IMPLATS
EXCELLENCE IN PGMs

NEWS RELEASE

IMPLATS POSTS RECORD SALES REVENUES, HEADLINE EARNINGS

Johannesburg, 3 September 2020 – The Implats Group has posted record headline earnings on the back of solid operational performances and record sales revenues – despite the considerable impact of Covid 19 – for its full year to 30 June 2020. The Group also declared a final dividend of R4.00 a share, bringing the total dividend for the full year to R5.25 per share.

The Implats strategic journey over the past few years has set the Group on a firm footing for long-term sustainability and value creation for all stakeholders. Gains in productivity, safety and efficiency at Impala Rustenburg resulted in upward revisions to the planned production profile at the operating complex, negating the need for large-scale retrenchments. In Zimbabwe, operations continued to excel despite increasing socioeconomic pressures. The operational turnaround and renewed social stability at Marula were sustained, yielding substantial financial value and, at Two Rivers, a project to increase processing capacity was approved and advanced during the year.

Strengthened relationships with key stakeholders were affirmed by a multi-year wage agreement concluded without third-party intervention and a strong environmental performance underpinned the continued commitment to responsible corporate stewardship. Implats' portfolio was enhanced by the acquisition of Impala Canada, a mechanised, high-margin primary palladium producer, which further diversified the Group's operating footprint.

Implats CEO, Nico Muller, said: *"The progress made in the strategic repositioning of Implats over the past several years enabled the Group to successfully navigate the challenges created by the unprecedented external shock of the Covid-19 pandemic.*

Operational resilience enabled sustained delivery of refined metal to customers and the Group benefited from robust pricing for primary products, achieving stellar financial results. The Group made meaningful advances in strengthening its balance sheet and dividend payments were reinstated.

This performance would not have been possible without the unwavering support received from our employees and various key external stakeholders throughout the year. This support was particularly vital on the advent of the Covid-19 pandemic, which necessitated unprecedented *collaboration and cooperation to ensure that Implats was able to contribute meaningfully to mitigating the devastating effect of the pandemic and deliver sustained value to all our stakeholders"*

SAFETY OVERVIEW

Implats' goal is to eliminate harm to employees and contractors and ensure the health and safety of all who work for us. As such, safety is a key priority in achieving the Group's vision of zero harm.

The increased leadership focus on safety and mining discipline accelerated during FY2020 to further strengthen the Group's safety and risk-management interventions. The improved safety performance is reflected in a 14% improvement in the lost-time injury frequency rate to 4.54 and an 11% improvement in the all injury frequency rate to 11.30 per million man-hours worked. Nine of the Group's 17 operations achieved millionaire or multi-millionaire status in terms of fatality free shifts. This progress was supported by sustained expenditure in implementing Group-wide safety initiatives, technical solutions and training.

It is with deep sadness and regret that the Group recorded five employee fatalities at managed operations in the period under review. In addition, Two Rivers and Mimosa, the non-managed joint venture operations, each recorded a fatal incident during the year. The board of directors and management team extended their sincere sympathies to the families and friends of our seven colleagues.

The Covid-19 pandemic required extensive revisions to operating practices, while additional care was required to ensure the safe start-up of operations that were placed on care and maintenance due to lockdown regulations or Covid-related operational disruptions.

SUSTAINBILITY

The Group aspires to deliver superior value to all stakeholders through operational excellence in PGMs. This strategic imperative prioritises modern, safe, responsible, competitive and consistent operational delivery, while employing leading environmental, social and governance (ESG) practises. The Group's core values - to respect, care and deliver - underpin health and safety goals, the management of operational impacts on the environment, responsible stewardship and progressive, sustainable development practices, while building value-accretive relations with host communities.

This is borne out by improvements in several external ESG ratings received during the year.

