

## Mineral rights status

The Mineral and Petroleum Resources Development Act, No 28 of 2002 (MPRDA), governing mineral legislation in South Africa, came into effect on 1 May 2004. The MPRDA, with its associated broad-based socio-economic empowerment charter for the mining industry and its attendant scorecard, as revised and amended from time to time, has played a significant role in the transformation of the South African mining industry. The Act effectively transferred ownership of privately held mineral rights to the state to enable any third party to apply to the Department of Mineral Resources (DMR) for new-order prospecting rights or mining rights over these previously privately held mineral rights. Implats continues to embrace the principles of transformation as a moral and strategic imperative to reinforce its position as a leading southern African mining company, making the best possible use of available Mineral Resources.

A new Mining Charter 2017 was gazetted and implemented on 15 June 2017. This new Mining Charter 2017 contains exacerbated compliance terms and conditions that are substantially different from the 2016 draft Mining Charter. The Chamber of Mines has applied to the High Court of Gauteng for an urgent interdict to suspend the implementation of the new Mining Charter 2017, pending the outcome of a review application to set aside the new Mining Charter 2017.

Regular compliance audits are conducted by the DMR in respect of the Implats Group's mining and prospecting rights. Implats seeks to comply with or exceed all elements of the Mining Charter 2010. We leverage each element of the Mining Charter 2010 in terms of our business performance and therefore increase our value creation potential. In March 2017, Implats submitted its annual Mining Charter reports to the DMR for the 2016 calendar year. According to our submissions all three South African mining operations within the Implats Group comply or exceed the 26% BEE ownership requirement.

The DMR's online application and reporting system, SAMRAD, continues to face system functionality challenges. However, DMR accepts manual applications where SAMRAD fails to accept online applications. To mitigate the risk of third-party applications being accepted by the DMR regional offices, Implats continues to monitor the various regional DMR notice boards for possible acceptance of third-party applications that are in conflict with Implats' rights or pending applications. During this financial year, two conflicting prospecting right applications were identified on respectively a portion of the Impala converted mining right area for chromium and on a portion of the Inkosi Great prospecting right area for chromium. Both Impala and Inkosi have lodged the required appeals in terms of the MPRDA against these applications to prevent third-party conflicting rights being granted.

The DMR has started to implement the findings of the Mawetse Supreme Court of Appeal judgment which concurred with the High Court that a renewal period commences on the date the party has received notice of renewal, notwithstanding the date of execution of the relevant renewal. The DMR has therefore progressed a large amount of renewal applications for which they have received powers of attorney of approval and have notified the applicants. During the 2017 financial year, two prospecting right renewals relating to the Impala/Royal Bafokeng Resources Platinum (Pty) Limited Unincorporated Joint Venture (JV) have been executed. Furthermore, the Wolvekraal/Kareepoort prospecting right relating to Afplats and the Inkosi Gap prospecting right were also renewed. There is currently only two prospecting right renewals outstanding within the Implats Group.

Notwithstanding the finalisation of prospecting right renewal applications, exploration activities continue as the renewal applications were submitted within the required legislative timeframe. The approval of the Diepkuil prospecting right application, which was submitted during the 2016 financial year to secure this JV area (pending the Section 102 and Section 11 approvals to include this JV area into the adjacent Impala converted mining right area), is awaited. The processing of a new prospecting right application in the Mpumalanga province that was accepted by DMR during 2012 is still pending. The Section 102 and Section 11 applications as submitted in June 2013 relating to the JV prospecting rights adjacent to the Impala Rustenburg operation and the Afplats Leeuwkop operation are still being processed by DMR.

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Marula has submitted, during the 2017 financial year, a Section 52 notice in terms of the MPRDA in respect of the downscaling of operations and workforce at its Marula operation.

In 2011, Impala reached agreement with Royal Bafokeng Platinum (RBPlat) to access certain of its mining areas at Bafokeng Rasimone Platinum Mine (BRPM) from 6 and 20 Shafts. This is essentially a royalty agreement which will provide mining flexibility to these shafts. The agreement has been amended during the past year to extend the 6 Shaft area. The Mineral Resources and Mineral Reserves involved are not reflected in this report as the ownership has not been transferred.

Fully permitted mining rights are not specified by the SAMREC Code as a prerequisite for the conversion of Mineral Resources to Mineral Reserves. However, Implats is cognisant that a reasonable expectation must exist that such mining rights will be obtained. Implats remains committed to South African legislative requirements to convert applicable prospecting rights to mining rights.

There are still certain sections of the MPRDA Amendment Act, No 49 of 2008 (that was enacted into law on 7 June 2013) that have not come into effect due to critical concerns raised by the mining industry. One concern was the amendment of Section 102 that did not allow for the extension of existing mining or prospecting right areas. However, as this amendment did not come into effect, the mentioned Section 102 applications may continue to be processed. These sections are being revisited by the MPRDA Amendment Act, 2014 (formerly the MPRDA

Amendment Bill, B15, 2013). Changes to the MPRDA Amendment Act, 2014 have not been made public since it has been circulated to the National Assembly and the House of Traditional Leaders for approval, and returned to the National Council of Provinces for public hearings.

In Zimbabwe, the previously submitted indigenisation plans for both Zimplats and Mimosa were rejected by the Government. Implats continues to engage with the Zimbabwean Government (GoZ) on an indigenisation implementation plan. At Zimplats the land north of Portal 10 within Zimplats' special mining lease area, SML1, was previously gazetted for compulsory acquisition by the GoZ in 2013. The GoZ re-issued the gazette on 18 November 2016 using the same coordinates as previously gazetted. On 13 January 2017 the GoZ again issued, through a Government Gazette Extraordinary, a preliminary notice in terms of which the Government has given fresh notice that it intends to compulsorily acquire the area north of Portal 10. The new notice has repealed all previous notices issued by the GoZ in respect to its proposed compulsory acquisition of this portion of Zimplats' mining lease area. Zimplats agreed in principle to release the bulk of the area subject to certain conditions and continues to engage the GoZ on the matter.

Depending on the outcome of the matter in the Zimbabwean Administrative Court, or the outcome of any further discussions that Zimplats may have with the GoZ on the matter, the Zimplats Mineral Resources may be significantly reduced.



Underground drilling, Mimosa

## Mineral rights status

	Mining right (ha)	Prospecting right (ha)	Implats' interest (%)
<b>South Africa</b>			
Impala	29 773	–	96
Impala RBR JV*	–	3 789	49
Afplats	4 602	1 065	74
Imbasa	–	1 673	60
Inkosi	–	2 584	49
Marula	5 494	223	73
Two Rivers	10 675	–	49

	Mining leases (ha)	Implats' interest (%)
<b>Zimbabwe</b>		
Zimplats**	48 535	87
Mimosa	6 594	50

\* Prospecting joint venture with Royal Bafokeng Resources.

\*\* The area could be reduced significantly if Zimplats releases the ground north of Portal 10 to the GoZ. The affected area amounts to 24 954ha if the actual coordinates and chromium claims are accounted for.



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