NEWS RELEASE

IMPLATS POSTS RECORD EARNINGS AND DECLARES RECORD INTERIM DIVIDEND

Johannesburg, 25 February 2021 – Buoyed by the high rand PGM basket price, Impala Platinum Holdings Limited (Implats) has posted a 328% increase in headline earnings and declared a record interim dividend of R10.00 per share on a strong production, safety and sales performance.

Implats CEO, Nico Muller, said: *"Implats delivered stellar results for its half year ended 31 December 2020 despite the challenges presented by navigating Covid-19. An improved fatal free safety performance underpinned operational momentum. Production volumes further benefitted from increased processing availability and the inclusion of contributions from Impala Canada. This allowed the Group to deliver higher sales volumes into robust rand PGM pricing and achieve record financial results.*

"Record free cash flow has allowed further proactive management of the Group balance sheet, with a series of debt repayments and targeted transactions to strengthen financial flexibility and secure sustainable shareholder returns.

"The factors driving current and future PGM demand and the characteristics of the economic impact of the pandemic continue to support our view that, ultimately, the impact of Covid-19 will be cyclical rather than structural in nature. A strong rebound in both demand and supply is expected in PGM markets in 2021. While the expected short-term deficits in palladium and rhodium have been moderated by the anticipated release of in-process concentrate inventory accumulated in 2020, they remain meaningful and lend support to elevated pricing.

"Implats has successfully navigated the impact of Covid-19 during the period and is well positioned to deliver as planned into robust rand PGM pricing. The focus is on maintaining operational momentum, leveraging the windfall on pricing to reward investors and secure future growth and sustainability for the business."

KEY FEATURES FOR THE SIX MONTHS

Safety

- Zero fatalities in the period under review
- A 22% improvement in TIFR to 9.34
- A 6% deterioration in LTIFR to 5.13
- Implats achieved a record nine million fatality free shifts in February 2021

Operational

- Successful navigation of Covid-19 operational challenges
- A 10% increase in mine-to-market 6E concentrate production to 1.49Moz
- A 3% increase in third-party 6E receipts to 196koz
- A 29% increase in refined 6E production to 1.69Moz
- A 22% increase in 6E sales volumes of 1.62Moz
- Group unit costs per 6E increased by 9% to R14 292/oz on a stock-adjusted basis
- Consolidated Group capital expenditure of R2.7bn

Financial

- Gross profit of R22.4bn (+263%) and EBITDA of R25.1bn (+231%)
- Headline earnings of R14.4bn (+328%) or 1 855c per share
- Free cash flow of R20.1bn (+304%)
- Closing net cash of R20.3bn
- An interim dividend of R10.00 per share or R7.9bn declared
- Increase in cash taxes paid to R5.0bn paid

Market

- 6E dollar basket pricing up 55% to US$2 197/oz driven by stronger palladium and rhodium prices
- Rand revenue per 6E oz sold increased by 71% to R35 635/oz on a weaker exchange rate
- Persistent market tightness in rhodium and palladium expected to support elevated pricing in the medium term, while improving investor sentiment has driven renewed platinum strength
- Covid-19 impact on demand likely to be cyclical rather than structural, with a strong rebound in both demand and supply expected in 2021

SAFETY AND SUSTAINABILITY

The Group adopts leading ESG practices and aspires to create a better future through the metals its produces and the way it conducts its business. External ESG ratings received post period end underscore this aspiration. Implats' commitment to effecting change in gender equality was recognised via its inclusion in the Bloomberg 2021 Gender-Equality Index, one of only 380 companies globally. Implats again achieved an "A" rating by the Carbon Disclosure Project (CDP) for disclosures, awareness and management of water security risk in 2020, and was awarded a "B" rating for its climate change action and disclosures.

Health and safety: Implats reported zero fatalities over the six months. This outcome is the result of a sustained increase in leadership focus on safety and mining disciline, supported by strategic Group-wide safety initiatives, technical solutions and training, and underpinned by disciplined teamwork. Post the end of the period, Implats achieved nine million fatality free shifts – a record for the Group – while Impala Rustenburg has worked more than seven million shifts without a fatality. Implats delivered a solid safety performance, improving on all metrics other than the LTIFR, which deteriorated by 6% to 5.13 per million man hours worked from H1 FY2020. 12 of the Group's 17 operations achieved millionaire or multi-millionaire status in terms of fatality free shifts.

Environment: The Group maintained a record of zero major or significant (level 4 or 5) environmental incidents and zero environmental related fines or production stoppages. There was a 67% improvement in limited-impact (level 3) environmental incidents to three (H1 FY2020: nine). During the first half, the Group surpassed its 44% water recycling/reuse target for 2021 to achieve 47% - up 18% on the previous comparable period.

Community relations: The Group's most significant contributions to socioeconomic development are through the core activities of employment, procurement from host communities and the payment of taxes. Implats' initiatives aimed at supporting job creation, food security and poverty alleviation remain important in restoring dignity and maintaining cordial relations with communities suffering adverse socioeconomic conditions, which have been compounded by Covid-19. The Group is working with government and industry bodies to proactively assist local communities with a vaccine rollout programme.

