

Impala Platinum Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration No. 1957/001979/06)

JSE Share Code: IMP

ISIN: ZAE000083648

ADR Code: IMPUY

JSE Convertible Bond ISIN: ZAE000175873

Convertible Bond Code: IMPCB

("Implats" or the "Company")

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PROPOSED EQUITY CAPITAL RAISING**1. Introduction**

The shareholders of Implats ("**Implats Shareholders**") are advised that Implats intends to raise up to ZAR4.0 billion through the sale of new Implats ordinary shares using an accelerated bookbuild process ("**Specific Issue of Shares for Cash**") subject to market conditions and the necessary shareholder approvals.

In order to implement the Specific Issue of Shares for Cash, the approval of Implats Shareholders is required:

- to permit the Company to issue Implats ordinary shares for cash on a non-pre-emptive basis;
- for certain qualifying shareholders to have the ability to participate in the Specific Issue of Shares for Cash; and
- for the approval of certain amendments to the Implats Memorandum of Incorporation ("**MOI**") to cater for amongst other things the Specific Issue of Shares for Cash.

The Specific Issue of Shares for Cash has been fully underwritten by UBS Limited ("**Underwriter**") and support to vote in favour of the relevant resolutions at the Implats shareholders' meeting has been received from a number of its shareholders, who in aggregate currently own approximately 49% of the issued share capital of the Company, including, Coronation Fund Managers Limited ("**Coronation**"), Royal Bafokeng Holdings Proprietary Limited ("**RBH**") and Public Investment Corporation (SOC) Limited ("**PIC**"). Furthermore, Allan Gray, in its capacity as investment manager, has irrevocably committed to recommend to its clients to vote in favour of the resolutions for all Implats shares beneficially held by its clients as at the date of the general meeting to approve the resolutions. Its clients, and not Allan Gray, are the beneficial owners of 2.6% of the issued share capital of Implats.

2. Specific Issue of Shares for Cash**2.1. Specific Issue of Shares for Cash**

Subject to market conditions and the necessary shareholder approvals, it is the intention of Implats to offer new Implats ordinary shares ("**Subscription Shares**") to qualifying investors in order to raise up to ZAR 4.0 billion.

Qualifying investors can submit their price and volume orders into a book of demand and a single clearing price, being the subscription payable in respect of each of the Subscription Shares ("**Subscription Price**"), will be established (the "**accelerated bookbuild process**").

Qualifying investors in the Specific Issue of Shares for Cash will pay the Subscription Price.

2.2. Terms and conditions of the Specific Issue of Shares for Cash

Subject to the fulfilment of certain conditions precedent, a maximum number of 171 895 144 Implats ordinary shares will specifically be issued for cash to qualifying investors at the Subscription Price to raise ZAR4.0 billion. To the extent that the Subscription Shares are not fully utilised in the placement of the Subscription Shares to Qualifying Investors at the Subscription Price via the accelerated bookbuild process ("**Bookbuild Placement**"), the remainder of the Subscription Shares will, subject to the underwriting obligations of the Underwriter, revert back to Implats' authorised but unissued share capital and will be used for no other purpose.

Given the Subscription Price will be determined by the accelerated bookbuild process, subject to the underwriting arrangements concluded with the Underwriter, there is no maximum discount at which the Subscription Shares will be issued.

The Subscription Shares to be issued are of a class of securities already in issue and will rank equally in every respect with the existing Implats ordinary shares in issue.

The proposed Specific Issue of Shares for Cash is subject to paragraph 5.51 of the Listings Requirements which provides that the Specific Issue of Shares for Cash must be approved by a 75% majority of Implats Shareholders present and voting at the general meeting at which the proposed Specific Issue of Shares for Cash will be considered and voted on.

2.3. Related parties

RBH, Coronation and PIC are material shareholders of Implats and therefore related parties in terms of the JSE Listings Requirements.

The participation of each of RBH, Coronation and PIC in the Bookbuild Placement is subject to the approval by Implats Shareholders by way of separate inter-conditional resolutions, each requiring a 75% majority approval from those present and voting at the shareholders' meeting, excluding the votes of the relevant related parties and their associates.

2.4 Underwriting

Implats has entered into an underwriting agreement with the Underwriter who has agreed to procure investors for, or, failing which, to subscribe and pay for all the Subscription Shares. The obligations of the Underwriter are subject to customary conditions and termination events of a transaction of this nature ("**Underwriting Agreement**").

