

IMPALA PLATINUM HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1957/001979/06)
JSE Share code: IMP
ADR code: IMPUY
ISIN: ZAE000083648
("Implats" or "the Group")

First quarter production report for the period 1 July 2017 to 30 September 2017

Implats' Chief Executive Officer, Nico Muller, commented, "Safety remains an issue at Impala Rustenburg and Marula. This is being dealt with at all levels within the Group to receive the necessary support and resources to reverse these poor safety performances. We are pleased to note early signs of improvement in efficiencies and production levels at the Impala Rustenburg operations in line with planned interventions. Zimplats, Mimososa and Two Rivers delivered another strong operating performance during the quarter, while Marula, which has undergone an organisational restructure recently, delivered a pleasing turnaround and an increase in concentrate production."

Operational information		Unaudited Quarter ended 30 September 2017	Unaudited Quarter ended 30 September 2016
Gross production:			
Tonnes milled	000t	6 741	6 149
Grade (6E)	g/t	3.83	3.95
Platinum in concentrate (mine-to-market)	000oz	349	327
Platinum in concentrate (third-party and toll)	000oz	100	57
Platinum refined	000oz	341	365
Impala platinum refined	000oz	133	151
IRS platinum refined	000oz	209	215
Palladium refined	000oz	189	223
Rhodium refined	000oz	46	44
Nickel refined	000t	3.71	3.97
Managed operations production:			
Impala			
Tonnes milled	000t	2 984	2 433
Grade (6E)	g/t	3.95	4.17
Platinum in concentrate	000oz	181	156
Platinum refined	000oz	133	151
Zimplats			
Tonnes milled	000t	1 690	1 703
Grade (6E)	g/t	3.49	3.49
Platinum in concentrate	000oz	71	71
Platinum in matte	000oz	47	51

Operational information		Unaudited Quarter ended 30 September 2017	Unaudited Quarter ended 30 September 2016
Marula			
Tonnes milled	000t	498	446
Grade (6E)	g/t	4.43	4.41
Platinum in concentrate	000oz	23	21
JV operations production:			
Mimosa			
Tonnes milled	000t	717	690
Grade (6E)	g/t	3.86	3.80
Platinum in concentrate	000oz	32	30
Two Rivers			
Tonnes milled	000t	852	877
Grade (6E)	g/t	3.70	4.12
Platinum in concentrate	000oz	42	49
Group and third party production:			
IRS			
Platinum refined	000oz	209	215
Mine-to-market platinum refined	000oz	151	145
Third-party and toll platinum refined	000oz	57	70

SAFETY

Implats remains committed to ensuring zero harm and the Group's safety strategy is premised on providing an inherently safe work environment, maintaining leading safety practices and inculcating safe behaviour at all times. Management remains resolute in leading this imperative through direct engagement with all our stakeholders, including each employee in the organisation, the leadership of our representative unions and government.

Regretfully, Implats has experienced a disappointing safety performance over recent months, with Impala Rustenburg recording two incidents during the quarter in which three employees suffered fatal injuries. Post the end of the quarter, another two employees sadly passed away at Impala Rustenburg after extended medical treatment following incidents which occurred during the period under review. Regretfully, Marula also experienced a fatal incident during October 2017. The company has provided support to the families of the deceased, while the board of directors of Implats and the management team have extended their very sincere sympathies to the family, friends and colleagues of these employees.

Following these incidents, management has worked closely with the safety directorate of the Department of Mineral Resources ("DMR") and the worker representative structures of the Association of Mine Workers and Construction Union ("AMCU") to effect corrective measures to arrest the decline in safety performance and agree on initiatives to prioritise safe production, particularly at the Impala Rustenburg operations.

PRODUCTION

Tonnes milled across the Group during the quarter increased by 9.6% to 6 741 000 tonnes, compared to 6 149 000 tonnes achieved in the prior corresponding period.

The increase was largely as a result of a much stronger operational performance at Impala, compared to a poor first quarter performance in the prior corresponding period. Consequently, platinum in concentrate produced during the quarter across all mining operations (managed and Joint Venture), increased by 6.7% to 349 000 ounces, compared to 327 000 ounces in the prior corresponding period.

Notwithstanding the strong performance from all operations across the Group, final refined metal output was significantly impacted by a concentrate stock build-up following scheduled furnace maintenance at both the Impala and Zimplats operations. Consequently, gross refined platinum production during the quarter decreased by 6.6% to 341 200 ounces, compared to 365 200 ounces achieved in the prior period.

