IMPLATS
Distinctly Platinum

Integrated Annual Report **2015**

# Contents

## Implats is one of the world's foremost producers of platinum and associated platinum group metals (PGMs). Implats is structured around five main operations. Our operations are located on the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe, the two most significant PGM-bearing ore bodies in the world.

Impala Platinum Holdings Limited (Implats) has its listing on the JSE Limited (JSE) in South Africa, and a level 1 American Depositary Receipt programme in the United States of America. Our headquarters are in Johannesburg and the five main operations are Impala, Zimplats, Marula, Mimosa and Two Rivers. 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.

**www.implats.co.za**

Refers readers to information available elsewhere in this report

We have incorporated the following symbols indicating our strategies and objectives through this report:

**Strategies**

- Consistently deliver production targets
- Cash conservation
- Maintain our licence to operate
- Investment through the cycle
- Optionality and future positioning

**Objectives**

- Relentlessly drive the safety of our people
- Consistently deliver production targets
- Improve efficiencies through operational excellence
- Cash conservation
- Maintain our licence to operate



### Feedback

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, or scan the code on the left with your smartphone.

# About this integrated annual report

**The report seeks to provide a concise and balanced account to providers of capital of how Implats creates value over time.**

This integrated annual report, compiled for Impala Platinum Holdings Limited (Implats) and its subsidiaries, provides information relating to risks, strategies, governance practices and performance for the financial year 1 July 2014 to 30 June 2015 including prospects thereafter.

In addition, information regarding the social, economic and environmental issues that have a material impact on the long-term success of the business and that are important to key stakeholders is provided. The report is targeted at existing and prospective stakeholders who wish to make an informed assessment of the Group's ability to create and sustain value; It focuses primarily on meeting the needs of shareholders, analysts and investors.

The transparency and accountability section, including abridged financials, corporate governance report, audit committee report, social, ethics and transformation committee report and the remuneration report has already been distributed together with the notice to shareholders to comply with the Companies Act and the JSE Listings Requirements. The notice to shareholders, which would otherwise have formed part of this book has not been included again, but should be read in conjunction with this report.

Reporting boundary:

| Financial reporting entity | Risks, opportunities, strategies, resource allocation, business model and material issues |
|---|---|
| **Impala Platinum Holdings Limited*** <br> **Subsidiaries** <br> • Impala <br> • Zimplats <br> • Marula <br> • IRS | ***Materiality determination*** <br> For purposes of this report, items have only been taken into account and have been reported on, if the effects of these items have materially impacted strategy, governance, performance and prospects of the company and its stakeholders. |
| **Associates** <br> • Two Rivers <br> • MIMOSA | ***Risk identification process*** <br> Risk identification process, as well as the risks identified, that materially affect the organisation's ability to create and sustain value over time have been discussed on pages 70 to 73. |

**(Detailed Group structure set out in AFS – note 89)*

In this report, production is reported in terms of platinum and platinum group metals (PGMs), which include platinum, palladium, rhodium, ruthenium and iridium as well as gold; when included these are referred to as 6E (4E excludes ruthenium and iridium). Both historical and forward looking information is provided.

Unless otherwise stated, information in this report is primarily for the year ended 30 June 2015, except for that relating to the physical metals markets, which is provided by calendar year.

For sustainability elements, information relating to managed operations is disclosed, while information for joint ventures and associates is excluded. Where information is attributable to Implats it is highlighted. In all cases, US$ or dollar refers to the US dollar.

## Board approval

The board acknowledges its responsibility for the integrity of this report. The directors confirm they have collectively assessed the content and believe it addresses the material sustainability areas and is a fair representation of the integrated performance of the Group.

The audit committee, which has oversight responsibility for the integrated annual report, recommended the report for approval by the board of directors.

The board has therefore approved the 2015 integrated annual report for release to stakeholders.

### Additional information regarding Implats is provided in the following reports, all of which are available at www.implats.co.za

#### Sustainable development report

This document has been compiled in accordance with G4 Core Compliance and the Global Reporting Initiative (GRI), and Implats internal reporting guidelines, with consideration of the UN Global Compact. Refer to legal compliance in that document

#### Mineral resource and mineral reserve statement

This conforms to the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code), and has been signed off by the competent persons, as defined by these codes.

#### Annual financial statements

These documents were prepared according to International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides, Financial Reporting Pronouncements, the requirements of the South African Companies Act, the regulations of the JSE and recommendations of King III

#### Online

- Direct access to all our reports
- Our website has detailed investor, sustainability and business information
- Detailed remuneration report on web

## Forward looking statements

This integrated annual report contains certain forward looking statements with respect to the financial condition, results, operations and businesses of the Group. These statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements.

# Structures

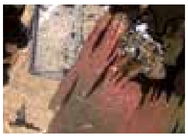
## Group structure

**IMPALA PLATINUM HOLDINGS LIMITED**

| 96% | 87% | 73% | 50% | 74% | 49% | 100% |
| --- | --- | --- | --- | --- | --- | --- |
| IMPALA | ZIMPLATS | MARULA | MIMOSA | AFPLATS | TWO RIVERS | IRS – Impala Refining Services |







- 4% – Employee share ownership trust (Impala)
- 27% (Marula):
  - Tubatse Platinum (Pty) Ltd
  - Mmakau Mining (Pty) Ltd
  - Marula Community Trust
- 50% – Aquarius Platinum Ltd (Mimosa)
- 26% – Ba-Mogopa Platinum Investments (Pty) Ltd (Afplats)
- 51% – African Rainbow Minerals Ltd (Two Rivers)

## Committee structures

**BOARD**

- Audit committee #
- Social, ethics and transformation committee #
- Health, safety and environment committee
- Remuneration committee
- Risk committee
- Nomination and governance committee

# *Statutory committees*

**EXCO**

- Growco
- Peopleco
- Finco
- Opco

## Our vision, values and mission

## Our vision is to be the world's best platinum-producing company, delivering superior value to stakeholders relative to our peers

## Our values

We respect
- all our stakeholders, including:
  - shareholders
  - employees and their representative bodies
  - communities in which we operate
  - regulatory bodies
  - suppliers and customers
  - directors and management
  - all other interested and affected parties
- The principles of the UN Global Compact
- The laws of the countries within which we operate
- Company policies and procedures
- Our place and way of work
- Open and honest communication
- Diversity of all our stakeholders
- Risk management and continuous improvement philosophies

We care
- For the health and safety of all our stakeholders
- For the preservation of natural resources
- For the environment in which we operate
- For the socio-economic well-being of the communities within which we operate

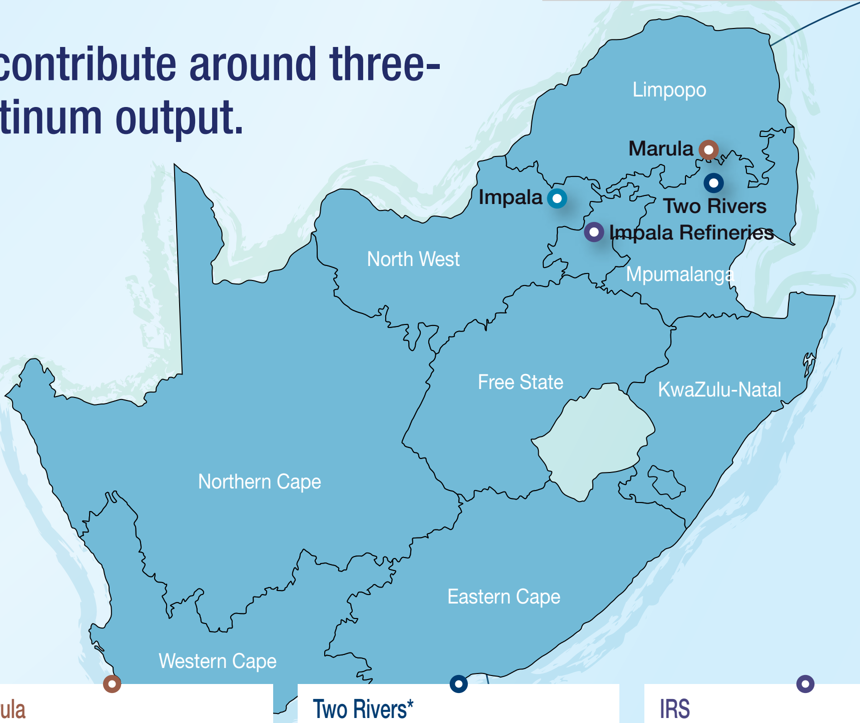
We strive to deliver
- Positive returns to our stakeholders through an operational excellence model
- A safe, productive and conducive working environment
- On our capital projects
- A fair working environment through equitable and competitive human capital practices
- On the development of our employees
- On our commitments to all our stakeholders
- Quality products that meet or exceed our customers' expectations

## Our mission is to safely mine, process, refine and market our products at the best possible cost, ensuring sustainable value creation for all our stakeholders

## Our operations

> **"The most significant PGM deposits in the world are the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe"**

### These PGM deposits contribute around three-quarters of global platinum output.




### South Africa

#### Impala

FIFR **0.067**
TIFR **10.37**
Refined Pt production **575 200 oz**
Headline loss **R1 042 million**
Net cash from operating activities **R99 million**
Capital expenditure **R3 047 million**
Attributable Pt ounces **55Moz** (mineral resources)
Number of employees **43 838**

Impala, Implats' 96% owned primary operational unit, has operations situated on the western limb of the world-renowned Bushveld Complex near Rustenburg in South Africa. This operation comprises a 14 shaft mining complex and concentrating and smelting plants. The base and precious metal refineries are situated in Springs, east of Johannesburg.

#### Marula

FIFR **0.111**
TIFR **24.96**
Refined Pt production **70 500 oz**
Headline loss **R340 million**
Net cash used in operating activities **R208 million**
Capital expenditure **R145 million**
Attributable Pt ounces **8.1Moz** (mineral resources)
Number of employees **4 379**

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 of Burgersfort.

#### Two Rivers*

Refined Pt production **168 200 oz**
Attributable Pt ounces **12.4Moz** (mineral resources)

Two Rivers is a joint venture between African Rainbow Minerals (51%) and Implats (49%). 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.

** Non-managed*

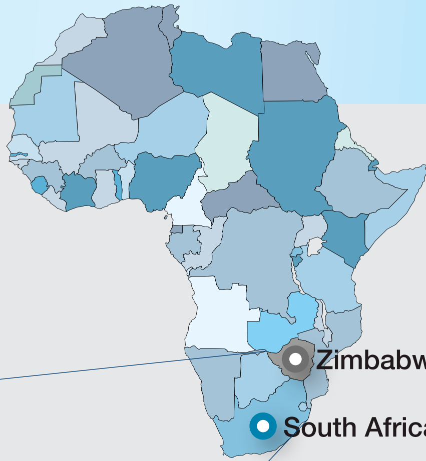
#### IRS

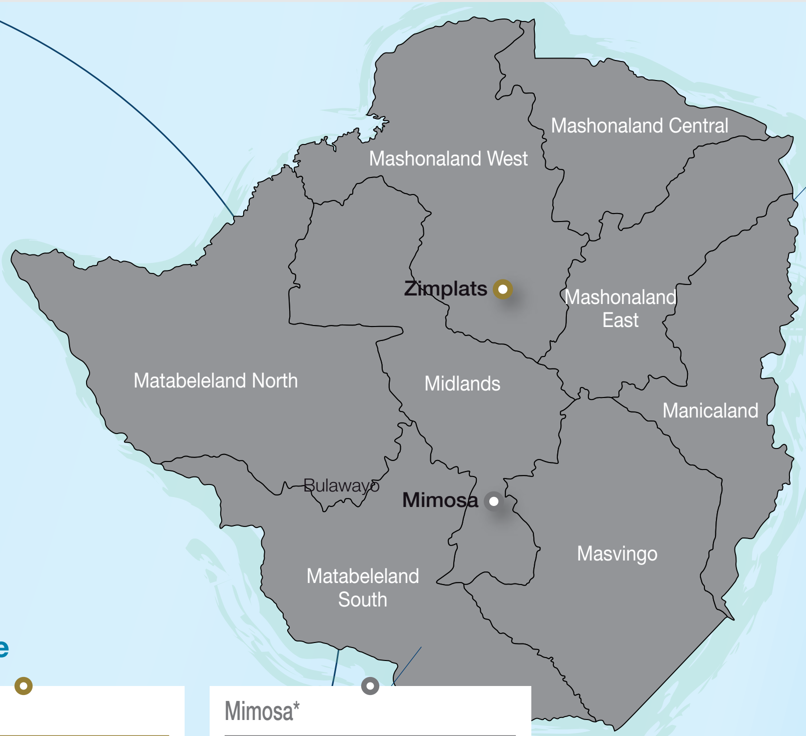
Refined Pt production **133 300 oz**
Headline earnings **R1 257 million**
Net cash from operating activities **R1 415 million**

Impala Refining Services (IRS) was created in July 1998 as a dedicated vehicle to house the toll refining and metal concentrate purchases built up by Implats. IRS is situated in Springs some 35 kilometres east of Johannesburg. IRS provides smelting and refining services through offtake agreements with Group companies (except Impala) and third parties.

# Our operations

PGMs are a relatively rare commodity – only around 500 tonnes (excluding recycling) are produced annually, of which less than 230 tonnes are platinum – yet they play a progressively more important role in everyday life, such as autocatalysts to control vehicle emissions, in the production of LCD glass and as hardeners in dental alloy. PGMs – primarily platinum, and the associated by-products, palladium, rhodium, ruthenium, iridium and gold usually occur in association with nickel and copper.




## Zimbabwe

### Zimplats

FIFR **0.000**

TIFR **1.33**

Refined Pt production **215 600 oz**

Headline earnings **R113 million**

Net cash from operating activities **R1 176 million**

Capital expenditure **R968 million**

Attributable Pt ounces **94.2Moz** (mineral resources)

Number of employees **5 819**

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.

### Mimosa*

Refined Pt production **113 200 oz**

Attributable Pt ounces **3.7Moz** (mineral resources)

Mimosa is jointly held by Implats and Aquarius. 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.

** Non-managed*

### Total Implats

FIFR **0.058**

TIFR **9.78**

Refined Pt production **1 276 000 oz**

Headline earnings **R221 million**

Net cash from operating activities **R2 328 million**

Capital expenditure **R4 287 million**

Attributable Pt ounces **196Moz** (mineral resources)

Number of employees **54 043**

# Operating environment

## Sustainable value creation

**Stakeholder considerations**
- Shareholders' return
- Employees/labour
- Communities
- Labour dynamic
- Safety

Our stakeholder landscape is characterised by:
- a challenging labour relations environment as a result of workplace and social wage issues. Specific initiatives centre around ensuring safe and effective people
  - managing organised labour and the entry of new unions
  - embedding effective employee relations
- a shifting socio-political environment and the importance of developing a shared vision and social compact with local communities
- prudent stewardship and continuous investment into the business to ensure value for shareholders

**Access to resources**
- Power
- Water
- Mineral reserves and resources

The success of the industry is dependent on:
- access to quality mineral reserves and resources
- its ability to manage constrained power and water supplies and the development of optionality to mitigate impacts

**Regulatory environment**
- RSA (MPRDA/Charter/DMR)
- ZIM (Indigenisation/Beneficiation/ Tax & Royalty)
- Environmental legislation (Carbon footprint)

The sector has significant potential to contribute to economic growth through ongoing engagement and involvement particularly with regard to:
- further clarity around the new mining charter
- meeting the imperatives of the National Development Plan, the Industrial Policy Framework and the President's Framework Agreement for a sustainable mining industry
- participation in the Project Phakisa discourse to optimise regulatory and practical demands on the mining industry

The industry supports the Zimbabwean government's attempts to grow its local economy. Dialogue between producers and regulators continue in regard to:
- the objective of increased local beneficiation
- indigenisation

**Market**
**Fundamentals (Supply demand)**
- Prices
- Outlook

Market fundamentals remain sound despite prevailing low PGM prices

## KEY INFLUENCES

### Demand

Demand is supported by:
- ongoing urbanisation in emerging economies, particularly China and India with rising consumer spend in the automotive and jewellery sectors
- growing global automotive sales
- stricter emission regulations
- an emerging hydrogen economy

### Supply

Supply continues to be constrained by:
- labour and safety stoppages
- limited access to power/energy supply
- persistently low metal prices and reduced capital investment by producers

### Prices

In the near-term prices will continue to be impacted by:
- global economic factors including recovery in Europe, further contraction in China and the risk that geopolitical conflict could have further impacts
- currency uncertainty accompanied by the further strengthening of the US dollar and falling resource prices
- oversupply concerns which continue to cap rand basket prices

In the long term prices are expected to improve as metal inventories erode and supportive market fundamentals start to dominate

# Operating environment

> **"In the long term we expect prices to improve as metal inventories erode and supportive market fundamentals start to dominate"**

## An economy poised for growth?

International Monetary Fund (IMF) data show continued global economic growth levels of 3.4% in 2014 and an estimated rate of 3.5% for 2015. The main drivers of growth in 2014 were the emerging markets and developing economies, which grew at 4.6%, boosted by China which recorded 7.4%. While the developed countries achieved only 1.8% growth in 2014 (up from 1.4% in 2013) there are signs they will break the 2% growth mark in 2015 and maintain this growth level in 2016. This should be able to keep the global economy above 3.5% in 2016.

These growth figures, however, disguise a growing divergence between economies, in part due to uncertainty as a result of a host of risks, including the varying impacts of currency fluctuations, lower oil prices, geopolitical tensions and financial volatility. Despite its fragility, the global economy is expected to post modest improvement this year. This will be helped in part by the boost to global demand from lower oil prices and policy changes.

In contrast, the decline seen in metal prices – including platinum group metals (PGMs) – may suggest some weakening in demand. However, a closer review shows that PGM prices have been driven more by sentiment on unreported above-ground stocks rather than underlying fundamentals, despite these stocks being drawn down every year without the commensurate reflection in metal pricing. To further complicate the matter, supply from South Africa is expected to be further contained as result of increased input, without taking into account increased labour costs, increased stoppages due to section 54s and community activism as well as power and water constraints.

## Market performance

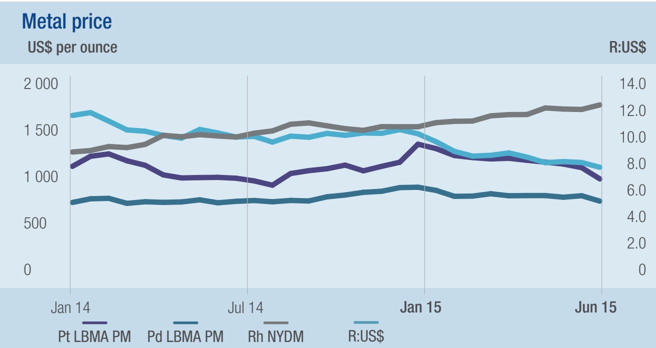
The platinum, palladium and rhodium markets were in deficit for 2014 due to overall demand growth and the five-month strike in South Africa. However, sentiment – particularly that of short-term players – rather than fundamentals drove prices down during 2014 and the first half of 2015. The unwillingness to trade on the back of platinum's medium to long-term fundamentals are very much reflected in the lack of interest to buy at low prices.

Prices for platinum declined throughout the financial year from a July 2014 average of US$1 493 per ounce to an average of US$1 089 per ounce in June 2015, leaving an average for the financial year at US$1 246 – 13% lower than the prior year's US$1 431 per ounce. Palladium prices averaged US$872 per ounce at the beginning of the financial year and reached a high of US$911 per ounce in September 2014, a level not seen in more than 13 years. Regrettably, since then, prices have been declining, only averaging US$727 per ounce in June 2015, resulting in the average for the financial year at US$799 per ounce – 6% higher than the preceding financial year. Compared to both platinum and palladium, fluctuations in the price of rhodium have been a tale of two halves. In the first half of the financial year prices averaged US$1 226 per ounce due to healthy Asian demand, while oversupply in the second half saw a far lower average at US$1 111 per ounce. Still, for the

# Operating environment

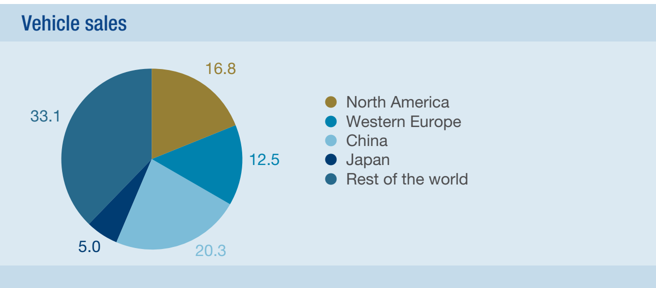
"Losses in the Chinese jewellery market are expected to be partially offset by robust growth in India"

financial year rhodium was the best performer achieving a 15% price appreciation compared to the previous reporting period. The 15% depreciation of the rand dollar exchange rate supported rand prices for PGMs, thus cushioning some of the losses made by falling US dollar prices.




## Automotive

Overall, 2014 was another relatively positive year for the global automotive industry, which achieved 3% growth for light-duty vehicle sales and exceeded 86 million vehicle sales against a backdrop of increased sales in North America, Western Europe, China and Japan. The 2015 first half year-to-date sales were similarly encouraging. However, growing concerns about financial volatility in the markets may result in the second half being flatter.




## Jewellery

The slowing Chinese GDP growth and a cautious consumer attitude towards luxury goods – especially given the Chinese government's clampdown on gifting – worked against platinum jewellery sales in China. However, increasing business and consumer confidence in other markets offset these losses. The Indian market continued to post double digit growth in 2014, albeit off a low base. Despite the April sales tax hike in Japan, the platinum jewellery market there continued to show positive signs of growth, with consumers purchasing higher purity pieces. The US market delivered good growth on the back of lower price point pieces and increased marketing efforts by retailers.

It is expected that 2015 will continue to be a challenging year, especially in China where the platinum jewellery market is expected to fall by between 3% and 5%. However, the losses in the Chinese market are expected to be partially offset by the robust growth in India of between 25% and 28%, which is largely driven by the Platinum Guild International Evara programme.

## Industrial

The cumulative reduction in the use of platinum in glass and hard disk drives over the last few years has meant decreased demand from these sectors – the glass industry became a net supplier of platinum in 2014. Nevertheless, overall industrial requirements have been strong in 2014 driven largely by chemical, electrical and other applications, for example oxygen sensors.

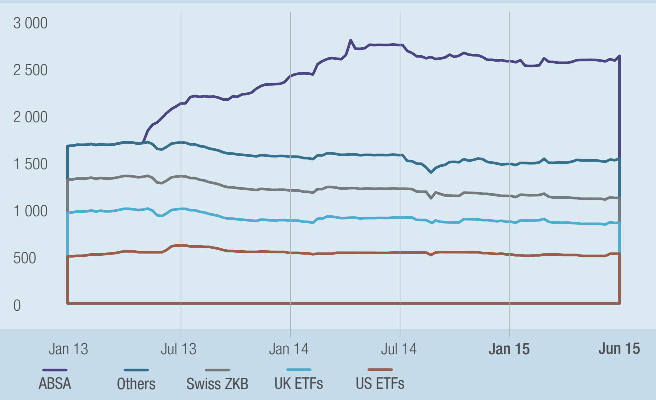
# Operating environment

> "Most of the bearishness in the short-term price performance is driven by factors other than fundamentals"

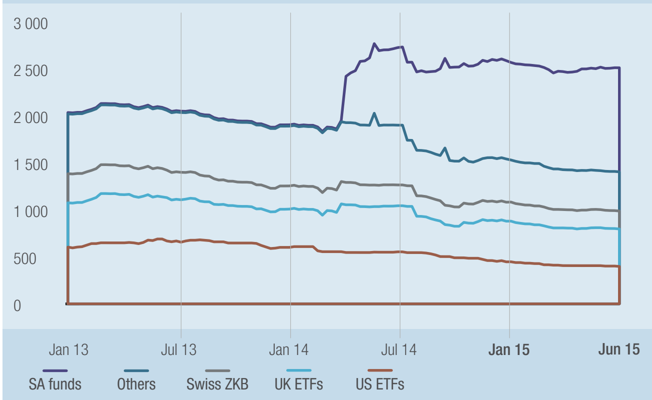
## Investment

Both platinum and palladium exchange traded funds (ETFs) grew during 2014, recording growth of 155 000 and 940 000 ounces respectively – driven mainly by South African funds. But there has been little movement during the first half of 2015, with an increase of only 50 000 ounces of platinum since the beginning of the year and palladium 86 000 ounces lower.

**Platinum ETF investment**




**Palladium ETF investment**




On the paper markets, the gross long interest for platinum on the NYMEX has dropped to its lowest level since November 2014. The gross long interest in palladium has followed suit. In contrast, short interest in both platinum and palladium has climbed into record territories – highlighting that investors are not impressed with the performance of prices in the short term.

To this end and to increase transparency on platinum investing, Implats and the other South African platinum producers launched the World Platinum Investment Council (WPIC) in 2014. The aim is to stimulate investor demand for physical platinum. The WPIC will provide investors with information to support informed decisions regarding platinum and will work with financial institutions and market participants to develop the products and channels investors need.

# Operating environment

> "Platinum demand is expected to grow 2% in 2015 driven by growth in automotive and industrial applications"

## Outlook

In our view, most of the bearishness in the short-term price performance is driven by sentiment rather than fundamentals.

There is currently no verifiable data on the quantity of unreported above-ground stocks, who holds them, in what form or how liquid they are. Yet analysts still expect these unquantified stocks to adequately cover any fundamental deficits. Whatever their quantum, they are certainly lower than they were in 2008 when the metal price was twice what it is today.

There is broad consensus amongst analysts regarding the growth in demand for PGMs. When it comes to South African supply, however, the views are rather divergent. Few analysts are taking cognisance of the problems facing South African PGM miners and due to the sector's good performance over the last few years the market expects South Africa to rebound and produce more than 4.5 million ounces of platinum per annum by 2016 – hence the widely held belief that the market will be in surplus within the next year. We are of the view that South African supply will not reach 4.5 million ounces per annum during the next two years largely due to the difficult operating environment, which has been compounded by significantly reduced capital investment into the sector over the last four years. We expect work stoppages and power and water constraints to continue. These factors, combined with the difficulty of raising capital in a low price environment, underpin our bearish view on South African supply.

## Platinum

Platinum demand is expected to grow 2% in 2015 driven by growth in automotive and industrial applications, while jewellery is expected to drop slightly to 2.930 million ounces. Growth in primary and secondary supplies is not expected to sufficiently cover the growth in demand, hence we expect platinum to be in a fundamental deficit in 2015.

### Platinum supply/demand outlook

| '000toz | 2015 (Forecast) | 2014 |
|---|---|---|
| **DEMAND** | | |
| Automotive | **3 515** | 3 210 |
| Jewellery | **2 930** | 3 030 |
| Industrial | **2 030** | 1 955 |
| Investment | **50** | 155 |
| **Total demand** | **8 525** | 8 350 |
| **SUPPLY** | | |
| South Africa | **3 970** | 3 340 |
| Zimbabwe | **425** | 400 |
| North America | **320** | 300 |
| Recycle | **2 450** | 2 230 |
| Russian sales | **760** | 730 |
| Others | **130** | 130 |
| **Total supply** | **8 055** | 7 130 |
| **Movement in stocks** | **(470)** | (1 220) |

# Operating environment

"We are of the view that South African supply will not reach 4.5 million ounces per annum during the next two years"

## Palladium

We anticipate a 7% decline in palladium demand for 2015, driven mainly by declining industrial use, jewellery and matured investment uptake. We do, however, expect that the increasing demand for gasoline vehicles and tightening legislative requirements – especially California LEV III – will be positive for palladium demand. The palladium market is likely to remain in fundamental deficit during 2015.

