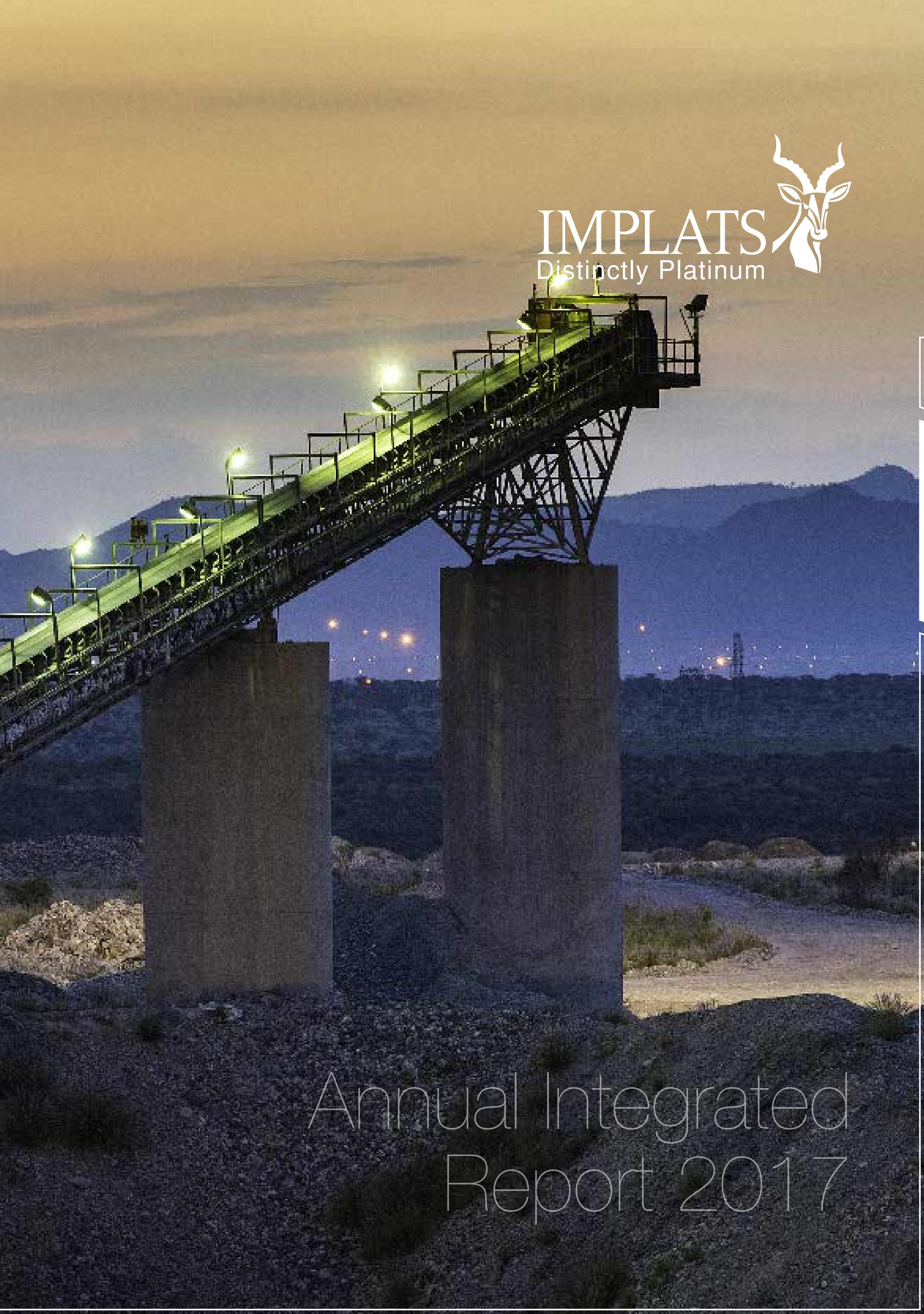


IMPLATS
Distinctly Platinum

Annual Integrated Report 2017

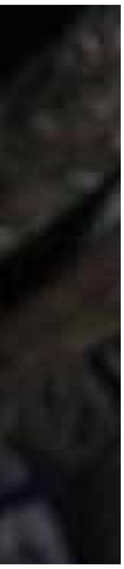
Key features for the year

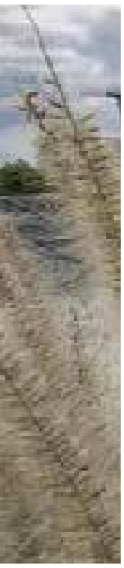
Operational

- Gross refined platinum production increased by 6.4% to 1.53 million ounces
- Disappointing production at Impala Rustenburg and Marula
  - Restructuring review underway for a return to profitability under new normal pricing environment
- Outstanding operational performances from Zimplats, Two Rivers, Mimosa and IRS
- Group unit cost increase was contained at 4.4%.

Financial

- Basic headline loss of 137 cents per share
- Earnings impacted by impairment of R10.2 billion
- Balance sheet strengthened with gross cash of R7.8 billion, and unutilised facilities of R4 billion available until 2021.





Market

- Overall PGM demand stable, while supply remains constrained
- Current platinum price disconnected to market fundamentals.

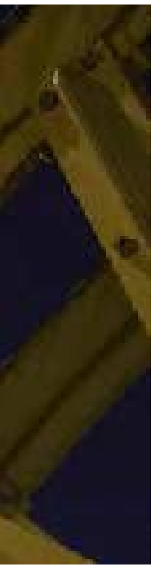
Safety

- Fatal accidents remain a concern at Impala
- Improved safety performances at Zimplats, Marula, Mimosa and Two Rivers.

Mineral Resources and Mineral Reserves

- No material change in Mineral Resources totalling 191.6 million platinum ounces and Mineral Reserves of 22.4 million platinum ounces.

Contents



Implats is a leading producer of platinum and associated platinum group metals (PGMs). Implats is structured around five mining operations and IRS, a toll refining business. Our operations are located on the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe, the two most significant PGM-bearing ore bodies in the world.

We have incorporated the following symbols indicating our strategies and objectives through this report.

Our strategic objectives

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

Our strategies

- Relentlessly drive the safety of our people
- Consistently deliver production targets
- Improve efficiencies through operational excellence
- Cash conservation
- Maintain our licence to operate

FEEDBACK

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

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

Refers readers to information available elsewhere in this report

Statement of commitment to good governance and assurance

The Implats board is committed to providing ethical and effective leadership to the Group. The board fully embraces the principle of ethical leadership in setting and implementing the strategy and the approach to governance by the Group, guided by the principles of the King IV Code on Corporate Governance (King IV).

The corporate governance section in this integrated report explains how and to what extent Implats has complied with the principles included in King IV. In addition, the board takes full responsibility for the management, direction and performance of the Group by exercising independent judgement on all issues reserved for its review and approval while taking cognisance of the needs of all stakeholders.

Implats overall assurance model

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

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

The model below presents the following lines of assurance:

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

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

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

Board approval

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

The audit committee, which has oversight responsibility for the annual integrated report, have applied their minds to the preparation and presentation of the annual integrated report. They have come to the conclusion that the report has been presented in accordance with the international framework on integrated reporting and recommended the report for approval by the board of directors.

The board has therefore approved the 2017 annual integrated report for release to stakeholders.

Combined assurance guide

Materiality and the reporting boundary

Individual operations are very different and evaluated internally on an individual basis to understand and manage the Group. Where applicable, information has been given on a per operation basis to address individual operations' stakeholder material matters.

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

This annual integrated report, compiled for Impala Platinum Holdings Limited (Implats), its subsidiaries and associates, provides information for the financial year ended 30 June 2017 and prospects thereafter.

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

In addition, Implats has significant investments in Mimosa (Southern Midlands Province, Zimbabwe) and Two Rivers (eastern limb Bushveld Complex). These associate investments are equity accounted in the AFS except for the safety statistics which, for non-financial information, include 100% of Mimosa's safety performance. In addition, the operational sections include 100% of Mimosa and Two Rivers to enable stakeholders to evaluate these two companies on a standalone basis.

Materiality determination and subsequently the reporting boundary, is informed by key stakeholder material matters, including non-financial items beyond the scope of reporting on financial entities, if these items have a significant effect on the Group's ability to create and sustain value over time. Material matters relating to these stakeholders and material risks for the Group are set out on pages 20 and 22. These two sections of the report should be read in conjunction with the reporting boundary and materiality determination section of this report.

In addition, information regarding the social, economic and environmental issues that have a material impact on the long-term success of the business and that are important to key stakeholders is provided. The report is targeted at existing and prospective stakeholders who wish to make an informed assessment of the Group's ability to create and sustain value. It focuses primarily on meeting the needs of shareholders, analysts and investors.

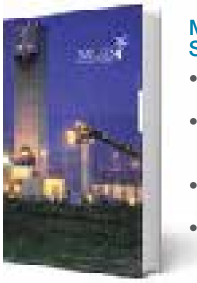
A detailed investors section has been added at the end of the integrated report to allow analysts and providers of capital to evaluate operations individually. BBBEE reporting to the BBBEE commission has been dealt with in the SD report.

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

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

Sustainable Development Report

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



Mineral Resource and Mineral Reserve Statement

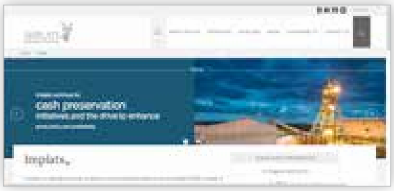
- Provides updated estimates and reconciliation of Mineral Resources and Mineral Reserves
- Conforms to the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC)
- Conforms to Section 12.11 of the JSE Listing Requirements
- Been signed off by the competent persons

Notice to shareholders

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

Annual Financial Statements

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



Online

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

Our vision, mission and values

Our vision is to be the world's best platinum-producing Company, delivering superior value to stakeholders relative to our peers

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

Our values

WE RESPECT

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

WE CARE

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

WE STRIVE TO DELIVER

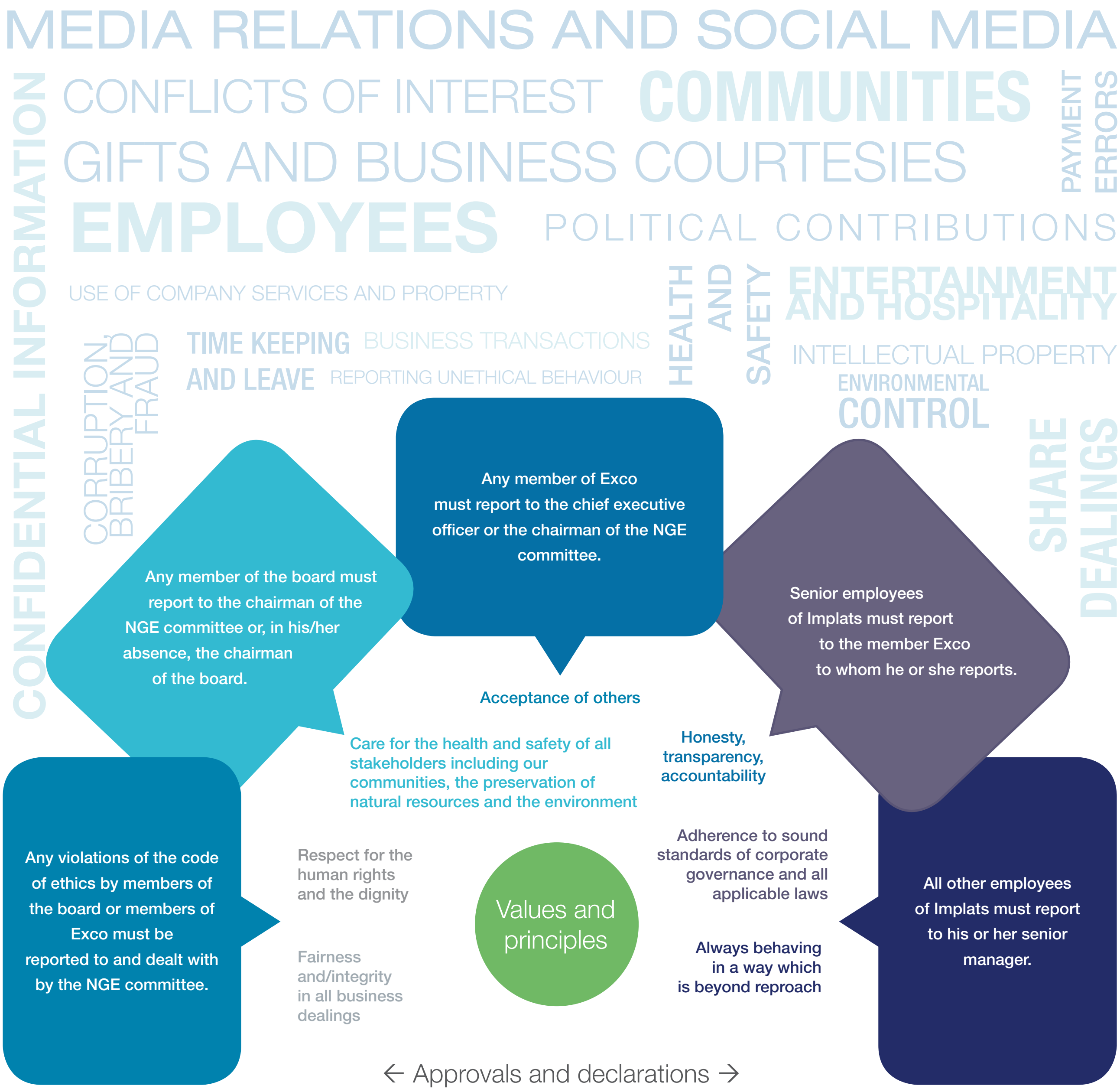
- positive returns to our stakeholders through an operational excellence model
- a safe, productive and conducive working environment
- on our capital projects
- a fair working environment through equitable and competitive human capital practices
- on the development of our employees
- on our commitments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

Ethics

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

The core values articulated in this code provide a firm and unshakeable foundation on which our organisational culture is built. Nonetheless, the code is a dynamic document which is constantly evolving, as we strive for even higher standards. We at Implats are committed to upholding and enforcing the standards articulated in this code and the Company will reconsider its dealings with individuals or entities not demonstrating the same level of commitment to organisational integrity.

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



Any member of the board must report to the chairman of the NGE committee or, in his/her absence, the chairman of the board.

Any member of Exco must report to the chief executive officer or the chairman of the NGE committee.

Senior employees of Implats must report to the member Exco to whom he or she reports.

Any violations of the code of ethics by members of the board or members of Exco must be reported to and dealt with by the NGE committee.

All other employees of Implats must report to his or her senior manager.

Board, management and Group structure

Committee structures

Independent non-executive directors: Mandla Gantsho, Hugh Cameron, Peter Davey, Babalwa Ngonyama, Mpho Nkeli, Alastair Macfarlane, Sydney Mufamadi, Bernard Swanepoel

Non-executive directors: Udo Lucht

Executive directors: Nico Muller, Brenda Berlin

Board

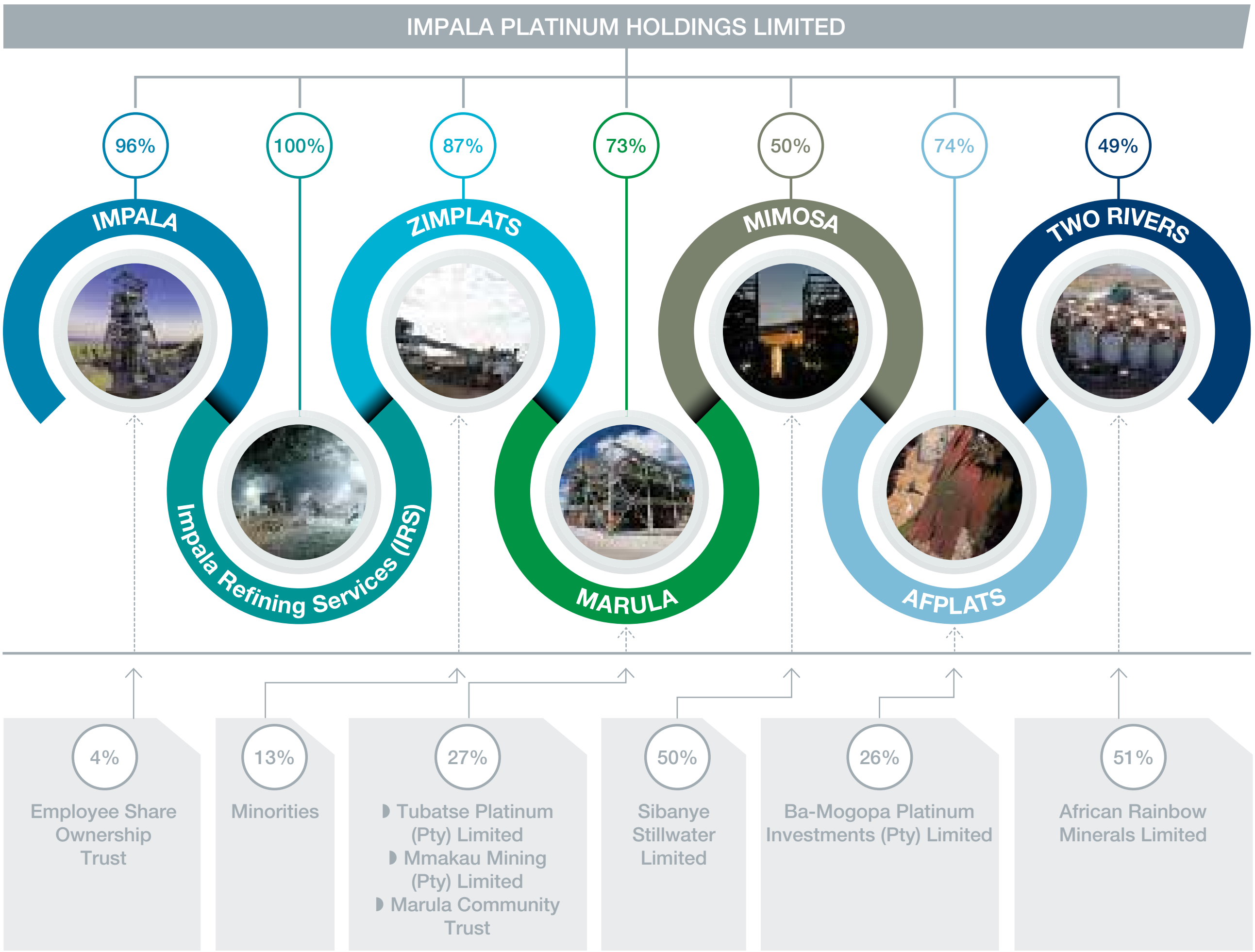
- Audit committee#
- Social, transformation and remuneration committee#
- Health, safety, environment and risk committee
- Capital allocation and investment committee
- Nomination, governance and ethics committee

EXCO

Nico Muller, Brenda Berlin, Jon Andrews, Paul Finney, Tebogo Llale, Alex Mhembere, Gerhard Potgieter, Johan Theron

 # Statutory committees

Group structure



Board representation and how it contributes to value creation

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

The board, assisted by its sub-committees, steer, set direction, approve policy and planning, monitor ethics, regulatory compliance, remuneration strategies to align employees with the company's strategic intent and stakeholders relations in the Group.

In addition, the diversity of our directors in terms of gender, race and professional backgrounds (depicted on page 112) facilitates an environment for constructive dialogue and enables the board to consider the needs of a wide range of stakeholder interests.

The Implats board believes that these governance qualities further described from page 108 in the corporate governance section dealing with King IV, will enable the Group to create value for stakeholders in a sustainable manner over the short, medium and long term as described in the strategy section on page 42 of this report.

Board of directors

Independent non-executive directors

Mandla Gantsho
Hugh Cameron
Peter Davey
Babalwa Ngonyama
Mpho Nkeli
Alastair Macfarlane
Sydney Mufamadi
Bernard Swanepoel

Non-executive directors

Udo Lucht

Executive directors

Nico Muller
Brenda Berlin

Right balance of skills and experience to make a meaningful contribution to the business of the Group

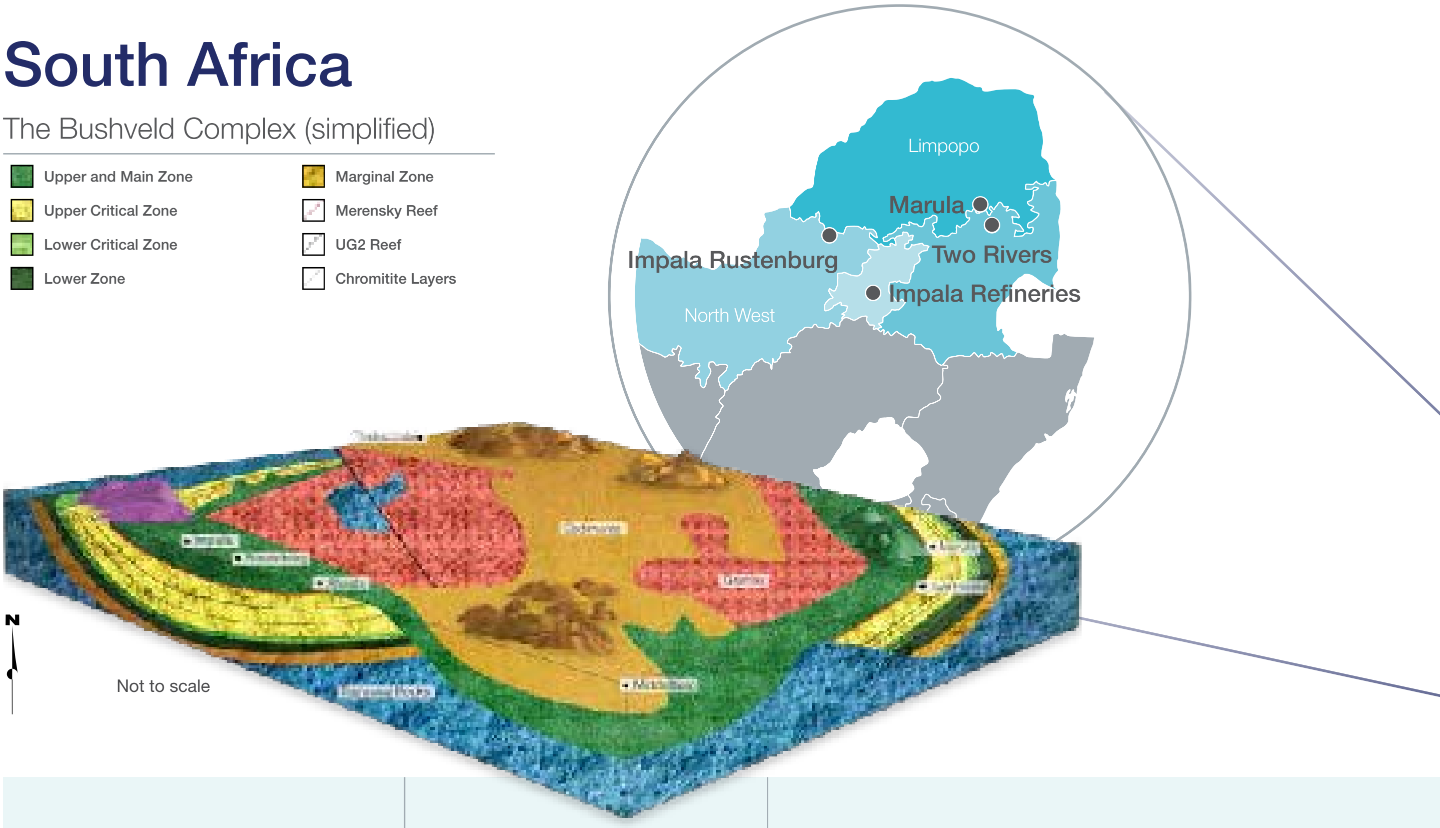
Board skills, experience and diversity

Experience	Public and private sector stewardship	
	Mining engineering, capital projects and operations	
	Corporate finance and Investment banking	
	Human resources management	
	External audit and regulatory compliance	
	Mineral asset valuation	
Skills	Strategy and risk management	
	Corporate governance	
	Regulatory knowledge	
	Capital projects and mineral asset valuations	
	Financial acumen	
	Global experience	
	Environmental management	
Tenure	5 years and longer	*4 directors*
	3 to 5 years	*2 directors*
	Less than 3 years	*5 directors*
Diversity	Female	*27%*
	Historically disadvantaged	*46%*

Our operations

South Africa

The Bushveld Complex (simplified)



Impala

Impala, Implats 96%-owned primary operational unit, has operations situated on the western limb of the world-renowned Bushveld Complex near Rustenburg in South Africa. This operation comprises a 13 shaft mining complex and concentrating and smelting plants. The base and precious metal refineries are situated in Springs, east of Johannesburg.

FIFR	TIFR
0.079	15.44

Refined platinum production
654 600oz

Headline loss
R2 681 million

Net cash used in operating activities
R(545) million

Capital expenditure
R2 472 million

Mineral Resources
57.9Moz Pt
includes RBR JV

Number of employees
42 253

Refer to pages 62 to 71 of operational performance review

Marula

Marula is 73% owned by Implats and is one of the first operations to have been developed on the relatively under-exploited eastern limb of the Bushveld Complex in South Africa. Marula is located in the Limpopo province, some 50 kilometres north west of Burgersfort.

FIFR	TIFR
0.103	22.74

Refined platinum production
68 100oz

Headline loss
R737 million

Net cash used in operating activities
R(577) million

Capital expenditure
R113 million

Mineral Resources
10.7Moz Pt

Number of employees
3 817

Refer to pages 80 to 87 of operational performance review

Two Rivers*

Two Rivers is a joint venture between African Rainbow Minerals (51%) and Implats (49%). The operation is situated on the southern part of the eastern limb of the Bushveld Igneous Complex some 35 kilometres south-west of Burgersfort in Mpumalanga, South Africa.

FIFR	TIFR
0.000	3.4

Refined platinum production
177 400oz

Headline profit
R636 million

Mineral Resources
22.4Moz Pt

** Non-managed*

Refer to pages 96 to 103 of operational performance review

IRS

Impala Refining Services is 100% owned by Implats. It is a dedicated vehicle to house the toll refining and metal concentrate purchases built up by Implats. IRS provides smelting and refining services through offtake agreements with Group companies (except Impala) and third parties. IRS is situated in Springs, east of Johannesburg.

Headline earnings
R1 275 million

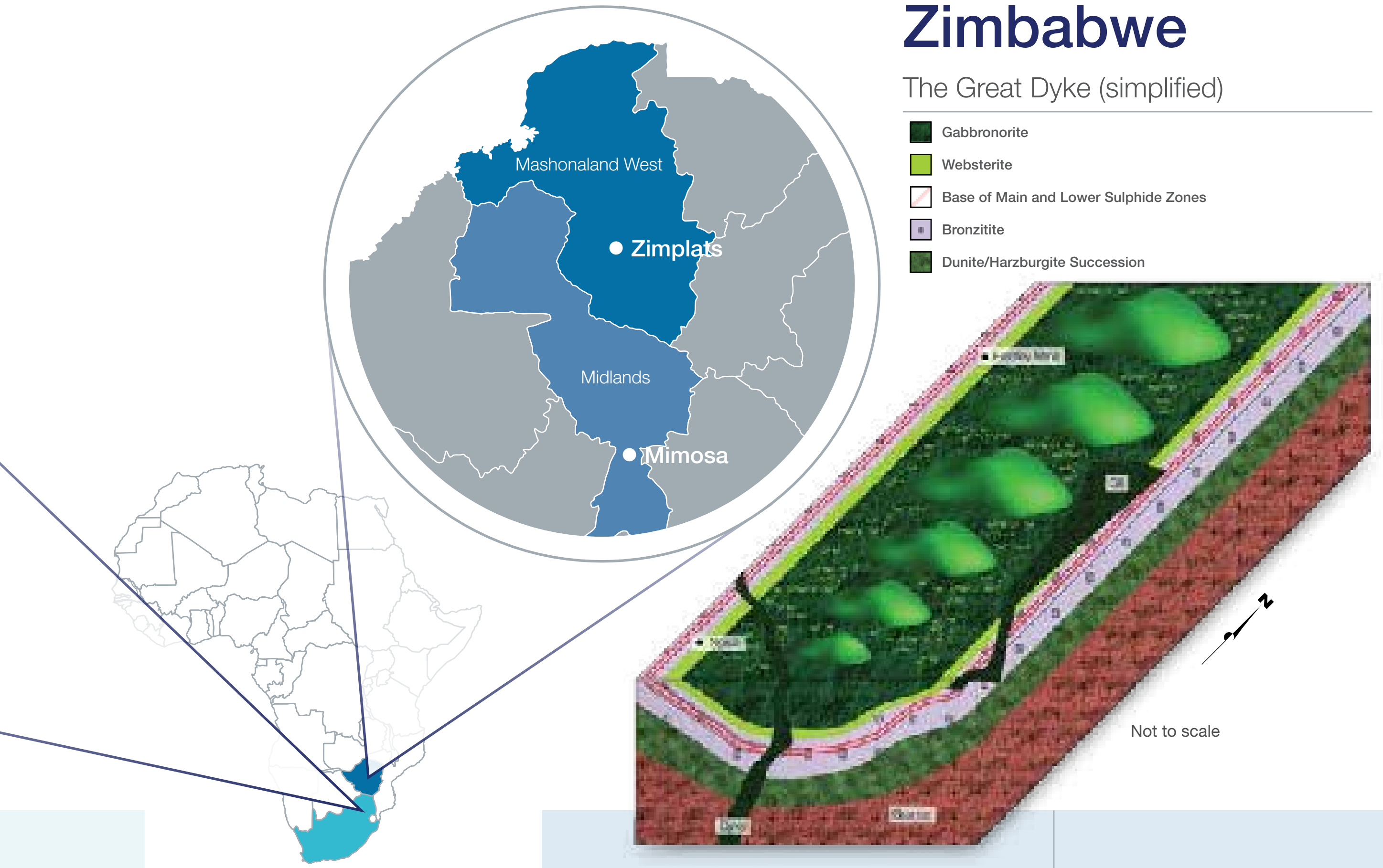
Net cash from operating activities
R1 060 million

Refer to pages 104 to 107 of operational performance review

Zimbabwe

The Great Dyke (simplified)

- ■ Gabbronorite
- 🟩 Websterite
- ▨ Base of Main and Lower Sulphide Zones
- ▪ Bronzitite
- ■ Dunite/Harzburgite Succession



Implats is a leading producer of platinum and associated platinum group metals (PGMs).

Total Implats

FIFR
0.074

TIFR
13.14

Refined platinum production
1 529 800oz

Headline loss
R983 million

Net cash from operating activities
R1 013 million

Capital expenditure
R3 434 million

Mineral Resources
191.6Moz Pt

Number of employees
52 012

Zimplats

Zimplats is 87% owned by Implats and its operations are situated on the Zimbabwean Great Dyke south-west of Harare. Zimplats operates four underground mines and a concentrator at Ngezi. The Selous Metallurgical Complex (SMC), located some 77 kilometres north of the underground operations, comprises a concentrator and a smelter.

FIFR
0.000

TIFR
0.41

Refined platinum production
266 400oz

Headline earnings (attributable)
R576 million

Net cash from operating activities
R765 million

Capital expenditure
R863 million

Mineral Resources
108.5Moz Pt

Number of employees
5 942

Refer to pages 72 to 79 of operational performance review

Mimosa*

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

FIFR
0.114

TIFR
0.68

Refined platinum production
116 600oz

Headline profit
R393 million

Mineral Resources
6.9Moz Pt

** Non-managed*

Refer to pages 88 to 95 of operational performance review

Business model and value chain

INPUTS

(OUR CAPITALS)

Human

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

Refer to Group page 16
Refer to operations pages 62 to 107

Financial

- Operating cash flow
- Equity funding
- Debt funding

Refer to Group page 16
Refer to operations pages 62 to 107

Manufactured

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

Refer to Group page 16
Refer to operations pages 62 to 107

Social and relationship

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

Refer to Group page 17
Refer to operations pages 62 to 107

Intellectual

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

Refer to Group page 17
Refer to operations pages 62 to 107

Natural

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

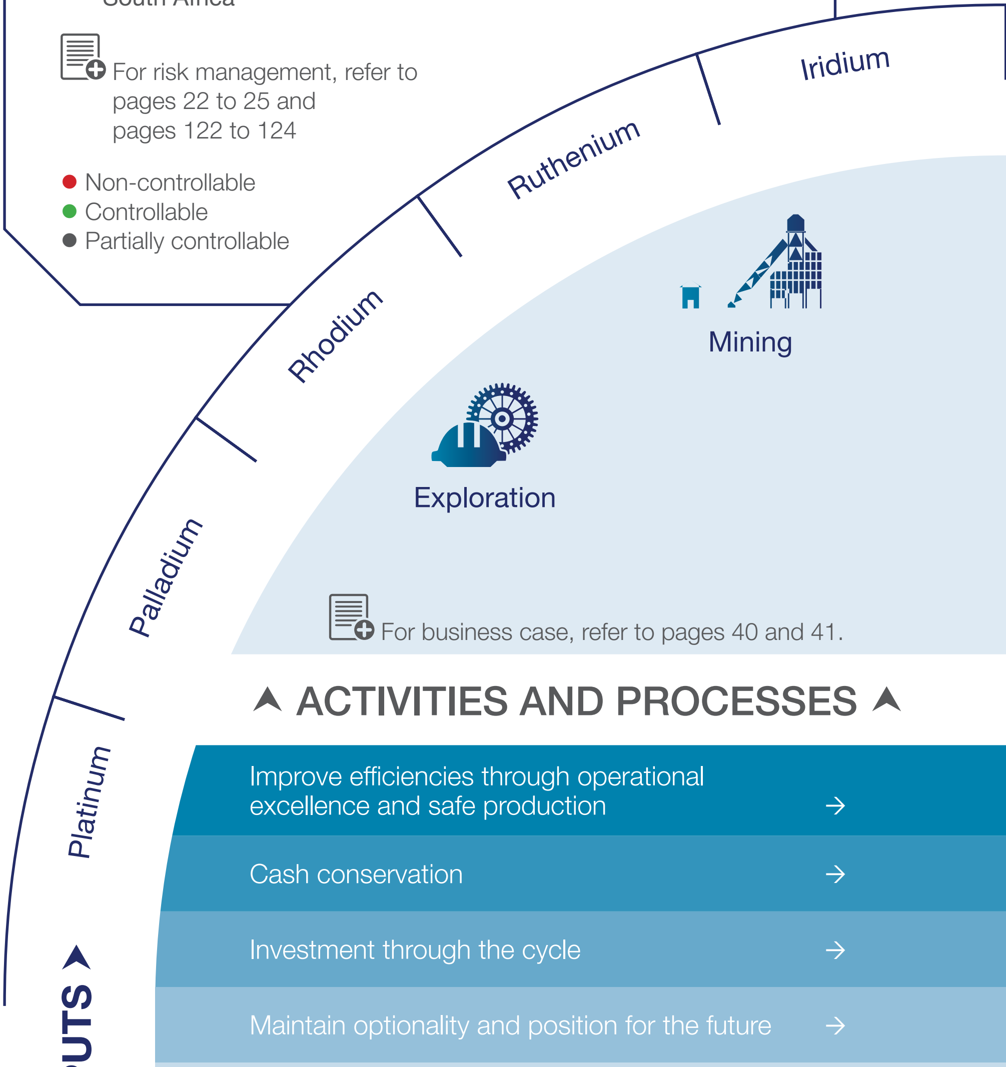
Refer to Group page 17
Refer to operations pages 62 to 107

Strategic risks

1 Sustained depressed PGM basket prices
2 Non delivery of production and productivity targets at Impala
3 A significant deterioration in safety performance
4 Disruption to operations due to community unrest at Marula
5 Policy risk arising from change in legislation in South Africa
6 Excessive taxation and levies at Zimbabwean operations
7 Failure to progress beneficiation in Zimbabwe
8 Unavailability of secure and reliable power at Zimplats
9 Capital constraints affecting project delivery/ opportunities
10 Impact of UG2 support changes

For risk management, refer to pages 22 to 25 and pages 122 to 124

● Non-controllable
● Controllable
● Partially controllable



For business case, refer to pages 40 and 41.

ACTIVITIES AND PROCESSES

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

STRATEGIC OBJECTIVES

OUTPUTS

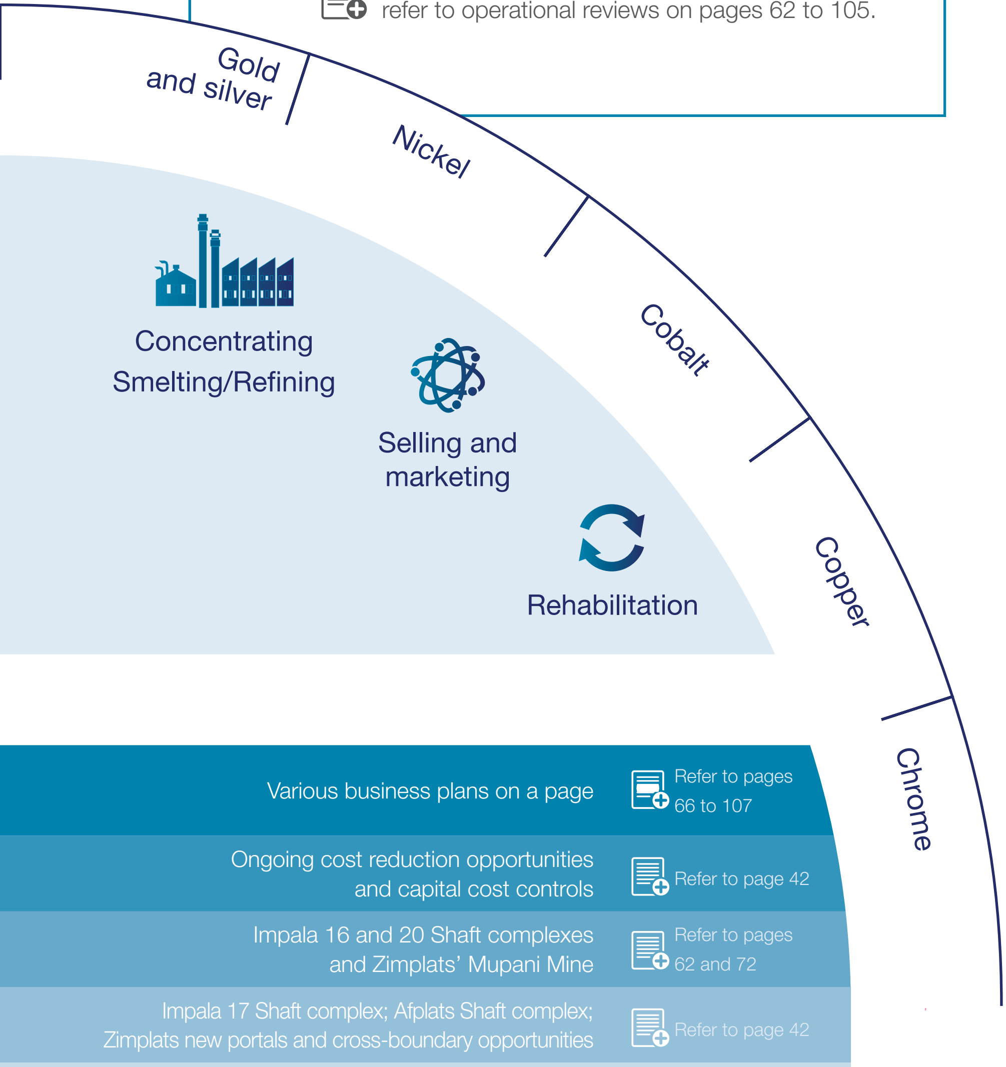
Material opportunities

Mining operations
- Grow/maintain production volumes of all mining operations
- Restructure Impala's fixed cost base

IRS
- Opportunity to leverage spare capacity in world-class refining asset

Employee relations
- Maturing majority union at Impala, Rustenburg
- Build on industry-leading housing initiative

For operation specific opportunities, refer to operational reviews on pages 62 to 105.



Various business plans on a page	Refer to pages 66 to 107
Ongoing cost reduction opportunities and capital cost controls	Refer to page 42
Impala 16 and 20 Shaft complexes and Zimplats' Mupani Mine	Refer to pages 62 and 72
Impala 17 Shaft complex; Afplats Shaft complex; Zimplats new portals and cross-boundary opportunities	Refer to page 42
MPRDA compliant	Refer to pages 125 to 127

WASTE → EMISSIONS → WATER USAGE

OUTCOMES

(POSITIVE AND NEGATIVE)

Human

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

Financial

- 🔴 Shareholder and investor returns
- 🔴 Reinvestment of profits
- 🟢 Contribution to tax revenues and economic growth for country

Manufactured

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

Social and relationship

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

Intellectual

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

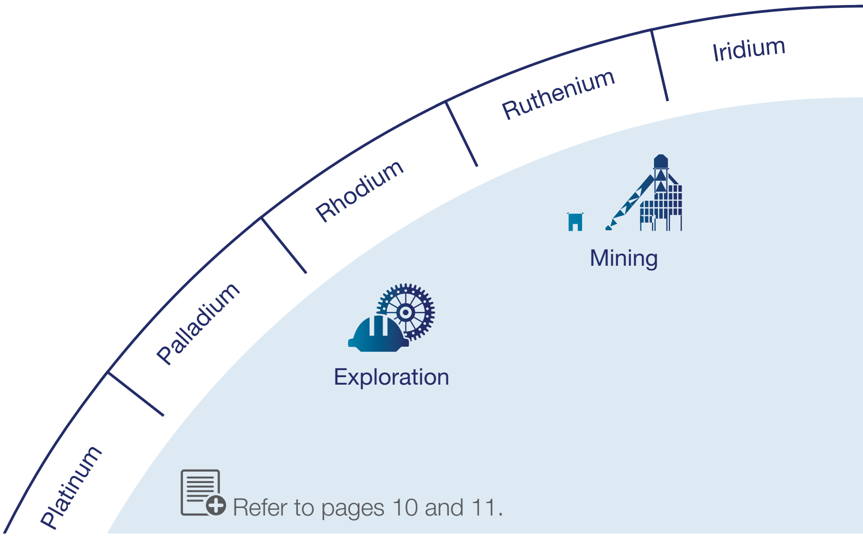
Natural

- 🔴 Generation of waste
- 🟢 Water recycling has improved
- 🔴 Land availability and disturbance
- 🟢 Conservation of natural resources through recycling, rehabilitation

🟢 Positive 🔴 Negative

Business model and value chain

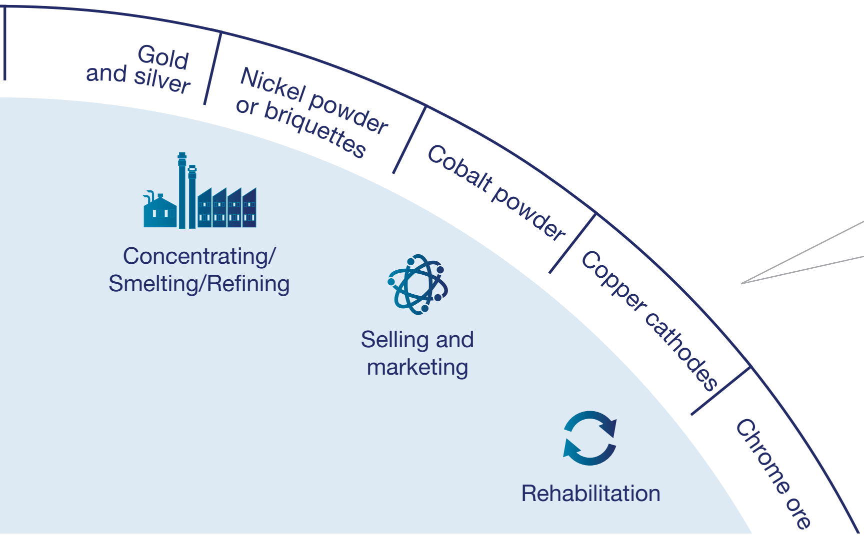
Our strategy seeks to sustain optimal levels of safe production at the best possible cost.

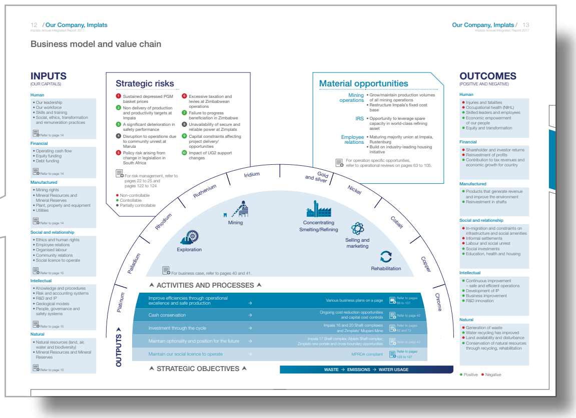


Refer to pages 10 and 11.

