NOTICE TO SHAREHOLDERS 2020

RESPECT, CARE
AND DELIVER

IMPLATS
EXCELLENCE IN PGMs

Welcome to our 2020 Notice to shareholders

IMPLATS HAS ITS LISTING ON THE JSE LIMITED (JSE) IN SOUTH AFRICA. OUR HEADQUARTERS ARE BASED IN JOHANNESBURG AND THE SIX PRIMARY OPERATIONS ARE IMPALA, MARULA AND TWO RIVERS IN SOUTH AFRICA, MIMOSA AND ZIMPLATS IN ZIMBABWE, AND LAC DES ILES IN CANADA. THE STRUCTURE OF OUR OPERATING FRAMEWORK ALLOWS FOR EACH OF OUR OPERATIONS TO ESTABLISH AND MAINTAIN CLOSE RELATIONSHIPS WITH THEIR STAKEHOLDERS AND WE ARE COMMITTED TO DEVELOPING, PROTECTING AND STRENGTHENING OUR LICENCE TO OPERATE THROUGH INDUSTRY-LEADING ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PERFORMANCES.

INTEGRATED REPORT

- Information about our stakeholders, their material matters, risk, strategy and performance
- Information about our operations, mineral reserves and mineral resources, business context, environment, business model, and intellectual capital contained in our risk and remuneration processes
- Overall assurance provided explained

ESG REPORT

- Detail on material economic, social and environmental performance
- GRI G4 core compliance
- Internal reporting guidelines in line with the UN Global Compacts
- Independent assurance report

ANNUAL FINANCIAL STATEMENTS

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

MINERAL RESOURCE AND MINERAL RESERVE STATEMENT

This report contains the Mineral Resource and Mineral Reserve statement of Impala Platinum Holdings Limited as at 30 June 2020.

The report provides updated estimates and reconciliation of Mineral Resources and Mineral Reserves and conforms to the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code (2016)). The report also conforms to section 12.13 of the JSE listings requirements and has been signed off by the appointed competent persons.

ONLINE www.implats.co.za

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

@impalaplatinum.com

http://www.youtube.com/implats

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

Contents

IMPALA PLATINUM HOLDINGS LIMITED (IMPLATS) IS ONE OF THE WORLD'S FOREMOST PRODUCERS OF PLATINUM GROUP METALS (PGMs). IMPLATS IS CURRENTLY STRUCTURED AROUND SIX MAIN OPERATIONS WITH A TOTAL OF 20 UNDERGROUND SHAFTS. OUR OPERATIONS ARE LOCATED WITHIN THE BUSHVELD COMPLEX IN SOUTH AFRICA, THE GREAT DYKE IN ZIMBABWE AND THE LAC DES ILES INTRUSIVE COMPLEX IN ONTARIO, CANADA.

GOVERNANCE

COMMITTEE REPORTS

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTICE AND PROXY

CHAIRMAN'S STATEMENT – GOVERNANCE

The Implats board recognises that to ensure Implats remains successful over time and creates sustainable value for all stakeholders, it must also create value for society. Our ESG framework aligns the interests of all our stakeholders behind our ability to unlock the power of PGMs to improve the quality of life for everyone, today and for generations to come.

Good governance can only exist in an accountable environment, where there is a clear definition of roles and responsibilities, forums allow frank debate and performance is carefully reviewed. Over the next few pages we outline our progress and describe our governance efforts.

The Implats board is committed to providing effective and ethical leadership to the Group, maintaining the highest standards of good governance to promote quality decision-making and executing decisions within a disciplined framework of policies, procedures and authorities. The board is guided by the principles of the King IV™* Code on Corporate Governance (King IV), the Companies Act, 2008, the JSE Listings Requirements and all other applicable laws, standards and codes. A compliance schedule can be found at www.implats.co.za.

The Implats board works continuously to maintain and develop its governance framework. This ensures good decisions are made and executed, which furthers the interest of Implats and its diverse stakeholder universe. Independent judgement is exercised on all issues reserved for our review and approval. The board takes full responsibility for the management, direction and performance of the Group.

Mandla Gantsho
Chairman

STATEMENT OF COMMITMENT TO GOOD GOVERNANCE

OUR COMMITMENT TO GOVERNANCE

The board of directors assumes responsibility for setting the direction of the Company, approving policy and strategy, and overseeing the implementation. The board is satisfied that it has carried out its duties as articulated in the board charter. Some of the duties are delegated to committees of the board through formal terms of reference for each committee. The board remains responsible for making the final decisions on all key matters.

The board holds management accountable for the exercise of delegated authority in implementing Group strategy and is comfortable that the delegation of authority framework ensures a clear division of responsibilities between management and the board. The application of King IV is on an apply and explain basis and is embedded in many of the policies and procedures governing corporate conduct. The board is satisfied that the Company has applied the principles in King IV, the detail of which is set out in a King IV principles schedule obtainable at https://www.implats.co.za/corporate-reporting.php.

ROLE OF THE BOARD

The board is responsible for:

- Overseeing continuous development and approval of strategic objectives for the Group
- Developing an ethical culture and ensuring there is accountability
- Ensuring there is clear delegation of authority to enable management to execute their duties accordingly
- Monitoring the implementation of board decisions.

ROLES OF THE CHAIRMAN, LEAD INDEPENDENT DIRECTOR AND CEO

The chairman is responsible for the leadership of the board, which involves exercising sound judgement based on knowledge, skills and experience. The lead independent director assists the board in matters specifically delegated to her and where the chairman is not available. The CEO, supported by the executive committee, is responsible for the day-to-day management of the Group and the development and implementation of the Group's strategy. The roles and duties of the independent non-executive chairman and the CEO are separate and clearly defined. This division of responsibilities ensures a balance of authority and power, with no individual having unrestricted decision-making powers.

BOARD APPOINTMENT PROCESS

The board has established a formal process of appointing directors to the board. The nomination, governance and ethics committee assists the board to develop the succession plan and to implement it through a rigorous appointment process. The board succession plan ensures that the board appoints directors who have the requisite skills and experience and that diversity is prioritised.

CHANGES TO THE BOARD

The board reported last year that, post year-end, Mr Udo Lucht submitted his resignation from the board. The Royal Bafokeng Nation nominated Ms Boitumelo Koshane to replace Mr Lucht as their representative. On 10 June 2020, the board announced the planned retirement of Dr Mandla Gantsho as a director and chairman of the board. Dr Gantsho will step down from the board on 14 October 2020. The board undertook an extensive search for a candidate to be appointed as the new chairman. The search process culminated in the appointment of Advocate Thandi Orleyn on 3 August 2020 as an independent non-executive director and chairman designate to take over from Dr Gantsho when he steps down.

BOARD COMMITTEES

The board has delegated some of its authority to several committees made up primarily of independent directors. Each committee has the mandate to deal with oversight and monitoring of key strategic matters and report back to the board on their activities on a quarterly basis. The terms of reference of each committee are reviewed and approved each year to ensure that they are appropriate as they set out the authority, roles and responsibilities and composition. The board is satisfied that the committees effectively discharged their responsibilities during the financial year under review. The mitigation of the impact of Covid-19 was primarily overseen by the different committees since the spread of the virus affected all parts of the business. The committees assisted the board in monitoring the impact on human resources, operations, medical and safety preparedness, capital projects delivery and well as the financial impact.

Committee	Responsibility	Membership
Audit committee	Oversight of internal controls and ensuring the integrity of financial systems and reports. Leading board efforts to ensure the Company remains solvent and liquid on an ongoing basis.	Dawn Earp – chairman Peter Davey Preston Speckmann
Capital allocation and investment committee	Assessing capital investment and divestment applications. Ensuring that capital projects are delivered according to plan and that the Company derives value from investments.	Bernard Swanepoel – chairman Peter Davey Dawn Earp Meroonisha Kerber Nico Muller
Health, safety, environment and risk committee	Monitoring the implementation of the Group's strategy as it relates to employees health, safety and protecting the environment. The committee is also responsible for ensuring that the risk management framework is adequate in design and implementation.	Alastair Macfarlane – chairman Peter Davey Nico Muller Mpho Nkeli Lee-Ann Samuel Bernard Swanepoel
Social, transformation and remuneration committee	Monitors the Company's activities to ensure it maintains its social licence to operate. The committee also monitors the employment and remuneration practices of the Group.	Mpho Nkeli – chairman Mandla Gantsho Babalwa Ngonyama Preston Speckmann
Nomination, governance and ethics committee	Oversees directors' affairs such as conflict of interest, board succession and composition. The committee also monitors the implementation of the Group's ethics management programme.	Mandla Gantsho – chairman Peter Davey Sydney Mufamadi Babalwa Ngonyama

BOARD DIVERSITY

The board of Implats benefits from a diverse range of views. It consists of executive directors and non-executive directors who represent a broad spectrum of diversity attributes and these allow for robust deliberation during board meetings. The board adopted a policy to ensure adequate representation of all races and gender, as well as a broad range of ages, cultures, skills and experience.

GENDER The board aims to maintain a balance between male and female board members and to ensure that female representation is at 40% or above	50%	Male
	50%	Female
RACE The board promotes the appointment of directors from different races and cultures to ensure representation of many stakeholders. The board will endeavor to maintain the representation of HDSAs at >50%	6	African
	2	Indian
	1	Coloured
	5	White
TENURE The board seeks to ensure that as long-serving directors step down, there is sufficient institutional knowledge	7	0 to 4 years
	5	4 to 9 years
	2	>9 years
AGE The board promotes an appropriate mix of ages to ensure that there are young voices to complement the experienced directors	4	Between 40 and 49
	5	Between 50 and 59
	5	Between 60 and 69

TRAINING AND DEVELOPMENT

The company secretary offers new directors an induction programme tailored to their specific requirements. During the year under review, the directors continued to familiarise themselves with the Company and this process included site visits. Board members requested one-on-one engagements with executives for in-depth sessions on a specific part of the business to gain a better understanding.

At the quarterly board meetings, directors are kept abreast of all applicable legislation and regulations, changes to rules, standards and codes as well as relevant sector developments that could impact the Group and its operations.

The board receives formal training at the end of two scheduled board meetings during the year and each committee includes training specific to the work it does.

BOARD EVALUATION PROCESS

The board and sub-committees undergo effectiveness evaluations every two years on an alternating schedule. During the year under review, effectiveness evaluations of the committees and retiring board members were conducted. The results of the evaluations indicated that the committees remain very effective. The recommendations and key focus areas for the next two years have been programmed into the annual workplans. The board resolved to recommend all retiring directors for re-election by shareholders after all received unanimous support.

ROLE OF THE COMPANY SECRETARY

The primary role of the company secretary is to ensure that the board remains mindful of its duties and responsibilities and to assist the board to discharge such duties and responsibilities. In addition, the company secretary keeps the board informed of relevant changes in legislation and governance best practice. The company secretary is also secretary to the board committees. All directors have access to the services of the company secretary.

In compliance with the Listings Requirements of the JSE, the board hereby confirms the following:

- The company secretary has the necessary experience, expertise and competence to carry out his duties
- The company secretary has an arm's-length relationship with the board and was not a director of the Company or any of its subsidiaries.

BOARD MEETINGS AND ATTENDANCE

FREQUENCY OF MEETINGS

The board met six times during the financial year under review. Four of the meetings were regular scheduled board meetings, one of the meetings was used to approve business plans and adjustments to approved strategy. The board and the committees also meet on an *ad hoc* basis to consider specific issues as required. The status of identified strategic issues is reported and monitored at the quarterly board meetings. Non-executive directors meet both formally and informally with executive management on a regular basis.

Meeting attendance

Directors	Board	Audit committee	Social, trans-formation and remuneration committee	Nomination, governance and ethics committee	Capital allocation and investment committee	HSER committee
MSV Gantsho	5/6	–	2/4	4/4	–	–
PW Davey	6/6	5/5	–	4/4	4/4	4/4
D Earp	6/6	5/5	–	–	4/4	–
M Kerber	6/6	–	–	–	4/4	–
BT Koshane	4/6	–	–	–	–	–
UH Lucht*	1/1	–	–	–	1/1	–
AS Macfarlane	6/6	–	–	–	–	4/4
FS Mufamadi	5/6	–	–	4/4	–	–
NJ Muller	6/6	–	–	–	4/4	3/4
B Ngonyama	5/6	1/1	4/4	4/4	–	–
MEK Nkeli	6/6	–	4/4	–	–	4/4
LN Samuel	6/6	–	–	–	–	3/4
PE Speckmann	5/6	5/5	3/4	–	–	–
ZB Swanepoel	6/6	–	–	–	4/4	4/4

* *Resigned 27 August 2019.*

Directors who were absent from meetings submitted a formal apology to the chairman or the lead independent director providing reasons why they were unable to attend the meeting.

BOARD PROFILES

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mandla Gantsho 58 – Chairman
BCom (Hons), CTA, CA(SA), MSc, MPhil, PhD

Experience
Mandla was appointed to the board in November 2010. He has previously held senior executive positions in public and private sector organisations, including vice-president for infrastructure and private sector development at the African Development Bank, CEO and MD of the Development Bank of Southern Africa. He is a former Independent chairman of Sasol Limited; Ithala Development Finance Corporation; and non-executive director of the South African Reserve Bank. He is currently the Independent chairman of Kumba Iron Ore Limited; chairman of Kudumane Manganese Resources (Pty) Ltd; executive chairman of Africa Rising Capital (Pty) Ltd. He also serves as a non-executive director on the board of the newly acquired Impala Canada Limited.

Peter Davey 67 (British)
BSc (Hons) Mining engineering, MBA

Experience
Peter was appointed to the board in July 2013 as an independent non-executive director. He was previously a resource analyst at various investment banks in the United Kingdom and he also has extensive production experience in the South African gold and platinum mining industry. He serves on the board of the subsidiary company Impala Platinum Limited.

Dawn Earp 58
BCom, BAcc, CA(SA)

Experience
Dawn was appointed to the board in August 2018 as independent non-executive director. She has formerly held positions as financial director at both Implats and Rand Refineries. She is a director and a chairman of the audit committee at Anglo Gold Ashanti Pension Fund and Transit Freight Forwarding (Pty) Ltd and at Aveng Moolmans (Pty) Ltd.

Alastair Macfarlane 69 (British)
MSc Mining engineering

Experience
Alastair was appointed to the board in December 2012. He has extensive experience in senior and executive management positions in the mining industry, consults to many mining companies within the sector locally and internationally. He is a visiting senior lecturer at the University of the Witwatersrand. Alastair also serves on the board of Sebilo Resources (Pty) Ltd.

Sydney Mufamadi 61
MSc and PhD (Oriental and African Studies)

Experience
Sydney was appointed to the board in March 2015. He is the Chairman of the subsidiary Zimplats Holdings Ltd and a non-executive director of Transnet Limited (SOC), Adcorp and ABSA Bank subsidiary in Mozambique. He is the director of the Centre of Public Policy and African Studies at the University of Johannesburg.

Babalwa Ngonyama 45
BCompt (Hons), CA(SA), MBA

Experience
Babalwa was appointed to the board in November 2010. She is the founding chairman of the African Women Chartered Accountants (AWCA). She is CEO of Sinayo Securities and also serves as a non-executive director on the boards of Hollard Life Assurance Company, Aspen Pharmacare Holdings, and enX Group. Babalwa was appointed Chairman of council at the University of Cape Town.

Mpho Nkeli 55
BSc (Environmental Studies), MBA

Experience
Mpho was appointed to the board in April 2015. She was an executive director of Alexander Forbes, Vodacom SA, a non-executive director of African Bank and Chairperson of the Commission for Employment Equity. She is currently a director of Search Partners International and an independent non-executive director of Sasol Limited.

Thandi Orleyn 64
B Proc, B Juris, LLB, LLM

Experience
Thandi was appointed to the board in August 2020. She was previously a long-serving member of the Implats board until she stepped down in 2015. She has held several senior level positions in the public sector including as Director of the CCMA. Thandi serves as a director of Peotona as well as several Peotona investee companies. She is Chairman of the board of BP Southern Africa.

Preston Speckmann 63
BCompt (Hons), CA(SA)

Experience
Preston was appointed to the board in August 2018. He has held various senior positions at Metropolitan Holdings Limited and Old Mutual, South Africa. He currently serves as a non-executive director on the boards of MiWay Insurance Group, Volkswagen Financial Services, Sanlam Sky Group of Companies and was appointed to the Independent Regulatory Board for Auditors.

Bernard Swanepoel 59
BSc (Mining Engineering) and BCom (Hons)

Experience
Bernard was appointed to the board in March 2015. He is former CEO of Harmony Gold. He is currently a non-executive director of Omnia Holdings Limited, Zimplats Holdings Limited and Impala Canada Limited.

NON-EXECUTIVE DIRECTOR

Boitumelo Koshane 42
BCom (Hons), CA(SA)

Experience
Boitumelo was appointed to the board in August 2019 as a non-executive director representing Royal Bafokeng Nation (RBN). She serves on various boards linked to the Royal Bafokeng entities and was previously a non-executive director of Impala Platinum Limited.

EXECUTIVE DIRECTORS

Nico Muller 52
BSc Mining Engineering

Experience
Nico was appointed to the board in April 2017 as CEO and executive director. He has had a long career in the mining industry that has exposed him to multiple commodities ranging from diamonds, gold and platinum. Nico serves as chairman of subsidiaries Impala Platinum Limited and Impala Canada Limited. He is also a non-executive director of Zimplats Holdings Limited.

Lee-Ann Samuel 42
BA Psychology and Honours Political Science, UJ

Experience
Lee-Ann was appointed to the board in November 2017. She has held senior positions human resources across financial services, mining and telecommunications. Lee-Ann serves on the boards of Impala Platinum Limited and Impala Canada Limited.

Meroonisha Kerber 47
BCom HDipAcc, CA(SA)

Experience
Meroonisha was appointed to the board in August 2018 as chief financial officer and executive director. She previously spent ten years at Deloitte after which she held various senior positions at Anglo American Platinum and AngloGold Ashanti. Meroonisha serves on the boards of Impala Platinum Limited, Impala Canada Limited and Zimplats Holdings Limited.

REPORT OF THE AUDIT COMMITTEE

The Group audit committee is pleased to present its report as required by section 94 of the Companies Act, King IV and the JSE Listings Requirements for the financial year ended 30 June 2020. The report provides an overview of the work done by the committee during the year under review. The Implats board has mandated the committee to be the audit committee of all Group companies which have a statutory requirement for an audit committee.

The committee's terms of reference regulate both its statutory duties and those duties delegated to it by the board. These duties include monitor internal financial controls, internal and external assurance services to enable an effective control environment, and that these support the integrity of information produced and reported by the Company.

COMPOSITION

The committee comprises three members all of whom are independent non-executive directors. Ms Babalwa Ngonyama was a member of the committee until the Company's AGM in October 2019 where she did not offer herself for re-election to the committee. The committee held four scheduled meetings and one *ad hoc* meeting which was convened to attend to special business.

Members	Attendance	Appointed
Ms D Earp (Chairman)	5/5	1 August 2018
Mr PW Davey	5/5	18 February 2016
Ms B Ngonyama	1/1	1 November 2010
Mr PE Speckmann	5/5	1 August 2018

MANDATE OF THE COMMITTEE

The committee has discharged all its responsibilities as contained in the charter including but not limited to:

- Reviewing accounting policies and ensuring that financial information issued to stakeholders is supported by robust internal controls and risk management processes.
- Discharging its duties relating to safeguarding of the Company's assets by monitoring the proper operation of adequate and effective systems of internal controls
- Monitoring the reporting processes and the preparation of fairly presented financial statements in compliance with the applicable laws, regulations and accounting standards
- Monitoring the activities of internal auditors, ensuring independence of the function and recommending the internal audit charter for board approval
- Monitoring closely the activities of the new external auditors, including their independence, and ensuring the scope of their non-audit services did not impair their independence
- Making recommendations regarding dividend declarations in line with the Group's capital allocation framework, balance sheet and liquidity policy and the dividend policy
- Recommending the integrated report and the supplementary reports for board approval
- Performing duties attributed to it by the Act, the JSE and the King IV Code
- Receiving and reviewing reports from internal and external auditors concerning the effectiveness of the internal control environment
- Encouraging cooperation between the internal and external audits during the year, in line with the Company's assurance model

- Reviewing and recommending, for adoption by the board, the publicly disclosed financial information which for the year included:
  - The interim results for the six months ended 31 December 2019
  - The annual results for the year ended 30 June 2020
  - Quarterly production reports
  - Trading updates to shareholders
- Considering the JSE's proactive monitoring activities reports
- Considering the effectiveness of the internal audit, approving the five-year operational strategic internal audit plan and monitoring adherence of internal audit to its annual plan. The committee also approved deviations from the annual internal audit plan
- Monitoring initiatives implemented by the compliance function which included assurance
- Considering the effectiveness of the IT function and recommending an IT strategy for board approval
- Reviewing and approving the Group tax policy and treasury policy
- Recommending the appointment of external auditors for shareholder approval and overseeing the change of the lead partner post year end. Prior to making its nomination, the committee requested and considered all information required in terms of section 22.15(h) of the JSE Listings Requirements in assessing the auditor and the designated auditor's suitability for appointment

The objectives of the committee were adequately met during the year under review.

IMPLATS GROUP INTERNAL AUDIT (IGIA)

The committee approved the IGIA departmental budgets and the internal audit plan which is developed to cover the major risks for the Group and ensured there was coverage of the Group audit universe. The committee monitors progress against the approved audit plan throughout the year. IGIA provided the committee with written assurance statements on the adequacy and effectiveness of internal financial controls and other internal controls and risk management environment. During the year under review, nothing came to the attention of IGIA to indicate a breakdown in the internal financial controls nor was there an indication that the internal controls were inadequate in design and implementation.

The committee reviews the performance appraisals of the chief audit executive and determines the competence of the internal audit department as a whole. The chief audit executive, Ms Nonhlanhla Mgadza, has the necessary experience to fulfil this role and she has performed satisfactorily during the year under review. The committee meets with her where management is not present and she is able to raise any matter for the attention of the committee.

Ms Mgadza has unrestricted access to the members of the committee and her audit reports are circulated to the chairman of the board and the members of the committee. These reports are reviewed in detail at quarterly meetings.

EXTERNAL AUDIT

The committee has satisfied itself, through enquiry, that the auditor of the Company is independent, as defined by the Companies Act. The committee, in consultation with executive management, agreed the audit fee for the 2020 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. The auditor performed a satisfactory audit which covered all the significant risks to the Company and submitted their report accordingly. Audit fees are disclosed in note 23 to the annual financial statements.

Additionally, the approval of all non-audit-related services is governed by an appropriate policy which sets the limit as a percentage of the audit fee. During the year under review, Deloitte did not perform any non-audit services.

Meetings were held with the external auditor in the absence of management, where concerns could be raised. The auditor did not have any concerns to raise; however, the committee was informed that all differences of opinion with management were adequately resolved and were brought to the committee's attention in meetings.

The Company elected to early adopt the mandatory auditor rotation which culminated in shareholders approving the appointment of Deloitte as Group external auditors with effect from 22 October 2019 and PwC resigning as group auditors. Mr Mandisi Mantyi was Lead Partner at the time of their appointment; however, Mr Mantyi left the employ of Deloitte. Mr Eugene Zungu was appointed Lead Partner from 29 June 2020. The committee reviewed the auditor suitability pack as required by section 22 of the JSE Listings Requirements and agreed to recommend Deloitte for appointment by shareholders.

CHIEF FINANCIAL OFFICER REVIEW

Ms Meroonisha Kerber is a Chartered Accountant and was appointed Group chief financial officer with effect from 1 August 2018. The committee reviewed her qualifications and expertise and found her to be suitably qualified and experienced to lead the finance function. Additionally, the committee has satisfied itself of the performance, qualifications and expertise of the financial accounting and the taxation departments.

ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared using appropriate accounting policies, which conform to International Financial Reporting Standards (IFRS). The committee has recommended the approval of the annual financial statements to the board. The significant matters considered by the committee included the impairment of assets, measurement of in-process metal inventories and the going-concern statement. The board has subsequently approved the annual financial statements.

INTERNAL FINANCIAL CONTROL (STATEMENT ON EFFECTIVENESS OF INTERNAL FINANCIAL CONTROLS)

Based on the results of the formally documented review of the Company's system of internal financial controls, which was performed by the internal audit function and a formal documented review of the Company's mature system of combined assurance, no deficiencies were identified that resulted in a material misstatement of the annual financial statements. Identified deficiencies are in the process of being addressed and remediated.

COMMENTS ON KEY AUDIT MATTERS, ADDRESSED BY DELOITTE IN THIS EXTERNAL AUDITOR'S REPORT

The external auditors have reported on three key audit matters in respect of their 2020 audit, being: physical quantities and measurement of in-process metal inventories, determination and valuation of an uncertain tax matter in Zimbabwe and the acquisition of North American Palladium (now operating as Impala Canada). These key audit matters related to material financial statement line items and require judgement and estimates to be applied by management. The committee assessed the methodology, assumptions and judgements applied by management in dealing with the key audit matters. Further, the committee discussed the key audit matters with the external auditors to understand their related audit processes and views. Following our assessment, the committee was comfortable with the conclusions reached by management and the external auditors.

Ms Dawn Earp
Chairman of the audit committee

22 September 2020

STATEMENT BY THE CHAIRPERSON OF THE SOCIAL, TRANSFORMATION AND REMUNERATION COMMITTEE

DEAR STAKEHOLDER

The Implats social, transformation and remuneration committee is constituted as a statutory committee in terms of section 72(4) of the Companies Act read together with Regulation 43. The committee has discharged its prescribed duties accordingly and is pleased to present this report to stakeholders for the financial year ended 30 June 2020. This report should be read together with the Group ESG report which can be found at **https://www.implats.co.za/corporate-reporting.php**.

MEMBERSHIP

The membership of the committee comprises Ms Mpho Nkeli (chairman), Ms Babalwa Ngonyama, Mr Preston Speckmann and Dr Mandla Gantsho. The chief executive officer, the chief financial officer and the group executive: people, who are all executive directors, also attend all the meetings of the committee as invitees. The committee met four times.