- Implats' commitment to effecting change in the gender equality arena was recognised via its inclusion in the Bloomberg 2020 Gender-Equality Index, one of 325 companies globally and one of only eight South African companies.
- Implats is proud to have achieved an 'A' rating by the Carbon Disclosure Project (CDP) for disclosures, awareness and management of water security risk, one of only 72 companies globally to achieve this in 2019.
- The Group achieved a 'B' rating for its climate change action and disclosures.

- The Company's high standards in ESG performance was further affirmed by its inclusion in the Top 100 Best Performing companies in emerging markets by independent global ratings agency, Vigeo Eiris.
- Implats remains a constituent of the FTSE4Good Index Series, supported by improved disclosure against set targets and the decline in the number of fatalities over the past several years.
- Implats is a constituent of the FTSE/JSE Responsible Investment Top 30 Index.

Community relations: Sustainable community development and value-accretive relationships with mine host communities continue to be prioritised. During the year, R113 million and R175 million was spent on community development initiatives and housing and living conditions, respectively, R5.4 million was invested in developing local enterprises and R2.7 billion (or 32% of discretionary spend) was spent with local-tiered suppliers with >25% black ownership. In communities surrounding Impala Rustenburg, an R18 million roads upgrade benefitted some 30 000 community members, created business opportunities for 14 local companies and employed 126 community members during the project. Marula provided access to electricity and the installation of meters to 245 households and 304 residential stands in its host community, GaMahlakwane village. Approximately R45 million in goods and services was procured from local suppliers during the year, following the initiation of the tailings storage facility project at Marula. Zimplats invested US$152 000 to upgrade the Gutu Rural Hospital and spent US$221 million with local businesses (including indigenous suppliers with >51% black or previously disadvantaged ownership) during FY2020.

Health: Adherence to HIV and TB treatment remains exemplary at 95% and 100% respectively. The incidence of TB reduced during the year to a rate of 293 per 100 000, well below the estimated national average of 570 per 100 000. The incidence of new pulmonary TB cases reduced by 17%. The Group provides targeted ART treatment to 6 043 employees. The number of HIV-related deaths reduced by 50% from the previous year and is testament to the efficacy of Group programmes.

Covid-19: Risk prevention measures successfully flattened the curve in Covid-19 infections recorded at South African operations during the country's infection peak. Sadly, four employees had succumbed to Covid-19 as at year end. The Group's immediate focus is on ensuring optimal Covid-19 prevention and treatment regimens to minimise its impacts, timeously identifying at-risk or symptomatic employees, seeking to manage their health and recovery and supporting optimal mental health for employees during this stressful time. Implats has also thrown its full weight into supporting its communities in the face of the global pandemic, donating R20 million to disaster relief in South Africa and committing millions more to various initiatives surrounding its operations in South Africa, Zimbabwe and Canada. Impala Rustenburg committed R10 million to its surrounding communities; Marula committed R4.07 million; Zimplats spent US$172 307 on donations; and Impala Canada spent C$102 000. All Group operations initiated campaigns to equip employees, communities, schools and medical facilities to combat the virus and keep communities safe.

Environment: The Group achieved its seventh consecutive year with no major or significant (level 4 and 5) environmental incidents. There was a 35% reduction in limited-impact (level 3) environmental incidents. All South African and Zimbabwean operations had their environmental management systems certified against ISO 14001:2015. Impala Canada will shortly initiate its ISO 14001 certification process. The Group water recycling rate was 44% during FY2020, exceeding its 40% target. Impala Canada maintains a recycling rate of 75%. Implats is developing a low-carbon transition strategy and has appointed a sustainable development executive to lead its decarbonisation efforts and position the Group in the new energy value chain. The integrity of the Group's active tailings storage facilities (TSFs) was confirmed via an independent assessment, which found they adhered to industry best-practice standards.

FINANCIAL HIGHLIGHTS

A substantial increase in received rand PGM basket prices offset the operational impact of Covid-19 and drove a strong improvement in financial performance in FY2020. The pandemic introduced significant uncertainty to the operating environment and is a marked feature of the financial results in the period under review. This will likely persist in FY2021.