Our activities

	Exploration	Mining	Concentrating/ Smelting/ Refining
Activity	Mainly brownfields exploration focusing on existing mines with a view to optimise orebodies. Continue to monitor worldwide activities to maintain intelligence in greenfield exploration.	Implats mining divisions consist of deep-level conventional mining at Rustenburg and shallow-level conventional and hybrid mining at Marula. Zimplats, Mimosa and Two Rivers are mechanised shallow-mining operations.	Activities consist of concentrating and smelting our own ex-mine material and smelting third-party concentrates in Zimbabwe and Rustenburg and refining all matte in Springs.
Outcome	Supports mine planning and optimal mine layout. Implats incurred R123 (2016 R55) million during the year. Greenfields exploration has been terminated, but there is a positive outlook to grow the Mineral Reserve inventory at Zimplats, Mimosa and Two Rivers.	Production of 18.3 million milled tonnes ex mine/more than 35 000 people employed/R387 spent on total sustainable investment/ operating cost of R16.3 billion/capital of R3.08 billion/Mineral Resources reduced by some 2.4Moz Pt during the year.	Refined Pt production: 1 530koz Pt 932koz Pd 204koz Rh 17 464 tonnes Ni Operating cost R7.2 billion Capital spent R354 million
Focus	Focus area is brownfields, but maintain a watching brief on PGM exploration worldwide.	In the short term, focus will be on Impala to ensure it becomes cash neutral at current prices. Rebalance labour force and review operating model for this mine. Loss making production at Marula to be discontinued – mine must be cash generative or operations put on care and maintenance. Productivity and performance focus throughout all the mining operations. Maintain social licence to operate – within communities.	Focus on: • R&D • Recoveries • Mitigating environmental impacts (reducing waste, water, limiting emissions) • New refining opportunities




Business model and value chain

INPUTS

Strategic risks

Material opportunities

OUTCOMES

ACTIVITIES AND PROCESSES

OUTPUTS

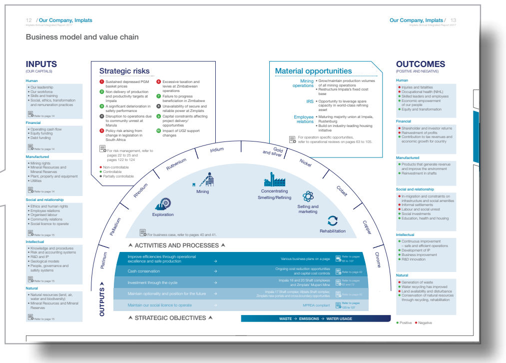
STRATEGIC OBJECTIVES

WASTE → EMISSIONS → WATER USAGE

Selling and marketing	Rehabilitation
Selling and marketing of PGMs are done on a contract and spot market basis. Implats does not enter into hedges or forward sales and is exposed to commodity prices. Implats supports the World Platinum Investment Council (WPIC) in its work to incentivise future sustained investment demand and the International Platinum Association in lobbying for world wide emission controls. We have increased our visibility and marketing spend in China, particularly relating to the bridal jewellery market through the Platinum Guild International.	We limit negative impacts on natural resources by ensuring full compliance with regulatory requirements and minimising water use and pollution thereof. We respond to climate change risk and opportunities by promoting responsible energy use and managing waste and emission streams. We apply responsible land management and biodiversity practices.
The overall demand for PGMs remain stable. Tighter emissions legislation has resulted in higher loadings for platinum and palladium in vehicle catalytic converters globally. Overall demand was flat during the year as a slight increase in automotive and industrial demand was offset by a drop in jewellery demand.	Our future environmental liabilities are assessed across the Group by third-party experts for compliance and accuracy. All obligations have been fully provided for.
The focus will remain on stimulating platinum demand and dispelling the unfounded negative perceptions of diesel globally.	Implats is committed to maintaining its social licence to operate and to manage the impacts on our environment responsibly.

Waste → Emissions → Water usage

Business model and value chain



Our capitals

Capitals

Human

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

Financial

- Operating cash flow
- Equity funding
- Debt funding

Manufactured

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

Inputs and trade-offs

- Value is generated through the wellbeing, expertise and motivation of our employees, contractors and service providers
- 52 012 employees including contractors
- Regrettably, we have reduced headcount at Marula to ensure sustainability
- R548 million skills development expenditure
- Good progress in promoting equitable transformation at all levels

- R1.0 billion operating cash flow
- PGM prices have a significant impact on revenue generation
- High fixed-cost associated with deep level mining (Rustenburg) due to infrastructure and labour intensity
- Increased capital investment through the cycle ensures optionality and positions the business for the future
- Issue of a new convertible bond (R6.5 billion) in July 2017
- The quantum and tenure of existing debt facilities is R4 billion available until 2021

- Attributable Mineral Resource of 191.6Moz of platinum
- Operating model (ongoing development/harvest) impacts on Mineral Reserves and, ultimately, on life-of-mine
- Capital expenditure – R3.4 billion
- Energy consumed – 18 million GJ
- Water withdrawn – 25 709ML

Outputs

PLATINUM PALLADIUM RHODIUM RUTHENIUM IRIDIUM

Outcomes

- Injuries and fatalities – LTIFR: 5.92 fatalities
- Occupational health (NIHL) – 199 new TB cases, 5 177 employees on ART
- Skilled leaders and employees – 980 employees and contractors impacted by restructuring
- Economic empowerment of our people – R12.6 billion in salaries
- Equity and transformation: Achieved Mining Charter requirements

- Shareholder and investor returns – no dividend declared since 2013
- Headline loss – R983 million
- Contribution to tax revenues and economic growth – R1.8 billion

- Products that generate revenue (R36.8 billion)
- Products that improve the environment – PGMs used to control emissions from combustion engines, mostly in the automotive industry
- Reinvestment in shafts and orebodies

Response

SD's report, refer to pages 25 to 37

Individual operations, refer to pages 62 to 107

Various measures to raise and preserve cash including:

- Curtailment of capital expenditure
- Cost optimisation
- Re-financing of balance sheet (convertible bond)

Value added statement, refer to page 38

Individual operations, refer to pages 62 to 107

Individual operations, refer to pages 62 to 107

CEO's outlook, refer to pages 44 to 47

Value is generated through improving efficiencies, wisely preserving cash, investing through the cycle, maintaining optionality and positioning for the future, while ensuring our social licence to operate.

Social and relationship

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

Intellectual

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

Natural

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

- Respect human rights and maintain zero tolerance to unethical behaviour
- Invest significantly in maintaining stable and constructive relationships
- 83% of SA workforce and 92% of Zimbabwean workforce are covered by collective bargaining agreements
- R371 million invested in socio-economic development benefiting 24 000 people in South Africa and 4 000 people in Zimbabwe
- Commitment to comply with and meet the objectives of the MPRDA, the 2010 Mining Charter, the President’s Framework Agreement for a Sustainable Mining Industry, the Leaders’ declaration on the mining industry commitment to save jobs and ameliorate the impact of job losses and the NDP

- Effective and efficient performance depends on effective management systems and a conducive people culture
- Best in sector purity (refining capability) for platinum and palladium

- Mining activities unavoidably impact the natural environment – we strive to mitigate these through responsible stewardship of our natural resources
- Attributable Mineral Resource of 191.6Moz of platinum

GOLD AND SILVER NICKEL COBALT COPPER CHROME

- In-migration and constraints on infrastructure and social amenities
- Informal settlements
- Labour and social unrest – proactive engagement with community representatives and government officials
- Education, health and housing – continue with community development initiatives such as Platinum Village and building schools

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

- Pollution (air, water, land) and climate change
- Water withdrawn: 25 709ML
- Energy consumption: 18 million GJ
- Land availability and disturbance
- Conservation of natural resources through recycling, rehabilitation
- Depletion of Mineral Reserves

SD’s report, refer to pages 38 to 53

Individual operations, refer to pages 62 to 107

Mineral Resources and Mineral Reserves Statement page 7

Information and technology page 127

Individual operations, refer to pages 62 to 107

SD’s report, refer to pages 54 to 62

Mineral Resource and Mineral Reserve Statement, refer to page 7

Individual operations, refer to pages 62 to 107

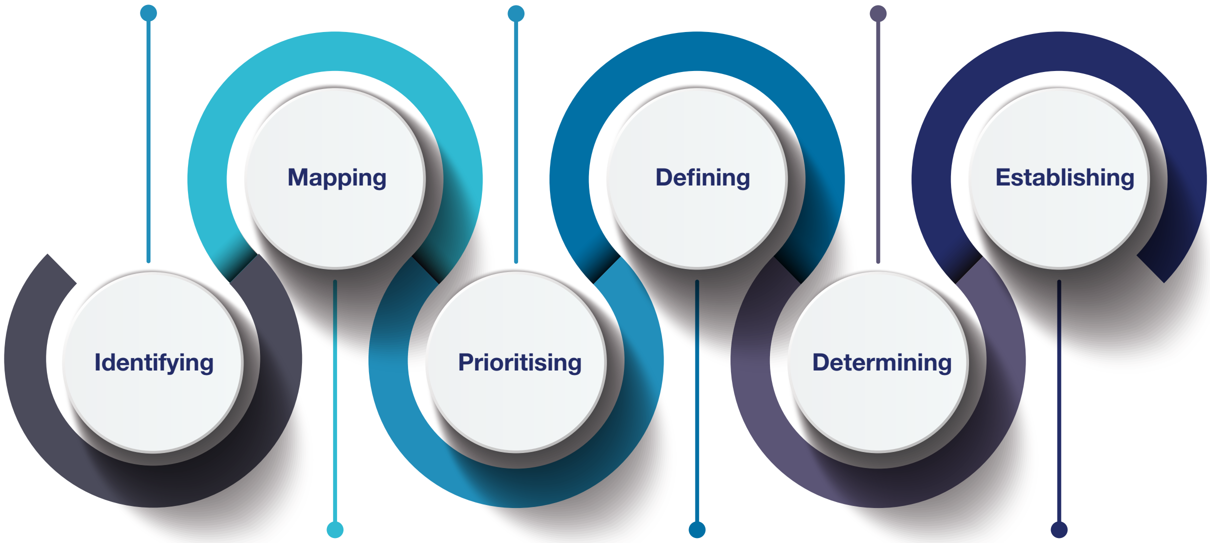
Stakeholder review and engagement

Each stakeholder group is allocated an executive or champion responsible for managing their relationship with the organisation.

Stakeholders are defined as those people or groups who are interested and affected by our business, as well as those who have a material influence on our ability to create value. Operations are very different; where applicable information has been given on a per operation basis to address individual shareholder material matters (refer to pages 62 to 107).

We have undertaken an inclusive stakeholder review process with the primary objective of improving relationships by becoming proactive in our approach to building relationships.

This process is depicted as follows:



- Identifying all stakeholders
- Prioritising stakeholders according to our impacts on them and the nature of the relationship
- Determining their level of influence on the business
- Mapping each stakeholder against a designated champion or responsible executive
- Defining the method of engagement and identifying potential opportunities to grow and sustain the relationship
- Establishing a tool for monitoring and evaluating relations in order to take proactive measures to improve these where they are found lacking

Responsibilities are sub-delegated by each executive to specialist personnel and operational executives depending on the nature of the issues. Quarterly stakeholder engagement meetings where operational executives and Group champions meet to discuss and identify material issues were initiated in the previous reporting period.

Part of the agenda is to:
- Identify key stakeholder issues
- Highlight potential risks
- Develop appropriate action and responses

Action items following from this process have been populated into the risk management system and allocated to a responsible person, thus ensuring that stakeholder actions and responses are managed on a continuous basis and are accessible to the entire executive team for oversight.

Each stakeholder group is allocated a responsible executive or champion to manage their relationship with the organisation as outlined in the table below.

Ongoing engagement

Communities Chief executive officer	**Customers** Group executive – marketing and refining	**Employees** Group executive – people
Government Chief executive officer Chief financial officer	**Suppliers** Chief financial officer	**Unions** Group executive – people

Regular engagement

Banks and financial institutions Chief financial officer	**Board** Chief executive officer Chief financial officer	**Business partners** Chief financial officer
Industry and business forums Chief executive officer	**Media and analysts** Group executive – corporate affairs	

Periodic engagement

Civil society Group executive – corporate affairs	**Competitors** Chief executive officer	**Emergency services** Group executive – health and safety
NGOs Group executive – corporate affairs	**Universities and R&D institutions** Group executive – technical services	

Stakeholder material matters

Stakeholder material matters	Strategic objective	Stakeholder groups
• Conditions of employment • Safety and health initiatives • Production and performance • Capex programme • Industrial relations climate • Cost control measures	Improve efficiencies through operational excellence and safe production	Employees Government Unions Investors Shareholders Suppliers Communities Customers
• Conditions of employment • Production and performance • Capex programme • Future metal prices and supply, demand dynamics • Cost control measures	Cash conservation	
• Conditions of employment • Safety and health initiatives • Transformation • Industrial relations climate • Political climate in Zimbabwe and South Africa • Government policy on Zimbabwe and South Africa • Environmental compliance	Maintain social licence to operate	
• Production and performance • Capex programme • Industrial relations climate • Future metal prices and supply, demand dynamics • Cost control measures	Investment through the cycle	
• Production and performance • Capex programme • Future metal prices and supply, demand dynamics	Maintain optionality	

Individual operations' stakeholder material matters, refer to pages 62 to 107.

Our response measures

Drive safety
- Embed three pillars of HSE strategy: People and Behaviour, Safety Environment, Practices
- Implement new technology and 14 Shaft fire remedial actions across the Group
- Embed and drive Critical Safety Behaviour programme
- Implement Critical Controls for major hazards and events
- Attain OHSAS 18001 (ISO 45001) compliance at all operations

Production efficiencies
- Optimise mining efficiencies through productivity programmes
- Continue with cost optimisation at all operations
- Ramp up 14, 16 and 20 Shafts and Bimha
- Optimise 1, 10, 11 and 12 Shafts
- Close 7 and 7A Shafts
- Improve team performance through team mobilisation and drive performance orientation among employees
- Strengthen inter-divisional relationships and collaboration

Conserve cash
- Complete 16 and 20 Shafts only
- 17 Shaft on care and maintenance
- Leeuwkop project deferred
- Rationalise and prioritise capital allocation across the Group
- Maintain strong Group balance sheet

Deliver production targets
- Maintain development at all operations to sustain production and define a differentiated operating model per shaft at Impala Rustenburg
- Rustenburg: between 680 000 and 720 000oz in 2018, building up to 750 000 platinum ounces by 2022
- Marula: 85 000 platinum ounces in concentrate
- Zimplats: maintain 260 000 platinum ounces in matte
- Two Rivers: maintain 175 000 platinum ounces in concentrate
- Mimosa: maintain at 115 000 platinum ounces in concentrate

Good corporate citizen
- Deliver on the Mining Charter and Social Labour Plan (SLP) commitments
- Adhere to our commitments in the Deputy President's Framework Agreement
- Reduce and manage constrained utility supplies
- Align and position ourselves in terms of the National Development Plan (NDP)
- Centre of Excellence – Operation Phakamisa discussions and participation

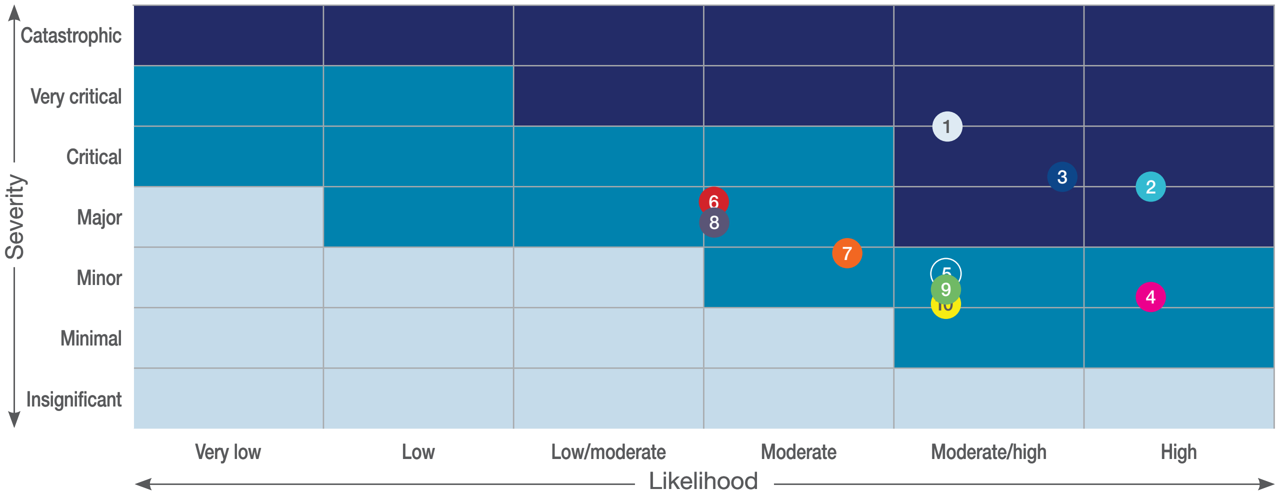
Investment through the cycle
- Complete 16 and 20 Shafts
- Continue with Bimha Mine re-development
- Development of Mupani Mine at Zimplats as replacement for Ngwarati and Rukhodzi
- Re-examine long-term price forecasts and align competitive strategy
- Continue to invest in 16 and 20 Shafts

Maintain optionality
- 17 Shaft on low cost care and maintenance. Remains an ore reserve replacement option for Impala Rustenburg
- Afplats Leeuwkop Shaft sunk to 1 198 metres below surface to just above the first station position remains an option with ore potentially concentrated at Impala Rustenburg
- Continued pursuit of other synergistic opportunities

Key risks and opportunities

Top residual risk		Group	Impala	Zimplats	Marula	Mimosa	Two Rivers	IRS
1	Sustained depressed PGM basket prices	1	1	1	1	1	1	1
2	Non-delivery of production and productivity targets at Impala	2	2					
3	A significant deterioration in safety performance	3	3			3		
4	Disruption to operations due to community unrest at Marula	4			4			
5	Policy risk arising from change in legislation in South Africa	5	5		5		5	5
6	Excessive taxation and levies in Zimbabwe	6		6		6		
7	Failure to progress beneficiation in Zimbabwe	7		7		7		7
8	Unavailability of secure and reliable power in Zimbabwe	8		8		8		8
9	Capital constraints affecting project delivery/opportunities	9	9					
10	Impact of UG2 support changes	10	10					

No.	Description of risk	Value impact
1	**Sustained depressed PGM basket prices** The rand:US dollar exchange rate materially impacts revenues for the basket of PGMs and base metals produced and the volatility of the exchange rate is a risk. The current weakness in the dollar PGM basket price remains a concern and is unsustainable in the medium to long term.	A sustained depression of the rand PGM prices adversely impacts our revenue and cash position. This, in turn, contains capital allocation, which may, in turn, affect future performance.
2	**Non-delivery of production and productivity targets at Impala Rustenburg** The achievement of production targets is a critical success factor in the return to profitability and creation of sustainable value. This directly impacts investor confidence. Short-term challenges include: ramping up to full production; achieving completion of the mining cycle; optimising the establishment of face length in new mining areas; and ensuring increased productivity.	Non-delivery of production targets have an adverse effect on revenue and unit cost due to the relatively small variable cost component. Non-delivery at Impala Rustenburg severely impacts total Group performance due to the size of this operation.
3	**A significant deterioration in safety performance** Safety is a priority for Implats' leadership as there are material inherent safety risks associated with the mining industry.	The tragedy of the loss of life, an injury at work or any safety-related incident is unacceptable to Implats. Moreover, the subsequent business interruption and loss of morale and production further impacts the sustainable value creation and licence to operate.
4	**Disruption of operations due to community unrest at Marula** Operational performance has been severely disrupted by community protest action for much of the recent financial year. This is directly related to community dissatisfaction with the management of the Makgomo Chrome project by the selected community representatives.	Marula is a marginal operation at current rand PGM prices and any disruption to operations has a material impact on its profitability and therefore sustainability.



Mitigating actions	Outlook	Strategic objective	Strategies	KPI
• In depth and continuous research to enhance understanding of the future demand and the corresponding industry supply-side profile for PGMs. • Scanning the environment for technological advances that will materially affect demand as this may present an added risk or opportunity. • Targeting marketing and investment initiatives to grow PGM demand. • Cash conservation.	The outlook for rand revenue from PGMs remains uncertain. Industrial production and consumer demand is expected to be the biggest driver of PGM demand.	Improve efficiencies through operational excellence and safe production R/$/€/£ Cash conservation % Investment through the cycle	Consistently deliver production targets Improve efficiencies through operational excellence Cash conservation	For KPI targets refer to individual operations' performance from page 62 to 107
• Undertaking of an assisted operational optimisation and productivity enhancement programme concentrating on constraint removal and root cause analysis to improve mining efficiencies • The use of new technology to reduce the time taken to open up the Mineral Reserve in a timeous fashion. • Development of a specialist mining services contractor strategy to improve the of face length. • Supervisor and management capability assessment and coaching programme.	The Impala Rustenburg operation has been reviewed extensively. This operation will be a focus item during the 2018 year as discussed in the CEO's outlook section of this report (refer to pages 44 to 47).	Improve efficiencies through operational excellence and safe production R/$/€/£ Cash conservation	Relentlessly drive the safety of our people Cash conservation	
• Strong commitment to improve the safety culture, driven through initiatives relating to people behaviour. • The innovative use of technology to improve safety in the workplace. • Identification and focus on critical controls.	Various strategies are pursued to ensure employee safety. These initiatives focus on people and behaviour by improving self-assessment and reporting. Key initiatives are also in place to ensure a safe environment like warning devices, equipment and safety systems.	Improve efficiencies through operational excellence and safe production Maintain our social licence to operate	Relentlessly drive the safety of our people Maintain our licence to operate	
• Constant engagement with community forums, including eliciting the support of the regional offices of the DMR with a view to enhancing transparency of the distribution of the Chrome profits into the communities. • Restructuring of the business through a section 189 process. • Enhanced security strategy and associated tactical plans. A decision to place Marula on a strict watch list to ensure it remains cash positive at a Group level or is placed on care and maintenance.	Barring production interruptions, Marula is operating well.	Maintain our social licence to operate	Maintain our licence to operate	

Strategic objectives

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

Strategies

- Relentlessly drive the safety of our people
- Consistently deliver production targets
- Improve efficiencies through operational excellence
- Cash conservation
- Maintain our licence to operate

Key risks and opportunities

No.	Description of risk	Value impact
5	**Policy risk arising from change in legislation in South Africa** The heightened uncertainty in the regulatory environment has a material impact on all our South African operations.	Capital allocation decisions are negatively impacted by the uncertainty, which have an impact on the medium to long term production profiles. In addition, the policies may have an impact on cost, which affects sustainability.
6	**Excessive taxation and levies at Zimbabwean operations** Zimplats is exposed to high taxes by virtue of its special mining lease, which has not been aligned with legislative taxes. Mimosa is exposed to export levies on unbeneficiated exports.	There are multiple and sometimes conflicting interpretations of the tax regime applicable to Zimplats resulting in tax risk. Moreover, the imposition of additional profits tax (APT) results in a penal effective tax rate. In addition, the 15% export levy on unbeneficiated platinum (applicable to Mimosa) has only been deferred to 1 January 2018.
7	**Failure to progress beneficiation in Zimbabwe** The imposition of the 15% export levy on the value of platinum contained in Mimosa's concentrate will threaten the sustainability of the operation. Equally, building a new smelter at the operation in the current economic environment is not affordable.	The impact on value would result from the potential for the Government of Zimbabwe to dictate that Mimosa refine its concentrates with third parties, other than IRS, who have committed to build refining assets in Zimbabwe or from the imposition of the export levy of 15%.
8	**Unavailability of secure and reliable power in Zimbabwe** Unavailability of reliable and secure power from Zimbabwe Electricity Supply Authority (ZESA) to meet the Zimbabwean operational requirements, or alternatively failure to ensure a stable power supply to operations, both on a short-term and long-term basis, compounded by seasonal low water levels and insecurity of Kariba Dam wall.	Lack of reliable power from ZESA would undoubtedly impact the Zimbabwean operations' ability to produce.
9	**Capital constraints affecting project delivery/opportunities** At the moment, Implats has limited available capital resources. The current situation highlights the criticality of effective capital deployment and project prioritisation. In the current environment, future capital generation is seen to be fully reliant on the ability of the operations to return to a cash flow positive situation.	Deferring or electing not to spend capital impacts the value of areas in which the projects are delayed or cancelled. Life-of-mine plans for the Group are affected.
10	**Impact of UG2 support changes** A major fall of ground occurred at 1 Shaft in May 2016 and tragically resulted in the loss of two lives. The fall was extensive and prompted a comprehensive investigation which was conducted by internal and external specialists. Support philosophy and design was altered for all UG2 areas at Impala Rustenburg, which has had a negative impact on the efficiencies in these areas.	The viability of certain UG2 areas are at risk

	Mitigating actions	Outlook	Strategic objective	Strategies	KPI
	• Comprehensive engagement strategy with key stakeholders • Maintaining sound relations with the regulator • Ensuring compliance to social and labour plans • Active involvement in the Chamber of Mines	The Group remains committed at the highest level to transformation at all levels and all of its operations currently meet or exceed the current mining charter targets. We remain optimistic that through constructive engagement, any new targets will be such that the industry will remain sustainable.	Maintain our social licence to operate	Maintain our licence to operate	For KPI targets refer to individual operations' performance from page 62 to 107
	• Ensuring compliance through external tax audits and the use of specialist tax advisory services. • Strong commitment to tax training and awareness, resolution of historical tax matters and the tax risk management framework. • Lobbying the government of Zimbabwe on the impact on the mining operations of increased taxes.	Implats remains committed to engage with relevant government structures re future legislation and policy affecting the sustainability of its mining operations in Zimbabwe.	R/$/€/£ Cash conservation Maintain our social licence to operate	Cash conservation Maintain our licence to operate	
	• Engage with the government of Zimbabwe to enhance the understanding of the negative impact on the operations and the country of building new capacity when capacity exists elsewhere. • Keep abreast of third party refinery development activities and initiate appropriate responses to the Government; regular engagement with the Government and third parties on the technical merits of alternative refining processes.	Beneficiation in Zimbabwe is not value accretive for the Group, given its investment in IRS to create sufficient refining capacity in the Group.	R/$/€/£ Cash conservation Maintain our social licence to operate	Cash conservation Maintain our licence to operate	
	• Maintaining regular contact with ZESA. Secure status as preferential customer through advance payments. Ensuring appropriate contingency plans are in place. Implementing initiatives to reduce energy consumption.	Substations have been upgraded to ensure reliability and agreements are in place with the Cahora Basa power utility to ensure reliable supply.	Improve efficiencies through operational excellence and safe production R/$/€/£ Cash conservation	Improve efficiencies through operational excellence Cash conservation	
	• Comprehensive and rigorous review of all projects with a fully inclusive project prioritisation process. This is fully integrated into the business planning process.	Capital allocation decisions are evaluated on an ongoing basis. Future prices will impact the commercially available Mineral Reserves and consequently the capital decisions taken at that time.	Improve efficiencies through operational excellence and safe production R/$/€/£ Cash conservation % Investment through the cycle Maintain optionality and position for the future	Consistently deliver production targets Improve efficiencies through operational excellence Cash conservation Maintain our licence to operate	
	• Rigorous review of design philosophy and support requirements, combined with heightened strata control awareness. • Optimisation of the current team complement and composition to achieve productivity targets.	Lessons learnt from these investigations are taken into account in future design and support.	Improve efficiencies through operational excellence and safe production R/$/€/£ Cash conservation Maintain our social licence to operate	Relentlessly drive the safety of our people Improve efficiencies through operational excellence Maintain our licence to operate	

Strategic objectives

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

Strategies

- Relentlessly drive the safety of our people
- Consistently deliver production targets
- Improve efficiencies through operational excellence
- Cash conservation
- Maintain our licence to operate

Chairman's report

The year in summary

While there has been Group-wide progress in terms of safety performance, it is with deep sadness and regret that Implats experienced nine work-related fatalities during the year. Management and the Board accept that safe production is vital to Implats' sustainability and recommit to achieving the goal of 'zero-harm' in all our operations.

During the 2017 financial year, the businesses' operating environment was more challenging than widely anticipated at the outset. However, Implats remained steadfast in implementing its strategic repositioning plan aimed at achieving operational sustainability and optimised stakeholder returns under 'the new normal' environment of lower for even longer metal prices.

In South Africa, the effects of global political and economic factors were compounded by recessionary trends, allegations of state capture and increasing political contestation, thus putting more pressure on the sustainability of the mining industry as a whole.

Platinum group metal prices

The implementation of the plan to reposition Implats for a "lower for longer" price environment, which was initiated in 2015, has stood the Group in good stead thus far given that the platinum prices have remained depressed until now. The key elements of the repositioning plan are cost cutting, capital expenditure reprioritising and rescheduling, balance sheet strengthening, production and productivity improvements at the Impala Lease Area (Impala) and preserving our social licence to operate. Good progress has been made on all these key elements except on the production element regarding the Impala Lease Area and the Marula operations.

There are some positive signals in the market, such as the depletion of above-ground stocks of platinum and a more robust demand outlook. However, it is evident that prices are being driven more by sentiment and less by the fundamentals. In addition, it seems platinum price movements continue to be primarily driven by the performance of gold. This disconnect between platinum's price and its fundamentals, makes forecasting difficult and susceptible to investor sentiment based on global risks. Therefore, the prognosis of prolonged, relatively flat platinum prices remains strong. This will result in the postponement of capital investment in the sector and will contribute to a further contraction over the short to medium term.

Consequently, management has initiated a process of close interaction with our customers to build a common understanding of medium- to longer-term pricing scenarios to ensure enhanced accuracy for planning purposes, as well as for strategic decision-making and optionality.

Implats shares the view of the World Platinum Investment Council, that there will be a supply shortfall in less than 10 years' time and that there are strong reasons supporting platinum as an investment asset. These include a projected supply and demand imbalance and the positive ETF holdings, despite price volatility.

Delivering on strategy

During the year under review, the Group made significant progress against all the key elements of our repositioning plan. The Group's mine-to-market output was slightly up at 1.28 (2016: 1.25) million platinum ounces; gross refined platinum production increased by 6.4% to 1.53 million ounces; unit costs increases were contained at 4.4%, in line with mining inflation, to R22 691 (2016: R21 731) per platinum ounce; overhead

The disconnect between platinum's price and its fundamentals, makes forecasting difficult and susceptible to investor sentiment based on global risks. Therefore, the prognosis of prolonged, relatively flat platinum prices remains strong.

"While Implats has delivered near-record production at several mining operations, as well as higher throughput at the refinery operation, the Rustenburg operations require attention to improve overall operating and financial performance. This has become a key priority for the next year."

Mandla Gantsho, Chairman

Chairman's report

cost savings initiatives yielded in excess of R1 billion over the last two years, including the effects of stricter capital allocation controls; capital expenditure of R3.43 (FY2016: R3.56 billion) was maintained at similar levels to the previous year due to the deferment of ongoing capital; and Importantly, Implats further strengthened its balance sheet through the successful conclusion of a R6.5 billion new convertible bond issue and retaining its R4 billion bank facilities until 2021.

Good progress was also made in many of our key safety indicators. Several operations reached significant safety milestones, resulting in a noteworthy decline in Section 54 stoppages.

While Implats has delivered near-record production at several mining operations, as well as higher throughput at the refinery operation, the Rustenburg operations require attention to improve overall operating and financial performance. This has become a key priority for the next year. The executive and senior management team at our Rustenburg operations are currently implementing a board-approved plan to transform Impala Rustenburg and ensure the delivery of better and more sustained operational and financial results.

There has been effective delivery in terms of the numerous social and labour plan commitments at our South African operations and the targeted corporate social investments in Zimbabwe. In addition to expanding industry-leading employee housing projects, Implats has focused on local skills development and recruitment, and increased spend on local procurement – which contributes to local economic development, and towards driving transformation in South Africa and indigenisation in Zimbabwe. One of the absolute imperatives over the next year is to enhance and extend these social and labour plan commitments to ensure communities and other stakeholders benefit fairly and equitably from our various operations.

Stakeholder universe

Implats recognises the need for effective stakeholder engagement to build new and maintain existing value-enhancing relations with all key stakeholders, to create sustainable shared value, and to secure a social licence to operate. Mining activities inevitably impact a broad range of stakeholder groups, often positively, but also in ways that can be perceived negatively by certain stakeholder groupings. This is a global issue, but within a southern African context, mining is further impacted by a range of historic social and environmental ills, the legacies of which persist today.

As a result, mining operations in South Africa and Zimbabwe face a major trust deficit with many key stakeholders. The current socio-political climate is unpredictable and the economies are not growing at the required rates to meaningfully arrest high levels of unemployment, poverty and inequality. A growing "crisis of expectation" has seen mining companies caught in the crossfire between frustrated communities, poorly-resourced local government structures, and traditional leaders whose authority is increasingly being challenged, especially by the youth. Demands to deliver economic benefits are being levelled at mines with increasing frequency and ferocity. This is no more evident than at the Marula operation, where Implats is acutely aware of the realities that exist, and where management had to focus its attention to bring a solution to bear on the untenable situation.

Implats continues to prioritise effective, proactive and consistent engagement across all stakeholder groups – including national, provincial and local governments, its employees and their union bodies, and its communities and the structures that support them.

Internally, we are aligning our teams through organisational effectiveness processes to ensure the Group is adequately resourced and trained to meet future demands and challenges. We have reviewed our internal management approaches and are aligning our teams for improved decisiveness, pragmatism, and accountability. This has necessitated a revision of the performance and reward system to achieve better alignment with returning value to shareholders, and sharing benefits with our overall stakeholder universe.

Regulatory changes

Productive two-way engagement with the governments of South Africa and Zimbabwe remain critically important to a predictable and sustainable business environment. The regulatory and policy uncertainty in both countries, which escalated during the year under review, is a source of serious concern for an industry involved in large-scale capital investment over long-term horizons.

The gazetting in South Africa of a controversial third version of the Mining Charter in June 2017, resulted in serious decreases in the market capitalisation of listed mining companies. This was followed by the gazetting of a notice to restrict the granting of new mining and prospecting rights and the transfer of mineral rights between companies, which represents the lifeblood of the mining sector.

As a member of the Chamber of Mines, Implats fully supports the chamber's view that ongoing policy and regulatory uncertainty in South Africa continues to impair the full economic and developmental potential of the mining industry. Implats remains confident that mining industry differences with the South African government can be resolved to secure a workable way forward.

In the same vein, Implats continues to engage the Zimbabwean government – directly, and through Zimplats' membership of the Chamber of Mines of Zimbabwe and its Platinum Producers' Association – on business-critical policies, such as beneficiation and land acquisition.

Conclusion and appreciation

In an environment of political and economic uncertainty, it behoves the private sector to keep a level head and a steady hand. I believe Implats has done just that during the year under review. Notwithstanding current challenges, the long-term fundamentals of the PGM market remain positive. The implementation of the response plan to the low metal price environment has resulted in a more resilient Implats. The Group has a strong balance sheet and is positioned for long-term sustainable stakeholder value creation.

Towards the end of the 2016 calendar year, we bade farewell to Mr Terence Goodlace who was a non-executive director for two years and led the Group for the past four and a half years as Group CEO. On behalf of the board, I thank Terence most sincerely for skillful and compassionate leadership of the Group. We wish him well in his future endeavours.

Succeeding Terence is our new CEO, Mr Nico Muller, whose appointment became effective on 1 April 2017. The board is confident that Nico's impressive track record in leadership and management will contribute towards placing the Group on a trajectory of safe operations and sustained profitability.

On behalf of the board, I extend our sincere appreciation to Mr Gerhard Potgieter for his outstanding contribution as acting Group CEO ahead of handing over to Nico.

To Ms Brenda Berlin, our CFO and executive director, as well as to the entire management team and staff, thank you for your hard work, loyalty and contribution to the ongoing viability of Implats.

I acknowledge and thank my fellow board members for their wise counsel and commitment to the Group over the past year. I value their support.

Finally, I express my sincere appreciation to Implats' many stakeholders for entrusting us with the leadership of the Company and for the continued support.

We look forward to a new year, and to meeting the challenges with renewed vigour.

Dr Mandla SV Gantsho
Chairman

Our operating context

Market review

A more favourable outlook for the global economy in 2017

According to the International Monetary Fund (IMF), in 2016 the global economy experienced the weakest growth since 2008, at 3.2%. This was due to a challenging first half marked by turmoil in global financial markets. The IMF raised its projection for 2017 global growth to 3.5%, up from their January forecast of 3.4%, largely as a result of a resilient China, rising commodity prices and sturdy financial markets that are offering a brighter outlook for the global economy.

The IMF does warn of risks to its optimistic forecast, which include the threat of deepening geopolitical tensions, the possibility of rising US interest rates which will squeeze economic growth, and the threat that protectionist measures may damage global trade.

The overall demand for PGMs from major sectors remained stable during 2016 and, thanks to the favourable outlook, continued to hold its ground during the first half of 2017. Demand for platinum came from the combination of rising vehicle sales and loadings in Western Europe and increased industrial requirements in both North America and China. Palladium demand remained healthy on the back of increasing vehicle sales in China and the US. The rhodium price performance was due to limited availability (from mines and secondary suppliers) and increased demand from automotive and chemical industries.

Secondary PGM supply was low for most of 2016, however, it recovered in the last few months of 2016 on the back of higher steel, palladium and rhodium prices. In the case of platinum, secondary supply saw an unusual hike as a consequence of the Chinese stocks being recycled as retailers returned pieces to manufacturers, looking for new designs and more gem-set.

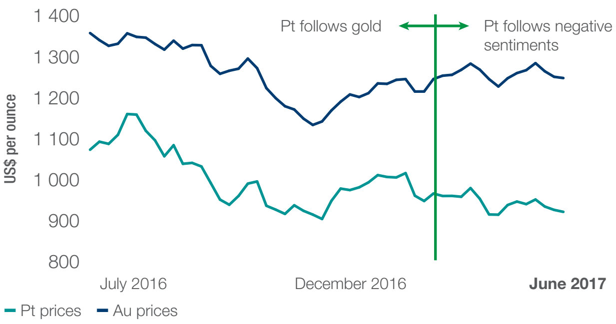
Even though there has been some dollar price increase for PGMs over the reporting period, the rand strength negatively affected the rand basket price, further challenging a supply environment under continued risk due to lack of capital investment. Together with challenges related to safety incidents as well as increasing production costs, the low rand basket prices continue to place shafts at closure risk.

Market performance

The platinum and palladium markets remained in fundamental deficit in 2016, while the rhodium market was in small surplus.

Even though the platinum price closed FY2017 11% lower at US$922 per ounce, compared to the start of the financial year (US$1 033 per ounce), the average price for the year was 4% higher at US$988 per ounce compared to the previous financial year.

Pt and Au prices



Platinum price movements during FY2017 continued to show a disconnect to its fundamentals, which made platinum pricing susceptible to investor sentiment around global risk. Additionally, anti-diesel sentiment in Europe/India and the fall in Chinese jewellery continue to weigh on platinum prices.

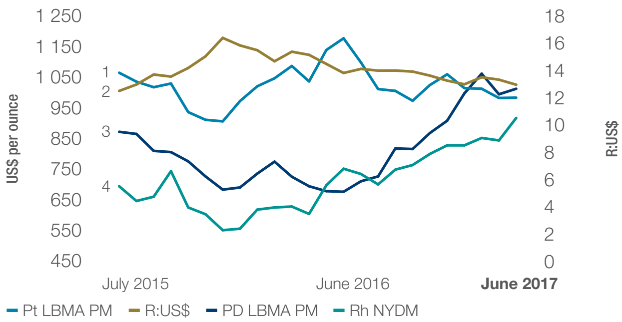
Negative sentiment towards the internal combustion engine, and diesel in particular, has increased over the last 12 months. Much is being made of battery electric vehicles as the solution to effective carbon dioxide and NO_x reduction. However, to be truly effective, these will require a significant increase in renewable energy generation, which is potentially decades away. It is interesting to note that the reduction in diesel vehicle share in the Western European market has been offset by an increase in sales of gasoline vehicles, not battery. Growth in the electric vehicle space has been via hybrid vehicle sales, which do provide a more immediate answer to emissions reductions. Given the introduction of Real Driving Emissions (RDE) testing, these will require higher loadings of PGM's to negotiate the more frequent 'stop-start' conditions.

In contrast, palladium prices closed FY2017 42% higher, at US$841 per ounce, compared to the start of the financial year (US$593 per ounce). Palladium prices reached a high of US$900 per ounce during June 2017 while the average price for the year was US$737 per ounce or 27% higher than the previous comparable period. Support for palladium was driven by robust demand from autocatalyst fabricators, positive sentiments towards the automobile sector and expectations of further palladium price gains.

Rhodium was a star performer in the PGM complex, with the largest rally during the financial year. Rhodium prices closed the financial year 60% higher at US$1 018 per ounce after opening the financial year at US$638 per ounce. The average price for the year, at US$803 per ounce, was 13% above the comparable period. This was on the back of the absence of liquidity and the increasing demand from both the automotive and industrial sectors.

The South African rand strengthened against the US dollar during FY2017, gaining on average 14% of its value and closing at R13.11. The strength of the rand eroded some of the gains made in US dollar prices.

US$ per ounce



Automotive

2016 was another positive year for the automotive industry, with global light duty vehicle sales estimated to have reached 93 million units on the back of continued growth in the US, Western Europe and China, offsetting reduced sales in Japan, Eastern Europe and Latin America, relative to the previous year.

Platinum demand continued to benefit from both increased light and heavy-duty diesel vehicle sales, and higher vehicle loadings globally. For 2016, platinum usage amounted to 3.3 million ounces. Similar to platinum, palladium requirements benefited from increased loadings and vehicle sales and usage reached 7.8 million ounces. Rhodium usage in autocatalysts amounted to 0.825 million ounces during 2016, with most of the additional requirements seen during the last quarter.

In the first half of 2017, automotive sales in major markets have been mixed. After a record 2016, sales in the US were expected to decline by more than 2% in 2017, reaching 17.1 million units. In line with this forecast, US sales in the first half of 2017 were down by 2.3% at 8.4 million units. However, US consumers continued to favour heavily PGM-loaded pickup trucks, SUVs and crossovers.

In contrast, Chinese light duty vehicle sales were resilient in the first half of 2017, up 3.8% after recording a 14.9% year-on-year growth in 2016. This figure was impacted by the increased tax incentive for small-engine cars (from 5% in 2016 to 7.5% in January 2017). Full year sales are still estimated to increase by 5%.

After three years of declining sales in Japan, the recovery seen during the last two months of 2016 has continued in 2017. Japanese new car sales surged in the first half of 2017, increasing by 9.2% year-on-year to 2.8 million units. Full year sales are expected to reflect the first increase in three years.

Western Europe saw a decline in the light duty diesel market in 2016. However, a combination of growing vehicle sales and higher loadings saw platinum demand actually increase in this sector by close to 100koz for the year. This growth has continued in the first half of 2017 as sales increased by 3.7% to 7.8 million units. Increased anti-diesel sentiment in this market continues to pose a significant threat to platinum demand, however, consumers are not switching from diesel to battery or hybrid vehicles but to gasoline. This is compounding the CO_2 compliance issues for manufacturers, as gasoline engines emit around 20% more CO_2.

Infrastructure and, more importantly, consumer acceptance does not seem to be moving fast enough for penetration in the electric vehicle market to meet fleet compliance to CO_2 emissions regulations in 2020. This may yet provide the opportunity for manufacturers to promote available “clean” diesel vehicles, and initiatives such as the German Ministry of Transport’s ‘National Diesel Forum’ provide platforms to do this.

Increasing vehicle sales in other regions are expected to offset the decline in the US market, with estimated global light duty vehicle sales in 2017 forecast to reach a new record of more than 94 million units.

Light-duty vehicle sales

Units: Millions	Forecast 2016	**Forecast 2017**
North America	17.51	**17.10**
Western Europe	13.95	**14.23**
China	24.38	**25.60**
Japan	4.97	**5.00**
Rest of the world	32.40	**32.30**
	93.2	**94.22**

Source: Reuters, CAAM, Nikkei, LMC

Jewellery

Although the 2016 Platinum Guild International (PGI) retail barometer showed that Chinese demand declined by 8.3% for the year on the back of changing consumer preferences, the Chinese market remained the major consumer of platinum jewellery in 2016 consuming 1.83 million ounces. In the past, jewellery purchases were mainly value-driven, however today, distinctive design, branding and emotional relevance are as important, with jewellery competing with other discretionary items, such as the latest smartphones, and experiential spending such as travel.

