

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

The definitions and interpretations commencing on page 4 of this Circular apply to this Circular including this cover page.

If you are in any doubt as to which action you should take, please consult your CSDP, broker, attorney, accountant, or other professional adviser.

If you have disposed of all of your Implats Ordinary Shares, then this Circular, together with the accompanying notice of General Meeting and form of proxy, should be forwarded to the purchaser of such shares or to the broker, CSDP, or other agent through whom such disposal was effected.

Implats Shareholders are referred to page 1 of this Circular which sets out the action required by them. If you are in any doubt as to the action that you should take, please consult your broker, CSDP, banker, legal adviser, accountant or other professional adviser immediately.

This Circular does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of, or issue or purchase any security in any jurisdiction.



**CIRCULAR TO IMPLATS SHAREHOLDERS**

*Regarding:*

- the granting and approval of a specific authority for Implats Directors to allot and issue up to a maximum of 175 000 000 Ordinary Shares for the purpose of the conversion of the 2022 Convertible Bonds;
- the specific authorities for certain related parties to Implats, to potentially participate in the Specific Issue of Shares on exercise of conversion rights;
- amendments to Implats' MOI to cater for the Specific Issue of Shares, including amendments relating to the conversion of the Company's entire authorised and issued share capital from par value shares to no par value shares and the increase in the authorised share capital of Implats;

*and incorporating:*

- a notice convening a meeting of Implats Shareholders; and
- a form of proxy (*pink*) (for use by Certificated Shareholders and Own Name Dematerialised Shareholders only).

**JSE sponsor**  
**Deutsche Securities (SA) Proprietary Limited**  
(A non-bank member of the Deutsche Bank Group)



**Independent reporting accountants**



**Independent professional expert**



**Legal adviser**  
**Fasken Martineau**  
(incorporated in South Africa as Bell Dewar Inc.)



Date of issue: 22 June 2017

The definitions and interpretations commencing on page 4 of this Circular apply, *mutatis mutandis*, to this cover page.

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## CORPORATE INFORMATION AND ADVISERS

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**Company secretary and registered office**

Mr Tebogo Llale  
2 Fricker Road  
Illovo, 2196  
South Africa  
(Private Bag X18, Northlands, 2116)

**Date of incorporation:** 02/07/1957

**Place of incorporation:** Pretoria

**JSE sponsor**

Deutsche Securities (SA) Proprietary Limited  
(A non-bank member of the Deutsche Bank Group)  
(Registration number 1995/011798/07)  
3 Exchange Square  
87 Maude Street  
Sandton, 2196  
South Africa  
(Private Bag X9933, Sandton, 2146)

**Independent reporting accountants**

PricewaterhouseCoopers Inc.  
(Registration number 1998/012055/21)  
2 Eglin Road  
Sunninghill, 2157  
South Africa  
(Private Bag X36, Sunninghill, 2457)

**South African transfer secretaries**

Computershare Investor Services  
Proprietary Limited  
(Registration number 2004/003647/07)  
Rosebank Towers, 15 Biermann Avenue  
Rosebank, 2196  
South Africa  
(PO Box 61051, Marshalltown, 2107)

**Legal adviser**

Fasken Martineau  
(incorporated in South Africa as Bell Dewar Inc.)  
Inanda Greens  
54 Wierda Road West  
Sandton, 2196  
South Africa  
(PO Box 652057, Benmore, 2010, South Africa)

**American Depositary Receipts**

Deutsche Bank Trust Company Americas  
60 Wall Street  
New York,  
NY 10005  
USA

**Independent professional expert**

PricewaterhouseCoopers Corporate Finance  
Proprietary Limited  
(Registration number 1970/003711/07)  
2 Eglin Road  
Sunninghill, 2157  
South Africa  
(Private Bag X36, Sunninghill, 2457)

**United Kingdom transfer secretaries**

Computershare Investor Services PLC  
(Registration number 3498808)  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZZ  
United Kingdom

*This Circular is only available in English.*

*Copies of this Circular may be obtained during normal business hours from the registered offices of Implats and Deutsche Securities at their respective addresses set out above from the date of issue hereof until the date of the Shareholders' Meeting. An electronic version of this Circular will also be made available on the Company's website ([www.implats.co.za](http://www.implats.co.za)).*

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## ACTION REQUIRED BY IMPLATS SHAREHOLDERS

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### **This Circular is important and requires your immediate attention**

The definitions and interpretations commencing on page 4 of this Circular apply, *mutatis mutandis*, to this section.

### **Please take careful note of the following provisions regarding the action required by Implats Shareholders:**

If you are in any doubt as to what action to take, consult your CSDP, broker or other professional adviser immediately. If you have disposed of all of your Implats Shares, this Circular should be handed to the purchaser of such Implats Shares or the CSDP, broker or other agent who disposed of your Implats Shares on your behalf.

### **Shareholders' Meeting**

Implats Shareholders registered as such as at the Shareholders' Meeting record date of Friday, 14 July 2017 are invited to attend the Shareholders' Meeting regarding the specific authority to issue up to a maximum of 175 000 000 Ordinary Shares.

The Shareholders' Meeting, convened in terms of the Notice of Shareholders' Meeting, will be held at the Company's registered office, 2 Fricker Road, Illovo, 2196, South Africa on Monday, 24 July 2017 at 11:00 (South African time).

You should carefully read through this Circular and decide how you wish to vote on the resolutions to be proposed at the Shareholders' Meeting.

### **Own Name Dematerialised Shareholders and Certificated Shareholders**

You are entitled to attend, or be represented by proxy at, the Shareholders' Meeting.

If you are unable to attend the Shareholders' Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*pink*), in accordance with the instructions contained therein, to be received by Computershare at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa or PO Box 61051, Marshalltown, 2107 by no later than 24 hours before the commencement of the Shareholders' Meeting (or any adjournment of the Shareholders' Meeting).

### **Dematerialised Shareholders**

You must **not** complete the attached form of proxy (*pink*), if your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will then be obliged to act in terms of your mandate furnished. You must advise your CSDP or broker timeously if you wish to attend, or be represented at, the Shareholders' Meeting. Your CSDP or broker will then be required to issue the necessary letter of representation to you to enable you to attend or to be represented at the Shareholders' Meeting. Implats Shareholders may lodge completed forms of proxy with the chairman of the Shareholders' Meeting at any time prior to the commencement of the voting at the Shareholders' Meeting.

### **ADR holders**

Registered holders who hold their American Depositary Receipts in physical form will receive a proxy card and voting instructions form from Deutsche Bank ADR Services. Beneficial holders who hold their ADRs in book entry form will receive their proxy card and voting instructions form from their broker.

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## SALIENT DATES AND TIMES

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The definitions and interpretations commencing on page 4 of this Circular apply, *mutatis mutandis*, to this section.

2017

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Record date to receive the Circular, incorporating the Notice of Shareholders' Meeting	Thursday, 15 June
Circular incorporating Notice of Shareholders' Meeting distributed to Implats Shareholders	Thursday, 22 June
Distribution of Circular announcement to be released on SENS on	Thursday, 22 June
Last day to trade Implats Shares in order to be recorded in the Register to vote at the Shareholders' Meeting	Tuesday, 11 July
Shareholders' Meeting record date	Friday, 14 July
Forms of proxy for the Shareholders' Meeting to be received by 11:00 on	Friday, 21 July
Shareholders Meeting to be held at 11:00 on	Monday, 24 July
Results of Shareholders' Meeting released on SENS on	Monday, 24 July

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**Notes:**

1. *These dates and times are subject to amendment. Any amendment will be released on SENS and published in the South African press.*
2. *All times given in this Circular are South African local times.*
3. *No instructions to dematerialise or rematerialise Implats Shares will be processed from the Business Day following the last day to trade up to and including the Shareholders' Meeting record date. Such instructions will be processed from the first Business Day following the Shareholders' Meeting record date.*
4. *Implats Shareholders who have not lodged a completed form of proxy by 11:00 on Friday, 21 July 2017 and who wish to do so may lodge it with the Chairman of the Shareholders' Meeting at any time prior to the commencement of the voting at the Shareholders' Meeting.*

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## DEFINITIONS AND INTERPRETATIONS

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In this Circular, unless otherwise stated or the context indicates otherwise, the words in the first column shall have the meanings assigned to them in the second column. Words in the singular include the plural and *vice versa*, words and expressions which denote one gender include the other gender, and a reference to a natural person includes a juristic person and an association and *vice versa*:

“2018 Convertible Bonds”	together, the 2018 US\$ Convertible Bonds and the 2018 ZAR Convertible Bonds;
“2018 US\$ Convertible Bonds”	US\$200 million five-year Convertible Bonds issued by Implats due 21 February 2018;
“2018 ZAR Convertible Bonds”	ZAR2 672 million five-year Convertible Bonds issued by Implats due 21 February 2018;
“2022 Convertible Bonds”	together, the 2022 US\$ Convertible Bonds and the 2022 ZAR Convertible Bonds;
“2022 US\$ Convertible Bonds”	US\$250 million five-year Convertible Bonds issued by Implats due 7 June 2022;
“2022 ZAR Convertible Bonds”	ZAR3 250 million five-year Convertible Bonds issued by Implats due 7 June 2022;
“ADR”	American Depositary Receipt;
“Allan Gray”	Allan Gray Proprietary Limited (Registration number 2005/002576/07), a private company incorporated in accordance with the laws of South Africa;
“Board”	Board of Directors of the Company from time to time;
“Bookrunners”	the bookrunners of the 2022 Convertible Bonds, namely Deutsche Bank AG, London Branch, Morgan Stanley & Co. International Plc, Rand Merchant Bank, a division of FirstRand Bank Limited, Nedbank Limited, acting through its division, Nedbank CIB and Standard Bank Plc;
“Business Day”	any day other than a Saturday, Sunday or gazetted national public holiday in South Africa;
“Certificated Shareholders”	Implats Shareholders who hold Certificated Shares;
“Certificated Shares”	Implats Shares that have not been Dematerialised, the title to which is represented by a physical document of title;
“Circular”	this bound document dated 22 June 2017, including the annexures thereto, the Notice of Shareholders’ Meeting and the form of proxy ( <i>pink</i> );
“Companies Act”	the South African Companies Act, No 71 of 2008, as amended;
“Conversion Issue”	the issue of Implats Shares to the 2022 Convertible Bondholders who wish to exercise their conversion rights in accordance with the Terms and Conditions;
“CSDP”	Central Securities Depository Participant, accepted as such participant in terms of the Financial Markets Act;
“Dematerialised” or “Dematerialisation”	the process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded in a sub-register of securities holders by a CSDP;
“Dematerialised Shareholders”	Implats Shareholders who hold Dematerialised Shares, excluding Own Name Dematerialised Shareholders;
“Dematerialised Shares”	Implats Shares that have been Dematerialised;
“Deutsche Securities”	Deutsche Securities (SA) Proprietary Limited (Registration number 1995/011798/07), a private company incorporated in accordance with the laws of South Africa;
“Directors”	Directors of the Company from time to time;
“Financial Markets Act”	Financial Markets Act, No 19 of 2012, as amended;
“Impala”	Impala Platinum Limited (Registration number 1952/071942/06), a public company incorporated in accordance with the laws of South Africa;
“Implats” or “the Company”	Impala Platinum Holdings Limited (Registration number 1957/001979/06), a public company incorporated in accordance with the laws of South Africa and listed on the JSE;
“Implats Group” or “the Group”	Implats and all of its subsidiaries, whether direct or indirect;

<b>“Implats Shareholders” or “Shareholders”</b>	registered holders of Implats Shares, inclusive of Certificated Shareholders, Dematerialised Shareholders and Own Name Dematerialised Shareholders, from time to time;
<b>“Implats Shares”</b>	Ordinary Share(s);
<b>“Johannesburg Stock Exchange”</b>	the securities exchange operated by the JSE;
<b>“JSE”</b>	JSE Limited (Registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed under the Financial Markets Act to operate an exchange;
<b>“JSE Listings Requirements”</b>	Listings Requirements of the JSE, as amended;
<b>“Last Practicable Date”</b>	Thursday, 15 June 2017, being the last practicable date prior to finalisation of this Circular;
<b>“MOI”</b>	the Memorandum of Incorporation of Implats, as the context may require, as that term is defined in the Companies Act;
<b>“Notice of Shareholders’ Meeting”</b>	the notice convening the Shareholders’ Meeting of Implats Shareholders, which forms part of this Circular;
<b>“Ordinary Resolution”</b>	the resolution referred to in the Notice of Shareholders’ Meeting requiring the support of 75% or more of the voting rights exercised on the resolution;
<b>“Ordinary Shares”</b>	ordinary shares with a par value of 2.5 cents each in the share capital of Implats and following the conversion of the ordinary shares, no par value ordinary shares in the issued share capital of Implats;
<b>“Own Name Dematerialised Shareholders”</b>	Implats Shareholders who hold Dematerialised Shares with own name registration;
<b>“PGM”</b>	Platinum Group Metals;
<b>“Rand” or “R” or “ZAR”</b>	South African Rand, the lawful currency of South Africa;
<b>“Register”</b>	the register of Implats Shareholders maintained by the transfer secretaries and including the sub-register of Implats Shareholders maintained by CSDPs;
<b>“Related Party”</b>	will bear the meaning assigned to this term in the JSE Listings Requirements;
<b>“Report”</b>	a report prepared by the Board in respect of the proposed resolution to convert the Ordinary Shares from par value to no par value dated 22 June 2017 and referred to in page 35;
<b>“SENS”</b>	the Stock Exchange News Service of the JSE;
<b>“Shareholders’ Meeting”</b>	the meeting of Implats Shareholders to be held at 11:00 on Monday, 24 July 2017 at the Company’s registered office, to consider and, if deemed appropriate, pass (with or without modification) the resolutions set out in the Notice of Shareholders’ Meeting, and including any adjournment of such meeting;
<b>“South Africa”</b>	Republic of South Africa;
<b>“Specific Issue of Shares”</b>	the potential issue of Implats Shares to holders of the 2022 Convertible Bonds on conversion of these bonds;
<b>“Special Resolution”</b>	a special resolution as defined in the Companies Act;
<b>“Subscription Agreement”</b>	the agreement relating to the subscription of the 2022 Convertible Bonds dated 25 May 2017;
<b>“Tender Offer”</b>	the offer for cash by Implats on 25 May 2017 pursuant to which Implats purchased from holders of the 2018 Convertible Bonds a total of ZAR2 368 million 2018 ZAR Convertible Bonds and a total of US\$170 million 2018 US\$ Convertible Bonds;
<b>“Terms and Conditions”</b>	the Terms and Conditions on which the 2022 Convertible Bonds were issued;
<b>“Transfer Secretaries”</b>	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/06), a private company incorporated in accordance with the laws of South Africa;
<b>“Transfer Secretaries UK” or “Computershare UK”</b>	Computershare Investor Services PLC (Registration number 3498808) a company incorporated in the United Kingdom;
<b>“Trust Deeds”</b>	the Trust Deeds relating to the 2022 Convertible Bonds;
<b>“US\$”</b>	United States Dollar, the lawful currency of the United States of America; and
<b>“VWAP”</b>	volume-weighted average price.



