14001 certification. A total of 51 medium impact (Level 3) environmental incidents were recorded during the reporting period, none of which resulted in any lasting harm to the environment. The incidents related predominantly to effluent and contaminated water management, water wastage, hydrocarbon management and emissions to the atmosphere from the smelter, the latter conforming to the air emission licence. There were no major (Level 5) or significant (Level 4) environmental incidents and no non-compliance notices, fines or penalties issued.

The persistently dry conditions experienced in the water stressed north-west of South Africa have underscored the strategic importance of optimising water management strategies. Operation-specific water conservation and water demand management plans are being developed. While there continues to be access to sufficient water from various sources, including boreholes in and around the tailings storage facility, management has engaged consultants to audit water use across the complex to identify potential new sources of supply, improve recycling efficiencies and reduce water loss/wastage.

Operational review – Impala

Mineral Resource and Mineral Reserve estimation and reconciliation

For more detail refer to the "Mineral Resource and Mineral Reserve Statement 2016" available at www.implats.co.za.
There has been no material change in the consolidated Mineral Resource estimate, the bulk of the reduction is due to mining depletion.

The Mineral Reserve estimate reduced by 6Moz Pt. The decision to place 17 Shaft at Impala on low cost care and maintenance and the resultant exclusion of its area from the Mineral Reserve estimate contributed 4.7Moz Pt to the reduction and the remainder can be contributed to mining depletion and the closure of 8 Shaft and a section of 12 Shaft.

It is important to note that no inferred Mineral Resources have been converted into Mineral Reserves. The Mineral Resources and Mineral Reserves involved with the royalty agreement with RBPlat are excluded in this report as ownership vests with RBPlat. This refers to the agreement with RBPlat to access certain of its mining areas at BRPM from 6 and 20 Shafts.

Impala Mineral Resources and Mineral Reserves – 100% (inclusive reporting)

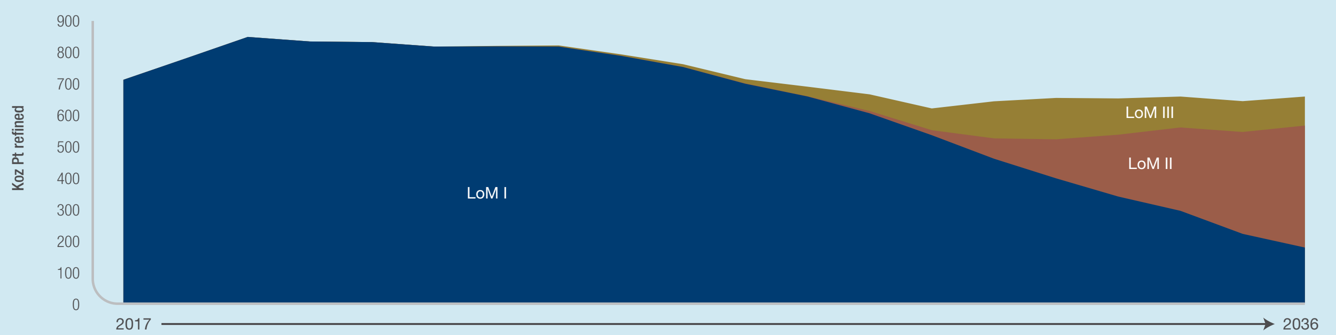
as at 30 June 2016

Mineral Resources		as at 30 June 2016				as at 30 June 2015			
Orebody	Category	Tonnes Mt	6E grade g/t	4E Oz Moz	Pt Oz Moz	Tonnes Mt	6E grade g/t	4E Oz Moz	Pt Oz Moz
Merensky	Measured	141.0	7.10	28.6	18.0	148.9	7.01	30.0	18.8
	Indicated	69.1	7.08	14.0	8.8	70.2	7.16	14.5	9.1
	Inferred	23.3	7.15	4.8	3.0	22.6	7.10	4.6	2.9
UG2	Measured	122.8	8.78	28.9	16.7	129.1	8.78	30.4	17.6
	Indicated	49.6	8.83	11.7	6.8	49.3	8.84	11.7	6.8
	Inferred	14.7	8.60	3.4	2.0	14.9	8.66	3.5	2.0
	Total	**420.5**	**7.85**	**91.3**	**55.3**	**435.0**	**7.83**	**94.7**	**57.3**

Mineral Reserves		as at 30 June 2016				as at 30 June 2015			
Orebody	Category	Tonnes Mt	6E grade g/t	4E Oz Moz	Pt Moz	Tonnes Mt	6E grade g/t	4E Oz Moz	Pt Oz Moz
Merensky	Proved	10.3	4.53	1.3	0.8	9.1	4.31	1.1	0.7
	Probable	71.3	4.71	9.6	6.0	111.2	4.85	15.5	9.7
UG2	Proved	17.8	4.48	2.1	1.2	15.8	4.60	2.0	1.1
	Probable	84.4	4.52	10.2	5.9	119.7	4.51	14.5	8.4
	Total	**183.8**	**4.59**	**23.3**	**14.0**	**255.9**	**4.66**	**33.1**	**20.0**

The 20-year LoM profile for Impala is depicted in the graph below. LoM I comprises the profiles of 11 operating vertical shafts, four associated with declines and two approved project shafts (16 and 20). The profile depicts the deferral of capital expenditure with minimum commitments in the next five years, specifically the impact of placing 17 Shaft on low cost care and maintenance. There are various options available for LoM II and III and work continues to evaluate such optionality, among others one that incorporates the Afplats Leeuwkop profile in the Impala mill plan. This is depicted in the accompanying LoM graph where Leeuwkop and 17 Shaft contribute the bulk of LoM II. The profile illustrated below is based on current assumptions and may change in future. Medium-term production plans show a build-up to around 830koz Pt per annum by 2020.

Impala 20-year LoM Pt oz profile



Operational review – Impala

Financial capital

A focus on improving mining efficiencies and reducing operating costs resulted in various initiatives to contain the operating cost base. The measures adopted, including a stringent procurement plan, realised a saving of R930 million in 2016. Despite this good performance, unit costs were severely impacted by the lower production volumes in the second half and improved by only 7.3% to R22 139 per platinum ounce refined (2015: R23 884).

Value-enhancing capital projects important to long-term value creation continue to be prioritised, despite the current price environment. The focus remains on completing 16 and 20 Shafts in line with the strategy to transform the Impala Lease Area. The cash from the equity raise of R3.9 billion was earmarked to fund the capital expenditure (including development) at 16 and 20 Shafts to complete these projects. In 2016, R1.3 billion was spent. A further R2.6 billion is required to complete these shaft complexes. The ramp-up of production at 16 Shaft is ahead of plan. Corrective action at 20 Shaft to address less-than-planned stoping targets has shown positive results.

Major capital projects	20 Shaft	16 Shaft
Capital spend for 2016	R753 million	R544 million
Remaining capital spend	R1 607 million	R968 million
Designed capacity reached	2019	2020
Steady-state throughput	1.7mtpa	2.7mtpa
Steady-state platinum production	125kozpa	185kozpa
Remaining activities	• Incline development and infrastructure to 17 and 16 level • Development to reef	• 4th shaft ore pass string • Additional change houses • Development to reef

Project development work at 17 Shaft was placed on a low cost care and maintenance programme in February 2016 given the persistently low metal prices. No capital will be spent on this project in 2017. To maintain the profile of the Lease Area once 16 and 20 Shafts are at steady state (of 830 000Pt oz), dewatering of 17 Shaft needs to commence in 2020.

Outlook

The focus going forward is for Impala Rustenburg to meet its build-up target on stoping teams and deliver the planned team efficiencies.

Impala operates in a labour-intensive and high fixed-cost environment where the cost of labour continues to increase above inflation, while efficiencies have deteriorated from historic (2008) levels. Ongoing operational cost savings measures are being targeted through various identified projects, such as procurement initiatives.

The main efforts will remain on attaining production targets by focusing on safe production, improved development, establishing immediately mineable face length, equipping new panels, increasing mining efficiencies, improving the daily rate of blasting and managing employee and DMR relationships to minimise avoidable work stoppages.

An optimisation project has been initiated with an external party to interrogate, specifically, the mining cycle at Impala Rustenburg to secure and/or enhance production from the shafts.

Operational review – Impala

IMPALA
FY2017 KPI overview – Business plan on a page

OPERATIONAL OBJECTIVE	IMPALA TARGET FOR FY2017	KEY ACTIONS TO ACHIEVE THE TARGETS
Relentlessly drive the safety of our people	• Zero fatalities • LTIFR: 20% improvement on FY2016	• Drive the three pillars of HSE strategy: Behaviour, Environment, Practices (BEP) • Implement the 14 Shaft fire actions and learnings • Improve and manage fire detection • Drive the Critical Behaviour programme • Continue to develop and manage the Critical Control programme • Implement OHSAS 18001/ISO45001 at Rustenburg operations by 2018
Consistently deliver production targets	• 700 000 to 710 000 ounces of platinum (growing to 830k Pt oz by 2020) • Mineable face length >22km	• Deliver on the development plan and improve the available face length • Maintain panel flexibility ratio >1.5 • Increase re-development to open reserves • Optimise panel lengths • Reduce the impact of Section 54s through improved safety • Maintain production efficiencies at the refinery
Improve efficiencies through operational excellence	• Cost per Pt oz < R21 300	• Deliver on grade improvement initiatives • Manage lost blasts effectively and improve blast frequency • Leadership training and development to better support mining teams • Transform Rustenburg: ramp up new shafts; optimise mid-life shafts; close old shafts
Cash conservation	• Costs < R14.9bn • Capital < R2.4bn	• 17 Shaft complex on care and maintenance • Continue procurement initiatives to deliver saving on consumables • Electricity and water: Continue to optimise constrained supply
Maintain our licence to operate	• Build a further 300 houses • Social development spend R197m	• Deliver on Mining Charter and Social and Labour Plan commitments (accommodation paramount) • Employee indebtedness: educate and assist employees • Increase and improve direct engagement with employees, communities and other stakeholders • Increase local employment, procurement and social investment • Maintain ISO14001 certification at refineries

Operational review – Impala

Performance against strategy and KPIs

		2016	2015	2014	2013	2012
Safety leading indicators						
Hazards for which internal STOP Notes have been issued	(no)	**3 955**	3 073	1 677	2 682	1 363
Stoppage/Instructions issued by State or DMR	(no)	**116**	102	69	90	108
Leadership STOP Observations	(no)	**20 349**	23 217	19 758	30 807	20 531
Safety representative training*	(no)	**4 589**	3 733	2 727	1 973	1 269
Safety lagging indicators						
Fatal injury frequency rate	(pmmhw)	**0.102**	0.067	0.048	0.087	0.110
Lost-time injury frequency rate*	(pmmhw)	**7.57**	5.08	6.30	6.22	6.34
Total injury frequency rate	(pmmhw)	**14.15**	10.37	13.03	11.38	11.56
Lost days rate	(pmmhw)	**439**	243	388	329	376
Health						
Noise-induced hearing loss cases submitted	(no)	**49**	32	16	36	53
On wellness programme	(no)	**6 285**	5 573	5 780	5 542	4 693
On antiretroviral therapy	(no)	**4 299**	3 929	3 849	3 667	3 248
Environmental						
Total water consumed	(Mℓ)	**23 828**	22 401	17 502	25 978	27 254
Total water recycled	(%)	**37**	32	36	41	39
Total CO_2 emissions	('000tpa)	**2 917**	2 706	2 344	3 024	2 939
Total direct SO_2 emitted	(tpa)	**6 318**	5 689	4 735	6 519	4 993
People						
Own employees	(no)	**30 946**	32 536	32 900	33 356	33 062
Contractors	(no)	**9 531**	11 302	11 708	13 315	15 245
Training spend (% relative to wage bill)	(%)	**5**	6	5	6	6
Literacy (ABET level (III) and above)	(%)	**82**	82	82	81	75
Labour turnover	(%)	**8**	5	4	7	8
HDSA in management	(%)	**52**	50	49	47	48
Social						
Community spend	(Rm)	**94**	71	58	79	65
BEE procurement	(%)	**75**	71	63	54	51
Mining sales	(Rm)	**14 556**	13 369	10 327	14 588	13 009
Platinum		**9 416**	8 062	7 161	9 624	8 666
Palladium		**2 660**	2 704	1 786	2 399	1 461
Rhodium		**959**	1 011	541	940	1 093
Nickel		**473**	598	268	600	704
Other		**1 048**	994	571	1 025	1 085
Mining cost of sales**	(Rm)	**(16 506)**	(14 824)	(12 229)	(12 491)	(10 120)
On-mine operations		**(10 600)**	(10 354)	(6 616)	(8 993)	(7 436)
Processing operations		**(2 534)**	(2 335)	(1 606)	(2 295)	(2 079)
Refining and marketing		**(571)**	(794)	(615)	(735)	(720)
Corporate cost		**(174)**	(255)	(220)	(204)	(201)
Share-based payments		**(29)**	183	(200)	93	333
Depreciation		**(2 037)**	(1 558)	(1 458)	(1 666)	(1 141)
Change in metal inventories		**(561)**	289	(1 514)	1 309	1 124

* *These numbers were restated to include restricted work cases.*
** *Certain mining cost of sales numbers were reclassified within mining cost of sales to better align with internal reporting per responsibility.*

Operational review – Impala

Performance against strategy and KPIs

		2016	2015	2014	2013	2012
Mining gross profit/(loss)	(Rm)	**(1 950)**	(1 455)	(1 902)	2 097	2 889
Royalty expense	(Rm)	**(351)**	(351)	(209)	(326)	(299)
Profit from metal purchased transactions	(Rm)	**256**	118	129	218	5
Sales of metals purchased		**20 495**	18 408	17 981	14 522	14 020
Cost of metals purchased		**(20 239)**	(18 272)	(17 879)	(14 304)	(14 011)
Change in metal inventories		**—**	(18)	27	—	(4)
Gross margin ex-mine	(%)	**(13.4)**	(10.9)	(18.4)	14.4	22.2
Sales volumes ex-mine						
Platinum	('000oz)	**683.6**	576.5	489.9	703.6	700.7
Palladium	('000oz)	**316.7**	295.4	240.2	398.8	285.7
Rhodium	('000oz)	**91.6**	74.6	52.8	94.0	89.0
Nickel	(t)	**3 527**	3 402	1 976	4 159	4 633
Prices achieved ex-mine						
Platinum	(US$/oz)	**963**	1 210	1 423	1 553	1 599
Palladium	(US$/oz)	**582**	793	721	681	682
Rhodium	(US$/oz)	**733**	1 190	991	1 146	1 611
Nickel	(US$/t)	**9 108**	15 251	13 495	16 926	19 844
Exchange rate achieved ex-mine	(R/US$)	**14.33**	11.54	10.27	8.79	7.69
Production ex-mine						
Tonnes milled ex-mine*	('000t)	**10 316**	9 199	6 183	10 897	10 654
% Merensky milled*	(%)	**41.2**	46.6	43.8	43.9	43.4
Total development metres	(metres)	**84 704**	88 000	61 337	97 378	96 841
Headgrade (6E)*	(g/t)	**4.16**	4.19	4.34	4.32	4.38
Platinum refined	('000oz)	**626.9**	575.2	411.0	709.2	750.1
Palladium refined	('000oz)	**299.6**	280.7	197.4	350.5	408.6
Rhodium refined	('000oz)	**81.1**	76.7	50.2	101.3	98.9
Nickel refined	(t)	**3 331**	3 598	1 976	4 035	4 757
PGM refined production	('000oz)	**1 219.6**	1 137.3	765.9	1 377.9	1 487.8
Cost						
Total cost	(Rm)	**13 879**	13 738	9 057	12 227	10 436
	(US$m)	**962**	1 204	873	1 387	1 348
Cost per tonne milled	(R/t)	**1 345**	1 493	1 465	1 122	980
	(US$/t)	**93**	131	141	127	127
Cost per PGM ounce refined	(R/oz)	**11 380**	12 079	11 825	8 874	7 014
	(US$/oz)	**789**	1 058	1 140	1 006	906
Cost per platinum ounce refined	(R/oz)	**22 139**	23 884	22 036	17 241	13 913
	(US$/oz)	**1 535**	2 092	2 125	1 955	1 797
Cost net of revenue received for other metals per platinum ounce	(R/oz)	**13 940**	14 658	14 333	10 241	8 123
	(US$/oz)	**967**	1 284	1 382	1 161	1 049
Capital expenditure	(Rm)	**2 490**	3 047	2 848	4 411	5 205
	(US$m)	**173**	267	275	500	672
Labour efficiency						
Centares per employee costed**	(m^2/man/annum)	**46**	37	26	47	48
Tonnes milled per employee costed**	(t/man/annum)	**252**	219	144	255	265

* *The ex-mine tonnage and grade statistics tabulated above excludes the low grade material from surface sources.*
** *Total employees excluding capital project employees.*

Operational review – Zimplats

Initiatives to mitigate the impact of lower production volumes from the Bimha Mine, following the underground collapse in August 2014, fully compensated for lost production from this mine.

Ngezi, Zimplats.

KEY FEATURES

- Excellent safety and operational performance
- Bimha Mine redevelopment on schedule to reach design capacity in fourth quarter of FY2018
- Portal 6 (replacement for Ngwarati and Rukodzi mines) initial mine development commenced in the year

RISKS

- PGM price fluctuations
- Unavailability of reliable and secure power
- Excessive taxation

OPPORTUNITIES

- Optionality to maintain underground production volumes through sequential portal development
- Steep resources mining

Operational review – Zimplats

As indicated previously, during the year Mupfuti Mine ramped-up to full production following the new pillar design while at Bimha Mine redevelopment work following the underground collapse in August 2014 is on target.

Manufactured capital

Safety performance

Zimplats achieved five million fatality-free shifts in the year under review and maintained its leading safety performance for the third consecutive year in the annual National Social Security Authority's Occupational Health and Safety Competition, where it won five gold awards.

The lost-time injury frequency rate improved to 0.58 per million man-hours worked (2015: 0.88) and the operation recorded only eight (2015: 12) lost-time injuries in the year. The FY2015 safety statistics were restated to include four injuries which were previously classified as restricted work cases.

Operational performance

Measures to recover production losses as a result of the temporary safety closure of the Bimha Mine in August 2014, including further open-pit mining and the redeployment of mining teams, together with increasing output from the new Mupfuti Mine as it ramped-up production, fully compensated for lost tonnage at Bimha Mine in 2016. As a consequence, tonnes milled increased by 24.1% to 6.41 million (2015: 5.16 million). The remaining stockpiled material (21 000 platinum ounces), which resulted from the outage of Zimplats' smelter in May 2015, was sold as concentrate during the FY2016 financial year. Platinum in matte production increased by 52.5% from the previous year to 289 800 ounces (2015: 190 000 ounces) – a record level of production.

Capital projects

A new pillar layout introduced at the Mupfuti Mine following the ground collapse at Bimha is nearing completion.

The redevelopment of Bimha Mine remains on schedule to reach full production in April 2018. To ensure that the Phase 2 production levels are sustained beyond 2021, a bankable feasibility study on Portal 6 is near completion and this project will be considered by the board in November 2016. It is expected that US$148 million will be spent over the next five years on this project.

Portal 6 has been identified as the next portal to develop as Portal 5's original footprint has been reallocated by increasing the footprints of both Bimha and Portal 6 to create a more capital efficient footprint.

Due to cash constraints, the refurbishment of the Selous-based base metal refinery (BMR) has been put on hold. Studies into various smelter options to mitigate the operational risk of a single furnace operation and to potentially treat other concentrates in the country continue.

Human capital

Zimplats continues to nurture cordial and mutually beneficial relationships with its communities and has initiatives in place to enhance more regular engagement with employees and other stakeholders. Key to successful community development is a focus on increasing local procurement, employment and social investment into education, health, income-generating projects, sport and local enterprise development.

A total of US$1.9 million was invested in communities in 2016 as Zimplats focused on various development projects, including the construction of a maternity wing at a local clinic, the rehabilitation of schools infrastructure, a livestock improvement project and the construction of a community stadium.

Annual supplier spend on local suppliers amounted to US$252 million, representing 75% of the total annual procurement spend. The Community Share Ownership Trust continued to roll out various community projects with a particular focus on those with the potential to generate income to address poverty.

While housing remains a critical focus and Zimplats invested US$0.6 million in 2016 (2015: US$5.5 million) the employee housing projects were deferred due the prevailing low metal price environment. A home ownership scheme housing project in Chegutu for Selous-based employees is being investigated.

Various initiatives in line with the productivity enhancement strategies have resulted in labour reductions during the year. Constructive engagement with employees and other stakeholders were undertaken and no labour disruptions were experienced.

Natural capital

Zimplats has improved water accounting in the Selous Metallurgical Complex (SMC), while a 9% reduction in total carbon emissions per tonne of ore was achieved.

Zimplats continued to implement its sulphur abatement programme. The operation is pursuing the extension of its smelter chimney stack with a view to

Operational review – Zimplats

improving air dispersion and minimising ground level emission levels. In the longer term, when cash flow permits, the installation of an acid plant is planned to ensure both smelter stack point source and ground level concentrations around the SMC communities conform to global best practice.

