

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

### Third quarter production report for the period 1 January to 31 March 2018

Implats' Chief Executive Officer, Nico Muller, commented: "Group tonnes milled improved by 17% this quarter against the prior comparable period, and by 10% for the nine-month period ended 31 March 2018. Following operational issues affecting the smelter at Impala Rustenburg, which resulted in lower refined volumes and the stockpiling of metal in concentrate, all Group furnaces are now operational and making steady progress in processing the inventory build-up. Impala Rustenburg and Marula have delivered encouraging results over the last quarter. Steps implemented at the operations to improve production and cost performance are starting to deliver positive results. However, the elimination of high-cost production at Impala Rustenburg remains our key imperative and I am happy to report that good progress is being made with this operation's strategic review to align the business with our lower future metal prices outlook. The Zimplats, Mimosa Two Rivers and Impala Refining Services ("IRS") again delivered outstanding performances during the period under review."

Operational information		Unaudited Quarter ended 31 March 2018	Unaudited Quarter ended 31 March 2017	Unaudited Nine months 31 March 2018	Unaudited Nine months 31 March 2017
<b>Gross Production</b>					
Tonnes milled	000t	4 593	3 939	14 537	13 201
Grade (6E)	g/t	3.87	3.75	3.88	3.88
Platinum in concentrate (mine-to-market)	000oz	309	290	987	948
Platinum in concentrate (third-party and toll)	000oz	37	50	227	159
Platinum refined	000oz	316	331	1 042	1 110
Impala: platinum refined	000oz	71	160	342	479
IRS: platinum refined	000oz	245	171	700	631
Palladium refined	000oz	196	207	602	676
Rhodium refined	000oz	43	48	142	139
Nickel refined	000t	3 724	4 332	11 631	12 614

Operational information		Unaudited Quarter ended 31 March 2018	Unaudited Quarter ended 31 March 2017	Unaudited Nine months 31 March 2018	Unaudited Nine months 31 March 2017
<b>Managed operations production:</b>					
<b>Impala</b>					
Tonnes milled	000t	2 493	2 151	8 163	7 198
Grade (6E)	g/t	4.11	3.95	4.06	4.09
Platinum in concentrate	000oz	151	143	499	461
Refined platinum production	000oz	71	160	342	479
<b>Marula</b>					
Tonnes milled	000t	441	221	1 382	1 131
Grade (6E)	g/t	4.12	3.69	4.28	4.28
Platinum in concentrate	000oz	20	9	63	52
<b>Zimplats</b>					
Tonnes milled	000t	1 659	1 567	4 992	4 872
Grade (6E)	g/t	3.48	3.49	3.48	3.49
Platinum in concentrate	000oz	69	65	208	204
Platinum in matte	000oz	69	66	205	203
<b>JV operations production:</b>					
<b>Mimosa</b>					
Tonnes milled	000t	675	670	2 081	2 036
Grade (6E)	g/t	3.82	3.85	3.84	3.84
Platinum in concentrate	000oz	30	30	93	91
<b>Two Rivers</b>					
Tonnes milled	000t	878	868	2 592	2 615
Grade (6E)	g/t	3.56	3.78	3.65	3.95
Platinum in concentrate	000oz	40	43	123	140
<b>Group and third-party production</b>					
Platinum refined	000oz	245	171	700	631
Mine-to-market platinum refined	000oz	179	168	468	478
Third-party and toll platinum refined	000oz	67	3	232	152

## SAFETY

Implats' safety strategy remains firmly centred on inculcating a zero harm safe production culture. This transformational journey to realise and sustain safe production across all operations is supported by various initiatives targeting effective leadership and unwavering compliance by all to our safe production practices. While many individual business units have made significant progress, and continue to deliver exceptional safety performances, Impala Rustenburg remains a key focus area.

Regrettably, during the quarter ended 31 March 2018, Impala Rustenburg recorded a winch related fatal injury. Mr Kelebone Molikoe passed away at 10 Shaft on the 19 January 2018 after having been struck by a return-rig snatch block. The Implats board and management team extend their sincere condolences to the family, friends and colleagues of Mr Molikoe.

## **PRODUCTION**

Tonnes milled across the Group during the quarter ended 31 March 2018 increased by 17% to 4 593 000 tonnes, compared to 3 939 000 tonnes in the prior corresponding period. This increase was largely as a result of a much stronger mining performance at Impala Rustenburg and Marula, supported by sustained excellent mining contributions from all other operations.

In addition to the significantly increased mining volumes from Impala (16%) and Marula (100%), both operations also improved mill grades, which increased by 4% and 12% respectively. This increase in mill grade more than compensated for a planned lower mill grade from the Two Rivers operation, which decreased by 6% period-on-period as a result of ongoing split-reef mining. As a result, the mill grade across all the mining operations (managed and joint venture) increased by 3% to 3.87g/t (6E) during the quarter ended 31 March 2018.

