



IMPLATS



Annual Integrated Report 2018

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Our vision, mission and values IFC

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

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

OUR VALUES

we respect

- > all our stakeholders
- > the principles of the UN Global Compact
- > the laws of the countries within which we operate
- > company policies and procedures
- > our place and way of work
- > open and honest communication
- > diversity of all our stakeholders
- > risk management and continuous improvement philosophies.

we care

- > for the health and safety of all our stakeholders
- > for the preservation of natural resources
- > for the environment in which we operate
- > for the socio-economic well-being of the communities where we operate.

we strive to deliver

- > positive returns to our stakeholders through an operational excellence model
- > a safe, productive and conducive working environment
- > on our capital projects
- > a fair working environment through equitable and competitive human capital practices
- > on the development of our employees
- > on our commitments to all our stakeholders
- > quality products that meet or exceed our customers' expectations.

Navigation

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

Strategic objectives and strategies

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

THESE ICONS REFER TO OUR STRATEGIC OBJECTIVES



Improve efficiencies through operational excellence and safe production



Cash conservation



Maintain our social licence to operate



Investment through the cycle



Maintain optionality and position for the future

THESE ICONS REFER TO OUR STRATEGIES



Relentlessly drive the safety of our people



Consistently deliver production targets



Improve efficiencies through operational excellence



Cash conservation



Maintain our licence to operate



Information available elsewhere in this report



Information available on our website

Materiality and the reporting boundary

Implats Annual Integrated Report 2018 | 1

OUR OPERATIONS ARE VERY DIFFERENT AND ARE THEREFORE EVALUATED INTERNALLY ON AN INDIVIDUAL BASIS TO UNDERSTAND AND MANAGE THE GROUP. WHERE APPLICABLE, INFORMATION HAS BEEN GIVEN ON A PER OPERATION BASIS TO ADDRESS INDIVIDUAL OPERATIONS' STAKEHOLDER MATERIAL MATTERS.

In line with good reporting practice, the content of our integrated and sustainable development reports is based on a materiality assessment. For the purposes of this report, items have only been taken into account and reported on, if the effects of these items have materially impacted strategy, the business model, capitals, governance, performance and prospects of the Group and its stakeholders. This is in accordance with the international framework and the materiality background paper for integrated reporting.

This annual integrated report, compiled for Impala Platinum Holdings Limited (Implats), its subsidiaries and associates, provides information for the financial year ended 30 June 2018 and prospects thereafter.

Implats has a listing on the JSE Limited (JSE) in South Africa, the Frankfurt Stock Exchange (2022 US\$ convertible bonds) and a level 1 American Depository Receipt programme in the United States of America. The Implats reporting boundary for this report, relating to financial and other information, includes five mining operations, Atplats and Impala Refining Services (IRS), a toll-refining business, situated in Springs. The mining operations consist of Impala, Zimplats and Marula, all subsidiaries, respectively operating in the western limb of the Bushveld Complex, the eastern limb of the Bushveld Complex and the Great Dyke in Zimbabwe.

In addition, Implats has significant investments in Mimosa (Southern Midlands Province, Zimbabwe) and Two Rivers (eastern limb Bushveld Complex). These associate investments are equity accounted in the AFS. Historically, the Group safety statistics and non-financial information included 100% of Mimosa's safety performance at the time while Mimosa was consolidated. In this integrated report we have now aligned Group safety reporting with the current accounting methodology. The associates will be excluded from all Group numbers financially and otherwise except in the operational sections where 100% of the associate information is reported and the remuneration report where FY2017 targets and performance against these KPIs included Mimosa in the previous year. The operational sections for Mimosa and Two Rivers enable stakeholders to evaluate these two companies on a standalone basis in conjunction with the segmental information in the financials or the detailed "Segmental information" previously

contained in the investor section, now published separately on the Implats website, which provides further information to evaluate operations individually.

Materiality determination and subsequently the reporting boundary, is informed by key stakeholder material matters, including non-financial items beyond the scope of reporting on financial entities, if these items have a significant effect on the Group's ability to create and sustain value over time.

Stakeholder material matters. Implats responses and information to assess the quality of our relationships for the Group are set out on pages 56 to 61. Group risks, disaggregated to each of the committees charged with governance in our management structure have been discussed on pages 12 onwards. The risk processes impacting performance and the setting of KPIs have been dealt with on pages 25 onwards.

We create value through our business model (refer page 49), which employs inputs from our capitals and transforms them through the business activities and interactions we engage in, to produce outputs and outcomes that create or maintain value, for Implats, our stakeholders, broader society and the environment. Refer also to our business case value proposition on page 66 and the CEO's review for additional information on how we create value. The financial impacts of the Rustenburg strategic review implementation in the business case has been included in the outlook for the CFO review on page 88.

B-BBEE reporting to the B-BBEE commission has been dealt with in the Sustainable Development report. Furthermore, we have added (on page 75) disclosure on Implats' contribution to the United Nations Sustainable Development Goals (UNSDGs) through its outcomes. Comprehensive disclosure on the UNSDGs is further contained in the Sustainable Development report.

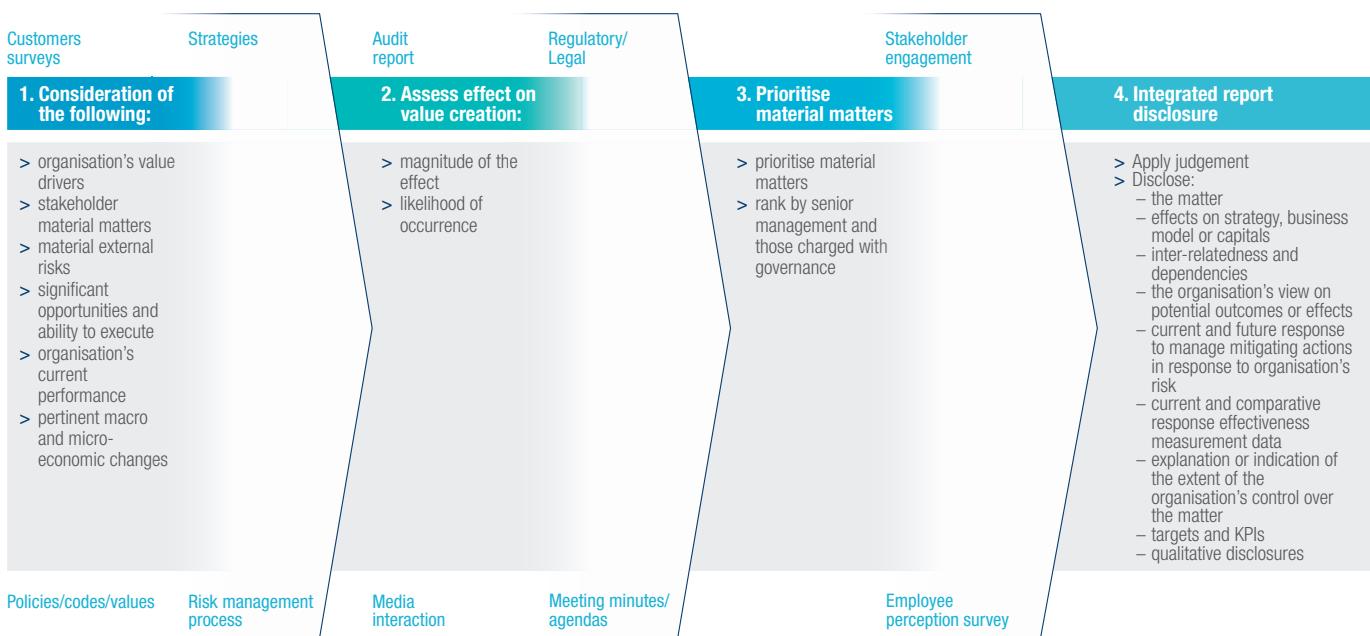
In this report, production is reported in terms of platinum and platinum group metals (PGMs), which are platinum, palladium, rhodium, ruthenium and iridium as well as gold; when included these are referred to as 6E (4E excludes ruthenium and iridium). Both historical and forward-looking information is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

We welcome your feedback to make sure we are covering the things that matter to you.



Go to www.implats.co.za or email investor@implats.co.za for the feedback form, or scan the code above with your smart device.

Materiality determination process



Where we operate and group structure

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IMPLATS IS STRUCTURED AROUND SIX MINING OPERATIONS AND IMPALA REFINING SERVICES (IRS), A TOLL-REFINING BUSINESS. OUR OPERATIONS ARE LOCATED ON THE BUSHVELD COMPLEX IN SOUTH AFRICA AND THE GREAT DYKE IN ZIMBABWE, THE TWO MOST SIGNIFICANT PGM-BEARING ORE BODIES IN THE WORLD.

AFPLATS

Ownership

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



TOTAL IMPLATS

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



1 468 100oz
Refined Pt production

0.065
FIFR

12.857
TIFR

6.01
LTIFR

7
Fatalities

50 512
Number of employees

South Africa

IMPALA

Ownership

> 96%-owned
> 4% employee share ownership trust

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

580 800oz

Refined Pt production



0.071

FIFR

14.04

TIFR

6.54

LTIFR

6

Fatalities

39.6%

Contribution to Group platinum production

>15 years

Life-of-mine

870m

Average current depth

40 079

Number of employees

IRS

Ownership

> 100%-owned

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

Zimbabwe

ZIMPLATS

Ownership

> 87%-owned

> 13% minorities

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

270 800oz

Pt in matte (including concentrate sold)



nil

FIFR

0.52

TIFR

0.19

LTIFR

0

Fatalities

18.1%

Contribution to Group platinum production

>30 years

Life-of-mine

240m

Average current depth

6 445

Number of employees

The structure of our operating framework allows for each of our operations to establish and maintain close relationships with their stakeholders, while operating within a Group-wide approach to managing the economic, social and environmental aspects of sustainability.

As at 30 June 2018 our major shareholders were Allan Gray (18.39%), Investec Asset Management (14.99%), Public Investment Corporation (PIC) (10.74%) and Royal Bafokeng Nation (RBN) at 6.29% with the balance of

the shares held by various public and non-public shareholders. (Refer to the annual financial statements.)

This year, the Group produced 2.92 million ounces of PGMs (2017: 3.10 million ounces), which included 1.468 million ounces of platinum (2017: 1.530 million ounces). Our markets are in South Africa, Japan, China, the US and Europe. We have a workforce of approximately 50 500, including 14 500 contractors, none of whom are self-employed. We have no seasonal employees.

MARULA

Ownership

> 73%-owned
> 27% Tubatse Platinum (Pty) Ltd, Mmakau Mining (Pty) Ltd, Marula Community Trust
Marula is one of the first operations developed on the relatively under-exploited eastern limb of the Bushveld Complex in South Africa. Marula is located in the Limpopo province, some 50 kilometres north-west of Burgersfort.

85 100oz
Pt in concentrate



0.121	1
FIFR	Fatalities
24.23	5.2%
TIFR	Contribution to Group platinum production
11.63	>15 years
LTIFR	Life-of-mine
	300m
	Average current depth
	3 988
	Number of employees

TWO RIVERS*

Ownership

> Implats (46%)
> African Rainbow Minerals (54%)

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

162 500oz
Pt in concentrate



Nil	0
FIFR	Fatalities
4.65	11.1%
TIFR	Contribution to Group platinum production
2.15	>20 years
LTIFR	Life-of-mine
	400m
	Average current depth

* Non-managed

MIMOSA*

Ownership

> Implats (50%)
> Sibanye-Stillwater (50%)

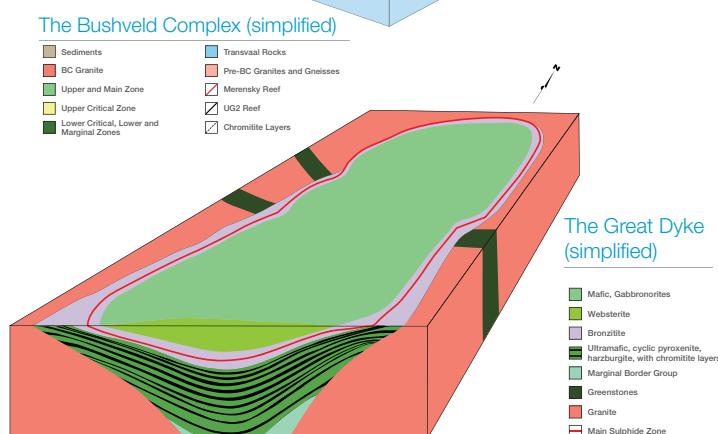
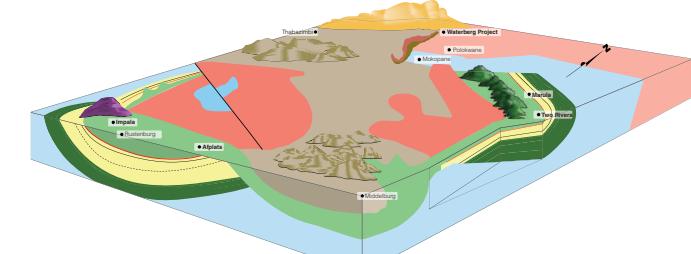
Mimosa is jointly held by Implats and Sibanye-Stillwater. Its operations are located on the Wedza Geological Complex on the Zimbabwean Great Dyke, 150 kilometres east of Bulawayo. The operation comprises a shallow underground mine, accessed by a decline shaft, and a concentrator.

125 000oz Pt
Pt in concentrate



nil	0
FIFR	Fatalities
0.98	7.9%
TIFR	Contribution to Group platinum production
0.22	>15 years
LTIFR	Life-of-mine
	180m
	Average current depth

* Non-managed



Statement of commitment to good governance and assurance

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CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

It is vital we maintain the highest standards of good governance to promote quality decision-making and the execution of those decisions within a disciplined framework of policies, procedures and authorities. This is even more important in challenging times. Good governance exists in an environment where roles and responsibilities are clearly defined, forums are conducive to robust debate and performance is regularly reviewed. We outline our progress and describe our governance efforts over the next few pages.

The Implats board is committed to providing effective leadership to the Group. The Implats board embraces the principles of ethical leadership in setting and implementing Implats' strategy and 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 exercises independent judgement on all issues reserved for its review and approval, while simultaneously considering the needs of all stakeholders, and takes full responsibility for the management, direction and performance of the Group.

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

Dr Mandla SV Gantsho
Chairman

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THE IMPLATS BOARD IS COMMITTED TO PROVIDING ETHICAL AND EFFECTIVE LEADERSHIP TO THE GROUP. THE BOARD FULLY EMBRACES THE PRINCIPLE OF ETHICAL LEADERSHIP IN SETTING AND IMPLEMENTING THE STRATEGY AND THE GROUP'S APPROACH TO GOVERNANCE, GUIDED BY THE PRINCIPLES OF THE KING IV CODE ON CORPORATE GOVERNANCE (KING IV).

In addition, the board takes full responsibility for the management, direction and performance of the Group by exercising independent judgement on all issues reserved for its review and approval while taking cognisance of the needs of all stakeholders.

Implats overall assurance model

Implats applies a combined assurance model. This model is designed to ensure optimisation of the assurance provided over the Group's key risks (the top 20 strategic risks, and the top 10 key operational risks), risk management and the internal financial controls.

The audit committee oversees the internal audit function, which operates as an independent objective assurance. It coordinates, among other things, the combined assurance model (CAM) to map the assurance provided across the enterprise. The key objective of the CAM is to report on key assurance activities provided by all lines of assurance across the enterprise (see model below), to eliminate duplication, to identify gaps that may exist in these areas and to optimise the level of assurance achieved in the Group. The CAM depicts assurance for all four lines of defence within a three-year/five-year rolling plan and is discussed and debated at the audit committee twice per annum.

The overall assurance provided covers our strategic business objectives, material sustainability focus areas (non-financial information) and the annual financial statements (AFS) section of the integrated report.

Risk is governed through an enterprise risk management approach under supervision of the health, safety, environment and risk committee. Key risks are identified and necessary controls are implemented. External assurance is obtained where required.

Legal compliance risk is monitored and assurance is achieved through a combination of internal, management-based and/or external assurance.

KING IV – ONE YEAR ON

In the previous reporting period, Implats adopted and disclosed in the integrated report, its response to the initial adoption of the King IV Report on Corporate Governance (King IV).

Subsequent to this, the Implats Group internal audit (IGIA) department conducted an audit to assess the extent of the Group's compliance with King IV. The audit included a review of current disclosures in the integrated report in respect of both King IV and the <IR> Framework. This process facilitated the performance of a gap analysis which formed the basis for improvements to the information disclosed in our current suite of annual reports.

Good corporate governance as envisaged in King IV is both pivotal and integral to every critical aspect of value creation. As such, the complete impact of the board's application of King IV, as it relates to governance to affect

COMBINED ASSURANCE GUIDE



WE RESPECT, CARE AND DELIVER

value creation, cannot be captured through a single-section disclosure. Accordingly, we have, in the various sections of this report, endeavoured to expressly and implicitly, demonstrate how the board applies the principles of King IV to govern, create, sustain and grow value for the Group as well as achieve the intended outcomes of the Code. This will be a recurring theme in the current and subsequent integrated reports.

Additional disclosure on the manner in which the audit committee has discharged its duties in respect of King IV is contained in the audit committee report on page 2 of the annual financial statements. Further information on the Group's progress in implementing King IV can be found on www.implats.co.za and in the notice to shareholders.

Board approval

The board acknowledges its responsibility for the integrity of this report. The directors confirm they have collectively assessed the content and believe it addresses the material matters that substantively affect the organisation's ability to create value over the short, medium and long term and is a fair representation of the integrated performance of the Group.

The audit committee, which has oversight responsibility for the annual integrated report, has applied its mind to the preparation and presentation of the report. It has concluded that the report has been presented in accordance with the International <IR> Framework and recommended the report for approval by the board of directors.

The board has therefore approved the 2018 annual integrated report for release to stakeholders.

Forward-looking statements

Certain statements contained in this disclosure, other than the statements of historical fact, contain forward-looking statements regarding Implats' operations, economic performance or financial condition, including, without

limitation, those concerning the economic outlook for the platinum industry, expectations regarding metal prices, production, cash costs and other operating results, growth prospects and the outlook of Implats' operations, including the completion and commencement of commercial operations of certain of Implats' exploration and production projects, its liquidity and capital resources and expenditure and the outcome and consequences of any pending litigation, regulatory approvals and/or legislative frameworks currently in the process of amendment, or any enforcement proceedings. Although Implats believes the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Accordingly, results may differ materially from those set out in the forward-looking statements due to, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metal prices, global demand, exchange rates and business and operational risk management. For a discussion on such factors, refer to the risk management section of the Group's annual integrated report. Implats is not obliged to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the dates of the integrated annual report or to reflect the occurrence of unanticipated events.

Disclaimer: This entire disclosure and all subsequent written or oral forward-looking statements attributable to Implats, or any person acting on its behalf, are qualified by caution. Recipients hereof are advised that this disclosure is prepared for general information purposes and is not intended to constitute a recommendation to buy or offer to sell shares or securities in Implats or any other entity. Sections of this disclosure are not defined and assured under IFRS, but are included to assist in demonstrating Implats' underlying financial performance. Implats recommends you discuss any doubts in this regard with an authorised independent financial adviser, stockbroker, tax adviser, accountant or suitably qualified professional.

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



Sustainable Development Report

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



Mineral Resource and Mineral Reserve Statement

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



Notice to shareholders

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

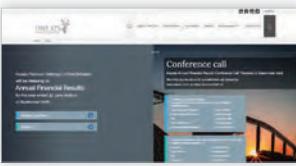


Annual Financial Statements

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

Online

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



Statement of commitment to good governance and assurance

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"Implats is committed to the conduct of its business in an ethical and fair manner to the promotion of a corporate culture that is non-sectarian and apolitical and which is socially and environmentally responsible."

ETHICS

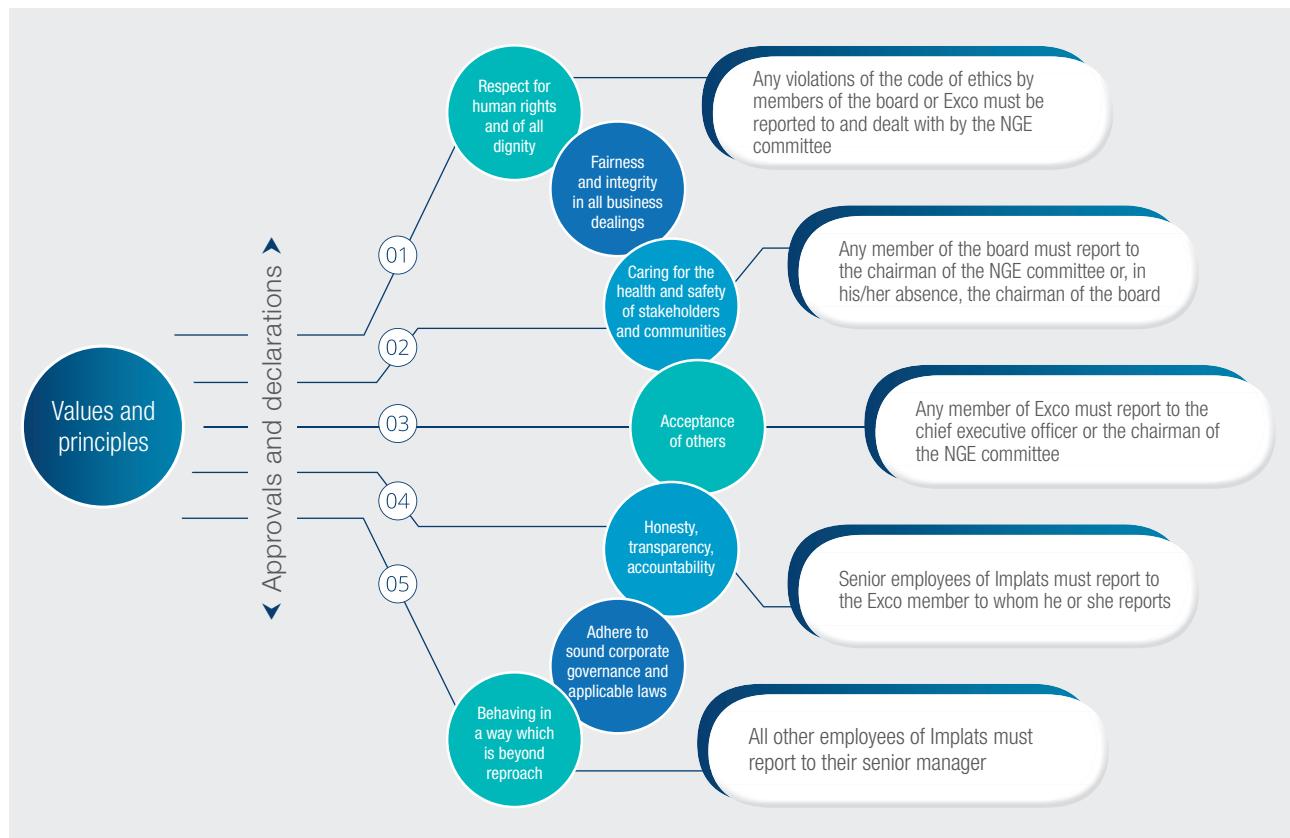
The Implats code of ethics (the code) has been approved by the Company's board of directors (the board) and senior management and is binding on every employee, officer, director, contractor and supplier and on all officers and directors of any entity owned or controlled by Implats.

The core values articulated in this code provide a firm foundation on which our organisational culture is built. Nonetheless, the code is a dynamic document which is constantly evolving, as we strive for even higher standards. We at Implats are

committed to upholding and enforcing the standards articulated in this code and the Company will reconsider its dealings with individuals or entities not demonstrating the same level of commitment to organisational integrity.

Every employee, director and officer of Implats accepts that any breach of the code of ethics exposes them to the possibility of disciplinary action, which could result in the termination of employment or office on the basis set out in the Company's disciplinary codes and procedures available on the Company's website or upon request.

OUR CORE VALUES AND PRINCIPLES



RISK MANAGEMENT

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

Implats' risk management process sets out to achieve an appropriate balance between minimising the risks associated with any business activity and maximising the potential reward. Further explanation of how risk tolerance limits are set across the business relating to performance and individual business scorecards (BSC) to ensure goal congruence throughout the organisation is explained on page 25. The CEO BSC is available on page 26. Effective risk management enables management to deal with uncertainty and associated threats and opportunities, enhancing the enterprise's capacity to build value. Further information on cyber security, technology and information risk has been included on page 41. Implats uses the same, consistent risk methodology for every type of impact across the business as we believe separate risk methodologies would not support the object of embedding and maintaining an intelligent risk culture.

We identify our strategic business objectives, and our material sustainability focus areas, through our structured internal risk management process, and with consideration to the views and interests of our stakeholders. The Implats risk management process is wholly aligned with ISO 31000 (2018)/ISO Guide 73:2002, the international

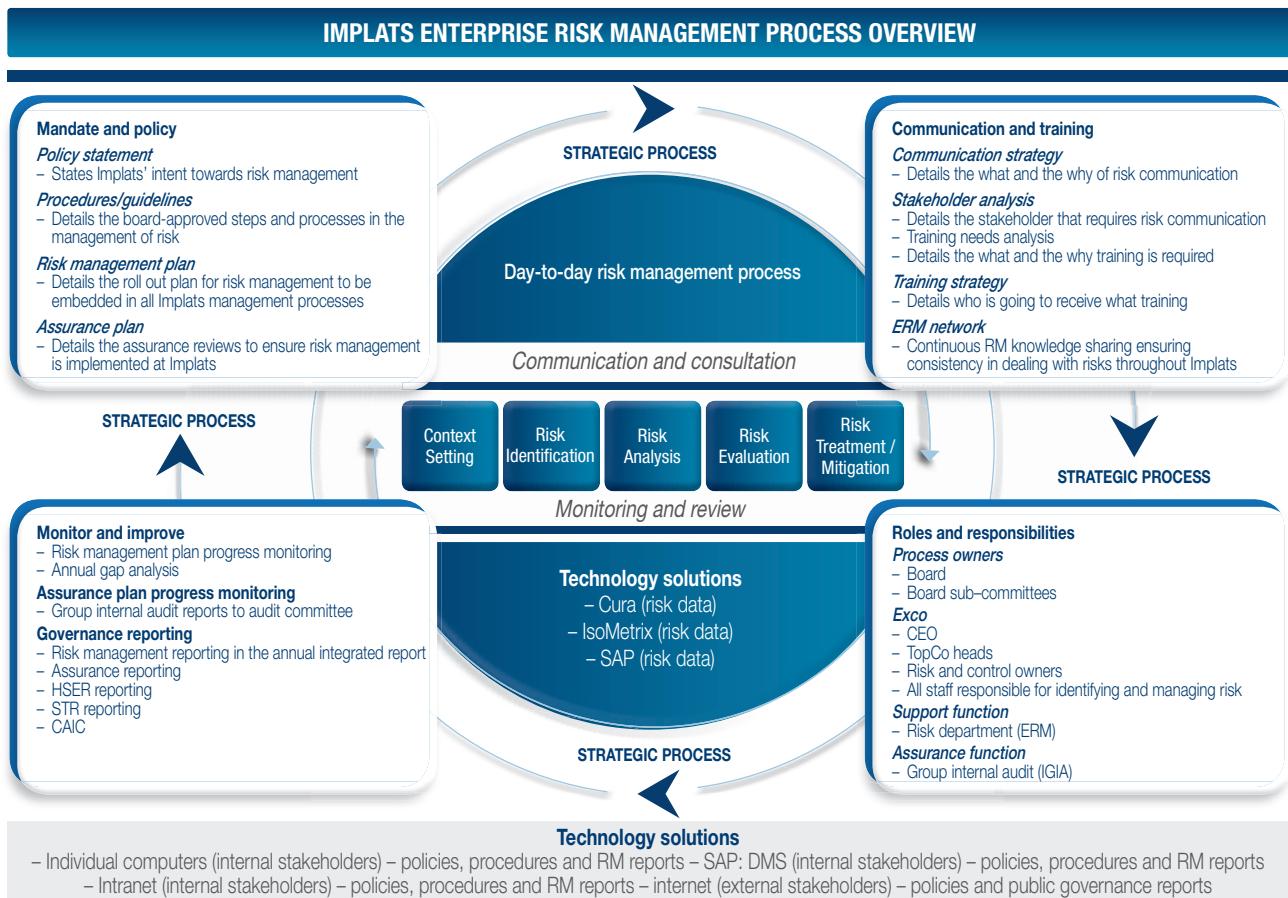
risk management standard, which defines risk as "the effect of uncertainty on objectives".

In this definition, uncertainties include events, as well as uncertainties caused by ambiguity or a lack of information. It also includes both negative and positive impacts on objectives, so we can consider opportunities within the same consistent framework.

The critical step preceding the process described here is the articulation of the key objectives of the respective functions, as they relate to the strategic objectives of Implats. This further embeds Implats' assertion that risk and strategy are two sides of the same coin, and are equally important to the achievement of value creation and sustainability.

Arising from this process we identify a set of objective-based risk assessments (ORAs) that cover approximately 80 of Implats' business functions. Each identified risk, as well as its associated controls, has a clearly defined line management owner. Each business unit takes full ownership for its risk profile, and these are discussed and debated at an operational and executive level at prescribed frequencies. The reviews include the interrogation of both the internal and external environment to identify and ratify risks and/or opportunities that affect the achievement of stated objectives. All risk information is captured into the Group risk repository system. This process culminates in the identification of a prioritised set of Group strategic risks. Collectively, these risks, along with the outcomes of our internal and external stakeholder engagement activities, and our assessment of market fundamentals, are used to inform business decisions.

The Implats process is as follows:



Statement of commitment to good governance and assurance

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Risk governance



COMMITTEE STRUCTURE

Independent non-executive directors: Mandla Gantsho, Peter Davey, Dawn Earp, Alastair Macfarlane, Sydney Mufamadi, Babalwa Ngonyama,

Mpho Nkeli, Preston Speckmann, Bernard Swanepoel

Non-executive directors: Udo Lucht

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



Nico Muller, Jon Andrews, Paul Finney, Meroonisha Kerber, Tebogo Llale, Alex Mhembere, Gerhard Potgieter, Lee-Ann Samuel, Johan Theron

Board, management and Group structure

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Board representation and how it contributes to value creation

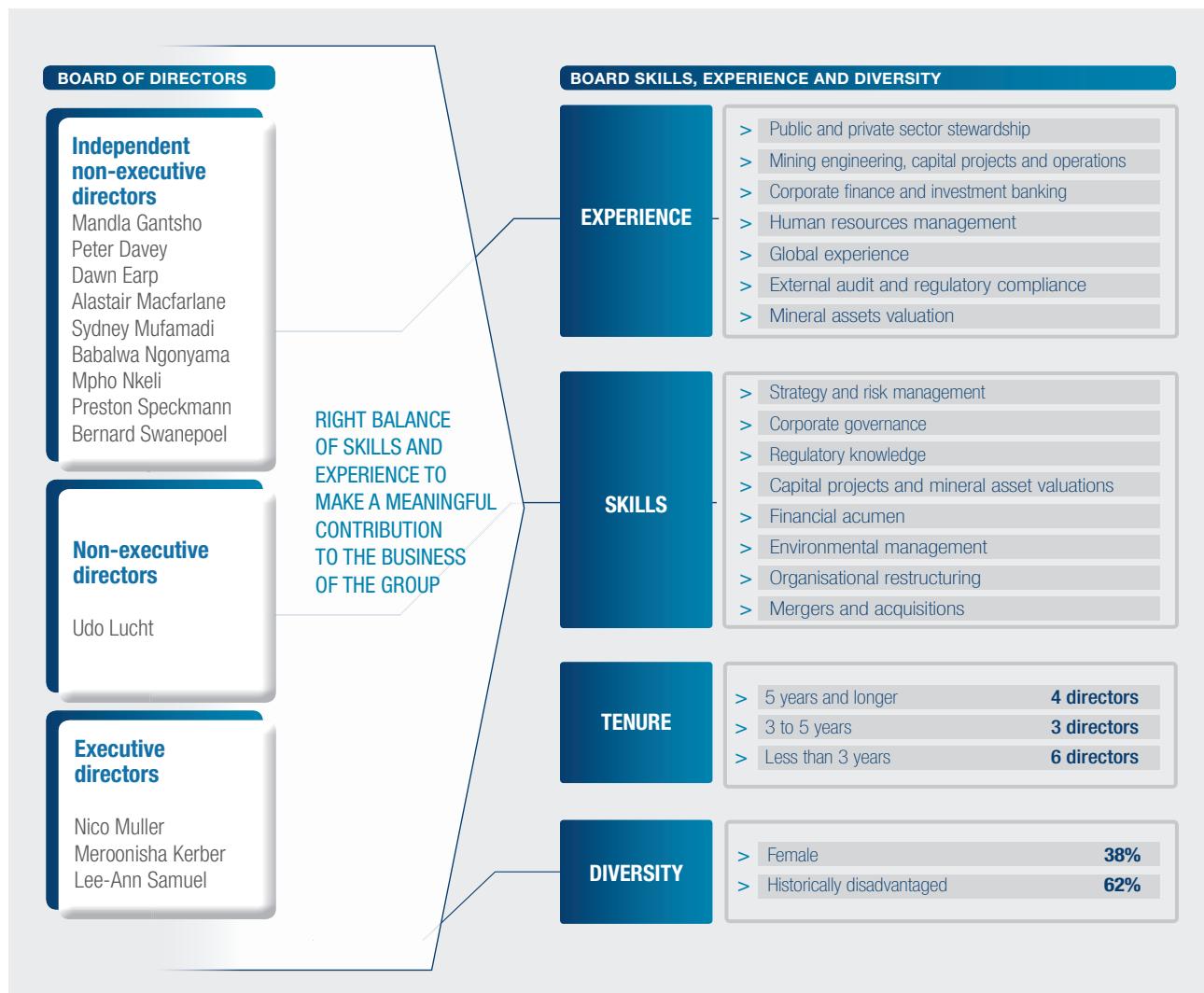
Good corporate governance contributes to value creation by ensuring accountability through reporting and disclosure, effective risk management, clear performance management, transparency and ethical and effective leadership.

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

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

The Implats board believes these governance qualities enable the Group to create value for stakeholders in a sustainable manner over the short, medium and long term as described in the strategy section on pages 64 to 67 of this report.

BOARD



Our leadership

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BOARD PROFILES

Mandla Gantsho 56

Chairman



Qualification:

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

Experience:

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

Board appointment:

November 2010

Peter Davey 65 (British)



Qualification:

BSc (Hons) Mining Engineering, MBA

Experience:

Previously a resource analyst at various investment banks in the United Kingdom and has extensive production experience in the South African gold and platinum mining industry.

Board appointment:

July 2013

Dawn Earp 56



Qualification:

BCom, BAcc, CA(SA)

Experience:

Has formerly held positions as financial director at both Implats and Rand Refineries. Is a director and a chairman of the audit committee at AngloGold Ashanti Pension Fund and Transit Freight Forwarding (Pty) Ltd.

Board appointment:

August 2018

Alastair Macfarlane 67 (British)



Qualification:

MSc Mining Engineering

Experience:

Has extensive experience in senior and executive management positions in the mining industry. Consults to many mining companies within the sector locally and internationally. Is a visiting senior lecturer at the University of the Witwatersrand.

Board appointment:

December 2012

Babalwa Ngonyama 43



Qualification:

BCompt (Hons), CA(SA), MBA

Experience:

Is the founding chairman of the African Women Chartered Accountants (AWCA) and CEO of Sinayo Securities. Also serves as a non-executive director on the boards of Hollard Life Assurance Company, Clover Industries Limited, and Aspen Pharmacare Holdings.

Board appointment:

November 2010

Mpho Nkeli 53



Qualification:

BSc Environmental Studies, MBA

Experience:

Previously director of Alexander Forbes, Vodacom SA, African Bank and Chairperson of the Commission for Employment Equity. Is currently a director of Search Partners International and is an independent non-executive director of Life Healthcare and Sasol Limited.

Board appointment:

April 2015

Preston
Speckmann 61



Qualification:
BCompt (Hons), CA(SA)

Experience:
Has held various senior positions at Metropolitan Holdings Limited and Old Mutual, South Africa. Serves as a non-executive director on the boards of MiWay Insurance Group, Volkswagen Financial Services and Sanlam Sky Group of Companies.

Board appointment:
August 2018

Sydney
Mufamadi 59



Qualification:
MSc and PhD Oriental and African Studies

Experience:
Director of various subsidiary boards of Barclays Bank Africa Group in Mozambique and Tanzania, director of the School of Leadership at the University of Johannesburg. Chairman of Zimplats Holdings Ltd.

Board appointment:
March 2015

Bernard
Swanepoel 57



Qualification:
BSc Mining Engineering and BCom (Hons)

Experience:
Non-executive chairman of Village Main Reef, and serves as a non-executive director of Sanlam and African Rainbow Minerals.

Board appointment:
March 2015

Udo Lucht 41

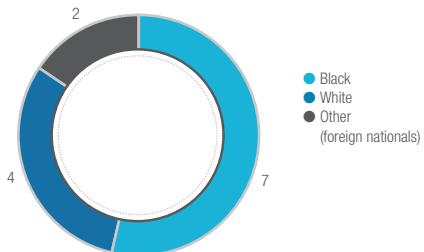


Qualification:
BCom (Hons), CA(SA), CFA

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

Board appointment:
August 2017

Race diversity



Committee memberships

- Audit committee
- Social transformation and remuneration committee
- Health, safety environment and risk committee
- Capital allocation and investment committee
- Nomination, governance and ethics committee



For detailed biographies of the board go to
<http://www.implats.co.za/implats/Board-of-directors.asp>

Nico Muller 51



Qualification:
BSc Mining Engineering

Experience:
Appointed as chief executive officer and executive director. Has had a 27 year mining career with exposure to multiple commodities ranging from diamonds, gold and platinum.

Board appointment:
April 2017

Lee-Ann Samuel 40



Qualification:
BA Psychology and Honours Political Science, UJ

Experience:
Has 16 years of human resources experience in financial services, mining and telecommunications. Spent three years at Telkom Media as head of people development.

Board appointment:
November 2017

Meroonisha
Kerber 46



Qualification:
BComm, HDipAcc, CA(SA)

Experience:
Appointed as chief financial officer and executive director. Has 10 years' audit experience at Deloitte and has held various senior positions in finance at Anglo American Platinum and AngloGold Ashanti.

Board appointment:
August 2018

Our leadership

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CORPORATE GOVERNANCE AND GROUP STRATEGIES IN PERSPECTIVE

Audit committee*

The committee monitors financial reporting, internal control systems and the internal and external audit function.