MANDATE

The primary role of the committee is to assist the board with monitoring and oversight of the Company's performance in social, transformation and remuneration activities and, more broadly, ESG activities. The committee has a wide range of responsibilities, both statutory and board delegated. The board has agreed to delegate some of the duties of the committee to other board committees to ensure they are dealt with substantially. The duty to monitor employee health and safety and the environment has been delegated to the health, safety, environment and risk committee of which Ms Nkeli is a member. The management of the ethics programme has been delegated to the nomination, governance and ethics committee of which Dr Gantsho is a member and chairman. The work of the committee generally considers wider societal issues affecting the Company, stakeholder responsiveness and good corporate governance and seeks to address business sustainability over and above compliance to the regulatory framework.

The statutory activities which required monitoring by the committee included the Group's adherence to legislation and regulations regarding:

- Social and economic development, including the Group's standing relative to the United Nations Global Compact Principles, the Organisation for Economic Co-operation and Development's (OECD's) recommendations on combating corruption, and South Africa's Employment Equity Act and Broad-Based Black Economic Empowerment Act.
- Good corporate citizenship, including the Group's positioning and efforts in promoting equality, preventing unfair discrimination and combating corruption, the Group's contribution to the development of communities in which it operates or markets its products and the Group's record of sponsorships, donations and charitable giving.
- Consumer relationships and compliance with consumer protection laws.
- Labour and employment, including the Group's standing relative to the International Labour Organisation's Protocol on decent work and working conditions, and the Group's employment relationships and contribution to the educational development of its employees.

STATEMENT BY THE CHAIRPERSON OF THE SOCIAL, TRANSFORMATION AND REMUNERATION COMMITTEE continued

During the year under review the committee focused on the following key areas:
- Gender mainstreaming to ensure that Group policies and practices made it a safe space for women to flourish in a predominantly male environment.
- Preferential procurement and local economic development through enterprise development in South Africa, Zimbabwe and later Canada, to ensure local communities benefit from mining activities.
- The approval of the corporate performance scorecards, and the performance scorecard of the CEO, including bonus parameters to ensure remuneration is aligned with Company objectives and executives are rewarded for their effort.
- The on-boarding of Impala Canada with regard to human resource practices and aligning remuneration and reward practices.
- The prevention of illicit mining activities as these pose a risk to the safety of employees.
- Monitoring the implementation of the Group housing and accommodation strategy to ensure employees reside in decent accommodation.
- The implementation of a malus and clawback policy as well as a minimum shareholding requirement for executives.
- A deep-dive into risk posed by Covid-19 to local communities what the Company has done to assist them prepare to stop the spread of Covid-19.
- The committee also monitored the implementation of the social and labour plans for each operation with one.

OUTLOOK FOR FINANCIAL YEAR 2021

In addition to monitoring the impact of mining activities on host communities, mine community development, stakeholder engagement and remuneration practices, the committee will also focus on:
- Embedding the key learnings from the Covid-19 crisis.
- Deepening the improved relationships with stakeholders.
- Progressing the succession planning for key roles in the organisation.
- Supporting the mental health of employees, dependants and health workers has been a particular focus during this crisis.
- Improve Implats' performance towards transitioning to cleaner and low-carbon economies.

The Company has made great strides to become a responsible corporate citizen meeting and exceeding several of our internal targets. I urge shareholders to read the comprehensive ESG report to gain a better understanding of the activities of the Group.

Mpho Nkeli
Chairperson of the social, transformation and remuneration committee

Part 1: Background statement

MESSAGE FROM THE CHAIRMAN OF THE SOCIAL, TRANSFORMATION AND REMUNERATION COMMITTEE (STRCOM)

DEAR SHAREHOLDERS

THE YEAR UNDER REVIEW

2020 will always be remembered as the year of the novel coronavirus, and Covid-19. Never has an event caused as much global disruption, with virtually every country in the world adopting measures to protect their citizens from infection, with varying degrees of success. The overall outcome of all these measures caused a significant contraction in the global economy and had a devastating impact on many small and medium-sized enterprises, as well as individual employees. Many medical experts have predicted that the virus will be with us until an effective vaccine is found and economists expect the economic impact will continue to be felt for the next two to three years.

Implats, like most other companies, has also been negatively impacted by Covid-19. Our operations were significantly disrupted in Rustenburg, Marula and Canada and, to a lesser extent, at Zimplats and Refineries. Measures were put in place to ensure our employees had appropriate levels of screening and testing and were able to work in an environment without being unnecessarily exposed to the virus. Notwithstanding the challenges, we have weathered the storm thus far, and despite the disruption and negative impact, we believe we are well-positioned to emerge as a stronger organisation over the next few years.

I am pleased to say that Implats did all it could to avoid a situation where our employees or our communities were left destitute. At the South African operations, we continued to pay our employees their full salary for the initial three-week lockdown and continued to pay the living-out allowance and contributions to medical aid and retirement funding when the lockdown was extended. Where necessary, we applied for the special Temporary Employee Relief Scheme (TERS) benefit that was made available by government to support employers who were not able to operate. The lockdown also highlighted the inequalities in broader society and to assist our communities we partnered with Gift of the Givers and other NGOs to provide food and support to the vulnerable. The board of directors and the executive committee also supported the call to contribute up to a third of our salaries and fees to either the Solidarity Fund or other charitable organisations.

The Impala medical teams responded excellently to the regulations introduced to manage the return-to-work processes, and created special Covid-19 units to ensure the appropriate screening and testing could be carried out before employees returned to work. Quarantine and isolation facilities were also set up that would allow us to manage any cases that occurred within our environment.

Covid-19 also forced us to review various employment policies and protocols and required the creation of a number of new policies to address specific issues. These included policies to deal with work from home; special leave; and vulnerable employees among others.

SHAREHOLDER ENGAGEMENT AND VOTING

I am pleased that our remuneration reporting has continued to be favourably viewed by our shareholders. There has been significant improvement since FY2017 and the trend over the past three years is mostly positive as shown in the table below:

Element of report	FY2017	FY2018	FY2019
Remuneration policy	56.40%	94.27%	89.36%
Remuneration implementation report	58.96%	78.65%	90.60%

We had intended to continue engagements with our shareholders to further enhance our remuneration reporting and pay transparency, but this was affected by the Covid-19 lockdown and restrictions placed on travel and meetings. We will resume these engagements as soon as we are able to.

During our previous engagements with shareholders, some concerns were raised. We have responded to these through changes effected within our remuneration policy:

- Malus and clawback policy: A malus and clawback policy was approved by the STRCom and has been implemented with effect from 1 January 2020. All variable pay elements are subject to the malus and clawback policy.
- Minimum shareholding requirement (MSR): Concerns were raised regarding the low shareholding levels required in the MSR policy for the CEO and the executive committee. The MSR requirements were doubled for Exco members and trebled for the CEO and will continue to be reviewed to ensure alignment with prevailing market practice. We view this as a positive change to ensure the interests of executives and shareholders remain aligned over the long term.
- ROE vs ROCE as a corporate performance target for LTIs: We have replaced return on capital (ROC) with return on capital employed (ROCE) as a performance target for the vesting performance share awards under our long-term incentive (LTI)
- Weighting of LTIs in the pay mix for executives: Changes to the LTI plan have increased the weighting of LTIs in the pay mix for executives and senior management.

Further changes included the following:

- The weighting of the STI operational measures were changed, with the inclusion of free cash flow as a key Group and operational metric.
- The introduction of the medium-term bonus share award for management employees and the discontinuation of performance shares for employees below executive level were two of the major changes in the remuneration review completed last year. The impact of this change for employees at executive level is that a higher proportion of their total pay is linked to performance.

This is again evidence of our intention to, where appropriate and justified, respond to the issues raised by our shareholders.

We have aligned this report with the best practice recommendations of King IV and, as such, this report is presented in three parts:

Part 1: Background statement

Part 2: Our forward-looking remuneration policy

Part 3: The implementation of our remuneration policy for the 2020 financial year.

REMUNERATION GOVERNANCE

The social, transformation and remuneration committee (STRCom) has oversight of the remuneration function at Implats. The committee considers the wider societal issues affecting the Company, good corporate governance and business sustainability over and above compliance to the regulatory framework. The committee regularly reviews the Company's compliance in relation to legislation, applicable codes, best practice guidelines and other industry or national standards relevant to its work.

The STRCom is constituted by the board of directors of the Company in terms of section 72(4) of the Companies Act, 2008, read with regulation 43 of the Companies Regulations. The committee consists of the following four independent non-executive directors:

Table 1

Name	Profile	Attendance
Ms Mpho Nkeli (Chairperson)	See page 7	4/4
Ms Babalwa Ngonyama	See page 7	4/4
Mr Preston Speckmann	See page 8	3/4
Dr Mandla Gantsho	See page 7	2/4

In addition, the CEO, the CFO, and the Group Executive: People are permanent invitees to the STRCom meetings. They, however, do not participate in discussions relating to their own remuneration. Dr Mark Bussin from 21st Century Consultants was appointed by the committee as an independent remuneration adviser and is also a permanent invitee to committee meetings. As and when required, representatives from PwC's remuneration consulting division are also invited to attend committee meetings.

The responsibility of the committee is to ensure that executive remuneration is aligned with the execution of the Group's strategy to deliver long-term sustainable growth in shareholder returns.

The terms of reference of the committee in relation to remuneration, in line with its delegated authority from the board, stipulates that its primary functions are to:

- Assist the board in designing and maintaining a remuneration policy for executive directors and senior executives that will promote the achievement of strategic objectives and encourage individual performance
- Ensure that the mix of fixed and variable pay in cash, shares and other elements, meet the Group's strategic objectives
- Review incentive schemes to ensure continued contribution to shareholder value creation
- Determine any criteria necessary to measure the performance of the Group executive committee in discharging its functions, duties and responsibilities
- Review the outcomes of the implementation of the remuneration policy to determine if objectives were achieved
- Oversee the preparation of the remuneration report (as contained in the integrated annual report) to ensure that it is clear, concise, and transparent
- Ensure that the remuneration policy is put to a non-binding advisory vote by shareholders, and to engage with shareholders and other stakeholders on the Group's remuneration policy if the non-binding resolutions are voted against by 25% or more shareholders. Details of such engagement will be communicated in the voting results announcement post the annual general meeting.

During the year under the review, the committee undertook the following tasks:

- **Executive management remuneration**
  - (a) Reviewed the total remuneration against external benchmarks
  - (b) Approved the individual remuneration for Exco members
  - (c) Reviewed and considered executive director remuneration best practices to ensure our current practices remain progressive and relevant
  - (d) Adopted a malus and clawback policy
  - (e) Approved increased MSR limits

- Non-executive director (NED) remuneration
  - (a) Reviewed and benchmarked the fees for onward approval by the board and shareholders

- **Group-wide remuneration matters**
  - (a) Considered the impact of Covid-19 on Group-wide remuneration
  - (b) Reviewed the Group-wide remuneration policy and approved the adoption of new policies in light of Covid-19
  - (c) Considered the principles of fair and responsible pay
  - (d) Adopted a change in the LTI measures
  - (e) Adopted new weightings for the STI measures

- **Performance – relating to past performance cycle**
  - (a) Assessed STI outcomes and executive bonus awards
  - (b) Assessed performance conditions for the 2016 LTI awards
  - (c) Reviewed CEO's individual performance against agreed upon targets

- **Performance – relating to forthcoming performance cycle**
  - (a) Setting of STI targets
  - (b) Setting of LTI corporate performance targets
  - (c) Setting of individual performance targets for the CEO

- **Compliance**
  - (a) Reviewed and approved the committee's annual work plan
  - (b) Reviewed and approved the remuneration report
  - (c) Reviewed and approved the committee's terms of reference

FUTURE FOCUS AREAS

Issues that will be focused on in FY2021 and beyond will include:

- Understanding the impact of Covid-19 on target setting for STI and LTI outcomes
- Implementing a fair pay policy
- Embarking on shareholder roadshows to ensure continued engagement and alignment (as soon as conditions allow)

OUR APPROACH TO FAIRNESS AND WIDER REMUNERATION ISSUES

As a committee we have a mandate to ensure responsible remuneration practices are applied across the Group and strive to ensure that our employees receive a fair living wage which is in line with our peers. The Implats minimum wage for permanent full-time employees remains significantly higher than the prescribed national minimum wage, and following a review by PwC in January 2020, our Gini coefficient is 0.266 which compares favourably to the National (0.436) and Mining Circle (0.416) data in the PwC database. The Gini coefficient is a statistic that shows the distribution of income among a nation's residents and can be used to analyse and measure the degree of income inequality within a company. It ranges from 0 – 1, where 0 represents total equality (i.e. income is distributed equally), and 1 represents extreme inequality (i.e. income is concentrated in the hands of a few individuals). Therefore, the closer the number is to 1, the higher the levels of inequality.

In addition to the Gini coefficient, PwC also calculated the Palma ratio for Implats, which compares the total remuneration of the top 10% earners of the Company to the total remuneration of the bottom 40% earners. The Palma ratio was designed to serve as a metric that is oversensitive to changes in the distribution at the extremes (i.e. cross funding between top and bottom earners), rather than in the relatively inert middle. Based on research conducted by José Gabriel Palma it was observed that in most countries, the middle class (which is defined as the population set in the 40th to 90th percentiles), take in around half of the total income of the entire population. Therefore, the Palma ratio provides a ratio of the total remuneration of the top 10% earners of a company compared to the total remuneration of the bottom 40% earners of the Company, eliminating the impact of middle class earners making up around half of the population. The Palma ratio for Implats is 1.074 which compares favourably with the Mining Circle ratio of 1.964 and the National Circle ratio of 2.235.

The 2020 financial year signified a big step forward for Implats, with our acquisition of North American Palladium (now called Impala Canada) in December 2019, an acquisition which further diversified our geographic footprint and mineral resources. The integration of Impala Canada has been relatively smooth, and the full benefit of this acquisition will be reflected from FY2021. The Group generated free cash flow of R14.4 billion and returned dividends to shareholders of R4.2 billion or R5.25 per share; a wage agreement was concluded without third-party intervention or industrial action, securing operational stability for the three-year term; the early conversion of the US$ convertible bond was induced, reducing the Group's exposure to a high-cost source of debt; the decision on exercising our option on Waterberg was taken and communicated to the market and partners in line with the capital allocation framework and investment policy; and our operations optimised many parts of the value chain to ensure operational flexibility, improved efficiencies and increased productivity which will sustain the Group for many years to come. It gives me great pleasure to present the Implats remuneration report for the financial year ended 30 June 2020.

At the AGM in October 2020, you will be asked to endorse our remuneration policy and the implementation thereof. Your constructive input is valued and appreciated. On behalf of the remuneration committee, I thank you for your continued support and feedback regarding our remuneration framework.

Mpho Nkeli
Chairperson

September 2020

Part 2: Implats remuneration policy

Shareholders are requested to vote on the following remuneration policy by means of a non-binding advisory resolution. The policy as it applies to all our employees is summarised below, followed by an in-depth overview of the policy for executive management and our non-executive directors.

LINKING REMUNERATION TO OUR STRATEGY

We continue to focus on the alignment of the Group's strategic objectives with the remuneration policy and ensuring that the CEO and Exco team's performance is evaluated in terms of these objectives. Their earning capacity must therefore be aligned with the attainment of these strategic objectives.

The six strategic objectives of the Company for FY2020 are defined in diagram 1:

Diagram 1

These strategic objectives are then converted into strategic key performance areas which are cascaded into the Implats balanced scorecard and the CEO's personal scorecard.

The CEO's BSC for FY2020 was agreed as follows, and includes deliverables related to each of the strategic objectives listed above:

CEO'S FY2020 BSC

Table 2

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

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

The chairman assesses the performance of the CEO on a bi-annual basis and decides on the final performance score at the end of the financial year. While the financial measures are easily quantifiable and measurable, some of the non-financial KPIs require some interpretation and understanding of the context in which we operate. Our licence to operate and culture and performance KPIs are as critical to the Company's success and sustainability as the financial and production KPIs.

The appraisal of the CEO's performance and the STI award related to his performance for FY2020 is reflected in Part 3 of the remuneration report.

FY2021 KEY STRATEGIC OBJECTIVES:

The key deliverables for the CEO for FY2021 have been agreed with the board and are defined as follows in his Balanced Scorecard:

Diagram 2

Responsible corporate stewardship

We develop, protect and strengthen our licence to operate through industry leading ESG performance

Operational excellence in PGMS

We generate superior value for all stakeholders through safe, cost effective, efficient and consistent operational delivery

Organisational effectiveness

We place people at the centre of the organisation, and engender a shared culture, founded on our values to respect, care and deliver

Optimal capital structure

We pursue value creation by sustaining and leveraging a strong and flexible balance sheet with a prudent capital allocation framework

Competitive portfolio of mineral and processing assets

We seek to leverage and enhance our diverse resource base by growing our operational exposure to shallow, mechanisable ore-bodies

Market development and value chain optimisation

We sustain and grow value by supporting present and future demand drivers, creating strong customer relationships and aligning our production to evolving demand

Table 3
Implats
Balanced scorecard 1 July 2020 – 30 June 2021

CEO Nico Muller

KPA	KPI	Weighting
Operational sustainability	FY2021 business plans to include specific programmes that focus on ensuring long-term viability of Impala Rustenburg, Impala Canada and Marula.	25%
Strategy	Refine Group strategy to reflect market changes and support the delivery of the capital allocation framework and ESG practices and targets.	25%
Leadership	Strengthen leadership capacity through the identification of potential successors for the CEO and Exco roles which is underpinned by transformation, exposure and ownership.	25%
Stakeholder engagement	Ensure the board, investors, employees, regulator and organised labour's engagement and participation in the evolution of the Implats Group strategy.	25%
Total		**100%**

REMUNERATION PHILOSOPHY

Table 4

Remuneration strategy

The principle of performance-based remuneration is one of the cornerstones of the remuneration strategy. It is further underpinned by sound remuneration management and governance principles, which are promoted across Implats to ensure the consistent application of the remuneration strategy and the remuneration policy.

Functions of the policy	Key remuneration principles
The remuneration policy addresses remuneration on a Company-wide basis and is one of the key components of the HR strategy, both of which fully support the overall business strategy. The main functions of the remuneration policy are to: • Ensure that the Company's remuneration policy and practices encourage, reinforce and reward the delivery of sustainable shareholder value creation • Attract, motivate, retain and reward executives and employees for establishing a high-performance culture that delivers on its promises to all stakeholders • Motivate and reinforce individual, team and business performance in the short, medium and long term	The Implats remuneration policy is based fundamentally on the following key principles: • The remuneration policy is aligned to the overall business strategy, objectives and values of the Group • The remuneration policy ensures that executive remuneration is fair and responsible in the context of overall company remuneration • Salaried employees are rewarded on a total remuneration basis, which includes fixed, variable, short- and long-term (where appropriate) remuneration as well as intangible rewards in line with market best practice • Remuneration is benchmarked against the appropriate target markets depending on the location of the operation, the nature of the work and the level in the organisation • The fixed (guaranteed) component of the reward structure includes a base salary, pension and benefits that are set within an appropriate band above and below the appropriate market median • Total remuneration (base salary, pension, benefits and incentives) is targeted at the median for on-target performance and at the upper quartile for superior performance of the relevant peer group • Incentives used for retention are clearly distinguished from those used to reward performance • Performance bonuses are capped at a maximum percentage of 200% of the on-target incentive • Adherence to principles of good corporate governance, as depicted in "best practice" and regulatory frameworks (e.g. King IV) • The risks associated with performance metrics and levels of performance for each metric are considered when designing incentive schemes and personal performance scorecards • Performance levels are set using a sliding scale to avoid an "all or nothing" result. Thresholds are applied below which there is no reward and caps are applied at the stretch level of performance

Principles underpinning our remuneration philosophy

Remuneration that is fair and responsible and disclosed in a transparent manner

ELEMENTS OF REMUNERATION

In the table below we disclose the elements of remuneration and our policy objectives, eligibility levels and how this supports our strategic objectives.

Table 5

Reward component	Eligibility	Policy objectives	Strategic intent
Guaranteed Package (GP) – includes basic salary and employee benefits	All employees	• The key objective is to reward executives and employees fairly and consistently according to their role and their individual contribution to the Company's performance • To achieve external equity and competitive remuneration, Implats uses surveys of peer-group deep level mining companies • The benchmark for guaranteed pay is the market median of the relevant peer group	• Competitive GP to attract and retain high calibre executives and employees, based on expertise, track record and experience • Market benchmarking is used to assist in determining pay ranges for executives and employees to ensure the Company is able to attract and retain the best talent
Benefits – included in GP standard benefits with flexible options: • Medical aid • Retirement • Car and travel allowances • Leave is excluded from GP	All employees	The key objective is to provide benefits in addition to cash remuneration based on the needs of our executives and employees. Implats policy is to provide, where appropriate, additional elements of compensation as listed below: • Participation in a retirement scheme. In most instances, the Company and the employee contribute towards retirement savings • Implats provides healthcare assistance through providing a flat rate contribution subsidy for the principal member and dependants • Life insurance is provided as a fixed amount or a multiple of salary • Disability insurance, which comprises an amount to replace partially lost compensation during a period of medical incapacity or disability, is provided to all employees and executives as part of the retirement funds	• To ensure external competitiveness and advance employee wellness, engagement and effectiveness • To comply with legislation • Benefits are managed to ensure affordability for employees and the Company

Reward component	Eligibility	Policy objectives	Strategic intent
Short-term Incentive (STI) (annual or shorter performance incentives) • Executive Incentive Scheme (EIS) • Employee production bonus schemes	All employees: Middle management and above participate in EIS and all other employees in the employee production bonus schemes	The key objective is to create a high performance culture by rewarding individuals and teams for achieving and/or exceeding the Company's objectives. These objectives include financial and non-financial measures. Operational objectives for each shaft are measured against the operational plans approved by the board and include safety, production and costs. The corporate strategy and operational objectives in terms of the annual business plans form the basis of the Group objectives • The threshold, target and stretch levels of performance are set relative to the budget and operational plans. The on-target annual incentive for different levels is set relative to the comparator market as a percentage of the TGP. • Incentives are not paid for performance below threshold and incentives paid at stretch performance are capped to limit the liability of the Company. The incentive scenarios are modelled to ensure affordability while offering a meaningful reward.	• To encourage and reward executives and employees for short-term (12 months or less) performance • To drive improved performance at Group, operational and individual level • To differentiate performance-based pay in a defendable, transparent manner and attract and retain high performers • To ensure behaviors that are aligned to annual operational business plans are rewarded appropriately • Linked to medium-term bonus share plan
Medium-term Incentive (MTI) In the form of bonus shares. The MTI links the STI and LTI	Middle management and above	The medium-term incentive is linked to the short-term incentive whereby bonus shares are awarded to management based on the quantum of the annual bonus received, and the bonus shares vest in equal parts after 12 and 24 months	The objective of the medium-term incentive is to support the delivery of the annual business plans over multiple years and to incentivise management for the consistent delivery thereof

Reward component	Eligibility	Policy objectives	Strategic intent
Long-term Incentives (LTI) The Implats 2018 Share Plan, comprising the following instruments • Bonus shares (view as medium term incentive) • Performance shares • Matching shares • Restricted shares • Matching shares	Middle management and above, but different instruments are offered to different levels of staff	The key objective of the long-term incentive is to attract, motivate, retain and reward senior employees who can influence the medium to long-term performance and strategic direction of the Group. Long-term incentives are aligned to multi-year targets of growth and long-term value creation The long-term incentive is seen as a mechanism to: • Encourage senior and key employees to identify closely with the objectives of Implats and shareholders over the medium to long term • Align senior and key employees interests with the continuing growth of the Company and delivery of sustainable value to its shareholders • Allow participants of the scheme to participate in the future financial success of Implats	The following instruments are used to achieve these objectives: • Bonus shares (categorised as the MTI) – to encourage ownership and engagement to improve performance at all levels of management over multi-years – linking short-term performance to medium and long-term business drivers (vesting 12 and 24 months) • Performance shares – Only offered to executives to encourage and reward long-term performance that aligns with shareholders (vesting after 36 months, subject to the attainment of defined corporate performance targets) • Matching shares – Only offered to executives in recognition of meeting MSR requirements. One matching share is awarded for three shares owned • Restricted shares – Only offered to executives and allows them to defer the vesting of performance shares, annual STI or bonus share awards into restricted shares to meet the MSR

HOW WE LINK PAY TO PERFORMANCE

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

Figure 1

The CEO's proportion of variable pay is 64% of his total on-target remuneration, for the Exco team this is 56% and 51% for the senior executives which is aligned with the philosophy of performance-based pay.

Pay mix as % of GP – on-target
as at 30 June 2020

Below we illustrate the total pay and values under various performance scenarios.

Figure 2

Pay mix as % of total pay – on-target
as at 30 June 2020

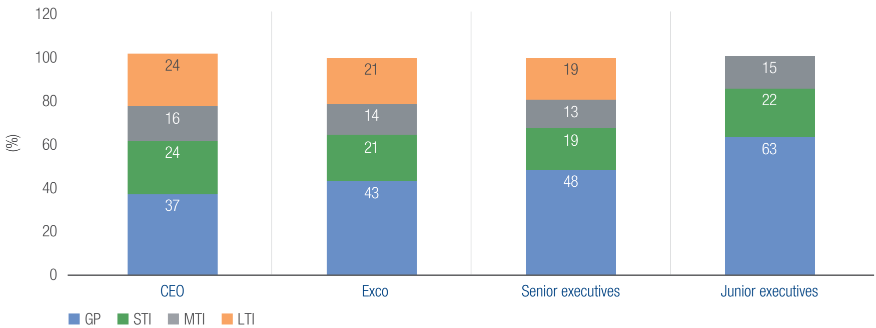


Figure 3

Pay mix as % of total pay – at threshold
as at 30 June 2020

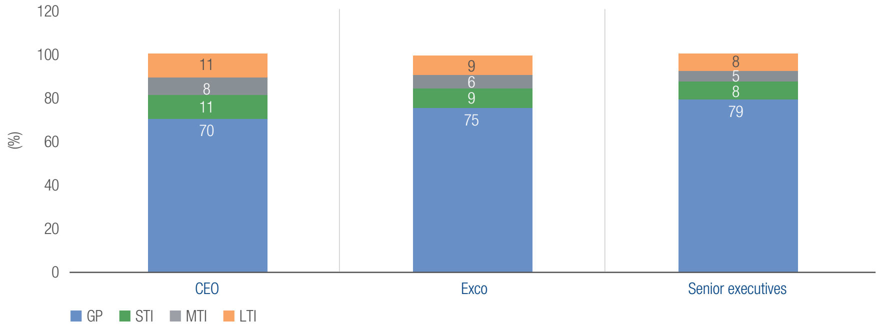
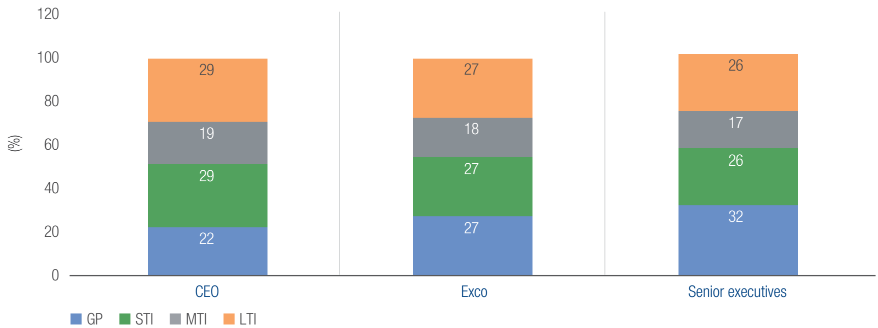


Figure 4

Pay mix as % of total pay – at stretch
as at 30 June 2020



The introduction of the medium-term bonus share award for management employees and the discontinuation of performance shares for employees below executive level were two of the major changes in the remuneration review completed last year. The impact of this change for employees at executive level is that a higher proportion of their total pay is linked to performance.

