ANNUAL INTEGRATED REPORT 2019

VALUE OVER VOLUME

WELCOME TO OUR 2019 INTEGRATED REPORT

THE VALUES OF OUR CAPITALS

"The primary purpose of an integrated report is to explain to providers of financial capital how an organisation creates VALUE over time. An integrated report benefits all stakeholders interested in an organisation's ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators and policy-makers."
– The International <IR> Framework.

The CAPITALS are stocks of VALUE that are increased, decreased or transformed through the activities and outputs of the organisation.

Consistent with Implats' reporting boundary to report only on material items affecting value, the capitals and their impact on the Group and the Group's impact on the capitals have been discussed in the following sections:

CORPORATE GOVERNANCE EFFECTING STRATEGY AND CAPITALS

Trade-offs per decision by the governing body (Refer page 14)

STAKEHOLDER MATERIAL MATTERS AND THEIR EFFECT ON CAPITALS

The impact of stakeholder matters on strategy, risk and the impact on capitals per stakeholder matter (Refer page 57)

CAPITAL INPUTS

- Annual financial statements – mainly cost side of the income statement
- Cash flow opening balances
- Board inputs in sections "Achieving our mandate" and "Guidance and deliberations"
- Stakeholders in section "Allocation of resources"
- Business plan (resource allocation) including natural capital
- Business model, strategy and KPIs

CAPITAL OUTCOMES

- Revenue – mainly income in the income statement
- Cash generated during the year
- Stakeholder matters in section "Performance affecting relationships"
- Operational performance and relationship quality outcomes

VALUE CREATED (NET INCREASE/DECREASE IN CAPITALS)

- The increase or decrease in value in financial margins as reported in the financial information provided and movements in cash flow and reserves
- The quality of stakeholder relationships per capital
- The success of our strategies
- Investor returns and the value of the share price

USES OF OUR OUTPUTS

- Catalytic converters reducing vehicle emissions
- Jewellery
- Water purification
- Glass manufacturing
- Cancer drugs manufacturing
- Fertiliser manufacture

STRATEGIC OBJECTIVES AND STRATEGIES

Our strategic objectives are defined as the deliberate goals established to achieve our vision and mission, underpinned by our values, while our strategies define how the Company will achieve these strategic objectives.

STRATEGIC OBJECTIVES

- REPOSITION IMPALA TO THE LOWER HALF OF THE COST CURVE
- OPTIMISE THE VALUE CHAIN
- IMPROVE ORGANISATIONAL EFFECTIVENESS
- ENHANCE THE COMPETITIVENESS OF OUR PORTFOLIO
- OPTIMISE BALANCE SHEET AND CAPITAL ALLOCATION
- PROTECT AND STRENGTHEN OUR LICENCE TO OPERATE

THESE ICONS REFER TO OUR SIX CAPITALS

- Human capital
- Financial capital
- Manufactured capital
- Social and relationship capital
- Intellectual capital
- Natural capital

SUSTAINABLE DEVELOPMENT REPORT
- Detail on material economic, social and environmental performance
- GRI G4 core compliance
- Internal reporting guidelines in line with the UN Global Compacts
- Independent assurance report
- B-BBEE reporting as required by the B-BBEE commission

MINERAL RESOURCE AND MINERAL RESERVE STATEMENT
- Provides updated estimates and reconciliation of Mineral Resources and Mineral Reserves
- Conforms to the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC 2016)
- Conforms to section 12.13 of the JSE Listings Requirements
- Been signed off by the competent persons

NOTICE TO SHAREHOLDERS
- Corporate governance report
- Abridged financials
- Audit committee report
- Social, transformation and remuneration committee report
- Proxy and comparative information

ANNUAL FINANCIAL STATEMENTS
These annual financial statements were prepared according to International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act, Act 71 of 2008, the Listings Requirements of the JSE Limited and the recommendations of King IV.

ONLINE
- Direct access to all our reports
- Our website has detailed investor, sustainability and business information

@impalaplatinum.com

http://www.youtube.com/implats

http://www.linkedin.com/company/impalaplatinum limited

NAVIGATION
For easy navigation and cross-referencing, we have included the following icons within this report: **Our Capitals and Strategic Objectives** to make referencing between our report suite easier. With this report we also include additional information relating to online topics.

Information available elsewhere in this report

Information available on our website

CONTENTS

WE WELCOME YOUR FEEDBACK TO MAKE SURE WE ARE COVERING THE THINGS THAT MATTER TO YOU

Go to: **www.implats.co.za** or email: **investor@implats.co.za** for the feedback form

ETHICS

The Implats code of ethics (the code) has been approved by the Group's board of directors (the board) and senior management and is binding on every employee, officer, director, contractor and supplier and on all officers and directors of any entity owned or controlled by Implats.

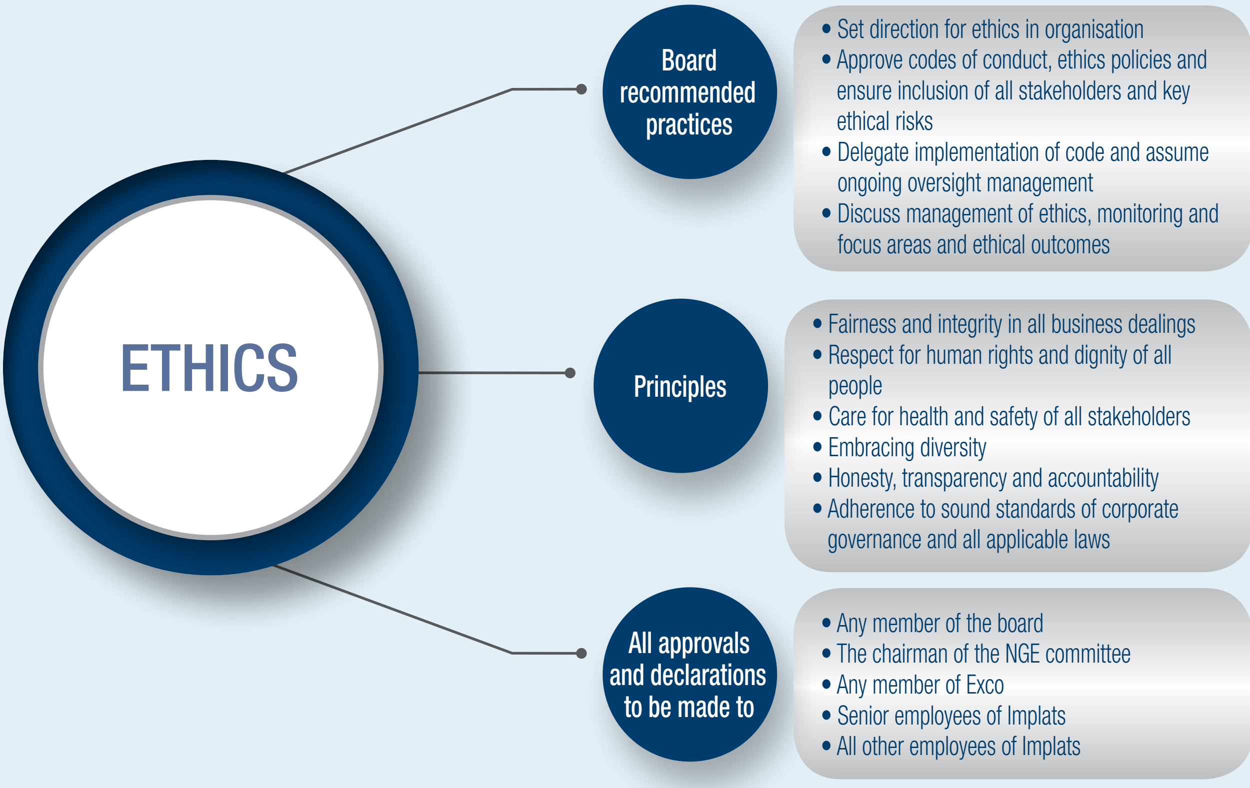
The board gives effect to the code by subscribing to the following values and principles:

Implats is committed to minimising adverse impacts on the **environment, health and safety** and subscribes voluntarily to the most stringent legal prescriptions. No discrimination **on any individual or group** will be allowed on any arbitrary basis and all employees have the right of freedom of association and **fair treatment**.

For all **employment-based decisions**, the only legitimate criteria are an individual's performance, capability and potential subject to the requirements.

Employees, suppliers and contractors are required to ensure the highest possible standards of environmental control and adhere to the best contemporary practice to ensure a safe work environment for all employees.

"IMPLATS IS COMMITTED TO THE CONDUCT OF ITS BUSINESS IN AN ETHICAL AND FAIR MANNER, TO THE PROMOTION OF A CORPORATE CULTURE WHICH IS NON-SECTARIAN AND APOLITICAL AND WHICH IS SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE."



VISION, MISSION AND VALUES

OUR VISION	OUR MISSION	OUR VALUES
TO BE THE WORLD'S BEST PGM PRODUCER, SUSTAINABLY DELIVERING SUPERIOR VALUE TO ALL OUR STAKEHOLDERS	TO MINE, PROCESS, REFINE AND MARKET HIGH-QUALITY PGM PRODUCTS SAFELY, EFFICIENTLY AND AT THE BEST POSSIBLE COST FROM A COMPETITIVE ASSET PORTFOLIO THROUGH TEAM WORK AND INNOVATION	WE RESPECT, CARE AND DELIVER

We have formulated our strategy with a deliberate focus on creating a competitive and profitable company and taking a meaningful step towards attaining our vision:

HOW WE DEFINE VISION

AIM TO BE THE "BEST"

- We aim to excel in our chosen field of play
- We pursue value over volume
- We do not pursue unprofitable ounces
- We seek to be competitive by enhancing our portfolio
- We deliver through teamwork and innovation

Associated metrics
- Fatality free
- Aggregate portfolio in lower quartile of the industry cost curve
- Ongoing optimisation of portfolio prioritising low cost, mechanised Pd/Rh rich cash-generating assets
- Cost + SIB of R24 000* per Pt ounce for the Group

…DELIVERING "SUPERIOR VALUE" TO OUR STAKEHOLDERS…

- We understand our actions impact many stakeholders
- We supply superior quality products
- We deliver superior shareholder value
- We provide rewarding employment
- We deliver a meaningful impact to our surrounding communities and our governments

Associated metrics
- Relative share price performance against peer group
- Share volumes traded
- 100% compliance: Mining Charter and MPRDA
- Perception surveys
- Zero operational disruption
- Environmental compliance
- Meaningful value creation to B-BBEE procurement spend

THROUGH "TEAM WORK"…

- We employ and retain top talent
- We are accountable
- We trust each other for support
- We support our operations with the right skills at the right places
- We aim to have the best people in our chosen field of play

Associated metrics
- Key talent turnover rate
- Delivery to business plan
- Embedded high-performance culture supported by employees who respect, care and deliver

…AND "INNOVATION"

- We continuously improve our systems and processes
- We embrace learning
- We adopt proven modern technologies
- We optimise our value chain through operational excellence
- We maximise value from the market

Associated metrics
- Productivity (tonnes milled per employee costed)
- Unit cost of production
- ROCE (modernisation investment)
- Toll refining revenue
- Toll refining margin

** In real terms – FY2018*

MATERIALITY AND REPORTING BOUNDARY

THE HISTORY OF IMPLATS AT A GLANCE: STRATEGIC PHASES

1924 – 1968	1972 – 1987	1990 – 1998	2000 – 2004
– Hans Merensky discovers platinum in the Bushveld Igneous Complex – 1967: First vertical shaft developed and Impala Platinum Limited is created as subsidiary of Union Corporation on 26 April 1968	– 1972 – 1974: Major expansion in Rustenburg to raise capacity of mine and metallurgical plant to 900 koz of platinum, matching in refining capacity – October 1987: Establishment of Karee Mine near Marikana	– 1990: Implats acquires interest in Western Platinum and Eastern Platinum (collectively Lonplats) as Karee is merged into these entities – 1995: Attempted merger with Lonplats blocked by the European Union – 1998: IRS established to capitalise on Implats' surplus smelting and refining capacity	Strategic growth focus Implats acquires: – Mineral rights to Marula – Strategic stakes in Zimplats and Mimosa and enters into joint venture to develop Two Rivers Stakes in Barplats and Lonplats are sold 1 Acquisitive growth 4 Operational level – manage new acquisition

King I report is released in 1994

OUR REPORTING BOUNDARY BASED ON MATERIALITY DETERMINATION PROCESS

For the purposes of this report, items have only been taken into account and reported on, if the effects of these items have materially impacted strategy, the business model, capitals, governance, performance and prospects of the Group and its stakeholders. This is in accordance with the international framework and the materiality background paper for integrated reporting.

Our operations are very different and are therefore evaluated internally on an individual basis to understand and manage the Group. Where applicable, information has been given on an operational basis to address individual operations' stakeholder material matters.

STAKEHOLDER MATERIAL MATTERS

Employees
Job security and the Impala Rustenburg restructuring; wage negotiations, deficit in leadership competencies

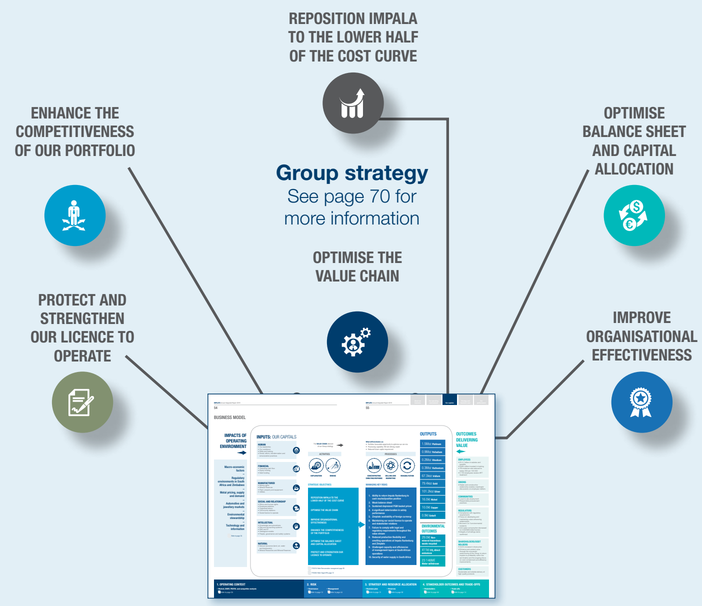
Communities
Employment, procurement and social investment and supplier opportunities; disruptions to Marula operations due to threats of community unrest

Government
South Africa: Job losses from Rustenburg restructuring; Impala's potential failure to meet SLP commitments in time
Zimbabwe: Economic challenges; Zimplats resource protection

Shareholder and investor community
Financial performance and implementation of strategic review; rebalancing portfolio and for capital asset model to support dividend declaration; governance disclosure and contribution toward environmental, social and governance (ESG) commitments

Customers
Being a reputable and responsible supplier of high-quality PGM products through innovation

STRATEGIC OBJECTIVES



Customer surveys, strategies; internal and external audit reports; regulatory/legal; stakeholder engagement

FINANCIAL REPORTING BOUNDARIES

IMPLATS

SUBSIDIARIES

96% IMPALA	IRS A division of Impala	73% MARULA	87% ZIMPLATS
4% Employee Share Ownership Trust		27% Tubatse Platinum (Pty) Ltd, Mmakau Mining (Pty) Ltd, Marula Community Trust	13% Minorities

Our journey captures the key material issues listed in "**Consider the following**" below that have informed our reporting boundary over time

King II report is released — King III report is released — King IV report is released

2006 – 2007	2008 – 2017	2018	2019
– Black economic empowerment transactions negotiated – Implats finalises BEE deal with Royal Bafokeng Holdings (Pty) Ltd (RBH). Impala makes once-off payment of future royalties to RBH in exchange for equity in Implats 3 – Increased production to enhance shareholder returns 5 – Cost and production focus 6 – PGM companies highly profitable for conventional miners	Shift in strategic focus from growth to cash preservation 1 – Sustained lower price environment resulting in lower for longer strategy 2 – Cash preservation 6 – Decline in prices from US$2 085/Pt oz to US$920/Pt oz	Shift in strategic focus at Impala Rustenburg to transition into a leaner, more concentrated and profitable operation 1 – Impala value over volume strategy 2 – Impala job security concerns 4 – Impala Rustenburg Review 6 – PGM prices remain depressed	Redefined vision, mission, strategies and key performance areas in revised strategy to position Implats as a value over volume producer 1 – Balance portfolio 2 – Weak balance sheet recapitalisation – share issue 4 – Impala Rustenburg restructuring; Waterberg project; repayment of bonds 5 – Impala Rustenburg returns to profitability but concerns over job security, labour relations climate 6 – Higher rand basket prices

OUR REPORTING BOUNDARY BASED ON MATERIALITY DETERMINATION PROCESS

On request from investors and analysts, operating statistics for each operation have been re-included in the operational reports. This information was previously removed from this report. Non-financial information affecting stakeholders and the ability of the Group to create value over time is reported on in this Integrated Annual Report. B-BBEE reporting has been included in the Sustainability Report. The financial information presented here has been prepared by applying IFRS consolidation techniques to report on associates, but in the operating sections associates are reported at 100%. Production is reported in terms of platinum group metals (PGMs) 6E being platinum, palladium, rhodium, ruthenium and iridium as well as gold (4E excludes ruthenium and iridium).

1 CONSIDER THE FOLLOWING

1. Organisation's value drivers
2. Stakeholder material matters
3. Material external risks
4. Significant opportunities and the ability to execute
5. Organisation's current performance
6. Pertinent macro- and micro-economic changes

2 ASSESS EFFECT ON VALUE-CREATION

- Magnitude of the effect
- Likelihood of occurrence

3 PRIORITISE MATERIAL MATTERS

- Rank by senior management and those charged with governance

4 INTEGRATED REPORT DISCLOSURE

- Apply judgement
- Disclose:
  - the matter
  - effects on strategy, business model or capitals
  - interrelatedness and dependencies
  - the organisation's view on potential outcomes or effects
  - current and future response to mitigating actions in response to organisation's risk
  - current and comparative response effectiveness measurement data
  - explanation or indication of the extent of the organisation's control over the matter
  - targets and KPIs
  - qualitative disclosures

Policies, codes and values; risk management process; media interaction; meeting agenda and minutes; employee perception survey

FINANCIAL REPORTING BOUNDARIES

IMPLATS

JOINT ARRANGEMENTS AND ASSOCIATES

50% MIMOSA	46% TWO RIVERS
50% Sibanye-Stillwater	54% African Rainbow Minerals Ltd

WHERE WE OPERATE AND GROUP STRUCTURE

SOUTH AFRICA

IMPALA

Ownership: 96%-owned/4% employee share ownership trust

Impala has operations on the western limb of the world-renowned Bushveld Complex near Rustenburg in South Africa. This operation comprises a 10-shaft mining complex and concentrating and smelting plants. The base and precious metal refineries are situated in Springs, east of Johannesburg.

753 800oz
Refined Pt production

0.049 FIFR	**5.42** LTIFR	**49.4%** Contribution to Group platinum production	**870m** Average current depth
14.08 TIFR	**4** Fatalities	**>15 years** Life-of-mine (LoM 1)	**39 523** Number of employees

IRS

Ownership: A division of Impala

Impala Refining Services (IRS) is a dedicated vehicle to house the toll refining, metal concentrate and matte purchases built up by Implats. IRS provides smelting and refining services through offtake agreements with Group companies (except Impala) and third parties. IRS administration is situated in Springs, east of Johannesburg.

IMPLATS IS STRUCTURED AROUND SIX MINING OPERATIONS AND IMPALA REFINING SERVICES (IRS), A TOLL-REFINING BUSINESS.

OUR OPERATIONS ARE LOCATED ON THE BUSHVELD COMPLEX IN SOUTH AFRICA AND THE GREAT DYKE IN ZIMBABWE, THE TWO MOST SIGNIFICANT PGM-BEARING OREBODIES IN THE WORLD.

The structure of our operating framework allows for each of our operations to establish and maintain close relationships with their stakeholders, while operating within a Group-wide approach to managing the economic, social and environmental aspects of sustainability. As at 30 June 2019 our major shareholders were Investec Asset Management (14.9%), Public Investment Corporation (PIC) (10.4%) and Allan Gray (6.1%), with the balance of the shares held by various public and non-public shareholders (refer to page 11 of the Group annual financial statements.)

This year, the Group produced 3.07 million ounces of PGMs (2018: 2.92 million ounces), which included 1.526 million ounces of platinum (2018: 1.468 million ounces). Our markets are in South Africa, Japan, China, the US and Europe. We have a workforce of 50 712 own employees including 15 816 contractors, none of whom are self-employed. We have no seasonal employees.

ZIMBABWE

ZIMPLATS

Ownership: 87%-owned/13% minorities

Zimplats' operations are situated on the Zimbabwean Great Dyke, south-west of Harare. Zimplats operates four underground mines and a concentrator at Ngezi. The Selous Metallurgical Complex (SMC), located some 77 kilometres north of the underground operations, comprises a concentrator and a smelter.

269 900oz
Pt in matte (including concentrate sold)

0.064 FIFR	**0.045** LTIFR	**16.8%** Contribution to Group platinum production	**240m** Average current depth
0.90 TIFR	**1** Fatality	**>20 years** Life-of-mine (LoM 1)	**7 117** Number of employees

MIMOSA*

Ownership: 50% owned/50% Sibanye-Stillwater

Mimosa is jointly held by Implats and Sibanye-Stillwater. Its operations are located on the Wedza Geological Complex on the Zimbabwean Great Dyke, 150 kilometres east of Bulawayo. The operation comprises a shallow underground mine, accessed by a decline shaft and a concentrator.

122 100oz
Pt in concentrate

0.106 FIFR	**1.69** LTIFR	**7.7%** Contribution to Group platinum production	**180m** Average current depth
1.69 TIFR	**1** Fatality	**>11 years** Life-of-mine (LoM 1)	

** Non-managed*

MARULA

Ownership: 73%-owned/27% Tubatse Platinum (Pty) Ltd, Mmakau Mining (Pty) Ltd, Marula Community Trust

Marula is one of the first operations developed on the relatively under-exploited eastern limb of the Bushveld Complex in South Africa. Marula is located in the Limpopo province, some 50 kilometres north-west of Burgersfort.

83 000oz
Pt in concentrate

nil FIFR	**13.4** LTIFR	**5.3%** Contribution to Group platinum production	**300m** Average current depth
21.67 TIFR	**0** Fatalities	**>15 years** Life-of-mine (LoM 1)	**4 072** Number of employees

TWO RIVERS*

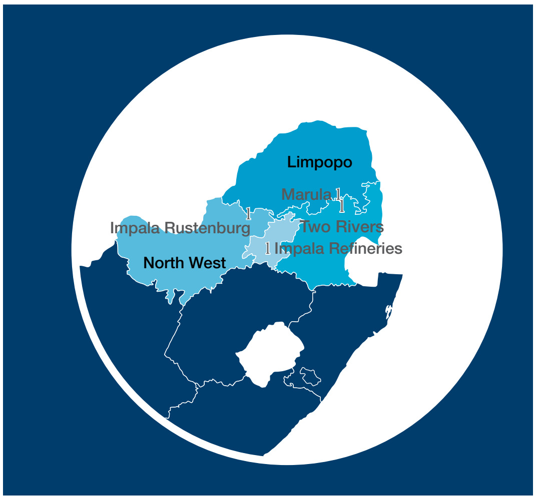
Ownership: 46%-owned/54% African Rainbow Minerals

Two Rivers is a joint venture and is situated on the southern part of the eastern limb of the Bushveld Igneous Complex, 35 kilometres south-east of Burgersfort in Mpumalanga, South Africa.

147 200oz
Pt in concentrate

nil FIFR	**2.35** LTIFR	**9.5%** Contribution to Group platinum production	**400m** Average current depth
6.95 TIFR	**0** Fatalities	**>20 years** Life-of-mine (LoM 1)	

** Non-managed*



AFPLATS

Ownership: Implats 74%

Ba-Mogopa Platinum Investments (Pty) Ltd (26%)

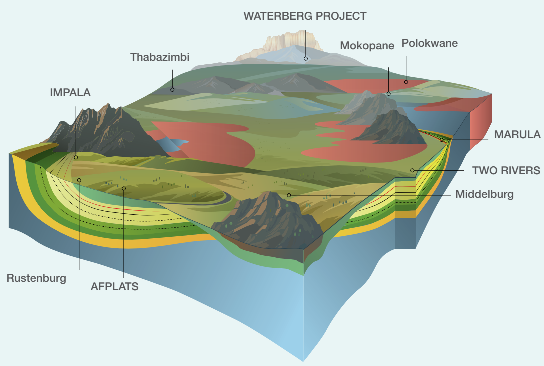
Afplats has been impaired and is currently non-operational

TOTAL IMPLATS

IMPLATS IS A LEADING PRODUCER OF PLATINUM AND ASSOCIATED PLATINUM GROUP METALS (PGMs)

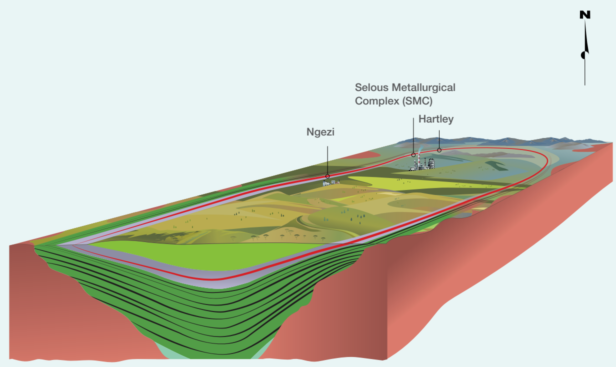
1 526 200oz
Refined Pt production

0.047 FIFR	**5.30** LTIFR	**50 712** Number of employees
12.70 TIFR	**5** Fatalities	



THE BUSHVELD COMPLEX (SIMPLIFIED)

- Granite
- Upper and Main Zone
- Upper Critical Zone
- Lower Critical Zone
- Lower Zone
- Marginal Zone
- Transvaal Sequence
- Merensky Reef
- UG2 Reef
- Chromitite Layers



THE GREAT DYKE (SIMPLIFIED)

- Granite
- Websterite
- Dunite/Harzburgite succession
- Dunite
- Bronzitite
- Main Sulphide Zone
- Chromitite layers

STATEMENT OF COMMITMENT TO GOOD GOVERNANCE

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

The Implats board is committed to maintaining the highest standards of good governance to promote quality decision making and the execution of those decisions within a disciplined framework of policies, procedures and authorities.

Good governance exists in an environment where roles and responsibilities are clearly defined, forums are conducive to robust debate and performance is regularly reviewed. We outline our progress and describe our governance efforts over the next few pages.

The Implats board provides effective leadership to the Group and embraces the principles of ethical leadership in setting and implementing Implats' strategy. We are guided by the principles of the King IV Code on Corporate Governance™* (King IV), the Companies Act, 2008, the JSE Listings Requirements and all other applicable laws, standards and codes. A compliance schedule can be found at www.implats.co.za.

To ensure we make and execute good decisions, which are transparently in the interest of Implats, its shareholders and other stakeholders, the Implats board works continuously to maintain and develop its governance framework.

We exercise independent judgement on all issues reserved for our review and approval, while simultaneously considering the needs of all stakeholders, and take full responsibility for the management, direction and performance of the Group.

Mandla Gantsho
Chairman

BOARD REPRESENTATION AND HOW IT CONTRIBUTES TO VALUE CREATION

Good corporate governance contributes to value creation by ensuring accountability through reporting and disclosure, effective risk management, clear performance management, transparency and ethical and effective leadership.

In addition, the diversity of our directors in terms of gender, race and professional background (refer page 10) facilitates an environment for constructive dialogue and enables the board to consider the needs of a wide range of stakeholder interests.

The Implats board believes these qualities of governance, which are aligned with the principles of King IV, enable the Group to create value for stakeholders in a sustainable manner over the short, medium and long term as described in the strategy section on pages 70 to 73 of this report.

Independent non-executive directors

Mandla Gantsho	Babalwa Ngonyama
Peter Davey	Mpho Nkeli
Dawn Earp	Preston Speckmann
Alastair Macfarlane	Bernard Swanepoel
Sydney Mufamadi	

Non-executive directors

Udo Lucht^

Executive directors

Nico Muller
Meroonisha Kerber
Lee-Ann Samuel

THE RIGHT BALANCE OF SKILLS AND EXPERIENCE ENABLES THE BOARD TO MAKE A MEANINGFUL CONTRIBUTION TO THE BUSINESS OF THE GROUP

BOARD SKILLS, EXPERIENCE AND DIVERSITY

EXPERIENCE
- Public and private sector stewardship
- Mining engineering, capital projects and operations
- Corporate finance and investment banking
- Human resources management
- Global experience
- External audit and regulatory compliance
- Mineral asset valuation

SKILLS
- Strategic planning and risk management
- Corporate governance
- Regulatory knowledge
- Capital projects and mineral asset valuations
- Financial acumen
- Environmental management
- Organisational restructuring
- Mergers and acquisitions

TENURE

Five years and longer	7 directors
Three to five years	0 directors
Less than three years	6 directors

DIVERSITY

Female	38%
Historically disadvantaged	62%

RACE DIVERSITY

COMMITTEE MEMBERSHIPS

7 Black
4 White
2 Other (foreign nationals)

^ Resigned 27 August 2019

COMMITTEE STRUCTURE

The board, assisted by its sub-committees, steers, sets direction, approves policy and planning, and monitors ethics, regulatory compliance, remuneration strategies to align employees with the Company's strategic intent and stakeholder relations in the Group.

Independent non-executive directors: Mandla Gantsho, Peter Davey, Dawn Earp, Alastair Macfarlane, Sydney Mufamadi, Babalwa Ngonyama*, Mpho Nkeli, Preston Speckmann, Bernard Swanepoel

Non-executive directors: Udo Lucht^

Executive directors: Nico Muller, Meroonisha Kerber, Lee-Ann Samuel

BOARD

Audit committee#
- D Earp (Chairman)
- PW Davey
- B Ngonyama
- PE Speckmann

Social, transformation and remuneration committee#
- MEK Nkeli (Chairman)
- MSV Gantsho
- B Ngonyama
- PE Speckmann

Health, safety, environment and risk committee
- AS Macfarlane (Chairman)
- PW Davey
- NJ Muller
- LN Samuel
- ZB Swanepoel

Capital allocation and investment committee
- ZB Swanepoel (Chairman)
- PW Davey
- D Earp
- UH Lucht^
- M Kerber
- NJ Muller

Nomination, governance and ethics committee
- MSV Gantsho (Chairman)
- PW Davey
- FS Mufamadi
- B Ngonyama

 # Statutory committees.
** Lead independent director of Implats board.*
^ Resigned on 27 August 2019.

EXCO

Nico Muller, Jon Andrews, Meroonisha Kerber, Tebogo Llale, Alex Mhembere, Mark Munroe, Velile Nhlapo, Kirthanya Pillay, Gerhard Potgieter, Lee-Ann Samuel, Sifiso Sibiya, Johan Theron

OUR LEADERSHIP

NON-EXECUTIVE DIRECTORS

Mandla Gantsho
(57) Chairman

Mandla Gantsho Chairman

BCom (Hons), CTA, CA(SA), MSc, MPhil, PhD

Experience: Appointed in November 2010. Held senior executive positions in public and private sector organisations, including vice-president for infrastructure at the African Development Bank, CEO and MD of the Development Bank of Southern Africa. A former non-executive director of the SARB and Ithala Development Finance Corporation. Currently the chairman of Africa Rising Capital, Sasol Limited and Kumba Iron Ore.

Peter Davey (British)

BSc (Hons) Mining Engineering, MBA

Experience: Appointed to the board in July 2013 as an independent non-executive director. He was previously a resource analyst at various investment banks in the United Kingdom and he also has extensive production experience in the South African gold and platinum mining industry.

Peter Davey
(66)

Dawn Earp
(57)

Dawn Earp

BCom, BAcc, CA(SA)

Experience: Appointed to the board in August 2018 as independent non-executive director. Ms Earp has formerly held positions as financial director at both Implats and Rand Refineries. She is a non-executive director at Transit Freight Forwarding (Pty) Ltd and a director at Moolmans, a division of Aveng Africa (Pty) Ltd.

Alastair Macfarlane (British)

MSc Mining Engineering

Experience: Appointed in December 2012. Extensive experience in senior and executive management positions in the mining industry, consults to many mining companies within the sector locally and internationally. Is a visiting senior lecturer at the University of the Witwatersrand.

Alastair Macfarlane
(68)

Babalwa Ngonyama
(44)

Babalwa Ngonyama

BCompt (Hons), CA(SA), MBA

Experience: Appointed in November 2010. She is the founding chairman of the African Women Chartered Accountants (AWCA). She is CEO of Sinayo Securities and also serves as a non-executive director on the boards of Hollard Life Assurance Company, Clover Industries Limited, Aspen Pharmacare Holdings, and enX Group.

Mpho Nkeli

BSc (Environmental Studies), MBA

Experience: Appointed in April 2015. Previously director of Alexander Forbes, Vodacom SA, African Bank and Chairperson of the Commission for Employment Equity. She is currently a director of Search Partners International, she is an independent non-executive director of Life Healthcare and Sasol Limited.

Mpho Nkeli
(54)

Preston Speckmann
(62)

Preston Speckmann

BCompt (Hons), CA(SA)

Experience: Appointed in August 2018. Mr Speckmann was the group finance director of MMi Holdings for a period of 16 years prior to his retirement. He also held various senior positions in Pepkor and Old Mutual as well as an audit partner at PwC.

He serves as a non-executive director on the boards of Santam and some of its subsidiary companies and Sanlam subsidiary companies.

Sydney Mufamadi

MSc and PhD (Oriental and African Studies)

Experience: Appointed in March 2015 and is chairman of Zimplats Holdings Ltd. Director of Transnet Limited (SOC), various subsidiary boards of Barclays Bank Africa Group in Mozambique and Tanzania, director of the School of Leadership at the University of Johannesburg.

Sydney Mufamadi
(60)

Bernard Swanepoel
(58)

Bernard Swanepoel

BSc (Mining Engineering) and BCom (Hons)

Experience: Appointed in March 2015. Non-executive director of African Rainbow Minerals, Eqstra Holdings Limited and Zimplats Holdings Limited.

Udo Lucht

BCom (Hons), CA(SA), CFA

Experience: Appointed as a non-executive director representing Royal Bafokeng Holdings (Pty) Limited (RBH). Has extensive experience in investment banking and is currently head of portfolio at RBH.

Resigned: August 2019

Udo Lucht
(42)

Boitumelo Koshane
(40)

Boitumelo Koshane

BCom (Hons), CA(SA)

Experience: Appointed in August 2019 as a non-executive director representing Royal Bafokeng Nation (RBN). Ms Koshane serves on various boards linked to the Royal Bafokeng entities and is a non-executive director of Impala Platinum Limited.

Nico Muller

BSc Mining Engineering

Experience: Appointed to the board on 3 April 2017 as chief executive officer and executive director. Mr Muller has had a 28-year mining career that has exposed him to multiple commodities ranging from diamonds, gold and platinum.

Nico Muller
(52)

Lee-Ann Samuel
(41)

Lee-Ann Samuel

BA Psychology and Honours Political Science, UJ

Experience: Appointed to the board on 27 November 2017. Ms Samuel has 16 years of human resources experience in financial services, mining and telecommunications; and spent three years at Telkom Media as head of people development.

Meroonisha Kerber

HDipAcc, CA(SA)

Experience: Appointed to the board in August 2018 as chief financial officer and executive director. Ms Kerber has 10 years' experience at Deloitte, and has held various senior positions at Anglo American Platinum and AngloGold Ashanti.

Meroonisha Kerber
(46)

ORGANISATIONAL RISK GOVERNANCE AND ASSURANCE

IMPLATS OVERALL ASSURANCE MODEL

Implats applies a combined assurance model, which is designed to optimise the assurance provided over the Group's top 10 strategy risks, risk management and the internal financial controls. The audit committee oversees the internal audit function, which operates as an independent objective assurance. It coordinates, among other things, the combined assurance model (CAM) to map the assurance provided across the enterprise. The objective of the CAM is to report on key assurance activities provided by all lines of assurance across the enterprise to minimise duplication of effort, to identify assurance gaps that may exist in these areas and to optimise the level of assurance achieved in the Group. The CAM depicts assurance from all four lines of assurance within a rolling plan and is discussed and debated at the audit committee twice per annum. The overall assurance provided includes strategic business objectives, material sustainability focus areas (non-financial information) and the annual financial statements (AFS) extracts in the CFO report on pages 85 to 88.

RISK, GOVERNANCE AND ASSURANCE

The board is responsible for overseeing the Group's risk management and internal control systems, which management is responsible for implementing. The health, safety, environment and risk committee (HSE&R) and audit committee consist of independent non-executive directors, supporting a strong risk governance framework.

The HSE&R committee monitors and reviews the risk profile and the effectiveness of all risk management activities and, in particular, monitors adherence to agreed risk limits. Implats' internal audit function provides assurance to the Implats board via designated committees of the board, with a direct reporting line to the audit committee for the purpose of functional independence, and the CFO for administrative purposes and alignment with the organisation. External audit and other external assurance providers provide assurance on financial and non-financial information.

THE RISK MANAGEMENT PROCESS

The most important purpose of enterprise risk management is to institutionalise an ongoing and rigorous identification of risks in all aspects of the business, encourage open and honest dialogue about these risks and ensures the implementation of the necessary controls and risk treatment initiatives.

Implats' risk management process sets out to achieve an appropriate balance between minimising the risks associated with any business activity and maximising the potential reward. In this context, both the upside (opportunity) and downside consequences of all uncertainties that could affect one or more of our objectives at different levels can be considered.

Effective risk management enables management to deal with uncertainty and associated threats and opportunities, enhancing the enterprise capacity to build value.

Risk governance

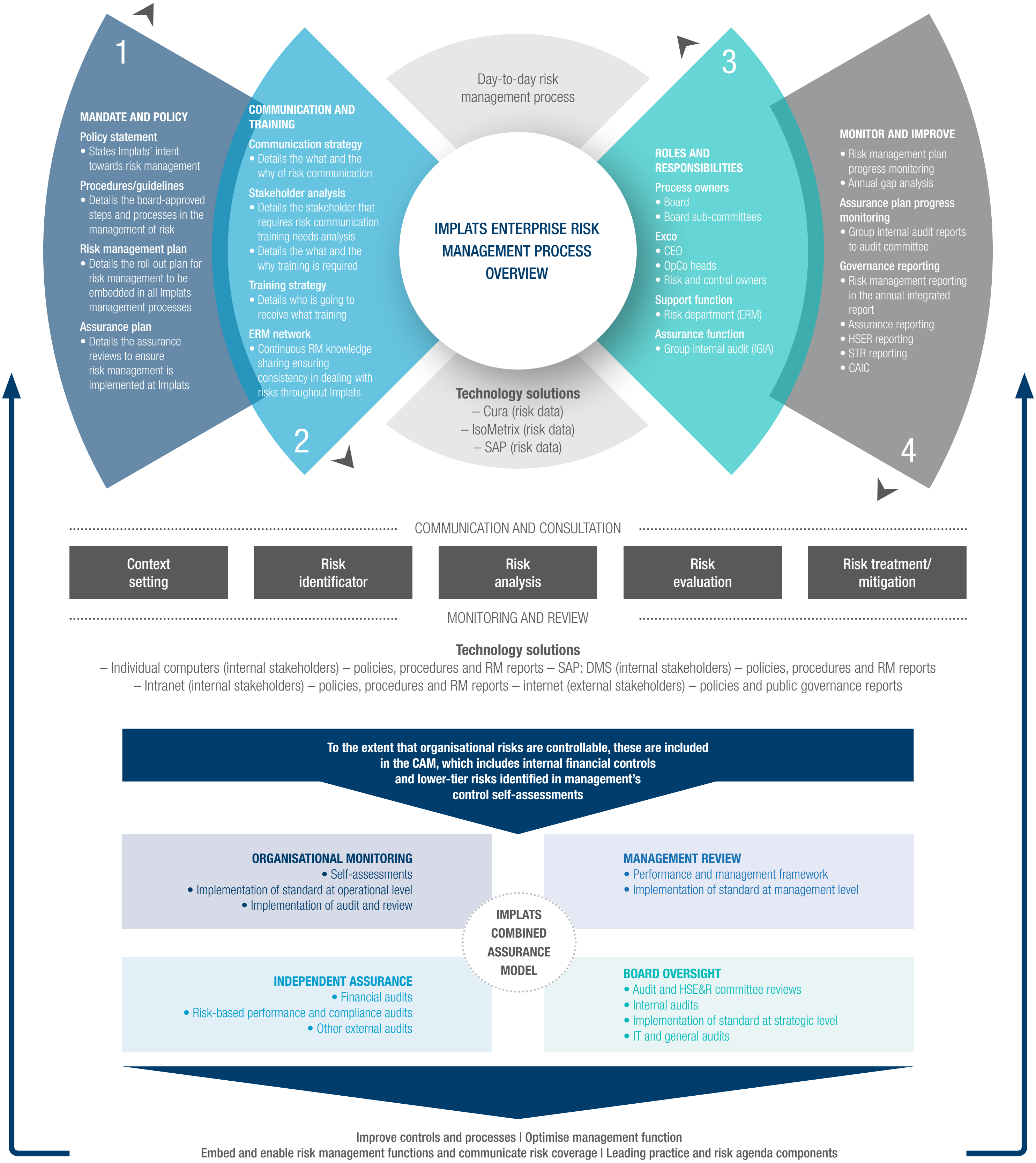
1 **IMPLATS**
Board
Sets the tone at the top and oversees the management of Group risks.

2 **IMPLATS**
Board sub-committees
Oversees assigned risks by aligning board skills with strategic issues and risks. Challenges management assumptions and communicates between board and management.

3 **IMPLATS**
Executive committee
Establishes the Group's strategy and identifies associated Group risks. Regularly reviews risk ranking and completeness. Assigned with risk ownership.

4 **IMPALA MINING, REFINING, ZIMPLATS, MARULA OPERATIONS**
Executives and functional executives
Executive business plans as aligned with Group strategy. Owners of risks associated with execution.

THE IMPLATS RISK MANAGEMENT AND ASSURANCE PROCESS IS AS FOLLOWS:



CORPORATE GOVERNANCE EFFECTING STRATEGY AND CAPITALS

According to King IV, the board is tasked primarily with steering and setting the strategic direction of the Group, approving policy and planning, oversight and monitoring, and to ensure accountability.

The board, through shared responsibility with its various sub-committees, discharges its duty of oversight and governance. In line with their stated mandate, each sub-committee is allocated strategic risks and stakeholder material matters for guidance and deliberation during the year. The decisions ultimately taken or approved by the board and sub-committees affect the capitals and result in trade-offs to capitals and stakeholders and it is therefore imperative to be mindful of the Implats mission, vision and values in making decisions reflective of ethical leadership.

The committees are satisfied that they have fulfilled their responsibilities in accordance with their terms of reference for the reporting period.

NOMINATION, GOVERNANCE AND ETHICS COMMITTEE

The committee has discharged its mandate by strategically advising the board on matters related to corporate governance, board composition, leadership and performance

Key stakeholders: Shareholders, employees and regulators

Achieving our mandate

- Reviewed the size of the board and its committees and made recommendations on the appointment of suitably qualified people to the board
- Made recommendations to the board regarding appointments to its committees to ensure they are staffed appropriately to carry out their mandates
- Ensured that the recommendations of the board evaluation process are included in the work-plan and that implementation is closely monitored
- Deliberated King IV matters pertinent to the work of the committee including, but not limited to ethical leadership, board term limit and director independence.

FUTURE FOCUS

- The implementation of recommendations emanating from the committee evaluation process
- Ongoing adherence to King IV
- The development and embedding of an ethical culture
- The succession plan for executive directors and other senior executives, and the embedding of a culture of ethical leadership
- An adequately resourced board capable of making legitimate decisions
- Ability to implement the outcomes of the Impala Rustenburg strategic review and return Impala to cash neutral/positive position.

Deliberations to direct and support strategy

Allocated risks and stakeholder material matters addressed	Deliberations	Trade-offs
• Board evaluations in FY2019 • Strategic board renewal	• The committee assisted the board in undertaking an effectiveness evaluation using the recommendations of the previous evaluation as a baseline. The outcome of the evaluation rated the board as highly effective with significant contributions by the individual board members noted. Identified areas of development were communicated to each board member for appropriate action. • The committee also deliberated on the succession plan for the chief executive and strategic board renewal.	**Capitals depleted** • Strategic board renewal will bring new skills and competencies; however, may result in a reduction in the experience and Implats-specific knowledge base of the board. **Capitals increased** • Strategic renewal and balancing skills and knowledge base on the board to be able to react to challenges as they change over time. • Investing in board effectiveness of directors of the board has a positive impact on human, intellectual and social capital which fosters legitimacy that grants us our social licence to operate.

AUDIT COMMITTEE

The committee monitors financial reporting, internal control systems and both the internal and external audit functions

Key stakeholders: Shareholders, employees and regulators

Achieving our mandate

- Reviewed and recommended the annual integrated report, annual financial statements, the interim financial statements and other financial information which was to be made public
- With assistance from an ad hoc review committee, reviewed and recommended the Mineral Resource and Mineral Reserve Statement to the board
- Monitored the integrity of the Company's system of internal controls, internal financial controls and financial risk management systems to safeguard assets
- Monitored and reviewed the independence and effectiveness of Implats' internal audit function
- Recommended the appointment of external auditors for shareholder approval
- Assessed the suitability of the lead audit partner and nominated the external auditors for appointment by shareholders
- Monitored the independence, objectivity and effectiveness of the external auditors and regulated the use of the external auditors for non-audit services to ensure their independence was not impaired
- Reviewed the Group tax policy, considered the effectiveness of information technology function and recommended the IT strategy for board approval.

FUTURE FOCUS

- Implementation of the outcomes of the Impala Rustenburg strategic review and returning Impala to a cash neutral/positive position
- Management's implementation of cost reduction and containment measures
- Focus on strengthening the balance sheet in line with new Group strategic objectives as detailed on page 71
- Explore measures to respond to environment of sustained depressed PGM basket prices.

Deliberations to direct and support strategy

Allocated risks and stakeholder material matters addressed	Guidance and deliberations	Trade-offs
Risks • Ability to return Rustenburg to cash neutral/positive position • Weak balance sheet • Sustained depressed PGM basket prices • Zimplats: Availability of foreign currency • Regulatory compliance through the value stream as informed by key legislation	• The committee's main focus was to improve liquidity to enable the Company to restructure at Impala Rustenburg. Securing and optimising credit facilities, monetising the surplus ounces in the refining pipeline was a key priority. • The R2.4 billion impairment of the Afplats project, and the foreign exchange rate collars (FERC) to hedge the US$ foreign exchange risk on future dollar metal sales were areas of focus during the year. Prior to recommendation and approval the financial, accounting, tax implications and strategic intent was discussed and agreed upon. • The committee monitored management's efforts to contain costs and this was evident when the metal prices improved because the Company was able to take advantage of such improvements. • After year end, the committee recommended the early conversion of the US$ bond as part of continued efforts to strengthen the balance sheet. • The committee and the board deliberated the initiative to address fiscal constraints in Zimbabwe.	**Capitals depleted** • The impairment of unprofitable shafts, including the Afplats project, reduces our manufactured capital. While the ownership of these assets remain within the Group, the natural capital in the form of mineable ounces will be unchanged, but will be reduced if ownership moves out of the Group. **Capitals increased** • After year end, we converted our 2020 US$ bonds. Although the incentive premium paid impacted our financial capital and will reduce our cash position in the short term by R520 million, it has increased our future balance sheet strength by some R3 billion. • Our efforts to assist the government of Zimbabwe to alleviate current fiscal challenges increases our social and relationship capital by strengthening our social licence to operate, and also protects our longer term financial and human capital as the success of our operation is impacted by the economy in Zimbabwe.

