NEWS RELEASE

IMPLATS RESUMES DIVIDEND, DELAYS SHAFT CLOSURES ON SOLID PERFORMANCE

Johannesburg, 27 February 2020 – The Implats Group has resumed dividend payments and delayed shaft closures following a continued strong operational and financial performance.

The Group delivered solid results for its half year ended 31 December 2019. Sustained operating performances from mining operations, together with robust rand PGM pricing during the period, offset short-term challenges associated with constrained smelter availability, resulting in significantly improved free cash inflow and strong headline earnings.

This enabled the funding of the acquisition of Impala Canada through a combination of cash, a forward sale of metal and debt. The Group was also able to reinstate dividends, based on a pay-out ratio of free cash flow before growth capital of 30%. The Implats Board declared an interim dividend of R1.25 per ordinary share.

The Group's strategic re-positioning as a high-value, profitable and competitive PGM producer was meaningfully advanced through initiatives to improve organisational effectiveness at key operations, with Impala Rustenburg bedding down the operational and financial turnaround achieved in FY2019, aided by the structural change in PGM pricing and the stability enabled by a three-year wage agreement concluded in the period. As a result, Implats has delayed selected shaft closures.

In August 2018 Implats communicated a timeframe for the planned closure of 1, 9, 12 and 14 shafts, premised on: a 'lower-for-longer' PGM basket price; the impact of limited available mine life remaining at 1 and 9 shafts; and poor productivity and efficiency at both 12 and 14 shafts. Improved safety and operational performance, together with a structural re-pricing of the revenue basket means that Impala Rustenburg will now continue mining 1 Shaft for its remaining life of three years (securing >2 500 jobs). It will also continue operating 12 and 14 shafts for the foreseeable future (securing >10 000 jobs) after these shafts have delivered two consecutive years of meaningful real-term cost reductions, substantial volume gains and a step-change in productivity and safety results. In the period under review, 12 and 14 shafts were the largest contributors to profits at Impala Rustenburg. While 9 Shaft continues to deliver profitable mine life extension, limited remaining mineral reserves will lead to closure of the shaft in the near-term in line with original guidance.

FINANCIAL HIGHLIGHTS

- Revenue was 19% higher at R28.0 billion on improved dollar metal prices and a weaker rand, which helped offset the impact of lower sales volumes
- Dollar revenue per 6E ounce sold was 36.0% higher at US$1 420 (H1 2019: US$1 044)
- The achieved rand basket price of R20 888 per ounce sold was 41.1% higher year-on-year
- The Group generated gross profit of R6.2 billion, up 91%
- Headline earnings of R3.4 billion were achieved, with headline earnings per share increasing 41% to 436 cents
- The Board declared an interim cash dividend of R1.25 per ordinary share (which will be paid on 23 March 2020).
- Capital expenditure at managed assets increased to R1.9 billion (H1 2019: R1.7 billion)
- After the funding of the Impala Canada acquisition for R10.9 billion, Implats ended the reporting period in a net debt position of R1.9 billion, with liquidity headroom of R8.0 billion comprised of R6.0 billion in cash and R2.0 billion in available banking facilities.

SAFETY OVERVIEW

The Group's core business philosophy and values of "respect, care and delivery" are underpinned by our goals of eliminating harm to the health and safety of our employees. Safety is our foremost priority and we are committed to achieving our vision of zero harm.

A regression in safety performances during the final quarter of the previous financial year, which extended into the first quarter of FY2020, has been met with increased leadership focus and greater collaboration with all stakeholders to prioritise safe production across all operations.

Despite significant improvements in the lost-time injury frequency rate (LTIFR) and the all injury frequency rate, it is with deep sadness and regret that Impala Rustenburg recorded three employee fatalities in the period under review. Implats offers ongoing support to the families in recognition of the severe impact of their loss. The Board of directors and management team have extended their sincere sympathies to the families and friends of our four colleagues.

Each incident was subject to a rigorous independent investigation and remedial action was taken to prevent reoccurrence. The emphasis remains on ensuring effective leadership, responsible behaviour and driving a culture of personal accountability and interdependence.

The LTIFR and the all injury frequency rates improved by 9% and 6% from H1 2019. Nine of the 16 Group operations are on millionaire or multi-millionaire status in terms of fatality free shifts.

DELIVERING TO STRATEGY

Implats CEO Nico Muller commented: *"The Implats Group continues to make headway on delivering against the key pillars of its stated value-driven strategy, which include: successfully restructuring Impala Rustenburg; enhancing the competitiveness of our portfolio; optimising our capital allocation principles and strengthening the balance sheet.*

The restructuring of Impala Rustenburg is aimed at enhancing the capital efficiency, competitiveness and sustainability of the operation through a focus on producing safely and profitably from its best assets. A delay in the planned closure of 1, 9, 12 and 14 shafts is not a departure from our stated strategy to operate a lower-cost more sustainable suite of high-quality assets. These shafts have earned the right to an extended operating period through significantly improved mining performance.