Total earning potential at threshold, on-target, and stretch performance for the CEO, members of the executive committee and senior management is reflected below. The current TGP is used for the CEO, but the average TGP is used for the Exco members and the senior management team. At performance below threshold level, no variable remuneration would be earned.

Figure 5

CEO total earning potential
as at 30 June 2020 (R)

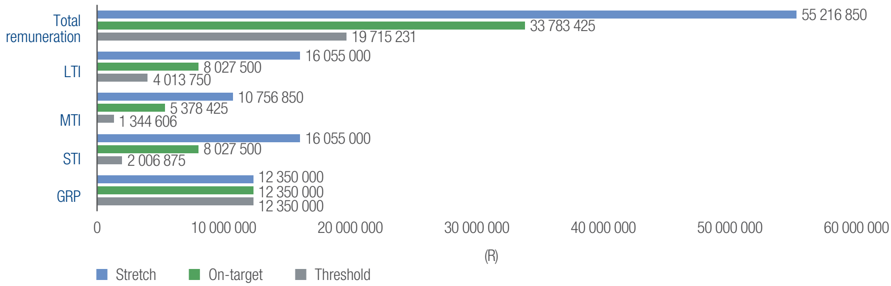
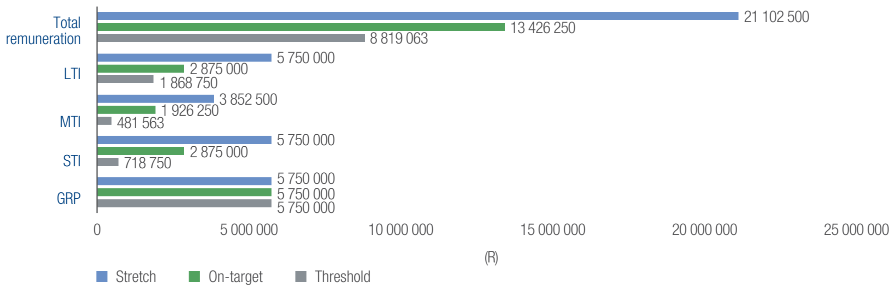


Figure 6

EXCO total earning potential
as at 30 June 2020 (R)



UNPACKING THE ELEMENTS OF PAY IN FURTHER DETAIL
GUARANTEED PAY

The key principles which underpin our approach to guaranteed pay will remain in place. The guaranteed package structure consists of a basic salary plus benefits. The benchmarking of salaries will continue to be done on this basis, using information provided by PwC RemChannel and other market surveys that are available in the jurisdictions within which we operate. Where possible, positions in the organisation are matched to comparable positions in the RemChannel database, in both the National Circle and Mining Circle. Job matches are determined based on both qualitative and quantitative factors, i.e. job details/descriptions and the applicable grading of the role. Where specific position matches are not possible, job family matches are used as a proxy. In addition to using data from the RemChannel market survey, we also subscribe to the Mercer Global Mining Executive survey as well as other niche market surveys that are available from time to time.

We acknowledge that retention of key critical skills, especially in the levels below the Group Executive Committee and their Direct Reports, remains a challenge. We are paying much closer attention to the levels of pay to this critical layer of management and will ensure that these employees are paid in line with the market in order to mitigate the potential loss of skills. Employees who are top performers and are paid below the desired market position will be adjusted over time.

SHORT-TERM INCENTIVES

Bonus formula

The Executive Incentive Scheme operates based on an additive formula.

GP x STI-on target percentage x [(organisational score x weighting) + (personal score x weighing)]

The detailed calculation of the CEO's FY2020 bonus award is reflected in Part 3 of the report.

On-target STI percentages

The on-target percentages for employees up to junior executives are as follows:

Table 6

	CEO %	Exco %	Senior executives %	Junior executives %
STI on-target percentages	65%	50%	40%	35%

Mix between measures used

Organisational; divisional and individual performance is considered when determining bonuses. For the executive directors, the organisational element is based on performance against Group objectives. For the Group executive team and senior management, the organisational element is based on a combination of Group, Operational and business unit objectives, as illustrated in the table below:

Table 7

	Organisational objectives			
Employee category	Group %	Business %	Operational %	Personal objectives %
CEO	70%	–	–	30%
Corporate executives	70%	–	–	30%
Business executives	20%	50%	–	30%
General managers	–	20%	50%	30%

Note: The same approach was used to cascade the weightings through the rest of the Group executive team and their teams.

Organisational objectives for FY2020

The four Group STI measures for FY2020 and their respective weightings and corresponding operational scores are reflected in Table 8.

Table 8

			Threshold	Target 100%	Stretch 200%
Safety	Ensuring the safety and wellbeing of our workforce	20%	5.59	5.03	4.47
Platinum ounces	The productive measure of our operations	40%	1 217	1 352	1 487
Cost per platinum ounce	The financial measure of our operations	25%	31 658	28 527	25 960
Free cash flow	The profitability measure for our operations	15%	1 481	4 804	8 127

Targets for these four elements are set for Group and each of the operating units and approved by the STRCom on an annual basis. Performance against these targets is measured and audited by our external auditors before the committee reviews and approves the STI awards. The committee has discretion to adjust the Group or operating unit's incentive awards, either up or down, and based on the impact of Covid-19 in Q4 of FY2020, the committee has applied this discretion in the way performance has been assessed for the year, and details are disclosed in Part 3.

Personal objectives

The final individual personal performance score determined after assessing the employee's performance against his/her balanced scorecard is converted to a percentage using the following table:

Table 9

Personal performance rating	Personal score %
5.0	200%
4.0	150%
3.0	100%
2.5	50%
< 2.5	0%

The on-target incentive (rand) is the sum of guaranteed package multiplied by the on-target percentage for the STI as per the pay mix, after taking business performance into account. The on-target incentive (rand) for each person is then multiplied by the bonus percentage on the table above to compute the final incentive pay-out.

LONG-TERM INCENTIVES

Implats 2018 Share Plan – instruments and performance measures:

The Implats Limited 2018 Share Plan (the 2018 plan) contains the following four equity instruments:

(i) Performance shares
(ii) Bonus shares
(iii) Restricted shares linked to the minimum shareholding requirement policy
(iv) Matching shares linked to the minimum shareholding requirement policy

PERFORMANCE SHARES

Performance shares are awarded as conditional rights to shares. The performance shares only apply to senior executives, have a three-year vesting period and vesting is subject to corporate performance targets. Participants are not entitled to any voting rights or dividends prior to settlement, which will occur after the vesting date. The corporate performance targets are reviewed and approved by the STRCom and may change from one award to the next. The two corporate performance targets that were approved for the last award in October 2019 were relative total shareholder return (50%) and return on capital employed (50%).

The STRCom reviewed the vesting multiples following a detailed analysis of award and vesting multiples of peer companies. The outcome of the review concluded that the long-term incentive gearing in terms of the total remuneration structure was significantly lower to that of peer companies. For example, the CEO's award is 65% of GP and on vesting 50% of the award vests for target achievement which is 32.5% of GP and for stretch achievement then only does the full award vest. This has now changed to 100% of the award will vest for target achievement and 200% of the award will vest in the event the stretch targets are met on both corporate performance conditions.

Table 10

Performance condition	Weighting	Detail	Vesting percentages (linear vesting applies between each level) Below threshold 0%	Threshold 25%	Target 100%	Stretch 200%
Relative total shareholder return	50%	An index (Index) for the peer group below will be calculated and used for the vesting of the performance shares as described in the table below. The index will be the average of the peer group's TSR over the three-year period. The peer group for this measure is: • Angloplats • Northam • Sibanye-Stillwater • ARM • RB Platinum	Below index	Index	Index + 2%	Index + 10%
Return on capital employed	50%	ROCE is a profitability ratio that measures how efficiently a company can generate profits from its capital employed by comparing EBIT (earnings before interest and tax) to capital employed (total assets less current liabilities) The weighted average cost of capital (WACC) for Implats is 15.67% and will be used as the threshold level of performance for this metric	Below 15.67%	15.67%	17.47%	19.27%

BONUS SHARES

Bonus shares are awarded under the LTI but are viewed as a medium-term incentive. All management level employees (D band and up) are eligible for an award of bonus shares on an annual basis. A bonus share award will be made based on an employee's annual cash bonus, which is calculated with reference to:

- **Actual business performance** for the financial year ending preceding the award date. Group and operational objectives that focus on safety, production; cost and free cash flow are measured against the business plans as approved by the board.
- **Actual individual performance** for the financial year ending preceding the award date. Personal objectives, which are embodied in the balanced scorecard system, are developed every year for each employee based on key performance areas and are approved at the beginning of the year by the board for the CEO, and the CEO approves the performance objectives for his direct reports.

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

The bonus shares vest over a 12-month and 24-month period from the award date in equal parts, with the only requirement being continued employment. The bonus shares (forfeitable shares) are registered in the name of the employee on award, from which time the employee has all shareholder rights, subject to forfeiture and disposal restrictions.

Mix between instruments and allocation levels

The at-grant allocation percentages between performance shares and bonus shares for employees up to junior executives are as follows:

Table 11

At-grant expected value	CEO	Exco	Senior executives	Junior executives
Performance shares as a percentage of TGP	65% (60% of total LTI allocation)	50% (60% of total LTI allocation)	40% (60% of total LTI allocation)	
Bonus shares as a percentage of TGP	44% (40% of total LTI allocation)	34% (40% of total LTI allocation)	27% (40% of total LTI allocation)	23% (100% of total LTI allocation)

Historic share plans

Previous share awards were regulated under the rules of the Implats 2012 Long Term Incentive Plan. The 2012 LTIP made provision for the following share awards:

- **Conditional share plan 1 (CSP 1):** Awarded to D band employees on an annual basis. Vesting of these awards occurred three years after the award date and were only subject to continued employment.
- **Conditional share plan 2 (CSP 2):** Awarded to D and E band employees on an annual basis. Vesting of these awards occurred three years after the award date and were subject to continued employment and the achievement of corporate performance targets.
- **Share appreciation rights (SARs):** Only awarded to E band employees on an annual basis. Vesting of these awards were subject to continued employment and achievement of corporate performance targets.

The last annual granting of awards under the 2012 LTIP occurred in November 2017, so the final annual vesting of these awards will occur in November 2020. The 2012 LTIP was replaced by the 2018 LTIP in November 2018.

MALUS AND CLAWBACK POLICY

The STRCom approved a malus and clawback policy with effect from 1 January 2020. The key elements of this policy are the following:

Malus: The committee may, on (or at any time before) the vesting date of an award or payment date of a cash payment, reduce the quantum of the award or cash payment in whole or in part (including to nil) after the occurrence of an actual risk event (trigger event) which, in the judgement of the committee has arisen during the vesting period/applicable financial period.

Clawback: Clawback may be applied to any awards which have vested or payments that have been made to the employees as identified by the committee, in terms of the relevant plan rules or applicable policy.

Trigger events

- Actions or conduct which, in the reasonable opinion of the committee and the board, amount to employee misbehaviour, dishonesty, fraud or (gross) misconduct;
- Discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of Implats Ltd. or, when the employee is employed by a subsidiary of Implats, the audited accounts of that subsidiary for a period that was wholly or partly before the end of the performance or employment period relevant to the award;
- In the case of the STI and awards which are subject to the achievement of prospective performance conditions, the discovery that the assessment of any performance metric or condition in respect of an award was based on error, or inaccurate or misleading information;
- The discovery that any information used to determine the quantum of a cash payment, or the number of shares forming an award was based on error, or inaccurate or misleading information;
- Events or behaviour of the employee, or the existence of events attributable to an employee, which have led to the censure of Implats or, where the employee is employed by a subsidiary of Implats, that subsidiary, by a regulatory authority (e.g. the Department of Mineral Resources) or have had a significant detrimental impact on the reputation of Implats or, where the employee is employed by a subsidiary of Implats, that subsidiary, provided the board is satisfied that the relevant employee was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him or her.

MINIMUM SHAREHOLDING REQUIREMENT POLICY

The Company has introduced a minimum shareholding requirement (MSR) policy for the Implats Limited Group executive committee (Group Exco) and for other persons otherwise designated by the STRCom, with effect from 1 January 2019. Group Exco members are required to hold a percentage of their annual salary in Implats Limited shares. The required shareholding requirement has been increased and is contained in the table below:

CEO	Other Group Exco members
300% of annual TGP (up from 100% in FY2019)	100% of annual TGP (up from 50% in FY2019)

The designated executives will be given six (6) years to accumulate the required shareholding but are expected to meet annual targets set by the STRCom in order to be awarded matching shares as explained below.

In response to feedback from shareholders, the committee introduced the following two measures in the 2018 plan to facilitate attainment of the minimum shareholding requirement:

(i) Restricted shares, which allow executives to defer the vesting of performance shares, annual STI or bonus share awards into restricted shares to meet the MSR; and

(ii) Matching shares for executives who comply with the required terms of the MSR. These will be awarded on the basis of one share for every three shares held as an incentive for meeting the requirements on an annual basis. The matching share awards are capped at 34% of TGP for the CEO and 17% of TGP for the executive team irrespective of the shareholding. Matching shares awarded during the year are disclosed in Part 3.

EXECUTIVE CONTRACTUAL ARRANGEMENTS

No fixed term employment contracts are in place for executive directors.

The period of notice applying to executive directors is six months on either side in the case of the CEO and three months on either side in the case of the CFO.

The senior management members appointed to the executive committee (Exco) are required to serve a three-months' notice period. All other managers are on a one-month notice period.

Members of Exco are entitled to a lump sum of one times their annual guaranteed package, should there be a change of control of the Company and as a result the executive's employment is terminated through retrenchment or constructive dismissal (excluding performance issues) within a period of 24 months from the date of the effective change of control.

SIGN-ON AWARDS

In exceptional cases for certain business-critical appointments Implats may offer sign-on awards (short term or long term) to new members of executive management and key employees, specifically in instances where the new employee is losing out on share or bonus awards from their previous company. The long-term incentive awards are ordinarily subject to a three-year vesting period. The long-term incentive award will be subject to forfeiture should the employee resign or be dismissed by Implats during the vesting period (in accordance with the rules of the LTIP). Any cash sign-on awards will be subject to claw back and these employees will be required to repay such awards should they leave within a specified period, as documented in their employment contracts. The Group CEO has discretion to determine sign-on awards for levels below the executive team. For the CEO and his direct reports, the STRcom must approve the awards.

RETENTION PAYMENTS

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

NON-EXECUTIVE DIRECTORS

The role of the board and the non-executive director has become more prominent in recent times, especially following some of the failures and scandals within the corporate and state-owned enterprise environments. Members of the board have a critical role to play in ensuring that appropriate levels of governance and control are maintained in the organisation. The fee structures of the board and committee members therefore have to ensure appropriate retention of the right mix of skills and competencies to ensure that the board operates optimally.

Fee structures for the board are reviewed annually, and this follows a market comparison of NED fees of peer group companies which include other mining companies and companies with a similar market cap to Implats.

The fee structure of the non-executive directors is the following:

- The chairman of the board receives an annual all-inclusive fee;
- Other members of the board receive:
  - An annual fee as a board member;
  - An annual fee as a sub-committee member;
  - An annual fee as chairman of a sub-committee
  - A fee per meeting for additional *ad hoc* meetings during the year

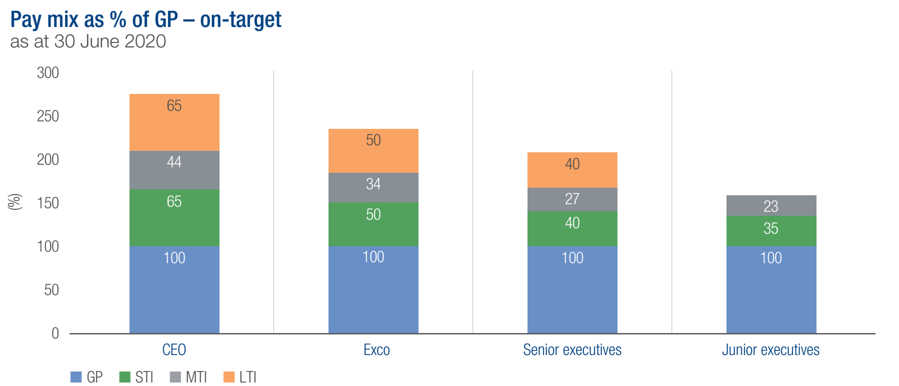
Part 3: Implementation of the remuneration policy for the financial year

The two principles underpinning our remuneration review are: improved alignment of rewards and key strategic objectives and creating a stronger link between pay and performance. The stronger link between pay and performance is an outcome of the revised remuneration policy introduced in 2018.

PAY MIX

The pay mix for the CEO; executive committee and other executives for FY2020 is reflected in Figure 5.

Figure 8



GUARANTEED PAY ADJUSTMENTS

Members of the executive committee receive salary adjustments in line with the rest of the management employees effective 1 October annually. Following a benchmarking exercise in August 2019, it was revealed that the following Exco members were lagging the market and as a result special adjustments were approved for them as reflected below:

Table 12

Name	Surname	Position	Effective 1 October 2019
Kirthanya	Pillay	Group Executive: Business Development	14.00%
Sifiso	Sibiya	Group Executive: Refining & Marketing	15.00%
Meroonisha	Kerber	Group CFO	16.00%
Mark	Munroe	Chief Executive: Rustenburg Operations	10.00%
Nico	Muller	CEO	8.81%

In addition, due to the severe lag in their salary levels, the Group CFO received an interim increase of 17.7% with effect from 1 March 2020; and the Group Executive: Refining and Marketing will be receiving a further 14% adjustment to his package on 1 October 2020.

As indicated in Part 1 of the report, Exco members were encouraged to sacrifice a portion of their salaries in order to contribute to either the Solidarity Fund; the Gift of the Givers or any other registered welfare organisation. These contributions were purely voluntary and did not affect any other elements of their remuneration package, i.e. contributions to retirement funds; share awards and bonus calculations were based on their full salary.

SHORT-TERM INCENTIVE OUTCOMES FOR FY2020

The STI scheme and related performance targets for the 2020 financial year were approved by the STRCom in August 2019 and the outcomes of performance against the Group targets were as follows:

Table 13

			Full year FY2020					
					Threshold	Target	Maximum	Bonus %
Description	Unit	Weight	Budget	Actual	0%	100%	200%	Achieved
GROUP		**100%**				**Performance rating**		**74%**
Safety LTIFR	per million	20%	4.70	4.54	5.59	5.03	4.47	188%
Mine-to-market pt ounces	000 oz	40%	1 352	1 171	1 217	1 352	1 487	0%
Unit costs (W/C & SIB)	R/pt oz	25%	28 527	30 867	31 658	28 527	25 960	25%
Free cash flow	Rm	15%	4 804	14 718	1 481	4 804	8 127	200%

Group and operational performance was negatively impacted by the Covid-19 pandemic and the associated lockdowns and operating restrictions enforced by government. Overall performance to end February 2020 indicated that the Group and each of the operations were well on their way to achieving on-target performance. The negative impact of the pandemic was felt especially in the last quarter, with the result that the mine-to-market platinum ounces metric did not reach threshold and returned a bonus outcome of 0%. Despite this the Group returned a solid set of results, with significant increases in free cash flow and an improved balance sheet. The STRCom was of the view that the 74% overall outcome was not a fair reflection of the full year performance of the organisation, and in addition to the bonus earned based on this outcome, approved the granting of an ex-gratia bonus award based on a moderated performance outcome of 90% for the Group. In comparison, Group performance for FY2019 was 120%.

PERSONAL MEASURES

As set out in Part 2 of this report, a performance scale of 1 – 5 is used for each factor in the BSC and then a weighted average score is determined based on the outcomes for each factor. A performance score of 3 indicates on-target level of performance and equates to a rating of 100% whereas a performance score of 5 represents exceptional performance and equates to a rating of 200%.

The assessment of the CEO's performance against the targets agreed to in his balanced scorecard are reflected below:

Table 14

BALANCED SCORECARD

N Muller

1 July 2019 – 30 June 2020

KPI	Weighting %	Performance rating	Weighted score
1. Financial: Improve the BP2020 projected Group free cash flow.	20%	4.7	0.94
2. Rustenburg: Deliver the Impala Rustenburg restructuring objectives for FY2020.	20%	4.3	0.86
3. Growth: Implement decision on Waterberg post DFS and develop a suitable funding strategy.	20%	4.0	0.80
4. Portfolio optimisation: Identify and develop value accretive business development opportunities to optimise our current asset base and enhance the portfolio in line with the Company strategy.	20%	4.5	0.90
5. Stakeholder Relations: Strengthen stakeholder engagement to ensure:			
a. All stakeholders remain fully engaged in the Rustenburg restructuring and wage negotiation processes to mitigate any potential related operational disruptions	5%	5.0	0.25
b. The long-term prosperity of our business investments in Zimbabwe and to advance the country's economic development aspirations	5%	5.0	0.25
c. Our licence to operate at Marula is not compromised due to chrome disputes	5%	5.0	0.25
d. Culture and performance: Promote actions and behaviours in others that instils ownership, leadership and accountability at all levels within the organisation. Create an energetic and vibrant working environment which stimulates a desire to succeed and actively engages all employees. Improve employee engagement score by 5% on identified areas of improvement.	5%	3.6	0.18
	100%		4.43

STI as a % of GP for the various levels of employees for FY2020 is set out in the table below:

Table 15

Component	CEO	Executive directors	Senior executives	Executives
Level	NG	25	25, 24, 23	22, 21
STI as a % of GP	65%	50%	40%	35%

The operational targets make up 70% of an employee's STI award, with the remaining 30% being derived from the employee's performance on his/her personal scorecard. The final audited achievement against target for the Group for FY2020 is reflected in Table 13 above. The Group achieved an overall result of 74% when measured against the original targets agreed to by the STRCom, but this was adjusted by the STRCom to 90% on the basis of the Group's performance despite the disruptions caused by the Covid-19 pandemic.

Both organisational and individual performance is taken into account when determining bonuses. For the senior management team, the organisational element is based on a combination of Group, Operational and Business Unit objectives as illustrated below:

Table 16

	Organisational objectives			
Employee category	Group %	Business %	Operational %	Personal objectives %
CEO	70%	–	–	30%
Corporate executives	70%	–	–	30%
Business executives	20%	50%	–	30%
General managers	–	20%	50%	30%

The CEO's FY2020 annual performance bonus is made up of performance against the Group objectives (70%) reflected in Table 9 above and his personal performance objectives (30%).

The CEO's individual performance was assessed and rated by the board as a rating of 4.4 on the 5 point scale which is 170% of the on-target award for the individual portion. The CEO's bonus calculation is (90% x 70%) + (170% x 30%) = 114% of the on-target award of 65% of guaranteed pay. His annual guaranteed remuneration package is R12.35 million x 65% x 114% = R9 151 350 annual bonus award for FY2020.

ON-TARGET AND ACTUAL BONUS PAY-OUTS FOR EXECUTIVES

Table 17

Financial year	On-target awards Rm	Actual STI awards Rm	Pay-out as % of on-target %
2017	65.1	31.5	48.4
2018	72.0	43.0	59.7
2019	117.4	128.0	109.0
2020	**136.9**	**139.3**	**101.8**

LONG-TERM INCENTIVES

Share awards vesting during FY2020

The November 2016 awards were made under the 2012 share plan. The corporate performance targets for the vesting of both the conditional shares (CSP2's) and share appreciation rights awarded in November 2016 were the following:

Table 18

Corporate performance target	Weighting %	Achievement %	Result %
Absolute growth in TSR (being total shareholder return relative to peers)	33.3%	100%	33.33%
Relative EBITDA margin	33.3%	50%	16.66%
Relative fatality frequency rate (FFR)	33.3%	75%	24.98%
Final Vesting Result			**75%**

CEO sign-on LTI award vesting during FY2020

The third and final tranche (25%) of the CEO's on-appointment share award with a notional value of R5 million vested on 3 April 2020. The vested pre-tax value of this award, using a five-day VWAP of R79.56 was R8 953 443.72 which the CEO elected to defer towards meeting his minimum shareholding requirement target.