Rehabilitation of the open pit at Ngezi and the re-vegetation of all new surfaces at the two tailings dams continued during the year. Plans to conduct archaeological excavations of identified Middle Stone Age sites, in line with the recommendations made in an archaeological survey report, have been completed.

Water recycled was 13% below FY2015 performance due to low availability of recycled water set our return water claims.

Mineral Resource and Mineral Reserve estimation and reconciliation

For more detail refer to the "Mineral Resource and Mineral Reserve Statement 2016" available at www.implats.co.za.

There are no material changes to the Zimplats Mineral Resource estimate as compared to the FY2015 annual report estimate.

The main difference in the Mineral Resource estimate from the 2015 statement, other than depletion, is the increase of Measured Resources in the Portal 6 area following reduction of the percentage of the unknown geological losses during the re-modelling for the Portal 6 feasibility study.

The year-on-year increase in Mineral Reserves is the result of depletion and the increase in Reserves at Bimha (Portal 4) is attributable to the conversion of the P4 North measured Mineral Resources to Reserves. This Reserve will be mined via the Bimha declines. Portal 6 Mineral Resources remain excluded from the Mineral Reserves given that at 30 June 2016, the project had not yet received board approval.

Zimplats Mineral Resources and Mineral Reserves – 100% (inclusive reporting)

as at 30 June 2016

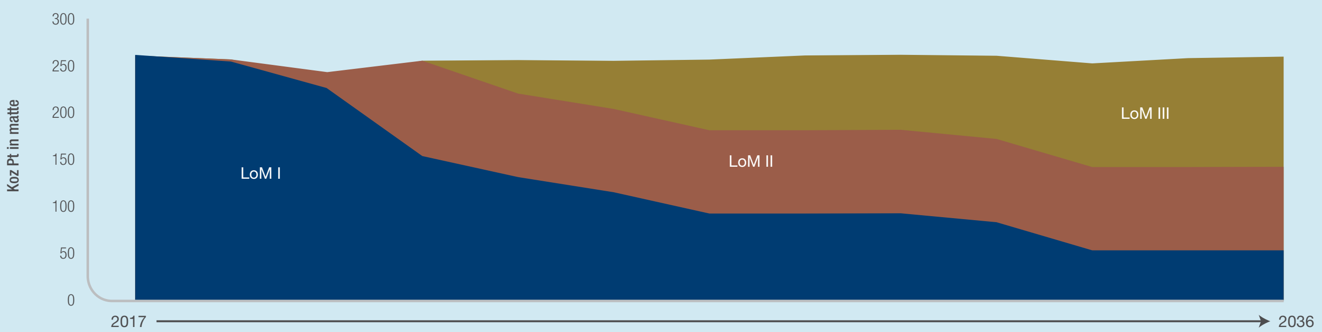
Mineral Resources		as at 30 June 2016				as at 30 June 2015			
Orebody	Category	Tonnes Mt	6E grade g/t	4E Oz Moz	Pt Oz Moz	Tonnes Mt	6E grade g/t	4E Oz Moz	Pt Oz Moz
MSZ	Measured	174.1	3.74	19.9	9.8	177.3	3.72	20.1	9.9
	Indicated	695.4	3.69	78.2	38.7	684.2	3.69	76.8	37.9
	Inferred	1 198.9	3.53	125.6	60.4	1 198.9	3.53	125.6	60.4
	Total	**2 068.4**	**3.60**	**223.6**	**109.0**	**2 060.4**	**3.60**	**222.5**	**108.3**

Mineral Reserves		as at 30 June 2016				as at 30 June 2015			
Orebody	Category	Tonnes Mt	6E grade g/t	4E Oz Moz	Pt Oz Moz	Tonnes Mt	6E grade g/t	4E Oz Moz	Pt Oz Moz
MSZ	Proved	51.3	3.50	5.5	2.7	21.0	3.50	2.2	1.1
	Probable	60.1	3.49	6.4	3.2	62.6	3.56	6.8	3.4
	Total	**111.5**	**3.50**	**11.9**	**5.9**	**83.7**	**3.54**	**9.0**	**4.5**

Operational review – Zimplats

The Zimplats life-of-mine profile includes ore from the South Pit and the extension of Rukodzi Mine life to FY2022 before it is replaced by Portal 6. Mining productivity enhancement initiatives are planned over the life-of-mine to ensure that Phase 2 production levels are maintained. The anticipated 20-year production profile is shown below with current infrastructure shown as LoM I and the proposed Portal 6 as LoM II.

Zimplats 20-year Pt oz profile



Financial capital

Platinum unit costs benefited significantly from increased production volumes as well as stringent cost containment initiatives, and declined by 32.9% to US$1 130 (2015: US$1 683) per platinum ounce in matte. In rand terms, unit costs only improved by 15.2% to R16 291 (2015: R19 211) per platinum ounce in matte as the exchange rate weakened further.

Capital expenditure reduced to US$68 million (2015: US$85 million) due to the cash preservation initiative in response to low metal prices.

Significant prepayments were made at the end of 2016, which resulted in an increase in working capital of US$44 million. Despite this, Zimplats ended the year with gross cash of US$55.7 million. US$85 million of the US$95 million revolving credit facility was drawn at the end of the year and the US$24 million discounting facility was also fully utilised.

Outlook

Early development of Portal 6 has commenced and board approval is expected in November 2016. First production is expected 2021, which will enable the operations to sustain production at 260 000 ounces of platinum in matte.

Capital expenditure over the next few years will remain constrained by the low dollar price environment and is prioritised for projects critical in sustaining production levels, improving safety and maintaining Zimplats' licence to operate.

Zimplats remains committed to the aspirations of the government and people of Zimbabwe to grow and diversify the PGM industry. To achieve its obligations in terms of further beneficiation of PGMs in the country, indigenisation and empowerment, the company will continue to engage the government on mutually acceptable solutions.

On this basis, Zimplats agreed to release approximately 36% of its ground in 2006 to the Government of Zimbabwe in return for cash and indigenisation credits. In March 2013, Zimplats received a preliminary notice of the Government of Zimbabwe's intention to compulsorily acquire additional land measuring 27 948 hectares within its special mining lease area. A formal objection was lodged at the time, but this demand was reiterated at the end of December 2015 and legal action was instigated by the Government in June 2016. Zimplats continues to engage with the Government of Zimbabwe in this regard.

Operational review – Zimplats

ZIMPLATS

FY2017 KPI overview – Business plan on a page

OPERATIONAL OBJECTIVE	ZIMPLATS TARGET FOR FY2017	KEY ACTIONS TO ACHIEVE THE TARGETS
Relentlessly drive the safety of our people	• Zero fatalities • LTIFR<0.35	• Implement behaviour based systems to manage at risk behaviour • Implement technology to improve safety (baring down cages, collision warning and avoidance, tagging and tracking, online ground monitoring, TMM speed control and remote operated mud guns) • Implement safety awareness and training programmes • Monitor and analyse leading indicators i.e. peer to peer (chengetas) and planned job observations • Enhance safety systems through improved contractor management and managing supervision gaps • Enhance safety culture by implementing off the job safety programmes
Consistently deliver production targets	• 260 000 ounces of platinum in matte	• Create adequate stoping faces (create redundancy) • Continue with Bimha Mine Redevelopment to achieve design production in April 2018 • Implement effective maintenance and monitoring programmes for the major production equipment to achieve target plant running time and utilisation
Improve efficiencies through operational excellence	• Cost per Pt oz < US$1 300	• Optimise panel widths to increase productivity • Adopt the high efficiency drifter technology to increase productivity • Roll out XRF machines to contain costs • Roll out CCTV at Ngwarati and Rukodzi mines to contain costs • Improve reagents mix and reduce consumption • Reduce grinding media consumption • Improve mill liner life • Improve power efficiencies
Cash conservation	• Costs < US$335m • Capital < US$122m	• Extend the life cycle of major equipment through rebuilds and midlife interventions • Match capital expenditure with available cash resources • Increase use of rotables • Reduce working capital requirements (reduce reorder levels and find alternative use for slow moving stock) • Implement effective tax management systems
Maintain our licence to operate	• CSR programmes – US$1.0m	• Implement CSR programmes that improve livelihood of local communities • Continue with resource conservation programmes • Continue with environmental management programmes (waste management and rehabilitation programmes) • Continue recruiting non-skilled labour from the local communities • Continue with the stakeholder management programme to enhance company's corporate image and improve relationships • Continue to employ both internal and external programmes that enhance reputation and give the company a social licence to operate

Operational review – Zimplats

Selecting core for laboratory testwork, Zimplats.

Operational review – Zimplats

Performance against strategy and KPIs

		2016	2015	2014	2013	2012
Safety leading indicators						
Hazards for which internal STOP Notes have been issued	(no)	**–**	1	1	8	353
Stoppage/instructions issued by State or DMR	(no)	**–**	–	–	1	15
Leadership STOP Observations*	(no)	**572**	558	532	527	542
Safety representative training	(no)	**113**	113	94	74	53
Safety lagging indicators						
Fatal injury frequency rate	(pmmhw)	**–**	–	0.068	–	–
Lost-time injury frequency rate****	(pmmhw)	**0.58**	0.88	0.75	1.10	0.52
Total injury frequency rate	(pmmhw)	**1.01**	1.33	2.59	2.20	2.22
Lost days rate	(pmmhw)	**48**	63**	30	28	11
Health						
Noise-induced hearing loss cases submitted	(no)	**–**	6	6	2	–
On wellness programme	(no)	**169**	155	145	135	129
On antiretroviral therapy	(no)	**160**	147	137	120	114
Environmental						
Total water consumed	(Mℓ)	**12 121**	10 725	10 386	7 852	6 003
Total water recycled	(%)	**35**	40	38	26	27
Total CO_2 emissions	('000tpa)	**377**	336	364	410	428
Total direct SO_2 emissions	(tpa)	**25 074**	22 017	26 000	12 017	13 470
People						
Own employees	(no)	**3 046**	3 214	3 325	2 929	2 791
Contractors	(no)	**2 397**	2 605	2 749	2 775	6 412
Literacy (ABET level (III))	(%)	**99**	99	99	99	99
Labour turnover	(%)	**7**	5	4	4	4
Social						
Community spend	(Rm)	**28**	12	10	37	41
Sales	(Rm)	**6 753**	4 661	5 973	4 159	3 665
Platinum***		**3 538**	2 305	1 850	1 350	1 012
Palladium***		**1 749**	1 241	1 429	854	674
Rhodium		**210**	192	208	133	145
Nickel		**538**	489	614	411	410
Other		**718**	434	542	440	410
Cost of sales	(Rm)	**(6 198)**	(4 181)	(3 934)	(2 708)	(2 076)
On-mine operations***		**(2 904)**	(2 071)	(1 850)	(1 350)	(1 012)
Processing operations***		**(1 572)**	(1 232)	(1 139)	(711)	(571)
Corporate cost		**(245)**	(347)	(219)	(222)	(212)
Share-based payments		**12**	(2)	(19)	4	17
Treatment charges		**(18)**				
Depreciation		**(1 082)**	(829)	(645)	(433)	(329)
Change in metal inventories		**(389)**	300	(62)	4	31
Gross profit/(loss)	(Rm)	**555**	480	2 039	1 451	1 589
Intercompany adjustment*	(Rm)	**(66)**	512	(116)	(33)	43

* *These numbers have been restated for STOP observations by "D and E" level employers only.*
** *Restated for an injury reported after the publication of the 2015 Integrated report.*
*** *Adjustment note: The adjustment relates to sales from Zimplats to the Implats Group which at year-end were still in the pipeline.*
**** *These numbers have been restated to include restricted work cases.*

Operational review – Zimplats

Performance against strategy and KPIs

		2016	2015	2014	2013	2012
Adjusted gross profit	(Rm)	**489**	992	1 923	1 418	1 632
Royalty expense	(Rm)	**(113)**	988	(423)	(303)	(262)
Gross margin	(%)	**8.2**	10.3	34.1	34.9	43.4
Sales volumes in matte						
Platinum	('000oz)	**288.1**	188.8	234.4	195.4	187.2
Palladium	('000oz)	**238.0**	154.4	195.0	156.2	150.5
Rhodium	('000oz)	**26.0**	17.1	21.6	17.8	16.7
Nickel	(t)	**5 402**	3 833	4 748	3 908	3 769
Prices achieved in matte						
Platinum	(US$/oz)	**852**	1 070	1 308	1 347	1 398
Palladium	(US$/oz)	**509**	704	706	620	578
Rhodium	(US$/oz)	**559**	983	928	849	1 124
Nickel	(US$/t)	**6 911**	11 188	12 472	11 919	14 041
Exchange rate achieved	(R/US$)	**14.42**	11.41	10.37	8.82	7.74
Production						
Tonnes milled ex-mine	('000t)	**6 406**	5 164	5 939	4 683	4 393
Headgrade (6E)	(g/t)	**3.48**	3.47	3.47	3.53	3.53
Platinum in matte	('000oz)	**289.8**	190.0	239.7	198.1	187.1
Palladium in matte	('000oz)	**235.8**	154.8	197.6	157.1	149.2
Rhodium in matte	('000oz)	**27.1**	17.4	22.3	17.0	16.9
Nickel in matte	(t)	**5 434**	3 887	4 830	3 909	3 787
PGM in matte	('000oz)	**616.9**	406.0	515.8	416.2	396.4
Cost						
Total cost	(Rm)	**4 721**	3 650	3 208	2 283	1 795
	(US$m)	**327**	320	309	259	232
Cost per tonne milled	(R/t)	**737**	707	540	488	409
	(US$/t)	**51**	62	52	55	53
Cost per PGM ounce in matte (6E)	(R/oz)	**7 653**	8 990	6 219	5 485	4 528
	(US$/oz)	**531**	788	600	622	585
Cost per platinum ounce in matte	(R/oz)	**16 291**	19 211	13 383	11 524	9 594
	(US$/oz)	**1 130**	1 683	1 291	1 307	1 239
Cost net of revenue received for other metals per platinum ounce	(R/oz)	**5 197**	6 811	1 731	2 246	834
	(US$/oz)	**360**	597	167	255	108
Capital expenditure	(Rm)	**981**	968	1 166	1 381	2 104
	(US$m)	**68**	85	112	157	272
Labour efficiency						
Tonnes milled per employee costed*	(t/man/annum)	**1 240**	1 076	1 339	1 159	1 128

** Total employees excluding capital project employees.*

Operational review – Marula

An optimisation strategy specifically focused on operational performance and profitability enhancements delivered an improved performance during the period under review, despite several issues frustrating production volumes during the year.

Mill at Marula.

KEY FEATURES

- Improved safety and operational performance
- Sporadic community unrest impacts production
- Cost savings implemented
- Unit cost impacted by lower production

RISKS

- PGM price fluctuations
- Failure to achieve production targets
- Community unrest
- Impact of Section 54 stoppages

OPPORTUNITIES

- Optimisation programme to provide foundation for 90 000 ounces of platinum in FY2017
- Further cost savings
- Creation of ore stockpile

Operational review – Marula

The mining optimisation programme aims to increase production to 90 000 ounces of platinum per annum in 2017. In terms of this initiative, Marula employees were moved from an old hybrid section of the mine to an expanding footwall mining section at the Clapham Shaft and contractors were deployed to the old hybrid section to sustain output.

Manufactured capital

Safety

Marula's commitment to safety and achieving the Group's vision of zero harm paid off resulting in an improvement in the lost-time injury frequency rate from 18.20 to 9.56 per million man-hours worked. The mine had no fatalities during the year and has reached an exemplary milestone of two million fatality free shifts on 13 June 2016.

Operational performance

During the year, Marula focused on improving operational performance and profitability. This approach bore fruit and during the first half of the year the operational performance improved by 13%. Production during the second half was disrupted by sporadic community unrest, which had a direct negative impact of 55 500 tonnes or some 2 500 ounces. The last two months of the financial year were uninterrupted and Marula achieved efficiencies that on an annualised basis would result in over 90 000 ounces of platinum.

Overall, milled tonnage increased by 2.5% to 1.70 million tonnes (2015: 1.66 million tonnes) and platinum in concentrate production rose by 5.6% to 77 700 ounces (2015: 73 600 ounces).

Human capital

Labour relations

AMCU was recognised as the dominant union once its signed-up members reached more than 60% of Marula employees – the NUM was historically the representative union at this operation. AMCU membership is now more than 86%, with NUM and UASA holding less than 8% combined.

Marula's one year wage agreement expired at the end of June 2016. It has been agreed that Impala Rustenburg and Marula will negotiate together and these discussions have commenced.

Health

During the year the number of reported TB cases reduced to 11 from the 20 reported in 2015, in line with ever-improving levels of surveillance and testing. The number of employees enrolling for voluntary HIV/Aids counselling and treatment continued to rise and for the year was 1 058 (2015: 698) people. This is a testament to the success of the occupational and non-occupational health clinic opened in 2012, which continues to benefit the community surrounding Marula.

Training

Human resource development continues to focus on employee training (including basic adult education and training) and increased by 1%. Literacy levels remained at 92% compared to the previous year.

Social and relationship capital

Marula has continued to pay considerable attention to its relationship-building initiatives with its immediate labour sourcing community over the past year. During the period under review and in line with broader community unrest in the area, communities around the Marula Mine have on occasion damaged key mine infrastructure. Cumulatively, the company and surface contractors have incurred losses of more than R90 million as a direct result of the protest actions by these communities. There are growing levels of discontent among members of the communities in four host farms – Clapham, Driekop, Foresthill and Winnaarshoek. The breakdown in relations between the communities and their respective Magoshi and Tribal Councils escalated during the year. Communities are demanding employment and procurement opportunities from Marula and two communities – from the Driekop and Winnaarshoek farms – engaged in various illegal protest actions against the mine. Many measures have been introduced to safeguard the mine, its property and employees. Communication channels with many stakeholders were entrenched to defuse the misplaced anger against Marula, which is the biggest provider of jobs and business opportunities in the area.

The 50% community-owned Makgomo Chrome plant at Marula has continued to deliver value with a total dividend of R19.5 million being paid during 2016 (2015: R16 million).

Meanwhile, Marula's corporate social investment has continued apace, including significant investments in the development of all the access roads in the host communities, early childhood learning centres for the Driekop and Winnaarshoek farms, community skills development training projects and in the Lebalelo communities, developmental projects.

Natural capital

Hydrocarbon contamination around the workshop and mining portal areas has been problematic and Marula lost its ISO 14001 environmental certification during the year. A formal process to regain certification commenced at the end of June 2016.

The operation has complied with the requirements of the National Water Act, the National Waste Act and the National Biodiversity Act. The implementation of its environmental management programme, as defined by the Mining Charter, was successfully implemented.

Recycled water decreased from 54% to 50%. This was due to Marula experiencing a dryer season than usual and having to use more water to irrigate the tailings dam – leaving less available to recycle. Overall water consumption per tonne did improve however from 1.99 kℓ/tonne in 2015 to 1.72 kℓ/tonne in 2016 – a 13.5% improvement.

Operational review – Marula

Mineral Resource and Mineral Reserve estimation and reconciliation

For more detail refer to the "Mineral Resource and Mineral Reserve Statement 2016" available at www.implats.co.za.

There are no material changes in the Mineral Resource and Mineral Reserves estimates compared with the statement published in June 2015. The bulk of the variances can be attributed to normal mining depletion.