### Palladium supply/demand outlook

| '000toz | 2015 (Forecast) | 2014 |
|---|---|---|
| **DEMAND** | | |
| Automotive | **7 900** | 7 100 |
| Industrial | **1 700** | 2 155 |
| Investment | **(86)** | 940 |
| Jewellery | **130** | 165 |
| Total demand | **9 644** | 10 360 |
| **SUPPLY** | | |
| South Africa | **2 390** | 1 930 |
| Zimbabwe | **300** | 280 |
| North America | **930** | 905 |
| Russian sales | **2 470** | 2 510 |
| Recycle | **2 850** | 2 645 |
| Others | **125** | 120 |
| Total supply | **9 065** | 8 390 |
| Movement in stocks | **(579)** | (1 970) |

## Rhodium

Growing automotive and industrial demand, especially in the Asian markets, should be positive for rhodium demand in 2015. Oversupply should keep this metal in surplus during 2015.

### Rhodium supply/demand outlook

| '000toz | 2015 (Forecast) | 2014 |
|---|---|---|
| **DEMAND** | | |
| Automotive | **880** | 825 |
| Industrial | **165** | 160 |
| Investment | | 10 |
| Total demand | **1 045** | 995 |
| **SUPPLY** | | |
| South Africa | **650** | 505 |
| Zimbabwe | **35** | 30 |
| North America | **25** | 25 |
| Russian sales | **65** | 70 |
| Recycle | **330** | 320 |
| Others | **5** | 5 |
| Total supply | **1 110** | 955 |
| Movement in stocks | **65** | (40) |

# Features for the year

## Safety

- Since the 2010 financial year FIFR improved from 0.122 to 0.058 per million man-hours worked
- Record 6.9 million fatality-free shifts in the 2015 financial year at Implats

## Market

- Strong market fundamentals persist with short term PGM price pressure.

## Operational

- Key operational metrics at Impala Rustenburg showing improvement
- Gross refined platinum 8.3% higher at 1.28 million ounces
  - Impala achieved target of 575 000 ounces
  - Zimplats achieved targeted production after adjusting for impact of Bimha closure

## Earnings

- Headline earnings per share decreased by 58% to 36 cents

## Dividend

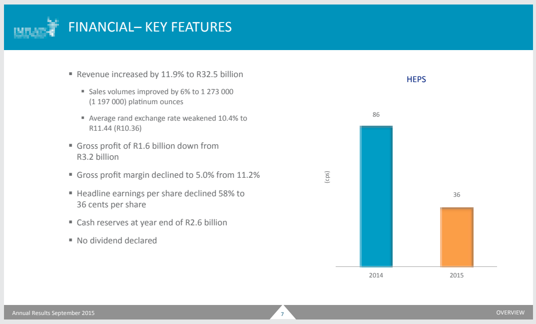
- No dividend declared for the year

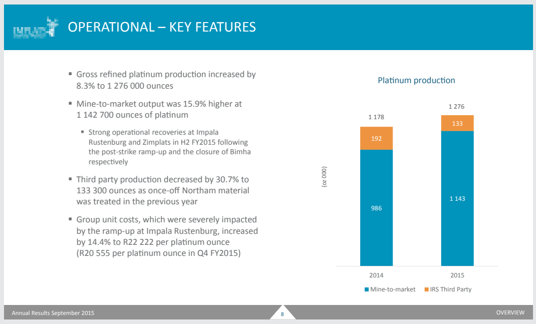
## Response plan

- Implats takes decisive action to mitigate lower-for-longer PGM prices

## Equity raising

- Group equity raise of R4 billion successfully executed on 7 October 2015 to sustain capital commitments and long-term value creation




## Mineral resource and mineral reserve key features

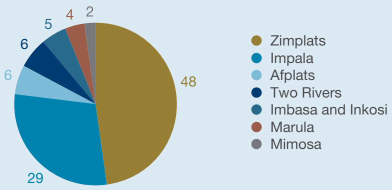
The main features relating to Implats' mineral resources as at 30 June 2015 relative to 30 June 2014 are:

- Estimated total attributable mineral resources decreased by 7% (28Moz 4E) to 367Moz; the total attributable platinum ounces decreased by 8% (16Moz Pt) to 196Moz
- The year-on-year comparative decrease can mainly be ascribed to the transfer of the Tamboti mineral rights to Two Rivers. This resulted in a gain in the Two Rivers attributable mineral resources
- Effectively the 100% ownership of Tamboti converted to an additional 4% attributable at the Two Rivers level
- The attributable platinum mineral resources remain dominated by Zimplats and Impala; the Zimplats mineral resources make up the bulk of these (48%)

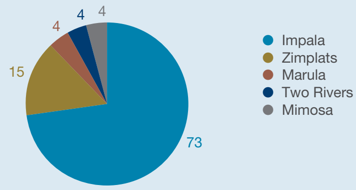
The main features relating to Implats' mineral reserves as at 30 June 2015 relative to 30 June 2014 are:

- Total attributable mineral reserves decreased by 8% (4Moz 4E) to 46Moz; the attributable platinum ounces decreased by 7% (2Moz) to 26Moz
- The main contributor to the decrease in mineral reserves is Zimplats due to the exclusion of Portal 5 (1.7 million ounces platinum) and the impact of the revised pillar design
- There are gains in mineral reserves at Two Rivers, Mimosa and Marula due to the inclusion of additional areas
- Some 73% of the total attributable mineral reserves are located at Impala

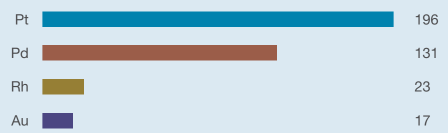
**Attributable mineral resources of 196Moz Pt (%)**
as at 30 June 2015



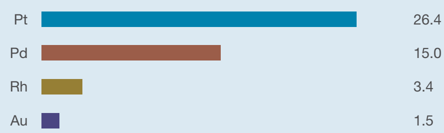

**Attributable mineral reserves of 26.4Moz Pt (%)**
as at 30 June 2015




**Attributable mineral resources (Moz)**




**Attributable mineral reserves (Moz)**



# Features for the year

## JUNE 2015 YEAR OUTCOMES

Well trained and skilled workforce
**R523m** spent on training and development (Zimbabwe **US$5.2m**)

Number of employees including contractors
**54 043**

Wage bill of
**R10 224m**

Group FIFR **0.058**
TIFR **9.78**

Financial health of company **R2 328m** net cash generated from operating activities

Procurement of **R7 600m** in South Africa from businesses and suppliers (**US$441m** in Zimbabwe)

All taxes and royalties paid in South Africa **R1 704m** (in Zimbabwe **US$99m**)

Dividends per share
**Rnil**

Total liabilities
**R24 853m**

PGMs produced
**2.6Moz**

Revenue generated
**R32 477m**

Reinvestment in the Group to sustain value creation
**R4 287m**

An investment of **R311m** in South Africa in our surrounding communities including housing (**US$11.1m** in Zimbabwe)

Local procurement spent in South Africa
**R2 600m**

Small business
**supported**

Improved living conditions **402** houses built in South Africa **R228m** spent (in Zimbabwe **US$6m** spent on housing)

Spend on modernisation
**R25m** (mechanisation)

Fuel cell project
**R3m**

R&D expenditure
**R94m**

Investment of **R100m spent** on energy conservation initiatives over the last three years

Water withdrawn
**25 376Mℓ**

Water recycled
**14 325Mℓ**

Water consumed
**39 701Mℓ**

Emissions **27 706** tonnes $SO_2$ and **349 000** tonnes direct (scope 1) $CO_2$ emissions

# The continued combination of tough market, operating, economic and social conditions has rightly spurred Implats towards a fundamental review of aspects of our business model.

> "We remain totally committed to zero harm and the need to preserve jobs in this current cyclical downturn"

## The year in a nutshell

The continued combination of tough market, operating, economic and social conditions has rightly spurred Implats towards a fundamental review of aspects of our business model and in the nature of our relationships. Implats has adopted a "lower for longer" view to navigate the difficult period where PGM prices remain low in the near term. This resulted in a detailed strategic review which was conducted and communicated to the market in February 2015, with the aim of positioning the Group strategically to conserve cash in the near term, while at the same time restoring operational performance and profitability.

Following the strategic review, a detailed operational response plan premised on the lower-for-longer metal price has been developed. Key strategic objectives remain:

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

Through taking decisive action in this way, we have not only endeavoured to strengthen our balance sheet and optimised our business units for the current price environment, but have also secured continued investment into key projects that will deliver long-term value.

## The PGM market

The situation in the global resources sector is particularly bleak – the price of oil alone has halved in a year – causing some pain in the commodity-producing powerhouses of the world, including South Africa. Global uncertainty is also evident in the strengthening of the US dollar. However, the market fundamentals for PGMs remain sound, despite the prevailing low platinum price, and these metals will continue to add value to a growing global economy by reducing emissions and providing alternative energy solutions.

Emerging markets form the core of the increase in PGM demand. While China has undoubtedly entered a period of significant economic slowdown, urbanisation in China and India will continue and so will the growth in the middle class, with the concomitant increase in consumer spend. The US economy, meanwhile, is pointing to ever strengthening fundamentals that should help it weather slowing global demand. In the rest of the world, growing automobile sales and stricter emission controls will support future PGM demand in the medium to long term, with the early signs of an emerging hydrogen economy providing longer-term support.

The challenges confronting South African PGM miners are significant and in our view will constrain supply in the future. The supply side issues prevalent during the year included the impact of the operational ramp-ups to full production at various producers affected by the labour strike in 2014; safety stoppages; limited access to power; low metal prices; and reduced capital expenditure. Despite our long-term PGM market view, near-term metal prices continue to be negatively affected by a number of global economic factors, specifically Chinese economic contraction and the risk that global economic growth could be further affected by geopolitical conflict and/or currency uncertainty.

We forecast increasing global demand for these metals as well as fundamental deficits in PGM metals over the medium to long term – both very positive developments for the sector as a whole – despite the near-term metal prices remaining vulnerable to perceptions around non-visible metal inventories and an uncertain global economic outlook.

We continue to support industry bodies that are actively promoting the broader use of PGMs, boosting demand for platinum bridal and non-bridal jewellery demand in China and India, developing exchange traded funds (ETF) investments in diverse geographical locations and growing investor demand, and we welcome the growth in the fuel cell market.

## The regulatory environment

The regulatory environment in which we operate remains highly uncertain due to changes to the Mining Charter and the Broad-Based Black Economic

# Chairman's report

**Khotso Mokhele**
*Independent non-executive director*

Empowerment Act and certain sections of the Labour Relations Act. Complying with changing regulation while trying to meet the imperatives of the National Development Plan (of which mining is a key element), the Industrial Policy Framework as well as the Deputy President's Framework Agreement remains challenging.

Project Phakisa, which is focused on the mining industry, will give us the opportunity to feed into a high-level discourse on the overlapping regulatory and practical demands on the industry and presents a timely opportunity to optimise the mining industry. I sincerely hope that the recent change in Ministerial leadership in the DMR will not lead to any loss in momentum as the new Minister gets to grips with the very severe challenges currently confronting the South African mining sector.

A continuing challenge for the Group has been the number of section 54 safety stoppage instructions issued by the DMR. Implats supports all work stoppages where there is a direct danger to the safety or health of our employees. However, the somewhat reckless issuing of section 54 stoppages extending beyond the scope of the risk is problematic and severely compromises the sustainability of profitable mining in the country which is essential for the mining sector to provide employment that our country so badly needs. The Group continues to actively engage the DMR to highlight the impact of these stoppages on both safety and productivity/profitability, especially in an environment where we remain totally committed to zero harm and the need to preserve jobs in this current cyclical downturn.

## The South African context – power, infrastructure

The poor performance of the mining industry as a whole has been worsened by a number of key constraints to its growth that include: an unusually challenging labour relations environment as a result of both workplace and social wage issues; the need for more high quality, efficient and cost competitive infrastructure; a lack of reliable power; uncertainty and debates about the policy and regulatory framework; and limited trust between the key role players that results in lack of a shared vision and objectives for growth and transformation; and skills challenges (particularly as the industry modernises its work practices and moves up the skills and technology curves).

Action on these constraints is hindered by ongoing disagreement between stakeholders inside and outside the government about the broad vision for the industry's long-term contribution to development, the specific factors that give rise to the identified constraints as well as who should bear the cost of addressing them.

As a result, programmes and measures are interminably contested, undermining concerted efforts to improve conditions for the industry and reducing trust between stakeholders.

## Chairman's report

# The sector is subject to an increasingly stringent legislative regime, with conflicting regulatory expectations, and demands for greater efficiencies and increased return from a wary investment community.

**"Implats prioritises targeted employee and community initiatives to build a shared vision and social compact"**

Despite a number of challenging negative legacies, the mining sector has significant potential to contribute to higher, more balanced and more inclusive economic growth. This is where Implats is focusing its efforts.

### Engaging communities

As part of the group's strategy to reprioritise and reschedule capital expenditure given lower-for-longer PGM prices, we are pleased that we were able to maintain our planned expenditure on social and labour plans, including housing and accommodation projects. The Group takes particular cognisance of the shifting socio-political environment facing mining companies today and prioritises targeted employee and community initiatives to build a shared vision and social compact. These initiatives include: employee equity ownership plan (profit share) at Impala Rustenburg; a comprehensive housing and accommodation strategy; skills development; direct employee, community and stakeholder engagement and relationship building; local employment; local procurement; and social investment.

### Engagement with Zimbabwe

In Zimbabwe, Implats continues to support the government's efforts to grow the local economy. Zimplats' refurbishment of the Selous Base Metals Refinery (BMR) commenced to increase local beneficiation. However, there have been large increases in taxation and levies. Increased policy certainty and security of tenure will encourage greater foreign investment in the country. We continue to engage the Zimbabwean government on its indigenisation programme.

### Conclusion

We believe that long-term sustainable stakeholder value can be achieved with prudent capital investment through the cycle, especially as we are mining an ever-decreasing mineral resource with long project time lines and high capital intensity. The right balance needs to be found between short-term returns and longer-term sustainability and growth.

### Appreciation

I take this opportunity to thank my fellow board members for their commitment and wise counsel during my tenure as Chairman. Dr Mandla Gantsho will take over this role at the annual general meeting on 21 October 2015. I am confident that under his leadership this Group will weather these challenging times and continue to generate value for all stakeholders.

My retirement from the board at the annual general meeting in 2015 follows the retirement of two other long serving directors, Mr Thabo Mokgatlha and Ms Thandi Orleyn, since the AGM of 2014. I thank them for their dedication to their duties and responsibilities as directors of Implats as well as for the courageous manner in which they discharged these duties.

Four new non-executive directors were appointed during the year to succeed the retiring directors. I am confident that Dr Sydney Mufamadi, Mr Bernard Swanepoel, Dr Nkosana Moyo and Ms Mpho Nkeli will add considerable value to the board. I am pleased to also welcome Mr Tebogo Llale who was appointed as company secretary following the resignation of Ms Avanthi Parboosing.

I also extend my sincere gratitude to Mr Terence Goodlace. His dedication and commitment to all aspects of the business and his strong and visible leadership in extremely trying circumstances are valued by the board. His influence has been felt in numerous ways and I am confident that under his guidance the Group will emerge stronger and ready to face future opportunities with invigorated enthusiasm.

Finally, I wish to thank all the Implats employees whose contribution guarantees the continuing success of the company.

**Khotso Mokhele**
*Chairman*

## Chairman's report

**"The right balance needs to be found between short-term returns and longer-term sustainability and growth"**

# Connectivity matrix

## STAKEHOLDERS

*For more information please refer to page 24 of 2015 Sustainability Report*

- Employees
- Trade unions
- Shareholders
- Analysts
- Investors
- Government
- Traditional council
- Local land owners and communities
- Media
- Advocacy groups
- Suppliers
- Customers
- Chamber of Mines
- Producer and industry forums

## KEY MATERIAL MATTERS

*For more information please refer to page 24 of 2015 Sustainability Report*

- **Conditions of employment**
- **Safety and health initiatives**
- **Transformation**
- **Production and performance**
- **Discrimination**
- **Industrial relations climate**
- **Situation in Zimbabwe**
- **Future metal prices, and PGM supply and demand dynamics**
- **Cost control measures**
- **Capex programme**

## GROUP STRATEGIC RISKS

*Summarised from page 28/29 of 2015 Sustainability Report*

- Depressed PGM basket prices
- Non-delivery of production and productivity targets at Impala Rustenburg
- Weak balance sheet and cash flows (liquidity)
- Excessive taxation and levies at Zimbabwean operations
- Revenue impact of section 54s
- A significant deterioration in safety performance
- The security of supply and electricity in South Africa
- Capital constraints affecting project delivery
- Employee relations climate
- Maintaining a social licence to operate in South Africa

## STRATEGY

- **Improve efficiencies through operational excellence and safe production**
- **Cash conservation**
- **Maintain our social licence to operate**
- **Investment through the cycle**
- **Maintain optionality and position for the future**

# Connectivity matrix

## IMPLATS
*Business plan on a page*

| Objectives | FY2016 target | Key actions to achieve the target |
|---|---|---|
| **Relentlessly drive the safety of our people** | • Zero fatalities<br>• LTIFR: 20% improvement on FY2015 | • Drive Zero Harm initiatives<br>• Drive three pillars of HSE strategy: People and Behaviour, Environment, Practices<br>• Implement new technology to improve safety<br>• Attain OHSAS 18 001 (ISO 45 001) compliance at all operations in three years<br>• Implement the Trigger Action Response Plan (TARP) at the South African operations<br>• Further institutionalise the Zero Incident Process (ZIP) |
| **Consistently deliver production targets** | • Platinum >1.4 million oz | • Rustenburg: 815 000 – 830 000 refined platinum ounces by 2020<br>• Marula: Build up to 90 000 platinum ounces in concentrate in the medium term<br>• Zimplats: 260 000 platinum ounces in matte by 2016<br>• Two Rivers: maintain at 150 000 platinum ounces in concentrate<br>• Mimosa: maintain at 100 000 platinum ounces in concentrate |
| **Continually improve operational efficiency** | • Costs per Pt oz < R20 100 | • Ramp up new shafts at Impala; optimise mid-life shafts; close old shafts<br>• Optimise mining efficiencies through productivity programmes<br>• Implement cost optimisation at all operations<br>• Improve teamwork, respect and care through team mobilisation<br>• Invest in new technology: modernise to improve safety and production |
| **Wisely preserve cash** | • Capital < R4.2 billion | • Maintain optionality at 17 Shaft Rustenburg<br>• Defer Afplats/Leeuwkop project for four years<br>• Prioritise the ramp up of 16 and 20 shafts at Rustenburg<br>• Prioritise the re-establishment of Bimha and opencast mining<br>• Rationalise and prioritise capital allocation across the Group<br>• Maintain and position the Group balance sheet |
| **Always strive to be a good corporate citizen** | • Rustenburg $SO_2$ at < 16tpd<br>• Build in excess of 600 employee houses in South Africa and Zimbabwe | • Deliver on Mining Charter and Social and Labour Plan (SLP) commitments<br>• Adhere to our commitments in the Deputy President's Framework Agreement<br>• Reduce and manage constrained utility supplies<br>• Align and position ourselves in terms of the National Development Plan (NDP)<br>• Centre of Excellence – Operation Phakisa discussions and participation |

## Connectivity matrix defined

Implats' performance is measured by first identifying who our stakeholders are, what our stakeholders' legitimate requirements are and what needs be done to fulfil these needs. We have assessed the risks involved, determined a strategy, set objectives to manage risks and achieve our strategy. We have set KPIs against which we measure our performance taking into account our stated vision and mission to determine our performance for a wide range of stakeholders.

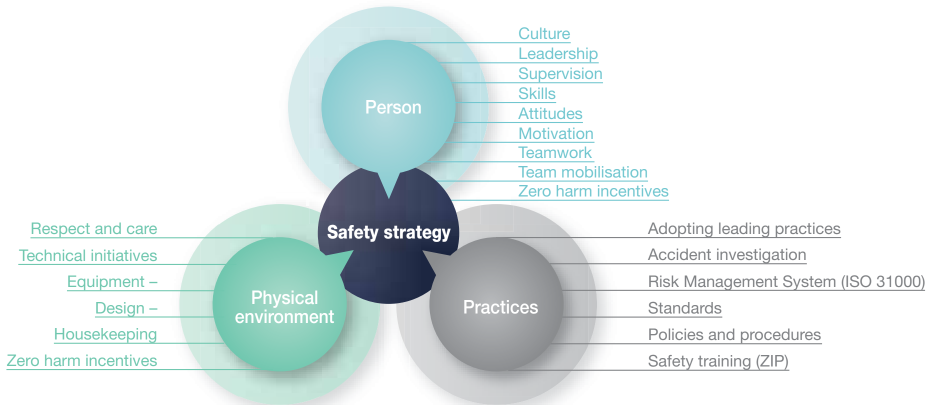
# Our investment case

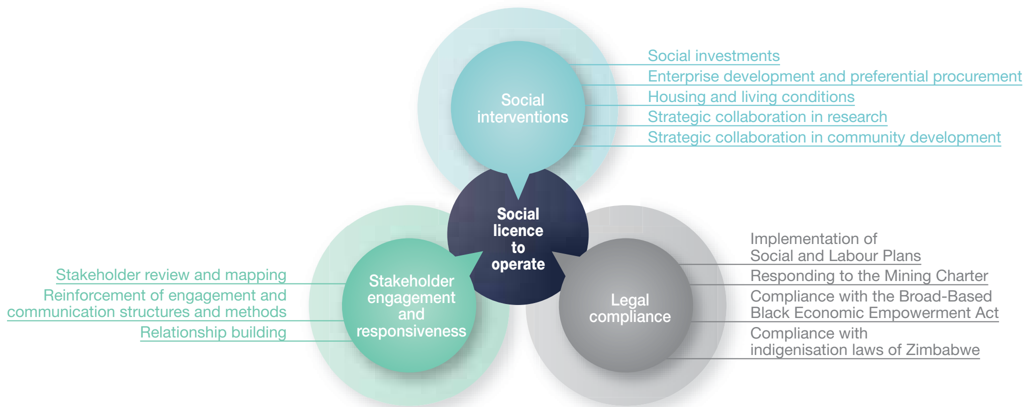
| Strategy | Key deliverables |
|---|---|
| 1 Investment through the cycle<br>2 Improve efficiencies through operational excellence and safe production<br>3 Cash conservation<br>4 Maintain our social licence to operate<br>5 Optionality and future positioning | • Zero harm<br>• Invest R22 billion over the next five years (excluding 17 Shaft)<br>• Restore and maintain Impala at between 815 – 830 koz Pt per annum<br>– Build-up confirmed to deliver on new 16 and 20 Shaft complexes as planned<br>– Retain 17 Shaft optionality (R500m over the next two years)<br>• Restore Zimplats as planned to 260 koz by 2016<br>– Opencast and redevelop Bimha<br>• Maintain Mimosa production at 2.56 million tonnes per annum<br>• Marula planned at circa 90 koz Pt per annum<br>• Build on successful IRS model<br>• Reduce capital spend to R4.2bn in 2016<br>• Afplats capital planned from FY2020<br>• Opex cut in 2016 and contain increases by 2% below inflation thereafter<br>• Maintain and position Group balance sheet<br>• Extend Two Rivers life of mine |

**These key deliverables enable sustainable, optimum levels of production for the Group thereby positioning the Group:**

- in the lower cost quartile
- favourably to benefit from stronger PGM prices

## Producing in a safe, socially responsible manner



## Our investment case

**"These key deliverables enable sustainable, optimum levels of production"**

## Chief executive officer's review

# The Group's priorities have been materially rebalanced to focus on shorter-term cash preservation and profitability in a low price environment while we continue our investment in key capital projects.

"We are pleased to have achieved all of our operational and financial targets"

### Q What were the main successes and challenges in FY2015?

**A** These results reflect good operational execution, but we have been affected by a number of external factors – not least of which are the continued low PGM price environment, the constrained power supply in South Africa as well as numerous "section 54" safety stoppages issued by the Department of Mineral Resources (DMR).

We have successfully started implementing, and seen the first benefits, of our strategy first communicated in February 2015. Premised on a "lower-for-longer" PGM price environment, our five key strategic objectives are to maintain prudent investment through the cycle, maintain strategic optionality and position the Group for the future, improve efficiencies and profitability through operational excellence and safe production; conserve cash wisely – especially while metal prices remain depressed – and maintain Implats' social licence to operate.

We are pleased to have achieved all of our operational and financial targets – save for Marula given the strike action and safety stoppages at that operation – and we have also succeeded in our cash preservation objectives.

In addition we have secured our balance sheet via the recent equity raising exercise and debt extension facilities while maintaining our planned expenditure on employee housing and social and labour plan commitments.

Importantly, notwithstanding the metal price environment, the completion of 16 and 20 shafts will result in the Impala Lease Area being in the lower cost quartiles. Our intention in transforming the Impala Lease Area is to create a more concentrated mining operation with access to new, modern shaft complexes making better use of the invested fixed cost base, with higher mining efficiencies and lower unit costs. Over the next five years it is planned to change the proportion of Merensky to UG2 to 50%, which is important for efficient smelter operation.

### Q Explain the key components of your safety performance

**A** The Group's safety strategy is premised on achieving zero harm and specifically demands safe behaviour, an inherently safe work environment and leading safety practices.

We continue to mitigate safety and health risks by implementing an internal work stoppage programme. This is a very proactive programme that requires working teams to stop and fix hazards or sub-standards identified by line management and service departments. During the year under review, 4 016 of these stoppages occurred.

Since the 2010 financial year our fatal injury frequency rate has improved from 0.122 to 0.058 per million man-hours worked. Over the same period we significantly reduced total accidents and ended the period with the total injury frequency rate of 9.78 per million man-hours worked having reduced from a rate of 15.21 in the 2010 financial year.

It is worth celebrating some of the remarkable safety achievements our teams have recorded at individual operations: Impala Services and Springs Refineries achieved 10 million fatality-free shifts, 7A and 12 shafts at Impala and Mimosa achieved 5 million fatality-free shifts, Zimplats achieved 3 million fatality-free shifts and Impala's 9, 14 and 20 shafts all achieved 1 million fatality-free shifts.

The Group recorded an all-time record during this period, which saw Implats work for more than six months without a fatal accident.

Despite these improvements, we deeply regret that four of our employees at Impala Rustenburg and two contractors, as well as an employee at Marula, suffered fatal injuries during the year. The board and the management team have extended their sincere condolences to the families and friends of these colleagues and remain committed to achieving zero harm across all operations.

### Q Outline your views on the regulatory landscape

**A** Looking at South Africa in particular, the mining sector has significant potential to contribute towards economic growth through ongoing engagement and involvement, particularly with regard to meeting the imperatives of the National Development Plan, the Industrial Policy Framework and the Deputy President's Framework

## Chief executive officer's review

**Terence Goodlace**
*Chief executive officer*

Agreement. Mining is a significant contributor not only directly to the economy, but also through the indirect and induced multipliers. The mining sector as a whole contributes towards boosting infrastructure investment, creating employment and export earnings as well as fighting unemployment, poverty and inequality. There is general agreement on the need for a vibrant mining sector for the future performance of the South African economy.

That said, it will be very difficult to achieve higher, more balanced and more inclusive economic growth without the tradable export sectors, including mining, growing at a much higher and sustainable level. The mining sector's potential continues to be hamstrung by policy uncertainty. In addition the rising cost of electricity and the insecurity of power supply are taking their toll. Unreliable supply has significantly dented investor confidence. A stable electricity pricing environment is critical to ensuring some form of investment is possible in the future.

The industry's poor performance has also been worsened by an unusually challenging community and labour relations environment as a result of both workplace and social wage issues. And a continuing challenge for management has been the number of "section 54" safety stoppage instructions issued by the DMR.

We look forward to participating in the government's Project Phakisa for the mining industry to seek ways to unleash our potential to secure inclusive growth for industry and country.

We will continue to engage the government on all issues that are inhibiting the growth and transformation of the mining sector.

Turning to Zimbabwe, we fully support the Zimbabwean government's attempts to grow its local economy. As one of the largest investors in the country we remain ready to do more, but require a supportive regulatory environment to live up to our potential to boost infrastructure development, employment, export earnings and local beneficiation/industrialisation.