## IMPALA PLATINUM HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1957/001979/06

ISIN: ZAE000083648 JSE share code: IMP

ADR code: IMPUY

("Implats" or "the Company")

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### Directors of Implats

#### Executive directors

Mr NJ Muller (Chief Executive Officer)

Ms B Berlin (Chief Financial Officer)

#### Non-executive directors

Dr MSV Gantsho† (Chairman)

Mr HC Cameron†

Mr PW Davey†

Ms A Kekana

Mr AS Macfarlane†

Dr ND Moyo†

Dr FS Mufamadi†

Ms B Ngonyama†

Ms MEK Nkeli†

Mr ZB Swanepoel†

Mr U Lucht#

† Independent

# Alternate director to Ms A Kekana

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## CIRCULAR TO IMPLATS SHAREHOLDERS

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### 1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

On 25 May 2017, Implats announced the successful placement of 2022 Convertible Bonds for total gross proceeds of approximately US\$500 million, by way of concurrent accelerated bookbuild offerings to qualifying investors on 25 May 2017:

- Implats issued 6.375% ZAR Convertible Bonds due 7 June 2022 in a nominal amount of ZAR3 250 million. Part of the 2022 ZAR Convertible Bonds issue was to Related Parties; and
- Implats issued 3.25% US\$ Convertible Bonds due 7 June 2022 in a nominal amount of US\$250 million.

Salient details of the 2022 Convertible Bonds are provided in paragraph 4 below.

The purpose of this Circular is to among others furnish information to Implats Shareholders to enable them to make an informed decision as to whether or not they should vote in favour of the resolution to be proposed at the Shareholders' Meeting arising from the issues of 2022 Convertible Bonds. The resolution is set out in the Notice of Shareholders' Meeting and the rationale for the proposed resolution is explained in paragraph 3 below.

### 2. USE OF PROCEEDS AND RATIONALE FOR THE ISSUE OF 2022 CONVERTIBLE BONDS

Implats announced its intention to use the net proceeds from the issue of the 2022 Convertible Bonds to refinance amounts outstanding under the 2018 Convertible Bonds, thereby significantly enhancing Implats' short to medium-term liquidity in line with its strategy to maintain a strong financial position.

Concurrent with the offerings of the 2022 Convertible Bonds, Implats therefore launched a Tender Offer to purchase for cash:

- all or any of the outstanding 2018 US\$ Convertible Bonds; and
- all or any of the outstanding 2018 ZAR Convertible Bonds.

Prior to the Tender Offer, the full principal amount of the 2018 Convertible Bonds was US\$200 million and ZAR2 672 million. The proceeds of the 2022 Convertible Bond offerings was utilised in the repurchase of ZAR2 429 million 2018 ZAR Convertible Bonds and US\$170 million 2018 US\$ Convertible Bonds. A total of US\$30 million 2018 US\$ Convertible Bonds remain in issue and listed on the Frankfurt Stock Exchange and a total of ZAR243 million 2018 ZAR Convertible Bonds remain in issue and listed on the JSE. The residual proceeds from the 2022 Convertible Bond issue will be used to fund the redemption of the remainder of the 2018 Convertible Bonds in February 2018 and otherwise for general corporate purposes.

### 3. RATIONALE FOR THE PROPOSED ORDINARY RESOLUTION

The 2022 Convertible Bonds are currently cash-settled instruments. If Implats Shareholders do not approve the issuance of the Ordinary Shares upon conversion of the 2022 Convertible Bonds, then the 2022 Convertible Bonds will remain subject to cash settlement, unless the Company exercises its right to redeem all of the 2022 Convertible Bonds for fair value in accordance with the Terms and Conditions.

Cash settlement of the 2022 Convertible Bonds will require significant cash reserves, which could constrain Implats' ability to pursue new business opportunities, invest in existing and new projects, fund ongoing business activities, retire or service outstanding debt and pay dividends, all of which could adversely affect its results of operations and financial condition.

Subject to the approval of the specific authority, each 2022 Convertible Bond will be convertible into one (1) Ordinary Share at an initial conversion price of US\$3.8907 and ZAR50.0092 for the 2022 US\$ and 2022 ZAR-denominated Convertible Bonds respectively, representing a 32.5% premium to the reference share price of US\$2.9364 and ZAR37.7428, respectively. At the initial conversion price, the number of Ordinary Shares to be issued upon the conversion of the 2022 US\$ Convertible Bonds and the 2022 ZAR Convertible Bonds will be 129 243 832 Ordinary Shares, representing 17.6% of the number of existing Ordinary Shares in issue.

The Terms and Conditions provide that the initial conversion price (as set out in paragraph 4) could be adjusted on the realisation of certain events. If such an adjustment results in the reduction of the initial conversion price (as set out in paragraph 4), the number of Ordinary Shares to be issued will be increased.

Implats Shareholders are accordingly requested to approve the specific authority for the Directors to allot and issue a maximum of 175 000 000 Ordinary Shares, issuable upon conversion of the Convertible Bonds.

Subject to the approval of the Ordinary Resolution, the 2022 Convertible Bonds will be convertible into Ordinary Shares which will rank *pari passu* with the Ordinary Shares then in issue.

Implats is in the process of applying, through its debt sponsors, for admission of the 2022 ZAR Convertible Bonds for trading on the Main Board of the JSE and the 2022 US\$ Convertible Bonds for trading on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange, (or another internationally recognised, regularly operating, regulated or non-regulated stock exchange or securities market). Settlement in respect of the 2022 Convertible Bonds occurred on 6 June 2017.

### 4. SALIENT FEATURES OF THE 2022 CONVERTIBLE BONDS

4.1 The salient features of the 2022 US\$ Convertible Bonds are as follows:

<b>Issuer:</b>	Implats
<b>Intended listing:</b>	To be listed on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange
<b>Total issue size:</b>	US\$250 million
<b>Underlying shares:</b>	64 255 789 Ordinary Shares
<b>Principal amount (denomination):</b>	US\$200 000 principal amount per 2022 US\$ Convertible Bond
<b>Coupon:</b>	3.25% per annum, payable semi-annually in arrears on 7 June and 7 December of each year, with the first coupon payment to be made on 7 December 2017
<b>Conversion premium:</b>	32.5% above the reference share price
<b>Reference share price:</b>	US\$2.9364 (being the VWAP of the Ordinary Shares between the launch and pricing of the 2022 US\$ Convertible Bonds, converted at the prevailing ZAR: US\$ exchange rate at time of pricing)
<b>Initial conversion price:</b>	US\$3.8907
<b>Conversion period:</b>	Subject to the approval at a general meeting of the shareholders of Implats (details set out below), any time from the earlier of: (i) approval at a general meeting of the Implats Shareholders as is required to enable the issuance of such number of Ordinary Shares as may be required to be issued from time to time to satisfy the exercise of the 2022 US\$ Convertible Bonds, or (ii) 7 December 2017, provided that such conversion period shall not commence prior to the date falling 41 days after 6 June 2017, and until the earlier of: (i) the 10th day preceding the Maturity Date; or (ii) if the 2022 US\$ Convertible Bonds have been called for redemption prior to 7 June 2022, the 10th day preceding the relevant redemption date, provided, however, that if there is a change of control of Implats, the conversion right may be exercised prior to the commencement of the conversion period

<b>Settlement upon conversion:</b>	Subject to the approval at a general meeting of the Implats Shareholders, the 2022 US\$ Convertible Bonds will be settled in Ordinary Shares. If the approval at a general meeting of the Implats Shareholders is not granted then the 2022 US\$ Convertible Bonds will be settled in cash
<b>Early redemption:</b> (at the option of the Issuer)	Subject to providing relevant notice, the Issuer may redeem the 2022 US\$ Convertible Bonds in whole but not in part at their principal amount together with accrued interest: <ul style="list-style-type: none"> <li>(i) on or at any time after the fourth anniversary +21 days after 6 June 2017, if on more than 20 dealing days out of 30 consecutive dealing days ending not earlier than seven calendar days prior to the giving of the relevant notice, the Parity Value (being the product of (i) number of Ordinary Shares determined by dividing US\$200 000 by the conversion price in effect on such dealing day and (ii) VWAP of an Ordinary Share of such dealing day) shall have exceeded US\$260 000 on each such dealing day; or</li> <li>(ii) prior to the date the relevant notice is given, redemption by Implats shall have been exercised and/or purchased (and corresponding cancellations) and/or redemptions effected in respect of 85% or more in principal amount of the Bonds originally issued (which shall for this purpose include any further Bonds issued in accordance with the terms and conditions on which the 2022 US\$ Convertible Bonds)</li> </ul>
<b>Maturity date:</b>	7 June 2022
<b>Redemption price at maturity:</b>	100%
<b>Dividend protection:</b>	The conversion price will be adjusted for any dividends paid in cash or in kind (in accordance with the terms and conditions of the 2022 US\$ Convertible Bonds)

4.2 The salient features of the 2022 ZAR Convertible Bonds are as follows:

<b>Issuer:</b>	Implats
<b>Intended listing:</b>	To be listed on the JSE
<b>Total issue size:</b>	ZAR3 250 million
<b>Underlying shares:</b>	64 988 042 Ordinary Shares
<b>Principal amount (denomination):</b>	ZAR10 000 principal amount per 2022 ZAR Convertible Bond
<b>Coupon:</b>	6.375% per annum, payable semi-annually in arrears on 7 June and 7 December of each year, with the first coupon payment to be made on 7 December 2017
<b>Conversion premium:</b>	32.5% above the reference share price
<b>Reference share price:</b>	ZAR37.7428 (being the VWAP of the Ordinary Shares between the launch and pricing of the 2022 ZAR Convertible Bonds)
<b>Initial conversion price:</b>	ZAR50.0092
<b>Conversion period:</b>	Subject to the approval at a general meeting of the Implats Shareholders (details set out below), any time from the earlier of: <ul style="list-style-type: none"> <li>(i) the approval at a general meeting of the Implats Shareholders required to enable the issuance of such number of Ordinary Shares as may be required to be issued from time to time to satisfy the exercise of the 2022 ZAR Convertible Bonds; or</li> <li>(ii) 7 December 2017,</li> </ul> provided that such conversion period shall not commence prior to the date falling 41 days after 6 June 2017, and until the earlier of: <ul style="list-style-type: none"> <li>(i) the 10th day preceding the Maturity Date; or</li> <li>(ii) if the 2022 ZAR Convertible Bonds have been called for redemption prior to 7 June 2022, the 10th day preceding the relevant redemption date,</li> </ul> provided, however, that if there is a change of control of Implats, the conversion right may be exercised prior the commencement of the conversion period
<b>Settlement upon conversion:</b>	Subject to the approval at a general meeting of the Implats Shareholders, the 2022 ZAR Convertible Bonds will be settled in Ordinary Shares. If the approval at a general meeting of the Implats Shareholders is not granted then the 2022 ZAR Convertible Bonds will be settled in cash

<b>Early redemption:</b> (at the option of the Issuer)	Subject to providing relevant notice, the Issuer may redeem the 2022 ZAR Convertible Bonds in whole but not in part at their principal amount together with accrued interest: <ul style="list-style-type: none"> <li>(i) at any time on or after the fourth anniversary +21 days after 6 June 2017, if on more than 20 dealing days out of 30 consecutive dealing days ending not earlier than seven days prior to the giving of the relevant notice the VWAP of an Ordinary Share for each such dealing day exceeds 130% of the conversion price in effect (or deemed to be in effect) on such dealing day; or</li> <li>(ii) at any time if, prior to the date on which the relevant notice is given, Conversion Rights shall have been exercised and/or redemptions and/or purchases (and corresponding cancellations) effected in respect of 85% or more in principal amount of the 2022 ZAR Convertible Bonds originally issued</li> </ul>
<b>Maturity date:</b>	7 June 2022
<b>Redemption price at maturity:</b>	100%
<b>Dividend protection:</b>	The conversion price will be adjusted for any dividends paid in cash or in kind (in accordance with the terms and conditions of the 2022 ZAR Convertible Bonds).

## 5. RELATED-PARTY TRANSACTION

Allan Gray is regarded as a Related Party as it held, directly or indirectly, more than a 10% beneficial interest in the Ordinary Shares on the launch date of the offering of the 2022 Convertible Bonds, being 25 May 2017.

