

The PGM supply conundrum

14 September 2016

Deutsche Bank
Metals and Mining Conference
(London)



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Introducing Implats

Implats is one of the world's foremost producers of platinum and associated metals (PGMs)

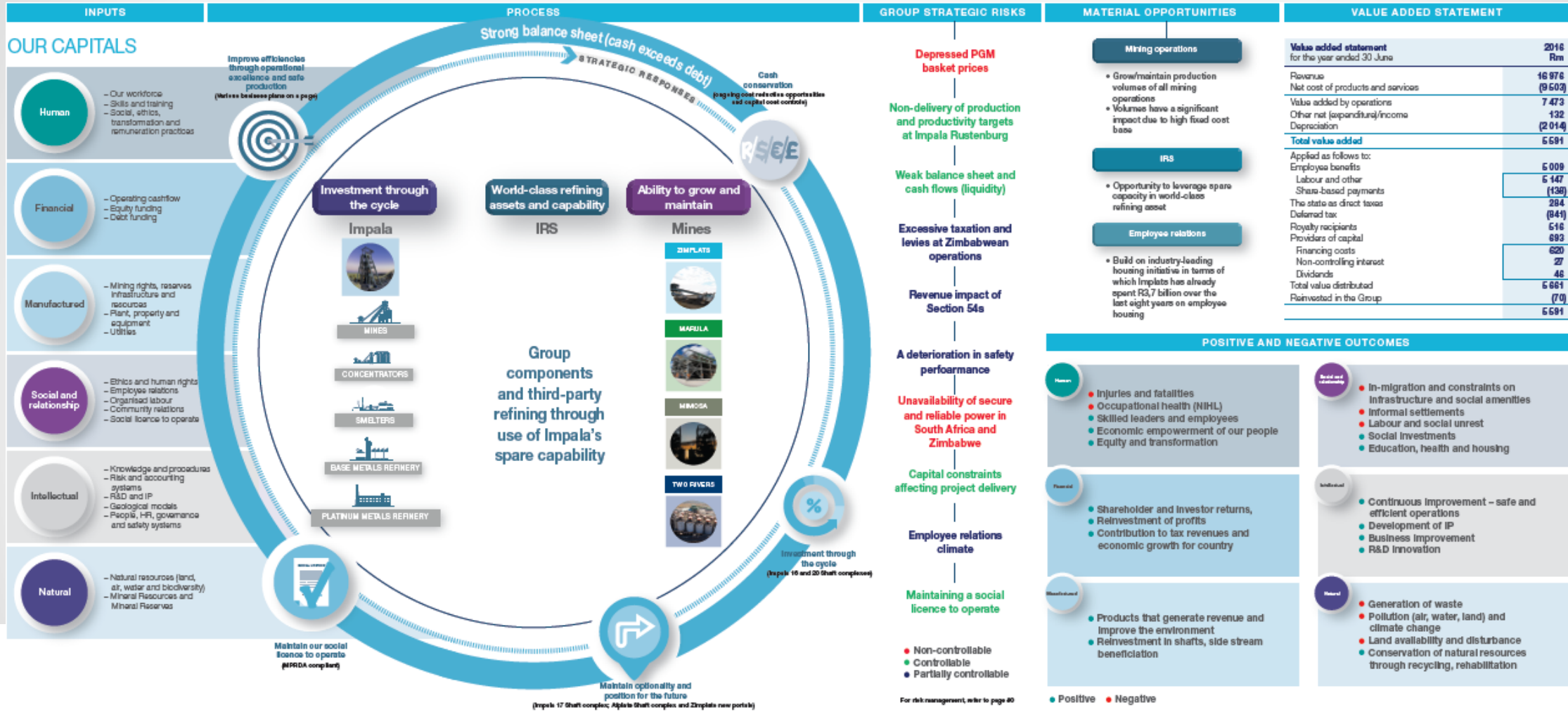
Our operations are located on the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe, the two most significant PGM-bearing ore bodies in the world

Our Mission

is to safely mine, process, refine, recycle and market PGMs at the best possible cost, ensuring sustainable value creation for all our stakeholders