Marula Mineral Resources and Mineral Reserves – 100% (inclusive reporting)

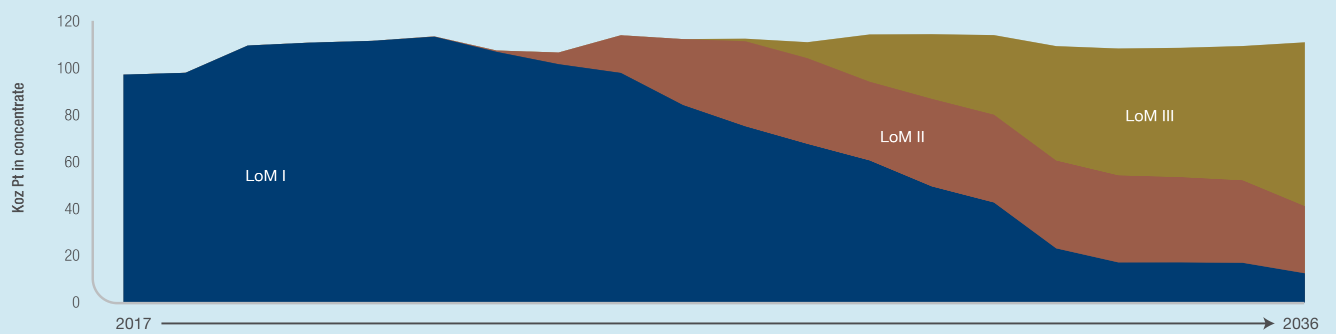
as at 30 June 2016

Mineral Resources		as at 30 June 2016				as at 30 June 2015				
Orebody	Category	Tonnes Mt	6E grade g/t	4E Oz Moz	Pt Oz Moz	Tonnes Mt	Width cm	6E grade g/t	4E Oz Moz	Pt Oz Moz
Merensky	Measured	34.3	4.56	4.7	2.7	34.3	100	4.55	4.7	2.7
	Indicated	7.9	4.54	1.1	0.6	7.7	100	4.54	1.1	0.6
	Inferred	9.7	4.46	1.3	0.7	9.9	100	4.46	1.3	0.8
UG2	Measured	33.3	10.17	9.3	4.0	34.0	57	10.17	9.6	4.2
	Indicated	13.6	10.45	3.9	1.7	14.2	62	10.38	4.1	1.8
	Inferred	7.7	10.67	2.3	1.0	7.6	60	10.61	2.2	1.0
	Total	**106.5**	**7.50**	**22.5**	**10.8**	**107.7**		**7.51**	**22.9**	**11.1**

Mineral Reserves		as at 30 June 2016				as at 30 June 2015				
Orebody	Category	Tonnes Mt	6E grade g/t	4E Oz Moz	Pt Oz Moz	Tonnes Mt	Width cm	6E grade g/t	4E Oz Moz	Pt Oz Moz
UG2	Proved	4.2	4.91	0.6	0.2	3.0	136	4.67	0.4	0.2
	Probable	22.2	4.62	2.8	1.2	27.0	137	4.47	3.3	1.5
	Total	**26.4**	**4.67**	**3.4**	**1.5**	**30.0**		**4.49**	**3.7**	**1.6**

The high-level LoM ounce profile is show below. The LoM I encompasses the Clapham hybrid section, Clapham Conventional up to 5 Level, and the Driekop areas. This will take the mine to a sustainable production level of over 2Mt per annum until 2024. Maintaining the profile after 2024 is the subject of ongoing studies and will require some capital expenditure to optimise the LoM II and LoM III in the 20-year LoM profile.

Marula 20-year Pt oz profile



Operational review – Marula

Financial capital

Unit costs per platinum ounce in concentrate increased by 6.9% to R24 131 (2015: R22 582) in line with mining inflation. Costs were well controlled and were on budget, but the unit cost was negatively affected by the loss of production due to community unrest. Included in the costs was some R25 million for security on the mine. Capital expenditure was contained to R89 million (2015: R145 million) due to cash preservation initiatives.

Outlook

The optimisation programme focusing on Marula's existing infrastructure over the past few years will provide the necessary foundation for the mine to reach its targeted output of 90 000 ounces of platinum in 2017. It has adequate mineable face length having doubled from 1.5km in 2013 to 3.2km currently. Moreover, the successful completion of the raisebore ventilation hole at Clapham will enable increased development to further enhance mining flexibility.

The Driekop chairlift installation is progressing and is scheduled to be completed by December 2016. This will assist in generating increased available face time and improved team productivity.

The above initiatives, combined with further cost control, are expected to improve Marula's overall financial position with unit costs expected to be R22 000 per platinum ounce.

The mine is planning to build a strategic stockpile of ore to mitigate the risk of further disruption to the mine in the coming year.

MARULA

FY2017 KPI overview – Business plan on a page

OPERATIONAL OBJECTIVE	MARULA TARGET FOR FY2017	KEY ACTIONS TO ACHIEVE THE TARGETS
Relentlessly drive the safety of our people	• Zero fatalities • LTIFR – 20% improvement on FY2016	• Entrench zero harm approach in all activities • Drive three pillars of HSE strategy: People and behaviour, Environment, Practices • Implement new technology and Group fire prevention measures on conveyor belts • Implement and drive a critical behaviour programme • Implement critical controls for major hazards and events • Attain OHSAS 18001 (ISO 45001) compliance in two years • Roll out of Triggered Action Response Plan (TARP) • Use planned task observations to identify areas of non-compliance
Consistently deliver production targets	• 90 000 ounces of platinum in concentrate	• Drive safety compliance and proactively engage with DMR • Resource and capacitate management to drive the growth profile • Maintain 95 stoping teams FY2017 • Improve contractor's performances at Clapham Hybrid sections
Improve efficiencies through operational excellence	• Cost/Pt oz < R22 900	• Completing two ventilation shafts, one at Driekop and the other at Clapham shafts, reducing re-entry times • Commission chairlift at Driekop shaft to reduce travelling time • Introduce water jetting as assistance to cleaning cycle
Cash conservation	• Costs < R2.06bn • Capital < R126m	• Effective cost control measures and initiatives • Operate within allowed budget • Capital was deferred from BP2017 to BP2018. This is to preserve cash as far as possible without creating any future production constraints.
Maintain our licence to operate	• Promoting home ownership • Community engagement	• SLP Project in conjunction with Roads Agency Limpopo has commenced to build a 17km tar road • Marula has pledged to spend the current dividend received from Makgomo Chrome on building and maintaining the current gravel roads within the surrounding communities

Operational review – Marula

Performance against strategy and KPIs

		2016	2015	2014	2013	2012
Safety leading indicators						
Hazards for which internal STOP Notes have been issued	(no)	**113**	113	87	96	72
Stoppage/Instructions issued by State or DMR	(no)	**15**	21	12	13	8
Leadership STOP Observations	(no)	**3 064**	2 977	2 743	2 429	767
Safety representative training	(no)	**404**	329	246	82	62
Safety lagging indicators						
Fatal injury frequency rate	(pmmhw)	**–**	0.111	–	–	0.130
Lost-time injury frequency rate*	(pmmhw)	**9.56**	18.20	18.91	13.97	19.02
Total injury frequency rate	(pmmhw)	**20.30**	24.96	28.59	24.81	36.08
Lost days rate	(pmmhw)	**380**	202	250	311	453
Health						
Noise-induced hearing loss cases submitted	(no)	**12**	7	14	12	10
On wellness programme	(no)	**272**	253	213	192	160
On antiretroviral therapy	(no)	**224**	200	138	101	65
Environmental						
Total water consumed	(Mℓ)	**2 929**	3 311	3 573	3 544	3 585
Total water recycled	(%)	**50**	54	52	44	45
Total CO_2 emissions	('000tpa)	**199**	194	214	182	177
People						
Own employees	(no)	**3 565**	3 568	3 411	3 175	2 982
Contractors	(no)	**1 235**	811	893	843	726
Training spend (% relative to wage bill)	(%)	**7**	6	5	4	3
Literacy (ABET level (III))	(%)	**92**	91	91	90	92
Labour turnover	(%)	**6**	6	6	4	11
HDSA in management	(%)	**40**	61	60	62	50
Social						
Community spend	(Rm)	**3**	1	5	16	17
BEE procurement	(%)	**77**	78	71	64	59
Sales	(Rm)	**1 678**	1 636	1 791	1 404	1 197
Platinum		**903**	840	1 003	825	702
Palladium		**562**	560	554	384	298
Rhodium		**121**	157	151	115	122
Nickel		**26**	29	33	24	24
Other		**66**	50	50	56	51
Cost of sales	(Rm)	**(2 076)**	(1 856)	(1 803)	(1 620)	(1 277)
On-mine operations		**(1 669)**	(1 469)	(1 371)	(1 249)	(984)
Processing operations		**(206)**	(193)	(188)	(161)	(155)
Share-based payments		**(4)**	9	(12)	1	23
Treatment charges		**(4)**	(4)	(5)	(4)	(3)
Depreciation		**(193)**	(199)	(227)	(207)	(158)
Gross (loss)/profit	(Rm)	**(398)**	(220)	(12)	(216)	(80)
Intercompany adjustment*	(Rm)	**–**	–	–	–	–

* *These numbers have been restated to include restricted work cases.*

Operational review – Marula

Performance against strategy and KPIs

		2016	2015	2014	2013	2011
Adjusted gross profit	(Rm)	**(398)**	(220)	(12)	(216)	(80)
Royalty expense	(Rm)	**(50)**	(61)	(60)	(44)	(37)
Gross margin	(%)	**(23.7)**	(13.4)	(0.7)	(15.4)	(6.7)
Sales volumes in concentrate						
Platinum	('000oz)	**78.1**	73.6	78.3	72.3	69.0
Palladium	('000oz)	**80.8**	75.4	80.3	73.9	70.9
Rhodium	('000oz)	**16.5**	15.5	16.6	15.2	14.6
Nickel	(t)	**279**	253	278	246	237
Prices achieved in concentrate						
Platinum	(US$/oz)	**796**	1 001	1 231	1 304	1 318
Palladium	(US$/oz)	**478**	653	663	590	545
Rhodium	(US$/oz)	**500**	898	874	856	1 136
Nickel	(US$/t)	**6 407**	10 140	11 496	11 342	13 082
Exchange rate achieved	(R/US$)	**14.55**	11.37	10.41	8.78	7.66
Production						
Tonnes milled ex-mine	('000t)	**1 703**	1 662	1 794	1 628	1 579
Headgrade (6E)	(g/t)	**4.25**	4.19	4.19	4.19	4.18
Platinum in concentrate	('000oz)	**77.7**	73.6	78.5	71.7	69.1
Palladium in concentrate	('000oz)	**80.3**	75.5	80.5	73.5	71.2
Rhodium in concentrate	('000oz)	**16.4**	15.5	16.7	15.2	14.8
Nickel in concentrate	(t)	**277**	253	279	245	238
PGM in concentrate	('000oz)	**204.6**	193.3	206.4	188.3	182.2
Cost						
Total cost	(Rm)	**1 875**	1 662	1 559	1 410	1 139
	(US$m)	**130**	146	150	160	147
Cost per tonne milled	(R/t)	**1 101**	1 000	869	866	721
	(US$/t)	**76**	88	84	98	93
Cost per PGM ounce in concentrate (6E)	(R/oz)	**9 164**	8 598	7 553	7 488	6 251
	(US$/oz)	**635**	753	728	849	807
Cost per platinum ounce in concentrate	(R/oz)	**24 131**	22 582	19 860	19 665	16 483
	(US$/oz)	**1 673**	1 978	1 915	2 230	2 129
Cost net of revenue received for other metals per platinum ounce	(R/oz)	**14 157**	11 766	9 822	11 590	9 320
	(US$/oz)	**982**	1 031	947	1 314	1 204
Capital expenditure	(Rm)	**89**	145	161	127	212
	(US$m)	**6**	13	16	14	27
Labour efficiency						
Centares per employee costed**	(m²/man/annum)	**51**	51	54	52	51
Tonnes milled per employee costed	(t/man/annum)	**371**	398	440	428	470

* *Adjustment note: The adjustment relates to sales from Marula to the Implats Group which at year-end were still in the pipeline.*
** *Total employees excluding capital project employees.*

Operational review – Mimosa

Stockpile material supplemented mined tonnage, which was impacted by challenging ground conditions enabling Mimosa to maintain production at previous year levels.


Mine dump survey, Mimosa.

KEY FEATURES

- Two unprecedented fatalities
- Produced 119 700 ounces of platinum in concentrate
- Unit cost of US$1 463 per platinum ounce in concentrate

RISKS

- PGM price fluctuations
- Tax on unbeneficiated platinum
- Unavailability of reliable and secure power

OPPORTUNITIES

- Optionality to maintain production profile
- Feasibility study on a 30% expansion project completed

Operational review – Mimosa

Manufactured capital

Two separate fatalities occurred at the Mimosa operations during the period under review and were a devastating blow to an excellent safety record. These unprecedented incidents followed the operation's achievement of five million fatality free shifts and a lost-time injury frequency rate of 0.26 per million man-hours worked. Mr Erick Mukazi died in a fall of ground incident on 24 August 2015 and Mr Charles Teketai was fatally injured in an incident involving mobile equipment underground on 4 January 2016.

The Mimosa safety target is based on the zero harm concept and there is a continuous focus on behavioural and cultural issues to achieve this. In addition, an underground fire management system has been implemented and a proximity detection system is planned.

Mimosa has retained and seeks to maintain its ISO 14001 and OHSAS 18001 certification.

Operationally, Mimosa has achieved record production. Tonnes milled increased marginally to 2.64 million (2015: 2.59 million) and platinum in concentrate production to 119 700 ounces (2015: 117 400 ounces).

Financial capital

Unit costs per platinum ounce in concentrate decreased by 4.1% to US$1 463 (2015: US$1 525) driven largely by cost saving initiatives. Capital expenditure of US$32 million was mainly spent on maintenance capital.

The Government of Zimbabwe deferred until 1 January 2017 the imposition of a 15% export levy on unbeneficiated platinum concentrates in Zimbabwe, initially due to become effective from 1 January 2015. The levy would have had a material impact on the profitability and sustainability of the operation. As such Mimosa continues to consult with the Government of Zimbabwe on the export levy and has recently completed the bankable feasibility study for the construction of a smelter at the operation to enable further beneficiation within Zimbabwe.

Mineral Resources and Mineral Reserves

For more detail refer to the "Mineral Resource and Mineral Reserve Statement 2016" available at www.implats.co.za.

The Mimosa Main Sulphide Zone Mineral Resource and Mineral Reserve Statement reflects relatively small changes due to updates to the geological model and normal mining depletion over the past 12 months.

The key features are:

- The 100% Mimosa Main Sulphide Zone Mineral Resource estimate decreased by 1.7% to 7.2 million platinum ounces mainly due to mining depletion
- The 100% Mimosa Mineral Reserve estimate decreased by 10.1% to 1.7 million platinum ounces due to the revised pillar design in selected areas and also due to normal mining depletion.

Mimosa Mineral Resources and Mineral Reserves – 100% (inclusive reporting)

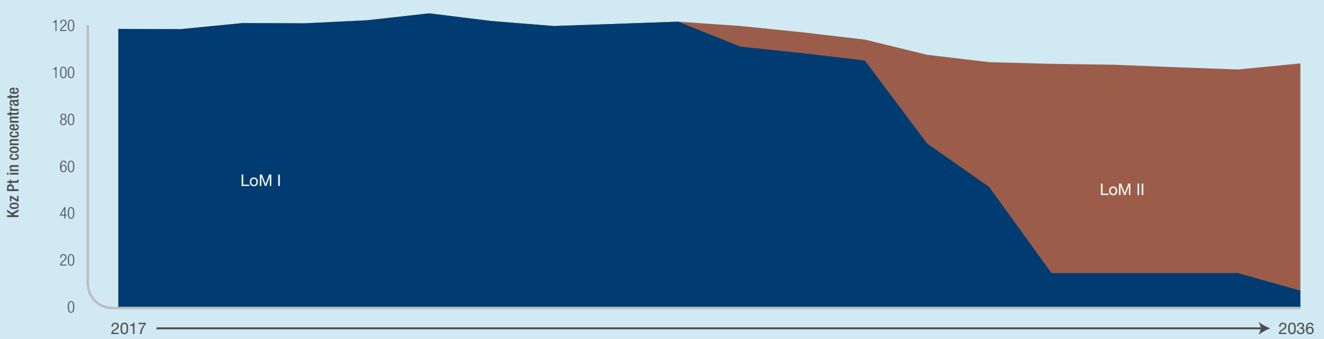
Mineral Resources		as at 30 June 2016				as at 30 June 2015			
Orebody	**Category**	**Tonnes Mt**	**6E grade g/t**	**4E Oz Moz**	**Pt Oz Moz**	**Tonnes Mt**	**6E grade g/t**	**4E Oz Moz**	**Pt Oz Moz**
All MSZ	Measured	67.2	3.91	8.0	3.9	69.2	3.91	8.2	4.1
	Indicated	31.2	3.79	3.6	1.8	31.2	3.79	3.6	1.8
	Inferred	27.1	3.66	3.0	1.5	27.1	3.66	3.0	1.5
	Total	**125.5**	**3.82**	**14.6**	**7.2**	**127.5**	**3.83**	**14.8**	**7.4**

Mineral Reserves		as at 30 June 2016				as at 30 June 2015			
Orebody	**Category**	**Tonnes Mt**	**6E grade g/t**	**4E Oz Moz**	**Pt Oz Moz**	**Tonnes Mt**	**6E grade g/t**	**4E Oz Moz**	**Pt Oz Moz**
MSZ	Proved	19.6	3.78	2.2	1.1	22.9	3.79	2.6	1.3
	Probable	10.7	3.96	1.3	0.6	10.9	3.96	1.3	0.6
	Total	**30.4**	**3.85**	**3.5**	**1.7**	**33.8**	**3.84**	**3.9**	**1.9**

The updated Mimosa life-of-mine profile includes the two South Hill areas – Wedza and Mtshingwe shaft blocks as LoM I. The profile indicates that production output – at some 2.6-million tonnes per annum – can be sustained until 2028 from the combined infrastructure. Additional areas, such as North Hill (LoM II), could supplement and potentially extend the Mimosa production profile in future years.

Operational review – Mimosa

Mimosa 20-year Pt oz profile



Outlook

Mimosa plans to stringently manage costs in order to mitigate ongoing inflationary pressures. Steady-state platinum in concentrate production will be maintained at 115 000 ounces per annum. A feasibility study on a possible 30% expansion of production has been completed subject to improved metal prices and the availability of capital.

Mimosa is evaluating various alternatives for the beneficiation of its material within Zimbabwe.

MIMOSA

FY2017 KPI overview – Business plan on a page

OPERATIONAL OBJECTIVE	MIMOSA TARGET FOR FY2017	KEY ACTIONS TO ACHIEVE THE TARGETS
Relentlessly drive the safety of our people	• Zero fatalities • LTIFR – 0	• Focus on behavioural and cultural issues • Implementation of proximity detection system and underground fire management system • Maintain ISO 14001 and OHSAS 18001 certification
Consistently deliver production targets	• 115 000 ounces of platinum in concentrate	• Maintain current level of mining production • Continue to manage bad ground conditions • Optimise feed grades through blending low grades on the western side with better grades on the eastern side of the South Hill ore body • Secure uninterrupted power supply through continuous renewal of the Power Purchase Agreement
Improve efficiencies through operational excellence	• Cost/Pt oz < US$1 500	• Fully implement mechanisation of roof support systems for the remaining mining teams to manage bad ground conditions • Implement cost optimisation: achieve more at less cost • Continue implementing training and development to better support mining and plant teams • Optimise plan throughput
Cash conservation	• Costs < US$180m • Capital < US$35m	• Rationalise and prioritise capital expenditure • Continue with stringent cost containment initiatives • Operate within budget
Maintain our licence to operate	• Social investment US$3m	• Continue to foster a mutually beneficial relationship with the community • Increase and improve engagement with employees, communities and other stakeholders • Increase local procurement, employment and social investment • Local beneficiation evaluate, building a new smelter at Mimosa

Operational review – Mimosa

Performance against strategy and KPIs

		2016	2015	2014	2013	2012
Safety leading indicators						
Hazards for which internal STOP Notes have been issued	(no)	**788**	829	797	742	550
Stoppage/Instructions issued by State or DMR	(no)	**—**	—	—	—	—
Leadership STOP Observations	(no)	**24 903**	22 429	20 491	16 282	9 705
Safety representative training	(no)	**139**	110	63	44	32
Safety lagging indicators						
Fatal injury frequency rate	(pmmhw)	**0.246**	—	—	—	—
Lost-time injury frequency rate*	(pmmhw)	**1.11**	0.26	0.51	0.64	1.84
Total injury frequency rate	(pmmhw)	**1.97**	0.39	1.79	2.83	4.65
Lost days rate	(pmmhw)	**79**	5	36	3	10
Health						
Noise-induced hearing loss cases submitted	(no)	**—**	4	—	—	—
On wellness programme	(no)	**165**	159	148	145	197
On antiretroviral therapy	(no)	**160**	153	152	151	139
Environmental						
Total water consumed	(Mℓ)	**6 651**	3 264	3 313	3 336	3 263
Total water recycled	(%)	**65**	34	34	30	35
Total CO_2 emissions	('000tpa)	**174**	115	117	171	162
People						
Own employees	(no)	**1 357**	1 394	1 422	1 552	1 572
Contractors	(no)	**5**	8	128	130	199
Literacy (ABET level (III))	(%)	**99**	99	99	99	99
Labour turnover	(%)	**3**	3	9	4	4
Social						
Community spend	(Rm)	**41**	47	50	41	26
Sales	(Rm)	**3 265**	3 425	2 970	2 579	2 403
Platinum		**1 579**	1 588	1 486	1 323	1 207
Palladium		**758**	789	602	434	392
Rhodium		**83**	112	78	70	86
Nickel		**383**	544	442	399	403
Other		**462**	392	362	353	315
Cost of sales	(Rm)	**(3 372)**	(2 640)	(2 398)	(1 956)	(1 498)
On-mine operations		**(1 764)**	(1 375)	(1 425)	(1 110)	(813)
Processing operations		**(632)**	(501)	(375)	(311)	(242)
Corporate cost		**(129)**	(167)	(158)	(155)	(138)
Treatment charges		**(322)**	(227)	(200)	(167)	(134)
Depreciation		**(452)**	(401)	(259)	(220)	(155)
Change in metal inventories		**(73)**	31	19	7	(16)