GROUP OPERATIONAL REVIEW

Despite the complexity of managing the ongoing impact of Covid-19, Implats delivered a strong underlying operating performance in its first half. Tonnes milled from the managed operations were bolstered by the six-month contribution from Impala Canada and increased by 14% to 11.79 million tonnes (H1 FY2020: 10.31 million tonnes). Concentrate production at managed operations increased by 11% to 1.21 million 6E ounces (H1 FY2020: 1.09 million ounces). Refined 6E production increased by 29% to 1.69 million ounces (H1 FY2020: 1.32 million ounces). Excess stock of 100 000 6E ounces is expected to be released by the end of FY2021.

Inflationary pressures were compounded by the impact of the weaker rand on the cost base at Zimplats, additional expenditure due to Covid-19, the inclusion of Impala Canada, development to improve mining flexibility and targeted spend on asset integrity at Impala Rustenburg. Total cash operating costs increased by 24% from the prior comparable period. Unit costs benefitted from higher volumes and, on a rand per tonne milled and, on a stock-adjusted basis, increased by 9% to R1 259 per tonne and R14 292 per 6E ounce, respectively (H1 FY2020: R1 157 per tonne and R13 099 per 6E ounce). Capital expenditure at managed operations rose by 39% to R2.67 billion, primarily due to the inclusion of spend at Impala Canada and the acceleration of the Mupani project at Zimplats.

Impala Rustenburg

At Impala Rustenburg, the strategy remains focused on transitioning the business to a lower-cost and sustainable operation. Improved profitability is being opportunistically harnessed to strengthen and optimise the business through investment in creating mineable face length, enhancing and de-risking critical infrastructure and assessing a suite of potential life-of-mine extensions to support sustained production levels in the medium and longer term. The focus on development resulted in mineable face length improving by 7% to a seven-year high and benefitted from gains at the growth shafts, 16 and 20, despite the closure of 9 Shaft in the period.

Tonnes milled decreased by 3% to 5.58 million tonnes (H1 FY2020: 5.74 million tonnes) primarily due to the closure of 9 Shaft, a mechanical failure at 20 Shaft and reduced waste contamination at 16 Shaft. Milled grade benefitted from reduced off-reef mining and the separation of waste from reef on completion of the ore-pass rehabilitation at 16 Shaft, improving by 3% to 4.03g/t (H1 FY2020: 3.91g/t).

Refined 6E volumes of 728 900 ounces declined by 4% (H1 FY2020: 760 500 ounces), while the mix of refined volumes more closely matched mined output. Total cash costs, including corporate and marketing costs, increased by 12.8% to R10.56 billion (H1 FY2020: R9.36 billion). Above-CPI increases on utilities and labour were compounded by additional spend on development and improvements in infrastructure.

Impala Refining Services ("IRS")

6E receipts in matte and concentrate from mine-to-market operations increased by 18% to 746 700 ounces (H1 FY2020: 631 400 ounces). Third-party 6E receipts increased by 3% to 196 000 ounces (H1 FY2020: 190 400 ounces). In total, gross 6E receipts of 942 700 ounces were 15% higher than the previous comparable period (H1 FY2020: 821 800 ounces).

The cash operating costs associated with smelting, refining, and marketing IRS production increased by 8% to R917 million. Concentrate purchase agreements at IRS are dominated by ore feeds from Great Dyke and UG2 sources. Rising palladium and rhodium pricing, a weaker rand and higher volumes resulted in the cost of metals purchased increasing by 88% to R31.20 billion (H1 FY2020: R16.62 billion).

Marula

The challenges of managing the ongoing Covid-19 pandemic were compounded by reduced mining flexibility, community disruptions and the shortage of supervisory management, which was impacted by Covid-19 isolation requirements in Q2 FY2021.

Tonnes milled declined by 4% to 934 000 tonnes (H1 FY2020: 970 000 tonnes), while a weak mining performance impacted the ratio of development-to-stoping tonnes and resulted in a 4% decline in the 6E milled head grade to 4.40g/t (H1 FY2020: 4.60g/t). This was partially offset by improved concentrator recoveries and 6E in concentrate production decreased by 2% to 121 400 ounces (H1 FY2020: 124 300 ounces).

Total cash costs were impacted by inflation and the additional costs associated with a change in shift patterns to compensate for Covid-19 protocols and rose by 9% to R1.39 billion (H1 FY2020: R1.28 billion).

Two Rivers

Milled volumes declined by 1% to 1.63 million tonnes (H1 FY2020: 1.65 million tonnes) and milled head grade of 3.37g/t was 2.2% lower (H1 FY2020: 3.45g/t). The impact of milling and metallurgical challenges on production volumes were more than offset by improved plant stability and recoveries, and 6E metal in concentrate increased by 9% to 150 300 ounces (H1 FY2020: 138 200 ounces). Total cash costs increased by 15% to R1.53 billion as mining rates increased to build up the run-of-mine stockpile ahead of commissioning the plant expansion.