Allocated risks and stakeholder material matters addressed	Guidance and deliberations
• Timely implementation of Impala turnaround strategy, within regulatory boundaries • Legal and financial implications provisions of new Mining Charter • Economic challenges in Zimbabwe	• Management reported regularly on engagements with lenders, advisers and regulators. • The committee was also monitoring engagements with shareholders post release of half-year results and bondholders after the announcement of the induced conversion of the dollar bond in July 2019.

CORPORATE GOVERNANCE EFFECTING STRATEGY AND CAPITALS

CAPITAL ALLOCATION AND INVESTMENT COMMITTEE

The committee advises the board on the allocation of limited resources to ensure the best return on invested capital

Key stakeholders: Shareholders and regulators

Achieving our mandate

- Advised the board on the allocation of capital and future investment/disinvestment following due consideration of life-of-mine plans
- Monitored the implementation of approved capital projects to ensure they are delivered on time and within budget
- Evaluated and advised the board on the performance of assets in terms of their return on investment
- Reviewed and monitored the implementation of the Impala Rustenburg strategic review.

FUTURE FOCUS

- Implementation of the outcomes of the Impala Rustenburg strategic review and returning Impala to a cash neutral/positive position
- Management action to mitigate the risk of non-delivery of production and productivity targets at Impala Rustenburg
- Application of approved capital to restore production flexibility in smelting operations.

Deliberations to direct and support strategy

Allocated risks and stakeholder material matters addressed	Guidance and deliberations	Trade-offs
Risks • Ability to return Impala Rustenburg to cash neutral/ positive position	• The board received recommendations to either invest or disinvest from projects after such projects have been reviewed by the committee. Existing and prospective projects are tested for fit with approved Group strategy. Capital is allocated appropriately depending on the projects' capacity to meet the set capital allocation approved principles and processes. • Much of the committee's attention was dedicated to monitoring capital projects such as 20 Shaft, 16 Shaft and the new Mupani Mine in Zimbabwe. • The committee also monitored the repairs and rebuild of furnaces in Rustenburg and at Zimplats. All projects had potential to impact Group revenue if not properly executed.	**Capitals depleted** • In line with our new "value over volume strategy", Implats' key projects and business development activities are focused on assets which are low-cost, predominantly mechanised and have the ability to deliver defensive cash generation. The strategic turnaround has resulted in shaft closures as discussed in the Impala operation's section on page 98 of this report. **Capitals increased** • Approved, well executed capital projects reduce financial capital in the near term, but increase shareholder value and manufactured capital, human capital and social capital in the areas where we operate over time (refer to Impala operations section on capex spent on 20 and 16 Shafts). • Expected steady-state production at both 16 and 20 Shafts will be achieved by mid calendar year 2022 and will mitigate the impact of the Impala restructuring which will reduce the capitals as the mine contracts and implements the "value over volume strategy" gradually depleting natural capital through use.

Allocated risks and stakeholder material matters addressed	Guidance and deliberations
• Impacts of reduced production flexibility and Rustenburg smelting operations on shareholder returns	• Although the work of the committee is internally focused, the needs of shareholders, employees, regulators and the local communities are discussed as they always have a bearing on the recommendations made to the board.

HEALTH, SAFETY, ENVIRONMENT AND RISK COMMITTEE

The committee monitors management's implementation of the HSER strategy to deliver safe production without causing harm

Key stakeholders: Shareholders, employees, organised labour, regulators

Achieving our mandate

- Reviewed the appropriateness of the HSE policy, systems, standards, codes of practice and procedures
- Monitored HSE performance in terms of Company objectives, including measurement against South African and international benchmarks
- Monitored the HSE management function and recommended improvements where necessary
- Reviewed the HSE element of the Company's business plan and approved the HSE disclosures in the annual reports
- Has the right to institute investigations into matters where inadequacies in matters of health, safety and environmental regulatory compliance have been identified, or as directed by the board
- Assumed responsibility for ensuring a functioning risk management system and coordinated the appropriate allocation of top risks to the respective board sub-committees
- Remained responsible for the risks assigned to it, but ensured that the board is assured that all risks have been identified and are managed effectively.

FUTURE FOCUS

- Rehabilitation of end-of-life shafts
- Maintaining high safety standards during the implementation of the Rustenburg strategic turnaround to eliminate possible deterioration in safety performance
- Responsible waste management initiatives at operations
- Monitoring of tailings storage facilities
- Further reduction of SO_2 from our smelters and refinery.

Deliberations to direct and support strategy

Allocated risks and stakeholder material matters addressed	Guidance and deliberations	Trade-offs
Risks • Deterioration in safety performance • Security of water supply in South Africa (Bojanala and Rustenburg) • Environmental impacts of shaft closures from Impala Rustenburg restructuring • Employee safety • Tailings dam risk to communities around Zimplats operations	• Following the committee's review of the major incidents that occurred in both the Group and the mining industry, it was decided that the Implats health, safety and environment strategy would remain unchanged. Emphasis instead would be placed on the leadership capacity and capabilities at supervisory levels and upward. • Additional deliberations included: – the design and management of tailings facilities to manage the risk of dam wall failure – the outcomes of third-party audits, their recommendations and management's implementation thereof – employee health with particular regard to tuberculosis, noise-induced hearing loss and the management of voluntary counselling and testing and the antiretroviral programme. • Implats hosted a delegation from the Mine Health & Safety Council (MHSC) to better understand the mandate of the MHSC. The leadership of the majority union AMCU presented their HSE strategy which was found to be aligned with Group strategy. Management presented feedback on engagements with the DMR and the Minerals Council.	**Capitals depleted** • Any loss of life in the workplace is unacceptable and destructive to our human, social and relationship, intellectual and financial capitals. • Water is a shared resource with other stakeholders, therefore sustainable use of water is imperative to maintaining both our social licence to operate and operations. **Capitals increased** • Investing in initiatives to improve our health and safety performance and environmental compliance/responsibility will enhance these capitals at a cost impacting financial capital. • Tailings dams upgrades result in gains from a climate control perspective and increases social, human and environmental capital at a cost impacting financial capital.

While it is fully acknowledged that the board is responsible for risk management at Implats, risk management is seen to be pervasive throughout the organisation. The oversight of the risk management system and process is the responsibility of the HSER committee, while each sub-committee takes responsibility for the risks relevant to it.

CORPORATE GOVERNANCE EFFECTING STRATEGY AND CAPITALS

SOCIAL, TRANSFORMATION AND REMUNERATION COMMITTEE

The Company continues to operate in a sustainable way under the guidance of the social, transformation and remuneration committee

Key stakeholders – Shareholders, employees, organised labour, communities, regulators, customers

Achieving our mandate

- Ensured the Company remained focused on being a good corporate citizen
- Monitored Company performance in advancing the social and economic development of its employees and relevant stakeholders
- Reviewed the framework, policies and guidelines for the implementation of transformation and sustainable development
- Monitored implementation of the revised Group reward strategy, policy and philosophy adopted in the previous year
- Approved the reward mix with increased bias towards variable pay for senior executives and executive directors, while ensuring reward practices remain fair and competitive
- Made recommendations to the board regarding the remuneration of non-executive directors to the board for final approval by shareholders
- Reviewed and recommended the Sustainable Development report to the board.

FUTURE FOCUS

- Maintaining good corporate citizenship during the implementation of the Impala Rustenburg strategic review
- Compliance with Mining Charter III
- Implementation of the outcomes of the Impala Rustenburg strategic review and returning Impala to a cash neutral/positive position
- Responding to challenged capacity and efficiencies of management layers at South African operations
- Long-term economic viability of Marula operations
- Employee relations climate at South African operations.

Deliberations to direct and support strategy

Allocated risks and stakeholder material matters addressed	Guidance and deliberations	Trade-offs
Risks • Ability to return Impala Rustenburg to a cash neutral/ positive position • Inability to secure and maintain a social licence to operate • Challenged capacity and efficiencies of management layers at South African operations	• The committee was faced with the challenge of overseeing the reduction of labour responsibly, to minimise the adverse impacts on local communities as far as possible, in line with the plan to restructure Impala Rustenburg. • Further committee deliberations included: – preferential procurement and economic flow to HDSAs – evaluation of the impact of the restructuring on the Company's housing strategy – entrenching of a new organisational culture, including the employment of women in mining and gender mainstreaming were also high on the committee's agenda – the 2018 long-term incentive scheme overseen by the committee was approved by shareholder vote of 96%.	**Capitals depleted** • The decrease in human, financial and manufactured capital from the discontinuation of unprofitable operations in the short to medium term. **Capitals increased** • Ensuring long-term sustainability of Impala resulting in the decrease of capitals above is offset by: – the preservation of remaining jobs positively affecting human capital – the availability of capital to invest in profitable capital projects affecting manufactured capital – sustainable financial capital returns to shareholders and the ability to reinvest in our operations and social capital commitments contributing to the broader global sustainable development goals.

SOCIAL, TRANSFORMATION AND REMUNERATION COMMITTEE

Allocated risks and stakeholder material matters addressed	Guidance and deliberations
• Employment and broader socio-economic impacts of Impala Rustenburg restructuring • Outcome of wage negotiations process with employee unions • Completion of second generation SLP commitments within set time lines • Compliance with provisions of new Mining Charter • Being a reputable and responsible PGM producer through ethical production processes • Deficit in leadership competencies and addressing barriers to gender equality • Governance disclosures and contributions toward ESG (environmental, social and governance)-related matters • Disruption to Marula operations due to threats of community unrest	• Shareholders demonstrated, through their vote, support of the committee's work by approving the new share scheme. • The Company was able to complete the first phase of labour reduction with minimal forced retrenchments, as the Company prioritised reskilling, retraining and transfers of employees. Employees and organised labour have largely been cooperative due to satisfactory proactive engagement by the Company. • Local communities were assured through various engagement structures that the Company will remain committed to achieving B-BBEE objectives despite the reduction of procurement spend associated with the declining production profile. • The committee maintained oversight and received regular reports and maintained oversight over engagement with the section 52 board of the DMR, the CCMA and other regulatory structures.

Impala Rustenburg surface drilling

MANAGING PERFORMANCE THROUGH REMUNERATION

This is a summary of the Implats Remuneration Report published on the Implats website for the financial year ended 30 June 2019, a year in which the turnaround at Implats has gained momentum. Following best practice recommendations of King IV (specifically principle 14), the resulting links between the creation of value for our shareholders and our remuneration policies and practices are explained below. Remuneration is grouped into short, medium and long-term initiatives in order to align with the delivery of value over these time frames. The board of Implats accepts ultimate responsibility, for the delivery of value.

Remuneration experts focus on remuneration governance, skills attraction and retention, succession planning, benefits, broad terms and conditions of employment, and performance. Management reporting focuses on the elements of fixed and variable remuneration, specifically for the executive directors and the executive team. We ensure that our pay practices are fair, responsible and transparent across the entire organisation.

The board delegates responsibility to the social, transformation and remuneration committee (STRCom) that utilises the services of independent remuneration specialists in different capacities as permanent invitees to STRCom meetings to benchmark remuneration elements and practices against external comparator companies and advise on remuneration policy.

The responsibility of the committee is to ensure that executive remuneration is commensurate given the skills set and aligned with the values of the Group and the execution of the Group's strategy to deliver value over the short, medium and long term. We have had the benefit of a stable executive committee team for FY2019, and we believe this has played a significant role in the improved levels of performance across the Group. A key focus for the committee in FY2020 will be to ensure the retention of these skills over the medium to long term.

The terms of reference of the committee in relation to remuneration, in line with its delegated authority from the board, stipulates that its primary functions are to assist the board in designing and maintaining a remuneration policy which ensures that the mix of fixed and variable pay in cash, shares and other elements meet the Group's needs and strategic objectives. The committee reviews the outcomes and observes that the remuneration policy is put to a non-binding advisory vote by shareholders, and engages with shareholders and other stakeholders on the Group's remuneration philosophy.

The Implats minimum wage for permanent full-time employees remains significantly higher than the prescribed national minimum wage. Following a review by PwC, our Gini coefficient which we would like to further improve, is currently 0.25 which compares favourably to the National (0.43) and Mining Circle (0.42) data in the PwC database.

KEY REMUNERATION PRINCIPLES

The Implats remuneration policy is based fundamentally on the following principles:

- The remuneration policy is aligned to the overall business strategy, objectives and values of the Group
- The remuneration policy ensures that executive remuneration is fair and responsible in the context of overall Company remuneration
- Salaried employees are rewarded on a total remuneration basis, which includes fixed, variable, short and long-term (where appropriate) remuneration as well as intangible rewards in line with market best practice
- Remuneration is benchmarked against the appropriate target markets depending on the location of the operation, the nature of the work and the level in the organisation
- Incentives used for retention are clearly distinguished from those used to reward performance
- Performance bonuses are capped at a maximum percentage of 200% of the on-target incentive
- Adherence to principles of good corporate governance, as depicted in "best practice" and regulatory frameworks (e.g. King IV)
- Performance levels are set using a sliding scale to avoid an "all or nothing" result. Thresholds are applied below which there is no reward and caps are applied at the stretch level of performance.

PAY MIX PRINCIPLES

Implats' remuneration philosophy aims to attract and retain motivated, high-calibre employees, whose interests are aligned with those of our shareholders. This is achieved through the right mix of guaranteed and performance-based remuneration (variable pay), which provides for differentiation between high, average and low performers. The pay mix of guaranteed and variable remuneration differs according to the level of the employee to reflect the employee's ability to influence the outcome of the Company's performance. The more senior the employee, the higher the proportion of variable pay in his/her total remuneration package.

GUARANTEED PAY PRINCIPLES

To achieve external equity and competitive remuneration, Implats uses surveys of peer group deep-level mining companies. The benchmark for guaranteed pay is the market median of the relevant peer group.

MANAGING PERFORMANCE THROUGH REMUNERATION

BENEFITS PRINCIPLES

The key objective is to provide benefits in addition to cash remuneration based on the needs of our executives and employees.

Implats' policy is to provide, where appropriate, additional elements of compensation as listed below:

- Participation in a retirement scheme. In most instances, the Company and the employee contribute towards retirement savings
- Implats provides healthcare assistance through providing a flat rate contribution for the principal member and dependants
- Life and disability insurance is provided to all employees and executives as a fixed amount or a multiple of salary.

SHORT-TERM INCENTIVE PRINCIPLES

The key objective is to create a high-performance culture by rewarding individuals and teams for achieving and/or exceeding the Company's objectives. These objectives include financial and non-financial measures.

The pay structure is linked to the employees' area of responsibility and endeavours to reward them appropriately for their contribution to achieving organisational results best explained as per the diagram below

NON-EXECUTIVE DIRECTORS
- NED fees
- No other remuneration

EXECUTIVE DIRECTORS
- Guaranteed pay and benefits
- Short-term incentives
- Medium-term incentives
- Long-term incentives

EXECUTIVE COMMITTEE MEMBERS
- Guaranteed pay and benefits
- Short-term incentives
- Medium-term incentives
- Long-term incentives

SENIOR EXECUTIVES
- Guaranteed pay and benefits
- Short-term incentives
- Medium-term incentives
- Long-term incentives

MANAGEMENT EMPLOYEES
- Guaranteed pay and benefits
- Short-term incentives
- Medium-term incentives

NON-MANAGEMENT EMPLOYEES
- Guaranteed pay and benefits
- Short-term incentives
- Employee Share Ownership Trust

As defined above, the Implats remuneration strategy comprises the following essential elements, and their strategic intent is displayed in the graphic below:

	Reward component	Strategic intent
Total remuneration	Guaranteed package (GP) – includes basic salary and employee benefits	• Competitive GP to attract and retain high-calibre executives and employees, based on expertise, track record and experience • The GP is reviewed annually by the committee (effective 1 October each year), taking account of Company performance and affordability, individual performance, market trends, changes in responsibility and salary increase levels for the broader employee population • Market benchmarking is used to assist in determining pay ranges for executives and employees to ensure the Company is able to attract and retain the best talent
	Benefits – included in GP standard benefits with flexible options: • Medical aid • Retirement • Car and travel allowances • Leave is excluded from GP	• To ensure external competitiveness and advance employee wellness, engagement and effectiveness • To comply with legislation • Benefits are managed to ensure affordability for employees and the Company • Executives and employees have reasonable flexibility to structure their package to meet their lifestyle requirements
	Short-term incentives (annual or shorter performance incentives) • Executive incentive scheme (EIS) • Employee production bonus schemes	• To encourage and reward executives and employees for short-term (12 months or less) performance • To drive improved performance at Group, operational and individual level • To differentiate performance-based pay in a defendable, transparent manner and attract and retain high performers • To ensure behaviours are aligned to annual operational business plans • Linked to medium-term bonus share plan
	Long-term Incentive Plan The Implats 2018 Share Plan: • Bonus shares • Performance shares • Restricted shares • Matching shares	• Bonus shares – to encourage ownership and engagement to improve performance at all levels of management over multi-years – linking short-term performance to medium and long-term business drivers (vesting 12 and 24 months) • Performance shares – only offered to executives to encourage and reward long-term performance that aligns with shareholders (36 months)

The threshold, target and stretch levels of performance are set relative to the budget and operational plans. The on-target annual incentive for different levels is set relative to the comparator market as a percentage of the GP. The incentive scenarios are modelled to ensure affordability while offering a meaningful reward.

Performance targets and measures are approved annually in advance by STRCom. The corporate strategy and operational objectives in terms of the annual business plans form the basis of the Group objectives.

MEDIUM-TERM INCENTIVE PRINCIPLES

The short-term incentive is linked to a medium-term incentive whereby bonus shares are awarded to management based on the quantum of the annual bonus received. These bonus shares vest in equal parts after 12 and 24 months. The objective of the medium-term incentive is to support the delivery of the annual business plans over multi-years and to incentivise management for the consistent meeting of annual performance targets.

MANAGING PERFORMANCE THROUGH REMUNERATION

LONG-TERM INCENTIVE PRINCIPLES

The key objective of the long-term incentive is to attract, motivate, retain and reward senior employees who can influence the medium to long-term performance and strategic direction of the Group. Long-term incentives are aligned to multi-year targets of growth as well as value creation over the long term.

The long-term incentive is seen as a mechanism to:

- Encourage senior and key employees to identify closely with the objectives of Implats and shareholders over the medium to long term;
- Align senior and key employees' interests with the continuing growth of the Company and delivery of sustainable value to its shareholders; and
- Allow participants of the scheme to participate in the future financial success of Implats.

PRINCIPLES FOR OTHER REMUNERATION OPTIONS

Sign-on awards

In exceptional cases for certain business-critical appointments, Implats may offer sign-on awards (short term or long term) to new members of executive management and key employees. The long-term incentive award will be subject to forfeiture during the vesting period (in accordance with the rules of the LTIP). Any cash sign-on awards will be subject to claw back should they leave within a specified period, as documented in their employment contracts. The Group CEO has discretion to determine sign-on awards for levels below the executive team. For the CEO and direct reports, STRCom must approve the awards.

Retention payments

Management has the discretion to make retention payments in the form of cash or equity-based payments to executives and key employees below the Group executive team. Any retention payments to the Group executive team have to be approved by STRCom. Implats reserves the right to make the retention payment subject to vesting periods and performance and/or continued employment provisions as well as pre-vesting forfeiture where appropriate.

VARIABLE REMUNERATION

The variable remuneration component consists of both short-term incentives (STI) and long-term incentives (LTI). The STI for executive level employees is based on the Executive Incentive Scheme (EIS), and the key principles and achievements for FY2019 are reflected below.

A key focus for the 2019 financial year has been the alignment of the Group's strategic objectives with the remuneration policy and ensuring that the CEO and Exco team's performance is evaluated in terms of these objectives. Their earning capacity therefore has to be aligned with their attainment of the strategic objectives.

The strategic objectives converted into strategic key performance areas which are cascaded into the Implats Balanced Scorecard and the CEO's personal scorecard. The CEO's scorecard is cascaded down to the executive committee members, who in turn cascade their goals and objectives to their direct reports. This pattern continues through the organisation, and ensures that all employees are aligned with the key strategic objectives that have been set by the board.

Both organisational and individual performance is taken into account when determining bonuses. For the executive committee members, the organisational element is based on a combination of Group, operational and business unit objectives:

The CEO's FY2019 annual performance bonus is made up of performance against the above mentioned three key areas or Group objectives (70%) and his personal performance objectives (30%). Personal performance is measured using the balanced scorecard (BSC) methodology and a final on-target performance rating of 3 out of 5 will result in budget being achieved on cost and a 100 bonus percentage (performance rating of 4 = 150% and 5 = 200% but 2.5 = 50% and <2.5 = 0%).

SHORT-TERM INCENTIVE OUTCOMES FOR FY2019

The STI scheme and related performance targets for the 2019 financial year were approved by STRCom. As in FY2018, the operational targets were substantially simplified, and focused specifically on safety, production and cost.

The Group targets for FY2019 were based on these three measures and are shown below, as well as the actual achievement for the year:

			FY2019				
Description	**Unit**	**Weight**	**Actual**	**Threshold 0%**	**Target 100%**	**Maximum 200%**	**Bonus % achieved**
GROUP		100%				Performance rating	**106%**
Safety LTIFR	per million man hours worked	20%	**5.30**	5.90	5.00	4.20	67%
Mine-to-market Pt ounces – stock adjusted	(000 oz)	40%	**1 306**	1 235	1 299	1 380	108%
Unit costs (W/C and SIB)	R/Pt oz	40%	**26 004**	27 718	26 366	24 840	124%

The Group achieved an overall result of **106%** but this was adjusted by STRCom to 130% after having taken account of other factors that improved significantly in FY2019, for example, the strengthening of the balance sheet.

The CEO's individual performance was assessed and rated by the board as a rating of 4.3 on the 5-point scale which is 165% of the on-target award for the individual portion. The CEO's bonus calculation is (130% x 70%) + (165% x 30%) = 140.5% of the on-target award of 65% of guaranteed pay. His annual guaranteed remuneration package is R11.35 million x 65% x 140.5% = R10.4 million annual bonus award for FY2019.

Comparative performance for FY2018 was the following:

			FY2018				
Description	**Unit**	**Weight**	**Actual**	**Threshold 0%**	**Target 100%**	**Maximum 200%**	**Bonus % achieved**
GROUP		100%					**50%**
Safety LTIFR	per million man hours worked	20%	**5.55**	5.68	5.11	4.54	22%
Mine-to-market Pt ounces – stock adjusted	(000 oz)	40%	**1 301**	1 276	1 339	1 422	40%
Unit costs (gross cost per Pt ounce) excluding retrenchments	R/Pt oz	40%	**25 663**	26 563	25 332	23 874	74%

The CEO's individual performance was assessed and rated by the board as a rating of 3.70 on the 5-point scale which is 135% of the on-target award for the individual portion. The CEO's bonus calculation is (50% x 70%) + (135% x 30%) = 75.5% of the on-target award of **50%** of guaranteed pay. His annual guaranteed remuneration package is R10.6 million x 50% x 75.5% = R3.990 million annual bonus award for FY2018.

MANAGING PERFORMANCE THROUGH REMUNERATION

STRATEGIC OBJECTIVES

Reposition Impala to the lower half of the cost curve

Optimise the value chain

Improve organisational effectiveness

CEO'S FY2019 BUSINESS SCORECARD

KPA	OPERATIONAL EXCELLENCE	FINANCIAL AND CAPITAL MANAGEMENT							
Objective	Improve Group overall operational efficiency	Optimise balance sheet and enhance capital allocation framework						Optimise balance sheet and enhance capital allocation framework	Develop and implement an effective Company strategy
Target	1.4% year-on-year improvement in Implats Group overall tonnes milled per total employee costed (TEC).	2. Improve the BP2019 projected Group free cash outflow of R153 million through effective optimisation of operating costs (achieve budgeted cost range) and capital expenditure.	3. Ensure effective management of Group liquidity.	3.1 Management of debt covenants and headroom with no breaches throughout the period.	3.2 Ensure liquidity of R5 billion at all times (undrawn RCF and cash).	3.3 Finalising the club revolving credit facility.	3.4 Ongoing management of the metal pipeline through Rustenburg restructure period.	4. Develop and implement an effective Group capital allocation strategy which provide clear priorities between key business requirements, including shareholder proceeds. Agree and enforce specific investment criteria and hurdle rates (to be determined).	5. Update the strategy based on changing market conditions and competitive environment.
Per target weighting	100%	40%	30%					30%	
Objective weighting	15%	30%							

GP: Guaranteed package – based on role and responsibility. Informed by qualifications, skills, experience, market benchmarks and performance.

STI: Short-term incentives – for executives and management based on the Executive Incentive Scheme. A combination of operational (70%) and individual (30%) performance with achievements measured based on performance against business plan (for operational) and performance agreement (for individuals).

MTI: Medium-term incentives – the Bonus Share Plan. Awards are based on the prior year bonus and vest over two years in equal parts.

LTI: Long-term incentives – performance share awards. Only awarded to levels 23 and up and intended to drive performance over the long term (three-year vesting period). These awards are subject to corporate performance targets (CPTs).

The pay mix graphs illustrate a key element of the pay philosophy, viz variable pay makes up a greater proportion of the pay mix at more senior levels; and guaranteed pay is weighted more heavily at the lower levels.

STRATEGIC OBJECTIVES

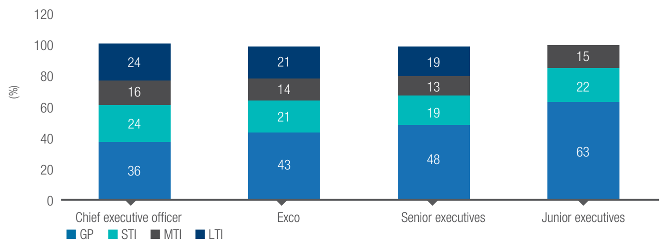
Enhance the competitiveness of our portfolio

Optimise balance sheet and capital allocation

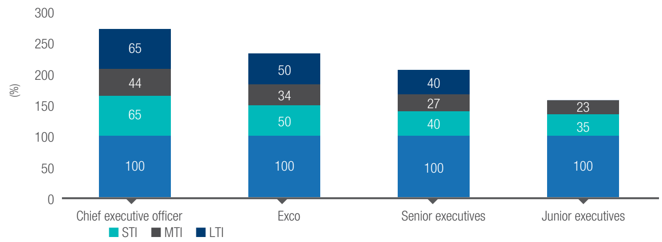
Protect and strengthen our licence to operate

STRATEGY AND BUSINESS DEVELOPMENT					ORGANISATIONAL EFFECTIVENESS			SOCIAL LICENCE		TOTAL
	Advance Waterberg feasibility study	Implement the outcomes of the Impala Rustenburg strategic review		Evaluate Rustenburg commercial options	Strengthen organisational capacity, develop a culture of accountability and performance			Effective stakeholder engagement to ensure business sustainability and prosperity		Refer strategic objectives and strategies page 71
	6. Advance the Waterberg DFS in accordance with the project plan and in alignment with the Group strategic requirements. Enforce specific investment criteria and hurdle rates (to be determined).	7. As part of the business optimisation project, reduce the total number of employees at Impala Lease area by 1 500 by December 2018, without causing material business disruptions.	8. Develop and implement commercial options (outsourcing and/or disposal) for 1 Shaft by the end of June 2019, ensuring any outcome provides a cash flow neutral solution relative to the base case plan.	9. In addition to the communicated strategic review outcomes, evaluate broader commercial options for Impala Rustenburg to achieve the Group strategy of rebalancing the asset portfolio towards shallow, low-cost, mechanised mining operations.	10. Ensure effective organisational structures and personnel appointments to support the execution of the Company strategy.	11. Board approved succession plan for CEO by June 2019.	12. Define and communicate the desired Company culture.	13. Engage key stakeholders to mitigate the risk of business disruption.	14. Commence the 2019 wage negotiations internally for Impala and Marula without material business interruptions.	
	10%	35%	20%	15%	20%	30%	50%	50%	50%	
	35%				10%			10%		100%

Pay mix as % of total pay – on target
as at 30 June 2019



Pay mix as % of GP – on target
as at 30 June 2019



MANAGING PERFORMANCE THROUGH REMUNERATION

LONG-TERM INCENTIVES

Implats 2018 Share Plan

The Implats Limited 2018 Share Plan (the 2018 plan) was approved at the AGM held in October 2018. The 2018 plan contains performance shares, bonus shares, restricted shares linked to the minimum shareholding requirement policy and matching shares which are linked to the minimum shareholding requirement policy.

Performance shares

In line with the commitment to reward performance over appropriate timeframes, the performance shares are limited to senior executives and are based on outcomes achieved over multiple years.

The performance share awards are subject to corporate performance conditions, and the committee has approved the following performance conditions:

Total shareholder return (TSR) relative (50% weighting)
- An index for a peer group will be calculated and used for the vesting of the performance shares as described in the table below. The index will be the average of the peer group (TSR over the three-year period)
- The peer group is Angloplats, Northam, Sibanye-Stillwater, ARM and RBPlats
- The percentages of the allocation vesting for each level of performance are for achieving below the index 0%, equal to the index 25%, index +2% 50% and index +10% 100% allocation of vesting.

Absolute return on equity (ROE) (50% weighting)
- The cost of capital (risk adjusted return required by shareholders from Implats) is approximately 15%.
  - ROE is calculated as:

$$\frac{\text{(Sum of “net cash flow from operating entities” before finance and investment activities for three years)/three}}{\text{(Sum of “equity attributable to owners of the Company” at 30 June for the last three years)/three}}$$

- The percentages of the allocation vesting for each level of performance are below ROE of 13.5% allocation vesting is 0%, at 13.5% ROE it is 25%, at 15% ROE 50% and 16% ROE allocation vesting would be 100%.

The next annual performance share award will be allocated in October 2019. The STRCom is reviewing the corporate performance conditions, and while Relative TSR may remain, return on equity may be replaced with a return on capital employed or return on invested capital measure. This will be finalised before the allocation is awarded.

November 2015 share vesting (awarded November 2015; vested November 2018)

The corporate performance targets for the vesting of CSP2s and SARs awarded in November 2015 were the following:

(1) Absolute total shareholder return (33.3%);

(2) Relative earnings before interest, tax, dividends and amortisation (33.3%);

(3) Relative fatality frequency rate (33.3%).

These CPTs were not fully met resulting in only 33.3% of CSP2s vesting in November 2018. In addition, only 33.3% of SARs vested in November 2018, but participants in the SAR scheme have three years after the vesting date to exercise their rights.

Bonus shares

Share Appreciation Rights (SARs) and Conditional Share Plan (CSP) awards for employees below senior executive level were discontinued in 2018 and have been replaced with bonus shares. An award of bonus shares will be made based on an employee's annual cash bonus calculated with reference to:
- Actual business performance for the financial year ending preceding the award date. Group and operational objectives that focus on safety, production and costs are measured against the business plans as approved by the board; and
- Actual individual performance for the financial year preceding the award date. Personal objectives, which are embodied in the balanced scorecard system, are developed every year for each employee based on key performance areas and are approved at the beginning of the year by the board for the CEO, and the CEO approves the performance objectives for his direct reports.

Performance against these objectives is reviewed by the committee at the end of the year.

The bonus shares will vest over a 12 and 24-month period from the award date in equal parts. Apart from the requirement to remain employed in order to receive the payout, no further vesting conditions are applied.

SHORT-TERM INCENTIVES FOR FY2020

In FY2018 we reduced the 14 STI measures used in prior years to three measures, and retained this for FY2019. For FY2020, in line with feedback received from our shareholders, the Impala Rustenburg weighting in the STI build-up has been increased and a profitability measure, free cash flow, has been added. The four STI measures and their respective weightings which will be applied in FY2020 are reflected below:

Safety	Ensuring the safety and well-being of our workforce	20%
Platinum ounces	The productive measure of our operations	40%
Cost per platinum ounce	The financial measure of our operations	20%
Free cash flow	The profitability measure for our operations	20%

Targets for these four elements are set for Group and each of the operating units and approved by STRCom on an annual basis. Performance against these targets are measured and audited by our external auditors before the committee reviews and approves the STI awards. The committee has discretion to adjust the Group or operating unit's incentive awards, either by increasing or decreasing them.

Organisational, divisional and individual performance is taken into account when determining bonuses. For the executive directors, the organisational element is based on performance against Group objectives. For the Group executive team, the organisational element is based on a combination of Group, operational and business unit objectives.

FY2020 key strategic objectives

The key deliverables for the CEO for FY2020 have been agreed with the board and are defined as follows in his balanced scorecard:

KPI	Weighting
1. **Financial:** Improve the BP2020 projected Group free cash flow.	20%
2. **Rustenburg:** Deliver the Impala Rustenburg restructuring objectives for FY2020.	20%
3. **Growth:** Implement decision on Waterberg post DFS and develop a suitable funding strategy.	20%
4. **Portfolio optimisation:** Identify and develop value-accretive business development opportunities to optimise our current asset base and enhance the portfolio in line with the Company strategy.	20%
5. **Stakeholder relations:** Strengthen stakeholder engagement to ensure: a. All stakeholders remain fully engaged in the Rustenburg restructuring and wage negotiation processes to mitigate any potential related operational disruptions b. The long-term prosperity of our business investments in Zimbabwe and to advance the country's economic development aspirations c. Our licence to operate at Marula is not compromised due to chrome disputes d. Culture and performance: • Promote actions and behaviours in others that instils ownership, leadership and accountability at all levels within the organisation • Create an energetic and vibrant working environment which stimulates a desire to succeed and actively engages all employees • Improve employee engagement score by 5% on identified areas of improvement.	20%
Total	**100%**

MINIMUM SHAREHOLDING REQUIREMENT POLICY

The Company has introduced a minimum shareholding requirement (MSR) policy for the Implats Limited Group executive committee (Group Exco) and for other persons otherwise designated by STRCom. Group Exco members are required to hold a percentage of their annual salary (100% of annual salary for the CEO and 50% of the annual salary for the CFO and other Group Exco members) in Implats Limited shares. The designated executives will be given six (6) years to accumulate the required holding, but are expected to meet annual targets set by STRCom in order to be awarded matching shares as explained below.

Two additional instruments have been introduced into the Plan namely:

(i) Restricted shares for executives who defer the vesting of performance shares, annual cash bonus awards or bonus share awards into restricted shares to meet the MSR

(ii) Matching shares for executives who comply with the required terms of the MSR. These will be awarded on the basis of one share for every three shares held as an incentive for meeting the requirements on an annual basis.

The MSR policy allows executives to elect, prior to the vesting of performance shares, annual cash bonus awards or bonus share awards, to hold all or a percentage of the annual cash bonus, performance shares or bonus share awards in restricted shares.

The committee is considering increasing the current multiples and this will be subject to discussion at the committee meeting to be held in November 2019.

Two Rivers Operations

OUR OPERATING ENVIRONMENT

CHAIRMAN'S REVIEW

FOCUS ON VALUE

GLOBAL MACRO-ECONOMIC FACTORS, AS WELL AS REGIONAL AND DOMESTIC DYNAMICS, CONTRIBUTED TOWARDS YET ANOTHER CHALLENGING YEAR FOR IMPLATS. HOWEVER, THE RESULTS THE COMPANY HAS DELIVERED PROVIDE AN ENCOURAGING INDICATION THAT ITS TURNAROUND STRATEGY IS BEARING FRUIT, AND THAT IT IS WELL ON COURSE TO ACHIEVING ITS GOALS OF CEMENTING ITSELF AS A RESILIENT, THRIVING AND SUSTAINABLE ENTITY.

Mandla Gantsho
Chairman

DYNAMIC OPERATING CONTEXT

In South Africa, factors such as rand volatility, wage negotiations, community dissatisfaction and the operational and financial crisis at Eskom all posed challenges to domestic producers. In Zimbabwe, the government introduced a local currency, the RTGS, and brought an end to the multi-currency monetary system introduced in 2009. Regrettably, Zimbabwe has seen the return of crippling hyper-inflation. The economic crisis has been compounded for Zimbabwe's citizens by the effects of the drought, power cuts of up to 18 hours a day and shortages of everything from bread to motor fuel.

As an industry, we have started to see a shift away from a prolonged period of muted demand and subdued prices. While platinum pricing remains constrained, the fundamentals for palladium and rhodium have strengthened over the past year. Increased environmental regulations accelerated demand for these metals, which are used in gasoline vehicle emission systems. Pessimistic diesel sentiment impacted platinum negatively and stimulated gasoline car sales, which in turn further supported palladium and rhodium.

Domestically, platinum miners continue to face challenging stakeholder expectations. Government seeks enhanced transformation, job creation and taxes from a shrinking mining sector. Communities, frustrated with rising unemployment and poor service delivery, turn increasingly to private sector employers to meet their expectations. Organised labour seeks to meet its mandate of securing better conditions and higher wages for members from a resources sector facing significant challenges.

ADVANCING IMPLATS' TURNAROUND STRATEGY

These pressures, among others, resulted in Implats' strategic restructuring to position the Group to deliver sustainable outcomes and benefits to all its stakeholders.

The Group strategy of "value over volume" is making sound progress in lessening the Group's exposure to high-cost, deep-level conventional mining, with the first phase of the Impala Rustenburg restructuring complete, and the second phase in implementation. A sustained turnaround at Marula and a return to profitability at Impala during the year have provided further impetus in this journey.

The Group has also made progress in enhancing the competitiveness of the portfolio of assets. Some 37% of all assets are now mechanised, the metal mix is shifting towards a higher palladium bias, the palladium-rich Waterberg project has advanced, and Impala Refining Services is now housed within Impala.

The stresses of the past several years had left Implats in a severely weakened financial position, which meant Impala Rustenburg's return to profitability was critical for the Group to be sustainable and meet stakeholder expectations. I am pleased to report that today, Impala Rustenburg is generating free cash flows. Together with solid performances from all other operations, the transformation of the Group's financial position is profound. Cash, net of debt, improved by R6.4 billion (>100%) to R1.1 billion, and at year-end, the Group had financial headroom of R12.2 billion available: R8.2 billion in cash and facilities of R4.0 billion. Post-year-end, the successful early conversion of the Implats US$3.25% convertible bonds further strengthened the balance sheet by some US$250 million.

STRENGTHENING OUR LICENCE TO OPERATE

Safety remains an ongoing priority. During the year, management re-doubled its efforts to improve the Group safety record. The focus on leadership visibility, interaction and coaching is changing the way people behave. The progress was supported by our sustained safety investment in targeted safety initiatives, technical solutions and training across the Group.

Despite efforts and gains that have been made in this arena, it is deeply regrettable that five lives were lost at managed operations during the year. We remain unwavering in our commitment to achieving our vision of zero harm.

The year saw encouraging improvements in promoting health and well-being in the workplace. Encouraging results were achieved in reducing tuberculosis and HIV levels among employees, a steady decrease in noise-induced hearing loss was reported, and positive results were achieved from our educational and counselling interventions to address employee over-indebtedness and mental health.

Implats' environmental policy commits the Group to demonstrating responsible stewardship of our natural resources and to mitigating environmental impacts of our activities. I am delighted that Implats recorded no fines or sanctions for non-compliance with environmental regulations during the year under review, and no "major" (level 5) or "significant" (level 4) environmental incidents at any of our operations since 2013. All our operations are certified against ISO 14001:2015 for their environmental management systems.

Water is our most significant environmental concern – given our water-scarce operating environments. Progress was made in our water conservation strategies, in line with our commitment to reduce our levels of potable water used and increase operational reliance on recycled water.

Tailings represent a major environmental liability and the integrity of tailings dams is under increased global scrutiny following serious tailings dam breaches in the mining industry worldwide in recent years. The Group conducted a rigorous independent review of the management and monitoring of its four active tailings storage facilities (TSFs) at managed operations during the year and I am pleased to report that the results of the latest audits all attest to the integrity of Implats TSFs in South Africa and Zimbabwe, as well as the high level of compliance to standard operating procedures.

It is gratifying that Implats remains a constituent of the FTSE/JSE Responsible Investment Index Series, which identifies South African companies that demonstrate socially and environmentally responsible practices and good governance. In the 2018 Index, Implats scored an overall ESG rating of 4.2 out of 5, versus the platinum and precious metals sub-sector average of 3.3 out of 5.

The sustainability of our mining activities depends on the well-being and prosperity of our mine communities. We continue to invest in socio-economic development projects that drive our transformation requirements. These many initiatives are fully explored in our 2019 sustainability development report, which accompanies the 2019 suite of corporate reports.

CHAIRMAN'S REVIEW

ETHICS, INTEGRITY, ENGAGEMENT

Implats is committed to promoting the highest standard of corporate governance and ensuring that our practices comply with the principles of the King IV Code of Corporate Governance for South Africa. During the year, an ethics management audit was conducted, and action plans are now being implemented to address areas needing improvement.

Stakeholder engagement remains key to the successful implementation of the Implats strategy. We have advanced the implementation of an effective stakeholder engagement strategy, paying cognisance to King IV and the AA1000 Assurance Standard principles of materiality, completeness and responsiveness. During the year, a wide range of stakeholder engagements were conducted across a broad spectrum.

The goal of contributing to socio-economic transformation remains a strategic imperative. The Group actively seeks to play a role in meeting government social and economic development goals in South Africa and Zimbabwe. We are committed to complying with the requirements of South Africa's MPRDA, and to meeting the expectations set out in the Mining Charter.

In Zimbabwe, we continue to engage with the government to support the growth and diversification of the PGM industry, a key component of the country's economic recovery programme. Key developments during the year have seen the relaxation of the indigenisation policy, which has encouraged some investment inflows, and the suspension of a proposed tax on unrefined platinum exports until the end of 2022. Zimplats operated for its first year under the conditions of new converted mining rights and normalised tax provisions. We continue to engage with the Chamber of Mines on areas of uncertainty around beneficiation policy.

OUTLOOK

South Africa and Zimbabwe have both seen positive legislative changes during the year, and we had meaningful and fruitful dialogue with leaders in both countries. However, the economic crisis in Zimbabwe, together with muted economic prospects for South Africa, have implications for companies operating in both countries.

While the near-term outlook for platinum has improved, the current strength in both palladium and rhodium fundamentals are expected to persist, supported by dollar metal prices. This bodes well not only for an increased role for PGMs in cleaning the atmosphere, but also for the increasing opportunities to use platinum-catalysed fuel cells for zero-emission, carbon-free energy to address global decarbonisation.

We remain committed to our long-term strategic intent to favour value over volume, embedding achieved operational improvements to build sustainability through consistently producing in a safe, productive, responsible and profitable manner.

APPRECIATION

During the year we welcomed chief financial officer Meroonisha Kerber, independent non-executive director and audit committee chairman Dawn Earp, and independent non-executive director and audit committee member Preston Speckmann to the board of directors with effect from 1 August 2018. Post the end of the reporting period, Udo Lucht resigned from his position as a non-executive director. Boitumelo Koshane was appointed as a non-executive director representing the Royal Bafokeng Nation. On behalf of the board, I extend my sincere appreciation to Udo for his contribution to our deliberations. I bid all our new colleagues a warm welcome to our board and wish them well in serving the Company and its many stakeholders.

I extend my sincere appreciation to my fellow board members, the Implats management team and all Implats employees for their contribution to what has been a pivotal year for the Group.

Dr Mandla Gantsho
Chairman

OUR OPERATING CONTEXT

OUR GROUP STRATEGY IS INFLUENCED BY THE EXTERNAL MACRO-ENVIRONMENT IN WHICH WE OPERATE, PGM MARKETS AND THE STRATEGIES OF OUR COMPETITORS. THIS ENVIRONMENT PRESENTS OPPORTUNITIES TO BE TAKEN ADVANTAGE OF AND THREATS TO BE MITIGATED, WHILE LEVERAGING OUR STRENGTHS AND ADDRESSING OUR WEAKNESSES.

The articulation of our strategy is therefore informed by the following analyses:

❶ **MARKET ANALYSIS** – an analysis of the PGM supply/demand dynamics, the global trends that alter customer needs and affect the industry, and the outlook for the future demand for PGMs and their prices

❷ **PESTEL ANALYSIS** – an analysis of macro-environmental factors (political, economic, social, technological, environmental and legal) that drive the global outlook for our products as well as specific analyses for our operating jurisdictions and the implications of operating in South Africa and Zimbabwe

❸ **COMPETITOR ANALYSIS** – a review of the operational and financial performance of our key industry competitors, the strategies they pursue in the market place, and the market's assessment of their relative success

❹ **SWOT ANALYSIS** – an examination and understanding of the Group's strengths and weaknesses and identification of opportunities and threats

Impala Rustenburg

OUR OPERATING CONTEXT

How we go about creating value depends on successfully negotiating a dynamic operating context. Several global, regional and local issues have important implications for our business model and how we create and share value for the benefit of all our stakeholders.

MACRO-ECONOMIC FACTORS

The July 2019 update to the International Monetary Fund's (IMF's) World Economic Outlook, saw it lowering its global growth forecast to 3.2% in 2019 from the 3.3% forecast in April 2019, on slow first half growth, trade tensions and continued uncertainty about Britain's withdrawal from the European Union. The IMF report also downgraded the forecast for 2020 to 3.5% from 3.6%. A breakdown of countries showed growth results were weaker than expected for emerging markets and developing countries. In sub-Saharan Africa, the IMF expects growth of 3.4% in 2019 and 3.6% in 2020, on lacklustre performances from the region's largest economies. Growth in South Africa is expected to be subdued after a very weak first quarter in 2019, reflecting a larger-than-anticipated impact of strike activity and energy supply issues in mining, and weak agricultural production.

Impact on value

- Across emerging markets and developing economies, debt increased rapidly resulting in the need for strengthened fiscal policies to stabilise and spur economic recovery.
- Debt containment is a growing imperative for governments, in the face of a critical need for infrastructure and social spending to mitigate social unrest.
- Further escalation in trade tensions, rising geopolitical risks and policy uncertainty in major economies, could lead to a sudden deterioration in risk sentiment, which could see capital flows retreat from emerging market and frontier economies and impact negatively on commodity prices.

Our response

- We remain cautious on a platinum price recovery given a sluggish growth in demand and a continued surplus and expect slight growth in the palladium and rhodium markets.
- We have intensified in-country stakeholder engagement with governments at all levels.
- We actively and continuously assess conditions in the countries where we sell our metals across all the key demand sectors.
- Our market development activities are tailored to support key market segments and grow new areas of demand. We are aligned with and support key institutional partners (such as WPIC, PGI, IPA).
- Relationships with key customers, globally, are grown and sustained.

REGULATORY ENVIRONMENT IN SOUTH AFRICA AND ZIMBABWE

The socio-political context in the countries in which we operate – South Africa and Zimbabwe – remains dynamic. There is considerably more regulatory certainty in both jurisdictions than in prior reporting years. Mining Charter III has provided a level of certainty in some aspects of South African mining policy, while in Zimbabwe the indigenisation policy has been relaxed.

Impact on value

- Implats has established good relations with the South African government, and mining companies, working through the industry association Minerals Council South Africa, are engaging in constructive dialogue to come to mutually beneficial outcomes in terms of sticking points in Mining Charter III.
- In Zimbabwe, the relaxation of the indigenisation policy has encouraged some investment inflows, while a proposed 15% tax on unrefined platinum exports was suspended until the end of 2022. In addition, during FY2019, Zimplats operated for its first year under the conditions of new converted mining rights and normalised tax provisions.

Our response

- The Group remains committed to collaboration with all stakeholders to ensure an attractive and sustainable industry.
- We fully support the South African and Zimbabwean governments' aspirations to grow and transform their mining industries.
- We continue to engage at all levels in both countries to encourage the growth and predictability necessary to ensure Implats continues its significant contribution to economic growth in South Africa and Zimbabwe.

PRICING, SUPPLY AND DEMAND

Muted metal prices over the past few years and negative sentiment related to anticipated weaker supply/demand fundamentals has been largely informed by slower diesel vehicle growth expectations, the projected rate with which the vehicle fleet could be electrified and slowing platinum jewellery sales in China.

While sentiment towards platinum remains subdued, palladium and rhodium fundamentals have strengthened significantly. Platinum pricing continues to struggle, but its discount to both palladium and rhodium is spurring efforts to reconsider the mix of metals used in gasoline light-duty catalysis.

Implats' view is that while palladium supply growth is likely to outstrip that of platinum and rhodium over our forecast horizon, the market is likely to remain in a deep and structural deficit in the medium term.

