



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

Third quarter production report for the period 1 January to 31 March 2020

Implats' Chief Executive Officer, Nico Muller, commented: *"Implats continued to make excellent progress in delivering a strengthened operational performance across the Group in a period characterised by robust pricing for our primary products. The emergence of the coronavirus pandemic has however, heralded a time of unprecedented uncertainty, which will require new ways of thinking and innovative solutions to challenges we have not faced as a company before.*

Implats is faced with nationwide lockdowns and legislated limitations on operating and production capacity across all our operations aimed at limiting the spread of the virus. The geographical spread of our operations has allowed mining production to continue during the lockdown periods, albeit in varying degrees in different geographies, while the continued production of refined metal has provided an opportunity to reduce excess in-process inventory.

The impact of the coronavirus will be a feature for some time and, in our view, operating in a 'business as usual' environment will not be possible until effective prevention and treatment measures become readily available. Our internal planning to secure operational resilience during the coronavirus pandemic has been ongoing since its emergence in early 2020. Our primary focus remains on protecting the safety and health of our employees while sustaining operational delivery as far as possible. The Group has taken decisive steps to secure and sustain financial viability and continues to engage actively with the governments where we operate, given the significant contribution we make to both local and national economies.

The Group's focus for the remaining months of FY2020 will be multipronged and will include securing operational stability in a period where unplanned interruptions are likely to be a regular feature; protecting the health and wellbeing of our employees; maintaining close and collaborative relationships with our customers; and further reducing the Group's excess processing stockpile to secure cashflow and protect our financial position."

Operational information		Unaudited quarter ended 31-Mar-20	Unaudited quarter ended 31-Mar-19	Unaudited nine months 31-Mar-20	Unaudited nine months 31-Mar-19
Safety					
LTIFR	pmmhw	4.94	5.40	4.87	5.17
FIFR	pmmhw	0	0	0.037	0.013
Fatal injuries	No	0	0	3	1
Gross production					
Tonnes milled	000t	5 362	4 532	15 667	14 767
Grade (6E)	g/t	3.64	3.81	3.75	3.84
PGE in concentrate	000oz	751	700	2 290	2 261
<i>Mine to Market</i>	000oz	667	618	2 015	1 994
<i>Third-Party and toll</i>	000oz	85	82	275	267
PGE refined	000oz	862	702	2 179	2 291
<i>Impala PGE refined</i>	000oz	343	307	1 104	1 050
<i>IRS PGE refined</i>	000oz	462	396	1 010	1 241
<i>Impala Canada saleable PGE</i>	000oz	57	N/A	65	N/A
Platinum refined	000oz	402	333	1 060	1 133
Palladium refined	000oz	298	219	689	683
Rhodium refined	000oz	52	50	137	156
Nickel refined	000t	3 971	4 095	12 097	12 169
Managed operations production:					
Impala					
Tonnes milled	000t	2 366	2 579	8 104	8 548
Grade (6E)	g/t	3.94	3.95	3.92	3.97
PGE in concentrate	000oz	275	296	928	969
PGE refined	000oz	343	307	1 104	1 050
Zimplats					
Tonnes milled	000t	1 701	1 604	5 076	4 916
Grade (6E)	g/t	3.46	3.48	3.48	3.48
PGE in concentrate	000oz	150	141	449	434
PGE in matte (incl. concentrate sold)	000oz	152	143	419	433
Marula					
Tonnes milled	000t	431	349	1 401	1 303
Grade (6E)	g/t	5.03	4.29	4.73	4.35
PGE in concentrate	000oz	55	40	179	158
Impala Canada					
Tonnes milled	000t	865	N/A	1 086	N/A
Grade (6E)	g/t	2.49	N/A	2.48	N/A
PGE in concentrate	000oz	55	N/A	69	N/A
JV operations production:					
Mimosa					
Tonnes milled	000t	683	678	1 989	2 085
Grade (6E)	g/t	3.85	3.83	3.85	3.83
PGE in concentrate	000oz	61	62	181	194
Two Rivers					
Tonnes milled	000t	808	834	2 454	2 501
Grade (6E)	g/t	3.46	3.59	3.45	3.55
PGE in concentrate	000oz	71	78	209	239
Impala Refining Services (IRS) production					
PGE receipts	000oz	421	395	1 245	1 278
<i>Mine to Market</i>	000oz	336	313	970	1 010
<i>Third-Party and toll</i>	000oz	85	82	275	268
PGE refined	000oz	462	396	1 010	1 241

