

IMPALA PLATINUM HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
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("Implats" or "group")



THIRD QUARTER PRODUCTION REPORT

FOR PERIOD 01 JANUARY TO 31 MARCH 2014

Johannesburg, 16 May 2014: Implats released third quarter production results for the period 1 January to 31 March 2014 today. CEO Terence Goodlace commented: "Our good start to the financial year was severely impacted in the third quarter by the protracted wage strike at our Impala Rustenburg operation. Whilst all other operations maintained their strong safety and operational performances, production at Impala was significantly reduced due to the closure of the mine during the strike.

"We remain committed to finding a negotiated wage settlement that is both affordable and sustainable for the business, however, we expect the strike to constrain group performance for the remainder of the financial year. All other operations should continue to meet planned performance targets and the stockpiled concentrates from Marula, Mimosa and Two Rivers will be processed in the current quarter.

The wage offer that has been tabled as part of the wage negotiations with AMCU is fair in the current low platinum price environment. The human tragedy that is unfolding as a result of our employees not earning any income and the violence and intimidation being experienced on the platinum belt is devastating. Implats urges AMCU to moderate their demands and accept the fair wage offer. Employees should be allowed to return to work, while the leadership of AMCU and Impala can engage to find a long-term, viable solution for employees."

Operational information		Unaudited Quarter ended 31 March 2014	Unaudited Quarter ended 31 March 2013	Unaudited Nine months 31 March 2014	Unaudited Nine months 31 March 2013
Prices Achieved					
Platinum	US\$/oz	1 400	1 651	1 419	1 570
Palladium	US\$/oz	730	728	725	657
Rhodium	US\$/oz	993	1 119	979	1 136
Nickel	US\$/t	13 986	17 516	13 964	16 840
Average exchange rate	R/US\$	10.87	8.99	10.31	8.59
Implats Gross Refined Production					
Platinum	000oz	205	341	992	1 206
Palladium	000oz	126	220	595	796
Rhodium	000oz	32	53	129	168
Nickel	000t	3.21	3.74	11.31	11.46
Impala Production					
Tonnes Milled	000	273	2 358	6 120	8 535
Grade (6E)	g/t	4.26	4.31	4.33	4.27
% Merensky	%	12.8	43.6	43.2	43.6
Refined Platinum Production	000oz	21	189	411	557
Marula Production					
Tonnes Milled	000	399	336	1 329	1 162
Grade (6E)	g/t	4.23	4.19	4.25	4.20
Platinum in Concentrate	000oz	17	15	59	51
Zimplats Production					
Tonnes Milled	000	1 423	1 068	4 404	3 249
Grade (6E)	g/t	3.45	3.55	3.46	3.55
Platinum in Matte	000oz	58	64	174	138
Mimosa Production					
Tonnes Milled	000	569	563	1 804	1 755
Grade (6E)	g/t	3.94	3.94	3.92	3.95
Platinum in Concentrate	000oz	27	26	79	81
IRS Production					
Refined Platinum Production	000oz	184	152	581	649
Unit Cost					
Implats Unit Cost	R/Pt oz	29 330*	15 823	18 304*	15 909

* including strike related costs

Safety

During the quarter under review, the fatal injury frequency rate improved by 26% to end the period at 0.048 per million man-hours worked. The lost time injury frequency rate, which had deteriorated in the first six months of the financial year, also improved, but still ended the period marginally lower than the rate achieved at the end of the previous financial year (4.27 per million man-hours, compared to 4.21 achieved in FY2013).

Despite these improvements, it is deeply regrettable that an employee was electrocuted in a sub-station in the Mineral Processing plant in Rustenburg in early January 2014. The board of directors and the management team have extended their sincere condolences to the family, friends and colleagues of the deceased.

Prices

With the exception of palladium, all other metals traded approximately 10% lower in the nine-month period, compared to the corresponding period in the prior year. Platinum averaged US\$1 419 per ounce which is 10% lower than the price achieved in the prior period (US\$1 570). The rhodium price was down by 14% at US\$979 per ounce and the nickel price down by 17% at US\$13 964 per tonne. Palladium benefited from improved vehicle sales in the US and China and traded at an average price of US\$725 per ounce, 10% higher than US\$657 per ounce traded a year ago.

Despite lower metal prices, the Rand/US\$ exchange rate provided some respite, depreciating by 20% to average R10.31 to the US dollar, compared to a rate of R8.59 achieved in the prior period.

Production

Group production was significantly impacted by the unresolved industrial action at the Impala Rustenburg operations which commenced on 23 January 2014.

Approximately 131 000 ounces of platinum production were lost at Impala in the quarter under review as a result of the eight-week strike interruption. Production from other mining operations, which typically accounts for approximately 45% of the group's total production, remained unaffected.

At group level, gross refined platinum production declined by 18% to 992 000 ounces in the nine-month period ended 31 March 2014, compared to 1 206 000 ounces in the corresponding period in the prior year.

Impala

Production at Impala was severely impacted by the Association of Mineworkers and Construction Union (AMCU) led wage strike. The industrial action halted all mining and mineral processing operations and, as a consequence, refined platinum production for the nine months was 411 000 ounces. Normalised production, adjusting for the lost production

of 131 000 platinum ounces due to the strike, would have yielded 542 000 platinum ounces compared to the prior period production of 557 000 platinum ounces. Additional ounces were lost due to the decision to safely stop all mining operations prior to the commencement of the strike.