MEMBERS	DATE OF APPOINTMENT	BOARD STATUS		
D Earp (Chairman)	1 August 2018	Independent non-executive director		
PW Davey	18 February 2016	Independent non-executive director		
B Ngonyama	1 November 2010	Lead independent director		
PE Speckmann	1 August 2018	Independent non-executive director		
KEY STAKEHOLDERS	SKILLS AND EXPERIENCE			
<ul style="list-style-type: none"> > Shareholders > Regulators 				
HOW DID THE COMMITTEE CONTRIBUTE	WHAT WILL BE FOCUSED ON IN FUTURE			
<ul style="list-style-type: none"> > Reviewed and recommended the annual integrated report, annual financial statements, the interim financial statements and other financial information which was to be made public > Monitored the integrity of the Company's system of internal controls, internal financial controls and financial risk management systems to safeguard assets > Monitored and reviewed the independence and effectiveness of Implats' internal audit function > Assessed the suitability of the lead audit partner and nominated the external auditors for appointment by shareholders > Monitored the independence, objectivity and effectiveness of the external auditors and regulated the use of the external auditors for non-audit services to ensure their independence was not impaired > Approved the Group tax and information policy and monitored the performance of information technology against the IT strategy (refer page 40) > Approved the funding plan to support the implementation of the Rustenburg strategic review 				

Committee-specific risk performance

RISK	RISK TREND COMPARED TO 2017	CONTROLLABLE/ PARTIALLY CONTROLLABLE/ NON-CONTROLLABLE	INTERNAL/ EXTERNAL	STRATEGIC OBJECTIVE	STRATEGIES
Ability/capacity to implement outcomes of the Impala Rustenburg strategic review and return Impala to cash neutral/positive position by FY2021	New	Controllable	Internal		
Weak balance sheet	New	Controllable	Internal		
Sustained depressed PGM basket prices	Up	Non-controllable	External		

Social, transformation and remuneration committee*

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

MEMBERS	DATE OF APPOINTMENT	BOARD STATUS
MEK Nkeli (Chairman)	1 May 2015	Independent non-executive director
MSV Gantsho	1 February 2011	Independent non-executive chairman
B Ngonyama	18 February 2016	Lead independent director
PE Speckmann	24 August 2018	Independent non-executive director

KEY STAKEHOLDERS	SKILLS AND EXPERIENCE
<ul style="list-style-type: none"> > Shareholders > Employees > Organised labour > Communities > Regulators 	<ul style="list-style-type: none"> > Accounting and auditing > Large private corporation/public entities > Human capital management > Governance and strategic planning > Financial services and insurance > Stakeholder management

HOW DID THE COMMITTEE CONTRIBUTE	WHAT WILL BE FOCUSED ON IN FUTURE
<ul style="list-style-type: none"> > Ensured the Company remained focused on being a good corporate citizen > Monitored Company performance in advancing the social and economic development of its employees and relevant stakeholders > Reviewed the framework, policies and guidelines for the implementation of transformation and sustainable development > Guided the development of the revised Group reward strategy, policy and philosophy following the low shareholder support in the prior year > Approved the reward mix with increased bias towards variable pay for senior executives and executive directors while ensuring reward practices remain fair and competitive > Made recommendations to the board regarding the remuneration of non-executive directors to the board for final approval by shareholders 	<ul style="list-style-type: none"> > Good corporate citizenship during the implementation of the Impala Rustenburg strategic review > Compliance with Mining Charter III > Ability/capacity to implement the outcomes of the Impala Rustenburg strategic review and return Impala to cash neutral/positive by FY2021 > Challenged capacity and efficiencies of management layers at South African operations > Long-term economic viability of Marula operations > Employee relations climate at South African operations

Committee-specific risk performance

RISK	RISK TREND COMPARED TO 2017	CONTROLLABLE/ PARTIALLY CONTROLLABLE/ NON-CONTROLLABLE	INTERNAL/ EXTERNAL	STRATEGIC OBJECTIVE	STRATEGIES
Ability/capacity to implement outcomes of the Impala Rustenburg strategic review and return Impala to cash neutral/positive position by FY2021	New	Controllable	Internal		
Employee relations climate at South African operations	New	Partially controllable	Internal		
Long-term economic viability of Marula operations	Flat	Controllable	Internal		
Challenged capacity and efficiencies of management layers at South African operations	New	Controllable	Internal		

Our leadership

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Health, safety, environment and risk committee*

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

MEMBERS	DATE OF APPOINTMENT	BOARD STATUS
AS Macfarlane (Chairman)	1 December 2012	Independent non-executive director
PW Davey	23 August 2018	Independent non-executive director
NJ Muller	1 April 2017	Chief executive officer
LN Samuel	24 August 2018	Executive director
ZB Swanepoel	24 August 2015	Independent non-executive director

KEY STAKEHOLDERS	SKILLS AND EXPERIENCE
<ul style="list-style-type: none"> > Shareholders > Employees > Organised labour > Regulators 	<ul style="list-style-type: none"> > Large private corporation > Mining and resources > Governance and strategic planning > Human capital management > Stakeholder management

HOW DID THE COMMITTEE CONTRIBUTE	WHAT WILL BE FOCUSED ON IN FUTURE
<ul style="list-style-type: none"> > Reviewed the appropriateness of the HSE policy, systems, standards, codes of practice and procedures > Monitored HSE performance in terms of Company objectives, including measurement against South African and international benchmarks > Monitored the HSE management function and recommended improvements where necessary > Reviewed the HSE element of the Company's business plan and approved the HSE section of the integrated annual report > Has the right to institute investigations into matters where inadequacies in matters of health, safety and environmental regulatory compliance have been identified, or as directed by the board > Assumed responsibility for ensuring a functioning risk management system and coordinated the appropriate allocation of top risks to the respective board sub-committees > Remained responsible for the risks assigned to it, but ensured that the board is assured that all risks have been identified and are managed effectively 	<ul style="list-style-type: none"> > Rehabilitation of end-of-life shafts > The maintenance of high safety standards during the implementation of the Rustenburg Strategic Review to eliminate possible deterioration in safety performance

Committee-specific risk performance

RISK	RISK TREND COMPARED TO 2017	CONTROLLABLE/ PARTIALLY CONTROLLABLE/ NON-CONTROLLABLE	INTERNAL/ EXTERNAL	STRATEGIC OBJECTIVE	STRATEGIES
Ability/capacity to implement outcomes of the Impala Rustenburg strategic review and return Impala to cash neutral/positive position by FY2021	New	Controllable	Internal		
A significant deterioration in safety performance at Impala Rustenburg	Flat	Controllable	Internal		

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

Capital allocation and investment committee*

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

MEMBERS	DATE OF APPOINTMENT	BOARD STATUS
ZB Swanepoel (Chairman)	18 February 2016	Independent non-executive director
PW Davey	18 February 2016	Independent non-executive director
D Earp	24 August 2018	Independent non-executive director
UH Lucht	25 August 2017	Non-executive director
M Kerber	24 August 2018	Chief financial officer
NJ Muller	1 April 2017	Chief executive officer

KEY STAKEHOLDERS	SKILLS AND EXPERIENCE
> Shareholders > Regulators	> Accounting and auditing > Large private corporation > Mining and resources > Governance and strategic planning > Financial services and investment banking

HOW DID THE COMMITTEE CONTRIBUTE	WHAT WILL BE FOCUSED ON IN FUTURE
<ul style="list-style-type: none"> > Advised the board on the allocation of capital and future investment/disinvestment following due consideration of life-of-mine plans > Monitored the implementation of approved capital projects to ensure they are delivered on time and within budget > Evaluated and advised the board on the performance of assets in terms of their return on investment > Reviewed and recommended the outcomes of the Impala Rustenburg strategic review 	<ul style="list-style-type: none"> > Ability/capacity to implement the outcomes of the Impala Rustenburg strategic review and return Impala to cash neutral/positive by FY2021 > Management action to mitigate against non-delivery of production and productivity targets at Impala Rustenburg > The application of capital approved to restore production flexibility in smelting operations

Committee-specific risk performance

RISK	RISK TREND COMPARED TO 2017	CONTROLLABLE/ PARTIALLY CONTROLLABLE/ NON-CONTROLLABLE	INTERNAL/ EXTERNAL	STRATEGIC OBJECTIVE	STRATEGIES
Ability/capacity to implement outcomes of the Impala Rustenburg strategic review and return Impala to cash neutral/positive position by FY2021	New	Controllable	Internal	 	 
Non-delivery of production and productivity targets at Impala Rustenburg	Up	Controllable	Internal	 	 
Reduced production flexibility in smelting operations	New	Controllable	Internal		 
Inability to sustain SIB and risk mitigation projects due to capital constraints	New	Controllable	Internal		 

Our leadership

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Nomination, governance and ethics committee*

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

MEMBERS	DATE OF APPOINTMENT	BOARD STATUS
MSV Gantsho (Chairman)	7 February 2012	Independent non-executive chairman
PW Davey	18 February 2016	Independent non-executive director
FS Mufamadi	18 February 2016	Independent non-executive director
B Ngonyama	24 August 2018	Lead independent director

KEY STAKEHOLDERS	SKILLS AND EXPERIENCE
> Shareholders > Employees > Regulators	> Accounting and auditing > Large private corporation/public entities > Mining and resources > Governance and strategic planning

HOW DID THE COMMITTEE CONTRIBUTE DURING YEAR	WHAT WILL BE FOCUSED ON IN FUTURE
> Reviewed the size of the board and its committees and made recommendations on the appointment of suitably qualified people to the board > Made recommendations to the board regarding appointments to its committees to ensure they are staffed appropriately to carry out their mandates > Ensured that the recommendations of the board evaluation process are included in the work plan and that implementation is closely monitored > Commenced the effectiveness assessment of each of the committees in terms of the two-year evaluation cycle > Deliberated on the implementation of King IV on matters pertinent to the work of the committee including but not limited to ethical leadership, board term limit and director independence > Facilitated board debate around the Company's stance towards organisations implicated in wrong doing and corporate governance failure	> The implementation of recommendations emanating from the committee evaluation process > Ongoing implementation of King IV > The development and embedding of an ethical culture > The succession plan for executive directors and other senior executives, and the embedding of a culture of ethical leadership > An adequately resourced board capable of making quality decisions > Ability/capacity to implement the outcomes of the Impala Rustenburg strategic review and return Impala to cash neutral/positive by FY2021

* The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Managing performance through remuneration

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REMUNERATION LINKED TO STAKEHOLDERS AND STRATEGY

This is a summarised version of the comprehensive 2018 annual remuneration report which has been published in the notice to shareholders distributed and published on the Company's website on 17 September 2018 as part of the Group's commitment to good corporate governance. Page 25 onwards deals with the Implats balanced scorecard, the process of setting KPIs, which are aligned to Group strategies and the resultant CEO's KPIs for managing the Group. These KPIs form the basis of the business scorecards cascaded through lower levels in the Group.

Introduction

As indicated in the 2017 integrated report, the Implats remuneration report aligns itself with the best practice recommendations of King IV, specifically the Principle 14 guidelines. Our intention is that from year to year we will continue to improve our alignment to the prescripts of King IV and other relevant governance guidelines, with the ultimate aim of ensuring that our stakeholders experience increased transparency in our reports regarding the Company's remuneration policies and practices. As always, our remuneration reporting focuses on the elements of fixed and variable remuneration, specifically

for the executive directors and the executive team, but will also highlight the continued improvements to ensure that our pay practices are fair, responsible and transparent across the entire organisation.

Good governance requires the board of Implats to accept ultimate responsibility for the Group's remuneration philosophy and its implementation. The board has delegated these duties and obligations with regards to remuneration governance; skills attraction and retention; succession planning; disclosure; benefits; broad terms and conditions of employment and performance conditions to the social, transformation and remuneration committee (STRCom).

Remuneration governance

The STRCom reports to the board on its proceedings and attends the annual general meeting of Implats to respond to any questions from shareholders regarding the committee's areas of responsibility.

In the past financial year, the Group utilised the services of independent remuneration specialists in different capacities to benchmark remuneration elements and practices against external comparator companies and advise on remuneration policy.

The social, transformation and remuneration committee

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

Name	Meetings held	Meetings attended
Ms Mpopho Nkeli (Chairperson)	5	5
Ms Babalwa Ngonyama	5	5
Mr Mandla Gantsho	5	5
Mr Preston Speckmann*	n/a	n/a

* Appointed 24 August 2018

In addition, the CEO, the CFO, the Group Executive: People, and the committee-appointed remuneration adviser are permanent invitees to the STRCom meetings. The CEO, the CFO and Group Executive: People do not participate in discussions relating to their own remuneration.

The responsibility of the committee is to ensure that executive remuneration is aligned with the execution of the Group's strategy to deliver value to stakeholders over the short, medium and long term.

In a competitive employment market, the committee ensures that total executive remuneration is competitive to allow the Company to attract and retain the critical skills required to deliver sustainable shareholder returns. The committee therefore regularly reviews local best-practice benchmarks to ensure that remuneration is fair and reasonable.

Managing performance through remuneration

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The terms of reference of the committee, 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 meets the Group's needs and 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 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 philosophy

The committee has a mandate to ensure responsible remuneration practices are applied across the Group, and strives to ensure that our employees receive a fair living wage in line with our peers. The Implats minimum wage for permanent full-time employees is around 3.4 times higher than the recently announced national prescribed minimum wage, and following a review by PwC, our Gini coefficient is 0.27 which compares favourably to the National (0.43) and Mining Circle (0.42) data in the PwC database. We intend improving on our internal Gini coefficient by continuously reviewing the pay mix of executives and management to grow the variable components of total remuneration which is risk based.

Remuneration philosophy and policy

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 approach and practices encourage, reinforce and reward the delivery of sustainable shareholder value creation
- > Attract, motivate 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

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.

Key remuneration principles

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

- > **The remuneration policy is aligned to the overall business strategy, objectives and values of the Group**
- > The remuneration policy ensures that executive remuneration is fair and responsible in the context of overall Company remuneration
- > Salaried employees are rewarded on a total remuneration basis, which includes fixed, variable, short and long-term (where appropriate) remuneration as well as intangible rewards in line with market best practice
- > Remuneration is benchmarked against the appropriate target markets depending on the location of the operation, the nature of the work and the level in the organisation
- > 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 (eg 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

Pay mix principles

Implats' remuneration philosophy aims to attract and retain motivated, high-calibre employees, whose interests are aligned with those of our shareholders. This is achieved through the right mix of guaranteed and performance-based remuneration (variable pay), which

provides for differentiation between high, average and low performers. The pay mix of guaranteed and variable remuneration differs according to the level of the employee to reflect the employee's ability to influence the outcome of the Company's performance, the more senior the employee, the higher the proportion of variable pay in his/her total remuneration package.

Guaranteed pay principles

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.

Benefits principles

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

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

- > Participation in a retirement scheme. In most instances, the Company and the employee contribute towards retirement savings
- > Implats provides healthcare assistance through providing a flat rate contribution for the principal member and dependants
- > Life 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

Short-term incentive principles

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

The threshold, target and stretch levels of performance are set relative to the budget and operational plans. The on-target annual incentive for different levels is set relative to the comparator market as a percentage of the GP. 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.

Performance targets and measures are approved annually in advance by the STRCom.

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.

We also intend introducing a medium-term incentive whereby bonus shares are awarded to management based on the annual bonus received, with bonus shares vesting in equal parts after 12 and 24 months. The objective of the medium-term incentive is to support the delivery of the annual business plans over multi-years and to incentivise management to consistently meet of annual performance targets.

Long-term incentive principles

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

Principles for other remuneration options

Sign-on awards

In exceptional cases for certain business critical appointments Implats may offer sign-on awards (short term or long term) to new members of executive management and key employees. The long-term incentive 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 have to repay 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 direct reports, the STRCom must approve the awards.

Retention payments

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

Managing performance through remuneration

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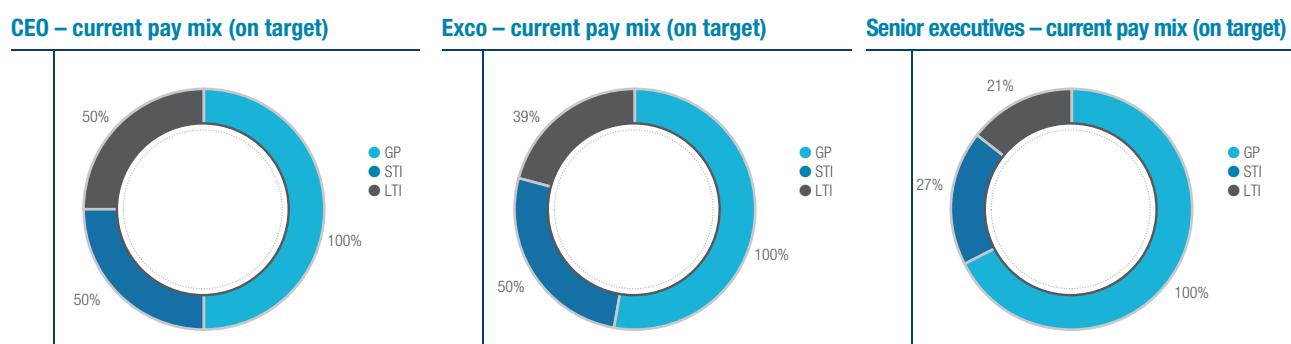
The Implats remuneration strategy

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

	Reward component	Strategic intent
Total remuneration	Guaranteed package (GP) – includes basic salary and employee benefits	<ul style="list-style-type: none">> Competitive GP to attract and retain high-calibre executives and employees, based on expertise, track record and experience> The GP is reviewed annually by the committee (effective 1 October each year), taking account of company performance and affordability, individual performance, market trends, changes in responsibility and levels of increase for the broader employee population> Market benchmarking is used to assist in determining pay ranges for executives and employees to ensure the Company is able to attract and retain the best talent
	Benefits – included in GP Standard benefits with flexible options: > Medical aid > Retirement > Car and travel allowances > Leave is excluded from GP	<ul style="list-style-type: none">> To ensure external competitiveness and advance employee wellness, engagement and effectiveness> To comply with legislation> Benefits are managed to ensure affordability for employees and the Company> Executives and employees have reasonable flexibility to structure their package to meet their lifestyle requirements
	Short-term incentives (annual or shorter performance incentives) > Executive incentive scheme (EIS) > Employee production bonus schemes	<ul style="list-style-type: none">> To encourage and reward executives and employees for short-term (12 months or less) performance> To drive improved performance at group, operational and individual level> To differentiate performance-based pay in a defendable, transparent manner and attract and retain high performers> To ensure behaviours are aligned to annual operational business plans> Linked to medium-term bonus share plan
	Employee Ownership Trust	<ul style="list-style-type: none">> Employee ownership plans with benefits for category A – C level employees – predominantly historically disadvantaged South Africans (HDSAs).

Remuneration mix

There have been a few minor changes to the remuneration mix since the last integrated report was issued, resulting in the following breakdown of the pay mix as a percentage of guaranteed pay for the executive team:



Variable remuneration

The variable remuneration component consists of both short-term incentives (STI) and long-term incentives (LTI). The short-term incentive for executive level employees is based on the executive incentive scheme (EIS), and the achievements for FY2017 and FY2018 are reflected below:

FY2017 EIS final scores:

IMPLATS SHORT-TERM INCENTIVE SCHEME – FY2017 FINAL SCORES					
Target or objective		Target	Actual	Score	Weighted score
SHEC	Annual	Nets and bolts – Safety audit (Impala)	100%	88%	1.00 5%
		LTIFR and RWI*	4.22	5.92	2.69 25%
		Serious environmental incidents	0	0	3.00 5%
		Fatalities	0	9	1.00 5%
					40%
VVQ3C	Annual	Platinum production (000oz) – Impala, Marula in concentrate, Zimplats in matte	1 112	995	1.00 5%
		Unit cost per refined platinum ounce (R/Pt oz)	21 036	22 682	1.44 5%
		PGE production (000oz) – Impala, Marula in concentrate, Zimplats in matte	2 262	2 025.90	1.00 5%
		Unit cost per PGE ounce (R/PGE oz)	10 371	11 280	1.25 5%
		Development metres (Primary – RSE and WZE)			1.2
		Impala and Marula	40 042	25 735	1.00 10%
		Centares mined (Impala and Marula)	2 625	2 005	1.00 5%
		Head grade (6E g/t)	4.09	3.86	1.89 5%
					40%

* Mimosa included in FY2017 target historically and subsequent measurement.

FY2018 EIS final scores

For FY2018, the operational targets were substantially simplified, and focused specifically on the following:

- > Safety 20%
- > Production 40%
- > Costs 40%

These operational targets made 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 FY2018 was the following:

FY2018							
Description	Unit	Weight	Actual	Threshold 0%	Target 100%	Maximum 200%	Bonus % achieved
GROUP		100%					50%
Safety LTIFR*	per million	20%	5.55	5.68	5.11	4.54	22%
Mine-to-market pt ounces – Stock adjusted	(000 oz)	40%	1 301	1 276	1 339	1 422	40%
Unit costs (gross cost per pt ounce) excluding retrenchments	R/pt oz	40%	25 646	26 563	25 332	23 874	74%

* Mimosa included in FY2017 target historically and subsequent measurement.

Managing performance through remuneration

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Both organisational and individual performance are considered when determining bonuses. For the executive committee members, the organisational element is based on a combination of Group, operational and business unit objectives as illustrated below:

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

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

STI as a percentage of GP for the various levels for FY2017 and FY2018 is set out in the table below:

Component	Executive directors and senior executives					Managers
	CEO	Executives	Junior executives	Managers	Managers	
Level	NG	25	24, 23	22, 21	D-level	
STI as a % of GP	50%	50%	27%	25%	21%	

Long-term incentives:

November 2014 share vesting

The corporate performance targets for the vesting of the CSPs issued in November 2014 (being total shareholder return relative to peers) were not fully met resulting in only 50% of these shares vesting in November 2017. In addition, the corporate performance targets of the share appreciation rights issued in November 2014 were only partially met, resulting in only 50% of one-third of the SARS vesting in November 2017. Participants have three years after the date of vesting to exercise their rights.

November 2017 share award

Limited changes were implemented for the November 2017 allocation. These changes were approved by the STRCom, and primarily related to the review and amendment of the corporate performance targets.

The November 2017 allocation consisted of the following:

- > CSP1s, CSP2s and SARs as per the rules
- > The CSP1s were only allocated to junior and middle managers who received 50% of their allocation in CSP1s and 50% in CSP2s

- > The CSP2s continued to be allocated to all managers and executives. The executives received 50% of the allocation in CSP2s and 50% in SARs
- > SARs were only allocated to the executives

The corporate performance conditions were reviewed and amendments were approved for the November 2017 allocation, as stated below.

CSP2:

- > TSR relative:

The peer group, in line with the STRCom recommendations, is listed below:

- AngloPlats
- Northam
- Sibanye-Stillwater
- ARM
- RBPlats

An index for the above peer group will be calculated and used for the vesting of the CSPs as described in the table below. The index will be the average of the peer group TSR over the three-year period.

The proposed percentages of the allocation vesting for each level of performance are as per the table below:

Description of performance	Performance	% of allocation vesting
Maximum/stretch	Index + 10%	100%
Target	Index + 2%	50%
Threshold	Index	25%
Below threshold	Below index	0%

Straight-line interpolation applied between the points in the table above.

> **Absolute ROE:**

The cost of capital (risk adjusted return required by shareholders from Implats) is approximately 15%.

– ROE is calculated as:

$$\frac{(\text{sum of "Net cash flow from operating entities" before finance and investment activities for three years})/3}{(\text{sum of "Equity attributable to owners of the Company" at 30 June for the last three years})/3}$$

The proposed percentages of the allocation vesting for each level of performance are as per the table below:

Description of performance	Performance	% of allocation vesting
Maximum/stretch	16.5% (10% over target)	100%
Target	15%	50%
Threshold	13.5% (10% less than target)	25%
Below threshold	Below 13.5%	0%

Straight-line interpolation applied between the points in the table above.

SARS

> **TSR absolute:**

There is an inherent performance condition included in share appreciation rights in that participants only benefit in the increase in the share price. The proposed percentages of the allocation vesting for each level of performance are as per the table below:

Description of performance	Performance	% of allocation vesting
Maximum/stretch	CPI + 2%	100%
Target	CPI + 0.5%	50%
Threshold	CPI	25%
Below threshold	Below CPI	0%

Straight-line interpolation applied between the points in the table above.

Changes to the long-term incentives plan:

Following an assessment and review of our long-term incentives offering, we identified some gaps in the offering and misalignment with the overall Group strategy. The revised long-term incentive policy was presented to shareholders and approved at the annual general meeting in October 2018. The Implats 2018 Share Plan (the 2018 plan) will contain four equity instruments, namely:

- (i) Performance shares;
- (ii) Bonus shares;

- (iii) Restricted shares linked to the minimum shareholding requirement policy; and
- (iv) Matching shares which are linked to the minimum shareholding requirement policy.

The performance shares have similar features of the Implats 2012 Share Plan (the 2012 plan). Currently all employees at management level and above are eligible to receive performance shares. In future, however, the performance shares will be limited to executives after the introduction of the bonus share scheme.

Managing performance through remuneration

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Given the prohibitive cost of share appreciation rights (SARs) and market developments, the SARs will be discontinued and will be replaced with bonus shares. An award of bonus shares will be made based on an employee's annual cash bonus calculated with reference to:

- > Actual business performance for the financial year ending preceding the award date. Group and operational objectives that focus on safety, production and costs are measured against the business plans as approved by the board.
- > And actual individual performance for the financial year 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 will vest over a 12-month and 24-month period from the award date in equal parts. The bonus shares (forfeitable shares) are registered in the name of the employee on settlement, which will occur subsequent to the award date, from which time the employee has all shareholder rights, subject to forfeiture and disposal restrictions. With respect to performance shares (conditional shares), an employee will not be entitled to any voting rights or dividends prior to settlement, which will occur subsequent to the vesting date and subject to the vesting performance.

Minimum shareholding requirement policy

The Company also intends introducing a minimum shareholding requirement (MSR) policy for the Implats Group executive committee (Exco) and for other persons otherwise designated by the STR committee. Exco

members are required to hold a percentage of their annual salary (100% of annual salary for the CEO and 50% of the annual salary for the CFO and other Group Exco members) in Implats shares. The designated executives will be given six (6) years to accumulate the required holding.

Two additional instruments are proposed for introduction into the plan namely:

- (i) Restricted shares for executives who defer the vesting of performance shares, annual cash bonus awards or bonus share awards into restricted shares to meet the MSR; 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 MSR policy allows executives to elect, prior to the vesting of performance shares, annual cash bonus awards or bonus share awards, to hold all or a percentage of the annual cash bonus, performance shares or bonus share awards in restricted shares.

Non-executive directors' remuneration:

The role of the board and the non-executive directors 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.

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

	Board	Audit	Health, safety, environment and risk	Nominations, governance and ethics	Social, transformation and remuneration	Capital allocation and investment	Ad hoc	Total
HC Cameron [#]	286 941	286 941	—	—	—	93 691	—	667 573
PW Davey*	374 923	177 192	—	122 596	—	122 596	16 960	814 267
MSV Gantsho	1 929 200	—	—	—	—	—	—	1 929 200
UH Lucht (RBH)	374 923	41 790	—	—	31 369	122 596		570 678
AS Macfarlane*	374 923	—	295 767	—	—	—	33 920	704 610
ND Moyo*	6 802	—	2 413	—	—	2 224	—	11 439
FS Mufamadi	374 923	—	—	122 596	—	—	—	497 519
B Ngonyama**	374 923	217 390	—	—	133 006	—	67 840	793 159
MEK Nkeli*	374 923	177 192	133 006	—	295 797	—	67 840	1 048 758
ZB Swanepoel*	374 923	—	133 006	—	—	272 619	16 960	797 508

* Paid part of the first quarter directors' fees – resigned from the board on 7 July 2017

** Paid additional fees for audit committee acting chairperson in May 2018

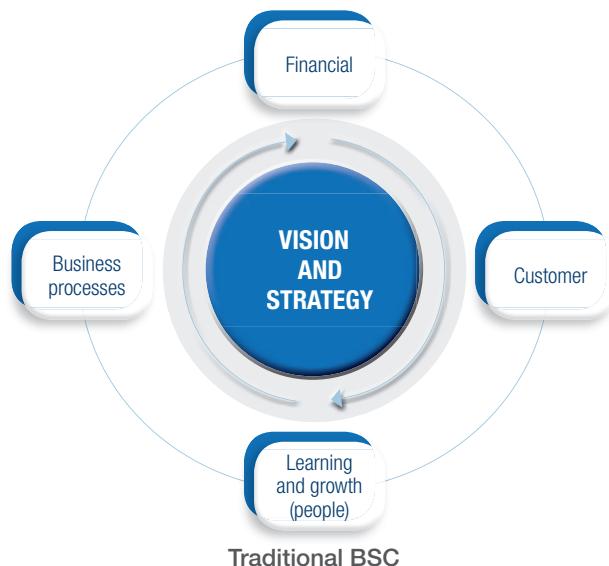
* Additional fees for ad hoc meetings at R16 960.00

Paid three-quarters of fees – director deceased on 6 April 2018

Variable remuneration KPI measurement methodology is as follows:

Why implement a balance scorecard (BSC)?

- > Increase focus on strategy and results
- > Improve organisational performance by measuring what matters
- > Align organisation's strategy with the work people do on a day-to-day basis
- > Focus on the drivers of future performance
- > Improve communication of the organisation's vision and strategy
- > Prioritise projects and initiatives
- > Set key performance indicators (KPIs) for targets, stretch and determine a threshold which aligns with our performance-based tolerance levels on pages 26 and 27



Traditional BSC

At Impala, the BSC will be structured into four themes:



Process to develop individual BSC KPIs



SCORECARDS MUST ALIGN TO BUSINESS PLANS

Managing performance through remuneration

The CEO's FY2018 annual performance bonus is made up of performance against the above mentioned three key areas or Group objectives (70%) and his personal performance objectives which are detailed in the table below (30%):

CEO BSC (personal performance): financial year 2018	
KPI	Objective
Strategy development and execution	<ol style="list-style-type: none">1. Board-approved corporate strategy2. Board-approved Rustenburg strategy3. Board-approved Marula strategy
Leadership	<ol style="list-style-type: none">1. Create a compelling vision2. Motivate Exco and employees behind the vision, create a shared sense of purpose and strategic objectives and goals3. Develop and implement Exco succession plans – ensure that development actions are taking place and strong diverse pipelines are being developed
Culture	<ol style="list-style-type: none">1. Develop and purposefully drive the acceptance of Implats aspirational performance and safety culture2. Establish a base line, assess and make progress towards the aspirational culture of performance, safety, accountability, decisiveness, transparency and ownership throughout the business3. Provide strategic oversight and a sense of urgency to the development and implementation of diversity and transformation
Stakeholder engagement	<ol style="list-style-type: none">1. Effectively communicate the strategic direction of the Company2. Build and maintain effective working relationships with the chairman and the board3. Improve relations with and support from organised labour, communities and government4. Grow investor confidence in Implats value proposition by holding successful roadshows (feedback from roadshows)5. Improve the perception of Implats as a credible partner for Zimbabwe

Target	Weighting
<ul style="list-style-type: none"> > Develop a quality and clearly defined end product that is understood by all role-players > Develop a tracking mechanism that tracks effective implementation of the strategy and report progress to the board in June 2018 	50%
<ul style="list-style-type: none"> > Present outcomes of the strategic review that restores Impala to profitability by 2021, develop an execution plan, obtain board approval and communicate to all key stakeholders by 30 June 2018 	
<ul style="list-style-type: none"> > Deliver cash positive FY2018 business plan > Develop, in collaboration with Exco, key priorities and performance metrics for FY2018 	15%
<ul style="list-style-type: none"> > Communicate key priorities for FY2018 to Exco and employees, align Exco KPIs to key priorities and review remuneration structure to support the delivery of key priorities 	
<ul style="list-style-type: none"> > Review organisational structure and identify feeder positions for Exco succession > Assess potential successors in feeder positions, identify gaps and develop succession management roadmap before succession plans are finalised and presented to the board in August 2018 	
<ul style="list-style-type: none"> > Develop and implement the Group safety strategy and behavioural-based safety programmes > Develop and implement the Group performance management framework 	15%
<ul style="list-style-type: none"> > Conduct Company culture survey and develop a baseline and targets for FY2019 	
<ul style="list-style-type: none"> > Achieve employment equity targets for FY2018 as per the employment equity plan 	
<ul style="list-style-type: none"> > Hold regular roadshows with the investor community, employees, organised labour and government to communicate the strategic direction of the Company 	
<ul style="list-style-type: none"> > Conduct board evaluation 	
<p>Marula:</p> <ul style="list-style-type: none"> > Successful implementation of S189 > Resolve chrome dispute > Minimal operational disruptions as a result of community unrest 	
<p>Rustenburg:</p> <ul style="list-style-type: none"> > Successful implementation of S189 > Engage organised labour, DMR and community leaders on next phase of restructuring 	20%
<p>Zimbabwe:</p> <ul style="list-style-type: none"> > Engage government on policies affecting the sustainability of the Zimbabwean operations and influence policy change 	
<ul style="list-style-type: none"> > Favourable rating received from top 5 sell-side analysts > Favourable rating received from top 10 institutional investors 	
<ul style="list-style-type: none"> > Conversion of special mining lease (SML) to mining lease (ML) > Defer Mimosa export levy 	



Our operating environment





02 OUR OPERATING ENVIRONMENT

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Chairman's review

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PLATINUM MINERS FACE HEIGHTENED STAKEHOLDER EXPECTATIONS ON A RANGE OF FRONTS: GOVERNMENTS PUSH FOR RAPID TRANSFORMATION AND EMPLOYMENT CREATION; ORGANISED LABOUR ADVOCATES FOR HIGHER WAGES AND IMPROVING THE INTERESTS OF ITS CONSTITUENTS; WHILE THE INVESTMENT COMMUNITY EXPECTS EVER-IMPROVING COST EFFICIENCIES, CAPITAL MANAGEMENT AND RETURNS ON INVESTMENT.

Mandla Gantsho
Chairman



The global economy, particularly the markets for primary commodities, continues to be characterised by uncertainty and volatility. Indeed, the only certainty for market actors and producers is the necessity to adapt to a “new normal”.

Implats continued to experience sustained pressures from many external dynamics during the 2018 financial year, including the socio-political environment in South Africa and Zimbabwe, and the depressed PGM market following a structural change over the past decade in the relationship between price, supply and demand of PGM metals.

In our industry, demand and prices have remained muted for a long time, and the outlook remains negative. Anticipated weaker demand fundamentals have been impacted by developments in the automotive industry, slowing jewellery sales, particularly in China, and the availability of substantial above-ground stocks.

Domestically, platinum miners face heightened stakeholder expectations on a range of other fronts: governments push for rapid transformation and employment creation; organised labour advocates for higher wages and improving the interests of its constituents; while the investment community expects ever-increasing cost efficiencies, capital management and returns on investment in the form of dividends and enhanced market value.

Faced with all these pressures, and many others, Implats resolved to accelerate the implementation of ongoing and new changes to our strategic initiatives to position the Group to face current and future challenges and to deliver positive outcomes and benefits to all its stakeholders.

Proactively adapting to uncertainty and volatility

In anticipation of ongoing volatility in our operating environment, Implats began positioning itself for a “lower-for-longer” platinum price environment in 2015. During FY2018, notwithstanding inflationary pressures, cash cost increased by 2.1% year-on-year reflecting approximately R1 billion of cost savings.

The Group conducted an equity raise and convertible bond issue, totalling more than R10 billion, to part-fund the development of 16 and 20 Shafts – both key strategic capital projects – with additional funding from cash flows from other Group operations.

Further significant changes are being implemented to the structure and operations of the Group to ensure sustainability and to respond dynamically to an ever-changing operating environment. Fundamentally, the Group has changed from being a “volume” to a “value” producer, and has, to this end, acquired an equity stake in the palladium-rich Waterberg project, with the key strategic objective of developing a long-term portfolio of lower-cost, shallow, mechanisable assets.

“Further significant changes are being implemented to the structure and operations of the Group to ensure sustainability and to respond dynamically to an ever-changing operating environment.”

Chairman's review

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However, a material consequence of the declining profitability of the Impala Rustenburg operation has been the negative impact on the Group's balance sheet, which has weakened over the last year, compounded by an inventory lockup. The Group's cash position at the end of financial year 2018 was eroded by ongoing losses at the Rustenburg complex and once-off events, reducing its liquidity position and its ability to fund operations in a low-price environment. As such, returning Impala Rustenburg to profitability is critical for the Group to remain economically viable, to honour its obligations to providers of external capital, and sustainably deliver benefits to all stakeholders.

During the year, the board approved a strategic review of the Impala Rustenburg lease area with the aim of cutting losses, saving jobs and ensuring sustained profitability in a continued future low-price environment. The strategic review of Impala Rustenburg is a radical measure that will unavoidably result in some job losses – but has the longer-term objective of halting value destruction, saving more jobs, retaining value to communities and ultimately delivering value to shareholders. As such, the successful implementation of the Rustenburg review will, among others, yield ongoing benefits to a variety of stakeholders through sustained employment; local procurement; enterprise development and community development opportunities; as well as enhancing shareholder value.

Responsible stewardship

Ensuring safety at South African mines is an ongoing industry priority. We deeply regret the loss of life and injury in a number of incidents at our South African operations during the year under review. Any loss of life is unacceptable, and we remain unwavering in our commitment to achieving our vision of zero harm.

Management took decisive additional steps during the year to improve our safety record, focusing on safety leadership and operational discipline, and changing the safety culture of Implats employees, especially at Impala Rustenburg and Marula. The sustained investment and effort into safety at these two operations resulted in a marked improvement in some of our leading and lagging safety indicators during the last six months of the year, while maintaining a strong safety performance at all other operations.

Enhanced stakeholder engagement is key to the successful implementation of our strategy. This assumes prominence in the current circumstances, where major changes are proposed. As such, we have deepened our implementation of an effective stakeholder engagement strategy, with particular cognisance to King IV, and the overarching AA1000 Assurance Standard principles of materiality, completeness and responsiveness. We remain committed to mitigating and minimising the inevitable negative, but unavoidable impacts on stakeholder groups of the difficult business decisions we make, and to ensuring transparent and sound communication with all stakeholders.

Implats has made steady progress on its social and labour plan commitments in South Africa and a range of corporate social investments in Zimbabwe. Making a meaningful and visible difference to social transformation is central to our ability to create long-term value.

Outlook

Both South Africa and Zimbabwe have seen positive changes in political leadership, which have resulted in meaningful dialogue with the regulators. Signals of greater policy consistency have provided confidence in decision making, and opportunities for capital growth and expenditure plans. Over time, we expect this to result in improved growth prospects.

In South Africa, the most recent revision of the Mining Charter has been released. In our view, the principles outlined in the Charter are, in the main, conducive to the growth and development of the minerals industry and we will continue to engage constructively to contribute towards a satisfactory outcome of the process.

In Zimbabwe, the long-running land dispute was resolved to the satisfaction of all parties concerned, ensuring Implats security of tenure. Implats continues to have constructive engagements with the Government of Zimbabwe regarding beneficiation and other business-critical issues and supports Zimbabwe's aspirations to grow and diversify its PGM industry.

A further positive development is that palladium and rhodium fundamentals have strengthened significantly. Implats has a significant strategic advantage and an opportunity to increase its exposure to palladium through further investments in Zimbabwe, growing the IRS business, and exposure to the Waterberg project. These opportunities are being actively explored.

Conclusion and appreciation

Implats has acted vigorously and with intent to ensure it achieves its aspirations to be a sustainable, profitable and safe PGM-focused company. The enhanced Impala Rustenburg operation, coupled with mechanised and lower-cost operations at Zimplats, Mimosa, Marula and Two Rivers will ensure Implats is in a better position to sustainably and reliably supply high-quality platinum, palladium, rhodium and other commodities to its customers, while creating long-term value for all stakeholders.

During the period under review, the Implats board bid farewell to independent non-executive director Mr Hugh Cameron, who passed away after a short illness. We pay tribute to Hugh's outstanding long service to the Group as a non-executive director and chairman of the audit committee. We also express our appreciation to Dr Nkosana Moyo and Ms Albertinah Kekana, both non-executive directors, and to Ms Brenda Berlin, executive director and chief financial officer, who all resigned from the board. The board extends its sincere appreciation for their dedicated contribution.

The board saw several new appointments during the year and immediately after year-end: Mr Udo Lucht was appointed non-executive director, Ms Lee-Ann Samuel joined Implats as an executive responsible for human resources, Ms Dawn Earp was appointed as an independent non-executive director and chairman of the audit committee, Mr Preston Speckmann was appointed as an independent non-executive director and member of the audit committee, and Ms Meroonisha Kerber joined Implats as chief financial officer and executive director.

On behalf of the Implats board, we extend a warm welcome to the new members and wish them well on their appointments. We look forward to their guidance and contribution to the good governance, growth and development of Implats.

I thank my fellow board members for their valuable support and appreciated input over the past year. In my own name and on behalf of the board, I wish to express my sincere gratitude to Mr Nico Muller, the Group CEO, and his management team and staff for their continued hard work and loyalty. Finally, to our many stakeholders, I express my sincere appreciation for entrusting us with the leadership of Implats. My board and I remain committed to ensuring that Implats meets all its stakeholder, governance, financial, social and economic expectations.

Dr Mandla SV Gantsho
Chairman

Our operating context

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South Africa



PLATINUM

Platinum demand is expected to decline by 5% during 2018, largely constrained by lower automotive and investment demand. In contrast, industrial demand for the metal is forecast to grow in line with the global gross domestic product, supported by the chemical and glass sectors. However, growing secondary supplies together with a small reduction of 100 000 ounces from South African supply will move this market to a fundamental surplus this year.



PALLADIUM

Increased requirements from the automotive industry are expected to outpace industrial demand during the remainder of 2018. The primary and secondary supplies of **palladium** are insufficient to meet demand and a fundamental deficit is forecast in 2018.



RHODIUM

Rhodium is anticipated to show a small surplus this year and sustained demand from the automotive and industrial sectors should maintain a tight market.

Zimbabwe



Platinum supply/demand outlook		
	2018**	
'000toz	2017	(Forecast)
Demand		
Automotive	3 250	3 120
Industrial	2 340	2 365
Investment	1 975	1 990
Jewellery	270	(50)
Total demand	7 835	7 425
Supply		
South Africa	4 295	4 180
Zimbabwe	475	450
North America	320	340
Russian sales	625	630
Others	160	160
Recycle – auto	1 325	1 430
Recycle – jewellery	590	590
Recycle – other	35	35
Total supply	7 825	7 815
Movement in stocks	(10)	390

Palladium supply/demand outlook		
	2018**	
'000toz	2017	(Forecast)
Demand		
Automotive	7 905	8 330
Industrial	1 970	1 915
Investment	(375)	(330)
Jewellery	200	200
Total demand	9 700	10 115
Supply		
South Africa	2 470	2 415
Zimbabwe	385	365
North America	865	930
Russian sales	2 650	2 550
Others	130	130
Recycle – auto	2 295	2 490
Recycle – jewellery	45	55
Recycle – other	480	485
Total supply	9 320	9 420
Movement in stocks	(380)	(695)

Rhodium supply/demand outlook		
	2018**	
'000toz	2017	(Forecast)
Demand		
Automotive	855	885
Industrial	190	180
Investment	15	*
Total demand	1 060	1 065
Supply		
South Africa	645	630
Zimbabwe	35	35
North America	20	25
Russian sales	65	60
Others	5	5
Recycle – auto	325	340
Total supply	1 095	1 095
Movement in stocks	35	30

* Information not yet available.

** Above dates refer to calendar year.

CREATING AND REALISING VALUE DEPENDS ON SUCCESSFULLY NEGOTIATING A CHANGING OPERATING ENVIRONMENT WHERE SEVERAL ISSUES HAVE IMPORTANT IMPLICATIONS FOR OUR BUSINESS MODEL.

MACRO-ECONOMIC FACTORS



In October 2018 the International Monetary Fund (IMF) estimated that the global economy will grow 3.7% in 2018, the same as in 2017 but down from the 3.9% it was forecasting for 2018 in July. It slashed its outlook for the 19 countries that use the euro currency and for Central and Eastern Europe, Latin America, the Middle East and sub-Saharan Africa. The IMF highlights that expansion is becoming less even, and risks to the outlook are mounting on the back of trade tensions, which it warned could "significantly harm global growth".

Among emerging markets and developing economies, growth prospects are also becoming more uneven, amid rising oil prices, higher yields in the US, escalating trade tensions, and market pressures on the currencies of some economies with weaker fundamentals.

The IMF highlights that the announced and anticipated tariff increases by the US and retaliatory measures by trading partners have increased the likelihood of escalating and sustained trade actions. These, they suggest, could derail the recovery and depress medium-term growth prospects, both through their direct impact on resource allocation and productivity and by raising uncertainty and taking a toll on investment.

IMPACT ON VALUE

- > The IMF has warned that a further escalation of trade tensions, as well as rising geopolitical risks and policy uncertainty in major economies, could lead to a sudden deterioration in risk sentiment
- > According to the organisation, that could trigger a broad-based correction in global capital markets and a sharp tightening of global financial conditions
- > The potential of a US-China tariff war could negatively impact platinum, palladium and rhodium for the remainder of the year

OUR RESPONSE

- > We remain sceptical of a near-term PGM price recovery in the face of lingering economic uncertainty
- > We actively and continuously assess conditions in the countries where we sell our metals across all the key demand sectors
- > Our market development activities are tailored to support key market segments and grow new areas of demand
- > We are aligned with and support key institutional partners (such as WPIC, PGI, IPA)
- > Relationships with key customers, globally, are grown and sustained

CHANGING REGULATORY ENVIRONMENT IN SOUTH AFRICA AND ZIMBABWE



The socio-political context in the countries in which we operate – South Africa and Zimbabwe – remains dynamic. There is considerably more optimism and regulatory certainty in both jurisdictions. The newly gazetted Mining Charter has provided some level of certainty in the South African policy and regulatory framework. There remains some ongoing policy uncertainty in both countries.