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

### Q What are your views on the PGM market in the short and long term?

**A** Alongside all major commodities PGM prices have been adversely affected by a number of factors, including the abrupt slowdown of Chinese economic growth. It is important to take swift and robust action to manage the business in line with the price environment, but Implats continues to believe that the market fundamentals for PGMs remain attractive over the longer term. There is limited incremental PGM supply anticipated beyond recycling of above-ground stock, while demand is well positioned to benefit from the recovery in the global economy.

The fundamentals for PGMs remain robust even though above-ground stock continue to impact prices. The lack of capital investment by the platinum industry will curtail future supply from southern Africa and should, together with improving demand from recovering economies, augur well for these metals. Deficit markets, forecast for the next three to five years, are expected to steadily erode the level of inventories, positively impacting prices in the long term.

### Q What is Implats' response plan to the "lower-for-longer" PGM price scenario?

**A** We developed a decisive operational response plan to mitigate the lower-for-longer metal price outlook and the dramatic decline in the PGM price basket. The principal focus is now being placed on cash preservation and profitability in the lower price environment. In a nutshell, the Group plans to reduce the 2016 capital budget by R1.3 billion to R4.2 billion.

Key initiatives to achieve this include reducing operating costs, reprioritising and rescheduling capital expenditure, and accelerating the implementation of the Impala Lease Area strategy.

# Strategic advantage is built in the down cycle – and our measures to position the Group to take advantage of the next up cycle are well advanced.

Bottom-up assessment of all operations were conducted resulting in interventions at each operation, with specifically targeted measures to improve mining efficiencies and reduce operating costs. This resulted in a saving of R930 million. We are also taking other steps to reduce operating costs across the Group, including reducing head office costs; rescheduling development expenditure; reassessing and rescheduling major contracts; revising our support strategies; reducing remuneration spend and revising our management of ammonium sulphate stocks.

It nevertheless remains a priority for Implats to complete key capital projects that are expected to be value enhancing in the context of the current price outlook and also important to the long-term value for the Group. Our priority is thus to complete the development of 16 and 20 shafts in line with the strategy for the Impala Lease Area at a capital expenditure cost of R2.8 billion, which includes R1.1 billion off-reef development spend.

Development at 17 Shaft will be curtailed with capital expenditure reduced to R250 million for 2016.

We are closing the unprofitable mining areas, including the 8 Shaft and the 12 Shaft mechanised sections that are most at risk due to the current low price environment. The exact impact on employment is continuously assessed and will be mitigated where possible by redeploying employees to the replacement shafts. This is in line with the industry commitment to save jobs and ameliorate the impact of job losses in terms of the "Leaders' Declaration" we co-signed on 31 August 2015.

Capital expenditure will also be reduced elsewhere across the Group – R45 million at Marula, US$50 million at Zimplats and US$13 million at Mimosa.

Given our revised capital schedule and envisaged closures, we are reducing production at Impala by 180 000 platinum ounces over the next five years and reducing output to between 815 000 and 830 000 platinum ounces a year by 2020.

We have secured an advanced agreement to extend the term of a portion of the revolving debt facilities to two and half years from one year previously. The quantum has been increased to R3.5 billion.

In addition, on 3 September 2015 the Group proposed an equity raising of up to R4.0 billion via an accelerated book building process to qualifying institutions. The equity raising was approved by shareholders on 6 October and was successfully executed on 7 October 2015.

"We firmly believe that the market fundamentals for PGMs remain strong"

### Q What are the key opportunities for Implats in the medium term?

A The restructuring of our debt and the capital raising exercise has enhanced our balance sheet. This will allow us to continue our capital expenditure programme though the cycle, including the 16 and 20 shafts. A new smelter project alongside the existing smelting facility could be advanced in consultation with the Zimbabwean government and in partnership with other PGM producers operating in that country as a response to addressing a broader beneficiation strategy.

Our smelters are being relined and now offer us an additional competitive advantage. In Rustenburg we are rebuilding the number 3 and 5 furnace and bringing number 4 furnace online. The Group also has capacity available at IRS that enables it to benefit from new opportunities and diversify its production exposure. We intend to be a leading player in this area.

We firmly believe that the market fundamentals for PGMs remain strong, despite the near-term price pressures. Strategic advantage is built in the down cycle – and our measures to position the Group to take advantage of the next up cycle are well advanced. We are confident of an improved performance in the year ahead.

## Chief executive officer's review

**"The Group is expected to be EBITDA and free cash flow positive at current prices"**

## INPUTS

# OUR CAPITALS

**Human**
- Our workforce
- Skills and training
- Social, ethics, transformation and remuneration practices
- Contractors

**Financial**
- Operational profitability
- Operating cash flow
- Capital investment
- Equity funding
- Debt funding
- Processes

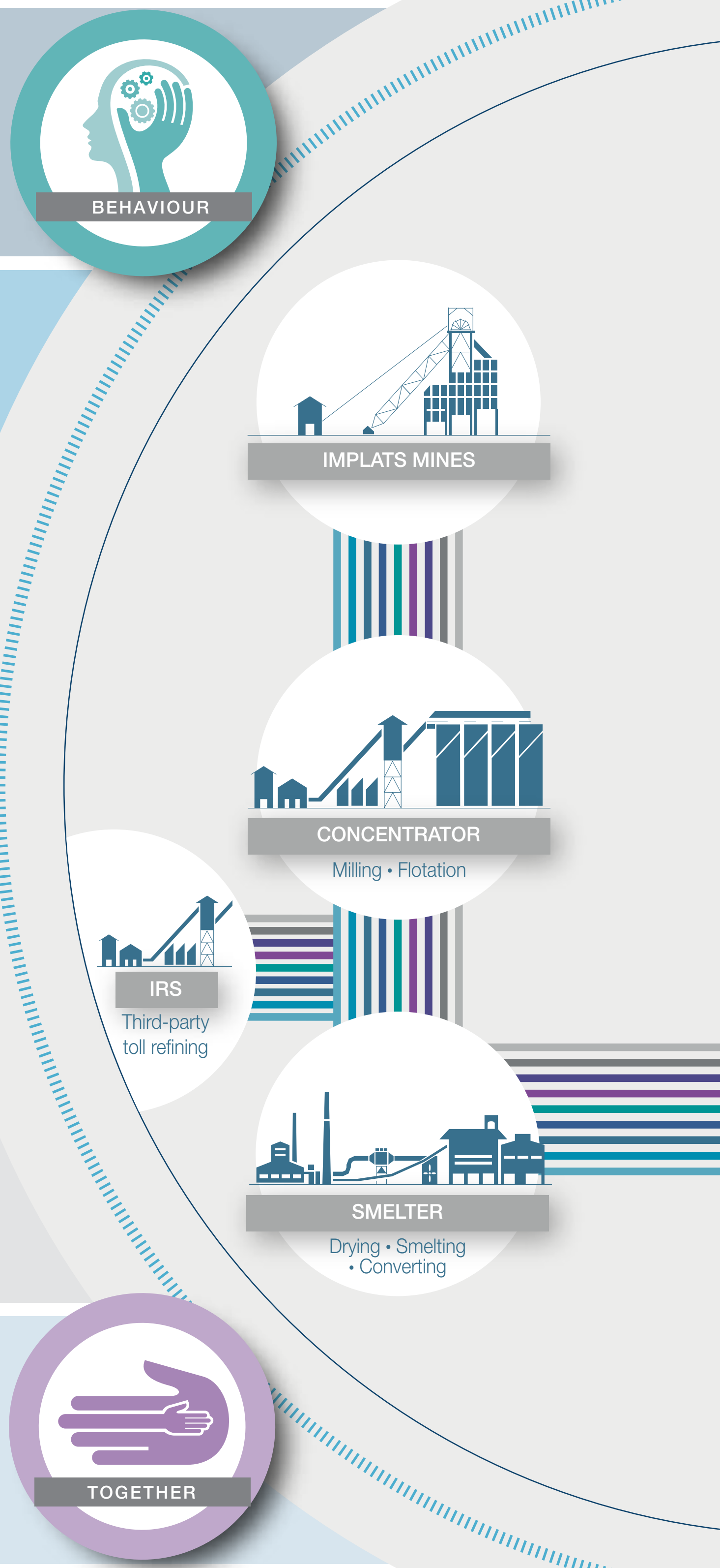
**Manufactured**
- Mining rights, reserves and resources
- Plant, property and equipment
- Infrastructure
- Utilities

**Social and relationship**
- Ethics and human rights
- Employee relations
- Organised labour
- Community relations
- Social investment
- Suppliers, customers and shareholders

**Intellectual**
- Knowledge and procedures
- Risk and accounting systems
- R&D and IP
- Geological models
- Beneficiation systems
- People, HR, governance and safety systems

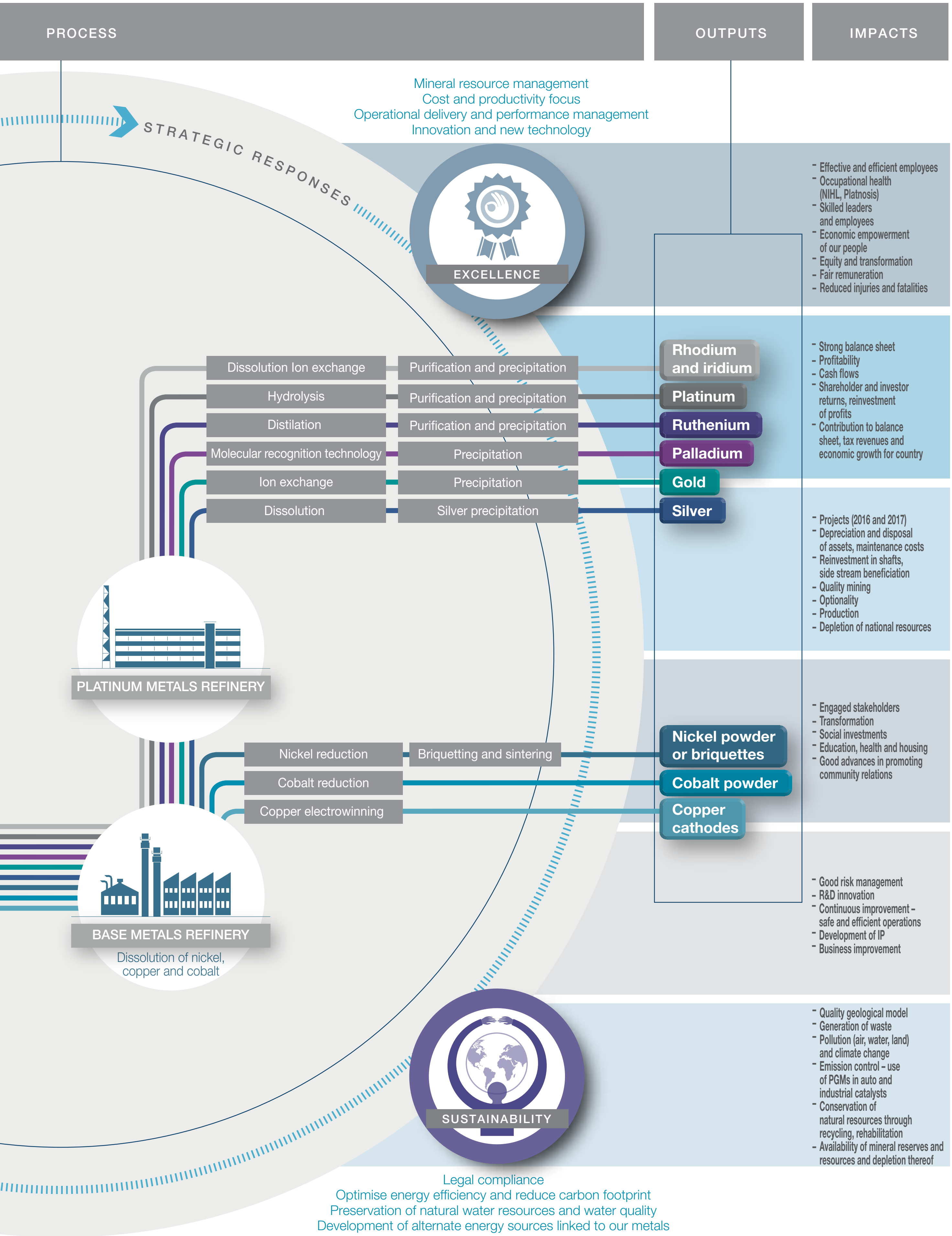
**Natural**
- Natural resources (land, air, water and biodiversity)
- Mineral reserves and resources

Cultural values
Work environment
Safety, Health and People strategies
Leadership and supervision




Sustainable social investment in our communities
Respect for human rights and stakeholder interests
Transparent governance and reporting
Legal compliance

# How we create value



# Financial capital – Group review

## In the current price environment, the Group's priorities have been materially rebalanced to focus on profitability and cash preservation. It is nevertheless critical to safeguard the completion of key capital projects to secure the long-term value of the Group.

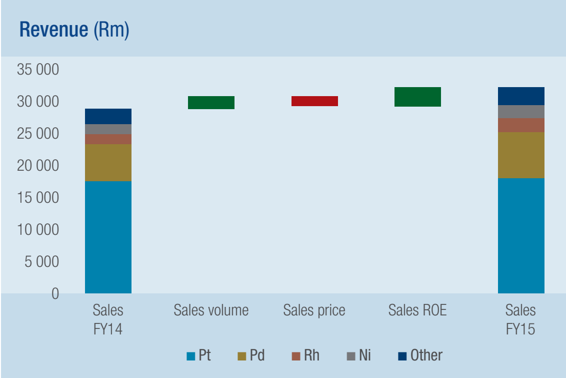
### Financial summary and statistics

**Summary statement of comprehensive income**

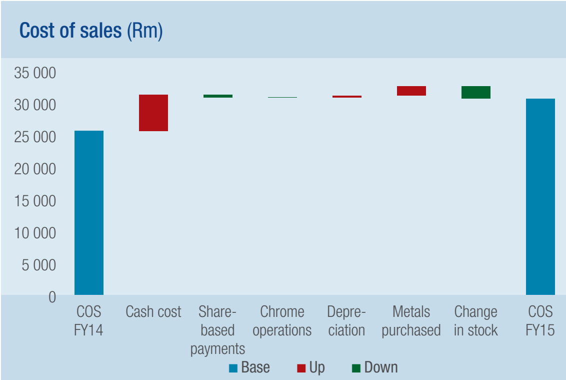
for the year ended 30 June 2015

| | 2015 Rm | 2014 Rm |
|---|---|---|
| **Revenue** | **32 477** | 29 028 |
| Cost of sales | **(30 849)** | (25 786) |
| **Gross profit** | **1 628** | 3 242 |
| Other operating income | **953** | 239 |
| Other operating expenses | **(1 338)** | (1 809) |
| Impairment | **(5 847)** | (1 000) |
| Royalty expense | **575** | (693) |
| **Profit/(loss) from operations** | **(4 029)** | (21) |
| Other | **(327)** | 36 |
| Income tax expense | **217** | (144) |
| **Profit/(loss) for the year** | **(4 139)** | (129) |
| **Other comprehensive income:** | | |
| Other | **(10)** | (42) |
| Exchange differences on translation | **1 495** | 711 |
| **Total comprehensive income** | **(2 654)** | 540 |
| Headline earnings (cps) | **36** | 86 |

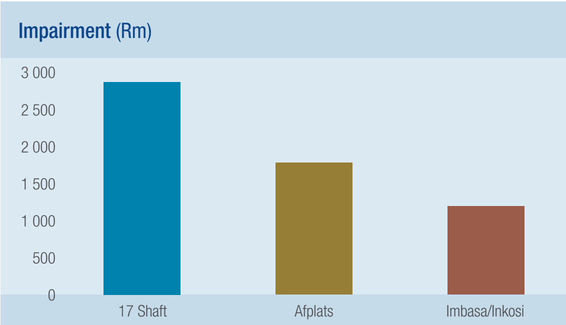
**Revenue** (Volume/price/exchange)




**Cost of sales**




**Impairment**




Royalties were impacted by Zimplats court case which resulted in a credit of R1.2 billion in the 2015 financial year.

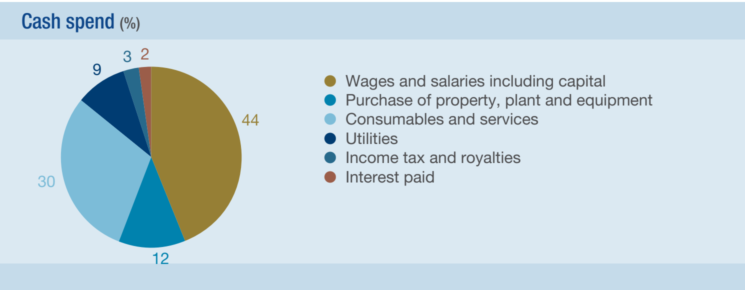
Taxation was impacted by additional profit tax (APT) at Zimplats of R913 million due to the outcome of two court cases, one being a prior year adjustment for the deductibility of assessed losses in the calculation of APT (R300 million) and second by the current year impact of the reduced royalty rates of R613 million. Royalties and tax offset arrangements have been agreed with the revenue authorities in Zimbabwe.

# Financial capital – Group review

### Consolidated statement of cash flow

for the year ended 30 June 2015

| | 2015 Rm | 2014 Rm |
|---|---|---|
| **Cash flow from operating activities** | **2 328** | 4 096 |
| **Cash flow from investing activities** | **(3 845)** | (3 537) |
| **Cash flow from financing activities** | **(276)** | (379) |
| **Cash and cash equivalents – end of year** | **2 597** | 4 305 |
| **Debt excluding leases** | **6 691** | 6 405 |




## Equity raising

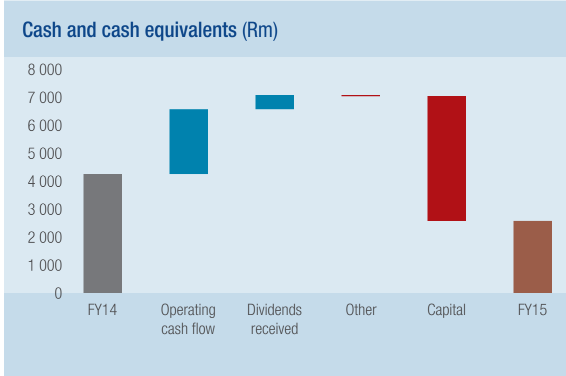
In the current price environment, the Group's priorities have been materially rebalanced to focus on profitability and cash preservation. It is nevertheless critical to safeguard the completion of key capital projects to secure the long-term value of the Group. Central to this is the completion of 16 and 20 shafts at the Impala Lease Area, which collectively require R3.9 billion investment over the next three years.

Following the operating and capital cost cutting response plans, the Group is expected to be EBITDA positive in the current PGM price environment and free cash flow positive across the Impala Lease Area and IRS, before replacement and development expenditure.

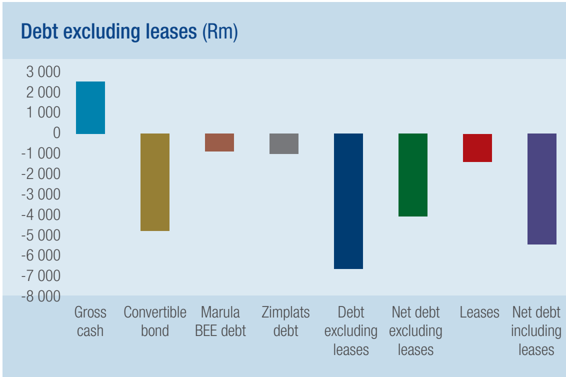
The Group successfully executed a R4.0 billion equity raising in October 2015 via an accelerated book build process.

This cash secures the completion of the key capital projects and together with the unutilised committed debt facilities secures the Group balance sheet.

### Cash and cash equivalents




### Debt excluding leases



# Summary mineral resource and mineral reserve information

## Group strategy: positive long-term fundamentals, expect lower-for-longer prices

Implats embraces an integrated mineral resources management (MRM) function. To this end, systems, procedures and practices are aligned and are continuously being improved to achieve this objective. MRM includes exploration, geology, geostatistical modelling, mine survey, sampling, mine planning, ore accounting and reconciliation and the MRM information systems. The MRM function is the custodian of the mineral assets and specifically strives to grow these assets in terms of both resources and reserves, and to unlock value through a constant search for optimal extraction plans which yield returns in line with the corporate and business objectives.

The main objective of the MRM function is to support the strategic intent and add value to the organisation, through:

- Ensuring that safe production is the first principle underpinning all mineral reserve estimates
- Appropriate investigation, study and understanding of the orebodies
- Accurate and reconcilable mineral resource and mineral reserve estimates
- Integrated and credible short, medium and long-term plans
- Measured and managed outputs
- Technically appropriate and proven management information systems

Continuous improvement has been embedded in the MRM function. Specific focus is given to standardisation, development, review and improvement of protocols to govern MRM. Implats accordingly remains committed to the following:

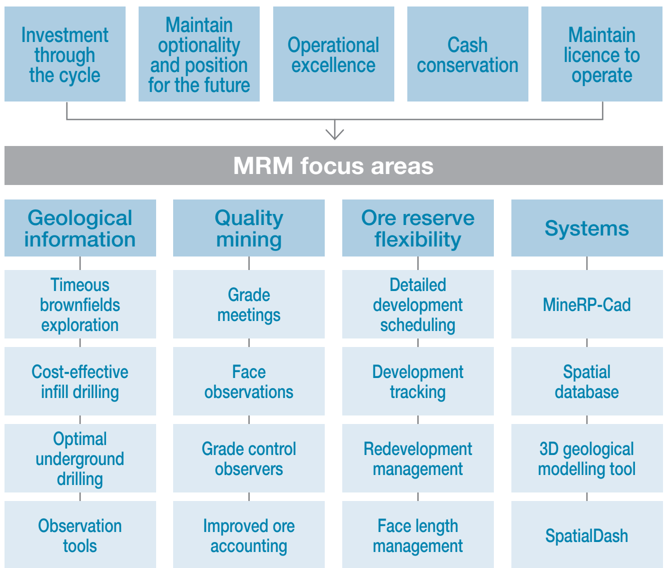
- Continuously improving the management of mineral resources and related processes, while addressing skills development and retention
- Optimal exploitation of current assets, together with growth of the mineral resource base by leveraging and optimising existing Implats properties, exploration and acquisitions, including alliances and equity interests with third parties
- The legislative regime that governs mineral rights ownership
- The transparent, responsible and compliant disclosure of mineral resources and mineral reserves in line with the relevant prescribed codes, SAMREC and JORC, giving due cognisance to materiality and competency

Present focus areas include:

- Improving the MRM information systems in cooperation with third-party vendors
- Improved ore reserve flexibility
- Improvement in the quality of mining

To this end Impala has completed the first year of a four-year project to migrate to a fully geospatial systems environment, namely MineRP Enterprise, in conjunction with our mining technical systems partner MineRP. This geospatial environment allows for integration with multiple systems, including 3D geological modelling and other technical services software. Since all the data will be stored as attributed points, lines and polygons, inside SpatialDB, the core component of MineRP Enterprise, it will be possible to query, review and visualise information spatially, across all levels of the organisation from a single source system. MineRP-CAD, the CAD tool in the enterprise system, has already been deployed to replace older CAD technology.

### Group strategy: positive long-term fundamentals, expect lower-for-longer prices




## Environment

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. 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, particularly as our underground operations become deeper and consume greater amounts of energy. This involves taking measures not only to address security of resource supply (for example through efficiency, recycling and fuel-switching), but also to actively minimise our impacts on natural resources and on the communities around our operations. Taking such measures has direct benefits in terms of reduced costs and liabilities, enhanced resource security and improved security of our licence to operate.

# Summary mineral resource and mineral reserve information

Implats has an environmental policy that commits the company to running our exploration, mining, processing and refining operations in an environmentally responsible manner and to ensure the well-being of our 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.

Our management of the environmental impacts of our operations and processes involves the following focus areas:

- Promoting responsible water stewardship by minimising water use and water pollution
- Minimising our negative impacts on air quality
- Responding to climate change risks and opportunities and promoting responsible energy management
- Managing our waste streams
- Promoting responsible land management and biodiversity practices

All our operations are ISO 14001 certified. In line with our environmental management system expectations, all operations are required to identify and report on environmental incidents. Systems are in place to investigate and determine the direct and root causes of high-severity incidents, and to address and close out these incidents.

To ensure continued assurance of legal compliance to all authorisation requirements and conditions, legal, geology and environmental departments are implementing the best practice land management software FlexiCadastre®, for the management of mineral rights and contractual commitments.

## Attributable mineral resources and mineral reserves

Implats reports a summary of total attributable platinum ounces as sourced from all categories of mineral resources of the Implats Group of companies and its other strategic interests on a percentage equity interest basis. The tabulation below reflects estimates for platinum, palladium, rhodium and gold (4E), based on the percentage equity interest. These are summary estimates and inaccuracy is derived from rounding of numbers. Where this happens it is not deemed significant.

For more detail refer to the "Mineral resource and mineral reserve statement 2015" available at www.implats.co.za.