Consequently, platinum in concentrate produced during the quarter across all the mining operations increased by 7% to 309 000 ounces, compared to 290 000 ounces in the prior corresponding period. Over the nine-month period ended 31 March 2018, the combined tonnes milled for all operations increased by 10% to 14 537 000 tonnes. The average mill grade was unchanged at 3.88g/t (6E) and platinum in concentrate increased by 4% to 987 000 ounces, compared to 948 000 ounces produced in the prior corresponding period.

Platinum in concentrate received during the quarter ended 31 March 2018 from IRS third-party and toll customers decreased by 26% to 37 000 ounces, but for the nine-month period ended 31 March 2018 there was an increase of 43% to 227 000 ounces.

Notwithstanding a much-improved operational performance, refined platinum production during the quarter decreased by 5% to 316 000 ounces, compared to 331 000 ounces in the prior period. This was a direct consequence of a temporary pipeline stock build-up at the Impala smelting operation due to an electrical failure at the Number 5 furnace in February 2018.

Over the nine-month period ended 31 March 2018, refined platinum production was similarly impacted by furnace maintenance work commissioned during the first half of the financial year, which was further impacted by the electrical failure experienced during February 2018. Consequently, Group refined platinum production during the period decreased by 6% to 1 042 000 ounces, compared to 1 110 000 ounces during the prior corresponding period. The temporary build-up in accumulated pipeline stocks over the nine-month period amounted to 153 000 ounces at 31 March 2018.

Furnace 5 was successfully recommissioned during April 2018 and is expected to be back at full production from May 2018. Despite having all three furnaces back in operation during the fourth quarter of the financial year, it is now estimated that some 100 000 platinum ounces of accumulated pipeline stocks will not be refined within the current financial year. In an effort to moderate the negative cash flow impact, management has sold forward some accumulated stock during January 2018 and will consider further mitigating measures on an ongoing basis.

## **Impala Rustenburg**

Impala Rustenburg delivered an improved operational performance compared to the previous corresponding period, which was negatively impacted by the 14 Shaft decline fire and 1 Shaft fall-of-ground incident.

Tonnes milled during the quarter ended 31 March 2018 increased by 16% to 2 493 000 tonnes, compared to 2 151 000 tonnes in the previous comparable period. The mill grade, which remains impacted by ongoing rehabilitation work at 16 Shaft's ore-pass system, nonetheless improved by 4% to 4.11g/t (6E).

Notwithstanding an aggregate 20% improvement in core mining performance (16% tonnes and 4% mill grade) during the quarter under review, platinum produced in concentrate only increased by 6% to 151 000 ounces, compared to 143 000 ounces in the previous corresponding period. This is largely because 15 000 ounces were produced from non-mining activities during the previous comparable period (smelter reverts and other materials).

Over the nine-month period ended 31 March 2018, tonnes milled increased by 14% to 8 163 000 tonnes. The mill grade decreased by 1% to 4.06g/t (6E) and platinum produced in concentrate increased by 8% to 499 000 ounces, compared to 461 000 ounces in the prior corresponding period.

Although there was an improvement in fundamental mining performance, refined platinum production during the quarter ended 31 March 2018 decreased by 56% to 71 000 ounces from 160 000 ounces in the prior period. This was as a consequence of a temporary concentrate stock build-up during the period as a result of an electrical failure at the Number 5 furnace.

Over the nine-month period ended 31 March 2018, refined platinum production was similarly impacted by furnace maintenance work commissioned during the first half of the financial year, which was further impacted by the electrical failure experienced during February 2018. Consequently, refined platinum production during the period under review decreased by 29% to 342 000 ounces, compared to 479 000 ounces in the prior corresponding period. The temporary build-up in accumulated pipeline stocks over the nine-month reporting period amounted to 153 000 ounces at 31 March 2018.

All three transformers at the Number 5 furnace were successfully replaced during the quarter ended 31 March 2018 and the furnace was safely recommissioned during April 2018. It is now estimated that, although the furnace will be back at full production during May 2018, some 100 000 platinum ounces of pipeline stocks accumulated before the April 2018 recommissioning will not be refined within the current financial year.

As a result, the full-year refined platinum guidance for Impala Rustenburg is revised to approximately 560 000 ounces platinum.

### **Zimplats**

Zimplats delivered a pleasing operational performance during the period under review. Tonnes milled increased by 6% during the quarter to 1 659 000 tonnes, compared to 1 567 000 tonnes in the prior corresponding period. The mill grade was largely maintained during the period at 3.48g/t (6E), which resulted in platinum produced in concentrate increasing by 5% to 69 000 ounces, compared to 65 000 ounces in the prior corresponding period.