IMPACT ON VALUE

- > A more collaborative and trusting environment is being established between government and business in South Africa following the gazetting of the new Mining Charter, which enhances the likelihood of constructive outcomes that will attract investors back to the mining sector
- > In Zimbabwe, Implats successfully settled a long-standing dispute with the government and concluded the release of ground north of portal 10, which does not form part of its 30-year mine plans. In addition, the special mining lease (SML) was successfully converted into two new mining leases, which, combined with partial relief on export levies, will enable the Zimbabwean assets to sustain and grow future financial returns

OUR RESPONSE

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

Our operating context

PRICING, SUPPLY AND DEMAND



Metal prices have remained muted for a protracted time. Negative sentiment related to anticipated weaker supply/demand fundamentals has been largely informed by slower diesel vehicle growth expectations, the projected rate with which the vehicle fleet could be electrified, slowing platinum jewellery sales in China and inflated perceptions of above-ground metal stocks.

For the most part of the past decade, the platinum market has been oversupplied. While sentiment towards platinum has weakened over the past five years, palladium fundamentals have strengthened significantly. Palladium is principally used to clean exhaust emissions in gasoline vehicles, which experienced strong sales growth over the period. Platinum, on the other hand, has lost market share to palladium in this key application, based on a lower palladium price and more diversified global supply.

Consensus forecasts are for softer platinum demand for at least the next three years. The immediate fundamentals for both palladium and rhodium remain strong, largely due to expected growth in the global internal combustion engine automotive market and tighter emissions regulations. In what is currently a close-to-balanced market, forecasts now see palladium and rhodium moving into relatively deep deficits sooner than previously expected.

IMPACT ON VALUE

- > Supply/demand fundamentals have a direct impact on metal prices and market sentiment, resulting in platinum prices remaining subdued over the past five years, with palladium prices growing strongly over the same period, particularly more recently
- > Low metal prices have a direct impact on profitability, the generation of shareholder returns and our ability to fund and grow the business into the future
- > The potential for prolonged, relatively flat platinum prices remains strong
- > Palladium, already in deficit, should continue to receive strong price support, incentivising a switch back to platinum use in the auto sector
- > Secondary supply is struggling to maintain projected growth, necessitating a drawdown from available above-ground inventories, which is anticipated to become even more pronounced in future
- > Platinum and palladium will continue to receive demand support from increasing emission regulations and growth in the global vehicle fleet in the short to medium term

OUR RESPONSE

- > Implats uses conservative price forecasts, given muted platinum sentiment and global risk factors
- > Group-wide cost-saving and turnaround initiatives have been implemented over the past three years
- > To sustainably improve its competitive position, profitability and financial returns, Implats has committed to a value-focused strategy. The Group intends to reduce its exposure to higher-cost and less flexible, labour intensive conventional operations to improve flexibility, capacity and sustainably generate attractive returns
- > The strategic transformation of Impala Rustenburg is designed to unleash the value of the operation, for the benefit of all stakeholders, and for the long-term sustainability of the Group
- > Market intelligence and market development initiatives are being improved
- > A maintained focus on cash conservation and strengthening the balance sheet
- > Continuing to prudently invest through the cycle, given positive longer-term fundamentals

AUTOMOTIVE AND JEWELLERY MARKETS



Platinum demand declined by 3.8% during 2017 due to the declining platinum jewellery market in China and the waning diesel share of the automotive market in Western Europe.

The continued decline in the Chinese platinum jewellery market is an ongoing concern. The market continues to be in decline because of changed underlying market fundamentals. Consumer preferences have changed, while most retailers' products and business models have not. The change in consumer preferences is hurting generic jewellery business models, yet the PGI expects long-term growth opportunities as the retailers adapt to the changing demand environment, with revised designs and collections.

Simultaneously, there is an increasing call from civil society to reduce emissions and limit public exposure to harmful gases. Cheating scandals in the automotive sector have done little to encourage public confidence in internal combustion engines and, together with the increasing cost of compliance with emission standards, pure battery electric vehicles (EVs) will soon be economically attractive, despite issues with cost, range anxiety, battery disposal and fast-charging infrastructure.

IMPACT ON VALUE

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

OUR RESPONSE

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

Our operating context

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COMPETITOR LANDSCAPE



Lower metal prices and rising costs over several years have had a devastating impact on the PGM industry's profitability, triggering significant reductions in capital expenditure, as well as shaft and mine closures. Western Limb producers have been most severely impacted, driven by the costs associated with operating deep, labour-intensive, conventional mines with older infrastructure. Despite the best efforts of the PGM industry to weather the storm, the industry lost around 800 000 ounces of platinum production since 2009 due to the closure of unprofitable mines. This was particularly hard felt in the Western Limb – which accounts for 520 000 of the 800 000 lost platinum ounces per annum. Conventional producers are fundamentally restructuring loss-making operations to address cash burn and create lower-cost profitable businesses.

Anglo American Platinum (AngloPlats) was the first PGM producer to react to this changing reality, exiting high-cost conventional mining operations. This strategy, together with the continued prioritisation of its low-cost Mogalakwena operation, has proven successful enabling the recent reinstatement of dividend payments despite persistently low metal prices. As a result, AngloPlats significantly outperformed industry peers and has been leading the industry on a relative share price performance basis over one, three and five-year periods. The only other producer that has performed relatively well over this period has been Northam, largely being spared the 2012 – 2015 Rustenburg-based labour disruptions and benefiting from an aggressive low-cost, mechanised growth strategy.

Implats, together with Lonmin, have been slower to react to this changing reality and therefore Implats has been one of the poorer performers over this period.

IMPACT ON VALUE

- > The market has progressively raised concerns about a weakening platinum price and accelerated cash burn at Impala Rustenburg, impacting an increasingly pressurised Group balance sheet
- > Lower metal price impact on a leveraged balance sheet
- > The low earnings and share price decrease optionality in terms of equity financing, when required
- > Following the announcement of a strategic review of the Rustenburg operations, the market is watching for implementation risks
- > The long restructuring implementation period (two years) and weakening balance sheet continue to raise the attention of short sellers on the JSE
- > The short interest in the Company as a percentage of free float shares remains one of the highest on the exchange, indicating the market's negative outlook on the share's value

OUR RESPONSE

- > To sustainably improve its competitive position, profitability and financial returns, Implats has committed to a value-focused strategy with the intention of reducing its exposure to high-cost, labour-intensive, conventional mining operations in a challenging market and operating environment
- > The Group embarked on a radical restructuring of the Impala Rustenburg complex to creating a smaller, more focused operation, which will have six operating shafts in 2021 producing approximately 520koz platinum per year, down from the current 10 shafts ramping up to 750koz platinum per year
- > The transition will realise improved operating costs, achieving an 8.4% reduction in real terms by FY2021; reduced capital expenditure of approximately 50% as the ramp-up shafts (16 and 20) near completion and stay-in-business capital declines in line with the reduced number of shafts; and the employee complement will reduce to approximately 27 000 employees, in line with the reduced output
- > Returning Impala Rustenburg to profitability will not only improve the Group's current financial performance but will, importantly, also contribute to a strengthened portfolio that will enhance the Group's competitive position to create future and sustainable stakeholder value
- > It is our concerted view that a break away from the negative price outlook will only materialise once meaningful progress is demonstrated in delivering the Impala Rustenburg review outcomes

MEETING STAKEHOLDER EXPECTATIONS



Platinum miners face heightened stakeholder expectations on a range of fronts: communities protest for economic opportunities and improved local service delivery; governments push for rapid transformation and employment creation; labour unions exert pressure for higher wages and jostle for power; while a cautious investment community maintains its call for enhanced cost efficiencies, capital management and dividends. In addition, the size of the restructuring at Impala Rustenburg means labour rationalisation is inevitable, and in this instance, may impact approximately 13 100 employment opportunities. The bulk of the anticipated labour reduction programme is aligned to the shaft closure or divestment and is phased in over the two-year implementation period.

IMPACT ON VALUE

- > Stakeholder expectations and our response to these have a significant impact on our legal and social licence to operate, which in turn could impact on investment decisions and the Company's bottom line
- > The prospects of a Section 189 process increases tensions with union shop stewards and head office officials, leading to increased labour action risks
- > Retrenchments damage the trust relationship with the Department of Mineral Resources, heightening the risk of heavy-handed responses

OUR RESPONSE

- > We have implemented an effective stakeholder engagement strategy, to build and maintain value-enhancing relations with all key stakeholders, to create sustainable shared value and to secure a social licence to operate
- > Implats has developed supporting systems, processes, policies, and targeted engagement and communication plans to this end
- > In all cases where job loss avoidance measures are not successful, Impala Rustenburg remains committed to implementing the required changes in consultation with all its social partners to mitigate the socio-economic impacts as far as reasonably possible
- > Discussions are under way with various key stakeholders, including government and the relevant trade union representatives, in respect of this difficult but necessary transition to secure the future viability of the operation and preserve jobs

ENVIRONMENTAL STEWARDSHIP



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

IMPACT ON VALUE

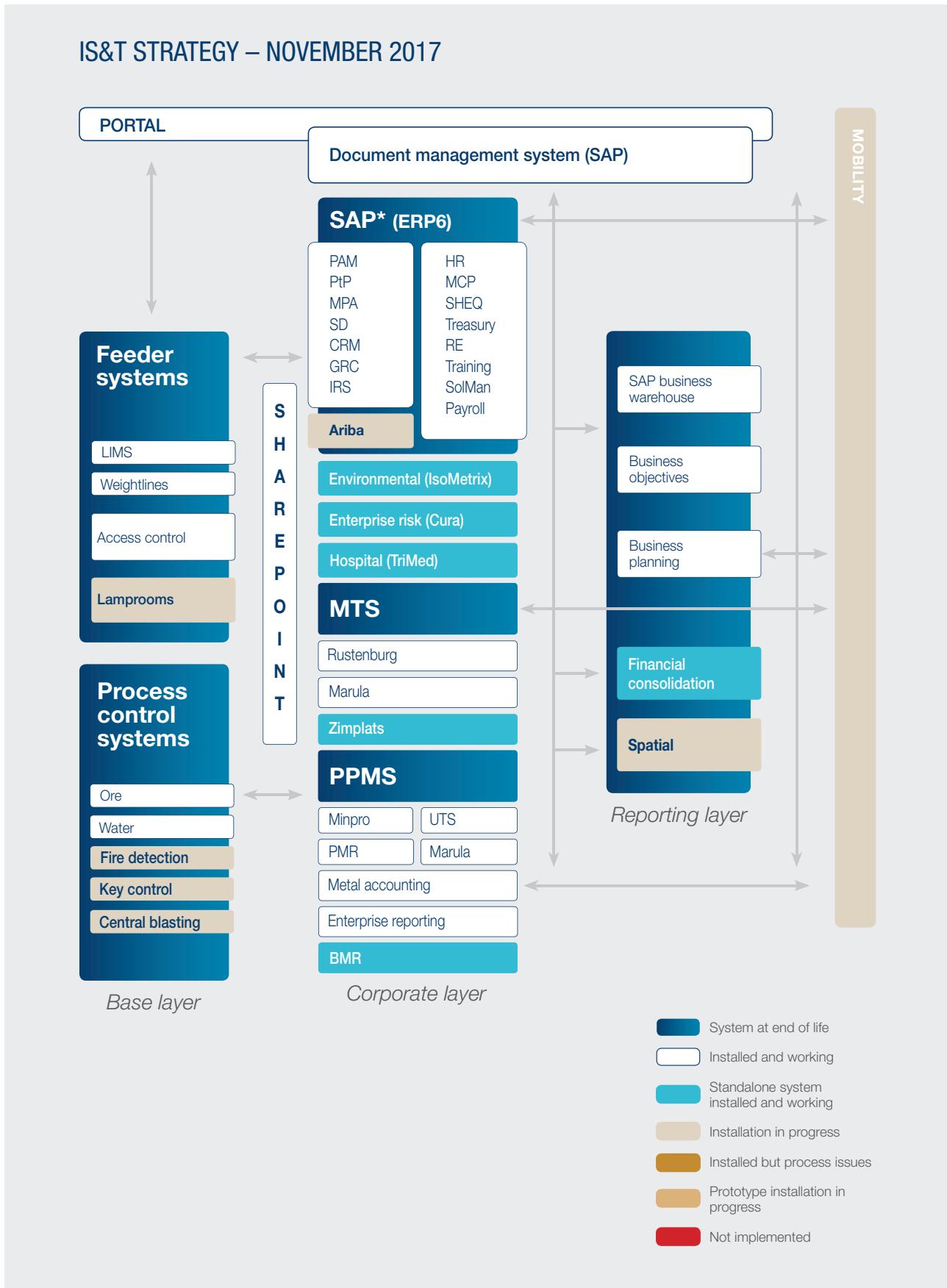
- > Scarcity of water in the region and insecurity of power supply impacts our ability to operate effectively and the increasing cost of resources has a negative impact on profitability
- > There is also an indirect impact on our social licence to operate as we share these resources with local communities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

OUR RESPONSE

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

Our operating context

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Note: Acronyms included in glossary.

* All SAP acronyms under SAP.

TECHNOLOGY AND INFORMATION

Our external environment is pervasively affected by changes in the technology and information environment. The internet is a fundamental component of the IT platform. Connectivity from email communication, third-party document exchange, browsing and online access to supplier catalogues result in risk, and cyber risk has, subsequent to year-end, become part of the top 10 risks on the Implats risks register. This will be reported on more comprehensively going forward.

The board and Exco view the challenges of keeping the risks associated with the essential technology within acceptable limits very seriously. The business improvement and information systems department (BIIS) under the control of our chief information officer (CIO) and in conjunction with the risk department has been running a cyber security project for the last 15 months to move to full compliance with ISO 27001, the international standard for information security, by 2020.

It is important to give an overview on how technology, information and the associated risks are specifically dealt with in our organisation with the focus on our strategy, management structure and continuous monitoring of this area of the business.

The CIO reports to the chief financial officer (CFO) and works jointly with board and Exco as laid down in Principle 12 of King IV. Each year in October, the performance of BIIS is assessed in terms of cost and service levels over the last year and the quality of projects delivered.

Taking the company-wide business strategy as an input, a revised IT strategy is produced for the next five to seven years covering all aspects of IT (applications,

infrastructure, reporting, cyber security etc). This strategy is presented to Exco and the board audit committee for approval and it then directly informs the capital and operating plans for the next financial year. As part of the strategy development, the current state of cyber security is monitored against the top 20 controls as defined by the International Center for Internet Security and the rating is included in the board report. In 2017 risks were identified in the wide area and local networks and a network remediation project has been under way since the end of the first quarter of 2018.

From a value-add perspective BIIS plays an important role in Implats. Integrated systems feed an integrated reporting and dashboarding layer. The underlying infrastructure runs on a Microsoft-based Standard Operating Environment (SOE). The corporate servers were moved into the cloud (private and public) in 2015.

The three major components of the corporate architecture are:

- > SAP which supports the business functions of the company
- > PPMS (AspenTech) an industry-standard product to manage reporting from the process control and other operational systems
- > MTS which includes the mine planning and operations products from MineRP

It has been acknowledged by members of Exco that the penetration of IT will inevitably increase as discussed below. To avoid duplication and rework, it has been agreed that the head of BIIS will sign all future capital projects to ensure that both cyber security and standardisation of technology are considered.

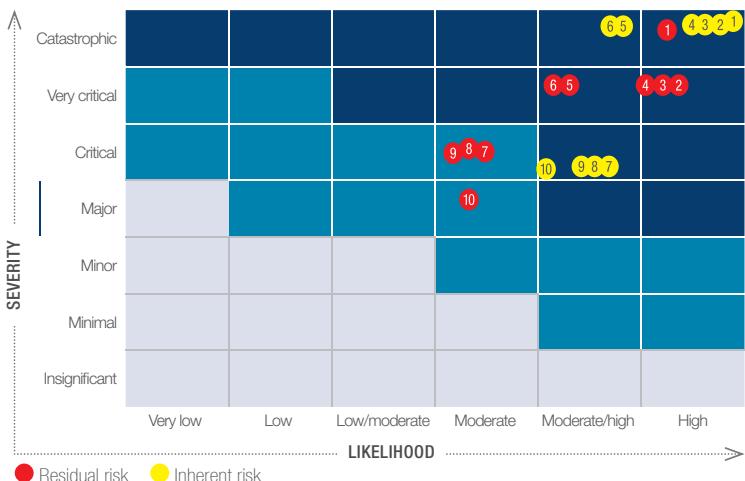
STRATEGIES	
	Maintain our licence to operate
	Cash conservation
	Improve efficiencies through operational excellence
	Consistently deliver production targets
	Relentlessly drive the safety of our people
	<p>Supporting our Group strategies will require technology, especially in relation to improving safety and operational excellence. Increasingly there will be a demand to know that the right people are operating safely in the right place at the right time and this will drive the implementation of sensors, facial and voice recognition, predictive analysis and artificial intelligence.</p> <p>This will only be possible if there is accurate real-time data held on a reliable network. Mobile computing with secure devices is a key project within BIIS. This will provide major opportunities for business efficiencies. Technology will become more agile allowing improved responsiveness to the needs of the business and the DMR.</p> <p>Increasingly vendors will be supplying equipment which is internet-enabled. By 2021 Implats will have a significant 'Internet of Things' platform which will track people and assets. It will be important to ensure as much harmonisation as possible between a number of different supplier-driven initiatives.</p>

Risks and opportunities

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

Risk matrix



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



TOP RESIDUAL RISKS

GROUP IMPALA ZIMPLATS MARULA MIMOSA TWO RIVERS

1 Ability and capacity to implement the outcomes of the Impala Rustenburg strategic review and return Impala to a cash neutral/positive position by FY2021	1	1				
2 Weak balance sheet	2	2	2	2		
3 Sustained depressed PGM basket prices	3	3	3	3	3	3
4 Non-delivery of production and productivity targets at Impala Rustenburg	4	4				
5 Employee relations climate	5	5		5		5
6 A significant deterioration in safety performance	6	6				
7 Reduced production flexibility in smelting operations	7	7	7			
8 Inability to sustain SIB and risk mitigation projects due to capital constraints	8		8		8	
9 Long-term economic viability of Marula operations	9			9		
10 Challenged capacity and efficiencies of management layers at South African operations	10	10		10		

● Non-controllable ● Controllable ● Partially controllable

STRATEGIC OBJECTIVES

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

STRATEGIES

Relentlessly drive the safety of our people	Consistently deliver production targets	Improve efficiencies through operational excellence	Cash conservation

RISK APPETITE AND TOLERANCE

The challenge for Implats management is to determine how much risk and uncertainty to accept in the achievement of our business objectives. Risk appetite and risk tolerance are essential elements of enterprise risk management, as they integrate risk management with business planning and operational management. Risk appetite and tolerance limits set the thresholds of risk that Implats is willing to accept in the pursuit of its objectives and targets.

Risk appetite is the aggregate amount of risk the Company is willing to assume in pursuit of its business objectives. Risk tolerance is the maximum allowable variation to achieve specific performance measures linked to the business plan's objectives.

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



1 ABILITY AND CAPACITY TO IMPLEMENT OUTCOMES OF THE RUSTENBURG STRATEGIC REVIEW

DESCRIPTION OF RISK	VALUE IMPACT	MITIGATING ACTIONS	OUTLOOK	STRATEGIC OBJECTIVE	STRATEGIES
Ability and capacity to implement outcomes of the Impala Rustenburg strategic review and return Impala to cash neutral/positive position by FY2021	The Impala Rustenburg strategic review outcomes define the key steps management has committed to return this operation to a cash neutral/positive position. Failure to implement the strategy according to plan will result in longer than anticipated cash burn and put further pressure on the Group balance sheet	<ul style="list-style-type: none"> > Direct executive, senior and middle management focus on implementing the review outcomes > Delivery of production targets > Implementation of the labour reduction and cost containment programmes > Identification of appropriate commercial options for shafts identified for exit/cessation > Strategic review implementation execution risks have been identified and are being integrated within the day-to-day management systems and processes 	The implementation of the strategic review outcomes will create a more focused Impala Rustenburg business centred around its best assets with higher quality long-life orebodies and lower operating costs and capital intensity. This will return the operation to profitability in a lower platinum price environment. Support from affected internal and external stakeholders are expected to remain challenging		     

KPI

For KPI targets refer to individual operations' performance from page 90 to 139

Risks and opportunities

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2

BALANCE SHEET

DESCRIPTION OF RISK	VALUE IMPACT	MITIGATING ACTIONS	OUTLOOK	STRATEGIC OBJECTIVE	STRATEGIES
Weak balance sheet	A weaker balance sheet as a result of the persistent low pricing environment and ongoing losses experienced at Impala Rustenburg will impact the Company's ability to raise additional financing within the current capital structure	<ul style="list-style-type: none"> > Alternative funding strategies are constantly reviewed to support the funding for the implementation of the Impala Rustenburg strategic review and the Group balance sheet > Ongoing forecasting processes consider operational funding requirements > Implementation of cost savings initiatives > Management of liquidity requirements, including facilities to fund business requirements 	The successful implementation of the Impala Rustenburg strategic review remains key to improving the balance sheet, together with the implementation of an appropriate funding strategy		
KPI					
For KPI targets refer to individual operations' performance from page 90 to 139					

3

SUSTAINED DEPRESSED PGM BASKET PRICES

DESCRIPTION OF RISK	VALUE IMPACT	MITIGATING ACTIONS	OUTLOOK	STRATEGIC OBJECTIVE	STRATEGIES
The impact on profitability of the significant and sustained decline in the US dollar PGM basket price is particularly acute in older, deeper labour-intensive conventional mines and is unsustainable in the medium to long term. The rand:US dollar exchange rate materially impacts the PGM and base metal revenue basket, while the volatility of the exchange rate is an additional risk	A sustained weaker rand and/or lower PGM prices adversely impact the revenue and cash position of the business. The impact on capital allocation may affect future performance	<ul style="list-style-type: none"> > In-depth research to enhance understanding of future supply/demand fundamentals for PGMs > Awareness of technological advances that may materially affect future demand, as this may present an added risk or an opportunity > Targeting marketing and investment initiatives to grow PGM demand > Implementation of the outcomes of the Impala Rustenburg strategic review > Cash conservation 	The outlook for dollar PGM basket prices is expected to remain depressed, further impacted by fluctuations in the exchange rate		
KPI					
For KPI targets refer to individual operations' performance from page 90 to 139					

4

NON-DELIVERY OF PRODUCTION AND PRODUCTIVITY TARGETS AT IMPALA RUSTENBURG

DESCRIPTION OF RISK	VALUE IMPACT	MITIGATING ACTIONS	OUTLOOK	STRATEGIC OBJECTIVE	STRATEGIES
The achievement of production targets is critical to returning the operation to profitability and to the sustainable creation of value. This has a direct impact on investor confidence Short-term challenges include the successful ramp up to full production at the new generation shafts and the achievement of targeted efficiencies in the mining cycle to increase productivity	Falling short of production targets has an adverse effect on revenue and unit costs due to the relatively small variable cost component. The impact on Group performance is severe due to the relative size of this operation	<ul style="list-style-type: none"> > Implementation of an operational optimisation and productivity enhancement programme focusing on root cause analysis and the removal of constraints to improve mining efficiencies > The use of new technology to reduce the time taken to open up the ore reserve > Implementation of a supervisor and management capability assessment and coaching programme > Weekly reviews of operational performance 	The processes and programmes to enable the operation to achieve production targets have been implemented and targets are expected to be met		
KPI					
For KPI targets refer to individual operations' performance from page 90 to 139					

5

EMPLOYEE RELATIONS CLIMATE

DESCRIPTION OF RISK	VALUE IMPACT	MITIGATING ACTIONS	OUTLOOK	STRATEGIC OBJECTIVE	STRATEGIES
Employee relations climate	The challenging socio-political and economic climate could affect the Company's ability to successfully implement the Impala Rustenburg strategic review. The business would remain unprofitable in the current low price environment	<ul style="list-style-type: none"> > Committed to a socially responsible ethos and sensitive to the potential impact of the restructuring process at Impala Rustenburg on employment, local economic development and host communities > Clear and transparent communication channels with employees, unions and other stakeholders have been established, supported by a robust stakeholder engagement strategy > Job losses will be minimised through transferring skills to vacant positions, as well as reskilling, voluntary separation, business improvement and the exploration of commercial options to dispose of shafts > Implementation of the Section 189 and Section 52 to support the strategic review outcomes have been initiated > Future forums have been established and focus on organisational performance 	The Company will continue to focus on developing and sustaining positive, consultative relationships with employees and unions		
KPI					
For KPI targets refer to individual operations' performance from page 90 to 139					

Risks and opportunities

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6

A SIGNIFICANT DETERIORATION IN SAFETY PERFORMANCE

DESCRIPTION OF RISK	VALUE IMPACT	MITIGATING ACTIONS	OUTLOOK	STRATEGIC OBJECTIVE	STRATEGIES
Safety is a key priority for the Group operating in an industry associated with material inherent safety risks	<p>The tragic consequences associated with the loss of life, an injury at work or any safety-related incident are severe and remain unacceptable to Implats and could threaten the Company's licence to operate</p> <p>The associated business interruption and the loss of morale, operational momentum and production impact sustainable value creation</p>	<ul style="list-style-type: none"> > Strong commitment to improve the safety culture, driven through initiatives relating to people behaviour > Innovative use of technology to improve safety in the workplace > Identification and focus on critical controls > Ongoing implementation of a visible felt leadership programme at Impala operations 	Various strategies continue to be pursued as part of an overall safety management strategy and have realised significant improvements in safety performance, particularly Impala Rustenburg		

KPI

For KPI targets refer to individual operations' performance from page 90 to 139

7

REDUCED PRODUCTION FLEXIBILITY IN SMELTING OPERATIONS

DESCRIPTION OF RISK	VALUE IMPACT	MITIGATING ACTIONS	OUTLOOK	STRATEGIC OBJECTIVE	STRATEGIES
Reduced production flexibility in smelting operations	<p>The ability to run all smelters at Impala Rustenburg at full capacity was affected by a fire experienced at the number 5 furnace in February 2018. This impacted production volumes and cash flows</p> <p>Production flexibility will remain constrained as further critical maintenance to some of the furnaces will need to be carried out in FY2019</p>	<ul style="list-style-type: none"> > Risk-based options analysis will ensure that the impact on Group production capacity and revenues of necessary maintenance activities are mitigated as far as possible > Introduction of additional engineering and physical controls on affected furnaces 	The risk is expected to be mitigated in the next 12 to 18 month period		

KPI

For KPI targets refer to individual operations' performance from page 90 to 139

8

INABILITY TO SUSTAIN STAY IN BUSINESS (SIB) AND RISK MITIGATION PROJECTS DUE TO CAPITAL CONSTRAINTS

DESCRIPTION OF RISK	VALUE IMPACT	MITIGATING ACTIONS	OUTLOOK	STRATEGIC OBJECTIVE	STRATEGIES
Implats has limited capital resources currently. This highlights the criticality of effective capital deployment and project prioritisation	Deferring or electing not to spend capital impacts the life-of-mine plans and value of areas where projects are delayed or cancelled	<ul style="list-style-type: none"> > Comprehensive and rigorous review of all projects with a fully inclusive project prioritisation process. This is fully integrated into the business planning process > Risk mitigation projects requiring capital continue to be prioritised, especially where health and safety improvements can be achieved 	Capital allocation decisions continue to be evaluated on an ongoing basis		

KPI

For KPI targets refer to individual operations' performance from page 90 to 139

9

LONG-TERM ECONOMIC VIABILITY OF MARULA OPERATIONS

DESCRIPTION OF RISK	VALUE IMPACT	MITIGATING ACTIONS	OUTLOOK	STRATEGIC OBJECTIVE	STRATEGIES
Long-term economic viability of Marula operations	While Marula has significantly improved its operational performance over the last year and continues to effectively manage a number of risks that could affect production, including community upheavals and other factors, the business remains under financial pressure due to persistently low PGM prices and a challenging employee relations climate	<ul style="list-style-type: none"> > Regular and rigorous review of business plans and capital plans > Ongoing stakeholder engagement focused on building constructive relationships with various stakeholders > Review of capital projects, particularly the capital intensive construction of a new tailings storage facility 	Positive		

KPI

For KPI targets refer to individual operations' performance from page 90 to 139

10

CHALLENGED CAPACITY AND EFFICIENCIES OF MANAGEMENT LAYERS AT SA OPERATIONS

DESCRIPTION OF RISK	VALUE IMPACT	MITIGATING ACTIONS	OUTLOOK	STRATEGIC OBJECTIVE	STRATEGIES
Challenged capacity and efficiencies of management layers at South African operations	People's ability and capacity to contribute constructively to achieving targets across the various entities and functions ultimately affects efficiencies and overall performance	<ul style="list-style-type: none"> > Implementation of a performance management process to develop a high-performance culture > Appointment of additional managerial resources > Implementation of focused training initiatives 	A robust performance management process, combined with initiatives to ensure the right people are at the right place at the right time, will contribute to a gradually improving performance culture		

KPI

For KPI targets refer to individual operations' performance from page 90 to 139

Business model and value chain

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Inputs

OUR CAPITALS

HUMAN

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

Refer to Group page 52
Refer to operations pages 90 to 139

FINANCIAL

- > Operating cash flow
- > Equity funding
- > Debt funding

Refer to Group page 52
Refer to operations pages 90 to 139

MANUFACTURED

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

Refer to Group page 52
Refer to operations pages 90 to 139

SOCIAL AND RELATIONSHIP

- > Ethics and human rights
- > Employee relations
- > Organised labour
- > Community relations
- > Social licence to operate

Refer to Group page 53
Refer to operations pages 90 to 139

INTELLECTUAL

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

Refer to Group page 53
Refer to operations pages 90 to 139

NATURAL

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

Refer to Group page 53
Refer to operations pages 90 to 139

Outputs

STRATEGIC RISKS

- 1 Ability/capacity to implement the outcomes of the Impala Rustenburg strategic review and return Impala to a cash neutral/positive position by FY2021
 - 2 Weak balance sheet
 - 3 Sustained depressed PGM basket prices
 - 4 Non-delivery of production and productivity targets at Impala Rustenburg
 - 5 Employee relations climate
- For risk management, refer to pages 42 to 47

- Non-controllable
- Controllable
- Partially controllable

RUTHENIUM

RHODIUM

IRIDIUM

ACTIVITIES

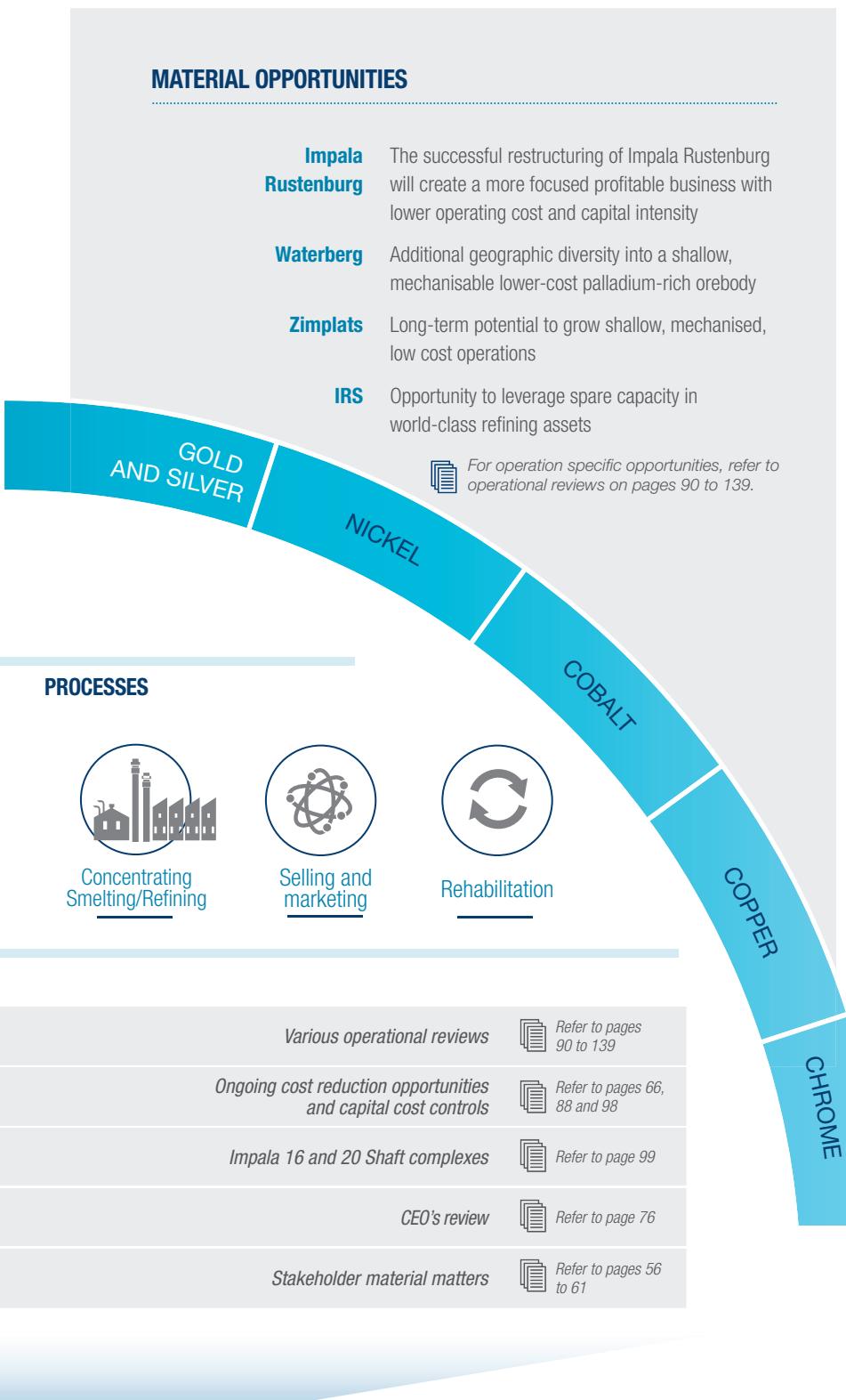


STRATEGIC OBJECTIVES

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

Outcomes

POSITIVE AND NEGATIVE



HUMAN

- Injuries and fatalities
- Occupational health (NIHL)
- Skilled leaders and employees
- Economic empowerment of our people
- Equity and transformation

FINANCIAL

- Shareholder and investor returns
- Reinvestment of profits
- Contribution to tax revenue authorities and economic growth for country

MANUFACTURED

- Products that generate revenue and improve the environment
- Reinvestment in shafts

SOCIAL AND RELATIONSHIP

- In-migration and constraints on infrastructure and social amenities
- Informal settlements
- Labour and social unrest
- Social investments
- Education, health and housing

INTELLECTUAL

- Continuous improvement – safe and efficient operations
- Development of IP
- Business improvement
- R&D innovation

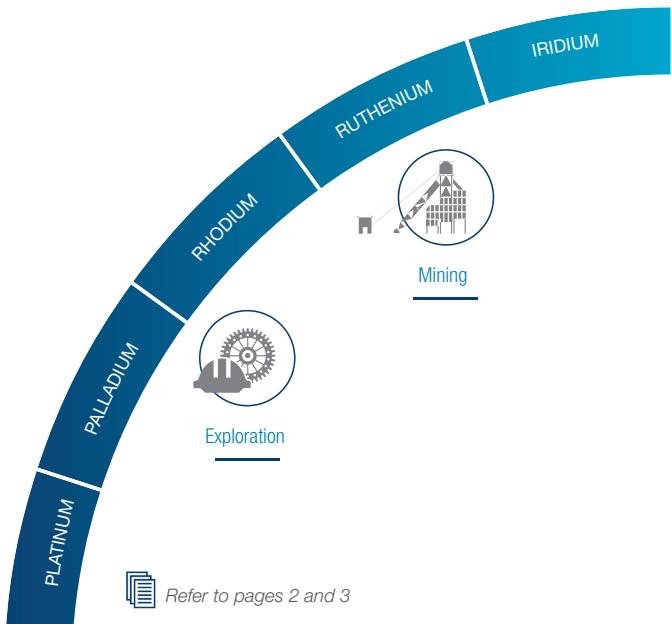
NATURAL

- Generation of waste
- Water recycling has improved
- Land availability and disturbances
- Conservation of natural resources through recycling and rehabilitation

Business model and value chain

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OUR STRATEGY SEEKS TO SUSTAIN OPTIMAL LEVELS OF SAFE PRODUCTION AT THE BEST POSSIBLE COST.



Our activities

	EXPLORATION	MING	PROCESSING AND REFINING
Activity	Mainly brownfields exploration focusing on existing mines with a view to optimise orebodies. Continue to monitor worldwide activities to maintain intelligence in greenfields exploration.	Implats mining divisions consist of deep-level conventional mining at Rustenburg and shallow-level conventional and hybrid mining at Marula. Zimplats, Mimosa and Two Rivers are mechanised shallow-mining operations.	Activities consist of concentrating and smelting our own ex-mine material and smelting third-party concentrates in Zimbabwe and Rustenburg and refining all matte in Springs.
Outcome	Supports mine planning and optimal mine layout. Implats incurred R143 million (2017: R123 million) during the year. Greenfields have been terminated, but there is a positive outlook to grow Mineral Reserve inventory at Zimplats, Mimosa and Two Rivers.	Production of 19.4 million milled tonnes ex mine/operating cost of R16.4 billion/capital of R3.9 billion/Mineral Resources reduced by some 57.8Moz Pt during the year.	Refined Pt production: -> 1 468koz Pt -> 849koz Pd -> 199koz Rh -> 16 226 tonnes Ni -> Operating cost R6.9 billion -> Capital spent R737 million
Focus	Focus area is brownfields, but maintain a watching brief on PGM exploration worldwide.	In the short term, focus will be on Impala to ensure it becomes cash neutral at current prices. Rebalance labour force and review operating model for this mine. Marula must remain cash generative or operations will be put on care and maintenance. Productivity and performance focus throughout all the mining operations. Maintain social licence to operate – within communities.	Focus on: -> R&D -> Recoveries -> Mitigating environmental impacts (reducing waste, water, limiting emissions) -> New refining opportunities



SELLING/MARKETING

Selling and marketing of PGMs is done on a contract and spot-market basis. Implats does not enter into hedges and is exposed to commodity prices. We have, however, entered into a forward sale of excess metal built up in the pipeline. Implats supports the World Platinum Investment Council (WPIC) in its work to incentivise future sustained investment demand and the International Platinum Association in lobbying for worldwide emission controls. We have increased our visibility and marketing spend in China, particularly relating to the bridal jewellery market through Platinum Guild International.

The overall demand for PGMs remain stable. Tighter emissions legislation has resulted in higher loadings for platinum and palladium in vehicle catalytic converters globally. Overall demand was flat during the year as a slight increase in automotive and industrial demand was offset by a drop in jewellery demand.

The focus will remain on stimulating platinum demand and dispelling the unfounded negative perceptions of diesel globally.

REHABILITATION

We limit negative impacts on natural resources by ensuring full compliance with regulatory requirements and minimising water use and pollution thereof. We respond to climate change risk and opportunities by promoting responsible energy use and managing waste and emission streams. We apply responsible land management and biodiversity practices.

- > A total of 16.3ha of disturbed land was rehabilitated
- > Estimated rehabilitation liability for our operations totalled R2.378 billion
- > Group rehabilitation provisions totalled R1.225 billion

Implats is committed to maintaining its social licence to operate and to manage the impacts on our environment responsibly.

Business model and value chain

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Our capitals

CAPITALS

Human

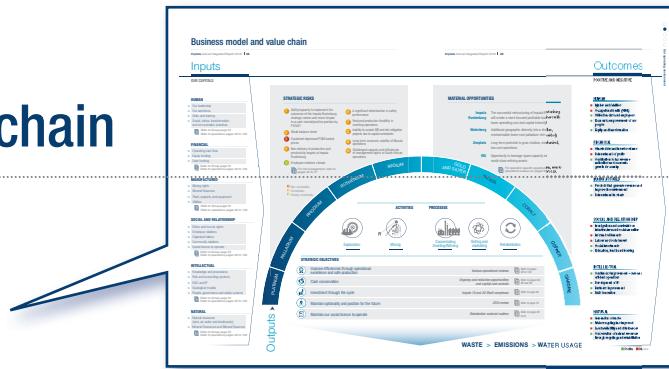
- > Our leadership
- > Our workforce
- > Skills and training
- > Social, ethics, transformation and remuneration practices

Financial

- > Operating cash flow
- > Equity funding
- > Debt funding

Manufactured

- > Mining rights
- > Mineral Resources and Mineral Reserves
- > Plant, property and equipment
- > Utilities



INPUTS AND TRADE-OFFS

- > Value is generated through the well-being, expertise and motivation of our employees, contractors and service providers
- > 50 512 employees including contractors
- > Regrettably, we have reduced headcount at Impala to ensure sustainability
- > R504 million (2017: R572 million) skills development expenditure
- > Good progress in promoting equitable transformation at all levels

- > R1.0 million operating cash out flow
- > PGM prices have a significant impact on revenue generation and profitability
- > High fixed-cost associated with deep level mining (Rustenburg) due to infrastructure and labour intensity
- > Strict capital allocation and investment aimed at diversification ensures optionality and positions the business for the future
- > Secured approved terms to enter into forward sale transaction to release up to R2.0 billion of the approximately R4.2 billion excess pipeline stock during FY2019. The forward sale relates to excess inventory that will only be refined in FY2020, effectively monetising the Group's entire excess stock pipeline in FY2019.
- > The remaining quantum of undrawn debt facilities is R2.5 billion available until 2021
- > R829 million Zimplats dividend declared after year-end to support liquidity/restructuring efforts

- > Reduced Attributable Mineral Resource of 133.8Moz of platinum (2017: 191.6Moz)
- > Operating model (ongoing development/harvest) impacts Mineral Reserves and, ultimately, life-of-mine
- > Capital expenditure – R4.6 billion (2017: R3.4 billion). In the current year, R1.4 billion was spent on the two development shafts, 16 and 20, at Impala Rustenburg and R1.7 billion, US\$135 million was spent at Zimplats, mainly on the Mupani and Bimha development
- > Energy consumed – 16 million GJ (2017: 17 million GJ)

OUTPUTS:

PLATINUM

PALLADIUM

RHODIUM

RUTHENIUM

OUTCOMES

- > Injuries and fatalities – LTIFR: 6.01 (2017: 6.35)
- > Employee wellness – 149 (2017: 196) new TB cases, 5 771 (2017: 5 002) employees on ART
- > Skilled leaders and employees – 2 200 (2017: 980) employees and contractors impacted by restructuring
- > Economic empowerment of our people – R11.8 billion (2017: R11.7 billion) in salaries
- > Equity and transformation: Achieved

- > Shareholder and investor returns – no dividend declared since 2013
- > Headline loss – R1 228 million (2017: R983 million)
- > Contribution to tax revenues and economic growth – R3.6 billion (2017: R3.4 billion)

- > Products that generate revenue R35.9 billion (2017: R36.8 billion)
- > Products that improve the environment – PGMs used to control emissions from combustion engines, mostly in the automotive industry
- > Mineral Reserves – negatively impacted by strategic review of Impala and economic valuation of individual shafts and tailcutting, while positively affected by the addition of some Upper Ores at Zimplats and the Kalkfontein RE portion

RESPONSE

SD report, refer to pages 28 to 49

Individual operations, refer to pages 90 to 139

Various measures to raise and preserve cash including:
 > Curtailment of capital expenditure
 > Cost optimisation
 > Forward sale of excess inventory to create liquidity

Value added statement, refer to page 75

Individual operations, refer to pages 90 to 139

CEO's review, refer to page 76

Individual operations, refer to pages 90 to 139

OUR STRATEGY SEEKS TO SUSTAIN OPTIMAL LEVELS OF SAFE PRODUCTION AT THE BEST POSSIBLE COST.

