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A challenging year lies ahead as we restart operations in Rustenburg after the five-month strike

Dear Shareholders

My second year as chief executive officer of Implats has been even more challenging and eventful than the first. The platinum industry faced depressed PGM metal prices and cost pressures and was severely impacted by industrial relations disruptions. The year ended with an unprecedented five-month platinum industry strike affecting our Impala Rustenburg operation, which was resolved with a negotiated wage settlement on 24 June 2014.

During the first half of the year the Impala Rustenburg team delivered on their safety, health and production plans, but performance was negatively affected by the protracted wage strike. The strike did not affect the operational and safety performances at Zimplats, Marula, Mimosa and Two Rivers.

Overview of 2014

SAFETY

Considerable progress has been made in improving our safety performance. The Group's fatal injury frequency rate improved by 33.8% to 0.043 per million man-hours worked, which is a significant achievement considering it is off the back of a 25.3% improvement reported in 2013. The lost-time injury frequency rate improved by 6.9% to 3.92 per million man-hours worked.

However, during the year, four colleagues distressingly lost their lives on duty and on behalf of the Group I extend my sincere condolences to the families and friends of the deceased. We remember Osika Chidhakwa, Lebogang Abednego Moiteri, Khalepile Joseph Matama and Shaun Pelsier.

Our safety strategy involves a number of initiatives, which include active participation in the industry CEO Elimination of Fatalities task team as well as the Mine Occupational Safety and Health (MOSH) task teams. These task teams are focused on falls of ground, mobile machinery and dust in the workplace. We continue to build on changing the culture of the organisation (as included in the industry cultural transformation framework), improving our supervision and adopting and implementing various technical initiatives, which aim to improve workplace safety.

There were some notable safety achievements at our operations during the year, as highlighted below:

Operation	Achievement
Impala 4 Shaft	1 million fatality-free shifts
Impala 11 Shaft	1 million fatality-free shifts
Impala 14 Shaft	2 million fatality-free shifts
Marula	2 million fatality-free shifts
Zimplats	A 41.4% improvement in their LTIFR to 0.41 per million man-hours worked
Afplats shaft sinking operation	A 89.8% improvement in their LTIFR to 1.79 per million man-hours worked
Springs Refinery	A 38.1% improvement in their LTIFR to 0.26 per million man-hours worked

While there continues to be an increased focus on delivering against leading indicators, the absolute numbers were affected by the Impala Rustenburg strike. Activities included a 22% increase in the number of breathalyser tests, a 24% increase in road behaviour checks and 73 444 STOP® visible felt leadership observations. In addition, there were 2 562 internal work stoppages, a notable decrease of 27%.

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Chief executive officer, **Terence Goodlace** (55)
NHD in metalliferous mining, BCom, MBA

Experience

Terence was appointed to the Implats board in August 2010 as an independent non-executive director. He has extensive mining experience and is currently the chief executive officer. He held the position of group chief operating officer at Gold Fields Limited where he worked for 27 years in various capacities and served as a director until October 2008. He then held the position of chief executive officer at Metorex Limited for three years until 2012. He is a non-executive director of Zimplats Holdings Limited and also serves as a council member of the Chamber of Mines of South Africa.



TERENCE GOODLACE

A total of 52 stoppage instructions (excluding Section 55s) were issued by the DMR in 2014 (2013: 65), resulting in the relevant shaft being closed for a period. All shafts collectively lost approximately 205 days of production at our Rustenburg operations, and 29 days at Marula (compared with 261 and 21 days respectively in 2013). We continue to engage actively with the authorities on these stoppage instructions, including challenging them legally where we feel this to be justified. While we support all safety work stoppages where its condition or behaviour has been identified that poses a direct danger to safety, extending these stoppages beyond the scope of the risk is problematic and in certain instances may have a negative impact on safety performance. Notwithstanding this, we remain committed to safety and some of our initiatives are summarised below.

An important achievement was the full implementation of nets and bolts on both the Impala Merensky and UG2 Reef horizons as well as at the Marula operation. Impala has also successfully installed safety nets in all development ends. The South African operations have now equipped the entire trackless vehicle fleet with Proximity Detection Systems and we plan to initiate a programme to install this technology in underground locomotives, which will commence in 2015. All people on shafts who are operating trackless machines have also been equipped

with Proximity Detection Systems. In addition, all underground employees are now equipped with self-contained self-rescuers. We continued the process of replacing the entire centralised blasting system at Implats with the Sasol SafeBlast® system used in conjunction with the SafeStart® detonators, which offer significantly improved levels of safety and reliability over our blasting legacy systems. The system has now been installed at Marula, Mimosa and at the Impala 20, 16, 6, E&F, 7A and 4 Shaft complexes. Zimplats has installed a similar system called the Electronic Centralised Blasting system supplied by AEL and this was fully implemented during the year under review. Furthermore, the Group is also in the process of replacing all of its conveyor belts with fire retardant conveyor belts. As part of a fire prevention programme the Group has made a decision that in future only fire retardant conveyor belts will be used. This applies to current and new conveyor installations and as at year end 11.4% of all conveyor belts were now of the fire retardant type. As part of a continued drive to improve our management of flammable gas, various initiatives were implemented this year. These include: reviewing and updating an initial risk assessment; undertaking gas sampling at Rustenburg and Marula to determine the flammable gas emissions at each shaft; and holding a very successful methane awareness campaign in August 2013.

HEALTH

Employee health has received continued attention during 2014, with 59 000 (2013: 90 000) employees and contractors undergoing occupational screening examinations across the operations. This was lower than last year due to the prolonged strike at Rustenburg, which has resulted in a backlog of occupational examinations. For non-occupational healthcare, medical aid membership of the Impala Medical Plan increased by 9%, with 21 994 people now on the scheme and the antiretroviral uptake increased by 6%, with 4 276 people on the programme.

In 2014, 36 employees with potential NIHL were diagnosed and submitted for assessment for compensation, as compared to 50 in 2013. While the decrease is partly due to reduced levels of medical and audiometric screening examinations during the strike period, encouraging improvements across all parameters of our NIHL performance were achieved in the months before the strike. We continue to introduce equipment with improved sound suppression and exposed individuals are trained in the use of custom-made hearing protection devices. However, ensuring adherence to relevant requirements remains a challenge. All patients diagnosed with early signs of NIHL (5% to 9.9%) on screening audiograms were investigated, counselled and monitored.

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Gross auto-catalyst demand was at an all-time high at 6.5 million ounces for 2013 and reflects the growth in gasoline car production

Alignment with the Department of Health and National Health Insurance continued and last year we reported on the renovations to the Job Thabane Hospital Neonatal Unit and the Freedom Park Clinic. Impala has now entered into agreements with the Department of Health and the Impala Bafokeng Trust to extend and renovate the primary care clinic situated in Luka village. In Zimbabwe, Mimosa has also assisted with renovations to the Zvishivane district hospital.

ENVIRONMENT

Over the past year the Group's direct environmental impact was significantly reduced as a result of the closure of the Rustenburg operations for a five-month period. Monitoring of the Group environmental indicators at Rustenburg was also affected. The decline in production translated into a decrease in the levels of water and energy consumed. Water consumption at a Group level decreased by 15% (2013: 40 711Mℓ), while an increase in the percentage of water recycled by 1% (2013: 38%) at all operations contributed to our improved water management performance.

In implementing our carbon management strategy, our focus remains on energy-efficiency projects. Security of energy supply and rising prices are material risks for our operations in South Africa and Zimbabwe. Electricity consumption accounted for around 70% of our total energy consumption in 2014 and almost 11% (2013: 11%) of our overall cash cost base. Total energy consumption declined by 18% (2013: 17 574GJ), mainly as a consequence of the disruption in operations in Rustenburg as well as the implementation of energy conservation programmes.

Our projected expansion into deeper operations that are more energy intensive, coupled with the proposed introduction of a carbon tax in South Africa in January 2016, emphasise the business imperative to focus on reducing and optimising our energy use.

During the last year, many of the pending regulations in South Africa were finalised and published by the South African Department of Environmental Affairs. The most significant implications for Implats are associated with the National Environmental Management: Waste Amendment Act, and the National Environmental Management Laws Amendment Act. This will place additional administrative demands on mining companies and entail potentially significant costs. Clarifying and understanding the discrepancies between the newly imposed requirements under the National Environmental Management: Waste Amendment Act, and the current regulations under the Mineral and Petroleum Resources Development Act will remain a focus for Implats in the coming year.

PGM MARKET CONDITIONS

Global economic conditions and excess above-ground stocks have weighed heavily on PGM prices and US\$ prices for all major metals were lower than the prior year. For the second year in a row, both the platinum and palladium markets were in deficit. The platinum market deficit for calendar year 2013 was more than 600 000 ounces and this is being driven by reduced primary supplies from the South African producers. For calendar 2013, gross auto-catalyst demand for platinum reduced marginally to 3.1 million ounces and this was offset by increases in jewellery, investment and industrial demand. There was record jewellery demand from China (1.7 million ounces) and the introduction of the ABSA platinum exchange traded fund absorbed almost a half a million ounces in 2013. Auto-catalyst recycling amounted to 1.1 million ounces of platinum, which was marginally up on 2012 levels.

For the same period, palladium moved into a deficit of nearly 800 000 ounces as a result of lower primary production and increased demand. Gross auto-catalyst demand was at an all-time high at 6.5 million ounces for 2013 and reflects the growth in gasoline car production. Industrial, dental, jewellery and investment demand during the year was static. Auto-catalyst recycling increased to 2.2 million ounces of palladium.

Primary PGM supply in 2014 will no doubt be adversely affected by the five-month strike and as a result there will likely be significant market deficits for all PGMs. For the foreseeable future there will be an increase in auto-catalyst demand for both platinum and palladium and total PGM auto-catalyst demand is expected to increase at a rate of approximately 3.8% per annum. This is being driven by increased motor vehicle production, especially in the United States and Asia, as well as new emissions standards being implemented in various parts of the world. Platinum use in auto-catalysts will rebound as a result of the introduction of Euro VI emission standards for light-duty diesel vehicles and Euro VI emission standards for heavy-duty diesel vehicles in 2014.

EMPLOYEE RELATIONS

Our commitment to advancing our employee relations was severely challenged this year by the ongoing trade union rivalry, the failure of the wage negotiations with AMCU late in 2013, and the subsequent five-month strike at the platinum mines across the Rustenburg area. The strike, the longest in the history of industrial relations in South Africa, has revealed significant shortcomings in the manner in which we, as a mining sector, have traditionally been conducting our business and is having a profound impact on the nature of the industrial relations landscape in the country.

➔ Following the conclusion of the crippling strike, our immediate priority is for the resumption of production at our operations in a safe and sustainable manner

In the first half of the financial year, we made some progress in delivering on our employee relations commitments that were made last year, with various initiatives aimed at improving communication with employees, building the people leadership skills of our supervisors and mine managers, and delivering the change management initiatives aimed at developing a culture of shared corporate values. Unfortunately, many of these initiatives were placed on hold during the second half of 2014, which was dominated by efforts to manage the union rivalry and resolve the strike.

Prior to the strike, we devoted considerable effort to ensuring a smooth transition from a work environment dominated by NUM, to one dominated by AMCU. In June 2013 we signed a recognition agreement with AMCU in respect of the Rustenburg operations that led to the wage negotiation process. At this time we also resumed negotiations with the NUM for Marula and for the Refineries, which ran smoothly and were settled timeously and within mandate.

The Rustenburg strike that resulted from the breakdown of the wage negotiations with AMCU has come at a profound social, economic and financial cost to all parties concerned. In seeking to mitigate the safety and health impact of the strike, we consulted with AMCU and concluded a Health and Safety agreement regarding the Rustenburg operations. The signing of this agreement has paved the way in advancing an employee relations strategy that will foster a more collaborative environment.

Following the conclusion of the crippling strike, which ended with a three-year settlement agreement signed on 24 June 2014, our immediate priority is for the resumption of production at our operations in a safe and sustainable manner. Ensuring that our mines are financially viable in the context of low metal prices and increasing costs is a prerequisite for delivering on our wage agreement. In terms of successfully delivering our employee relations strategy, we have identified a range of activities that we will be implementing over the short and medium term aimed at building better relationships across the organisation.

As part of the agreement that ended the strike, we have committed with all other parties to continue talks on various outstanding issues including (but not limited to): the provision of micro-loans and garnishee orders; the retrenchment agreement/severance policy; retirement benefits and funeral cover; sub-contracting, labour hire and employment agencies and the nature of the job grading review. In terms of the agreement, we are obliged to run three separate processes of negotiations in respect of the Refineries, Marula and the

Rustenburg operations. Recent developments at Marula point to the possibility of an AMCU majority at the mine and formal meeting structures have been established for the necessary continued engagement.

In our drive to build better relations, we will be implementing a new employee engagement model, presenting an attractive value proposition to employees and developing new values through the Respect, Care and Delivery initiative. To achieve the necessary shift in culture throughout the organisation, we will be implementing a robust process of coaching and training to assist line managers to deal with difficult labour situations in a collaborative way. We will also be working to further develop the direct two-way communication process through SMSs that we put to use for the first time during the industrial action. In addition, we are continuing our participation in relevant employee relations forums at the Chamber of Mines.

As a part of the change management initiative that I lead, we conducted a Barrett Survey among Implats employees to assess their perceptions of the current Implats culture, and to offer an opportunity for employees to provide input into the culture they desire. The results of the survey, which represented approximately 10% of employees across all geographies and demographics, indicated that there are issues requiring further cultural or structural transformation and leadership development. Most of these issues relate to health, the viability of the business, and the nature of the interpersonal connections experienced at work. This initiative will be progressed in the coming year; with focus groups planned at all operations to better understand these issues and develop appropriate response programmes.

Operational performance

IMPALA

Unfortunately the five-month strike interrupted a good start to the financial year and all initiatives to ramp-up production at the mine over the next five years were curtailed. During the year, there were 312 (2013: 505) lost-time injuries at a lost-time injury rate of 5.04 (2013: 4.91) per million man-hours worked. Ore milled decreased by 43.3% to 6.2 (2013: 10.9) million tonnes while refined platinum decreased by 42.0% to 411 000 (2013: 709 200) ounces. Milled head grades (6E) were marginally higher at 4.34 (2013: 4.32) grams per tonne. Recoveries improved to 87.4% (2013: 85.3%) as a result of better efficiencies and lower opencast volumes milled.