### Attributable mineral resources inclusive of mineral reserves

As at 30 June 2015

| | Mineral resources inclusive of reserves | | | | | Implats' share | Attributable ounces | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Moz | | | | |
| | Orebody | Category | Tonnes Mt | 4E grade g/t | 6E grade g/t | % | Pt | Pd | Rh | Au | 4E |
| **Impala** | Merensky | Measured | 143.0 | 6.27 | 7.01 | 96 | 18.1 | 8.0 | 1.58 | 1.04 | 28.7 |
| | | Indicated | 67.4 | 6.42 | 7.16 | 96 | 8.7 | 3.9 | 0.76 | 0.50 | 13.9 |
| | | Inferred | 21.7 | 6.35 | 7.10 | 96 | 2.8 | 1.2 | 0.24 | 0.16 | 4.4 |
| | UG2 | Measured | 123.9 | 7.32 | 8.78 | 96 | 16.9 | 8.9 | 3.08 | 0.26 | 29.2 |
| | | Indicated | 47.3 | 7.37 | 8.84 | 96 | 6.5 | 3.4 | 1.18 | 0.10 | 11.2 |
| | | Inferred | 14.3 | 7.22 | 8.66 | 96 | 1.9 | 1.0 | 0.35 | 0.03 | 3.3 |
| | **Total Impala** | | **417.6** | **6.77** | **7.83** | | **55.0** | **26.5** | **7.19** | **2.10** | **90.8** |
| **Impala/RBR JV** | Merensky | Measured | 2.6 | 6.72 | 7.50 | 49 | 0.3 | 0.2 | 0.03 | 0.02 | 0.6 |
| | | Indicated | 2.6 | 7.12 | 7.95 | 49 | 0.4 | 0.2 | 0.03 | 0.02 | 0.6 |
| | | Inferred | 2.4 | 6.69 | 7.48 | 49 | 0.3 | 0.1 | 0.03 | 0.02 | 0.5 |
| | UG2 | Measured | 0.7 | 7.47 | 8.97 | 49 | 0.1 | 0.1 | 0.02 | 0.00 | 0.2 |
| | | Indicated | 1.2 | 7.95 | 9.54 | 49 | 0.2 | 0.1 | 0.03 | 0.00 | 0.3 |
| | | Inferred | 1.0 | 7.26 | 8.71 | 49 | 0.1 | 0.1 | 0.02 | 0.00 | 0.2 |
| | **Total Impala/RBR JV** | | **10.6** | **7.06** | **8.06** | | **1.5** | **0.7** | **0.17** | **0.07** | **2.4** |
| | **Total Impala and Impala/RBR JV** | | **428.2** | **6.78** | **7.83** | | **56.4** | **27.2** | **7.36** | **2.16** | **93.1** |

# Summary mineral resource and mineral reserve information

## Attributable mineral resources inclusive of mineral reserves continued

As at 30 June 2015

| | Mineral resources inclusive of reserves | | | | | Implats' share | Attributable ounces | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Orebody | Category | Tonnes Mt | 4E grade g/t | 6E grade g/t | % | Moz Pt | Pd | Rh | Au | 4E |
| **Marula** | Merensky | Measured | 25.0 | 4.24 | 4.55 | 73 | 2.0 | 1.1 | 0.10 | 0.26 | 3.4 |
| | | Indicated | 5.6 | 4.26 | 4.54 | 73 | 0.4 | 0.2 | 0.02 | 0.06 | 0.8 |
| | | Inferred | 7.2 | 4.16 | 4.46 | 73 | 0.6 | 0.3 | 0.03 | 0.07 | 1.0 |
| | UG2 | Measured | 24.8 | 8.75 | 10.17 | 73 | 3.1 | 3.1 | 0.66 | 0.08 | 6.9 |
| | | Indicated | 10.4 | 8.92 | 10.38 | 73 | 1.3 | 1.3 | 0.28 | 0.03 | 3.0 |
| | | Inferred | 5.6 | 9.09 | 10.61 | 73 | 0.7 | 0.7 | 0.15 | 0.02 | 1.6 |
| | **Total** | | **78.6** | **6.62** | **7.51** | | **8.1** | **6.8** | **1.24** | **0.53** | **16.7** |
| **Afplats** | UG2 | Measured | 72.8 | 5.19 | 6.47 | 74 | 7.4 | 3.3 | 1.39 | 0.06 | 12.1 |
| | | Indicated | 8.0 | 5.11 | 6.36 | 74 | 0.8 | 0.4 | 0.15 | 0.01 | 1.3 |
| | | Inferred | 41.3 | 5.06 | 6.25 | 74 | 4.1 | 1.8 | 0.77 | 0.03 | 6.7 |
| | **Total** | | **122.2** | **5.14** | **6.39** | | **12.3** | **5.5** | **2.31** | **0.09** | **20.1** |
| **Imbasa** | UG2 | Indicated | 16.9 | 4.59 | 5.74 | 60 | 1.5 | 0.7 | 0.29 | 0.01 | 2.5 |
| | | Inferred | 24.1 | 4.53 | 5.70 | 60 | 2.2 | 1.0 | 0.41 | 0.02 | 3.6 |
| **Inkosi** | UG2 | Indicated | 33.2 | 4.87 | 6.14 | 49 | 3.2 | 1.4 | 0.60 | 0.02 | 5.3 |
| | | Inferred | 18.8 | 4.64 | 5.88 | 49 | 1.7 | 0.8 | 0.33 | 0.01 | 2.9 |
| **Imbasa and Inkosi** | **Total** | | **93.1** | **4.69** | **5.90** | | **8.6** | **3.9** | **1.63** | **0.07** | **14.2** |
| **Two Rivers** | Merensky | Indicated | 29.7 | 2.85 | 3.11 | 49 | 1.6 | 0.9 | 0.09 | 0.18 | 2.7 |
| | | Inferred | 48.6 | 3.61 | 3.92 | 49 | 3.3 | 1.8 | 0.20 | 0.38 | 5.6 |
| | UG2 | Measured | 7.6 | 4.62 | 5.61 | 49 | 0.6 | 0.4 | 0.11 | 0.01 | 1.2 |
| | | Indicated | 29.1 | 4.18 | 5.04 | 49 | 2.1 | 1.4 | 0.39 | 0.04 | 4.0 |
| | | Inferred | 57.7 | 4.86 | 5.75 | 49 | 4.77 | 3.20 | 0.88 | 0.10 | 8.96 |
| | **Total** | | **172.7** | **4.04** | **4.65** | | **12.4** | **7.7** | **1.68** | **0.73** | **22.4** |
| **Zimplats** | MSZ | Measured | 154.2 | 3.53 | 3.72 | 87 | 8.7 | 6.9 | 0.74 | 1.17 | 17.5 |
| | | Indicated | 595.3 | 3.49 | 3.69 | 87 | 33.0 | 26.3 | 2.84 | 4.47 | 66.9 |
| | | Inferred | 1 043.0 | 3.26 | 3.53 | 87 | 52.6 | 44.1 | 4.76 | 7.48 | 109.2 |
| | **Total** | | **1 792.6** | **3.36** | **3.60** | | **94.2** | **77.3** | **8.34** | **13.11** | **193.6** |
| **Mimosa** | MSZ | Measured | 34.6 | 3.70 | 3.91 | 50 | 2.0 | 1.6 | 0.17 | 0.30 | 4.1 |
| | | Indicated | 15.6 | 3.57 | 3.79 | 50 | 0.9 | 0.7 | 0.08 | 0.14 | 1.8 |
| | | Inferred | 13.6 | 3.46 | 3.66 | 50 | 0.8 | 0.6 | 0.06 | 0.11 | 1.5 |
| | **Total** | | **63.8** | **3.62** | **3.83** | | **3.7** | **2.9** | **0.31** | **0.55** | **7.4** |
| **All** | **Total** | | **2 751** | **4.16** | **4.64** | | **196** | **131** | **23** | **17** | **368** |

# Summary mineral resource and mineral reserve information

## Attributable mineral reserves

As at 30 June 2015

| | Mineral reserves | | | | | Implats' share | Attributable ounces | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Moz | | | | |
| | Orebody | Category | Tonnes Mt | 4E grade g/t | 6E grade g/t | % | Pt | Pd | Rh | Au | 4E |
| **Impala** | Merensky | Proved | 8.8 | 3.86 | 4.31 | 96 | 0.7 | 0.3 | 0.06 | 0.04 | 1.1 |
| | | Probable | 106.7 | 4.34 | 4.85 | 96 | 9.4 | 4.1 | 0.82 | 0.54 | 14.8 |
| | UG2 | Proved | 15.2 | 3.83 | 4.60 | 96 | 1.1 | 0.6 | 0.20 | 0.02 | 1.9 |
| | | Probable | 114.9 | 3.76 | 4.51 | 96 | 8.1 | 4.3 | 1.47 | 0.13 | 13.9 |
| | **Total** | | **245.6** | **4.02** | **4.66** | **96** | **19.2** | **9.3** | **2.54** | **0.72** | **31.7** |
| **Marula** | UG2 | Proved | 2.2 | 4.02 | 4.67 | 73 | 0.1 | 0.1 | 0.03 | 0.00 | 0.3 |
| | | Probable | 19.7 | 3.85 | 4.47 | 73 | 1.1 | 1.1 | 0.23 | 0.03 | 2.4 |
| | **Total** | | **21.9** | **3.87** | **4.49** | **73** | **1.2** | **1.2** | **0.26** | **0.03** | **2.7** |
| **Two Rivers** | UG2 | Proved | 5.9 | 3.18 | 3.87 | 49 | 0.3 | 0.2 | 0.06 | 0.01 | 0.6 |
| | | Probable | 14.6 | 2.94 | 3.56 | 49 | 0.8 | 0.4 | 0.15 | 0.01 | 1.4 |
| | **Total** | | **20.5** | **3.01** | **3.65** | **49** | **1.1** | **0.6** | **0.21** | **0.02** | **2.0** |
| **Zimplats** | MSZ | Proved | 18.3 | 3.31 | 3.50 | 87 | 1.0 | 0.8 | 0.08 | 0.13 | 1.9 |
| | | Probable | 54.5 | 3.37 | 3.56 | 87 | 2.9 | 2.3 | 0.25 | 0.39 | 5.9 |
| | **Total** | | **72.8** | **3.36** | **3.54** | **87** | **3.9** | **3.1** | **0.33** | **0.52** | **7.9** |
| **Mimosa** | MSZ | Proved | 11.4 | 3.55 | 3.79 | 50 | 0.6 | 0.5 | 0.05 | 0.10 | 1.3 |
| | | Probable | 5.5 | 3.68 | 3.96 | 50 | 0.3 | 0.3 | 0.03 | 0.05 | 0.7 |
| | **Total** | | **16.9** | **3.59** | **3.84** | **50** | **1.0** | **0.8** | **0.08** | **0.16** | **2.0** |
| **All** | **Total** | | **377.8** | **3.81** | **4.34** | | **26.4** | **15.0** | **3.42** | **1.45** | **46.2** |

# Summary mineral resource and mineral reserve information

## Reconciliation

The consolidated high-level reconciliation of total mineral resources and mineral reserves for the Implats Group of companies is shown below. These high-level variances are relatively small. Particulars of these variances in addition to depletions are illustrated in more detail in the sections by operation. Rounding of numbers may result in computational discrepancies, specifically in these high-level comparisons.

### Total mineral resources (Moz Pt), inclusive of mineral reserves

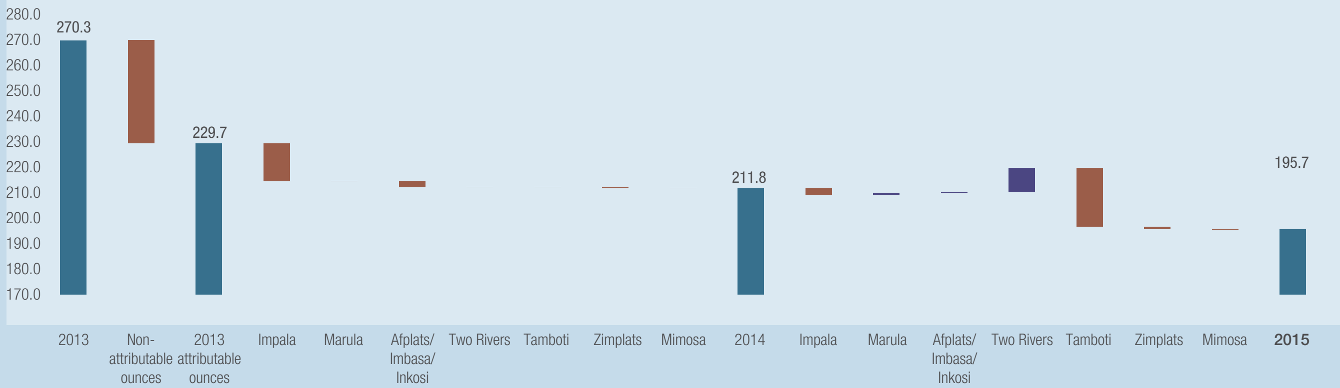
| | 2012 | 2013 | 2014 | Depletion | Gains and other changes | 2015 | Attributable 2015 |
|---|---|---|---|---|---|---|---|
| **Impala*** | 75.5 | 77.5 | 60.5 | (0.8) | 0.5 | **60.3** | 56.4 |
| **Marula** | 10.3 | 10.3 | 10.1 | (0.1) | 1.0 | **11.1** | 8.1 |
| **Afplats** | 19.6 | 19.3 | 16.1 | – | 0.5 | **16.6** | 12.3 |
| **Imbasa/Inkosi** | 15.2 | 16.0 | 16.1 | – | 0.2 | **16.3** | 8.6 |
| **Two Rivers** | 6.6 | 6.5 | 6.5 | (0.2) | 19.0 | **25.2** | 12.4 |
| **Tamboti** | 27.1 | 23.2 | 23.2 | – | (23.2) | | |
| **Zimplats** | 107.4 | 109.8 | 109.3 | (0.3) | (0.7) | **108.3** | 94.2 |
| **Mimosa** | 7.9 | 7.7 | 7.5 | (0.2) | 0.1 | **7.4** | 3.7 |
| **Totals** | **269.6** | **270.3** | **249.3** | **(1.5)** | **(2.6)** | **245.1** | **195.7** |

** Includes RBR JV*

## Notes

- The Impala estimate in the above table includes the contiguous Impala/RBR JV estimate
- Depletion was adjusted by global concentrator and mine call factors
- Potential impact of pillar factors was taken into account
- The larger variances can be attributed to the transfer of the Tamboti mineral rights into Two Rivers
- The Marula estimate includes the addition of UG2 mineral rights in terms of an agreement with Modikwa
- Smaller variances are mostly due to depletion and updates to the estimation models

**Attributable mineral resources (variance Moz Pt)**



# Summary mineral resource and mineral reserve information

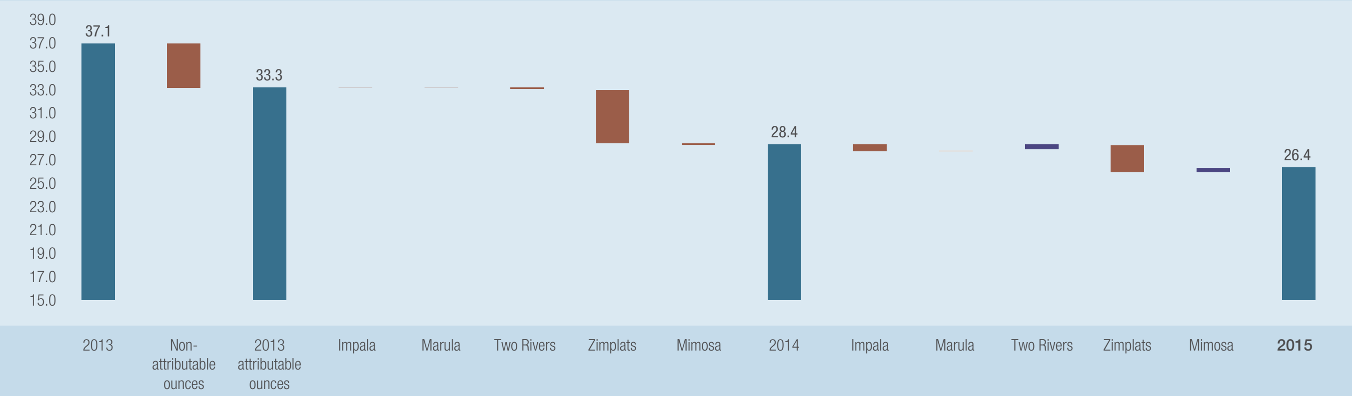
## Total mineral reserves (Moz Pt)

| | 2012 | 2013 | 2014 | Depletion | Gains and other changes | 2015 | Attributable 2015 |
|---|---|---|---|---|---|---|---|
| **Impala** | 20.8 | 19.8 | 19.8 | (0.69) | 0.9 | **20.0** | 19.2 |
| **Marula** | 1.5 | 1.5 | 1.5 | (0.08) | 0.3 | **1.6** | 1.2 |
| **Two Rivers** | 1.9 | 1.9 | 1.7 | (0.22) | 0.8 | **2.3** | 1.1 |
| **Zimplats** | 12.1 | 12.5 | 7.1 | (0.21) | (2.4) | **4.5** | 3.9 |
| **Mimosa** | 1.7 | 1.5 | 1.2 | (0.15) | 0.8 | **1.9** | 1.0 |
| **Totals** | **37.9** | **37.1** | **31.3** | **(1.36)** | **0.4** | **30.3** | **26.4** |

## Notes

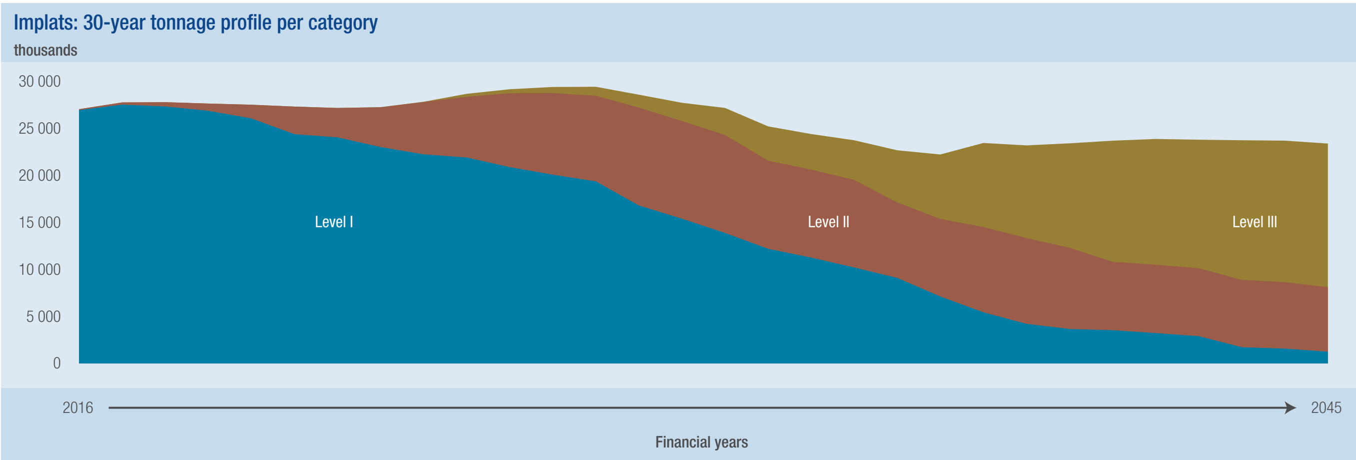
- Depletion was adjusted by global concentrator factors
- The main change is the impact of the updated Zimplats statement that now excludes Portal 5S and allows for the increased pillar design
- The mineral reserves increased at Mimosa, Marula and Two Rivers due to the inclusion of additional areas into the mineral reserve inventory. For clarity note that previous statements did not include mineral reserves for Tamboti. However, part of the area transferred from Tamboti to Two Rivers has been converted to mineral reserves
- The attributable portion of the Impala mineral reserves is now at 96% following the recent employee share issue (ESOP) of 4%
- Smaller changes over the past few years are mostly related to depletion

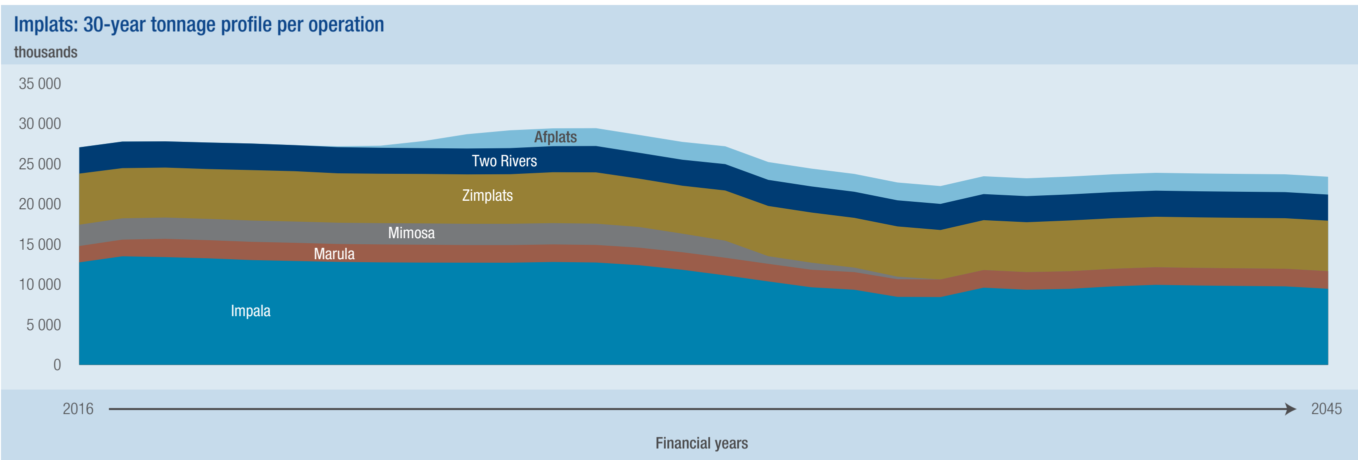
**Attributable mineral reserves (variance Moz Pt)**



# Summary mineral resource and mineral reserve information

The high-level LoM (30-year) plan is depicted in the detailed sections per operation describing each operation in terms of planning Levels I, II and III. These graphs reflect 100% of the annual production forecasts and not the portion attributable to Implats. These do not include all the "blue sky" opportunities as this is often in the scoping or pre-feasibility stage of planning; some of this potential is specifically excluded at this early stage. Caution should be taken when considering the LoM plans as these may vary if assumptions, modifying factors, exchange rates or metals prices change materially. These LoM profiles should be read in conjunction with mineral resource estimates to determine the long-term potential. The graphs below show the consolidated high-level LoM plans collated from the individual profiles per operation. The pictorial 30-year profiles are shown as a combination of Levels I, II and III and also the contribution by operation. Only LoM I is based on mineral reserves while LoM II and III have not been converted to mineral reserves. Note that Afplats is the only non-producing operation included in these combined profiles to illustrate the potential impact on the Group profile. Shaft sinking operations at Afplats have been deferred for four years in terms of the strategic review during 2014. It is clear from a combined view that a large proportion of the 30-year plan is still in Levels II and III and would require further studies, funding and approval. The profiles below illustrate the total tonnage; the volumes attributable to Implats will be lower.



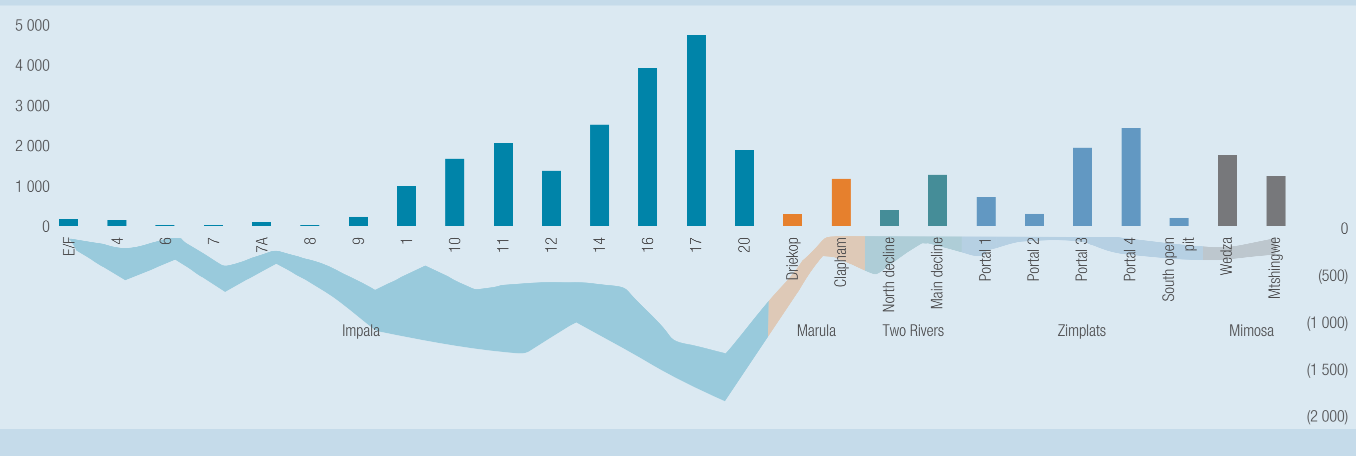



# Summary mineral resource and mineral reserve information

## Implats' mineral reserves at a glance

The updated allocation of Implats' mineral reserves per shaft infrastructure as at 30 June 2015 is depicted in the accompanying graphic illustration. The range below surface and quantum related to the infrastructure is shown and depicts among others the advantage at Zimplats in this regard. These graphs also give an indication of the potential impact of a possible shaft closure in future should prices demand this.

**Platinum mineral reserve and depth range for individual Implats shafts**



# Operational review – Impala

> “The focus is on creating a more concentrated mining operation with access to new, modern shaft complexes making better use of the invested fixed cost base, with higher mining efficiencies and lower unit costs”

The ramp-up at Rustenburg following the five-month strike in the previous financial year progressed well, but was interrupted by four fatal accidents and subsequent work and safety stoppages. Full production rates were achieved in November 2014.

## Manufactured capital

### Safety performance

Impala’s safety performance improved over the year and the total injury frequency rate improved to 10.37 per million man-hours worked (2014: 13.03). Several significant achievements were recorded during the period:

- Refineries and Services both achieved 10 million fatality-free shifts
- 12 and 7A shafts recorded 5 million fatality-free shifts
- 9, 14 and 20 shafts and Rustenburg Processing all reached 1 million fatality-free shifts
- Refineries have recorded a year without a lost-time injury

Despite the overall improvement, six employees suffered fatal injuries during the year. Of these, four occurred in August and September 2014 during the ramp-up of the Rustenburg operation. Following consultations, safety plans were amended to include, among others, the implementation of a critical safe behaviours initiative. This programme culminated in a three-day safety summit which was attended by 600 safety representatives, including employees, union leaders and representatives from the Department of Mineral Resources (DMR), in a collaborative effort to improve safety at this operation. This will remain an ongoing initiative.

Management continues to focus on cultural transformation supported by effective leadership and supervision, compliance with leading safety practices and creating a safe working environment. Team mobilisation has been identified as a key element in ensuring the safe behaviour of employees, with the objectives of enhancing trust, building commitment and accountability, and achieving collective results. As at the end of June 2015, approximately a quarter of the stoping teams had participated in this intervention.

Underground safety enhancements including the further deployment and completion of rollout of self-rescuers as well as proximity detection devices, fire-retardant conveyor belting and centralised blasting systems have been progressed during the year

### Operational performance

Impala achieved its stated production target for the 2015 financial year despite interruptions to the ramp-up of operations caused by safety stoppages and constrained power supply. The ramp-up at Impala Rustenburg following the five-month AMCU wage strike in the second half of FY2014 progressed well, but was interrupted by the four separate fatal accidents and associated safety stoppages referred to above. All affected shafts and production units were stopped in September 2014 for an extended period while all mining operations were suspended for a period of four days to actively consult all key stakeholders and secure a renewed compact to work safely. Full production rates were achieved from November 2014.

Mineable face length for conventional mining crews, which provides the best measure for ore reserve flexibility, improved over the year from 20.5 kilometres in June 2014 to 22.4 kilometres in June 2015. This has been a key focus area at the operation over a number of years, improving from 17.8 kilometres in December 2011 and effectively achieving 1.5 stoping panels per mining team at the end of the reporting period. Since 2012 Impala has increased its mineable ore reserves from 24 to 33 months.

# Operational review – Impala

The impact of constrained power supply was mitigated to some extent by effective real-time monitoring, targeted power curtailment and power shifting to off-peak periods at the smelting facility.

Mill throughput improved by 48.8% from the previous comparable period to 9.20 million tonnes and refined platinum production increased by 40.0% to 575 200 ounces, largely as a result of strike activity in the previous period.

## Human capital

### Labour relations

Impala continues to focus on developing and fostering a new, dynamic and sustainable partnership with employees and their representative bodies to ensure that our people are treated with respect and care, fairly rewarded for their contributions, empowered to raise their concerns, safely engaged in their daily duties, and able to deliver on their organisational goals. Initiatives have been put in place to ensure high levels of employee engagement based on the shared values of respect and care, collaborative relationships with all unions in a multi-union environment and to empower frontline management to engage effectively with employees.

In December 2014 Implats concluded an equity transaction for the benefit of qualifying employees of the subsidiary company Impala Platinum Limited (Impala). In terms of this transaction, the newly formed Impala Employee Share Ownership Trust (ESOT) subscribed for new Impala shares, comprising 4% of Impala's share capital. The Implats board of directors approved the provision by Implats of a loan of approximately R1.1 billion to the trust to enable the trust to subscribe for the trust shares. This transaction provides a meaningful way of aligning employees' interests with the future profitability of Impala, while also increasing the ownership of HDSAs to well above the 26% level.

During the year a strong focus has been placed on building relationships with the AMCU national leadership and their elected representatives at our Rustenburg operations. We have jointly agreed on a code of conduct and have begun a training process among shop stewards, focusing on issues such as roles and responsibilities, conflict resolution and negotiation skills.

Impala has established seven task teams, comprising company and union representatives, to address the issues identified in the agreement that brought an end to the 2014 strike, including: the provision of microloans and garnishee orders; retirement benefits and funeral cover; sub-contracting, labour hire and employment agencies; the nature of the job grading review; employee shareholding; medical aid; and the establishment of a life skills centre.

### Health

In 2015, 49 cases of noise-induced hearing loss were diagnosed, up from 36 in 2013. We continue to introduce equipment with improved sound suppression and exposed individuals are trained in the use of custom-made hearing-protection devices. The HIV prevalence rate is estimated at 23% based on available data for the Impala Rustenburg operation. During the year, we undertook 11 875 voluntary counselling and testing (VCT) of employees (2014: 10 086). A total of 6 140 employees participated in company-funded and managed HIV wellness programmes (2014: 6 286), of whom 4 429 (2014: 4 276) received antiretroviral therapy (ART). Altogether 1 296 of those on ART joined the ART programme during the year, a net 4% increase from the previous year.