- Revenue was 44% higher at R69.9 billion on higher dollar metal prices and a weaker rand, partially offset by lower PGM sales volumes
- Dollar revenue per 6E ounce sold was 46% higher US$1 624 (FY2019: US$1 112).
- The average achieved exchange rate was 8% weaker at R15.31/US$ (FY2019: R14.20/US$)
- Rand revenue per 6E ounce sold rose by 57% to R24 863 (FY2019: R15 790)
- Higher revenue resulted in the Group generating a gross profit of R23.3 billion for the year, a 240% increase (FY2019: R6.8 billion)
- The Group recorded EBITDA of R29.4 billion at an EBITDA margin of 42% (FY2019: R10.5 billion and 21.6%).
- Headline earnings of R16.1 billion and 2 075 cents per share were achieved, with positive contributions from all Group companies.
- The Implats board approved the declaration of a final dividend of R4.00 per ordinary share, in line with the approved dividend policy, bringing the total dividend for FY2020 to R5.25 per ordinary share.
- Capital expenditure increased to R4.5 billion (FY2019: R3.9 billion), due primarily to inclusion of spend on Impala Canada, the impact of the weaker rand on spend at Zimplats and higher expenditure at Marula as the tailings storage facility project was advanced
- Free cash flow increased to R14.4 billion (FY2019: R7.7 billion)
- Borrowings (excluding lease liabilities) increased to R7.6 billion (FY2019: R7.2 billion)
- At year end, the Group had an undrawn revolving credit facility of R4 billion
- Liquidity headroom increased to R16.1 billion (FY2019: R12.2 billion)

The optimisation of the Implats balance sheet and Group capital allocation were meaningfully advanced during the year. The board approved a capital allocation framework, with specific policies regarding the approach to balance sheet and liquidity positioning, dividends, and the guiding principles for developing the business through investment in value-accretive growth opportunities. This framework aims to balance the need to strengthen the Group's financial flexibility, with its strategic imperative to create value for all stakeholders while providing attractive returns to shareholders.

OPERATIONAL OVERVIEW

Implats made good progress in delivering a strengthened operational performance across the Group during FY2020. Operating momentum was, however, significantly impacted by Covid-related operational disruptions, which began to manifest at the end of Q3 FY2020 and resulted in substantial production losses across the Group in Q4 FY2020. South African operations were constrained by the three-week national lockdown announced on 23 March 2020 and restrictive conditions imposed under the National Disaster Management Act regulations thereafter. Several innovative solutions were developed by management teams and supported by employees and unions, including different cycles of work and staggered shift systems - aimed at enabling the best possible precautionary measures against the spread of Covid-19 among employees. Implats was able to substantially reduce previously identified excess work-in-process inventory and had successfully ramped-up most operations to near full production by period end.

Tonnes milled from managed operations (Impala, Zimplats, Marula and Impala Canada) increased by 1% to 19.6 million tonnes (FY2019: 19.5 million tonnes), with the Covid-19 operating losses suffered at Impala and Marula offset by strong delivery at Zimplats and the maiden contribution from Impala Canada. The unit cost per tonne milled at managed operations increased by 6% to R1 166 per tonne (FY2019: R1 096 per tonne).

Concentrate production from mine-to-market operations, including the joint ventures at Two Rivers and Mimosa, declined by 5% to 2.5 million 6E ounces (FY2019: 2.6 million ounces). Third-party 6E concentrate receipts declined by 9% to 327 000 ounces (FY2019: 361 000 ounces). In aggregate, total 6E concentrate production of 2.8 million ounces declined by 5% (FY2019: 3.0 million ounces).

Group refined production of 2.8 million 6E ounces matched concentrate production for the year, reducing by 8% from 3.1 million ounces in the prior year when refined ounces exceeded concentrate production.