Planned maintenance was undertaken during the quarter at the Impala number 3 and number 5 furnaces and at the Zimplats furnace. During the maintenance of the Impala number 5 furnace, excessive wear in some areas became apparent and a decision was taken to completely refurbish it. As a result, the furnace is now only scheduled to come back on-line from December 2017, which will impact planned pipeline stocks at half-year and year-end, given that capacity constraints at the base metal refinery will not allow all the accumulated smelter matte stocks to be fully processed during the 2018 financial year. Consequently, notwithstanding mined production being in line with guided levels, gross refined platinum production for the Group is now expected to be between 1.51 and 1.56 million ounces of platinum in 2018.

Impala

Impala delivered a much improved operational performance compared to the previous comparable period, which was negatively impacted by the 14 Shaft decline fire and 1 Shaft fall-of-ground safety incident. During the current quarter, in line with FY2018 guidance, improved efficiencies have started to materialise, resulting in higher output, following the introduction of various initiatives at the operation. Consequently, tonnes milled during the quarter increased by 22.6% to 2 984 000 tonnes, compared to 2 433 000 tonnes in the previous comparable quarter. The mill grade (6E), which deteriorated by 5.3% to 3.95g/t, was impacted by ore pass rehabilitation work at 16 Shaft and an increase in lower grade reef development compared to the prior corresponding period. This resulted in platinum in concentrate produced at Impala increasing by 16.0% to 181 000 ounces, compared to 156 000 ounces in the prior period.

Zimplats

Zimplats sustained operational performance at above design capacity with mill throughput and grade largely unchanged at 1.69 million tonnes and 3.49 g/t (6E) respectively. As a result, platinum in concentrate produced at the operation during the quarter remained unchanged at 71 000 ounces. However, platinum in matte was again impacted by scheduled furnace maintenance during the quarter. The furnace was switched off for a planned 49-day sidewall reline at the end of August 2017. Metal produced from the concentrators during the shutdown period will be exported as concentrate during the quarter ending December 2017. Consequently, matte production during the quarter reduced by 7.8% to 47 000 ounces, compared to 51 000 ounces in the prior corresponding period.

Marula

Marula delivered an improved operational performance, in line with the performance conditions set by the Implats board of directors and market guidance for the 2018 financial year. Tonnes milled during the period increased by 11.7% to 498 000 tonnes, compared to 446 000 tonnes in the prior corresponding period. This increase was achieved following business restructuring initiatives completed in the prior financial year and ongoing multi-stakeholder interventions to prevent community protest action and business interruptions. As a result, platinum in concentrate production improved 9.4% to 23 200 ounces compared to the 21 200 ounces in the prior corresponding period.

Mimosa

Mimosa sustained its strong operational performance with tonnes milled during the period increasing by 3.9% to 717 000 tonnes, compared to 690 000 tonnes in the previous comparable quarter. Platinum production in concentrate increased 5.6% to 32 200 ounces from 30 500 ounces in the prior corresponding period on the back of the improved tonnage and a 1.8% higher mill grade.

Two Rivers

Two Rivers' mill throughput and head grade were impacted, as expected, by split reef areas currently being mined before further high-grade areas can be accessed. Consequently, tonnes milled decreased 2.8% to 852 000 tonnes, compared to 877 000 tonnes in the previous comparable quarter, and the mill grade (6E) deteriorated by 10.2% to 3.70g/t. This impacted platinum in concentrate production, which decreased by 15.6% to 41 600 ounces, compared to 49 300 ounces in the prior comparable period.

Impala Refining Services (“IRS”)

Increased deliveries from third-party customers during the period were more than offset by the build-up in concentrate stocks as a result of scheduled furnace maintenance at both the Impala and Zimplats operations. As a result, IRS refined platinum production during the period decreased 2.7% to 208 700 ounces, compared to 214 500 ounces in the prior comparable quarter.

The above information has not been reviewed and reported on by the Group's external auditors.

QUERIES

Johan Theron

Group Executive: Corporate Relations

E-mail: Johan.Theron@implats.co.za

Tel: +27 11 731 9013/43

Cell: +27 82 809 0166

Alice Lourens

Group Corporate Relations Manager

E-mail: Alice.Lourens@implats.co.za

Tel: +27 11 731 9033/43

Cell: +27 82 498 3608

Johannesburg

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