

04



Strategy and business case





04	STRATEGY AND BUSINESS CASE	
	Our strategies	64
	Business case	66

Our strategies – Short and medium term

	Our strategies	
	 <p>Relentlessly drive the safety of our people</p>	 <p>Consistently deliver production targets</p>
2019 target*	<ul style="list-style-type: none"> • Zero fatalities • LTIFR<5.5 	<ul style="list-style-type: none"> • Platinum range >1.50 – 1.60 million oz
2023 target*	<ul style="list-style-type: none"> • Zero fatalities • LTIFR<2 	<ul style="list-style-type: none"> • Platinum range >1.25 million oz
	<h3>Key actions</h3> <ul style="list-style-type: none"> • 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 • Rustenburg: 520 000 platinum ounces from FY2021 • Marula: between 85 000 and 95 000 platinum ounces • Zimplats: maintain between 270 000 and 280 000 platinum ounces • Two Rivers: between 160 000 to 170000 platinum ounces • Mimosa: maintain between 115 000 and 125 000 platinum ounces 	

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



Improve efficiencies through operational excellence



Cash conservation



Maintain our licence to operate

- Costs per Pt oz between R24 400 and R25 300
- Costs per Pt oz excluding retrenchments between R23 900 and R24 800

- Capital between R4.1 and R4.3 billion

- Rustenburg SO₂ at <16 tpd
- Marula disruptions <5 days
- Complete projects in accordance with SLP commitments

- Costs per Pt oz <R22 000 in FY2018 terms

- Capital < R3.1 billion in FY2018 terms
- 5 year capital < R20.0 billion

- 100% environmental compliance
- Water recycling target to be reassessed based on outcome of Rustenburg strategic review
- HDSA/B-BBEE procurement: Aim to meet and exceed Mining Charter requirements subject to impact of strategic review implementation
- Employee housing: additional construction to be determined by outcome of implementation of Rustenburg strategic review

- Operate loss-making shafts under strict parameters

- Successfully implement the restructuring plan for Impala Rustenburg over the next two years

- Deliver on Social and Labour Plans (SLP) commitments

- Focus on core operational assets – E/F, 6, 10 and 11 Shafts
- Continue with ramp up of 16 and 20 Shafts

- Prioritise the ramp up of 16 and 20 Shafts at Rustenburg

- Resolve Marula community disruptions

- Optimise mining efficiencies through productivity programmes

- Develop Mupani Mine to get to ore contact by February 2020

- Sustain and improve relations with all key stakeholders

- Continue with cost optimisation at all operations and reduce capital intensity

- Capital allocation decisions based on ability to generate cash

- Effective CSI programme

- Develop a high-performance culture entrenched in all business practices

- Focus on improving mining efficiencies and reducing operating costs

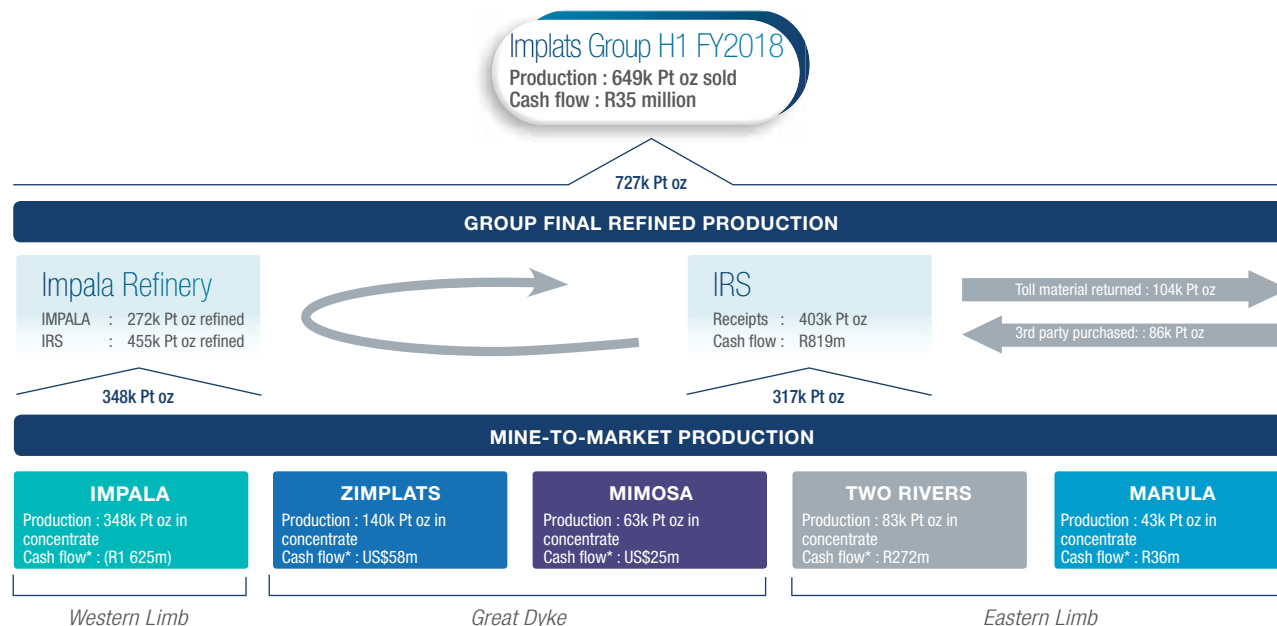
- Position toward new Mining Charter obligations