Inflationary cost pressures from labour and utilities were compounded by the impact of the weaker rand on the cost base of Zimplats and the maiden inclusion of the operating costs of Impala Canada. Total operating costs were reduced by the lower volumes mined. On a stock-adjusted basis, after excluding the R1.3 billion in abnormal production costs incurred during lockdown-enforced care and maintenance, unit cost increased by 12% to R13 345 per 6E ounce. The unit cost per 6E refined ounce increased at a similar rate to R12 839 per ounce (FY2019: R11 498 per ounce).

Group smelting and refining operations produced consistently during FY2020, albeit under more restricted conditions during the national lockdown in South Africa. All previously identified excess work-in-process material was treated in May 2020. Scheduled acid plant maintenance was brought forward to better match available processing capacity with the expected ramp-up in concentrate production from Group operations. This resulted in an accumulation of concentrate stocks in June 2020 (100 000 ounces 6E at year end), which will be treated in H1 FY2021.

Impala Rustenburg: Total production losses of 151 000 ounces 6E in concentrate (12% lost) are directly attributed to the impact of Covid-19 during H2 FY2020. Milled throughput for the year declined by 14% or 1.6 million tonnes to 9.6 million tonnes, largely as a result of the coronavirus pandemic. Investment in development to improve mineable face length continued during the year, with additional costs balanced by the anticipated future benefit of improving mining flexibility. The 6E milled head grade declined by 2% to 3.91g/t (FY2019: 3.99g/t), impacted by higher development-to-stoping ratios, additional dilution due to rolling UG2 reef and continued orepass rehabilitation at 16 Shaft, which was completed during the year. The net outcome of lower grade, better recoveries and Covid-related production losses resulted in 6E concentrate production declining by 14% to 1.1 million ounces (FY2019: 1.3 million ounces).

Impala Refining Services (IRS): Gross concentrate receipts were negatively impacted by the declaration of *force majeure* on 26 March 2020, as an orderly shutdown of Group processing facilities was implemented ahead of the start of the national lockdown in South Africa and restrictions were placed on the transport of non-essential goods during lockdown. Receipts from third-party customers declined by 9% to 327 000 ounces 6E (FY2019: 361 000 ounces) and mine-to-market 6E deliveries were 10% lower at 1.2 million ounces (FY2019: 1.4 million ounces), with gross concentrate receipts declining by 10% to 1.5 million ounces. Refined production was impacted by the stock allocation change, which saw refined volumes declining by 14% to 1.5 million 6E ounces (FY2019: 1.7 million ounces), with sales volumes 10% lower at 1.4 million ounces (FY2019: 1.6 million ounces).

Marula: Marula continued to deliver an improved operational performance, with production interruptions limited to those resulting from the Covid-19 pandemic. A peace agreement reached between community representatives enabled Marula and Makgomo Chrome to operate relatively unimpeded over the period and the operation delivered a step-change in safety with a 50% reduction in lost-time incidents and 44% reduction in reportable incidents. Total production losses of 33 000 ounces 6E in concentrate (14% lost) are directly attributed to the impact of Covid-19 during H2 FY2020. Milled throughput of 1.6 million tonnes declined by 8% (FY2019: 1.8 million tonnes), largely as a result of the national lockdown. A successful reduction in stoping width and an increased stoping-to-development ratio, resulted in a 7% improvement in the delivered head grade of 4.70g/t (FY2019: 4.40g/t) and mitigated the impact on 6E ounces produced in concentrate, which declined by 3% to 210 500 ounces (FY2019: 216 900 ounces).

Two Rivers: Two Rivers continued to face challenges associated with variable mineralogy and constrained processing capacity. The rising contribution of ore from split-reef areas led to a reduction in run-of-mine (ROM) ore grade and impacted metallurgical recoveries. Split-reef areas will be a structural characteristic of ore feed at Two Rivers for the foreseeable future and initiatives are now well underway to optimise production in this paradigm by matching latent mining efficiencies with expanded concentrator plant and tailings storage facility capacity to restore ounce volumes from the mine. A 40 000 tonne per month plant expansion project was approved by the JV partners at an estimated cost of R427 million, with commissioning expected during H2 FY2022. Total production losses of 34 000 ounces 6E in concentrate (12% lost) are directly attributed to the impact of Covid-19 during H2 FY2020. Milled throughput of 3.0 million tonnes declined by 11% (FY2019: 3.4 million tonnes) due to the impact of the pandemic. Weaker milled volumes were compounded by a 2% decline in the 6E milled grade at 3.45g/t (FY2019:

3.52g/t) and poor metallurgical recoveries through the plant in Q1 FY2020, resulting in a 17% reduction in 6E production in concentrate of 261 000 ounces (FY2019: 313 400 ounces).