HEALTH AND SAFETY

Increased leadership focus and greater collaboration with all stakeholders, to prioritise safe production across all operations, has yielded positive results and no fatalities were reported at managed operations during the quarter under review. Regrettably, Mimosa, a non-managed joint venture operation, recorded a fatal injury on 24 March 2020 when the late Stephen Chizola was fatally injured in a fall-of-ground accident. The Board of Directors and management team have extended their sincere sympathies to the family and friends of our colleague.

The lost-time injury frequency rate (LTIFR) and all injury frequency rates were 4.87 and 11.86 per million man hours worked, respectively, an improvement of 6% on both metrics from those reported in FY2019. Nine of the 17 Group operations were on millionaire or multi-millionaire status in terms of fatality free shifts at the end of the reporting period.

The Group fully supports the implementation of national lockdown measures to help curb the spread of coronavirus, recognising the significant threat it represents to employees and communities where we operate and we are cognisant of the role Implats must play in complying with these measures.

Implats has implemented and enforced several measures to provide further health protection to employees, rolling out several programmes which have been in development internally since the threat of coronavirus emerged. The lockdown period was used to significantly strengthen these preparations. Stock levels of medical protective equipment and PPE have been increased, regular large-scale disinfection of workplaces is being performed and screening and testing procedures for all employees reporting to work have been implemented. A meaningful increase in medical care preparedness was also undertaken through further increasing the capacity of the Group's comprehensive internal medical facilities and through the coordinated collaboration with industry peers, public/private partnerships and both local and regional medical institutions.

Management teams across all Group operations have introduced risk-based operating procedures to further protect employees. These measures are specifically aimed at reducing the risk of viral infections in high-risk work areas and to vulnerable employee categories. These steps include modifying at-risk employee behaviour, improved hygiene practices, restrictions on the amount of work performed, social distancing while performing work and while travelling to and from work, the provision of additional PPE where social distancing is not possible and the implementation of screening and testing procedures.

Employees are screened using questionnaires, thermo-scanning of skin temperature, and if necessary, core temperature screening, before entering their work areas. Employees with risk indicators are isolated at dedicated areas at the operations and then transported to designated medical facilities for diagnosis and, if necessary, testing, quarantine and/or hospitalisation.

A key part of Implats' strategy has been to identify potentially vulnerable employees and to institute additional precautionary measures to increase protection. This includes the provision of vitamin and dietary supplements, flu vaccinations and critical medical screening. In addition, employees have been provided with pre-packaged supplies of chronic medication for a period of six months to ensure high-risk employees do not need to visit hospitals or clinics during this time. Suitable temporary company accommodation is also being availed to employees who may not be able to self-isolate or practise recommended social distancing measures when not at work.

IMPACT OF COVID-19 ON THE THIRD QUARTER

On 23 March 2020, the South African President Cyril Ramaphosa issued a directive for a national lockdown to help slow the spread of COVID-19 in South Africa. Implats successfully ramped down all South African operations and placed them on care and maintenance from 26 March 2020. The implementation of the lockdown is estimated to have resulted in a 6% reduction in reported milled tonnage from each of Impala, Marula and Two Rivers, equivalent to approximately 26 000 ounces of 6E mine-to-market concentrate production during the quarter.

Post the declaration of a state of emergency in Ontario, Impala Canada's mining operations were classified as an essential business by the Ontario government and after confirmation of this status, operations resumed, with two days of lost production occurring in the period.

