The PGM supply conundrum
14 September 2016

Deutsche Bank
Metals and Mining Conference
(London)
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Introducing Implats

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

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

Our Mission

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

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

Key deliverables

- Restore Impala output to 830kozpa by 2020
  - Deliver on new 16 and 20 Shaft complexes
  - Recommission 14 Shaft bottom section
  - Optimise 1, 10, 11, 12 and 14 Shafts
- Maintain Zimplats at 260kozpa
  - Restore Bimha and initiate Portal 6
- Build and maintain Marula at 90kozpa
- Maintain production at Two Rivers and Mimosa
- Build on successful IRS model
- Optimize mining efficiencies
- Continue with cost optimisation
- Rationalise and prioritise capital allocation
  - Retain 17 Shaft and Leeuwkop optionality
- Maintain strong balance sheet
Reserves and resources

MINERAL RESERVES VS REAL BASKET PRICE

ATTRIBUTABLE MINERAL RESOURCES OF 194MOZ PT (%)

- Zimplats
- Impala
- Afplats
- Two Rivers
- Imbase and Inkosi
- Marula
- Mimos

ATTRIBUTABLE MINERAL RESERVES OF 21.6MOZ PT (%)

- Impala
- Zimplats
- Marula
- Two Rivers
- Mimos
Continuing to invest through the cycle

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

<table>
<thead>
<tr>
<th>Major capital projects</th>
<th>20 Shaft</th>
<th>16 Shaft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital spend for 2016*</td>
<td>R753 million</td>
<td>R544 million</td>
</tr>
<tr>
<td>Remaining capital spend*</td>
<td>R1 607 million</td>
<td>R968 million</td>
</tr>
<tr>
<td>Design capacity reached</td>
<td>2019/20</td>
<td>2020/21</td>
</tr>
<tr>
<td>Steady-state throughput</td>
<td>1.7mtpa</td>
<td>2.7mtpa</td>
</tr>
<tr>
<td>Steady-state platinum production</td>
<td>125kozpa</td>
<td>185kozpa</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tonnes milled (000)</td>
<td>562</td>
<td>770</td>
<td>292</td>
<td>489</td>
</tr>
<tr>
<td></td>
<td>+37%</td>
<td>+68%</td>
<td></td>
<td></td>
</tr>
</tbody>
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*Includes off-reef development until end 2018
The challenge of new production

<table>
<thead>
<tr>
<th></th>
<th>Western Limb</th>
<th>Zimbabwe</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average depth</strong></td>
<td>1,000 to 1,500 metres</td>
<td>200 metres</td>
</tr>
<tr>
<td><strong>Expected production per annum</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Throughput</td>
<td>2.7mtpa</td>
<td>2.0mtpa</td>
</tr>
<tr>
<td>Platinum</td>
<td>180,000ozpa</td>
<td>90,000ozpa</td>
</tr>
<tr>
<td>Nickel</td>
<td>1,300tpa</td>
<td>1,700tpa</td>
</tr>
<tr>
<td>Copper</td>
<td>750tpa</td>
<td>1,300tpa</td>
</tr>
<tr>
<td><strong>Expected time to bring into production</strong></td>
<td>10 to 12 years</td>
<td>6 years</td>
</tr>
<tr>
<td><strong>Expected capital investment</strong></td>
<td>R12 billion</td>
<td>US$300 million</td>
</tr>
<tr>
<td><strong>People</strong></td>
<td>6,000</td>
<td>1,000</td>
</tr>
</tbody>
</table>
Key industry defining developments

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

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

Source: Venmyn Deloitte, WPIC Research
Southern African supply (Implats’ view)

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

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

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