2.5 Shareholder support

Implats Shareholders who in aggregate currently own approximately 49% of the issued share capital of the Company, including, Coronation, RBH and PIC, have agreed in respect of the shares they currently own and any Implats ordinary shares that they may acquire prior to the general meeting, to support the proposed resolutions (excluding the relevant resolution they are not entitled to vote on, if applicable) that are contained in the notice of general meeting included in the Circular.

Furthermore, Allan Gray, in its capacity as investment manager, has irrevocably committed to recommend to its clients to vote in favour of the resolutions for all Implats shares beneficially held by its clients as at the date of the general meeting to approve the resolutions. Its clients, and not Allan Gray, are the beneficial owners of 2.6% of the issued share capital of Implats.

2.6 Conditions Precedent to and approvals for the Specific Issue of Shares for Cash

The Specific Issue of Shares for Cash is subject to the fulfilment of the following conditions precedent:

- Implats Shareholders passing a special resolution to approve the amendments to the MOI, which amendments include amendments to cater for the Specific Issue of Shares for Cash;
- Implats Shareholders passing an ordinary resolution by a 75% majority of those present and voting at the meeting giving authority in terms of paragraph 5.51(g) of the Listings Requirements to allot and issue the Subscription Shares;
- Implats Shareholders passing the relevant ordinary resolutions providing specific authorities for RBH, Coronation and PIC, as Related Parties, to be able to participate in the Specific Issue of Shares for Cash; and
- the Underwriting Agreement becoming unconditional in accordance with its terms.

3. Strategy and use of proceeds

Background

Alongside all major commodities Platinum Group Metals (“**PGM**”) prices have been adversely impacted by a number of factors, including the abrupt slowdown of Chinese economic growth. The recent sharp decline in PGM prices has compounded the impact of the prolonged strike in 2014, which significantly impacted productivity and had a material, negative effect on the overall financial position of the Company and its subsidiaries (the “**Group**”). Implats is therefore taking decisive action. Implats had budgeted to reduce operating costs by R930 million, with a capital expenditure target of R5.5 billion in its 2016 financial year budget cycle. In response to the rapid reduction in PGM prices since June 2015 the intention is now to reduce the 2016 operating cost budget by a further R640 million (giving a total operating cost reduction in 2016 of R1.57 billion) and the capital expenditure budget by R1.3 billion.

There will also be accelerated implementation of certain aspects of the strategy announced in early 2015. Due to the low PGM prices and a lack of profitability Implats intends to close 8 shaft and 12 shaft’s mechanised operations by December 2015. As a result of the revised capital schedule and envisaged closures Implats is expecting to reduce production by

approximately 180,000 ounces over the next five years. This includes 145,000 ounces from 8 shaft and 12 shaft's mechanised operations that would not be profitable in the current price environment.

It is important to take swift and robust action to manage the business in line with the price environment, but Implats continues to believe that the market fundamentals for PGMs remain attractive over the longer term. There is limited incremental PGM supply anticipated beyond increased recycling of above ground stocks whilst demand is well positioned to benefit from the recovery of the global economy. Increased uptake is expected from higher catalytic converter usage with a combination of higher vehicle demand and more stringent emission standards as well as the evolution of the Chinese economy increasing demand for jewellery and other industrial uses of platinum. In line with current market consensus forecasts, Implats therefore expects PGM prices to improve over time.

Implats is therefore focused on an action plan that enhances its ability to operate profitably in the current lower price environment whilst trying to ensure that short term actions do not materially prejudice the long term value of the Group.

3.1 Strategy:

Implats' key strategic focus areas remain consistent with the outcome of the strategic review announced in early 2015, but the relevant action plans have been re-assessed in light of the current price environment. The key strategic pillars include:

- Maintaining prudent investment through the cycle;
- Maintaining strategic optionality and positioning the Group for the future;
- Improving efficiencies/profitability through operational excellence and safe production;
- Conserving cash, especially while metal prices remain depressed; and
- Maintaining Implats' social licence to operate.

3.1.1 Prudent investment through the cycle

Implats believes that long-term sustainable stakeholder value can be achieved in the PGM industry through prudent capital investment through the cycle given limited mineral reserves, long project time lines and high capital intensity.

Following the prolonged 2014 strike and in light of the acute decline in PGM prices, the parameters and balance of short and long term demands have been re-evaluated. The principal focus is now being placed on cash preservation and profitability in a lower price environment. On that basis, the latest 2016 capital budget is being reduced by R1.3 billion to R4.2 billion.