Allan Gray participated in the 2022 ZAR Convertible Bond offering, on the same terms as all other participants, and were allocated 2022 ZAR Convertible Bonds with a nominal amount of ZAR270 million following a bookbuilding process.

In terms of the JSE Listings Requirements, an independent fairness opinion is required given the potential issue of Ordinary Shares to a Related Party as a result of the conversion of the 2022 ZAR Convertible Bonds. Furthermore, any Related Party that was allocated and issued bonds pursuant to the 2022 Convertible Bond offering is excluded from voting on the Ordinary Resolution to be proposed at the Shareholders' Meeting.

Subject to the passing of the Ordinary Resolution, any Related Party shall be entitled to purchase additional 2022 ZAR Convertible Bonds and exercise the conversion rights attaching to the 2022 ZAR Convertible Bonds.

## 6. FAIRNESS OPINION AND RECOMMENDATION

An independent professional expert was appointed by the Board to determine whether the Terms and Conditions are fair to Implats Shareholders. The independent professional expert appointed by the Board, has considered the Terms and Conditions, including the allocation of 2022 ZAR Convertible Bonds to the Related Party, and is of the opinion that the Terms and Conditions are fair to Implats Shareholders on the basis set out in the fairness opinion included in Annexure 1.

The Board has considered the Terms and Conditions including the participation of the Related Party, together with the opinion of the independent professional expert and is of the opinion that the issue of Implats Shares upon conversion of the 2022 Convertible Bonds is fair insofar as Implats Shareholders are concerned.

The Board therefore recommends that Implats Shareholders (excluding the Related Party) vote in favour of the specific authority to issue Implats Shares upon conversion of the 2022 Convertible Bonds.

## 7. ESTIMATED EXPENSES

The total preliminary expenses relating to this Circular and the issue of Ordinary Shares arising from the conversion of the 2022 Convertible Bonds are estimated at ZAR130.6 million (VAT exclusive), as detailed below:

Expense	Paid/payable to	R'000
Printing of the Circular, postage and related costs	Bastion Graphics Proprietary Limited	178
Independent professional expert fees	PricewaterhouseCoopers Corporate Finance Proprietary Limited	350
Bookrunners' fees*	See "Definitions and Interpretations"	129 250
Legal fees	Fasken Martineau	650
Independent reporting accountant's fees	PricewaterhouseCoopers Inc.	160
Documentation fees	JSE	46
<b>Total</b>		<b>130 634</b>

\* No separate fee was negotiated for Deutsche Securities in its role as sponsor.

The above preliminary expenses have been estimated and are therefore subject to modification once final terms have been agreed with the respective service providers.

## 8. PRO FORMA FINANCIAL INFORMATION

The *pro forma* financial information of Implats as set out in this Circular consists of the *pro forma* financial effects, the *pro forma* consolidated statement of financial position as at 31 December 2016 and the *pro forma* consolidated statement of profit and loss and comprehensive income for the six months ended 31 December 2016. The *pro forma* financial information is the responsibility of the Directors and has been prepared to illustrate the effects of:

- (i) the Tender Offer and the issue of the 2022 Convertible Bonds; and
- (ii) the subsequent approval for the issue of Ordinary Shares upon conversion of the 2022 Convertible Bonds,

assuming that the Tender Offer, the issue of the 2022 Convertible Bonds and the subsequent approval for the issue of Ordinary Shares upon conversion of the 2022 Convertible Bonds took place on 1 July 2016 for purposes of the *pro forma* consolidated statement of profit and loss and comprehensive income and on 31 December 2016 for purposes of the *pro forma* consolidated statement of financial position.

The *pro forma* financial information has been prepared for illustrative purposes only and may not give a fair reflection of the financial position, changes in equity, results of operations or cash flows of Implats following the Tender Offer, the issue of the 2022 Convertible Bonds and the subsequent approval for the issue of Ordinary Shares upon conversion of the 2022 Convertible Bonds.

The *pro forma* financial information has been prepared using accounting principles that are consistent with International Financial Reporting Standards ("IFRS") and the accounting policies adopted by Implats in the reviewed consolidated interim financial statements for the six months ended 31 December 2016. The *pro forma* financial information is presented in accordance with the JSE Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants.

The *pro forma* financial information should be read in conjunction with the Independent Reporting Accountant's assurance report presented in Annexure 2.

The *pro forma* financial effects illustrate the effects accounting for both the 2022 US\$ and the 2022 ZAR Convertible Bonds as cash-settled instruments versus accounting for the 2022 ZAR Convertible Bonds as a compound instrument. (Refer notes 4, 5 and 7 to the *pro forma* consolidated statement of financial position below.)

### PRO FORMA FINANCIAL EFFECTS BASED ON THE REVIEWED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF IMPLATS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	Before <sup>(1)</sup>	Pro forma after Tender Offer and issue of 2022 Convertible Bonds <sup>(2)</sup>	Pro forma after Tender Offer and approval for the issue of Implats Shares on conversion <sup>(3)</sup>	Change <sup>(4)</sup> %
Net asset value per share (cents)	7 691	7 682	7 750	0.8
Tangible net asset value per share (cents)	6 236	6 226	6 294	0.9
Basic earnings per share (cents)	(52)	(40)	(40)	22.3
Diluted earnings per share (cents)	(52)	(40)	(40)	22.3
Basic headline earnings per share (cents)	(65)	(59)	(59)	8.6
Diluted headline earnings per share	(65)	(59)	(59)	8.6
Weighted average number of Implats Shares in issue (millions)	717.5	717.5	717.5	
Weighted average number of diluted Implats Shares in issue (millions)	720.7	720.7	785.7	9.0
Number of Implats Shares in issue (millions)	718.5	718.5	718.5	

#### Notes and assumptions:

1. Extracted from the reviewed consolidated interim financial statements of Implats for the six months ended 31 December 2016.

*The Tender Offer and the issue of the 2022 Convertible Bonds prior to approval for the issue of Implats Shares on conversion*

2. The "Pro forma after Tender Offer and issue of 2022 Convertible Bonds" column reflects the *pro forma* impact of the purchase by Implats of the 2018 Convertible Bonds and the issue of the 2022 Convertible Bonds prior to shareholder approval for the issue of Implats Shares upon conversion of the 2022 Convertible Bonds.

The effects on basic earnings per share, diluted earnings per share, headline earnings per share, and diluted headline earnings per share are calculated on the basis that the Tender Offer and the issue of the 2022 Convertible Bonds took place on 1 July 2016, while the effects on net asset value per share and net tangible asset value per share are calculated on the basis that the Tender Offer and the issue of 2022 Convertible Bonds took place on 31 December 2016 for purposes of presenting the *pro forma* financial effects thereof on Implats, based on the following assumptions:

- 88.6% of the 2018 ZAR Convertible Bonds and 85.3% of the 2018 US\$ Convertible Bonds are settled in terms of the Tender Offer.
- The 2022 Convertible Bonds are cash-settled instruments.
- At initial recognition, the embedded derivative is valued using option pricing methodologies with fair value movements recognised through profit and loss.
- The balance of the cash received is classified as a financial liability at amortised cost.

It should be noted that the *pro forma* financial effects do not include the earnings effect of the application of the proceeds from the issue of the 2022 Convertible Bonds in excess of the cash required to settle the 2018 Convertible Bonds. Refer to the *pro forma* consolidated statement of financial position and the *pro forma* consolidated statement of profit and loss and comprehensive income for the detailed notes and assumptions to the *pro forma* financial effects.

*The Tender Offer and the issue of the 2022 Convertible Bonds after approval for the issue of Implats Shares on conversion*

3. The “*Pro forma* after Tender Offer and approval for the issue of Implats Shares on conversion” column reflects the *pro forma* impact of the purchase by Implats of the 2018 Convertible Bonds and the issue of the 2022 Convertible Bonds and subsequent approval for the issue of Implats Shares upon conversion of the 2022 Convertible Bonds.

The effects on basic earnings per share, diluted earnings per share, headline earnings per share, and diluted headline earnings per share are calculated on the basis that the Tender Offer, the issue of the 2022 Convertible Bonds and the subsequent approval for the issue of Implats Shares upon conversion of the 2022 Convertible Bonds took place on 1 July 2016, while the effects on net asset value per share and net tangible asset value per share are calculated on the basis that the Tender Offer, the issue of the 2022 Convertible Bonds and the subsequent approval for the issue of Implats Shares upon conversion of the 2022 Convertible Bonds took place on 31 December 2016 for purposes of presenting the *pro forma* effects thereof on Implats, based on the following assumptions:

- The 2022 ZAR Convertible Bonds constitutes a compound financial instrument of which the liability component is initially recognised at amortised cost.
- The balance of the cash received is classified as equity.
- The 2022 US\$ Convertible Bonds remain cash-settled instruments with the embedded derivative valued using option pricing methodologies with fair value movements recognised through profit and loss and the liability component recognised and subsequently measured at amortised cost.

The diluted earnings per share and headline diluted earnings per share does not decrease with the issue of the approved 130 million Implats Shares, as the impact is antidilutive on the loss per share.

Refer to the *pro forma* consolidated statement of financial position and the *pro forma* consolidated statement of profit and loss and comprehensive income for the detailed notes and assumptions to the *pro forma* financial effects.

4. The percentage change represents the impact of the Tender Offer and the issue and conversion of the 2022 Convertible Bonds after shareholder approval.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Rm	Before <sup>(1)</sup>	Tender Offer (2018 ZAR Convertible Bonds) <sup>(2)</sup>	Tender Offer (2018 US\$ Convertible Bonds) <sup>(3)</sup>	Issue of 2022 ZAR Convertible Bonds <sup>(4)</sup>	Issue of 2022 US\$ Convertible Bonds <sup>(5)</sup>	Pro forma after Tender Offer and issue of 2022 Convertible Bonds	Shareholder approval for the issue of Implants Shares on conversion <sup>(7)</sup>	Pro forma after Tender Offer and approval for the issue of Implants Shares on conversion
<b>Assets</b>								
<b>Non-current assets</b>								
Property, plant and equipment	48 386					48 386		48 386
Exploration and evaluation assets	385					385		385
Investment property	173					173		173
Investment in equity-accounted entities	3 343					3 343		3 343
Deferred tax	-					-		-
Other financial assets	321					321		321
Derivative financial instruments	907		(774)			133		133
Prepayments	10 073					10 073		10 073
	<b>63 588</b>	<b>-</b>	<b>(774)</b>	<b>-</b>	<b>-</b>	<b>62 814</b>	<b>-</b>	<b>62 814</b>
<b>Current assets</b>								
Inventories	8 759					8 759		8 759
Trade and other receivables	4 192					4 192		4 192
Other financial assets	2					2		2
Prepayments	814					814		814
Cash and cash equivalents <sup>(6)</sup>	5 346	(2 377)	(1 556)	3 157	3 157	7 727		7 727
Assets classified as held for sale	288					288		288
	<b>19 401</b>	<b>(2 377)</b>	<b>(1 556)</b>	<b>3 157</b>	<b>3 157</b>	<b>21 782</b>	<b>-</b>	<b>21 782</b>
<b>Total assets</b>	<b>82 989</b>	<b>(2 377)</b>	<b>(2 330)</b>	<b>3 157</b>	<b>3 157</b>	<b>84 596</b>	<b>-</b>	<b>84 596</b>

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

Rm	Before <sup>(1)</sup>	Tender Offer (2018 ZAR Convertible Bonds) <sup>(2)</sup>	Tender Offer (2018 US\$ Convertible Bonds) <sup>(3)</sup>	Issue of 2022 ZAR Convertible Bonds <sup>(4)</sup>	Issue of 2022 US\$ Convertible Bonds <sup>(5)</sup>	Pro forma after Tender Offer and issue of 2022 Convertible Bonds	Shareholder approval for the issue of Implants Shares on conversion <sup>(7)</sup>	Pro forma after Tender Offer and approval for the issue of Implants Shares on conversion
<b>Equity and liabilities</b>								
<b>Equity</b>								
Share capital	20 044					20 044		20 044
Retained earnings	30 829	37	(24)			30 842		30 842
Other components of equity	4 392	(79)	0			4 313	487	4 799
Equity attributable to owners of the Company	<b>55 265</b>	<b>(43)</b>	<b>(24)</b>	<b>-</b>	<b>-</b>	<b>55 198</b>	<b>487</b>	<b>55 685</b>
Non-controlling interest	2 478					2 478		2 478
<b>Total equity</b>	<b>57 743</b>	<b>(43)</b>	<b>(24)</b>	<b>-</b>	<b>-</b>	<b>57 676</b>	<b>487</b>	<b>58 163</b>
<b>Liabilities</b>								
<b>Non-current liabilities</b>								
Deferred tax	7 745	(17)	(9)			7 719	189	7 908
Borrowings	7 987	(2 318)	(2 296)	2 481	2 591	8 444		8 444
Derivative financial liabilities	-			676	566	1 242	(676)	566
Other financial liabilities	-					-		-
Sundry liabilities	402					402		402
Provisions	1 062					1 062		1 062
	<b>17 196</b>	<b>(2 335)</b>	<b>(2 306)</b>	<b>3 157</b>	<b>3 157</b>	<b>18 870</b>	<b>(487)</b>	<b>18 383</b>
<b>Current liabilities</b>								
Trade and other payables	6 374					6 374		6 374
Current tax payable	774					774		774
Borrowings	735					735		735
Other financial liabilities	70					70		70
Sundry liabilities	32					32		32
Liabilities classified as held for sale	65					65		65
	<b>8 050</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 050</b>	<b>-</b>	<b>8 050</b>
<b>Total liabilities</b>	<b>25 246</b>	<b>(2 335)</b>	<b>(2 306)</b>	<b>3 157</b>	<b>3 157</b>	<b>26 920</b>	<b>(487)</b>	<b>26 433</b>
<b>Total equity and liabilities</b>	<b>82 989</b>	<b>(2 377)</b>	<b>(2 330)</b>	<b>3 157</b>	<b>3 157</b>	<b>84 596</b>	<b>-</b>	<b>84 596</b>
Shares in issue as at 31 December 2016	718 544 384					718 544 384		718 544 384
Net asset value per share (cents)	7 691					7 682		7 750
Tangible net assets	44 807					44 740		45 227
Tangible net asset value per share (cents)	6 236					6 226		6 294

## NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF IMPLATS AS AT 31 DECEMBER 2016:

The *pro forma* consolidated statement of financial position has been prepared on the assumption that the Tender Offer, the issue of the 2022 Convertible Bonds and the subsequent approval for the issue of Implats Shares upon conversion of the 2022 Convertible Bonds are effective as at 31 December 2016.