Social and relationship	Intellectual	Natural			
<ul style="list-style-type: none"> > Ethics and human rights > Employee relations > Organised labour > Community relations > Social licence to operate 	<ul style="list-style-type: none"> > Knowledge and procedures > Risk and accounting systems > R&D and IP > Geological models > People, governance and safety systems 	<ul style="list-style-type: none"> > Natural resources (land, air, water and biodiversity) > Mineral Resources and Mineral Reserves 			
<ul style="list-style-type: none"> > Respect human rights and maintain zero tolerance to unethical behaviour > Invest significantly in maintaining stable and constructive relationships > 83% of SA workforce and 92% of Zimbabwean workforce are covered by collective bargaining agreements > R214 million (2017: R136 million) invested in socio-economic development benefiting 21 000 people in South Africa and 73 000 people in Zimbabwe > Commitment to comply with and meet the objectives of the MPRDA, the 2010 Mining Charter, the President's Framework Agreement for a Sustainable Mining Industry, the Leaders' declaration on the mining industry commitment to save jobs and ameliorate the impact of job losses and the NDP 	<ul style="list-style-type: none"> > Effective and efficient performance depends on effective management systems and a conducive people culture > Best in sector purity (refining capability) for platinum and palladium 	<ul style="list-style-type: none"> > Mining activities unavoidably erode the natural environment – we strive to mitigate these effects through responsible stewardship of our natural resources > Attributable Mineral Resource of 133.8Moz of platinum 			
IRIDIUM	GOLD AND SILVER	NICKEL	COBALT	COPPER	CHROME
<ul style="list-style-type: none"> > People influx and constraints on infrastructure and social amenities > Informal settlements > Labour and social unrest – proactive engagement with community representatives and government officials > Education, health and housing – continue with community development initiatives such as Platinum Village 	<ul style="list-style-type: none"> > Continuous improvement – safe and efficient operations > Development of IP > Business improvement > New executive and board appointments in current period 	<ul style="list-style-type: none"> > Pollution (air, water, land) and climate change > Water withdrawn: 23 530ML (2017: 23 530ML) > Energy consumption: 16 million GJ (2017: 17 million GJ) > Reduced land availability and increased land disturbance > Conservation of natural resources through recycling, rehabilitation 			

SD report, refer to pages 37 to 51

Individual operations, refer to pages 90 to 139

Mineral Resource and Mineral Reserve statement pages 6 to 7

Information and technology page 40

Individual operations, refer to pages 90 to 139

SD report, refer to pages 52 to 62

Mineral Resource and Mineral Reserve statement page 26 onwards

Individual operations, refer to pages 90 to 139

Stakeholder review and engagement

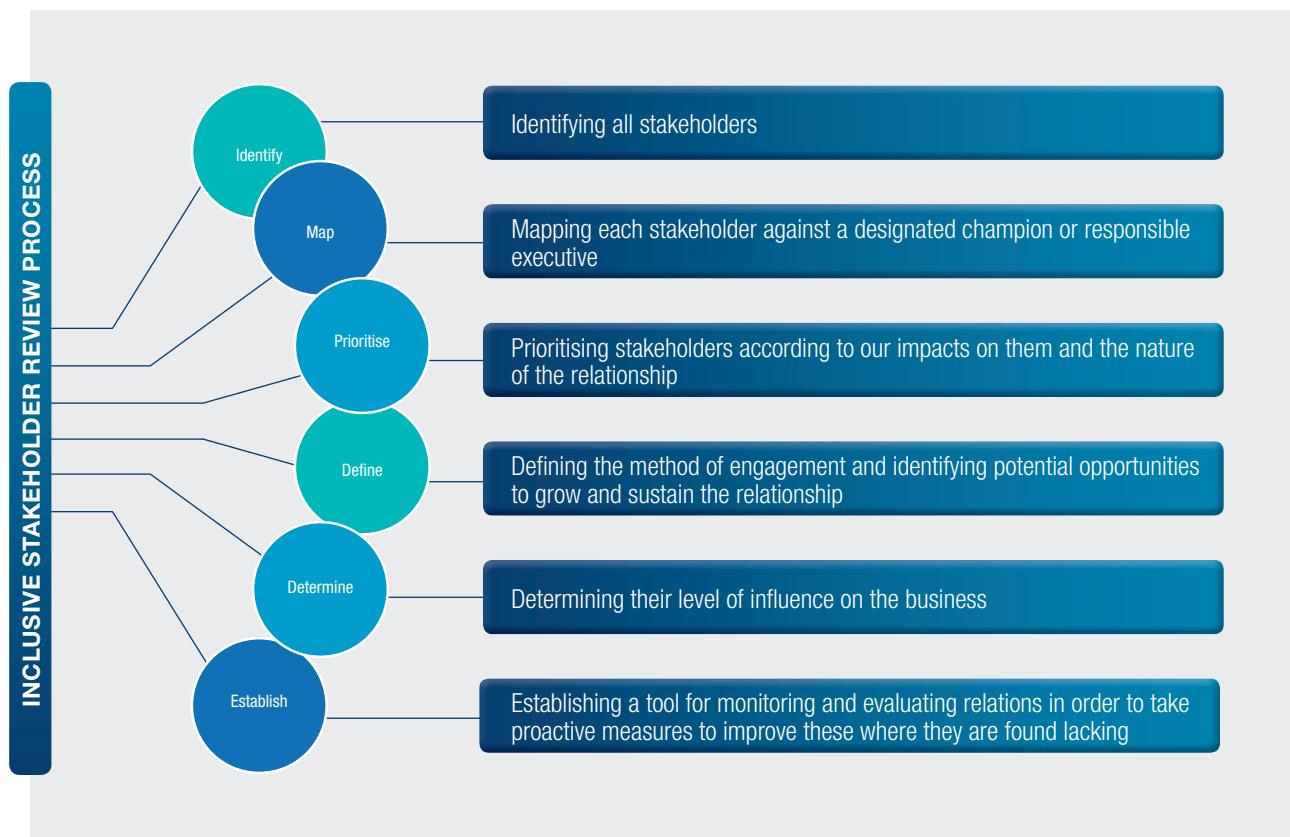
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IMPLATS IS COMMITTED TO EFFECTIVE STAKEHOLDER ENGAGEMENT TO BUILD AND SUSTAIN VALUE-ENHANCING RELATIONS WITH ALL KEY STAKEHOLDERS TO SECURE OUR SOCIAL LICENCE TO OPERATE.

Stakeholders are defined as those people or groups who are interested and affected by our business, as well as those who have a material influence on our ability to create value. Operations are very different. Applicable information has been provided on a per operation basis in the relevant operational review (refer to pages 90 to 139).

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

Our inclusive stakeholder review process is depicted as follows:



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



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



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

Stakeholder material matters

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EMPLOYEES AND UNIONS

(M = Matter) (R = Response)

Workforce reductions and job security



M We recognise the significance of increasing people-related risks. The recent and ongoing organisational change and uncertainty in the Company has impacted employee morale and heightened the importance of our talent retention and skills development activities

R While employee rationalisation is inevitable in a restructuring process, we will take the utmost care to ensure job losses are sensitively managed and minimised as far as possible through a range of measures which include:

- > The transfer of skills to vacant positions at our two growth shafts
- > Reskilling of employees if necessary
- > Voluntary separation
- > Business improvement
- > Seeking buyers or contract miners at the shafts we wish to exit

Discussions are ongoing with key stakeholders, including government, relevant trade unions and community representatives to manage this transition.

Safety and health



M Safety is our most critical area of focus. Sadly, seven work-related fatalities occurred during the current reporting period. Failure to identify hazards and respect risks, not following standard operating procedures and inadequate supervision and oversight are routinely identified as contributing factors in significant and fatal incidents

R The impact of the expenditure and effort we put into safety initiatives, technical solutions and training across the Group is reflected in the significant improvement in our safety performance achieved in the second half of the year, with no fatalities recorded and good progress in many of the leading and lagging performance indicators. Refer to operational/Group performance against main objectives on pages 84 and 85 of the SD report

Employee over indebtedness



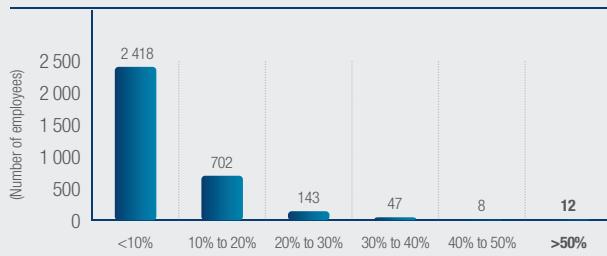
M Employee indebtedness at our South African operations remains a serious challenge, affecting employee well-being and raising stress-related health and safety risks. We have also seen an increase in the number of employee indebtedness cases identified among our Implats workforce, largely due to an influx of banks, credit stores, loan sharks and other business players in the main areas where employees reside, with lenders perceiving our employees to have high levels of disposable income. This has prompted increasing levels of employee debt

R To mitigate the impact of employee indebtedness we:

- > Monitor the level of employee indebtedness through the payroll office by measuring the number and value of garnishee, maintenance and administration orders instituted against workers
- > Implement various initiatives aimed at assisting employees with financial literacy, planning and mitigating indebtedness. This year, 190 employees received financial life skills training

The current level of indebtedness and the rand value of employee debt over the past three years is shown in the graph below and depicts the effect of our various efforts to address employee indebtedness:

Debt as a percentage of an employee's package



Monthly debt



Despite the improved debt position of our employees (such as a reduction in garnishee and administrative orders at Impala Rustenburg since 2015), there remains a concern about the level of debt of those employees whose debt commitments cannot be traced through our payroll system. We therefore continue to intensify efforts to encourage more employees to use our financial well-being services

Opportunities

- > With human error being a contributor to many incidents, our priority is to cultivate a culture of operational discipline to ensure full compliance and commitment to safe working practices
- > Continue to monitor employee indebtedness and financially educate our employees

PERFORMANCE AFFECTING RELATIONSHIP QUALITY							
Key performance indicator	Measure-ment	How it affects our ability to create value	Year-on-year change	2018	2017	2016	Outlook
Work-related fatalities (own employees and contractors)*		The lives and well-being of our employees are of critical importance to Implats. We have a zero tolerance to harm	down	7	8	9	> Our priority is to cultivate a culture of operational discipline to ensure full compliance and commitment to safe working practices > The focus is at Impala Rustenburg and Marula
FIFR	Pmmhw		down	0.065	0.071	0.080	
Skills development spend		> Investment in development of workforce					We strive to implement an effective people strategy that promotes a people focused, safety conscious culture and supports the business in developing, acquiring and retaining the right skills to meet current and future business needs. In doing so, key deliverables include:
South Africa	Rm		down	485	548	512	> Implementing a holistic approach to managing our people > Aligning our business plans to individual performance objectives, talent management and strengthening our succession pipeline for key positions within the Group > Optimising the use of the revised performance management system > Developing more decisive and effective middle management capability and employee engagement > Instilling a learning culture, with training interventions focused on meeting business needs and delivering in terms of return on investment
Zimbabwe	US\$m		up	4.9	4.8	4.9	
Women in total workforce in South Africa	%	Promotes diversity in the workplace and enhances female representation in leadership	unchanged	11	11	11	We aim to continuously improve and to achieve transformation at all levels. We will continue to focus on:
Managers who are female	%		up	22	21	20	> Recruiting and retaining HDSAs with critical skills > Using our graduate development programme to advance transformation > Promoting black talent from within the organisation, with specific initiatives focused on women; key initiatives include accelerated training within career paths, skills transfer and experiential training > Eliminating transformational barriers and empowering operational transformational forums to advance equity

* Excluding Mimosa and Two Rivers.

WORKFORCE CLIMATE SURVEY

To assess the current organisational climate at Implats, this year we conducted an initial in-depth survey to deepen our understanding of our employees' perceptions and attitudes in relation to safety, communication, leadership, teamwork, recognition, empowerment, accountability, and understanding of our business objectives. The survey provided the opportunity for employees to give input into the culture they desire and to gain an insight into the extent to which their legitimate needs are met.

The survey was undertaken at Impala Rustenburg, Marula and Impala Springs. It was conducted anonymously, by means of questionnaires on a voluntary basis to ensure the outcome of the survey reflects the true feelings of the employees. Zimplats has already conducted a climate survey and the results have been used to create a baseline.

The survey results were finalised at year-end and will be used to create a baseline to inform the development of targeted cultural transformation activities aimed at improving organisational effectiveness and fostering our desired culture. The survey will be repeated annually to track our progress.

Stakeholder material matters

GOVERNMENT

(M = Matter) (R = Response)

Job losses and further retrenchments due to restructuring of Impala Rustenburg



M Because of the magnitude of the restructuring process, all stakeholders, including government will be affected by the restructuring process. Impala Rustenburg remains committed to implementing the required changes in consultation with all its social partners

R Discussions are already under way with key stakeholders, including the various levels of government regarding this difficult transition to secure the future viability of the operation and preserve jobs as far as possible

Legislative uncertainty (in South Africa and Zimbabwe) and compliance with existing mining legislation

M Addressing legislative and policy uncertainty remains a significant priority in South Africa and Zimbabwe. We engage proactively with both governments, directly and through representative business organisations, to build trusted and cooperative relations, with the aim of contributing to the development of socially progressive and pragmatic legislation

R Positive developments in Zimbabwe this year included the reduction of the proposed 15% (2.5% on matte), export levy on unbeneficiated platinum to 5%, deferred until 1 January 2019

R We also engaged proactively with the government to support developments aimed at growing and diversifying the Zimbabwean PGM industry. This included the amicable resolution of the proposed compulsory acquisition of a portion of Zimplats' mining lease area as well as securing Zimplats' mining tenure

R In South Africa, the development of Mining Charter III is progressing positively and we continue to collaborate with the government. We remain steadfast in our commitment to work with national and local government to improve the lives of our citizens

Opportunities

- > Both South Africa and Zimbabwe have seen positive changes in political leadership, which has resulted in meaningful dialogue with the regulators. Signals of greater policy consistency have provided confidence in decision making, and opportunities for capital growth and expenditure plans
- > Implats' approach to maintaining its social licence to operate is firmly underpinned by the Group's belief that sustainable businesses operate in a harmonious, supportive and beneficial manner for all key stakeholders. Implats will continue to deliver effectively on its social and labour plan commitments in South Africa and targeted corporate social investments in Zimbabwe

PERFORMANCE AFFECTING RELATIONSHIP QUALITY

Key performance indicator	Measure-ment	How it affects our ability to create value	Year-on-year change	2018	2017		Outlook
					2017	2016	
Environmental incidents > Level 3**	number	Indicators of efficient use of our scarce natural resources, which are shared with the other stakeholders	down	31*	35*	99*	Principal focus areas for 2019 are to: > Maintain ongoing operational improvement and monitoring to ensure emissions are minimised and permit conditions realised > Ensure the successful installation at Impala Springs of equipment to reduce ammonia and particulate matter at the two stacks at the base metal refinery > Continue the sulphur dioxide emissions reduction programme feasibility studies at Zimplats > Financial constraints have resulted in limited progress in implementing additional efficiency improvements in our water and energy usage > Water use will remain a critical priority in years to come, along with our focus on driving environmental compliance and ensuring full environmental disclosure on any material incidents
			unchanged	0	0	0	
			down	2.06	2.22	2.11	
			up	0.0097	0.0095	0.0108	
			down	0.1779	0.1957	0.1896	

* Includes Mimosa.

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

COMMUNITIES

(M = Matter) (R = Response)



Fulfilment of commitments under social and labour plans (SLPs) and broader employment and procurement opportunities

M There is ongoing frustration and community activism in many of our neighbouring communities, particularly among the unemployed youth. With the slow pace of service delivery, reduced employment opportunities, and a rising cost of living, we continue to face high expectations in terms of providing jobs, infrastructure, service delivery and procurement opportunities. The challenging market conditions continue to impact our budget for social investments, increasing the importance of managing stakeholder expectations and seeking innovative ways to deliver social returns with substantially less funding

R Despite the above:

- > In Luka, a village to the north of Rustenburg, we upgraded two gravel roads to paved roads with water channels during the 2017 and 2018 financial years. This project is included in our SLP
- > Recruited 106 and 369 youth from Rustenburg and Marula communities respectively this year
- > R137 million worth of community spend invested through South African initiatives (84% was on SLP projects), and R77 million by Zimbabwean operations

Disruptions to Marula operations due to threats of community unrest



M In recent years, Marula was crippled by protracted community unrest caused to a large degree by frustrations related to the Makgomo chrome project, which was set up to share financial benefits within the community. Administrators were appointed to hold money on behalf of the community company (MCC)

R Meaningful progress was made in our community relations at the Marula Mine this year, underpinned by the traction gained in resolving their concerns, through the appointment of administrators to oversee the restructuring of the community company, allowing for processing and selling of chrome to recommence. The community is also benefiting from the operational and financial turnaround at Marula this year, which is a highlight for the Group

Opportunities

- > In South Africa, we aim to further improve on our 2018 achievements in terms of the 2010 Mining Charter requirements. We will strive to exceed any societal requirements and simultaneously continue to improve our BEE procurement performance
- > In Zimbabwe, Zimplats will continue to explore opportunities for joint ventures with targeted local companies in strategic areas including the manufacture of cables and engineering spares. A focus on increasing the capacity of local companies is central to achieving a targeted procurement of at least 80% of all our requirements from local companies

PERFORMANCE AFFECTING RELATIONSHIP QUALITY

Key performance indicator	Measure- ment	How it affects our ability to create value	Year-on-year change	2018	2017 2016		Outlook
					2017	2016	
Community development spend				137	106	105	Looking to the years ahead, we plan to:
> South Africa*	Rm	Maintaining our social licence to operate and contributing to the development of our host societies	up	137	106	105	> Engage effectively with communities to understand and manage expectations
> Zimbabwe**	US\$m		up	5.9	2.2	4.7	> Ensure implementation of approved SLP projects at our South African operations, managing implementation challenges and communicating closely with community representatives and authorities
Total local procurement:				9.1	8.7	8.1	> Focus on low-cost, high-impact investments and explore partnerships with development partners that result in shared costs
> South Africa*	Rbn		up	9.1	8.7	8.1	> Explore opportunities for partnering with communities in capacity development
> Zimbabwe**	US\$m		down	341	350	341	> Zimplats will continue to engage the CSOT and the government on processing 10% of its equity for the community

* Excludes Two Rivers.

** Excludes Mimosa

Stakeholder material matters

CUSTOMERS

(M = Matter) (R = Response)

Ensuring and maintaining effective delivery against terms 2 7

- M** Implats renews its contracts with customers annually. The concern among customers is the availability of material that can be allocated at contract renewal, as the Group's metals are usually oversubscribed
- M** Customer custodianship is a multi-faceted issue, governed by many policies, procedures and pieces of legislation. It entails continuous oversight including internal and external assurance. We strive to ensure a competitive advantage by differentiating our product suite in the market based on product quality, reliability of supply, and a willingness to adapt to changing customer needs
- R** To measure our effectiveness, we undertake a customer satisfaction survey every two years. We identify client-related issues and develop measures to solve them. The results of the 2017 survey reflect an encouraging positive overall outcome, in line with the high performance results of the 2015 survey (refer to performance affecting value for customers below). Implats is also ISO90001 certified

Opportunity

- > The Group's revised short, medium and long-term strategy (including the completion of Shafts 16 and 20) has the potential to improve operational efficiency and improve delivery of production targets to meet the volume demands of customers

PERFORMANCE AFFECTING RELATIONSHIP QUALITY

Key performance indicator	Measure-ment	How it affects our ability to create value	Year-on-year change	2018			Outlook
					2017	2016	
Implats brand image rating [^]	percentage	The quality of our relationships with our customers as a key driver of revenue	up	96	–	94	Continue to: > Track and respond to customer feedback > Keeping customers informed of any possible supply disruptions due to industrial action > To track and measure our effectiveness, we undertake a customer satisfaction survey every two years > Retain our certificate of quality (ISO 90002)
> Customer complaints [^]	number		down	16	–	18	
> ISO90001 certification			unchanged	retained	retained	retained	

[^]Based on bi-annual customer satisfaction survey.

SHAREHOLDERS AND DEBTHOLDERS

(M = Matter) (R = Response)

Financial performance and implementation of strategic review

M Material matters affecting shareholders and debtholders are:

- > A weakened balance sheet
- > The Group's ability to implement the Impala Rustenburg turnaround strategy
- > Cost containment to achieve operational efficiencies

1 2 3 4 5 6 7



R The responsive measures in place include:

- > Financial resources to ensure Implats remains fully funded, from internal cash resources and by selling excess inventory. Refer to CFO, CEO reports and business case for additional detail
- > Staged implementation over a two-year period mitigates implementation risks and socio-economic impacts
- > Implats will execute the transition in a socially responsible manner and engage with all key stakeholders to preserve jobs as far as possible, including considering potential commercial transactions

Employee relations climate

M Impala Rustenburg will start wage negotiations with representative trade union, AMCU, in the 2019 reporting period. This process is challenging and may be further affected by the current restructuring of the operation, as well as the overall unemployment crisis facing South Africa

R Engagements with affected stakeholders remains ongoing to lessen the adverse effects of labour reductions from labour-sending areas and to facilitate a wage negotiation process that is conducive to a peaceful and successful outcome for all parties involved

Opportunities

- > Implats' focus in the short to medium term is to continue its strategic journey to transform into a PGM producer mining mechanised, low-cost orebodies with more appropriate metal mixes. This includes the determined and necessary repositioning of Impala Rustenburg to ensure the operation can contribute to the long-term success of the Group and its local communities
- > Prudent management of Implats' cash resources during the two-year restructuring process remains a key priority. The implementation of the strategic restructuring of Impala Rustenburg will strengthen the operation's position in the prevailing price environment and, significantly, improve the strategic position of the Implats Group to sustainably deliver improved returns to all stakeholders in the medium to long term

PERFORMANCE AFFECTING RELATIONSHIP QUALITY

Key performance indicator	Measure-ment	How it affects our ability to create value	Year-on-year change	2018			Outlook
					2017	2016	
Shareholders and debt-holders							
> Dividends per share	cents	Returns to shareholders	unchanged	0	0	0	To create value for our providers of financial capital we aim to:
> Market capitalisation	R billion	Indicator of performance	down	14	27	35	> Successfully implement the strategic restructuring of the Group to return Implats to profitability
Headline (loss)/earnings per share	cents		down	(171)	(137)	12	> Continue to implement and monitor cost containment and other operational efficiency measures

Strategy and business case





04 STRATEGY AND BUSINESS CASE

Our strategies
Business case

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Our strategies – Short and medium term

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Our strategies	
	 Relentlessly drive the safety of our people
2019 target*	<ul style="list-style-type: none">• Zero fatalities• LTIFR<5.5• Platinum range >1.50 – 1.60 million oz
2023 target*	<ul style="list-style-type: none">• Zero fatalities• LTIFR<2• Platinum range >1.25 million oz
Key actions	
	<ul style="list-style-type: none">• Embed three pillars of HSE strategy: people and behaviour environment, practices• Rustenburg: 520 000 platinum ounces from FY2021• Embed and drive critical behaviour programme• Marula: between 85 000 and 95 000 platinum ounces• Implement critical controls for major hazards and events• Zimplats: maintain between 270 000 and 280 000 platinum ounces• Attain OHSAS 18001 (ISO 45001) compliance at all operations• Two Rivers: between 160 000 to 170000 platinum ounces• Mimosa: maintain between 115 000 and 125 000 platinum ounces

* Performance targets and actual performance exclude the associate companies Two Rivers and Mimosa.



Improve efficiencies through operational excellence



Cash conservation



Maintain our licence to operate

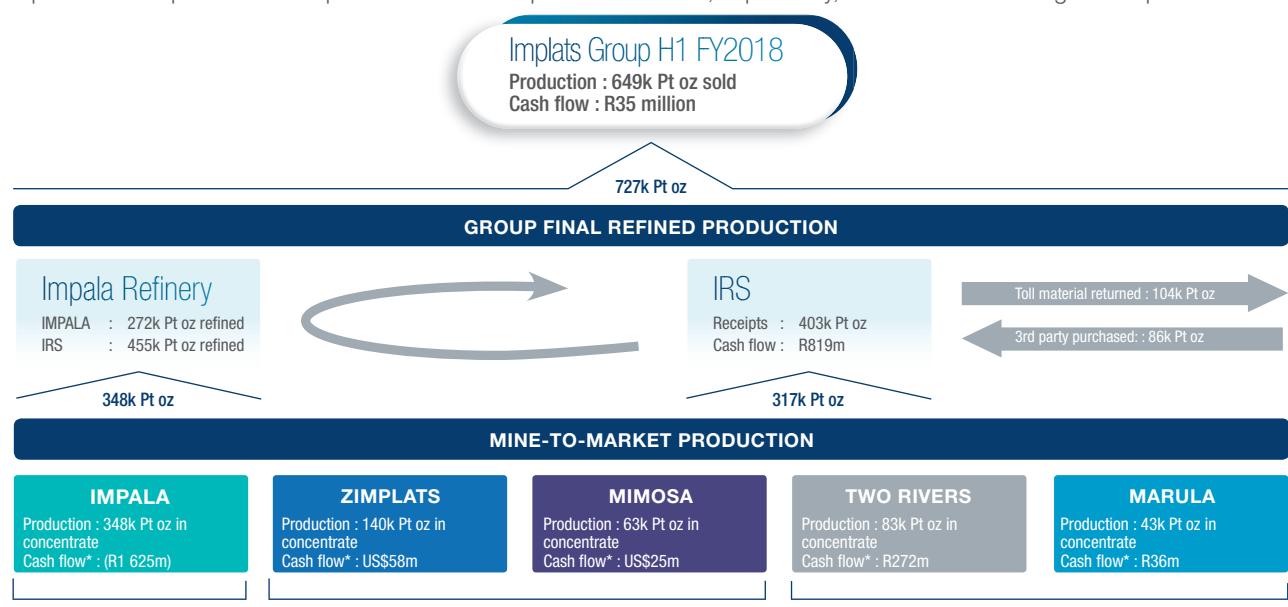
- | | | |
|--|---|---|
| <ul style="list-style-type: none"> • Costs per Pt oz between R24 400 and R25 300 • Costs per Pt oz excluding retrenchments between R23 900 and R24 800 • Costs per Pt oz <R22 000 in FY2018 terms | <ul style="list-style-type: none"> • Capital between R4.1 and R4.3 billion • Capital < R3.1 billion in FY2018 terms • 5 year capital < R20.0 billion | <ul style="list-style-type: none"> • Rustenburg SO₂ at <16 tpd • Marula disruptions <5 days • Complete projects in accordance with SLP commitments |
| Operational efficiency | | |
| <ul style="list-style-type: none"> • Operate loss-making shafts under strict parameters • Focus on core operational assets – E/F, 6, 10 and 11 Shafts • Continue with ramp up of 16 and 20 Shafts • Optimise mining efficiencies through productivity programmes | <ul style="list-style-type: none"> • Successfully implement the restructuring plan for Impala Rustenburg over the next two years • Prioritise the ramp up of 16 and 20 Shafts at Rustenburg • Develop Mupani Mine to get to ore contact by February 2020 | <ul style="list-style-type: none"> • Deliver on Social and Labour Plans (SLP) commitments • Resolve Marula community disruptions • Sustain and improve relations with all key stakeholders |
| <ul style="list-style-type: none"> • Continue with cost optimisation at all operations and reduce capital intensity • Develop a high-performance culture entrenched in all business practices | <ul style="list-style-type: none"> • Capital allocation decisions based on ability to generate cash • Focus on improving mining efficiencies and reducing operating costs | <ul style="list-style-type: none"> • Effective CSI programme • Position toward new Mining Charter obligations • Structure remuneration to retain (and attract) key personnel |

Business case

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

As can be seen below the Group's portfolio at the half-year, end of December FY2018, is well positioned and profitable at current metal prices, with the clear exception of Impala Rustenburg resulting in the strategic Impala Rustenburg review, which has now been concluded, approved and is in process of implementation. Returning this operation to profitability is imperative to improve the Group's current financial performance and, importantly, contribute to a strengthened portfolio.



* Cash flow before financing and working capital as per Implats H1 FY2018.

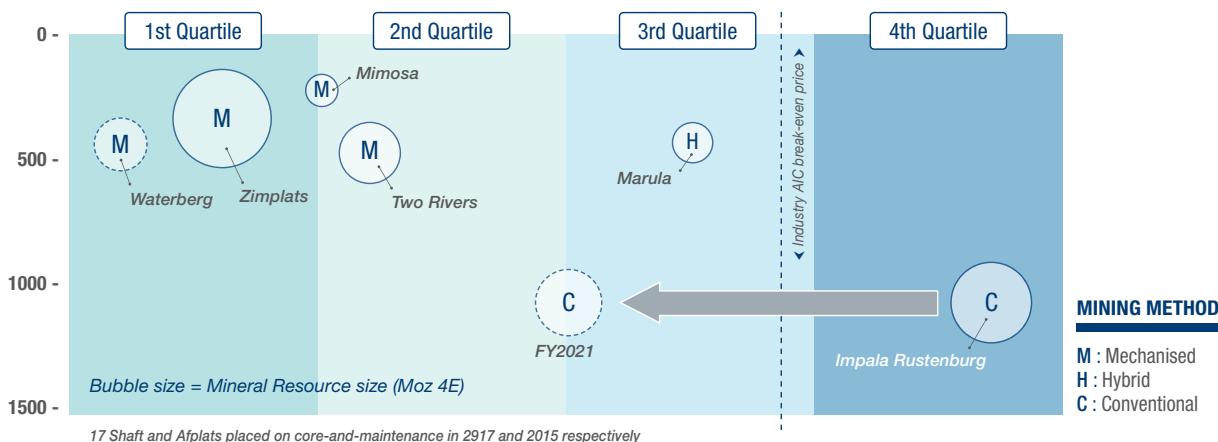
- Implats has previously highlighted several key strategic focus areas, including:
- > A commitment to responsible and ethical business conduct and to achieving its zero harm goals
 - > Enhancing the competitive position of the asset portfolio by:
 - Eliminating loss-making production
 - Enhancing shareholder returns from Zimbabwean operations
 - Growing exposure to low-cost mechanised and palladium-focused operations
 - > Prudent capital allocation
 - > Improving organisational effectiveness

Significant progress has been made in advancing a value over volume strategy over the past year.



The Group's Mineral Resource portfolio is dominated by low-cost, mechanised orebodies, with the Waterberg project expected to fit perfectly into this definition. Impala Rustenburg remains the clear exception. This will be addressed through the fundamental restructuring process announced in August 2018. The asset will be repositioned over the next two years, providing a vastly superior investment case and enabling the Group to deliver value over the long term.

Industry cost position – Mineral Resource size and depth



This diagram depicts the Mineral Resources of the Group's asset portfolio on an attributable 100% basis with the size of each circle representing the relative size of the Mineral Resource and the positioning of the circle on the diagram showing its position on the industry cost curve, as well as its depth below surface.

Delivering a profitable future state at Impala Rustenburg

The restructuring of Impala Rustenburg:

- > Focuses the operation around its best assets
- > Produces a materially more robust, cash-generating business by 2021
- > Removes unprofitable platinum production from a well-supplied market
- > Can be funded from available internal cash resources
- > Will be implemented in a socially responsible manner and in a phased approach over two years
- > Secures 27 000 jobs at the operation in a low platinum price environment
- > Ensures that local communities can continue to participate in Implats' procurement, employment and other socio-economic opportunities over the long term

Current state FY2018 ¹	Future state FY2021
Unprofitable operations	Profitable operations
Shafts and output/annum	
11 operational shafts ramping up 750koz Pt	6 operational shafts ramping up ~520koz Pt
Cost/Pt ounce (FY2018 terms)	All-in before cost ≤ R24 500
Capital/annum (Ratl F/2018)	R1 400m
Employees	~27 000
	~40 100
	Business development
	<ul style="list-style-type: none"> > Outsourcing of 1 Shaft well advanced. Expressions of interest invited and received, a shortlist of four potential vendors identified, technical scoping and commercial terms being developed > Scoping and approach to develop commercial options has been initiated for four shafts under the Section 52 process
	Statutory requirements
	<ul style="list-style-type: none"> > Bi-monthly on-mine Future Forum meetings held. (Economic status of the operation discussed) > Section 189(3) issued – reduction of 1 500 over-complement employees > Section 52 notice (1, 9, 12, 14) issued
	Stakeholder engagements
	<ul style="list-style-type: none"> > DMR engagement commenced in 2017 continued leading up to and post announcement, very constructive > Union: Frequent and constructive engagements > Communities: Information sharing with the Kgosi and leadership of the Royal Bafokeng Nation > Met with all major SA shareholders
	Progress and next steps
	<ul style="list-style-type: none"> > Restructuring project charter, plan and resources > Technical and commercial scoping and terms > Engagement with interested parties > Job loss mitigation framework > Section 52 process and stakeholder engagements



Our performance





05 OUR PERFORMANCE

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Group performance against objectives

Strategy	Operational strategies	KPI performance target for FY2018*
Implats is a focused PGM producer and supplier. Our strategy seeks to sustain optimal levels of production at the lowest possible cost from a diverse and competitive asset portfolio. We seek to position the Company in the lower half of the industry cost curve, and as the industry safety leader, to benefit from future stronger PGM prices and to reward all our stakeholders	Relentlessly drive the safety of our people	> Zero fatalities > LTIFR <5.5
	Consistently deliver production targets	> Refined platinum production of 1.57 – 1.61Moz
	Improve efficiencies through operational excellence	> Cost per platinum ounce <R23 100 and stock adjusted unit cost achieved of R22 931 (2017: R22 828)
	Cash conservation	> Capital <R4.7 billion
	Maintain our licence to operate	> Impala Rustenburg SO ₂ at <16tpd > Marula community disruptions <10 days > Build/sell >230 employee houses

* Performance targets and actual performance exclude the associate companies Two Rivers and Mimosa.

Performance against strategy and KPIs*	Performance graphs*												
<ul style="list-style-type: none"> > Regrettably, seven employee fatalities were recorded during the year > LTIFR improved 5.4% from the previous year to 6.01 per million man-hours (including contractors) (2017: 6.35) > Continue to drive zero harm through awareness and education, by implementing appropriate systems and best practice, and by working in partnership with employees and regulators > Our focus is on ensuring resilient and effective leadership and operational discipline to ensure compliance with safe production practices 	<p>LTIFR</p> <table border="1"> <thead> <tr> <th>Year</th> <th>LTIFR (per million man hours worked)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>8.13</td> </tr> <tr> <td>2015</td> <td>5.52</td> </tr> <tr> <td>2016</td> <td>6.88</td> </tr> <tr> <td>2017</td> <td>6.35</td> </tr> <tr> <td>2018</td> <td>6.01</td> </tr> </tbody> </table>	Year	LTIFR (per million man hours worked)	2014	8.13	2015	5.52	2016	6.88	2017	6.35	2018	6.01
Year	LTIFR (per million man hours worked)												
2014	8.13												
2015	5.52												
2016	6.88												
2017	6.35												
2018	6.01												
<ul style="list-style-type: none"> > Refined platinum production of 1.47 million ounces > Strong mining performances at Impala Rustenburg and Marula were supported by sustained excellent mining contributions from all other operations > Planned closures of 4, 7 and 7A Shafts at Impala Rustenburg > Furnace maintenance work during the first half of the year and an electrical failure at the furnace in February 2018 resulted in an inventory build over the year 	<p>Platinum production</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Platinum production (thousands of oz)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>1 178</td> </tr> <tr> <td>2015</td> <td>1 276</td> </tr> <tr> <td>2016</td> <td>1 438</td> </tr> <tr> <td>2017</td> <td>1 530</td> </tr> <tr> <td>2018</td> <td>1 468</td> </tr> </tbody> </table>	Year	Platinum production (thousands of oz)	2014	1 178	2015	1 276	2016	1 438	2017	1 530	2018	1 468
Year	Platinum production (thousands of oz)												
2014	1 178												
2015	1 276												
2016	1 438												
2017	1 530												
2018	1 468												
<ul style="list-style-type: none"> > Unit costs increased to R24 660 per platinum ounce refined impacted by the lower refined production volumes (2017: R22 657) > Completed and approved a strategic review of Impala Rustenburg that will transition this operation to long-term economic viability in a low-price environment > Continue to address inefficiencies and contain the rising input cost base at operations, particularly Impala Rustenburg > Enhanced focus on human resources, which includes the development of a high-performance culture and reviews of the organisational structure and remuneration policies to support this 	<p>Unit cost/Pt oz</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Unit cost/Pt oz (R/Pt oz)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>19 430</td> </tr> <tr> <td>2015</td> <td>22 222</td> </tr> <tr> <td>2016</td> <td>21 731</td> </tr> <tr> <td>2017</td> <td>22 657</td> </tr> <tr> <td>2018</td> <td>24 660</td> </tr> </tbody> </table>	Year	Unit cost/Pt oz (R/Pt oz)	2014	19 430	2015	22 222	2016	21 731	2017	22 657	2018	24 660
Year	Unit cost/Pt oz (R/Pt oz)												
2014	19 430												
2015	22 222												
2016	21 731												
2017	22 657												
2018	24 660												
<ul style="list-style-type: none"> > Capital expenditure of R4.61 billion (2017: R3.43 billion) > Capital expenditure was in line with plan > R1.4 billion was spent on the two development shafts, 16 and 20 > Key projects and their associated capital investment were re-evaluated during the year resulting in a reduction (R910 million) or deferment of capital spend in a low-price environment 	<p>Capital expenditure</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Capital expenditure (Rm)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>4 345</td> </tr> <tr> <td>2015</td> <td>4 287</td> </tr> <tr> <td>2016</td> <td>3 560</td> </tr> <tr> <td>2017</td> <td>3 430</td> </tr> <tr> <td>2018</td> <td>4 606</td> </tr> </tbody> </table>	Year	Capital expenditure (Rm)	2014	4 345	2015	4 287	2016	3 560	2017	3 430	2018	4 606
Year	Capital expenditure (Rm)												
2014	4 345												
2015	4 287												
2016	3 560												
2017	3 430												
2018	4 606												
<ul style="list-style-type: none"> > SO₂ emissions at Impala Rustenburg at 6379t (2017: 6 306t) > Direct SO₂ emissions were within the conditions of the Air Emission Licence at Impala Rustenburg and Impala Springs > Built 136 employee houses in Rustenburg as expenditure was curbed due to cash preservation > Officially opened Sunrise View Secondary and both primary and secondary schools at Platinum Village > Group social development expenditure amounted to R214.10m (2017: R136.48m) > Resolved land dispute and secured mining tenure at Zimplats 	<p>Social development expenditure in South Africa (including housing)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Social development expenditure (Rm)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>332</td> </tr> <tr> <td>2015</td> <td>311</td> </tr> <tr> <td>2016</td> <td>341</td> </tr> <tr> <td>2017</td> <td>371</td> </tr> <tr> <td>2018</td> <td>407</td> </tr> </tbody> </table>	Year	Social development expenditure (Rm)	2014	332	2015	311	2016	341	2017	371	2018	407
Year	Social development expenditure (Rm)												
2014	332												
2015	311												
2016	341												
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2018	407												

Mineral Resource and Mineral Reserve Statement 2018 at a glance

(see separate Mineral Resource and Mineral Reserve Statement 2018 for details)

Perspective	The Mineral Resource and Mineral Reserve Statement as at 30 June 2018 is collated at a time when the platinum industry continues to face significant external challenges. The prevailing depressed metal prices are reflected in the fact that capital investment has virtually dried up throughout the industry. At Implats, greenfields exploration has been terminated and shaft sinking operations at Impala's 17 Shaft and Afplats' Leeuwkop Shafts remain suspended. Against this background, material changes in the Mineral Resource and Mineral Reserve estimates are detailed in this report. The material impact of the Impala strategic review is reflected in this Mineral Resource and Mineral Reserve Statement. Despite the difficult circumstances, stellar production performances were delivered at Zimplats, Marula, Mimosa and Two Rivers.											
Rustenburg review	The Impala Rustenburg operation underwent a detailed scrutiny during the past year in view of a loss-making outlook. The objective of the strategic review was to create a sustainable investment case for Impala Rustenburg that secures long-term profitability through optimisation and restructuring of the operations. Key consideration of the review was a financial robust business case within the context of social responsibility to secure long-term employment. The review process concluded a radical restructuring was the most viable option to achieve a sustainable future at Impala. This restructuring process provides for a focused, agile and profitable future state that safeguards the future of some 27 000 employees. The Implats board has approved the strategy to cease operations at unprofitable shafts at Impala. The older shafts such as 1 and 9 Shafts with limited remaining Mineral Reserves are targeted for harvesting. The higher-cost, mature shafts such as 12 and 14 will be optimised and operate under strict performance conditions ahead of their planned cessation towards the end of FY2020. This restructuring of Impala Rustenburg will yield a change from 11 operational shafts ramping up to 750Koz platinum, to six operational shafts producing approximately 520Koz platinum per annum. A direct outcome is a material reduction in the Impala Mineral Reserve estimate.											
Zimplats release of land	Zimplats announced on 6 June 2018 that the issue concerning the proposed compulsory acquisition of a portion of Zimplats' mining lease area, as well as the issue of security of Zimplats' mining tenure, has been resolved amicably between Zimplats and the Zimbabwean Government (GoZ) to the mutual benefit of the parties. Zimplats agreed to release to the GoZ land measuring 23 903 hectares within Zimplats' mining lease area in support of the government's efforts to enable participation by other investors in the platinum mining industry in Zimbabwe. Following this release of land, Zimplats now holds two separate and non-contiguous pieces of land and Zimplats was granted, with effect from 31 May 2018, two separate mining leases over the two pieces of land measuring 6 605 hectares and 18 027 hectares respectively. These mining leases replaced the special mining lease, which was due for renewal in August 2019, thus securing the operating subsidiary's mining tenure. The release of land does not impact the 30-year mine plan, but resulted in a material reduction in the Zimplats Mineral Resource estimate.											
Group operations	The Implats structure remained largely unchanged during the past year with operations at Impala in the Rustenburg area, the refinery at Springs, the Marula Mine in the Limpopo province, Zimplats and Mimosa Mines operating in Zimbabwe, Two Rivers Mine near Burgersfort and the Afplats project in the North West province. During the past year Implats secured a minority 15% interest in the Waterberg Joint Venture project (Waterberg JV Resources (Pty) Ltd) in the Limpopo province with the option to increase the Implats stake to 50.01%. At year-end, the Mineral Resource estimate for the Waterberg Joint Venture project was in progress and such attributable interest is not included in this report; the size of the attributable Mineral Resource is not material at the Implats Group level.											
Headline numbers (for more details see the separate Mineral Resource and Mineral Reserve Statement 2018)	Attributable estimates <table border="1"><thead><tr><th></th><th style="background-color: #0070C0; color: white;">2018</th><th style="background-color: #D9D9D9;">2017</th></tr></thead><tbody><tr><td>Mineral Resources*</td><td>Moz Pt Moz 4E Mt</td><td>133.8 243.9 1 741</td><td>191.6 360.4 2 787</td></tr><tr><td>Mineral Reserves</td><td>Moz Pt Moz 4E Mt</td><td>21.2 40.0 365</td><td>22.4 41.0 358</td></tr></tbody></table>		2018	2017	Mineral Resources*	Moz Pt Moz 4E Mt	133.8 243.9 1 741	191.6 360.4 2 787	Mineral Reserves	Moz Pt Moz 4E Mt	21.2 40.0 365	22.4 41.0 358
	2018	2017										
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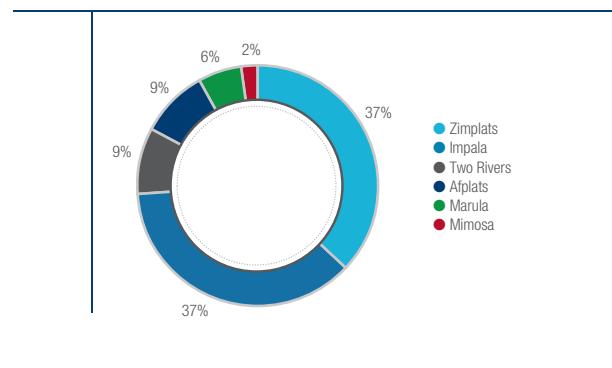
* Mineral Resource estimate is inclusive of Mineral Reserves.