Collectively 1,9 12 and 14 shafts will be operated in a manner that will afford the business the opportunity to generate cash for shareholders while prices remain supportive, and ultimately, also provide the flexibility to more rapidly cease production in future if the market turns and/or performance weakens below internal thresholds.

The ongoing optimisation of the Implats portfolio, to prioritise low-cost, mechanised, PGM-rich and cash generative assets continues. To this end, the acquisition of Impala Canada in the period under review is notable. It effectively diversifies Implats' production base geographically and operationally while enhancing the Group's mix of attributable mine production, sourced from a diverse range of PGM-bearing reef types.

Implats' continued operational and financial performance has further strengthened the Group's balance sheet. Free cash inflow of R5.0 billion benefitted from higher received PGM pricing and the receipt of R2.0 billion in forward sales of excess of metal inventory, which was concluded to ensure optimal and efficient funding of the cash acquisition of Impala Canada. In addition, material progress in reducing debt obligations was achieved with the successful incentivised conversion of the Group's US$ bonds, due in 2022."

OPERATIONAL OVERVIEW

The Group's underlying mining performance remained strong during the first half of the financial year. Tonnes milled from managed operations (Impala Rustenburg, Zimplats and Marula, together with an 18-day contribution from Impala Canada) were largely unchanged, rising 1% to 10.31 million tonnes (H1 2019: 10.24 million tonnes).

A 2% lower milled grade at Impala due to a planned increase in on-reef development rates aimed at driving increased operational flexibility, together with lower grades and recoveries at Two Rivers due to the mining of the split-reef and a primary mill repair at Mimosa, offset the 1% increase in milled tonnes and resulted in a 2% decline in mine-to-market PGM 6E concentrate produced to 1.34 million ounces (H1 2019: 1.38 million ounces).

Third-party concentrate receipts increased by 4%, buffering the decline in mine-to-market production, with gross PGM 6E concentrate of 1.53 million ounces, declining by 2% from the comparable operating period.

Gross refined output was impacted by a scheduled furnace rebuild at Zimplats and acid plant maintenance at Impala Rustenburg in Q1 2020. Constrained power supply from ESKOM further impacted the Group's smelting performance. In total the Group reported an increase of 135 000 ounces PGM 6E of in-process inventory at the end of the period.

Refined 6E PGM production consequently declined by 17% to 1.32 million ounces (H1 2019: 1.59 million ounces) from the prior comparable period, which had benefitted from a release of in-process stocks. Progress was made in several key areas to optimise processing capacity to release the current elevated levels of excess inventory to the market during the remainder of FY2020 and through the course of FY2021. The focus remains on de-risking operations and building resilience at a time when demand for PGMs is robust, resulting in substantial increases in pricing, profits and free cash flow.

The overall additional stock lock-up for the six month period was 135 000 ounces PGM 6E. Accounting for 215 000 ounces excess stock at the start of the period, this brings the total excess ounces that can be released over time to 350 000 ounces PGM 6E at the end of December 2019 (R8.4 billion at year-end metal prices).

Impala Rustenburg: The improvement in operational momentum achieved during FY2019 was largely maintained into the first half of FY2020. Mined volumes improved at 11, 12, 14, 16 and 20 shafts, but was lower at 1 and 9 shafts on a planned ramp down, and fell at 6 and 10 shafts as a result of constrained mineable face length. Tonnes milled decreased by 4% to 5.74 million tonnes (H1 2019: 5.97 million tonnes). The mill grade (6E) deteriorated by 2% to 3.91g/t largely due to increased ore reserve development and higher stoping widths associated with rolling UG2 reef at 10, 11 and 14 shafts.

Impala Refining Services (IRS): PGM receipts in matte and concentrate from mine-to-market operations declined by 9% to 631 000 ounces (H1 2019: 696 000 ounces) as milling constraints at Two Rivers and Mimosa were compounded by a temporary increase in smelter inventory at Zimplats following furnace maintenance. Third-party PGM receipts increased by 3% to 190 000 ounces (H1 2019: 184 000 ounces). Gross PGM receipts of 822 000 ounces were 7% lower than the previous comparable period (H1 2019: 879 000 ounces).

Marula: Marula continues to deliver an improved operational performance. Tonnes milled improved by 2% to 970 000 tonnes (H1 2019: 955 000 tonnes), while focused mining resulted in a reduction in stoping width and an improved delivered head grade, which increased 5% to 4.60g/t (H1 2019: 4.37g/t). 6E PGM production increased by 6% to 124 000 ounces.

Two Rivers: Challenging operating conditions persist at Two Rivers. Milled volumes were largely unchanged year-on-year, however increased tonnage from the accelerated development of the main decline, together with lower mined grade from split-reef areas resulted in a 2% weaker delivered grade. During the period, the JV partners advanced plans for a more sustained solution to the future geological realities of the operation with a 40 000 tonne per month plant expansion project approved in principle and an adjudication process now underway.

Zimplats: Zimplats again delivered a strong operational performance, despite being impacted by processing maintenance undertaken during the period, with the smelter recommissioned in October 2019 and the planned mill re-lines at the Selous Concentrator taking place in the second quarter. Tonnes milled were 2% higher at 3.38 million tonnes. Stable grade (at 3.48g/t) and recoveries resulted in PGM 6E in concentrate production of 299 000 ounces, up 2% period-on-period.