Zimplats: Zimplats delivered yet another strong operational performance in FY2020, navigating the challenges created by increasing socioeconomic pressures in Zimbabwe and successfully mitigating the substantial threat to its employees and operations posed by the Covid-19 pandemic. Zimplats has operated uninterrupted since the onset of the Covid-19 crisis, working closely with government health departments to lend support and raise awareness in the communities surrounding its operations. Tonnes milled were 4% higher at 6.8 million tonnes (FY2019: 6.5 million) while stable 6E grade of 3.48g/t resulted in a commensurate increase in 6E produced in concentrate of 597 000 ounces (FY2019: 572 000 ounces). A furnace rebuild was completed in H1 FY2020, with the unit recommissioned in October 2019, and scheduled mill relines at the Selous concentrator completed in H2 FY2020. 6E production in matte was stable at 580 000 ounces, while 6E sales volumes of 555 000 ounces were impacted by the force majeure implemented by IRS in late-March 2020.

Mimosa: Mimosa was exempted from the Zimbabwean lockdown implemented in response to Covid-19. The presence of a significant ROM surface ore stockpile afforded the mine the opportunity to suspend mining operations for 10 days in Q4 FY2020, with the production gap used to institute critical Covid-19 operational preparedness measures. Milling constraints experienced in Q1 FY2020 were substantially offset by consistent operational delivery for the remainder of FY2020 and milled volumes declined by 4% to 2.7 million tonnes (FY2019: 2.8 million tonnes). While the 6E mill grade of 3.85g/t was stable, sub-optimal concentrator residence time due to capacity constraints impacted recoveries and 6E in concentrate production of 247 800 ounces declined by 5% (FY2019: 260 600 ounces).

Impala Canada: The acquisition of Impala Canada was concluded on 13 December 2019 and the reported operational and financial results therefore reflect six months and 18 days of metrics. Operational delivery for the period reported was severely impeded by Covid-19. An outbreak in the Lac des Iles mine camp led to a six-week closure of the operation, followed by limitations on travel and staffing due to the pandemic. In addition, the operation was impacted by planned orepass rehabilitation and a workplace fatality in the final quarter of the financial year. This very difficult set of operating conditions led to low reported labour attendance and operating rates, with the mine producing at 75% of capacity at year end. Operational delivery has steadily improved in the new financial year, with the mine expected to produce at approximately 90% of plan in Q1 FY2021. Total 6E production losses of 29 000 ounces (23% lost) are attributed to the impact of Covid-19 during H2 FY2020. The operation delivered mill throughput of 1.6 million tonnes and a 6E head grade of 2.45g/t, yielding 97 000 6E ounces in concentrate.

MARKET REVIEW

All three major PGM markets – platinum, palladium and rhodium - recorded fundamental deficits during calendar 2019. While surging automotive use drove fundamental industrial deficits in palladium and rhodium, robust physical investment absorbed the industrial and jewellery surplus in the platinum market.

Covid-19-related market shocks were considerable. PGMs face unprecedented demand destruction balanced by simultaneous and unforeseen supply reductions due to lost production during the national lockdown in South Africa. Secondary supply was also impeded by interruptions to the collection of automotive and industrial scrap during the prevention of normal industrial and consumer activity which characterised much of H2 FY2020.

The confluence of demand and supply interruptions is likely to result in moderated deficits in the palladium and rhodium markets in 2020. In platinum, another year of strong investment inflow will likely compensate for weakened automotive and jewellery demand and substantially tighten the market relative to previous baseline forecasts.