Summary Mineral Resources

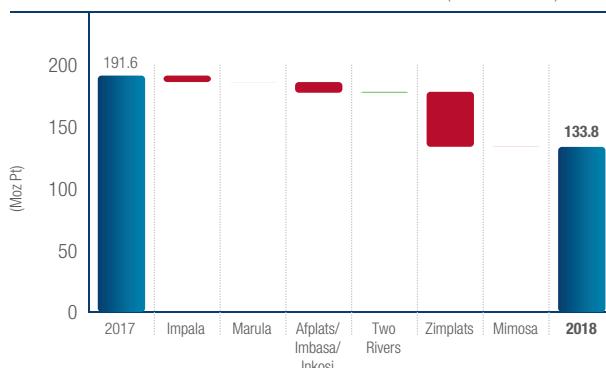
(for more details see the separate Mineral Resource and Mineral Reserve Statement 2018)

There have been material changes in the attributable Group Mineral Resource estimate which reduced by 57.8Moz Pt. The change is dominated by the release of land at Zimplats. The strategic decision to exit certain prospecting rights at Imbaso and Inkosi and also the Impala/Royal Bafokeng Resources Platinum (Pty) Ltd Unincorporated Joint Venture contributed notably to the reduction. The estimate as at 30 June 2018 is dominated by Zimplats and Impala, who together contribute some 74% of the total attributable Group Mineral Resources.

Attributable Mineral Resources of 133.8Moz Pt as at 30 June 2018



Attributable Mineral Resources as at 30 June 2018 (variance Moz Pt)



Summary Mineral Reserves

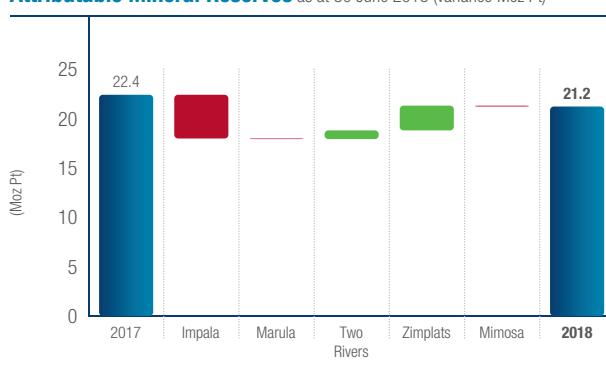
(for more details see the separate Mineral Resource and Mineral Reserve Statement 2018)

Overall the attributable Group Mineral Reserve estimate decreased by 1.2Moz Pt to 21.2Moz Pt. The resultant estimate as at 30 June 2018 is based on a **material reduction at Impala** following the detailed review and also a material increase at Zimplats due to the conversion of some Upper Ores to Mineral Reserves. Furthermore the addition of the RE portion of Kalkfontein at Two Rivers had a positive impact on the combined Group Mineral Reserves. Some 47% of the attributable Group Mineral Reserves (Pt) is located at Zimplats and a further 36% at Impala.

Attributable Mineral Reserves of 21.2Moz Pt as at 30 June 2018



Attributable Mineral Reserves as at 30 June 2018 (variance Moz Pt)



Mineral Resource and Mineral Reserve Statement 2018 at a glance

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Compliance

(for more details see the separate Mineral Resource and Mineral Reserve Statement 2018)

The Mineral Resource and Mineral Reserve Statement is compiled in accordance with guidelines and principles of the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code), the South African Code for the Reporting of Mineral Asset Valuation (SAMVAL Code) and section 12.13 of the JSE Listings Requirements as updated from time to time. Supporting documentation includes detailed internal reports, SAMREC Table 1 reports, and regular third-party reviews. A summary list of Competent Persons who compiled this report is included in the separate detailed Mineral Resource and Mineral Reserve Statement 2018. While Zimplats complies with guidelines and principles of the JORC Code, the definitions are either similar or do not vary materially from the SAMREC Code. The Zimplats estimates reflected in this report comply with the SAMREC Code and section 12.13 of the JSE Listings Requirements.

Implats subscribes to the principles of transparency, materiality and competency as per the SAMREC Code.

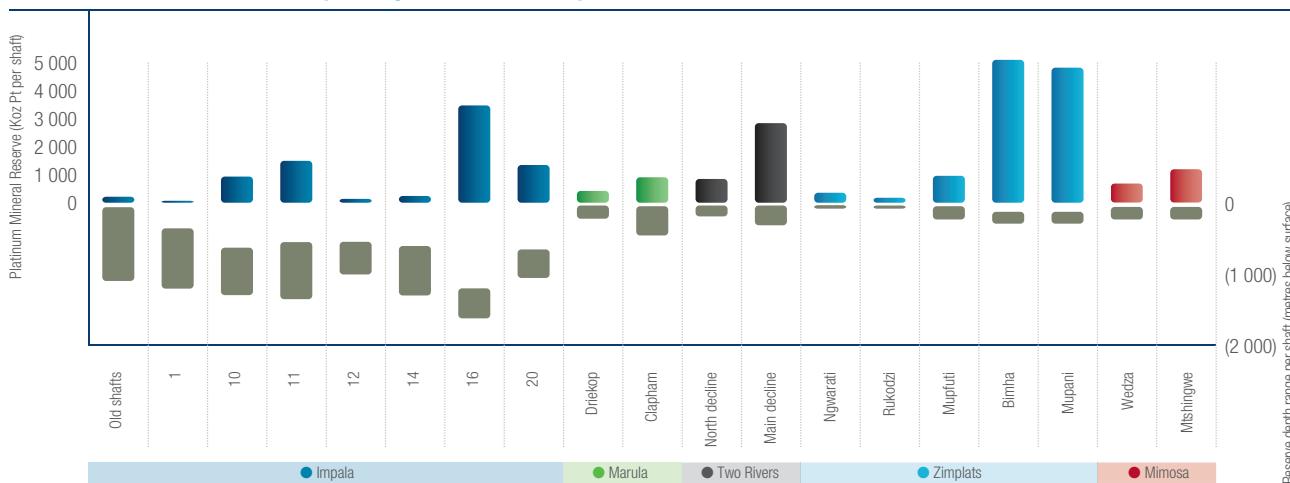
Note that:

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

Long-term price assumptions (for more details see the separate Mineral Resource and Mineral Reserve Statement 2018)	Long-term price assumptions in today's money	
Platinum	US\$/oz	1 040
Palladium	US\$/oz	1 040
Rhodium	US\$/oz	2 300
Ruthenium	US\$/oz	215
Iridium	US\$/oz	1 020
Gold	US\$/oz	1 370
Nickel	US\$/t	13 750
Copper	US\$/t	7 000
Exchange rate	R/US\$	13.00
Basket	US\$/Pt oz	2 100
	R/Pt oz	27 300

The updated allocation of Implats' Mineral Reserves per shaft infrastructure as at 30 June 2018 is depicted in the accompanying graphic illustration. The range below surface and quantum relating to the infrastructure is shown and depicts among others the advantage at Zimplats in this regard, both from a depth and a size perspective. This graph depicts the impact of the Rustenburg review where 1, 12 and 14 Shafts at Impala will cease mining in due course and also gives an indication of the potential impact of a possible further shaft closure in future should prices demand this.

Platinum Mineral Reserve and depth range for individual Implats shafts as at 30 June 2018



Value distribution to stakeholders

for the year ended 30 June

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As can be seen from the group value added statement depicted below, in the current environment, R32.7 billion value has been distributed to various stakeholders but there was a diminution of value of R1 114 million to shareholders.

(Prepared on a headline earnings basis)	2018	2017
Revenue	35 854	36 841
Other net income	821	305
Gross value	36 675	37 146
Depreciation	(3 838)	(3 702)
Deferred tax	(125)	1 282
	32 712	34 726
Distribution of value		
Consumables and services	(8 495)	(10 228)
Metals purchased	(9 651)	(10 030)
Labour and other*	(12 981)	(12 495)
Direct state taxes	(1 442)	(1 506)
Finance costs	(1 006)	(713)
Royalty recipients	(350)	(561)
Non-controlling interest	114	(122)
Dividends	(15)	(54)
Diminution in shareholders' value	1 114	983
	—	—

* Including labour cost capitalised.

The UN's sustainable development goals

Goals	Description
	End poverty in all its forms everywhere
	End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
	Ensure healthy lives and promote well-being for all ages
	Ensure inclusive and equitable quality education and promote life-long learning opportunities for all
	Achieve gender equality and empower all women and girls
	Ensure availability and sustainable management of water and sanitation for all
	Ensure access to affordable, reliable, sustainable and modern energy for all
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

Goals	Description
	Reduce inequality within and among countries
	Make cities and human settlements inclusive, safe, resilient and sustainable
	Ensure sustainable consumption and production patterns
	Take urgent action to combat climate change and its impacts
	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
	Strengthen the means of implementation and revitalise the global partnership for sustainable development

OUR CONTRIBUTION TOWARDS THE SDGs IS PRIMARILY THROUGH:

- > The valuable resources that we produce (see page 6)
- > Direct and indirect employment created through our workforce and supply chains (see pages 64 and 84)
- > Taxes and royalties paid to our host governments (see page 55)
- > Social investment and preferential procurement in our host communities (see pages 54 to 67)
- > Respecting human rights (see page 19)
- > Ensuring ethical business practices (see page 18)
- > Minimising our environmental footprint (see pages 72 to 83)
- > Supporting transformation in South Africa (see page 68) and indigenisation in Zimbabwe (see page 69)



All references above relate to the Sustainable Development Report online.

Chief executive's review

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Delivering strategy



OUR BUSINESS FOCUS ENSURES THE SUCCESSFUL DELIVERY OF OUR STRATEGY, THE MATERIAL CHANGES TO THE ENVIRONMENT IN WHICH IMPLATS CONDUCTS ITS BUSINESS, AS WELL AS OBSERVATIONS BY KEY STAKEHOLDERS, IDENTIFYING KEY PRIORITY AREAS TO SUPPORT THIS.

-  – Turnaround Impala Rustenburg
-  – Decisive Marula strategy
-  – Increased organisational effectiveness
-  – Capital allocation and cash management
-  – Develop strategic agility
-  – Maintain social licence to operate

Nico Muller
Chief executive officer



Introduction

Having completed my first full year as CEO of Implats, I am more convinced than ever of the fundamental value underlying the business, despite the many challenges the mining sector faces. It is our responsibility, as managers and as miners, to unlock that value and bring it to the fore.

Implats has the advantage of a diverse and competitive asset portfolio, an experienced management team, and a proud history spanning some 50 years. To this we can add exciting future possibilities: the acquisition of a 15% interest in the Waterberg development project is a significant step in advancing the Group strategy towards lower-cost, shallow, mechanisable assets, and we are excited by the long-term potential of our development of Mupani Mine in Zimbabwe, and a restructured and re-energised Impala Rustenburg.

The past year was pivotal for Implats as it embraced and advanced key strategies to align with the Group's evolving geopolitical and macro-economic landscape. Both jurisdictions in which the Company operates have witnessed encouraging political changes, which will positively influence the industry and the Group's business interests in the future.

Implats remains confident in the long-term fundamentals for PGM demand with future opportunities for palladium back-substitution with platinum in the manufacture of catalytic converters. However, platinum price support is not expected in the near term and the Group has aligned Company strategies accordingly.

Current market fundamentals require much improved industry discipline, particularly in discontinuing unprofitable production. Implats cannot, and will not, support loss-making production and the remarkable return to positive Group contributions from Marula, as well as the restructuring decisions announced at Impala Rustenburg are therefore very pleasing.

Internally, the Group is reprioritising and rescheduling capital allocation decisions and focusing on effective cash management to protect the balance sheet.

Key business focus areas include improved organisational effectiveness through enhanced accountability, performance management and effective strategic decision making. Social responsibility, elimination of harm to the health and safety of employees and preventing negative impact on the environment underpins the Group's operating philosophy and remain key imperatives.

Chief executive's review

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In addition, other initiatives have been progressed this past year, including:

- > A much-improved safety performance during the second half of FY2018
- > Higher output at most operations
- > A pleasing operational and financial turnaround at Marula
- > Securing profitable third-party PGM toll treatment through Impala Refining Services (IRS) by positioning the business within Impala where the processing assets are housed

A reconfigured Impala Rustenburg

The most significant step in the transformation of the Group, however, was announced after year-end when the findings and recommendations of the Impala Rustenburg strategic review were released. Taking account of the current operating environment and macro-economic realities, the outcome concluded that a radical and urgent transition into a leaner, more concentrated and profitable operation is critical to support the future success of the Group.

The implementation of the Impala Rustenburg plan will be phased in over the next two years to ensure the transition occurs in a socially responsible manner. The key outcomes of the restructuring, which is expected to be concluded by the end of the 2021 financial year, include:

- > A reduced mining "footprint" from 10 to six operating shafts as operations are ceased at depleted end-of-life and uneconomical shafts
- > Production reducing from the previously guided 750 000 platinum ounces to 520 000 platinum ounces per annum
- > The total labour complement (employees and contractors) reducing from approximately 40 000 to 27 000 from FY2021

This plan is expected to deliver a safer and profitable Impala Rustenburg centred on its best assets with higher quality, long-life orebodies, lower operating costs and capital intensity. Importantly, it secures employment for 27 000 employees and surrounding communities can continue to participate in Implats' procurement, training and local economic development activities.

The phased approach to the implementation of the Impala Rustenburg restructuring plan will allow for further options to be explored and afford each shaft the opportunity to improve profitability, while allowing time to consult with government, unions and other stakeholders before any final decision is made to close or exit an unprofitable shaft.

Operating context has shifted

For the most part of the past decade, the platinum market has been oversupplied. The drop-off in demand for diesel passenger cars in Western Europe and the steady contraction in the Chinese jewellery market have contributed to a sustained lower platinum price over the past three years, with consensus forecasts for softer platinum demand for at least the next three years. Over the much longer term, fuel-cell technology presents an upside for platinum, as does the European Union's inclusion of PGMs on its list of "critical raw materials".

The immediate fundamentals for both palladium and rhodium remain strong, largely due to expected growth in the global internal combustion engine automotive market and tighter emissions regulations. In what is currently a close-to-balanced market, forecasts now see palladium and rhodium moving into relatively deep deficits sooner than previously expected.

An improving socio-political outlook

The socio-political context in the countries in which we operate – South Africa and Zimbabwe – remains dynamic. Compared to my report last year, there is considerably more optimism and regulatory certainty in both jurisdictions.

In Zimbabwe, Zimplats concluded the release of ground north of portal 10, which does not form part of its 30-year mine plans. At the same time our special mining lease (SML) was successfully converted into two new mining leases, which, combined with partial relief on export levies, will enable the Zimbabwean assets to sustain and grow future financial returns.

The newly gazetted Mining Charter has provided some level of certainty in the South African policy and regulatory framework. A more collaborative and trusting environment is being established, which enhances the likelihood of constructive outcomes that will attract investors back to the mining sector. The Group remains committed to collaboration with all stakeholders to ensure an attractive and sustainable industry.

We have paid considerable attention at executive level to the community activism at our operations, stemming from the high levels of inequality in South Africa, the relatively slow pace of government service delivery, and the consequent demands on mining companies to increasingly provide jobs, procurement contracts, infrastructure, and health and education facilities. Implats remains deeply committed to advancing its social licence to operate and to its community commitments as outlined in its social and labour plans (SLPs), and we routinely go beyond these commitments.

We are pleased to report that our community and stakeholder engagement activities during the year have resulted in fewer disruptions and much-improved relationships with our labour-sending communities and government at all levels.

We continue to engage at all levels in both countries to encourage the growth and predictability necessary to ensure that Implats continues its significant contribution to economic growth in South Africa and Zimbabwe.

Safety

The safety and health of employees remains a priority. Safety for the year under review was a tale of two halves. Regrettably, five employees at Impala Rustenburg and one at Marula suffered fatal injuries at our operations during the six months ended 31 December 2017. Another employee was fatally injured at Impala Rustenburg during January 2018. The Implats board and management express their

sincere condolences to the families, colleagues and friends of the deceased. The Group will continue to provide support to the dependants of the deceased.

Over the year, safety measures were tested, enhanced and altered, where necessary. Safety communication to employees has been improved and the emphasis remains on ensuring effective leadership, responsible behaviour, and driving a culture of personal accountability and interdependence. Ongoing collaboration with key stakeholders and a shared vision of zero harm will continue to drive further improvements through awareness, education, and the implementation of appropriate systems and best practice.

This renewed level of focus on safety resulted in a better performance during the second half, which saw a significant improvement in all leading and lagging safety indicators, and the Group operated for seven months without a fatal accident – an Implats record.

Many individual business units continue to deliver exceptional safety performances, setting new records in some cases. At year-end, 11 of Implats' 17 operations had “millionaire” or “multi-millionaire” status, meaning they have operated more than a million shifts without a fatality. Our strategic focus continues to be on an improved safety performance, at Marula and Impala Rustenburg in particular, and we have seen a positive change in behaviour, which will be further embedded.

Operational review

The Group achieved encouraging operational improvements over the year. Platinum ounces in concentrate were 1% higher at 1.57 million platinum ounces (FY2017: 1.56 million). This was mainly due to improved operational performances from Impala, Marula, Mimosa and IRS, while Zimplats and Two Rivers reported lower contributions.

Refined platinum production was impacted by a temporary stock build-up of some 77 000 platinum ounces at Impala Rustenburg, which remains available for sale in the next financial year. This inventory was built up following furnace maintenance undertaken during the first half of the financial year and an electrical failure at number 5 furnace in February 2018.

Costs were well contained and, on a stock-adjusted basis, were largely unchanged at R22 931 per platinum ounce. The Group spent R4.6 billion (FY2017: R3.4 billion) on capital projects during the year, which is 34% higher than last year. This was largely due to higher spend on 16 and 20 Shafts and Zimplats' Mupani Mine. Impala Refining Services (IRS) maintained its significant cash generation to the Group, delivering more than R1 billion.

Impala Rustenburg remains a critical asset

Operational performance was negatively impacted in the first half of the year by mine stoppages following five fatal incidents during September and October 2017. A major furnace rebuild was undertaken on one of the three operating furnaces at the smelting complex in the first

half of the year. In February 2018, an electrical failure triggered a fire at the number 5 furnace transformers.

Impala made a gross loss of R2.79 billion in FY2018, a 4% improvement from the R2.91 billion loss for FY2017. Capital expenditure increased by 12% to R2.77 billion (FY2017: R2.47 billion) mainly due to increased spend at 16 and 20 Shafts, as well as refurbishment and repair work at the number 5 furnace. The 16 and 20 Shaft projects are critical to returning Impala Rustenburg to profitability.

Some construction work at 20 Shaft remains outstanding and the project is now approaching completion. Production at 16 Shaft ramped up significantly during the year due to increased face availability.

Marula stabilises and posts a turnaround

The operational and financial turnaround at Marula is under way, driven by improved cost management and assisted by a stronger rhodium price, which is now expected to remain robust going forward. In addition, the Marula team's continued efforts to engage with communities has resulted in a more stable community environment. The community chrome dispute was resolved, and the chrome project restarted in January 2018. With almost no disruptions during the period under review, Marula achieved its performance targets and saw vastly improved production.

We continue to closely monitor the situation at Marula and engage with the community to ensure the operation can remain a valued part of the Group.

Zimplats, Mimosa, Two Rivers and IRS continue to profit

Implats' Zimbabwean assets – Zimplats and Mimosa – are better placed to generate financial returns through the quality of the Mineral Resource and asset base, the potential for better efficiencies, the skilled and experienced leadership and operating teams, as well as a changing political and economic environment. These factors have all contributed to a more conducive environment to generate improved cash flows and shareholder returns.

Zimplats secured tenure via two new mining leases, the redevelopment of the Bimha Mine was completed with full production reached in April 2018, and the development of the US\$264 million Mupani Mine (Portal 6), which will sustain mining well into the future, is on track to reach full production in 2025. Zimplats sustained its excellent safety and production performance, but platinum production was down 4% impacted by a small lock-up in the smelter.

Mimosa delivered another strong operating and safety performance.

Two Rivers maintained its safe, low-cost level of mining production, although the planned mining of low-grade split-reef areas and consequential lower recoveries impacted the operational performance during the year. It maintains a strict focus on grades as it mines into the split-reef areas.

Chief executive's review

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Impala Refining Services (IRS), continued its stellar contribution to the Group's bottom line. Implats is well positioned to leverage spare processing capacity for increased production output throughout the Group, as well as third-party suppliers, to continue growing the IRS business and ensure ongoing, strong cash flows.

Financial highlights

For financial 2018, Group revenue was down 3%, impacted by lower sales due to inventory build-up and a stronger rand, and partially offset by a higher dollar basket price. The build-up in the pipeline and well-controlled operating costs resulted in gross profit of R1.6 billion, a marked improvement over the loss of R529 million in the comparable period. However, impairments of R13.63 billion, mostly in respect of the Impala Rustenburg asset, resulted in a loss after tax of R10.79 billion.

A material consequence of the declining profitability of the Impala Rustenburg operation has been the negative impact on the Group's balance sheet. Net debt (excluding finance leases) has increased to R5.33 billion – underlining the strategic imperative to radically transform the Impala Rustenburg complex.

At year-end, the Group had adequate headroom of R6.2 billion comprising gross cash on hand of R3.7 billion (FY2017: R7.8 billion) and R2.5 billion in unutilised bank debt facilities. The R4 billion revolving credit facilities and the convertible bonds mature in 2021 and 2022, respectively. The Group remains well within all its debt covenants.

Sustainability highlights

The operating philosophy at Implats is underpinned by a value system centred on long-term sustainability. Interventions to reduce the impact of TB and HIV/Aids on our employees have had positive results, with a 43% reduction in new pulmonary TB cases recorded over the past five years and a 51% decline in Aids-related deaths since 2014. No major environmental incidents were recorded during the past year and minor incidents reduced by 13%. Water recycling exceeded Group targets and ended the year on a record high of 45% of total consumption.

Host communities remain vital stakeholders and social investment expenditure has escalated by nearly 30% year-on-year at the South African operations, despite the challenging financial conditions. Implats' focus remains on housing, education, health and training. The Group is cognisant of the economic challenges faced in most of the platinum producing areas and recognises the importance of a continued contribution during these times.

Implats delivered effectively on our social and labour plan (SLP) commitments at the South African operations, and our targeted corporate social investments in Zimbabwe. We are proud of our contributions to our host communities

and our ability to positively influence socio-economic development in our emerging economies.

Our South African operations are collaborating with key stakeholders on development of their third generation, five-year SLPs.

Our people and culture

Creating a high-performance culture is crucial to the success of the organisation. We aspire to be a more decisive and agile Group, willing to take the necessary bold decisions. We are creating a clearly defined and high-performance "Implats way" – a desired culture to assist operations drive required behaviours – which will be entrenched in all business practices and purposefully practiced.

Implats also conducted an organisational design review to determine how best it should be structured to best meet its strategic objectives. The project has a Group-wide focus and includes proposed structural changes, reporting relationships, role profiling, job evaluation and grading.

Remuneration policies have received attention and are now more geared to aligning shareholder expectations with management delivery.

Importantly, our employment equity status for the executive committee team has increased from 25% to 55% black representation, with 27% black female representation, thus exceeding the new Mining Charter requirements and positioning the Company well in a changing mining environment.

Strategy

Implats is well positioned to advance its value-focused strategy to position the Company for a future low metal price environment, to lead the industry in cost and safety performance, and to create and share value sustainably with all stakeholders throughout the commodity cycle.

We have a robust defence strategy against the recent major shifts in platinum use in the automotive and jewellery sectors. With a restructured and substantially enhanced Impala Rustenburg operation, the Group is well positioned to grow its exposure to lower-cost, mechanised operations at Zimplats, Mimosa, Two Rivers and potentially Waterberg, to deliver enhanced shareholder returns in a lower metal price environment.

The strategy increases Implats' future fundability by maintaining current debt covenants and reducing the need for external funding, while ensuring sustained jobs through this low metal price environment and that surrounding communities can continue to participate in Implats' procurement, employment and other activities. The Group is also pursuing higher-margin downstream beneficiation opportunities using spare surface asset capacity at IRS.

Priority areas FY2019



Outlook

The South African PGM industry continues to face unprecedented challenges and uncertainties. Consensus forecasts remain for softer platinum demand for at least the next three years, with the introduction of stricter heavy-duty diesel emission regulations and a recovering global economy presenting upside for platinum, but only over the longer term. The immediate fundamentals for both palladium and rhodium remain strong, largely due to expected growth in the global internal combustion engine automotive market and tighter emissions regulations.

Implats' focus in the short term is to implement its restructuring outcomes, develop alternatives to shaft closures, and ramp-up 16 and 20 Shafts at Impala Rustenburg, while mitigating the social impact of the restructuring, sustaining operational continuity and concluding wage negotiations.

The short to medium-term focus is to continue its strategic journey to transform into a PGM producer mining mechanised, low-cost orebodies with more appropriate metal mixes. This includes the determined and necessary repositioning of Impala Rustenburg to ensure the operation can contribute to the long-term success of the Group and its local communities. Prudent management of Implats' financial and cash resources during the two-year restructuring process remains a key priority. The implementation of the strategic review will not only strengthen Impala Rustenburg's position in the prevailing price environment but will also significantly improve the strategic position of the Implats Group to sustainably deliver improved returns to all stakeholders in the medium to long term.

Longer term, the minority interest we acquired in the Waterberg project, with the option to acquire majority ownership, provides additional geographic and commodity diversity for the Group – away from deep, labour-intensive conventional operations.

Our approach to maintaining a social licence to operate will remain underpinned by the Group's belief that sustainable businesses operate in a harmonious, supportive and beneficial manner for all key stakeholders. Implats will continue to deliver effectively on the social and labour plan commitments in South Africa and the targeted corporate social investments in Zimbabwe.

Conclusion and appreciation

We have made several key strategic appointments to the executive team. Together with the existing Implats executives, I thank you all for your dedication. It is a pleasure to work with a driven team who accept full accountability for their respective business areas, take bold and decisive actions, and motivate their teams to do the same.

I also thank the Implats board for its guidance during the year and Chairman, Mandla Gantsho, for his continued steady hand in leadership.

We have a world-class refinery, access to diverse PGM orebodies, and organic and acquisitive growth opportunities. I have no doubt that we have set in motion a strategy for Implats to once again hold its head up high.

Nico Muller
CEO

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- > GROSS PROFIT IMPROVED BY R2.1 BILLION TO R1.6 BILLION
- > EARNINGS WERE IMPACTED BY IMPAIRMENTS OF R13.6 BILLION, MAINLY DUE TO THE RESTRUCTURING OF IMPALA RUSTENBURG
- > FUNDING STRATEGY WILL BE SUPPORTED BY THE FORWARD SALE OF UP TO R2 BILLION OF THE PIPELINE STOCK IN FY2019 AND
- > ASSISTS IN PROVIDING SUFFICIENT LIQUIDITY DURING THE TWO-YEAR RESTRUCTURING PERIOD

Meroonisha Kerber
CFO



Comprehensive financial information relating to the individual operations has been included in the operations sections and is also available on the website www.implats.co.za (Segmental information).

FINANCIAL SUMMARY AND STATISTICS

Summary statement of profit or loss and other comprehensive income

for the year ended 30 June 2018

Rm	2018	2017
Revenue	35 854	36 841
Cost of sales	(34 277)	(37 370)
Gross profit/(loss)	1 577	(529)
Net operating (expense)/income	(764)	866
Royalty expense	(350)	(561)
Gain/(loss) from operations – before impairment	463	(224)
Impairment	(13 629)	(10 229)
Loss from operations	(13 166)	(10 453)
Other	124	(235)
Loss before tax	(13 042)	(10 688)
Income tax credit	2 249	2 590
Loss for the year	(10 793)	(8 098)
Other comprehensive income (after deferred tax):		
Other	112	(184)
Exchange differences on translation	566	(1 352)
Total comprehensive loss	(10 115)	(9 634)
Headline loss (cps)	(171)	(137)

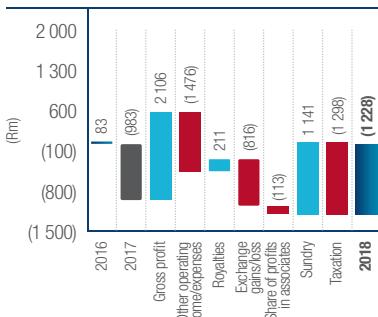
The Company incurred a loss for the year of R10.7 billion (FY2017: R8.2 billion) attributable to the owners of the Company and a headline loss of R1.2 billion or 171cps (FY2017: loss of R983 million or 137cps) after adjusting for the after tax impact of impairments of R9.7 billion (FY2017: R7.4 billion). The Group realised a gross profit of R1.58 billion compared to a gross loss of R529 million in the previous year.

Even though headline earnings reduced by R245 million to the EBITDA improved by 28% from R4.3 billion to R5.5 billion due to an increase in inventory of R3.2 billion since FY2017, which was partially offset by separation costs of R491 million and the movement in exchange losses due to the strengthening of the Rand. Similarly to the prior year, the major contributor to the negative headline earnings for the group, was Impala which incurred a headline loss of R3.0 billion (FY2017: R2.7 billion). IRS contributed a headline profit of R1.2 billion whilst Zimplats made a headline loss of R149 million for the year. The reason for the headline loss at Zimplats was due to a once-off, non-cash deferred tax charge of R1.2 billion arising on the change in the tax rate from a 15.45% to 25.75% following the conversion of the special mining lease (SML) to a mining lease (ML). Despite the increase in tax rate and the resulting higher deferred tax provision, the future impact of the change from a SML to a ML is that the overall effective tax rate at Zimplats is expected to reduce from just under 70% to below 40%. This is due to the fact that the Additional Profits Tax (APT) which was payable under the SML, is no longer applicable under a ML.

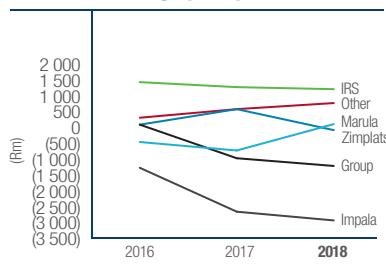
As discussed in the business case for Implats on page 66 and in our Rustenburg review announcement, the Group is well positioned and profitable, with the exception of Impala. The Rustenburg strategic review implementation is of real significance to the Group, which is well placed going forward, once the Impala business unit is returned to profitability.

The implementation of the Rustenburg strategic review would cost approximately R2.7 billion in once-off separation costs, which, together with the expected further cash losses expected by Impala, needs to be funded during the two year implementation period. Funding the Rustenburg strategic review implementation is further discussed on page 89 in our cash flow analysis.

Headline earnings



Headline earnings per operation



IMPACT ON CAPITALS

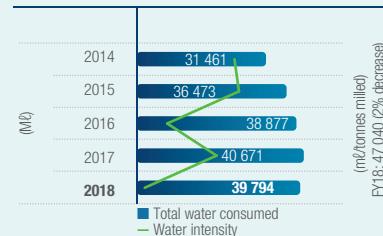
During the year under review we have generated R35.9 billion of revenue. The trade off to our environment can be seen from the graphs below.

During the FY2018 year SO₂ intensity (calculated per unit produced) emitted has increased by 2%, while for water intensity decreased by 7% and energy intensity decreased by 11%.

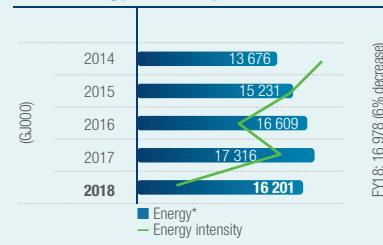
Total direct SO₂ emitted



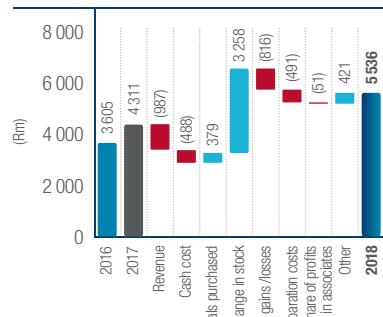
Water



Total energy consumption



EBITDA



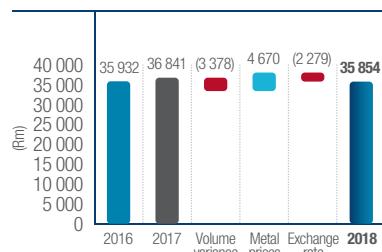
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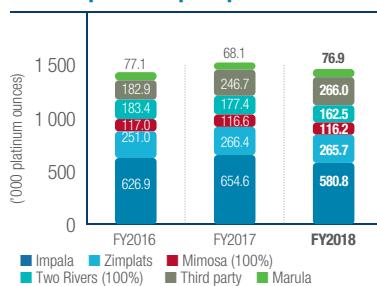
REVENUE

As can be seen from the graphs below, revenue for the year declined by 3% to R35.9 billion (FY2017: R36.8 billion), despite higher rand basket prices, impacted by lower sales volumes. The lower sales volumes resulted in a negative variance of R3.4 billion as approximately 77 000 additional platinum ounces were built up in process stock during the year. Overall, dollar metal prices were 12% higher year on year resulting in a positive variance of R4.7 billion, which was partially offset by a negative variance of R2.3 billion arising from the 6% stronger rand.

Revenue



Refined platinum per operation

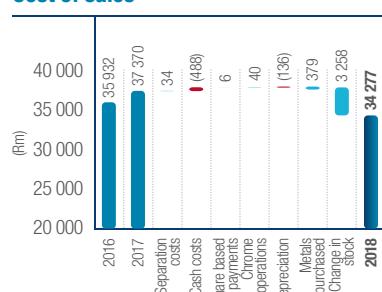


COST OF SALES

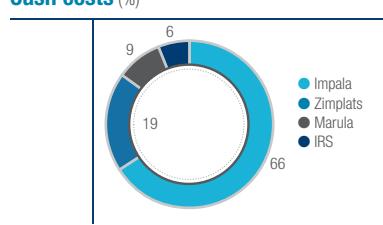
Rm	FY2018	FY2017
On-mine operations	16 392	16 341
Processing operations	5 340	5 055
Refining and selling	1 522	1 378
Corporate costs	710	736
Share-based compensation	82	88
Chrome operation – cost of sales	146	186
Depreciation of operating assets	3 838	3 702
Metals purchased	9 651	10 030
Change in metal inventories	(3 404)	(146)
	34 277	37 370
Including:		
Wages and salaries	11 820	11 662
Materials and consumables	9 120	8 765
Utilities	3 024	3 083

Cost of sales was well contained and reduced by 8% to R34.3 billion as costs were deferred due to stock build up after the rebuild of number 5 furnace and a transformer fire accounting for most of the R3.3 billion increase in stock year on year. Gross profit improved by R2.1 billion to R1.6 billion (FY2017: loss of R529 million). During the year Group unit costs on a stock-adjusted basis were well managed despite mining inflation of 4.2%, increasing marginally by 0.4% from R22 838 to R22 931 per platinum ounce as approximately R1.0 billion was realised from various cost saving initiatives at Impala.

Cost of sales



Cash costs (%)



IMPACT ON CAPITALS

In deriving revenue, Implats has made a contribution through HDSA/BEE procurement. In producing, an unintended effect of production is the impact of mining on safety and health of our employees.

Safety and health

	2018	2017	2016
Work-related fatal injuries	7	8	9
All injury frequency rate	12.86	14.11	13.06
New noise-induced hearing loss (NIHL) cases (+10% shift)	102	88	61
Number of HIV-positive employees known to be receiving antiretroviral treatment	5 771	5 002	4 683
Annualised TB incidence rate per 100 000 population	530	519	447

Excludes Mimosa and Two Rivers.

People

	2018	2017	2016
Labour turnover (%)**	10.5	8.6	8.2
Gender diversity: managers who are female in South Africa (%)	22	21	20
Gender diversity: women in workforce in South Africa (%)	11	11	11
Historically disadvantaged South Africans (HDSAs) in management (%)	57	54	53

Excludes Mimosa and Two Rivers.

Social

	2018	2017	2016
Socio-economic development spend in South Africa (Rm)	137	106	105
Socio-economic development spend in Zimbabwe (US\$000)*	4 918	5 274	4 743
Total discretionary procurement spend in South Africa (Rbn)	9.1	8.7	8.1
Procurement: BEE expenditure in South Africa (Rm)	6.7*	6.7	6.1
Expenditure with local indigenous suppliers (51% indigenous ownership) in Zimbabwe (US\$M)*	112	80	104

Excludes Mimosa and Two Rivers.

⌚ COST OF SALES continued

In the current pricing environment, costs need to be contained and production optimised to ensure profitability. As can be seen from the graph on page 84 Impala is responsible for 66% of the cash costs for the Group. This has resulted in Impala consuming R6.6 billion cash during the year. This will be discussed further in the cash section hereafter.

With the notable exception of Impala Rustenburg, all of our businesses contribute positive cash flows to the Group under the current pricing environment. We are very pleased that this includes Marula which has been turned around during the past year through an optimised mining strategy and improved community stability.

At Impala Rustenburg, however, we continue to incur financial losses notwithstanding all our endeavours over many years to improve operational performance and reduce costs. Given Impala Rustenburg's relative contribution, its future optionality in an increasing price environment, the potential of the new 16 and 20 Shafts to reduce overall costs and its processing infrastructure, Impala Rustenburg remains a critical asset to the Group. We do not believe that ongoing continual incremental performance optimisation will in itself yield the turnaround required under the current pricing environment to return to profitability. We, therefore, initiated a strategic review to evaluate large-scale structural changes to urgently return Impala Rustenburg to profitability and create a sustainable business going forward.

Real unit cost reduction for the Group is envisaged through a more efficient and focused portfolio at Impala Rustenburg. This is discussed further in the Rustenburg strategic review section on page 88.

⌚ NET OPERATING EXPENSES AND INCOME

Insurance claim

Net other operating expense and income is R1.6 billion lower than last year mainly due to the receipt of insurance proceeds of R811 million in the prior year in respect of the 14 Shaft fire and separation costs of R525 million incurred in the current year.

⌚ IMPAIRMENT

Despite the increase in gross profit, earnings for the year were adversely impacted by impairments of R13.6 billion, of which R13 billion relates to the impairments of assets at Impala Rustenburg following the outcome of the strategic review, and R611 million relates to the Afplats assets.

The calculations underpinning both current and future impairment tests are, as for the whole industry, very sensitive to the market outlook. Further information on how impairments were calculated and the business case affect in future impairments is indicated below.



Refer to Rustenburg strategic review on page 88



Refer to AFS note 26 on page 71

⌚ INCOME TAX CREDIT

The income tax credit for the current year includes a deferred tax charge of R3.8 billion on the impairment. This is excluded from the headline earnings. A once-off, non-cash, deferred taxation charge of R1.2 billion arising from a change in the Zimplats tax rate from 15.45% to 25.75% (following the conclusion of the conversion of the SML into new mining leases) reduced the overall tax credit for the year.