### Skills and training

Our skills development, talent management and team mobilisation activities focus on optimising team output and productivity, developing our talent pipelines and maintaining an inflow of requisite skills. We also invest in developing effective leadership skills and capacity. During 2015, 139 teams attended team mobilisation, while 57 mine overseers and supervisors participated in leadership programmes. All E and key D level production management attended ZIP training and 884 health and safety representatives were trained in the relevant skills. An amount of R863 000 was invested into an in-house Mining Academy, while skills development expenditure rose to R456 million (2014: R311 million), representing 6.2% of payroll.

## Social and relationship capital

### Communities

In South Africa, the challenging social context highlights the need for sustainable community development as both a commercial and social imperative. We recognise the importance of targeted social investments aimed at building sustainable local communities.

This year we invested R83 million in socio-economic development projects for our South African operations, inclusive of our SLP commitments, up from R71 million in 2014. An additional R228 million was spent on improving accommodation and living conditions of our employees.

Our flagship accommodation project, the development of houses for our Impala Rustenburg and Impala Springs employees, continued and in Impala Springs 108 new houses benefited a further 400 people, many of whom became homeowners for the first time.

# Operational review – Impala

Our enterprise development initiatives helped to create or sustain around 740 jobs in small black-owned companies.

In line with the national development plan priorities and our own skills requirements, we continue to fund a number of education projects. These projects supported almost 5 900 lecturers, educators, learners and students with salary supplements (for university lecturers of mining-related subjects), bursaries, learnerships, novice training, mentorship and sports programmes.

## Natural capital

The difficult socio-political environment in the Rustenburg area negatively affected environmental impact assessment (EIA) and environmental management programme (EMP) amendment processes. An EMP for the Rustenburg operation was completed and submitted to the DMR in December 2014. While identifying areas of improvement, it also highlighted concerns about soil and surface water management, groundwater contamination and increased dust levels.

Water management continues to receive particular focus at Impala Rustenburg. The persistently dry conditions experienced in the north-west of South Africa, together with municipal potable water supply problems, continue to present challenges to our operations and highlight the strategic long-term importance of effective water management practices. We have been implementing a groundwater and surface-water treatment project to remediate the pollution plume around our tailings dam.

## Mineral resources and mineral reserves

There have been no material changes in the consolidated mineral resource and reserve estimates for Impala. Note that the 12 Shaft North mineral resources and reserves have been included in the updated statement. Mineral resources below planned infrastructure are excluded from the combined statement.

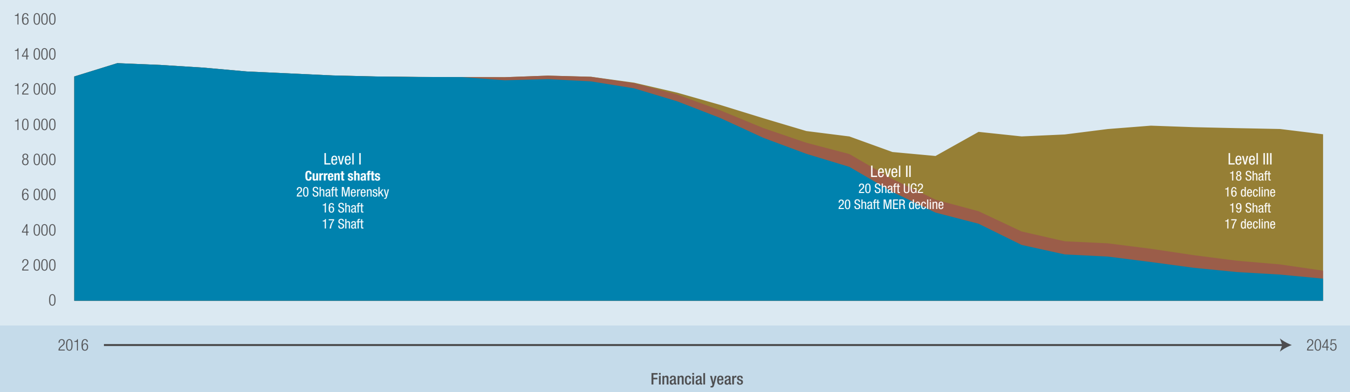
For more detail refer to the "Mineral resource and mineral reserve statement 2015" available at www.implats.co.za.

| | Mineral resources inclusive of reserves | | 2015 | | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Orebody | Category | Tonnage Mt | 6E Grade | Pt Moz | Pt Attr Moz | Tonnage Mt | 6E Grade | Pt Moz | Pt Attr Moz |
| **Impala (96% attributable)** | Merensky | Measured | 148.9 | 7.01 | 18.8 | 18.1 | 150.1 | 7.11 | 19.4 | 19.4 |
| | | Indicated | 70.2 | 7.16 | 9.1 | 8.7 | 68.5 | 7.02 | 8.8 | 8.8 |
| | | Inferred | 22.6 | 7.1 | 2.9 | 2.8 | 23.6 | 6.70 | 2.9 | 2.9 |
| | UG2 | Measured | 129.1 | 8.78 | 17.6 | 16.9 | 132.1 | 8.74 | 18.0 | 18.0 |
| | | Indicated | 49.3 | 8.84 | 6.8 | 6.5 | 47.5 | 8.86 | 6.5 | 6.5 |
| | | Inferred | 14.9 | 8.66 | 2.0 | 1.9 | 14.7 | 8.61 | 2.0 | 2.0 |
| | **Total** | | **435** | **7.83** | **57.3** | **55.0** | **437** | **7.81** | **57.6** | **57.6** |

| | Mineral reserves | | 2015 | | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Orebody | Category | Tonnage Mt | 6E Grade | Pt Moz | Pt Attr Moz | Tonnage Mt | 6E Grade | Pt Moz | Pt Attr Moz |
| **Impala (96% attributable)** | Merensky | Proved | 9.1 | 4.31 | 0.7 | 0.7 | 9.5 | 4.21 | 0.7 | 0.7 |
| | | Probable | 111.2 | 4.85 | 9.7 | 9.3 | 110.4 | 4.78 | 9.6 | 9.6 |
| | UG2 | Proved | 15.8 | 4.6 | 1.1 | 1.1 | 15.6 | 4.47 | 1.1 | 1.1 |
| | | Probable | 119.7 | 4.51 | 8.4 | 8.1 | 121.6 | 4.42 | 8.4 | 8.4 |
| | **Total** | | **255.9** | **4.66** | **20.0** | **19.1** | **257.1** | **4.57** | **19.8** | **19.8** |

# Operational review – Impala

Implats: 30-year tonnage profile




## Financial capital

Unit costs were severely impacted by the ramp-up (at full cost) and rose 8.4% to R23 884 per platinum ounce refined (2014: R22 036).

The Group will continue to prioritise key capital projects that are value enhancing in the current price environment and that are also important to long-term value creation. The priority is to complete the development of 16 and 20 shafts in line with the strategy for the Impala Lease Area. To date, some R13 billion has been invested into these projects. A further R3.9 billion in capital and off-reef capitalisation is required to complete these shaft complexes over the next three years.

Development at 17 Shaft will be further curtailed until the shaft excavations have been completed and spend on this project over the next two years will amount to R520 million. This represents an 18 month delay from the plan announced in February 2015.

## Outlook

Consistent with the outcome of the strategic review announced earlier in 2015 it is critical that the Impala Lease Area be transformed. The intention is to create a more concentrated mining operation with access to new, modern shaft complexes making better use of the invested fixed cost base, with higher mining efficiencies and lower unit costs. Over the next five years the proportion of Merensky to UG2 is planned to change to 50%.

The old shafts (E/F, 4, 6, 7, 7A, 8 and 9 shafts) have been consolidated to optimise costs and realise synergies. These shafts are among the lowest-cost operations at the Impala Lease Area due to their relatively shallow mining depth and low capital requirements and will be closed timeously as they deplete. The mid-life shafts (1, 10, 11, 12 and 14) will still provide a significant base load to sustain production for the foreseeable future, but have all been adversely impacted by the challenging operating environment and low metal prices. In the current price environment both 8 Shaft and the mechanised sections of 12 Shaft are most at risk and will need to be closed by December 2015.

Given the revised capital schedule and envisaged closures, expected production from the Impala Lease Area will reduce by approximately 180 000 platinum ounces over the next five years. On this basis, production is expected to be between 815 000 and 830 000 platinum ounces by 2020.

# Operational review – Impala

## IMPALA MINING
*Business plan on a page FY2016*

| B | E | S | T |
|---|---|---|---|
| **Behaviour** | **Excellence** | **Sustainability** | **Together** |
| Ensuring safe and effective people who respect and care for each other | Delivering operational excellence and continuous improvement | Maintaining our production profile at sustainable levels, conserving natural resources and mitigating the impacts of our operations | Working together for the benefit of all our stakeholders |

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| **Objective** | **Relentlessly drive the safety of our people** | **Consistently deliver production targets** | **Continually improve operational efficiency** | **Wisely preserve cash** | **Always strive to be a good corporate citizen** |
| **Impala target for FY2016** | Zero fatalities<br>LTIFR: improve by 20% on FY2015 | 720 000 – 740 000 ounces of platinum<br>Mineable face length >22km | Costs per Pt oz <R21 000 | Capital <R2.8 billion | Build >300 houses<br>Continue SLP commitments |
| **Key actions to achieve the targets** | • Drive the three pillars of HSE strategy: behaviour, environment, practices (BEP)<br>• Implement OHSAS 18001 at Rustenburg operations by 2018<br>• Complete D-level ZIP training<br>• Roll out TARP by the end of 2015<br>• Implement new technology to improve safety: PDS, mine RP, safe blast and mechanisation<br>• Continue to support industry MOSH initiatives | • Deliver on the five-year development plan and improve the available face length (Fixco)*<br>• Maintain panel flexibility ratio >1.5<br>• Increase re-development to open reserves (Fixco)*<br>• Optimise panel lengths (Fixco)*<br>• Deliver on grade improvement initiatives<br>• Manage Eskom load curtailment requests<br>• Reduce the impact of section 54s through improved safety | • Implement the Impala Productivity (Fixco)* programme<br>• Transform Rustenburg: ramp up new shafts; optimise mid-life shafts; close depleted shafts<br>• Manage lost blasts effectively and improve blast frequency (Fixco)*<br>• Leadership training and development to better support mining teams<br>• Increase team mobilisation from five to 10 teams per week<br>• Optimise Rustenburg mining efficiencies | • 17 Shaft development: slow down with option to continue or stop<br>• Implement procurement initiatives to deliver saving of 2% on consumables<br>• Implement utilities savings initiatives (Fixco)*<br>• Electricity and water: optimise constrained supply | • Deliver on Mining Charter and Social and Labour Plan commitments (accommodation paramount)<br>• Deliver on Impala Bafokeng Trust (IBT) initiatives<br>• Actively participate in the projects as laid out in the Deputy President's Framework<br>• Employee indebtedness: educate and assist employees<br>• Increase and improve direct engagement with employees, communities and other stakeholders<br>• Increase local employment, procurement and social investment |

**Respect, care and deliver**

* *Fixco Rustenburg operations incentive to fix operational performance.*

# Operational review – Impala

## Impala – key statistics

| | | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|
| **Safety leading indicators** | | | | | | |
| Hazards for which internal STOP Notes have been issued | (no) | **3 073** | 1 677 | 2 680 | 1 363 | 1 212 |
| Stoppage/Instructions issued by State or DMR | (no) | **102** | 69 | 90 | 108 | 59 |
| Leadership STOP Observations | (no) | **23 217** | 19 758 | 30 803 | 20 518 | – |
| Safety representative training | (no) | **4 044** | 2 712 | 1 958 | 1 254 | 1 666 |
| **Safety lagging indicators** | | | | | | |
| Fatal injury frequency rate | (pmmhw) | **0.067** | 0.048 | 0.087 | 0.110 | 0.058 |
| Lost-time injury frequency rate | (pmmhw) | **5.08** | 5.04 | 4.91 | 5.74 | 5.41 |
| Total injury frequency rate | (pmmhw) | **10.37** | 13.03 | 11.38 | 11.56 | 13.24 |
| Lost days rate | (pmmhw) | **243** | 388 | 329 | 376 | 380 |
| **Health** | | | | | | |
| Noise-induced hearing loss cases submitted | (no) | **32** | 16 | 36 | 53 | 52 |
| On wellness programme | (no) | **5 573** | 5 780 | 5 542 | 4 693 | 4 451 |
| On antiretroviral therapy | (no) | **3 929** | 3 849 | 3 667 | 3 248 | 2 507 |
| **Environmental** | | | | | | |
| Total water consumed | (Mℓ) | **22 401** | 17 502 | 25 979 | 27 263 | 29 288 |
| Total water recycled | (%) | **32** | 36 | 41 | 39 | 36 |
| Total $CO_2$ emissions | ('000tpa) | **2 706** | 2 344 | 3 024 | 2 939 | 3 255 |
| Total direct $SO_2$ emitted | (tpa) | **5 689** | 4 735 | 6 519 | 4 993 | 6 781 |
| **People** | | | | | | |
| Own employees | (no) | **32 536** | 32 900 | 33 356 | 33 062 | 32 909 |
| Contractors | (no) | **11 302** | 11 708 | 13 315 | 15 245 | 13 744 |
| Training spend (% relative to wage bill) | (%) | **6** | 5 | 6 | 6 | 6 |
| Literacy (ABET level (III) and above) | (%) | **82** | 82 | 81 | 75 | 57 |
| Labour turnover | (%) | **5** | 4 | 7 | 8 | 7 |
| HDSA in management | (%) | **50** | 49 | 47 | 48 | 48 |
| **Social** | | | | | | |
| Community spend | (Rm) | **71** | 58 | 79 | 65 | 81 |
| BEE procurement | (%) | **71** | 63 | 54 | 51 | 55 |
| One person per room – hostel units | (no) | **5 375** | 5 375 | 5 375 | 5 482 | 4 092 |
| **Mining sales** | (Rm) | **13 369** | 10 327 | 14 588 | 13 009 | 18 441 |
| Platinum | | **8 062** | 7 161 | 9 624 | 8 666 | 11 618 |
| Palladium | | **2 704** | 1 786 | 2 399 | 1 461 | 2 483 |
| Rhodium | | **1 011** | 541 | 940 | 1 093 | 2 132 |
| Nickel | | **598** | 268 | 600 | 704 | 989 |
| Other | | **994** | 571 | 1 025 | 1 085 | 1 219 |
| **Mining cost of sales** | (Rm) | **(14 824)** | (12 229) | (12 491) | (10 120) | (11 322) |
| On-mine operations | | **(10 746)** | (6 914) | (9 329) | (7 733) | (7 679) |
| Processing operations | | **(1 943)** | (1 308) | (1 959) | (1 782) | (1 673) |
| Refining operations | | **(561)** | (430) | (542) | (505) | (459) |
| Selling and administration | | **(488)** | (405) | (397) | (416) | (355) |
| Share-based payments | | **183** | (200) | 93 | 333 | 65 |
| Depreciation | | **(1 558)** | (1 458) | (1 666) | (1 141) | (923) |
| Change in metal inventories | | **289** | (1 514) | 1 309 | 1 124 | (298) |

# Operational review – Impala

## Impala – key statistics

| | | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|
| **Mining gross profit** | (Rm) | **(1 455)** | (1 902) | 2 097 | 2 889 | 7 119 |
| Royalty expense | (Rm) | **(351)** | (209) | (326) | (299) | (606) |
| **Profit from metal purchased transactions** | (Rm) | **118** | 129 | 218 | 5 | 25 |
| Sales of metals purchased | | **18 408** | 17 981 | 14 522 | 14 020 | 13 589 |
| Cost of metals purchased | | **(18 272)** | (17 879) | (14 304) | (14 011) | (13 568) |
| Change in metal inventories | | **(18)** | 27 | – | (4) | 4 |
| **Gross margin ex-mine** | (%) | **(10.9)** | (18.4) | 14.4 | 22.2 | 38.6 |
| **Sales volumes ex-mine** | | | | | | |
| Platinum | ('000oz) | **576.5** | 489.9 | 703.6 | 700.7 | 980.5 |
| Palladium | ('000oz) | **295.4** | 240.2 | 398.8 | 285.7 | 527.3 |
| Rhodium | ('000oz) | **74.6** | 52.8 | 94.0 | 89.0 | 133.5 |
| Nickel | (t) | **3 402** | 1 976 | 4 159 | 4 633 | 5 929 |
| **Prices achieved ex-mine** | | | | | | |
| Platinum | (US$/oz) | **1 210** | 1 423 | 1 553 | 1 599 | 1 693 |
| Palladium | (US$/oz) | **793** | 721 | 681 | 682 | 678 |
| Rhodium | (US$/oz) | **1 190** | 991 | 1 146 | 1 611 | 2 272 |
| Nickel | (US$/t) | **15 251** | 13 495 | 16 926 | 19 844 | 23 951 |
| **Exchange rate achieved ex-mine** | (R/US$) | **11.54** | 10.27 | 8.79 | 7.69 | 6.99 |
| **Production ex mine** | | | | | | |
| Tonnes milled ex-mine* | ('000t) | **9 199** | 6 183 | 10 897 | 10 654 | 14 054 |
| % Merensky milled* | (%) | **46.6** | 43.8 | 43.9 | 43.4 | 42.5 |
| Total development metres | (metres) | **88 000** | 61 337 | 97 378 | 96 841 | 132 342 |
| Headgrade (6E)* | (g/t) | **4.19** | 4.34 | 4.32 | 4.38 | 4.60 |
| Platinum refined | ('000oz) | **575.2** | 411.0 | 709.2 | 750.1 | 941.2 |
| Palladium refined | ('000oz) | **280.7** | 197.4 | 350.5 | 408.6 | 510.5 |
| Rhodium refined | ('000oz) | **76.7** | 50.2 | 101.3 | 98.9 | 126.8 |
| Nickel refined | (t) | **3 598** | 1 976 | 4 035 | 4 757 | 5 455 |
| PGM refined production | ('000oz) | **1 137.3** | 765.9 | 1 377.9 | 1 487.8 | 1 854.2 |
| **Cost** | | | | | | |
| Total cost | (Rm) | **13 738** | 9 057 | 12 227 | 10 436 | 10 166 |
| | (US$m) | **1 204** | 873 | 1 387 | 1 348 | 1 446 |
| Cost per tonne milled | (R/t) | **1 493** | 1 465 | 1 122 | 980 | 723 |
| | (US$/t) | **131** | 141 | 127 | 127 | 103 |
| Cost per PGM ounce refined | (R/oz) | **12 079** | 11 825 | 8 874 | 7 014 | 5 483 |
| | (US$/t) | **1 058** | 1 140 | 1 006 | 906 | 780 |
| Cost per platinum ounce refined | (R/oz) | **23 884** | 22 036 | 17 241 | 13 913 | 10 801 |
| | (US$/t) | **2 092** | 2 125 | 1 955 | 1 797 | 1 536 |
| Cost net of revenue received for other metals | (R/oz) | **14 658** | 14 333 | 10 241 | 8 123 | 3 552 |
| | (US$/t) | **1 284** | 1 382 | 1 161 | 1 049 | 505 |
| **Capital expenditure** | (Rm) | **3 047** | 2 848 | 4 411 | 5 205 | 4 279 |
| | (US$m) | **267** | 275 | 500 | 672 | 609 |
| **Labour efficiency** | | | | | | |
| Centares per employee costed** | ($m^2$/man/annum) | **37** | 26 | 47 | 48 | 64 |
| Tonnes milled per employee costed** | (t/man/annum) | **219** | 144 | 255 | 265 | 339 |

** The ex-mine tonnage and grade statistics tabulated above excludes the low grade material from surface sources.*
*** Total employees excluding capital project employees.*

## Operational review – Impala

**"The intention is to create a more concentrated mining operation with access to new, modern shaft complexes"**

# Operational review – Zimplats

**"The redevelopment of Bimha Mine will continue and Zimplats should achieve production of 260 000 ounces of platinum in matte in 2016"**

Production was impacted by the precautionary closure of Bimha Mine following an underground collapse in August 2014. Development of the new Mupfuti Mine to full production after the implementation of the new pillar design is progressing well and is targeted for completion in 2016.

## Manufactured capital

### Safety performance

Zimplats achieved 2 million fatality-free shifts in the year under review in addition to achieving the following accolades:

- Four gold awards for Best Safety Performance from the National Social Security Authority (NSSA)
- First position in the Chamber of Mines First Aid Competition
- First position in the National Fire Competition
- First position in the Fresh Air Rescue Competition
- First position for SHE audits from the National Association of Mine Managers of Zimbabwe (AMMZ)

The total injury frequency rate improved to 1.33 per million man-hours worked (2014: 2.59) and the operation recorded 8 (2014: 6) lost-time injuries in the year.

### Operational performance

Production was impacted by the precautionary closure of Bimha Mine (Portal 4) following an underground collapse in August 2014. The Bimha Mine was impacted by a shear/fault zone (the Mutambara Shear). Six of the eight affected production fleets at Bimha were redeployed to offset potential production losses. Productivity from these teams was impacted by the constrained availability of work areas; however, this redundancy issue was addressed. The ramp-up of production from Mupfuti Mine (Portal 3) partially offset the lost production.

Detailed assessments to fully understand the nature and extent of the ground collapse and the structural geological settings at Bimha Mine were advanced, and redevelopment of the mine was initiated in December 2014. Three new on-reef access haulages were designed to isolate the existing workings and create new mining areas to the north and south of the mine. An extensive monitoring programme remains in place to continually assess ground conditions.

The re-development of Bimha Mine and the initiation of open-pit mining to mitigate the production impact is progressing well, with the first open-pit material processed in April 2015.

Tonnes milled decreased by 13.1% from the previous year to 5.16 million (2014: 5.94 million). Platinum in matte production was further affected by a lock-up of approximately 27 000 ounces of platinum in concentrate at year-end, after a furnace outage following a shell break-out incident in May 2015. This resulted in platinum in matte production declining by 20.7% to 190 000 (2014: 239 700) ounces. The furnace was repaired and restarted on 2 June 2015 and matte tapping re-commenced on 9 June 2015.

### Capital projects

The introduction of a new pillar layout at Mupfuti Mine resulted in extensions to the declines which are expected to be completed in 2016 when the Phase 2 expansion project will deliver steady-state capacity of 90 000 ounces of platinum at this mine.

The company commenced the first stage refurbishment of the existing Selous-based base metals refinery (BMR) to treat Zimplats' smelter material during the year. In addition, a new smelter study commenced in conjunction with other platinum producers in Zimbabwe, the purpose of which is to advance local beneficiation strategies capable of treating all platinum concentrates currently produced in the country.

## Human capital

Skills development again received focused attention at Zimplats. An amount of US$2.2 million (2014: US$2.5 million) was spent on training over the year with 389 employees undergoing a total 1 177 (2014: 2 105) days of leadership and supervisory development while apprenticeships and learnerships benefited 33 (2014: 39) employees.

A total of US$973 610 (2014: US$1.1 million) was invested in communities in the year under review. Zimplats is focused on various development projects that include the construction of primary and secondary schools, as well as a community clinic

# Operational review – Zimplats

where rehabilitation and re-equipping continued over the year. Housing remains a critical issue for employees at Zimplats and at year end, Zimplats had 679 core houses and 1 410 company houses at Turf Village in Ngezi.

Zimplats has achieved its target of directing approximately 60% of annual supplier spend towards local suppliers, which the company believes will support the broader economic recovery of the country. During the year local suppliers accounted for 70% of the company's annual expenditure on goods and services, up from 66% in 2014.

The Community Share Ownership Trust, which forms part of the envisaged indigenisation plan, continued to roll out various projects within the community. A total of US$10 million was pledged and disbursed to the trust between 2011 and 2015. Projects initiated by the trust include the rehabilitation and extension of schools, the drilling of boreholes, purchase of road maintenance equipment and the development of infrastructure to support sustainable income-generating projects.

The programme initiated last year to engage sex workers in the informal settlements surrounding the mine, as part of the HIV/Aids and sexually transmitted disease programmes, continued this year. It has resulted in a 3.6% reduction in the visible incidence of sexually transmitted infections. The company continues to supply employees with antiretroviral medication with 148 (2014: 136) employees receiving treatment.

## Natural capital

Large investments continue to be made to mitigate Zimplats' environmental impact. This year US$0.6 million (2014: US$1 million) was allocated to rehabilitation work.

The smelter expansion conceptual study has been completed. The outcomes of this smelter options study as well as further air dispersion modelling has shown that the installation of a higher stack (150 – 200m) as a first step in the Sulphur Emissions Reduction plan (SERP), will improve sulphur dioxide ground level concentrations around the Selous Metallurgical Complex (SMC).

Further deductions in emissions can only be achieved by fixation (typically with a wet sulphuric acid plant) which Zimplats plans to construct in later years, as throughput demands.

## Mineral resources and mineral reserves

For more detail refer to the "Mineral resource and mineral reserve statement 2015" available at www.implats.co.za.

There are no material changes to the Zimplats Main Sulphide Zone mineral resource estimate as compared to the previous year. The mineral reserve at Zimplats reflects a material reduction relative to the statement made in June 2014. These changes were reported in detail as part of the Zimplats half-year results in February 2015 and can be ascribed to new mine design and increased pillar requirements to prevent the reoccurrence of a Bimha-like partial collapse. Portal 5 remains excluded as the project has not been approved.

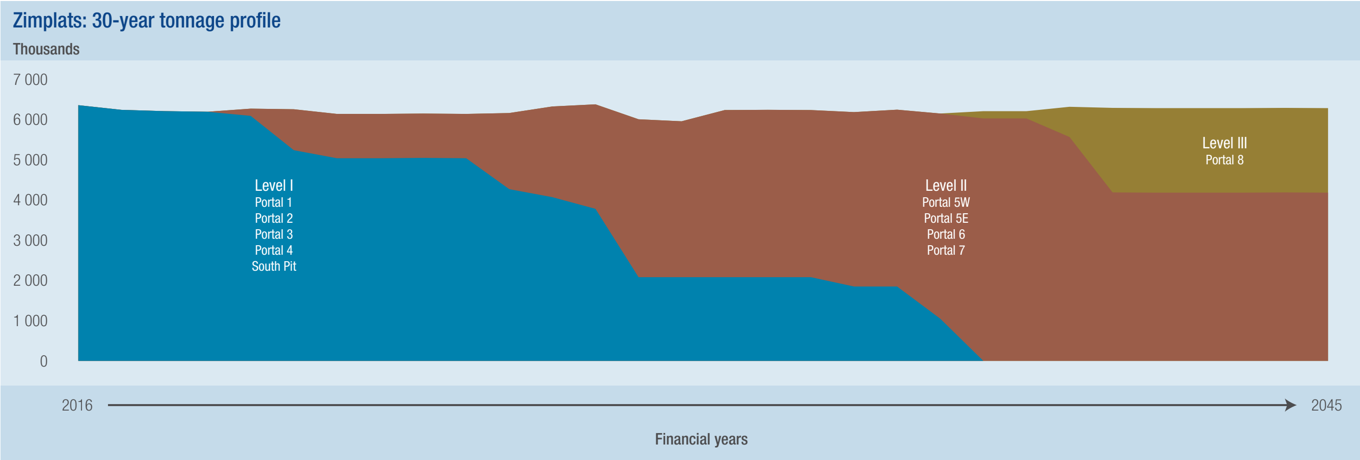
| | Mineral resources inclusive of reserves | | 2015 | | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Orebody | Category | Tonnage Mt | 6E Grade | Pt Moz | Pt Attr Moz | Tonnage Mt | 6E Grade | Pt Moz | Pt Attr Moz |
| **Zimplats (87% attributable)** | MSZ | Measured | 177.3 | 3.72 | 9.9 | 8.7 | 172.9 | 3.75 | 9.7 | 8.5 |
| | | Indicated | 684.2 | 3.69 | 37.9 | 33.0 | 667.3 | 3.75 | 37.5 | 32.6 |
| | | Inferred | 1 198.9 | 3.53 | 60.4 | 52.6 | 1 226.2 | 3.54 | 62.1 | 54.0 |
| | **Total** | | **2 060.4** | **3.60** | **108.3** | **94.2** | **2 066.4** | **3.63** | **109.3** | **95.1** |

| | Mineral reserves | | 2015 | | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Orebody | Category | Tonnage Mt | 6E Grade | Pt Moz | Pt Attr Moz | Tonnage Mt | 6E Grade | Pt Moz | Pt Attr Moz |
| **Zimplats (87% attributable)** | MSZ | Proved | 21.0 | 3.50 | 1.1 | 1.0 | 54.9 | 3.54 | 2.9 | 2.5 |
| | | Probable | 62.6 | 3.56 | 3.4 | 2.9 | 77.9 | 3.58 | 4.2 | 3.7 |
| | **Total** | | **83.7** | **3.54** | **4.5** | **3.9** | **132.8** | **3.56** | **7.1** | **6.2** |

The key features of the above updated statements are:

- The Zimplats Main Sulphide Zone mineral resource estimate decreased by 1% to 108 million ounces of platinum due mainly to mining depletion
- The Zimplats ore reserve estimates have decreased by 37% to 4.5 million platinum ounces due to the new mine design and exclusion of Portal 5 from the ore reserve category

# Operational review – Zimplats




The Zimplats life-of-mine profile includes a number of interventions to sustain the output at six million tonnes per annum. This comprises supplement from the South open pit and the extension of the life of Portal 2. Work is under way to evaluate options to establish capital efficient alternatives to Portal 5 as the next mining area required to support the required six million tonnes per annum production level.