** These numbers have been restated to include restricted work cases.*

Operational review – Mimosa

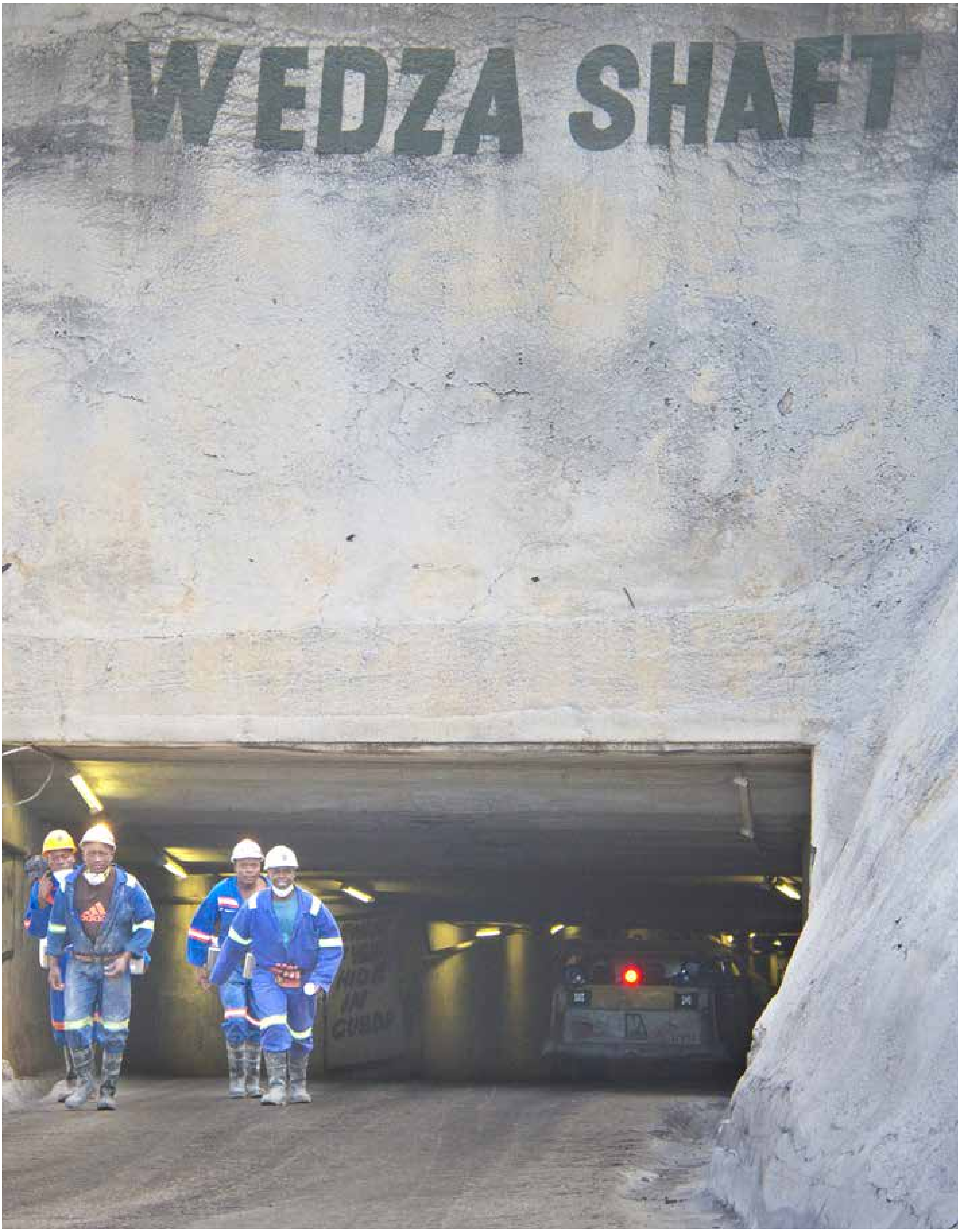
Performance against strategy and KPIs

		2016	2015	2014	2013	2012
Gross profit/(loss)	(Rm)	**(107)**	785	572	623	905
Royalty expense	(Rm)	**(193)**	(208)	(193)	(180)	(131)
Gross margin	(%)	**(3.3)**	22.9	19.3	24.2	37.7
Profit/(loss) for the year	(Rm)	**(162)**	12	96	100	404
50% attributable to Implats	(Rm)	**(81)**	6	48	50	202
Intercompany adjustment*	(Rm)	**1**	26	34	20	20
Share of profit in Implats Group	(Rm)	**(80)**	32	82	70	222
Sales volumes in concentrate						
Platinum	('000oz)	**117.6**	112.6	107.6	99.2	105.2
Palladium	('000oz)	**94.5**	88.0	85.1	78.4	81.7
Rhodium	('000oz)	**9.5**	9.1	9.1	8.4	8.4
Nickel	(t)	**3 286**	3 251	3 263	3 164	3 012
Prices achieved in concentrate						
Platinum	(US$/oz)	**931**	1 236	1 332	1 513	1 481
Palladium	(US$/oz)	**556**	786	683	628	620
Rhodium	(US$/oz)	**606**	1 078	824	944	1 325
Nickel	(US$/t)	**8 080**	14 658	13 073	14 300	17 262
Exchange rate achieved	(R/US$)	**14.42**	11.41	10.37	8.82	7.74
Production						
Tonnes milled ex-mine	('000t)	**2 641**	2 586	2 453	2 381	2 324
Headgrade (6E)	(g/t)	**3.88**	3.93	3.92	3.95	3.93
Platinum in concentrate	('000oz)	**119.7**	117.4	110.2	100.3	106.0
Palladium in concentrate	('000oz)	**94.0**	92.7	87.0	79.5	82.3
Rhodium in concentrate	('000oz)	**9.9**	10.2	9.3	8.7	8.5
Nickel in concentrate	(t)	**3 461**	3 470	3 329	3 161	3 046
PGM in concentrate	('000oz)	**253.7**	250.1	234.6	214.8	222.8
Cost						
Total cost	(Rm)	**2 525**	2 043	1 958	1 576	1 193
	(US$m)	**175**	179	189	179	154
Cost per tonne milled	(R/t)	**956**	790	798	662	513
	(US$/t)	**66**	69	77	75	66
Cost per PGM ounce in concentrate (6E)	(R/oz)	**9 953**	8 169	8 346	7 337	5 355
	(US$/oz)	**690**	716	805	832	692
Cost per platinum ounce in concentrate	(R/oz)	**21 094**	17 402	17 768	15 713	11 255
	(US$/oz)	**1 463**	1 525	1 713	1 782	1 453
Cost per platinum ounce net of revenue received for other metals	(R/oz)	**7 009**	1 755	4 301	3 190	(28)
	(US$/oz)	**486**	154	415	362	(4)
Capital expenditure	(Rm)	**456**	343	349	265	497
	(US$m)	**32**	30	34	30	64
Labour efficiency						
Tonnes milled per employee costed**	(t/man/annum)	**1 910**	1 819	1 500	1 372	1 381

* *Adjustment note: The adjustment relates to sales from Mimosa to the Implats Group which at year-end were still in the pipeline.*

** *Total employees excluding capital project employees.*

Operational review – Mimosa



Operational review – Two Rivers

Two Rivers delivered another exceptional year and remains one of South Africa's lowest-cost PGM producers.

Overland conveyor belt, Two Rivers.

KEY FEATURES

- 3 million fatality-free shifts
- Produced 185 900 ounces of platinum in concentrate
- Produced 285 000 tonnes of chrome

RISKS

- PGM price fluctuations
- Labour stability
- New tailings storage facility

OPPORTUNITIES

- Strategic alternatives to increase output beyond 2018

Two Rivers is a joint venture operation with African Rainbow Minerals (ARM). Implats increased its interest to 49% from 45% in 2015 when the transfer of certain mineral rights on the Kalkfontein and Tweefontein farms from Impala to Two Rivers became unconditional. During the year under review ARM acquired the mineral rights to the remaining extension (RE) of Kalkfontein from a third party and upon incorporation of these rights, the Implats' ownership will reduce to 46% and the Two Rivers Mineral Resources will increase.

Operational review – Two Rivers

Manufactured capital

Two Rivers achieved three million fatality-free shifts during the year under review and has now operated for 53 months without a fatality. The lost-time injury frequency rate deteriorated from 1.2 to 2.1 per million man hours worked in 2016.

Tonnes milled increased from 3.36 million to 3.51 million due to additional toll milling through another facility. Consequently, platinum in concentrate production increased by 7.1% to 185 900 ounces (2015: 173 500 ounces).

Mineral Resource and Mineral Reserve estimation and reconciliation

For more detail refer to the “Mineral Resource and Mineral Reserve Statement 2016” available at www.implats.co.za.

The updated Mineral Resource and Mineral Reserve estimates are tabulated below and reflect total estimates for Two Rivers as at 31 June 2016. Corresponding estimated attributable Mineral Resources and Mineral Reserves are summarised elsewhere in this report.

The Two Rivers Merensky Reef Mineral Resource estimate has remained unchanged relative to 2015, whilst the UG2 Reef Mineral Resource estimate has decreased by 2.18 million tonnes and 0.08 million platinum ounces due to mining depletion.

The Two Rivers UG2 Reef Mineral Reserve estimate increased by 1.4 million tonnes and 0.03 million platinum ounces primarily due to a reduction in geological losses at the Main Decline and increased dilution.

The Two Rivers Platinum’s Mineral Resource and Mineral Reserve Statement will be positively affected by the future transfer of the Tamboti mineral rights pertaining to the RE portion of Kalkfontein from ARM to TRP. This inclusion will trigger a reduced attributable interest of 46% by Implats.

Two Rivers Mineral Resources and Mineral Reserves – 100% (inclusive reporting)

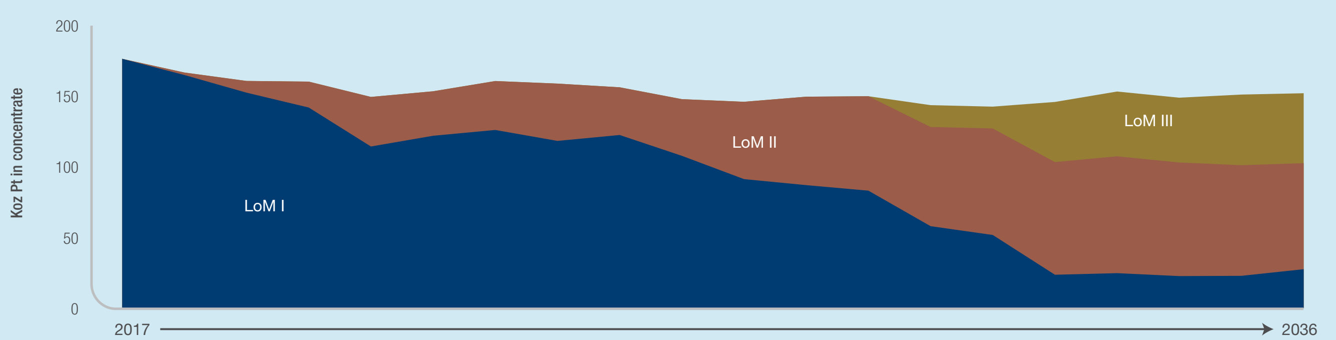
as at 30 June 2016

Mineral Resources		as at 30 June 2016				as at 30 June 2015			
Orebody	Category	Tonnes Mt	6E grade g/t	4E Oz Moz	Pt Oz Moz	Tonnes Mt	6E grade g/t	4E Oz Moz	Pt Oz Moz
Merensky	Indicated	60.6	3.11	5.5	3.3	60.6	3.11	5.5	3.3
	Inferred	99.2	3.92	11.5	6.7	99.2	3.92	11.5	6.7
UG2	Measured	14.9	5.52	2.2	1.3	15.6	5.61	2.3	1.3
	Indicated	57.9	5.03	7.8	4.3	59.4	5.04	8.0	4.4
	Inferred	117.8	5.75	18.4	9.6	117.8	5.75	18.4	9.5
	Total	**350.4**	**4.65**	**45.4**	**25.1**	**352.5**	**4.65**	**45.8**	**25.2**

Mineral Reserves		as at 30 June 2016				as at 30 June 2015			
Orebody	Category	Tonnes Mt	6E grade g/t	4E Oz Moz	Pt Oz Moz	Tonnes Mt	6E grade g/t	4E Oz Moz	Pt Oz Moz
UG2	Proved	11.7	3.76	1.2	0.7	12.0	3.87	1.2	0.7
	Probable	31.5	3.48	2.9	1.6	29.9	3.56	2.8	1.6
	Total	**43.3**	**3.56**	**4.1**	**2.3**	**41.9**	**3.65**	**4.0**	**2.3**

The graphical illustration of the 20-year LoM production potential is depicted below. LoM I represents that portion of the production that could be sourced from the current Mineral Reserves, whilst LoM II is a combination of additional areas.

Two Rivers 20-year Pt oz profile



Operational review – Two Rivers

Financial capital

Unit costs per platinum ounce in concentrate were well contained and decreased by 1.4% to R11 775 (2015: R11 948) as a result of the increased production volumes. Despite the low metal price environment experienced during the year, Two Rivers generated R964 million in cash after tax.

Capital expenditure at R282 million was at similar levels to the previous year.

Outlook

Two Rivers is expected to sustain production of more than 150 000 platinum ounces per annum for at least 10 years. This will entail the exploitation of RE and portions 4, 5 and 6 of Kalkfontein. Capital to extend the infrastructure into the adjacent Kalkfontein areas has been budgeted for. Two Rivers is investigating various strategic alternatives to increase output beyond 2018.

TWO RIVERS PLATINUM

FY2017 KPI overview – Business plan on a page

OPERATIONAL OBJECTIVE	TWO RIVERS TARGET FOR FY2017	KEY ACTIONS TO ACHIEVE THE TARGETS
Relentlessly drive the safety of our people	• Zero fatalities • LTIFR <2	• Continuous focus on reduction in injuries • Continue with implementation of fatigue management processes and safety improvement plan • Focus on behavioural and cultural issues • Implementation of TMM to person retardation/stop system
Consistently deliver production targets	• >175 000 ounces of platinum in concentrate	• Maintain current level of mining production • Optimise efficiencies in the undercut mining method in the split reef at the Main Decline • Mass pull optimisation and improved metallurgical efficiency
Improve efficiencies through operational excellence	• Cost/Pt oz <R13 150	• Optimise tertiary milling plant recovery • Optimise fleet utilisation • Continue with strategy to reduce LHDs per half level
Cash conservation	• Costs < R2.3bn • Capital <R295m	• Managing working capital • Actively pursue cost saving/improvement projects • Improved preventative maintenance processes • Strict compliance to procurement processes • Prioritising capital investments
Maintain our licence to operate	• Social investment R13m	• Continue to foster mutually beneficial relationships with our communities • Further enhance relationships with organised labour, employees and other stakeholders • Increase local procurement, employment and social investment

Operational review – Two Rivers

Performance against strategy and KPIs

		2016	2015	2014	2013	2012
Safety leading indicators						
Hazards for which internal STOP notes have been issued	(no)	**523**	777	383	200	72
Stoppage/instructions issued by State or DMR	(no)	**8**	2	1	5	7
Leadership STOP observations	(no)	**542**	758	408	217	315
Safety representative training	(no)	**34**	74	49	92	97
Safety lagging indicators						
Fatal injury frequency rate	(pmmhw)	**0**	0	0	0	0.3
Lost-time injury frequency rate	(pmmhw)	**2.1**	1.2	1.4	1.8	1.4
Total injury frequency rate	(pmmhw)	**5.2**	3.4	4.1	4.7	7.3
Lost days rate	(pmmhw)	**30**	19	24	21	18
Health						
Noise-induced hearing loss cases submitted	(no)	**0**	0	1	1	4
On wellness programme	(no)	**561**	435	435	400	not tracked
On antiretroviral therapy	(no)	**86**	0	0	0	0
Environmental						
Total water consumption	(Mℓ)	**2 280**	1 951	1 718	1 593	1 917
Total water recycled	(%)	**53**	63	58	69	72
Total CO_2 emissions	(tons CO_2 EQ)	**206 541**	238 624	221 330	211 118	219 403
Total direct SO emitted	(tpa)	**–**	–	–	–	–
People						
Own employees	(no)	**2 410**	2 404	2 350	2 410	779
Contractors	(no)	**960**	879	1 066	1 296	2 735
Training spend (% relative to wage bill)	(%)	**1.5**	1.4	1.7	2.3	3.9
Literacy (ABET level 3 and above)	(%)	**59.32**	59.37	59.07	40.99	61.49
Labour turnover	(%)	**0.2**	0.4	0.5	0.4	0.9
HDSA in management	(%)	**46**	44	31	27	32
Social						
Community spend	(Rm)	**18.0**	20.6	4.9	5.2	3.7
BEE procurement	(%)	**70**	88	90	92	92
Sales	(Rm)	**3 892**	3 673	3 669	2 867	2 335
Platinum		**2 266**	2 018	2 254	1 931	1 557
Palladium		**803**	774	713	533	383
Rhodium		**272**	326	286	234	221
Nickel		**74**	84	81	69	75
Other		**477**	471	335	100	99
Cost of sales	(Rm)	**(2 822)**	(2 657)	(2 587)	(2 233)	(1 827)
Mining operations		**(1 785)**	(1 714)	(1 657)	(1 581)	(1 357)
Concentrating operations		**(404)**	(359)	(345)	(314)	(264)
Treatment charges		**(31)**	(25)	(22)	(18)	(18)
Chrome cost		**(252)**	(231)	(188)	—	—
Depreciation		**(283)**	(398)	(416)	(372)	(276)
(Decrease)/increase in metal inventories		**(67)**	70	41	52	88