The Chinese decline was partially offset by growth in other regions. Even though India had a challenging 2016, as a result of floods, changes in legislation, a jewellery retailers’ strike and demonetisation, the platinum jewellery market remained resilient and grew by 11.4% on the back of successful campaigns by the PGI. In the US, manufacturers and retailers alike attributed the 5.4% growth in their platinum business in 2016 to favourable pricing (relative to gold), an appealing sales story to the trade. Japanese growth of 2% was driven by Japanese society preference for platinum and high disposable income, making non-bridal jewellery the biggest demand driver. The combination of these factors meant global platinum jewellery demand declined by only 117koz, reaching 2.9 million ounces in 2016.

Our operating context

For the first half of 2017, Chinese retail sales decreased but at a slower rate than 2016. The Indian market has bounced back and all of PGI's retail partners report strong growth in the first half of 2017 when compared to 2016. The US and Japanese markets are recording similar growth to 2016.

Industrial

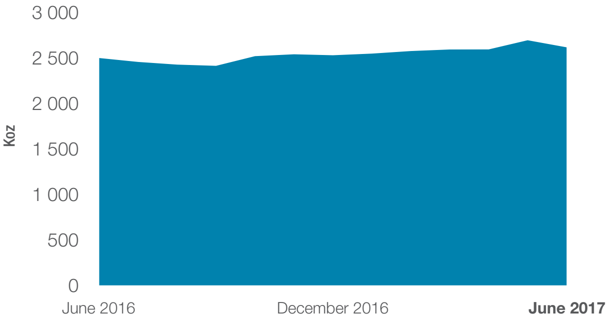
The low prices of palladium, and more so platinum and rhodium, generated some additional industrial interest in these metals in 2016. In the case of platinum, the main drivers for this growth were an increase in capacity expansions for paraxylene production and steady growth within the silicone industry, offsetting a global contraction in nitric acid production. Demand for platinum in the petroleum industry saw moderate gains in the first half of 2016, largely driven by growth in new plants and plant expansions in North America. Meanwhile, China continued with previously planned projects in the chemicals and glass sectors.

For the first half of 2017, demand for platinum and rhodium in the industrial sector saw moderate gains driven by the chemical and glass sectors. Palladium demand during the first half of the year declined slightly compared to first half 2016 as a result of higher prices.

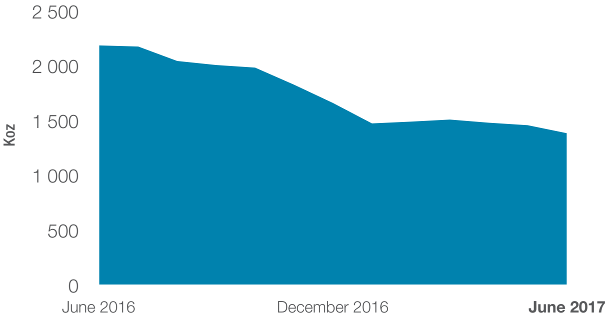
Investment

After a decline of 9koz in 2016, the global platinum exchange traded fund (ETF) holdings increased by 87koz to 2.62 million ounces during the first half of 2017. In contrast, palladium ETF holdings continued their decline, decreasing by 276koz in the first half of 2017, following a decline of 640koz in 2016. Palladium liquidations were driven by profit taking on the back of higher palladium prices.

Platinum ETF investment June 2016 – June 2017



Palladium ETF investment June 2016 – June 2017



Source: HSBC

Unlike the last two years' higher platinum investment inflows in Japan, the first half of 2017 has seen some profit taking by the Japanese market, with the net purchases amounting to only 68koz.

The World Platinum Investment Council (WPIC) market development programmes have continued with the launch of two significant new initiatives in the first quarter of 2017. In March, the WPIC announced the addition of platinum to the Bullion Vault online precious metals platform. The partnership means 65 000 private investors using this marketplace now have access to platinum. Also, the WPIC supported the launch of India's first non-jewellery platinum product with partner, Muthoot Exim. The launch of the Anantavarsham Platinum Series of deities is the first of a number of initiatives planned for India, a market that has enjoyed significant growth in the last two years. At this stage, the WPIC is ahead of its forecast of additional demand generated, with more than 60koz bought.

Platinum net long positions on NYMEX (-683koz) and TOCOM (+166koz) declined by an average 517koz in the first half of 2017, closing at 1.23 million ounces. The net change in NYMEX positioning was driven by a 934koz increase in gross shorts, partially offset by 251koz increase in long positions. The increase in shorts is largely as a result of the lack of confidence in diesel automotive demand, increasing discussions on battery electric vehicles and declining Chinese jewellery demand.

Changes in palladium positioning on NYMEX were largely positive during the first half of 2017. A 582koz increase in longs outweighed the 281koz increase in shorts, resulting in a 301koz increase in net length, highlighting a positive outlook by investors on palladium fundamentals.

2017 outlook

The gradual recovery of the global economy, with the anticipated revival in industrial production and consumer demand, is expected to be the biggest driver of increased PGM demand in the medium to long term. In our view, both the platinum and palladium markets will remain in a fundamental deficit in 2017, whilst rhodium is expected to remain in a small surplus.

We expect a slight decline in the use of platinum in the automotive industry in 2017, in favour of palladium and driven by an increasing share of gasoline vehicle sales. However, with increasing palladium prices, we expect that research into the back substitution of platinum in three-way catalysts will result in increased usage of platinum in gasoline engines in the coming years.

Platinum

Platinum supply/demand outlook

	SFA/WPIC		Impala	
’000toz	2016	**2017 (Forecast)**	2016	**2017 (Forecast)**
DEMAND				
Automotive	3 435	**3 405**	3 300	**3 295**
Jewellery	2 565	**2 530**	2 905*	**2 865***
Industrial	1 775	**1 610**	1 970	**2 035**
Investment	505	**250**	420	**150**
Total demand	8 280	**7 795**	8 595	**8 345**
SUPPLY				
Primary supply	6 055	**5 970**	5 630	**5 830**
Recycling	1 865	**1 760**	2 225	**2 035**
Total supply	7 920	**7 730**	7 855	**7 865**
Movement in stocks	(360)	**(65)**	(740)	**(480)**

** PGI retail barometer estimates used for platinum jewellery demand*

Palladium

Palladium supply/demand outlook

	SFA/WPIC		Impala	
’000toz	2016	**2017 (Forecast)**	2016	**2017 (Forecast)**
DEMAND				
Automotive	8 000	**8 110**	7 775	**7 905**
Industrial	2 050	**1 930**	1 940	**1 930**
Investment	(640)	*****	(640)	**(275)**
Jewellery	240	**215**	100	**100**
Total demand	9 650	**10 255**	9 175	**9 660**
SUPPLY				
Primary supply	6 800	**6 930**	6 180	**6 525**
Recycling	2 225	**2 230**	2 545	**2 735**
Total supply	9 025	**9 160**	8 725	**9 260**
Movement in stocks	(625)	**(1 095)**	(450)	**(400)**

** Information not yet available*

Rhodium

Rhodium supply/demand outlook

	SFA/WPIC		Impala	
’000toz	2016	**2017 (Forecast)**	2016	**2017 (Forecast)**
DEMAND				
Automotive	835	**830**	825	**840**
Industrial	185	**165**	155	**160**
Investment	5	*****	*	*****
Total demand	1 025	**995**	980	**1 000**
SUPPLY				
Primary supply	765	**735**	770	**795**
Recycling	285	**295**	290	**320**
Total supply	1 050	**1 030**	1 060	**1 115**
Movement in stocks	25	**35**	80	**115**

** Information not yet available*

Our operating context

The realisation of value is also dependent on successfully negotiating a challenging operating environment where various issues have important implications for our business model.

Macro-economic factors

Over the last year we have witnessed increasing political and economic uncertainty globally, evidenced by, amongst others, the Brexit vote in the UK; weaker-than-expected economic growth in the US and China; structural adjustments by commodity exporters to a long-term decline in their terms of trade; demographic and labour market adjustments; and a protracted slowdown in productivity, which in turn have fuelled protectionist policy positions and political discontent.

In South Africa, these factors were further compounded by recessionary trends, credit rating downgrades, allegations of state capture, growing unemployment, and increasing political and social tension.

Impact on value: A negative macro-economic outlook inevitably impacts GDP growth expectations and the demand for natural resources globally, including the demand for PGMs, which is closely linked to vehicle sales.

Our response: We remain sceptical of a near-term PGM price recovery in the face of lingering political and economic uncertainty. To this end, we:

- actively and continuously assess conditions in the countries where we sell our metals across all the key demand sectors
- tailor our market development activities to support key market segments and grow new areas of demand
- align and support key institutional partners (such as WPIC, PGI, IPA)
- grow and sustain relationships with key customers globally.

Prices

Despite continued strong PGM demand, metal prices have remained muted for some time with increased uncertainty on near-term price recovery and longer-term price expectations. Negative sentiment related to anticipated weaker supply/demand fundamentals has been largely informed by the recent Volkswagen diesel scandal, which has impacted diesel vehicle growth expectations and the projected rate with which the vehicle fleet could be electrified, slowing jewellery sales in China and the view that substantial above-ground metal stocks remain available to cap any near-term price recovery.

Impact on value: Low metal prices have a direct impact on profitability, the generation of shareholder returns and our ability to fund and grow the business into the future.

Our response: Implats began positioning itself for a "lower-for-longer" price environment in 2015 through targeted cost containment measures, focused productivity enhancement initiatives, rationalising and prioritising capital allocation, and maintaining a strong balance sheet.

We continue to critically review strategic cost containment and cash preservation measures. To this end, we successfully issued a new R6.5 billion five-year convertible bond in May 2017 to re-finance the bonds that were due for repayment in February 2018 and we maintain unutilised debt facilities of R4 billion available to 2021.

We are focused on fostering closer relations with key customers globally to build a common understanding of medium to longer-term pricing scenarios to enhance accuracy for planning purposes, strategic decision-making and optionality.

Supply/demand fundamentals

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

Impact on value: Supply/demand fundamentals have a direct impact on metal prices and market sentiment, which has resulted in platinum prices remaining relatively subdued over the past five years, with palladium prices growing strongly over the same period, particularly more recently. The potential for prolonged, relatively flat platinum prices remains strong, while palladium, already in an unsustainable deficit, should continue to receive strong price support, ultimately incentivising a switch back to platinum use in the auto sector.

Flat prices will result in further postponement of capital investment in the mining sector in the short term, ultimately impacting platinum and palladium primary supply globally. The socio-political environment in southern Africa is likely to further constrain primary supply growth. Allied to this, we have also seen secondary supply struggling to maintain projected growth, necessitating a drawdown from available above-ground inventories, which is anticipated to become even more pronounced in future.

Both platinum and palladium will continue to receive demand support from increasing emission regulations and growth in the global vehicle fleet in the short to medium term.

Our response: Implats will focus on:

- using conservative short to medium-term price forecasts, given muted platinum sentiment and global risk factors
- improving our market intelligence and market development initiatives
- maintaining focus on cash conservation and balance sheet strength
- continuing to invest through the cycle as prudently as possible, given positive longer-term fundamentals.

Above-ground inventories

Despite a lack of verifiable evidence, excessive liquid surface stocks of PGMs, whether in vaults or customer works or held by mining companies themselves, continue to limit market disruption and positive price reaction. We estimate that by the end of 2017, supply deficits experienced since 2012 will have consumed approximately four million ounces of platinum from above-ground stocks. However, significant liquidations in the ETF funds (approximately one million ounces of platinum and one and a half million ounces of palladium over the last 36 months) have supplemented available surface stocks.

Impact on value: Readily available spot metal adds to the negative sentiment on platinum in particular and is capping the price.

Our response: In our view, both the platinum and palladium markets have remained in fundamental deficits since 2012, a situation that will persist in the medium term, albeit at lower levels than in previous years. As surface stocks erode and near depletion, a positive price response is expected. We continue to support the World Platinum Investment Council (WPIC) and its work to prioritise and incentivise future sustained investment demand.

Diesel demonisation and looming BEVs

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

Impact on value: A wholesale change to other technologies will impact on the demand for our metals with consequent metal price impacts (BEV will have a larger impact, while electrification with internal combustion engines will be less significant).

Our response: In our view, BEVs will have their place but they are not a panacea. Over the next five years they will have little impact on the demand for PGMs. We expect more electrification of the powertrain with increased market share for hybrids, which require PGMs to control emissions. Beyond five years, we expect a growing hydrogen economy and the increasing adoption and advancement of fuel cell vehicles.

Diesel technology remains essential to reducing global vehicle fleet greenhouse gas emissions. Euro 6c rules will be successful in reducing real world emissions while retaining the fuel efficiency benefits. Also, heavy duty diesel will continue to be an attractive technology with large growth potential, while we are more likely to see hybrid and BEV substitution in small and urban applications over time.

We continue to support the International Platinum Association (IPA) in their engagement with and lobbying of policymakers and local and national governments in this regard.

Contracting Chinese jewellery market

The continued decline in the Chinese platinum jewellery market is an ongoing concern. In the past, jewellery purchases were mainly value-driven. However, today distinctive design, branding and emotional relevance are as important, with jewellery competing with other discretionary items.

Impact on value: This is another driver of negative sentiment around platinum, affecting price and investment decisions.

Our response: We have increased our visibility and marketing spend in China through the Platinum Guild International (PGI) focusing on platinum bridal jewellery at bridal fairs in Tier 1 cities.

Meeting stakeholder expectations

Platinum miners are facing heightened stakeholder expectations on a range of fronts: neighbouring communities are making increasingly vocal demands for economic opportunities and improved local service delivery; governments continue to push for rapid transformation and employment creation; labour unions exert pressure for higher wages and jostle for power; while a cautious investment community maintains its call for enhanced cost efficiencies, capital management and dividends.

Our operating context

Impact on value: Stakeholder expectations and our response to these can have a significant impact on our legal and social licence to operate, which in turn could impact on investment decisions and the Company's bottom line.

Our response: We are developing and implementing an effective stakeholder engagement strategy, aimed at building and maintaining value-enhancing relations with all key stakeholders, to create sustainable shared value and to secure a social licence to operate. To give effect to this strategic imperative, the organisation has developed supporting systems, processes, policies, and targeted engagement and communication plans.

Uncertain regulatory environment

Ongoing policy uncertainty and regulatory challenges exist in both South Africa and Zimbabwe, where these resource-dependent countries seek to extract greater value from resource companies in an effort to deliver on the social expectations of an increasingly frustrated electorate.

Impact on value: The uncertainty faced by the industry continues to impair the full economic potential of the mining industry and, in some instances, has had a negative impact on Company valuations.

Our response: We fully support the aspirations of both countries to grow and transform their mining industries. However, meaningful value-creation and transformation requires financial security and sustained capital investment. We continue to engage and partner with industry organisations and government representatives in countries where we operate to find mutually acceptable and sustainable solutions.

Security and cost of resources

We operate in a region afflicted by power and water shortages and an ever-increasing cost for their supply.

Impact on value: Scarcity of water and power impacts directly on our ability to operate effectively and the increasing cost of resources have a negative impact on profitability. There is also an indirect impact on our social licence to operate as these are resources we share with local communities where we operate.

Our response: As a large consumer of water and power, we accept our responsibility to work with all stakeholders to conserve these limited resources. We have instituted targeted initiatives to continuously improve our energy and water efficiencies and have increased the use of alternative sources of supply.

Value added statement

for the year ended 30 June

As can be seen from the group value added statement depicted below in the current environment, R34.7 billion value has been distributed to various stakeholders but there was a diminution of value of R983 million to shareholders.

(prepared on a headline earnings basis)	2017 Rm
Revenue	36 841
Other net income	305
Gross value	37 146
Depreciation	(3 702)
Deferred tax	1 282
Total value added	**34 726**
Distribution of value:	
Consumables and services	(10 228)
Metals purchased	(10 030)
Labour and other	(12 495)
Direct state taxes	(1 506)
Finance costs	(713)
Royalty recipients	(561)
Non-controlling interest	(122)
Dividends	(54)
Diminution in shareholders' value	983
	–

The environment

Our activities associated with the exploration, extraction and processing of Mineral Resources result in the unavoidable disturbance of land, the consumption of resources and the generation of waste and atmospheric and water pollutants. Growing regulatory and social pressure, increasing demands for limited natural resources and the changing costs of energy and water all highlight the business imperative of responsible environmental management, particularly as our underground operations become deeper and consume more energy and water. This involves taking measures to address security of resource supply (for example through efficiency, recycling and fuel-switching) and to actively minimise our impacts on natural resources and on the communities around our operations. These measures have direct benefits in terms of reduced costs and liabilities, enhanced resource security and the improved security of our licence to operate.

Implats has an environmental policy that commits the Company to conducting its exploration, mining, processing and refining operations in an environmentally responsible manner and to ensure the well-being of its stakeholders. The policy also commits to integrating environmental management into all aspects of the business with the aim of achieving world-class environmental performance in a sustainable manner.

Our management of the environmental impacts of our operations and processes involves the following focus areas:

- Ensuring full compliance with regulatory requirements
- Promoting responsible water stewardship by minimising water use and water pollution
- Minimising our negative impacts on air quality
- Responding to climate change risks and opportunities and promoting responsible energy management
- Managing our waste streams
- Promoting responsible land management and biodiversity practices.

All our operations have environmental management systems that are ISO 14001 certified and we are committed to retaining certification. In line with our environmental management system expectations, all operations are required to identify and report on environmental incidents. Systems are in place to investigate and determine the direct and root causes of incidents and to address and close out these incidents.

Further details relating to the materiality of environmental aspects, management processes, performance and commitments are reported in the 2017 Sustainable Development report. Rehabilitation provision is further discussed in the 2017 Implats Annual Financial Statements (refer in particular to notes 1.3.13 and 18). These reports will be published at **www.implats.co.za** in September 2017.

The financial provisions for the rehabilitation can be summarised as follows:

Name	**Current cost estimates R million***	**Financial provision R million****
Impala Rustenburg	931	497
Impala Springs	245	186
Marula	111	44
Afplats	18	8
Zimplats	627	364
Totals	**1 932**	**1 099**

* *The current expected cost to restore the environmental disturbances as estimated by third-party experts for purposes regulatory compliance is R2 282 million for the Group. The amounts in the table above for accounting purposes exclude VAT, P's & G's and contingencies. The Zimplats estimate includes P's & G's and contingencies.*

** *Future value of the current cost estimates discounted to current balance sheet date as provided in the Annual Financial Statements of the Group.*

In compliance with the DMR, the South African liabilities are secured through trust funds, insurance policies and bank guarantees.

Environmental survey at Impala

Business case

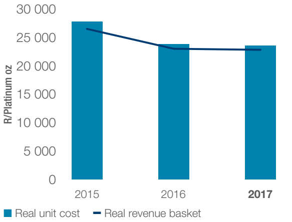
REVENUE

- Produce suite of metals (non-controllable)
- Limited ability to stimulate demand (Jewellery 35%)
- Price taker

Platinum and palladium to remain in fundamental deficit in CY2017 but Implats' view is that metal prices could remain lower for even longer (the new normal in the short to medium term)

ISSUES / RISKS

Impala: Real (2017) revenue and unit cost



- Productivity targets at Rustenburg
- Safety
- Communities
- Legislative uncertainty

STAKEHOLDER / SHAREHOLDER RETURNS

Maintain asset for future (off reef development)
R1.2 to R1.5 billion per annum

Impala

Shaft categorisation

– Harvest (old men)

– Mature (1, 10, 11, 12) Shafts

– Growth (14, 16, 20) Shafts

- Rebalance labour complement
- Review harvest/mature shafts
- Complete 16 and 20 Shafts only
- Keep 17 Shaft on care and maintenance
- Research and development
- Modernisation

IRS

- Cash generative
- Leverage refining intellectual capital

Marula

- Keep producing well
- Cash positive or close
- Engage communities

Zimplats

- Build Portal 6
- Next portal in 2028
- Return cash to shareholders

Mimosa

– Steady state low cost producer

– Dividend paying

Two Rivers

– Steady state low cost producer

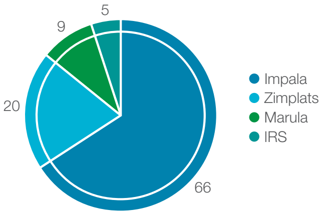
– Dividend paying

STRICT CAPITAL

STRONG BALANCE SHEET

COST

FY2017 cost by Company (%)



The gradual recovery of the global economy, with the anticipated revival in industrial production and consumer demand, is expected to be the biggest driver of increased PGM demand in the medium to long term.

Portfolio

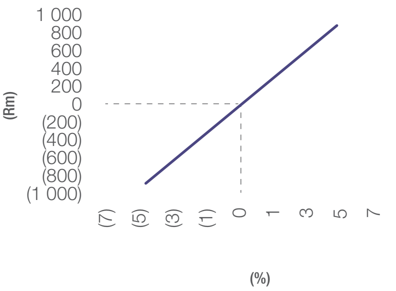
Portfolio review favours optionality on orebodies that are:

– Cheap

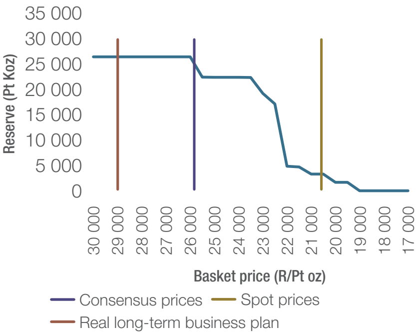
– Shallow

– Mechanised

Group cash sensitivity to changes in price, cost and production



Implats Mineral Reserves vs real basket price

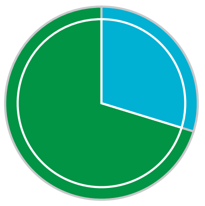


ALLOCATION

MAINTAIN SOCIAL LICENCE TO OPERATE

- Unit cost very sensitive to volume. The average production cost per unit is the main differentiator in the industry

FY2017 Impala variable and fixed cost (%)



STRATEGIC OBJECTIVES

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

Refer CEO priority areas on page 44

See remuneration report on pages 114 to 117

CEO's outlook – Nico Muller

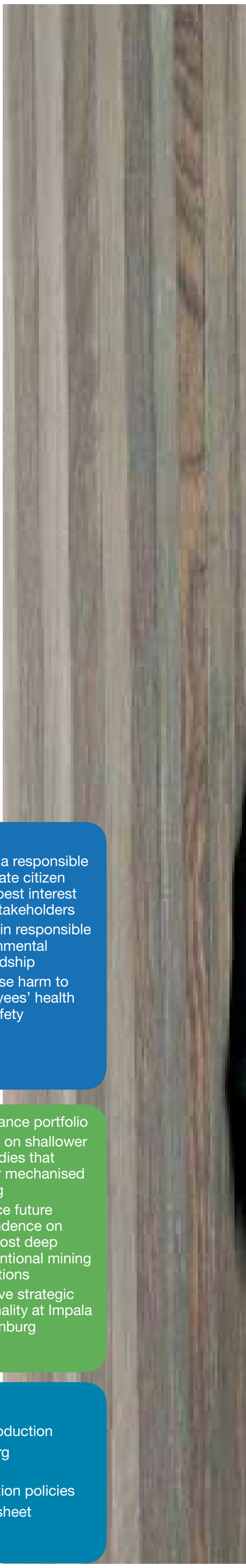
One of my first tasks since joining was to engage with many of our key stakeholders. I have gained a significantly better understanding through these deliberations and I am very appreciative of the time unselfishly given by many people who shared their various views and experiences.

Implats has always been revered and respected as a leading mining company. Historically, it outperformed the industry and its peer group in many key metrics and was highly profitable. Many of our current leaders and staff were here at that time and know and understand exactly what it takes to excel.

In recent years, however, Implats has seen a steady decline in operational performance from the Impala Rustenburg. This, together with a persistently low metal price environment and challenging operating conditions, has impacted overall profitability. I am a firm believer that long-term sustainable success is best achieved through strong teams who share a common purpose and conduct their business through a collaborative approach. It is clear to me that Implats has an impressive repository of experienced employees, who as a team, largely have the capacity to propel us through this tough period.

The mining industry in both the jurisdictions in which we operate – South Africa and Zimbabwe – is characterised by rapidly increasing uncertainty. This is evidenced by the latest gazetting of the new Mining Charter in South Africa and the increased call for beneficiation as well as a potential 15% export levy on unbeneficiated platinum in Zimbabwe. In addition, community activism continues to escalate and poses a material risk to sustainable mining operations. These are areas that require considerable attention at executive level and to bolster our existing ability, I have advanced the work required to develop strength in, and across, our teams.

Implats' strategic response plan is well under way and major progress has been made over the last two years to ensure cost savings and optimisations throughout the Group, while advancing our social licence to operate, commitments continue to benefit our wide-ranging group of stakeholders. While Impala produced 654 600 ounces of platinum for the year (as guided at the half year), it nonetheless incurred a headline loss after tax of R2.68 billion. This was largely a result of sustained low rand basket prices, a cost base that is structured for a higher level of production and persistently low operational efficiencies. It is clear that we cannot accept it being business as usual for Impala. A comprehensive strategic review of this operation is planned to ensure that it will operate at a cash neutral level in what is perceived to be the new normal pricing environment. The review will be focused on returning the mine to profitability by prioritising profitability and value, over volume.



CEO Priority Areas

Turnaround Impala Rustenburg

- Right-size Impala Rustenburg
- Optimise the operating model
- Strengthen the leadership
- Improve organisational effectiveness and performance orientation
- Increase productivity
- Reduce costs
- Deliver growth projects

Decisive Marula strategy

- Define clear performance expectations
- Reduce operational disruptions
- Improve productivity
- Meet profitability targets or suspend operations

Increase organisational effectiveness

- Prioritise shareholder returns
- Delegate authority and accountability
- Improve performance orientation
- Focus on performance management
- Prioritise the strategic HR role in the organisation

Capital allocation and cash management

- Prioritise profitability
- Eliminate loss-making production
- Review Impala Rustenburg investment case
- Disciplined capital allocation policies
- Maintain strong balance sheet

Develop strategic agility

- Rebalance portfolio
- Focus on shallower orebodies that favour mechanised mining
- Reduce future dependence on high cost deep conventional mining operations
- Improve strategic optionality at Impala Rustenburg

Maintain social licence to operate

- Act as a responsible corporate citizen in the best interest of all stakeholders
- Maintain responsible environmental stewardship
- Minimise harm to employees' health and safety

It is a tremendous honour for me to join Implats as its CEO. Implats has been a Group that I have admired and it's certainly a career highlight for me to be given the opportunity to work alongside the existing team.

> "Implats' strategic response plan is well under way and major progress has been made over the last two years to ensure cost savings and optimisations throughout the Group, while advancing our social licence to operate commitments continue to benefit our wide-ranging group of stakeholders."
>
> *Nico Muller, CEO*

CEO's outlook – Nico Muller

Key priorities

To ensure the successful delivery of our strategy, and following an internal assessment of the current Company performance, the material changes to the environment in which Implats conducts its business, as well as observations by key stakeholders, we have identified key priority areas to support this obligation.

We recognise that our immediate short-term priority is ensuring the profitability and prosperity of our Company and its key stakeholders, while longer-term objectives will be informed by the board's stated ambitions for growth.

My executive team's six key objectives for the next two years are as follows:

Turnaround Impala Rustenburg

I fully understand the importance of a turnaround at Impala Rustenburg. We are focusing on right-sizing and optimising this operation's operating model. Strengthening and realigning the management team to ensure effective and confident leadership is imperative to drive an improved performance orientation and increased accountability to enhance safe production volumes and overall efficiencies and productivities. The importance of the expected delivery of production and cost from the two growth shafts – 20 Shaft and 16 Shaft – is recognised and plans have been re-focused to ensure their ramp ups are prioritised and achieved timeously.

Decisive Marula strategy

I have also started working with our team to ensure a more decisive strategy for the Marula operation. It is critical that we address operational disruptions and improve productivity. While this situation stems largely from community unrest and external interferences, I have made it clear that the operation must become cash generative within the immediate short term, or we will have no option but to suspend operations.

Increase organisational effectiveness

To ensure shareholder returns and the delivery of cost effective ounces we need to increase organisational effectiveness. Senior leadership changes have, and will continue, to be made across the Group, and we will improve role clarity and accountability. I have found that inter-divisional relationships and collaboration require improvement, and systems are being introduced to make these more effective and value-adding. Implats' well-known and regarded lean operating structure has led to an inadequate human resources function at the centre. We are in the process of securing the services of a human resources professional who will be tasked with driving organisational change and effectiveness, and ensuring the prioritisation of this function throughout the organisation.

Capital allocation and cash management

One of the core pillars of our strategy has been to strengthen the balance sheet and this has necessitated an enhanced focus on capital allocation and cash management. The finance team, led by Brenda Berlin, has done an exceptional job ensuring that Implats has one of the best-in-sector balance sheets and this focus will be maintained. This strength is, and will be, a critical element of our ambition to develop strategic agility, and will be equally important as we re-examine the Impala Rustenburg investment case, and continue to drive the enforcement of strict capital allocation. The flexibility that will be required can't be overemphasised as it will become the catalyst to enable us to prioritise profitability.

Develop strategic agility

It is imperative we develop the Group's strategic agility. To initiate this, we are re-examining market dynamics, specifically our long-term price forecasts. We need to rebalance our portfolio of assets and are currently completing an assessment aimed at enhancing our strategic optionality within and beyond the current portfolio. The assessment is reviewing all operations and will result in the elimination of loss-making production, while questioning the future dependence on high-cost deep, conventional mining operations.

Maintain social licence to operate

Companies can no longer be successful without earning a social licence to operate. A tremendous amount of excellent work has been done to facilitate acceptance within our host communities and to secure our relationship with government and other authorities. This will remain a key focus area as commitments to responsible environmental stewardship and the well-being of employees are unwavering. Cost management necessitated that we hold back on appointing an experienced stakeholder relations executive, after the previous incumbent departed. The need to enhance and expand this area, however, has become a key requirement and we are in the process of securing this necessary skill for our executive team.

Conclusion and appreciation

I look forward to working with a team who take ownership and accountability of their respective business areas, develop strength around and below them, who reflect deeply, and who have the courage of their convictions to implement bold and decisive action.

We have access to diverse PGM ore bodies, we have brownfield growth potential, a world-class refinery and a robust balance sheet. The building blocks are in place, and I am certainly looking forward to making a meaningful and positive contribution to the growth of Implats.

I thank Gerhard Potgieter for his role as acting CEO from December 2016 to April this year, which gave me the time to do the important work of engaging with all key stakeholders, and from which to develop an honest and bold assessment of the requirements going forward.

Nico Muller
CEO

Our strategies

Relentlessly drive the safety of our people	**Consistently deliver production targets**	**Improve efficiencies through operational excellence**	**Cash conservation**	**Maintain our licence to operate**

Our targets

2018 target	• Zero fatalities • LTIFR<5	• Platinum range >1.57 – 1.61 million oz	• Costs per Pt oz <R23 100	• Costs <R25.3bn • Capital <R4.7 billion	• Rustenburg SO_2 at <16 tpd • Marula disruptions <10 days • Build/sell >230 employee houses
2022 target	• Zero fatalities • LTIFR<2	• Platinum >1.5 million oz	• Costs per Pt oz <R27 000	• Costs <R33bn • Capital <R7.6 bn • 5 year capital < R28.2 billion maintain	• 100% environmental compliance • Increase recycled water by 20% to 55% • Increase local procurement by 30% • Build/sell >1 400 additional houses over 5 years

Key actions

• Embed three pillars of HSE strategy: people and behaviour environment, practices • Embed and drive critical behaviour programme • Implement critical controls for major hazards and events • Attain OHSAS 18001 (ISO 45001) compliance at all operations in two years	• Rustenburg: 750 000 platinum ounces by 2022 • Marula: maintain 85 000 platinum ounces in concentrate • Zimplats: maintain 260 000 platinum ounces • Two Rivers: maintain in excess of 175 000 platinum ounces in concentrate • Mimosa: maintain at between 115 000 and 120 000 platinum ounces in concentrate	• Optimise mining efficiencies through productivity programmes • Continue with cost optimisation at all operations • Ramp up growth shafts at Impala; optimise mature shafts; close old shafts • Implement the revised bonus scheme for D and E levels with an elevated focus on production	• 17 Shaft to remain on care and maintenance in the near future • Leeuwkop project to remain on care and maintenance • Prioritise the ramp up of 16 and 20 Shafts at Rustenburg • Develop Mupani Mine to get to ore contact by May 2020 • Rationalise and prioritise capital allocation across the Group	• Deliver on Social and Labour Plans (SLP) commitments • Resolve Marula community disruptions • Sustain and improve relations with all key stakeholders • Effective CSI programme • Position toward new Mining Charter obligations • Secure tenure in Zimbabwe (indigenisation, beneficiation and SML renewal) • Structure remuneration to retain (and attract) key personnel

Acting chief executive officer's report – Gerhard Potgieter

Key production and safety highlights

Metal prices remained muted over the year as persistent global political and economic factors continued to impact investor sentiment. As a consequence, the Group's focus during the 2017 financial year has remained firmly on our strategic response to succeed in a low price environment, and which was further impacted by challenging operating conditions.

Notwithstanding, I am pleased to report that there has been encouraging progress and Group platinum production reached 1.53 million ounces for the year, which is the highest output achieved in several years. This pleasing production result was driven by excellent performances from most operations, despite suboptimal performances from Marula and the Impala Lease Area, and supplemented by record tolling throughput at Impala Refinery Services (IRS).

There has been Group-wide progress in our leading and lagging safety indicators this year. It is with deep regret, however, that we recorded nine work-related fatalities during the year. Safe production is vital to the sustainability of our business. As human behaviour has been identified as contributing to many safety incidents, our emphasis is on ensuring effective leadership and responsible behaviour, and of driving a culture of personal accountability and interdependence. Zimplats completed 365 consecutive days without a single fatality – a safety milestone well worth highlighting. Several other operations also reached significant safety milestones.

We will continue to prioritise safe production, and by so doing, ensure the health of our employees: this underpins all that we do and remains key to ensuring the sustainability of our business.

Delivery against strategic response

Impala delivered 654 600 ounces of platinum. Two extraordinary events at Impala Rustenburg reduced output during the year. These were the 14 Shaft fire in early 2016, resulting in the temporary closure of the decline section at this shaft to effect repairs, and the collapse of ground incident at 1 Shaft in mid-2016 and the consequent introduction of reduced UG2 panel lengths in certain areas. It is pleasing to report that the required work at the two shafts has been completed and both shafts are back to full production.

During the first half of the financial year, the Rustenburg operations were significantly impacted by safety stoppages. Following close engagement between management, employees and government authorities, it is pleasing to report that excellent progress was made with a reduction in stoppages now materialising.

The project component of the two new major shafts, 20 and 16, is nearing completion, while the production ramp-up is progressing well. Combined production from these operations of some 310 000 platinum ounces per year is expected from 2022.

I am pleased to report that there has been encouraging progress and Group platinum production reached 1.53 million ounces for the year, which is the highest output achieved in several years.

"The project component of the two new major shafts, 20 and 16, is nearing completion, while the production ramp-up is progressing well. Combined production from these operations of some 310 000 platinum ounces per year is expected from 2022."

Gerhard Potgieter, Acting CEO

Zimplats: The development of the

US$264m

Mupani Mine was approved

Phase 2

of the Platinum Village housing project in Rustenburg was launched

We have continued our investment in

20 and 16 Shaft

Acting chief executive officer's report – Gerhard Potgieter

The Impala Rustenburg mining optimisation project, which was initiated in January 2017 to interrogate aspects including the mining cycle, our contractor strategy, supervisory management skills and change management, has shown some positive results. Efficiency improvements have been realised particularly with regard to the frequency of blasting and overall productivity per production employee. This intervention is now being integrated into the best practice management function.

Mining activities at Marula were severely disrupted by community protest action and the operation produced only 67 900 ounces of platinum in concentrate. The disruptions relate to a dissatisfaction among community members with the manner in which their 50% interest in the Makgomo Chrome project is being managed by their appointed leaders. The chrome operation was suspended in February 2017 and remains suspended. Prior to the end of the financial year, and as a consequence of the disruptions, an organisational restructuring was successfully completed to better position the Marula mine for future sustainability in the prevailing low PGM price environment.

The recent safety performance at Zimplats demonstrates that our objective of zero harm is achievable, with that operation leading by example and achieved 365 days without a lost-time injury during the year. The redevelopment of Bimha Mine has progressed as planned and the mine is successfully ramping up to reach full production in April 2018. Platinum production was maintained at 281 100 ounces in matte for the year, as lost production from the Bimha Mine was supplemented with material from the open pit operation.

The development of the US$264 million Mupani Mine (Portal 6) was approved in November 2016 and the new underground mining complex is targeted to reach full production in 2025. Mupani, a replacement portal for the Rukodzi and Ngwarati Mines, will sustain the mining operation well into the future.

Implats continues to support and share in Zimbabwe's aspirations to grow and diversify its PGM industry. On 13 January 2017, the government issued a notice of its intention to compulsorily acquire land measuring 27 948 hectares within Zimplats' special mining lease area. We have agreed in principle to support this process subject to certain conditions. Zimplats also remains in discussions with the Government regarding its indigenisation implementation plan. An employee share ownership trust (ESOT) has been implemented, which holds a 10% equity stake in Zimplats' operating subsidiary, Zimbabwe Platinum Mines (Private) Limited. The beneficiaries are the permanent employees of Zimplats (excluding the executive directors and company secretary).

Both Mimosa and Two Rivers sustained operational performances through the low price environment. The Group has completed its feasibility study for the construction of a smelter at Mimosa, which aligns with the Zimbabwean Government's beneficiation ambitions. We also continue to consult with government with regard to the proposed implementation of a 15% export levy on unbeneficiated platinum, which has been deferred to 1 January 2018.

Meanwhile, IRS, remains an important Group asset, well positioned to capitalise on its access to smelting and refining capacity from Impala to process additional material from new customers. During the year the unit delivered platinum production of 875 200 ounces from a combination of mine-to-market operations, third-party purchases, and toll volumes.

Sustainability highlights

One of the key pillars of our strategic response is upholding our social licence to operate. We have made very pleasing progress on the key safety indicators, skills development initiatives, enhancing the relationships with unions, communities and other key stakeholders, and delivered significant value through the social and labour plans (SLPs). We continue to position our business for the longer term and we recognise that our ability to deliver and sustain Group-wide operational efficiencies depends on the skills, safety, wellbeing and motivation of employees.

Investing in employees and engendering a culture of personal accountability are critical drivers of our continued long-term success, as is building on levels of mutual trust and respect across the Company and between Implats and its stakeholders.

We continue to enhance and deliver against our commitments in terms of our SLPs at our South African operations, and our targeted corporate social investments in Zimbabwe. Phase 2 of the Platinum Village at Rustenburg is almost complete and 321 houses have been built this year, taking the total units to 849 at this complex. There is strong ongoing demand for these houses, which Impala funds for employees through a home ownership scheme. Our involvements in employees and communities, as well as, our endeavours to increase local procurement will continue as important elements of our commitment to driving transformation in South Africa and indigenisation in Zimbabwe.

Conclusion

We have made some progress towards delivering on our strategic response to the "lower-for-longer" price environment. Our Impala mining optimisation programme is beginning to bear fruit, and continues into the new financial year. We have continued our investment in two advanced replacement shafts – 20 Shaft and 16 Shaft – to protect our production profile in the medium term. Capital expenditure remains a focus area. All our operations have the ability to execute brownfields expansion, maintaining the optionality to sustain or increase production. We firmly believe in the product we mine and will continue to secure optionality for the future.

Caretaking the CEO's office between outgoing Terence Goodlace and incoming Nico Muller has been the highlight of my career, and I thank the board for the opportunity to do so. I wish Nico all of the best for the future: I am looking forward to working with Nico to unlock Implats' full potential.

Gerhard Potgieter
Acting CEO

Performance against main objectives

Strategy

Our strategy seeks to sustain optimal levels of safe production at the best possible cost thereby positioning Implats:

- In the lower end of the cost curve
- With strategic optionality
- To benefit from future stronger PGM prices
- To reward stakeholders

Operational strategies	Performance target for FY2017
Relentlessly drive the safety of our people	Zero fatalities LTIFR: 20% improvement on FY2016
Consistently deliver production targets	>1.5 million platinum ounces
Improve efficiencies through operational excellence	Cost per platinum ounce <R21 200
Cash conservation	Capital <R4.4 billion
Maintain our licence to operate	Rustenburg SO_2 at <16tpd Build a further 300 employee houses in Rustenburg Complete high school at Platinum Village

Performance against strategy and KPIs

Regrettably, nine employee fatalities were recorded during the year.

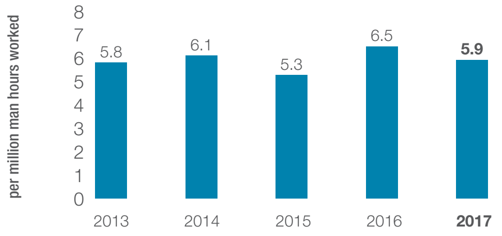
LTIFR improved 8.8% from the previous year to 5.92 per million man-hours worked (including contractors) (2016: 6.49).

Despite a keen focus on safe operational performance, safety remains a significant challenge.

Human behaviour has been identified as contributing to many safety incidents.

Our focus is on ensuring effective leadership and responsible behaviour and driving a culture of personal accountability and interdependence.

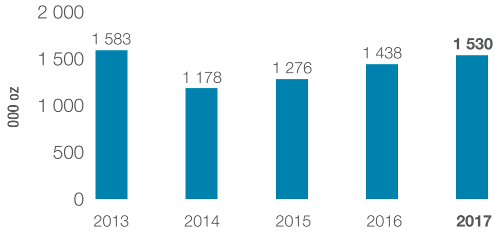
LTIFR



Refined platinum production of 1.53 million ounces.

Group platinum production reached the highest output achieved in several years. This pleasing production result was driven by excellent performances from most operations, despite suboptimal performances from Marula and the Impala Rustenburg, and supplemented by record tolling throughput at Impala Refinery Services (IRS).

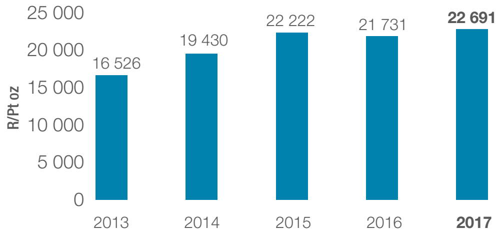
Platinum production



Unit costs contained at a 4.4% increase from the previous year to R22 691 per platinum ounce impacted by lower mine-to-market volumes.

Reduced operating costs has resulted in a savings of more than 1.0 billion over the last two years with further initiatives being pursued to keep costs below inflation.

Unit cost/Pt oz

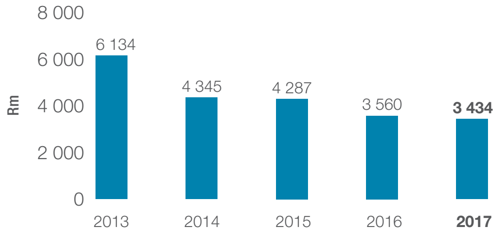


Capital expenditure of R3.43 billion (2016: R3.56 billion).

Capital expenditure was maintained at similar levels to the previous year due to the deferment of ongoing capital in a low price environment and 17 Shaft remaining on low-cost care and maintenance.

R1.1 billion was spent on the two development shafts, 16 and 20 .

Capital expenditure



SO_2 emissions at Rustenburg at 16.3tpd.

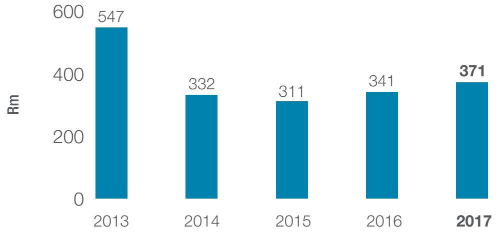
Direct SO_2 emissions were within the conditions of the Air Emission Licence at Rustenburg.

Built 321 employee houses in Rustenburg.

Completed both high and primary schools at Platinum Village in time for new 2017 school year.

Group social development expenditure amounted to R402m.

Social development expenditure in South Africa (including housing)



Chief financial officer's report

Comprehensive financial information relating to the individual operations has been included in the operations sections and in the separate investor section at the end of this integrated report.