- Structure remuneration to retain (and attract) key personnel

Business case

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

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



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

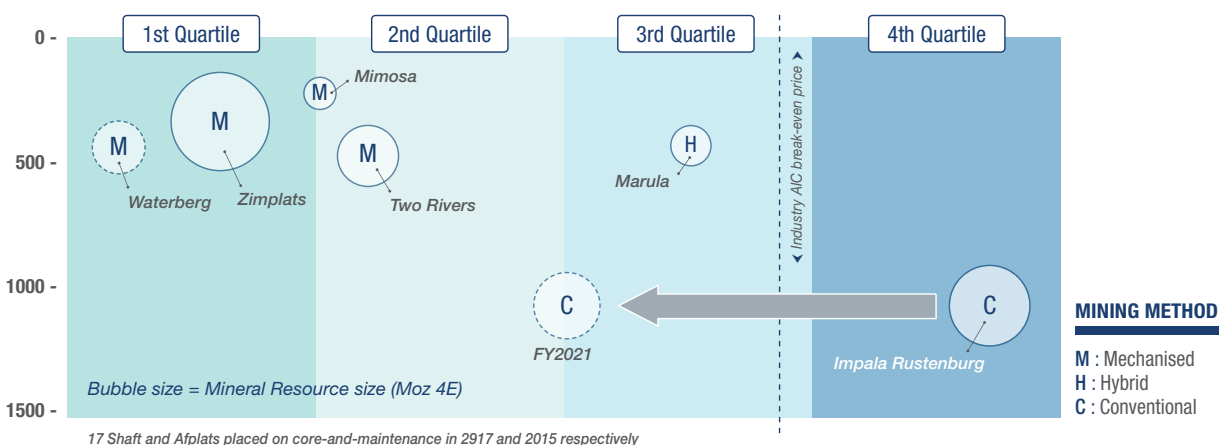
- Implats has previously highlighted several key strategic focus areas, including:
- > A commitment to responsible and ethical business conduct and to achieving its zero harm goals
 - > Enhancing the competitive position of the asset portfolio by:
 - Eliminating loss-making production
 - Enhancing shareholder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

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



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

Industry cost position – Mineral Resource size and depth



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

Delivering a profitable future state at Impala Rustenburg

The restructuring of Impala Rustenburg:

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

Current state FY2018'

Future state FY2021

<p>Unprofitable operations</p> <p>Shafts and output/annum</p> <p>11 operational shafts ramping up 750koz Pt</p> <p>Cost/Pt ounce (FY2018 terms)</p> <p>All-in-cost R29 016</p> <p>Capital/annum (Real FY2018)</p> <p>R2 767m</p> <p>Employees</p> <p>~40 100</p>	<p>STATUTORY REQUIREMENTS</p> <ul style="list-style-type: none"> > Bi-monthly on-mine Future Forum meetings held. (Economic status of the operation discussed) > Section 189(3) issued – reduction of 1 500 over-complement employees > Section 52 notice (1, 9, 12, 14) issued <p>BUSINESS DEVELOPMENT</p> <ul style="list-style-type: none"> > Outsourcing of 1 Shaft well advanced. Expressions of interest invited and received, a shortlist of four potential vendors identified, technical scoping and commercial terms being developed > Scoping and approach to develop commercial options has been initiated for four shafts under the Section 52 process 	<p>STAKEHOLDER ENGAGEMENTS</p> <ul style="list-style-type: none"> > DMR engagement commenced in 2017 continued leading up to and post announcement, very constructive > Union: Frequent and constructive engagements > Communities: Information sharing with the Kgosi and leadership of the Royal Bafokeng Nation > Met with all major SA shareholders <p>PROGRESS AND NEXT STEPS</p> <ul style="list-style-type: none"> > Restructuring project charter, plan and resources > Technical and commercial scoping and terms > Engagement with interested parties > Job loss mitigation framework > Section 52 process and stakeholder engagements 	<p>Profitable operations</p> <p>6 operational shafts ramping up ~520koz Pt</p> <p>All-in before cost ≤ R24 500</p> <p>R1 400m</p> <p>~27 000</p>
---	---	---	--