In accordance with the directive issued by the Government of Zimbabwe on 27 March 2020, both Zimplats and Mimosa applied for, and were granted approval to continue operations during the Zimbabwean national lockdown under agreed precautionary measures, with negligible impact on reported production in the period under review.

IRS receipts from both third parties and mine-to-market operations were impacted by the declaration of force majeure on concentrate and Zimplats matte deliveries from 24 March 2020 as processing facilities were prepared for care and maintenance ahead of the lockdown.

PRODUCTION

Quarter ended 31 March 2020

Group tonnes milled (excluding JV operations) improved by 18% to 5.36 million tonnes during the quarter, compared to 4.53 million tonnes in the prior comparable period. An improved mining performance at Marula and Zimplats compensated for lower volumes from Impala Rustenburg, with absolute volume gains driven by the inclusion of Impala Canada and its contribution of 865 000 tonnes. Reported mill grade declined by 4% to 3.64g/t (6E), benefitting from a strong performance at Marula but impacted by the inclusion of lower-grade volumes from Impala Canada.

Mine-to-market 6E concentrate production was stable on a like-for-like basis with stronger volumes from Marula and Zimplats offsetting weaker production from Impala Rustenburg and Two Rivers. Together with production from the recently acquired Impala Canada operation, concentrate volumes increased by 8% to 667 000 ounces from the prior comparable period.

IRS 6E in concentrate receipts from third-party and toll customers increased by 3% to 85 000 ounces. Gross concentrate production and receipts improved by 7% to 751 000 ounces. Refined and saleable 6E production, which includes saleable ounces from Impala Canada, increased by a more material 23% to 862 000 ounces.

9 months ended 31 March 2020

In the nine-month period ended 31 March 2020, the inclusion of Impala Canada compensated for slightly lower year-to-date volumes from Impala Rustenburg. Tonnes milled, excluding production from JV operations, increased by 6% to 15.67 million tonnes as the average mill grade declined by 2% to 3.75g/t (6E).

Mine-to-market 6E concentrate production benefitted from higher volumes at Zimplats and Marula and the initial contributions from Impala Canada, which helped offset weaker volumes at Impala, Two Rivers and Mimosa. Gross 6E concentrate production of 2.02 million ounces is 1% higher than in the prior corresponding nine months.

In line with volume gains reported over the period, 6E third party and toll material received in concentrate increased by 3% to 275 000 ounces.

Refined 6E production was impacted by the programme of scheduled maintenance at the Groups' processing facilities, including the scheduled furnace rebuild at Zimplats and acid plant maintenance during the first half of financial year and the number 4 furnace ring repair completed at Impala Rustenburg in 3Q 2020.

Gross refined production, including saleable ounces from Impala Canada declined by 5% to 2.18 million ounces – while saleable platinum production of 1.06 million ounces declined by 6%, saleable palladium production of 689 000 ounces benefitted from the contribution of Impala Canada and is 1% higher than in the prior comparable period.

The implementation of a revised stock allocation policy between IRS and Impala Rustenburg resulted in a reallocation of refined volumes in 2Q 2020, and while Impala's refined 6E production increased by 5% in the nine months ended 31 March 2020, IRS volumes were 19% lower.

At 31 March 2020, circa 200 000 ounces excess 6E in concentrate remained in stock, a decrease of 150 000 ounces from the 350 000 ounces reported at 31 December 2019. These stocks will continue to be used to bolster refined volumes and sales in the final quarter of FY2020.

Impala Rustenburg

Quarter ended 31 March 2020

An estimated 6% of production volume, equating to 17 500 ounces of 6E, was lost due to the implementation of care and maintenance ahead of the start of the national lockdown. Tonnes milled during the quarter declined by 8% to 2.37 million tonnes, compared to 2.58 million tonnes in the prior comparable period. Lower volumes were delivered as expected from 1 and 10 shafts due to reduced operations and challenging ground conditions, offset by the ramp-up in production from 16 shaft.