Total development activity at 61.3 (2013: 97.4) kilometres decreased as well as on-reef development, which declined by 28.9% to 21.1 (2013: 29.7) kilometres. In the period before the strike commenced, 17.4 kilometres of face was mined at an

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Mimosa delivered a good safety performance despite a deterioration in the lost-time injury frequency rate

average panel length of 24.1 metres and a face advance of 9.9 metres per month. Currently, there is 20.5 kilometres of mineable face length, which remains a constraint. The key to reversing this situation and improving reserve flexibility is to optimise development, equipping, construction and ledging activities on existing shafts and at the newly commissioned 20 and 16 Shaft complexes.

Impala's unit costs increased 27.8% to R22 036 (2013: R17 241) per refined platinum ounce for the year. The impact of the strike, above inflation wage increases, lower productivities and above inflation power costs (in conjunction with lower volumes) all affected unit costs.

The protracted industrial action had a material impact on operations in 2014, particularly in terms of lost revenues. Moreover, consequential delays in project and development build-up profiles and the four-month start-up process in itself was affected by, amongst other things, significant copper theft during the strike, all of which will result in reduced projected volumes for 2015. Current indications are that production at Impala will be approximately 575 000 ounces of platinum in 2015. These factors, together with tempered metal prices, will result in profit margins at Impala being under pressure in the short to medium term. A strategic planning exercise has therefore been initiated to assess the full impact of low PGM prices and the strike consequences on the profitability at Impala. This is due for completion by December 2014.

ZIMPLATS

Zimplats' safety performance improved to six (2013: 12) lost-time injuries in the year and a lost-time injury rate of 0.41 (2013: 0.70) per million man-hours worked. Ore milled increased by 26.8% to 5.9 (2013: 4.7) million tonnes while platinum in matte increased by 21.0% to 239 700 (2013: 198 100) ounces. During the year, capital of US\$118 million (2013: US\$164 million) was spent mainly on the Phase 2 expansion project on the underground infrastructure at the Mupfuti mine. Platinum unit costs in matte decreased by 1.2% to US\$1 291 (2013: US\$1 307) per ounce mainly due to US\$ inflation of 6.4% (2013: 6.2%) offset by the 21.0% increase in platinum production. A strategic decision was taken to refurbish the Base Metal Refinery (BMR) at Selous as an important first step in a multi-phased plan for local beneficiation. A pre-feasibility study was initiated in February 2014 to establish cost estimates and time frames for this work. As part of the study outcomes a recommendation has been made to pursue a truncated process flow sheet which will enhance plant capacity and simplify future process updates. The total project cost for the BMR refurbishment is estimated at approximately

US\$100 million, and project implementation started in July 2014 and with an estimated 24 months completion period.

Post year end, in July 2014, a collapse within a section of the underground working area of the Bimha mine was triggered by the accelerated deterioration of ground conditions associated with a major fault, the Mutambara Shear, which transgresses through the mining area. As a result of the proactive response from the Zimplats management team and the timely evacuation of all personnel, no injuries or damage of mobile equipment were reported.

By 20 August 2014, ground conditions had continued to deteriorate and as a consequence, it was decided to withdraw all employees across the rest of the portal. A team of Company and independent advisers have been appointed to conduct detailed investigations to re-engineer and/or arrest the current mine stability concerns. Consequently, there is a possible production impact of up to 70 000 platinum ounces in 2015.

MARULA

Marula's safety performance rates improved slightly. However, there were 47 (2013: 45) lost-time injuries during the year and the lost-time injury rate was 5.29 (2013: 5.42) per million man-hours worked. Ore milled increased by 10.2% to 1.8 (2013: 1.6) million tonnes while platinum in concentrate increased by 9.5% to 78 500 (2013: 71 700) ounces. Marula's costs per platinum ounce in concentrate increased by 1% mainly due to mining inflation of 7.3%, offset by increased production. Additional mining crews were employed towards the end of the year in preparation for increased volumes planned for 2015. No major capital projects are currently being advanced on the mine.

MIMOSA

Mimosa delivered a good safety performance despite a deterioration in the lost-time injury frequency rate from 0.26 per million man-hours worked in 2013 to 0.38 in 2014. Tonnes milled at 2.45 (2013: 2.38) million for the year increased by 3% and platinum in concentrate increased by 9.9% to 110 200 ounces. Mimosa's unit costs decreased by 3.9% from US\$1 782 per platinum ounce in concentrate to US\$1 713 per platinum ounce in concentrate mainly due to the increased PGM production levels and cost reduction initiatives. Power interruptions affected production and discussions to minimise the impact continue with the power authority. During the year, US\$34 (2013: US\$30) million was spent on capital projects mainly incurred on stay in business projects.

- ➔ **Gross platinum refined at 1 178 000 (2013: 1 581 500) ounces was 25.5% lower**
- ➔ **Management's swift action to protect employees during the strike reduced costs to 30% of normal operating levels**

TWO RIVERS

Two Rivers improved its safety performance with 10 (2013: 13) lost-time injuries for the year. The lost-time injury rate was 1.4 (2013: 1.78) per million man-hours worked. Tonnes milled were 3.4% higher at 3.3 (2013: 3.2) million for the year and platinum in concentrate increased by 8% to 175 100 (2013: 162 200) ounces. Costs per platinum ounce in concentrate decreased by 2.1% to R11 433 per ounce. Capital expenditure amounted to R319 (2013: R489) million, which included R171 million spent on underground extensions and fleet replacement and R97 million on a new plant, commissioned during the first quarter of 2014, to recover chrome and additional PGMs from the tailings stream.

REFINING

Gross platinum refined at 1 178 000 (2013: 1 581 500) ounces was 25.5% lower than that refined in 2013 largely as a result of the Impala Rustenburg strike. Mine-to-market operations decreased by 18.8% to 985 700 (2013: 1 214 400) ounces while third-party refining volumes reduced by 48% on the back of 174 800 ounces lost due to the termination of the auto-catalyst recycling contract and the suspension of deliveries from Everest South, Crocodile River and Smokey Hills operations, which were placed on care and maintenance due to the prevailing market conditions. A total of 157 100 (2013: 116 200) ounces of platinum were refined for Northam and Platmin during the year. Costs at the refineries were well contained at a 6.5% decrease year-on-year. However, unit costs increased to R747 (2013: R595) per platinum ounce due to the 403 500 ounce decline in throughput. Mineral processing pipelines were drawn down to minimum levels during the strike and will be replenished during 2015. The refineries' pipelines at the end of June 2014 were slightly higher than the previous year due to treatment of stockpiled IRS material at year end.

The construction of a final metals processing facility to replace the existing final metals section is on schedule with all of the necessary upfront detailed engineering, permitting and zoning having been completed. This is a R2.2 billion project that is estimated to take six years to complete. Also, to ensure ongoing legal compliance and environmental performance improvement, a new boiler emissions abatement plant was advanced during the year and this R250 million project is still planned for completion by the end of calendar 2015.

Capital expenditure and progress on major capital projects

One of the less-discussed consequences of the strike was the reduction of capital expenditure for the year, which was significantly reduced to R4.4 billion (2013: R6.3 billion). This will have an effect on the timing of the completion of the projects

and the extent that Impala will be able to transfer employees from the mature sections to the new shafts.

Project capital expenditure was primarily focused on the Impala 20 Shaft (R0.6 billion) and 16 Shaft build-up projects (R0.8 billion), the Impala 17 Shaft sinking project (R0.6 billion) and the Phase 2 mine and concentrator plant expansion at Zimplats (R0.7 billion). The new shafts (at Impala) and portal complex (at Zimplats) are essential to ensuring that Implats regains its competitive position and benefits from the long-term PGM market fundamentals. In an industry where the supply side continues to be constrained by low PGM prices and a lack of investment.

The 20 Shaft "1.7 million tonnes per annum" and "125 000 ounces of platinum per annum" project, achieved 262 000 (2013: 352 000) ore tonnes in the seven-month period before the strike (17 000 platinum ounces) and build-up to full production has now been delayed by the strike from 2018 to 2019. A total of 3 170 people (including contractors) are now employed at the complex.

The 16 Shaft project was successfully and safely commissioned during June 2013 with development and stoping commencing in the period ahead of the strike. The new 16 Shaft is a "2.7 million tonnes per annum" and "185 000 ounces of platinum per annum" project, which achieved 89 000 (2013: zero) ore tonnes in the seven-month period before the strike and resulted in platinum production of 3 000 ounces. As a result of the strike slower development to reef, bad ground conditions and difficulties in reef access development due to the Hex River fault, full production is only expected to be reached in 2020 as opposed to 2018.

The 17 Shaft "2.7 million tonnes per annum" and "180 000 ounces of platinum per annum" project, was affected by contractor performance challenges and was further slowed during the year as a result of cash preservation measures relating to the strike. First production from this shaft is now only expected in financial year 2020 and full production by 2024, which is two years later than previously expected.

At Zimplats, the concentrator plant was successfully commissioned in April 2013 and mining rates improved throughout the year at the new Mupfuti portal (portal 3). The project achieved 963 000 tonnes and 38 000 ounces of platinum for the year and is still expected to achieve full production at 2.0 million tonnes per annum and 90 000 ounces of platinum per annum in 2015.

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At the Refineries, the Tswelopele home ownership development comprising 108 housing units has been completed to the value of R36 million

Financial performance

Revenue per platinum ounce was 8.2% lower than the previous year at US\$2 299 (2013: US\$2 505) per ounce, but was 7.9% higher in rand terms at R23 818 (2013: R22 069) per platinum ounce due to the weaker rand/dollar exchange rate. The average exchange rate weakened by 17.6% to R10.36 (2013: R8.81) per US dollar.

The financial performance for the year was negatively affected by the strike at Impala Rustenburg. Sales for the year decreased by 2.7% to R29.0 (2013: R29.8) billion while cost of sales increased by 2.6% to R25.8 (2013: R25.1) billion. The gross margin for the year declined to 11.2% (2013: 15.8%). Group unit costs increased by 17.6% to R19 430 (2013: R16 526) per platinum ounce mainly due to mining inflation of 10.8% and significantly reduced production from Impala. The main contributors to the inflation were wage increases of 10.7% at the South African operations and power increases of 9%. During the strike, costs at Impala Rustenburg were reduced to approximately 30% of the normal operating expenditures and capital expenditure was contained at R2.8 (2013: R4.4) billion in line with the need to reduce cash outflows.

At year end the Group had largely unchanged cash reserves of R4.3 billion mainly as a result of the convertible bond launched on 14 February 2013 and a net debt position of R3.5 billion (2013: R3.4 billion). Headline earnings per share decreased by 73.9% to 86 (2013: 329) cents per share.

Social licence to operate

TRANSFORMATION

In South Africa, the Group has continued to meet its commitment in terms of the Mining Charter targets set for 2014. A detailed account of our performance can be found in the sustainable development report (refer to the scorecard on pages 18 to 21 of the sustainable development report).

As part of the transformation agenda, we continue to advance previously Historically Disadvantaged South African's (HDSAs) and women into key positions. HDSAs represent 50% (2013: 48%) of management and women now comprise 19% (2013: 19%) of management. Procurement with HDSA suppliers was up at 65% from 55% in the previous year. Overall there was acceptable performance in the key Charter elements of capital goods, consumables and services against the 2014 targets. We remain committed to the national transformational agenda, and during the year, we participated in the DMR's compliance assessment process. We look forward to the outcomes of this process and to provide input into the review of the Mining Charter through the Chamber of Mines in the year ahead.

The amended MPRDA was passed in April 2014 by the National Assembly, following considerable engagements between the DMR and the Chamber of Mines. However, the signing has now been delayed with the announcement by the new Minister of Mineral Resources that there is a need for further consultation. The potential impact of these deliberations remains a concern and the Group will continue to engage on this matter through the Chamber of Mines.

We continue our discussions with the Government of Zimbabwe on the subject of indigenisation and how it can be implemented. We have been advised by the government to factor in certain Corporate Social Responsibility projects with a view to accruing credits towards the 51% indigenous shareholding target. The Company is engaged in discussions with the Minister of Youth Development, Indigenisation and Economic Empowerment with regard to the indigenisation implementation plan.

On 1 March 2013, a *Zimbabwe Government Gazette* was published indicating the President's intention to compulsorily acquire about 50% of the mining claims owned by Zimplats' operating subsidiary company. Zimplats formally objected to this acquisition and lodged a claim for compensation under Zimbabwean law. There has been no response to the objection raised.

SOCIAL INVESTMENTS

The total socio-economic expenditure decreased to R71 million (2013: R102 million) for the South African operations inclusive of social and labour plan commitments. The decrease was due to the strike and the subsequent declaration of force majeure at the Rustenburg operations. Due to this, project implementation and verification was delayed and covered less than half of the plan. This considerably reduced our ability to assess the number of beneficiaries from our social initiatives. Current indications are that 12 000 people benefited from 14 projects assessed (2013: 100 000 people).

Despite the impact of the strike, we advanced a number of social initiatives within our communities during the year. In South Africa a key initiative that was advanced during the year, was the construction of Phase 1 (R210 million) of the project to build 557 out of a planned 2 420 new houses at "Platinum Village" located near the Impala 10 Shaft complex.

During the strike-affected year a total of 283 houses were completed and 181 handed over to employees in the Platinum Village. The strategy of providing the opportunity to employees to purchase quality houses is key to normalising the living and working environment of our employees. Another highlight for the year was the completion of the Sunrise View High School alongside the primary school that opened in 2013.

- ➔ **At Zimplats, social development projects spend totalled US\$5.3 million and US\$15 (2013: US\$8) million was spent on employee housing**
- ➔ **We firmly believe in PGMs and their importance for society at large**

At the Refineries, the Tswelopele home ownership development comprising 108 housing units has been completed to the value of R36 million. A total of 104 units have been sold to employees. Further afield, Implats also signed a contract to build 122 houses at Marula, of which 58 units have been completed and project completion is on schedule for December 2014. The project cost is estimated at R144 million.

We have now also conducted evidence-based research to better understand some of the social challenges that impact our communities and to further inform our social strategic interventions. In collaboration with our social partners, two studies were initiated at the Rustenburg operations in the year under review, to ensure that our:

- ➔ interventions are informed by empirical evidence on key social indicators identified in communities;
- ➔ approach to stakeholder engagement is robust and inclusive, having been conducted in collaboration with key stakeholders; and
- ➔ medium and long-term social interventions address Implats' own long-term strategic outlook.

The first study covered approximately 36 000 households as at the time of reporting. While preliminary findings from the survey highlight the depth of the social challenges brought about by in-migration and the increased competition for limited resources, it has equally brought into sharp focus the need for an integrated and collaborative approach to addressing social challenges that exist in our local communities. Over the coming year the details of these findings will inform our strategies for community sustainability during and after the life of mine. A similar study is planned for the Marula operations in Limpopo and will commence in the new financial year.

The second study will assist in understanding the social challenges being faced by mining-specific households, the impact of Social and Labour plans, and the migrant labour system.