Mill throughput over the nine-month period ended 31 March 2018 increased by 2% to 4 992 000 tonnes, compared to 4 872 000 tonnes in the prior corresponding period. Platinum produced in concentrate during this period similarly improved by 2% to 208 000 ounces from 204 000 ounces in the previous comparable period.

The full-year production guidance for the operation is maintained at 255 000 to 265 000 ounces platinum in concentrate but is expected to be near the top end of the guided range.

### **Marula**

Marula delivered a strong operational turnaround following a restructuring process implemented at the end of the 2017 financial year. The period under review saw a notable decline in community disruptions compared to the prior comparable period, which was significantly impacted by protest action. As a consequence, tonnes milled during the quarter ended 31 March 2018 were almost double compared to the previous corresponding period, increasing to 441 000 tonnes from 221 000 tonnes. The mill grade improved by 12% during the quarter to 4.12g/t (6E), which resulted in platinum produced in concentrate increasing by 122% to 20 000 ounces, compared to 9 000 ounces in the prior period.

Mill throughput over the nine-month period ended 31 March 2018 increased by 22% to 1 382 000 tonnes, compared to 1 131 000 tonnes in the corresponding period. Platinum produced in concentrate improved by 21% to 63 000 ounces, compared to 52 000 ounces in the prior period.

The full-year production guidance for the operation is maintained at 80 000 to 90 000 ounces platinum in concentrate.

### **Mimosa**

Mimosa delivered another good performance during the period under review. Tonnes milled during the period improved by 1% to 675 000 tonnes, while the mill grade reduced by 1% to 3.82g/t (6E) and platinum produced in concentrate remained unchanged at 30 000 ounces.

Mill throughput over the nine-month period ended 31 March 2018 increased by 2% to 2 081 000 tonnes, compared to 2 036 000 tonnes in the prior period. Platinum produced in concentrate similarly improved by 2% to 93 000 ounces, compared to 91 000 ounces in the prior period.

The full-year production guidance for the operation is maintained at 115 000 to 120 000 ounces platinum in concentrate.

## **Two Rivers**

Operational performance at Two Rivers was impacted by continued lower-grade split-reef mining during the period under review. Tonnes milled during the quarter increased by 1% to 878 000 tonnes, compared to 868 000 tonnes in the prior comparable period. However, mill grade was significantly impacted and decreased by 6% to 3.56g/t (6E). This, in turn, resulted in platinum produced in concentrate declining by 7% to 40 000 ounces, compared to 43 000 ounces in the prior corresponding period.

Mill throughput over the nine-month period ended 31 March 2018 decreased by 1% to 2 592 000 tonnes, while the mill grade during the period decreased by 8% to 3.65g/t (6E). Consequently, platinum produced in concentrate during the period decreased by 12% to 123 000 ounces, from 140 000 ounces in the prior comparable period.

The full-year production guidance for the operation is maintained at 165 000 to 175 000 ounces platinum in concentrate, and is expected to be at the lower end of the guided range.

## **IRS**

Platinum in concentrate received during the quarter from IRS third-party and toll customers decreased by 26% to 37 000 ounces, which was in line with planned lower deliveries over the Christmas period. Notwithstanding, receipts for the nine-month period ended 31 March 2018 increased by 43% to 227 000 ounces.

Refined platinum production for the quarter was 43% higher than the previous period at 245 000 ounces. Over the nine-month period ended 31 March 2018, refined platinum production increased by 11% to 700 000 ounces, compared to 631 000 ounces in the prior corresponding period. This was largely as a result of increased toll refining receipts during the period.

The full-year production guidance for the operation is maintained at 250 000 to 260 000 ounces platinum receipts in concentrate from third party customers, and is expected to be near the top end of the guided range.

## **OUTLOOK**

While Implats' operational performance has shown good improvement over the nine-month period ended 31 March 2018, furnace challenges experienced during the period will unfortunately inhibit all the platinum produced in concentrate during the period from being fully refined before the financial year-end. Consequently, refined platinum guidance for the Group is revised to 1 460 000 ounces from 1 500 000 ounces previously guided, with accumulated above normal pipeline stocks projected to be some 100 000 ounces platinum at the end of the current financial year.

The Group's operating cost is expected to be between R23 600 and R24 200 per platinum ounce on a stock-adjusted basis for the full financial year, with Group capital expenditure forecast at R4.6 to R4.8 billion for the current financial year.

The third quarter production report for the period 1 January to 31 March 2018 has not been reviewed and reported on by the external auditors of Implats.

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