Impala Canada: The inclusion of Impala Canada for 18 days from acquisition, resulted in a modest tonnage and PGM 6E production contribution of 8 000 ounces. Impala Canada is expected to produce concentrate volumes of 120 000 to 150 000 ounces PGM 6E in H2 2020, with expected capital expenditure of C$64m.

Mimosa: Mimosa recovered well from a difficult Q1 2020, when concentrate volumes were heavily affected by the breakdown of the primary mill. Tonnes milled declined by 7% to 1.3 million tonnes (H1 2019: 1.4 million tonnes) while delivered grade was stable at 3.84g/t. 6E PGM production declined by 9% to 120 000 ounces.

MARKET REVIEW

All three major PGM markets recorded fundamental deficits during calendar 2019. While investment demand primarily drove the 277 000 ounce shortfall in the platinum market, strong growth in auto catalyst loadings resulted in deficits of 982 000 ounces and 7 000 ounces in the palladium and rhodium markets respectively. Structural demand growth from tightening emission standards in Europe and China and Asian investment in industrial capacity, underpinned demand for PGMs, despite a year marked by slowing economic activity, weak sentiment due to unresolved trade wars, geopolitical tensions and the form of an eventual Brexit.

In our view, the support from increased automotive loading requirements, together with expected supply shortfalls in both rhodium and palladium, suggests limited impact on customer requirements and hence little risk to expected deficits in both metals from near-term weakness in industrial demand linked to the emerging threat of COVID 19.

After renewed optimism in the final quarter of 2019, the outlook for near-term global growth has once again become uncertain with the emergence of the unexpected threat presented by the COVID-19 outbreak. Despite this, in our view, the market fundamentals for both palladium and rhodium remain robust in the medium term, with strong auto-led growth and a limited supply response likely in the short term, despite higher prices.

In the absence of substantial investment flows, we expect the platinum market to remain in surplus in the medium term, before tightening towards the end of the decade as increased industrial and automotive use erodes recently accumulated above-ground inventory. Fundamental deficits in palladium and rhodium are expected to persist and expand in the medium term and support stronger-for-longer pricing of these metals.

OUTLOOK

Nico Muller said: *"Implats has made excellent progress on several strategic imperatives and is well positioned to generate significant value for shareholders. The Group's balance sheet and financial position have been materially strengthened allowing the Board to reinstate dividends at a free cash flow pay-out ratio of 30%. The focus for the rest of the FY2020 will be multipronged and include completing the Furnace 4 rebuild and reducing the Group's excess processing stockpile.*

Other key priorities include further strengthening operational performance across the Group, aligning to the current favourable metal pricing environment, integrating Impala Canada into the Implats Group and delivering on the business case as communicated to the market at the time of acquisition.

The Group is mindful of the potential impact of continued electricity supply constraints on its operations in South Africa and Zimbabwe and continues to actively engage with both governments to secure continuity of our business as far as possible.

"Implats remains fully committed to our long-term, value-driven strategy favouring value over volume in a zero-harm environment, enhancing operational performance, building sustainability and generating value for all our stakeholders."

The Group is pleased to largely reiterate the operational guidance provided with its FY2019 results release, with adjustments reflecting the inclusion of Impala Canada and our reporting transition to 6E PGM metrics*.

Full-year refined production guidance is unchanged at 1.45 to 1.55 million platinum ounces for FY2020. Group stock-adjusted operating costs are expected to be between R11 500 and R13 500 per PGM 6E ounce (R25 500 and R26 500 per platinum ounce, and impacted by the inclusion of Impala Canada which has a low platinum content) for the full financial year. Group capital expenditure is forecast at R4.9 billion to R5.2 billion (previously guided at R4.2 to R4.5 billion and adjusted for the R0.7 billion expected spend at Impala Canada).

Ends

NOTE TO EDITORS:

*** Note – reporting changes:** As of the current reporting period, production and unit costs are reported in terms of 6E platinum group metals (PGM 6E), the sum of platinum, palladium, rhodium, iridium, ruthenium and gold, and no longer in terms of platinum.

In addition, the acquisition of Impala Canada (previously North American Palladium (NAP)), a primary producer of palladium, became effective on 13 December 2019. This reporting period therefore includes 18 days of consolidated operating and financial results from this operation.

Following the incorporation of Impala Refining Services (IRS) into the Impala Rustenburg business entity, the Group revised the way in-process metal inventory quantities are allocated between Impala Rustenburg and IRS during the reporting period. In prior periods, IRS was allocated a fixed metal pipeline based on its contractual terms, whereas all deviations in processing inventory, after accounting for this fixed pipeline, were allocated to Impala Rustenburg. In the current period, this allocation was amended on a prospective basis and now the allocation of pipeline inventory between the two operations is based on actual input and treatment volumes processed for each operation. This will result in a more accurate and appropriate allocation of in-process metal inventory in future for each business unit.

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