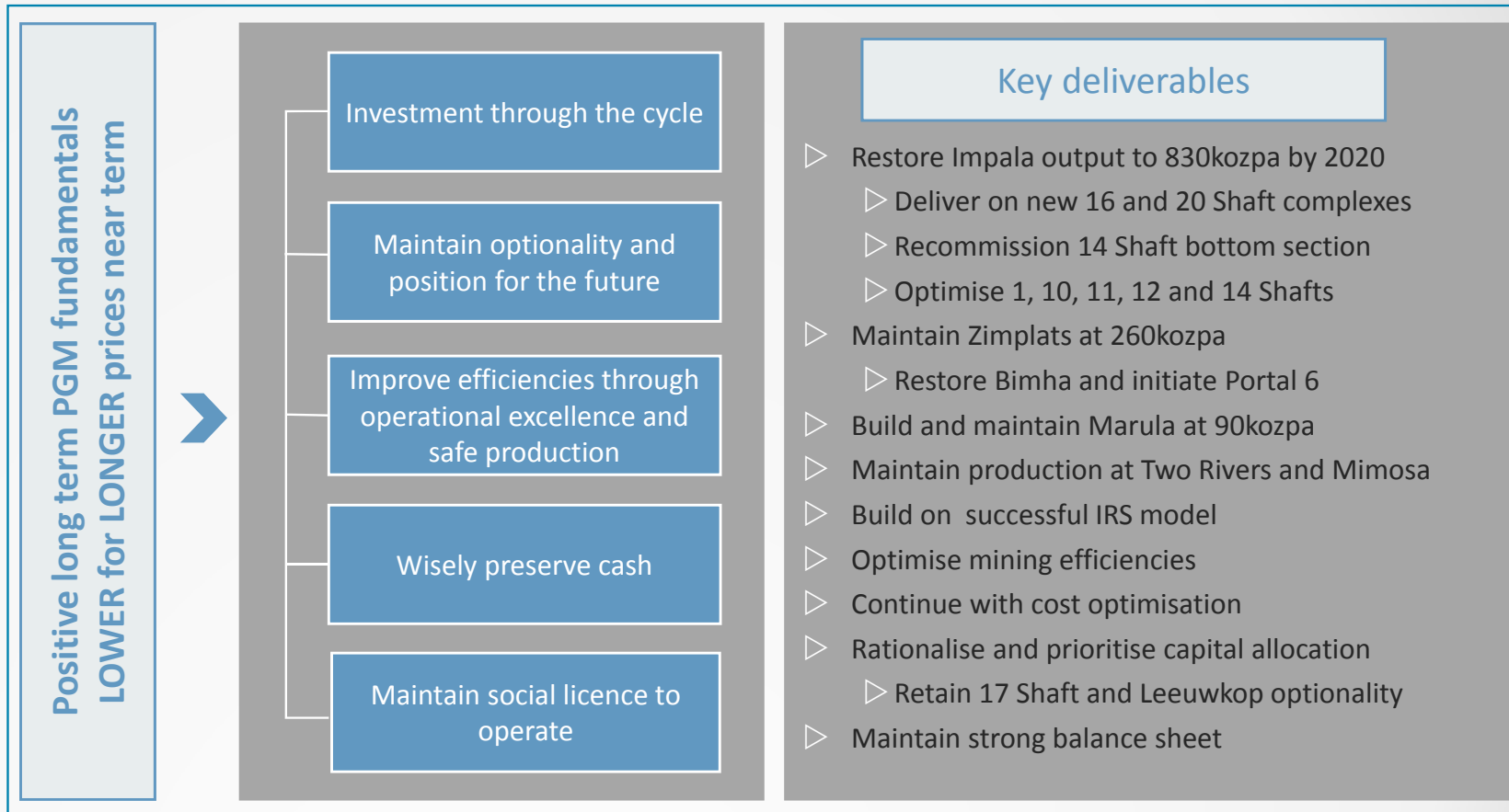


How we create value



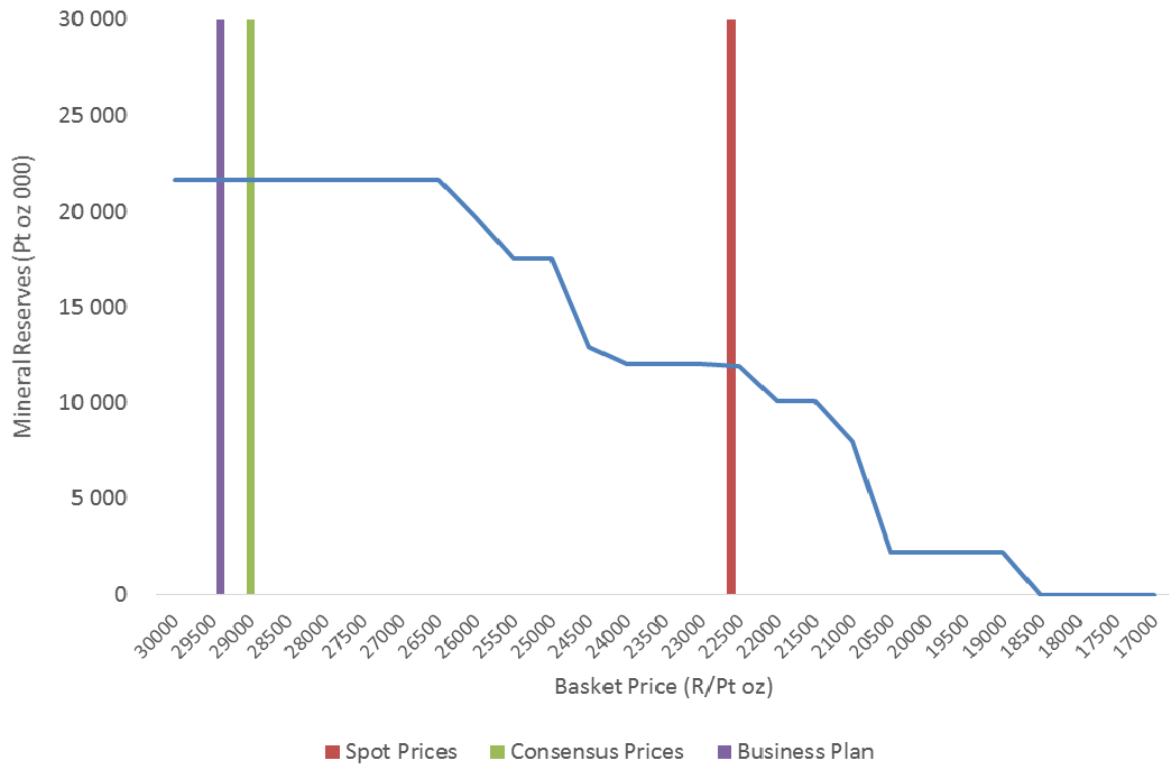
Our strategy

- Our strategy enables optimal levels of production to be sustained, at the best possible cost, thereby positioning Implats:
 - in the lower cost quartile
 - to benefit from stronger future PGM prices