The increase in the development-to-stopping ratio and continued orepass rehabilitation at 16 and 20 shafts impacted milled grade. However, concentrate production was buffered by improved recovery and yield from the trial tailings campaign and other surface sources, resulting in a 7% decrease in volumes to 275 000 ounces, compared to 296 000 ounces in the prior comparable period.

Refined 6E production of 343 000 ounces improved by 12% during the quarter from 307 000 ounces in the prior corresponding period. This was due to the implementation of a revised stock allocation policy between Impala Rustenburg and IRS during the current financial year.

9 months ended 31 March 2020

Tonnes milled decreased 5% to 8.1 million tonnes and the milled grade of 3.92g/t (6E) was 1% lower. Higher recoveries and contributions from the trial tailings campaign were offset by lower production from other high-grade surface sources including smelter reverts. 6E production in concentrate of 928 000 ounces declined by 4% from 969 000 ounces in the prior corresponding period.

Refined 6E production increased by 5% to 1.10 million ounces from 1.05 million ounces during the previous comparable period, benefitting from the change in stock allocation and despite constrained smelter capacity due to ongoing maintenance.

Zimplats

Quarter ended 31 March 2020

Zimplats operations received approval to operate during the national lockdown in Zimbabwe resulting in minimal interruptions to production. The operation delivered a strong performance during the quarter under review. Tonnes milled increased by 6% to 1.70 million tonnes, while the delivered mill grade was stable at 3.46g/t (6E). 6E concentrate production improved by 6% to 150 000 ounces compared to 141 000 ounces in the prior corresponding period. Matte production and concentrate sales were slightly higher than milled volumes in the period and improved by 6% to 152 000 ounces.

9 months ended 31 March 2020

Mill throughput of 5.08 million tonnes was 3% higher and 6E concentrate production improved by 3% to 449 000 ounces from the prior comparable period. Production in matte, together with concentrates sold, were impacted by the accumulation of in-process inventory due to the furnace rebuild in 1Q 2020 and declined by 3% to 419 000 ounces from 433 000 ounces.

Marula

Quarter ended 31 March 2020

An estimated 6% of production volume, equating to 3 500 ounces 6E was lost due to the implementation of care and maintenance ahead of the start of the national lockdown. Despite this headwind, Marula delivered a much-improved performance in the current quarter benefiting from the treatment of some surface material. Milled volumes increased by 23%, milled grade rose by 17% and 6E concentrate production was up 37% to 55 000 ounces from the previous comparable quarter when operational continuity was hampered by community disruptions, which resulted in a seven-day work stoppage.

9 months ended 31 March 2020

Mill throughput improved by 8% to 1.40 million tonnes from 1.30 million tonnes in the previous corresponding period. Grade increased by 9% and concentrate production rose by 14% to 179 000 ounces from 158 000 ounces.

Impala Canada

The acquisition of Impala Canada was concluded in December 2019 and operational results reflect a full quarter of metrics for the first time. During the period, the integration of Impala Canada into the Group was meaningfully advanced with a focus on financial and technical support, together with alignment on several Implats operating principles and practises including the progression of community and stakeholder relations.

The operational performance in the period was characterised by milling constraints due to inclement weather conditions and ongoing rehabilitation of the ore pass system at the mine. In total, 865 000 tonnes were milled generating 6E production of 55 000 ounces and saleable volumes of 57 000 ounces.

Mimosa

Quarter ended 31 March 2020

Mimosa received approval to operate during the national lockdown in Zimbabwe resulting in minimal interruption to production in the quarter under review. Mining operations were placed on care and maintenance at the end of the quarter as milling from stockpiled material continued. Mining has since been resumed in terms of an exemption received from the government of Zimbabwe.

Mimosa continued to recover from the first quarter when concentrate volumes were impacted by extensive mill repairs. Milled volumes of 683 000 tonnes and delivered grade of 3.85g/t (6E) were maintained versus the prior comparable period. Lower recoveries impacted marginally on concentrate production, which declined by 2% to 61 000 ounces. The primary process bottlenecks at Mimosa will be addressed through the installation of additional milling equipment during the plant optimisation project which is currently underway at the operation.