Share awards made during FY2020

Bonus shares and performance shares

Executives received a combination of bonus shares and performance shares during FY2020, the details of these awards are disclosed in the LTI tables on pages 43 to 47. The bonus shares were awarded on 1 October 2019, and vest on 1 October 2020 and 1 October 2021 in equal parts, subject to continued employment. The performance shares were also awarded on 1 October 2019 and vest after a three-year period subject to the satisfaction of the following performance conditions:

Table 19

Performance condition	Weighting	Detail	Vesting percentages (linear vesting applies between each level)			
			Below threshold 0%	Threshold 25%	Target 50%	Stretch 100%
Relative total shareholder return	50%	An index (Index) for the peer group below will be calculated and used for the vesting of the performance shares as described in the table below. The index will be the average of the peer group's TSR over the three-year period. The peer group for this measure is: • Angloplats • Northam • Sibanye-Stillwater • ARM • RB Platinum	Below index	Index	Index + 2%	Index + 10%
Return on capital employed (ROCE)	50%	ROCE is a profitability ratio that measures how efficiently a company can generate profits from its capital employed by comparing EBIT (earnings before interest and tax) to capital employed (total assets less current liabilities). The weighted average cost of capital (WACC) for Implats is 15.67% and will be used as the threshold level of performance for this metric.	Below 15.67%	15.67%	17.47%	19.27%

MSR compliance

The following Exco members have been awarded matching shares because they have met the shareholding requirement for year 1:

Table 20

Exco member	Target for year 1 R	Level of shareholding (30 June 2020) R	Matching shares awarded (No of shares)	Matching shares awarded (30 June 2020) R
Nico Muller	2 058 333	20 509 844	14 181	1 644 996
Jonathan Andrews	431 813	3 982 976	6 138	712 008
Gerhard Potgieter	749 788	1 462 992	4 204	487 664
Lee-Ann Samuel	518 788	849 468	2 441	283 156
Sifiso Sibiya	311 458	414 120	1 190	138 040
Johan Theron	468 563	2 806 272	6 660	772 560

THE EMPLOYEE SHARE OWNERSHIP TRUST (ESOT)

The Impala Employee Share Ownership Trust was established in 2016. In terms of the Trust Deed of the Employer Share Ownership Trust, no dividends were declared during the past financial year and thus no benefits accrued to the employees. The process of appointing trustees to the ESOT and establishing a functioning board of trustees has progressed significantly over the past year. We anticipate that the first official board of trustees meeting will be held in October 2020.

TOTAL REMUNERATION FOR EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

Table 21 reflects the total remuneration earned and paid to the executive directors and prescribed officers during the 2020 financial year with comparative FY2019 figures:

Table 21

	Financial year R'000	Basic salary R'000	Retirement and medical benefits R'000	Other[1] Benefits R'000	Bonus R'000	Retention awards[4] R'000	LTI vested[3] R'000	LTI awarded[2] R'000	Total remuneration R'000
Executive directors									
NJ Muller	**2020**	**10 556**	**1 618**		**9 151**		**26 569**	**14 938**	**62 832**
	2019	9 739	1 421		10 365		7 104	10 037	38 666
M Kerber	**2020**	**5 090**	**651**		**3 424**			**4 783**	**13 948**
	2019	3 794	483		3 033	1 350		3 353	10 663
L N Samuel	**2020**	**5 447**	**704**		**3 502**		**1 712**	**5 889**	**17 254**
	2019	5 188	652	18	4 165			3 909	13 932
Prescribed officers									
A Mhembere	**2020**	**617**	**102**	**42**	**418**		**814**	**524**	**2 517**
(US dollars '000)	2019	599	90	58	449		68	915	2 179
GS Potgieter	**2020**	**8 917**	**251**	**16**	**3 329**		**5 952**	**8 469**	**26 934**
	2019	8 540	239	12	5 955		536	5 861	21 143
M Munroe	**2020**	**6 347**	**818**		**4 290**	**2 000**	**964**	**6 996**	**21 415**
	2019	3 548	447	11	4 995			5 861	14 862
J Andrews	**2020**	**4 573**	**547**	**101**	**2 394**		**4 920**	**3 882**	**16 417**
	2019	4 355	521	67	2 714		129	2 448	10 234
J Theron	**2020**	**5 213**	**461**	**23**	**2 463**		**2 877**	**4 191**	**15 228**
	2019	4 934	192		2 913		333	2 665	11 037
V Nhlapo	**2020**	**3 853**	**246**	**544**	**1 799**		**616**	**3 254**	**10 312**
	2019	3 658	250	29	2 234			2 020	8 191
K Pillay	**2020**	**3 182**	**409**		**1 645**		**52**	**2 700**	**7 988**
	2019	2 824	362		1 826			1 329	6 341
S Sibiya	**2020**	**3 114**	**360**	**180**	**1 704**		**1 660**	**2 400**	**9 418**
	2019	2 028	243	144	1 357		275	1 586	5 633
TT Llale	**2020**	**2 334**	**283**		**1 145**		**689**	**1 888**	**6 339**
(Company secretary)	2019	2 142	206	52	1 241		294	1 237	5 172

Notes:

1 *Other benefits include travel reimbursements and leave encashments.*

2 *LTI awarded includes the following:*
** Bonus Share Plan awards made on 1 October 2019 at a VWAP of R96.27*
** Performance Share Plan awards made on 1 October 2019 at a VWAP of R96.27.*

3 *LTI vested for N Muller (CEO) includes the following:*
** Sign-on share awards which vested on 3 April 2020*
** Quarterly SAR awards with an award price of R43.29 which vested on 16 May 2020*
** Quarterly CSP2 awards which vested on 16 May 2020.*

4 *The retention payment to M Munroe related to the last tranche of his sign-on retention award.*

Table 22

Details of share awards held by executive directors and prescribed officers

The following table reflects the status of shares and unexercised options held by executive directors, prescribed officers and other senior executives and the gains made by them as a result of past awards during the year ended 30 June 2020:

Name	Balance at 1 July 2019	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year[2]	Date exercised	Balance at 30 June 2020	Allocation price R	Estimated closing fair value on 30 June 2020[1]	First vesting date
Directors										
N Muller										
Sign-on	112 537				112 537	3 Apr 20	**–**			
							–			
LTIP SAR	631 481			36 446	109 335	16 May 20	**485 700**			
							485 700	36.75	38 588 865	21 Nov 20
LTIP CSP	288 859			20 094	60 282	18 May 20	**208 483**			
							208 483		24 225 376	21 Nov 20
LTIP BSP	85 084	71 780	1 Oct 19		42 542	20 Nov 19	**114 322**			
							42 542		4 943 380	20 Nov 20
							35 890		4 170 418	1 Oct 20
							35 890		4 170 418	1 Oct 21
LTIP PSP	236 004	83 385	1 Oct 19				**319 389**			
							236 004		21 938 932	20 Nov 21
							83 385		7 751 469	1 Oct 22
Matching shares	–	14 181	4 Mar 20	–	–	–	**14 181**			
							14 181		1 647 832	
M Kerber										
LTIP SAR	34 211		–				**34 211**	17.92	2 689 806	20 Sep 21
							34 211			
LTIP CSP	20 095		–				**20 095**			
							20 095		1 868 031	20 Sep 21
LTIP BSP		21 000	1 Oct 19				**21 000**			
							10 500		1 220 100	1 Oct 20
							10 500		1 220 100	1 Oct 21
LTIP PSP	76 136	28 678	1 Oct 19				**104 814**			
							76 136		7 077 603	20 Nov 21
							28 678		2 665 907	1 Oct 22

Notes:

[1] *Assumptions used for calculation of Estimated Closing Fair Value on 30 June 2020:*
- *Share price used is a five-day VWAP to 30 June 2020 of R116.20.*
- *Bonus shares have no performance conditions attached so are valued at 100% vesting.*
- *Performance Shares (PSP) have performance conditions attached so a vesting assumption of 80% is applied.*
- *The vesting conditions have been applied for SAR and CSP awards that have already vested.*
- *SAR and CSP awards due to vest on 20 November 2020 will vest at 100%.*

[2] *For associated gains refer table page 42.*

Name	Balance at 1 July 2019	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year[2]	Date exercised	Balance at 30 June 2020	Allocation price R	Estimated closing fair value on 30 June 2020[1]	First vesting date
LN Samuel										
LTIP SAR	87 444						**87 444**			
							87 444	36.75	6 947 426	21 Nov 20
LTIP CSP	56 301						**56 301**			
							56 301		6 542 176	21 Nov 20
LTIP BSP	30 215	28 843	1 Oct 19		15 107	20 Nov 19	**43 951**			
							15 108		1 755 550	20 Nov 20
							14 421		1 675 720	1 Oct 20
							14 422		1 675 836	1 Oct 21
LTIP PSP	94 834						**94 834**		8 815 769	20 Nov 21
		32 333	1 Oct 19				**32 333**		3 005 676	1 Oct 22
Matching shares	–	2 441	4 Mar 20	–	–	–	**2 441**			
							2 441		283 644	

Notes:

1 *Assumptions used for calculation of Estimated Closing Fair Value on 30 June 2020:*
- *Share price used is a five-day VWAP to 30 June 2020 of R116.20.*
- *Bonus shares have no performance conditions attached so are valued at 100% vesting.*
- *Performance Shares (PSP) have performance conditions attached so a vesting assumption of 80% is applied.*
- *The vesting conditions have been applied for SAR and CSP awards that have already vested.*
- *SAR and CSP awards due to vest on 20 November 2020 will vest at 100%.*

2 *For associated gains refer table page 42.*

Name	Balance at 1 July 2019	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year[2]	Date exercised	Balance at 30 June 2020	Allocation price R	Estimated closing fair value on 30 June 2020[1]	First vesting date
Company secretary										
TT Llale										
Share appreciation scheme	9 050			1 494			**7 556**			
							1 224	193.83	–	1 Nov 12
							1 540	193.79	–	12 May 13
							853	171.76	–	10 Nov 13
							3 939	145.48	–	24 May 14
LTIP SAR	23 045			1 761	5 280	9 Nov 19	**16 004**			
							1 038	81.9	35 603	13 Nov 17
							14 966	80.97	527 252	21 Nov 20
LTIP CSP	19 272						**19 272**			
							19 272		2 239 406	20 Nov 20
LTIP BSP	7 568	8 595	1 Oct 19		3 784	20 Nov 19	**12 379**			
							3 784		439 701	20 Nov 20
							4 297		499 311	1 Oct 20
							4 298		499 428	1 Oct 21
LTIP PSP	31 990	10 011	1 Oct 19				**42 001**			
							31 990		2 973 790	20 Nov 21
							10 011		930 623	1 Oct 22

Notes:

[1] *Assumptions used for calculation of Estimated Closing Fair Value on 30 June 2020:*
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[2] *For associated gains refer table page 42.*

Name	Balance at 1 July 2019	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year[2]	Date exercised	**Balance at 30 June 2020**	Allocation price R	Estimated closing fair value on 30 June 2020[1]	First vesting date
J Andrews										
Share appreciation scheme	48 788			11 230			**37 558**			
							19 260	193.83	–	1 Nov 12
							2 675	193.79	–	12 May 13
							13 219	171.76	–	10 Nov 13
							2 404	145.48	–	24 May 14
LTIP SAR	106 976			10 647	19 576	9 Nov 19	**76 753**			
							3 937	81.9	135 039	13 Nov 17
							17 374	35.16	1 407 989	12 Nov 18
							55 442	80.97	1 953 222	21 Nov 20
LTIP CSP	78 755			5 547	16 641	12 Nov 19	**35 696**			
							35 696		4 147 875	21 Nov 20
LTIP BSP	15 165	18 796	1 Oct 19		7 582	4 Dec 19	**26 379**			
							7 583		881 145	20 Nov 20
							9 398		1 092 048	1 Oct 20
							9 398		1 092 048	1 Oct 21
LTIP PSP	63 148	21 530	1 Oct 19				**84 678**			
							21 530		2 001 429	1 Oct 22
							63 148		5 870 238	20 Nov 21
Matching shares	–	6 753	4 Mar 20	–	–	–	**6 753**			
							6 753		784 699	

Notes:

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[2] *For associated gains refer table page 42.*

REMUNERATION REPORT continued

Name	Balance at 1 July 2019	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year[2]	Date exercised	Balance at 30 June 2020	Allocation price R	Estimated closing fair value on 30 June 2020[1]	First vesting date
M Munroe										
LTIP SAR	90 770						**90 770**			
							90 770	29.27	7 890 636	6 Mar 21
LTIP CSP	54 363						**54 363**			
							54 363		6 316 981	6 Mar 21
LTIP BSP	17 013	34 590	1 Oct 19		8 506	20 Nov 19	**43 097**			
							8 507		988 513	20 Nov 20
							17 295		2 009 679	1 Oct 20
							17 295		2 009 679	1 Oct 21
LTIP PSP	137 746	38 084	1 Oct 19				**175 830**			
							106 526		9 902 657	20 Nov 21
							38 084		3 540 289	1 Oct 22
							31 220		3 627 764	31 Dec 20
V Nhlapo										
LTIP SAR	62 129						**62 129**			
							62 129	80.97	2 188 805	21 Nov 20
LTIP CSP	40 002						**40 002**			
							40 002		4 648 232	21 Nov 20
LTIP BSP	10 867	15 473	1 Oct 19		5 434	20 Nov 19	**20 906**			
							5 433		631 315	20 Nov 20
							7 736		898 923	1 Oct 20
							7 737		899 039	1 Oct 21
LTIP PSP	53 743	18 323	1 Oct 19				**72 066**			
							53 743		4 995 949	20 Nov 21
							18 323		1 703 306	1 Oct 22

Notes:

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- *SAR and CSP awards due to vest on 20 November 2020 will vest at 100%.*

[2] *For associated gains refer table page 42.*

Name	Balance at 1 July 2019	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year[2]	Date exercised	Balance at 30 June 2020	Allocation price R	Estimated closing fair value on 30 June 2020[1]	First vesting date
K Pillay										
LTIP SAR	42 394						42 394			
							42 394	80.97	1 493 541	17 May 21
LTIP CSP	27 294						27 294			
							27 294		3 171 563	5 Jun 21
LTIP BSP	932	12 648	1 Oct 19		466	20 Nov 19	13 114			
							466		54 149	20 Nov 20
							6 324		734 849	1 Oct 20
							6 324		734 849	1 Oct 21
LTIP PSP	41 587	15 394	1 Oct 19				56 981			
							41 587		3 865 928	20 Nov 21
							15 394		1 431 026	1 Oct 22
GS Potgieter										
Share appreciation scheme	98 878						98 878			
							93 783	186.6	–	1 Jul 12
							5 095	171.76	–	10 Nov 13
LTIP SAR	186 958			18 441			168 517			
							8 228	81.9	282 220	13 Nov 17
							30 773	35.16	2 493 844	12 Nov 18
							33 800	54.29	2 790 098	9 Nov 19
							95 716	36.75	7 604 636	21 Nov 20
LTIP CSP	99 937			9 578	28 732	11 Nov 19	61 627			
							61 627		7 161 057	21 Nov 20
LTIP BSP	50 449	41 241	1 Oct 19		25 224	20 Nov 19	66 466			
							25 225		2 931 145	20 Nov 20
							20 620		2 396 044	1 Oct 20
							20 621		2 396 160	1 Oct 21
LTIP PSP	137 060	46 730	1 Oct 19				183 790			
							137 060		12 741 098	20 Nov 21
							46 730		4 344 021	1 Oct 22
Matching shares	–	4 204	4 Mar 20	–	–	–	4 204			
							4 204		488 505	

Notes:

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[2] *For associated gains refer table page 42.*

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S Sibiya										
Share appreciation scheme	13 483			3 134			**10 349**			
							1 383	193.83	–	1 Nov 12
							885	193.79	–	12 May 13
							1 893	171.76	–	10 Nov 13
							6 188	145.48	–	24 May 14
LTIP SAR	23 743			2 527	6 328		**23 743**			
							14 888	80.97	524 504	21 Nov 20
LTIP CSP	31 072			2 976	8 925	12 Nov 19	**19 171**			
							19 171		2 227 670	21 Nov 20
LTIP BSP	12 347	9 399	1 Oct 19		6 173	20 Nov 19	**15 573**			
							6 174		717 419	20 Nov 20
							4 699		546 024	1 Oct 20
							4 700		546 140	1 Oct 21
LTIP PSP	38 388	15 529	1 Oct 19				**53 917**			
							38 388		3 568 548	20 Nov 21
							15 529		1 443 576	1 Oct 22
Matching shares	–	1 190	4 Mar 20	–	–	–	**1 190**			
							1 190		138 278	

Notes:

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[2] *For associated gains refer table page 42.*

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A Mhembere										
LTIP SAR	290 488			27 915			**290 488**			
							9 900	81.9	339 570	13 Nov 17
							55 338	35.16	4 484 592	12 Nov 18
							51 883	54.29	4 282 810	9 Nov 19
							145 452	36.75	11 556 161	21 Nov 20
LTIP CSP	152 460			14 702	44 105	11 Nov 19	**93 653**			
							93 653		10 882 479	21 Nov 20
LTIP BSP	153 310	44 558	1 Oct 19		76 655	20 Nov 19	**121 213**			
							76 655		8 907 311	20 Nov 20
							22 279		2 588 820	1 Oct 20
							22 279		2 588 820	1 Oct 21
LTIP PSP	263 861	45 267	1 Oct 19				**309 128**			
							263 861		24 528 519	20 Nov 21
							45 267		4 208 020	1 Oct 22

Notes:

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J Theron										
Share appreciation scheme	49 421	–	–	9 334	–	–	40 087			
							19 236	193.83		1 Nov 12
							3 848	193.79		12 May 13
							12 658	171.76		10 Nov 13
							4 345	145.48		24 May 14
LTIP SAR	115 873	–	–	11 503	44 572	9 Nov 19	59 798			
							59 798	36.75	4 750 951	21 Nov 20
LTIP CSP	62 390			5 973	17 916	12 Nov 19	38 501			
							38 501		4 473 816	21 Nov 20
LTIP BSP	16 737	20 173	1 Oct 19		8 368	20 Nov 19	28 542			
							8 369		972 478	20 Nov 20
							10 086		1 171 993	1 Oct 20
							10 087		1 172 109	1 Oct 21
LTIP PSP	68 522						91 884			
							68 522		6 369 805	20 Nov 21
		23 362	1 Oct 19				23 362		2 171 732	1 Oct 22
Matching shares	–	7 328	4 Mar 20	–	–	–	7 328			
							7 328		851 514	

Notes:

[1] *Assumptions used for calculation of Estimated Closing Fair Value on 30 June 2020:*
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- *Performance Shares (PSP) have performance conditions attached so a vesting assumption of 80% is applied.*
- *The vesting conditions have been applied for SAR and CSP awards that have already vested.*
- *SAR and CSP awards due to vest on 20 November 2020 will vest at 100%.*

[2] *For associated gains refer table page 42.*

NON-EXECUTIVE DIRECTORS REMUNERATION

Directors' fees in aggregate for the year under review were as follows:

Table 23

	Implats board R'000	Impala board R'000	Lead independent director R'000	Audit committee R'000	Health, safety, environment and risk committee R'000	Nominations, governance and ethics committee R'000	Social, transformation and remuneration committee R'000	Capital allocation and investment committee R'000	*Ad hoc* meetings R'000	Total R'000
MSV Gantsho (Chairman)	2 150									2 150
PW Davey	442	423		209	157	157		157	57	1 602
D Earp	442			442				157	57	1 098
BT Koshane (RBH)	339								19	358
AS Macfarlane	442				349				57	848
FS Mufamadi	442					157				599
B Ngonyama			1 400							1 400
MEK Nkeli	442				157		349		38	986
PE Speckmann	442			209			157		38	846
ZB Swanepoel	442	423			157			349	57	1 428

In 2019 a structural adjustment of 6% was applied to non-executive directors' fees in addition to the annual inflationary increase of 6%, with the exception of the chairman and the lead independent director. A survey and analysis of NED fees for comparable companies indicated that our fees still lag these companies by a considerable margin, largely due to the fact that NED fees were not adjusted while the Company was going through times of financial hardship in the down cycle. Having studied this information and applying their mind to the situation, the board is recommending that we apply a differentiated role-specific approach and where appropriate, adjust the NED fees to a level which is comparable with the market benchmarks. A targeted fee has been determined for the chairman, lead independent and board member roles as reflected in the table below.

The adjustments recommended are therefore not based on a percentage increase but the desired fee based on market information for the indicated roles. The chairman of the audit committee, members of the audit committee and chairs of the sub-committees are well positioned to the market and to this end, the standard inflationary increase of 4% is being proposed. However, members of the sub-committees are below the desired market rate of R180 000 and it is proposed that the members of sub-committees fees be adjusted to this rate.

The impact of this proposal is reflected in table 24 below. This is a significant change to our previous approaches where NED fees were adjusted across the board with the same inflation-linked increase percentage. The proposal will ensure alignment of our NED fees with the comparable market, and will also serve to attract and retain board members with the requisite skill and competencies to guide the Company in the furtherance and execution of its strategic vision.

For FY2021, the board will recommend that the shareholders approve the increases to the NED fees as per table 24 below:

Table 24

Implats board fees:	Effective 1 July 2020 R	Total increase %	Effective 1 July 2019 R
Chairman of the board	**2 800 000**	30%	2 150 000
Lead independent director	**1 800 000**	29%	1 400 000
Non-executive director	**600 000**	36%	442 000
Audit committee chairperson	**460 000**	4%	442 000
Audit committee member	**218 000**	4%	209 000
STR committee chairperson	**363 000**	4%	349 000
STR committee member	**180 000**	15%	157 000
Nominations, governance and ethics committee member	**180 000**	15%	157 000
HSER committee chairperson	**363 000**	4%	349 000
HSER committee member	**180 000**	15%	157 000
CAI committee chairperson	**363 000**	4%	349 000
CAI committee member	**180 000**	15%	157 000
Ad hoc fees per additional board or committee meeting	**20 800**	10%	18 876
Chairman of meeting will be paid twice the *ad hoc* fee			
Average annual NED fee:			
Fee as board member	**600 000**		442 000
Fee as committee chair	**363 000**		349 000
Fee as committee member	**180 000**		157 000
	1 143 000		948 000

NATURE OF BUSINESS

Impala Platinum Holdings Limited (Implats/Company/Group) is a holding company and one of the foremost producers and suppliers of platinum group metals (PGMs) to industrial economies. The Company has interests in mining, processing and refining operations which are held as follows:

Company	Effective interest %	Business activity
Impala Platinum Limited (Impala) includes Impala and Impala Refining Services division	96%	PGM mining processing and refining. Purchase of concentrate and/or smelter, matte to smelt, refine and the ultimate sale of resultant PGMs and base metals and toll refining for third parties
Marula Platinum Proprietary Limited	73%	PGM mining and production of concentrate
Zimplats Holdings Limited	87%	PGM mining and production of matte
Impala Canada Limited	100%	PGM mining and production of concentrate
Mimosa Investments Limited	50%	PGM mining and production of concentrate
Two Rivers Platinum Proprietary Limited	46%	PGM mining and production of concentrate
Impala Chrome Proprietary Limited	65%	Purchase of chrome in tailings. Processing and sale of the chrome
Makgomo Chrome Proprietary Limited	50%	Purchase of chrome in tailings. Processing and sale of the chrome

FINANCIAL MATTERS

COMPLIANCE WITH FINANCIAL REPORTING STANDARDS

The Company annual financial statements and the Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, requirements of the South African Companies Act, Act 71 of 2008, and the Listings Requirements of the JSE Limited.

ACCOUNTING POLICIES

A number of amended and new accounting standards were effective for the first time on 1 January 2019 and were adopted by the Group on 1 July 2019. In addition, there were new and revised IFRS that were not yet effective that were adopted early by the Group on 1 July 2019. Other than IFRS 16 *Leases* and IFRIC 23 *Uncertainty over Income Tax Treatment*, none of the other amendments had a material impact on the Group. Refer to the accounting policy section on page 70 for the principal accounting policies and the changes to the accounting policies that were adopted during the financial year.

RESULTS FOR THE YEAR

The Covid-19 pandemic has introduced significant uncertainty into our operating environment and has impacted the financial results for FY2020 on various levels. It will likely continue to affect the operating environment for another year. Additional costs were spent on medical interventions and preparedness, together with cash preservation strategies to mitigate the financial risk. The three-week lockdown and subsequent restrictions on the level of mining activity disrupted the South-African mining operations. Impala Canada was forced to cease operations after a Covid-19 breakout which affected production for several weeks. The Zimbabwean operations were able to operate at full capacity during the national lockdown imposed by the government of Zimbabwe. During this time, the Group was able to successfully smelt, refine and sell in-process inventory which to some extent offset the full impact of Covid-19 on FY2020 refined production. Government had the unenviable task of creating regulations to protect both lives and livelihoods in the face of the pandemic. The concessions provided to the mining and mineral processing industries struck this fine line and afforded the Group the opportunity to operate - under agreed precautionary measures - during this trying time. This, together with the unwavering support received from our employees, their families and frontline health and safety providers, made all the difference to the continued viability of the Group as a sustainable producer and employer. We are truly indebted to all our stakeholders and will ultimately overcome the virus through our collective efforts to prioritise lives and livelihoods. Significantly higher rand metal prices resulted in a substantial free cash flow generation. Closing net cash at the end of June 2020 of R5.7 billion, a R4.7 billion improvement from the net cash position of R1.1 billion at end of June 2019, taking into account the acquisition of Impala Canada.

Revenue increased by 44% or R21.2 billion to R69.9 billion as a result of the following factors:

- A 43% or R20.8 billion increase from higher-realised dollar metal prices. Rhodium revenue increased by R10.6 billion, while palladium revenue increased by R8.8 billion. Higher platinum prices increased attributable revenue by R1.1 billion. The overall improvement in prices, together with changes in the sales mix, resulted in a 46% improvement in total dollar revenue per 6E ounce sold to US$1 624.
- An increase of 11% or R5.1 billion due to a weaker rand. The average achieved exchange rate of R15.31/US$, weakened by 8% from R14.20/US$ realised in FY2019. The resultant rand revenue per 6E ounce increased by 57% to R24 863 from R15 790.
- These increases in revenue were partially offset by lower sales volumes that relates to lower production during the fourth quarter due to the national lockdown partially countered by the inclusion of Impala Canada. This had a negative impact of 10% or R4.9 billion.
- Fair value revenue adjustments on the Impala Canada debtor due to provisional pricing amounted to R151 million.

Cost of sales increased by 11% or R4.8 billion to R46.6 billion for the year largely due to:

- The maiden inclusion of Impala Canada from 13 December 2019.
- Covid-19-related costs incurred of approximately R263 million.
- An increase of R6.7 billion in the cost of IRS metal purchases primarily due to higher rand metal prices in the current year.
- Cash costs associated with mining, processing, marketing and corporate activities increased by 7% or R1.8 billion. Overall mining inflation of 6.9% as well as additional development costs to improve operational flexibility at Impala Rustenburg were partially offset by savings on variable costs due to the lower volumes produced. The Group's stock-adjusted unit cost per 6E ounce rose by 12% to R13 345 from R11 886 in FY2019, impacted by the lower volumes.
- Abnormal production costs of R1.3 billion that relate to the costs incurred during care and maintenance following the lockdown restriction.
- These increases were partially offset by a R6.9 billion rand increase in the credit to metal inventory due to the combination of higher production costs and rand metal prices and the stock write-on for FY2020 of R1.3 billion (FY2019: R404 million), which more than offset the financial impact of reduced excess work-in-process inventory achieved in the period.