Impact on value

- Supply/demand fundamentals have a direct impact on metal prices and market sentiment, resulting in platinum prices remaining subdued, with palladium and rhodium prices growing strongly more recently.
- Low metal prices have a direct impact on profitability, the generation of shareholder returns and our ability to fund and grow the business into the future.
- The potential for prolonged, relatively flat platinum prices remains strong.
- Palladium should continue to receive strong price support, incentivising a partial switch back to platinum use in the auto sector.
- Platinum and palladium will continue to receive demand support from increasing emission regulations and growth in the global vehicle fleet in the short to medium term.

Our response

- Implats uses conservative price forecasts, given muted platinum sentiment and global risk factors.
- Group-wide cost-saving and turnaround initiatives have been implemented over the past four years.
- To sustainably improve its competitive position, profitability and financial returns, Implats has committed to a value-over-volume focused strategy. The Group is reducing its exposure to higher-cost, labour intensive conventional operations to improve flexibility, capacity and sustainably generate attractive returns.
- The strategic transformation of Impala Rustenburg is designed to unleash the value of the operation, for the benefit of all stakeholders, and for the long-term sustainability of the Group.
- A maintained focus on cash conservation and strengthening the balance sheet.
- Rigorous capital allocation criteria with a focus on low-cost, palladium-rich, mechanisable assets.

AUTOMOTIVE AND JEWELLERY MARKETS

Platinum demand declined by 5.3% in calendar 2018 due to declining light-duty diesel vehicle sales in Western Europe and weaker Chinese jewellery demand, despite robust industrial offtake.

LMC Automotive reported that sales of light-duty vehicles were down 0.5% from 2017, representing the first annual decline in global sales since 2009. Meanwhile, Platinum Guild International (PGI) reported that the performance in China continues to disappoint, with the estimated jewellery decline accelerating in late 2018. In total, PGI forecasts a manufacturing demand decline of 14% year-on-year, with a drop in both gifting and self-purchase categories. In addition, there was weakening in the core bridal market, which faced increasing competition from white gold due to the variety and innovation emanating from manufacturers better equipped to meet changing consumer demand.

Impact on value

- The decline in Chinese jewellery demand is one factor driving negative sentiment around platinum, affecting price and investment decisions.
- A wholesale change to different vehicle technologies will impact the demand for our metals with consequent metal price impacts.
- Pure battery EV development will have a larger impact on value.
- The impact on value from hybrid electric/internal combustion engines will be less significant.

Our response

- We continue to focus on maintaining our visibility and marketing spend in China through the PGI, focusing on platinum bridal jewellery at bridal fairs in Tier 1 cities.
- The EV market is overestimating the negative impact of powertrain electrification on platinum demand in the long term. The move towards EVs can only be answered by having a large part of the vehicle fleet as hybrid, plug-in hybrid and fuel-cell vehicles, all of which contain PGMs.
- Diesel technology remains essential to reducing global vehicle fleet greenhouse gas emissions.
- We continue to support the International Platinum Association (IPA) in their engagement with and lobbying of automotive-related policymakers and local and national governments.
- Long-term, we expect a growing hydrogen economy and the increasing adoption and advancement of fuel cell vehicles.

MEETING STAKEHOLDER EXPECTATIONS

Platinum miners continue to face challenging stakeholder expectations. Government seeks enhanced transformation, job creation and taxes from a shrinking mining sector. Communities, frustrated with rising unemployment and inequality and poor service delivery, turn increasingly to private sector employers to meet their expectations. Organised labour seeks to meet its mandate of securing better conditions and higher wages for members from a resources sector facing significant challenges. For its part, the investment community is seeking an attractive return on investment. The phased restructuring at Impala Rustenburg compounds this situation, as labour rationalisation is inevitable.

Impact on value

- Stakeholder expectations and our response to these have a significant impact on our legal and social licence to operate, which in turn could impact on investment decisions and the Company's bottom line.
- The section 189 processes in place at Impala Rustenburg, as well as the wage negotiations, increase tensions with union shop stewards and head office officials, leading to increased labour action risks.
- Retrenchment has the potential to damage the trust relationship with the Department of Mineral Resources.

OUR OPERATING CONTEXT

Our response

- We continue to implement rigorous and effective stakeholder engagement strategies, to build and maintain value-enhancing relations with all key stakeholders, to create sustainable shared value and to secure our social licence to operate.
- Implats has developed supporting systems, processes, policies, targeted engagement and communication plans to this end.
- In all cases where job loss avoidance measures are not successful, Impala Rustenburg is committed to implementing the required changes in consultation with all social partners to mitigate the socio-economic impacts as far as possible.
- Discussions are ongoing with key stakeholders, including government and the relevant trade union representatives, on the restructuring and wage negotiations – to secure the future viability of the Group to the benefit of all stakeholders.

ENVIRONMENTAL STEWARDSHIP

Our activities associated with the exploration, extraction and processing of Mineral Resources result in the unavoidable disturbance of land, the consumption of resources and the generation of waste and atmospheric and water pollutants. We also operate in a region afflicted by power and water shortages and an ever-increasing cost for their supply.

Impact on value

- Scarcity of water in the region and insecurity of power supply impacts our ability to operate effectively and the increasing cost of resources has a negative impact on profitability.
- There is also an indirect impact on our social licence to operate as we share these resources with local communities.
- Growing regulatory and social pressure, increasing demands for limited natural resources and the changing costs of energy and water all highlight the business imperative of responsible environmental management.

Our response

- Implats has an environmental policy that commits the Group to conducting its exploration, mining, processing and refining operations in an environmentally responsible way and to ensure the well-being of its stakeholders.
- The policy also commits to integrating environmental management into all aspects of the business with the aim of achieving world-class environmental performance in a sustainable manner.
- We work actively with all stakeholders to conserve natural resources.
- Measures have been taken to address security of resource supply – for example through efficiency, recycling and fuel-switching – and to actively minimise our impacts on natural resources and on the communities around our operations.
- These measures have direct benefits in terms of reduced costs and liabilities, enhanced resource security and the improved security of our licence to operate.

Marula Concentrator Plant

❶ MARKET ANALYSIS

SOFTER DEMAND FOR PLATINUM OVER THE SHORT TERM IS IN CONTRAST TO THE STRONG FUNDAMENTALS FOR BOTH PALLADIUM AND RHODIUM

METAL | **OUTLOOK** | **– IMPLICATIONS FOR IMPLATS**

PLATINUM

- Softer demand confirms "new normal" low pricing levels as long-term automotive demand is led downward by legislation and consumer preference
- Primary supply anticipated to taper off as high-cost production leaves the market; meanwhile recycling supply is set to peak in 2022 and remain flat thereafter

(000oz)	2019* (Forecast)	2018
DEMAND		
Automotive	2 870	3 040
Industrial	2 250	2 250
Investment	795	(85)
Jewellery	2 050	2 215
Total demand	7 965	7 420
SUPPLY		
South Africa	4 390	4 493
Zimbabwe	465	453
North America	345	335
Russian sales	660	640
Others	125	125
Recycle – auto	1 420	1 501
Recycle – jewellery	560	580
Recycle – other	35	40
Total supply	8 000	8 167
Movement in stocks	35	747

Implications for Implats:

- High-cost, platinum-biased operations, such as the labour-intensive Impala Rustenburg, will remain at risk at lower prices
- Balance sheet management is essential to survive "new normal" low prices
- Maintain conservative platinum price forecast in the medium term
- Improve the position of the portfolio on the industry cost curve, including improving unit cost performance on existing operations and targeting low-cost assets not biased toward platinum (refer to strategic objectives page 71)

PALLADIUM

- High demand supports a price premium. However, in the long term the automotive industry could reverse this premium through substitution of platinum back into petrol catalysts
- Secondary supply from recycling is expected to grow steadily over the long term as the number of end-of-life vehicles increases

(000oz)	2019* (Forecast)	2018
DEMAND		
Automotive	9 010	8 531
Industrial	1 800	1 850
Investment	(65)	(565)
Jewellery	205	200
Total demand	10 950	10 016
SUPPLY		
South Africa	2 478	2 450
Zimbabwe	375	385
North America	1 123	1 040
Russian sales	2 607	2 670
Others	212	212
Recycle – auto	2 900	2 600
Recycle – jewellery	65	55
Recycle – other	485	485
Total supply	10 245	9 897
Movement in stocks	(705)	(119)

Implications for Implats:

- Increase exposure to palladium (eastern limb, Zimbabwe, Waterberg)
- Remain bullish on the palladium price forecast

RHODIUM

- Deepening deficit from 2022 as world output decreases, is supportive of prices
- Demand is primarily driven by the automotive sector and is expected to show steady growth

(000oz)	2019* (Forecast)	2018
DEMAND		
Automotive	888	859
Industrial	175	180
Total demand	1 063	1 039
SUPPLY		
South Africa	628	615
Zimbabwe	44	45
North America	21	22
Russian sales	73	73
Others	5	5
Recycle – auto	355	340
Total supply	1 126	1 100
Movement in stocks	63	61

** Above dates refer to calendar years*

Implications for Implats:

- Increase exposure to rhodium
- Remain bullish on the rhodium price forecast
- Identifying suitable reserves will be challenging

OUR OPERATING CONTEXT

❷ PESTEL ANALYSIS

GLOBAL

VOLATILE AND UNCERTAIN

POLITICAL

KEY POINTS

- Increasing right-wing populism
- Associated political volatility increases uncertainty in environmental regulation

ECONOMIC

KEY POINTS

- Conditions remain volatile, while the escalating international trade war impacts global growth

SOCIAL

KEY POINTS

- Poor safety performances impact investment negatively
- Social factors can drive accelerated adoption of electric vehicles

TECHNOLOGICAL

KEY POINTS

- Improvements in solar power, battery technologies, autonomous driving, combined with "mobility as a service" can drive accelerated adoption of electric vehicles
- Hydrogen technologies are rising but still small

ENVIRONMENTAL

KEY POINTS

- Urgent and drastic intervention required to limit the impacts of climate change

LEGAL

KEY POINTS

- Current regulatory commitments to emission reduction fall significantly short of what is required to prevent significant climate change

IMPLICATIONS FOR IMPLATS

- **Platinum demand is not expected to benefit from global economic growth due to a structural change in demand. The western limb is significantly impacted**
- **Negative sentiment toward diesel and internal combustion engines (ICEs) can have a significant downside impact for platinum and PGMs**
- **Continuing effects of the VW scandal**
- **Approximately 80% of platinum supply is in southern Africa, a politically and socially risky region, while palladium is available in more stable dispensations such as the US, Canada and Russia. Higher palladium prices can be exploited in these geographies supported by deficits of this metal**
- **Technological, environmental and social factors could drive EV adoption at a much larger rate than predicted, significantly impacting PGM demand in the long term**
- **A global recession could place further downside risk on PGM pricing**
- **Rand dollar volatility adds further uncertainty to the pricing environment**

SOUTH AFRICA

THE POLITICAL AND ECONOMIC LANDSCAPE WILL CONTINUE TO BE CHALLENGING FOR THE MINING INDUSTRY

- The narrative is shifting from radical economic transformation towards greater cooperation between government, business, labour and civil society

- Low growth, high debt, inefficient state-owned entities (SOEs) and a ballooning public sector wage bill pose threats to economic growth
- Key input costs (eg labour and power) will continue to escalate significantly
- The credit rating outlook remains poor

- Unemployment, poverty and inequality plague the socio-economic fabric

- Modernisation is being leveraged by some competitors to improve profitability

- Environmental regulations under NEMA have been provided for and will have a non-material future impact on Implats' financial provisions
- Financial guarantees are accepted by the DMR but this may change

- Mining Charter III improves policy certainty but increases cost of compliance

IMPLICATIONS FOR IMPLATS

- **Effective engagement with government, union and communities is required to support the Impala Rustenburg restructuring**
- **Conducting wage negotiations in this environment will be challenging**
- **The rising cost of labour (especially in the western limb) will continue to reduce the competitiveness of labour intensive cost-sensitive conventional mining operations**
- **Ensure compliance with Mining Charter III and establish positive relationships with stakeholders**
- **The effective adoption of technology by competitors as modernisation efforts ramp-up could pose a threat as it improves their position on the cost curve**
- **Attracting, developing and retaining the best management and technical skills is necessary and could be challenging**

ZIMBABWE

THE HIGHLY VOLATILE SITUATION REQUIRES A HOLD ON GROWTH ASPIRATIONS AND A FOCUS ON REALISING DIVIDENDS

- The new government has committed to creating a political landscape that stimulates growth and investment; these intentions have not yet translated into legislative change

- The economy is currently highly volatile, with hyper-inflation, liquidity challenges and a shortage of basic goods. IMF and World Bank assistance is unlikely at this point

- The potential for economic growth is driven by an abundance of natural resources but is hampered by a shortage of skills in-country

- A lack of investment has resulted in a reliance on outdated technology by the majority of the industry

- Comprehensive environmental legislation exists. However, enforcement is lacking; further clarity is required

- Mining companies can still expect state intervention in mineral resources exploration, mining rights, investment decisions and production

IMPLICATIONS FOR IMPLATS

- **Developing a growth strategy in the volatile economic situation is risky; this would require a greater degree of economic stability and legislative certainty**
- **Continue to explore growth opportunities, while monitoring the challenging political and economic landscape**
- **Cash returns from Zimbabwe could be challenged by lack of liquidity**
- **Implats remains well positioned relative to new entrants; access to a significant skills base**
- **Good relationships with government may improve Implats' negotiating position on export levies on concentrates, access to foreign currency and beneficiation**

OUR OPERATING CONTEXT

❸ COMPETITOR ANALYSIS

PGM PRODUCERS HAVE ALREADY STARTED TO REPOSITION THEIR PORTFOLIOS TOWARDS LESS COMPLEX, LOWER COST OPERATIONS. INDUSTRY LEADERS ARE NOTABLY REWARDED BY THE MARKET

South African producers account for approximately 80% of the world's mined PGMs. The local industry is dominated by three large Tier 1 companies, Anglo American Platinum, Impala Platinum and Sibanye-Stillwater, which collectively produce more than 10 million ounces of PGMs annually. Three mid-tier producers, ARM Platinum, Northam and Royal Bafokeng Platinum, and a few juniors make up the balance of the industry.

Optimism among the South African PGM producers has dwindled as platinum prices have stagnated and costs of mining deep-level conventional mines has soared in recent years. This negative outlook has resulted in several players adjusting their strategies in response.

FIVE MAIN PGM PRODUCER STRATEGIES	
Competitor 1 Growth strategy	• Rand dollar volatility adds further uncertainty to the pricing environment • Focus on growth to obtain scale • Actively attempting to move portfolio down the cost curve • Acquisitions focus on high grade or low-cost assets
Competitor 2 Balanced portfolio and modernisation strategy	• Portfolio encompasses high-quality, long-life assets • Focus on modernisation • Mine-to-market value chain, including trading capability
Competitor 3 Leveraged, acquisitive diversification strategy	• Acquisitive growth targeting marginal assets • Core capabilities of cost-effective conventional mining • International focus diversifying their commodity exposure • High levels of debt
Competitor 4 Organic growth, asset optimisation strategy	• High-quality, shallow Merensky assets • Focused on organic growth • Financial pressure due to capital investment
IMPLATS	• Execute on Impala Rustenburg restructuring • Improve quality of portfolio • Maximise value from toll refining

– IMPLICATIONS FOR IMPLATS

- **A rebalanced portfolio focused on cost-effective mining methods is key to ensure sustainability**
- **Profitability in a low price environment requires improvements in productivity and cost efficiency at existing conventional mining operations**
- **Utilisation of excess refining capacity through toll treatment**
- **Pursue modernisation**
- **Acquisitive growth opportunities should leverage core capabilities and rebalance the portfolio to a more favourable ore mix**

❹ SWOT ANALYSIS

IMPLATS HAS SUPERIOR REFINING CAPABILITY. HOWEVER, A SLOW RESPONSE TO CHANGES IN THE PGM INDUSTRY HAVE HAMPERED COMPETITIVENESS

STRENGTHS

- Superior refining capability, efficiencies and product quality
- Large market presence for PGMs and associated metals globally, especially in leading economic zones
- Established relationships and good understanding of Zimbabwe's political and industrial landscape
- Experience in operating in challenging dispensations

WEAKNESSES

- Slow reaction to changes in PGM landscape
- Significant exposure to high-cost, deep, labour intensive and low palladium content mines in the western limb

OPPORTUNITIES

- Political developments in Zimbabwe position Implats to leverage well-established, longstanding relations to pursue growth opportunities should the economic situation stabilise
- Improve capital allocation framework and strengthen ability to return value to shareholders

THREATS

- Union resistance to job losses at Impala Rustenburg
- Rising utilities costs in South Africa
- Competitor's focus on performance improvement could move these operations down the cost curve relative to Implats

– IMPLICATIONS FOR IMPLATS

- Execution of the Impala Rustenburg restructuring remains imperative
- Focus on low-cost, palladium-rich, shallow, mechanised operations
- Continue to monitor developments in Zimbabwe; pay dividends to Group in the interim
- Maximise value from refining capabilities and capacity
- Optimise the operating model to support execution of strategy
- Disciplined capital allocation and prudent management of liquidity
- Modernisation is necessary to improve competitiveness

RISKS AND OPPORTUNITIES

IMPLATS' RISK MANAGEMENT PROCESS SETS OUT TO ACHIEVE AN APPROPRIATE BALANCE BETWEEN MINIMISING THE RISKS ASSOCIATED WITH ANY BUSINESS ACTIVITY AND MAXIMISING THE POTENTIAL REWARD.

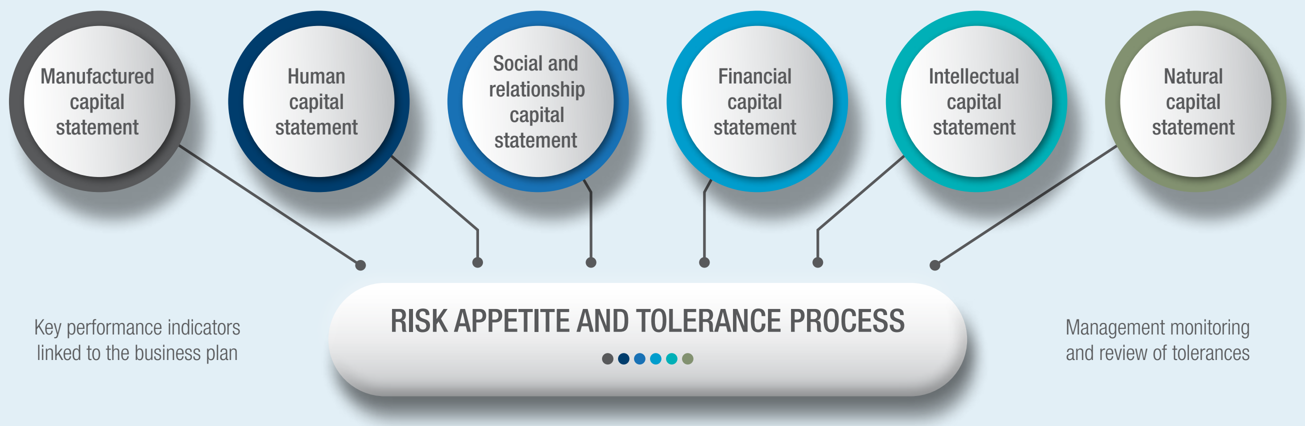
Implats identifies its strategic business objectives and material sustainability focus areas through its structured internal risk management process, and with consideration to the views and interests of its stakeholders. The Implats risk management process is based on the principles of ISO 31000 (2018)/ISO Guide 73:2002, the international risk management standard, which defines risk as "the effect of uncertainty on objectives".

OUR BUSINESS
OUR OPERATING ENVIRONMENT
OUR RISKS

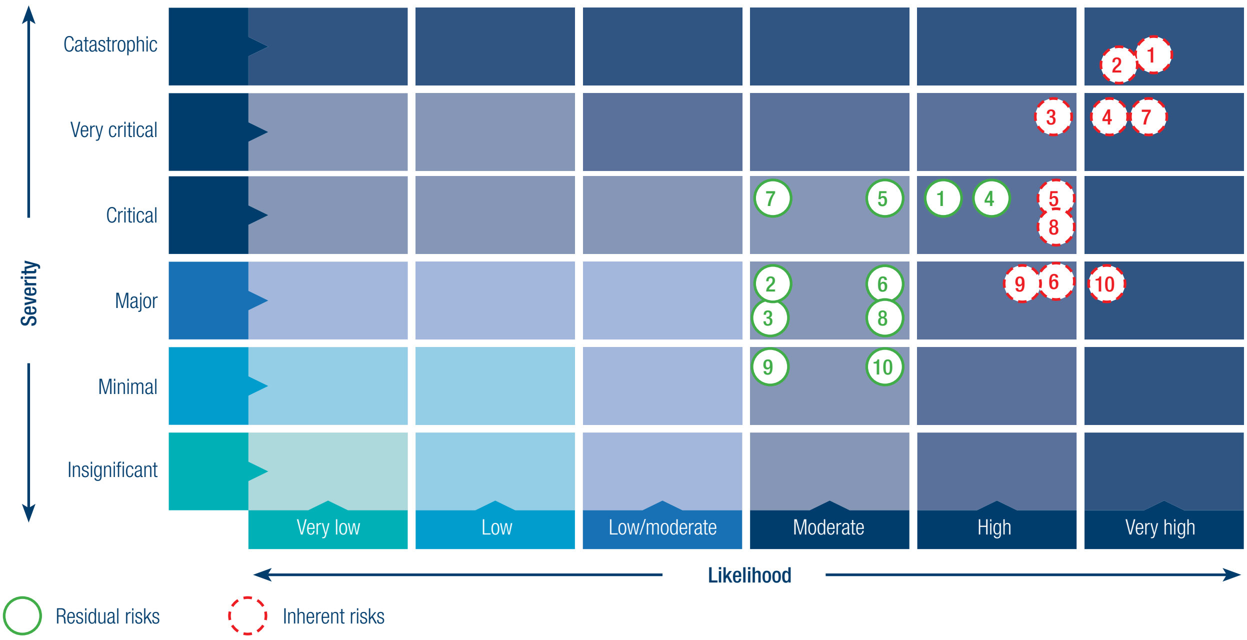
RISK APPETITE AND TOLERANCE

The challenge for Implats management is to determine how much risk and uncertainty to accept in the achievement of our business objectives. Risk appetite and risk tolerances are essential elements of an enterprise risk management process, as it integrates risk management with business planning and operational management. Risk appetite and tolerance limits set the thresholds of risk that Implats is willing to accept in the pursuit of its objectives and targets. Risk appetite is the aggregate amount of risk the Company is willing to assume in pursuit of its business objectives. Risk tolerance is the maximum allowable variation of achieving specific performance measures linked to the business plan's objectives.

The Implats risk appetite metrics make use of key performance indicators which enable continuous monitoring of risks for movements in potential impact and likelihood. These movements can be caused either by changes in the inherent nature of the risk or by changes in the performance of controls for the risk. Monitoring risks through key performance indicators ensures that any material change to risk profiles are evaluated in the context of risk appetite and risk tolerance limits; and that necessary actions are taken in a timely manner. Thus, key performance indicators should be selected and linked to the capitals (as per the integrated reporting framework) and all key risks so that trends can be monitored to provide early signals of increasing or decreasing risk exposures in various areas of the Company.



RISK MATRIX



GROUP	IMPALA	ZIMPLATS	TOP RESIDUAL GROUP RISKS	MARULA	MIMOSA	TWO RIVERS
1	1		1 Ability to return Impala Rustenburg to cash neutral/positive position			
2			2 Weak balance sheet			
3	6	4	3 Sustained depressed PGM basket prices and its impact on cash flow and liquidity	6	3	5
4	3		4 Deterioration in safety performance			
5		1	5 Zimplats: Availability of foreign currency		1	
6	2		6 Maintaining our social licence to operate and stakeholder relations	1		2
7			7 Failure to comply with legal and regulatory requirements throughout the value stream	7		6
8	4		8 Reduced production flexibility and smelting operations at Impala Rustenburg and Zimplats			
9			9 Challenged capacity and efficiencies of management layers at SA operations	9		
10	7		10 Security of water supply in South Africa (Bojanala and Rustenburg)	5		9

● Non-controllable ● Controllable ● Partially controllable

STRATEGIC OBJECTIVES

- REPOSITION IMPALA TO THE LOWER HALF OF THE COST CURVE
- OPTIMISE THE VALUE CHAIN
- IMPROVE ORGANISATIONAL EFFECTIVENESS
- ENHANCE THE COMPETITIVENESS OF OUR PORTFOLIO
- OPTIMISE BALANCE SHEET AND CAPITAL ALLOCATION
- PROTECT AND STRENGTHEN OUR LICENCE TO OPERATE

RISKS AND OPPORTUNITIES

1 ABILITY AND CAPACITY TO RETURN IMPALA RUSTENBURG TO CASH NEUTRAL/POSITIVE POSITION

RISK	RISK DESCRIPTION	FACTORS CONTRIBUTING TO RISK	CONTROLS, MITIGATING ACTIONS AND OUTLOOK	STRATEGIC OBJECTIVE
1.1	**Context:** The restructuring of Impala Rustenburg requires removal of unprofitable ounces by closing 1, 9, 12 and 14 Shafts, resulting in total labour reduction of 15 583 employees (12 183 Impala employees and 3 400 contractors by 2021). **Risk:** Ability to reduce labour without disruption potentially resulting in delays and increased implementation costs.	The risk has increased from potential deterioration in labour relations environment due to: > Issue of a section 189 (for phase 2 – Shaft 1 and 3 – Shaft 9) and section 52 notice > Potential deregistration of AMCU following announcement by the Registrar of Labour Relations in a Government Gazette notice	> Senior management engagements on various regulator-established platforms aimed at avoiding negative reaction to announcement of job losses > Minimise impact of job losses, through a formal reskilling process of affected employees > Continued monitoring of the potential AMCU deregistration and the employee relations environment	
	IMPACT ON VALUE The Impala Rustenburg restructuring remains management's key solution to return this part of the business to a cash positive position. Failure to implement the strategy may place the sustainability of Impala operations at risk.			
1.2	**Context:** Impala is a major employer and economic contributor to the Rustenburg area, which is affected by high rates of unemployment and reduced economic opportunities within the communities. **Risk:** Potential for negative economic and social impact of the Rustenburg restructuring on local communities, Rustenburg Municipality and North West province.	The risk remains flat due to: > Launch of a joint (Impala and RBN) job loss mitigation strategy and project management plan between Impala and RBN to focus on: – A portfolio of identified job and economic development – A resourcing plan with roles, responsibilities and timelines	> Establishment of joint RBN and Impala strategic forum and the appointment of a project manager to track identified opportunities and implement action plans > Engagement via key community structures including Rustenburg Municipality regarding the status of the restructuring process and related implications > Execution and monitoring of the job loss mitigation strategy > Direct timeous communication with the communities	Refer to 1.1 above
	IMPACT ON VALUE Impala remains committed to being a responsible employer and economic contributor in the communities where it operates. Higher unemployment rates would have a detrimental effect on these communities.			
1.3	**Context:** Impala planned to cease mining operations at 1 Shaft by the end of April 2019. Prior to this, however, Impala is required by legislation to explore all options and test the market for alternatives to closure. **Risk:** Ability to execute shaft closures, outsourcing or disposals within the guided timelines. Shafts affected are 1, 9, 12 and 14.	The risk remains flat due to: > Exploration of various commercial alternatives for the closure of 1 Shaft including outsourcing to contract mining and outright sale models, that 1 Shaft be mined on a fully outsourced contractor model until FY2022 > Shaft 9 remains on track for closure and this has been communicated to affected employees	> Establishment of a 1 Shaft steering committee to guide selection and implementation process for the fully outsourced contract model > Comprehensive risk assessment and mitigation conducted by multidisciplinary teams analysing safety, regulatory, technical, financial, human resources, stakeholder and interruption-related risks. Associated mitigation plans have been identified and will be implemented throughout the implementation > Execution of 1 Shaft – viable commercial option as guided by the exco and board-approved business case	Refer to 1.1 above
	IMPACT ON VALUE Final conclusion of a commercial contract remains subject to the successful negotiation of a s197(6) agreement in terms of the LRA and a s79 application in terms of the MHSA. Failure to conclude a fully outsourced model agreement with the preferred supplier will result in closure of the shaft during H1 2020 depending on the outcome of the s189 process.			

KPI
For KPI targets refer to individual operations' performance from page 94 to 128.

1 ABILITY AND CAPACITY TO RETURN IMPALA RUSTENBURG TO CASH NEUTRAL/POSITIVE POSITION CONTINUED

RISK	RISK DESCRIPTION	FACTORS CONTRIBUTING TO RISK	CONTROLS, MITIGATING ACTIONS AND OUTLOOK	STRATEGIC OBJECTIVE
1.4	**Context:** Shafts 16 and 20 have been identified as the future core shafts (34% of Impala production by FY2021 and 56% by FY2023). The five-year planned production at both shafts was impacted negatively by slower than planned production build-up due to the following: > 16 Shaft: Limited mineable face length and creation of return airway > 20 Shaft: Limited mineable face length and the structural complexity of the orebody **Risk:** Failure to ramp up 16 and 20 Shaft in accordance with the business plan.	The risk has increased due to: **Shaft 20:** Only 83% of planned production because of strike rate achieved by stoping teams. Other issues include insufficient immediately mineable face-length (IMF), scaling of the 19 level orepass and equipment availability. **Shaft 16:** Weighline tonnes for FY2019 were impacted by the rope failure. Other issues with the ramp-up project include delays with orepass rehabilitation and failure to achieve on-reef development due to the inability to execute parallel development of drives and travelling ways.	**Shaft 20:** > Panel team build-up – introduction of experienced teams in order to ensure high efficiencies > Weighline tonnes – addressing causes of deviations from budget > Scaling of 19 level orepass: excavate the over-run and rehabilitation of orepass > Equipment availability: service exchange and tracking system implemented **Shaft 16:** > Appointment of reputable and experienced contractor to address delays in orepass rehabilitation > Survey scan analysis conducted and appropriate mitigation steps implemented to rehabilitate orepass > Dedicated mine managers and mine overseers supervision for development, mineable face length	Refer to 1.1 above
	IMPACT ON VALUE Failure or delay in the 16 and 20 Shafts ramp-up will negatively impact the Impala Rustenburg restructuring process and the improvement of operational excellence to sustain profitability as older shafts reach the end of their mine lives.			
1.5	**Context:** Creating and maintaining mining flexibility is key to ensure effective, safe and productive mining. The growth in face length at the build-up shafts offsets the losses due to shaft closures. The aim remains to have more available panels than stoping teams at long-term shafts and development planning is designed to support this. **Risk:** Failure to develop sufficient operational flexibility through increased face length, specifically at long-life shafts.	Increased risk due to failure to achieve planned mineable face length targets impacted by pre-planning, efficiency and insufficient ledging teams.	> Shaft reviews and operational reviews which focus on the analysis of the key factors that have caused the variance to performance > Dedicated crews for construction and equipping at key shafts > Blueprint development per half level – scoreboards per level to illustrate actuals versus blueprint > Enhanced focus on pre-planning > Enhancement of incentive schemes	Refer to 1.1 above
	IMPACT ON VALUE The growth in face length at the build-up shafts does not offset the reduction in face length due to shaft closures resulting in overall loss of profitability and production.			
1.6	**Context:** To improve Impala's operating model capabilities and achieve our stated target cost per Pt oz. **Risk:** Failure to achieve planned overhead cost reduction. Failure to achieve the stated target cost per Pt oz may threaten sustainability of the business.	The risk remains flat. > The impact of the proposed Impala operating model was tabled for implementation over the next 18 to 24-month period > Future operating model headcounts will be 5 163 full-time employees (FTE) (central functions, engineering and support functions only) from 7 499 FTEs in the current baseline > Proposed future cost baseline would be R2 436m from the current baseline of R3 389m (BP19)	> Detailed Impala organisational redesign project plan including operating model has been established > PMO office established to drive implementation process > Executive-led overhead cost reduction steering committee to oversee project implementation > Ongoing implementation and monitoring of processes to reduce the impact of exogenous factor increases such as the supply chain process, escalation monitoring, usage monitoring, economies of scale to reduce the use of electricity, fuel, timber, cement and chemicals	Refer to 1.1 above
	IMPACT ON VALUE Failure to achieve the planned overhead cost reduction would impact the viability of this operation and the success of the Impala Rustenburg restructuring.			

RISKS AND OPPORTUNITIES

2 WEAK BALANCE SHEET

RISK	RISK DESCRIPTION	FACTORS CONTRIBUTING TO RISK	CONTROLS, MITIGATING ACTIONS AND OUTLOOK	STRATEGIC OBJECTIVE
2	**Context:** Costs associated with implementing the strategic review will strain the Company's balance sheet. **Risk:** Weak balance sheet	This risk has decreased due to: > Rising rand PGM prices that resulted in dual benefits of improved free cash flow generation and substantial share-price appreciation > Improved performance from RTB	> Finalisation of the Implats capital allocation framework > Rigorous and conservative monthly cash forecasting > Ongoing cost control initiatives > Focus on improving capital funding structure	

IMPACT ON VALUE
A weaker balance sheet resulting from a persistently low pricing environment and historical losses incurred at Impala Rustenburg impacts the Company's ability to raise additional financing within the current capital structure, and also limits the Group's ability to effectively implement its strategic objectives.

3 SUSTAINED DEPRESSED PGM BASKET PRICES AND ITS IMPACT ON CASH FLOW AND LIQUIDITY

RISK	RISK DESCRIPTION	FACTORS CONTRIBUTING TO RISK	CONTROLS, MITIGATING ACTIONS AND OUTLOOK	STRATEGIC OBJECTIVE
3	**Context:** The Group's profitability is positively impacted by higher PGM basket prices in rand terms as the Group's PGMs, sold in US dollars, when converted to a weaker rand, against operating costs incurred in rand. **Risk:** Sustained depressed PGM basket prices and its impact on cash flow and liquidity.	This risk has decreased due to: > A 34% higher than planned rand basket price per platinum ounce sold was as a result of higher than planned palladium/rhodium dollar prices and a weaker rand/dollar exchange rate. Implats has benefited from higher rand basket prices due to strong demand for both palladium and rhodium from the auto sector while platinum demand remains muted	> Ongoing market research and intelligence collection for PGM demand and supply analysis > Prioritisation of SIB and debt servicing > Investment in demand growth through the WPIC > Prioritise restructuring the mining asset portfolio	

IMPACT ON VALUE
Higher PGM basket prices in rand terms as the Group's PGMs, which are sold in US dollars, are converted to a weaker rand and operating costs incurred in rand positively affecting gross profit for RSA operations.

4 DETERIORATION IN SAFETY PERFORMANCE

RISK	RISK DESCRIPTION	FACTORS CONTRIBUTING TO RISK	CONTROLS, MITIGATING ACTIONS AND OUTLOOK	STRATEGIC OBJECTIVE
4	**Context:** To achieve the vision of zero injuries, the Company focuses on prevention of fatal injuries and a safe operational culture. **Risk:** Deterioration in safety performance due to: > Failure of critical infrastructure > Unmet safety requirements	This risk has increased due to a fatal fall-of-ground incident that occurred on 17 June 2019. > Five fatal incidents have occurred over the FY2019, compared to seven in the previous year	> Impala CEO led weekly review of workplace-related injuries/ accidents, which includes cause analysis and mitigation > Heads of Safety Summit convened by Group CEO to reinforce the importance and commitment to a safe working environment > Monthly "talk topics" enforced through awareness, hazard identification and coaching as part of weekly VFLs > High potential incidents reporting and investigation through the incident causal method to prevent re-occurrence > Implementation of fatal risk protocols	

IMPACT ON VALUE
Implats' vision is zero harm for the Group. Its employees are key stakeholders and any loss of life is unacceptable.

KPI

For KPI targets refer to individual operations' performance from page 94 to 128.

5 ZIMPLATS: AVAILABILITY OF FOREIGN CURRENCY

RISK	RISK DESCRIPTION	FACTORS CONTRIBUTING TO RISK	CONTROLS, MITIGATING ACTIONS AND OUTLOOK	STRATEGIC OBJECTIVE
5	**Context:** Foreign currency risk due to re-introduction of the Zimbabwean dollar currency and the availability of US dollars to meet business requirements. **Risk:** Zimplats: Availability of foreign currency due to introduction of Zimbabwean dollar.	➔ The risk remains flat: > Zimbabwe has completed currency reforms headlined by the end of the multi-currency regime, de-dollarisation and the return of the Zimbabwean dollar (ZWL$) represented by bond notes and RTGS dollars for use in all local transactions. Additionally, monitoring of the ZWL$/US$ exchange will be done on an ongoing basis, as well as exploring early settlement of all local supplier payments to minimise the risk of exchange rate loss by reducing ZWL cash balances	> Monitoring ZWL/US$ exchange rate movements > Managing ZWL balances by early settlement of local suppliers' obligations reducing RTGS cash balances	
	IMPACT ON VALUE Currency risk translates into high inflation and possible cost escalation outside mitigation strategies for the Zimbabwean operations.			

6 MAINTAINING OUR SOCIAL LICENCE TO OPERATE AND STAKEHOLDER RELATIONS

RISK	RISK DESCRIPTION	FACTORS CONTRIBUTING TO RISK	CONTROLS, MITIGATING ACTIONS AND OUTLOOK	STRATEGIC OBJECTIVE
6	**Context:** Labour, regulators and the communities we operate in are able to influence the quality of our execution of the strategic review objectives. Failure to provide value-enhancing sustainability initiatives may threaten our social licence to operate. **Risk:** Maintaining our social licence to operate and stakeholder relations.	➔ The risk remains flat: > The MCLEF Impala Community structure remains dissolved since February 2019 (refer page 95 – stakeholder material matters – Impala operations) MCLEF leaders initiated independent engagements with DMR on 19 June 2019 and it resulted in the DMR issuing Impala a letter of complaint regarding MCLEF concerns.	> DMR engagement on SLP development, monitoring and execution shared through formal structures > Formal stakeholder engagement process and structures and briefing conducted through various platforms regarding the implementation of the Rustenburg review > Sustainability compliance reporting > Review of hotlines' complaints monitoring	
	IMPACT ON VALUE Implats' social licence to operate impacts our ability to mine in the communities where we operate. Failure to maintain our licence may threaten our operational effectiveness.			

7 FAILURE TO COMPLY WITH LEGAL AND REGULATORY REQUIREMENTS THROUGHOUT THE VALUE STREAM

RISK	RISK DESCRIPTION	FACTORS CONTRIBUTING TO RISK	CONTROLS, MITIGATING ACTIONS AND OUTLOOK	STRATEGIC OBJECTIVE
7	**Context:** The costs of non-compliance with legislation and regulation in South Africa (such as the MHSA and the new Mining Charter, which both impact our ability to produce) have increased. **Risk:** Failure to comply with legal and regulatory requirements throughout the value stream.	↑ This risk has increased due to: > Issuance of s54 and s55 notices at Impala and the Marula operations > In FY2019 the impact of s54 Notices versus FY2018 > Full compliance with SLP II plans for Rustenburg, Marula and Afplats has not been achieved	> Detailed analysis performed on all DMR s54 and s55 notice-related findings and a management presentation to the DMR on remedial action/s and close-out timelines for s54 notices > Monitoring of government gazettes and commentary of key legislative changes > Escalation of delays in feedback from DMR regarding the Impala s102 applications to senior management representatives > Marula s102 amended application: SLP II (replacing projects and extension of timelines) > Management response and an s93 withdrawal request submitted to regulator	
	IMPACT ON VALUE Legislative compliance has a direct impact on our operational effectiveness and production, as can be seen from the impacts of s54 and s55 notices on the business. Legislative compliance is also strongly linked to our social licence to operate.			

RISKS AND OPPORTUNITIES

8 REDUCED PRODUCTION FLEXIBILITY AND SMELTING OPERATIONS AT IMPALA RUSTENBURG AND ZIMPLATS

RISK	RISK DESCRIPTION	FACTORS CONTRIBUTING TO RISK	CONTROLS, MITIGATING ACTIONS AND OUTLOOK	STRATEGIC OBJECTIVE
8	**Context:** The smelting operations at Zimplats and Impala Rustenburg are key components of the processing operations. Any breakdown or disruption in the smelter operation will negatively affect throughput of PGM ounces. **Risk:** Reduced production flexibility at smelting operations: > Ability to protect the integrity of furnaces > Rebuild Zimplats smelter on schedule > Refinery's ability to refine backlog matte	➔ Risk remains flat. A detailed analysis of Impala mineral processing included a review of: > The continuous process monitoring of the smelting operations > Manual sounding process monitoring of matte and slag in the furnace; employment of infrared thermal imaging for wall condition monitoring, proactive identification of hotspots > Furnace area and platform monitoring for early detection	> 24 hour monitoring of furnace performance > Infrared thermal scanning and furnace dipping > Use of high-speed fans create additional cooling/ventilation for identified warmer wall areas > Existing furnace reline improvements > Finalisation of Zimplats furnace rebuild within planned timeframes > Camera monitoring of tap floors and dipping points	
	IMPACT ON VALUE Production flexibility and smelting operations at Impala and Zimplats will impact refined production, stock levels, cash flow and overall liquidity for the Group.			

9 CHALLENGED CAPACITY AND EFFICIENCIES OF MANAGEMENT LAYERS AT SA OPERATIONS

RISK	RISK DESCRIPTION	FACTORS CONTRIBUTING TO RISK	CONTROLS, MITIGATING ACTIONS AND OUTLOOK	STRATEGIC OBJECTIVE
9	**Context:** To achieve its strategic objectives, the Group requires skilled and equipped employees and managers with continuous knowledge, skills and educational development. **Risk:** Challenged capacity and efficiencies of management layers at SA operations.	↓ This risk has reduced. The human resource development focus was to align the Implats strategy to deliver value-added service. Key initiatives implemented to date to enhance organisational capacity included the awarding of bursaries, engineering learnerships and learner miners' programmes.	> Formal coaching and people management programme to improve supervisory and management development > Implementation of Care and Growth Leadership Model to embed a culture of performance and care, and targeted job training > Talent pipeline management and recruitment process of key roles and capacity-building for supervisory leadership	
	IMPACT ON VALUE The Group requires skilled and efficient management to achieve its strategic objectives and create sustainable value for stakeholders over the short, medium and long term.			

KPI

For KPI targets refer to individual operations' performance from page 94 to 128.

10 SECURITY OF WATER SUPPLY IN SOUTH AFRICA (BOJANALA AND RUSTENBURG)

RISK	RISK DESCRIPTION	FACTORS CONTRIBUTING TO RISK	CONTROLS, MITIGATING ACTIONS AND OUTLOOK	STRATEGIC OBJECTIVE
10	**Context:** Water is a critical input resource for mining, processing and refining operations. Adverse weather changes and a rise in the demand for water from other users has reduced the availability and supply of water. **Risk:** The security of water supply in South Africa (Bojanala and Rustenburg).	➔ This risk remains flat. An increased demand from new housing schemes and low rainfall have strained key water sources (Vaalkop dam and Barnardsvlei). This situation is exacerbated by the lack of new water capacity in the North West region > Positive full year 2019 water conservation performance experienced at Rustenburg operations: (refer to operational performance – natural capital)	> Monitoring of water usage, as Impala only uses 60% of its water allocation as per its water-use licence > Daily dashboard reporting > Water recycling processes to reduce extraction and use of alternative water sources from Water Services Trust and Rockwall dam > Implementation of water conservation and demand management programme which enables operational demand simulation > Ongoing implementation of water recycling and detailed monitoring of use	
	IMPACT ON VALUE Impala is reliant on water to ensure uninterrupted production. A lack of water would negatively impact both the communities in which we operate and limit the production capacity at our mining operations or increase operating costs.			

Emerging global risk-climate change

There is an increasing call for awareness and active response to the risks and impacts of global warming and climate change on the planet.

Implats is committed to playing its part in the global effort to reduce greenhouse gas (GHG) emissions. This dovetails with the Group's efforts to limit its carbon tax liability in South Africa.

The main climate-related risk faced by the Group is the potential impact of climate change on the security of water supply for our organisation and host communities. The security of energy supply and rising costs of energy also pose material risks to our operations.

The risk of climate change may in future affect our ability to access financial capital as providers of financial capital, through responsible investment, gradually shift their funding away from energy producers who use fossil fuels, in favour renewable energy providers.

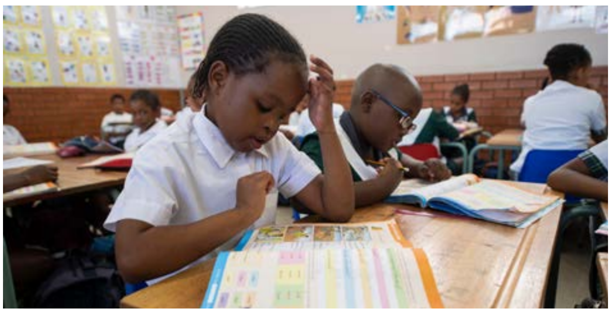
Fuel cell technology

In addressing the global decarbonisation challenge, there are increasing opportunities to use platinum-catalysed fuel cells that provide zero-emitting, carbon-free energy, in providing electricity and mobile applications. A fuel cell is a device that uses a source of fuel, such as hydrogen, and an oxidant to create electricity from an electrochemical process. Implats has invested around R25 million in targeted fuel cell development in South Africa in collaboration with government and academic institutions.

Climate change and risk reporting

To support society's increasing expectations for greater transparency around climate change, and in line with the Group's strategic objective for ESG excellence, we will review our governance and reporting approach against the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The majority of TCFD recommendations are addressed in the Group's CDP submissions (refer to the Implats website at www.implats.co.za), however, further work is required to understand the potential impact of global climate change.

Two Rivers concentrator



03

BUSINESS MODEL, STAKEHOLDERS AND OUR CAPITALS

BUSINESS MODEL

IMPACTS OF OPERATING ENVIRONMENT

Macro-economic factors

–

Regulatory environments in South Africa and Zimbabwe

–

Metal pricing, supply and demand

–

Automotive and jewellery markets

–

Environmental stewardship

–

Technology and information

Refer to page 35

INPUTS: OUR CAPITALS

HUMAN
- Our leadership
- Our workforce
- Skills and training
- Social, ethics, transformation and remuneration practices

FINANCIAL
- Operating cash flow
- Equity funding
- Debt funding

MANUFACTURED
- Mining rights
- Mineral Reserves
- Plant, property and equipment
- Utilities

SOCIAL AND RELATIONSHIP
- Ethics and human rights
- Employee relations
- Organised labour
- Community relations
- Social licence to operate

INTELLECTUAL
- Knowledge and procedures
- Risk and accounting systems
- R&D and IP
- Geological models
- People, governance and safety systems

NATURAL
- Natural resources (land, air, water and biodiversity)
- Mineral Resources and Mineral Reserves

The **VALUE CHAIN** element of our Group strategy.