At Zimplats, social development projects spend totalled US\$5.3 million and US\$15 (2013: US\$8) million was spent on employee housing. Zimplats has a target of directing 60% of annual spend towards local suppliers to assist in the broader economic recovery of the country and during the year local suppliers accounted for 66% (2013: 64%) of the annual expenditure on goods and services.

At Mimosa, spend on community development decreased by some 20% to US\$3.7 (2013: US\$4.6) million and a further

US\$146 000 (2013: US\$2.1 million) was spent on employee housing. Indigenous procurement as a percentage of total discretionary expenditure was 92% (2013: 92%).

Industry initiatives

In South Africa, Implats has continued to work through the Chamber of Mines in finding common solutions to some of the challenges faced by the industry and to seek strategic alignment to the relevant national imperatives outlined in the National Development Plan. We have also continued to advance initiatives under the Deputy President's Framework Agreement for Peace and Stability in the Mining Industry signed by stakeholders in February 2013. Progress on these can be found on pages 15 and 16 of the sustainable development report. These initiatives are reflective of our commitment to the future growth and stability of the industry and include legislative issues, taxation and social and labour challenges.

In the year under review, the International Platinum Association, to which Implats is affiliated, completed a life cycle assessment on the impacts and benefits of PGMs. This study is important in highlighting the wide benefits of PGMs, both for the environment and the social contributions of mining while taking into account the high impacts on land, water and energy consumption. We hope to communicate more broadly on these findings in the near future.

Conclusion

Implats' management and the board are of one mind that the health and safety of our employees is an absolute imperative and I will continue to drive all of the associated initiatives with vigour. We firmly believe in PGMs and their importance for society at large and it is with this in mind that we work hard to succeed, despite the current industry crisis, by re-energising and rebuilding Impala post the five-month strike, increasing volumes at Marula, as well as successfully mitigating the effect of the Mutambara shear at Zimplats. In the short term, there is a need to complete a strategic review of the Rustenburg operations and projects and determine a new way forward.

I once again sincerely thank the board for their leadership and the entire Implats team for their commitment and support as we protect the Group in these turbulent times and position it for a more secure and sustainable future.

Terence Goodlace
Chief executive officer

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Group production deteriorated from 1.582 million ounces of platinum to 1.178 million ounces due to industrial action at the Impala Rustenburg operations

The financial review is intended to assist the reader in understanding Implats' financial performance and the significant variances compared to the prior year. The review should be read in conjunction with the audited consolidated financial statements for the year ended 30 June 2014 as available on the website and the non-GAAP financial performance measures on pages 138 to 141 of this report.

Production

REFINED PLATINUM PRODUCTION

('000oz)	2014	2013
Impala	411	709
Zimplats	226	180
Marula	77	71
Mimosa (100%)	103	97
Two Rivers (100%)	168	157
Offtake contracts	32	138
Other:		
Autocatalyst recycling	4	114
Once-off toll treatment	157	116
Total production	1 178	1 582

Commentary

The individual operation reviews, set out on pages 76 to 93, should be read for a full appreciation of the changes in production. Set out below are the salient features of the managed operations.

IMPALA

Ore milled decreased by 43.3% to 6.2 million tonnes while refined platinum decreased by 42.0% to 411 000 ounces on the back of the five-month industrial action which resulted in a loss of approximately 312 000 platinum ounces.

ZIMPLATS

Ore milled increased by 26.8% to 5.9 million tonnes and platinum in matte increased by 21.0% to 239 700 ounces due to the ramp-up of the Phase 2 expansion.

MARULA

Ore milled increased by 10.2% to 1.8 million tonnes due to additional production teams and platinum in concentrate increased by 9.5% to 78 500 ounces largely in line with the increase in milled tonnage.

Statement of comprehensive income

The abridged statement of comprehensive income is presented below with an analysis of material variances thereafter. The adoption of IFRS10 and IFRS11 resulted in the restatement of the consolidated financial statements for the prior year with the impact of the changes being available in the annual financial statements.

	2014 Rm	2013 Rm
Revenue	29 028	29 844
Cost of sales	(25 786)	(25 132)
Gross profit	3 242	4 712
Impairment	(1 071)	(2 279)
Net finance (expense)/income	(178)	(224)
Other net (expense)/income	(1 978)	251
Profit before tax	15	2 460
Income tax expense	(144)	(1 392)
Profit/(loss) for the year	(129)	1 068
Headline earning per share (cents)	86	329
Dividends per share (cents)	–	95

REVENUE

The reduction in revenue of R816 million is attributable to the following:

A negative volume variance of R3.34 billion mainly due to the industrial action at Impala

Lower sales volumes of platinum (R1.86 billion), palladium (R549 million), rhodium (R293 million) and nickel (R360 million) as a result of lower production volumes partially offset by a drawdown of refined stocks at Impala.

Financial director, **Brenda Berlin** (50)
BCom, BAcc, CA(SA)

Experience

Brenda was appointed to the board in 2011 as executive director: finance. Prior to her appointment she was the group executive: commercial. Brenda is a member of the executive committee and is also a non-executive director of Zimplats Holdings Limited.



BRENDA BERLIN

Lower dollar metal prices gave rise to a negative variance of R1.76 billion

The average dollar revenue per platinum ounce sold of US\$2 299 was US\$206 or 8.2% lower than 2013. The average prices achieved for platinum, rhodium and nickel were 8.3% (R1.35 billion), 12.5% (R184 million), and 11.5% (R179 million) lower, respectively. The price of palladium was up by 9.0% (R415 million).

A weaker rand/dollar exchange rate contributed a positive variance of R4.28 billion

The average rand/dollar exchange rate achieved of R10.36 to the dollar, was 17.6% weaker than the R8.81 per dollar achieved during the prior year. Consequently, although the dollar revenue per platinum ounce decreased by 8.2%, the rand revenue per platinum ounce increased by 7.9%.

Of the total platinum, palladium and rhodium refined by the Group, 744 000 ounces (or 35%) were sold to customers who use the metals to manufacture autocatalysts. Twenty-two percent of platinum, palladium and rhodium sales were sold to South African customers for further beneficiation.

COST OF SALES

Cost of sales rose by R654 million to R25.79 billion and the material variances on the prior year are set out below.

Decreases

- Cash costs which include on-mine, processing, refining and selling and administration expenses decreased by R3.3 billion.
 - Stringent cash preservation initiatives were implemented as a result of the strike action at Impala Rustenburg. There was a strict application of the 'no-work-no-pay' principle and operating costs during this period only included security, essential services and maintenance costs. As a result cash costs were curtailed by R3.80 billion
 - Furthermore, an amount of R1.26 billion was transferred from cash costs to other operating expenses for non-production costs incurred during the strike
 - Group inflation increased cash costs by 10.8%. South African inflation amounted to 8.7% (10.7% on labour, 5.5% for consumables and 9.0% on utilities), while Zimbabwean dollar inflation amounted to 6.4% but was affected by the 17.6% weakening in the rand/dollar exchange rate.

Increases

- Share-based payment compensation increased by R329 million due to a small recovery in the Implats' share price from R93 to R107 per share at year end as well as the first full year costing of the new long-term incentive plan (approved by shareholders in October 2013)
- Depreciation increased by R27 million mainly due to Zimplats depreciation increasing by R212 million given the ramp-up at Mupfuti mine, higher asset base and the weaker rand/dollar exchange rate. This was largely offset by lower depreciation at Impala operations of R208 million affected by the lower units of production
- An increase in rand metal prices and third-party off-take contract volumes resulted in the metals purchased increasing by R1.01 billion
- A negative variance of R2.60 billion in the 'change in metal inventories', was largely due to a drawdown of refined inventory levels at Impala as well as a decrease of inventories in the pipeline due to a change in engineering estimates of metal in the pipeline.

Implats has a procurement policy based on granting preferential status to suppliers identified and accredited as being BEE suppliers (>25% black shareholding). Included in the cost of sales is a total discretionary spend of R5.5 billion of which 72% was spent with accredited BEE suppliers (2013: R6.4 billion or 64%).

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Revenues reduced by only R816 million to R29.03 billion mainly assisted by destocking and higher rand metal prices

% HDSA/BEE discretionary procurement* included in cost of sales (SA)

	Mining Charter target 2014 %	Actual 2014 %	Actual 2013 %
Consumables	50	72	64
Services	70	72	60

* Discretionary procurement is defined as total procurement less procurement from public sector vendors (for example rates and taxes), utility service providers (for example electricity), pass through payments (for example medical and pension) and sponsorships.

COST PER PLATINUM OUNCE

The cash cost per platinum ounce produced by the Group increased by 17.6% from R16 526 to R19 430 per platinum ounce. The increase was mainly attributable to the inflationary increases and 'change in metal inventories' variances (as referred to above in the 'cost of sales' analysis) and the lower production volumes from Impala. On a normalised basis, adjusting for the savings in operational costs and the 312 000 ounces of lost platinum production, unit costs would have been R17 308, an increase of 5% on the prior year.

GROSS PROFIT

Gross profit was down by R1.47 billion to R3.24 billion and the gross profit margin declined from 15.8% to 11.2%. The table below sets out the contribution of each business segment to the gross profit and the associated gross profit percentage.

	Gross profit Rm		Gross profit margin %	
	2014	2013	2014	2013
Impala	(1 902)	2 097	(18.4)	14.4
Zimplats	2 039	1 451	34.1	34.9
Marula	(12)	(216)	(0.7)	(15.4)
Afplats	(5)	(2)	–	–
IRS	1 813	1 397	9.2	9.6
Chrome processing	41	38	22.9	21.0
Intersegment adjustment	1 268	(53)		
Implats Group	3 242	4 712	11.2	15.8

IMPAIRMENT

The impairment charge of R1 071 million relates in the main to:

- an impairment of R935 million to the carrying value of the Afplats assets, which includes the Leeuwkop project, and the Imbasa and Inkosi prospecting rights; and
- the impairment of R65 million to the carrying value of core housing at Zimplats.

NET FINANCE EXPENSE

Net interest expense was R46 million lower at R178 (2013: R224) million as a result of:

- interest on cash increasing by R147 million due to higher average cash balances during the year; plus
- an additional R91 million of borrowing costs being capitalised; less
- an increase in the finance cost on borrowings largely due to the interest on the convertible bond being incurred for a full year compared to only four months in 2013.

Group unit costs per platinum ounce, excluding share-based compensation, rose by 17.6% to R19 430 per platinum ounce

PROFIT BEFORE TAX

Profit before tax declined from R2.5 billion to R15 million. All other material items (not already covered) affecting the profit before tax are:

- ➔ R1.26 billion was transferred from cash costs to other operating expenses for costs incurred during the strike at the Impala operations
- ➔ A R246 million charge due to commodity price movements for IRS' creditors compared to R331 million credit in the prior year
- ➔ Royalties of R693 million, R19 million higher than the prior period mainly due to higher Zimplats royalties of R120 million resulting from increased revenue. These were partially offset by lower royalties at Impala
- ➔ Foreign currency exchange loss of R101 million compared to a gain of R208 million in 2013 mainly due to the impact of the weaker rand on revaluation of foreign currency balances

- ➔ Partially offset by share of profits of associates and joint venture of R365 (2013: R233) million mainly from Two Rivers and Mimosa.

INCOME TAX EXPENSE

The tax charge decreased by R1.25 billion mainly due to lower taxable profits in the Group. Disallowable expenditure for tax purposes increased the tax payable by R175 million, which given the absolute size of the amounts contributes significantly to the effective tax rate of 960% (2013: 56.6%). In 2013, the high effective rate was due primarily to the non-deductibility of the impairments in that year.

HEADLINE EARNINGS

Headline earnings decreased by 73.9% from 329 cents per share to 86 cents per share. The table below sets out each company's contribution to headline earnings.

Contribution to headline earnings by company

	2014		2013	
	Rm	%	Rm	%
Impala	(1 374)	(231.3)	1 650	50.0
Zimplats	785	132.1	533	16.2
Marula	(185)	(31.1)	(297)	(9.0)
Mimosa	82	13.8	120	3.6
Two Rivers	273	46.0	156	4.7
IRS	1 138	191.6	1 031	31.2
Impala Chrome	25	4.2	19	0.6
Investment and other	(150)	(25.3)	88	2.7
Normalised earnings	594	100.0	3 300	100.0
Impairments	(71)		(1 306)	
Headline earnings	523		1 994	
Headline earnings (cents per share)	86		329	

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Gross profit was down by R1.47 billion to R3.24 billion and the gross profit margin declined from 15.8% to 11.2%

Dividends

Given the length of the industrial action at Impala and as part of its continued cash preservation strategy, the board has resolved not to declare a final dividend for the year to 30 June 2014.

Capital expenditure

During the first half of the year under review, the Group continued to invest in maintaining and expanding its operations to secure its production profile in the future. A total of R1.92 billion was spent on 20, 16 and 17 Shafts, which are critical to grow and then maintain production. All of the Impala capital projects were affected by the five-month industrial action, which halted all activities at 20 and 16 Shafts. At 17 Shaft, execution of sinking and station development by the contractors continued during the strike period. However, ore reserve development activities did not commence in an effort to preserve cash.

At Zimplats, R668 million was spent on the Phase 2 expansion project, which will grow production to 270 000 ounces of platinum from this company.

CAPITAL EXPENDITURE BY ENTITY

	2014 Rm	2013 Rm
Impala	2 823	4 390
Zimplats	1 225	1 449
Marula	159	125
Afplats	175	215
Impala Chrome	2	79
Implats Group	4 384	6 258

The total spend of R4.4 billion is below the estimate for 2014 as reported in the 2013 integrated annual report mainly due to the industrial action and the cash preservation strategies that were followed. In line with the focus on cash conservation in the short to medium term, the revised estimate for 2015 of R5.3 billion has been reduced substantially from the previous estimate for 2014. The spend over the next period will, in the main, be funded from the cash raised from the convertible bond.

As with the procurement of consumables and services, the Group has a policy of granting preferential status to HDSA/BEE suppliers of capital goods.