 - with significant future strategic optionality

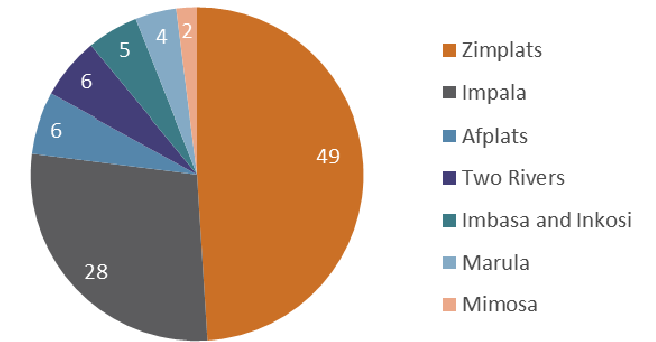


Reserves and resources

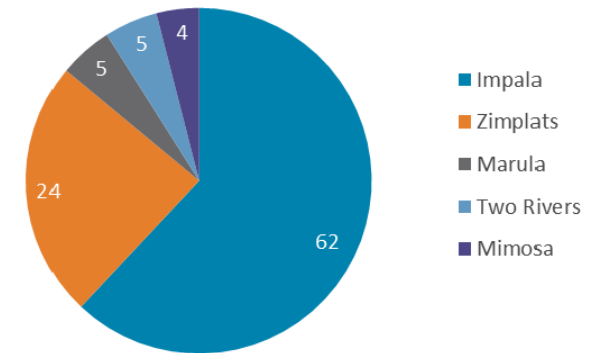
MINERAL RESERVES VS REAL BASKET PRICE



ATTRIBUTABLE MINERAL RESOURCES OF 194MOZ PT (%)



ATTRIBUTABLE MINERAL RESERVES OF 21.6MOZ PT (%)