ACTIVITIES

EXPLORATION

MINING

STRATEGIC OBJECTIVES

REPOSITION IMPALA TO THE LOWER HALF OF THE COST CURVE

OPTIMISE THE VALUE CHAIN

IMPROVE ORGANISATIONAL EFFECTIVENESS

ENHANCE THE COMPETITIVENESS OF THE PORTFOLIO

OPTIMISE THE BALANCE SHEET AND CAPITAL ALLOCATION

PROTECT AND STRENGTHEN OUR LICENCE TO OPERATE

FY2019: Refer Remuneration management page 26

FY2020: Refer Target KPIs page 72

1. OPERATING CONTEXT

– Market, SWOT, PESTEL and competitor analysis

Refer to page 35

2. RISK

– Governance

Refer to page 12

– Management

Refer to page 44

What differentiates us:

- Portfolio: favourable opportunity to optimise our ore mix
- Processing capability: IRS toll refining model
- Reduced future capital requirement

PROCESSES

CONCENTRATING SMELTING/REFINING

SELLING AND MARKETING

REHABILITATION

MANAGING KEY RISKS

1. Ability to return Impala Rustenburg to cash neutral/positive position
2. Weak balance sheet
3. Sustained depressed PGM basket prices
4. A significant deterioration in safety performance
5. Zimplats: availability of foreign currency
6. Maintaining our social licence to operate and stakeholder relations
7. Failure to comply with legal and regulatory requirements throughout the value stream
8. Reduced production flexibility and smelting operations at Impala Rustenburg and Zimplats
9. Challenged capacity and efficiencies of management layers at South African operations
10. Security of water supply in South Africa

OUTPUTS

- 1.5Moz **Platinum**
- 0.9Moz **Palladium**
- 0.2Moz **Rhodium**
- 0.3Moz **Ruthenium**
- 67.3koz **Iridium**
- 79.4koz **Gold**
- 101.2koz **Silver**
- 16.0kt **Nickel**
- 10.0kt **Copper**
- 0.9kt **Cobalt**

ENVIRONMENTAL OUTCOMES

- 29.0kt **Non-mineral hazardous waste recycled**
- 411kt **CO_2 direct emissions**
- 23 146Mℓ **Water withdrawn**

OUTCOMES DELIVERING VALUE

EMPLOYEES

- R13.7 billion in salaries and benefits
- R485 million invested in training
- TB incidence rate reduced to below 300 per 100 000
- 5 730 employees receive ART treatment

UNIONS

- Stable and constructive relationship enables meaningful discussions on employee matters

COMMUNITIES

- Local to site employment
- Responsible procurement practices

REGULATORS

- Compliance with regulatory requirements
- Focus on developing and maintaining value-enhancing relationships
- No level 4 or 5 environmental incidents
- Unit water consumption decreased to 0.0020Mℓ/milled tonnes
- Integrity of all tailings dams confirmed

SHAREHOLDERS/DEBT HOLDERS

- 244% increase in share price
- Enhance and protect value through the successful restructuring of the Group to return Implats to profitability within the set timeline and the ongoing focus on cost containment and efficiency improvements

CUSTOMERS

Sustainable and reliable delivery of high-quality products

3. STRATEGY AND RESOURCE ALLOCATION

– Business plan
Refer to page 72

– Reserves
Refer to page 92

4. STAKEHOLDER OUTCOMES AND TRADE-OFFS

– Stakeholders
Refer to page 56

– Trade-offs
Refer to page 14

STAKEHOLDER REVIEW AND ENGAGEMENT

Implats recognises the need for an effective stakeholder engagement function, aimed at building and sustaining value-enhancing relations with all key stakeholders to secure and maintain our social licence to operate.

Stakeholders are defined as those people or groups who are interested and affected by our business, as well as those who have a material influence on our ability to create value. Operations are very different. Applicable information has been provided on a per operation basis in the relevant operational review (refer to pages 14 to 128).

Implats' board-approved stakeholder engagement strategy was developed with particular cognisance of King IV, and the overarching AA1000 Assurance Standard principles of materiality, completeness and responsiveness. Throughout the business planning process, the organisation has developed supporting systems, processes and targeted engagements to give practical effect to the strategy.

Our inclusive stakeholder review process is depicted as follows:

INCLUSIVE STAKEHOLDER REVIEW PROCESS

IDENTIFY	Identifying all stakeholders
MAP	Mapping each stakeholder against a designated champion or responsible executive
PRIORITISE	Prioritising stakeholders according to our impacts on them and the nature of the relationship
DEFINE	Defining the method of engagement and identifying potential opportunities to grow and sustain the relationship
DETERMINE	Determining their level of influence on the business
ESTABLISH	Establishing a tool for monitoring and evaluating relations in order to take proactive measures to improve these where they are found lacking

Implats currently has six priority stakeholder groups (Zone 1), requiring high-level ongoing care and responsiveness to sustain mutually beneficial relations. The priority level (zoning) of the stakeholder groups is based on the level of influence these stakeholders have on the business, the assessed effectiveness of existing engagement processes, and the level of alignment/change required in the relationship to meet Implats' value-creation goals.

ONGOING ENGAGEMENT

Employees and unions: HR executive, Operations executive
Communities: Corporate relations executive, Operations executive
Local government: Operations executive
Provincial government: Corporate relations executive, Operations executive
National government: CEO (assisted by Exco), Chairman of the Implats and Zimplats boards
Shareholders/debt holders: CEO (assisted by corporate relations and the CFO), Chairman of the board
Customers: Marketing executive

REGULAR ENGAGEMENT

Media: Corporate relations executive
Suppliers: CFO
Business partners: CFO (assisted by Exco)
Industry forums: CEO (assisted by Exco)
Financial institutions: CFO
Business and financial analysts: Corporate relations executive
Board: CEO (assisted by the company secretary)

PERIODIC ENGAGEMENT

Competitors: CEO (assisted by Exco)
Emergency services: HSE executives
Civil society: Corporate relations executive
NGOs: Corporate relations executive
Universities and R&D institutions: Technical services executive

Each stakeholder is allocated an executive or champion responsible for managing the relationship with the organisation as outlined below:

Quarterly stakeholders' engagement meetings of operational executives and Group champions	Identify and discuss material issues	Allocate management responsibility of key stakeholder issues	Identify potential risks and opportunities	Develop appropriate actions and responses

The identified material matters and the associated responsibility, risks, as well as consequent actions and responses, are captured in the risk management system to ensure continuous management. The accessible nature of the system enables effective oversight by the executive team.

STAKEHOLDER MATERIAL MATTERS AND THEIR EFFECT ON CAPITALS

This year, we self-assessed the quality of our relationship with the various stakeholder groups, using a spectrum ranging from weak, cordial and strong. In 2020 and beyond, we aim to build on the objective, quantifiable relationship assessment pilot project for select stakeholders, which we introduced last year.

W – weak C – cordial S – strong

1 – 10 – Refer top residual Group risks on page 45

M – matter R – response

EMPLOYEES AND UNIONS

Nature of engagement

Employee and union material matters are identified through direct and internal communication, workplace forums and regular engagement with union representatives.

JOB SECURITY AMID IMPALA RUSTENBURG RESTRUCTURING C 1 6

M Workforce reductions and job security concerns due to restructuring and potential shaft closures at Impala

R A cordial industrial relations climate was maintained, including throughout the s189 process for Phase 1 of the Impala Rustenburg restructuring, concluded in January 2019. A total of 1 329 people exited the organisation and forced retrenchments were limited to 117

R Our proactive communications strategy and targeted engagement process to mitigate risk, included:
- Advancing engagements with union leadership at all levels, with focus on maintaining trust
- Job-loss avoidance measures including redeployment of employees to vacant positions at the 16 and 20 growth shafts, natural attrition, reskilling, voluntary separation, and business improvement initiatives

Effect on capitals (human; social; financial)
Reducing jobs at Impala Rustenburg will allow us to execute our strategy to restructure Impala Rustenburg, increase financial capital, and create a sustainable business which supports social and human capitals at the expense of human capital employed through job losses and social capital in the communities where we operate.

Outlook
The roll-out of phases 2 and 3 (closing 1 and 9 Shafts and associated overheads) is in progress and we continue to engage with our employees and unions, the government and community leadership.

NEGOTIATION OF WAGE AGREEMENT C 1

M Given the wage negotiations with unions at Impala Rustenburg and Marula, which started in July 2019, and recognising the potential for labour unrest, we identified the likely forms of industrial action employees may take and developed mitigating actions in each scenario

R We conducted a detailed analysis of internal and external factors that might impact the wage negotiations, to identify key risks to mitigate and monitor. The analysis involved close communication with relevant stakeholders and intensive engagements at all levels with union leadership, particularly with the Association of Mineworkers and Construction Union (AMCU)

Effect on capitals (human; financial)
Constructive negotiation of a new wage agreement will support both Impala Rustenburg and Marula's financial capital-enhancing objective to achieve their FY2020 future operating cost of R25 500 to R26 500 per Pt oz (stock adjusted) of the operational excellence strategy on page 72.

Outlook
We remain optimistic of a constructive wage negotiation process and the implementation of a new wage agreement that benefits employees and secures the financial sustainability of the Group.

EMPLOYEE SAFETY C 4

M Despite the renewed focus on safety leadership and mining discipline driving significant improvements in our safety performance and metrics, five work-related fatalities occurred this year

R Each of the tragic incidents were subjected to rigorous independent investigation, and learnings shared across the Group, with management actions taken to improve controls and prevent recurrence

Effect on capitals (human; financial)
Safe production and reaching our goal of zero harm will decrease the negative effects of the loss of life and lost-time injuries on human capital, supporting us in the execution of our operational excellence strategy by reducing the s54 and s55 stoppages and improving on production volumes, and therefore financial capital.

Outlook
The failure to identify hazards and a low appreciation for risk are routinely identified as contributing factors in significant and fatal incidents. Our culture change initiatives will assist in building resilient safety leadership and enforcing operational discipline.

STAKEHOLDER MATERIAL MATTERS AND THEIR EFFECT ON CAPITALS

DEFICIT IN LEADERSHIP COMPETENCIES

M The Group identified deficiencies in leadership competencies, especially in middle and supervisory management, which affected their ability to function effectively in their roles

R We defined the leadership competencies we aspire to create and embed across the organisation and developed the "Leading the Implats Way" programme based on the care and growth model, which focuses on people and their development. This has been rolled out across all management

ADDRESSING BARRIERS TO GENDER EQUALITY

M Implats also voluntarily participated in a study by the Commissioner of Gender Equality, which resulted in a report that highlighted areas that posed as barriers to gender equality at Impala Rustenburg

R In response to these findings, we took steps to improve our approach to creating an environment conducive to gender equality and address obstacles to the employment, retention and advancement of women which included introducing a gender mainstreaming policy, designing campaigns on sexual harassment, revising graduate programmes for the advancement of women and improved female facilities on our mines

Effect on capitals (human; intellectual)

Improving leadership capacity and competencies will assist us in repositioning Impala Rustenburg to the lower half of the cost curve and improve operational effectiveness.

Outlook

By empowering our people to "Leading the Implats Way", we are supporting the transformation towards our desired organisational culture of care and performance, driving organisational success through our people.

PERFORMANCE AFFECTING RELATIONSHIP QUALITY WITH EMPLOYEES AND UNIONS

Key performance indicator	Measurement	How it affects our ability to create value	Year-on-year change	2019	2018	2017	Relationship enhancing actions
Work-related fatalities (own employees and contractors)	Number	The lives and well-being of our employees are of critical importance to Implats. We have a zero tolerance objective	improved	**5**	7	8	• Eliminate fatalities and reduce levels of injuries; each operation is expected to achieve at least a 10% year-on-year improvement in their LTIFR performance • Build resilient safety leadership and enforce operational discipline • Intensifying supervision on critical activities at the work face
FIFR	Pmmhw		improved	**0.047**	0.065	0.071	
Skills development spend	Rm	Investment in development of workforce	reduced	**465**	485	548	• Build leadership capability • Roll out the "Leading the Implats Way" programme to lower levels • Build technical capacity to create a learning organisation
	US$m		reduced	**1.4**	1.8	1.7	
Women in total workforce in South Africa	%	Promotes diversity in the workplace and enhances female representation in leadership	unchanged	**11**	11	11	Focus on: • Promoting women representation especially at junior management level • Recruiting and retaining HDSAs with critical skills • Reinforcing an environment conducive to gender equality
Managers who are female	%		unchanged	**22**	22	21	

STRATEGIC OBJECTIVES

- REPOSITION IMPALA TO THE LOWER HALF OF THE COST CURVE
- OPTIMISE THE VALUE CHAIN
- IMPROVE ORGANISATIONAL EFFECTIVENESS
- ENHANCE THE COMPETITIVENESS OF OUR PORTFOLIO
- OPTIMISE BALANCE SHEET AND CAPITAL ALLOCATION
- PROTECT AND STRENGTHEN OUR LICENCE TO OPERATE

GOVERNMENT

Nature of engagement

Meetings with officials from local, provincial and national government. Compliance audits, Minerals Council South Africa Parliamentary Portfolio committee, Mining Phakisa and Mining Industry Growth, Development and Employment Task Team.

South Africa

ECONOMIC AND SOCIAL IMPACTS OF IMPALA RUSTENBURG RESTRUCTURING C 1 7

M There are concerns regarding the socio-economic impacts of job losses from retrenchments

R We continue to proactively manage the engagement process with government to demonstrate our willingness to work collaboratively with all social partners to mitigate the socio-economic impacts of the restructuring process as far as possible

Effect on capitals (social and relationship)

Job losses associated with the restructuring of Impala Rustenburg will have an adverse impact on the socio-economic environment of the communities where we operate in the short term and reduce our financial capacity to meet our SLP commitments. The successful delivery of a restructured Rustenburg operation, however, will result in sustainable jobs and SLP contributions in the longer term.

Outlook

We aspire to sustain good relations and engagement processes.

COMPLETION OF SECOND GENERATION SLP COMMITMENTS WITHIN SET TIMELINES C 6 7

M Impala Rustenburg and Marula will not be able to complete all its SLP commitments within the set deadline on December 2018 due to delays in implementation of certain SLP II infrastructure projects; initially due to late approval of the SLP following community unrest related to the 2014 platinum strike, and in recent years hampered by the Company's financial constraints

R To counter this, a s102 application was submitted to extend the SLP implementation period by two years to December 2020

Effect on capitals (social and relationship)

Job losses associated with the restructuring of Impala Rustenburg will have an adverse impact on the socio-economic environment of the communities where we operate in the short term and reduce our financial capacity to meet our SLP commitments. The successful delivery of a restructured Rustenburg operation, however, will result in sustainable jobs and SLP contributions in the longer term.

Outlook

We await a response to the requested time frame extension.

COMPLIANCE WITH PROVISIONS OF NEW MINING CHARTER C 7

M The new Mining Charter 2018 contains a number of provisions that are cause for concern

R We are confident that with the right engagement through the Minerals Council South Africa, notable uncertainties including local content and empowerment requirements and incentives for reindustrialisation will be resolved

Effect on capitals (natural; manufactured; financial; human)

The new Mining Charter presents positive provisions for human and social capital, and secures our access to natural capital. However, the high cost of compliance with the regulation will have the effect of significantly reducing our ability to generate/acquire the financial capital required to implement our strategic objectives resulting in the long-term depletion of our other capitals.

Outlook

We await the outcomes of the judicial review process and finalisation of the charter.

Zimbabwe

ECONOMIC CHALLENGES IN ZIMBABWE S 5

M Supporting the Zimbabwean government's efforts to revive the economy amid increasing tensions provoked by cash and foreign currency shortages that have impacted the availability of fuel, basic commodities and pharmaceuticals

R Following a three-day nationwide strike after the government increased fuel prices, Zimplats put measures in place to ensure the safety of its employees, the protection of assets and the continuation of uninterrupted business operations

- Our priority has been to address the economic and fiscal policy constraints of the country. Positive developments for the sector include the deferment of the export levy on unbeneficiated PGMs for a further two years, and the relaxation of the contentious indigenisation policy
- Zimplats created several opportunities to share the Company's narrative on operations and business initiatives with key stakeholders whose support we require. This included a presentation by the chairman of Zimplats to the President of Zimbabwe on Zimplats' growth trajectory, its contribution to the economy and the community

Effect on capitals (social and relationship; human; financial)

The economic challenges in Zimbabwe have a direct impact on the social and financial well-being of our employees and the communities in which we operate. It strains access to financial capital and the ability to produce while also pressurising operating costs and access to state-supplied resources such as electricity.

Outlook

We will maintain ongoing targeted engagements with the leadership of the Zimbabwean government to promote value-enhancing relations.

STAKEHOLDER MATERIAL MATTERS AND THEIR EFFECT ON CAPITALS

PERFORMANCE AFFECTING RELATIONSHIP QUALITY WITH GOVERNMENTS

Key performance indicator	Measurement	How it affects our ability to create value	Year-on-year change	2019	2018	2017	Relationship enhancing actions
Environmental incidents							
• Level 3**	Number	Indicators of efficient use of our scarce natural resources, which are shared with the other stakeholders	deteriorated	**23**	22	32	Principal focus areas for 2020: **Environmental management** • Implement remediation plans to address environmental non-compliances • Maintain environmental authorisations with all relevant regulatory authorities **Water management** • Progress towards statutory compliance with amended water-use licences • Develop dynamic water balance models • Continue engagement with authorities to meet regulatory expectations • Increase percentage of water recycled and reduce volume of water withdrawn **Air quality management** • Minimise emissions and meet permit conditions • Targeted emissions implemented at Impala Rustenburg and Impala Springs are implementing to comply with 2020 air emissions standards • Drive reductions in SO_2 ground level concentrations at Zimplats by redirecting emissions through stack during furnace improvements
• Level 4 or 5	Number		unchanged	**0**	0	0	
Unit water consumption	K/tonne milled		improved	**2.05**	2.10	2.30	
Total direct SO_2 emissions	Tonnes		increased	**29 635**	28 266	23 067	
Total CO_2 intensity	tCO_2/t milled		deteriorated	**0.20**	0.18	0.2	

*** Levels 3, 4 and 5 represent limited, significant and major impact environmental non-compliances respectively.*

STRATEGIC OBJECTIVES

REPOSITION IMPALA TO THE LOWER HALF OF THE COST CURVE

OPTIMISE THE VALUE CHAIN

IMPROVE ORGANISATIONAL EFFECTIVENESS

ENHANCE THE COMPETITIVENESS OF OUR PORTFOLIO

OPTIMISE BALANCE SHEET AND CAPITAL ALLOCATION

PROTECT AND STRENGTHEN OUR LICENCE TO OPERATE

COMMUNITIES

Nature of engagement

Community leadership engagement meetings, community trust meetings, one-on-one meetings

EMPLOYMENT, PROCUREMENT, SOCIAL INVESTMENT AND SUPPLIER OPPORTUNITIES

M There is an increasingly disproportionate community reliance on the organisation for employment, procurement and social investment opportunities. Restructuring at Impala Rustenburg has also impacted employment levels and recruitment (20 people recruited from local community – a 14% decrease year-on-year). This is exacerbated by the shortage of critical skills in the mine communities

R To address this, the organisation invests in skills development initiatives that make members of local communities employable and promotes employment through local procurement practices and social projects (627 jobs created). In 2019, we increased local host community procurement (Tier 1) spend by 23% to R1.6 billion at Impala Rustenburg and by 82% to R70 million at Marula

Effect on capitals (social and relationship; financial)

The broader economic challenges facing South Africa coupled with Implats' immediate priority to restructure its Impala Rustenburg operations have reduced our short-term capacity to financially invest in our social and relationship capital.

Outlook

Impala has a policy of employing individuals from communities close to its operations where possible and will continuously develop community members and identify opportunities for entrepreneurs in the mine lease area.

PERFORMANCE AFFECTING RELATIONSHIP QUALITY WITH COMMUNITIES

Key performance indicator	Measurement	How it affects our ability to create value	Year-on-year change	2019	2018	2017	Relationship enhancing actions
Community development spend:							Looking to the years ahead, we plan to: • Commit to working with social partners to address community concerns to the extent possible within our financial means • Implement Impala Rustenburg and Marula third generation SLPs • Develop high-impact commercial livestock development project at Zimplats • Zimplats continues engagement with CSOT and the Zimbabwean government on processing 10% of Zimplats equity for the community
• South Africa	Rm	Maintaining our social licence to operate and contributing to the development of our host societies	reduced	**86**	137	106	
• Zimbabwe	US$m		reduced	**3.8**	5.9	2.2	
Total local procurement:							
• South Africa*	Rbn		improved	**1.7**	1.4	1.1	
• Zimbabwe	US$m		reduced	**329**	341	350	

** Tier 1, local to site spend.*

STAKEHOLDER MATERIAL MATTERS AND THEIR EFFECT ON CAPITALS

CUSTOMERS

Nature of engagement

Tender and contract processes, supplier forums, one-on-one meetings, industry forums, customer feedback and reputation surveys

BEING A REPUTABLE AND RESPONSIBLE SUPPLIER OF HIGH-QUALITY PGM PRODUCTS THROUGH INNOVATION S 1 6

M Customer custodianship is a multi-faceted issue, governed by several policies, procedures and legislation. It entails continuous oversight including internal and external assurance. We strive to ensure a competitive advantage by differentiating our product suite in the market based on product quality, reliability of supply, and a willingness to adapt to changing customer needs

R Strategic review meetings held for both the World Platinum Investment Council (WPIC) and the Platinum Jewellery Development Association (PJDA, holding company for PGI) during February 2019. The meetings were to identify gaps in the current strategies and to formulate a way forward

- Meetings were also held with several customers to maintain positive relations. This included hosting the CEOs and presidents of our major Japanese customers

Effect on capitals (financial; social; intellectual; manufactured)
Remaining a reputable and responsible supplier means that we retain the ability to deliver our products by successfully executing on the Impala Rustenburg restructure and optimising our value chain strategies.

We employ financial capital to contribute to the development of platinum demand by supporting the Platinum Guild International (PGI), World Platinum Investment Council (WPIC), Platinum Jewellery Development Association (PJDA) and International Platinum Association (IPA) through marketing spend and the development of intellectual capital needed to grow new markets and formulate a way forward for the platinum industry.

Outlook
The demand for our metal remains strong.

PERFORMANCE AFFECTING RELATIONSHIP QUALITY WITH CUSTOMERS

Key performance indicator	Measurement	How it affects our ability to create value	Year-on-year change	2019	2018	2017	Relationship enhancing actions
Implats brand image rating	percentage	The quality of our relationships with our customers is a key driver of revenue	unchanged	n/a	96	n/a	Continue to: • Track and respond to customer feedback • Keep customers informed of any possible supply disruptions due to industrial action • Track measure of our effectiveness – undertake a customer satisfaction survey every two years • Retain our certificate of quality (ISO 9000)
Customer complaints	number		unchanged	n/a	16	n/a	
ISO 9001 certification			unchanged	retained	retained	retained	

^ *Based on bi-annual customer satisfaction survey that was last performed in 2018.*

STRATEGIC OBJECTIVES

REPOSITION IMPALA TO THE LOWER HALF OF THE COST CURVE

OPTIMISE THE VALUE CHAIN

IMPROVE ORGANISATIONAL EFFECTIVENESS

ENHANCE THE COMPETITIVENESS OF OUR PORTFOLIO

OPTIMISE BALANCE SHEET AND CAPITAL ALLOCATION

PROTECT AND STRENGTHEN OUR LICENCE TO OPERATE

SHAREHOLDERS AND INVESTOR COMMUNITY

Nature of engagement

Roadshows, results presentations, investor conferences one-on-one meetings

FINANCIAL PERFORMANCE AND IMPLEMENTATION OF STRATEGIC REVIEW S 1 2 3 4 5 6 7

M Ability to generate positive returns on investment in a sustainable manner – with specific interest in:
- Our balance sheet strength
- The Group's ability to implement the Impala Rustenburg turnaround strategy
- Cost containment to achieve operational efficiencies
- Compliance with regulatory requirements and maintaining our social licence to operate

R The responsive measures and consequent outcomes include:
- Finalisation of the Implats capital allocation framework
- Securing facilities and flexibility to manage liquidity over the short to medium term
- Rigour and conservatism around monthly forecasting and over budgeting process
- Ongoing monitoring of covenants and headroom to ensure availability of facilities over the strategic review implementation period
- Ongoing review of actual and forecast cash prioritisation of spend including optimisation of Group cash balances and debt
- Ongoing cost control

Capital impact: All capitals

The financial result and increase in financial capital for shareholders is the result of the combined use of all capital inputs in a responsible manner, resulting outcomes from our processes, applying our strategies towards managing risk, exploiting opportunities and producing outputs.

Outlook
- Despite improved market outlook, Implats remains committed to its long-term strategic intent to favour value over volume, embed operational improvements and build sustainability by consistently producing in a safe, productive, responsible and profitable way
- Focus in FY2020 will be on advancing the phased restructuring of Impala Rustenburg while taking advantage of the operational improvements realised over the past year and maintaining delivery from all other Group operations
- Project focus will be centred on 20 Shaft, ensuring that the continued commitment to invest and operate is matched with improved project delivery and accountability
- Organisational effectiveness and stakeholder engagement remains key to navigating the successful conclusion of wage agreements and the planned reduction in Implats' workforce in a socially responsible way, while limiting the potential for operational interruptions
- In Zimbabwe, efforts to maintain open and constructive engagement with the government will continue amid a changeable economic and political environment

GOVERNANCE, DISCLOSURE AND CONTRIBUTIONS TOWARD ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RELATED MATTERS S 6 7 10

M In recent years, the sustainable development agenda has been gaining ground, with investors and other stakeholders increasing their focus on environmental, social and governance issues

R Implats is highly rated among its peers in demonstrating socially and environmentally responsible practices and good governance (ESG indicators), and is committed to making lasting positive contributions to the communities around our operations by:
- Developing our understanding of how we can optimise our contribution towards the attainment of the United Nations Sustainable Development Goals (SDGs) (refer page 66)

This work builds on our ongoing commitment to the UN Global Compact and its 10 principles.

PERFORMANCE AFFECTING RELATIONSHIP QUALITY WITH SHAREHOLDERS AND INVESTOR COMMUNITY

Key performance indicator	Measurement	How it affects our ability to create value	Year-on-year change	2019	2018	2017	Relationship enhancing actions
Shareholders and bondholders							
• Dividends per share	(cents)	Returns to shareholders	unchanged	**0**	0	0	To enhance and protect value for our providers of financial capital we aim to: • Successfully implement the strategic restructuring of the Group to return Implats to profitability within set timelines • Continue to implement cost containment and other operational efficiencies
• Market capitalisation	Rbn		improved	**50**	14	27	
Basic headline earnings/(loss) per share	(cents)	Indicator of performance	improved	**423**	(171)	(137)	

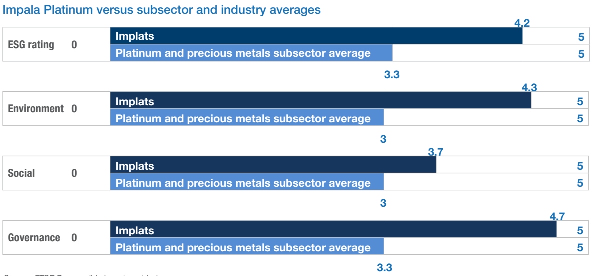
OUR OUTCOMES

IMPACT ON CAPITALS

RESPONSIBLE INVESTMENT – IMPLATS HIGHLY RATED AMONG ITS PEERS

The sustainable development agenda has gained ground, with an increasing number of investors and asset managers focusing on responsible investment. Disclosure concerning environmental protection, social responsibility and corporate governance (ESG) assists investors in making a more holistic assessment of the sustainability and impact of investee companies on society and the environment. Periodically, Implats has its performance reviewed by ESG analysts and is an ongoing constituent of the FTSE/JSE Responsible Investment Index Series, designed to identify South African companies that demonstrate socially and environmentally responsible practices and good governance. In the 2018 Index, Implats scored an overall ESG rating of 4.2 out of 5, versus the platinum and precious metals subsector average of 3.3 out of 5. In striving to improve our rating beyond that of subsector peers, we remain committed to improving our safety performance and meeting targets set for a reduction in greenhouse gas emissions. The next assessment will be in December 2019.

FTSE INDEX 2018
Impala Platinum versus subsector and industry averages



Source: FTSE Responsible Investment Index.

Safety and health

	2019	2018	2017
Work-related fatal injuries (number)	**5**	7	8
All injury frequency rate (Pmmhw)	**12.73**	12.86	14.11
New noise-induced hearing loss (NIHL) cases (+10% shift) (number)	**64**	102	88
Number of HIV-positive employees known to be receiving antiretroviral treatment	**5 730**	5 771	5 002
Annualised TB incidence rate per 100 000 population	**323**	530	519

A zero harm environment and healthy workforce safeguards our human capital, enables us to achieve the target KPIs within our strategy for operational excellence, strengthen our social licence to operate, and contributes to the attainment of SDG 3 (see page 66).

People

	2019	2018	2017
Gini coefficient	**0.25**	0.27	n/a
Gender diversity: managers who are female in South Africa (%)	**22**	22	21
Gender diversity: women in workforce in South Africa (%)	**11**	11	11
Historically disadvantaged South Africans (HDSAs) in management (%)	**59**	57	54

A diverse and inclusive workforce enhances our social, human and intellectual capitals and drives our organisational effectiveness and contributes to SDG 4.

Social

	2019	2018	2017
Socio-economic development spend in South Africa (Rm)	**86**	137	106
Socio-economic development spend by Zimplats (US$000)	**3 800**	5 967	2 235
Total discretionary procurement spend in South Africa (Rbn)	**9.2**	9.1	8.7
Procurement: BEE expenditure in South Africa (Rm)	**6.8**	6.7	6.7
Expenditure with local indigenous suppliers (51% indigenous ownership) by Zimplats (US$m)	**124**	112	80

Investing in our communities is critical to maintaining our social licence to operate and social and relationship capital, which serves an enabler for the effective employment of our other capitals. Current market conditions have, however, limited our capacity financially to invest in this capital in the short term.

IMPACT ON CAPITALS

Implats spent R41.8 billion on cost of sales and R223 million on cash taxes to stakeholders in the Company.

The impact of our operating spend on our social capital is depicted below.

% HDSA/BEE procurement (>25%) of category's discretionary procurement (SA operations)

Category	Mining Charter target (%)	2019 R billion	2019 %
Capital	40	0.7	67
Consumables	50	3.1	80
Services	70	3.0	70
Total operations		**6.8**	**74**

Environment

	2019	2018	2017
Energy consumption (GJ000)*	**16 863**	16 201	17 316
Energy intensity (GJ/tonne milled)	**0.87**	0.84	0.94
GHG emissions (Mt CO_2-equivalent)*	**3.42**	3.06	3.19
Total direct CO_2 intensity (t/tonne milled)*	**0.1966**	0.1779	0.1761
Total water withdrawn (Mℓ)*	**23 146**	23 530	23 530
Percentage water recycled (total water recycled Mℓ/total water consumed Mℓ)	**42**	45	46
Number of level 3 to 5 environmental incidents	**23 level 3**	22 level 3	32 level 3

** For details on measurement, refer to pages 113 to 116 of the SD report.*

Our operations have the unintended outcome of water and air pollution which have a negative impact on our natural capital, impairs our social licence to operate and compromises the sustainability of our operations and shared natural resources. Efforts to reduce these impacts will work to achieving the KPIs for ESG excellence.

Stakeholder value creation refers to the creation of value over the short, medium and long term for all stakeholders. Efforts relating to stakeholders on a targeted or individual basis results from stakeholder management strategies, however, delivering on **Group strategy**, importantly, increases the overall value of all the available outcomes measured on a value per stakeholder basis by growing the total wealth in which stakeholders share and increasing the size of the proverbial "pie" from which value is derived.

As can be seen from the Group value added statement depicted below, in the current environment, R43.4 billion value has been distributed to various stakeholders and R3.2 billion of shareholder value was retained in the business.

Distribution of financial capital

	2019 Rm	2018 Rm	2017 Rm
Value distributed	**43 444**	32 712	34 726
Consumables, services and metal purchased	**(25 015)**	(18 146)	(20 258)
Labour and other*	**(13 695)**	(12 981)	(12 495)
Finance cost	**(1 041)**	(1 006)	(713)
Value retained for shareholders/(diminution in shareholders' value)	**(3 222)**	1 114	983
Other	**(471)**	(1 693)	(277)

** Including labour cost capitalised.*

Implats taxes paid directly to government by category and country#

	South Africa Rm	Zimbabwe Rm
Corporate income tax	288	202
PAYE	1 711	274
Royalties	128	283
Other:	–	406
– UIF	111	–
– SDL	97	–
Total	2 336	1 165

 # Reporting in line with the Extractive Industries Transparency Initiative (EITI).

The outcomes of our financial capital is the result of the use of our capitals within our operating context and through our chosen strategies.

SUPPORTING GLOBAL GOALS FOR SUSTAINABLE DEVELOPMENT

Launched in 2015, the Sustainable Development Goals (SDGs) are United Nations-led goals (17) setting the global agenda to end poverty, protect the planet and ensure prosperity for all by 2030. The SDGs provide an invaluable common framework for organisations across all industries and sectors to work together for a better future. Implats is committed to playing its role in the attainment of these goals, supporting government and working with other stakeholders to build thriving communities. This work builds on our ongoing commitment to the UN Global Compact and its 10 principles, to which we have been a signatory since 2008. This year we looked at our social and environmental activities against the SDGs, to help us prioritise

THE TOP PRIORITIES FOR IMPLATS

DESCRIPTION	SDG	REPORTING INDICATOR	OUR CONTRIBUTION OR RELEVANT DISCLOSURES	REFER SD REPORT PAGE
END POVERTY IN ALL ITS FORMS EVERYWHERE	1 NO POVERTY	Percentage of workers that earn an amount equal to or above national minimum wage of R3 500 per month R42 000 per annum	The lowest earning employee at Implats earns a total remuneration (TR) in excess of R180 000 per annum and 90% of employees earn a TR between R180 000 and R500 000 per annum	46
ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES	3 GOOD HEALTH AND WELL-BEING	• Our TB incidence rate versus national • Reduction in Aids deaths in service	• Our TB incidence rate is 337 per 100 000 people (SA operations) versus estimated national average of 567 per 100 000 • 50% reduction in Aids deaths in service since 2015	39
ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION PROMOTE LIFE-LONG LEARNING OPPORTUNITIES FOR ALL	4 QUALITY EDUCATION	• Company skills development spend • Company spend on community education initiatives • School infrastructure projects	• R465 million skills development spend (SA operations) • R38 million spend on bursaries, learnerships and community schools support initiatives • Upgraded infrastructure at five community schools in FY2019	48, 66 – 68
ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS	5 GENDER EQUALITY	• Representation of women at all levels in the Company • Gender mainstreaming initiatives	• Women represent 11% of the workforce • Five out of 13 board members are female • 22% of managers are female	53 – 57
PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL	8 DECENT WORK AND ECONOMIC GROWTH	• Number of permanent employees in the Group • Ongoing reduction in LTIFR • Inclusive procurement	• 31 429 permanent own employees in South Africa (32 673 in FY2018) and 3 332 in Zimbabwe (3 262) • A 12% year-on-year improvement in LTIFR • This year we procured goods and services to the value of R1.67 billion from businesses in our host communities (tier 1) in South Africa, a 19% improvement year on year	32, 56, 77
REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES	10 REDUCED INEQUALITIES	Company Gini coefficient versus mining industry and all industries	A Gini coefficient of 0.252 versus 0.418 and 0.429 for mining and all industries	46

those goals that we believe are most important to our business. From this process, we have identified the SDGs below. We aim to continuously review our underlying contributions to the SDGs, all of which are underpinned by our collaboration with various partners and stakeholders (SDG 17 – partnership for the goals), to inform the development of our commitments and to integrate these into our business strategy.

DESCRIPTION	SDG	REPORTING INDICATOR	OUR CONTRIBUTION OR RELEVANT DISCLOSURES	REFER SD REPORT PAGE
MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE	11 SUSTAINABLE CITIES AND COMMUNITIES	Deliver projects that meaningfully mitigate social challenges in our host communities	This year we spent R86.2 million on social projects in South Africa and US$3.8 million in Zimbabwe. A selection of these projects were independently reviewed for impact and the majority were rated as "good"	69
TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS	13 CLIMATE ACTION	Climate impact reduction targets: • Reduce scope 1 emissions by 2% on 2017 levels by 2020 • Reduce scope 2 emissions by 5% on 2008 levels by 2020	• 3% increase in scope 1 emissions on 2017 levels • 26% increase in scope 2 emissions on 2008 levels	88 – 90
CONSERVE AND SUSTAINABLY USE THE OCEANS, SEAS AND MARINE RESOURCES FOR SUSTAINABLE DEVELOPMENT	14 LIFE BELOW WATER	Ongoing operational efficiency improvements to ensure at least 40% of water consumed is recycled water	42% of water consumed by operations in FY2019 was recycled water	86
PROTECT, RESTORE AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL ECOSYSTEMS	15 LIFE ON LAND	Implement concurrent rehabilitation to reduce closure liabilities and improve rehabilitation outcomes	R58 million spent on rehabilitation initiatives (R44 million in FY2018). R1.49 billion in provisions for environmental rehabilitation at year-end (R1.23 in FY2018)	98
STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALISE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT	17 PARTNERSHIPS FOR THE GOALS	Implats is committed to playing its role in the attainment of the SDGs by supporting government and working with other stakeholders to build thriving communities. Our socio-economic development initiatives and tax contributions help improve livelihoods by improving access to healthcare, housing, education, clean water and sanitation.	The total amount of tax payments to government for the reporting period was R2.34 billion in South Africa and US$82 million in Zimbabwe	61

Zimplats Mupani Mine

04

STRATEGY AND BUSINESS CASE

OUR STRATEGY

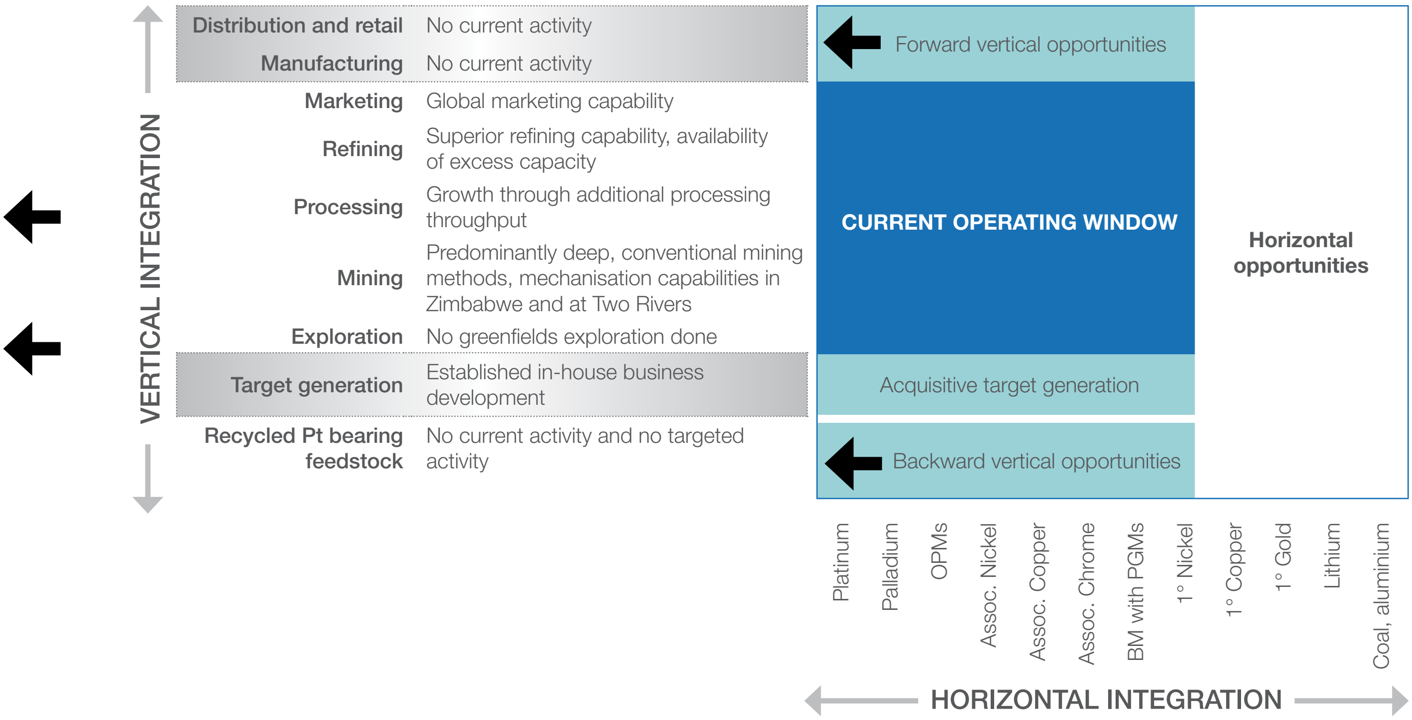
IMPLATS' STRATEGY PRIORITISES VALUE OVER VOLUME IN A ZERO HARM ENVIRONMENT TO POSITION THE GROUP TO DELIVER SUSTAINABLE OUTCOMES AND BENEFITS FOR ALL STAKEHOLDERS

The strategy is influenced by the external macro-environment in which we operate, PGM markets, and the strategies of our key competitors.

In a low price environment the restructuring of the Impala Rustenburg operation to optimise and align the overhead structure to a smaller and more productive future mining footprint is essential as the Group reduces exposure to high-cost, deep-level conventional mining. The implementation of this strategy limits financial resources, as well as management capacity available for other initiatives.

In Zimbabwe, the Group is in a position to capitalise on its presence in the country. However, the current economic situation is highly volatile and uncertain.

The strategic envelope defines where Implats' domain of interest lies. It is informed by the implications of the external environment. The field of play is defined firstly by the Group's value chain and capability (vertical integration) and secondly, the suite of products (horizontal integration). Diversification in either the metals produced or the Group's capability will cause the envelope to expand or contract.



The modernisation strategy mission statement:

"WE REDUCE COSTS, IMPROVE EFFICIENCIES AND INCREASE SAFETY BY ADOPTING NEW TECHNOLOGIES AND ACTIVELY DRIVING THE MODERNISATION AGENDA IN OUR OPERATIONS AND NEW PROJECTS."

MODERNISATION STRATEGY

Implats is developing a coherent strategy at operations where modernisation is required and where there is an appropriate fit. Modernisation is an element of the optimisation of the value chain key focus area within the Group strategy and is supported by the following initiatives:

- Excellence in project execution
- A defined modernisation roadmap to drive operational improvement
- That modernisation be embedded into project design (eg Zimbabwe and Waterberg)
- A utility optimisation strategy

MODERNISATION STRATEGIES

Modernisation (as opposed to mechanisation) is a process of utilising up-to-date methods and proven technologies to improve mine to metal operations. This is focused on:

1. Improvements in safety, health and the environment
2. Reductions in operational risk
3. Increased extraction, separation and purification efficiency
4. Reduction in the unit cost of production
5. Operation excellence

STRATEGIC OBJECTIVES AND STRATEGIES ARE CENTRAL TO THE REMUNERATION INCENTIVES SET OUT ON PAGE 26

OUR VISION TO BE THE WORLD'S BEST PGM PRODUCER, SUSTAINABLY DELIVERING SUPERIOR VALUE TO ALL OUR STAKEHOLDERS

OUR MISSION TO MINE, PROCESS, REFINE AND MARKET HIGH-QUALITY PGM PRODUCTS SAFELY, EFFICIENTLY AND AT THE BEST POSSIBLE COST FROM A COMPETITIVE ASSET PORTFOLIO THROUGH TEAM WORK AND INNOVATION

OUR VALUES WE RESPECT, CARE AND DELIVER

EXTERNAL ENVIRONMENT/ STRATEGIC ANALYSIS: 1 **MARKET** 2 **PESTEL** (POLITICAL, ECONOMIC, SOCIAL, TECHNOLOGY, ENVIRONMENTAL, LEGAL) 3 **COMPETITOR STRATEGIES** 4 **SWOT**

STRATEGIC OBJECTIVES

REPOSITION IMPALA TO THE LOWER HALF OF THE COST CURVE
- Close or sell unprofitable shafts
- Deliver growth shafts – 16 and 20 – at cost and volume
- Align service costs to reduced ounce profile
- Lessen the social impact of a smaller Impala Rustenburg
- Create a performance culture
- Improve mining efficiency

OPTIMISE THE VALUE CHAIN
- Excel in mining, processing, refining and marketing of high-quality PGM products
- Improve market and industry intelligence
- Grow toll treatment business at improved margins
- Examine beneficiation strategies in Zimbabwe
- Maximise value from marketing efforts and develop markets
- Investigate value-enhancing product alternatives
- Modernise our systems and operations
- Pursue operational excellence

IMPROVE ORGANISATIONAL EFFECTIVENESS
- Employ and retain top talent
- Develop a learning organisation
- Build technical competence in the Group
- Improve systems and processes
- Consider the implications of geographic growth on employees

ENHANCE THE COMPETITIVENESS OF OUR PORTFOLIO
- Target low-cost, mechanised and palladium-rich assets
- Explore growth opportunities in Zimbabwe
- Optimise Zimbabwe mining infrastructure
- Invest in the Waterberg opportunity
- Re-mine tailings

OPTIMISE BALANCE SHEET AND CAPITAL ALLOCATION
- Refinance convertible bonds and renew RCFs
- Reduce and earn revenue from pipeline stocks
- Ensure liquidity throughout the Rustenburg restructuring period
- Find the best mix of capital and debt
- Manage undrawn debt
- Cascade Implats' method of distributing financial resources to maximise shareholder returns to all operations
- Develop a decision and funding strategy for Waterberg

PROTECT AND STRENGTHEN OUR LICENCE TO OPERATE
- Comply with regulations
  – Start on the third generation SLPs
  – Understand performance in terms of Mining Charter III
- Behave responsibly in terms of voluntary ESG compliance
- Stakeholder engagement focus:
  – During Rustenburg restructuring
  – With new Zimbabwean government
  – Establish relationships with Waterberg stakeholders
- Successfully conclude wage negotiations

OPERATING STRATEGIES	IMPALA STRATEGY	MARULA STRATEGY	TWO RIVERS STRATEGY
	ZIMBABWE SOVEREIGN STRATEGY	ZIMPLATS STRATEGY	MIMOSA STRATEGY
LONG-TERM PLANNING	WATERBERG STRATEGY	IRS/MARKETING STRATEGY	

→ **FINANCIALS**

OPERATIONAL
- LIFE OF MINE
- BUSINESS PLAN

ORGANISATIONAL SUPPORT: OCCUPATIONAL HEALTH AND SAFETY | PEOPLE | STAKEHOLDERS | SUSTAINABILITY SOCIAL ENVIRONMENTAL | LEGAL AND REGULATORY | TECHNOLOGY | BUSINESS DEVELOPMENT

OPERATIONAL STRATEGIES

The Group strategy comprises six focus areas, each housing numerous strategic initiatives supporting execution.

Each operating unit and organisational support function has specific actions that support the achievement of the strategy. The strategic initiatives within the respective focus areas cascade into operational and organisational support function strategies. These form a key input for business planning.