It nevertheless remains a priority for Implats to complete key capital projects that are expected to be value enhancing in the context of the current price outlook and are also important to the long term value of the Group. The intention is therefore to complete the development of 16 and 20 shafts, which require a rescheduled capital and development expenditure budget of R3.9 billion across both shafts over the next three years. In light of the price environment, however, development at 17 shaft will be curtailed with capital expenditure reduced by R235 million in 2016. Outside of these main projects, capital expenditure at the Impala Platinum Limited (“**Impala**”) mining operation located to the north of Rustenburg on the western limb of the Bushveld Complex (the “**Impala Lease Area**”), will be reduced by approximately R175 million. Capital expenditure for the Impala Lease Area is planned to be R2.8 billion, which includes R1.1 billion for off-reef development expenditure. Elsewhere across the Group, capital expenditure will be cut by approximately R45 million at Marula, US\$50 million at Zimplats and US\$13 million at Mimosa.

3.1.2 **Maintaining strategic optionality**

Impala Lease Area

Consistent with the outcome of the strategic review announced earlier in 2015 it is critical that the Impala Lease Area be transformed. The intention is to create a more concentrated mining operation with access to new, modern shaft complexes making better use of the invested fixed cost base, with higher mining efficiencies and lower unit cost.

The old shafts (E/F, 4, 6, 7, 7A, 8 and 9 shafts) have therefore been consolidated to optimise costs and realise synergies. These shafts are among the lowest-cost operations at the Impala Lease Area due to their relatively shallow mining depth and low capital requirements and will be mined as quickly as possible. In the current price environment, both 8 shaft as well as the mechanised operations at 12 shaft are most at risk and the intention is to close them by December 2015.

There will be some capital rescheduling at 16 and 20 shafts but completion will be prioritised in order to replace the declining output from other shafts with cost effective production and to make efficient use of Impala’s infrastructure. The mid-life shafts (1, 10, 11, 12 and 14 shafts) are becoming more reliant on UG2 reef and require increased mineable face length to improve mining flexibility and efficiencies to optimise half-level and shaft capacities. The 16 and 20 shaft complexes provide access to significant new concentrated ore from the Merensky Reef to offset the increase in UG2 and this is expected to allow Impala to attain a mix of 50% ore from the Merensky Reef to UG2 ore, which is important for efficient smelter operation.

Given the revised capital schedule and envisaged shaft closures, expected production will be reduced by approximately 180,000 platinum ounces over the next five years. On this basis production from the Impala Lease Area is expected to be

between 815 000 and 830,000 platinum ounces by 2020, rather than the previous guidance of 850,000 platinum ounces by 2019.

At 17 shaft the focus is now on cash preservation and planned capital expenditure has been reduced by R1.5 billion to R520 million over the next two years. The future development schedule will be kept under review, but at this reduced level of spending Implats will retain the flexibility to bring 17 shaft production on stream from 2021. This represents an eighteen month delay from the previous plan announced in February 2015 and requires capital expenditure of approximately R8 billion from 2018 to 2020.

Marula Platinum Proprietary Limited (“Marula”)

Marula is a relatively new, shallow, long-life ore body with good infrastructure. Implats took a strategic decision in 2015 to explore the sale of Marula to realise value in the near term. However, the sale process was terminated in May 2015 as it became clear that shareholder value would be better served through strategic interventions in order to improve performance. It is expected that Marula will be cash neutral in the current PGM price environment.

Zimbabwe

Mining flexibility at Zimplats Platinum Mines (Private) Limited (“**Zimplats**”) has been restored and Zimplats aims to produce 260,000 platinum ounces per annum in 2016. This is being achieved by re-deploying production crews from Zimplats’ Bimha mine to other portals and enhancing production from opencast operations whilst the Bimha mine is redeveloped, which is on track for completion by 2018.

Constructive discussions with the Government of Zimbabwe continue with regard to the implementation of its indigenization policy and a two year deferral of the 15% export levy on unbeneficiated platinum has been announced.

Afplats Proprietary Limited (“Afplats”)

Afplats remains a quality resource with significant potential to develop a low-cost mechanised mine in the well-serviced western Bushveld Complex. Moreover, significant synergies can be realised through the use of Impala’s above-ground infrastructure. However, the project requires significant capital investment, and Implats has resolved to defer the project for four years while other projects are prioritised.