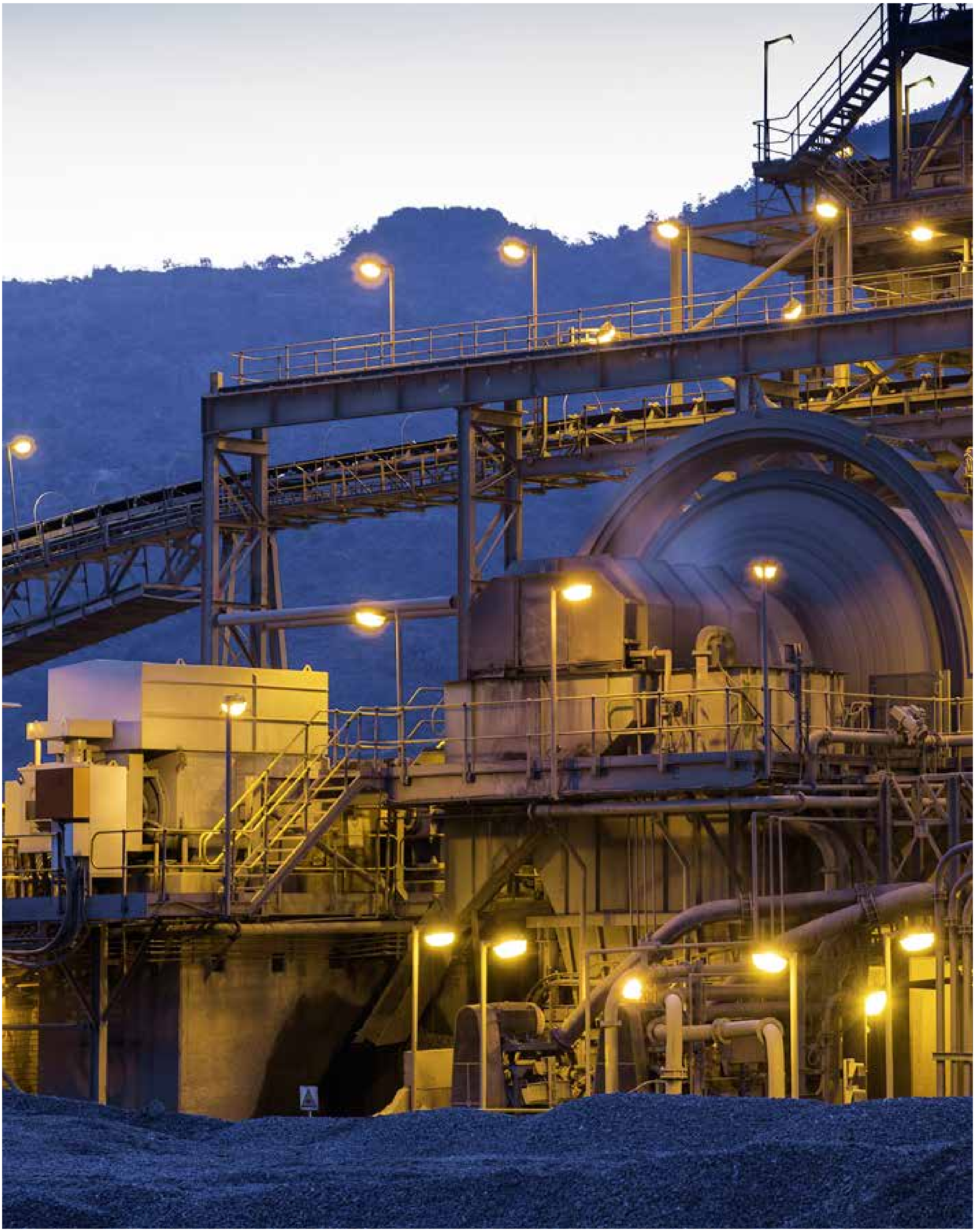
Operational review – Two Rivers

Performance against strategy and KPIs

		2016	2015	2014	2013	2012
Gross profit	(Rm)	**1 070**	1 016	1 082	634	508
Royalty expense	(Rm)	**(185)**	(159)	(142)	(92)	(43)
Gross margin	(%)	**27.5**	27.7	29.5	22.1	21.8
Profit/(loss) for the year	(Rm)	**620**	593	681	361	296
49% attributable to Implats	(Rm)	**304**	279	306	163	133
Intercompany adjustment*	(Rm)	**(6)**	11	(33)	(7)	(26)
Share of profit in Implats Group	(Rm)	**298**	290	273	156	107
Sales volumes in concentrate						
Platinum	('000oz)	**185.1**	172.6	172.8	161.8	148.6
Palladium	('000oz)	**110.1**	101.2	101.5	98.3	88.7
Rhodium	('000oz)	**33.0**	30.5	30.6	28.5	25.2
Nickel	(t)	**642**	581	567	548	596
Prices achieved in concentrate						
Platinum	(US$/oz)	**843**	1 021	1 258	1 358	1 361
Palladium	(US$/oz)	**503**	668	678	615	561
Rhodium	(US$/oz)	**567**	934	899	931	1 141
Nickel	(US$/t)	**7 953**	12 691	13 830	14 284	16 414
Exchange rate achieved	(R/US$)	**14.51**	10.98	10.26	8.79	7.70
Production						
Tonnes milled ex-mine	('000t)	**3 511**	3 362	3 279	3 172	3 103
Headgrade (6E)	(g/t)	**4.06**	3.98	4.01	4.02	3.86
Platinum in concentrate	('000oz)	**185.9**	173.5	175.1	162.2	149.9
Palladium in concentrate	('000oz)	**110.9**	102.0	102.7	98.6	89.5
Rhodium in concentrate	('000oz)	**33.1**	30.6	31.0	28.7	25.5
Nickel in concentrate	(t)	**648.0**	584	566	555	595
PGM in concentrate	('000oz)	**400.7**	372.6	374.7	350.4	320.1
Cost						
Total cost	(Rm)	**2 189**	2 073	2 002	1 895	1 621
	(US$m)	**152**	182	193	215	209
Cost per tonne milled	(R/t)	**623**	617	611	597	522
	(US$/t)	**43**	54	59	68	67
Cost per PGM ounce in concentrate (6E)	(R/oz)	**5 463**	5 564	5 343	5 408	5 064
	(US$/oz)	**379**	487	515	613	654
Cost per platinum ounce in concentrate	(R/oz)	**11 775**	11 948	11 433	11 683	10 814
	(US$/oz)	**816**	1 047	1 103	1 325	1 396
Cost per platinum ounce net of revenue received for other metals	(R/oz)	**4 384**	3 741	4 426	5 912	5 624
	(US$/oz)	**304**	328	427	670	726
Capital expenditure	(Rm)	**282**	275	319	489	467
	(US$m)	**20**	24	31	55	60
Labour including capital						
Own employees	(no)	**2 410**	2 404	2 350	2 410	779
Contractors	(no)	**960**	879	1 066	1 296	2 735
Labour efficiency						
Tonnes milled per employee costed**	(t/man/annum)	**1 059**	1 029	988	921	941

* *Adjustment note: The adjustment relates to sales from Two Rivers to the Implats Group which at year-end were still in the pipeline.*
** *Total employees excluding capital project employees.*

Operational review – Two Rivers



Concentrator, Two Rivers.

Operational review – Impala Refining Services

IRS maintained its considerable financial contribution to Group earnings for the period under review, despite the prevailing depressed PGM price environment.

KEY FEATURES

- Refined platinum production increased by 15.8% to 811 500 ounces
- Gross profit of R1.5 billion at a 7.2% margin
- Generated cash of R1.35 billion post tax

RISKS

- PGM price fluctuations

OPPORTUNITIES

- Well positioned for new refining opportunities

IRS uses Impala's excess processing and refining capacity to smelt and refine the concentrate and matte produced by the Group's other mine-to-market operations (Zimplats, Marula, Mimosa and Two Rivers) and third parties. The business also does ad hoc toll refining.

During the year under review, IRS generated cash of R1.35 billion post tax, which is a significant contribution to the Group. This world-class refining business remains a strategic competitive advantage for Implats.

Operational review – Impala Refining Services

Manufactured capital

Platinum production from mine-to-market operations increased by 10.7% from the previous year to 628 600 (2015: 567 500) ounces as all operations delivered higher volumes to IRS.

Refined platinum production from third-party purchases and toll volumes increased from 133 200 ounces to 182 900 ounces, largely due to improved deliveries from third-party customers.

('000oz)	2016	2015
Zimplats	251.0	215.6
Marula	77.1	70.5
Mimosa	117.0	113.2
Two Rivers	183.4	168.2
Mine-to-market operations	628.6	567.5
Third-party purchases and toll	182.9	133.2
Total	811.5	700.7

Safety and other capitals

All the safety and other capitals statistics for the running of the IRS business are included in Impala's statistics.

Outlook

IRS remains well positioned to capitalise on its access to spare smelting and refining capacity from Impala to process additional material from new customers. Opportunities in this regard are continuously evaluated and pursued if value accretive to the Group.

For FY2017 Impala has sufficient spare capacity available to ensure that IRS will be able to lease capacity from Impala and process planned production as anticipated from the other main operations as per their business plans on a page as well as contracted third-party material.

IRS costs in FY2017 are expected to increase by 6%. This is in line with Impala's expected increase in smelting and refining costs.

Operational review – Impala Refining Services

Impala Refining Services – key statistics

		2016	2015	2014	2013	2012
Sales	(Rm)	**20 539**	18 824	18 495	14 696	14 069
Platinum		**11 192**	10 016	10 389	8 481	7 982
Palladium		**4 824**	4 491	4 035	2 675	2 464
Rhodium		**1 052**	1 173	959	794	1 113
Nickel		**1 401**	1 559	1 390	1 164	1 236
Other		**2 070**	1 585	1 722	1 582	1 274
Cost of sales	(Rm)	**(19 053)**	(17 303)	(16 794)	(13 287)	(12 730)
Metals purchased		**(18 989)**	(15 840)	(16 665)	(12 926)	(12 147)
Smelting		**(419)**	(327)	(308)	(297)	(225)
Refining and marketing		**(723)**	(471)	(450)	(399)	(378)
Corporate cost		**(74)**	(34)	(31)	(37)	(37)
Change in metal inventories		**1 152**	(631)	660	372	57
Gross profit IRS	(Rm)	**1 486**	1 521	1 701	1 409	1 339
Metals purchased – adjustment on metal prices and exchange rates*	(Rm)	**209**	(580)	244	177	(195)
Inventory – adjustment for metal prices and exchange rates	(Rm)	**(171)**	352	(132)	(189)	191
Gross profit in Implats Group	(Rm)	**1 524**	1 293	1 813	1 397	1 335
Metals purchased – fair value on metal prices	(Rm)	**56**	741	(246)	93	511
Metals purchased – foreign exchange adjustments	(Rm)	**(265)**	(162)	2	(270)	(316)
Gross margin	(%)	**7.2**	8.1	9.2	9.6	9.5
Revenue	(Rm)	**20 539**	18 824	18 495	14 696	14 069
Direct sales to customers		**30**	43	34	111	116
Sales to Impala		**19 925**	18 327	17 935	14 139	13 702
Treatment income – external		**562**	450	521	442	248
Treatment income – intercompany		**22**	4	5	4	3
Total sales volumes						
Platinum	('000oz)	**817.2**	696.4	707.1	629.8	638.2
Palladium	('000oz)	**575.3**	493.9	527.1	460.5	468.3
Rhodium	('000oz)	**104.7**	90.6	94.4	82.5	94.1
Nickel	(t)	**10 377**	8 756	9 195	8 095	8 209
Prices achieved						
Platinum	(US$/oz)	**960**	1 278	1 427	1 532	1 634
Palladium	(US$/oz)	**591**	807	742	659	689
Rhodium	(US$/oz)	**708**	1 145	982	1 099	1 549
Nickel	(US$/t)	**9 561**	15 884	14 702	16 314	19 723
Exchange rate achieved	(R/US$)	**14.23**	11.26	10.30	8.79	7.65
Refined production						
Platinum	('000oz)	**811.5**	700.7	767.0	872.3	697.5
Palladium	('000oz)	**585.8**	511.3	513.0	669.8	541.1
Rhodium	('000oz)	**104.0**	94.7	107.3	118.4	111.0
Nickel	(t)	**13 670**	12 320	11 939	11 983	10 582
PGM refined production (6E)	('000oz)	**1 687.9**	1 480.8	1 604.5	1 854.9	1 527.9
Metal returned						
Platinum	('000oz)	**0.1**	—	94.5	188.6	120.7
Palladium	('000oz)	**1.5**	0.5	28.2	190.0	147.5
Rhodium	('000oz)	**—**	—	9.0	35.5	24.8
Nickel	(t)	**3 509**	3 344	3 186	3 193	3 093

** Adjustments on metal prices and exchange rates have been reallocated to gross profit from other income and expense and foreign exchange profit or loss respectively in the statement of comprehensive income.*

Operational review – Impala Refining Services

Converter at Impala.

Operational review – Afplats

Afplats' Leeuwkop project remains a strategic option for the Group.

Depth marking by exploration drillers, Marula.

For more detail refer to the "Mineral Resource and Mineral Reserve Statement 2016" available at www.implats.co.za.

There is no change in the UG2 Reef Mineral Resource estimate since the previous statement.

No additional geological information or exploration results were added during the past year.

Operational performance – Afplats

Afplats Mineral Resources – 100% (inclusive reporting)

as at 30 June 2016

There is no change in the UG2 Reef Mineral Resource estimate since the previous statement. No additional geological information or exploration results were added during the past year.

Mineral Resources		as at 30 June 2016				as at 30 June 2015			
Orebody	Category	Tonnes Mt	6E grade g/t	4E Oz Moz	Pt Oz Moz	Tonnes Mt	6E grade g/t	4E Oz Moz	Pt Oz Moz
Afplats UG2	Measured	98.4	6.47	16.4	10.0	98.4	6.47	16.4	10.0
	Indicated	10.8	6.36	1.8	1.1	10.8	6.36	1.8	1.1
	Inferred	55.9	6.25	9.1	5.5	55.9	6.25	9.1	5.5
	Total Afplats	**165.1**	**6.39**	**27.3**	**16.6**	**165.1**	**6.39**	**27.3**	**16.6**

The Afplats Leeuwkop shaft was sunk to 1 198 metres below surface – to just above the station position, at which point, the project was put on care and maintenance. Shaft sinking and associated capital expenditure are planned to recommence in 2020 and consideration is given to process future ore from the Leeuwkop shaft at the Impala concentrating complex.

Landscape, Afplats.

Stakeholder review

Each stakeholder is allocated an executive or champion responsible for managing the relationship with the organisation.

Stakeholders are defined as those people who are interested and affected by our business as well as those who have a material influence on our ability to create value.

We have undertaken an inclusive stakeholder review process with the primary objective of improving relationships by becoming proactive in our approach to building relationships. This process involved:

- Identifying all stakeholders
- Prioritising stakeholders according to our impacts on them and the nature of the relationship
- Determining their level of influence on the business
- Mapping each stakeholder against a designated champion or responsible executive
- Defining the method of engagement and identifying potential opportunities to grow and sustain the relationship
- Establishing a tool for monitoring and evaluating relations in order to take proactive measures to improve these where they are found lacking

The process identified six priority stakeholder groups in Zone 1 for immediate intervention, informed by the nature of the current relationship and the effectiveness of existing engagement structures. This remains an area of critical focus and requires due care and responsiveness to build better relationships. Each stakeholder is allocated a responsible executive or champion to manage the relationship with the organisation as outlined in the table alongside.

Responsibilities are sub-delegated by each executive to specialist personnel and operational executives depending on the nature of the issues. Quarterly stakeholder engagement meetings where operational executives and Group champions meet to discuss and identify material issues were initiated in the previous reporting period. Part of the agenda is to:

- Identify key stakeholder issues;
- Highlight potential risks; and
- Develop appropriate action and responses.

Action items following from this process have been populated into the risk management system and allocated to a responsible person, thus ensuring that stakeholder actions and responses are managed on a continuous basis and are accessible to the entire executive team for oversight.

Zone 2 stakeholders have existing and mature engagement structures with strong influence and impact on our business, as such our objectives are to further build on these relationships. Zone 3 stakeholders have existing and mature engagement structures, but have less influence/impact on our business, as such our objectives are to sustain our relationship.

Stakeholder review

Quarterly stakeholder engagement meetings, where operational executives and Group champions meet to discuss and identify material issues, were initiated.

Zone 1
Priority areas

Employees
Group executive – People

Unions
Group executive – People

Communities
Chief executive – Operations

Government
Chief executive officer

Shareholders and investment community
Chief executive officer
Chief financial officer

Suppliers
Chief financial officer

Customers
Group executive – Marketing and refining

Zone 2
Evolutionary progress

Media and analysts
Group executive – Corporate affairs

Board
Chief executive officer

Business partners
Chief financial officer

Industry and business forums
Chief executive officer

Banks and financial institutions
Chief financial officer

Business analysts
Group executive – Corporate affairs

Zone 3
Sustain process

Competitors
Chief executive officer

Emergency services
Group executive – Health and safety

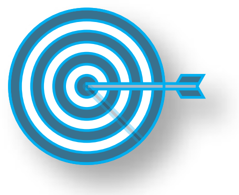
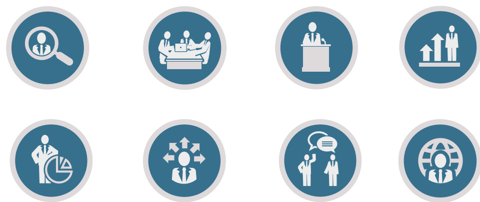
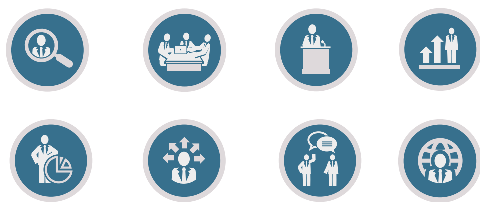
Civil society
Group executive – Corporate affairs

NGOs
Group executive – Corporate affairs

Universities and R&D institutions
Group executive – Technical services

Priority area
Evolutionary progress
Influenced by progress in Zone 1

Stakeholder material matters

Stakeholder material matters	Strategy/top priorities	Stakeholder groups
• Conditions of employment • Safety and health initiatives • Production and performance • Capex programme • Industrial relations climate • Cost control measures	Improve efficiencies through operational excellence and safe production 	
• Conditions of employment • Production and performance • Capex programme • Future metal prices and supply, demand dynamics • Cost control measures	Cash conservation 	
• Conditions of employment • Safety and health initiatives • Transformation • Industrial relations climate • Political climate in Zimbabwe and South Africa • Government policy on Zimbabwe and South Africa • Environmental compliance	Maintain social licence to operate 	
• Production and performance • Capex programme • Industrial relations climate • Future metal prices and supply, demand dynamics • Cost control measures	Investment through the cycle 	
• Production and performance • Capex programme • Future metal prices and supply, demand dynamics	Maintain optionality 	

Stakeholder icons

Employees Government Unions Investors Shareholders Suppliers Communities Customers

Stakeholder material matters

Our response measures

Drive safety
- Embed three pillars of HSE strategy: People and Behaviour, Safety Environment, Practices
- Implement new technology and 14 Shaft fire remedial actions across group
- Embed and drive Critical Safety Behaviour programme
- Implement Critical Controls for major hazards and events
- Attain OHSAS 18001 (ISO 45001) compliance at all operations in 2 years

Production efficiencies
- Optimise mining efficiencies through productivity programmes
- Continue with cost optimisation at all operations
- Improve team performance through team mobilisation
- Ramp up 16, and 20 shafts
- Optimise 1, 10, 11, 12 and 14 shafts
- Close 7 and 7A shafts

Conserve cash
- 17 Shaft on care and maintenance in BP2017
- Leeuwkop project to commence in FY2021
- Prioritise the ramp up of 16 and 20 Shafts at Rustenburg
- Prioritise the re-establishment of Bimha at Zimplats
- Rationalise and prioritise capital allocation across the Group
- Maintain strong Group balance sheet

Deliver production targets
- Rustenburg: between 700 000 and 710 000 oz in 2017, building up to 830 000 platinum ounces by 2020
- Marula: 90 000 platinum ounces in concentrate by 2017
- Zimplats: maintain 260 000 platinum ounces in matte
- Two Rivers: maintain 175 000 platinum ounces in concentrate
- Mimosa: maintain at 115 000 platinum ounces in concentrate

Good corporate citizen
- Deliver on the Mining Charter and Social Labour Plan (SLP) commitments
- Adhere to our commitments in the Deputy President's Framework Agreement
- Reduce and manage constrained utility supplies
- Align and position ourselves in terms of the National Development Plan (NDP)
- Centre of Excellence – Operation Phakisa discussions and participation

Investment through the cycle
- Complete 16 and 20 Shafts at Impala Rustenburg
- Maintain development at all operations to sustain production
- Continue with Bimha Mine re-development to attain designed capacity by 2018

Maintain optionality
- 17 Shaft on low cost care and maintenance. Remains an option for Impala Rustenburg
- Afplats Leeuwkop shaft sunk to 1 198 metres below surface – to just above the station position. Capital planned to recommence in 2020
- Bankable feasibility study on Portal 6 at Zimplats near completion. Initial development has commenced

Risk management

Effective enterprise risk management reduces uncertainty, imbues confidence and enables the organisation to be more decisive in pursuit of our vision, mission and goals.

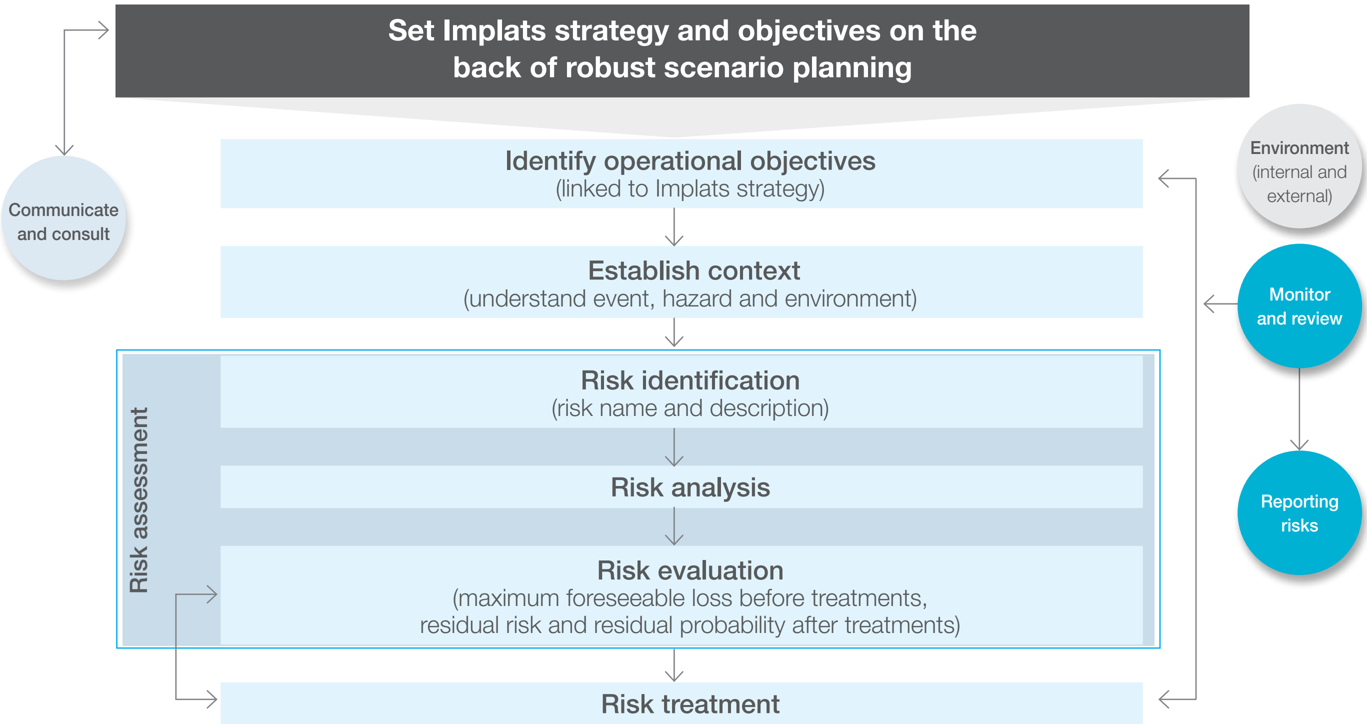
The most important purpose of enterprise risk management is to institutionalise an ongoing and rigorous identification of risks in all aspects of the business, encourage open and honest dialogue about these risks and bring about the implementation of the necessary controls and risk treatment initiatives

We identify our strategic business objectives, and our material sustainability focus areas, through our structured internal risk management process, and with consideration to the views and interests of our identified stakeholders. The Implats risk management process is wholly aligned with ISO 31000, the international risk management standard.