9 months ended 31 March 2020

During the nine-month period, mill throughput declined by 5% from the prior comparable period due to the breakdown in the primary mill in 1Q 2020, with a total of 1.99 million tonnes treated. 6E concentrate production of 181 000 ounces was 7% lower than the prior comparable period.

Two Rivers

Quarter ended 31 March 2020

An estimated 6% of production volume, equating to 4 500 ounces of 6E, was lost due to the implementation of care and maintenance ahead of the start of the national lockdown at the end of the quarter, with a further two days of production lost due to an Eskom transmission line fault earlier in March 2020.

Total tonnes milled declined by 3% to 808 000 tonnes and milled grade was 4% lower at 3.46g/t (6E). Concentrator recoveries continued to be negatively impacted by lower grade and changes in mineralogy as greater proportions of feed are sourced from split-reef and development tonnage. Concentrate volumes of 71 000 ounces declined by 9% from the 78 000 ounces produced in the prior comparable period.

9 months ended 31 March 2020

Mill throughput decreased by 2% to 2.45 million tonnes, while mill grade decreased by 3% to 3.45g/t (6E) and metallurgical recoveries reduced by 6%. Consequently, 6E concentrate production declined by 13% to 209 000 ounces from 239 000 ounces in the prior comparable period. A project aimed at increasing mill capacity to compensate for the structural change in feed-grade was approved in February 2020 with work commencing during the period.

IRS

Quarter ended 31 March 2020

Gross concentrate receipts were negatively impacted by the declaration of force majeure on 23 March 2020 to allow for an orderly shutdown of the processing facilities ahead of the start of the national lockdown and restrictions on the transportation of non-essential goods during the lockdown period. Refined 6E production of 462 000 ounces from both mine-to-market

operations (Zimplats, Marula, Two Rivers and Mimosa) and IRS third-party and toll customers, was 17% higher than in the previous period (396 000 ounces).

9 months ended 31 March 2020

Gross concentrate receipts benefitted from higher deliveries from Marula and third parties which mitigated the impact of lower production from Zimplats, Mimosa and Two Rivers. While gross concentrate receipts were fractionally lower, refined 6E production decreased by 19% to 1.01 million ounces, due largely to the change in the stock allocation policy between IRS and Impala Rustenburg.

UNAUDITED FINANCIAL POSITION

Net cash, excluding finance leases, amounted to R3.2 billion at 31 March 2020, an improvement of R2.1 billion from closing levels at 30 June 2019 of R1.1 billion, after the payment of R978 million (FY2019: nil) in dividends to Implats shareholders during March 2020. The balance sheet remains strong with an unutilised revolving credit facility of R4.0 billion available until 7 June 2021. The Group had liquidity headroom of R12.9 billion at 31 March 2020 compared to the R12.2 billion available at the end of June 2019.

In addition, the Group has embarked on various cash preservation measures to improve liquidity during the next 12 to 18 months. These include a material reduction of non-essential operational and capital expenditure and the extension of the maturity of the Standard Bank term loan associated with the Marula BEE ownership of R865 million from 30 June 2020 to 30 September 2020.

FORCE MAJEURE

The bulk of Implats metals sales are sold into annual contracts and delivered on a monthly basis to customers around the world. Implats declared force majeure on its contractual metal deliveries when the national lockdown in South Africa was announced on the 23 March 2020. This allows both Implats and its customers to suspend the operation of the contract for the duration of the force majeure event, as reviewed and updated on a regular basis. Depending on how the situation develops, partial, and later possibly complete, upliftment of the force majeure protection can then be considered.

Discussions for resumed customer deliveries have been ongoing on this basis as greater clarification regarding operating conditions has been reached. The majority of Implats' customers have elected to receive metal on a delayed delivery schedule and, where logistics have allowed, delivery of metal to customers has occurred in April 2020.