Toll refining business

The Group has capacity available in Impala Refining Services Limited (“**IRS**”) that enables it to benefit from new opportunities and diversify its production exposure. Implats intends to continue to be a leading player in this area.

3.1.3 Operational excellence

As part of the strategic review process announced in early 2015 there was a bottom-up reassessment of operations that resulted in proposed interventions at each operation with specifically targeted measures to improve mining efficiencies and reduce operating costs. These measures included new initiatives around safety; introduction of new technology and a set of targeted short-cycle management controls to measure, report on and ultimately manage all critical mining parameters at individual team level. This followed a systematic survey to identify productivity on a team-by-team basis with underperforming teams identified and a specific action plan and monitoring process implemented alongside measures to increase ore reserve flexibility and improve the quality of mining. As a result of these initiatives costs for the 2016 financial year were reduced by approximately R930 million in the 2016 budget.

In light of the price environment a number of further initiatives are being implemented to reduce operating costs across the Group in the 2016 financial year including a reduction of head office and central costs; rescheduling development expenditure; re-assessment and rescheduling of major contracts; revised support strategies; reduction of remuneration expenditure and revised management of ammonium sulphate stocks. It is therefore intended to reduce 2016 budgeted operating costs by approximately R640 million including R400 million at Impala; R20 million at Marula and US\$18 million at Zimplats.

3.1.4 Cash conservation and balance sheet flexibility

As outlined above the capital expenditure budget has been revised to focus on cash preservation alongside a wide range of operating cost initiatives. Financial flexibility has also been improved with advanced discussions to extend the period of certain of the available credit facilities and to increase the overall amount available from R3.0 billion to R3.5 billion.

3.1.5 Social licence to operate

Direct employee, community and broader stakeholder engagement is critical for Implats and expenditure has not been curtailed in this area. The focus remains on housing and the social and labour plan with a budgeted spend of approximately R200 million in 2016. Other initiatives include skills development; local procurement and social investment.

3.2 Use of proceeds

Implats has been quick to respond to the rapid deterioration of the PGM price environment. It has built on the outcome of the strategic review process to put in place a revised action plan in order to strengthen its ability to operate on a sustainably profitable basis in a “lower for longer” PGM price scenario.

The principal operations at the Impala Lease Area are being fundamentally repositioned with plans to close 8 shaft and the mechanised operations at 12 shaft by December 2015. There is also a comprehensive programme to enhance productivity on a team-by-team basis and a series of initiatives are being taken across the business to cut back operating and capital costs further. The overall objective is to reduce R640 million of working costs from the 2016 budget and R1.3 billion of capital expenditure and Implats will continue to evaluate its actions and priorities in the context of the pricing environment.

The Group's priorities have therefore been materially re-balanced to focus on shorter term profitability and cash preservation. Following these actions the Group is expected to be EBITDA positive in the current PGM price environment and free cash flow positive across the Impala Lease Area and IRS, before replacement and development capital. It is nevertheless critical at this stage to safeguard the completion of key capital projects, the suspension or abandonment of which would have a materially adverse impact on the long term value of the Group. The completion of 16 and 20 shafts at the Impala Lease Area is central to this. Implats expects both shafts to be value accretive and replace the decline in output from other shafts with cost effective production. This replacement production also has broader benefits for the Group by helping efficient utilisation of infrastructure and increasing the proportion of high grade ore from the Merensky Reef that is important for smelter efficiency and otherwise lost as older shafts are mined out. Over the next three years the current intention is to deploy R3.9 billion across both shafts in development and capital expenditure.

The proposed equity raising should allow Implats to implement this plan and so enhance its ability to operate effectively and profitably both for the short and long term.

Implats remains committed to returning excess cash flow to its shareholders going forward as market conditions improve.

4. *Pro forma* financial effects

As the Specific Issue of Shares for Cash will have no impact on the Implats financial statements other than the receipt of cash and the resultant impact on earnings per share there are no pro forma financial effects disclosed.

5. Notice of General Meeting and posting of circular

A general meeting of Implats Shareholders will be held at the Company's registered office, 2 Fricker Road, Illovo, Johannesburg on Tuesday, 6 October 2015 at 11h00 (South African time) ("**General Meeting**") in order to consider and, if deemed fit, pass with or without modification the resolutions set out in the notice of General Meeting.

A circular, incorporating the notice of General Meeting, will be posted to Implats Shareholders on or about 4 September 2015.