- **FUNCTIONAL STRATEGY** – describes how each organisational support function contributes to the Group strategy and focus areas, including the achievement of KPIs (metrics) and the addressing of key risks
- **OPERATIONAL STRATEGY** – describes how each operating unit contributes to the Group strategy and focus areas, including the achievement of KPIs (metrics) and the addressing of key risks
- **LOM** – describes the Group's production profile based on life-of-mine plans for each asset, the implication of this profile on capital allocation and targeted production
- **FINANCIALS** – describes the key pricing and exchange rate assumptions for FY2020, including revenue baskets for each operating unit and the budgeted financial results based on these assumptions
- **RISKS** – describes the top 10 company risks and how the Group's strategy addresses these risks

STRATEGIES – KEY PERFORMANCE INDICATORS

OPERATIONAL EXCELLENCE
- Eliminate fatal injuries
- Improve LTIFR by 20%
- Improve efficiency and productivity – >410t/employee costed
- Achieve operating cost of R25 500 – R26 500/Pt oz (stock-adjusted)

CAPITAL MANAGEMENT
- Effective capital structure
  – Achieve internal net debt to EBITDA target
  – Appropriate liquidity to fund Group strategy
  – Operate well within debt covenants
- Effective capital allocation strategy – capital R4.2 billion – R4.5 billion

BUSINESS DEVELOPMENT
- Deliver Impala Rustenburg restructuring
- Implement decision on Waterberg
- Ongoing optimisation of portfolio prioritising low-cost, mechanised, Pd/Rh rich, cash generative assets
- Maximise market development and industry participation to increase demand

ORGANISATIONAL DEVELOPMENT
- Increase leadership capacity and capability
- Strengthen management reporting systems
- Implement culture transformation

ESG EXCELLENCE
- Compliance with statutory requirements including Mining Charter and SLPs
- Strengthen stakeholder engagement
- Promote host community employment and procurement
- Manage environmental impacts
- Zero level 4 and 5 incidents
- Effective waste, water and energy management strategies
- Implement occupational health and safety initiatives

OUR STRATEGIES – TARGET KPIs SHORT AND MEDIUM TERM

STRATEGIC PERFORMANCE AREAS	**OPERATIONAL EXCELLENCE** Address operational performance through targeted operational excellence interventions and modernisation where appropriate	**CAPITAL MANAGEMENT** Disciplined capital allocation and cost management
PERFORMANCE TARGET FOR **FY2020**	• **Zero** fatalities • **LTIFR <5.0** • Improve efficiency and productivity **>410t/total** employee costed • Refined platinum production **>1.45 – 1.55Moz** • Cost per platinum ounce **<R25 500 – R26 500/oz (stock adjusted)**	Effective capital structure • Achieve internal net debt to EBITDA target • Appropriate liquidity to fund strategy • Operate within debt covenants Effective capital allocation strategy • Capital **R4.2 – R4.5 billion**
KPI PERFORMANCE TARGET FOR **FY2024**	• **Zero** fatalities • **LTIFR <2.0** • Improve efficiency and productivity **>470t/**total employee costed • Refined platinum production **>1.20 – 1.30Moz** • Cost per platinum ounce **<R29 000 – R30 000/oz**	Effective capital structure • Achieve internal net debt to EBITDA target • Appropriate liquidity to fund strategy • Operate within debt covenants Effective capital allocation strategy • Capital **R3.2 – R3.5 billion**
KEY ACTIONS	• Prevent injury and ensure a safe operational culture • Improve efficiency on stoping • Improve on-reef development to increase face length • Operations to deliver: – Impala Rustenburg **640 000 – 690 000** platinum ounces in concentrate – Zimplats **265 000 – 280 000** platinum ounces in concentrate – Two Rivers **140 000 – 160 000** platinum ounces in concentrate – Mimosa **110 000 – 125 000** platinum ounces in concentrate – Marula **80 000 – 95 000** platinum ounces in concentrate – IRS (third party) **170 000 – 185 000** platinum ounces in concentrate • Roll out and embed risk management system	• Continue with 16 Shaft capital project • Move down the industry cost curve • Manage marginal operations • Implement identified financial management systems

BUSINESS DEVELOPMENT	ORGANISATIONAL DEVELOPMENT	ESG EXCELLENCE
Optimisation of the business and portfolio ensuring maximum profitability and prioritising value over volume	Refine operating model, clarify decision making and accountability and enhance team work and innovation	Embrace good citizenship, address regulatory compliance, optimise rehabilitation liabilities and pursue and maintain mutually beneficial stakeholder relationships
• Optimisation of portfolio • Deliver on Impala Rustenburg restructuring • Maximise market development and industry participation to increase demand	• Increase leadership capacity and capability • Strengthen management reporting systems • Culture transformation	• Strengthen stakeholder management capability and capacity • Complete projects in accordance with SLP commitments • Maintain **ISO 14001:2015 certification** • No level 4 or 5 environmental incidents • Total water recycled **– >40%**
• Ongoing optimisation of portfolio • Deliver on Impala Rustenburg restructuring • Maximise market development and industry participation to increase demand	• Sustain leadership capacity and capability • Sustain desired culture	• Strengthen stakeholder management capability and capacity • Complete projects in accordance with SLP commitments • Maintain **ISO 14001:2015 certification** • No level 4 or 5 environmental incidents • Total water recycled **– >40%**
• Deliver Impala Rustenburg restructuring objectives • Implement decision on Waterberg • Ongoing optimisation of portfolio prioritising low-cost, mechanised, Pd/Rh rich, cash generative assets • Maximise market development and industry participation to increase demand	• Implement culture transformation leadership programme • Embed high-performance management system • Develop managerial and competency skills • Strengthen capacity and capability in key areas	• Compliance with statutory requirements including Mining Charter and SLPs • Strengthen stakeholder engagement • Promote host community employment and procurement • Manage environmental impacts • Implement occupational health and safety initiatives

BUSINESS CASE

TO SUSTAINABLY IMPROVE ITS COMPETITIVE POSITION, PROFITABILITY AND FINANCIAL RETURNS, IMPLATS HAS COMMITTED TO A VALUE-FOCUSED STRATEGY. THE GROUP IS COMMITTED TO REDUCING ITS EXPOSURE TO HIGHER-COST, LABOUR-INTENSIVE OPERATIONS TO IMPROVE FLEXIBILITY, CAPACITY AND SUSTAINABLY GENERATE ATTRACTIVE RETURNS IN A VARIABLE MARKET AND OPERATING ENVIRONMENT

MARKET

The outlook for global growth remains murky with no short-term resolution to uncertainties caused by trade wars, Brexit and rising geo-political tensions.

The structural underpin from technological developments and evolution, together with tightening legislation, is vital to maintain the trend of tightening demand and supply for platinum in the medium term:

- Market development activity has seen discussion on the partial substitution of platinum for palladium from meeting rooms to the research and development (R&D) labs of major fabricators with indicative volumes and timing now visible in the medium-term outlook
- Together with heavy-duty diesel, this has the potential to drive fundamental platinum demand growth/pull

Rest of PGMs enjoying strong supply/demand fundamentals, driven by:

- Palladium: Automotive
- Rhodium: Automotive and Industrial
- Limited potential to influence near-term supply

IMPROVED PRICING AND PROFITABILITY

Stronger rand PGM pricing due to significant increases in palladium and rhodium resulted in much improved financial performance during the year.

PORTFOLIO

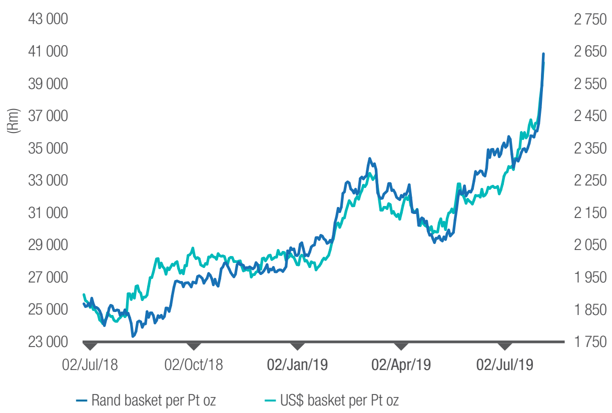
The Group's Mineral Resource portfolio is dominated by low-cost, mechanised orebodies with the exception of Impala Rustenburg. The focus is on growth from similar orebodies.

PROCESSING CAPABILITY

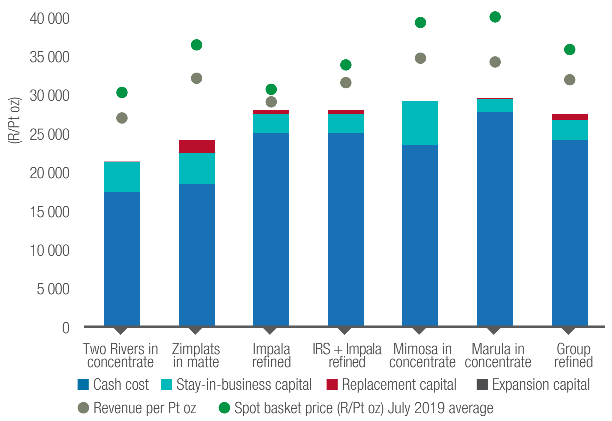
The Group delivers the best-in-sector purity (refining capability) for platinum and palladium.

World-class processing facilities are well positioned to extract mine-to-market margins for the Group while creating flexibility to influence supply through granting of tolling capacity.

Revenue per platinum ounce
as at 30 June 2019



Revenue and cost of production
as at 30 June 2019



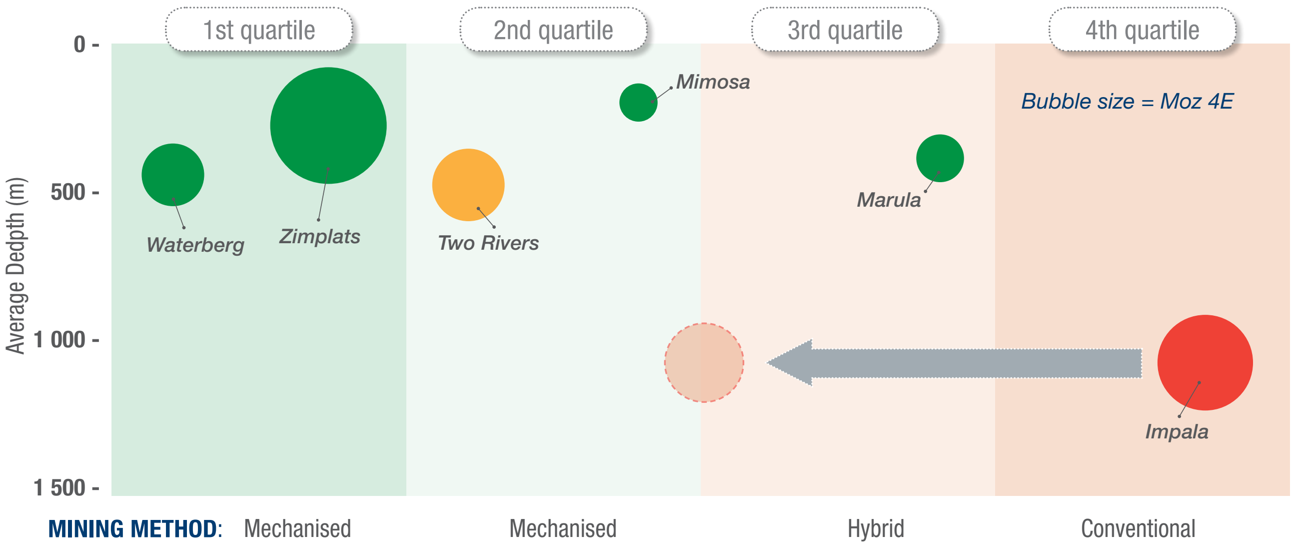
MANAGEMENT ACTIONS

- Implats is pursuing a portfolio that is more resilient to challenging operating and pricing environments. This portfolio will be positioned in the lower half of the cost curve, have increased exposure to palladium and rhodium and a greater diversified geographic exposure. The Impala Rustenburg restructuring, which is currently under way, supports this strategy
- Gains in productivity, safety and efficiency across the portfolio and specifically at Impala Rustenburg have boosted financial performance. Further improvements will be pursued
- Our operations are centred around growth from capital efficient, safe and low-cost operating units
- Early induced conversion of the US$ convertible bonds has extinguished a material and long-dated debt liability

BALANCE SHEET

The improved operational and financial performance has substantially transformed the balance sheet. This increases Implats' ability to expedite capital priorities by considering value-accretive organic and acquisitive growth opportunities, while accelerating the journey towards delivering sustainable shareholder returns through dividend payments and the contemplation of share buybacks.

Industry cost position – Mineral Resource size and depth



17 Shaft and Afplats placed on care-and-maintenance in 2017 and 2015 respectively

DELIVERING VALUE

R13.7 billion
in salaries and benefits for employees

R1.7 billion
local-to-site procurement and
R140 million
in socio-economic development in our local communities

244%
increase in share price

Sustainable and reliable delivery of high-quality products

Impala Rustenburg 14 Shaft

05

OUR PERFORMANCE

CHIEF EXECUTIVE'S REVIEW

OUR STRATEGIC TRANSITION GAINED CONSIDERABLE MOMENTUM AND OUR FIRM FOCUS OVER THE IMMEDIATE FIVE YEARS IS TO RE-ESTABLISH OURSELVES AS A HIGH-VALUE, PROFITABLE AND COMPETITIVE PGM PRODUCER.

Nico Muller
Chief executive officer

DELIVERY ON STRATEGY

INTRODUCTION

The Implats team was driven by a singular purpose over the past two years: to ensure the future sustainability of this company. The results speak for themselves and we believe Implats is now on a path to a sustainable future as a quality platinum producer, creating long-term value for all its stakeholders.

Implats achieved stellar results in FY2019. A strong operational performance in key areas allowed the Group to harness the benefit of improving market conditions and rising rand PGM pricing during the year and deliver a substantially improved financial result with healthy free cash flow generation and a return to a closing net cash position at year end.

Our strategic transition gained considerable momentum and our firm focus over the immediate five years is to re-establish ourselves as a high-value, profitable and competitive PGM producer. Progress was made in effecting an operational and financial turnaround at Impala Rustenburg – a truly commendable achievement. The results flowing from the Rustenburg complex – in terms of safety, productivity and cost efficiency – boosted our performance overall and reflect the value that can be derived from this operation through the successful completion of the phased restructuring plan.

SAFETY

The safety and health of employees remains a priority. Safety for the year told the tale of both triumph and tragedy. For much of the year the Group saw an extended period of unprecedented safety improvements. We achieved our best-ever safety performance and were leading the industry in fatality-free safety rates.

However, a tragic fourth quarter saw a total of six work-related fatalities during the full year – five at managed operations and one at our Mimosa joint venture. The Implats board and management express their sincere condolences to the families and friends of our deceased colleagues. Recognising the severe impacts of the loss of life to the affected families, we offer family support across Group operations in South Africa and Zimbabwe.

Implats remains unwavering in our commitment to achieving our vision of zero harm. Each tragic incident was subject to a rigorous independent investigation, with learnings shared across the Group and action taken to improve controls and prevent reoccurrence.

While there was a recent regression in the safety performance, the Group achieved a 28% improvement in the fatal injury frequency rate and a 12% improvement in the lost-time injury frequency rate during the year. In addition, nine of the 15 Group operations achieved their “millionaire” and “multi-millionaire” fatal-free status, meaning they have operated more than a million shifts without a fatality. Zimplats’ consistent safety record, notwithstanding one fatality this year, was recognised with various safety recognitions for outstanding performance in the Zimbabwean industry.

DELIVERING ON STRATEGY

The Group took appreciable strides this year towards its stated strategy to prioritise value over volume in a zero harm environment. This includes six strategic objectives to:

- Successfully restructure Impala Rustenburg;
- Optimise the value chain;
- Improve operational effectiveness;
- Enhance the competitiveness of our portfolio;
- Optimise our balance sheet and capital allocation priorities and processes; and
- Protect and strengthen our licence to operate.

The execution of the Impala Rustenburg restructuring plan remains well on track. This year saw the successful completion of the first phase, which set out to optimise the overhead structure at the operation aligned to a smaller and more productive future mining footprint. A multitude of stakeholder engagements were undertaken to conclude the first phase and to consider the next phase to be implemented in FY2020, which will focus on the planned closure or outsourcing of 1 Shaft and the closure of 9 Shaft, which is nearing the end of available mine life.

Post-year-end, a section 189 (Labour Relations Act) notice was issued for the second phase. Throughout the implementation of the restructuring, there is an overriding imperative by all stakeholders to ensure job losses are minimised through various avoidance measures. These include transferring employees to vacant positions at growth shafts, natural attrition, reskilling, voluntary separations and exploring viable commercial alternatives to shaft closure, where possible.

Management continues to explore ways to improve safety, productivity and cost efficiency across the Group. Any material changes in the operating and business performance, or the pricing environment, will be considered as we seek alternatives to further enhance the competitiveness of our full portfolio.

To this end, the Group maintained the recently enhanced performance at Marula, while sustaining industry leading performances at Mimosa, Two Rivers, Zimplats and Impala Refining Services (IRS). Furthering Implats’ strategy to grow exposure over time to lower-cost, shallow, mechanised operations with enhanced palladium exposure, the Waterberg Definitive Feasibility Study (DFS) is scheduled for completion in the first half of FY2020 and this, together with the granting of required statutory permits, will trigger Implats’ decision on the form of its further participation.

The improved operational and financial performances enabled the Group to significantly bolster its balance sheet this year. Material progress was made post-year-end too, with the early incentivised conversion of the US$ convertible bonds, together with the cancellation of the cross-currency interest rate swap (CCIRS). This reduced the carrying value of Group debt by R3.1 billion while lowering the annual interest charge by R319 million.

CHIEF EXECUTIVE'S REVIEW

Balance sheet flexibility enhances the Group's ability to pursue value-accretive organic and acquisitive opportunities, is aligned to our capital allocation framework objectives and accelerates the journey towards delivering sustainable shareholder returns through dividend payments and the contemplation of share buybacks.

OPERATIONAL REVIEW

The Group delivered several encouraging improvements in key areas, despite several operational challenges, which included a seven-day production stoppage at Marula, ongoing split-reef challenges at Two Rivers, Eskom's power disruptions during the second half of the year and extended furnace maintenance resulting in a slower-than-planned de-stocking of accumulated concentrate inventories. Group refined PGM and platinum production were respectively 5% and 4% higher than the previous year, while unit costs on a stock adjusted basis increased by 4% to R23 942 per refined platinum ounce.

Platinum ounces produced in concentrate from mine-to-market operations declined by 1% to 1.31 million ounces (FY2018: 1.32 million ounces). Higher volumes from Impala, together with sustained performances at Zimplats, Mimosa and Marula were partially offset by a weaker contribution from Two Rivers. Third-party concentrate volumes received fell by 27% to 189 000 ounces (FY2018: 259 000 ounces) in line with market guidance, and as a result of a large once-off toll refining contract concluded in FY2018.

The Group spent R3.8 billion (FY2018: R4.6 billion) on capital projects at Impala, Marula and Zimplats during the year, a decline of 18% from the prior reporting period, in line with slowing spend on 16 and 20 Shafts and increased prudence in allocating stay-in-business capital spend.

Higher received pricing drove margin expansion and each of the Group's managed operations delivered positive free cash flow in FY2019, with Mimosa and Two Rivers continuing to pay dividends during the year.

Critical Impala Rustenburg complex posts a turnaround

The year was characterised by a step-change in operational momentum at Impala Rustenburg. Despite the closure of 4 Shaft and the scaling down of production at 1 Shaft, mill throughput increased due to improved delivery at 12 and 14 Shafts, and the ramp-up in volumes from 16 and 20 Shafts. Stock-adjusted platinum production increased by 4% to 683 000 ounces.

In FY2018 a major furnace rebuild and a fire at the number 5 furnace transformer reduced available smelting capacity. This year the number 3 furnace was taken offline for a full scheduled rebuild and returned to operation in May 2019. In the previous year, Impala refined metal volumes were replaced by IRS ounces due to constrained smelter availability and the IRS contractual terms. Due to increased availability this year, refined platinum production attributable to Impala Rustenburg increased by 30% to 754 000 ounces.

In FY2019, Impala delivered R1.9 billion in free cash flow following a year when cash outflows of R6.5 billion were compounded by negative working capital movements due to the accumulation of pipeline inventory. The positive cash flow generation resulted in a contribution of R1.1 billion to Group headline earnings in the period under review.

The completion and ramp-up of production at the 16 and 20 growth shaft projects is a key pillar in achieving the goals of the restructuring. Progress at 16 Shaft was hampered this year by a fatal incident and hoist rope failure on the main shaft system, which impacted achieved production and development targets. Notwithstanding, significant progress was made, with platinum production rising to 90 000 ounces (FY2018: 74 000 ounces).

A comprehensive review of 20 Shaft's future production potential and strategic optionality was completed during the year. This followed another period of sustained under delivery as a result of challenging ground conditions. Leadership capacity at the shaft was significantly strengthened and strict quarterly performance parameters instituted. The construction phase of the capital project was completed during the year, with platinum production increasing to 74 000 ounces (FY2018: 69 000 ounces). Full production is now expected 12 months later than previously guided, from July 2022.

Impala Refining Services continues to shine

Impala Refining Services (IRS) delivered another significant financial contribution to the Group, aided by higher rand PGM pricing for its basket of production and sales. IRS is now a fully integrated division of Impala and generated R3.4 billion in free cash flow, contributing R2.1 billion to Group headline earnings.

Marula stumbles on community contestation

The successful restructuring of mining activities during 2017, together with higher rand pricing for palladium and rhodium, fundamentally changed the production and financial potential of Marula. The operational performance was marred by a weak third quarter, during which a seven-day community stoppage impacted mined and milled volumes.

Management continues to prioritise a lasting resolution to intermittent community disruptions. The capital footprint, staffing levels and mine planning are all in place to support annual production of more than 90 000 ounces of platinum in concentrate per annum, in a pricing environment benefiting a rand revenue basket with high relative rhodium and palladium content.

Zimplats and Mimosa deliver consistent production

Implats' Zimbabwean assets – Zimplats and Mimosa – delivered another year of consistent, efficient and profitable production. At Zimplats, increased volumes from the now fully redeveloped Bimha Mine compensated for the closure of opencast mining activity in FY2018. Costs were well contained with absolute savings due to the closure of the opencast section, reduced treatment fees from the export of concentrates in the previous year, and tailwinds from the impact of a depreciating local currency on in-country input pricing. Free cash flow and profitability benefited from the higher dollar basket price, and lower costs and capital. Zimplats declared an interim dividend of US$20 million and, post the end of the financial year, a final dividend of US$45 million was declared.

The development of Mupani Mine continues to run ahead of schedule and ore contact was reached in the fourth quarter of the year. Surface infrastructure development is being prioritised to facilitate earlier-than-planned mining and steady-state platinum production of 90 000 ounces is expected in 2029.

Our Mimosa joint venture operation posted another stable operating performance, a commendable achievement given its maturity, its limited scope for volume and efficiency gains and the challenges presented by the operating environment in Zimbabwe. During the year Implats received dividend payments totalling R153 million from Mimosa.

Two Rivers adapts to its new normal

A challenging operating period typified the year for our Two Rivers joint venture operation. Despite pleasing absolute cost controls and reasonable delivery against targeted development, mining and milling volumes, the impact of continued mining into low-grade, split-reef areas and consequential lower recoveries, resulted in a disappointing platinum production and unit cost performance in FY2019.

However, Two Rivers enjoys a well-earned reputation as a safe, profitable and efficient producer. While lower grades will remain a key feature for the foreseeable future, management is prioritising improved mining flexibility into new higher-grade ore reserves.

Given its competitive industry position, Two Rivers is expected to remain a valuable cash contributor to the Group. During the year Implats received dividend payments totalling R241 million from Two Rivers.

FINANCIAL HIGHLIGHTS

Higher sales volumes for the Group, combined with stronger rand PGM pricing resulted in a significantly improved financial performance. This was characterised by positive cash flows across the Group. Revenue improved by 36% to R48.6 billion, gross profit increased five-fold to R6.8 billion and headline earnings of R3.0 billion compared to a loss of R1.2 billion in the prior year. Net cash generated from operating activities improved to R10.7 billion, yielding R7.7 billion in positive free cash flow after capital investments of R3.9 billion. Implats made debt repayments of R2.2 billion during the year and ended the reporting period with gross cash of R8.2 billion, a net cash position of some R1.1 billion and liquidity headroom of R12.2 billion.

The optimisation of the Group's balance sheet via the reduction and restructuring of existing debt is a key strategic pillar to reposition Implats as a profitable, sustainable and competitive business with clear capital allocation priorities. The balance sheet remains strong with undrawn revolving credit facilities of R4.0 billion available until June 2021.

Strong cash generation during the year, together with the outperformance of Implats equity, allowed the Group to successfully induce early conversion of its US$250 million convertible bonds in July 2019, further strengthening the balance sheet in line with guided capital allocation priorities.

MARKET FUNDAMENTALS BEGIN TO SHIFT

For the past several years we have been operating in an environment where the platinum market has been oversupplied, compounded by a drop-off in demand from the automotive and jewellery sectors. While platinum pricing continues to struggle, its discount to both palladium and rhodium has spurred efforts to reconsider the mix of metals used in gasoline light duty catalysis.

The decarbonisation opportunities presented by fuel cells and a hydrogen economy are gaining growing recognition. The ability to provide zero-emitting, carbon-free energy through fuel cell technology is more widely accepted and took centre stage at the G-20 Summit in June. This structural hedge to the expected declining share of pure internal combustion powertrains in the longer-term is a vital element to the sustainability of the platinum market.

Jewellery remains a key source of platinum demand and we continue our work with Platinum Guild International (PGI) on initiatives aimed at reigniting growth in the Chinese market, while delivering initiatives to grow demand in India, the US and Japan.

The fundamentals for both palladium and rhodium have strengthened over the past year. Palladium growth is likely to outstrip that of platinum and rhodium in the medium-term as producers target mechanised assets with greater capital efficiency and strong by-product credits to reduce the market risk to medium-term palladium demand.

CHIEF EXECUTIVE'S REVIEW

A DYNAMIC SOCIO-POLITICAL OUTLOOK

We remain deeply committed to advancing our social licence to operate and to community commitments as outlined in our social and labour plans (SLPs), and we routinely go beyond these commitments. Levels of inequality in South Africa continue to grow, compounded by the chronically high unemployment rate. The demands on mining companies to provide jobs, procurement contracts, infrastructure, and health and education facilities reflect community frustration with this socio-economic reality and slow government service delivery.

We intensified our community and stakeholder engagement activities during the year and continue to focus on improving our relationships with our communities and the South African and Zimbabwean governments, at all levels. Stakeholder engagements in South Africa were principally focused on progressing the restructuring at Impala Rustenburg, community challenges at Marula, and preparing for wage negotiations, which began in July 2019. In Zimbabwe, regular interactions with the government continue to prioritise impacts brought about by severe power constraints and recent changes in monetary policy.

We continue to engage in both countries to encourage the growth and predictability necessary to ensure Implats can continue its major contribution to the South African and Zimbabwean economies.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE HIGHLIGHTS

The operating philosophy at Implats is underpinned by a value system centred on long-term sustainability. Interventions to reduce the impact of TB and HIV/Aids on our employees have had positive results. Levels of both TB and HIV/Aids were kept under control, with improvements in most performance indicators. The Group enhanced employee financial well-being programmes to mitigate mental health challenges associated with financial difficulties, especially over-indebtedness.

Implats maintained a good performance across key areas of responsible environmental stewardship. All operations are now certified against ISO 14001:2015 for environmental management systems. No major environmental incidents were recorded during the past year. Water use remains a critical priority, along with a focus on driving environmental. In response to tragic events earlier in the year in Brazil, Implats commissioned independent audits of its active tailings dams during the year. The studies confirmed the integrity of all the Group's tailing facilities, with detailed information now published.

Host communities remain vital stakeholders and Implats continues to prioritise sustainable community development and value-accretive relationships. The Group is cognisant of the economic challenges faced in most of the platinum producing areas and recognises the importance of its continued contribution during these times. The South African operations continued to make good progress on increasing levels of localised and preferential procurement and local-to-site procurement increased to 23% of total spend (approximately R1.7 billion during the year). In Zimbabwe, Zimplats continues to deliver pleasing results through its local procurement and local enterprise development activities.

Implats delivered effectively on its social and labour plan (SLP) commitments at the South African operations, and our targeted corporate social investments in Zimbabwe. The South African operations continue to collaborate with key stakeholders on third generation, five-year social and labour plans.

Implats remains a high-ranking constituent of the FTSE/JSE Responsible Investment Index Series, designed to identify South African companies that demonstrate socially and environmentally responsible practices and good governance.

OUR PEOPLE AND CULTURE

We recognise the role culture plays in the success and sustainable future of Implats. Creating a high-performance culture is crucial to the success of the organisation. Throughout the past year several interventions were conducted to establish the current and desired state of the Implats culture. A clearly defined and high-performance "Implats way" culture was defined and is being cascaded to all business units and purposefully practised. This is supported by a "Leading the Implats Way" leadership programme based on a care and growth methodology.

We made further strides in our commitment to employee diversity. Five out of 13 board members are female and good progress was made at senior level, where the representation of historically disadvantaged South Africans (HDSAs) increased to 50% from 48%, with female HDSA representation increasing to 20% from 18%. We continue to implement targeted interventions to advance gender mainstreaming.

OUTLOOK

This was a transformational year for Implats with progress made on several strategic imperatives and aspirations. A safer and more efficient operating result was delivered to plan – and into better-than-expected rand PGM pricing. This allowed Implats to generate substantial free cash flow and opportunistically induce early conversion of the US$ bond, extinguishing a material debt liability in a cost-effective and value-accretive way. As a result, we substantially expedited the objective of strengthening the Group balance sheet and improving Implats' financial position as it continues to implement the key steps of its restructuring.

Despite the improved market outlook, Implats remains committed to its long-term strategic intent to favour value over volume, embed operational improvements and build sustainability by consistently producing in a safe, productive, responsible and profitable way.

The focus in 2020 will be on advancing the phased restructuring of Impala Rustenburg while taking advantage of the operational improvements realised over the past year and maintaining delivery from all other Group operations. Our project focus will be centred on 20 Shaft, ensuring that the continued commitment to invest and operate is matched with improved project delivery and accountability. The focus on organisational effectiveness and stakeholder engagement remains key to navigating the successful conclusion of wage agreements and the planned reduction in Implats' workforce in a socially responsible way, while limiting the potential for operational interruptions. In Zimbabwe, efforts to maintain open and constructive engagement with the government will continue amid a changeable economic and political environment.

CONCLUSION AND APPRECIATION

Our ability to deliver on our strategy is firmly founded on the dedicated team made up of 50 712 employees (including contractors) and led by an enthusiastic leadership team with a relentless focus on delivering value to the business.
Our achievements are a direct result of this amazing team's commitment, accountability, effort and determination. I extend my sincere gratitude to every member – working together, we will ensure Implats has a resilient future for the benefit of all its stakeholders. I also thank the Implats board for its considered guidance during the year and Chairman, Mandla Gantsho, for his continued sound leadership.

Implats has a diverse and competitive asset portfolio, an experienced and driven management team, and a history spanning some 50 years. We remain confident in the long-term fundamentals for PGM demand and are committed to being at the forefront of PGM supply. I look forward to the developments of the new year and a continuing record of operational excellence.

Nico Muller
CEO

CHIEF FINANCIAL OFFICER'S REPORT

IMPLATS REPORTED A SIGNIFICANT IMPROVEMENT IN ITS FINANCIAL RESULTS FOR 2019, UNDERPINNED BY A STRONGER OPERATING PERFORMANCE, HIGHER SALES VOLUMES AND THE PARTIAL DESTOCKING OF ITS PROCESSING PIPELINE. THIS, TOGETHER WITH HIGHER RAND METAL PRICES, RESULTED IN SUBSTANTIAL FREE CASH FLOW GENERATION AND RESULTED IN THE GROUP ENDING THE YEAR WITH NET CASH OF R1.1 BILLION AT 30 JUNE 2019, COMPARED TO NET DEBT OF R5.3 BILLION AT THE END OF THE PRIOR YEAR.

Meroonisha Kerber
Chief financial officer

FOCUS ON VALUE

- Gross profit of R6.8 billion increased five-fold from R1.1 billion in 2018
- Headline earnings of R3.0 billion improved from a loss of R1.2 billion in 2018
- Free cash flow of R7.7 billion, up from a free cash outflow of R4.2 billion in 2018
- Net cash of R1.1 billion improved from net debt of R5.3 billion in 2018
- Group liquidity improved by R6.0 billion to R12.2 billion
- Successful incentivised US$ convertible bond conversion post-year-end

FINANCIAL PERFORMANCE

The optimisation of the Implats balance sheet, through a reduction and restructuring of existing debt, is a key pillar of our strategy to reposition the Group as a profitable, sustainable and competitive business with clear capital allocation priorities. The improved financial performance during the year has allowed Implats to take steps to strengthen its balance sheet. The improved flexibility will enable the Group to navigate through an unpredictable price and operating environment. The successful incentivised conversion of the US$ convertible bond was identified as a priority and resulted in a material reduction in gross debt post-year-end, providing future support for free cash flow generation, while also eliminating earnings volatility.

INCOME STATEMENT

Rm	FY2019	FY2018
Sales	**48 629**	35 854
Cost of sales*	**(41 791)**	(34 717)
Gross profit	**6 838**	1 137
Impairment	**(2 432)**	(13 629)
Net finance costs	**(768)**	(701)
Net other income and expense	**(375)**	430
Net foreign exchange transaction gains/(losses)	**(362)**	(662)
Share of profit of equity-accounted entities	**398**	383
Profit/(loss) before tax	**3 299**	(13 042)
Income tax (expense)/credit	**(2 120)**	2 249
Profit/(loss) for the year	**1 179**	(10 793)
Headline earnings/(loss)	**3 038**	(1 228)
GP margin (%)	**14**	3
Group unit costs (stock adjusted) (R/Pt oz)	**23 942**	22 931

* *Comparatives have been restated as a result of changes in the classification of certain expense items during the current year. Refer annual financial statements notes 11 and 19.*

Revenue increased by 36%, resulting in gross profit improving five-fold to R6.8 billion from R1.1 billion, and the gross profit margin increasing to 14.1% from 3.2% in the prior year despite a 20% increase in cost of sales. This increase was largely due to a substantially lower credit to the cost of sales, associated with movements in the volume and value of metals inventory.

Despite inflation of 6.8%, unit costs were well contained at 4.4%.

Gross profit for the prior year has been restated by R440 million to R1.1 billion. This was as a result of the reclassification of certain items which directly related to the cost of production, including royalties and the movement in the rehabilitation provisions.

The Group recognised an impairment of R2.4 billion (pre-tax) in its residual investment in Afplats. In the prior year, earnings were impacted by impairments of R13.6 billion.

Of this, R13.0 billion, related to impairment of assets in the Rustenburg lease area, while the remaining R611 million related to the Afplats assets.

Other net expenses were impacted by a non-cash charge of R1.6 billion relating to the mark-to-market of the conversion option on the US$ convertible bond. The increase in the value of this derivative was due to the significant increase in the Implats share price. In the prior year, the mark-to-market of this conversion option resulted in a gain of R509 million.

This was partially offset by the increase in other income due to:
- An increase of R342 million in export incentives received by Zimplats
- A refund of customs duty penalties to Zimplats of R136 million
- The receipt of R300 million in insurance proceeds in respect of the furnace 5 claim at Impala
- A R230 million gain relating to fair value movements in foreign exchange rate collars that were entered into by the Group.

The tax charge for the year was R2.1 billion, implying an effective tax rate of 64%, driven by improved profitability and further impacted by:
- The R1.6 billion mark-to-market of the conversion option on the US$ convertible bonds, which was not tax deductible
- The R2.4 billion impairment of Afplats, which only had R194 million or 8% associated tax benefit as the deferred tax had not been raised on the full amount in prior years.

The effective tax rate reflected the benefit of Zimplats' conversion of the special mining lease to the two new mining leases at the end of the prior year. Despite the increase in the statutory rate from 15.45% to 25.75%, the additional profits tax on earnings was no longer applicable. In the prior year, the Group's tax credit was reduced by a once-off deferred tax charge of R1.2 billion arising from a change in the Zimplats statutory tax rate.

Profit for the year amounted to R1.2 billion while headline earnings improved to R3.0 billion from a loss of R1.2 billion in the prior year. The R1.7 billion attributable after tax impact of the Afplats impairment was added back for headline earnings. Headline earnings per share improved to a profit of 423 cents from a loss of 171 cents in the prior year.

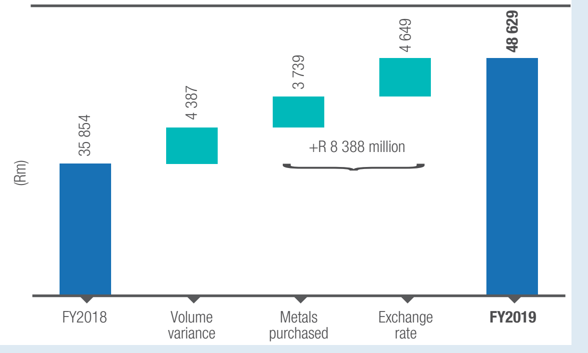
CHIEF FINANCIAL OFFICER'S REPORT

REVENUE

Revenue at R48.6 billion was R12.8 billion or 36% higher than the prior year due to:

- A 12% or R4.4 billion increase in sales volumes. Sales in the previous year were impacted by the transformer fire and the resultant build-up of inventory. In the current year, platinum sales volumes increased by 12% to 1.515 million ounces, palladium sales were 21% higher at 929 000 ounces, rhodium sales improved by 5% to 206 000 ounces and nickel sales rose 2% to 12 954 tonnes. In the current year, approximately 57 000 ounces of lock-up platinum was released.
- A 10% or R3.7 billion increase in revenue due to achieving an average dollar revenue per platinum ounce sold of US$2 237, being US$214 or 11% higher than the prior year. Overall, the average prices of the major metals were higher, with the exception of platinum which was 12% lower year-on-year resulting in a negative variance of R2.3 billion. Dollar revenue for rhodium and palladium were up R2.8 billion and R2.5 billion respectively, as a result of dollar prices increasing 71% and 22% respectively. Revenue from iridium and ruthenium increased by R383 million and R342 million due to increased dollar prices of 45% and 74% respectively.
- A 13% or R4.7 billion benefit from the weaker exchange rate. The average rand exchange rate achieved weakened to R14.20 to the dollar from R12.82 in the prior year. The resultant rand revenue per platinum ounce increased by 22% to R31 765 from R25 935.

Revenue
as at 30 June 2019



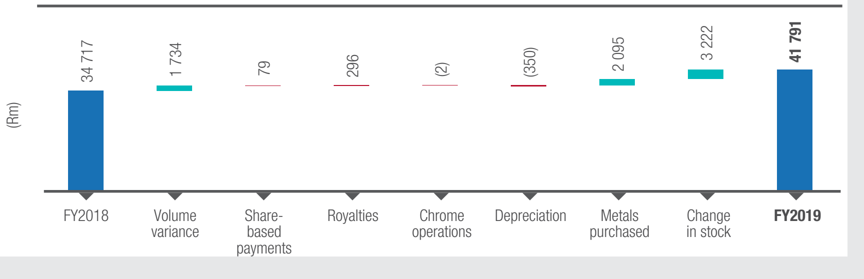
COST OF SALES

Cost of sales at R41.8 billion increased by R7.1 billion from the comparable period. The main contributors to this increase were:

- A R3.2 billion lower credit to cost of sales due to the decrease in the movement in inventory to R182 million from R3.4 billion in the prior year. In the prior year, costs of R3.4 billion were deferred into inventory on the balance sheet as a result of the significant stock build-up following the scheduled rebuild of the number 5 furnace and subsequent transformer fire at Impala Rustenburg. A drawdown of in-process material was partially offset by the increase in the cost of production of the main products valued at 30 June 2019. The higher rand prices further contributed to the cost of the inventory being lower than its net realisable value, thus no write down of inventory to net realisable value was required compared to June 2018 where the write down of inventory to net realisable value resulted in a R1.5 billion charge to cost of sales.
- An increase of R2.1 billion in the cost of IRS metal purchases primarily as a result of higher rand metal prices.
- An increase of R1.7 billion or 7.2%, year-on-year in cash operating costs including mining, processing, marketing and corporate activities. However, our stock-adjusted unit costs rose by 4.4% to R23 942 per ounce. The impact of a weaker rand on translated Zimplats costs was largely offset by efforts to manage costs below inflation and a strong focus on cost control at Impala and other consolidated operations.
- Royalties increased by R296 million or 85% due to higher revenue and the impact of the change in effective royalty rate at Zimplats associated with the conversion from a special mining lease to mining leases.
- These increases were partially offset by a lower depreciation charge, as the carrying value of the Impala Rustenburg assets in the current year were impacted by the R13.0 billion impairment which was accounted for in the prior year.

Rm	FY2019	FY2018
Production costs		
On-mine operations	**17 686**	16 392
Processing operations	**5 410**	5 340
Refining and selling	**1 621**	1 522
Depreciation of operating assets	**3 488**	3 838
Other costs		
Metals purchased	**11 746**	9 651
Corporate costs	**981**	710
Royalty expense	**646**	350
Change in metal inventories	**(182)**	(3 404)
Chrome operation – cost of sales	**144**	146
Other	**251**	172
	41 791	34 717

Cost of sales
as at 30 June 2019



EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)

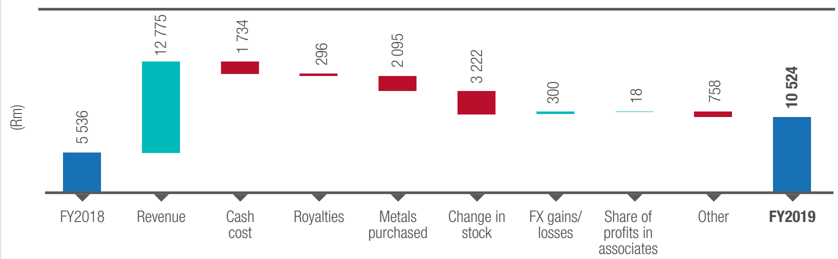
Revenue growth, partially offset by an increase in cash costs, a decrease in inventory movement and an increase in the cost of metals purchased, resulted in the Group generating a gross profit of R6.8 billion compared to R1.1 billion in the prior year. The gross profit for the prior year was restated and reduced by R440 million following the change in classification of certain items to cost of sales. This change in classification has been discussed in more detail in note 26 in the annual financial statements.

A weaker rand resulted in exchange losses of R362 million, which included a R76 million loss relating to the translation of the US$ convertible bond. The adverse impact of Zimbabwean RTGS$ conversion was approximately R250 million. In the prior year, the foreign exchange movements on metals purchased were included in exchange losses, while in the current year this movement has been reclassified to cost of sales, as it relates directly to the cost of the metals purchased.

Other net expenses were negatively impacted by the revaluation of US$ bond conversion option of R1.6 billion, partially offset by receipt of export incentives of R516 million, as well as a customs duty penalty refund of R136 million at Zimplats and business interruption insurance proceeds received of R236 million. Other net expenses in the prior year included restructuring costs of R525 million, as well as gains on the A1 legal case of R443 million, together with a gain on the US$ bond conversion option of R509 million.

EBITDA, which includes the Group's portion of the EBITDA adjustments on associates, improved from R5.5 billion to R10.5 billion.

EBITDA
as at 30 June 2019



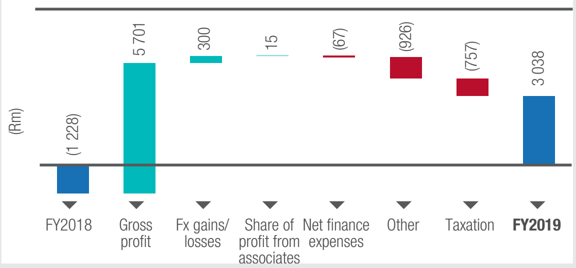
EARNINGS FOR THE PERIOD

The improvement in gross profit of R5.7 billion, partially offset by higher taxes and the movements in other net expenses, resulted in basic earnings increasing to R1.5 billion from a loss of R10.7 billion in the prior year.

Headline earnings, which were adjusted for the after tax impact of the R1.7 billion Afplats impairment, the receipt of insurance proceeds of R46 million and the profit on disposal of assets of R43 million, improved to a profit of R3.0 billion or 423 cents per share, from a loss of R1.2 billion or 171 cents per share in the prior year.

If the non-cash loss on the mark-to-market of the US$ bond conversion option was added back, headline earnings would have been R1.6 billion higher at R4.6 billion, which is equivalent to 640 cents per share. Refer to the annual financial statements note 16.1.

Headline earnings
as at 30 June 2019



CAPITAL EXPENDITURE

Capital expenditure for the year was R3.9 billion, compared to R4.7 billion in the prior year. The lower capex was impacted by:

- Reductions in stay-in-business capital, as well as deferrals of spend mainly due to the timing of furnace maintenance at Impala and Zimplats, which amounted to R429 million.
- Lower spend on replacement projects, which reduced by R363 million as spend on 16 and 20 Shafts neared completion.

Replacement capital expenditure comprised mainly R350 million on 16 and 20 Shafts at Impala Rustenburg and R650 million spent on Bimha and Mupani Mines by Zimplats.

Rm	FY2019	FY2018
Stay-in-business	**2 925**	3 357
Replacement	**834**	1 198
Expansion	**28**	52
Interest capitalised	**89**	61
Total capital expenditure	**3 877**	4 667

CHIEF FINANCIAL OFFICER'S REPORT

CASH FLOWS AND LIQUIDITY

Rm	FY2019	FY2018
Cash flows from operating activities		
Cash generated from operations	**11 844**	2 360
Finance cost paid	**(963)**	(1 025)
Income tax paid	**(223)**	(1 336)
Net cash generated from/(used in) operating activities	**10 658**	(1)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(3 877)**	(4 667)
Acquisition of interest in associate – Waterberg	**(19)**	(425)
Other	**904**	463
Net cash used in investing activities	**(2 992)**	(4 629)
Cash flows from financing activities		
(Repayment)/proceeds of borrowings	**(2 169)**	501
Other	**(307)**	(93)
Net cash (used in)/from financing activities	**(2 476)**	408
Net increase/(decrease) in cash and cash equivalents	**5 190**	(4 222)
Cash and cash equivalents at the beginning of the year	**3 705**	7 839
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	**(653)**	88
Cash and cash equivalents at the end of the year	**8 242**	3 705

Free cash flow

Rm	FY2019	FY2018
Net cash from operating activities	**10 658**	(1)
Capital	**(3 877)**	(4 667)
Interest received	**358**	182
Dividends received and other investing inflows	**546**	281
Free cash flow	**7 685**	(4 205)

Net cash generated from operations improved to R10.7 billion from a R1 million outflow in the prior year, benefiting from improved sales volumes and stronger rand metal prices. The prior year's cash flow was impacted by a R3.5 billion build up of inventory as a result of furnace maintenance and the transformer fire incident.

Higher cash balances during the period resulted in an increase in interest received, while the R473 million in dividends received, mostly from associates, was R220 million higher than the prior year. Free cash flow of R7.7 billion improved materially from the R4.2 billion outflow in the prior year, benefiting from the strong cash flow generation from operations, lower taxes paid (R1.1 billion), slightly lower finance costs (R62 million) and the R790 million reduction in capital expenditure.

During the year, the Group repaid debt of R2.2 billion, of which R1.5 billion related to the repayment of the revolving credit facility and the balance related to the capital repayment on Zimplats' facility with Standard Bank.

The currency translation impact on cash amounted to R653 million and mainly related to the translation of RTGS$. As a result, the Group ended the year with a cash balance of R8.2 billion, an overall improvement of R4.5 billion on the prior year.

Closing net cash (after debt), excluding finance leases, was R1.1 billion, a R6.4 billion improvement from the net debt position of R5.3 billion at end of June 2018.

Cash net of debt

Rm	FY2019	FY2018
Gross cash	**8 242**	3 705
Convertible bonds	**(5 831)**	(5 489)
Derivative financial instrument	**151**	21
Marula BEE debt	**(888)**	(887)
Zimplats debt	**(599)**	(1 167)
Revolving credit facilities	**–**	(1 510)
Debt excluding leases	**(7 167)**	(9 032)
Net cash/(debt) excluding leases	**1 075**	(5 327)
Gearing ratio	**n/a**	13.4%

The Marula BEE debt and the Zimplats debt have been classified as short-term borrowings as they are due for repayment in the next financial year.

The carrying value of the US$ convertible bond was impacted by a weaker closing exchange rate at year-end, but this was partially offset by gains in the cross-currency interest rate swap. As stated earlier, post-year-end, Implats successfully incentivised conversion of the US$ convertible bond. As a result, the carrying value of this debt at the conversion date will be transferred to equity in the 2020 financial year.

During the year, management reorganised its existing bilateral revolving credit facilities with its lending banks and concluded a club facility with the same group of lending banks. This will afford the Group greater funding flexibility in the future. This revolving credit facility matures in June 2021.

At year-end, the R4.0 billion revolving credit facility remained undrawn. Together with the cash balance, the Group had headroom of R12.2 billion at year-end, ensuring adequate liquidity and flexibility to address upcoming debt maturities, while funding the ongoing needs of the business. The Group operated well within its covenants during the financial year.

MOVEMENT OF PIPELINE INVENTORY

We have previously indicated excess in-process stocks of 160koz of platinum, together with associated other platinum group metals. During this year, improved available processing capacity allowed a reduction in stock at Impala of c.70koz, while stocks at IRS increased by c.13koz, resulting in a cumulative release of 57koz.

At 30 June 2019, the value of the residual excess identified stocks of 103koz, at current rand basket pricing, equated to a net realisable value of R4.8 billion.

The remaining excess stock is expected to be released in more or less equal amounts over the next two years, thus around 50koz is expected to be released by the end of June 2020. The longer timeframe is as a result of the impact of contract extensions with some of our third-party customers and an extension in the planned furnace maintenance schedule.