All the adjustments reflected in the *pro forma* consolidated financial information are expected to have a continuing effect, unless otherwise noted.

1. Extracted from the reviewed consolidated interim financial statements of Implats for the six months ended 31 December 2016.

*The Tender Offer and the issue of the 2022 Convertible Bonds prior to approval for the issue of Implats Shares on conversion*

2. "Tender Offer (2018 ZAR Convertible Bonds)" column illustrates the impact on the consolidated statement of financial position as at 31 December 2016 for the early settlement of 88.6% of the 2018 ZAR Convertible Bond assuming a settlement date of 31 December 2016:
  - 88.6% of the 2018 ZAR Convertible Bonds are assumed to be settled at its principal amount of R2 368 million plus coupon accrued at 5% per annum of R9 million as at 31 December 2016.
  - 88.6% of the 2018 ZAR Convertible Bonds are derecognised based on its carrying value of R2 318 million as at 31 December 2016.
  - A loss of R110 million is recognised in other components of equity calculated as the difference between the fair value of the borrowings using a zero coupon market related bond of 12% per annum and the settlement amount of the 2018 ZAR Convertible Bonds as at 31 December 2016 of R2 377 million net of deferred tax of R31 million.
  - The difference between the cash paid to settle the 2018 ZAR Convertible Bonds of R2 377 million, the carrying value of the 2018 ZAR Convertible Bonds as at 31 December 2016 of R2 318 million and the amount recognised in other components of equity of R110 million is recognised in retained earnings as a gain arising on derecognition of R51 million net of deferred tax of R14 million.
3. "Tender Offer (2018 US\$ Convertible Bonds)" column illustrates the impact on the consolidated statement of financial position as at 31 December 2016 for the early settlement of 85.3% of the 2018 US\$ Convertible Bonds assuming a settlement date of 31 December 2016:
  - 85.3% of the 2018 US\$ Convertible Bonds are assumed to be settled at its principal amount of R2 218 million, being US\$171 million translated at the assumed settlement exchange rate of R13.00/US\$ as at 31 December 2016, less the related derivative option of R774 million plus coupon accrued at 1% per annum of R122 million as at 31 December 2016.
  - 85.3% of the 2018 US\$ Convertible Bonds and interest and foreign exchange swap derivative financial instrument totalling R2 296 million and R774 million respectively, are derecognised based on their carrying values as at 31 December 2016.
  - The difference between the cash paid to settle the 2018 US\$ Convertible Bonds of R1 556 million, the carrying value of the 2018 US\$ Convertible Bonds as at 31 December 2016 of R2 296 million and interest and foreign exchange swap derivative of R774 million net of deferred tax of R9 million is recognised in retained earnings as a loss on derecognition of R24 million.
4. "Issue of 2022 ZAR Convertible Bonds" column illustrates the impact on the consolidated statement of financial position as at 31 December 2016 for the issue of the 2022 ZAR Convertible Bonds, prior to the approval for the issue of Implats Shares upon conversion of the Convertible Bonds.

Prior to the approval for the issue of Implats Shares upon conversion of the 2022 ZAR Convertible Bonds, the 2022 ZAR Convertible Bonds are cash-settled instruments. These instruments are accounted for as follows:

- a financial liability at amortised cost according to IAS 39 *Financial Instruments: Recognition and Measurement*; and
- an embedded derivative (equity option) through profit and loss.

At initial recognition, the embedded derivative is valued using option pricing methodologies. The balance of the cash received is classified as a financial liability at amortised cost.

#### 4.1 Financial liability

Financial liabilities are increased by R2 481 million (being the difference between the proceeds of the 2022 ZAR Convertible Bonds of R3,250 million and the value of the embedded derivative of R676 million), less transaction costs of R93 million, resulting in a net adjustment of R2 481 million.

Subsequent to initial recognition, the financial liability increases at every reporting period by an effective interest charge that is expensed in the consolidated statement of profit and loss and comprehensive income.

#### 4.2 Embedded derivative

The embedded derivative has been valued at R676 million, based on standard option pricing methodology. Subsequent to initial recognition, the embedded derivative is revalued at every reporting period with gains and losses accounted for as part of other income/expenses in the consolidated statement of profit and loss and comprehensive income.

Inputs to the option valuation model performed on 6 June 2017 for initial recognition are set out below:

Input	Inception
Implied volatility	35%
Credit spread	450bps
Reference share price	R37.74

5. "Issue of 2022 US\$ Convertible Bonds" column illustrates the impact on the consolidated statement of financial position as at 31 December 2016 for the issue of the Convertible Bonds.

The 2022 US\$ Convertible Bonds are cash-settled instruments. These instruments are accounted for as follows:

- a financial liability at amortised cost according to IAS 39 *Financial Instruments: Recognition and Measurement*; and
- an embedded derivative (equity option) through profit and loss.

At initial recognition, the embedded derivative is valued using option pricing methodologies. The balance of the cash received is classified as a financial liability at amortised cost.

5.1 Financial liability

Financial liabilities are increased by R2 591 million (being the difference between the proceeds of the US\$ Convertible Bonds of R3 250 million (US\$250 000 at an exchange rate of R13.00, being the exchange rate on placement) and the value of the embedded derivative of R566 million), less transaction costs of R93 million, resulting in a net adjustment of R2 591 million.

Subsequent to initial recognition, the financial liability increases at every reporting period by an effective interest charge that is expensed in the consolidated statement of profit and loss and comprehensive income.

5.2 Embedded derivative

The embedded derivative has been valued at R566 million, based on standard option valuation methodology. Subsequent to initial recognition, the embedded derivative is revalued at every reporting period with gains and losses accounted for as part of other income/expenses in the consolidated statement of profit and loss and comprehensive income.

6. Cash and cash equivalents are increased by R2 381 million, being the proceeds from the issue of the 2022 Convertible Bonds less the early settlement of the 2018 Convertible Bonds and related derivatives, less estimated transaction costs of R186 million.

*2022 Convertible Bonds after approval for the issue of Implants Shares on conversion*

7. The "Shareholder approval for the issue of Implants Shares on conversion" column illustrates the impact on the consolidated statement of financial position as at 31 December 2016 for the issue of the 2022 Convertible Bonds, subsequent to shareholder approval for the issue of Implants Shares upon conversion of the Convertible Bonds.

The accounting treatment of the 2022 ZAR Convertible Bonds will change and the 2022 ZAR Convertible Bonds will constitute a compound financial instrument. These instruments are accounted for as follows according to IAS 32 *Financial Instruments: Presentation*:

- a financial liability (debt portion); and
- an equity instrument (equity portion).

At initial recognition, the financial liability is valued by calculating the present value of the future cash flows at an effective interest rate for a similar bond without a conversion option. The balance of the proceeds is classified as equity. The debt and equity components are reduced with their *pro rata* share of the transaction costs incurred.

The 2022 US\$ Convertible Bonds are not impacted by the approval as the US\$ exposure for conversion to ZAR shares does not meet the "fixed for fixed" criteria in IAS 32 *Financial Instruments: Presentation*.

7.1 Financial liability (debt portion)

At initial recognition, the 2022 ZAR Convertible Bonds are recognised as a financial liability at amortised cost based on a similar financial instrument without a conversion option. Accordingly, the Convertible Bonds are valued at R2 481 million, being the amortised cost portion of R3 250 million after deduction of the embedded derivative of R676 million less the *pro rata* transaction costs of R93 million attributable to the financial liability.

Subsequent to initial recognition, the financial liability increases at every reporting period by an effective interest charge that is expensed in the consolidated statement of profit and loss and comprehensive income.

7.2 Equity portion

Once shareholder approval is granted, the equity portion of the compound financial instrument of R676 million is capitalised to other reserves.

The value of the equity portion of the compound instrument is calculated as the gross proceeds from the issue of the 2022 ZAR Convertible Bonds of R3 250 million less the value of the financial liability of R2 481 million and issue costs of R93 million, and deferred tax of R189 million, being capitalised to other reserves.

8. This represents the position as at 31 December 2016 subsequent to shareholder approval for the issue of Implants Shares upon conversion of the 2022 Convertible Bonds.

**PRO FORMA CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME**

<b>Rm</b>	<b>Before<sup>(1)</sup></b>	<b>Tender Offer (2018 ZAR Convertible Bonds)<sup>(2)</sup></b>	<b>Tender Offer (2018 US\$ Convertible Bonds)<sup>(3)</sup></b>	<b>Finance costs saved on 2018 ZAR Convertible Bonds<sup>(4)</sup></b>	<b>Finance costs saved on 2018 US\$ Convertible Bonds<sup>(4)</sup></b>	<b>Finance costs on 2022 ZAR Convertible Bonds<sup>(5)</sup></b>	<b>Finance costs on 2022 US\$ Convertible Bonds<sup>(5)</sup></b>	<b>Fair value movement of derivatives<sup>(7)</sup></b>	<b>Pro forma after Tender Offer and issue of 2022 Convertible Bonds<sup>(8)</sup></b>	<b>Shareholder approval for the issue of Implants Shares on conversion<sup>(9)</sup></b>	<b>Pro forma after Tender Offer and approval for the issue of Implants Shares on conversion<sup>(10)</sup></b>
Revenue	18 195								18 195		18 195
Cost of sales	(18 513)								(18 513)		(18 513)
Gross loss	<b>(318)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(318)</b>	<b>0</b>	<b>(318)</b>
Other operating income	445								445		445
Other operating expenses	(54)								(54)		(54)
Impairment	0								0		0
Royalty expense	(259)								(259)		(259)
Loss from operations	<b>(186)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(186)</b>	<b>0</b>	<b>(186)</b>
Finance income	196								196		196
Finance cost	(385)			96	38	(161)	(107)		(519)		(519)
Net foreign exchange transaction gains/(losses)	138			(160)		193		2	174	(1)	173
Other income	120	51	(34)	196					334		334
Other expenses	(529)								(529)		(529)
Share of profit of equity-accounted entities	235								235		235
Loss before tax	<b>(411)</b>	<b>51</b>	<b>(34)</b>	<b>96</b>	<b>74</b>	<b>(161)</b>	<b>86</b>	<b>2</b>	<b>(295)</b>	<b>(1)</b>	<b>(296)</b>
Income tax (expense)/income <sup>(6)</sup>	(47)	(14)	9	(27)	(21)	45	(24)	(1)	(79)		(79)
Profit/(loss) for the period from continuing operations	<b>(458)</b>	<b>37</b>	<b>(24)</b>	<b>69</b>	<b>54</b>	<b>(116)</b>	<b>62</b>	<b>1</b>	<b>(375)</b>	<b>(1)</b>	<b>(376)</b>
Profit from discontinued operations	130								130		130
Profit/(loss) for the period	<b>(328)</b>	<b>37</b>	<b>(24)</b>	<b>69</b>	<b>54</b>	<b>(116)</b>	<b>62</b>	<b>1</b>	<b>(245)</b>	<b>(1)</b>	<b>(246)</b>
Total comprehensive income/(loss) attributable to Owners of the Company	(371)	37	(24)	69	54	(116)	62	1	(288)	(1)	(289)
Non-controlling interest	43								43		43
Earnings per share (cents per share)											
From continued and discontinued operations											
- Basic	(52)								(40)		(40)
- Diluted	(52)								(40)		(40)
From continued operations											
- Basic	(65)								(53)		(53)
- Diluted	(65)								(53)		(53)
Headline earnings per share (cents per share)											
From continued and discontinued operations											
- Basic	(71)								(59)		(59)
- Diluted	(71)								(59)		(59)
From continued operations											
- Basic	(84)								(72)		(72)
- Diluted	(84)								(72)		(72)
Weighted number of ordinary shares in issue for basic earnings per share (million)	717.54								717.54		717.54
Weighted average number of ordinary shares for diluted earnings per share (million)	720.69								720.69	64.99	785.68

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME OF IMPLATS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016:**

The *pro forma* consolidated statement of profit and loss and comprehensive income has been prepared on the assumption that the Tender Offer, the issue of the 2022 Convertible Bonds and the subsequent approval for the issue of Implats Shares upon conversion of the 2022 Convertible Bonds are effective as at 1 July 2016.

All the adjustments reflected in the *pro forma* consolidated financial information are expected to have a continuing effect unless otherwise noted.

1. Extracted from the reviewed consolidated interim financial statements of Implats for the six months ended 31 December 2016.