% SOUTH AFRICAN CAPITAL SPEND PROCURED FROM HDSA/BEE SUPPLIERS

%	Mining Charter target 2014	Actual 2014	Actual 2013
Capital	40	48	42

The Group also promotes procuring capital equipment, consumables and services from vendors surrounding the areas of operations (local procurement). In 2014, total local procurement amounts to R2.0 billion or 26% of total spend (2013: 24%)

Cash flow statement

An abridged cash flow statement and commentary on material items is set out below:

	2014 Rm	2013 Rm
Cash generated from operating activities	4 096	5 582
Cash flows from investing activities	(3 537)	(5 772)
Cash flow from financing activities	(379)	3 962
Net cash generated	180	3 772
Opening balance	4 113	329
Exchange rate adjustment – cash translation	12	12
Closing balance	4 305	4 113
Debt	(6 405)	(6 082)
Sub-total	(2 100)	(1 969)
Finance leases	(1 382)	(1 397)
Debt net of cash	(3 482)	(3 366)

Headline earnings per share was 74% lower at 86 cents

OPERATING ACTIVITIES

Profit before tax was R15 million and income taxes of R714 million were paid. A positive adjustment was made to profit before tax for non-cash items of R3.59 billion. The two largest items were an add-back of depreciation (R2.34 billion) and impairments (R1.07 billion). Cash released due to decreased working capital amounted to R1.65 billion in 2014. Working capital will have to be restored to normal levels once the Impala operation is back at steady state production.

INVESTING ACTIVITIES

Net cash used in investing activities was R3.54 billion, which was mainly as a result of the capital spend of R4.5 billion offset by dividends received (R467 million), finance income (R319 million) and proceeds from sale of property, plant and equipment (R64 million).

FINANCING ACTIVITIES

Net cash used in financing activities was mainly the R371 million payment of the final dividend for 2013.

NET CASH GENERATED

Of the total revenue realised of R29.0 billion, R8.6 billion was used to fund metals purchases and R21.0 billion was deployed as illustrated in the chart below. Monies generated mainly from movements in working capital left the overall cash generated for the period at R180 million.

DEBT

Total debt of R6.4 (2013: R6.1) billion comprised:

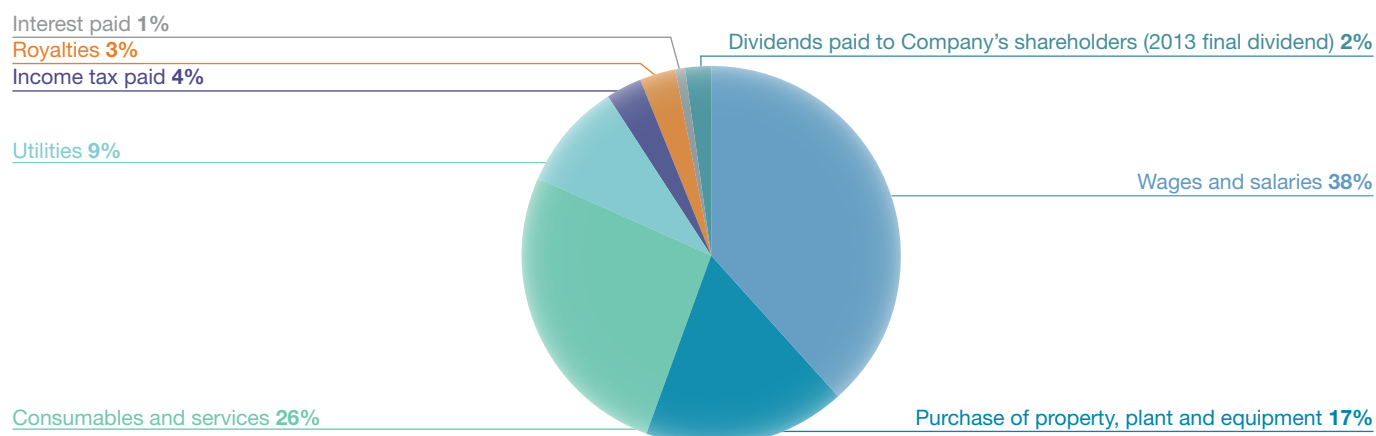
- The R4.4 billion rand and dollar convertible bonds due in 2018
- The Marula BEE debt of R878 million which is guaranteed by Implats and is due for repayment in 2020
- Zimplats' borrowings of R1.1 billion. These borrowings are also guaranteed by Implats and repayments commence in January 2015.

The net results of Implats' operating, investing and financing activities, combined with the opening cash and debt positions, was to end the year with cash of R4.31 billion and net debt (excluding finance leases) of R2.10 billion. In addition to the cash on hand, the Group had committed undrawn facilities of R3.0 billion at year end.

Brenda Berlin

Financial director

ALLOCATION OF THE R21.0 BILLION CASH SPEND



FIVE-YEAR PERFORMANCE – for the year ended 30 June 2014

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Statement of comprehensive income

(Rand million)	2014	2013	2012	2011	2010
Revenue	29 028	29 844	27 393	32 872	25 254
Platinum	17 621	18 215	16 962	19 710	15 547
Palladium	5 865	5 125	3 990	4 715	2 679
Rhodium	1 529	1 766	2 236	3 523	3 683
Nickel	1 628	1 923	1 886	2 345	1 645
Other	2 385	2 815	2 319	2 579	1 700
Cost of sales	(25 786)	(25 132)	(21 613)	(22 519)	(18 075)
On-mine operations	(9 090)	(12 013)	(9 806)	(9 589)	(8 162)
Processing operations	(2 733)	(3 044)	(2 656)	(2 503)	(2 166)
Refining operations	(880)	(941)	(883)	(825)	(731)
Selling and administration	(655)	(656)	(665)	(567)	(515)
Share-based payments	(231)	98	373	51	(371)
Chrome operations	(117)	(137)	–	–	–
Depreciation	(2 341)	(2 314)	(1 629)	(1 315)	(1 043)
Metals purchased	(8 601)	(7 588)	(7 789)	(7 798)	(6 304)
Change in inventories	(1 138)	1 463	1 442	27	1 217
Gross profit	3 242	4 712	5 780	10 353	7 179
Other operating (expenses)/income	(2 570)	(1 824)	155	(147)	17
Royalty expense	(693)	(674)	(598)	(760)	(512)
Finance income	318	222	314	315	313
Finance cost	(496)	(446)	(305)	(528)	(274)
Net foreign exchange transaction (losses)/gains	(101)	208	520	(444)	63
Other (expense)/income	(50)	29	(118)	(49)	26
Share of profit of equity accounted entities	365	233	339	638	275
Profit before tax	15	2 460	6 087	9 378	7 087
Income tax expense	(144)	(1 392)	(1 808)	(2 559)	(2 297)
Profit/(loss) for the year	(129)	1 068	4 279	6 819	4 790
Attributable to non-controlling interest	137	(53)	(119)	(172)	(79)
Profit attributable to owners of the Company	8	1 015	4 160	6 647	4 711
Headline earnings	523	1 994	4 131	6 648	4 714
Earnings per share (cents)					
– Basic	1	167	686	1 106	785
– Headline (basic)	86	329	681	1 107	785
Dividend per share (cents)					
– Interim and proposed	–	95	195	570	390

FIVE-YEAR PERFORMANCE – for the year ended 30 June 2014

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Statement of financial position

(Rand million)	2014	2013	2012	2011	2010
Assets					
Non-current assets	64 692	62 990	59 052	53 084	49 962
Property, plant, equipment and exploration assets	50 276	48 704	44 189	37 501	34 042
Deferred tax asset	238	118	–	–	–
Investments and other	14 178	14 168	14 863	15 583	15 920
Current assets	15 175	17 312	13 194	14 316	12 444
Total assets	79 867	80 302	72 246	67 400	62 406
Equity and liabilities					
Equity attributable to owners of the Company	52 367	52 037	50 168	47 563	43 792
Non-controlling interest	2 550	2 579	2 307	2 047	1 941
Non-current liabilities	18 718	19 171	13 649	11 139	10 747
Deferred tax liabilities	10 179	10 442	9 223	8 016	7 442
Borrowings	7 169	7 259	2 882	1 698	1 827
Long-term provisions and liabilities	1 370	1 470	1 544	1 425	1 478
Current liabilities	6 232	6 515	6 122	6 651	5 926
Total equity and liabilities	79 867	80 302	72 246	67 400	62 406

Financial ratios

Cash, net of debt	(Rm)	(3 482)	(3 366)	(2 320)	2 454	1 509
Current liquidity	(Rm)	1 731	2 341	238	2 374	1 323
Gross profit margin	%	11.2	15.8	21.1	31.5	28.4
Return on equity	%	1.0	4.0	8.7	15.2	11.5
Return on non-current assets	%	0.8	3.2	7.0	12.5	9.4
Return on total assets	%	(0.2)	1.3	5.9	10.1	7.7
Debt to equity	%	14.2	13.7	5.6	3.7	4.7
Current ratio		2.4:1	2.7:1	2.2:1	2.2:1	2.1:1

Implats share statistics

Number of shares in issue at year end	(m)	607.1	606.9	606.6	601.0	600.4
Average number of issued shares	(m)	606.9	606.8	606.2	600.8	600.2
Number of shares traded	(m)	497.6	485.7	396.0	571.0	672.6
Highest price traded	(Rps)	136.63	176.00	189.50	243.65	228.70
Lowest price traded	(Rps)	87.55	83.25	128.98	170.05	155.50
Year-end closing price	(Rps)	106.88	93.00	135.25	182.19	180.00

FIVE-YEAR PERFORMANCE – for the year ended 30 June 2014

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US\$ information (unaudited)

(US\$ million)	2014	2013	2012	2011	2010
Revenue	2 803	3 389	3 555	4 677	3 318
Platinum	1 703	2 069	2 207	2 816	2 056
Palladium	566	581	525	677	355
Rhodium	147	202	293	502	489
Nickel	157	219	246	336	217
Other	230	318	284	347	201
Cost of sales	(2 487)	(2 850)	(2 790)	(3 203)	(2 391)
On-mine operations	(877)	(1 362)	(1 265)	(1 364)	(1 079)
Processing operations	(264)	(363)	(359)	(370)	(299)
Refining operations	(85)	(107)	(114)	(117)	(97)
Selling and administration	(63)	(83)	(95)	(87)	(71)
Share-based payments	(22)	11	48	7	(51)
Chrome operations	(11)	(16)	–	–	–
Depreciation	(226)	(275)	(221)	(195)	(143)
Metals purchased	(829)	(745)	(885)	(972)	(731)
Change in inventories	(110)	169	189	2	149
Gross profit	316	539	765	1 474	927
Royalty expense	(67)	(76)	(77)	(108)	(68)
Finance income/(expense) – net	(17)	(25)	1	(30)	5
Net foreign exchange transaction (losses)/gains	(10)	24	67	(63)	8
Other (expense)/income	(253)	(204)	5	(28)	6
Share of profit of equity accounted entities	35	26	44	91	36
Profit before tax	4	284	805	1 336	914
Income tax expense	(14)	(158)	(233)	(364)	(304)
Profit for the year	(10)	126	572	972	610
Attributable to non-controlling interest	13	(6)	(15)	(24)	(10)
Profit attributable to owners of the Company	3	120	557	948	600
Headline earnings	53	231	553	948	601
Earnings per share (cents)					
– Basic	–	20	92	158	103
– Headline (basic)	8	78	91	158	103
Dividend per share (cents)					
– Interim and proposed	–	11	25	81	52

FIVE-YEAR PERFORMANCE – for the year ended 30 June 2014

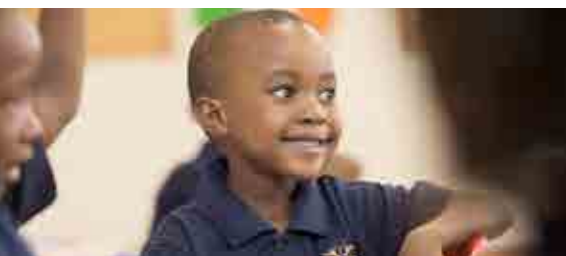
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Operating statistics (unaudited)

		2014	2013	2012	2011	2010
Gross refined production						
Platinum	('000oz)	1 178	1 582	1 448	1 836	1 741
Palladium	('000oz)	710	1 020	950	1 192	1 238
Rhodium	('000oz)	157	220	210	262	252
Nickel	('000t)	13.9	16.0	15.4	16.3	15.2
Impala refined production						
Platinum	('000oz)	411	709	750	941	871
Palladium	('000oz)	197	351	409	511	459
Rhodium	('000oz)	50	101	99	127	121
Nickel	('000t)	2.0	4.0	4.8	5.5	4.9
IRS refined production						
Platinum	('000oz)	767	873	698	895	870
Palladium	('000oz)	513	669	541	681	779
Rhodium	('000oz)	107	119	111	135	131
Nickel	('000t)	11.9	12.0	10.6	10.8	10.3
IRS returned metal						
Platinum	('000oz)	94	189	121	220	233
Palladium	('000oz)	28	190	148	210	259
Rhodium	('000oz)	9	36	25	42	49
Nickel	('000t)	3.2	3.2	3.1	3.4	2.8
Consolidated statistics						
Tonnes milled ex mine	('000t)	13 916	17 209	16 626	19 819	19 171
PGM refined production	('000oz)	2 370	3 233	3 016	3 772	3 689
Capital expenditure	(Rm)	4 384	6 258	7 894	5 354	4 427
	(US\$m)	423	710	1 019	761	586
Group unit cost per platinum ounce	(R/oz)	19 430	16 526	13 466	10 858	10 078
	(US\$/oz)	1 874	1 874	1 739	1 544	1 334
Exchange rate:						
– Closing rate on 30 June	(R/US\$)	10.64	9.88	8.17	6.77	7.67
– Average spot rate	(R/US\$)	10.37	8.82	7.74	7.03	7.56
– Average rate achieved	(R/US\$)	10.36	8.81	7.70	7.03	7.58
Free market revenue per platinum ounce sold	(US\$/oz)	2 307	2 473	2 545	2 797	2 337
Revenue per platinum ounce sold	(US\$/oz)	2 299	2 505	2 576	2 772	2 293
	(R/oz)	23 818	22 069	19 844	19 480	17 375
Prices achieved						
Platinum	(US\$/oz)	1 423	1 551	1 614	1 691	1 433
Palladium	(US\$/oz)	737	676	687	670	376
Rhodium	(US\$/oz)	1 000	1 143	1 601	2 275	2 149
Nickel	(US\$/t)	14 644	16 541	19 603	23 851	18 884
Sales volumes						
Platinum	('000oz)	1 197	1 333	1 368	1 665	1 434
Palladium	('000oz)	767	859	765	1 011	945
Rhodium	('000oz)	147	176	183	221	228
Nickel	('000t)	10.7	13.2	12.5	14.1	11.5

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The Group performance on non-financial indicators for 2014 is outlined below

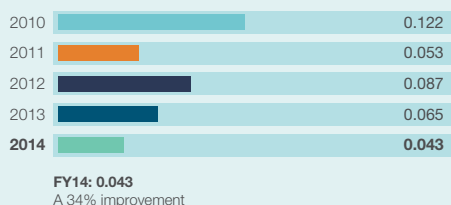
A detailed account per operation can be obtained in the sustainable development report.