## Financial capital

Platinum unit costs were impacted by lower volumes and inflation of 0.9% (2014: 6.4%). As a result unit costs increased by 30% to US$1 683 (2014: US$1 291) per platinum ounce in matte. The weaker exchange rate impacted rand unit costs, which increased by 44% to R19 211 (2014: R13 383) per platinum ounce in matte.

Capital expenditure for the year declined by 24% to US$85 million (2014: US$112 million) from the previous year due to cash preservation.

The High Court of Zimbabwe issued its judgment in January 2015 in the case involving a dispute between Zimplats and the Zimbabwe Revenue Authority (ZIMRA) over which mining royalty provisions are applicable. The judge ruled that the royalty provisions in Zimplats' mining agreement take precedence over the royalty provisions set out in the Finance Act and that accordingly Zimplats is liable to pay royalties at the rate of 2.5% of the value of all minerals produced and not at the higher Finance Act rates. As a result Zimplats has overpaid royalties by US$108 million in respect of the period between January 2004 and December 2014.

The Special Court for Income Tax Appeals also delivered its judgment in the case involving a dispute between Zimplats and ZIMRA on the issue of whether income tax assessed losses are allowable deductions for purposes of calculating additional profits tax (APT). The judge found that an assessed income tax loss carried forward from a previous year of assessment is not allowable as a deduction in computing APT. Consequently, Zimplats has an additional liability of US$61 million for APT for the period from July 2004 to June 2014.

The reversal of overpaid royalties will result in corporate income tax and APT of approximately US$17 million and US$46 million respectively for the financial year ended 30 June 2015. ZIMRA has agreed that the amounts may be off-set. Discussions are ongoing with ZIMRA in this regard.

## Outlook

Zimplats remains committed to the aspirations of the government and people of Zimbabwe. To achieve its obligations in terms of further beneficiation of PGMs in country, indigenisation and empowerment the company will progress the refurbishment of the BMR at SMC and will continue to engage government on an acceptable Indigenisation Implementation Plan.

Zimplats is also committed to meeting its tax obligations and will actively engage the government of Zimbabwe in this regard. In response to the ongoing decline in PGM prices, the focus on further cost containment, improved productivity and efficiency and cash preservation measures to ensure business viability through the cycle is critical.

The redevelopment of Bimha Mine will continue in FY2016 and Zimplats should achieve production of 260 000 ounces of platinum in matte by 2016.

# Operational review – Zimplats

## ZIMPLATS

*Business plan on a page FY2016*

| B | E | S | T |
|---|---|---|---|
| **Behaviour** | **Excellence** | **Sustainability** | **Together** |
| Ensuring safe and effective people who respect and care for each other | Delivering operational excellence and continuous improvement | Maintaining our production profile at sustainable levels, conserving natural resources and mitigating the impacts of our operations | Working together for the benefit of all our stakeholders |

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| **Objective** | **Relentlessly drive the safety of our people** | **Consistently deliver production targets** | **Continually improve operational efficiency** | **Wisely preserve cash** | **Always strive to be a good corporate citizen** |
| **Target for FY2016** | Zero fatalities<br>LTIFR: improve by 20% on FY2015 | 250 000 – 260 000 ounces of platinum in matte | Cost per Pt oz <US$1 400 | Capital <US$115 million | Build >300 employee houses<br>CSR programmes – continue |
| **Key actions to achieve the targets** | • Implement behaviour-based systems through the zero incident process (ZIP) to manage at risk behaviour<br>• Implement technology to improve safety (baring down cages, one man bolter, tagging and tracking, electronic central blasting system and remote operated mud guns)<br>• Implement safety awareness programmes<br>• Enhance safety systems through improved contractor management and managing supervision gaps<br>• Enhance safety culture by implementing off-the-job safety programmes | • Create adequate stoping faces (create redundancy)<br>• Effective deployment of teams to the other mines through optimisation of the open pit operations<br>• Redevelopment of Bimha Mine to ring fence the collapsed footprint<br>• Implement effective maintenance and monitoring programmes for the major production equipment to achieve target plant running time and utilisation<br>• Investigate smelter expansion project | • Explore the use of closed circuit television (CCTV) cameras to reduce number of conveyor attendants<br>• Implement use of XRF for reef identification to reduce sampling headcount<br>• Implement multiskilling of operators to reduce labour and mean time to repair breakdowns<br>• Install underground satellite workshops to reduce tramming distances | • Investigate opportunities to extend the life cycle of major equipment<br>• Continuously review capital programmes in line with changing metal prices<br>• Investigate increasing the quantum of rotables (engineering components that can be repeatedly and economically restored to a fully serviceable condition) to minimise purchase of new spares | • Implement CSR programmes that improve livelihood of local communities<br>• Continue with resource conversation programmes<br>• Continue with environmental management programmes (waste management and rehabilitation programmes)<br>• Recruit non-skilled labour from the local communities<br>• Continue with the stakeholder management programme to enhance company's corporate image and improve relationships<br>• Continue to employ both internal and external programmes that enhance reputation and give the company a social licence to operate |

**Respect, care and deliver**

# Operational review – Zimplats

## Zimplats – key statistics

| | | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|
| **Safety leading indicators** | | | | | | |
| Hazards for which internal STOP Notes have been issued | (no) | **1** | 1 | 8 | 353 | 1 140 |
| Stoppage/instructions issued by State or DMR | (no) | **–** | – | 1 | 15 | – |
| Leadership STOP Observations | (no) | **24 018** | 30 452 | 22 027 | 18 942 | – |
| Safety representative training | (no) | **113** | 194 | 74 | 183 | 30 |
| **Safety lagging indicators** | | | | | | |
| Fatal injury frequency rate | (pmmhw) | **0.000** | 0.068 | 0.000 | 0.000 | 0.000 |
| Lost-time injury frequency rate | (pmmhw) | **0.59** | 0.41 | 0.70 | 0.21 | 0.75 |
| Total injury frequency rate | (pmmhw) | **1.33** | 2.59 | 2.20 | 2.22 | 3.39 |
| Lost days rate | (pmmhw) | **60** | 30 | 28 | 11 | 28 |
| **Health** | | | | | | |
| Noise-induced hearing loss cases submitted | (no) | **6** | 6 | 2 | – | – |
| On wellness programme | (no) | **155** | 145 | 135 | 129 | 106 |
| On antiretroviral therapy | (no) | **147** | 137 | 120 | 114 | 92 |
| **Environmental** | | | | | | |
| Total water consumed | (Mℓ) | **10 725** | 10 386 | 7 852 | 6 003 | 5 528 |
| Total water recycled | (%) | **40** | 38 | 26 | 27 | 28 |
| Total $CO_2$ emissions | ('000tpa) | **336** | 364 | 410 | 428 | 417 |
| Total direct $SO_2$ emissions | (tpa) | **22 017** | 26 000 | 12 017 | 13 470 | 12 100 |
| **People** | | | | | | |
| Own employees | (no) | **3 214** | 3 325 | 2 929 | 2 791 | 2 757 |
| Contractors | (no) | **2 605** | 2 749 | 2 775 | 6 412 | 2 610 |
| Literacy (ABET level (III)) | (%) | **99** | 99 | 99 | 99 | 99 |
| Labour turnover | (%) | **5** | 4 | 4 | 4 | 4 |
| **Social** | | | | | | |
| Community spend | (Rm) | **12** | 10 | 37 | 41 | 9 |
| **Sales** | (Rm) | **4 661** | 5 973 | 4 159 | 3 665 | 3 709 |
| Platinum | | **2 305** | 3 180 | 2 321 | 2 026 | 2 004 |
| Palladium | | **1 241** | 1 429 | 854 | 674 | 692 |
| Rhodium | | **192** | 208 | 133 | 145 | 211 |
| Nickel | | **489** | 614 | 411 | 410 | 465 |
| Other | | **434** | 542 | 440 | 410 | 337 |
| **Cost of sales** | (Rm) | **(4 181)** | (3 934) | (2 708) | (2 076) | (1 779) |
| On-mine operations | | **(2 196)** | (1 942) | (1 434) | (1 089) | (870) |
| Processing operations | | **(1 107)** | (1 047) | (627) | (494) | (446) |
| Selling and administration | | **(347)** | (219) | (222) | (212) | (183) |
| Share-based payments | | **(2)** | (19) | 4 | 17 | (20) |
| Depreciation | | **(829)** | (645) | (433) | (329) | (239) |
| Change in metal inventories | | **300** | (62) | 4 | 31 | (21) |
| **Gross profit/(loss)** | (Rm) | **480** | 2 039 | 1 451 | 1 589 | 1 930 |
| Intercompany adjustment* | (Rm) | **512** | (116) | (33) | 43 | (81) |

# Operational review – Zimplats

## Zimplats – key statistics

| | | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|
| **Adjusted gross profit** | (Rm) | **992** | 1 923 | 1 418 | 1 632 | 1 849 |
| Royalty expense | (Rm) | **988** | (423) | (303) | (262) | (113) |
| **Gross margin** | (%) | **10.3** | 34.1 | 34.9 | 43.4 | 52.0 |
| **Sales volumes in matte** | | | | | | |
| Platinum | ('000oz) | **188.8** | 234.4 | 195.4 | 187.2 | 182.2 |
| Palladium | ('000oz) | **154.4** | 195.0 | 156.2 | 150.5 | 148.9 |
| Rhodium | ('000oz) | **17.1** | 21.6 | 17.8 | 16.7 | 16.3 |
| Nickel | (t) | **3 833** | 4 748 | 3 908 | 3 769 | 3 481 |
| **Prices achieved in matte** | | | | | | |
| Platinum | (US$/oz) | **1 070** | 1 308 | 1 347 | 1 398 | 1 564 |
| Palladium | (US$/oz) | **704** | 706 | 620 | 578 | 661 |
| Rhodium | (US$/oz) | **983** | 928 | 849 | 1 124 | 1 841 |
| Nickel | (US$/t) | **11 188** | 12 472 | 11 919 | 14 041 | 18 997 |
| **Exchange rate achieved** | (R/US$) | **11.41** | 10.37 | 8.82 | 7.74 | 7.03 |
| **Production** | | | | | | |
| Tonnes milled ex-mine | ('000t) | **5 164** | 5 939 | 4 683 | 4 393 | 4 223 |
| Headgrade (6E) | (g/t) | **3.47** | 3.47 | 3.53 | 3.53 | 3.56 |
| Platinum in matte | ('000oz) | **190.0** | 239.7 | 198.1 | 187.1 | 182.1 |
| Palladium in matte | ('000oz) | **154.8** | 197.6 | 157.1 | 149.2 | 148.1 |
| Rhodium in matte | ('000oz) | **17.4** | 22.3 | 17.0 | 16.9 | 16.8 |
| Nickel in matte | (t) | **3 887** | 4 830 | 3 909 | 3 787 | 3 519 |
| PGM in matte | ('000oz) | **406.0** | 515.8 | 416.2 | 396.4 | 388.8 |
| **Cost** | | | | | | |
| Total cost | (Rm) | **3 650** | 3 208 | 2 283 | 1 795 | 1 499 |
| | (US$m) | **320** | 309 | 259 | 232 | 213 |
| Cost per tonne milled | (R/t) | **707** | 540 | 487 | 409 | 355 |
| | (US$/t) | **62** | 52 | 55 | 53 | 50 |
| Cost per PGM ounce in matte | (R/oz) | **8 990** | 6 219 | 5 485 | 4 528 | 3 855 |
| | (US$/t) | **788** | 600 | 622 | 585 | 548 |
| Cost per platinum ounce in matte | (R/oz) | **19 211** | 13 383 | 11 524 | 9 594 | 8 232 |
| | (US$/t) | **1 683** | 1 291 | 1 307 | 1 239 | 1 171 |
| Cost net of revenue received for other metals | (R/oz) | **6 811** | 1 731 | 2 246 | 834 | (1 131) |
| | (US$/t) | **597** | 167 | 255 | 108 | (161) |
| **Capital expenditure** | (Rm) | **968** | 1 166 | 1 381 | 2 104 | 839 |
| | (US$m) | **85** | 112 | 157 | 272 | 119 |
| **Labour efficiency** | | | | | | |
| Tonnes milled per employee costed** | (t/man/annum) | **1 076** | 1 339 | 1 159 | 1 128 | 1 166 |

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

** *Total employees excluding capital project employees.*

# Operational review – Marula

**"Enhanced shareholder returns will best be obtained by focusing on strategic interventions that will optimise performance"**

The past year was one of mixed performance. Production in the first half was impacted by a fatal incident resulting in a number of safety stoppages and operations were also affected by an unprotected labour stoppage. During the second half of the year the mine met expectations.

Implats' strategic plan announced in February 2015 outlined an option to seek value through a possible disposal of Marula. Following a thorough assessment its was resolved that enhanced shareholder returns would best be obtained by focusing on strategic interventions that would optimise performance, including a reduction in operating costs and optimising output to 90 000 platinum ounces per annum. Consequently, the formal disposal process was terminated.

## Manufactured capital

### Safety

Marula remains committed to achieving the Group's vision of zero harm and is working hard to improve safety performance rates. The total injury frequency rate improved to 24.96 (2014: 28.59) per million man-hours worked. Regrettably, an employee suffered fatal injuries at work in September 2014.

### Operational performance

Tonnes milled decreased by 7.4% from the previous year to 1.66 (2014: 1.79) million largely due to the safety and labour stoppages experienced in the first half of the year. Pleasingly, operational performance has improved in the second half and exceeded planned targets on a number of parameters during this period. Head grade remained flat at 4.19g/t, while concentrator recoveries improved from 85.4 to 86.4%. Platinum in concentrate production of 73 600 ounces was 6.2% lower in line with the lower milled tonnage.

Labour efficiencies were also impacted by the work stoppages and ended lower over the year despite an improved performance in the second half in line with improved ore reserve flexibility.

## Human capital

### Labour relations

Labour relations were challenging during the year and a dispute with employees led to a work stoppage in the first quarter of the year resulting in an effective loss of one week's worth of production. AMCU has since been recognised as the dominant union with more than 60% of Marula employees as signed-up members – the NUM was historically the representative union at this operation. Wage negotiations with AMCU were settled amicably near year end and discussions to bring wages at Marula in line with those at Impala's Rustenburg operations are ongoing.

### Health

During the year the number of TB cases reduced from 41 reported in 2014 to 20 in 2015 due to increased levels of surveillance and testing. The number of employees enrolling for voluntary HIV/Aids counselling and treatment continued to rise and for the year was 698 (2014: 566) people. This is an indication of the ongoing success of the occupational and non-occupational health clinic that opened in 2012 and which is seen as a major benefit to the community surrounding the mine.

### Training

Human resource development continued to focus on employee training (including basic adult education and training) and increased by 16%. Literacy levels remained at 91% compared to the previous year.

# Operational review – Marula

## Social and relationship capital

Marula's relationship-building initiatives with its immediate labour sourcing community have received considerable attention over the last year. The success of the community-owned Makgomo Chrome plant at Marula has assisted in this regard and a total dividend of R32 million was paid by Makgomo Chrome in 2015. However, further relationship building and engagement with the communities situated further from the mine is required following the repeated damage done to the Lebatelo water line, the mine's only water supply.

## Natural capital

Marula has retained its ISO 14001 environmental certification. The implementation of its environmental management programme, as defined by the Mining Charter, were successfully implemented, save for the financial provision, which has been submitted to the DMR. Approval feedback on the operation's waste licence certificate is imminent. Marula's water handling and run-off facilities were improved during the year, with a focus on dam control to optimise the management of operational capacity and to improve freeboard compliance.

No discharges occurred for the period under review. Level 3* environmental incidents dropped to four (2014: six) and Marula is on track to achieve its zero level 3 environmental incident target for 2016.

** Incident that contains limited non-conformances or non-compliances. These non-compliances are those that result in on-going, but limited environmental impact.*

## Mineral resources and reserves

For more detail refer to the "Mineral resource and mineral reserve statement 2015" available at www.implats.co.za.

There has been no update in the Marula Merensky Reef mineral resource since the previous budget. However, the UG2 Reef mineral resource increased due to the addition of the area recently acquired from the adjacent Modikwa Mine (the so-called Driekop area A). The Marula UG2 mineral reserve has been impacted by the addition of level 5 into the mineral reserves and also by the conversion of certain conventional levels to a hybrid mining method.

| | Mineral resources inclusive of reserves | | 2015 | | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Orebody | Category | Tonnage Mt | 6E Grade | Pt Moz | Pt Attr Moz | Tonnage Mt | 6E Grade | Pt Moz | Pt Attr Moz |
| **Marula (73% attributable)** | Merensky | Measured | 34.3 | 4.55 | 2.7 | 2.0 | 34.3 | 4.55 | 2.7 | 2.0 |
| | | Indicated | 7.7 | 4.54 | 0.6 | 0.4 | 7.7 | 4.54 | 0.6 | 0.4 |
| | | Inferred | 9.9 | 4.46 | 0.8 | 0.6 | 9.9 | 4.46 | 0.8 | 0.6 |
| | UG2 | Measured | 34.0 | 10.17 | 4.2 | 3.1 | 30.1 | 10.16 | 3.7 | 2.7 |
| | | Indicated | 14.2 | 10.38 | 1.8 | 1.3 | 12.4 | 10.33 | 1.6 | 1.1 |
| | | Inferred | 7.6 | 10.61 | 1.0 | 0.7 | 6.1 | 10.57 | 0.8 | 0.6 |
| | **Total** | | **107.7** | **7.51** | **11.1** | **8.1** | **100.4** | **7.30** | **10.1** | **7.4** |

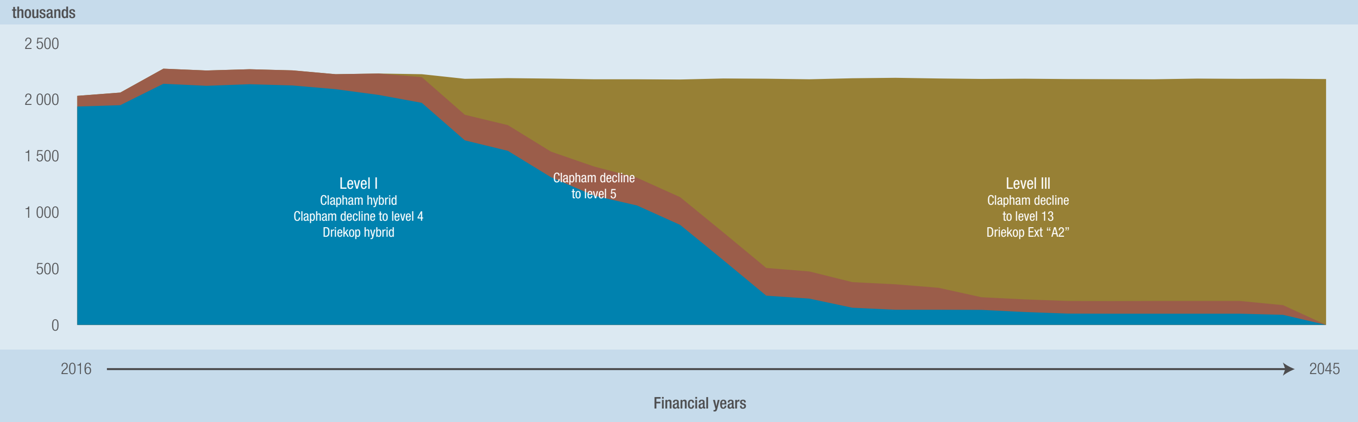
| | Mineral reserves | | 2015 | | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Orebody | Category | Tonnage Mt | 6E Grade | Pt Moz | Pt Attr Moz | Tonnage Mt | 6E Grade | Pt Moz | Pt Attr Moz |
| **Marula (73% attributable)** | UG2 | Proved | 3.0 | 4.67 | 0.2 | 0.1 | 3.1 | 4.69 | 0.2 | 0.1 |
| | | Probable | 27.0 | 4.47 | 1.5 | 1.1 | 22.0 | 4.81 | 1.3 | 0.9 |
| | **Total** | | **30.0** | **4.49** | **1.6** | **1.2** | **25.1** | **4.80** | **1.5** | **1.1** |

The key features of the above updated statements are:

- The Marula UG2 Reef mineral resource estimate increased by 9% to 11.1 million platinum ounces due to the inclusion of the additional area
- The Marula UG2 Reef mineral reserve estimate increased by 12% due to 1.6 million platinum ounces due to the conversion of Clapham 5 level to the mineral reserve category.

# Operational review – Marula

Marula: 30-year tonnage profile




## Financial capital

Unit costs per platinum ounce in concentrate rose to R22 582 (2014: R19 860), negatively impacted by the lower production volumes. Capital expenditure decreased by 9.9% due to cash preservation and amounted to R145 (2014: R161) million.

## Outlook

The optimisation of Marula's existing infrastructure over the past few years as well as the improved available mining face provides a solid foundation to reach output to 90 000 ounces of platinum in the next few years, improving the financial position of the mine.

# Operational review – Marula

## MARULA
*Business plan on a page FY2016*

| B | E | S | T |
|---|---|---|---|
| **Behaviour** | **Excellence** | **Sustainability** | **Together** |
| Ensuring safe and effective people who respect and care for each other | Delivering operational excellence and continuous improvement | Maintaining our production profile at sustainable levels, conserving natural resources and mitigating the impacts of our operations | Working together for the benefit of all our stakeholders |

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| **Objective** | **Relentlessly drive the safety of our people** | **Consistently deliver production targets** | **Continually improve operational efficiency** | **Wisely preserve cash** | **Always strive to be a good corporate citizen** |
| **Marula target for FY2016** | Zero fatalities<br>LTIFR: improve by 20% on FY2015 | 80 000 – 85 000 ounces of platinum in concentrate | Cost/Pt oz <R21 000 | Capital <R100 million | Continue with SLP commitments |
| **Key actions to achieve the targets** | • Entrench zero harm approach in all activities<br>• Develop supervisors' competency and behaviour through a training intervention<br>• Align trade unions by involving them in safety action plans<br>• Continue with stop observations<br>• Use planned task observations to identify areas of non-compliance<br>• Roll out of Triggered Action Response Plan (TARP) by end FY2016 | • Drive safety compliance and proactively engage with DMR (Department of Mineral Resources) to limit safety stoppages<br>• Resource and capacitate management to drive the growth profile<br>• Inculcate a small mine culture with appropriate accountability for supervision<br>• Manage load shedding through alignment with Impala and Refinery efforts | • Commissioning of a bigger compressed air line at Driekop during FY2016<br>• Completing two ventilation shafts, one at Driekop and the other at Clapham shafts, reducing re-entry times<br>• Installation of chairlift at Driekop shaft to improve "face time"<br>• Hydro power technology trialled at Driekop<br>• Move toward hybrid stoping at Clapham bottom by FY2018<br>• Increase production from Hybrid section to reduce overall cost per Pt oz<br>• Recover tonnage lock-up from underground through specific action plans and incentives | • Realise shareholder value by increasing production and becoming a profitable operation<br>• Cash preservation remains critical and will be managed through procurement and service contract reviews<br>• Continuous drive on improving Marula's position on the cost curve by filling the designed capacity<br>• Successfully settle wage increase without any production disruptions | • Additional 150 three-bedroom units with two bathrooms are completed and will be offered to all employees for sale with home-ownership assistance<br>• SLP will focus on further improving the infrastructure in the surrounding communities by investing into a tar road over the next five years<br>• Resolve community engagement protocol/ structures and capacitate the role-players. Work towards a new social compact for all parties<br>• Continue to generate significant dividends from Makgomo Chrome, distributed and invested back into the community |

**Respect, care and deliver**

# Operational review – Marula

## Marula – key statistics

| | | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|
| **Safety leading indicators** | | | | | | |
| Hazards for which internal STOP Notes have been issued | (no) | **113** | 87 | 96 | 72 | 65 |
| Stoppage/Instructions issued by State or DMR | (no) | **21** | 12 | 13 | 8 | 6 |
| Leadership STOP Observations | (no) | **2 977** | 2 743 | 2 429 | 767 | – |
| Safety representative training | (no) | **329** | 84 | 82 | 362 | 99 |
| **Safety lagging indicators** | | | | | | |
| Fatal injury frequency rate | (pmmhw) | **0.111** | 0.000 | 0.000 | 0.130 | 0.000 |
| Lost-time injury frequency rate | (pmmhw) | **9.99** | 5.29 | 5.42 | 11.46 | 9.19 |
| Total injury frequency rate | (pmmhw) | **24.96** | 28.59 | 24.81 | 36.08 | 34.15 |
| Lost days rate | (pmmhw) | **202** | 250 | 310 | 453 | 462 |
| **Health** | | | | | | |
| Noise-induced hearing loss cases submitted | (no) | **7** | 14 | 12 | 10 | 4 |
| On wellness programme | (no) | **253** | 213 | 192 | 434 | 393 |
| On antiretroviral therapy | (no) | **200** | 138 | 101 | 65 | 51 |
| **Environmental** | | | | | | |
| Total water consumed | (Mℓ) | **3 311** | 3 573 | 3 544 | 3 585 | 3 355 |
| Total water recycled | (%) | **54** | 52 | 44 | 45 | 46 |
| Total $CO_2$ emissions | ('000tpa) | **194** | 214 | 182 | 177 | 176 |
| **People** | | | | | | |
| Own employees | (no) | **3 568** | 3 411 | 3 175 | 2 982 | 3 272 |
| Contractors | (no) | **811** | 893 | 843 | 726 | 937 |
| Training spend (% relative to wage bill) | (%) | **6** | 5 | 4 | 3 | 4 |
| Literacy (ABET level (III)) | (%) | **91** | 91 | 90 | 92 | 88 |
| Labour turnover | (%) | **6** | 6 | 4 | 11 | 22 |
| HDSA in management | (%) | **61** | 60 | 62 | 50 | 41 |
| **Social** | | | | | | |
| Community spend | (Rm) | **1** | 5 | 16 | 17 | 41 |
| BEE procurement | (%) | **78** | 71 | 64 | 59 | 48 |
| **Sales** | (Rm) | **1 636** | 1 791 | 1 404 | 1 197 | 1 300 |
| Platinum | | **840** | 1 003 | 825 | 702 | 728 |
| Palladium | | **560** | 554 | 384 | 298 | 316 |
| Rhodium | | **157** | 151 | 115 | 122 | 183 |
| Nickel | | **29** | 33 | 24 | 24 | 28 |
| Other | | **50** | 50 | 56 | 51 | 45 |
| **Cost of sales** | (Rm) | **(1 856)** | (1 803) | (1 620) | (1 277) | (1 341) |
| On-mine operations | | **(1 469)** | (1 371) | (1 249) | (984) | (1 040) |
| Processing operations | | **(193)** | (188) | (161) | (155) | (152) |
| Share-based payments | | **9** | (12) | 1 | 23 | 6 |
| Treatment charges | | **(4)** | (5) | (4) | (3) | (3) |
| Depreciation | | **(199)** | (227) | (207) | (158) | (152) |
| **Gross (loss)/profit** | (Rm) | **(220)** | (12) | (216) | (80) | (41) |
| Intercompany adjustment* | (Rm) | **–** | – | – | – | 10 |