Notwithstanding the tax credit reflected on the income statement, the Group had a positive contribution to its social capital by paying the following cash taxes to its host governments:

IMPACT ON CAPITALS

Implats spent R34.3 billion on cost of sales and R1.3 billion on cash taxes to stakeholders in the company.

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

Implats taxes paid directly to government by category and country*

	South Africa** Rm	Zimbabwe*** Rm
Corporate income tax	606	723
PAYE	1 566	391
Royalties	—	152
Other:		
- UIF	110	—
- SDL	94	—
Total	2 376	1 266

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

** Excludes Two Rivers

*** Excludes Mimosa

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

Category	Mining Charter target (%)	2018	
		R billion	%
Capital	40	0.7	57
Consumables	50	2.9	82
Services	70	3.1	71
Total operations		6.7[#]	73

[#] Indicates independently assured numbers. For further information refer page 64 of the Sustainable Development Report. Excludes Mimosa and Two Rivers.

Environment

	2018	2017	2016
Energy consumption (GJ000)	16 201	17 316	16 609
Energy intensity (GJ/tonne milled)	0.7663	0.8577	0.8225
GHG emissions (Mt CO ₂ -equivalent)*	3.06	3.19	3.27
Total direct CO ₂ intensity (t/tonne milled)*	0.1610	0.1761	0.1741
	0.0097	0.0095	0.0108
	0.0021	0.0023	0.0022
Total water withdrawn (Ml)	23 530	23 530	24 385
% water recycled (total water recycled Ml/total water consumed Ml)	41	42	37
Number of level 3-5 environmental incidents	31 level 3	35 level 351	level 3

* For details on measurement, refer to page 4 of the SD report.

Excludes Mimosa and Two Rivers.

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Cash

Cash flow

Rm	FY2018	FY2017
Opening cash balance	7 839	6 788
Cash flows from operating activities*	(1)	1 013
Cash flows from investing activities**	(4 629)	(2 664)
Cash flows from financing activities	408	2 800
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	88	(98)
Closing cash balance	3 705	7 839
* Including:		
– Increase in inventories	(4 247)	(593)
– Finance cost	(1 025)	(716)
– Tax paid	(1 336)	(1 312)
** Including purchase of property, plant and equipment	(4 667)	(3 432)

Group capital expenditure below increased by R1.2 billion or 34% to R4.6 billion in line with our business plans and market guidance.

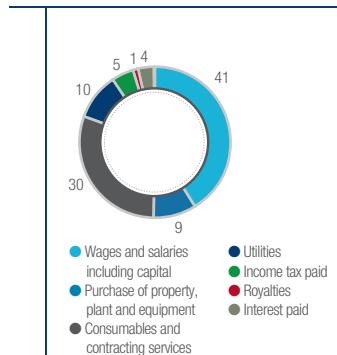
- > Capital expenditure at Zimplats increased by R875 million to R1.7 billion due to the increase in capital construction activities at the new Mupani Mine, establishment work to restore Bimha Mine to full production after the collapse and capital fleet replacement
- > Capital expenditure at Impala increased by R295 million to R2.8 billion due to increased spend at 16 and 20 shafts and the No 5 furnace rebuild
- > Included in Impala's capital expenditure was R1.4 billion in respect of spend on 16 and 20 Shafts
- > Capital expenditure at Marula reduced by R12 million to R101 million due to the deferment of the construction of the new tailings dam extension.

Further to this, and in a very important step to rebalance the long-term portfolio, the Group invested R425 million during the review period to acquire a 15% stake in the Waterberg project.

Capital expenditure by company



Cash distribution (%)



OVERVIEW

Cash flow

- > Free cash outflow for the year was R4.2 billion compared to R1.7 billion outflow in FY2017
- > Cash used in operating activities – R1 million, after funding increase in inventories of R4.2 billion
- > Cash used in investing activities of R4.6 billion, after funding property, plant and equipment of R4.7 billion and R425 million out flows in respect of acquisition of 15% interest in the Waterberg project
- > Net decrease in cash and cash equivalents for the year – R4.2 billion
- > Impala cash burn of R6.6 billion after funding the inventory increase of R3.1 billion and capital expenditure of R2.8 billion

Refer outlook in this section for details of how the business case will be funded and how Implats will ensure profitability to reduce cash burn going forward.

Gross cash flow



Net debt (excluding finance leases)

Rm	June 2018	June 2017
Gross cash		
Convertible bond	3 705	7 839
Derivative financial instrument	(5 489)	(5 808)
Marula BEE debt	21	(49)
Zimplats debt	(887)	(889)
Revolving credit facilities	(1 167)	(1 425)
Gross debt (excluding finance leases)	(1 510)	–
	(9 032)	(8 171)
Net debt (excluding finance leases)	(5 327)	(332)
Gearing ratio	13.4%	0.6%

The revolving credit facilities and convertible bonds mature in 2021 and 2022 respectively. At year end the Group remained well within our covenants.

Cash flow and balance sheet strength will be a focus area for Implats during FY2019 as the focus turns to the funding of the implementation of the Rustenburg strategic review as well as unlocking the impact of the inventory build up which has negatively impacted on our cash balance in the current year.

Refer outlook in this section for details of how Implats will ensure profitability to reduce cash burn going forward.

OVERVIEW
Net debt

- > Net debt increased to R5 billion at 30 June 2018 (excluding finance leases)
- > Group headroom available of R6.2 billion comprising:
 - R3.7 billion cash, including Zimplats cash of R1.6 billion
 - Facilities of R4 billion in place until June 2021, R2.5 billion undrawn at 30 June 2018

> Net debt impacted by circa R4.2 billion due to surplus inventory build-up

- > Net debt/EBITDA of 0.96 times
- > Opportunities to monetise the stock build-up are being explored

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RUSTENBURG STRATEGIC REVIEW

Impala labour complement¹

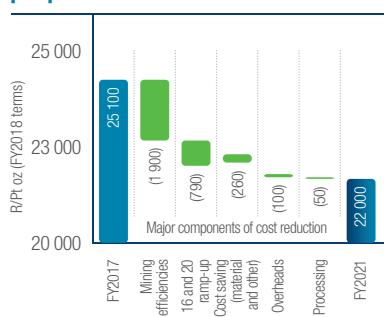


¹ Labour complement as at 30 June

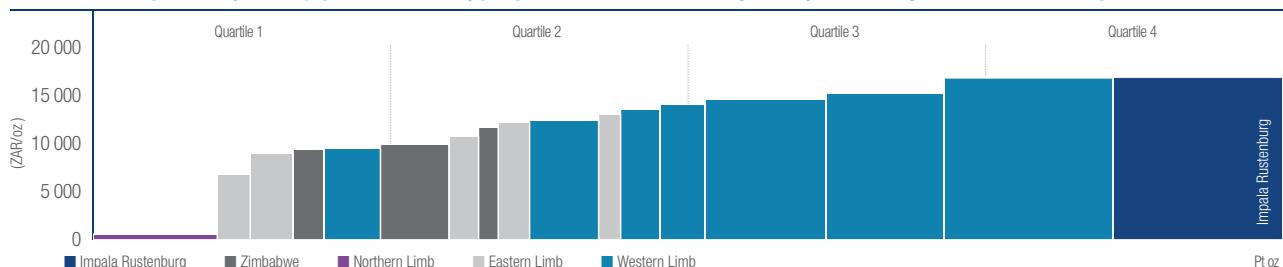
Impala real unit cost per platinum ounce¹



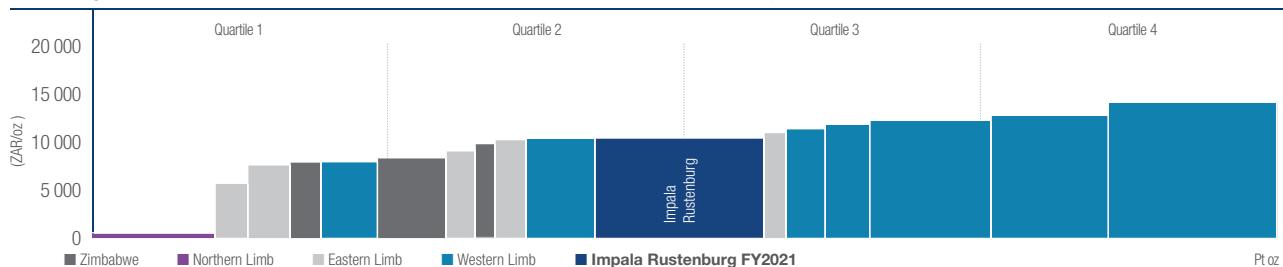
Impala real unit cost per platinum ounce¹



Total cash cost plus SIB (net of by-product revenue) per platinum ounce, FY2018 (ZAR/oz) – including Cr revenue and IRS profits



In the graph below the relative placement of the other companies have not been adjusted from the FY2018 cost curve above and no expected improvements from the rest of the industry has been taken into account. The information for the rest of the industry is therefore visually consistent with the FY2018 industry cost curve above. The bottom graph position serves to illustrate the expected impact of the implementation of the Impala Rustenburg review on Impala Rustenburg on the cost curve in FY2021 relative to the current cost of production in the industry.



Source: Company reports. Real prices and exchange rate: Pt – \$937/oz, Pd – \$939/oz, Rh – \$1,486/oz, Au – \$1,285/oz, Ru – \$146/oz, Ir – \$997/oz, Cu – \$6,224/t, Ni – \$11,312/t, Cr – \$229/t. ZAR:USD – 12.95. SFA (Oxford), Implats. FY2018 (ZAR/oz): Cash cost – 24 100, SIB – 3 200, By-product revenue (incl. IRS) – (13 500)

Finance supporting Group strategy

As mentioned in the CEO's review, we have initiated a strategic review to evaluate large-scale structural changes to urgently return Impala Rustenburg to profitability.

Our assessment for a sustainable and profitable future is premised on the following key decisions that have been made:

- > Creating a smaller, more focused operation with six operating shafts in 2021 producing approximately 520koz platinum per year, down from the current 10 shafts ramping up to previous guidance of 750koz platinum per year
- > Our profitable shafts will sustain their profitability
- > Optimisation initiatives will continue at Shafts 10 and 11, both of which will continue to realise profitability through the optimisation programme, while the growth shafts, namely 16 and 20, will effect profitability through ramp-up

Future real unit cost per platinum ounce reduction will result in unit cost plus SIB (net of by-product revenue) per platinum ounce towards the middle of the industry cost curve by FY2021, assuming the rest of the industry remain as is.

Funding plan to support the implementation of the strategic review

It is critical for the Group to return Impala Rustenburg to profitability to ensure that the Group remains economically viable and is able to honour its obligations to providers of external capital and to sustainably deliver benefits to all its stakeholders.

Given the two-year implementation period of the plan, the R2.7 billion once-off restructuring costs, as well as the funding of the ongoing negative operating cash flows from Impala Rustenburg of approximately R4 billion, it is important for the Group to ensure that it remains fully funded throughout the implementation period.

As a result, the Group has reviewed its existing funding sources and, where necessary, put in place additional liquidity measures to ensure that, at the current operational and pricing environment, the Group maintains adequate headroom and remains fully funded over the implementation period.

The funding sources over this period will be a combination of:

- > Cash generated from other operations of the Group
- > Revolving credit facilities with Implats' lender Group of R4 billion
- > A facility to forward sell of up to R2 billion of excess pipeline stocks, which had built up during FY2018 following the number 5 furnace fire. This will allow the Group to monetise excess pipeline stock in FY2019 that is expected to be released in FY2020.

We will continue to review and optimise the funding strategy as market and operating conditions change to ensure that we maintain an efficient and effective capital structure.

**Refer to the business case for our turnaround strategy with regards to Impala.
See page 66.**

**Performance-based risk management KPIs.
See pages 42 to 47.**

OUTLOOK FOR FY2019

The company expects to produce, refine and sell between 1.5 and 1.6 million ounces during the course of FY2019 and the group unit costs, excluding the retrenchment/separation costs, are expected to be between R23 900 and R24 800 per platinum ounce. We will continue to focus on disciplined capital management and our capital expenditure for FY2019 is expected to reduce to between R4.1 billion and R4.3 billion.

CONCLUSION

Lastly, I would like to express my sincere appreciation to the finance team for their ongoing commitment, support and dedication throughout a very challenging and difficult year.

**Meroonisha Kerber
CFO**

Operational performance

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Impala

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

IMPALA VALUE CHAIN



KEY FEATURES

Operational performance impacted by six fatal incidents during the year	Despite this, the operation delivered an improved performance and milled tonnage increased by 8% and platinum in concentrate production improved by 3%	Refined platinum production was impacted by a 77 000 ounce stock build following furnace maintenance and a transformer fire at the number 5 furnace	Capital expenditure increased 12% to R2.77 billion mainly due to increased spend at 16 and 20 Shafts	The strategic review of Impala Rustenburg was completed
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Value added statement for the year ended 30 June (Prepared on headline earnings basis)	2018 Rm	2017 Rm
Revenue	13 255	14 604
Other net income	(322)	286
Gross value generated	12 933	14 890
Depreciation	(2 806)	(2 487)
Deferred tax	1 116	980
Distribution of value		
Labour and other	(10 269)	(9 966)
Consumables and services	(3 008)	(5 091)
Finance costs	(752)	(594)
Royalty recipients	(158)	(399)
Direct state taxes	(14)	(14)
Diminution of shareholders' value	2 958	2 681
	-	-

OUTLOOK

The implementation plan to restructure Impala Rustenburg will be phased in over the next two years and will deliver a safer and more profitable operation centred on its best assets with higher-quality, long-life orebodies, lower operating costs and capital intensity

- > A reduced mining footprint from 11 to six operating shafts
- > Production reduced to 520 000 platinum ounces
- > The total labour complement (employees and contractors) to be reduced to 27 000

In addition to the structural changes, Impala Rustenburg will continue to look at ways to improve safety, productivity and cost efficiency

Platinum production in concentrate is expected to be between 650 000 to 690 000 ounces in FY2019

OUTCOMES

FIFR
0.071 *

TIFR
14.04 *

Headline loss
R2 958 million ▼

Number of employees
40 079 ✓

Cash flow before financing and working capital
(R4 033 million) ▼

Capital expenditure
R2 767 million ✓

Refined production
580 800oz ▼

* Improved ✓ Target met

RISKS	OPPORTUNITIES	RESPONSE
<ul style="list-style-type: none"> > Non-delivery of production, productivity and cost targets for FY2019 > A significant deterioration in safety performance > Impact of stakeholders on the ability to execute the FY2019 plan > Impact of lower than planned mining production on downstream operations > Reduced flexibility in processing 	<ul style="list-style-type: none"> > Early delivery of the Impala Rustenburg restructuring plan > Faster than planned ramp up of two large new mining complexes > Higher than anticipated PGM basket prices > Safer working environment > Positive and cooperative stakeholder relations > Improved employee relations climate 	<ul style="list-style-type: none"> > Effective performance management and the development of a high-performance culture > Increase accountability > Increase productivity > Deliver ramp-up shafts > Further enhance and embed effective stakeholder relations > Manage downstream production flexibility > Address and minimise processing constraints for the Group

STAKEHOLDER	MATERIAL MATTERS	RESPONSE
Impala Rustenburg employees	<ul style="list-style-type: none"> > Uncertainty about job security due to Section 189 process (the process was announced in September 2017 and concluded in May 2018. It targeted approximately 2 200 jobs and the net labour reduction (own employees) since 1 July 2017 was approximately 2 700) 	<ul style="list-style-type: none"> > Majority of employees affected opted for voluntary separation arrangements > Employees supported through financial and psychological counselling, portable skills training and other initiatives
Union (AMCU)	<ul style="list-style-type: none"> > Increased tensions with AMCU shop stewards and head office officials 	<ul style="list-style-type: none"> > Intensive consultation and engagement with shop stewards and officials
Government	<ul style="list-style-type: none"> > Frustration and concern at jobs losses 	<ul style="list-style-type: none"> > Intensive consultation and engagement
Local communities	<ul style="list-style-type: none"> > Community discontent due to fear of job losses and high youth unemployment 	<ul style="list-style-type: none"> > Intensive consultation and engagement
Local suppliers	<ul style="list-style-type: none"> > Perceived lack of core mining procurement opportunities 	<ul style="list-style-type: none"> > A mining ad hoc committee identifies core mining opportunities for local businesses, while ensuring a fair tender process

Operational performance – Impala

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BUSINESS MODEL

CAPITALS	INPUTS	OUTCOMES
Human	<ul style="list-style-type: none"> > 40 079 employees including contractors > Training, policies and procedures > Wellness programmes > Effective leadership 	<ul style="list-style-type: none"> > Labour productivity of 269 tonnes per employee costed > R409 million invested in skills development > A wage bill of R10.9 billion including capital > Six employee fatalities > LTIFR: 6.54 > HIV prevalence approximately 23% > 88 cases of noise-induced hearing loss submitted
Social	<ul style="list-style-type: none"> > Threat of job losses > Election and training of shop stewards > Recognise and capacitate elected community leadership > Proactive stakeholder engagement > Share information openly and honestly with key stakeholders > Social investment > Report on social impacts 	<ul style="list-style-type: none"> > Strained relationships with labour, unions and government as threat of job losses increases > 87% of employees live in decent accommodation > R95 million invested in socio-economic development projects > R252 million spent on improving employee accommodation (136 new houses built) > Platinum Village Primary and Secondary Schools officially opened (1 049 learners enrolled) > Good relationships with local communities in the face of a challenging social context and a growing crisis of expectation
Manufactured	<ul style="list-style-type: none"> > Property, plant and equipment valued at R16.3 billion > Mining concentrating and smelting operations situated in Rustenburg and refining plant located in Springs, close to Johannesburg > Mine stoppages associated with six fatal incidents during the year > Furnace 5 rebuild and transformer fire 	<ul style="list-style-type: none"> > Milled throughput of 10.95 million tonnes > Concentrate platinum production of 669 000 ounces > Stock build of 77 000 ounces of platinum > Refined platinum production of 581 000 ounces
Financial	<ul style="list-style-type: none"> > Cash generated from operations > Equity > Debt 	<ul style="list-style-type: none"> > Cost of R15.8 billion > Stock adjusted unit cost per platinum ounce: R24 005 > Rand revenue basket: R22 822 per platinum ounce > Capital expenditure: R2.77 billion > Cash outflow before financing and working capital: R4.0 billion
Intellectual	<ul style="list-style-type: none"> > Knowledge and procedures > Systems and processes > Research and development 	<ul style="list-style-type: none"> > Declining efficiencies > Insufficient skills and capabilities
Natural	<ul style="list-style-type: none"> > Total Mineral Resources inclusive of Mineral Reserves of 50.9 million platinum ounces > Natural resources (air, water and biodiversity) 	<ul style="list-style-type: none"> > ISO 14001: 2015 certified > Total direct SO₂ emitted: 6 379 tons (2017: 6 306 tons) > Total water consumed: 24 930Ml (2017: 25 744Ml) > Total water recycled: 41% (2017: 42%) > Current year-on-year change in Mineral Resources and Mineral Reserves: refer to page 100

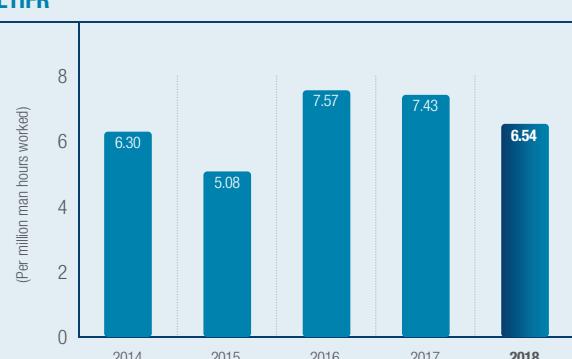
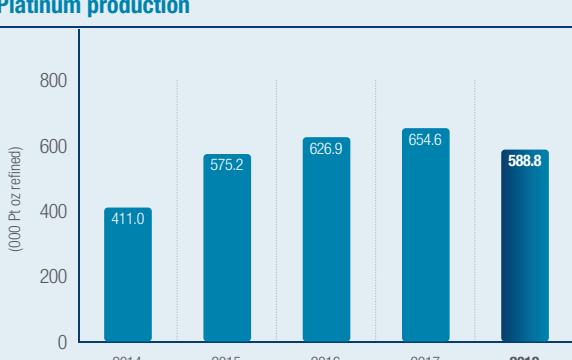
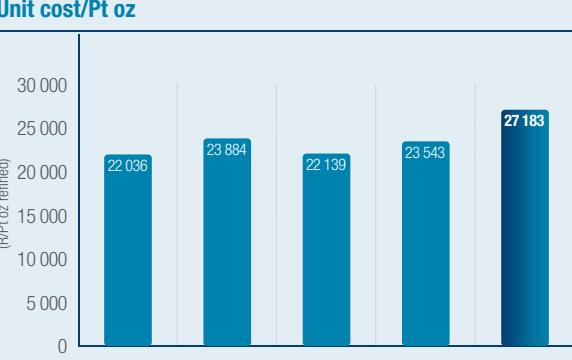
IMPROVING OUTCOMES	LINK TO STRATEGIC OBJECTIVES
<ul style="list-style-type: none"> > Instil a performance-oriented culture supportive of business strategy and goals > Ongoing focus on mining optimisation initiatives to enhance labour productivity > Ensuring training initiatives enable delivery on business strategy and return on investment > Continue to implement zero-harm initiatives with special focus on changing behaviour > Focus remains on promoting the health and well-being of employees 	
<ul style="list-style-type: none"> > Maintain stable and constructive labour, union and community relations through intensive consultation and engagement > Active engagement with government and other business forums to increase understanding of industry crisis and to seek support > Develop and implement a robust stakeholder engagement strategy > Support affected employees through financial and psychological counselling, portable skills training and other initiatives > Revise accommodation strategy to address employees living in informal settlements, employee needs and constrained budgets and the need to contain rising costs > Further prioritise local procurement initiatives 	
<ul style="list-style-type: none"> > Implementation of various initiatives to improve productivity and enhance efficiencies > Processing and refining of inventory material 	
<ul style="list-style-type: none"> > Initiatives to contain the operating cost base continue focusing on improving mining efficiencies and reducing operating costs > Continue to invest through the cycle to complete ramp-up projects > Capital allocation decisions based on ability to generate cash > Continue to support key partner such as WPIC, PGI and IPA to stimulate demand > Implement the outcomes of the strategic review to deliver a safer and more profitable Impala Rustenburg centred on its best assets with higher-quality, long-life orebodies and lower operating costs and capital intensity 	
<ul style="list-style-type: none"> > Enhanced training programmes > Supplement leadership capacity in key focus areas > Continuously improve the ability to operate effectively through innovation 	
<ul style="list-style-type: none"> > Mitigation of environmental impacts supported by leadership and responsible citizenship > Implementation of biodiversity management plan at Rustenburg > Independent assessment of environmental management plan 	

Operational performance – Impala

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OPERATIONAL REVIEW

STRATEGY	OPERATIONAL OBJECTIVES	KPI PERFORMANCE TARGET FOR FY2018	PERFORMANCE AGAINST STRATEGY AND KPIs
<p>Impala is a focused PGM producer. Our strategy seeks to sustain optimal levels of production at the lowest possible cost, positioning the company in the lower half of the industry cost curve, as an industry safety leader, to benefit from future stronger PGM prices and to reward all our stakeholders</p>	 <p>Relentlessly drive the safety of our people</p>	<ul style="list-style-type: none"> > Zero fatalities > LTIFR: <6 (20% improvement on FY2017) 	<ul style="list-style-type: none"> > Regrettably, six employee fatalities were recorded during the year. > Safety measures were tested, enhanced and altered, where necessary > Safety communication to employees has been improved and the emphasis remains on ensuring effective leadership, responsible behaviour, and driving a culture of personal accountability and interdependence > Achieved a five-month fatality-free record
	 <p>Consistently deliver production targets</p>	<ul style="list-style-type: none"> > 680 000 to 720 000 ounces of platinum (growing to 750 000 ounces by 2022) 	<ul style="list-style-type: none"> > Operational performance was negatively impacted in the first half of the year by mine stoppages following five fatal incidents during September and October 2017 > Mill throughput improved by 8% from the previous year largely due to: <ul style="list-style-type: none"> – The 14 Shaft recovery after the 2016 fire – The 16 Shaft ramp-up – Performance improvements at 1, 11 and 12 Shafts > This was offset to some extent by lower volumes from 9 and 10 Shafts and the closure of 4, 7 and 7A Shafts > Platinum in concentrate production improved by 3% to 669 000 ounces > The number 5 furnace rebuild of and a transformer fire resulted in a 77 000 platinum ounce stock build > Consequently, refined platinum production decreased by 11% to 581 000 ounces
	 <p>Improve efficiencies through operational excellence</p>	<ul style="list-style-type: none"> > Cost per platinum ounce <R24 000 	<ul style="list-style-type: none"> > Unit costs increased 15% to R27 183 per platinum ounce as the build-up of in-process stock impacted refined output > On a stock-adjusted basis, unit costs increased by 1% to R24 005 per platinum ounce on the back of higher production and a strong focus on cost management
			 <p>Derived from CEO BSC Refer pages 26 and 27</p>

PERFORMANCE GRAPHS	KPI PERFORMANCE TARGET FOR FY2019	KEY ACTIONS IN FY2019
LTIFR 	> Zero fatalities > LTIFR: 10% improvement on FY2018	<ul style="list-style-type: none"> > Drive the three pillars of HSE strategy: Behaviour, Environment, Practices (BEP) > Drive further improvements through awareness, education, and the implementation of appropriate systems and best practice > Cultivate a culture of operational discipline > Assess and address leadership shortcomings through training and improved performance management processes
Platinum production 	> 650 000 to 690 000 in concentrate ounces of platinum (decreasing to 520 000 by 2021)	<ul style="list-style-type: none"> > Implement first year of Impala Rustenburg strategic plan: <ul style="list-style-type: none"> – Optimise/harvest/exit 1 Shaft – Operate loss-making shafts under strict parameters – 1, 9, 12 and 14 Shafts – Focus on core operational assets – E/F, 6, 10 and 11 Shafts – Continue with ramp-up of 16 and 20 Shafts > Increase mineable reserves and optimise development advance rates
Unit cost/Pt oz 	> Cost per platinum ounce <R25 400 (R23 800 in 2018 terms)	<ul style="list-style-type: none"> > Realise structural improvements in mining efficiencies by discontinuing mining activity at high-cost operations and concentrating future activity at more efficient lower-cost operations > Continue with optimisation and productivity initiatives > Deliver on grade improvement initiatives > Manage lost blasts effectively and improve blast frequency > Leadership training and development to better support mining teams > Continue with ramp-up of 16 and 20 Shafts
	 Derived from CEO BSC Refer pages 26 and 27	

Operational performance – Impala

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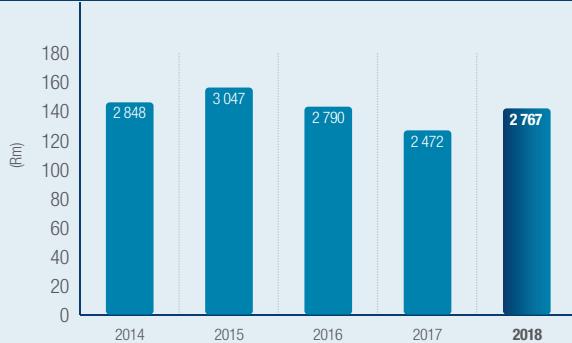
STRATEGY	OPERATIONAL OBJECTIVES	KPI PERFORMANCE TARGET FOR FY2018	PERFORMANCE AGAINST STRATEGY AND KPIs
Impala is a focused PGM producer. Our strategy seeks to sustain optimal levels of production at the lowest possible cost, positioning the company in the lower half of the industry cost curve as an industry safety leader to benefit from future stronger PGM prices to reward all our stakeholders	 Cash conservation	<ul style="list-style-type: none"> > Costs <R17.0 billion > Capital <R2.6 billion 	<ul style="list-style-type: none"> > Costs: R15.8 billion > Capital expenditure: R2.77 billion, 12% up on the previous year largely due to increased capitalised development and expenditure at 16 and 20 Shafts and the number 5 furnace rebuild
	 Maintain our licence to operate	<ul style="list-style-type: none"> > Build 230 houses > Social development spend R227 million 	<ul style="list-style-type: none"> > 136 houses were built during the period > Social development expenditure amounted to R95 million > Social development spend focused on home ownership initiatives, as well as education, government and municipality support infrastructure and other social commitments > ISO 14001: 2015 certified > Impala Rustenburg scored an overall index of 62 on the SRAS's SRC360™ quality scale, indicating relationships are deemed "good" by both respondents
			 Derived from CEO BSC Refer pages 26 and 27

PERFORMANCE GRAPHS

KPI PERFORMANCE TARGET FOR FY2019

KEY ACTIONS IN FY2019

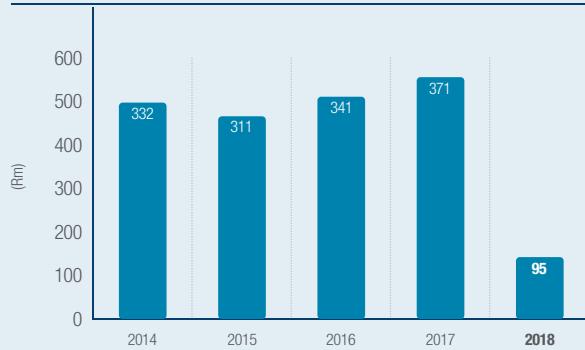
Capital expenditure



- > Costs <R17.3 billion
- > Capital <R2.4 billion

- > Reduce capital and working costs in line with restructuring implementation plan (R2.8 billion over FY2018 to FY2020)
- > Reduce capital intensity
- > Continue procurement initiatives to deliver saving on consumables
- > Electricity and water: Continue to optimise constrained supply

Social development expenditure (including housing)



- > Complete projects in accordance with SLP commitments

- > Prioritise stakeholder engagement as the Impala Rustenburg restructuring plan proceeds impacting employees and communities, and in preparation for national elections and wage negotiations later in FY2019
- > Mitigate social impacts of restructuring
- > Sustain operational continuity



Derived from CEO BSC
Refer pages 26 and 27

Operational performance – Impala

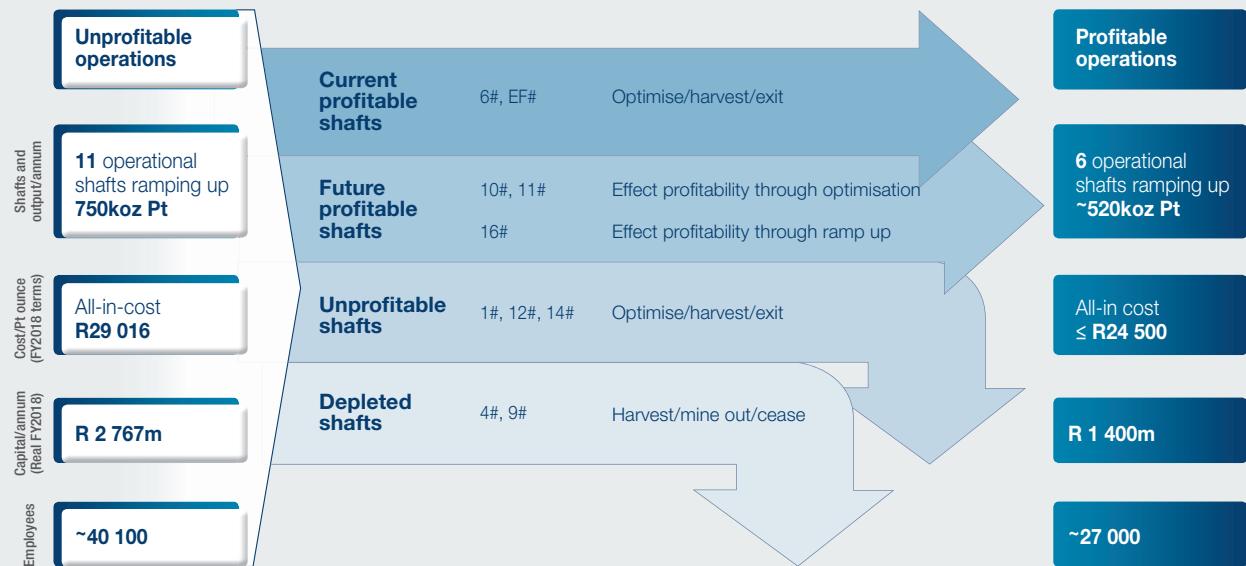
DELIVERING A PROFITABLE FUTURE STATE AT IMPALA RUSTENBURG

The outcome of the Impala Rustenburg strategic review concluded that a radical and urgent transition into a leaner, more concentrated and profitable operation is critical to support the future success of the Group.

The implementation of the Impala Rustenburg plan will be phased in over the next two years to ensure the transition occurs in a socially responsible way. The key outcomes of the restructuring, which is expected to be concluded by the end of the 2021 financial year, include:

- > A reduced mining “footprint” from 10 to six operating shafts as operations are stopped at end-of-life and uneconomical shafts
- > Production reducing from the previously guided 750 000 platinum ounces to 520 000 platinum ounces per annum
- > The total labour complement (employees and contractors) reducing from approximately 40 000 to 27 000 by FY2021

Current state FY2018¹



The plan is expected to deliver a safer and profitable Impala Rustenburg centred on its best assets with higher-quality, long-life orebodies and lower operating costs and capital intensity. Importantly, it secures employment for 27 000 employees and the surrounding communities can continue to participate in Implats’ procurement, training and local economic development activities. Throughout the implementation process there will be an overriding imperative to ensure that forced job losses are minimised through various avoidance measures. These include the transfer of workers to vacant positions at the 16 and 20 ramp-up shafts, reskilling, voluntary separation, business improvement initiatives and exploring commercial options to exit shafts that do not fit the long-term portfolio.

Refer to Strategic update: Impala Rustenburg review (2 August 2018) on website.

KEY PROJECTS

The 16 and 20 Shaft projects are critical to returning Impala Rustenburg to profitability. Both projects were assessed as part of the strategic review process. As a result, some duplicate shaft ore pass systems at 16 Shaft, as well as the upper 2 levels at 20 Shaft, were removed from the respective projects, without materially impacting the build-up of these shafts to full production. The capital cost profile for 20 Shaft has been optimised and will reduce by R445 million.

In assessing production readiness, the rehabilitation of the C-pass and construction of the lower section of D-pass at 16 Shaft still need to be completed to achieve full production. Some construction work at 20 Shaft remains outstanding and the project is now approaching completion in terms of the redefined project scope.

Production at 16 Shaft has ramped up significantly during the year as increased face becomes available. Although the initial ramp-up was limited to the Merensky Reef, development access to the UG2 has now made concurrent mining on most horizons possible. As previously reported, the 20 Shaft ramp-up is still being hampered by challenging geological conditions, which impacts face availability. The mining plan is limited to the Merensky horizon and opening sufficient pit room to provide mining flexibility is taking longer than anticipated. This has resulted in an increased focus on development at the shaft. The future profitability and strategic optionality of the shaft will be further evaluated and optimised in FY2019.

Description		16 Shaft		20 Shaft	
		FY2018	FY2017	FY2018	FY2017
Project completion	%	90	85	98	95
Estimated completion date	date	November 2021	May 2022	June 2019	June 2022
Estimate at completion	Rm	7 939	7 939	7 930	8 434
Expenditure to date	Rm	7 159	6 795	7 804	7 496
Design capacity (at steady state)	koz per annum	180	185	130	130
Estimated steady-state achievement	date	June 2022	June 2022	July 2021	July 2021
Platinum production	koz	74	53	69	63
Available face	m	2 542	1 512	1 316	1 297
Stoping teams	teams	75	53	57	51
Panel ratio	panels/team	1.20	1.35	1.18	1.00
Productivity	ca/team/month	297	292	291	297
Total cost (excluding project capital)	R/Pt oz	29 885	33 009	29 900	28 474
		<ul style="list-style-type: none"> > Revised completion date due to exclusion of D ore pass (21-24 levels) > C ore pass rehabilitating progress > Key focus is on opening mineable face and productivity build-up > Critical capital development ends exceeded targets for the year 		<ul style="list-style-type: none"> > Key focus is on opening mineable face and productivity build-up > Poor geology hampers production build-up > Level 16 and 17 capital development deferred – reduces capex in FY19 and FY20 by R445 million 	

Operational performance – Impala

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IMPALA TOTAL MINERAL RESOURCE AND MINERAL RESERVE ESTIMATE

(see detailed 2018 Mineral Resource and Mineral Reserve statement www.implats.co.za)

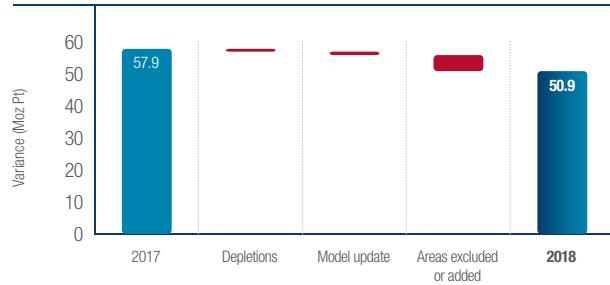
Total Mineral Resources inclusive of Mineral Reserves

		Orebody	Category	2018					2017				
Tonnage	Mt			6E Grade	4E Moz	6E Moz	Pt Moz	Tonnage	Mt	6E Grade	4E Moz	6E Moz	Pt Moz
Impala	Merensky	Measured	130.0	6.92	25.7	28.9	16.2	132.3	7.09	26.8	30.2	16.9	
		Indicated	67.1	6.91	13.2	14.9	8.4	68.8	7.11	14.0	15.7	8.8	
		Inferred	12.7	6.73	2.5	2.8	1.5	21.2	7.80	4.7	5.3	3.0	
	UG2	Measured	159.4	6.61	28.2	33.9	16.3	165.0	6.57	29.1	34.9	16.8	
		Indicated	71.0	6.61	12.6	15.1	7.3	71.0	6.60	12.6	15.1	7.3	
		Inferred	12.6	6.43	2.2	2.6	1.3	20.8	6.49	3.6	4.3	2.1	
Total				452.8	6.74	84.4	98.2	50.9	479.1	6.85	90.7	105.5	54.8

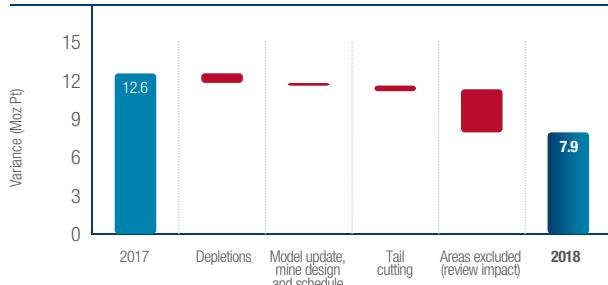
Total Mineral Reserves

		Orebody	Category	2018					2017				
Tonnage	Mt			6E Grade	4E Moz	6E Moz	Pt Moz	Tonnage	Mt	6E Grade	4E Moz	6E Moz	Pt Moz
Impala	Merensky	Proved	9.8	4.24	1.2	1.3	0.7	10.6	4.31	1.3	1.5	0.8	
		Probable	46.5	4.46	5.9	6.7	3.7	65.2	4.63	8.6	9.7	5.4	
	UG2	Proved	11.4	4.35	1.3	1.6	0.8	13.4	4.49	1.6	1.9	0.9	
		Probable	39.2	4.45	4.7	5.6	2.7	78.7	4.40	9.3	11.1	5.4	
Total				106.8	4.42	13.1	15.2	7.9	167.9	4.49	20.8	24.3	12.6

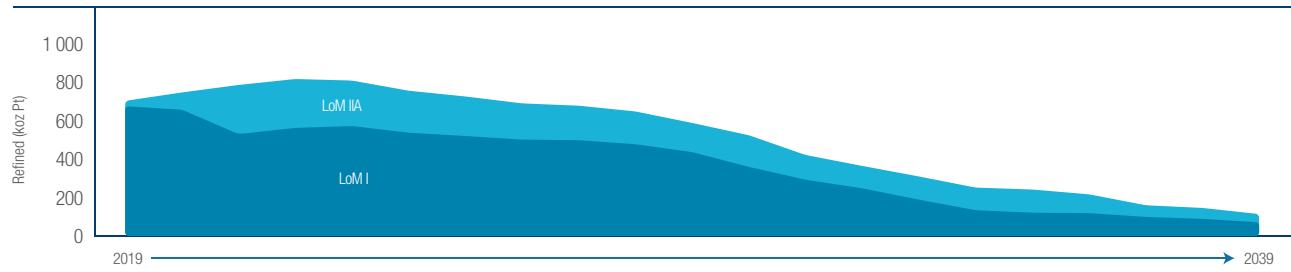
Total Impala Mineral Resources



Total Impala Mineral Reserves



Impala 20-year LoM Pt ounce profile



Operational performance

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IRS

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

IMPALA REFINING SERVICES VALUE CHAIN



KEY FEATURES

Maintained considerable financial contribution to Group earnings despite low PGM prices

Refined platinum production increased by 1.4% to 887 000 ounces

Cash before financing activities of R1 228 million

The metals purchase and toll refining operations of IRS was acquired by Impala in July 2018 to capitalise on efficiencies and maximise shareholder returns



Value added statement for the year ended 30 June (Prepared on headline earnings basis)	2018 Rm	2017 Rm
Revenue	22 044	21 711
Other net income	161	281
Deferred tax	92	22
Gross value generated	22 297	22 014
Distribution of value		
Cost of sales	(20 491)	(20 194)
Finance costs	(34)	(5)
Direct state taxes	(562)	(523)
Dividends to shareholders	(2 340)	–
Diminution in value (Value retained in business)	1 130	(1 292)
	–	–

OUTLOOK

IRS remains well positioned to capitalise on its access to spare smelting and refining capacity to process additional material

Opportunities are continuously evaluated and pursued if value accretive to the Group

Impala has sufficient spare capacity available to ensure that IRS is able to process planned production from the other Group operations, as well as contracted third-party material

OUTCOMES

Headline profit
R1 210 million▼

Cash before financing activities
R1 228 million▼

Refined platinum production of
887 000oz▲

* Improved ✓ Target met

RISKS	OPPORTUNITIES	RESPONSE
<ul style="list-style-type: none"> > Sustained depressed PGM basket prices > Capital constraints affecting project delivery/opportunities > Failure to progress beneficiation in Zimbabwe 	<ul style="list-style-type: none"> > Well positioned for new refining opportunities > Remains a strategic competitive advantage for Implats 	<ul style="list-style-type: none"> > Continue to evaluate opportunities if value accretive to the Group