Our 2014 safety performance

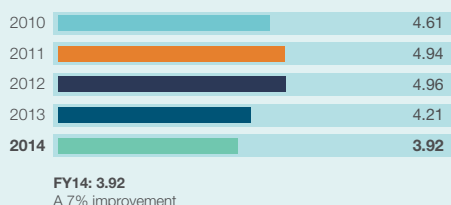
It is with deepest sympathy that we report that four of our employees died at our operations during 2014. Two fatalities were caused by falls of ground, one involved a locomotive and another involved a fatal electrocution. We have undertaken investigations into the root causes of these fatal incidents and have implemented remedial actions.

This decrease in fatalities from nine last year (and 12 in 2012), coupled with the continuing reductions in our fatality rate, reflects some of the steady improvements in performance that we have achieved as a result of our strong focus on safety. Despite this progress, our performance tracked against a set of lagging and leading indicators, has been variable and we acknowledge that there is still much work to be done.

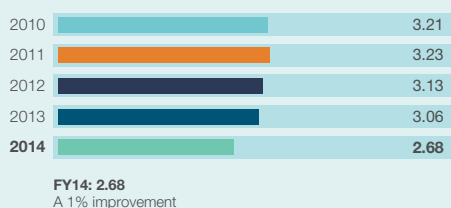
FIFR (per million hours worked)



LTIFR (per million hours worked)



RIFR (per million hours worked)



- ➔ The Group fatality rate improved to 0.043 per million man-hours worked, from 0.065 in 2013
- ➔ The lost-time injury frequency rate per million man-hours (LTIFR) decreased to 3.92 from 4.21 in 2013
- ➔ The total injury frequency rate (TIFR) – a measure of all recorded injuries, including fatalities, lost-time injuries, restricted work cases and medical treatment cases – was 11.90, up from 10.91 in 2013
- ➔ The serious injury frequency rate improved to 2.69 per million man-hours from 3.06 in 2013.

OUR SAFETY FOCUS FOR 2015 AND BEYOND

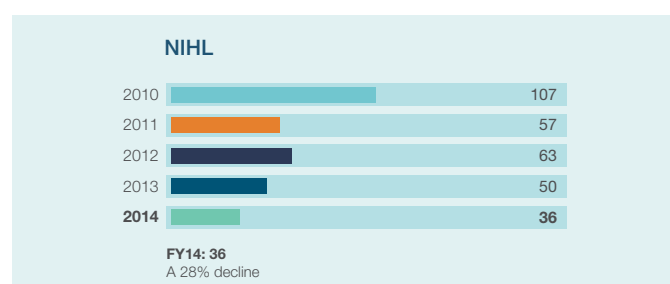
We have prioritised the following strategic objectives and focus areas for safety in the year ahead:

- ➔ **Culture shift:** Shifting the safety culture through leadership, using the Chamber of Mines Five Pillar Cultural Transformation Framework (CTF), remains an ongoing priority. This will include using opportunities presented through the revised health and safety agreement with all employee representative groups, to engage more effectively with employees in promoting the right safety culture
- ➔ **Normalise the industrial relations environment:** From a safety perspective, we will ensure that senior management engage with supervisors to contextualise the recent and ongoing challenges and provide support for effective supervision. We will continue to pursue interactions with senior union leadership to gain commitment for safety initiatives
- ➔ **Supervision and technology:** In seeking to mitigate safety risks in the workplace, an ongoing focus is to increase supervision and leadership skills and implement best practice technical initiatives
- ➔ **Safety performance measures:** We will further develop leading indicators and have increased the safety weighting in short-term incentive schemes
- ➔ **Targets:** In striving for zero fatalities and zero harm, we will continue to focus on ensuring that all operations have behaviour-based safety programmes in place. Each operation is expected to achieve at least a 20% improvement in their LTIFR performance. In addition, we will strive to achieve: 100% compliance with road behaviour; 100% compliance with platinum rules or 100% disciplinary action for non-compliance to these rules.

- ➔ **The number of occupational medical examinations conducted this year was 59 322**
- ➔ **During the year, we undertook 10 086 HIV tests on employees (2013: 11 782)**

Our 2014 health performance

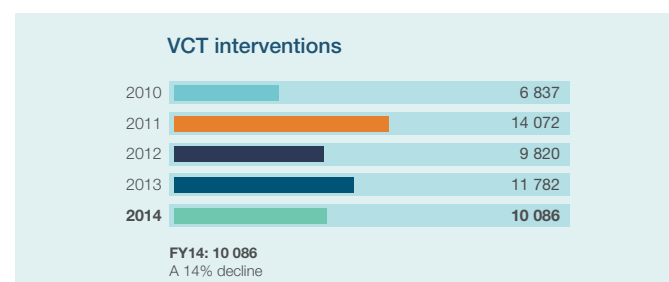
- ➔ **General health indicators:** The number of occupational medical examinations conducted this year was 59 322, as compared to 90 440 last year. The significant drop is primarily due to the closure of the Rustenburg Occupational Health Centre during the five-month strike, during which only exit examinations and examinations of essential services personnel and certain supervisors were conducted. No previously unknown occupational illnesses were detected in the Group this year
- ➔ **Noise-induced hearing loss (NIHL):** In 2014, 36 cases of NIHL were diagnosed and submitted for assessment for compensation, as compared to 50 in 2013. While the decrease is partly due to reduced levels of medical and audiometric screening examinations during the strike period, encouraging improvements across all parameters of our NIHL performance were achieved in the months before the strike. Introduction of equipment with improved sound suppression continues and exposed individuals are trained in the use of custom-made hearing-protection devices. All patients diagnosed with early signs of NIHL (5 to 9.9%) on screening audiograms were investigated, counselled and monitored.



- ➔ **HIV/Aids:** We have an HIV/Aids policy that covers activities across all our operations. The policy ensures patient confidentiality, non-discrimination and highlights our commitment to ARV treatment programmes. We proactively managed challenges faced during the strike period and have made good progress this year in managing HIV/Aids and TB in the Group. In particular, ARV uptake exceeded our business plan target of 5% growth. During the strike, a major focus at our Rustenburg operations was to strive to ensure that HIV patients on wellness and ARVs remained compliant to treatment. Impala clinics and the hospital continued to operate normally throughout the difficult period, albeit with reduced staff and patient numbers. IT systems were used to

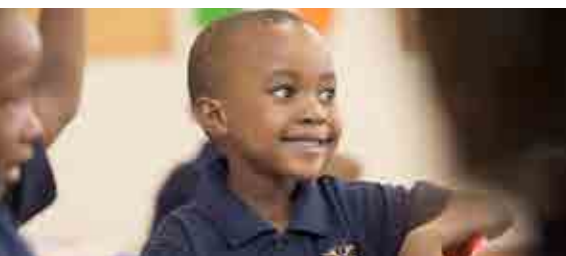
track when a patient had missed a script collection and these patients promptly contacted to ensure compliance with treatment. Those patients on ARVs that were deemed to be non-compliant and classified as unfit will receive necessary treatment and care before being permitted to return to work. During the year, we undertook 10 086 HIV tests on employees (2013: 11 782). Over the year a total of 6 286 employees benefited from Company funded and managed HIV wellness programmes (2013: 6 014), of whom 4 276 (2013: 4 039) received antiretroviral therapy (ART). Altogether, 982 of those on ART joined the ART programme during the year. The number of employees receiving ART through external medical aids or government health facilities is not known and so these figures may be underestimated. Regrettably 68 employees passed away due to HIV-related illness during the year (compared with 69 in 2013), while an additional 331 patients applied for medical incapacity and left the Group (2013: 588)

- ➔ **Pulmonary tuberculosis (TB):** In managing TB in our workforce we adhere to the national guidelines and made good progress this year, achieving all our targets. A new diagnostic protocol for TB diagnosis using Polymer Chain Reaction (PCR) testing is in place and is assisting in more rapid and accurate diagnosis and in determining primary treatment sensitivity. We have negotiated price reductions for the tests but these remain high compared to state tender price and we are in discussions with the Department of Health (DoH) in this regard. During the year, 268 new cases of pulmonary TB were detected (2013: 334), of whom 70% are HIV-positive. Our incidence rate of 841 per 100 000 employees at Rustenburg is below the South African population rate of 1 003/100 000. Multiple drug-resistant TB in southern Africa remains a concern; this year we had 11 cases on treatment at Rustenburg. PCR testing has improved controls and this is being closely monitored.



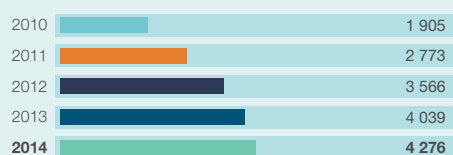
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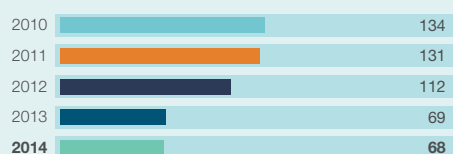
This year the Impala Medical Plan (IMP) received 1 037 new applications

ART



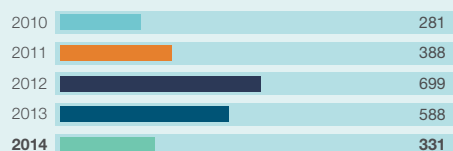
FY14: 4 276
A 6% increase

HIV/Aids death in service



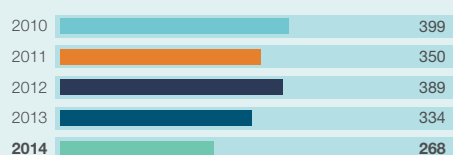
FY14: 68
Stable

Medical incapacity



FY14: 331
A 47% decline

Pulmonary TB



FY14: 268
A 20% decrease

- **Malaria:** In 2014, 33 cases of malaria were diagnosed at Impala Rustenburg and 11 at Zimplats. All of these patients had recently travelled to malaria endemic areas and were successfully treated. The malaria vector surveys we conducted at the Ngezi operations in November 2013 indicate that it not a malaria endemic area

- **National Health Insurance (NHI):** Impala and Marula continue to work closely with the SA Department of Health (DoH) in support of the NHI plan. This year a Memorandum of Understanding (MoU) was signed with the DoH, which allows appointed Impala medical personnel and forensic medical experts to attend post-mortem examinations. This will greatly assist in determining the medical causes of death where the cause is not obvious. Through the Impala Bafokeng Trust (IBT) we have committed to renovate and expand the Luka Clinic on the Impala lease area; an MoU has been signed and building will start in the 2015 financial year
- **Medical aid and non-occupational medical care:** This year the Impala Medical Plan (IMP) received 1 037 new applications and membership increased by more than our targeted 5%. Currently, membership levels are 21 994. The cost of external medical schemes is becoming prohibitive for many employees and we strive to ensure that the IMP delivers cost-effective and affordable private healthcare to employees and dependants.

OUR HEALTH FOCUS FOR 2015 AND BEYOND

We have prioritised the following key focus areas for health in the year ahead:

- **Delivering on our strategic priorities:**
 - Striving for zero harm
 - Ensuring further mitigation of risks relating to tuberculosis, HIV/Aids, as well as noise-induced hearing loss (NIHL)
 - Promoting access to effective, affordable healthcare
 - Ensuring that our health strategy is aligned with the South African Government's national health strategy, including assisting with the provision of healthcare facilities around our lease areas
- **Noise-induced hearing loss:** We will continue to have annual audiometric screening examinations to detect deterioration of hearing early and before permanent NIHL develops. Any employee who shows signs of early hearing loss of between 5% and 10% will undergo a formal evaluation and safety investigation. We will continue to track and investigate all cases of early NIHL. Employees showing an early hearing loss shift of between 2.5 and 5% will undergo formal counselling on the risks of noise, the importance of wearing Hearing Protection Devices (HPD) and the implications of NIHL. Action will be taken against employees who have been counselled and are found without HPD in the designated areas.

Our principal focus during the reporting period has been on addressing the issues associated with the intense rivalry between AMCU and the NUM, and dealing with the outcome of the wage negotiations with AMCU

We will continue with our programme of silencing machines across the Group and with our buy quiet policy of only purchasing machines and equipment that emit noise below 110dB.

- **Diesel Particulate Matter (DPM):** The monitoring of personal exposures to DPM will continue. The risk of exposure to DPM is mitigated by adequate ventilation, low sulphur diesel replacement and exhaust filters in underground diesel combustion engines
- **Pulmonary tuberculosis (TB):** TB in mining continues to receive a high level of political focus in southern Africa and we will support initiatives aimed at achieving an effective regional response. Our current focus areas for improvement in our own TB programmes are assessing the TB risks in contractors, contact tracing in communities, and mitigating the risk of exporting active TB into our employees' communities. The TB programme will keep our TB prevalence below the national average
- **HIV/Aids:** We will strive to ensure a further uptake of at least 10% of known HIV-infected employees onto our wellness and ART programmes, as well as carefully monitoring and driving compliance of the existing 4 286 patients on ART treatment.

Our 2014 performance on people management OUR 2014 PERFORMANCE ON EMPLOYEE RELATIONS

Our principal focus during the reporting period has been on addressing the issues associated with the intense rivalry between AMCU and the NUM, and dealing with the outcome of the wage negotiations with AMCU and the subsequent five-month strike in Rustenburg. While we made some initial progress early in the reporting period in delivering on our employee relations commitments made last year – relating in particular to improving employee communications and delivering on our shared corporate values initiative – these initiatives were significantly impacted by the strike.

Prior to the strike, we devoted considerable time and resources to ensuring a smooth transition from a work environment dominated by NUM, to one dominated by AMCU. The de-recognition of NUM and the associated litigation processes lasted approximately five months, at the end of which we began the lengthy process of negotiating a recognition agreement with AMCU. The signing of this agreement in June 2013 paved the way for the beginning of the first wage negotiations with AMCU in respect of the Rustenburg operations. Unfortunately we were not able to deliver on our efforts at establishing a multi-union

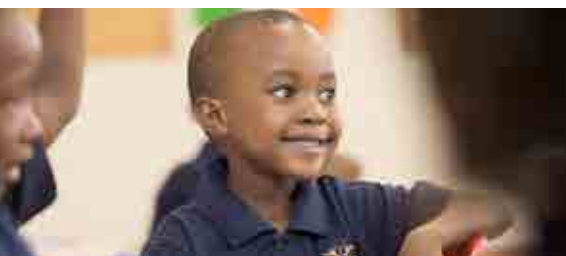
dispensation with a lower threshold and the avoidance of a 'winner takes all' majoritarian system. Through our engagements with government and other stakeholders we will be continuing to pursue the implementation of a democratic labour dispensation.

While the strike in Rustenburg had an obvious profound impact on the achievement of our strategic objectives relating to employee relations, some progress was made in certain areas.