At Implats, we define risk as per the ISO 31000 (2009)/ISO Guide 73:2002 definition of risk, which is, the 'effect of uncertainty on objectives'.

In this definition, uncertainties include events (which may or may not happen) and uncertainties caused by ambiguity or a lack of information. It also includes both negative and positive impacts on objectives, so we are able to consider opportunities with the same consistent framework.

It follows that the context, identification and management of risk can only be derived from a sufficient understanding of what we are trying to achieve and by following a standard process of risk assessment to identify and evaluate our risks. The Implats process is as follows:



Implats' risk management process sets out to achieve an appropriate balance between minimising the risks associated with any business activity and maximising the potential reward. Effective risk management enables management to deal with uncertainty and associated threats and opportunities, enhancing our capacity to build value. Implats utilises the same, consistent risk methodology for every type of impact across the business as we believe separate risk methodologies would not support the object of embedding and maintaining an intelligent risk culture.

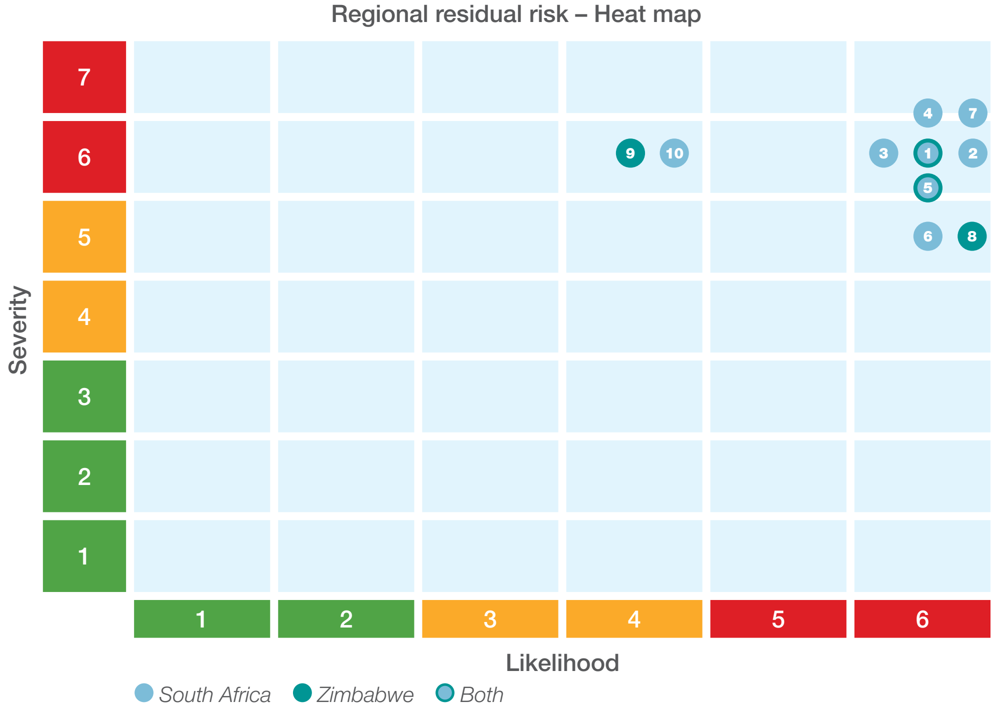
The critical step preceding the above is the articulation of the key objectives of the respective function, as they relate to the strategic objectives of Implats. This further embeds Implats' assertion that risk and strategy are indeed two sides of the same coin, and are equally important to the achievement of value creation and sustainability.

Arising from this process we identify a set of objective-based risk assessments (ORAs) that cover approximately 80 of the most important functions of the Implats business. Each identified risk, as well as its associated controls, has a clearly defined line management owner.

This process ensures that all ORAs are reviewed twice annually for relevance. The review includes interrogation of both the internal and external environment for identification and ratification of risks and/or opportunities that affect the achievement of said objectives. All risk information is captured into the Group risk repository system. A top-down, bottom-up approach is utilised at Implats. This process culminates in the identification of a prioritised set of Group strategic risks. Collectively, these risks, along with the outcomes of our internal and external stakeholder engagement activities, and our assessment of market fundamentals, are used to inform business decisions.

Risk management

The detail of our risk mitigation is included in the table below and further discussed in the heat map table (page 82, 83).



No	Risk description
1	Depressed PGM Basket Price
2	Non-delivery of production and productivity targets at Impala Rustenburg
3	A significant deterioration in safety performance
4	Revenue impact of Section 54s
5	Weak balance sheet and cash flows (liquidity)
6	The security of supply of water in South Africa
7	Employee relations climate
8	Unavailability of secure and reliable power at Zimplats
9	Excessive taxation and levies at Zimbabwean operations
10	The security of supply of electricity in South Africa

This process enables the board and senior managers to take decisions regarding the possible trade-off between risk and reward, and assists them to identify and pursue appropriate strategic growth opportunities informed by the Group's risk appetite and risk tolerance levels.

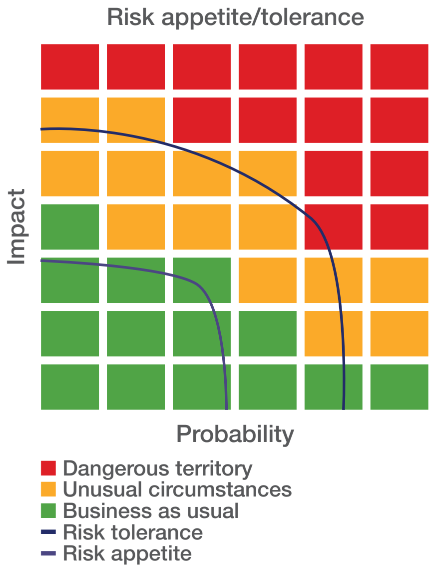
Implats defines risk appetite as: "How much risk does the business feel comfortable with in any given area"? i.e. business-as-usual risk levels.

Risk tolerance is defined as "How much risk might we practically accept, in excess of our risk appetite, in pursuit of greater reward i.e. what is our absolute limit within any given area"?

Both of these must take "reward" into account – risk tolerance should be viewed as the outer limit, beyond which no further increase in reward will justify further increase in risk, as illustrated alongside.

It should be noted that risk appetite and risk tolerance levels will be different for each key area of the business. Risk appetite and tolerance levels have been determined, approved by the board and utilised to inform key strategic decisions since 2012. They exist for all material indicators of the business, these are:

- Finance
- Safety
- Health
- Projects
- Stakeholder relations
- Environment
- Compliance
- Industrial relations
- Operations



Each business unit takes full ownership for their respective risk profiles, and these are discussed and debated at various operational reviews on a continuous basis.

The Group strategic risks are discussed at Exco on a regular basis for relevance, input and update.

While it is fully acknowledged that the board is responsible for risk management at Implats, risk management is seen to be pervasive throughout the organisation.

While risk is used to drive the agendas of each of the board sub-committees, the oversight of the risk management process system lies with the health, safety, environment and risk committee (HSER), while each board sub-committee takes ownership of the risks relevant to it.

An efficient and effective risk management process is key to successful "embedding" of risk management into the business, especially at operational level. However, we must build upon, give credit for, and consolidate the good practice that is already embedded within general management practice.

A risk management maturity evaluation, or GAP analysis against the 10 key principles of ISO 31000 across the business units.

The results of the maturity evaluation provides us with valuable indicators of where we excel and identifies areas for improvement. This further informs the development of business unit risk management plans.

Implats' philosophy approach is testament to Implats' commitment to achieving, maintaining and improving on a world leading, well embedded risk culture that goes beyond compliance.

Risk mitigation heat map table

Heat map number	Description of risk	Residual severity*	Likeli-hood**	Residual risk***	Trend (compared to FY2015)	Mitigating strategy	KPI (Target)	Strategy	Objectives
1	**Depressed PGM basket prices** The current weakness in the PGM basket price remains a concern and is unsustainable in the medium to long term. Factors driving this include: reduced economic growth in China; reduced Japanese car sales following 2014 sales tax hike; lower diesel market share in Western Europe.	158	75	11 850	⇔	Understanding the future demand for our products, and corresponding industry supply-side profile. Scanning the environment for technological advances that may affect the demand for Implats' products (substitution) Instituting appropriate responses where possible	Costs <R21 300/Pt oz		
2	**Non-delivery of production and productivity targets at Impala Rustenburg** Short-term challenges include: ramping up to full production; maintaining our ability to achieve completion of the mining cycle; speeding up the establishment of face length in new mining areas; ensuring increased productivity	120	90	10 800	⇔	Implementing initiatives relating to: mechanised off reef development, management of critical spares, detailed work procedures, team mobilisation, training, mine planning protocols, production planning, quality mining and visible felt leadership. Review of the short and long-term business planning process and parameters, together with ensuring that appropriate funding is available or in place	Impala production 700 000 to 710 000Pt oz		
3	**A deterioration in safety performance** Safety is the primary priority for the Implats leadership. The increase in the number of fatalities is unacceptable. It must be noted that there has been an improvement with regard to NLTIs and LTIs, but not with fatalities this year. Mine safety is receiving high priority at a national political level and any significant deterioration in performance carries significant risk.	125	86	10 750	⇧	Strong strategic commitment to develop an appropriate safety culture, driven through initiatives relating to people, practices and the physical environment.	Zero fatalities LTIFR: 20% improvement on FY2016		
4	**Revenue impact of Section 54s** The 80 Section 54 stoppages in 2016 are deemed to have cost Impala Rustenburg and Marula approximately R1 394 million in direct forgone revenue during FY2016. The indirect cost of these stoppages in terms of management time and start-up difficulties are of a similar magnitude.	133	80	10 640	⇧	Rigorous interrogation of the impact of Section 54s, along with participation in the initiative by the Chamber of Mines. Strong commitment to training of management, as well as to incentivise safe working conditions.	Production and safety targets as per business plans for SA operation		
5	**Weak balance sheet and cash flows (liquidity)** Implats is currently operating in a cash constrained mode, due to the low PGM price environment	132	80	10 560	⇩	Proactive and rigorous review of the short and long-term business planning process and parameters, together with ensuring that appropriate funding is available or in place	Cost per Pt oz < R21 300 Capital < 4,4bn		
6	**The security of supply of water in South Africa** As an intensive water-user, Implats is exposed to risks relating to: reduced water availability; continuing uncertainty in the existing policy environment; the declining state of existing water infrastructure; and the related socio-economic impacts on neighbouring communities.	98	80	7 840	NEW ⇧	Promoting water stewardship and security through effective implementation of water conservation and management initiatives, in terms of our revised water strategy.	Various operational KPIs		

* *Residual severity is measured on a scale of between 0 to 400.*
** *Measured out of 100.*
*** *Residual risk is the product of residual severity and likelihood.*

Key
Critical/high Major/moderate Minor/low

Risk mitigation heat map table

Heat map number	Description of risk	Residual severity*	Likeli-hood**	Residual risk***	Trend (compared to FY2015)	Mitigating strategy	KPI (Target)	Strategy	Objectives
7	**Employee relations climate** Our response plan to conserve cash may regrettably have resulted in some job losses. A Section 189 notice has been served on the Rustenburg operations. Our aim is to reconnect with our employees – allowing managers and supervisors to retain this space by training/empowering them to resolve problems as fast as possible at every level. We need to sustain the current relationship through the imminent wage negotiation process, local government elections, and election of shop stewards.	107	71	7 597	⇧	Striving to provide an enabling work environment that fosters open, honest and effective relations between management, employees and elected union representatives, with an emphasis on developing direct communication with employees, people leadership and team mobilisation, and our respect and care initiative. Engaging with various government departments directly, working with the Chamber of Mines and labour representatives to find sustainable solutions to industrial relations challenges in the country.	Various operational KPIs		
8	**Unavailability of secure and reliable power at Zimplats** Unavailability of reliable and secure power from ZESA to meet company operational and growth requirements or alternatively failure to ensure a stable power supply to operations, both on a short-term and long-term basis, compounded by current low water levels and insecurity of Kariba dam wall.	97	75	2 775	⇧	Maintaining regular contact with ZESA. Ensuring appropriate contingency plans in place. Implementing initiatives to reduce energy consumption.	Various operational KPIs		
9	**Excessive taxation and levies at Zimbabwean operations** There is an exposure to high taxation as a result of the unique Zimplats taxation, particularly the special mining lease. There are multiple and sometimes conflicting interpretations of this tax legislation resulting in tax risk.	103	45	4 635	⇩	Ensuring compliance through external tax audits and the use of specialist tax advisory services. Strong commitment to tax training and awareness, resolution of historical tax matters and the tax risk management framework.	Various operational KPIs		
10	**The security of supply of electricity in South Africa** In South Africa, the electricity supply industry is dominated by Eskom, which owns and operates the transmission grid. Eskom has a net installed generation capacity of 42 000 MW. Given planned and unplanned outages it is able to bring a maximum of 36 000 MW on line at present. 60% of the generating capacity is beyond the 30 years design life.	107	43	4 601	⇩	Maintaining regular contact with Eskom to ensure we are aware of any situation that may affect us. Emergency evacuation plans in place and adhered to. Implementing initiatives to reduce energy consumption.	Various operational KPIs		

* *Residual severity is measured on a scale of between 0 to 400.*
** *Measured out of 100.*
*** *Residual risk is the product of residual severity and likelihood.*

Strategy

- Improve efficiencies through operational excellence and safe production
- Maintain our social licence to operate
- Maintain optionality and position for the future
- Investment through the cycle
- Cash conservation

Objectives

- Relentlessly drive the safety of our people
- Improve efficiencies through operational excellence
- Maintain our licence to operate
- Consistently deliver production targets
- Cash conservation

Remuneration linked to stakeholders and strategy

A comprehensive annual remuneration report will be published in the notice to shareholders as part of the Group's governance requirements.

Introduction

The remuneration policy impacts the Group on many levels. This policy links remuneration to employee KPIs and it assists in the achievement of its stated operational strategy and risk management. It contributes towards Implats being a good corporate citizen in cementing its social licence to operate from an organised labour and employee perspective.

This report provides an overview of the Implats remuneration policy and broad principles. Although the board of Implats, is ultimately responsible for the Group's remuneration philosophy and the application thereof, the board has delegated its duties and obligation of remuneration, governance, skills attraction and retention, succession planning, disclosure, benefits, broad terms and conditions of employment and performance conditions to the social transformation and remuneration committee (STRcom).

This report focuses on executive and senior management remuneration and benefits. The variable component of remuneration is, in turn, linked to and are reliant on the performance of all employees within the Group.

The STRcom has carried out its mandate while appreciating and promoting the importance of our people to the continued value creation, social responsibility and sustainability of the Group.

Remuneration Governance

The STRcom reports to the board on their proceedings and attends the annual general meeting of Implats to respond to any questions from shareholders regarding the committee's areas of responsibility.

The committee utilised the services of PricewaterhouseCoopers Inc. and Vasdex Associates (Pty) Limited in different capacities during the past financial year to benchmark remuneration elements and practices against external comparatives and to advise on remuneration policy.

Remuneration committee

The committee consists of three independent non-executive directors including an independent chairperson. The CEO, the human resource executive, the executive responsible for talent management and a remuneration advisor are permanent invitees to the meetings.

The STRcom met four times during 2016 and the membership for the period under review was as follows:

Name
M Nkeli (Chairperson)
MSV Gantsho
B Ngonyama

Remuneration policy

The Company's overall remuneration philosophy is designed to ensure that remuneration is competitive and sustainable. It strives to reward employees fairly and recognises their contribution to the Group's operating and financial performance in line with its corporate objectives and strategy. This clear and transparent design ensures internal and external equity through the alignment of conditions of employment and remuneration for all employees in an evolving regulatory and statutory environment. In support of our Employee Value Proposition (EVP) the Group ensures an appropriate remuneration mix aligned with the principles of equity, implemented with due regard for varying performance levels.

The 2015 remuneration policy received a 94% (non-binding) approval by shareholders at the annual general meeting in October 2015. The 2016 policy continues to endeavour to match the market in terms of the broad talent pool, but lead the market in areas of critical appointments, talented individuals, equity candidates and top performers.

The remuneration policy aims to:

- Ensure fairness and a sustainable minimum wage
- Promote and ensure compliance with an evolving regulatory environment, with a specific emphasis on the long-term sustainability of the Group
- Ensure alignment of the interests of the Company's board and management with that of our stakeholders
- Attract and retain talent at all levels
- Encourage employee behaviour that is goal-orientated and consistent with the Group's vision and values
- Set remuneration levels that is consistent with emerging governance frameworks on executive and non-executive compensation by conducting regular benchmarking exercises against internal and external comparatives

Remuneration linked to stakeholders and strategy

Remuneration structure

Guaranteed remuneration: The guaranteed package includes basic salary and employee benefits. Guaranteed packages are market related and are based on the complexity of the role and the employee's personal performance and contribution to the Group's overall performance.

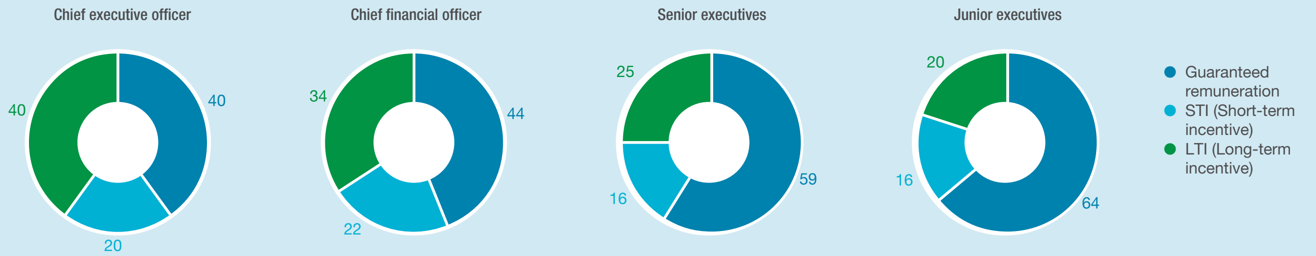
Element		Intent	Policy application
Guaranteed remuneration	Basic salary	To attract and retain employees and to ensure internal equity and external competitiveness.	Our standard is to match the market in terms of the broad talent pool, but lead in areas of critical appointments, talented individuals, equity candidates and top performers. Pay levels are also influenced by increases for the rest of the workforce, inflation and costs.
	Benefits	To ensure external competitiveness and advance employee wellness, engagement and effectiveness.	Employees are contractually obliged to belong to approved medical and retirement funds inclusive of death and disability cover. Contributions are made by both the Company and the employee.
	Optional benefits and allowances	To assist with productivity, ensure legislative compliance and retention of skills.	Some of these benefits are elective whilst some are in line with statutory requirements.
Variable remuneration	Short-term Incentives (STI)	Key performance indicators (KPIs) alignment with operational and Group financial and non-financial performance, more specifically: • driving safety, health environment and community (SHEC) • performance and delivery on volume, value, quality, cost, capital and cash flow (VVQ3C) • personal KPIs	Subject to the achievement of performance measures and committee approval, employees are paid annually and/or six monthly.
	Long-term Incentives (LTI)	Alignment with shareholders' interests, Group performance and attraction/retention objectives.	Incentives are awarded to eligible employees annually in line with the approved remuneration mix. Vesting depends on achievement of performance conditions. The structure and scheme rules are reviewed regularly to ensure alignment with the intent.
	Employee ownership	Alignment with shareholders' interests, Group performance, retention objectives and statutory requirements.	Employee ownership plans with benefits for category A – C level employees (predominantly Historically Disadvantaged South Africans (HDSAs).

Remuneration linked to stakeholders and strategy

Remuneration mix

The ratios for the remuneration mix are structured for the various layers of the organisation. The approved remuneration mix for the top layer of the organisation is set out below:

Executive and prescribed officers' remuneration mix (%)



Short-term incentives (STI)

Further to the intent of the STI referred to above, the mix of the KPIs for the different levels of management is set out below:

KPI	CEO	CFO	Senior/Junior executives		
			Group support	Services	Production
SHEC	40	30	30	35	40
VVQ3C	40	30	30	35	40
Personal	20	40	40	30	20
Total	100	100	100	100	100
(Total expressed as % of overall remuneration)	20	22	16	16	16

In addition, the STI, referred to directly above, can vary depending on the level of performance achieved can result in different payments per employee category as indicated below:

KPIs achievement %	CEO	CFO	Senior executives	Junior executives
110%	30	33	24	24
105%	25	27.5	20	20
100%	20	22	16	16
95%	10	11	8	8
90%	0	0	0	0

Remuneration linked to performance

Executive remuneration and KPIs – performance

Guaranteed remuneration

Given the objective to conserve cash, the STRcom did not grant an annual increase for executives and managers, but delivered an amount equivalent to a 6% increase in notional shares, which may be cashed in by these employees after a period of one year.