*The Tender Offer and the issue of the 2022 Convertible Bonds prior to approval for the issue of Implats Shares on conversion*

2. "Tender Offer 2018 ZAR Convertible Bonds" column illustrates the impact on the consolidated statement of profit and loss and comprehensive income for the six months ended 31 December 2016 for the early settlement of 88.6% of the 2018 ZAR Convertible Bonds. Other income is increased by R51 million calculated as the difference between the cash paid to settle the 2018 ZAR Convertible Bonds of R2 377 million, the carrying value of the liability being settled of R2 318 million and the amount recognised in other components of equity of R110 million. Income tax expense of R14 million relates to the deferred tax realised on settlement.
3. "Tender Offer 2018 US\$ Convertible Bonds" column illustrates the impact on the consolidated statement of profit and loss and comprehensive income for the six months ended 31 December 2016 for the early settlement of 85.3% of the 2018 US\$ Convertible Bonds. Other income is reduced by R34 million, calculated as the difference between the cash paid to settle the 2018 US\$ Convertible Bonds of R1 556 and the net carrying value of the liability and derivative being settled of R1 523 million. Income tax recovered of R9 million relates to deferred tax realised on settlement.
4. The "Finance costs saved on 2018 ZAR Convertible Bonds" and "Finance costs saved on 2018 US\$ Convertible Bonds" columns, illustrate the reversal of interest expense, fair value movements of the derivative and foreign exchange gains/(loss) incurred for the six months period from 1 July 2016 to 31 December 2016 for the 2018 Convertible Bonds being settled. The proceeds of the 2022 Convertible Bonds in excess of the funds required to early settle the 2018 Convertible Bonds will largely be placed on call until drawn down. The timing of the application of the proceeds is uncertain and not factually supportable. Consequently, no effect is given to the potential interest earned in the short term until the funds are drawn down.
5. The "Finance cost on 2022 ZAR Convertible Bonds" and "Finance costs on 2022 US\$ Convertible Bonds" columns illustrates the impact on the statement of profit and loss and comprehensive income for the six months ended 31 December 2016 for the issue of the 2022 Convertible Bonds, prior to the approval for the issue of Implats Shares upon conversion of the Convertible Bonds. Interest is accrued at the effective interest rate of the 2022 ZAR Convertible Bonds of 12.9% per annum and the 2022 US\$ Convertible Bonds of 8.3% per annum. R193 million is recognised as a foreign exchange gain for the movement in exchange rate between 1 July 2016 to 31 December 2016.
6. The "Income tax (expense)/income" line reflect the deferred tax impact of the transactions at the South African corporate tax rate of 28%.
7. As discussed in note 4.2 and 5.2 to the *pro forma* consolidated statement of financial position, the embedded derivative recognised at inception of the issue of the 2022 Convertible Bonds is measured at fair value and marked-to-market at each reporting date. The fair value of the embedded derivative is calculated using the last practicable share price of R36.45 per share on 12 June 2017 and a reduced discounting term amounts to R566 million at inception and R564 million after six months.

Inputs to the option valuation model performed on the Last Practicable Date are set out below:

Input	Inception	After six months
Implied volatility	35%	35%
Credit spread	450bps	450bps
Reference share price	R37.74	
Last Practical Date share price		R36.45

8. The "*Pro forma* after Tender Offer and issue of 2022 Convertible Bonds" presents the impact of early settling the 2018 Convertible Bonds and issuing the 2022 Convertible Bonds prior to approval for the issue of Implats Shares on conversion.

*2022 Convertible Bonds after approval for the issue of Implats Shares on conversion*

9. The "Shareholder approval for the issue of Implats Shares on conversion" column illustrates the impact on the consolidated statement of profit and loss and comprehensive income for the six months ended 31 December 2016 for the issue of the 2022 ZAR Convertible Bonds, subsequent to shareholder approval for the issue of Implats Shares upon conversion of the Convertible Bonds.

On shareholder approval no embedded derivative is recognised on the 2022 ZAR Convertible Bonds and the equity portion of the compound instrument arising on initial recognition of the Convertible Bonds is recognised against other reserves.

10. The “*Pro forma* after approval for the issue of Implats shares on conversion” column reflect the impact of the Tender Offer, the issue of the 2022 Convertible Bonds and the subsequent approval for the issue of Implats Shares upon conversion of the 2022 Convertible Bonds effective as at 1 July 2016.

#### 9. RATIONALE FOR THE PROPOSED SPECIAL RESOLUTION TO AMEND THE IMPLATS MOI

In order to permit the specific issue of Implats Shares for cash on the exercise of conversion rights by the holders of the 2022 Convertible Bonds, Implats proposes that the Implats MOI be amended (the “**MOI Amendment**”) to allow (i) conversion of the authorised 844 008 000 Implats Shares with a par value of 2.5 cents each to no par value Implats Shares and (ii) the increase of the number of authorised Implats Shares from 844 008 000 Implats Shares to 944 008 000 Implats Shares of no par value, as more fully set out in the Report by the Board referred to in page 35.

#### 10. SALIENT INFORMATION ON IMPLATS

##### 10.1 Description of the business

The Group is one of the world’s largest producers of PGMs. It is involved in the business of mining, refining and marketing PGMs, as well as nickel, copper and cobalt; and produces approximately one quarter of the world’s primary supply of platinum.

The Group’s mining interests are found on the two most significant known PGM-bearing orebodies in the world: (i) the Bushveld Complex in South Africa where its Impala, Marula Platinum Proprietary Limited, Afplats Proprietary Limited and Two Rivers Platinum Proprietary Limited operations are located; and (ii) the Great Dyke in Zimbabwe where the operations of Zimplats Holdings Limited and Mimososa Investments Limited are located. The Group’s mining operations are principally underground operations focusing in the main on relatively narrow mineralised horizons with specific mining methods adapted to suit the local geology and morphology of the mineralised horizons.

The Group has a total of five mining operations constituting 22 shafts, four smelters and a refinery (for base metals and precious metals). The Group has a twopronged operational structure: mine-to-market operations; and Impala Refining Services Limited. Impala Refining Services Limited provides smelting and refining services through offtake agreements with Group companies (except Impala) and third parties’ offtake and toll-treatment agreements.

##### 10.2 Prospects

Aligned with the forecasts for strong global demand for PGMs, which is supported by growing vehicle sales, tightening emission standards and the growing unsustainable use of palladium in automotive catalytic systems, the Group expects fundamental market deficits to persist. This, coupled with reduced above-ground stock liquidity, is expected to result in healthier future supply/demand fundamentals. However, the Group expects near-term metal prices to remain muted given persistent global political and economic factors impacting investor sentiment.

Despite a more positive market outlook, the southern African mining regulatory environment is characterised by policy uncertainty. In addition, the operating environment in South Africa remains challenging, in particular at the more labour-intensive mines where safety challenges and community disruptions continue to impede optimum performance.

Within this environment, Implats will continue to prioritise measures to achieve the Group’s safe production goals (zero harm), preserve cash, enhance productivity and increase profitability.

##### 10.3 Share capital

The authorised and issued share capital of Implats on the Last Practicable Date are set out below:

	Nominal value per share	Number of shares	Amount (R’000)
<b>Authorised share capital</b>			
Ordinary Shares	2.5 cents	844 008 000	21 100 200
<b>Issued share capital</b>			
Ordinary Shares	2.5 cents	734 778 378	18 369 459
<b>Unissued share capital</b>			
Ordinary Shares	2.5 cents	109 229 622	2 730 741

##### Share premium

As at the Last Practicable Date, 16 233 994 Ordinary Shares were held as treasury shares.

In total 30 million of the unissued Ordinary Shares were set aside for purposes of the conversion of the 2018 Convertible Bonds. As a result of the purchase of 2018 Convertible Bonds pursuant to the Tender Offer and the redemption in February 2018 of the remaining 2018 Convertible Bonds that were not acquired pursuant to the Tender Offer, these 30 million unissued Ordinary Shares set aside for that purpose are no longer required.

The authorised and issued share capital of Implats following the implementation of the MOI Amendment is set out below:

	Number of shares
<b>Authorised share capital</b>	
Ordinary Shares	944 008 000
<b>Issued share capital</b>	
Ordinary Shares	734 778 378
<b>Unissued share capital</b>	
Ordinary Shares	209 229 622

It has been proposed that a maximum of 175 000 000 unissued Ordinary Shares be set aside for the purpose of the conversion of the 2022 Convertible Bonds.

#### 10.4 Material changes

As at the Last Practicable Date, there had been no material changes in the financial or trading position of the Company and its subsidiaries that had occurred since the interim period ended 31 December 2016.

#### 10.5 Major Shareholders

The major Shareholders of Implats who, directly or indirectly, beneficially held 5% or more of the issued Ordinary Shares as at the Last Practicable Date, insofar as it is known to the Company, are as follows:

	Number of Ordinary Shares	Direct or indirect	Percentage of total Ordinary Shares in issue
Government Employees Pension Fund	76 352 722	Indirect	10.39
Investec Asset Management Proprietary Limited	80 704 530	Indirect	10.98
Allan Gray	76 064 913	Indirect	10.35
Coronation Asset Management Proprietary Limited	51 877 990	Indirect	7.06
Royal Bafokeng Holdings Proprietary Limited	46 198 521	Direct	6.29

#### 10.6 Share trading history

The share trading history of Implats on the JSE up to the Last Practicable Date is set out in Annexure 3 of this Circular.

#### 10.7 Material contracts

In relation to the issue of 2022 Convertible Bonds there are three relevant material contracts:

- The Subscription Agreement, entered into between Implats and the Bookrunners on 25 May 2017. The Subscription Agreement sets out the terms and conditions on which Implats agreed to issue and the Bookrunners severally agreed to procure subscribers or, failing which, to subscribe and pay for the aggregate principal amount of the 2022 Convertible Bonds. In consideration for the services provided by the Bookrunners in connection with the issuance of the 2022 Convertible Bonds Implats agreed to pay fees and commissions, in aggregate, of 2.00% to the Bookrunners.
- The Terms and Conditions comprising the “ZAR Terms and Conditions” dated 6 June 2017 which set out the relevant terms and conditions of the 2022 ZAR Convertible Bonds and the “US\$ Terms and Conditions” dated 6 June 2017 which set out the relevant terms and conditions of the 2022 US\$ Convertible Bonds, of which the salient features are set out in paragraph 4 of this Circular.

These material contracts will be open for inspection as set out in paragraph 14 of this Circular.

#### 10.8 Directors

##### 10.8.1 Information on Directors

The full names, functions, date of appointment, ages, nationalities, business addresses, qualifications, and experience of the Directors are set out in Annexure 4 to this Circular.

##### 10.8.2 Directors' remuneration

The following tables reflect the remuneration of Directors for the financial year ended 30 June 2016:

Executive R'000	Remuneration	Share			Other benefits	Total
		Performance bonus	appreciation rights exercised			
TP. Goodlace*	6 420	–	–	1 046	7 466	
B. Berlin	4 848	1 274	–	2 803	8 925	
<b>Total</b>	<b>11 268</b>	<b>1 274</b>	<b>–</b>	<b>3 849</b>	<b>16 391</b>	

\* The appointment of Mr N Muller to replace Mr TP Goodlace as chief executive officer was subsequent to the 2016 year-end.

Non-executive Name	Board (R'000)	Audit committee (R'000)	Remuneration committee (R'000)	HSE committee (R'000)	Nomination and governance committee (R'000)	Social, transformation and remuneration committee (R'000)	Capital allocation and investment committee (R'000)	Risk committee (R'000)	Total (2016) (R'000)
KDK Mokhele	559	–	–	–	–	–	–	–	559
MSV Gantsho	1 364	–	75	–	34	–	–	–	1 473
HC Cameron	334	334	–	–	–	69	39	70	846
PW Davey	334	57	–	70	14	–	40	70	585
AS Macfarlane	334	–	–	243	–	–	–	–	577
ND Moyo	442	–	–	40	–	–	39	–	521
FS Mufamadi	334	–	–	–	75	–	–	–	409
B Ngonyama	334	158	–	–	–	39	–	–	531
MEK Nkeli	334	58	–	40	–	193	–	–	625
ZB Swanepoel	334	–	–	109	36	–	67	–	546
A Kekana	334	–	70	–	75	–	40	–	519
AA Maule	294	139	–	–	–	27	–	136	596
BT Nagle	117	–	–	–	–	–	–	38	155
NDB Orleyn	53	–	18	–	18	38	–	–	127

There will be no variation to the remuneration receivable by any of the Directors as a consequence of the issue of the Convertible Bonds.

#### 10.8.3 *Directors' interests in securities*

As at the Last Practicable Date, the following Directors, including Directors who have resigned in the 18 months preceding the Last Practicable Date, have or have had a direct or indirect beneficial interest in Ordinary Shares as follows:

Name	Number of Ordinary Shares	Direct or indirect	Percentage of
			total Ordinary Shares in issue
Mr TP Goodlace	11 200	Direct	0.0015
Mr ZB Swanepoel	30 000	Direct	0.0041
Ms B Ngonyama	3 180	Direct	0.0004

There have been no changes in the interests of the Directors, or Directors who have resigned in the previous 18 months between the end of the preceding financial year and the Last Practicable Date.

#### 10.8.4 *Directors' interests in transactions*

The Directors, including any Directors who have resigned in the preceding 18 months, had no material beneficial interests, directly or indirectly, in transactions effected by Implats during the current or immediately preceding financial year or any transaction during any financial year which remains in any respect, outstanding or unperformed.

#### 10.8.5 *Directors' responsibility*

The Directors, whose names appear on page 6 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading, and all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by the JSE Listings Requirements.

## 11. LITIGATION STATEMENT

There are no legal or arbitration proceedings in which any member of the Implats Group is or has been engaged, including any such proceedings which are pending or threatened of which Implats is aware, which may have, or have had, during the 12 months preceding the Last Practicable Date, a material effect on the financial position of the Implats Group.