- **Completion of wage negotiations and conclusion of an HSE agreement:** Except for Rustenburg, all other negotiations were completed within the mandate and without industrial action. In addition, AMCU was consulted and an HSE agreement was concluded with them in respect of the Rustenburg operations. During the strike, the decision to encourage employees to take leave and to suspend the operations was widely applauded for the contribution it made towards maintaining the safety of the employees. In terms of the recent agreement, we are obliged to run three separate processes of negotiations in respect of the Refineries, Marula and the Rustenburg operations
- **Seeking union compliance with protocols and procedure:** Formal meetings were established to ensure the necessary structures of engagements. These meetings are monitored and reports are produced on a monthly basis. The content of these reports is discussed at the strategic ER meetings that take place on a regular basis. Despite our best efforts, during the strike and subsequent to it there have been incidents of intimidation and a lack of discipline
- **Promoting our Respect and Care initiative:** During the year we undertook a cultural values survey of approximately 10% of the South African workforce (see sustainable development report page 47). The findings of the survey have been discussed with the executive and feedback has been given to the board. We have commenced an engagement process to communicate the results more broadly to the workforce. In parallel with the survey, we undertook an interactive puzzle board initiative aimed at engaging employees to assess their views on the Company and our values. Good participation was recorded in most, but not all, areas. Diagnostics have been conducted on the puzzle boards to determine the nature and type of messaging displayed thus far. The majority of the input has been positive, with mixed messaging in some areas. We will be analysing the results and agreeing on the nature of the change management interventions to be instituted

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We will continue to drive various initiatives aimed at building better relationships across the organisation

- ➔ **Building the capacity of frontline managers to manage quality relations:** The HR function has identified and compiled a list of training and development programmes that are currently provided to frontline managers. We are assessing the suitability and adequacy of these programmes in terms of building the capacity of these managers to deal effectively and appropriately with the challenging labour context. The programme is still not complete due to the disruptions caused by the strike and remains work in progress
- ➔ **Encouraging high level of employee engagement:** Across the Group we are communicating more directly with employees. In addition to the survey of employee opinions mentioned earlier, other initiatives include videos, briefings, CEO addresses, general manager feedback and daily, weekly and monthly meetings at shafts across all different forums within operations. These interactions are in addition to the numerous engagements between Implats and the unions. A direct two-way communication process between management and employees has been developed and put to use for the first time during the industrial action. This process is being developed further to enable optimum usage
- ➔ **Participating in Chamber forums:** Throughout the year we participated in various forums at the Chamber of Mines on a number of initiatives, including on the centralised bargaining forum established by the Minister of Labour. Regrettably our efforts on this particular forum did not succeed due to AMCU's reluctance to negotiate at an industry level
- ➔ **Maintaining sound labour relations at Zimplats:** We have continued to enjoy generally cordial relations at our Zimbabwe operations, with no industrial action experienced throughout the year from either of the two main unions, the Associated Mine Workers Union of Zimbabwe (AMWUZ) and the National Mine Workers Union of Zimbabwe (NMWUZ). Collective bargaining for the Zimbabwean mining industry went smoothly and was concluded without incident in February 2014.

OUR FOCUS ON EMPLOYEE RELATIONS FOR 2015 AND BEYOND

Our immediate priority in the months ahead is to resume production at our operations, in a safe and sustainable manner. Ensuring that our mines are financially viable, in the context of low metal prices and increasing costs, is a prerequisite for delivering on our wage agreement.

In terms of delivering on our ER strategy, we recognise the need to operate at both an informal and formal level. Implementing our strategy will encompass a range of activities over the short and medium term.

- ➔ **Continuing discussions on key issues:** As part of the agreement that ended the strike, we have committed with all other parties to continue talks on various outstanding issues including: the management of microloans and garnishee orders; the nature of the medical separation agreement; the retrenchment agreement/severance policy; retirement benefits and funeral cover; sub-contracting, labour hire and employment agencies; a job grading review; employee shareholding; medical aid; and the establishment of a life skills centre. We have established internal teams to represent the Company with responsibility for driving these issues, both at a plenary negotiation level and within specific task teams. Through our representation on these teams we will be seeking to add to an attractive value proposition for our employees that management, employees and unions perceive as fair and that, collectively, we can be proud of
- ➔ **Enhancing relationships:** We will continue to drive various initiatives aimed at building better relationships across the organisation. As part of our drive to win over the hearts and minds of employees, we will be implementing a new employee engagement model, presenting an attractive value proposition to employees, and developing new values through the Respect, Care and Delivery initiative that we commenced throughout the Group in August 2013. This was disrupted at the Rustenburg operation during the strike. The aim of this initiative is to work with our employees towards establishing a shared value system. In addition we will be working to entrench a spirit of partnership with our recognised unions, by seeking to extend the common values shared with our employees to the institution of the union. By working together we will be seeking to develop a shared agenda with the union, especially in terms of employee wellness and the upliftment of employee living and social conditions. We recognise that this will require effective communication and active engagement with union representatives

- ➔ **Total workforce turnover for 2014 was 4.5%, as compared with 5.7% in 2013**
- ➔ **At the Zimplats operations turnover remained stable at 3.4% (3.9%: 2013)**

- ➔ **Building capacity:** To achieve the necessary shift in culture throughout the organisation we will be working to enhance the knowledge, skills and attributes of managers, employees and their representatives. A crucial initial focus will be the development and empowerment of our first line managers. We will seek to implement a robust process of training, particularly in the areas of people management, coaching, developing subordinates and handling employee grievances. Our aim is to develop a new breed of employees who pride themselves in being 'leaders of men' rather than 'masters that have to be served'. At the same time we will be working with our employee representatives and leaders to provide them with further training and awareness-raising on relevant legislation and Group policies and procedures
- ➔ **Changing the boundaries and shifting the paradigms:** Recognising the need for a structural change in our approach to employee relations in South Africa, we shall continue to participate actively in relevant forums at the Chamber of Mines, including those relating to: the migratory labour system; the nature of majoritarian system; labour hire and employment agencies; the secondment of shop stewards to the regional and national institutions of the union; the establishment of life skills centres; and mining housing initiatives
- ➔ **Maintaining solid industrial relations in our Zimbabwe operations:** In Zimbabwe our focus will continue to be on striving to resolve IR issues swiftly in-house, strengthening internal communication structures to enhance the effectiveness of the Company's work councils, and building trust at all levels of the organisation.

Looking to the future, an important lesson that we have taken from the strike is that the current industrial relations landscape and mining model cannot continue. Addressing the challenges raised by the strike will require more than changes to our employee relations strategy alone. It will require us to revisit our approach to the migratory labour system, to work on transforming the low skill, low paying, labour-dependent mines, and to continue with our significant social investments in housing and education. We recognise that we cannot deliver these issues on our own, and that we need to work actively with our industry partners, government, union leaders and other stakeholders.

OUR 2014 PERFORMANCE ON PEOPLE MANAGEMENT

Our investment in employee development this year was curtailed during the strike, which has impacted several of our performance indicators. A summary of our performance on key issues over the year is presented below; additional detail at an operational level over the past four years is presented in the performance table on page 96 to 97 of the sustainable development report.

- ➔ **Skills turnover:** Total workforce turnover for 2014 was 4.5%, as compared with 5.7% in 2013. The five-month strike had an impact on the turnover of miners at our South African operations; this was 5.3% for the year, down 3.4% from the 8.8% of last year. Turnover of rock drill operators was 3.9%, as compared with 4.4% last year. At the Zimplats operations turnover remained stable at 3.4% (3.9%: 2013)
- ➔ **Skills development interventions:** Several key initiatives were introduced during 2014:
 - **Team mobilisation:** This initiative advances the development of a respectful and caring attitude amongst all Implats team members with the aim of ensuring safe production. Specific focus areas include safety, the nature and economics of the platinum business, the role played by the individual and team, and the reward structure for delivery on targets. During 2014, we trained 21 teams and commenced the selection and recruitment of in-house trainers
 - **Zero Incident Process for Leaders (ZIP):** This best practice Australian initiative is a three-day training session. All E level management attended the ZIP programme in 2014. To embed the ZIP concepts throughout the Group, ZIP training will be cascaded downwards to supervisor level
 - **Mining Academy:** We are establishing an in-house Mining Academy for our South African operations to provide training interventions that will evolve in line with changing technology, legislative requirements and training needs. R15 million has been budgeted and basic infrastructure requirements will be completed in 2015 with the goal of accommodating 1 000 trainees (young people with grade 12 qualifications) per year. The second phase, in 2016, will involve the building of training venues

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The level of basic literacy (ABET III) at our mining operations continues to improve, reaching 82% in 2014

- **School adoption programme:** Implats works closely with the South African Department of Education to formally 'adopt' a selection of community schools that we have either built or that are in our mining lease area but that do not benefit from existing support programmes. We currently have seven schools in the scheme, which we aim to develop into schools of excellence
- **Skills development expenditure:** This year our South African operations invested R331 million in skills development. This 20% decrease on 2013 expenditure (R428 million) was as a result of many initiatives being suspended during the strike. Expenditure was 5% of payroll. For the Zimplats operations, US\$2.5 million was expended on skills development, unchanged from the previous two years. Over the year we provided an average of 79 hours of training per employee for all our employees, while our contractors received an average of 28 hours each of training at our South African operations
- **Bursaries and learnership programmes:** During 2014, our South African operations had 91 full-time bursary holders (84% are HDSA) at university studying primarily in the engineering and mining-related disciplines, while we had 10 full-time bursaries from our Zimbabwe operations. In addition, a total of 544 individuals benefited from our apprenticeship and learnership programmes (80% are HDSA) across the South African operations
- **Adult basic education and training (ABET) and Foundational Learning Competence (FLC):** The level of basic literacy (ABET III) at our mining operations continues to improve, reaching 82% in 2014. In 2014, 707 employees were enrolled for ABET, in both full-time and part-time classes, representing a 12% decrease on 2013 (805 students). ABET was suspended during the strike. On average 30% of those who wrote exams successfully completed their programmes, while 70% dropped out or were unsuccessful in their examinations. Implats will implement the anticipated national senior certificate for adults (NASCA) qualification, developed as an equivalent to the South African school-leaving qualification, for implementation by 2016
- **Leadership development:** Altogether 104 members of our management team and 10 board members at the South African operations participated in the *Zero Incident Process for Leaders (ZIP)*
- **Performance management:** This year we implemented our amended performance management system through various communication methods involving all stakeholders. In support of this we aim to optimise our reward philosophy, specifically looking at market position, job evaluation, critical jobs and wage/benefit differentiation. A revised incentive scheme was implemented during the year, with equal weighting given to safety and production. Under the agreement signed with AMCU, supervisors (C5 level) have been removed from the bargaining unit and will now be included in our formal performance management programmes
- **Promoting local employment:** Open days were held around shopping malls in neighbouring communities, to present the opportunities available at Implats operations. Despite efforts to hire more local people, migrant workers with mining skills continue to play an important role in the industry, particularly for rock drill operators and winch operators, who come principally from the Eastern Cape, Northern Cape and Lesotho. These two job categories constitute more than 38% of our South African workforce. As outlined above, we continue to invest in various skills development initiatives in our local communities, as well as seek to promote local employment through our local procurement practices (see page 80 of the sustainable development report).

OUR FOCUS ON PEOPLE MANAGEMENT FOR 2015 AND BEYOND

In striving to implement an effective people strategy, our principal objectives for 2015 are to:

- Retain key talent (mine overseers, shift supervisors, miners, mining operators, engineers, foremen and artisans); this is vital to maintain continuity and improve safety and productivity
- Increase supervision and leadership skills and introduce best practice technical initiatives
- Address potential skills shortages through in-house technical trainee programmes, capacity-building at supervisory and managerial level, and enhanced people-leadership initiatives
- Allocate an additional 1.5% salary adjustment to middle and senior management who possess critical skills
- Promote our employee value proposition internally first and develop a pipeline of talent in schools, to support our efforts to recruit from communities around our operations.

The nine projects in South Africa benefited almost 8 500 people, while over 3 700 people benefited from the five projects in Zimbabwe. Of these, almost 5 000 were community members that benefited from new and improved infrastructure

OUR 2014 PERFORMANCE AND ACHIEVEMENTS FOR SOCIAL INVESTMENT

The total investment in socio-economic development projects for the South Africa operations this year amounted to R71 million, inclusive of social and labour plan (SLP) commitments. The 30% decrease on the R102 million we invested last year is mainly attributable to the strike and the declaration of the force majeure at the Rustenburg operations. An additional R261 million was spent on improving accommodation and living conditions of our employees (see pages 76 to 78 of the sustainable development report). The Zimbabwe operations' social investment decreased by 33% from US\$9 million in 2013 to US\$6 million in 2014. A detailed breakdown of our community investments is presented in the tables on pages 74 and 75 of the sustainable development report.

The strike at Rustenburg this year regrettably impacted project implementation, with many of our social projects halted. This in turn limited the scope and effectiveness of the annual independent review and assessment of the socio-economic impacts of most of our investments. The external consultants visited only nine projects in South Africa (including five projects funded by the Impala Bafokeng Trust [IBT]) and five in Zimbabwe during 2014, representing only a small portion of our total social investment. This reduced our ability to comprehensively assess the number of beneficiaries from our social initiatives, and to identify project improvements and opportunities. The previous review covered 55 socio-economic development projects – broadly categorised as infrastructure, enterprise development or social development – and determined that our socio-economic development expenditure for 2013 benefited more than 100 000 people in South Africa and over 12 000 in Zimbabwe.

Following is a brief summary of the identified contribution associated with the 14 investments reviewed in 2014:

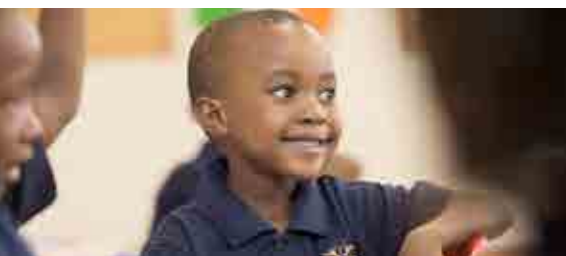
- The nine projects in South Africa benefited almost 8 500 people, while over 3 700 people benefited from the five projects in Zimbabwe. Of these, almost 5 000 were community members that benefited from new and improved infrastructure, including a hospital upgrade in Zimbabwe, and the new primary and secondary schools in Sunrise View
- The construction of the schools created 287 temporary jobs, of which 232 went to members of the local community. The completed schools are benefiting 1 372 children and have created 49 permanent jobs (teachers and support staff)
- Once again, we contributed R10 million to the IBT, which was established in 2007 by the Royal Bafokeng Nation and ourselves to augment the corporate social investment (CSI) commitments of both organisations. The five reviewed IBT projects benefited over 6 700 people and included health and education interventions. IBT-funded projects provided much-needed support during the strike
- Our projects in Zimbabwe included: the refurbishment of a clinic benefiting nearly 3 500 community members; the construction of classroom blocks, boarding hostels, a library and related facilities at Marshall Hartley boarding school benefiting 97 learners and four educators; the construction of a chicken run and assisting the beneficiaries to access a market for poultry; and the launch of two community gardening projects in Ngarava and Ngezi, to supply Zimplats' catering suppliers with vegetables
- Over 99% of the beneficiaries of the 14 reviewed socio-economic development projects were black. Just over 60% of these were youth (35 years of age and under), making them the greatest pool of beneficiaries
- The research concluded that 46% of the stated project objectives were fully achieved, and 62% partially achieved. The highest scoring projects included use of funds, project design and implementation. Those projects with weaker scores included sustainability of projects and dependency risks. Overall, 87% of the 14 reviewed projects were rated good, 13% rated adequate and none were found to be poor or defective.