Zimplats

Zimplats delivered another strong set of operating and financial results. Milled volumes declined by 1% to 3.35 million tonnes (H1 FY2020: 3.38 million tonnes) due to a scheduled reline at the Ngezi concentrator. Milled head grade of 3.49g/t was unchanged and consequently, 6E production in concentrate of 296 900 ounces was 1% lower (H1 FY2020: 299 000 ounces). Total cash costs increased by 6% to US$192 million, with mining inflation compounded by higher smelting costs. Due to the impact of the weaker rand, translated costs grew by 18% to R3.12 billion (H1 FY2020: R2.65 billion).

Further good progress was made on Mupani. Fleets are being redeployed from Rukodzi to Mupani to facilitate the early ramp-up of ore production, in line with the decision to facilitate incremental volume growth at Zimplats ahead of the full ramp-up of the 2.1 million tonne per annum mine, planned in July 2024.

Impala Canada

Operational and financial data reflect six months of contributions from Impala Canada, versus 18 days post-acquisition in the prior comparable period. The operation delivered mill throughput of 1.92 million tonnes and a 6E head grade of 2.58g/t, yielding 127 100 6E ounces in concentrate. Gross costs of C$131 million were impacted by the start-up costs associated with the Sherriff Pit and resulted in a unit cost of C$1 033 or R12 722 per 6E ounce in concentrate.

Mimosa

Mimosa operated well despite the complexities of the worsening Covid-19 pandemic in Zimbabwe and the increasing socioeconomic challenges facing its stakeholders. Extended repairs to the milling circuit in the prior comparable period resulted in a return to normalised throughput in H1 FY2021, with milled volumes of 1.43 million tonnes increasing by 10% (H1 FY2020: 1.31 million tonnes). Marginally higher head grade of 3.89g/t was offset by weaker recoveries. 6E in concentrate production of 132 400 ounces improved by 10% (H1 FY2020: 120 000 ounces). Cash costs at Mimosa increased by 6% to US$106 million (H1 FY2020: US$100 million) with inflationary pressure compounded by higher milled throughput and increased transport and selling expenses.

FINANCIAL REVIEW

The Group continued to benefit from higher received dollar PGM basket prices, the weaker rand and operational momentum, which resulted in higher sales volumes in the period, despite the ongoing challenges and uncertainty in the operating environment due to Covid-19.

- Revenue of R58.12 billion increased by 107%.
- Dollar revenue per 6E ounce sold rose 55% to US$2 197 per ounce.
- 6E sales volumes increased 22% to 1.62 million ounces
- The average achieved exchange rate of R16.22/US$, was 10.3% weaker.
- The rand revenue per 6E ounce sold rose by 71% to R35 635.
- Cost of sales of R35.76 billion increased by 64%.
- The Group generated a gross profit of R22.37 billion, up 263%.
- EBITDA was R25.06 billion (H1 FY2020: R7.57 billion) at an EBITDA margin of 43% (H1 FY2020: 27%).
- Basic earnings increased to R25.08 billion or 3 222 cents per share.
- Headline earnings improved four-fold to R14.44 billion or 1 855 cents per share.
- The Implats board has approved the declaration of an interim cash dividend of R10.00 per ordinary share in terms of the Group's dividend policy, which is aligned with its capital allocation framework. The dividend was declared from retained earnings and will be paid on Tuesday, 23 March 2021.
- Free cash flow increased four-fold to R20.15 billion.
- Borrowings (excluding lease liabilities) decreased as a result of the scheduled repayment of the Standard Bank Marula BEE debt, the accelerated capital repayment of the Impala Canada term loan and the impact of reduction in the ZAR bond liability following a combination of bond repurchases and conversions to equity by bondholders. Closing debt of R4.56 billion declined from R7.94 billion in the previous comparable period.
- Liquidity headroom, comprising gross cash, net of restricted cash, and undrawn committed facilities increase to R28.5 billion (H1 FY2020: R10.0 billion).

MARKET REVIEW (Calendar years unless otherwise stated)

All three major PGM markets recorded fundamental deficits in 2020. Covid-19-related market shocks were considerable, with PGMs facing significant demand destruction, balanced by similarly reduced primary and secondary refined supply.

Despite substantial intra-period volatility, platinum, palladium and rhodium each recorded annual gains in average pricing in 2020. Platinum benefitted from improving investor sentiment, driven by its association with, and discount to, both gold and palladium. The palladium price was supported by persistent physical tightness and the absence of substantial speculative investment support. Rhodium pricing was driven by increased auto demand due to tighter NOx limits for gasoline powered internal combustion engines.

Pricing remained robust in the first weeks of 2021 with seasonal strength in underlying demand from industrial end-users given impetus by fears of potential supply constraints given ongoing Covid-19 restrictions and the residual impact of inventory accumulation across the peer group. A strong rebound in both demand and supply is expected in PGM markets in 2021.

OUTLOOK

The Group is pleased to upgrade the operational guidance provided with the FY2020 results release, with upward adjustments reflecting the strong operational performance in H1 FY2021.

Group refined 6E production is expected to be between 3.2 million - 3.4 million ounces for FY2021, at a Group unit cost of between R14 600 and R15 100 per 6E ounce.

Ends

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