The significant improvement in revenue resulted in the Group generating a gross profit of R23.3 billion for the year, a 240% or R16.4 billion increase from the R6.8 billion achieved in FY2019.

There were several cash and non-cash items accounted for in profit before tax. The revaluation of foreign currency balances resulted in a gain of R786 million, versus a loss of R362 million recorded in FY2019. These gains were largely due to the weaker rand on dollar debtors and the intercompany loan between Implats and Impala Canada. Other net expenses of R1.5 billion increased by R1.1 billion from R375 million in FY2019 primarily due to:

- An expense of R441 million relating to the fair value reversal of R230 million gain on the foreign exchange collars and payment of R211 million in settlement thereof (FY2019: gain of R230 million);
- The R509 million incentive premium on the US$ bond conversion together with losses on the mark to market of the conversion option of R203 million (FY2019: loss of R1.6 billion) and a loss of R74 million on the cancellation of the cross-currency interest rate swap; and
- Transaction costs of R147 million incurred on the acquisition of Impala Canada.

In addition, other net expenses in the prior year, included Zimplats' receipts of R652 million arising from export incentives and a customs duty refund, which did not recur in the current year. Improved profitability at Two Rivers and Mimosa resulted in a R684 million increase in income from associates to R1.1 billion.

Net finance costs declined by R151 million to R617 million as interest and associated costs on bridge funding in Impala Canada of R191 million, as well as interest on the term loan at Impala Canada, were offset by higher interest received from higher Group cash balances and lower interest costs on the US$ bond, following the incentivised conversion during August 2019.

The Group recorded EBITDA of R29.4 billion at an EBITDA margin of 42% (FY2019: R10.5 billion and 22%). Profit before tax rose by R19.7 billion to R23.0 billion due to the significant increase in gross profit because of the weaker rand and the higher dollar metal prices achieved.

The tax charge of R6.5 billion reflected higher profitability across the Group, with an effective tax rate of 28%.

Basic earnings were R16.1 billion or 2 066 cents per share, with earnings in the prior year of R1.5 billion were impacted by the after-tax impairment charge of R1.7 billion relating to the Afplats assets. The Group generated headline earnings of R16.1 billion and 2 075 cents per share with positive contributions from all Group companies. The weighted average number of shares in issue increased to 777.2 million due to the issue of 64.3 million Implats ordinary shares in August 2019, after US$ bonds were converted into Implats ordinary shares.

Capital expenditure

Capital expenditure amounted to R4.2 billion (FY2019: R3.8 billion), of which R283 million (FY2019: R350 million) was spent on 16 and 20 Shafts, capitalised development of R1.0 billion (FY2019: R1.1 billion), furnace four ring repairs of R73 million (FY2019: nil) and R742 million (FY2019: R653 million) spent on Zimplats' Mupani and Bimha Mines. R186 million (FY2019: R40 million) was spent on the construction of a tailings storage facility at Marula and R657 million was spent at the newly acquired Impala Canada operations.

Conversion of US$3.25% convertible bonds

On 17 July 2019 Implats announced an offer to holders (bondholders) of its US$3.25% convertible bonds due 2022 (US$ bonds) to pay the bondholders a cash consideration to incentivise them to exercise their conversion rights, in accordance with the terms and conditions of the bonds, to convert their US$ bonds into ordinary shares in Implats. Bondholders representing US$249.8 million of the US$ bonds accepted this offer. As a result, a cash consideration of R509 million was paid to the bondholders and 64.2 million ordinary shares were issued by Implats to bondholders that elected to accept this offer. On 13 August 2019, the remaining bondholder elected to convert his US$200 000 bond into 51 404 shares in accordance with the terms and conditions of the bond. These shares were issued on 27 August 2019. Consequently, the total number of ordinary shares in issue, post the conversion, increased to 799 034 147.

DIVIDENDS

The board of the Company has approved a disciplined and prudent capital allocation framework that aligns our capital allocation priorities with the corporate strategy to maximise value for our shareholders. The first use of financial resources is to maintain the integrity of our asset base responsible for delivering future cash flows. Thereafter, we will allocate resources between strengthening the balance sheet and balancing returns to shareholders while pursuing value-accretive growth.

Following this process, the board approved a dividend policy, which is aligned to the Company's capital allocation framework, where the Company maintains a strong balance sheet while prioritising the return of cash to shareholders on a sustainable basis. The dividend policy recommends a guideline payout of 30% of free cash flow, pre-growth capital, for any given period. The declaration of the dividend remains subject to the board's discretion.

The board approved the declaration of an interim cash dividend of R1.25 (2019: nil) per ordinary share for the six-month period ended 31 December 2019 amounting to R998 million. The interim dividend was declared on 27 February 2020 and paid to shareholders on 21 March 2020.

A final dividend of R4.00 per ordinary share, amounting to R3 113 million, for the six-month period ended 30 June 2020 was approved by the board for payment on 28 September 2020 to shareholders recorded in the register at the close of business on 25 September 2020. Together with the interim dividend of R1.25 per ordinary share, this equated to a payout of 30% of free cash flow, pre-growth capital for the 2020 financial year.

POST BALANCE SHEET EVENTS

BEE loan refinancing

The debt due to Standard Bank in respect of the original Marula BEE transaction was expected to be repaid in June 2020. However, in April this year, the Group requested an extension to the maturity date to 30 September 2020 to provide the Group with additional liquidity in light of the uncertainty around the impact of Covid-19 on the Group's operations but also to allow management time to finalise the refinancing of the original BEE deal. Prior to year-end, the Group had pledged the required funds in settlement of this debt to Standard Bank and consequently, approximately R899 million was reflected as restricted cash at year-end.

In addition, the Group is in the process of concluding a refinancing of the loan with the empowerment partners, which will also include the establishment of an employee share ownership trust. This will be completed prior to the amended repayment date. The transaction, which is a non-adjusting event at 30 June 2020, will be accounted for as a share-based payment transaction and the BEE cost will be determined and expensed at the effective date of the transaction. The non-controlling interest will be recognised when the loan is substantially repaid, at which point the BEE partners' rights to the shares in Marula become unconditional.

Cancellation of treasury shares

Implats has 16 233 994 treasury shares which are held by its subsidiary, Gazelle Platinum Limited. On 26 August 2020 the board adopted a resolution to repurchase the shares from Gazelle and following the repurchase, delist and cancel these shares. The transaction is subject to shareholder approval at the AGM to be held on 14 October 2020. This will be a non-cash transaction and will not have any impact on the Group annual financial statements as these shares are reflected as treasury shares in the consolidated annual financial statements of the Company. The new issued capital of the Company will reduce to 782 800 153 following the implementation of the share repurchase agreement.

Odd-lot offer

On 26 October 2020 at a general meeting, shareholders will be requested to approve an odd-lot offer to shareholders with less than 100 ordinary shares as permitted in terms of the JSE Listings Requirements. Analysis of the share register has shown that c.48% of Implats shareholders hold a total of 232 581 shares out of the total 778 186 684 (excluding treasury shares). The board has agreed that an offer should be made to odd-lot holders to repurchase their shares and subsequently, delist and cancel them.

The offer will include a 10% premium to the market price at the time of the offer. This will enable these odd-lot shareholders to realise value in their holding in an efficient manner and will assist the Company in reducing the administrative time and costs associated with the Company's shareholder base given that c.48% of the shareholder base holds less than 1% of Implats' total shares in issue. The issued share capital of the Company will potentially reduce by 232 581 post implementation of the offer.

The directors are not aware of any other subsequent events which might materially impact the annual financial statements.

GOING CONCERN

Based on the review of the Group's financial budgets and forecasts, the directors believe that the Company and the Group have adequate financial resources to continue to be in operation in the foreseeable future. As a result, the consolidated financial statements have been prepared on a going-concern basis using appropriate accounting policies and supported by reasonable and prudent judgements and estimates.

ASSOCIATED AND SUBSIDIARY COMPANIES

Information regarding the Company's associated and subsidiary companies is given in note 2 and note 3 of the annual financial statements of the Company.

SHARE CAPITAL

AUTHORISED SHARE CAPITAL	944 008 000	ordinary no par value shares
ISSUED SHARE CAPITAL	799 034 147	ordinary no par value shares
UNISSUED SHARE CAPITAL	144 973 853	ordinary no par value shares

The authorised share capital has remained unchanged at 944 008 000 no par value shares from the previous financial year. The Company issued 64 255 769 ordinary no par value shares at the beginning of the financial year as a result of the incentivised conversion of the US$ bonds. This allotment changed the issued share capital of the Company from 734 778 378 at the end of the previous financial year to the 799 034 147.

Further details on the authorised and issued share capital appear in note 13 of the consolidated annual financial statements.

SHARES REPURCHASED

During the year, the Group repurchased 10 648 420 shares in the market at the average price of R114.61 to satisfy the requirements of its share incentive schemes. To the extent that these have not yet vested, these are reflected as treasury shares. At 30 June 2020, the Group held 4.61 million treasury shares on behalf of participants under the Bonus Share Plan.

TREASURY SHARES

The Group holds a total of 20 847 463 treasury shares comprising 16 233 994 ordinary shares which were bought in terms of an approved share buy-back scheme in prior years and 4 613 469 ordinary shares bought in terms of the management share scheme.

SHARE-BASED COMPENSATION

Details of participation in the share option scheme are set out in note 31 of the consolidated financial statements.

AMERICAN DEPOSITARY RECEIPTS

At 30 June 2020, Implats had 10 119 150 (2019: 11 619 983) sponsored American depositary shares in issue through Deutsche Bank AG London and trading on the over-the-counter markets in the US. Each American depositary share is equal to one Implats ordinary share.

SHAREHOLDING IN THE COMPANY

The issued capital of the Company held by public and non-public entities as at 30 June 2020 was as follows:

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Public shareholders	20 894	99.97%	777 987 972	97.37%
Non-public shareholders	7	0.03%	21 046 175	2.63%
– Treasury	1	0.01%	16 233 994	2.03%
– Share scheme	1	0.00%	4 613 469	0.58%
– Directors and executives	5	0.02%	198 712	0.02%
Total	**20 901**	**100.00%**	**799 034 147**	**100.00%**

BENEFICIAL SHAREHOLDERS >2%

Beneficial shareholding	Total shareholding	%
Government Employees Pension Fund	130 516 515	16.3%
GIC Asset Management Pte Ltd	26 723 339	3.3%
Total	**157 239 854**	**19.6%**

INVESTMENT MANAGEMENT SHAREHOLDINGS

Investment manager	Total shareholding	%
PIC	110 850 170	13.87%
BlackRock Inc	60 082 284	7.52%
Coronation Asset Management	49 692 598	6.23%
Prudential Investment Managers	42 146 470	5.14%
Fidelity Management & Research Company	40 592 253	5.08%
Total	303 363 775	37.84%

APPOINTMENT AND RESIGNATIONS OF DIRECTORS

Mr Udo Lucht resigned as non-executive director of the board with effect from 25 August 2019. The board appointed Ms Boitumelo Koshane to the board on 27 August 2019 following her nomination by the Royal Bafokeng Nation. Dr Mandla Gantsho will retire from the board at the conclusion of the annual general meeting (AGM) on 14 October 2020. On 3 August 2020, the board announced the appointment of Advocate Thandi Orleyn as an independent non-executive director. Her appointment to the board took effect on the day of the announcement. The board explained that Advocate Orleyn would assume the chairmanship of the board on 14 October 2020 at the conclusion of the AGM.

DIRECTORATE

Name	Position as director	Date appointed
MSV Gantsho	Independent non-executive chairman	1 November 2010
PW Davey	Independent non-executive director	1 July 2013
D Earp	Independent non-executive director	1 August 2018
M Kerber	Chief financial officer	1 August 2018
BT Koshane	Non-executive director	27 August 2019
AS Macfarlane	Independent non-executive director	1 December 2012
FS Mufamadi	Independent non-executive director	5 March 2015
NJ Muller	Chief executive officer	3 April 2017
B Ngonyama	Independent non-executive director	1 November 2010
MEK Nkeli	Independent non-executive director	29 April 2015
NDB Orleyn	Independent non-executive director	3 August 2020
LN Samuel	Executive director	27 November 2017
PE Speckmann	Independent non-executive director	1 August 2018
ZB Swanepoel	Independent non-executive director	5 March 2015

The board comprises 10 independent non-executive directors, one non-executive director and three executive directors. In compliance with the Company's memorandum of incorporation and Schedule 10 of the JSE Listings Requirements, the directors who will retire at the next AGM are Ms D Earp, Dr FS Mufamadi, Ms B Ngonyama, Adv NDB Orleyn, Mr PE Speckmann and Mr ZB Swanepoel. The average length of service of the current 10 non-executive directors is 5.5 years (2019: 3.8 years), while that of the three executive directors is 2.6 years (2019: 1.6 years).

BOARD DIVERSITY

GENDER	7	Male
	7	Female
NATIONALITY	9	Black South African
	3	White South African
	2	Non-South African
INDEPENDENCE	3	Executive
	1	Non-executive
	10	Independent non-executive

DIRECTORS' INTERESTS

No contracts of significance were entered into in which the directors of the Company were materially interested during the financial year except for Mr PW Davey, Ms M Kerber, Mr NJ Muller, Ms L Samuel and Mr ZB Swanepoel who had an interest in some inter-company contracts and loan agreements by virtue of their membership of the board of Impala. No change in the foregoing interests has taken place between 30 June 2020 and the date of this report.

Directors' beneficial interest in the Company's issued ordinary shares at 30 June 2020 is shown below:

	Direct		Indirect	
	2020	2019	2020	2019
Beneficial				
Directors				
PW Davey	1 400	–	–	–
NJ Muller	176 809	–	–	–
B Ngonyama	3 180	3 180	–	–
LN Samuel	7 323	–	–	–
ZB Swanepoel	10 000	30 000	–	–
Total	198 712	33 180	–	–

In terms of the Long-Term Incentive Plan, executive directors held 1 411 268 awards to acquire shares in the Company and 179 273 bonus share plan awards. Refer to note 31 of the consolidated annual financial statements.

DIRECTORS' REMUNERATION

Directors' remuneration is disclosed in the consolidated annual financial statements (note 31) in line with the Companies Act requirements.

SPECIAL RESOLUTIONS PASSED

During the year, the following special resolutions were passed by the shareholders:

APPROVAL OF DIRECTORS' REMUNERATION

Shareholders approved the remuneration which was paid to non-executive directors during the year under review. Shareholders also approved a 6% structural adjustment to directors' remuneration.

ACQUISITION OF THE COMPANY'S SHARES BY THE COMPANY OR SUBSIDIARIES

A renewal of the general authority to acquire up to 5% of the Company's shares subject to the provisions of the JSE Listings Requirements and the Companies Act, provided that the authority does not extend beyond 15 months from the date of the granting of that authority.

ADMINISTRATION

FINANCIAL, ADMINISTRATIVE AND TECHNICAL ADVISERS

In terms of a service agreement, Impala acted as financial, administrative and technical advisers to the Group during the year on a fee basis. Mr PW Davey, Ms M Kerber, Mr NJ Muller, Ms L Samuel and Mr ZB Swanepoel had an interest in the contract by virtue of the membership of the board of Impala.

COMPANY SECRETARY

Mr TT Llale acted as secretary to Implats and Impala. Impala acted as secretaries to other subsidiaries in the Group. The business and postal addresses of the company secretary are set out on the inside back cover.

UNITED KINGDOM SECRETARIES

The business and postal addresses of the United Kingdom secretaries are set out on the inside back cover.

PUBLIC OFFICER

Mr B Jager acted as public officer to companies in the Group for the year under review.

AUDITORS

The Company elected to early adopt the rules published by the Independent Regulatory Board for Auditors (IRBA) for mandatory audit firm rotation. The Company embarked on a tender process for the appointment of a new audit firm. Following this process, Deloitte was appointed as the Company's auditor and Mr Eugene Zungu as the designated auditor partner with effect from the 2020 financial year. On the recommendation of the audit committee, the shareholders approved the appointment of Deloitte at the AGM on 22 October 2019. The Company's previous auditors were PricewaterhouseCoopers. Deloitte will continue in office as auditors in accordance with section 90 of the Companies Act.

SPONSOR

Nedbank Corporate and Investment Banking acted as the Company's JSE Sponsor.

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 14 October 2020 at 11:00. Please refer to the notice for further details of the ordinary and special business for consideration at the meeting.

APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The directors of Impala Platinum Holdings Limited ("Implats", "the Company" or "the Group") are responsible for the maintenance of adequate accounting records and the preparation of the condensed consolidated financial statements and related information in a manner that fairly presents the state of the affairs of the Company. These condensed consolidated financial statements are prepared in accordance with the Listings Requirements of the JSE Limited, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act, No 71 of 2008 and the minimum requirements of International Accounting Standards (IAS) 34 *Interim Financial Reporting* and incorporate full and responsible disclosure in line with the accounting policies of the Group which are supported by prudent judgements and estimates.

The condensed consolidated financial statements have been prepared under the supervision of the chief financial officer, Ms M Kerber, CA(SA).

The directors are also responsible for the maintenance of effective systems of internal control which are based on established organisational structure and procedures. These systems are designed to provide reasonable assurance as to the reliability of the condensed consolidated financial statements, and to prevent and detect material misstatement and loss.

The condensed consolidated financial statements have been prepared on a going-concern basis as the directors believe that the Group will continue to be in operation in the foreseeable future.

The condensed consolidated financial statements have been approved by the board of directors and are signed on their behalf by:

Dr MSV Gantsho
Chairman

NJ Muller
Chief executive officer

Johannesburg
3 September 2020

INDEPENDENT REVIEWER'S REPORT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF IMPALA PLATINUM HOLDINGS LIMITED

We have reviewed the condensed consolidated financial statements of Impala Platinum Holdings Limited, contained in the accompanying preliminary report, which comprise the condensed consolidated statement of financial position as at 30 June 2020 and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 3 to the condensed consolidated financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The JSE Limited Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of historical financial information in accordance with ISRE 2410 is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, primarily persons responsible for financial and accounting matters, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed consolidated financial statements.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that these condensed consolidated financial statements of Impala Platinum Holdings Limited for the year ended 30 June 2020 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 3 to the condensed consolidated financial statements, and the requirements of the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: E Zungu
Partner

3 September 2020

Deloitte & Touche
5 Magwa Crescent
Waterfall City
Waterfall
Johannesburg

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Notes	2020 Rm (Reviewed)	2019 Rm (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	50 885	34 499
Investment property		90	90
Investment in equity-accounted entities	7	5 462	4 437
Deferred tax	8	—	3 096
Financial assets at fair value through other comprehensive income		394	265
Other financial assets		83	316
		56 914	42 703
Current assets			
Inventories	9	19 451	11 811
Trade and other receivables		5 128	3 266
Current tax receivable		348	216
Other financial assets		3	232
Prepayments		680	484
Cash and cash equivalents		13 331	8 242
		38 941	24 251
Total assets		95 855	66 954
EQUITY AND LIABILITIES			
Equity			
Share capital and share-based payment reserve[1]		24 481	20 536
Retained earnings		28 854	13 773
Foreign currency translation reserve		8 967	4 668
Other components of equity		(425)	160
Equity attributable to owners of the Company		61 877	39 137
Non-controlling interests		2 669	1 943
Total equity		64 546	41 080
LIABILITIES			
Non-current liabilities			
Provisions		1 812	1 492
Deferred tax	8	10 503	5 503
Borrowings	10	6 233	6 677
Other financial liabilities		35	1 652
Other liabilities		226	267
		18 809	15 591
Current liabilities			
Provisions		192	—
Trade and other payables		9 220	8 294
Current tax payable		188	66
Borrowings	10	2 625	1 885
Other financial liabilities		16	6
Other liabilities		133	32
Bank overdraft		126	—
		12 500	10 283
Total liabilities		31 309	25 874
Total equity and liabilities		95 855	66 954

[1] *Share capital was renamed to share capital and share-based payment reserve, to better reflect the nature of the amounts included in the subtotal column renamed in the statement of changes in equity.*

The notes on pages 69 to 94 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Notes	2020 Rm (Reviewed)	2019 Rm (Audited)
Revenue	11	69 851	48 629
Cost of sales	12	(46 580)	(41 791)
Gross profit		23 271	6 838
Impairment		—	(2 432)
Other income	13	471	1 424
Other expenses	14	(1 963)	(1 799)
Finance income		538	368
Finance cost		(1 155)	(1 136)
Net foreign exchange transaction gains/(losses)		786	(362)
Share of profit of equity-accounted entities		1 082	398
Profit before tax		23 030	3 299
Income tax expense		(6 546)	(2 120)
Profit for the year		16 484	1 179
Other comprehensive income, comprising items that may subsequently be reclassified to profit or loss:			
Exchange differences on translating foreign equity-accounted entities		587	65
Deferred tax thereon		(59)	(6)
Exchange differences on translating foreign operations		3 499	387
Deferred tax thereon		57	(51)
Other comprehensive income/(loss), comprising items that will not be subsequently reclassified to profit or loss:			
Financial assets at fair value through other comprehensive income		28	(28)
Deferred tax thereon		(1)	(2)
Actuarial loss on post-employment medical benefit		(1)	—
Total other comprehensive income		4 110	365
Total comprehensive income		20 594	1 544
Profit/(loss) attributable to:			
Owners of the Company		16 055	1 471
Non-controlling interest		429	(292)
		16 484	1 179
Total comprehensive income/(loss) attributable to:			
Owners of the Company		19 768	1 785
Non-controlling interest		826	(241)
		20 594	1 544
Earnings per share (cents)			
Basic		2 066	205
Diluted		1 911	203

The notes on pages 69 to 94 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

	Ordinary shares Rm	Share premium Rm	Share-based payment reserve Rm
Balance at 30 June 2018 (Audited)	18	17 986	2 487
Adjustments on initial application of IFRS 9	—	—	—
Shares purchased – Long-term Incentive Plan	—	(111)	—
Share-based compensation expense	—	—	156
Total comprehensive income/(loss)	—	—	—
– Profit/(loss) for the year	—	—	—
– Other comprehensive income/(loss)	—	—	—
Dividends paid	—	—	—
Balance at 30 June 2019 (Audited)	**18**	**17 875**	**2 643**
Conversion of US$ bonds	**—**	**4 810**	**—**
Shares purchased – Long-term Incentive Plan	**—**	**(1 222)**	**—**
Transfer of reserves	**—**	**906**	**(906)**
Share-based compensation expense	**—**	**—**	**357**
Total comprehensive income/(loss)	**—**	**—**	**—**
– Profit for the year	**—**	**—**	**—**
– Other comprehensive (loss)/income	**—**	**—**	**—**
Dividends paid	**—**	**—**	**—**
Balance at 30 June 2020 (Reviewed)	**18**	**22 369**	**2 094**

The table above excludes the treasury shares.

[1] *The total share capital subtotal was renamed to share capital and share-based payment reserve to better reflect the nature of the amounts included in the subtotal.*

The notes on pages 69 to 94 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
continued
for the year ended 30 June 2020

Share capital and share-based payment reserve[1] Rm	Retained earnings Rm	Foreign currency translation reserve Rm	Other components of equity Rm	Attributable to: Owners of the Company Rm	Non-controlling interest Rm	Total equity Rm
20 491	12 302	4 324	96	37 213	2 380	39 593
—	—	—	94	94	—	94
(111)	—	—	—	(111)	—	(111)
156	—	—	—	156	—	156
—	1 471	344	(30)	1 785	(241)	1 544
—	1 471	—	—	1 471	(292)	1 179
—	—	344	(30)	314	51	365
—	—	—	—	—	(196)	(196)
20 536	**13 773**	**4 668**	**160**	**39 137**	**1 943**	**41 080**
4 810	**—**	**—**	**—**	**4 810**	**—**	**4 810**
(1 222)	**—**	**—**	**—**	**(1 222)**	**—**	**(1 222)**
—	**—**	**612**	**(612)**	**—**	**—**	**—**
357	**—**	**—**	**—**	**357**	**—**	**357**
—	**16 054**	**3 687**	**27**	**19 768**	**826**	**20 594**
—	**16 055**	**—**	**—**	**16 055**	**429**	**16 484**
—	**(1)**	**3 687**	**27**	**3 713**	**397**	**4 110**
—	**(973)**	**—**	**—**	**(973)**	**(100)**	**(1 073)**
24 481	**28 854**	**8 967**	**(425)**	**61 877**	**2 669**	**64 546**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

	Notes	2020 Rm (Reviewed)	2019 Rm (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	**19 760**	11 844
Finance cost paid		**(932)**	(963)
Income tax paid		**(1 706)**	(223)
Net cash inflow from operating activities		**17 122**	10 658
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(4 248)**	(3 877)
Proceeds from sale of property, plant and equipment		**80**	74
Net cash paid for the acquisition of North American Palladium	20	**(9 431)**	—
– Acquisition of North American Palladium		**(10 859)**	—
– Cash acquired through the acquisition of North American Palladium		**1 428**	—
Proceeds from equity instruments held at fair value through other comprehensive income[1]		**193**	—
Proceeds from long-term debt instruments[1]		**87**	—
Finance income received		**532**	358
Dividends received		**628**	473
Other		**(4)**	(20)
Net cash outflow from investing activities		**(12 163)**	(2 992)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares purchased – Long-term Incentive Plan		**(1 222)**	(111)
Repayments of borrowings		**(6 720)**	(2 169)
Proceeds from borrowings net of transaction costs		**9 026**	—
Repayments of lease liabilities		**(155)**	—
Cash received from cancellation of cross-currency interest rate swap		**77**	—
Invitation premium paid on US$ bond conversion		**(509)**	—
Dividends paid to Company's shareholders		**(973)**	—
Dividends paid to non-controlling interest		**(100)**	(196)
Net cash outflow from financing activities		**(576)**	(2 476)
Net increase in cash and cash equivalents[2]		**4 383**	5 190
Cash and cash equivalents at the beginning of the year		**8 242**	3 705
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		**580**	(653)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR[2]		**13 205**	8 242

[1] *Proceeds from liquidation of Pollution Control, Rehabilitation and Closure Trust Fund assets.*
[2] *Cash and cash equivalents are net of bank overdrafts of R126 million (2019: Rnil).*

The notes on pages 69 to 94 are an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2020

1. GENERAL INFORMATION

Impala Platinum Holdings Limited ("Implats", "the Company" or "the Group") is a leading producer of platinum group metals (PGMs). Implats is structured around six mining operations and Impala Refining Services (IRS), a toll refining business. The mining operations are located on the Bushveld Complex in South Africa, the Great Dyke in Zimbabwe – the two most significant PGM-bearing ore bodies in the world – and the Canadian Shield, a prominent layered igneous complex domain for PGMs.