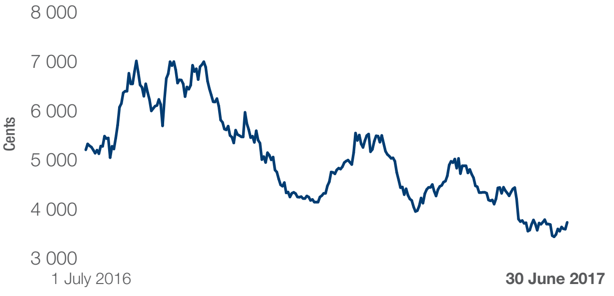
Financial summary and statistics

Summary statement of profit or loss and other comprehensive income

for the year ended 30 June 2017

	2 017 Rm	2 016 Rm	
Revenue	**36 841**	35 932	🟩
Cost of sales	**(37 370)**	(35 928)	🟦
Gross (loss)/profit	**(529)**	4	
Other operating income	**1 191**	647	🟩
Other operating expenses	**(325)**	(198)	
Royalty expense	**(561)**	(516)	
Loss from operations – before impairment	**(224)**	(63)	
Impairment	**(10 229)**	(307)	🟥
Loss from operations	**(10 453)**	(370)	
Other	**(235)**	(230)	
Income tax credit	**2 590**	557	🟦
Loss for the year	**(8 098)**	(43)	
Other comprehensive income (after deferred tax):			
Other	**(184)**	300	
Exchange differences on translation	**(1 352)**	2 069	
Total comprehensive income	**(9 634)**	2 326	
Headline earnings (cps)	**(137)**	12	

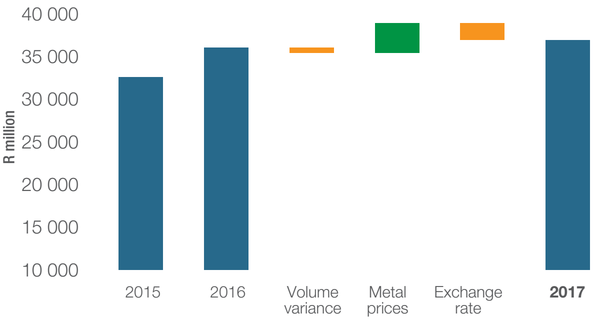
Share price performance price over the year



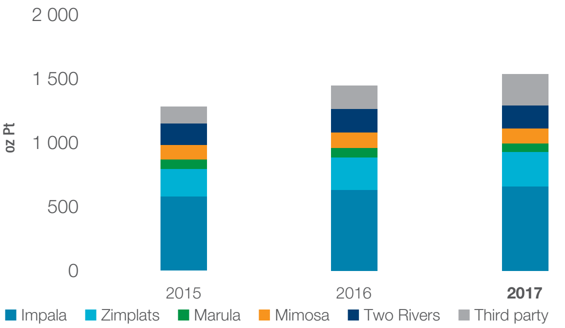
Refer to variable remuneration on page 115

Revenue

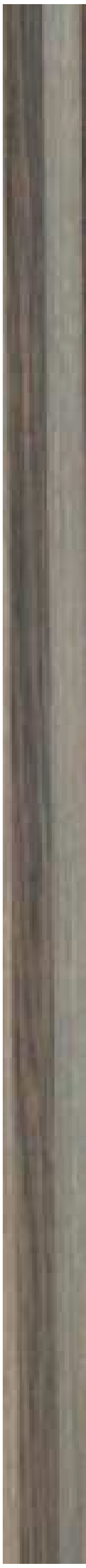
Revenue



Refined platinum per operation



As can be seen from the above graphs, negative volume variances impacted revenue by R629 million. Overall, production from the Group's operations increased year on year. However, this benefit was more than offset by planned higher levels of refined stock at year end, which alone resulted in a negative volume variance of some R1.1 billion.



In May 2017, Implats launched a successful new convertible bond, the main purpose of which was to early re-finance the existing bonds which are due in February 2018 (the 2018 bonds). A total of US$250 million and R3.25 billion new convertible bonds (the 2022 bonds) were issued for a gross amount (pre-expenses) of R6.5 billion.

Brenda Berlin, CFO

New convertible bond issue

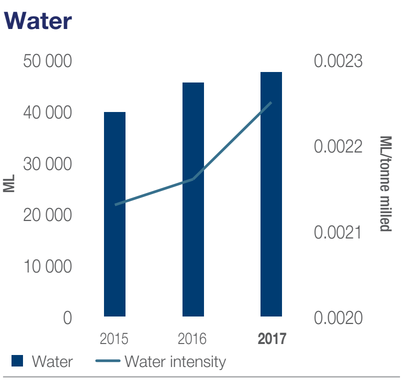
R6.5 billion

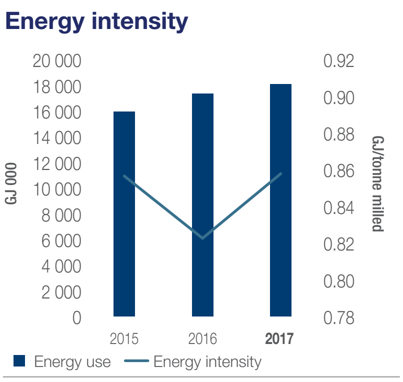
Facilities intact until 2021

R4 billion

Chief financial officer's report

The impacts of our production (manufactured capital) on our environment (natural capital)

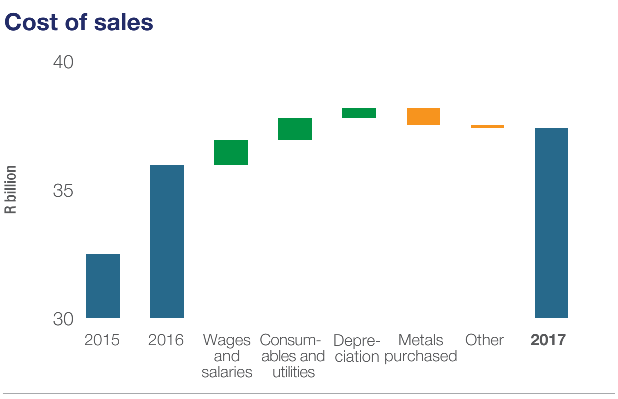


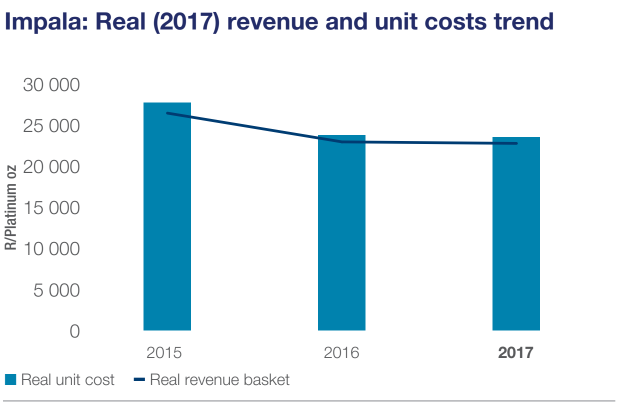


Cost of sales

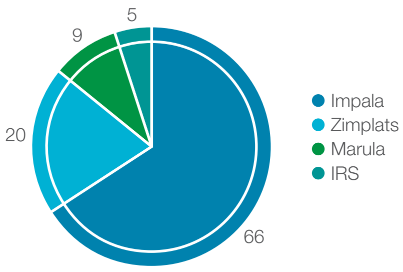
Increases in cost of sales year-on-year were contained at 4.0%. However, revenue only increased by 2.5% (including the negative volume variance) which, combined, largely resulted in the decline in gross profit from R4 million to a loss of R529 million.

The bulk of our costs are incurred at Impala, where, in the short term, a large percentage of the costs are fixed. Notwithstanding cost reductions in real terms at Impala, its revenue basket has also declined in real terms. This is driving the focus on re-structuring the cost base at Impala with the target of getting the operation at least cash neutral at current prices.





2017 cost by Company (%)



Moreover, included in our cost of sales is an amount of R11.7 billion for employee wages – an increase of almost R1 billion compared to 2016.

Other operating income

Included in other operating income is R811 (2016: R474) million relating to insurance claims mainly for the 14 Shaft fire (business interruption R657 million and asset damage R141 million).

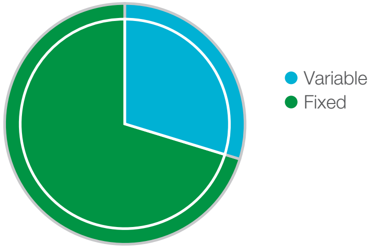
Impairment

In 2007, Impala prepaid the estimated contracted Royal Bafokeng royalty and the Royal Bafokeng used this prepayment to subscribe for shares in Implats. The prepayment was raised on the balance sheet and is amortised annually based on units of production. Our current view of the estimated value of what would have been the royalty payments has changed materially since 2007 given unexpected persistently low metal prices and depressed levels of production. Consequently, management decided it would be prudent to impair the remaining amount reflected as a 'prepayment' (R10.2 billion before impairment at 30 June 2017).

The calculations underpinning both current and future impairment tests are, as for the industry as a whole, very sensitive to market outlook.

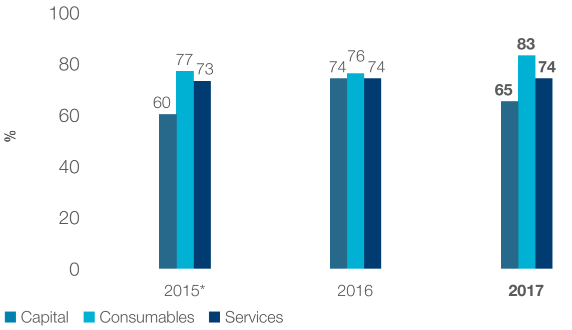
Given all the impacts discussed in this report, the Group made a headline loss of R983 million (2016: R83 million profit). The Impala operations made a headline loss of R2.7 billion – a worsening trend, which remains an acute focus area for management.

2017 Impala variable and fixed cost (%)



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

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

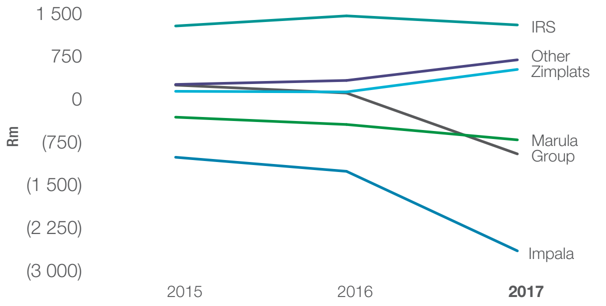


** Strike effect*

Total sustainable development investment

	2015	2016	**2017**
Rand million	398	382	**402**

Headline earnings per operation



Chief financial officer's report

Income tax credit

The income tax credit for the current year includes deferred tax of R2.8 billion on the impairment of the prepayment. This is excluded from the headline earnings. Current tax (on headline earnings) increased compared to 2016 as a result of a non-recurring tax credit on a bad debt in 2016 and an increase in additional profits tax for Zimplats in the current year.

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

Implats taxes paid directly to government by category and country*

	South Africa** Rm	Zimbabwe*** Rm
Corporate Income tax	**752**	**560**
PAYE	**1 430**	**224**
Royalties	**90**	**114**
Other:		
– UIF	**106**	**17**
– SDL	**89**	
Total	**2 467**	**915**

* *Reporting in line with the Extractive Industries Transparency Initiative (EITI)*
** *Excludes Two Rivers*
*** *Excludes Mimosa*

Cash

Consolidated statement of cash flow
for the year ended 30 June 2017

	2017 Rm	2016 Rm
Cash flow from operating activities	**1 013**	2 731
Cash flow from investing activities	**(2 664)**	(2 920)
Cash flow from financing activities	**2 800**	4 215
Cash and cash equivalents – end of year	**7 839**	6 788
Net cash/(debt) excluding leases	**(332)**	19

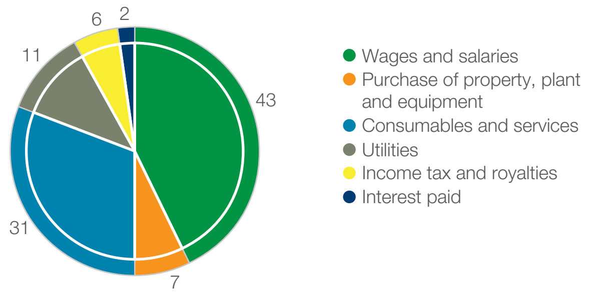
In addition to the cash and cash equivalents on hand at 30 June 2017, Implats has unutilised committed facilities in place of R4.0 billion available until June 2021.

Convertible bond issue

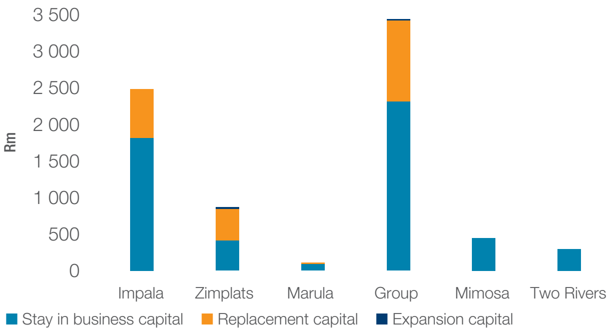
In May 2017, Implats launched a successful new convertible bond, the main purpose of which was to early re-finance the existing bonds which are due in February 2018 (the 2018 bonds). A total of US$250 million and R3.25 billion new convertible bonds (the 2022 bonds) were issued for a gross amount (pre-expenses) of R6.5 billion. The dollar and rand 2022 bonds carry a coupon of 3.25% and 6.375% respectively and both bond tranches mature in 2022.

Simultaneously, Implats made an offer to all 2018 bond holders to re-purchase their bonds at face value, which offer was conditional on the issue of the 2022 bonds. At 30 June 2017, R300 million – and US$29 million – of the 2018 bonds remain outstanding and will be settled in February 2018.

Cash distribution (%)



Capital by Company



The full hedge on the dollar 2018 bond was liquidated at an exchange rate of R9.24:US$ at a cost of R1.8 billion for the receipt of US$200 million of which US$29 million has been retained for payment to the remaining bond holders (who did not accept the offer) on maturity in February 2018.

The re-financing has resulted in Implats extending the maturity of its debt (from 2018 to 2022) and raising approximately R2.0 billion in additional cash for general corporate purposes.

The banks with whom Implats had R4.0 billion of facilities all agreed to the issue of the new bond and the facilities remain intact.

A new hedge (a cross-currency interest rate swap) for the face value of the Dollar 2022 bond and interest payments has been taken out at a rate of R13.025/US dollar. The hedge eliminates exchange rate uncertainty on this bond in the future. Importantly, the enhanced liquidity provides comfort that Implats is able to meet the ongoing needs of the business

Outlook

The business case for each operation (and resultantly the Group) is set out on pages 40 and 41. A turnaround at Impala Rustenburg remains an intense focus area for management and is one of the CEO's key priorities. Among other things, the investment case for each shaft will be critically reviewed and strict capital allocation decisions taken accordingly. Against this backdrop, every effort will be made to re-structure Impala's cost base, which will have to include a re-balancing of the labour complement to render this operation at least cash positive at today's prices in 2019.

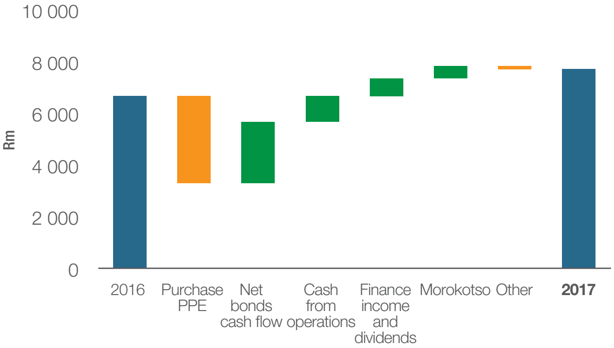
Zimplats' operation is also focused on cost and capital containment and has implemented a dividend policy of 3.5 HEPS cover in order to start generating a cash return for its shareholders.

It is the stated objective that Marula must be cash neutral at Group level in 2018. This will be stringently reviewed on a quarterly basis.

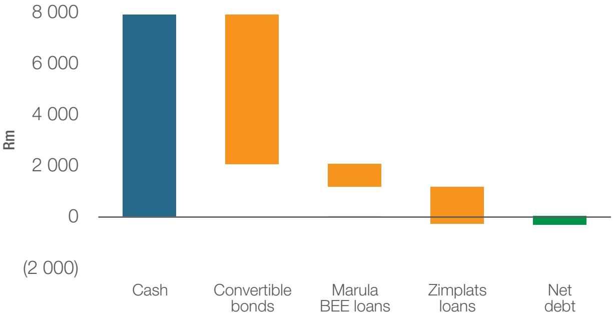
Given the above and the current liquidity in the business, we remain confident that our sustainability is ensured while turnaround activities for Impala are implemented.

Brenda Berlin
CFO

Gross cash flow



Net debt



Business model

Impala value chain

Exploring
Mining
Concentrating
Smelting
Refining
Marketing

→ Key features

- Major events at 1 and 14 Shafts in the previous year continue to impact production
- Unit cost impacted by low production volumes
- Mining optimisation project shows positive results

→ Outlook

- Our focus in the coming year will remain on the Rustenburg turnaround. Key priorities include safe production volumes and improving productivity, defining differentiated operating models relative to the strengths of the many different shafts, challenging each shaft's contribution under the new normal metal prices, agreeing the organisational structure and appointing appropriately skilled people into key leadership roles with the aim to increase safe production.
- Given the view that PGM prices are likely to remain lower for even longer and despite the board's prior approval to restart the 17 Shaft replacement project in two years' time, the decision has now been taken to keep this project on care and maintenance until such time that a more certain view of metal pricing becomes apparent.
- The transition to a more concentrated, low cost operation continues. A slower build-up at 16 and 20 Shafts, lower production levels at the mature shafts and the earlier closure of the end-of-life shafts will impact the production profile over the next five years and at least 750 000 ounces of platinum will now only be achieved in 2022.

→ Outcomes

FIFR
0.079 ★

TIFR
15.44 −

Number of employees
42 253 +

Capital expenditure
R2 472 million ✓

Headline loss
R2 681 million −

Net cash used in operating activities
R(545) million −

Refined production
654 600oz +

\+ Increase
− Decrease
★ Improved
✓ Target met

Impala

Risks	Opportunities	Response
• Sustained depressed PGM basket prices • Non-delivery of production and productivity targets • A significant deterioration in safety performance • Policy risk arising from change in legislation • Capital constraints affecting project delivery • Impact of UG2 support changes • Employee relations climate	• Ramping up production from the new growth shafts • Improved mining efficiencies • Restructure Impala Rustenburg cost base • Continue to explore cross-boundary synergies Refer CEO section page 44	• Effective performance orientated leadership • Increase accountability • Increase productivity • Deliver growth shafts • Re-examine each Rustenburg shaft investment case • Minimise harm to employees' health and safety • Strive to be a good corporate citizen through pro-active engagements will all stakeholders

Stakeholder	Material matter	Response
Local communities	• Community discontent due to high youth unemployment	• Youth unemployment will be addressed by providing training, focused recruitment and giving learnerships.
Local suppliers	• Perceived lack of core mining procurement opportunities	• A mining *ad hoc* committee has been established to identify core mining opportunities for local businesses, while ensuring a fair tender process.

Value added statement for the year ended 30 June

(Prepared on headline earnings basis)

	2017 Rm
Revenue	14 604
Other net income	286
Gross value generated	14 890
Depreciation	(2 487)
Deferred tax	980
	13 383
Distribution of value:	
Labour and other	(9 966)
Consumables and services	(5 091)
Finance costs	(594)
Royalty recipients	(399)
Direct state taxes	(14)
Diminution in shareholders' value	2 681
	–

Business model

Capitals	Inputs	Outcomes
Human	• 42 253 employees including contractors • Training, policies and procedures • Wellness programmes • Effective leadership	• Labour productivity of 255 tonnes per employee costed • R474 million invested in skills development • A wage bill of R10 billion • Seven employee fatalities • LTIFR: 7.43 • HIV prevalence approximately 23% • 78 cases of noise-induced hearing loss
Social	• Election and training of shop stewards • Recognise and capacitate elected community leadership • Pro-active stakeholder engagement • Sharing information openly and honestly with key stakeholders • Social investment • Report on our social impacts	• Successful wage settlement • Good labour relations and partnerships with majority union • Relationships with government and regulators not always supportive of the business • 321 employees housed in decent accommodation • R106 million invested in socio-economic development projects • Good relationships with local communities in the face of a challenging social context and a growing crisis of expectation
Manufactured	• Property, plant and equipment of R29.4 billion • Mining and processing operations situated in Rustenburg and refining plant located in Springs, close to Johannesburg • Underground fire at 14 Shaft in January 2016 • Fall of ground at 1 Shaft in May 2016	• Milled throughput of 10.12 million tonnes • Refined platinum production of 654 600 ounces • Improved fire detections, dousing systems and fire retardant belts throughout the property • Emergency fire preparedness enhanced • Re-establishment of decline at 14 Shaft completed • Resizing of UG2 conventional panel lengths
Financial	• Cash generated from operations • Equity • Debt	• Cost of R15.4 billion • Unit cost per Pt oz: R23 543 • Rand revenue basket: R22 757 per Pt oz • Capital expenditure: R2.5 billion • Cash utilised during the year of R950 million • New bond raised by Implats for Impala of R6.5 billion
Intellectual	• Knowledge and procedures • Systems and processes • Research and development	• Declining efficiencies • Insufficient skills and capabilities
Natural	• Total Mineral Resources inclusive of Mineral Reserves of 57.9Moz Pt • Natural resources (air, water and biodiversity)	• ISO 14001: 2004 certified • Total direct SO_2 emitted 6 306 (tpa) • Total water consumed: 25 744 Ml • Total water recycled: 42% • Current year-on-year change in Mineral Resources and Mineral Reserves: refer to pages 70 and 71

Impala

Improving outcomes	Link to strategies
• Embed the Rustenburg mining optimisation initiatives to enhance labour productivity • Instil a performance orientated culture with reward and accountability • Assess return on investment for training spend with a view to enhance value creation • Continue to implement zero harm initiatives with special focus on changing behaviour • Focus remains on promoting the health and well-being of employees	✓
• Review community engagement structures with Rustenburg local municipality and neighbouring mines to further enhance effectiveness • Maintain stable and constructive labour relations • Actively engage government through the Chamber of Mines and other business forums to increase understanding of industry crisis and to secure policy certainty • Develop and implement a robust stakeholder engagement strategy • Continue to build decent accommodation if demand requires and implement our social investment projects • Further prioritise local procurement and employment initiatives	✓
• Implementation of various initiatives to improve productivity and enhance efficiencies • Necessity for re-sizing of all UG2 panels to be reviewed	
• Initiatives to contain the operating cost base continue focusing on improving mining efficiencies and reducing operating costs. • Continue to invest through the cycle in value-enhancing projects • Continue to support key partners such as WPIC, PGI and IPA to stimulate demand • Capital allocation decisions based on ability to generate cash	
• Enhanced training programmes • Supplement leadership capacity in key focus areas • Continuously improve the ability to operate effectively through innovation	
• Mitigation of environmental impacts supported by leadership and responsible citizenship • Implementation of biodiversity management plan at Rustenburg • Independent assessment of environmental management plan	✓

Operational review

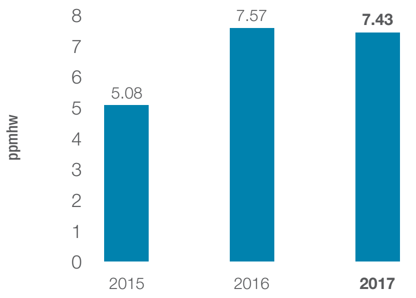
Production profile

Strategy	Operational objectives	Performance target for 2017	Performance against strategy and KPIs
Our strategy seeks to sustain optimal levels of safe production at the best possible cost thereby positioning Impala: • **In the lower end of the cost curve** • **With strategic optionality** • **To benefit from future stronger PGM prices** • **To reward stakeholders**	**Relentlessly drive the safety of our people**	Zero fatalities	• Regrettably, seven employee fatalities were recorded during the year.
		LTIFR: 20% improvement on 2016	• Despite a keen focus on safe operational performance, safety remains a significant challenge. • Human behaviour has been identified as contributing to many safety incidents. • Our focus is on ensuring effective leadership and responsible behaviour, and of driving a culture of personal accountability and interdependence.
	Consistently deliver production targets	700 000 to 710 000 ounces of platinum (growing to 830 000 Pt oz by 2020)	• Despite increased production from the ramping up of 16 and 20 Shafts, volumes were impacted by the temporary closure of the decline section at 14 Shaft to effect repairs following the January 2016 fire, a delay in operations at 1 Shaft following the fall-of-ground incident in May 2016, reduced UG2 panel lengths and a significant number of regulatory safety stoppages, particularly in the first half of the year.
		Mineable face length	• The decline section at 14 Shaft has been re-established and full infrastructure capacity was achieved in June 2017. Production from 1 Shaft is being ramped-up. The resizing of the UG2 conventional panel lengths in line with assessed ground conditions was completed in the first half of the financial year. Excellent progress has been made after focused engagement between management and employees, as well as government authorities, with a reduction in Section 54 stoppages in the latter six months of the financial year.
			• Reducing under-performing mining teams and increasing available mine face length through ore reserve development and construction are key initiatives to improving productivity. Mineable face length from conventional mining crews deteriorated to 19.2km per mining crew as a result of the exclusion of white areas from mine plans and the shorter UG2 panel lengths.
			• The mining optimisation project (Phakamisa Impala) was initiated in January 2017 to improve mining productivity by focusing on operational improvement with people, performance and culture interventions. The programme drives sustainable change through identifying and addressing systemic issues. The ground work has been completed and improvements in mined tonnage are already apparent.

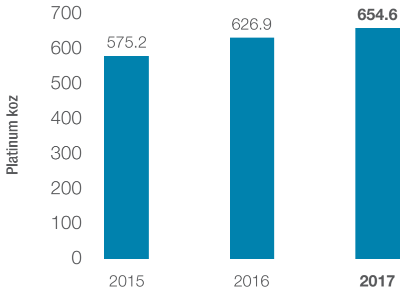
Refer variable remuneration on pages 115 and 116

Impala

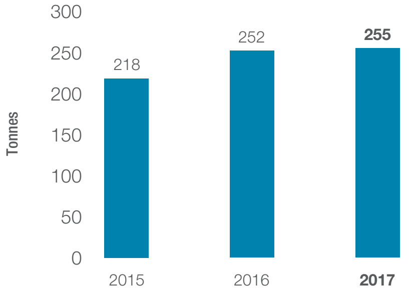
LTIFR



Refined production



Tonnes/man/annum



Performance target for 2018	Key actions in 2018
Zero fatalities	• Drive the three pillars of HSE strategy: Behaviour, Environment, Practices (BEP)
LTIFR: <6 (20% improvement on 2017)	• Drive the Critical Behaviour programme • Continue to develop and manage the Critical Control programme • Implement OHSAS 18001/ISO45001 at Rustenburg by 2018
680 000 to 720 000 ounces of platinum (growing to 750 000 ounces by 2022)	• Deliver on the five-year development plan and improve the available face length
Mineable face length: 22km	• Maintain panel flexibility ratio >1.5
	• Increase redevelopment to open Mineral Reserves
	• Optimise panel lengths • Recruit production teams timeously to ensure build up is achieved • Reduce the impact of Section 54s through improved safety

Refer variable remuneration on pages 115 and 116

Operational review

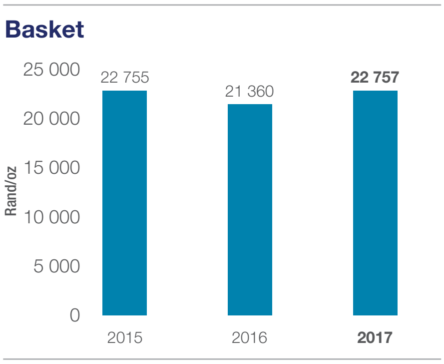
Strategy	Operational objectives	Performance target for 2017	Performance against strategy and KPIs
Our strategy seeks to sustain optimal levels of safe production at the best possible cost thereby positioning Impala: • **In the lower end of the cost curve** • **With strategic optionality** • **To benefit from future stronger PGM prices** • **To reward stakeholders**	**Improve efficiencies through operational excellence**	Cost per Pt oz <R21 300	• Unit costs increased 6.3% as lower production volumes offset the beneficial impact of various cost saving initiatives.
	Cash conservation	Costs <R14.9 billion Capital <R2.4 billion	• Costs: R15.4 billion • Capital at R2.5 billion • R1.1 billion was spent on 16 and 20 Shafts, which are expected to deliver combined production of 310 000 platinum ounces by 2022. The ramp ups have been slowed as a result of delays in stoping and development.
	Maintain our licence to operate	Build 300 houses Social development spend R197 million	• 321 houses were built during the period • Social development expenditure amounted to R106 million • Social development spend focused on home ownership initiatives, as well as education, government and municipality support infrastructure and other social commitments.

Refer variable remuneration on pages 115 and 116

Progress update on 16 and 20 Shafts

At 30 June 2017, the work anticipated at the time of raising the money was 98% complete for 16 Shaft and 92% for 20 Shaft. Both projects have been thoroughly reviewed to determine their ability to deliver 310 000 platinum ounces sustainably. The tonnage and grade expectations from the mine layout have been reaffirmed, but logistic studies have revealed that additional ore and men/material capacity will be required at full production. At both the shafts it also became necessary to line ore passes that experience excessive scaling. At 16 Shaft, the third phase of the refrigeration requirements has now been added to the scope to complete the project as it will now be required in the medium term. Collectively, a total of R2.2 billion remains to be spent on these projects over the next five years. Given the R1.5 billion remaining from the equity raise, there is a shortfall of R700 million to complete the projects. The inclusion of these items above have now reduced the project completion percentages to 86% and 88% for 16 and 20 shafts, respectively.

Impala



Performance target for 2018	Key actions in 2018
Cost per Pt oz <R24 000	• Continue to embed the Phakamisa Impala mining optimisation programme • Deliver on grade improvement initiatives • Manage lost blasts effectively and improve blast frequency • Leadership training and development to better support mining teams • Transform Rustenburg: ramp up new shafts; optimise mid-life shafts; close depleted shafts
Costs <R17.0 billion Capital <R2.6 billion	• 17 Shaft on care and maintenance • Continue procurement initiatives to deliver saving on consumables • Electricity and water: Continue to optimise constrained supply.
Build 230 houses Social development spend R227 million	• Deliver on Mining Charter and Social and Labour Plan commitments (accommodation paramount) • Actively participate in the projects as laid out in the President's Framework • Employee indebtedness: educate and assist employees • Increase and improve direct engagement with employees, communities and other stakeholders • Implementation of ISO14001:2015 standard by September 2018

Refer variable remuneration on pages 115 and 116

Operational review

Impala total Mineral Resource and Mineral Reserve estimate

(see detailed 2017 Mineral Resource and Mineral Reserve statement www.implats.co.za)

Mineral Resources inclusive of Mineral Reserves

			2017					2016				
	Orebody	Category	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz
Impala	Merensky	Measured	132.3	7.09	26.8	30.2	16.9	141.0	7.10	28.6	32.2	18.0
		Indicated	68.8	7.11	14.0	15.7	8.8	69.1	7.08	14.0	15.7	8.8
		Inferred	21.2	7.80	4.7	5.3	3.0	23.3	7.15	4.8	5.3	3.0
	UG2	Measured	165.0	6.57	29.1	34.9	16.8	122.8	8.78	28.9	34.7	16.7
		Indicated	71.0	6.60	12.6	15.1	7.3	49.6	8.83	11.7	14.1	6.8
		Inferred	20.8	6.49	3.6	4.3	2.1	14.7	8.60	3.4	4.1	2.0
	Total		**479.1**	**6.85**	**90.7**	**105.5**	**54.8**	**420.5**	**7.85**	**91.3**	**106.1**	**55.3**

Impala/RBR JV Mineral Resources and Mineral Reserves

(inclusive reporting)

Mineral Resources inclusive of Mineral Reserves

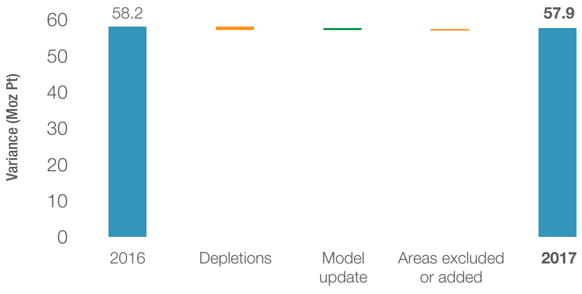
			2017					2016				
	Orebody	Category	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz
Impala	Merensky	Measured	5.2	7.57	1.1	1.3	0.7	5.2	7.56	1.1	1.3	0.7
		Indicated	5.4	8.03	1.2	1.4	0.8	5.4	8.06	1.2	1.4	0.8
		Inferred	3.7	8.68	0.9	1.0	0.6	5.1	7.60	1.1	1.2	0.7
	UG2	Measured	2.5	6.28	0.4	0.5	0.2	1.5	8.81	0.4	0.4	0.2
		Indicated	3.6	7.41	0.7	0.9	0.4	2.3	9.32	0.6	0.7	0.3
		Inferred	2.8	8.08	0.6	0.7	0.3	1.6	8.51	0.4	0.4	0.2
	Total		**23.2**	**7.75**	**5.0**	**5.8**	**3.1**	**21.2**	**8.05**	**4.8**	**5.5**	**2.9**

Mineral Reserves

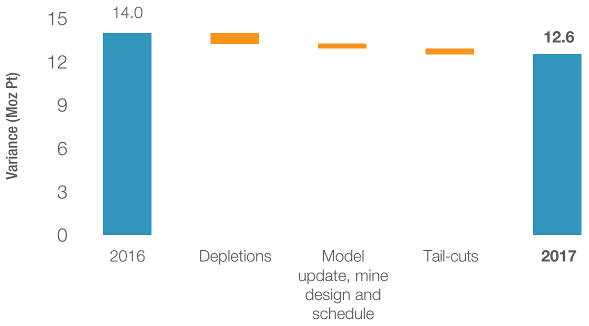
			2017					2016				
	Orebody	Category	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz
Impala	Mer	Proved	10.6	4.31	1.3	1.5	0.8	10.3	4.53	1.3	1.5	0.8
		Probable	65.2	4.63	8.6	9.7	5.4	71.3	4.71	9.6	10.8	6.0
	UG2	Proved	13.4	4.49	1.6	1.9	0.9	17.8	4.48	2.1	2.6	1.2
		Probable	78.7	4.40	9.3	11.1	5.4	84.4	4.52	10.2	12.2	5.9
	Total		**167.9**	**4.49**	**20.8**	**24.3**	**12.6**	**183.8**	**4.59**	**23.3**	**27.1**	**14.0**

Impala

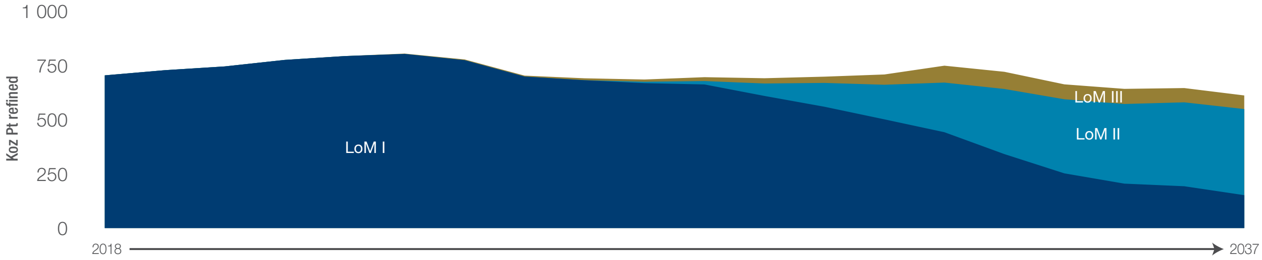
Total Impala Mineral Resources (including RBR JV Mineral Resources)



Total Impala Mineral Reserves



Impala 20-year LoM Pt ounce profile



Business model

Zimplats value chain

Exploring
Mining
Concentrating
Smelting

→ Key features

- All mining units sustained operational performance
- Mupfuti Mine achieved full production
- Re-development of Bimha on track to achieve full production in April 2018
- Development of replacement Mupani Mine approved in November 2016

→ Outlook

- Zimplats will sustain current production levels of 260 000 ounces of platinum in matte supported by the development of the new replacement portal (Mupani), which should reach ore contact in May 2020.
- Open pit mining will continue to supplement production volumes from Bimha, while it is being re-developed. Once this is completed in April 2018, open pit operations will cease.
- Given the challenging price environment and the decision to align capital allocation decisions in line with the business unit’s ability to generate cash, capital expenditure over the next few years will remain constrained and remains prioritised for projects critical to sustaining production levels and maintaining Zimplats’ licence to operate. On this basis, a decision to reline and upgrade the current furnace has been taken rather than pursue the development of a second furnace.
- Zimplats will continue to engage the government on mutually acceptable solutions to achieve the government’s aspirations of further beneficiation of PGMs in Zimbabwe.

→ Outcomes

FIFR
0.00 ✓

TIFR
0.41 ★

Number of employees
5 942 ⊕

Capital expenditure
R863 million ✓

Headline earnings
R576 million ⊕

Net cash from operating activities
R765 million ⊕

Platinum production in matte
281 100oz ✓

⊕ Increase ⊖ Decrease ★ Improved ✓ Target met

Zimplats

Risks	Opportunities	Response
• Sustained depressed PGM basket prices • Excessive taxation and levies • Failure to progress beneficiation • Unavailability of secure and reliable power • Uncertainty regarding indigenisation	• Optionality to maintain underground production volumes through sequential portal development • Mining of the Steeps Mineral Resources	• Sustain current production levels • Retain cost leadership • Engage with power authority to secure supply and manage usage • Preserve cash through reducing capital expenditure

Stakeholder	Material matter	Response
Employees	Employment: • Increased demand for employment opportunities within Zimplats due to high unemployment rates within Zimbabwe.	• The operating subsidiary prioritises recruitment of staff from the local communities and consequently the majority of the staff are from the surrounding communities. Zimplats is also exploring opportunities for LEDs and income generating activities for the benefit of the community
Government	• Threat of compulsory acquisition of a portion of Company's mining lease area • Beneficiation: – Government has directed the platinum industry to build a refinery. – An export levy will be placed on all PGM concentrate exports from 1 January 2018	• The operating subsidiary responded to the court application and the parties are currently engaged in discussions to find an amicable resolution of this matter • Zimplats already produces and exports platinum matte. However, in line with the government thrust on beneficiation it is actively looking into further beneficiation by way of refurbishing the existing BMR at SMC and joint ventures (JV) opportunities with other players in the country. Progress on the implementation of the enhanced beneficiation projects is currently constrained by cash flow constraints triggered by prolonged low metal prices. Consequently, delivery of capital projects and their completion is now being matched to availability of cash resources
Shareholders	Concerns include the following: • Business performance • Compliance with indigenisation laws • Government demand for additional ground • Government expectations on beneficiation	• Shareholders are kept informed of the Company's performance through analyst briefings and quarterly updates released on the ASX. • Shareholders are also kept informed of major developments within the Group through ASX announcements.