Continuing to invest through the cycle

- Good progress on commissioning and ramp-up of 16 Shaft and 20 Shaft
 - These new shafts produced 82 900 platinum ounces in 2016
 - Capital expenditure of R1.3 billion in FY2016
 - A further R2.6 billion is required to complete 16 and 20 Shaft complexes

Major capital projects	20 Shaft		16 Shaft	
	2015	2016	2015	2016
Capital spend for 2016*	R753 million		R544 million	
Remaining capital spend*	R1 607 million		R968 million	
Design capacity reached	2019/20		2020/21	
Steady-state throughput	1.7mtpa		2.7mtpa	
Steady-state platinum production	125kozpa		185kozpa	
Tonnes milled (000)	562	770	292	489
	+37%		+68%	

* Includes off-reef development until end 2018

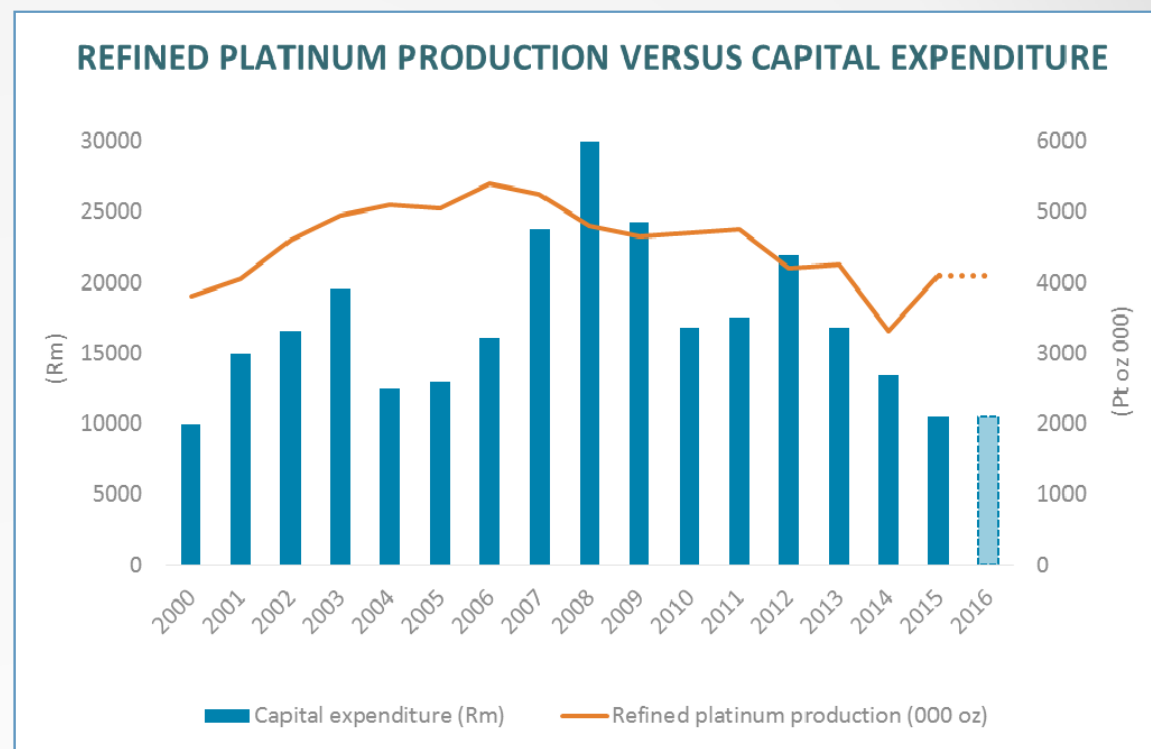
The challenge of new production

	Western Limb	Zimbabwe
Average depth	1 000 to 1 500 metres	200 metres
Expected production per annum		
Throughput	2.7mtpa	2.0mtpa
Platinum	180 000ozpa	90 000ozpa
Nickel	1 300tpa	1 700tpa
Copper	750tpa	1 300tpa
Expected time to bring into production	10 to 12 years	6 years
Expected capital investment	R12 billion	US\$300 million
People	6 000	1 000

Key industry defining developments

- Capital investments made from 2000 to 2008, driven by higher prices and new minerals legislation, will mature in the next 10 years and are being mined out
- Reduced capital investment as a result of:
 - Financial market collapse in 2008
 - Slow and fragile global economic recovery
 - Persistent low dollar PGM prices
 - Operating cost inflation outpacing revenue increases
 - Changing socio-political environment/uncertainty
 - Growing policy uncertainty