## 12. CONSENTS

The sponsor, the transfer secretaries and the legal adviser to Implats have all provided their written consent to their names being published in this Circular and have not withdrawn their consent prior to the publication of this Circular.

The independent reporting accountants and the independent professional expert have provided their written consent to their names and reports being included in this Circular in the form and context in which they appear and have not withdrawn their consent prior to the publication of this Circular.

### 13. INDEPENDENCE OF SPONSOR

Deutsche Securities is a wholly owned subsidiary and member of the Deutsche Bank Group. Deutsche Bank AG, London Branch, another member of the Deutsche Bank Group, has acted as sole global coordinator and joint bookrunner with respect to the accelerated bookbuild offerings of the 2022 Convertible Bonds. Deutsche Securities has acted as the ongoing sponsor to Implats since 2008 on a retainer basis.

As sponsor to Implats in respect of the bookbuild offering of the 2022 Convertible Bonds and this Circular, Deutsche Securities has complied with the fundamental principles and other ethical requirements enshrined in the JSE Code of Ethics and Standards of Professional Conduct applicable to sponsors. Deutsche Securities role as sponsor is founded on fundamental principles of integrity and objectivity, professional competence, due care and confidentiality.

Deutsche Securities maintains a comprehensive system of quality control including documented policies and procedures regarding the management of potential conflict of interest and independence. Deutsche Securities does not believe there are any matters that compromise its independence in acting as sponsor to Implats in this matter.

### 14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays, Sundays and public holidays excluded) at the registered office of Implats from Thursday, 22 June 2017 until Monday, 24 July 2017:

- the MOI of Implats and its major subsidiaries;
- Subscription Agreement;
- the Trust Deeds;
- the audited annual financial statements of Implats for each of the three financial years ended on 30 June 2016, 30 June 2015 and 30 June 2014;
- the reviewed financial statements for the six months ended 31 December 2016;
- copies of service agreements or summaries of any service agreements entered into with the Directors;
- a copy of the Terms and Conditions;
- a signed copy of this Circular;
- the independent reporting accountants' report;
- the independent professional expert's report;
- all material contracts referred to in paragraph 10.7 above;
- a signed copy of the Report;
- latest competent persons report, being the Company's Mineral Resources and Reserve Statement, dated 30 June 2016; and
- the consent letters from the sponsor, the transfer secretaries, the legal adviser, the independent reporting accountants and the independent professional expert.

Signed by B Berlin in terms of a resolution signed by all the Directors.

**B Berlin**

22 June 2017

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## INDEPENDENT PROFESSIONAL EXPERT'S REPORT

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15 June 2017

The Directors  
 Impala Platinum Holdings Limited  
 2 Fricker Road  
 Illovo  
 Sandton  
 2196

**For attention:** Ms Brenda Berlin

Dear Directors

### FAIRNESS OPINION IN RESPECT OF THE PROPOSED ISSUE OF CONVERTIBLE BONDS BY IMPALA PLATINUM HOLDINGS LIMITED ("IMPLATS")

#### 1. Introduction

In accordance with our letter of engagement dated 17 May 2017, we present our opinion in terms of section 5.53 of the JSE Listings Requirements to the Board of Directors of Implats ("**the Board**") regarding the issue of the R3 250 million unsecured Convertible Bonds due in 2022 and the US\$250 million unsecured Convertible Bonds due in 2022.

Implats has issued R3 250 million in ZAR denominated senior unsecured Convertible Bonds and US\$250 million US\$ denominated senior unsecured Convertible Bonds due in June 2022 ("**the Convertible Bonds**"). Full details of the Convertible Bonds are contained in the Circular to Implats Shareholders to be dated on or about 21 June 2017. In terms of section 5.53 of the JSE Listings Requirements, the Board is required to obtain a fairness opinion from an independent professional expert acceptable to the JSE.

The Board has therefore requested PricewaterhouseCoopers Corporate Finance Proprietary Limited ("**PwC Corporate Finance**") to act as independent professional expert in terms of the JSE Listings Requirements and to provide an opinion as to whether the issue of the Convertible Bonds is fair as far as the Implats Shareholders are concerned.

#### 2. Definition of fair

The JSE Limited requires an opinion on fairness which, in the case of the Convertible Bonds, would be considered fair if the consideration received by Implats is equal to, or greater than the underlying value of the Convertible Bonds being issued.

This fairness opinion does not purport to cater for individual shareholders' positions but rather the general body of shareholders. A shareholder's decision regarding fairness of the terms of a transaction may be influenced by his or her particular circumstances (for example taxation and the price paid for the shares). Should a shareholder be in doubt, he or she should consult an independent adviser as to the merits of the Convertible Bonds, considering his/her personal circumstances.

#### 3. Valuation

As part of our procedures we performed a detailed valuation of the Convertible Bonds using standard valuation techniques. The Convertible Bonds offer the holders the option to convert the debt instrument to Implats ordinary shares, resulting in an embedded option forming part of instrument. In order to calculate the market value of the Convertible Bonds we used a binomial lattice tree model that considers both the debt component and embedded option inherent in the Convertible Bonds. The model uses observed market data as its primary inputs. The key assumptions used in our valuation are outlined in the Assumptions section below.

#### 4. Sources of information

In the course of our analysis, we relied upon financial and other information obtained from the management of Implats ("**Implats management**"), together with industry related and other information in the public domain. Our conclusion is dependent on such information, which is listed below, being accurate in all material aspects.

The principal sources of information used in formulating our opinion are as follows:

- The final term sheets pertaining to the Convertible Bonds dated 25 May 2017;
- The draft circular to Implats Shareholders relating to the Convertible Bonds issue;
- Current zero-coupon interest rate curves sourced from Standard Bank and the Bond Exchange of South Africa;
- Audited financial statements of Implats for the years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- Unaudited interim financial results of Implats for the six months ended 31 December 2016;
- Historical JSE Limited share trading data for Implats;
- Information sourced from the Implats website;
- Financial data from CapitalIQ, Bloomberg and McGregor BFA;
- Selected stockbroker analyst reports covering Implats;
- Comparative publicly available financial information on suitable listed peer companies; and
- Discussions with Implats management and their advisers on aspects of the Convertible Bonds issue.

Where practicable, we have corroborated the reasonableness of the information provided to us for the purpose of supporting our opinion, whether in writing or obtained through discussions with Implats management.

#### **Key internal and external value drivers**

The key internal and external value drivers considered in our valuation analysis included the reference share price, coupon rates, conversion premiums, volatility ranges, credit spreads and dividend yields for Implats.

- Input parameters in the binomial lattice tree model for the ZAR Convertible Bond included a reference share price of R37.7428, a coupon rate of 6.375%, a conversion premium of 32.5% above the reference share price, a volatility range of between 32% and 38%, a credit spread range of between 420 and 480 basis points and a dividend yield of 0%. These assumptions were implied from observed market data; and
- Input parameters in the binomial lattice tree model for the US\$ Convertible Bond included a reference share price of US\$2.9364, a coupon rate of 3.25%, a conversion premium of 32.5%, a volatility range of between 32% and 38%, a credit spread range of between 520 and 580 basis points and a dividend yield of 0%. These assumptions were implied from observed market data.

#### **5. Procedures**

The procedures we performed comprised the following:

- We conducted a high level review of the trading history of the Implats ordinary shares, including reviewing available analyst reports to gain comfort that the current share price, which was used in calculating the market value of the Convertible Bonds, is a reasonable basis for the Convertible Bond valuations. However, our engagement did not include performing a comprehensive valuation of the Implats Ordinary Shares;
- We reviewed the final term sheets in respect of the Convertible Bonds issue;
- In conjunction with our in-house option modelling team, used option pricing techniques to determine the market value of the Convertible Bonds;
- In particular, we utilised a binomial lattice tree model that uses observable market prices as inputs to the model. This approach provides an objective valuation of the Convertible Bonds that is consistent with the way in which market participants price similar assets in the market. This is achieved through using standard techniques and market consistent assumptions; and
- We held discussions with Implats management and their advisers to clarify and resolve other material issues.

#### **6. Assumptions**

Our opinion is based on the following key assumptions:

- Current economic, regulatory and market conditions will not change materially;
- The Implats share price as quoted on the JSE Limited exchange is an accurate reflection of the market value of an ordinary share of Implats;
- The input parameters applied in the valuation of the Convertible Bonds issue, which are mainly based on observed market data are reasonable;
- Implats is not involved in any other material legal proceedings other than those conducted in the ordinary course of business;
- Implats has no material outstanding disputes with the South African Revenue Service; and
- Representations made by Implats management during the course of forming this opinion.

#### **7. Opinion**

Our opinion is based on the current economic, market, regulatory and other conditions and the information made available to us by Implats management up to 14 June 2017. Accordingly, subsequent developments may affect this opinion, which we are under no obligation to update, revise or reaffirm.

Based upon our analysis, subject to the foregoing and after taking into account all financial and non-financial considerations, we are of the opinion that the terms and conditions in respect of the Convertible Bonds are fair to the ordinary shareholders of Implats.

#### **8. Independence**

We confirm that PwC Corporate Finance holds no shares in Implats, directly or indirectly. We have no interest, direct or indirect, beneficial or non-beneficial, in Implats or the outcome of the Convertible Bond issue.

#### **9. Limiting conditions**

This letter and opinion has been prepared solely for the Board of Implats in connection with and for the purposes of the Convertible Bond issue in terms of JSE Listings Requirements. Therefore it shall not be relied upon for any other purpose. We assume no responsibility to anyone if this letter and opinion are used for anything other than their intended purpose.

While our work has involved an analysis of financial information and the preparation of financial models, our engagement does not include an audit in accordance with International Standards on Auditing of Implats' business records and financial data. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion.

The valuation of companies and businesses, and in particular exercises involving the valuation of instruments with embedded options, is not a precise science, and conclusions arrived at in many cases will necessarily be subjective and dependent on the exercise of individual judgement. Further, while we consider our opinion to be defensible based on the information available to us others may have a different view and arrive at a different conclusion.

Yours faithfully

**PricewaterhouseCoopers Corporate Finance Proprietary Limited**

2 Eglin Road  
Sunninghill 2157  
South Africa

**Matthew Human**

**Director**

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## INDEPENDENT REPORTING ACCOUNTANTS' REPORT

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15 June 2017

The Directors  
Impala Platinum Holdings Limited  
2 Fricker Road  
Illovo  
Sandton  
2196

### INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION OF IMPALA PLATINUM HOLDINGS LIMITED

#### Introduction

Impala Platinum Holdings Limited ("**Implats**" or "**the Company**") is issuing a circular to its shareholders ("**the Circular**") regarding the offer for cash by Implats to 2018 Convertible Bond holders to purchase the 2018 Convertible Bonds (the "Tender Offer") and the placement of 2022 Convertible Bonds and subsequent approval for the issue of Implats Shares upon conversion of the 2022 Convertible Bonds (together the "**Proposed Transaction**").

At your request and solely for the purposes of the Circular to be dated on or about 22 June 2017, we present our assurance report on the compilation of the *pro forma* financial information of Implats by the directors. The *pro forma* financial information, presented in paragraph 8 to the Circular, consists of the *pro forma* statement of financial position as at 31 December 2016, the *pro forma* statement of comprehensive income for the six months ended 31 December 2016 and the *pro forma* financial effects ("**the Pro Forma Financial Information**"). The *Pro Forma* Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *Pro Forma* Financial Information has been compiled by the directors to illustrate the impact of the Proposed Transaction on the Company's reported financial position as at 31 December 2016, and the Company's financial performance for the six months then ended, as if the Proposed Transaction had taken place at 31 December 2016 and 1 July 2016, respectively. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the six months ended 31 December 2016, on which a review report has been published.

#### Directors' responsibility

The Directors of Implats are responsible for the compilation, contents and presentation of the *Pro Forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 8. The Directors of Implats are also responsible for the financial information from which it has been prepared.

#### Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors ("IRBA Code"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants ("**Part A and B**").

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the Directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements ("**ISAE**") 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro Forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro Forma* Financial Information.

As the purpose of *Pro Forma* Financial Information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *Pro Forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *Pro Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Opinion**

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 8 of the Circular.