Value added statement for the year ended 30 June

	2017 Rm
Revenue	**7 038**
Other net income	**377**
Gross value generated	**7 415**
Depreciation	**(1 036)**
Deferred tax	**(151)**
	6 228
Distribution of value:	
Consumables and services	**(3 527)**
Labour and other	**(1 213)**
Direct state taxes	**(698)**
Royalty recipients	**(116)**
Providers of capital	**(98)**
Value retained in business	**(576)**
	–

Business model

Capitals	Inputs	Outcomes
Human	• 5 942 employees including contractors • Effective leadership team	• US$1.7 million invested in skills development • Employee turnover of 0.48% • Successful implementation of Employee Share Ownership Trust • Zero employee fatalities • LTIFR of 0.21, a 64% improvement over the year • Reached 365 days without a lost-time injury during the year • Values encompassing respect, care and delivery
Social	• Constructive labour relations • Continuous engagement with government and regulators in a challenging regulatory environment • Good relationships with local communities	• US$2.2 million invested in socio-economic development • 83% of revenue spent on supplier, employee and tax expenditure in Zimbabwe • Indigenisation and beneficiation expectations
Manufactured	• Property, plant and equipment valued at US$1.0 billion • Projects, mining and smelting operations situated in Zimbabwe • Fall of ground event at Bimha necessitating redevelopment of this mine and the reopening of opencast mining to supplement the production profile • Mupani Mine, a new replacement portal, currently under development with production capacity of 90koz platinum in matte in calendar year 2025	• Milled throughput of 6.72 million tonnes • Platinum in matte production of 281 100 ounces
Financial	• Equity • Debt • Cash generated from operations: R765 million	• Cost: US$351 million (R4.79 billion) • Unit cost per platinum oz in matte: US$1 249 (R17 030) • Capital of US$63 million spent largely on the re-establishment of Bimha Mine and the development of the new portal, Mupani • Gross Profit: R1.29 billion
Intellectual	• Knowledge and procedures • Systems and processes • Research and development	• Improvements in efficiencies • Enhanced knowledge, capabilities and skills
Natural	• Total Mineral Resources inclusive of Mineral Reserves of 108.5Moz Pt • Unavoidable impacts on the environment as a consequence of our production activities	• ISO 14001:2015 certified in October 2016 • Water re-cycled – 41% (17% more than 2016) • Carbon dioxide emission per tonne of ore – 0.057 (3% improvement) • Energy consumption (giga joules per tonne of ore) – 0.37 (5% less than 2016) • Current year-on-year change in Mineral Resources and Mineral Reserves: refer to pages 68 and 69

Zimplats

Improving outcomes	Link to strategies
• Focus remains on promoting the health, safety and well-being of employees	
• Remain committed to the aspirations of government and the people of Zimbabwe to grow and diversify the PGM industry • Continue to engage with authorities with regard to ground release	
• Continue to deliver outstanding operational performances • Continue development of replacement portal	
• Initiatives to contain the operating cost base continue focusing on improving mining efficiencies and reducing operating costs • Continue to invest through the cycle in value-enhancing projects • Capital allocation decisions based on ability to generate cash	
• Continuously improve the ability to operate effectively through innovation	
• Mitigation of environmental impacts supported by leadership and responsible citizenship • Exploring options to improve effluent quality • Sulphur emissions reduction feasibility study under way • Continue with open pit rehabilitation and re-vegetation of tailings dams • Renewed environmental licences and effluent discharge permits • Acquired three new effluent licences • Improved the reliability of air quality monitoring	

Operational review

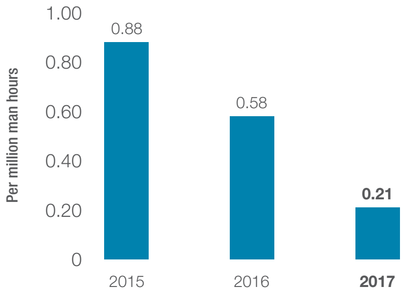
Production profile

Strategy	Operational objectives	Performance target for 2017	Performance against strategy and KPIs
Our strategy seeks to sustain optimal levels of safe production at the best possible cost thereby positioning Zimplats: • In the lower end of the cost curve • To benefit from future stronger PGM prices • To reward stakeholders	**Relentlessly drive the safety of our people**	• Zero fatalities • LTIFR: <0.35	• Zero fatalities (2016: 0) • Zimplats achieved a 64% improvement in its LTIFR from the previous financial year and completed 365 consecutive days during the period under review without a single lost-time injury
	Consistently deliver production targets	• 260 000 ounces of platinum in matte	• Produced 281 100 ounces of platinum in matte • All mining units sustained outstanding operational performances, while production also benefited from increased production from the Mupfuti and Bimha Mines • Consequently, tonnes milled increased by 4.8% to 6.72mt (2016: 6.41) • Platinum in matte production was marginally less than the previous year due to the stockpiled material released during the previous year following a furnace outage in May 2015
	Improve efficiencies through operational excellence	• Cost per Pt oz <US$1 300	• Cost per Pt oz: US$1 249

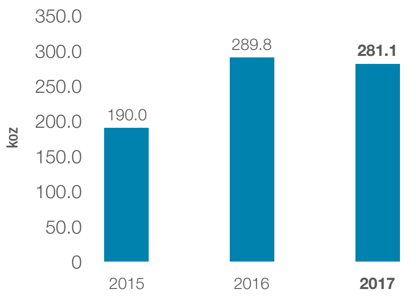
Refer variable remuneration on pages 115 and 116

Zimplats

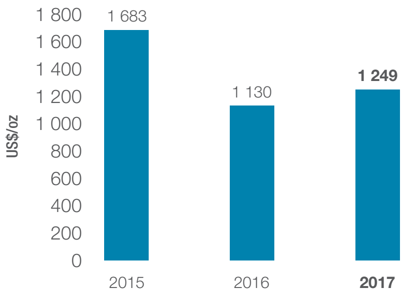
LTIFR



Platinum in matte
(including concentrate sold to IRS)



Unit costs



Performance target for 2018	Key actions in 2018
Zero fatalities LTIFR <0.40	• Establish a workforce of self-driven, proactive, motivated and committed safety citizens • Achieve safety goals through a strong safety culture linked to a vibrant employee wellness and mental health programme • Drive a well-co-ordinated safety outreach programme designed to influence and modify safe behaviours in the environment where our employees come from • Manage a focused and continuous scanning programme to identify and adopt appropriate technology to enhance our safety strategy
• 260 000 ounces of platinum in matte	• Create adequate stoping faces (create redundancy) • Continue with Bimha Mine redevelopment to achieve design production in April 2018 • Develop Mupani Mine to make ore contact by May 2020 • Implement furnace reline and upgrade project to manage risk of failure of the existing furnace
• Cost per Pt oz <US$1 400	• Adopt high efficiency drifter technology to increase productivity • Continue the use of XRF machines for reef marking to contain costs • Implement underground crushing at Bimha (Portal 4) • Improve reagents mix and reduce consumption and cost • Ensure effective grade control

Refer variable remuneration on pages 115 and 116

Operational review

Strategy	Operational objectives	Performance target for 2017	Performance against strategy and KPIs
Our strategy seeks to sustain optimal levels of safe production at the best possible cost thereby positioning Zimplats: • In the lower end of the cost curve • To benefit from future stronger PGM prices • To reward stakeholders	Cash conservation	• Costs <US$335 million • Capital <US$122 million	• Costs: US$351 million impacted by higher production volumes • The development of the 2.2 million tonnes per annum Mupani Mine was approved in November 2016 as a replacement for the Rukodzi and Ngwarati Mines at a total capital cost of US$264 million. This year US$11 million was spent on this project • The redevelopment of the Bimha Mine is progressing well and full production is expected in April 2018
	Maintain our licence to operate	• CSR programmes – US$1.0 million	• CSR programmes – US$2.3 million • Zimplats supports Zimbabwe's aspirations to grow and diversify its PGM industry and remains in discussion with the government of Zimbabwe on various issues including indigenisation, beneficiation and the compulsory land acquisition • Implemented an Employee Share Ownership Trust (ESOT) that holds 10% of Zimbabwe Platinum Mines (Private) Limited

Refer variable remuneration on pages 115 and 116

Zimplats total Mineral Resource and Mineral Reserve estimate

(see detailed 2017 Mineral Resource and Mineral Reserve statement www.implats.co.za)

Mineral Resources inclusive of Mineral Reserves

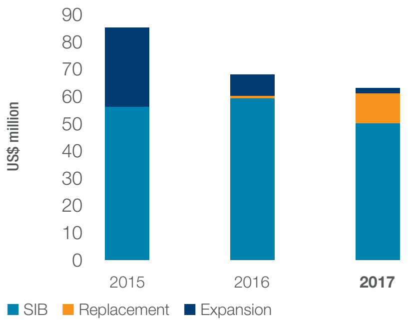
			2017					2016				
	Orebody	**Category**	**Tonnage Mt**	**6E Grade**	**4E Moz**	**6E Moz**	**Pt Moz**	**Tonnage Mt**	**6E Grade**	**4E Moz**	**6E Moz**	**Pt Moz**
Zimplats	MSZ	Measured	168.5	3.73	19.1	20.2	9.5	174.1	3.74	19.9	21.0	9.8
		Indicated	665.6	3.71	75.1	79.3	37.2	695.4	3.69	78.2	82.6	38.7
		Inferred	1 226.3	3.52	128.3	138.8	61.8	1 198.9	3.53	125.6	135.9	60.4
	Total		**2 060.4**	**3.60**	**222.6**	**238.3**	**108.5**	**2 068.4**	**3.60**	**223.6**	**239.4**	**109.0**

Mineral Reserves

			2017					2016				
	Orebody	**Category**	**Tonnage Mt**	**6E Grade**	**4E Moz**	**6E Moz**	**Pt Moz**	**Tonnage Mt**	**6E Grade**	**4E Moz**	**6E Moz**	**Pt Moz**
Zimplats	MSZ	Proved	63.6	3.43	6.6	7.0	3.3	51.3	3.50	5.5	5.8	2.7
		Probable	101.5	3.44	10.6	11.2	5.3	60.1	3.49	6.4	6.8	3.2
	Total		**165.1**	**3.43**	**17.3**	**18.2**	**8.6**	**111.5**	**3.50**	**11.9**	**12.5**	**5.9**

Zimplats

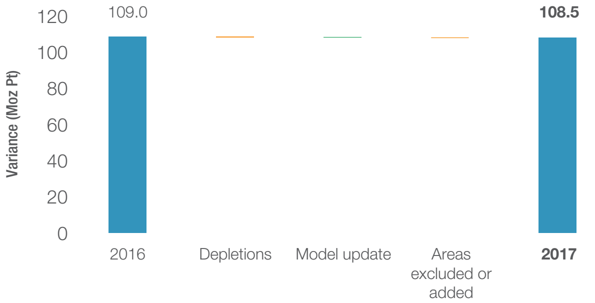
Capital



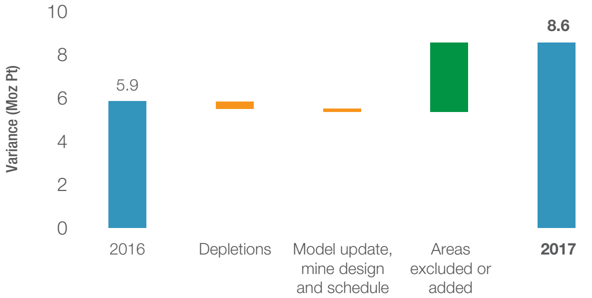
Performance target for 2018	Key actions in 2018
- Costs <US$360 million - Capital <US$140 million	- Focus on key cost drivers to maintain position on the cost leadership curve - Extend the life cycle of major equipment through rebuilds and midlife interventions - Match capital expenditure with available cash resources - Continue with the use of rotables - Efficient procurement and investigate broadening supply base countries
- CSR programmes >US$4.0 million	- Implement CSR programmes that improve the livelihood of local communities - Continue with resource conservation programmes - Continue with environmental management and rehabilitation programmes - Continue recruiting non-skilled labour from the local communities - Continue with the stakeholder management programme to enhance Company's corporate image and improve relationships

Refer variable remuneration on pages 115 and 116

Total Zimplats Mineral Resources



Total Zimplats Mineral Reserves



Zimplats 20-year LoM Pt ounce profile

Business model

Marula value chain

Exploring

Mining

Concentrating

→ Key features

- Community unrest disrupts operational and financial performance
- Operation restructured to ensure future profitability

→ Outlook

- Absent community disruptions and based on current efficiencies, the mine plans to reach 85 000 ounces of platinum in 2018. This will enable the mine to be marginally profitable, even at current prices given its restructured cost base.
- A watching brief will be maintained and monitored quarterly. If the mine is disrupted a decision has been made to put it on care and maintenance

→ Outcomes

FIFR
0.103 ⊖

TIFR
22.74 ⊖

Number of employees
3 817 ⊖

Capital expenditure
R113 million

Headline loss
R737 million ⊖

Net cash used in operating activities
R(577) million ⊖

Platinum production in concentrate
67 900oz ⊖

⊕ Increase ⊖ Decrease ★ Improved ✓ Target met

Marula

Risks	Opportunities	Response
• Sustained depressed PGM basket prices • Disruption of operations due to community unrest • Policy risk arising from change in legislation • Inability to maintain a social licence to operate • The security of supply of water	• Further improvement in productivity and efficiencies • Benefits of reduction in stoping width • Optimise the average panel face length	• Re-structured cost base to ensure sustainability • Develop and implement a community engagement strategy • Implement effective remedial strategies to manage constraints • Cash preservation

Stakeholder	Material matter	Response
Makgomo community	• Disruption to operations due to community discontent over distribution of chrome proceeds	• Ongoing community engagement initiatives have been supported by other interventions, including further security measures around critical infrastructure and enhancing emergency preparedness, as well as measures aimed to grow local procurement from Tier 1 suppliers at the mine.
Marula six host communities	• Delay in establishment of agreed Mine Community Leadership Engagement Forum (MCLEF)	• Meetings with individual mine communities and other stakeholder representatives continue in an endeavour to resolve the present impasse. It is hoped the DMR's intervention will lead to a lasting solution to the Chrome Project dispute.
Unions, employees and DMR	• Labour restructuring resulting from protracted community protests and persistently low PGM prices	• Marula has given notice to the DMR and representative trade unions in terms of Section 189A of the Labour Relations Act of its intention to restructure the operation in a process that may impact more than 1 000 job opportunities. The formal engagement process commenced on 28 March 2017 and jointly explored initiatives to minimise job losses as far as possible. This process was completed impacting 980 employees and contractors
Marula crop field owners	• Dissatisfaction over current compensation for crop fields	• A signed agreement is in place between Marula and crop field owners which stipulates compensation. Further engagement is planned to resolve this issue.

Value added statement for the year ended 30 June

(Prepared on headline earnings basis)

	2017 Rm
Revenue	**1 616**
Other net income	**(52)**
Gross value generated	**1 564**
Depreciation	**(172)**
Deferred tax	**276**
	1 668
Distribution of value:	
Labour costs	**(1 123)**
Consumables and services	**(965)**
Finance cost	**(216)**
Direct state taxes	**(57)**
Royalty recipients	**(44)**
Diminution in shareholders' value	**737**
	–

Business model

Capitals	Inputs	Outcomes
Human	• 3 817 employees including contractors • Effective leadership team	• R75 million invested in skills development • One employee fatality • LTIFR: 5.79 • Section 189 restructuring impacted 980 employees and contractors
Social	• Constructive labour relations and partnerships with unions • Relationships with government and regulators not always supportive of the business • Dissatisfied and militant communities	• Successful wage settlement • R12 million invested in socio-economic development • Failure of traditional engagement structures • Community unrest impacted operational performance and the implementation of community projects • 210 employees (83% of new appointments) recruited from local communities
Manufactured	• Property, plant and equipment valued at R1.7 billion • Mining and concentrating operations situated near Burgersfort, Limpopo • Optimisation programme positioned the mine to produce 85 000 ounces of platinum in concentrate • Operational disruptions	• Milled throughput of 1.50 million tonnes • Platinum in concentrate production of 67 900 ounces
Financial	• Shareholder loans • Debt • Cash generated from operations	• Cost: R2.02 billion • Unit cost per Pt oz in concentrate: R29 779 • Rand PGM basket of 24 313/Pt oz • Capital expenditure of R113 million • Loss: R795 million • Additional shareholder (Implats) loan of R668 million
Intellectual	• Knowledge and procedures • Systems and processes • Research and development	• Improvements in efficiencies • Enhanced knowledge, capabilities and skills
Natural	• Total Mineral Resources inclusive of Mineral Reserves of 10.7Moz Pt • Natural resources (air, water, biodiversity)	• Water consumed: 2 761 Ml • Water recycled: 49% • Current year-on-year change in Mineral Resources and Mineral Reserves: refer to pages 86 to 87

Marula

Improving outcomes	Link to strategies
• Focus remains on promoting the health, safety and well-being of employees	
• Ongoing engagement with community representatives and government officials to assist with the re-establishment of community engagement structures and to find a resolution to their dissatisfaction with regard to the manner in which their leaders manage benefits flowing from Makgomo Chrome	
• Increased focus on community engagement to mitigate further operational disruptions • Mine restructured to produce 85 000 ounces of platinum per annum	
• Initiatives to contain the operating cost base and to continue focus on improving mining efficiencies and reducing operating costs • Capital allocation decisions based on ability to generate cash	
• Continuously improve the ability to operate effectively through innovation	
• Mitigation of environmental impacts supported by leadership and responsible citizenship • Renewed environmental licences and effluent discharge permits • Implementation of biodiversity management plan • Independent assessment of environmental management plan	

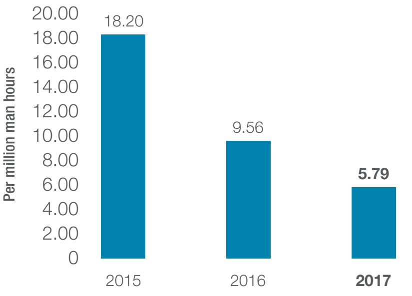
Operational review

Strategic objectives	Strategy	Performance target for 2017	Performance against strategy and KPIs
Our strategy seeks to sustain optimal levels of safe production at the best possible cost thereby positioning Marula: • **In the lower end of the cost curve** • **To reward stakeholders**	**Relentlessly drive the safety of our people**	• Zero fatalities • LTIFR: 20% improvement on FY2016	• Safety performance in terms of LTIFR improved by 39% over the year • Regrettably, Marula experienced one fatality during the year caused by a fall-of-ground
	Consistently deliver production targets	• 90 000 ounces of platinum in concentrate	• Actual production of 67 900 ounces of platinum in concentrate. Close to 500 000 tonnes of platinum production was lost during the period largely as a result of community disruptions, but also impacted by a contractor strike and poor performance and resultant closure at the Hybrid section • Members of the Winnaarshoek/Driekop community are dissatisfied with the manner in which their 50% interest in the Makgomo Chrome project is being managed by their appointed community leaders. Operations at the chrome plant were suspended by the DMR in the second half of the year • The continued disruptions had a significant impact on the profitability of the mine and a restructuring of the operation was undertaken in the second half of the year to close inefficient areas and reduce labour. The mine is now structured to produce 85 000 ounces of platinum in concentrate per annum
	Improve efficiencies through operational excellence	• Cost per Pt oz <R22 900	• Cost per platinum oz of R29 779 severely affected by community disruptions to operations • Two ventilations shafts, one at Driekop and the other at Clapham, were completed reducing re-entry times • The Driekop chairlift was commissioned
	Cash conservation	• Costs <R2.06 billion • Capital <R126 million	• Costs rose 7.8% to R2 022 million (2016: R1 875 million) mainly due to mining inflation • Labour has been reduced by 346 employees and 522 contractors • Capital expenditure of R113 was largely on completion of infrastructure

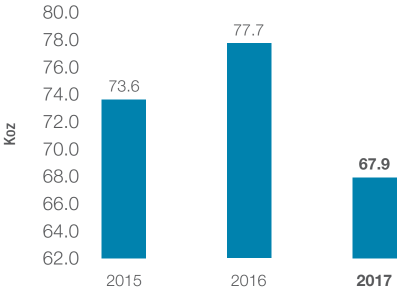
Refer variable remuneration on pages 115 and 116

Marula

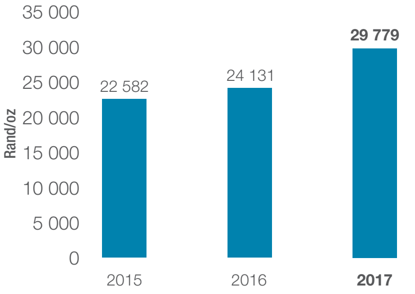
LTIFR



Platinum in concentrate



Unit costs



Performance target for 2018	Key actions in 2018
• Zero fatalities • LTIFR <5	• Implement critical behaviour check list for rock drill operators (RDO), scraper winch operators, equipment helpers, trackless mobile machinery (TMM) operators and belt attendance • Continue to roll out Trigger Action Response Plan (TARP) • Improve PDS system for identified TMM underground machinery to vehicle to vehicle (VTV) and vehicle to personnel (VRP) in line with new MHSA regulations • Continue with the implementation of automated fire suppression system on all underground conveyor belts • Continuous installation of fire retardant (FR) belting
• 85 000 ounces of platinum in concentrate	• Improve and manage engagements with community structures and improve communication • Improve safety compliance to mitigate regulatory stoppages • Strengthen operational management by appointing section managers • Create higher grade milling capacity by cutting waste tonnes through reducing the stoping width
• Cost per Pt oz <R23 500	• Optimise the panel face length • Reduce the number of lost blasts by managing labour shortages • Improve the advance per blast by applying basic mining best practice
• Costs <R2.0 billion • Capital <R160 million	• TM3 fleet has been reduced as more concentrated mining occurs within shorter tramming distances • Capital expenditure reduced to critical items in the short term • Development of new tailings dam over next five years • Develop 6 level over next five years to sustain production

Refer variable remuneration on pages 115 and 116

Operational review

Strategic objectives	Strategy	Performance target for 2017	Performance against strategy and KPIs
Our strategy seeks to sustain optimal levels of safe production at the best possible cost thereby positioning Marula: • In the lower end of the cost curve • To reward stakeholders	Maintain our licence to operate	• Promoting home ownership • Community engagement	• 150 newly built three bedroom, two bathroom units have been made available for purchase, with home ownership assistance, by employees

Refer variable remuneration on pages 115 and 116

Marula total Mineral Resource and Mineral Reserve estimate

(see detailed 2017 Mineral Resource and Mineral Reserve statement www.implats.co.za)

Mineral Resources inclusive of Mineral Reserves

			2017					2016				
	Orebody	Category	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz
Marula	Merensky	Measured	34.3	4.56	4.7	5.0	2.7	34.3	4.56	4.7	5.0	2.7
		Indicated	7.6	4.50	1.0	1.1	0.6	7.9	4.54	1.1	1.2	0.6
		Inferred	5.2	4.10	0.6	0.7	0.4	9.7	4.46	1.3	1.4	0.7
	UG2	Measured	51.2	7.16	10.1	11.8	4.5	33.3	10.17	9.3	10.9	4.0
		Indicated	22.4	7.25	4.5	5.2	2.0	13.6	10.45	3.9	4.6	1.7
		Inferred	6.4	7.34	1.3	1.5	0.6	7.7	10.67	2.3	2.7	1.0
	Total		**127.0**	**6.20**	**22.2**	**25.3**	**10.7**	**106.5**	**7.50**	**22.5**	**25.7**	**10.8**

Mineral Reserves

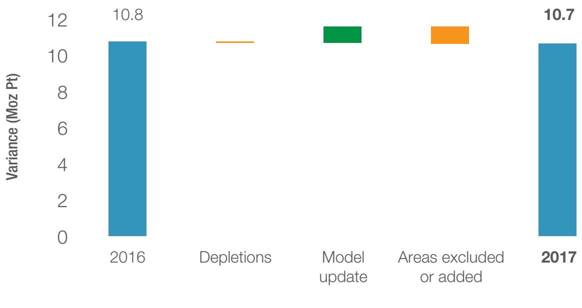
			2017					2016				
	Orebody	Category	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz
Marula	UG2	Proved	4.3	4.82	0.6	0.7	0.3	4.2	4.91	0.6	0.7	0.2
		Probable	20.8	4.62	2.6	3.1	1.2	22.2	4.62	2.8	3.3	1.2
	Total		**25.1**	**4.65**	**3.2**	**3.8**	**1.4**	**26.4**	**4.67**	**3.4**	**4.0**	**1.5**

Marula

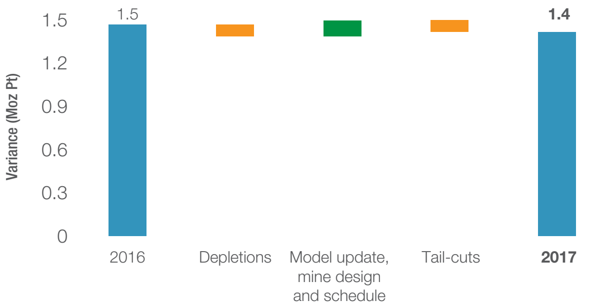
Performance target for 2018	Key actions in 2018
• Social development spend R7.5 million	• Create a more conducive environment for employees, which will result in happier communities • Implement a stakeholder engagement programme with community representatives • Increase procurement opportunities for local Tier 1 suppliers • Finalise a new chrome agreement to address community issues and the manner in which chrome proceeds are managed • Invest chrome dividend into surrounding communities • Deliver on Mining Charter and SLP commitments • Complete a 17km tar road in the surrounding area in conjunction with the Limpopo Roads Agency

Refer variable remuneration on pages 115 and 116

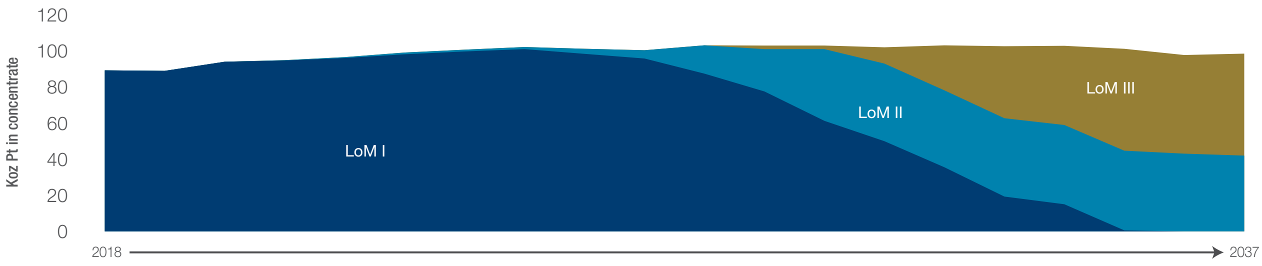
Total Marula Mineral Resources



Total Marula Mineral Reserves



Marula 20-year Pt ounce profile



Business model

Mimosa value chain

→ Key features

- Regrettably one employee fatality
- Otherwise excellent operational performance

→ Outlook

- Stringently manage costs in order to conserve cash
- Steady state platinum in concentrate production will be maintained at between 115 000 – 120 000 ounces
- A feasibility study on a possible 30% expansion of production has been completed subject of improved metal prices and the availability of capital

→ Outcomes

FIFR
0.114 ★

TIFR
0.68 ★

Number of own employees
1 337 ★

Capital expenditure
R445 million ✓

Headline profit
R393 million ★

Net cash from operating activities
R809 million ★

Record platinum production in concentrate
121 600oz ✓

⊕ Increase ⊖ Decrease ★ Improved ✓ Target met

Mimosa

Risks	Opportunities	Response
• Sustained depressed PGM basket prices • A significant deterioration in safety performance • Excessive taxation and levies • Failure to progress beneficiation • Availability of secure and reliable power • Uncertainty regarding indigenisation policy	• Further improvements to efficiencies and plant capacity • Feasibility study on a 30% expansion project completed and can be commenced if prices improve	• Bankable feasibility study completed on a new smelter • Ongoing engagement with the government of Zimbabwe on unaffordability of smelter build or imposition of 15% export levy • Preserve cash through reducing capital expenditure and engage with government on more efficient tax structures • Engage with power authorities to secure supply and manage usage

Value added statement for the year ended 30 June	2017 Rm
Revenue	3 156
Other net income	(698)
Gross value generated	2 458
Depreciation	(401)
Deferred tax	16
	2 073
Distribution of value:	
Consumables and services	(1 329)
Labour and other	(853)
Royalty recipients	(179)
Direct state taxes	(79)
Finance cost	(26)
Value retained in business	393
	–

Business model

Capitals	Inputs	Outcomes
Human	• 1 337 own employees • Effective leadership team	• US$3.1 million invested in skills development • One employee fatality • LTIFR: 0.45 • US$62.6 million paid to employees
Social	• Constructive labour relations • Continuous engagement with government and regulators in a challenging regulatory environment • Good relationships with local communities	• US$3 million invested in socio-economic development • Spent US$52 million on local suppliers representing 63% of the total annual procurement spend • Despite spend being constrained as a result of cost management strategies, investments focus on the needs and priorities of local communities focusing on supporting education, healthcare and broader community welfare
Manufactured	• Property, plant and equipment valued at US$0.3 billion	• Milled throughput of 2.7 million tonnes • Platinum in concentrate production of 122 000 ounces
Financial	• Cash generated from operations • Equity • Debt	• Cost: US$184 million • Unit cost per Pt oz in concentrate: US$1 511 • Capital expenditure: US$33 million • Revenue basket – US$2 236 per platinum ounce • Gross profit: R183 million
Intellectual	• Knowledge and procedures • Systems and processes • Research and development	• Improvements in efficiencies • Enhanced knowledge, capabilities and skills
Natural	• Total Mineral Resources inclusive of Mineral Reserves of 6.9Moz Pt • Unavoidable impacts on the environment as a consequence of our production activities	• ISO 14001: 2015 certified • Total water consumed: 6 814 Ml • Water recycled: 68% • Current year-on-year change in Mineral Resources and Mineral Reserves: refer to pages 94 and 95

Mimosa

Improving outcomes	Link to strategies
• Continuing focus on promoting the health, safety and well-being of employees • Continuous drive to zero harm • Company facilitated finance for employee home ownership	
• Ongoing engagement with government officials and community representatives • Drive local procurement	
• Maintain current level of mining production • Optimisation of processing plant to increase throughput and improve recoveries • Increase capacity to deal with challenging ground conditions	
• Strict expenditure control through alternative sourcing strategies	
• Continuously improve the ability to operate effectively through innovation	
• Mitigation of environmental impacts supported by leadership and responsible citizenship • Installed power factor correction equipment • Introduced a climate change strategy and policy and is implementing measure to reduce its carbon footprint by 3% annually to 2020	

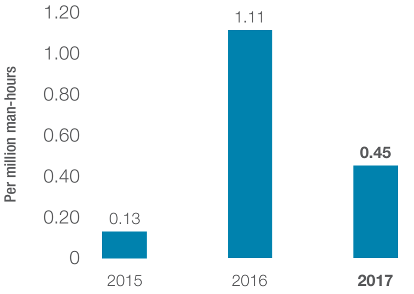
Operational review

Strategic objectives	Strategy	Performance target for 2017	Performance against strategy and KPIs
Our strategy seeks to sustain optimal levels of safe production at the best possible cost thereby positioning Mimosa: • **In the lower end of the cost curve** • **To benefit from future stronger PGM prices** • **To reward stakeholders**	**Relentlessly drive the safety of our people**	• One fatality • LTIFR: 0.45	• Regrettably, Mimosa had one employee fatality during the year • The LTIFR improved significantly from the previous reporting period (2016: 1.11)
	Consistently deliver production targets	• 115 000 ounces of platinum in concentrate	• Mimosa achieved record production of 122 000 ounces in concentrate
	Improve efficiencies through operational excellence	• Cost per Pt oz <US$1 500	• The cost per ounce was on target at US$1 511 per Pt oz

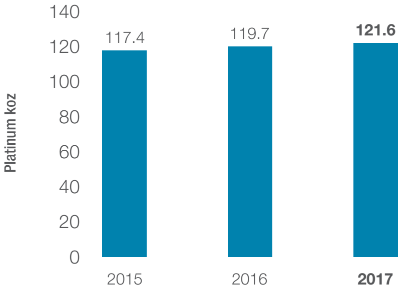
Non-managed companies define their own variable remuneration benefits

Mimosa

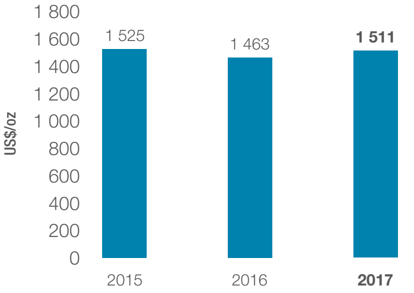
LTIFR



Platinum in concentrate



US$ cost per platinum ounce in concentrate



Performance target for 2018	Key actions in 2018
• Zero fatalities • LTIFR: 0	• Zero harm remains a top priority • Focus on behavioural and cultural issues • Implementation of proximity detection system and underground fire management system • Maintain ISO 14001 and OHSAS 19001 certification
• 115 000 – 120 000 ounces of platinum in concentrate	• Maintain current level of mining production • Continue to manage bad ground conditions • Develop more confidence in North Hill in order to sustain LoM as the mine moves toward depletion of South Hill orebody • Optimise feed grades through blending low grades on the western side with better grades on the eastern side of the South Hill orebody • Achieve 4E recoveries of at least 78% in order to maximise ounces production • Secure uninterrupted power supply through continuous renewal of the Power Purchase Agreement
• Cost per Pt oz <US$1 600	• Fully implement mechanisation of roof support systems for the remaining mining teams to manage bad ground conditions • Implementation of process optimisation roadmap to achieve 4E recoveries of at least 78% • Consideration of an additional 5tph filter among other new technologies to improve current filtration challenges • Implement cost optimisation: achieve more at less cost • Continue implementing training and development to better support mining and plant teams

Non-managed companies define their own variable remuneration benefits

Operational review

Strategic objectives	Strategy	Performance target for 2017	Performance against strategy and KPIs
Our strategy seeks to sustain optimal levels of safe production at the best possible cost thereby positioning Mimosa: • In the lower end of the cost curve • To benefit from future stronger PGM prices • To reward stakeholders	Cash conservation	• Costs <US$180 million • Capital <US$35 million	• Costs were well contained at US$184 million for the year • Capital of US$33 million was spent mainly on maintenance projects
	Maintain our licence to operate	• Social investment US$3 million	• Social development spend: R3 million • Continue to ensure all employees reside in decent accommodation • The government of Zimbabwe's proposed 15% export levy on unbeneficiated platinum has been further deferred until 1 January 2018 to allow for the build of a smelter to produce a green matte. Mimosa has continued to assess the viability of beneficiation alternatives

Non-managed companies define their own variable remuneration benefits

Mimosa total Mineral Resource and Mineral Reserve estimate

(see detailed 2017 Mineral Resource and Mineral Reserve statement www.implats.co.za)

Mineral Resources inclusive of Mineral Reserves

	Orebody	Category	2017 Tonnage Mt	6E Grade	4E Moz		Pt Moz	2016 Tonnage Mt	6E Grade	4E Moz		Pt Moz
Mimosa	MSZ	Measured	62.0	3.90	7.3	7.8	3.6	67.2	3.91	8.0	8.4	3.9
		Indicated	30.8	3.80	3.6	3.8	1.7	31.2	3.79	3.6	3.8	1.8
		Inferred	26.8	3.67	3.0	3.2	1.5	27.1	3.66	3.0	3.2	1.5
	Total		**119.7**	**3.82**	**13.9**	**14.7**	**6.9**	**125.5**	**3.82**	**14.6**	**15.4**	**7.2**

Mineral Reserves

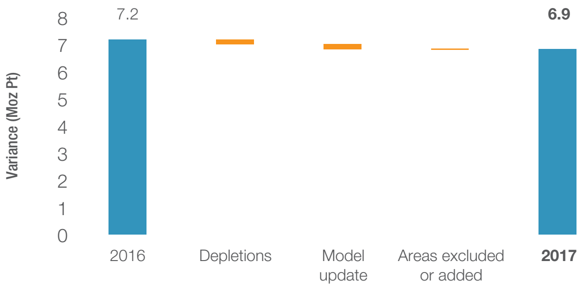
	Orebody	Category	2017 Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz	2016 Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz
Mimosa	MSZ	Proved	26.1	3.81	3.0	3.2	1.5	19.6	3.78	2.2	2.4	1.1
		Probable	11.2	3.63	1.2	1.3	0.6	10.7	3.96	1.3	1.4	0.6
	Total		**37.3**	**3.76**	**4.2**	**4.5**	**2.1**	**30.4**	**3.85**	**3.5**	**3.8**	**1.7**

Mimosa

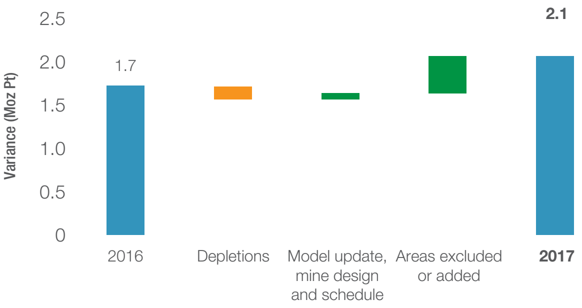
Performance target for 2018	Key actions in 2018
- Costs <US$190 million - Capital <US$40 million	- Rationalise and prioritise capital expenditure - Continue with stringent cost containment initiatives - Operate within budget
- Social investment US$3 million	- Continue to foster a mutually beneficial relationship with the community - Increase and improve engagement with employees, communities and other stakeholders - Increase local procurement, employment and social investment

Non-managed companies define their own variable remuneration benefits

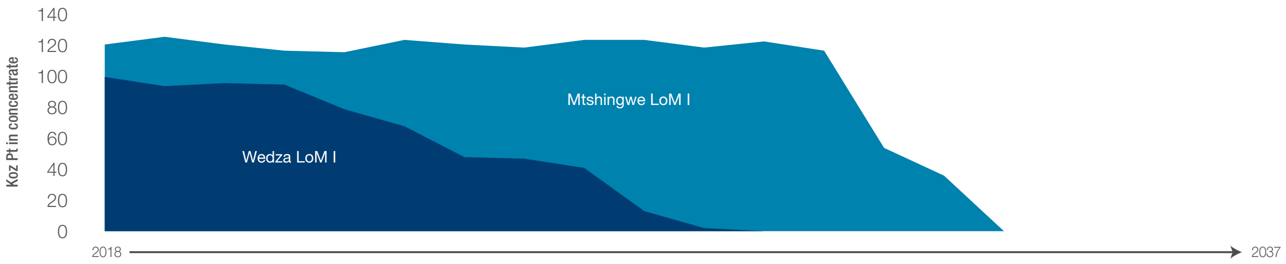
Total Mimosa Mineral Resources



Total Mimosa Mineral Reserves



Mimosa 20-year Pt ounce profile



Business model

Two Rivers value chain

Exploring

Mining

Concentrating

→ Key features

- Fatality-free for 65 consecutive months
- Maintained its competitive cost position
- Extensions secured for life-of-mine

→ Outlook

- Two Rivers is expected to sustain production at current levels for at least 10 years entailing the exploitation of RE and portions 4, 5 and 6 of Kalkfontein
- Two Rivers continues to investigate various alternatives to sustain ounce output in a challenging mine grade environment

→ Outcomes

FIFR
0.00 ✓

TIFR
3.4 − ★

Number of employees
3 219 −

Capital expenditure
R293 million ✓

Headline profit
R636 million +

Net cash from operating activities
R963 million +

Platinum production in concentrate
181 900oz ✓

+ Increase
− Decrease
★ Improved
✓ Target met

Two Rivers

Risks	Opportunities	Response
• Sustained depressed PGM basket prices • Disruption to operations due to community unrest • Policy risk arising from change in legislation • Retaining approval for continuous operations	• Increased throughput by expanding the processing facilities	• Maintain current level of mining production • Cash preservation measures • Continue to foster mutually beneficial relationships with local communities

Value added statement for the year ended 30 June	**2017 Rm**
Revenue	**3 994**
Other net income	**31**
Gross value generated	**4 025**
Depreciation	**(275)**
Deferred tax	**(8)**
	3 742
Distribution of value:	
Labour and other	**(1 260)**
Consumables and services	**(837)**
Dividends	**(570)**
Direct state taxes	**(266)**
Royalty recipients	**(142)**
Finance costs	**(31)**
Value retained in business	**(636)**
	–

Business model

Capitals	Inputs	Outcomes
Human	• 3 219 employees including contractors • Effective leadership team • Contractors delivering on agreed terms and conditions	• No employee fatalities • LTIFR: 1.55 • HDSA in management: 49% • Literacy (ABET level (III)): 61.6%
Social	• Constructive labour relations • Continuous engagement with government and regulators • Good relationships with local communities	• Community unrest, unrelated to the mine, impacted on operational performance in the third quarter • Despite spend being constrained as a result of cost management strategies, investments focus on the needs and priorities of local communities focusing on supporting education, healthcare and broader community welfare
Manufactured	• Property, plant and equipment valued at R2.9 billion	• Milled throughput of 3.5 million tonnes • Platinum in concentrate production of 182 000 ounces
Financial	• Persistently low PGM prices • Capital expenditure: R293 million • Cash generated from operations: R963 million	• Cost: R2.35 billion • Unit cost per platinum oz in concentrate: R12 925 • Gross profit: R1 081 million
Intellectual	• Knowledge and procedures • Systems and processes • Research and development	• Improvements in efficiencies • Enhanced knowledge, capabilities and skills
Natural	• Total Mineral Resources inclusive of Mineral Reserves of 22.4Moz Pt • Unavoidable impacts on the environment as a consequence of our production activities	• ISO 14001: 2015 certified • Water consumed: 2 197 Ml • Water recycled: 61% • Current year-on-year change in Mineral Resources and Mineral Reserves: refer to page 102

Two Rivers

Improving outcomes	Link to strategies
• Focus remained on promoting the health and well-being of employees • Continue focus on retaining excellent safety behaviour	
• Ongoing engagement with community representatives and local government • Drive local procurement	
• Maintain current level of mining production • Continuous focus on maintaining mining grade whilst mining into a split reef extraction area	
• Curbing of all non-production-related expenses and strict expenditure control	
• Continuously improve the ability to operate effectively through innovation	
• Mitigation of environmental impacts supported by leadership and responsible citizenship • Renewed environmental licences and effluent discharge permits • Continuous improvement in water recycling quantities	

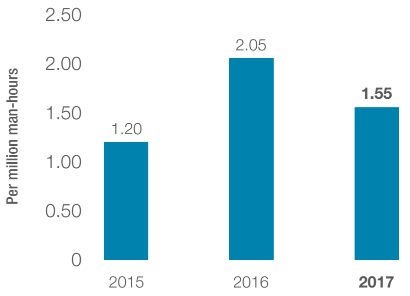
Operational review

Strategic objectives	Strategy	Performance target for 2017	Performance against strategy and KPIs
Our strategy seeks to sustain optimal levels of safe production at the best possible cost thereby positioning Two Rivers: **• In the lower end of the cost curve** **• To benefit from future stronger PGM prices** **• To reward stakeholders**	**Relentlessly drive the safety of our people**	• Zero fatalities • LTIFR <2	• Number of fatalities: 0 • LTIFR: 1.55
	Consistently deliver production targets	• >175 000 ounces of platinum in concentrate	• 181 900 ounces of platinum in concentrate
	Improve efficiencies through operational excellence	• Cost per Pt oz <R13 150	• Cost per Pt oz of R12 925
	Cash conservation	• Costs <R2.3 billion • Capital <R295 million	• Costs: R2.35 billion • Capital R293 million
	Maintain our licence to operate	• Social investment R13 million	• Community development: R9.1 million • BEE procurement: 86%

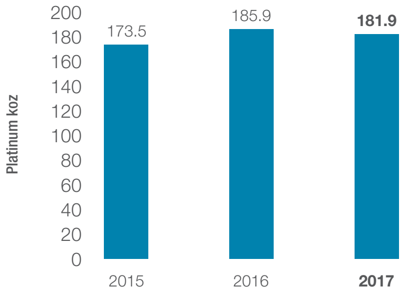
Non-managed companies define their own variable remuneration benefits

Two Rivers

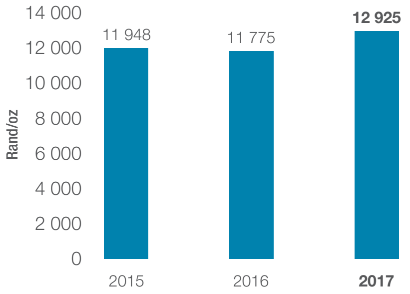
LTIFR



Platinum in concentrate



US$ Cost per platinum ounce in concentrate



Performance target for 2018	Key actions in 2018
• Zero fatalities • LTIFR <1.80	• Continue with implementation of the paperless system to identify hazards and analyse frequently • Implementation of TMM to person Retardation/Stop System • Continue with the "Flight to Zero Harm" and with the car draw initiative
• >175 000 ounces of platinum in concentrate	• Maintain current level of mining production • Optimise efficiencies in the undercut mining method in the split reef at the main decline
• Cost per Pt oz <R14 200	• Optimise fleet utilisation • Optimise tertiary milling plant recovery – mass pull optimisation
• Costs <R2.5 billion • Capital <R470 million	• Manage working capital • Actively pursue cost saving/improvement projects • Improved preventative maintenance processes • Strict compliance to procurement processes • Prioritising capital investment • Labour management • Manage cost on a flex budget principle
• Social investment R9.5 million	• Continue to foster a mutually beneficial relationship with communities • Further enhance relationships with organised labour, employees and other stakeholders • Increase local procurement, employment and social investment

Non-managed companies define their own variable remuneration benefits

Operational review

Two Rivers total Mineral Resource and Mineral Reserve estimate

(see detailed 2017 Mineral Resource and Mineral Reserve statement www.implats.co.za)

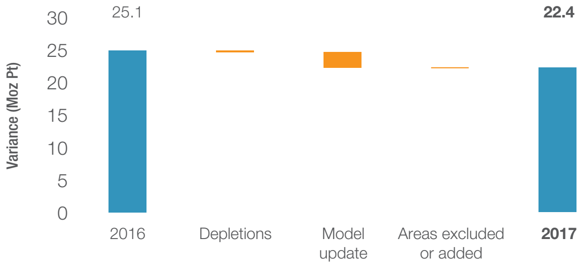
Mineral Resources inclusive of Reserves

			2017					2016				
	Orebody	Category	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz
Two Rivers	Merensky	Indicated	60.6	3.11	5.5	6.1	3.3	60.6	3.11	5.5	6.1	3.3
		Inferred	99.2	3.92	11.5	12.5	6.7	99.2	3.92	11.5	12.5	6.7
	UG2	Measured	14.4	5.43	2.1	2.5	1.2	14.9	5.52	2.2	2.6	1.3
		Indicated	62.0	5.28	8.7	10.5	4.7	57.9	5.03	7.8	9.4	4.3
		Inferred	80.6	5.60	12.3	14.5	6.5	117.8	5.75	18.4	21.8	9.6
	Total		**316.8**	**4.53**	**40.1**	**46.1**	**22.4**	**350.4**	**4.65**	**45.4**	**52.3**	**25.1**

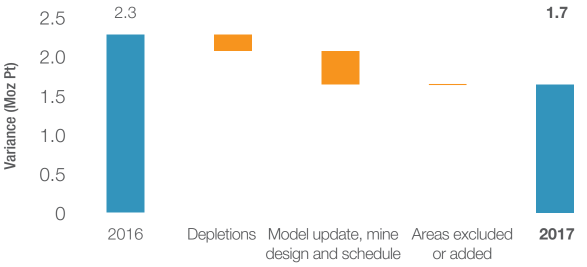
Mineral Reserves

			2017					2016				
	Orebody	Category	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz	Tonnage Mt	6E Grade	4E Moz	6E Moz	Pt Moz
Two Rivers	UG2	Proved	10.7	3.64	1.0	1.3	0.6	11.7	3.76	1.2	1.4	0.7
		Probable	22.5	3.39	2.0	2.5	1.1	31.5	3.48	2.9	3.5	1.6
	Total		**33.2**	**3.47**	**3.0**	**3.7**	**1.7**	**43.3**	**3.56**	**4.1**	**4.9**	**2.3**

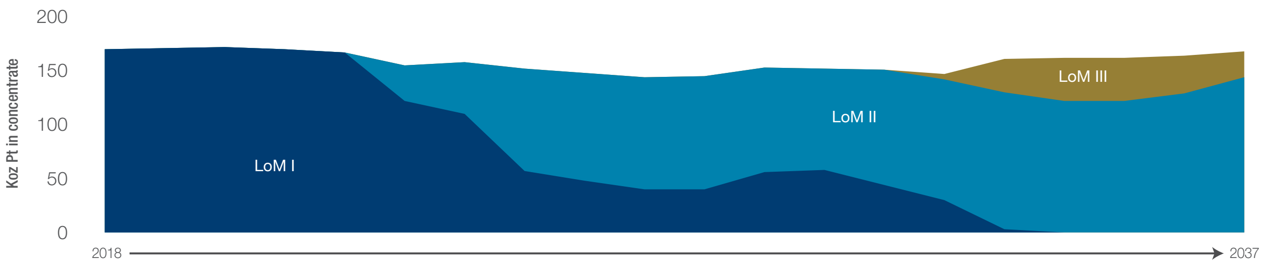
Total Two Rivers Mineral Resources



Total Two Rivers Mineral Reserves



Two Rivers 20-year Pt ounce profile



Business model

IRS value chain

- Purchasing
- Smelting
- Refining

→ Key features

- Maintained considerable financial contribution to Group earnings despite low PGM prices
- Refined platinum production increased by 7.8% to 875 200 ounces
- Generated cash of R1 060 million post tax

→ Outlook

- IRS remains well positioned to capitalise on its access to spare smelting and refining capacity from Impala to process additional material from new customers
- Opportunities are continuously evaluated and pursued if value-accretive to the Group
- Impala has sufficient spare capacity available to ensure that IRS will be able to process planned production as anticipated from the other main operations, as well as contracted third party material

→ Outcomes

Headline profit	Net cash from operating activities	Refined production
R1 275 million ⊖	**R1 060 million** ⊖	**875 200oz** ⊕ ✓

⊕ Increase ⊖ Decrease ★ Improved ✓ Target met

Impala Refining Services

(000 oz)	2017	2016
Zimplats	**266.4**	251.0
Marula	**68.1**	77.1
Mimosa	**116.6**	117.0
Two Rivers (100%)	**177.4**	183.4
Mine-to-market operations	**628.5**	628.6
Third-party purchases and toll	**246.7**	182.9
Total	**875.2**	811.5

Risks	Opportunities	Response
• Sustained depressed PGM basket prices • Policy risk arising from change in legislation in South Africa • Failure to progress beneficiation in Zimbabwe • Capital constraints affecting project delivery/opportunities	• Well positioned for new refining opportunities • Remains a strategic competitive advantage for Implats	• Continue to evaluate opportunities if value accretive to the Group

Value added statement for the year ended 30 June

	2017 Rm
Revenue	**21 711**
Other net income	**281**
Deferred tax	**22**
Gross value generated	**22 014**
Distribution of value:	
Metal purchases and consumables	**(20 211)**
Direct state taxes	**(523)**
Finance costs	**(5)**
Value retained in business	**(1 275)**
	–

Operational review

Capitals	Inputs
Manufactured	• Utilises Impala's excess processing and refining capacity to smelt and refine the concentrate and matte produced by the Group's other mine-to-market operations and third parties • The business also does ad hoc toll refining
Financial	• Cash generated from operations • Equity

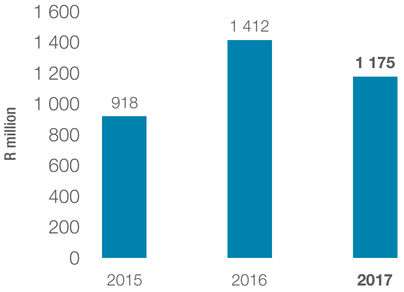
Strategic objectives	Strategy	Performance target for FY2017	Performance against strategy and KPIs
Our strategy seeks to pursue new opportunities (customers) to secure additional value for the Group.	Consistently deliver production targets	• >750 000 ounces of platinum	• 875 200 ounces of refined platinum
	Cash conservation	• Gross profit of R1.5 billion	• Gross profit of R1.5 billion

Refer variable remuneration on pages 115 and 116

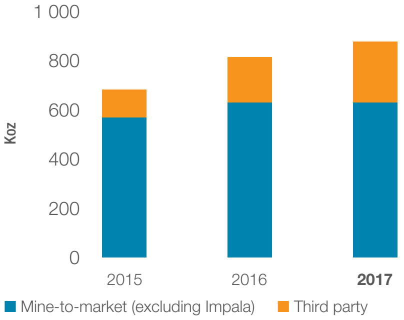
Impala Refining Services

Outcomes	Improving outcomes	Link to strategies
• Refined platinum production of 875 200 ounces		
• Generated cash of R1.1 billion for the year • Subsequent to year end IRS declared and paid a dividend to its shareholder (Implats) of R1.9 billion	• Continue to pursue new refining opportunities	

Cash before financing activities



Production



Performance target for FY2018	Key actions in FY2018
• >885 000 ounces of platinum	• Continuously explore alternate metal sources to expand production or to sustain production if current suppliers experience operational difficulties • Maintain relationships with, and sustain service excellence in respect of suppliers
• Gross profit of >R1.4 billion	• Continuously explore suitable alternate metal sources to expand production and increase gross profit in line with available capacity

Refer variable remuneration on pages 115 and 116

Corporate governance and Group strategies in perspective

BOARD

MAINTAIN OPTIONALITY AND POSITION FOR THE FUTURE

OUTPUT

The board is responsible for:

- Setting strategic objectives for the Group
- Decisions in support of Group objectives
- Review management performance
- Establish culture of ethical leadership in Group

Audit committee

The audit committee:

- Reviews and recommends for approval of the board:
  - The integrated report, the annual financial statements
  - Interim or provisional result announcements and financial information
  - Reviews internal financial controls, monitors the effectiveness of internal financial controls and internal audit function
  - Nominates external auditors, regulates the use of external auditors and addresses concerns about the audit or financial reporting functions
  - Information Technology (IT) governance and approves the IT strategy

Social transformation and remuneration (STR) committee

The STR:

- Ensures the Group remains a good corporate citizen
- Monitors performance of social and economic development of employees and relevant stakeholders
- Reviews the framework, policies and guidelines for transformation and sustainable development
- Oversees group reward strategy, policy and philosophy as well as reward mix for senior executives. Internal and external benchmarking is conducted to ensure fairness and competitiveness.
- Recommends non-executive directors' remuneration to the board for final approval by shareholders

Health, safety, environment and risk committee (HSER)

The HSER:

- Oversees the establishment and implementation of the HSE policy, systems, standards and code of practice and procedures
- Monitors performance in accordance with objectives including benchmarking in South Africa and internationally
- Monitors the HSE management function and recommends improvements
- Institutes investigations as directed by the board or where inadequacies have been identified
- Ensures a properly functioning risk management system
- The risks assigned to the HSER and to ensure the board as a collective is assured that all risks are identified and managed effectively

Capital allocation and investment committee (CAIC)

The CAIC:

- Guides the board with regard to allocation of capital and future investment or disinvestment after due consideration of life-of-mine plans
- Oversees the implementation of approved capital projects with respect to budget and time frames
- Considers assets performance by scheduling "deep dive" sessions to evaluate adequacy of return on investment and advise the board accordingly
- Undertakes high level assessment of operating environment to advise board with regard to emerging risks and topics for strategy discussion

Nomination, governance and ethics committee (NGE)

The NGE:

- Ensures the board and its committees are appropriately structured and staffed to carry out their mandates
- Performs evaluation of the board, board committees and individual directors
- Proposes the re-election of retiring directors following a satisfactory performance review
- Ensures a succession plan and formal process for appointment of directors
- Ensures a formal induction programme for new directors and ongoing board development programme for all directors
- Oversees the development of a code of ethics and that a culture of ethical leadership is developed

At Implats, we are committed to good corporate governance beyond codes, frameworks and principles to ensure that we deliver on corporate strategy in order to create value for all stakeholders in a sustainable way. The board is the focal point for governance and it achieves this assisted by its committee structures and management.