(000oz) Platinum refined	2018	2017
Zimplats	265.7	266.4
Marula	76.9	68.1
Mimosa	116.2	116.6
Two Rivers	162.5	177.4
Mine-to-market operations	621.3	628.5
Third-party purchases and toll	266.1	246.7
Total	887.4	875.2

Operational performance – Impala Refining Services

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BUSINESS MODEL

CAPITALS	INPUTS	OUTCOMES
Manufactured	> Utilises Impala's excess processing and refining capacity to smelt and refine the concentrate and matte produced by the Group's other mine-to-market operations and third parties > The business also does ad hoc toll refining	> Refined platinum production of 887 000 ounces
Financial	> Cash before financing activities > Equity	> Generated cash of R1.2 billion for the year

OPERATIONAL REVIEW

STRATEGIC OBJECTIVES	STRATEGY	KPI PERFORMANCE TARGET FOR FY2018	PERFORMANCE AGAINST STRATEGY AND KPIs
Our strategy seeks to pursue new opportunities (customers) to secure additional value for the Group	 Consistently deliver production targets	> 885 000 ounces of platinum	> 887 400 ounces of refined platinum
	 Cash conservation	> Gross profit of R1.4 billion	> Gross profit of R1.6 billion
		 Derived from CEO BSC Refer pages 26 and 27	

IMPROVING OUTCOMES

LINK TO STRATEGIES



- > Continue to pursue new refining opportunities

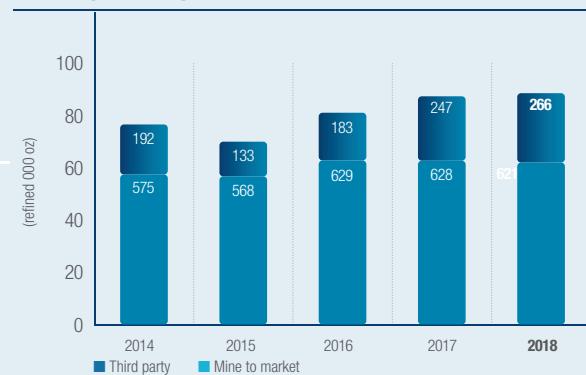


PERFORMANCE GRAPHS

KPI PERFORMANCE TARGET FOR FY2019

KEY ACTIONS IN FY2019

Refined platinum production



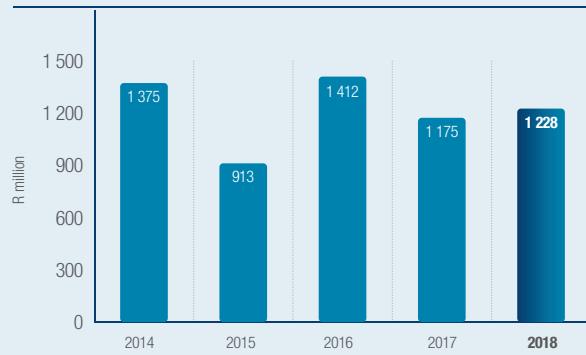
> 800 000 – 850 000 ounces of platinum in concentrate

- > Continuously explore suitable alternate metal sources to expand production or to sustain production if current suppliers experience operational difficulties
- > Maintain relationships with, and sustain service excellence in respect of suppliers

> Gross profit of >R1.3 billion

- > Continuously explore suitable alternate metal sources to expand production and increase gross profit in line with available capacity

Cash before financing activity



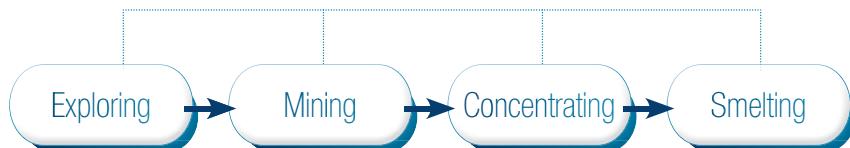
Derived from CEO BSC
Refer pages 26 and 27

Operational performance

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Zimplats

ZIMPLATS VALUE CHAIN



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

KEY FEATURES

All mining units sustained operational performance

Re-establishment of Bimha Mine completed and returned to full production in April 2018

Development of replacement Mupani Mine on schedule

Business remains cash generative

Ensured security of tenure through return of land agreement with the Government of Zimbabwe



Value added statement for the year ended 30 June (Prepared on headline earnings basis)	2018 Rm	2017 Rm
Revenue	7 485	7 038
Other net income	271	377
Gross value generated	7 756	7 415
Depreciation	(841)	(1 036)
Deferred tax	(1 238)	(151)
	5 677	6 228
Distribution of value		
Labour and other	(1 425)	(1 213)
Consumables and services	(3 203)	(3 527)
Finance costs	(38)	(98)
Royalty recipients	(134)	(116)
Direct state taxes	(837)	(698)
Value retained in business	(40)	(576)
	-	-

OUTLOOK

Zimplats will sustain current concentrate production levels of 270 000 to 280 000 ounces of platinum supported by the development of the new replacement portal (Mupani), which should reach ore contact in April 2019

Given the challenging price environment and the decision to align capital allocation decisions with the business unit's ability to generate cash, capital expenditure over the next few years will remain constrained and remains prioritised for projects critical to sustaining production levels and maintaining Zimplats' licence to operate. On this basis, a decision to reline and upgrade the current furnace has been taken rather than to pursue the development of a second furnace

Zimplats will continue to engage the government on mutually acceptable solutions to achieve the government's aspirations of further beneficiation of PGMs in Zimbabwe

OUTCOMES

FIFR
0.00 ✓

TIFR
0.52 ▲

Headline earnings
R40 million ▼

Number of employees
6 445 ▲

Cash flow before financing activities and working capital
R553 million ▲

Capital expenditure
R1 738 million ▲

Platinum production in matte
270 800oz ▼

* Improved ✓ Target met

Operational performance – Zimplats

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RISKS	OPPORTUNITIES	RESPONSE
<ul style="list-style-type: none">> Depressed metal prices> Inadequate foreign currency> Cost escalation> Failure to preserve cash> Smelter risks	<ul style="list-style-type: none">> Return of the Bimha Mine's ability to achieve greater mining flexibility through sequential portal development> Improved sovereign risk that results in a more positive business outlook in the short and medium term> Improved stability of the electricity grid> Business optimisation strategies including the migration from a Special Mining Lease to two ordinary mining leases, which has eliminated exposure to APT> Continuing with implementation of cost leadership initiatives, supply chain management strategies as well as process improvement initiatives	<ul style="list-style-type: none">> Controls to this risk are restricted to monitoring the price trends as well as commodity supply and demand dynamics to enable us to predict the metal pricing forecast> Engagement with the authorities on our foreign currency requirements are still ongoing and so are our efforts towards import substitution and forex prioritisation to reduce pressure on foreign currency requirements> To mitigate the impact of a shortage of foreign currency, management continues to support our main suppliers with the foreign currency necessary to import required materials> Pursuing cash preservation measures including: TMM life extension to reduce SIB capex; Capital projects rationalisation; Exploring procurement from China/India to reduce reliance on SA> Rigorous furnace monitoring continued. The sidewall rebuild that was successfully completed is expected to further mitigate the risk and extend the furnace campaign life until we reach the planned full rebuild in 2019

STAKEHOLDER	MATERIAL MATTER	RESPONSE
Employees	Employment: > Increased demand for employment opportunities within Zimplats due to high unemployment rates within Zimbabwe	> The operating subsidiary prioritises recruitment from the local communities and consequently most staff are from the surrounding communities. Zimplats is also exploring opportunities for LEDs and income generating activities for the benefit of the community
Communities	> Complaints about damage to community structures > Tailings dam risk to communities > Significant expectations around our socio-economic contribution to the broader community/country	> The Ministry of Mines and Mining Development has been requested to broker a roundtable meeting with all stakeholders > Land has been identified for the relocation of families currently residing in the dam's zone of influence. The relevant government officials have submitted the recommendation to the minister for his authority to proceed with the relocations > Stakeholder engagement initiatives are positioned to manage these expectations
Government	> Recent changes in government > Beneficiation: – Government has directed the platinum industry to build a refinery – An export levy will be placed on all PGM concentrate exports from 1 January 2019	> The stakeholder map has been reviewed in line with recent changes in government. Aligned to this, a targeted engagement narrative has been developed > Ongoing engagement with targeted members of the new government leadership is under way to promote mutual understanding, respect and the creation of value-enhancing relations > Zimplats already produces and exports platinum matte. However, in line with the government thrust on beneficiation it is actively looking into further beneficiation by way of refurbishing the existing BMR at SMC and joint ventures (JV) opportunities with other players in the country. Progress on the implementation of the enhanced beneficiation projects is constrained by prolonged low metal prices. Consequently, delivery of capital projects resources and their completion is now being matched to the availability of cash resources
Shareholders	Concerns include the following: > Business performance > Compliance with indigenisation laws > Government demand for additional ground > Government expectations on beneficiation	> Shareholders are kept informed of the Company's performance through analyst briefings and quarterly updates released on the ASX > Shareholders are also kept informed of major developments within the Group through ASX announcements

Operational performance – Zimplats

Zimplats Annual Integrated Report 2018 | 110

BUSINESS MODEL

CAPITALS	INPUTS	OUTCOMES
Human	<ul style="list-style-type: none"> > 6 445 employees including contractors > Effective leadership team 	<ul style="list-style-type: none"> > US\$5 million invested in skills development > Employee turnover of 4.2% (2017: 0.48%) > Zero employee fatalities > LTIFR of 0.19, a 9.5% improvement over the year > Values encompassing respect, care and delivery
Social	<ul style="list-style-type: none"> > Constructive labour relations > Continuous engagement with government and regulators in a challenging regulatory environment > Good relationships with local communities 	<ul style="list-style-type: none"> > US\$6.0 million invested in socio-economic development > 75% of revenue spent on supplier, employee and tax expenditure in Zimbabwe > Indigenisation and beneficiation expectations
Manufactured	<ul style="list-style-type: none"> > Property, plant and equipment valued at R14 915 million > Projects, mining and smelting operations situated in Zimbabwe > Mupani Mine, a new replacement portal, currently under development with production capacity of 90koz platinum in matte in calendar year 2025 	<ul style="list-style-type: none"> > Milled throughput of 6.57 million tonnes > Platinum in matte production of 270 800 ounces
Financial	<ul style="list-style-type: none"> > Equity > Debt > Cash flow before financing activities and working capital: R553 million 	<ul style="list-style-type: none"> > Cost: US\$356 million (R4.57 billion) > Unit cost per platinum oz in matte: US\$1 313 (R16 869) > Capital of US\$135 million spent largely on the development of the new portal, Mupani > Revenue basket – US\$2 184/Pt oz > Gross profit: R2.05 billion
Intellectual	<ul style="list-style-type: none"> > Knowledge and procedures > Systems and processes > Research and development 	<ul style="list-style-type: none"> > Improvements in efficiencies > Enhanced knowledge, capabilities and skills
Natural	<ul style="list-style-type: none"> > Total Mineral Resources inclusive of Mineral Reserves of 57.3Moz Pt > Unavoidable impacts on the environment as a consequence of our production activities 	<ul style="list-style-type: none"> > ISO 14001:2015 certified > Water re-cycled – 39% (2017: 41%) > Carbon dioxide emission per tonne of ore – 0.079 (2017: 0.076) > Energy consumption (gigajoules per tonne of ore) – 0.38 (2017: 0.37) > Current year-on-year change in Mineral Resources and Mineral Reserves: refer page 114

IMPROVING OUTCOMES	LINK TO STRATEGIES
> Focus remains on promoting the health, safety and well-being of employees	 
> Remain committed to the aspirations of government and the people of Zimbabwe to grow and diversify the PGM industry > Resolved our long-standing land dispute and secured mining tenure in the country with more advantageous tax implications	
> Continue to deliver outstanding operational performances > Continue development of replacement portal	 
> Initiatives to contain the operating cost base, focus on improving mining efficiencies and reducing operating costs > Continue to invest through the cycle in value-enhancing projects > Capital allocation decisions based on ability to generate cash	 
> Continuously improve the ability to operate effectively through innovation	
> Mitigation of environmental impacts supported by leadership and responsible citizenship > Exploring options to improve effluent quality > Sulphur emissions reduction feasibility study under way > Continue with open pit rehabilitation and re-vegetation of tailings dams > Renewed environmental licences and effluent discharge permits > Acquired three new effluent licences > Improved the reliability of air quality monitoring	

Operational performance – Zimplats

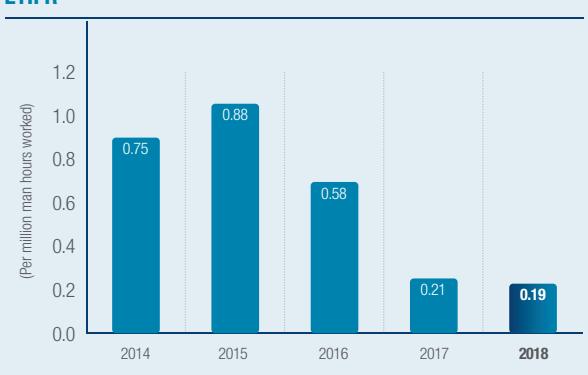
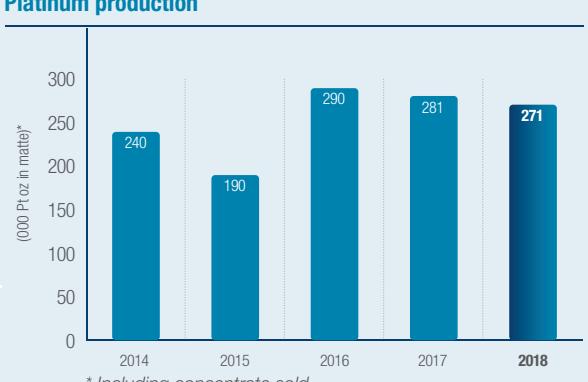
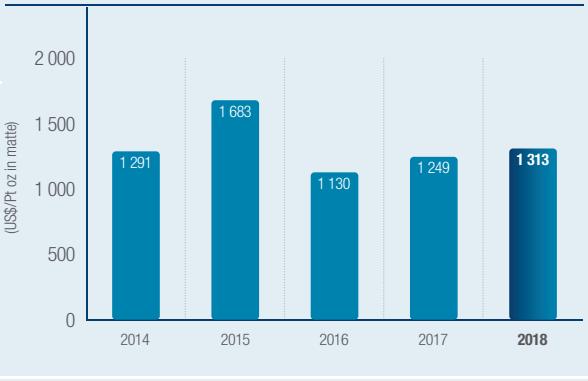
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OPERATIONAL REVIEW

STRATEGY	OPERATIONAL OBJECTIVE	KPI PERFORMANCE TARGET FOR FY2018	PERFORMANCE AGAINST STRATEGY AND KPIs
Zimplats is a focused PGM producer. Our strategy seeks to sustain optimal levels of production at the lowest possible cost, positioning the company in the lower half of the industry cost curve, as an industry safety leader, to benefit from future stronger PGM prices and to reward all our stakeholders	 Relentlessly drive the safety of our people	<ul style="list-style-type: none"> > Zero fatalities > LTIFR: <0.40 	<ul style="list-style-type: none"> > Zero fatalities (2017: 0) > Zimplats achieved an LTIFR of 0.19 (2017: 0.21), a 9.5% improvement > Maintained focus on creating an interdependent safety culture (Bradley Curve)
	 Consistently deliver production targets	<ul style="list-style-type: none"> > 260 000 ounces of platinum in matte 	<ul style="list-style-type: none"> > Produced 270 800 ounces of platinum in matte (including in concentrate sold) > All mining units sustained outstanding operational performances > Tonnes milled were marginally down to 6.57mt (2017: 6.72mt)
	 Improve efficiencies through operational excellence	<ul style="list-style-type: none"> > Cost per Pt oz <US\$1 400 	<ul style="list-style-type: none"> > Cost per Pt oz: US\$1 313
	 Cash conservation	<ul style="list-style-type: none"> > Costs <US\$360 million > Capital <US\$140 million 	<ul style="list-style-type: none"> > Costs: US\$356 million (2017: US\$351 million) > Capital expenditure of US\$135 (2017: US\$63 million) was largely spent on the new replacement portal, Mupani, and the redevelopment of Bimha > Bimha Mine reached full production in April 2018



Derived from CEO BSC
Refer pages 26 and 27

PERFORMANCE GRAPHS	KPI PERFORMANCE TARGET FOR FY2019	KEY ACTIONS IN FY2019												
LTIFR  <table border="1"> <thead> <tr> <th>Year</th> <th>LTIFR</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>0.75</td> </tr> <tr> <td>2015</td> <td>0.88</td> </tr> <tr> <td>2016</td> <td>0.58</td> </tr> <tr> <td>2017</td> <td>0.21</td> </tr> <tr> <td>2018</td> <td>0.19</td> </tr> </tbody> </table>	Year	LTIFR	2014	0.75	2015	0.88	2016	0.58	2017	0.21	2018	0.19	> Zero fatalities > LTIFR <0.20	<ul style="list-style-type: none"> > Establish a workforce of self-driven, proactive, motivated and committed safety citizens > Achieve safety goals through a strong safety culture linked to a vibrant employee wellness and mental health programme > Drive a well coordinated safety outreach programme designed to influence and modify safe behaviours in the environment where our employees come from > Manage a focused and continuous scanning programme to identify and adopt appropriate technology to enhance our safety strategy
Year	LTIFR													
2014	0.75													
2015	0.88													
2016	0.58													
2017	0.21													
2018	0.19													
Platinum production  <table border="1"> <thead> <tr> <th>Year</th> <th>Platinum production (Pt oz in matte)*</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>240</td> </tr> <tr> <td>2015</td> <td>190</td> </tr> <tr> <td>2016</td> <td>290</td> </tr> <tr> <td>2017</td> <td>281</td> </tr> <tr> <td>2018</td> <td>271</td> </tr> </tbody> </table>	Year	Platinum production (Pt oz in matte)*	2014	240	2015	190	2016	290	2017	281	2018	271	> 270 000 to 280 000 ounces of platinum in concentrate	<ul style="list-style-type: none"> > Create adequate stoping faces (create redundancy) > Develop Mupani Mine to make ore contact by February 2020 > Ensure major production equipment availability > Maintain milling rate at SMC concentrator > Implement furnace reline and upgrade project to manage risk of failure of the existing furnace
Year	Platinum production (Pt oz in matte)*													
2014	240													
2015	190													
2016	290													
2017	281													
2018	271													
Unit cost/Pt oz  <table border="1"> <thead> <tr> <th>Year</th> <th>Unit cost (US\$/Pt oz in matte)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>1 291</td> </tr> <tr> <td>2015</td> <td>1 683</td> </tr> <tr> <td>2016</td> <td>1 130</td> </tr> <tr> <td>2017</td> <td>1 249</td> </tr> <tr> <td>2018</td> <td>1 313</td> </tr> </tbody> </table>	Year	Unit cost (US\$/Pt oz in matte)	2014	1 291	2015	1 683	2016	1 130	2017	1 249	2018	1 313	> Cost per Pt oz <US\$1 400	<ul style="list-style-type: none"> > Implement underground crushing at Bimha (Portal 4) > Implement mine automation projects > Investigate underground pillar reclamation > Reduce ZAR exposure by developing alternative sources for South African purchases > Ensure effective grade control
Year	Unit cost (US\$/Pt oz in matte)													
2014	1 291													
2015	1 683													
2016	1 130													
2017	1 249													
2018	1 313													
	> Costs <US\$360 million > Capital <US\$120 million	<ul style="list-style-type: none"> > Focus on key cost drivers to maintain position on the cost leadership curve > Extend the life cycle of major equipment through rebuilds and midlife interventions > Match capital expenditure with available cash resources > Efficient procurement > Migrate from SML to ML 												



Derived from CEO BSC
Refer pages 26 and 27

Operational performance – Zimplats

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STRATEGY	OPERATIONAL OBJECTIVE	KPI PERFORMANCE TARGET FOR FY2018	PERFORMANCE AGAINST STRATEGY AND KPIs
Zimplats is a focused PGM producer. Our strategy seeks to sustain optimal levels of production at the lowest possible cost, positioning the company in the lower half of the industry cost curve as an industry safety leader to benefit from future stronger PGM prices to reward all our stakeholders	 Maintain our licence to operate	<ul style="list-style-type: none"> > CSR programmes – US\$4.0 million 	<ul style="list-style-type: none"> > CSR programmes – US\$6 million > Zimplats supports Zimbabwe's aspirations to grow and diversify its PGM industry > Continue to engage with the Government of Zimbabwe and other stakeholders > The long-standing land dispute with government has been resolved – Zimplats now holds two separate and non-contiguous pieces of land, the leases of which are valid for the life-of-mine of Zimplats' mining operations. This has secured mining tenure in the country and has more advantageous tax implications



Derived from CEO BSC
Refer pages 26 and 27

ZIMPLATS TOTAL MINERAL RESOURCE AND MINERAL RESERVE ESTIMATE (see detailed 2018 Mineral Resource and Mineral Reserve statement www.implats.co.za)

Total Mineral Resources inclusive of Mineral Reserves

Orebody	Category	2018					2017				
		Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz
Zimplats	MSZ	181.0	3.72	20.5	21.7	10.2	168.5	3.73	19.1	20.2	9.5
	Measured	613.4	3.74	70.0	73.8	35.3	665.6	3.71	75.1	79.3	37.2
	Indicated	207.3	3.65	23.1	24.3	11.8	1 226.3	3.52	128.3	138.8	61.8
	Total	1 001.7	3.72	113.7	119.8	57.3	2 060.4	3.60	222.6	238.3	108.5

Total Mineral Reserves

Orebody	Category	2018					2017				
		Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz
Zimplats	MSZ	93.4	3.34	9.5	10.0	4.7	63.6	3.43	6.6	7.0	3.3
	Proved	132.9	3.38	13.7	14.4	6.8	101.5	3.44	10.6	11.2	5.3
	Total	226.3	3.37	23.2	24.5	11.5	165.1	3.43	17.3	18.2	8.6

PERFORMANCE GRAPHS

KPI PERFORMANCE TARGET FOR FY2019

KEY ACTIONS IN FY2019

Capital expenditure



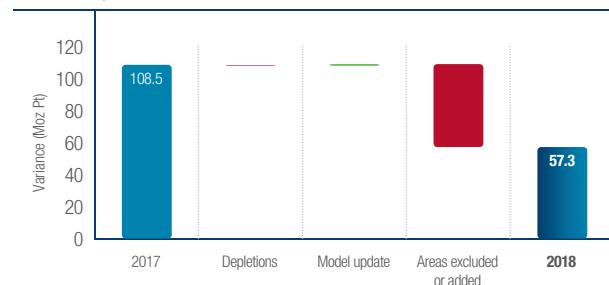
- > CSR programmes
- > US\$2.4 million

- > Implement CSR programmes that improve the livelihood of local communities
- > Continue with resource conservation programmes
- > Continue with environmental management and rehabilitation programmes
- > Partner with the government in rebuilding the Zimbabwean economy
- > Continue recruiting non-skilled labour from the local communities
- > Continue with the stakeholder management programme to enhance the company's corporate image and improve relationships

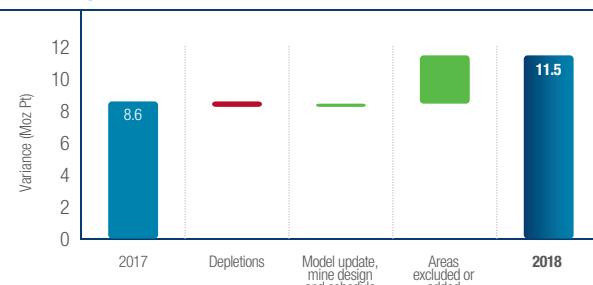


Derived from CEO BSC
Refer pages 26 and 27

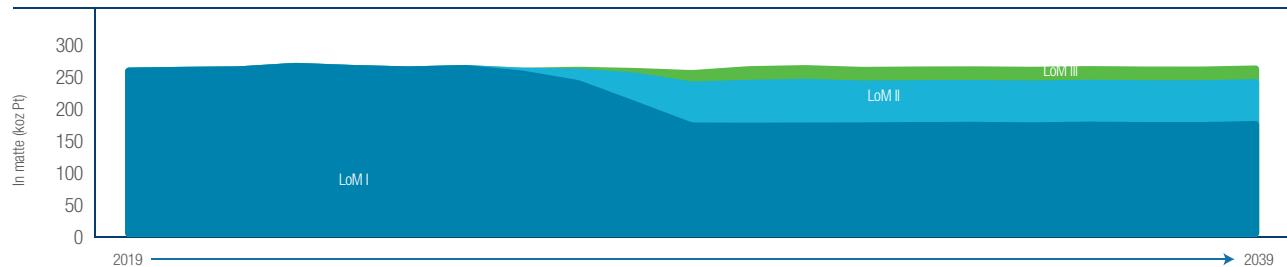
Total Zimplats Mineral Resources



Total Zimplats Mineral Reserves



Zimplats 20-year LoM Pt ounce profile



Operational performance

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Marula

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

MARULA VALUE CHAIN



KEY FEATURES

Significant decline in operational disruptions by community protests and unrest

Regrettably one employee fatality

Otherwise a strong operational performance



Value added statement for the year ended 30 June (Prepared on headline earnings basis)	2018 Rm	2017 Rm
Revenue	2 357	1 616
Other net income/(expenses)	2	(52)
Gross value generated	2 359	1 564
Depreciation	(184)	(172)
Deferred tax	(57)	276
	2 118	1 668
Distribution of value		
Labour and other	(1 101)	(1 123)
Consumables and services	(1 029)	(965)
Finance costs	(8)	(216)
Royalty recipients	(57)	(44)
Direct state taxes	47	(57)
Diminution in value	30	737
	-	-

OUTLOOK

The mine plans to produce 90 000 ounces of platinum and is expected to be profitable in 2019, even at current prices

A watching brief will be maintained. If the mine is disrupted a decision has been made to put it on care and maintenance

OUTCOMES

FIFR
0.121 ▲ TIFR
24.23 ▲

Headline loss
R30 million▼

Number of employees
3 988*

Cash before financing activities and working capital
R198 million▼

Capital expenditure
R101 million▼

Platinum production in matte
85 100oz✓

* Improved ✓ Target met

RISKS	OPPORTUNITIES	RESPONSE
<ul style="list-style-type: none"> > Business interruption due to community unrest > Failure to achieve production targets > Unit costs above target > Labour unavailability > Disruption and long-term sustainability of water supply > Capital constraints restrictability to build the new tailings storage facility (TSF) 	<ul style="list-style-type: none"> > Further improvement in productivity and efficiencies due to no business interruptions > Benefits of reduction in stoping width and optimising the average panel face length > Improvement in PGM basket price improves Marula's ability to fund capital requirements 	<ul style="list-style-type: none"> > Ongoing communications and relationship building with all stakeholders but specifically employees, communities and the regulator > Shift towards a performance management culture and accountability at all levels of the organisation > Strict cost management > A review of remuneration and reward structures to attract and retain top talent in more remote locations > Water saving initiatives are delivering results and remain a focus > Alternative tailings dam options under consideration, together with options to increase current TSF useful life

STAKEHOLDER	MATERIAL MATTER	RESPONSE
Makgomo community	<ul style="list-style-type: none"> > Disruption to operations due to community discontent over distribution of chrome proceeds 	<ul style="list-style-type: none"> > Ongoing community engagement initiatives have been supported by other interventions, including further security measures around critical infrastructure and enhancing emergency preparedness, as well as measures aimed to grow local procurement from Tier 1 suppliers at the mine
Marula Community Chrome (MCC)	<ul style="list-style-type: none"> > Dissatisfaction around distribution of chrome proceeds 	<ul style="list-style-type: none"> > Meetings with individual mine communities and other stakeholder representatives continue in an endeavour to resolve the impasse > The Marula Six Host Community Forum has been established and is effective, but does not enjoy the support of the Magoshi. The Magoshi are engaged separately > A decision to extend the term of administrators to manage the flow of funds to the Marula Community Company is pending
Marula crop field owners	<ul style="list-style-type: none"> > Dissatisfaction over current compensation 	<ul style="list-style-type: none"> > A signed agreement is in place between Marula and crop field owners which stipulates compensation. The appointment of an independent valuator, in consultation with the Department of Rural Development and Land Reform, is pending. Further engagement is planned

Operational performance – Marula

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BUSINESS MODEL

CAPITALS	INPUTS	OUTCOMES
Human	<ul style="list-style-type: none"> > 3 988 employees including contractors > Effective leadership team 	<ul style="list-style-type: none"> > R72 million (2017: R75 million) invested in skills development > One employee fatality > LTIFR: 11.63 (2017: 5.79)
Social	<ul style="list-style-type: none"> > Constructive labour relations and partnerships with unions > Relationships with government and regulators not always supportive of the business > Dissatisfied and militant communities due to dissatisfaction with the governance and distribution of the community-managed dividends from the Makgomo chrome project 	<ul style="list-style-type: none"> > R50 million invested in socio-economic development > Establishment of Marula Six Host Community Forum > Community activism remains a threat to operational performance and the implementation of community projects > 369 employees (92% of new appointments) recruited from local communities
Manufactured	<ul style="list-style-type: none"> > Property, plant and equipment valued at R1.68 billion > Mining and concentrating operations situated near Burgersfort, Limpopo > Mine positioned to produce 90 000 ounces of platinum in concentrate > Operational disruptions 	<ul style="list-style-type: none"> > Milled throughput of 1.84 million tonnes > Platinum in concentrate production of 85 100 ounces
Financial	<ul style="list-style-type: none"> > Shareholder loans > Debt > Cash utilised in operations R198 million 	<ul style="list-style-type: none"> > Cost: R2.12 billion > Unit cost per Pt oz in concentrate: R24 877 > Revenue basket – R27 923/Pt oz > Capital expenditure of R101 million (2017: R113 million) > Net loss: R30 million (2017: R732 million)
Intellectual	<ul style="list-style-type: none"> > Knowledge and procedures > Systems and processes > Research and development 	<ul style="list-style-type: none"> > Improvements in efficiencies > Enhanced knowledge, capabilities and skills
Natural	<ul style="list-style-type: none"> > Total Mineral Resources inclusive of Mineral Reserves of 10.6Moz Pt > Natural resources (air, water, biodiversity) 	<ul style="list-style-type: none"> > Water consumed: 3 269MI (2017: 2 761MI) > Water recycled: 44% (2017: 49%) > Current year-on-year change in Mineral Resources and Mineral Reserves: refer to page 122

IMPROVING OUTCOMES	LINK TO STRATEGIES
> Focus remains on promoting the health, safety and well-being of employees	 
> Meaningful progress made in stabilising community relations > Significant progress made in resolving the chrome dispute > Administrators appointed to hold money on behalf of the community company (MCC) while it is being restructured > Processing and selling of chrome recommenced in January/February 2018	
> Continued focus on community engagement to mitigate further operational disruptions > Increasing mineable face availability will enable production of 90 000 ounces of platinum per annum	 
> Initiatives to contain the operating cost base and to continue focus on improving mining efficiencies and reducing operating costs > Capital allocation decisions based on ability to generate cash	 
> Continuously improve the ability to operate effectively through innovation	 
> Mitigation of environmental impacts supported by leadership and responsible citizenship > Renewed environmental licences and effluent discharge permits > Implementation of biodiversity management plan > Independent assessment of environmental management plan	

Operational performance – Marula

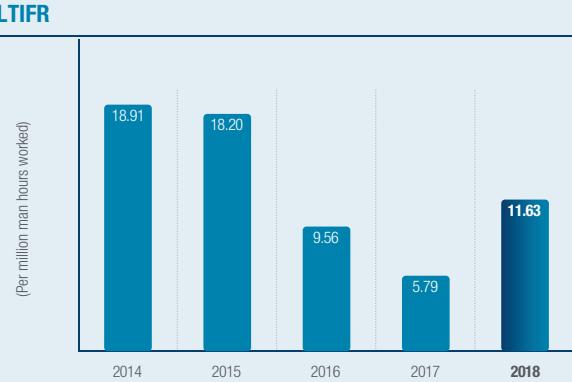
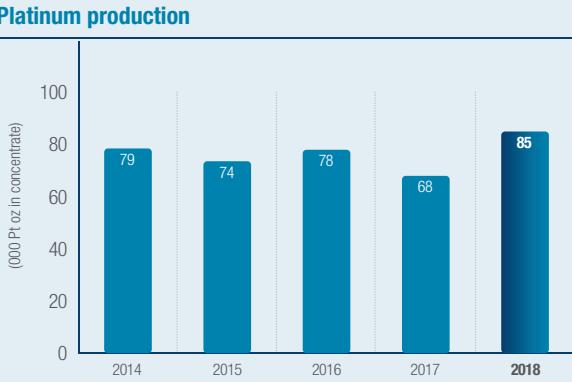
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OPERATIONAL REVIEW

STRATEGIC OBJECTIVES	STRATEGY	KPI PERFORMANCE TARGET FOR FY2018	PERFORMANCE AGAINST STRATEGY AND KPIs
Marula is a focused PGM producer. Our strategy seeks to sustain optimal levels of production at the lowest possible cost, positioning the company in the lower half of the industry cost curve, as an industry safety leader, to benefit from future stronger PGM prices and to reward all our stakeholders	 Relentlessly drive the safety of our people	<ul style="list-style-type: none"> > Zero fatalities > LTIFR: <5 	<ul style="list-style-type: none"> > Safety performance in terms of LTIFR deteriorated to 11.63 over the year > Regrettably, Marula experienced one fatality during the year
	 Consistently deliver production targets	<ul style="list-style-type: none"> > 85 000 ounces of platinum in concentrate 	<ul style="list-style-type: none"> > The mine met its target delivering record production despite safety stoppages associated with an employee fatality > Ongoing focused community engagement mitigates operational disruptions > Processing and selling resumed at the chrome plant in January/February 2018
	 Improve efficiencies through operational excellence	<ul style="list-style-type: none"> > Cost per Pt oz <R23 500 	<ul style="list-style-type: none"> > Cost per platinum oz improved by 15% to R24 877 (2017: R29 278) as operational continuity was maintained with only minor community disruptions
	 Cash conservation	<ul style="list-style-type: none"> > Costs <R2.0 billion > Capital <R160 million 	<ul style="list-style-type: none"> > Costs rose 6.5% to R2.12 billion (2017: R1.99 billion) mainly due to mining inflation > Capital expenditure of R101 million was spent on key stay in business projects > Benefiting from higher rhodium prices



Derived from CEO BSC
Refer pages 26 and 27

PERFORMANCE GRAPHS	KPI PERFORMANCE TARGET FOR FY2019	KEY ACTIONS IN FY2019
LTIFR 	> Zero fatalities > LTIFR <6	> Reduce the control span of mine overseers > Introduce an incident reporting hotline > Introduce safety campaigns targeting areas of concern > Enhance monitoring of safety improvement plans > Implement compulsory breathalyser testing
Platinum production 	> 85 000 to 95 000 ounces of platinum in concentrate	> Maintain engagements with community structures and improve communication > Improve safety compliance to mitigate safety interruptions > Establish increased mineable face length to create additional contingency and improve stoping efficiencies
Unit cost/Pt oz 	> Cost per Pt oz <R26 000 > Costs <R2.3 billion > Capital <R330 million	> Improve stoping efficiencies and reduce stoping width > Optimise panel face length > Increase number of stoping teams to mine the additional available mineable face > Maintain relationship and ongoing engagement with local community > Ongoing pursuit of cost reductions > Reduce capital expenditure to critical items in the short term > Development of new tailings dam over next five years > Development of 6 to 8 level over next five years to sustain production > Replace some of the trackless fleet over next three years



Derived from CEO BSC
Refer pages 26 and 27

Operational performance – Marula

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OPERATIONAL REVIEW

STRATEGIC OBJECTIVES	STRATEGY	KPI PERFORMANCE TARGET FOR FY2018	PERFORMANCE AGAINST STRATEGY AND KPIs
Marula is a focused PGM producer. Our strategy seeks to sustain optimal levels of production at the lowest possible cost, positioning the company in the lower half of the industry cost curve as an industry safety leader to benefit from future stronger PGM prices to reward all our stakeholders	 Maintain our licence to operate	> Social development spend R7.5 million	<ul style="list-style-type: none"> > Social development spend of R50 million > Established the Marula Six Host Communities Forum. The Magoshi feel marginalised from the forum, however, and are engaged separately > Launched a quarterly community newsletter > Community activism delayed the implementation of a road development project in collaboration with the Road Agency of Limpopo. The project, employing more than 100 local community members, is expected to be completed by the end of April 2019
 Derived from CEO BSC Refer pages 26 and 27			

MARULA TOTAL MINERAL RESOURCE AND MINERAL RESERVE ESTIMATE

(see detailed 2018 Mineral Resource and Mineral Reserve statement www.implats.co.za)

Total Mineral Resources inclusive of Mineral Reserves

Orebody	Category	2018					2017				
		Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz
Marula	Merensky	34.3	4.56	4.7	5.0	2.7	34.3	4.56	4.7	5.0	2.7
		7.6	4.50	1.0	1.1	0.6	7.6	4.50	1.0	1.1	0.6
		5.2	4.10	0.6	0.7	0.4	5.2	4.10	0.6	0.7	0.4
	UG2	50.0	7.17	9.8	11.5	4.4	51.2	7.16	10.1	11.8	4.5
		22.4	7.25	4.5	5.2	2.0	22.4	7.25	4.5	5.3	2.0
		6.4	7.34	1.3	1.5	0.6	6.4	7.34	1.3	1.5	0.6
	Total	125.9	6.19	21.9	25.1	10.6	127.0	6.20	22.2	25.3	10.7

Total Mineral Reserves

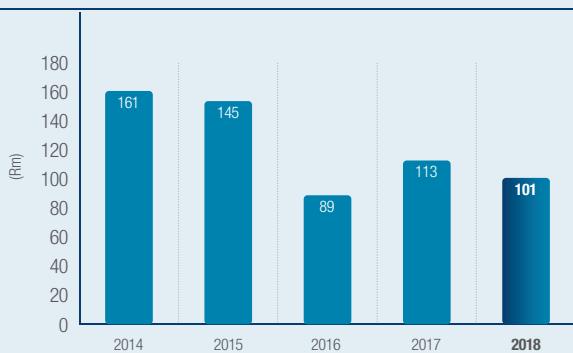
Orebody	Category	2018					2017				
		Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz
Marula	UG2	2.8	5.28	0.4	0.5	0.2	4.3	4.82	0.6	0.7	0.3
		19.5	4.83	2.6	3.0	1.2	20.8	4.62	2.6	3.1	1.2
	Total	22.3	4.89	3.0	3.5	1.3	25.1	4.65	3.2	3.8	1.4

PERFORMANCE GRAPHS

KPI PERFORMANCE TARGET FOR FY2019

KEY ACTIONS IN FY2019

Capital expenditure



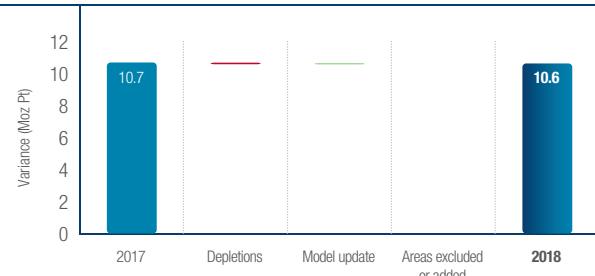
> Social development spend R7.5 million

- > Create a more conducive environment for employees, which will result in happier communities
- > Maintain the stakeholder engagement programme with community representatives
- > Increase procurement opportunities for local Tier 1 suppliers
- > Finalise a new chrome agreement to address community issues and the manner in which chrome proceeds are managed
- > Invest chrome dividend into surrounding communities
- > Deliver on Mining Charter and SLP commitments
- > Complete a 17km tar road in the surrounding area in conjunction with the Limpopo Roads Agency

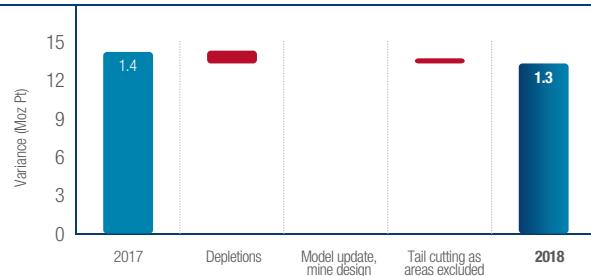


Derived from CEO BSC
Refer pages 26 and 27

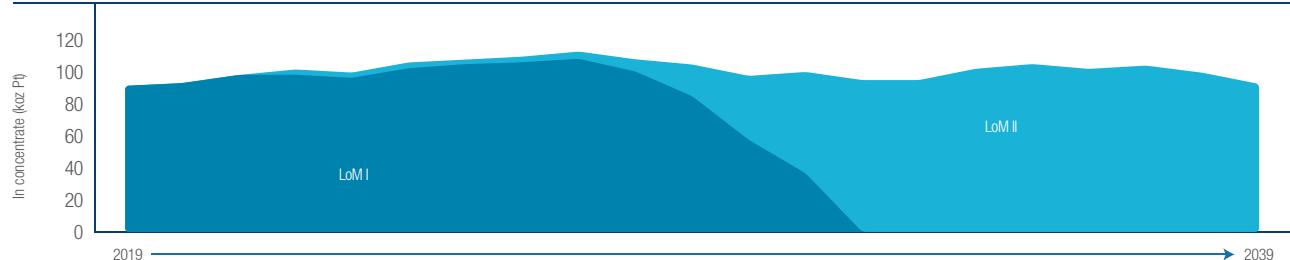
Total Marula Mineral Resources



Total Marula Mineral Reserves



Marula 20-year LoM Pt ounce profile



Operational performance

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Mimosa

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

MIMOSA VALUE CHAIN



KEY FEATURES

Excellent operational performance

A prefeasibility study to expand production has been completed but remains subject to availability of capital



Value added statement for the year ended 30 June (Prepared on headline earnings basis)	2018 Rm	2017 Rm
Revenue	3 880	3 156
Other net expenses	(13)	(698)
Gross value generated	3 867	2 458
Depreciation	(417)	(401)
Deferred tax	(66)	16
	3 384	2 073
Distribution of value		
Labour and other	(907)	(853)
Consumables and services	(1 728)	(542)
Finance costs	(19)	(26)
Royalty recipients	(111)	(179)
Direct state taxes	(222)	(79)
Value retained in business	(397)	(394)
	-	-