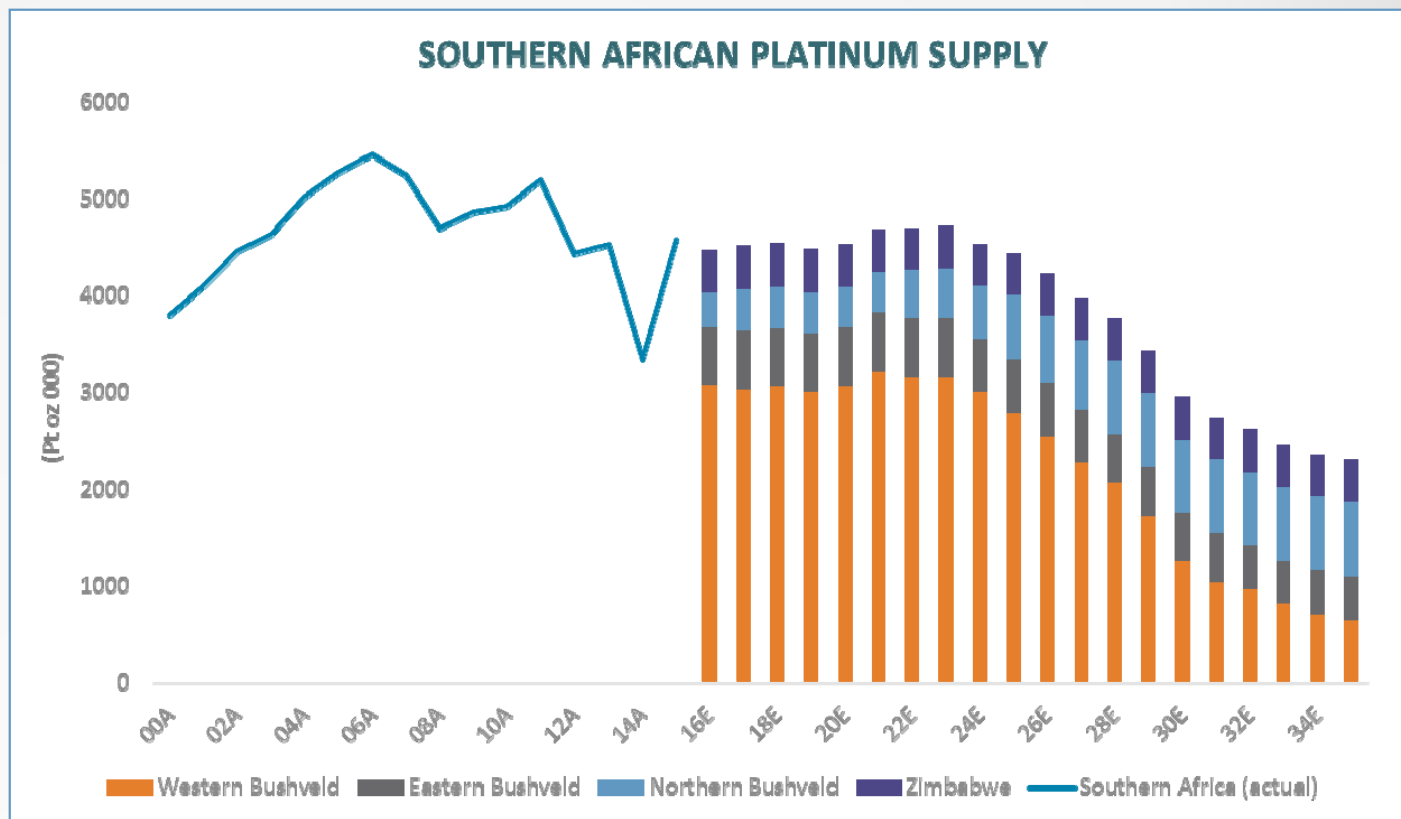
In order to mitigate the effect of these factors and to conserve cash and protect balance sheets, major producers have ceased further investment