While several meaningful near-term revisions to market forecasts were required, Implats continues to expect persistent market deficits in both palladium and rhodium – constrained primary supply and legislated demand growth were marked features of these markets and are unlikely to be mitigated by the impact of lower vehicle sales.

Investment demand, spurred by the safe-haven appeal of precious metals, tightened the platinum market in 2020, but we continue to expect an over-supplied market in the medium term.

Implats' view remains that the impact of the pandemic is likely to be cyclical rather than structural in the long term.

In February 2020, BASF launched a commercial tri-metal catalyst solution, the result of a project delivered in collaboration with Implats and Sibanye-Stillwater. Following a lengthy research and development process, BASF's innovative technology allows the partial substitution of palladium with platinum in gasoline catalytic converters and is an important step towards rebalancing the global PGM demand profile with the current ratios of global primary supply.

OUTLOOK

Nico Muller said: *"The impact of Covid-19 will be a feature for some time and operating in a 'business as usual' environment will not be possible until effective prevention and treatment measures become readily available. Internal planning to secure operational resilience during the pandemic has been ongoing since its emergence in early 2020 and vigilance in protecting the safety and health of employees will be maintained in FY2021.*

The operational focus in the near-term will be on the integration and optimisation of Impala Canada, the production ramp-up of the growth shafts at Impala Rustenburg, the advancement of processing projects aimed at capitalising on the inherent mining efficiencies and flexibility at Zimplats, Mimosa and Two Rivers and the completion of the definitive feasibility study for life-of-mine extension through existing infrastructure at Marula and Mimosa.

PGM miners are under increased pressure to meet challenging and sometimes conflicting stakeholder expectations and this task has been complicated by the economic devastation and uncertainty associated with Covid-19.

In Zimbabwe, efforts to maintain open and constructive engagement with the government will continue amid the ever-challenging socioeconomic environment. Implats is committed to advancing positive and mutually beneficial relationships with all indigenous mine-host communities, including the First Nations in Canada."

Production volumes will be supported through the planned release of accumulated inventory and Group refined production is estimated to be between 2.8 and 3.4 million 6E ounces for FY2021.

Group operating costs are expected to be between R14 500 and R15 500 per 6E refined ounce on a stock-adjusted basis, with Group capital expenditure forecast to be between R6.0 and R6.8 billion.

This guidance is based on assumed R/US$ and C$/US$ exchange rates of R16.63/US$ and C$1.35/US$, respectively and does not account for further potential Covid-related public health disruptions.

Full year 6E in concentrate production estimates for the operational entities are as follows:

- Impala Rustenburg 1.10 to 1.25 million ounces
- Zimplats 570 000 to 600 000 ounces
- Two Rivers 260 000 to 300 000 ounces
- Impala Canada 250 000 to 280 000 ounces
- Mimosa 230 000 to 260 000 ounces
- Marula 220 000 to 260 000 ounces
- IRS (third-party) 330 000 to 380 000 ounces

Ends

NOTE TO EDITORS:

*** Note – reporting changes:** At Implats' half year, ended 31 December 2019, the Group changed its reporting of production and unit costs to 6E platinum group metals (6E) - the sum of platinum, palladium, rhodium, iridium, ruthenium and gold - from platinum as the primary reporting metric.

The effective date of acquisition of palladium producer Impala Canada (previously North American Palladium (NAP)), was 13 December 2019. As a result, this reporting period includes six months and 18 days of consolidated operating and financial results from this operation.

In addition, the Group revised the methodology for allocating in-process metal inventory quantities between the Impala and Impala Refining Services (IRS) segments following the incorporation of IRS into the Impala business. In previous years, IRS was allocated a metal pipeline based on its contractual terms, with the remaining in-process inventory being allocated to Impala. In the current period, this allocation was amended and is now based on actual volumes processed for each operation. This will result in a more accurate and appropriate allocation of in-process metal inventory for each operation in future.

Ends

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