# Operational review – Marula

## Marula – key statistics

| | | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|
| **Adjusted gross profit** | (Rm) | **(220)** | (12) | (216) | (80) | (31) |
| Royalty expense | (Rm) | **(61)** | (60) | (44) | (37) | (41) |
| **Gross margin** | (%) | **(13.4)** | (0.7) | (15.4) | (6.7) | (3.2) |
| **Sales volumes in concentrate** | | | | | | |
| Platinum | ('000oz) | **73.6** | 78.3 | 72.3 | 69.0 | 70.6 |
| Palladium | ('000oz) | **75.4** | 80.3 | 73.9 | 70.9 | 72.9 |
| Rhodium | ('000oz) | **15.5** | 16.6 | 15.2 | 14.6 | 14.7 |
| Nickel | (t) | **253** | 278 | 246 | 237 | 222 |
| **Prices achieved in concentrate** | | | | | | |
| Platinum | (US$/oz) | **1 001** | 1 231 | 1 304 | 1 318 | 1 481 |
| Palladium | (US$/oz) | **653** | 663 | 590 | 545 | 622 |
| Rhodium | (US$/oz) | **898** | 874 | 856 | 1 136 | 1 782 |
| Nickel | (US$/t) | **10 140** | 11 496 | 11 342 | 13 082 | 16 216 |
| **Exchange rate achieved** | (R/US$) | **11.37** | 10.41 | 8.78 | 7.66 | 6.91 |
| **Production** | | | | | | |
| Tonnes milled ex-mine | ('000t) | **1 662** | 1 794 | 1 628 | 1 579 | 1 542 |
| Headgrade (6E) | (g/t) | **4.19** | 4.19 | 4.19 | 4.18 | 4.39 |
| Platinum in concentrate | ('000oz) | **73.6** | 78.5 | 71.7 | 69.1 | 70.6 |
| Palladium in concentrate | ('000oz) | **75.5** | 80.5 | 73.5 | 71.2 | 72.9 |
| Rhodium in concentrate | ('000oz) | **15.5** | 16.7 | 15.2 | 14.8 | 14.7 |
| Nickel in concentrate | (t) | **253** | 279 | 245 | 238 | 222 |
| PGM in concentrate | ('000oz) | **193.3** | 206.4 | 188.3 | 182.2 | 185.7 |
| **Cost** | | | | | | |
| Total cost | (Rm) | **1 662** | 1 559 | 1 410 | 1 139 | 1 192 |
| | (US$m) | **146** | 150 | 160 | 147 | 170 |
| Cost per tonne milled | (R/t) | **1 000** | 869 | 866 | 721 | 773 |
| | (US$/t) | **88** | 84 | 98 | 93 | 110 |
| Cost per PGM ounce in concentrate | (R/oz) | **8 598** | 7 553 | 7 488 | 6 251 | 6 419 |
| | (US$/oz) | **753** | 728 | 849 | 807 | 913 |
| Cost per platinum ounce in concentrate | (R/oz) | **22 582** | 19 860 | 19 665 | 16 483 | 16 884 |
| | (US$/oz) | **1 978** | 1 915 | 2 230 | 2 129 | 2 401 |
| Cost net of revenue received for other metals | (R/oz) | **11 766** | 9 822 | 11 590 | 9 320 | 8 782 |
| | (US$/oz) | **1 031** | 947 | 1 314 | 1 204 | 1 249 |
| **Capital expenditure** | (Rm) | **145** | 161 | 127 | 212 | 251 |
| | (US$m) | **13** | 16 | 14 | 27 | 36 |
| **Labour efficiency** | | | | | | |
| Centares per employee costed** | ($m^2$/man/annum) | **51** | 54 | 52 | 51 | 46 |
| Tonnes milled per employee costed | (t/man/annum) | **398** | 440 | 428 | 470 | 371 |

* *Adjustment note: The adjustment relates to sales from Marula to the Implats Group which at year end were still in the pipeline.*
** *Total employees excluding capital project employees.*

# Operational review – Mimosa

**"Steady-state platinum in concentrate production at Mimosa will be maintained at around 100 000 ounces per annum"**

Mimosa – the joint venture shared equally with Aquarius Platinum – remains one of the safest operations in the Implats stable and delivered another excellent operational performance.

## Manufactured capital

Mimosa's total injury frequency rate improved to 0.39 from 1.79 per million man-hours worked in 2014.

Operations at Mimosa remained efficient with steady-state throughput and production exceeding the previous year. Tonnes milled improved by 5.4% to 2.59 million, head grade was steady at 3.93g/t, while concentrator recoveries improved to 78%. The increased throughput together with improved recoveries increased platinum in concentrate production to 117 400 ounces, 6.5% more than the previous year (2014: 110 200 ounces).

## Financial capital

Unit costs benefited from the higher volumes as well as a cost rationalisation programme and decreased by 11.0% from US$1 713 per platinum ounce in concentrate to US$1 525. Capital expenditure of US$30 million was spent mainly on underground equipment, conveyor belt extensions and development towards the Mtshingwe block.

The imposition of a 15% export levy on unbeneficiated platinum concentrates in Zimbabwe, which became effective from 1 January 2015, would have had a material impact on the profitability and sustainability of this operation. Active engagement with the government of Zimbabwe was initiated to highlight this risk. The levy has reportedly been suspended for two years to allow mining companies to meet beneficiation requirements in the country. Mimosa is in discussions with other producers with regard to co-funding a smelter in the near term.

## Mineral resources and reserves

For more detail refer to the "Mineral resource and mineral reserve statement 2015" available at www.implats.co.za.

The Mimosa Main Sulphide Zone mineral resource statement reflects changes due to additional assay results, updates to the geological model and depletion due to mining over the past 12 months. Notably, a larger part of the mineral resource has now been upgraded into the measured category. The mineral reserve estimate for Mimosa has been materially impacted by the inclusion of a large part of the Mtshingwe resource block in the mineral reserve category, following the approval of the mine plan and capital expenditure.

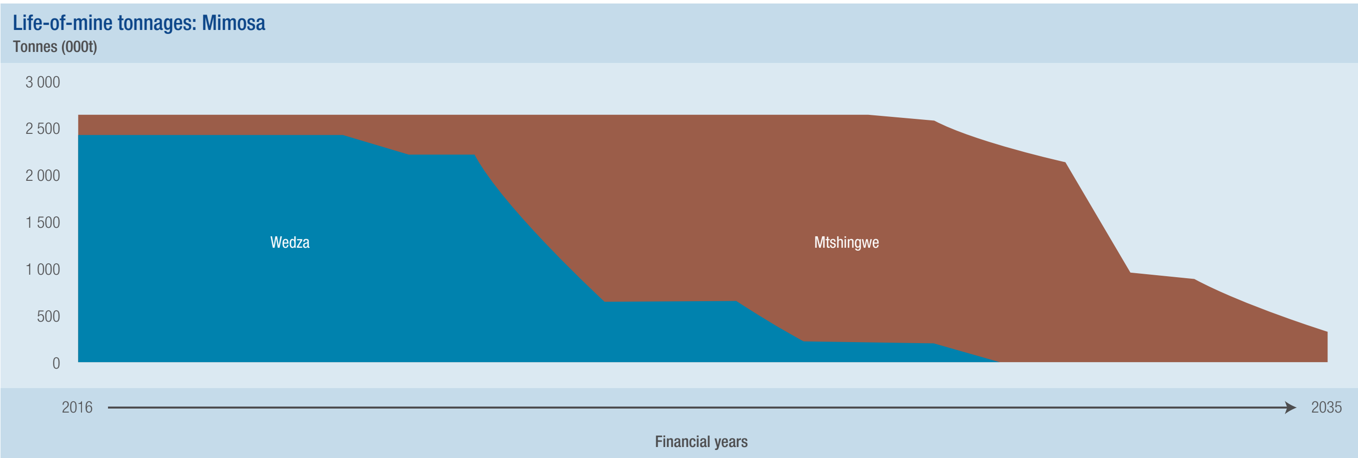
# Operational review – Mimosa

| | Mineral resources inclusive of reserves | | 2015 | | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Orebody | Category | Tonnage Mt | 6E Grade | Pt Moz | Pt Attr Moz | Tonnage Mt | 6E Grade | Pt Moz | Pt Attr Moz |
| **Mimosa (50% attributable)** | MSZ | Measured | 69.2 | 3.91 | 4.1 | 2.0 | 53.4 | 3.97 | 3.1 | 1.6 |
| | | Indicated | 31.2 | 3.79 | 1.8 | 0.9 | 43.4 | 3.83 | 2.5 | 1.2 |
| | | Inferred | 27.1 | 3.66 | 1.5 | 0.8 | 32.4 | 3.83 | 1.9 | 0.9 |
| | **Total** | | **127.5** | **3.83** | **7.4** | **3.7** | **129.2** | **3.89** | **7.5** | **3.7** |

| | Mineral reserves | | 2015 | | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Orebody | Category | Tonnage Mt | 6E Grade | Pt Moz | Pt Attr Moz | Tonnage Mt | 6E Grade | Pt Moz | Pt Attr Moz |
| **Mimosa (50% attributable)** | MSZ | Proved | 22.9 | 3.79 | 1.3 | 0.6 | 10.5 | 3.72 | 0.6 | 0.3 |
| | | Probable | 10.9 | 3.96 | 0.6 | 0.3 | 12.1 | 3.50 | 0.7 | 0.3 |
| | **Total** | | **33.8** | **3.84** | **1.9** | **1.0** | **22.6** | **3.60** | **1.2** | **0.6** |

The key features of the above updated statements are:

- The Mimosa Main Sulphide Zone mineral resource estimate decreased by 1.5% to 7.4 million platinum ounces mainly due to mining depletion
- The Mimosa mineral reserve estimate increased by 55% to 1.9 million ounces due to the conversion of a large portion of the Mtshingwe block to the mineral reserve category.




The updated Mimosa life-of-mine profile includes the two South Hill areas only – Wedza and Mtshingwe shaft blocks. The profile indicates that production output – at some 2.6 million tonnes per annum – can be sustained until the 2029 financial year from the combined infrastructure. The life-of-mine profile excludes the potential increased output by some 30% through a possible future upgrade of the processing capacity. This is the subject of ongoing studies. Additional areas, such as North Hill, could supplement and potentially extend the Mimosa production profile in future years.

## Outlook

Mimosa is expected to continue its excellent performance and steady-state platinum in concentrate production will be maintained at around 100 000 ounces per annum.

The mine is in discussions with other producers to co-fund a smelter and studies are currently under way in this regard. A detailed feasibility study to evaluate the potential to increase production will be completed early 2016.

# Operational review – Mimosa

## Mimosa – key statistics

| | | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|
| **Safety leading indicators** | | | | | | |
| Hazards for which internal STOP Notes have been issued | (no) | **829** | 797 | 742 | 550 | 282 |
| Stoppage/Instructions issued by State or DMR | (no) | **–** | – | – | – | – |
| Leadership STOP Observations | (no) | **22 429** | 20 491 | 16 282 | 9 705 | – |
| Safety representative training | (no) | **100** | 63 | 44 | 26 | 32 |
| **Safety lagging indicators** | | | | | | |
| Fatal injury frequency rate | (pmmhw) | **0.000** | 0.000 | 0.000 | 0.000 | 0.000 |
| Lost-time injury frequency rate | (pmmhw) | **0.13** | 0.38 | 0.26 | 1.19 | 0.20 |
| Total injury frequency rate | (pmmhw) | **0.39** | 1.79 | 2.83 | 4.65 | 5.70 |
| Lost days rate | (pmmhw) | **5** | 32 | 3 | 10 | 3 |
| **Health** | | | | | | |
| Noise-induced hearing loss cases submitted | (no) | **4** | – | – | – | 1 |
| On wellness programme | (no) | **159** | 148 | 166 | 197 | 171 |
| On antiretroviral therapy | (no) | **153** | 152 | 151 | 139 | 123 |
| **Environmental** | | | | | | |
| Total water consumed | (Mℓ) | **3 264** | 3 313 | 3 336 | 3 263 | 3 697 |
| Total water recycled | (%) | **34** | 34 | 30 | 35 | 37 |
| Total $CO_2$ emissions | ('000tpa) | **115** | 117 | 171 | 162 | 174 |
| **People** | | | | | | |
| Own employees | (no) | **1 394** | 1 422 | 1 552 | 1 572 | 1 567 |
| Contractors | (no) | **8** | 128 | 130 | 199 | 229 |
| Literacy (ABET level (III)) | (%) | **99** | 99 | 99 | 99 | 96 |
| Labour turnover | (%) | **3** | 9 | 4 | 4 | 3 |
| **Social** | | | | | | |
| Community spend | (Rm) | **47** | 50 | 41 | 26 | 20 |
| **Sales** | (Rm) | **3 425** | 2 970 | 2 579 | 2 403 | 2 569 |
| Platinum | | **1 588** | 1 486 | 1 323 | 1 207 | 1 277 |
| Palladium | | **789** | 602 | 434 | 392 | 377 |
| Rhodium | | **112** | 78 | 70 | 86 | 128 |
| Nickel | | **544** | 442 | 399 | 403 | 495 |
| Other | | **392** | 362 | 353 | 315 | 292 |
| **Cost of sales** | (Rm) | **(2 640)** | (2 398) | (1 956) | (1 498) | (1 229) |
| On-mine operations | | **(1 375)** | (1 425) | (1 110) | (813) | (730) |
| Processing operations | | **(501)** | (375) | (311) | (242) | (196) |
| Selling and administration | | **(167)** | (158) | (155) | (138) | (90) |
| Treatment charges | | **(227)** | (200) | (167) | (134) | (118) |
| Depreciation | | **(401)** | (259) | (220) | (155) | (114) |
| Change in metal inventories | | **31** | 19 | 7 | (16) | 19 |

# Operational review – Mimosa

## Mimosa – key statistics

| | | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|
| **Gross profit** | (Rm) | **785** | 572 | 623 | 905 | 1 340 |
| Royalty expense | (Rm) | **(208)** | (193) | (180) | (131) | (87) |
| **Gross margin** | (%) | **22.9** | 19.3 | 24.2 | 37.7 | 52.2 |
| Profit/(loss) for the year | (Rm) | **12** | 96 | 100 | 404 | 836 |
| 50% attributable to Implats | (Rm) | **6** | 48 | 50 | 202 | 418 |
| Intercompany adjustment* | (Rm) | **26** | 34 | 20 | 20 | (18) |
| Share of profit in Implats Group | (Rm) | **32** | 82 | 70 | 222 | 400 |
| **Sales volumes in concentrate** | | | | | | |
| Platinum | ('000oz) | **112.6** | 107.6 | 99.2 | 105.2 | 105.4 |
| Palladium | ('000oz) | **88.0** | 85.1 | 78.4 | 81.7 | 81.6 |
| Rhodium | ('000oz) | **9.1** | 9.1 | 8.4 | 8.4 | 8.4 |
| Nickel | (t) | **3 251** | 3 263 | 3 164 | 3 012 | 3 037 |
| **Prices achieved in concentrate** | | | | | | |
| Platinum | (US$/oz) | **1 236** | 1 332 | 1 513 | 1 481 | 1 722 |
| Palladium | (US$/oz) | **786** | 683 | 628 | 620 | 657 |
| Rhodium | (US$/oz) | **1 078** | 824 | 944 | 1 325 | 2 161 |
| Nickel | (US$/t) | **14 658** | 13 073 | 14 300 | 17 262 | 23 178 |
| **Exchange rate achieved** | (R/US$) | **11.41** | 10.37 | 8.82 | 7.74 | 7.03 |
| **Production** | | | | | | |
| Tonnes milled ex-mine | ('000t) | **2 586** | 2 453 | 2 381 | 2 324 | 2 311 |
| Headgrade (6E) | (g/t) | **3.93** | 3.92 | 3.95 | 3.93 | 3.91 |
| Platinum in concentrate | ('000oz) | **117.4** | 110.2 | 100.3 | 106.0 | 104.9 |
| Palladium in concentrate | ('000oz) | **92.7** | 87.0 | 79.5 | 82.3 | 80.4 |
| Rhodium in concentrate | ('000oz) | **10.2** | 9.3 | 8.7 | 8.5 | 8.4 |
| Nickel in concentrate | (t) | **3 470** | 3 329 | 3 161 | 3 046 | 2 945 |
| PGM in concentrate | ('000oz) | **250.1** | 234.6 | 214.8 | 222.8 | 219.7 |
| **Cost** | | | | | | |
| Total cost | (Rm) | **2 043** | 1 958 | 1 576 | 1 193 | 1 016 |
| | (US$m) | **179** | 189 | 179 | 154 | 144 |
| Cost per tonne milled | (R/t) | **790** | 798 | 662 | 513 | 440 |
| | (US$/t) | **69** | 77 | 75 | 66 | 63 |
| Cost per PGM ounce in concentrate | (R/oz) | **8 169** | 8 346 | 7 337 | 5 355 | 4 624 |
| | (US$/oz) | **716** | 805 | 832 | 692 | 658 |
| Cost per platinum ounce in concentrate | (R/oz) | **17 402** | 17 768 | 15 713 | 11 255 | 9 685 |
| | (US$/oz) | **1 525** | 1 713 | 1 782 | 1 453 | 1 377 |
| Cost net of revenue received for other metals | (R/oz) | **1 755** | 4 301 | 3 190 | (28) | (2 631) |
| | (US$/oz) | **154** | 415 | 362 | (4) | (374) |
| **Capital expenditure** | (Rm) | **343** | 349 | 265 | 497 | 372 |
| | (US$m) | **30** | 34 | 30 | 64 | 53 |
| **Labour efficiency** | | | | | | |
| Tonnes milled per employee costed** | (t/man/annum) | **1 819** | 1 500 | 1 372 | 1 381 | 1 319 |

* *Adjustment note: The adjustment relates to sales from Mimosa to the Implats Group which at year end were still in the pipeline.*
** *Total employees excluding capital project employees.*

# Operational review – Two Rivers

**"Two Rivers remains one of the lowest cost PGM producers in South Africa"**

Two Rivers is a joint venture operation with African Rainbow Minerals. Implats increased its interest to 49% from 45% during the year as the transfer of mineral rights on the Kalkfontein, Buffelshoek and Tweefontein farms from Impala to Two Rivers became unconditional. The mine had another excellent year and remains one of the lowest cost PGM producers in South Africa.

## Manufactured capital

Two Rivers' safety performance improved during the year and the operation achieved 2 million fatality-free shifts during the period. The total injury frequency rate improved from 1.44 per million man-hours worked in 2014 to 1.2 in 2015.

Tonnes milled increased by 2.5% from the previous year to 3.36 million at a head grade of 3.98g/t, while concentrator recoveries improved from 85.7% to 86.5%. Consequently, platinum in concentrate production was maintained at similar levels to the previous year at 173 500 ounces.

## Mineral resources and reserves

For more detail refer to the "Mineral resource and mineral reserve statement 2015" available at www.implats.co.za.

The Two Rivers mineral resource and reserve statement has been positively impacted by the transfer of the Tamboti mineral rights.

| | Mineral resources inclusive of reserves | | 2015 | | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Orebody** | **Category** | **Tonnage Mt** | **6E Grade** | **Pt Moz** | **Pt Attr Moz** | **Tonnage Mt** | **6E Grade** | **Pt Moz** | **Pt Attr Moz** |
| **Two Rivers (49% attributable)** | Merensky | Indicated | 60.6 | 3.11 | 3.3 | 1.6 | 43.1 | 3.04 | 2.3 | 1.0 |
| | | Inferred | 99.2 | 3.92 | 6.7 | 3.3 | 11.0 | 2.65 | 0.5 | 0.2 |
| | UG2 | Measured | 15.6 | 5.61 | 1.3 | 0.7 | 15.7 | 5.44 | 1.3 | 0.6 |
| | | Indicated | 59.4 | 5.04 | 4.4 | 2.2 | 35.0 | 4.52 | 2.4 | 1.1 |
| | | Inferred | 117.8 | 5.75 | 9.5 | 4.7 | 0.7 | 4.91 | 0.0 | 0.0 |
| | **Total** | | **352.5** | **4.65** | **25.2** | **12.4** | **105.4** | **3.86** | **6.5** | **2.9** |

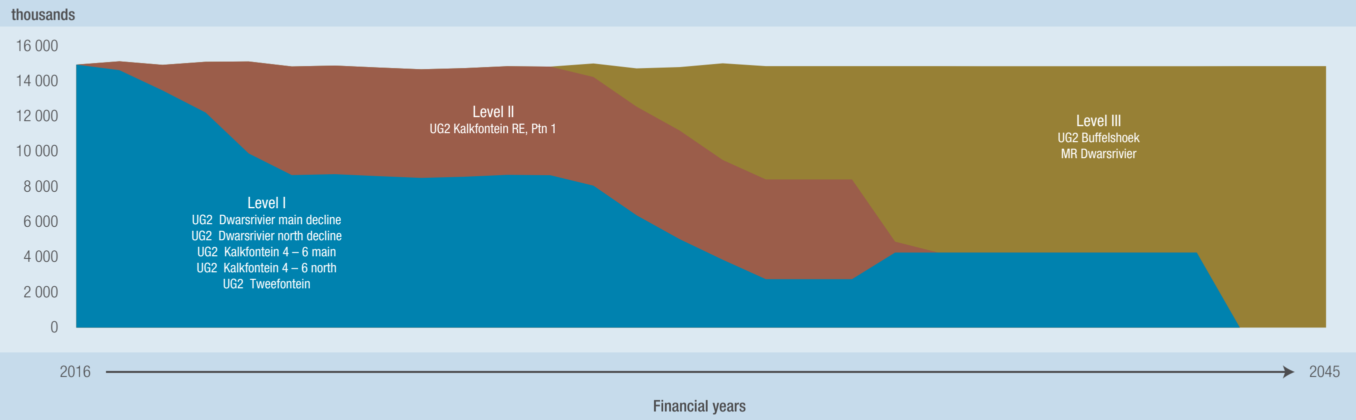
# Operational review – Two Rivers

| | Mineral reserves | | 2015 | | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Orebody | Category | Tonnage Mt | 6E Grade | Pt Moz | Pt Attr Moz | Tonnage Mt | 6E Grade | Pt Moz | Pt Attr Moz |
| **Two Rivers (49% attributable)** | UG2 | Proved | 12.0 | 3.87 | 0.7 | 0.3 | 10.8 | 3.88 | 0.6 | 0.3 |
| | | Probable | 29.9 | 3.56 | 1.6 | 0.8 | 19.7 | 3.59 | 1.1 | 0.5 |
| | **Total** | | **41.9** | **3.65** | **2.3** | **1.1** | **30.5** | **3.69** | **1.7** | **0.8** |

The key features of the above updated statements are:

- The Two Rivers Merensky Reef mineral resource estimate increased by 360% to 9.9 million platinum ounces; the larger proportion of this is in the inferred category
- The Two Rivers UG2 Reef mineral resource estimate increased by 412% to 15.3 million platinum ounces
- The Two Rivers UG2 Reef mineral reserve estimate increased by 34% to 2.3 million ounces platinum due to the extension of the mining area into the Tamboti area

**Two Rivers: 30-year tonnage profile**




## Financial capital

Unit costs were well contained and increased by 4.5% to R11 948. Capital expenditure, which amounted to R275 million compared to R319 million in the previous year, was spent mainly on fleet replacement, completing the fine chrome recovery plant and employee housing. The current project focus is on accessing the newly acquired Kalkfontein property via the central and north declines.

## Outlook

The transfer of the Kalkfontein, Buffelshoek and Tweefontein farms will enable Two Rivers to maintain production above 150 000 ounces of platinum in the medium term. The mine plans to implement an undercut mining method in the split reef at the main decline to improve UG2 reef quality and targets 170 000 ounces of platinum in 2016.

# Operational review – Two Rivers

## Two Rivers – key statistics

| | | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|
| **Sales** | (Rm) | **3 673** | 3 669 | 2 867 | 2 335 | 2 274 |
| Platinum | | **2 018** | 2 254 | 1 931 | 1 557 | 1 477 |
| Palladium | | **774** | 713 | 533 | 383 | 365 |
| Rhodium | | **326** | 286 | 234 | 221 | 290 |
| Nickel | | **84** | 81 | 69 | 75 | 64 |
| Other | | **471** | 335 | 100 | 99 | 78 |
| **Cost of sales** | (Rm) | **(2 657)** | (2 587) | (2 233) | (1 827) | (1 651) |
| Mining operations | | **(1 714)** | (1 657) | (1 581) | (1 357) | (1 172) |
| Concentrating operations | | **(359)** | (345) | (314) | (264) | (225) |
| Treatment charges | | **(25)** | (22) | (18) | (18) | (15) |
| Chrome cost | | **(231)** | (188) | – | – | – |
| Depreciation | | **(398)** | (416) | (372) | (276) | (249) |
| (Decrease)/increase in metal inventories | | **70** | 41 | 52 | 88 | 10 |
| **Gross profit** | (Rm) | **1 016** | 1 082 | 634 | 508 | 623 |
| Royalty expense | (Rm) | **(159)** | (142) | (92) | (43) | (11) |
| **Gross margin** | (%) | **27.7** | 29.5 | 22.1 | 21.8 | 27.4 |
| Profit/(loss) for the year | (Rm) | **593** | 681 | 361 | 296 | 415 |
| 49% attributable to Implats | (Rm) | **267** | 306 | 163 | 133 | 185 |
| Intercompany adjustment* | (Rm) | **23** | (33) | (7) | (26) | 46 |
| Share of profit in Implats Group | (Rm) | **290** | 273 | 156 | 107 | 231 |
| **Sales volumes in concentrate** | | | | | | |
| Platinum | ('000oz) | **172.6** | 172.8 | 161.8 | 148.6 | 145.5 |
| Palladium | ('000oz) | **101.2** | 101.5 | 98.3 | 88.7 | 83.7 |
| Rhodium | ('000oz) | **30.5** | 30.6 | 28.5 | 25.2 | 24.2 |
| Nickel | (t) | **581** | 567 | 548 | 596 | 442 |
| **Prices achieved in concentrate** | | | | | | |
| Platinum | (US$/oz) | **1 021** | 1 258 | 1 358 | 1 361 | 1 461 |
| Palladium | (US$/oz) | **668** | 678 | 615 | 561 | 629 |
| Rhodium | (US$/oz) | **934** | 899 | 931 | 1 141 | 1 717 |
| Nickel | (US$/t) | **12 691** | 13 830 | 14 284 | 16 414 | 21 010 |
| **Exchange rate achieved** | (R/US$) | **10.98** | 10.26 | 8.79 | 7.70 | 6.95 |

# Operational review – Two Rivers

## Two Rivers – key statistics

| | | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|
| **Production** | | | | | | |
| Tonnes milled ex-mine | ('000t) | **3 362** | 3 279 | 3 172 | 3 103 | 2 950 |
| Headgrade (6E) | (g/t) | **3.98** | 4.01 | 4.02 | 3.86 | 3.94 |
| Platinum in concentrate | ('000oz) | **173.5** | 175.1 | 162.2 | 149.9 | 145.3 |
| Palladium in concentrate | ('000oz) | **102.0** | 102.7 | 98.6 | 89.5 | 84.1 |
| Rhodium in concentrate | ('000oz) | **30.6** | 31.0 | 28.7 | 25.5 | 24.6 |
| Nickel in concentrate | (t) | **584** | 566 | 555 | 595 | 444 |
| PGM in concentrate | ('000oz) | **372.6** | 374.7 | 350.4 | 320.1 | 307.2 |
| **Cost** | | | | | | |
| Total cost | (Rm) | **2 073** | 2 002 | 1 895 | 1 621 | 1 397 |
| | (US$m) | **182** | 193 | 215 | 209 | 199 |
| Cost per tonne milled | (R/t) | **617** | 611 | 597 | 522 | 474 |
| | (US$/t) | **54** | 59 | 68 | 67 | 67 |
| Cost per PGM ounce in concentrate | (R/oz) | **5 564** | 5 343 | 5 408 | 5 064 | 4 548 |
| | (US$/oz) | **487** | 515 | 613 | 654 | 647 |
| Cost per platinum ounce in concentrate | (R/oz) | **11 948** | 11 433 | 11 683 | 10 814 | 9 615 |
| | (US$/oz) | **1 047** | 1 103 | 1 325 | 1 396 | 1 367 |
| Cost net of revenue received for other metals | (R/oz) | **3 741** | 4 426 | 5 912 | 5 624 | 4 129 |
| | (US$/oz) | **328** | 427 | 670 | 726 | 587 |
| **Capital expenditure** | (Rm) | **275** | 319 | 489 | 467 | 280 |
| | (US$m) | **24** | 31 | 55 | 60 | 40 |
| **Labour including capital** | | | | | | |
| Own employees | (no) | **2 404** | 2 350 | 2 410 | 779 | 756 |
| Contractors | (no) | **879** | 1 066 | 1 296 | 2 735 | 2 537 |
| **Labour efficiency** | | | | | | |
| Tonnes milled per employee costed** | (t/man/annum) | **1 029** | 988 | 921 | 941 | 993 |

** Adjustment note: The adjustment relates to sales from Two Rivers to the Implats Group which at year end were still in the pipeline.*
***Total employees excluding capital project employees.*

# Operational review – Impala Refining Services

"IRS uses Impala's excess processing and refining capacity to smelt and refine concentrate and matte produced by the Group's other operations and third parties"

IRS uses Impala's excess processing and refining capacity to smelt and refine the concentrate and matte produced by the Group's other operations and third parties. The business also does ad hoc toll refining.