Scheduled furnace maintenance in the 2020 financial year will result in overall stock levels increasing in the first quarter due to the Zimplats furnace rebuild, and again early in the third quarter when we will undertake maintenance on furnace 4 at Rustenburg.

DIVIDENDS

Given an uncertain and volatile local and global economic outlook, the ongoing restructuring at Impala Rustenburg and the focus on strengthening the Group balance sheet, the board has resolved not to declare a dividend for the year ended 30 June 2019.

POST-BALANCE SHEET EVENT

Implats launched an invitation to the holders of the US$ convertible bonds in July 2019 to convert their holdings in the associated underlying equity entitlement in return for a cash payment, to compensate bondholders for both accrued interest up to the conversion date and future coupon payments foregone.

Our invitation was overwhelmingly accepted with 99.9% of bondholders accepting our terms and submitting conversion notices with the cash consideration fixed at US$30 070 per bond representing a premium of 15% to the face value of the bonds.

The total cost of the invitation of R524 million (which comprised an incentive payment of R510 million and accrued interest of R14 million) was paid in late July with an issuance of 64.3 million new shares completed on 1 August.

It is also worth noting that at year-end, the US$ convertible bonds were anti-dilutive to both headline and basic earnings per share. Despite the expected 64.3 million increase in shares if the US$ bonds were converted, the benefit of adjusting earnings for the combined impact of the fair value of the conversion option, the interest on the bond as well as the foreign exchange losses, would have resulted in both basic and headline earnings per share increasing. Refer to annual financial statements note 15.4.

CAPITAL ALLOCATION

The board is in the process of formalising a capital allocation policy for the Group, which would form the basis for a robust capital management strategy, to ensure proper governance and allocation of resources internally. The four major areas of focus are:

- Investment in business – using operating free cash for approved projects and stay-in-business capital expenditure
- Balance sheet strength – returning the balance sheet to an optimal capital structure with appropriate funding flexibility and liquidity
- Returns to shareholders – providing an appropriate return to shareholders through the payment of dividends or share buybacks
- Growth and investment – responsibly using cash to invest the future of the business through replacement and new growth projects and value-accretive growth.

The successful incentivised conversion of the US$ convertible bond, and the improvement in the cash position of the Group, provides us the ability to expedite capital priorities by considering value-accretive organic and acquisitive growth opportunities, while accelerating the journey towards delivering sustainable shareholder returns through dividend payments and the contemplation of share buybacks.

EXTERNAL AUDIT ROTATION

The Independent Regulatory Board for Auditors (IRBA) published the rule on Mandatory Audit Firm Rotation in 2017. Consequently, public interest entities are now required to rotate their audit firms with effect from financial years commencing after 1 April 2023.

Implats has decided on the early adoption of IRBA's Mandatory Audit Firm Rotation requirements. The audit committee, after following a comprehensive formal tender process, as well as due process as set out in paragraph 3.84(g)(iii) of the JSE Listings Requirements (LR), has recommended the appointment of Deloitte as the Company's external auditor with Mr Mandisi Mantyi as the designated lead audit partner. The appointment of Deloitte as the new external auditor will take effect from the financial year ending 30 June 2020. This appointment will be recommended to shareholders for approval at the annual general meeting scheduled for 22 October 2019.

OUTLOOK FOR 2020 FINANCIAL YEAR

The Group expects refined production to be between 1.45 million to 1.55 million platinum ounces, which will be supported through the continued release of in-process inventory.

Group operating costs are expected to be between R25 500 and R26 500 per platinum ounce on a stock-adjusted basis for the full financial year, with Group capital expenditure forecast between R4.3 billion and R4.5 billion.

ACKNOWLEDGMENT

I express my sincere appreciation to the finance team for their ongoing commitment, support and dedication throughout the past financial year. I have appreciated their support in proactively managing costs, capital, working capital and liquidity, which have contributed to improving and strengthening our balance sheet. I look forward to working with the team in the next year as we support the business to further advance the Group's strategic objectives.

GROUP PERFORMANCE AGAINST TARGET KPIs

		COMMENT	KPI PERFORMANCE TARGET FOR FY2019	PERFORMANCE AGAINST KPI TARGET FOR FY2019
STRATEGIC PERFORMANCE AREAS	OPERATIONAL EXCELLENCE	Address operational performance through targeted operational excellence interventions and modernisation where appropriate	• Zero fatalities • LTIFR <5.5 • Platinum refined >1.45 – 1.55Moz • Cost per platinum ounce <R23 900 – R24 800/oz	• Five fatalities • LTIFR 0.047 • Platinum refined 1.526Moz • Cost per platinum ounce (stock-adjusted) R23 942/oz
	CAPITAL MANAGEMENT	Disciplined capital allocation and cost management	Effective capital structure • Operate within debt covenants Effective capital allocation strategy • Capital R4.1 – R4.3 billion	Effective capital structure • Operate within debt covenants Effective capital allocation strategy • Capital R3.8 billion • 20 Shaft capital infrastructure construction completed
	BUSINESS DEVELOPMENT	Optimisation of the business and portfolio ensuring maximum profitability and prioritising value over volume	• Optimisation of portfolio	• Ongoing optimisation of portfolio
	ORGANISATIONAL DEVELOPMENT	Refine operating model, clarify decision making and accountability and enhance team work and innovation	• Increase leadership capacity and capability • Strengthen management reporting systems • Culture transformation	• Sustain leadership capacity and capability • Sustain desired culture
	ESG EXCELLENCE	Embrace good citizenship, address regulatory compliance, optimise rehabilitation liabilities and pursue and maintain mutually beneficial stakeholder relationships	• Strengthen stakeholder management capability and capacity • Local-to-site procurement – complete projects in accordance with SLP commitments • Maintain ISO 14001:2015 certification • No level 4 or 5 environmental incidents • Total water recycled – >40%	• Strengthen stakeholder management capability and capacity • Local-to-site procurement – 73% of total spend • Maintain ISO 14001:2015 certification • No level 4 or 5 environmental incidents • Total water recycled – >42%

COMMENTS

- The FIFR improved 28%, with the LTIFR improving 12%. The Group regretfully reported five work-related fatalities at managed operations
- A strong operational performance. Concentrate production at Impala Rustenburg increased 3% despite the contraction of the mining footprint. Zimplats, Mimosa and Marula maintained production levels
- Refined platinum production increased 4% to 1.53 million ounces aided by the release of 57 000 ounces of platinum from excess pipeline stocks
- Costs were well controlled. Unit costs increased 4% on a stock-adjusted basis to R23 942 per platinum ounce.

- Consolidated capital expenditure reduced 18% to R3.8 billion
- The operations delivered positive free cash flows, except Mimosa, where working capital changes impacted sales receipts. Higher received pricing drove margin expansion across the Group and higher dividend flow was received from joint ventures
- Net cash from operating activities improved to R10.7 billion, yielding R7.7 billion in free cash flow after capital expenditure. Debt repayments of R2.2 billion were made and Implats ended the period with gross cash balances of R8.2 billion, a net cash position of R1.1 billion (excluding finance leases) and liquidity headroom of R12.2 billion.

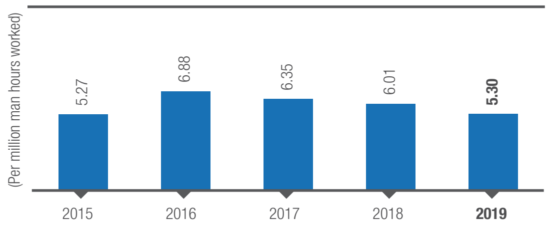
- The execution of the Impala Rustenburg restructuring was advanced with the successful completion of the first phase
- Management continues to focus on improving safety, productivity and cost efficiency across the portfolio
- A definitive feasibility study (DFS) on the Waterberg project was advanced and is scheduled for completion in the first half of FY2020.

- Implementing an effective people strategy that promotes a people focused, safety conscious culture rolling out the “Leading the Implats Way” programme across all management
- Developed and implementing a performance management framework aligned with remuneration
- Ongoing talent management and succession planning
- Instilling a learning culture – South African operations invested R465 million on skills development, while the Zimbabwean operations spent US$1.3 million
- Maintained stable and constructive labour relations and partnerships with unions.

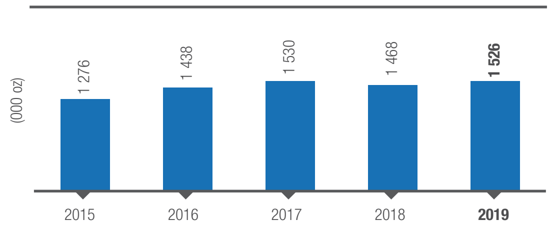
- Engagements with the DMR, via Minerals Council South Africa, on Mining Charter III continue
- In Zimbabwe, the indigenisation policy has been relaxed. Focus on addressing the economic and fiscal policy constraints of the country and the recent introduction of a local currency
- Levels of TB incidence reduced to 337 per 100 000. New pulmonary TB cases reduced by 26%. Some 5 730 employees receive ART treatment. There were 37% fewer cases of noise-induced hearing loss reported
- No major environmental incidents (level 4 and 5) were recorded. Incidents with limited potential environmental impact decreased by 26%
- The unit water consumption rate decreased to 0.0020Mℓ/milled tonne
- The integrity of all the Group’s storage facilities was confirmed
- The South African operations invested R200 million in improving living conditions. Local-to-site procurement increased to 23% of total spend. Zimplats invested US$4 million in socio-economic development. More than 70% of its required consumables were sourced locally.

Performance graphs

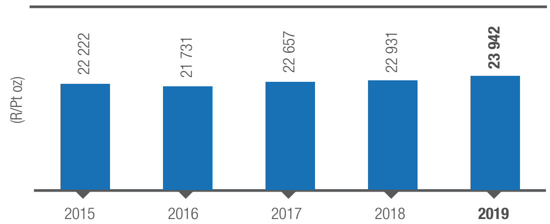
LTIFR
as at 30 June 2019



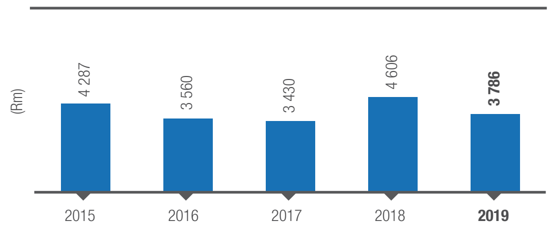
Platinum production
as at 30 June 2019



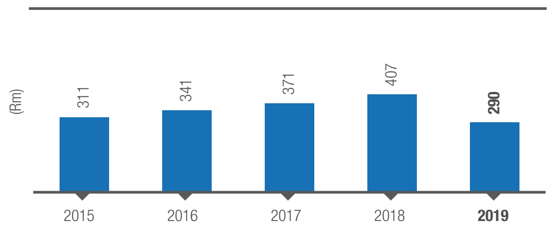
Unit cost/Pt oz
as at 30 June 2019



Capital expenditure
as at 30 June 2019



Social development expenditure in South Africa
as at 30 June 2019



IMPLATS MINERAL RESOURCE AND MINERAL RESERVE STATEMENT 2019 AT A GLANCE

Headline numbers

(for more detail see pages 27 and 30 of the MRMR statement)

Attributable estimates

		2019	2018	2017	2016	2015
Mineral Resources*	Moz Pt	**131.6**	133.8	191.6	194.0	195.7
	Moz 4E	**239.5**	243.9	360.4	364.9	367.6
	Mt	**1 710**	1 741	2 787	2 741	2 751
Mineral Reserves	Moz Pt	**21.2**	21.2	22.4	21.6	26.4
	Moz 4E	**40.3**	40.0	41.0	38.9	46.3
	Mt	**371**	365	358	329	378

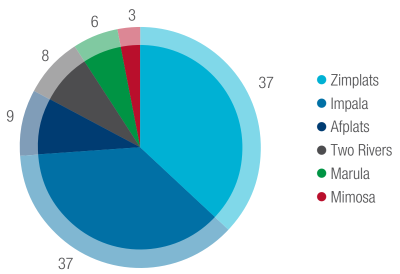
* *Mineral Resource estimate is inclusive of Mineral Reserves.*

Summary Mineral Resources

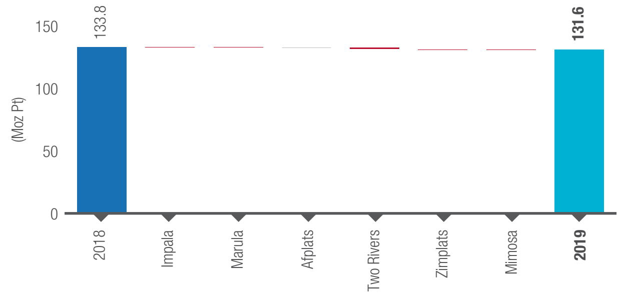
(for more detail see page 27 of the MRMR statement)

There has been no material change in the attributable Group Mineral Resource estimate which reduced by 2.2Moz Pt. The change is largely attributable to depletion. The estimate as at 30 June 2019 is dominated by Zimplats and Impala, which on a combined basis, contribute some 74% of the total attributable Group Mineral Resources.

Attributable Mineral Resource estimate of 131.6Moz Pt
as at 30 June 2019 (%)



Attributable Mineral Resource estimate
as at 30 June 2019 (variance in Moz Pt)

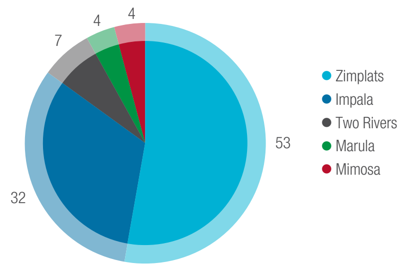


Summary Mineral Reserves

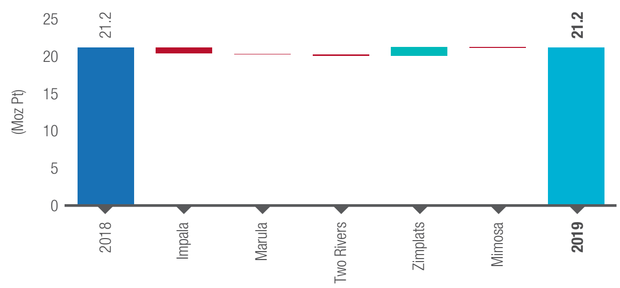
(for more detail see page 29 of the MRMR report)

Overall the attributable Group Mineral Reserve estimate remains static at 21.2Moz Pt. The resultant estimate as at 30 June 2019 is based on production depletion being offset by modest increases in Mineral Reserves at Zimplats. Some 53% of the attributable Group Mineral Reserves (Pt) is located at Zimplats and a further 32% at Impala.

Attributable Mineral Reserve estimate of 21.2Moz Pt
as at 30 June 2019 (%)



Attributable Mineral Reserve estimate
as at 30 June 2019 (variance in Moz Pt)



Compliance

(for more detail see page 8 of the MRMR statement)

The Mineral Resource and Mineral Reserve Statement is compiled in accordance with guidelines and principles of the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code (2016)), the South African Code for the Reporting of Mineral Asset Valuation (SAMVAL Code) and section 12.13 of the JSE Listings Requirements as updated from time to time. Supporting documentation includes detailed internal reports, SAMREC Table 1 reports, and regular third-party reviews. A summary list of Competent Persons who compiled this report is included in the MRMR statement on page 10. While Zimplats complies with guidelines and principles of the JORC Code (2012), the definitions are either similar or do not vary materially from the SAMREC Code (2016). The Zimplats estimates reflected in this report comply with the SAMREC Code (2016) and section 12.13 of the JSE Listings Requirements.

Implats subscribes to the principles of transparency, materiality and competency as per the SAMREC Code (2016).
Note that:

- Mineral Resources are reported inclusive of Mineral Reserves unless otherwise stated
- There are no Inferred Mineral Resources included in any of the Mineral Reserve estimates or feasibility studies
- The Mineral Resource estimates remain, in principle, imprecise and must not be seen as calculations
- Rounding-off of figures may result in minor discrepancies
- All mineral rights are in good standing without any known impediments.

Long-term price assumptions

(for more detail see page 29 of the MRMR statement)

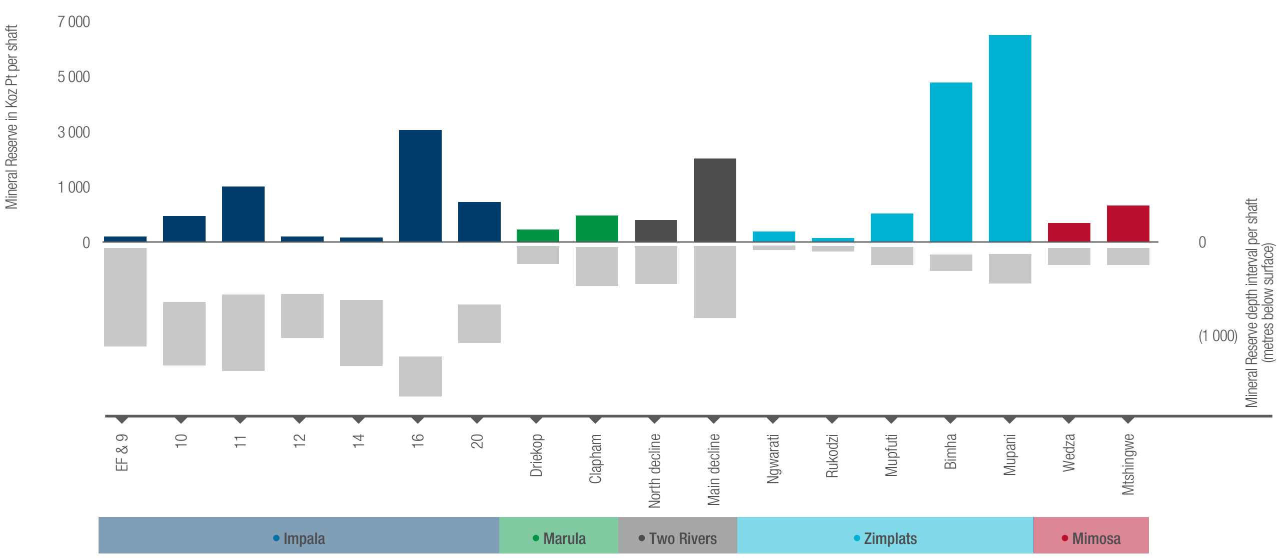
Long-term price assumptions in today's money*

Platinum	US$/oz	**951**
Palladium	US$/oz	**1 229**
Rhodium	US$/oz	**2 536**
Ruthenium	US$/oz	**217**
Iridium	US$/oz	**1 042**
Gold	US$/oz	**1 395**
Nickel	US$/t	**14 039**
Copper	US$/t	**7 146**
Exchange rate	R/US$	**14.18**
Basket	US$/Pt oz	**2 149**
	R/Pt oz	**28 858**

* *Supporting Mineral Reserve estimates.*

The updated allocation of Implats' Mineral Reserves per shaft infrastructure as at 30 June 2019 is depicted in the accompanying graphic illustration. The range in depth below surface and quantum relating to the infrastructure is shown below and depicts among others the advantage at Zimplats in this regard, both from a depth and a size perspective.

Platinum Mineral Reserve estimate and depth range for individual Implats shafts
as at 30 June 2019

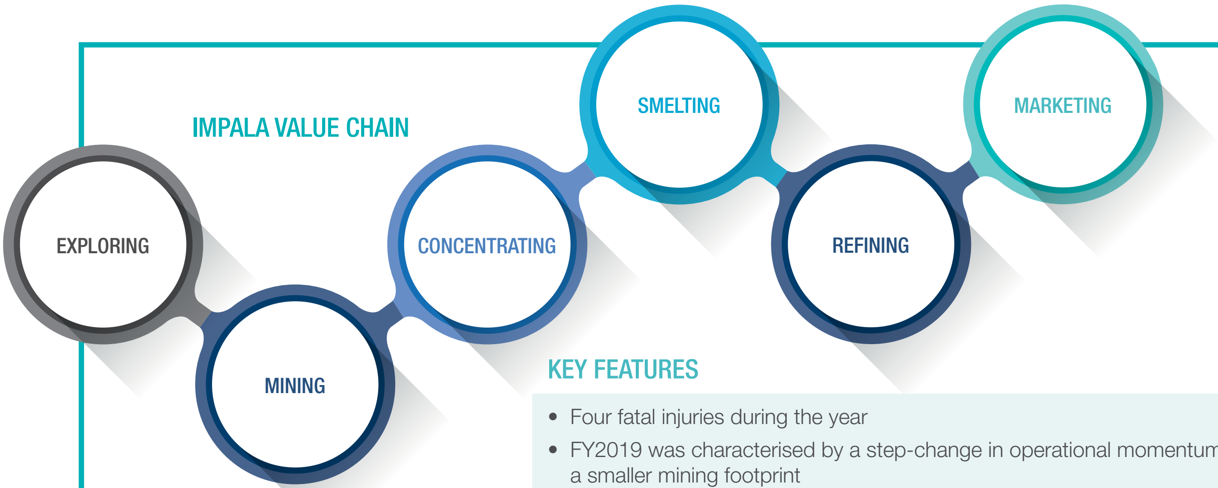


OPERATIONAL PERFORMANCE

IMPALA

IMPALA, IMPLATS' 96%-OWNED PRIMARY OPERATIONAL UNIT, HAS MINING OPERATIONS SITUATED ON THE WESTERN LIMB OF THE WORLD-RENOWNED BUSHVELD COMPLEX NEAR RUSTENBURG IN SOUTH AFRICA. THIS OPERATION COMPRISES A 10 SHAFT MINING COMPLEX AND CONCENTRATING AND SMELTING PLANTS. THE BASE AND PRECIOUS METAL REFINERIES ARE SITUATED IN SPRINGS, EAST OF JOHANNESBURG.

IMPALA VALUE CHAIN



KEY FEATURES

- Four fatal injuries during the year
- FY2019 was characterised by a step-change in operational momentum from a smaller mining footprint
- Stock-adjusted platinum production from underground mining increased 4% to 683 000 ounces
- 70 000 ounces of platinum accumulated during FY2018 was released during FY2019 and refined production increased 30% to 754 000 ounces
- Unit costs increased 4% to R24 945 on a stock-adjusted basis
- Capital expenditure declined 28% to R2 billion as 16 and 20 Shafts approach completion
- Execution of the Impala Rustenburg restructuring plan remains well on track.

Value added statement for the year ended 30 June

	2019 Rm	2018 Rm
Revenue	**21 522**	13 255
Other net expenses	**(662)**	(322)
Gross value generated	**20 860**	12 933
Depreciation	**(2 903)**	(2 806)
Deferred tax	**(567)**	1 116
	17 390	11 243
Distribution of value		
Labour and other	**(11 217)**	(10 269)
Consumables and services	**(3 562)**	(3 008)
Finance costs	**(768)**	(752)
Royalty recipients	**(222)**	(158)
Direct state taxes	**–**	(14)
(Value retained in the business)/diminution of shareholder value	**(1 621)**	2 958

OUTLOOK

- The implementation plan to restructure Impala Rustenburg will continue delivering a safer and more profitable operation centred on its best assets with higher-quality, long-life orebodies, lower operating costs and capital intensity from 2022
  - A reduced mining footprint with six operating shafts
  - Production of 520 000 platinum ounces
  - A total labour complement of c.27 000 employees
- The second phase of the restructuring will be undertaken during FY2020 and will focus on the outsource/closure of 1 Shaft and closure of 9 Shaft scheduled for quarter two FY2020
- Platinum production in concentrate is expected to be between 640 000 and 690 000 ounces in FY2020.

OUTCOMES

Year on year: (+) Increase (-) Decrease

FIFR
0.049 (-)

TIFR
14.08 (+)

Number of employees including contractors
39 523 (-)

Headline earnings
R1.1 billion (-)

Free cash flow
R1.9 billion (+)

Capital expenditure
R2.0 billion (-)

Stock-adjusted refined production
683 000oz (+)

Impala Rustenburg

RISKS

- Ability and capacity to return Impala Rustenburg to a cash positive/neutral position
- Impact of stakeholders on ability to execute the restructuring plan
- Poor safety performance
- Ability to protect the integrity of furnaces 3, 4 and 5 against wall leaks
- Impact of labour unions on closure/divesture of shafts
- Sustained depressed PGM basket prices and its impact on cash flow and liquidity.

OPPORTUNITIES

- Higher rand PGM basket price
- Early delivery of the restructuring plan with associated lower costs will result in an earlier cash positive/neutral position
- Quicker ramp-up of new generation shafts
- Improved relations with key stakeholders
- Better employee relations and increased productivity as a result of a safer working environment
- Increased capacity to process PGM matte
- Mitigation of delays to restructuring plan.

RESPONSE

- Effective performance management
- Enhance execution of restructuring plan
- Improve stakeholder engagement processes
- Ongoing engagement with stakeholders, specifically employees, unions, host communities
- CEO-led initiative on improving operational safety is ongoing
- Visible-felt leadership programme is providing positive results
- Various HR initiatives underpinned by performance management, accountability and culture
- Enhanced monitoring of furnaces
- Implementation of management and engineering controls
- Ongoing transparent engagement with labour unions on the restructuring plan.

STAKEHOLDER MATERIAL MATTERS

STAKEHOLDER	MATERIAL MATTERS	RESPONSE
EMPLOYEES	• Uncertainty about job security due to the job losses associated with the Impala Rustenburg restructuring plan	• Intensive communication and engagement • Employee support through financial and psychological counselling, portable skills training and other initiatives.
UNIONS	• Increased tensions in the face of job losses • Wage negotiations.	• Intensive consultation and engagement • Potential outsourcing of 1 Shaft.
COMMUNITIES	• Employment, procurement and social investment opportunities for host communities	• Intensive consultation and engagement • Restructured MCLEF forum.
GOVERNMENT	• Job losses remain politically sensitive	• Intensive consultation and engagement clarifying the rationale for the restructuring of Impala Rustenburg
NEW MINING CHARTER	• Regulatory compliance – completion of SLP commitments • Mining charter.	• Ensuring compliance as far as possible • Requested an extension to the SLP implementation period to December 2020 • Interaction via Mimosa to engage in constructive dialogue to come to mutually beneficial outcome in terms of sticking points in Mining Charter III.
CUSTOMERS	• Concern around changes in the PGM market and their future impact	• Focus on strengthening the Group's reputation as a responsible and reliable supplier of high-quality base metal and PGM products
SUPPLIERS	• Potential outsourcing of 1 Shaft	• Ongoing interaction and negotiations.

OPERATIONAL PERFORMANCE – IMPALA

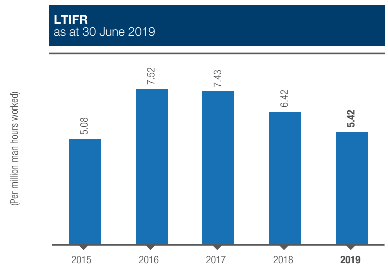
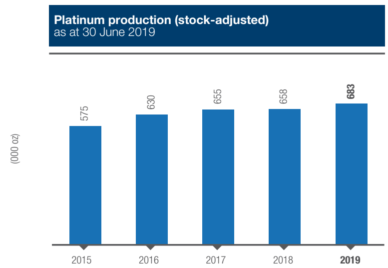
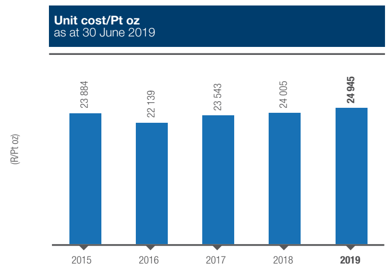
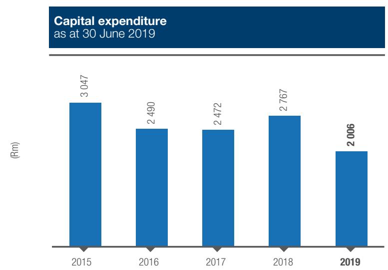
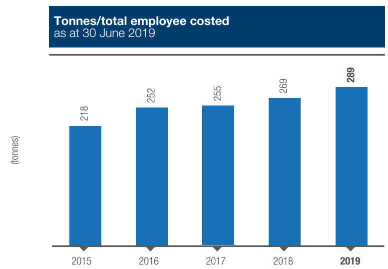
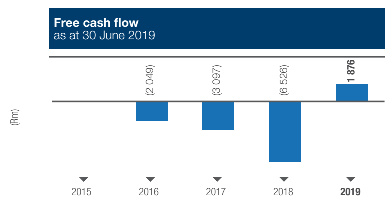
GROUP				
OUR VISION To be the world's best PGM producer, sustainably delivering superior value to all our stakeholders	**OUR MISSION** To mine, process, refine and market high-quality PGM products safely, efficiently and at the best possible cost from a competitive asset portfolio through team work and innovation			
OUR STRATEGIC OBJECTIVES Reposition Impala to the lower half of the cost curve	Enhance the competitiveness of our portfolio	Optimise balance sheet and capital allocation	Protect and strengthen our licence to operate	

OPERATIONAL REVIEW

STRATEGIC PERFORMANCE AREAS

	COMMENT	KPI PERFORMANCE TARGET FOR FY2019	PERFORMANCE AGAINST KPI TARGET FOR FY2019
OPERATIONAL EXCELLENCE	Address operational performance through targeted operational excellence interventions and modernisation where appropriate	• Zero fatalities • LTIFR 10% improvement on FY2018 (6.54 per million man hours worked) • Platinum in concentrate production >650koz – 690koz • Cost per platinum ounce <R25 400/oz	• Four fatalities • LTIFR 5.42 per million man hours worked • Platinum in concentrate production 688koz • Cost per platinum ounce R24 945 (stock-adjusted)
CAPITAL MANAGEMENT	Disciplined capital allocation and cost management	Capital allocation • Capital <R2.4 billion Cost management • Costs <R17.3 billion	Capital allocation • Capital R2.0 billion Cost management • Costs R17.0 billion
BUSINESS DEVELOPMENT	Optimisation of the business and portfolio ensuring maximum profitability and prioritising value over volume	• Optimisation of portfolio – Deliver Impala Rustenburg restructuring objectives • Phase 1 – reduction of 1 500 over-complement labour	• Optimisation of portfolio – Deliver Impala Rustenburg restructuring objectives • Successfully delivered Phase 1 – Own support staff reduced by 1 300, contractors increased by 700 – 117 retrenched
ORGANISATIONAL DEVELOPMENT	Refine operating model, clarify decision making and accountability and enhance team work and innovation	• Leadership capacity and capability • Management reporting systems • Culture transformation	• Key leadership appointments were made • Leading the Implats Way leadership programme being rolled out • High-performance management system being implemented • Desired people culture defined and in the process of being rolled out
ESG EXCELLENCE	Embrace good citizenship, address regulatory compliance, optimise rehabilitation liabilities and pursue and maintain mutually beneficial stakeholder relationships	• Complete projects in line with SLP commitments • Ensure regulatory compliance	• Sustained good relations with employees and unions • TB and HIV levels remain below national average • R86 million invested in community development • R200 million spent on improving living conditions • Local-to-site procurement increased 23% to R1.6 billion • ISO 14001:2015 compliant • No level 4 or 5 environmental incidents • SO_2 emissions within air emission licence conditions

OUR VALUES We respect, care and deliver	
Optimise the value chain	Improve organisational effectiveness

KPI PERFORMANCE TARGET FOR FY2020	KEY ACTIONS IN FY2020	TRENDS
• Zero fatalities • Improve LTIFR – 10% improvement on FY2019 (5.42 per million man hours worked) • Platinum in concentrate production >640koz – 690koz • Cost per platinum ounce <R27 100/oz	• Prevent injury and ensure a safe operational culture • Improve efficiency on stoping • Improve on-reef development to increase face length • Roll out and embed risk management system	
Capital allocation • Capital <R2.4 billion Cost management • Costs <R19.1 billion (excluding 1 Shaft)	Capital allocation • Continue with 16 Shaft capital project Cost management • Move down the industry cost curve • Manage marginal operations • Implement identified financial management systems	
• Ongoing optimisation of portfolio – Deliver Impala Rustenburg restructuring objectives • Outsource/close 1 Shaft • Close 9 Shaft • Implement productivity and efficiency improvements – >19m^2/man	• Outsource/close 1 Shaft • Close 9 Shaft • Ramp up 16 and 20 Shafts • Implement new operating model focusing on improved productivity and efficiencies	
• Leadership capacity and capability • Management reporting systems • Culture transformation	• Implement culture transformation leadership programme • Embed high-performance management system • Develop managerial and competency skills • Strengthen capacity and capability in key areas	
• Strengthen stakeholder management capability and capacity • Complete projects in line with SLP commitments • Maintain ISO 14001:2015 certification • No level 4 or 5 environmental incidents • Total direct SO_2 emissions – <6 400t • Total water consumed – <25 000Mℓ • Total water recycled – >40% • Increase average spend per local supplier	• Develop and implement an effective stakeholder management system • Proactively manage employee health • Implement third-generation SLP • Promote local recruitment and procurements • Facilitate home ownership • Maintain environmental authorisations	 

OPERATIONAL PERFORMANCE – IMPALA

PERFORMANCE

Impala reported a LTIFR of 5.42, the lowest in five years and a 17% improvement from FY2018. Regrettably, there were four fatal accidents in FY2019. Three of these fatalities occurred in the final quarter of the year and increasing the focus on safe production has received renewed attention.

The year was characterised by a step-change in operational momentum at Impala Rustenburg as the implementation of restructuring initiatives yielded gains. Despite the closure of 4 Shaft and the scaling down of production at 1 Shaft (collectively 554 000 tonnes), mill throughput increased by 2% to 11.21 million tonnes (FY2018: 10.95 million tonnes). This was due to improved delivery at both 12 and 14 Shafts, (+504 000 tonnes) and was supported by the ramp-up in volumes from 16 (+ 294 000 tonnes) and 20 (+91 000 tonnes) Shafts.

The PGE milled head grade declined by 2% to 3.99g/t (FY2018: 4.09g/t) due to changes in stoping widths and higher volumes from the growth shafts where ongoing orepass maintenance continued to negatively impact delivered grade. The higher percentage of Merensky tonnage milled at 43.1% (FY2018: 41.6%), together with concentrator optimisation, aided recoveries. Additional surface sources (+4 000 platinum ounces) also contributed to the 3% gain in platinum concentrate volumes of 688 000 ounces (FY2018: 669 000 ounces). Stock-adjusted platinum production increased by 4% to 683 000 ounces (FY2018: 658 000 ounces).

In FY2018 a major furnace rebuild and a fire at the number 5 furnace transformer reduced available smelting capacity. This year, the number 3 furnace was taken offline for a full scheduled rebuild in January 2019 and returned to operation in May 2019. In FY2018, Impala refined metal volumes were displaced by IRS ounces due to constrained smelter availability and the IRS contractual terms. Due to increased availability this year, refined platinum production attributable to Impala Rustenburg increased by 30% to 754 000 ounces (FY2018: 581 000 ounces).

Cash costs, including all allocated corporate and marketing costs, increased by 8% to R17.0 billion (FY2018: R15.8 billion) with above-CPI increases on utilities, labour and certain processing consumables. On a stock-adjusted basis, unit costs increased by 4% to R24 945 per platinum ounce (FY2018: R24 005 per platinum ounce) as volume gains offset inflationary pressures.

Capital expenditure declined by 28% to R2.0 billion (FY2018: R2.77 billion) with spend on 16 and 20 Shafts slowing in line with the completion of the capital footprint. Project capital decreased by 51% to R403 million (FY2018: R818 million in FY2018) and stay-in-business capital declined by 18% to R1.6 billion (FY2018: R2.0 billion).

In FY2019 the operation delivered R1.9 billion in free cash flow, benefiting from higher sales volumes, which increased by 34% to 744 000 ounces (FY2018: 555 000 ounces) platinum ounces boosted by a 70 000 ounce inventory release and stronger rand PGM pricing. In FY2018, cash outflows at Impala of R6.5 billion were compounded by negative working capital movements due to the accumulation of pipeline inventory.

Sales revenues increased 62% to R21.5 billion (FY2018: R13.3 billion).

Impala made a gross profit of R1.5 billion (FY2018: gross loss of R2.9 billion) and contributed R1.1 billion to Group headline earnings (FY2018: R3.0 billion loss).

During FY2020, a further reduction in employee numbers will be realised as plans are progressed to outsource mining operations at 1 Shaft and complete the closure of 9 Shaft. A "contracted out" mining model was found to provide the best protection of employment at 1 Shaft during the planned ramp-down of the shaft in the context of a higher than expected rand PGM pricing environment. A section 189 notice was issued for this phase of the restructuring plan in July 2019, while the original section 52 notices covering 1, 9, 12 and 14 Shafts issued in August 2018 remain in place. Restructuring costs of R1.6 billion have been forecast for FY2020 to effect these changes.

Pulmonary TB and HIV levels were well managed during the year and the incident rate remains well below the estimated national average. Noise levels were reduced to below 107dB as roof bolters at the mining operation were replaced with modified units.

The operation sustained good relations with employees and their union representatives and the first phase of the restructuring programme was successfully concluded without disruption. Delivery on SLP commitments continued and cordial relationships were maintained with neighbouring communities. During FY2019, R86 million was invested in community development. Over and above this, R200 million was spent on improving living conditions. The Company's investment here is a pillar of its contribution to the well-being of its host communities. Local-to-site procurement increased by 23% to R1.6 billion.

All Impala's operating units are ISO 14001:2015 compliant and no level 4 or 5 environmental incidents have been reported since 2013. Impala Rustenburg received its amended water-use licence during the year and recycled 42% of water consumed. Impala's SO_2 emissions during the year were within the air emission licence conditions. A progressive shaft closure decommissioning and rehabilitation programme is being implemented to reduce to long-term risks and liabilities from an environmental and socio-economic perspective.

RESTRUCTURING IMPALA RUSTENBURG

The execution of the Impala Rustenburg restructuring plan remains well on track. This year saw the successful completion of the first phase, which set out to optimise the overhead structure at the operation aligned to a smaller and more productive future mining footprint with the total number of own employees reducing by 1 300, with no associated disruptions to operations and only 117 forced retrenchments. A multitude of stakeholder engagements were undertaken to conclude the first phase and to consider the next phase to be implemented in FY2020, which will focus on the planned outsourcing or closure of 1 Shaft and the closure of 9 Shaft, which is nearing the end of available mine life.

Post-year-end, a section 189 (Labour Relations Act) notice was issued for the second phase. Throughout the implementation of the restructuring, there is an overriding imperative by all stakeholders to ensure job losses are minimised through various avoidance measures. These include transferring employees to vacant positions at growth shafts, natural attrition, reskilling, voluntary separations and exploring viable commercial alternatives to shaft closure, where possible.

DELIVERING A PROFITABLE IMPALA RUSTENBURG

STATUS FY2017

Unprofitable operation	12 operational shafts ramping up to 750koz Pt	Opex + capex* R29 006/oz	Capital R2 472m (nominal)	Labour 42 253

STATUS FY2019

Free cash flow generative	10 operational shafts, producing 683koz Pt	Opex + capex* R26 179/oz	Capital R2 006m (nominal)	Labour 39 523

LABOUR

- **Phase 1** restructuring successfully completed
  - Own support staff reduced by 1 300, contractors increased by 700
  - No disruptions
  - 117 forced retrenchments
- **Phase 2** initiated in July 2019
  - Closure/divesture of 1 and 9 Shafts
  - Section 189 issued
- **Phase 3** to be initiated in FY2021
  - Closure/divesture of 12 and 14 Shafts

STAKEHOLDER ENGAGEMENTS

- **DMR** (regular constructive engagement)
  - SLP compliance
  - Mitigation of job losses
- **Union** (extensive consultation at all levels)
  - Wage negotiations under way
- **Communities** (extensive consultation)
  - Local procurement and employment
  - Social development

IMPLEMENTATION

- Fit for purpose structure design completed
- **4 Shaft** closed in FY2018
- **1 Shaft** on track for closure/divesture 1H2020
- **9 Shaft** on track for closure 2H2020
- **12 Shaft** profitable in FY2019
- **14 Shaft** improving but still unprofitable
- **16/20 Shafts** ramp up and optimisation ongoing
- High-performance culture being rolled out

OPERATIONAL

Description		FY2019	FY2018	% change
LTIFR	pmmhw	5.42	6.54	17
Pt production	koz in conc	688	669	3
Unit cost	R/Pt oz	24 945	24 005	(4)
Pace length	km	21.0	20.2	4
Efficiency	t/man/s	289	269	7
Recoveries	%	89.15	87.84	1

FUTURE STATUS FY2022

Free cash flow generative	6 operational shafts, producing ~520koz Pt	Opex + capex* <R24 500	Capital R1 400m	Labour ~27 000

* *In real terms – FY2018.*

KEY PROJECTS

Progress at 16 Shaft was impacted this year by a fatal incident and premature hoist rope failure/replacement, which impacted achieved production and development targets. To date, capital spend on the project has totalled R7.4 billion of the estimated R7.9 billion approved capital vote. The estimated capital construction completion date remains unchanged (November 2021), with a steady state production rate of some 180 000 platinum ounces per annum planned from June 2022.

During the year under review, an additional 29 stoping teams were added to the shaft with available face length increasing by 32% to 3.4km and platinum production rising to 90 000 ounces (FY2018: 74 000 ounces). The rehabilitation of the C orepass system is expected to be completed in September 2019 with the opening up of further mineable face length and increasing stoping productivity a key focus for FY2020.

At 20 Shaft, capital infrastructure construction was completed during the year with total expenditure of R7.9 billion, in line with approved project spend. During the year, the number of stoping teams were reduced to allow for an increased focus on mineable face length development, which increased by 19%. A comprehensive review of the shaft's future profitability and strategic optionality was also completed during the year. Following on from this, the leadership capacity at the shaft was significantly strengthened with strict performance parameters instituted to ensure the capital and operating cost afforded by the Group, is matched with concomitant delivery from the project.

Notwithstanding a reduction in stoping teams, platinum production increased by 7% to 74 000 ounces (FY2018: 69 000 ounces). Steady state production rate of some 130 000 platinum ounces per annum is now expected from July 2022 (12 months later than guided before).

INVESTOR KEY STATISTICS

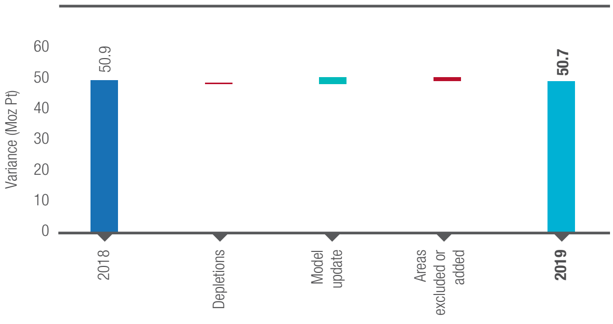
		FY2019	FY2018	Variance %
Mining sales	(Rm)	**21 522**	13 255	62.4
Platinum		**8 739**	6 730	29.9
Palladium		**6 233**	3 194	95.1
Rhodium		**3 625**	1 814	99.8
Nickel		**696**	506	37.5
Chrome		**199**	167	19.2
Other		**2 030**	844	140.5
Mining cost of sales		**(20 045)**	(16 204)	(23.7)
On-mine operations		**(12 878)**	(11 909)	(8.1)
Processing excluding smelter		**(2 096)**	(2 092)	(0.2)
Smelting operations		**(993)**	(905)	(9.7)
Refining and marketing operations		**(826)**	(689)	(19.9)
Head office costs		**(252)**	(193)	(30.6)
Share-based payments		**(145)**	(61)	(137.7)
Royalty expense		**(222)**	(158)	(40.5)
Depreciation		**(2 330)**	(2 806)	17.0
Change in metal inventories		**(303)**	2 609	(111.6)
Mining gross profit		**1 477**	(2 949)	150.1
Other		**43**	(14 158)	100.3
Profit before tax		**1 520**	(17 107)	108.9
Income tax expense		**(335)**	4 775	(107.0)
Net profit for the year		**1 185**	(12 332)	109.6
Gross margin ex mine	(%)	**6.9**	(22.2)	131.1
EBITDA	(Rm)	**4 507**	(529)	952.0
Sales volumes ex mine				
Platinum	(000oz)	**744.1**	554.7	34.1
Palladium	(000oz)	**372.0**	260.4	42.9
Rhodium	(000oz)	**100.0**	95.2	5.0
Nickel	(tonnes)	**3 894**	3 442	13.1
Prices achieved ex mine				
Platinum	(US$/oz)	**827**	937	(11.7)
Palladium	(US$/oz)	**1 180**	939	25.7
Rhodium	(US$/oz)	**2 560**	1 486	72.3
Nickel	(US$/t)	**12 613**	11 312	11.5
Exchange rate achieved ex mine	(R/US$)	**14.19**	12.95	9.6
Production ex mine				
Tonnes milled ex-mine*	(000t)	**11 211**	10 947	2.4
UG2 milled	(%)	**56.9**	58.4	2.6
Development metres	(metres)	**85 081**	92 644	(8.2)
Headgrade	(g/t)	**3.99**	4.09	(2.4)
Platinum refined	(000oz)	**753.8**	580.8	29.8
Platinum stock adjusted	(000oz)	**683.3**	657.7	3.9
Palladium refined	(000oz)	**332.0**	300.4	10.5
Rhodium refined	(000oz)	**86.9**	88.5	(1.8)
Nickel refined	(tonnes)	**3 439**	3 895	(11.7)
PGM refined production	(000oz)	**1 390.8**	1 126.8	23.4

		FY2019	FY2018	Variance %
Total cost	(Rm)	**17 045**	15 788	(8.0)
	(US$m)	**1 201**	1 229	2.3
Per tonne milled	(R/t)	**1 520**	1 442	(5.4)
	(US$/t)	**107**	112	4.5
Per PGM ounce refined	(R/oz)	**12 256**	14 011	12.5
	(US$/oz)	**864**	1 090	20.7
Per platinum ounce refined	(R/oz)	**22 612**	27 183	16.8
	(US$/oz)	**1 593**	2 116	24.7
Per platinum ounce stock adjusted	(R/oz)	**24 945**	24 005	(3.9)
	(US$/oz)	**1 758**	1 868	5.9
Net of revenue received for other metals	(R/oz)	**5 654**	15 949	64.5
	(US$/oz)	**398**	1 241	67.9
Capital expenditure	(Rm)	**2 006**	2 767	27.5
	(US$m)	**141**	215	34.4
Stay-in-business capital	(Rm)	**1 603**	1 949	17.8
Replacement capital	(Rm)	**403**	818	50.7
All-in sustaining cost	(Rm)	**6 535**	8 822	25.9
	(US$m)	**460**	687	33.0
Per platinum ounce sold	(R/oz)	**8 782**	15 904	44.8
	(US$/oz)	**619**	1 238	50.0
Labour including capital as at 30 June	(number)	**39 523**	40 079	1.4
Own employees		**28 258**	29 529	4.3
Contractors		**11 265**	10 550	(6.8)
Centares per panel man per month	(m²/man/month)	**20.5**	20.4	0.5
Tonnes milled per employee costed*	(t/man/annum)	**289**	269	7.4

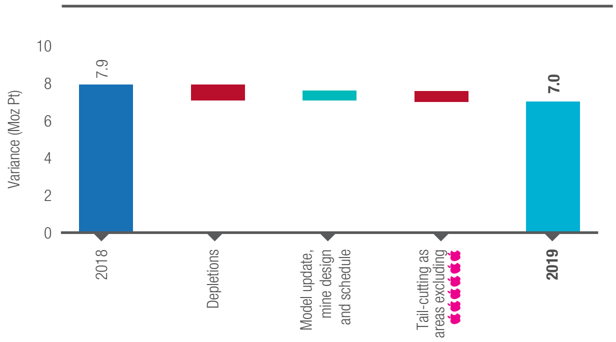
** Average working cost employees including contractors*

TOTAL MINERAL RESOURCE AND MINERAL RESERVE ESTIMATE

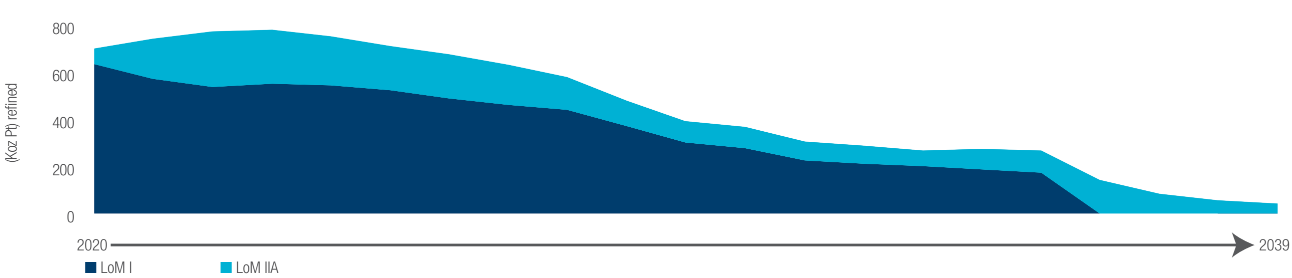
Total Impala Mineral Resource estimate (Moz Pt)
as at 30 June 2019



Total Impala Mineral Reserve estimate (Moz Pt)
as at 30 June 2019



Impala 20-year LoM Pt ounce profile
as at 30 June 2019

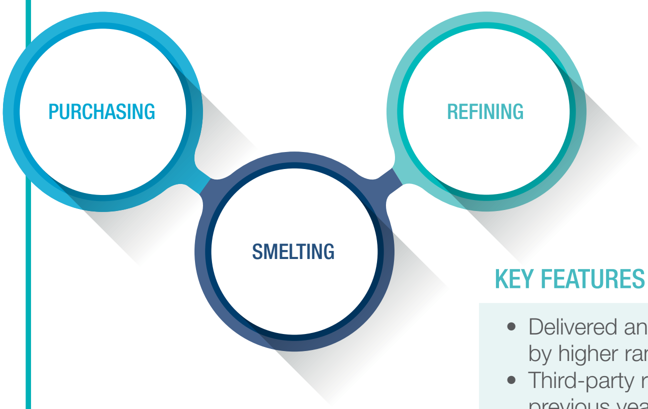


OPERATIONAL PERFORMANCE

IRS

IMPALA REFINING SERVICES IS A DEDICATED VEHICLE TO HOUSE THE TOLL-REFINING AND METAL CONCENTRATE PURCHASES BUILT UP BY IMPLATS. IRS PROVIDES SMELTING AND REFINING SERVICES THROUGH OFFTAKE AGREEMENTS WITH GROUP COMPANIES (EXCEPT IMPALA) AND THIRD PARTIES.