6. Salient dates and times

The Salient dates and times regarding the Specific Issue of Shares for Cash is set out below:

2015	
Record date for Implats shareholders to be recorded in the register to receive the circular and notice of General Meeting	Friday, 28 August
Circular and notice of General Meeting posted to Implats shareholders	Friday, 4 September
Last date to trade in the Implats ordinary shares in order to be recorded in the register on the voting record date on	Thursday, 17 September
Voting record date to vote at the Implats General Meeting being 17:00 on	Friday, 25 September
Last day for receipt of proxies for the Implats General Meeting by 11:00 on	Monday, 5 October
Implats General Meeting to consider, amongst other things, the Specific Issue of Shares for Cash at 11:00	Tuesday, 6 October
Results of the General Meeting released on SENS on	Tuesday, 6 October

Notes:

The abovementioned times and dates are South African times and dates and are subject to change. Any material change will be released on SENS and in the press in South Africa. Should the General Meeting be adjourned or postponed, it is requested that forms of proxy be received by no later than 24 hours (excluding Saturdays, Sundays and statutory or proclaimed public holidays in South Africa) prior to the time of the adjourned or postponed General Meeting.

3 September 2015

Johannesburg

Underwriter and sole bookrunner

UBS Limited

Transaction sponsor

UBS South Africa Proprietary Limited

Co-independent financial adviser

Centerview Partners UK LLP

Co-independent financial adviser

aloeCap Proprietary Limited

Legal Advisers to Implats as to SA law and US law

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

Legal Advisers to Underwriter and sole bookrunner as to US law

Davis & Polk & Wardwell London LLP

Forward looking statements

This announcement includes certain “forward-looking statements” and “forward-looking information”. All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of Implats are

forward-looking statements (or forward-looking information) that involve various risks, assumptions and uncertainties. There can be no assurance that such statements will prove to be accurate and actual values, results, actions and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Any forward-looking statements in this announcement speak only at the time of issue. Implats does not undertake to update any forward-looking statements that are included herein, or revise any changes in events, conditions or circumstances on which any such statements are based, except in accordance with applicable securities laws and securities exchange listing requirements.

Notice to investors in South Africa

This announcement does not constitute an “offer to the public” (as such term is defined in the Companies Act). Any offer of the Subscription Shares within South Africa pursuant to the accelerated bookbuild placement will only be made to persons or entities described in section 96 of the Companies Act which lists the types of offers that are deemed not to constitute offers to the public.

Notice to investors in the U.S.

The Subscription Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or under any U.S. state securities laws, and may not be offered or sold within the U.S. absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This announcement does not constitute an offer to sell or a solicitation of an offer to buy any of the Subscription Shares within the U.S. Accordingly, if and when the Subscription Shares are offered and sold, they will be offered and sold, subject to certain exceptions, only outside the U.S in compliance with Regulation S promulgated under the U.S. Securities Act.

Member States of the European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive was implemented in that Relevant Member State, no Subscription Shares have been offered or will be offered to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Subscription Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, offers of Subscription Shares may be made to the public in that Relevant Member State at any time:

- (i) to legal entities which are qualified investors (as defined in the Prospectus Directive);
- (ii) to fewer than 150 natural or legal persons (other than qualified investors, as defined in the Prospectus Directive), subject to obtaining the prior written consent of the Underwriter; and
- (iii) in any other circumstances falling within article 3(2) of the Prospectus Directive, provided that no such offer of Subscription Shares shall result in a requirement for the publication by the Company or any bank of a prospectus pursuant to Article 3 of the Prospectus Directive.

For this purpose, the expression “an offer of any Subscription Shares to the public” in relation to any Subscription Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Specific Issue and any Subscription Shares to be offered so as to enable an investor to decide to acquire any Subscription Shares as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Notice to investors in the UK

This announcement has not been approved by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000 (as amended) ("FSMA"). Accordingly, this announcement is only for distribution to and directed at: (i) in the United Kingdom, persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "Order") and (ii) in the United Kingdom high net worth entities falling within Article 49(2)(a) to (d) of the Order; (iii) persons who are outside the United Kingdom; and (iv) any other person to whom it can otherwise be lawfully distributed (all such persons together being referred to as "Relevant Persons"). Any investment or investment activity to which this announcement relates is available only to and will be engaged in only with Relevant Persons. Persons who are not Relevant Persons should not take any action based upon this announcement and should not rely on it.