OUTLOOK

Stringently manage costs to conserve cash

Steady-state platinum in concentrate production will be maintained at between 115 000 and 125 000 ounces

OUTCOMES

FIFR
0.00 ✓ TIFR
0.98 ▲

Headline profit
R397 million *

Number of employees
1 348 ▲

Cash flow before financing activities
and working capital
R360 million *

Capital expenditure
R568 million ▲

Record platinum production in
concentrate
125 000oz ▲

* Improved ✓ Target met

RISKS	OPPORTUNITIES	RESPONSE
<ul style="list-style-type: none"> > Sustained depressed PGM basket prices > Inadequate foreign currency > Excessive taxation and levies > Failure to progress beneficiation > Utilities; availability of secure and reliable power and long-term availability of water 	<ul style="list-style-type: none"> > Improvement in PGM basket price improves Mimosa's operating profits and increased ability to fund capital requirements > Further improvement in mining and plant capacity > Feasibility study on a 30% expansion, project completed and can be commenced if prices improve, increasing LoM 	<ul style="list-style-type: none"> > Business and strategic planning premised on a lower for longer price philosophy > Engagement with the authorities on our foreign currency requirements are still ongoing and so are our efforts towards import substitution and forex prioritisation to reduce pressure on foreign currency requirements > Preserve cash by reducing capital expenditure and engage with government on more efficient tax structures > Engaging stakeholders to communicate the business case for additional smelting or refining capacity > Engage with power authorities to secure supply and manage usage

Operational performance – Mimosa

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BUSINESS MODEL

CAPITALS	INPUTS	OUTCOMES
Human	<ul style="list-style-type: none"> > 1 348 own employees > Effective leadership team 	<ul style="list-style-type: none"> > US\$3.2 million invested in skills development > LTIFR: 0.22 > US\$71 million paid to employees
Social	<ul style="list-style-type: none"> > Constructive labour relations > Continuous engagement with government and regulators in a challenging regulatory environment > Good relationships with local communities 	<ul style="list-style-type: none"> > US\$3.2 million (2017: US\$3 million) invested in socio-economic development > Spent US\$42 million (2017: US\$52 million) on indigenous/local suppliers representing 44% (2017: 63%) of the total annual procurement spend > Despite spend being constrained as a result of cost management strategies, investments focus on the needs and priorities of local communities in education, healthcare and broader community welfare
Manufactured	<ul style="list-style-type: none"> > Property, plant and equipment valued at US\$280 billion 	<ul style="list-style-type: none"> > Milled throughput of 2.80 million tonnes > Platinum in concentrate production of 125 000 ounces
Financial	<ul style="list-style-type: none"> > Cash flow before financing activities and working capital R360 million > Equity > Debt 	<ul style="list-style-type: none"> > Cost: US\$190 million > Unit cost per Pt oz in concentrate: US\$1 521 > Capital expenditure: US\$44 million > Revenue basket – US\$2 619 per platinum ounce > Gross profit: R751 million
Intellectual	<ul style="list-style-type: none"> > Knowledge and procedures > Systems and processes > Research and development 	<ul style="list-style-type: none"> > Improvements in efficiencies > Enhanced knowledge, capabilities and skills
Natural	<ul style="list-style-type: none"> > Total Mineral Resources inclusive of Mineral Reserves of 6.7Moz Pt > Unavoidable impacts on the environment as a consequence of our production activities 	<ul style="list-style-type: none"> > ISO 14001: 2015 certified > Total water consumed: 7 246MI (2017: 6 814MI) > Water recycled: 69% (2017: 68%) > Current year-on-year change in Mineral Resources and Mineral Reserves: refer to page 130

RESPONSE	LINK TO STRATEGIES
<ul style="list-style-type: none"> > Continuing focus on promoting the health, safety and well-being of employees > Continuous drive to zero harm > Company facilitated finance for employee home ownership 	 
<ul style="list-style-type: none"> > Ongoing engagement with government officials and community representatives > Drive local procurement 	
<ul style="list-style-type: none"> > Maintain current level of mining production > Optimisation of processing plant to increase throughput and improve recoveries > Increase capacity to deal with challenging ground conditions 	 
<ul style="list-style-type: none"> > Strict expenditure control through alternative sourcing strategies 	 
<ul style="list-style-type: none"> > Continuously improve the ability to operate effectively through innovation 	 
<ul style="list-style-type: none"> > Mitigation of environmental impacts supported by leadership and responsible citizenship > Installed power factor correction equipment > Introduced a climate change strategy and policy and implementing measures to reduce carbon footprint by 3% annually to 2020 	

Operational performance – Mimosa

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OPERATIONAL REVIEW

STRATEGIC OBJECTIVES	STRATEGY	KPI PERFORMANCE TARGET FOR FY2018	PERFORMANCE AGAINST STRATEGY AND KPIs
Mimosa is a focused PGM producer. Our strategy seeks to sustain optimal levels of production at the lowest possible cost, positioning the company in the lower half of the industry cost curve, as an industry safety leader, to benefit from future stronger PGM prices and to reward all our stakeholders	 Relentlessly drive the safety of our people	<ul style="list-style-type: none"> > Zero fatalities > LTIFR: 0 	<ul style="list-style-type: none"> > The LTIFR improved significantly from the previous reporting period (2017: 0.45)
	 Consistently deliver production targets	<ul style="list-style-type: none"> > 115 000 – 120 000 ounces of platinum in concentrate 	<ul style="list-style-type: none"> > Mimosa achieved record production of 125 000 ounces in concentrate
	 Improve efficiencies through operational excellence	<ul style="list-style-type: none"> > Cost per Pt oz <US\$1 600 	<ul style="list-style-type: none"> > The cost per ounce was on target at US\$1 521 per Pt oz
		Non-managed companies define their own variable remuneration benefits	

PERFORMANCE GRAPHS	KPI PERFORMANCE TARGET FOR FY2019	KEY ACTIONS IN FY2019												
LTIFR <p>(Per million man hours worked)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>LTIFR</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>0.51</td> </tr> <tr> <td>2015</td> <td>0.26</td> </tr> <tr> <td>2016</td> <td>1.11</td> </tr> <tr> <td>2017</td> <td>0.45</td> </tr> <tr> <td>2018</td> <td>0.22</td> </tr> </tbody> </table>	Year	LTIFR	2014	0.51	2015	0.26	2016	1.11	2017	0.45	2018	0.22	> Zero fatalities > LTIFR: 0	> Zero harm remains a top priority > Focus on behavioural and cultural issues
Year	LTIFR													
2014	0.51													
2015	0.26													
2016	1.11													
2017	0.45													
2018	0.22													
Platinum production <p>(000 Pt oz in concentrate)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Platinum production (000 Pt oz in concentrate)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>110</td> </tr> <tr> <td>2015</td> <td>117</td> </tr> <tr> <td>2016</td> <td>120</td> </tr> <tr> <td>2017</td> <td>122</td> </tr> <tr> <td>2018</td> <td>125</td> </tr> </tbody> </table>	Year	Platinum production (000 Pt oz in concentrate)	2014	110	2015	117	2016	120	2017	122	2018	125	> Cost per Pt oz <US\$1 600	> Sustain and where possible increase production volumes to adequately supply the processing plant > Ensure economic tailing off, especially in Wedza North, without sterilising the ore resource or under-utilising the infrastructure > Focused development into Mtshingwe > Ongoing focus on cost optimisation
Year	Platinum production (000 Pt oz in concentrate)													
2014	110													
2015	117													
2016	120													
2017	122													
2018	125													
Unit cost/Pt oz <p>(US\$/Pt oz in concentrate)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Unit cost (US\$/Pt oz in concentrate)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>1713</td> </tr> <tr> <td>2015</td> <td>1525</td> </tr> <tr> <td>2016</td> <td>1463</td> </tr> <tr> <td>2017</td> <td>1511</td> </tr> <tr> <td>2018</td> <td>1521</td> </tr> </tbody> </table>	Year	Unit cost (US\$/Pt oz in concentrate)	2014	1713	2015	1525	2016	1463	2017	1511	2018	1521	Non-managed companies define their own variable remuneration benefits	
Year	Unit cost (US\$/Pt oz in concentrate)													
2014	1713													
2015	1525													
2016	1463													
2017	1511													
2018	1521													

Operational performance – Mimosa

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OPERATIONAL REVIEW

STRATEGIC OBJECTIVES	STRATEGY	KPI PERFORMANCE TARGET FOR FY2018	PERFORMANCE AGAINST STRATEGY AND KPIs
<p>Our strategy seeks to sustain optimal levels of safe production at the best possible cost thereby positioning Mimosa:</p> <ul style="list-style-type: none"> > In the lower end of the cost curve > To benefit from future stronger PGM prices > To reward stakeholders 	 Cash conservation	<ul style="list-style-type: none"> > Costs <US\$190 million > Capital <US\$40 million 	<ul style="list-style-type: none"> > Costs were well contained at US\$190 million for the year > Capital of US\$44 million was spent mainly on maintenance projects
	 Maintain our licence to operate	<ul style="list-style-type: none"> > Social investment US\$3 million 	<ul style="list-style-type: none"> > Social development spend: US\$3 million > Continue to ensure all employees reside in decent accommodation > The government of Zimbabwe's proposed 15% export levy on unbeneficiated platinum has been further deferred until 1 January 2019 and lowered to 5% > Government is being lobbied to waive the export levy to incentivise expansion projects rather than construct a smelter in Zimbabwe as envisaged by government
Non-managed companies define their own variable remuneration benefits			

MIMOSA TOTAL MINERAL RESOURCE AND MINERAL RESERVE ESTIMATE

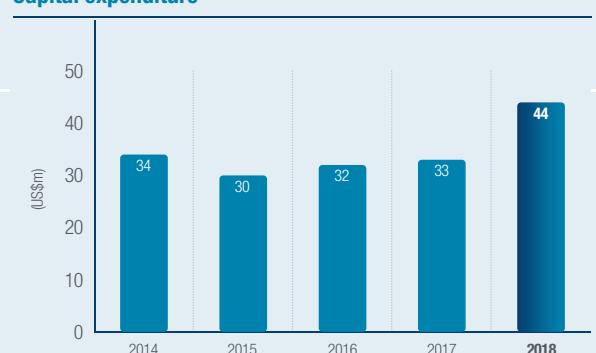
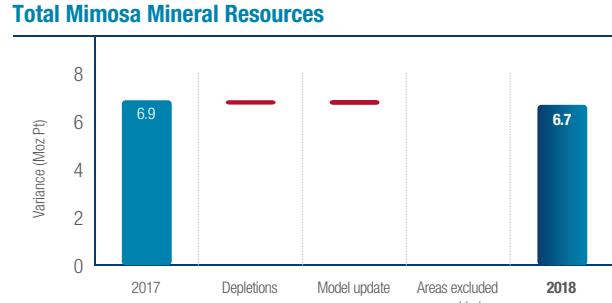
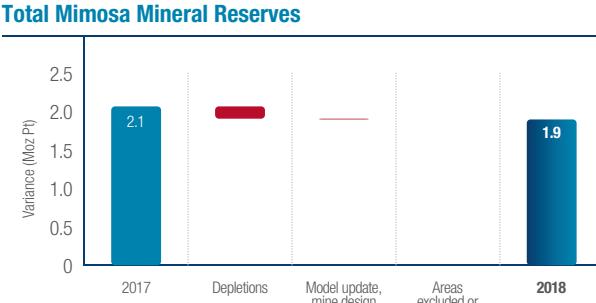
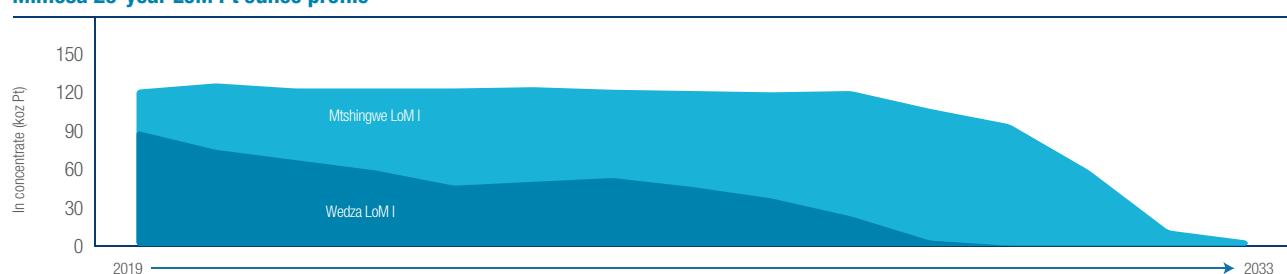
(see detailed 2018 Mineral Resource and Mineral Reserve statement www.implats.co.za)

Total Mineral Resources inclusive of Mineral Reserves

Orebody	Category	2018					2017				
		Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz
Mimosa	MSZ	Measured	58.4	3.92	6.9	7.4	3.4	62.0	3.90	7.3	7.8
		Indicated	30.8	3.81	3.5	3.8	1.8	30.8	3.80	3.6	3.8
		Inferred	26.8	3.67	3.0	3.2	1.5	26.8	3.67	3.0	3.2
	Total	116.1	3.83	13.5	14.3	6.7	119.7	3.82	13.9	14.7	6.9

Total Mineral Reserves

Orebody	Category	2018					2017				
		Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz
Mimosa	MSZ	Proved	23.1	3.79	2.6	2.8	1.3	26.1	3.81	3.0	3.2
		Probable	11.2	3.63	1.2	1.3	0.6	11.2	3.63	1.2	1.3
	Total	34.3	3.74	3.8	4.1	1.9	37.3	3.76	4.2	4.5	2.1

PERFORMANCE GRAPHS	KPI PERFORMANCE TARGET FOR FY2019	KEY ACTIONS IN FY2019																											
Capital expenditure	<p>> Costs <US\$195 million > Capital <US\$42 million</p>																												
 <table border="1"> <thead> <tr> <th>Year</th> <th>Capital expenditure (US\$b)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>34</td> </tr> <tr> <td>2015</td> <td>30</td> </tr> <tr> <td>2016</td> <td>32</td> </tr> <tr> <td>2017</td> <td>33</td> </tr> <tr> <td>2018</td> <td>44</td> </tr> </tbody> </table>	Year		Capital expenditure (US\$b)	2014	34	2015	30	2016	32	2017	33	2018	44	<p>> Complete projects in accordance with internal social development plans</p>															
Year	Capital expenditure (US\$b)																												
2014	34																												
2015	30																												
2016	32																												
2017	33																												
2018	44																												
	<p>> Rationalise and prioritise capital expenditure > Continue with stringent cost containment initiatives > Operate within budget</p>																												
	<p>> Continue to foster a mutually beneficial relationship with the community > Increase and improve engagement with employees, communities and other stakeholders > Increase local procurement, employment and social investment > Ongoing engagement with government with regard to the waiver of the export levy to incentivise expansion projects rather than the construction of a smelter in Zimbabwe</p>																												
	<p>Non-managed companies define their own variable remuneration benefits</p>																												
Total Mimosa Mineral Resources	<p>Total Mimosa Mineral Reserves</p>																												
 <table border="1"> <thead> <tr> <th>Category</th> <th>Variance (Moz Pt)</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>6.9</td> </tr> <tr> <td>Depletions</td> <td>~7.0</td> </tr> <tr> <td>Model update</td> <td>~7.0</td> </tr> <tr> <td>Areas excluded or added</td> <td>~7.0</td> </tr> <tr> <td>2018</td> <td>6.7</td> </tr> </tbody> </table>	Category	Variance (Moz Pt)	2017	6.9	Depletions	~7.0	Model update	~7.0	Areas excluded or added	~7.0	2018	6.7	 <table border="1"> <thead> <tr> <th>Category</th> <th>Variance (Moz Pt)</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>2.1</td> </tr> <tr> <td>Depletions</td> <td>~2.0</td> </tr> <tr> <td>Model update, mine design and schedule</td> <td>~1.9</td> </tr> <tr> <td>Areas excluded or added</td> <td>~1.9</td> </tr> <tr> <td>2018</td> <td>1.9</td> </tr> </tbody> </table>	Category	Variance (Moz Pt)	2017	2.1	Depletions	~2.0	Model update, mine design and schedule	~1.9	Areas excluded or added	~1.9	2018	1.9				
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Year	In concentrate (koz Pt)																												
2019	~120																												
2020	~125																												
2033	~0																												

Operational performance

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Two Rivers

TWO RIVERS IS A JOINT VENTURE BETWEEN AFRICAN RAINBOW MINERALS (54%) AND IMPLATS (46%). THE OPERATION IS SITUATED ON THE SOUTHERN PART OF THE EASTERN LIMB OF THE BUSHVELD IGNEOUS COMPLEX SOME 35 KILOMETRES SOUTH-WEST OF BURGERSFORT IN MPUMALANGA, SOUTH AFRICA.

TWO RIVERS VALUE CHAIN



KEY FEATURES

Fatality-free for 77 consecutive months

Split-reef mining has significant impact on mill grade and concentrate production

Remaining extent of Kalkfontein now included in Mining Right



Value added statement for the year ended 30 June (Prepared on headline earnings basis)	2018 Rm	2017 Rm
Revenue	3 774	3 994
Other net income	5	31
Gross value generated	3 779	4 025
Depreciation	(324)	(275)
Deferred tax	(88)	(8)
	3 367	3 742
Distribution of value		
Labour and other	(1 093)	(1 260)
Consumables and services	(1 406)	(837)
Finance costs	(27)	(31)
Royalty recipients	(110)	(142)
Direct state taxes	(147)	(266)
Dividends to shareholders	(543)	(570)
Value retained in business	(41)	(636)
	-	-

OUTLOOK

Platinum production in concentrate is expected to be between 160 000 and 170 000 ounces in FY2019

The challenging mine grade environment will continue to impact in the short term and investigations into alternatives to sustain ounce output continue

OUTCOMES

FIFR
0.0 ✓
TIFR
4.65 ▲

Headline profit
R584 million▼

Number of employees
3 192 ▼

Cash flow before financing activities and working capital
R529 million▲

Capital expenditure
R454 million▲

Platinum production in concentrate
162 500oz▼

* Improved ✓ Target met

RISKS	OPPORTUNITIES	RESPONSE
<ul style="list-style-type: none"> > Lack of formal approval of Section 31 application > Lack of mining flexibility > Business interruption due to community unrest > Failure of electrical infrastructure > Inability to complete construction of the new tailings facility by May 2021 > Lower plant ounce output due to a lower mill grade > Underground fire resulting in multiple fatalities and business interruption 	<ul style="list-style-type: none"> > Feasibility of extending the operation's life-of-mine continue to receive focus > Plant throughput improvements being considered 	<ul style="list-style-type: none"> > Ongoing communication with regulator > Improved mine planning > Ongoing communications and relationship building with all stakeholders but specifically employees, communities and the regulator > Energy saving initiatives continue to deliver incremental benefits, more stabilised power grid expected later in the financial year > Capital application process and strict project management > Maintain current level of mining production and improve mining > Implementation of lessons learned from Impala's 14 Shaft fire and Phalaborwa underground fire

Operational performance – Two Rivers

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BUSINESS MODEL

CAPITALS	INPUTS	OUTCOMES
Human	<ul style="list-style-type: none"> > 3 192 employees including contractors > Effective leadership team > Contractors delivering on agreed terms and conditions 	<ul style="list-style-type: none"> > No employee fatalities > LTIFR: 2.15 (2017: 1.55) > HDSA in management: 46.9% (2017: 49%) > Literacy (ABET level (III)): 64% (2017: 62%)
Social	<ul style="list-style-type: none"> > Constructive labour relations > Continuous engagement with government and regulators > Good relationships with local communities 	<ul style="list-style-type: none"> > Despite spend being constrained as a result of cost management strategies, investments focus on the needs and priorities of local communities in education, healthcare and broader community welfare
Manufactured	<ul style="list-style-type: none"> > Property, plant and equipment valued at R3.7 billion (2017: R2.9 billion) 	<ul style="list-style-type: none"> > Milled throughput of 3.46 million tonnes > Platinum in concentrate production of 162 500 ounces
Financial	<ul style="list-style-type: none"> > Persistently low PGM prices > Capital expenditure: R454 million (2017: R293 million) > Cash flow before financing activities and working capital: R529 million 	<ul style="list-style-type: none"> > Cost: R2.36 billion > Unit cost per Pt oz in concentrate: R14 517 > Revenue basket – R24 146/Pt oz > Gross profit: R989 million
Intellectual	<ul style="list-style-type: none"> > Knowledge and procedures > Systems and processes > Research and development 	<ul style="list-style-type: none"> > Improvements in efficiencies > Enhanced knowledge, capabilities and skills
Natural	<ul style="list-style-type: none"> > Total Mineral Resources inclusive of Mineral Reserves of 25.5Moz Pt (2017: 22.4Moz Pt) > Unavoidable impacts on the environment as a consequence of our production activities 	<ul style="list-style-type: none"> > ISO 14001: 2015 certified > Water consumed: 2 408MI (2017: 2 197MI) > Water recycled: 54% (2017: 61%) > Current year-on-year change in Mineral Resources and Mineral Reserves: refer to page 138

RESPONSE	LINK TO STRATEGIES
> Focus remained on promoting the health and well-being of employees > Continue focus on retaining excellent safety behaviour	 
> Ongoing engagement with community representatives and local government > Drive local procurement	
> Continuous focus on maintaining mining grade whilst mining into a split-reef extraction area	 
> Curbing of all non-production-related expenses and strict expenditure control	 
> Continuously improve the ability to operate effectively through innovation	 
> Mitigation of environmental impacts supported by leadership and responsible citizenship > Renewed environmental licences and effluent discharge permits > Installed power factor correction equipment > Introduced a climate change strategy and policy and is implementing measure to reduce its carbon footprint by 3% annually to 2020	

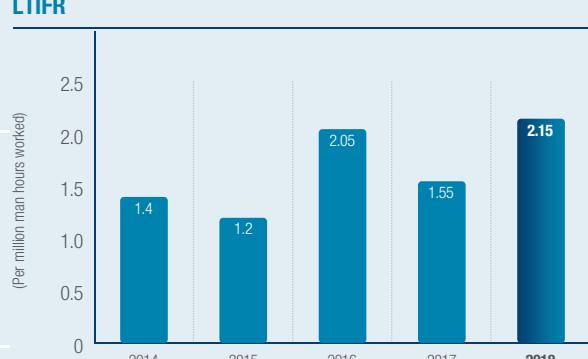
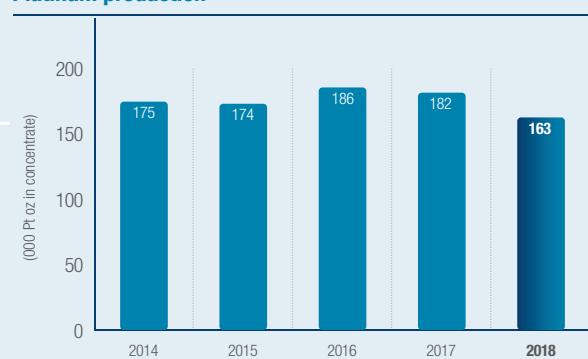
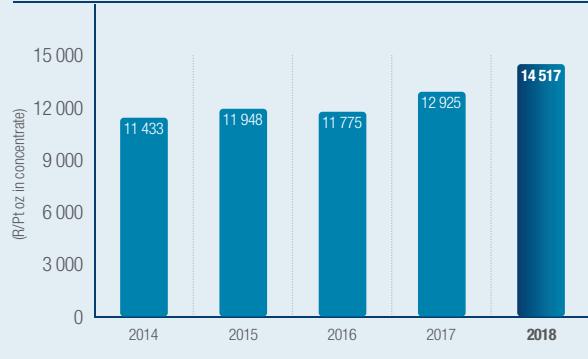
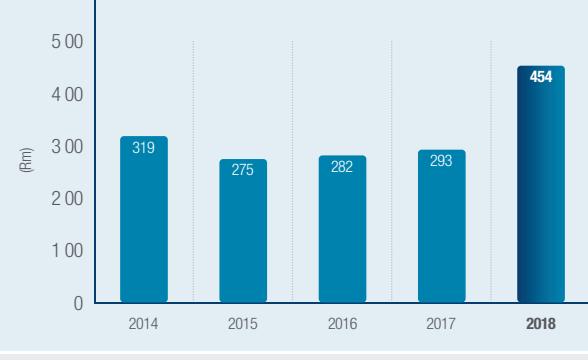
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OPERATIONAL REVIEW

STRATEGIC OBJECTIVES	STRATEGY	KPI PERFORMANCE TARGET FOR FY2018	PERFORMANCE AGAINST STRATEGY AND KPIs
Two Rivers a focused PGM producer. Our strategy seeks to sustain optimal levels of production at the lowest possible cost, positioning the company in the lower half of the industry cost curve, as an industry safety leader, to benefit from future stronger PGM prices and to reward all our stakeholders	 Relentlessly drive the safety of our people	> Zero fatalities > LTIFR <2	> Number of fatalities: 0 > LTIFR: 2.15 (2017: 1.55)
	 Consistently deliver production targets	> >175 000 ounces of platinum in concentrate	> 162 500 (2017: 181 900) ounces of platinum in concentrate > Split-reef mining has a significant impact on mill grade and, consequently, platinum in concentrate output
	 Improve efficiencies through operational excellence	> Cost per Pt oz <R14 200	> Cost per platinum ounce of R14 517 (2017: R12 925) impacted by lower production
	 Cash conservation	> Costs <R2.5 billion > Capital <R470 million	> Costs: R2.36 billion (2017: R3.5 billion) > Capital R454 million (2017: R293 million)
	 Maintain our licence to operate	> Social investment R9.5 million	> Community development: R6.5 million > BEE procurement: 90% (2017: 86%)

Non-managed companies define their own variable remuneration benefits

PERFORMANCE GRAPHS	KPI PERFORMANCE TARGET FOR FY2019	KEY ACTIONS IN FY2019												
LTIFR  <table border="1"> <thead> <tr> <th>Year</th> <th>LTIFR</th> </tr> </thead> <tbody> <tr><td>2014</td><td>1.4</td></tr> <tr><td>2015</td><td>1.2</td></tr> <tr><td>2016</td><td>2.05</td></tr> <tr><td>2017</td><td>1.55</td></tr> <tr><td>2018</td><td>2.15</td></tr> </tbody> </table>	Year	LTIFR	2014	1.4	2015	1.2	2016	2.05	2017	1.55	2018	2.15	> Zero fatalities > LTIFR <1.80	> Improve workplace inspection rate to >95% > Grass tailings dam > Continue with replacement of HPDs > Comply with 2024 NIHL limit of 107db
Year	LTIFR													
2014	1.4													
2015	1.2													
2016	2.05													
2017	1.55													
2018	2.15													
Platinum production  <table border="1"> <thead> <tr> <th>Year</th> <th>Platinum production (Pt oz)</th> </tr> </thead> <tbody> <tr><td>2014</td><td>175</td></tr> <tr><td>2015</td><td>174</td></tr> <tr><td>2016</td><td>186</td></tr> <tr><td>2017</td><td>182</td></tr> <tr><td>2018</td><td>163</td></tr> </tbody> </table>	Year	Platinum production (Pt oz)	2014	175	2015	174	2016	186	2017	182	2018	163	> 160 000 to 170 000 ounces of platinum in concentrate	> Maintain current level of mining production > Optimise efficiencies in the undercut mining method in the split reef at the Main Decline > Optimise the mass pull and improve metallurgical efficiencies at the plant
Year	Platinum production (Pt oz)													
2014	175													
2015	174													
2016	186													
2017	182													
2018	163													
Unit cost/Pt oz  <table border="1"> <thead> <tr> <th>Year</th> <th>Unit cost (R/Pt oz)</th> </tr> </thead> <tbody> <tr><td>2014</td><td>11 433</td></tr> <tr><td>2015</td><td>11 948</td></tr> <tr><td>2016</td><td>11 775</td></tr> <tr><td>2017</td><td>12 925</td></tr> <tr><td>2018</td><td>14 517</td></tr> </tbody> </table>	Year	Unit cost (R/Pt oz)	2014	11 433	2015	11 948	2016	11 775	2017	12 925	2018	14 517	> Costs <R2.75 billion > Capital <R550 million	> Match capital expenditure with available cash resources > Actively pursue cost saving/improvement projects > Improved preventative maintenance processes > Strict compliance to procurement processes
Year	Unit cost (R/Pt oz)													
2014	11 433													
2015	11 948													
2016	11 775													
2017	12 925													
2018	14 517													
Capital expenditure  <table border="1"> <thead> <tr> <th>Year</th> <th>Capital expenditure (Rm)</th> </tr> </thead> <tbody> <tr><td>2014</td><td>319</td></tr> <tr><td>2015</td><td>275</td></tr> <tr><td>2016</td><td>282</td></tr> <tr><td>2017</td><td>293</td></tr> <tr><td>2018</td><td>454</td></tr> </tbody> </table>	Year	Capital expenditure (Rm)	2014	319	2015	275	2016	282	2017	293	2018	454	> Social investment R13 million	> Continue to foster a mutually beneficial relationship with communities > Further enhance relationships with organised labour, employees and other stakeholders > Increase local procurement, employment and social investment
Year	Capital expenditure (Rm)													
2014	319													
2015	275													
2016	282													
2017	293													
2018	454													

Non-managed companies define their own variable remuneration benefits

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TWO RIVERS TOTAL MINERAL RESOURCE AND MINERAL RESERVE ESTIMATE (see detailed 2018 Mineral Resource and Mineral Reserve statement www.implats.co.za)

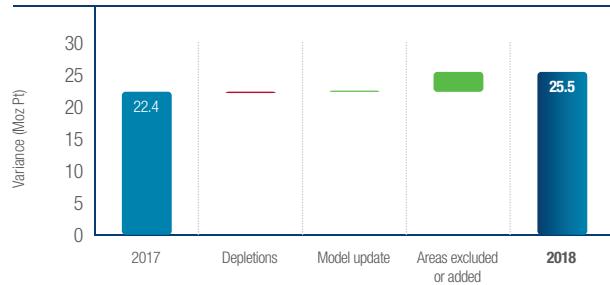
Total Mineral Resources inclusive of Reserves

		Orebody	Category	2018					2017				
Tonnage	Mt			6E Grade	4E Moz	6E Moz	Pt Moz	Tonnage	Mt	6E Grade	4E Moz	6E Moz	Pt Moz
Two Rivers	Merensky	Indicated		75.0	3.34	7.4	8.0	4.4	60.6	3.11	5.5	6.1	3.3
		Inferred		104.7	3.90	12.1	13.1	7.0	99.2	3.92	11.5	12.5	6.7
	UG2	Measured		13.1	5.50	1.9	2.3	1.1	14.4	5.43	2.1	2.5	1.2
		Indicated		80.1	5.63	12.1	14.5	6.5	62.0	5.28	8.7	10.5	4.7
		Inferred		80.4	5.69	12.3	14.7	6.5	80.6	5.60	12.3	14.5	6.5
Total				353.2	4.64	45.8	52.7	25.5	316.8	4.53	40.1	46.1	22.4

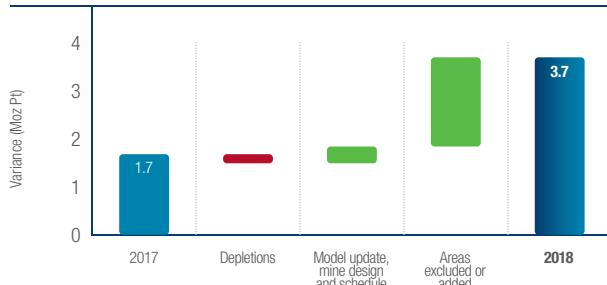
Total Mineral Reserves

		Orebody	Category	2018					2017				
Tonnage	Mt			6E Grade	4E Moz	6E Moz	Pt Moz	Tonnage	Mt	6E Grade	4E Moz	6E Moz	Pt Moz
Two Rivers	UG2	Proved		8.3	3.61	0.8	1.0	0.4	10.7	3.64	1.0	1.3	0.6
		Probable		62.7	3.49	6.0	7.0	3.3	22.5	3.39	2.0	2.5	1.1
	Total			71.0	3.50	6.8	8.0	3.7	33.2	3.47	3.0	3.7	1.7

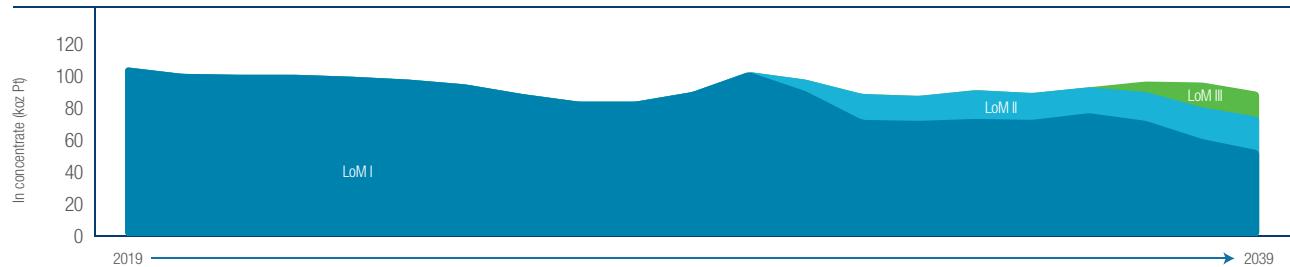
Total Two Rivers Mineral Resources



Total Two Rivers Mineral Reserves



Two Rivers 20-year LoM Pt ounce profile



Glossary

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ABET	Adult Basic Education and Training
Aids	Acquired immune deficiency syndrome
AMCU	Association of Mineworkers and Construction Union
AMWUZ	Associated Mine Workers Union of Zimbabwe
ART	Antiretroviral therapy, provided for the treatment of HIV and Aids (excluding state and private medical aid)
B-BBEE	Broad-Based Black Economic Empowerment
BIIS	Business Improvement and Information Systems
BSC	Balance scorecard
CO₂	Carbon dioxide
CSOT	Community Share Ownership Trust
CTF	Cultural transformation framework
db	Decibels, unit of measurement for sound
DEROs	Desired Emissions Reduction Objectives
DOH	Department of Health
DMR	Department of Mineral Resources, South Africa
DPM	Diesel Particulate Matter
DSM	Demand-side management
DWS	Department of Water and Sanitation
EAO	Emolument attachment orders
ECD	Early childhood development
EFF	Economic Freedom Fighters
EIA	Environmental impact assessment
EIS	Executive incentive scheme
EITI	Extractive Industries Transparency Initiative
EMA	Environmental Management Agency of Zimbabwe
EMP	Environmental management programme
ESOP	Employee Share Ownership Programme
ESOT	Employee Share Ownership Trust
Executive director	Is employed by the Company and is involved in the day-to-day running of the organisation
Exco	Executive committee
EVP	Employee value proposition
FIFR	A rate expressed per million man-hours of any Impala employee, contractor, contractor employee or visitor who is involved in an incident while performing his duties at work and who sustains terminal injuries shall constitute a fatal accident. Any road-related fatal incident where the Company is in full control of the vehicle, the driver and conditions related to the road injury of an employee shall constitute a fatal incident. A fatal injury may occur when an employee is incapacitated for a period of time prior to expiration, thus requiring a revision of injury status from LTI to a fatality
FY	Financial year (to 30 June)
GJ	Gigajoules, unit of measure for energy
GHG	Greenhouse gases
GRC	Governance, risk management and compliance
HDSA	Historically disadvantaged South African
HIV	Human immunodeficiency virus
HPD	Hearing protection devices
HR	Human resources
HSE	Health, safety and environment
HSRC	Human Science Research Council
IBC	Inside back cover

IFC	Inside front cover
IFRS	International Financial Reporting Standards
IBT	Impala Bafokeng Trust, socio-economic development vehicle jointly funded by Implats and RBH
ILO	International Labour Organisation
IMP	Impala Medical Plan
Impala Platinum	Impala Platinum Limited, comprising Impala Rustenburg and Impala Springs
Implats	Impala Platinum Holdings Limited
Independent directors	Directors who apart from receiving directors' remuneration do not have any other material pecuniary relationship or transactions with the Company, its management or its subsidiaries, which in the judgement of the board may affect their independence
IPA	International Platinum Group Metals Association
IRS	Impala Refining Services
ISO	International Organisation for Standardisation
IWWMP	Integrated waste and water management plan
IIP	Indigenisation Implementation Plan
JSE	Johannesburg Stock Exchange
KPI	Key performance indicator
LCA	Life cycle assessment
LCMs	Loose cubic metres
LED	Local economic development
LIMS	Laboratory Information Management System
Local community	Communities that are directly impacted by our mining operations and are on or near the mine lease area
Lost-time injury	A work-related injury resulting in the employee being unable to attend work at his/her place of work, performing his/her assigned duties, on the next calendar day (whether a scheduled work day or not) after the day of the injury. If the appointed medical professional advises that the injured person is unable to attend work on the next calendar day after the injury, regardless of the injured person's next roster shift, a lost-time injury is deemed to have occurred
LSE	London Stock Exchange
LTI	Long-term incentive
LTIFR	Number of lost-time injuries expressed as a rate per million hours worked and includes restricted work cases
Marula	Marula Platinum (Pty) Ltd
Materiality and material issues	Issues of materiality are those aspects that may have a significant impact on the organisation's reputation and may carry a financial and/or legal cost. These aspects are identified internally through the risk process and externally through ad hoc or routine engagements with a range of stakeholders
MCDA	Marula community development agency

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MCLEF	Mine Communities Leadership Engagement forum
MCT	Marula Community Trust
MHSC	Mine, health and safety council
MIGDETT	Mining Industry Growth Development and Employment Task Team
Mimosa	Mimosa Platinum (Private) Limited
Minerals Council	Minerals Council South Africa
Mining Charter	Broad-based socio-economic empowerment charter for the South African mining industry
MPRDA	Mineral and Petroleum Resources Development Act, 28 of 2002, which came into effect in South Africa on 11 May 2004
Medical treatment cases (MTCs)	A medical treatment case is defined as a one-time treatment and subsequent observation of minor injuries by an appointed medical professional. Such minor injuries may include treatment by the application of bandages, antiseptic, ointment, irrigation of the eye to remove non-embedded foreign objects or the removal of foreign objects from the wound. MTCs never involve a loss of one or more calendar days after the injury, regardless of the injured person's next rostered shift or where the injured is unable to perform one or more of their routine functions normally connected with their work due to a restriction applied by an appointed medical professional
MTS	Mining Technical Systems
MW	Megawatt, a measure of electric power
NAC	National Aids Council
NASCA	National Senior Certificate for Adults
NCR	National credit regulator
NGO	Non-governmental organisation
NDP	National Development Plan
NIHL	Noise-induced hearing loss
NMWVZ	National Mine Workers Union of Zimbabwe
Non-executive director	A director who is not involved in the day-to-day running of the organisation but is a nominee director of a material shareholder
NO_x	Nitrous Oxide
NRF	National Research Foundation
NUM	National Union of Mineworkers, South Africa
OHSAS	Occupational Health and Safety Assessment Series
ORAs	Objective-based risk assessments
PBC	PGM beneficiation committee
PDS	Proximity detective systems
PFA	President's Framework Agreement
PGI	Platinum Guild International
PGMs	Platinum group metals being the metals derived from PGE
PIC	Public Investment Corporation
PMR	Precious metal refinery
PPC	Platinum producers' committee
PPE	Personal protective equipment
PPMS	Plant Production Management Services

RBED	Royal Bafokeng Enterprise Development
RBH	Royal Bafokeng Holdings
RBN	Royal Bafokeng Nation/Administration
Reportable	A reportable injury is one which results in: (a) the death of the employee (b) an injury, to any employee, likely to be fatal (c) unconsciousness, incapacitation from heatstroke or heat exhaustion, oxygen deficiency, the inhalation of fumes or poisonous gas, or electric short or electric burning accidents of or by any employee and which is not reportable in terms of paragraph (d), or as required by the OHS Act where applicable (d) an injury which either incapacitates the injured employee from performing that employee's normal occupation for a period totalling 14 days or more, or which causes the injured employee to suffer the loss of a joint, or a part of a joint, or sustain a permanent disability
Restricted work injuries (RWI)	A restricted work injury is a work-related injury which results in the employee being able to return to his or her permanently assigned workplace, to perform his or her permanently assigned work on the next calendar day, but where the injured is unable to perform one or more of their routine functions normally connected with their work due to a restriction applied by an appointed medical professional
RDP	Reconstruction and Development Programme
RFA	Rehabilitation and Fitness Assessment
RLM	Rustenburg local municipality
RSE	Raise
RSIP	Rehabilitation strategy and implantation plan
SAMREC	The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves
SAMVAL	The South African Code for the Reporting of Mineral Asset Valuation
SAP (ERP6)	PAM – Plan and manage MCP – Manage capital projects MPA – Manage physical assets CRM – Customer relationship management GRC – Governance, risk management and compliance RE – Real estate PtP – Purchase to pay Solman – Solution manager SD – Sales and distribution
SD	Sustainable development
SED	Socio-economic development
SET	Social, ethics and transformation
SHEQ	Safety, health and environment quality
SLP	Social and labour plan
SMC	Selous Metallurgical Complex
SMMEs	Small, medium and micro-enterprises
SO₂	Sulphur dioxide
STI	Short-term incentive
TARP	Triggered action response plan
TB	Pulmonary tuberculosis, which in South Africa is considered an occupational illness when it is associated with the presence of dust in the workplace
TEBA	The Employment Bureau of Africa
TIFR	Total injury frequency rate

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Traditional council leadership	Elected/appointed members of a community according to customs and practices. The tenure of these leaders differ among communities. The chief King/Kgoshi/Kgosi or inKhosi is the head of the traditional council leadership and the chairman of the council
UNGC	United Nations Global Compact
UNSDG	United Nations Sustainable Development Goals
UTS	Utilities
VCT	Voluntary counselling and testing, in respect of HIV and Aids
VPSHR	Voluntary principles on security and human rights
WBCSD	World Business Council on Sustainable Development
WC/WDM	Water Conservation/Water Demand Management
WiM	Woman in mining
WPIC	World Platinum Investment Council
WUL	Water use licence
WZE	Winze
ZIP	Zero incident process

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