The Company has its listing on the securities exchange operated by JSE Limited in South Africa and a level 1 American Depositary Receipt programme in the United States of America.

On 13 December 2019 Implats successfully concluded the acquisition of 100% of the outstanding shares in the Canadian PGM miner, North American Palladium (NAP). NAP is now a wholly owned subsidiary of Implats and operates in Canada as Impala Canada Limited (Impala Canada).

Impala Canada owns and operates the Lac des Iles Mine (Lac des Iles) northwest of Thunder Bay, Ontario, and has a shareholding in two exploration properties, the Sunday Lake project and the Shebandowan Joint Venture.

The condensed consolidated financial statements were approved for issue on 3 September 2020 by the board of directors.

2. INDEPENDENT AUDITOR'S REVIEW

Deloitte & Touche, the independent auditor has conducted a review in accordance with International Standards on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor and their unmodified review report is available on page 21. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's external auditors. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should read the auditor's report together with the accompanying financial information.

3. BASIS OF PREPARATION

The condensed consolidated financial statements for the year ended 30 June 2020 have been prepared in accordance with the Listings Requirements of the JSE Limited, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act, No 71 of 2008 and the minimum requirements of International Accounting Standards (IAS) 34 *Interim Financial Reporting*.

The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2019, which have been prepared in accordance with IFRS, and the commentary included in the results.

The condensed consolidated financial statements have been prepared under the historical cost convention except for certain financial assets, financial liabilities and derivative financial instruments which are measured at fair value and liabilities for cash-settled share-based payment arrangements which are measured using a binomial option model.

The condensed consolidated financial statements are presented in South African rand, which is the Company's functional currency.

3. BASIS OF PREPARATION continued

The following foreign currency exchange rates were used to prepare the condensed consolidated financial statements:

US dollar:
Year-end rate: R17.38 (June 2019: R14.09)
Average rate: R15.67 (June 2019: R14.19)

Canadian dollar:
Year-end rate: R12.76
Average rate: (13 Dec 2019 to June 2020): R12.07

Zimbabwean Interbank Real Time Gross Settlement (RTGS) dollar/US$ exchange rates used:

US dollar:
Year-end rate: RTGS$63.74 (2019: RTGS$6.02)
Average rate: RTGS$19.13 (2019 February to June: RTGS$3.66)

4. ACCOUNTING POLICIES

The principal accounting policies and methods used by the Group are consistent with those of the most recent annual financial statements, except for changes due to the adoption of new or revised IFRSs, for which the first time disclosure is more comprehensive than would otherwise be done on interim and includes the once-off transition impact. Further, the transition impact and accounting policies have been disclosed in the relevant notes.

The following standards and amendments to standards have become effective or have been early adopted by the Group on 1 July 2019:

- IFRS 16 *Leases* (note 10)
- IFRIC 23 *Uncertainty over Income Tax Treatment* (note 17)
- IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors*. Amendments and clarification of the definition of "material" used in the revised conceptual framework and the standards themselves had no impact on the condensed consolidated financial statements.

5. SEGMENT INFORMATION

The Group distinguishes its reportable segments between the mining operations (Mining), processing and refining (IRS) and "All other segments".

Management has defined the operating segments based on the business activities and management structure within the Group. Management's judgements to identify reportable segments include factors such as the nature of products and services and geographical areas.

The Impala Canada segment consists of the North American Palladium business acquired on 13 December 2019 (note 20).

The chrome processing segment (Impala Chrome), which was previously reported separately, now forms part of the "All other segments" category, along with Afplats, as both these segments are not considered to be material.

Capital expenditure comprises additions to property, plant and equipment (note 6).

The reportable segments' measure of profit or loss is profit after tax. This is reconciled to the entities consolidated profit after tax and the basis of accounting for reportable segments is consistent with the Group's consolidated financial statements.

The two largest sales customers amounted to 13% and 9% (2019: 10% each) of total revenue. These sales are reported as Impala and Impala Refining Services' revenue.

5. SEGMENT INFORMATION continued

	2020 (Reviewed)		2019 (Audited)	
	Revenue Rm	Profit/(loss) after tax Rm	Revenue Rm	Profit/(loss) after tax Rm
Mining				
– Impala	30 220	6 528	21 522	1 185
– Zimplats	14 426	4 904	8 954	1 899
– Marula	5 272	1 673	2 976	149
– Impala Canada	3 254	185	—	—
Impala Refining Services	36 304	4 316	26 899	2 080
All other segments	79	310	247	(3 388)
Reconciliation	(19 704)	(1 432)	(11 969)	(746)
Total segmental revenue/profit or loss after tax	69 851	16 484	48 629	1 179
Reconciliation comprises the following items:				
Unrealised profit in inventory consolidation adjustment		(1 818)		(457)
IRS pre-production Group consolidation adjustment		—		(259)
Inventory adjustments made on consolidation		386		(30)
		(1 432)		(746)

	2020 Capital expenditure Rm	2020 Total assets Rm	2019 Capital expenditure Rm	2019 Total assets Rm
Mining				
– Impala	1 757	29 569	2 006	28 850
– Zimplats	1 735	29 722	1 628	21 232
– Marula	340	3 879	152	3 512
– Impala Canada	657	14 916	—	—
Impala Refining Services	—	30 384	—	18 701
All other segments	—	39 974	—	36 216
Total	4 489	148 444	3 786	108 511
Intercompany balances eliminated		(47 098)		(39 356)
Unrealised profit in inventory, NRV and other inventory adjustments		(3 990)		(1 476)
Segmental deferred tax asset/liability allocations		(1 501)		(725)
Total consolidated assets		95 855		66 954

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
continued
for the year ended 30 June 2020

5. SEGMENT INFORMATION continued

	Impala Rm	Zimplats Rm	Marula Rm	Impala Canada Rm	IRS Rm	All other segments Rm	Inter-segment revenue Rm	Total Rm
	Year ended 30 June 2020 (Reviewed)							
Revenue from:								
Platinum	8 855	3 282	937	75	9 729	–	(4 219)	18 659
Palladium	9 099	6 138	2 053	2 815	13 716	–	(8 191)	25 630
Rhodium	8 858	2 190	1 565	–	8 947	–	(3 755)	17 805
Nickel	1 036	872	43	–	1 285	–	(915)	2 321
Other metals	2 372	1 153	101	213	2 436	79	(1 260)	5 094
Movements in commodity prices	–	791	573	151	–	–	(1 364)	151
Treatment income	–	–	–	–	191	–	–	191
Revenue	30 220	14 426	5 272	3 254	36 304	79	(19 704)	69 851

	Impala Rm	Zimplats Rm	Marula Rm	Impala Canada Rm	IRS Rm	All other segments Rm	Inter-segment revenue Rm	Total Rm
	Year ended 30 June 2019 (Audited)							
Revenue from:								
Platinum	8 739	2 761	835	–	9 057	–	(3 596)	17 796
Palladium	6 233	3 365	1 257	–	9 415	–	(4 622)	15 648
Rhodium	3 625	744	562	–	3 848	–	(1 306)	7 473
Nickel	696	700	34	–	1 622	–	(734)	2 318
Other metals	2 229	911	132	–	2 434	247	(1 063)	4 890
Movements in commodity prices	–	473	156	–	–	–	(629)	–
Treatment income	–	–	–	–	523	–	(19)	504
Revenue	21 522	8 954	2 976	–	26 899	247	(11 969)	48 629

6. PROPERTY, PLANT AND EQUIPMENT

	2020 Rm (Reviewed)	2019 Rm (Audited)
Carrying value – opening balance	**34 499**	36 045
Capital expenditure[1]	**4 279**	3 786
PPE acquired through the acquisition of North American Palladium (NAP)	**11 067**	—
Right-of-use assets capitalised[2]	**210**	—
Interest capitalised	**27**	89
Disposals	**(37)**	(15)
Depreciation (note 12)[1]	**(4 552)**	(3 488)
Impairment	**—**	(2 432)
Rehabilitation adjustment	**(133)**	123
Exchange adjustment on translation	**5 525**	391
Carrying value – closing balance	**50 885**	34 499

[1] *Includes depreciation of R31 million which was capitalised to the cost of property, plant and equipment.*

[2] *Includes land and buildings of R29 million and mobile equipment of R88 million which were capitalised following the adoption of IFRS 16 (note 10).*

Right-of-use assets

	Shafts, mining development and infrastructure Rm	Metallurgical and refining plants Rm	Land and buildings Rm	Other assets Rm	Total Rm
Finance leases capitalised at 30 June 2019 (Audited)	—	48	598	1	647
Recognised on adoption of IFRS 16	—	—	29	88	117
Right-of-use assets capitalised[1]	—	—	6	95	101
Right-of-use assets acquired through the acquisition of North American Palladium (NAP)	2	—	—	74	76
Depreciation	(1)	(11)	(89)	(41)	(142)
Exchange adjustment on translation	—	—	1	29	30
Closing net book amount (Reviewed)	1	37	545	246	829

[1] *Includes cash additions to Impala Canada's right-of-use assets of R8 million.*

6. PROPERTY, PLANT AND EQUIPMENT continued

Capital commitments

	2020 Rm (Reviewed)	2019 Rm (Audited)
Commitments contracted for	**1 384**	1 462
Approved expenditure not yet contracted	**4 798**	4 946
	6 182	6 408
– Less than one year	**3 668**	3 394
– Between one and five years	**2 514**	3 014
	6 182	6 408

Capital expenditure will be funded by internally generated funds and from borrowings, where necessary. Apart from all the right-of-use assets that are encumbered by leases, all property, plant and equipment of Impala Canada (R12 549 million) was pledged as security under the Company's credit facility and term loan (note 10). A portion of land (R23 million) has been pledged as payment to the developer of stands to be allocated to eligible non-managerial employees based at the Selous Metallurgical Complex. No other fixed assets were pledged as collateral.

6.1 Significant estimates and judgements

6.1.1 Impairment

The Covid-19 pandemic impacted production, sales, costs and capital spend in the Group as well as the global environment in which the Group operates. These impacts are possible indicators of impairment and were therefore taken into account in the impairment tests for property, plant and equipment (PPE) during the financial year by updating their discounted cash flows (DCFs) to take into consideration the revised production volumes, metal prices, cost forecasts and other factors. No impairment was required.

The key financial assumptions for the cash-generating units used in the impairment calculations are:

- Overall long-term real basket price per 6E ounce sold of R20 300 (2019: R16 200 in equivalent 2019 terms) adjusted for the individual asset or cash-generating unit's prill split
- Long-term real discount rate – a range of 7% to 15% (2019: 8.5% to 16.7%) for the various cash-generating units in the Group
- *In situ* resource valuation of between US$1.60 and US$8.00 (2019: US$1.80 and US$ 9.00) per 6E ounce depending on whether the resource is inferred, indicated and measured.

6.1.2 Change in estimates

Following an assessment of the remaining useful lives and depreciation methods for Zimplats' assets during the year, management concluded that the units-of-production (UOP) method applied on metallurgical and refining assets no longer approximates the pattern in which the future economic benefits will be consumed.

The depreciation method for these assets was changed to the straight-line method. The effect of the change in estimates on the depreciation expense during the year is shown below:

	June 2020 US$m (Reviewed)	June 2020 Rm (Reviewed)
Depreciation based on new estimates	**91**	**1 426**
Depreciation based on old estimates	**(80)**	**(1 254)**
Increase in depreciation	**11**	**172**

7. INVESTMENT IN EQUITY-ACCOUNTED ENTITIES

	2020 Rm (Reviewed)	2019 Rm (Audited)
Summary balances		
Joint venture		
Mimosa	**3 428**	2 353
Associates		
Two Rivers	**1 910**	1 569
Makgomo Chrome	**69**	62
Friedshelf	**55**	42
Waterberg	**—**	411
Total investment in equity accounted entities	**5 462**	4 437
Summary movement		
Beginning of the year	**4 437**	4 317
Shareholder funding – Waterberg	**5**	19
Share of profit	**1 460**	475
Reclassification – Waterberg investment[1]	**(295)**	—
Loss on reclassification of Waterberg investment[1]	**(113)**	—
Exchange differences on translating foreign equity-accounted entities	**588**	65
Dividends received	**(620)**	(439)
End of the year	**5 462**	4 437
Share of profit of equity-accounted entities is made up as follows:		
Share of profit	**1 460**	475
Movement in unrealised profit in inventory	**(378)**	(77)
Total share of profit of equity-accounted entities	**1 082**	398

[1] *On 17 June 2020, the board of Implats elected not to exercise the option arrangement to acquire up to 50.1% from the joint venture partners in the Waterberg Development Project (Waterberg). Although Implats retained its 15% ownership in the project, the decision led to the loss of significant influence in the investment and subsequent discontinuation of equity accounting of this investment by the Group. A resultant loss of R113 million was recognised in other expenses and the investment in Waterberg was reclassified to financial assets at fair value through other comprehensive income (FVOCI) at a fair value of R295 million.*

7.1 Significant estimates and judgements

Impairment

Equity-accounted investments are treated as cash-generating units and are tested for impairment on an individual basis. The Covid-19 pandemic impacted production, sales, costs and capital spend in the Group, as well as the global environment in which the Group operates. These impacts are possible indicators of impairment and were therefore taken into account in the impairment tests for equity-accounted investments during the financial year, by updating their DCFs for the revised production volumes, metal prices, cost forecasts and other factors which affect future dividends from these investments. No impairment was required. For more estimates and judgements on impairments refer note 6.1.1.

8. DEFERRED TAX

The analysis of the deferred tax assets and deferred tax liabilities presented in the consolidated statement of financial position is as follows:

	2020 Rm (Reviewed)	2019 Rm (Audited)
Deferred tax assets	–	3 096
Deferred tax liabilities	10 503	5 503
Total	10 503	2 407

The prior year's deferred tax asset was realised as a result of the Group's subsidiaries earning profits in the current year, against which their assessed losses were utilised.

The total year-on-year deferred tax movement is mainly attributable to temporary difference movements relating to property, plant and equipment (R3.6 billion), reversal of assessed losses (R1.1 billion), foreign currency translation adjustment on deferred tax (R1.3 billion) as well as deferred tax on the acquisition of North American Palladium (R2.1 billion).

9. INVENTORIES

	2020 Rm (Reviewed)	2019 Rm (Audited)
Mining metal		
Refined metal	1 421	518
In-process metal	4 348	5 036
	5 769	5 554
Purchased metal[1]		
Refined metal	6 133	1 571
In-process metal	5 995	3 818
	12 128	5 389
Total metal inventories	17 897	10 943
Stores and materials inventories	1 554	868
Total carrying amount	19 451	11 811

[1] *The fair value exposure on purchased metal and resultant inventory has been designated as a hedged item and is included in the calculation of the cost of inventories. The fair value exposure relates to adjustments made to commodity prices and US$ exchange rates from the date of delivery until the final pricing date as per the relevant contract.*

The net realisable value (NRV) adjustment impacted by prevailing metal prices at the reporting date included in inventory comprised R230 million (2019: Rnil) for refined metal and R211 million (2019: Rnil) for in-process metal.

Included in refined metal in the prior year is ruthenium on lease to third parties of 25 600 ounces. Metal lease fee income is included in finance income.

Purchased metal consists mainly of Impala Refining Services inventory.

All the inventory in Impala Canada, valued at R384 million, was pledged as security under the Company's credit facility and term loan (note 10).

9.1 Significant estimates and judgements

Inventory valuation

During the current year Covid-19 impacted on costs. Additional spend was incurred specifically related to Covid-19 as well as abnormal production costs (note 12.1), which would otherwise form part of normal production costs. Cost of sales was therefore adjusted to distinguish these costs from normal production-related costs and presented separately. Normalised 12-month rolling mining production was calculated assuming that normal production ceased at the end of March 2020 and recommenced in June 2020 when sufficient ramp up to normal production has been achieved.

Change in in-process metal estimate

Quantities of recoverable metal are reconciled to the quantity and grade of ore input as well as the quantities of metal actually recovered (metallurgical balancing). The nature of this process inherently limits the ability to precisely monitor recoverability levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. The Group conducts periodic counts (usually annually) at the refineries to assess the accuracy of inventory quantities. Based on these counts, changes in engineering estimates of metal contained in-process resulted in a pre-tax increase in metal inventory of R1 329 million (2019: R404 million). Tolerances of up to 2% of annual throughput of the joint products are regarded as normal levels of estimation uncertainty in the measurement of work-in-progress quantities.

10. BORROWINGS

	2020 (Reviewed) Non-current Rm	2020 (Reviewed) Current Rm	2020 (Reviewed) Total Rm	2019 (Audited) Non-current Rm	2019 (Audited) Current Rm	2019 (Audited) Total Rm
Standard Bank Limited – BEE partners Marula	—	885	885	—	888	888
Standard Bank Limited – Zimplats term loan	—	—	—	—	599	599
Convertible bonds – ZAR	2 707	207	2 914	2 557	207	2 764
Convertible bonds – US$	—	—	—	2 953	114	3 067
Impala Canada term loan	2 347	1 310	3 657	—	—	—
Lease liabilities	1 179	223	1 402	1 167	77	1 244
Total borrowings	**6 233**	**2 625**	**8 858**	6 677	1 885	8 562

	2020 Rm (Reviewed)	2019 Rm (Audited)
Reconciliation		
Beginning of the year	8 562	10 352
Conversion of US$ bonds to equity	(2 996)	—
Proceeds from borrowings	9 026	—
Capital repayments	(6 875)	(2 169)
Interest repayments	(561)	(639)
Lease liabilities acquired through the acquisition of North American Palladium	76	—
Leases capitalised	210	—
Interest accrued	750	906
Change in carrying value of Impala Canada term loan	(100)	—
Exchange adjustments	766	112
End of the year	**8 858**	8 562
Facilities		
Committed revolving credit facility	4 000	4 000
Revolving discounting facility (US$34 million) – Zimbabwe Platinum Mines (Private) Limited	—	479
Revolving credit limit facility (US$25 million) – Impala Canada Limited	435	—
	4 435	4 479

10. BORROWINGS continued

None of the facilities (2019: nil) had been drawn down at year-end. The R4 billion committed revolving credit facility bears interest at the three-month Johannesburg Interbank Acceptance Rate (JIBAR) plus 350 basis points and matures on 30 June 2021.

The R435 million Impala Canada facility has a two-year maturity which matures on 28 January 2022 with an option to renew for a further year, subject to agreement with the lenders. The facility bears interest at LIBOR plus a margin of between 250 and 300 basis points, subject to the total net debt to EBITDA levels at Impala Canada.

10.1 Convertible bonds

On 17 July 2019, Implats announced an invitation to the holders (bondholders) of its US$250 000 000, 3.25% convertible bonds due 2022 (US$ bonds) to exercise their conversion rights in accordance with the terms and conditions of the bonds for ordinary shares in Implats.

Bondholders representing US$249.8 million of the US$ bonds accepted this offer. As a result, a cash consideration of R509 million was paid to the bondholders and 64.2 million ordinary shares were issued by Implats to bondholders that elected to accept this offer.

On 13 August 2019, the remaining bondholder elected to convert his US$200 000 bond into 51 404 shares in accordance with the terms and conditions of the bond. These shares were issued on 27 August 2019. Consequently, the total number of ordinary shares in issue, post the conversion, increased to 799 034 147.

10.2 Lease liabilities

10.2.1 Adoption of IFRS 16 *Leases*

This standard replaces IAS 17 *Leases*.

Transition

The Group adopted IFRS 16 which became effective on 1 July 2019 and applied the standard retrospectively making use of the simplified retrospective approach, under which a lessee does not restate comparative information. There was no financial impact on the opening retained earnings at 1 July 2019.

Historically, lease contracts were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, all lease contracts, with the exception of leases pertaining to low-value assets and leases with a duration of 12 months or less, are recognised as right-of-use assets. The corresponding liability is also recognised from the date at which the leased asset is available for use by the Group.

The Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted by the lessee's incremental borrowing rate as at 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 9.79%.

10. BORROWINGS continued

10.2 Lease liabilities continued

10.2.1 Adoption of IFRS 16 *Leases* continued

Transition continued

The aggregate lease liability recognised in the statement of financial position at 1 July 2019 and the Group's operating lease commitment at 30 June 2019 can be reconciled as follows:

	Rm
Operating lease commitments at 30 June 2019	139
Recognition exemptions: short-term and low-value leases	(2)
Operating lease liabilities before discounting	137
Effect of discounting operating lease commitments at an annual rate of 9.79%	(20)
Total lease liabilities recognised under IFRS 16 at 1 July 2019	117

For leases previously classified as finance leases the Group recognised the previous carrying amounts of the resultant right-of-use asset and lease liability immediately before the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

In applying the simplified retrospective approach, the Group has applied the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- Leases with a remaining term of 12 months or less from the date of application have been accounted for as short-term leases
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement Contains a Lease*.

10.2.2 Amounts recognised in statement of comprehensive income

The statement of comprehensive income shows the following amount relating to leases:

	2020 Rm (Reviewed)	2019 Rm (Audited)
Interest expense (included in finance costs)	135	136
Expense relating to short-term and low-value leases (included in cost of sales)	10	0.1
Deferred profit on sale and leaseback of houses	(30)	(30)

The total cash outflow for leases in 2020 was R293 million.

10. BORROWINGS continued

10.2 Lease liabilities continued

10.2.3 The Group's leasing activities

Lease	Nature of leasing activity	Remaining life	Effective interest rate %
Friedshelf (Land and buildings)	The leases comprise of houses leased from Friedshelf (an associate of the Group), the houses were previously sold to Friedshelf as part of a sale and leaseback transaction	8 years	10.2%
Sasol (Refining assets)	Lease arrangement for a Sasol hydrogen pipeline and an oxygen and nitrogen plant	4 years and 1 year respectively	11.5%
Forklifts	Lease arrangements for various forklifts at Impala Platinum Limited – Refineries	4 years and 3 months respectively	8.5%
Land and buildings (various)	This includes Marula lease of office buildings, Impala lease of Illovo and Pretoria office buildings and the Rustenburg laboratory, Zimplats lease of the Borrowdale Office Park and Impala Canada lease of its office buildings	Between 1 and 9 years	10.5%
DHI (Mobile equipment)	Zimplats road train lease	3 years	9.6%
Other	Impala Canada also leases various vehicles, machinery and equipment	Between 3 and 5 years	5%

	2020 (Reviewed)			2019 (Audited)		
	Minimum lease payments Rm	Interest Rm	Principal Rm	Minimum lease payments Rm	Interest Rm	Principal Rm
Maturity analysis for lease liabilities						
Less than one year	**344**	**128**	**216**	204	127	77
Between one and five years	**1 102**	**332**	**770**	936	390	546
More than five years	**454**	**38**	**416**	715	94	621
	1 900	**498**	**1 402**	1 855	611	1 244

11. REVENUE

	2020 Rm (Reviewed)	2019 Rm (Audited)
Disaggregation of revenue by category		
Sales of goods		
Precious metals		
Platinum	**18 659**	17 796
Palladium	**25 630**	15 648
Rhodium	**17 805**	7 473
Ruthenium	**886**	902
Iridium	**1 445**	1 346
Gold	**1 963**	1 524
Silver	**33**	24
	66 421	44 713
Base metals		
Nickel	**2 321**	2 318
Copper	**559**	610
Cobalt	**26**	59
Chrome	**182**	425
	3 088	3 412
Commodity price adjustments	**151**	—
Revenue from services		
Toll refining	**191**	504
	69 851	48 629

Note 5 contains additional disclosure of revenue per operating segment.

