IMPALA PLATINUM HOLDINGS LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number 1957/001979/06)  
JSE Share code: IMP  
ISIN: ZAE000083648  
ADR code: IMPUY

Annual results for the year ended 30 June 2016

SOLID OPERATIONAL PERFORMANCE

Highlights

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 Rustenburg

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
**Johannesburg, 1 September 2016:** Impala Platinum Holdings Limited (Implats) delivered a solid performance for its financial year ended 30 June 2016, buoyed by the excellent operational performances and best-ever output from Zimplats, Mimosa, Marula and Two Rivers as well as a significant contribution from Impala Refining Services (IRS).

While Impala Rustenburg restored mill throughput to pre-strike levels in the first half of the year, poor safety performance in the second half affected its overall result. Production was materially impacted by an underground fire at the 14 Shaft complex, a fall-of-ground incident in an underground mining panel at the 1 Shaft complex and other unrelated DMR safety stoppages across the operation.

Despite this, gross group platinum production increased by 12.7% to 1.44 million ounces.

Headline earnings per share decreased from 36 cents per share to 12 cents per share mainly due to the lower rand metal prices received (7% lower), which were offset to some extent by the increased volumes and stringent cost control.

Implats’ Chief Executive Officer, Terence Goodlace, commented, “Our proactive response plan to the lower PGM price environment, introduced in February 2015, has shown positive results during the year as we continued to prioritise shorter-term cash preservation and profitability enhancement measures. The response plan initially targeted savings of R930 million in the 2016 financial year. Thereafter, the 2016 budget targeted a further R640 million in savings (bringing the total targeted savings to R1.6 billion for 2016). Against this, we achieved a combined saving of R1.4 billion across the Group, of which R1.1 billion was realised at the South African operations. This is an excellent achievement given the very difficult operating environment. Other key strategic initiatives included, reprioritising and rescheduling capital expenditure and strengthening the Group balance sheet”.

Revenue for the year increased by R3.5 billion from the previous year to R35.9 billion as a result of an increase in sales volumes and a positive exchange rate variance, but offset by lower dollar metal prices.

Cash costs comprising on-mine, processing, refining, selling and administration benefitted from stringent cost control measures, which increased by only 6.1%.

The Group’s cash position at end of the financial year improved from R2.6 billion to R6.8 billion mainly as a result of the equity raise and strong cash generated during the year. Excluding 16 and 20 Shaft capital expenditure, the Group generated R1.6 billion in cash. Group debt facilities of R4.75 billion remain undrawn – R4 billion of this is available until 2021. The liquidity that the cash and debt facilities provide will enable Implats to address upcoming debt maturities, as well as the ongoing needs of the business.

Mine-to-market output was 9.8% higher at 1.26-million platinum ounces following a strong operational performance from Zimplats and the operational recovery at Impala Rustenburg post the strike impacted start-up in the prior year. Third-party platinum production increased by 37% to 182 900 ounces due to improved deliveries from third-party customers. Consequently, gross refined
platinum production increased by 12.7% to 1.44 million ounces. Group unit costs benefited from the increased production volumes and cost containment and improved by 2.2% to R21 731 (2015: R22 222) per platinum ounce.

Capital expenditure for the year amounted to R3.6 billion (2015: R4.3 billion).

Capital expenditure of approximately R4.4 billion is planned for the 2017 financial year, of which R2.4 billion is planned at Impala and US$122 million is planned at Zimplats. Capital expenditure will be funded from the opening cash balance and operating cash flows. 17 Shaft has been placed on low-cost care maintenance.

**Safety**

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 remarkable performance.

Another noteworthy achievement is the safety performance at 16 of the 20 operations across the group, each of which has worked for more than a year without a fatal incident. Of these 16 operations, 15 also ended the year with more than one-million fatality-free shifts.

These achievements were tragically overshadowed by the loss of 11 lives during the year - two at Mimosa in Zimbabwe, three at Impala Rustenburg’s 1 Shaft complex and six at the 14 Shaft complex.

Terence Goodlace commented, “The loss of life was a devastating blow that reverberated across the group and touched everyone profoundly. These incidents and the regression in our lost-time injury frequency rate has brought into stark focus the risk around critical safe behaviours and the need to inculcate an interdependent safety culture at every level of the organisation. We remain resolute in our pursuit to achieve zero harm and will continue to work with all stakeholders to achieve this.”

**PGM market**

Despite 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 platinum and palladium markets remained in a fundamental deficit during 2015, while the rhodium market showed a small surplus.

The depreciation of the rand dollar exchange rate over the financial year 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.
Looking ahead

Implats remains resolute in achieving our zero harm goal and ensuring the safety and well-being of every employee and will continue to work closely with all stakeholders including employees, organised labour and the DMR in pursuit of achieving safe production across all operations.

In the short term, PGM prices are expected to remain subdued. 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. All operations are performing extremely well and efforts are apace to restore Impala Rustenburg to its full potential.

Given the impact of the 14 Shaft fire, the 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, 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.

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