COMMITTEE OUTPUTS

Audit committee	**Social transformation and remuneration (STR) committee**	**Health, safety, environment and risk committee (HSER)**	**Capital allocation and investment committee (CAIC)**	**Nomination, governance and ethics committee (NGE)**
Audit committee report* Annual financial statements^	Sustainable development report^ Remuneration report* STR committee report*	Sustainable development report^	Ensures strict capital allocation across the Group	Ensures a strong board with the necessary skills and experience

^ Available on www.implats.co.za.
** Will be available on www.implats.co.za on 14 September 2017.*

EXCO

Improve efficiencies through operational excellence

For KPI targets refer to individual operations performance from page 66 to 107

Chairman's statement on corporate governance

In the normal course of business and even more so in challenging times, the board of directors believes it is imperative that the Company maintains the highest standards of good governance in all facets of its operations, in order to promote quality decision-making and the execution of those decisions within a disciplined framework of policies, procedures and authorities.

Among others, this entails ensuring an environment where roles and responsibilities are clearly defined, forums that are conducive to robust debate, and where performance is regularly reviewed. Our efforts in this regard are described over the next number of pages.

The Implats board is committed to providing effective leadership to the Group and fully embraces the principle of ethical leadership in setting and implementing Implats' strategy guided by the principles of the King IV Code on Corporate Governance (King IV), the Companies Act, 2008, the JSE Listings Requirements and all other applicable laws, standards and codes. A compliance schedule can be found at **www.implats.co.za**.

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

We continually work to maintain and develop this framework to ensure that we make and execute good decisions that are in the interest of Implats, its shareholders and other stakeholders.

Dr Mandla SV Gantsho
Chairman

Board profiles






Independent non-executive directors

Mandla Gantsho 55 – Chairman

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

Experience

Appointed in November 2010. Held senior executive positions in public and private sector organisations, including vice-president for infrastructure at the African Development Bank, CEO and MD of the Development Bank of Southern Africa. A former non-executive director of the SARB and Ithala Development Finance Corporation. Currently the chairman of Africa Rising Capital and Sasol Limited.

Babalwa Ngonyama 42

BCompt (Hons), CA(SA), MBA

Experience

Appointed in November 2010. She is the founding chairman of the African Women Chartered Accountants (AWCA). She is CEO of Sinayo Securities and also serves as a non-executive director on the boards of Barloworld Limited, Hollard Life Assurance Company, Clover Industries Limited, Group Five Limited and Aspen Pharmacare Holdings.

Hugh Cameron 66

BCom, BAcc, CA(SA)

Experience

Appointed to the board in November 2010 as an independent non-executive director and he was previously a partner at PricewaterhouseCoopers where he specialised in mining and headed up their global mining practice for a number of years. He is a director of Calgro M3 Holdings and a trustee of the Sishen Iron Ore Company Community Development Trust.

Mpho Nkeli 52

BSc Environmental Studies, MBA

Experience

Appointed in April 2015. Previously director of Alexander Forbes, Vodacom SA, African Bank and Chairperson of the Commission for Employment Equity. She is currently a director of Search Partners International, and an independent non-executive director of Life Healthcare.

Peter Davey 64 (British)

BSc (Hons) Mining Engineering

Experience

Appointed to the board in July 2013 as an independent non-executive director. He was previously a resource analyst at various investment banks in the United Kingdom and he also has extensive production experience in the South African gold and platinum mining industry.

Bernard Swanepoel 56

BSc Mining Engineering and BCom (Hons)

Experience

Appointed in March 2015. Non-executive chairman of Village Main Reef, and serves as a non-executive director of Sanlam and African Rainbow Minerals.

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





Alastair Macfarlane 66 (British)

MSc Mining Engineering

Experience
Appointed in December 2012. Extensive experience in senior and executive management positions in the mining industry, consults to many mining companies within the sector locally and internationally. Is a visiting senior lecturer at the University of the Witwatersrand; is chairman of the South African Mineral Asset Valuation Committee (SAMVAL) and chairs the international Mineral Asset Valuation Committee (IMVAL).

Sydney Mufamadi 58

MSc and PhD Oriental and African Studies

Experience
Appointed in March 2015. Director of various subsidiary boards of Barclays Bank Africa Group in Mozambique and Tanzania, director of the School of Leadership at the University of Johannesburg. Chairman of Zimplats Holdings Ltd.

Non-executive director

Udo Lucht 40

BCom (Hons), CA(SA), CFA

Experience
Appointed in August 2017 as a non-executive director representing Royal Bafokeng Holdings (Pty) Limited (RBH) and he was previously an alternate director to Ms Albertinah Kekana. He is currently head of Portfolio at RBH.

Executive directors

Brenda Berlin 52 – Chief financial officer

BCom, BAcc CA(SA)

Experience
Appointed to the board in February 2011. Joined the company in 2004 as commercial executive before being appointed as Group chief financial officer.

Nico Muller 50 – CEO

BSc Mining Engineering

Experience
Appointed to the board on 3 April 2017 as chief executive officer and executive director.

Remuneration linked to stakeholders and strategy

A comprehensive annual remuneration report will be published in the notice to shareholders as part of the Group's governance requirements.

Introduction

Although King IV is only effective for financial years starting on or after 1 April 2017 and the practice notes for Principle 14 on Remuneration Governance have not been published at the time of producing this report, Implats is pleased to note that it has followed many of the King IV Principle 14 guidelines in the presentation of the report. Implats will continue to implement the King IV guidelines during the next financial year and report on such in the next integrated annual report.

The remuneration policy impacts the Group on many levels. This policy links remuneration to employee KPIs and it assists in the achievement of its stated operational strategy and risk management. It contributes towards Implats being a good corporate citizen in cementing its social licence to operate from an organised labour and employee perspective.

This report provides an overview of the Implats remuneration policy and broad principles. Although the board of Implats is ultimately responsible for the Group's remuneration philosophy and the application thereof, the board has delegated its duties and obligation of remuneration, governance, skills attraction and retention, succession planning, disclosure, benefits, broad terms and conditions of employment and performance conditions to the social transformation and remuneration committee (STRcom).

This report focuses on executive and senior management remuneration and benefits. The variable component of remuneration is, in turn, linked to and are reliant on the performance of all employees within the Group. The STRcom has carried out its mandate while appreciating and promoting the importance of our people to the continued value creation, social responsibility and sustainability of the Group.

Remuneration governance

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

The Group utilised the services of independent remuneration specialists in different capacities during the past financial year to benchmark remuneration elements and practices against external comparatives and to advise on remuneration policy.

Remuneration committee

The committee consists of three independent non-executive directors which include an independent chairperson. The CEO, the human resource executive, the executive responsible for talent management and a remuneration adviser are permanent invitees to the meetings.
The STRcom met four times during 2017 and the membership for the period under review was as follows:

M Nkeli (Chairperson)
MSV Gantsho
B Ngonyama

Remuneration policy

The Group's overall remuneration philosophy is designed to ensure that remuneration is competitive and sustainable. It strives to reward employees fairly and recognises their contribution to the Group's operating and financial performance in line with its corporate objectives and strategy. This clear and transparent design ensures internal and external equity through the alignment of conditions of employment and remuneration for all employees in an evolving regulatory and statutory environment. In support of our Employee Value Proposition (EVP) the Group ensures an appropriate remuneration mix aligned with the principles of equity, implemented with due regard for varying performance levels.

At the last AGM in October 2016, the shareholder support for the Group's remuneration policy declined to 74% (94% in 2015). The feedback from the shareholders was submitted to the committee and the concerns raised primarily related to the long-term incentive plan (LTIP). The concerns were about the comparator group, the performance measures and the early vesting of the CEO's conditional shares on resigning from the Group.

As disclosed in last year's report, the CEO decided not to take his earned bonus for 2015 due to the financial constraints facing the industry. Instead the amount was converted into Implats shares, which vest the earlier of September 2018 or resignation. In addition to the shares the CEO received for forgoing his bonus, his earned retention payment was also converted into Implats shares and the vesting thereof postponed to be delivered equally over three years or on resignation if earlier. Considering that the CEO had voluntarily elected to effectively defer the payment of amounts to him that had been earned, the STRcom deemed it reasonable to provide for accelerated vesting on resignation.

The remuneration review, which is still a work in process, spans the South African operations and includes policy, job grading/sizing, benchmarking, guaranteed remuneration, short-term and long-term incentives.

The remuneration policy aims to:
- Ensure fairness and a sustainable minimum wage
- Promote and ensure compliance with an evolving regulatory environment, with a specific emphasis on the long-term sustainability of the Group
- Ensure alignment of the interests of the Company's board and management with that of our stakeholders

- Attract and retain talent at all levels
- Encourage employee behaviour that is goal-orientated and consistent with the Group's vision and values
- Set remuneration levels that is consistent with emerging governance frameworks on executive and non-executive compensation by conducting regular benchmarking exercises against internal and external comparatives

Remuneration structure

Guaranteed remuneration

The guaranteed package includes basic salary and employee benefits. Guaranteed packages are market related and are based on the complexity of the role and the employee's personal performance and contribution to the Group's overall performance.

Element		Intent	Policy application
Guaranteed remuneration	Basic salary	To attract and retain employees and to ensure internal equity and external competitiveness.	Our standard is to match the market in terms of the broad talent pool, but lead in areas of critical appointments, talented individuals, select equity candidates and top performers. Pay levels are also influenced by increases for the rest of the workforce, inflation and costs.
	Benefits	To ensure external competitiveness and advance employee wellness, engagement and effectiveness.	Employees are contractually obliged to belong to approved medical and retirement funds inclusive of death and disability cover. Contributions are made by both the company and the employee.
	Optional benefits and allowances	To assist with productivity, ensure legislative compliance and retention of skills.	Some of these benefits are elective while some are in line with statutory requirements.
Variable remuneration	Short-term incentives	Key performance indicators (KPIs) alignment with operational and Group financial and non-financial performance, more specifically: • driving safety, health, environment and community (SHEC) • performance and delivery on volume, value, quality, cost, capital and cash flow (VVQ3C) • personal KPIs	Subject to the achievement of performance measures, and committee approval employees are paid annually and/or six-monthly.
	Long-term incentives	Alignment with shareholders' interests, Group performance and attraction and retention objectives.	Incentives are awarded to eligible employees annually in line with the approved remuneration mix. Vesting depends on achievement of performance conditions. The structure and scheme rules are reviewed regularly to ensure alignment with the intent.
	Employee ownership	Alignment with shareholders' interests, Group performance, retention objectives and statutory requirements.	Employee ownership plans with benefits for category A – C level employees' predominantly historically disadvantaged South Africans (HDSAs).

Refer to operation's individual KPI performance targets from pages 66 to 107

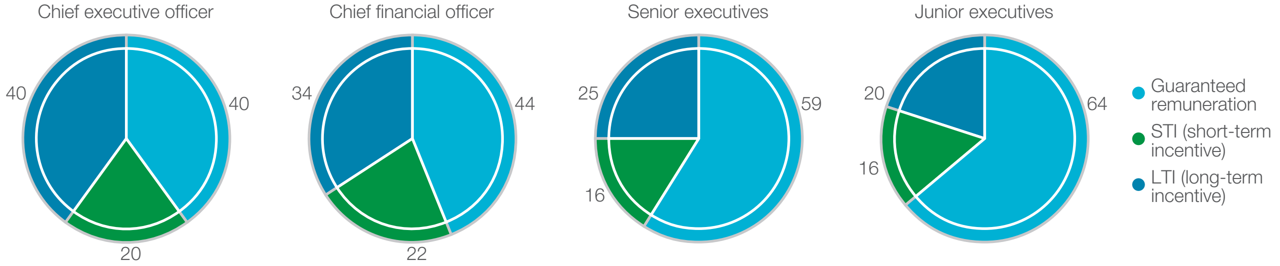
Refer to page 56

Remuneration linked to stakeholders and strategy

Remuneration mix

The ratios within the remuneration mix are structured for the various structural levels of the organisation. The approved remuneration mix for the top layer of the organisation is set out in the table below (these are the same as for last year).

Executive and prescribed officers' remuneration mix (%)



Short-term incentives (STI)

Further to the intent of the STI referred to above, the mix of the KPIs for the different levels of management is set out below:

			Senior/Junior executives		
KPI	**CEO**	**CFO**	**Group support**	**Services**	**Production**
SHEQ	40	30	30	35	40
WQ3C	40	30	30	35	40
Personal	20	40	40	30	20
Total	100	100	100	100	100
(Total expressed as % of overall remuneration)	20	22	16	16	16

Refer to operation's individual KPI performance targets from pages 66 to 107

Executive remuneration and KPIs – performance

Guaranteed remuneration

The STRcom for 2017 approved an average increase of 5%, with an additional 1% for critical skills, market alignment, retention and/or exceptional performers.

Variable remuneration

Short-term incentives (STI)

The STRcom reviewed both the mix and the weightings of the KPIs in the STI and were satisfied that they remain unchanged for 2017. The performance targets are derived from the business plan, set and assessed annually per business unit and for the Group as a whole.

Annual payments in terms of the STI are approved and paid after the year end. Accordingly the on-target percentages are depicted below for both 2016 and 2017. The 2017 achievements will be reported in the 2018 remuneration report. The annual payments in terms of the short-term incentive scheme approved by the STRcom for the 2016 financial year was R31.0 million out of a possible R57.4 million for on-target performance.

Employee category	**On-target bonus 2017**	**On-target bonus 2016**	**Achieved bonus 2016**
Chief executive officer	20%	35%	10%
Chief financial officer	22%	25%	16.5%
Senior executives	16%	16%	8.98%
Junior executives	16%	16%	8.69%

Refer to operation's individual KPI performance targets from pages 66 to 107

Long-term incentives (LTI)

The long-term incentive plan approved by shareholders' in 2012 envisaged both conditional share plan (CSP) rights and share appreciation (SAR) rights for executive management. The CSPs are awarded as fully paid shares at the end of a three-year vesting period, subject to the performance measure being met. The measure (aligned with shareholders' interests being total shareholders return relative to peers) was not met and none of these shares vested in November 2016.

The SARs are awarded as a number of conditional shares (subject to performance conditions) but with value being determined based on the appreciation of the share price from the date of award to the date of exercise. These performance conditions are a mixture of three shareholders'-related interests (total shareholder return, EBITDA margin and safety) and 30% vested in November 2016 at an award share price of R135 per share.

Other long-term incentives – employee ownership plans

In terms of the Impala Employee Ownership Plan, no dividends were declared during the year and thus no benefits accrued to employees.

Non-executive directors' remuneration

Fee structures for remuneration of board and sub-committee members are recommended to the board by the STRcom, reviewed annually and approved by shareholders at the AGM. The review addresses market comparisons of fees and company performance.

Directors' fees in aggregate for serving on the board and committees for the year under review were as follows:

(R'000)	**Board**	**Audit committee**	**Health, safety, environment and risk committee**	**Nominations, governance and ethics committee**	**Social, transformation and remuneration committee**	**Capital allocation and investment committee**	***Ad hoc* meetings**	**Total**
HC Cameron	354	354	—	—	—	116	32	**856**
PW Davey	354	167	—	116	—	116	32	**785**
MSV Gantsho	1 820	—	—	—	—	—	—	**1 820**
A Kekana	354	—	—	116	—	116	16	**602**
AS Macfarlane	354	—	279	—	—	—	—	**633**
ND Moyo	354	—	125	—	—	116	16	**611**
FS Mufamadi	354	—	—	116	—	—	—	**470**
B Ngonyama	354	167	—	—	125	—	16	**663**
MEK Nkeli	354	167	125	—	279	—	16	**942**
ZB Swanepoel	354	—	125	—	—	257	—	**736**

For 2018, an increase of 6% is proposed to be recommended by the board for approval by shareholders at the AGM.

A comprehensive annual remuneration report will be published in the notice to shareholders as part of the Group's governance requirements.

King IV

The Institute of Directors in Southern Africa NPC released the King IV Report on Corporate Governance for South Africa, 2016 (King IV) on 1 November 2016, which is effective for financial years from 1 April 2017. Implats has adopted the new code and this report therefore addresses all the principles of King IV, save for principle 17 as this relates to institutional investor companies.

King IV principle	Implats response
LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP	
Leadership	
1. The governing body should lead ethically and effectively	Implats is committed to maintaining the highest standards of good governance in order to promote quality decision-making and the execution of those decisions It ensures that roles and responsibilities are clearly defined and performance is robustly reviewed on a regular basis The directors recognise that sound corporate governance practices effect value creation for all stakeholders
Organisational ethics	
2. Govern the ethics of the organisation in a way that supports the establishment of an ethical culture	The board has adopted a code of ethics supported by a number of policies to facilitate the establishment of an ethical organisational culture A revised code of ethics was approved and adopted by the board in November 2015. It has been rolled out electronically to all senior management and the remaining employees are familiarised with the policy when inducted. Suppliers are required to sign acknowledgement of the code when contracting with Implats' operations The code of ethics and other related policies (such as the anti-fraud and corruption policy) are published on both the intranet and the Group's website: **www.implats.co.za** The adherence to the code of ethics is overseen by the nomination, governance and ethics committee and adherence thereto is monitored by all sub-committees of the board in their areas of responsibility The delegation of authority manual (the approval framework) is approved by the board on an annual basis. This manual is designed to ensure all employees are aware of their contractual and transactional limits. Implats maintains a register of director interests, which is updated on an ongoing basis and is reviewed by the chairman and Company secretary regularly. Each quarter, at the beginning of the board meeting, the chairman actively reminds members to also consider agenda items on which they may be conflicted and to recuse themselves in these circumstances All employees are required to seek approval for other business interests and gifts received or given on the Implats electronic declaration system. The ethics office monitors, on an ad hoc basis, adherence to the ethics code and provides guidance on the application of the code
Responsible corporate citizenship	
3. Ensure that the organisation is and is seen to be a responsible corporate citizen	Being a responsible corporate citizen (maintaining our social licence to operate)is a key pillar of our strategy. Given the broad scope of our initiatives in this area, oversight vests with two board sub-committees, namely the social, transformation and remuneration committee and the health, safety, environment and risk committee. For the activities of these committees, please refer to pages 110 and 111. Our historical performance in each focus area is detailed for each operation on pages 66 to 107 and our targets for 2018 (KPIs) for each area is similarly set out on pages 62 to 107.

King IV principle	Implats response
STRATEGY, PERFORMANCE AND REPORTING	
Strategy and performance	
4. The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process	Every year, the board robustly interrogates the Group's purpose, risks and opportunities, strategy and business model with due consideration to all the capitals With reference to the above, management is tasked with the formulation of a business plan including key performance measures and targets, which are then approved by the board Every quarter the board actively monitors performance against all the targets in acknowledgement that the outcomes for all the capitals are connected for value creation
Reporting	
5. The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects	In developing our integrated report, we are guided by the International Integrated Reporting Framework and King Report on Corporate Governance. The report includes information about the basis of preparation, organisational overview, Implats' strategy, governance practices, performance and prospects in the context of its external environment and how this leads to value creation over the short medium and long term. Implats' approach to overall external reporting, determining materiality and its reporting boundaries and our overall assurance model are detailed on pages 3 and 2 respectively
Primary roles and responsibilities of the governing body	
6. The governing body should serve as the focal point and custodian of the corporate governance in the organisation	The Implats board has an approved charter, which is reviewed as and when required. On an annual basis the board assures itself that it has discharged its responsibilities in terms of the charter. It approves charters for each of its sub-committees, who in turn discharge their responsibilities The meetings held during the year and the attendance thereof for each director are disclosed in the notice to shareholders on page 7 Board members are entitled to seek independent professional advice at the expense of the Company on any matter related to the Company's business subject to approval by either the chairman of the board or sub-committee as may be the case
Composition of the governing body	
7. The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively	The board supports independence and diversity of directors and its composition is disclosed on page 9 of this report. The notice to shareholders sets out, amongst other things, appointment, induction, training and evaluation processes The NGE committee is responsible for making sure there is a succession plan for the board
Committee of the governing body	
8. The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties	The board, assisted by the nominations governance and ethics committee, ensures that it has sufficient members of requisite skill to populate its sub-committees. Each committee is guided by a board approved terms of reference that deals with the committee's purpose and membership requirements. Details of each sub-committee and their responsibilities are set out on pages 110 and 111 of this report

King IV

King IV principle	Implats response
STRATEGY, PERFORMANCE AND REPORTING (continued)	
Evaluation of the performance of the governing body	
9. The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness	The board's evaluation process, including the areas of focus is set out in the notice to shareholders
Appointment and delegation to management	
10. The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities	The NGE committee recommends and the board approves the appointment of the CEO and CFO. The STR committee approves the appointment of other executive committee (Exco) members The CEO is responsible for executing the board approved strategy and ensuring the approval framework for delegation of authority to management is adhered to
GOVERNANCE FUNCTION AREAS	
Risk governance	
11. The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives	The board assumes overall responsibility for risk in the Group. It has delegated the co-ordination of the risk systems to the HSER committee. However, each sub-committee of the board oversees risks in the areas of its responsibility. The HSER committee ensures that each material risk in the Group is covered by a sub-committee Refer to pages 122 to 124 for more detail on the Group's risk management
Technology and information governance	
12. The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives	The board has delegated the responsibility for oversight of information technology to the audit committee. The board also approved the information technology strategy upon recommendation by the audit committee The policy for information governance and the sub committee to oversee this role will be a focus area in 2018
Compliance governance	
13. The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen	Compliance with all material laws and legislation applicable to the Group is monitored and reported to each sub committee for their area of responsibility. The audit committee assumes overarching responsibility for the Group's compliance management systems and gets a comprehensive quarterly report in this regard from the dedicated compliance manager The report covers areas of current and future focus; actions to monitor and address compliance management; material or repeated sanctions, fines and penalties on the organization, its officers and/ or members; environment regulator inspections and incidents of non compliance and the consequences

King IV principle	Implats response
GOVERNANCE FUNCTION AREAS (continued)	
Remuneration and governance	
14. The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in short, medium and long term	The full remuneration report, including the remuneration policy and implementation report is set out in the notice to shareholders. In addition, salient features are set out on pages 13 to 25 of the notice
Combined assurance	
15. The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports	The Implats board is ultimately responsible for the assurance provided in the Implats Group. Management holds ultimate responsibility for the management of risks and internal controls. The board delegates oversight over the effectiveness of the Company's internal controls, risk management processes, integrity of information to the audit committee. Assurance is provided over the information reported both internally and externally by management, specialist function, internal audit, external auditors and other third-party assurance providers. To this end, the audit committee adopted an effective combined assurance framework, which has matured over the years in the optimisation of the assurance provided, cross-functionally, enterprise wide. A combined assurance map (CAM) is used to map and report on the status of assurance over the key strategic risks, material matters, key high risk legislation, key operational and financial risks identified through the integrated enterprise-wide risk management process The assurance provided and the opinion on the internal control environment will in future be deliberated on at sub-committees of the board but overall oversight will still vest with the audit committee **Implats Group internal audit (IGIA)** Internal audit's mission is to enhance and protect organisational value through providing independent and objective risk-based requisite assurance, advice, and insight. In so doing, IGIA assists the Implats board, through the audit committee, and management at all levels within the Group, in the effective discharge of their responsibilities by reviewing the risk management, internal controls, and governance processes. IGIA maintains dual reporting in the Implats organisational structure, administrative reporting line to the CFO and a direct reporting line to the chairman of the audit committee which meets on a quarterly basis where matters relating to internal audit are discussed, directed and approved
STAKEHOLDER RELATIONSHIPS	
Stakeholders	
16. In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder– inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time	The board considers all legitimate stakeholders in all of its decisions. An overview of our stakeholders and their material matters is provided on pages 18 to 21 of this report and is dealt with more fully in the separate sustainable development report and can be viewed on our website: **www.implats.co.za**

Implats' risk process and assurance

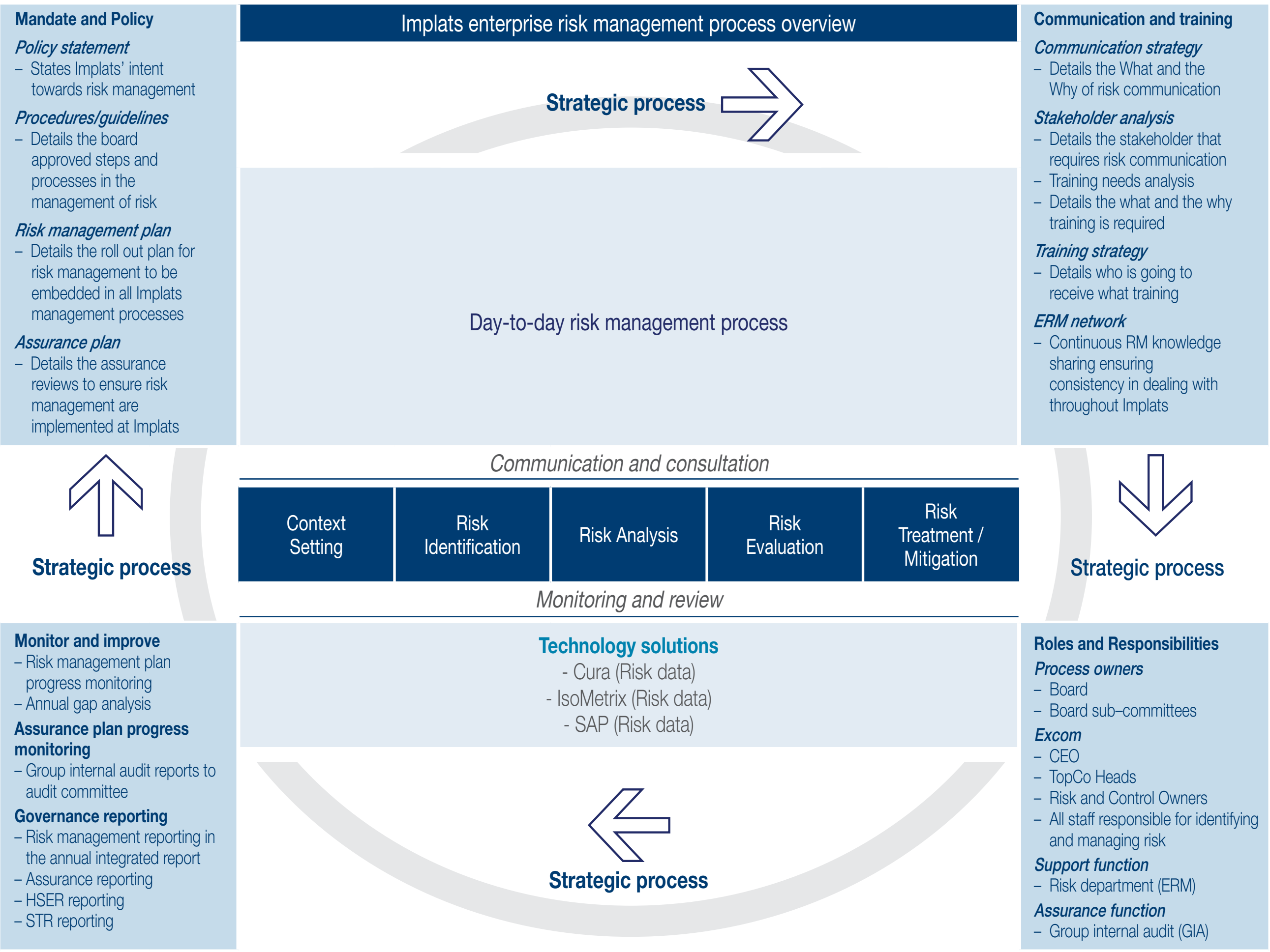
The most important purpose of enterprise risk management is to institutionalise an ongoing and rigorous identification of risks in all aspects of the business, encourage open and honest dialogue about these risks and bring about the implementation of the necessary controls and risk treatment initiatives

Implats' risk management process sets out to achieve an appropriate balance between minimising the risks associated with any business activity and maximising the potential reward. Effective risk management enables management to deal with uncertainty and associated threats and opportunities, enhancing the enterprises capacity to build value. Implats utilises the same, consistent risk methodology for every type of impact across the business as we believe separate risk methodologies would not support the object of embedding and maintaining an intelligent risk culture

We identify our strategic business objectives, and our material sustainability focus areas, through our structured internal risk management process, and with consideration to the views and interests of our stakeholders. The Implats risk management process is wholly aligned with ISO 31000 (2009)/ ISO Guide 73:2002, the international risk management standard, which defines risk as "the effect of uncertainty on objectives".

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

The Implats process is a follows:



Mandate and Policy

Policy statement
- States Implats' intent towards risk management

Procedures/guidelines
- Details the board approved steps and processes in the management of risk

Risk management plan
- Details the roll out plan for risk management to be embedded in all Implats management processes

Assurance plan
- Details the assurance reviews to ensure risk management are implemented at Implats

Implats enterprise risk management process overview

Strategic process

Day-to-day risk management process

Communication and consultation

Context Setting	Risk Identification	Risk Analysis	Risk Evaluation	Risk Treatment / Mitigation

Monitoring and review

Technology solutions
- Cura (Risk data)
- IsoMetrix (Risk data)
- SAP (Risk data)

Strategic process

Strategic process

Strategic process

Communication and training

Communication strategy
- Details the What and the Why of risk communication

Stakeholder analysis
- Details the stakeholder that requires risk communication
- Training needs analysis
- Details the what and the why training is required

Training strategy
- Details who is going to receive what training

ERM network
- Continuous RM knowledge sharing ensuring consistency in dealing with throughout Implats

Monitor and improve
- Risk management plan progress monitoring
- Annual gap analysis

Assurance plan progress monitoring
- Group internal audit reports to audit committee

Governance reporting
- Risk management reporting in the annual integrated report
- Assurance reporting
- HSER reporting
- STR reporting

Roles and Responsibilities

Process owners
- Board
- Board sub–committees

Excom
- CEO
- TopCo Heads
- Risk and Control Owners
- All staff responsible for identifying and managing risk

Support function
- Risk department (ERM)

Assurance function
- Group internal audit (GIA)

Technology solutions

– Individual Computers (internal stakeholders) – Policies, Procedures and RM reports – SAP: DMS (internal stakeholders) – Policies, Procedures and RM reports – Intranet (internal stakeholders) – Policies, Procedures and RM reports – Internet (External stakeholders) – Policies and Public Governance Reports

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

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

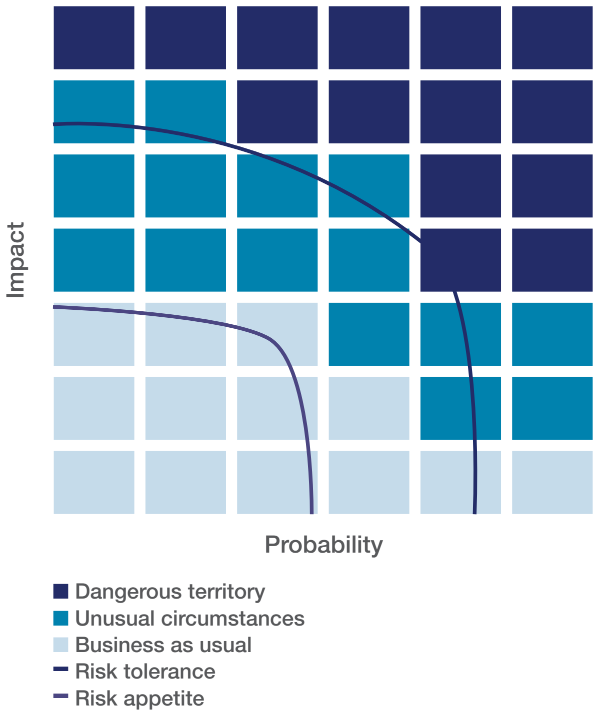
This process enables the board and senior managers to take decisions regarding the possible trade-off between risk and reward, and assists them to identify and pursue opportunities informed by the Group's risk appetite and risk tolerance levels.

Implats defines risk appetite as: "How much risk does the business feel comfortable with in any given area?" ie "business as usual" risk levels and tolerance as "How much risk might we practically accept, in excess of our risk appetite".

It should be noted that risk appetite and risk tolerance levels will be different for each key area of the business. Risk appetite and tolerance levels have been determined, approved by the board and utilised to inform key strategic decisions since 2012.

Management intervention is required for a risk that lies in the "business unusual area", ie, above the appetite but below the tolerance. A risk that exceeds the stated tolerance may require a change to the strategy to reduce the risk to acceptable levels.

Risk appetite/tolerance



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

Implats risk process and assurance

Group risk owner/assurance and activities table

Risk	Board sub-committee risk owner	IR 2016	Internal / External	Strategic objective	Strategies	KPI
Sustained depressed PGM basket prices	Audit committee	Flat	External	R$€£	📈 ✓	For KPI targets refer to individual operation's performance from page 66 to 107
Non-delivery of production and productivity targets at Impala	Capital allocation and investment committee	Flat	Internal	◎	📈 ✥	
A significant deterioration in safety performance	Safety, health, environment and risk committee	Flat	Internal	◎ ☑	✚ ✓	
Disruption to operations due to community unrest at Marula	Social transformation and remuneration committee	New	External	☑	✓	
Policy risk arising from changes in legislation in South Africa	Audit committee	New	External	R$€£ ☑	✓	
Excessive taxation and levies at Zimbabwean operations	Audit committee	Up	External	R$€£	✓	
Failure to progress beneficiation in Zimbabwe	Capital allocation and investment committee	New	External	☑	✓	
Unavailability of secure and reliable power in Zimbabwe	Safety, health, environment and risk committee	Flat	External	◎	✥	
Capital constraints affecting project delivery/ opportunities	Capital allocation and investment committee	New	External	R$€£ ➦	✓ ▲	
Impact of UG2 support changes	Safety, health, environment and risk committee	New	Internal	◎ ☑	✚ 📈 ✓	

Strategic objectives

- ◎ Improve efficiencies through operational excellence and safe production
- R$€£ Cash conservation
- ☑ Maintain our social licence to operate
- % Investment through the cycle
- ➦ Maintain optionality and position for the future

Strategies

- ✚ Relentlessly drive the safety of our people
- ✥ Consistently deliver production targets
- 📈 Improve efficiencies through operational excellence
- ▲ Cash conservation
- ✓ Maintain our licence to operate

Legal compliance

> “The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen.” (King IV-principle 13)

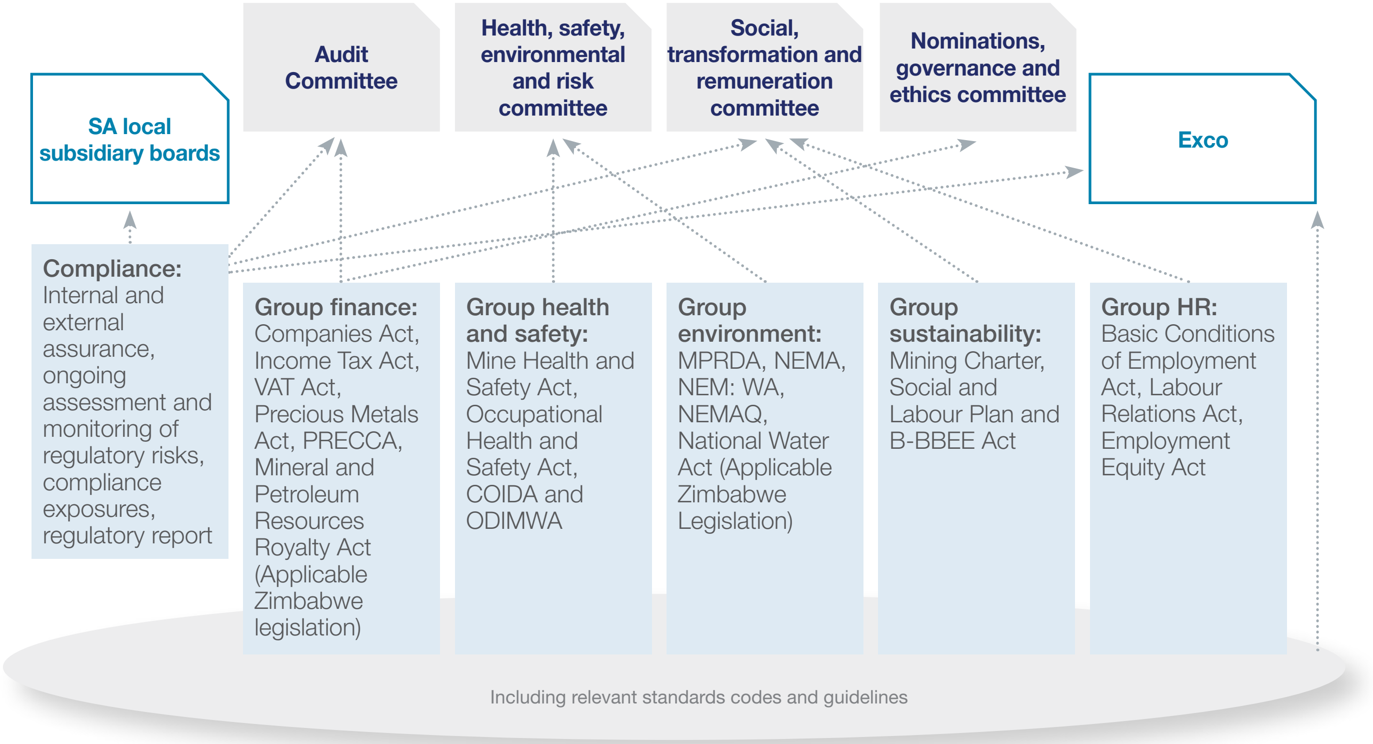
The Implats board approved the Group compliance policy in 2014 wherein it is stated that the ultimate responsibility and accountability for ensuring compliance with laws, rules, codes and standards rests with the board.

The board discharges this responsibility by delegating the facilitation of compliance risk management throughout the Group to management. The Group legal compliance function (in conjunction with management) is responsible for the identification, assessment, management and monitoring of compliance risk.

The compliance risk management process aligns to and forms an integral aspect of Implats’ current enterprise risk management framework. Implats applies the Group risk appetite and tolerance levels as approved by the board towards its effort for complete compliance with key regulatory requirements that affect its licence to operate.

Compliance risk management initiatives are informed by the top 20 regulatory requirements for the South African operations with the Zimbabwean operations following suit. Oversight of the general effectiveness of the compliance management system sits with the audit committee whilst remaining board sub-committees monitor substantive compliance to those laws that fall within their area of responsibility as depicted below.

Is is encouraging that at an operational level, there has been a significant improvement on the number and extent of S54 Mine Health and Safety Act compliance notices issued by the DMR



Our approach to tax

The Implats Group's relationship with stakeholders is based on the core values of Respect and Care. These values drive the behaviour that is needed to realise the Group's purpose of being the world's best platinum-producing entity delivering superior value to stakeholders relative to peers.

These values also have an impact on how Implats looks at tax. We believe that paying tax is more than a "cost of doing business". Being a responsible corporate citizen, we believe that the taxes we pay contribute to the social and economic growth of the countries in which the Group operate. We aim to pay the correct and proper amount of tax in each country in which we operate.

Our approach to tax is embedded in the following tax principles which are aligned with our business and commercial strategies:

- We observe all applicable laws, rules, regulations and disclosure requirements in meeting our tax compliance and reporting responsibilities.
- We aim for certainty on tax positions we adopt but where tax law is unclear or subject to interpretation, we would adopt the position that would, more likely than not, be settled in our favour.
- We ensure that all tax planning is built on sound commercial business advice.
- We will not use aggressive tax planning or enter into complicated tax avoidance schemes.
- We meet internationally recognised standards by applying transfer pricing policies such as the arm's length principle.
- We undertake all dealings with governments, tax authorities and external tax advisors in a professional, courteous and timely manner.
- We understand the value of our financial reporting to investors and society, and work to provide enhanced and balanced disclosure in communicating our tax affairs.