OUR FOCUS ON SOCIAL INVESTMENT FOR 2015 AND BEYOND

- Manage the challenges associated with the negative impact of the strike on social investment projects, including competing priorities and budget constraints
- Reflect on the findings of our social impact assessment (SIA) and formulate the necessary strategic responses. The field baseline survey underway will be used to complement these findings and will inform future decision making on socio-economic development
- Undertake a social impact study in communities neighbouring our Marula operations
- Identify collaborative enterprise development initiatives that bolster economic activity in our areas of operation.

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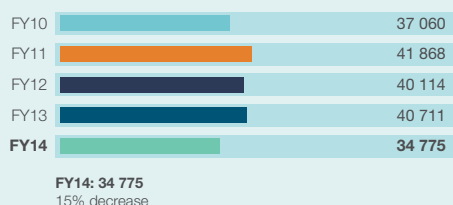
A total of 13 409 megalitres of water was recycled for the Group, which equates to 39% of all the water consumed

Our 2014 performance on preserving natural resources and mitigating impacts

Water management has improved at all our operations this year. Total water consumption for the Group was 34 775 megalitres, including both water withdrawn and water recycled. This represents a decrease of 15% on water consumption in 2013 (40 711 megalitres) and is predominantly attributed to the closure of the Rustenburg operations throughout the five-month strike.

On a more positive note, a total of 13 409 megalitres of water was recycled for the Group, which equates to 39% of all the water consumed, improving from 38% in 2013. The amount of potable water consumed decreased by 15% on 2013 levels. The Refineries operation is a zero effluent site; some of the process water streams are treated to boiler quality and are reused, with no effluent released into natural water courses.

Total water consumed (Mℓ)



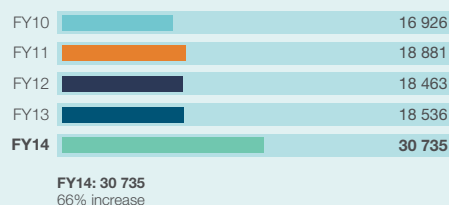
Total CO₂ emissions for 2014 amounted to 3.0 million tonnes, as compared with 3.0 million tonnes in 2013. The decrease is largely attributable to reduced production as a result of the strike action in 2014 at our Rustenburg operations, which typically account for about 75% of the Group total CO₂ emissions.

At Impala Rustenburg and Zimplats, average daily SO₂ emissions are calculated through a mass balance, while at the Refineries operation isokinetic sampling reports enable monthly calculation. An increase in the emissions levels recorded this year is due to a change in the calculation used. The boilers used are now classified as combustion installations, resulting in an increase in levels of SO₂, NO_x and particulates, due to an oxygen correction required in the calculation. Rustenburg's SO₂

emissions dramatically decreased throughout the second half of the year as a result of the annual shutdown for a week in December 2013, a Section 54 stoppage from 11 January in response to a fatality incurred at the Concentrator, followed by prolonged industrial action. No smelting took place since the furnaces were on holding power. Operations resumed in April.

This year, total direct Group emissions of SO₂ were 30 735 tonnes, up from our emissions of 18 536 tonnes in 2013. Our Zimplats operations contributed 84% of total direct SO₂ emissions, as a consequence of increased sulphur content in concentrate, better laboratory assays and the Phase II expansion. Rustenburg and Refineries operations contributed 12.1% and 3.3% respectively. Indirect SO_x amounted to 24 665 tonnes and indirect NO_x amounted to 12 107 tonnes. Further details on the SO₂ emissions at each of our operations over the past five years are provided in the performance table in the sustainable development report page 105.

Total direct SO₂ emitted (t)



OUR FOCUS ON PRESERVING NATURAL RESOURCES AND MITIGATING IMPACTS FOR 2015 AND BEYOND

We commit to the following initiatives:

Water

- ➔ Increasing the percentage of water that we recycle to 40%, and reducing our water withdrawn including potable water
- ➔ Continuing to engage with authorities on water-related issues to ensure we meet regulatory commitments
- ➔ Reviewing and updating our water conservation strategy and driving its implementation at operational level
- ➔ Investigating the feasibility of water treatment alternatives.

- ➔ **We aim to complete a feasibility study for the Zimplats SO₂ abatement plant in 2015**
- ➔ **Implats seeks to comply with or exceed all elements of the Mining Charter**

Climate change

- ➔ Further understanding the impact of climate change on our operations
- ➔ Improving our energy data management systems, to ensure that we report accurate and comprehensive information. This is vital for defining an effective strategy, complying with anticipated mandatory regulations, and setting and achieving realistic targets on energy consumption, efficiency and emissions reductions
- ➔ Updating the Group carbon footprint and setting realistic reduction targets for each operation in line with our carbon management strategy
- ➔ Aligning our South African operations with the government's Integrated Energy Plan
- ➔ Continuing to work with government and academic institutions on the development of fuel-cell technologies that will utilise PGMs as alternative energy sources. An amount of R2 million a year has been committed for this work with a total budget of R6 million allocated to the project.

Air quality

We aim to complete a feasibility study for the Zimplats SO₂ abatement plant in 2015 for construction to begin in 2016. The estimated cost of the SO₂ abatement scrubber is US\$100 million.

Implementing the Mining Charter

Implats seeks to comply with or exceed all elements of the Mining Charter. Our transformation strategy is informed by the seven elements of the Mining Charter with housing and living conditions playing a pivotal role in five of these elements. We leverage each element of the Mining Charter in terms of our business performance and therefore increase our value creation potential. Refer to pages 18 to 21 of the sustainable development report for a summary of our performance in terms of the Mining Charter requirements.





Responding to our responsibilities

Responding to the National Development Plan

Implats recognises the important role it plays in advancing the objectives and vision of the National Development Plan of South Africa (NDP), and has sought to align these objectives to the organisation's own long-term goals. This has been done in some instances through collaboration with industry players, government departments and local stakeholders in our areas of operation. We consider this an integral part of transforming the industry, society and the economy of our country.

The NDP was adopted by government in 2012 as an economic and social development plan to eliminate the triple challenge of poverty, inequality and unemployment, and to increase investments. The NDP seeks to create 11 million jobs, halve unemployment, and substantially reduce poverty and improve living standards by 2030. To achieve these objectives, the NDP recommends:

1. Creating an environment for sustainable employment and inclusive economic growth
2. Raising levels of exports and competitiveness
3. Strengthening government's capacity to provide leadership in promoting economic development
4. Mobilising all sectors of society around a national vision

The NDP provides a breakdown of how its objectives can be achieved, for various sectors of the economy. For the mining industry, the objectives can be realised through:

- ➔ Employment and growth
- ➔ Labour market proposals
- ➔ Beneficiation
- ➔ Infrastructure
- ➔ A low-carbon economy and the environment
- ➔ Education and training
- ➔ Healthcare
- ➔ Social protection

In the sustainable development report we have outlined our contribution towards these imperatives, as well as our planned interventions.

Responding to the Deputy President's Framework Agreement on a Sustainable Mining Industry (DPFA)

Following the global financial crisis of 2008 and the ensuing platinum mining strikes of 2012 which culminated in Marikana where 45 people lost their lives in 2012, it became imperative for business, labour and government to work together in stabilising the industry. This commitment was made through the DPFA signed in February 2013 by all stakeholders with the exception of the Association of Mineworkers and Construction Union (AMCU). In broad terms stakeholders have committed to:

- ➔ Ensuring the rule of law, peace and stability
- ➔ Strengthening labour relations
- ➔ Improving living conditions of mineworkers
- ➔ Transforming the mining industry
- ➔ Compliance to legislation
- ➔ Supporting long-term growth of the industry

As an organisation, we recognise the importance of these commitments in giving impetus to our own long-term sustainability objectives.

Responding to the World Business Council for Sustainable Development Vision 2050

Implats, while not a member of the World Business Council of Sustainable Development (WBCSD), recognises the important role that business has to play in creating a sustainable world, underpinned by fundamental changes in governance, economic frameworks and human behaviour.

We thus support the nine key pillars of action that will lead to the 2050 vision in which the basic needs of nine billion people are met. The nine pillars speak to:

- ➔ People values – living well within the limits of the planet
- ➔ Human development – basic needs of all are met
- ➔ The economy – true value, true cost and profit are linked
- ➔ Agriculture – enough food, water and biofuels through a new green economy
- ➔ Forestry – recover and regenerate
- ➔ Energy and power – secure and sufficient supply of low carbon energy
- ➔ Buildings – close to zero-net energy building/infrastructure
- ➔ Mobility – universal access to safe and low impact mobility
- ➔ Materials – not a particle of waste

Our support for these elements is demonstrated through our community development initiatives, our environmental programmes, the beneficiation of our metals, and industry initiatives that drive economic transformation of the sector. These are referenced more broadly on pages 12 to 16 of the sustainable development report.



ABRIDGED MINERAL RESOURCE AND MINERAL RESERVE STATEMENT

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This section serves as the annual update of Implats' mineral resources and mineral reserves and informs shareholders and potential investors of the status of the mineral assets

The details are presented as an abridged summary and a detailed version is available at www.implats.co.za.

Main features

The main features relating to Implats' mineral resources and mineral reserves as at 30 June 2014 relative to 30 June 2013 are:

- Estimated total attributable mineral resources decreased by 7% to 212Moz Pt
- Total attributable mineral reserves decreased by 15% to 28Moz Pt
- The decrease in mineral resources is mainly due to the exclusion of some deeper mineral resources at Impala and Afplats
- The reduction in the mineral reserves is mainly due to the alignment of the conversion of ore reserves at Zimplats to the Implats code of practice.

Implats and its associated companies continue to exploit platinumiferous horizons within the largest known deposit of platinum group minerals in the world, namely the Bushveld Complex in South Africa and also the world-class deposit in Zimbabwe, namely the Great Dyke. Mining mostly takes place at underground operations, focusing on relatively narrow mineralised horizons with the specific mining methods adapted to suit the local geology and morphology of these mineralised horizons. The mineral resources and mineral reserves are geographically spread but are dominated by Impala and Zimplats.

The protracted industrial action at Impala during 2014 had a material impact, particularly in terms of lost revenues, delays in project and development build-up profiles, start-up processes and the resultant reduced volumes projected for 2015. Together with tempered metal prices it is expected that profit margins at Impala will be under pressure in the medium term. The mineral reserve statement is based on the life-of-mine production plans compiled in December 2013, with some adjustment for the impact of the industrial action. This will be adjusted should the outlook change.

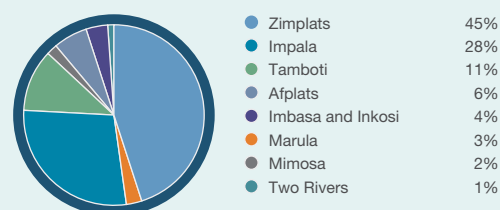
The Zimbabwean Government has been pursuing greater participation in the mining sector by indigenous Zimbabweans. Implats is continuing to engage with the Government of Zimbabwe (through the Ministry of Youth Development, Indigenisation and Empowerment) with respect to agreeing

plans for the indigenisation of Zimplats and Mimosa. The current position with regards to the implementation of the Government of Zimbabwe indigenisation plans is not clear and depending on what position is ultimately taken by the Government of Zimbabwe Implats' attributable mineral resources and mineral reserves may be significantly reduced.

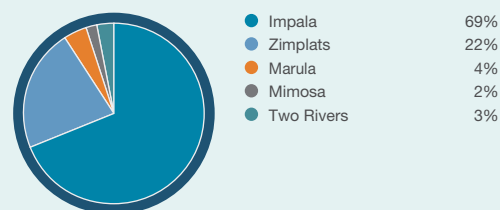
During 2013, the Government of Zimbabwe gazetted its intention to compulsorily acquire a large tract of ground in the northern portion of the Zimplats mineral lease containing 54.62Moz Pt; Zimplats subsequently submitted an objection to this notice and lodged a claim for compensation under the Zimbabwean law. As at 30 June 2014, there have been no further developments.

At Zimplats a low angle shear in the deeper sections of the Bimha mine has had a deleterious effect on pillar strength and has resulted in the inclusion of large barrier and regional pillars and a reduction in extraction percentages. Subsequent to 30 June 2014, the pillars in a significant part of Bimha have failed. A decision was made to temporarily close the Bimha mine to ensure the safety of our employees. Work is underway to assess the full impact and to re-engineer and/or arrest the current mine stability concerns at the Bimha mine.