Variable remuneration

Short-term incentives (STI)

The STRcom reviewed both the mix and the weightings of the KPIs in the STI and were satisfied that they remain unchanged for 2016. The performance targets are derived from the business plan, set and assessed annually per business unit and for the Group as a whole.

Annual payments in terms of the STI are approved and paid after the year-end. Accordingly, the on target percentages are depicted below for both 2015 and 2016, but only the achieved bonuses for 2015 are reported. The 2016 achievements will be reported in the 2017 Annual Integrated Report. The short-term incentive scheme awards approved by the STRcom for FY2015 was R49.8 million).

	On target bonus 2016	On target bonus 2015	Achieved bonus 2015
Employee category			
Chief executive officer	**20%**	35%	25%(i)
Chief financial officer	**22%**	25%	19%
Senior executives	**16%**	16%	12%
Junior executives	**16%**	16%	12%
Total amount paid (Rm)			41.5%(ii)

(i) The CEO elected not to take his earned bonus for 2015 in cash due to the financial constraints facing the industry. Instead the amount due was converted into Implats shares, which vest the earlier of September 2018 or resignation.
(ii) As with the guaranteed remuneration increase discussed above, 50% of the STI was delivered to the CFO and the senior executives in equivalent value of notional shares, which may be cashed in by these employees after one year.

Long-term incentives (LTI)

The long-term incentive plan approved by shareholders in 2012 envisaged both conditional share plan (CSP) rights and share appreciation (SAR) rights for executive management.

The CSPs are awarded as fully paid shares at the end of a three-year vesting period, subject to the performance measure being met. The measure (aligned with shareholders' interests being total shareholders return relative to peers) was not met and none of these shares vested in November 2015 (first possible vesting date).

The SARs are awarded as a number of conditional shares (subject to performance conditions) but with value being determined based on the appreciation of the share price from the date of award to the date of exercise. These performance conditions are a mixture of three shareholders related interests (total shareholder return, EBITDA margin and safety) and only 25% vested in November 2015 at an award share price of R146.89 per share.

Other long-term incentives – employee ownership plans

The Group operates two employee ownership plans:
The Morokotso Trust administers the Employee Share Ownership Programme (ESOP) implemented in 2006 for all South African A, B and C-level employees. The last tranche of the Morokotso Trust scheme (60%) vested on 3 July 2016 but did not result in any benefit to employees as the base Implats share price for benefits to accrue was R159 per share (the share price prevailing at the time of the ESOP creation).

A new Employee Ownership Scheme was implemented in December 2014 and is managed by the Impala Employee Ownership Trust. This serves as a meaningful way of aligning employees' interests with the future profitability of Impala. However, as no dividends have been declared since incorporation of this trust, no benefits have yet accrued to employees.

Remuneration linked to performance

Employees and social licence to operate

In addition to the items already listed in this report, the STR:

- Conducted an annual wage gap analysis and benchmark exercise to determine our position relative to our peers. We continue to focus on increasing our minimum salaries in an effort to reduce this gap.
- Approved the mandate for the annual increase for general staff. The collective bargaining processes with the NUM and AMCU at our operations are still underway.

The focus in recent years on pay differentiation has resulted in a definite effort to close the wage gap by showing restraint in executive pay whilst addressing the issue of minimum wages and income differentials to improve the lives of our employees.

The wage gap at Implats is defined as ratio of the CEO's guaranteed pay compared to that of the lowest level underground worker. The progression in reducing the wage gap since 2008 is depicted below:

	2008	2012	2014	2015	2016**
Guaranteed pre-tax package	1:107	1:67	1:54	1:49	**1:49**
Guaranteed after-tax package*	1:88	1:52	1:41	1:37	**1:37**

* *Assumes a marginal tax rate of 23% and 40% for the lowest paid underground workers and the CEO respectively.*
** *It should be noted that the collective bargaining process for unionised employees, effective on 1 July 2016 has not been concluded and therefore the ratios remain the same as in 2015.*

Non-executive directors' remuneration

Fee structures for remuneration of board and sub-committee members are recommended to the board by the STRcom, reviewed annually and approved by shareholders at the AGM. The review addresses market comparisons of fees and Company performance.

Directors' fees in aggregate for serving on board committees for the year under review were as follows:

(R'000)	Board	Audit committee	Remuneration committee	Health, safety, environment and risk committee	Nomination, governance and ethics committee	Social, transformation and remuneration	Capital allocation and investment committee	Risk committee	Total
KDK Mokhele	559	—	—	—	—	—	—	—	**559**
HC Cameron	334	334	—	—	—	69	39	70	**846**
PW Davey	334	57	—	70	14	—	40	70	**585**
MSV Gantsho	1 364	—	75	—	34	—	—	—	**1 473**
A Kekana	334	—	70	—	75	—	40	—	**519**
AA Maule	294	139	—	—	—	27	—	136	**596**
AS Macfarlane	334	—	—	243	—	—	—	—	**577**
ND Moyo^	442	—	—	40	—	—	39	—	**521**
FS Mufamadi	334	—	—	—	75	—	—	—	**409**
BT Nagle	117	—	—	—	—	—	—	38	**155**
B Ngonyama	334	158	—	—	—	39	—	—	**531**
MEK Nkeli	334	58	—	40	—	193	—	—	**625**
NDB Orleyn	53	—	18	—	18	38	—	—	**127**
ZB Swanepoel	334	—	—	109	36	—	67	—	**546**

^ *Includes R108 000 of 2015 fee paid in 2016.*

The board and sub-committee fees have remained unchanged for four years. A proposal to increase these fees for 2017 (given the reduction in the total number of sub-committees) will be contained in the notice to shareholders of the annual general meeting.

Corporate governance effecting value creation
Chairman's statement – Governance

In the normal course of business and even more so in challenging times, I believe it is important that we maintain the highest standards of good governance in order to promote quality decision-making and the execution of those decisions within a disciplined framework of policies, procedures and authorities.

To effect this requires ensuring an environment where roles and responsibilities are clearly defined, forums that are conducive to robust debate and performance which is regularly reviewed. Our efforts in this regard are described over the next number of pages.

The Implats board is committed to providing effect leadership to the Group and fully embraces the principle of ethical leadership in setting and implementing Implats' strategy guided by the principles of the King III Code on Corporate Governance (King III), the Companies Act, 2008, the JSE Listings Requirements and all other applicable laws, standards and codes. A compliance schedule can be found at www.implats.co.za.

In addition, the board takes full responsibility for the management, direction and performance of the Group by exercising independent judgement on all issues reserved for its review and approval while taking cognisance of the needs of all stakeholders.

We continually work to maintain and develop this framework to ensure that we make and execute good decisions that are in the interest of Implats, its shareholders and other stakeholders.

Mandla Gantsho
Chairman

Board representation

BOARD OF DIRECTORS

Independent non-executive directors
Mandla Gantsho
Peter Davey
Hugh Cameron
Babalwa Ngonyama
Alastair Macfarlane
Nkosana Moyo
Mpho Nkeli
Sydney Mufamadi
Bernard Swanepoel

Non-executive directors
Albertinah Kekana

Executive directors
Terence Goodlace
Brenda Berlin

Right balance of skills and experience to make a meaningful contribution to the business of the Group

	BOARD SKILLS, EXPERIENCE AND DIVERSITY	
Experience	Public and private sector stewardship	
	Mining engineering, capital projects and operations	
	Financial/Investment banking	
	Human resources management	
	External audit and regulatory compliance	
	Mineral asset valuation	
Skills	Strategy determination and risk management	
	Governance	
	Operational management	
	Capital projects and mineral asset valuations	
	Financial acumen and acuity	
	Global experience	
	Corporate knowledge	
Tenure	5 years and longer (Number of directors)	4
	3 to 5 years (Number of directors)	3
	Less than 3 years (Number of directors)	5
Diversity	Female	33%
	Historically disadvantaged	58%

Corporate governance effecting value creation

Corporate governance and Group strategy in perspective

BOARD

Maintain optionality and position for the future

The board is responsible for:
- Setting strategic objectives for the Group
- Decisions in support of Group objectives
- Review management performance
- Establish culture of ethical leadership in Group

OUTPUT
- Risk management (refer page 80)
- Ethics
- Annual Integrated Report

AUDIT COMMITTEE

Cash conservation

The Audit committee:
- Reviews and recommends for approval of the board:
  - The integrated report, the annual financial statements
  - interim or provisional result announcements and financial information
  - Reviews internal financial controls, monitors the effectiveness of internal financial controls and internal audit function
  - Nominates external auditors, regulates the use of external auditors and addresses concerns about the audit or financial reporting functions
  - Reviews Information Technology (IT) governance and approves the IT strategy

SOCIAL TRANSFORMATION AND REMUNERATION (STR) COMMITTEE

Maintain our social licence to operate

The STR:
- Ensures the Group remains a good corporate citizen
- Monitors performance of social and economic development of employees and relevant stakeholders
- Reviews the framework, policies and guidelines for transformation and sustainable development
- Group reward strategy, policy and philosophy, approving reward mix for senior executives and by benchmarking and ensuring fairness and competitiveness.
- Recommends non-executive directors remuneration to the board for final approval by shareholders

HEALTH, SAFETY, ENVIRONMENT AN RISK COMMITTEE (HSER)

Maintain our social licence to operate

The HSER:
- The appropriateness of the HSE policy, systems, standards and code of practice and procedures
- Monitors performance in accordance with objectives including benchmarking in South Africa and internationally
- Monitors the HSE management function, recommends improvements and reviews the business plan and the HSE information in the Annual Integrated Report
- Instituting investigations as directed by the board or where inadequacies have been identified
- Overall responsibility to ensure a properly functioning risk management system
- The risks assigned to the HSER and to ensure the board as a collective is assured that all risks are identified and managed effectively

CAPITAL ALLOCATION AND INVESTMENT COMMITTEE (CAIC)

Investment through the cycle

The CAIC:
- Guiding the board with regard to allocation of capital and future investment or disinvestment after due consideration of life of mine plans
- Oversee the implementation of approved capital projects with respect to budget and time frames
- Consider assets performance by scheduling "deep dive" sessions to evaluate adequacy of return on investment and advise the board accordingly
- Undertake high level assessment of operating environment to advise board with regard to emerging risks and topics for strategy discussion

NOMINATION, GOVERNANCE AND ETHICS COMMITTEE (NGE)

The NGE:
- Ensures the board and its committees are appropriately structured and staffed to carry out their mandates
- Performance evaluation of the Board, Board committees and individual directors
- Proposes the re-election of retiring directors following a satisfactory performance review
- Ensuring a succession plan and formal process for appointment of directors
- Ensuring a formal induction programme for new directors and ongoing board development programme for all directors

Corporate governance effecting value creation

COMMITTEE OUTPUTS

AUDIT COMMITTEE	SOCIAL TRANSFORMATION AND REMUNERATION (STR) COMMITTEE	HEALTH, SAFETY, ENVIRONMENT AN RISK COMMITTEE (HSER)	CAPITAL ALLOCATION AND INVESTMENT COMMITTEE (CAIC)	NOMINATION, GOVERNANCE AND ETHICS COMMITTEE (NGE)
Audit committee report ● Annual financial statements ■	Sustainable development report ■ Remuneration report ● STR committee report ●	Sustainable development report ■	The committee was established in the second half of the financial year under review.	Ensures a strong board with the necessary skills and experience.

■ *Available on www.implats.co.za.*
● *Will be available on www.implats.co.za on 30 September 2016.*

EXCO

Improve efficiencies through operational excellence

Refer FY2017 KPI's overview – Business plan on a page on page 11

Implats Mineral Resource and Mineral Reserve Statement 2016 at a glance

The Mineral Resource and Mineral Reserve Statement as at 30 June 2016 is collated at a time when the platinum industry continues to face significant external challenges. The prevailing depressed metal price is reflected in the fact that greenfields exploration has been terminated and shaft sinking operations have been deferred at the Impala 17 Shaft and Afplats' Leeuwkop Shaft. Despite the difficult circumstances some operations continue to deliver strong production performances with a positive outlook to grow the Mineral Reserve inventory at Zimplats, Mimosa and Two Rivers.

Implats Mineral Resource and Mineral Reserve Statement 2016 at a glance

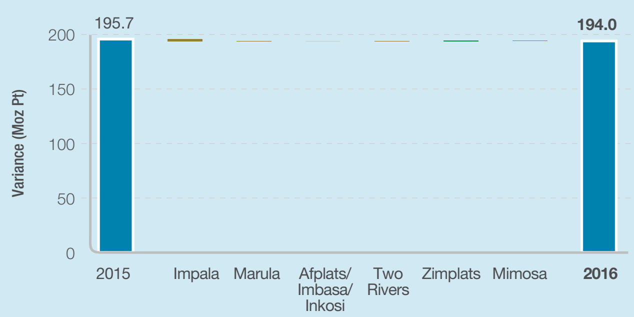
Summary statement 2016

	Moz Pt		Moz 4E	
Attributable	**2016**	2015	**2016**	2015
Mineral Resources*	**194.0**	195.7	**364.9**	367.6
Mineral Reserves	**21.6**	26.4	**38.9**	46.2

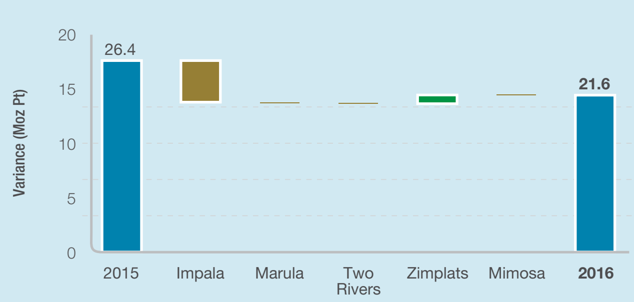
** Mineral Resource estimate is inclusive of Mineral Reserves.*

- There is no material change in the attributable Mineral Resource estimate which reduced by 1.7Moz Pt to 194Moz Pt
- The attributable Mineral Reserve estimate reduced by 18% to 21.6Moz Pt mostly due to the decision to place 17 Shaft at Impala on low cost care and maintenance and the resultant exclusion of its area from the Mineral Reserve estimate. This was offset to some extent by the increase at Zimplats where the footprint of Bimha was increased.

Attributable Mineral Resources



Attributable Mineral Reserves

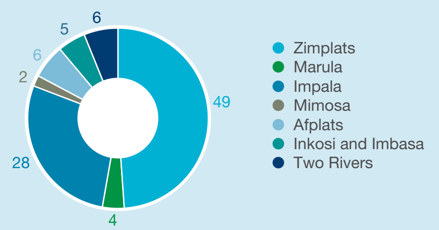


Contribution by area

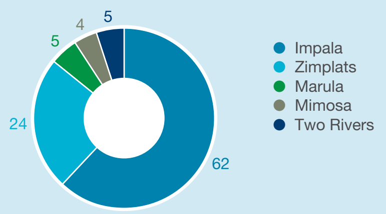
The Mineral Resource and Mineral Reserve (Pt) contribution by operation is depicted below:

- The attributable Mineral Resource (Pt) estimate is dominated by Zimplats and Impala, with the Zimplats Mineral Resource accounting for 49% of the total
- Some 62% of the attributable Mineral Reserves (Pt) are located at Impala and a further 24% is hosted within the Main Sulphide Zone at Zimplats

Attributable Mineral Resources of 194Moz Pt (%)
as at 30 June 2016



Attributable Mineral Reserves of 21.6Moz Pt (%)
as at 30 June 2016



Implats Mineral Resource and Mineral Reserve Statement 2016 at a glance

Mineral Rights (for more detail, see page 15 in the supplement report)

All mineral rights are in good standing without any known impediments. The Zimbabwean Government (GoZ) has been pursuing greater participation in the mining sector by indigenous Zimbabweans. The Zimbabwe policy position on indigenisation was clarified in the 11 April 2016 policy statement, but there are ongoing discussions with the GoZ regarding indigenisation implementation plans (IIPs) for Zimplats and Mimosa. Depending on what position is ultimately taken by the GoZ, Implats' attributable Mineral Resources and Mineral Reserves may be reduced. During 2013, the GoZ gazetted its intention to compulsorily acquire a large tract of ground in the northern portion of the Zimplats mineral lease, containing 54.62Moz Pt. As at 30 June 2016 there has been no conclusion to this matter, as Zimplats objected and is seeking to have the matter solved amicably.

Mineral Resource and Mineral Reserve Statement (for more detail, see page 34 in the supplement report)

The Mineral Resource and Mineral Reserve Statement is compiled in accordance with guidelines and principles of the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code), the South African Code for the Reporting of Mineral Asset Valuation (SAMVAL Code) and Section 12.11 of the JSE Limited (JSE) Listings Requirements as updated from time to time. Supporting documentation includes detailed internal reports, SAMREC Table 1 reports, and regular third-party reviews. A summary list of Competent Persons who compiled this report is included in the supplement report.

The SAMREC Code (for more details, see page 9 in the supplement report)

Implats subscribes to the principles of the SAMREC Code of transparency, materiality and competency. The overarching strategic key focus areas of Implats are:

- Maintaining prudent investment through the cycle
- Maintaining strategic optionality and positioning the Group for the future
- Improving efficiencies/profitability through operational excellence and safe production
- Conserving cash, especially while metal prices remain depressed
- Maintaining our social licence to operate

Key Criteria (for more detail, see page 25 in the supplement report)

- Mineral Resources are reported inclusive of Mineral Reserves unless otherwise stated
- There are no Inferred Mineral Resources included in any of the Mineral Reserve estimates
- Mineral Resources are only converted to Mineral Reserves once a feasibility study has been concluded and the new project or existing mine has been budgeted for and approved by the Implats board
- The Mineral Resource Statements remain, in principle, imprecise and must not be seen as calculations. Rounding-off of figures may result in minor discrepancies
- The Mineral Resources and Mineral Reserves are estimated as at 30 June 2016 and will be affected by changes in the metal prices, exchange rates, operating parameters, cost and performance, permitting and potential changes in legislation
- No feasibility study for new mining infrastructure was completed during the past year; the study for the next Portal at Zimplats is near completion (Portal 6), a replacement for Portals 1 and 2. The new mining blocks will cover double the strike length of the existing blocks
- The Mineral Resources and Mineral Reserves are estimated for the PGMs (excluding osmium) and gold only, while some details of the other byproducts are mentioned

Long-term price assumptions in today's money*

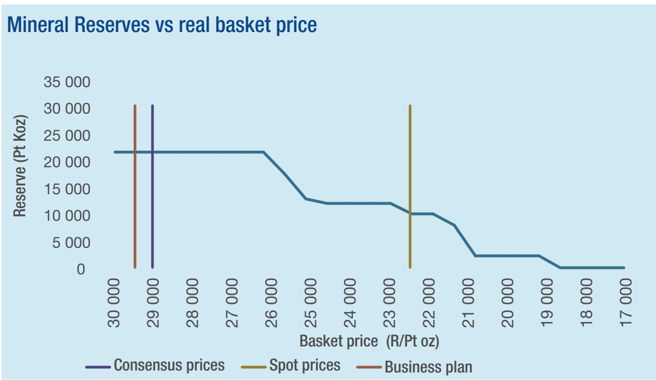
Platinum	US$/oz	1 260
Palladium	US$/oz	815
Rhodium	US$/oz	1 045
Ruthenium	US$/oz	35
Iridium	US$/oz	460
Gold	US$/oz	1 080
Nickel	US$/t	13 955
Copper	US$/t	5 730
Exchange rate	R/US$	14.80

**Supporting the Mineral Reserve estimates.*

Mineral Reserve sensitivity

(for more detail, see page 26 in the supplement report)

Rigorous profitability tests are conducted to test the viability of the Mineral Reserves. A summary graph showing the price sensitivity of the total Group Mineral Reserves is depicted below.