Tax risk management

Tax risk is ideally managed by the prevention of unnecessary disputes. The avoidance of all tax disputes would suggest an overly prudent position that is not in line with our main objective to enhance shareholder value.

The commercial needs of the Group are paramount and all tax planning and advice will be undertaken in this context. Where alternative paths exist to achieve the same commercial result, the most tax efficient approach should generally be recommended.

Tax governance

We manage tax in line with our Group governance framework and procedures.

Tax is part of the finance function of the Group and is the ultimate responsibility of the Group chief financial officer. Day-to-day work is delegated to the Group tax manager, who is assisted by various cross-disciplinary professionals. The chief financial officer reports to the Group audit committee on tax matters.

Our tax function actively ensures that all our objectives are being met and that compliance with national and international standards is ensured. This team also provides guidelines and systematically informs decision makers about changes to the current system.

Our tax professionals will aim to:

- Effectively manage risk by application of the tax risk strategy.
- Observe all applicable laws, rules, regulations and disclosure requirements.
- Apply diligent professional care and judgement to arrive at well-reasoned conclusions.
- Ensure all decisions are taken at an appropriate level and supported with documentation that evidences the facts, conclusions and risks involved.
- Be compliant with the Group ethics policy and any anti-bribery legislation.

Advisory and technical tax support is provided by a combination of large accounting firms, various legal firms with which the Group has a long association. The use of advisory firms that are also our auditors is controlled by, and regularly reported to, the audit committee.

Information and technology

The board has formally delegated responsibility for governing of information and technology to the audit committee. Implats currently has an information and technology policy, the scope of which is focused largely on the safeguarding and exploitation of Implats technology resources and the information contained therein to achieve its strategic objectives. Our approach will be to investigate and adopt, where applicable, the methodologies such as the IT Governance Institute guidelines and the control objectives for information and related technology (COBIT) framework to meet King IV requirements

Assurance on the information and technology systems and processes is provided by a third-party expert and findings are regularly reported to the audit committee, which oversees that any material finding is resolved. Many of our key internal controls (to mitigate identified risks) are automated to ensure a wide and consistent coverage.

One of the Group's most important stakeholders is its employees. IT plays a critical role in enhancing the safety of and the communication to and from employees. The rolling out of electronic capturing of every safety incident is underway. This will enhance learnings from the incidents, as various analyses and trend reports can easily be accessed and disseminated into the organisation.

All our training records are currently being digitised to ensure data integrity and easy use for monitoring of compliance.

A communicating platform to improve communication on all matters to employees has been recently launched. This platform enables the Company to effectively communicate critical messages to all employees who have a cell phone via SMS. Importantly, employees also have the ability to respond to messages or ask a question for clarity. This platform greatly enhances the understanding by the Company of its workforce and its needs.

Disaster recovery arrangements for our data and systems are in place. These plans are tested regularly.

'Cyber risk', being the risk that a person(s) can access our environment with malicious intent, is a constant threat. The Group has a number of effective firewalls in place to prevent unauthorised access. Monitoring tools are also in place for early detection of any unauthorised access that has breached the firewall.

Outlook

One of the areas of focus in the upcoming year will be to provide adequate assurance on the security of the Group's information.

Reporting boundary

This investors section is not part of the integrated report but supplement thereto. We may, in future, exclude it from the integrated report and distribute it separately.

In this investors section we have reported information to investors and providers of capital based on feedback from these stakeholders and what we think they might find useful. The numbers are comparable and have been prepared consistently with prior years. We will reassess the need for this section based on feedback on an ongoing basis. The 2017 annual financial statements include a new format for the operating segments due to a change in the way management and the chief decision makers review and evaluate operations internally.

In future, the segment information in the annual financial statements and the information provided in the investors section to investors and suppliers of capital will align. Changes to how investor information will be presented in future will be explained to ensure consistent understanding and interpretation thereof.

Non-financial information has been presented in the manner which management reviews performance internally. The metrics used to measure are consistent with previous years and are linked to employees' individual performance and KPIs as part of our short-term incentive bonus scheme as explained in the remuneration report, in the corporate governance section of this annual integrated report. These key statistics have been presented for three years rather than five years to improve comparability. The 2014 key statistics include effect of the strike which results in an inability to directly compare the information to subsequent years.

Investors section

Implats – key statistics

		2017	2016	2015
Operating statistics				
Gross refined production				
Platinum	(000oz)	**1 530**	1 438	1 276
Palladium	(000oz)	**932**	885	792
Rhodium	(000oz)	**204**	185	172
Nickel	(000t)	**17.5**	17.0	15.9
IRS metal returned (toll refined)				
Platinum	(000oz)	**15**	—	—
Palladium	(000oz)	**9**	2	1
Rhodium	(000oz)	**2**	—	—
Nickel	(000t)	**2.6**	3.5	3.3
Sales volumes				
Platinum	(000oz)	**1 469**	1 512	1 273
Palladium	(000oz)	**904**	906	789
Rhodium	(000oz)	**203**	197	165
Nickel	(000t)	**14.4**	14.2	11.6
Prices achieved				
Platinum	$/oz	**984**	961	1 241
Palladium	$/oz	**723**	586	804
Rhodium	$/oz	**788**	735	1 187
Nickel	$/t	**9 992**	9 483	15 458
Consolidated statistics				
Average exchange rate achieved	(US$/oz)	**13.66**	14.39	11.41
Closing exchange rate for period	(US$/oz)	**13.07**	14.69	12.17
Revenue per platinum ounce sold	(US$/oz)	**1 806**	1 627	2 199
	(R/oz)	**24 670**	23 413	25 091
Tonnes milled ex mine	(000t)	**18 332**	18 426	16 024
PGM production	(000oz)	**3 100**	2 908	2 618
Group unit cost per platinum ounce	(US$/oz)	**1 664**	1 507	1 947
	(R/oz)	**22 691**	21 731	22 222
Headline earnings/(loss)	(Rm)	**(983)**	83	221
Gross profit margin	(%)	**(1.4)**	—	5
Capital expenditure	(Rm)	**3 434**	3 560	4 287
Cash net of debt/(debt net of cash)	(Rm)	**(332)**	19	(3 464)

Implats – key statistics

		2017	2016	2015
Key non-financial performance				
Fatality injury frequency rate	(pmmhw*)	**0.074**	0.091	0.058
Lost-time injury frequency rate	(pmmhw*)	**5.92**	6.49	5.27
Total injury frequency rate	(pmmhw*)	**13.14**	12.31	9.78
Employees (including contractors)	(no)	**52 012**	50 720	54 036
Employee turnover	(%)	**9**	8	5
HDSA in management	(%)	**59**	53	51
Energy intensity	(GJ/tonnes milled)	**0.858**	0.823**	0.856**
Water intensity	(Ml/tonnes milled)	**0.002**	0.003**	0.003**
Total CO_2 intensity	(t/tonnes milled)	**0.178**	0.174**	0.209**
Total direct SO_2 intensity	(t/tonnes milled)	**0.002**	0.002	0.002
Water recycled %	(water recycled/ water consumed)	**46**	41	36
Share performance				
Headline earnings/(loss) per share	(cents)	**(137)**	12	36
Closing share price	(R)	**37**	47	54
Market capitalisation	(R billion)	**27**	35	34

** Pmmhw – per million man-hours worked*
*** Restated to take into account ore milled at Mimosa*

Summary financial information

Consolidated statement of financial position

as at 30 June 2017

	Notes	2017 Rm	2016 Rm
Assets			
Non-current assets			
Property, plant and equipment	6	**47 798**	49 722
Exploration and evaluation assets		**385**	385
Investment property		**89**	173
Investment in equity-accounted entities		**3 316**	3 342
Deferred tax		**389**	37
Other financial assets		**327**	312
Derivative financial instrument	7	**—**	1 137
Prepayments		**—**	10 180
		52 304	65 288
Current assets			
Inventories	8	**8 307**	8 202
Trade and other receivables		**3 736**	3 605
Other financial assets		**2**	12
Prepayments		**1 293**	1 121
Cash and cash equivalents		**7 839**	6 788
		21 177	19 728
Total assets		**73 481**	85 016
Equity and liabilities			
Equity			
Share capital		**20 000**	19 547
Retained earnings		**22 982**	31 200
Other components of equity		**3 825**	5 161
Equity attributable to owners of the Company		**46 807**	55 908
Non-controlling interest		**2 425**	2 548
Total equity		**49 232**	58 456
Liabilities			
Non-current liabilities			
Deferred tax		**4 390**	8 574
Borrowings	9	**8 373**	8 715
Derivative financial instrument	7	**1 233**	—
Sundry liabilities		**356**	443
Provisions		**1 099**	1 082
		15 451	18 814
Current liabilities			
Trade and other payables		**6 902**	6 382
Current tax payable		**702**	645
Borrowings	9	**1 088**	564
Other financial liabilities		**74**	66
Sundry liabilities		**32**	89
		8 798	7 746
Total liabilities		**24 249**	26 560
Total equity and liabilities		**73 481**	85 016

The notes on pages 137 to 145 are an integral part of these summarised financial statements.

Summary financial information

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2017

	Notes	2017 Rm	2016 Rm
Revenue		**36 841**	35 932
Cost of sales	10	**(37 370)**	(35 928)
Gross (loss)/profit		**(529)**	4
Other operating income		**1 191**	647
Other operating expenses		**(325)**	(198)
Impairment	11	**(10 229)**	(307)
Royalty expense		**(561)**	(516)
Loss from operations		**(10 453)**	(370)
Finance income		**411**	369
Finance cost		**(811)**	(705)
Net foreign exchange transaction gains/(losses)		**154**	(549)
Other income		**398**	547
Other expenses		**(883)**	(154)
Share of profit of equity-accounted entities		**496**	262
Loss before tax		**(10 688)**	(600)
Income tax credit		**2 590**	557
Loss for the year		**(8 098)**	(43)
Other comprehensive income/(loss), comprising items that may subsequently be reclassified to profit or loss:			
Available-for-sale financial assets		**14**	(7)
Deferred tax thereon		**(3)**	—
Share of other comprehensive income of equity-accounted entities		**(219)**	342
Deferred tax thereon		**22**	(34)
Exchange differences on translating foreign operations		**(1 555)**	2 380
Deferred tax thereon		**203**	(311)
Other comprehensive income/(loss), comprising items that will not be subsequently reclassified to profit or loss:			
Actuarial gain/(loss) on post-employment medical benefit		**2**	(1)
Deferred tax thereon		**—**	—
Total comprehensive (loss)/income		**(9 634)**	2 369
Profit/(loss) attributable to:			
Owners of the Company		**(8 220)**	(70)
Non-controlling interest		**122**	27
		(8 098)	(43)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**(9 554)**	1 990
Non-controlling interest		**(80)**	336
		(9 634)	2 326
Earnings per share (cents per share)			
Basic		**(1 145)**	(10)
Diluted		**(1 145)**	(10)

The notes on pages 137 to 145 are an integral part of these summarised financial statements.

Summary financial information

Consolidated statement of changes in equity

for the year ended 30 June 2017

	Ordinary shares Rm	Share premium Rm	Share-based payment reserve Rm
Balance at 30 June 2016	**18**	**17 252**	**2 277**
Shares issued			
– Employee Share Ownership Programme	**—**	**479**	**—**
Conversion option settlement	**—**	**(79)**	**—**
Shares purchased – Long-term Incentive Plan	**—**	**(38)**	**—**
Share-based compensation expense			
– Long-term Incentive Plan	**—**	**—**	**91**
Total comprehensive income/(loss)	**—**	**—**	**—**
– Profit/(loss) for the year	**—**	**—**	**—**
– Other comprehensive income/(loss)	**—**	**—**	**—**
Transaction with non-controlling interest	**—**	**—**	**—**
Dividends	**—**	**—**	**—**
Balance at 30 June 2017	**18**	**17 614**	**2 368**
Balance at 30 June 2015	16	13 369	2 348
Shares issued (note 14)			
– Ordinary share issue	2	3 998	—
– Ordinary share issue transaction cost	—	(100)	—
– Implats Share Incentive Scheme	—	2	—
Shares purchased – Long-term Incentive Plan (note 14)	—	(17)	—
Share-based compensation expense (note 14)			
– Long-term Incentive Plan	—	—	(71)
Total comprehensive income/(loss)	—	—	—
– Profit/(loss) for the year	—	—	—
– Other comprehensive income/(loss)	—	—	—
Dividends	—	—	—
Balance at 30 June 2016	18	17 252	2 277

The table above excludes the treasury shares, Morokotso Trust (ESOP) and the Implats Share Incentive Scheme as these structured entities are consolidated.

The notes on pages 137 to 145 are an integral part of these summarised financial statements.

Total share capital Rm	Retained earnings Rm	Foreign currency translation reserve Rm	Other components of equity Rm	Attributable to:		Total equity Rm
				Owners of the Company Rm	Non-controlling interest Rm	
19 547	31 200	5 092	69	55 908	2 548	58 456
479	—	—	—	479	—	479
(79)	—	—	—	(79)	—	(79)
(38)	—	—	—	(38)	—	(38)
91	—	—	—	91	—	91
—	(8 218)	(1 347)	11	(9 554)	(80)	(9 634)
—	(8 220)	—	—	(8 220)	122	(8 098)
—	2	(1 347)	11	(1 334)	(202)	(1 536)
—	—	—	—	—	11	11
—	—	—	—	—	(54)	(54)
20 000	22 982	3 745	80	46 807	2 425	49 232
15 733	31 271	3 024	76	50 104	2 258	52 362
4 000	—	—	—	4 000	—	4 000
(100)	—	—	—	(100)	—	(100)
2	—	—	—	2	—	2
(17)	—	—	—	(17)	—	(17)
(71)	—	—	—	(71)	—	(71)
—	(71)	2 068	(7)	1 990	336	2 326
—	(70)	—	—	(70)	27	(43)
—	(1)	2 068	(7)	2 060	309	2 369
—	—	—	—	—	(46)	(46)
19 547	31 200	5 092	69	55 908	2 548	58 456

Summary financial information

Consolidated statement of cash flows

for the year ended 30 June 2017

	2017 Rm	2016 Rm
Cash flows from operating activities		
Cash generated from operations	**3 049**	4 216
Exploration costs	**(8)**	(13)
Finance cost	**(716)**	(589)
Income tax paid	**(1 312)**	(883)
Net cash from operating activities	**1 013**	2 731
Cash flows from investing activities		
Purchase of property, plant and equipment	**(3 432)**	(3 658)
Proceeds from sale of property, plant and equipment	**49**	42
Purchase of available-for-sale financial assets	**(7)**	(152)
Purchase of held-to-maturity financial assets	**–**	(70)
Proceeds from available-for-sale financial assets	**–**	23
Proceeds from held-to-maturity financial assets	**7**	40
Loans granted	**(1)**	(2)
Loan repayments received	**15**	24
Finance income	**426**	394
Dividends received	**279**	439
Net cash used in investing activities	**(2 664)**	(2 920)
Cash flows from financing activities		
Issue of ordinary shares, net of transaction cost	**479**	3 902
Shares purchased – Long-term Incentive Plan	**(38)**	(17)
Repayments of borrowings	**(4 593)**	(13)
Cash from CCIRS	**728**	–
Proceeds from borrowings net of transaction costs	**6 278**	389
Dividends paid to non-controlling interest	**(54)**	(46)
Net cash from financing activities	**2 800**	4 215
Net increase in cash and cash equivalents	**1 149**	4 026
Cash and cash equivalents at the beginning of the year	**6 788**	2 597
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	**(98)**	165
Cash and cash equivalents at the end of the year	**7 839**	6 788

The notes on pages 137 to 145 are an integral part of these summarised financial statements.

Summary financial information

Notes to the consolidated financial information

for the year ended 30 June 2017

1. General information

Impala Platinum Holdings Limited (Implats, Group or Company) is a primary producer of platinum and associated platinum group metals (PGMs). The Group has operations on the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe, the two most significant PGM-bearing ore bodies globally.

The Company has its listing on the securities exchange operated by JSE Limited in South Africa, the Frankfurt Stock Exchange (2022 US$ convertible bonds) and a level 1 American Depository Receipt programme in the United States of America.

The summarised consolidated financial information was approved for issue on 14 September 2017 by the board of directors.

2. Audit opinion

This summarised report is extracted from audited information, but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office and on the Company's website.

The directors take full responsibility for the preparation of the summarised consolidated financial statements and that the financial information has been correctly extracted from the underlying annual financial statements.

3. Basis of preparation

The summarised consolidated financial statements for the year ended 30 June 2017 have been prepared in accordance with the JSE Limited Listings Requirements (Listings Requirements) and the requirements of the Companies Act, Act 71 of 2008 applicable to summarised financial statements. The Listings Requirements require financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and contain the information required by IAS 34 Interim Financial Reporting.

The summarised consolidated financial information should be read in conjunction with the consolidated financial statements for the year ended 30 June 2017, which have been prepared in accordance with IFRS.

The summarised consolidated financial information has been prepared under the historical cost convention except for certain financial assets, financial liabilities and derivative financial instruments which are measured at fair value and liabilities for cash-settled share-based payment arrangements which are measured using a binomial option model.

The summarised consolidated financial information is presented in South African rand, which is the company's functional currency.

4. Accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS. The following new standards and amendments to standards have become effective or have been early adopted by the Group as from 1 July 2016 without any significant impact:

- IFRS 2 – Share-based Payment
- Amendments to IAS 40 – Investment Property
- Improvements to IFRS Standards 2014 – 2016 Cycle
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration

Summary financial information

Notes to the consolidated financial information

for the year ended 30 June 2017

5. Segment information

The Group distinguishes its segments between the different mining operations, refining services, chrome processing and an all other segment.

Management has determined the operating segments based on the business activities and management structure within the Group.

Capital expenditure comprises additions to property, plant and equipment (note 6).

Impala mining segment's two largest sales customers amounted to 12% and 10% of total sales (June 2016: 10% each).

	30 June 2017		30 June 2016	
	Revenue Rm	**Profit/(loss) after tax Rm**	Revenue Rm	Profit/(loss) after tax Rm
Mining				
– Impala	**14 604**	**(9 860)**	14 556	(1 439)
– Zimplats	**7 038**	**576**	6 753	144
– Marula	**1 616**	**(709)**	1 678	(426)
Impala Refining Services	**21 711**	**1 292**	20 539	1 454
Impala Chrome	**432**	**127**	314	67
All other segments	**—**	**29**	—	(10)
Inter-segment revenue	**(8 560)**	**—**	(7 908)	—
Total	**36 841**	**(8 545)**	35 932	(210)
Share of profit of equity-accounted entities		**496**		262
Unrealised profit in stock consolidation adjustment		**(51)**		(48)
Additional depreciation on assets carried at consolidation		**(23)**		(27)
IRS pre-production realised on Group		**42**		—
Net realisable value adjustment made on consolidation		**(17)**		(20)
Total loss after tax		**(8 098)**		(43)

	Capital expenditure Rm	**Total assets Rm**	Capital expenditure Rm	Total assets Rm
Mining				
– Impala	**2 472**	**35 696**	2 490	45 607
– Zimplats	**864**	**18 353**	981	19 358
– Marula	**113**	**2 582**	89	2 507
Impala Refining Services	**—**	**8 402**	—	6 824
Impala Chrome	**1**	**161**	—	182
All other segments	**(16)**	**32 257**	—	29 928
Total	**3 434**	**97 451**	3 560	104 406
Intercompany accounts eliminated		**(26 279)**		(23 354)
Investment in equity-accounted entities		**3 316**		3 342
Mining right accounted on consolidation		**811**		844
IRS preproduction stock adjustment		**(463)**		—
Unrealised profit in stock and NRV adjustment to inventory		**(273)**		(213)
Impala segment bank overdraft taken to cash		**(1 091)**		—
Other		**9**		(9)
Total consolidated assets		**73 481**		85 016

6. Property, plant and equipment

	30 June 2017 Rm	30 June 2016 Rm
Opening net book amount	**49 722**	47 248
Capital expenditure	**3 434**	3 560
14 Shaft re-establishment	**–**	69
Interest capitalised	**–**	29
Disposals	**(22)**	(13)
Depreciation (note 10)	**(3 702)**	(3 319)
Impairment	**–**	(257)
Scrapping	**–**	(106)
Transfer to investment property	**–**	(223)
Rehabilitation adjustment	**16**	143
Exchange adjustment on translation	**(1 650)**	2 591
Closing net book amount	**47 798**	49 722

Capital commitment

Capital expenditure approved at 30 June 2017 amounted to R7 billion (June 2016: R7.2 billion), of which R1.6 billion (June 2016: R1.3 billion) is already committed. This expenditure will be funded internally and, if necessary, from borrowings.

Summary financial information

Notes to the consolidated financial information

for the year ended 30 June 2017

7. Derivative financial instrument

Asset	Note	2017 Rm	2016 Rm
Cross Currency Interest Rate Swap (CCIRS) (2018)	7.1	—	1 137

7.1 Cross Currency Interest Rate Swap (CCIRS) (2018)

Implats entered into a CCIRS amounting to US$200 million to hedge the foreign exchange risk on the US$ convertible bonds, being: exchange rate risk on the dollar interest payments and the risk of a future cash settlement of the bonds at a rand:dollar exchange rate weaker than R9.24/US$. US$200 million was swapped for R1 848 million on which Implats pays a fixed interest rate to Standard Bank of 5.94%. Implats receives the 1% coupon on the US$200 million on the same date which Implats pays-on externally to the bond holders. During June 2017, Implats cancelled the CCIRS and paid an amount of R1 839 million for the receipt of US$200 million.

No hedge accounting has been applied.

Liability	Note	2017 Rm	2016 Rm
Cross Currency Interest Rate Swap (CCIRS) (2022)	7.2	49	—
Conversion option – US$ convertible bond (2022)	7.3	547	—
Conversion option – ZAR convertible bond (2022)	7.4	637	—
		1 233	—

7.2 Cross Currency Interest Rate Swap (CCIRS) (2022)

Implats entered into a CCIRS amounting to $250 million to hedge the foreign exchange risk on the US$ convertible bond, being: exchange rate risk on the dollar interest payments and the risk of a future cash settlement of the bonds at a rand:dollar exchange rate weaker than R13.025/US$. US$250 million was swapped for R3 256 million on which Implats pays a fixed interest rate to Standard Bank of 9.8%. Implats receives the 3.25% coupon on the US$250 million on the same date which Implats pays-on externally to the bond holders and the interest thereon. In June 2022, Implats will receive $250 million for a payment of R3 256 million.

The CCIRS is carried at its fair value of R49 million. No hedge accounting has been applied.

7.3 Conversion option – US$ convertible bond (2022) (note 9.5)

The US$ bond holders have the option to convert the bonds to Implats shares (subject to shareholders' approval) at a price of $3.89. The value of this conversion option was R559 million at initial recognition. The conversion option is carried at its fair value of R547 million, resulting in a R12 million profit for the period. At the general meeting held by shareholders on 24 July 2017, the approval to settle this option by means of Implats shares was obtained. Given this option is US$ denominated it does not meet the definition of equity (fixed number of shares for fixed amount) and will continue to be accounted for as a derivative financial instrument in future.

7.4 Conversion option – ZAR convertible bond (2022) (note 9.4)

The ZAR bond holders have the option to convert the bonds to Implats shares (subject to shareholders' approval) at a price of R50.01. The value of this conversion option was R676 million at initial recognition. The conversion option is carried at its fair value of R637 million, resulting in a R39 million profit for the period. At the general meeting held by shareholders on 24 July 2017, the approval to settle this option by means of Implats shares was obtained. This option meets the definition of equity and will therefore be accounted within equity from 24 July 2017.

8. Inventories

	2017 Rm	2016 Rm
Mining metal		
Refined metal	**350**	259
In-process metal	**2 977**	2 523
	3 327	2 782
Non-mining metal		
Refined metal	**993**	1 267
In-process metal	**3 252**	3 360
	4 245	4 627
Stores and materials inventories	**735**	793
Total carrying amount	**8 307**	8 202

The write-down to net realisable value comprises R78 million (2016: R106 million) for refined mining metal and R948 million (2016: R558 million) for in-process mining metal.

Included in refined metal is metal on lease to third parties of 36 000 ounces (2016: 36 000 ounces) ruthenium.

Quantities of recoverable metal are reconciled by comparing the grades of ore to the quantities of metal actually recovered (metallurgical balancing). The nature of this process inherently limits the ability to precisely monitor recoverability levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. Changes in engineering estimates of metal contained in-process resulted in an increase of in-process metal of R376 (2016: R384) million.

Non-mining metal consists mainly of inventory held by Impala Refining Services. No inventories are encumbered.

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Notes to the consolidated financial information

for the year ended 30 June 2017

9. Borrowings

	Notes	30 June 2017 Rm	30 June 2016 Rm
Standard Bank Limited – BEE partners Marula		**889**	882
Standard Bank Limited – Zimplats term loan	9.1	**1 111**	1 248
Standard Bank Limited – Zimplats revolving credit facility		**314**	353
Convertible bonds – ZAR (2018)	9.2	**303**	2 575
Convertible bonds – US$ (2018)	9.3	**380**	2 848
Convertible bonds – ZAR (2022)	9.4	**2 516**	—
Convertible bonds – US$ (2022)	9.5	**2 609**	—
Finance leases		**1 339**	1 373
		9 461	9 279
Current		**1 088**	564
Non-current		**8 373**	8 715
Beginning of the year		**9 279**	8 076
Proceeds		**6 278**	389
Interest accrued		**664**	625
Interest repayments		**(533)**	(492)
Capital repayments		**(4 593)**	(13)
Conversion option on 2022 bonds		**(1 156)**	—
Loss on settlement of 2018 bonds		**8**	—
Exchange adjustment		**(486)**	694
End of the year		**9 461**	9 279

9.1 Standard Bank Limited – Zimplats term loan

US$ denominated revolving credit facility of R1 111 (US$85) million bears interest at three-month London Interbank Offered Rate (LIBOR) plus 700 (2016: 700) basis points. During the year the facility was decreased from US$95 million to $85 million and the loan repayments were renegotiated. The facility will now be repaid in two equal annual payments commencing in December 2018. Previously it commenced in December 2017 with final maturity in December 2018. At the end of the period, the US dollar balance amounted to US$85 (2016: US$85) million.

9.2 Convertible bonds – ZAR (2018)

The ZAR denominated bonds have a par value of R2 672 million and carry a coupon of 5% (R133.6 million) per annum. The coupon is payable semi-annually for a period of five years ending 21 February 2018. The bond holder has the option to convert the bonds to Implats' shares at a price of R214.90. The value of this compound instrument's equity portion relating to conversion was R319 million (before tax) on issue. In May 2017, Implats made an offer to all bond holders to re-purchase their bonds at face value, which offer was conditional on the issue of the ZAR and US$ 2022 bonds. 89% of the bonds holders accepted the offer. This resulted in R79 million being accounted for within equity, being the deemed cost for 89% of the conversion option. The effective interest rate on the remaining balance of the bond is 8.5% (2016: 8.5%).

9.3 Convertible bonds – US$ (2018)

The US$ denominated bonds have a par value of US$200 million and carry a coupon of 1% (US$2 million) per annum. The coupon is payable semi-annually for a period of five years ending 21 February 2018. The bond holder has the option to convert the bonds to Implats' shares at a price of US$24.13. The value of this conversion option derivative was R106 million at initial recognition. Implats also offered to re-purchase these bonds at face value and 85% of the bond holders accepted. The effective interest rate on the remaining balance of the bond is 3.1% (2016: 3.1%). (Refer note 9 for information regarding the CCIRS entered into to hedge foreign exchange risk on this bond.)

9. Borrowings (continued)

9.4 Convertible bonds – ZAR (2022) (note 7.1)

The ZAR denominated bonds have a par value of R3 250 million and carry a coupon of 6.375% (R207.2 million) per annum. The coupon is payable semi-annually for a period of five years ending 7 June 2022. The bond holder has the option to convert the bonds to Implats' shares at a price of R50.01. The value of this conversion option derivative was R676 million on issue. Subsequent to year end, at the general meeting held by shareholders, shareholders' approval to settle this option by means of Implats shares was obtained, which will result in the bond being accounted for as a compound instrument which will result in the derivative being transferred into equity. Implats has the option to call the bonds at par plus accrued interest at any time if the aggregate value of the underlying shares per bond for a specified period of time is 130% or more of the principal amount of that bond. The effective interest rate of the bond is 12.8%.

9.5 Convertible bonds – US$ (2022) (note 7.3)

The US$ denominated bonds have a par value of US$250 million and carry a coupon of 3.25% (US$8.1 million) per annum. The coupon is payable semi-annually for a period of five years ending 7 June 2022. The bond holder has the option to convert the bonds to Implats' shares at a price of US$3.89. The value of this conversion option derivative was R559 million at initial recognition. Implats has the option to call the bonds at par plus accrued interest at any time if the aggregate value of the underlying shares per bond for a specified period of time is 130% or more of the principal amount of that bond. The effective interest rate is 8.38%. (Refer note 7 for additional information regarding the conversion option and the CCIRS entered into to hedge foreign exchange risk on this bond.)

Facilities

At 30 June 2017, the Group had signed committed facility agreements for a total of R4.0 (June 2016: R4.0) billion.

In addition, Zimplats has a US$34 (2016: $24) million revolving credit facility of which US$24 (June 2016: US$24) million was drawn at the end of the year.

10. Cost of sales

	2017 **Rm**	2016 Rm
On-mine operations	**16 341**	15 173
Processing operations	**5 055**	4 731
Refining and selling	**1 378**	1 294
Corporate cost	**736**	493
Share-based compensation	**88**	21
Chrome operation – cost of sales	**186**	196
Depreciation of operating assets	**3 702**	3 319
Metals purchased	**10 030**	10 663
Change in metal inventories	**(146)**	38
	37 370	35 928

Summary financial information

Notes to the consolidated financial information

for the year ended 30 June 2017

11. Impairment

	30 June 2017 Rm	30 June 2016 Rm
Impairment of non-financial assets was made up of the following:		
Prepaid royalty	**10 149**	—
Property, plant and equipment	**—**	257
Investment property	**80**	50
	10 229	307

Refer to page 59 as well as the annual financial statements notes 3, 5 and 10 for more detail regarding the impairments.

12. Headline earnings

	30 June 2017 Rm	30 June 2016 Rm
Headline earnings attributable to equity holders of the Company arise from operations as follows:		
Loss attributable to owners of the Company	**(8 220)**	(70)
Remeasurement adjustments (after adjusting for non-controlling interest):		
Profit on disposal of property, plant and equipment	**(24)**	(29)
Impairment	**10 229**	307
Scrapping of property, plant and equipment	**—**	106
Insurance compensation relating to scrapping of property, plant and equipment	**(154)**	(179)
Total tax effects of adjustments	**(2 814)**	(52)
Headline earnings	**(983)**	83
Weighted average number of ordinary shares in issue for basic earnings per share (millions)	**718.03**	682.19
Weighted average number of ordinary shares for diluted earnings per share (millions)	**721.78**	683.75
Headline earnings per share (cents)		
Basic	**(137)**	12
Diluted	**(137)**	12

13. Contingent liabilities and guarantees

As at the end of June 2017 the Group had contingent liabilities in respect of guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. The Group has issued guarantees of R118 (2016: R152) million. Guarantees of R1 396 (2016: R1 268) million have been issued by third parties and financial institutions on behalf of the Group consisting mainly of guarantees to the Department of Mineral Resources for R1 277 (2016: R 1 149) million.

14. Related-party transactions

- The Group entered into PGM purchase transactions of R3 745 million (June 2016: R3 693 million) with Two Rivers Platinum, an associate company, resulting in an amount payable of R1 034 million (June 2016: R958 million) at year end. It also received refining fees to the value of R32 million (June 2016: R30 million).
- The Group previously entered into sale and leaseback transactions with Friedshelf, an associate company. At the end of the period, an amount of R1 215 million (June 2016: R1 232 million) was outstanding in terms of the lease liability. During the period, interest of R130 million (June 2016: R127 million) was charged and a R147 million (June 2016: R125 million) repayment was made. The finance leases have an effective interest rate of 10.2%.
- The Group entered into PGM purchase transactions of R3 199 million (June 2016: R3 015 million) with Mimosa Investments, a joint venture, resulting in an amount payable of R844 million (June 2016: R800 million) at year end. It also received refining fees to the value of R317 million (June 2016: R291 million).

These transactions are entered into on an arm's length basis at prevailing market rates.

Key management compensation (fixed and variable):[$]	**30 June 2017 R000**	30 June 2016 R000
Non-executive directors' remuneration	**8 118**	8 069
Executive directors' remuneration	**37 432***	16 418
Prescribed officers	**46 500[#]**	32 940
Company secretary	**2 804**	2 006
Total	**94 854**	59 433

[$] All the 30 June 2017 figures include the 2015 6% salary increase paid in deferred notional shares, the 2015 bonus paid in deferred notional shares as well as the 2016 bonus paid in cash.
** Includes R10 million sign-on bonus paid to NJ Muller as well as a R7.7 million gain on retention and bonus shares sold by TP Goodlace.*
[#] Includes R5.7 million for a separations package.

15. Financial instruments

	30 June 2017 Rm	30 June 2016 Rm
Financial assets – carrying amount		
Loans and receivables	**9 943**	8 740
Financial instruments at fair value through profit and loss[2]	**—**	1 137
Held-to-maturity financial assets	**70**	70
Available-for-sale financial assets[1]	**179**	157
Total financial assets	**10 192**	10 104
Financial liabilities – carrying amount		
Financial liabilities at amortised cost	**14 832**	14 113
Borrowings	**9 461**	9 279
Commitments	**74**	66
Trade payables	**5 289**	4 759
Other payables	**8**	9
Financial instruments at fair value through profit and loss[2]	**1 233**	—
Total financial liabilities	**16 065**	14 113

The carrying amount of financial assets and liabilities approximate their fair values.

[1] Level 1 of the fair value hierarchy – Quoted prices in active markets for the same instrument.
[2] Level 2 of the fair value hierarchy – Valuation techniques for which significant inputs are based on observable market data.

Impala – key statistics

Non-financial information		**2017**	2016	2015
Safety leading indicators				
Hazards for which internal STOP Notes have been issued	(no)	**4 187**	3 955	3 073
Stoppage/Instructions issued by State or DMR	(no)	**148**	116	102
Leadership STOP Observations	(no)	**27 940**	20 349	23 217
Safety representative training	(no)	**4 584**	4 589	3 733
Safety lagging indicators				
Fatal injury frequency rate	(pmmhw)	**0.079**	0.102	0.067
Lost-time injury frequency rate	(pmmhw)	**7.43**	7.57	5.08
Total injury frequency rate	(pmmhw)	**15.44**	14.15	10.37
Lost days rate	(pmmhw)	**508**	439	243
Health				
Noise-induced hearing loss cases submitted	(no)	**78**	49	32
On wellness programme	(no)	**6 621**	6 285	5 573
On antiretroviral therapy	(no)	**4 602**	4 299	3 929
Environmental				
Total water consumed	(Mℓ)	**25 744**	23 828	22 401
Total water recycled	(%)	**42**	37	32
Total CO_2 emissions	('000tpa)	**3 026**	2 917	2 706
Total direct SO_2 emitted	(tpa)	**6 306**	6 318	5 689
People				
Own employees	(no)	**32 235**	30 946	32 536
Contractors	(no)	**10 018**	9 531	11 302
Training spend (% relative to wage bill)	(%)	**5**	5	6
Literacy (ABET level (III) and above)	(%)	**81**	82	82
Labour turnover	(%)	**7**	8	5
HDSA in management	(%)	**53**	52	50
Social				
Community spend	(Rm)	**93**	94	71
BEE procurement	(%)	**76**	75	71
Mining sales	(Rm)	**14 604**	14 556	13 369

Impala – key statistics

		2017	2016	2015
Sales volumes ex-mine				
Platinum	('000oz)	**648**	684	577
Palladium	('000oz)	**308**	317	295
Rhodium	('000oz)	**92**	92	75
Nickel	(t)	**3 609**	3 527	3 402
Prices achieved ex-mine				
Platinum	(US$/oz)	**978**	963	1 210
Palladium	(US$/oz)	**717**	582	793
Rhodium	(US$/oz)	**800**	733	1 190
Nickel	(US$/t)	**9 885**	9 108	15 251
Exchange rate achieved ex-mine	(R/US$)	**13.67**	14.33	11.54
Production ex-mine				
Tonnes milled ex-mine*	('000t)	**10 121**	10 316	9 199
% Merensky milled*	(%)	**40.2**	41.2	46.6
Total development metres	(metres)	**86 922**	84 704	88 000
Headgrade (6E)*	(g/t)	**4.06**	4.16	4.19
Platinum refined	('000oz)	**654.6**	626.9	575.2
Palladium refined	('000oz)	**308.1**	299.6	280.7
Rhodium refined	('000oz)	**88.7**	81.1	76.7
Nickel refined	(t)	**3 609**	3 331	3 598
PGM refined production	('000oz)	**1 246.6**	1 219.6	1 137.3
Cost				
Total cost	(Rm)	**15 411**	13 879	13 738
	(US$m)	**1 130**	962	1 204
Cost per tonne milled	(R/t)	**1 523**	1 345	1 493
	(US$/t)	**112**	93	131
Cost per PGM ounce refined	(R/oz)	**12 362**	11 380	12 079
	(US$/oz)	**906**	789	1 058
Cost per platinum ounce refined	(R/oz)	**23 543**	22 139	23 884
	(US$/oz)	**1 726**	1 535	2 092
Cost net of revenue received for other metals	(R/Pt oz)	**14 452**	13 940	14 658
	(US$/Pt oz)	**1 060**	967	1 284
Capital expenditure	(Rm)	**2 472**	2 490	3 047
	(US$m)	**181**	173	267
Labour efficiency				
Centares per employee costed**	(m^2/man/ annum)	**45**	45	37
Tonnes milled per employee costed**	(t/man/ annum)	**255**	252	219

** The ex-mine tonnage and grade statistics tabulated above excludes the low grade material from surface sources.*

*** Total employees excluding capital project employees.*

Impala – financial information

Assets and liabilities	2017 Rm	2016 Rm	2015 Rm
Non-current assets	**29 687**	39 931	39 695
Property, plant and equipment	**29 364**	29 443	29 175
Prepayments	**—**	10 180	10 378
Other assets	**323**	308	142
Current assets	**6 009**	5 676	10 208
Inventories	**3 311**	2 848	3 408
Trade and other receivables	**1 774**	1 905	1 723
Intercompany accounts	**670**	576	3 075
Prepayments	**15**	247	339
Cash and cash equivalents	**237**	88	1 628
Other assets	**2**	12	35
Total assets	**35 696**	45 607	49 903
Non-current liabilities	**2 901**	6 840	7 270
Deferred tax	**643**	4 438	5 102
Borrowings	**1 230**	1 277	1 181
Provisions	**683**	422	432
Other liabilities	**345**	703	555
Current liabilities	**23 165**	19 413	21 417
Trade and other payables	**2 856**	2 231	1 784
Intercompany accounts	**19 073**	17 007	19 410
Borrowings	**39**	24	132
Bank overdraft	**1 091**	—	—
Other liabilities	**106**	151	91
Total liabilities	**26 066**	26 253	28 687

Impala – financial information

Statement of profit or loss	**2017 Rm**	2016 Rm	2015 Rm
Revenue	**14 604**	14 556	13 369
Platinum	**8 653**	9 416	8 062
Palladium	**3 029**	2 660	2 704
Rhodium	**996**	959	1 011
Nickel	**498**	473	598
Other	**1 428**	1 048	994
Cost of sales	**(17 510)**	(16 506)	(14 824)
On-mine operations	**(11 703)**	(10 600)	(10 354)
Processing operations	**(2 896)**	(2 534)	(2 335)
Refining and marketing operations	**(615)**	(571)	(794)
Corporate cost	**(197)**	(174)	(255)
Share-based payments	**(72)**	(29)	183
Depreciation	**(2 487)**	(2 037)	(1 558)
Change in inventories	**460**	(561)	289
Gross profit/(loss)	**(2 906)**	(1 950)	(1 455)
Royalty expense	**(399)**	(351)	(351)
Impairment	**(10 149)**	(257)	(2 872)
Net foreign exchange gains/(losses)	**(338)**	169	207
Finance income	**52**	263	360
Finance expense	**(656)**	(514)	(301)
Profit from metals purchased	**(9)**	256	118
Sales of metals purchased	**21 194**	20 495	18 408
Cost of metals purchased	**(21 195)**	(20 239)	(18 272)
Change in metal inventories	**(8)**	—	(18)
Other income/(expense)	**759**	300	227
Profit/(loss) before tax	**(13 646)**	(2 084)	(4 066)
Income tax expense	**3 786**	645	1 090
Profit/(loss) for the year	**(9 860)**	(1 439)	(2 976)
Gross margin ex-mine (%)	**(19.9)**	(13.4)	(10.9)

Cash flow	**2017 Rm**	2016 Rm	2015 Rm
Net increase/(decrease) in cash and cash equivalents	**(950)**	(927)	4 353
Net cash (used in)/from operating activities	**(545)**	1 614	302
Net cash (used in)/from investing activities	**(2 362)**	(278)	2 965
Net cash (used in)/from financing activities	**1 957**	(2 263)	1 086

Zimplats – key statistics

Non-financial information		**2017**	2016	2015
Safety leading indicators				
Hazards for which internal STOP Notes have been issued	(no)	**–**	1	1
Stoppage/instructions issued by State or DMR	(no)	**–**	–	–
Leadership STOP Observations	(no)	**573**	572	558
Safety representative training	(no)	**153**	113	113
Safety lagging indicators				
Fatal injury frequency rate	(pmmhw)	**–**	–	–
Lost-time injury frequency rate	(pmmhw)	**0.21**	0.58	0.88
Total injury frequency rate	(pmmhw)	**0.41**	1.01	1.25
Lost days rate	(pmmhw)	**39**	48	63**
Health				
Noise-induced hearing loss cases submitted	(no)	**3**	–	6
On wellness programme	(no)	**180**	169	155
On antiretroviral therapy	(no)	**167**	160	147
Environmental				
Total water consumed	(Mℓ)	**12 166**	12 121	10 725
Total water recycled	(%)	**41**	35	40
Total CO_2 emissions	('000tpa)	**426**	377	336
Total direct SO_2 emissions	(tpa)	**23 067**	25 074	22 017
People				
Own employees	(no)	**3 064**	3 046	3 214
Contractors	(no)	**2 878**	2 397	2 605
Literacy (ABET level (III))	(%)	**99**	99	99
Labour turnover	(%)	**3.2**	7	5
Social				
Community spend	(Rm)	**26**	28	12

Zimplats – key statistics

		2017	2016	2015
Sales volumes in matte and concentrate				
Platinum	('000oz)	**274.4**	288.1	188.8
Palladium	('000oz)	**227.9**	238.0	154.4
Rhodium	('000oz)	**24.6**	26.0	17.1
Nickel	(t)	**4 966**	5 402	3 833
Prices achieved in matte and concentrate				
Platinum	(US$/oz)	**879**	852	1 070
Palladium	(US$/oz)	**711**	509	704
Rhodium	(US$/oz)	**830**	559	983
Nickel	(US$/t)	**7 850**	6 911	11 188
Exchange rate achieved	(R/US$)	**13.64**	14.42	11.41
Production				
Tonnes milled ex-mine	('000t)	**6 716**	6 406	5 164
Headgrade (6E)	(g/t)	**3.49**	3.48	3.47
Platinum in matte and concentrate	('000oz)	**281.1**	289.8	190.0
Palladium in matte and concentrate	('000oz)	**233.0**	235.8	154.8
Rhodium in matte and concentrate	('000oz)	**25.4**	27.1	17.4
Nickel in matte and concentrate	(t)	**5 111**	5 434	3 887
PGM in matte and concentrate	('000oz)	**601.7**	616.9	406.0
Cost				
Total cost	(Rm)	**4 787**	4 721	3 650
	(US$m)	**351**	327	320
Cost per tonne milled	(R/t)	**713**	737	707
	(US$/t)	**52**	51	62
Cost per PGM ounce in matte	(R/oz)	**7 956**	7 653	8 990
	(US$/oz)	**583**	531	788
Cost per platinum ounce in matte	(R/oz)	**17 030**	16 291	19 211
	(US$/oz)	**1 249**	1 130	1 683
Cost net of revenue received for other metals	(R/oz)	**3 696**	5 197	6 811
	(US$/oz)	**271**	360	597
Capital expenditure	(Rm)	**863**	981	968
	(US$m)	**63**	68	85
Labour efficiency				
Tonnes milled per employee costed*	(t/man/annum)	**1 285**	1 240	1 076