The relief of force majeure restrictions on deliveries in terms of IRS offtake agreements with both Group companies and third parties is, however, conditional on the Group's ability to sell and transport final metal to customers and the impact of further amendments to the terms of the South African national lockdown. The Group is working towards the upliftment of the force majeure on its IRS receipts as a near-term priority.

OUTLOOK AND GUIDANCE

The Group was well on-track to meet the guidance parameters on production, unit costs and capex provided with the release of its half year results ended 31 December 2019. However, Implats is now faced with a period of unprecedented uncertainty due to the COVID-19 pandemic and the implementation of nationwide lockdowns and legislated limitations on production capacity at the Group's South African operations.

Operational activities during the lockdown period 26 March - 30 April 2020

While milled volumes from Zimbabwean operations were largely unaffected by the Zimbabwean national lockdown, underground production from Impala Rustenburg, Marula and the Two Rivers joint venture were heavily impacted during the initial period of the South African national lockdown. Minimal underground production was secured during April 2020 as the focus remained on the safety and health of employees and ensuring the orderly screening, testing and training of returning employees ahead of the gradual resumption of drilling and blasting.

At Impala Canada, following a positive case of COVID-19, further employees have tested positive and the mine was placed on care and maintenance and the workforce quarantined for a two-week period from 13 April 2020. Regrettably, an employee with comorbidities passed away on 23 April 2020. The Board and management team have extended their sincere condolences to his family, friends and colleagues and wish all affected employees at the operation a speedy recovery. Discussions for a planned resumption of operating activities are ongoing with the relevant health authorities in Ontario.

While mining production was stopped in South Africa during April 2020, the Group took a phased approach to processing activities, in line with regulations which recognised smelters and refineries as 'essential services' during the lockdown period. This has allowed a systematic ramp-up of operations and continued, albeit reduced, production of refined volumes during the lockdown period. This development has allowed for a reduction of excess in-process inventory at the Group and, as such, refined volumes are likely to exceed concentrate production in the FY2020 period.

Implats' revised production guidance considers the production losses suffered in March and April 2020 and assumes average production rates of between 30% and 40% of previous plans in May and June 2020 for South African operations. In Zimbabwe, the Group's mines have operated successfully to date but remain vulnerable to potential unforeseen interruptions during the remainder of the forecast period. In Canada, the guidance assumes operations will resume in May 2020 but at a lower production rate.

The Group is pleased that its cost performance in the nine months to March 2020 was within guidance despite the impact of a weaker-than-expected rand on the translated cost base of both Zimplats and Impala Canada. The operating environment is now highly uncertain and the combination of variable production parameters, staffing levels and currency volatility creates exceptional forecast risk at this point in time. As a result, Implats is withdrawing its unit cost guidance for FY2020.

Capex spend has been impacted by the wider effects of the South African national lockdown, together with rand weakness on spend in Zimbabwe and Canada. Revised capex guidance reflects rand weakness, offset by savings and deferment where necessary.

The revised Group guidance is illustrated in the table below. Implats cautions as to the fluidity of the current operating environment and the downside risks presented by the potential for further lockdowns or variations in operating parameters. It is the Group's intention to issue a further market update ahead of the year-end on 30 June 2020.

Business area	Unit	Previous Guidance FY2020	Actual FY2020 YtD	Guidance FY2020
Refined production				
Implats	6E oz refined	3 000-3 400	2 179	2 600- 2 900
Concentrate production				
Impala	6E oz	1 210-1 310	928	975-1 050
Zimplats	6E oz	565-600	449	550-600
Two Rivers	6E oz	300-340	209	225-260
Mimosa	6E oz	230-260	181	210-260
Marula	6E oz	210-250	179	190-210
Impala Canada	6E oz	120-150	69	75-95
IRS (third party)	6E oz	330-370	275	290-330
Group unit cost	R/oz 6E	12 500-13 500	13 190	n/a
Group capital expenditure	Rm	4 900-5 200	3 317	3 600-4 400

The third quarter production report for the period 1 January to 31 March 2020 has not been reviewed and reported on by the external auditors of Implats.

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Johannesburg

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