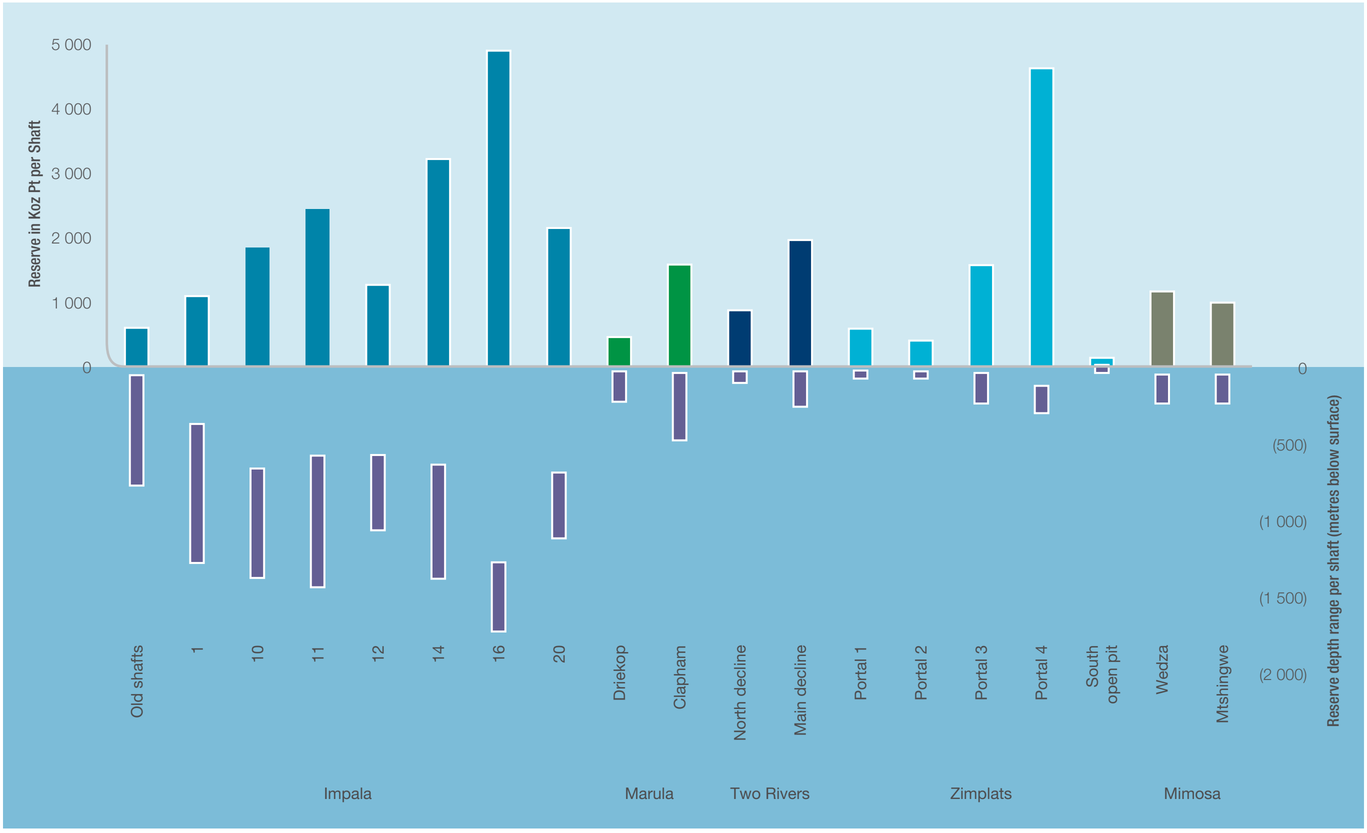


Implats' Mineral Resource and Mineral Reserve Statement 2016 at a glance

Implats' Mineral Reserves in perspective

The updated allocation of Implats' Mineral Reserves per shaft infrastructure as at 30 June 2016 is depicted in the accompanying graphic. The depth range below surface and quantum related to the infrastructure is shown and depicts, among others, the advantage at Zimplats in this regard.

Platinum Mineral Reserve and depth range for individual Implats shafts



Integrated Mineral Resource Management

Implats embraces an integrated Mineral Resources Management (MRM) function. To this end, systems, procedures and practices are aligned and are continuously being improved to achieve this objective. MRM includes exploration, geology, geostatistical modelling and evaluation, mine survey, sampling, mine planning, ore accounting and reconciliation and the MRM information systems. The MRM function is the custodian of the mineral assets and specifically strives to optimise these assets – in terms of both Mineral Resources and Mineral Reserves – and to unlock value through a constant search for optimal extraction plans which yield returns in line with the corporate and business objectives.

The main objective of the MRM function is to support the strategic intent and add value to the organisation through:

- Ensuring that safe production is the first principle underpinning all Mineral Reserve estimates
- Appropriate investigation, study and understanding of the orebodies
- Accurate and reconcilable Mineral Resource and Mineral Reserve estimates
- Integrated and credible short, medium and long-term plans
- Measured and managed outputs
- Technically appropriate and proven management information systems

Continuous improvement has been embedded in the MRM function. Specific focus is given to standardisation, development, review and improvement of protocols to govern MRM. Implats accordingly remains committed to the following:

- Continuously improving the management of Mineral Resources and related processes, while addressing skills development and retention
- Optimal exploitation of current assets, together with growth of the Mineral Resource base by leveraging and optimising existing Implats properties, exploration and acquisitions, including alliances and equity interests with third parties and the legislative regime that governs mineral rights ownership
- The transparent, responsible and compliant disclosure of Mineral Resources and Mineral Reserves in line with the relevant prescribed codes as updated from time to time – SAMREC, SAMVAL and JORC – giving due cognisance to materiality, transparency and competency

Present focus areas include:

- Improving the MRM information systems in cooperation with third-party vendors
- Improved Mineral Reserve flexibility, measured as mineable face length in conventional mining section
- Improvement in the quality of mining
- Revisiting optionality of long-term planning in view of present cash constraints
- Scenario planning for LoM II and III Mineral Resources to ensure a sustainable business model

Group strategy: positive long-term fundamentals, expect lower-for-longer prices

Investment through the cycle	Maintain optionality and position for the future	Operational excellence	Cash conservation	Maintain licence to operate

MRM focus areas

Geological information	Quality mining	Mining flexibility	Systems
Timeous brownfields exploration	Grade meetings	Detailed development scheduling	MineRP-Cad
Cost effective infill drilling	Face observations	Development tracking	Spatial database
Optimal underground drilling	Grade control observers	Redevelopment management	3D geological modelling tool
Observation tools	Improved ore accounting	Face length management	SpatialDash

Attributable Mineral Resources and Mineral Reserves

Implats reports a summary of total attributable platinum ounces as sourced from all categories of Mineral Resources of the Implats Group of companies and its other strategic interests on a percentage equity interest basis.

In comparison with the previous annual Mineral Resource statement there have been changes in the attributable Mineral Resources. The total declared at 30 June 2016 is 1% lower at 194Moz Pt compared with 196Moz Pt in 2015. This can mainly be ascribed to the mining depletion. The grouping of the platinum ounces per reef shows that some 50% of the attributable Implats Mineral Resources is hosted by the Great Dyke. The Zimplats Mineral Resources make up the bulk of these (49% of the total Implats' inventory). Various small movements in Mineral Resource estimates are reflected at each operation due to additional work, newly acquired data, depletion and updated estimations.

Implats reported attributable Mineral Reserves of some 21.6Moz Pt at 30 June 2016 compared to 26.4Moz Pt in June 2015. The decrease can mostly be ascribed to the exclusion of Impala 17 Shaft and depletion. However, this is offset to some extent by increases at Zimplats, in particular the change of the northern Mineral Reserve boundary of the Bimha Mine (Portal 4) to include the area previously incorporated in Portal 5 South.

Summary of attributable Mineral Resources

	Moz Pt				
	2012	**2013**	**2014**	**2015**	**2016**
Impala	68.9	70.3	57.6	55.0	53.1
RBR JV	3.2	3.5	1.5	1.5	1.4
Marula	7.6	7.5	7.4	8.1	7.9
Afplats	14.5	14.3	11.9	12.3	12.3
Imbasa and Inkosi	8.1	8.5	8.5	8.6	8.6
Two Rivers	3.0	2.9	2.9	12.4	12.3
Tamboti	27.1	23.2	23.2		
Zimplats*	93.4	95.5	95.1	94.2	94.8
Mimosa	3.9	3.9	3.7	3.7	3.6
Total	**229.8**	**229.7**	**211.8**	**195.7**	**194.0**

** Zimplats' Mineral Resources will reduce by 54.6Moz Pt if the GoZ is successful in obtaining the ground north of Portal 10.*

Summary of attributable Mineral Reserves

	Moz Pt				
	2012	**2013**	**2014**	**2015**	**2016**
Impala	20.8	19.8	19.8	19.2	13.5
Marula	1.1	1.1	1.1	1.2	1.1
Two Rivers	0.8	0.9	0.8	1.1	1.1
Zimplats	10.5	10.8	6.2	3.9	5.1
Mimosa	0.8	0.7	0.6	1.0	0.9
Total	**34.1**	**33.3**	**28.4**	**26.4**	**21.6**

Mineral identification, Impala.

Reconciliation

The consolidated high-level reconciliation of total Mineral Resources and Mineral Reserves for the Implats Group of companies is shown below. These high-level variances are relatively small for the Mineral Resource estimates. Rounding of numbers may result in computational discrepancies, specifically in these high-level comparisons.

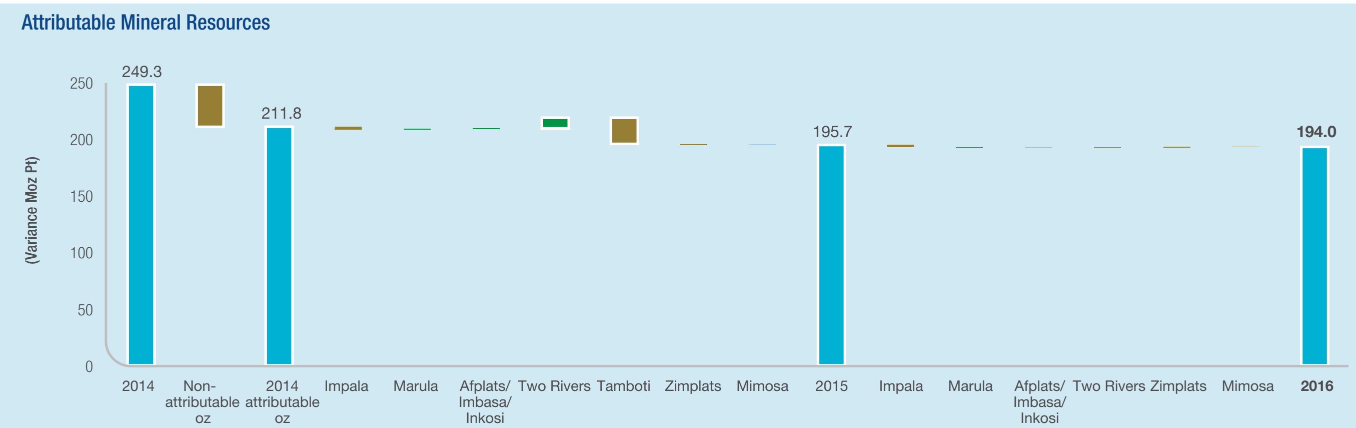
Total Mineral Resources (Moz Pt), inclusive of Mineral Reserves

	2012	2013	2014	2015	Depletion	Gains and other changes	Total 2016	Attributable 2016
Impala*	75.5	77.5	60.5	60.3	(0.8)	(1.247)	**58.2**	54.5
Marula	10.3	10.3	10.1	11.1	(0.1)	(0.169)	**10.8**	7.9
Afplats	19.6	19.3	16.1	16.6	–	–	**16.6**	12.3
Imbasa/Inkosi	15.2	16.0	16.1	16.3	–	–	**16.3**	8.6
Two Rivers	6.6	6.5	6.5	25.2	(0.2)	0.063	**25.1**	12.3
Tamboti	27.1	23.2	23.2		–	–		
Zimplats	107.4	109.8	109.3	108.3	(0.4)	0.057	**109.0**	94.8
Mimosa	7.9	7.7	7.5	7.4	(0.2)	0.043	**7.2**	3.6
Totals	**269.6**	**270.3**	**249.3**	**245.1**	**(1.7)**	**(0.3)**	**243.2**	**194.0**

** Includes RBR JV.*

Notes

- The Impala estimate in the above table includes the contiguous Impala/RBR JV estimate
- Depletion was adjusted by global concentrator and mine call factors
- Potential impact of pillar factors was taken into account
- The Marula estimate includes the addition of UG2 mineral rights in terms of an agreement with Modikwa
- Smaller variances are mostly due to depletion and updates to the estimation models



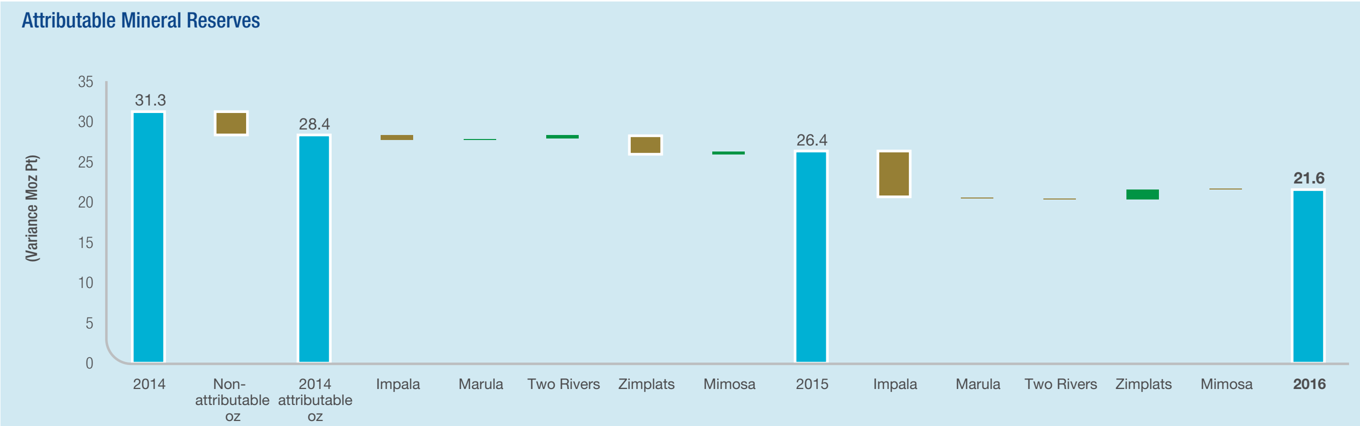
Reconciliation

Total Mineral Reserves (Moz Pt)

	2012	2013	2014	2015	Depletion	Gains and other changes	Total 2016	Attributable 2016
Impala	20.8	19.8	19.8	20.0	(0.70)	(5.3)	**14.0**	13.5
Marula	1.5	1.5	1.5	1.6	(0.09)	(0.1)	**1.5**	1.1
Two Rivers	1.9	1.9	1.7	2.3	(0.21)	0.2	**2.3**	1.1
Zimplats	12.1	12.5	7.1	4.5	(0.35)	1.7	**5.9**	5.1
Mimosa	1.7	1.5	1.2	1.9	(0.15)	(0.0)	**1.7**	0.9
Totals	**37.9**	**37.1**	**31.3**	**30.3**	**(1.50)**	**(3.4)**	**25.4**	**21.6**

Notes

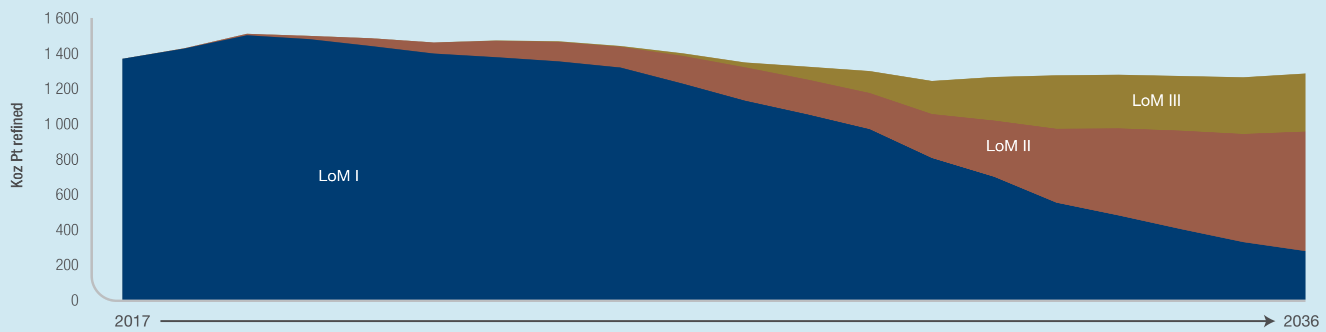
- Depletion was adjusted by global concentrator factors
- The Mineral Reserves increased at Zimplats due to the inclusion of Portal 5S to the Bimha Mine (Portal 4) Mineral Reserve inventory
- The Mineral Reserves decrease at Impala due to the removal of 17 Shaft Mineral Reserves from the Mineral Reserve inventory
- Smaller changes over the past few years are mostly related to depletion



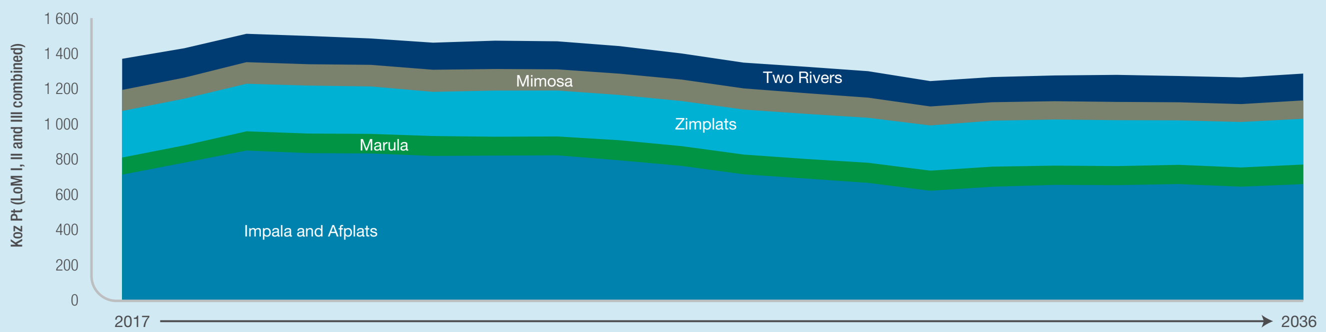
Life-of-mine production

The high-level LoM (20-year) plan is depicted in the detailed sections per operation in terms of planning levels I, II and III. These graphs reflect 100% of the annual production forecasts and not the portion only attributable to Implats. These do not include all the "Blue Sky" opportunities as this is often in the scoping or pre-feasibility stage of planning – some of this potential is specifically excluded at this early stage. Caution should be exercised when considering the LoM plans as these may vary if assumptions, modifying factors, exchange rates or metals prices change materially. These LoM profiles should be read in conjunction with Mineral Resource estimates to determine the long-term potential. The graphs below show the consolidated high-level LoM plans collated from the individual profiles per operation. The pictorial 20-year profiles are shown as a combination of levels I, II and III and also the contribution by operation. Only LoM I is based on Mineral Reserves while LoM II and III have not been converted to Mineral Reserves. Note that Afplats' Leeuwkop is the only non-producing operation included in these combined profiles to illustrate the potential impact on the Group profile. Shaft sinking operations at Leeuwkop have been deferred for four years in terms of the strategic review during 2014. The Leeuwkop profile has been included in the LoM II for Impala. It is clear from a combined view that a large proportion of the 20-year plan is still at levels II and III and would require further studies, funding and capital approval by the board.

Implats Group 20-year Pt oz profile



Implats Group 20-year Pt oz profile



The environment

Our activities associated with the exploration, extraction and processing of Mineral Resources result in the unavoidable disturbance of land, the consumption of resources and the generation of waste and atmospheric and water pollutants. Growing regulatory and social pressure, increasing demands for limited natural resources and the changing costs of energy and water all highlight the business imperative of responsible environmental management, particularly as our underground operations become deeper and consume more energy and water. This involves taking measures to address security of resource supply (for example through efficiency, recycling and fuel-switching) and to actively minimise our impacts on natural resources and on the communities around our operations. Taking these measures has direct benefits in terms of reduced costs and liabilities, enhanced resource security and the improved security of our licence to operate.

Implats has an environmental policy that commits it to conducting its exploration, mining, processing and refining operations in an environmentally responsible manner and to ensure the well-being of its stakeholders. The policy also commits to integrating environmental management into all aspects of the business with the aim of achieving world-class environmental performance in a sustainable manner.

Our management of the environmental impacts of our operations and processes involves the following focus areas:

- Promoting responsible water stewardship by minimising water use and water pollution
- Minimising our negative impacts on air quality
- Responding to climate change risks and opportunities and promoting responsible energy management
- Managing our waste streams
- Promoting responsible land management and biodiversity practices

We are committed to attaining and retaining ISO 14001 certification at all our operations. All our operations are certified, other than Marula, which is undertaking its new certification process. In line with our environmental management system expectations, all operations are required to identify and report on environmental incidents. Systems are in place to investigate and determine the direct and root causes of high-severity incidents and to address and close out these incidents.

Further details relating to the materiality of environmental aspects, management processes, performance and commitments are reported in the 2016 Sustainable Development report. Rehabilitation provision is further discussed in the 2016 Implats Annual Financial Statements (refer in particular to notes 1.3.13 and note 19). These reports will be published at www.implats.co.za on 1 September 2016. The financial provisions for the rehabilitation can be summarised as follows:

Name	Current cost estimates R million*	Financial provision R million**
Impala	858	522
Springs	231	180
Marula	109	53
Afplats	17	9
Zimplats	557	318
Totals	1 772	1 082

* *The current expected cost to restore the environment disturbances as estimated by third-party experts excluding VAT, P's & G's and contingencies*
** *Future value of the current cost estimates discounted to current balance sheet date as provided in the annual financial statements of the Group.*

In compliance with the DMR, the South African liabilities are secured through trust funds, insurance policies and bank guarantees.

Sulphides in Merensky Reef core, Impala.

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