IMPLATS SEEKS TO LEVERAGE ITS COMPETITIVE MINERAL PORTFOLIO AND COLLECTION OF PROCESSING ASSETS THROUGH A FOCUS ON RESPONSIBLE CORPORATE STEWARDSHIP, OPERATIONAL EXCELLENCE, AND AN OPTIMAL CAPITAL ALLOCATION FRAMEWORK TO DELIVER SUSTAINED VALUE TO ITS KEY STAKEHOLDERS.

Responsible corporate stewardship

Implats aspires to deliver superior value to all stakeholders through operational excellence in PGMs. This strategic imperative prioritises modern, safe, responsible, competitive, and consistent operational delivery while employing leading environmental social and governance practices.

The Group’s core values to respect, care and deliver underpin health and safety goals, the management of operational impacts on the environment, responsible stewardship and progressive sustainable development practices, while building value accretive relationships with host communities.

Market

PGMS have diverse and desirable properties, with wide and evolving applications and end-uses. Primary supply is highly concentrated with limited expectations for medium-term expansion due to increasingly prudent capital allocation by the peer group, rising regulatory oversight and increasing stakeholder requirements which have raised the “hurdle rate” for new projects.

Constrained processing capacity and the challenges associated with the steady and cost-effective provision of electricity present further material challenges to primary supply growth in South Africa.

Implats continues to expect persistent market deficits in both palladium and rhodium – constrained primary supply and legislated demand growth are marked features of these markets and are unlikely to be mitigated by the impact of lower vehicle sales as a result of the Covid-19 pandemic.

The market surplus in the platinum market will erode in the longer-term with stagnant primary and secondary supply offset by continued growth in industrial demand, spurred by increased uptake from elements of the hydrogen economy, tightening global heavy-duty vehicle emission standards and some switching in gasoline catalysts.

Supply and demand balances as at 30 June 2020 (Koz)

- Increased support from physical investment due to appeal of “hard assets”
- Sustained underlying market surplus in medium-term and rising above-ground inventory
- Potential to accelerate tightening through commercial application of “switching” in light-duty gasoline autocatalysis
- Long-term underpin from mainstreaming of the “hydrogen economy” and fuel cell applications

- Underpinned by auto demand in developing markets and rising gasoline market share
- Persistent market deficits have eroded above-ground inventory
- Tight physical markets and continued price support

- Structural change in market balance due to NOx legislation
- Concentrated South African supply
- Price volatility vulnerable to wide bid-offer spreads

- Economic shock of pandemic has inflicted immense fiscal damage on South Africa
- Exacerbated pre-existing funding fragilities and amplified concerns regarding domestic outlook
Asset portfolio
- Our operations are located within the Bushveld Complex in South Africa, the Great Dyke in Zimbabwe and the Lac des Iles intrusive complex in Ontario, Canada.
- Our Mineral Resource portfolio is geographically diverse and dominated by low-cost, mechanised orebodies. Our orebodies are well-understood and defined.
- They provide optionality to deliver cost-effective incremental growth and life-of-mine extensions across our asset suite.
- Our ore mix generates refined production that allows us to meet the pattern of demand from our core customer base.

Mining method by reserve

<table>
<thead>
<tr>
<th>Mechanised</th>
<th>Hybrid</th>
<th>Conventional</th>
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</thead>
<tbody>
<tr>
<td>64%</td>
<td>5%</td>
<td>32%</td>
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</tbody>
</table>

Geographic split reserve

<table>
<thead>
<tr>
<th></th>
<th>Pt</th>
<th>Pd</th>
<th>Rh</th>
<th>OPGM</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>47%</td>
<td>33%</td>
<td>61%</td>
<td>52%</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>52%</td>
<td>51%</td>
<td>39%</td>
<td>44%</td>
</tr>
<tr>
<td>Canada</td>
<td>1%</td>
<td>16%</td>
<td>0%</td>
<td>3%</td>
</tr>
</tbody>
</table>

See MRR report
Business case

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

**Capital allocation framework and priorities**
Restored profitability and targeted debt reduction has resulted in substantial progress in ensuring an optimal capital structure and created a firm foundation for prudent capital allocation.

Disciplined and transparent capital allocation to ensure a sustainable business and create value for all stakeholders. Free cash flow from operations pre-growth capital is allocated to:
- balance sheet strength
- returns to shareholders
- growth and investment

**Framework and FY2020 dividend**

<table>
<thead>
<tr>
<th>BALANCE SHEET STRENGTH</th>
<th>( \text{R}3.6 \text{ billion} )</th>
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</thead>
<tbody>
<tr>
<td>Repayment of Zimplats term loan (R0.7 billion)</td>
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<tr>
<td>Payment of incentive premium on US bonds (R0.5 billion)</td>
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<tr>
<td>Funding of shares for legacy share schemes (R0.4 billion) and BSP (R0.8 billion)</td>
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</tr>
<tr>
<td>Retained cash (R1.2 billion)</td>
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</tbody>
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<table>
<thead>
<tr>
<th>RETURNS TO SHAREHOLDERS</th>
<th>( \text{R}4.3 \text{ billion} )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim dividend (R1.0 billion)</td>
<td></td>
</tr>
<tr>
<td>Zimplats minorities (R0.1 billion)</td>
<td></td>
</tr>
<tr>
<td>Final dividend (R3.2 billion)</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>GROWTH AND INVESTMENT</th>
<th>( \text{R}6.5 \text{ billion} )</th>
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</thead>
<tbody>
<tr>
<td>Acquisition of Impala Canada</td>
<td></td>
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<tr>
<td>Net of term loan repayments to date</td>
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</tr>
</tbody>
</table>

**DISCIPLINED AND TRANSPARENT CAPITAL ALLOCATION TO ENSURE A SUSTAINABLE BUSINESS AND CREATE VALUE FOR ALL STAKEHOLDERS**
Management actions
The progress made in the strategic repositioning of Implats over the past several years enabled the Group to successfully navigate the challenges created by the unprecedented eternal shock of the Covid-19 pandemic. Operational resilience enabled sustained delivery of refined metal to our customers and the Group benefited from robust pricing for primary products achieving stellar financial results. The benefits of improved operational delivery and step-change in profitability have been harnessed for enduring benefit through the substantial strengthening of the Group balance sheet and the diversification of the portfolio through the acquisition of Impala Canada.

The operational focus in the near term is on:
• the integration and optimisation of Impala Canada
• the production ramp-up of the growth shafts at Impala Rustenburg
• the advancement of processing projects aimed at capitalising on the inherent mining efficiencies and flexibility at Zimplats, Mimosa and Two Rivers
• the completion of life-of-mine extensions through existing infrastructure at Marula and Mimosa

Outlook
Implats is in a much stronger position than it was a year ago. It has a more diverse and competitive asset portfolio, a strong balance sheet and a motivated management team. The long-term fundamentals for PGM demand are sound and Implats remains at the forefront of PGM supply.

See page 84
Target KPIs short and medium term

Delivering value
Sustainable, reliable delivery of high-quality products

R14.9bn
Salaries and benefits

R1.4bn
Local-to-site procurement

R331m
Socio-economic development

R4.2bn
Dividends reinstated

ESG accolades

FTSE/JSE Responsible Investment Top 30 Index

FTSE4Good Index

Top 100 Best Emerging Markets Performer

“A” rating for disclosures, awareness and management of water security risk

“B” rating for climate change action and disclosures

See page 84
Target KPIs short and medium term