## Manufactured capital

Platinum production from mine-to-market operations decreased by 1.2% from the previous year to 567 500 (2014: 574 700) ounces, mainly due to the lower volumes from Zimplats following the temporary closure of the Bimha Mine, as well as the industrial action and safety stoppages experienced at Marula. This was offset to some extent by increased production from Mimosa.

Refined platinum production from third-party purchases, recycling and toll volumes decreased from 192 300 to 133 200 ounces, largely due to the once-off treatment of Northam concentrate in the previous comparable period.

| ('000oz) | 2015 | 2014 |
|---|---|---|
| Zimplats | **215.6** | 226.3 |
| Marula | **70.5** | 76.8 |
| Mimosa | **113.2** | 103.3 |
| Two Rivers | **168.2** | 168.3 |
| **Mine-to-market operations** | **567.5** | 574.7 |
| **Third-party purchases and toll** | **133.2** | 192.3 |
| **Grand total** | **700.7** | 767.0 |

## Outlook

Access to spare smelting and refining capacity from Impala positions IRS well to process additional material from new customers. Opportunities in this regard are continuously evaluated.

# Operational review – Impala Refining Services

## Impala Refining Services – key statistics

| | | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|
| **Sales** | (Rm) | **18 824** | 18 495 | 14 696 | 14 069 | 14 273 |
| Platinum | | **10 016** | 10 389 | 8 481 | 7 982 | 8 104 |
| Palladium | | **4 491** | 4 035 | 2 675 | 2 464 | 2 169 |
| Rhodium | | **1 173** | 959 | 794 | 1 113 | 1 376 |
| Nickel | | **1 559** | 1 390 | 1 164 | 1 236 | 1 305 |
| Other | | **1 585** | 1 722 | 1 582 | 1 274 | 1 319 |
| **Cost of sales** | (Rm) | **(17 303)** | (16 794) | (13 287) | (12 730) | (12 860) |
| Metals purchased | | **(15 840)** | (16 665) | (12 926) | (12 147) | (12 649) |
| Smelting | | **(327)** | (308) | (297) | (225) | (232) |
| Refining | | **(471)** | (450) | (399) | (378) | (366) |
| Selling and administration | | **(34)** | (31) | (37) | (37) | (30) |
| Change in metal inventories | | **(631)** | 660 | 372 | 57 | 417 |
| **Gross profit IRS** | (Rm) | **1 521** | 1 701 | 1 409 | 1 339 | 1 413 |
| Metals purchased – adjustment on metal prices and exchange rates* | (Rm) | **(580)** | 244 | 177 | (195) | (20) |
| Inventory – adjustment for metal prices and exchange rates | (Rm) | **352** | (132) | (189) | 191 | (4) |
| **Gross profit in Implats Group** | (Rm) | **1 293** | 1 813 | 1 397 | 1 335 | 1 389 |
| Metals purchased – fair value on metal prices | (Rm) | **741** | (246) | 93 | 511 | (123) |
| Metals purchased – foreign exchange adjustments | (Rm) | **(162)** | 2 | (270) | (316) | 143 |
| **Gross margin** | (%) | **8.1** | 9.2 | 9.6 | 9.5 | 10.1 |
| **Revenue** | (Rm) | **18 824** | 18 495 | 14 696 | 14 069 | 14 273 |
| Direct sales to customers | | **43** | 34 | 111 | 116 | 401 |
| Sales to Impala | | **18 327** | 17 935 | 14 139 | 13 702 | 13 427 |
| Treatment income – external | | **450** | 521 | 442 | 248 | 442 |
| Treatment income – intercompany | | **4** | 5 | 4 | 3 | 3 |
| **Total sales volumes** | | | | | | |
| Platinum | ('000oz) | **696.4** | 707.1 | 629.8 | 638.2 | 684.2 |
| Palladium | ('000oz) | **493.9** | 527.1 | 460.5 | 468.3 | 474.2 |
| Rhodium | ('000oz) | **90.6** | 94.4 | 82.5 | 94.1 | 87.1 |
| Nickel | (t) | **8 756** | 9 195 | 8 095 | 8 209 | 7 863 |
| **Prices achieved** | | | | | | |
| Platinum | (US$/oz) | **1 278** | 1 427 | 1 532 | 1 634 | 1 691 |
| Palladium | (US$/oz) | **807** | 742 | 659 | 689 | 655 |
| Rhodium | (US$/oz) | **1 145** | 982 | 1 099 | 1 549 | 2 254 |
| Nickel | (US$/t) | **15 884** | 14 702 | 16 314 | 19 723 | 23 757 |
| **Exchange rate achieved** | (R/US$) | **11.26** | 10.30 | 8.79 | 7.65 | 7.00 |
| **Refined production** | | | | | | |
| Platinum | ('000oz) | **700.7** | 767.0 | 872.3 | 697.5 | 895.1 |
| Palladium | ('000oz) | **511.3** | 513.0 | 669.8 | 541.1 | 680.6 |
| Rhodium | ('000oz) | **94.7** | 107.3 | 118.4 | 111.0 | 134.8 |
| Nickel | (t) | **12 320** | 11 939 | 11 983 | 10 582 | 10 829 |
| PGM refined production | ('000oz) | **1 480.8** | 1 604.5 | 1 854.9 | 1 527.9 | 1 918.2 |
| **Metal returned** | | | | | | |
| Platinum | ('000oz) | **–** | 94.5 | 188.6 | 120.7 | 219.5 |
| Palladium | ('000oz) | **0.5** | 28.2 | 190.0 | 147.5 | 210.0 |
| Rhodium | ('000oz) | **–** | 9.0 | 35.5 | 24.8 | 41.7 |
| Nickel | (t) | **3 344** | 3 186 | 3 193 | 3 093 | 3 370 |

** Adjustments on metal prices and exchange rates have been reallocated to gross profit from other income and expense and foreign exchange profit or loss respectively in the statement of comprehensive income.*

# Stakeholders

**"Each stakeholder is allocated a responsible executive or champion to manage the relationship with the organisation"**

Stakeholders are defined as those people who are interested and affected by our business as well as those who have a material influence on our ability to create value.

In the year under review, we embarked on a stakeholder review process with the primary objective of improving relationships by becoming proactive in our approach to building relationships. This process involved:

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

The process identified six priority stakeholder groups for the 2015 financial year in Zone 1 for immediate intervention, informed by the nature of the current relationship and the effectiveness of existing engagement structures. This remains an area of critical focus and requires our continuous engagement to build better relationships. Each stakeholder is allocated a responsible executive or champion to manage the relationship with the organisation as outlined in the table alongside.

Responsibilities are sub-delegated by each executive to specialist personnel and operational executives depending on the nature of the issues. Quarterly stakeholder engagement meetings where operational executives and group champions meet to discuss and identify material issues were initiated in the latter part of the reporting period. Part of the agenda is to:

- Identify key stakeholder issues;
- Highlight potential risks; and
- Develop appropriate action and responses

The action items have been populated into the risk management system and allocated to a responsible person, thus ensuring that stakeholder actions and responses are managed on a continuous basis and are accessible to the entire executive team for oversight.

Zone 2 stakeholders have existing and mature engagement structures, as such our objectives are to further build on these relationships. Progress made in Zone 1 is likely to have an impact on the relationship with stakeholders in Zone 3.

While we recognise that all stakeholders are important, we have prioritised our strategic relationships with employees and unions, government, shareholders and investors, local communities, and the media, each of whom has a material bearing on the success of our business. Some stakeholders are engaged at various forums and structures which have been established on a periodic basis and are supported by a charter, while others are met through ad hoc arrangements as and when is deemed necessary. The following table outlines the engagements for the year under review and the stakeholder issues raised.

Refer connectivity matrix on page 18 of this report for a detailed list of stakeholders and the key material matters relating to these stakeholders.

## Stakeholders

"Quarterly stakeholder engagement meetings where operational executives and group champions meet to discuss and identify material issues were initiated"

### Priority areas for 2015
### Zone 1

**Employees**
Group executive – People

**Unions**
Group executive – People

**Community**
Group executive – Corporate affairs

**Government**
Group executive – Corporate affairs

**Suppliers**
Chief financial officer

**Media**
Group executive – Corporate affairs

### Evolutionary progress in 2015
### Zone 2

**Shareholders/ analysts and investment community**
Group executive – Corporate affairs

**Implats board**
Chief executive officer

**Customers**
Group executive – Marketing and refining

**Business partners**
Chief financial officer

**Industry and business forums**
Chief executive officer

### Progress here will be influenced by progress in Zone 1 stakeholders
### Zone 3

**Political parties**
Group executive – Corporate affairs

**Competitors**
Chief executive officer

**Emergency services**
Group executive – Health and safety

**Civil society**
Group executive – Corporate affairs

Priority area

Evolutionary progress

Influenced by progress in Zone 1

# Risk management

> **“Implats aims to achieve a balance between minimising the risk and maximising the reward”**

We identify our strategic business objectives, and our material sustainability focus areas, through our structured internal risk management process, and with consideration to the views and interests of our stakeholders. The Implats risk management process is wholly aligned with ISO 31000, the international risk management standard.

## Our risk assessment and management process

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. Effective risk management enables management to deal with uncertainty and associated threats and opportunities, enhancing the enterprises capacity to build value. 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 bring about the implementation of the necessary controls and risk treatment initiatives. In summary, effective enterprise risk management reduces uncertainty, imbues confidence and enables the organisation to be more decisive in pursuit of our Vision, Mission and Goals. Implats utilises the same, consistent risk methodology for every type of impact across the business as we believe separate risk methodologies would not support the object of embedding and maintaining an intelligent risk culture.

This process enables the board and senior managers to take decisions regarding the possible trade-off between risk and reward, and assists them to identify and pursue appropriate strategic growth opportunities informed by the Group's risk appetite and risk tolerance levels.

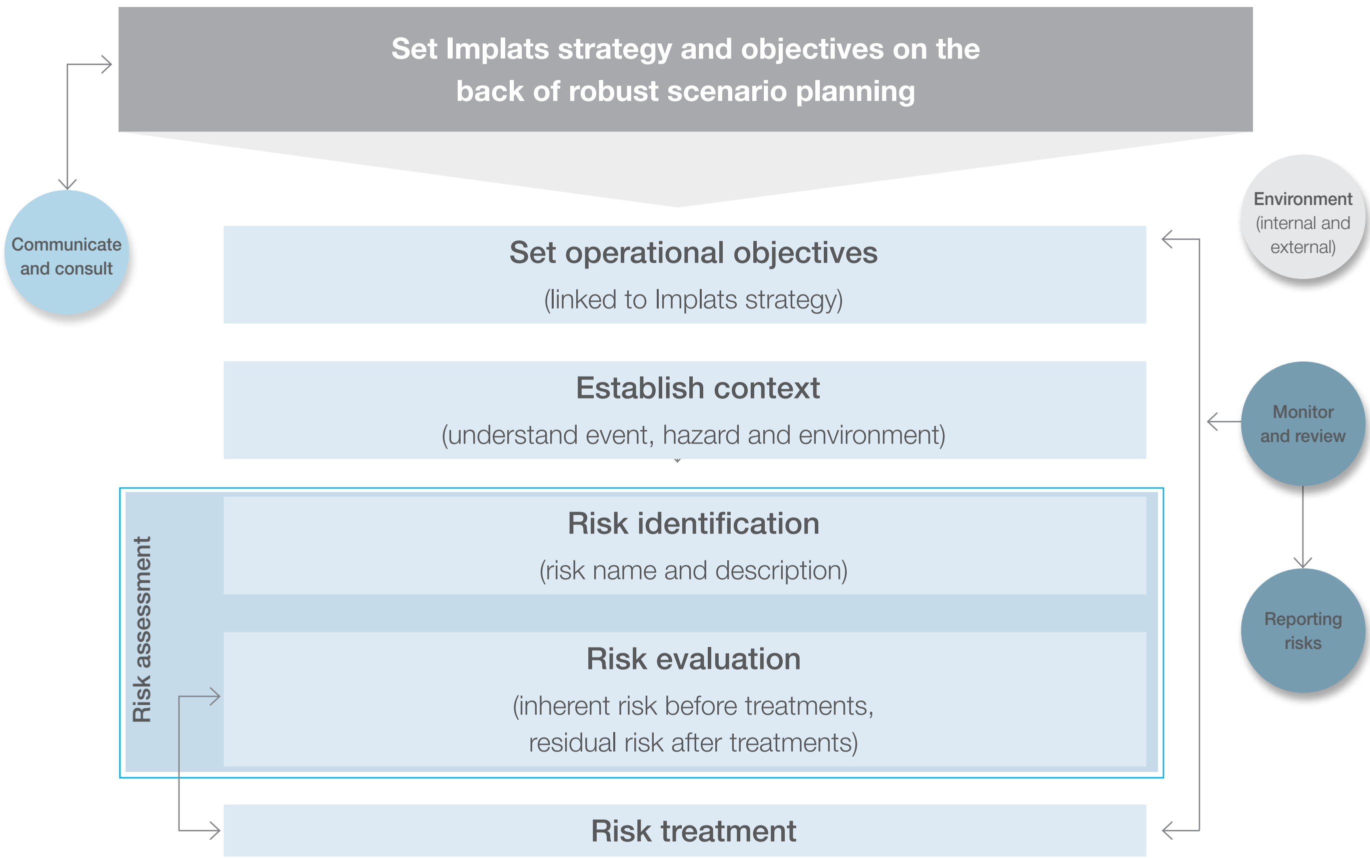
Our risk management process comprises the following steps and is illustrated below:

- **Establishing the context:** We consider the nature of the external operating context, and the views and interests of our stakeholders
- **Identifying the risk:** We establish both the source and cause of the risk, and evaluate all possible consequences
- **Analysing the risk:** We identify and assess what this means for the achievement of our objectives
- **Evaluating the risk:** We determine the risk rating (by severity, exposure and frequency), identify the controls (both existing or new), and prioritise the risks
- **Treating the risk:** We consider all options to establish the most appropriate response for each identified risk

# Risk management

Arising from this process we identify a set of objective-based risk assessments (ORAs) that cover approximately 80 of the most important aspects of the Implats business. Each identified risk, as well as its associated controls, has a clearly defined line management owner. This process is repeated and reviewed regularly, ensuring that the information remains relevant. All information is captured into the Group risk repository system that informs the Group risk profile. The Group risk profile is presented on a monthly basis to the Exco and quarterly to the board risk committee, which is separate from the audit committee. This approach allows for robust discussion regarding the materiality of the risk, its likely impact on the business in the short, medium and long term, and the necessary risk mitigation measures.

This process culminates in the identification of a prioritised set of Group strategic risks. Collectively, these risks, along with the outcomes of our internal and external stakeholder engagement activities, and our assessment of market fundamentals, are used to identify our material sustainability-related issues. These issues are prioritised in terms of their impact both on the organisation and on our key stakeholders. They inform the nature of our Group strategic objectives, as well as the performance issues for monitoring and reporting material sustainability focus areas, through our structured internal risk management process, and with consideration to the views and interests of our stakeholders.



# Risk management

| Heat map number | Description of risk | Residual severity | Likelihood | Residual risk | Mitigating strategy | KPI (Target) | X – Reference: Strategy | X – Reference: Strategic objective |
|---|---|---|---|---|---|---|---|---|
| 1 | **Depressed PGM basket prices** The current weakness in the PGM basket price remains a concern and is unsustainable in the medium to long term | 158 (Critical/high) | 75 (Critical/high) | 11 850 (Critical/high) | Understanding the future demand for our products, and the corresponding industry supply-side profile. Scanning the environment for technological advances that may affect the demand for Implats' products (substitution), and instituting appropriate responses where possible | Costs <R20 100/Pt oz<br>Capital <R4.2bn | 4 | 4 |
| 2 | **Non-delivery of production and productivity targets at Impala Rustenburg** Short-term challenges include: ramping up to full production; maintaining our ability to achieve completion of the mining cycle; speeding up the establishment of face length in new mining areas; ensuring increased productivity | 120 (Critical/high) | 90 (Critical/high) | 10 800 (Critical/high) | Implementing initiatives relating to: mechanised off reef development, management of critical spares, detailed work procedures, team mobilisation, training, mine planning protocols, production planning, quality mining and visible felt leadership. Review of the short and long-term business planning process and parameters, together with ensuring that appropriate funding is available or in place | Platinum > 1.4m oz | 1 | 2 |
| 3 | **Weak balance sheet and cash flows (liquidity** The financial impact of the protracted strike has been far reaching. The cash reserves have been largely dissipated by the start-up and ramp-up process. Implats is currently operating in a cash constrained mode, as are our peers | 132 (Critical/high) | 80 (Critical/high) | 10 560 (Critical/high) | Proactive and rigorous review of the short and long-term business planning process and parameters, together with ensuring that appropriate funding is available or in place | Cost per Pt oz < R20 100 | 2 | 3 |
| 4 | **Excessive taxation and levies at Zimbabwean operations** There is an exposure to high taxation as a result of the unique Zimplats taxation, particularly the special mining lease (SML). There are multiple and sometimes conflicting interpretations of this piece of taxation legislation, giving rise to taxation risks | 167 (Critical/high) | 60 (Major/moderate) | 10 020 (Critical/high) | Ensuring compliance through external tax compliance audits and the use of specialist tax advisory services. Tax training and awareness, resolution of historic tax matters and the tax risk management framework | | 3 | 5 |
| 5 | **Revenue impact of Section 54s** Section 54 stoppages have cost the Impala Rustenburg operations approximately R720m and Marula platinum R110m in direct production during FY2015. The indirect cost of these stoppages in terms of management time and start-up difficulties are of a similar magnitude | 133 (Critical/high) | 80 (Critical/high) | 10 640 (Critical/high) | Interrogation of the impact of section 54s, along with participation in the initiative by the Chamber of Mines. Training of management, as well as to incentivise safe working conditions | Platinum > 1.4m oz | 1 | 1 |
| 6 | **A significant deterioration in safety performance** Safety is the primary priority for the Implats leadership. The increase in the number of fatalities is unacceptable. It must be noted that there has been an improvement with regard to NLTIs and LTIs, but not with fatalities this year. Mine safety is receiving high priority at a national political level and any significant deterioration in performance carries significant risk. Since the end of the strike, we have had six fatalities at our Impala Rustenburg operations | 123 (Critical/high) | 77 (Critical/high) | 9 471 (Major/moderate) | Strong strategic commitment to develop an appropriate safety culture, driven through initiatives relating to people, practices and the physical environment | Zero fatalities<br>LTIFR: 20% improvement on FY2015 | 1 | 1 |

**Key**

- Critical/high
- Major/moderate
- Minor/low

# Risk management

| Heat map number | Description of risk | Residual severity | Likeli-hood | Residual risk | Mitigating strategy | KPI (Target) | X – Reference: Strategy | X – Reference: Strategic objective |
|---|---|---|---|---|---|---|---|---|
| 7 | **The security of supply of electricity in South Africa** In South Africa, the electricity supply industry is dominated by Eskom, which owns and operates the transmission grid. Eskom has a net installed generation capacity of 42 000 MW. Given planned and unplanned outages it is able to bring a maximum of 36 000 MW on line at present. 60% of the generating capacity is beyond the 30 years design life | 107 | 88 | 9 416 | Detailed monitoring of our energy usage and maintaining regular contact with Eskom to ensure we are aware of any situation that may affect us. Ensuring appropriate emergency evacuation plans. Implementing initiatives to reduce energy consumption | | 1 and 3 | 3 and 5 |
| 8 | **Capital constraints affecting project delivery** The current cash constrained environment has necessitated the review and reconsideration of a number of our capital projects. Current capital constraints has the risk of affecting not only delivery of current projects, but also the project pipeline as a whole | 98 | 80 | 7 840 | Continuous review of project prioritisation along with stringent application of professional project management principles and methodologies. Rigorous risk management is practiced at every level of capital projects | Capital<R4.2bn | 5 | 4 |
| 9 | **Employee relations climate** Following the profound impacts of last year's five-month strike, we need to shape relationships with trade unions based on shared values and mutual interest, allowing unions/ managers to share information more freely/openly and to resolve conflicts seeking mutually beneficial outcomes | 115 | 44 | 5 060 | Striving to provide an enabling work environment that fosters open, honest and effective relations between management, employees and elected union representatives. Engaging with various government departments directly, working with the Chamber of Mines and labour representatives to find sustainable solutions to industrial relations challenges in the country | | 3 | 5 |
| 10 | **Maintaining a social licence to operate in South Africa** Our current approach to mine communities is simply not delivering the required benefits. It is vital that, as we explore the future of mining, we seek a new social contract that will ensure mine communities and employees are given a fair say in how mining will affect their own future. We are working with the Chamber of Mines (COM) in an effort to develop a new social compact that explores the scope for and means of improving the coordination, scale and impact of social investments by mining companies | 125 | 33 | 4 125 | Committing to developing a deep understanding of the situation by conducting a Social Impact Assessment, as well as participating in the multidisciplinary research on the mining sector. Ensuring that human rights are protected by committing to adopt the Voluntary Principles on Security and Human Rights | Build in excess of 300 employee houses in South Africa and Zimbabwe respectively. Continue with SLP commitments | 3 | 5 |

| Strategy | | Operational – Strategic objectives | |
|---|---|---|---|
| 1 | Improve efficiencies through operational excellence and safe production | 1 | Relentlessly drive safety of people |
| 2 | Cash conservation | 2 | Consistently deliver on production targets |
| 3 | Maintain social licence to operate | 3 | Continually improve operational efficiency |
| 4 | Investment through the cycle | 4 | Wisely preserve cash |
| 5 | Maintain optionality and position for future | 5 | Strive to be a good corporate citizen |

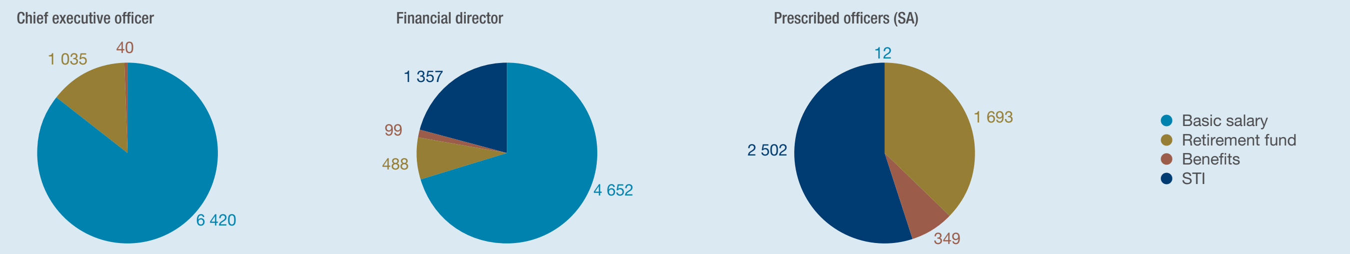
See page 18.
See page 19.

# Remuneration linked to strategy

## Remuneration overview

| Remuneration mix (elements) | | Employee categories | | | |
|---|---|---|---|---|---|
| | | Management and executives | | | Collective bargaining categories |
| | | Executive management | Senior management | Middle management | |
| | | F band | E band | D band | A, B and C band |
| **Guaranteed remuneration** | Basic salary | Increase based on:<br>• Performance<br>• External market<br>• Internal equity<br>• Affordability<br>• Collective bargaining considerations | | | Increase based on:<br>• Wage negotiations<br>• External market<br>• Affordability |
| | Benefits | • Retirement fund: employer and employee contributions<br>• Medical funding: employer and employee contributions<br>• Housing: company accommodation and accommodation allowances | | | |
| | Allowances | • Area specific<br>• Job specific | | | |
| **Variable remuneration** | Short-term incentives (STI) | Annual STI<br>• Strategic business targets<br>– Volume, value, quality, cost, capital and cash flow<br>– Safety, health, environment and community<br>• Individual performance | | Monthly and quarterly STI<br>• Business unit targets<br>• Production team targets<br>• Safety targets | |
| | Long-term incentives (LTI) | Not applicable | | CSP no performance targets | Not applicable |
| | | Conditional Share Plan (CSP) – performance targets | | | Not applicable |
| | | Share Appreciation Rights | | Not applicable | Not applicable |
| | | Not applicable | | | Employee Share Ownership Plan |

**Executive and prescribed officers' remuneration mix**
(R'000)



# Remuneration linked to strategy

## Management remuneration

Management and executive employees are remunerated on a guaranteed package basis. These packages and increases to or adjustments thereof are based on the following principles:

- Remuneration is based on individual performance. This is measured through our performance management system where key performance indicators (KPIs) are contracted and assessed.
- External competitiveness is benchmarked in accordance with our remuneration strategy against the 50th percentile of the market for most employees and against the 75th percentile of the market for high level performers, HDSA employees and critical skills.
- Internal equity is achieved through internal benchmarks taking into account variation due to circumstantial allowances and performance.
- Affordability is determined prior to recommendation to the remuneration committee of the board for approval.

Total remuneration is informed by the strategic elements listed below:

| Key performance indicators | Chief executive officer (%) | Financial director (%) | Senior executives (%) | Other executives (%) |
|---|---|---|---|---|
| Vision and strategy<br>Sustainability<br>Leadership and people<br>Stakeholder engagement | 35.0 | 45.0 | 59.0 | 64.0 |
| Operational excellence | 14.0 | 7.5 | 5.6 | 6.4 |
| Safety, health, environment and community | 19.0 | 12.5 | 9.8 | 9.7 |
| Individual projects | 7.0 | 10.0 | 4.8 | 3.2 |
| Total shareholder return | 20.0 | 20.0 | 16.7 | 13.3 |
| EBITDA | 5.0 | 5.0 | 4.2 | 3.3 |
| | 100.0 | 100.0 | 100.0 | 100.0 |

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