11.1 Significant estimates and judgements

Toll refining income

IRS's refining fee revenue meets the criteria for recognition of revenue over time, as IRS provides a service which creates or enhances an asset under customer control. The declaration period stipulated in the toll refining contracts is indicative of the time it takes to complete the refining service and is considered to be the most appropriate estimate of the progress towards satisfying the performance obligation. Refining revenue is recognised on a straight-line basis over the contractual declaration time frame.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
continued
for the year ended 30 June 2020

12. COST OF SALES

	2020 Rm (Reviewed)	2019 Rm (Audited)
Production costs		
On-mine operations	**18 581**	17 686
Processing operations	**6 096**	5 410
Refining and selling	**1 720**	1 621
Depreciation of operating assets	**4 521**	3 488
Other costs		
Metals purchased	**18 465**	11 746
Corporate costs	**1 139**	981
Royalty expense	**1 367**	646
Change in metal inventories	**(7 108)**	(182)
Covid-19 abnormal production costs	**1 278**	—
Chrome operation – cost of sales	**84**	144
Other	**437**	251
	46 580	41 791

12.1 Significant estimates and judgements

Cost of sales

Due to the impact of Covid-19, R1 278 million of abnormal and unproductive production-related costs, which would otherwise form part of the calculation of average cost of production for valuing inventory (note 9) were incurred. These costs were excluded from normal production related costs and presented separately in cost of sales. The amount of abnormal production costs separately disclosed was calculated by taking into account the actual shifts worked in relation to target production shifts scheduled for normal budgeted production.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
continued
for the year ended 30 June 2020

13. OTHER INCOME

	2020 Rm (Reviewed)	2019 Rm (Audited)
Insurance proceeds – business interruption (number 5 furnace fire)	**353**	236
Zimplats export incentives received	**—**	516
Fair value gains on foreign exchange rate collars	**—**	230
Customs duty penalty refund	**—**	136
A1 legal action – recovery	**—**	76
Insurance proceeds – asset damage (number 5 furnace fire)	**—**	64
Profit on disposal of property, plant and equipment	**43**	60
Profit on sale and leaseback of houses	**30**	30
Dividend received – Rand Mutual Assurance (RMA)	**8**	34
Bargain purchase on acquisition of North American Palladium	**11**	—
Other	**26**	42
	471	1 424

14. OTHER EXPENSES

	2020 Rm (Reviewed)	2019 Rm (Audited)
Invitation premium paid on US$ bond conversion	**509**	—
Restructuring costs	**105**	—
Derivative financial instruments – fair value movements		
– Conversion option – US$ convertible bond	**203**	1 560
– Cross-currency interest rate swap	**74**	72
– Foreign exchange rate collars	**441**	—
Acquisition-related costs – North American Palladium	**147**	—
Non-production-related corporate costs	**192**	82
Loss on reclassification of Waterberg investment	**113**	—
Auditor remuneration	**20**	19
Exploration expenditure	**92**	—
Other	**67**	66
	1 963	1 799
Auditor remuneration comprises:	**20**	19
Other services	**—**	3
Audit services including interim review	**20**	16

15. CASH GENERATED FROM OPERATIONS

	2020 Rm (Reviewed)	2019 Rm (Audited)
Profit before tax	23 030	3 299
Adjustments for:		
Depreciation	4 521	3 488
Finance income	(538)	(368)
Finance cost	1 155	1 136
Share of profit of equity-accounted entities	(1 082)	(398)
Foreign currency adjustments	(1 225)	336
Impairments	—	2 432
Fair value adjustments on derivative financial instruments	508	1 402
Invitation premium paid on US$ bond conversion	509	—
Other	566	118
	27 444	11 445
Cash movements from changes in working capital:		
(Increase)/decrease in trade and other receivables	(261)	239
Increase in inventories	(7 375)	(152)
(Decrease)/increase in trade and other payables	(48)	312
Cash generated from operations	19 760	11 844

The cash and cash equivalents exposures of R13.3 billion, by country, are largely comprised of the South African rand, but also includes R1 214 million (2019: R39 million) in Zimbabwe, denominated in United States dollars, and R1 281 million (2019: Rnil) in Canada, denominated in Canadian dollars.

Restricted cash
Included in total cash and cash equivalents is restricted cash of R1 229 million, which mainly consists of R289 million (FY2019: R4 million) cash invested in the Impala Pollution Control, Rehabilitation and Closure Trust Fund, and R899 million (FY2019: Rnil) collateral for the Marula BEE loan.

Collateral of Marula BEE loan
Implats has entered into a pledge and cession in security arrangement to deliver on the guarantee of the Marula BEE partners' loan (note 10). This arrangement aims to facilitate the timeous settlement of Implats' obligations to Standard Bank.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
continued
for the year ended 30 June 2020

16. HEADLINE EARNINGS

	2020 Rm (Reviewed)	2019 Rm (Audited)
Profit attributable to owners of the Company	**16 055**	1 471
Remeasurement adjustments:		
Profit on disposal of property, plant and equipment	**(43)**	(60)
Bargain purchase on acquisition of North American Palladium	**(11)**	—
Impairments	**—**	2 432
Loss on reclassification of Waterberg investment	**113**	—
Insurance compensation relating to scrapping of property, plant and equipment	**—**	(64)
Total non-controlling interest effects of adjustments	**—**	(582)
Total tax effects of adjustments	**12**	(159)
Headline earnings	**16 126**	3 038
Adjusted for:		
Interest on dilutive ZAR convertible bonds (after tax at 28%)	**257**	245
Headline earnings used in the calculation of diluted earnings per share	**16 383**	3 283
Weighted average number of ordinary shares in issue for basic earnings per share (millions)	**777.20**	718.55
Adjusted for:		
Dilutive potential ordinary shares relating to Long-term Incentive Plan	**11.55**	6.15
Dilutive potential ordinary shares relating to ZAR convertible bonds	**64.99**	—
Weighted average number of ordinary shares for diluted earnings per share (millions)	**853.74**	789.69
Headline earnings per share (cents)		
Basic	**2 075**	423
Diluted	**1 919**	416

17. CONTINGENT LIABILITIES, GUARANTEES AND UNCERTAIN TAX MATTERS

Contingent liabilities and guarantees

As at the end of June 2020 the Group had contingent liabilities in respect of guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

The Group has issued guarantees of R4 633 million (2019: R1 587 million). Guarantees of R2 177 million (2019: R1 877 million) have been issued by third parties and financial institutions on behalf of the Group consisting mainly of guarantees to the Department of Mineral Resources and Energy for R1 754 million (2019: R 1 755 million).

Uncertain tax matters

Implats is subject to income taxes under the various income tax regimes in the countries in which it operates. The Group has filed, and continues to file, all the required income tax returns and to pay the taxes, as reasonably determined, to be due. In some jurisdictions tax authorities are yet to complete all their annual assessments and the income tax assessments, where completed by the tax authorities, remain subject to further examination within prescribed periods. Significant judgement is required in determining the Group's provisions for income taxes due to the complexity of legislation, which is often subject to interpretation. As a result, disputes can arise with the tax authorities over the interpretation or application of certain rules in respect of the Group's tax affairs within the country involved and the outcome of these claims and disputes cannot be predicted with certainty. On tax matters which are particularly complex or require judgement in applying, management has obtained and will continue to obtain, independent legal and/or tax practitioner opinions which inform and support the tax positions adopted.

Implats' companies are involved in tax queries, litigation and disputes with various tax authorities in the normal course of business. A detailed review is performed regularly on each matter and a provision is recognised, where appropriate. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially reported, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Regardless of whether potential economic outflows of matters have been assessed as probable or possible, individually significant matters are included below.

South Africa

At 30 June 2020, the Group has certain unresolved historical tax matters relating mainly to bad debt deductions/provisions at its South African operations. In certain instances, the South African Revenue Service has issued additional assessments or queries relating to these matters and the Group has lodged objections to these assessments. The Group has tax practitioner and legal counsel opinions to support its objections. Should the Group be successful in its objection, it could result in a tax credit of up to R619 million (including interest).

17. CONTINGENT LIABILITIES, GUARANTEES AND UNCERTAIN TAX MATTERS continued

Uncertain tax matters continued

Zimbabwe

The fiscal legislation in Zimbabwe is volatile, highly complex and subject to interpretation. From time to time, Zimplats is subject to a review of its historic income tax returns and in connection with such reviews, disputes can arise with the Zimbabwe Revenue Authority (ZIMRA) over the interpretation and/or application of certain legislation. Judgement is required in determining the provision for income taxes resulting from differences in the interpretation of fiscal legislation which may require determination through the courts.

Legal matters

Zimplats filed legal proceedings in the Special Court for Income Tax Appeals and the Supreme Court of Zimbabwe in relation to various historical income tax matters and these cases are pending in the courts. The Company has on a without-prejudice basis settled the disputed liabilities involved in these cases and therefore, no further liabilities will arise in respect of these disputed tax matters.

Foreign currency taxes

In accordance with the legislation governing the payment of taxes, Zimplats' operating subsidiary, Zimbabwe Platinum Mines (Private) Limited, is required to pay taxes in accordance with the laws of Zimbabwe, specifically the Income Tax Act, as read with the Finance Act (Chapter 23:04).

Through a Public Notice 26 of 2019 published on 19 June 2019, the tax authorities introduced a computation formula which would consequently require an apportionment of such income tax payment between ZW$ and US$. The Company has been lawfully computing and effecting payment of income taxes in local currency in settlement of tax liabilities. Expert view on this matter is that settlement of these taxes in this manner by the Company, is in full discharge of its obligations. It is however recognised that the tax authorities may hold a different interpretation of the fiscal legislation as read with the public notices available to guide tax payers.

The difference in interpretation may result in uncertainty associated with the payment of taxes in foreign currency, with the resultant effect that, it is possible that at a future date, on conclusion of the matter, the final outcome may vary significantly and may impact financial results in the year in which such a determination is made. In the absence of a legal basis upon which to base the potential determination, Zimplats is unable to quantify, at this stage, what the potential impact of the above could be.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
continued
for the year ended 30 June 2020

18. RELATED PARTY TRANSACTIONS

	2020 Rm (Reviewed)	2019 Rm (Audited)
Associates		
Two Rivers		
Transactions with related party		
Purchases of metal concentrates	**6 229**	5 142
Year-end balances arising from transactions with related party:		
Payables to associate	**1 783**	1 361
Makgomo Chrome		
Transactions with related party		
Tailings fee expense	**11**	7
Sale of metal concentrates	**11**	7
Friedshelf		
Transactions with related party		
Interest accrued	**117**	122
Repayments	**173**	160
Year-end balances arising from transactions with related party:		
Borrowings – finance leases	**1 097**	1 154
The finance leases have an effective interest rate of 10.2%.		
Joint venture		
Mimosa		
Transactions with related party		
Refining fees	**187**	317
Interest received	**13**	17
Purchases of metal concentrates	**4 737**	4 876
Year-end balances arising from transactions with related party:		
Advance to joint venture[1]	**845**	1 004
Payables to joint venture	**992**	1 166

[1] *Advances have been offset against the metal-purchase trade creditor.*

The Group's transactions with related parties are entered into on an arm's length basis at prevailing market rates.

Key management compensation is disclosed on page 89.

19. FINANCIAL INSTRUMENTS

Background and basis of preparation

The impact of Covid-19 should already be priced into the inputs, which for the Group, mostly relates to securities price risk and commodity price risk used in the level 1 and 2 fair valuation techniques as determined by the market. The level 3 valuation techniques were adjusted internally by amending the cash flows associated with the discounted cash flow valuations. The outcome of these considerations and the resulting adjustments are reflected in the respective carrying amounts of the financial assets and financial liabilities measured at fair value.

The Covid-19 impacts on the credit risk assessment of cash and cash equivalents and trade and other receivables did not result in any material impairments and, to date, there was no material increase in either liquidity risk and own credit risk.

	2020 Rm (Reviewed)	2019 Rm (Audited)
Financial assets – carrying amount		
Financial assets at amortised cost	16 583	11 170
Other financial assets	86	167
Trade receivables	2 774	1 403
Advances[1]	—	974
Other receivables	538	197
Employee receivables	143	187
Cash and cash equivalents	13 042	8 242
Financial assets at fair value through profit or loss[2,3]	697	381
Derivative financial instruments	—	381
Trade receivables	408	—
Cash and cash equivalents	289	—
Financial assets at fair value through other comprehensive income[4]	394	265
Total financial assets	17 674	11 816
Financial liabilities – carrying amount		
Financial liabilities at amortised cost	12 399	11 913
Borrowings	8 858	8 562
Other financial liability	51	47
Trade payables	3 264	3 296
Other payables	100	8
Bank overdraft	126	—
Financial instruments at fair value through profit or loss[3]	3 871	5 115
Trade payables – metal purchases	3 871	3 504
Advances[1]	(845)	—
Trade payables at fair value through profit or loss	4 716	3 504
Other financial liabilities	—	1 611
Total financial liabilities	16 270	17 028

1 Advances have been offset against the metal-purchase trade creditor.
2 Financial assets at fair value through profit or loss are part of other financial assets and trade and other receivables in the statement of financial position.
3 Level 2 of the fair value hierarchy – Valuation techniques for which significant inputs are based on observable market data.
4 Level 1 of the fair value hierarchy – Quoted prices in active markets for the same instrument.

The carrying amounts of financial assets and liabilities approximate their fair values except for the ZAR convertible bond (carrying amount R2 914 million), carried at amortised cost, which has a fair value of approximately R3 077 million. The fair value is categorised within level 3 of the fair value hierarchy. A discounted cash-flow valuation technique was used applying a 9.57% discount rate on the ZAR convertible bond.

19. FINANCIAL INSTRUMENTS continued

Significant estimates and judgements

19.1 Offsetting of advances against trade payables

Certain customers are granted advances based on a contractually agreed percentage of the fair value of their in-process metal purchases. The weighted average effective interest rate on advances was 1.5% (2019: 2.5%). The associated purchase liability serves as collateral for the advance.

Management has the legal right to offset the advance against the metal-purchase creditor and has the intention to settle the creditor on a net basis. Consequently, the advance has been offset against the creditor.

19.2 Fair value hedge accounting

The Group has a hedging strategy and accounting policy to manage the fair value risk (commodity price and foreign currency exchange risk) to which purchased metal (note 8), the hedged instrument, is exposed. The financial instrument used to hedge this risk is trade payables, related to metal purchases included in trade payables, measured at fair value through profit or loss. The fair value movements on this financial liability have been designated to hedge the price and foreign currency exchange risk on purchased metal inventory.

To the extent that the hedging relationship is effective, that is, to the extent that an economic relationship exists between the hedged item and hedging instrument, the fair value gains and losses on both the hedged item and hedging instrument are offset against each other. Where the hedge is ineffective the gains and losses on trade payables and purchased metal inventory are recognised in profit or loss in other income and other expenses respectively.

The effects of the fair value hedge are as follows:

	2020 Rm (Reviewed)	2019 Rm (Audited)[2]
Hedging instrument: Trade payables at fair value through profit or loss – metal purchases		
Carrying amount	**4 716**	3 504
Fair value loss used to determine hedge effectiveness	**1 362**	336
Hedged item: Metal purchases inventory		
Metal purchases exposed to fair value movement	**4 716**	3 504
Change in fair value of hedging instrument used to determine hedge effectiveness	**(1 362)**	(336)
Accumulated fair value hedge loss included in metal purchases in respect of closing inventory[1]	**372**	37

[1] *Relates to metal purchases that were still in the refining process at year-end.*
[2] *Prior year amounts have been restated due to the incorrect inclusion of intragroup amounts that have now correctly been excluded. This has no impact on net profit.*

Due to the high correlation between the fair value movements in trade payables and inventory, there has been no hedge ineffectiveness, nor identified sources thereof, in the hedging relationship during the current period.

20. BUSINESS COMBINATION

With effect from 13 December 2019, Implats acquired control of North American Palladium Limited (NAP) through the acquisition of 100% of the outstanding shares for a cash consideration of C$983 million (US$747 million or R10 859 million). The acquisition of NAP, now Impala Canada, will improve the Group's competitive industry position, result in sustained profitability, strengthen financial returns and balances its commodity mix.

As part of the closing process, NAP amalgamated with Implats' wholly owned Canadian subsidiary, 11638050 Canada Inc. and NAP's wholly owned subsidiary Lac des Iles Mines Limited to form Impala Canada Limited (Impala Canada). Impala Canada is now a wholly owned subsidiary of Implats.

Impala Canada is a Canadian-based primary platinum group metals (PGM) producer previously listed on the TSX and the US OTC market. Impala Canada wholly owns and operates the Lac des Iles Mine northwest of Thunder Bay, Ontario, Canada and has an ownership in two Canadian exploration properties, the Sunday Lake Project and Shebandowan Joint Venture.

The Lac des Iles Mine has been in operation since 1993 and is an established PGM producer located in a stable and attractive mining jurisdiction. The operation comprises an underground mine, surface mining activities, and a 13 500 tonnes per day (c.400 000 tonnes per month) concentrator plant. It benefits from year-round road access and low-cost green power from the provincial grid.

The following table summarises the provisionally recognised fair value of assets acquired and liabilities assumed at the acquisition date:

	Rm (Reviewed)
Assets	
Property, plant and equipment	11 067
Inventories	480
Trade and other receivables[1]	982
Cash and cash equivalents	1 428
	13 957
Less: **Liabilities**	
Rehabilitation provision	289
Deferred tax liabilities	2 092
Borrowings	76
Trade and other payables	583
Income tax payable	47
	3 087
Total fair value of identifiable assets and liabilities assumed	10 870
Bargain purchase on acquisition of NAP[2]	(11)
Total consideration	10 859
Comprising the following:	
Cash	5 857
Borrowings (note 9)	5 002
	10 859
Net cash flow on acquisition of NAP business	
Cash consideration	10 859
Less: Cash and cash equivalent balances acquired	(1 428)
	9 431

[1] *The fair value of trade receivables (R921 million) and other receivables (R61 million) represent the gross contractual amounts receivable all of which were subsequently collected.*

[2] *Included in "other" of other income.*

Acquisition-related costs of R147 million comprising advisory and legal were incurred by Implats. These costs are included in other expenses.

20. BUSINESS COMBINATION continued

	Rm (Reviewed)
Revenue and profit of Impala Canada since the acquisition date included in the consolidated statement of comprehensive income for the reporting period:	
Revenue	3 254
Profit for the year	174
NAP contribution had it been consolidated from 1 July 2019:	
Revenue	6 363
Profit for the year	882

Significant estimates and judgements

Mineral reserve valuation

Mineral reserve estimation has been valued through the discounted cash flow methodology after adjusting for fair value adjustments on contributing assets.

The key financial assumptions for the discounted cash flow value are:
- Long-term real price per palladium ounce sold of R21 200
- Long-term real discount rate – a range of 8.5% to 10%.

Accounting policy

Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the acquisition date. The excess of the aggregate of the cost of the acquisition, the non-controlling interest and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed is recognised as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised directly in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at the non-controlling interest's proportionate share of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. Any difference between the fair value of the consideration paid or received and the carrying amount of the non-controlling interest, is recognised directly in equity and attributed to the owners of the Company.

The profit or loss realised when control is lost by the Group as a result of the disposal of an entity is calculated after taking into account any related goodwill.

21. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Dividends

The board declared a final cash dividend on 3 September 2020 in respect of the financial year ended 30 June 2020. The final dividend has been declared in terms of the newly approved dividend policy to declare 30% of free cash flow pre-growth capital, subject to the board's discretion.

The dividend of 400 cents per ordinary share or R3 113 million in aggregate is to be paid out of retained earnings, but not recognised as a liability at year-end. The dividend will have no tax consequence for the Group, but will be subject to 20% withholding tax for shareholders who are not exempt from or do not qualify for a reduced rate of withholding tax.

The dividend is payable on Monday, 28 September 2020 to shareholders recorded in the register at the close of business, 25 September 2020.

	2020 Rm (Reviewed)	2019 Rm (Audited)
Dividends paid:		
Interim dividend No 92 for 2020 of 125 cents per ordinary share	973	—

BEE loan refinancing

The debt due to Standard Bank in respect of the original Marula BEE transaction was expected to be repaid in June 2020. However, in April this year, the Group requested an extension to the maturity date to 30 September 2020 to provide the Group with additional liquidity in light of the uncertainty around the impact of Covid-19 on the Group's operations but also to allow management time to finalise the refinancing of the original BEE deal. Prior to year-end, the Group had pledged the required funds in settlement of this debt to Standard Bank and consequently, approximately R899 million was reflected as restricted cash at year-end.

In addition, the Group is in the process of concluding a refinancing of the loan with the empowerment partners, which will also include the establishment of an employee share ownership trust. This will be completed prior to the amended repayment date. The transaction, which is a non-adjusting event at 30 June 2020, will be accounted for as a share-based payment transaction and the BEE cost will be determined and expensed at the effective date of the transaction. The non-controlling interest will be recognised when the loan is substantially repaid, at which point the BEE partners' rights to the shares in Marula become unconditional.

Cancellation of treasury shares

Implats has 16 233 994 treasury shares which are held by its subsidiary, Gazelle Platinum Limited. On 26 August 2020, the board adopted a resolution to repurchase the shares from Gazelle and following the repurchase, delist and cancel these shares. The transaction is subject to shareholder approval at the AGM to be held on 14 October 2020. This will be a non-cash transaction and will not have any impact on the Group condensed consolidated financial statements as these shares are reflected as treasury shares in the consolidated annual financial statements of the Company. The new issued capital of the Company will reduce to 782 800 153 following the implementation of the share repurchase agreement.

The directors are not aware of any other subsequent events which materially impact the condensed consolidated financial statements.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the sixty-fourth annual general meeting of shareholders of the Company will be held through electronic participation only, on Monday, 26 October 2020 at 11:00.

SALIENT DATES OF THE ANNUAL GENERAL MEETING (AGM)

	2020
Record date to receive the Notice of AGM	Friday, 11 September
Notice of AGM posted to shareholders on	Friday, 25 September
Announcement relating to the notice of AGM released on SENS on	Friday, 25 September
Last date to trade to be eligible to electronically participate in and vote at the AGM	Tuesday, 13 October
Record date to be eligible to electronically participate in and vote at the AGM	Friday, 16 October
Last day to lodge forms of proxy for the AGM with the transfer secretaries, for administration purposes by 11:00 on	Friday, 23 October
AGM to be conducted entirely by electronic communication at 11:00 on	Monday, 26 October
Results of AGM to be released on SENS on or about	Monday, 26 October

IMPACT OF COVID-19 ON THE AGM

As a consequence of the impact of the Covid-19 pandemic, limitations are placed on public gatherings under the Disaster Management Act, 57 of 2002. Implats is in full support of government measures to curb the spread of the virus, as such, the AGM will be conducted entirely by way of electronic participation, in accordance with the provisions of section 63(2) of the Companies Act 2008 as amended (the Companies Act), the JSE Limited (JSE) Listings Requirements and the Company's memorandum of incorporation.

ARRANGEMENTS FOR PARTICIPATION

1. The transfer secretaries, Computershare Investor Services Proprietary Limited has been retained to assist the Company to host the AGM on an interactive platform, in order to facilitate electronic participation and voting by shareholders. Any shareholder (or a representative or proxy for a shareholder) who wishes to participate in and/or vote at the AGM by way of electronic participation, must either:
   - Register online using the online registration portal at www.smartagm.co.za, prior to the commencement of the AGM
   - Contact Computershare by sending an email to proxy@computershare.co.za by 11:00 on Tuesday, 20 October 2020 in order for the transfer secretaries to arrange such participation for the shareholder and for the transfer secretaries to provide the shareholder with the details as to how to access the AGM by means of electronic participation. Shareholders may still register apply to participate in and/or vote electronically at the AGM after this date, provided, however, that those shareholders are verified (as required in terms of section 63(1) of the Companies Act) and are registered at the commencement of the AGM. All shareholders are entitled to attend and participate via the use of the electronic platform.

   In terms of section 63(1) of the Companies Act, any person participating in the AGM must present reasonably satisfactory identification and the person presiding at the AGM must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a representative or proxy for a shareholder) has been reasonably verified. Shareholders of the Company who wish to participate in the AGM electronically should provide such identification when making application to so participate

2. The cost of electronic participation in the AGM is for the expense of the participant and will be billed separately by the participant's own service provider.

3. The participant acknowledges that the electronic communication services are provided by third parties and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the participant via the electronic services to the AGM.

   The Company cannot guarantee there will not be a break in electronic communication that is beyond the control of the Company.

BUSINESS OF THE MEETING

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

To present the annual financial statements of the Company and the Group for the year ended 30 June 2020 including the directors report, the audit committee report and the external auditors report.

The condensed consolidated financial statements distributed with this notice were published on 3 September 2020. These were reviewed but not audited by the independent auditor, Deloitte & Touche. The audited annual financial statements contain no modifications to the reviewed condensed consolidated financial statements. The annual financial statements were audited by Deloitte & Touche and their unmodified audit report is available on the Company's website.

The annual financial statements are available on the Company's website, www.implats.co.za, or a printed copy can be obtained from the transfer secretaries.

SOCIAL, TRANSFORMATION AND REMUNERATION COMMITTEE REPORT

To present the report of the social, transformation and remuneration committee to the shareholders as required by the Companies Act. The report appears on pages 12 and 13 of this book.

ORDINARY RESOLUTIONS

1. ORDINARY RESOLUTION NUMBER 1: APPOINTMENT OF EXTERNAL AUDITORS

Resolved that Deloitte be and are hereby appointed as independent auditor of the Company from the conclusion of this annual general meeting until the conclusion of the next annual general meeting of the Company.

2. ORDINARY RESOLUTION NUMBER 2: RE-ELECTION OF DIRECTORS

Resolved that each of the following persons, who retire from office at this AGM and who offer themselves for re-election, be and are hereby re-elected as a director of the Company:

2.1 Ms Dawn Earp
2.2 Dr Sydney Mufamadi
2.3 Ms Babalwa Ngonyama
2.4 Adv Thandi Orleyn
2.5 Mr Preston Speckmann
2.6 Mr Bernard Swanepoel

Brief biographies of these directors appear on pages 7 and 8 of this book.

Each of the appointments numbered 2.1 to 2.6 constitute separate ordinary resolutions and will be considered by separate votes.

The board of directors (the board), assisted by the nomination, governance and ethics committee, and the Company Secretary, evaluated the performance of the directors retiring by normal rotation and the board unanimously recommends their re-election. Adv Thandi Orleyn was appointed as a director since the last AGM and must retire and offer herself for election by shareholders.

3. ORDINARY RESOLUTION NUMBER 3: APPOINTMENT OF MEMBERS OF AUDIT COMMITTEE

Resolved that each of the following independent non-executive directors, who are eligible and offer themselves for re-election, be and are hereby re-elected as members of the Implats audit committee:

3.1 Ms Dawn Earp
3.2 Mr Peter Davey
3.3 Mr Preston Speckmann

Brief biographies of these independent directors appear on page 7 of this book. Each of the appointments numbered 3.1 to 3.3 constitute separate ordinary resolutions and will be considered by separate votes.

4. ORDINARY RESOLUTION NUMBER 4: ENDORSEMENT OF THE COMPANY'S REMUNERATION POLICY

Resolved that the Company's remuneration policy for the 2020 financial year, appearing on pages 14 to 53 of this book, be and is hereby endorsed by a non-binding advisory vote.

5. ORDINARY RESOLUTION NUMBER 5: ENDORSEMENT OF THE COMPANY'S REMUNERATION IMPLEMENTATION REPORT

Resolved that the Company's remuneration implementation report for the 2020 financial year, appearing on page 35; of this book, be and is hereby endorsed by a non-binding advisory vote.