Source: Venmyn Deloitte, WPIC Research

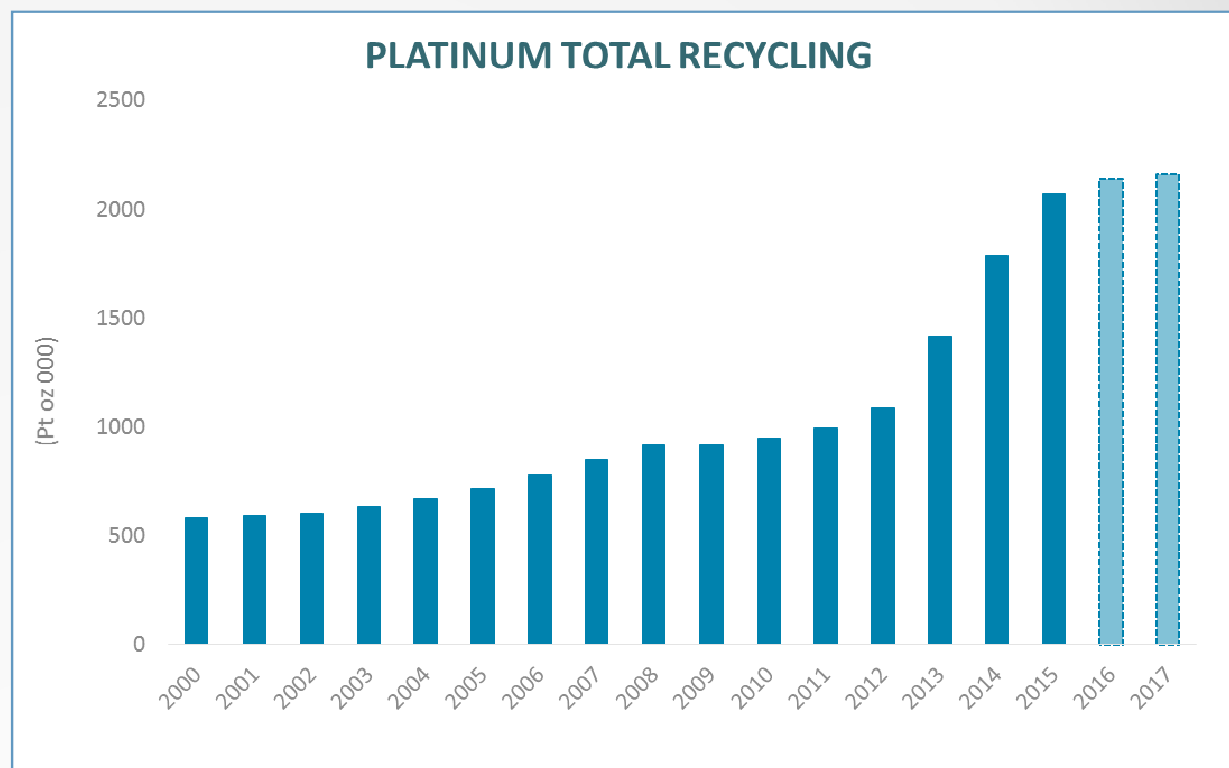
Southern African supply (Implats' view)

- Western Limb supply will reduce drastically in the near future and cannot be replaced by growth from other areas
- Typically 12 years to complete a project on the Western Limb, so even if we start today, we will still be too late to arrest this projected drop in output



Secondary supply

- Slow growth accelerated from 2010
 - Increased jewellery recycling particularly from China
 - Auto scrappage schemes on the back of higher steel prices
 - Autocatalyst fabricators securing supply through financial incentives
 - Pent up supply from older vehicles
 - De-risking from South African supply
- The PGM recycling market has matured with lower growth expected in future



Conclusion

- Delayed capital investment decisions will significantly impact supply in the longer term
- Capital investments made from 2000 to 2008 will mature in the next 10 years and are being mined out
 - Currently, approximately 50% of SA production is sourced from pre-2000 infrastructure
 - The bulk of SA supply is sourced from the Western Limb
 - Platinum dominant UG2 and Merensky orebodies
 - In 2015 this production accounted for approximately 3 million ounces of platinum ($\frac{2}{3}$ of SA's 4.4 million ounces)
 - New projects being deferred in low price environment
 - Current replacement projects (16 & 20 Shafts, Styldrift, Maseve, Bakubung) will only produce around 930 000 platinum ounces
 - Eastern Limb UG2 operations are exposed to low rhodium prices
 - Northern Limb and Zimbabwean operations are base metal dominant
 - Lower platinum yields
 - Require additional processing infrastructure (smelters and base metal refineries)
- SA platinum supply will remain at around 4.4 million ounces
- Secondary supply will not offset declining primary production

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