Attributable mineral resources of 212Moz Pt
as at 30 June 2014



Attributable mineral reserves of 28Moz Pt
as at 30 June 2014

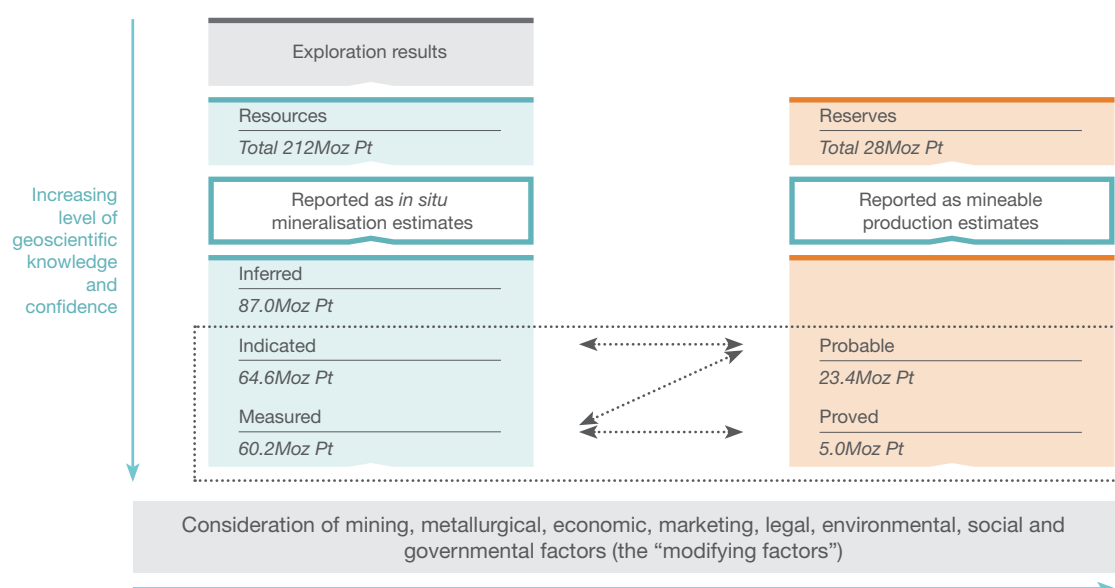


ABRIDGED MINERAL RESOURCE AND MINERAL RESERVE STATEMENT

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- ➔ Estimated total attributable mineral resources decreased by 7% to 212Moz Pt
- ➔ Total attributable mineral reserves decreased by 15% to 28Moz Pt

Relationship between exploration results, mineral resources and mineral reserves showing Implats' attributable mineral resources and mineral reserves as at 30 June 2014



Attributable mineral resources inclusive of mineral reserves

as at 30 June 2014

			Tonnes Mt	6E grade g/t	Pt	Moz 4E	6E	
Category								
Impala (100% attributable)	Merensky	Measured	150.1	7.11	19.4	30.7	34.3	
		Indicated	68.5	7.02	8.8	13.8	15.5	
		Inferred	23.6	6.70	2.9	4.6	5.1	
	UG2	Measured	132.1	8.74	18.0	31.0	37.1	
		Indicated	47.5	8.86	6.5	11.3	13.5	
		Inferred	14.7	8.61	2.0	3.4	4.1	
	Total Impala		436.7	7.81	57.6	94.8	109.6	
	Impala/RBRJV (49% attributable)	Merensky	Measured	2.6	7.33	0.3	0.6	0.6
			Indicated	2.6	7.92	0.4	0.6	0.7
Inferred			2.4	7.42	0.3	0.5	0.6	
UG2		Measured	0.7	8.98	0.1	0.2	0.2	
		Indicated	1.2	9.54	0.2	0.3	0.4	
		Inferred	1.0	8.71	0.1	0.2	0.3	
Total JV		10.6	7.99	1.5	2.4	2.7		
Total		447.2	7.81	59.0	97.2	112.3		

ABRIDGED MINERAL RESOURCE AND MINERAL RESERVE STATEMENT

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The estimate as at 30 June 2014 reflects an increase in indicated and measured mineral resources from 57% to 59%

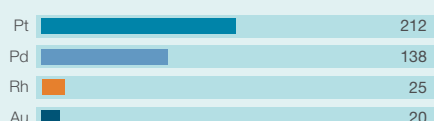
		Category	Tonnes Mt	6E grade g/t	Pt	Moz 4E	6E
Marula (73% attributable)	Merensky	Measured	25.0	4.55	2.0	3.4	3.7
		Indicated	5.6	4.54	0.4	0.8	0.8
		Inferred	7.2	4.46	0.6	1.0	1.0
	UG2	Measured	21.9	10.16	2.7	6.1	7.2
		Indicated	9.1	10.33	1.1	2.6	3.0
		Inferred	4.4	10.57	0.6	1.3	1.5
	Total Marula		73.3	7.30	7.4	15.2	17.2
Afplats (74% attributable)	UG2	Measured	69.8	6.43	7.1	11.6	14.4
		Indicated	7.9	6.31	0.8	1.3	1.6
		Inferred	40.9	6.30	4.1	6.7	8.3
	Total Afplats		118.6	6.37	11.9	19.5	24.3
Imbasa (60% attributable)	Merensky	Indicated	16.8	5.75	1.5	2.5	3.1
		Inferred	24.1	5.69	2.2	3.5	4.4
Inkosi (49% attributable)	UG2	Indicated	32.2	6.12	3.1	5.1	6.3
		Inferred	19.2	5.84	1.8	2.9	3.6
	Total Imbasa and Inkosi		92.4	5.88	8.5	14.0	17.5
Two Rivers (45% attributable)	Merensky	Indicated	19.4	3.04	1.0	1.7	1.9
		Inferred	5.0	2.65	0.2	0.4	0.4
	UG2	Measured	7.0	5.44	0.6	1.0	1.2
		Indicated	15.7	4.52	1.1	1.9	2.3
		Inferred	0.3	4.91	0.0	0.0	0.1
	Total Two Rivers		47.4	3.86	2.9	5.1	5.9
Tamboti (100% attributable)	Merensky	Indicated	38.9	3.07	2.2	3.5	3.8
		Inferred	121.9	3.47	7.8	12.4	13.6
	UG2	Indicated	48.3	5.29	3.7	6.9	8.2
		Inferred	128.3	5.22	9.6	18.1	21.5
	Total Tamboti		337.4	4.35	23.2	41.0	47.2
Zimplats (87% attributable)	MSZ	Measured	150.5	3.75	8.5	17.2	18.1
		Indicated	580.5	3.76	32.6	66.3	70.1
		Inferred	1 066.8	3.54	54.0	112.2	121.4
	Total Zimplats		1 797.8	3.63	95.1	195.7	209.6
Mimosa (50% attributable)	MSZ	Measured	26.7	3.97	1.6	3.2	3.4
		Indicated	21.7	3.83	1.2	2.5	2.7
		Inferred	16.2	3.83	0.9	1.9	2.0
	Total Mimosa		64.6	3.89	3.7	7.6	8.1
	Total All		2 978.7	4.62	211.8	395.3	442.0

ABRIDGED MINERAL RESOURCE AND MINERAL RESERVE STATEMENT

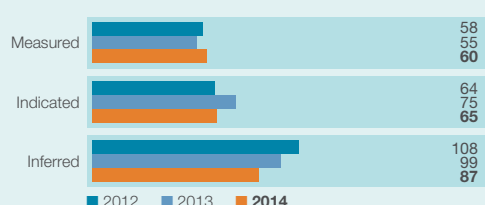
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The grouping of the platinum ounces per reef shows that some 48% of the attributable Implats mineral resources are hosted by the Great Dyke

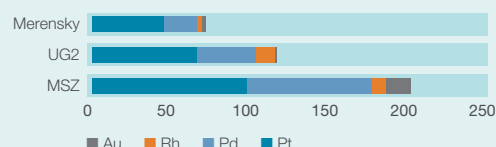
Attributable mineral resources (Moz)



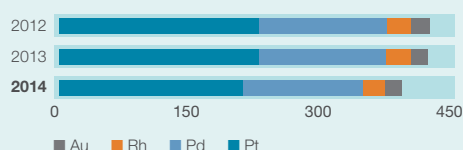
Attributable mineral resources (Moz Pt)



Attributable mineral resources per reef inclusive of mineral reserves (Moz)



Attributable mineral resources inclusive of mineral reserves (Moz)



Reporting codes and compliance

The reporting of mineral resources and mineral reserves for Implats' South African operations is done in accordance with the principles and guidelines of the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code). Zimplats, as an Australian Securities Exchange (ASX) listed company, reports its mineral resources and ore reserves in accordance with the JORC Code. Mimosa Investments Limited, a Mauritius-based company, does not fall under any regulatory reporting code but has adopted the SAMREC Code for its reporting.

Various Competent Persons, as defined by the SAMREC and JORC codes, have contributed to the estimation and summary of the mineral resource and mineral reserve figures quoted in this report. As such, these statements reflect the estimates as compiled by teams of professional practitioners from the various operations, shafts and projects. Gerhard Potgieter, Group executive: growth projects, and consulting mining engineer, PrEng, ECSA Registration No 20030236, a full-time employee of Implats, takes full responsibility for the mineral reserve estimates for the Group. The Competent Person has 29 years' relevant mining experience. The Group executive: mineral resource management, Seef Vermaak, PrSciNat SACNASP Registration No 400015/88, a full-time employee of Implats, assumes responsibility for the mineral resource estimates for the Implats Group. He also assumes responsibility for the collation of the combined mineral resource and mineral reserve statement for the Group. The Competent Person has 28 years' experience in the exploitation of PGM-bearing deposits.

In comparison with the previous annual mineral resource statement there is a decrease of 18Moz Pt in the attributable mineral resource estimate of 212Moz. The variation is mainly ascribed to the exclusion of some deeper inferred mineral resources at Impala and Afplats during the past year as the eventual economic extraction is in doubt. Further variations at the individual operations and projects are discussed in the detailed report. Such changes in these estimates can be attributed to additional information and updated estimates.

The grouping of the platinum ounces per reef shows that some 48% of the attributable Implats mineral resources are hosted by the Great Dyke. The Zimplats mineral resources make up the bulk of these (45% of the total Implats inventory). The detailed sections indicate various movements due to additional work, newly acquired data and updated estimations. There has been some steady improvement in the conversion of inferred mineral resources; the estimate as at 30 June 2014 reflects an increase in indicated and measured mineral resources from 57% to 59%. The graph comparing the attributable 4E for the last few years reflects a stable situation.

ABRIDGED MINERAL RESOURCE AND MINERAL RESERVE STATEMENT

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Subsequent to 30 June 2014, the pillars in a significant part of Bimha have failed

Attributable mineral reserve estimates

as at 30 June 2014

		Category	Tonnes Mt	6E grade g/t	Pt	Moz 4E	6E
Impala (100% attributable)	Merensky	Proved	9.5	4.21	0.7	1.2	1.3
		Probable	110.4	4.78	9.6	15.2	17.0
	UG2	Proved	15.6	4.47	1.1	1.9	2.2
		Probable	121.6	4.42	8.4	14.4	17.3
	Total		257.1	4.57	19.8	32.6	37.8
Marula (73% attributable)	UG2	Proved	2.3	4.69	0.1	0.3	0.3
		Probable	16.0	4.81	0.9	2.1	2.5
	Total		18.3	4.80	1.1	2.4	2.8
Two Rivers (45% attributable)	UG2	Proved	4.9	3.88	0.3	0.5	0.6
		Probable	8.9	3.59	0.5	0.8	1.0
	Total		13.7	3.69	0.8	1.4	1.6
Zimplats (87% attributable)	MSZ	Proved	47.8	3.54	2.5	5.1	5.4
		Probable	67.8	3.58	3.7	7.4	7.8
	Total		115.5	3.56	6.2	12.5	13.3
Mimosa (50% attributable)	MSZ	Proved	5.3	3.72	0.3	0.6	0.6
		Probable	6.0	3.50	0.3	0.6	0.7
	Total		11.3	3.60	0.6	1.2	1.3
All	Total		416.0	4.25	28.4	50.1	56.8

Implats reported mineral reserves of some 33.3Moz Pt in 2013 compared to the estimated 28.4Moz Pt at 30 June 2014. The reports per section in the separate detailed report indicate various changes and updates. The year-on-year change in attributable mineral reserves is mainly due to the realignment of the conversion of the Zimplats ore reserves which now excludes the future shaft blocks of portals 5N, 6 and 7 from the reserve inventory until feasibility and subsequent board approval stages have been completed. This does not impact the outlook of these

future portals. Also at Zimplats a low angle shear in the deeper sections of Bimha mine has had a deleterious effect on pillar strength. Subsequent to 30 June 2014, the pillars in a significant part of Bimha have failed. A decision was made to temporarily close the Bimha mine to ensure the safety of our employees. Work is underway to assess the full impact and to re-engineer and/or arrest the current mine stability concerns at the Bimha mine.

ABRIDGED MINERAL RESOURCE AND MINERAL RESERVE STATEMENT

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The Group's reported mineral reserves represent its estimate of quantities of PGMs that have the ability, and its reported mineral resources represent its estimate of quantities of PGMs that have the potential to be economically mined and refined

The attendant graphs compare the last three reporting periods and indicate an overall decrease in attributable mineral reserves in line with expected depletion. The quantum of proved Merensky Reef mineral reserves at Impala remains lower than the same for the UG2 reef.

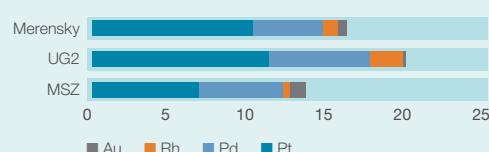
The reader must be aware of the potential material impacts on the attributable mineral reserves in Zimbabwe. Fifty-one percent of the ownership is targeted for indigenisation which affects both Zimplats and Mimosa. These transactions have not been completed by 30 June 2014, but the reader needs to be fully aware that they could have a significant impact on these figures.

The Group's reported mineral reserves represent its estimate of quantities of PGMs that have the ability, and its reported mineral resources represent its estimate of quantities of PGMs that have the potential, to be economically mined and refined under anticipated geological and economic conditions. There are numerous uncertainties inherent in estimating quantities of mineral resources and mineral reserves and in projecting potential future rates of mineral production, including many factors beyond the Group's control. The accuracy of any mineral resource and mineral reserve estimate is a function of a number of factors, including the quality of the methodologies employed, the quality and quantity of available data and geological interpretation and judgement, and is also dependent on market price of ores and metals, reduced recovery rates or increased production costs due to inflation or other factors which may render mineral resources and mineral reserves containing lower grades of mineralisation uneconomic to exploit and may ultimately result in a restatement of mineral resources and/or mineral reserves and may adversely impact future cash flows. Further, mineral estimates are based on limited sampling and, consequently, are uncertain as the samples may not be representative of the entire ore body and mineral resource. As a better understanding of the ore body is obtained, the estimates may change significantly. In addition, the reserves the Group ultimately exploits may not conform to geological, metallurgical or other expectations and the volume and grade of ore recovered may be below the estimated levels. Mineral resources and mineral reserves data is not indicative of future production. To mitigate this risk, the Group appoints independent third parties to review the Group mineral resources and reserves at least on a two-year cycle. Similarly all mining project feasibility studies are subject to independent reviews prior to applying for capital approval by the board.

A detailed compilation of Implats' mineral resources and mineral reserves is captured in a separate report entitled, Mineral Resource and Mineral Reserve Statement 2014. The detailed report expands on aspects such as compliance, mineral rights status, exploration, reporting criteria, auditing, reconciliation and specific details per operation.

This is available in the annual report section of the Implats website www.implats.co.za and may be downloaded as a PDF file using Adobe Acrobat Reader. This information is also available on request from the Implats offices at the address given at the back of this report.

Attributable mineral reserves (Moz) per reef



Implats attributable mineral reserves (Moz 4E) contribution by area