6. ORDINARY RESOLUTION NUMBER 6: GENERAL ISSUE OF SHARES FOR CASH

Resolved that the Company and/or a subsidiary of the Company be and is hereby authorised by way of a general authority, to allot and issue ordinary shares in the share capital of the Company for cash, as the case may be, on such terms and conditions and in such amounts as the directors of the Company may decide, but subject always to the provisions of the Companies Act, JSE Listings Requirements and the following limitations:

- This authority shall be valid until the Company's next annual general meeting provided that it shall not extend beyond 15 months from the date of this annual general meeting
- The shares must be issued to public shareholders, as defined in the JSE Listings Requirements, and not to related parties
- The shares which are the subject of the general issue for cash:
  - must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
  - may not in the aggregate in any one financial year exceed 38 909 334 shares, being 5% of the number of listed shares in the Company, excluding treasury shares, as at the date of this notice of annual general meeting;
  - any shares issued under this general authority must be deducted from the number of shares set out above;
- In the event of a sub-division or consolidation of issued shares during the period of this general authority, the existing general authority must be adjusted accordingly to represent the same allocation ratio
- In determining the price at which shares may be issued in terms of this general authority, the maximum discount at which shares may be issued is 10% of the weighted average traded price of the shares measured over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the shares. The JSE should be consulted for a ruling if the Company's shares have not traded in such thirty business day period
- After the Company has issued shares in terms of this general authority representing, on a cumulative basis, 5% or more of the number of shares in issue prior to the issue, the Company shall publish an announcement containing full details of the issue.

In terms of the JSE Listings Requirements the minimum percentage of voting rights that is required for this resolution to be adopted is 75% of the voting rights to be cast in favour of the resolution.

SPECIAL BUSINESS OF THE ANNUAL GENERAL MEETING

To consider, and if deemed fit, pass the following special resolution with or without modification (in order to be adopted these special resolutions requires the support of a majority of at least 75% of votes cast by shareholders present or represented by proxy at the AGM):

SPECIAL RESOLUTIONS

7. SPECIAL RESOLUTION NUMBER 1: APPROVAL OF INCREASE TO DIRECTORS' REMUNERATION

Resolved that in terms of section 66(9) of the Companies Act, the Company may pay remuneration to its directors for their services.

Implats board fees:	Effective 1 July 2020 R	Total increase %	Effective 1 July 2019 R
Chairman of the board	2 800 000	30%	2 150 000
Lead independent director	1 800 000	29%	1 400 000
Non-executive director	600 000	36%	442 000
Audit committee chairperson	460 000	4%	442 000
Audit committee member	218 000	4%	209 000
STR committee chairperson	363 000	4%	349 000
STR committee member	180 000	15%	157 000
Nominations, governance and ethics committee member	180 000	15%	157 000
HSER committee chairperson	363 000	4%	349 000
HSER committee member	180 000	15%	157 000
CAI committee chairperson	363 000	4%	349 000
CAI committee member	180 000	15%	157 000
Ad hoc fees per additional board or committee meeting	20 800	10%	18 876
Chairman of meeting will be paid twice the *ad hoc* fee			
Average annual NED fee:			
Fee as board member	600 000		442 000
Fee as committee chair	363 000		349 000
Fee as committee member	180 000		157 000
	1 143 000		948 000

Each of the special resolutions numbered 1.1 to 1.14 constitute separate special resolutions and will be considered by separate votes.

8. SPECIAL RESOLUTION NUMBER 2: FINANCIAL ASSISTANCE

Resolved that the directors be and are hereby authorised in terms of, and subject to, the provisions of sections 44 and/or 45 of the Companies Act to cause the Company to provide any direct and/or indirect financial assistance (which authority will expire after a period of two years commencing on the date of this special resolution) to:

- Any of its present or future subsidiaries and/or any other company or corporation which is or becomes related or inter-related to the Company for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or inter-related company or for the purchase of any securities of the Company or related or inter-related company
- Any of its present or future directors or prescribed officers (or any person related to any of them or to any company or corporation related or inter-related to any of them), or to any other person who is a participant in any of the Company's or Group's share or other employee incentive schemes (including without limitation the Long-Term Incentive Plan 2018), for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Companies Act
- Provided that the board is satisfied that immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test, that the terms under which the financial assistance is proposed to be given, are fair and reasonable to the Company and that the conditions or restrictions in respect of the granting of the financial assistance which may be set out in the Company's memorandum of incorporation have been satisfied.

The reason for and effect of this special resolution number 3 is to authorise the board to cause the Company to provide financial assistance to any entity which is related or inter-related to the Company and to its present or future directors or prescribed officers (or any person related to any of them or to any company or corporation related or inter-related to any of them), or to any other person who is a participant in any of the Company's or Group's share or other employee incentive schemes, for the purposes of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or related or inter-related company, or for the purchase of any securities of the Company or related or inter-related company.

9. SPECIAL RESOLUTION NUMBER 3: REPURCHASE OF COMPANY'S SHARES BY COMPANY OR SUBSIDIARY

Resolved that the Company and/or a subsidiary of the Company be and is hereby authorised to repurchase or purchase, as the case may be, ordinary shares issued by the Company on such terms and conditions and in such amounts as the directors of the Company may decide, but subject always to the provisions of section 48 of the Companies Act, the JSE Listings Requirements and the following limitations:

- That this authority shall be valid until the Company's next annual general meeting provided that it shall not extend beyond 15 months from the date of the AGM
- That any such repurchase be effected through the order book operated by the JSE trading system and done without any prior understanding or agreement between the Company and the counterparty
- That authorisation thereto is given by the Company's memorandum of incorporation
- That a paid announcement giving such details as may be required in terms of the JSE Listings Requirements be published when the Company or its subsidiaries have repurchased in aggregate three percent (3%) of the initial number of shares in issue, as at the time that the general authority was granted, and for each three percent (3%) in aggregate of the initial number of shares which are acquired thereafter
- That a general repurchase may not in the aggregate in any one financial year exceed five percent (5%) of the number of shares in the Company's issued share capital at the time this authority is given, provided that a subsidiary of the Company may not hold at any one time more than five percent (5%) of the number of issued shares of the Company
- That no repurchase will be effected during a prohibited period (as defined by the JSE Listings Requirements) unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are fixed (not subject to variation) and full details of the programme

have been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company will instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE
- That at any one point in time, the Company may appoint only one agent to effect repurchases on the Company's behalf
- That, in determining the price at which shares may be repurchased in terms of this authority, the maximum premium permitted is ten percent (10%) above the weighted average traded price of the shares as determined over the five business days immediately preceding the date of repurchase (the maximum price)
- Prior to entering the market to proceed with the repurchase, the board, by resolution authorising the repurchase, has applied the solvency and liquidity test as set out in section 4 of the Companies Act and reasonably concluded that the Company will satisfy the solvency and liquidity test immediately after completing the proposed repurchase, and that since the test was performed there have been no material changes to the financial position of the Group.

The board as at the date of this notice has stated its intention to examine methods of returning capital to shareholders in terms of the general authority granted at the last annual general meeting. The board believes it to be in the best interests of Implats that shareholders pass a special resolution granting the Company and/or its subsidiaries a further general authority to repurchase Implats shares. Such general authority will provide Implats and its subsidiaries with the flexibility, subject to the requirements of the Companies Act and the JSE Listings Requirements, to repurchase shares should it be in the interest of Implats and/or its subsidiaries at any time while the general authority subsists.

After considering the effect of such maximum repurchase:
- The Company and the Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of the notice of AGM
- The assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the notice of AGM. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited Group annual financial statements
- The share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of AGM
- The working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of AGM
- A resolution being passed by the board that it has authorised the repurchase, that the Company and the Group have passed the solvency and liquidity test and that since the test was performed there have been no material changes to the financial position of the Company and the Group.

The reason for and the effect of this special resolution number 3 is to grant the Company's directors a general authority, up to and including the date of the following annual general meeting of the Company, to approve the Company's repurchase of shares in itself, or to permit a subsidiary of the Company to purchase shares in the Company.

For purposes of considering the special resolution and in compliance with paragraph 11.26 of the JSE Listings Requirements, the information listed below has been disclosed in the indicated pages of the accompanying notice to shareholders:
- Major shareholders – refer page 58
- Share capital of the Company – refer page 57
- The directors, whose names are set out on pages 7 and 8 collectively and individually accept full responsibility for the accuracy of the information contained in this special resolution and certify that to the best of their knowledge and belief there are no other facts, the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries in this regard
- Material change – at the date of completing this notice, there have been no material changes in the financial or trading position of the Company and its subsidiaries that have occurred since 30 June 2020.

10. SPECIAL RESOLUTION NUMBER 4: AUTHORITY TO EFFECT AMENDMENTS TO THE MEMORANDUM OF INCORPORATION

Resolved that the Company be and is hereby authorised in terms of the Companies Act and Schedule 10 of the JSE Listings Requirements to effect the following amendments to the memorandum of incorporation of the Company by replacing paragraphs 1.(2)(k), 6, 7.(4)(a), 8.(7), 18.(1), 18.(2), 18.(4), 20.(1)(b) and 25.(4) with the below:

1.(2)(k) **JSE Requirements** – means all rules, market notices, regulations, requirements and rulings of the JSE, including, without limitation, the Listings Requirements, provided that any requirement in relation to such "JSE Requirements" shall only apply for as long as the Securities of the Company are listed on the relevant securities exchange;

6. **The making of rules**

The Board does not have the authority to make, amend or repeal Rules as contemplated in section 15(3).

7.(4)(a) There are no preferences or limitations associated with the Shares and the following rights attach to the Shares:

the right to attend, participate in, speak at and vote on any matter to be considered at any Shareholders Meeting or by way of written resolution in terms of section 60 (subject to the JSE Requirements);

8.(7) Unissued Shares shall be offered to existing Holders pro-rata to their holdings of Shares, unless Shares are to be issued for an acquisition of assets. However, Shareholders in a Shareholders Meeting may authorise the Directors to issue unissued Shares and/or grant options to subscribe for unissued Shares as the Directors in their discretion think fit, provided that such transaction(s) has/have been approved by the JSE and are subject to the JSE Requirements.

18.(1) The Company shall, as determined by the Board, or in accordance with the provisions of the Companies Act, hold a Shareholders' Meeting at any time in order to consider one or more resolutions. In addition, and similarly, a resolution may be submitted to be voted on other than at a Shareholders' Meeting in terms of section 60 at any time by the Board.

18.(2) Save to the extent permissible in terms of section 60, the Company must hold a Shareholders' Meeting:

(a) at any time that the Board is required by the Companies Act or the MOI to refer a matter to Shareholders entitled to vote for decision; or
(b) whenever required in terms of section 70(3) to fill a vacancy on the Board; or
(c) when otherwise required in terms of section 61(3) or 61(7) or by this MOI.

18.(4) All Shareholders' Meetings convened in terms of the Listings Requirements must be held "in person" and may not be held by means of a written resolution as is contemplated in section 60 save that, subject to the provisions of this MOI, the following resolutions may be proposed as written resolutions in accordance with the provisions of section 60:

(a) change of name of the Company;
(b) odd-lot offers;
(c) increases in authorised share capital of the Company;
(d) approval of amendments to this MOI; and
(e) any other matter as may be permitted by the JSE to be proposed and approved by way of written resolution in accordance with section 60 in accordance with the JSE Requirements from time to time.

20.(1) A Holder shall be entitled to appoint a proxy to:

(a) participate in, and speak and vote at any Shareholders' Meeting in accordance with the Companies Act, on behalf of the Holder; or
(b) give or withhold written consent on behalf of the Shareholder to a decision contemplated in section 60.

25.(4) The Directors who are not Ex Officio Directors shall be elected at the Annual General Meetings of the Company in accordance with section 68(2) of the Companies Act provided that, to the extent limited by the JSE Requirements, a Director may not be elected in accordance with section 60(3) and life directorships and directorships for an indefinite period shall not be permissible.

The reason for and the effect of this special resolution number 4 is to update the memorandum of incorporation to effect minor wording changes to the memorandum of incorporation relating to, inter alia, the inclusion of written resolutions, the requirement to hold shareholders' meetings, representation by proxies and the election of directors.

The amendments to the memorandum of incorporation have been approved by the JSE and the memorandum of incorporation is available for inspection as the Company's registered office from the date of the notice of AGM until the date of the AGM.

11. SPECIAL RESOLUTION NUMBER 5: SPECIFIC AUTHORITY TO REPURCHASE 16 233 994 ORDINARY SHARES CURRENTLY HELD BY GAZELLE PLATINUM LIMITED (THE SPECIFIC REPURCHASE)

Resolved that the Company be and is hereby authorised by way of a specific authority in accordance with the provisions of section 48 of the Companies Act, paragraph 5.69 of the JSE Listings Requirements and its memorandum of incorporation (MOI), to repurchase 16 233 994 of its ordinary shares from Gazelle Platinum Limited (Gazelle), a subsidiary which is effectively 98.8% owned by Implats. The price at which the 16 233 994 ordinary shares are to be repurchased will be equal to the closing market price as quoted on the JSE Limited (market value) of an Implats ordinary share on the day immediately preceding the date of the specific repurchase, being Wednesday, 28 October 2020.

In order for special resolution number 5 to be passed the support of at least 75% of the voting rights exercised on the resolution by the shareholders present in person or represented by proxy at the annual general meeting, is required, excluding the votes of the subsidiaries of Implats (and their associates), including Gazelle.

Reason for and effect of special resolution number 5

The reason for and the effect of special resolution number 5 is to grant the Company authority to proceed with the specific repurchase on the basis reflected in special resolution number 5.

Full details of the specific repurchase are set out in Annexure 1 to this notice of annual general meeting.

By order of the board

TT Llale
Company secretary

Registered office
2 Fricker Road
Illovo
Johannesburg
2196

25 September 2020

Note

A shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend, speak and vote in his stead. A proxy need not be a shareholder.

A form of proxy, for use by certificated registered shareholders on the South African and United Kingdom registers and dematerialised own name registered holders, accompanies this document.

ANNEXURE 1: THE SPECIFIC REPURCHASE

In this Annexure 1, unless the contrary appears from the context, words and phrases used will have the defined meanings given thereto in the notice of annual general meeting of which this Annexure 1 forms part.

1. INTRODUCTION

1.1 Implats wishes to cancel treasury shares currently held by a group company. In order to effect this, the Company, Impala Platinum Limited (a subsidiary of Implats) and Gazelle have entered into a repurchase agreement dated 26 August 2020 in terms of which Implats will repurchase 16 233 994 of its ordinary shares currently held by Gazelle in the issued share capital of Implats (the repurchase agreement).

1.2. Gazelle is effectively held 98.8% by Implats, with the balance of 1.2% being held indirectly by the Impala Employee Share Ownership Trust, which has been established for the benefit and participation of Category C5 and lower level employees of Implats. The Specific Repurchase therefore does not involve any "related party" as defined in the JSE Listings Requirements.

1.3 Shareholders are advised that the board of directors of Implats therefore proposes the specific repurchase of 16 233 994 of its ordinary shares. The 16 233 994 ordinary shares constitute the entire holding held by Gazelle in Implats.

1.4 Shareholders are provided with the relevant information relating to the specific repurchase in this Annexure 1 in order to enable shareholders to make an informed decision as to whether or not they should vote in favour of special resolution number 6 set out in the notice of annual general meeting.

2. DETAILS OF THE SPECIFIC REPURCHASE

2.1 The price at which the 16 233 994 ordinary shares are to be repurchased will be equal to the closing market price as quoted on the JSE Limited (market value) of an Implats ordinary share on the day immediately preceding the date of the specific repurchase, being Wednesday, 28 October 2020.

2.2 The effective date of the specific repurchase will be Thursday, 29 October 2020.

2.3 The specific repurchase represents 2.03% of ordinary shares in issue as at the date of the notice of annual general meeting.

2.4 The ordinary shares to be repurchased in terms of the specific repurchase are reflected as treasury shares in the consolidated annual financial statements of Implats. Subsequent to the specific repurchase, application will be made to the JSE for the cancellation and delisting of the 16 233 994 Implats ordinary shares, which delisting and cancellation will take place on or about Tuesday, 3 November 2020.

2.5 Implats has published its results for the year ended 30 June 2020 on 3 September 2020 and will not undertake the specific repurchase during a prohibited period as defined in section 3.67 of the JSE Listings Requirements.

2.6 The subsidiaries of Implats (and their associates) including Gazelle, will be excluded from voting on special resolution number 6 required to authorise the specific repurchase.

3. RATIONALE

The Group currently reflects the 16 233 994 Implats ordinary shares held by its subsidiary, Gazelle, as treasury shares. In order to effect the cancellation of these shares from the issued share capital of the Company, Implats has entered into the specific repurchase. In addition, the specific repurchase will reduce administration and financial expenses associated with financial year-end reporting and taxation submissions. The specific repurchase will be done with no cash flow implications other than those to cover the expenses as outlined in paragraph 13 below.

4. SUSPENSIVE CONDITION

The specific repurchase is subject to shareholders of Implats passing the requisite special resolution to approve the repurchase of 16 233 994 Implats ordinary shares from Gazelle at the annual general meeting of Implats to be held on 26 October 2020.

5. SOURCE OF FUNDS

Given that the specific repurchase proceeds will be paid by the Company by means of an inter-company loan account in the Company's books of account as more fully detailed in the repurchase agreement, no external borrowings will be utilised.

The specific repurchase will be partly a return of capital by the Company and will result in a reduction of the "contributed tax capital" (as such term is defined in the Income Tax Act), up to a maximum amount of R1 590 695 462, with the remainder to be made from retained earnings.

6. IMPACT OF THE SPECIFIC REPURCHASE ON FINANCIAL INFORMATION

As the specific repurchase involves the repurchase by Implats of treasury shares, the board confirms that the implementation of the specific repurchase will have no impact on the financial information of Implats, other than reducing the number of ordinary shares in issue, increasing the inter-company loan accounts and the payment of Securities Transfer Tax on the cancellation of the 16 233 994 Implats ordinary shares.

7. SHARE CAPITAL OF IMPLATS

7.1 The authorised and issued share capital before and after the specific repurchase is as follows:

7.1.1 Before the specific repurchase:

	Rm
Authorised share capital	
944 008 000 ordinary shares of no par value	–
Issued share capital	
Stated capital – 799 034 147 ordinary shares of no par value	18.4
Total	18.4

7.1.2 After the specific repurchase:

	Rm
Authorised share capital	
944 008 000 ordinary shares of no par value	–
Issued share capital	
Stated capital – 782 800 153 ordinary shares of no par value	18.0
Total	18.0

7.2 After the specific repurchase, there will be 4 613 469 treasury shares in issue which are held in terms of the Implats LTIP 2018 Share Plan.

8. MAJOR SHAREHOLDERS OF IMPLATS

The major shareholders of Implats who, directly or indirectly, are beneficially interested in 5% or more of the issued ordinary shares of Implats are set out on page 58 of this book. The notice of AGM is also available on Implats' website, www.implats.co.za.

9. DIRECTORS' INTERESTS IN ORDINARY SHARES

9.1 The directors' interests in Implats ordinary shares are set out on page 60 of this book. The notice of AGM is also available on Implats' website, www.implats.co.za.

9.2 There have been no changes to the directors' interests between 30 June 2020, being the end of the preceding financial year and the date of this notice of AGM.

10. MATERIAL CHANGES

There have been no material changes in the financial or trading position of Implats and its subsidiaries between 30 June 2020, being the end of the preceding financial year and the date of this notice of annual general meeting.

11. WORKING CAPITAL STATEMENT

The specific repurchase is subject to the provisions of the Companies Act, the JSE Listings Requirements and the MOI, where applicable. The directors of the Company are of the opinion that, after considering the effect of the specific repurchase:

11.1 the Company and the Group will be able in the ordinary course of business to pay their debts for a period of 12 months after the date of the notice of annual general meeting;

11.2 the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the notice of annual general meeting. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements;

11.3 the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of annual general meeting;

11.4 the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of annual general meeting; and

11.5 a resolution being passed by the board that it has authorised the specific repurchase, that the Company and the Group have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Company and the Group.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of Implats, whose names are set out on page 59 of this book of which this notice of annual general meeting forms part:

12.1 collectively and individually, accept full responsibility for the accuracy of the information given;

12.2 certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading;

12.3 have made all reasonable enquiries to ascertain such facts; and

12.4 that the notice of annual general meeting contains all information required by law and the JSE Listings Requirements.

13. EXPENSES RELATING TO THE SPECIFIC REPURCHASE

The expenses relating to the specific repurchase are estimated at approximately R226 870 and comprise:

	R
JSE documentation fees	26 870
ENSafrica (legal adviser fees)	180 000
ENSafrica (tax adviser fees)	20 000
Total	226 870

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection by Implats shareholders at the registered office of Implats from 25 September 2020 up to and including the date of the annual general meeting, during normal business hours:

14.1 the notice of AGM;

14.2 the signed repurchase agreement;

14.3 historical annual financial statements of Implats for the years ended 30 June 2020, 30 June 2019 and 30 June 2018; and

14.4 the memorandum of incorporation of Implats.

FORM OF PROXY

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

FOR USE BY:
- **CERTIFICATED REGISTERED SHAREHOLDERS on the South African and United Kingdom register**
- **DEMATERIALISED "OWN NAME" REGISTERED HOLDERS**

This form of proxy is not for use by shareholders who have already dematerialised their Implats shares through a CSDP other than "own name" dematerialised shareholders.

For use at the annual general meeting of the Company to be held on Monday, 26 October 2020 at 11:00 (the annual general meeting).

I/We

of appoint (see note 3)

1 or failing him/her

2 or failing him/her

3. the chairman of the annual general meeting
as my/our proxy to act for me/us at the annual general meeting of the Company which will be held through electronic participation on Monday, 26 October 2020, and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued capital of the Company registered in my/our name/s (see note 4).

	Number of ordinary shares		
Resolutions	**For**	**Against**	**Abstain**
Ordinary resolutions			
Ordinary resolution number 1 – Appointment of external auditors			
Ordinary resolution number 2 – re-election of directors			
Dawn Earp			
Sydney Mufamadi			
Babalwa Ngonyama			
Thandi Orleyn			
Preston Speckmann			
Bernard Swanepoel			
Ordinary resolution number 3 – Appointment of audit committee members			
Dawn Earp			
Peter Davey			
Preston Speckmann			
Ordinary resolution number 4 – Endorsement of the Company's remuneration policy			
Ordinary resolution number 5 – Endorsement of the Company's remuneration implementation report			
Ordinary resolution number 6 – General issue of shares for cash			
Special resolutions			
Special resolution number 1 – Approval of non-executive director's remuneration			
1.1 Remuneration of the chairperson of the board			
1.2 Remuneration of the lead independent director			
1.3 remuneration of non-executive directors			
1.4 Remuneration of audit committee chairperson			
1.5 Remuneration of audit committee member			
1.6 Remuneration of social, transformation and remuneration committee chairperson			
1.7 Remuneration of social, transformation and remuneration committee member			
1.8 Remuneration of nominations, governance and ethics committee chairperson*			
1.9 Remuneration of nominations, governance and ethics committee member			
1.10 Remuneration of health, safety, environment and risk committee chairperson			
1.11 Remuneration of health, safety, environment and risk committee member			
1.12 Remuneration of capital allocation and investment committee chairperson			
1.13 Remuneration of capital allocation and investment committee member			
1.14 Remuneration for *ad hoc* meetings			
Special resolution number 2 – Approval of financial assistance			
Special resolution number 3 – Repurchase of company shares by company or subsidiary			
Special resolution number 4 – Authority to effect amendments to the memorandum of incorporation			
Special resolution number 5 – Specific authority to repurchase 16 233 944 ordinary shares			

Insert in the relevant space above the number of shares held.

Signed at on 2020

Signature of shareholder(s)

Assisted by (where applicable)

Each ordinary shareholder is entitled to appoint one or more proxies (who need not be a shareholder/s of the Company) to attend, speak and vote in place of that shareholder at the annual general meeting.

NOTES TO THE FORM OF PROXY

1. A shareholder on the Implats share register who has dematerialised his/her/its ordinary shares through Strate, other than those whose shareholding is recorded in his/her/its "own name" in the sub-register maintained by his/her/its CSDP, and who wishes to attend the annual general meeting in person, will need to request his/her/its CSDP or broker to provide him/her/it with the necessary authority to do so in terms of the custody agreement entered into between the dematerialised shareholder and his/her/its CSDP or broker.
2. A shareholder (including certificated shareholders and dematerialised shareholders who hold his/her/its shares with "own name" registration) entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, participate and vote in his/her/its stead.
3. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the annual general meeting". Any such deletion must be initialled by the shareholder. The person present at the annual general meeting whose name appears first on the form of proxy and has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow.
4. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he deems fit in respect of the entire shareholder's votes exercisable thereat. A shareholder or his proxy is not obliged to use all the votes exercisable by the shareholder or by his proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or his proxy.
5. Any alteration or correction to this form of proxy must be initialled by the signatory/ies.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries of the Company or waived by the chairman of the annual general meeting.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
8. Forms of proxy must be lodged with or posted to the Company's transfer secretaries to be received not later than 24 hours (excluding Saturdays, Sundays and public holidays) before the time of the annual general meeting.
9. This form of proxy expires after the conclusion of the annual general meeting stated herein except at an adjournment of that annual general meeting or at a poll demanded at such annual general meeting.

Transfer secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Bierman Avenue
Rosebank
2196
Private Bag X9000
Saxonwold
2132

United Kingdom transfer secretaries
Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

CORPORATE INFORMATION

REGISTERED OFFICE

2 Fricker Road
Illovo, 2196
Private Bag X18
Northlands, 2116
Telephone: +27 (11) 731 9000
Telefax: +27 (11) 731 9254
Email: investor@implats.co.za
Registration number: 1957/001979/06
Share codes:
JSE: IMP
ADRs: IMPUY
ISIN: ZAE000083648
Website: http://www.implats.co.za

IMPALA PLATINUM AND IMPALA REFINING SERVICES

HEAD OFFICE

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IMPALA PLATINUM (RUSTENBURG)

PO Box 5683
Rustenburg, 0300
Telephone: +27 (14) 569 0000
Telefax: +27 (14) 569 6548

IMPALA PLATINUM REFINERIES

PO Box 222
Springs,1560
Telephone: +27 (11) 360 3111
Telefax: +27 (11) 360 3680

MARULA PLATINUM

2 Fricker Road
Illovo, 2196
Private Bag X18
Northlands, 2116
Telephone: +27 (11) 731 9000
Telefax: +27 (11) 731 9254

ZIMPLATS

1st Floor
South Block
Borrowdale Office Park
Borrowdale Road
Harare, Zimbabwe
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Harare
Zimbabwe
Telephone: +263 (242) 886 878/85/87
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Email: info@zimplats.com

IMPALA CANADA

One University Avenue
Suite 1601
Toronto, Ontario
M5J 2P1
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SPONSOR

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