IMPALA REFINING SERVICES VALUE CHAIN



KEY FEATURES

- Delivered another significant financial contribution to the Group aided by higher rand PGM pricing
- Third-party receipts declined by 27% to 189 000 ounces from the previous year when receipts were elevated by a once-off tolling contract
- Refined platinum output decreased by 13% to 772 000 ounces
- Generated free cash flow of R3.4 billion
- IRS was acquired by Impala in July 2018.

Value added statement for the year ended 30 June

	2019 Rm	2018 Rm
Revenue	**26 899**	22 044
Other net income	**188**	161
Gross value generated	**27 089**	22 205
Deferred tax	**(904)**	92
Distribution of value		
Cost of sales	**(25 630)**	(20 491)
Finance costs	**–**	(34)
Direct state taxes	**–**	(562)
Dividends to shareholders	**–**	(2 340)
(Value retained in business)/diminution of shareholder value	**(553)**	1 130

OUTLOOK

- IRS remains well positioned to capitalise on its access to spare smelting and refining capacity to process additional material
- Opportunities are continually evaluated and pursued if value-accretive to the Group
- Impala has sufficient spare capacity available to ensure that IRS is able to process planned production from other Group operations, as well as contracted third-party material.

Impala processing

RISKS

- Sustained depressed PGM basket prices.
- Reduced production flexibility at the Group and smelter failure at Impala Rustenburg or Zimplats.

OPPORTUNITIES

- Well positioned for refining opportunities.
- Remains a strategic competitive advantage for the Group.

RESPONSE

- Continue to evaluate opportunities if value-accretive to the Group.

(000oz) Platinum refined	2019	2018
Zimplats	**255.8**	265.7
Marula	**81.3**	76.9
Mimosa	**117.1**	116.2
Two Rivers	**144.6**	162.5
Mine-to-market operations	**598.8**	621.3
Third-party purchases and toll	**173.6**	266.1
Total refined Pt ounces	**772.4**	887.4

OUTCOMES

Year-on-year: (+) Increase (-) Decrease

Headline earnings
R2 080 million (+)

Free cash flow
R3 375 million (+)

Refined platinum production of
772 400 oz (-)

OPERATIONAL PERFORMANCE – IMPALA REFINING SERVICES

GROUP				
OUR VISION To be the world's best PGM producer, sustainably delivering superior value to all our stakeholders	**OUR MISSION** To mine, process, refine and market high-quality PGM products safely, efficiently and at the best possible cost from a competitive asset portfolio through team work and innovation			
OUR STRATEGIC OBJECTIVES Reposition Impala to the lower half of the cost curve	Enhance the competitiveness of our portfolio	Optimise balance sheet and capital allocation	Protect and strengthen our licence to operate	

OPERATIONAL REVIEW

STRATEGIC PERFORMANCE AREAS	COMMENT	KPI PERFORMANCE TARGET FOR FY2019	PERFORMANCE AGAINST KPI TARGET FOR FY2019
OPERATIONAL EXCELLENCE	Address operational performance through targeted operational excellence interventions and modernisation where appropriate	• Platinum in concentrate production >800koz – 850koz	• Platinum in concentrate production 772koz
CAPITAL MANAGEMENT	Disciplined capital allocation and cost management	• Gross profit of >R1.4 billion	• Gross profit of >R1.9 billion
BUSINESS DEVELOPMENT	Optimisation of the business and portfolio ensuring maximum profitability and prioritising value over volume	• Explore suitable alternate metal sources	• Continued to explore suitable alternate metal sources

PERFORMANCE

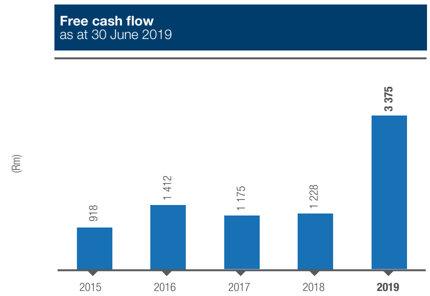
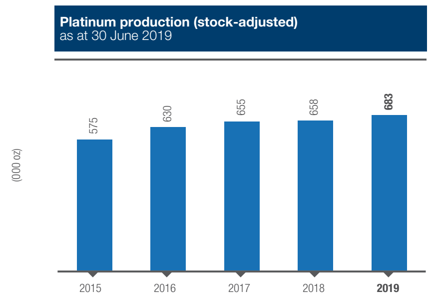
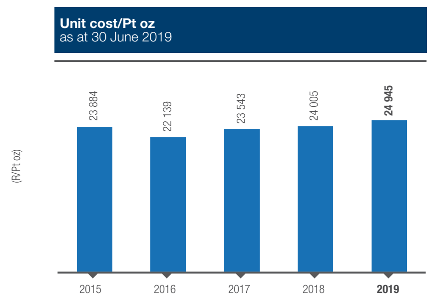
IRS delivered another significant financial contribution to the Group, aided by higher rand PGM pricing for its basket of production and sales. Long-term concentrate purchase agreements are dominated by ore feeds from Great Dyke and UG2 sources, the bulk of which is sourced from mine-to-market operations.

During the year IRS received a total of 801 000 platinum ounces in concentrate, 10% less than the previous year (FY2018: 889 000 ounces) when receipts were elevated by a once-off tolling contract. As a result, the gross volume of third-party receipts declined by 27% to 189 000 ounces (FY2018: 259 000 ounces) despite an increase in underlying contractual deliveries from longer-term suppliers. Mine-to-market receipts declined 3% to 612 000 ounces (FY2018: 630 000 ounces), principally as a result of lower deliveries from Two Rivers. Refined platinum output declined by 13% to 772 000 ounces (FY2018: 887 000 ounces) and platinum sales of 771 000 ounces declined by 2% from the prior year (FY2018: 789 000 ounces). Sales volumes were lower than refined production in FY2018 due to 140 000 platinum ounces of toll metal returned to the once-off third-party customer.

Revenue benefited from improved palladium and rhodium prices and their presence in these reef types, increasing by 22% to R26.9 billion (FY2018: R22.0 billion).

The cash operating costs associated with smelting, refining and marketing IRS production decreased by 4% to R1.4 billion (FY2018: R1.5 billion), while the cost of metals purchased was impacted by higher rand prices, and rose 18% to R23.7 billion (FY2018: R20.1 billion). IRS made a gross profit of R1.9 billion (FY2018: R1.6 billion), generated R3.4 billion in free cash flow (FY2018: R1.2 billion) and contributed R2.1 billion to Group headline earnings (FY2018: R1.2 billion).

OUR VALUES We respect, care and deliver	
Optimise the value chain	Improve organisational effectiveness

KPI PERFORMANCE TARGET FOR FY2020	KEY ACTIONS IN FY2020	TRENDS
• Platinum in concentrate production >800 – 850koz	• Continuously explore suitable alternate metal sources to expand production • Maintain relationships with and sustain service excellence in respect of suppliers	
• Gross profit of R1.7 billion	• Continuously explore suitable alternate metal sources to expand production and increase gross profit in line with available capacity	
• Explore suitable alternate metal sources	• Continuously explore suitable alternate metal sources to expand production and increase gross profit in line with available capacity	

OPERATIONAL PERFORMANCE – IMPALA REFINING SERVICES

INVESTOR KEY STATISTICS

		FY2019	FY2018	Variance %
Revenue	(Rm)	**26 899**	22 044	22.0
Platinum		**9 057**	9 500	(4.7)
Palladium		**9 415**	6 778	38.9
Rhodium		**3 848**	1 854	107.6
Nickel		**1 622**	1 441	12.6
Other		**2 957**	2 471	19.7
Cost of sales		**(25 037)**	(20 491)	(22.2)
Metals purchased		**(23 692)**	(20 090)	(17.9)
Smelting operations		**(493)**	(534)	7.7
Refining and marketing operations		**(795)**	(833)	4.6
Head office costs		**(142)**	(124)	(14.5)
Change in metal inventories		**85**	1 090	(92.2)
Gross profit IRS		**1 862**	1 553	19.9
Metals purchased – adjustment on metal prices and exchange rate		**16**	728	(97.8)
Inventory – adjustment on metal prices and exchange rate		**1 487**	(290)	612.8
Gross profit in Implats Group		**3 365**	1 991	69.0
Metals purchased – fair value adjustment on metal prices		**–**	(272)	100.0
Metals purchased – foreign exchange adjustment		**–**	(456)	100.0
Other		**(169)**	417	(140.5)
Profit before tax		**3 196**	1 680	90.2
Income tax expense		**(1 116)**	(470)	(137.4)
Net profit for the year		**2 080**	1 210	71.9
Gross margin	(%)	**6.9**	7.0	(1.4)
EBITDA	(Rm)	**3 249**	1 678	93.6

		FY2019	FY2018	Variance %
Total sales volumes				
Platinum	(000oz)	**771.2**	788.5	(2.2)
Palladium	(000oz)	**539.9**	551.0	(2.0)
Rhodium	(000oz)	**100.3**	100.9	(0.6)
Nickel	(tonnes)	**9 040**	9 573	(5.6)
Prices achieved				
Platinum	(US$/oz)	**827**	943	(12.3)
Palladium	(US$/oz)	**1 185**	964	22.9
Rhodium	(US$/oz)	**2 559**	1 448	76.7
Nickel	(US$/t)	**12 618**	11 844	6.5
Exchange rate achieved	(R/US$)	**14.19**	12.76	11.2
Refined production				
Platinum	(000oz)	**772.4**	887.4	(13.0)
Palladium	(000oz)	**577.6**	548.9	5.2
Rhodium	(000oz)	**118.9**	110.0	8.1
Nickel	(tonnes)	**12 609**	12 331	2.3
PGM refined production	(000oz)	**1 682.7**	1 797.8	(6.4)
Metal returned				
Platinum	(000oz)	**0.7**	140.2	(99.5)
Palladium	(000oz)	**2.9**	67.0	(95.7)
Rhodium	(000oz)	**0.0**	23.4	(100.0)
Nickel	(tonnes)	**3 516**	3 557	(1.2)

OPERATIONAL PERFORMANCE

ZIMPLATS

ZIMPLATS IS 87% OWNED BY IMPLATS AND ITS OPERATIONS ARE SITUATED ON THE ZIMBABWEAN GREAT DYKE SOUTH-WEST OF HARARE. ZIMPLATS OPERATES FOUR UNDERGROUND MINES AND A CONCENTRATOR AT NGEZI. THE SELOUS METALLURGICAL COMPLEX (SMC), LOCATED SOME 77 KILOMETRES NORTH OF THE UNDERGROUND OPERATIONS, COMPRISES A CONCENTRATOR AND A SMELTER.

ZIMPLATS VALUE CHAIN

Ngezi one and two

KEY FEATURES

- One fatal injury during the year
- All mining units sustained operational performance, with increased volumes from Bimha compensating for closure of opencast mining
- Revenue benefited from higher palladium and nickel pricing while costs were well contained.

Value added statement for the year ended 30 June

	2019 Rm	2018 Rm
Revenue	**8 954**	7 485
Other net income	**410**	271
Gross value generated	**9 356**	7 756
Depreciation	**(941)**	(841)
Deferred tax	**(658)**	(1 238)
Distribution of value	**7 765**	5 677
Labour and other	**(1 494)**	(1 425)
Consumables and services	**(3 546)**	(3 203)
Finance costs	**(89)**	(38)
Royalty recipients	**(377)**	(134)
Direct state taxes	**(202)**	(837)
Dividends to shareholders	**(1 206)**	–
Value retained in the business	**(849)**	(40)

OUTCOMES

Year on year: (+) Increase (-) Decrease

FIFR
0.064 (+)

TIFR
0.090 (-)

Number of employees
7 117 (+)

Capital expenditure
R1 628 million (-)

Headline profit
R1 318 million (+)

Free cash flow
R1 722 million (+)

Platinum production in matte (including concentrate sales)
270 000oz (-)

OUTLOOK

- Zimplats will sustain current production levels supported by the development of the new replacement portal, Mupani
- Capital allocation decisions are aligned with the business unit's ability to generate cash. Capital expenditure over the next few years will remain constrained and prioritise projects critical to sustaining production levels and maintaining Zimplats' licence to operate
- Planned furnace maintenance started in June 2019 and is expected to be completed over four months. During this time, concentrates will be exported to IRS for processing
- Zimplats will continue to engage the government on mutually acceptable solutions to achieve the government's aspirations of further beneficiation of PGMs in Zimbabwe.

RISKS

- Currency risk
- Availability of reliable and affordable power supply
- Non-compliance with indigenisation policy
- Depressed PGM prices
- Sovereign risk.

OPPORTUNITIES

- Availability of foreign currency will reduce costs and enhance profitability
- Stable power supply enhances ability to plan and execute
- Compliance supports local investment and supplier development
- Improving prices support higher revenue generation
- Improved perceptions of Zimbabwe as a viable investment destination.

RESPONSE

- Regular review of prioritisation of forex and its allocation
- Implement power demand-side management initiatives
- Maintain current arrangements, importing power facilitated by the national power authority
- Implement employee share ownership trust
- Facilitate the development of supporting industries
- Maintain healthy operating margin through cost control and efficiencies
- Active participation in economic development where possible
- Engagements with potential investors.

STAKEHOLDER MATERIAL MATTERS

STAKEHOLDER	MATERIAL MATTERS	RESPONSE
EMPLOYEES	• Increased demand for employment opportunities within Zimplats due to high unemployment rates within Zimbabwe • Evaluation of impact of RTGS on payments to employees	• Zimplats prioritises recruitment from the local communities • Exploring opportunities for LED • Engage with local government on payment of salaries
COMMUNITIES	• Complaints about damage to community structures • Tailings dam risk to communities • Significant expectations around our socio-economic contribution to the broader community/country • Disaster relief	• The Ministry of Mines and Mining Development brokered a roundtable meeting with all stakeholders • Land has been identified for the relocation of families currently residing in the dam's zone of influence. Ministerial approval to relocate these parties was obtained and resettlement will begin shortly • Position stakeholder engagement initiatives to manage expectations • LED programmes gained traction • Application submitted for establishment of Special Economic Zone near the Ngezi Mine • Donation to procure food, medical equipment, and other disaster relief items following Cyclone Idai • Rescue assistance following battlefields mine flood
GOVERNMENT	• Newly constituted government wishing to promote investment and economic revival but severely challenged by economy • Cash and foreign currency shortages in Zimbabwe • Beneficiation requiring: – The development of a refinery in-country – PGM concentrate export levy	• The stakeholder map has been reviewed and targeted high-level engagement is ongoing to promote value-enhancing relations • Ongoing engagement with the Reserve Bank of Zimbabwe • Retention of export revenue of above 50% • Zimplats produces and exports platinum matte and is actively looking into further beneficiation. Constrained cash resources are limiting further developments • The export levy has been further deferred until 2021 conditional on the development of beneficiation plans
SHAREHOLDERS	• Concerns include: – Political and economic development in Zimbabwe – Business performance – Impact of regulatory compliance	• Kept informed of business performance through analyst briefings, quarterly updates and other announcements released on the ASX

OPERATIONAL PERFORMANCE – ZIMPLATS

GROUP				
OUR VISION To be the world's best PGM producer, sustainably delivering superior value to all our stakeholders	**OUR MISSION** To mine, process, refine and market high-quality PGM products safely, efficiently and at the best possible cost from a competitive asset portfolio through team work and innovation			
OUR STRATEGIC OBJECTIVES Reposition Impala to the lower half of the cost curve	Enhance the competitiveness of our portfolio	Optimise balance sheet and capital allocation	Protect and strengthen our licence to operate	

OPERATIONAL REVIEW

STRATEGIC PERFORMANCE AREAS

	COMMENT	KPI PERFORMANCE TARGET FOR FY2019	PERFORMANCE AGAINST KPI TARGET FOR FY2019
OPERATIONAL EXCELLENCE	Address operational performance through targeted operational excellence interventions and modernisation where appropriate	• Zero fatalities • LTIFR <0.20 per million man hours worked • Platinum in concentrate production >270koz – 280koz • Cost per platinum ounce <US$1 400/oz	• One fatality • LTIFR 0.45 per million man hours worked • Platinum in concentrate production 270koz • Cost per platinum ounce US$1 288/oz
CAPITAL MANAGEMENT	Disciplined capital allocation and cost management	Capital allocation • Capital <US$120 million • Returns to shareholders – dividend payment Cost management • Costs <US$360 million	Capital allocation • Capital US$110 million spent largely on Mupani • Dividend payment of US$65 million Cost management • Costs US$348 million
BUSINESS DEVELOPMENT	Optimisation of the business and portfolio ensuring maximum profitability and prioritising value over volume	• Optimisation of portfolio • Optimisation of business model – Focus on key cost drivers – Optimise supply chain	• Ongoing portfolio optimisation • Ongoing development of Mupani Mine, a new replacement portal with production capacity of 90koz in calendar year 2024
ORGANISATIONAL DEVELOPMENT	Refine operating model, clarify decision making and accountability and enhance team work and innovation	• Leadership capacity and capability • Management reporting systems • Culture transformation	• Enhanced focus on human resources • Development of a high-performance culture • Reviews of organisational structure and remuneration policies to support this culture
ESG EXCELLENCE	Embrace good citizenship, address regulatory compliance, optimise rehabilitation liabilities and pursue and maintain mutually beneficial stakeholder relationships	• Address regulatory compliance – maintain licence to operate • Stakeholder engagement – nurture and retain goodwill • Implement CSR programmes • Host community procurement – >70% of local procurement • Environmental management and rehabilitation programmes – Water recycled – <40% of water consumed – Direct CO_2 emissions – at least 1% year-on-year reduction in emissions – Optimise supply chain	• Ongoing stakeholder engagement • Zimplats supports Zimbabwe's aspirations to grow and diversify its PGM industry • US$3.8 million invested in social development • ISO 14001:2015 certified • Water recycled – 40% • Total direct CO_2 emissions per tonne of ore – 0.009 (7.6% increase)

OUR VALUES

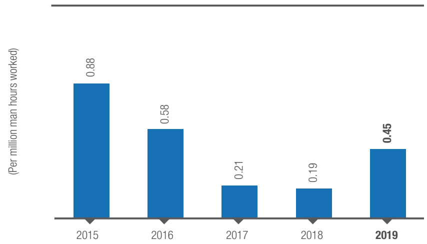
We respect, care and deliver

Optimise the value chain	Improve organisational effectiveness

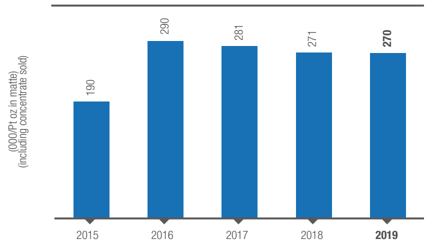
KPI PERFORMANCE TARGET FOR FY2020	KEY ACTIONS IN FY2020
• Zero fatalities • Improve LTIFR – <0.21 • Platinum in concentrate production >270koz – 280koz • Cost per platinum ounce <US$1 450/oz	• Achieve safety goals • Optimise mining infrastructure and mass balance • Effective grade control • Implement recovery improvement projects
Capital allocation • Capital <US$120 million • Returns to shareholders – >US$60 million Cost management • Costs <US$390 million	Capital allocation • Continue with Mupani Mine development • Maintain dividend payment as per policy Cost management • Develop alternative sources for South African purchases to limit exposure to ZAR • Review alternatives to mitigate cost of electricity • Extend lifecycle of major equipment
• Ongoing optimisation of portfolio • Ongoing optimisation of business model – Focus on key cost drivers – Optimise supply chain	• Commission Bimha Mine South crusher • Implement mine automisation projects • Conduct feasibility study on underground pillar reclamation
• Leadership capacity and capability • Management reporting systems • Culture transformation	• Implement culture transformation leadership programme
• Address regulatory compliance – maintain licence to operate • Stakeholder engagement – nurture and retain goodwill • Implement CSR programmes – >US$4.4 million • Host community procurement – >70% of local procurement • Environmental management and rehabilitation programmes – Water recycled – <40% of water consumed – CO_2 emissions – at least 1% year-on-year reduction in emissions	• Implement CSR and local enterprise development programmes • Continue with resource conservations and environmental management programmes • Partner with government in rebuilding national economy • Further relationship with government and improve stakeholder engagement

TRENDS

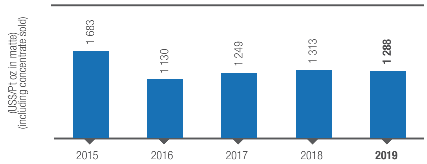
LTIFR
as at 30 June 2019



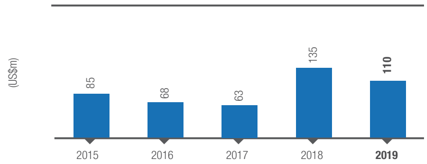
Platinum production
as at 30 June 2019



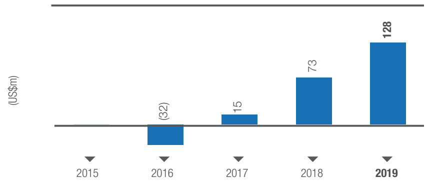
Unit cost/Pt oz
as at 30 June 2019



Capital expanditure
as at 30 June 2019



Free cash flow
as at 30 June 2019



OPERATIONAL PERFORMANCE – ZIMPLATS

PERFORMANCE

The Zimplats team delivered another year of consistent, efficient and profitable production, as well as industry-leading safety performances. This operation has operated for several years without a fatal incident. An unfortunate fatal injury during the final quarter of the financial year has only renewed management's resolve to regain its delivery of the Group's zero-harm objectives.

Increased volumes from the fully redeveloped Bimha Mine compensated for opencast contributions in the prior period, yielding largely unchanged milled tonnage and PGE head grade of 6.49 million tonnes and 3.48g/t, respectively (FY2018: 6.57 million and 3.48g/t).

Platinum production was flat at 270 000 platinum ounces in matte (including concentrates sold) (FY2018: 271 000) and benefited from smelter volumes released ahead of the planned furnace rebuild in the new financial year. Costs were well contained with absolute savings due to the closure of the opencast section, reduced treatment fees from the export of concentrates in the previous year, and tailwinds from the impact of a depreciating rand and RTGS on local input pricing. Cash costs of US$348 million declined by 2% (US$356 million) as did unit costs of US$1 288 per platinum ounce in matte (FY2018: US$1 313).

The planned shutdown of the furnace for routine maintenance started in early June 2019 and is expected to be completed over four months. During this time, PGM concentrates will be exported to IRS for processing. Capital expenditure declined by 18% to US$115 million (FY2018: US$135 million). Replacement capital was unchanged at US$29 million, with stay-in-business capital 184% lower at US$84 million as a result of lower mining fleet replacement and slower spend on Bimha as the redevelopment project neared completion (FY2018: US$102 million).

Zimplats' achieved basket price benefited from its high palladium, nickel content, which compensated for weaker platinum pricing. Sales revenues increased by 20% to R9.0 billion (FY2018: R7.5 billion). The operation delivered gross profit of R2.7 billion (FY2018: R1.9 billion), generated R1.7 billion in free cash flow (FY2018: R717 million) and contributed R1.3 billion to the Group's headline earnings (FY2018: loss of R149 million), benefiting from higher revenue and lower costs and capital. Zimplats declared an interim dividend of US$20 million. Post the financial year-end a final dividend of US$45 million was declared.

Zimplats operated for its first year under the conditions of new converted mining rights, which came into effect on 31 May 2018, yielding free cash benefits from reduced average taxation, despite higher royalty rates.

The operation's mental health initiatives delivered positive outcomes and Zimplats received recognition for their contribution to wellness by the Zimbabwean industry.

Amid a downturn in the socio-economic economic climate, Zimplats invested a further US$4 million in socio-economic development. The operation sourced more than 70% of its required consumables from local in-country suppliers during the year. In line with the Group's accommodation strategy, 230 serviced stands were secured for employees, while access to cash withdrawal services and the purchase of fuel and maize through company outlets was provided to alleviate the impact of the prevailing economic climate. Local procurement spend accounted for 71% of total spend.

A more accommodating indigenisation policy is garnering escalating inflows into the country.

Zimplats is ISO 14001:2015 certified. Reductions in SO_2 emissions remained a focus during the year. Rehabilitation of old pits at Ngezi and the revegetation at two tailings dams were ongoing.

KEY PROJECTS

The development of Mupani Mine, which will replace Ngwarati and Rukodzi Mines, continues to run ahead of schedule. At year-end, US$67 million had been spent, with an estimated total cost of US$260 million at completion. Ore contact was reached in the fourth quarter of the year under review and production from a single mining fleet began in June 2019.

The capital project is expected to be completed by July 2024. However, steady-state platinum production of 90 000 ounces per annum will only be achieved in 2029 when all the teams from the two depleting shafts are relocated to Mupani. Surface infrastructure development, to facilitate earlier-than-planned mining, is being prioritised.

INVESTOR KEY STATISTICS

		FY2019	FY2018	Variance %
Sales	(Rm)	**8 954**	7 485	19.6
Platinum		**2 761**	2 870	(3.8)
Palladium		**3 365**	2 575	30.7
Rhodium		**744**	552	34.8
Nickel		**700**	685	2.2
Other		**911**	803	13.4
Movement in commodity prices		**473**		
Cost of sales		**(6 292)**	(5 574)	(12.9)
On-mine operations		**(2 781)**	(2 613)	(6.4)
Processing excluding smelter		**(1 292)**	(1 302)	0.8
Smelting operations		**(272)**	(260)	(4.6)
Head office costs		**(587)**	(393)	(49.4)
Share-based payments		**(55)**	(16)	(243.8)
Royalty expense		**(303)**	(134)	(126.1)
Treatment charges		**(15)**	(30)	50.0
Depreciation		**(941)**	(841)	(11.9)
Change in metal inventories		**(46)**	15	(406.7)
Gross profit		**2 662**	1 911	39.3
Other		**370**	204	81.4
Profit before tax		**3 032**	2 115	43.4
Income tax expense		**(1 133)**	(2 075)	45.4
Net profit for the year		**1 899**	40	4 647.5
Inter-company adjustment*		**(429)**	(293)	(46.4)
Gross margin %	(%)	**29.7**	25.5	16.5
EBITDA	(Rm)	**4 015**	2 992	34.2
Sales volumes in matte				
Platinum	(000oz)	**264.9**	266.7	(0.7)
Palladium	(000oz)	**221.6**	222.1	(0.2)
Rhodium	(000oz)	**23.3**	23.8	(2.1)
Nickel	(tonnes)	**5 234**	5 073	3.2
Prices achieved in matte				
Platinum	(US$/oz)	**734**	837	(12.3)
Palladium	(US$/oz)	**1 070**	902	18.6
Rhodium	(US$/oz)	**2 247**	1 809	24.2
Nickel	(US$/t)	**9 424**	10 510	(10.3)
Exchange rate achieved	(R/US$)	**14.19**	12.85	10.4

* *Adjustment note: The adjustment relates to sales from Zimplats to the Implats Group which at year-end was still in the pipeline.*

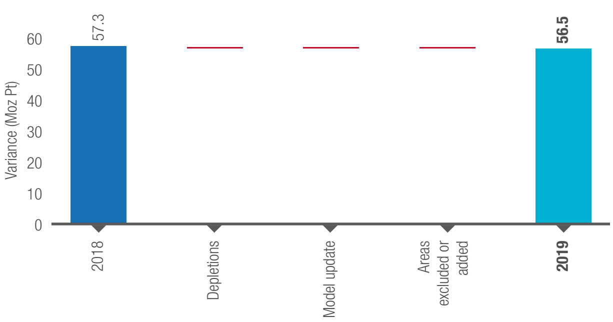
OPERATIONAL PERFORMANCE – ZIMPLATS

		FY2019	FY2018	Variance %
Production				
Tonnes milled ex-mine	(000t)	**6 486**	6 570	(1.3)
Headgrade	(g/t)	**3.48**	3.48	0.1
Platinum in matte**	(000oz)	**269.9**	270.8	(0.3)
Palladium in matte**	(000oz)	**223.0**	223.2	(0.1)
Rhodium in matte**	(000oz)	**23.9**	23.9	–
Nickel in matte**	(tonnes)	**5 295**	4 931	7.4
PGM in matte**	(000oz)	**579.6**	578.3	0.2
Total cost	(Rm)	**4 932**	4 568	(8.0)
	(US$m)	**348**	356	2.2
Per tonne milled**	(R/t)	**760**	695	(9.4)
	(US$/t)	**54**	54	–
Per PGM ounce in matte**	(R/oz)	**8 509**	7 899	(7.7)
	(US$/oz)	**600**	615	2.4
Per platinum ounce in matte**	(R/oz)	**18 273**	16 869	(8.3)
	(US$/oz)	**1 288**	1 313	1.9
Net of revenue received for other metals**	(R/oz)	**(4 672)**	(174)	(2 585.1)
	(US$/oz)	**(329)**	(14)	(2 331.2)
Capital expenditure	(Rm)	**1 628**	1 738	6.3
	(US$m)	**115**	135	14.8
Stay-in-business capital	(Rm)	**1 182**	1 316	10.2
	(US$m)	**84**	102	17.6
Replacement capital	(Rm)	**418**	370	13.0
	(US$m)	**29**	29	–
Expansion capital	(Rm)	**28**	52	46.2
	(US$m)	**2**	4	50.0
All-in sustaining cost	(Rm)	**813**	1 434	43.3
	(US$m)	**57**	112	49.1
Per platinum ounce sold	(R/oz)	**3 069**	5 377	42.9
	(US$/oz)	**216**	418	48.3
Labour including capital as at 30 June	(number)	**7 117**	6 445	(10.4)
Own employees		**3 326**	3 198	(4.0)
Contractors		**3 791**	3 247	(16.8)
Tonnes milled per employee costed* **	(t/man/annum)	**1 208**	1 223	(1.2)

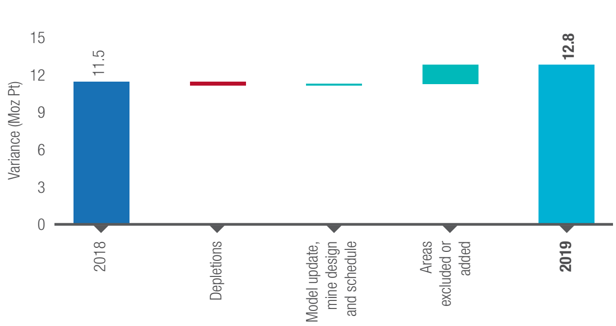
** *Including concentrate sold.*
*** *Average number of working cost employees, including contractors.*

TOTAL MINERAL RESOURCE AND MINERAL RESERVE ESTIMATE

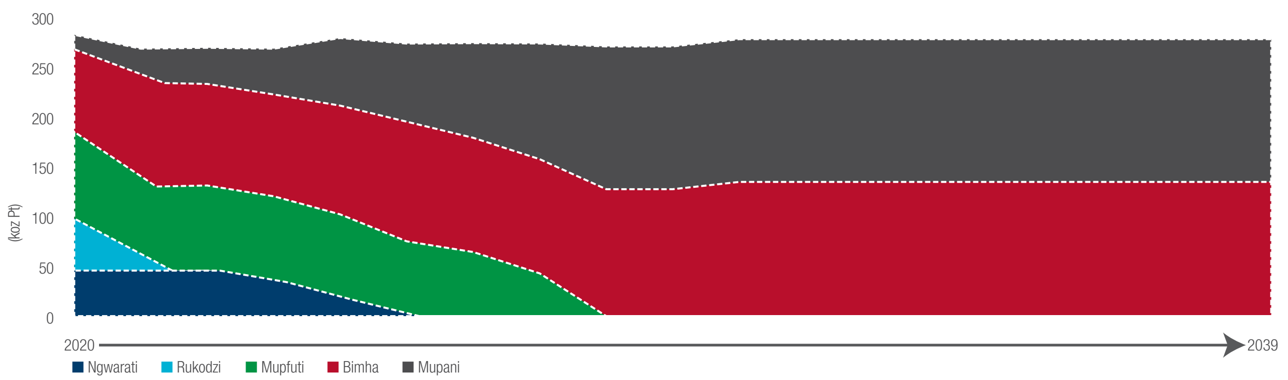
Total Zimplats Mineral Resource estimate (Moz Pt)
as at 30 June 2019



Total Zimplats Mineral Reserve estimate (Moz Pt)
as at 30 June 2019



Zimplats 20-year LoM Pt ounce profile
as at 30 June 2019 (in matte)

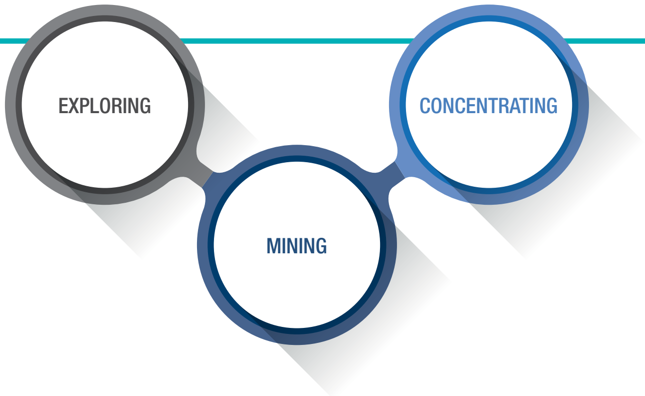


OPERATIONAL PERFORMANCE

MARULA

MARULA IS 73% OWNED BY IMPLATS AND IS ONE OF THE FIRST OPERATIONS TO HAVE BEEN DEVELOPED ON THE RELATIVELY UNDER-EXPLOITED EASTERN LIMB OF THE BUSHVELD COMPLEX IN SOUTH AFRICA. MARULA IS LOCATED IN THE LIMPOPO PROVINCE, SOME 50 KILOMETRES NORTH-WEST OF BURGERSFORT.

MARULA VALUE CHAIN



KEY FEATURES

- A good operational performance was impacted in the third quarter by a seven-day community disruption
- Good progress was made towards securing a lasting resolution to intermittent community interruptions
- Platinum in concentrate production declined 2% to 83 000 ounces
- Higher costs and lower volumes resulted in unit costs rising 11% to R27 602 per platinum concentrate ounce
- Capital expenditure increased by 50% as spend on a new tailings storage facility began.

Value added statement for the year ended 30 June

	2019 Rm	2018 Rm
Revenue	**2 976**	2 357
Other net income	**–**	2
Gross value generated	**2 976**	2 359
Depreciation	**(163)**	(184)
Deferred tax	**(109)**	(57)
	2 704	2 118
Distribution of value		
Labour and other	**(1 226)**	(1 101)
Consumables and services	**(1 145)**	(1 029)
Finance costs	**(7)**	(8)
Royalty recipients	**(119)**	(57)
Direct state taxes	**–**	47
(Value retained in business)/diminution of shareholder value	**(207)**	30

OUTCOMES

FIFR
0.00

TIFR
21.67 (-)

Number of employees
4 072 (+)

Free cash flow
R380 million (+)

Capital expenditure
R152 million (+)

Platinum production in concentrate
83 000oz (-)

Year-on-year: (+) Increase (-) Decrease

Marula concentrator

RISKS

- Business interruption due to community unrest
- Failure to achieve production targets
- Failure to meet cost target
- Unavailability of labour
- Water supply disruption/ sustainability of water supply
- Sustained depressed PGM basket prices and its impact on cash flow and liquidity.

OPPORTUNITIES

- Given uninterrupted operations, above-target production and productivity achievements are possible
- Reduction in stoping width and optimisation of average panel face length
- Improved cost management will improve profitability
- Improvement in organisational capacity
- Water-saving initiatives.

RESPONSE

- Ongoing engagement and targeted interventions with all stakeholders
- Enhanced focus on initiatives to improve production volumes
- Stringent cost management
- Remuneration and reward structure review
- Focus on attracting and retaining talent
- Increased water recycling volumes planned.

STAKEHOLDER MATERIAL MATTERS

STAKEHOLDER	MATERIAL MATTERS	RESPONSE
COMMUNITIES	• Operational disruption due to community discontent over distribution of chrome proceeds • Marula Community Trust trustee elections • Procurement opportunities associated with construction of new tailings facility.	• Establishment of a consultative forum • Establishment of enhanced stakeholder engagement structures • Involvement of police services where necessary • Appointment of independent consultant to facilitate pre-elective meetings with stakeholders • Measures aimed to grow local procurement • Ongoing engagement with communities.
UNIONS	• Wage negotiations	• Intensive consultation and engagement.
GOVERNMENT	• Regulatory compliance – completion of SLP commitment	• Ensure compliance as far as possible • Request an extension to the SLP implementation period.

OUTLOOK

- The capital footprint, staffing levels and mine planning are in place to support annual production of more than 90 000 ounces of platinum in concentrate provided community disruptions are mitigated
- Platinum production in concentrate is expected to be between 80 000 and 95 000 ounces in FY2020.

OPERATIONAL PERFORMANCE – MARULA

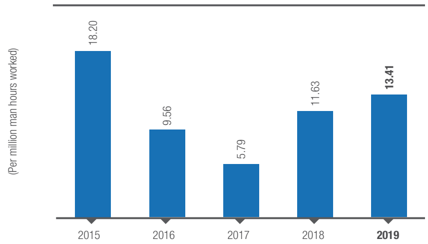
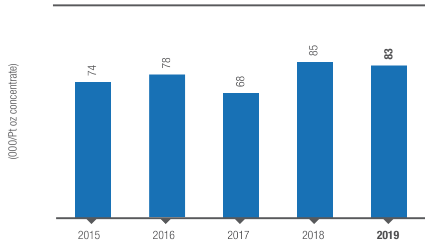
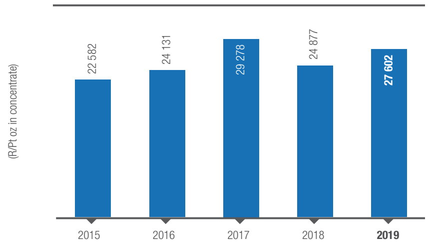
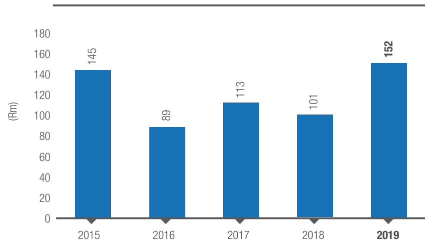
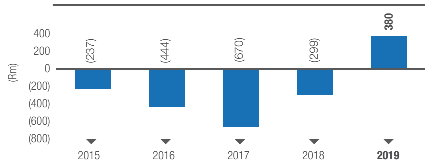
GROUP				
OUR VISION To be the world's best PGM producer, sustainably delivering superior value to all our stakeholders	**OUR MISSION** To mine, process, refine and market high-quality PGM products safely, efficiently and at the best possible cost from a competitive asset portfolio through team work and innovation			
OUR STRATEGIC OBJECTIVES Reposition Impala to the lower half of the cost curve	Enhance the competitiveness of our portfolio	Optimise balance sheet and capital allocation	Protect and strengthen our licence to operate	

OPERATIONAL REVIEW

STRATEGIC PERFORMANCE AREAS

	COMMENT	KPI PERFORMANCE TARGET FOR FY2019	KPI PERFORMANCE AGAINST TARGET FOR FY2019
OPERATIONAL EXCELLENCE	Address operational performance through targeted operational excellence interventions and modernisation where appropriate	• Zero fatalities • LTIFR <6 • Platinum in concentrate production >85koz – 95koz • Cost per platinum ounce <R26 000/oz	• Zero fatalities • LTIFR 13.41 per million man hours worked • Platinum in concentrate production 83koz • Cost per platinum ounce R27 602/oz
CAPITAL MANAGEMENT	Disciplined capital allocation and cost management	Capital allocation • Capital <R330 million Cost management • Costs <R2.3 billion	Capital allocation • Capital R152 million Cost management • Costs R2.3 billion
BUSINESS DEVELOPMENT	Optimisation of the business and portfolio ensuring maximum profitability and prioritising value over volume	• Optimisation of portfolio	• Prioritised focused mining resulting in a reduction in stoping width • Revenue benefited from high palladium and rhodium content • Development of new tailings dam
ORGANISATIONAL DEVELOPMENT	Refine operating model, clarify decision making and accountability and enhance team work and innovation	• Leadership capacity and capability • Management reporting systems • Culture transformation	• Key leadership appointments were made • Leading the Implats Way leadership programme being rolled out • High-performance management system being implemented • Desired people culture defined and in the process of being rolled out
ESG EXCELLENCE	Embrace good citizenship, address regulatory compliance, optimise rehabilitation liabilities and pursue and maintain mutually beneficial stakeholder relationships	• Complete projects in line with SLP commitments • Ensure regulatory compliance	• Good progress on securing a lasting resolution to community disruptions as a result of disputes around the flow of value from the chrome project • Increasing expectations for local-to-site procurement and employment opportunities • The roll out of stope rock drills to reduce noise levels was delayed as identified machines were found to be unsuitable • No level 4 or 5 environmental incidents

OUR VALUES We respect, care and deliver	
Optimise the value chain	Improve organisational effectiveness

KPI PERFORMANCE TARGET FOR FY2020	KEY ACTIONS IN FY2020	TRENDS
• Zero fatalities • LTIFR <5.3 • Platinum in concentrate production >80koz – 95koz • Cost per platinum ounce <R26 000/oz	• Prevent injury and ensure a safe operational culture • Focus on improving stoping efficiency • Increase face length in line with plan • Maintain low-cost reliable production fleet	**LTIFR** as at 30 June 2019 
Capital allocation • Capital <R390 million Cost management • Costs <R2.5 billion	Capital allocation • Construction of new tailings dam Cost management • Stringent cost management • Life-of-mine extension studies	**Platinum production** as at 30 June 2019 
• Ongoing optimisation of production areas	• Construction of tailings dam facility • Replacement of ageing underground fleet	**Unit cost/Pt oz** as at 30 June 2019 
• Leadership capacity and capability • Management reporting systems • Culture transformation	• Implement culture transformation leadership programme • Embed high-performance management system • Develop managerial and competency skills • Strengthen capacity and capability in key areas	**Capital expenditure** as at 30 June 2019 
• Strengthen stakeholder management capability and capacity • Complete projects in accordance with SLP commitments • Maintain ISO 14001:2015 certification • No level 4 or 5 environmental incidents • Total water consumed – <25 000Mℓ • Total water recycled – >40%	• Develop and implement an effective stakeholder management system • Focus on stakeholder engagement to mitigate community disruptions • Proactively manage employee health • Implement third-generation SLP • Promote local recruitment and procurements • Maintain environmental authorisations • Improve water management	**Free cash flow** as at 30 June 2019 

OPERATIONAL PERFORMANCE – MARULA

PERFORMANCE

The successful restructuring and recalibration of mining activities during 2017, together with higher rand pricing for palladium and rhodium, have fundamentally altered the production and financial potential of Marula. The operational performance for the year under review was marred by a particularly weak third quarter, during which a seven-day community stoppage impacted both mined and milled volumes. Tonnes milled declined by 4% to 1.77 million tonnes (FY2018: 1.84 million tonnes). Focused mining resulted in a reduction in stoping width and saw a 2% improvement in the PGE head grade to 4.40g/t (FY2018: 4.33g/t). As a result, platinum production in concentrate declined by 2% to 83 000 ounces (FY2018: 85 000 ounces).

Cash costs at Marula increased by 8% to R2.3 billion (FY2018: R2.1 billion) as additional investment was made in employee training and development and loading fleet to strengthen ore handling capacity. Higher costs and lower volumes resulted in unit costs rising by 11% to R27 602 per ounce (FY2018: R24 877 per ounce). Capital expenditure increased by 50% to R152 million (FY2018: R101 million) as spend on a new tailings storage facility began.

Marula's rand basket price benefited from its high relative rhodium and palladium content, resulting in sales revenue increasing by 26% to R3.0 billion (FY2018: R2.4 billion). The operation delivered gross profit of R300 million and generated R380 million in free cash flow. The impact of inter-company adjustments and the consolidation of financing charges associated with BEE debt resulted in a loss of R77 million to the Group's headline earnings (FY2018: loss of R100 million).

Management made good progress towards securing a lasting resolution to intermittent community disruptions at Marula, where the capital footprint, staffing levels and mine planning are all in place to support annual production of more than 90 000 ounces of platinum in concentrate.

Disputes around the governance and distribution of the community-managed dividends from the Makgomo chrome project remain the most pressing community challenge at Marula and the cause of intra-community leadership disputes. Together with community representatives, the DMR and SAPS, meaningful progress has been made towards resolving the disputes. The parties have entered into a peace agreement which will ensure that operations are not disrupted, enabling Marula and Makgomo Chrome to create further value for their respective beneficiaries.

In addition, there is increasing expectations of our operations to deliver greater socio-economic benefits, particularly employment and procurement opportunities.

Reducing noise levels at the operation was impacted as trials of machines deemed suitable replacements for the stope rock drills that emit noise levels above 107dB were unsuccessful due to technical and design challenges. The Marula stope rock drills will now be replaced in FY2020.

The SLP III focuses on education and skills development, healthcare, small-scale infrastructure projects, community empowerment, and partnerships in local municipalities.

No level 4 or 5 environmental incidents were recorded during the year, while limited impact level 3 incidents declined by 26% from the previous year. Marula received amended water use licences during the period.

The tailings facility will reach the end of its useful life during 2020 and will thereafter become inactive. A replacement facility has been designed and preparations are under way for construction over the next two years.

Marula has identified and is addressing compliance gaps relating to ISO 14002:2015 with a view to achieving certification.