Stringent cash preservation initiatives were implemented as a result of the strike action. These included force majeure notices to suppliers of all non-essential goods and services. The strict application of the 'no-work no-pay' principle for striking workers yielded much lower operating costs and lower capital expenditure. Operating costs incurred in this period only included security and essential services and maintenance costs. Capital costs were also significantly reduced and all capital projects, other than 17 Shaft, were stopped. Activities at 17 Shaft were curtailed in line with the cash preservation strategy.

The net result was that for the period of the strike, operating costs and capital expenditure were curtailed by 67% (approximately R1.9 billion) in total.

Marula

Platinum in concentrate at Marula benefited from higher milled tonnes and improved ore grades, rising 16% to 59 000 ounces of platinum for the nine-month period ended 31 March 2014, compared to 51 000 ounces platinum in the prior period. The operation remains on track to reach the production target of 86 000 ounces of platinum in concentrate by 2016.

Zimplats

Tonnes milled at Zimplats increased by 36% in the nine-month period ended 31 March 2014 as a result of the Phase 2 expansion project and a planned increase in the mining cut. As a result of the increased mining cut, ore grades reduced by 3% to 3.46 g/t (6E) from 3.55 g/t (6E) in the previous reporting period. Consequently, platinum in matte production increased by 26% to 174 000 ounces of platinum, compared to 138 000 ounces platinum in the prior corresponding period.

Quarter on quarter, platinum in matte decreased by 9% to 58 000 ounces of platinum, compared to 64 000 ounces platinum in the prior period. This was as a direct result of higher volumes of concentrate smelted in the corresponding period in the prior year, following furnace outages and a subsequent concentrate build-up that was treated in this period. Zimplats matte continued to be treated at the Springs Refinery during the strike.

Management continues to engage actively with the Government of Zimbabwe in respect of the indigenisation implementation plan, corporate taxation and royalty dispensation, and the company's commitment to primary beneficiation within Zimbabwe. Regarding beneficiation, the company has committed to a first stage refurbishment of the existing Selous-based base metal refinery to partially process the Zimplats matte. Progress will be disclosed as soon as further agreement is reached with the Government of Zimbabwe.

Mimosa

Platinum in concentrate at Mimosa amounted to 79 000 ounces of platinum for the nine-month period ended 31 March 2014, compared to 81 000 ounces in the corresponding period in the prior year. Performance remains on plan with steady-state throughput capacity.

IRS

Refined platinum volumes at IRS decreased by 10% to 581 000 ounces of platinum for the nine-month period ended 31 March 2014, compared to 649 000 ounces platinum in the corresponding period in the prior year. The decrease in production over the reporting period is largely attributed to the cessation of deliveries of autocatalysts from a recycling customer in the prior period.

Refined platinum for the quarter under review increased by 21% to 184 000 ounces platinum, compared to 152 000 ounces of platinum in the prior period. The increase in production for the quarter ended March 2014 is primarily as a result of increased metal receipts from Zimplats.

Unit Cost and Cash

Group unit costs for the nine months increased by 15% to R18 304 per platinum ounce, which included strike related costs net of operational costs savings. On a normalised basis, adjusting for the savings on operational costs and the 131 000 ounces of lost platinum production, unit costs would have been R17 077 per platinum ounce – a 7.3% increase on the comparable nine month period.

At 31 March 2014, group debt (including leases) amounted to R7.8 billion. Gross cash was R5.2 billion resulting in a net debt position of R2.6 billion. The group had not drawn down on any of its committed facilities during this period.

Outlook

Impala remains committed to finding a negotiated wage settlement that is both affordable and sustainable for the business. To this end, the company has offered to increase wages over a five year period by a range of 7.5% to 10% annually. The settlement offer goes some way to meeting AMCU's demand and would increase the minimum cash remuneration for entry level underground employees to R12 521 per month (R150 252 per annum) by July 2017. No increases have been granted to management for the year and the CEO has not accepted any increases, bonuses and share options since having joined the company in July 2012.

The economic realities of the company and the industry cannot be ignored by AMCU. We have resolved with the other platinum mining companies that are also being affected by the strike to communicate our settlement offer directly to employees. The re-opening of the mine will only be considered when the risk of violence and intimidation can be eliminated. Impala remains hopeful that AMCU will moderate their demands and accept the fair wage offer and allow employees to return to work.

During the period of the strike to date, Impala has lost approximately 246 000 ounces of platinum production, equivalent to revenue of R5.4 billion, while employees have forfeited wages of approximately R1.4 billion. All other operations should continue to meet planned performance targets and the stockpiled concentrates from Marula, Mimosa and Two Rivers will be processed in the current quarter. As a result, group refined platinum production for the final quarter of FY2014 is expected to be roughly 150 000 ounces. After metal returns to toll customers, group refined platinum sales are expected to be approximately 1 200 000 ounces for the full financial year. This will include approximately 150 000 ounces of platinum that will be drawn down from metal inventories (pipeline and refined stocks), with no further excess stocks immediately available for draw down and/or sale.

The full impact of the cash preservation measures can only be fully assessed once the Impala Rustenburg operations have resumed and the situation has normalised. Cash preservation will be maintained for the duration of the strike and it is estimated that total cash expenditure will be curtailed by 70% - 75% as a result. The resumption of normalised production levels at Impala Rustenburg, once the strike ends and operations resume, are expected to take at least three months to achieve. Consequently, no further production is expected from this operation in the final quarter of FY2014.

The group will continue to support customers through this difficult period, taking into account available metal and individual customer needs. Local customers will be prioritised to preserve local beneficiation and manufacturing jobs. No force majeure notices to customers are expected, as customers have agreed to receive reduced metal deliveries.

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