#### **PricewaterhouseCoopers Inc.**

Director: AJ Rossouw

Registered auditor

Sunninghill

## SHARE PRICE HISTORY

The high, low and closing prices of Ordinary Shares on the JSE and the volumes and values traded were as follows:

### Share price history

Date	High (Rand)	Low (Rand)	Closing price (Rand)	Volume (Shares)	Volume traded (Rand)
<b>Monthly</b>					
June 2016	48.28	43.50	44.55	63 963.20	2 957 599.00
July 2016	53.00	51.20	52.00	51 163.60	2 591 079.00
August 2016	61.68	58.65	60.47	85 760.20	5 379 693.00
September 2016	68.22	65.76	67.50	79 139.30	5 123 365.00
October 2016	55.80	53.00	55.58	109 074.00	6 807 539.00
November 2016	48.17	45.96	47.06	83 247.00	4 396 607.00
December 2016	41.99	40.89	40.96	84 855.60	3 627 997.00
January 2017	58.89	53.31	53.50	85 828.70	4 201 796.00
February 2017	47.69	44.17	45.50	87 649.90	4 556 364.00
March 2017	43.98	41.59	42.20	87 765.90	3 718 430.00
April 2017	44.95	43.59	44.08	64 352.40	3 012 299.00
May 2017	39.73	33.92	37.50	103 184.90	4 164 319.00
<b>Daily</b>					
2017/05/04	41.94	40.10	41.23	2 916.60	120 325.90
2017/05/05	42.49	40.84	41.40	5 329.70	220 343.90
2017/05/08	42.12	40.45	40.55	2 869.50	117 630.80
2017/05/09	41.91	40.44	41.65	2 788.80	115 483.10
2017/05/10	44.50	41.52	43.85	4 674.30	202 905.60
2017/05/11	44.36	43.43	43.93	2 177.90	95 322.40
2017/05/12	44.48	42.23	42.75	3 480.20	149 440.10
2017/05/15	43.98	42.45	43.98	1 436.30	62 362.70
2017/05/16	43.69	42.33	43.28	2 730.20	117 364.50
2017/05/17	44.66	42.61	42.80	3 581.20	155 223.10
2017/05/18	43.24	41.71	42.24	2 700.70	114 539.00
2017/05/19	43.53	41.72	42.99	2 405.80	102 954.20
2017/05/22	43.74	41.32	43.65	3 055.70	129 041.20
2017/05/23	44.39	42.96	43.91	2 050.70	89 783.40
2017/05/24	43.64	41.00	41.56	2 392.40	100 932.40
2017/05/25	39.73	33.92	37.50	45 671.40	1 723 768.00
2017/05/26	38.43	36.69	37.00	11 222.40	422 147.50
2017/05/29	38.00	36.55	37.22	2 685.30	99 749.80
2017/05/30	37.40	36.30	36.64	7 237.50	266 041.70
2017/05/31	37.19	36.60	36.77	7 696.50	283 407.30
2017/06/01	37.70	35.06	35.06	16 081.90	578 081.40
2017/06/02	36.12	35.00	35.27	5 160.10	182 588.90
2017/06/05	37.98	33.64	36.46	7 711.20	269 722.10
2017/06/06	37.54	35.16	37.33	9 889.70	359 728.00
2017/06/07	38.51	36.37	36.50	8 387.60	314 711.20
2017/06/08	37.11	34.85	35.24	4 827.30	170 175.10
2017/06/09	36.91	34.49	36.70	5 554.90	201 522.30
2017/06/12	37.34	35.83	36.46	7 524.80	276 158.20
2017/06/13	38.05	36.18	36.88	7 640.80	282 628.30
2017/06/14	37.78	36.38	37.39	6 670.70	249 662.90

Source: Thomson Reuters

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**INFORMATION ON DIRECTORS**


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**Details relating to Directors:**

The full names, positions, dates of appointment, ages, business addresses, qualifications and experience of the Directors as at the Last Practicable Date are set out below:

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Qualifications</b>	<b>Experience</b>	<b>Business address</b>
<b>Independent non-executive Directors</b>					
MSV Gantsho	55		BCom (Hons), CTA, CA(SA), MSc, MPhil, PhD	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 SARB. Currently the chairman of Africa Rising Capital, Sasol Limited and Ithala Development Finance Corporation.	2 Fricker Road Illovo Johannesburg
HC Cameron	66		BCom, BAcc, CA(SA)	Appointed to the Board in November 2010 as an independent non-executive director. 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.	2 Fricker Road Illovo Johannesburg
PW Davey	64		BSc (Hons) Mining Engineering, MBA	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.	2 Fricker Road Illovo Johannesburg
AS Macfarlane	66		MSc Mining Engineering	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.	2 Fricker Road Illovo Johannesburg
ND Moyo	65		BSc (Hons) Physics, MBA, PhD	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 a senior adviser and associate for the International Finance Corporation. He is currently an independent non-executive director for Old Mutual PLC.	2 Fricker Road Illovo Johannesburg

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Name	Age	Position	Qualifications	Experience	Business address
B Ngonyama	42		BCompt (Hons), CA(SA), MBA	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 Hollard Life Assurance Company, Clover Industries Limited and Aspen Pharmacare Holdings.	2 Fricker Road Illovo Johannesburg
MEK Nkeli	52		BSc Environmental Studies, MBA	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 and Sasol Limited.	2 Fricker Road Illovo Johannesburg
FS Mufamadi	58		MSc and PhD Oriental and African Studies	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 Limited.	2 Fricker Road Illovo Johannesburg
ZB Swanepoel	56		BSc Mining Engineering and BCom (Hons)	Appointed in March 2015. Non-executive director of African Rainbow Minerals, Eqstra Holdings Limited and Zimplats Holdings Limited.	2 Fricker Road Illovo Johannesburg
<b>Non-executive Directors</b>					
A Kekana	44		BCom, Higher Diploma in Accounting, CA(SA)	Appointed in August 2013 as a non-executive director representing Royal Bafokeng Holdings Proprietary 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.	37 High Street, Melrose Arch Melrose, Johannesburg
<b>Executive Directors</b>					
NJ Muller	50	CEO	BSc Mining Engineering	Appointed to the Board on 3 April 2017 as chief executive officer and executive director.	2 Fricker Road Illovo Johannesburg
B Berlin	52	CFO	BCom, BAcc, CA(SA)	Appointed to the Board in February 2011. Joined the Company in 2004 as commercial executive before being appointed as a group chief financial officer.	2 Fricker Road Illovo Johannesburg



## IMPALA PLATINUM HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)  
Registration number 1957/001979/06  
ISIN: ZAE000083648 JSE share code: IMP  
ADR code: IMPUY  
("Implats" or "the Company")

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### NOTICE OF GENERAL MEETING

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The definitions and interpretations commencing on page 4 of the Circular apply, *mutatis mutandis*, to this notice.

#### 1. NOTICE OF GENERAL MEETING

Notice is hereby given that a Meeting of Shareholders of the Company will be held at the Company's registered office, 2 Fricker Road, Illovo, Johannesburg on Monday, 24 July 2017 at 11:00 (South African time).

#### 2. WHO MAY ATTEND AND VOTE?

If you hold Dematerialised Shares which are registered in your name or if you are the registered holder of Certificated Shares:

- you may attend, speak and vote at the Shareholders' Meeting in person; or
- alternatively, you may appoint a proxy to represent you at the Shareholders' Meeting and to attend, participate in, and speak and vote at the Shareholders' Meeting in your place by completing the attached form of proxy in accordance with the instructions it contains and returning it to the Company secretary or transfer secretaries at their addresses set out below to be received not later than 11:00 (SA time) on Friday, 21 July 2017. A proxy need not be a Shareholder of the Company.

If you hold Dematerialised Shares which are not registered in your name and:

- wish to attend the Shareholders' Meeting, you must obtain the necessary letter of representation from your CSDP or broker; or
- do not wish to attend the Shareholders' Meeting, but would like your vote to be recorded at the Shareholders' Meeting, you should contact your CSDP or broker and furnish them with your voting instructions. You must not complete the attached form of proxy.

ADRs proxy and voting instructions to be given to Deutsche Bank ADR Services, the depositary for the ADRs in accordance with the instructions on the form.

The date on which Implats Shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for purposes of being entitled to attend and vote at this Shareholders' Meeting as determined in terms of section 59(3)(b) of the Companies Act is Friday, 14 July 2017 ("**Voting Record Date**").

All meeting participants will be required to provide identification reasonably satisfactory to the chairperson of the meeting. Forms of identification include valid identity documents, driver's licences and passports.

#### Electronic participation

Shareholders wishing to participate electronically in the Shareholders' Meeting are required to deliver written notice to the Company at the addresses given (marked for the attention of the Company secretary), stating that they wish to participate via electronic communication at the Shareholders' Meeting (the "**electronic notice**"). In order for the transfer secretaries to arrange for the shareholders (or its representative) to provide reasonably satisfactory identification as set out below and in section 63(1) of the Companies Act and to provide the shareholder (or its representative) with details as to how to access any electronic participation. The notice must reach the aforementioned by no later than at 10:00 on Monday, 17 July 2017. In order for the electronic notice to be valid it must contain:

- (a) if the shareholder is an individual, a certified copy of his/her identity document and/or passport;
- (b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution – the relevant resolution must set out who, from the relevant entity is authorised to represent the relevant entity at the Shareholders' Meeting via electronic communication; and
- (c) a valid email address and/or facsimile number (the "**contact address/number**").

Note that shareholders will merely be able to participate, but not vote, via electronic communication.

By no later than 24 hours prior to the time of the Shareholders' Meeting, the Company shall use its reasonable endeavours to notify a shareholder at its contact address/number who has delivered a valid electronic notice of the relevant details through which the shareholder can participate via electronic communication.

The Company reserves the right not to provide for electronic participation at the Shareholders' Meeting in the event that it determines that it is not practical to do so.

The costs of accessing any means of electronic participation provided by the Company will be borne by the shareholder so accessing the electronic participation.

Votes at the Shareholders' Meeting will be conducted by way of a poll and not on a show of hands.

If you are in any doubt as to what action you should take arising from the following resolutions, please consult your stockbroker, banker, attorney, accountant or other professional adviser immediately.

### 3. PURPOSE OF THE GENERAL MEETING

The purpose of this Shareholders' Meeting is to consider and, if deemed fit, to pass, with or without modification, the resolutions set out below.

#### AMENDMENT OF MOI

##### **SPECIAL RESOLUTION NUMBER 1 – CONVERSION OF SHARE CAPITAL FROM PAR VALUE SHARES TO NO PAR VALUE SHARES**

**RESOLVED THAT**, the 844 008 000 Ordinary Shares, of which 734 778 378 are in issue, in the capital of the Company be and are hereby converted into 844 008 000 ordinary no par value shares, of which 734 778 378 ordinary no par value shares are in issue.

##### **SPECIAL RESOLUTION NUMBER 2 – INCREASE IN THE COMPANY'S AUTHORISED BUT UNISSUED SHARE CAPITAL**

**RESOLVED THAT**, the authorised shares in the Company be and are hereby increased by the creation of a further 100 000 000 Ordinary Shares with no par value, all of which shall have the preferences, rights, limitations and other terms set out in the MOI.

##### **SPECIAL RESOLUTION NUMBER 3 – AUTHORISATION FOR THE AMENDMENT OF THE COMPANY'S MOI**

**RESOLVED THAT**, the MOI of the Company be amended as follows:

- article 7(3) of the MOI is deleted and replaced with the following new article 7(3):  
"The Company is authorised to issue 944 008 000 ordinary no par value shares (which includes Shares already issued at any time)";
- article 8(7) of the MOI is deleted and replaced with the following new article 8(7):  
"Save for the bookbuild placement of unissued ordinary Shares for cash as approved by the Shareholders in a Shareholders' Meeting held on 24 July 2017, unissued Shares shall be offered to existing holders *pro rata* to their holdings of Shares, unless Shares are to be issued for an acquisition of assets. However, Shareholders in a Shareholders' Meeting may authorise the Directors to issue unissued Shares and/or grant options to subscribe for unissued Shares as the Directors in their discretion think fit, provided that such transactions(s) has/have been approved by the JSE and are subject to the JSE Requirements";
- article 13 of the MOI is deleted and replaced with the following new article 13:  
**"Fractions of Securities**  
If, as a result of a corporate action or event, including any capitalisation issue, consolidation or subdivision of Securities, or other transaction with the Company, holders would, but for the provisions of this MOI, become entitled to fractions of Securities, all allocations of such Securities will be rounded down to the nearest whole number resulting in allocations of whole securities and a cash payment for the fraction shall be dealt with in accordance with the JSE Requirements."

#### Reason for the Special Resolutions

The reason for proposing the above Special Resolutions is to seek the approval of the Shareholders to amend the MOI to among other things, (i) grant the Board a specific authority and approval for the Directors of the Company to allot and issue authorised but unissued share capital of the Company for cash, to the bondholders on the exercise of the conversion rights in accordance with the Terms and Conditions; (ii) increase the number of authorised Ordinary Shares (pursuant to a conversion from par value Ordinary Shares to no par value Ordinary Shares) in order to ensure there is a sufficient number of Ordinary Shares for the issue to the bondholders on the exercise of conversion rights in accordance with the Terms and Conditions; and (iii) to update the MOI so as to comply with the current JSE Listings Requirements in relation fractions of securities. A report prepared by the Board in relation to the conversion of the par value Ordinary Shares to no par value Ordinary Shares in terms of Regulation 31(7) of the Regulations to the Companies Act is attached.

#### Percentage of voting rights required

In terms of the Companies Act, in order for each of the above Special Resolutions to be approved by shareholders, they must each be supported by at least 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at the Shareholders' Meeting.

#### ORDINARY RESOLUTION – APPROVAL OF CONVERSION ISSUE

"It is resolved as an Ordinary Resolution:

- that the Company, in accordance with the Terms and Conditions (the "**Terms and Conditions**") on which Implats issued the 2022 Convertible Bonds, issues the Ordinary Shares in the issued share capital of the Company to those holders of the 2022 Convertible Bonds who have exercised their rights to convert their 2022 Convertible Bonds into Ordinary Shares and that the Board be authorised to take all the steps and actions that may be required to issue those Ordinary Shares to those holders in accordance with the Terms and Conditions. The number of Ordinary Shares to be issued to a holder of a 2022 Convertible Bond who has exercised his/her right to convert his/her 2022 Convertible Bonds to Ordinary Shares will be determined by the Terms and Conditions;
- in particular that in terms of the JSE Listings Requirements, the issue to Allan Gray and/or any of its associates and to every other Related Party of the number of Ordinary Shares that each one of them will become entitled to by virtue of the exercise of their rights to convert the 2022 Convertible Bonds held by them or that may be held by them to Ordinary Shares, are approved;
- that unless adjusted in terms of the Terms and Conditions:
  - the 2022 US\$ Convertible Bonds will be convertible into Ordinary Shares at a conversion price (or subscription price) of US\$3.8907 per Ordinary Share; and
  - that unless adjusted in terms of the Terms and Conditions, the 2022 ZAR Convertible Bonds will be convertible into Ordinary Shares at a conversion price (or subscription price) of ZAR50.0092 per Ordinary Share, provided that the number of Ordinary Shares that may be issued in terms of this Ordinary Resolution is limited to a maximum of 175 000 000 Ordinary Shares."