** Total employees excluding capital project employees.*

Zimplats – financial information

Assets and liabilities	**2017 Rm**	2016 Rm	2015 Rm
Non-current assets	**13 293**	15 044	12 523
Property, plant and equipment	**13 293**	15 044	12 523
Current assets	**5 060**	4 314	3 883
Inventories	**706**	697	968
Trade and other receivables	**220**	128	757
Intercompany accounts	**1 937**	1 798	858
Prepayments	**1 277**	874	407
Cash and cash equivalents	**920**	817	893
Total assets	**18 353**	19 358	16 406
Non-current liabilities	**3 382**	3 638	2 484
Deferred tax	**1 899**	2 056	1 638
Borrowings	**1 111**	1 248	609
Provisions	**364**	318	236
Other liabilities	**8**	16	1
Segment liabilities	**1 972**	1 843	2 320
Trade and other payables	**863**	795	1 193
Intercompany accounts	**94**	67	106
Borrowings	**314**	353	390
Other liabilities	**701**	628	631
Total liabilities	**5 354**	5 481	4 804

Statement of profit or loss	**2017 Rm**	2016 Rm	2015 Rm
Revenue	**7 038**	6 753	4 661
Platinum	**3 290**	3 538	2 305
Palladium	**2 211**	1 749	1 241
Rhodium	**279**	210	192
Nickel	**532**	538	489
Other	**726**	718	434
Cost of sales	**(5 753)**	(6 198)	(4 181)
On-mine operations	**(2 828)**	(2 904)	(2 196)
Processing operations	**(1 514)**	(1 572)	(1 107)
Corporate cost	**(445)**	(245)	(347)
Share-based payments	**(11)**	12	(2)
Treatment charge	**(19)**	(18)	—
Depreciation	**(1 036)**	(1 082)	(829)
Change in inventories	**100**	(389)	300
Gross profit/(loss)	**1 285**	555	480
Royalty expense	**(116)**	(113)	988
Net foreign exchange gains/(losses)	**(13)**	(12)	(9)
Finance income	**12**	1	10
Finance expense	**(121)**	(105)	(35)
Other income/(expense)	**378**	120	(860)
Profit/(loss) before tax	**1 425**	446	574
Income tax expense	**(849)**	(302)	(1 127)
Profit/(loss) for the year	**576**	144	(553)
Gross margin (%)	**18.3**	8.2	10.3

Cash flow	**2017 Rm**	2016 Rm	2015 Rm
Net increase/(decrease) in cash and cash equivalents	**200**	(501)	319
Net cash (used in)/from operating activities	**765**	520	1 624
Net cash (used in)/from investing activities	**(565)**	(978)	(963)
Net cash (used in)/from financing activities	**—**	(43)	(342)

Marula – key statistics

Non-financial information		**2017**	2016	2015
Safety leading indicators				
Hazards for which internal STOP Notes have been issued	(no)	**120**	113	113
Stoppage/Instructions issued by State or DMR	(no)	**17**	15	21
Leadership STOP Observations	(no)	**3 786**	3064	2 977
Safety representative training	(no)	**444**	404	329
Safety lagging indicators				
Fatal injury frequency rate	(pmmhw)	**0.103**	—	0.111
Lost-time injury frequency rate	(pmmhw)	**5.79**	9.56	18.20
Total injury frequency rate	(pmmhw)	**22.74**	20.30	24.96
Lost days rate	(pmmhw)	**357**	380	202
Health				
Noise-induced hearing loss cases submitted	(no)	**7**	12	7
On wellness programme	(no)	**301**	272	253
On antiretroviral therapy	(no)	**233**	224	200
Environmental				
Total water consumed	(Mℓ)	**2 761**	2 929	3 311
Total water recycled	(%)	**49**	50	54
Total CO_2 emissions	('000tpa)	**182**	199	194
People				
Own employees	(no)	**3 104**	3 565	3 568
Contractors	(no)	**713**	1 235	811
Training spend (% relative to wage bill)	(%)	**7**	7	6
Literacy (ABET level (III))	(%)	**93**	92	91
Labour turnover	(%)	**23.5**	6	6
HDSA in management	(%)	**67.6**	40	61
Social				
Community spend	(Rm)	**12**	3	1
BEE procurement	(%)	**76**	77	78

Marula – key statistics

		2017	2016	2015
Sales volumes from concentrate				
Platinum	('000oz)	**67.2**	78.1	73.6
Palladium	('000oz)	**68.5**	80.8	75.4
Rhodium	('000oz)	**13.9**	16.5	15.5
Nickel	(t)	**210**	279	253
Prices achieved on concentrate				
Platinum	(US$/oz)	**837**	796	1 001
Palladium	(US$/oz)	**657**	478	653
Rhodium	(US$/oz)	**755**	500	898
Nickel	(US$/t)	**7 390**	6 407	10 140
Exchange rate achieved	(R/US$)	**13.69**	14.55	11.37
Production				
Tonnes milled ex-mine	('000t)	**1 495**	1 703	1 662
Headgrade (6E)	(g/t)	**4.26**	4.25	4.19
Platinum in concentrate	('000oz)	**67.9**	77.7	73.6
Palladium in concentrate	('000oz)	**69.3**	80.3	75.5
Rhodium in concentrate	('000oz)	**14.1**	16.4	15.5
Nickel in concentrate	(t)	**213**	277	253
PGM in concentrate	('000oz)	**177.6**	204.6	193.3
Cost				
Total cost	(Rm)	**2 022**	1 875	1 662
	(US$m)	**148**	130	146
Cost per tonne milled	(R/t)	**1 353**	1 101	1 000
	(US$/t)	**99**	76	88
Cost per PGM ounce in concentrate	(R/oz)	**11 385**	9 164	8 598
	(US$/oz)	**835**	635	753
Cost per platinum ounce in concentrate	(R/oz)	**29 779**	24 131	22 582
	(US$/oz)	**2 184**	1 673	1 978
Cost net of revenue received for other metals	(R/oz)	**17 349**	14 157	11 766
	(US$/oz)	**1 272**	982	1 031
Capital expenditure	(Rm)	**113**	89	145
	(US$m)	**8**	6	13
Labour efficiency				
Tonnes milled per employee costed*	(t/man/annum)	**333**	370	398

** Total employees excluding capital project employees.*

Marula – financial information

Assets and liabilities	**2017** **Rm**	2016 Rm	2015 Rm
Non-current assets	**2 092**	1 890	1 940
Property, plant and equipment	**1 634**	1 671	1 940
Other assets	**458**	219	—
Current assets	**490**	617	616
Inventories	**43**	38	34
Trade and other receivables	**44**	96	92
Intercompany accounts	**400**	478	484
Prepayments	**1**	—	2
Cash and cash equivalents	**2**	5	4
Total assets	**2 582**	2 507	2 556
Non-current liabilities	**116**	128	469
Deferred tax	**—**	—	355
Borrowings	**69**	71	64
Provisions	**44**	52	49
Other liabilities	**3**	5	1
Current liabilities	**3 800**	3 033	2 602
Trade and other payables	**392**	290	315
Intercompany accounts	**3 408**	2 739	2 254
Other liabilities	**—**	4	3
Total liabilities	**3 916**	3 161	3 071

Statement of profit or loss	**2017** **Rm**	2016 Rm	2015 Rm
Revenue	**1 616**	1 678	1 636
Platinum	**772**	903	840
Palladium	**613**	562	560
Rhodium	**144**	121	157
Nickel	**21**	26	29
Other	**66**	66	50
Cost of sales	**(2 202)**	(2 076)	(1 856)
On-mine operations	**(1 810)**	(1 669)	(1 469)
Processing operations	**(212)**	(206)	(193)
Treatment charge	**(3)**	(4)	(4)
Share-based payments	**(5)**	(4)	9
Depreciation	**(172)**	(193)	(199)
Gross profit/(loss)	**(586)**	(398)	(220)
Royalty expense	**(44)**	(50)	(61)
Impairment	**(80)**	(50)	—
Net foreign exchange gains/(losses)	**(40)**	59	42
Finance income	**3**	4	5
Finance expense	**(221)**	(161)	(122)
Other income/(expense)	**(101)**	(73)	(80)
Profit/(loss) before tax	**(1 069)**	(669)	(436)
Income tax expense	**274**	165	96
Profit/(loss) for the year	**(795)**	(504)	(340)
Gross margin (%)	**(36.3)**	(23.7)	(13.4)

Cash flow	**2017** **Rm**	2016 Rm	2015 Rm
Net increase/(decrease) in cash and cash equivalents	**(3)**	2	1
Net cash (used in)/from operating activities	**(577)**	(391)	(81)
Net cash (used in)/from investing activities	**(106)**	(84)	(141)
Net cash (used in)/from financing activities	**680**	477	223

Mimosa – key statistics

		2017	2016	2015
Safety leading indicators				
Hazards for which internal STOP Notes have been issued	(no)	**714**	788	829
Stoppage/Instructions issued by State or DMR	(no)	**—**	—	—
Leadership STOP Observations	(no)	**27 139**	24 903	22 429
Safety representative training	(no)	**223**	139	110
Safety lagging indicators				
Fatal injury frequency rate	(pmmhw)	**0.114**	0.246	—
Lost-time injury frequency rate	(pmmhw)	**0.45**	1.11	0.26
Total injury frequency rate	(pmmhw)	**0.68**	1.97	0.39
Lost days rate	(pmmhw)	**20**	79	5
Health				
Noise-induced hearing loss cases submitted	(no)	**—**	—	4
On wellness programme	(no)	**176**	165	159
On antiretroviral therapy	(no)	**172**	160	153
Environmental				
Total water consumed	(Mℓ)	**6 814**	6 651	3 264
Total water recycled	(%)	**68**	65	34
Total CO_2 emissions	('000tpa)	**122**	174	115
People				
Own employees	(no)	**1 337**	1 357	1 394
Contractors	(no)	**—**	5	8
Literacy (ABET level (III))	(%)	**99**	99	99
Labour turnover	(%)	**—**	3	3
Social				
Community spend	(Rm)	**41**	41	47

Mimosa – key statistics

		2017	2016	2015
Sales volumes in concentrate				
Platinum	('000oz)	**115.5**	117.6	112.6
Palladium	('000oz)	**92.7**	94.5	88.0
Rhodium	('000oz)	**9.5**	9.5	9.1
Nickel	(t)	**3 179**	3 286	3 251
Prices achieved in concentrate				
Platinum	(US$/oz)	**999**	931	1 236
Palladium	(US$/oz)	**727**	556	786
Rhodium	(US$/oz)	**765**	606	1 078
Nickel	(US$/t)	**10 465**	8 080	14 658
Exchange rate achieved	(R/US$)	**13.64**	14.42	11.41

		2017	2016	2015
Production				
Tonnes milled ex-mine	('000t)	**2 729**	2 641	2 586
Headgrade (6E)	(g/t)	**3.83**	3.88	3.93
Platinum in concentrate	('000oz)	**121.6**	119.7	117.4
Palladium in concentrate	('000oz)	**96.9**	94.0	92.7
Rhodium in concentrate	('000oz)	**10.5**	9.9	10.2
Nickel in concentrate	(t)	**3 441**	3 461	3 470
PGM in concentrate	('000oz)	**258.9**	253.7	250.1
Cost				
Total cost	(Rm)	**2 506**	2 525	2 043
	(US$m)	**184**	175	179
Cost per tonne milled	(R/t)	**918**	956	790
	(US$/t)	**67**	66	69
Cost per PGM ounce in concentrate	(R/oz)	**9 679**	9 953	8 169
	(US$/oz)	**710**	690	716
Cost per platinum ounce in concentrate	(R/oz)	**20 609**	21 094	17 402
	(US$/oz)	**1 511**	1 463	1 525
Cost net of revenue received for other metals	(R/oz)	**4 572**	7 009	1 755
	(US$/oz)	**335**	486	154
Capital expenditure	(Rm)	**445**	456	343
	(US$m)	**33**	32	30
Labour including capital				
Own employees	(no)	**1 337**	1 357	1 394
Contractors	(no)	**–**	5	8
Labour efficiency				
Tonnes milled per employee costed*	(t/man/ annum)	**2 024**	1 910	1 819

** Total employees excluding capital project employees.*

Mimosa – financial information

Assets and liabilities	**2017** **Rm**	2016 Rm	2015 Rm
Non-current assets	**3 990**	4 739	3 880
Property plant and equipment	**3 859**	4 518	3 766
Other assets	**131**	221	114
Current assets	**1 618**	1 430	1 341
Inventories	**687**	794	747
Trade and other receivables	**677**	611	475
Prepayments	**9**	3	3
Cash and cash equivalents	**245**	22	116
Total assets	**5 608**	6 169	5 221
Non-current liabilities	**1 272**	1 360	1 145
Deferred tax	**1 155**	1 266	1 087
Borrowings	**25**	—	—
Provisions	**92**	94	58
Current liabilities	**414**	843	532
Trade and other payables	**204**	324	131
Borrowings	**44**	215	—
Other liabilities	**166**	304	401
Total liabilities	**1 686**	2 203	1 677

Profit	**2017** **Rm**	2016 Rm	2015 Rm
Revenue	**3 524**	3 265	3 425
Platinum	**1 574**	1 579	1 588
Palladium	**919**	758	789
Rhodium	**99**	83	112
Nickel	**454**	383	544
Other	**478**	462	392
Cost of sales	**(3 341)**	(3 372)	(2 640)
On-mine operations	**(1 784)**	(1 764)	(1 375)
Processing operations	**(581)**	(632)	(501)
Corporate costs	**(141)**	(129)	(167)
Treatment charges	**(305)**	(322)	(227)
Depreciation	**(519)**	(452)	(401)
Change in metal inventories	**(11)**	(73)	31
Gross profit/(loss)	**183**	(107)	785
Royalty expense	**(179)**	(193)	(208)
Finance income	**31**	1	14
Finance expense	**(34)**	(27)	(143)
Other income/(expense)	**494**	134	(89)
Profit/(loss) before tax	**495**	(192)	359
Income tax expense	**(102)**	31	(323)
Profit/(loss) for the year	**393**	(161)	36
Gross margin (%)	**5.2**	(3.3)	22.9

Condensed cash flow statement	**2017** **Rm**	2016 Rm	2015 Rm
Net increase/(decrease) in cash and cash equivalents	**220**	(116)	(53)
Net cash (used in)/from operating activities	**809**	254	697
Net cash (used in)/from investing activities	**(420)**	(446)	(245)
Net cash (used in)/from financing activities	**(169)**	76	(505)

Two Rivers – key statistics

		2017	2016	2015
Safety leading indicators				
Hazards for which internal STOP Notes have been issued	(no)	**107**	523	777
Stoppage/Instructions issued by State or DMR	(no)	**3**	8	2
Leadership STOP Observations	(no)	**290**	542	758
Safety representative training	(no)	**24**	34	74
Safety lagging indicators				
Fatal injury frequency rate	(pmmhw)	**—**	—	—
Lost-time injury frequency rate	(pmmhw)	**1.55**	2.05	1.20
Total injury frequency rate	(pmmhw)	**3.4**	5.20	3.4
Lost days rate	(pmmhw)	**35**	30	19
Health				
Noise-induced hearing loss cases submitted	(no)	**6**	—	—
On wellness programme	(no)	**430**	561	435
On antiretroviral therapy	(no)	**122**	86	—
Environmental				
Total water consumed	(Mℓ)	**2 197**	2 280	1 951
Total water recycled	(%)	**61**	53	63
Total CO_2 emissions	(tonnes CO_2 EQ)	**11 521**	206 541	238 624
Total direct SO emitted	(tpa)		—	—
People				
Own employees	(no)	**2 415**	2 410	2 404
Contractors	(no)	**804**	960	879
Training spend (% relative to wage bill)	(%)	**1.4**	1.5	1.4
Literacy (ABET level (III))	(%)	**61.63**	59.32	59.37
Labour turnover	(%)	**0.4**	0.2	0.4
HDSA in management	(%)	**49**	46	44
Social				
Community spend	(Rm)	**9.1**	18	20.6
BEE procurement	(%)	**86**	70	88

Two Rivers – key statistics

		2017	2016	2015
Gross profit	(Rm)	**1 081**	1 070	1 016
Royalty expense	(Rm)	**(142)**	(185)	(159)
Gross margin	(%)	**27.3**	27.5	27.7
Profit/(loss) for the year	(Rm)	**636**	620	593
49% attributable to Implats	(Rm)	**312**	304	279
Intercompany adjustment*	(Rm)	**24**	(6)	11
Share of profit in Implats Group	(Rm)	**336**	298	290
Sales volumes in concentrate				
Platinum	('000oz)	**182.6**	185.1	172.6
Palladium	('000oz)	**108.0**	110.1	101.2
Rhodium	('000oz)	**31.9**	33.0	30.5
Nickel	(t)	**619**	642	581
Prices achieved in concentrate				
Platinum	(US$/oz)	**811**	843	1 021
Palladium	(US$/oz)	**651**	503	668
Rhodium	(US$/oz)	**746**	567	934
Nickel	(US$/t)	**8 614**	7 953	12 691
Exchange rate achieved	(R/US$)	**13.59**	14.51	10.98

		2017	2016	2015
Production				
Tonnes milled ex-mine	('000t)	**3 501**	3 511	3 362
Headgrade (6E)	(g/t)	**3.90**	4.06	3.98
Platinum in concentrate	('000oz)	**181.9**	185.9	173.5
Palladium in concentrate	('000oz)	**107.1**	110.9	102.0
Rhodium in concentrate	('000oz)	**31.8**	33.1	30.6
Nickel in concentrate	(t)	**602**	648	584
PGM in concentrate	('000oz)	**390.2**	400.7	372.6
Cost				
Total cost	(Rm)	**2 351**	2 189	2 073
	(US$m)	**172**	152	182
Cost per tonne milled	(R/t)	**672**	623	617
	(US$/t)	**49**	43	54
Cost per PGM ounce in concentrate	(R/oz)	**6 025**	5 463	5 564
	(US$/oz)	**442**	379	487
Cost per platinum ounce in concentrate	(R/oz)	**12 925**	11 775	11 948
	(US$/oz)	**948**	816	1 047
Cost net of revenue received for other metals	(R/oz)	**3 029**	4 384	3 741
	(US$/oz)	**222**	304	328
Capital expenditure	(Rm)	**293**	282	275
	(US$m)	**21**	20	24
Labour including capital				
Own employees	(no)	**2 415**	2 410	2 404
Contractors	(no)	**804**	960	879
Labour efficiency				
Tonnes milled per employee costed*	(t/man/ annum)	**1 084**	1 059	1 029

** Total employees excluding capital project employees.*

Two Rivers – financial information

Assets and liabilities	**2017 Rm**	2016 Rm	2015 Rm
Non-current segment assets	**2 923**	2 672	2 643
Property, plant and equipment	**2 923**	2 672	2 643
Current segment assets	**1 399**	1 552	1 540
Inventories	**291**	355	420
Trade and other receivables	**1 009**	1 101	1 022
Cash and cash equivalents	**99**	96	98
Total assets	**4 322**	4 224	4 183
Non-current liabilities	**1 004**	741	707
Deferred tax	**545**	537	530
Borrowings	**28**	25	38
Provisions	**431**	179	139
Current liabilities	**686**	916	777
Trade and other payables	**209**	250	454
Borrowings	**37**	39	51
Bank overdraft	**261**	354	226
Other liabilities	**179**	273	46
Total liabilities	**1 690**	1 657	1 484

Profit		**2017 Rm**	2016 Rm	2015 Rm
Revenue	(Rm)	**3 953**	3 892	3 673
Platinum		**2 011**	2 266	2 018
Palladium		**955**	803	774
Rhodium		**323**	272	326
Nickel		**73**	74	84
Other		**591**	477	471
Cost of sales		**(2 872)**	(2 822)	(2 657)
On-mine operations		**(1 927)**	(1 785)	(1 714)
Processing operations		**(424)**	(404)	(359)
Share-based payments		**(32)**	(31)	(25)
Treatment charges		**(142)**	(252)	(231)
Depreciation		**(275)**	(283)	(398)
(Decrease)/increase in inventories		**(72)**	(67)	70
Gross profit/(loss)		**1 081**	1 070	1 016
Royalty expense		**(142)**	(185)	(159)
Finance income		**15**	14	13
Finance expense		**(48)**	(32)	(38)
Other income/(expense)		**4**	7	7
Profit/(loss) before tax		**910**	874	839
Income tax expense		**(274)**	(254)	(246)
Profit/(loss) for the year		**636**	620	593

Condensed cash flow statement	**2017 Rm**	2016 Rm	2015 Rm
Net increase/(decrease) in cash and cash equivalents	**96**	(129)	80
Net cash (used in)/from operating activities	**963**	97	388
Net cash (used in)/from investing activities	**(240)**	(175)	(229)
Net cash (used in)/from financing activities	**(627)**	(51)	(79)

Impala Refining Services – key statistics

		2017	2016	2015
Sales	(Rm)	**21 711**	20539	18 824
Platinum		**11 396**	11 192	10 016
Palladium		**5 500**	4 824	4 491
Rhodium		**1 145**	1 052	1 173
Nickel		**1 474**	1 401	1 559
Other		**2 196**	2 070	1 585
Cost of sales	(Rm)	**(20 187)**	(19 053)	(17 303)
Metals purchased		**(19 100)**	(18 989)	(15 840)
Smelting		**(433)**	(419)	(327)
Refining		**(763)**	(723)	(471)
Corporate costs		**(94)**	(74)	(34)
Change in metal inventories		**203**	1 152	(631)
Gross profit IRS	(Rm)	**1 524**	1 486	1 521
Metals purchased – adjustment on metal prices and exchange rates*	(Rm)	**46**	209	(580)
Inventory – adjustment for metal prices and exchange rates	(Rm)	**(76)**	(171)	352
Gross profit in Implats Group	(Rm)	**1 494**	1 524	1 293
Metals purchased – fair value on metal prices	(Rm)	**(186)**	56	741
Metals purchased – foreign exchange adjustments	(Rm)	**140**	(265)	(162)
Gross margin	(%)	**7.0**	7.2	8.1
Revenue	(Rm)	**21 711**	20539	18 824
Direct sales to customers		**30**	30	43
Sales to Impala		**21 043**	19 925	18 327
Treatment income – external		**616**	562	450
Treatment income – intercompany		**22**	22	4
Total sales volumes				
Platinum	('000oz)	**832.0**	817.2	696.4
Palladium	('000oz)	**567.6**	575.3	493.9
Rhodium	('000oz)	**111.5**	104.7	90.6
Nickel	(t)	**10 706**	10 377	8 756
Prices achieved				
Platinum	(US$/oz)	**991**	960	1 278
Palladium	(US$/oz)	**704**	591	807
Rhodium	(US$/oz)	**747**	708	1 145
Nickel	(US$/t)	**10 051**	9 561	15 884
Exchange rate achieved	(R/US$)	**13.79**	14.23	11.26
Refined production				
Platinum	('000oz)	**875.2**	811.5	700.7
Palladium	('000oz)	**623.5**	585.8	511.3
Rhodium	('000oz)	**114.8**	104.0	94.7
Nickel	(t)	**13 855**	13 670	12 320
PGM refined production	('000oz)	**1 853.0**	1 687.9	1 480.8
Metal returned				
Platinum	('000oz)	**14.5**	0.1	—
Palladium	('000oz)	**8.9**	1.5	0.5
Rhodium	('000oz)	**2.4**	—	—
Nickel	(t)	**2 569**	3 509	3 344

Impala Refining Services – financial information

Statement of profit or loss	**2017 Rm**	2016 Rm	2015 Rm
Revenue	**21 711**	20 539	18 824
Processing operations	**(433)**	(419)	(327)
Refining and marketing operations	**(763)**	(723)	(471)
Corporate costs	**(94)**	(74)	(34)
Metals purchased	**(19 054)**	(18 780)	(16 420)
Changes in inventory	**127**	981	(279)
Cost of sales	**(20 217)**	(19 015)	(17 531)
Gross profit/(loss)	**1 494**	1 524	1 293
Net foreign exchange gains/losses	**253**	(388)	(240)
Metals purchased – adjustment on metal prices and exchange rates	**46**	209	(580)
Inventory – adjustment for metal prices and exchange rates	**(76)**	(171)	352
Finance income	**115**	85	4
Finance expense	**(5)**	(26)	(19)
Other income/expense	**(57)**	44	950
Profit/(loss) before tax	**1 770**	1 277	1 760
Income tax expense	**(495)**	157	(503)
Profit/(loss) for the year	**1 275**	1 434	1 257
External revenue#	**646**	592	493

 # External revenue excludes inter-group sales

Assets and liabilities	**2017 Rm**	2016 Rm	2015 Rm
Current segment assets	**8 402**	6 824	4 820
Inventories	**4 981**	4 831	3 822
Trade and other receivables	**1 534**	1 281	997
Cash and cash equivalents	**1 887**	712	1
Total assets	**8 402**	6 824	4 819
Non-current segment liabilities	**1**	23	22
Deferred tax	**1**	23	22
Current segment liabilities	**5 547**	5 255	3 961
Trade and other payables	**3 230**	2 974	2 671
Intercompany accounts	**2 317**	2 281	1 290
Total liabilities	**5 548**	5 278	3 983

Cash flow	**2017 Rm**	2016 Rm	2015 Rm
Net increase/(decrease) in cash and cash equivalents	**1 176**	711	1 874
Net cash (used in)/from operating activities	**1 060**	1 326	914
Net cash (used in)/from investing activities	**116**	(615)	960
Net cash (used in)/from financing activities	**—**	—	—

Implats Mineral Resource and Mineral Reserve Statement 2017 at a glance

Impala Platinum Holdings Limited (Implats) is one of the world's foremost producers of platinum and associated platinum group metals (PGMs). Implats is structured around five main operations with a total of 19 underground shafts. Our operations are located within the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe, the two most significant PGM-bearing orebodies in the world.

Implats has its listing on the JSE Limited (JSE) in South Africa, the Frankfurt Stock Exchange (2022 US$ convertible bonds) and a level 1 American Depositary Receipt programme in the United States of America. Our headquarters are in Johannesburg and the five main operations are Impala, Zimplats, Marula, Mimosa and Two Rivers. The structure of our operating framework allows for each of our operations to establish and maintain close relationships with their stakeholders while operating within a Group-wide approach to managing the economic, social and environmental aspects of sustainability.

For more information refer to the Mineral Resource and Mineral Reserve Statement, compiled for Implats and its subsidiaries as at 30 June 2017 which is published annually and available at **www.implats.co.za**.

The Mineral Resource and Mineral Reserve Statement is compiled in accordance with guidelines and principles of the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code), the South African Code for the Reporting of Mineral Asset Valuation (SAMVAL Code) and Section 12.11 of the JSE Listings Requirements as updated from time to time.

Headline numbers

(for more details see pages 32 to 35 in the detailed report)

Attributable estimates

		2017	2016
Mineral Resources*	Moz Pt	**191.6**	194.0
	Moz 4E	**360.4**	364.9
	Mt	**2 787**	2 741
Mineral Reserves	Moz Pt	**22.4**	21.6
	Moz 4E	**41.0**	38.9
	Mt	**358**	329

** Mineral Resource estimates are inclusive of Mineral Reserves.*

Summary Mineral Resources

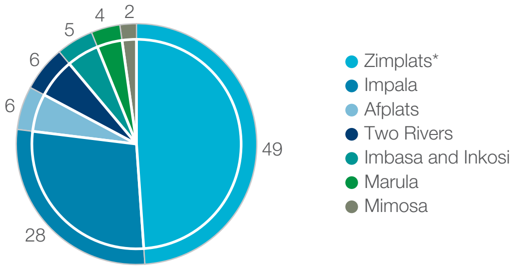
(for more detail see page 32 in the detailed report)

There is no material change in the attributable Mineral Resource estimate which reduced by 2.4Moz Pt. This estimate is dominated by Zimplats and Impala, with Zimplats accounting for 49% of the total attributable Mineral Resources.

Attributable Mineral Resources

Attributable Mineral Resources of 191.6Moz Pt (%)

as at 30 June 2017



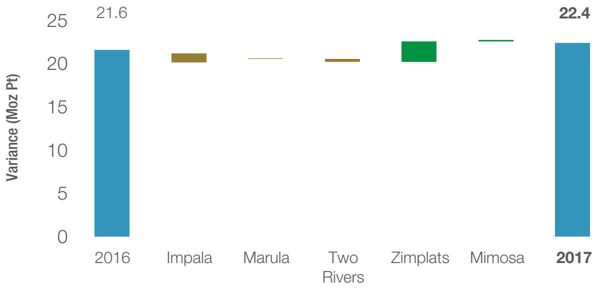
** Zimplats' Mineral Resources will reduce by approximately 54Moz Pt if the GoZ is*

Summary Mineral Reserves

(for more detail see page 35 in the detailed report)

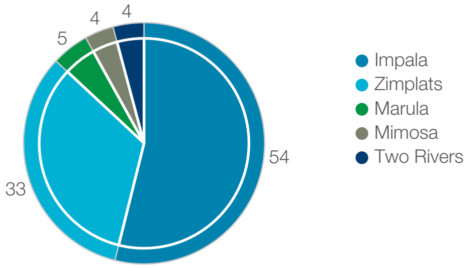
Overall the attributable Group Mineral Reserve estimate did not change significantly and increased by 0.8Moz Pt to 22.4Moz Pt. Some 54% of the attributable Mineral Reserves (Pt) is located at Impala and a further 33% is hosted within the Main Sulphide Zone at Zimplats.

Attributable Mineral Reserves



Attributable Mineral Reserves of 22.4Moz Pt (%)

as at 30 June 2017



Long-term price assumptions

(for more detail see page 30 in the detailed report)

Long-term price assumptions in today's money*

Platinum	US$/oz	**1 300**
Palladium	US$/oz	**900**
Rhodium	US$/oz	**1 100**
Ruthenium	US$/oz	**55**
Iridium	US$/oz	**630**
Gold	US$/oz	**1 100**
Nickel	US$/t	**14 000**
Copper	US$/t	**6 700**
Exchange rate	R/US$	**13.88**
Basket	US$/Pt oz	**2 100**
	R/Pt oz	**29 100**

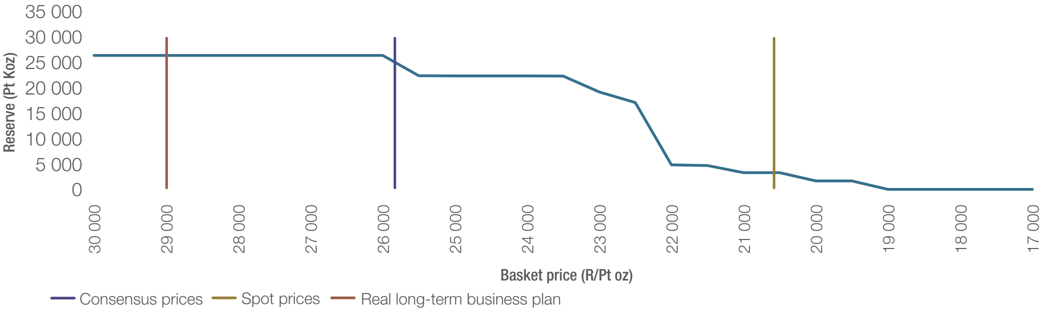
** Supporting Mineral Reserve estimates.*

Mineral Reserve sensitivity

(for more detail see page 30 in the detailed report)

Rigorous profitability tests are conducted to test the viability of the Mineral Reserves. A summary graph showing the price sensitivity of the total Group Mineral Reserves is depicted below.

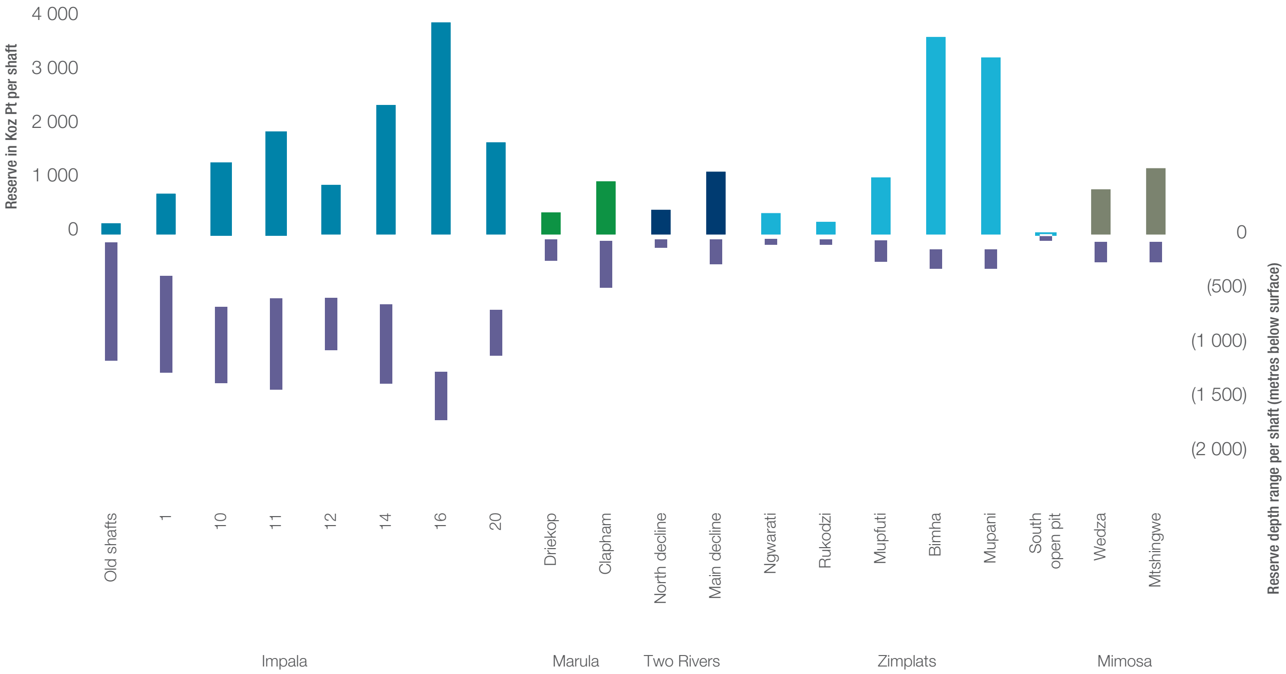
Implats Mineral Reserves vs real basket price



Implats Mineral Resource and Mineral Reserve Statement 2017 at a glance

The updated allocation of Implats' Mineral Reserves per shaft infrastructure as at 30 June 2017 is depicted in the accompanying graphic illustration. The range below surface and quantum relating to the infrastructure is shown and depicts among others the advantage at Zimplats in this regard. This graph also gives an indication of the potential impact of a possible shaft closure in future should prices demand this.

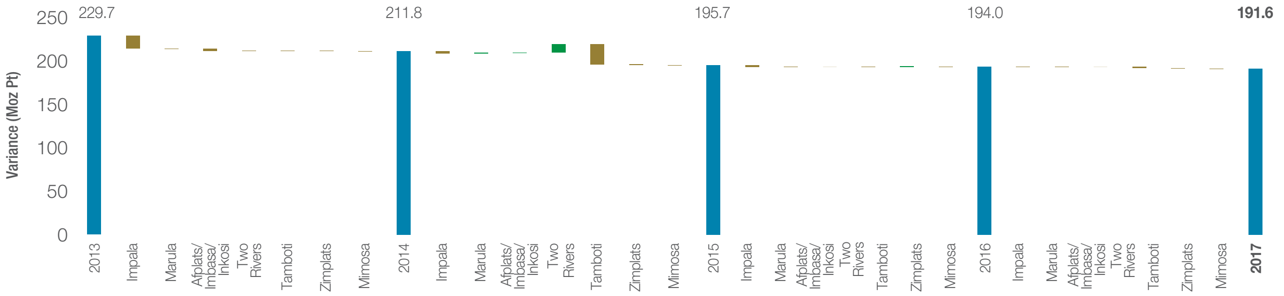
Platinum Mineral Reserve and depth range for individual Implats shafts



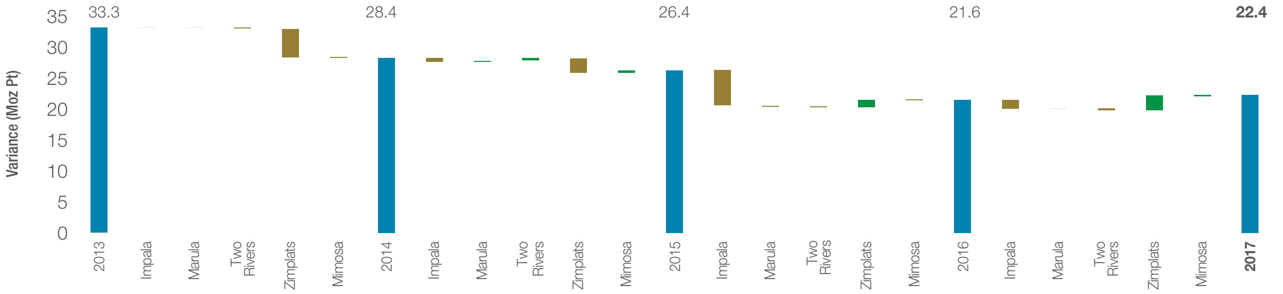
Mineral Resource and Mineral Reserve reconciliation

The consolidated high-level reconciliation of total Mineral Resources and Mineral Reserves for the Implats Group of companies is shown below. These high-level variances are relatively small. Particulars of these variances, in addition to depletions, are illustrated in more detail in the sections by operation in the detailed report. Rounding of numbers may result in computational discrepancies, specifically in these high-level comparisons.

Attributable Mineral Resources



Attributable Mineral Reserves



Summary of attributable Mineral Resources

	Attributable Moz Pt				
	2013	**2014**	**2015**	**2016**	**2017**
Impala	70.3	57.6	55.0	53.1	52.6
RBR JV	3.5	1.5	1.5	1.4	1.5
Marula	7.5	7.4	8.1	7.9	7.8
Afplats	14.3	11.9	12.3	12.3	12.3
Imbasa and Inkosi	8.5	8.5	8.6	8.6	8.6
Two Rivers	2.9	2.9	12.4	12.3	11.0
Tamboti	23.2	23.2	–	–	–
Zimplats*	95.5	95.1	94.2	94.8	94.4
Mimosa	3.9	3.7	3.7	3.6	3.4
Total	**229.7**	**211.8**	**195.7**	**194.0**	**191.6**

** Zimplats' Mineral Resources will reduce by some 54Moz Pt if the GoZ is successful in obtaining the ground north of Portal 10.*

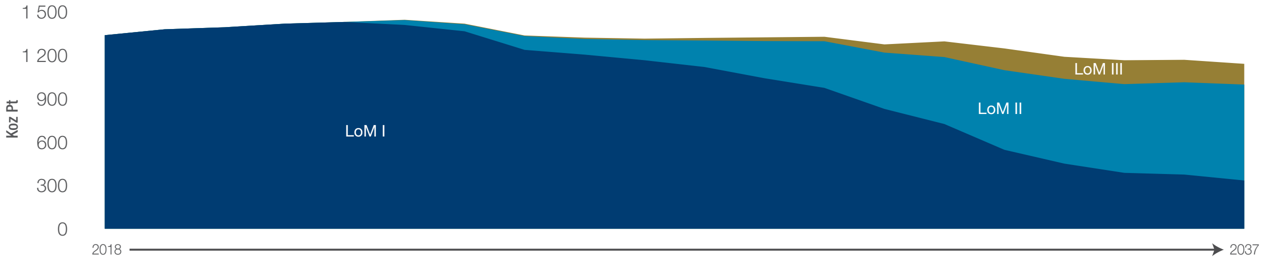
Summary of attributable Mineral Reserves

	Attributable Moz Pt				
	2013	**2014**	**2015**	**2016**	**2017**
Impala	19.8	19.8	19.2	13.5	12.1
Marula	1.1	1.1	1.2	1.1	1.0
Two Rivers	0.9	0.8	1.1	1.1	0.8
Zimplats	10.8	6.2	3.9	5.1	7.5
Mimosa	0.7	0.6	1.0	0.9	1.0
Total	**33.3**	**28.4**	**26.4**	**21.6**	**22.4**

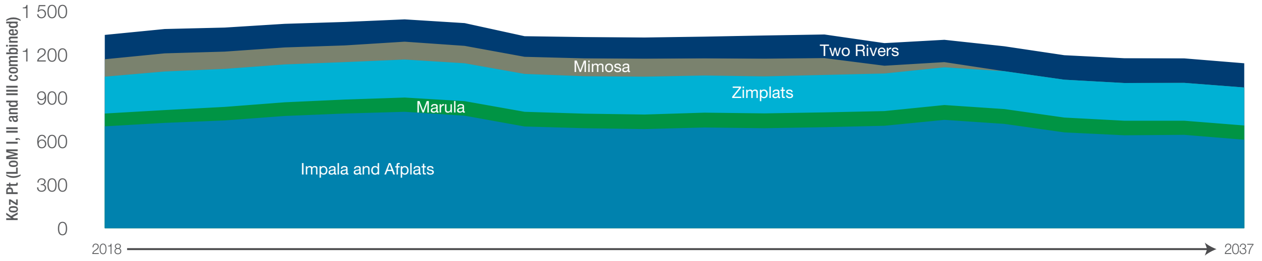
Life-of-mine production

The high-level LoM (20-year) plan is depicted in the detailed sections per operation in terms of planning levels I, II and III. These graphs reflect 100% of the annual production forecasts and not the portion attributable to Implats. These do not include all the “Blue Sky” opportunities – some of this potential is specifically excluded at this early stage. Caution should be exercised when considering the LoM plans as these may vary if assumptions, modifying factors, exchange rates or metals prices change materially. These LoM profiles should be read in conjunction with Mineral Resource estimates to determine the long-term potential. The graphs below show the consolidated high-level LoM plans collated from the individual profiles per operation. The pictorial 20-year profiles are shown as a combination of levels I, II and III and also the contribution by operation. Only LoM I is based on Mineral Reserves while LoM II and III have not been converted to Mineral Reserves. There are no Inferred Mineral Resources included in the LoM I and Mineral Reserve estimates. Note that Afplats is the only non-producing operation included in these combined profiles. Shaft sinking operations at Leeuwkop (Afplats) and 17 Shaft at Impala have been deferred in terms of the current financial constraints and strategic review. Both Leeuwkop and 17 Shaft profiles have been included in the LoM II for Impala. It is clear from a combined view that a large proportion of the 20-year plan is still at Levels II and III and would require an improved financial outlook, further studies, funding and capital approval by the board.

Implats Group 20-year Pt ounce profile



Implats Group 20-year Pt ounce profile (combined LoM I, II and III)



Contact details and administration

Registered office
2 Fricker Road
Illovo, 2196
Private Bag X18
Northlands, 2116
Telephone: +27 (11) 731 9000
Telefax: +27 (11) 731 9254
Email: investor@implats.co.za
Registration number: 1957/001979/06
Share codes:
JSE: IMP
ADRs: IMPUY
ISIN: ZAE000083648
ISIN: ZAE000247458
Website: http://www.implats.co.za

Impala Platinum Limited and Impala Refining Services

Head office
2 Fricker Road
Illovo, 2196
Private Bag X18
Northlands, 2116
Telephone: +27 (11) 731 9000
Telefax: +27 (11) 731 9254

Impala Platinum (Rustenburg)
PO Box 5683
Rustenburg, 0300
Telephone: +27 (14) 569 0000
Telefax: +27 (14) 569 6548

Impala Platinum (Refineries)
PO Box 222
Springs,1560
Telephone: +27 (11) 360 3111
Telefax: +27 (11) 360 3680

Marula Platinum
2 Fricker Road
Illovo, 2196
Private Bag X18
Northlands, 2116
Telephone: +27 (11) 731 9000
Telefax: +27 (11) 731 9254

Zimplats
1st Floor
South Block
Borrowdale Office Park
Borrowdale Road
Harare, Zimbabwe
PO Box 6380
Harare
Zimbabwe
Telephone: +26 (34) 886 878/85/87
Fax: +26 (34) 886 876/7
Email: info@zimplats.com

Sponsor
Deutsche Securities (SA) Proprietary Limited

Impala Platinum Japan Limited
Uchisaiwaicho Daibiru, room number 702
3-3 Uchisaiwaicho
1-Chome, Chiyoda-ku
Tokyo
Japan
Telephone: +81 (3) 3504 0712
Telefax: +81 (3) 3508 9199

Company Secretary
Tebogo Llale
Email: tebogo.llale@implats.co.za

United Kingdom secretaries
St James's Corporate Services Limited
Suite 31, Second Floor
107 Cheapside
London
EC2V 6DN
United Kingdom
Telephone: +44 (020) 7796 8644
Telefax: +44 (020) 7796 8645
Email: phil.dexter@corpserv.co.uk

Public Officer
Ben Jager
Email: ben.jager@implats.co.za

Transfer secretaries

South Africa
Computershare Investor Services (Pty) Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
PO Box 61051
Marshalltown, 2107
Telephone: +27 (11) 370 5000
Telefax: +27 (11) 688 5200

United Kingdom
Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

Auditors
PricewaterhouseCoopers Inc.
2 Eglin Road
Sunninghill
Johannesburg
2157

Corporate relations
Johan Theron
Investor queries may be directed to:
Email: investor@implats.co.za

Bastion