INVESTOR KEY STATISTICS

		FY2019	FY2018	Variance %
Sales	(Rm)	**2 976**	2 357	26.3
Platinum		**835**	864	(3.4)
Palladium		**1 257**	957	31.3
Rhodium		**562**	386	45.6
Nickel		**34**	31	9.7
Other		**132**	119	10.9
Movement in commodity prices and exchange rate		**156**	–	100.0
Cost of sales		**(2 676)**	(2 367)	(13.1)
On-mine operations		**(2 027)**	(1 870)	(8.4)
Processing operations		**(264)**	(247)	(6.9)
Share-based payments		**(51)**	(5)	(920.0)
Royalty expense		**(119)**	(57)	(108.8)
Treatment charges		**(4)**	(4)	–
Depreciation		**(211)**	(184)	(14.7)
Gross profit		**300**	(10)	3 100.0
Other		**(24)**	(10)	(140.0)
Profit before tax		**276**	(20)	1 480.0
Income tax expense		**(87)**	(10)	(770.0)
Net profit for the year		**189**	(30)	730.0
Inter-company adjustment*		**(205)**	–	(100.0)
Gross margin	(%)	**10.1**	(0.4)	2 625.0
EBITDA	(Rm)	**469**	148	217.1
Sales volumes in concentrate				
Platinum	(000oz)	**82.8**	85.3	(2.9)
Palladium	(000oz)	**84.6**	87.7	(3.5)
Rhodium	(000oz)	**17.3**	17.9	(3.4)
Nickel	(tonnes)	**270**	253	6.7
Prices achieved in concentrate				
Platinum	(US$/oz)	**710**	788	(9.9)
Palladium	(US$/oz)	**1 042**	843	23.6
Rhodium	(US$/oz)	**2 200**	1 654	33.0
Nickel	(US$/t)	**8 962**	9 564	(6.3)
Exchange rate achieved	(R/US$)	**14.36**	12.93	11.1

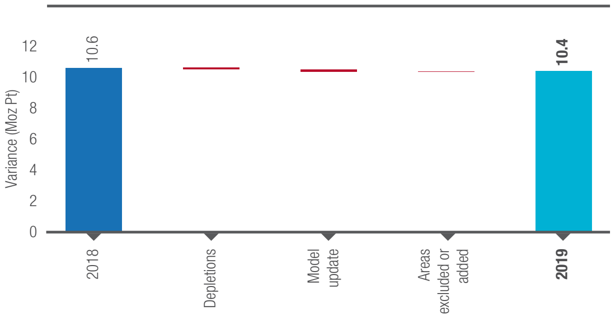
* *Adjustment note: The adjustment relates to sales from Marula to the Implats Group which at year end was still in the pipeline.*

		FY2019	FY2018	Variance %
Production				
Tonnes milled ex-mine	(000t)	**1 772**	1 838	(3.6)
Headgrade	(g/t)	**4.40**	4.33	1.6
Platinum in concentrate	(000oz)	**83.0**	85.1	(2.5)
Palladium in concentrate	(000oz)	**84.7**	87.5	(3.2)
Rhodium in concentrate	(000oz)	**17.3**	17.8	(2.8)
Nickel in concentrate	(tonnes)	**270**	252	7.1
PGM in concentrate	(000oz)	**216.9**	223.5	(3.0)
Total cost	(Rm)	**2 291**	2 117	(8.2)
	(US$m)	**161**	165	2.4
Per tonne milled	(R/t)	**1 293**	1 152	(12.2)
	(US$/t)	**91**	90	(1.1)
Per PGM ounce in concentrate	(R/oz)	**10 562**	9 472	(11.5)
	(US$/oz)	**744**	737	(0.9)
Per platinum ounce in concentrate	(R/oz)	**27 602**	24 877	(11.0)
	(US$/oz)	**1 945**	1 936	(0.5)
Net of revenue received for other metals**	(R/oz)	**1 807**	7 333	75.4
	(US$/oz)	**127**	571	77.8
Capital expenditure	(Rm)	**152**	101	(50.5)
	(US$m)	**11**	8	(37.5)
Stay-in-business capital	(Rm)	**138**	92	(50.0)
Replacement capital	(Rm)	**14**	9	(55.6)
All-in sustaining cost	(Rm)	**618**	782	21.0
	(US$m)	**44**	61	27.9
Per platinum ounce sold	(R/oz)	**7 464**	9 168	18.6
	(US$/oz)	**526**	713	26.2
Labour including capital as at 30 June	(number)	**4 072**	3 988	(2.1)
Own employees		**3 312**	3 264	(1.5)
Contractors		**760**	724	(5.0)
Centares per panel man per month	(m²/man/month)	**21.5**	22.0	(2.3)
Tonnes milled per employee costed**		**445**	468	(4.9)

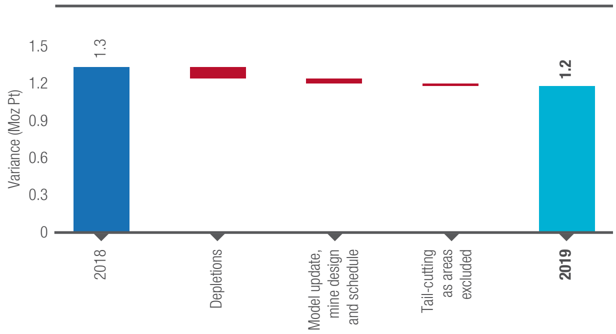
*** Average working cost employees, including contractors.*

TOTAL MINERAL RESOURCE AND MINERAL RESERVE ESTIMATE

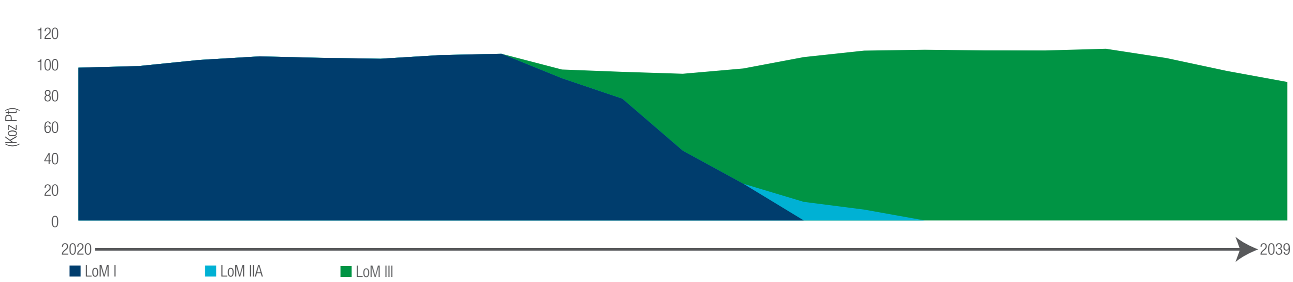
Total Marula Mineral Resource estimate (Moz Pt)
as at 30 June 2019



Total Marula Mineral Reserve estimate (Moz Pt)
as at 30 June 2019



Marula 20-year LoM Pt ounce profile
as at 30 June 2019 (in concentrate)

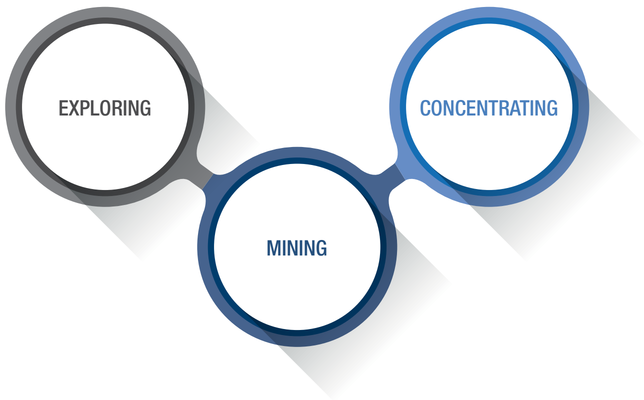


OPERATIONAL PERFORMANCE

MIMOSA

MIMOSA IS JOINTLY HELD BY IMPLATS AND SIBANYE-STILLWATER. ITS OPERATIONS ARE LOCATED ON THE WEDZA GEOLOGICAL COMPLEX ON THE ZIMBABWEAN GREAT DYKE, 150 KILOMETRES EAST OF BULAWAYO. THE OPERATION COMPRISES A SHALLOW UNDERGROUND MINE, ACCESSED BY A DECLINE SHAFT, AND A CONCENTRATOR.

MIMOSA VALUE CHAIN



KEY FEATURES

- One fatal injury during the year
- Delivered a stable operating performance in FY2019
- Produced 122 000 ounces of platinum in concentrate
- Implats received dividend payments of R153 million.

Value added statement for the year ended 30 June

(Prepared on headline earnings basis)	2019 Rm	2018 Rm
Revenue	**4 448**	3 880
Other net (expense)/income	**(368)**	(13)
Gross value generated	**4 080**	3 867
Depreciation	**(436)**	(417)
Deferred tax	**(43)**	(66)
	3 601	3 384
Distribution of value		
Labour and other	**(983)**	(907)
Consumables and services	**(1 777)**	(1 728)
Finance costs	**(197)**	(19)
Royalty recipients	**(133)**	(111)
Direct state taxes	**(194)**	(222)
Dividends to shareholders	**(158)**	–
Value retained in business	**160**	397

OUTLOOK

- Steady-state platinum in concentrate production of between 110 000 to 125 000 ounces.

Mimosa concentrator

RISKS

- Foreign currency devaluation and shortages
- Security of power supply and associated cost
- Metal price fluctuations
- Inflation
- Taxation.

OPPORTUNITIES

- Stable currency supply will support the ability to secure resources
- Ability to avoid inflation
- Production stability if power disruptions could be avoided
- Improvement in PGM basket price improves operating profits and increases ability to fund capital
- Secure foreign currency to pay suppliers
- Stable tax environment secures dividend certainty and appetite for capital investment.

RESPONSE

- Engagement with authorities on foreign currency requirements
- Import substitution and forex prioritisation to reduce pressure on foreign currency requirements
- Direct procurement from external suppliers
- Maintain spare stock for critical supplies
- Ensure generators are available for critical equipment
- Arrange long-term power supply arrangements, lock in prices and manage usage
- Cash conservation
- Rationalisation of capital expenditure
- Ongoing negotiation with suppliers
- Engagement with authorities
- Ongoing engagement with authorities on more efficient tax structures.

OUTCOMES

Year-on-year: (+) Increase (-) Decrease

FIFR
0.11 (+)

TIFR
1.68 (+)

Number of employees
2 347 (+)

Headline earnings
R127 million (-)

Free cash outflow
US$5 million (-)

Capital expenditure
US$49 million (+)

Platinum production in concentrate
122 000oz (-)

OPERATIONAL PERFORMANCE – MIMOSA

GROUP				
OUR VISION To be the world's best PGM producer, sustainably delivering superior value to all our stakeholders	**OUR MISSION** To mine, process, refine and market high-quality PGM products safely, efficiently and at the best possible cost from a competitive asset portfolio through team work and innovation			
OUR STRATEGIC OBJECTIVES Reposition Impala to the lower half of the cost curve	Enhance the competitiveness of our portfolio	Optimise balance sheet and capital allocation	Protect and strengthen our licence to operate	

OPERATIONAL REVIEW

STRATEGIC PERFORMANCE AREAS	COMMENT	KPI PERFORMANCE TARGET FOR FY2019	PERFORMANCE AGAINST KPI TARGET FOR FY2019
OPERATIONAL EXCELLENCE	Address operational performance through targeted operational excellence interventions and modernisation where appropriate	• Zero fatalities • LTIFR: 0 • Platinum in concentrate production >115koz – 125koz • Cost per platinum ounce <US$1 600/oz	• One fatality • LTIFR: 0.53 per million man hours worked • Platinum in concentrate production 122koz • Cost per platinum ounce US$1 646/oz
CAPITAL MANAGEMENT	Disciplined capital allocation and cost management	Capital allocation • Capital <US$42 million Cost management • Costs <US$195 million	Capital allocation • Capital US$49 million • Dividend payment R153 million to Implats Cost management • Costs US$201 million
BUSINESS DEVELOPMENT	Optimisation of the business and portfolio ensuring maximum profitability and prioritising value over volume	• The plan assumes a steady-state operation without expansion plans	• Limited scope for volume or efficiency gains
ESG EXCELLENCE	Embrace good citizenship, address regulatory compliance, optimise rehabilitation liabilities and pursue and maintain mutually beneficial stakeholder relationships	• Ensure regulatory compliance • Social development programmes	• Maintained cordial relationships with local communities • Proposed 15% export levy on unbeneficiated platinum has been deferred to end of 2022 • Implemented several well-being initiatives • Maintained ISO 14001:2015 certification

PERFORMANCE

Mimosa delivered another stable operating performance, a commendable achievement given its maturity, its limited scope for volume and efficiency gains and the challenges presented by the Zimbabwean operating environment. The joint venture operation regrettably saw a deterioration in its safety performance with a fatal injury recorded during the final quarter of the financial year.

Tonnes milled were stable at 2.81 million tonnes, while the PGE head grade was maintained at 3.83g/t (FY2018: 3.84g/t). Recoveries were negatively impacted by challenges in the milling circuit due to power interruptions, resulting in platinum production in concentrate declining by 2% to 122 000 ounces (FY2018: 125 000 ounces). Sales volumes improved by 4% to 120 000 ounces due to the impact of the timing of shipments during the previous year (FY2018: 115 000 ounces).

Cash costs increased by 6% to US$201 million, negatively impacted by off-mine costs including selling and insurance expenses. This, together with lower production, resulted in unit costs increasing by 8% to US$1 646 per ounce (FY2018: US$1 521 per ounce). Capital expenditure increased by 11% to US$49 million, due to deferrals from 2018 and additional spend on vehicles.

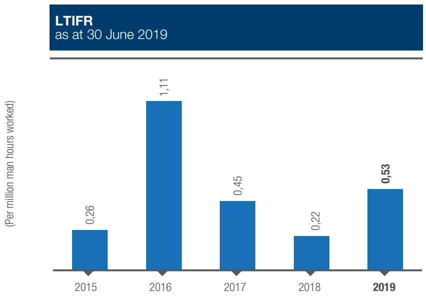
Mimosa's revenue benefited from the higher basket price and, despite inflationary pressures, gross profit increased by 21% to R773 million (FY2018: R640 million), while free cash flow was impacted by negative working capital movements (US$26.0 million) and declined to an outflow of US$5 million (FY2018: inflow of US$15 million).

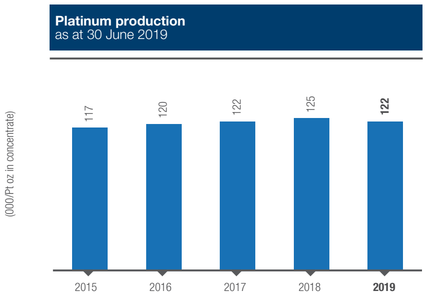
Implats received dividend payments totalling R153 million from Mimosa in FY2019.

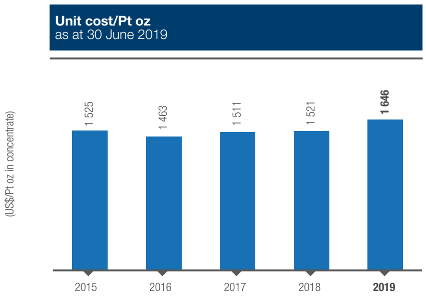
OUR VALUES We respect, care and deliver	
Optimise the value chain	Improve organisational effectiveness

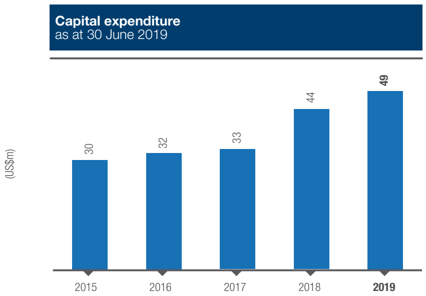
KPI PERFORMANCE TARGET FOR FY2020	KEY ACTIONS IN FY2020
• Zero fatalities • LTIFR: 0 • Platinum in concentrate production >110koz – 125koz • Cost per platinum ounce <US$1 600/oz	• Continue to pursue zero harm • Pursue productivity and cost containment initiatives
Capital allocation • Capital <US$42 million • Returns to shareholders Cost management • Costs <US$200 million	Capital allocation • Prioritise projects as per business plan Cost management • Focus on cost containment initiatives • Manage currency risk
• The evaluation of life extension studies • Concentrator plant enhancements	• Continue to assess viability of alternatives to mine North Hill area • Debottleneck constraint areas in the plant
• Strengthen stakeholder management capability and capacity • Maintain ISO 14001:2015 certification • Social development programmes	• Maintain cordial relationships with neighbouring communities • Strengthen antiretroviral treatment programme • Continue to promote employee well-being • Ongoing roll out of CSI projects • Maintain ISO 14001:2015 certification

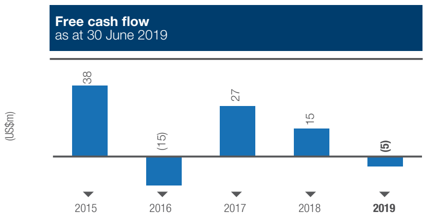
TRENDS











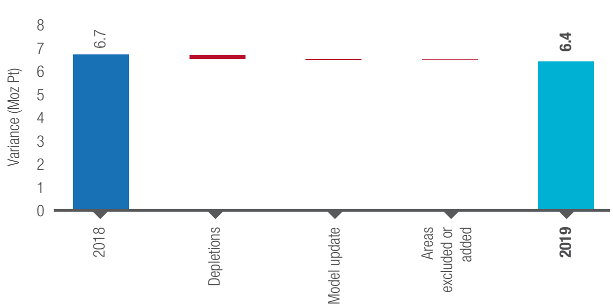
INVESTOR KEY STATISTICS

		FY2019	FY2018	Variance %
Sales	(Rm)	**4 448**	3 880	14.6
Platinum		**1 348**	1 416	(4.8)
Palladium		**1 505**	1 151	30.7
Rhodium		**324**	206	57.1
Nickel		**576**	570	1.1
Other		**566**	537	5.3
Movement in commodity prices		**129**	–	100.0
Cost of sales		**(3 675)**	(3 240)	(13.4)
On-mine operations		**(1 996)**	(1 705)	(17.1)
Processing operations		**(679)**	(582)	(16.7)
Selling and administration		**(177)**	(156)	(13.5)
Royalty expense		**(133)**	(111)	(19.8)
Treatment charges		**(313)**	(280)	(11.8)
Depreciation		**(449)**	(417)	(7.7)
Change in metal inventories		**72**	11	554.5
Gross profit		**773**	640	20.8
Gross margin	(%)	**17.4**	16.5	5.5
Profit for the year	(Rm)	**348**	397	(12.3)
50% attributable to Implats		**174**	198	(12.1)
Inter-company adjustment*		**(47)**	(17)	176.5
Share of profit in Implats Group		**127**	181	(29.8)
Sales volumes in concentrate				
Platinum	(000oz)	**119.7**	115.3	3.8
Palladium	(000oz)	**94.6**	91.9	2.9
Rhodium	(000oz)	**10.5**	9.4	11.7
Nickel	(tonnes)	**3 525**	3 349	5.3
Prices achieved in concentrate				
Platinum	(US$/oz)	**790**	956	(17.3)
Palladium	(US$/oz)	**1 225**	975	25.6
Rhodium	(US$/oz)	**2 386**	1 700	40.4
Nickel	(US$/t)	**11 247**	13 237	(15.0)
Exchange rate achieved	(R/US$)	**14.19**	12.85	10.4

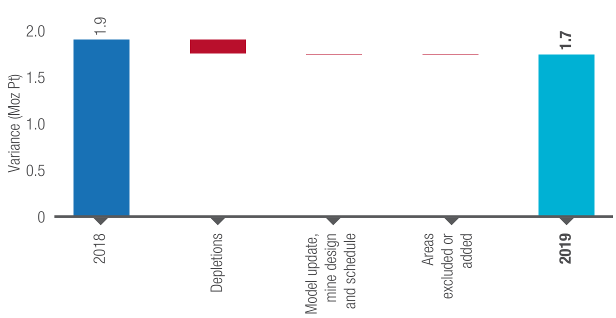
* *Adjustment note: The adjustment relates to sales from Mimosa to the Implats Group which at year end was still in the pipeline.*

TOTAL MINERAL RESOURCE AND MINERAL RESERVE ESTIMATE

Total Mimosa Mineral Resource estimate (Moz Pt)
as at 30 June 2019



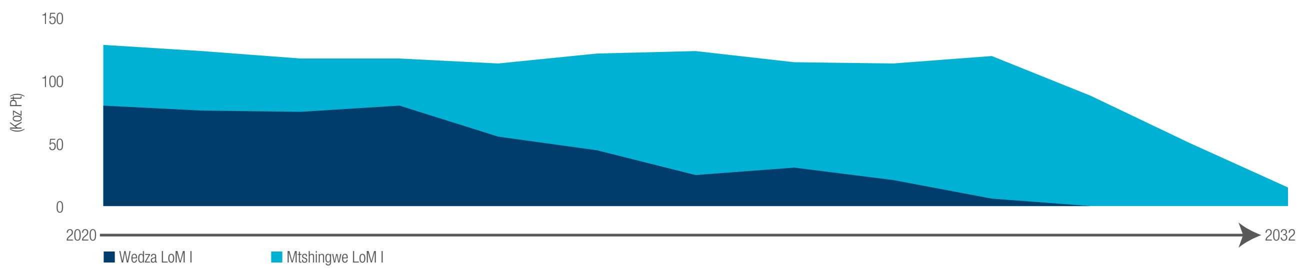
Total Mimosa Mineral Reserve estimate (Moz Pt)
as at 30 June 2019



		FY2019	FY2018	Variance %
Production				
Tonnes milled ex-mine	(000t)	**2 814**	2 802	0.4
Headgrade	(g/t)	**3.83**	3.84	(0.1)
Platinum in concentrate	(000oz)	**122.1**	125.0	(2.3)
Palladium in concentrate	(000oz)	**96.7**	98.7	(2.0)
Rhodium in concentrate	(000oz)	**10.5**	10.8	(2.8)
Nickel in concentrate	(tonnes)	**3 567**	3 651	(2.3)
PGM in concentrate	(000oz)	**260.6**	265.6	(1.9)
Total cost	(Rm)	**2 852**	2 443	(16.7)
	(US$m)	**201**	190	(5.8)
Per tonne milled	(R/t)	**1 014**	872	(16.3)
	(US$/t)	**71**	68	(4.4)
Per PGM ounce in concentrate	(R/oz)	**10 944**	9 198	(19.0)
	(US$/oz)	**771**	716	(7.7)
Per platinum ounce in concentrate	(R/oz)	**23 358**	19 544	(19.5)
	(US$/oz)	**1 646**	1 521	(8.2)
Net of revenue received for other metals	(R/oz)	**(2 030)**	(168)	1 108.3
	(US$/oz)	**(143)**	(13)	994.1
Capital expenditure	(Rm)	**693**	568	22.0
	(US$m)	**49**	44	11.4
All-in sustaining cost	(Rm)	**949**	927	(2.3)
	(US$m)	**67**	72	7.3
Per platinum ounce sold	(R/oz)	**7 925**	8 040	1.4
	(US$/oz)	**558**	626	10.7
Labour including capital as at 30 June	(number)	**2 347**	2 249	(4.4)
Own employees		**1 338**	1 348	0.7
Contractors		**1 009**	901	(12.0)
Tonnes milled per employee costed**	(t/man/annum)	**1 220**	1 219	0.1

*** Average working cost employees, including contractors.*

Mimosa 20-year LoM Pt ounce profile
as at 30 June 2019 (in concentrate)

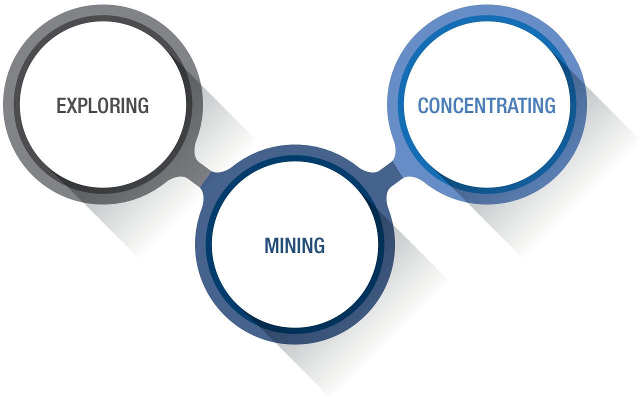


OPERATIONAL PERFORMANCE

TWO RIVERS

TWO RIVERS IS A JOINT VENTURE BETWEEN AFRICAN RAINBOW MINERALS (54%) AND IMPLATS (46%). THE OPERATION IS SITUATED ON THE SOUTHERN PART OF THE EASTERN LIMB OF THE BUSHVELD IGNEOUS COMPLEX SOME 35 KILOMETRES SOUTH-WEST OF BURGERSFORT IN MPUMALANGA, SOUTH AFRICA.

TWO RIVERS VALUE CHAIN



KEY FEATURES

- Operational performance impacted by continued mining into low-grade, split-reef areas with associated lower recoveries
- Management is prioritising improved mining flexibility and processing plant enhancements to compensate for orebody variability
- Two Rivers is expected to remain a valuable cash contributor to the Group.

Value added statement for the year ended 30 June

	2019 Rm	2018 Rm
Revenue	**4 027**	3 774
Other net (expense)/income	**(34)**	5
Gross value generated	**3 998**	3 779
Depreciation	**(338)**	(324)
Deferred tax	**(18)**	(88)
	3 993	3 367
Distribution of value		
Labour and other	**(1 397)**	(1 093)
Consumables and services	**(1 228)**	(1 406)
Finance costs	**(36)**	(27)
Royalty recipients	**(112)**	(110)
Direct state taxes	**(233)**	(147)
Dividends to shareholders	**(524)**	(543)
Value retained in business	**(107)**	(41)

OUTLOOK

- Platinum production in concentrate is expected to be between 140 000 and 160 000 ounces in FY2020
- Lower grades will continue to impact contained ounces for the foreseeable future.

Two Rivers concentrator

RISKS

- Disruption of power supply
- Business interruption due to community protest/disruption
- Lack of mining flexibility
- Lower plant ounce output
- Sustained depressed PGM basket prices and its impact on cash flow and liquidity.

OPPORTUNITIES

- Steady supply of power will result in improved operational execution
- Enhanced stakeholder engagement will mitigate interruptions
- Improved flexibility will enhance productivity and improve execution of business plan
- Improved recoveries will enhance revenues.

RESPONSE

- Standby generators in place
- Quarterly engagement with utility
- Execution of SLP commitments
- Structured community forums
- Increase capital development
- More production areas made available
- Blending of ore grades to improve ounce output
- Change flotation chemicals
- Concentrator expansion plan.

OUTCOMES

Year-on-year: (+) Increase (-) Decrease

FIFR
0.0

TIFR
6.95 (+)

Number of employees
3 261 (+)

Headline earnings
R251 million (-)

Free cash outflow
R446 million (-)

Capital expenditure
R571 million (+)

Platinum production in concentrate
147 000oz (-)

OPERATIONAL PERFORMANCE – TWO RIVERS

GROUP				
OUR VISION To be the world's best PGM producer, sustainably delivering superior value to all our stakeholders	**OUR MISSION** To mine, process, refine and market high-quality PGM products safely, efficiently and at the best possible cost from a competitive asset portfolio through team work and innovation			
OUR STRATEGIC OBJECTIVES Reposition Impala to the lower half of the cost curve	Enhance the competitiveness of our portfolio	Optimise balance sheet and capital allocation	Protect and strengthen our licence to operate	

OPERATIONAL REVIEW

STRATEGIC PERFORMANCE AREAS		COMMENT	KPI PERFORMANCE TARGET FOR FY2019	PERFORMANCE AGAINST KPI TARGET FOR FY2019
	OPERATIONAL EXCELLENCE	Address operational performance through targeted operational excellence interventions and modernisation where appropriate	• Zero fatalities • LTIFR <1.80 • Platinum in concentrate production >160koz – 170koz • Cost per platinum ounce <R16 000/oz	• Zero fatalities • LTIFR 2,35 per million man hours worked • Platinum in concentrate production 147koz • Cost per platinum ounce R17 330/oz
	CAPITAL MANAGEMENT	Disciplined capital allocation and cost management	Capital allocation • Capital <R550 million • Dividend >R350 million Cost management • Costs <R2.75 billion	Capital allocation • Capital R571 million • Dividend R241 million Cost management • Costs R2.55 billion
	BUSINESS DEVELOPMENT	Optimisation of the business and portfolio ensuring maximum profitability and prioritising value over volume	• Optimisation of portfolio	• Focus on improving mining flexibility and processing plant enhancements to compensate for orebody variability
	ESG EXCELLENCE	Embrace good citizenship, address regulatory compliance, optimise rehabilitation liabilities and pursue and maintain mutually beneficial stakeholder relationships	• Complete projects in line with SLP commitments • Ensure regulatory compliance • Maintain ISO 14001:2015 certification	• Focus on building constructive and cordial relationships with local communities • Maintained ISO 14001:2015 certification • Focus on local-to-site procurement, employment and social investment

PERFORMANCE

A challenging operating period prevailed during the year at the Two Rivers joint venture operation. Despite pleasing absolute cost controls and reasonable delivery against targeted development, mining and milling volumes, the impact of continued mining into low-grade, split-reef areas and consequential lower recoveries, resulted in a disappointing platinum production and unit cost performance in FY2019.

Tonnes milled were maintained at similar levels to the previous year at 3.41 million tonnes (FY2018: 3.46 million tonnes). However, the impact of ore stockpile treatment during community unrest, together with increased development tonnage from the accelerated deepening into the neighbouring Kalkfontein block, resulted in lower milled grade (3.52g/t versus 3.63g/t) and weaker recoveries. In total, platinum in concentrate production declined by 9% to 147 000 ounces (FY2018: 163 000 ounces). Cash costs increased by 8% and unit costs rose by 19% to R17 330 per platinum ounce (FY2018: R14 517 per ounce).

Capital expenditure increased in line with accelerated deepening and development activity, rising 26% to R571 million (FY2018: R454 million). The benefit of higher pricing offset much of the impact of the operational challenges at Two Rivers. Gross profit increased by 10% to R963 million (FY2018: R879 million), while free cash flow increased by 16% to R446 million (FY2018: R385 million). During the year Implats received dividend payments totalling R241 million (FY2018: R253 million).

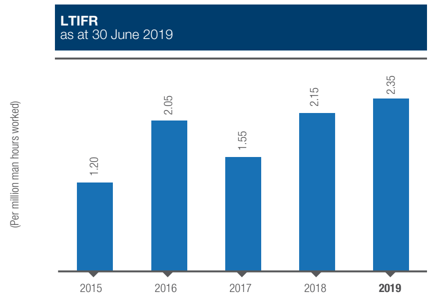
Two Rivers enjoys a well-earned reputation as a safe, profitable and efficient producer. Lower grades have been a long-recognised characteristic of the medium-term mine plan for the operation, which traditionally has delivered strong through-the-

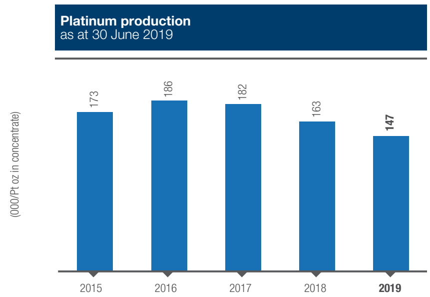
	OUR VALUES We respect, care and deliver	
	Optimise the value chain	Improve organisational effectiveness

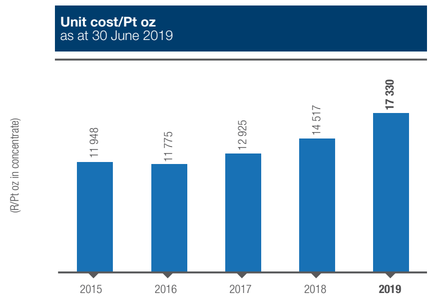
	KPI PERFORMANCE TARGET FOR FY2020	KEY ACTIONS IN FY2019
	• Zero fatalities • Improve LTIFR – 20% improvement on FY2019 (2.88) • Platinum in concentrate production > 140koz – 160koz • Cost per platinum ounce <R18 000/oz	• Prevent injury and ensure a safe operational culture • Pursue productivity and cost-containment initiatives • Mine optimisation activities • Blending of ore grades to improve ounce output • Feasibility study on plant expansion
	Capital allocation • Capital <R600 million • Returns to shareholders – >R400 million Cost management • Costs <R2.85 billion	Capital allocation • Accelerated deepening and development activity • New tailings dam • Ongoing dividend payments Cost management • Increased focus on cost containment
	• Optimisation of production areas	• Prioritising improved mining flexibility and processing plant enhancements to mitigate orebody variability
	• Complete projects in line with SLP commitments • Ensure regulatory compliance • Maintain ISO 14001:2015 certification	• Continue to promote employee well-being • Maintain ISO 14001:2015 certification • Maintain cordial relationships with neighbouring communities

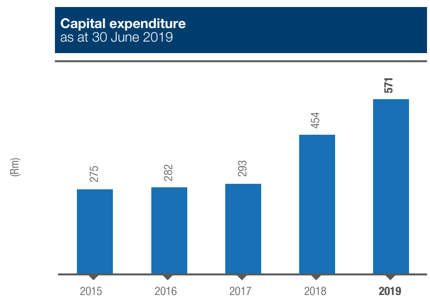
cycle margins due to its low-cost mechanised mining method, relatively shallow UG2 orebody and chrome by-production. While lower grades will remain a key feature for the foreseeable future, management is prioritising improved mining flexibility and processing plant enhancements to compensate for orebody variability. Given its still competitive industry position, the operation is expected to remain a valuable cash contributor to the Group.

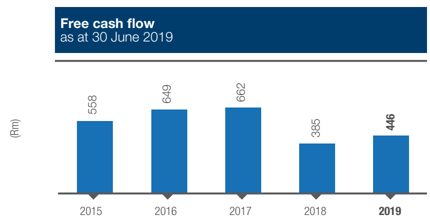
TRENDS











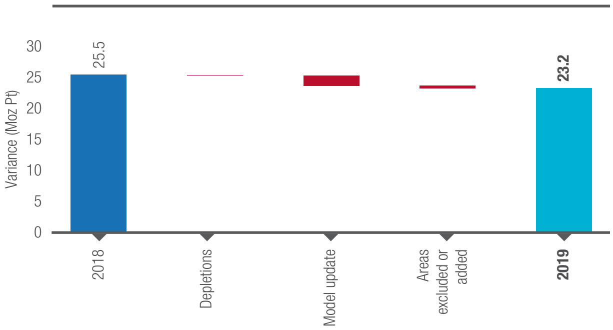
INVESTOR KEY STATISTICS

		FY2019	FY2018	Variance %
Sales	(Rm)	**4 027**	3 774	6.7
Platinum		**1 479**	1 646	(10.1)
Palladium		**1 297**	1 056	22.8
Rhodium		**849**	630	34.8
Nickel		**80**	87	(8.0)
Other		**188**	355	(47.0)
Movement in commodity prices and exchange rate		**134**	–	100.0
Cost of sales		**(3 064)**	(2 895)	(5.8)
Mining operations		**(2 103)**	(1 940)	(8.4)
Concentrating operations		**(448)**	(419)	(6.9)
Treatment charges		**(33)**	(33)	–
Chrome cost		**(54)**	(50)	(8.0)
Royalty expense		**(112)**	(110)	(1.8)
Depreciation		**(338)**	(324)	(4.3)
Change in metal inventories		**24**	(19)	226.3
Gross profit		**963**	879	9.6
Gross margin	(%)	**23.9**	23.3	2.6
Profit for the year	(Rm)	**598**	584	2.4
49%/46% attributable to Implats		**275**	280	(1.8)
Inter-company adjustment*		**(24)**	(79)	69.5
Share of profit in Implats Group		**251**	201	24.9
Sales volumes in concentrate				
Platinum	(000oz)	**148.8**	160.8	(7.5)
Palladium	(000oz)	**87.3**	95.2	(8.3)
Rhodium	(000oz)	**25.9**	28.2	(8.2)
Nickel	(tonnes)	**552**	594	(7.1)
Prices achieved in concentrate				
Platinum	(US$/oz)	**698**	794	(12.2)
Palladium	(US$/oz)	**1 112**	861	29.2
Rhodium	(US$/oz)	**2 489**	1 734	43.5
Nickel	(US$/t)	**10 265**	11 420	(10.1)
Exchange rate achieved	(R/US$)	**14.19**	12.88	10.1

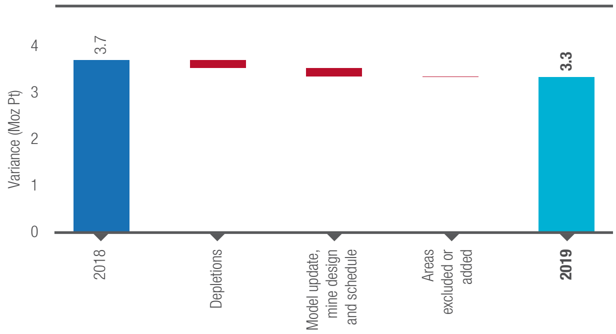
* *Adjustment note: The adjustment relates to sales from Two Rivers to the Implats Group which at year end was still in the pipeline.*

TOTAL MINERAL RESOURCE AND MINERAL RESERVE ESTIMATE

Total Two Rivers Mineral Resources (Moz Pt)
as at 30 June 2019



Total Two Rivers Mineral Reserve estimate (Moz Pt)
as at 30 June 2019



		FY2019	FY2018	Variance %
Production				
Tonnes milled ex-mine	(000t)	**3 405**	3 455	(1.4)
Headgrade	(g/t)	**3.52**	3.63	(3.0)
Platinum in concentrate	(000oz)	**147.2**	162.5	(9.4)
Palladium in concentrate	(000oz)	**86.0**	96.6	(11.0)
Rhodium in concentrate	(000oz)	**25.6**	28.6	(10.5)
Nickel in concentrate	(tonnes)	**552**	606	(9.0)
PGM in concentrate	(000oz)	**313.4**	348.4	(10.0)
Total cost	(Rm)	**2 551**	2 359	(8.1)
	(US$m)	**180**	184	2.2
Per tonne milled	(R/t)	**749**	683	(9.7)
	(US$/t)	**53**	53	–
Per PGM ounce in concentrate	(R/oz)	**8 140**	6 771	(20.2)
	(US$/oz)	**574**	527	(8.9)
Per platinum ounce in concentrate	(R/oz)	**17 330**	14 517	(19.4)
	(US$/oz)	**1 221**	1 130	(8.1)
Net of revenue received for other metals	(R/oz)	**387**	1 729	77.6
	(US$/oz)	**27**	135	80.0
Capital expenditure	(Rm)	**571**	454	25.8
	(US$m)	**40**	35	14.3
All-in sustaining cost	(Rm)	**883**	897	1.6
	(US$m)	**62**	70	10.9
Per platinum ounce sold	(R/oz)	**5 934**	5 578	(6.4)
	(US$/oz)	**418**	434	3.7
Labour including capital as at 30 June	(number)	**3 261**	3 192	(2.2)
Own employees		**2 336**	2 333	(0.1)
Contractors		**925**	859	(7.7)
Tonnes milled per employee costed**		**1 070**	1 086	(1.5)

*** Average working cost employees, including contractors.*

Two Rivers 20-year LoM Pt ounce profile
as at 30 June 2019 (in concentrate)

GLOSSARY

ABET	Adult Basic Education and Training
Aids	Acquired immune deficiency syndrome
AMCU	Association of Mineworkers and Construction Union
AMWUZ	Associated Mine Workers Union of Zimbabwe
ART	Antiretroviral therapy, provided for the treatment of HIV and Aids (excluding state and private medical aid)
B-BBEE	Broad-based black economic empowerment
BSC	Balance-scorecard
CO_2	Carbon dioxide
CSOT	Community Share Ownership Trust
CTF	Cultural transformation framework
CY	Calendar year to 31 December
dB	Decibels. Unit of measurement for sound
DEROs	Desired Emissions Reduction Objectives
DOH	Department of Health
DMR	Department of Mineral Resources, South Africa
DPM	Diesel Particulate Matter
DSM	Demand-side management
DWS	Department of Water and Sanitation
EAO	Emolument attachment orders
ECD	Early childhood development
EIA	Environmental impact assessment
EIS	Executive incentive scheme
EITI	Extractive Industries Transparency Initiative
EMA	Environmental Management Agency of Zimbabwe
EMP	Environmental management programme
ESG	Environmental, social and governance factors
ESOP	Employee Share Ownership Programme
ESOT	Employee Share Ownership Trust
Executive director	Is employed by the Company and is involved in the day-to-day running of the organisation
EVP	Employee value proposition

FIFR	A rate expressed per million man hours of any Impala employee, contractor or contractor employee or visitor who is involved in an incident while performing his duties at work and who sustains terminal injuries shall constitute a fatal accident. Any road-related fatal incident where the Company is in full control of the vehicle, the driver and conditions related to the road injury of an employee shall constitute a fatal incident. A fatal injury may occur when an employee is incapacitated for a period of time prior to expiration, thus requiring a revision of injury status from LTI to a fatality
FLC	Foundational Learning Competence
FY	Financial year (to 30 June)
GJ	Gigajoules. Unit of measurement for energy
GHG	Greenhouse gases
GRI	Global Reporting Initiative
HDSA	Historically disadvantaged South African
HIV	Human immunodeficiency virus
HPD	Hearing Protection Devices
HSE	Health, safety and environment
HSRC	Human Science Research Council
IBC	Inside back cover
IFC	Inside front cover
IFRS	International Financial Reporting Standards
IBT	Impala Bafokeng Trust, socio-economic development vehicle jointly funded by Implats and RBH
ILO	International Labour Organisation
IMP	Impala Medical Plan
Impala Platinum	Impala Platinum Limited, comprising Impala Rustenburg and Impala Springs
Implats	Impala Platinum Holdings Limited
Independent directors	Directors who apart from receiving directors' remuneration do not have any other material pecuniary relationship or transactions with the Company, its management or its subsidiaries, which in the judgement of the board may affect their independence
IPA	International Platinum Group Metals Association
IRS	Impala Refining Services – a division of Impala
ISO	International Organisation for Standardisation
IWWMP	Integrated waste and water management plan
IIP	Indigenisation Implementation Plan
JSE	Johannesburg Stock Exchange
KPI	Key performance indicator

GLOSSARY

LCA	Lifecycle assessment
LCMs	Loose cubic metres
LED	Local economic development
Local community	Communities that are directly impacted by our mining operations and are on or near the mine lease area
Lost-time injury	A work-related injury resulting in the employee being unable to attend work at his/her place of work, performing his/her assigned duties, on the next calendar day (whether a scheduled work day or not) after the day of the injury. If the appointed medical professional advises that the injured person is unable to attend work on the next calendar day after the injury, regardless of the injured person's next roster shift, a lost-time injury is deemed to have occurred
LRA	Labour Relations Act
LSE	London Stock Exchange
LTI	Long-term incentive
LTIFR	Number of lost-time injuries expressed as a rate per million hours worked and includes restricted work cases
Marula	Marula Platinum (Pty) Ltd
Materiality and material issues	Issues of materiality are those aspects that may have a significant impact on the organisation's reputation and may carry a financial and/or legal cost. These aspects are identified internally through the risk process and externally through *ad hoc* or routine engagements with a range of stakeholders
MCDA	Marula community development agency
MCLEF	Mine Communities Leadership Engagement Forum
MCSOT	Mberengwa Community Share Ownership Trust
MCT	Marula Community Trust
MHSC	Mine, Health and Safety Council
MIGDETT	Mining Industry Growth Development and Employment Task Team
Mimosa	Mimosa Platinum (Private) Limited
Minerals Council	Minerals Council South Africa
Mining Charter	Broad-based socio-economic empowerment charter for the South African mining industry
MRMR	Mineral Resource and Mineral Reserve Statement
MPRDA	Mineral and Petroleum Resources Development Act, 28 of 2002, which came into effect in South Africa on 11 May 2004
Medical treatment cases (MTCs)	A medical treatment case is defined as a one-time treatment and subsequent observation of minor injuries by an appointed medical professional. Such minor injuries may include treatment by the application of bandages, antiseptic, ointment, irrigation of the eye to remove non-embedded foreign objects or the removal of foreign objects from the wound. MTCs never involve a loss of one or more calendar days after the injury, regardless of the injured person's next rostered shift or where the injured is unable to perform one or more of their routine functions normally connected with their work due to a restriction applied by an appointed medical professional

MW	Megawatt, a measure of electric power
NAC	National Aids Council
NASCA	National Senior Certificate for Adults
NCR	National credit regulator
NGO	Non-governmental organisation
NDP	National Development Plan
NIHL	Noise-induced hearing loss
NMWVZ	National Mine Workers Union of Zimbabwe
Non-executive director	A director who is not involved in the day-to-day running of the organisation but is a nominee director of a material shareholder
NO_x	Nitrous oxide
NRF	National Research Foundation
NUM	National Union of Mineworkers, South Africa
OHSAS	Occupational Health and Safety Assessment Series
ORAs	Objective-based risk assessments
PBC	PGM beneficiation committee
PDS	Proximity detective systems
PFA	President's Framework Agreement
PGI	Platinum Guild International
PGMs	Platinum group metals being the metals derived from PGE
PIC	Public Investment Corporation
PPC	Platinum producers' committee
PPE	Personal protective equipment
RBED	Royal Bafokeng Enterprise Development
RBH	Royal Bafokeng Holdings
RBN	Royal Bafokeng Nation/Administration
Reportable	A reportable injury is one which results in: (a) the death of the employee; (b) an injury, to any employee, likely to be fatal; (c) unconsciousness, incapacitation from heatstroke or heat exhaustion, oxygen deficiency, the inhalation of fumes or poisonous gas, or electric short or electric burning accidents of or by any employee and which is not reportable in terms of paragraph (d), or as required by the OHS Act where applicable; and (d) an injury which either incapacitates the injured employee from performing that employee's normal occupation for a period totalling 14 days or more, or which causes the injured employee to suffer the loss of a joint, or a part of a joint, or sustain a permanent disability

GLOSSARY

R&D	Research and development
Restricted work injuries (RWI)	A restricted work injury is a work-related injury which results in the employee being able to return to his or her permanently assigned workplace, to perform his or her permanently assigned work on the next calendar day, but where the injured is unable to perform one or more of their routine functions normally connected with their work due to a restriction applied by an appointed medical professional
RDP	Reconstruction and Development Programme
RFA	Rehabilitation and Fitness Assessment
RLM	Rustenburg local municipality
ROCE	Return on capital employed
RSIP	Rehabilitation strategy and implantation plan
SAMREC	The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves
SAMVAL	The South African Code for the Reporting of Mineral Asset Valuation
SD	Sustainable development
SED	Socio-economic development
SET	Social, ethics and transformation
SHEQ	Safety, health and environment quality
SIB	Stay in business capital
SLP	Social and labour plan
SMC	Selous Metallurgical Complex
SMMEs	Small, medium and micro-enterprises
SO_2	Sulphur dioxide
SRI	Socially responsible investment
STI	Short-term incentive
TARP	Triggered action response plan
TB	Pulmonary tuberculosis, which in South Africa is considered an occupational illness when it is associated with the presence of dust in the workplace
TEBA	The Employment Bureau of Africa
TMM	Trackless mobile machinery
Traditional council leadership	Elected/appointed members of a community according to customs and practices. The tenure of these leaders differ among communities. The chief King/Kgoshi/Kgosi or inKosi is the head of the traditional council leadership and the chairman of the council
UNGC	United Nations Global Compact
UNSDG	United Nations Sustainable Development Goals
VCT	Voluntary counselling and testing, in respect of HIV and Aids

VPSHR	Voluntary principles on security and human rights
WBCSD	World Business Council on Sustainable Development
W/C	Working cost
WC/WDM	Water Conservation/Water Demand Management
WiM	Women in mining
WPIC	World Platinum Investment Council
WUL	Water use licence
ZIP	Zero incident process

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