### **Reason for the Ordinary Resolution**

The reason for proposing the above Ordinary Resolution is to seek a specific authority and approval for the Directors to allot and issue up to a maximum of 175 000 000 no par value Ordinary Shares in the authorised but unissued share capital of the Company, to the holders of the 2022 ZAR Convertible Bonds and the 2022 US\$ Convertible Bonds, as issued by the Company (the “**2022 Convertible Bonds**”) that have exercised their rights to convert their 2022 Convertible Bonds into Ordinary Shares.

This Ordinary Resolution will grant the Directors the authority to issue Ordinary Shares in the issued share capital of the Company to those holders of 2022 Convertible Bonds that have exercised their rights to convert their 2022 Convertible Bonds into Ordinary Shares.

### **Percentage of voting rights required**

The percentage of voting rights that will be required for Shareholders to pass this Ordinary Resolution is a 75% (seventy-five percent) majority of the votes cast in favour of the resolution by all the Shareholders present in person or represented by proxy at the Shareholders’ Meeting. In terms of the JSE Listings Requirements, the votes attaching to the Ordinary Shares of Allan Gray and any of its associates, the Company’s treasury shares and Ordinary Shares held by the Share Scheme will not be counted for purposes of the Ordinary Resolution.

## **4. PROXIES**

A shareholder of the Company entitled to attend, speak and vote at the Shareholders’ Meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. The proxy need not be a shareholder of the Company.

A form of proxy (*pink*), which sets out the relevant instructions for its completion, is attached for use by Certificated Shareholders and Dematerialised Shareholders with “own name” registration who cannot attend the Shareholders’ Meeting, but who wish to be represented thereat. The instrument appointing a proxy and the authority, if any, under which it is signed must be received by the Company or its South African or United Kingdom transfer secretaries at the addresses given below by no later than 11:00 (South African time) on Friday, 21 July 2017. Implants Shareholders may lodge completed forms of proxy with the chairman of the Shareholders’ Meeting at any time prior to the commencement of the voting at the Shareholders’ Meeting.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant (“**CSDP**”) or broker, other than those shareholders who have dematerialised their shares in “own name” registrations, and all beneficial owners of shares who hold certificated shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions. Voting instructions must reach the CSDP, broker or nominee in sufficient time and in accordance with the custody agreement between the beneficial owner and the CSDP, broker or nominee as the case may be, to allow the CSDP, broker or nominee to carry out the instructions and lodge the required authority by 11:00 (South African time) on Friday, 21 July 2017.

Should beneficial owners wish to attend the Shareholders’ Meeting in person, they may do so by requesting their CSDP, broker or nominee to issue them with a letter of representation.

Shareholders who hold certificated shares in their own name and Shareholders who have dematerialised their shares in “own name” registrations must lodge, fax or email completed proxy forms at the registered office of the Company or with the Company’s South African or United Kingdom transfer secretaries at the addresses below, to reach them by no later than 11:00 on Friday, 21 July 2017.

## **FOR IMPALA PLATINUM HOLDINGS LIMITED**

### **TT Liale**

*Group Company secretary*

22 June 2017

### **Company secretary**

2 Fricker Road, Illovo  
Johannesburg, 2196, South Africa  
Facsimile: +27 (0) 11 731 9254  
Email: tebogo.llale@implats.co.za

### **South African transfer secretaries**

Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Biermann Avenue  
Rosebank, 2196  
(PO Box 61051, Marshalltown, 2107)  
Facsimile: +27 (0) 11 688 5238

### **United Kingdom transfer secretaries**

Computershare Investor Services PLC  
The Pavillions, Bridgewater Road  
Bristol, BS99 6ZY  
Facsimile: +44 (0) 870 703 6322



## IMPALA PLATINUM HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1957/001979/06

ISIN: ZAE000083648 JSE share code: IMP

ADR code: IMPUY

("Implats" or "the Company")

### FORM OF PROXY

**For use only by:**

- Certificated Ordinary Shareholders; and
- Dematerialised Ordinary Shareholders with "own name" registrations.

**At the meeting of shareholders of Implats to be held at 2 Fricker Road, Illovo, Sandton, South Africa at 11:00 on Monday, 24 July 2017 and any adjournment thereof ("the Shareholders' Meeting").**

Dematerialised Shareholders holding shares other than with "own name" registration, must inform their CSDP or broker of their intention to attend the Shareholders' Meeting and request their CSDP or broker to issue them with the necessary letter of representation to attend the Shareholders' Meeting in person.

If you do not wish to attend the Shareholders' Meeting, provide your CSDP or broker with your voting instruction in terms of your custody agreement.

I/We

(Name/s in BLOCK LETTERS)

Of

(Address)

Telephone number

Cell phone number

Email address

Being a shareholder/shareholders of Implats and holding \_\_\_\_\_ Ordinary Shares in the Company, hereby appoint

1. \_\_\_\_\_ or, failing him/her

2. \_\_\_\_\_ or, failing him/her

3. the Chairman of the Shareholders' Meeting; as my proxy to act for me/us at the Shareholders' Meeting of the Company to be held at 11:00 on Monday, 24 July 2017 at Illovo, and at any adjournment thereof:

	Number of Ordinary Shares		
	In favour of	Against	Abstain
<b>Special Resolution Number 1 – Conversion of share capital</b>			
<b>Special Resolution Number 2 – Increase of authorised share capital</b>			
<b>Special Resolution Number 3 – Amendment of MOI</b>			
<b>Ordinary Resolution – Approval of conversion issue</b>			

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2017

Name in BLOCK LETTERS

Shareholder's signature

(Initials and surname of joint holders, if any)

**Please read the notes on the reverse hereof.**

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## NOTES TO THE FORM OF PROXY

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1. This form of proxy must only be used by Certificated Ordinary Shareholders or Dematerialised Ordinary Shareholders who hold dematerialised Ordinary Shares with "own name" registration.
2. Dematerialised Ordinary Shareholders are reminded that the onus is on them to communicate with their CSDP or broker.
3. Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder(s) of the Company) to attend, speak and vote in place of that shareholder at the Shareholders' Meeting.
4. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the Shareholders' Meeting". The person whose name stands first on the form of proxy and who is present at the Shareholders' Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box(es) provided or to mark the relevant box(es). If a box is marked without inserting a number of votes it is deemed that the proxy may exercise all the votes of the shareholder. Failure to comply with the above will be deemed to authorise the chairman of the Shareholders' Meeting to vote in favour of the Special Resolution at the Shareholders' Meeting, or any other proxy to vote or to abstain from voting at the Shareholders' Meeting as he/she deems fit, in respect of the shareholder's total holding.
6. Summary of rights established by section 58 of the Companies Act:
  - 6.1 At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:
    - participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
    - give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.
  - 6.2 A proxy appointment:
    - must be in writing, dated and signed by the shareholder; and
    - remains valid for:
      - one (1) year after the date on which it was signed; or
      - any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4) (c), or expires earlier as contemplated in subsection (8)(d).
  - 6.3 Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
    - a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
    - a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
    - a copy of the instrument appointing a proxy must be delivered to the Company, or to any other person on behalf of the Company, before the proxy exercises any rights of the shareholder at a Shareholders' Meeting.
  - 6.4 Irrespective of the form of instrument used to appoint a proxy:
    - the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
    - the appointment is revocable unless the proxy appointment expressly states otherwise; and
    - if the appointment is revocable, a shareholder may revoke the proxy appointment by:
      - cancelling it in writing, or making a later inconsistent appointment of a proxy; and
      - delivering a copy of the revocation instrument to the proxy, and to the company.
  - 6.5 The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
    - the date stated in the revocation instrument, if any; or
    - the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).
  - 6.6 If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's MOI to be delivered by the Company to the shareholder must be delivered by the Company to:
    - the shareholder; or
    - the proxy or proxies, if the shareholder has:
      - directed the Company to do so, in writing; and
      - paid any reasonable fee charged by the Company for doing so.
  - 6.7 A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Mo I, or the instrument appointing the proxy, provides otherwise.
  - 6.8 If a company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of instrument for appointing a proxy:
    - the invitation must be sent to every shareholder who is entitled to notice of the Meeting at which the proxy is intended to be exercised;
    - the invitation, or form of instrument supplied by the Company for the purpose of appointing a proxy, must:
      - bear a reasonably prominent summary of the rights established by this section;
      - contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
      - provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
    - the Company must not require that the proxy appointment be made irrevocable; and
    - the proxy appointment remains valid only until the end of the Meeting at which it was intended to be used, subject to subsection (5).
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company's transfer secretaries or waived by the chairman of the Shareholders' Meeting.
8. The chairman of the Shareholders' Meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
9. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
10. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Shareholders' Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
11. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.
12. Where there are joint holders of any shares:
  - any one holder may sign this form of proxy;
  - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of shareholders appear in the Company's register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. The proxy may not delegate any of the rights or powers granted to it.
14. Forms of proxy must be lodged with or posted to the Company's transfer secretaries to be received not later than 24 hours (excluding Saturdays, Sundays and public holidays) before the time of the Shareholders' Meeting.

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## REPORT PREPARED BY THE BOARD IN TERMS OF REGULATION 31(7) OF THE REGULATIONS

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### 1. Introduction

- 1.1 Unless expressly stipulated, the definitions commencing on page 4 of this Circular apply, *mutatis mutandis*, to this report.
- 1.2 To the extent that holders of the 2022 Convertible Bonds exercise their rights to convert their 2022 Convertible Bonds into Ordinary Shares in accordance with the Terms and Conditions, subject to the applicable shareholder approval being obtained, the Board will be required to issue Ordinary Shares to the relevant holders of the 2022 Convertible Bonds. It is necessary to increase the authorised share capital of the Company as there are insufficient authorised but unissued Ordinary Shares to implement the aforementioned issue of Ordinary Shares.
- 1.3 The entire authorised and unissued Ordinary Share capital of the Company currently comprise of par value Ordinary Shares.
- 1.4 The Companies Act changed the share capital regime in South Africa in that *inter alia*, new shares created may no longer have a par value, and although companies with par value shares are not required to convert their par value shares into no par value shares, the Company will not be permitted to increase its authorised share capital by the creation of further par value shares.
- 1.5 In order to authorise the requisite increase in the Company's authorised share capital, it is accordingly necessary for the Company to undertake the conversion in order to convert all of its authorised and issued ordinary par value shares into no par value shares, having the same rights and privileges as those currently attaching to the par value shares.
- 1.6 In terms of the Companies Act and the Regulations, the Company may convert all of its par value shares into no par value shares if adopted by a special resolution of the shareholders. In addition, and in terms of Regulation 31(7) of Part D of the Regulations, the Board must publish a report in respect of the proposed resolution to convert the par value shares into no par value shares. This document constitutes that report of the Board.

### 2. Definitions

- 2.1 "**Conversion**" means the proposed conversion of the Ordinary Shares to ordinary no par value shares, without detracting from any of the rights currently associated with the Ordinary Shares;
  - 2.2 "**Regulations**" means the regulations promulgated under the Companies Act, and "**Regulation**" shall be construed accordingly.
3. In order to comply with, *inter alia*, the provisions of Regulation 31(6), the Board proposes that the Implats Shareholders adopt *inter alia* the following Special Resolutions:
- 3.1 **Special Resolution 1**  
Resolved that, the 844 008 000 Ordinary Shares, of which 734 778 378 are in issue, in the capital of the Company be and are hereby converted into 844 008 000 ordinary no par value shares, of which 734 778 378 ordinary no par value shares are in issue.
  - 3.2 **Special Resolution 2**  
Resolved that, the authorised Ordinary Shares be and are hereby increased by the creation of a further 100 000 000 ordinary shares with no par value, all of which shall have the preferences, rights, limitations and other terms set out in the MOI.
  - 3.3 **Special Resolution 3**  
Resolved that, the MOI of the Company be amended as follows:
    - 3.3.1 article 7(3) of the MOI is deleted and replaced with the following new article 7(3):  
"The Company is authorised to issue 944 008 000 ordinary no par value shares (which includes Shares already issued at any time)";
    - 3.3.2 article 8(7) of the MOI is deleted and replaced with the following new article 8(7):

"Save for the bookbuild placement of unissued ordinary Shares for cash as approved by the Shareholders in a Shareholders' Meeting held on 24 July 2017, unissued Shares shall be offered to existing holders *pro rata* to their holdings of Shares, unless Shares are to be issued for an acquisition of assets. However, Shareholders in a Shareholders' Meeting may authorise the Directors to issue unissued Shares and/or grant options to subscribe for unissued Shares as the Directors in their discretion think fit, provided that such transaction(s) has/have been approved by the JSE and are subject to the JSE Requirements."

### 4. Further information and effect

This paragraph 4 sets out the disclosure required to be made as contemplated in Regulation 31(7) to the holders of the Ordinary Shares.

- 4.1 **Information that may affect the value of the Securities affected by the Conversion**  
The value of each of the Ordinary Shares will be unaffected by the Conversion as none of the underlying rights of the holder of the Ordinary Shares will be affected by the Conversion.
- 4.2 **Classes of holders of Securities affected by the Conversion**  
The Conversion will affect all registered holders of the Ordinary Shares.

4.3 **Material effects that the conversion will have on the rights of the holders of Securities affected by the conversion**  
None of the rights of the registered holders of the Ordinary Shares will be affected by the Conversion.

4.4 **Material adverse effects of the proposed arrangement against the compensation that any of those persons will receive in terms of the arrangement**  
No compensation will be received by any persons pursuant to the conversion contemplated herein and there will be no material adverse effects as a result of the conversion.

By order of the Board

**Brenda Berlin**  
Director

22 June 2017